

Investec plc silo (excluding the results of Investec Limited)

Unaudited consolidated financial information for the six months ended 30 September 2014

IFRS - Pounds Sterling





Investec plc (excluding Investec Limited) overview of results

Overview of results

Unaudited

	30 Sept 2014	30 Sept 2013	% change Sept 2014 vs Sept 2013	31 March 2014
Operating income (£'000)	572 359	554 868	3.2%	1 047 241
Operating costs (£'000) *	445 272	425 623	4.6%	890 663
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests (£'000)	72 523	64 569	12.3%	150 534
(Loss)/earnings attributable to ordinary shareholders (£'000) *	(7 592)	32 245	(123.5%)	90 347
Cost to income ratio *	77.9%	76.0%		76.2%
Total capital resources (including subordinated liabilities) (£'000) *	2 782 430	3 024 774	(8.0%)	3 009 543
Total shareholders' equity (£'000)	2 122 792	2 253 295	(5.8%)	2 268 593
Total assets (£'000)	21 619 534	23 333 505	(7.3%)	22 674 494
Net core loans and advances (£'000)	6 678 251	8 168 331	(18.2%)	8 222 265
Customer accounts (deposits) (£'000)	10 392 223	10 928 705	(4.9%)	10 956 136
Cash and near cash balances (£'000)	4 548 254	4 045 573	12.4%	4 324 449
Funds under management (£'million)	74 440	65 799	13.1%	69 212
Capital adequacy ratio (current)	15.9%	16.7%		14.9%
Tier 1 ratio (current)	11.0%	11.2%		10.1%
Common equity tier 1 ratio (current)	9.1%	9.1%		8.4%
Leverage ratio (current)	7.0%	n/a		7.1%
Default loans (net of impairments) as a % of net core loans and advances to customers	3.56%	3.48%		3.21%
Net defaults as a % of net core loans and advances to customers	-	-		-
Annualised credit loss ratio (i.e. income statement impairment charge as a % of average gross core loans and advances to customers)	1.20%	1.07%		0.99%
Total gearing ratio (i.e. total assets to total equity)	10.2x	10.4x		10x
Loans and advances to customers : customer deposits	64.3%	70.1%		71.0%

* Restated for adoption of IFRIC 21, refer to Restatements note.

^ The 30 September 2013 capital information for Investec plc is based on the Basel II capital requirements as was applicable in the UK at that time.

Overview - results in context

The following significant events took place during the period and the results of the bank should be viewed in context of these transactions.

Sale of Investec Bank (Australia) Limited

The sale of Investec Bank (Australia) Limited's Professional Finance and Asset Finance and Leasing businesses and its deposit book to Bank of Queensland Limited was effective 31 July 2014 for cash proceeds of £122 million. This has resulted in the derecognition of approximately £2 billion of assets and approximately £2.2 billion of liabilities associated with the businesses sold. The businesses were sold at a premium to tangible net asset value with a net profit after tax of approximately £61 million recorded during the period.

The group continues to have a presence in Australia, focusing on its core activities of Specialised Finance, Corporate Advisory, Property Fund Management and Asset Management. The remaining business will operate as a non-banking subsidiary of the Investec group. As a result, the group has decided to no longer report the activities of its Australian businesses separately with these activities now reported under the "UK and Other" geographical segment and the "UK and Other" Specialist Banking segment.

Pending sales of Kensington Group plc and Start Mortgage Holdings Limited

On 9 September 2014 Investec plc announced the sale of its UK intermediated mortgage business Kensington Group plc ("Kensington") together with certain other Investec mortgage assets to funds managed by Blackstone Tactical Opportunities Advisors L.L.C. and TPG Special Situations Partners for £180 million in cash based on a tangible net asset value of the business of £165 million at 31 March 2014.

On 15 September 2014 Investec plc announced the sale of its Irish intermediated mortgage business Start Mortgage Holdings Limited ("Start") together with certain other Irish mortgage assets to an affiliate of Lone Star Funds.

The Start transaction has been approved by the regulator, whilst the Kensington transaction is still subject to regulatory approval.

As the group views these transactions as highly probable, the group has accounted for these transactions in terms of IFRS 5 and has thus reflected all assets and liabilities associated with the sale as single asset and liability lines on the face of the consolidated balance sheet as described as "non-current assets/liabilities or disposal groups held for sale". During the reporting period Investec plc recorded a net loss after tax on these pending transactions, resulting from the remeasurement of the disposal group to fair value less cost of sale.



Investec plc (excluding Investec Limited)

Consolidated income statement

Unaudited

£'000	6 months to 30 Sept 2014	6 months to 30 Sept 2013 *	Year to 31 March 2014 *
Interest income	361 879	408 410	803 768
Interest expense	(181 129)	(237 768)	(447 034)
Net interest income	180 750	170 642	356 734
Fee and commission income	408 202	372 624	766 675
Fee and commission expense	(56 661)	(66 070)	(132 104)
Investment income	3 223	32 401	99 099
Trading income arising from			
– customer flow	43 956	42 364	77 043
– balance sheet management and other trading activities	(11 243)	(4 084)	(9 308)
Other operating income	4 132	6 991	16 013
Total operating income before impairment losses on loans and advances	572 359	554 868	1 174 152
Impairment losses on loans and advances	(53 979)	(63 393)	(126 911)
Operating income	518 380	491 475	1 047 241
Operating costs	(445 272)	(425 623)	(890 663)
Depreciation of operating leased assets	(1 089)	(3 856)	(6 044)
Operating profit before goodwill and acquired intangibles	72 019	61 996	150 534
Impairment of goodwill	(4 375)	(337)	(11 233)
Amortisation of acquired intangibles	(7 394)	(6 702)	(13 393)
Operating costs arising from integration, restructuring and partial disposal of subsidiaries	-	(13 124)	(18 919)
Operating profit	60 250	41 833	106 989
Net (loss)/profit on sale of subsidiaries and disposal groups held for sale	(18 594)	-	9 653
Profit before taxation	41 656	41 833	116 642
Taxation on operating profit before goodwill and acquired intangibles	(15 900)	(17 988)	(30 769)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	(33 852)	5 827	7 289
(Loss)/profit after taxation	(8 096)	29 672	93 162
Profit attributable to Asset Management non-controlling interests	(5 047)	(1 381)	(5 535)
Loss attributable to other non-controlling interests	5 551	3 954	2 720
(Loss)/earnings attributable to shareholders	(7 592)	32 245	90 347

Consolidated statement of comprehensive income

£'000	6 months to 30 Sept 2014	6 months to 30 Sept 2013 *	Year to 31 March 2014 *
(Loss)/profit after taxation	(8 096)	29 672	93 162
Other comprehensive income/(loss):			
Items that may be reclassified to the income statement			
Fair value movements on cash flow hedges taken directly to other comprehensive income	471	287	2 793
Gains on realisation of available-for-sale assets recycled through the income statement	(1 164)	(3 136)	(2 896)
Fair value movements on available for sale assets taken directly to other comprehensive income	5 381	(324)	1 239
Foreign currency adjustments on translating foreign operations	(58 243)	(35 551)	(45 682)
Items that will never be reclassified to the income statement			
Remeasurement of net defined benefit pension asset	-	-	(5 870)
Total comprehensive (loss)/income	(61 651)	(9 052)	42 746
Total comprehensive (loss)/income attributable to non-controlling interests	(472)	(2 242)	3 222
Total comprehensive (loss)/income attributable to ordinary shareholders	(72 392)	(20 543)	24 108
Total comprehensive income attributable to preferred securities and perpetual preference shareholders	11 213	13 733	15 416
Total comprehensive (loss)/income	(61 651)	(9 052)	42 746

* Restated for adoption of IFRIC 21, refer to Restatements note.



Investec plc (excluding Investec Limited)

Consolidated balance sheet

Unaudited

£'000	30 Sept 2014	31 March 2014 *	30 Sept 2013 *
Assets			
Cash and balances at central banks	2 854 043	1 742 618	1 497 450
Loans and advances to banks	936 626	1 307 570	1 069 965
Reverse repurchase agreements and cash collateral on securities borrowed	725 292	1 215 500	1 181 230
Sovereign debt securities	859 800	1 232 416	1 511 731
Bank debt securities	227 017	371 183	397 583
Other debt securities	186 953	229 228	228 525
Derivative financial instruments	1 290 424	920 015	1 307 078
Securities arising from trading activities	550 106	586 706	652 504
Investment portfolio	409 063	342 597	339 249
Loans and advances to customers	6 678 251	7 774 627	7 663 739
Own originated loans and advances to customers securitised	-	447 638	504 592
Other loans and advances	422 032	1 672 709	1 876 308
Other securitised assets	444 716	2 798 158	2 955 851
Interests in associated undertakings	20 631	21 366	22 688
Deferred taxation assets	62 195	105 109	102 170
Other assets	1 264 565	1 199 057	1 335 735
Property and equipment	60 299	65 923	77 042
Investment property	59 905	61 715	-
Goodwill	357 645	427 011	448 040
Intangible assets	144 343	153 348	162 025
Non-current assets/disposal groups classified as held for sale	4 065 628	-	-
	21 619 534	22 674 494	23 333 505
Liabilities			
Deposits by banks	801 436	1 433 141	1 663 299
Derivative financial instruments	678 411	668 722	699 804
Other trading liabilities	374 918	391 650	400 222
Repurchase agreements and cash collateral on securities lent	599 965	614 733	642 611
Customer accounts (deposits)	10 392 223	10 956 136	10 928 705
Debt securities in issue	1 633 995	1 369 268	1 437 648
Liabilities arising on securitisation of own originated loans and advances	-	449 079	502 513
Liabilities arising on securitisation of other assets	311 921	2 374 599	2 334 208
Current taxation liabilities	102 477	107 271	96 214
Deferred taxation liabilities	51 324	69 256	69 366
Other liabilities	1 912 927	1 231 096	1 534 141
Liabilities directly associated with non-current assets/disposals groups held for sale	1 977 507	-	-
	18 837 104	19 664 951	20 308 731
Subordinated liabilities	659 638	740 950	771 479
	19 496 742	20 405 901	21 080 210
Equity			
Ordinary share capital	180	178	178
Perpetual preference share capital	151	151	151
Share premium	1 171 441	1 146 548	1 146 548
Treasury shares	(64 269)	(56 997)	(43 509)
Other reserves	195 118	312 886	335 815
Retained income	648 396	689 116	641 054
Shareholders' equity excluding non-controlling interests	1 951 017	2 091 882	2 080 237
Non-controlling interests	171 775	176 711	173 058
- Perpetual preferred securities issued by subsidiaries	155 745	165 319	167 212
- Non-controlling interests in partially held subsidiaries	16 030	11 392	5 846
Total equity	2 122 792	2 268 593	2 253 295
Total liabilities and equity	21 619 534	22 674 494	23 333 505

* Restated for adoption of IFRIC 21, refer to Restatements note.



Investec plc (excluding Investec Limited)

Consolidated cash flow statement

Unaudited

£'000	6 months to 30 Sept 2014	Year to 31 March 2014 *	6 months to 30 Sept 2013 *
Operating profit adjusted for non cash items	152 951	314 257	146 251
Taxation received/(paid)	(2 844)	(9 907)	3 745
(Increase)/decrease in operating assets	(79 288)	1 848 293	922 825
Increase/(decrease) in operating liabilities	773 974	(1 743 426)	(1020 560)
Net cash inflow from operating activities	844 793	409 217	52 261
Net cash inflow from investing activities [^]	43 798	40 525	67 575
Net cash outflow from financing activities	(100 270)	(39 124)	(55 942)
Effects of exchange rates on cash and cash equivalents	20 174	(7 527)	(38 006)
Net increase in cash and cash equivalents	808 495	403 091	25 888
Cash and cash equivalents at the beginning of the period	2 741 430	2 338 339	2 338 339
Cash and cash equivalents at the end of the period	3 549 925	2 741 430	2 364 227

Cash and cash equivalents are defined as including: cash and balances at central banks and on demand loans and advances to banks (all of which have a maturity profile of less than three months).

* Restated for adoption of IFRIC 21, refer to Restatements note.

[^] Includes the cash flow effect on the sale of subsidiaries and disposal groups held for sale. Refer to "overview" section.



Investec plc (excluding Investec Limited)

Condensed consolidated statement of changes in equity

Unaudited

£'000	6 months to 30 Sept 2014	Year to 31 March 2014*	6 months to 30 Sept 2013*
Balance at the beginning of the period as previously reported		2 224 763	2 224 763
Restatements on adoption of IFRIC 21	-	3 738	3 738
Balance at the beginning of the period - as restated	2 268 593	2 228 501	2 228 501
(Loss)/profit after taxation	(8 096)	93 162	29 672
Fair value movements on cash flow hedges taken directly to other comprehensive income	471	2 793	287
Gains on available-for-sale assets recycled through the income statement	(1 164)	(2 896)	(3 136)
Fair value movements on available-for-sale assets	5 381	1 239	(324)
Foreign currency adjustments on translating foreign operations	(58 243)	(45 682)	(35 551)
Remeasurement of net defined benefit pension asset	-	(5 870)	-
Total comprehensive (loss)/income	(61 651)	42 746	(9 052)
Share based payment adjustments	16 085	36 740	17 350
Dividends paid to ordinary shareholders	(45 835)	(53 200)	(31 681)
Dividends declared to perpetual preference shareholders	-	(3 395)	(1 712)
Dividends paid to perpetual preference shareholders	(12 854)	(12 021)	(12 021)
Dividends paid to non-controlling interests	(4 500)	(1 794)	-
Issue of ordinary shares	24 895	16 339	16 339
Movement of treasury shares	(61 976)	(57 635)	(26 867)
Gain on transfer of non-controlling interests	-	72 582	72 438
Acquisition of non-controlling interests	35	(270)	-
Balance at the end of the period	2 122 792	2 268 593	2 253 295

* Restated for adoption of IFRIC 21, refer to Restatements note.



Investec plc (excluding Investec Limited)

Segmental information - business analysis

Unaudited

For the six months to 30 September 2014
£'000

	Asset Management	Wealth & Investment	Specialist Banking	Total group
Net interest income	117	3 004	177 629	180 750
Fee and commission income	176 183	117 863	114 156	408 202
Fee and commission expense	(45 910)	(626)	(10 125)	(56 661)
Investment income	-	1 795	1 428	3 223
Trading income	-	101	43 855	43 956
– Arising from customer flow	-	-	-	-
– Arising from balance sheet management and other trading activities	(173)	86	(11 156)	(11 243)
Other operating income	(443)	673	3 902	4 132
Total operating income before impairment losses on loans and advances	129 774	122 896	319 689	572 359
Impairment losses on loans and advances	-	-	(53 979)	(53 979)
Operating income	129 774	122 896	265 710	518 380
Operating costs	(92 090)	(95 985)	(257 197)	(445 272)
Depreciation of operating leased assets	-	-	(1 089)	(1 089)
Operating profit before goodwill and acquired intangibles	37 684	26 911	7 424	72 019
Operating loss attributable to other non-controlling interests	-	-	5 551	5 551
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	37 684	26 911	12 975	77 570
Profit attributable to Asset Management non-controlling interests	(5 047)	-	-	(5 047)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	32 637	26 911	12 975	72 523
Cost to income ratio	71.0%	78.1%	80.7%	77.9%
Total assets (£'million)	389	918	20,313	21,620
Segmental geographic and business analysis of operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests				
UK and Other	37 684	26 911	17 963	82 558
Australia [^]	-	-	(4 988)	(4 988)
Total UK and Other	37 684	26 911	12 975	77 570

For the six months to 30 September 2013 *
£'000

	Asset Management	Wealth & Investment	Specialist Banking	Total group
Net interest income	144	4 453	166 045	170 642
Fee and commission income	171 705	103 194	97 725	372 624
Fee and commission expense	(49 824)	(893)	(15 353)	(66 070)
Investment income	-	1 116	31 285	32 401
Trading income	-	46	42 318	42 364
– Arising from customer flow	-	-	-	-
– Arising from balance sheet management and other trading activities	(1 099)	(35)	(2 950)	(4 084)
Other operating income	(185)	479	6 697	6 991
Total operating income before impairment losses on loans and advances	120 741	108 360	325 767	554 868
Impairment losses on loans and advances	-	-	(63 393)	(63 393)
Operating income	120 741	108 360	262 374	491 475
Operating costs	(87 296)	(87 669)	(250 658)	(425 623)
Depreciation of operating leased assets	-	-	(3 856)	(3 856)
Operating profit before goodwill, acquired intangibles	33 445	20 691	7 860	61 996
Operating loss attributable to other non-controlling interests	-	-	3 954	3 954
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	33 445	20 691	11 814	65 950
Profit attributable to Asset Management non-controlling interests	(1 381)	-	-	(1 381)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	32 064	20 691	11 814	64 569
Cost to income ratio	72.3%	80.9%	75.8%	76.0%
Total assets (£'million)	498	878	21 958	23 334
Segmental geographic and business analysis of operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests				
UK and Other	33 445	20 691	25 739	79 875
Australia [^]	-	-	(13 925)	(13 925)
Total UK and Other	33 445	20 691	11 814	65 950

* Restated for adoption of IFRIC 21, refer to Restatements note.

[^] Australia is no longer material to be a standalone geography.



Investec plc (excludes Investec Limited)

Additional income statement note disclosures

Unaudited

Net interest income

For the six months to £'000	30 September 2014		30 September 2013	
	Balance sheet value	Interest received	Balance sheet value	Interest received
Cash, near cash and bank debt and sovereign debt securities	5 602 778	22 948	5 657 959	34 973
Core loans and advances	6 678 251	222 831	8 168 331	261 238
Private Client	3 417 233	108 579	4 787 809	132 962
Corporate, institutional and other clients	3 261 018	114 252	3 380 522	128 276
Other debt securities and other loans and advances	608 985	64 552	2 104 833	48 578
Other interest earning assets	444 716	51 548	2 955 851	63 621
Total interest earning assets	13 334 730	361 879	18 886 974	408 410

For the six months to £'000	30 September 2014		30 September 2013	
	Balance sheet value	Interest paid	Balance sheet value	Interest paid
Deposits by banks and other debt related securities	3 035 396	(29 988)	3 743 558	43 018
Customer accounts	10 392 223	(79 076)	10 928 705	114 934
Other interest bearing liabilities	311 921	(39 096)	2 836 721	46 075
Subordinated liabilities	659 638	(32 969)	771 479	33 741
Total interest bearing liabilities	14 399 178	(181 129)	18 280 463	237 768
Net interest income		180 750		170 642

Net fees and commissions

For the six months to £'000	30 September 2014	30 September 2013	Variance	% change
Asset Management	130 273	121 881	8 392	6.9%
Wealth & Investment	117 237	102 301	14 936	14.6%
Specialist Banking	104 031	82 372	21 659	26.3%
Net fees and commissions	351 541	306 554	44 987	14.7%

For the six months to £'000	30 September 2014	30 September 2013
Asset management and wealth management businesses net fee and commission income	247 510	224 182
Funds management fees/fees for assets under management	263 970	246 000
Private client transactional fees	30 075	28 899
Fee and commission expense	(46 535)	(50 717)
Specialist Banking net fee and commission income	104 031	82 372
Corporate and institutional transactional and advisory services	101 765	74 481
Private client transactional fees	12 392	23 244
Fee and commission expense	(10 126)	(15 353)
Net fee and commission income	351 541	306 554
Annuity (net of fees payable)	270 887	245 041
Deal	80 654	61 513



Investec plc (excludes Investec Limited)

Additional income statement note disclosures

Unaudited

Investment income

For the six months to £'000	30 September 2014	30 September 2013	Variance	% change
Asset Management	-	-	-	0.0%
Wealth & Investment	1 795	1 116	679	60.8%
Specialist Banking	1 428	31 285	(29 857)	(95.4%)
Investment income	3 223	32 401	(29 178)	-90.1%

For the six months to £'000	30 September 2014	30 September 2013
Realised	69 666	43 095
Unrealised	(68 926)	(13 927)
Dividend income	2 274	1 982
Funding and net other related costs	209	1 251
Investment income	3 223	32 401

For the six months to September 2014 £'000	Investment portfolio (listed and unlisted equities)	Debt securities (sovereign, bank and other)	Other asset categories	Total
Realised	59 979	11 571	(1884)	69 666
Unrealised	(65 933)	(3 021)	28	(68 926)
Dividend income	2 274	-	-	2 274
Funding and net other related costs	-	-	209	209
Investment income	(3 680)	8 550	(1 647)	3 223

For the six months to September 2013 £'000	Investment portfolio (listed and unlisted equities)	Debt securities (sovereign, bank and other)	Other asset categories	Total
Realised	38 849	892	3 354	43 095
Unrealised	5 786	(16 989)	(2 724)	(13 927)
Dividend income	1 982	-	-	1 982
Funding and net other related costs	-	(11)	1 262	1 251
Investment income	46 617	(16 108)	1 892	32 401



Investec plc (excludes Investec Limited)

Analysis of financial assets and liabilities by category of financial instrument

Unaudited

At 30 September 2014 £'000	Total instruments at fair value	Total instruments at amortised cost	Non-financial instruments	Total
Assets				
Cash and balances at central banks	6 491	2 847 552	-	2 854 043
Loans and advances to banks	86 237	850 389	-	936 626
Reverse repurchase agreements and cash collateral on securities borrowed	272 165	453 127	-	725 292
Sovereign debt securities	859 800	-	-	859 800
Bank debt securities	19 511	207 506	-	227 017
Other debt securities	126 643	60 310	-	186 953
Derivative financial instruments*	1 290 424	-	-	1 290 424
Securities arising from trading activities	550 106	-	-	550 106
Investment portfolio	409 063	-	-	409 063
Loans and advances to customers	42 486	6 635 765	-	6 678 251
Own originated loans and advances to customers securitised	-	-	-	-
Other loans and advances	-	422 032	-	422 032
Other securitised assets	406 911	37 805	-	444 716
Interests in associated undertakings	-	-	20 631	20 631
Deferred taxation assets	-	-	62 195	62 195
Other assets	21 790	1 068 073	174 702	1 264 565
Property and equipment	-	-	60 299	60 299
Investment properties	-	-	59 905	59 905
Goodwill	-	-	357 645	357 645
Intangible assets	-	-	144 343	144 343
Non-current assets/disposal groups classified as held for sale	4 065 628	-	-	4 065 628
	8 157 255	12 582 559	879 720	21 619 534
Liabilities				
Deposits by banks	-	801 436	-	801 436
Derivative financial instruments*	678 411	-	-	678 411
Other trading liabilities	374 918	-	-	374 918
Repurchase agreements and cash collateral on securities lent	324 339	275 626	-	599 965
Customer accounts (deposits)	-	10 392 223	-	10 392 223
Debt securities in issue	344 672	1 289 323	-	1 633 995
Liabilities arising on securitisation of own originated loans and advances	-	-	-	-
Liabilities arising on securitisation of other assets	311 921	-	-	311 921
Current taxation liabilities	-	-	102 477	102 477
Deferred taxation liabilities	-	-	51 324	51 324
Other liabilities	19 440	1 658 791	234 696	1 912 927
Liabilities directly associated with non-current assets/disposal groups held for sale	1 977 507	-	-	1 977 507
Subordinated liabilities	-	659 638	-	659 638
	4 031 208	15 077 037	388 497	19 496 742



Investec plc (excludes Investec Limited)

Fair value hierarchy

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 (i.e. as prices) or indirectly (i.e. derived from prices)

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

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

At 30 September 2014 £'000	Total instruments at fair value	Valuation technique applied		
		Level 1	Level 2	Level 3
Assets				
Cash and balances at central banks	6 491	6 491	-	-
Loans and advances to banks	86 237	86 237	-	-
Reverse repurchase agreements and cash collateral on securities borrowed	272 165	-	272 165	-
Sovereign debt securities	859 800	859 800	-	-
Bank debt securities	19 511	19 511	-	-
Other debt securities	126 643	105 793	-	20 850
Derivative financial instruments	1 290 424	938 245	306 875	45 304
Securities arising from trading activities	550 106	550 106	-	-
Investment portfolio	409 063	78 871	135 342	194 850
Loans and advances to customers	42 486	-	3 208	39 278
Own originated loans and advances to customers securitised	-	-	-	-
Other loans and advances	-	-	-	-
Other securitised assets	406 911	-	-	406 911
Other assets	21 790	21 790	-	-
Non-current assets/disposal groups classified as held for sale	4 065 628	-	4 065 628	-
	8 157 255	2 666 844	4 783 218	707 193
Liabilities				
Deposits by banks	-	-	-	-
Derivative financial instruments	678 411	405 044	267 377	5 990
Other trading liabilities	374 918	374 918	-	-
Repurchase agreements and cash collateral on securities lent	324 339	-	324 339	-
Customer accounts (deposits)	-	-	-	-
Debt securities in issue	344 672	-	344 672	-
Liabilities arising on securitisation of own originated loans and advances	-	-	-	-
Liabilities arising on securitisation of other assets	311 921	-	-	311 921
Other liabilities	19 440	19 440	-	-
Liabilities directly associated with non-current assets/disposal groups	1 977 507	-	1 977 507	-
	4 031 208	799 402	2 913 895	317 911

Transfers between level 1 and level 2

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

Level 3 instruments

The following table is a reconciliation of the opening balances to the closing balances for fair value measurements in level 3 of the fair value hierarchy:

	Total level 3 financial instruments	Fair value movements through income statement	Fair value movements through comprehensive income
Balance as at 31 March 2014	500 982	475 837	25 145
Total gains or losses	(7 197)	(7 417)	220
In the income statement	(7 508)	(7 417)	(91)
In the statement of comprehensive income	311	-	311
Purchases	27 703	27 693	10
Sales	(149 508)	(148 918)	(590)
Issues	3 343	3 343	-
Settlements	(3 674)	(3 674)	-
Transfers into level 3	60 227	60 227	-
Transfers out of level 3	2 356	2 356	-
Transfer into non-current assets held for sale	(43 602)	(43 602)	-
Foreign exchange adjustments	(1 346)	(1 346)	-
Balance as at 30 September 2014	389 283	364 498	24 785

The following table quantifies the gains or losses included in the income statement and other comprehensive income recognised on level 3 financial instruments:

for the period ended	30 September 2014
£'000	
Total gains or losses included in the income statement	(7 508)
Net interest income/(expense)	(77)
Fee and commission income	(14 142)
Investment income	1 695
Trading income arising from customer flow	5 218
Trading income arising from balance sheet management and other trading activities	(202)
Other operating income	-

For the period ended 30 September 2014 £18 million (31 March 2014: £44.8 million) of the total gains and losses recognised in the group are unrealised.

Total gains or losses included in other comprehensive income	311
Fair value movements on cash flow hedges taken directly to other comprehensive income	-
Gains on realisation of available-for-sale assets recycled through the income statement	-
Fair value movements on available-for-sale assets taken directly to other comprehensive income	311
Foreign currency adjustments on translating foreign operations	-
Pension fund actuarial (losses)/gains	-



Investec plc (excludes Investec Limited)

Unaudited

The following table quantifies the gains or losses included in the income statement and other comprehensive income recognised on level 3 financial instruments held at the end of the period.

For the period ended 30 September 2014, instruments to the value of (£2.3 million) were transferred from level 3 into level 2 (31 March 2014: £19.2 million).

The valuation methodologies were reviewed and observable inputs are used to determine the fair value.

In addition £43.6 million of instruments previously classified as level 3 were transferred to level 2 as a result of being held as assets and liabilities held for sale at 30 September 2014. This has resulted in a change in valuation technique from their original holding at fair value to fair value less costs to sell which is in accordance with IFRS 5 and measured by reference to the agreed sale documents. The assets and liabilities held for sale also include assets and liabilities previously measured at amortised cost which are also now held at fair value less costs to sell.

There were transfers from level 2 to the level 3 category to the value of £60.2 million (31 March 2014: £43.1 million) because the underlying circumstances of the instrument changed and as a result, the significant valuation inputs became unobservable in the market.

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:

At 30 September 2014 £'000	Balance sheet value (£'000)	Significant unobservable input changed	Range which unobservable input has been stressed	Reflected in the income statement (£'000)	
				Favourable changes	Unfavourable changes
Assets					
Other debt securities	20 850			394	(443)
		Discount rates	(5)%-5%	2	(2)
		Credit spreads	(2)%-3%	116	(116)
		Other	(6)%-5%	276	(325)
Derivative financial instruments	45 304			4 428	(1 839)
		Discount rates	(5%) - 5%	301	(281)
		Volatilities	(2)%-2%	2 212	(810)
		Credit spreads	(6.5bps) - 6.5bps	73	(73)
		Other	(11)%-10%	1 842	(675)
Investment portfolio	176 678			12 906	(13 664)
		Volatilities	(10%) -10%	-	-
		EBITDA / Price Earnings multiple	(10%) -10% or 5x EBITDA	1 096	(4 344)
		Other	(10%) -10%	11 810	(9 320)
Loans and advances to customers	39 279			2 223	(5 197)
		Cash flows	(9)%-5%	1 102	(3 755)
		Other		1 121	(1 442)
Other securitised assets*	406 911			1 200	(1 807)
		Credit spreads, prices from illiquid markets	- 6 months/ + 12 month adjustment to CDR curve	1 200	(1 807)
Liabilities					
Derivative financial instruments	5 990	Basis risk and yield curve	(10 bps)-10bps	2 429	(609)
Liabilities arising on securitisation of other assets*	314 288	Credit Spreads	(6.5bps) - 6.5bps	1 210	(751)

*The sensitivity of the fair value of Liabilities arising on securitisation of other assets has been considered together with other securitised assets.

At 30 September 2014 £'000	Balance sheet value (£'000)	Valuation method	Significant unobservable input changed	Range which unobservable input has been stressed	Reflected in other comprehensive income (£'000)	
					Favourable changes	Unfavourable changes
Assets						
Investment portfolio	18 172				1 333	(883)
		Price earnings multiple	EBITDA	(10%) -10% or 5x EBITDA		
			Other	(10%) -10%	1 304	(855)
					29	(29)



Investec plc (excludes Investec Limited)

Level 2 financial assets and financial liabilities

Unaudited

The following table sets out the group's principal valuation techniques as at 30 September 2014 and 31 March 2014 used in determining the fair value of its financial assets and financial liabilities that are classified within level 2 of the fair value hierarchy.

	Valuation basis/techniques	Main assumptions
Assets		
Loans and advances to banks	Discounted cash flow model, Hermite interpolation	Discount rates
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flow model, Hermite interpolation	Discount rates
Bank debt securities	Discounted cash flow model	Discount rates
Other debt securities	External prices, broker quotes	Discount rates
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black Scholes	Discount rate, Risk free rate, volatilities, Forex forward points and spot rates, interest rate swap curves, credit curves
Investment portfolio	Discounted cash flow model, net asset value model	Discount rate, fund unit price
Loans and advances to customers	Discounted cash flow model	Discount rates
Other assets	Discounted cash flow model	Discount rates
Liabilities		
Deposits by banks	Discounted cash flow model	Discount rates
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black Scholes	Discount rate, Risk free rate, volatilities, Forex forward points and spot rates, interest rate swap curves, credit curves
Debt securities in issue	Discounted cash flow model	Risk free rate



Investec plc (excludes Investec Limited)

Fair value of financial instruments at amortised cost

Unaudited

30 September 2014

£'000	Carrying amount	Fair Value
Assets		
Cash and balances at central banks	2 847 552	2 847 552
Loans and advances to banks	850 389	841 567
Non-sovereign and non-bank cash placements	-	-
Reverse repurchase agreements and cash collateral on securities borrowed	453 127	453 127
Sovereign debt securities	-	-
Bank debt securities	507 506	219 933
Other debt securities	60 310	58 687
Loans and advances to customers	6 635 765	6 666 788
Own originated loans and advances to customers securitised	-	-
Other loans and advances	422 032	376 391
Other securitised assets	37 805	37 805
Other assets	1 068 073	1 048 153
	12 882 559	12 550 003
Liabilities		
Deposits by banks	801 436	793 413
Repurchase agreements and cash collateral on securities lent	275 626	275 627
Customer accounts (deposits)	10 392 223	9 760 078
Debt securities in issue	1 289 323	1 303 062
Liabilities arising on securitisation of own originated loans and advances	-	-
Liabilities arising on securitisation of other assets	-	-
Other liabilities	1 658 791	1 636 477
Subordinated liabilities	659 638	659 638
	15 077 037	14 428 295

The paragraphs below describe the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Financial instruments for which fair value does not approximate carrying value

The following table sets out the group's principal valuation techniques used in determining the fair value of its financial assets and financial liabilities

Bank debt securities	Valued using a cashflow model of the bonds discounted by an observable market credit curve.
Other debt securities	Priced with reference to similar trades in an observable market.
Loans and advances to customers	Calculation of the present value of future cashflows, discounted as appropriate.
Own originated loans and advances to customers securitised	Calculation of the current cashflows of Fixed rate loans at current expected interest rates.
Other loans and advances	Calculation of the present value of future cashflows, discounted as appropriate.
Other securitised assets	Calculated using a model based on future cashflows.
Deposits by banks	Calculation of fair value using appropriate funding rates.
Customer accounts (deposits)	Where the deposits are short term in nature carrying amounts are assumed to approximate fair value. Where deposits are of longer term maturities they are valued using a cash flow model discounted as appropriate.
Debt securities in issue	Where the debt securities are fully collateralised fair value is equal to the carrying value. Other debt securities are valued using a cash flow model discounted as appropriate to the securities for funding and interest rates.
Liabilities arising on securitisation of other assets	Valued using a cashflow model taking into account any hedging and discounted as appropriate.
Other liabilities	Where the other liabilities are short term in nature carrying amounts are assumed to approximate fair value.
Subordinated liabilities	Valued with reference to market prices.

Fixed rate financial instruments

The fair value of fixed rate financial assets and financial liabilities carried at amortised cost are estimated by comparing spreads earned on the transactions with spreads earned on similar new transactions entered into by the group. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows, using prevailing money market interest rates for debts with similar credit risk and maturity. For quoted sub-debt issued, the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

Certain financial instruments, that would normally be carried at fair value, continue to be recognised at transaction price. This occurs when the fair value would normally be determined using valuation techniques which cannot be relied on due to insufficient external inputs. This results in gains or losses which have not been recognised on balance sheet.

quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.



Investec plc (excludes Investec Limited)

Restatement of comparatives – IFRIC 21 ‘Levies’

The group has adopted IFRIC 21 ‘Levies’ from 1 April 2014. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy and an entity does not have a constructive obligation to pay a levy that will be triggered in a future period as a result of being economically compelled to continue to operate in that future period. The new interpretation has been applied retrospectively and its application has caused the recognition date for the FSCS levy to be changed from the 31 December prior to the beginning of the relevant levy year to the following 1 April. The group has accordingly restated the prior periods to reflect this change.

The impact of the restatement in the 6 months to 30 September 2013 is an increase in Operating Costs and Other liabilities of £1.1m and a decrease in Taxation on operating profit before goodwill and Deferred taxation liabilities of £0.2m. The impact in the year to 31 March 2013 is a decrease in Operating Costs and Other Liabilities of £4.7m and an increase in Taxation on operating profit before goodwill and Deferred taxation liabilities of £1.0m. The net impact on Retained income at 31 March 2014 is an increase of £2.8m.



Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

Credit and counterparty risk management

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

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

- Lending transactions giving rise to a direct exposure. The risk is created that an obligor will be unable or unwilling to repay capital and/or interest on advances and loans granted to it. This category includes bank placements, where we have placed funds with other financial institutions
- Issuer risk on financial instruments where payments due from the issuer of a financial instrument will not be received; and
- Trading transactions, giving rise to settlement and replacement risk (collectively counterparty risk)

- Settlement risk is the risk that the settlement of a transaction does not take place as expected, with one party effecting required settlements as they fall due but not receiving settlements to which they are entitled. In terms of our definition, settlement debtors receivable in the short term (i.e. less than three days) are excluded from credit and counterparty risk due to market guaranteed settlement mechanisms

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

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

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

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

An analysis of gross credit and counterparty exposures

Credit and counterparty exposures decreased by 17.7% to £14.9 billion largely as a result of the sale of group assets (refer to "overview" section). Cash and near cash balances increased by 5.2% to £4.5 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 and sovereign debt securities.

£'000	30 Sept 2014	31 March 2014	% change	Average*
Cash and balances at central banks	2 847 239	1 735 333	64.1%	2 291 286
Loans and advances to banks	936 626	1 307 570	(28.4%)	1 122 098
Reverse repurchase agreements and cash collateral on securities borrowed	725 292	1 215 500	(40.3%)	970 396
Sovereign debt securities	859 800	1 232 416	(30.2%)	1 046 108
Bank debt securities	227 017	371 183	(38.8%)	299 100
Other debt securities	186 012	218 190	(14.7%)	202 101
Derivative financial instruments	320 162	525 526	(39.1%)	422 844
Securities arising from trading activities	416 719	419 408	(0.6%)	418 064
Loans and advances to customers (gross)	6 867 958	7 967 313	(13.8%)	7 417 636
Own originated loans and advances to customers securitised (gross)	-	448 255	(100.0%)	224 128
Other loans and advances (gross)	331 673	1 451 925	(77.2%)	891 799
Other securitised assets (gross)	53 467	184 483	(71.0%)	118 975
Other assets	232 845	137 665	69.1%	185 255
Total on-balance sheet exposures	14 004 810	17 214 767	(18.6%)	15 609 789
Guarantees [^]	151 719	46 922	223.3%	99 321
Contingent liabilities, committed facilities and other	755 409	863 305	(12.5%)	809 357
Total off-balance sheet exposures	907 128	910 227	(0.3%)	908 678
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	14 911 938	18 124 994	(17.7%)	16 518 466

* Where the average is based on a straight-line average for the period 1 April 2014 to 30 September 2014.

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



Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

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

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

£'000	Total credit and counterparty exposure	Assets that we deem to have no legal credit exposure	Note reference	Total balance sheet
At 30 September 2014				
Cash and balances at central banks	2 847 239	6 804		2 854 043
Loans and advances to banks	936 626	-		936 626
Reverse repurchase agreements and cash collateral on securities borrowed	725 292	-		725 292
Sovereign debt securities	859 800	-		859 800
Bank debt securities	227 017	-		227 017
Other debt securities	186 012	941		186 953
Derivative financial instruments	320 162	970 262		1 290 424
Securities arising from trading activities	416 719	133 387		550 106
Investment portfolio	-	409 063	1	409 063
Loans and advances to customers	6 867 958	(189 707)	2	6 678 251
Other loans and advances	331 673	90 359		422 032
Other securitised assets	53 467	391 249	3	444 716
Interest in associated undertakings	-	20 631		20 631
Deferred taxation assets	-	62 195		62 195
Other assets	232 845	1 031 720	5	1 264 565
Property and equipment	-	60 299		60 299
Investment properties	-	59 905		59 905
Goodwill	-	357 645		357 645
Intangible assets	-	144 343		144 343
Non-current assets (or disposal groups) classified as held for sale	-	4 065 628	6	4 065 628
Total on-balance sheet exposures	14 004 810	7 614 724		21 619 534
At 31 March 2014				
Cash and balances at central banks	1 735 333	7 285		1 742 618
Loans and advances to banks	1 307 570	-		1 307 570
Reverse repurchase agreements and cash collateral on securities borrowed	1 215 500	-		1 215 500
Sovereign debt securities	1 232 416	-		1 232 416
Bank debt securities	371 183	-		371 183
Other debt securities	218 190	11 038		229 228
Derivative financial instruments	525 526	394 489		920 015
Securities arising from trading activities	419 408	167 298		586 706
Investment portfolio	-	342 597	1	342 597
Loans and advances to customers	7 967 313	(192 686)	2	7 774 627
Own originated loans and advances to customers securitised	448 255	(617)	2	447 638
Other loans and advances	1 451 925	220 784	3	1 672 709
Other securitised assets	184 483	2 613 675	3,4	2 798 158
Interest in associated undertakings	-	21 366		21 366
Deferred taxation assets	-	105 109		105 109
Other assets	137 665	1 061 392	5	1 199 057
Property and equipment	-	65 923		65 923
Investment properties	-	61 715		61 715
Goodwill	-	427 011		427 011
Intangible assets	-	153 348		153 348
Total on-balance sheet exposures	17 214 767	5 459 727		22 674 494

Notes:

- Largely relates to exposures that are classified as equity risk in the banking book.
- Largely relates to impairments and the impact of hedge accounting.
- Whilst the group manages all risks (including credit risk) from a day to day operational perspective, certain of these assets are within special purpose vehicles that ring-fence the assets to specific credit providers and limit security to the assets in the vehicle. The table above reflects the net credit exposure in the vehicles that the group has reflected in the 'total credit and counterparty exposure' with the maximum credit exposure referenced to credit providers external to the group in the column headed 'assets that we deem have no legal credit exposure'.
- Includes net investments in Kensington securitised vehicles to which Investec has no direct exposures.
- Other assets include settlement debtors where we deem to have no credit risk exposures as they are settled on a delivery against payment basis.
- On 9 September 2014 the group announced the sale of its UK intermediated mortgage business Kensington Group plc ("Kensington") together with certain other Investec mortgage assets to funds managed by Blackstone Tactical Opportunities Advisors L.L.C. and TPG Special Situations Partners. On 15 September 2014 the group announced the sale of its Irish intermediated mortgage business Start Mortgage Holdings Limited ("Start") together with certain other Irish mortgage assets to an affiliate of Lone Star Funds. The Kensington transaction is still subject to regulatory approval, whilst the group has received regulatory approval for the Start transaction. As the group views these transactions as highly probable, the group has accounted for these transactions in terms of IFRS 5 and has thus reflected all assets and liabilities associated with the sale as a single asset and liability line on the face of the consolidated balance sheet as described as "non-current assets/liabilities (or disposal groups) held for sale".



Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

Gross credit and counterparty exposures by residual contractual maturity at 30 September 2014

	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	5 to 10 years	>10 years	Total
£'000							
Cash and balances at central banks	2 847 239	-	-	-	-	-	2 847 239
Loans and advances to banks	933 738	2 888	-	-	-	-	936 626
Reverse repurchase agreements and cash collateral on securities borrowed	725 292	-	-	-	-	-	725 292
Sovereign debt securities	282 773	189 207	-	-	52 613	335 207	859 800
Bank debt securities	-	-	38 545	33 698	154 774	-	227 017
Other debt securities	-	5 429	3 768	40 171	46 775	89 869	186 012
Derivative financial instruments	91 272	31 890	50 642	103 060	25 684	17 614	320 162
Securities arising from trading activities	381 390	2 621	4 225	28 483	-	-	416 719
Loans and advances to customers (gross)	1 596 823	566 896	846 681	2 931 613	557 664	368 281	6 867 958
Other loans and advances (gross)	5 022	-	-	51 563	9 575	265 513	331 673
Other securitised assets (gross)	-	-	-	-	-	53 467	53 467
Other assets	227 172	5 673	-	-	-	-	232 845
Total on-balance sheet exposures	7 090 721	804 604	943 861	3 188 588	847 085	1 129 951	14 004 810
Guarantees [^]	30 838	-	1 912	118 969	-	-	151 719
Contingent liabilities, committed facilities and other	122 739	77 144	165 677	262 762	23 918	103 169	755 409
Total off-balance sheet exposures	153 577	77 144	167 589	381 731	23 918	103 169	907 128
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	7 244 298	881 748	1 111 450	3 570 319	871 003	1 233 120	14 911 938

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



Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

Breakdown of gross credit exposure by industry

£'000	Gross core loans and advances		Other credit and counterparty exposures		Total	
	30 Sept 2014	31 March 2014	30 Sept 2014	31 March 2014	30 Sept 2014	31 March 2014
HNW and other professional individuals	1 192 506	2 775 968	116 973	351 076	1 309 479	3 127 044
Lending collateralised by property - largely to private clients	2 402 095	2 538 625	203 138	166 890	2 605 233	2 705 515
Agriculture	5 632	21 326	141	2 553	5 773	23 879
Electricity, gas and water (utility services)	415 655	349 371	110 477	76 972	526 132	426 343
Public and non-business services	214 043	186 485	4 072 235	3 341 193	4 286 278	3 527 678
Business services	235 241	252 649	54 663	68 095	289 904	320 744
Finance and insurance	570 595	486 736	2 819 598	3 791 723	3 390 193	4 278 459
Retailers and wholesalers	369 105	363 649	97 913	70 143	467 018	433 792
Manufacturing and commerce	442 894	382 334	63 947	67 886	506 841	450 220
Construction	45 054	78 914	23 376	37 101	68 430	116 015
Corporate commercial real estate	81 431	72 470	1 375	3 352	82 806	75 822
Other residential mortgages	-	16 074	374 701	1 603 625	374 701	1 619 699
Mining and resources	144 580	177 045	32 453	30 551	177 033	207 596
Leisure, entertainment and tourism	135 891	160 907	30 709	27 876	166 600	188 783
Transport	548 314	487 014	33 264	57 242	581 578	544 256
Communication	64 922	66 001	9 017	13 148	73 939	79 149
Total	6 867 958	8 415 568	8 043 980	9 709 426	14 911 938	18 124 994

Private client loans account for 17.4% of total core loans and advances, as represented by the industry classification 'HNW and other professional individuals'. 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 detailed analysis of the corporate client loan portfolio 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 the 'public and non-business services' and 'finance and insurance' sectors. These exposures also include off-balance sheet items such as guarantees, committed facilities and contingent liabilities, largely to our HNW and other professional individual Private Clients division clients.

Detailed analysis of gross credit and counterparty exposures by industry

£'000	HNW and other professional individuals	Lending collateralised by property largely to private clients	Agriculture	Electricity, gas and water (utility services)	Public and non-business services	Business service	Finance and insurance	Retailers and wholesalers	Manufacturing and commerce	Construction	Corporate commercial real estate	Other residential mortgages	Mining and resources	Leisure, entertainment and tourism	Transport	Communication	Total
At 30 September 2014																	
Cash and balances at central banks	-	-	-	-	2 847 239	-	-	-	-	-	-	-	-	-	-	-	2 847 239
Loans and advances to banks	-	-	-	-	-	-	936 626	-	-	-	-	-	-	-	-	-	936 626
Reverse repurchase agreements and cash collateral on securities borrowed	-	-	-	-	-	-	725 292	-	-	-	-	-	-	-	-	-	725 292
Sovereign debt securities	-	-	-	-	-	859 800	-	-	-	-	-	-	-	-	-	-	859 800
Bank debt securities	-	-	-	-	-	-	227 017	-	-	-	-	-	-	-	-	-	227 017
Other debt securities	-	-	-	-	1 823	-	184 189	-	-	-	-	-	-	-	-	-	186 012
Derivative financial instruments	1 698	-	141	11 581	-	16 860	197 263	41 163	21 848	4 576	1 167	-	1 788	14 491	3 087	4 499	320 162
Securities arising from trading activities	-	-	-	27 171	344 164	-	41 239	4 145	-	-	-	-	-	-	-	-	416 719
Loans and advances to customers (gross)	1 192 506	2 402 095	5 632	415 655	214 043	235 241	570 595	369 105	442 894	45 054	81 431	-	144 580	135 891	548 314	64 922	6 867 958
Other loans and advances (gross)	-	-	-	-	-	-	133 198	-	-	-	-	198 475	-	-	-	-	331 673
Other securitised assets (gross)	-	-	-	-	-	-	-	-	-	-	-	53 467	-	-	-	-	53 467
Other assets	-	-	-	-	-	-	229 743	9	128	-	-	-	-	-	-	-	232 845
Total on-balance sheet exposures	1 194 204	2 402 095	5 773	454 407	4 267 069	252 101	3 245 162	414 422	464 868	49 630	82 598	251 942	146 368	150 382	551 401	72 388	14 004 810
Guarantees	31 470	179	-	-	-	289	80	405	-	-	-	117 775	1 521	-	-	-	151 719
Contingent liabilities, committed facilities and other	83 805	202 959	-	71 725	19 209	37 514	144 951	52 191	41 973	18 800	208	4 984	29 144	16 218	30 177	1 551	755 409
Total off-balance sheet exposures	115 275	203 138	-	71 725	19 209	37 803	145 031	52 596	41 973	18 800	208	122 759	30 665	16 218	30 177	1 551	907 128
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	1 309 479	2 605 233	5 773	526 132	4 286 278	289 904	3 390 193	467 018	506 841	68 430	82 806	374 701	177 033	166 600	581 578	73 939	14 911 938
At 31 March 2014																	
Cash and balances at central banks	-	-	-	-	1 735 333	-	-	-	-	-	-	-	-	-	-	-	1 735 333
Loans and advances to banks	-	-	-	-	-	-	1 307 570	-	-	-	-	-	-	-	-	-	1 307 570
Reverse repurchase agreements and cash collateral on securities borrowed	-	-	-	-	-	-	1 215 500	-	-	-	-	-	-	-	-	-	1 215 500
Sovereign debt securities	-	-	-	-	1 232 416	-	-	-	-	-	-	-	-	-	-	-	1 232 416
Bank debt securities	-	-	-	-	-	-	371 183	-	-	-	-	-	-	-	-	-	371 183
Other debt securities	-	-	-	-	-	-	185 739	-	-	-	-	32 451	-	-	-	-	218 190
Derivative financial instruments	5 598	-	34	10 277	4 863	14 603	422 363	24 529	6 977	13 816	1 144	-	1 153	10 962	7 144	2 063	525 526
Securities arising from trading activities	-	-	-	-	361 830	-	57 463	-	-	-	-	-	-	-	115	-	419 408
Loans and advances to customers (gross)	2 327 713	2 538 625	21 326	349 371	186 485	252 649	486 736	363 649	382 334	78 914	72 470	16 074	177 045	160 907	487 014	66 001	7 967 313
Own originated loans and advances to customers securitised (gross)	448 255	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	448 255
Other loans and advances (gross)	-	-	-	-	-	-	71 120	-	-	-	-	1 380 805	-	-	-	-	1 451 925
Other securitised assets (gross)	-	-	-	-	-	-	-	-	-	-	-	184 483	-	-	-	-	184 483
Other assets	-	-	-	-	-	18 072	103 702	1 572	9 456	-	-	137	-	-	-	-	4 726
Total on-balance sheet exposures	2 781 566	2 538 625	21 360	359 648	3 520 927	285 324	4 221 376	389 767	398 767	92 730	73 614	1 613 950	178 198	171 869	494 273	72 790	17 214 767
Guarantees	14 397	368	-	-	631	631	2 397	3 585	1 571	56	-	456	23 375	86	-	-	46 922
Contingent liabilities, committed facilities and other	331 081	166 522	2 519	66 695	6 751	34 789	54 686	40 457	49 882	23 229	2 208	5 293	6 023	16 828	49 983	6 359	863 305
Total off-balance sheet exposures	345 478	166 890	2 519	66 695	6 751	35 420	57 083	44 042	51 453	23 285	2 208	5 749	29 398	16 914	49 983	6 359	910 227
Total gross credit and counterparty exposures pre-collateral or other credit enhancements	3 127 044	2 705 515	23 879	426 343	3 527 678	320 744	4 278 459	433 792	450 220	116 015	75 822	1 619 699	207 596	188 783	544 256	79 149	18 124 994



Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

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

Calculation of core loans and advances to customers

£'000	30 Sept 2014	31 March 2014
Loans and advances to customers as per the balance sheet	6 678 251	7 774 627
Add: own originated loans and advances securitised as per the balance sheet	-	447 638
Net core loans and advances to customers	6 678 251	8 222 265

The tables below provides information with respect to the asset quality of our core loans and advances

£'000	30 Sept 2014	31 March 2014
Gross core loans and advances to customers	6 867 958	8 415 568
Total impairments	(189 707)	(193 303)
Portfolio impairments	(26 259)	(16 437)
Specific impairments	(163 448)	(176 866)
Net core loans and advances to customers	6 678 251*	8 222 265
Average gross core loans and advances to customers	7 641 763	8 429 436
Current loans and advances to customers	6 164 865	7 681 073 [^]
Past due loans and advances to customers (1-60 days)	89 599	124 033
Special mention loans and advances to customers	186 108	153 485 [^]
Default loans and advances to customers	427 386	456 977
Gross core loans and advances to customers	6 867 958	8 415 568
Current loans and advances to customers	6 164 865	7 681 073
Default loans that are current and not impaired	20 329	21 254 [^]
Gross core loans and advances to customers that are past due but not impaired	311 640	308 014 [^]
Gross core loans and advances to customers that are impaired	371 124	405 227
Gross core loans and advances to customers	6 867 958	8 415 568
Total income statement charge for impairments on core loans and advances	(45 824)	(83 231)
Gross default loans and advances to customers	427 386	456 977
Specific impairments	(163 448)	(176 866)
Portfolio impairments	(26 259)	(16 437)
Defaults net of impairments	237 679	263 674
Collateral and other credit enhancements	284 739	297 114
Net default loans and advances to customers (limited to zero)	-	-
Ratios:		
Total impairments as a % of gross core loans and advances to customers	2.76%	2.30%
Total impairments as a % of gross default loans	44.39%	42.30%
Gross defaults as a % of gross core loans and advances to customers	6.22%*	5.43%
Defaults (net of impairments) as a % of net core loans and advances to customers	3.56%*	3.21%
Defaults (net of impairments) as a % of net core loans and advances to customers (excluding Australia)	3.39%	3.76%
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)	1.20%*	0.99%
Annualised credit loss ratio (excluding Australia)	1.05%	0.95%

[^] Restated.

* The decrease in core loans and advances is as a result of the sale of the professional finance and asset finance portfolios in Investec Bank (Australia) Limited as well as certain UK residential mortgage portfolios which form part of the Kensington transaction. Some of the ratios reported are impacted as a result of these sales



Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

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

£'000	30 Sept 2014	31 March 2014
Default loans that are current	137 767	145 578
1 - 60 days	271 188	249 900
61 - 90 days	56 798	57 441
91 - 180 days	7 030	13 077
181 - 365 days	33 515	58 634
>365 days	196 795	209 865
Past due and default core loans and advances to customers (actual capital exposure)	703 093	734 495
1 - 60 days	8 740	5 415
61 - 90 days	697	2 361
91 - 180 days	3 533	4 645
181 - 365 days	4 624	14 162
>365 days	189 244	192 952
Past due and default core loans and advances to customers (actual amount in arrears)	206 838	219 535

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

£'000	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
At 30 September 2014							
Watchlist loans neither past due nor impaired							
Total capital exposure	20,329	-	-	-	-	-	20 329
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	-	230 575	56 359	3 440	8 968	12 298	311 640
Amount in arrears	-	7 903	260	167	812	9 406	18 548
Gross core loans and advances to customers that are impaired							
Total capital exposure	117 438	40 613	439	3 590	24 547	184 497	371 124
Amount in arrears	-	837	437	3 366	3 812	179 838	188 290
At 31 March 2014							
Watchlist loans neither past due nor impaired							
Total capital exposure	21 254	-	-	-	-	-	21 254
Gross core loans and advances to customers that are past due but not impaired							
Total capital exposure	-	243 020	42 999	9 298	11 134	1 563	308 014
Amount in arrears	-	4 497	333	2 197	1 399	724	9 150
Gross core loans and advances to customers that are impaired							
Total capital exposure	124 324	6 880	14 442	3 779	47 500	208 302	405 227
Amount in arrears	-	918	2 028	2 448	12 763	192 228	210 385



Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

An age analysis of past due and default core loans and advances to customers at 30 September 2014 (based on total capital exposure)

£'000	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	89 599	-	-	-	-	89 599
Special mention	-	129 749	56 359	-	-	-	186 108
Special mention (1 - 90 days)	-	129 749	50 251	-	-	-	180 000
Special mention (61 - 90 days and item well secured)	-	-	6 108	-	-	-	6 108
Default	137 767	51 840	439	7 030	33 515	196 795	427 386
Sub-standard	68 859	41 597	-	3 440	26 617	49 920	190 433
Doubtful	68 095	10 232	436	3 571	6 362	20 170	108 866
Loss	813	11	3	19	536	126 705	128 087
Total	137 767	271 188	56 798	7 030	33 515	196 795	703 093

An age analysis of past due and default core loans and advances to customers at 30 September 2014 (based on actual amount in arrears)

£'000	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	7 211	-	-	-	-	7 211
Special mention	-	448	259	-	-	-	707
Special mention (1 - 90 days)	-	448	103	-	-	-	551
Special mention (61 - 90 days and item well secured)	-	-	156	-	-	-	156
Default	-	1 081	438	3 533	4 624	189 244	198 920
Sub-standard	-	295	-	168	2 941	47 310	50 714
Doubtful	-	775	435	3 346	1 603	15 229	21 388
Loss	-	11	3	19	80	126 705	126 818
Total	-	8 740	697	3 533	4 624	189 244	206 838

An age analysis of past due and default core loans and advances to customers at 31 March 2014 (based on total capital exposure)

£'000	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	124 033	-	-	-	-	124 033
Special mention	-	110 486	42 999	-	-	-	153 485
Special mention (1 - 90 days)	-	110 486	28 470	-	-	-	138 956
Special mention (61 - 90 days and item well secured)	-	-	14 529	-	-	-	14 529
Default	145 578	15 381	14 442	13 077	58 634	209 865	456 977
Sub-standard	92 563	11 938	13 135	9 785	26 320	45 321	199 062
Doubtful	52 052	3 376	1 305	2 128	31 681	24 971	115 513
Loss	963	67	2	1 164	633	139 573	142 402
Total	145 578	249 900	57 441	13 077	58 634	209 865	734 495

An age analysis of past due and default core loans and advances to customers at 31 March 2014 (based on actual amount in arrears)

£'000	Current watchlist loans	1 - 60 days	61-90 days	91-180 days	181-365 days	>365days	Total
Past due (1-60 days)	-	4 136	-	-	-	-	4 136
Special mention	-	339	333	-	-	-	672
Special mention (1 - 90 days)	-	339	129	-	-	-	468
Special mention (61 - 90 days and item well secured)	-	-	204	-	-	-	204
Default	-	940	2 028	4 645	14 162	192 952	214 727
Sub-standard	-	30	1 723	2 473	3 459	42 964	50 649
Doubtful	-	843	303	1 008	10 527	10 416	23 097
Loss	-	67	2	1 164	176	139 572	140 981
Total	-	5 415	2 361	4 645	14 162	192 952	219 535



Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

An analysis of core loans and advances to customers

£'000	Gross core loans and advances that are neither past due nor impaired	Gross core loans and advances that are past due but not impaired	Gross core loans and advances that are impaired	Total gross core loans and advances (actual capital exposure)	Specific impairments	Portfolio impairments	Total net core loans and advances (actual capital exposure)	Actual amount in arrears
At 30 September 2014								
Current core loans and advances	6 164 865	-	-	6 164 865	-	(26 259)	6 138 606	-
Past due (1-60 days)	-	89 599	-	89 599	-	-	89 599	7 211
Special mention	-	186 108	-	186 108	-	-	186 108	707
Special mention (1 - 90 days)	-	180 000	-	180 000	-	-	180 000	551
Special mention (61 - 90 days and item well secured)	-	6 108	-	6 108	-	-	6 108	156
Default	20 329	35 933	371 124	427 386	(163 448)	-	263 938	198 920
Sub-standard	20 329	35 933	134 171	190 433	(36 773)	-	153 660	50 714
Doubtful	-	-	108 866	108 866	(54 870)	-	53 996	21 388
Loss	-	-	128 087	128 087	(71 805)	-	56 282	126 818
Total	6 185 194	311 640	371 124	6 867 958	(163 448)	(26 259)	6 678 251	206 838
At 31 March 2014								
Current core loans and advances	7 681 073	-	-	7 681 073	-	(16 437)	7 664 636	-
Past due (1-60 days)	-	124 033	-	124 033	-	-	124 033	4 136
Special mention	-	153 485	-	153 485	-	-	153 485	672
Special mention (1 - 90 days)	-	138 956	-	138 956	-	-	138 956	468
Special mention (61 - 90 days and item well secured)	-	14 529	-	14 529	-	-	14 529	204
Default	21 254	30 496	405 227	456 977	(176 866)	-	280 111	214 727
Sub-standard	21 055	30 496	147 511	199 062	(36 846)	-	162 216	50 649
Doubtful	-	-	115 513	115 513	(58 591)	-	56 922	23 097
Loss	199	-	142 203	142 402	(81 429)	-	60 973	140 981
Total	7 702 327	308 014	405 227	8 415 568	(176 866)	(16 437)	8 222 265	219 535



Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

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

	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
£'000						
At 30 September 2014						
Current core loans and advances	2 992 984	2 357 618	570 381	213 245	30 637	6 164 865
Past due (1 – 60 days)	85 490	4 109	-	-	-	89 599
Special mention	119 361	66 747	-	-	-	186 108
Special mention (1 – 90 days)	113 382	66 618	-	-	-	180 000
Special mention (61 – 90 days and item well secured)	5 979	129	-	-	-	6 108
Default	396 766	29 608	214	798	-	427 386
Sub-standard	177 941	12 492	-	-	-	190 433
Doubtful	91 775	16 204	171	716	-	108 866
Loss	127 050	912	43	82	-	128 087
Total gross core loans and advances to customers	3 594 601	2 458 082	570 595	214 043	30 637	6 867 958
Total impairments	(177 368)	(11 886)	(109)	(344)	-	(189 707)
Specific impairments	(151 109)	(11 886)	(109)	(344)	-	(163 448)
Portfolio Impairments	(26 259)	-	-	-	-	(26 259)
Net core loans and advances to customers	3 417 233	2 446 196	570 486	213 699	30 637	6 678 251
At 31 March 2014						
Current core loans and advances	4 692 371	2 294 455	486 551	185 830	21 866	7 681 073
Past due (1 – 60 days)	114 989	9 044	-	-	-	124 033
Special mention	95 493	57 992	-	-	-	153 485
Special mention (1 – 90 days)	81 494	57 462	-	-	-	138 956
Special mention (61 – 90 days and item well secured)	13 999	530	-	-	-	14 529
Default	411 740	44 403	180	654	-	456 977
Sub-standard	180 246	18 816	-	-	-	199 062
Doubtful	90 776	23 963	149	625	-	115 513
Loss	140 718	1 624	31	29	-	142 402
Total gross core loans and advances to customers	5 314 593	2 405 894	486 731	186 484	21 866	8 415 568
Total impairments	(168 010)	(24 937)	(94)	(262)	-	(193 303)
Specific impairments	(151 573)	(24 937)	(94)	(262)	-	(176 866)
Portfolio Impairments	(16 437)	-	-	-	-	(16 437)
Net core loans and advances to customers	5 146 583	2 380 957	486 637	186 222	21 866	8 222 265

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

	30 Sept 2014	31 March 2014
£'000		
Private client professional and HNW individuals [^]	3 594 601	5 314 593
Corporate sector	2 458 082	2 405 894
Insurance, financial services (excluding sovereign)	570 595	486 731
Public and government sector (including central banks)	214 043	186 484
Trade finance and other	30 637	21 866
Total gross core loans and advances to customers	6 867 958	8 415 568

[^] Impacted by the sale of group assets. Refer to "overview" section.



Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

An analysis of core loans and advances by risk category

£'000	Gross core loans	Gross defaults	Collateral	Balance sheet impairments	Income statement impairments ^a
30 September 2014					
Lending collateralised by property	2 402 095	369 350	243 725	(142 223)	(33 921)
Commercial real estate	1 577 679	127 719	81 625	(54 245)	(17 986)
Commercial real estate - investment	1 327 158	65 817	54 480	(14 881)	(12 203)
Commercial real estate - development	108 937	20 791	8 429	(12 362)	(2 831)
Commercial vacant land and planning	141 584	41 111	18 716	(27 002)	(2 952)
Residential real estate	824 416	241 631	162 100	(87 978)	(15 935)
Residential real estate - investment	306 017	42 568	38 310	(7 121)	(1 316)
Residential real estate - development	412 114	135 902	83 757	(56 215)	(7 623)
Residential vacant land and planning	106 285	63 161	40 033	(24 642)	(6 996)
High net worth and other private client lending	1 192 506	27 415	22 329	(8 885)	(7 267)
Mortgages	838 867	7 197	8 516	(1 475)	(779)
High net worth and specialised lending	292 743	19 113	12 708	(6 707)	(5 508)
Professional Finance	60 896	1 105	1 105	(703)	(980)
Corporate and other lending	3 273 357	30 621	18 685	(12 340)	(4 636)
Acquisition finance	633 405	12 571	7 309	(5 262)	1 214
Asset-based lending	245 814	-	-	-	-
Fund finance	370 731	-	-	-	-
Other corporates and financial institutions and governments	513 335	4 594	2 867	(1 728)	(499)
Asset finance	975 831	9 004	5 725	(3 682)	(2 754)
Small ticket asset finance	736 802	6 965	3 686	(3682)	(2 703)
Large ticket asset finance	239 029	2 039	2 039	-	(51)
Project finance	452 842	4 452	2 784	(1 668)	(539)
Resource finance	81 399	-	-	-	(2 058)
Portfolio impairments	-	-	-	(26 259)	-
Total	6 867 958	427 386	284 739	(189 707)	(45 824)
31 March 2014					
Lending collateralised by property	2 538 625	381 256	240 435	(143 889)	(48 484)
Commercial real estate	1 662 718	133 222	79 842	(54 089)	(27 276)
Commercial real estate - investment	1 429 725	67 919	50 757	(15686)	(17 918)
Commercial real estate - development	96 072	21 016	11 243	(10 466)	(3,182)
Commercial vacant land and planning	136 921	44 287	17 842	(27 937)	(6 176)
Residential real estate	875 907	248 034	160 593	(89 800)	(21 208)
Residential real estate - investment	327 937	39 537	30 023	(6 880)	(3 471)
Residential real estate - development	429 011	134 762	80 105	(56 463)	(9 092)
Residential vacant land and planning	118 959	73 735	50 465	(26 457)	(8 645)
High net worth and other private client lending	2 775 968	30 484	36 732	(7 684)	(13 929)
Mortgages	1 160 007	4 787	6 114	(900)	(678)
High net worth and specialised lending	341 465	19 414	26 502	(4 617)	(9 982)
Professional Finance	1 274 496	6 283	4 116	(2167)	(3,269)
Corporate and other lending	3 100 975	45 237	19 947	(25 293)	(20 818)
Acquisition finance	744 427	17 627	7 933	(9 695)	(10 981)
Asset-based lending	165 569	-	-	-	98
Fund finance	277 771	-	-	-	-
Other corporates and financial institutions and governments	420 612	4 241	2 821	(1 421)	(1,740)
Asset finance	982 811	10 677	6 192	(4 486)	(3 901)
Small ticket asset finance	750 351	8 694	2 720	(4486)	(5 124)
Large ticket asset finance	232 460	1 983	3 472	-	1 223
Project finance	438 641	12 692	3 001	(9 691)	(4 294)
Resource finance	71 144	-	-	-	-
Portfolio impairments	-	-	-	(16 437)	-
Total	8 415 568	456 977	297 114	(193 303)	(83 231)

^a Where a positive number represents a recovery.



Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

Collateral

A summary of total collateral

£'000	Collateral held against		Total
	Core loans and advances	Other credit and counterparty exposures *	
At 30 September 2014			
Eligible financial collateral	208 895	527 876	736 771
Listed shares	115 475	75 754	191 229
Cash	93 420	179 990	273 410
Debt securities issued by sovereigns	-	272 132	272 132
Mortgage bonds	3 985 930	222 925	4 208 855
Residential mortgages	1 889 124	222 897	2 112 021
Residential development	607 785	-	607 785
Commercial property developments	233 307	-	233 307
Commercial property investments	1 255 714	28	1 255 742
Other collateral	3 314 539	419	3 314 958
Unlisted shares	148 939	-	148 939
Bonds other than mortgage bonds	27 662	-	27 662
Debtors, stock and other corporate assets	2 211 284	-	2 211 284
Guarantees	643 105	-	643 105
Other	283 549	419	283 968
Total collateral	7 509 364	751 220	8 260 584
At 31 March 2014			
Eligible financial collateral	407 003	861 779	1 268 782
Listed shares	296 068	95 668	391 736
Cash	110 935	379 300	490 235
Debt securities issued by sovereigns	-	386 811	386 811
Mortgage bonds	4 779 482	973 574	5 753 056
Residential mortgages	2 166 383	973 390	3 139 773
Residential development	636 555	184	636 739
Commercial property developments	182 186	-	182 186
Commercial property investments	1 794 358	-	1 794 358
Other collateral	4 151 227	304 944	4 456 171
Unlisted shares	194 838	-	194 838
Bonds other than mortgage bonds	23 643	304 512	328 155
Debtors, stock and other corporate assets	2 822 119	-	2 822 119
Guarantees	492 741	-	492 741
Other	617 886	432	618 318
Total collateral	9 337 712	2 140 297	11 478 009

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



Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

Equity and investment risk in the banking book

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

- **Principal Investments (Private Equity and Direct Investments):** Investments are selected based on the track record of management, the attractiveness of the industry and the ability to build value for the existing business by implementing an agreed strategy. In addition, as a result of our local market knowledge and investment banking expertise, we are well positioned to take direct positions in listed shares where we believe that the market is mispricing the value of the underlying portfolio of assets. These investment positions are carefully researched with the intention to stimulate corporate activity
- **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.

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

£'000	Unrealised	Income (pre-funding costs)			Fair value through equity
		Realised	Dividends	Total	
For the six months to 30 September 2014					
Unlisted investments	(36 176)	51 787	1 643	17 254	9 766
Listed equities	(25 568)	7 063	631	(17 874)	(2 400)
Investment and trading properties	(454)	510	-	56	-
Warrants, profit share and other embedded derivatives	(4 189)	1 129	-	(3 060)	-
Total	(66 387)	60 489	2 274	(3 624)	7 366
For the year ended 31 March 2014					
Unlisted investments	2 130	30 235	9 120	41 485	10 996
Listed equities	(2 032)	7 786	1 571	7 325	(888)
Investment and trading properties	(4 260)	10 500	-	6 240	-
Warrants, profit share and other embedded derivatives	51 962	(200)	-	51 762	-
Total	47 800	48 321	10 691	106 812	10 108

Unrealised revaluation gains through profit and loss are included in tier 1 capital. In line with the Capital Requirements Regulation, for the period ended 30 September 2014, Investec plc will not be allowed to recognise equity revaluation gains that are posted directly to equity in regulatory capital.



Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

Summary of investments held and stress testing analysis

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

£'000	On-balance sheet value of investments	Valuation change stress test*	On-balance sheet value of investments	Valuation change stress test*
	30 Sept 2014	30 Sept 2014	31 March 2014	31 March 2014
Unlisted investments	276 011	41 177	278 728	41 809
Listed equities	133 052	33 263	63 869	15 967
Investment and trading properties	96 474	13 304	102 058	8 069
Warrants, profit share and other embedded derivatives	33 274	11 646	111 573	39 051
Total	538 811	99 390	556 228	104 896

*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 2014, as reflected above we could have a £99.4 million reversal in revenue (which assumes a year in which there is a 'severe stress scenario'). This would not cause the group to report a loss but could have a significantly negative impact on earnings for that period. The probability of all these asset classes in all geographies in which we operate being negatively impacted at the same time is very low, although the probability of listed equities being negatively impacted at the same time is very high.



Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

Securitisation/structured credit activities exposures

The information below sets out current exposures in structured credit where we have reduced exposure by selling into a buoyant market.

UK and Europe

In the UK and Europe the group focuses on securitisation of its assets, predominantly residential and commercial mortgages. We also undertake trading and investment in structured credit investments where we have invested in rated and unrated debt instruments largely within the UK and Europe and to a lesser extent in the US.

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 notwithstanding accounting conventions.

Nature of exposure/activity	Exposure at 30 Sept 2014 £'mn	Exposure at 31 March 2014 £'mn	Internal balance sheet and credit risk classification
Structured credit (gross exposure) *	321	440	Other debt securities and other loans and advances
Rated	279	357	
Unrated	42	83	
Kensington – mortgage assets: Net exposures	^	927	Other securitised assets and other loans and advances. We are required to fully consolidate assets acquired from Kensington. However, only those assets to which we are at risk are reflected in this analysis with the balance reflected under 'no credit exposures'
Loans and advances to customers and third party intermediary originating platforms (mortgage loans) (with the potential to be securitised) (net exposure)	184	303	Other loans and advances

^ Assets have been sold. Refer earlier on.

*Analysis of structured rated and unrated credit

£'million	30 September 2014			31 March 2014		
	Rated**	Unrated	Total	Rated**	Unrated	Total
US corporate loans	69	-	69	15	-	15
UK and European ABS	3	7	10	3	7	10
UK and European RMBS	155	31	186	256	72	328
UK and European CMBS	6	4	10	7	4	11
UK and European corporate loans	46	-	46	68	-	68
Australian RMBS	-	-	-	8	-	8
Total	279	42	321	357	83	440

**Further analysis of rated structured credit at 30 September 2014

£'million	AAA	AA	A	BBB	BB	B	C and below	Total
US corporate loans	-	57	-	12	-	-	-	69
UK and European ABS	-	-	-	-	-	3	-	3
UK and European RMBS	33	61	15	22	2	-	22	155
UK and European CMBS	-	-	-	6	-	-	-	6
UK and European corporate loans	22	13	10	1	-	-	-	46
Total at 30 September 2014	55	131	25	41	2	3	22	279
Total at 31 March 2014	126	78	45	62	23	2	21	357



Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

Traded market risk management

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

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

Management and measurement of traded market risk

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

These reports are distributed to management and the traders on the desk. Any unauthorised excesses are recorded and require a satisfactory explanation from the desk for the excess. The production of risk reports allows for the monitoring of every instrument traded against prescribed limits. New instruments or products are independently validated before trading can commence. Each traded instrument undergoes various stresses to assess potential losses. Each trading desk is monitored on an overall basis as an additional control. Trading limits are generally tiered with the most liquid and least 'risky' instruments being assigned the largest limits.

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

Measurement techniques used to quantify market risk arising from our trading activities include sensitivity analysis, value at risk (VaR), stressed VaR, expected tail loss (ETL) and extreme value theory (EVT). Stress testing and scenario analysis are used to simulate extreme conditions to supplement these core measures.

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

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

In the UK, the market risk capital requirement is measured using an internal risk management model, approved by the PRA, for netting certain parts of the portfolio, whilst the capital requirements of the whole portfolio are calculated using standard rules.

VaR

	30 September 2014				31 March 2014			
	Period end	Average	High	Low	Year end	Average	High	Low
UK and Other 95% (one-day)								
Equities (£'000)	540	580	780	474	751	908	1,596	467
Foreign exchange (£'000)	19	13	156	1	9	15	73	2
Interest rates (£'000)	245	236	304	197	299	412	602	204
Consolidated (£'000)*	609[^]	643	921	488	852[^]	1 055	1 496	522

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

[^] Where 30 September 2014 includes Australia and 31 March 2014 excludes Australia. Australia consolidated VaR at 31 March 2014 was A\$45 600.



Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

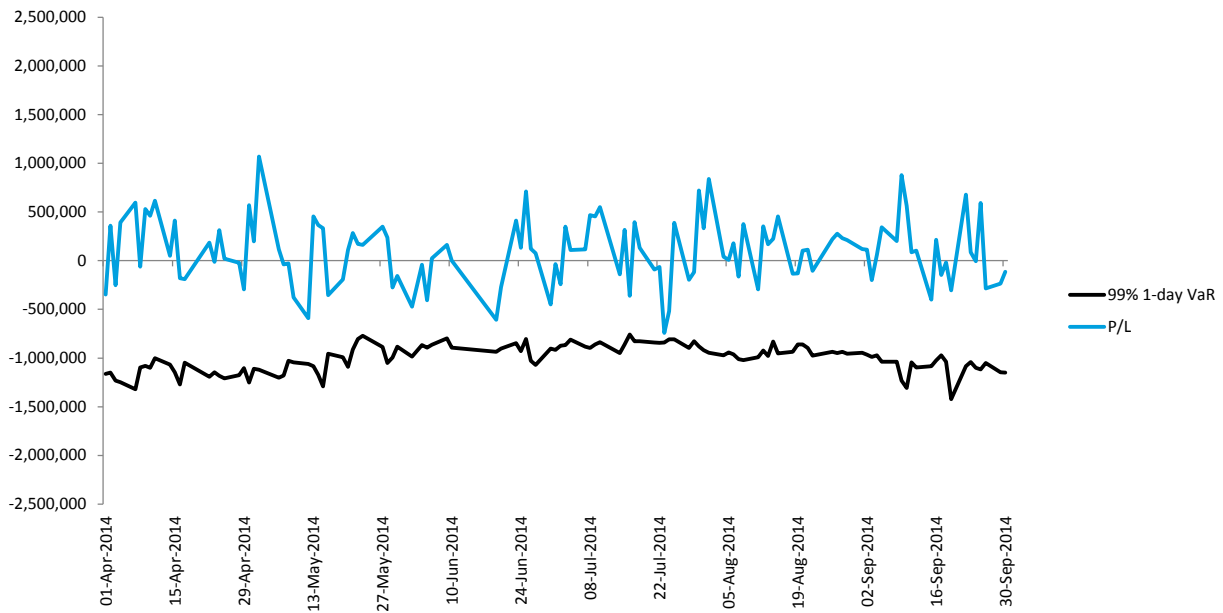
Traded market risk management

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

UK and Other

The average VaR utilisation for the six months to 30 September 2014 was lower than for 31 March 2014, as a result of a decrease in the market risk run across all trading businesses. Using hypothetical (clean) profit and loss data for backtesting resulted in no exceptions at the 99% confidence level, i.e. where the loss was greater than the 99% one-day VaR. This is less than expected at the 99% level and is largely due to a reduction in market volatility over the past year.

99% 1 - day VaR backtesting (GBP)





Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

ETL 95% (one-day)

UK and Other £'000	30 September 2014	31 March 2014
Equities	879	1 108
Foreign exchange	17	13
Interest rates	394	481
Consolidated*	945[^]	1 202[^]

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

[^]Where 30 September 2014 includes Australia and 31 March 2014 excludes Australia. Australia consolidated ETL at 31 March 2014 was A\$72 600.

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.

£'000	Period end	30 September 2014			31 March 2014	
		Average	High	Low	Year end	
UK and Other (using 99% EVT)						
Equities	3 004	1 865	3 543	1 070	3 844	
Foreign exchange	42	39	391	14	24	
Interest rates	1 429	1 276	1 536	1 019	1 457	
Consolidated*	2 630[^]	1 935	3 340	1 381	3 439[^]	

[^]Where 30 September 2014 includes Australia and 31 March 2014 excludes Australia. Australia consolidated stress test at 31 March 2014 was A\$137 700.

* The consolidated stress testing for each desk is lower than the sum of the individual stress testings. This arises from the correlation offset between various asset classes.



Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

Profit and loss histogram

UK and Other

The histogram below illustrates the distribution of revenue during the financial period for our trading businesses. The distribution is skewed to the profit side and the graph shows that positive trading revenue was realised on 82 days out of a total of 124 days in the trading business. was £200 196 (year ended March 2014: £132 949).





Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

Balance sheet risk management

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

Non-trading interest rate risk description

Non-trading interest rate risk, otherwise known as interest rate risk in the banking book, is the impact on net interest earnings and sensitivity to economic value as a result of unexpected adverse movements in interest rates arising from the execution of our core business strategies and the delivery of products and services to our customers.

Sources of interest rate risk include:

Repricing risk: arises from the timing differences in the fixed rate maturity and floating rate repricing of bank assets, liabilities and off-balance sheet derivative positions. This affects the interest rate margin realised between lending income and borrowing costs, when applied to our rate sensitive portfolios

Yield curve risk: repricing mismatches also expose the bank to changes in the slope and shape of the yield curve

Basis risk: arises from imperfect correlation in the adjustments of the rates earned and paid on different instruments with otherwise similar repricing characteristics

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



Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

Interest rate sensitivity gap

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

UK and Other[^] - interest rate sensitivity at 30 September 2014

£'million	Not > 3 months	> 3 months but < 6 months	> 6 months but < 1 year	> 1 year but < 5 years	> 5 years	Non rate	Total non-trading
Cash and short-term funds - banks	3 394	1	-	-	-	124	3 519
Investment/trading assets	1 333	263	108	255	651	393	3 003
Securitised assets	440	-	-	-	-	5	445
Advances	5 036	489	489	779	276	31	7 100
Non-rate assets	60	1 167	1	2	-	4 728	5 958
Assets	10 263	1 920	598	1 036	927	5 281	20 025
Deposits - banks	-	(349)	(115)	-	(8)	(6)	(478)
Deposits - retail	(6 663)	(1 755)	(1 125)	(820)	(28)	(1)	(10 392)
Negotiable paper	(1 244)	(87)	(39)	(227)	(56)	-	(1 653)
Securitised liabilities	(100)	(23)	(27)	(33)	(56)	(73)	(312)
Investment/trading liabilities	(1 046)	-	-	-	-	(2)	(1 048)
Subordinated liabilities	-	-	-	(55)	(605)	-	(660)
Non-rate liabilities	-	-	-	-	-	(3 367)	(3 367)
Liabilities	(9 053)	(2 214)	(1 306)	(1 135)	(753)	(3 449)	(17 910)
Intercompany loans	(158)	151	(337)	362	206	(216)	8
Shareholders' funds	(17)	(3)	-	-	-	(2 103)	(2 123)
Balance sheet	1 035	(146)	(1 045)	263	380	(487)	-
Off-balance sheet	268	59	817	(325)	(909)	90	-
Repricing gap	1 303	(87)	(228)	(62)	(529)	(397)	-
Cumulative repricing gap	1 303	1 216	988	926	397	-	-

Economic value sensitivity

Our preference for monitoring and measuring non-trading interest rate risk is economic value sensitivity. The table below reflects our economic value sensitivity to a 2% parallel shift in interest rates assuming no management intervention. The numbers represent the change to the values 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.

UK and Other[^]

' million	Sensitivity to the following interest rates (expressed in original currencies)						All (GBP)
	GBP	USD	EUR	AUD	ZAR	Other (GBP)	
200bp Down	(55.0)	(10.0)	(19.0)	1.0	(1.0)	1.0	(75.0)
200bp Up	55.0	10.0	19.0	(1.0)	1.0	(1.0)	75.0

[^] Includes Australia, which was previously reported separately.



Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

Balance sheet risk management

Liquidity risk description

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.

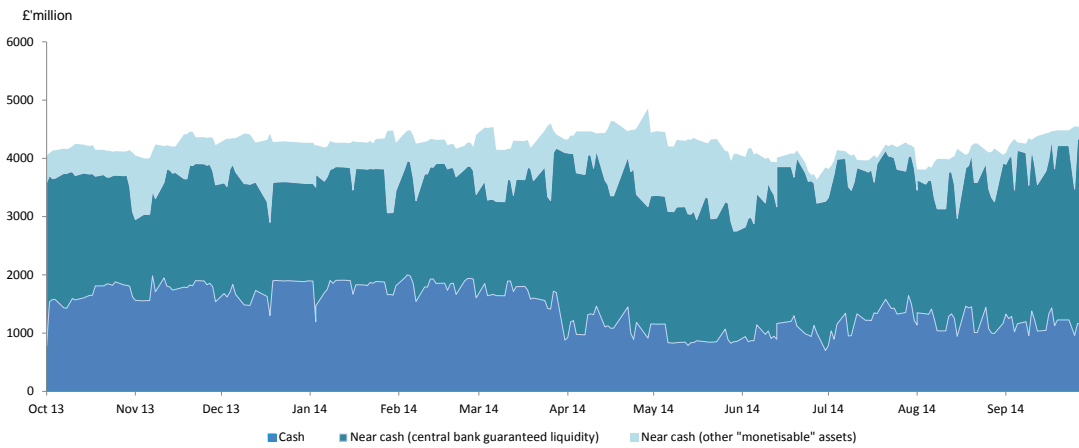
Liquidity risk is further broken down into:

- **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.

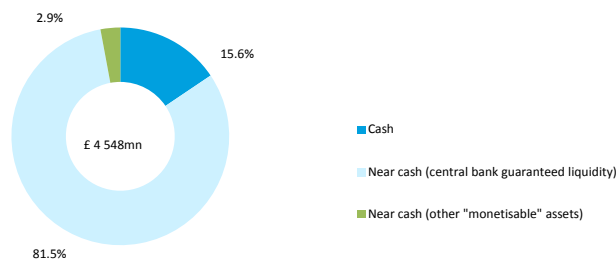
Sources of liquidity risk include:

- 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 inflows of appropriate maturity.

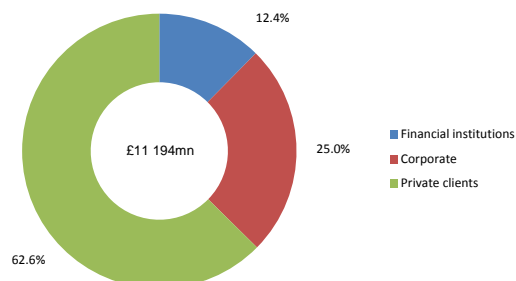
Cash and near cash trend



An analysis of cash and near cash at 30 September 2014 (£4 548 million)



Bank and non-bank depositor concentration by type at 30 September 2014 (£11 194 million)





Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

Balance sheet risk management

Liquidity mismatch

The table that follows show our contractual liquidity mismatch across our core geographies.

With respect to the contractual liquidity mismatch:

- No assumptions are made except as mentioned below, and we record all assets 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 as a buffer against both expected and unexpected cash flows
- The actual contractual profile of this asset class is of little consequence, as practically Investec would meet any unexpected net cash outflows by selling these securities, we have:

- set the time horizon to '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
- 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 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.



Investec plc silo (excluding the results of Investec Limited)

Risk management

Unaudited

Contractual liquidity at 30 September 2014

UK and Other ^^

£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	3 563	175	49	3	-	1	-	3 791
Investment/trading assets	1 018	1 395	217	261	102	460	796	4 249
Securitised assets	20	1	1	1	2	34	386	445
Advances	269	335	942	655	790	2 943	1 166	7 100
Other assets	290	760	153	4 027	14	92	699	6 035
Assets	5 160	2 666	1 362	4 947	908	3 530	3 047	21 620
Deposits - banks	(135)	(43)	(29)	(402)	(115)	-	(78)	(802)
Deposits - retail	(3 292)^	(1,184)	(1 440)	(2 149)	(888)	(1 149)	(290)	(10 392)
Negotiable paper	(21)	(195)	(65)	(52)	(63)	(655)	(602)	(1 653)
Securitised liabilities	-	-	-	-	-	-	(312)	(312)
Investment/trading liabilities	(255)	(769)	(56)	(37)	(257)	(203)	(57)	(1 634)
Subordinated liabilities	(1)	-	-	-	-	(54)	(605)	(660)
Other liabilities	(931)	(691)	(80)	(2,141)	(156)	(45)	-	(4 044)
Liabilities	(4 635)	(2 882)	(1 670)	(4 781)	(1 479)	(2 106)	(1 944)	(19 497)
Intercompany loans	22	2	(8)	2	-	(7)	(11)	-
Shareholders' funds	-	-	-	-	-	-	(2 123)	(2 123)
Contractual liquidity gap	547	(214)	(316)	168	(571)	1 417	(1 031)	-
Cumulative liquidity gap	547	333	17	185	(386)	1 031	-	-

Behavioural liquidity

£million	Demand	Up to 1 month	1 -to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	> 5 years	Total
Behavioural liquidity gap	2 320	(437)	440	1 567	(571)	(1 761)	(1 558)	-
Cumulative	2 320	1 883	2 323	3 890	3 319	1 558	-	-

^The deposits shown in the demand column at 30 September 2014 reflect cash margin deposits held.

^^ Includes Australia, which was previously reported separately.



Investec plc silo (excluding the results of Investec Limited)

Capital structure and capital adequacy

Unaudited

£'million*	30 Sept 2014	31 March 2014**
Tier 1 capital		
Shareholders' equity	1 649	1 782
Shareholders' equity per balance sheet	1 951	2 092
Perpetual preference share capital and share premium	(150)	(150)
Foreseeable dividends	(54)	(61)
Deconsolidation of special purpose entities	(98)	(99)
Non-controlling interests	8	4
Non-controlling interests per balance sheet	172	177
Non-controlling interests transferred to tier 1 capital	(156)	(165)
Surplus non-controlling interest disallowed in CET1 capital	(8)	(8)
Regulatory adjustments to the accounting basis	(47)	(32)
Defined benefit pension fund adjustment	(22)	(20)
Unrealised gains on available-for-sale equities	(8)	(7)
Additional value adjustments	(17)	(12)
Cash flow hedging reserve	-	7
Deductions	(492)	(608)
Goodwill and intangible assets net of deferred tax	(481)	(558)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(7)	(38)
Securitisation positions	(4)	(4)
Connected funding of a capital nature	-	(8)
Common equity tier 1 capital	1 118	1 146
Additional tier 1 capital	234	234
Additional tier 1 instruments	285	295
Phase out of non-qualifying additional tier 1 instruments	(51)	(61)
Total tier 1 capital	1 352	1 380
Tier 2 capital		
Total qualifying tier 2 capital before deductions	610	662
Tier 2 instruments	637	686
Non-qualifying surplus capital attributable to non-controlling interests	(27)	(24)
Total regulatory capital	1 962	2 042
Risk-weighted assets	12 316	13 711
Capital ratios		
Common equity tier 1 ratio	9.1%	8.4%
Tier 1 ratio	11.0%	10.1%
Total capital ratio	15.9%	14.9%
Capital requirements	985	1 097
Credit risk - prescribed standardised exposure classes	730	830
Corporates	283	298
Secured on real estate property	162	161
Retail	41	102
Institutions	34	41
Other exposure classes	204	218
Securitisation exposures	6	10
Equity risk - standardised approach	20	21
Listed equities	11	5
Unlisted equities	9	16
Counterparty credit risk	18	22
Credit valuation adjustments	5	16
Market risk	55	55
Interest rate	22	21
Foreign exchange	6	8
Securities underwriting	-	1
Commodities	-	-
Equities	23	22
Options	4	3
Operational risk - standardised approach	157	153
Capital adequacy		
Risk-weighted assets (banking and trading)	12 316	13 711
Credit risk - prescribed standardised exposure classes	9 121	10 374
Corporates	3 535	3 728
Secured on real estate property	2 029	2 007
Retail	515	1 281
Institutions	425	506
Other exposure classes	2 540	2 729
Securitisation exposures	77	123
Equity risk - standardised approach	254	267
Listed equities	140	62
Unlisted equities	114	205
Counterparty credit risk	223	271
Credit valuation adjustments	59	194
Market risk	702	689
Interest rate	275	262
Foreign Exchange	77	98
Securities underwriting	6	13
Commodities	2	-
Equities	291	276
Options	51	40
Operational risk - standardised approach	1 957	1 916

A summary of capital adequacy and leverage ratios

	30 Sept 2014	31 March 2014
Common equity tier 1 (as reported)	9.1%	8.4%
Common equity tier 1 ('fully loaded')	9.1%	8.4%
Tier 1 (as reported)	11.0%	10.1%
Total capital adequacy ratio (as reported)	15.9%	14.9%
Leverage ratio - permanent capital	7.6%	7.4%
Leverage ratio - current	7.3%	7.1%
Leverage ratio - 'fully loaded'	6.1%	5.9%

*The capital adequacy disclosures for Investec plc include the deduction of foreseeable dividends when calculating common equity tier 1 (CET1) capital as now required under the Capital Requirements Regulation and European Banking Authority technical standards. These disclosures are different to the capital adequacy disclosures included in the Interim Report for the six months ended 30 September 2014, which follow Investec's normal basis of calculation and do not include the deduction of foreseeable dividends when calculating CET1 capital. Investec plc's CET1 ratio would be 40bps (31 March 2014: 40bps) higher on this basis.

**The 31 March 2014 capital information has been restated to reflect the implementation of IFRIC 21.



Investec plc silo (excluding the results of Investec Limited)

Movement in total regulatory capital

Unaudited

The table below analyses the movement in common equity tier 1, additional tier 1 and tier 2 capital in the first half of the 2015 financial year.

Total regulatory capital flow statement

£'million	30 Sept 2014
Restated opening common equity tier 1 capital	1 146
New capital issues	25
Dividends	(63)
Loss after tax	(8)
Treasury shares	(57)
Share-based payment adjustments	16
Movement in other comprehensive income	(54)
Goodwill and intangible assets (deduction net of related tax liability)	77
Reduction in deferred tax that relies on future profitability (excluding those arising from temporary differences)	31
Foreseeable dividends	7
Other, including regulatory adjustments and transitional arrangements	(2)
Closing common equity tier 1 capital	1 118
Opening additional tier 1 capital	234
Other, including regulatory adjustments and transitional arrangements	-
Closing additional tier 1 capital	234
Closing tier 1 capital	1 352
Opening tier 2 capital	662
Amortisation adjustments	(10)
Sale of subsidiary	(39)
Other, including regulatory adjustments and transitional arrangements	(3)
Closing tier 2 capital	610
Closing total regulatory capital	1 962



Investec plc silo (excluding the results of Investec Limited)

Analysis of rated counterparties in each standardised credit exposure class

Unaudited

The table below shows the breakdown of rated credit risk exposures by credit quality step.

Credit quality step	30 September 2014		31 March 2014	
	Exposure £'mn	Exposure after Credit Risk Mitigation £'mn	Exposure £'mn	Exposure after Credit Risk Mitigation £'mn
Central banks and sovereigns				
1	3 734	3 734	3 187	2 950
2	-	-	-	-
3	1	1	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
Institutions*				
1	320	319	281	281
2	913	835	990	903
3	84	84	131	131
4	13	13	35	35
5	-	-	2	2
6	-	-	-	-
Corporates				
1	-	-	5	5
2	7	7	15	15
3	-	-	2	1
4	-	-	7	7
5	37	34	19	19
6	-	-	-	-
Securitisation positions				
1	148	148	171	171
2	26	26	20	20
3	29	29	34	26
4	1	1	5	1
5	4	4	-	-
Re-securitisation positions				
1	-	-	15	15
2	4	4	9	9
3	-	-	4	4
4	-	-	-	-
5	-	-	-	-
Total rated counterparty exposure	5 321	5 239	4 932	4 595

*The institutions exposure class includes exposures to institutions with an original effective maturity of more than and less than three months.