

Out of the Ordinary®



Year-end results

2014



Corporate Information

Investec plc and Investec Limited

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Registration number

Investec plc

Registration number 3633621

Investec Limited

Registration number 1925/002833/06

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Directorate

Executive directors

Stephen Koseff (chief executive officer)
Bernard Kantor (managing director)
Glynn R Burger (group risk and
finance director)
Hendrik J du Toit (chief executive officer,
Investec Asset Management)

Non-executive directors

Sir David J Prosser (joint chairman)
Fani Titi (joint chairman)
George FO Alford (senior independent NED)
Cheryl A Carolus
Perry KO Crosthwaite
Olivia C Dickson
Bradley Fried
David Friedland
Haruko Fukuda OBE
Ian R Kantor
M Peter Malungani
Peter RS Thomas

*Sam E Abrahams retired with effect
8 August 2013.*

For queries regarding information in this document

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About the Investec group

We strive to be a distinctive specialist bank and asset manager, driven by commitment to our core philosophies and values.

Who we are

Investec (comprising Investec plc and Investec Limited) is an international specialist bank and asset manager that provides a diverse range of financial products and services to a select client base.

Founded as a leasing company in Johannesburg in 1974.

We acquired a banking licence in 1980 and were listed on the JSE Limited South Africa in 1986.

In July 2002, we created a dual listed companies structure (DLC) listed in London and Johannesburg.

A year later, we concluded a significant empowerment transaction in which our empowerment partners collectively acquired a 25.1% stake in the issued share capital of Investec Limited.

Since inception, we have expanded through a combination of substantial organic growth and a series of strategic acquisitions.

Today, we have an efficient integrated international business platform, offering all our core activities in the UK and South Africa and select activities in Australia.

What we do

We are an international specialist bank and asset manager that provides a diverse range of financial products and services to a niche client base in three principal markets, the UK, South Africa and Australia as well as certain other countries.

Investec focuses on delivering distinctive profitable solutions for its clients in three core areas of activity, namely; Asset Management, Wealth & Investment and Specialist Banking.

Our strategic goals and objectives are based on the aspiration to be recognised as a distinctive specialist bank and asset manager. This distinction is embodied in our entrepreneurial culture, which is balanced by a strong risk management discipline, client-centric approach and an ability to be nimble, flexible and innovative. We do not seek to be all things to all people and aim to build well-defined, value-added businesses focused on serving the needs of select market niches where we can compete effectively.

We value	1	2	3	4
	Distinctive performance	Client focus	Cast-iron integrity	Dedicated partnership
	Outstanding talent – empowered, enabled and inspired Meritocracy Passion, energy, stamina, tenacity Entrepreneurial spirit	Distinctive offering Leverage resources Break china for the client	Moral strength Risk consciousness Highest ethical standards	Respect for others Embrace diversity Open and honest dialogue Unselfish contribution to colleagues, clients and society

Our philosophies	
	> Single organisation Meritocracy Focused businesses Differentiated, yet integrated Employee ownership Creating an environment that stimulates extraordinary performance.

Our strategic focus

Our strategic goals and objectives are based on our aspiration to be recognised as a distinctive specialist bank and asset manager

The Investec distinction

1

Client focused approach

- Clients are at the core of our business
- We strive to build business depth by deepening existing and creating new client relationships
- High level of service by being nimble, flexible and innovative.

2

Specialised strategy

- Serving select market niches as a focused provider of tailored structured solutions
- Enhancing our existing position in principal businesses and geographies through organic growth and select bolt-on acquisitions.

3

Sustainable business

- Contributing to society, macro-economic stability and the environment
- Well-established brand
- Managing and positioning the group for the long term
- Balancing operational risk with financial risk whilst creating value for shareholders
- Cost and risk conscious.

4

Strong culture

- Strong, entrepreneurial culture that stimulates extraordinary performance
- Passionate and talented people who are empowered and committed
- Depth of leadership
- Strong risk awareness
- Material employee ownership.

Our strategic focus (continued)

Our strategy

Our strategy for the past 20 years has been to build a diversified portfolio of businesses and geographies to support clients through varying markets and economic cycles. Since inception we have expanded through a combination of organic growth and strategic acquisitions.

In order to create a meaningful and balanced portfolio we need proper foundations in place which gain traction over time.

Our current strategy

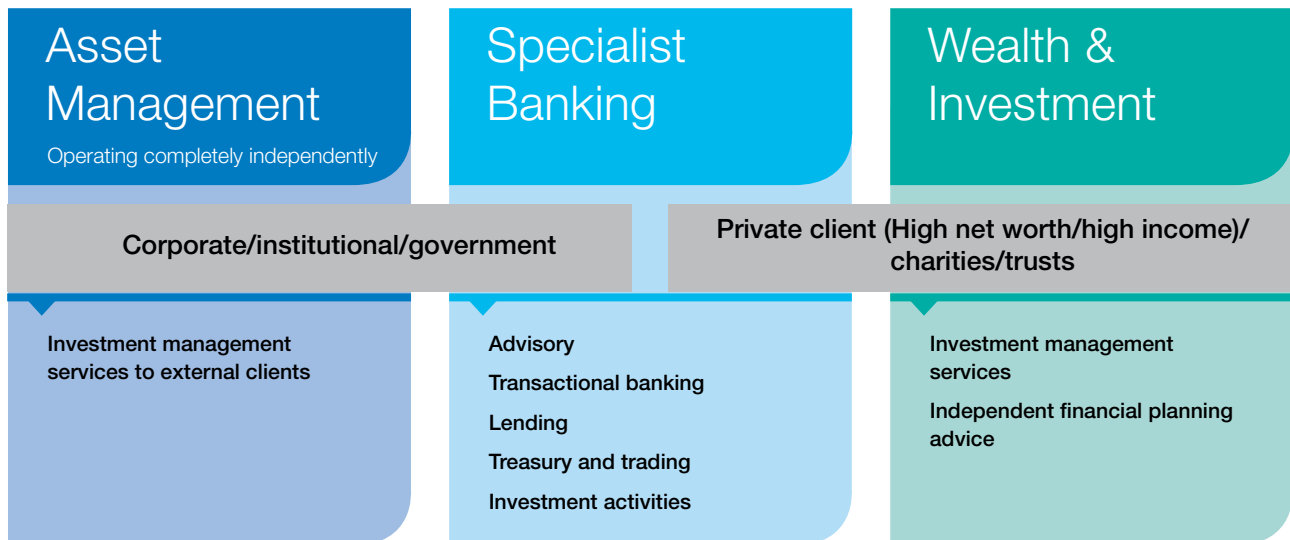
- Maintain momentum in Asset Management
- Internationalise and organically grow our Wealth & Investment business
- Leverage and enhance our online platforms
- Simplify the Specialist Banking business model
- Improve the returns within the Specialist Banking business
- Leverage our extensive client base through greater utilisation of our products and services across the group
- Continue to attract new clients, extending the depth and breadth of the franchise.

Our long-term internationalisation strategy

- Follow our customer base
- Gain domestic competence and critical mass in our chosen geographies
- Facilitate cross-border transactions and flow.

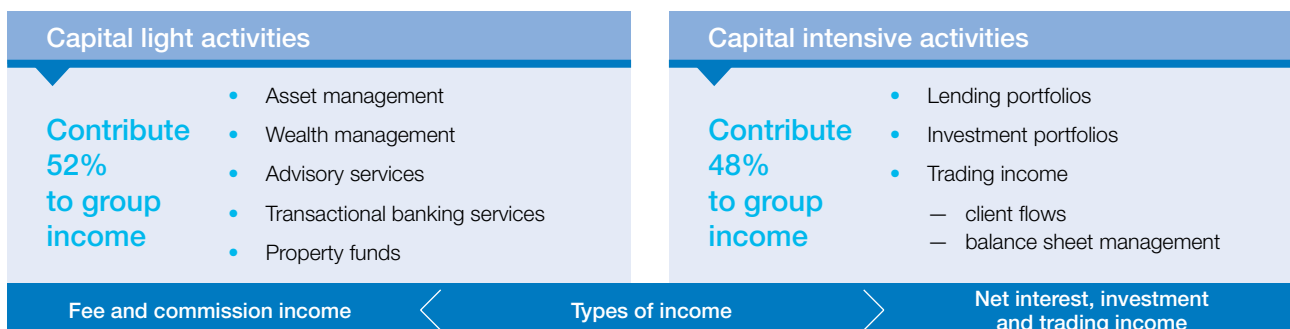
Our diversified and balanced business model supporting long-term strategy

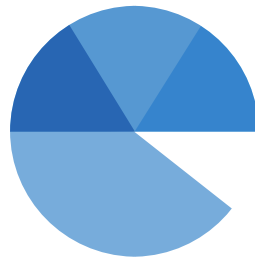
Broadly defined, we operate across three areas of specialisation focused on well defined target clients:



We aim to maintain an **appropriate balance** between revenue earned from operational risk activities and revenue earned from financial risk activities.

This ensures that we are **not over reliant** on any one part of our businesses to sustain our activities and that we have a large recurring revenue base that enables us to navigate through varying cycles and supports our long-term strategy.





Overview
of **results**

Presentation of financial information

Introduction

Investec operates under a DLC structure with primary listings of Investec plc on the London Stock Exchange and Investec Limited on the JSE Limited.

In terms of the contracts constituting the DLC structure, Investec plc and Investec Limited effectively form a single economic enterprise in which the economic and voting rights of ordinary shareholders of the companies are maintained in equilibrium relative to each other. The directors of the two companies consider that for financial reporting purposes, the fairest presentation is achieved by combining the results and financial position of both companies.

Accordingly, the year-end results for Investec plc and Investec Limited present the results and financial position of the combined DLC group under International Financial Reporting Standards (IFRS), denominated in Pounds Sterling.

All references in this document to Investec or the group relate to the combined DLC group comprising Investec plc and Investec Limited.

Exchange rates

Our reporting currency is Pounds Sterling. Certain of our operations are conducted by entities outside the UK. The results of operations and the financial position of our individual companies are reported in the local currencies of the countries in which they are domiciled, including South African Rands, Australian Dollars, Euros and US Dollars. These results are then translated into Pounds Sterling at the applicable foreign currency exchange rates for inclusion in our combined consolidated financial results. In the case of the income statement, the weighted average rate for the relevant period is applied and, in the case of the balance sheet, the relevant closing rate is used.

The following table sets out the movements in certain relevant exchange rates against Pounds Sterling over the period.

Currency per £1.00	31 March 2014		31 March 2013	
	Period end	Average	Period end	Average
South African Rand	17.56	16.12	13.96	13.44
Australian Dollar	1.80	1.72	1.46	1.53
Euro	1.21	1.19	1.18	1.23
US Dollar	1.67	1.59	1.52	1.58

Exchange rates between local currencies and Pounds Sterling have fluctuated over the period. The most significant impact arises from the volatility of the Rand. The average Rand: Pounds Sterling exchange rate over the period has depreciated by 19.9% and the closing rate has depreciated by 25.8% since 31 March 2013.

The following table provides an analysis of the impact of the Rand and Australian Dollar depreciation on our reported numbers.

	Results in Pounds Sterling				
	Actual as reported	Actual as reported	Actual as reported	Neutral currency [^]	Neutral currency
	Year to	Year to		Year to	
	31 March 2014	31 March 2013*	% change	31 March 2014	% change
Operating profit before taxation* (million)	£452	£426	6.0%	£513	20.3%
Earnings attributable to shareholders (million)	£332	£310	7.0%	£375	21.0%
Adjusted earnings attributable to shareholders** (million)	£328	£309	6.0%	£373	20.5%
Adjusted earnings per share**	38.0p	36.1p	5.3%	43.2p	19.7%
Basic earnings per share	34.4p	31.7p	8.5%	38.9p	22.7%
Dividends per share	19.0p	18.0p	5.6%		

* Before goodwill, acquired intangibles, non-operating items and after other non-controlling interests.

** Before goodwill, acquired intangibles, non-operating items and after non-controlling interests.

[^] For income statement items we have used the average Rand: Pounds Sterling and the Australian Dollar: Pounds Sterling exchange rate that was applied in the prior year, i.e. 13.44 and 1.53, respectively.

[#] Restated.

Presentation of financial information (continued)

	Results in Pounds Sterling				
	Actual as reported	Actual as reported	Actual as reported	Neutral currency [^]	Neutral currency
	At	At	% change	At	% change
	31 March 2014	31 March 2013		31 March 2014	
Net asset value per share	375.7p	384.2p	(2.2%)	419.0p	9.1%
Total equity (million)	£4 013	£3 942	1.8%	£4 421	12.2%
Total assets (million)	£47 142	£52 010	(9.4%)	£54 186	4.2%
Core loans and advances (million)	£17 157	£18 415	(6.8%)	£19 869	7.9%
Cash and near cash balances (million)	£9 135	£9 828	(7.1%)	£10 375	5.6%
Customer deposits (million)	£22 610	£24 461	(7.6%)	£25 981	6.2%
Third party assets under management (million)	£109 941	£110 678	(0.7%)	£120 550	8.9%

[^] For balance sheet items we have assumed that the Rand: Pounds Sterling and the Australian Dollar: Pounds Sterling closing exchange rate have remained neutral since 31 March 2013.

The following table provides a comparison of the group's results as reported in Pounds Sterling and the group's results as translated into Rands.

	Results in Pounds Sterling			Results in Rand		
	Year to	Year to	%	Year to	Year to	%
	31 March 2014	31 March 2013	change	31 March 2014	31 March 2013	change
Operating profit before taxation* (million)	£452	£426	6.0%	R7 328	R5 725	28.0%
Earnings attributable to shareholders (million)	£332	£310	7.0%	R5 348	R4 244	26.0%
Adjusted earnings attributable to shareholders** (million)	£328	£309	6.0%	R5 313	R4 227	25.7%
Adjusted earnings per share**	38.0p	36.1p	5.3%	616c	494c	24.7%
Basic earnings per share	34.4p	31.7p	8.5%	554c	434c	27.6%
Headline earnings per share	33.9p	31.0p	9.4%	550c	425c	29.4%
Dividends per share	19.0p	18.0p	5.6%	327c	256c	27.7%

	At	At	%	At	At	%
	31 March 2014	31 March 2013	change	31 March 2014	31 March 2013	change
	Net asset value per share	375.7p	384.2p	(2.2%)	6 597c	5 362c
Total equity (million)	£4 013	£3 942	1.8%	R70 456	R55 008	28.1%
Total assets (million)	£47 142	£52 010	(9.4%)	R827 649	R725 861	14.0%
Core loans and advances (million)	£17 157	£18 415	(6.8%)	R301 224	R257 002	17.2%
Cash and near cash balances (million)	£9 135	£9 828	(7.1%)	R160 411	R137 161	17.0%
Customer deposits (million)	£22 610	£24 461	(7.6%)	R396 952	R341 377	16.3%
Third party assets under management (million)	£109 941	£110 678	(0.7%)	R1 930 564	R1 544 639	25.0%

* Before goodwill, acquired intangibles, non-operating items, and after other non-controlling interests.

** Before goodwill, acquired intangibles, non-operating items, and after non-controlling interests.

Note: Further Rand information is provided on pages 110 to 112.

Presentation of financial information (continued)

Operating environment

The table below provides an overview of some key statistics that should be considered when reviewing our operational performance.

	Period ended 31 March 2014	Period ended 31 March 2013	% change	Average over the period 1 April 2013 to 31 March 2014
Market indicators				
FTSE All share	3 556	3 381	5.2%	3 496
JSE All share	47 771	39 861	19.8%	43 299
Australia All ords	5 403	4 980	8.5%	5 163
S&P	1 872	1 569	19.3%	1 722
Nikkei	14 828	12 336	20.2%	14 433
Dow Jones	16 458	14 579	12.9%	15 538
Rates				
UK overnight	0.33%	0.42%		0.43%
UK 10 year	2.74%	1.76%		2.56%
UK clearing banks base rate	0.50%	0.50%		0.50%
LIBOR – three month	0.52%	0.51%		0.52%
SA R157 (2015)	6.79%	5.48%		6.12%
Rand overnight	5.33%	4.76%		4.86%
SA prime overdraft rate	9.00%	8.50%		8.59%
JIBAR – three month	5.73%	5.13%		5.25%
Reserve Bank of Australia cash target rate	2.50%	3.00%		2.60%
US 10 year	2.73%	1.85%		2.54%
Commodities				
Gold	US\$1 289/oz	US\$1 596/oz	(19.2%)	US\$1 327/oz
Gas Oil	US\$904/mt	US\$928/mt	(2.6%)	US\$915/mt
Platinum	US\$1 418/oz	US\$1 576/oz	(10.0%)	US\$1 435/oz
Macro-economic				
UK GDP (% change over the period)	2.3%	0.20%		
UK per capita GDP	25 175	24 373	3.3%	
South Africa GDP (% real growth over the calendar year in Rands)	1.9%	2.50%		
South Africa per capita GDP (real value in Rands)	37 700	37 476	0.6%	
Australia GDP (% change over the period)	2.6%	3.1%		
Per capita GDP (A\$)	67 185	65 612	2.4%	

Source: Datastream, Bloomberg's, Office for National Statistics, SARB Quarterly Bulletin, Australian Bureau of Statistics.

Presentation of financial information (continued)

	31 March 2014	31 March 2013**	% change
Income statement and selected returns			
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	327 824	309 310	6.0%
Headline earnings (£'000)	292 463	265 227	10.3%
Operating profit* (£'000)	451 817	426 278	6.0%
Operating profit: Southern Africa (% of total)*	65.9%	67.5%	
Operating profit: UK, Europe, Australia and Other (% of total)*	34.1%	32.5%	
Cost to income ratio	67.5%	65.7%	
Staff compensation to operating income ratio	46.3%	43.9%	
Return on average adjusted shareholders' equity (post-tax)	10.1%	9.4%	
Return on average adjusted tangible shareholders' equity (post-tax)	12.3%	11.7%	
Return on average risk-weighted assets	1.14%	1.06%	
Operating profit per employee (£'000)	55.1	53.5	3.0%
Net interest income as a % of operating income	33.6%	35.2%	
Non-interest income as a % of operating income	66.4%	64.8%	
Recurring income as a % of operating income	70.7%	68.6%	
Effective operational tax rate	17.1%	18.4%	
Balance sheet			
Total capital resources (including subordinated liabilities) (£'million)	5 352	5 693	(6.0%)
Total shareholders' equity (including preference shares and non-controlling interests) (£'million)	4 013	3 942	1.8%
Shareholders' equity (excluding non-controlling interests) (£'million)	3 569	3 661	(2.5%)
Total assets (£'million)	47 142	52 010	(9.4%)
Net core loans and advances to customers (including own originated securitised assets) (£'million)	17 157	18 415	(6.8%)
Core loans and advances to customers as a % of total assets	36.4%	35.4%	
Cash and near cash balances (£'million)	9 135	9 828	(7.1%)
Customer accounts (deposits) (£'million)	22 610	24 461	(7.6%)
Third party assets under management (£'million)	109 941	110 678	(0.7%)
Capital adequacy ratio: Investec plc [^]	15.3%	16.7%	
Capital adequacy tier 1 ratio: Investec plc [^]	10.5%	11.0%	
Leverage ratio: Investec plc [^]	7.4%	n/a	
Capital adequacy ratio: Investec Limited	14.9%	15.5%	
Capital adequacy tier 1 ratio: Investec Limited	11.0%	10.8%	
Leverage ratio: Investec Limited [^]	7.2%	n/a	
Credit loss ratio (income statement impairment charge as a % of average gross core loans and advances)	0.68%	0.84%	
Defaults (net of impairments and before collateral) as a % of net core loans and advances to customers	2.30%	2.73%	
Gearing ratio (assets excluding assurance assets to total equity)	10.3x	11.6x	
Core loans to equity ratio	4.3x	4.7x	
Loans and advances to customers: customer deposits	72.0%	71.5%	
Salient financial features and key statistics			
Adjusted earnings per share (pence)	38.0	36.1	5.3%
Headline earnings per share (pence)	33.9	31.0	9.4%
Basic earnings per share (pence)	34.4	31.7	8.5%
Diluted earnings per share (pence)	32.4	29.8	8.7%
Dividends per share (pence)	19.0	18.0	5.6%
Dividend cover (times)	2.0	2.0	-
Net asset value per share (pence)	375.7	384.2	(2.2%)
Net tangible asset value per share (pence)	308.7	310.9	(0.7%)
Weighted number of ordinary shares in issue (million)	862.6	856.0	0.8%
Total number of shares in issue (million)	891.7	884.8	0.8%
Closing share price (pence)	485	459	5.7%
Market capitalisation (£'million)	4 324	4 061	6.5%
Number of employees in the group (including temps and contractors)	8 258	8 151	1.3%
Closing ZAR: £ exchange rate	17.56	13.96	25.8%
Average ZAR: £ exchange rate	16.12	13.44	19.9%

Refer to definitions and calculations on page 114.

* Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.

** Restated.

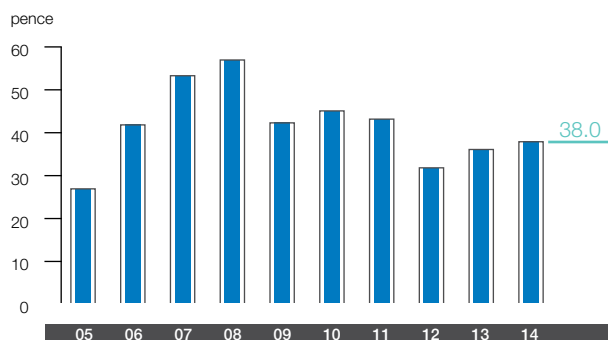
[^] The group's expected Basel III "fully loaded" numbers are provided on page 50.

Track record

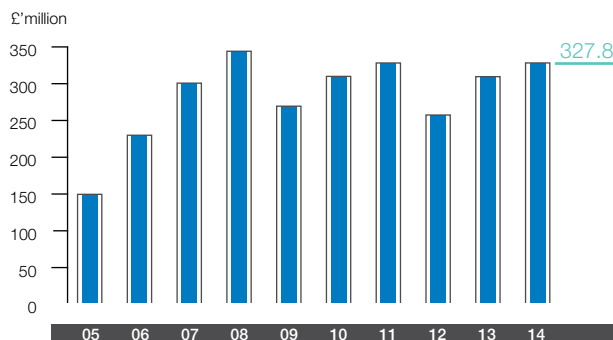
Up 5.3% to 38.0 pence

Up 6.0% £327.8 million

Adjusted earnings per share*



Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items

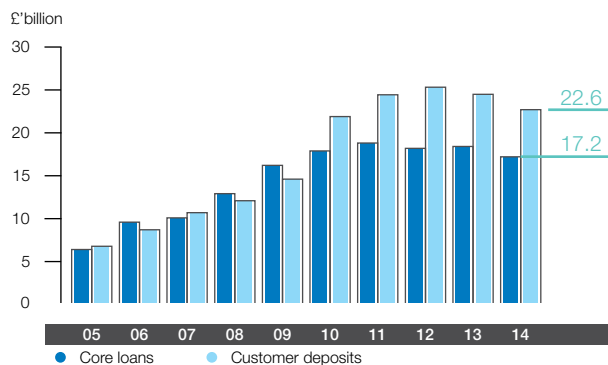


* Historical EPS numbers have been adjusted for the 5:1 share split that took place on 4 September 2006.

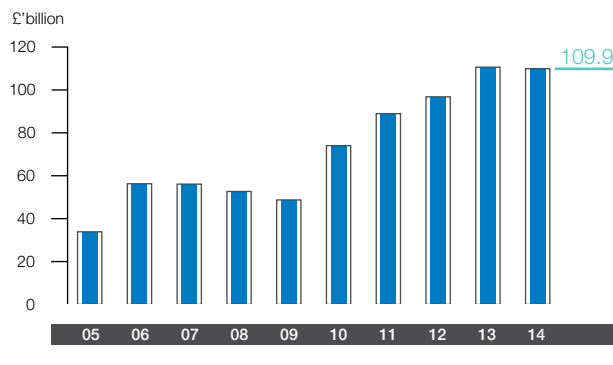
Core loans: down by 6.8% to £17.2 billion since 31 March 2013 – an increase of 7.9% on a currency neutral basis** Deposits: down 7.6% to £22.6 billion since 31 March 2013 – an increase of 6.2% on a currency neutral basis**

Down 0.7% to £109.9 billion since 31 March 2013 – an increase of 8.9% on a currency neutral basis** Net inflows of £4.0 billion

Core loans and customer deposits



Third party assets under management



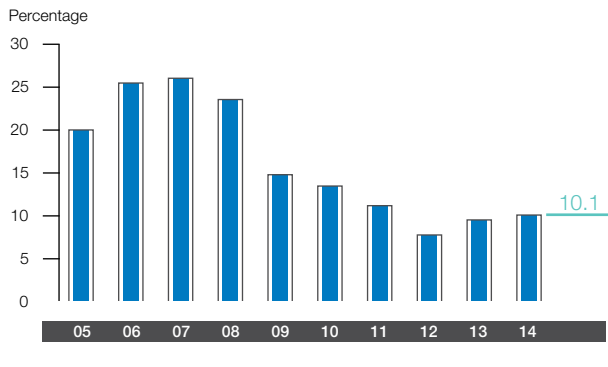
** Currency neutral basis: calculation assumes that the closing exchange rates of the group's relevant exchange rates, as reflected on page 8, remain the same as at 31 March 2014 when compared to 31 March 2013.

Presentation of financial information (continued)

Financial targets

Target > We have set the following target over the medium to long term:
Group ROE: 12% to 16% over a rolling five-year period in Pounds Sterling

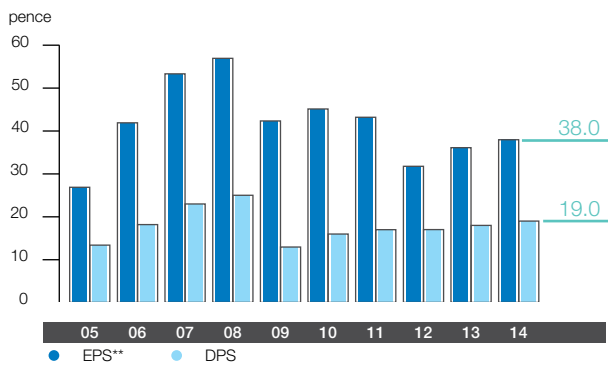
ROE*



* ROE is post-tax return on adjusted average shareholders' equity as calculated on page 50.

Target > In the medium- to long-term, we aim to achieve adjusted EPS growth of 10% in excess of UK inflation (in Pounds Sterling). We continually strive to build and maintain a sustainable business model. We intend to maintain a dividend cover of between 1.7 to 3.5 times based on earnings per share as defined above, denominated in Pounds Sterling.

Adjusted earnings per share (EPS) and dividends per share (DPS)



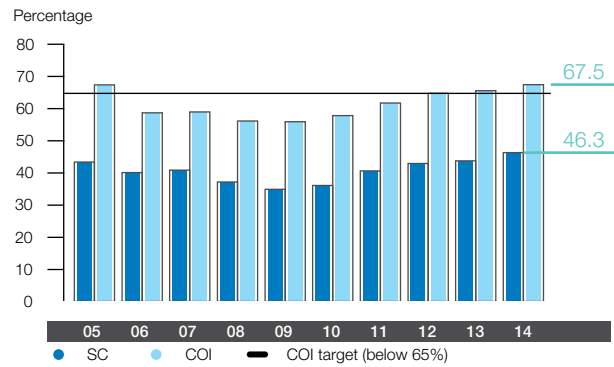
** Adjusted EPS before goodwill, acquired intangibles and non-operating items as defined on page 114. The numbers have been adjusted for the 5:1 share split that took place on 4 September 2006.

Note:

The numbers shown in the financial targets graphs on pages 12 and 13 are for the years ended 31 March, unless otherwise stated.

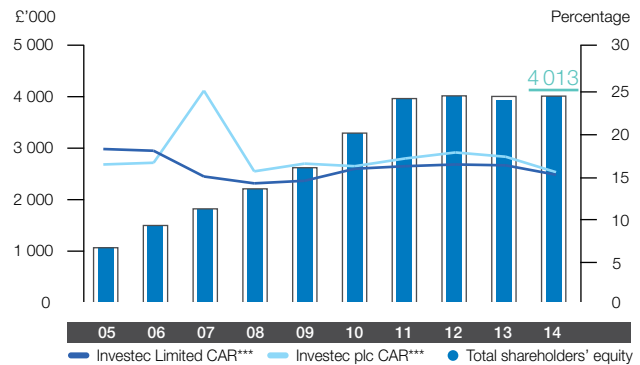
Target > We have set the following target over the medium to long term: Group COI ratio: less than 65% in Pounds Sterling

Cost to income ratio (COI) and staff compensation to operating income ratio (SC)



Target > We intend to maintain a sufficient level of capital to satisfy regulatory requirements, as well as take advantage of opportunities that may arise in the financial services industry focusing on increasing our return on equity in the medium- to long-term. We target a capital adequacy ratio range of between 14% and 17% on a consolidated basis for Investec plc and Investec Limited and we target a minimum tier 1 ratio of 11.0% (by March 2016) and a common equity tier 1 ratio above 10.0% (by March 2016).

Total shareholders' equity and capital adequacy ratios (CAR)



*** Capital adequacy figures prior to 2008 are disclosed under Basel I. Investec Limited's numbers have been reported in terms of Basel III since 31 March 2013, and Investec plc is reporting in terms of Basel III for the first time at March 2014.

The significant restructuring effort that has taken place over the past year, together with the strategic initiatives currently underway should enable Investec to benefit from the upturn in global economic conditions and generate appropriate returns for its shareholders.

Overall group performance

Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests (operating profit) increased 6.0% to £451.8 million (2013: £426.3 million) – an increase of 20.3% on a currency neutral basis. Group results have been negatively impacted by the depreciation of the Rand: Pounds Sterling exchange rate of approximately 20% over the period. The combined South African business reported operating profit 25.3% ahead of the prior year in Rands, whilst the combined UK business posted a 24.4% increase in operating profit.

Wealth & Investment's operating profit increased by 30.5%. Asset Management reported operating profit marginally ahead of the prior year. Both divisions benefited from higher levels of average funds under management and net inflows.

The South African Specialist Banking business reported operating profit 29.2% ahead of the prior year in Rands, whilst the UK Specialist Bank benefited from a significant decline in impairments, reporting an increase in operating profit of 29.9%. The Australian business reported a loss impacted by strategic restructuring. Consequently, the overall Specialist Banking business reported operating profit marginally ahead of the prior year.

Salient features of the period under review are:

- Adjusted earnings attributable to shareholders before goodwill, acquired intangibles and non-operating items increased 6.0% to £327.8 million (2013: £309.3 million) – an increase of 20.5% on a currency neutral basis
- Adjusted earnings per share (EPS) before goodwill, acquired intangibles and non-operating items increased 5.3% from 36.1 pence to 38.0 pence – an increase of 19.7% on a currency neutral basis
- Recurring income as a percentage of total operating income amounted to 70.7% (2013: 68.6%)
- The credit loss charge as a percentage of average gross core loans and advances has improved from 0.84% at 31 March 2013 to 0.68%, with impairments decreasing

by £84.9 million (i.e. 33.8%) to £166.2 million

- Third party assets under management decreased 0.7% to £109.9 billion (2013: £110.7 billion) – an increase of 8.9% on a currency neutral basis
- Customer accounts (deposits) decreased 7.6% to £22.6 billion (2013: £24.5 billion) – an increase of 6.2% on a currency neutral basis
- Core loans and advances decreased 6.8% to £17.2 billion (2013: £18.4 billion) – an increase of 7.9% on a currency neutral basis
- The board proposes a final dividend of 11.0 pence per ordinary share equating to a full year dividend of 19.0 pence (2013: 18.0 pence) resulting in a dividend cover based on the group's adjusted EPS before goodwill and non-operating items of 2.0 times (2013: 2.0 times), consistent with the group's dividend policy.

Business unit review

The group has made progress in simplifying and reshaping its business model through the pending sale of its Professional Finance and Asset Finance and Leasing businesses in Australia, the sale of its Trust businesses, the sale of Lease Direct Finance, and the potential sale of its Kensington business. The group's core businesses have sound franchises and have continued to broaden their client base and grow organically. The Asset Management and Wealth Management businesses have invested in distribution platforms, IT and online infrastructure, and experienced portfolio fund managers to support future revenue growth. The Specialist Banking businesses have continued to focus on efficiency and balance sheet optimisation whilst managing down legacy portfolios.

Asset Management

Asset Management increased operating profit 2.4% to £143.8 million (2013: £140.4 million) benefiting from higher average funds under management and net inflows of £2.6 billion. Total funds under management amount to £68.0 billion (2013: £69.8 billion). Operating margin has remained stable at 34.7%. The division's long-term investment performance remains solid with 87% of portfolios outperforming benchmarks on a 10-year annualised basis. The sale of the 15% stake in the

business to management was completed on 31 July 2013.

Wealth & Investment

Wealth & Investment operating profit increased by 30.5% to £66.1 million (2013: £50.7 million) supported by higher average funds under management, net inflows of £1.4 billion and improved operating margins. Total funds under management amount to £41.5 billion (2013: £40.4 billion). The business in the UK has expanded its operations across the region through the investment in infrastructure and recruitment of senior portfolio managers. In addition, the business in South Africa has benefited from an integrated offering to both Wealth & Investment and Private Banking clients, and has made progress in leveraging off the division's global investment platform.

Specialist Banking

Specialist Banking operating profit increased by 2.8% to £241.9 million (2013: £235.2 million).

South Africa saw strong growth in net fee and commission income driven largely by an increase in corporate and property fund management fees. Improved customer flow activity has resulted in an increase in trading income. The unlisted private equity portfolio performed well during the period. The group continued to grow its Private Banking business and the investment and trading property portfolios delivered a sound performance. The business reported a decline in impairments with the credit loss ratio on average gross core loans and advances improving to 0.42% (2013: 0.61%).

In the UK the ongoing business reported operating profit of £157.4 million (2013: £128.2 million), whilst the legacy

business reported a loss of £102.8 million (2013: loss of £86.2 million). The principal investment portfolios performed well and the division recorded good growth in its professional mortgages and asset finance loan portfolios. Lower fee and commission income was recorded, however, deal pipelines remain sound. Investment and trading income was negatively impacted by lower returns earned on the fixed income portfolio. Impairments declined significantly from £171.2 million to £104.8 million.

Following a review conducted in Australia, a number of businesses which lacked scale or alignment with the greater group were closed during the year. The restructure costs resulting from this action are included in the current year's results. On 11 April 2014, the group announced that it had entered into a definitive contract with Bank of Queensland Limited to purchase Investec Bank (Australia) Limited's Professional Finance and Asset Finance and Leasing businesses and its deposit book at a premium of AU\$210 million to tangible net asset value. The transaction is still subject to regulatory approval.

Further information on key developments within each of the business units is provided on pages 75 to 109.

Income statement analysis

A detailed income statement analysis can be found on pages 30 to 42.

Balance sheet analysis

A detailed balance sheet analysis can be found on pages 42 to 65.

Liquidity and funding

As at 31 March 2014 the group held £9.1 billion in cash and near cash balances (£4.3 billion in Investec plc and R84.5 billion in Investec Limited) which amounted to 31.0% of its liability base. Loans and advances to customers as a percentage of customer deposits amounted to 72.0% (2013: 71.5%).

Capital adequacy and leverage ratios

The group is targeting a minimum common equity tier 1 capital ratio above 10% by March 2016 and a total capital adequacy ratio range of 14% to 17% on a consolidated basis for each of Investec plc and Investec Limited. Basel III has had a moderate effect on capital ratios. The group's anticipated fully loaded Basel III common equity tier 1 capital adequacy ratios in both Investec plc and Investec Limited are provided on pages 43 to 50.

Outlook

Economic conditions in the developed world have continued to improve. The UK economy has gained momentum which is evident in the increased activity levels experienced by Investec's businesses. The South African economy is going through a period of weakness. However, the group is still seeing encouraging levels of activity across its client base.

The significant restructuring effort that has taken place over the past year, together with the strategic initiatives currently underway should enable Investec to benefit from the upturn in global economic conditions and generate appropriate returns for its shareholders.

On behalf of the boards of Investec plc and Investec Limited

Sir David J Prosser
Joint chairman

Fani Titi
Joint chairman

Stephen Koseff
Chief executive officer

Bernard Kantor
Managing director

22 May 2014

Accounting policies and disclosures

These unaudited summarised combined consolidated financial results have been prepared in terms of the recognition and measurement criteria of International Financial Reporting Standards, and the presentation and disclosure requirements of IAS 34 (Interim Financial Reporting).

The accounting policies applied in the preparation of the results for the year ended 31 March 2014 are consistent with those adopted in the financial statements for the year ended 31 March 2013 except as noted below.

The group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards: IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements, IFRS 12 – Disclosure of Interests in Other Entities, IFRS 13 – Fair Value Measurement, Presentation of Other Comprehensive Income (amendments to IAS 1), IAS 19 – Employee Benefits.

IFRS 13 has been applied prospectively from 1 April 2013. The standard defines fair value as being an exit price based measurement and sets out in a single IFRS a framework for the measurement of fair value. Application of the standard has not had a material impact on the measurement of assets and liabilities of the Group, but has resulted in additional disclosures.

The impact to the comparative balance sheets and income statements as a result of adopting IFRS 10 and IAS 19 was provided in the group's interim results disclosures published on the 21 November 2013 on RNS/SENS and the group's website.

The financial results have been prepared under the supervision of Glynn Burger, the group risk and finance director. The audited

financial statements and the integrated annual report for the year ended 31 March 2014 will be posted to stakeholders on 30 June 2014. These accounts will be available on the group's website at the same date.

Proviso

- Please note that matters discussed in this document may contain forward looking statements which are subject to various risks and uncertainties and other factors, including, but not limited to:
 - the further development of standards and interpretations under IFRS applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS
 - domestic and global economic and business conditions
 - market-related risks.
- A number of these factors are beyond the group's control
- These factors may cause the group's actual future results, performance or achievements in the markets in which it operates to differ from those expressed or implied
- Any forward looking statements made are based on the knowledge of the group at 22 May 2014
- The information in the announcement for the year ended 31 March 2014, which was approved by the board of directors on 21 May 2014, does not constitute statutory accounts as defined in section 435 of the UK Companies Act 2006. The 31 March 2013 financial statements were filed with the registrar and were unqualified with the audit report containing no statements in respect of sections 498(2) or 498(3) of the UK Companies Act.



Unaudited
financial results

Combined consolidated income statement

£'000	Year to 31 March 2014	Year to 31 March 2013*
Interest income	1 905 383	2 132 715
Interest expense	(1 253 704)	(1 429 108)
Net interest income	651 679	703 607
Fee and commission income	1 136 902	1 110 398
Fee and commission expense	(147 481)	(143 578)
Investment income	166 809	181 992
Trading income arising from		
– customer flow	103 914	70 859
– balance sheet management and other trading activities	10 587	34 038
Other operating income	18 554	42 153
Total operating income before impairment losses on loans and advances	1 940 964	1 999 469
Impairment losses on loans and advances	(166 152)	(251 012)
Operating income	1 774 812	1 748 457
Operating costs	(1 306 102)	(1 303 033)
Depreciation on operating leased assets	(6 044)	(16 072)
Operating profit before goodwill and acquired intangibles	462 666	429 352
Impairment of goodwill	(12 797)	(15 175)
Amortisation of acquired intangibles	(13 393)	(13 313)
Operating costs arising from integration, restructuring and partial disposal of subsidiaries	(20 890)	(13 119)
Operating profit	415 586	387 745
Net gain on disposal of subsidiaries	9 821	–
Non-operational costs arising from acquisition of subsidiary	–	(1 249)
Profit before taxation	425 407	386 496
Taxation on operating profit before goodwill	(79 150)	(79 064)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	7 289	5 977
Profit after taxation	353 546	313 409
Profit attributable to Asset Management non-controlling interests	(11 031)	(243)
Profit attributable to other non-controlling interests	(10 849)	(3 074)
Earnings attributable to shareholders	331 666	310 092
Earnings per share (pence)		
– Basic	34.4	31.7
– Diluted	32.4	29.8
Adjusted earnings per share (pence)		
– Basic	38.0	36.1
– Diluted	35.9	34.0
Dividends per share (pence)		
– Interim	8.0	8.0
– Final	11.0	10.0
Headline earnings per share (pence)		
– Basic	33.9	31.0
– Diluted	32.0	29.2
Number of weighted average shares – (million)	862.6	856.0

* Restated.

Combined consolidated statement of comprehensive income

£'000	Year to 31 March 2014	Year to 31 March 2013*
Profit after taxation	353 546	313 409
Other comprehensive (loss)/income:		
Items that may be reclassified to the income statement:		
Fair value movements on cash flow hedges taken directly to other comprehensive income**	(3 582)	(16 202)
Gains on realisation of available-for-sale assets recycled through the income statement**	(2 972)	(1 713)
Fair value movements on available-for-sale assets through other comprehensive income**	347	4 387
Foreign currency adjustments on translating foreign operations	(407 479)	(182 532)
Items that will not be reclassified to the income statement:		
Remeasurement of net defined pension asset	(5 870)	(7 078)
Total comprehensive (loss)/income	(66 010)	110 271
Total comprehensive loss attributable to non-controlling interests	(12 724)	(15 815)
Total comprehensive (loss)/income attributable to ordinary shareholders	(88 554)	86 982
Total comprehensive income attributable to perpetual preferred securities	35 268	39 104
Total comprehensive (loss)/income	(66 010)	110 271

* Restated.

** Net of taxation of £7.1 million (2013: £8.2 million).

Combined consolidated balance sheet

£'000	31 March 2014	31 March 2013*	31 March 2012*
Assets			
Cash and balances at central banks	2 080 190	1 782 447	2 593 851
Loans and advances to banks	3 280 179	3 136 051	2 725 471
Non-sovereign and non-bank cash placements	515 189	420 960	642 480
Reverse repurchase agreements and cash collateral on securities borrowed	1 388 980	2 358 672	975 992
Sovereign debt securities	3 215 432	4 077 217	4 067 093
Bank debt securities	1 568 097	1 879 105	3 081 061
Other debt securities	605 378	449 216	377 832
Derivative financial instruments	1 619 415	1 983 132	1 913 650
Securities arising from trading activities	870 088	931 603	640 146
Investment portfolio	825 745	928 893	863 664
Loans and advances to customers	16 281 612	17 484 524	17 192 208
Own originated loans and advances to customers securitised	875 755	930 449	1 034 174
Other loans and advances	1 693 569	2 033 973	2 789 489
Other securitised assets	3 576 526	4 003 208	4 021 378
Interests in associated undertakings	24 316	27 950	27 506
Deferred taxation assets	131 142	165 457	150 381
Other assets	1 474 992	1 959 550	1 798 687
Property and equipment	108 738	134 101	175 773
Investment properties	509 228	451 975	407 295
Goodwill	433 571	466 906	468 320
Intangible assets	159 169	178 567	192 099
Non-current assets classified as held for sale	41 637	–	–
	41 278 948	45 783 956	46 138 550
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	5 862 959	6 226 142	6 265 846
	47 141 907	52 010 098	52 404 396
Liabilities			
Deposits by banks	2 721 170	3 047 636	3 035 323
Derivative financial instruments	1 170 232	1 443 325	1 421 130
Other trading liabilities	861 412	851 939	612 884
Repurchase agreements and cash collateral on securities lent	1 316 087	1 940 158	1 864 137
Customer accounts (deposits)	22 609 784	24 460 666	25 275 876
Debt securities in issue	1 596 630	1 901 776	2 243 948
Liabilities arising on securitisation of own originated loans and advances	729 534	926 335	1 036 674
Liabilities arising on securitisation of other assets	3 041 435	3 303 606	3 314 737
Current taxation liabilities	208 041	210 475	209 609
Deferred taxation liabilities	96 362	109 628	102 478
Other liabilities	1 576 468	1 895 091	1 570 853
	35 927 155	40 090 635	40 687 649
Liabilities to customers under investment contracts	5 861 389	6 224 062	6 263 913
Insurance liabilities, including unit-linked liabilities	1 570	2 080	1 933
	41 790 114	46 316 777	46 953 495
Subordinated liabilities	1 338 752	1 751 806	1 492 776
	43 128 866	48 068 583	48 446 271
Equity			
Ordinary share capital	224	223	221
Perpetual preference share capital	153	153	153
Share premium	2 473 131	2 494 618	2 457 019
Treasury shares	(85 981)	(89 545)	(72 820)
Other reserves	(467 247)	(93 537)	82 327
Retained income	1 649 179	1 349 560	1 195 118
Shareholders' equity excluding non-controlling interests	3 569 459	3 661 472	3 662 018
Non-controlling interests	443 582	280 043	296 107
– Perpetual preferred securities issued by subsidiaries	252 713	279 041	291 769
– Non-controlling interests in partially held subsidiaries	190 869	1 002	4 338
Total equity	4 013 041	3 941 515	3 958 125
Total liabilities and equity	47 141 907	52 010 098	52 404 396

* Restated.

Summarised combined consolidated cash flow statement

£'000	Year to 31 March 2014	Year to 31 March* 2013
Cash inflows from operations	669 866	711 136
Increase in operating assets	(1 024 171)	(4 263 520)
Increase in operating liabilities	1 309 245	2 151 009
Net cash inflow/(outflow) from operating activities	954 940	(1 401 375)
Net cash inflow/(outflow) from investing activities	171 040	(25 733)
Net cash (outflow)/inflow from financing activities	(357 317)	187 894
Effects of exchange rate changes on cash and cash equivalents	(281 225)	(142 019)
Net increase/(decrease) in cash and cash equivalents	487 438	(1 381 233)
Cash and cash equivalents at the beginning of the year	3 561 573	4 942 806
Cash and cash equivalents at the end of the year	4 049 011	3 561 573

Cash and cash equivalents is defined as including cash and balances at central banks, on demand loans and advances to banks and non-sovereign and non-bank cash placements (all of which have a maturity profile of less than three months).

* Restated.

Consolidated statement of changes in equity

£'000	Ordinary share capital	Perpetual preference share capital	Share premium	Treasury shares
At 1 April 2012 – as previously reported	221	153	2 457 019	(72 820)
Restatements on adoption of IFRS 10	–	–	–	–
Restatements on adoption of IAS 19	–	–	–	–
At 1 April 2012 – restated	221	153	2 457 019	(72 820)
Movement in reserves 1 April 2012 – 31 March 2013				
Profit after taxation	–	–	–	–
Fair value movements on cash flow hedges	–	–	–	–
Gains on realisation of available-for-sale assets recycled through the income statement	–	–	–	–
Fair value movements on available-for-sale assets	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	–	–
Remeasurement of net defined pension asset	–	–	–	–
Total comprehensive income for the year	–	–	–	–
Share-based payments adjustments	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends declared to perpetual preference shareholders	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Issue of ordinary shares	2	–	34 683	–
Issue of perpetual preference shares	–	–	24 263	–
Acquisition of non-controlling interests	–	–	–	–
Non-controlling interest relating to disposal of subsidiaries	–	–	–	–
Movement of treasury shares	–	–	(21 347)	(37 048)
Transfer from capital reserve account	–	–	–	–
Transfer to regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	20 323
At 31 March 2013	223	153	2 494 618	(89 545)
Movement in reserves 1 April 2013 – 31 March 2014				
Profit after taxation	–	–	–	–
Fair value movements on cash flow hedges	–	–	–	–
Gains on realisation of available-for-sale assets recycled through the income statement	–	–	–	–
Fair value movements on available-for-sale assets	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	–	–
Remeasurement of net defined pension asset	–	–	–	–
Total comprehensive loss for the year	–	–	–	–
Share-based payments adjustments	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends declared to perpetual preference shareholders	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Issue of ordinary shares	1	–	31 649	–
Issue of equity by subsidiaries	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–
Non-controlling interest relating to partial disposal of subsidiaries	–	–	–	–
Capital conversion of subsidiary	–	–	–	–
Movement of treasury shares	–	–	(53 136)	(45 552)
Transfer to capital reserve account	–	–	–	–
Transfer to regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	49 116
At 31 March 2014	224	153	2 473 131	(85 981)

Other reserves					Retained income	Shareholders' equity excluding non-controlling interests	Non-controlling interests	Total equity
Capital reserve account	Available-for-sale reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserve				
11 127	9 113	34 596	(31 632)	59 123	1 249 515	3 716 415	296 107	4 012 522
-	-	-	-	-	(54 397)	(54 397)	-	(54 397)
-	-	-	-	-	-	-	-	-
11 127	9 113	34 596	(31 632)	59 123	1 195 118	3 662 018	296 107	3 958 125
-	-	-	-	-	310 092	310 092	3 317	313 409
-	-	-	(16 202)	-	-	(16 202)	-	(16 202)
-	(1 713)	-	-	-	-	(1 713)	-	(1 713)
-	4 387	-	-	-	-	4 387	-	4 387
-	(1 033)	849	(550)	(163 320)	654	(163 400)	(19 132)	(182 532)
-	-	-	-	-	(7 078)	(7 078)	-	(7 078)
-	1 641	849	(16 752)	(163 320)	303 668	126 086	(15 815)	110 271
-	-	-	-	-	63 154	63 154	-	63 154
-	-	-	-	-	(147 660)	(147 660)	-	(147 660)
-	-	-	-	-	(39 104)	(39 104)	19 435	(19 669)
-	-	-	-	-	-	-	(19 435)	(19 435)
-	-	-	-	-	-	-	(230)	(230)
-	-	-	-	-	-	34 685	-	34 685
-	-	-	-	-	-	24 263	-	24 263
-	-	-	-	-	(3 575)	(3 575)	(239)	(3 814)
-	-	-	-	-	-	-	220	220
-	-	-	-	-	-	(58 395)	-	(58 395)
(159)	-	-	-	-	159	-	-	-
-	-	1 877	-	-	(1 877)	-	-	-
-	-	-	-	-	(20 323)	-	-	-
10 968	10 754	37 322	(48 384)	(104 197)	1 349 560	3 661 472	280 043	3 941 515
-	-	-	-	-	331 666	331 666	21 880	353 546
-	-	-	(3 582)	-	-	(3 582)	-	(3 582)
-	(2 972)	-	-	-	-	(2 972)	-	(2 972)
-	347	-	-	-	-	347	-	347
-	(271)	(3 254)	2 190	(371 096)	(444)	(372 875)	(34 604)	(407 479)
-	-	-	-	-	(5 870)	(5 870)	-	(5 870)
-	(2 896)	(3 254)	(1 392)	(371 096)	325 352	(53 286)	(12 724)	(66 010)
-	-	-	-	-	66 905	66 905	-	66 905
-	-	-	-	-	(150 053)	(150 053)	-	(150 053)
-	-	-	-	-	(35 268)	(35 268)	18 702	(16 566)
-	-	-	-	-	-	-	(18 702)	(18 702)
-	-	-	-	-	-	-	(5 838)	(5 838)
-	-	-	-	-	-	31 650	-	31 650
-	-	-	-	-	-	-	35 477	35 477
-	-	-	-	-	-	-	(270)	(270)
-	-	-	-	-	146 727	146 727	20 213	166 940
-	-	-	-	-	-	-	126 681	126 681
-	-	-	-	-	-	(98 688)	-	(98 688)
5	-	-	-	-	(5)	-	-	-
-	-	4 923	-	-	(4 923)	-	-	-
-	-	-	-	-	(49 116)	-	-	-
10 973	7 858	38 991	(49 776)	(475 293)	1 649 179	3 569 459	443 582	4 013 041

Dividends and earnings per share

	31 March 2014	31 March 2013*
Ordinary dividends – pence per share		
Interim	8.0	8.0
Final	11.0	10.0
Total	19.0	18.0
Earnings	£'000	£'000
Earnings attributable to shareholders	331 666	310 092
Preference dividends paid	(35 268)	(39 104)
Earnings attributable to ordinary shareholders	296 398	270 988
Earnings resulting from future dilutive instruments	–	–
Diluted earnings attributable to ordinary shareholders	296 398	270 988
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	890 019 394	882 683 311
Weighted average number of treasury shares	(27 467 498)	(26 726 003)
Weighted average number of shares in issue during the year	862 551 896	855 957 308
Weighted average number of shares resulting from future dilutive potential shares	51 847 815	53 589 518
Adjusted weighted number of shares potentially in issue	914 399 711	909 546 826
Earnings per share – pence		
Basic earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders in Investec plc and Investec Limited by the weighted average number of ordinary shares in issue during the year.	34.4	31.7
Diluted earnings per share – pence		
Diluted earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders of Investec plc and Investec Limited, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the year plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the year.	32.4	29.8
Adjusted earnings per share – pence		
Adjusted earnings per share is calculated by dividing the earnings before goodwill, acquired intangibles and non-operating items attributable to the ordinary shareholders and after taking into account earnings attributable to perpetual preference shareholders, by the weighted average number of ordinary shares in issue during the year.	38.0	36.1
	£'000	£'000
Earnings attributable to shareholders	331 666	310 092
Impairment of goodwill	12 797	15 175
Amortisation of acquired intangibles, net of taxation	10 313	9 852
Costs arising from acquisition of subsidiary (including integration costs), net gain on disposal of subsidiaries net of taxation	6 860	11 852
Preference dividends paid	(35 268)	(39 104)
Additional earnings/(losses) attributable to other equity holders**	(386)	109
Currency hedge attributable to perpetual equity instruments	1 842	1 334
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	327 824	309 310

* Restated.

** In accordance with IFRS, dividends attributable to equity holders is accounted for when a constructive liability arises, i.e. on declaration by the board of directors and approval by the shareholders, where required. Investec is of the view that EPS is best reflected by adjusting for earnings that are attributed to equity instruments (other than ordinary shares) on an accrual basis and therefore adjusts the paid dividend on such instruments to accrued in arriving at adjusted EPS.

Dividends and earnings per share (continued)

	31 March 2014	31 March 2013*
Headline earnings per share – pence		
Headline earnings per share has been calculated in accordance with the definition in the Institute of Investment Management Research Statement of Investment Practice No. 1 'The Definition of Headline Earnings' and is disclosed in accordance with the JSE Listings Requirements and in terms of circular 2/2013 issued by the South African Institute of Chartered Accountants.	33.9	31.0
	£'000	£'000
Earnings attributable to shareholders	331 666	310 092
Impairment of goodwill	12 797	15 175
Preference dividends paid	(35 268)	(39 104)
Property revaluation, net of taxation	(13 760)	(19 223)
Gains on available-for-sale instruments recycled through the income statement	(2 972)	(1 713)
Headline earnings attributable to ordinary shareholders	292 463	265 227

* Restated.

Taxation on headline earnings adjustments amounted to £4.3 million (2013: £8.2 million) with no impact on earnings attributable to non-controlling interests.

THREE

Financial review and
additional information



Key risks



Risks relating to our operations

In our ordinary course of business we face a number of risks that could affect our business operations.

These risks are summarised briefly in the table below.

<p>Credit and counterparty risk exposes us to losses caused by financial or other problems experienced by our clients.</p>	<p>Operational risk may disrupt our business or result in regulatory action.</p>	<p>Legal and regulatory risks are substantial in our businesses.</p>
<p>Liquidity risk may impair our ability to fund our operations.</p>	<p>We are exposed to non-traded currency risk, where fluctuations in exchange rates against Pounds Sterling could have an impact on our financial results.</p>	<p>Reputational, strategic and business risk.</p>
<p>Our net interest earnings and net asset value may be adversely affected by interest rate risk.</p>	<p>We may be vulnerable to the failure of our systems and breaches of our security systems.</p>	<p>We may be exposed to pension risk in our UK operations.</p>
<p>Market, business and general economic conditions and fluctuations could adversely affect our businesses in a number of ways.</p>	<p>We may have insufficient capital in the future and may be unable to secure additional financing when it is required.</p>	<p>Employee misconduct could cause harm that is difficult to detect.</p>
<p>We may be unable to recruit, retain and motivate key personnel.</p>	<p>The financial services industry in which we operate is intensely competitive.</p>	<p>Retail conduct risk is the risk that we treat our customers unfairly and deliver inappropriate outcomes. Wholesale conduct risk is the risk of conducting ourselves negatively in the market.</p>

Additional risks and uncertainties not presently known to us or that we currently deem immaterial may in the future also negatively impact our business operations.

Key income drivers

We provide a wide range of financial products and services to a niche client base in three principal markets, the UK, South Africa and Australia. We are organised as a network comprising three principal business divisions: Asset Management, Wealth & Investment and Specialist Banking

Specialist Banking

There are therefore a number of key income drivers for our business which are discussed below and alongside.

Asset Management

Key income drivers

- Fixed fees as a percentage of assets under management
- Variable performance fees.

Income statement – primarily reflected as

- Fees and commissions.

Income impacted primarily by

- Movements in the value of the assets underlying client portfolios
- Performance of portfolios against set benchmarks
- Net flows.

Wealth & Investment

Key income drivers

- Investment management fees levied as a percentage of assets under management
- Commissions earned for executing transactions for clients

Income statement – primarily reflected as

- Fees and commissions.

Income impacted primarily by

- Movement in the value of assets underlying client portfolios
- The level of investment activity undertaken on behalf of clients, which, in turn, is affected by, among other things, the performance of the global stock markets (which drives investment opportunities), the equity investment risk appetite of our clients, tax considerations and market liquidity.

Key income drivers (continued)

Key income drivers	Income impacted primarily by	Income statement - primarily reflected as
<ul style="list-style-type: none"> • Size of portfolios • Clients' capital and infrastructural investments • Client activity • Credit spreads • Shape of yield curve. 	<ul style="list-style-type: none"> • Lending activities. 	<ul style="list-style-type: none"> • Net interest income • Fees and commission • Investment income.
<ul style="list-style-type: none"> • Capital employed in the business and capital adequacy targets • Asset and liability management policies and risk appetite • Regulatory requirements • Credit spreads. 	<ul style="list-style-type: none"> • Cash and near cash balances. 	<ul style="list-style-type: none"> • Net interest income • Trading income arising from balance sheet management activities.
<ul style="list-style-type: none"> • Distribution channels • Ability to create innovative products • Regulatory requirements • Credit spreads. 	<ul style="list-style-type: none"> • Deposit and product structuring and distribution. 	<ul style="list-style-type: none"> • Net interest income • Fees and commissions.
<ul style="list-style-type: none"> • Macro- and micro-economic market conditions • Availability of profitable exit routes • Whether appropriate market conditions exist to maximise gains on sale • Attractive investment opportunities • Credit spreads. 	<ul style="list-style-type: none"> • Investments made (including listed and unlisted equities; debt securities; investment properties) • Gains or losses on investments • Dividends received. 	<ul style="list-style-type: none"> • Net interest income • Investment income.
<ul style="list-style-type: none"> • The demand for our specialised advisory services, which, in turn, is affected by applicable tax, regulatory and other macro- and micro-economic fundamentals. 	<ul style="list-style-type: none"> • Advisory services. 	<ul style="list-style-type: none"> • Fees and commissions.
<ul style="list-style-type: none"> • Client activity • Market conditions/volatility • Asset and liability creation • Product innovation • Market risk factors, primarily volatility and liquidity. 	<ul style="list-style-type: none"> • Derivative sales, trading and hedging. 	<ul style="list-style-type: none"> • Fees and commissions • Trading income arising from customer flow.
<ul style="list-style-type: none"> • Levels of activity • Ability to create innovative products • Appropriate systems infrastructure. 	<ul style="list-style-type: none"> • Transactional banking services. 	<ul style="list-style-type: none"> • Net interest income • Fees and commissions.

Financial review

Income statement analysis

The overview that follows will highlight the main reasons for the variance in the major category line items on the face of the income statement during the year under review.



Further details on the key income drivers and significant variances in the various components of our operating income, expenses and profit can be found in the description of our principal businesses on pages 73 to 98.

Total operating income

Total operating income decreased by 2.9% to £1 941.0 million (2013: £1 999.5 million). The various components of total operating income are analysed below.

£'000	31 March 2014	% of total income	31 March 2013*	% of total income	% change
Net interest income	651 679	33.5%	703 607	35.2%	(7.4%)
Net fee and commission income	989 421	51.0%	966 820	48.4%	2.3%
Investment income	166 809	8.6%	181 992	9.1%	(8.3%)
Trading income arising from					
– customer flow	103 914	5.4%	70 859	3.5%	46.6%
– balance sheet management and other trading activities	10 587	0.5%	34 038	1.7%	(68.9%)
Other operating income	18 554	1.0%	42 153	2.1%	(56.0%)
Total operating income before impairments	1 940 964	100.0%	1 999 469	100.0%	(2.9%)

* Restated.

The following table sets out information on total operating income before impairment losses on loans and advances by geography for the year under review.

£'000	31 March 2014	% of total income	31 March 2013*	% of total income	% change
UK and Other	1 067 672	55.0%	1 060 090	53.0%	0.7%
Southern Africa	766 812	39.5%	806 657	40.4%	(4.9%)
Australia	106 480	5.5%	132 722	6.6%	(19.8%)
Total operating income before impairments	1 940 964	100.0%	1 999 469	100.0%	(2.9%)

* Restated.

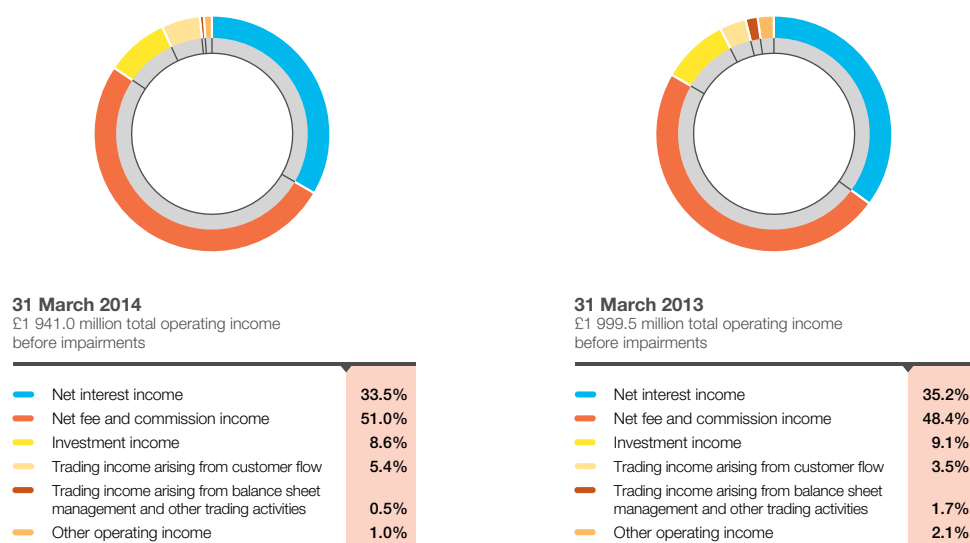
The following table sets out information on total operating income before impairment losses on loans and advances by division for the year under review.

£'000	31 March 2014	% of total income	31 March 2013*	% of total income	% change
Asset Management	414 180	21.4%	407 191	20.4%	1.7%
Wealth & Investment	288 033	14.8%	248 988	12.5%	15.7%
Specialist Banking	1 238 751	63.8%	1 343 290	67.1%	(7.8%)
Total operating income before impairments	1 940 964	100.0%	1 999 469	100.0%	(2.9%)

* Restated.

Financial review (continued)

% of total operating income before impairments



Net interest income

Net interest income decreased by 7.4% to £651.7 million (2013: £703.6 million) largely due to a lower return earned on certain higher yielding assets and on the legacy portfolios which are running down. This was partially offset by loan book growth and lower cost of funding, notably in the UK and Australia.

£'000	31 March 2014	31 March 2013*	Variance	% change
Asset Management	3 918	4 501	(583)	(13.0%)
Wealth & Investment	7 857	9 049	(1 192)	(13.2%)
Specialist Banking	639 904	690 057	(50 153)	(7.3%)
Net interest income	651 679	703 607	(51 928)	(7.4%)

* Restated.

A further analysis of interest received and interest paid is provided in the tables below.

For the year to 31 March 2014 £'000	Notes	UK and Other		Southern Africa		Australia		Total group	
		Balance sheet value	Interest received	Balance sheet value	Interest received	Balance sheet value	Interest received	Balance sheet value	Interest received
Cash, near cash and bank debt and sovereign debt securities	1	5 010 123	44 571	6 515 392	295 811	522 552	17 336	12 048 067	357 718
Core loans and advances	2	6 492 335	382 124	8 935 103	765 050	1 729 929	160 356	17 157 367	1 307 530
Private client		3 777 504	165 077	6 037 359	488 165	1 369 078	102 331	11 183 941	755 573
Corporate, institutional and other clients		2 714 831	217 047	2 897 744	276 885	360 851	58 025	5 973 426	551 957
Other debt securities and other loans and advances		1 634 693	73 497	656 089	31 088	8 165	1 101	2 298 947	105 686
Other interest earning assets	3	2 798 158	124 783	778 368	9 666	–	–	3 576 526	134 449
Total interest earning assets		15 935 309	624 975	16 884 952	1 101 615	2 260 646	178 793	35 080 907	1 905 383

Notes:

- Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities and; bank debt securities.
- Comprises (as per the balance sheet) loans and advances to customers and; own originated loans and advances to customers securitised.
- Comprises (as per the balance sheet) other securitised assets.

Financial review (continued)

For the year to 31 March 2014 £'000	Notes	UK and Other		Southern Africa		Australia		Total group	
		Balance sheet value	Interest paid	Balance sheet value	Interest paid	Balance sheet value	Interest paid	Balance sheet value	Interest paid
Deposits by banks and other debt related securities	4	3 035 188	64 931	2 493 082	62 435	105 617	11 611	5 633 887	138 977
Customer accounts		9 406 909	160 248	11 670 995	655 969	1 531 880	62 210	22 609 784	878 427
Other interest bearing liabilities	5	2 374 599	50 128	947 286	41 531	449 084	30 638	3 770 969	122 297
Subordinated liabilities		668 007	64 449	597 803	46 735	72 942	2 819	1 338 752	114 003
Total interest bearing liabilities		15 484 703	339 756	15 709 166	806 670	2 159 523	107 278	33 353 392	1 253 704
Net interest income			285 219		294 945		71 515		651 679

For the year to 31 March 2013* £'000	Notes	UK and Other		Southern Africa		Australia		Total group	
		Balance sheet value	Interest received	Balance sheet value	Interest received	Balance sheet value	Interest received	Balance sheet value	Interest received
Cash, near cash and bank debt and sovereign debt securities	1	5 324 884	47 511	7 622 170	315 841	707 398	16 076	13 654 452	379 428
Core loans and advances	2	6 045 063	357 343	10 164 864	853 372	2 205 046	180 301	18 414 973	1 391 016
Private client		3 024 629	162 618	6 900 949	557 108	1 402 295	112 566	11 327 873	832 292
Corporate, institutional and other clients		3 020 434	194 725	3 263 915	296 264	802 751	67 735	7 087 100	558 724
Other debt securities and other loans and advances		1 898 895	144 171	561 788	18 425	22 506	18 205	2 483 189	180 801
Other interest earning assets	3	3 106 741	161 727	896 467	19 743	–	–	4 003 208	181 470
Total interest earning assets		16 375 583	710 752	19 245 289	1 207 381	2 934 950	214 582	38 555 822	2 132 715

For the year to 31 March 2013* £'000	Notes	UK and Other		Southern Africa		Australia		Total group	
		Balance sheet value	Interest paid	Balance sheet value	Interest paid	Balance sheet value	Interest paid	Balance sheet value	Interest paid
Deposits by banks and other debt related securities	4	3 700 994	74 013	2 717 887	70 864	470 689	32 436	6 889 570	177 313
Customer accounts		9 489 748	219 180	13 278 098	669 085	1 692 820	79 411	24 460 666	967 676
Other interest bearing liabilities	5	2 486 153	63 119	1 265 885	54 652	477 903	30 486	4 229 941	148 257
Subordinated liabilities		664 624	62 714	1 004 562	69 987	82 620	3 161	1 751 806	135 862
Total interest bearing liabilities		16 341 519	419 026	18 266 432	864 588	2 724 032	145 494	37 331 983	1 429 108
Net interest income			291 726		342 793		69 088		703 607

* Restated.

Notes: Refer to page 33.

Financial review (continued)

Notes:

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

Net fee and commission income

Net fee and commission income increased by 2.3% to £989.4 million (2013: £966.8 million) as a result of higher average funds under management and net inflows in the Asset Management and Wealth Management businesses. The Specialist Banking business recorded a decrease in net fees and commissions due to lower corporate fees earned in the UK and Australia, with the South African business benefiting from increased client activity.

£'000	31 March 2014	31 March 2013*	Variance	% change
Asset Management	409 341	393 116	16 225	4.1%
Wealth & Investment	275 377	237 560	37 817	15.9%
Specialist Banking	304 703	336 144	(31 441)	(9.4%)
Net fee and commission income	989 421	966 820	22 601	2.3%

* Restated.

Further information on net fees by type of fee and geography is provided in the tables below.

For the year to 31 March 2014 £'000	UK and Other	Southern Africa	Australia	Total group
Asset management and wealth management businesses net fee and commission income	462 375	222 343	–	684 718
Fund management fees/fees for assets under management	497 863	191 271	–	689 134
Private client transactional fees	61 887	33 287	–	95 174
Fee and commission expense	(97 375)	(2 215)	–	(99 590)
Specialist Banking net fee and commission income	144 944	132 508	27 251	304 703
Corporate and institutional transactional and advisory services	158 040	118 667	19 013	295 720
Private client transactional fees	14 548	27 003	15 323	56 874
Fee and commission expense	(27 644)	(13 162)	(7 085)	(47 891)
Net fee and commission income	607 319	354 851	27 251	989 421
Annuity fees (net of fees payable)	443 583	257 662	17 844	719 089
Deal fees	163 736	97 189	9 407	270 332

For the year to 31 March 2013* £'000	UK and Other	Southern Africa	Australia	Total group
Asset management and wealth management businesses net fee and commission income	400 769	229 907	–	630 676
Fund management fees/fees for assets under management	451 084	201 182	–	652 266
Private client transactional fees	54 124	29 708	–	83 832
Fee and commission expense	(104 439)	(983)	–	(105 422)
Specialist Banking net fee and commission income	167 826	113 413	54 905	336 144
Corporate and institutional transactional and advisory services	168 286	92 709	49 850	310 845
Private client transactional fees	20 973	32 901	9 581	63 455
Fee and commission expense	(21 433)	(12 197)	(4 526)	(38 156)
Net fee and commission income	568 595	343 320	54 905	966 820
Annuity fees (net of fees payable)	392 722	254 073	26 138	672 933
Deal fees	175 873	89 247	28 767	293 887

* Restated.

Financial review (continued)

Investment income

Investment income decreased by 8.3% to £166.8 million (2013: £182.0 million). The group's private equity and property fund portfolios performed well, however, results were offset by lower income earned on the fixed income portfolio in the UK and investment property activity in South Africa.

£'000	31 March 2014	31 March 2013*	Variance	% change
Asset Management	28	36	(8)	(22.2%)
Wealth & Investment	2 183	555	1 628	>100.0%
Specialist Banking	164 598	181 401	(16 803)	(9.3%)
Investment income	166 809	181 992	(15 183)	(8.3%)

* Restated.

Further information on investment income is provided in the tables below.

For the year to 31 March 2014 £'000	UK and Other	Southern Africa	Australia	Total group
Realised	52 958	19 534	1 028	73 521
Unrealised	36 339	14 899	(1 348)	49 890
Dividend income	9 702	38 569	1 183	49 453
Funding and other net related (costs)/income	541	(5 292)	(1 304)	(6 055)
Investment income	99 540	67 710	(441)	166 809

For the year to 31 March 2014 £'000	Investment portfolio (listed and unlisted equities) [^]	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
UK and Other	96 603	(1 380)	-	4 317	99 540
Realised	36 614	11 457	-	4 887	52 958
Unrealised	50 480	(12 837)	-	(1 304)	36 339
Dividend income	9 509	-	-	193	9 702
Funding and other net related income	-	-	-	541	541
Southern Africa	43 092	(2 851)	23 450	4 019	67 710
Realised	12 607	-	8 610	(1 683)	19 534
Unrealised	1 746	(2 851)	16 374	(370)	14 899
Dividend income	38 569	-	-	-	38 569
Funding and other net related (costs)/income	(9 830)	-	(1 534)	6 072	(5 292)
Australia	3 970	-	-	(4 411)	(441)
Realised	1 208	-	-	(180)	1 028
Unrealised	1 579	-	-	(2 927)	(1 348)
Dividend income	1 183	-	-	-	1 183
Funding and other net related costs	-	-	-	(1 304)	(1 304)
Total investment income	143 665	(4 231)	23 450	3 925	166 809

[^] Including embedded derivatives (warrants and profit shares).

Financial review (continued)

For the year to 31 March 2013* £'000	UK and Other	Southern Africa	Australia	Total group
Realised	58 571	110 824	1 752	171 147
Unrealised	32 235	(18 362)	(1 654)	12 219
Dividend income	2 999	11 572	240	14 811
Funding and other net related (costs)/income	1 445	(17 830)	200	(16 185)
Investment income	95 250	86 204	538	181 992

* Restated.

For the year to 31 March 2013* £'000	Investment portfolio (listed and unlisted equities)^	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
UK and Other	32 162	56 919	–	6 169	95 250
Realised	917	51 301	–	6 353	58 571
Unrealised	28 246	5 618	–	(1 629)	32 235
Dividend income	2 999	–	–	–	2 999
Funding and other net related income	–	–	–	1 445	1 445
Southern Africa	35 728	6 791	44 818	(1 133)	86 204
Realised	51 938	–	61 548	(2 662)	110 824
Unrealised	(15 476)	6 791	(9 599)	(78)	(18 362)
Dividend income	11 572	–	–	–	11 572
Funding and other net related (costs)/income	(12 306)	–	(7 131)	1 607	(17 830)
Australia	(2 412)	1 617	–	1 333	538
Realised	64	1 617	–	71	1 752
Unrealised	(2 716)	–	–	1 062	(1 654)
Dividend income	240	–	–	–	240
Funding and other net related income	–	–	–	200	200
Total investment income	65 478	65 327	44 818	6 369	181 992

* Restated.

^ Including embedded derivatives (warrants and profit shares).

Trading income

Trading income arising from customer flow increased by 46.6% to £103.9 million (2013: £70.9 million) whilst trading income from other trading activities decreased by 68.9% to £10.6 million (2013: £34.0 million) due to gains arising from the sale of bonds not repeated in the current year.

Arising from customer flow

£'000	31 March 2014	31 March 2013	Variance	% change
Asset Management	–	–	–	n/a
Wealth & Investment	1 324	687	637	92.7%
Specialist Banking	102 590	70 172	32 418	46.2%
Trading income arising from customer flow	103 914	70 859	33 055	46.6%

Financial review (continued)

Arising from balance sheet management and other trading activities

£'000	31 March 2014	31 March 2013*	Variance	% change
Asset Management	(1 982)	(45)	(1 937)	(>100.0%)
Wealth & Investment	58	360	(302)	(83.9%)
Specialist Banking	12 511	33 723	(21 212)	(62.9%)
Trading income arising from balance sheet management and other trading activities	10 587	34 038	(23 451)	(68.9%)

* Restated.

Other operating income

Other operating income includes associate income and income earned on an operating lease portfolio.

Impairment losses on loans and advances

Impairments on loans and advances decreased from £251.0 million to £166.2 million. Impairments in the UK and South Africa were much improved, whilst Australia reported an increase over the year.

Since 31 March 2013 gross defaults have improved from £792.2 million to £658.7 million. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounted to 2.30% (2013: 2.73%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.27 times (2013: 1.26 times).



Further information is provided on pages 55 to 61.

£'000	31 March 2014	31 March 2013	Variance	% change
UK and Other	(104 792)	(171 187)	66 395	(38.8%)
Southern Africa	(39 241)	(61 976)	22 735	(36.7%)
Australia	(22 119)	(17 849)	(4 270)	23.9%
Total impairment losses on loans and advances	(166 152)	(251 012)	84 860	(33.8%)
Impairment losses on loans and advances in home currency				
Southern Africa (R'mn)	(636)	(833)	197	(23.6%)
Australia (A\$m)	(38.5)	(27.3)	(11.4)	42.1%

Operating costs

The ratio of total operating costs to total operating income was 67.5% (2013: 65.7%).

Total operating costs grew by 0.2% to £1 306.1 million (2013: £1 303.0 million) largely as a result of an increase in growth in the Asset Management and Wealth Management businesses. Fixed costs in the Specialist Bank have increased by inflation in home currencies.

Financial review (continued)

£'000	31 March 2014	% of total expenses	31 March 2013*	% of total expenses	% change
Staff costs	(897 743)	68.4%	(877 341)	66.5%	2.3%
– fixed	(592 192)	45.1%	(602 884)	45.7%	(1.8%)
– variable	(305 551)	23.3%	(274 457)	20.8%	11.3%
Business expenses	(196 866)	15.0%	(201 017)	15.2%	(2.1%)
Premises expenses (excluding depreciation)	(70 478)	5.4%	(73 642)	5.6%	(4.3%)
Equipment expenses (excluding depreciation)	(56 386)	4.3%	(65 092)	5.0%	(13.4%)
Marketing expenses	(55 923)	4.3%	(55 641)	4.2%	0.5%
Depreciation and impairment of property, plant, equipment and software	(28 706)	2.1%	(30 300)	2.3%	(5.3%)
Total operating expenses	(1 306 102)	99.5%	(1 303 033)	98.8%	0.2%
Depreciation on operating leased assets	(6 044)	0.5%	(16 072)	1.2%	(62.4%)
Total expenses	(1 312 146)	100.0%	(1 319 105)	100.0%	(0.5%)

* Restated.

The following table sets out certain information on total expenses by geography for the year under review.

£'000	31 March 2014	% of total expenses	31 March 2013*	% of total expenses	% change
UK and Other	(797 348)	60.8%	(753 206)	57.1%	5.9%
Southern Africa	(416 581)	31.7%	(454 427)	34.4%	(8.3%)
Australia	(98 217)	7.5%	(111 472)	8.5%	(11.9%)
Total expenses	(1 312 146)	100.0%	(1 319 105)	100.0%	(0.5%)

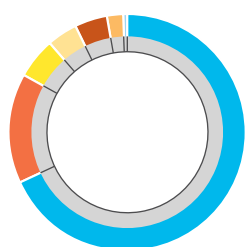
* Restated.

The following table sets out certain information on total expenses by division for the year under review.

£'000	31 March 2014	% of total expenses	31 March 2013*	% of total expenses	% change
Asset Management	(270 361)	20.6%	(266 784)	20.2%	1.3%
Wealth & Investment	(221 934)	16.9%	(198 321)	15.1%	11.9%
Specialist Banking	(819 851)	62.5%	(854 000)	64.7%	(4.0%)
Total expenses	(1 312 146)	100.0%	(1 319 105)	100.0%	(0.5%)

* Restated.

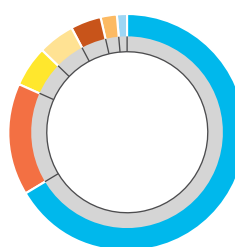
% of total expenses



31 March 2014

£1 312.1 million total expenses

Staff costs	68.4%
Business expenses	15.0%
Premises expenses	5.4%
Equipment expenses	4.3%
Marketing expenses	4.3%
Depreciation	2.1%
Depreciation on operating leased assets	0.5%



31 March 2013

£1 319.1 million total expenses

Staff costs	66.5%
Business expenses	15.2%
Premises expenses	5.6%
Equipment expenses	5.0%
Marketing expenses	4.2%
Depreciation	2.3%
Depreciation on operating leased assets	1.2%

Financial review (continued)

Key income drivers in our core businesses

The information below reflects our key income drivers in our core businesses.

Asset Management

Global business (in Pounds)	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Operating margin	34.7%	34.5%	35.7%	37.0%	33.4%	33.5%
Net inflows in funds under management as a % of opening funds under management	3.7%	6.7%	8.8%	16.0%	16.2%	2.6%
Average income yield earned on funds under management [^]	0.60%	0.62%	0.62%	0.66%	0.67%	0.70%

Wealth & Investment

Global business (in Pounds)	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Operating margin	22.9%	20.3%	19.7%	25.9%	n/a*	n/a*
Net organic growth in funds under management as a % of opening funds under management	3.5%	2.0%	(5.3%)	6.2%	n/a*	n/a*
Average income yield earned on funds under management [^]	0.70%	0.66%	0.61%	0.55%	n/a*	n/a*
UK and Other^{^^} (in Pounds)						
Operating margin	20.1%	17.3%	16.3%	24.5%	n/a*	n/a*
Net organic growth in funds under management as a % of opening funds under management	5.1%	1.3%	(7.4%)	3.5%	n/a*	n/a*
Average income yield earned on funds under management [^]	0.89%	0.86%	0.80%	0.68%	n/a*	n/a*
South Africa (in Rands)						
Operating margin	33.9%	31.3%	28.5%	28.9%	35.5%	35.3%
Net organic growth in discretionary funds under management as a % of opening discretionary funds under management	13.1%	13.9%	8.7%	6.0%	3.4%	(4.2%)
Average income yield earned on funds under management ^{^**}	0.40%	0.37%	0.39%	0.41%	0.41%	0.41%

* Prior to 25 June 2010, Rensburg Sheppards plc was an associate of Investec and not a 100% owned subsidiary.

** A large portion of the funds under management are non-discretionary funds.

[^] The average income yield on funds under management represents the total operating income for the period as a percentage of the average of opening and closing funds under management. This calculation does not take into account the impact of market movements throughout the period on funds under management or the timing of acquisitions and disposals during the respective periods.

^{^^} Other comprises European Wealth Management, which prior to 1 July 2010 was part of the Private Bank, Investec Wealth & Investment Ireland (formerly NCB), which was acquired on 12 June 2012 and Investec Wealth & Investment Channel Islands.

Financial review (continued)

Specialist Banking

	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Global business (in Pounds)						
Cost to income ratio	66.0%	63.1%	62.4%	60.1%	56.4%	54.5%
ROE post-tax [^]	7.2%	6.4%	5.1%	8.2%	11.4%	13.4%
Growth in net core loans	(6.8%)	1.0%	(2.8%)	4.8%	10.3%	26.2%
Growth in risk-weighted assets	(6.0%)	4.7%	0.6%	14.1%	16.4%	15.9%
Defaults (net of impairments as a % of core loans)	2.30%	2.73%	3.31%	4.66%	3.98%	2.28%
Credit loss ratio on core loans	0.68%	0.84%	1.12%	1.27%	1.16%	1.08%
UK and Other (in Pounds)						
Cost to income ratio	73.4%	65.9%	63.7%	63.2%	61.3%	60.0%
ROE post-tax [^]	4.3%	3.2%	2.5%	3.3%	8.2%	7.1%
Growth in net core loans	7.4%	4.4%	3.8%	2.6%	(8.8%)	10.3%
Growth in risk-weighted assets	6.3%	5.2%	4.6%	9.6%	5.3%	3.8%
Defaults (net of impairments as a % of core loans)	3.76%	4.34%	4.92%	4.23%	3.16%	3.51%
Credit loss ratio on core loans	0.95%	1.26%	1.22%	2.50%	1.85%	1.55%
Southern Africa (in Rands)						
Cost to income ratio	52.9%	55.5%	55.2%	54.7%	49.8%	48.5%
ROE post-tax [^]	11.2%	10.0%	9.6%	10.7%	13.8%	18.2%
Growth in net core loans	10.6%	10.2%	6.6%	0.3%	1.9%	14.1%
Growth in risk-weighted assets	11.0%	16.5%	11.9%	13.8%	3.6%	11.1%
Defaults (net of impairments as a % of core loans)	1.46%	1.89%	2.73%	3.97%	3.32%	2.12%
Credit loss ratio on core loans	0.42%	0.61%	0.65%	0.71%	0.68%	0.69%
Australia (in Australian Dollars)						
Cost to income ratio	91.9%	83.4%	96.9%	69.7%	61.9%	63.1%
ROE post-tax [^]	(3.8%)	1.1%	(10.8%)	1.6%	3.6%	0.6%
Growth in net core loans	(3.2%)	7.1%	(9.3%)	9.4%	3.4%	13.4%
Growth in risk-weighted assets	(6.9%)	14.7%	(11.9%)	16.9%	(4.3%)	2.9%
Defaults (net of impairments as a % of core loans)	1.12%	2.13%	1.70%	9.54%	10.26%	9.62%
Credit loss ratio on core loans	1.14%	0.85%	3.13%	1.53%	1.70%	2.23%

[^] Divisional ROEs are reported on a pre-tax basis. For the purpose of this calculation we have applied the group's effective tax rate to derive post-tax numbers. Capital as at 31 March 2014 was c.£1.0 billion in the UK, c.R22 billion in South Africa and c.A\$0.6 billion in Australia.

Financial review (continued)

Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests

As a result of the foregoing factors, our operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests increased by 6.0% from £426.3 million to £451.8 million.

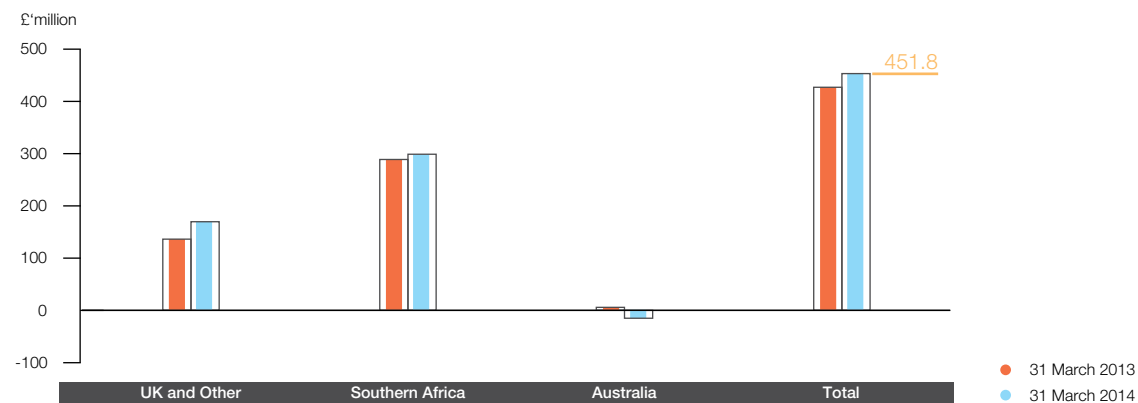
The following tables set out information on operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests by geography and by division for the year under review.

For the year to 31 March 2014 £'000	UK and Other	Southern Africa	Australia	Total group	% change	% of total
Asset Management	67 585	76 234	–	143 819	2.4%	31.8%
Wealth & Investment	46 065	20 034	–	66 099	30.5%	14.6%
Specialist Banking	54 602	201 153	(13 856)	241 899	2.8%	53.6%
Ongoing business	157 354	201 153	(3 222)	355 285	3.9%	78.6%
Legacy business	(102 752)	–	(10 634)	(113 386)	6.1%	(25.0%)
Total group	168 252	297 421	(13 856)	451 817	6.0%	100.0%
Other non-controlling interest – equity				10 849		
Operating profit				462 666		
% change	24.4%	3.4%	(>100.0%)	6.0%		
% of total	37.2%	65.9%	(3.1%)	100.0%		

For the year to 31 March 2013* £'000	UK and Other	Southern Africa	Australia	Total group	% of total
Asset Management	59 341	81 066	–	140 407	32.9%
Wealth & Investment	33 910	16 757	–	50 667	11.9%
Specialist Banking	42 049	189 754	3 401	235 204	55.2%
Ongoing business	128 249	189 754	23 928	341 931	80.2%
Legacy business	(86 200)	–	(20 527)	(106 727)	(25.0%)
Total group	135 300	287 577	3 401	426 278	100.0%
Non-controlling interest – equity				3 074	
Operating profit				429 352	
% of total	31.7%	67.5%	0.8%	100.0%	

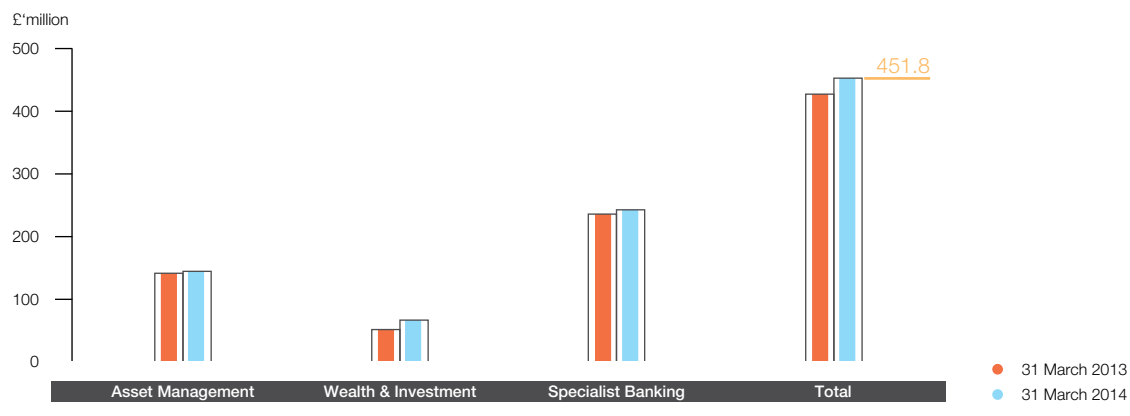
* Restated.

Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests by geography



Financial review (continued)

Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests by line of business



Impairment of goodwill

The current year's goodwill impairment relates to the restructure of the Australian business and certain Asset Management businesses acquired in prior years.

Goodwill and intangible assets analysis – balance sheet information

£'000	31 March 2014	31 March 2013
UK and Other	397 756	406 389
Asset Management	88 045	88 045
Wealth & Investment	242 951	243 102
Specialist Banking	66 760	75 242
Southern Africa	6 560	10 260
Asset Management	4 346	7 450
Wealth & Investment	1 963	2 494
Specialist Banking	251	316
Australia	29 255	50 257
Specialist Banking	29 255	50 257
Total goodwill	433 571	466 906
Intangible assets	159 169	178 567
Total goodwill and intangible assets	592 740	645 473

Amortisation of acquired intangibles

Amortisation of acquired intangibles relates to the Wealth & Investment business and mainly comprises amortisation of amounts attributable to client relationships.

Operating costs arising from integration, restructuring and partial disposal of subsidiaries

Operating costs arising from integration, restructuring and partial disposal of subsidiaries includes costs associated with the restructuring of the Australian business, as mentioned above, and operational costs associated with the implementation of the Asset Management transaction.

Financial review (continued)

Net gain on disposal of subsidiaries

Net gain on disposal of subsidiaries comprises a loss on the sale of the Trust businesses offset by a gain on disposal of Lease Direct Finance.

Taxation

The effective tax rate amounts to 17.1% (2013: 18.4%).

	Effective tax rates		31 March 2014	31 March 2013	% change
	2014	2013*	£'000	£'000*	
UK and Other	18.8%	23.4%	(31 164)	(31 801)	2.0%
Southern Africa	15.5%	16.8%	(48 140)	(48 693)	(1.1%)
Australia	1.1%	(42.0%)	154	1 430	(89.2%)
Tax	17.1%	18.4%	(79 150)	(79 064)	0.1%

* Restated.

Profits attributable to non-controlling interests

Profit attributable to non-controlling interests mainly comprises:

- £11.0 million profit attributable to non-controlling interests in the Asset Management business
- £15.8 million profit attributable to non-controlling interests in the Investec Property Fund
- A loss of £3.8 million relating to Euro denominated preferred securities issued by a subsidiary of Investec plc which are reflected on the balance sheet as part of non-controlling interests. (The transaction is hedged and a forex transaction loss arising on the hedge is reflected in operating profit before goodwill with the equal and opposite impact reflected in earnings attributable to non-controlling interests).

Earnings attributable to shareholders

As a result of the foregoing factors, earnings attributable to shareholders increased from £310.1 million to £331.7 million.

Dividends and earnings per share



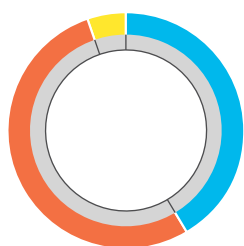
Information with respect to dividends and earnings per share is provided on page 24 and pages 115 to 120.

Balance sheet analysis

Since 31 March 2013:

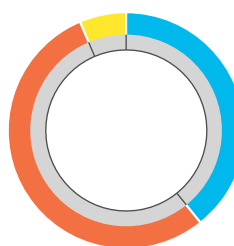
- Total shareholders' equity (including non-controlling interests) increased by 1.8% to £4.0 billion – an increase of 12.2% on a currency neutral basis. The weakening of the closing Rand and Australian exchange rates relative to Pounds Sterling has resulted in a reduction in total equity of £407.5 million
- Net asset value per share decreased 2.2% to 375.7 pence and net tangible asset value per share (which excludes goodwill and intangible assets) decreased by 0.7% to 308.7 pence largely as a result of the depreciation of the Rand as described above. On a currency neutral basis net asset value per share and net tangible asset value per share increased by 9.1% and 12.9%, respectively
- The return on adjusted average shareholders' equity increased from 9.4% to 10.1%
- The return on average risk-weighted assets increased from 1.06% to 1.14%.

Assets by geography



31 March 2014
£47 142 million total assets

UK and Other	41.6%
Southern Africa	53.2%
Australia	5.2%



31 March 2013
£52 010 million total assets

UK and Other	39.4%
Southern Africa	54.4%
Australia	6.2%

Financial review (continued)

Net tangible asset value per share

The group's net tangible asset value per share is reflected in the table below.

£'000	31 March 2014	31 March 2013*
Shareholders' equity	3 569 459	3 661 472
Less: perpetual preference shares issued by holding companies	(330 890)	(377 659)
Less: goodwill and intangible assets (excluding software)	(577 816)	(626 870)
Net tangible asset value	2 660 753	2 656 943
Number of shares in issue (million)	891.7	884.8
Treasury shares (million)	(29.7)	(30.1)
Number of shares in issue in this calculation (million)	862.0	854.7
Net tangible asset value per share (pence)	308.7	310.9
Net asset value per share (pence)	375.7	384.2

* Restated.

Return on risk-weighted assets

The group's return on risk-weighted assets is reflected in the table below.

	31 March 2014	31 March 2013*	Average	31 March 2012*	Average
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	327 824	309 310		257 579	
Investec plc risk-weighted assets (£'million)	13 711	13 705	13 708	12 827	13 266
Investec Limited risk-weighted assets [^] (£'million)	14 125	16 036	15 081	15 679	15 858
Total risk-weighted assets (£'million)	27 836	29 741	28 789	28 506	29 124
Return on average risk-weighted assets	1.14%	1.06%		0.91%	
[^] Investec Limited risk-weighted assets (R'million)	248 040	223 865		192 376	

* Restated.

Capital management and allocation

Although Investec plc (and its subsidiaries) and Investec Limited (and its subsidiaries) are managed independently, the approach to capital management is consistent across the two groups. The DLC structure requires the two groups to be considered independent from a capital perspective and hence capital is managed on this basis. This approach is exercised through the board risk and capital committee (via the Investec DLC capital committee) which is a board sub-committee with ultimate responsibility for the capital sufficiency of both Investec plc and Investec Limited.

The legal and regulatory treatment of capital is independent of existing shareholder arrangements that are in place to ensure that shareholders have common economic and voting interests as if Investec plc and Investec Limited were a single unified enterprise.

Investec plc is regulated by the Prudential Regulatory Authority (PRA) and the Financial Conduct Authority (FCA) in the UK and Investec Limited is regulated by the South African Reserve Bank (SARB). In addition, a number of subsidiaries are subject to the capital regulations of the regulators for the jurisdictions in which they operate.

The tables that follow provide information on our capital structure and capital adequacy ratios.

Financial review (continued)

Capital structure and capital adequacy

At 31 March 2014	Investec plc ^{*^} £'million	IBP [^] £'million	IBAL [^] A\$'million	Investec Limited ^{*^} R'million	IBL [^] R'million
Tier 1 capital					
Shareholders' equity	1 840	1 883	539	22 641	24 067
Shareholders' equity per balance sheet	2 089	1 912	539	26 490	25 601
Perpetual preference share capital and share premium	(150)	–	–	(3 183)	(1 534)
Equity holding in deconsolidated entities	–	–	–	(666)	–
Deconsolidation of special purpose entities	(99)	(29)	–	–	–
Non-controlling interests	4	(3)	–	470	–
Non-controlling interests per balance sheet	177	(3)	–	3 102	–
Non-controlling interests excluded for regulatory purposes	–	–	–	(2 632)	–
Non-controlling interests transferred to tier 1	(165)	–	–	–	–
Surplus non-controlling interest disallowed in CET1	(8)	–	–	–	–
Regulatory adjustments to the accounting basis	(32)	(11)	–	521	522
Defined benefit pension fund adjustment	(20)	–	–	–	–
Unrealised gains on available-for-sale equities	(7)	(7)	–	–	–
Additional value adjustments	(12)	(11)	–	–	–
Cash flow hedging reserve	7	7	–	521	522
Deductions	(608)	(480)	(152)	(221)	(102)
Goodwill and intangible assets net of deferred tax	(558)	(431)	(73)	(221)	(102)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(38)	(38)	–	–	–
Unconsolidated investments	–	–	(18)	–	–
Securitisation positions	(4)	(3)	(42)	–	–
Connected funding of a capital nature	(8)	(8)	–	–	–
Excess of deductions from additional tier 1	–	–	(19)	–	–
Common equity tier 1 capital	1 204	1 389	387	23 411	24 487
Additional tier 1 capital	234	–	–	3 764	1 227
Additional tier 1 instruments	295	–	–	4 717	1 534
Phase out of non-qualifying additional tier 1 instruments	(61)	–	–	(943)	(307)
Non-qualifying surplus capital attributable to non-controlling interest	–	–	–	(10)	–
Tier 1 capital	1 438	1 389	387	27 175	25 714

* Where: IBP is Investec Bank plc consolidated. IBAL is Investec Bank (Australia) Limited and IBL is Investec Bank Limited. The information for IBP includes IBAL. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.

^ The 2013 capital information for Investec plc and IBP was based on Basel II capital requirements. The 2013 capital information for Investec Limited, IBL and IBAL was based on Basel III capital requirements. 2014 capital information is based on Basel III capital requirements, as currently applicable in the UK, South Africa and Australia.

Financial review (continued)

Capital structure and capital adequacy (continued)

At 31 March 2014	Investec plc ^{*^} £'million	IBP ^{*^} £'million	IBAL ^{*^} A\$'million	Investec Limited ^{*^} R'million	IBL ^{*^} R'million
Tier 2 capital	662	637	125	9 846	10 670
Collective impairment allowances	–	–	–	172	172
Tier 2 instruments	686	642	27	10 498	10 498
Phase out of non-qualifying tier 2 instruments	–	(3)	98	–	–
Non-qualifying surplus capital attributable to non-controlling interests	(24)	(2)	–	(824)	–
Total regulatory capital	2 100	2 026	512	37 021	36 384
Risk-weighted assets	13 711	12 668	3 185	248 040	238 396
Capital ratios					
Common equity tier 1 ratio	8.8%	11.0%	12.2%	9.4%	10.3%
Tier 1 ratio	10.5%	11.0%	12.2%	11.0%	10.8%
Total capital ratio	15.3%	16.0%	16.1%	14.9%	15.3%

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Financial review (continued)

Capital structure and capital adequacy (continued)

At 31 March 2013	Investec plc [^] £'million	IBP [^] £'million	IBAL [^] A\$'million	Investec Limited [^] R'million	IBL [^] R'million
Tier 1 capital					
Shareholders' equity	1 842	1 889	596	19 819	21 975
Shareholders' equity per balance sheet	2 060	1 884	596	23 002	23 509
Perpetual preference share capital and share premium	(150)	–	–	(3 183)	(1 534)
Deconsolidation of special purpose entities	(68)	5	–	–	–
Non-controlling interests	(5)	(5)	–	–	–
Non-controlling interests per balance sheet	165	(5)	–	10	–
Non-controlling interests excluded for regulatory purposes	–	–	–	(10)	–
Non-controlling interests transferred to tier 1	(169)	–	–	–	–
Non-controlling interests in deconsolidated subsidiaries	(1)	–	–	–	–
Regulatory adjustments to the accounting basis	(31)	(10)	2	446	446
Unrealised losses on available-for-sale debt securities	2	2	–	–	–
Defined benefit pension fund adjustment	(22)	–	–	–	–
Unrealised gains on available-for-sale equities	(7)	(8)	2	–	–
Additional value adjustments	(16)	(16)	–	–	–
Cash flow hedging reserve	12	12	–	446	446
Deductions	(600)	(476)	(193)	(235)	(90)
Goodwill and intangible assets net of deferred tax	(598)	(472)	(105)	(235)	(90)
Unconsolidated investments	–	–	(23)	–	–
Securitisation positions	(2)	(2)	(55)	–	–
Excess of deductions from additional tier 1	–	(2)	(10)	–	–
Common equity tier 1 capital/core tier 1	1 206	1 398	405	20 030	22 331
Additional tier 1 capital	299	–	–	4 222	1 381
Additional tier 1 instruments	299	–	–	4 717	1 534
Phase out of non-qualifying additional tier 1 instruments	–	–	–	(472)	(153)
Non-qualifying surplus capital attributable to non-controlling interests	–	–	–	(23)	–
Deductions	(4)	–	–	–	–
Unconsolidated investments	(4)	–	–	–	–
Tier 1 capital	1 501	1 398	405	24 252	23 712

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Financial review (continued)

Capital structure and capital adequacy (continued)

	Investec plc ^{*^} £'million	IBP ^{*^} £'million	IBAL ^{*^} A\$'million	Investec Limited ^{*^} R'million	IBL ^{*^} R'million
At 31 March 2013					
Tier 2 capital					
Total qualifying tier 2 capital before deductions	840	685	135	10 961	11 493
Unrealised gains on available-for-sale equities	7	8	–	–	–
Collective impairment allowances	120	20	–	122	122
Tier 2 instruments	713	657	25	12 496	12 496
Phase out of non-qualifying tier 2 instruments	–	–	110	(1 125)	(1 125)
Non qualifying surplus capital attributable to non-controlling interests	–	–	–	(532)	–
Deductions	(6)	(4)	–	(435)	–
Unconsolidated investments	(4)	(2)	–	–	–
Investments that are not material holdings or qualifying holdings	–	–	–	(435)	–
Securitisation positions	(2)	(2)	–	–	–
Total tier 2 capital	834	681	135	10 526	11 493
Total capital deductions	(57)	(54)	–	–	–
Investments that are not material holdings or qualifying holdings	(51)	(48)	–	–	–
Connected lending of a capital nature	(6)	(6)	–	–	–
Total regulatory capital	2 278	2 025	540	34 778	35 205
Risk-weighted assets	13 705	12 606	3 421	223 865	217 715
Capital ratios					
Core tier 1 ratio/common equity tier 1 ratio	8.8%	11.1%	11.8%	8.9%	10.3%
Tier 1 ratio	11.0%	11.1%	11.8%	10.8%	10.9%
Total capital ratio	16.7%	16.1%	15.8%	15.5%	16.2%

* Where: IBP is Investec Bank plc consolidated. IBAL is Investec Bank (Australia) Limited and IBL is Investec Bank Limited. The information for IBP includes IBAL. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.

^ The 2013 capital information for Investec plc and IBP was based on Basel II capital requirements. The 2013 capital information for Investec Limited, IBL and IBAL was based on Basel III capital requirements. 2014 capital information is based on Basel III capital requirements, as currently applicable in the UK, South Africa and Australia, respectively.

Financial review (continued)

Capital requirements

At 31 March 2014	Investec plc ^{*^} £'million	IBP ^{*^} £'million	IBAL ^{*^} A\$'million	Investec Limited ^{*^} R'million	IBL ^{*^} R'million
Capital requirements	1 097	1 014	412	24 804	23 840
Credit risk – prescribed standardised exposure classes	830	787	344	18 308	17 611
Corporates	298	294	95	11 082	10 418
Secured on real estate property	161	154	12	1 601	1 601
Short-term claims on institutions and corporates	–	–	3	2 732	2 722
Retail	102	102	194	544	544
Institutions	41	38	15	1 064	1 064
Other exposure classes	218	189	25	199	176
Securitisation exposures	10	10	–	1 086	1 086
Equity risk – standardised approach	21	21	–	3 325	3 865
Listed equities	5	5	–	217	757
Unlisted equities	16	16	–	3 108	3 108
Counterparty credit risk	22	22	9	648	648
Credit valuation adjustment risk	16	16	–	–	–
Market risk	55	52	7	473	395
Interest rate	21	21	7	117	117
Foreign exchange	8	5	–	98	98
Securities underwriting	1	1	–	–	–
Commodities	–	–	–	5	5
Equities	22	22	–	253	175
Options	3	3	–	–	–
Operational risk – standardised approach	153	116	52	2 050	1 321
At 31 March 2013					
Capital requirements	1 096	1 007	446	21 268	20 681
Credit risk – prescribed standardised exposure classes	842	795	380	15 360	14 798
Corporates	277	279	142	9 498	9 023
Secured on real estate property	232	224	16	1 513	1 513
Short-term claims on institutions and corporates	–**	–**	3	2 223	2 155
Retail	102	102	154	326	325
Institutions	33	31	9	1 058	1 058
Other exposure classes	184	145	55	91	73
Securitisation exposures	14	14	1	651	651
Equity risk – standardised approach	29	28	–	2 845	3 472
Listed equities	4	4	–	145	789
Unlisted equities	25	24	–	2 700	2 683
Counterparty credit risk	26	26	9	716	716
Market risk	61	61	6	449	426
Interest rate	23	22	6	117	117
Foreign exchange	12	13	–	74	74
Commodities	–	–	–	2	2
Equities	24	24	–	256	233
Options	2	2	–	–	–
Operational risk – standardised approach	138	97	51	1 898	1 269

* Where: IBP is Investec Bank plc consolidated. IBAL is Investec Bank (Australia) Limited and IBL is Investec Bank Limited. The information for IBP includes IBAL. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.

^ The 2013 capital information for Investec plc and IBP was based on Basel II capital requirements. The 2013 capital information for Investec Limited, IBL and IBAL was based on Basel III capital requirements. 2014 capital information is based on Basel III capital requirements, as currently applicable in the UK, South Africa and Australia, respectively.

** Short-term claims on institutions and corporates reclassified to exposure classes corporates and institutions as we have no short-term credit assessment available for these claims.

Financial review (continued)

Risk-weighted assets

At 31 March 2014	Investec plc ^{*^} £'million	IBP ^{*^} £'million	IBAL ^{*^} A\$'million	Investec Limited ^{*^} R'million	IBL ^{*^} R'million
Risk-weighted assets (banking and trading)	13 711	12 668	3 185	248 040	238 396
Credit risk – prescribed standardised exposure classes	10 374	9 844	2 659	183 080	176 112
Corporates	3 728	3 683	729	110 817	104 181
Secured on real estate property	2 007	1 923	94	16 011	16 011
Short term claims on institutions and corporates	–	–	25	27 319	27 215
Retail	1 281	1 278	1 496	5 441	5 441
Institutions	506	473	118	10 644	10 644
Other exposure classes	2 729	2 364	194	1 987	1 759
Securitisation exposures	123	123	3	10 861	10 861
Equity risk – standardised approach	267	267	–	33 250	38 653
Listed equities	62	62	–	2 167	7 570
Unlisted equities	205	205	–	31 083	31 083
Counterparty credit risk	271	271	70	6 479	6 479
Credit valuation adjustment risk	194	194	–	–	–
Market risk	689	648	54	4 731	3 947
Interest rate	262	262	52	1 174	1 174
Foreign exchange	98	57	2	978	978
Securities underwriting	13	13	–	–	–
Commodities	–	–	–	50	50
Equities	276	276	–	2 529	1 745
Options	40	40	–	–	–
Operational risk – standardised approach	1 916	1 444	402	20 500	13 205
At 31 March 2013					
Risk-weighted assets (banking and trading)	13 705	12 606	3 421	223 865	217 715
Credit risk – prescribed standardised exposure classes	10 532	9 952	2 914	161 678	155 781
Corporates	3 466	3 489	1 092	99 975	94 983
Secured on real estate property	2 904	2 799	122	15 925	15 925
Short-term claims on institutions and corporates	–**	–**	20	23 397	22 685
Retail	1 276	1 276	1 184	3 428	3 426
Institutions	409	393	69	11 141	11 141
Other exposure classes	2 296	1 814	423	959	768
Securitisation exposures	181	181	4	6 853	6 853
Equity risk – standardised approach	352	349	–	29 948	36 548
Listed equities	47	47	–	1 531	8 306
Unlisted equities	305	302	–	28 417	28 242
Counterparty credit risk	328	330	68	7 537	7 537
Market risk	762	767	46	4 728	4 488
Interest rate	286	275	43	1 229	1 229
Foreign exchange	150	166	3	783	783
Commodities	–	–	–	20	20
Equities	296	296	–	2 696	2 456
Options	30	30	–	–	–
Operational risk – standardised approach	1 731	1 208	393	19 974	13 361

* Where: IBP is Investec Bank plc consolidated. IBAL is Investec Bank (Australia) Limited and IBL is Investec Bank Limited. The information for IBP includes IBAL. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.

^ The 2013 capital information for Investec plc and IBP was based on Basel II capital requirements. The 2013 capital information for Investec Limited, IBL and IBAL was based on Basel III capital requirements. 2014 capital information is based on Basel III capital requirements, as currently applicable in the UK, South Africa and Australia, respectively.

** Short-term claims on institutions and corporates reclassified to exposure classes corporates and institutions as we have no short-term credit assessment available for these claims.

Financial review (continued)

A summary of capital adequacy and leverage ratios

As at 31 March 2014	Investec plc [^]	Investec Bank plc [^]	Investec Bank (Australia) Limited	Investec Limited	Investec Bank Limited
Common equity tier 1 (as reported)	8.8%	11.0%	12.2%	9.4%	10.3%
Common equity tier 1 ("fully loaded") ^{^^}	8.8%	11.0%	12.2%	9.3%	10.2%
Tier 1 (as reported)	10.5%	11.0%	12.2%	11.0%	10.8%
Total capital adequacy ratio (as reported)	15.3%	16.0%	16.1%	14.9%	15.3%
Leverage ratio** – permanent capital	7.7%	7.4%	11.2%	7.4%	7.2%
Leverage ratio** – current	7.4%	7.4%	11.2%	7.2%	7.2%
Leverage ratio** – "fully loaded" ^{^^}	6.2%	7.4%	11.2%	6.2%	6.8%

[^] The capital adequacy disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the group operates. For Investec plc and Investec Bank plc this does not include the deduction of foreseeable dividends when calculating common equity tier 1 as now required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of the final proposed ordinary and preference dividends totalling £61 million for Investec plc and £32 million for Investec Bank plc would be around 50bps and 30bps, respectively.

^{^^} Based on the group's understanding of current and draft regulations. "Fully loaded" is based on Basel III capital requirements as fully phased in by 2022.

** The leverage ratios are calculated on an end-quarter basis so as to show a consistent basis of calculation across the jurisdictions in which the group operates.

ROE by country and business

Return on capital by segment

Methodology based on segmental information after reallocation of:

- A notional return on capital (net of the cost of subordinated debt) which is managed and borne in the centre from 'Other Activities in the Specialist Bank' to the business segments based on their total capital utilisation.

£'000	31 March 2014	31 March 2013*	Average	31 March 2012*	Average
Calculation of average shareholders' equity					
Ordinary shareholders' equity	3 238 569	3 283 813	3 261 191	3 277 636	3 280 725
Goodwill and intangible assets (excluding software)	(577 816)	(626 870)	(602 343)	(637 773)	(632 322)
Adjusted tangible shareholders' equity	2 660 753	2 656 943	2 658 848	2 639 863	2 648 403

* Restated.

£'000	31 March 2014	31 March 2013*
Operating profit before goodwill, acquired intangibles, non-operating items and taxation	462 666	429 352
Non-controlling interests	(21 880)	(3 317)
Accrued preference dividends, adjusted for currency hedge	(33 812)	(37 661)
Revised operating profit	406 974	388 374
Tax on ordinary activities	(79 150)	(79 064)
Revised operating profit after tax	327 824	309 310
Pre-tax return on average ordinary shareholders' equity	12.5%	11.8%
Post-tax return on average ordinary shareholders' equity	10.1%	9.4%
Pre-tax return on average tangible ordinary shareholders' equity	15.3%	14.7%
Post-tax return on average tangible ordinary shareholders' equity	12.3%	11.7%

* Restated.

Financial review (continued)

ROE by geography

£'000	UK and Europe	Southern Africa	Australia	Total group
Operating profit before goodwill, acquired intangibles, non-operating items and taxation	165 532	310 990	(13 856)	462 666
Tax on profit on ordinary activities	(31 164)	(48 140)	154	(79 150)
Non-controlling interests	(2 815)	(19 065)	–	(21 880)
Accrued preference dividends, adjusted for currency hedge	(13 502)	(20 310)	–	(33 812)
Profit on ordinary activities after taxation – 31 March 2014	118 051	223 475	(13 702)	327 824
Profit on ordinary activities after taxation – 31 March 2013*	89 631	214 848	4 831	309 310
Ordinary shareholders' equity – 31 March 2014	1 628 517	1 299 122	310 930	3 238 569
Goodwill and intangible assets (excluding software)	(530 171)	(6 559)	(41 086)	(577 816)
Tangible ordinary shareholders' equity – 31 March 2014	1 098 346	1 292 563	269 844	2 660 753
Ordinary shareholders' equity – 31 March 2013	1 465 110	1 401 732	416 971	3 283 813
Goodwill and intangible assets (excluding software)	(549 581)	(10 260)	(67 029)	(626 870)
Tangible ordinary shareholders' equity – 31 March 2013*	915 529	1 391 472	349 942	2 656 943
Average ordinary shareholders' equity – 31 March 2014	1 546 814	1 350 426	363 951	3 261 191
Average ordinary shareholders' equity – 31 March 2013*	1 493 055	1 385 321	402 349	3 280 725
Average tangible shareholders' equity – 31 March 2014	1 006 939	1 342 016	309 893	2 658 848
Average tangible shareholders' equity – 31 March 2013*	936 927	1 373 342	338 134	2 648 403
Post-tax return on average ordinary shareholders' equity – 31 March 2014	7.6%	16.5%	(3.8%)	10.1%
Post-tax return on average ordinary shareholders' equity – 31 March 2013*	6.0%	15.5%	1.2%	9.4%
Post-tax return on average tangible shareholders' equity – 31 March 2014	11.7%	16.7%	(4.4%)	12.3%
Post-tax return on average tangible shareholders' equity – 31 March 2013*	9.6%	15.6%	1.4%	11.7%
Pre-tax return on average ordinary shareholders' equity – 31 March 2014	9.6%	20.1%	(3.8%)	12.5%
Pre-tax return on average ordinary shareholders' equity – 31 March 2013*	8.7%	18.3%	0.8%	11.8%
Pre-tax return on average tangible shareholders' equity – 31 March 2014	14.8%	20.2%	(4.5%)	15.3%
Pre-tax return on average tangible shareholders' equity – 31 March 2013*	13.7%	18.5%	1.0%	14.7%

* Restated.

Financial review (continued)

ROE by business

£'000	Asset Management	Wealth & Investment	Specialist Banking	Adjusted Wealth & Investment [^]
Total operating profit, after other non-controlling interests	143 819	66 099	241 899	66 099
Notional return on regulatory capital	1 880	1 176	(3 056)	1 176
Notional cost of statutory capital	(970)	(11 706)	12 676	(11 706)
Cost of subordinated debt	(979)	(623)	1 602	(623)
Cost of preference shares	(523)	(360)	(32 929)	(360)
Absorption of additional residual costs ^{**}	(10 226)	(4 669)	14 895	(4 669)
Adjusted earnings – 31 March 2014	133 001	49 917	235 087	49 917
Adjusted earnings – 31 March 2013*	128 619	45 335	214 420	45 335
Ordinary shareholders' equity – 31 March 2014	147 123	451 700	2 639 746	292 650
Goodwill and intangible assets (excluding software)	(92 391)	(388 329)	(97 096)	(229 279)
Tangible ordinary shareholders' equity – 31 March 2014	54 732	63 371	2 542 650	63 371
Ordinary shareholders' equity – 31 March 2013	127 955	415 797	2 740 061	256 747
Goodwill and intangible assets (excluding software)	(95 495)	(402 363)	(129 012)	(243 313)
Tangible ordinary shareholders' equity – 31 March 2013*	32 460	13 434	2 611 049	13 434
Average ordinary shareholders' equity – 31 March 2014	137 539	433 749	2 689 903	274 699
Average ordinary shareholders' equity – 31 March 2013*	135 279	445 561	2 699 885	286 511
Average tangible shareholders' equity – 31 March 2014	43 596	38 403	2 576 849	38 403
Average tangible shareholders' equity – 31 March 2013*	38 265	43 208	2 566 930	43 208
Pre-tax return on average ordinary shareholders' equity – 31 March 2014	96.7%	11.5%	8.7%	18.2%
Pre-tax return on average ordinary shareholders' equity – 31 March 2013*	95.1%	10.2%	7.9%	15.8%
Pre-tax return on average tangible shareholders' equity – 31 March 2014	305.1%	130.0%	9.1%	130.0%
Pre-tax return on average tangible shareholders' equity – 31 March 2013*	336.1%	104.9%	8.4%	104.9%

* Restated.

** This allocation represents a portion of the costs remaining in the centre which are indirectly allocated to operating divisions as they facilitate their operations but are excluded in calculating performance incentive remuneration. These allocations are based on management's estimates of relative benefit derived.

[^] The adjusted Wealth and Investment is consistent with the group computation, except for:

- An adjustment of £159.1 million between ordinary shareholders funds and goodwill which represents historical accounting gains, with a corresponding effective increase in goodwill. These gains were excluded from group adjusted earnings (2006 and 2011) and related to the sale of Carr Sheppards Crosthwaite Ltd (CSC) to Rensburg plc (subsequently renamed Rensburg Sheppards plc) on 6 May 2005 and the subsequent gain on the acquisition of the remaining share in Rensburg Sheppards plc on 25 June 2010.
- The average equity calculations take into consideration the timing of the acquisition of the Evolution group.

Financial review (continued)

Operating profit (before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests) per employee

By division	Asset Management	Wealth & Investment	Specialist Banking	Total group
Number of employees – 31 March 2014	1 468	1 383	5 407	8 258
Number of employees – 31 March 2013	1 268	1 332	5 551	8 151
Number of employees – 31 March 2012	1 173	1 319	5 289	7 781
Average employees – year to 31 March 2014	1 368	1 358	5 479	8 205
Average employees – year to 31 March 2013	1 220	1 326	5 420	7 966
Operating profit – year to 31 March 2014 (£'000)	143 819	66 099	241 899	451 817
Operating profit – year to 31 March 2013 (£'000)*	140 407	50 667	235 204	426 278
Operating profit per employee [^] – 31 March 2014 (£'000)	105.1	48.7	44.2	55.1
Operating profit per employee [^] – 31 March 2013 (£'000)*	115.1	38.2	43.4	53.5

* Restated.

By geography	UK and Other	Southern Africa	Australia	Total group
Number of employees – 31 March 2014	3 407	4 404	447	8 258
Number of employees – 31 March 2013	3 495	4 168	488	8 151
Number of employees – 31 March 2012	3 289	4 068	424	7 781
Average employees – year to 31 March 2014	3 451	4 286	468	8 205
Average employees – year to 31 March 2013	3 392	4 118	456	7 966
Operating profit/(loss) – year to 31 March 2014 (£'000)	168 252	297 421	(13 856)	451 817
Operating profit – year to 31 March 2013 (£'000)*	135 300	287 577	3 401	426 278
Operating profit/(loss) per employee [^] – 31 March 2014 (£'000)	48.8	69.4	(29.6)	55.1
Operating profit per employee [^] – 31 March 2013 (£'000)*	39.9	69.8	7.5	53.5

* Restated.

[^] Based on average number of employees over the year.

Financial review (continued)

Total third party assets under management

£'million	31 March 2014	31 March 2013
Asset Management	68 017	69 822
UK and Other	42 006	41 569
Southern Africa	26 011	28 253
Wealth & Investment	41 524	40 350
UK and Other	26 950	24 733
Southern Africa	14 574	15 617
Property Activities	272	320
Southern Africa	144	185
Australia	128	135
Australia other funds	128	186
Total	109 941	110 678

A further analysis of third party assets under management

At 31 March 2014 £'million	UK and Other	Southern Africa	Australia	Total
Asset Management	42 006	26 011	–	68 017
Mutual funds	15 386	11 180	–	26 566
Segregated mandates	26 620	14 831	–	41 451
Wealth & Investment	26 950	14 574	–	41 524
Discretionary	18 889	2 674	–	21 563
Non-discretionary	7 823	11 900	–	19 723
Other	238	–	–	238
Property Activities	–	144	128	272
Australia other funds	–	–	128	128
Total third party assets under management	68 956	40 729	256	109 941

At 31 March 2013* £'million	UK and Other	Southern Africa	Australia	Total
Asset Management	41 569	28 253	–	69 822
Mutual funds	17 004	11 847	–	28 851
Segregated mandates	24 565	16 406	–	40 971
Wealth & Investment	24 733	15 617	–	40 350
Discretionary	16 806	2 604	–	19 410
Non-discretionary	7 580	13 013	–	20 593
Other	347	–	–	347
Property Activities	–	185	135	320
Australia other funds	–	–	186	186
Total third party assets under management	66 302	44 055	321	110 678

* Restated.

Asset quality and impairments

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

Core loans and advances comprise:

- Loans and advances to customers as per the balance sheet
- Own originated loans and advances to customers securitised as per the balance sheet.

£'000	31 March 2014	31 March 2013
Loans and advances to customers as per the balance sheet	16 281 612	17 484 524
Add: own originated loans and advances securitised as per the balance sheet	875 755	930 449
Net core loans and advances to customers	17 157 367	18 414 973

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

£'000	31 March 2014	31 March 2013
Gross core loans and advances to customers	17 421 930	18 705 167
Total impairments	(264 563)	(290 194)
Portfolio impairments	(26 337)	(15 531)
Specific impairments	(238 226)	(274 663)
Net core loans and advances to customers	17 157 367	18 414 973
Average gross core loans and advances to customers	18 063 549	18 601 373
Current loans and advances to customers	16 543 731	17 646 205
Past due loans and advances to customers (1 – 60 days)	166 537	177 080
Special mention loans and advances to customers	52 983	89 691
Default loans and advances to customers	658 679	792 191
Gross core loans and advances to customers	17 421 930	18 705 167
Current loans and advances to customers	16 543 731	17 646 205
Default loans that are current and not impaired	52 729	12 398
Gross core loans and advances to customers that are past due but not impaired	273 171	359 034
Gross core loans and advances to customers that are impaired	552 299	687 530
Gross core loans and advances to customers	17 421 930	18 705 167
Total income statement charge for impairments on core loans and advances	(122 473)	(156 727)
Gross default loans and advances to customers	658 679	792 191
Specific impairments	(238 226)	(274 663)
Portfolio impairments	(26 337)	(15 531)
Defaults net of impairments	394 116	501 997
Collateral and other credit enhancements	499 267	634 309
Net default loans and advances to customers (limited to zero)	–	–
Ratios		
Total impairments as a % of gross core loans and advances to customers	1.52%	1.55%
Total impairments as a % of gross default loans	40.17%	36.63%
Gross defaults as a % of gross core loans and advances to customers	3.78%	4.24%
Defaults (net of impairments) as a % of net core loans and advances to customers	2.30%	2.73%
Net defaults as a % of gross core loans and advances to customers	–	–
Credit loss ratio (i.e. income statement impairment charge as a % of average core gross loans and advances)	0.68%	0.84%

Financial review (continued)

Asset quality by region

£'000	UK and Europe		Southern Africa		Australia		Total	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Gross core loans and advances to customers	6 674 401	6 220 626	9 006 363	10 261 868	1 741 166	2 222 673	17 421 930	18 705 167
Total impairments	(182 066)	(175 563)	(71 260)	(97 004)	(11 237)	(17 627)	(264 563)	(290 194)
Portfolio impairments	(15 045)	(5 000)	(9 900)	(8 835)	(1 392)	(1 696)	(26 337)	(15 531)
Specific impairments	(167 021)	(170 563)	(61 360)	(88 169)	(9 845)	(15 931)	(238 226)	(274 663)
Net core loans and advances to customers	6 492 335	6 045 063	8 935 103	10 164 864	1 729 929	2 205 046	17 157 367	18 414 973
% of total	37.8%	32.8%	52.1%	55.2%	10.1%	12.0%	100.0%	100.0%
% change since 31 March 2013	7.4%	-	(12.1%)*	-	(21.5%)*	-	(1.0%)	-
Average gross core loans and advances to customers	6 447 514	6 080 420	9 634 116	10 429 335	1 981 920	2 091 618	18 063 549	18 601 373
Current loans and advances to customers	6 127 663	5 641 901	8 724 114	9 864 944	1 691 954	2 139 360	16 543 731	17 646 205
Past due loans and advances to customers (1 – 60 days)	106 417	113 724	42 504	45 731	17 616	17 625	166 537	177 080
Special mention loans and advances to customers	14 011	26 972	38 042	61 724	930	995	52 983	89 691
Default loans and advances to customers	426 310	438 029	201 703	289 469	30 666	64 693	658 679	792 191
Gross core loans and advances to customers	6 674 401	6 220 626	9 006 363	10 261 868	1 741 166	2 222 673	17 421 930	18 705 167
Current loans and advances to customers	6 127 663	5 641 901	8 724 114	9 864 944	1 691 954	2 139 360	16 543 731	17 646 205
Default loans that are current and not impaired	43 508	8 006	9 221	4 392	-	-	52 729	12 398
Gross core loans and advances to customers that not past due but not impaired	121 402	146 038	125 955	181 101	25 814	31 895	273 171	359 034
Gross core loans and advance to customers that are impaired	381 828	424 681	147 073	211 431	23 398	51 418	552 299	687 530
Gross core loans and advances to customers	6 674 401	6 220 626	9 006 363	10 261 868	1 741 166	2 222 673	17 421 930	18 705 167
Total income statement charge for impairments on core loans and advances	(61 113)	(76 902)	(39 241)	(61 976)	(22 119)	(17 849)	(122 473)	(156 727)
Gross default loans and advances to customers	426 310	438 029	201 703	289 469	30 666	64 693	658 679	792 191
Specific impairments	(167 021)	(170 563)	(61 360)	(88 169)	(9 845)	(15 931)	(238 226)	(274 663)
Portfolio impairments	(15 045)	(5 000)	(9 900)	(8 835)	(1 392)	(1 696)	(26 337)	(15 531)
Defaults net of impairments	244 244	262 466	130 443	192 465	19 429	47 066	394 116	501 997
Collateral and other credit enhancements	262 862	306 490	202 153	277 988	34 252	49 831	499 267	634 309
Net default loans and advances to customers (limited to zero)	-	-	-	-	-	-	-	-

* Impacted by the depreciation of the Rand and Australian Dollar against Pounds Sterling. Neutral currency book growth for South Africa of 10.6% and the Australian book declined by 3.2%.

Financial review (continued)

Asset quality by region (continued)

	UK and Europe		Southern Africa		Australia		Total	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Ratios								
Total impairments as a % of gross core loans and advances to customers	2.73%	2.82%	0.79%	0.95%	0.65%	0.79%	1.52%	1.55%
Total impairments as a % of gross default loans	42.71%	40.08%	35.33%	33.51%	36.64%	27.25%	40.17%	36.63%
Gross defaults as a % of gross core loans and advances to customers	6.39%	7.04%	2.24%	2.82%	1.76%	2.91%	3.78%	4.24%
Defaults (net of impairments) as a % of net core loans and advances to customers	3.76%	4.34%	1.46%	1.89%	1.12%	2.13%	2.30%	2.73%
Net defaults as a % of gross core loans and advances to customers	–	–	–	–	–	–	–	–
Credit loss ratio (i.e. income statement impairment charge as a % of average gross core loans and advances)	0.95%	1.26%	0.42%	0.61%	1.12%	0.85%	0.68%	0.84%

Financial review (continued)

An analysis of default core loans and advances as at 31 March 2014

	UK and Europe					Southern Africa		
£'000	Gross core loans	Gross defaults	Collateral	Balance sheet impairments	Income statement impairments	Gross core loans	Gross defaults	Collateral
Lending collateralised by property	2 438 703	366 798	229 846	(138 354)	(39 720)	2 022 944	105 079	97 690
Commercial real estate	1 623 173	128 026	76 647	(52 087)	(23 907)	1 855 220	42 658	51 175
Commercial real estate – investment	1 396 537	62 723	47 562	(13 684)	(14 549)	1 648 914	29 379	36 219
Commercial real estate – development	92 787	21 016	11 243	(10 466)	(3 182)	105 130	–	–
Commercial vacant land and planning	133 849	44 287	17 842	(27 937)	(6 176)	101 176	13 279	14 956
Residential real estate	815 530	238 772	153 199	(86 267)	(15 813)	167 724	62 421	46 515
Residential real estate – investment	327 607	39 344	29 945	(6 765)	(3 350)	–	–	–
Residential development	382 862	134 762	80 103	(56 463)	(8 765)	70 129	18 711	18 455
Residential vacant land and planning	105 061	64 666	43 151	(23 039)	(3 698)	97 595	43 710	28 060
HNW and other private client lending	1 497 909	21 144	17 605	(5 706)	(10 238)	4 057 849	57 964	68 875
Mortgages	1 143 043	4 786	6 115	(900)	(678)	2 455 188	35 247	46 649
High net worth and specialised lending	280 874	15 023	10 921	(4 041)	(9 529)	1 602 661	22 717	22 226
Professional finance	73 992	1 335	569	(765)	(31)	–	–	–
Corporate and other lending	2 737 789	38 368	15 411	(22 961)	(11 155)	2 925 570	38 660	35 588
Acquisition finance	666 069	11 603	4 133	(7 471)	(1 865)	694 168	30 014	31 703
Asset based lending	165 569	–	–	–	98	173 738	6 039	3 121
Fund finance	277 771	–	–	–	–	–	–	–
Other corporates and financial institutions and governments	327 983	4 241	2 821	(1 421)	(1 740)	1 636 858	2 607	764
Asset finance	878 937	9 832	5 455	(4 378)	(3 344)	200 466	–	–
Small ticket asset finance	665 264	7 849	1 983	(4 378)	(4 567)	57 380	–	–
Large ticket asset finance	213 673	1 983	3 472	–	1 223	143 086	–	–
Project finance	410 135	12 692	3 002	(9 691)	(4 304)	183 409	–	–
Resource finance	11 325	–	–	–	–	36 931	–	–
Portfolio impairments	–	–	–	(15 045)	–	–	–	–
Total	6 674 401	426 310	262 862	(182 066)	(61 113)	9 006 363	201 703	202 153

Financial review (continued)

		Australia					Total group					
Balance sheet impairments	Income statement impairments	Gross core loans	Gross defaults	Collateral	Balance sheet impairments	Income statement impairments	Gross core loans	Gross defaults	Collateral	Balance sheet impairments	Income statement impairments	
(35 640)	(12 161)	99 922	14 458	10 587	(5 535)	(9 153)	4 561 569	486 335	338 123	(179 529)	(61 034)	
(9 875)	(4 135)	39 545	5 196	3 195	(2 002)	(3 395)	3 517 938	175 880	131 017	(63 964)	(31 437)	
(6 278)	(1 965)	33 188	5 196	3 195	(2 002)	(3 395)	3 078 639	97 298	86 976	(21 964)	(19 909)	
-	(1 021)	3 285	-	-	-	-	201 202	21 016	11 243	(10 466)	(4 203)	
(3 597)	(1 149)	3 072	-	-	-	-	238 097	57 566	32 798	(31 534)	(7 325)	
(25 765)	(8 026)	60 377	9 262	7 392	(3 533)	(5 758)	1 043 631	310 455	207 106	(115 565)	(29 597)	
-	-	330	193	78	(115)	(120)	327 937	39 537	30 023	(6 880)	(3 470)	
(2 767)	(2 828)	46 149	-	-	-	(690)	499 140	153 473	98 558	(59 230)	(12 283)	
(22 998)	(5 198)	13 898	9 069	7 314	(3 418)	(4 948)	216 554	117 445	78 525	(49 455)	(13 844)	
(13 879)	(21 957)	1 278 060	9 339	19 128	(1 978)	(3 692)	6 833 818	88 447	105 608	(21 563)	(35 887)	
(5 218)	(5 581)	16 964	-	-	-	-	3 615 195	40 033	52 764	(6 118)	(6 259)	
(8 661)	(16 376)	60 591	4 391	15 581	(576)	(455)	1 944 126	42 131	48 728	(13 278)	(26 360)	
-	-	1 200 505	4 948	3 547	(1 402)	(3 237)	1 274 497	6 283	4 116	(2 167)	(3 268)	
(11 841)	(5 123)	363 184	6 869	4 537	(2 332)	(9 274)	6 026 543	83 897	55 536	(37 134)	(25 552)	
(5 452)	515	78 358	6 024	3 800	(2 224)	(8 728)	1 438 595	47 641	39 636	(15 147)	(10 078)	
(4 547)	(2 193)	-	-	-	-	-	339 307	6 039	3 121	(4 547)	(2 095)	
-	-	-	-	-	-	-	277 771	-	-	-	-	
(1 842)	2 446	92 629	-	-	-	-	2 057 470	6 848	3 585	(3 263)	706	
-	(560)	103 872	845	737	(108)	(556)	1 183 275	10 677	6 192	(4 486)	(4 460)	
-	-	85 086	845	737	(108)	(556)	807 730	8 694	2 720	(4 486)	(5 123)	
-	(560)	18 786	-	-	-	-	375 545	1 983	3 472	-	663	
-	(5 331)	28 506	-	-	-	10	622 050	12 692	3 002	(9 691)	(9 625)	
-	-	59 819	-	-	-	-	108 075	-	-	-	-	
(9 900)	-	-	-	-	(1 392)	-	-	-	-	(26 337)	-	
(71 260)	(39 241)	1 741 166	30 666	34 252	(11 237)	(22 119)	17 421 930	658 679	499 267	(264 563)	(122 473)	

Financial review (continued)

An analysis of default core loans and advances as at 31 March 2013*

£'000	UK and Other				Southern Africa			
	Gross core loans	Gross defaults	Collateral	Balance sheet impairments	Gross core loans	Gross defaults	Collateral	Balance sheet impairments
Lending collateralised by property	2 510 740	346 863	229 758	(144 949)	2 949 453	162 938	153 158	(54 784)
Commercial real estate	1 580 412	106 142	68 565	(51 624)	2 725 310	78 410	87 230	(22 213)
Commercial real estate – investment	1 360 655	41 903	36 911	(8 761)	2 420 481	66 980	77 354	(16 328)
Commercial real estate – development	86 692	14 805	8 276	(8 189)	154 615	971	537	(635)
Commercial vacant land and planning	133 065	49 434	23 378	(34 674)	150 214	10 459	9 339	(5 250)
Residential real estate	930 328	240 721	161 193	(93 325)	224 143	84 528	65 928	(32 571)
Residential real estate – investment	398 610	35 842	34 489	(8 529)	–	–	–	–
Residential real estate – development	399 586	134 205	82 452	(57 309)	80 999	7 166	5 722	(2 590)
Residential vacant land and planning	132 132	70 674	44 252	(27 487)	143 144	77 362	60 206	(29 981)
High net worth and other private client lending	1 032 619	31 748	44 993	(6 629)	4 148 836	69 264	83 071	(18 938)
Mortgages	598 644	1 587	945	(499)	2 693 085	49 326	58 439	(11 916)
High net worth and specialised lending	353 909	28 554	43 427	(5 144)	1 455 356	19 938	24 632	(7 022)
Professional finance	80 066	1 607	621	(986)	395	–	–	–
Corporate and other lending	2 677 267	59 418	31 738	(23 985)	3 163 578	57 267	41 759	(23 281)
Acquisition finance	757 001	21 098	9 166	(11 932)	1 087 778	29 228	22 678	(9 761)
Asset based lending	169 610	–	–	–	168 438	7 207	2 590	(4 857)
Fund finance	293 321	–	–	–	–	–	–	–
Other corporate loans	240 727	6 006	–	(1 043)	1 329 096	12 361	7 157	(7 508)
Asset finance	772 902	21 120	15 809	(5 311)	237 846	–	–	(439)
Small ticket asset finance	504 458	7 745	3 093	(4 652)	72 374	–	–	–
Large ticket asset finance	268 444	13 375	12 716	(659)	165 472	–	–	(439)
Project finance	407 920	11 194	6 764	(5 699)	188 905	8 471	9 334	(717)
Resource finance	35 786	–	–	–	151 516	–	–	–
Total	6 220 626	438 029	306 490	(175 563)	10 261 868	289 469	277 988	(97 004)

* Restated.

Financial review (continued)

Australia				Total group			
Gross core loans	Gross defaults	Collateral	Balance sheet impairments	Gross core loans	Gross defaults	Collateral	Balance sheet impairments
223 125	39 692	27 765	(12 851)	5 683 318	549 493	410 681	(212 584)
137 053	17 831	10 264	(8 491)	4 442 775	202 383	166 059	(82 328)
133 049	17 831	10 264	(8 491)	3 914 185	126 714	124 529	(33 580)
212	–	–	–	241 519	15 776	8 813	(8 824)
3 792	–	–	–	287 071	59 893	32 717	(39 924)
86 072	21 861	17 501	(4 360)	1 240 543	347 110	244 622	(130 256)
1 888	1 350	1 350	–	400 498	37 192	35 839	(8 529)
49 645	–	–	–	530 230	141 371	88 174	(59 899)
34 539	20 511	16 151	(4 360)	309 815	168 547	120 609	(61 828)
1 405 697	7 835	6 259	(3 403)	6 587 152	108 847	134 323	(28 970)
9 262	–	–	–	3 300 991	50 913	59 384	(12 415)
77 101	3 542	3 022	(651)	1 886 366	52 034	71 081	(12 817)
1 319 334	4 293	3 237	(2 752)	1 399 795	5 900	3 858	(3 738)
593 851	17 166	15 807	(1 373)	6 434 696	133 851	89 304	(48 639)
203 945	17 083	15 710	(1 373)	2 048 724	67 409	47 554	(23 066)
–	–	–	–	338 048	7 207	2 590	(4 857)
49 578	–	–	–	342 899	–	–	–
150 323	–	–	–	1 720 146	18 367	7 157	(8 551)
56 221	58	58	–	1 066 969	21 178	15 867	(5 750)
34 609	58	58	–	611 441	7 803	3 151	(4 652)
21 612	–	–	–	455 528	13 375	12 716	(1 098)
85 369	–	–	–	682 194	19 665	16 098	(6 416)
48 415	25	39	–	235 717	25	39	–
2 222 673	64 693	49 831	(17 627)	18 705 167	792 191	634 309	(290 194)

Financial review (continued)

Kensington – salient features

As at 31 March 2014	Warehouse book	Securitised portfolio	Total	% of total
Assets and business activity statistics				
Mortgage assets under management (£'million)	1 188	1 811	2 999	
IFRS adjustments and cash in securitised vehicles (£'million)	(103)	361	258	
Mortgage assets under management (£'million)	1 291	1 450	2 741	
First charge % of total mortgage assets under management	95.0%	94.1%	94.5%	
Second charge % of total mortgage assets under management	5.0%	5.9%	5.5%	
Number of accounts	11 406	17 566	28 972	
Average loan balance (first charge)	143 321	101 990	118 102	
Largest loan balance	1 165 878	1 116 362	1 165 878	
Weighted average loan mature margin (%)	4.2%	5.0%	4.6%	
Product mix (pre-IFRS adjustments) (£'million)	1 291	1 450	2 741	100.0%
Prime	4	–	4	0.1%
Near prime	389	312	701	25.6%
Prime buy to let	1	–	1	0.0%
Adverse	271	1 055	1 326	48.4%
Adverse buy to let and right to buy	48	83	131	4.8%
Start – Irish operations	578	–	578	21.1%
Geographic distribution (£'million)	1 291	1 450	2 741	100.0%
UK – North	214	470	684	25.0%
UK – South West	53	100	153	5.6%
UK – South East	157	302	459	16.7%
Outer London	116	185	301	11.0%
Inner London	54	98	152	5.5%
Midlands	119	295	414	15.1%
Start – Irish operations	578	–	578	21.1%
Spread of value of properties (%)	100.0%	100.0%	100.0%	
>£500,000	3.2%	0.9%	1.8%	
>£250,000 <=£500,000	23.6%	9.9%	15.3%	
>£200,000 <=£250,000	17.5%	11.7%	14.0%	
>£150,000 <=£200,000	20.3%	20.0%	20.1%	
>£100,000 <=£150,000	22.6%	30.8%	27.6%	
>£70,000 <=£100,000	10.8%	20.6%	16.8%	
>£50,000 <=£70,000	1.6%	5.0%	3.7%	
<£50,000	0.4%	1.1%	0.7%	
Asset quality statistics				
Weighted average current LTV of portfolio (adjusted for house price deflation*)	104.9%	74.0%	88.5%	

* Impairment provision is based on house price index assumptions of:
 UK: impairment assumes zero house price increase over the next five years and a -20% haircut for forced sale discount when repossessed properties are sold.
 Ireland: Peak to trough decline of 53%, including calendar year: house price decline assumption of 6% for 2013, and house price decline/growth assumption of -10.3%, 2%, 3%, 3% per annum, respectively, for the period 2014 – 2017, and an additional forced sale discount of -5%.

Financial review (continued)

Kensington – salient features (continued)

As at 31 March 2014	Warehouse book	Securitized portfolio	Total	% of total
LTV spread – % of book	100.0%	100.0%	100.0%	
<= 65%	14.6%	30.4%	24.1%	
>65% – <70%	3.7%	8.4%	6.5%	
>70% – <75%	4.5%	9.4%	7.4%	
>75% – <80%	5.6%	11.0%	8.9%	
>80% – <85%	6.1%	11.0%	9.1%	
>85% – <90%	8.1%	8.3%	8.2%	
>90% – <95%	7.5%	6.8%	7.1%	
>95% – <100%	6.1%	5.4%	5.7%	
>100%	43.8%	9.3%	23.0%	
% of accounts > 90 days in arrears	31.0%	21.2%	25.1%	
Number of accounts > 90 in arrears	3 539	3 723	7 262	
Total capital lent in arrears (£'million)	634	551	1 185	100.0%
Arrears 1 – 60 days	58	116	174	14.6%
Arrears 61 – 90 days	40	76	116	9.8%
Arrears >90 days	499	342	841	71.0%
Possession	37	17	54	4.6%
Debt to income ratio of clients %	19.5%	18.4%	18.9%	
Investec investment/exposure to assets reflected above (£'million)	1 081	26	1 107	
On balance sheet provision (£'million)			(169)	
Investec net investment/exposure to assets reflected above (£'million)			938	

Financial review (continued)

Kensington – salient features (continued)

As at 31 March 2013	Warehouse book	Securitized portfolio	Total	% of total
Assets and business activity statistics				
Net mortgage assets under management (£'million)	1 306	2 028	3 334	
IFRS adjustments and cash in securitised vehicles	(88)	382	294	
Mortgage assets under management (£'million)	1 394	1 646	3 040	
First charge % of total mortgage assets under management	94.6%	93.8%	94.2%	
Second charge % of total mortgage assets under management	5.4%	6.2%	5.8%	
Fixed rate loans % of total mortgage assets under management	–	–	–	
Number of accounts	12 303	19 491	31 794	
Average loan balance (first charge)	144 116	104 685	119 778	
Largest loan balance	1 150 440	1 250 370	1 250 370	
Weighted average loan mature margin (%)	4.3%	5.0%	4.7%	
Product mix (pre-IFRS adjustments) (£'million)				
Prime	4	–	4	0.1%
Near prime	434	342	776	25.5%
Prime buy to let	1	–	1	0.0%
Adverse	313	1 211	1 524	50.2%
Adverse buy to let and right to buy	53	93	146	4.8%
Start – Irish operations	589	–	589	19.4%
Geographic distribution (£'million)				
UK – North	242	535	777	25.6%
UK – South West	60	112	172	5.7%
UK – South East	177	339	516	17.0%
Outer London	131	209	340	11.2%
Inner London	63	113	176	5.8%
Midlands	132	338	470	15.5%
Start – Irish operations	589	–	589	19.4%
Spread of value of properties (%)				
>£500 000	3.6%	1.0%	2.0%	
>£250 000 <=£500 000	24.0%	10.0%	15.4%	
>£200 000 <=£250 000	16.6%	11.6%	13.5%	
>£150 000 <=£200 000	20.3%	20.0%	20.1%	
>£100 000 <=£150 000	22.7%	30.8%	27.6%	
>£70 000 <=£100 000	10.8%	20.5%	16.8%	
>£50 000 <=£70 000	1.6%	5.1%	3.8%	
<£50 000	0.4%	1.0%	0.8%	
Asset quality statistics				
Weighted average current LTV of portfolio (adjusted for house price deflation*)	108.9%	77.9%	92.1%	

* Impairment provision is based on house price index assumptions of:
 UK: calendar year: house price growth of nil going forward, with an additional -20% haircut to the price to reflect forced sale discount.
 Ireland: peak to trough decline of 53%, including calendar year: house price decline assumption of -9% for 2012, and house price growth assumption of 1%, 3%, 4%, 4% per annum, respectively, for the period 2013 – 2016, and an additional forced sale discount of 5% – 6%.

Financial review (continued)

Kensington – salient features (continued)

As at 31 March 2013	Warehouse book	Securitised portfolio	Total	% of total
LTV spread – % of book	100.0%	100.0%	100.0%	
<= 65%	11.9%	24.6%	19.6%	
>65% – <70%	3.2%	6.9%	5.4%	
>70% – <75%	3.7%	8.8%	6.8%	
>75% – <80%	4.4%	9.5%	7.5%	
>80% – <85%	5.9%	11.6%	9.4%	
>85% – <90%	6.6%	11.0%	9.3%	
>90% – <95%	8.5%	8.3%	8.4%	
>95% – <100%	8.1%	6.7%	7.1%	
>100%	47.7%	12.6%	26.5%	
% of accounts >90 days in arrears	35.8%	25.8%	29.7%	
Number of accounts >90 days in arrears	4 406	5 024	9 430	
Total capital lent in arrears (£'million)	753	694	1 447	100.0%
Arrears 0 – 60 days	71	123	194	13.4%
Arrears 61 – 90 days	45	89	134	9.3%
Arrears >90 days	595	447	1 042	72.0%
Possession	42	35	77	5.3%
Debt to income ratio of clients (%)	19.7%	18.5%	19.1%	
Investec investment/exposure to assets reflected above (£'million)	1 008	22	1 030	
On-balance sheet provision (£'million)			(182)	
Investec net investment/exposure to assets reflected above (£'million)			848	

Shareholder analysis

Investec ordinary shares

As at 31 March 2014 Investec plc and Investec Limited had 608.8 million and 282.9 million ordinary shares in issue, respectively.

Spread of ordinary shareholders as at 31 March 2014

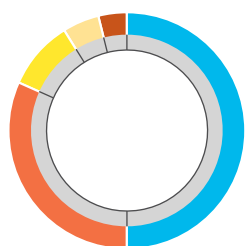
Investec plc ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
13 784	1 to 500	50.9%	2 473 178	0.4%
4 695	500 – 1 000	17.3%	3 643 272	0.6%
5 814	1 001 – 5 000	21.5%	13 188 514	2.2%
987	5 001 – 10 000	3.6%	7 186 330	1.2%
1 037	10 001 – 50 000	3.8%	24 005 338	3.9%
256	50 001 – 100 000	0.9%	18 435 072	3.0%
529	100 001 and over	2.0%	539 888 583	88.7%
27 102		100.0%	608 820 287	100.0%

Investec Limited ordinary shares in issue

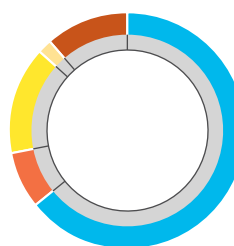
Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
3 183	1 to 500	39.7%	732 663	0.3%
1 561	500 – 1 000	19.4%	1 215 734	0.4%
1 915	1 001 – 5 000	23.8%	4 403 394	1.6%
416	5 001 – 10 000	5.2%	3 079 002	1.1%
529	10 001 – 50 000	6.6%	12 943 426	4.6%
171	50 001 – 100 000	2.1%	12 338 524	4.4%
256	100 001 and over	3.2%	248 221 786	87.6%
8 031		100.0%	282 934 529	100.0%

Geographical holding by beneficial ordinary share owner as at 31 March 2014



31 March 2014
Investec plc

South Africa	50.1%
UK	31.6%
USA and Canada	9.4%
Rest of Europe	5.1%
Other countries and unknown	3.8%



31 March 2014
Investec Limited

South Africa	64.4%
UK	7.8%
USA and Canada	14.7%
Rest of Europe	1.9%
Other countries and unknown	11.2%

Shareholder analysis (continued)

Largest ordinary shareholders as at 31 March 2014

In accordance with the terms provided for in section 793 of the UK Companies Act 2006 and section 140A of the South African Companies Act, 1973, the group has conducted investigations into the registered holders of its ordinary shares (including nominee and asset management companies) and the results are as discussed below.

Investec plc

Shareholder analysis by manager group	Number of shares	% holding
1 Public Investment Corporation (ZA)	71 229 118	11.7%
2 Allan Gray (ZA)	51 047 200	8.4%
3 BlackRock Incorporated (UK and US)	30 224 232	5.0%
4 Old Mutual (ZA)	19 873 218	3.3%
5 Prudential Group (ZA)	19 738 410	3.2%
6 Schroder Investment Management (UK)	16 520 336	2.7%
7 State Street Corporation (UK and US)	16 378 619	2.7%
8 Legal & General Investment Management (UK)	16 252 011	2.7%
9 Sanlam Group (ZA)	16 346 398	2.7%
10 Royal London Mutual Assurance Society (UK)	15 844 463	2.6%
	273 454 005	45.0%

The top 10 shareholders account for 45.0% of the total shareholding in Investec plc. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

Investec Limited

Shareholder analysis by manager group	Number of shares	% holding
1 Public Investment Corporation (ZA)	36 303 207	12.8%
2 Allan Gray (ZA)	22 638 951	8.0%
3 Investec Staff Share Scheme (ZA)	19 053 638	6.7%
4 Old Mutual (ZA)	18 750 879	6.6%
5 Sanlam Investment Management (ZA)	14 421 294	5.1%
6 Entrepreneurial Development Trust (ZA)*	11 625 199	4.1%
7 BlackRock Incorporated (UK and US)	10 972 032	3.9%
8 Dimensional Fund Advisors (UK)	10 676 492	3.8%
9 Vanguard Group (UK and US)	7 404 210	2.6%
10 State Street Corporation (US)	6 102 517	2.2%
	157 948 419	55.8%

The top 10 shareholders account for 55.8% of the total shareholding in Investec Limited. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

* In November 2003, Investec Limited implemented an empowerment transaction in which empowerment partners and an employee share scheme acquired 25.1% of the equity shareholding in Investec Limited.

Shareholder analysis (continued)

Share statistics

Investec plc

For the period ended	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
Closing market price per share (Pounds)							
– year end	4.85	4.59	3.82	4.78	5.39	2.92	3.39
– highest	5.08	5.14	5.22	5.50	5.62	4.21	7.65
– lowest	3.66	3.10	3.18	4.29	2.87	1.69	2.94
Number of ordinary shares in issue (million) ¹	608.8	605.2	598.3	537.2	471.1	444.9	423.3
Market capitalisation (£'million) ¹	2 953	2 778	2 286	2 568	2 539	1 299	1 435.0
Daily average volume of shares traded ('000)	1 985	1 305	1 683	1 634	1 933	2 604	3 926.0
Price earnings ratio ²	12.8	12.7	12.0	11.1	12.0	6.9	6.00
Dividend cover (times) ²	2.0	2.0	1.9	2.5	2.8	3.3	2.30
Dividend yield (%) ²	3.9	3.9	4.5	3.6	3.0	4.5	7.40
Earnings yield (%) ²	7.8	7.9	8.3	9.0	8.4	14.5	16.70

Investec Limited

For the period ended	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
Closing market price per share (Rands)							
– year end	84.84	64.26	47.16	52.80	62.49	38.86	57.43
– highest	85.04	69.89	57.36	65.50	65.40	63.19	104.40
– lowest	59.00	41.31	42.00	49.49	37.51	27.20	50.90
Number of ordinary shares in issue (million) ³	282.9	279.6	276.0	272.8	269.8	268.4	234.3
Market capitalisation (R'million) ³	75 652	56 857	41 232	42 768	46 299	27 715	37 766
Market capitalisation (£'million) ³	4 325	4 061	3 340	3 872	3 993	2 083	2 229
Daily average volumes of share traded ('000)	810	980	1 033	794	1 068	1 168	841

¹ The LSE only include the shares in issue for Investec plc, i.e. currently 608.8 million, in calculating market capitalisation, as Investec Limited is not incorporated in the UK.

² Calculations are based on the group's consolidated earnings per share before goodwill, acquired intangibles and non-operating items; and dividends per share as prepared in accordance with IFRS and denominated in Pounds Sterling.

³ The JSE Limited have agreed to use the total number of shares in issue for the combined group, comprising Investec plc and Investec Limited, in calculating market capitalisation, i.e. currently a total of 891.7 million shares in issue.

Shareholder analysis (continued)

Investec perpetual preference shares

Investec plc, Investec Limited and Investec Bank Limited have issued perpetual preference shares.

Spread of perpetual preference shareholders as at 31 March 2014

Investec plc perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
135	1 to 500	12.0%	35 450	0.2%
143	501 – 1 000	12.7%	116 536	0.8%
575	1 001 – 5 000	51.2%	1 197 530	7.9%
90	5 001 – 10 000	8.0%	669 569	4.4%
119	10 001 – 50 000	10.5%	2 638 274	17.5%
31	50 001 – 100 000	2.8%	2 280 446	15.1%
31	100 001 and over	2.8%	8 143 344	54.1%
1 124		100.0%	15 081 149	100.0%

Investec plc (Rand denominated) perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
80	1 to 500	23.0%	22 869	1.0%
76	501 – 1 000	21.8%	60 234	2.6%
145	1 001 – 5 000	41.7%	323 183	14.2%
18	5 001 – 10 000	5.2%	133 620	5.9%
20	10 001 – 50 000	5.8%	485 624	21.3%
4	50 001 – 100 000	1.1%	324 724	14.3%
5	100 001 and over	1.4%	925 686	40.7%
348		100.0%	2 275 940	100.0%

Investec Limited perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
860	1 to 500	15.3%	283 556	0.9%
1 341	501 – 1 000	23.9%	1 160 221	3.6%
2 538	1 001 – 5 000	45.2%	6 015 271	18.7%
449	5 001 – 10 000	8.0%	3 220 357	10.0%
370	10 001 – 50 000	6.6%	7 055 240	21.9%
18	50 001 – 100 000	0.3%	1 303 024	4.0%
36	100 001 and over	0.7%	13 176 830	40.9%
5 612		100.0%	32 214 499	100.0%

Shareholder analysis (continued)

Investec Limited redeemable preference shares

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
747	1 to 500	91.8%	106 072	26.0%
37	501 – 1 000	4.5%	24 960	6.1%
24	1 001 – 5 000	2.9%	60 335	14.8%
2	5 001 – 10 000	0.2%	20 000	4.9%
4	10 001 – 50 000	0.5%	96 952	23.7%
1	50 001 – 100 000	0.1%	100 000	24.5%
–	100 001 and over	–	–	–
815		100.0%	408 319	100.0%

Investec Bank Limited perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
829	1 to 500	20.8%	243 180	1.6%
1 139	501 – 1 000	28.6%	1 010 159	6.5%
1 551	1 001 – 5 000	38.9%	3 721 039	24.1%
259	5 001 – 10 000	6.5%	1 917 572	12.4%
170	10 001 – 50 000	4.3%	3 237 160	21.0%
15	50 001 – 100 000	0.4%	1 127 889	7.3%
23	100 001 and over	0.5%	4 190 631	27.1%
3 986		100.0%	15 447 630	100.0%

Largest perpetual preference shareholders as at 31 March 2014

Shareholders holding beneficial interests in excess of 5% of the issued preference shares are as follows:

Investec plc

Chase Nominees Limited (Artemis) 10.6%

Investec plc (Rand denominated)

NES Investments (Pty) Limited 5.3%
 Liberty Active Investment 6.5%
 Regent Insurance Company Limited safe custody 6.6%
 Cadiz Absolute Yield Fund – CIS 17.6%

Investec Limited

Coronation Capital Plus Fund 5.0%
 Coronation Strategic Income Fund 5.2%

Investec Limited redeemable preference shares

Investec Securities (Pty) Limited 6.2%
 The Saltzman Family Trust 9.8%
 National Savings and Investment (Pty) Limited 24.5%

Investec Bank Limited

There were no shareholders holding beneficial interests in excess of 5% of the issued preference shares in Investec Bank Limited, as at 31 March 2014.

Number of employees

Number of employees

By division – permanent employees	31 March 2014	31 March 2013
Asset Management		
UK and Other	428	383
Southern Africa	913	778
Total	1 341	1 161
Wealth & Investment		
UK and Other	1 014	973
Southern Africa	286	272
Total	1 300	1 245
Specialist Banking		
UK and Other	1 769	1 982
Southern Africa	2 787	2 698
Australia	440	470
USA	20	19
Total	5 016	5 169
Total number of permanent employees	7 657	7 575

By geography	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
UK and Other	3 211	3 338	3 181	2 606	1 763	1 706
Southern Africa	3 986	3 748	3 661	3 680	3 542	3 541
Australia	440	470	411	401	356	354
USA	20	19	33	29	23	22
Temporary employees and contractors	601	576	495	521	439	328
Total number of employees	8 258	8 151	7 781	7 237	6 123	5 951



FOUR

Divisional and
segmental review



Group divisional structure

Investec is a focused specialist bank and asset manager striving to be distinctive in all that it does.

Our strategic goals and objectives are motivated by the desire to develop an efficient and integrated business on an international scale through the active pursuit of clearly established core competencies in our principal business areas. Our core philosophy has been to build well-defined, value-added businesses focused on serving the needs of select market niches where we can compete effectively.

We seek to maintain an appropriate balance between revenue earned from operational risk businesses and revenue earned from financial risk businesses. This ensures that we are not over reliant on any one part of our business to sustain our activities and that we have a large recurring revenue base that enables us to navigate through varying cycles and to support our long-term growth objectives.

Asset Management

What we do

- 4Factor™ equities
- Quality
- Frontier and emerging market equities
- Value
- Commodities and resources
- Emerging market fixed income
- Multi-asset

Where we operate

- Africa
- Americas and Japan
- Asia Pacific
- Europe
- UK

Wealth & Investment

What we do

- Portfolio management
- Stockbroking
- Alternative investments
- Investment advisory services
- Electronic trading services
- Retirement portfolios

Where we operate

- Southern Africa
- UK and Europe

Specialist Banking

What we do




- Property activities
- Private Banking activities
- Corporate Advisory and Investment activities
- Corporate and Institutional Banking activities
- Group Services and Other activities

Where we operate

- Australia
- Canada
- Hong Kong
- India
- Southern Africa
- UK and Europe
- USA

Integrated global management structure

Global roles

Chief executive officer Managing director		Executive director Group risk and finance director	
Stephen Koseff Bernard Kantor		Hendrik du Toit Glynn Burger	
Geographical business leaders	 <p>South Africa Andy Leith Glynn Burger David Lawrence</p>	Specialist Banking Property activities Sam Hackner Private Banking activities Ciaran Whelan Corporate Advisory and Investment activities Andy Leith Corporate and Institutional Banking activities David van der Walt	Asset Management Hendrik du Toit
	 <p>United Kingdom David van der Walt</p>		Wealth & Investment Steve Elliott
	 <p>Australia Ciaran Whelan (Acting)</p>		Support structures Banking and institutions David Lawrence Chief integrating officer Allen Zimble Corporate governance and compliance Bradley Tapnack Marketing Raymond van Niekerk Finance and risk management Glynn Burger Share schemes and secretarial Les Penfold

Asset Management

Our only business is to manage money on behalf of third parties.

We aim to do this to the highest possible standard by exceeding the investment and client service expectations of our clients.

Established in 1991, we have grown largely organically from domestic roots in Southern Africa and are still managed by our founding members, representing continuity and stability.

We manage money for clients from right around the world. Our clients include sovereign wealth funds, central banks, many of the world's largest private and public sector pension funds, financial groups and foundations, as well as advisors and those who they serve.

Our investment team of 177 professionals is organised around seven core capabilities. Our client group is organised in five geographically defined units, serving our target clients around the globe. We have a centralised operations platform supporting these activities.

Our value proposition

- Organically built an independent global platform from an emerging market base
- Independently managed entity within the Investec group
- Competitive investment performance in chosen specialities
- Global approach:
 - global investing
 - global client base
 - global operations platform
- Institutional and advisor focus
- Unique and clearly understood culture
- Stable and experienced leadership:
 - executive committee: average tenure of 20 years
 - top 30 leaders: average tenure of 15 years.

Annual highlights

Operating profit before non-controlling interests increased by 2.4% to £143.8 million, contributing 31.8% to group profit.

Assets under management
£68.0 billion
 (2013: £69.8 billion)

Net new flows of £2.6 billion (2013: £4.1 billion).

Operating margin
34.7%
 (2013: 34.5%)

Asset Management (continued)

Management structure

Chief executive officer
Hendrik du Toit

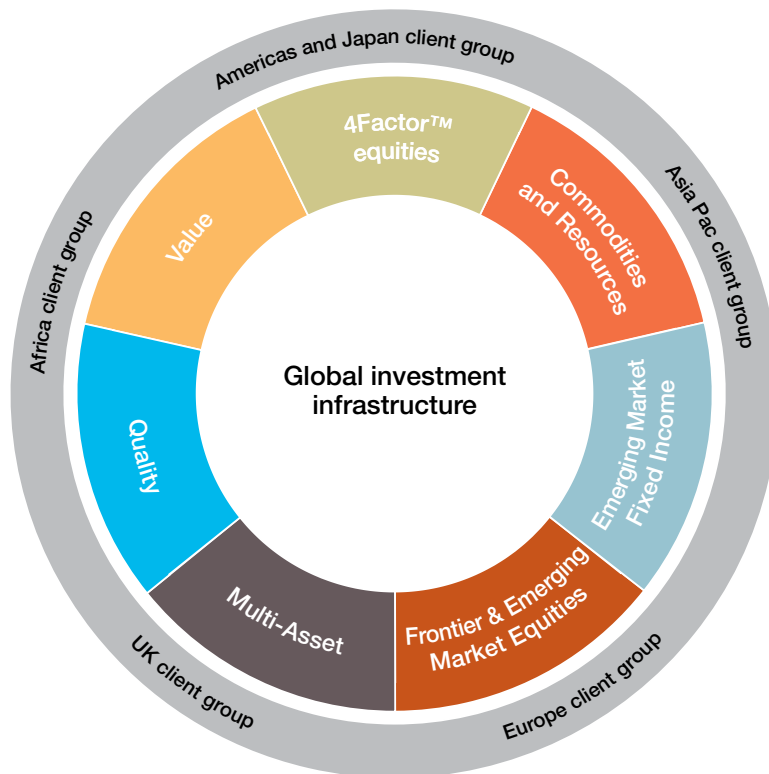
Chief operating officer
Kim McFarland

Global head of client group
John Green

Co-chief investment officer
Domenico (Mimi) Ferrini

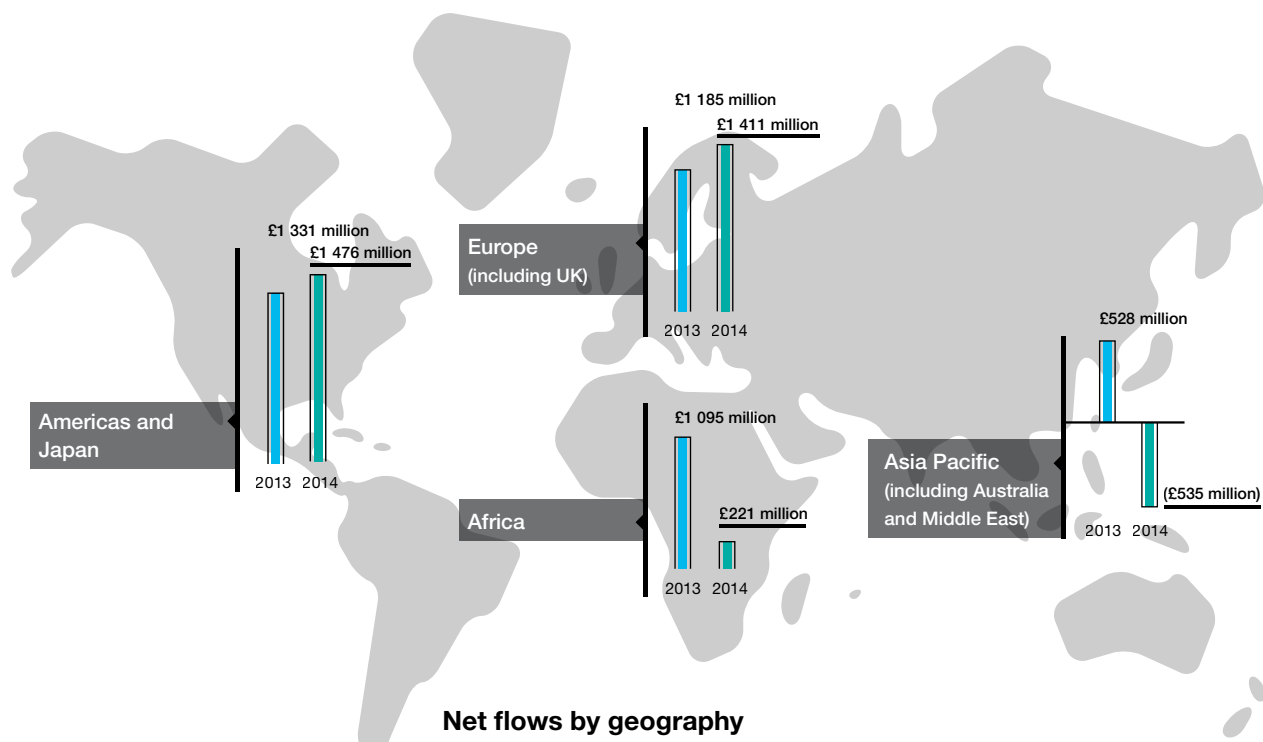
Co-chief investment officer
John McNab

Capabilities and organisational structure



What we do >

Where we operate >

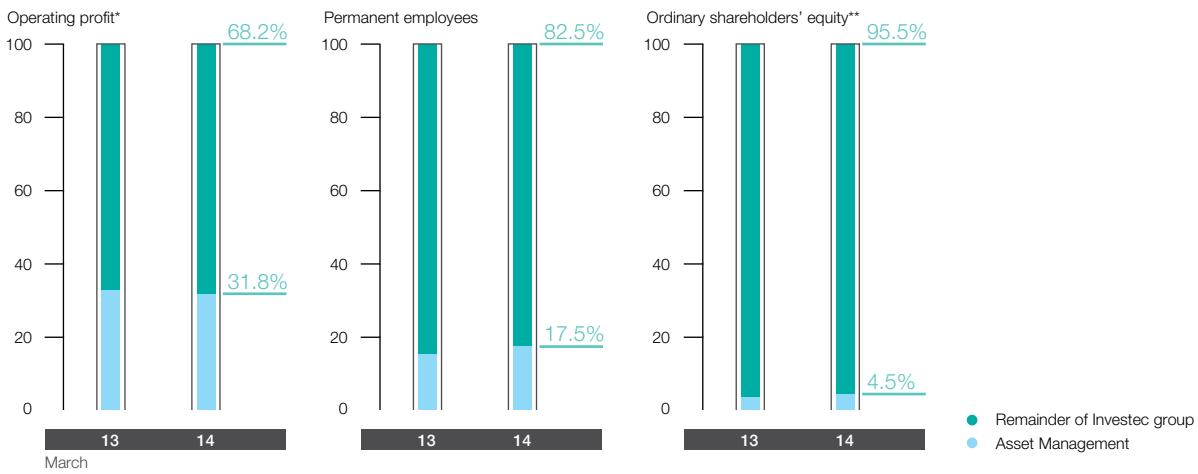


Net flows by geography

Financial years to March 2013 and March 2014.

Asset Management (continued)

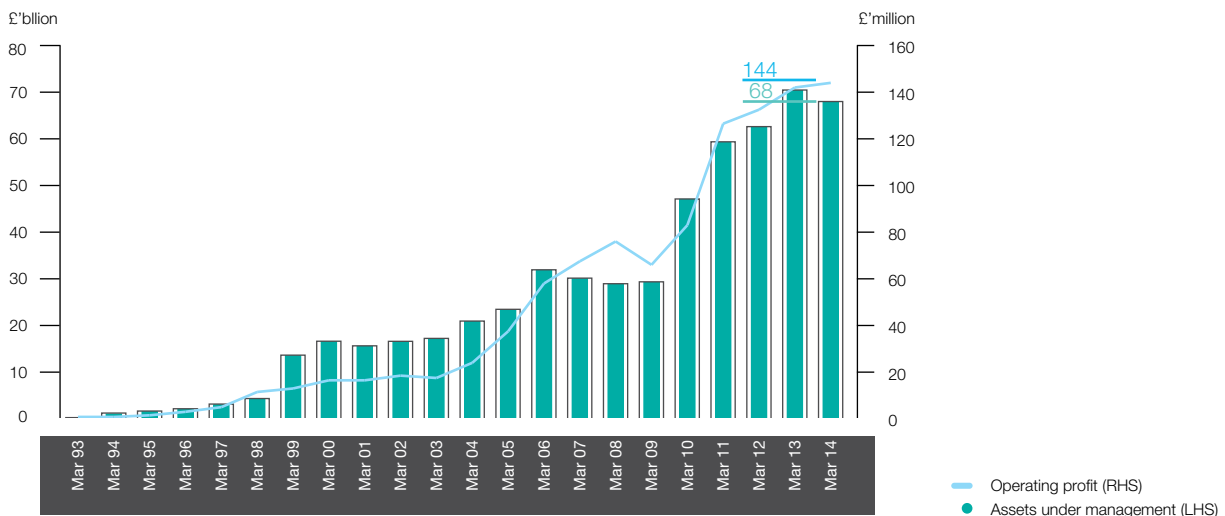
Financial analysis



* Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.

** As calculated on page 52, based on regulatory capital requirements.

Historical financial performance



Asset Management (continued)

Income statement analysis

£'000	31 March 2014	31 March 2013	Variance	% change
Net interest income	3 918	4 501	(583)	(13.0%)
Net fee and commission income	409 341	393 116	16 225	4.1%
Investment income	28	36	(8)	(22.2%)
Trading income arising from balance sheet management and other trading activities	(1 982)	(45)	(1 937)	>100.0%
Other operating income	2 875	9 583	(6 708)	(70.0%)
Total operating income	414 180	407 191	6 989	1.7%
Operating costs	(270 361)	(266 784)	(3 577)	1.3%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and before non-controlling interests	143 819	140 407	3 412	2.4%
Profit attributable to Asset Management non-controlling interests**	(11 031)	(243)	(10 788)	>100.0%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	132 788	140 164	(7 376)	(5.3%)
UK and Other	62 050	59 341	2 709	4.6%
Southern Africa	70 738	80 823	(10 085)	(12.5%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	132 788	140 164	(7 376)	(5.3%)
Selected returns and key statistics				
Ordinary shareholders' equity*	147 123	127 955	19 168	15.0%
ROE (pre-tax)*	96.7%	95.1%		
Return on tangible equity (pre-tax)*	305.1%	336.1%		
Operating margin	34.7%	34.5%		
Operating profit per employee (£'000)*	105.1	115.1	(10.0)	(8.7%)

* As calculated on page 52 and 53, based on regulatory capital requirements.

** Earnings attributable to non-controlling interests includes the portion of earnings attributable to the 15% shareholding in the business by employees.

The variance in operating profit over the year can be explained as follows:

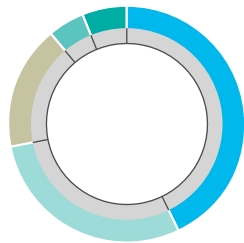
Whilst market volatility remained, overall equity markets performed positively, although on a relative basis emerging market equities underperformed. Bond markets performed poorly, particularly in emerging markets. Volatile markets will continue to affect our revenues but our broad range of investment capabilities is well positioned to serve current and future investor demand. Performance fees decreased over the year (£36.4 million) as compared to the prior year (£41.4 million).

Asset Management (continued)

Assets under management and flows

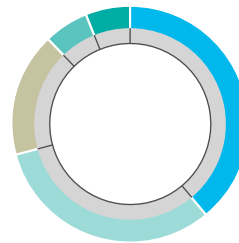
£'million	31 March 2014	Net flows	31 March 2013
Equities	29 198	1 245	27 313
Fixed income	19 754	1 129	21 946
Multi-asset	11 728	722	11 909
Alternatives	3 070	(780)	4 420
Third party funds on advisory platform	4 267	257	4 234
Total	68 017	2 573	69 822

Assets under management by assets



31 March 2014
£68.0 billion total assets under management

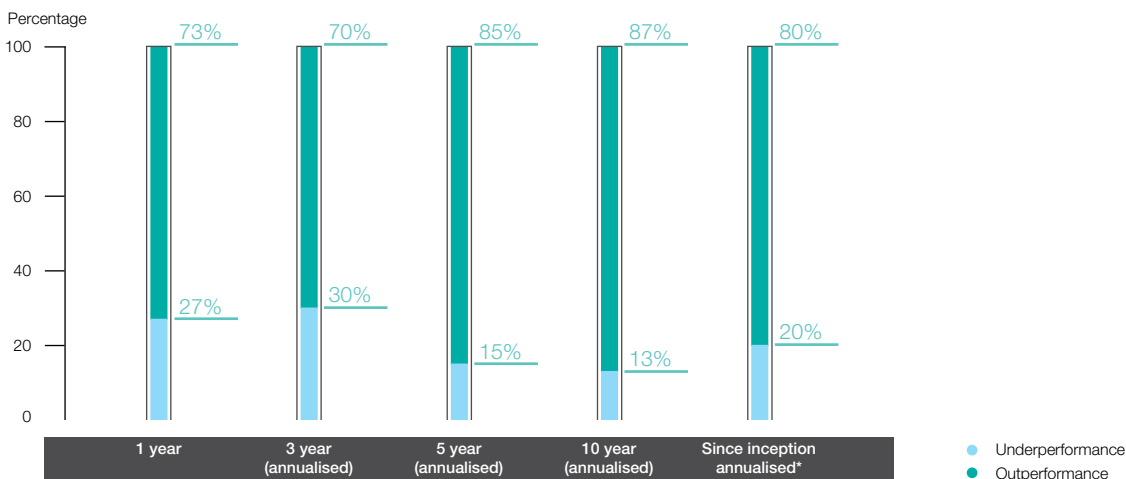
Equities	43%
Fixed income	29%
Multi-asset	17%
Alternatives	5%
Third party funds on advisory platform	6%



31 March 2013
£69.8 billion total assets under management

Equities	39%
Fixed income	32%
Multi-asset	17%
Alternatives	6%
Third party funds on advisory platform	6%

Segregated mandates performance



Source: Calculated by Investec Asset Management from StatPro Composites, capability weighted. Performance to 31 March 2014.

* Since the inception date of each portfolio, only annualised if inception date is older than 12 months.



Note: Outperformance (underperformance) is calculated as the sum of the total market values for those funds that have positive active returns (negative active returns) by capability expressed as a percentage of total assets under management. Market values for the indicated date are used for all periods shown.

Independent recognition

Financial year 2014

Winner of FERI EuroRating Award 2014 for Best Asset Manager

Winner of European Funds Trophy 2014 for Best Asset Manager: Multi-Countries category with 26 – 40 Funds

Winner of Global Investor/ISF Investment Excellence Award 2013 for Africa Equities Manager of the Year

Winner of aiCIO European Innovation Award for Emerging Markets Category Winner

Winner of TFF – Bloomberg Best Fund Award for Best Fund in Energy Sector Equity (10 Years)

Highly commended for Global Investor/ISF Investment Excellence Award 2013 for Asset Manager of the Year

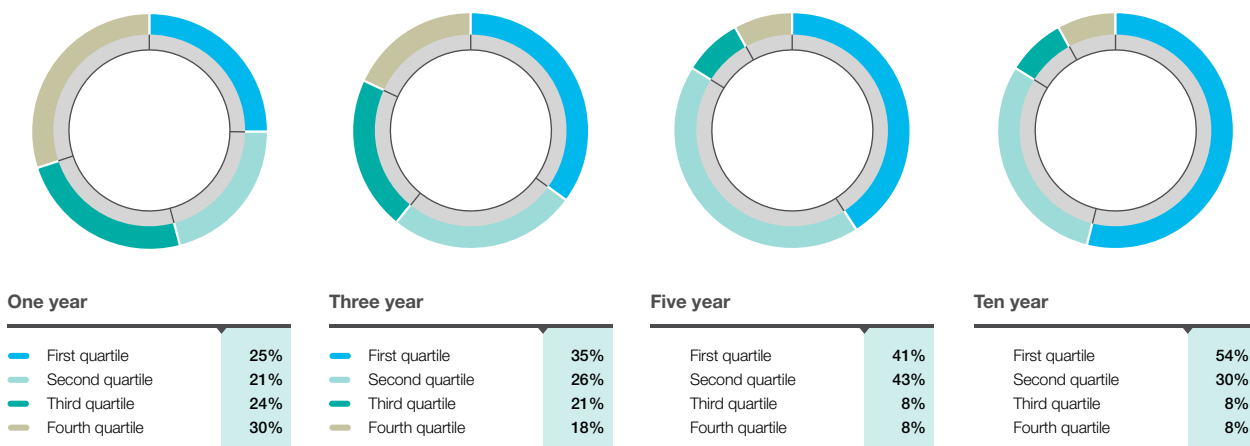
Nominated by Financial News Awards for Excellence in European Institutional Asset Management 2013 for European Asset Management CEO of the Year Award (for Hendrik du Toit)

Investment performance

All of our investment capabilities are managed with the simple aim of delivering performance which meets or exceeds our clients' expectations around specific strict risk parameters.

We measure our investment performance relative to peer group and against benchmark over one, three, five and 10 year periods and since inception. Our long-term track record remains competitive.

Mutual funds investment performance



Source: Calculated from Morningstar data by value; excludes cash, cash plus and liquidity funds. Performance to 31 March 2014.

Questions and answers

Hendrik du Toit

Chief executive officer

Can you give us an overview of the environment in which you operate?

A Our focus is on the institutional and advisor segments of the market. We build long-term relationships with the largest and most sophisticated institutional investors and asset platforms, irrespective of where they are based geographically. In the UK and Southern Africa we also serve medium-sized institutional accounts as well as advisors. Over the last decade, we have consciously developed a presence in most of the world's major markets. We think and act with a very long-term horizon.

The turbulence in emerging markets and specifically emerging currencies over the past year has been some cause for concern. However, in spite of this, the business has performed competitively and continued to attract net inflows into these strategies. We are committed to building a well-balanced, robust firm, with a variable cost base, which should be able to look after its clients in benign as well as challenging market conditions. We do not let short-term market movements influence our long-term strategy and positioning.

Against this backdrop and measured against the universe of peers, we had a good year for net inflows, bringing in £2.6 billion. The majority of these flows came from the Americas and Europe. This number could have been even higher had it not been for the weaknesses across emerging market currencies.

The avalanche of regulatory initiatives prevails and has continued to consume more resources and management time than pre-financial crisis. We do not anticipate this to change in the near term in this industry.

What have been the key developments in the business over the financial year?

A This year we reorganised our client groups from seven to five, through the combination of the previously separate Asia, Middle East and Australia client groups, into a single Asia Pacific client group. This enables us to enhance efficiency and build a strong, unified presence in this important region.

In addition, our Asia Pacific business has undergone significant change and evolution in the past year. This has included establishing our position in Singapore, recruiting investment professionals into the region and the strengthening of our regional leadership team. This will help us to benefit from the significant developments across both institutional and advisor clients in this area.

Long-term investment performance remains solid with 87% of our mandates outperforming their benchmark on a ten-year annualised basis. As always, there are a few strategies facing short-term performance pressure or market headwinds, but it is important to confirm that we are positioned to compete effectively at the highest level.

In addition to the client endorsement through the seventh consecutive year of positive net inflows, we have also continued to achieve independent and international recognition during the past year, as detailed on page 79.

Finally, this was our first full year following an acquisition by senior management of a 15% shareholding in the business (with an option to purchase a further 5% over the following six years). This transaction has been successful in enabling us to compete more effectively with other independent, pure-play global asset managers.

What are your strategic objectives in the coming year?

A Our long-term objective remains unchanged: we continue to be completely committed to managing our clients' money to the highest standard possible. We focus on investment performance, meeting the needs of our clients, innovation and investment insight. To deliver on these objectives, we continue to invest in the development of our investment capabilities, our service proposition to our global client base, and, most importantly, our people. We continue to nurture the culture that binds us together.

What is your outlook for the coming year?

A In spite of a modest year overall due to the impact of volatile markets and weakening emerging market currencies, our business remains stable and momentum is positive. We believe that we are well positioned to face the future.

The opportunity for growth over the next five years is significant. Our priorities are to deepen and widen our investment strategies, and to focus on further diversifying our client base. This will include expanding our range of private market strategies, and increasing our market penetration in Asia, Europe and the Americas.

Wealth & Investment

Investec Wealth & Investment offers its clients comfort in its scale, international reach and depth of investment processes. Investec Wealth & Investment is one of the UK's leading private client investment managers and the largest in South Africa

Today the business specialises in wealth management, portfolio management, private office and stockbroking services for individuals, families, trusts and charities. Formed through the alliance of Investec Private Client Securities, Investec Private Bank's Wealth Management division and the acquisition of Rensburg Sheppards and Williams de Broë in the UK, we are one of the UK's leading private client investment managers and the largest in South Africa.

Global head: Steve Elliott

UK head: Jonathan Wragg

South Africa head: Henry Blumenthal

Switzerland head: Peter Gyger

Ireland Wealth Management head: Eddie Clarke



Further detail on the Wealth & Investment management structure is available on our website: www.investec.com

Our value proposition

- Investec Wealth & Investment has been built via the acquisition and integration of businesses and organic growth over a long period of time
- Well established platforms in the UK, South Africa and Switzerland. The new Guernsey business became fully operational in the final quarter of the 2013 calendar year
- Focus is on internationalising the business and organic growth in our key markets
- The business currently has four distinct channels: direct, intermediaries, charities and international, and is in the process of developing its online capabilities to form a fifth 'digital' distribution channel.
- c.100 000 clients.

Annual highlights

Operating profit up 30.5% to £66.1 million, contributing 14.6% to group profit.

Assets under management up 2.9% to £41.5 billion

Operating margin 22.9% (2013: 20.3%).

Net new flows of £1.4 billion

What we do and where we operate

United Kingdom and Other

Investments and savings

- Discretionary and advisory portfolio management services for private clients
- Specialist investment management services for charities, pension schemes and trusts
- Independent financial planning advice for private clients
- Specialist portfolio management services for international clients.

Pensions and retirement

- Discretionary investment management for company pension and Self Invested Personal Pensions (SIPPs)
- Advice and guidance on pension schemes, life assurance and income protection schemes.

Tax planning and mitigation

- Individual and corporate tax planning services, including ISAs and Venture Capital Trusts
- Inheritance tax planning.

The European operations are conducted through Investec Wealth & Investment Ireland, European Wealth Management, which operates from Switzerland, and in Guernsey through Investec Wealth & Investment Channel Islands.

Over 1 000 staff operate from offices located throughout the UK and Europe, with combined funds under management of £27.0 billion. Investec Wealth & Investment is one of the UK's leading providers of private client investment management services.

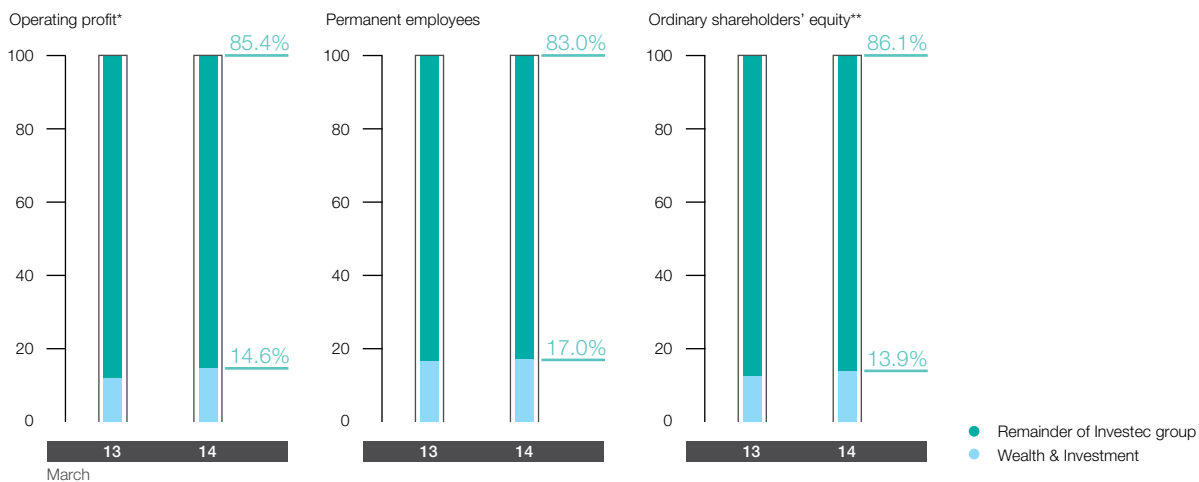
South Africa

Investec Wealth & Investment South Africa provides portfolio management, wealth management and stockbroking services for private clients, charities, pension funds and trusts, operating from eight offices across South Africa with R47.0 billion of funds under full discretionary management and a further R209.0 billion of funds under various other forms of administration.



Wealth & Investment (continued)

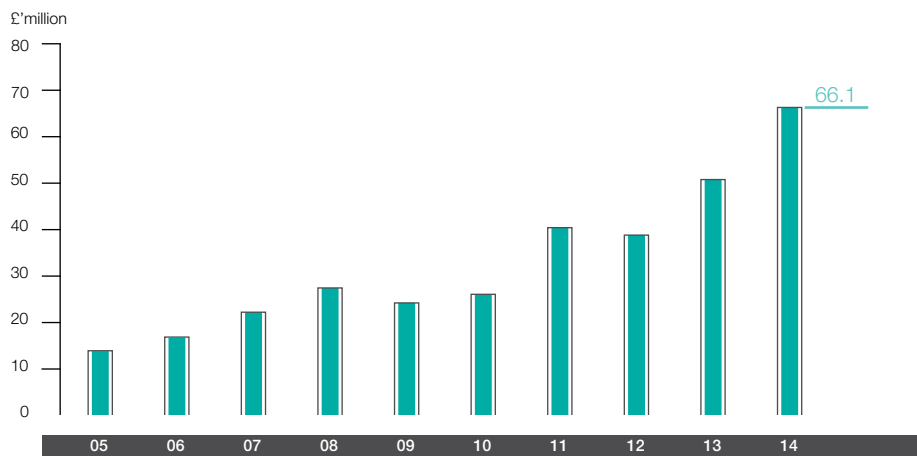
Financial analysis



* Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.

** As calculated on page 52, based on regulatory capital requirements.

Operating profit[^] – track record



[^] Trend reflects numbers as at the year ended 31 March. Amounts from 2008 are shown before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests. Prior to 2008 amounts have not been adjusted for non-controlling interests.

Wealth & Investment (continued)

Income statement analysis

£'000	31 March 2014	31 March 2013	Variance	% change
Net interest income	7 857	9 049	(1 192)	(13.2%)
Net fee and commission income	275 377	237 560	37 817	15.9%
Investment income	2 183	555	1 628	>100.0%
Trading income arising from				
– customer flow	1 324	687	637	92.7%
– balance sheet management and other trading activities	58	360	(302)	(83.9%)
Other operating income	1 234	777	457	58.8%
Total operating income	288 033	248 988	39 045	15.7%
Operating costs	(221 934)	(198 321)	(23 613)	11.9%
Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests	66 099	50 667	15 432	30.5%
UK and Other**	46 065	33 910	12 155	35.8%
South Africa	20 034	16 757	3 277	19.6%
Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests	66 099	50 667	15 432	30.5%
Selected returns and key statistics				
Ordinary shareholders' equity*	292 650	256 747	35 903	14.0%
ROE (pre-tax)*	18.2%	15.8%		
Return on tangible equity (pre-tax)*	130.0%	104.9%		
Operating margin	22.9%	20.3%		
Operating profit per employee (£'000)*	48.7	38.2	10.5	27.5%

* As calculated on page 52 and 53, based on regulatory capital requirements.

** Other comprises European Wealth Management, Investec Wealth & Investment Ireland and Investec Wealth & Investment Channel Islands.

The variance in operating profit over the year can be explained as follows:

- In the UK and Europe the division has benefited from higher average funds under management, as a result of net inflows and a modest increase in relevant market indices. Operating margins have improved from 17.3% in 2013 to 20.1%
- The South African business posted an operating profit of R323 million, an increase of 43.6% over the prior year, benefiting from higher average funds under management and solid discretionary net inflows.

Analysis of key earnings drivers (funds under management)

£'million	31 March 2014	31 March 2013	% change
UK and Other	26 950	24 733	9.0%
Discretionary	18 889	16 806	12.4%
Non-discretionary and other	8 061	7 927	1.7%
South Africa	14 574	15 617	(6.7%)
Discretionary	2 674	2 604	2.7%
Non-discretionary and other	11 900	13 013	(8.6%)
Total	41 524	40 350	2.9%

Wealth & Investment (continued)

UK and Other: analysis of key drivers (funds under management and flows)

Funds under management

£*million	31 March 2014	31 March 2013	% change
Investec Wealth & Investment Limited	24 282	22 271	9.0%
Discretionary	18 291	16 177	13.1%
Non-discretionary	5 753	5 747	0.1%
Other	238	347	(31.4%)
Investec Wealth & Investment Ireland	1 854	1 536	20.7%
Discretionary	247	204	21.0%
Non-discretionary	1 607	1 332	20.6%
European Wealth Management	814	926	(12.1%)
Discretionary	351	425	(17.4%)
Non-discretionary	463	501	(7.6%)
Total	26 950	24 733	9.0%

Further analysis of the Investec Wealth & Investment Limited business

Funds under management and flows

£*billion	31 March 2014	31 March 2013	% change
At the beginning of the period	22.27	19.96	11.6%
Inflows	2.48	1.87	32.6%
Outflows	(1.23)	(1.50)	(18.0%)
Market adjustment [^]	0.70	1.94	(63.9%)
Transfers [*]	0.06	–	–
At the end of the period	24.28	22.27	9.0%
WMA Private Investors Balanced Index (at period end)	3 385	3 300	2.6%
Annualised underlying rate of net organic growth in total funds under management ^{**}	5.6%	1.9%	n/a
% of total funds managed on a discretionary basis	76.3%	74.2%	n/a

[^] Impact of market movement and relative performance.

^{*} Reflects the transfer of clients from European Wealth Management.

^{**} Net organic inflows less outflows (excluding acquired inflows and exceptional outflows) as a percentage of opening funds under management.

South Africa: analysis of key earnings drivers (funds under management and flows)

Funds under management

R'million	31 March 2014	31 March 2013	% change
Discretionary	46 961	36 352	29.2%
Non-discretionary	208 959	181 668	15.0%
Total	255 920	218 020	17.4%

Net inflows/(outflows) at cost over the period

R'million	31 March 2014	31 March 2013
Discretionary	4 748	3 714
Non-discretionary	(2 405) ^{^^}	2 148
Total	2 343	5 862

^{^^} Largely related to one client who moved their portfolio to another institution to serve as collateral in a transaction they were concluding.

Questions and answers

Steve Elliott

Global head

Can you give us an overview of the environment in which you operate?

A Market conditions for the UK business have generally been favourable during the financial year, with many equity markets ending 2013 at or close to all-time highs. Markets began 2014 somewhat less confidently but subsequently recovered. While there remain challenges and uncertainties in the global economy that could lead to further volatility, there are good reasons for investors to maintain a positive outlook for the year ahead.

Measures announced by the UK government in its 2014 budget are significant for the UK investment management sector. In a major change to pension regulations, UK individuals will no longer be required to use their pension fund to purchase an annuity to fund their retirement. They will instead be free to utilise the assets of their fund as they choose upon retirement. This presents a significant opportunity for investment management businesses, as individuals are now free to continue to invest in risk-based assets throughout their retirement as a means of seeking greater returns from their pension savings. In a further positive development for UK investment management businesses, the amount which individuals can invest each year into their tax exempt Individual Savings Account (ISA) has been increased significantly and greater flexibility has also been introduced.

The regulatory environment continues to place increasing obligations on UK investment management businesses and this has been a driver to the latest wave of consolidation in the UK industry. It may also have contributed to the change of strategic

focus by some in the UK market, which has given rise to greater opportunities to recruit experienced investment managers.

The strength of our offering means we are well placed to take advantage of the potential for growth which these opportunities present and look to recruit additional experienced investment managers who understand our philosophy and core values.

With its political and economic stability, Switzerland continues to be one of the preferred private client financial centres and forms part of our international strategy.

In South Africa, the 12 months to the end of March 2014 have been volatile for markets, and emerging markets in particular. Many stock market indices, including the JSE, achieved record highs.

The main driving factor was the timing and pace of the so-called taper – the phased withdrawal by the US Federal Reserve from its monthly programme of asset purchases, worth US\$85 billion at its peak. The Fed first outlined in May 2013 its intentions to begin tapering.

The ‘tapering’ of quantitative easing kept the pressure on risk assets for most of 2013. The Rand weakened from around R9.00 to the US Dollar in April 2013, to R11.20 in January 2014, as global investors switched out of emerging markets.

Global investors appear to be seeing value once more in emerging markets, including South Africa, taking the view that sustained growth in the developed world will also lift emerging markets. They appear willing to look beyond tensions in the Ukraine, Turkey and the strike action in South Africa, as well as the January rate hikes in Turkey, India and South Africa.

In Rand terms, the JSE returned 19.8% over the 12 months to 31 March 2014. In US Dollars, the JSE returned 9.6%.

What have been the key developments in the business over the last financial year?

A We have continued to expand our business across the UK, but most notably in Scotland with the recruitment of a total of nine experienced investment managers across our Glasgow and Edinburgh offices. We now have a substantial presence in both of these key strategic locations which provides a strong platform for future growth in the Scottish marketplace.

Our investment management service is well suited to a wide range of levels of wealth. The strength of our offering presents an opportunity to capture a greater share of the higher net worth market. We have recently launched our Private Office service, which draws on those elements of our service which can be targeted to fulfil the requirements of higher net worth individuals.

We are committed to maintaining the high standard of service we provide and see the continuous development of our offering to our existing clients as the foundation on which future growth will be achieved. To this end, we have continued to invest in our systems and processes.

Our offering to international clients has been expanded during the year with the launching of our Channel Islands business, which provides investment management and custody services from our office in Guernsey.

Key to our International expansion will be a focus on Southern and East Africa. The group has an established business within Hong Kong/Asia and we are considering opportunities within these areas. We will continue to enhance and expand

Wealth & Investment (continued)

our offering to higher net worth clients utilising our well established platforms with international capabilities and investment management expertise.

It was a period of significant change and integration for Wealth & Investment in Ireland. The business was rebranded from NCB to Investec Wealth & Investment in May 2013.

Across the discretionary and advisory investment mandates within the South African business, strong net asset flows have been secured.

We have achieved solid investment performance across a broad range of domestic and offshore investment mandates. We continue to invest in these processes.

We have actively embarked on the provision of an integrated offering to both Wealth & Investment and Private Banking clients, reinforced by the launch of the Investec App and online experience.

Over the last year, Investec Wealth & Investment received a number of international and domestic awards, recognising us as the leading private client wealth and investment manager in South Africa.

What are your strategic objectives in the coming year?

A The personal service we provide to our clients is fundamental to our business. However, client preferences change over time and we are mindful that an increasing number of our clients prefer to receive communications and other aspects of our service electronically. A strong digital capability also provides an opportunity to reach sectors of the market that would not comprise part of our traditional client base. Advancing our digital strategy is a key priority in order to ensure that we continue to meet the changing needs of our current and future clients.

As noted above, we have recently launched our offshore business in the Channel Islands and our Private Office service to higher net worth clients. We will be working during

the coming year to take advantage of the opportunities which these offerings provide.

We believe we are well positioned in Ireland to become one of the preferred wealth and investment management providers within our high net worth target market.

There continue to be opportunities to recruit experienced investment managers. We continue to attract candidates who are drawn to our working environment and culture and our strong, well resourced, investment process and operating platforms from which we service our clients. We will to pursue opportunities to recruit investment managers of the appropriate calibre who share our values.

In South Africa, we will continue to reinforce our leading market positioning as a seamless global investment business, enabling our South African based clients to access global investment opportunities on a discretionary, advisory or execution only basis.

As part of our strategy in South Africa to offer investment services to existing Private Bank clients, we will be launching our online self-directed investment platform this year. It will be aimed at the bank's emerging investment clients, who have not historically been part of our target market.

We are committed to promoting, for the clients of Wealth & Investment and Private Banking, a truly seamless banking and investment experience across South Africa and the UK, as appropriate to the market.

What is your outlook for the coming year?

A The volatility in the equity markets in the first few months of 2014 is a reminder that risks remain in both the economic and political arenas that have the potential to unsettle investor confidence. Whilst these factors cannot be ignored and may drive further volatility during the year ahead, we believe that the overall outlook for investors remains positive, given the traction that is now being gained in the developed economies, the relative strength of corporate balance sheets and the desire by governments and policymakers to maintain demand.

In South Africa, we are confident that

our investment processes are sound and should continue to deliver superior performance. Our asset acquisition and distribution strategies are progressing well and we expect to increase our discretionary funds over the next 12 months.

The investment we have made, and continue to make, in developing the business and our offering leaves us well placed to continue to build on the growth we have achieved over the last financial year.

Ongoing initiatives in the digital and online channels should support revenue improvements and business efficiencies.

Specialist Banking

Specialist expertise delivered with dedication and energy

Global heads

Andy Leith

Corporate Advisory and Investment activities

Sam Hackner

Property activities

David van der Walt

Corporate and Institutional Banking activities

Ciaran Whelan

Private Banking activities

The specialist teams are well positioned to provide services for both personal and business needs right across Private Banking, Property activities, Corporate and Institutional Banking and Corporate Advisory and Investment Banking.



Further information on the Specialist Banking management structure is available on our website: www.investec.com

Our value proposition

- High quality specialist banking solution to corporate, institutional and private clients with leading positions in selected areas
- Provide high touch personalised service
- Ability to leverage international, cross-border platforms
- Well positioned to capture opportunities between the developed and the emerging world
- Balanced business model with good business depth and breadth
- Total corporate and other clients: c.238 000
- Total high income and high net worth clients: c.171 000

Annual highlights

66.0%
cost to income
(2013: 63.1%).

Operating profit
up 2.8% to
£241.9 million
contributing 53.5% to group profit

8.7%
ROE (pre-tax)
(2013: 7.9%).

Loans and advances
£17.2 billion

9.1%
Tangible ROE
(pre-tax)
(2013: 8.4%).

Customer deposits
£22.6 billion

Specialist Banking (continued)

What we do

High income and high net worth private clients

Private Banking activities

Transactional banking and foreign exchange
Lending
Deposits
Investments

Australia
Southern Africa
UK and Europe

Corporates/government/institutional clients

Corporate Advisory and Investment activities

Advisory
Principal investments
Property investment fund management

Australia
Hong Kong
India
Southern Africa
UK and Europe

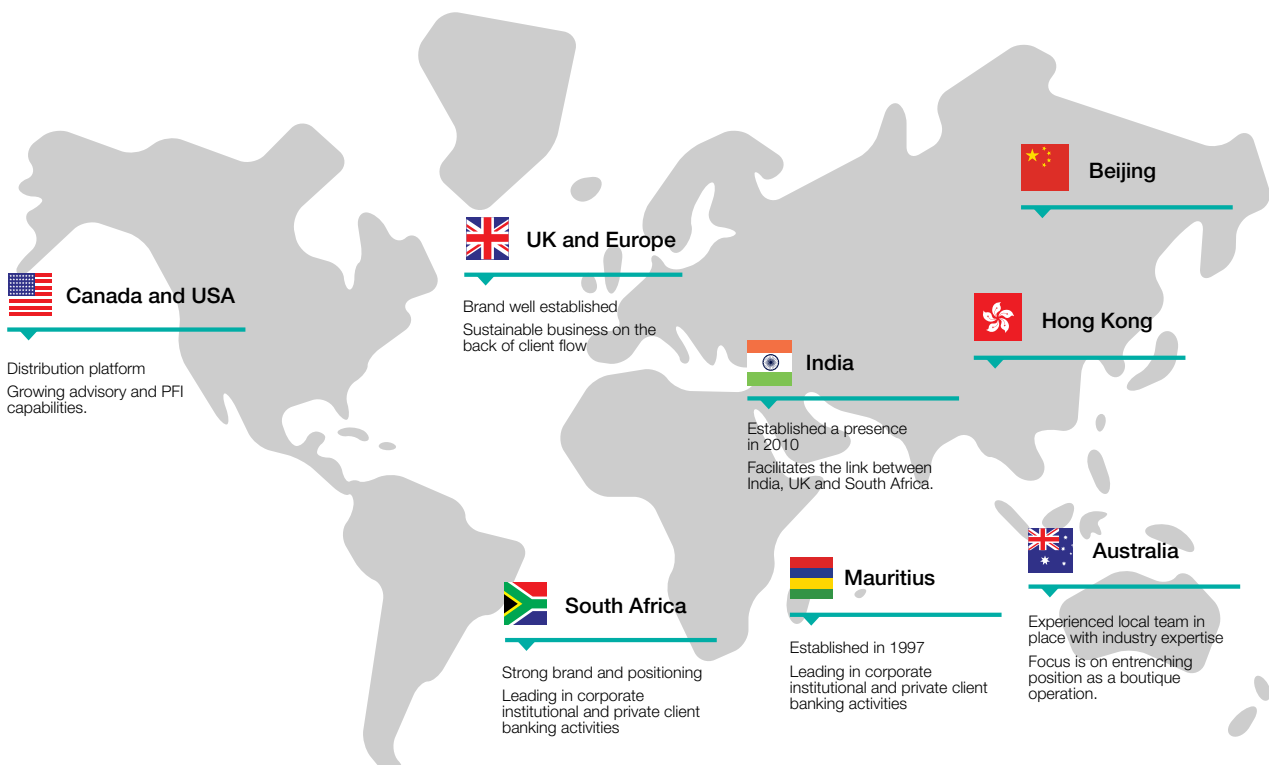
Corporate and Institutional Banking activities

Treasury and trading services
Specialised lending, funds and debt capital markets
Institutional research sales and trading

Australia
Canada
India
Southern Africa
UK and Europe
Hong Kong
USA

Integrated systems and infrastructure

Where we operate



Specialist Banking (continued)

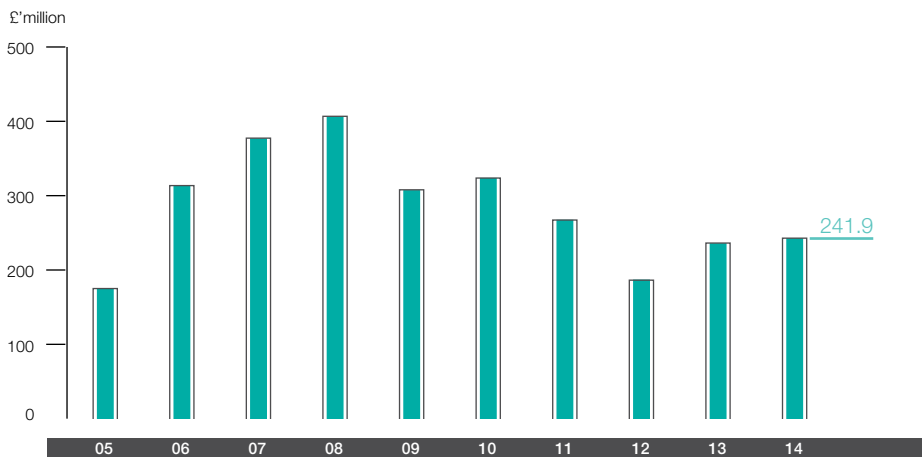
Financial analysis



* Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.

** As calculated on page 52, based on regulatory capital requirements.

Operating profit – track record



^ Trend reflects numbers as at the year ended 31 March, unless otherwise stated. Amounts from 2008 are shown before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests. Prior to 2008 amounts have not been adjusted for non-controlling interests.

Income statement analysis

£'000	31 March 2014	31 March 2013*	Variance	% change
Net interest income	639 904	690 057	(50 153)	(7.3%)
Net fee and commission income	304 703	336 144	(31 441)	(9.4%)
Investment income	164 598	181 401	(16 803)	(9.3%)
Trading income arising from				
– customer flow	102 590	70 172	32 418	46.2%
– balance sheet management and other trading activities	12 511	33 723	(21 212)	(62.9%)
Other operating income	14 445	31 793	(17 348)	(54.6%)
Total operating income before impairment on loans and advances	1 238 751	1 343 290	(104 539)	(7.8%)
Impairment losses on loans and advances	(166 152)	(251 012)	84 860	(33.8%)
Operating income	1 072 599	1 092 278	(19 679)	(1.8%)
Operating costs	(813 807)	(837 928)	24 121	(2.9%)
Depreciation on operating leased assets	(6 044)	(16 072)	10 028	(62.4%)
Operating profit before goodwill, acquired intangibles and non-operating items and taxation	252 748	238 278	14 470	6.1%
Operating losses attributable to non-controlling interests	(10 849)	(3 074)	(7 775)	(>100.0%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	241 899	235 204	6 695	2.8%
UK and Other	54 602	42 049	12 553	29.9%
Southern Africa	201 153	189 754	11 399	6.0%
Australia	(13 856)	3 401	(17 257)	(>100.0%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	241 899	235 204	6 695	2.8%
Selected returns and key statistics				
Ordinary shareholders' equity**	2 639 746	2 740 061	(100 315)	(3.7%)
ROE (pre-tax)**	8.7%	7.9%		
Return on tangible equity (pre-tax)**	9.1%	8.4%		
Cost-to-income ratio	66.0%	63.1%		
Operating profit per employee (£'000)**	44.2	43.4	0.8	1.8%

* Restated.

** As calculated on page 52 and 53, based on regulatory capital requirements.

The variance in the operating profit in the UK over the year can be explained as follows:

- Net interest income decreased marginally as a result of less interest earned on running down legacy portfolios, offset partially by increased lending turnover and an improvement in the cost of funding
- Net fee and commission income has decreased as a result of less corporate fees earned in the period, however, pipelines remain sound
- Investment and other trading income decreased as a result of lower returns generated on the fixed income portfolio, partially offset by a good performance from the equity investment portfolio
- Trading income from customer flow improved due to increased corporate foreign exchange and rates activities
- Other operating income includes associate income and income earned on an operating lease portfolio acquired during December 2010
- Total operating income decreased 7.2%
- Impairments decreased by 38.8%. Further information is provided on pages 56 and 57
- Operating expenses decreased largely as a result of lower depreciation recorded on operating leased assets, with other costs marginally higher than the prior year.

Specialist Banking (continued)

The variance in the operating profit in South Africa over the year can be explained as follows:

- The analysis and variances described below for the South African Specialist Banking division are based on the Rand numbers reported. Results in Pounds Sterling have been negatively impacted by the depreciation of the average Rand: Pounds Sterling exchange rate of approximately 20% over the period. The Specialist Banking division reported operating profit before taxation of R3 289 million (2013: R2 546 million)
- Net interest income increased as a result of an increase in core loans and advances of 10.6%, partially offset by a lower return earned on certain higher yielding asset portfolios
- Net fee and commission income has increased as a result of a good performance from the corporate business with strong growth in project finance and structured finance fees. The transactional banking activities, property lending, and property fund continued to perform well
- Investment income was marginally behind the prior year, with this year's performance supported by a solid performance from the unlisted private equity portfolio, however the prior year included gains on the sale of investment properties which have not been repeated in the current year
- Trading income from customer flow improved due to increased client activity, notably in foreign exchange transactions
- Other trading income has benefited from effective balance sheet management
- Total operating income increased by 14.5%
- Impairments decreased by 23.6%. Further information is provided on pages 56 and 57
- Operating expenses increased by 8.0%.

The variance in the operating profit in Australia over the year can be explained as follows:

- Following a review conducted in Australia, a number of businesses which lacked scale or alignment with the greater group were closed during the year
- The restructure costs resulting from this action are included in the current year's results
- On 11 April 2014, the group announced that it had entered into a definitive contract with Bank of Queensland Limited to purchase Investec Bank (Australia) Limited's professional finance and asset finance and leasing businesses and its deposit book at an A\$210 million premium to tangible net asset value, structured via a sale of Investec Bank (Australia) Limited. The transaction is subject to regulatory approval.

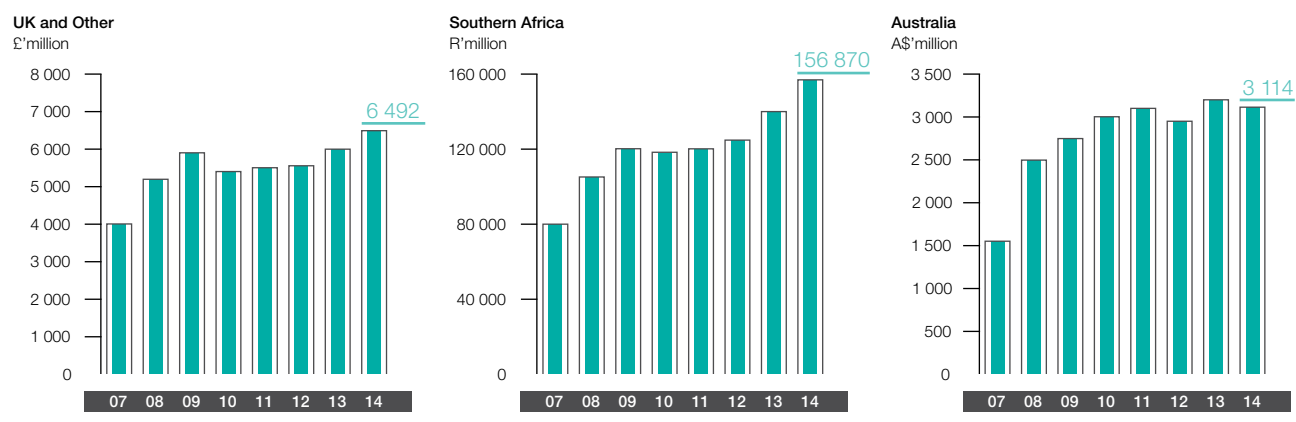
Analysis of key earnings drivers

Net core loans and advances (excluding Kensington)

	£'million			Home currency 'million		
	31 March 2014	31 March 2013	% change	31 March 2014	31 March 2013	% change
UK and Other	6 492	6 045	7.4%	£6 492	£6 045	7.4%
Southern Africa	8 935	10 165	(12.1%)	R156 870	R141 903	10.6%
Australia	1 730	2 205	(21.5%)	A\$3 114	A\$3 219	(3.3%)
Total	17 157	18 415	(6.8%)			

Specialist Banking (continued)

Net core loans and advances (excluding Kensington)



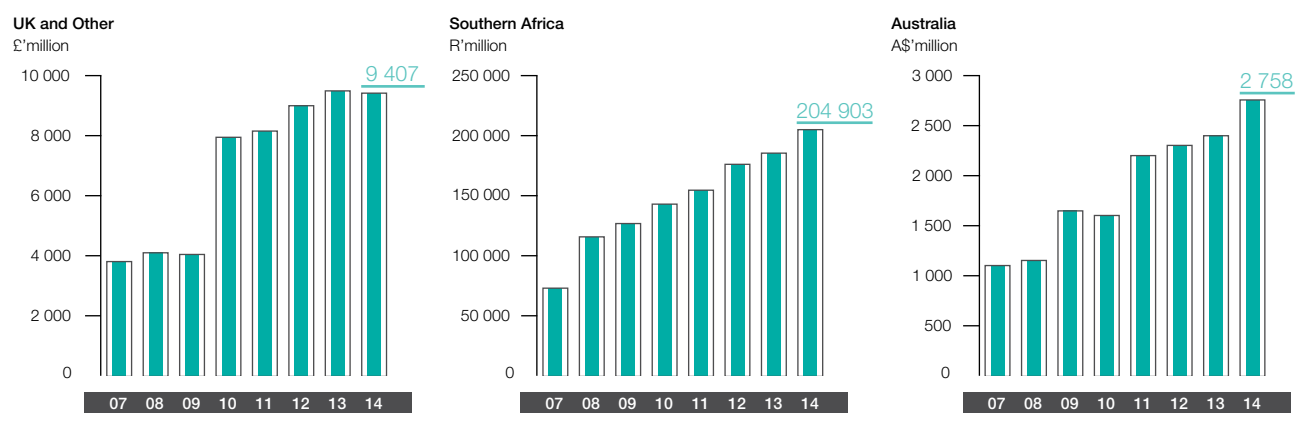
Trend reflects numbers as at the year ended 31 March unless stated otherwise.

Total deposits

	£'million			Home currency 'million		
	31 March 2014	31 March 2013*	% change	31 March 2014	31 March 2013*	% change
UK and Other	9 407	9 490	(0.9%)	£9 407	£9 490	(0.9%)
Southern Africa	11 671	13 278	(12.1%)	R204 903	R185 311	10.6%
Australia	1 532	1 693	(9.5%)	A\$2 758	A\$2 472	11.6%
Total	22 610	24 461	(7.6%)			

* Restated.

Total deposits



Trend reflects numbers as at the year ended 31 March unless stated otherwise.

Specialist Banking (continued)

Legacy business in the UK Specialist Bank

The legacy business in the UK Specialist Bank comprises:

- Assets put on the bank's books pre-2008 where market conditions post the financial crisis have materially impacted the business model e.g. unsecuritised mortgage assets
- Assets written prior to 2008 with very low/negative margins
- Assets relating to business we are no longer undertaking.

An analysis of assets within the legacy business

£'million	31 March 2014 Total net assets (after impairments)	31 March 2014 Total balance sheet impairment	31 March 2013 Total net assets (after impairments)	31 March 2013 Total balance sheet impairment
Kensington – UK warehouse assets	768	4	857	23
Kensington – Ireland	474	138	504	116
Total Kensington warehouse assets	1 242	142	1 361	139
Performing	813	1	839	20
Non-performing	429	141	522	119
Other corporate assets and securitisation activities	864	51	1 151	52
Private Bank Irish planning and development assets	60	59	62	58
Other Private Bank assets	1 261	82	1 402	84
Total other legacy assets	2 185	192	2 615	194
Performing	1 798	4	2 219	5
Non-performing	387	188	396	189

A further analysis of the UK Specialist Bank's results for the year ended 31 March 2014

£'million	Ongoing business	Legacy business	Total
Total income	560.3	35.7	596.0
Total impairments	(11.2)	(93.6)	(104.8)
Total expenses	(389.0)	(44.3)	(433.3)
Depreciation on operating leased assets	(5.4)	(0.6)	(6.0)
Net profit before tax	154.7	(102.8)	51.9
Taxation (using total effective tax rate for the UK at 18.8%)	(29.1)	19.3	(9.8)
Net profit after tax	125.6	(83.5)	42.1
Non-controlling interests	2.7	–	2.7
Attributable earnings before preference dividends	128.3	(83.5)	44.8
Average shareholders' equity	681	354	1 035
Post-tax return on average shareholders' equity (before preference dividends)	18.8%	(23.6%)	4.3%
Cost to income ratio	70.1%	126.2%	73.4%

Specialist Banking (continued)

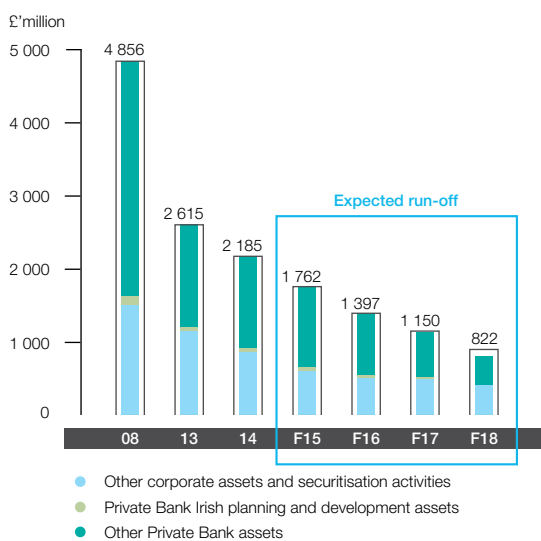
A further analysis of the UK Specialist Bank's results for the year ended 31 March 2013*

£'million	Ongoing business	Legacy business	Total
Total income	577.9	64.6	642.5
Total impairments	(65.9)	(105.3)	(171.2)
Total expenses	(367.3)	(45.5)	(412.8)
Depreciation on operating leased assets	(16.1)	–	(16.1)
Net profit before tax	128.6	(86.2)	42.4
Taxation (using total effective tax rate for the UK at 23.4%)	(29.6)	19.8	(9.8)
Net profit after tax	99.0	(66.4)	32.6
Non-controlling interests	(0.4)	–	(0.4)
Attributable earnings before preference dividends	98.6	(66.4)	32.2
Average shareholders' equity	587	410	997
Post-tax return on average shareholders' equity (before preference dividends)	16.8%	(16.2%)	3.2%
Cost to income ratio	65.4%	70.4%	65.9%

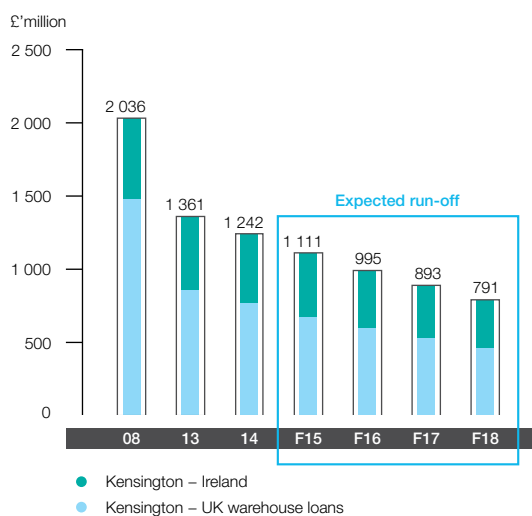
* Restated.

Expected run-off of legacy assets

Total other legacy assets excluding Kensington



Kensington



Questions and answers

David van der Walt

Geographical business leader

United Kingdom

Can you give us an overview of the environment in which you operate?

A Since the beginning of the financial year the operating environment has improved steadily, and for the first time in a long while feels 'normal'. During the year, pipelines have built steadily and are now quite strong as board decisions start to translate into activity.

Equity and IPO markets have been robust. We were, however, slow to take advantage of these conditions due to internal restructuring at the beginning of the year, since then momentum has built and this has allowed us to be selective with our transactions; we are confident of a high quality pipeline.

The cost of liquidity improved substantially in the first half of the year and has continued to improve albeit at a slower pace. This has allowed us to reprice and remain competitive in most areas as margins have also started to tighten.

The regulatory environment remains challenging although the pace of change has begun to slow. While there are still a fair amount of regulatory changes to be implemented, most of the changes can be anticipated, giving greater certainty as to the impact and helping to plan accordingly. Regulatory change continues to affect costs, driving them higher.

The unrest in Ukraine is on the radar but has not to date affected the operating environment.

In summary, it has been an improving environment during the year and we are now in a healthy position to take advantage of more buoyant activity levels.

What have been the key developments in the business over the financial year?

A We have continued with our theme of building our core business but, at the same time, simplifying our operating model.

Regarding simplification, we have closed our financial markets group and reduced our secondary market and principle credit activities. We have sold our trust businesses in Jersey, Switzerland and Mauritius. We integrated our Investment Banking and Securities business into our Corporate and Institutional Banking business. We have co-located the NCB business with our Irish branch in Dublin. The banking and securities business of NCB has been integrated into our Irish branch and no longer operates as a separate legal entity.

We have reduced pricing on deposit accounts and closed a number of non-core accounts to reduce the overall drag on liquidity. We have sold a leasing business, Lease Direct Finance, and are in the process of disposing of the Kensington mortgage business. We have separately identified our legacy assets and are actively managing these exposures.

On the theme of building out, we have continued to grow and expand our Asset Finance business. We have added overdrafts to our Voyage private client card and transactional banking offering aimed at high net worth individuals. We have launched our Private Bank Account targeting professionals, high income and South African clients banking abroad. We have focused the business back on primary client activity and building our franchise. We have launched an aircraft leasing fund out of Hong Kong with US\$750 million of committed equity. We are steadily gaining market share in our chosen areas.

Overall, it has been a busy year with a number of initiatives delivered to plan.

What are your strategic objectives for the coming year?

A Our overall objective is to continue to build a significant client franchise while maintaining our expertise in niche specialist areas. Outside of this we have the following objectives:

- Successfully launch and roll-out the Private Bank Account to our selected client base
- Digitise our private client offering
- Progress with the potential sale of Kensington
- Manage down the legacy portfolio
- Integrate the Irish business operationally with the UK business
- Continue to manage down the cost of funds
- Grow our client base and embed a consistent client culture and experience within the business.

What is your outlook for the coming year?

A On the basis that the environment continues to be good, we expect the core business to grow off the current base. We will work hard to get the majority of the drag of the legacy portfolio behind us which may mean that we sacrifice some income in the short-term for long-term benefit. As a result of the pending sale of some of our businesses in Australia, our capital position will be comfortable and we will target moderate loan growth from our core client base. Quality of income should continue to improve and overall we are anticipating an improved performance.

Questions and answers

Stephen Koseff
Bernard Kantor

Glynn Burger

Geographical business leaders

South Africa

Can you give us an overview of the environment in which you operate?

A The political economic environment has been challenging with a high degree of uncertainty and breakdown between business and labour resulting in weak macro economic conditions. Our business activity has been supported by strong equity markets, an improving global environment and positive levels of activity amongst our core client base. We continue to see an increase in regulatory scrutiny as the world adjusts its regulatory model to ensure that financial institutions act in the interest of broader society and do not provide a threat to economic stability.

Now that the general election is behind us and government seems to be committed to the National Development Plan, we are hopeful the economic environment will improve supported by global growth as well as the development of infrastructure, improvement in labour relations and the creation of a more business friendly environment.

What have been the key developments in the business over the financial year?

A We have spent the last few years implementing the one-bank process which was designed to provide better solutions for our clients but at the same time create a more simple, efficient and effective operating structure. This process is now embedded within the organisation and how it conducts itself on a daily basis.

We have seen a lot of traction from the close co-operation between the Private Bank and Wealth & Investment businesses in leveraging our private client platform. Our approach is to provide and integrate our offering across our client segments and build market share in those segments through further client penetration.

Lending activity levels continued to improve compared to previous years, with solid growth achieved in our professional banking, property lending and corporate portfolios. A dedicated Retail Funding business was created to focus on growing the deposit base in a highly competitive market in the quest for Basel III compliant funds. We continued to enhance our transactional banking offering, particularly with our on-line offering, which supported further momentum in our Professional Banking business.

Corporate activity was buoyant, resulting in a solid performance from our advisory, debt origination, treasury sales and structuring businesses. A number of businesses within our corporate division were integrated in an effort to provide a more holistic offering to our corporate client base, which also resulted in the introduction of a number of new product offerings.

Our unlisted investment and investment/trading property portfolios continued to perform well.

What are your strategic objectives in the coming year?

A Over the past few years, we have continued to build our franchise in our core client segments. Building and developing our client franchises remains integral to the growth and development of our organisation and we endeavour to continue to enhance our client experience, ensuring our target clients do more with us as an organisation.

We will continue to focus on cross-selling our products across different client bases, providing services between Private Bank and the Wealth & Investment business and a more focused approach to servicing the corporate market so that our Specialist Bank maintains its agility in providing our clients, both private and corporate, with integrated solutions.

We continue to roll-out our Africa strategy. The African continent has made great strides in its democratisation over the past couple of years and South Africa is well-positioned to provide a platform for global players wishing to take advantage of the African opportunity. These initiatives remain focused largely on advisory, corporate institutional banking and asset management opportunities.

What is your outlook for the coming year?

A We are hopeful that with the general election completed and government on a path to implement its plans, activity levels will remain satisfactory to improving.

Overall, we are well positioned and placed to benefit from an uptick in infrastructure investment and an improved global economic outlook.

Questions and answers

Ciaran Whelan (acting)

Geographical business leader

Australia

Can you give us an overview of the recent strategic development?

A Following a strategic review of the business, on 11 April 2014, the group announced that it had entered into a definitive agreement with Bank of Queensland (BOQ) to sell its Professional Finance business, Asset Finance and Leasing businesses and its deposit book. The transaction is structured as a sale of IBAL and is subject to approval from the Australian Prudential Regulatory Authority which is expected to be received between June and September 2014.

Tell us a little more about the deal

A The value of the deal was a premium of A\$210 million, over book value of the businesses. About A\$2.4 billion loans and A\$2.7 billion deposits are being sold, with a total of about 310 people transferring to BOQ. The agreement with BOQ represents a significant opportunity for both the Professional Finance and Asset Finance & Leasing businesses to pursue their next phase of growth.

What of Investec's presence in Australia remains?

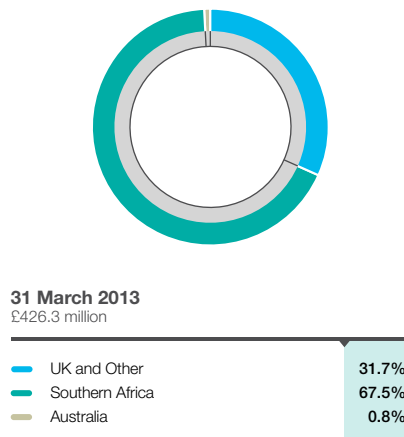
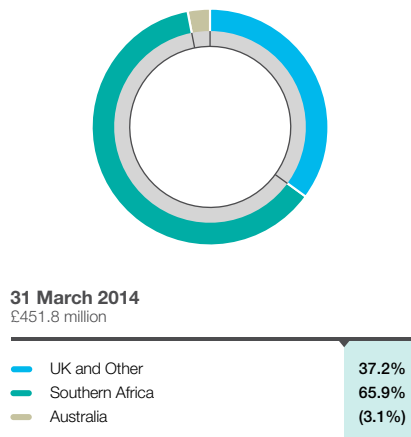
A Following the sale, we will retain a significant business in Australia focusing on our core strengths across Corporate and Institutional Banking, Investment Banking and Property Fund Management. We are thus left with a non-bank subsidiary in Australia, with the business being serviced by approximately 90 staff members. The assets and liabilities relevant to the businesses that remain will be transferred to the balance sheets of either the UK or South Africa new business written, will be written on either of the two balance sheets. The Australian business will focus on entrenching its position as a boutique operation, providing strong cross-border and local opportunities for the greater Investec group.

What is the outlook for Investec Australia going forward?

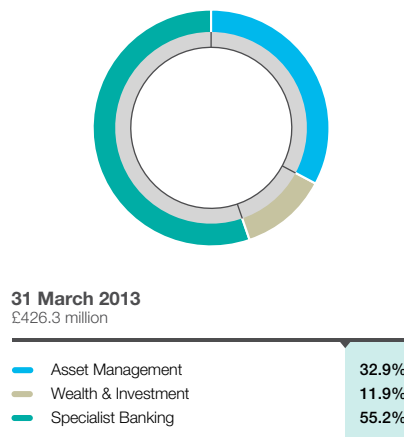
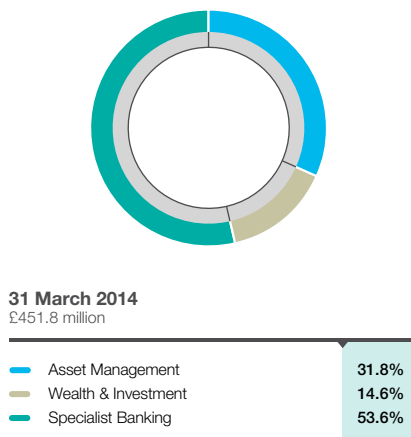
A We have an experienced leadership team with a focused business backed by a strong global balance sheet and parent. We are in a good position to concentrate on what we do best within our specialist niches and to demonstrate our distinctive approach. The business that remains will form part of Investec's global operations. The lower cost structure and different regulatory environment means that there are high hopes for this business going forward.

Segmental geographical and business analysis

Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests by geography



Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests by line of business



Segmental geographic analysis – income statement

For the year to 31 March 2014 £'000	UK and Other	Southern Africa	Australia	Total group
Net interest income	285 219	294 945	71 515	651 679
Fee and commission income	732 338	370 228	34 336	1 136 902
Fee and commission expense	(125 019)	(15 377)	(7 085)	(147 481)
Investment income	99 540	67 710	(441)	166 809
Trading income arising from				
– customer flow	66 378	26 870	10 666	103 914
– balance sheet management and other trading activities	(6 529)	19 895	(2 779)	10 587
Other operating income	15 745	2 541	268	18 554
Total operating income before impairment on loans and advances	1 067 672	766 812	106 480	1 940 964
Impairment losses on loans and advances	(104 792)	(39 241)	(22 119)	(166 152)
Operating income	962 880	727 571	84 361	1 774 812
Operating costs	(791 304)	(416 581)	(98 217)	(1 306 102)
Depreciation on operating leased assets	(6 044)	–	–	(6 044)
Operating profit before goodwill and acquired intangibles	165 532	310 990	(13 856)	462 666
(Profits)/losses attributable to other non-controlling interests	2 720	(13 569)	–	(10 849)
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	168 252	297 421	(13 856)	451 817
Profit attributable to Asset Management non-controlling interests	(5 535)	(5 496)	–	(11 031)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	162 717	291 925	(13 856)	440 786
Impairment of goodwill	–	(1 564)	(11 233)	(12 797)
Amortisation of acquired intangibles	(13 393)	–	–	(13 393)
Operating costs arising from integration, restructuring and partial disposal of subsidiaries	(3 241)	(1 971)	(15 678)	(20 890)
Gain on disposal of subsidiaries	9 653	168	–	9 821
Earnings attributable to shareholders before taxation	155 736	288 558	(40 767)	403 527
Taxation on operating profit before goodwill	(31 164)	(48 140)	154	(79 150)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	7 289	–	–	7 289
Earnings attributable to shareholders	131 861	240 418	(40 613)	331 666
Selected returns and key statistics				
ROE (post-tax)	7.6%	16.5%	(3.8%)	10.1%
Return on tangible equity (post-tax)	11.7%	16.7%	(4.4%)	12.3%
Cost to income ratio	74.5%	54.3%	92.2%	67.5%
Staff compensation to operating income	51.5%	36.6%	63.2%	46.3%
Operating profit/(loss) per employee	48.8	69.4	(29.6)	55.1
Effective operational tax rate	18.8%	15.5%	1.1%	17.1%
Total assets (£'million)	19 618	25 081	2 443	47 142

Segmental geographic analysis – income statement (continued)

For the year to 31 March 2013* £'000	UK and Other	Southern Africa	Australia	Total group
Net interest income	291 726	342 793	69 088	703 607
Fee and commission income	694 467	356 500	59 431	1 110 398
Fee and commission expense	(125 872)	(13 180)	(4 526)	(143 578)
Investment income	95 250	86 204	538	181 992
Trading income arising from				
– customer flow	51 158	12 755	6 946	70 859
– balance sheet management and other trading activities	18 579	16 023	(564)	34 038
Other operating income	34 782	5 562	1 809	42 153
Total operating income before impairment on loans and advances	1 060 090	806 657	132 722	1 999 469
Impairment losses on loans and advances	(171 187)	(61 976)	(17 849)	(251 012)
Operating income	888 903	744 681	114 873	1 748 457
Operating costs	(737 134)	(454 427)	(111 472)	(1 303 033)
Depreciation on operating leased assets	(16 072)	–	–	(16 072)
Operating profit before goodwill and acquired intangibles	135 697	290 254	3 401	429 352
Profits attributable to other non-controlling interests	(397)	(2 677)	–	(3 074)
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	135 300	287 577	3 401	426 278
Profit attributable to Asset Management non-controlling interests	–	(243)	–	(243)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	135 300	287 334	3 401	426 035
Impairment of goodwill	(13 402)	(1 773)	–	(15 175)
Amortisation of acquired intangibles	(13 313)	–	–	(13 313)
Operating costs arising from integration, restructuring and partial disposal of subsidiaries	(13 119)	–	–	(13 119)
Non-operational costs arising from acquisition of subsidiary	(1 249)	–	–	(1 249)
Earnings attributable to shareholders before taxation	94 217	285 561	3 401	383 179
Taxation on operating profit before goodwill	(31 801)	(48 693)	1 430	(79 064)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	5 977	–	–	5 977
Earnings attributable to shareholders	68 393	236 868	4 831	310 092
Selected returns and key statistics				
ROE (post-tax)	6.0%	15.5%	1.2%	9.4%
Return on tangible equity (post-tax)	9.6%	15.6%	1.4%	11.7%
Cost to income ratio	70.6%	56.3%	84.0%	65.7%
Staff compensation to operating income	47.7%	36.9%	56.5%	43.9%
Operating profit per employee	39.9	69.8	7.5	53.5
Effective operational tax rate	23.4%	16.8%	(42.0%)	18.4%
Total assets (£'million)	20 473	28 291	3 246	52 010

* Restated.

Segmental business and geographic analysis – income statement

For the year to 31 March 2014 £'000	Asset Management		
	UK and Other	Southern Africa	Total
Net interest income	277	3 641	3 918
Fee and commission income	340 316	164 379	504 695
Fee and commission expense	(95 354)	–	(95 354)
Investment income	–	28	28
Trading income arising from			
– customer flow	–	–	–
– balance sheet management and other trading activities	(2 314)	332	(1 982)
Other operating income	(129)	3 004	2 875
Total operating income before impairment losses on loans and advances	242 796	171 384	414 180
Impairment losses on loans and advances	–	–	–
Operating income	242 796	171 384	414 180
Operating costs	(175 211)	(95 150)	(270 361)
Depreciation on operating leased assets	–	–	–
Operating profit before goodwill and acquired intangibles	67 585	76 234	143 819
(Profits)/losses attributable to other non-controlling interests	–	–	–
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	67 585	76 234	143 819
Profit attributable to Asset Management non-controlling interests	(5 535)	(5 496)	(11 031)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	62 050	70 738	132 788
Selected returns and key statistics			
Cost to income ratio	72.2%	55.5%	65.3%
Staff compensation to operating income	54.7%	37.8%	47.7%

Wealth & Investment			Specialist Banking				Total group
UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Australia	Total	
7 987	(130)	7 857	276 955	291 434	71 515	639 904	651 679
219 434	60 179	279 613	172 588	145 670	34 336	352 594	1 136 902
(2 021)	(2 215)	(4 236)	(27 644)	(13 162)	(7 085)	(47 891)	(147 481)
1 875	308	2 183	97 665	67 374	(441)	164 598	166 809
389	935	1 324	65 989	25 935	10 666	102 590	103 914
(72)	130	58	(4 143)	19 433	(2 779)	12 511	10 587
1 232	2	1 234	14 642	(465)	268	14 445	18 554
228 824	59 209	288 033	596 052	536 219	106 480	1 238 751	1 940 964
–	–	–	(104 792)	(39 241)	(22 119)	(166 152)	(166 152)
228 824	59 209	288 033	491 260	496 978	84 361	1 072 599	1 774 812
(182 759)	(39 175)	(221 934)	(433 334)	(282 256)	(98 217)	(813 807)	(1 306 102)
–	–	–	(6 044)	–	–	(6 044)	(6 044)
46 065	20 034	66 099	51 882	214 722	(13 856)	252 748	462 666
–	–	–	2 720	(13 569)	–	(10 849)	(10 849)
46 065	20 034	66 099	54 602	201 153	(13 856)	241 899	451 817
–	–	–	–	–	–	–	(11 031)
46 065	20 034	66 099	54 602	201 153	(13 856)	241 899	440 786
79.9%	66.2%	77.1%	73.4%	52.6%	92.2%	66.0%	67.5%
58.4%	47.2%	56.1%	47.5%	35.1%	63.2%	43.5%	46.3%

Segmental business and geographic analysis

– income statement (continued)

For the year to 31 March 2013* £'000	Asset Management		
	UK and Other	Southern Africa	Total
Net interest income	492	4 009	4 501
Fee and commission income	309 933	175 850	485 783
Fee and commission expense	(92 667)	–	(92 667)
Investment income	–	36	36
Trading income arising from			
– customer flow	–	–	–
– balance sheet management and other trading activities	(199)	154	(45)
Other operating income	4 476	5 107	9 583
Total operating income before impairment losses on loans and advances	222 035	185 156	407 191
Impairment losses on loans and advances	–	–	–
Operating income	222 035	185 156	407 191
Operating costs	(162 694)	(104 090)	(266 784)
Depreciation on operating leased assets	–	–	–
Operating profit before goodwill and acquired intangibles	59 341	81 066	140 407
(Profits)/losses attributable to other non-controlling interests	–	–	–
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	59 341	81 066	140 407
Profit attributable to Asset Management non-controlling interests	–	(243)	(243)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	59 341	80 823	140 164
Selected returns and key statistics			
Cost to income ratio	73.3%	56.2%	65.5%
Staff compensation to operating income	53.7%	37.0%	46.1%

* Restated.

Wealth & Investment			Specialist Banking				Total group
UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Australia	Total	
10 293	(1 244)	9 049	280 941	340 028	69 088	690 057	703 607
195 275	55 040	250 315	189 259	125 610	59 431	374 300	1 110 398
(11 772)	(983)	(12 755)	(21 433)	(12 197)	(4 526)	(38 156)	(143 578)
555	–	555	94 695	86 168	538	181 401	181 992
361	326	687	50 797	12 429	6 946	70 172	70 859
4	356	360	18 774	15 513	(564)	33 723	34 038
775	2	777	29 531	453	1 809	31 793	42 153
195 491	53 497	248 988	642 564	568 004	132 722	1 343 290	1 999 469
–	–	–	(171 187)	(61 976)	(17 849)	(251 012)	(251 012)
195 491	53 497	248 988	471 377	506 028	114 873	1 092 278	1 748 457
(161 581)	(36 740)	(198 321)	(412 859)	(313 597)	(111 472)	(837 928)	(1 303 033)
–	–	–	(16 072)	–	–	(16 072)	(16 072)
33 910	16 757	50 667	42 446	192 431	3 401	238 278	429 352
–	–	–	(397)	(2 677)	–	(3 074)	(3 074)
33 910	16 757	50 667	42 049	189 754	3 401	235 204	426 278
–	–	–	–	–	–	–	(243)
33 910	16 757	50 667	42 049	189 754	3 401	235 204	426 035
82.7%	68.7%	79.7%	65.9%	55.2%	84.0%	63.1%	65.7%
58.2%	45.8%	55.6%	42.4%	36.1%	56.5%	40.8%	43.9%

Segmental business analysis – income statement

For the year to 31 March 2014 £'000	Asset Management	Wealth & Investment	Specialist Banking	Total group
Net interest income	3 918	7 857	639 904	651 679
Fee and commission income	504 695	279 613	352 594	1 136 902
Fee and commission expense	(95 354)	(4 236)	(47 891)	(147 481)
Investment income	28	2 183	164 598	166 809
Trading income arising from				
– customer flow	–	1 324	102 590	103 914
– balance sheet management and other trading activities	(1 982)	58	12 511	10 587
Other operating income	2 875	1 234	14 445	18 554
Total operating income before impairment on loans and advances	414 180	288 033	1 238 751	1 940 964
Impairment losses on loans and advances	–	–	(166 152)	(166 152)
Operating income	414 180	288 033	1 072 599	1 774 812
Operating costs	(270 361)	(221 934)	(813 807)	(1 306 102)
Depreciation on operating leased assets	–	–	(6 044)	(6 044)
Operating profit before goodwill and acquired intangibles	143 819	66 099	252 748	462 666
Profits attributable to other non-controlling interests	–	–	(10 849)	(10 849)
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	143 819	66 099	241 899	451 817
Profit attributable to Asset Management non-controlling interests	(11 031)	–	–	(11 031)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	132 788	66 099	241 899	440 786
Selected returns and key statistics				
ROE (pre-tax)	96.7%	18.2%	8.7%	12.5%
Return on tangible equity (pre-tax)	305.1%	130.0%	9.1%	15.3%
Cost to income ratio	65.3%	77.1%	66.0%	67.5%
Staff compensation to operating income	47.7%	56.1%	43.5%	46.3%
Operating profit per employee	105.1	48.7	44.2	55.1
Total assets (£'million)	555	1 919	44 668	47 142

Segmental business analysis – income statement (continued)

For the year to 31 March 2013* £'000	Asset Management	Wealth & Investment	Specialist Banking	Total group
Net interest income	4 501	9 049	690 057	703 607
Fee and commission income	485 783	250 315	374 300	1 110 398
Fee and commission expense	(92 667)	(12 755)	(38 156)	(143 578)
Investment income	36	555	181 401	181 992
Trading income arising from				
– customer flow	–	687	70 172	70 859
– balance sheet management and other trading activities	(45)	360	33 723	34 038
Other operating income	9 583	777	31 793	42 153
Total operating income before impairment on loans and advances	407 191	248 988	1 343 290	1 999 469
Impairment losses on loans and advances	–	–	(251 012)	(251 012)
Operating income	407 191	248 988	1 092 278	1 748 457
Operating costs	(266 784)	(198 321)	(837 928)	(1 303 033)
Depreciation on operating leased assets	–	–	(16 072)	(16 072)
Operating profit before goodwill and acquired intangibles	140 407	50 667	238 278	429 352
Profits attributable to other non-controlling interests	–	–	(3 074)	(3 074)
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	140 407	50 667	235 204	426 278
Profit attributable to Asset Management non-controlling interests	(243)	–	–	(243)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	140 164	50 667	235 204	426 035
Selected returns and key statistics				
ROE (pre-tax)	95.1%	15.8%	7.9%	11.8%
Return on tangible equity (pre-tax)	336.1%	104.9%	8.4%	14.7%
Cost to income ratio	65.5%	79.7%	63.1%	65.7%
Staff compensation to operating income	46.1%	55.6%	41.0%	43.9%
Operating profit per employee	115.1	38.2	43.4	53.5
Total assets (£'million)	630	2 587	48 793	52 010

* Restated.

Combined consolidated segmental geographic analysis – balance sheet assets and liabilities

At 31 March 2014 £'000	UK and Other	Southern Africa	Australia	Total group
Assets				
Cash and balances at central banks	1 706 423	337 572	36 195	2 080 190
Loans and advances to banks	1 213 531	2 003 156	63 492	3 280 179
Non-sovereign and non-bank cash placements	–	515 189	–	515 189
Reverse repurchase agreements and cash collateral on securities borrowed	909 437	479 543	–	1 388 980
Sovereign debt securities	946 004	1 983 017	286 411	3 215 432
Bank debt securities	234 728	1 196 915	136 454	1 568 097
Other debt securities	221 063	376 150	8 165	605 378
Derivative financial instruments	868 270	700 545	50 600	1 619 415
Securities arising from trading activities	586 706	283 382	–	870 088
Investment portfolio	336 148	483 148	6 449	825 745
Loans and advances to customers	6 492 335	8 506 986	1 282 291	16 281 612
Own originated loans and advances to customers securitised	–	428 117	447 638	875 755
Other loans and advances	1 413 630	279 939	–	1 693 569
Other securitised assets	2 798 158	778 368	–	3 576 526
Interests in associated undertakings	17 947	2 950	3 419	24 316
Deferred taxation assets	65 971	26 033	39 138	131 142
Other assets	1 140 024	292 204	42 764	1 474 992
Property and equipment	59 377	42 815	6 546	108 738
Investment properties	61 715	447 513	–	509 228
Goodwill	397 756	6 560	29 255	433 571
Intangible assets	149 121	5 821	4 227	159 169
Non-current assets classified as held for sale	–	41 637	–	41 637
	19 618 344	19 217 560	2 443 044	41 278 948
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	5 862 959	–	5 862 959
	19 618 344	25 080 519	2 443 044	47 141 907
Liabilities				
Deposits by banks	1 416 696	1 304 474	–	2 721 170
Derivative financial instruments	598 218	527 362	44 652	1 170 232
Other trading liabilities	391 650	469 762	–	861 412
Repurchase agreements and cash collateral on securities lent	614 733	701 354	–	1 316 087
Customer accounts (deposits)	9 406 909	11 670 995	1 531 880	22 609 784
Debt securities in issue	1 003 759	487 254	105 617	1 596 630
Liabilities arising on securitisation of own originated loans and advances	–	280 450	449 084	729 534
Liabilities arising on securitisation of other assets	2 374 599	666 836	–	3 041 435
Current taxation liabilities	107 142	100 770	129	208 041
Deferred taxation liabilities	68 501	27 861	–	96 362
Other liabilities	1 157 189	384 062	35 217	1 576 468
	17 139 396	16 621 180	2 166 579	35 927 155
Liabilities to customers under investment contracts	–	5 861 389	–	5 861 389
Insurance liabilities, including unit-linked liabilities	–	1 570	–	1 570
	17 139 396	22 484 139	2 166 579	41 790 114
Subordinated liabilities	668 007	597 803	72 942	1 338 752
	17 807 403	23 081 942	2 239 521	43 128 866

Combined consolidated segmental geographic analysis – balance sheet assets and liabilities (continued)

At 31 March 2013* £'000	UK and Other	Southern Africa	Australia	Total group
Assets				
Cash and balances at central banks	1 228 390	406 777	147 280	1 782 447
Loans and advances to banks	1 232 606	1 818 269	85 176	3 136 051
Non-sovereign and non-bank cash placements	–	420 960	–	420 960
Reverse repurchase agreements and cash collateral on securities borrowed	1 223 251	1 135 421	–	2 358 672
Sovereign debt securities	1 365 464	2 416 839	294 914	4 077 217
Bank debt securities	275 173	1 423 904	180 028	1 879 105
Other debt securities	168 004	258 706	22 506	449 216
Derivative financial instruments	1 037 004	871 460	74 668	1 983 132
Securities arising from trading activities	665 494	257 840	8 269	931 603
Investment portfolio	377 094	540 269	11 530	928 893
Loans and advances to customers	6 045 063	9 725 609	1 713 852	17 484 524
Own originated loans and advances to customers securitised	–	439 255	491 194	930 449
Other loans and advances	1 730 891	303 082	–	2 033 973
Other securitised assets	3 106 741	896 467	–	4 003 208
Interests in associated undertakings	20 828	3 243	3 879	27 950
Deferred taxation assets	78 490	38 635	48 332	165 457
Other assets	1 257 627	605 406	96 517	1 959 550
Property and equipment	78 182	46 108	9 811	134 101
Investment properties	11 500	440 475	–	451 975
Goodwill	406 389	10 260	50 257	466 906
Intangible assets	164 330	6 436	7 801	178 567
	20 472 521	22 065 421	3 246 014	45 783 956
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	6 226 142	–	6 226 142
	20 472 521	28 291 563	3 246 014	52 010 098
Liabilities				
Deposits by banks	1 767 854	1 279 782	–	3 047 636
Derivative financial instruments	723 236	661 888	58 201	1 443 325
Other trading liabilities	372 762	479 177	–	851 939
Repurchase agreements and cash collateral on securities lent	942 396	997 762	–	1 940 158
Customer accounts (deposits)	9 489 748	13 278 098	1 692 820	24 460 666
Debt securities in issue	990 744	440 343	470 689	1 901 776
Liabilities arising on securitisation of own originated loans and advances	77	448 355	477 903	926 335
Liabilities arising on securitisation of other assets	2 486 076	817 530	–	3 303 606
Current taxation liabilities	87 470	123 005	–	210 475
Deferred taxation liabilities	77 851	31 777	–	109 628
Other liabilities	1 319 114	520 977	55 000	1 895 091
	18 257 328	19 078 694	2 754 613	40 090 635
Liabilities to customers under investment contracts	–	6 224 062	–	6 224 062
Insurance liabilities, including unit-linked liabilities	–	2 080	–	2 080
	18 257 328	25 304 836	2 754 613	46 316 777
Subordinated liabilities	664 624	1 004 562	82 620	1 751 806
	18 921 952	26 309 398	2 837 233	48 068 583

* Restated.

Combined consolidated income statement in Rand

R'million	Year to 31 March 2014	Year to 31 March 2013
Interest income	30 375	27 594
Interest expense	(19 872)	(18 463)
Net interest income	10 503	9 131
Fee and commission income	18 336	14 661
Fee and commission expense	(2 377)	(1 910)
Investment income	2 753	2 467
Trading income arising from		
– customer flow	1 683	923
– balance sheet management and other trading activities	164	457
Other operating income	300	550
Total operating income before impairment losses on loans and advances	31 362	26 279
Impairment losses on loans and advances	(2 688)	(3 291)
Operating income	28 674	22 988
Operating costs	(21 058)	(17 004)
Depreciation on operating leased assets	(97)	(216)
Operating profit before goodwill and acquired intangibles	7 519	5 768
Impairment of goodwill	(221)	(204)
Amortisation of acquired intangibles	(216)	(179)
Operating costs arising from integration, restructuring and partial disposal of subsidiaries	(346)	(176)
Operating profit	6 736	5 209
Net gain on disposal of subsidiaries	158	–
Non-operational costs arising from acquisition of subsidiary	–	(17)
Profit before taxation	6 894	5 192
Taxation on operating profit before goodwill	(1 291)	(982)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	118	80
Profit after taxation	5 721	4 290
Profit attributable to Asset Management non-controlling interests	(182)	(3)
Profit attributable to other non-controlling interests	(191)	(43)
Earnings attributable to shareholders	5 348	4 244

Combined consolidated balance sheet in Rand

R'million	31 March 2014	31 March 2013
Assets		
Cash and balances at central banks	36 521	24 876
Loans and advances to banks	57 589	43 767
Non-sovereign and non-bank cash placements	9 045	5 875
Reverse repurchase agreements and cash collateral on securities borrowed	24 386	32 918
Sovereign debt securities	56 452	56 902
Bank debt securities	27 530	26 225
Other debt securities	10 628	6 269
Derivative financial instruments	28 431	27 677
Securities arising from trading activities	15 276	13 002
Investment portfolio	14 497	12 964
Loans and advances to customers	285 849	244 017
Own originated loans and advances to customers securitised	15 375	12 985
Other loans and advances	29 733	28 386
Other securitised assets	62 792	55 869
Interests in associated undertakings	427	390
Deferred taxation assets	2 302	2 309
Other assets	25 896	27 349
Property and equipment	1 909	1 872
Investment properties	8 940	6 308
Goodwill	7 612	6 516
Intangible assets	2 794	2 492
Non-current assets classified as held for sale	731	–
	724 715	638 968
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	102 934	86 893
	827 649	725 861
Liabilities		
Deposits by banks	47 774	42 533
Derivative financial instruments	20 545	20 143
Other trading liabilities	15 123	11 890
Repurchase agreements and cash collateral on securities lent	23 106	27 077
Customer accounts (deposits)	396 952	341 377
Debt securities in issue	28 029	26 541
Liabilities arising on securitisation of own originated loans and advances	12 808	12 928
Liabilities arising on securitisation	53 397	46 106
Current taxation liabilities	3 652	2 937
Deferred taxation liabilities	1 692	1 530
Other liabilities	27 677	26 450
	630 755	559 512
Liabilities to customers under investment contracts	102 906	86 864
Insurance liabilities, including unit-linked liabilities	28	29
	733 689	646 405
Subordinated liabilities	23 504	24 448
	757 193	670 853
Equity		
Shareholders' equity excluding non-controlling interests	62 668	51 100
Non-controlling interests	7 788	3 908
– Perpetual preferred securities issued by subsidiaries	4 437	3 894
– Non-controlling interests in partially held subsidiaries	3 351	14
Total equity	70 456	55 008
Total liabilities and equity	827 649	725 861

Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests in Rand

For the year to 31 March 2014 R'million	UK and Other	Southern Africa	Australia	Total group	% change	% of total
Asset Management	1 089	1 229	–	2 318	22.8%	31.6%
Wealth & Investment	743	321	–	1 064	56.2%	14.5%
Specialist Banking	880	3 290	(224)	3 946	25.0%	53.8%
Total group	2 712	4 840	(224)	7 328	28.0%	100.0%
Other non-controlling interest – equity				(191)		
Operating profit				7 137		
% change	49.2%	25.3%	(>100.0%)	28.0%		
% of total	37.0%	66.0%	(3.1%)	100.0%		

For the year to 31 March 2013 R'million	UK and Other	Southern Africa	Australia	Total group	% of total
Asset Management	797	1 091	–	1 888	33.0%
Wealth & Investment	456	225	–	681	11.9%
Specialist Banking	565	2 546	45	3 156	55.1%
Total group	1 818	3 862	45	5 725	100.0%
Non-controlling interest – equity				(43)	
Operating profit				5 682	
% of total	31.7%	67.5%	0.8%	100.0%	



Annexures

Annexure 1 Definitions

Adjusted shareholders' equity

Refer to calculation on page 50

Cost to income ratio

Operating costs divided by operating income (net of depreciation on leased assets). Depreciation on operating leased assets has been netted off against operating income

Core loans and advances

Net loans and advances to customers plus net own originated securitised assets

Refer to calculation on page 55

Dividend cover

Adjusted earnings per ordinary share before goodwill and non-operating items divided by dividends per ordinary share

Earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (i.e. adjusted earnings)

Refer to page 24

Adjusted earnings per ordinary share before goodwill, acquired intangibles and non-operating items

Refer to page 24

Effective operational tax rate

Tax on profit on ordinary activities (excluding non-operating items) divided by operating profit

Market capitalisation

Total number of shares in issue (including Investec plc and Investec Limited) multiplied by the closing share price of Investec plc on the London Stock Exchange

Net tangible asset value per share

Refer to calculation on page 43

Non-operating items

Reflects profits and/or losses on termination, restructuring or disposal of group operations and acquisitions made

Operating profit

Operating income less administrative expenses, impairments for bad and doubtful debts and depreciation of tangible fixed assets. This amount is before goodwill, acquired intangibles and non-operating items

Operating profit per employee

Refer to calculation on page 53

Recurring income

Net interest income plus net annuity fees and commissions expressed as a percentage of total operating income

Return on average adjusted shareholders' equity

Refer to calculation on page 50

Return on average adjusted tangible shareholders' equity

Refer to calculation on page 50

Return on risk-weighted assets

Adjusted earnings divided by average risk-weighted assets

Risk weighted assets

Is calculated as the sum of risk-weighted assets for Investec plc and Investec Limited (converted into Pounds Sterling) as reflected on page 43

Staff compensation to operating income ratio

All employee related costs expressed as a percentage of operating income

Third party assets under administration

Includes third party assets under administration managed by the Wealth & Investment, Asset Management and Property businesses

Total capital resources

Includes shareholders' equity, subordinated liabilities and non-controlling interests

Total equity

Total shareholders' equity including non-controlling interests

Weighted number of ordinary shares in issue

The number of ordinary shares in issue at the beginning of the year increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group less treasury shares. Refer to calculation on page 24

Annexure 2 Dividend announcements

Investec plc

Registration number: 3633621
Share code: INP
ISIN: GB00BI7BBQ50

Ordinary dividend announcement

Declaration of dividend number: 24

In terms of the DLC structure, Investec plc shareholders who are not South African resident shareholders may receive all or part of their dividend entitlements through dividends declared and paid by Investec plc on their ordinary shares and/or through dividends declared and paid on the SA DAN share issued by Investec Limited.

Investec plc shareholders who are South African residents, may receive all or part of their dividend entitlements through dividends declared and paid by Investec plc on their ordinary shares and/or through dividends declared and paid on the SA DAS share issued by Investec Limited.

Notice is hereby given that a final dividend number 24 of 11 pence (2013: 10 pence) per ordinary share has been recommended by the board in respect of the financial year ended 31 March 2014 payable to shareholders recorded in the members' register of the company at the close of business on Friday, 1 August 2014, which will be paid as follows:

- for non-South African resident Investec plc shareholders, through a dividend payment by Investec plc from income reserves of 11 pence per ordinary share
- for South African resident shareholders of Investec plc, through a dividend payment by Investec plc of 4 pence per ordinary share and through a dividend paid by Investec Limited, on the SA DAS share equivalent to 7 pence per ordinary share.

The relevant dates for the payment of dividend number 24 are as follows:

Last day to trade cum-dividend

On the London Stock Exchange (LSE)	Tuesday, 29 July 2014
On the Johannesburg Stock Exchange (JSE)	Friday, 25 July 2014

Shares commence trading ex-dividend

On the London Stock Exchange (LSE)	Wednesday, 30 July 2014
On the Johannesburg Stock Exchange (JSE)	Monday, 28 July 2014

Record date (on the JSE and LSE)	Friday, 1 August 2014
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Payment date (on the JSE and LSE)	Friday, 15 August 2014
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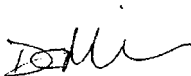
Share certificates on the South African branch register may not be dematerialised or rematerialised between Monday, 28 July 2014 and Friday, 1 August 2014, both dates inclusive, nor may transfers between the UK and SA registers take place between Monday, 28 July 2014 and Friday, 1 August 2014, both dates inclusive.

Additional information for South African resident shareholders of Investec plc

- Shareholders registered on the South African register are advised that the distribution of 11 pence, equivalent to a gross dividend of 196 cents per share, has been arrived at using the Rand/Pound Sterling average buy/sell forward rate, as determined at 11h00 (SA time) on Wednesday, 21 May 2014.
- Investec plc UK tax reference number: 2683967322360
- The issued ordinary share capital of Investec plc is 608 756 343 ordinary shares.
- The dividend paid by Investec plc to South African resident shareholders and the dividend paid by Investec Limited on the SA DAS share are subject to South African Dividend Tax of 15% (subject to any available exemptions as legislated).

- Shareholders registered on the South African register who are exempt from paying the Dividend Tax will receive a net dividend of 196 cents per share, comprising 124.60000 cents per share paid by Investec Limited on the SA DAS share and 71.40000 cents per ordinary share paid by Investec plc.
- Shareholders registered on the South African register who are not exempt from paying the Dividend Tax will receive a net dividend of 166.60000 cents per share, comprising:
 - 105.91000 cents per share paid by Investec Limited on the SA DAS share (gross dividend of 124.60000 cents per share less Dividend Tax of 18.69000 cents per share) and
 - 60.69000 cents per share paid by Investec plc (gross dividend of 71.40000 cents per share less Dividend Tax of 10.71000 cents per share).

By order of the board



D Miller
Company Secretary

21 May 2014

Annexure 2 Dividend announcements (continued)

Investec plc

Registration number: 3633621
Share code: INPPR
ISIN: GB00B4B0Q974

Rand denominated preference share dividend announcement

Rand denominated non-redeemable, non-cumulative, non-participating perpetual preference shares ("preference shares")

Declaration of dividend number 6

Notice is hereby given that preference dividend number 6 has been declared for the period 01 October 2013 to 31 March 2014 amounting to 410.58218 cents per preference share payable to holders of the Rand denominated non-redeemable non-cumulative non-participating perpetual preference shares as recorded in the books of the company at the close of business on Friday, 13 June 2014.

The relevant dates relating to the payment of dividend number 6 are as follows:

Last day to trade cum-dividend	Friday, 06 June 2014
Shares commence trading ex-dividend	Monday, 09 June 2014
Record date	Friday, 13 June 2014
Payment date	Tuesday, 24 June 2014

Share certificates may not be dematerialised or rematerialised between Monday, 09 June 2014 and Friday, 13 June 2014, both dates inclusive.

For SA resident preference shareholders, additional information to take note of:

- Investec plc tax reference number: 2683967322360
- The issued preference share capital of Investec plc is 2 275 940 preference shares.
- The dividend paid by Investec plc to South African resident shareholders is subject to South African Dividends Tax (Dividends Tax) of 15% (subject to any available exemptions as legislated)
- No Secondary Tax on Companies ("STC") credits have been utilised in respect of this preference share dividend declaration.
- The net dividend amounts to 348.99485 cents per preference share for preference shareholders liable to pay the Dividends Tax and 410.58218 cents per preference share for preference shareholders exempt from paying the Dividends Tax.

By order of the board



D Miller
Company Secretary

21 May 2014

Annexure 2 Dividend announcements (continued)

Investec plc

Registration number: 3633621
Share code: INPP
ISIN: GB00B19RX541

Preference share dividend announcement

Non-redeemable non-cumulative non-participating preference shares ("preference shares")

Declaration of dividend number 16

Notice is hereby given that preference dividend number 16 has been declared for the period 1 October 2013 to 31 March 2014 amounting to 7.47945 pence per preference share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 13 June 2014.

For shares trading on the Johannesburg Stock Exchange (JSE), the dividend of 7.47945 pence per preference share is equivalent to a gross dividend of 132.10205 cents per share, which has been determined using the Rand/Pounds Sterling average buy/sell forward rate as at 11h00 (SA Time) on Wednesday, 21 May 2014.

The relevant dates relating to the payment of dividend number 16 are as follows:

Last day to trade cum-dividend

On the Channel Islands Stock Exchange (CISX)	Tuesday, 10 June 2014
On the Johannesburg Stock Exchange (JSE)	Friday, 6 June 2014

Shares commence trading ex-dividend

On the Channel Islands Stock Exchange (CISX)	Wednesday, 11 June 2014
On the Johannesburg Stock Exchange (JSE)	Monday, 9 June 2014

Record date (on the JSE and CISX)	Friday, 13 June 2014
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Payment date (on the JSE and CISX)	Tuesday, 24 June 2014
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Share certificates may not be dematerialised or rematerialised between Monday, 9 June 2014 and Friday, 13 June 2014, both dates inclusive, nor may transfers between the UK and SA registers may take place between Monday, 9 June 2014 and Friday, 13 June 2014, both dates inclusive.

For SA resident preference shareholders, additional information to take note of:

- Investec plc tax reference number: 2683967322360
- The issued preference share capital of Investec plc is 15 081 149 preference shares
- The dividend paid by Investec plc to South African resident shareholders is subject to South African Dividend Tax (Dividends Tax) of 15% (subject to any available exemptions as legislated)
- No Secondary Tax on Companies (STC) credits have been utilised in respect of this preference share dividend declaration
- The net dividend amounts to 112.28674 cents per preference share for preference shareholders liable to pay the Dividends Tax and 132.10205 cents per preference share for preference shareholders exempt from paying the Dividends Tax.

By order of the board



D Miller
Company Secretary

21 May 2014

Annexure 2 Dividend announcements (continued)

Investec Limited

Registration number: 1925/002833/06
Share code: INL
ISIN: ZAE000081949

Ordinary share dividend announcement

Declaration of dividend number 117

Notice is hereby given that a final dividend number 117 of 196 cents (2013: 144 cents) per ordinary share has been recommended by the board from income reserves in respect of the financial year ended 31 March 2014 payable to shareholders recorded in the shareholder's register of the company at the close of business on Friday, 1 August 2014.

The relevant dates for the payment of dividend number 117 are as follows:

Last day to trade cum-dividend	Friday, 25 July 2014
Shares commence trading ex-dividend	Monday, 28 July 2014
Record date	Friday, 1 August 2014
Payment date	Friday, 15 August 2014

The final gross dividend of 196 cents per ordinary share has been determined by converting the Investec plc distribution of 11 pence per ordinary share into Rands using the Rand/Pounds Sterling average buy/sell forward rate at 11h00 (SA time) on Wednesday, 21 May 2014.

Share certificates may not be dematerialised or rematerialised between Monday, 28 July 2014 and Friday, 1 August 2014, both dates inclusive.

Additional information to take note of:

- The Investec Limited company tax reference number: 9800/181/71/2
- The issued ordinary share capital of Investec Limited is 282 934 529 ordinary shares.
- The dividend paid by Investec Limited is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated).
- No Secondary Tax on Companies ("STC") credits have been utilised in respect of this ordinary share dividend declaration.
- Shareholders who are exempt from paying the Dividend Tax will receive a net dividend of 196 cents per ordinary share.
- Shareholders who are not exempt from paying the Dividend Tax will receive a net dividend of 166.6000 cents per ordinary share (gross dividend of 196 cents per ordinary share less Dividend Tax of 29.40000 cents per ordinary share).

By order of the board



B Coetsee
Company Secretary

21 May 2014

Annexure 2 Dividend announcements (continued)

Investec Bank Limited

Registration number: 1969/004763/06
Share code: INLP
ISIN: ZAE000048393

Preference share dividend announcement

Non-redeemable non-cumulative non-participating preference shares ("preference shares")

Declaration of dividend number 22

Notice is hereby given that preference dividend number 22 has been declared for the period 01 October 2013 to 31 March 2014 amounting to 360.14541 cents per share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 13 June 2014.

The relevant dates for the payment of dividend number 22 are as follows:

Last day to trade cum-dividend	Friday, 06 June 2014
Shares commence trading ex-dividend	Monday, 09 June 2014
Record date	Friday, 13 June 2014
Payment date	Tuesday, 24 June 2014

Share certificates may not be dematerialised or rematerialised between Monday, 9 June 2014 and Friday, 13 June 2014, both dates inclusive.

Additional information to take note of:

- The Investec Bank Limited company tax reference number: 9675/053/71/5
- The issued preference share capital of Investec Bank Limited is 15 447 630 preference shares in this specific class.
- The dividend paid by Investec Bank Limited is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated).
- No Secondary Tax on Companies ("STC") credits have been utilised in respect of this preference share dividend declaration.
- The net dividend amounts to 306.12360 cents per preference share for shareholders liable to pay the Dividend Tax and 360.14541 cents per preference share for preference shareholders exempt from paying the dividend tax.

By order of the board



B Coetsee
Company Secretary

21 May 2014

Annexure 2 Dividend announcements (continued)

Investec Limited

Registration number: 1925/002833/06
Share code: INPR
ISIN: ZAE000063814

Preference share dividend announcement

Non-redeemable non-cumulative non-participating preference shares ("preference shares")

Declaration of dividend number 19

Notice is hereby given that preference dividend number 19 has been declared for the period 01 October 2013 to 31 March 2014 amounting to 336.11555 cents per share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 13 June 2014.

The relevant dates for the payment of dividend number 19 are as follows:

Last day to trade cum-dividend	Friday, 06 June 2014
Shares commence trading ex-dividend	Monday, 09 June 2014
Record date	Friday, 13 June 2014
Payment date	Tuesday, 24 June 2014

Share certificates may not be dematerialised or rematerialised between Monday, 09 June 2014 and Friday, 13 June 2014, both dates inclusive.

Additional information to take note of:

- The Investec Limited company tax reference number: 9800/181/71/2
- The issued preference share capital of Investec Limited is 32 214 499 preference shares in this specific class.
- The dividend paid by Investec Limited is subject to South African Dividend Tax (Dividend Tax) of 15% (subject to any available exemptions as legislated).
- No Secondary Tax on Companies ("STC") credits have been utilised in respect of this preference share dividend declaration.
- The net dividend amounts to 285.69822 cents per preference share for shareholders liable to pay the Dividend Tax and 336.11555 cents per preference share for preference shareholders exempt from paying the dividend tax.

By order of the board



B Coetsee
Company Secretary

21 May 2014