

Out of the Ordinary®



Specialist Bank and
Asset Manager

Investec plc silo (excluding the results of Investec Limited)

Unaudited consolidated financial information for the year ended 31 March 2014

IFRS - Pounds Sterling





Overview of results

Unaudited

	31 March 2014	31 March 2013*	% change
Operating income (£'000)	1,174,152	1,167,670	0.6%
Operating costs (£'000)	889,522	848,502	4.8%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests (£'000)	154,395	113,663	35.8%
Earnings attributable to ordinary shareholders (£'000)	91,248	54,569	67.2%
Cost to income ratio	76.2%	73.7%	
Total capital resources (including subordinated liabilities) (£'000)	3,006,706	2,972,008	1.2%
Total shareholders' equity (£'000)	2,265,756	2,224,763	1.8%
Total assets (£'000)	22,674,494	24,351,760	-6.9%
Net core loans and advances (£'000)	8,222,265	8,250,114	-0.3%
Customer accounts (deposits) (£'000)	10,956,136	11,190,582	-2.1%
Cash and near cash balances (£'000)	4,324,449	4,604,615	-6.1%
Funds under management (£'million)	69,212	66,623	3.9%
Capital adequacy ratio	15.3%	16.6%	
Tier 1 ratio	10.5%	11.0%	
Defaults (net of impairments) as a % of net core loans and advances	3.21%	3.75%	
Net defaults as a % of net core loans and advances	-	-	
Credit loss ratio (i.e. income statement impairment charge as a % of average core loans and advances)	0.99%	1.16%	
Total gearing ratio (i.e. total assets to total equity)	10.0x	10.7x	
Loans and advances to customers: customer deposits	71.0%	68.9%	

*Restated.



Consolidated income statement

Unaudited

£'000	Year to 31 March 2014	Year to 31 March 2013*
Interest income	803,768	925,230
Interest expense	(447,034)	(564,519)
Net interest income	356,734	360,711
Fee and commission income	766,675	753,898
Fee and commission expense	(132,104)	(130,398)
Investment income	99,099	70,751
Trading income arising from		
- customer flow	77,043	58,103
- balance sheet management and other trading activities	(9,308)	18,015
Other operating income	16,013	36,590
Total operating income before impairment losses on loans and advances	1,174,152	1,167,670
Impairment losses on loans and advances	(126,911)	(189,036)
Operating income	1,047,241	978,634
Operating costs	(889,522)	(848,502)
Depreciation on operating leased assets	(6,044)	(16,072)
Operating profit before goodwill and acquired intangibles	151,675	114,060
Impairment of goodwill	(11,233)	(13,409)
Amortisation of acquired intangibles	(13,393)	(13,313)
Operating costs arising from integration of acquired subsidiaries	(18,919)	(13,119)
Operating profit	108,130	74,219
Net gain on disposal of subsidiaries	9,653	-
Non-operational costs arising from acquisition of subsidiary	-	(1,369)
Profit before taxation	117,783	72,850
Taxation on operating profit before goodwill	(31,009)	(23,861)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	7,289	5,977
Profit after taxation	94,063	54,966
Profit attributable to Asset Management non-controlling interests	(5,535)	-
Loss/(profit) attributable to other non-controlling interests	2,720	(397)
Earnings attributable to shareholders	91,248	54,569

*Restated.

Consolidated statement of comprehensive income

Unaudited

£'000	Year to 31 March 2014	Year to 31 March 2013
Profit after taxation	94,063	54,966
Other comprehensive income/(loss):		
Items that may be reclassified to the income statement		
Fair value movements on cash flow hedges taken directly to other comprehensive income	2,793	(1,657)
(Gains)/losses on available-for-sale assets recycled through the income statement	(2,896)	407
Fair value movements on available-for-sale assets taken directly to other comprehensive income	1,239	(1,704)
Foreign currency adjustments on translating foreign operations	(45,682)	7,899
Items that will never be reclassified to the income statement		
Remeasurement of net defined benefit pension asset	(5,870)	(7,078)
Total comprehensive income	43,647	52,833
Total comprehensive income attributable to non-controlling interests	3,222	161
Total comprehensive income attributable to ordinary shareholders	25,009	37,623
Total comprehensive income attributable to preferred securities and perpetual preference shareholders	15,416	15,049
Total comprehensive income	43,647	52,833

*Restated.



Consolidated balance sheet

Unaudited

£'000

	31 March 2014	31 March 2013*
Assets		
Cash and balances at central banks	1,742,618	1,375,670
Loans and advances to banks	1,307,570	1,324,637
Reverse repurchase agreements and cash collateral on securities borrowed	1,215,500	1,528,593
Sovereign debt securities	1,232,416	1,660,377
Bank debt securities	371,183	455,201
Other debt securities	229,228	190,510
Derivative financial instruments	920,015	1,135,058
Securities arising from trading activities	586,706	673,763
Investment portfolio	342,597	357,154
Loans and advances to customers	7,774,627	7,758,920
Own originated loans and advances to customers securitised	447,638	491,194
Other loans and advances	1,672,709	2,031,340
Other securitised assets	2,798,158	3,106,741
Interests in associated undertakings	21,366	24,707
Deferred taxation assets	105,109	126,822
Other assets	1,199,057	1,382,804
Property and equipment	65,923	87,992
Investment property	61,715	11,500
Goodwill	427,011	456,646
Intangible assets	153,348	172,131
	22,674,494	24,351,760
Liabilities		
Deposits by banks	1,433,141	1,781,802
Derivative financial instruments	668,722	817,526
Other trading liabilities	391,650	372,762
Repurchase agreements and cash collateral on securities lent	614,733	942,396
Customer accounts (deposits)	10,956,136	11,190,582
Debt securities in issue	1,369,268	1,762,338
Liabilities arising on securitisation of own originated loans and advances	449,079	477,870
Liabilities arising on securitisation of other assets	2,374,599	2,486,186
Current taxation liabilities	107,271	87,291
Deferred taxation liabilities	68,502	77,851
Other liabilities	1,234,687	1,383,148
	19,667,788	21,379,752
Subordinated liabilities	740,950	747,245
	20,408,738	22,126,997
Equity		
Ordinary share capital	178	177
Perpetual preference share capital	151	151
Share premium	1,146,548	1,130,210
Treasury shares	(56,997)	(52,098)
Other reserves	312,886	409,169
Retained income	686,279	572,600
Shareholders' equity excluding non-controlling interests	2,089,045	2,060,209
Non-controlling interests	176,711	164,554
- Perpetual preferred securities issued by subsidiaries	165,319	169,106
- Non-controlling interests in partially held subsidiaries	11,392	(4,552)
Total equity	2,265,756	2,224,763
Total liabilities and equity	22,674,494	24,351,760

*Restated.



Condensed consolidated statement of changes in equity

Unaudited

£'000	Year to 31 March 2014	Year to 31 March 2013*
Balance at the beginning of the period as previously presented	2,224,763	2,235,552
Impact of adoption of new accounting standards	-	(25,199)
Balance at the beginning of the period as presented	2,224,763	2,210,353
Profit after taxation	94,063	54,966
Fair value movements on cash flow hedges taken directly to other comprehensive income	2,793	(1,657)
(Gains)/losses on available-for-sale assets recycled through the income statement	(2,896)	407
Fair value movements on available-for-sale assets taken directly to other comprehensive income	1,239	(1,704)
Foreign currency adjustments on translating foreign operations	(45,682)	7,899
Remeasurement of net defined pension asset	(5,870)	(7,078)
Total comprehensive income for the year	43,647	52,833
Share-based payment adjustments	36,740	34,164
Dividends paid to ordinary shareholders	(53,200)	(45,001)
Dividends paid to perpetual preference shareholders	(3,395)	(3,696)
Dividends paid to perpetual preferred securities	(12,021)	(11,353)
Dividends paid to non-controlling interests	(1,794)	-
Issue of ordinary shares	16,339	22,561
Movement of treasury shares	(57,635)	(31,504)
Gain on transfer of non-controlling interests	72,582	-
Movement of non-controlling interests on disposals and acquisitions	(270)	(3,594)
Balance at the end of the year	2,265,756	2,224,763

*Restated.



Segmental information - business analysis

Unaudited

For the year to 31 March 2014

£'000	Asset Management	Wealth & Investment	Specialist Banking	Total group
Net interest income	277	7,987	348,470	356,734
Fee and commission income	340,316	219,434	206,925	766,675
Fee and commission expense	(95,354)	(2,020)	(34,730)	(132,104)
Investment income	-	1,875	97,224	99,099
Trading income arising from				
- customer flow	-	389	76,654	77,043
- balance sheet management and other trading activities	(2,314)	(72)	(6,922)	(9,308)
Other operating income	(129)	1,232	14,910	16,013
Total operating income before impairment losses on loans and advances	242,796	228,825	702,531	1,174,152
Impairment losses on loans and advances	-	-	(126,911)	(126,911)
Operating income	242,796	228,825	575,620	1,047,241
Operating costs	(175,211)	(182,759)	(531,552)	(889,522)
Depreciation on operating leased assets	-	-	(6,044)	(6,044)
Operating profit before goodwill and acquired intangibles	67,585	46,066	38,024	151,675
Operating loss attributable to other non-controlling interests	-	-	2,720	2,720
Operating profit before goodwill, acquired intangibles and after non-controlling interests	67,585	46,066	40,744	154,395
Profit attributable to Asset Management non-controlling interest	(5,535)	-	-	(5,535)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	62,050	46,066	40,744	148,860
Cost to income ratio	72.2%	79.9%	76.3%	76.2%
Total assets (£'million)	335	931	21,408	22,674

For the year to 31 March 2013*

£'000	Asset Management	Wealth & Investment	Specialist Banking	Total group
Net interest income	492	10,293	349,926	360,711
Fee and commission income	309,933	195,275	248,690	753,898
Fee and commission expense	(92,667)	(11,772)	(25,959)	(130,398)
Investment income	-	555	70,196	70,751
Trading income arising from				
- customer flow	-	361	57,742	58,103
- balance sheet management and other trading activities	(199)	4	18,210	18,015
Other operating income	4,476	774	31,340	36,590
Total operating income before impairment losses on loans and advances	222,035	195,490	750,145	1,167,670
Impairment losses on loans and advances	-	-	(189,036)	(189,036)
Operating income	222,035	195,490	561,109	978,634
Operating costs	(162,694)	(161,581)	(524,227)	(848,502)
Depreciation on operating leased assets	-	-	(16,072)	(16,072)
Operating profit before goodwill and acquired intangibles	59,341	33,909	20,810	114,060
Operating income attributable to non-controlling interests	-	-	(397)	(397)
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	59,341	33,909	20,413	113,663
Cost to income ratio	73.3%	82.7%	71.4%	73.7%
Total assets (£'million)	366	870	23,116	24,352

*Restated.



Segmental information - geographic analysis

Unaudited

For the year to 31 March 2014

£'000	UK and Other	Australia	Total group
Net interest income	285,219	71,515	356,734
Fee and commission income	732,339	34,336	766,675
Fee and commission expense	(125,019)	(7,085)	(132,104)
Investment income	99,540	(441)	99,099
- customer flow	66,377	10,666	77,043
- balance sheet management and other trading activities	(6,529)	(2,779)	(9,308)
Other operating income	15,745	268	16,013
Total operating income before impairment losses on loans and advances	1,067,672	106,480	1,174,152
Impairment losses on loans and advances	(104,792)	(22,119)	(126,911)
Operating income	962,880	84,361	1,047,241
Operating costs	(791,305)	(98,217)	(889,522)
Depreciation on operating lease assets	(6,044)	-	(6,044)
Operating profit before goodwill and acquired intangibles	165,531	(13,856)	151,675
Operating income attributable to other non-controlling interests	2,720	-	2,720
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	168,251	(13,856)	154,395
Profit attributable to Asset Management non-controlling interest	(5,535)	-	(5,535)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	162,716	(13,856)	148,860
Impairment of goodwill	-	(11,233)	(11,233)
Amortisation of acquired intangibles	(13,393)	-	(13,393)
Costs arising from integration of acquired subsidiaries	(3,241)	(15,678)	(18,919)
Net gain on disposal of subsidiaries	9,653	-	9,653
Earnings attributable to shareholders before taxation	155,735	(40,767)	114,968
Taxation on operating profit before goodwill	(31,163)	154	(31,009)
Taxation on acquired intangibles and acquisition/disposal of group operations	7,289	-	7,289
Earnings attributable to shareholders	131,861	(40,613)	91,248
Cost to income ratio	74.5%	92.2%	76.2%
Total assets (£'million)	20,232	2,443	22,674

For the year to 31 March 2013*

£'000	UK and Other	Australia	Total group
Net interest income	291,623	69,088	360,711
Fee and commission income	694,467	59,431	753,898
Fee and commission expense	(125,872)	(4,526)	(130,398)
Investment income	70,213	538	70,751
Trading income arising from			
- customer flow	51,157	6,946	58,103
- balance sheet management and other trading activities	18,579	(564)	18,015
Other operating income	34,781	1,809	36,590
Total operating income before impairment losses on loans and advances	1,034,948	132,722	1,167,670
Impairment losses on loans and advances	(171,187)	(17,849)	(189,036)
Operating income	863,761	114,873	978,634
Operating costs	(737,030)	(111,472)	(848,502)
Depreciation on operating lease assets	(16,072)	-	(16,072)
Operating profit before goodwill and acquired intangibles	110,659	3,401	114,060
Operating income attributable to other non-controlling interests	(397)	-	(397)
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	110,262	3,401	113,663
Impairment of goodwill	(13,409)	-	(13,409)
Amortisation of acquired intangibles	(13,313)	-	(13,313)
Costs arising from integration of acquired subsidiaries	(13,119)	-	(13,119)
Net gain on disposal of subsidiaries	-	-	-
Non-operational costs arising from acquisition of subsidiary	(1,369)	-	(1,369)
Earnings attributable to shareholders before taxation	69,052	3,401	72,453
Taxation on operating profit before goodwill	(25,291)	1,430	(23,861)
Taxation on acquired intangibles and acquisition/disposal of group operations	5,977	-	5,977
Earnings attributable to shareholders	49,738	4,831	54,569
Cost to income ratio	72.3%	6 84.0%	73.7%
Total assets (£'million)	21,106	3,246	24,352

*Restated.



Segmental business and geographic analysis - income statement

Unaudited
For the year to 31 March 2014

£'000	Asset Management	Wealth & Investment	Specialist Banking			Total group		
	UK and Other	UK and Other	UK and Other	Australia	Total	UK and Other	Australia	Total
Net interest income	277	7,987	276,955	71,515	348,470	285,219	71,515	356,734
Fee and commission income	340,316	219,434	172,589	34,336	206,925	732,339	34,336	766,675
Fee and commission expense	(95,354)	(2,020)	(27,645)	(7,085)	(34,730)	(125,019)	(7,085)	(132,104)
Investment income	-	1,875	97,665	(441)	97,224	99,540	(441)	99,099
Trading income arising from								
- customer flow	-	389	65,988	10,666	76,654	66,377	10,666	77,043
- balance sheet management and other trading activities	(2,314)	(72)	(4,143)	(2,779)	(6,922)	(6,529)	(2,779)	(9,308)
Other operating income	(129)	1,232	14,642	268	14,910	15,745	268	16,013
Total operating income before impairment losses on loans and advances	242,796	228,825	596,051	106,480	702,531	1,067,672	106,480	1,174,152
Impairment losses on loans and advances	(0)	-	(104,792)	(22,119)	(126,911)	(104,792)	(22,119)	(126,911)
Operating income	242,796	228,825	491,259	84,361	575,620	962,880	84,361	1,047,241
Operating costs	(175,211)	(182,759)	(433,335)	(98,217)	(531,552)	(791,305)	(98,217)	(889,522)
Depreciation on operating leased asset:	-	-	(6,044)	-	(6,044)	(6,044)	-	(6,044)
Operating profit before goodwill and acquired intangibles	67,585	46,066	51,880	(13,856)	38,024	165,531	(13,856)	151,675
Operating income attributable to other non-controlling interests	(0)	-	2,720	-	2,720	2,720	-	2,720
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	67,585	46,066	54,600	(13,856)	40,744	168,251	(13,856)	154,395
Operating income attributable to Asset Management non-controlling interests	(5,535)	-	-	-	-	(5,535)	-	(5,535)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	62,050	46,066	54,600	(13,856)	40,744	162,716	(13,856)	148,860
Selected returns and key statistics								
Cost to income ratio	72.2%	79.9%	73.4%	92.2%	76.3%	74.5%	92.2%	76.2%
Total assets (£million)	335	931	18,965	2,443	21,408	20,231	2,443	22,674

For the year to 31 March 2013*

£'000	Asset Management	Wealth & Investment	Specialist Banking			Total group		
	UK and Other	UK and Other	UK and Other	Australia	Total	UK and Other	Australia	Total
Net interest income	492	10,293	280,838	69,088	349,926	291,623	69,088	360,711
Fee and commission income	309,933	195,275	189,259	59,431	248,690	694,467	59,431	753,898
Fee and commission expense	(92,667)	(11,772)	(21,433)	(4,526)	(25,959)	(125,872)	(4,526)	(130,398)
Investment income	-	555	69,658	538	70,196	70,213	538	70,751
Trading income arising from								
- customer flow	-	361	50,796	6,946	57,742	51,157	6,946	58,103
- balance sheet management and other trading activities	(199)	4	18,774	(564)	18,210	18,579	(564)	18,015
Other operating income	4,476	774	29,531	1,809	31,340	34,781	1,809	36,590
Total operating income before impairment losses on loans and advances	222,035	195,490	617,423	132,722	750,145	1,034,948	132,722	1,167,670
Impairment losses on loans and advances	-	-	(171,187)	(17,849)	(189,036)	(171,187)	(17,849)	(189,036)
Operating income	222,035	195,490	446,236	114,873	561,109	863,761	114,873	978,634
Operating costs	(162,694)	(161,581)	(412,755)	(111,472)	(524,227)	(737,030)	(111,472)	(848,502)
Depreciation on operating leased asset:	-	-	(16,072)	-	(16,072)	(16,072)	(0)	(16,072)
Operating profit before goodwill and acquired intangibles	59,341	33,909	17,409	3,401	20,810	110,659	3,401	114,060
Operating income attributable to non-controlling interests	-	-	(397)	-	(397)	(397)	-	(397)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	59,341	33,909	17,012	3,401	20,413	110,262	3,401	113,663
Selected returns and key statistics								
Cost to income ratio	73.3%	82.7%	68.6%	84.0%	71.4%	72.3%	84.0%	73.7%
Total assets (£million)	366	870	19,870	3,246	23,116	21,106	3,246	24,352

*Restated.



Net interest income

Unaudited

For the year to 31 March 2014

£'000	UK & Other		Australia		Total group	
	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	5,276,525	44,571	592,762	17,336	5,869,287	61,907
Core loans and advances	6,492,336	382,124	1,729,929	160,356	8,222,265	542,480
Private Client	3,777,504	165,077	1,369,078	102,331	5,146,582	267,408
Corporate, institutional and other clients	2,714,832	217,047	360,851	58,025	3,075,683	275,072
Other debt securities and other loans and advances	1,868,182	73,514	33,755	1,084	1,901,937	74,598
Other interest earning assets	2,798,158	124,783	-	-	2,798,158	124,783
Total interest earning assets	16,435,201	624,992	2,356,446	178,776	18,791,647	803,768

For the year to 31 March 2014

£'000	UK & Other		Australia		Total group	
	Balance sheet value	Interest Paid	Balance sheet value	Interest Paid	Balance sheet value	Interest Paid
Deposits by banks and other debt related securities	3,311,525	64,931	105,617	11,611	3,417,142	76,542
Customer accounts	9,424,256	160,248	1,531,880	62,210	10,956,136	222,458
Other interest bearing liabilities	2,374,594	50,145	449,084	30,621	2,823,678	80,766
Subordinated liabilities	668,008	64,449	72,942	2,819	740,950	67,268
Total interest bearing liabilities	15,778,383	339,773	2,159,523	107,261	17,937,906	447,034

Net interest income	285,219	71,515	356,734
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For the year to 31 March 2013*

£'000	UK & Other		Australia		Total group	
	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	5,637,080	47,511	707,398	16,076	6,344,478	63,587
Core loans and advances	6,045,068	357,343	2,205,046	180,301	8,250,114	537,644
Private Client	3,024,629	162,618	1,402,295	112,566	4,426,924	275,184
Corporate, institutional and other clients	3,020,439	194,725	802,751	67,735	3,823,190	262,460
Other debt securities and other loans and advances	2,199,344	144,171	22,506	18,205	2,221,850	162,376
Other interest earning assets	3,106,741	161,623	-	-	3,106,741	161,623
Total interest earning assets	16,988,233	710,648	2,934,950	214,582	19,923,183	925,230

For the year to 31 March 2013*

£'000	UK & Other		Australia		Total group	
	Balance sheet value	Interest Paid	Balance sheet value	Interest Paid	Balance sheet value	Interest Paid
Deposits by banks and other debt related securities	4,015,847	74,012	470,689	32,436	4,486,536	106,448
Customer accounts	9,497,762	219,180	1,692,820	79,411	11,190,582	298,591
Other interest bearing liabilities	2,486,153	63,119	477,903	30,486	2,964,056	93,605
Subordinated liabilities	664,625	62,714	82,620	3,161	747,245	65,875
Total interest bearing liabilities	16,664,387	419,025	2,724,032	145,494	19,388,419	564,519

Net interest income	291,623	69,088	360,711
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*Restated.



Net fees and commissions

Unaudited

£'000	31 March 2014	31 March 2013	variance	% change
Asset Management	244,962	217,266	27,696	13%
Wealth & Investment	217,414	183,503	33,911	18%
Specialist Banking	172,195	222,731	(50,536)	-23%
Net fees and commissions	634,571	623,500	11,071	2%

Net fees and commissions

Year to 31 March 2014 £'000	UK and Europe	Australia	Total group
Asset management and wealth management businesses net fee and commission income	462,376	-	462,376
Funds management fees/fees for assets under management	497,863	-	497,863
Private client transactional fees	61,887	-	61,887
Fee and commission expense	(97,374)	-	(97,374)
Specialist Banking net fee and commission income	144,944	27,251	172,195
Corporate and institutional transactional and advisory services	158,041	19,013	177,054
Private client transactional fees	14,548	15,323	29,871
Fee and commission expense	(27,645)	(7,085)	(34,730)
Net fees and commissions	607,320	27,251	634,571
Annuity fees (net of fees payable)	443,583	17,844	461,427
Deal fees	163,737	9,407	173,144

Year to 31 March 2013* £'000	UK and Europe	Australia	Total group
Asset management and wealth management businesses net fee and commission income	400,769	-	400,769
Funds management fees/fees for assets under management	451,084	-	451,084
Private client transactional fees	54,124	-	54,124
Fee and commission expense	(104,439)	-	(104,439)
Specialist Banking net fee and commission income	167,826	54,905	222,731
Corporate and institutional transactional and advisory services	168,286	49,850	218,136
Private client transactional fees	20,973	9,581	30,554
Fee and commission expense	(21,433)	(4,526)	(25,959)
Net fees and commissions	568,595	54,905	623,500
Annuity fees (net of fees payable)	392,722	26,138	418,860
Deal fees	175,873	28,767	204,640

*Restated.



Investment income

Unaudited

For the year to 31 March 2014

£'000	UK and Other	Australia	Total group
Realised	52,958	1,028	53,986
Unrealised	36,339	(1,348)	34,991
Dividend income	9,702	1,183	10,885
Funding and other net related costs/income	541	(1,304)	(763)
Investment income	99,540	(441)	99,099

Investment income for the year to 31 March 2014

£'000	Investment portfolio (listed and unlisted equities)^	Debt securities (sovereign, bank and other)	Other asset categories	Total
Realised	36,614	11,457	4,887	52,958
Unrealised	50,479	(12,836)	(1,304)	36,339
Dividend income	9,509	-	193	9,702
Funding and other net related income	-	-	541	541
Investment income: UK and Other	96,602	(1,379)	4,317	99,540

Investment income for the year to 31 March 2014

£'000	Investment portfolio (listed and unlisted equities)	Debt securities (sovereign, bank and other)	Other asset categories	Total
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)
Investment income: Australia	3,970	-	(4,411)	(441)

Investment income: Total	100,572	(1,379)	(94)	99,099
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Investment income for the year to 31 March 2013*

£'000	UK and Other	Australia	Total group
Realised	33,534	1,752	35,286
Unrealised	32,235	(1,654)	30,581
Dividend income	2,999	240	3,239
Funding and other net related income	1,445	200	1,645
Investment income	70,213	538	70,751

Investment income for the year to 31 March 2013*

£'000	Investment portfolio (listed and unlisted equities)	Debt securities (sovereign, bank and other)	Other asset categories	Total
Realised	917	26,264	6,353	33,534
Unrealised	28,247	5,617	(1,629)	32,235
Dividend income	2,999	-	-	2,999
Funding and other net related income	-	-	1,445	1,445
Investment income: UK and Other	32,162	31,881	6,169	70,213

Investment income for the year to 31 March 2013

£'000	Investment portfolio (listed and unlisted equities)	Debt securities (sovereign, bank and other)	Other asset categories	Total
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
Investment income: Australia	(2,412)	1,617	1,333	538

Investment income: Total	29,751	33,498	7,502	70,751
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*Restated

^ Including embedded derivatives (warrants and profit shares)



Investec plc silo (excluding the results of Investec Limited)

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

Risk management

Unaudited

£'000	31 March 2014	31 March 2013*
Loans and advances to customers as per the balance sheet	7,774,627	7,758,920
Add: own originated loans and advances securitised as per the balance sheet	447,638	491,194
Net core loans and advances to customers	8 222 265	8 250 114

The tables below provides 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	8,415,568	8,443,303
Total impairments	(193,303)	(193,189)
Portfolio impairments	(16,437)	(6,696)
Specific impairments	(176,866)	(186,493)
Net core loans and advances to customers	8,222,265	8,250,114
Average gross core loans and advances to customers	8,429,436	8,172,039
Current loans and advances to customers	7,819,617	7,781,265
Past due loans and advances to customers (1 - 60 days)	124,033	131,349
Special mention loans and advances to customers	14,941	27,967
Default loans and advances to customers	456,977	502,722
Gross core loans and advances to customers	8,415,568	8,443,303
Current loans and advances to customers	7,819,617	7,781,265
Default loans that are current and not impaired	43,508	8,005
Gross core loans and advances to customers that are past due but not impaired	147,216	177,934
Gross core loans and advances to customers that are impaired	405,227	476,099
Gross core loans and advances to customers	8,415,568	8,443,303
Total income statement charge for core loans and advances	(83,231)	(94,751)
Gross default loans and advances to customers	456,977	502,722
Portfolio impairments	(16,437)	(6,696)
Specific impairments	(176,866)	(186,493)
Defaults net of impairments	263,674	309,533
Collateral and other credit enhancements	297,114	356,321
Net default loans and advances to customers (limited to zero)	-	-
Ratios:		
Total impairments as a % of gross core loans and advances to customers	2.30%	2.29%
Total impairments as a % of gross default loans	42.30%	38.43%
Gross defaults as a % of gross core loans and advances to customers	5.43%	5.95%
Defaults (net of impairments) as a % of net core loans and advances to customers	3.21%	3.75%
Net defaults as a % of gross core loans and advances to customers	-	-
Credit loss ratio (i.e. income statement impairments charge as a % of average gross loans and advances)	0.99%	1.16%



Investec plc silo (excluding the results of Investec Limited)

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

Risk management

Unaudited

£'000	UK and Other		Australia		Total	
	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	6 674 403	6 220 630	1 741 165	2 222 673	8 415 568	8 443 303
Total impairments	(182 066)	(175 562)	(11 237)	(17 627)	(193 303)	(193 189)
Portfolio impairments	(15 045)	(5 000)	(1 392)	(1 696)	(16 437)	(6 696)
Specific impairments	(167 021)	(170 562)	(9 845)	(15 931)	(176 866)	(186 493)
Net core loans and advances to customers	6 492 337	6 045 068	1 729 928	2 205 046	8 222 265	8 250 114
% of total	79.0%	73.3%	21.0%	26.7%	100.0%	100.0%
% change since 31 March 2013	7.4%		(21.5%)*		(1.0%)	
Average gross core loans and advances to customers	6 447 517	6 080 421	1 981 919	2 091 618	8 429 436	8 172 039
Current loans and advances to customers	6 127 664	5 641 905	1 691 953	2 139 360	7 819 617	7 781 265
Past due loans and advances to customers (1-60 days)	106 417	113 724	17 616	17 625	124 033	131 349
Special mention loans and advances to customers	14 011	26 972	930	995	14 941	27 967
Default loans and advances to customers	426 311	438 029	30 666	64 693	456 977	502 722
Gross core loans and advances to customers	6 674 403	6 220 630	1 741 165	2 222 673	8 415 568	8 443 303
Current loans and advances to customers	6 127 664	5 641 905	1 691 953	2 139 360	7 819 617	7 781 265
Default loans that are current and not impaired	43 508	8 005	-	-	43 508	8 005
Gross core loans and advances to customers that are past due but not impaired	121 402	146 039	25 814	31 895	147 216	177 934
Gross core loans and advances to customers that are impaired	381 829	424 681	23 398	51 418	405 227	476 099
Gross core loans and advances to customers	6 674 403	6 220 630	1 741 165	2 222 673	8 415 568	8 443 303
Total income statement charge on core loans and advances	(61 112)	(76 902)	(22 119)	(17 849)	(83 231)	(94 751)
Gross default loans and advances to customers	426 311	438 029	30 666	64 693	456 977	502 722
Specific impairments	(167 021)	(170 562)	(9 845)	(15 931)	(176 866)	(186 493)
Portfolio impairments	(15 045)	(5 000)	(1 392)	(1 696)	(16 437)	(6 696)
Defaults net of impairments	244 245	262 467	19 429	47 066	263 674	309 533
Collateral and other credit enhancements	262 862	306 490	34 252	49 831	297 114	356 321
Net default loans and advances to customers (limited to zero)	-	-	-	-	-	-
Total impairments as a % of gross core loans and advances to customers	2.73%	2.82%	0.65%	0.79%	2.30%	2.29%
Total impairments as a % of gross default loans	42.71%	40.08%	36.64%	27.25%	42.30%	38.43%
Gross defaults as a % of gross core loans and advances to customers	6.39%	7.04%	1.76%	2.91%	5.43%	5.95%
Defaults (net of impairments) as a % of net core loans and advances to customers	3.76%	4.34%	1.12%	2.13%	3.21%	3.75%
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%	1.12%	0.85%	0.99%	1.16%

* Impacted by the depreciation of the Australian Dollar against the Pound Sterling. Neutral currency Australian book declined by 3.2%



Investec plc silo (excluding the results of Investec Limited)
Capital structure and capital adequacy

Unaudited

£'million	31 March 2014*	31 March 2013**
Tier 1 capital		
Shareholders' equity	1,840	1,842
Shareholders' equity per balance sheet	2,089	2,060
Perpetual preference share capital and share premium	(150)	(150)
Deconsolidation of special purpose entities	(99)	(68)
Non-controlling interests	4	(5)
Non-controlling interests per balance sheet	177	165
Non-controlling interests transferred to tier 1	(165)	(169)
Non-controlling interests in deconsolidated subsidiaries	-	(1)
Surplus non-controlling interest disallowed in CET1	(8)	-
Regulatory adjustments to the accounting basis	(32)	(31)
Unrealised losses on available-for-sale debt securities	-	2
Defined benefit pension fund adjustment	(20)	(22)
Unrealised gains on available-for-sale equities	(7)	(7)
Additional value adjustments	(12)	(16)
Cash flow hedging reserve	7	12
Deductions	(608)	(600)
Goodwill and intangible assets net of deferred tax	(558)	(598)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(38)	-
Securitisation positions	(4)	(2)
Connected funding of a capital nature	(8)	-
Common equity tier 1 capital/core tier 1 capital	1,204	1,206
Additional tier 1 capital	234	299
Additional tier 1 instruments	295	299
Phase out of non-qualifying additional tier 1 instruments	(61)	-
Deductions	-	(4)
Unconsolidated investments	-	(4)
Total tier 1 capital	1,438	1,501
Tier 2 capital	662	840
Unrealised gains on available-for-sale equities	-	7
Collective impairment allowances	-	120
Tier 2 instruments	686	713
Non-qualifying surplus capital attributable to non-controlling interests	(24)	-
Deductions	-	(6)
Unconsolidated investments	-	(4)
Securitisation positions	-	(2)
Total tier 2 capital	662	834
Total capital deductions	-	(57)
Investments that are not material holdings or qualifying holdings	-	(51)
Connected lending of a capital nature	-	(6)
Total regulatory capital	2,100	2,278
Risk-weighted assets	13,711	13,705
Capital ratios		
Common equity tier 1 ratio	8.8%	8.8%
Tier 1 ratio	10.5%	11.0%
Total capital ratio	15.3%	16.7%
Capital requirements	1,097	1,096
Credit risk - prescribed standardised exposure classes	830	842
Corporates	298	277
Secured on real estate property	161	232
Retail	102	102
Institutions	41	33
Other exposure classes	218	184
Securitisation exposures	10	14
Equity risk - standardised approach	21	29
Listed equities	5	4
Unlisted equities	16	25
Counterparty credit risk	22	26
Credit valuation adjustment risk	16	-
Market risk	55	61
Interest rate	21	23
Foreign exchange	8	12
Securities underwriting	1	-
Equities	22	24
Options	3	2
Operational risk - standardised approach	153	138
Capital adequacy		
Risk-weighted assets (banking and trading)	13,711	13,705
Credit risk - prescribed standardised exposure classes	10,374	10,532
Corporates	3,728	3,466
Secured on real estate property	2,007	2,904
Retail	1,281	1,276
Institutions	506	409
Other exposure classes	2,729	2,296
Securitisation exposures	123	181
Equity risk - standardised approach	267	352
Listed equities	62	47
Unlisted equities	205	305
Counterparty credit risk	271	328
Credit valuation adjustment risk	194	-
Market risk	689	762
Interest rate	262	286
Foreign exchange	98	150
Securities underwriting	13	-
Equities	276	296
Options	40	30
Operational risk - standardised approach	1,916	1,731

* The 2014 capital calculation is based on Basel III capital requirements currently applicable in the UK, whilst comparative information is disclosed on a Basel II basis. The capital adequacy disclosures follow Investec's normal basis of presentation and this does not include the deduction of foreseeable dividends when calculating CET1 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 on the group's CET1 ratio would be around 50bps.

** Restated to reflect the implementation of IFRS 10 and the reclassification of short-term claims on institutions and corporates.

The full set of annual financial statements will be available on 30 June 2014

