Annual Report

Out of the Ordinary®

Investec

2014 | Investec integrated annual review and summary financial statements

Corporate information

Investec plc and Investec Limited

Secretary and registered office

Investec plc

David Miller
2 Gresham Street
London EC2V 7QP
United Kingdom
Telephone (44) 20 7597 4000
Facsimile (44) 20 7597 4491

Investec Limited

Benita Coetsee
(Up to 30 June 2014)

Niki van Wyk
(with effect from 1 July 2014)
100 Grayston Drive
Sandown Sandton 2196
PO Box 785700 Sandton 2196
Telephone (27) 11 286 7000
Facsimile (27) 11 286 7966

Internet address

www.investec.com

Registration number

Investec plc

Registration number 3633621

Investec Limited

Registration number 1925/002833/06

Auditors

Ernst & Young LLP
Ernst & Young Inc.

Registrars in the UK

Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
United Kingdom
Telephone (44) 870 707 1077

Transfer secretaries in South Africa

Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg 2001
PO Box 61051
Marshalltown 2107
Telephone (27) 11 370 5000

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

Samuel E Abrahams retired with effect 8 August 2013.

For contact details for Investec offices internationally refer to pages 168 and 169.

For queries regarding information in this document

Investor Relations

Telephone (27) 11 286 7070
(44) 20 7597 5546
e-mail: investorrelations@investec.com
Internet address:
www.investec.com/en_za/#home/investor_relations.html

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About this abridged report

The integrated annual review and summary financial statements has been compiled in accordance with the integrated reporting principles contained in the Code of Corporate Practices and Conduct set out in the King Report on Corporate Governance for South Africa (King Code). This report covers all our operations across the various geographies in which we operate and has been structured to provide stakeholders with relevant financial and non-financial information.

The summary annual financial statements have been approved by the board of directors of the group and were signed on its behalf by the chief executive officer, Mr S Koseff. This document provides a summary of the information contained in Investec's 2014 integrated annual report (annual report). It is not the group's statutory accounts and does not contain sufficient information to allow for a complete understanding of the results and state of affairs of the group as would be provided by the full annual report. For further information consult the full annual financial statements, the unqualified auditor's reports on those annual financial statements and the directors' report. The auditors' reports did not contain a statement under section 237(2) or section 237(3) of the UK Companies Act 2006.

About our integrated report

The 2014 integrated annual report covers the period 1 April 2013 to 31 March 2014 and provides an overview of the Investec group.

This report covers all our operations across the various geographies in which we operate and has been structured to provide stakeholders with relevant financial and non-financial information.

We value feedback and invite questions and comments on our reporting. To give feedback or request hard copies of our reports, please contact our Investor Relations division.

01
Investec strategic report incorporating governance, sustainability and the remuneration report

02
Investec risk and Basel Pillar III disclosures reports

03
Investec financials

Get the most out of our report

Cross-referencing tools:

Audited information

Denotes information in the risk and remuneration reports that form part of the group's audited annual financial statements

Reporting standard

Denotes our consideration of a reporting standard

Definitions

Refers readers to the definitions on page 170

Page references

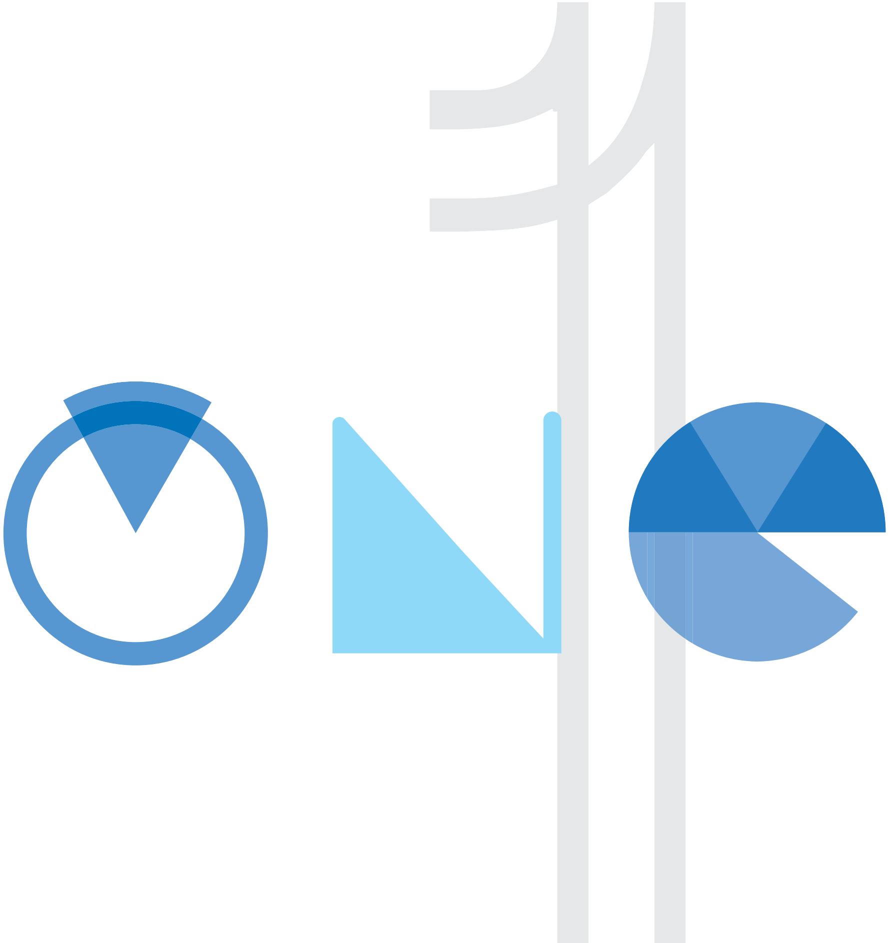
Refers readers to information elsewhere in this report

Sustainability

Refers readers to further information in our sustainability report available on our website: www.investec.com

Website

Indicates that additional information is available on our website: www.investec.com



Investec
in perspective

Highlights

The successful strategic alignment of the group towards low capital intensive businesses and the simplification of the Specialist Banking business model over the past few years have resulted in a scaleable platform from which the group's businesses can continue to grow

The South African business reported an increase in operating profit* of 25.3% in Rand terms. The UK business reported an increase of 24.4% in operating profit*.

The Australian business reported a loss, impacted by strategic restructuring.

Overall group results have been negatively impacted by the depreciation of the average Rand: Pounds Sterling exchange rate of approximately 20% over the year.

- Wealth & Investment's operating profit* increased by 30.5% and Asset Management reported operating profit* 2.4% ahead of the prior year, with both divisions benefiting from higher levels of average funds under management and combined net inflows of £4.0 billion
- The Specialist Banking businesses in both the UK and South Africa reported operating profit* up in excess of 29%, in home currencies
- Recurring revenue as a proportion of total operating income amounted to 70.7% (2013: 68.6%)
- Capital light businesses account for 52.0% of group income
- Impairments on loans and advances decreased by £84.9 million (i.e. 33.8%) with the credit loss charge on core loans improving from 0.84% at 31 March 2013 to 0.68%
- We maintained a sound capital position with tier 1 ratios of 10.5% for Investec plc and 11.0% for Investec Limited
- Liquidity remains strong with cash and near cash balances amounting to £9.1 billion (2013: £9.8 billion).

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

^ *Before goodwill, acquired intangibles, non-operating items and after non-controlling interests and deduction of preference dividends.*

***Note:** Amounts represented on a currency neutral basis assume that the closing and average exchange rates of the group's relevant exchange rates relative to Pounds Sterling remain the same at 31 March 2014 when compared to 31 March 2013.*

Our financial performance

Operating profit* increased 6.0%
(increase of 20.3% currency neutral)

2013	2014
£426.3mn	£451.8mn

Adjusted attributable earnings^ increased 6.0%
(increase of 20.5% currency neutral)

2013	2014
£309.3mn	£327.8mn

Adjusted earnings per share (EPS)^ increased 5.3%
(increase of 19.7% currency neutral)

2013	2014
36.1p	38.0p

Dividends per share increased 5.6%
(increase of 27.7% in Rands)

2013	2014
18.0p	19.0p

Total shareholders' equity increased 1.8%
(increase of 12.2% currency neutral)

2013	2014
£3 942mn	£4 013mn

Third party assets under management decreased 0.7%
(increase of 8.9% currency neutral)

2013	2014
£110.7bn	£109.9bn

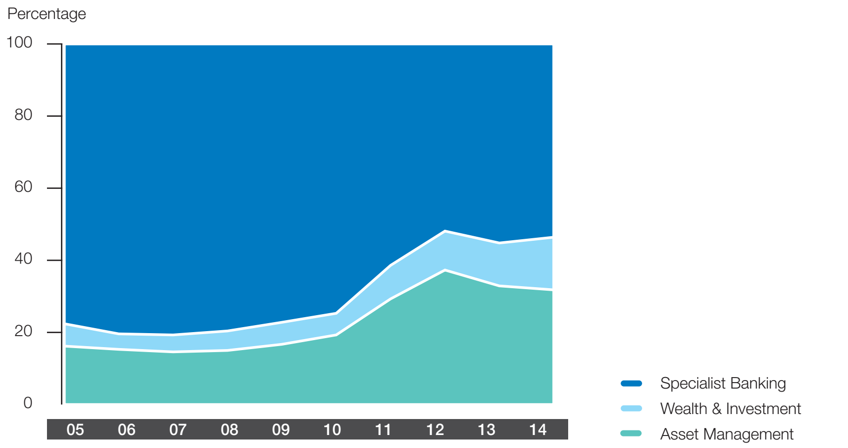
Core loans and advances to customers decreased 6.8%
(increase of 7.9% currency neutral)

2013	2014
£18.4bn	£17.2bn

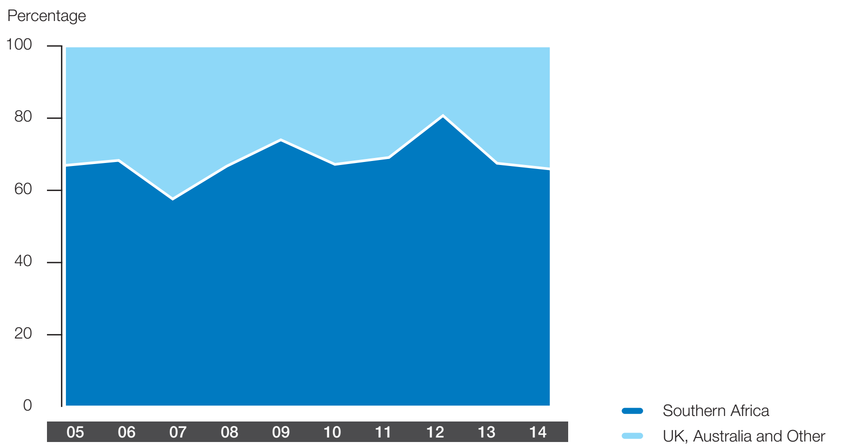
Customer deposits decreased 7.6%
(increase of 6.2% currency neutral)

2013	2014
£24.5bn	£22.6bn

% contribution of operating profit** to total group by business

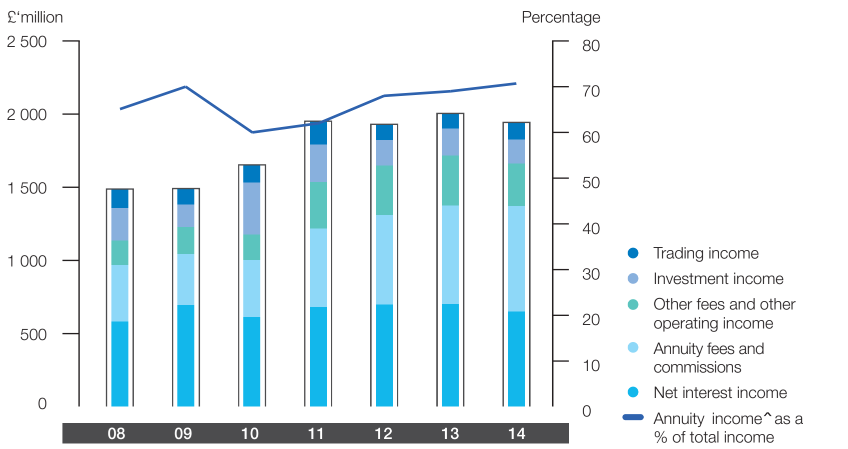


% contribution of operating profit** to total group by geography



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

Average recurring annuity income^ since 2008 of 67%



^ *Where annuity income is net interest income and annuity fees.*

Investec in perspective

01

Highlights (continued)

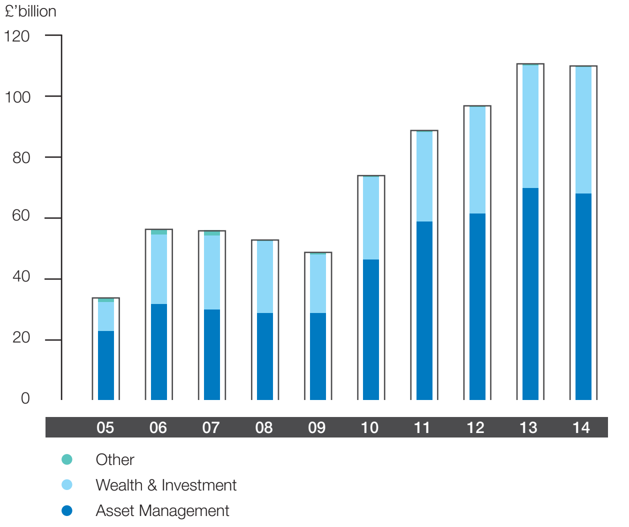
Continued growth in key earnings drivers . . .

Funds under management down 0.7% (up 8.9% currency neutral)

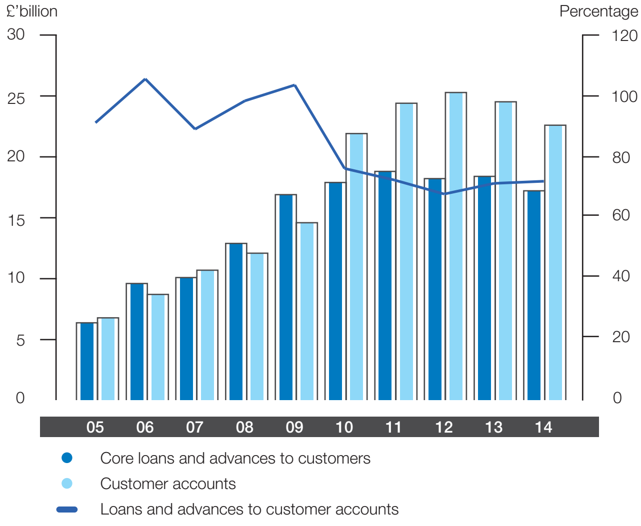
Customer accounts down 7.6% (up 6.2% currency neutral)

Core loans and advances down 6.8% (up 7.9% currency neutral)

Third party assets under management



Customer accounts (deposits) and loans



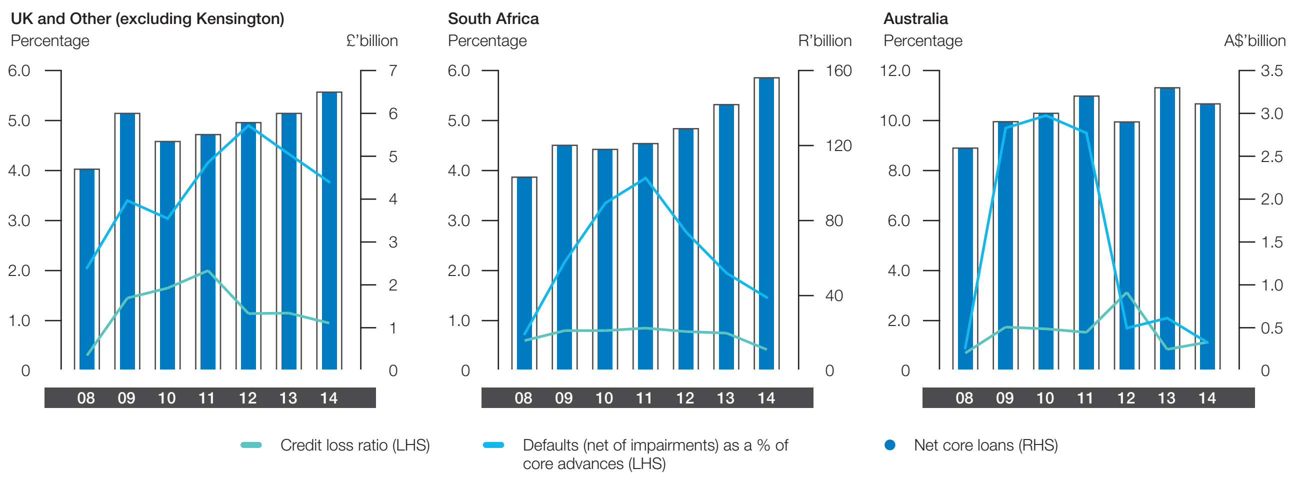
Significantly lower impairments . . .

Impairments in South Africa decreased by 23.6% in Rands

Impairments in the UK decreased by 17.1% (including Kensington a decline of 38.8%)

Australia reported an increase in impairments over the year

Asset quality trends



Investec in perspective

01

Highlights (continued)

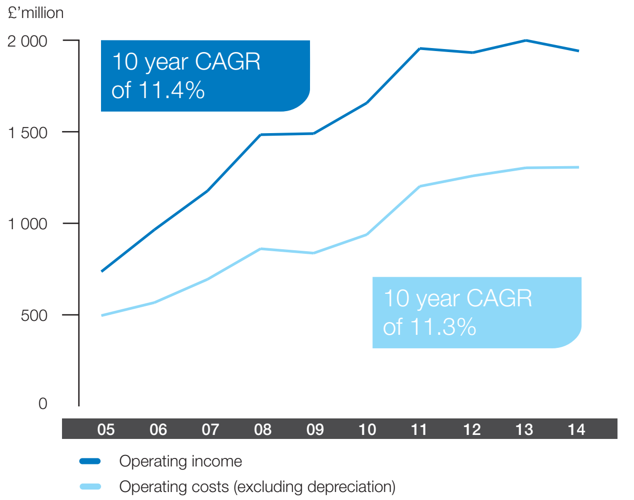
Marginal increase in fixed costs . . .

Asset Management
- Headcount increased: 200 people
- Supporting growth initiatives

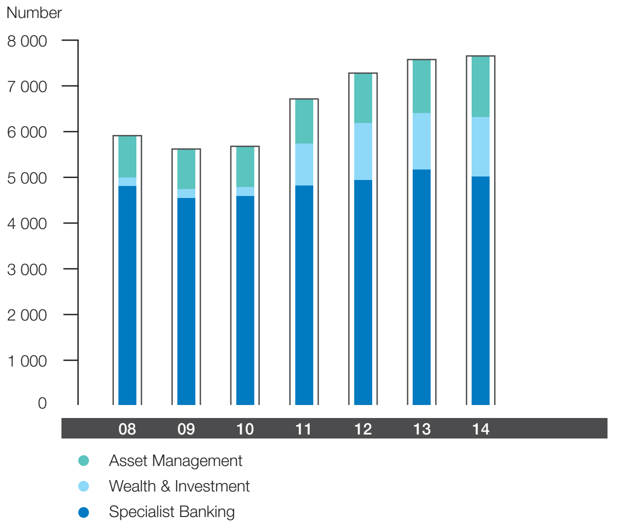
Wealth & Investment
- Headcount increased: 51 people
- Investment in IT, online infrastructure and experienced portfolio managers

Specialist Banking
- Headcount declined: 144 people
- Costs up in line with inflation (in home currencies) and as a consequence of reshaping

Narrowing jaws ratio



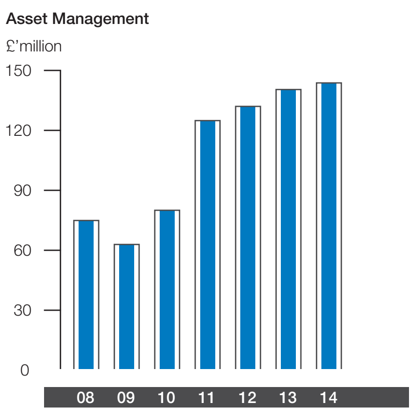
Headcount*

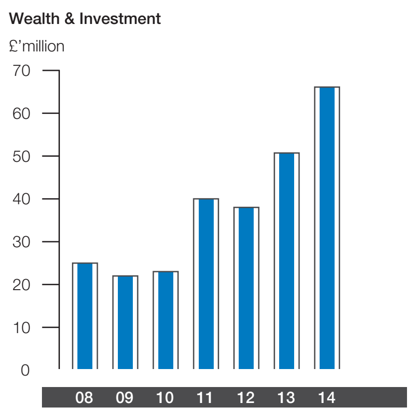


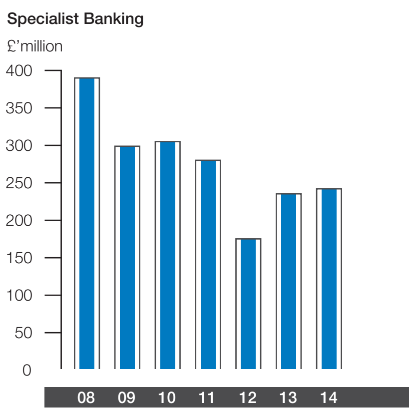
* *Permanent headcount and includes acquisitions.*

Resulting in increased operating profit from all three of our businesses . . .

Operating profit* by business







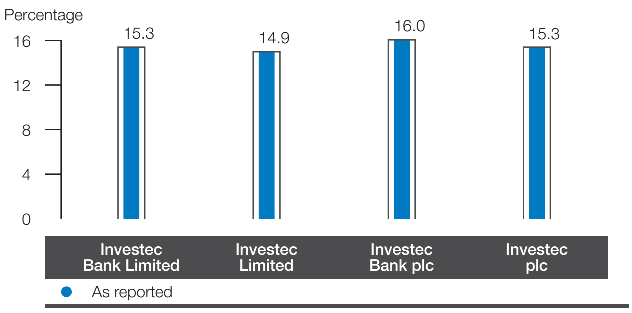
* *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.*

Stable capital position . . .

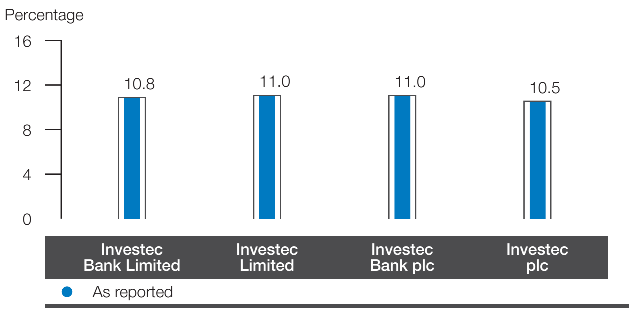
Target

Total capital adequacy: 14.0% – 17.0%
Common equity tier 1 ratio: >10.0% by March 2016
Total tier 1 ratio: >11.0% by March 2016
Leverage ratio: >6.0%

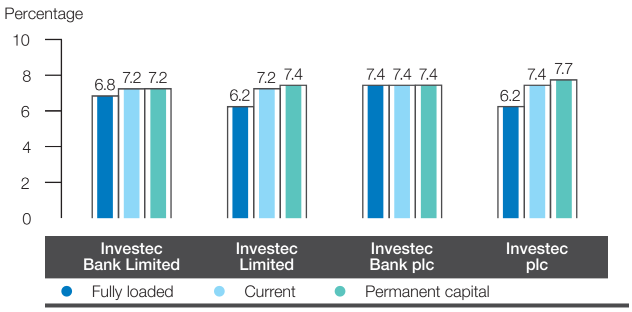
Capital adequacy



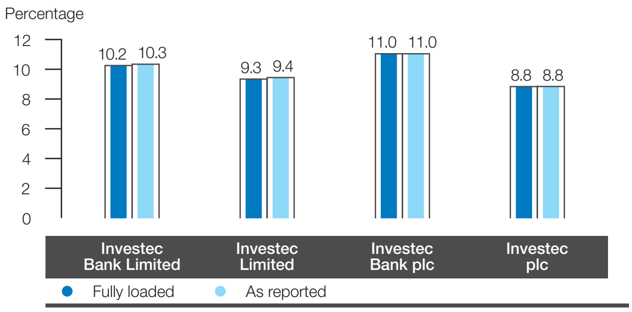
Tier 1



Leverage ratios



Common equity tier 1



Note: Refer to page 170 for detailed definitions and explanations.

Sound capital and liquidity principles maintained

Continue to focus on:

- Maintaining a high level of readily available, high quality liquid assets targeting a minimum cash to customer deposit ratio of 20.0%
- Diversifying funding sources
- Maintaining an appropriate mix of term funding
- Limiting concentration risk.

The intimate involvement of senior management ensures stringent management of risk and liquidity

A well-established liquidity management philosophy remains in place

The group's loan to deposit ratios are as follows:
– Investec Limited: 72.9% (2013: 73.2%)
– Investec plc: 71.0% (2013: 68.9%)

Liquidity remains strong with cash and near cash balances amounting to £9.1 billion (2013: £9.3 billion)

Capital remained well in excess of current regulatory requirements

Our banking subsidiaries meet current internal targets

Investec Limited and Investec plc should comfortably achieve a common equity tier 1 ratio above 10% by March 2016.

The value we've added

For further information download the sustainability report available on our website.

Contributing to society, macro-economic stability and the environment

For Investec, sustainability is about building our businesses to ensure we have a positive impact on the economic and social progress of communities and on the environment, while growing and preserving clients and stakeholders' wealth based on strong relationships of trust.

This commitment to sustainability means integrating social, ethical and environmental considerations into our day-to-day operations. A key element of this is solid corporate governance that ensures sustainable management with a long-term vision.

£11.8 million spent on employee training and development

£5.1 million spent on our communities

£3.2 billion committed to renewable energy in South Africa

Value added statement

£'000	31 March 2014	31 March 2013*
Net income generated		
Interest receivable	1 905 383	2 132 715
Other income	1 267 405	1 292 545
Interest payable	(1 253 704)	(1 429 108)
Other operating expenditure and impairments on loans	(475 764)	(597 812)
	1 443 320	**1 398 340**
Distributed as follows:		
Employees	637 399	692 165
Salaries, wages and other benefits		
Government	409 535	312 832
Corporation, deferred payroll and other taxes		
Shareholders	183 865	185 321
Dividends paid to ordinary shareholders	150 053	147 660
Dividends paid to preference shareholders	33 812	37 661
Retention for future expansion and growth	212 521	208 022
Depreciation	34 750	46 372
Retained income for the year	177 771	161 650
	1 443 320	**1 398 340**

** Restated.*

Investec conducts its commitment to sustainability through three key focus areas:

Profit

The financial strength and resilience of Investec depends on a balanced business model that supports our long-term growth vision through varying economic cycles.

People

We invest in the communities in which we operate recognising that education and entrepreneurship are integral to our own long-term strategy.

The sustainability of our business depends largely on our people and positioning Investec as an attractive employer in the financial services industry. We focus on building a strong, diverse and capable workforce by providing a workplace that stimulates and rewards distinctive performance.

Planet

Effective environmental management is an essential part of our embedding front-of-mind consciousness of sustainability into the organisation.

We are increasingly incorporating environmental considerations into our daily business activities and are exploring the many valuable opportunities in cleaner energy sources, energy efficiency and responsible financing.

Recognition

Investec group
- Carbon Disclosure Project Gold recognition status for a score of A- on Climate Performance in 2013
- Inclusion in Climate Disclosure Leadership Index 2013 (Top 11 in South Africa across all sectors).

Investec in the UK
- Clean City Awards Scheme Chairman's Cup 2013
- Investec Guernsey won the Guernsey Employer of the Year 2013.

Investec in Australia
- Global Best Award for Partnerships Crossing Boundaries in the Australia and Oceana Region.

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

Who we are

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.

We value

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

What we do

We provide 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.

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
- Employee ownership.

Our strategic focus

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 strategic focus is to:

- Continue to build Asset Management organically by investing and building for the next phase of growth in line with a clear long-term strategy
- Maintain momentum in the Wealth & Investment business by building critical mass in future growth areas
- Improve returns in the Specialist Banking business by continuing to simplify the business and grow the business organically
- Provide an integrated full service solution for our private clients by advancing our strong digital platform
- Continue to leverage our extensive client base and attract new clients by extending the breadth and depth of the franchise.

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:

Asset Management

Operating completely independently

Corporate/institutional/government

Investment management services to third party institutions, clients and intermediated savers

Specialist Banking

Advisory

Transactional banking

Lending

Treasury and trading

Investment activities

Wealth & Investment

Private client (High net worth/high income)/ charities/trusts

Investment management services

Independent financial planning advice

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.

Capital light activities

Contribute 52% to group income

- Asset management
- Wealth management
- Advisory services
- Transactional banking services
- Property funds

Capital intensive activities

Contribute 48% to group income

- Lending portfolios
- Investment portfolios
- Trading income
  - client flows
  - balance sheet management

Fee and commission income ‹ **Types of income** › **Net interest, investment and trading income**

Our operational structure

Investec Limited, which houses our Southern African and Mauritius operations, has been listed in South Africa since 1986

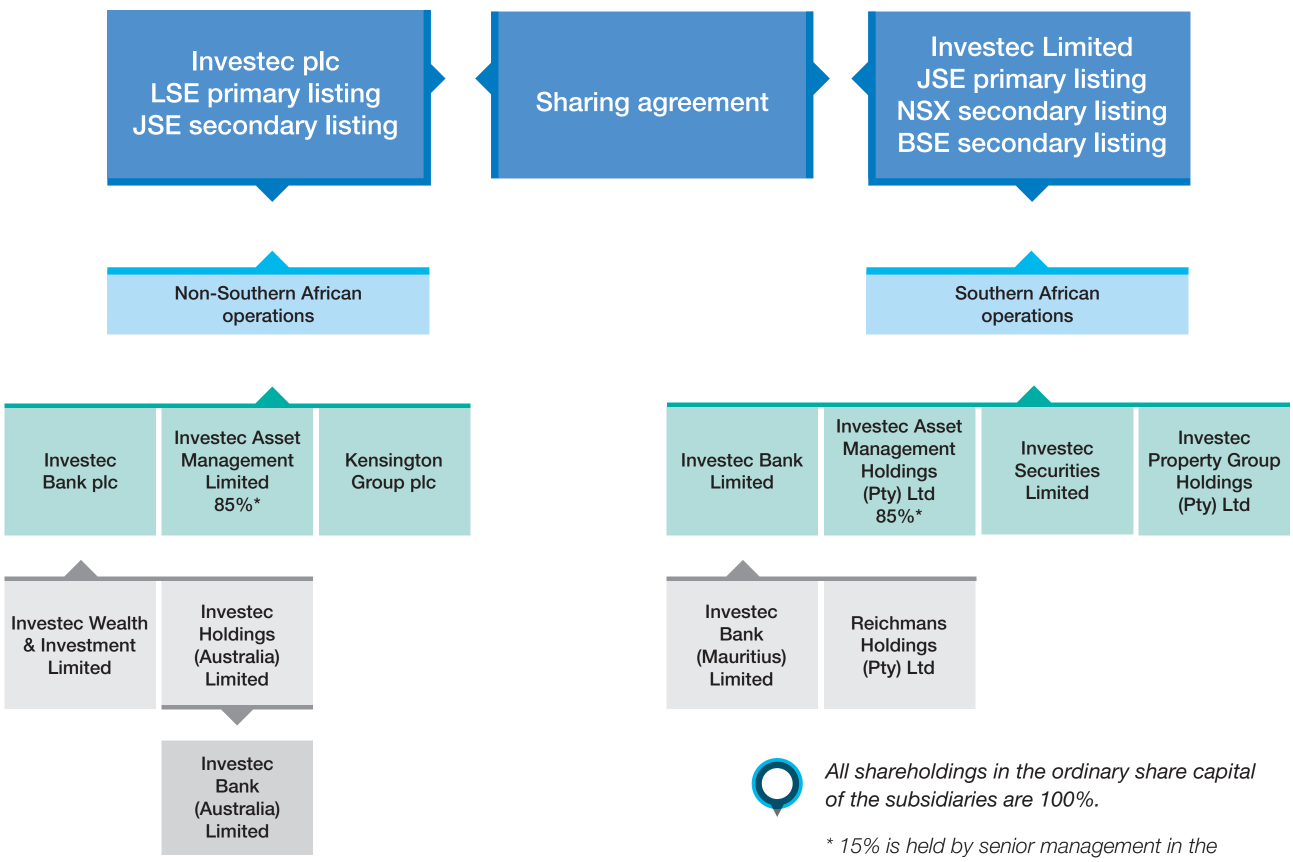
Operating structure

During July 2002 Investec Group Limited (since renamed Investec Limited) implemented a dual listed companies (DLC) structure and listed its offshore business on the London Stock Exchange.

A circular on the establishment of our DLC structure was issued on 20 June 2002 and is available on our website.

In terms of our DLC structure, Investec Limited is the controlling company of our businesses in Southern Africa and Mauritius, and Investec plc is the controlling company of our non-Southern African businesses.

Our DLC structure and main operating subsidiaries at 31 March 2014



All shareholdings in the ordinary share capital of the subsidiaries are 100%.

** 15% is held by senior management in the company.*

Salient features of the DLC structure

- Investec plc and Investec Limited are separate legal entities and listings, but are bound together by contractual agreements and mechanisms
- Investec operates as if it is a single unified economic enterprise
- Shareholders have common economic and voting interests as if Investec plc and Investec Limited were a single company
- Creditors, however, are ring-fenced to either Investec plc or Investec Limited as there are no cross guarantees between the companies.

Our operational footprint

We have built a solid international platform, with diversified revenue streams and geographic diversity.

Investec in total

Operating profit*
£451.8 million

Assets
£47 142 million

NAV**
£2 660.8 million

Permanent employees
7 657

COI^	ROE^
67.5%	10.1%

UK and Other

- In 1992 we made our first international acquisition, acquiring Allied Trust Bank in London
- Since that date, we have expanded organically and through a number of strategic acquisitions
- Developed capabilities in all three of our core activities
- Listed in London in July 2002 through the implementation of a dual listed companies structure
- Offices supporting the UK and Other businesses include: Canada; Channel Islands; Hong Kong; India; Ireland; London; Manchester; New York; Switzerland; and Taiwan.

Southern Africa

- Founded as a leasing company in 1974
- Acquired a banking licence in 1980
- Listed on the JSE Limited South Africa in 1986
- In 2003 we implemented a 25.1% empowerment shareholding transaction
- Market leading position in all three of our core activities
- Fifth largest bank in the country
- Offices supporting the Southern African businesses include: Botswana; Cape Town; Durban; East London; Johannesburg; Knysna; Mauritius; Namibia; Nelspruit; Pietermaritzburg; Port Elizabeth; Pretoria; and Stellenbosch.

Australia

- Entered the market in 1997
- Significantly expanded our capabilities in 2001 through the acquisition of Wentworth Associates, one of the leading corporate finance boutiques in Australia
- In 2002 we received a banking licence which opened up many growth opportunities
- Have grown our business organically and through select strategic acquisitions
- We have offices in Brisbane; Melbourne; Perth; and Sydney.

* *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.*
** *NAV is tangible shareholders' equity as calculated on page 45.*
^ *COI is cost to income ratio. ROE is the post-tax return on adjusted average shareholders' equity as calculated on page 47.*

Our operational footprint (continued)

Operating profit* of the UK operations increased 24.4% to £168.3 million

£9.4bn	£6.5bn	£69.0bn
Total deposit book	Total core loans	Total funds under management

As a % of group	
37.2%	Operating profit*
41.6%	Assets
41.3%	NAV**
42.2%	Permanent employees

Actual	
74.5%	COI^
7.6%	ROE^

Operating profit* of the Southern African operations increased 3.4% to £297.4 million, but was up 25.3% in home currency

£11.7bn	£8.9bn	£40.7bn
Total deposit book	Total core loans	Total funds under management

As a % of group	
65.9%	Operating profit*
53.2%	Assets
48.6%	NAV**
52.1%	Permanent employees

Actual	
54.3%	COI^
16.5%	ROE^

Operating loss* of the Australian operations amounted to £13.9 million, due to strategic restructuring

£1.5bn	£1.7bn
Total deposit book	Total core loans

As a % of group	
(3.1%)	Operating profit*
5.2%	Assets
10.1%	NAV**
5.7%	Permanent employees

Actual	
92.2%	COI^
(3.8%)	ROE^

Our three distinct business activities are focused on well-defined target clients

Asset Management

Provides investment management services to third party institutions, clients and intermediated savers

Core client base and what we do

Operates independently from Investec's other businesses and its sole focus is the provision of investment management services to its predominantly global institutional client base

Market positioning

Funds under management
1991: £0.4 billion ⇨ 2014: £68.0 billion

Net inflows of £2.6 billion
Good long-term performance with growing traction in all distribution channels

Wealth & Investment

Provides investment management services and independent financial planning advice

Core client base and what we do

Provides investment management services and independent financial planning advice to private clients, charities and trusts

Market positioning

Total funds under management
1997: £0.04 billion ⇨ 2014: £41.5 billion
UK: One of the top five players
SA: Largest player

Specialist Banking

Provides a broad range of services:

Advisory
Transactional banking
Lending
Treasury and trading
Investment activities

Core client base and what we do

We offer a broad range of services from advisory, structuring, lending, transactional banking, treasury and trading, and investment activities. These services are aimed at government, institutional, corporate and high net worth and high income clients

Market positioning

Global core loan portfolio: £17.2 billion
– Corporate and other clients: £6.0 billion
– Private clients: £11.2 billion

Global deposit book: £22.6 billion

* *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.*
** *NAV is tangible shareholders' equity as calculated on page 45.*
^ *COI is cost to income ratio. ROE is the pre-tax return on adjusted average shareholders' equity as calculated on page 47.*

Our operational footprint (continued)

Operating profit* of Asset Management increased 2.4% to £143.8 million

£41.4bn	£26.6bn	£68.0bn
Segregated mandates	Mutual funds	Total funds under management

31.8% Operating profit*
2.0% NAV**
17.5% Permanent employees

65.3% COI^
96.7% ROE^

Operating profit* of Wealth & Investment increased 30.5% to £66.1 million

£21.5bn	£20.0bn	£41.5bn
Discretionary funds under management	Non-discretionary and other funds under management	Total funds under management

14.6% Operating profit*
2.4% NAV**
17.0% Permanent employees

77.1% COI^
18.2% ROE^

Operating profit* of Specialist Banking increased 2.8% to £241.9 million

£22.6bn	£17.2bn
Total deposit book	Total core loans

53.6% Operating profit*
95.6% NAV**
65.5% Permanent employees

66.0% COI^
8.7% ROE^

We now consist of a lean, well capitalised, focused Specialist Bank and strong Asset Management and Wealth & Investment businesses

Reflecting on the 2014 financial year, we are pleased that significant progress was made in reshaping and simplifying the group and dealing with a number of legacy issues. The group's core businesses have sound franchises which have continued to broaden their client bases and grow organically.

Can you give us an overview of the group's performance for the financial year?

A The group achieved an increase in operating profit of 6.0% to £451.8 million (2013: £426.3 million) – a 20.3% increase on a currency neutral basis. Adjusted EPS increased 5.3% from 36.1 pence to 38.0 pence – a 19.7% increase on a currency neutral basis. Distributions to shareholders increased from 18 pence to 19 pence resulting in a dividend cover of 2.0 times (2013: 2.0 times).

Overall group results have been negatively impacted by the depreciation of the Rand of approximately 20% against our reporting currency, Pounds Sterling. The combined South African business reported operating profit of 25.3% ahead of the prior year in Rands, while 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 of £4.0 billion. This has resulted in recurring income amounting to 70.7% of total operating income (2013: 68.6%).

Both the South African and UK Specialist Banking businesses reported operating profit in excess of 29.0% in home currencies. This was as a result of a solid performance from the majority of the businesses in South Africa and a significant decline in impairments in the UK business.

What have been the key areas of focus from a strategic perspective?

A If we reflect on our strategic priorities from a year ago, momentum in Asset Management was maintained and the Wealth & Investment business made good progress in organically growing its market share and internationalising its offering. As part of our strategy to improve returns in the Specialist Bank, the past year has seen significant time and resource being spent on simplifying the business model and clearly articulating the legacy book. In the UK, we have reduced or closed non-core businesses, sold the Trust businesses, sold Lease Direct Finance, integrated Investment Banking and Securities into the Institutional and Corporate Banking business and commenced a process for the sale of the Kensington business. We are also starting to see the benefits of growing the UK Private Banking offering and enhancing the franchise businesses in the Corporate and Institutional Banking area.

In Australia, we have sold the Professional Finance and Asset Finance and Leasing businesses (subject to regulatory approval). The remaining entity will operate as a non-bank financial services company with no deposit taking. It will no longer be supervised by the Australian Prudential Regulation Authority thus eliminating cost and infrastructure. The Australian business will now focus on corporate services providing advice, capital and hedging to clients and funds management, primarily property and aviation.

How did the operating environment support performance?

A During the period we experienced an improved operating environment across all areas of operation although the strength of Pounds Sterling against other operating currencies impacted overall results.

Global environment

Equity market returns in 2013 were the strongest since 2009 as central banks maintained an accommodative monetary policy. We also saw improved consumer confidence and business sentiment in both the UK and US but global economic growth remained below the long-term trend. In Australia, slower mining demand and a squeeze on domestic expenditure through the fiscal consolidation programme took its toll on the pace of output expansion.

The UK economy has experienced a strong recovery over the past year as a result of increased confidence, easier access to credit and better global economic conditions. Most sectors and regions of the economy are now showing positive growth trends, with recent signs that business investment is also starting to pick up. There are, however, risks to the UK's outlook as a result of global developments and lackluster growth in the Eurozone. With the Eurozone crisis far from being fully resolved, the UK continues to be exposed to an extended period of subdued activity in the region.

South Africa

Since 1994, living standards have improved and interest rates and inflation have fallen materially, with both real economic growth and GDP per capita rising. However, the growth outlook for 2014 is now at risk as the interest rate cycle has turned with the South African Reserve Bank raising its inflation forecasts following substantial Rand weakness. Further, the slowdown of growth in China will result in noticeably lower demand for South African exports and could surpass the benefits from strengthening US demand.

2014 marks two decades of democratic freedom for South Africa. The transition to a democratic society has resulted in clear economic and social gains including a doubling in the size of the real economy and substantial rollout of basic services and social welfare. We remain committed not only to economic transformation but also to social transformation and to the corrective strategies as set out in our updated Employment Equity Plan for the period 2013 to 2017. Recognising that enterprise development is vital to South Africa's transformation aspirations, we further enhanced our Enterprise Development programme by providing grants to entrepreneurs who are managing and growing their own businesses and have potential to create further jobs.

South Africa has a sound financial structure, macro-economic and fiscal framework and a well-developed corporate sector in diverse industries. The country now enters a new 20-year phase of development and the effective implementation of the National Development Plan is critical for continuing the progress already made.

How did the three core areas of activity perform?

A All three key businesses achieved growth during the financial year with Asset Management and Wealth & Investment contributing 46.4% to group operating profit.

Asset Management

For the 2014 financial year, Asset Management increased operating profit by 2.4% to £143.8 million (2013: £140.4 million), benefiting from higher funds under management and net inflows of £2.6 billion. Total funds under management amounted to £68.0 billion (2013: £69.8 billion).The sale of a 15% stake in the business to management was successfully completed in July 2013 for the purposes of ensuring continuity and to retain and incentivise the senior management team.

Market cycles and price movements can affect this business in the short term but management are continually investing and building for the next phase of growth in line with a clear long-term strategy.

Wealth & Investment

Wealth & Investment benefited from a rise in equity markets with operating profit increasing 30.5% to £66.1 million (2013: £50.7 million). This performance was supported by higher average funds under management, improved operating margins and net inflows of £1.4 billion. Total funds under management have grown 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 senior talent. Further, the South African business has benefited from a seamless offering to both Wealth & Investment and Private Banking clients, and has made progress in leveraging off the global investment platform.

We will drive ongoing performance in this business by continuing to build critical mass in future growth areas. The focus is on developing the offshore offering and the private office service to high net worth clients while leveraging the group's private client and global investment platforms.

Specialist Banking

For the 2014 financial year, the Specialist Banking business increased operating profit 2.8% to £241.9 million (2013: £235.2 million).

The South African Specialist Banking business reported operating profit up 29.2% in Rands, benefitting from an increase in corporate fees and greater income from customer flow. The loan book grew by 10.6% and the unlisted private equity and property portfolios delivered a sound performance. We will continue to build the franchise in core client segments focusing on cross-selling across different client bases, a more targeted approach to servicing the corporate market and continuing to rollout our Africa strategy.

The UK business grew 29.9% with the quality of income improving. The Corporate Advisory business and the principal investment portfolios performed well. Good growth was recorded in the professional and specialised lending and asset finance portfolios. Levels of transactional activity within the Private Banking and Corporate and Institutional Banking businesses were mixed, but with a promising pipeline. The bank looks to reduce excess liquidity and to gain market share in niches where we believe we can compete effectively.

Looking forward, the future performance of the Specialist Banking business will not only be driven by managing down the legacy portfolios but, more importantly, through a coordinated and concerted effort to grow the core business organically.

We are continuing to build Investec into a high quality, client driven organisation that is relevant in its core markets

Can you give us a summary of the year in review from a risk perspective?

A The group has a strong culture of risk and capital management entrenched into daily operations including the intimate involvement of senior executive. We continue to maintain healthy capital and leverage ratios and have a robust liquidity profile. The group's core loan book has grown moderately in home currencies and remains sufficiently diversified with the majority of the book comprising high net worth and private client lending and corporate lending. Impairments on loans and advances decreased from £251.0 million to £166.2 million and the percentage of default loans to core loans and advances was 2.30% (2013: 2.73%). We have low equity and investment risk exposures and proprietary market risk within our trading portfolio is modest.

We continue to spend a large amount of time and effort on operational, reputational, conduct, recovery and resolution risks. In the year ahead, we are increasing our focus on stress testing and have appointed an external adviser to assist in this regard. The current regulatory and economic environment continues to prove challenging but our robust risk management processes and systems provide a strong foundation to manage and mitigate any concerns.

How do you balance driving profits with corporate responsibility?

A At Investec we believe we have a responsibility that extends beyond that of driving shareholder value. We believe that we can have a positive impact on the success and wellbeing of local communities, the environment and on overall macro-economic stability which is vital if we are to maintain a sustainable business in the long term. Over the past year, we have received a number of awards recognising our efforts in this regard. These include winning the Chairman's Cup at the Clean City Awards Scheme in the UK and our inclusion in the Climate Disclosure Leadership Index in South Africa.

Alongside our corporate responsibility is our internal aspiration to provide our clients with an Out of the Ordinary Investec experience. Consequently, we are continually developing the proficiency of our people as well as attracting and retaining new talent. We are also investing in technology by building a strong digital platform to complement the skills of our capable management and staff and ensure we provide our niche client base with the highest level of service.

From a board perspective, we bid a fond farewell to Sam Abrahams who did not seek re-election as a director at the 2013 annual general meeting. We thank Sam for his invaluable contribution to Investec for almost two decades. The composition of the board is regularly reviewed to ensure the appropriate balance of knowledge, expertise and independence is maintained and several changes will be proposed at the 2014 annual general meeting.

What is your strategic focus and outlook for the coming year?

A The group has navigated very uncertain waters over the past few years which have reminded us about who we are and what we stand for. We are continuing to build Investec into a high quality, client driven organisation that is relevant in its core markets.

Our focus over the next year will be to execute our key strategic initiatives so that Investec, going forward, will be recognised as an agile innovative service-driven organisation providing:

- Quality products and services to our clients
- Above average returns to our shareholders
- A significant contribution to the growth and development of our people, communities and broader society.

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 our businesses. The South African economy is going through a period of weakness. However, we are still seeing encouraging levels of activity across our client base.

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

On behalf of the boards of Investec plc and Investec Limited

Sir David J Prosser	Fani Titi	Stephen Koseff	Bernard Kantor
Joint chairman	Joint chairman	Chief executive officer	Managing director

(References to 'operating profit' in the text above relates to operating profit before taxation, goodwill, acquired intangibles, non-operating items and after other non-controlling interests.)

The operational and strategic report provides an overview of our strategic position, performance during the financial year and outlook for the business.

Financial review

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.

	31 March 2014		31 March 2013	
Currency per £1.00	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 Year to 31 March 2014	Actual as reported Year to 31 March 2013#	Actual as reported % change	Neutral currency^ Year to 31 March 2014	Neutral currency % 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.*

Investec in perspective

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	Results in Pounds Sterling				
	Actual as reported At 31 March 2014	Actual as reported At 31 March 2013	Actual as reported % change	Neutral currency^ At 31 March 2014	Neutral currency % change
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 31 March 2014	Year to 31 March 2013	% change	Year to 31 March 2014	Year to 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 31 March 2014	**At 31 March 2013**	**% change**	**At 31 March 2014**	**At 31 March 2013**	**% change**
Net asset value per share	375.7p	384.2p	(2.2%)	6 597c	5 362c	23.0%
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.*

Ten year review

Salient features*

For the year ended 31 March	2014	2013	% change 2014 vs 2013
Income statement and selected returns			
Operating profit before goodwill, acquired intangibles, non-operating items and taxation (£'000)ᵒ	451 817	426 278	6.0%
Operating profit: Southern Africa (% of total)ᵒ	65.9%	67.5%	
Operating profit: UK, Europe, Australia and Other (% of total)ᵒ	34.1%	32.5%	
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%
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%	
Return on average assets (excluding assurance assets)	0.75%	0.67%	
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 total 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 (£'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 plcᵒ	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 Limitedᵒ	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 tangible asset value per share (pence)#	375.7	384.2	(2.2%)
Net asset value per share#	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 on page 170.*
^ *Calculation not comparable.*
^^ *The group's expected Basel III 'fully loaded' numbers are provided on page 46.*
ᵒ *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.*

2012	2011	2010	2009	2008	2007	2006	2005
358 625	434 406	432 258	396 766	508 717	466 585	388 767	224 124
80.7%	69.1%	67.2%	74.0%	66.7%	57.6%	68.3%	66.9%
19.3%	30.9%	32.8%	26.0%	33.3%	42.4%	31.7%	33.1%
257 579	327 897	309 710	269 215	344 695	300 704	230 017	149 510
217 253	286 659	275 131	261 627	301 499	294 881	222 805	147 037
64.7%	61.7%	57.8%	55.9%	56.1%	59.0%	58.7%	67.4%
43.0%	40.7%	36.1%	34.9%	37.2%	40.9%	40.1%	43.4%
7.8%	11.2%	13.5%	14.8%	23.6%	26.1%	25.5%	20.0%
9.6%	13.2%	15.4%	17.4%	28.6%	31.7%	32.7%	28.8%
0.91%	1.23%	1.33%	1.36%	^	^	^	^
0.57%	0.76%	0.83%	0.84%	1.31%	1.46%	1.35%	1.05%
47.8	64.4	69.7	62.6	84.4	92.3	91.5	48.6
36.2%	34.9%	37.0%	46.6%	39.3%	29.2%	26.8%	23.2%
63.8%	65.1%	63.0%	53.4%	60.7%	70.8%	73.2%	76.8%
67.7%	62.3%	60.4%	70.0%	65.1%	58.7%	56.9%	59.2%
18.1%	15.5%	20.6%	21.1%	22.6%	26.3%	27.3%	28.8%
5 505	5 249	4 362	3 762	3 275	2 665	2 042	1 579
4 013	3 961	3 292	2 621	2 210	1 820	1 512	1 076
3 716	3 648	2 955	2 297	1 911	1 542	1 226	931
51 550	50 941	46 572	37 365	34 224	26 300	23 901	19 917
18 226	18 758	17 891	16 227	12 854	10 095	9 605	6 408
35.4%	36.8%	38.4%	43.4%	37.7%	38.4%	40.2%	32.2%
10 251	9 319	9 117	4 866	5 028	^	^	^
25 344	24 441	21 934	14 573	12 133	10 650	8 699	6 805
96 776	88 878	74 081	48 828	52 749	56 121	56 331	33 855
17.5%	16.8%	15.9%	16.2%	15.3%	24.7%	17.7%	16.1%
11.6%	11.6%	11.3%	10.1%	9.2%	14.8%	11.6%	9.5%
16.1%	15.9%	15.6%	14.2%	13.9%	14.7%	16.3%	17.9%
11.6%	11.9%	12.0%	10.8%	10.0%	10.4%	11.5%	10.9%
1.12%	1.27%	1.16%	1.08%	0.51%	0.17%	0.11%	0.28%
3.31%	4.66%	3.98%	3.28%	1.29%	0.92%	0.52%	0.31%
11.3x	11.3x	12.5x	13.0x	13.8x	12.2x	12.5x	14.8x
4.5x	4.7x	5.4x	6.2x	5.8x	5.5x	6.4x	6.0x
67.8x	72.4%	76.2%	103.6%	98.4%	89.1%	105.6%	91.2%
31.8	43.2	45.1	42.4	56.9	53.3	41.9	26.9
26.8	37.7	40.1	41.2	49.7	52.3	40.6	26.5
25.7	49.7	44.0	38.5	57.7	54.7	53.8	17.8
24.3	46.7	41.5	36.1	54.0	50.4	50.0	17.1
17.0	17.0	16.0	13.0	25.0	23.0	18.2	13.4
1.9	2.5	2.8	3.3	2.3	2.3	2.3	2.0
392.0	343.8	324.1	266.3	215.0	178.6	148.9	99.2
317.0	416.0	364.0	308.8	260.6	216.0	182.1	135.4
809.6	759.8	686.3	634.6	606.2	563.8	548.8	555.5
874.0	810.0	741.0	713.2	657.6	609.3	593.0	593.0
382	478	539	292	339	658	588	311
3 340	3 872	3 993	2 083	2 229	4 009	3 488	1 844
7 781	7 237	6 123	5 951	6 333	5 430	4 453	4 163
12.27	10.88	11.11	13.58	16.17	14.20	10.72	11.73
11.85	11.16	12.38	14.83	14.31	13.38	11.43	11.47

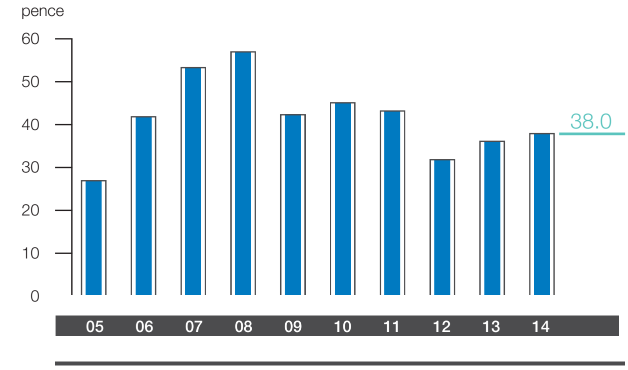
For comparative purposes historical information has been adjusted for the 5:1 share split that took place on 4 September 2006.

ø *Information prior to 2008 is shown before non-controlling interests and thereafter post other non-controlling interests.*

Track record

Up 5.3% to 38.0 pence

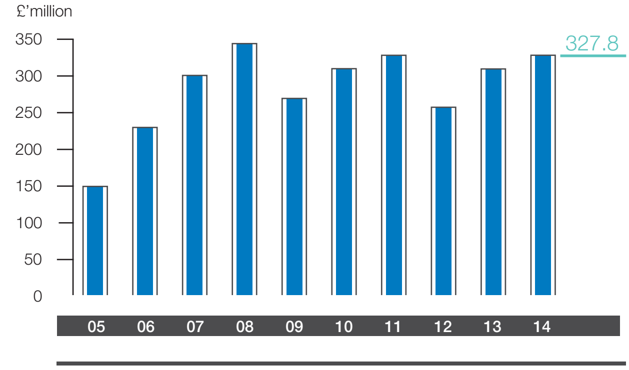
Adjusted earnings per share*



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

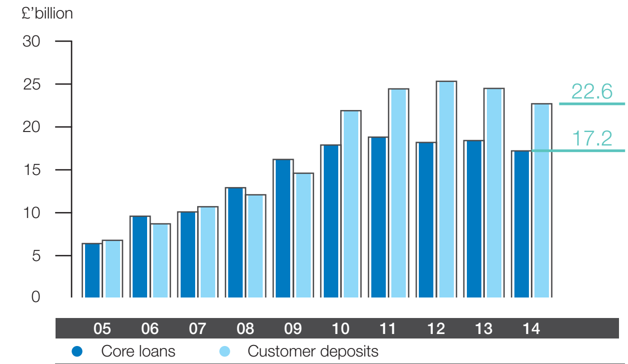
Up 6.0% to £327.8 million

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



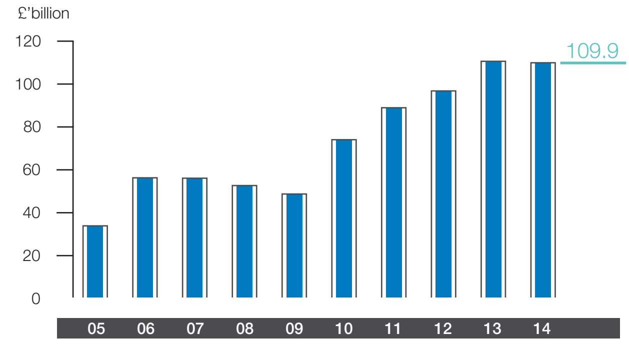
Core loans: down by 6.8% to £17.2 billion since 31 March 2013 – an increase of 7.9% on a currency neutral basis** Deposits: down 7.6% to £22.6 billion since 31 March 2013 – an increase of 6.2% on a currency neutral basis**

Core loans and customer deposits



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

Third party assets under management



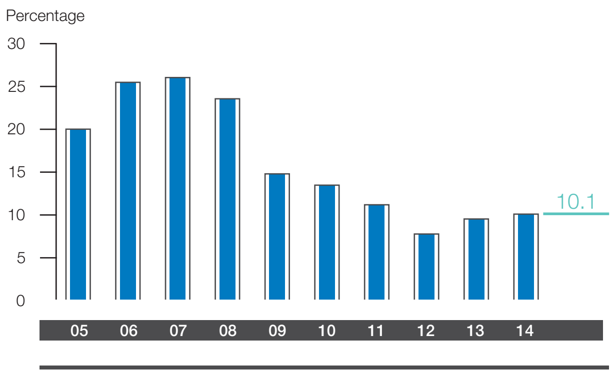
** *Currency neutral basis: calculation assumes that the closing exchange rates of the group's relevant exchange rates, as reflected on page 22, remain the same at 31 March 2014 when compared to 31 March 2013.*

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*

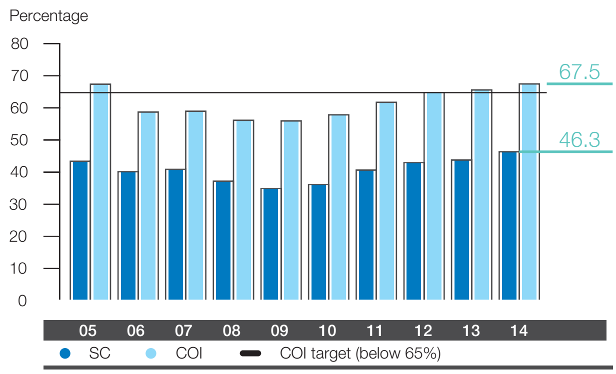


* ROE is post-tax return on adjusted average shareholders' equity as calculated on page 47.

Target

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

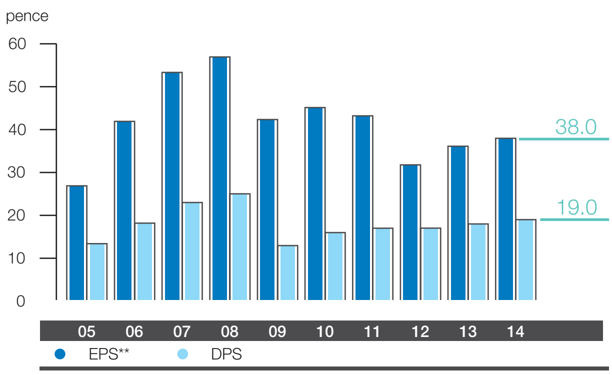
Cost to income ratio (COI) and staff compensation to operating income ratio (SC)



Target

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)

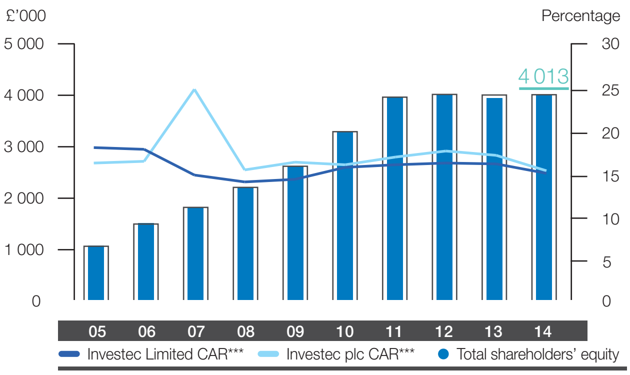


** Adjusted EPS before goodwill, acquired intangibles and non-operating items as defined on page 170. The numbers have been adjusted for the 5:1 share split that took place on 4 September 2006.

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 10.5% (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.

Note:
The numbers shown in the financial targets graphs on pages 26 and 27 are for the years ended 31 March, unless otherwise stated.

An overview of the operating environment impacting our business

South Africa

Our views

South Africa celebrates two decades of democratic freedom this year, and has made remarkable progress in the transition from apartheid to democracy. The transition has been peaceful, despite the country's history of dispossession and violence. Noticeable economic and social gains include a doubling of the size of the real economy and a substantial rollout of basic services and social welfare.

2.5%	1.9%
2012/13 Economic growth	**2013/14** Economic growth

GDP per capita has risen

2013	2014
R37 476	R37 700

Since 1994, living standards have improved, and interest rates and inflation have fallen materially, with both real economic growth and GDP per capita rising

Forty quarters of uninterrupted growth, from 1998 until the global financial market crisis, has translated into real after tax income per person rising to R25 048 per annum, from R17 320 in 1994. Indeed, the South African economy has increased from R1.1 trillion, to R2 trillion on real growth of 3.2% per annum since 1994, double the 1.6% per annum of the prior period. South Africans have become more affluent on average as many more are included in the formal economic net, but inequality remains high. South Africa still ranks amongst the most unequal societies in the world, and a significant number of households live in poverty. However, free state provision of basic services, housing and social grants are making meaningful inroads into the social deficit. The budget deficit rose following the financial crisis. Fiscal policy has therefore sought to smooth the economic cycle via increased expenditure, with a focus on social services and government employment creation. While the budget is still in deficit, it has narrowed considerably since 2009 and is on track to fall below 3.0% of GDP in the next few years.

Economic growth is waning, and has been on a downward trend since 2011. Interest rates are running near 40-year lows, but the process of global monetary policy normalisation has started. South Africa increased its interest rates by 50bp in January 2014 and further hikes are expected. The international economy continues to strengthen, although South Africa's key trading partners, China and the Eurozone, have seen economic growth underperform. The current account remains in deficit, and will be so, as long as foreigners are substantial holders of domestic bonds and equities. South Africa is well positioned to take advantage of Africa's growth potential, particularly the provision of services from a regional hub. In particular, South Africa has a sound banking sector, ranked third in the world by the World Economic Forum's Global Competitiveness Survey, and retains first place for the regulation of the securities exchange (JSE) and strength of auditing and reporting standards. South Africa is also placed first on the efficacy of its corporate boards and has incubated a large number of companies to large scale, international level. State provision of certain services continues to rank amongst the worst in the world, while the level of cooperation between labour and corporates is ranked the lowest in the 148 World Economic Forum country survey. Labour flexibility still needs to improve to absorb the unskilled and unemployed, and increase the ability to capture economic opportunity. The successful completion of the 2014 national and provincial elections opens up the opportunity for the state to become centrist, with consequent improved service delivery and economic freedom resulting in faster, inclusive economic growth.

United Kingdom

Our views

Over the 2013/14 financial year, the UK's economic recovery gained momentum.

The UK economy mustered growth of 1.7% through 2013 and expanded by 0.8% on the quarter between January and March 2014 leaving output 3.1% up on the year, the fastest annual pace of growth since Q4 2007.

0.2%	2.3%
2012/13 Economic growth	**2013/14** Economic growth

GDP per capita has risen

2013	2014
£24 373	£25 175

At the same time the UK jobs market recovery picked up pace, with the unemployment rate falling to 6.8% in March 2014 from 7.8% in April 2013, its lowest level since January 2009. Inflation moderated relatively sharply through the period falling to the 2% target in December 2013 and standing below target at the end of the year. Nevertheless, the improved economic backdrop sparked expectations of tighter policy from the Bank of England (BoE). In response, the new BoE governor Mark Carney, in post since 1 July, introduced 'forward guidance' in August 2013 whilst the bank rate stood at 0.5% and the size of the Quantitative Easing programme was held at £375 billion. The BoE's forward guidance began life in August 2013 as advice that implied the BoE would not consider adjusting interest rates until the unemployment rate reached 7%. But when the 7% mark was approached relatively quickly, the BoE adjusted its guidance, broadening it out to look at 'spare capacity' in February 2014, seeking to limit talk of an impending rate hike and the impact such expectations might have on the UK's recovery momentum. There were no changes in the UK's sovereign ratings during the period, with S&P holding the UK at AAA, Fitch at AA+ and Moody's at Aa1.

Australia

Our views

In an election year which saw a change of government, with Tony Abbott of the Liberal Party assuming the role of Prime Minister, the pace of growth in the Australian economy slowed.

3.1%	2.6%
2012/13 Economic growth	**2013/14** Economic growth

GDP per capita has risen

2013	2014
A$65 612	A$67 185

Indeed, in 2013, the pace of output growth dropped to 2.4% from 3.6% in 2012, more akin to the level seen in the post 2008/9 financial crisis years than in the pre-crisis period. The resources sector, a key driver of Australian growth momentum, was affected by slower mining demand with this explaining a significant part of the moderation in Australian growth in 2013. Furthermore, a squeeze on domestic expenditure through the fiscal consolidation programme also took its toll on the pace of Australian output expansion, with the new government largely continuing to work on improving Australia's fiscal position. Given this weaker backdrop, the Reserve Bank opted to ease policy further during the period, reducing the cash rate to 2.5% in August 2013, a new low below the 3% level deployed at the height of the 2008/9 crisis. That loose policy stance persisted through the remainder of the forecast period supporting signs of steady, albeit not storming, economic expansion through the early part of 2014.

An overview of the operating environment impacting our business (continued)

United States

Our views

At the end of the 2013/14 year US GDP stood 6.3% up on its 2008 pre-crisis peak level.

The US economy expanded by 1.9% through 2013, continuing America's recovery from the 2008/9 downturn, albeit at a slower pace than the prior year

In the final quarter of the 2013/14 financial year the US recovery appeared to grind to a halt with growth effectively flat on the quarter. However, that weakness was not expected to continue into the new financial year and recovery momentum was seen as largely intact, with much of the weakness attributed to severe weather. The improvement in the economic backdrop also helped to support a continued recovery in the US jobs market over the period with the unemployment rate having slid further to 6.3% in April 2014 from 7.5% in April 2013. Whilst broader measures of the US's recovery position also built over the year, the housing market was a relative soft spot with some moderation in recovery momentum seen in that sector. That was triggered in part by the decision by the Federal Reserve to 'taper' its QE3 programme in December 2013, with that decision (and the expectation of it) pushing up long-term mortgage rates. The Federal Reserve continued with that pullback at subsequent meetings too, such that the monthly asset purchase pace (of Mortgage Backed Securities and Treasuries) had fallen to U$45 billion per month in April 2014, from U$85 billion per month before the taper commenced in December 2013. More broadly, Federal Reserve policy remained ultra-loose through the period with the Federal Reserve Funds target rate at 0.00-0.25% as the Federal Open Market Committee sought to reinforce the recovery.

Eurozone

The Euro area moved onto a calmer footing in the 2013/14 financial year as a series of positive Euro crisis developments boosted confidence in the single currency zone. Indeed, the financial year saw Ireland exit its bailout programme without assistance, Portugal return to debt markets, Spain exit its Financial Assistance Programme and Greece successfully undertake a debt syndication. Through 2013 overall the Euro area contracted by 0.4%, a marginal improvement on 2012's 0.6% decline, although performance still varied significantly across members with much of peripheral Europe still struggling in a more significant way under the weight of fiscal austerity. Further, even across the brighter member states, recovery momentum remained far from strong and wider measures of economic health, including the jobs market remained soft with unemployment still elevated across much of the Euro area. As such, the European Central Bank (ECB) maintained a stance of exceptionally loose policy through the period under consideration. The ECB's main refinancing rate was reduced from 0.5% to 0.25% in November 2013, on the back of a weak inflation outlook across the zone overall. Indeed, subdued inflation was a theme through much of the latter part of the financial year with further policy easing such as Quantitative Easing, a negative deposit rate and other monetary easing options all having gained attention towards the end of the period. None of these latest ideas had been enacted by the end of the financial year but remained under consideration as the year closed.

Investec in perspective
01

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	U$1 289/oz	U$1 596/oz	(19.2%)	U$1 327/oz
Gas Oil	U$904/mt	U$928/mt	(2.6%)	U$915/mt
Platinum	U$1 418/oz	U$1 576/oz	(10.0%)	U$1 435/oz
Macro-economic				
UK GDP (% change over the period)	2.3%	0.2%		
UK per capita GDP	25 175	24 373	3.3%	
South Africa GDP (% real growth over the calendar year in Rands)	1.9%	2.5%		
South Africa per capita GDP (real value in Rands)	37 700	37 476	0.6%	
Australia GDP (% change over the period)	2.6%	3.1%		
Per capita GDP (A$)	67 185	65 612	2.4%	

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

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 53 to 59.

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%)

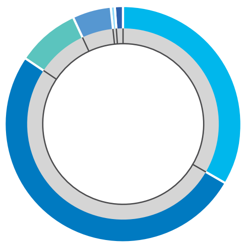
* *Restated.*

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%)

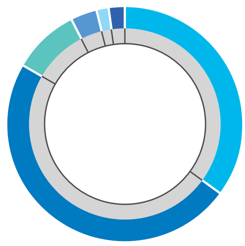
* *Restated.*

% of total operating income before impairments



31 March 2014
£1 941.0 million total operating income before impairments

Net interest income	33.5%
Net fee and commission income	51.0%
Investment income	8.6%
Trading income arising from customer flow	5.4%
Trading income arising from balance sheet management and other trading activities	0.5%
Other operating income	1.0%



31 March 2013
£1 999.5 million total operating income before impairments

Net interest income	35.2%
Net fee and commission income	48.4%
Investment income	9.1%
Trading income arising from customer flow	3.5%
Trading income arising from balance sheet management and other trading activities	1.7%
Other operating income	2.1%

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 Balance sheet value	UK and Other Interest received	Southern Africa Balance sheet value	Southern Africa Interest received	Australia Balance sheet value	Australia Interest received	Total group Balance sheet value	Total group 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	6 024 500	488 165	1 369 078	102 331	11 171 082	755 573
Corporate, institutional and other clients		2 714 831	217 047	2 910 603	276 885	360 851	58 025	5 986 285	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:
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.*

For the year to 31 March 2014 £'000	Notes	UK and Other Balance sheet value	UK and Other Interest paid	Southern Africa Balance sheet value	Southern Africa Interest paid	Australia Balance sheet value	Australia Interest paid	Total group Balance sheet value	Total group 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 Balance sheet value	UK and Other Interest received	Southern Africa Balance sheet value	Southern Africa Interest received	Australia Balance sheet value	Australia Interest received	Total group Balance sheet value	Total group 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 Balance sheet value	UK and Other Interest paid	Southern Africa Balance sheet value	Southern Africa Interest paid	Australia Balance sheet value	Australia Interest paid	Total group Balance sheet value	Total group 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.*

See notes on next page.

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.*

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	73 520
Unrealised	36 339	14 899	(1 348)	49 890
Dividend income	9 702	38 569	1 183	49 454
Funding and other net related income/(costs)	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).*

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 balance sheet management and 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%

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).

£'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'million)	(636)	(833)	197	(23.6%)
Australia (A$'million)	(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%)

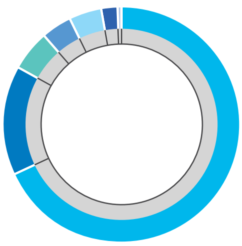
* *Restated.*

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%)

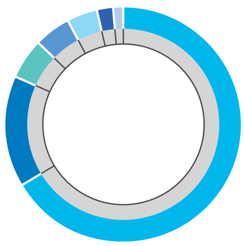
* *Restated.*

% 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%

Key income drivers in our core businesses

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

Asset Management

Global business (in Pound Sterling)	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Operating margin	34.70%	34.50%	35.70%	37.00%	33.4%	33.5%
Net inflows in funds under management as a % of opening funds under management	3.70%	6.70%	8.80%	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

	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Global business (in Pound)						
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 Pound)						
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.*

Specialist Banking

	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Global business (in Pound Sterling)						
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 Pound)						
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	1.12%	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 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.*

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.

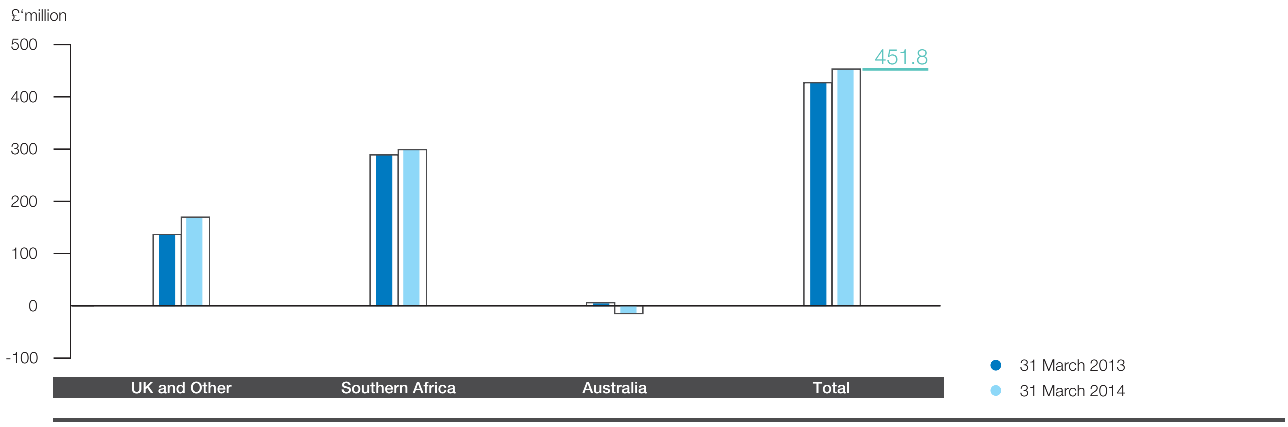
The following tables set out information on operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests by geography and by division for the year under review.

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%		

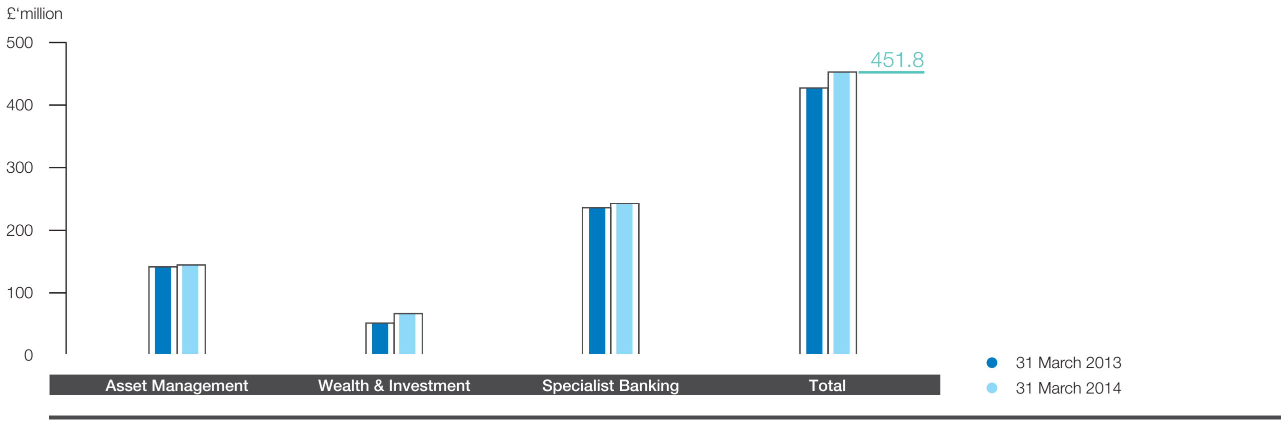
For the year to 31 March 2013* £'000	UK and Other	Southern Africa	Australia	Total group	% of total
Asset Management	59 341	81 066	–	140 407	32.9%
Wealth & Investment	33 910	16 757	–	50 667	11.9%
Specialist Banking	42 049	189 754	3 401	235 204	55.2%
Ongoing business	128 249	189 754	23 928	341 931	80.2%
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



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.

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 2014	Effective tax rates 2013*	31 March 2014 £'000	31 March 2013 £'000*	% change
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

Profits 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

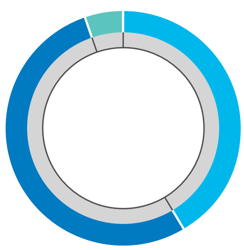
Information with respect to dividends and earnings per share is provided on pages 120 and 121 and pages 148 to 150.

Balance sheet analysis

Since 31 March 2013:

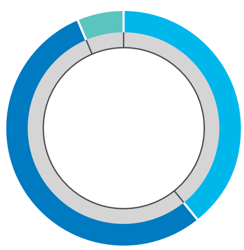
- Total shareholders' equity (including non-controlling interests) increased by 1.8% to £4.0 billion – an increase of 12.2% on a currency neutral basis. The weakening of the closing Rand and Australian exchange rates relative to Pounds Sterling has resulted in a reduction in total equity of £407.5 million
- 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%

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 and return on assets

The group's return on risk-weighted assets and total 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	
Total assets (excluding assurance assets)	41 279	45 784	43 531	46 139	45 961
Return on average assets	0.75%	0.67%		0.57%	

* *Restated.*

A summary of capital adequacy and leverage ratios

We hold capital in excess of regulatory requirements targeting a minimum tier 1 capital ratio of 10.5% (11.0% 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.

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)
Operating profit	406 974	388 374
Tax on ordinary activities	(79 150)	(79 064)
Adjusted earnings attributable to ordinary shareholder before goodwill, acquired intangibles and non-operating items	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.*

ROE by geography

£'000	UK and Other	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.*

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 & 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 Limited (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.*

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.*
^ *Based on average number of employees over the year.*

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.*

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.*

Two

Divisional 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	Stephen Koseff	**Executive director**	Hendrik du Toit
Managing director	Bernard Kantor	**Group risk and finance director**	Glynn Burger

Geographical business leaders

South Africa
Andy Leith
Glynn Burger
David Lawrence

United Kingdom
David van der Walt

Australia
Ciaran Whelan (Acting)

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

Wealth & Investment

Steve Elliott

Support structures

Banking and institutions
David Lawrence

Chief integrating officer
Allen Zimbler

Corporate governance and compliance
Bradley Tapnack

Marketing
Raymond van Niekerk

Finance and risk management
Glynn Burger

Share schemes and secretarial
Les Penfold

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 advisers and those whom 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 adviser 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%)

Management structure

Chief executive officer
Hendrik du Toit

Chief operating officer
Kim McFarland

Global head of client group
John Green

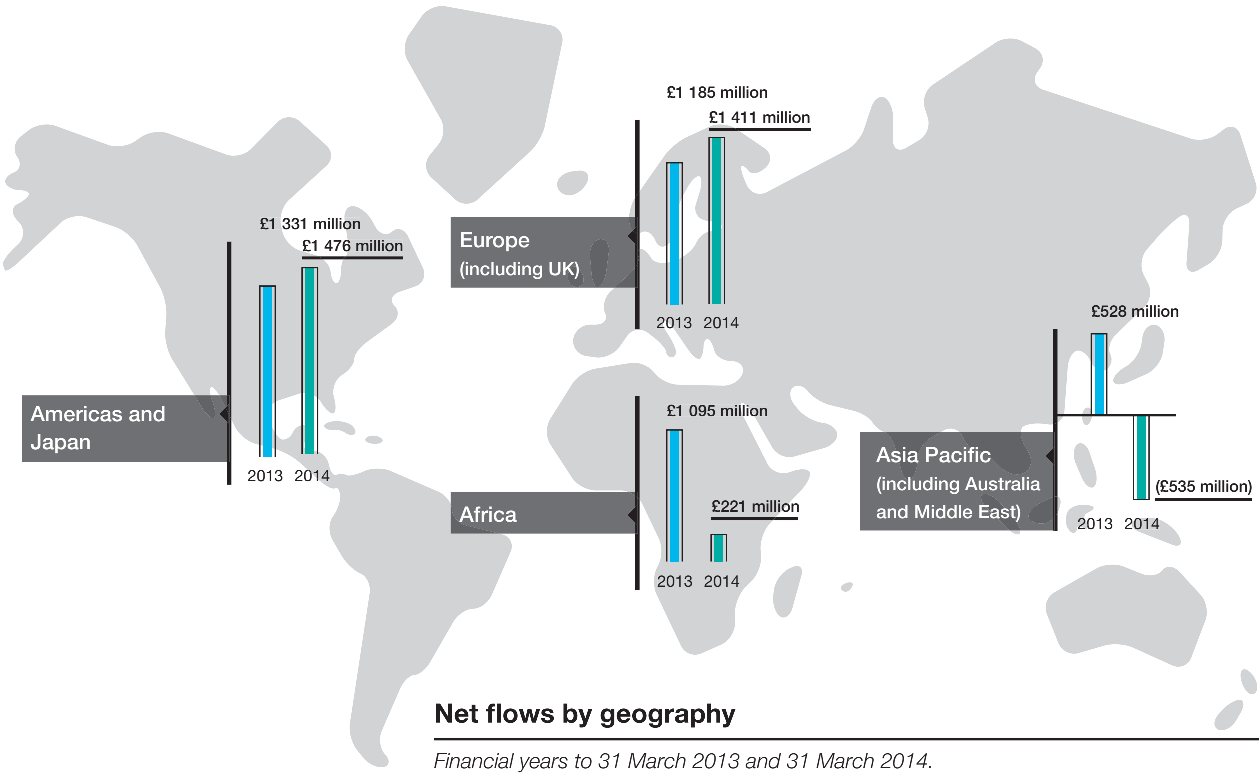
Co-chief investment officer
Domenico (Mimi) Ferrini

Co-chief investment officer
John McNab

What we do

Where we operate

Capabilities and organisational structure



Net flows by geography

Financial years to 31 March 2013 and 31 March 2014.

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.

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

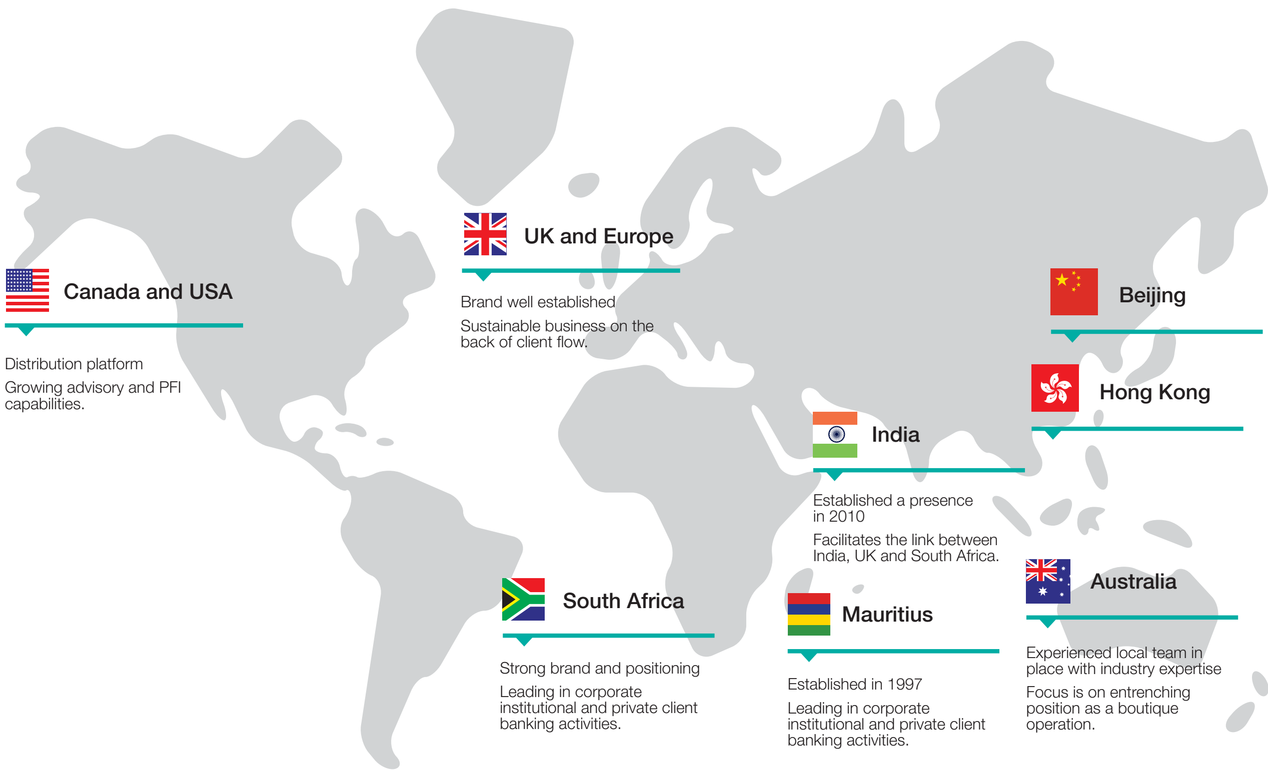
Corporate and Institutional Banking activities

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



THREE

Risk management and
corporate governance

Risk management

Group Risk Management objectives are to:

- Be the custodian of our risk management culture
- Ensure the business operates within the board stated risk appetite
- Support the long-term sustainability of the group by providing an established, independent framework for identifying, evaluating, monitoring and mitigating risk
- Set, approve and monitor adherence to risk parameters and limits across the group and ensure they are implemented and adhered to consistently
- Aggregate and monitor our exposure across risk classes
- Coordinate risk management activities across the organisation, covering all legal entities and jurisdictions
- Give the boards reasonable assurance that the risks we are exposed to are identified and, to the best extent possible, managed and controlled
- Run appropriate risk committees, as mandated by the board.

Overview of disclosure requirements

Risk disclosures provided in line with the requirements of International Financial Reporting Standard 7 – Financial Instruments: Disclosures (IFRS 7) and disclosures on capital required by International Accounting Standard 1 – Presentation of Financial Statements (IAS 1) are included within this section of the integrated annual report

Further details provided within the annual financial statements can be found in the Investec group's 2014 integrated annual report.

All sections, paragraphs, tables and graphs on which an audit opinion is expressed on are marked as audited.

Information provided in this section of the integrated annual report is prepared on an Investec DLC consolidated basis (i.e. incorporating the results of Investec plc and Investec Limited), unless otherwise stated.

The Risk disclosures comprise Investec Limited and Investec plc's Pillar III disclosures as required in terms of Regulation 43 of the regulations relating to banks in South Africa and under the Capital Requirements Regulation pertaining to banks in the UK.

The group also publishes Pillar III and other risk information for its 'silo' entity holding companies and its significant banking subsidiaries, on a consolidated basis. This information is contained in the respective annual financial statements for those respective entities.

Statement from the chairman of the board risk and capital committee

Philosophy and approach to risk management

Our comprehensive risk management process involves identifying, quantifying, managing and mitigating the risks associated with each of our businesses.

Risk awareness, control and compliance are embedded in all our day-to-day activities. Group Risk Management monitors, manages and reports on our risks to ensure it is within the stated risk appetite as mandated by the board of directors through the board risk and capital committee. Business units are ultimately responsible for risks that arise.

We monitor and control risk exposure through Credit, Market, Liquidity, Operational and Legal Risk Reporting teams. This approach is core to assuming a tolerable risk and reward profile, helping us to pursue controlled growth across our business.

Group Risk Management operates within an integrated geographical and divisional structure, in line with our management approach, ensuring that the appropriate processes are used to address all risks across the group. Group Risk Management has specialist divisions in the UK, South Africa and Australia and smaller risk divisions in other regions to promote sound risk management practices.

Group Risk Management divisions with international responsibility are locally responsive yet globally aware. This helps to ensure that all initiatives and businesses operate within our defined risk parameters and objectives. Group Risk Management continually seeks new ways to enhance its techniques.

We believe that the risk management systems and processes we have in place are adequate to support the group's strategy (as explained on page 12) and allow the group to operate within its risk appetite tolerance as set out on page 66.

Our integrated annual report, explains in detail our approach to managing our business within our risk appetite tolerance, across all main aspects of risk.

A summary of the year in review from a risk perspective

The group remained within the majority of its risk appetite limits/targets across the various risk disciplines. Our risk appetite framework as set out on page 69 continues to be assessed in light of prevailing market conditions and group strategy.

Investec has continued to maintain a sound balance sheet with low gearing, and a diversified business model. This has been supported by the following key operating fundamentals during the year in review:

- Intimate involvement of executive management ensuring stringent management of risk, liquidity and capital

- Strong risk and capital management culture embedded into our day-to-day activities and values. We seek to achieve an appropriate balance between risk and reward in our business, taking cognisance of all stakeholders' interests
- Reward programmes that align directors' and employees' interests with those of stakeholders, ensuring that these programmes promote effective risk management. Annual bonuses are closely linked to business performance, determined largely by realised economic value-added profit performance against pre-determined targets above a risk and capital weighted return. This model has been consistently applied within the group in excess of 15 years
- Credit and counterparty exposures to a select target market; our risk appetite continues to favour lower risk, income-based lending, with credit risk taken over a short to medium term. Exposure is taken against defined target clients displaying sound financial strength and integrity, a core competency and an established track record
- The group's core loan book has grown moderately in home currencies. Strong growth in private client residential mortgages across the board and good momentum in the corporate sector in South Africa, have been partially offset by redemptions in the corporate book in the UK and in the lending collateralised by property book in South Africa. The legacy portfolios (notably in the UK) continue to be managed down and we are starting to see some opportunities in exiting deals in this book. However, we remain cautiously optimistic in this regard and our view is that the legacy book (excluding Kensington, which we are looking to potentially sell) will still take three to five years to wind down.
- Our core loan book remains diversified with commercial rent producing property loans comprising approximately 18% of the book, other lending collateralised by property 8%, HNW and private client lending 40% and corporate lending 34% (with most industry concentrations well below 5%). We anticipate that future growth in our core loan portfolios will largely come from professional mortgages, commercial rent producing property transactions, asset finance, fund finance and power and infrastructure finance. These asset classes have historically reported low default ratios and provide good gross asset margins
- 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. 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)
- Limited exposure to structured credit; representing approximately 1.8% of total assets
- Limited private client and corporate client exposures to peripheral Europe amounting to approximately 0.6% of total assets. In addition the group has certain branch related and subsidiary activities in Ireland, with total assets representing 2.0% of group assets
- A low gearing ratio of 10.3 times
- A low level of net assets and liabilities exposed to the volatility of IFRS fair value accounting; with level 3 assets amounting to 4.4% of total assets
- Low equity and investment risk exposure with total investments comprising 3.6% of total assets. Our investment portfolios in the UK, Hong Kong and South Africa continue to perform well
- Modest proprietary market risk within our trading portfolio. Value at risk and stress testing scenarios remain at prudent levels
- Potential losses that could arise in our trading book portfolio when stress tested under extreme market conditions (i.e. per extreme value theory) amount to less than 0.2% of total operating income
- A high level of readily available, high quality liquid assets; cash and near cash of £9.1 billion, representing 33.0% of our liability base. We continue to maintain a low reliance on interbank wholesale funding to fund core lending asset growth
- Continued increase in retail customer deposits and a sound retail franchise
- Healthy capital and leverage ratios; we have always held capital in excess of regulatory requirements and we intend to perpetuate this philosophy. All our banking subsidiaries meet current internal targets. Investec Limited and Investec plc should comfortably achieve a common equity tier 1 ratio above 10% by March 2016
- Geographical and operational diversity with a high level of recurring income (amounting to 70.7% of total operating income) which continues to support sustainability of operating profit
- We continue to spend much time and effort focusing on operational, reputational, conduct, recovery and resolution risks. We need to assess the impact of cyber risk in greater detail, particularly given our focus on enhancing and expanding our digitilisation strategies. In the forthcoming year, we will also increase our focus on stress testing and have appointed an external adviser to assist in this regard. The key is to understand potential threats to our sustainability and profitability and thus a number of risk scenarios will be developed and assessed.

Conclusion

The current regulatory and economic environment continues to prove challenging to our business, however, we are comfortable that we have robust risk management processes and systems in place which provide a strong foundation to the board and the business to manage and mitigate risks within our risk appetite tolerance framework.

Signed on behalf of the board

Stephen Koseff

Chief executive officer and chairman of the board risk and capital committee

13 June 2014

The group maintained a strong liquidity position well in excess of regulatory and internal policy requirements throughout the year

Geographic summary of the year in review from a risk perspective

Detailed information on key developments during the financial year in review is provided in the sections that follow:

UK and Other

Credit risk

Our focus over the past few years to realign and rebalance our portfolios in line with our risk appetite framework is reflected in the relative changes in asset classes on our balance sheet. We have identified legacy and ongoing portfolios to differentiate current lending practices from pre-financial crisis transactions. The overall exposure to lending collateralised by property, as a proportion of our net core loan exposures, has reduced from 39% to 35%.

Non-property collateralised lending has increased in the year to 31 March 2014. Core loans and advances increased by 7.4% from £6.0 billion at 31 March 2013 to £6.5 billion at 31 March 2014, largely as a result of solid growth in our residential owner-occupied mortgage portfolios, and steady growth in our Asset Finance business.

Default loans (net of impairments) have decreased from 4.34% to 3.76% of core loans and advances. The credit loss ratio is at 0.95% (2013: 1.26%).

Traded market risk

In London, there has been ongoing growth in client activity across the Interest Rate and Foreign Exchange Corporate Sales desks. The Structured Equity desk's retail product sales have remained strong and they continue to develop both their product range and distribution capacity. Equity market making has continued to expand its coverage of stocks.

Balance sheet risk

The bank entered the year with a strong surplus liquidity position. This was reduced somewhat during the first half of the year, primarily through reductions in short-term retail deposits, prior to being built back up to opening levels with strategic longer-term secured funding activity. Funding rates continued to be driven down throughout the year as market liquidity and improved funding conditions persisted. This cost reduction was complemented by strategic initiatives including amendment to retail product terms. The overall impact led to a reduced funds transfer pricing rate for assets. Cash and near cash balances at 31 March 2014 amounted to £3.8 billion (2013: £3.9 billion) with total customer deposits remaining flat year-on-year at £9.4 billion. We continue to meet Basel liquidity requirements.

Southern Africa

Credit risk

Core loans and advances grew by 10.6% to R157 billion with residential owner-occupied and corporate portfolios representing the majority of the growth for the financial year in review.

Default loans (net of impairments) as a percentage of core loans and advances reduced from 1.89% to 1.46% with an improvement in both lending collateralised by property and the corporate client portfolio partly as some transactions have been settled and some written off.

The credit loss ratio improved to 0.42% from 0.61% as we saw stability in the level of new loans entering into current and default categories.

Our legacy default portfolio which largely relates to lending collateralised by property, notably residential developments, continues to be managed down.

Traded market risk

Market moves in South Africa have been largely driven by events in international markets. Uncertain markets as well as the drop in volumes of trade has caused traders to reduce risks in their trading books. In particular Equity Index derivatives trade saw a substantial drop in volumes causing traders to drastically cut the amount of risk taken in these instruments.

Balance sheet risk

Investec continued to build its structural liquidity cash resources over the course of the year as part of out drive to improve the Basel III LCR to be implemented from 1 January 2015.

Total customer deposits increased by 10.6% from 1 April 2013 to R204.9 billion at 31 March 2014 (Private Bank deposits amounted to R76 billion and other external deposits amount to R129 billion). Cash and near cash balances increased by 15.8% from 1 April 2013 to R84.5 billion at 31 March 2014.

Australia

Credit risk

Core loans and advances decreased by 3.3% from A$3.2 billion at 31 March 2013 to A$3.1 billion at 31 March 2014. Default loans (net of impairments) decreased from 2.13% to 1.12% of core loans and advances, with the credit loss ratio deteriorating slightly from 0.85% to 1.12% (largely as a result of two larger deals being written off).

Over the past financial year there have been continued reductions in the levels of Investec Australia's defaulted loans across the legacy property book and also in loans originated in the Growth and Acquisition Finance business.

Traded market risk

Australian trading activity remains modest, with limited appetite for traded market risk exposures. Client activity continues to increase on the back of improved deal activity and a broader product offering.

Balance sheet risk

Investec Australia maintained a strong liquidity position well in excess of regulatory and internal policy requirements throughout the year, with average cash and near cash balances amounting to A$1 billion. Total customer deposits grew by 11.6% from 1 April 2013 to A$2.7 billion at 31 March 2014, following the launch of various new banking products and services. The strategic changes announced in respect of the operation of Investec Australia have at present had no material impact on Investec Australia's funding ability or liquidity position relative to target levels.

Salient features

A summary of key risk indicators is provided in the table below.

	UK and Europe		Southern Africa		Australia		Investec group	
Year to 31 March	2014 £	2013 £	2014 R	2013 R	2014 A$	2013 A$	2014 £	2013^^ £
Net core loans and advances (million)	6 492	6 045	156 870	141 863	3 114	3 219	17 157	18 415
Gross defaults as a % of gross core loans and advances	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	3.76%	4.34%	1.46%	1.89%	1.12%	2.13%	2.30%	2.73%
Net defaults (after collateral and impairments) as a % of net core loans and advances	–	–	–	–	–	–	–	–
Credit loss ratio*	0.95%	1.26%	0.42%	0.61%	1.12%	0.85%	0.68%	0.84%
Structured credit investments as a % of total assets	2.20%	2.44%	1.17%	1.24%	0.31%	0.46%	1.77%	1.72%
Banking book investment and equity risk exposures as a % of total assets	2.69%	2.52%	5.02%	4.96%	1.13%	2.56%	3.59%	3.65%
Traded market risk: one-day value at risk (million)	0.9	0.7	2.8	7.2	–	–	n/a	n/a
Cash and near cash (million)	3 791	3 930	84 476	72 974	959	978	9 135	9 828
Customer accounts (deposits) (million)	9 407	9 561	204 903	185 311	2 758	2 472	22 610	24 461
Core loans to equity ratio	3.6x^	3.7x^	5.0x	5.8x	5.6x	5.4x	4.3x	4.7x
Total gearing ratio**	10.0x^	10.9x^	10.5x	12.2x	8.2x	7.8x	10.3x	11.6x
Loans and advances to customers to customer deposits	71.0%^	69.3%^	72.9%	73.2%	83.7%	104.7%	72.0%	71.5%
Capital adequacy ratio	15.3%^	16.7%^	14.9%	15.5%	16.1%	15.8%	n/a	n/a
Tier 1 ratio	10.5%^	11.0%^	11.0%	10.8%	12.2%	11.8%	n/a	n/a
Common equity/core tier 1 ratio	8.8%^	8.8%^	9.4%	8.9%	12.2%	11.8%	n/a	n/a
Leverage ratio	7.4%^	n/a	7.2%	n/a	11.2%	n/a	n/a	n/a

* *Income statement impairment charge on core loans as a percentage of average advances.*
** *Total assets excluding assurance assets to total equity.*
^ *Ratios are reflected at an Investec plc level (including Australia).*
• *Certain information is denoted as n/a as these statistics are not applicable at a consolidated group level and are best reflected per banking entity or jurisdiction in line with regulatory and other requirements; or were not previously disclosed.*
^^ *Restated.*

Overall group risk appetite

The group has a number of board-approved risk appetite statements and policy documents covering our risk tolerance and approach to all aspects of risk. In addition, a number of committees and forums identify and manage risk at a group level. The table below provides a high level summary of the group's overall risk tolerance framework.

Risk appetite and tolerance metrics	Positioning at 31 March 2014
• We seek to maintain an appropriate balance between revenue earned from capital light and capital intensive activities. Ideally the split in revenue should be 50:50, dependent on prevailing market conditions	Capital light activities contributed 52% to total operating income and capital intensive activities contributed 48%
• We have a solid recurring income base supported by diversified revenue streams, and target a recurring income ratio in excess of 65%	Recurring income amounted to 70.7% of total operating income
• We seek to maintain a strict control over fixed costs and target a group cost to income ratio of below 65%	The cost to income ratio amounted to 67.5%. Refer to page 27 for further information
• We aim to build a sustainable business generating a sufficient return to shareholders over the longer-term, and target a long-term return on equity ratio range of between 12% and 16%, and a return on risk-weighted assets in excess of 1.2%	The return on equity amounted to 10.1% and our return on risk-weighted assets amounted to 1.14%. Refer to pages 45 and 46 for further information
• We are a lowly leveraged firm and target a leverage ratio in all our banking subsidiaries in excess of 6%	We achieved this internal target, refer to page 46 for further information
• We intend to maintain a sufficient level of capital to satisfy regulatory requirements and our internal target ratios. 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 10.5% (11.0% by March 2016) and a common equity tier 1 ratio above 10.0% (by March 2016)	We meet current capital targets, refer to page 46 for further information
• We target a diversified loan portfolio lending to clients we know and understand. We limit our exposure to a single/connected individual or company to 5% of tier 1 capital (up to 10% if approved by the relevant board committee). We also have a number of risk tolerance limits and targets for specific asset classes	We maintained this risk tolerance level in place throughout the year
• There is a preference for primary exposure in the group's three main operating geographies (i.e. South Africa, UK and Australia). The group will accept exposures where we have a branch/banking business. The group will also tolerate exposures to other countries where it has core capabilities	Refer to page 22 for further information
• The level of defaults and impairments continues to improve and we target a credit loss charge on core loans of less than 0.5% of average core advances (less than 1.25% under a weak economic environment/stressed scenario), and we target defaults net of impairments less than 1.5% of total core loans (less than 4% under a weak economic environment/ stressed scenario)	The credit loss charge on core loans amounted to 0.68% and defaults net of impairments amounted to 2.3% of total core loans. Refer to the Investec group's 2014 integrated annual report
• We carry a high level of liquidity in all our banking subsidiaries in order to be able to cope with shocks to the system, targeting a minimum cash to customer deposit ratio of 20.0%	Total cash and near cash balances amounted to £9.1 billion, representing 33.0% of our liability base
• We have very modest market risk as our trading activities primarily focus on supporting client activity. Appetite for proprietary trading is limited and we set a tolerance level of a 1 day 95% VaR of less than R15 million for Investec Limited and less than £5 million for Investec plc	We meet these internal limits, refer to the Investec group's 2014 integrated annual report
• We have moderate appetite for investment risk, and set a risk tolerance of less than 30% of tier 1 capital for our unlisted principal investment portfolio	Our unlisted investment portfolio is £757 million, representing 25.4% of total tier 1 capital. Refer to the Investec group's 2014 integrated annual report
• Our Operational Risk Management team focuses on improving business performance and compliance with regulatory requirements, through review, challenge and escalation	Refer to the Investec group's 2014 integrated annual report
• We have a number of policies and practices in place to mitigate reputational, legal and conduct risks.	Refer to the Investec group's 2014 integrated annual report

Internal Audit and Compliance

Internal Audit

Internal Audit provides objective and independent assurance, via the group audit committees, to management and the board of Investec about risk management, control and governance processes and systems.

Compliance

Over the last year, the pace of regulatory change in the financial sector has shown little signs of abating, and the pressure the industry has faced to implement various regulatory initiatives has continued to be resource intensive. Regulators, globally, have continued to endeavour to promote stability and resilience in financial markets, with the focus shifting from strategic reforms such as recovery and resolution plans and structural reform to conduct related issues, with the focus on consumer protection and transparency within markets.

In particular, some of the changes have come from proposals, which aim to promote transparency within the over-the-counter (OTC) markets. Regulations such as European Market Infrastructure Regulation (EMIR) in the EU and the Dodd Frank Act in the US have imposed clearing and reporting requirements on both regulated and non-regulated counterparties in respect of their derivative trades as well as requiring counterparties to agree risk mitigation processes and procedures for all OTC derivative trades.

In addition to a number of international proposals aiming for an internationally accepted single global tax reporting standard and automatic information exchange, The Foreign Account Tax Compliance Act (FATCA) is also having a global impact on firms. To combat tax evasion by US tax residents using foreign accounts, FATCA requires firms outside of the US to pass information about their US customers to the US tax authorities, Internal Revenue Service (IRS). Failure to meet the new reporting obligations under FATCA would result in a 30% withholding tax on financial institutions. The UK, along with a number of other countries, has entered into an intergovernmental disclosure agreement with the US. South Africa has agreed the wording of an intergovernmental agreement with the IRS and the parliamentary ratification process is in progress. This allows South Africa to be treated as a participating country and thus avoid withholding on South Africa financial institutions. Investec is engaged in projects to ensure that operationally we are able to identify our US clients, and that we have processes in place to exchange relevant information with the IRS.

Financial crime continues to be a regulatory focus with regulators globally encouraging firms to increase efforts around having systems and controls to combat bribery and corruption. In order to strengthen the anti-money laundering regime, regulators are holding discussions with the legal community on changes required to rules on identifying beneficial ownership. This, together with other proposals in relation to financial crime, will become a focus for Investec Limited as a result of embedding the 4th Money Laundering Directive.

Investec continues to strive to comply with the highest professional standards of integrity and behaviour, always keeping the interests of our customers and shareholders at the forefront of the corporate agenda. We also seek to bring high standards of compliance practice to all our jurisdictions in order to build trust and promote the quality of service to our colleagues and clients.

Investec plc – year in review

Conduct Risk

As of 1 April 2013 the UK Regulator was split into two organisations focusing primarily on prudential and conduct matters. The Prudential Regulation Authority (PRA) is now responsible for prudentially supervising large banks and insurance firms, whilst the Financial Conduct Authority (FCA) supervises all firms on conduct matters, as well as being prudentially responsible for firms not supervised by the PRA.

Since the official split, the conduct regulator (FCA) has been focusing on outlining its conduct risk agenda and the expectation that firms should have a conduct risk framework in place. The FCA's objective of consumer protection is a continuing theme throughout all regulatory initiatives such as; reviews into suitability of advice and firms' conflict management arrangements, as well as the way firms incentivise front line sales staff and protect client assets.

The FCA aim is to ensure that clients' interests are at the forefront of firms' agendas and that their needs are placed at the heart of the firms' strategy. Firms are also expected to behave appropriately in the wholesale markets in which they operate. UK firms have been asked to respond to this agenda and Investec has enhanced existing controls and governance arrangements in order to better demonstrate how seriously we take our commitment to the needs of all our clients and markets.

Notwithstanding the heavy regulatory focus on outcomes for retail clients, the FCA has a markedly differing approach to consumer protection to its predecessor, the FSA. This has become apparent in FCA's more pronounced focus on the wholesale markets and outcomes for clients irrespective of their categorisation as either retail or professional. For example, the investigations into the Libor and FX rates fixing scandals, with which we are not involved, ensures that the FCA will continue to look at wholesale markets with the same vigour as it has done at the retail markets, for the foreseeable future.

Banking Standards and reforms to approved person's regime

Specific focus and attention is being given to improving cultural and ethical standards within the Banking sector. Sir Richard Lambert has been given a mandate to create an independent body that will promote high standards of competence and behaviour across the UK banking industry. Currently consulting on the structure and objectives of this new body, the regime is certain to complement the approved person's regime and the reforms currently being proposed jointly by the PRA and the FCA on responsibilities of significant influence functions.

Structural Banking Reform

The Financial Services (Banking Reform) Act 2013 (Banking Reform Act) received Royal Assent on 18 December 2013. The Act will ultimately give the UK authorities the powers to implement key recommendations of the Independent Commission on Banking (ICB) on banking reform, including:

- Retail ring-fence: this involves the ring-fencing of UK retail banking activities of a universal bank into a legally distinct, operationally separate and economically independent entity within the same group
- Higher capital and loss absorbency requirements
- Introduction of retail depositor preference in the UK
- A bail-in stabilisation option for the UK Special Resolution Regime

- A new regime for key individuals in the banking sector, replacing the existing approved persons regime
- Criminal offence for reckless misconduct for senior bankers
- Competition-related reforms to the FCA and the PRA
- A new Payment Systems Regulator
- A special administration regime for systemically important inter-bank and securities settlement systems.

The Act contains a *de minimis* exemption from the requirement to ring-fence, which is relevant to all but the largest UK deposit takers. Investec falls within this *de minimis* exemption and is therefore out of scope from the ring-fencing requirement.

Regulatory landscape in the coming year

Going forward, the Regulator has announced an intention to develop its links with the international regulators and to work in a more collegiate fashion towards ensuring regulatory standards are harmonised globally. The first of these initiatives is focused on harmonised practices within Europe and the review of the Markets in Financial Instruments Directive (MIFID), know as MIFID 2. The market abuse regime is also being reviewed with Market Abuse Regulation (MAR) due to be implemented late 2015 and early 2016. Investec Plc will need to begin work on assessing the impact of these new regulations in order to ensure timely implementation.

On the domestic front, the FCA is taking over the consumer credit regime, which means that from 1 April 2014 unregulated lending will be subject to the FCA supervision. Firms, including Investec Plc, will need to apply for authorisation and ensure that all regulatory requirements under the FCA regime are implemented in respect of its lending businesses going forward.

Investec Limited – year in review

There have been numerous regulatory developments in the past year, most notably the publication of the Draft Financial Sector Regulation Bill which outlines the proposed Twin Peaks model of regulation (Twin Peaks model). The first phase of the Twin Peaks will create the two new regulatory structures, the Prudential Authority and the Market Conduct Authority. This will see structural changes within the South African Reserve Bank (SARB) and the Financial Services Board (FSB). The second phase will entail amending existing South African legislation and creating new legislation, where applicable, to give effect to the new regulatory structures. The Twin Peaks model will also allow for the Treating Customers Fairly (TCF) programme to be applicable across the financial services sector.

The Financial Markets Act (FMA), which replaces the Securities Services Act, was promulgated in 2013. The main impact of the FMA is the regulation of Over-the-counter (OTC) derivatives, and the introduction of trade repositories. The regulations, which will give operational effect to the FMA, are being drafted by National Treasury.

Other significant developments include the Solvency Asset Management in the insurance industry, amendments to the Long Term Insurance Act, Basel III and further regulation of hedge funds and collective investment schemes. Investec continues to participate in the relevant industry work-streams. Investec further continues to review and provide feedback to industry bodies and regulators regarding proposals for new or enhanced regulation.

Mauritius has brought amendments to the main anti-money laundering legislation, namely to the Financial Intelligence and Anti-Money Laundering Act. The details of the amendments are as follows:

- Governance, accounting and reporting requirements to the Financial Intelligence Unit
- Submission by reporting institutions of Suspicious Transactions Reports (STRs) solely to the Financial Intelligence Unit
- STRs submitted to the Financial Intelligence Unit cannot be used as evidence in Court
- Financial institutions have 15 days to file STRs and to submit information requested by the Financial Intelligence Unit.

Conduct Risk (consumer protection)

Consumer protection regulation remains a key focus into 2014 with continued emphasis on aligning existing processes with the TCF Roadmap published by the FSB. Some of the key developments in 2013 are highlighted below.

As required by FAIS, the fit and proper status of representatives and key individuals of all licensed Investec financial services providers (FSPs) are monitored on an ongoing basis and the requisite reports are made to the FSB.

The Department of Trade and Industry (dti) issued regulations at the end of February 2014 for the removal of adverse credit information, in respect of paid up judgments, from the records of credit bureaus. The regulations also prohibit credit providers from utilising the deleted information for purposes of credit assessments/scoring. The dti also introduced the National Credit Amendment Bill (NCAB) to Parliament at the end of 2013. The NCAB is a result of the policy review undertaken for the National Credit Regulator (NCR) by the University of Pretoria. Some of the key amendments proposed in the NCAB include the permanent removal of adverse credit information in respect of paid up judgments, greater powers of enforcement and rule-making powers being granted to the NCR, new and enhanced regulation of debt counsellors and payment distribution agencies. The NCAB is at an advanced stage in the Parliamentary process, and the changes are expected to be effective this year.

The FSB is reviewing the definition of 'intermediary services' in the Financial Advisory and Intermediary Services Act (FAIS), and the draft Category V Code relating to professional clients (and which will impact FSPs currently subject to the merchant banking exemption).

The Protection of Personal Information Act (POPI) was enacted in November 2013. Section 1, Part A of Chapter 5 and sections 112 and 113 are in effect. The commencement of these sections allows for the establishment of an information regulator and for the drafting of regulations, which will provide further guidance in respect of implementation. Once the regulations have been drafted they will be published for comment. POPI has a material impact on all aspects of Investec's business that concern the processing of personal information in respect of Investec's clients and employees, as well as information relating to the Investec group and subsidiaries.

Corporate governance

Introduction

Sound corporate governance is implicit in our values, culture, processes, functions and organisational structure

This section provides a summary of our corporate governance philosophy practices and key developments for the year ended 31 March 2014. A more detailed review is provided in the Investec group's 2014 integrated annual report.

Board statement

The board, management and employees of Investec are committed to complying with the disclosure and transparency rules and listing rules of the United Kingdom Listing Authority (UKLA), the JSE Limited (JSE) listings requirements, regulatory requirements in the countries in which we operate, the UK Corporate Governance Code (the Code) which was issued by the UK's Financial Reporting Council in 2010 and revised in September 2012, and the King Code of Governance Principles for South Africa (King III). Therefore, all stakeholders are assured that we are being managed ethically and in compliance with the latest legislation, regulations and best practices.

Statement of compliance

UK Corporate Governance Code

The board is of the opinion that, based on the practices disclosed throughout this report, which were in operation during the year under review, the group has complied with the relevant provisions set out in the UK Corporate Governance Code, save that:

- Bradley Fried, who is not considered to be independent as he was employed as Investec Bank plc CEO during the five years prior to his appointment as a director, was appointed as a member of the DLC remuneration committee on 3 April 2013. Given the increasing complexity of remuneration policy and its application to the group, Bradley's knowledge and experience of the group is deemed to be beneficial to the workings of this committee and is believed to be in the best interests of shareholders.

King III

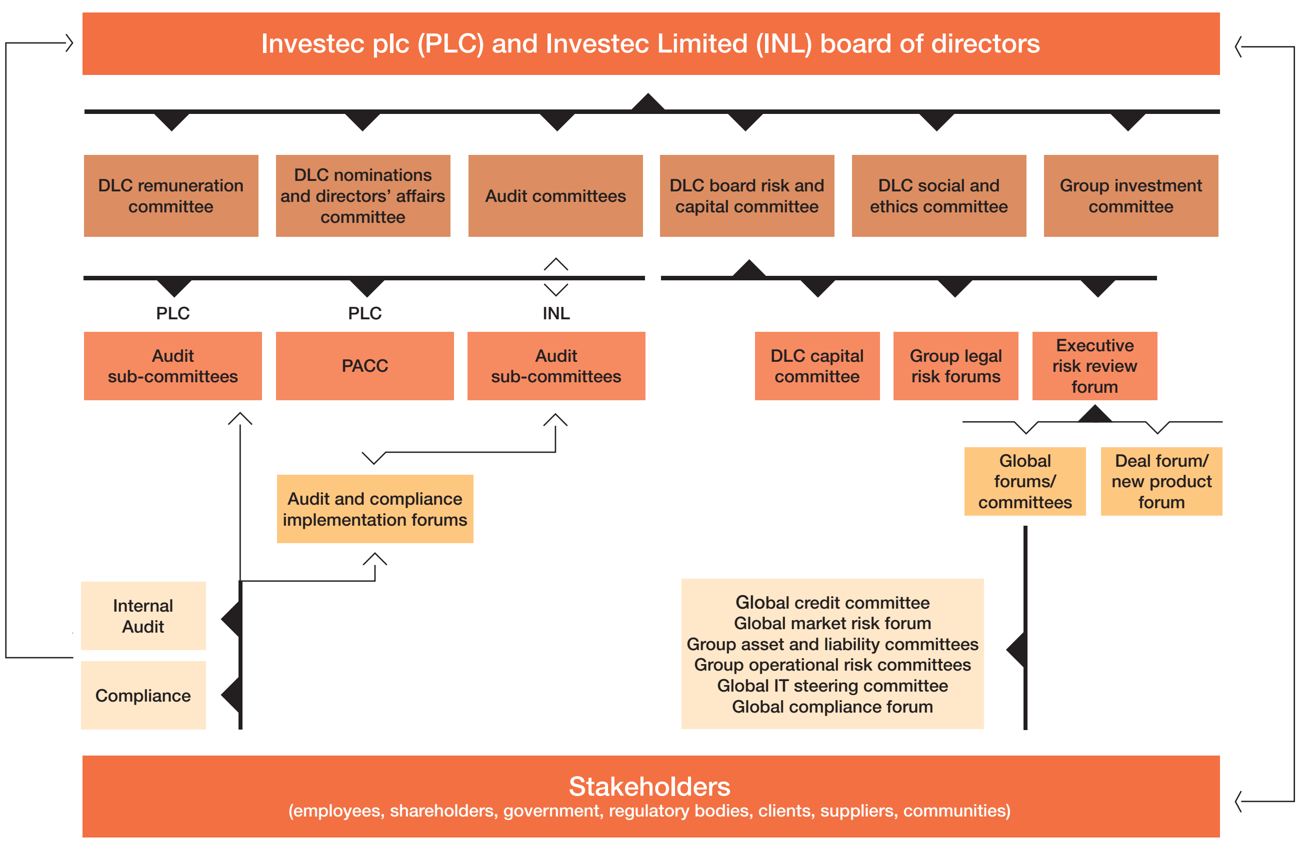
The board is of the opinion that, based on the practices disclosed throughout this report, which were in operation during the year under review, Investec has applied the King III principles.

For a complete list of all principles and a reference to demonstrate how Investec has applied these principles, please refer to our website.

Financial reporting and going concern

The directors are required to confirm that they are satisfied that the group, as well as Investec plc and Investec Limited individually, have adequate resources to continue in business for the foreseeable future. The assumptions underlying the

Governance framework



Risk management and corporate governance

03

going concern statement are discussed at the time of the approval of the annual financial results by the board and these include:

- Budgeting and forecasts
- Profitability
- Capital
- Liquidity.

The board is of the opinion, based on its knowledge of the group, key processes in operation and enquiries, that there are adequate resources to support the group as a going concern for the foreseeable future.

Furthermore, the board is of the opinion that the group's risk management processes and the systems of internal control are effective.

In addition, the directors are responsible for monitoring and reviewing the preparation, integrity and reliability of the Investec plc and Investec Limited combined and consolidated annual financial statements, accounting policies and the information contained in the integrated annual report, and to ensure that the annual financial statements are fair, balanced and understandable.

In undertaking this responsibility, the directors are supported by an ongoing process for identifying, evaluating and managing the key risks Investec faces in preparing the financial and other information contained in the integrated annual report. This process was in place for the year under review and up to the date of approval of the integrated annual report and annual financial statements.

The process is implemented by management and independently monitored for effectiveness by the audit, risk and other sub-committees of the board.

Our annual financial statements are prepared on a going concern basis, taking into consideration:

- The group's strategy and prevailing market conditions and business environment
- Nature and complexity of our business
- Risks we assume, and their management and mitigation
- Key business and control processes in operation
- Credit rating and access to capital
- Needs of all our stakeholders
- Operational soundness
- Accounting policies adopted
- Corporate governance practices
- Desire to provide relevant and clear disclosures
- Operation of board committee support structures.

Board of directors

In terms of DLC arrangements, the boards of Investec plc and Investec Limited are identical and the group is managed as a unified economic enterprise. The board seeks to exercise leadership, integrity and judgement in pursuit of strategic goals and objectives, to achieve long-term sustainability, growth and prosperity. The board is accountable for the performance and affairs of Investec. It provides leadership for the group within a framework of prudent and effective controls which allows risks to be assessed and managed.

The board has adopted a board charter, which provides a framework of how the boards operate as well as the type of decisions to be taken by the board and which decisions should be delegated to management.

The Investec board:

- Approves the group's strategy
- Monitors that the group complies with the applicable laws and regulations and considers adherence to non-binding rules and standards
- Is responsible for the governance of risk, including that of information technology (IT)
- Acts as a focal point for and custodian of corporate governance
- Provides effective leadership on an ethical foundation
- Ensures the group is, and is seen to be, a responsible corporate citizen.

The board meets its objectives by reviewing and guiding corporate strategy, setting the group's values and standards, promoting high standards of corporate governance, approving key policies and objectives, ensuring that obligations to its shareholders and other stakeholders are understood and met, understanding the key risks, determining our risk tolerance and approving and reviewing the processes in operation to mitigate risk from materialising, including the approval of the terms of reference of supporting board committees.

Certain matters are specifically reserved for the board. To achieve its objectives, the board may delegate certain of its duties and functions to various board committees, group forums or the chief executive officer, without abdicating its own responsibilities:

- The board has formally defined and documented, by way of terms of reference, the authority it has delegated to the various board committees, group forums and chief executive officer
- In fulfilling its responsibilities, the board is supported by management in implementing the plans and strategies approved by the board.

Furthermore, directly or through its committees, the Investec board:

- Has delegated the review of the integrated annual report and annual financial statements to the audit committees. The audit committees recommended that, taken as a whole, the integrated annual report is fair, balanced and understandable and the board is satisfied with the recommendation
- Assesses the quantitative and qualitative aspects of Investec's performance through a comprehensive system of financial and non-financial monitoring involving an annual budget process, detailed monthly reporting, regular review of forecasts and regular management strategic and operational updates
- Approves annual budgets, capital plans, projections and business plans
- Monitors the group's compliance with relevant laws, regulations and codes of business practice
- Assisted by the audit committee support structures and BRCC, ensures that conduct risk is adequately mitigated, managed and addressed
- Ensures there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders and monitors our communication with all stakeholders and disclosures made to ensure transparent and effective communication

- Identifies and monitors key risk areas and key performance indicators
- Reviews processes and procedures to ensure the effectiveness of the internal systems of control
- Ensures we adopt sustainable business practices, including our social and environmental activities
- Assisted by the audit committee, ensures appropriate IT governance processes are in place, the implementation of which management is responsible for, and ensuring that the process is aligned to the performance and sustainability objectives of the board
- Assisted by the audit committee support structures and BRCC, monitors cyber risks and mitigating factors to prevent cybercrime
- Monitors and evaluates significant IT investments and expenditure
- Ensures information assets are managed effectively
- Ensures the appropriate risk governance, including IT, is in place – including continual risk monitoring by management, determines the levels of risk tolerance and that risk assessments are performed on a continual basis
- Ensures the integrity of the group's integrated annual report, which includes sustainability reporting
- Ensures the induction of, and ongoing training and development of, directors
- Evaluates the performance of senior management and considers succession planning.

George Alford, Peter Malungani and Olivia Dickson will not offer themselves for re-election at the August 2014 annual general meeting. In accordance with the UK Corporate Governance Code, the remainder of the board will offer themselves for re-election at the August 2014 annual general meeting.

The board recently resolved that Charles Jacobs, Lord Malloch-Brown and Khumo Shuenyane be appointed as independent non-executive directors with effect from 8 August 2014, following the annual general meeting.

The names of the directors at the date of this report, the year of their appointment and their independence status for the year under review are set out in the table below:

	Date of appointment:		
	Investec plc	Investec Limited	Independent
Executive directors			
S Koseff (chief executive officer)	26 Jun 2002	6 Oct 1986	–
B Kantor (managing director)	26 Jun 2002	8 Jun 1987	–
GR Burger (group risk and finance director)	3 Jul 2002	3 Jul 2002	–
HJ du Toit	15 Dec 2010	15 Dec 2010	–
Non-executive directors			
Sir David J Prosser (joint chairman)	23 Mar 2006	23 Mar 2006	Yes
F Titi (joint chairman)	30 Jan 2004	30 Jan 2004	Yes
GFO Alford (senior independent director)	26 Jun 2002	26 Jun 2002	Yes
CA Carolus	18 Mar 2005	18 Mar 2005	Yes
PKO Crosthwaite	18 Jun 2010	18 Jun 2010	Yes
OC Dickson	31 Mar 2011	31 Mar 2011	Yes
B Fried	1 Apr 2010	1 Apr 2010	No
D Friedland	1 Mar 2013	1 Mar 2013	Yes
H Fukuda OBE	21 Jul 2003	21 Jul 2003	Yes
IR Kantor	26 Jun 2002	30 Jul 1980	No
MP Malungani	26 Jun 2002	26 Jun 2002	No
PRS Thomas	26 Jun 2002	29 Jun 1981	Yes

The combined boards of Investec plc and Investec Limited meet jointly at least six times annually, excluding the annual two-day board strategy session. Three board meetings were held in the UK and three in South Africa, in line with the requirements of our DLC structure.

Directorate Investec plc and Investec Limited

Executive directors

(details as at the date of this report)

Stephen Koseff (62)

Chief executive officer
BCom, CA(SA), H Dip BDP, MBA

Board committees: DLC board risk and capital, DLC capital, DLC social and ethics and global credit

Appointed to the board in October 1986

Stephen joined Investec in 1980. He has had diverse experience within Investec as chief accounting officer and general manager of banking, treasury and merchant banking.

Other directorships include: The Bidvest Group Limited and a number of Investec subsidiaries.

Bernard Kantor (64)

Managing director
CTA

Board committees: DLC board risk and capital, DLC capital, DLC social and ethics and global credit

Appointed to the board in June 1987

Bernard joined Investec in 1980. He has had varied experience within Investec as a manager of the Trading division, marketing manager and chief operating officer.

Other directorships include: Phumelela Gaming and Leisure Limited and a number of Investec subsidiaries.

Glynn R Burger (57)

Group risk and finance director
BAcc, CA(SA), H Dip BDP, MBL

Board committees: DLC board risk and capital, DLC capital and global credit

Appointed to the board in July 2002

Glynn joined Investec in 1980. His positions within Investec have included chief accounting officer, group risk manager and joint managing director for South Africa.

Other directorships include: Investec Bank Limited and a number of Investec subsidiaries.

Hendrik du Toit (52)

Investec Asset Management chief executive officer
BCom Law, BCom (Hons) (cum laude), MCom (cum laude), MPhil (Cambridge)

Appointed to the board in December 2010

After lecturing economics at the University of Stellenbosch, Hendrik joined the Investment division of Old Mutual from where he moved to Investec in 1991 as portfolio manager and later chief executive officer of Investec Asset Management.

Other directorships include: Investment Management Association, Investec Asset Management Holdings (Pty) Ltd and Investec Asset Management Limited as well as their subsidiaries.

Non-executive directors

(details as at the date of this report)

Sir David J Prosser* (70)

Joint chairman
BSc (Hons), FIA

Board committees: DLC remuneration, DLC board risk and capital and DLC nominations and directors' affairs

Appointed to the board in March 2006

Sir David was previously chief executive of Legal & General Group plc, joining Legal and General in 1988 as group director (investments) becoming deputy chief executive in January 1991 and group chief executive in September 1991. Sir David was previously chairman of the Financial Services Skills Council.

Other directorships include: Investec Bank Limited and Investec Bank plc (chairman).

Fani Titi* (51)

Joint chairman
BSc (Hons), MA, MBA

Board committees: DLC remuneration, DLC board risk and capital, DLC nominations and directors' affairs and DLC social and ethics

Appointed to the board in January 2004

Fani is chairman of Investec Bank Limited and former chairman of Tiso Group Limited and deputy chairman of the Bidvest Group.

Other directorships include: Investec Bank Limited (chairman), Investec Bank plc, Investec Employee Benefits Limited and Investec Asset Management Holdings (Pty) Ltd, Investec Asset Management Limited, Kumba Iron Ore Limited (chairman), MTN Group Limited and MRC Media (Pty) Ltd.

* *Joint chairmen with effect from 17 November 2011.*

George FO Alford (65)

Senior independent director
BSc (Econ), FCIS, FIPD

Board committees: DLC audit, Investec plc audit, Investec Limited group audit and DLC nominations and directors' affairs

Appointed to the board in June 2002

George is a former head of private banking and personnel at Kleinwort Benson Group and was a senior adviser to the UK Financial Services Authority. He is former chairman and now director on the Advisory Board of London Metropolitan Business School and chair of the Independent Trust Financing Facility of the Department of Health.

Other directorships include: Investec Bank plc.

Cheryl A Carolus (56)

BA (Law), BEd, Honorary doctorate in Law

Board committees: DLC social and ethics

Appointed to the board in March 2005

Cheryl acted as the South African High Commissioner to London between 1998 and 2001 and was chief executive officer of South African Tourism.

Other directorships include: De Beers Consolidated Mines Limited, Gold Fields Limited, Mercedes-Benz South Africa (Pty) Ltd, WWF South Africa and International, The IQ Business Group (Pty) Ltd, Ponahalo Capital (Pty) Ltd, Investec Asset Management Holdings (Pty) Ltd, Investec Asset Management Limited, executive chairperson of Peotona Group Holdings (Pty) Ltd and director of a number of the Peotona group companies and International Crisis Group.

Directorate Investec plc and Investec Limited (continued)

Perry KO Crosthwaite (65)

MA (Hons) in modern languages

Board committees: DLC remuneration

Appointed to the board in June 2010

Perry is a former chairman of Investec Investment Banking Securities Limited and director of Investec Bank plc.

Other directorships include: Investec Bank plc, Jupiter Green Investment Trust, Melrose Industries plc, Investec Holdings (Ireland) Limited and Investec Capital and Investments (Ireland) Limited.

Olivia C Dickson (53)

MA (Oxon), MSc (Lon), CDipAF

Board committees: DLC audit, Investec plc audit, Investec Limited group audit and DLC remuneration

Appointed to the board in March 2011

Olivia is a non-executive director and chair of the risk committee of Canada Life Limited. She is also a non-executive director, member of the codes and standards committee and chair of the Actuarial Council of the Financial Reporting Council Limited.

Olivia was previously, among other positions, senior adviser to the Financial Services Authority, a managing director of JP Morgan and a non-executive director and chair of the audit committee of the London International Financial Futures Exchange.

Other directorships include: Canada Life Limited, The Canada Life Group (UK) Limited, Canada Life Asset Management Limited, Financial Reporting Council Limited.

Bradley Fried (48)

BCom, CA(SA), MBA

Board committees: DLC board risk and capital and DLC remuneration

Appointed to the board in April 2010

Bradley previously held the positions of joint head of investment banking and chief executive of Investec Bank plc. He is the chief executive in residence at Judge Business School.

Other directorships include: Investec Wealth & Investment Limited, Grovepoint Capital LLP and non-executive director of the Court of Bank of England.

David Friedland (60)

BCom, CA(SA)

Board committees: DLC audit, Investec Limited group audit, Investec plc audit, DLC board risk and capital, DLC capital and global credit

Appointed to the board in March 2013

David is a former partner of both Arthur Andersen and KPMG Inc. where he also served as head of audit and risk in KPMG, Cape Town office.

Other directorships include: Investec Bank Limited, Investec Bank plc, Foschini Group Limited, Pick ’n Pay Stores Limited.

Haruko Fukuda OBE (67)

MA (Cantab), DSc

Board committees: DLC board risk and capital

Appointed to the board in July 2003

Haruko was previously chief executive officer of the World Gold Council, and senior adviser at Lazard. She is former vice chairman of Nikko Europ plc and a partner of James Capel & Co and a former director of AB Volvo and of Foreign and Colonial Investment Trust plc.

Other directorships include: Investec Bank plc, director of Aberdeen Asian Smaller Companies Investment Trust plc. She is an adviser to Braj Binani Group of India.

Ian R Kantor (67)

BSc (Eng), MBA

Appointed to the board in July 1980

Other directorships include: Insinger de Beaufort Holdings SA (in which Investec Limited indirectly holds an 8.6% interest), Bank Insinger de Beaufort NV (where he is chairman of the management board) Investec Asset Management Holdings (Pty) Ltd and Investec Asset Management Limited.

M Peter Malungani (56)

BCom, MAP, LDP

Board committees: DLC board risk and capital

Appointed to the board in June 2002

Peter is chairman and founder of Peu Group (Pty) Ltd, chairman of the deals and acquisitions committee and a member of the social and ethics committee of Pretoria Portland Cement Limited.

Other directorships include: Phumelela Gaming and Leisure Limited (chairman), Investec Bank Limited, Investec Asset Management Holdings (Pty) Ltd, Pretoria Portland Cement Limited, Peu Group (Pty) Ltd and a number of Peu subsidiaries.

Peter RS Thomas (69)

CA(SA)

Board committees: DLC audit, Investec plc audit, Investec Limited group audit, DLC board risk and capital, DLC nominations and directors’ affairs, DLC social and ethics and global credit

Appointed to the board in June 1981

Peter was the former managing director of The Unisec Group Limited.

Other directorships include: Investec Bank Limited, various Investec subsidiaries, JCI Limited and various unlisted companies.

Details of the board members of our major subsidiaries are available on our website.

Shareholder analysis

Investec ordinary shares

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 at 31 March 2014

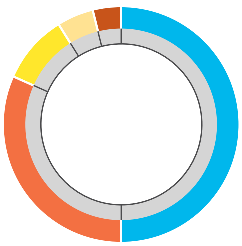
Investec plc ordinary shares in issue

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	501 – 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%	539 824 639	88.7%
27 102		100.0%	608 756 343	100.0%

Investec Limited ordinary shares in issue

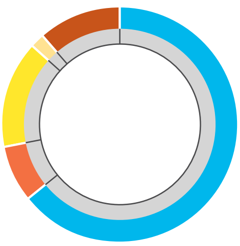
Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
3 183	1 to 500	39.7%	732 663	0.3%
1 561	501 – 1 000	19.4%	1 215 734	0.4%
1 915	1 001 – 5 000	23.8%	4 403 394	1.6%
416	5 001 – 10 000	5.2%	3 079 002	1.1%
529	10 001 – 50 000	6.6%	12 943 426	4.6%
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 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%

Largest ordinary shareholders 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 classification at 31 March 2014.*

Shareholder classification at 31 March 2014

	Number of Investec plc shares	% holding	Number of Investec Limited shares	% holding
Public*	587 411 787	96.5%	256 438 351	90.7%
Non-public	21 344 556	3.5%	26 496 178	9.3%
Non-executive directors of Investec plc/Investec Limited	3 677 453	0.6%	325	–
Executive directors of Investec plc/Investec Limited	7 049 470	1.2%	7 452 215	2.6%
Investec staff share schemes	10 617 633	1.7%	19 043 638	6.7%
Total	608 756 343	100.0%	282 934 529	100.0%

* *As per the JSE listings requirements.*

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 Sterling)							
– 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 has 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.*

Investec perpetual preference shares

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

Spread of perpetual preference shareholders 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%

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 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) Ltd	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) Ltd	6.2%
The Saltzman Family Trust	9.8%
National Savings and Investment (Pty) Ltd	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, at 31 March 2014.

Corporate responsibility

Sustainable business practices…

Our sustainability philosophy

Guided by our purpose to create sustained long-term wealth, we seek to be a positive influence in all our core businesses and in each of the societies in which we operate. We do this by empowering communities through entrepreneurship and education and leveraging the value in our diversity. We recognise the challenges that climate change presents to the global economy and we will consider supporting any meaningful activity that either reduces the negative impact on, or prolongs life on our planet.

Investec as a responsible corporate

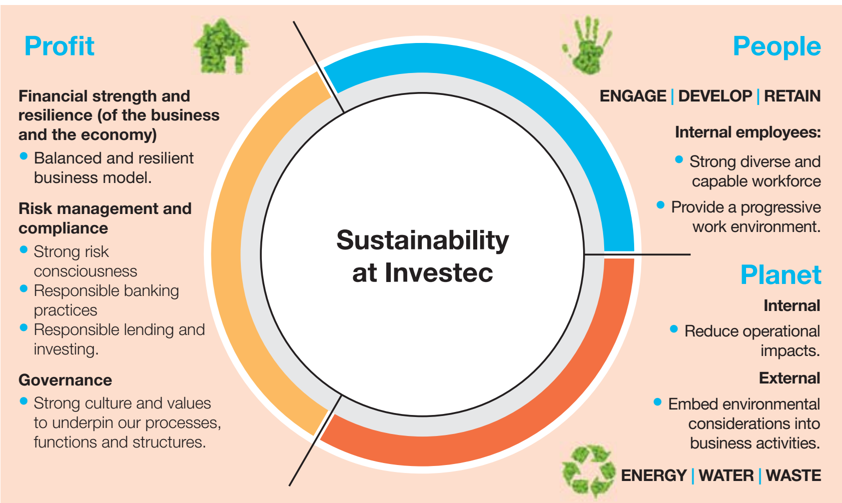
At Investec we recognise that, while our shareholders remain at the forefront, our purpose ultimately is not only about driving profits. We strive to be a distinctive specialist bank and asset manager, demonstrating cast-iron integrity, moral strength and behaviour which promote trust. Our core values include unselfishly contributing to society, valuing diversity and respecting others. Outstanding, empowered talent, entrepreneurial spirit and regard for the planet are other qualities that fit squarely with the culture of our organisation and our approach to responsible business.

Our culture and values, at the heart of our approach, demonstrate our belief that as an organisation we can and must, if we are to maintain a sustainable business in the long term, have a positive impact on the success and wellbeing of communities local to our offices, the environment and on overall macro-economic stability.

Our philosophy seeks to align the interests of shareholders and stakeholders over time, and provides the individual business units and regions with a basis from which to determine their own approach. The group's philosophy is not intended to be mutually exclusive, nor exhaustive, but allows us to concentrate, for now, on key focus areas. Deliberately not driven on a top-down basis, the executive maintains responsibility for oversight, direction, coordination and integration of our sustainability efforts while the individual business units provide the principal drivers behind our activities, in a manner that best makes sense to each.

Sustainability at Investec

Investec's sustainability focus encompasses endurance and the interdependence of the three key areas of profit, people and planet:



Investec maintained its inclusion in the JSE SRI Index, the FTSE4Good Index*, the Dow Jones Sustainability Index and the Carbon Disclosure Project. Investec group received two awards from the Climate Disclosure Project. Gold recognition status was given for a score of A- on Climate Performance in 2013 and we were also included in the Climate Disclosure Leadership Index 2013 (Top 11 in South Africa across all sectors).

* *FTSE Group confirms that Investec has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent social and environmental criteria, and are positioned to capitalise on the benefits of responsible business practice.*

Our approach to sustainability is documented throughout the integrated annual report with further detail in a more extensive sustainability report on our website.

FOUR

Remuneration report

Annual statement from the chairman of the board remuneration committee

This remuneration report was prepared by the remuneration committee and approved by the board and describes our remuneration policy and directors' remuneration for the 2014 financial year. This report has been prepared in compliance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, and other related regulations.

Overview of the year

Following the need expressed by our shareholders for greater transparency in remuneration arrangements at Investec, we embarked on a process during the prior year to redesign the short- and long-term incentive schemes for the chief executive, managing director and group risk and finance director. We believe that we developed a comprehensive and credible response to shareholders' concerns and after a period of shareholder consultation, we are pleased to report that the final incentive scheme proposals and long-term incentive awards were approved at the annual general meeting in August 2013.

The short-term incentive awards made to the chief executive, managing director and group risk and finance director during the 2014 financial year have been made in accordance with the newly approved plan which clearly sets out the link between their pay and performance (a detailed assessment is provided on pages 95 to 97).

The remuneration committee directed much of its time and efforts during the 2014 financial year on the new remuneration regulations under the Capital Requirements Directive IV (CRD IV), which essentially focus on the application of a cap on variable pay that can be paid to Prudential Regulation Authority (PRA) Code staff (as defined in the rules). These regulations have presented us with some challenges and will unfortunately require some changes in our recently approved remuneration policy for the chief executive, managing director and group risk and finance director. These regulations also impact some of our employees in our Specialist Bank in the UK.

Fundamentally, the remuneration committee has ensured that its approach in complying with these regulations is in line with its core remuneration philosophies and allows Investec to remain competitive in attracting and retaining talent and ensuring the long-term success of the business. We believe that our ability to diverge significantly from market practice is limited by the exposure to losing staff to rivals who will pay more. Further information on our intended approach is provided below. We are not proposing any other material changes to our remuneration policy.

The committee maintains oversight of the remuneration policies and packages of the executive directors, persons discharging managerial responsibilities, a number of other senior and high paid employees across the group, while paying specific attention to the rewards allocated to employees within the internal audit, compliance and risk divisions.

Core remuneration principles remain effective

Our overarching remuneration philosophy has remained unchanged from prior years as we retain focus on employing and retaining the highest calibre individuals through the payment of industry competitive packages and long-term share awards which ensure alignment with key stakeholders in our business.

Our rewards continue to be distributed from pools of realised earnings generated in excess of targeted thresholds which reflect usage of risk-adjusted capital. This economic value-added model has been in operation for about 15 years and ensures that risk and capital management form the basis for key processes at both a group and transaction level thus balancing the rewards between all stakeholders.

We currently recognise the principles of both malus and clawback in respect of the chief executive, managing director and group risk and finance director but only malus in respect of PRA Code staff and have considered the financial results and governance reviews and regulatory actions to assess whether any such action is appropriate this year. We have concluded that no such action is required.

Staff ownership of shares remains a core philosophy of the group. Our employee share schemes (excluding schemes applicable to the executive directors) and PRA Code staff are not generally subject to performance conditions as their purpose is to provide all staff with some alignment with the interests of our owners. Outside of these schemes, we have many senior executives with significant shareholdings reflecting their long association with our business. The proportion of shares held by our employees is approximately 10%. Furthermore, for our executive directors and certain of our employees, a portion of variable remuneration is required to be deferred and paid in shares.

Our 'distribution' model

We continue to acknowledge the importance of the appropriate division of the returns generated by our business between our owners, our workforce and the societies in which we operate, the latter through corporate and personal taxation.

Our effective corporate tax rate has averaged 22% over the past 10 years, while our gross staff compensation ratio, i.e. comprising total fixed costs, total variable remuneration paid (including the total deferred portion) and share-based costs (as spread over the period of the share incentive option) has averaged at 41% over the same period. Personal tax deduction, payroll taxes and national insurance mean that a substantial portion of the gross compensation is ultimately paid to the tax authorities. Our payments to shareholders remain within our stated dividend policies, and we have retained a portion of earnings each year to build up capital resources.

In summary, we estimate our total economic return has been divided between the main stakeholders, as follows:

- Governments through corporate, personal and other taxation at source 28%
- Employees through total compensation net of taxation at source 44%
- Owners through dividends (before taxation) at source 13%.

Our value added statement is provided on page 9.

The year under review

Key points to note for the period under review include:

Group performance

- Overall group results have been negatively impacted by the depreciation of the Rand: Pounds Sterling exchange rate of approximately 20% over the period
- Earnings attributable to shareholders before goodwill, acquired intangibles, non-operating items and after non-controlling interests increased 6.0% to £327.8 million – an increase of 20.5% on a currency neutral basis
- Adjusted earnings per share increased 5.3% – an increase of 19.7% on a currency neutral basis to 38.0 pence
- Dividends per share increased 5.6% to 19.0 pence
- Return on equity increased to 10.1% (2013: 9.4%)
- Recurring income as a % of total operating income amounted to 70.7% (2013: 68.6%)
- Return on average risk-weighted assets increased to 1.14% (2013: 1.06%)
- Core capital, leverage and liquidity ratios remain sound
- Our total shareholder return was 9.6% for Investec plc in Pounds Sterling and 36.3% for Investec Limited in Rand. This compares to a return of 27.4% for the FTSE 350 General Finance Index and a return of 25.7% for the JSE Top 40 Index
- The group's variable pay pool was established with reference to the group's underlying profit before tax (as described in detail on pages 86 and 87) and amounted to £305 million (2013: £274 million), with approximately 20% of the pool deferred
- Total staff compensation ratios are as follows:
  - Total for the group: 46.3% (2013: 43.9%)
  - Asset Management: 47.7% (2013: 46.1%)
  - Wealth & Investment: 56.1% (2013: 55.6%)
  - Specialist Banking: 43.5% (2013: 41.0%)
- Salary and benefits for executive directors:
  The remuneration committee approved inflationary increases in the salary and benefits of the executive directors in line with average salary increases provided to employees across the group
- Annual bonus for executive directors:
  In light of the positive financial performance of the group in 2014 and after consideration of progress across a range of financial and non-financial measures (as reflected on page 106), the remuneration committee approved an annual bonus of £1.97 million for each of Stephen Koseff and Bernard Kantor, £1.77 million for Glynn Burger and £4.36 million for Hendrik du Toit. A total of £5.50 million is to be received up front in cash and £4.57 million deferred.
- Non-executive directors:
  The board approved a modest increase in fees for the forthcoming year, roughly in line with inflation, and introduced a *per diem* allowance for *ad hoc* requirements.

Proposed changes to executive directors' remuneration for the 2015 financial year

CRD IV introduces a variable pay cap of 100% of fixed pay for PRA Code staff which can be increased to 200% of fixed pay with shareholder approval. Our current short- and long-term incentive schemes for the chief executive, managing director and group risk and finance director will, however, require adjustments. In summary we are proposing to:

- Increase the cap on variable pay to 200% of fixed pay
- Introduce a fixed allowance payable in shares
- Discontinue the long-term incentive award
- Decrease the short-term incentive sharing percentage of the profit pool
- Increase the deferral period of the short-term incentive
- Reduce the overall quantum of total remuneration payable to the three executive directors relative to current remuneration arrangements.

These proposals will be put to shareholders for approval at the annual general meeting in August 2014. We have discussed these proposals with a representative group of our largest shareholders both in the UK and South Africa. These shareholders have been broadly supportive of these proposed changes and share the remuneration committee's view that Investec has to adopt policies that allow it to remain competitive in attracting and retaining talent and ensuring the long-term success of the business. The fixed allowance payable in shares which ensures a greater degree of alignment with shareholders and the extended deferral period have been seen as key positive aspects. We would like to thank our shareholders for the open and frank nature of these conversations and for the various suggestions that were made. These awards will be subject to both malus adjustment and clawback.

Further detail on these proposals is provided on pages 100 to 102.

Proposed changes to other PRA Code staff remuneration for the 2015 financial year

We currently have approximately 39 PRA Code staff. Excluding the executive and non-executive directors, we have 33 PRA Code staff. Approximately half of these employees receive variable remuneration that amounts to less than two times their fixed remuneration. The balance, who historically received higher levels of variable remuneration, will have structural amendments made to ensure compliance with the two times cap. This will be in the form of a fixed monthly cash Code staff allowance and a commensurate reduction in the levels of variable remuneration.

Looking forward

The remuneration committee will continue to ensure that reward packages remain appropriately competitive, provide an incentive for performance, and take due regard of our culture, values, philosophies, business strategy, risk management and capital management frameworks.

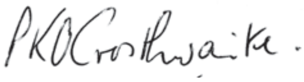
We are aware that the UK government has lodged a legal challenge to the variable pay cap in CRD IV with the European Court of Justice. If this process is successful we may have to submit a revised remuneration policy to shareholders for approval.

Where appropriate, we will continue to consult shareholders and shareholder bodies on any significant proposed changes in remuneration policy.

We are seeking shareholder approval at the 2014 annual general meeting for:

- Our directors' remuneration policy
- Our 2014 integrated annual report on directors' remuneration
- Our proposals to ensure compliance with CRD IV, i.e. increasing the ratio of variable to fixed remuneration to 200%
- Our non-executive directors' remuneration.

Signed on behalf of the board



Perry Crosthwaite
Chairman, remuneration committee

13 June 2014

Remuneration policy

Remuneration philosophy

Our philosophy, which remains unchanged from prior years, is to employ the highest calibre individuals who are characterised by integrity, intellect and innovation and who adhere and subscribe to our culture, values and philosophies. We strive to inspire entrepreneurship by providing a working environment that stimulates extraordinary performance, so that executive directors and employees may be positive contributors to our clients, their communities and the group.

We reward employees generally for their contribution through:

- An annual gross remuneration package (base salary and benefits) providing an industry competitive package
- A variable short-term incentive related to performance (annual bonus)
- A long-term incentive plan (share awards) providing long-term equity participation
- Certain of our PRA Code staff receive fixed monthly cash Code staff allowances and a commensurate reduction of variable short-term incentive in order to comply with the two times cap.

We consider the aggregate of the above as the overall remuneration package designed to attract, retain, incentivise and drive the behaviour of our employees over the short, medium and longer term in a risk-conscious manner. Overall, rewards are considered as important as our core values of work content (greater responsibility, variety of work and high level of challenge) and work affiliation (entrepreneurial feel to the company and unique culture) in the attraction, retention and motivation of employees.

We have a strong entrepreneurial, merit- and values-based culture, characterised by passion, energy and stamina. The ability to live and perpetuate our culture and values in the pursuit of excellence in a regulated industry and within an effective risk management environment is considered paramount in determining overall reward levels.

The type of people the organisation attracts, and the culture and environment within which they work, remain crucial in determining our success and long-term progress. Our reward programmes are clear and transparent, designed and administered to align directors' and employees' interests with those of all stakeholders and ensure the group's short-, medium- and long-term success.

In summary, we recognise that financial institutions have to distribute the return from their enterprises between the suppliers of capital and labour and the societies in which they do business, the latter through taxation and corporate social responsibility activities. Our group-wide remuneration philosophy seeks to maintain an appropriate balance between the interests of these stakeholders, and is closely aligned to our culture and values which include risk consciousness, meritocracy, material employee ownership and an unselfish contribution to colleagues, clients and society.

Remuneration principles

Remuneration policies, procedures and practices, collectively referred to as the 'remuneration policy' are designed, in normal market conditions, to:

- Be in line with the business strategy, objectives, values and long-term interests of the Investec group
- Be consistent with, and promote, sound and effective risk management, and not encourage risk taking that exceeds the level of tolerated risk of the Investec group
- Ensure that payment of variable remuneration does not limit the Investec group's ability to maintain or strengthen its capital base
- Target gross fixed remuneration (base salary and benefits including pension) at median market levels to contain fixed costs
- Ensure that variable remuneration is largely economic value added (EVA)-based and underpinned by our pre-determined risk appetite and capital allocation
- Facilitate alignment with shareholders through deferral of a portion of short-term incentives into shares and long-term incentive share awards
- Target total compensation (base salary, benefits and incentives) to the relevant competitive market at upper quartile levels for superior performance.

Given our stance on maintaining a low fixed cost component of remuneration, our commitment to inspiring an entrepreneurial culture, and our risk-adjusted return on capital approach to EVA, we do not apply an upper limit on variable rewards other than in respect of PRA Code staff (as discussed on page 100).

The fixed cost component of remuneration is, however, designed to be sufficient so that employees do not become dependent on their variable compensation as we are not contractually (and do not consider ourselves morally) bound to make variable remuneration awards. Investec has the ability to pay no annual bonuses and make no long-term incentive awards should the performance of the group or individual employees require this.

We do not pay remuneration through vehicles that facilitate avoidance of applicable laws and regulations.

Furthermore, employees must undertake not to use any personal hedging strategies or remuneration or liability-related contracts of insurance to undermine the risk alignment effects embedded in their remuneration arrangements. Group Compliance maintains arrangements designed to ensure that employees comply with this policy.

No individual is involved in the determination of his/her own remuneration rewards and specific internal controls and processes are in place to prevent conflicts of interest between Investec and its clients from occurring and posing a risk to the group on prudential grounds.

Remuneration policy for employees

Our policy with respect to the remuneration of employees has remained unchanged during the 2014 financial year. There will be minor changes made in the 2015 financial year to incorporate the impact of CRD IV (as discussed on page 100).

All remuneration payable (salary, benefits and incentives) is assessed at a group, business unit and individual level. This framework seeks to balance both financial and non-financial measures of performance to ensure that the appropriate factors are considered prior to making awards, and that the appropriate mix of cash and share-based awards are made.

Determination of remuneration levels

Qualitative and quantitative considerations form an integral part of the determination of overall levels of remuneration and total compensation for each individual.

Factors considered for overall levels of remuneration at the level of the group include:

- Financial measures of performance
  - Risk-adjusted EVA model
  - Affordability.
- Non-financial measures of performance:
  - Market context
  - Specific input from the group risk and compliance functions.

Factors considered to determine total compensation for each individual include:

- Financial measures of performance
  - Achievement of individual targets and objectives
  - Scope of responsibility and individual contributions.
- Non-financial measures of performance
  - Alignment and adherence to our culture and values
  - The level of cooperation and collaboration fostered
  - Development of self and others
  - Attitude displayed towards risk consciousness and effective risk management
  - Adherence to internal controls procedures
  - Compliance with the group's regulatory requirements and relevant policies and procedures, including treating customers fairly
  - The ability to grow and develop markets and client relationships
  - Multi-year contribution to performance and brand building
  - Long-term sustained performance
  - Specific input from the group risk and compliance functions
  - Attitude and contribution to sustainability principles and initiatives.

Remuneration levels are targeted to be commercially competitive, on the following bases:

- The most relevant competitive reference points for remuneration levels are based on the scope of responsibility and individual contributions made
- The committee recognises that we operate an international business and compete with both local and international competitors in each of our markets
- Appropriate benchmark, industry and comparable organisations' remuneration practices are reviewed regularly
- For employees generally, combinations of firms from the JSE Financial 15 and the FTSE 350 General Finance sector have offered the most appropriate benchmarks
- In order to avoid disproportionate packages across areas of the group and between executives, adjustments may be made at any extremes to ensure broad internal consistency. Adjustments may also be made to the competitive positioning of pay components for individuals, in cases where a higher level of investment is needed in order to build or grow or sustain either a business unit or our capability in a geography.

The following section outlines our remuneration policy in more detail for each element of total compensation as it applies to employees.

Gross remuneration: base salary and benefits

Salaries and benefits are reviewed annually and reflect the relative skills and experience of, and contribution made by, the individual. It is the group's policy to seek to set base salaries and benefits (together known as gross remuneration) at median market levels when compared like for like with peer group companies.

The Human Resources division provides guidelines to business units on recommended salary levels for all employees within the organisation to facilitate the review. These guidelines include a strategic message on how to set salary levels that will aid Investec in meeting its objectives while remaining true to corporate values and incorporate guidance on increasing levels to take account of the change in the cost of living over the year to ensure that salary levels always allow employees to afford a reasonable standard of living and do not encourage a reliance on variable remuneration.

Advisers are often engaged by either the Human Resources division or the business units to obtain general benchmark information or to benchmark specific positions to ensure that gross remuneration levels are market-driven and competitive so that levels of remuneration do not inhibit our ability to recruit the people we need to develop our business.

Benefits are targeted at competitive levels and are delivered through flexible and tailored packages. Benefits include pension schemes; life, disability and personal accident insurance; medical cover; and other benefits, as dictated by competitive local market practices. Only salaries, not annual bonuses or PRA Code staff allowances, are pensionable.

Variable short-term incentive: annual bonus

All employees are eligible to be considered for a discretionary annual bonus subject, *inter alia,* to the factors set out above in the section dealing with the determination of remuneration levels. The structure of short-term incentives varies between employees of our three operating divisions: Asset Management, Wealth & Investment and the Specialist Bank. This reflects differing regulatory requirements on the different legal entities and also differing competitive pressures in each distinct market.

Specialist Banking: variable short-term incentive

Risk-weighted returns form basis for variable remuneration levels

In our ordinary course of business we face a number of risks that could affect our business operations, as highlighted in the Investec group's 2014 integrated annual report.

Group Risk Management is independent from the business units and monitors, manages and reports on the group's risk to ensure it is within the stated risk appetite as mandated by the board of directors through the board risk and capital committee (BRCC). The group monitors and controls risk exposure through credit, market, liquidity, operational and legal risk divisions/forums/committees.

Risk consciousness and management is embedded in the organisational culture from the initiation of transactional activity through to the monitoring of adherence to mandates and limits and throughout everything we do.

The BRCC (comprising both executive and non-executive directors) meets six times per annum and sets the overall risk appetite for the Investec group and determines the categories of risk, the specific types of risks and the extent of such risks which the group should undertake, as well as the mitigation of risks and overall capital management and allocation process. Senior members of the group's risk management teams who provide information for the meeting packs and present and contribute to the committee's discussions, attend these meetings.

The capital committee is a sub-committee of the BRCC and provides detailed input into the group's identification, quantification and measurement of its capital requirements taking into account the capital requirements of the banking regulators. It determines the amount of internal capital that the group should hold and its minimum liquidity requirements taking into account all the associated risks plus a buffer for any future or unidentified risks. This measure of internal capital forms part of the basis for determining the variable remuneration pools of the various operating business units (as discussed above).

The executive risk review forum (ERRF), comprising members of the executive and the heads of the various risk functions, meets weekly. Its responsibilities include approving limits and mandates, ensuring these are adhered to and that agreed recommendations to mitigate risk are implemented.

The group's central credit and risk forums provide transaction approval independent of the business unit on a deal-by-deal basis and the riskiness of business undertaken is therefore evaluated and approved at initiation of the business through deal forum, investment committee and ERRF and is reviewed and ratified at ERRF on a regular basis. These central forums provide a level of risk management by ensuring that risk appetite and various limits are being adhered to and that an appropriate interest rate and, by implication, risk premium is built into every approved transaction. The approval of transactions by these independent central forums thus ensures that every transaction undertaken by the group results in a contribution to profit that has already been subject to some risk adjustment.

Our EVA model as described in detail below is principally applied to realised profits against pre-determined targets above risk and capital weighted returns. In terms of the EVA structure, capital is allocated based on risk and therefore the higher the risk, the higher the capital allocation and the higher the hurdle return rate required. This model ensures that risk and capital management are embedded in key processes at both a group and transaction level which form the basis of the group's performance-related variable remuneration model thus balancing the interests of all stakeholders.

Further, both the risk and compliance functions are also embedded in the operating business units and are subject to review by the internal audit and compliance monitoring teams. The risk and compliance functions also provide, on an exception only basis, information relating to the behaviour of individuals and business areas if there has been evidence of non-compliance or behaviour which gives rise to concerns regarding the riskiness of business undertaken.

EVA model: allocation of performance-related bonus pool

Our business strategy and associated risk appetite, together with effective capital utilisation, underpin the EVA annual bonus allocation model.

Business units share in the annual bonus pool to the extent that they have generated a realised return on their allocated risk-adjusted capital base in excess of their target return on equity. Many of the potential future risks that the firm may face are avoided by ensuring that the bonus pools are based on actual realised risk-adjusted profits.

The bonus pools for non-operating business units (central services and head office functions) are generated by a levy payable by each operating business on its operating profit. This bonus pool may, in some years, be supplemented by a discretionary allocation as determined by the chief executive officer and managing director, and agreed by the remuneration committee.

Our EVA model has been consistently applied for a period of about 15 years and encompasses the following elements:

- The profitability of each operating business unit is determined as if they are a stand-alone business. Gross revenue is determined based on the activity of the business, with arm's length pricing applicable to inter-segment activity. Profits are determined as follows:
  - Realised gross revenue (net margin and other income)
  - Less: funding costs
  - Less: impairments for bad debts
  - Add back: debt coupon or preference share dividends paid out of the business (where applicable)
  - Less: direct operating costs (personnel, systems, etc)
  - Less: group allocated costs and residual charges (certain independent group functions are provided on a centralised basis, with an allocation model applied to charge out costs incurred to business units. Costs allocated are based on the full operational costs for the particular central service area, inclusive of the variable remuneration cost of the central service. Allocation methodologies generally use cost drivers as the basis of allocation)
  - Less: profits earned on retained earnings and statutory held capital
  - Add: notional profit paid by centre on internal allocated capital
  - Equals: net profits
- Capital allocated is a function of both regulatory and internal capital requirements, the risk assumed within the business and our overall business strategy
- The group has always held capital in excess of minimum regulatory requirements, and this principle is perpetuated in our internal capital allocation process. This process ensures that risk and capital discipline

is embedded at the level of deal initiation and incorporates independent approval (outside of the business unit) of transactions by the various risk and credit committees

- Internal capital comprises the regulatory capital requirement taking into account a number of specified risks plus a capital buffer which caters, *inter alia*, for any unspecified or future risks not specifically identified in the capital planning process. The Investec group then ensures that it actually holds capital in excess of this level of internal capital
- Internal capital is allocated to each business unit via a comprehensive analysis of the risks inherent within that business and an assessment of the costs of those risks
- Hurdle rates or targeted returns are determined for each business unit based on the weighted average cost of capital (plus a buffer for trading businesses to take into account additional risks not identified in the capital allocation process) applied to internal capital
- Targeted returns differ by business unit reflecting the competitive economics and shareholder expectation for the specific area of the business, and are set with reference to the degree of risk and the competitive benchmarks for each product line
- In essence, varying levels of return are required for each business unit reflecting the state of market maturity, country of operation, risk, capital invested (capital intensive businesses) or expected expense base (fee-based businesses)
- Growth in profitability over time will result in an increasing bonus pool, as long as it is not achieved at the expense of capital efficiency
- Target returns must be reflective of the inherent risk assumed in the business. Thus, an increase in absolute profitability does not automatically result in an increase in the annual bonus pool. This approach allows us to embed risk and capital discipline in our business processes. These targets are subject to annual review
- The group's credit and risk forums provide transaction approval independent of the business unit on a deal-by-deal basis adding a level of risk consciousness to the pre-determined (and risk-adjusted) capital allocation and required hurdle rates and thus ensure that each transaction generates a return that is commensurate with its associated risk profile.

In terms of our EVA process, if business and individual performance goals are exceeded, the variable element of the total remuneration package is likely to be substantially higher than the relevant target benchmark. This ensures that overall remuneration levels have the potential to be positioned at the upper quartile level for superior performance, in line with our overarching remuneration policy.

In circumstances where an operating business unit does not have an EVA pool (e.g. when it incurs a loss or when it is a start-up), the chief executive officer and managing director may consider a discretionary allocation to allow for a modest bonus for those staff who were expected to contribute to the longer-term interests of that business unit or the group, despite the lack of EVA profits in the short term, e.g. control functions, support staff and key business staff.

It should be noted the salaries and proposed bonuses for employees responsible for risk, internal audit and compliance are not based on a formulaic approach and are independent of any revenues or profits generated by the business units where they work. The level of rewards for these employees are assessed against the overall financial performance of the group; objectives based on their function; and compliance with the various non-financial aspects referred to above.

Key elements of the bonus allocation process are set out below:

- A fixed pre-determined percentage of any return in excess of the EVA hurdle accrues to the business units' EVA pool
- A portion of the total EVA pool is allocated towards the bonus pool for central service and head office employees
- These bonus pools are reviewed regularly by the appropriate management and non-executive committees to ensure that awards are only paid when it is appropriate to do so, considering firm-wide performance against non-financial risk (both current and future) and compliance-based objectives and in order to ensure that the payment of such discretionary bonuses does not inhibit the group's ability to maintain/raise its capital levels. All users of capital operate within a strict philosophical framework that requires a balancing of risk and reward and that is designed to encourage behaviour in the interests of all stakeholders as opposed to just employees
- The EVA pools are calculated centrally by the group's finance function and subject to audit as part of the year-end audit process
- Once the annual audit is complete, line managers in each business unit will make discretionary bonus recommendations for each team member taking into consideration qualitative and quantitative criteria (as mentioned above)
- Bonus recommendations are then subject to an extensive geographic review involving human resources, local management and local remuneration committees
- Thereafter, these recommendations are subject to a global review by executive management, before the remuneration committee review and approval process.

The group remuneration committee specifically reviews and approves the individual remuneration packages of the executive directors, persons discharging managerial responsibilities, and PRA Code staff. The committee also reviews the salaries and performance bonuses awarded to a number of other senior and higher paid employees across the group. In addition, the committee specifically reviews and approves the salaries and performance bonuses awarded to each employee within the internal audit, compliance and risk functions, both in the business units and in the central functions, ensuring that such packages are competitive and are determined independently of the other business areas. In making these decisions the committee relies on a combination of external advice and supporting information prepared internally by the group.

Deferral of annual bonus awards: other than UK PRA Code staff within the Specialist Bank

All annual bonus awards exceeding a pre-determined hurdle level are subject to 60% deferral in respect of that portion that exceeds the hurdle level. The entire deferred amount is awarded in the form of forfeitable share awards vesting in three equal tranches at the end of 12 months, 24 months and 36 months. Where shares are being awarded to employees as part of the deferral of performance bonus awards, these are referred to as EVA shares. These awards are made in terms of our existing long-term incentive plans (refer below). The entire amount of the annual bonus that is not deferred is payable up front in cash.

Deferral of annual bonus awards: UK PRA Code staff within the Specialist Bank

- PRA Code staff include senior management, risk takers, staff engaged in central functions and any other employees whose professional activities have a material impact on Investec's risk profile within Investec plc
- Individual awards to PRA Code staff are determined based on EVA pools in the same manner as is applicable to all staff (as set out above), and subject to the group remuneration policy and governance processes (also set out above)
- Annual bonus awards to directors of the UK Specialist Bank (excluding executive directors who are employees of a separately regulated firm) and all annual bonus awards where total variable remuneration exceeds £500 000 are subject to 60% deferral
- All other annual bonus awards to PRA Code staff are subject to 40% deferral
- The 40% not deferred in the former instance or the 60% not deferred in the latter instance will be awarded as to 50% in cash and 50% in EVA forfeitable shares (up-front EVA forfeitable shares)
- The up-front EVA forfeitable shares will vest immediately but will only be released after a period of six months, which we consider to be an appropriate retention period
- Discretionary bonuses for PRA Code staff who are not exempted by the *de minimis* concession are subject to 40% deferral (60% if total variable remuneration exceeds £500 000) after taking into account the value of LTIPs granted to each staff member in the applicable financial year and which are included in deferred variable remuneration. The deferred portion of discretionary awards to PRA Code staff will, at the election of the staff member, be made either entirely in the form of EVA forfeitable shares, or 50% in EVA forfeitable shares and 50% in cash
- All deferrals in the form of EVA forfeitable shares (being either 50% or 100% of such deferral) vest in equal amounts at the end of 12 months, 24 months and 36 months and are then subject to an appropriate period of retention, being six months.

Investec Asset Management: variable short-term incentive

The Investec Asset Management (IAM) remuneration committee is responsible for considering, agreeing and overseeing all elements of remuneration and the overall remuneration philosophy, principles and policy of IAM. The proposals from this committee are subject to final approval by the DLC remuneration committee.

IAM operates the following annual bonus schemes which may result in annual payments to employees:

- Annual Discretionary Cash Bonus Scheme (all employees of IAM are currently eligible to be considered for a cash bonus payment under this scheme)
- Deferred Bonus Plan (participation in this scheme is determined on an annual basis at the discretion of IAM based on the roles of individual employees).

The percentage of profit allocated to the variable remuneration pool has been agreed (at a fixed participation rate) and approved by both the DLC and IAM remuneration committees. The same fixed participation rate has been applied consistently for many years. This structure has been a key contributor to the long-term success of IAM and encourages the staff to behave like owners. We believe in aligning the long-term interests of clients, shareholders and staff.

Individual annual bonus awards are approved by the IAM remuneration committee and the DLC remuneration committee annually.

Annual Discretionary Cash Bonus Scheme (ADCBS)

Awards under the ADCBS are payable entirely in cash. The purpose of the cash bonus is to reward behaviour and effort against objectives and values, and retain key employees. The cash bonus pool determination is based on the profitability of IAM only. In principle, there would be no cash bonus payments should IAM be loss making (although this would be reviewed where it was considered that bonus payments were necessary in order to retain staff and protect the business in the long term even if the business had been loss making in the short term).

Management information is provided to the IAM remuneration committee to ensure that IAM's financial results are put into the context of the risk appetite of the business and the IAM remuneration committee is able to risk-adjust the cash bonus pool should they believe this is required, given the risk taken and the overall financial results.

Deferred Bonus Plan (DBOP)

As noted above, participation in the DBOP is determined on an annual basis at the discretion of IAM based on the roles of individual employees. The purpose of the DBOP is both to retain key employees and to provide better alignment of the interests with clients and to manage potential, currently unknown future risks.

The conditions for participation in the DBOP are approved by the IAM remuneration committee annually, based on the remuneration requirements in the year being considered. This will take into consideration local market remuneration practices and relevant and required regulations.

The DBOP awards are made in the form of investments into various funds managed by IAM and with specific allocations for the portfolio managers into their own funds. The deferral period is just over three years and awards are only paid out under specific listed conditions. The award does not accrue to the employee until the end of the deferral period and as such both the asset and liability remain on the balance sheet of IAM until that time. Employees forfeit their allocations if they resign or their employment terminates (other than at the discretion of IAM for redundancy, retirement, death or disability) prior to the vesting date.

Payments can only be made to participants prior to a scheduled vesting date with the consent of the IAM executive committee and ultimately by the IAM remuneration committee.

IAM's governance processes, operating within the context of the broader Investec group's processes, ensure robust oversight of reward and effective management of any potential conflicts of interest whilst reflecting the need to link remuneration decisions with IAM's risk appetite.

The head of the IAM risk committee assesses the risk appetite, risk tolerance level and risk management for IAM and feeds her views into the remuneration decision-making process, including sending a risk report to the IAM remuneration committee for consideration when making remuneration decisions.

In addition, IAM human resources and compliance are responsible for ensuring that the IAM remuneration committee takes into consideration financial and non-financial criteria, risk and compliance reports, and any other relevant information in making decisions around remuneration.

The primary determinant of the variable compensation pool available for distribution is IAM's own annual profit. There is an annual budget against which the business is measured.

The variable compensation pool is allocated to business divisions and then to individuals based on divisional performance and the individual's performance. This ensures that staff are rewarded appropriately for meeting their objectives and keeping within the values of the business.

The oversight of conflicts of interest and the link between risk and reward is achieved through a combination of effective remuneration components, designed to incorporate risk and of the dual operation of the DLC remuneration committee and IAM remuneration committee in ensuring appropriate and, where necessary, independent oversight of both remuneration policy and outcomes.

Employee equity ownership

In August 2013, 40 employees of IAM acquired a 15% stake in the IAM business, ultimately through a trust structure in which each employee owns a portion of the underlying trust assets. Each employee funded their portions through a combination of existing deferred compensation (for which vesting was accelerated), personal debt and personal cash. This structure locks in key talent and aligns employees' interests with the interests of the firm as a whole, our shareholders and our clients.

Employees' portion holdings are governed by the terms of a trust deed to which all portion holders have agreed. In summary, various pre-emption provisions apply to the transfer of employees' portions. On leaving, an employee is required to offer their portions for sale (save in limited circumstances where part of the portion holding may be retained). Good leaver/bad leaver provisions apply to determine the price at which the portions must be offered for sale.

Investec Wealth & Investment other than in South Africa: variable short-term incentive

Investec Wealth & Investment (IW&I) recognises Investec's obligation to ensure that all businesses within the group satisfy their obligations under the Remuneration Code. IW&I recognises that the policy, procedures and practices it has adopted should not conflict with the group's obligations under the Remuneration Code. The IW&I remuneration committee is responsible for considering, agreeing and overseeing all elements of remuneration and the overall remuneration philosophy and policy of IW&I within the context of the Investec group's agreed remuneration philosophy and policy. The proposals from this committee are subject to final approval by the DLC remuneration committee.

IW&I operates the following performance-related discretionary bonus schemes:

- Incentive Scheme – for those in client-facing roles and administrative staff who support them directly
- Bonus Scheme – for those in non-client-facing, central support functions
- Additional New Business Incentive Scheme – for staff primarily in client-facing roles who are direct generators of income. During the year, this scheme was replaced by the Growth Plan.

Funding is at the discretion of the remuneration committee. Under the Incentive Scheme a bonus pool is derived from a formula that is directly related to the profitability of a team or business unit. The pool is distributed to the members of the team or business unit on a discretionary basis. Funding for the Bonus Scheme is related to the profitability of overall business and awarded to individuals on a discretionary basis.

The Additional New Business Incentive Scheme rewards revenue attributed to individuals who acquire new client assets and retain them for three years following the end of the year in which the new business is gained. The replacement Growth Plan (effective 1 September 2013) reflects growth in revenue net of market movement. Awards made through the original and replacement schemes relate to performance for the year to 28 February, are payable in cash and deferred over the three-year period. Payments do not attract employer pension contributions.

For the Incentive and Bonus Schemes, awards relate to performance for the financial years ending 31 March. An interim payment on account of the annual award is considered at the half-year. Non-financial performance is reviewed, and where individuals fall below the standards expected, awards may be deferred or forfeited, in part or in full. Payments are made entirely in cash and do not attract employer pension contributions. The award may be paid directly to the individual (subject to the deduction of income tax and national insurance) or, at IW&I's discretion, as an additional pension contribution.

IW&I executive directors either participate in the Bonus Scheme or, where the role is primarily client facing, that director may be eligible to participate in the Incentive and Growth Schemes.

Investec Wealth & Investment South Africa: variable short-term incentive

As there are no overriding regulatory requirements applicable to the business, the policies applicable to the Specialist Bank are applied to this business unit as set out on pages 85 to 88.

Other information on deferred awards and clawback provisions within the group

Employees who leave the employment of Investec prior to vesting of deferred incentive awards will lose their EVA forfeitable shares other than as a result of retirement, subject to the group's normal good leaver provisions and approval process in exceptional cases.

The deferred share awards for PRA Code staff are subject to malus adjustment of unpaid EVA. The assessment of whether any malus adjustment should be made to an individual's unvested award will be undertaken within the following framework:

- Where there is reasonable evidence of employee misbehaviour
- Where the firm or operating business unit suffers a material downturn in its financial performance
- Where the firm or business unit suffers a material failure of risk management.

In these cases, management and the remuneration committee will take into account the following factors in determining the extent (if any) to which the quantum of deferred awards should be subject to clawback:

- The extent to which the individual had control over the outcome
- Failure of internal control systems
- The impact of the risk profile of the relevant member of the group or business unit
- Any violation of the group's culture and values
- The long-term impact of the outcome on the group or relevant business unit
- External factors including market conditions
- Any other relevant factors.

Specifically for EVA share awards, where profits used to determine the original EVA bonus are materially reduced after the bonus determination, the awards will be recalculated for such reduction and consideration given to clawback (if any) to the extent that the prior period's EVA pool is reduced and the extent to which it affected each employee.

Long-term incentive: share awards

We have a number of share option and long-term share incentive plans that are designed to align the interests of employees with those of shareholders and long-term organisational interests, and to build material share ownership over the long term through share awards. These share option and incentive plans are also used in appropriate circumstances as a mechanism for retaining the skills of key talent.

Awards are made in the form of nil cost options other than for countries where the taxation of such awards is penal. In these cases awards are made in the form of forfeitable shares, conditional awards or market strike options.

In principle all employees are eligible for long-term incentives. Awards are considered by the remuneration committee and made only in the 42-day period following the release of our interim or final financial results in accordance with the Association of British Insurers (ABI) guidelines. These awards comprise three elements, namely:

- 'New starter' awards are made based on a *de facto* non-discretionary basis using an allocation table linked to salary levels
- 'General allocation' awards are also *de facto* non-discretionary awards of the same quantum as new starter awards, and are made to employees who have not had any other share award in a three-year period
- 'Top up' awards are made at the discretion of line management primarily to ensure multi-year performance and long-term value generation.

All proposed long-term incentive awards (LTIPs) are recommended by business unit management, approved by the staff share executive committee and then the remuneration committee before being awarded. Awards of Investec plc LTIPs are made to employees of Investec plc and awards of Investec Limited LTIPs for employees of Investec Limited. At IAM, LTIP awards are only generally considered for employees who do not participate in the DBOP and/or the IAM equity ownership scheme.

LTIP awards for non-PRA Code staff are subject to 75% vesting at the end of four years and the final 25% at the end of the fifth year, which we believe is appropriate for our business requirements. LTIP awards to PRA Code staff are subject to 75% vesting at the end of three and a half years and the final 25% at the end of four and a half years, and are then subject to a six-month retention period. The awards are forfeited on termination, but 'good leaver' discretion is applied in exceptional circumstances.

Retention is addressed through the long-term nature of awards granted which provides an element of 'lock-in' for employees throughout the vesting period and allows for multi-year contribution to performance and brand building.

Investec's share option and long-term incentive plans are summarised below and include our current long-term incentive plans and several plans that are no longer used. Some of these plans still have outstanding awards.

Summary of Investec's share option and long-term incentive plans

Plan	Eligibility	Date implemented	Option/ shares	Maximum award per individual[1]	Performance conditions[2]	Vesting period	Options granted during the year[3]	Total issued at 31 March 2014[4/5/6/7]
Long-term incentive plans								
Investec 1 Limited Share Incentive Plan[7] – Nil cost options – EVA share awards – Market strike options	• New and existing full-time employees • Excluding employees in SA, Botswana, Namibia and Mauritius • Excluding executive directors	16 March 2005	Investec plc	• Cumulative limit of 2 500 000 across all option plans • Excluding EVA awards • In any financial year: 1 x remuneration package	None	• Nil cost options: 75% end of year four and 25% end of year five and for PRA Code staff 75% at the end of three and a half years and 25% at the end of four and a half years plus a six-month retention • EVA share awards: up to three years from date of award • Market strike options: 25% end of year two, three, four and five	7 400 128 107 700	Number: 40 694 353 % of issued share capital of company: 6.7% Number: 106 950 % of issued share capital of company: 0.0%
Investec Limited Share Incentive Plan[7] • Nil cost options • EVA share awards	• New and existing full-time employees in SA, Botswana, Namibia and Mauritius • Excluding executive directors	6 March 2005	Investec Limited and Investec plc	• Cumulative limit of 2 500 000 across all option plans • Excluding EVA awards • In any financial year: 1 x remuneration package	None	• Nil cost options: 75% end of year four and 25% end of year five • EVA share awards: up to two years from date of award	13 549 614	Number: 44 475 185 % of issued share capital of company: 5.0%
Share plans not currently in use								
Investec plc Share Option Plan 2002 (unapproved plan) (expired August 2012)	• New and existing full-time employees • Excluding employees in SA, Botswana, Namibia and Mauritius • UK employees' grants exceeding £30 000	28 August 2002	Investec plc	• Cumulative limit of 2 500 000 across all option plans excluding EVA awards • In any financial year: 1 x remuneration package	Growth in headline EPS ≥UK RPI plus 3% compounded annually over the period of the grant	Tranches of 25% each on the second, third, fourth and fifth anniversaries	Last grant made on 29 May 2012	Number: 275 264 % of issued share capital of company: 0.8%

[1] The limits for allocations to employees and executive management during a financial year may be exceeded if the directors determine that exceptional circumstances make it desirable that options should be granted in excess of that limit.

[2] The Investec plc Share Option Plan 2002 (unapproved plan) is operated in jurisdictions where the application of the other schemes is less favourable to participants. This scheme provides for performance conditions to be applied to awards, which are determined by the committee at the time the awards are made.

[3] This represents the number of awards made to all participants. For further details, see the directors' report on page 121. More details on the directors' shareholdings are also provided in tables accompanying this report.

[4] Dilution limits: Investec is committed to following the ABI guidelines and accordingly, as from the date of the implementation of our DLC structure (29 July 2002), the maximum number of new shares which may be issued by the company under all of the share plans (in respect of grants made after July 2002) may not exceed 10% of the issued share capital of the company over a rolling 10 year period. We have, since our listing date, complied with both the 10% in 10 years guideline for discretionary and non-discretionary awards in aggregate as well as the 5% in 10 years guideline for discretionary awards. The committee regularly monitors the utilisation of dilution limits and available headroom to ensure that these guidelines are complied with. The issued share capital of Investec plc and Investec Limited at 31 March 2014 was 608.8 million shares and 282.9 million shares, respectively.

[5] The market price of an Investec plc share at 31 March 2014 was £4.85 (2013: £4.59), ranging from a low of £3.66 to a high of £5.08 during the financial year.

[6] The market price of an Investec Limited share at 31 March 2014 was R84.84 (2013: R64.26), ranging from a low of R59.00 to a high of R85.04 during the financial year.

[7] The rules of these long-term incentive plans do not allow awards to be made to executive directors.

The table above excludes details of the Investec plc executive incentive plan on page 110.

Other remuneration structures

Guaranteed variable remuneration

Guaranteed variable remuneration comprises all forms of remuneration whose value can be determined prior to award. This includes, but is not limited to sign-on, buy-out and guarantee awards. Guaranteed variable awards will not be awarded, paid or provided to any individual within the group unless they are:

- Exceptional
- In the context of hiring new staff
- Limited to the first year of service.

The remuneration committee at least annually reviews guaranteed variable remuneration payments and the number of guarantees awarded and approves any exceptions.

Retention awards

Investec only pays retention awards to serving staff in exceptional circumstances. In all such cases, human resources shall review proposed payments to ensure that they are in line with this policy and any other relevant regulation. Additionally for PRA Code staff, the remuneration committee shall review all proposed awards. Circumstances where the group will consider paying a retention award are in the case of a major restructuring of the company or any subsidiary or one of its business units (for instance in the start-up of a new business line, or the closure of a business line), where the retention of individuals is essential to the completion of the task. A valid business case for the retention of the individual must be presented in order for a retention award to be approved and the PRA should be notified prior to the retention award being made to PRA Code staff, and should consider seeking guidance on the appropriateness of retention awards for certain individuals.

Severance awards

Severance payments by Investec plc or one of its subsidiary companies for the early termination of a contract are at executive management's absolute discretion and must reflect performance achieved over time and be designed in a way that does not reward failure. Severance payments for PRA Code staff individuals shall be subject to approval by the DLC remuneration committee.

Discretionary extended pension benefits policy

All proposed extended pension payments made to employees upon reaching retirement should be reviewed by the remuneration committee for alignment with appropriate laws, policy and regulation.

Remuneration policy for executive directors

This section sets out our remuneration policy for executive directors.

Service contracts and terms of employment

Three out of our four executive directors (namely Stephen Koseff, Bernard Kantor and Glynn Burger) have indefinite contracts of employment, terminable by either party giving six months' written notice to the other. The contracts of employment do not contain provisions for compensation payable on early termination. Hendrik du Toit has an indefinite contract of employment, terminable by either party giving three months' written notice to the other. The contract of employment does not contain provisions for compensation payable on early termination.

Each executive director is entitled to receive annually gross remuneration comprising a salary and other benefits and is also eligible for an annual bonus, the amount of which will be determined by the remuneration committee based on the approved executive short-term incentive scheme. Furthermore, the executive directors may elect to sacrifice a portion of their annual gross remuneration to receive company benefits such as a travel allowance and medical aid. The full costs of these benefits are deducted from their gross remuneration with the residual then being in effect their basic salary.

Outstanding EVA shares arising from deferred bonuses would lapse if the executive director leaves by reason of resignation or termination for gross misconduct. However, in the case of death or if the director is considered to be a 'good leaver' (as determined by the remuneration committee but would, for example, include retirement with a minimum of 10 years' service, disability or ill health) the director would be entitled to these awards, either in full immediately or on the scheduled release date (dependent on circumstances arising at such time and as agreed by the remuneration committee). In the event of a takeover or other major corporate event, the remuneration committee has discretion to determine whether all outstanding awards would vest early or whether they should continue in the same or revised form following the corporate event.

Executive directors are permitted to accept outside appointments on external boards or committees, provided these are not deemed to interfere with the business of the company. Any fees earned by executives in this regard are forfeited to Investec.

There is no formal requirement for executive directors to hold shares. Our remuneration philosophy does, however, include long-term equity participation via share awards (refer to pages 97 and 98). The chief executive, managing director and group risk and finance director are among the founding members of the organisation and have built up significant shareholdings over time.

Copies of the service contracts and letters of appointment are available for inspection at the company's registered office.

Approach to recruitment of new executive directors

It is intended that the approach to the recruitment of new executive directors will be in line with the current remuneration policy for executive directors as outlined above and below. However, the remuneration committee will consider market factors and other relevant comparator trends that may apply at the time which may result in certain amendments being made.

A summary of the remuneration arrangements for executive directors as they apply to the 2014 financial year is shown in the table below[1]

Element of remuneration	Purpose and link to strategy	Operation	Maximum value and performance targets	Changes from prior year
Salary and benefits	• To provide an industry competitive package so that we are able to recruit and retain the people that we need to develop our business • Salaries and benefits reflect the relative skills and experience of, and contribution made by, the individual • Benefits include: pension schemes; life, disability and personal accident insurance; medical cover; and other benefits, as dictated by competitive local market practices	• Salaries and benefits of executive directors are reviewed and set annually by the remuneration committee • Salaries and benefits are benchmarked against relevant comparator groups[2] • Executive directors participate in defined contribution pension schemes • Only salaries, not annual bonuses, are pensionable	• Targeted at median market levels when compared to relevant comparator groups[2] (in order to contain fixed costs) • Annual increases in salaries and benefits are referenced to the average increase awarded to other employees, unless the remuneration committee deems adjustments to be made relating to market factors	• None
Variable short-term incentive (annual bonus)	• Clear link between performance and remuneration • Embeds alignment with shareholder returns and rewards performance that meets stretch targets, but poor performance leads to reduced awards • Deferral structure provides further alignment with shareholders	• Not pensionable • Formulaic approach that includes a balanced set of financial and non-financial performance measures with achievement levels that correspond with our short-term objectives • Establishment of a short-term incentive pool amounting to 1.45% of the group's adjusted operating profit[3] • If target performance conditions achieved, distribution will be as follows: 0.5% to CEO; 0.5% to MD; and 0.45% to group risk and finance director[4] • Introduces an element of leverage (both up and down) based on actual performance • Achievement levels for each financial metric which determines threshold, target and stretch performance are set annually by the remuneration committee • Receive 20% in cash immediately; 20% deferred in shares which vest immediately, but subject to a six-month retention; the remaining 60% is deferred in shares over three years with a further six-month retention period for each vesting • Remuneration committee still retains discretion so that incentives truly reflect performance and are not distorted by an unintended formulaic outcome • Malus and clawback of deferred shares are applicable	• Subject to the following financial and non-financial targets: • *Financial metrics:* – 85% weighting – (including return on risk-weighted assets, return on equity, tier 1 capital adequacy, liquidity coverage ratio and net stable funding ratio) • *Non-financial metrics:* – 15% weighting – (including culture and values; franchise development; governance and regulatory and shareholder relationships and employee relationship and development) • The total maximum pool for the CEO, MD and group risk and finance director if all financial and non-financial stretch levels are achieved would be 180% of (adjusted operating profit x 1.45%) • Further information is available on pages 95 to 97	• The arrangements discussed here were approved by shareholders at the July 2013 general meeting • This is the first year of operation of this incentive plan • Minor changes to be made for the 2015 financial year as a result of CRD IV (refer to pages 100 to 102)

Element of remuneration	Purpose and link to strategy	Operation	Maximum value and performance targets	Changes from prior year
Long-term incentive awards	• Clear link between performance and remuneration • Embeds alignment with shareholder returns and rewards performance that meets stretch targets, but poor performance leads to reduced awards	• Applies to the CEO, MD and group risk and finance director[5] • Formulaic approach that includes a balanced set of financial and non-financial performance measures with achievement levels that correspond with our long-term strategy • Introduces an element of leverage (both up and down) based on actual performance • Achievement levels for each financial metric which determines threshold, target and stretch performance are set annually by the remuneration committee • Long-term incentives vest 75% after four years and 25% after five years each subject to a further six-month retention period, provided performance conditions are met • Malus and clawback of unvested rewards are applicable • Remuneration committee still retains discretion so that incentives truly reflect performance and are not distorted by an unintended formulaic outcome	• At grant face value: approximately 230% of fixed gross remuneration (salary and benefits) other than in the first year of operation, with awards to be made annually • Subject to the following financial and non-financial targets: *Financial metrics:* – 75% weighting – (includes growth in tangible net asset value and return on risk-weighted assets) *Non-financial metrics:* – 25% weighting – (includes culture and values; franchise development; governance and regulatory and shareholder relationships and employee relationship and development) • If stretch achievement levels for both the financial and non-financial metrics are achieved, the number of shares vesting will increase to a maximum of 135% of the number of shares awarded at the time of grant • Further information is available on pages 97 and 98	• The arrangements discussed here were approved at the July 2013 general meeting • This is the first year of operation of this incentive plan • In order to comply with CRD IV, this plan will be replaced by a fixed allowance payable in shares; effective for the 2015 financial year (refer to pages100 to 102)

Notes to the table above:

1 *Notwithstanding that Hendrik du Toit is currently a director of Investec plc and Investec Limited, he does not perform Investec group-wide executive activities. Accordingly, Hendrik du Toit and any remuneration benefits due to him are subject to the remuneration policies, rules and regulations applicable to employees of Investec Asset Management and not the remuneration policies, rules and regulations applicable to other entities within the Investec group.*

2 *Peer group companies include Aberdeen Asset Management, Barclays Africa Group, Alliance Bernstein, Close Brothers Group, FirstRand, Invesco, Jefferies, Julius Baer, Macquarie Group, Man Group, Nedbank Group, Rathbone Brothers, Schroders, Standard Bank Group and Tullett Prebon.*

3 *Defined as operating profit before taxation, goodwill, acquired intangibles and non-operating items and after non-controlling interests.*

4 *Hendrik du Toit is not defined as UK PRA Code staff and is entitled to an annual bonus as determined with respect to the performance of Investec Asset Management only as explained in note 1 above.*

5 *Hendrik du Toit will no longer receive long-term incentive awards as he is a participant in the Investec Asset Management equity ownership scheme as explained on page 89.*

Performance measures: *The short-term and long-term incentives are subject to performance conditions. A detailed explanation of these performance measures is provided on page 95 to 98. The performance measures have been selected taking into account:*

- *Key stakeholders requirements (including shareholders and regulators) which were assessed through extensive consultations on the matter*
- *The preference of the remuneration committee and the board for a range of financial metrics that ensure an appropriate balance between measures which drive profitability and prudential measures. In addition, the remuneration committee believes that it is right to include non-financial measures in determining levels of awards as directors should be incentivised to attend to important matters on which the long-term performance of the company depends, but which cannot in any one performance period be directly linked to financial returns.*

Changes to the remuneration policy from that operating in 2013: *These changes are highlighted in the table above and largely relate to changes implemented post-extensive consultation with shareholders, who required greater transparency in our remuneration arrangements (as mentioned previously).*

Differences between the remuneration policy of the executive directors and the policy for all employees: *Our remuneration principles and philosophies as explained on pages 84 and 85 also apply when considering executive directors' remuneration. The quantum of salary and benefits paid to executive directors is benchmarked against appropriate comparator groups (as discussed on page 95), however, the annual increase in such remuneration is referenced to the average increase awarded to employees in South Africa and the UK, respectively. Although this has not been the case of late, the remuneration committee may under certain circumstances make adjustments outside of these parameters, particularly in cases when there have been large adjustments in the comparator group referenced. As is the case with other employees, the short-term incentive is performance based, however, there are a number of specific performance criteria that apply in the case of determining the annual bonus for the chief executive, managing director and group risk and finance director (as set out below). The annual bonus for Hendrik du Toit (head of Investec Asset Management and executive director of the Investec group) is referenced to the performance of Investec Asset Management only as explained in note 1 above. Short-term incentives for executive directors and the employees, defined as PRA Code staff, are subject to deferral and malus requirements (and for executive directors who are PRA Code staff clawback also applies). The requirements of CRD IV are only applicable to the chief executive, managing director and group risk and finance director and to a number of employees in the UK Specialist Bank.*

Further details on the executive directors' short-term incentive plan in operation for the year ended 31 March 2014

The current short-term incentive pool available for the chief executive, managing director and group risk and finance director amounts to 1.45% of the group's adjusted operating profit, defined as operating profit before taxation, goodwill, acquired intangibles and non-operating items and after non-controlling interests. If the threshold performance conditions are achieved, distribution of the pool will be as follows: 0.5% to the chief executive, 0.5% to the managing director and 0.45% to the risk and finance director.

The short-term incentive allocated to the chief executive and pool was arrived at after extensive benchmarking over a five-year period against short-term incentives of: (i) chief executive officers, and (ii) groups of executive directors for a bespoke peer group (and sub-groups of South African and non-South African peers) comprising: Aberdeen Asset Management, Barclays Africa Group, Alliance Bernstein, Close Brothers Group, FirstRand, Invesco, Jefferies, Julius Baer, Macquarie Group, Man Group, Nedbank Group, Rathbone Brothers, Schroders, Standard Bank Group and Tullett Prebon. The levels of chief executive profit share and the pool are more compatible with international reward levels than South African reward levels. The committee believes this is appropriate, given the complexity of Investec and the challenges involved in managing a group operating across three sectors in three core geographies. The pool is decreased or increased by a performance multiplier comprising weightings and achievement scores within score ranges for the financial and non-financial performance measures described in the table below. The total maximum pool, if all financial and non-financial stretch levels are achieved, would be 180% of (adjusted operating profit x 1.45%).

Performance conditions	Weighting	Score range	Achievement levels
Financial metrics	85%	0% – 200%	Threshold (0%) Target (100%) Stretch (200%)
Non-financial metrics	15%	0% – 200%	Threshold (0%) Target (100%) Stretch (200%)

Each financial and non-financial metric has set threshold levels below which no short-term incentive will be earned and stretch levels whereby the pool for short-term incentives earned will be increased but to a level capped as a percentage of adjusted operating profit. The committee believes that these stretch levels are demanding and will result in a variable pool which will reflect actual performance and align the interests of the executive directors with the interests of shareholders. Achievement levels for the short-term incentive will be reviewed and set annually by the committee.

Executive short-term incentive – financial metrics and weightings

The weightings for each financial metric are as follows:

Financial metric	Weighting	
Aggregate	85%	
Return on risk-weighted assets[1]	35%	60% attributable to profitability measures
Return on equity[2]	25%	
Tier 1 capital adequacy[3]	12.5%	25% attributable to prudential measures
Liquidity cover ratio[4]	6.25%	
Net stable funding ratio[4]	6.25%	

1 *Return on risk-weighted assets is defined as adjusted earnings/average risk-weighted assets, where adjusted earnings are earnings attributable to ordinary shareholders after taxation, non-controlling interests and preference dividends, but before goodwill, acquired intangibles and non-operating items.*

2 *Return on equity is defined as adjusted earnings/average ordinary shareholders' equity (excluding preference share capital).*

3 *Tier 1 capital adequacy condition is a blend of the underlying tier 1 capital adequacy ratios for Investec plc and Investec Limited (50% plc: 50% Limited).*

4 *The liquidity metrics (liquidity cover ratio and net stable funding ratio) are a blend of the underlying liquidity metrics weighted by region (50% South Africa: 40% UK: 10% Australia).*

The financial metrics are designed to ensure an appropriate balance between measures which drive profitability (return on risk-weighted assets and return on equity) which comprise 60% of the total weighting of 85% and prudential measures (tier 1 capital adequacy ratios, liquidity cover ratios and the net stable funding ratio) which comprise 25% of the total weighting of 85%.

The committee considers it particularly important that the incentive scheme: (i) balances driving return on equity (25% weighting) with managing capital and liquidity (25% weighting); and (ii) sets achievement levels which are an objective reflection of risk appetite given the perceived economic and market conditions.

Executive short-term incentive – financial metrics: achievement levels for the year ended 31 March 2014

Achievement levels for each of the financial metrics, as described above, which determine threshold, target and stretch performance are set annually by the committee, following a careful and detailed review of relevant economic and market conditions. The threshold, target and stretch performance levels for the financial metrics set by the committee for the year ended 31 March 2014 are set out below. Achievement levels are shown on page 107.

	Weighting	Achievement levels		
Financial metric	85%	Threshold (0%)	Target (100%)	Stretch (200%)
Return on risk-weighted assets	35%	0.9%	1.2%	1.6%
Return on equity	25%	9%	12%	15%
Tier 1 capital adequacy	12.5%	9.5%	10.5%	12%
Liquidity cover ratio*	6.25%	115%	132.5%	162.5%
Net stable funding ratio*	6.25%	82%	89.5%	99.5%

* *The liquidity metrics (liquidity cover ratio and net stable funding ratio) are a blend of the underlying liquidity metrics weighted by region (50% South Africa: 40% UK: 10% Australia) as set out below:*

Measure	South Africa	UK	Australia
Geographical weighting	50%	40%	10%
Liquidity cover ratio			
Threshold	55%	150%	150%
Target	65%	175%	175%
Stretch	75%	225%	225%
Net stable funding ratio			
Threshold	65%	95%	90%
Target	75%	100%	95%
Stretch	85%	110%	105%

Stretch achievement levels for return on risk-weighted assets and return on equity are considered to be demanding:

- The group's adjusted earnings for the year ended 31 March 2014 amounted to £328 million
- In order to achieve the stretch achievement level for the return on risk-weighted assets metric, the group's adjusted earnings for the year ended 31 March 2014 would have needed to be 42% larger at £466 million *ceteris paribus*
- In order to achieve the stretch achievement level for the return on equity metric, the group's adjusted earnings for the year ended 31 March 2014 would have needed to be 53% larger at £502 million *ceteris paribus.*

Executive short-term incentive – non-financial metrics: achievement levels for the year ended 31 March 2014

The committee believes that it is right to incentivise executive directors to attend to important matters on which the long-term performance of the company depends, but which cannot in any one performance period be directly linked to financial returns. The executive directors have a low level of fixed gross remuneration relative to their peers. Therefore, without a meaningful weighting and target score for non-financial metrics the executives would not be rewarded in any significant way for activities which the committee and the board regard as essential to the reputation, risk profile, capability and overall long-term sustainability of the company. The committee considers that both the short- and long-term incentive schemes should properly reflect the board's view of the proper balance of responsibilities for the executive directors.

The areas of focus, weightings and objectives for the non-financial metrics will be set by the committee annually and assessed on a four-point scale. For the year ended 31 March 2014, these are as follows:

Performance conditions	Weighting	Achievement levels				
Non-financial metrics	15%	0%	50%	100%	150%	200%
Culture and values	3.75%	0	1	2	3	4
Franchise development	3.75%	0	1	2	3	4
Governance and regulatory and shareholder relationships	3.75%	0	1	2	3	4
Employee relationship and developments	3.75%	0	1	2	3	4

The committee set the following areas of focus in respect of the non-financial performance conditions for the year ended 31 March 2014:

- Culture and values
  - Management visible and proactive in demonstrating appropriate behaviour
  - Performance-driven, transparent and risk-conscious organisation
  - Delivering appropriate and sustainable products with high levels of service and responsiveness
  - Acting with integrity, supporting the community, developing people and maintaining good relations with key stakeholders
  - Continual monitoring of the culture of the group
- Franchise development
  - Quality of brand, development of client base, commitment to the community and progress in building the firm
  - Environmental and other sustainability issues
- Governance and regulatory and shareholder relationships
  - Maintaining open and transparent relations with regulators
  - Regulators should have confidence that the firm is being properly governed and managed
  - Shareholders should have confidence that the firm is being properly managed
- Employee relationship and development
  - Succession and the development of next generation
  - Diversity and black economic empowerment initiatives and results
  - Continued development of people – both on the job and extramurally.

The committee assesses achievement against objectives for the non-financial metrics on a four-point scale and score 0 (0%) and 4 (200%) only in exceptional circumstances with the typical score range being 1 (50%), 2 (100%) or 3 (150%). Further information is provided on page 107.

Timing of payments

The executive directors will receive 20% of the short-term incentive immediately in cash and 20% of the incentive will be deferred in shares which vest immediately but are subject to a six-month retention period. The remaining 60% will be deferred in shares with 20% vesting after each of the first, second and third year, each subject to a six-month retention period. Malus and clawback of deferred shares are applicable.

Further details on the executive directors' long-term incentive plan in operation for the year ended 31 March 2014

The vesting of awards for the executive directors will be conditional on performance weighted as to financial and non-financial performance and measured against prescribed achievement levels.

The number of shares awarded will be decreased or increased by a performance multiplier comprising weightings and achievement scores within score ranges for the financial and non-financial metrics, as follows:

Performance conditions	Weighting	Score range	Achievement levels
Financial metrics	75%	0 – 150%	Threshold (0%) Target (100%) Stretch (150%)
Non-financial metrics	25%	0 – 200%	Threshold (0%) Target (100%) Stretch (200%)

The number of shares which vest against both the financial and non-financial performance conditions depend on whether threshold (0%), target (100%) or stretch (150%) levels are achieved, with awards vesting on a linear basis between each level.

If the stretch achievement levels for both the financial and non-financial metrics are satisfied, the number of shares vesting will be increased to a maximum of 135% of the number of shares awarded at the time of grant.

Executive long-term incentive – financial metrics: achievement levels for the year ended 31 March 2014

The achievement levels for each financial metric which determine threshold, target and stretch performance for the three-year performance period applicable to each annual award will be set annually by the committee in advance of the award being made after a careful review of relevant economic and market conditions. The weightings for each of the financial metrics are expected to remain constant going forward.

Threshold, target and stretch achievement levels for the financial metrics confirmed by the committee for the September 2013 award were as follows:

Performance conditions	Weighting	Achievement levels		
Financial metrics	75%	Threshold (0%)	Target (100%)	Stretch (150%)
Growth in tangible net asset value[1]	40%	15%	30%	45%
Return on risk-weighted assets[2]	35%	0.7%	1.2%	1.6%

[1] *The growth in tangible net asset value is expressed per share based on neutral currency and after adding back dividends and will be measured over the three financial years preceding the first date of vesting.*

[2] *Return on risk-weighted assets is defined as adjusted earnings/average risk-weighted assets, where adjusted earnings are earnings attributable to ordinary shareholders after taxation, non-controlling interests and preference dividends, but before goodwill, acquired intangibles and non-operating items, and will be measured over the three financial years preceding the first date of vesting by averaging the actual return on risk-weighted assets achieved for each of those three financial years.*

The awards will be tested over the three financial years preceding the first date of vesting against the achievement levels set on grant (as set out above for the 2013 award) and the number of shares to be received will be determined by reference to the combined total which has been achieved.

Executive long-term incentive – non-financial metrics: achievement levels for the year ended 31 March 2014

The non-financial metrics and associated objectives for the three-year performance period applicable to each annual award will be set annually by the committee in advance of the award being made taking into account the group's strategic and operational objectives. The non-financial metrics in respect of the September 2013 award were as follows:

Performance conditions	Weighting	Achievement levels				
Non-financial metrics	25%	0%	50%	100%	150%	200%
Culture and values	4%	0	1	2	3	4
Franchise development	13%	0	1	2	3	4
Governance and regulatory and shareholder relationships	4%	0	1	2	3	4
Employee relationship and development	4%	0	1	2	3	4

The committee assesses achievement against objectives for the non-financial metrics on a four-point scale and score 0 (0%) and 4 (200%) only in exceptional circumstances with the typical score range being 1 (50%), 2 (100%) or 3 (150%).

The committee has set the same areas of focus in respect of the non-financial performance conditions for awards made during the year ended 31 March 2014 as per the short-term incentive plan. Refer to pages 96 and 97 for further detail.

To the extent that the performance conditions have been met, the number of shares awarded that will vest will be adjusted. These shares will vest 75% at the end of four years and 25% at the end of five years, subject in each case to a six-month retention period, except to the extent necessary to discharge tax liabilities arising on vesting.

Timing of payments

Vesting will be 75% after four years and 25% after five years, each subject to a six-month retention period. Malus and clawback of unvested awards are applicable.

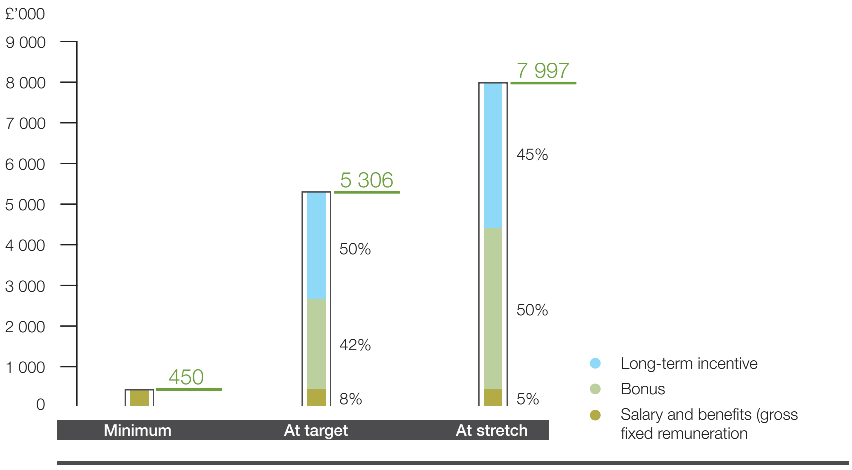
Illustrative scenarios for executive directors' remuneration

The charts on page 99 show the potential value of the executive directors' 2014 remuneration arrangements in three scenarios: 'Minimum' (i.e. fixed pay); 'At target' (i.e. fixed pay and the 'at target' variable pay and long-term incentives that may be awarded); and 'At stretch' (i.e. fixed pay and the 'stretch' achievement levels that may be awarded for variable pay and long-term incentives). The scenarios do not reflect share price movement between award and potential vesting. The majority of the potential remuneration of the executive directors is variable and subject to performance conditions being met.

As explained on pages 93 and 94 the current remuneration structure for the chief executive and managing director comprises:

- Fixed gross remuneration (comprising a base salary and benefits)
- A variable short-term annual incentive based on 0.5% of adjusted operating profit (defined as operating profit before taxation, goodwill, acquired intangibles and non-operating items and after non-controlling interests) moderated using both financial and non-financial metrics related to the holistic performance of the Investec group and shareholder value creation. The maximum pool for each of the chief executive and managing director if all financial and non-financial metrics are achieved would be 180% of (adjusted operating profit times by 0.5%). Financial and non-financial metrics are set out on pages 95 to 97. Adjusted operating profit used in the graphs below is based on £440.8 million as reported at 31 March 2014
- Long-term incentive awards moderated using both financial and non-financial metrics related to the holistic performance of the Investec group and shareholder value creation. If stretch achievement levels for both the financial and non-financial metrics are achieved, the number of shares vesting will increase to a maximum of 135% of the number of shares awarded at the time of grant. The value attributed to the long-term incentive in the graph opposite is based on the number of shares awarded (i.e. 600 000 shares to date) multiplied by the share price at the time of grant (i.e. £4.42). Financial and non-financial metrics are set out on pages 97 and 98.

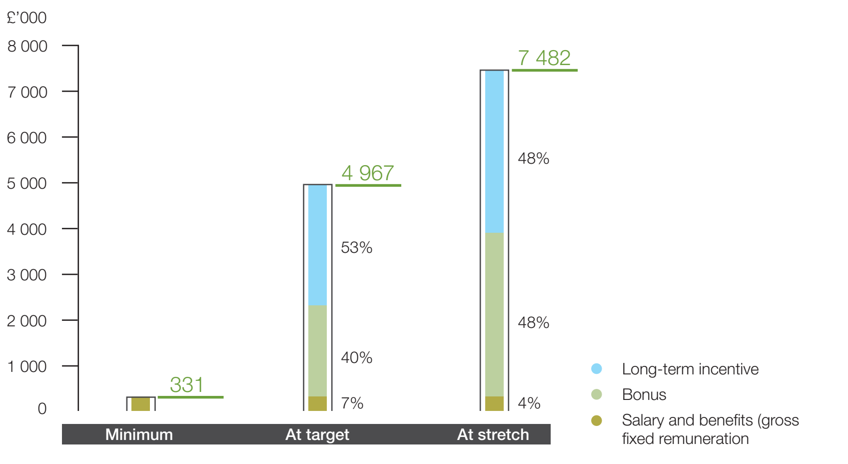
CEO and MD remuneration arrangements – illustrative scenario



As explained on pages 93 and 94 the current remuneration structure for the group risk and finance director comprises:

- Fixed gross remuneration (comprising a base salary and benefits)
- A variable short-term annual incentive based on 0.45% of adjusted operating profit (defined as operating profit before taxation, goodwill, acquired intangibles and non-operating items and after non-controlling interests) moderated using both financial and non-financial metrics related to the holistic performance of the Investec group and shareholder value creation. The maximum pool for each of the chief executive and managing director if all financial and non-financial metrics are achieved would be 180% of (adjusted operating profit times by 0.45%). Financial and non-financial metrics are set out on pages 95 to 97. Adjusted operating profit used in the graph below is based on £440.8 million as reported at 31 March 2014
- Long-term incentive awards moderated using both financial and non-financial metrics related to the holistic performance of the Investec group and shareholder value creation. If stretch achievement levels for both the financial and non-financial metrics are achieved, the number of shares vesting will increase to a maximum of 135% of the number of shares awarded at the time of grant. The value attributed to the long-term incentive in the graph below is based on the number of shares awarded (i.e. 600 000 shares to date) multiplied by the share price at the time of grant (i.e. £4.42). Financial and non-financial metrics are set out on pages 97 and 98.

Group risk and finance director remuneration arrangements – illustrative scenario



The remuneration structure for Hendrik du Toit:

Notwithstanding that Hendrik du Toit is currently a director of Investec plc and Investec Limited; he does not perform Investec group-wide executive activities. Accordingly, Hendrik du Toit and any remuneration benefits due to him are subject to the remuneration policies, rules and regulations applicable to employees of Investec Asset Management and not the remuneration policies, rules and regulations applicable to other entities within the Investec group. In this regard his remuneration structure comprises:

- Fixed gross remuneration (comprising a base salary and benefits)
- A variable short-term annual incentive based on the performance of Investec Asset Management only, which is discretionary, but uncapped
- Hendrik du Toit will no longer receive long-term incentive awards as he is a participant in the Investec Asset Management equity ownership scheme as explained on page 89.

Shareholder views in the consideration of executive directors' remuneration arrangements

We recognise that remuneration is an area of particular interest to shareholders and shareholder representative bodies and as such the remuneration committee and group chairmen have consulted on these issues each year for the past few years. As already mentioned, shareholders requested greater transparency in our remuneration arrangements which culminated in the development of a new short- and long-term incentive plan for the chief executive, managing director and group risk and finance director. These plans were approved at the July 2013 general meeting. In addition, we have consulted with shareholders and shareholder representative bodies regarding the impact of CRD IV on our remuneration arrangements. Shareholders are broadly supportive of our proposals to meet these regulations. The remuneration committee and the board believe in effective and transparent communication with key stakeholders and will continue to engage on matters that may arise and are of importance and/or concern to stakeholders.

Impact of CRD IV on remuneration arrangements

CRD IV is EU regulation that has been effective from 1 January 2014. As mentioned, CRD IV essentially focuses on the application of a cap on variable pay that can be paid to PRA Code staff including executive directors. The remuneration committee is seeking approval for the maximum CRD IV pay ratio of 2:1. The maximum ratio will apply to variable remuneration awarded in respect of the 2015 performance year awards. Investec currently has 39 PRA Code staff which represents a very small proportion of total employees. Approximately half of these employees (excluding non-executive and executive directors) are impacted by the two times cap on variable pay, but where they are we are introducing a fixed monthly cash Code staff allowance and a commensurate reduction in the levels of variable remuneration. Our approach for executive directors is highlighted below.

Impact of CRD IV on executive directors' remuneration arrangements for the financial year ending 2015

Background to our approach to CRD IV

In terms of CRD IV variable pay (performance bonus and discretionary LTIPs) is capped at one times fixed pay (salary and all benefits). This cap can be increased by shareholder resolution (66% approval required) up to two times fixed pay. Up to 25% of variable pay can be discounted if deferred over at least five years which effectively results in a maximum cap of 2.25 times proposed in the remuneration plan.

Our current incentive arrangements introduced for the chief executive, managing director and group risk and finance director for the 2014 financial year (as depicted on pages 93 and 94) essentially reflect a ratio of variable pay to fixed pay of approximately 6 times and as a result need to be amended as a result of CRD IV. The new proposals will apply to the 31 March 2015 financial year, subject to shareholder approval at the August 2014 annual general meeting.

The remuneration committee believed that the following principles were key in its restructuring of executive incentive arrangements for CRD IV:

- Variable pay should remain linked to performance and total compensation should remain competitive
- A rebalancing from historically variable pay to fixed pay under the new regime is required
- Total remuneration should be reduced to reflect greater certainty resulting from an increase in fixed pay
- Share exposure over five years should be retained to ensure shareholder alignment.

Proposed amendments to comply with CRD IV

The diagrams below illustrate the proposed amendments to the overall remuneration structure for the chief executive, managing director and group risk and finance director for the 2015 financial year. Hendrik du Toit's remuneration arrangements are not impacted by CRD IV as Investec Asset Management is exempt from these requirements.

The main changes to our existing remuneration arrangements are summarised as follows:

- To cap the ratio of variable pay to fixed pay at 2:1
- To introduce a fixed allowance payable in shares
- To decrease the short-term incentive sharing percentage of the profit pool
- To discontinue the current long-term incentive plan
- To increase the deferral period of the short-term incentive
- To reduce the overall quantum of total remuneration payable to the three executive directors.

Proposed amendments to the executive remuneration structure for the year ending 31 March 2015

Salary and short-term incentive	Deferral period	Long-term incentive	Total remuneration
Cash salary and related benefits are to be increased by an inflationary percentage No change in financial and non-financial metrics in determining the short-term incentive (as discussed on pages 95 to 97) Short-term incentive pool for CEO and MD reduced by 10% from 0.50% to 0.45% of adjusted operating profit[1] and the group risk and finance director incentive pool reduced from 0.45% to 0.40% of adjusted operating profit[1] In total the incentive pool is reduced from 1.45% of adjusted operating profit[1] to 1.3% of adjusted operating profit[1] The short-term incentive is still subject to deferral and malus and clawback arrangements	Extended from a maximum of three years to a maximum of five years The incentive pool is split as follows: • 75% short term of which 20% is paid in cash and the balance in shares deferred over three years and subject to a six-month retention period • 25% long-term payable in shares deferred over four and five years (75% vesting in year four and 25% vesting in year five) and subject to a six-month retention period.	Previous 300 000 annual allowance of long-term incentive plan shares, which is currently leveraged both up and down and conditional on performance and service, is discontinued Replaced with a contractual annual fixed allowance of £1 million payable in shares[2] Value of this fixed allowance is substantially less than the value of the long-term incentive plan award it replaces	In exchange for increased fixed pay Total remuneration for the CEO and MD is reduced 8% at target and 18% at stretch Total remuneration for the group risk and finance director is reduced 9% at target and 18% at stretch

1 *Defined as operating profit before taxation, goodwill, acquired intangibles and non-operating items and after non-controlling interests, and is then still moderated using performance conditions (both financial and non-financial metrics) as described on pages 95 to 97.*
2 *No performance conditions apply and award vests on grant but subject to retention over five years (75% after four years and 25% after five years).*

Summary of proposed remuneration structure for the executive directors for the 2015 financial year pre- and post-CRD IV taking into account the proposals mentioned above

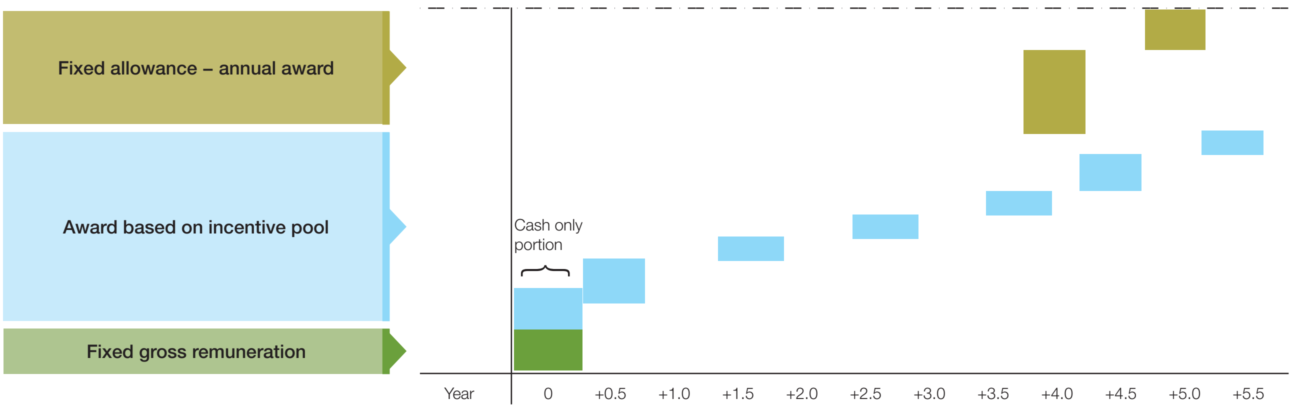
2015 – CEO and MD	Total remuneration pre-CRD IV	Total remuneration post-CRD IV	Reduction in total remuneration
At 'target' performance	£3 926 000*	£3 608 000^	8%
At 'stretch' performance	£5 826 000*	£4 777 500^	18%

2015 – group risk and finance director	Total remuneration pre-CRD IV	Total remuneration post-CRD IV	Reduction in total remuneration
At 'target' performance	£3 538 189*	£3 219 189^	9%
At 'stretch' performance	£5 248 189*	£4 287 364^	18%

* *Includes the value of the long-term incentive calculated as 230% of gross remuneration, i.e. new awards would generally be made on this basis. Gross remuneration is based on £470 000 for the CEO and MD and £320 000 for the group risk and finance director. The short-term incentive is based on analyst forecasts for 31 March 2015 of 41p, which translates into pre-tax adjusted operating profit of approximately £475 million, assuming a tax rate of 18% and 870 million shares in issue. Non-financial factor achievement levels are assumed at 100%.*

^ *Same assumptions as note (*) above except the long-term incentive award is discontinued and replaced with a fixed allowance (payable in shares) of £1 000 000. In addition, the cap on variable pay is applied.*

The graph below illustrates the timing of payments for each component of total executive remuneration taking into account our proposals for compliance with CRD IV.



Incentive pool summary

- 75% is short term
  - 20% in cash immediately
  - 20% deferred in shares vesting immediately, but subject to a six-month retention period
  - Balance deferred in shares over three years (plus six-month retention)
- 25% is long term, deferred over four and five years (75% vesting in year four and 25% vesting in year five)
- Malus/clawback of unvested awards applicable.

Fixed allowance awarded in shares summary

- Vests on award
- Retention period
  - 75% after four years
  - 25% after five years.

The remuneration committee is asking for shareholder support, at the August 2014 annual general meeting, in approving:

- The cap of variable pay to fixed pay of 2:1
- Our remuneration policy, as proposed above, that ensures we comply with current regulations, whereby we are:
  - Introducing a fixed allowance payable in shares
  - Decreasing the short-term incentive sharing percentage
  - Increasing the deferral period of the short-term incentive
  - Reducing the overall quantum of total remuneration payable to the three executive directors.

Remuneration policy for non-executive directors

The board agrees and determines the fees of non-executive directors and the fees are reviewed annually. The board's policy is that fees should reflect individual responsibilities and membership of board committees. The increase in non-executive directors' fees for the forthcoming year reflects current market conditions (with the focus on controlling fixed remuneration) and additional time commitment required. Their fee structure covers the dual roles that the directors perform for the UK-listed Investec plc and the South African-listed Investec Limited boards. The fee structure for non-executive directors for the 2014 and 2015 financial years is shown below:

Non-executive directors' remuneration	2014 financial year	As approved by the board for the 2015 financial year
Chairman's total fee	£255 000 per year	£260 000 per year
Basic non-executive director fee	£67 000 per year	£68 000 per year
Senior independent director	£5 500 per year	£5 500 per year
Chairman of the DLC audit committee	£57 000 per year	£58 000 per year
Chairman of the DLC remuneration committee	£38 000 per year	£42 000 per year
Member of the DLC audit committee	£16 500 per year	£17 000 per year
Member of the DLC remuneration committee	£15 000 per year	£15 500 per year
Member of the DLC nominations and directors' affairs committee	£11 000 per year	£11 000 per year
Member of the DLC social and ethics committee	–	£11 000 per year
Member of the board risk and capital committee	£13 500 per year	£13 500 per year
Board member in attendance of the board risk and capital committee	£11 000 per year	£11 000 per year
Investec Bank Limited board member in attendance of the board risk and capital committee	R130 000 per year	R135 000 per year
Member of the Investec Bank plc board	£12 000 per year	£12 500 per year
Member of the Investec Bank Limited board	R260 000 per year	R275 000 per year
Member of the Investec Limited audit committee who is not a DLC audit committee member	R125 000 per year	R130 000 per year
Investec Bank Limited board member in attendance at the DLC nominations and directors' affairs committee	R70 000 per year	R73 500 per year
Per diem fee for additional work committed to the group	–	£2 000/R30 000

Fees are also payable for any additional time committed to the group including attendance at certain other meetings.

There is no requirement for non-executive directors to hold shares in a group company. The group has left this choice to the discretion of each non-executive director.

The policy as described above will be taken into account in the recruitment of new non-executive directors.

Copies of the service contracts are available for inspection at the company's registered office.

The Investec group aims to apply remuneration policies to executive directors and employees that are largely consistent across the group, but recognises that certain parts of the group are governed by local regulations that may contain more onerous requirements in certain respects

Annual report on directors' remuneration

Compliance and governance statement

The remuneration report complies with the provisions of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the UK Corporate Governance Code 2012, the UK Companies Act 2006, the UK Financial Conduct Authority listing rules, the PRA Remuneration Code, the South African King III Code of Corporate Practice and Conduct, the South African Companies Act 2008 and the JSE Limited listings requirements.

Scope of our remuneration policy

The Investec group aims to apply remuneration policies to executive directors and employees that are largely consistent across the group, but recognises that certain parts of the group are governed by local regulations that may contain more onerous requirements in certain respects.

In those cases, the higher requirements are applied to that part of the group. This is relevant to Investec plc and its subsidiary companies that are subject to the PRA Remuneration Code (as a level 2 organisation as defined therein), and in particular in relation to PRA Code staff. Additionally, where any aspect of our remuneration policy contravenes local laws or regulations, the local laws or regulations shall prevail.

The following Investec plc group entities are separately regulated by the FCA and as such maintain their own remuneration policies separate from the Investec group policy and in line with such entity's own risk profile and business activities:

- Investec Asset Management Limited
- Investec Wealth & Investment Limited
- Investec Bank plc
- Hargreave Hale Limited.

Under the PRA Remuneration Code, Investec Bank plc is the only group entity which is classified as being level 2. It should be noted that our Asset Management and Wealth Management businesses have been classified as level 3 entities under the proportionality rules of the FCA Remuneration Code.

Composition and role of the committee

Perry Crosthwaite is the chairman of the remuneration committee. The other members of the committee are Olivia Dickson, Bradley Fried, Sir David Prosser and Fani Titi.

Four of the current members of the committee are deemed to be independent as discussed on page 71.

Members of the committee are also members of the group's board risk and capital committee and/or audit committee, thus bringing risk and control mechanisms into their deliberations.

The committee's principal responsibilities and objectives are to:

- Determine, develop and agree with the board, the framework or broad policy for the remuneration of executive directors and executive management (comprising individuals discharging managerial responsibilities who are the global heads of our core areas of activity and are members of our global operations forum)
- Commission and consider the results of an annual central and internal review of policy implementation
- Ensure that qualified and experienced management and executives are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their contribution to the success of the group and alignment with the corporate objectives and business strategy
- Review and approve the design of, and determine targets and objectives for, any performance-related pay schemes operated by the group and approve the aggregate annual payouts under such schemes
- Review and approve, within the terms of the agreed policy, the total individual remuneration packages of executive directors and executive management including, where appropriate, bonuses, incentive payments and share scheme awards
- Review and approve, within the terms of the agreed policy, the total individual remuneration packages of members of the internal audit, risk and compliance functions

- Oversee any major changes in our employee benefit structures
- Ensure that the comments, recommendations and rules within the UK and South Africa pertaining to remuneration are respected.

The committee is authorised by the board to seek any information it requires from any employee in order to perform its duties.

The committee's terms of reference are subject to annual review and are available on our website.

Meetings

The remuneration committee met 11 times during the financial year. Attendance schedule is provided in the Investec group's 2014 integrated annual report.

The company secretary of Investec plc acts as the secretary. Executive directors do not attend meetings of the committee, unless invited or required to do so by the chairman of the committee. The chairman of the committee reports on the activities of the committee at each meeting of the full board.

Advisers to the committee and the company

Where appropriate, the committee has access to independent executive remuneration consultants. The selection of the advisers is at the discretion of the committee, and Investec funds any expenses relating to their appointment.

During the financial year, the committee continued to use the services of its principal advisers, New Bridge Street, which among other things specifically reviewed and provided information on executive remuneration, the introduction of CRD IV, industry consultation papers, regulations and developments with respect to remuneration practices and our alignment to them. In addition, they continued to review and provide information on appropriate benchmarks, industry and comparable organisations' remuneration practices. Their recommendations are valued in the ongoing review of our remuneration practices. New Bridge Street is a signatory to the UK Remuneration Consultants Group's Code of Conduct and does not conduct any material work for the company other than for the committee and is part of Aon plc. The committee, on an annual basis, formally evaluates the advice received from New Bridge Street to ensure that it is both objective and independent and considers whether this service should be retained for the forthcoming year. Total fees paid to New Bridge Street for the year amounted to £71 000.

The company also retained the services of PricewaterhouseCoopers to assist with the development of executive director incentive arrangements in light of the introduction of CRD IV, to develop proposals for other PRA Code staff in respect of CRD IV and to understand industry remuneration developments. Certain of this information was also shared with the committee. Furthermore, we have used the services of Linklaters who have advised this year mainly on a number of issues pertaining to our existing incentive plans. Linklaters is one of Investec plc's legal advisers.

Certain specialist divisions within the group, for example, Human Resources and the Staff Share Schemes division, provide supporting information and documentation relating to matters that are presented to the committee. This includes, for example, comparative data and motivations for proposed salary, bonus and share awards. The variable remuneration pools are determined by our finance teams taking into account risk-adjusted capital requirements and after eliminating unrealised gains. The employees within these specialist divisions, which provide support to the committee, are not board directors and are not appointed by the committee.

Executive directors' single remuneration figure (audited)

The table below provides a single total remuneration figure for each executive director over the financial period.

Name	Salary £	Retirement benefits £	Total other taxable benefits £	Gross remune-ration £	Annual bonus – cash component £	Annual bonus – deferred component £	Value of vested LTIPs £	Total remune-ration £
Executive directors								
2014								
S Koseff (chief executive officer)								
– cash component	372 126	54 685	23 189	450 000	394 000		–	844 000
– deferred component						1 576 000	–	1 576 000
								2 420 000
B Kantor (managing director)								
– cash component	419 224	23 943	6 833	450 000	394 000		–	844 000
– deferred component						1 576 000	–	1 576 000
								2 420 000
GR Burger (group risk and finance director)								
– cash component	283 416	36 832	10 851	331 099	354 000		–	685 099
– deferred component						1 416 000	–	1 416 000
								2 101 099
HJ du Toit								
– cash component	391 378	50 000	9 563	450 941	4 360 000		798 705	5 609 646
– deferred component						–	–	–
								5 609 646
Total in Pounds Sterling	1 466 144	165 460	50 436	1 682 040	5 502 000	4 568 000	798 705	12 550 745
2013								
S Koseff (chief executive officer)								
– cash component	360 041	56 468	33 491	450 000	300 000		–	750 000
– deferred component						1 200 000	–	1 200 000
								1 950 000
B Kantor (managing director)								
– cash component	419 196	23 954	6 850	450 000	300 000		–	750 000
– deferred component						1 200 000	–	1 200 000
								1 950 000
GR Burger (group risk and finance director)								
– cash component	307 294	41 547	10 141	358 982	300 000		–	658 982
– deferred component						1 200 000	–	1 200 000
								1 858 982
HJ du Toit								
– cash component	391 378	50 000	9 535	450 913	2 180 000		342 188	2 973 101
– deferred component						2 180 000	–	2 180 000
								5 153 101
Total in Pounds Sterling	1 477 909	171 969	60 017	1 709 895	3 080 000	5 780 000	342 188	10 912 083

Notes to the single remuneration table:

Salary and benefits

- *Gross remuneration comprises base salary and other benefits.*
- *Gross remuneration of S Koseff, B Kantor and HJ du Toit remained the same as the prior year. The gross remuneration of GR Burger is largely determined in Rands and converted into Pounds Sterling. In Rand terms GR Burger's Rand-based gross remuneration increased by 5.1% from R3 733 333 in March 2013 to R3 923 834 in March 2014 and his Pound-based gross remuneration increased 2.5% from £83 000 to £85 000 in March 2014. Gross remuneration increases for other employees across the group have generally been in the range of 4.0% to 6.0%.*
- *The executive directors receive other benefits which may include pension schemes; life, disability and personal accident insurance; and medical cover, on similar terms to other senior executives.*
- *Retirement benefits: None of the directors belong to a defined benefit pension scheme and all are members of one of our defined contribution pension or provident schemes. The amounts reflected in the table above represent the contribution to these schemes payable by the company.*

Annual bonus

- *Notwithstanding that HJ du Toit is currently a director of Investec plc and Investec Limited; he does not perform Investec group-wide executive activities. Accordingly, HJ du Toit and any remuneration benefits due to him are subject to the remuneration policies, rules and regulations applicable to employees of Investec Asset Management and not the remuneration policies, rules and regulations applicable to other entities within the Investec group. Investec Asset Management reported an increase in adjusted operating profit before tax and non-controlling interests of 2.4% to £143.8 million. Assets under management amounted to £68.0 billion, with £2.6 billion in net inflows. HJ du Toit applied the after taxation proceeds of his bonus against the funding of his interest in the Investec Asset Management equity ownership scheme as explained on page 88.*
- *S Koseff, B Kantor and GR Burger are classified as PRA Code staff.*
- *The annual bonus for the year ended 31 March 2014 for S Koseff, B Kantor and GR Burger was determined with reference to performance against financial and non-financial metrics as set out below and described in detail on pages 95 to 97.*

- ***The determination of the bonus for S Koseff and B Kantor is shown below:***

Adjusted operating profit at 31 March 2014 (£'000)	440 787
CEO/MD 'incentive pool' at 0.5% (£'000)	2 204
Maximum leverage at 180%, i.e. maximum potential bonus (£'000)	3 967

Financial metrics

	Weighting	Actual achieve-ment at 31 March 2014	Achievement levels Threshold 0%	Target 100%	Stretch 200%	Actual allocation achieved £'000	Actual weighting achieved %
Return on risk-weighted assets	35%	1.14%	0.9%	1.2%	1.6%	612	27.7%
Return on equity	25%	10.1%	9%	12%	15%	194	8.8%
Tier 1 capital adequacy	12.50%	10.7%	9.5%	10.5%	12.0%	312	14.2%
LCR	6.25%	255.7%	115%	132.5%	162.5%	275	12.5%
NSFR	6.25%	97.5%	82%	89.5%	99.5%	247	11.2%
Total	85.0%					1 640	74.4%

While the above approach was not applied in the calculation of the bonus in the 2013 financial year, if one had to use the same basis retrospectively, the portion of the 2013 bonus 'achieved' for financial metrics would have amounted to £1 248 000 (£403 000 for return on risk-weighted assets; £62 000 for return on equity; £337 000 for tier 1 capital adequacy; £266 000 for the LCR; and £180 000 for the NSFR). The increase in the portion of the bonus for the 2014 financial year attributable to performance against financial metrics is thus largely a result of the improvement in return on risk-weighted assets and return on equity.

Non-financial metrics

Following an assessment of these metrics (as described on pages 97 and 98) the remuneration committee decided to allocate an award of approximately £330 000 for performance against non-financial metrics which equated to an overall weighting achieved of 15%.

- ***The determination of the bonus for GR Burger is shown below:***

Adjusted operating profit at 31 March 2014 (£'000)	440 787
Group risk and finance director 'incentive pool' at 0.45% (£'000)	1 984
Maximum leverage at 180%, i.e. maximum potential bonus (£'000)	3 570

Financial metrics

	Weighting	Actual achieve-ment at 31 March 2014	Achievement levels Threshold 0%	Target 100%	Stretch 200%	Actual allocation achieved £'000	Actual weighting achieved %
Return on risk-weighted assets	35%	1.14%	0.9%	1.2%	1.6%	550	27.7%
Return on equity	25%	10.1%	9%	12%	15%	174	8.8%
Tier 1 capital adequacy	12.50%	10.7%	9.5%	10.5%	12.0%	281	14.2%
LCR	6.25%	255.7%	115%	132.5%	162.5%	248	12.5%
NSFR	6.25%	97.5%	82%	89.5%	99.5%	222	11.2%
Total	85.0%					1 475	74.4%

While the above approach was not applied in the calculation of the bonus in the 2013 financial year, if one had to use the same basis retrospectively, the portion of the 2013 bonus 'achieved' for financial metrics would have amounted to £1 120 000 (£360 000 for return on risk-weighted assets; £56 000 for return on equity; £304 000 for tier 1 capital adequacy; £240 000 for the LCR; and £160 000 for the NSFR). The increase in the portion of the bonus for the 2014 financial year attributable to performance against financial metrics is thus largely a result of the improvement in return on risk-weighted assets and return on equity.

Non-financial metrics

Following an assessment of these metrics (as described on pages 97 and 98) the remuneration committee decided to allocate an award of approximately £295 000 for performance against non-financial metrics which equated to an overall weighting achieved of 15%.

- *Further information on the short-term incentives is set out on pages 95 to 97 and as discussed on page 97 a portion of bonuses are paid in cash and a portion is deferred. The portion deferred is deferred in shares.*

Long-term incentive plan (LTIP)
- *As shown on page 110, S Koseff, B Kantor and GR Burger were recently awarded with LTIPs. These LTIPs are subject to performance conditions (as explained on pages 97 and 98) and have not as yet vested.*
- *LTIPs for HJ du Toit have vested in 2014 and 2013. The values provided in the tables above represent the number of shares that vested multiplied by the market price of the shares at the date on which they vested. Further information is provided on page 110.*

Non-executive directors' single remuneration figure (audited)

The table below provides a single total remuneration figure for each non-executive director over the financial period.

Name	Total remuneration 2014 £	Total remuneration 2013 £
Non-executive directors		
Sir DJ Prosser (joint chairman)	255 000	250 000
F Titi (joint chairman)	255 000	250 000
SE Abrahams[1]	76 669	285 563
GFO Alford	145 000	168 408
CA Carolus	72 843	70 431
PKO Crosthwaite	154 049	143 998
OC Dickson	114 402	95 000
B Fried	165 500	148 000
D Friedland[2]	273 484	8 094
H Fukuda OBE	92 500	79 259
IR Kantor	73 984	76 500
MP Malungani	102 579	102 029
PRS Thomas	193 975	205 276
Total in Pounds Sterling	1 974 985	1 882 558

[1] *SE Abrahams resigned from the board on 8 August 2013.*
[2] *D Friedland was appointed to the board on 1 March 2013 and became chairman of the audit committee on 8 August 2013.*

Payments to past directors and payments for loss of office

No such payments have been made.

Directors' shareholdings, options and long-term incentive awards (audited)

The company's register of directors' interests contains full details of directors' shareholdings, options and long-term incentive awards. The tables that follow provide information on the directors' shareholdings, options and long-term incentive awards for the year ended 31 March 2014.

Directors' shareholdings in Investec plc and Investec Limited shares at 31 March 2014

	Beneficial and non-beneficial interest		% of shares in issue[1]	Beneficial and non-beneficial interest		% of shares in issue[1]
	Investec plc[1]		Investec plc	Investec Limited[1]		Investec Limited
Name	1 April 2013	31 March 2014	31 March 2014	1 April 2013	31 March 2014	31 March 2014
Executive directors						
S Koseff	4 589 355	4 589 355	0.8%	1 809 399	1 809 399	0.6%
B Kantor	57 980	57 980	–	4 201 000	4 301 000	1.5%
GR Burger	2 402 135	2 402 135	0.4%	737 076	737 076	0.3%
HJ du Toit	–	–	–	604 740	604 740	0.2%
Total number	7 049 470	7 049 470	1.2%	7 352 215	7 452 215	2.6%
Non-executive directors						
Sir DJ Prosser (joint chairman)	10 000	10 000	–	–	–	–
F Titi (joint chairman)	–	–	–	–	–	–
SE Abrahams	–	–	–	–	–	–
GFO Alford	10 000	10 000	–	–	–	–
CA Carolus	–	–	–	–	–	–
PKO Crosthwaite	132 908	132 908	–	–	–	–
OC Dickson	–	–	–	–	–	–
B Fried	–	–	–	300 000	–	–
D Friedland	–	–	–	–	–	–
H Fukuda OBE	5 000	5 000	–	–	–	–
IR Kantor	3 509 545	3 509 545	0.6%	325	325	–
MP Malungani	–	–	–	–	–	–
PRS Thomas	195 800	–	–	–	–	–
Total number	3 863 253	3 667 453	0.6%	300 325	325	–
Total number	10 912 723	10 716 923	1.8%	7 652 540	7 452 540	2.6%

[1] The number of shares in issue and share prices for Investec plc and Investec Limited over the period is provided on page 111.

There are no requirements for directors to hold shares in the group.

Directors' interest-in preference shares at 31 March 2014

	Investec plc		Investec Limited		Investec Bank Limited	
Name	1 April 2013	31 March 2014	1 April 2013	31 March 2014	1 April 2013	31 March 2014
Executive director						
S Koseff	101 198	101 198	3 000	3 000	4 000	4 000

- *The market price of an Investec plc preference share at 31 March 2014 was R87.99 (2013: R56.00).*
- *The market price of an Investec Limited preference share at 31 March 2014 was R84.01 (2013: R85.10).*
- *The market price of an Investec Bank Limited preference share at 31 March 2014 was R90.00 (2013: R91.90).*

Directors' interests in options at 31 March 2014

Investec plc shares

The directors do not have any interest in options over Investec plc shares.

Investec Limited shares

The directors do not have any interest in options over Investec Limited shares.

Directors' interests in long-term incentive plans at 31 March 2014

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2013	Exercised during the year	Options granted/ lapsed during the year	Balance at 31 March 2014	Market price at date of exercise	Gross gains made on date of exercise	Period exercisable
HJ du Toit	25 June 2009	Nil	250 000	(187 500)	–	62 500	£4.26	£798 705	Balance on 25 June 2015
	1 July 2010	Nil	750 000	–	–	750 000			Balance on 75% is exercisable on 1 July 2014 and 25% on 1 July 2015

The group has made awards in respect of nil cost options in the capital of Investec plc for nil consideration pursuant to the Long-Term Incentive Plan (LTIP). The awards are in accordance with the determination of the remuneration committee and with the rules of the LTIP. These awards were made prior to HJ du Toit becoming an executive director. HJ du Toit exercised his options and sold 87 500 Investec plc shares on 8 July 2013, at an average share price of £4.20 per share. HJ du Toit exercised his options and sold 100 000 Investec plc shares on 11 July 2013, at an average share price of £4.31 per share. There were no performance conditions attached to these awards. None of the outstanding awards at 31 March 2014 have vested.

Directors' interests in the Investec plc Executive Incentive Plan 2013 at 31 March 2014

Name	Date of grant	Exercise price	Conditional awards made during the year	Balance at 31 March 2014	Performance period	Period exercisable	Retention period
S Koseff	16 September 2013	Nil	600 000	600 000	1 April 2013 to 31 March 2016	75% is exercisable on 16 September 2017; and	16 September 2017 to 16 March 2018
						25% on 16 September 2018, subject to performance criteria being met.	16 September 2018 to 16 March 2019
B Kantor	16 September 2013	Nil	600 000	600 000	1 April 2013 to 31 March 2016	75% is exercisable on 16 September 2017; and	16 September 2017 to 16 March 2018
						25% on 16 September 2018, subject to performance criteria being met.	16 September 2018 to 16 March 2019
GR Burger	16 September 2013	Nil	600 000	600 000	1 April 2013 to 31 March 2016	75% is exercisable on 16 September 2017; and	16 September 2017 to 16 March 2018
						25% on 16 September 2018, subject to performance criteria being met.	16 September 2018 to 16 March 2019

The Executive Incentive Plan and the awards made on 16 September 2013 were approved at the July 2013 general meeting in terms of which 600 000 nil cost options each were awarded to S Koseff, B Kantor and GR Burger.

The performance criteria in respect of these awards are detailed on pages 97 and 98. None of these awards have as yet vested. The face value at grant for these awards, assuming 'at target' performance (as described on pages 97 and 98) amounts to £2 652 000 based on an actual share price for Investec plc of £4.42 on 16 September 2013 (date of grant), and 600 000 awards vesting.

Summary: total interest in Investec plc and Investec Limited ordinary shares, options and long-term incentive awards at 31 March 2014

Investec plc

Name	Beneficially and non-beneficially held	Long-term incentive plans	Investec plc Executive Incentive Plan 2013	Balance at 31 March 2014	Balance at 31 March 2013
Executive directors					
S Koseff	4 589 355	–	600 000	5 189 355	5 339 355
B Kantor	57 980	–	600 000	657 980	807 980
GR Burger	2 402 135	–	600 000	3 002 135	3 152 135
HJ du Toit	–	812 500	–	812 500	1 000 000
Total number	7 049 470	812 500	1 800 000	9 661 970	10 299 470

Investec Limited

Name	Beneficially and non-beneficially held	Balance at 31 March 2014	Balance at 31 March 2013
Executive directors			
S Koseff	1 809 399	1 809 399	1 809 399
B Kantor	4 301 000	4 301 000	4 201 000
GR Burger	737 076	737 076	737 076
HJ du Toit	604 740	604 740	604 740
Total number	7 452 215	7 452 215	7 352 215

The number of shares in issue and share prices for Investec plc and Investec Limited over the period are provided below.

Summary: Investec plc and Investec Limited share statistics

	31 March 2014	31 March 2013	High over the year	Low over the year
Investec plc share price	£4.85	£4.59	£5.08	£3.66
Investec Limited share price	R84.84	R64.26	R85.04	R59.00
Number of Investec plc shares in issue (million)	608.8	605.2	–	–
Number of Investec Limited shares in issue (million)	282.9	279.6	–	–

Directors' remuneration – alignment of interests with shareholders (unaudited)

We recognise that remuneration is an area of particular interest to shareholders and that in setting and considering changes to remuneration it is important that we take their views into account. Accordingly, a series of meetings are held each year with our major shareholders and shareholder representative groups. The remuneration committee chairman attends these meetings, accompanied by senior Investec employees and some non-executive directors. This engagement is meaningful and helpful to the committee in its work and contributes directly to the decisions made by the committee.

Performance graph: total shareholder return

We have implemented a DLC structure in terms of which we have primary listings in London and Johannesburg. The listing on the London Stock Exchange (LSE) took place on 29 July 2002. We have been listed in South Africa since 1986.

Schedule 8 of the UK Large and Medium-sized Companies and Groups (Accounts and Report) Regulations 2008 requires this report to include a performance graph of Investec plc's total shareholder return (TSR) performance against that of a broad market index. We found it difficult to locate an appropriate group of companies to benchmark ourselves against because of our specialist activities. A number of companies within the FTSE 350 General Finance Index conduct similar activities to us, although they do not necessarily have the same geographical profile. Nevertheless, to date this has been the most appropriate index against which to measure our performance on the LSE. Towards the end of our 2010 financial year, Investec plc was included as a new entrant into the FTSE 100 Index. Investec plc however, exited this index during December 2011 as it did not qualify for reinclusion based on its market capitalisation at that date. We have included the total shareholder return of that index for illustrative purposes.

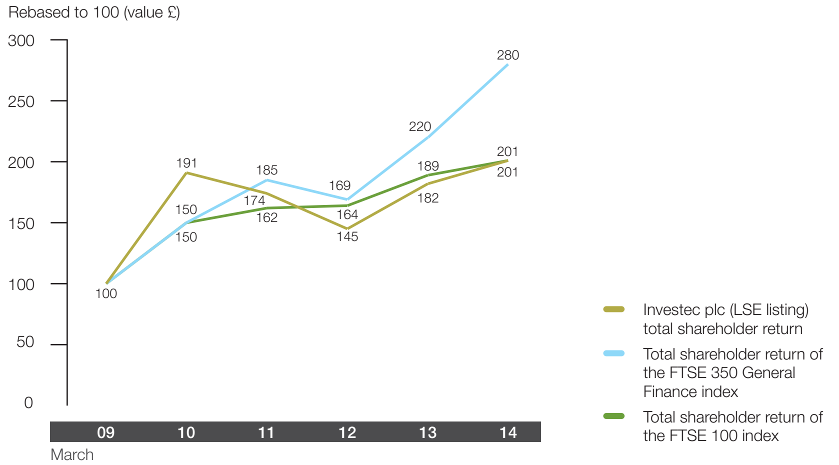
The graph on the following page shows the cumulative shareholder return for a holding of our shares (in gold) in Pounds Sterling on the LSE, compared with the average total shareholder return of other members of the FTSE 350 General Finance Index and the FTSE 100 Index. It shows that, at 31 March 2014, a hypothetical £100 invested in Investec plc at 31 March 2009 would have generated a total return of £101 compared with a return of £180 if invested in the FTSE 350 General Finance Index and a return of £101 if invested in the FTSE 100 Index. Investec plc has therefore underperformed the FTSE 350 General Finance Index over the period.

During the period from 1 April 2013 to 31 March 2014, the return to shareholders of Investec plc (measured in Pounds Sterling) and Investec Limited (measured in Rands) was 9.6% and 36.3%, respectively. This compares to a 27.4% return for the FTSE 350 General Finance Index, a return of 6.7% for the FTSE 100 Index and a return of 25.7% for the JSE Top 40 Index.

The market price of our shares on the LSE was £4.85 at 31 March 2014, ranging from a low of £3.66 to a high of £5.08 during the financial year. Furthermore, the market price of our shares on the JSE Limited was R84.84 at 31 March 2014, ranging from a low of R59.00 to a high of R85.04 during the financial year.

Performance graph and table of CEO remuneration

Total shareholder return



Source: Datastream

In addition, the table below provides a five-year summary of the total remuneration of the chief executive over the same period as the graph above. For the purpose of calculating the value of the remuneration of the chief executive, data has been collated on a basis consistent with the 'single remuneration figure' methodology as set out on page 106.

Year	31 March 2010	31 March 2011	31 March 2012	31 March 2013	31 March 2014
CEO single figure of total remuneration (£'000)*	4 910	4 291	450	1 950	2 420
% of maximum of short-term incentive	n/a^	n/a^	n/a^	n/a^	61%

* *Historical long-term incentives did not vest as they did not meet performance conditions in the relevant periods. Current long-term incentives are only due to vest in 2017, subject to performance criteria.*

^ *Historically, annual bonuses were not determined in terms of a formulaic approach where maximum and minimum awards could be derived.*

Percentage change in the chief executive's remuneration

The table below shows how the percentage change in the chief executive's salary and benefits and annual bonus between 2013 and 2014 compares with the percentage change in the average of each of those components of pay for Investec plc employees and Investec Limited employees.

	Salary and benefits	Annual bonus
CEO (in Pounds Sterling)	0.0%	31.3%
Average based on Investec plc employees (in Pounds Sterling)	1.7%	16.4%
Average based on Investec Limited employees (in Rands)	9.8%	22.3%

Relative importance of spend on pay

Our value-added statement is provided on page 9. In summary, the relative importance of pay and distributions to shareholders is shown below:

£'000	31 March 2014	31 March 2013	% change
Group compensation costs	897 743	877 341	2.3%
– Fixed	592 192	602 884	(1.8%)
– Variable	305 551	274 457	11.3%
Dividends to shareholders	183 865	185 321	(0.8%)
– Ordinary shares	150 053	147 660	1.6%
– Preference shares	33 812	37 661	(10.2%)

Statement of voting at annual general meeting

At the last annual general meeting, the voting results on the three remuneration resolutions for the year ended 31 March 2013 were as follows:

	Number of votes cast 'for' resolution	% of votes 'for' resolution	Number of votes cast 'against' resolution	% of votes 'against' resolution	Number of abstentions
To approve directors' remuneration report	531 301 504	83.3%	106 669 315	16.7%	6 957 342
To approve directors' remuneration	537 905 353	83.6%	105 894 492	16.4%	770 979
To approve Executive Incentive Plan	381 284 296	72.7%	143 428 321	27.3%	93 755 358

Statement of implementation of remuneration policy for the year ending 31 March 2015

Executive directors

Pending approval at the August 2014 annual general meeting, the remuneration policy for the chief executive, managing director and group risk and finance director will be implemented as follows:

Base salary and benefits	• £470 000 for Stephen Koseff • £470 000 for Bernard Kantor • £320 000 (i.e. R4 240 000 Rand portion and £85 500 Pound portion) for Glynn Burger	• Inflationary increase
Fixed allowance	£1 000 000 for each of the three executive directors	• Payable in shares • Vests on award • Retention period: – 75% after four years – 25% after five years • Introduced to comply with CRD IV
Bonus	Incentive pool: • 0.45% each of adjusted operating profit for Stephen Koseff and Bernard Kantor • 0.40% of adjusted operating profit for Glynn Burger • Subject to a maximum of 2.25 times cap to fixed pay for each of the three executive directors (per CRD IV)	• Award subject to performance criteria as set out on pages 95 to 97 • No change in these criteria • Malus and clawback provisions apply (no change) • Deferral period extended from three years to five years
LTIP	Discontinued	As per adjustments for CRD IV as described on pages 100 to 102

Non-executive directors

Fees payable to non-executive directors for the 2015 financial year are set out on page 103.

Additional remuneration disclosures (unaudited)

South African Companies Act 2008 disclosures

Subsequent to regulatory developments in South Africa, Investec Limited is required to disclose the remuneration of those individuals that are defined by the South African Companies Act, No 71 of 2008, as amended, read together with the Companies Regulations 2011 (together the Act), as prescribed officers.

In keeping with the group's integrated global management structure as well as the three distinct business activities of the group, i.e. Asset Management, Wealth & Investment and Specialist Banking, the prescribed officers for Investec Limited, as per the Act are the following global heads of the group's three distinct business activities:

- Asset Management
  - Hendrik du Toit
- Wealth & Investment
  - Steve Elliott
- Specialist Banking
  - Stephen Koseff
  - Bernard Kantor
  - Glynn Burger.

Hendrik du Toit, Stephen Koseff, Bernard Kantor and Glynn Burger are also the four executive directors of Investec Limited and their remuneration is disclosed on page 106.

Steve Elliott is remunerated by Investec plc (a UK domiciled company) and is not required to disclose his remuneration under the South African Companies Act.

PRA Remuneration Code disclosures

In terms of the PRA's Chapter on Disclosure Requirements (BIPRU 11.5.18) the bank in the UK is required to make certain quantitative and qualitative remuneration disclosures on an annual basis with respect to PRA Code staff. Code staff are defined as those employees (including directors) whose professional activities could have a material impact on the bank's risk profile. A total of 39 individuals were PRA Code staff in 2014.

The bank's qualitative remuneration disclosures are provided on pages 81 to 103.

The information contained in the tables below sets out the bank's quantitative disclosures in respect of PRA Code staff for the year ended 31 March 2014.

Aggregate remuneration by remuneration type

£'million	Senior management	Other Code staff	Total
Fixed remuneration	3.9	6.0	9.9
Variable remuneration*			
– Cash	2.4	3.6	6.0
– Deferred cash	0.1	1.9	2.0
– Deferred shares	3.8	5.6	9.4
– Deferred shares – long-term incentive awards	3.0	8.2	11.2
Other			
– Options – long-term incentive awards made in current year**	0.7	1.1	1.8
– Options – long-term incentive awards made in prior years**	2.1	1.2	3.3
Total aggregate remuneration and deferred incentives	16.0	27.6	43.6
Ratio between fixed and variable pay	1:3	1:3	1:3

* *Total number of employees receiving variable remuneration was 32.*

** *Information based on the IFRS 2 accounting charge that has been expensed by the company in its income statement during the financial year.*

Code staff received total remuneration in the following bands:

	Number of Code staff
£800 000 – £1 200 000	3
>£1 200 001 – £1 600 000	1
>£1 600 001 – £2 000 000	5
>£2 000 001 – £2 400 000	1
>£2 400 001 – £2 800 000	–
>£2 800 001 – £3 200 000	1
>£3 200 001 – £3 600 000	–
>£3 600 001 – £4 000 000	1
>£4 000 001 – £4 400 000	1
>£4 400 001 – £4 800 000	2
>£4 800 001 – £5 200 000	–
>£5 200 001	–

Additional disclosure on deferred remuneration

£'million	Senior management	Other Code staff	Total
Deferred unvested remuneration outstanding at the beginning of the year	18.2	18.3	36.5
Deferred unvested remuneration adjustment – employees no longer Code staff	(7.8)	(2.5)	(10.3)
Deferred remuneration awarded in year	6.9	15.7	22.6
Deferred remuneration reduced in year through performance adjustments	–	–	–
Deferred remuneration vested in year	(2.3)	(5.8)	(8.1)
Deferred unvested remuneration outstanding at the end of the year	15.0	25.7	40.7

£'million	Senior management	Other Code staff	Total
Deferred unvested remuneration outstanding at the end of the year			
– Equity	10.4	18.6	29.0
– Cash	2.5	4.3	6.8
– Other	2.1	2.8	4.9
	15.0	25.7	40.7

£'million	Senior management	Other Code staff	Total
Deferred remuneration vested in year			
– For awards made in 2013 financial year	–	–	-
– For awards made in 2012 financial year	(0.9)	(1.3)	(2.2)
– For awards made in 2011 financial year	(1.4)	(4.5)	(5.9)
	(2.3)	(5.8)	(8.1)

Other remuneration disclosures

£'million	Senior management	Other Code staff	Total
Sign-on payments			
Made during the year (£'million)	–	–	–
Number of beneficiaries	–	–	–
Severance payments			
Made during the year (£'million)	–	–	–
Number of beneficiaries	–	–	–
Guaranteed bonuses			
Made during the year (£'million)	–	–	–
Number of beneficiaries	–	–	–

Pillar III remuneration disclosures

The bank in South Africa is required to make certain quantitative and qualitative remuneration disclosures on an annual basis in terms of the South African Reserve Bank's Basel Pillar III Disclosure requirements.

The bank's qualitative remuneration disclosures are provided on pages 81 to 103.

The information contained in the tables on the following page sets out the bank's quantitative disclosures for the year ended 31 March 2014.

Aggregate remuneration by remuneration type

R'million	Senior management^	Risk takers^	Financial and risk control staff^	Total
Variable remuneration*				
– Cash	116.3	74.2	51.3	241.8
– Deferred shares	120.4	61.8	3.4	185.6
– Deferred shares – long-term incentive awards	145.4	88.2	51.3	284.9
Other				
– Options – long-term incentive awards made in current year**	16.2	9.9	5.6	31.7
– Options – long-term incentive awards made in prior years**	55.4	26.2	15.1	96.7
Total aggregate remuneration and deferred incentives	453.7	260.3	126.7	840.7

* *Total number of employees receiving variable remuneration was 227.*

** *Information based on the IFRS 2 accounting charge that has been expensed by the company in its income statement during the financial year.*

Additional disclosure on deferred remuneration

R'million	Senior management^	Risk takers^	Financial and risk control staff^	Total
Deferred unvested remuneration outstanding at the beginning of the year	280.4	105.1	36.2	421.7
Deferred unvested remuneration adjustment – employees that are no longer employed by the bank or reclassified	6.2	(19.4)	(13.3)	(26.5)
Deferred remuneration awarded in year	265.8	150.0	54.7	470.5
Deferred remuneration reduced in year through performance adjustments	–	–	–	–
Deferred remuneration vested in year	(81.5)	(19.2)	(1.1)	(101.8)
Deferred unvested remuneration outstanding at the end of the year	470.9	216.5	76.5	763.9

R'million	Senior management^	Risk takers^	Financial and risk control staff^	Total
Deferred unvested remuneration outstanding at the end of the year				
– Equity	470.9	216.5	76.5	763.9
– Cash	–	–	–	–
– Other	–	–	–	–
	470.9	216.5	76.5	763.9

^ *Senior management:* *all members of our South African general management forum, excluding executive directors.*
Risk takers: *includes anyone (not categorised above) who is deemed to be responsible for a division/function (e.g. lending, balance sheet management, advisory and transactional banking activities) which could be incurring risk on behalf of the bank.*
Financial and risk control staff: *includes everyone in central Group Finance and central Group Risk as well as employees responsible for risk and finance functions within the operating business units.*

R'million	Senior management^	Risk takers^	Financial and risk control staff^	Total
Deferred remuneration vested in year				
– For awards made in 2013 financial year	–	–	–	–
– For awards made in 2012 financial year	59.3	9.3	0.7	69.3
– For awards made in 2011 financial year	22.2	9.9	0.4	32.5
	81.5	19.2	1.1	101.8

Other remuneration disclosures

R'million	Senior management^	Risk takers^	Financial and risk control staff^	Total
Sign-on payments				
Made during the year (R'million)	–	–	–	–
Number of beneficiaries	–	–	–	–
Severance payments				
Made during the year (R'million)	–	–	–	–
Number of beneficiaries	–	–	–	–
Guaranteed bonuses				
Made during the year (R'million)	–	–	–	–
Number of beneficiaries	–	–	–	–

^ *Senior management: all members of our South African general management forum, excluding executive directors.*
Risk takers: includes anyone (not categorised above) who is deemed to be responsible for a division/function (e.g. lending, balance sheet management, advisory and transactional banking activities) which could be incurring risk on behalf of the bank.
Financial and risk control staff: includes everyone in central Group Finance and central Group Risk as well as employees responsible for risk and finance functions within the operating business units.

Summary annual
financial statements

Directors' responsibility statement

The following statement, which should be read in conjunction with the auditors' reports set out on page 127, is made with a view to distinguishing for stakeholders the respective responsibilities of the directors and of the external auditors in relation to the combined consolidated annual financial statements.

The directors are responsible for the preparation, integrity and objectivity of the combined consolidated annual financial statements that fairly present the state of affairs of the group at the end of the financial year and the net income and cash flows for the year, and other information contained in this report.

To enable the directors to meet these responsibilities:

- The board and management set standards and management implements systems of internal controls and accounting and information systems aimed at providing reasonable assurance that assets are safeguarded and the risk of fraud, error or loss is reduced in a cost-effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties
- The group's internal audit function, which operates unimpeded and independently from operational management, and has unrestricted access to the group audit committee, appraises and, when necessary, recommends improvements in the system of internal controls and accounting practices, based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business
- The group audit committees, together with Internal Audit, plays an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

To the best of our knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operation of the system of internal control and procedures has occurred during the year under review.

The group consistently adopts appropriate and recognised accounting policies and these are supported by reasonable judgements and estimates on a consistent basis and provides additional disclosures when compliance with the specific requirements in International Financial Reporting Standards (IFRS) are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance.

The annual financial statements of the companies and the group have been prepared in accordance with the respective Companies Acts of the United Kingdom and South Africa and comply with IFRS and Article 4 of the IAS regulation and comply with UK GAAP in respect of Investec plc parent company accounts.

The directors are of the opinion, based on their knowledge of the companies, key processes in operation and enquiries, that adequate resources exist to support the companies on a going concern basis over the next year. These annual financial statements have been prepared on that basis.

It is the responsibility of the external auditors to report on the combined consolidated annual financial statements. Their reports to the members of the companies are set out on page 127. As far as the directors are aware, there is no relevant audit information of which the external auditors are unaware.

Approval of annual financial statements

The directors' report and the annual financial statements of the companies and the group, which appear on pages 121 to 123 and pages 128 to 167, were approved by the board of directors on 11 June 2014.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the companies' website. Legislation in the United Kingdom governing the preparation and dissemination of the annual financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the board

Stephen Koseff	Bernard Kantor
Chief executive officer	Managing director

13 June 2014

Declaration by the company secretary

In terms of section 88(2)(e) of the South African Companies Act, No 71 of 2008, as amended (the Act), I hereby certify that, to the best of my knowledge and belief, Investec Limited has lodged with the Companies and Intellectual Property Commission, for the financial year ended 31 March 2014, all such returns and notices as are required in terms of the Act and that all such returns and notices are true, correct and up to date.

Benita Coetsee
Company secretary, Investec Limited

13 June 2014

Directors' report

Extended business review

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 United Kingdom, 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.

The strategic report in the Investec group's 2014 integrated annual report provides an overview of our strategic position, performance during the financial year and outlook for the business.

It should be read in conjunction with the sections on pages 22 to 117 which elaborate on the aspects highlighted in this review.

The directors' report deals with the requirements of the combined consolidated Investec group, comprising the legal entities Investec plc and Investec Limited.

Authorised and issued share capital

Investec plc and Investec Limited

Details of the share capital are set out in note 43 to the annual financial statements.

Investec plc

During the year, the following shares were issued:

- 3 559 572 ordinary shares on 28 June 2013 at 459.00 pence per share
- 3 295 365 special converting shares on 28 June 2013 of £0.0002 each at par.

Investec plc did not repurchase any of its ordinary shares during the financial year ended 31 March 2014.

Investec Limited

During the year, the following shares were issued:

- 3 295 365 ordinary shares on 28 June 2013 at R70.00 (R0.0002 par and premium of R69.9998 per share)
- 3 559 572 special convertible redeemable preference shares on 28 June 2013 of R0.0002 each at par
- 217 112 Class ILRP1 redeemable, non-participating preference shares on 19 September 2013 at R1 000.00 (R0.01 par and premium of R999.99 per share)
- 28 842 Class ILRP1 redeemable, non-participating preference shares on 21 October 2013 at R1 002.74 (R0.01 par and premium of R1 002.73 per share)
- 27 236 Class ILRP1 redeemable, non-participating preference shares on 4 December 2013 at R1 008.48 (R0.01 par and premium of R1 008.47 per share)
- 135 129 Class ILRP1 redeemable, non-participating preference shares on 17 March 2014 at R1 010.27 (R0.01 par and premium of R1 010.26 per share).

Investec Limited did not repurchase any of its ordinary shares during the financial year ended 31 March 2014.

At 31 March 2014, Investec Limited held 19.0 million shares in treasury (2013: 19.7 million). Investec plc held 10.6 million shares in treasury (2013: 10.3 million). The maximum number of shares held in treasury by Investec Limited during the period under review was 19.7 million.

Financial results

The combined results of Investec plc and Investec Limited are set out in the annual financial statements and accompanying notes for the year ended 31 March 2014. The preparation of these combined results was supervised by the group risk and finance director, Glynn Burger.

Ordinary dividends

Investec plc

An interim dividend was declared to shareholders as follows:

- 8.0 pence per ordinary share to non-South African resident shareholders (2013: 8.0 pence) registered on 13 December 2013
- To South African resident shareholders registered on 13 December 2013, a dividend paid by Investec Limited on the SA DAS share, equivalent to 8.0 pence (2013: 7.0 pence and 1.0 pence per ordinary share paid by Investec plc) per ordinary share.

The dividends were paid on 27 December 2013.

The directors have proposed a final dividend to shareholders registered on 1 August 2014, of 11.0 pence (2013: 10.0 pence) per ordinary share, which is subject to the approval of the members of Investec plc at the annual general meeting which is scheduled to take place on 7 August 2014 and, if approved, will be paid on 15 August 2014, as follows:

- 11.0 pence per ordinary share to non-South African resident shareholders (2013: 10.0 pence) registered on 1 August 2014
- To South African resident shareholders registered on 1 August 2014, through a dividend paid by Investec Limited on the SA DAS share, of 7.0 pence per ordinary share and 4.0 pence per ordinary share paid by Investec plc.

Investec Limited

An interim dividend of 131.0 cents per ordinary share (2013: 112.0 cents) was declared to shareholders registered on 13 December 2013 and was paid on 27 December 2013.

The directors have proposed a final dividend of 196.0 cents per ordinary share (2013: 144.0 cents) to shareholders registered on 1 August 2014 to be paid on 15 August 2014. The final dividend is subject to the approval of members of Investec Limited at the annual general meeting scheduled for 7 August 2014.

Preference dividends

Investec plc

Non-redeemable, non-cumulative, non-participating preference shares

Preference dividend number 15 for the period 1 April 2013 to 30 September 2013, amounting to 7.52055 pence per share, was declared to members holding preference shares registered on 6 December 2013 and was paid on 17 December 2013.

Preference dividend number 16 for the period 1 October 2013 to 31 March 2014, amounting to 7.47945 pence per share, was declared to members holding preference shares registered on 13 June 2014 and will be paid on 24 June 2014.

Rand denominated non-redeemable, non-cumulative, non-participating preference shares

Preference dividend number 5 for the period 1 April 2013 to 30 September 2013, amounting to 404.85616 cents per share, was declared to members holding Rand denominated non-redeemable, non-cumulative, non-participating preference shares registered on 6 December 2013 and was paid on 17 December 2013.

Preference dividend number 6 for the period 1 October 2013 to 31 March 2014, amounting to 410.58218 cents per share, was declared to members holding preference shares registered on 13 June 2014 and will be paid on 24 June 2014.

Preferred securities

The seventh annual distribution, fixed at 7.075%, on the €200 million fixed/floating rate, guaranteed, non-voting, non-cumulative perpetual preferred callable securities issued by Investec Tier 1 (UK) LP on 24 June 2005, is due and will be paid on 24 June 2014.

Investec Limited

Non-redeemable, non-cumulative, non-participating preference shares

Preference dividend number 18 for the period 1 April 2013 to 30 September 2013, amounting to 331.42804 cents per share, was declared to shareholders holding preference shares registered on 6 December 2013 and was paid on 17 December 2013.

Preference dividend number 19 for the period 1 October 2013 to 31 March 2014, amounting to 336.11555 cents per share, was declared to shareholders holding preference shares registered on 13 June 2014 and will be paid on 24 June 2014.

Class ILRP1 redeemable non-participating preference shares

Preference dividend number 1 for the period 19 September 2013 to 30 September 2013, amounting to 156.47275 cents per share, was declared to shareholders holding preference shares on 25 October 2013 and was paid on 28 October 2013.

Preference dividend number 2 for the period 1 October 2013 to 31 December 2013, amounting to 1199.62442 cents per share, was declared to shareholders holding preference shares on 24 January 2014 and was paid on 27 January 2014.

Preference dividend number 3 for the period 1 January 2014 to 31 March 2014, amounting to 1220.33405 cents per share, was declared to shareholders holding preference shares on 25 April 2014 and was paid on 29 April 2014.

Redeemable cumulative preference shares

Dividends amounting to R23 731 999.98 were paid on the redeemable cumulative preference shares.

Directors and secretaries

Details of directors and secretaries of Investec plc and Investec Limited are reflected on pages 72 and 73.

In accordance with the UK Corporate Governance Code, the entire board will offer itself for re-election at the 2014 annual general meeting, other than GFO Alford, OC Dickson and MP Malungani who will not offer themselves for re-election.

SE Abrahams retired from the board on 8 August 2013.

The company secretary of Investec plc is David Miller.

As from 1 July 2014, the company secretary of Investec Limited is Niki van Wyk. Benita Coetsee resigned with effect from 30 June 2014.

Directors and their interests

Directors' shareholdings and options to acquire shares are set out on pages 72 and 73.

The register of directors' interests contains full details of directors' shareholdings and options to acquire shares.

Corporate governance

The group's corporate governance board statement and governance framework are set out on pages 69 to 71.

Share incentives

Details regarding options granted during the year are set out on pages 146 and 147.

Audit committees

The audit committees comprising non-executive directors meet regularly with senior management, the external auditors, Operational Risk, Internal Audit, Compliance and the Finance division, to consider the nature and scope of the audit reviews and the effectiveness of our risk and control systems.

Further details on the role and responsibility of the audit committee can be found in the Investec group's 2014 integrated annual report.

Auditors

Ernst & Young LLP have indicated their willingness to continue in office as auditors of Investec plc and Ernst & Young Inc. and KPMG Inc. have indicated their willingness to continue in office as joint auditors of Investec Limited.

A resolution to re-appoint them as auditors will be proposed at the annual general meeting scheduled to take place on 7 August 2014.

Contracts

Refer to page 92 for details of contracts with directors.

Subsidiary and associated companies

Details of principal subsidiary and associated companies can be found in Investec group's 2014 integrated annual report.

Major shareholders

The largest shareholders of Investec plc and Investec Limited are reflected on page 75.

Special resolutions

Investec plc

At the annual general meeting held on 8 August 2013, special resolutions were passed in terms of which:

- A renewable authority was granted to Investec plc to allot shares wholly for cash within the terms of the authority in Article 12.2 and to sell treasury shares wholly for cash, in connection with a rights issue and otherwise than in connection with a rights issue, up to an aggregate nominal amount equal to the section 571 of the Companies Act 2006 amount, being £6 052 (six thousand and fifty-two Pounds Sterling)
- A renewable authority was granted to Investec plc to acquire its own ordinary shares in accordance with the terms of section 701 of the Companies Act 2006
- A renewable authority was granted to Investec plc to acquire its own preference shares in accordance with the terms of section 701 of the Companies Act 2006
- Investec plc was authorised in accordance with the Companies Act 2006 to send, convey or supply all types of notices, documents or information to shareholders by electronic means, including by making such notices, documents or information available on a website, and the relevant provisions of the Articles of Association of Investec plc were amended accordingly.

Investec Limited

At the general meeting held on 9 July 2013, the following special resolutions were passed in terms of which:

- The authorised share capital of Investec Limited was reduced by the cancellation of the authorised, but unissued 40 000 000 class 'A' variable rate, compulsorily convertible, non-cumulative preference shares
- The Memorandum of Incorporation (MOI) was amended to remove all references to the class 'A' variable rate, compulsorily convertible, non-cumulative preference shares
- The authorised share capital of Investec Limited was increased by the creation of 50 000 000 redeemable, non-participating preference shares with a par value of R0.01 each
- Annexure A to the MOI was amended so as to include the newly created 50 000 000 redeemable, non-participating preference shares
- The MOI was amended so as to incorporate the Programme Preference Share terms and conditions as Annexure B to the MOI, to codify the interpretation rules between the MOI and Annexure B and to clarify the power of the directors to amend the provisions of the MOI as required in terms of section 36(4) of the Companies Act 2008.

At the annual general meeting held on 8 August 2013, the following special resolutions were passed in terms of which:

- A renewable authority was granted to Investec Limited and any of its subsidiaries to acquire its own ordinary in terms of the provisions of the South African Companies Act No 71 of 2008
- A renewable authority was granted to Investec Limited to provide financial assistance in order to comply with the provisions of sections 44 and 45 of the South African Companies Act No 71 of 2008
- A renewable authority was granted to Investec Limited to approve directors' remuneration in order to comply with the provisions of sections 65(11)(h), 66(8) and 66(9) of the South African Companies Act No 71 of 2008
- Clause 2 of the MOI was amended by the insertion of a new unnumbered clause
- Deletion of clause 3.2 of the MOI
- Articles 34.2, 153.1(g) and 155.2(j) of the MOI of Investec Limited was amended by the deletion of certain paragraphs and the replacement thereof by new paragraphs
- The authorised share capital of Investec Limited was increased by the creation of 20 000 000 non-redeemable, non-cumulative, non-participating preference shares
- Annexure A to the MOI was amended so as to include the new created 20 000 000 non-redeemable, non-cumulative, non-participating preference shares
- The MOI was amended so as to incorporate the Programme Preference Share terms and conditions as Annexure B to the MOI, to codify the interpretation rules between the MOI and Annexure B and to clarify the power of the directors to amend the provisions of the MOI as required in terms of section 36(4) of the Companies Act 2008.

Accounting policies and disclosure

Accounting policies are set having regard to commercial practice and comply with applicable United Kingdom and South African law and International Financial Reporting Standards.

The parent company accounts of Investec plc continue to be drawn up under UK Generally Accepted Accounting Practice (UK GAAP).

The accounting policies adopted in this abridged report are consistent with the Investec group's 2014 integrated annual report.

Financial instruments

Detailed information on the group's risk management process and policy can be found in the risk management report in the Investec group's 2014 integrated annual report.

Information on the group's hedge accounting policy and the use of derivatives and hedges can be found in the Investec group's 2014 integrated annual report.

Employees

Our policy is to recruit and promote on the basis of aptitude and ability, without discrimination of any kind. Applications for employment by disabled people are always considered bearing in mind the qualifications and abilities of the applicants. In the event of employees becoming disabled, every effort is made to ensure their continued employment. Our policy is to adopt an open management style, thereby encouraging informal consultation at all levels about aspects of our operations, and motivating staff involvement in our performance by means of employee share schemes.

We are committed to ensuring the health, safety and welfare of our employees and to providing and maintaining safe working conditions. We have health and safety policies in all regions of operation that cover all legislated requirements and additional benefits are provided for staff where possible. We constantly seek to improve both policies and the execution of health and safety standards in all our offices. This takes the form of staff education, regular fire drills and maintenance of an open door policy with regard to dialogue on the issue. Where appropriate the appointment of individuals responsible for various areas of health and safety is made.

Political donations and expenditure

Investec plc did not make any donations for political purposes in the UK or the rest of the EU, nor did it make any political donations to political parties or other political organisations, or to any independent election candidates, or incur any political expenditure during the year.

Invested Limited made political donations totalling R2.5 million in 2014 (2013: Rnil).

Environment, including greenhouse gas emissions

We are committed to pursuing sound environmental policies in all aspects of our business and seek to encourage and promote good environmental practice among our employees and within the community in which we operate.

Further information is provided in the Investec group's 2014 integrated annual report.

Going concern

Refer to pages 69 and 70 for the directors' statement in relation to going concern.

Research and development

In the ordinary course of business Investec develops new products and services in each of its business divisions.

Post-balance sheet events

As announced on the 11 of April 2014, the board of directors of Investec have entered into a definitive contract with the Bank of Queensland Limited (BOQ) to purchase Investec Bank Australia Limited's (IBAL) Professional Finance and Asset Finance and Leasing businesses and its deposit book. A total team of over 310 people will be transferring to BOQ. The consideration price has been agreed at an A$210 million premium to tangible net asset value (NAV), for the shares in IBAL. Upon conclusion of the transaction, IBAL will repatriate its entire NAV to Investec Holdings Australia Limited. The consideration price for the sale assets is prior to transaction costs and any costs that may arise following the restructure. Furthermore, it is a requirement of the transaction to transfer all non-sale assets and liabilities and contractual agreements out of IBAL prior to conclusion of the sale. The transaction is subject to regulatory approval.

Additional information for shareholders

Schedule A to the Directors' report is a summary of certain provisions of Investec plc's current Articles of Association and applicable English law concerning companies (the UK Companies Act 2006).

The board considers that the integrated annual report and annual financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy.

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

13 June 2014

Schedule A to the directors' report

Additional information for shareholders

Set out below is a summary of certain provisions of Investec plc's current Articles of Association (the Articles) and applicable English law concerning companies (the UK Companies Act 2006). This is a summary only and the relevant provisions of the Articles or the Companies Act 2006 should be consulted if further information is required.

Share capital

The issued share capital of Investec plc at 31 March 2014 consists of 608 756 343 ordinary shares of £0.0002 each, 15 081 149 non-redeemable, non-cumulative, non-participating preference shares of £0.01 each, 2 275 940 ZAR non-redeemable, non-cumulative, non-participating preference shares of R0.001 each, 282 934 529 special converting shares of £0.0002 each, the special voting share of £0.001, the UK DAN share of £0.001 and the UK DAS share of £0.001 (each class as defined in the Articles).

Purchase of own shares

Subject to the provisions of the Articles, the Companies Act 2006, the uncertificated securities regulations 2001 and every other statute for the time being in force concerning companies and affecting Investec plc, the approval of shareholders as provided in the Investec plc Articles, and without prejudice to any relevant special rights attached to any class of shares, Investec plc may purchase, or may enter into a contract under which it will or may purchase, any of its own shares of any class, including without limitation any redeemable shares, in any way and at any price (whether at par or above or below par).

Dividends and distributions

Subject to the provisions of the Companies Act 2006, Investec plc may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the board. The board may pay interim dividends whenever the financial position of Investec plc, in the opinion of the board, justifies such payment.

The board may withhold payment of all or any part of any dividends or other monies payable in respect of Investec plc's shares from a person with a 0.25% or more interest in nominal value of the issued shares if such a person has been served with a notice after failure to provide Investec plc with information concerning interests in those shares required to be provided under the Companies Act 2006.

Voting rights

Subject to any special rights or restrictions attaching to any class of shares, at a general meeting, every member present in person has, upon a show of hands, one vote and on a poll every member who is present in person or by proxy has one vote for each share. In the case of joint holders of a share the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the share. Under the Companies Act 2006 members are entitled to appoint a proxy, who need not be a member of Investec plc, to exercise all or any of their rights to attend and vote on their behalf at a general meeting or class meeting. A member may appoint more than one proxy in relation to a general meeting or class meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member that is a corporation may appoint an individual to act on its behalf at a general meeting or class meeting as a corporate representative. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of Investec plc.

Restrictions on voting

No member shall be entitled to vote either in person or by proxy at any general meeting or class meeting in respect of any shares held by him if any call or other sum then payable by him in respect of that share remains unpaid. In addition, no member shall be entitled to vote if he has been served with a notice after failure to provide Investec plc with information concerning interests in those shares required to be provided under the Companies Act.

Deadlines for exercising voting rights

Votes are exercisable at a general meeting of Investec plc in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representatives. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Variation of rights

Subject to the Companies Act 2006, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting the quorum shall be two persons or, if there is only one holder, that holder at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares). The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them.

Where, under the company's share incentive plan, participants are the beneficial owners of the shares, but not the registered owners, the participants are not entitled to exercise any voting rights until the shares are released to the participants. Under the company's employee trust, the trustee does not vote in respect of unallocated shares.

Transfer of shares

All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. Transfers of shares which are in uncertificated form are effected by means of the CREST system.

The directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason, refuse to register any transfer of shares (not being fully paid shares), provided that such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The directors may also refuse to register an allotment or transfer of shares (whether fully paid or not) in favour of more than four persons jointly. If the directors refuse to register an allotment or transfer they shall within two months after the date on which the letter of allotment or transfer was lodged with Investec plc send to the allottee or transferee a notice of the refusal.

The directors may decline to recognise any instrument of transfer unless the instrument of transfer is in respect of only one class of share and, when submitted for registration, is accompanied by the relevant share certificates and such other evidence as the directors may reasonably require.

Subject to the Companies Act and regulations and applicable CREST rules, the directors may determine that any class of shares may be held in uncertificated form and that title to such shares may be transferred by means of the CREST system or that shares of any class should cease to be so held and transferred.

A number of the company's employee share plans include restrictions on transfer of shares while the shares are subject to the plans, in particular, the share incentive plan.

Plc preference shares

The following are the rights and privileges which attach to the plc preference shares:

- To receive a non-cumulative preferential dividend out of the profits of Investec plc in priority to the plc ordinary shares but *pari passu* with the perpetual preference shares, on such dates in respect of such periods and on such other terms and conditions as may be determined by the directors prior to the allotment thereof
- The plc preference shares will rank as regards participation in profits *pari passu* inter se and with the most senior ranking preference shares of Investec plc in issue (if any) from time to time and with the perpetual preference shares
- On a return of capital, whether or not on a winding up (but not on a redemption or purchase of any shares by Investec plc) or otherwise, the plc preference shares will rank, *pari passu inter se* and with the most senior ranking preference shares of Investec plc in issue (if any) from time to time and with any other shares of Investec plc that are expressed to rank *pari passu* therewith as regards participation in the capital, and otherwise in priority to any other class of shares of Investec plc
- Investec plc may, at its option, redeem all or any of the plc preference shares for the time being issued and outstanding on the first call date or any dividend payment date thereafter
- Holders of plc preference shares will not be entitled to attend and vote at general meetings of Investec plc. Holders will be entitled to attend and vote at a class meeting of holders of plc preference shares.

Non-redeemable, non-cumulative, non-participating preference shares

The following are the rights and privileges which attach to the perpetual preference shares:

- Each perpetual preference share will rank as regards dividends and a repayment of capital on the winding-up of Investec plc prior to the ordinary shares, the plc special converting shares, the UK DAN share, the UK DAS share, but *pari passu* with the plc preference shares. The perpetual preference shares shall confer on the holders, on a per perpetual preference shares and equal basis, the right on a return of capital on the winding-up of Investec plc of an amount equal to the aggregate of the nominal value and premiums in respect of perpetual preference shares issued, divided by the number of perpetual preference shares in issue
- Each perpetual preference share may confer upon the holder thereof the right to receive out of the profits of Investec plc which it shall determine to distribute, in priority to the ordinary shares, the plc special converting shares, the UK DAN share and the UK DAS share, but *pari passu* with the plc preference shares, the preference dividend calculated in accordance with the Articles
- The holders of the perpetual preference shares shall be entitled to receive notice of and be present but not to vote, either in person or by proxy, at any meeting of Investec plc, by virtue of or in respect of the perpetual preference shares, unless either or both of the following circumstances prevail at the date of the meeting:
  - The preference dividend or any part thereof remains in arrears and unpaid as determined in accordance with Article 150.2(e)(ii) after six months from the due date thereof; and/or
  - A resolution of Investec plc is proposed which resolution directly affects the rights attached to the perpetual preference shares or the interests of the holders thereof, or a resolution of Investec plc is proposed to wind up or in relation to the winding-up of Investec plc or for the reduction of its capital, in which event the preference shareholders shall be entitled to vote only on such resolution.

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

Investec plc has 2 275 940 ZAR preference shares in issue. The ZAR perpetual preference shares are subject to substantially similar terms and conditions as the existing Pounds Sterling perpetual preference shares, as outlined above, save that they are denominated in South African Rand.

Shares required for the DLC structure

Investec SSC (UK) Limited, a UK trust company, specially formed for the purpose of the DLC structure, holds the plc special voting share, the plc special converting shares, the UK DAN share and the UK DAS share. These shares can only be transferred to another UK trust company, in limited circumstances.

The plc special voting shares are specially created shares so that shareholders of both Investec plc and Investec Limited effectively vote together as a single decision-making body on matters affecting shareholders of both companies in similar ways, as set out in the Articles.

Prior to a change of control, approval of termination of the sharing agreement (which regulates the DLC), liquidation or insolvency of Investec plc, the plc special converting shares have no voting rights, except in relation to a resolution proposing the: (i) variation of the rights attaching to the shares or (ii) winding-up, and they have no rights to dividends. The special converting shares are held on trust for the Investec Limited ordinary shareholders. Investec plc and Investec Limited have established dividend access trust arrangements as part of the DLC.

Investec plc has issued two dividend access shares, the UK DAS share and UK DAN share which enables Investec plc to pay dividends to the shareholders of Investec Limited. This facility may be used by the board to address imbalances in the distributable reserves of Investec plc and Investec Limited and/or to address the effects of South African exchange controls and/or if they otherwise consider it necessary or desirable.

Appointment and replacement of directors

Directors shall be no less than four and no more than 20 in number. A director is not required to hold any shares of Investec plc by way of qualification. Investec plc may by special resolution increase or reduce the maximum or minimum number of directors.

Powers of directors

Subject to the Articles, the Companies Act 2006, the CREST regulations and every other statute for the time being in force concerning companies and affecting Investec plc, and any directions given by ordinary or special resolution, the business of Investec plc will be managed by the board who may exercise all the powers of Investec plc.

The board may exercise all the powers of Investec plc to borrow money and to mortgage or charge any of its undertaking, property, assets and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of Investec plc or of any third party.

Significant agreements: change of control

The Articles of Association of both Investec plc and the Memorandum of Incorporation of Investec Limited ensure that a person cannot make an offer for one company without having made an equivalent offer to the shareholders of both companies on equivalent terms.

Pursuant to the terms of the agreements establishing the DLC structure, if either Investec plc or Investec Limited serves written notice on the other at any time after either party becomes a subsidiary of the other party or after both Investec plc and Investec Limited become subsidiaries of a third party the agreements establishing the DLC structure will terminate.

All of Investec plc's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control and, where applicable, subject to the satisfaction of any performance conditions at that time.

Independent auditor's report to the members of Investec plc

We have examined the summary financial statement for the year ended 31 March 2014 which comprises the combined consolidated income statement, the combined consolidated statement of comprehensive income, the combined consolidated balance sheet, the combined consolidated cash flow statement, the consolidated statement of changes in equity, the accounting policies set out on pages 136 and 137 and the related notes.

This statement is made solely to the company's members, as a body, in accordance with section 428(4) of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this statement, or for the opinions we have formed.

Respective responsibilities of the directors and the auditor

The directors are responsible for preparing the summarised annual report in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the summarised annual report with the full annual financial statements, the directors' remuneration report and the directors' report, and its compliance with the relevant requirements of section 428 of the Companies Act 2006 and the regulations made thereunder.

We also read the other information contained in the summarised annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement. The other information comprises only the divisional review and risk management and governance.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the company's full annual financial statements describes the basis of our opinion on those annual financial statements, the directors' remuneration report, and the directors' report.

Opinion

In our opinion the summary financial statements are consistent with the full annual financial statements, the directors' report and the directors' remuneration report of Investec plc for the year ended 31 March 2014 and comply with the applicable requirements of section 428 of the Companies Act 2006, and the regulations made thereunder.

We have not considered the effects of any events between the date on which we signed our report on the full annual financial statements dated 11 June 2014 and the date of this statement.

Ernst & Young LLP

Ernst & Young LLP
Statutory auditor
London

13 June 2014

Directors' statement

The auditor has issued unqualified reports on the full annual financial statements, the auditable part of the directors' remuneration report and on the consistency of the directors' report with those annual financial statements. Their report on the full annual financial statements and the auditable part of the directors' remuneration report contained no statement under sections 498(2) or 498(3) of the Companies Act 2006.

Combined consolidated income statement

For the year to 31 March £'000	2014	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 cost arising from integration, restructuring and partial disposals 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 and acquired intangibles	(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

* *As restated for restatements detailed in note 59 in the Investec group's 2014 integrated annual report.*

Combined consolidated statement of comprehensive income

For the year to 31 March £'000	2014	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 taken directly to 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		
Re-measurement of net defined benefit 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

* *As restated for restatements detailed in note 59 in the Investec group's 2014 integrated annual report.*

Combined consolidated balance sheet

At 31 March £'000	2014	2013*	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

* *As restated for restatements detailed in note 59 in the Investec group's 2014 integrated annual report.*

Combined consolidated cash flow statement

For the year to 31 March £'000	2014	2013*
Operating profit adjusted for non-cash items	705 374	772 605
Taxation paid	(35 508)	(61 469)
Increase in operating assets	(97 994)	(4 263 520)
Increase in operating liabilities	1 289 032	2 151 009
Net cash inflow/(outflow) from operating activities	978 951	(1 401 375)
Cash flow on acquisition of group operations	(270)	(20 834)
Cash flow on disposal/(acquisition) of group operations	38 232	(3 594)
Cash flow on net disposal of associates	6 231	3 323
Cash flow on acquisition of property, equipment and intangible assets	(42 487)	(48 821)
Cash flow on disposal of property, equipment and intangible assets	22 607	44 193
Net cash inflow/(outflow) from investing activities	24 313	(25 733)
Dividends paid to ordinary shareholders	(150 053)	(147 660)
Dividends paid to other equity holders	(43 319)	(39 334)
Proceeds on issue of shares, net of related costs	31 650	34 685
Proceeds on issue of perpetual preference shares	–	24 263
Cash flow on acquisition of treasury shares, net of related costs	(98 688)	(58 395)
Proceeds on issue of other equity instruments**	35 477	–
Proceeds from partial disposal of subsidiaries	122 716	–
Proceeds from subordinated debt raised	82 930	494 829
Repayment of subordinated debt	(215 314)	(120 494)
Net cash (outflow)/inflow from financing activities	(234 601)	187 894
Effects of exchange rates 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	2 080 190	1 782 447
On demand loans and advances to banks	1 453 632	1 358 166
Non-sovereign and non-bank cash placements	515 189	420 960
Cash and cash equivalents at the end of the year	4 049 011	3 561 573

* *As restated for restatements detailed in note 59 in the Investec group's 2014 integrated annual report.*
** *Includes equity instruments issued by subsidiaries.*

Cash and cash equivalents have a maturity profile of less than three months.

Combined consolidated statements 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	–	–	–	–
Re-measurement 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)

Other reserves								
Capital reserve account	Available-for-sale reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Retained income	Shareholders' equity excluding non-controlling interests	Non-controlling interests	Total equity
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

Combined consolidated statements of changes in equity (continued)

£'000	Ordinary share capital	Perpetual preference share capital	Share premium	Treasury shares
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 taken directly to other comprehensive income	–	–	–	–
Gains on realisation of available-for-sale assets recycled through the income statement	–	–	–	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	–	–
Pension fund actuarial losses	–	–	–	–
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	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								
Capital reserve account	Available-for-sale reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Retained income	Shareholders' equity excluding non-controlling interests	Non-controlling interests	Total equity
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

Investec plc and Investec Limited – significant accounting policies

Basis of presentation

The group annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) which comply with IFRSs as issued by the International Accounting Standards Board (IASB). At 31 March 2014, IFRS as endorsed by the EU are identical in all material respects to current IFRS applicable to the group. With differences only in the effective dates of certain standards, however the group has early adopted these relevant standards to ensure compliance with both frameworks.

The group annual financial statements have been prepared on a historical cost basis, except for investment properties, available-for-sale investments, derivative financial instruments, financial assets and financial liabilities held at fair value through profit or loss or subject to hedge accounting and liabilities for pension fund surpluses and deficits that have been measured at fair value.

Presentation of information

Disclosure under IFRS 7 – Financial Instruments: Disclosures and IAS 1 – Presentation of Financial Statements: Capital Disclosures relating to the nature and extent of risks have been included in sections marked as audited in the risk management report in Investec's 2014 integrated annual report.

Certain disclosures required under IAS 24 – Related Party Disclosures have been included in the section marked as audited in the remuneration report on pages 81 to 117.

Restatements and presentation of information

The group has adopted the following new or revised standards from 1 April 2013:

IAS 1 – Presentation of Financial Statements (Revised)

The amendments require entities to group items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently. The amendments further require tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items.

IFRS 7 – Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

The revisions to the standard came into effect from 1 April 2013 and require additional disclosures which are provided in note 57 in the Investec group's 2014 integrated annual report.

IFRS 10 – Consolidated Financial Statements

The revised standard on consolidation has been applied retrospectively, with the impact to prior reported periods disclosed in the restatement note in the Investec groups 2014 integrated annual report. The application of the single definition of control contained in the standard has resulted in the consolidation of certain special purpose vehicles in which the group has exposure to variable returns (not necessarily the majority thereof) and has the ability to affect such returns by exercising control over the activities of the entity.

IFRS 11 – Joint Arrangements

The new accounting standard came into effect from 1 April 2013 and has not had any impact on the group.

IFRS 12 – Disclosure of Interests in Other Entities

The new disclosure standard has been applied retrospectively and requires disclosure of the significant judgements and assumptions made in determining the nature of interests in subsidiaries, joint ventures and interest in associated undertakings and the interest that non-controlling interests have in the group's activities and cash flows. The standard further provides disclosure requirements relating to consolidated and unconsolidated structured entities with which the group is associated. The disclosures relating to unconsolidated structured entities are not required to include comparative information in the first year of application. The impact of the standard is further disclosed in the Investec group's 2014 integrated annual report, with no changes to measurement or recognition requirements.

IFRS 13 – Fair Value Measurement

The new accounting standard has been applied prospectively from 1 April 2013. The standard defines fair value as being a market-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 recognition and measurement of assets and liabilities of the group.

IAS 19 – Employee Benefits

The revisions to the standard have been applied retrospectively. For the group the standard has revised the basis on which the return on assets is determined, with a relatively immaterial impact. The impact to prior reported periods has been disclosed in the restatement note 59 in the Investec group's 2014 integrated annual report.

Basis of consolidation

Investec consists of two separate legal entities, being Investec plc and Investec Limited that operate under a dual listed company (DLC) structure. The effect of the DLC structure is that Investec plc and its subsidiaries and Investec Limited and its subsidiaries operate together as a single economic entity, with neither assuming a dominant role and accordingly are reported as a single reporting entity under IFRS.

All subsidiaries or structured entities are consolidated when the group controls an investee. The group controls an investee if it is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial results of subsidiaries are included in the consolidated annual financial statements of the group from the date on which control is obtained until the date the group can no longer demonstrate control.

Investec performs a reassessment of consolidation whenever there is a change in the substance of the relationship between Investec and an investee. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Investec also holds investments, for example private equity investments, which give rise to significant, but not majority, voting rights. Assessing these voting rights and whether Investec controls these entities requires judgement that affects the date at which subsidiaries are consolidated or deconsolidated.

Entities, other than subsidiary undertakings, in which the group exercises significant influence over operating and financial policies, are treated as interests in associated undertakings. Interests in associated undertakings are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. In circumstances where interests in associated undertakings or joint venture holdings arise in which the group has no strategic intention, these investments are classified as 'venture capital' holdings and are designated as held at fair value through profit or loss.

For equity accounted associates, the combined consolidated annual financial statements include the attributable share of the results and reserves of associated undertakings. The group's interests in associated undertakings are included in the consolidated balance sheet at cost plus the post-acquisition changes in the group's share of the net assets of the associate.

The consolidated balance sheet reflects the associated undertakings net of accumulated impairment losses.

All intergroup balances, transactions and unrealised gains and losses within the group that do not reflect an impairment to the asset, are eliminated in full regarding subsidiaries and to the extent of the interest in an associate.

Audit conclusion

These abridged annual financial statements have been extracted from the audited annual financial statements on which Ernst & Young LLP and Ernst & Young Inc. have issued an unmodified audit report. The auditor's report on the annual combined consolidated and separate annual financial statements is available for inspection at the companies registered office.

Notes to the summary annual financial statements

For the year to 31 March £'000	Asset Management	Wealth & Investment	Specialist Banking	Total group
Combined consolidated segmental analysis				
2014				
Segmental business analysis – income statement				
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 losses 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
Profit 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

* *Refer to calculation on page 49.*

For the year to 31 March £'000	Asset Management	Wealth & Investment	Specialist Banking	Total group
Combined consolidated segmental analysis (continued)				
2013				
Segmental business analysis – income statement				
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 losses 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**

* *Refer to calculation on page 49.*

For the year to 31 March £'000	UK and Other	Southern Africa	Australia	Total group
Combined consolidated segmental analysis (continued)				
2014				
Segmental geographic analysis – income statement				
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**
Loss/(profit) 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)
Net 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 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

* *Refer to calculation on page 48.*

For the year to 31 March £'000	UK and Other	Southern Africa	Australia	Total group
Combined consolidated segmental analysis (continued)				
2013				
Segmental geographic analysis – income statement				
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

* *Refer to calculation on page 48.*

Combined consolidated segmental analysis

(continued)

Segmental business and geographic analysis – income statement

For the year to 31 March £'000	Asset Management UK and Other	Asset Management Southern Africa	Total
2014			
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
(Profit)/loss attributable to other non-controlling interests	–	–	–
Operating profit before goodwill, acquired intangibles and after other non-controllng 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%
2013			
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
Profit 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 Managememt 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%

Wealth & Investment			Specialist Banking				
UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Australia	Total	Total group
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%
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%	41.0%	43.9%

At 31 March £'000	UK and Other	Southern Africa	Australia	Total group
Combined consolidated segmental analysis (continued)				
2014				
Segmental geographic analysis – balance sheet assets and liabilities				
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 analysis (continued)

2013

Segmental geographic analysis – balance sheet assets and liabilities

At 31 March £'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	345 623	571 740	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
	20 441 050	22 096 892	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
	20 441 050	28 323 034	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

Share-based payments

The group operates share option and long-term share incentive plans for employees the majority of which are on an equity-settled basis. The purpose of the staff share schemes is to promote an *esprit de corps* within the organisation, create an awareness of Investec's performance and provide an incentive to maximise individual and group performance by allowing all staff to share in the risks and rewards of the group.

Further information on the group share options and long-term incentive plans is provided on pages 91 and 92 of the remuneration report.

For the year to 31 March £'000	Asset Management	Wealth & Investment	Specialist Banking	Total group
Share-based payment expense				
2014				
Equity-settled	10 027	8 554	48 324	66 905
Total income statement charge	10 027	8 554	48 324	66 905*
2013				
Equity-settled	6 778	7 575	48 801	63 154
Total income statement charge	6 778	7 575	48 801	63 154

* *Of the £66.9 million charge, £62.2 million is included in operating costs and £4.7 million is an accelerated share-based payments charge that is included in the income statement in operating costs arising from integration, restructuring and partial disposal of subsidiaries.*

Included in the above income statement charge is as a result of modifications to certain options granted. This expense for the year was £0.3 million (2013: £0.4 million).

For the year to 31 March £'000	2014	2013
Weighted average fair value of options granted in the year		
UK schemes	30 054	26 921
South African schemes	45 287	21 820

	UK schemes				South African schemes			
	2014		2013		2014		2013	
Details of options outstanding during the year	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at the beginning of the year	50 514 354	0.05	46 076 830	0.06	44 300 546	–	42 423 893	–
Granted during the year	9 200 128	0.05	12 112 551	0.03	13 549 614	–	8 609 725	–
Exercised during the year^	(12 249 975)	0.01	(5 333 003)	0.01	(11 643 554)	–	(5 168 582)	–
Expired during the year	–	–	(2 342 024)	0.42	(1 731 421)	–	(1 564 490)	–
Options forfeited during the year	(4 587 440)	0.19	–	–	–	–	–	–
Outstanding at the end of the year	42 877 067	0.04	50 514 354	0.05	44 475 185	–	44 300 546	–
Exercisable at the end of the year	561 720	0.11	544 221	–	5 332	–	445 767	–

^ *The weighted average share price during the year was £4.35 (2013: £3.99).*

Share-based payments (continued)

Additional information relating to options	UK schemes 2014	UK schemes 2013	South African schemes 2014	South African schemes 2013
Options with strike prices				
Exercise price range	£3.20 – £5.00	£2.05 – £5.00	n/a	n/a
Weighted average remaining contractual life	2.79 years	3.06 years	n/a	n/a
Long-term incentive option with no strike price				
Exercise price range	£nil	£nil	Rnil	Rnil
Weighted average remaining contractual life	2.58 years	2.73 years	2.72 years	2.67 years
Weighted average fair value of options and long-term grants at measurement date	£3.27	£2.22	R51.73	R34.31
The fair values of options granted were calculated using a Black-Scholes option pricing model. For options granted during the year, the inputs into the model were as follows:				
– Share price at date of grant	£4.26 – £4.59	£3.29 – £4.08	R66.84 – R71.20	R43.85 – R56.66
– Exercise price	£nil, £4.26 – £4.59	£nil, £3.29 – £4.08	Rnil	Rnil
– Expected volatility	30%	30%	30%	30%
– Option life	4.5 – 5.25 years	5 – 5.25 years	3 – 6 years	2.5 – 5 years
– Expected dividend yields	4.42% – 5.90%	5.94% – 7.67%	3.89% – 5.08%	5.42% – 6.70%
– Risk-free rate	0.98% – 1.44%	0.84% – 1.34%	6.04% – 7.08%	5.46% – 6.29%

Expected volatility was determined based on the implied volatility levels quoted by the derivatives trading desk. The expected volatility is based on the respective share price movement over the last six months but also includes an element of forward expectation.

The expected attrition rates used were determined based on historical group data with an adjustment to actual attrition on final vesting.

For the year to 31 March	2014	2013
Earnings per share		
Earnings	£'000	£'000
Earnings attributable to shareholders	331 666	310 092
Preference dividends paid	(35 268)	(39 104)
Earnings and 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	34.4	31.7
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.		
Diluted earnings per share – pence	32.4	29.8
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.		
Adjusted earnings per share – pence	38.0	36.1
Adjusted earnings per share is calculated by dividing the earnings before deducting goodwill impairment, amortisation of acquired intangibles and non-operating items attributable to the ordinary shareholders, after taking into account earnings attributable to perpetual preference shareholders, by the weighted average number of ordinary shares in issue during the year.		
	£'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) and 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

* *In accordance with IFRS, dividends attributable to equity holders are 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.*

Notes to the summary annual financial statements (continued)

For the year to 31 March	2014	2013
Earnings per share (continued)		
Headline earnings per share – pence	33.9	31.0
Headline earnings per share has been calculated 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.		
	£'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

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

	2014		2013	
For the year to 31 March	Pence per share	Total £'000	Pence per share	Total £'000
Dividends				
Ordinary dividend				
Final dividend for prior year	10.0	81 906	9.0	78 496
Interim dividend for current year	8.0	68 147	8.0	69 164
Total dividend attributable to ordinary shareholders recognised in current financial year	18.0	150 053	17.0	147 660

The directors have proposed a final dividend in respect of the financial year ended 31 March 2014 of 11 pence per ordinary share (31 March 2013: 10 pence).

This will be paid as follows:

- For Investec Limited shareholders, through a dividend payment by Investec Limited of 196 cents per ordinary share
- For Investec plc non-South African shareholders, through a dividend paid by Investec plc of 11 pence per ordinary share
- For Investec plc South African shareholders, through a dividend payment by Investec plc of 4 pence per ordinary share and through a dividend payment by Investec Limited on the SA DAS share of 7 pence per ordinary share.

The final dividend will be payable on Friday,15 August 2014 to shareholders on the register at the close of business on Friday, 1 August 2014.

For the year to 31 March	2014 Pence per share*	2014 Cents per share*	2014 Total £'000	2013 Pence per share*	2013 Cents per share*	2013 Total £'000
Dividends (continued)						
Perpetual preference dividend						
Final dividend for prior year	7.48	402.64	11 942	7.52	315.86	11 844
Interim dividend for current year	7.52	404.86	11 305	7.52	343.15	15 907
Total dividend attributable to perpetual preference shareholders recognised in current financial year	15.00	807.50	23 247	15.04	659.01	27 751

* *Perpetual preference share dividends from Investec Limited, Investec Bank Limited and Investec plc.*

The directors have declared a final dividend in respect of the financial year ended 31 March 2014 of 7.47945 pence (Investec plc shares traded on the JSE Limited) and 7.47945 pence (Investec plc shares traded on the Channel Island Stock Exchange), 336.11555 cents (Investec Limited) and 360.1451 cents (Investec Bank Limited) per perpetual preference share. The final dividend will be payable to shareholders on the register at the close of business on Friday, 13 June 2014.

For the year to 31 March £'000	2014	2013
Dividend attributable to perpetual preferred securities	12 021	11 353

The €200 000 000 fixed/floating rate guaranteed, non-voting, non-cumulative perpetual preferred securities paid dividends of 7.075% in both years as set out in note 47.

Total perpetual preference dividend	35 268	39 104

Summary financial statements

05

Reclassifications of financial instruments

During the year ended 31 March 2009 the group reclassified certain financial instruments out of fair value through profit or loss. These assets were originally classified as held-for-trading but the group's intentions in regard to these assets changed and the group reclassified £112.3 million and £7.8 million to the loans and receivables and available-for-sale classifications, respectively. The amount reclassified reflected the fair value of the financial assets at the date of reclassification.

The group did not undertake any further reclassifications under the amendment to IAS 39 in the current year and in the prior year.

The following table shows carrying values and fair values of the assets reclassified:

	2014		2013	
At 31 March £'000	Carrying value	Fair value	Carrying value	Fair value
Trading assets reclassified to loans and receivables	31 746	16 441	46 025	26 784
	31 746	16 441	46 025	26 784

If the reclassifications had not been made, the group's income before tax in 2014 would have reduced by £3.9 million (2013: a decrease of £8.6 million).

In the current year the reclassified assets have contributed a £268 000 loss through the margin line and a loss of £4.1 million through impairments before taxation. In the prior year, after the reclassification, the assets contributed a £372 000 loss through the margin line and a loss of £4.9 million through impairments before taxation.

Fair value hierarchy

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

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

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

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

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

Fair value disclosures on investment properties are included in the Investment properties note 33 in the Investec group's 2014 integrated annual report.

At 31 March £'000	Total investments at fair value	Level within the fair value hierarchy Level 1	Level 2	Level 3
Fair value hierarchy (continued)				
2014				
Assets				
Cash and balances at central banks	7 143	7 143	–	–
Loans and advances to banks	112 148	110 650	1 498	–
Non-sovereign and non-bank cash placements	1 561	–	1 561	–
Reverse repurchase agreements and cash collateral on securities borrowed	645 449	–	645 449	–
Sovereign debt securities	3 021 966	3 021 966	–	–
Bank debt securities	687 979	203 016	484 963	–
Other debt securities	545 748	302 417	171 222	72 109
Derivative financial instruments	1 619 415	163 639	1 347 463	108 313
Securities arising from trading activities	870 088	870 088	–	–
Investment portfolio	825 745	109 922	107 456	608 367
Loans and advances to customers	788 963	–	745 810	43 153
Other securitised assets	1 230 452	1	–	1 230 451
Other assets	34 679	33 406	426	847
	10 391 336	4 822 248	3 505 848	2 063 240
Liabilities				
Deposits by banks	60	–	60	–
Derivative financial instruments	1 170 232	242 043	916 884	11 305
Other trading liabilities	861 412	823 368	38 044	–
Repurchase agreements and cash collateral on securities lent	525 335	–	525 335	–
Customer accounts (deposits)	1 109 161	–	1 109 161	–
Debt securities in issue	501 634	–	501 018	616
Liabilities arising on securitisation of own originated loans and advances	–	–	–	–
Liabilities arising on securitisation of other assets	1 182 147	–	–	1 182 147
Other liabilities	61 141	31 662	29 479	–
	5 411 122	1 097 073	3 119 981	1 194 068
Net assets	4 980 214	3 725 175	385 867	869 172

At 31 March £'000	Total instruments at fair value	Valuation technique applied		
		Level 1	Level 2	Level 3
Fair value hierarchy (continued)				
2013				
Assets				
Loans and advances to banks	165 460	108 954	56 506	–
Reverse repurchase agreements and cash collateral on securities borrowed	694 180	–	694 180	–
Sovereign debt securities	3 844 313	3 549 398	294 915	–
Bank debt securities	935 019	152 401	782 618	–
Other debt securities	380 423	260 439	77 738	42 246
Derivative financial instruments	1 983 132	254 376	1 660 434	68 322
Securities arising from trading activities	931 603	909 608	21 995	–
Investment portfolio	928 893	92 843	634 178	201 872
Loans and advances to customers	1 147 003	–	1 082 723	64 280
Other loans and advances	4 612	–	–	4 612
Other securitised assets	1 459 356	–	813 956	645 400
Other assets	479 709	477 789	1 133	787
	12 953 703	5 805 808	6 120 376	1 027 519
Liabilities				
Deposits by banks	330	–	330	–
Derivative financial instruments	1 443 325	205 935	1 234 105	3 285
Other trading liabilities	851 939	851 939	–	–
Repurchase agreements and cash collateral on securities lent	508 326	–	508 326	–
Customer accounts (deposits)	449 375	–	449 375	–
Debt securities in issue	187 645	–	187 645	–
Liabilities arising on securitisation of other assets	1 357 233	42 126	783 001	532 106
Other liabilities	534 930	496 993	35 571	2 366
Subordinated liabilities	140 366	–	140 366	–
	5 473 469	1 596 993	3 338 719	537 757
Net assets	7 480 234	4 208 815	2 781 657	489 762

Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 for the current year.

For the year ended 31 March 2013, in line with market practice, repurchase agreements have been moved from level 1 to level 2. There is no change to the level of observability, however these are based on principal to principal pricing rather than quoted market prices.

For the year to 31 March £'000	Total level 3 financial instruments	Fair value movements through income statement	Fair value movements through compre-hensive income
Fair value hierarchy (continued)			
The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in level 3 of the fair value hierarchy:			
Balance at 1 April 2012	460 504	447 845	12 659
Transfers due to application of IFRS 10	(29 054)	(29 054)	–
Restated opening balance	431 450	418 791	12 659
Total gains or losses	55 756	58 264	(2 508)
In the income statement	57 353	58 264	(911)
In the statement of comprehensive income	(1 597)	–	(1 597)
Purchases	113 486	62 967	50 519
Sales	(59 261)	(24 794)	(34 467)
Issues	(677)	(677)	–
Settlements	(2 780)	(2 780)	–
Transfers into level 3	131 865	131 289	576
Transfers out of level 3	(185 576)	(185 036)	(540)
Foreign exchange adjustments	5 499	2 814	2 685
Balance at 31 March 2013	489 762	460 838	28 924
Transfers due to application of IFRS 13*	533 098	533 098	–
Total gains or losses	66 317	67 634	(1 317)
In the income statement	67 533	67 533	–
In the statement of comprehensive income	(1 216)	101	(1 317)
Purchases	124 005	124 005	–
Sales	(91 555)	(88 478)	(3 077)
Issues	(10 343)	(10 343)	–
Settlements	(22 380)	(22 374)	(6)
Transfers into level 3	46 227	46 227	–
Transfers out of level 3	(87 103)	(27 631)	(59 472)
Transfer into non-current assets held for sale	(41 637)	(41 637)	–
Foreign exchange adjustments	(137 219)	(137 250)	31
Balance at 31 March 2014	869 172	904 089	(34 917)

All reclassifications into level 3 at 1 April 2013 occurred as a result of inputs to the valuation model being regarded as unobservable as a result of applying the principles in IFRS 13. Observable inputs are defined as inputs that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability. All other inputs have been considered to be unobservable.

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

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

For the year to 31 March £'000	2014	2013
Total gains/(losses) included in the income statement for the year		
Net interest income/(expense)	14 896	(1 251)
Fee and commission (expense)/income	(485)	5 196
Investment income	55 712	52 378
Trading income arising from customer flow	2 294	1 179
Trading income arising from balance sheet management and other trading activities	(5 731)	(952)
Other operating income	847	803
	67 533	57 353
Total gains or (losses) included in other comprehensive income for the year		
Gains on realisation of available-for-sale assets recycled through the income statement	101	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	(1 317)	(1 597)
	(1 216)	(1 597)

For the year ended 31 March 2014, £53.8 million of the total gains and losses recognised in the group are unrealised and is included in investment income.

Fair value hierarchy (continued)

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

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

					Reflected in the income statement	
At 31 March 2014	Balance sheet value £'000	Valuation method	Significant unobservable input changed	Range which unobservable input has been stressed	Favourable changes £'000	Unfavourable changes £'000
Assets						
Other debt securities	72 109				6 227	(4 770)
		Discounted cash flows	Discount rates	(5%) – 5%	670	(3 829)
		Discounted cash flows	Credit spreads	(2%) – 3%	4 693	(310)
		Other	Other	(6%) – 5%	864	(631)
Derivative financial instruments	108 313				12 354	(6 430)
		Discounted cash flows	Volatilities	(2%) – 2%	601	(698)
		Discounted cash flows	Credit spreads	(6.5bps) – 6.5bps	256	(684)
		Black-Scholes	Volatilities	20%/50%	4 204	(2 307)
		Various	Other^	^	3 182	(1 344)
			Other	(11%) – 10%	4 111	(1 397)
Investment portfolio	583 221				105 995	(59 688)
		Discounted cash flows	Volatilities	(10%) – 10%	4	(4)
		Price earnings multiple	EBITDA	(10%) – 10% or 5x EBITDA	606	(9 665)
		Various	Other^	^	88 849	(48 503)
			Other	(10%) – 10%	16 536	(1 516)
Loans and advances to customers	43 153				2 439	(5 615)
		Discounted cash flows	Cash flows	(9%) – 3%	1 337	(4 076)
			Other		1 102	(1 539)
Other securitised assets*	1 230 451				38 432	(39 120)
		Other	Underlying market price adjustments	(5%)/5%	30 310	(30 310)
		Discounted cash flows	Credit spreads	– 6 months/+ 12 month adjustment to CDR curve	8 122	(8 810)
Other assets	847	Discounted cash flows	Discount rates	(5%) – 5%	30	(28)
Liabilities						
Derivative financial instruments	11 305	Discounted cash flows	Volatilities	(4%) – 4%	648	(438)
Debt securities issue	616	Discounted cash flows	Volatilities	(2%) – 4%	15	(8)
Liabilities arising on securitisation of other assets*	1 182 147				40 225	(39 600)
		Modelled bond prices	Credit spreads	(6.5bps) – 6.5bps	6 078	(6 120)
		Other	Underlying market price adjustments	(5%)/5%	34 147	(33 480)
					206 365	(155 697)

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

^ *Other – The valuation sensitivity for the private equity and embedded derivatives (profit share portfolios) has been assessed by adjusting various inputs such as expected cash flows, discount rates, earnings multiples rather than a single input. It is deemed appropriate to reflect the outcome on a portfolio basis for the purposes of this analysis as the sensitivity of the investments cannot be determined through the adjustment of a single input.*

Fair value hierarchy (continued)

At 31 March 2014	Balance sheet value £'000	Valuation method	Significant unobservable input changed	Range which unobservable input has been stressed	Reflected in other comprehensive income Favourable changes £'000	Reflected in other comprehensive income Unfavourable changes £'000
Assets						
Investment portfolio	25 146				13 001	(1 007)
		Price earnings multiple	EBITDA	(10%) – 10% or 5x EBITDA	12 769	(891)
			Other	(10%) – 10%	232	(116)

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

Credit spreads

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

Discount rates

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

Volatilities

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

Cash flows

Cash flows relate to the future cash flows which can be expected from the instrument and requires judgement.

EBITDA

A company's earnings before interest, taxes, depreciation and amortisation. This is the main input into a price earnings multiple valuation method.

Fair value hierarchy (continued)

Level 2 financial assets and financial liabilities

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

	Valuation basis/techniques	Main inputs
Assets		
Loans and advances to banks	Discounted cash flow model, Hermite interpolation	Discount rates
Non-sovereign and non-bank cash placements	Discounted cash flow model	Discount rates
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flow model, Hermite interpolation, Black-Scholes	Discount rates
	Black-Scholes	Volatilities
Bank debt securities	Discounted cash flow model	Discount rates, swap curves and NCD curves
Other debt securities	Discounted cash flow models	Discount rates, swap curves and NCD curves, external prices, broker quotes
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, Industry standard derivative pricing models including Black-Scholes	Discount rate, risk free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Investment portfolio	Discounted cash flow model, net asset value model	Discount rate and fund unit price
	Quoted price	Net assets
Loans and advances to customers	Discounted cash flow model	Discount rates
Other assets	Discounted cash flow model	Discount rates
Liabilities		
Deposits by banks	Discounted cash flow model	Discount rates
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, Industry standard derivative pricing models including Black-Scholes	Discount rate, risk free rate, volatilities, forex forward points and spot rates, interest rate swap, credit and curves
Other trading liabilities	Discounted cash flow model	Discount rates
Repurchase agreements and cash collateral on securities lent	Discounted cash flow model, Hermite interpolation	Discount rates
Customer accounts (deposits)	Discounted cash flow model	Risk free rate
Debt securities in issue	Discounted cash flow model	Risk free rate

Derivative financial instruments

The group enters into various contracts for derivatives both as principal for trading purposes and as customer for hedging foreign exchange and interest rate exposures. These include financial futures, options, swaps and forward rate agreements. The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations.

In the tables that follow, notional principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The fair value of a derivative financial instrument represents the positive or negative cash flows which would have occurred had the rights and obligations arising from that instrument been closed out by the group in an orderly market transaction at balance sheet date.

Notes to the summary annual financial statements (continued)

At 31 March £'000	2014 Notional principal amounts	2014 Positive fair value	2014 Negative fair value	2013 Notional principal amounts	2013 Positive fair value	2013 Negative fair value
Derivative financial instruments (continued)						
Foreign exchange derivatives						
Forward foreign exchange contracts	8 340 090	54 684	42 691	5 299 453	41 169	49 553
Currency swaps	13 708 398	479 046	641 412	15 988 729	435 079	204 355
OTC options bought and sold	3 763 267	46 543	44 649	2 733 914	23 028	20 985
Other foreign exchange contracts	910 011	2 268	3 887	1 186 678	5 335	8 410
OTC derivatives	26 721 766	582 541	732 639	25 208 774	504 611	283 303
Interest rate derivatives						
Caps and floors	1 119 741	5 770	8 280	1 315 416	7 357	5 027
Swaps	41 657 236	380 023	339 182	47 474 142	709 617	572 563
Forward rate agreements	47 152 374	24 744	24 906	49 602 413	22 314	23 568
OTC options bought and sold	627	1 706	1 533	234 305	1 748	2 036
Other interest rate contracts	27 340	11 857	7 279	726 684	15 913	10 461
OTC derivatives	89 957 318	424 100	381 180	99 352 960	756 949	613 655
Exchange traded futures	28 636	87	66	48 681	–	233
	89 985 954	424 187	381 246	99 401 641	756 949	613 888
Equity and stock index derivatives						
OTC options bought and sold	4 742 951	230 074	115 430	4 303 452	195 739	100 536
Equity swaps and forwards	346 576	5 092	847	452 667	2 432	12 423
OTC derivatives	5 089 527	235 166	116 277	4 756 119	198 171	112 959
Exchange traded futures	2 112 370	38 504	75 909	2 731 330	71 047	4 683
Exchange traded options	6 557 965	119 296	158 046	9 492 913	147 437	171 468
Warrants	15 445	1 018	78 312	380 893	34	50 515
	13 775 307	393 984	428 544	17 361 255	416 689	339 625
Commodity derivatives						
OTC options bought and sold	74 435	4 160	2 766	77 173	4 131	19 387
Commodity swaps and forwards	749 686	108 930	112 486	672 564	186 311	183 395
OTC derivatives	824 121	113 090	115 252	749 737	190 442	202 782
Credit derivatives	778 067	15 577	8 033	264 849	9 365	3 727
Embedded derivatives*		135 341	–		105 076	–
Cash collateral		(45 305)	(495 482)			
Derivatives per balance sheet		1 619 415	1 170 232		1 983 132	1 443 325

* *Mainly includes profit shares received as part of lending transactions.*

Cash collateral has been shown separately in the 2014 numbers, the amount of cash netted off for 2013 is £41.1 million against the positive fair value and £492.9 million against the negative fair value.

At 31 March £'000	2014	2013
Debt securities in issue		
Bonds and medium-term notes repayable:		
Less than three months	9 210	34 526
Three months to one year	136 499	107 785
One to five years	112 186	22 506
Greater than five years	34 427	5 638
	292 322	170 455
Other unlisted debt securities in issue repayable:		
Less than three months	16 911	191 577
Three months to one year	106 025	197 361
One to five years	630 977	1 027 780
Greater than five years	550 395	314 603
	1 304 308	1 731 321
	1 596 630	1 901 776

At 31 March	2014	2013
Ordinary share capital		
Investec plc		
Issued, allotted and fully paid		
Number of ordinary shares	Number	Number
At the beginning of the year	605 196 771	598 339 612
Issued during the year	3 559 572	6 857 159
At the end of the year	608 756 343	605 196 771
Nominal value of ordinary shares	£'000	£'000
At the beginning of the year	121	120
Issued during the year	1	1
At the end of the year	122	121
Number of special converting shares	Number	Number
At the beginning of the year	279 639 164	276 020 221
Issued during the year	3 295 365	3 618 943
At the end of the year	282 934 529	279 639 164
Nominal value of special converting shares	£'000	£'000
At the beginning of the year	56	55
Issued during the year	–	1
At the end of the year	56	56
Number of UK DAN shares	Number	Number
At the beginning and end of the year	1	1
Nominal value of UK DAN share	£'000	£'000
At the beginning and end of the year	*	*
Number of UK DAS shares	Number	Number
At the beginning and end of the year	1	1

* *Less than £1 000.*

Notes to the summary annual financial statements (continued)

At 31 March	2014	2013
Ordinary share capital (continued)		
Nominal value of UK DAS share	£'000	£'000
At the beginning and end of the year	*	*
Number of special voting shares	Number	Number
At the beginning and end of the year	1	1
Nominal value of special voting share	£'000	£'000
At the beginning and end of the year	*	*

Investec Limited

Authorised

The authorised share capital of Investec Limited is R1 960 002 (2013: R1 268 002), comprising 450 000 000 (2013: 450 000 000) ordinary shares of R0.0002 each, 48 500 000 (2013: nil) redeemable, non-participating preference shares with a par value of R0.01 each, 1 500 000 (2013: nil) Class ILRP1 redeemable, non-participating preference shares of R0.01 each, 20 000 000 (2013: nil) non-redeemable, non-participating preference shares of R0.01 each, 50 000 (2013: 50 000) variable rate cumulative redeemable preference shares of R0.60 each, 100 000 000 (2013: 100 000 000) non-redeemable, non-cumulative, non-participating preference shares of R0.01 each, 1 (2013: 1) Dividend Access (South African Resident) redeemable preference share of R1, 1 (2013: 1) Dividend Access (Non-South African Resident) redeemable preference share of R1, 700 000 000 (2013: 700 000 000) special convertible redeemable preference shares of R0.0002 each (special converting shares).

Issued, allotted and fully paid		
Number of ordinary shares	Number	Number
At the beginning of the year	279 639 164	276 020 221
Issued during the year	3 295 365	3 618 943
At the end of the year	282 934 529	279 639 164
Nominal value of ordinary shares	£'000	£'000
At the beginning of the year	46	46
Issued during the year	*	*
At the end of the year	46	46
Number of special converting shares	Number	Number
At the beginning of the year	605 196 771	598 339 612
Issued during the year	3 559 572	6 857 159
At the end of the year	608 756 343	605 196 771
Nominal value of special converting shares	£'000	£'000
At the beginning of the year	5	5
Issued during the year	*	*
At the end of the year	5	5
Number of SA DAN shares	Number	Number
At the beginning and end of the year	1	1
Nominal value of SA DAN share	£'000	£'000
At the beginning and end of the year	*	*

* *Less than £1 000.*

At 31 March	2014	2013
Ordinary share capital (continued)		
Number of SA DAS shares	Number	Number
At the beginning and end of the year	1	1
Nominal value of SA DAS share	£'000	£'000
At the beginning and end of the year	*	*
Nominal value of issued, allotted and fully paid called up share capital of Investec plc and Investec Limited:		
Total called up share capital	229	228
Less: held by Investec Limited	(2)	(2)
Less: held by Investec plc	(3)	(3)
Total called up share capital	224	223

**Less than £1 000.*

The Investec Limited shares were issued in South African Rand. The amounts recorded above were calculated by reference to historic Pounds Sterling/Rand exchange rates.

In terms of the DLC structure, shareholders have common economic and voting rights as if Investec Limited and Investec plc were a single company. These include equivalent dividends on a per share basis, joint electorate and class right variations. The UK DAS share, UK DAN share, SA DAS share, the SA DAN share and the special converting shares have been issued to achieve this.

The unissued shares are under the control of the directors until the next annual general meeting.

Staff share scheme

The group operates a share option and a share purchase scheme for employees. The number of ordinary shares conditionally allocated to employees is disclosed in note 7.

Movements in the number of share options issued to (each option is in respect of one share) employees are as follows:

For the year to 31 March	Number 2014	Number 2013
Opening balance	94 814 900	88 500 723
Issued during the year	22 749 742	20 722 276
Exercised	(23 893 529)	(10 501 585)
Lapsed	(6 318 861)	(3 906 514)
Closing balance	87 352 252	94 814 900

The purpose of the staff share scheme is to promote an *esprit de corps* within the organisation, create an awareness of Investec's performance and provide an incentive to maximise individual and group performance by allowing all staff to share in the risks and rewards of the group.

The group makes awards available to staff members via the underlying share trusts. The particular instrument used varies from time to time depending on taxation legislation and factors affecting the group structure. Nevertheless, whatever the instrument chosen, its underlying value depends solely on the performance of the group's share price.

At present, the practice of the group is to give all permanent staff members a share allocation based on their annual package after completing six months of employment. In line with the objective of providing a long-term incentive for staff, these share awards vest over periods varying from four to five years.

After the initial allocation referred to above, additional allocations are made to staff members at the discretion of group management and depending on the individual performance and contribution made by the respective staff members.

The extent of the directors' and staff interests in the incentive schemes is detailed on pages 91 and 114 to 117.

For the year to 31 March £'000	2014	2013
Related party transactions		
Transactions, arrangements and agreements involving directors and others:		
Transactions, arrangements and agreements involving directors with directors and connected persons and companies controlled by them, and with officers of the company, were as follows:		
Directors, key management and connected persons and companies controlled by them		
Loans		
At the beginning of year	43 463	34 092
Increase in loans	5 666	20 497
Repayment of loans	(11 026)	(11 126)
Exchange adjustment	(4 631)	–
At the end of year	33 472	43 463
Guarantees		
At the beginning of the year	4 757	367
Additional guarantees granted	4 409	5 552
Guarantees cancelled	(4 591)	(1 162)
Exchange adjustment	(166)	–
At the end of the year	4 409	4 757
Deposits		
At the beginning of the year	(53 544)	(46 657)
Increase in deposits	(20 463)	(33 041)
Decrease in deposits	26 089	26 154
Exchange adjustment	20 250	
At the end of the year	(27 668)	(53 544)

The above transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing or where applicable, with other employees. The transactions did not involve more than the normal risk of repayment. None of these loans have been impaired.

For the year to 31 March £'000	2014	2013
Transactions with other related parties		
Loan from Investec Bank (Mauritius) Limited to Forty Two Point Two	42 737	–
The loan arises from Investec's portion of funding in relation to the 15% acquisition of Investec Asset Management by senior management of the business		
Various members of key management personnel are members of the boards of directors of other companies. At 31 March 20014, Investec Bank Limited group had the following loans outstanding from these related parties	–	251
Amounts due from associates	2 948	12 768
Fees and commission income from associates	135	169

The above outstanding balances arose from the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with third party counterparties.

Restatements

The group has adopted the following new or revised standards from 1 April 2013:

IFRS 10 – Consolidations

The revised standard on consolidation has been applied retrospectively, with the impact to prior reported periods disclosed in the restatement tables below. The application of the single definition of control contained in the standard has resulted in the consolidation of certain special purpose vehicles in which the group has exposure to variable returns (not necessarily the majority thereof) and has the ability to affect such returns by exercising control over the activities of the entity.

IAS 19 – Employee Benefits

The revisions to the standard have been applied retrospectively. For the group the standard has revised the basis on which the return on assets is determined, with a relatively immaterial impact.

The impact to the comparative balance sheets and income statements are provided in the tables below:

Combined consolidated balance sheet

£'000	31 March 2013 As reported	IFRS 10	31 March 2013 Restated
Assets			
Cash and balances at central banks	1 782 447	–	1 782 447
Loans and advances to banks	3 129 646	6 405	3 136 051
Non-sovereign and non-bank cash placements	420 960	–	420 960
Reverse repurchase agreements and cash collateral on securities borrowed	2 358 672	–	2 358 672
Sovereign debt securities	4 077 217	–	4 077 217
Bank debt securities	1 879 105	–	1 879 105
Other debt securities	457 652	(8 436)	449 216
Derivative financial instruments	1 982 571	561	1 983 132
Securities arising from trading activities	931 603	–	931 603
Investment portfolio	960 364	(31 471)	928 893
Loans and advances to customers	17 484 524	–	17 484 524
Own originated loans and advances to customers securitised	930 449	–	930 449
Other loans and advances	2 117 743	(83 770)	2 033 973
Other securitised assets	2 882 592	1 120 616	4 003 208
Interests in associated undertakings	27 950	–	27 950
Deferred taxation assets	165 457	–	165 457
Other assets	1 960 438	(888)	1 959 550
Property and equipment	126 538	7 563	134 101
Investment properties	451 975	–	451 975
Goodwill	466 906	–	466 906
Intangible assets	178 567	–	178 567
	44 773 376	1 010 580	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
	50 999 518	1 010 580	52 010 098

Restatements (continued)

Combined consolidated balance sheet (continued)

£'000	31 March 2013 As reported	IFRS 10	31 March 2013 Restated
Liabilities			
Deposits by banks	2 976 464	71 172	3 047 636
Derivative financial instruments	1 443 325	–	1 443 325
Other trading liabilities	851 939	–	851 939
Repurchase agreements and cash collateral on securities lent	1 940 158	–	1 940 158
Customer accounts (deposits)	24 531 838	(71 172)	24 460 666
Debt securities in issue	1 901 776	–	1 901 776
Liabilities arising on securitisation of own originated loans and advances	926 335	–	926 335
Liabilities arising on securitisation of other assets	2 237 581	1 066 025	3 303 606
Current taxation liabilities	210 475	–	210 475
Deferred taxation liabilities	109 628	–	109 628
Other liabilities	1 887 402	7 689	1 895 091
	39 016 921	1 073 714	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
	45 243 063	1 073 714	46 316 777
Subordinated liabilities	1 751 806	–	1 751 806
	46 994 869	1 073 714	48 068 583
Equity			
Ordinary share capital	223	–	223
Perpetual preference share capital	153	–	153
Share premium	2 494 618	–	2 494 618
Treasury shares	(89 545)	–	(89 545)
Other reserves	(93 082)	(455)	(93 537)
Retained income	1 412 239	(62 679)	1 349 560
Shareholders' equity excluding non-controlling interests	3 724 606	(63 134)	3 661 472
Non-controlling interests	280 043	–	280 043
– Perpetual preferred securities issued by subsidiaries	279 041	–	279 041
– Non-controlling interests in partially held subsidiaries	1 002	–	1 002
Total equity	4 004 649	(63 134)	3 941 515
Total liabilities and equity	50 999 518	1 010 580	52 010 098

Restatements (continued)

Combined consolidated balance sheet (continued)

£'000	31 March 2012 As reported	IFRS 10	31 March 2012 Restated
Assets			
Cash and balances at central banks	2 593 851	–	2 593 851
Loans and advances to banks	2 725 347	124	2 725 471
Non-sovereign and non-bank cash placements	642 480	–	642 480
Reverse repurchase agreements and cash collateral on securities borrowed	975 992	–	975 992
Sovereign debt securities	4 067 093	–	4 067 093
Bank debt securities	3 081 061	–	3 081 061
Other debt securities	377 832	–	377 832
Derivative financial instruments	1 913 650	–	1 913 650
Securities arising from trading activities	640 146	–	640 146
Investment portfolio	890 702	(27 038)	863 664
Loans and advances to customers	17 192 208	–	17 192 208
Own originated loans and advances to customers securitised	1 034 174	–	1 034 174
Other loans and advances	2 829 189	(39 700)	2 789 489
Other securitised assets	3 101 422	919 956	4 021 378
Interests in associated undertakings	27 506	–	27 506
Deferred taxation assets	150 381	–	150 381
Other assets	1 802 121	(3 434)	1 798 687
Property and equipment	171 685	4 088	175 773
Investment properties	407 295	–	407 295
Goodwill	468 320	–	468 320
Intangible assets	192 099	–	192 099
	45 284 554	853 996	46 138 550
Other financial instruments at fair value through profit or loss in respect of Liabilities to customers	6 265 846	–	6 265 846
	51 550 400	853 996	52 404 396

Summary financial statements

05

Notes to the summary annual financial statements (continued)

Restatements (continued)

Combined consolidated balance sheet (continued)

£'000	31 March 2012 As reported	IFRS 10	31 March 2012 Restated
Liabilities			
Deposits by banks	2 967 428	67 895	3 035 323
Derivative financial instruments	1 421 130	–	1 421 130
Other trading liabilities	612 884	–	612 884
Repurchase agreements and cash collateral on securities lent	1 864 137	–	1 864 137
Customer accounts (deposits)	25 343 771	(67 895)	25 275 876
Debt securities in issue	2 243 948	–	2 243 948
Liabilities arising on securitisation of own originated loans and advances	1 036 674	–	1 036 674
Liabilities arising on securitisation of other assets	2 402 043	912 694	3 314 737
Current taxation liabilities	209 609	–	209 609
Deferred taxation liabilities	102 478	–	102 478
Other liabilities	1 575 154	(4 301)	1 570 853
	39 779 256	908 393	40 687 649
Liabilities to customers under investment contracts	6 263 913		6 263 913
Insurance liabilities, including unit-linked liabilities	1 933		1 933
	46 045 102	908 393	46 953 495
Subordinated liabilities	1 492 776		1 492 776
	47 537 878	908 393	48 446 271
Equity			
Ordinary share capital	221	–	221
Perpetual preference share capital	153	–	153
Share premium	2 457 019	–	2 457 019
Treasury shares	(72 820)	–	(72 820)
Other reserves	82 327	–	82 327
Retained income	1 249 515	(54 397)	1 195 118
Shareholders' equity excluding non-controlling interests	3 716 415	(54 397)	3 662 018
Non-controlling interests	296 107	–	296 107
– Perpetual preferred securities issued by subsidiaries	291 769	–	291 769
– Non controlling interests in partially held subsidiaries	4 338	–	4 338
Total equity	4 012 522	(54 397)	3 958 125
Total liabilities and equity	51 550 400	853 996	52 404 396

Restatements (continued)

Combined consolidated income statement

For the year to £'000	31 March 2013 As reported	IFRS 10	IAS 19	31 March 2013 Restated
Interest income	2 131 765	(301)	1 251	2 132 715
Interest expense	(1 429 239)	131	–	(1 429 108)
Net interest income	702 526	(170)	1 251	703 607
Fee and commission income	1 117 551	(7 153)	–	1 110 398
Fee and commission expense	(144 876)	1 298	–	(143 578)
Investment income	182 889	(897)	–	181 992
Trading income arising from:			–	
– customer flow	70 859	–	–	70 859
– balance sheet management and other trading activities	35 398	(1 360)	–	34 038
Other operating income	42 153	–	–	42 153
Total operating income before impairment on loans and advances	2 006 500	(8 282)	1 251	1 999 469
Impairment losses on loans and advances	(251 012)	–	–	(251 012)
Operating income	1 755 488	(8 282)	1 251	1 748 457
Operating costs	(1 302 929)	–	(104)	(1 303 033)
Depreciation on operating leased assets	(16 072)	–	–	(16 072)
Operating profit before goodwill and acquired intangibles	436 487	(8 282)	1 147	429 352
Impairment of goodwill	(15 175)	–	–	(15 175)
Amortisation of acquired intangibles	(13 313)	–	–	(13 313)
Cost arising from integration of acquired subsidiaries	(13 119)	–	–	(13 119)
Operating profit	394 880	(8 282)	1 147	387 745
Non-operational costs arising from acquisition of subsidiary	(1 249)	–	–	(1 249)
Profit before taxation	393 631	(8 282)	1 147	386 496
Taxation on operating profit before goodwill	(78 800)	–	(264)	(79 064)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	5 977	–	–	5 977
Profit after taxation	320 808	(8 282)	883	313 409
Operating income attributable to non-controlling interests	(3 317)	–	–	(3 317)
Earnings attributable to shareholders	317 491	(8 282)	883	310 092

Contact details

Australia, Adelaide
Suite 5 121–129 Hutt Street
SA 5000 Adelaide Australia
Telephone (61) 8 8203 9100
Facsimile (61) 8 8227 0066
e-mail australia@investec.com.au

Australia, Brisbane
Level 8 Riverside Centre
123 Eagle Street Brisbane
QLD 4001 Australia
Telephone (61) 7 3018 8100
Facsimile (61) 7 3018 8108
e-mail australia@investec.com.au

Australia, Melbourne
Level 49 120 Collins Street
Melbourne
VIC 3000 Australia
Telephone (61) 3 8660 1000
Facsimile (61) 3 8660 1010
e-mail australia@investec.com.au

Australia, Perth
Unit 30/31, 22 Railway Road
Subiaco Perth
WA 6008 Australia
Telephone (61) 8 9214 4500
Facsimile (61) 8 9214 4545
e-mail australia@investec.com.au

Australia, Sydney
Level 23, The Chifley Tower
2 Chifley Square
Phillip Street Sydney
GPO Box 2539 NSW 2000 Australia
Telephone (61) 2 9293 2000
Facsimile (61) 2 9293 2002
e-mail australia@investec.com.au

Botswana, Gaborone
Plot 64511, Unit 5
Fairgrounds Gaborone
Telephone (267) 318 0112
Facsimile (267) 318 0114
e-mail info@investec.com

China, Beijing
Room 11 5/F West Tower
World Finance Centre
No. 1 East 3rd Ring Middle Road
Chaoyang District
Beijing 10 002 P.R. China
Telephone (86 10) 8535 6200
Facsimile (86 10) 8535 6299

Canada, Toronto
66 Wellington Street, West Suite 2701
PO Box 307 Toronto-Dominion Centre
Toronto Ontario M5K 1K2
Telephone (1 416) 687 2400
Facsimile (1 416) 364 3434

Channel Islands, St Helier
One The Esplanade St Helier
Jersey
JE2 3QA Channel Islands
Telephone (44) 1534 512 512
Facsimile (44) 1534 512 513
e-mail enquiries@investectrust.com

Channel Islands, St Peter Port
Glategny Court
Glategny Esplanade, GY1 1WR
Channel Islands
Telephone +(44) 1481 723 506

Hong Kong
Suite 3609 36/F
Two International Finance Centre
8 Finance Street
Central Hong Kong
Telephone (852) 3187 5000
Facsimile (852) 2524 3360
e-mail investec.asia@investecmail.com

Suites 2604 – 2606 Tower 2 The Gateway
Harbour City Tsimshatsui Kowloon
Hong Kong
Telephone (852) 2861 6888
Facsimile (852) 2861 6861

India, Mumbai
902, The Capital
Plot No. C-70 Block
Bandra Kurla Complex Bandra (East)
Mumbai 400051
India
Telephone (91) 226 136 7410

Ireland, Dublin
The Harcourt Building
Harcourt Street
Dublin 2 Ireland
Telephone (353) 1 421 0000
Facsimile (353) 1 421 0500
e-mail info@investec.ie

Mauritius, Ebéne Cyber City
Level 8C Cyber Tower II
Ebéne Cyber City
Telephone (230) 403 0400
Facsimile (230) 403 0498
e-mail info@investec.com

Mauritius, Port Louis
6th Floor Dias Pier Building
Le Caudan Waterfront Caudan
Port Louis
Telephone (230) 207 4000
Facsimile (230) 207 4002
e-mail info@investec.com

Namibia, Windhoek
Office 1 Ground floor
Heritage Square Building
100 Robert Mugabe Avenue Windhoek
Telephone (264 61) 389 500
Facsimile (264 61) 249 689
e-mail info@investec.com

South Africa, Cape Town
36 Hans Strijdom Avenue
Foreshore Cape Town 8001
PO Box 1826 Cape Town 8000
Telephone (27 21) 416 1000
Facsimile (27 21) 416 1001

South Africa, Durban
5 Richefond Circle
Ridgeside Office Park
Umhlanga Durban 4319
PO Box 25278 Gateway Durban 4321
Telephone (27 31) 575 4000
Facsimile (27 865) 009 901

South Africa, East London
Cube 1
Cedar Square
Bonza Bay Road
Beacon Bay
East London 5241
Telephone (27 43) 709 5700
Facsimile (27 43) 721 0664

South Africa, Johannesburg
100 Grayston Drive
Sandown Sandton 2196
PO Box 785700 Sandton 2146
Telephone (27 11) 286 7000
Facsimile (27 11) 286 7777

- Recruitment queries:
  recruitment@investec.co.za
- Client queries:
  - Asset management:
    comcentre@investecmail.com
  - Institutional Securities:
    securities@investec.co.za
  - Private Client Securities:
    iso@investec.co.za
  - Property Group:
    ipg@investec.co.za
  - Private Bank:
    privatebank@investec.co.za
  - Capital Markets:
    info-tsf@investec.co.za

South Africa, Knysna
TH24/TH25 Long Street Ext
Thesen Harbour Town Knysna 6571
Telephone (27 44) 302 1800
Facsimile (27 44) 382 4954

Contact details (continued)

South Africa, Pietermaritzburg

Acacia House Redlands Estate
1 George MacFarlane Lane
Pietermaritzburg 3201
PO Box 594 Pietermaritzburg 3200
Telephone (27 33) 264 5800
Facsimile (27 33) 342 1561

South Africa, Port Elizabeth

6th Floor Fairview Office Park
66 Ring Road Greenacres
Port Elizabeth 6045
PO Box 27416 Greenacres 6057
Telephone (27 41) 396 6700
Facsimile (27 41) 363 1667

South Africa, Pretoria

Cnr Atterbury and Klarinet Streets
Menlo Park Pretoria 0081
PO Box 35209 Menlo Park 0102
Telephone (27 12) 427 8300
Facsimile (27 12) 427 8310

South Africa, Stellenbosch

Block D De Wagen Road Office Park
Stellentia Street Stellenbosch 7600
PO Box 516 Stellenbosch 7599
Telephone (27 21) 809 0700
Facsimile (27 21) 809 0730

Switzerland, Geneva

3 Place des Bergues
Geneva 1201 Switzerland
Telephone (41) 22 807 2000
Facsimile (41) 22 807 2005
e-mail enquiries@investectrust.ch

Switzerland, Zurich

Loewenstrasse 29
Zurich CH-8001 Switzerland
Telephone (41 44) 226 1000
Facsimile (41 44) 226 1010
e-mail info@investecbank.ch

Taiwan

Unit B 20F Taipei 101 Tower
7 Xin Yi Rd Sec 5 Taipei 110 Taiwan
Telephone (886 2) 8101 0800
Facsimile (886 2) 8101 0900

United Kingdom, London

2 Gresham Street London
EC2V 7QP UK
Telephone (44 207) 597 4000
Facsimile (44 207) 597 4070

100 Wood Street London
EC2V 7AN UK
Telephone (44 207) 597 1234
Facsimile (44 207) 597 4070

25 Basinghall Street London
EC2V 5HA UK
Telephone (44 207) 597 2000
Facsimile (44 207) 597 1818

United Kingdom, Manchester

3 Hardman Street Spinningfields
Manchester M3 3HF UK
Telephone (44 161) 832 6868
Facsimile (44 161) 832 1233

United States, New York

1270 Avenue of the Americas
29th Floor
New York, NY 10020
United States of America
Telephone (212) 259 5610
Facsimile (917) 206 5103

Definitions

Adjusted shareholders' equity

Refer to calculation on page 47

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

Dividend cover

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

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 45

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 50

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 47 in volume one

Return on average adjusted tangible shareholders' equity

Refer to calculation on page 47

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)

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

Notes

Notes