

Out of the Ordinary

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2018



## About this corporate profile

**This corporate profile serves as a reference for the investment community and other interested parties. It provides an introduction to Investec and offers a simple yet comprehensive handbook of relevant information to assist anyone wishing to know more about us. This report is based on our latest available year-end financial figures (31 March 2018) and is updated annually.**

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### Additional information

The corporate profile should be read together with other information we publish, including the full 2018 integrated annual report and the 2018 integrated annual review and summary annual financial statements.

Our investor relations website contains a wide range of information on us, including financial information, corporate information, share price data, a calendar, dividend information, announcements and presentations.

To ensure the information is comprehensive, we have included the URL addresses for our web pages where readers are able to access or download additional information.



[https://www.investec.com/en\\_int/welcome-to-investec/about-us/investor-relations/investor-centre.html](https://www.investec.com/en_int/welcome-to-investec/about-us/investor-relations/investor-centre.html)

### Ongoing and statutory information

In order to present a more meaningful view of the group's performance, additional management information is presented on our ongoing businesses. This additional information excludes items that in management's view could distort the comparison of performance between periods (for both current and historical information).

Based on this principle, the following items are excluded from underlying statutory profit (for both current and historic information where applicable) to derive ongoing operating profit:

- The results of the businesses sold in the 2015 financial year i.e. Investec Bank (Australia) Limited, Kensington Group plc and Start Mortgage Holdings Limited. These sales had a significant effect on the comparability of the group's financial position and results; and
- The remaining legacy business in the UK.

This basis of presentation is consistent with the approach adopted for the year ended 31 March 2017.

All information in our corporate profile is based on our statutory accounts unless otherwise indicated.

Further information on our ongoing business and a reconciliation between the ongoing and statutory income statement is provided in our 2018 integrated annual report.

## Feedback

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.

### For queries regarding information in this document

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# Introduction



# Our operational structure

## Operating structure

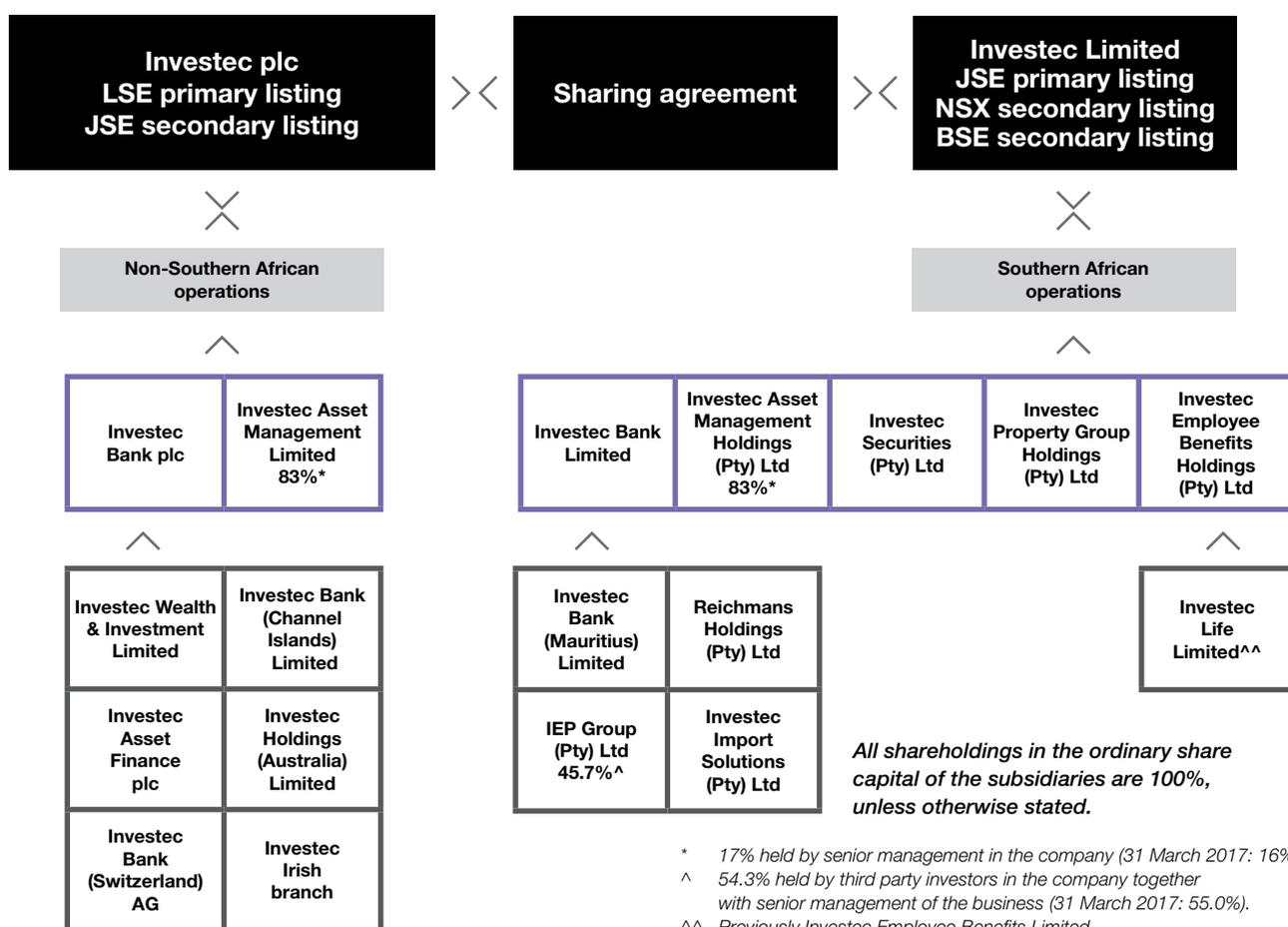
*Investec Limited, which houses our Southern African and Mauritius operations, has been listed in South Africa since 1986.*

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 holding company of our businesses in Southern Africa and Mauritius, and Investec plc is the holding company of our non-Southern African businesses.

## Our DLC structure and main operating subsidiaries as at 31 March 2018



## 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.

## About the Investec group

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

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

### 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 (DLC) structure with linked companies 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.



#### **Additional information**

**History:** [https://www.investec.com/en\\_int/welcome-to-investec/about-us/our-history.html](https://www.investec.com/en_int/welcome-to-investec/about-us/our-history.html)

**Dual listed companies structure:** [https://www.investec.com/en\\_int/welcome-to-investec/about-us/corporate-structure.html](https://www.investec.com/en_int/welcome-to-investec/about-us/corporate-structure.html)

**Group strategy:** [https://www.investec.com/en\\_int/welcome-to-investec/about-us/group-strategy.html](https://www.investec.com/en_int/welcome-to-investec/about-us/group-strategy.html)

## About the Investec group

(continued)

### Our philosophies

- Single organisation
- Meritocracy
- Focused businesses
- Differentiated, yet integrated
- Material employee ownership
- Creating an environment that stimulates extraordinary performance.

### We value

#### **Distinctive performance**

- Outstanding talent – empowered, enabled and inspired
- Meritocracy
- Passion, energy, stamina, tenacity
- Entrepreneurial spirit

#### **Client focus**

- Distinctive offering
- Leverage resources
- Break china for the client

#### **Cast-iron integrity**

- Moral strength
- Risk consciousness
- Highest ethical standards

#### **Dedicated partnership**

- Respect for others
- Embrace diversity
- Open and honest dialogue
- Unselfish contribution to colleagues, clients and society

### What we do

**We are an international specialist bank and asset manager that provides a diverse range of financial products and services to a select client base in three principal markets, the UK and Europe, South Africa and Asia/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.

## Our strategic focus

### The Investec distinction

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



#### 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.



#### 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.



#### 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 while creating value for shareholders
- Cost and risk conscious.



#### Strong culture

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

## Our strategy

Our long-term strategy is 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 long-term internationalisation strategy:

- follow our customer base
- gain domestic competence and critical mass in our chosen geographies
- facilitate cross-border transactions and flow.

#### We have a very deliberate and focused client strategy:

- to leverage our unique client profile
- to provide the best integrated solution supported by our comprehensive digital offering.

# Our strategic focus

(continued)

## Our strategy (continued)

### Investec Asset Management

- Continue to improve our investment performance
- Maintain strong momentum in the Advisor business globally
- Grow our presence in the large markets, especially North America
- Evolve all our capabilities for the future, continue to scale Multi-Asset and Quality and build a compelling foundation for Alternatives.

### Investec Wealth & Investment

- Focus on investing in and developing our digital channel including enhancements to our core service
- Coordinating and leveraging capabilities across businesses to enhance our services for clients
- Providing a global investment offering and building skills in alternative investment, fiduciary and tax
- Continually improving business processes.

### Specialist Banking UK

- Broaden client base by building franchise while deepening client relationships
- Establishing a high-tech and high-touch domestically relevant bank to growth-orientated businesses
- Private Bank shift in focus from platform development to client acquisition.

### Specialist Banking South Africa

- Identify new sources of revenue across our existing client base
- Management of our liquidity ratios with an emphasis on retail funding initiatives
- Management of our capital to optimise returns
- Launch of Investec for Business to mid-market corporates.

### Other objectives

- Diversity and transformation remain a key focus
- Continually evolving the digital offering.

## 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

### Specialist Banking

### Wealth & Investment

Operating completely independently

#### Corporate/institutional/government

- Investment management services to external clients

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

- Lending
- Transactional banking
- Deposit raising activities
- Treasury and trading
- Advisory
- Investment activities

- Investment management services
- Independent financial planning advice



We aim to maintain an **appropriate balance** between revenue earned from capital light activities and revenue earned from capital intensive 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

56%

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

Contributed to group income

### Capital intensive activities

44%

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

Contributed to group income

Fee and commission income



Types of income



Net interest, investment, associate and trading income

## Our strategic focus

(continued)

### Integrated client strategy

Clients are at the core of our business and we strive to provide them with a high level of service by being nimble, flexible and innovative. In the past few years, we have created an international digital platform for clients with global access to products and services which is both high-tech and high-touch. Our integrated client strategy leverages off the natural linkages within the private client businesses and between the private client and corporate banking businesses, which are all centred around the client. We are continually enhancing and evolving our digital platform to ensure a seamless, integrated client service experience.

■ Businesses ■ Channel of choice <> Strong links



Investec Digital enables our clients to get a real-time consolidated view of their banking and investment accounts, locally and internationally, on one platform with one login. Through this consolidated global dashboard (Investec Online and the App), clients can access and transact on their banking and investment accounts across South Africa, the UK, Channel Islands and more, at no additional fees. To add value to clients' daily banking and investment experience, we continue to enhance our digital capability through regular innovations.

Initiative	Completed in past year
<b>One Place – global platform</b>	<ul style="list-style-type: none"> <li>OnePlace mobile app ranked joint second place in the MyPrivateBanking awards</li> <li>Rebuild of corporate platform Investec Dotcom</li> <li>Enhancements to the Manage My Life toolset (for clients to manage non financial aspects of their life, legacy management)</li> <li>Investec Life Limited (Investec Life) launched in October 2017 – more than R1 billion of life policies have been sold in the six months to 31 March 2018</li> <li>Additional value added services (e.g.: pre-paid electricity)</li> <li>Enhanced mobile payments</li> </ul>
<b>Personal portfolio</b>	<ul style="list-style-type: none"> <li>Self service financial management (e.g.: budgets, cash flow forecasting) – development completed and in testing phase</li> </ul>
<b>South African online portfolio manager</b>	<ul style="list-style-type: none"> <li>Included unit trusts from Wealth &amp; Investment and Investec Asset Management</li> <li>Enhanced capability on Tax Free Savings</li> </ul>
<b>UK online portfolio manager</b>	<ul style="list-style-type: none"> <li>Click &amp; Invest successfully launched to market – won Joint First Robo-Advisor award from MyPrivateBanking</li> </ul>

### Focus for the financial year ending 31 March 2019

- Private client mobile app refresh
- Goal-based investing for South African private clients
- Business banking for South Africa and the UK
- Click & Invest Self Invested Personal Pensions (SIPPs)
- Open application interface (API) – allowing fintech ecosystem to utilise Investec's digital API (services) and allowing Investec to access Fintech capability more easily – including a revised operating model to create API's as a new channel for the group
- A unified digital interface for financial intermediaries.



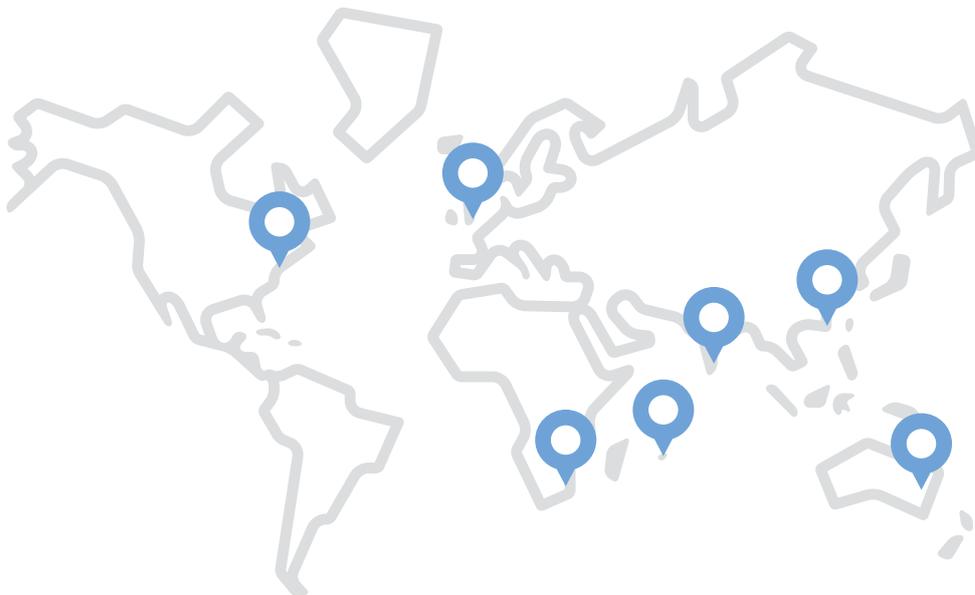
Financial  
profile



## Our operational footprint

Financial profile

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



### 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; Pietermaritzburg; Port Elizabeth; Pretoria; and Stellenbosch.

Operating profit\* of the Southern African operations increased 9.1% to £408.1 million

### Investec in total

Operating profit*	<b>£607.5mn</b>
Assets	<b>£57 617mn</b>
NAV**	<b>£3 750mn</b>
Permanent employees	<b>9 444</b>
COI <sup>^</sup>	<b>66.9%</b>
ROE <sup>^</sup>	<b>12.1%</b>

**£19.4bn**

Total deposit book

**£53.9bn**

As a % of the group

**67.2%** | Operating profit\*

**64.3%** | Assets

**57.3%** | NAV\*\*

**£15.4bn**

Total net core loans

Total funds under management

**55.9%** | Permanent employees

Actual

**52.5%** | COI<sup>^</sup>  
**17.2%** | ROE<sup>^</sup>

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

\*\* NAV is tangible shareholders' equity.

<sup>^</sup> COI is cost to income ratio. ROE is the post-tax return on adjustment average shareholders' equity.



## 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
- Solid positioning 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 Australia; Channel Islands; Hong Kong; India; Ireland; Luxembourg; North America; Singapore; Switzerland and 18 offices across the UK.

**Operating profit\* (statutory) of the UK operations decreased 11.4% to £199.4 million**

**Operating profit\* (ongoing) of the UK operations increased 1.2% to £292.9 million**

**£11.6bn**

Total deposit book

**£9.7bn**

Total net core loans

**£106.6bn**

Total funds under management

As a % of the group

**32.8%**

Operating profit\*

**44.1%**

Permanent employees

**35.7%**

Assets

Actual

**78.0%**

COI<sup>^</sup>

**42.7%**

NAV\*\*

**6.9%**

ROE<sup>^</sup>

**10.9%**

ROE<sup>^</sup> ongoing

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

\*\* NAV is tangible shareholders' equity.

<sup>^</sup> COI is cost to income ratio. ROE is the post-tax return on adjusted average shareholders' equity.



## Our operational footprint

(continued)

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

### Asset Management

#### Core client base and what we do

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

#### Market positioning

**Total funds under management 1991: £0.4 billion → 2018: £103.9 billion**  
Good long-term investment performance with growing traction in our distribution channels

### Wealth & Investment

#### 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 → 2018: £56.0 billion**  
UK: One of the top five players  
South Africa: Largest player

### Specialist Banking

#### Core client base and what we do

We offer a broad range of services including lending, transactional banking, treasury and trading, advisory 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: £25.1 billion^^**

- Corporate and other clients: £10.9 billion
- Private clients: £14.2 billion^^

**Global deposit book: £31.0 billion**

^^ Including legacy assets of £0.3 billion.

## Our operational footprint

(continued)



### Operating profit\* of Asset Management increased 8.0% to £178.0 million

**£59.1bn**

Segregated mandates

**£44.7bn**

Mutual funds

**£103.9bn**

Total funds under management



#### As a % of group

**29.3%**

Operating profit\*\*

**3.0%**

NAV\*\*

**16.1%**

Permanent employees

**33.0%** operating margin  
**91.0%** ROE<sup>^</sup>

### Operating profit\* of Wealth & Investment increased 5.7% to £98.6 million

**£35.6bn**

Discretionary funds under management

**£20.5bn**

Non-discretionary funds under management

**£56.0bn**

Total funds under management



#### As a % of group

**16.2%**

Operating profit\*\*

**1.5%**

NAV\*\*

**17.8%**

Permanent employees

**24.3%** operating margin  
**38.7%** ROE<sup>^</sup>

### Operating profit\* (statutory) of Specialist Banking decreased 2.4% to £380.5 million

### Operating profit\* (ongoing) of Specialist Banking increased 4.3% to £474.0 million

**£31.0bn**

Total deposit book

**£25.1bn**

Total core loans



#### As a % of group

**62.6%**

Operating profit\*\*

**95.5%**

NAV\*\*

**66.1%**

Permanent employees

**61.2%** COI<sup>^</sup>  
**10.2%** ROE<sup>^</sup>  
**13.1%** ROE ongoing<sup>^</sup>

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

\*\* NAV is tangible shareholders' equity.

^ COI is cost to income ratio. ROE is the pre-tax return on adjusted average shareholders' equity.

^^ Including legacy assets of £0.3 billion.

° Contributions are larger than 100% due to group costs amounting to £49.6 million which are included in operating profit.



## Highlights

# Solid client activity levels supporting underlying performance.

- The group's asset and wealth management businesses have generated substantial net inflows of £7.3 billion, which together with favourable market levels has supported higher average funds under management.
- The banking businesses have benefited from sound levels of corporate and private client activity driving strong loan book growth over the year.
- The group has continued to invest into the business, positioning itself for further growth across its client franchise businesses and ensuring that it remains competitive and relevant in the markets in which it operates.
- Impairments on the legacy portfolio have increased in anticipation of accelerated exits of certain assets in line with the group's strategy of managing down this portfolio.
- Taking into account the abovementioned factors, the group has achieved satisfactory operating performance against a challenging backdrop in its two core geographies (refer to pages 34 to 39 in volume one of Investec's 2018 integrated annual report for an economic overview of our operating environments), underpinned by sound growth in key earnings drivers and a solid recurring income base.

### Statutory financial performance

<b>2018</b>		<b>2017</b>
<b>£607.5mn</b>		<b>£599.1mn</b>

Operating profit\* increased 1.4% (decrease of 3.5% on a currency neutral basis)

<b>2018</b>		<b>2017</b>
<b>£491.1mn</b>		<b>£434.5mn</b>

Adjusted attributable earnings^ increased 13.0% (increase of 6.9% on a currency neutral basis)

<b>2018</b>		<b>2017</b>
<b>53.2p</b>		<b>48.3p</b>

Adjusted earnings per share^ increased 10.1% (increase of 4.1% on a currency neutral basis)

<b>2018</b>		<b>2017</b>
<b>24.0p</b>		<b>23.0p</b>

Dividends per share increased 4.3%

### *We continued to actively manage down the UK legacy portfolio*

- The legacy portfolio reduced from £476 million at 31 March 2017 to £313 million through asset sales, redemptions and write-offs.
- The legacy business reported a loss before taxation of £93.5 million (2017: £64.6 million) reflecting an increase in impairments for accelerated exits anticipated to occur on certain legacy assets.

\* 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.



# Highlights

(continued)

Financial profile

## Satisfactory performance from the ongoing business

**2018** | **2017**  
**£701.0mn** | **£663.7mn**

Operating profit\* increased 5.6% (increase of 1.2% on a currency neutral basis)

**2018** | **2017**  
**£566.2mn** | **£487.1mn**

Adjusted attributable earnings<sup>^</sup> increased 16.2% (increase of 10.8% on a currency neutral basis)

**2018** | **2017**  
**61.3p** | **54.1p**

Adjusted earnings per share<sup>^</sup> increased 13.3% (increase of 8.1% on a currency neutral basis)

**2018** | **2017**  
**76.3%** | **72.0%**

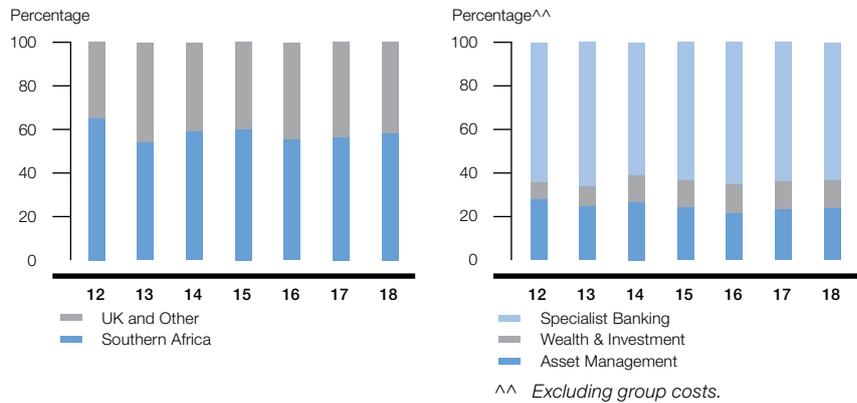
Annuity income as a % of total operating income

**2018** | **2017**  
**0.26%** | **0.29%**

Credit loss charge as a % of average gross core loans and advances

## We have a diversified business model

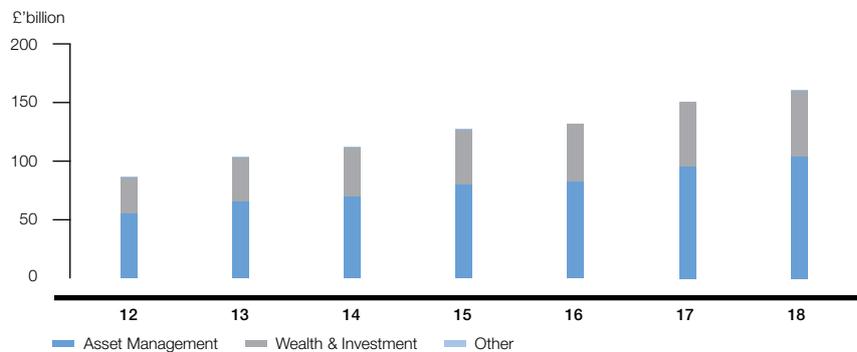
% contribution of operating profit\* before taxation of the ongoing business



## We continued to grow our key earnings drivers

➔ Funds under management increased 6.5% to £160.6 billion – an increase of 6.2% on a currency neutral basis

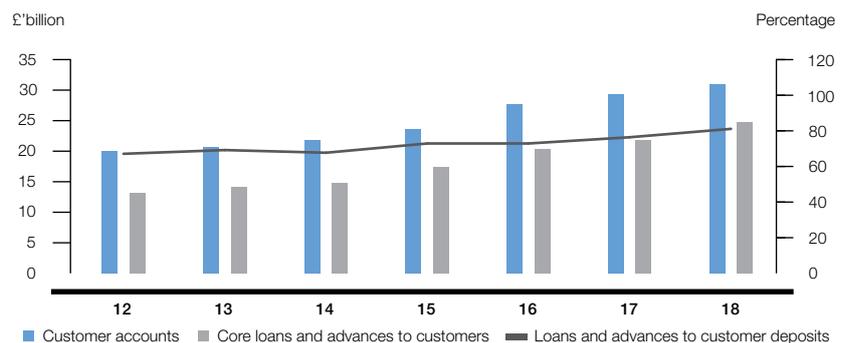
### Funds under management\*\*



➔ Customer accounts (deposits) increased 6.5% to £31.0 billion – an increase of 5.9% on a currency neutral basis

Core loans and advances increased 11.6% to £24.8 billion – an increase of 11.0% on a currency neutral basis

### Customer accounts (deposits) and loans ongoing business\*\*



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

<sup>^</sup> Before goodwill, acquired intangibles, non-operating items and after non-controlling interests and deduction of preference dividends.

\*\* Trends in these graphs are shown on a currency neutral basis using the closing Rand: Pound Sterling exchange rate applicable at 31 March 2018.



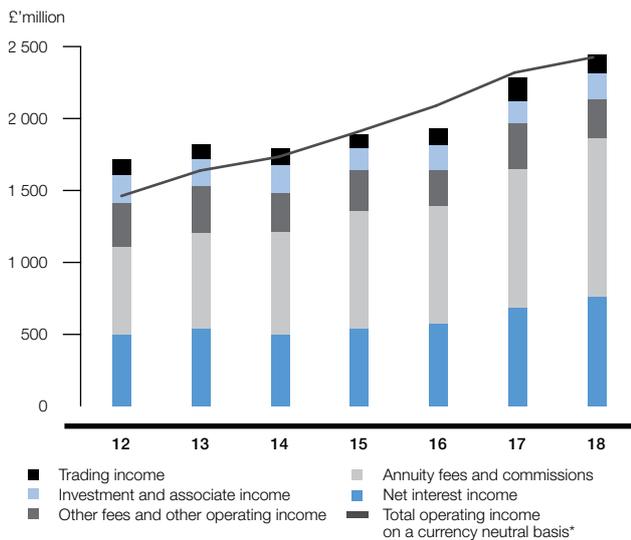
# Highlights

(continued)

Financial profile

## Supporting growth in operating income

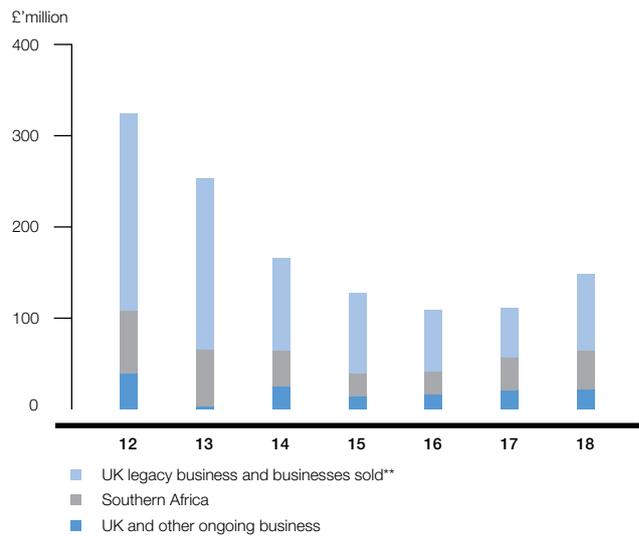
### Total operating income ongoing business



\* The trend for this line is shown on a currency neutral basis using the average Rand: Pound Sterling exchange rate applicable at 31 March 2018.

## Increase in impairments largely driven by accelerated exits anticipated in the legacy portfolio

### Impairments



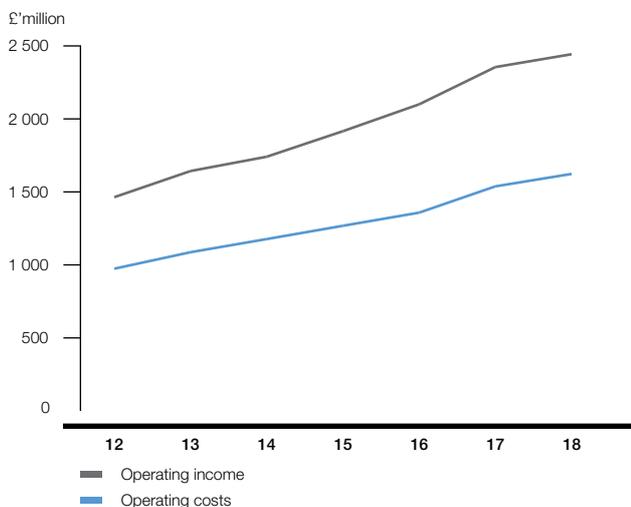
\*\* Refers to the remaining UK legacy business as well as group assets that were sold in the 2015 financial year.

## Costs increased largely due to planned investment across the business



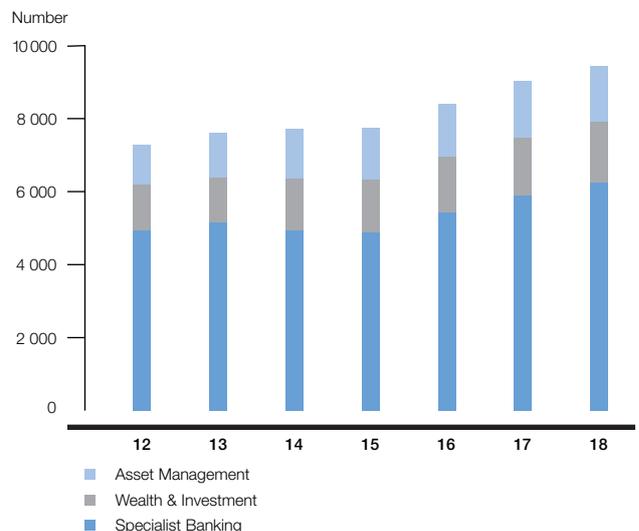
Operating costs increased reflecting: continued investment into IT and digital initiatives and higher headcount across divisions to support increased activity and growth strategies, notably the build out of the UK private client offerings. Cost growth in South Africa was somewhat offset by the pending acquisition of the South African head office building and the related provision no longer required.

### Jaws ratio for the group ongoing business<sup>^</sup>



<sup>^</sup> Trends in this graph are shown on a currency neutral basis using the average Rand: Pound Sterling exchange rate applicable at 31 March 2018.

### Headcount<sup>^^</sup>

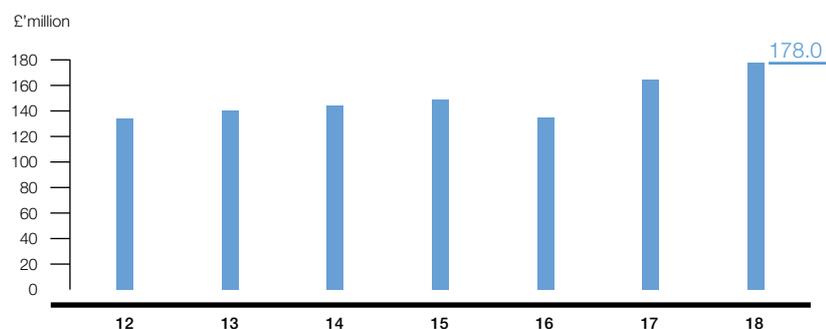


<sup>^^</sup> Permanent headcount and includes acquisitions.

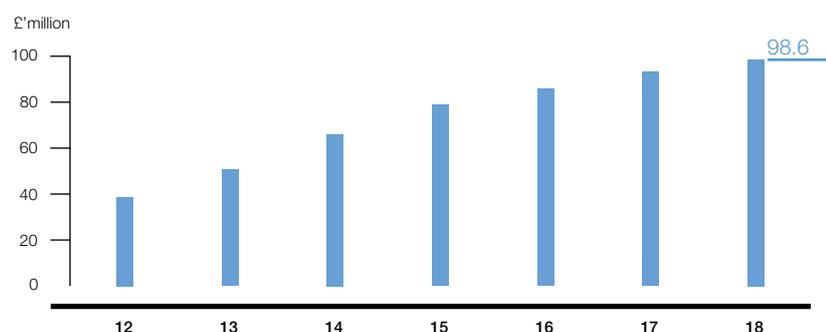


## Resulting in a satisfactory performance from our ongoing business

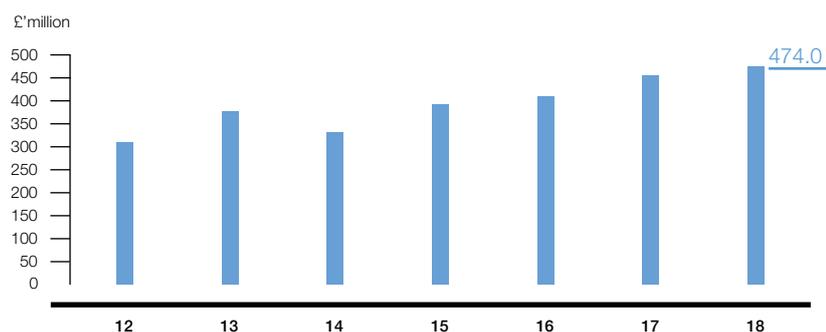
### Operating profit\* – Asset Management



### Operating profit\* – Wealth & Investment



### Operating profit\* – Specialist Banking ongoing business



## Progress made on our financial targets

		Ongoing		Statutory	
	Target	March 2018	March 2017	March 2018	March 2017
ROE (post-tax)	12% – 16% over a rolling five-year period	14.1%	14.2%	12.1%	12.5%
Adjusted^ EPS growth	Target: 10% > UKPRI	13.3%	11.3%	10.1%	16.9%
Cost to income	Target: < 65%	66.5%	65.8%	66.9%	66.3%
Dividend cover (times)	Target: 1.7x – 3.5x	n/a	n/a	2.2x	2.1x

\* 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.



# Highlights

(continued)

Financial profile

## Maintained a sound balance sheet

Target

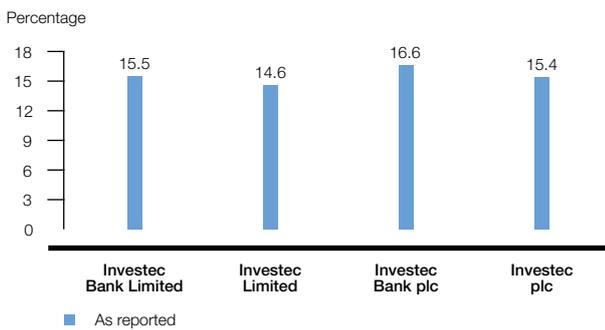
**Total capital adequacy: 14.0% – 17.0%**

**Common equity tier 1 ratio: > 10.0%**

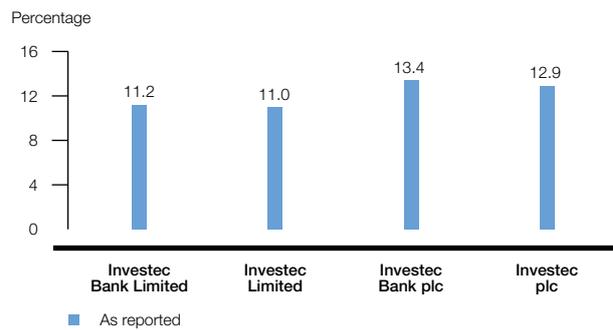
**Tier 1 ratio: > 11.0%**

**Leverage ratio: > 6.0%**

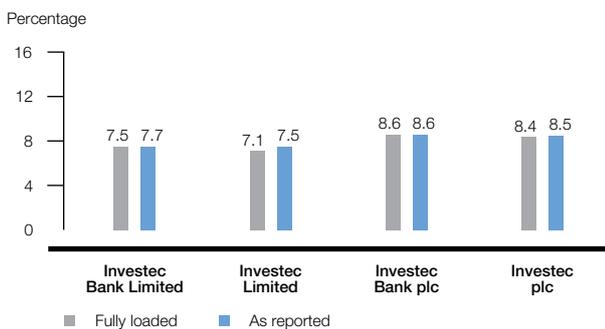
### Capital adequacy ratios



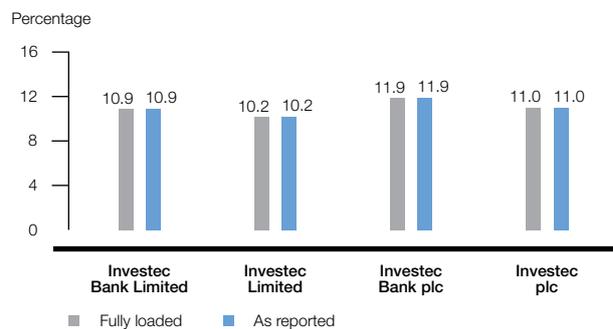
### Tier 1 ratios



### Leverage ratios



### Common equity tier 1 ratios



Note: Refer to page 65 in volume one of Investec's 2018 integrated annual report for further information.

## 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 25.0%, with the year-end ratio at 41.4%
- 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: 77.4% (2017: 75.0%)
- Investec plc: 83.2% (2017: 78.2%).

Liquidity remains strong with cash and near cash balances amounting to £12.8 billion (2017: £12.0 billion).

Capital remained in excess of current regulatory requirements.

We are comfortable with our common equity tier 1 ratio target at a 10% level given the group's significant capital light revenues, and leverage ratios for Investec Limited and Investec plc of 7.5% and 8.5% respectively.

The banking entities exceed the minimum regulatory requirements for the liquidity coverage ratio and the net stable funding ratio.



# Highlights

(continued)

## Contributing to society, macro-economic stability and the environment.

For Investec, corporate responsibility 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 corporate responsibility 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.



For further information download the corporate responsibility report available on our website.

### Value added statement

£'000	31 March 2018	31 March 2017
<b>Net income generated</b>		
Interest receivable	2 491 009	2 230 765
Other income	1 607 007	1 525 789
Interest payable	(1 730 611)	(1 550 870)
Other operating expenditure and impairments on loans	(467 982)	(439 962)
	<b>1 899 423</b>	<b>1 765 722</b>
<b>Distributed as follows:</b>		
<b>Employees</b>	795 420	757 390
Salaries, wages and other benefits		
<b>Communities</b>	7 167	7 054
Spend on corporate social initiatives		
<b>Government</b>	550 610	522 984
Corporation, deferred payroll and other taxes		
<b>Shareholders</b>	<b>261 435</b>	<b>242 440</b>
Dividends paid to ordinary shareholders	227 908	216 602
Dividends paid to preference shareholders	33 527	25 838
<b>Retention for future expansion and growth</b>	<b>284 791</b>	<b>235 854</b>
Depreciation	28 804	25 006
Retained income for the year	255 987	210 848
<b>Total</b>	<b>1 899 423</b>	<b>1 765 722</b>

Investec's corporate responsibility encompasses three key areas of people, planet and profit, including our contribution to the six capitals and our commitment to the Sustainable Development Goals (SDGs).



## People

Human capital	We depend on the experience and proficiency of our people to perform and deliver superior client services.	
	Purpose and priorities	Impact
	Providing a safe and healthy work environment that values physical as well as psychological well-being	In the UK, we are progressing towards a more agile environment with flexible work encouraged where appropriate 72% of employees in South Africa participated in employee wellness initiatives
	Investing in our people and growing talent and leadership	Learning and development spend as a % of staff costs is 1.9% for the group <b>(target of &gt;1.5% for the group)</b> Learning and development spend of £22.5 million (2017: £22.9 million) 21 CAs graduated from the CA programme in the past year and were retained in our business
	Respecting and upholding human rights by entrenching a value-driven culture through the organisation that is supported by strong ethics and integrity	Voluntary staff turnover rate in South Africa is 8.8% and 8.4% in the UK 5% of Investec shares are held by staff (excluding directors' holdings)
	Promoting diversity and equality at all levels of the group*	49% female employees 20% females on the board <b>(target of at least 30%)</b> Made good progress towards the target of 33% females on the board by 2020, per Hampton-Alexander Review



For additional information regarding our black economic empowerment and diversity initiatives, refer to the corporate responsibility report.



# Highlights

(continued)

Financial profile

Intellectual capital	We use our specialist financial skills and expertise to provide efficient solutions for clients and have a robust risk management process in place.	
	Purpose and priorities	Impact
 	Maintaining a diversified portfolio of businesses that supports performance through varying economic cycles	Consistent contribution to the group's performance from asset and wealth management businesses of 36.9% of operating profit (2017: 36.2%) on an ongoing basis (excluding group costs) Annuity income as a percentage of ongoing operating income is 76.3% (2017: 72.0%)
	Leveraging our expertise in risk management to protect value	Ongoing credit loss ratio remains at lower end of its long-term average trend at 0.26% (2017: 0.29%)
	Ensure solid and responsible lending and investing activities	Trained 195 frontline consultants on environmental, social and governance (ESG) practices in South Africa and the UK

Social and relationship capital	We leverage key stakeholder relationships to enhance our impact on society and the macro-economy.	
	Purpose and priorities	Impact
  	Building deep durable relationships with our clients and creating new client relationships	Customer accounts (deposits) up 6.5% since 31 March 2017
	Investing in our distinctive brand and providing a high level of service by being nimble, flexible and innovative	Voted South Africa's eighth most valuable brand
	Unselfishly contributing to society through our corporate social investment (CSI) programmes	1.2% CSI spend as a % of operating profit (2017: 1.2%) <b>(target of &gt;1% for the group)</b> CSI spend of £7.2 million (2017: £7.1 million)
	Contributing to the transformation of the financial sector in South Africa	Investec will be rated under the revised Financial Sector Code for the first time in 2018
	Committed to youth employment in South Africa	One of the first signatories to Youth Employment Service (YES) programme

## People recognition

- Voted second most attractive employer by professionals and fourth by students in South Africa in the 2017 Universum awards
- Investec CEO, Stephen Koseff won the Lifetime Achievement Award presented by the 2018 African Banker Awards
- Winner of the Business of the Year award by Business Charity Awards 2017 (for Beyond Business)
- Winner of the Community Impact Award 2017 for our flagship programme the Beyond Business social enterprise incubator we run in partnership with Bromley by Bow Centre
- Winner of the National CSR Awards 2017, in the individual Community (Legacy) category Project Award (for Beyond Business)
- Winner of the Community Partners award in the Lord Mayor's Dragon Awards 2017
- Reaccredited winner (for Beyond Business) in the Responsible Business Awards 2017
- Received the Financial Innovation Awards 2017 – Innovation in Sustainability or Social Responsibility Awards for our Invest for Success programme run in partnership with Arrival Education





# Highlights

(continued)



## Planet

Natural capital	We support the transition to a low-carbon economy and believe we can make a meaningful impact in addressing climate change. We consider any meaningful activity that either reduces the negative impact on, or prolongs the life of, our planet.	
	Purpose and priorities	Impact
   	Funding and participating in renewable energy	88% of our energy lending portfolio relates to clean energy
	Limiting our direct operational carbon impact	Carbon emissions reduced by 6.1% <b>(Refer to our corporate responsibility report on our website for emission reduction targets)</b>
	Protecting biodiversity through various conservation activities	51% increase in number of children reached through our Coaching for Conservation programme (approximately 12 000 reached since 2013)  Investec Rhino Lifeline has supported the rescue of 70 rhino since 2012
	Ensuring the security of natural resources in all our operations	R2.5 million spent on water initiatives to ensure continuation of business in our Cape Town office during the 2017/2018 drought

### Planet recognition

- Investec group was awarded a B for the Carbon Disclosure Project (CDP) climate scoring
- Investec’s Energy Management System that covers 23 of our physical buildings in the UK, Ireland and Channel Islands was certified to the international energy standard ISO 50001
- In our UK head office, the Environment Management System retained the international environment standard ISO 14001
- Our UK head office, won the top prize – the Chairman’s Cup for its waste management processes in the Corporation of London’s Clean City Award Scheme for 2017
- The coordinator of the Investec Coaching for Conservation kids programme at Good Work Foundation won a silver in the Eco-Logic Awards in the category ‘Eco-Youth’





# Highlights

(continued)

Financial profile



## Profit

Financial capital	We create sustained long-term wealth by growing our core businesses.	
	Purpose and priorities	Impact
	Maintaining a balanced and resilient business model	Our capital light activities contributed 56% to group income <b>(target of &gt; 50% of our income from capital light activities)</b>
	Maintaining a sound capital base and strong liquidity	Healthy capital and leverage ratios in excess of regulatory requirements <b>(target a leverage ratio &gt; 6%)</b> Cash and near cash to customer deposit ratio of 41.4% <b>(target of &gt; 25%)</b>
	Organically growing our business	Adjusted EPS* growth of 10.1% (2017: 16.9%) <b>(target of 10% &gt; UK PRI)</b>
	Focusing to improve the returns and operational efficiency	Group cost to income ratio 66.9% <b>(target of &lt; 65% in Pounds Sterling)</b> ROE of 12.1% overall group and 14.1% on an ongoing basis <b>(target of 12% – 16% over a rolling five-year period in Pounds Sterling)</b>
	Creating value for shareholders	4.3% increase in dividends per share Dividend cover of 2.2 times <b>(target of 1.7 – 3.5 times)</b>
<p>* Adjusted EPS is before goodwill, acquired intangibles, non-operating items and after non-controlling interests and deduction of preference dividends.</p>		

Technological capital	We deliver efficient and effective information technology to support our businesses and facilitate our digital strategy.	
	Purpose and priorities	Impact
	Aligning architecture across the group and reducing our application and data footprint	90% of all servers now virtualised reducing our data centre storage footprint in South Africa by 80% Migration of the UK data centres to a fully hosted energy efficient environment reducing the energy footprint
	Creating an international platform for clients with global access to products and services which is both high-tech and high-touch	Completed a number of enhancements to our digital capability <i>See page 22 in volume one of Investec's 2018 integrated annual report for further information</i>
	Investing in technology to deliver exceptional client experience	Click & Invest successfully launched to market
	Maintaining a cyber resilient strategy based on a threat-driven approach rather than a contemporary compliance-driven approach	Extensive simulations on various cyber threats were conducted during the period and we are comfortable with our procedures in place All staff are required to do regular training on the prevention of cyber crime

### Profit recognition

- Won the Best Digital Bank in South Africa and most Innovative Digital Bank in Africa in the Best Digital Bank Awards 2017
- Joint 1st Robo-Advisor for Click & Invest in the MyPrivateBanking Research Awards 2017
- Winner of the Online Personal Wealth Awards 2018 for best newcomer





## An overview of the principal risks relating to our operations

The most material and significant risks we face, which the board and senior management believe could have an impact on our operations, financial performance, viability and prospects are summarised briefly below with further details provided in Investec's 2018 integrated annual report. The board, through its various sub-committees, has performed a robust assessment of these principal risks. For additional information pertaining to the management and monitoring of these principal risks refer to volume two of the Investec 2018 integrated annual report. Regular reporting of these risks is made to senior management, the executives and the board at the group risk and capital committee (GRCC) and board risk and capital committee (BRCC).

The group's board approved risk appetite framework is provided on page 46. The board recognises even with sound appetite and judgement that extreme events can happen that are completely outside of the board's control. It is however, necessary to assess these events and their impact and how they may be mitigated by changing the risk appetite framework if necessary. It is policy to regularly carry out multiple stress testing scenarios which in theory test extreme, but plausible events and from that assess and plan what can be done to mitigate the potential outcome. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may in the future also negatively impact our business operations.

<p>The <b>financial services industry</b> in which we operate is intensely competitive.</p>	<p><b>Market, business and general economic conditions</b> and fluctuations could adversely affect our businesses in a number of ways.</p>	<p>We may be exposed to <b>country risk</b> i.e. the risk inherent in sovereign exposure and events in other countries.</p>
<p><b>Credit and counterparty risk</b> exposes us to losses caused by financial or other problems experienced by our clients.</p>	<p>Unintended <b>environmental, social and economic risks</b> could arise in our lending and investment activities.</p>	<p>We may be exposed to <b>investment risk</b> in our unlisted and listed investment portfolios.</p>
<p><b>Market risk</b> arising in our trading book could affect our operational performance.</p>	<p><b>Liquidity risk</b> may impair our ability to fund our operations.</p>	<p>Our net interest earnings and net asset value may be adversely affected by <b>interest rate risk</b>.</p>
<p><b>Operational risk</b> (including financial crime, cybercrime and process failure) may disrupt our business or result in regulatory action.</p>	<p>We may be <b>vulnerable to the failure of our systems</b> and breaches of our security systems (including cyber and information security).</p>	<p><b>Employee misconduct</b> could cause harm that is difficult to detect.</p>
<p><b>Reputational, strategic and business risk</b> could impact our operational performance.</p>	<p><b>Compliance, legal and regulatory risks</b> may have an impact on our business.</p>	<p><b>Retail conduct risk</b> is the risk that we treat our customers unfairly and deliver inappropriate outcomes. <b>Wholesale conduct risk</b> is the risk of conducting ourselves inappropriately in the market.</p>
<p>We may have <b>insufficient capital</b> in the future and may be unable to secure additional financing when it is required.</p>	<p>We may be unable to <b>recruit, retain and motivate key personnel</b>.</p>	<p>We may be exposed to <b>pension risks</b> in our UK operations.</p>



# Financial review

(continued)

Financial profile

## Track record

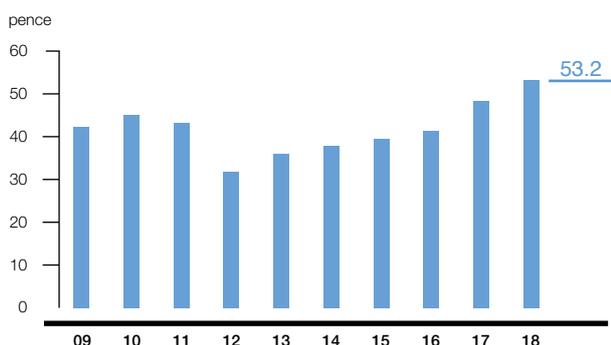


Up 10.1% to 53.2 pence

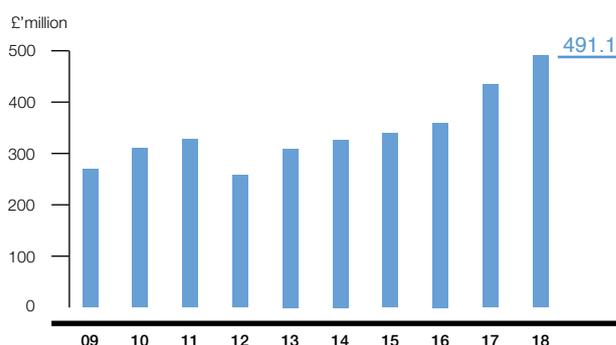


Up 13.0% to £491.1 million

### Adjusted earnings per share



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



**Core loans: up 10.7% to £25.1 billion since 31 March 2017 – an increase of 10.1% on a currency neutral basis\***

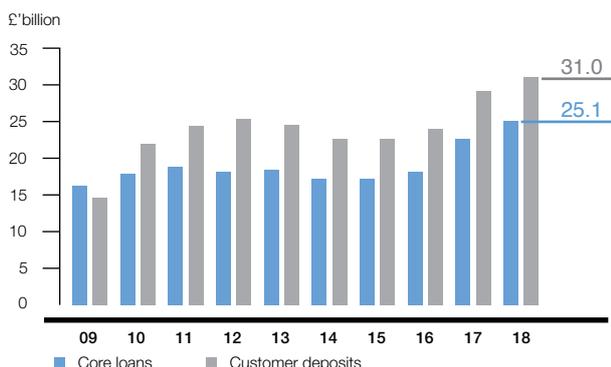
**Deposits: up 6.5% to £31.0 billion since 31 March 2017 – an increase of 5.9% on a currency neutral basis\***



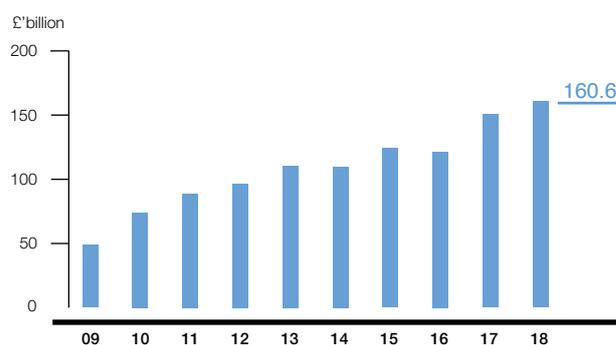
**Up 6.5% to £160.6 billion since 31 March 2017 – an increase of 6.2% on a currency neutral basis\***

**Net inflows of £7.3 billion**

### Core loans and customer deposits



### Third-party assets under management



\* Currency neutral basis: calculation assumes that the group's relevant closing exchange rates at 31 March 2018, as reflected on page 24, remain the same as those at 31 March 2017.



## Financial targets

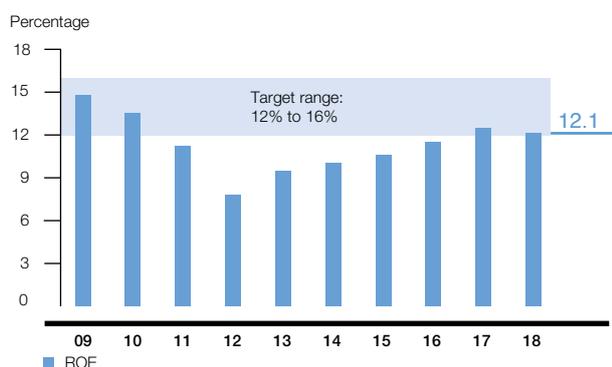
**Target**

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

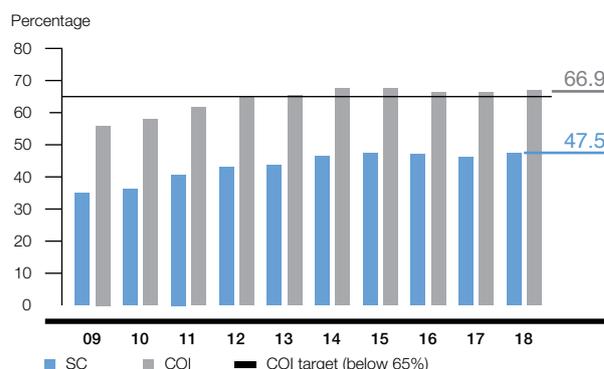
**Target**

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

### ROE\*



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



**Target**

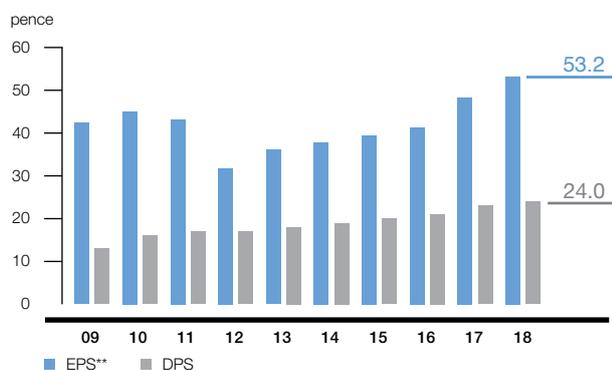
In the medium to long term, we aim to achieve adjusted EPS growth of 10% in excess of UK inflation (in Pounds Sterling). We continually strive to build and maintain a sustainable business model. We intend to maintain a dividend cover of between 1.7 to 3.5 times based on earnings per share as defined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

**Target**

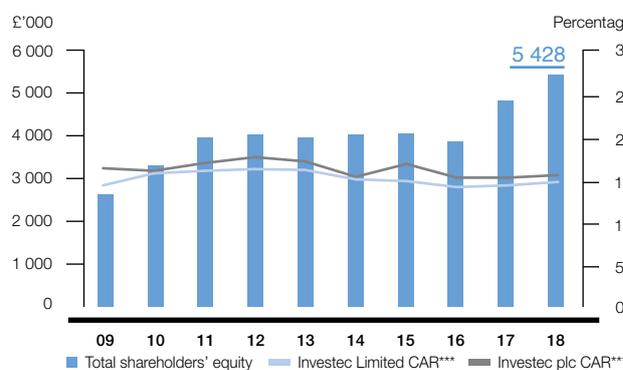
We intend to maintain a sufficient level of capital to satisfy regulatory requirements, as well as take advantage of opportunities that may arise in the financial services industry focusing on increasing our return on equity in the medium to long term. We target a capital adequacy ratio range of between 14% and 17% on a consolidated basis for Investec plc and Investec Limited, a minimum tier 1 ratio of 11% and a common equity tier 1 ratio above 10%. We also target a leverage ratio above 6.0%

**Refer to page 65 in volume one of Investec's 2018 integrated annual report for further information.**

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



### Total shareholders' equity and capital adequacy ratios (CAR)



\* ROE is post-tax return on adjusted average shareholders' equity.

\*\* Adjusted EPS before goodwill, acquired intangibles and non-operating items.

\*\*\* Investec Limited's numbers have been reported in terms of Basel III since 31 March 2013, and Investec plc has been reporting in terms of Basel III since 31 March 2014.

**Note:**

The numbers shown in the financial targets graphs on this page are for the years ended 31 March, unless otherwise stated.



## Financial review

(continued)

### Exchange rates impact on statutory results

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 year.

Currency per £1.00	31 March 2018		31 March 2017	
	Year end	Average	Year end	Average
South African Rand	16.62	17.21	16.77	18.42
Australian Dollar	1.83	1.72	1.64	1.75
Euro	1.14	1.14	1.17	1.19
US Dollar	1.40	1.33	1.25	1.31

Exchange rates between local currencies and Pounds Sterling have fluctuated over the year. The most significant impact arises from the volatility of the Rand. The average Rand: Pound Sterling exchange rate over the year has appreciated by 6.6% and the closing rate has appreciated by 0.9% since 31 March 2017.

#### Results in Pounds Sterling

	Actual as reported Year to 31 March 2018	Actual as reported Year to 31 March 2017	Actual as reported % change	Neutral currency^ Year to 31 March 2018	Neutral currency % change
Operating profit before taxation* (million)	£608	£599	1.4%	£578	(3.5%)
Earnings attributable to shareholders (million)	£506	£442	14.3%	£478	8.1%
Adjusted earnings attributable to shareholders** (million)	£491	£435	13.0%	£465	6.9%
Adjusted earnings per share**	53.2p	48.3p	10.1%	50.3p	4.1%
Basic earnings per share	51.2p	50.8p	0.8%	48.4p	(4.7%)
Dividends per share	24.0p	23.0p	4.3%	n/a	n/a

\* 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: Pound Sterling exchange rate that was applied in the prior year, i.e. 18.42.

#### Results in Pounds Sterling

	Actual as reported at 31 March 2018	Actual as reported at 31 March 2017	Actual as reported % change	Neutral currency^^ at 31 March 2018	Neutral currency % change
Net asset value per share	452.5p	431.0p	5.0%	454.0p	5.3%
Net tangible asset value per share	401.5p	377.0p	6.5%	403.0p	6.9%
Total equity (million)	£5 428	£4 809	12.9%	£5 403	12.4%
Total assets (million)	£57 617	£53 535	7.6%	£57 288	7.0%
Core loans and advances (million)	£25 132	£22 707	10.7%	£24 995	10.1%
Cash and near cash balances (million)	£12 825	£12 038	6.5%	£12 763	6.0%
Customer deposits (million)	£30 987	£29 109	6.5%	£30 815	5.9%
Third party assets under management (million)	£160 576	£150 735	6.5%	£160 138	6.2%

^^ For balance sheet items we have assumed that the Rand: Pound Sterling closing exchange rate has remained neutral since 31 March 2017.

## Financial review

(continued)



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 Rands		
	Year to 31 March 2018	Year to 31 March 2017	% change	Year to 31 March 2018	Year to 31 March 2017	% change
Operating profit before taxation* (million)	£608	£599	1.4%	R10 412	R10 885	(4.3%)
Earnings attributable to shareholders (million)	£506	£442	14.3%	R8 648	R8 025	7.8%
Adjusted earnings attributable to shareholders** (million)	£491	£435	13.0%	R8 395	R7 880	6.5%
Adjusted earnings per share**	53.2p	48.3p	10.1%	909c	875c	3.9%
Basic earnings per share	51.2p	50.8p	0.8%	875c	920c	(4.9%)
Headline earnings per share	48.7p	48.2p	1.0%	833c	872c	(4.5%)
Dividends per share	24.0p	23.0p	4.3%	432c	403c	7.2%

	Results in Pounds Sterling			Results in Rands		
	At 31 March 2018	At 31 March 2017	% change	At 31 March 2018	At 31 March 2017	% change
Net asset value per share	452.5p	431.0p	5.0%	7 521c	7 228c	4.1%
Net tangible asset value per share	401.5p	377.0p	6.5%	6 674c	6 322c	5.6%
Total equity (million)	£5 428	£4 809	12.9%	R90 218	R80 638	11.9%
Total assets (million)	£57 617	£53 535	7.6%	R957 592	R897 749	6.7%
Core loans and advances (million)	£25 132	£22 707	10.7%	R417 695	R380 786	9.7%
Cash and near cash balances (million)	£12 825	£12 038	6.5%	R213 155	R201 877	5.6%
Customer deposits (million)	£30 987	£29 109	6.5%	R515 007	R488 149	5.5%
Third party assets under management (million)	£160 576	£150 735	6.5%	R2 661 492	R2 527 826	5.3%

\* 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.



## Financial review

(continued)

### Ten-year review Salient features

For the year ended 31 March	2018	2017	% change 2018 vs 2017
<b>Income statement and selected returns</b>			
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	491 062	434 504	13.0%
Headline earnings (£'000)	449 647	434 425	3.5%
Operating profit before goodwill, acquired intangibles, non-operating items and taxation (£'000) <sup>o</sup>	607 505	599 121	1.4%
Operating profit: Southern Africa (% of total) <sup>o</sup>	67.2%	62.5%	
Operating profit: UK and Other (% of total) <sup>o</sup>	32.8%	37.5%	
Cost to income ratio	66.9%	66.3%	
Staff compensation to operating income ratio <sup>#</sup>	47.5%	46.1%	
Return on average adjusted shareholders' equity (post-tax)	12.1%	12.5%	
Return on average adjusted tangible shareholders' equity (post-tax)	13.7%	14.5%	
Return on average risk-weighted assets	1.45%	1.45%	
Operating margin of the combined Asset Management and Wealth & Investment businesses	29.3%	30.1%	
Operating profit per employee (£'000)	61.2	64.1	(4.5%)
Net interest income as a % of operating income	31.1%	29.7%	
Non-interest income as a % of operating income	68.9%	70.3%	
Annuity income as a % of total operating income	76.2%	72.0%	
Effective operational tax rate	9.6%	18.5%	
<b>Balance sheet</b>			
Total capital resources (including subordinated liabilities) (£'million)	6 911	6 211	11.3%
Total shareholders' equity (including preference shares and non-controlling interests) (£'million)	5 428	4 809	12.9%
Shareholders' equity (excluding non-controlling interests) (£'million)	4 442	4 131	7.5%
Total assets (£'million)	57 617	53 535	7.6%
Net core loans and advances to customers (£'million)	25 132	22 707	10.7%
Core loans and advances to customers as a % of total assets	43.6%	42.4%	
Cash and near cash balances (£'million)	12 825	12 038	6.5%
Customer accounts (deposits) (£'million)	30 987	29 109	6.5%
Third party assets under management (£'million)	160 576	150 735	6.5%
Capital adequacy ratio: Investec plc <sup>o</sup>	15.4%	15.1%	
Capital adequacy tier 1 ratio: Investec plc <sup>o</sup>	12.9%	11.5%	
Common equity tier 1 ratio: Investec plc <sup>o</sup>	11.0%	11.3%	
Leverage ratio: Investec plc – current <sup>o</sup>	8.5%	7.8%	
Capital adequacy ratio: Investec Limited <sup>o</sup>	14.6%	14.1%	
Capital adequacy tier 1 ratio: Investec Limited <sup>o</sup>	11.0%	10.7%	
Common equity tier 1 ratio: Investec Limited <sup>o</sup>	10.2%	9.9%	
Leverage ratio: Investec Limited – current <sup>o</sup>	7.5%	7.3%	
Credit loss ratio (income statement impairment charge as a % of average gross core loans and advances)	0.61%	0.54%	
Defaults (net of impairments and before collateral) as a % of net core loans and advances to customers	1.17%	1.22%	
Gearing ratio (assets excluding assurance assets to total equity)	9.1x	9.5x	
Core loans to equity ratio	4.6x	4.7x	
Loans and advances to customers: customer deposits	79.6%	76.2%	
<b>Salient financial features and key statistics</b>			
Adjusted earnings per share (pence)	53.2	48.3	10.1%
Headline earnings per share (pence)	48.7	48.2	1.0%
Basic earnings per share (pence)	51.2	50.8	0.8%
Diluted earnings per share (pence)	49.8	48.8	2.0%
Dividends per share (pence)	24.0	23.0	4.3
Dividend cover (times)	2.2	2.1	
Net asset value per share (pence)	452.5	431.0	5.0%
Net tangible asset value per share (pence)	401.5	377.0	6.5%
Weighted number of ordinary shares in issue (million)	923.5	900.4	2.6%
Total number of shares in issue (million)	980.6	958.3	2.3%
Closing share price (pence)	550	544	1.1%
Market capitalisation (£'million)	5 393	5 213	3.5%
Number of employees in the group (including temps and contractors)	10 146	9 716	4.4%
Closing ZAR:£ exchange rate	16.62	16.77	0.9%
Average ZAR:£ exchange rate	17.21	18.42	6.6%

\*\* Where nc is not comparable.

^ Where nd is not previously disclosed.

<sup>o</sup> Investec Limited's numbers have been reported in terms of Basel III since 31 March 2013, and Investec plc has been reporting in terms of Basel III since 31 March 2014.

<sup>o</sup> Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.

<sup>#</sup> Staff compensation ratio has been calculated based on revised definition as per page 245 in volume three of Investec's 2018 integrated annual report for financial years 2017 and 2018. Prior year numbers have not been recalculated on this basis.

# Financial review

(continued)



	2016	2015	2014	2013	2012	2011	2010	2009
	359 732	339 532	326 923	309 310	257 579	327 897	309 710	269 215
	334 720	308 770	291 561	265 227	217 253	286 659	275 131	261 627
	505 593	493 157	450 676	426 278	358 625	434 406	432 258	396 766
	63.8%	70.8%	66.0%	67.5%	80.7%	69.1%	67.2%	74.0%
	36.2%	29.2%	34.0%	32.5%	19.3%	30.9%	32.8%	26.0%
	66.4%	67.6%	67.6%	65.7%	64.7%	61.7%	57.8%	55.9%
	47.0%	47.4%	46.3%	43.9%	43.0%	40.7%	36.1%	34.9%
	11.5%	10.6%	10.0%	9.4%	7.8%	11.2%	13.5%	14.8%
	13.7%	12.7%	12.3%	11.7%	9.6%	13.2%	15.4%	17.4%
	1.34%	1.25%	1.14%	1.06%	0.91%	1.23%	1.33%	1.36%
	29.6%	30.4%	29.9%	29.1%	30.2%	33.6%	nc**	nc**
	58.7	59.7	54.9	53.5	47.8	64.4	69.7	62.6
	29.6%	32.4%	33.6%	35.2%	36.2%	34.9%	37.0%	46.6%
	70.4%	67.6%	66.4%	64.8%	63.8%	65.1%	63.0%	53.4%
	71.7%	74.2%	70.7%	68.6%	67.7%	62.3%	60.4%	70.0%
	19.1%	19.6%	17.1%	18.4%	18.1%	15.5%	20.6%	21.1%
	4 994	5 219	5 355	5 693	5 505	5 249	4 362	3 762
	3 859	4 040	4 016	3 942	4 013	3 961	3 292	2 621
	3 360	3 501	3 572	3 661	3 716	3 648	2 955	2 297
	45 352	44 353	47 142	52 010	51 550	50 941	46 572	37 365
	18 119	17 189	17 157	18 415	18 226	18 758	17 891	16 227
	40.0%	38.8%	36.4%	35.4%	35.4%	36.8%	38.4%	43.4%
	10 962	9 975	9 136	9 828	10 251	9 319	9 117	4 866
	24 044	22 615	22 610	24 461	25 344	24 441	21 934	14 573
	121 683	124 106	109 189	110 678	96 776	88 878	74 081	48 828
	15.1%	16.7%	15.3%	16.7%	17.5%	16.8%	15.9%	16.2%
	10.7%	11.9%	10.5%	11.0%	11.6%	11.6%	11.3%	10.1%
	9.7%	10.2%	8.8%	8.8%	9.3%	nd <sup>^</sup>	nd <sup>^</sup>	nd <sup>^</sup>
	7.0%	7.7%	7.4%	nd <sup>^</sup>				
	14.0%	14.7%	14.9%	15.5%	16.1%	15.9%	15.6%	14.2%
	10.7%	11.3%	11.0%	10.8%	11.6%	11.9%	12.0%	10.8%
	9.6%	9.6%	9.4%	8.9%	9.3%	nd <sup>^</sup>	nd <sup>^</sup>	nd <sup>^</sup>
	6.9%	8.1%	7.8%	nd <sup>^</sup>				
	0.62%	0.68%	0.68%	0.84%	1.12%	1.27%	1.16%	1.08%
	1.54%	2.07%	2.30%	2.73%	3.31%	4.66%	3.98%	3.28%
	10.2x	9.4x	10.3x	11.6x	11.3x	11.3x	12.5x	13.0x
	4.7x	4.3x	4.3x	4.7x	4.5x	4.7x	5.4x	6.2x
	73.6%	74.0%	72.0%	71.5%	67.8x	72.4%	76.2%	103.6%
	41.3	39.4	37.9	36.1	31.8	43.2	45.1	42.4
	38.5	35.8	33.8	31.0	26.8	37.7	40.1	41.2
	38.5	24.4	34.3	31.7	25.7	49.7	44.0	38.5
	36.7	23.1	32.3	29.8	24.3	46.7	41.5	36.1
	21.0	20.0	19.0	18.0	17.0	17.0	16.0	13.0
	2.0	2.0	2.0	2.0	1.9	2.5	2.8	3.3
	352.3	364.9	376.0	384.2	392.0	416.0	364.0	308.8
	294.3	308.1	309.0	310.9	317.0	343.8	324.1	266.3
	870.5	862.7	862.6	856.0	809.6	759.8	686.3	634.6
	908.8	899.4	891.7	884.8	874.0	810.0	741.0	713.2
	513	561	485	459	382	478	539	292
	4 662	5 045	4 325	4 061	3 340	3 872	3 993	2 083
	8 966	8 254	8 258	8 151	7 781	7 237	6 123	5 951
	21.13	17.97	17.56	13.96	12.27	10.88	11.11	13.58
	20.72	17.82	16.12	13.44	11.85	11.16	12.38	14.83

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Business  
profile





## 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.

Our current strategic objectives include increasing the proportion of our non-lending revenue base which we largely intend to achieve through the continued strengthening and development of our Wealth and Asset Management businesses.

### Asset Management

#### What we do

Equities  
Fixed Income  
Multi-Asset  
Alternatives

#### Where we operate

Africa  
Americas  
Asia Pacific  
UK  
Europe

### Wealth & Investment

#### What we do

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

#### Where we operate

South Africa  
UK  
Europe  
Hong Kong  
Mauritius

### Specialist Banking

#### What we do

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

#### Where we operate

Southern Africa  
UK  
Europe  
Australia  
Mauritius  
Hong Kong  
India  
USA

## Integrated global management structure

### Global roles

As at 31 March 2018			
<b>Chief executive officer</b>	Stephen Koseff^^	<b>Executive director</b>	Hendrik du Toit
<b>Managing director</b>	Bernard Kantor^^	<b>Group risk and finance director</b>	Glynn Burger <sup>o</sup>
From 1 October 2018*		From 1 April 2019*	
<b>Joint chief executive officers</b>	Fani Titi Hendrik du Toit	<b>Group risk director</b>	Ciaran Whelan
		<b>Group finance and operations director</b>	Kim McFarland

GEOGRAPHICAL BUSINESS LEADERS	<b>South Africa</b> Glynn Burger Richard Wainwright  <b>United Kingdom</b> David van der Walt Steve Elliott	<b>Specialist Banking</b>	<b>Asset Management</b>	SUPPORT STRUCTURES	<b>Human resources and organisational development</b> Marc Kahn
		Ciaran Whelan** David van der Walt	Hendrik du Toit^		<b>Corporate governance and compliance</b> Bradley Tapnack
			<b>Wealth &amp; Investment</b>		<b>Group finance</b> Nishlan Samujh
		Steve Elliott		<b>Share schemes and company secretarial</b> Les Penfold	
				<b>Group marketing</b> Malcolm Fried	
				<b>Group investor relations</b> Ursula Nobrega	

\* Subject to regulatory approval as per the group's announcement made on 6 February 2018.

\*\* As from 1 April 2018 Richard Wainwright has replaced Ciaran Whelan as joint head of the Specialist Bank.

^ Per the group's announcement made on 6 February 2018, John Green and Mimi Ferrini will be deputy CEOs of Investec Asset Management from 1 April 2018, and from 1 October 2018 will become joint CEOs of the business.

^^ Stephen Koseff and Bernard Kantor will become non-executive directors of the group on 1 April 2019.

<sup>o</sup> Glynn Burger will retire as a group executive director on 31 March 2019.



For further information on the management succession changes announced by the group on 6 February 2018, refer to pages 49 and 50.



## Asset Management

**At Investec Asset Management, we believe in investing in a better tomorrow. We want to assist people around the globe to retire with dignity or meet their financial objectives by offering specialist, active investment expertise. We are a patient, organic, long-term business offering organically-developed investment capabilities through active segregated mandates or mutual funds to sophisticated clients. Our clients include some of the world's largest private and public sector pension funds, financial institutions, corporates, foundations, central banks and intermediaries serving individual investors. Our business is to manage our clients' investments to the highest standard possible by exceeding their investment and client service expectations.**

### Global executive committee\* at 31 March 2018

**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

It all began in South Africa in 1991. After more than twenty-seven years, we have grown to become a successful global investment management firm from the emerging markets. We continue to develop an owner culture and are committed to building a long-term intergenerational business.

Our investment team, of over 200 investment professionals, applies clear investment philosophies and processes across multiple asset classes. Our client group is organised across five geographically defined units serving our clients around the globe. These teams are supported by our global investment and operational structure.

### Our value proposition

- Organically build an independent global platform from an emerging market base
- Independently managed entity within the Investec group
- Competitive investment performance in chosen specialities
- Global approach to:
  - Investing
  - Client base
  - Operations platform
- Institutional and advisor focus
- Unique and clearly understood culture
- Stable and experienced leadership.

### Annual highlights

Net flows of  
**£5.4 billion**  
(2017: £(0.6) billion)

Assets under management  
**£103.9 billion**  
(2017: £95.3 billion)

Operating margin  
**33.0%**  
(2017: 33.1%)

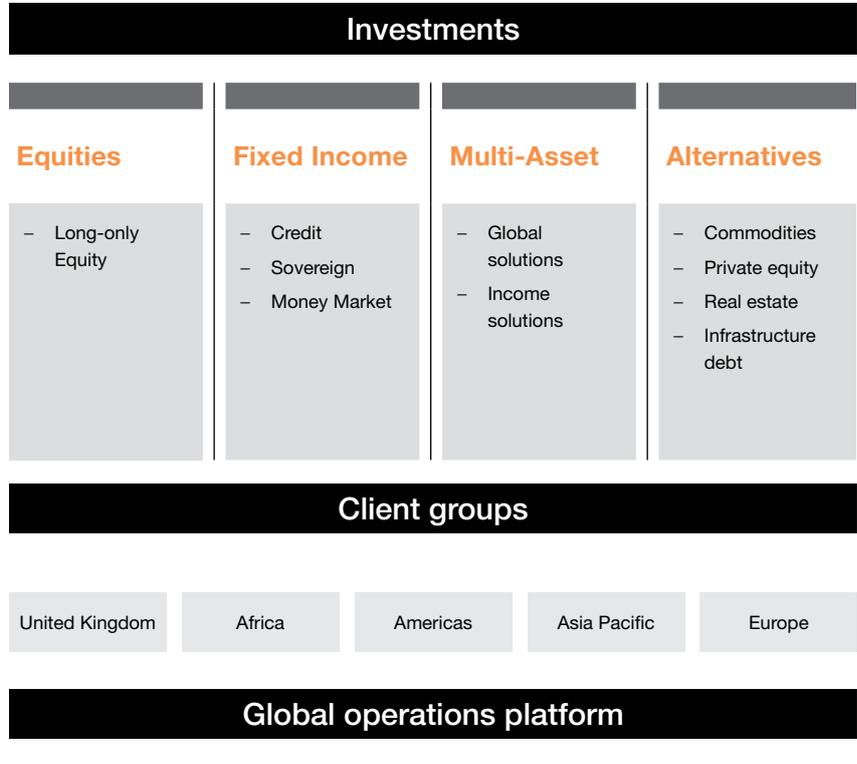
Operating profit before  
non-controlling interests increased  
by 8.0% to  
**£178.0 million**  
contributing 29.3% to group profit

\* This information reflects the Investec Asset Management global executive committee before the changes announced on 6 February 2018.

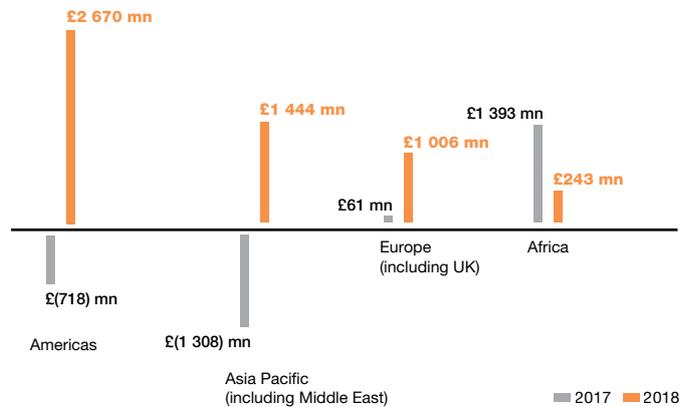


## What we do

### Organisational structure



## Where we operate



## Net flows by geography

Financial years to 31 March 2017 and 31 March 2018

Note: The net flows exclude a historic low value cash plus account which is subject to volatile net flows.



## Wealth & Investment

Business profile

*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.*

### Global head

Steve Elliott

### UK head

Jonathan Wragg

### South Africa head

Henry Blumenthal

### Switzerland head

Peter Gyger

### Ireland head

Eddie Clarke

**The business specialises in wealth management, portfolio management, private office and stockbroking services for individuals, families, trusts and charities.**

Investec Wealth & Investment is one of the UK's leading private client investment managers, the largest in South Africa, has a significant European presence and is developing its operations internationally.

### 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, Switzerland, Republic of Ireland and Guernsey
- The business has five distinct channels: direct, intermediaries, charities, international and digital
- Strategy to internationalise within jurisdictions where the Investec group already has an established business
- Focus is on organic growth in our key markets and enhancing our range of services for the benefit of our clients.



Further detail on the Wealth & Investment management structure is available on our website: [www.investec.com](http://www.investec.com)

### Annual highlights

Net flows of

**£2.0 billion**

(2017: £1.2 billion)

Assets under management

**£56.0 billion**

(2017: £54.8 billion)

Operating margin

**24.3%**

(2017: 25.9%)

Operating profit before non-controlling interest increased by 5.7% to

**£98.6 million**

contributing 16.2% to group profit



## What we do

### UK and Other

#### Investment 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.

#### Financial planning

- Estate planning
- Retirement planning
- Bespoke advice and independent financial reviews.

The UK operation is conducted through Investec Wealth & Investment Limited. The other Wealth & Investment operations are conducted through Investec Bank Switzerland, Investec Wealth & Investment Ireland, Investec Wealth & Investment Channel Islands and in Hong Kong, through Investec Capital Asia Limited.

Over 1 300 staff operate from offices located throughout the above jurisdictions, with combined funds under management of £36.9 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 R115.3 billion of discretionary and annuity managed assets and a further R202.6 billion of funds under various other forms of administration.

## Where we operate



#### UK and Other

- Brand well recognised
- Established platforms and distribution in the UK, Switzerland, Republic of Ireland, Guernsey and Hong Kong
- One of the UK's leading private client investment managers
- Proven ability to attract and recruit investment managers
- Newly launched digital investment offering, Investec Click & Invest

#### South Africa and Mauritius

- Strong brand and positioning
- Largest player in the South African market
- Developing Wealth & Investment capability in Mauritius



# Specialist expertise delivered with dedication and energy.

### Global heads at 31 March 2018

David van der Walt  
Ciaran Whelan\*

### UK heads

David van der Walt  
Ciaran Whelan

### South Africa head

Richard Wainwright

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

### Our value proposition

- High-quality specialist banking solution to corporate and private clients with leading positions in selected areas
- Provide high-touch personalised service – ability to execute quickly
- Ability to leverage international, cross-border platforms
- Well positioned to capture opportunities between the developed and the emerging world – internationally mobile
- Strong ability to originate, manufacture and distribute
- Balanced business model with good business depth and breadth.



Further detail on the Specialist Banking management structure is available on our website: [www.investec.com](http://www.investec.com)

## Annual highlights

Operating profit (ongoing)  
**up 4.3% to**  
**£474.0 million**

Operating profit (statutory)  
**down 2.4%**  
**£380.5 million**

ROE (pre-tax) (ongoing)  
**13.1%**  
**(2017: 15.3%)**

ROE (pre-tax) (statutory)  
**10.2%**  
**(2017: 12.8%)**

Loans and advances (statutory)  
**£25.1 billion**

Customer deposits (statutory)  
**£31.0 billion**

\* As from 1 April 2018 Richard Wainwright has replaced Ciaran Whelan as joint head of the Specialist Bank.



What we do

High income and high net worth private clients	Corporates/government/institutional clients	
<p><b>Private Banking activities</b></p> <hr/> <p><b>Transactional banking and foreign exchange</b></p> <p><b>Lending</b></p> <p><b>Deposits</b></p> <p><b>Investments</b></p> <hr/> <ul style="list-style-type: none"> <li>- Southern Africa</li> <li>- UK and Europe</li> </ul>	<p><b>Investment activities</b></p> <hr/> <p><b>Principal investments</b></p> <p><b>Property investment fund management</b></p> <hr/> <ul style="list-style-type: none"> <li>- Southern Africa</li> <li>- UK and Europe</li> <li>- Australia</li> <li>- Hong Kong</li> </ul>	<p><b>Corporate and Institutional banking</b></p> <hr/> <p><b>Treasury and trading services</b></p> <p><b>Specialised lending, funds and debt capital markets</b></p> <p><b>Institutional research sales and trading</b></p> <p><b>Advisory</b></p> <hr/> <ul style="list-style-type: none"> <li>- Southern Africa</li> <li>- UK and Europe</li> <li>- Australia</li> <li>- Hong Kong</li> <li>- India</li> <li>- USA</li> </ul>

Where we operate



<p><b>North America</b></p> <hr/> <p>Distribution platform</p>	<p><b>UK and Europe</b></p> <hr/> <p>Brand well established</p> <p>Sustainable business on the back of client activity</p>	<p><b>Hong Kong</b></p> <hr/> <p>Investment activities</p> <p>Distribution platform</p>
<p><b>India</b></p> <hr/> <p>Established a presence in 2010</p> <p>Facilitates the link between India, UK and South Africa</p>		<p><b>Australia</b></p> <hr/> <p>Experienced local teams in place with industry expertise</p> <p>Focus is on entrenching position as a boutique operation</p>
<p><b>South Africa</b></p> <hr/> <p>Strong brand and positioning</p> <p>Leading position in corporate, institutional and private client banking activities</p>	<p><b>Mauritius</b></p> <hr/> <p>Established in 1997</p> <p>Focus on corporate, institutional and private client banking activities</p>	



## Business highlights

### Key income drivers in our core businesses

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

#### Asset Management

Global business (in Pounds Sterling)	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Operating margin	33.0%	33.1%	32.0%	34.2%	34.7%	34.5%	35.7%
Net inflows in funds under management as a % of opening funds under management	5.6%	(0.8%)	4.1%	4.6%	3.7%	6.7%	8.8%
Average income yield earned on funds under management <sup>^</sup>	0.54%	0.58%	0.55%	0.60%	0.60%	0.62%	0.62%

#### Wealth & Investment

Global business (in Pounds Sterling)	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Operating margin	24.3%	25.9%	26.4%	25.2%	22.9%	20.3%	19.7%
Net organic growth in funds under management as a % of opening funds under management	3.6%	2.7%	4.5%	6.6%	3.5%	2.0%	(5.3%)
Average income yield earned on funds under management <sup>^</sup>	0.73%	0.72%	0.71%	0.72%	0.71%	0.66%	0.61%
<b>UK and Other<sup>^^</sup> (in Pounds Sterling)</b>							
Operating margin <sup>^^</sup>	22.0%	23.5%	24.6%	22.7%	20.1%	17.3%	16.3%
Net organic growth in funds under management as a % of opening funds under management	5.0%	4.2%	4.5%	7.1%	5.1%	1.3%	(7.4%)
Average income yield earned on funds under management <sup>^</sup>	0.87%	0.85%	0.87%	0.89%	0.89%	0.86%	0.80%
<b>South Africa (in Rands)</b>							
Operating margin	32.3%	33.8%	33.1%	35.1%	33.9%	31.3%	28.5%
Net organic growth in discretionary funds under management as a % of opening discretionary funds under management	4.6%	8.1%	10.4%	8.5%	13.6%	13.9%	8.7%
Average income yield earned on funds under management <sup>^*</sup>	0.49%	0.47%	0.45%	0.41%	0.41%	0.37%	0.39%

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

<sup>^</sup> 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.

<sup>^^</sup> 'Other' comprises the Wealth operations in Switzerland, the Republic of Ireland, the Channel Islands, and Hong Kong. Excluding 'Other', Investec Wealth & Investment UK has an operating margin of 23.2% (2017: 26.8%).

# Business highlights

(continued)



## Specialist Banking – statutory basis

Global business (in Pounds Sterling)	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Cost to income ratio	61.2%*	60.6%*	60.1%*	63.1%*	63.2%*	63.1%	62.4%
ROE post-tax <sup>^</sup>	9.2%	10.5%	10.1%	8.6%	7.9%	6.4%	5.1%
ROE post-tax (ongoing business) <sup>^</sup>	11.7%	12.6%	13.0%	12.8%	11.9%	–	–
Growth in net core loans	10.7%	25.3%	5.4%	0.2% <sup>^^</sup>	(6.8%)	1.0%	(2.8%)
Growth in risk-weighted assets	5.6%	22.2%	2.2%	(4.9%) <sup>^^</sup>	(6.0%)	4.7%	1.5%
Defaults (net of impairments as a % of core loans)	1.17%	1.22%	1.54%	2.07%	2.30%	2.73%	3.31%
Credit loss ratio on core loans	0.61%	0.54%	0.62%	0.68%	0.68%	0.84%	1.12%
<b>UK and Other<sup>#</sup> (in Pounds Sterling)</b>							
Cost to income ratio	76.9%*	74.8%*	73.4%*	78.9%*	72.5%*	69.0%	68.3%
ROE post-tax <sup>^</sup>	3.2%	7.0%	5.5%	2.1%	3.6%	1.7%	(1.8%)
ROE post-tax (ongoing business) <sup>^</sup>	8.5%	11.5%	11.4%	9.6%	10.9%	–	–
Growth in net core loans	12.4%	10.5%	10.5%	(14.1%) <sup>^^</sup>	(0.3%)	6.6%	0.3%
Growth in risk-weighted assets	8.2%	8.4%	6.7%	(15.5%) <sup>^^</sup>	0.4%	7.7%	4.6%
Defaults (net of impairments as a % of core loans)	2.16%	1.55%	2.19%	3.00%	3.21%	3.75%	4.10%
Credit loss ratio on core loans	1.14%	0.90%	1.13%	1.16%	0.99%	1.16%	1.65%
<b>Southern Africa (in Rands)</b>							
Cost to income ratio	47.1%*	46.9%*	46.5%*	47.2%*	51.0%*	55.5%	55.2%
ROE post-tax <sup>^</sup>	12.8%	12.7%	15.1%	15.2%	12.5%	10.0%	9.6%
ROE post-tax (excluding investment activities) <sup>##</sup>	14.1%	15.3%	15.2%	14.8%	–	–	–
Growth in net core loans	8.7%	8.4%	19.7%	16.1%	10.6%	10.2%	6.6%
Growth in risk-weighted assets	3.0%	6.2%	15.1%	8.3%	11.0%	16.5%	11.9%
Defaults (net of impairments as a % of core loans)	0.56%	1.02%	1.05%	1.43%	1.46%	1.89%	2.73%
Credit loss ratio on core loans	0.28%	0.29%	0.26%	0.28%	0.42%	0.61%	0.65%

<sup>^</sup> Divisional ROEs are reported on a pre-tax basis. For the purpose of this calculation we have applied the group's effective tax rate in its respective geographies to derive post-tax numbers. For 31 March 2018 in South Africa we have applied a 'normalised' tax rate of 18%. Capital allocated to the Specialist Bank as at 31 March 2018 was c.£1.5 billion in the UK and c.R35 billion in South Africa.

<sup>^^</sup> Impacted by sale of assets.

<sup>\*</sup> Excludes group costs.

<sup>#</sup> Includes UK, other non-Southern African jurisdictions and the legacy businesses.

<sup>##</sup> Refer to pages 109 and 110 in volume one of Investec's 2018 integrated annual report for further information on the group's investment activities in South Africa.



## Business highlights

(continued)

Business profile

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

Our operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests increased by 1.4% from £599.1 million to £607.5 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 2018 £'000	UK and Other	Southern Africa	Total group	% change	% of total
Asset Management	103 918	74 127	178 045	8.0%	29.3%
Wealth & Investment	69 269	29 296	98 565	5.7%	16.2%
Specialist Banking	59 958	320 535	380 493	(2.4%)	62.6%
	<b>233 145</b>	<b>423 958</b>	<b>657 103</b>	<b>1.4%</b>	<b>108.1%</b>
Group costs	(33 789)	(15 809)	(49 598)	(1.7%)	(8.1%)
<b>Total group</b>	<b>199 356</b>	<b>408 149</b>	<b>607 505</b>	<b>1.4%</b>	<b>100.0%</b>
Other non-controlling interest – equity			52 288		
<b>Operating profit</b>			<b>659 793</b>		
<b>% change</b>	<b>(11.4%)</b>	<b>9.1%</b>	<b>1.4%</b>		
<b>% of total</b>	<b>32.8%</b>	<b>67.2%</b>	<b>100.0%</b>		

For the year to 31 March 2017 £'000	UK and Other	Southern Africa	Total group	% change	% of total
Asset Management	91 262	73 562	164 824	22.3%	27.5%
Wealth & Investment	65 190	28 053	93 243	8.8%	15.6%
Specialist Banking	104 604	285 226	389 830	17.8%	65.0%
	<b>261 056</b>	<b>386 841</b>	<b>647 897</b>	<b>17.5%</b>	<b>108.1%</b>
Group costs	(36 163)	(12 613)	(48 776)	6.5%	(8.1%)
<b>Total group</b>	<b>224 893</b>	<b>374 228</b>	<b>599 121</b>	<b>18.5%</b>	<b>100.0%</b>
Other non-controlling interest – equity			35 201		
<b>Operating profit</b>			<b>659 360</b>		
<b>% of total</b>	<b>37.5%</b>	<b>62.5%</b>	<b>100.0%</b>		



## Ongoing information

The tables that follow provide information on our ongoing results.

	Results in Pounds Sterling			Results in Rand		
	Year to 31 March 2018	Year to 31 March 2017	% change	Year to 31 March 2018	Year to 31 March 2017	% change
Operating profit before taxation* (million)	£701.0	£663.7	5.6%	R12 022	R12 075	(0.4%)
Adjusted earnings attributable to shareholders** (million)	£566.2	£487.1	16.2%	R9 689	R8 849	9.5%
Adjusted earnings per share**	61.3p	54.1p	13.3%	1 049c	983c	6.7%

\* 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.

## Consolidated summarised ongoing income statement

For the year to £'000	31 March 2018	31 March 2017	Variance	% change
Net interest income	760 101	680 539	79 562	11.7%
Net fee and commission income	1 361 214	1 271 591	89 623	7.0%
Investment income	129 722	135 631	(5 909)	(4.4%)
Share of post taxation profit of associates	46 823	18 890	27 933	>100%
Trading income arising from				
– customer flow	138 244	158 006	(19 762)	(12.5%)
– balance sheet management and other trading activities	(4 326)	8 078	(12 404)	(>100%)
Other operating income	11 038	13 158	(2 120)	(16.1%)
<b>Total operating income before impairment losses on loans and advances</b>	<b>2 442 816</b>	<b>2 285 893</b>	<b>156 923</b>	<b>6.9%</b>
Impairment losses on loans and advances	(63 890)	(57 149)	(6 741)	11.8%
<b>Operating income</b>	<b>2 378 926</b>	<b>2 228 744</b>	<b>150 182</b>	<b>6.7%</b>
Operating costs	(1 623 210)	(1 502 623)	(120 587)	8.0%
Depreciation on operating leased assets	(2 421)	(2 169)	(252)	11.6%
<b>Operating profit before goodwill, acquired intangibles and non-operating items</b>	<b>753 295</b>	<b>723 952</b>	<b>29 343</b>	<b>4.1%</b>
Profit attributable to other non-controlling interests	(52 288)	(60 239)	7 951	(13.2%)
Profit attributable to Asset Management non-controlling interests	(23 817)	(20 291)	(3 526)	17.4%
<b>Operating profit before taxation</b>	<b>677 190</b>	<b>643 422</b>	<b>33 768</b>	<b>5.2%</b>
Taxation	(77 448)	(130 438)	52 990	(40.6%)
Preference dividends accrued	(33 527)	(25 838)	(7 689)	29.8%
<b>Adjusted attributable earnings to ordinary shareholders</b>	<b>566 215</b>	<b>487 146</b>	<b>79 069</b>	<b>16.2%</b>
Adjusted earnings per share (pence)	61.3	54.1		13.3%
Number of weighted average shares (million)	923.5	900.4		
Cost to income ratio	66.5%	65.8%		



## Business highlights

(continued)

Business profile

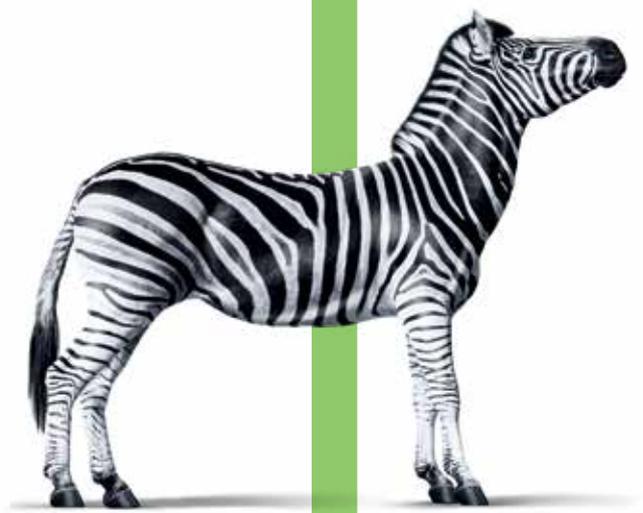
### Segmental geographical and business analysis of operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests – ongoing business

For the year to 31 March 2018 £'000	UK and Other	Southern Africa	Total group	% change	% of total
Asset Management	103 918	74 127	178 045	8.0%	25.4%
Wealth & Investment	69 269	29 296	98 565	5.7%	14.1%
Specialist Banking	153 460	320 535	473 995	4.3%	67.6%
	<b>326 647</b>	<b>423 958</b>	<b>750 605</b>	<b>5.3%</b>	<b>107.1%</b>
Group costs	(33 789)	(15 809)	(49 598)	1.7%	(7.1%)
<b>Total group</b>	<b>292 858</b>	<b>408 149</b>	<b>701 007</b>	<b>5.6%</b>	<b>100.0%</b>
Other non-controlling interest – equity			52 288		
<b>Operating profit</b>			<b>753 295</b>		
<b>% change</b>	<b>1.2%</b>	<b>9.1%</b>	<b>5.6%</b>		
<b>% of total</b>	<b>41.8%</b>	<b>58.2%</b>	<b>100.0%</b>		

For the year to 31 March 2017 £'000	UK and Other	Southern Africa	Total group	% change	% of total
Asset Management	91 262	73 562	164 824	22.3%	24.8%
Wealth & Investment	65 190	28 053	93 243	8.8%	14.0%
Specialist Banking	169 196	285 226	454 422	11.0%	68.5%
	<b>325 648</b>	<b>386 841</b>	<b>712 489</b>	<b>13.1%</b>	<b>107.3%</b>
Group costs	(36 163)	(12 613)	(48 776)	6.5%	(7.3%)
<b>Total group</b>	<b>289 485</b>	<b>374 228</b>	<b>663 713</b>	<b>13.7%</b>	<b>100.0%</b>
Other non-controlling interest – equity			60 239		
<b>Operating profit</b>			<b>723 952</b>		
<b>% of total</b>	<b>43.6%</b>	<b>56.4%</b>	<b>100.0%</b>		

### A reconciliation of the UK and Other Specialist Banking's operating profit: ongoing vs statutory basis

£'000	31 March 2018	31 March 2017	% change
<b>Total ongoing UK and Other Specialist Banking per above</b>	<b>153 460</b>	<b>169 196</b>	<b>(9.3%)</b>
UK legacy remaining	(93 502)	(64 592)	(44.8%)
<b>Total UK and Other Specialist Banking per statutory accounts</b>	<b>59 958</b>	<b>104 604</b>	<b>(42.7%)</b>



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Additional  
information

### *Group risk management objectives are to:*

- Ensure adherence to our risk management culture
- Ensure the business operates within the board-approved 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 appropriately managed and controlled
- Run appropriate risk committees, as mandated by the board.

### **Statement from the chairman of the group risk and capital committee**

#### **Philosophy and approach to risk management**

The board risk and capital committee (comprising both executive and non-executive directors) meets six times per annum and approves the overall risk appetite for the Investec group. The group risk and capital committee, comprising of executive directors and executive management is chaired by the CEO. All members and chairman of this committee are appointed by the board risk and capital committee. The group's risk appetite statement sets broad parameters relating to the board's expectations around performance, business stability and risk management. The board ensures that there are appropriate resources to manage the risk arising from running our businesses.

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. As fundamental to our values, we have a strong and embedded risk and capital management culture.

Group risk management monitors, manages and reports on our risks to ensure that they are within the stated risk appetite mandated by the board of directors through the board risk and capital committee.

We monitor and control risk exposure through independent credit, market, liquidity, operational, legal risk, internal audit and compliance 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. There are specialist divisions in the UK and Southern Africa and smaller risk divisions in other regions tasked with promoting sound risk management practices.

Risk management units are locally responsive yet globally aware. This helps to ensure that all initiatives and businesses operate within our defined risk parameters and objectives, continually seeking new ways to enhance 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 4 and 5) and allow the group to operate within its risk appetite tolerance as set out on page 46.

#### **A summary of the year in review from a risk perspective**

Our executive management are integrally involved in ensuring stringent management of risk, liquidity, capital and conduct. The primary aim is to achieve a suitable balance between risk and reward in our business, particularly in the context of prevailing market conditions and group strategy.

Succession of the group's executive management team has been an ongoing focus area for the board with the group's initial announcement in this regard made in November 2015. Since that date, the board has implemented a number of processes to ensure an orderly management succession process. Leadership and talent development remain high priority areas for the board and management of Investec.

As part of the group's orderly succession plan to move from founding members to the next generation of leadership, a number of board and management changes have been announced. These are disclosed on pages 49 and 50. The process has been well managed and there has been no negative impact on the group's operations.

Although the macro-environment continues to present challenges, the group was able to maintain sound asset performance and risk metrics throughout the year in review. Our risk appetite framework as set out on page 46 continues to be assessed in light of prevailing market conditions and group strategy.

In the year under review, the UK continued to negotiate the terms under which it would leave the European Union. The UK economy continues to be resilient, reflected in the levels of client activity we continue to see. Certain areas of the UK economy are beginning to signal signs of pressure. We are able to adjust our risk appetite and closely monitor any new lending in areas that may come under pressure in the medium-term. We are closely monitoring political developments with respect to Brexit and have continued to evaluate any changes we may need to make to adapt to the new legal and regulatory landscape that emerges.

In September 2017, Investec Bank plc's long-term deposit rating was upgraded by Fitch to BBB+ (stable outlook) and Moody's changed both the outlook on the bank to

positive (A2, positive outlook) and also the outlook on Investec plc's ratings to positive (Baa1, positive outlook).

In South Africa the economy faced major headwinds throughout 2017, driven by escalating political risks, which had negative effects on the real economy. Concerns over the South African economy persisted throughout the year and peaked ahead of the ANC National Elective Conference in December 2017. Subsequent to that, Cyril Ramaphosa was elected President of the ANC, the ruling party. The announcement of a change of leadership within the ruling party was favourably received by investors. In response to these developments, Moody's left Southern Africa's international long-term credit ratings unchanged at investment grade (Baa3), upgrading the sovereign's outlook from negative to stable, ending the review for downgrade that started in November 2017.

Investec Bank Limited's ratings continued to track rating adjustments to the South African sovereign rating during the course of the year. The bank's national long-term ratings remain sound at Aa1.za from Moody's, AA(zaf) from Fitch and za.AA- from Standard & Poor's.

Our core loan book growth over the year in home currencies was 8.7% in South Africa, and 12.4% in the UK. Growth in our books has been well diversified across our residential owner-occupied mortgage portfolios, private client and corporate client lending portfolios as well as selective lending collateralised by property, with loan to values at conservative levels.

Our credit exposures are to a select target market, comprising high-income and high net worth individuals, established corporates, and medium-sized enterprises. Our risk appetite continues to favour lower risk, income-based lending, with exposures well collateralised and credit risk taken over a short to medium term.

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; showing an increase in private client and corporate and other lending, and a reduction in lending collateralised by property as a proportion of our book. Our core loan book remains well diversified with commercial rent producing property loans comprising approximately 12% of the book, other lending collateralised by property 6%, high net worth and private client lending 39.5% and corporate lending 43% (with most industry concentrations well below 5%).

The group has minimal exposure to the agriculture and construction sectors in South Africa, and our overall group exposure to mining and resources amounts to 2% of our credit and counterparty exposures.

Overall net defaults of the group are at a manageable level, amounting to 3.8% and 11.2% of our tier 1 equity in Investec Limited and Investec plc respectively, with total impairments amounting to 19.6% of the group's pre-provision operating profit. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounted to 1.17% (2017: 1.22%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.72 times (2017: 1.35 times).

We reported an increase in the level of impairments taken on our South African portfolio, but remain comfortable with the overall performance of the book, as the credit loss ratio amounted to 0.28% (2017: 0.29%). Default loans (net of impairments) as a percentage of core loans and advances improved from 1.02% to 0.56% with absolute levels of defaults decreasing year on year due to asset write-offs mainly in the corporate portfolio.

In the UK, ongoing asset quality continues to reflect the solid performance of the book. The credit loss ratio on an ongoing basis amounted to 0.24% (2017: 0.27%). The legacy portfolio makes up 3.2% of net core loan exposures at 31 March 2018 (31 March 2017: 5.5%). Gross defaults on the overall UK book including legacy and ongoing totalled £360.6 million at 31 March 2018 (31 March 2017: £260.3 million) largely due to legacy loans. Defaulted exposures are well covered by impairments. The credit loss ratio on the overall UK book amounted to 1.14% (2017: 0.90%, 2016: 1.13%) in anticipation of accelerated exits on certain assets in the legacy portfolio.

Legacy exposures have reduced by 34.3% to £313 million (net of impairments) at 31 March 2018. Non-performing exposures are well covered by impairments and total net defaults in the legacy book amounted to £90 million.

Our client-driven private equity portfolios in the UK and Southern Africa delivered a sound performance. Overall, we remain comfortable with the performance of our investment and equity risk exposures which comprise 4.1% of total assets.

Market risk within our trading portfolio remains modest with value at risk and stress testing scenarios remaining at prudent levels. Proprietary risk is limited.

We continue to spend much time and effort focusing on conduct, reputational, operational, recovery and resolution risks. Financial and cyber crime remain high priorities, and Investec continually aims to strengthen its systems and controls in order to manage cyber risk as well as meet its regulatory obligations to combat money laundering, bribery and corruption.

Investec has continued to maintain a sound balance sheet with a low gearing ratio of 9.1 times and a core loans to equity ratio of 4.6 times. Our current leverage ratios for Investec Limited and Investec plc are at 7.5% and 8.5% respectively, ahead of the group's minimum 6% target level.

We have always held capital well in excess of regulatory requirements and we intend to perpetuate this philosophy. Investec plc's common equity tier 1 ratio is at 11.0% at 31 March 2018 and Investec Limited's improved to 10.2% ahead of our group CET 1 target of greater than 10% and in excess of regulatory minimums. Capital continued to grow and we are comfortable that credit growth is in line with our risk appetite framework and supported by sound risk metrics. We believe that a common equity tier 1 ratio in excess of 10% is appropriate for our businesses, given our sound leverage ratios and significant capital light revenues, and we will continue to build our business in a manner that achieves this target.

In South Africa, we have applied to the South African Prudential Authority (previously known as the Banking Supervision Division of the South African Reserve Bank) for approval to implement the Foundation Internal Ratings-Based (FIRB) approach for certain wholesale portfolios, a transitional step to implementing the Advanced Internal Ratings-Based (AIRB) approach. Subject to approval from the South African Prudential Authority, we expect to implement FIRB in 2019 in the calculation of credit risk regulatory capital. Through the preparation process for the application Investec has enhanced a number of rating systems and risk quantification models. In addition, once approved, we are expecting a positive impact on capital ratios in applying this approach.

# Risk management

(continued)

In December 2017, the Bank of England (BoE) re-confirmed the preferred resolution strategy for Investec Bank plc as the bank insolvency (special administration) procedure under the Investment Bank Special Administration Regulations 2011 – otherwise known as ‘modified insolvency’. As the resolution strategy is ‘modified insolvency’, the BoE has therefore set Investec Bank plc’s minimum requirement for own funds and eligible liabilities (MREL) requirement as equal to its regulatory capital requirements.

Holding a high level of readily available, high quality liquid assets remains paramount in the management of our balance sheet. We continue to maintain a low reliance on interbank wholesale funding to fund core lending asset growth. Cash and near cash balances amounted to £12.8 billion at year end, representing 41.4% of customer deposits.

In the UK, a strong liquidity position has continued to be maintained throughout the year with liabilities growing to support strong asset growth. Funding rates have continued to reduce as we benefitted from additional cost-effective term funding including drawings on the BoE’s Term Funding Scheme. For Investec plc and Investec Bank plc (solo basis), the Liquidity Coverage Ratio (LCR) is calculated using our own interpretations of the EU Delegated Act. The LCR reported to the Prudential Regulation Authority (PRA) at 31 March 2018 was 306% for Investec plc and 301% for Investec Bank plc (solo basis) which is well ahead of the regulatory minimum of 100%. Ahead of the implementation of the final Net Stable Funding Ratio (NSFR) rules, the group has applied its own interpretations of regulatory guidance and definitions from the Basel Committee of Banking Supervision (BCBS) final guidelines, to calculate the NSFR which was 142% for Investec plc and 133% for Investec Bank plc (solo basis), well ahead of the future regulatory minimum of 100%. The reported LCR and NSFR may change over time with regulatory developments and guidance.

In South Africa, we maintained a strong liquidity position and continued to hold high levels of surplus liquid assets. During the past financial year Investec Bank Limited responded to external political uncertainty by concluding its \$600 million long-term foreign currency funding programme in September 2017. It raised a further \$550 million using a combination of repos, sub-debt issuances and long-term cross currency swaps. The majority of our foreign currency funding is used to augment our already strong cash balances. Investec grew its total customer deposits by 6.1%

from R303 billion to R322 billion as at 31 March 2018. Cash and near cash balances amounted to R116.5 billion at 31 March 2018 (31 March 2017: R117.6 billion).

Investec Bank Limited (solo basis) ended the financial year with the three-month average of its LCR at 133.9%, which is well ahead of the minimum regulatory level of 90% required. The NSFR has become a regulatory requirement as of January 2018. The NSFR for Investec Bank Limited (solo basis) amounted to 108.4% as at 31 March 2018, comfortably above the 100% regulatory minimum.

On 11 December 2017 the group released an announcement on the Johannesburg Stock Exchange in relation to its exposures to Steinhoff International Holdings NV (Steinhoff), its subsidiaries and related entities. Trading and investment losses incurred in respect of these exposures amounted to R220 million (approximately £13 million) in the current financial year, less than the estimate referred to in the December announcement. As noted in that announcement, Investec has credit exposures largely to Steinhoff Africa Holdings Proprietary Limited subsidiaries and Steinhoff Africa Retail Limited, which represent a small portion of the group’s balance sheet. Based on the information currently available to the group, Investec is not expecting to suffer any losses on these exposures.

Investec’s stress testing framework is well embedded in its operations and is designed to identify and regularly test the group’s key ‘vulnerabilities under stress’. A fundamental part of the stress testing process is a full and comprehensive analysis of all the group’s material business activities, incorporating views from risk, the business and the executive – a process called the ‘bottom-up’ analysis. Resulting from the ‘bottom-up’ analysis, the Investec-specific stress scenarios are designed to specifically test the unique attributes of the group’s portfolio. The key is to understand the potential threats to our sustainability and profitability and thus a number of risk scenarios are developed and assessed. These Investec specific stress scenarios form an integral part of our capital planning process. The stress testing process also informs the risk appetite review process and the management of risk appetite limits and is a key risk management tool of the group. This process allows the group to proactively identify underlying risks and manage them accordingly.

During the year, a number of stress scenarios were considered and incorporated into our processes. These included, for example, the impact of a corporate stress and protracted weak

growth; and a potential domestic political and household shock.

The board, through its various risk and capital committees, continued to assess the impact of its principal risks and the above mentioned stress scenarios on its business. The board has concluded that the group has robust systems and processes in place to manage these risks and that, while under a severe stress scenario business activity would be very subdued, the group would continue to maintain adequate liquidity and capital balances to support the continued operation of the group.



**For our viability statement refer to pages 163 to 165 in volume one of Investec’s 2018 integrated annual report.**

IFRS 9 is effective from 1 April 2018. IFRS 9 replaces IAS 39 and sets out the new requirements for the recognition and measurement of financial instruments. These requirements focus primarily on the classification and measurement of financial instruments and measurement of impairment losses based on an expected credit loss (ECL) model. Investec plc confirmed to the PRA and Investec Limited confirmed to the South African Prudential Authority that each will use the transitional arrangements to absorb the full impact permissible of IFRS 9 in regulatory capital calculations. Further information on the impact of IFRS 9 is provided in the accounting policies section on page 39 in volume 3 of Investec’s 2018 integrated annual report. In addition, the group has published its detailed transitional disclosures on 29 June 2018 separately from its annual report and these can be found on the group’s website.

## Conclusion

The group has achieved a satisfactory operating performance, supported by solid levels of client activity and a robust recurring income base. We are comfortable that we have robust risk management processes and systems in place. Whilst the complexities of Brexit continue to cause uncertainty in the UK economy, the underlying book continues to perform well and in line with our risk appetite tolerance. The final quarter of the 2018 financial year has started to see an uplift in the South African economic outlook.

Signed on behalf of the board

**Stephen Koseff**  
Chairman of the group risk and capital committee



### Additional information:

Refer to volume two of the 2018 integrated annual report for detailed information on risk management, internal audit and compliance. <https://www.investec.com/about-investec/investor-relations/financial-information.html>.



## Salient features

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

Year to 31 March	UK and Other		Southern Africa		Investec group	
	2018 £	2017 £	2018 R	2017 R	2018 £	2017 £
Net core loans and advances (million)	9 687	8 621	256 702	236 225	25 132	22 707
Total assets (excluding assurance assets) (million)	20 547	18 652	476 639	456 836	49 129	45 807
Total risk-weighted assets (million)	14 411	13 312	338 484	329 808	34 777 <sup>^</sup>	32 979 <sup>^</sup>
Total equity (million)	2 341	2 032	51 279	46 571	5 428	4 809
Cash and near cash (million)	5 813	5 026	116 533	117 586	12 825	12 038
Customer accounts (deposits) (million)	11 624	11 013	321 823	303 470	30 987	29 109
Gross defaults as a % of gross core loans and advances	3.67%	2.98%	1.11%	1.52%	2.10%	2.08%
Defaults (net of impairments) as a % of net core loans and advances	2.16%	1.55%	0.56%	1.02%	1.17%	1.22%
Net defaults (after collateral and impairments) as a % of net core loans and advances	–	–	–	–	–	–
Credit loss ratio*	1.14%	0.90%	0.28%	0.29%	0.61%	0.54%
Credit loss ratio – ongoing book	0.24%	0.27%	0.28%	0.29%	0.26%	0.29%
Structured credit as a % of total assets**	1.34%	1.87%	0.24%	0.40%	0.70%	1.00%
Banking book investment and equity risk exposures as a % of total assets**	2.98%	3.33%	4.87%	4.75%	4.07%	4.15%
Level 3 (fair value assets) as a % of total assets**	3.64%	3.65%	0.60%	0.83%	1.87%	1.99%
Traded market risk: one-day value at risk (million)	0.5	0.5	3.4	4.5	n/a	n/a
Core loans to equity ratio	4.1x	4.2x	5.0x	5.1x	4.6x	4.7x
Total gearing ratio <sup>^^</sup>	8.8x	9.2x	9.3x	9.8x	9.1x	9.5x
Loans and advances to customers to customer deposits	83.2%	78.2%	77.4%	75.0%	79.6%	76.2%
Capital adequacy ratio <sup>##</sup>	15.4%	15.1%	14.6%	14.1%	n/a	n/a
Tier 1 ratio <sup>##</sup>	12.9%	11.5%	11.0%	10.7%	n/a	n/a
Common equity tier 1 ratio <sup>##</sup>	11.0%	11.3%	10.2%	9.9%	n/a	n/a
Leverage ratio – current <sup>##</sup>	8.5%	7.8%	7.5%	7.3%	n/a	n/a
Return on average assets <sup>#</sup>	0.71%	0.92%	1.28%	1.04%	1.03%	1.02%
Return on average risk-weighted assets <sup>#</sup>	1.00%	1.36%	1.79%	1.46%	1.45%	1.45%

\* Income statement impairment charge on core loans as a percentage of average advances.

\*\* Total assets excluding assurance assets.

<sup>^</sup> The group numbers have been 'derived' by adding Investec plc and Investec Limited (Rand converted into Pounds Sterling) numbers together.

<sup>^^</sup> Total assets excluding assurance assets to total equity.

<sup>#</sup> Where return represents operating profit after taxation and non-controlling interests and after deducting preference dividends, but before goodwill, acquired intangibles and non-operating items. Average balances are calculated on a straight-line average.

<sup>##</sup> 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 IBP this does not include the deduction of foreseeable charges and dividends when calculating the CET 1 ratio as required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of this deduction totalling £65 million for Investec plc and £18 million for IBP would lower the CET 1 ratio by 45bps and 13bps respectively.

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.

## Risk management

(continued)

### 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 our principal aspects of risk. In addition, a number of committees and forums identify and manage risk at a group level. The group risk appetite statement and framework sets out the board's mandated risk appetite. The group risk appetite framework acts as a guide to determine the acceptable risk profile of the group by the owners of the group's capital. The group risk appetite statement ensures that limits/targets are applied and monitored across all key operating jurisdictions and legal entities. The group risk appetite statement is a high-level, strategic framework that supplements and does not replace the detailed risk policy documents at each entity and geographic level. The group risk appetite framework is a function of business strategy, budget and capital processes, our stress testing reviews and the regulatory and economic environment in which the group is operating. The group risk appetite framework is reviewed (in light of the above aspects) and approved at least annually or as business needs dictate. A documented process exists where our risk profile is measured against our risk appetite and this positioning is presented to the group risk and capital committee, board risk and capital committee and the board.

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 2018
<ul style="list-style-type: none"> <li>We seek to maintain an appropriate balance between revenue earned from capital light and capital intensive activities. Ideally capital light revenue should exceed 50% of total operating income, dependent on prevailing market conditions</li> </ul>	Capital light activities contributed 56% to total operating income and capital intensive activities contributed 44%
<ul style="list-style-type: none"> <li>We have a solid annuity income base supported by diversified revenue streams, and target an annuity income ratio in excess of 65%</li> </ul>	Annuity income amounted to 76.2% of total operating income.
<ul style="list-style-type: none"> <li>We seek to maintain strict control over fixed costs and target a group cost to income ratio of below 65%</li> </ul>	The cost to income ratio amounted to 66.9%.
<ul style="list-style-type: none"> <li>We aim to build a sustainable business generating 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%</li> </ul>	The return on equity amounted to 12.1% and our return on risk-weighted assets amounted to 1.45%.
<ul style="list-style-type: none"> <li>We are a lowly leveraged firm and target a leverage ratio in all our banking subsidiaries in excess of 6.0%</li> </ul>	We achieved this internal target.
<ul style="list-style-type: none"> <li>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 11% and a common equity tier 1 ratio above 10%</li> </ul>	Investec plc and Investec Limited meet all these targets. Capital has grown over the period.
<ul style="list-style-type: none"> <li>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 7.5% for Investec plc total common equity tier 1 and 5% of tier 1 capital for Investec Limited (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</li> </ul>	We maintained this risk tolerance level in place throughout the year.
<ul style="list-style-type: none"> <li>There is a preference for primary exposure in the group's main operating geographies (i.e. Southern Africa and UK). The group will accept exposures where we have a branch or local banking subsidiary and tolerate exposures to other countries where we have developed a local understanding and capability or we are facilitating a transaction for a client who requires facilities in a foreign geography</li> </ul>	Refer to page 17 in volume two of Investec's 2018 integrated annual report for further information.
<ul style="list-style-type: none"> <li>We target a credit loss ratio on core loans of less than 0.5% of average core advances, and we target defaults net of impairments less than 2% and 1.5% of total net core loans for Investec plc and Investec Limited respectively</li> </ul>	The credit loss ratio on core loans amounted to 0.61% (0.26% excluding the legacy portfolio) and defaults net of impairments amounted to 1.17% of total core loans (1.02% excluding the legacy portfolio).
<ul style="list-style-type: none"> <li>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 25%</li> </ul>	Total cash and near cash balances amounted to £12.8 billion at year end representing 41.4% of customer deposits.
<ul style="list-style-type: none"> <li>We have modest market risk as our trading activities primarily focus on supporting client activity and our appetite for proprietary trading is limited. We set an overall tolerance level of a one-day 95% VaR of less than R15 million for Investec Limited and less than £5 million for Investec plc</li> </ul>	We meet these internal limits; one-day 95% VaR was £0.5 million for Investec plc and R3.4 million for Investec Limited at 31 March 2018.
<ul style="list-style-type: none"> <li>We have moderate appetite for investment risk, and set a risk tolerance of less than 30% of common equity tier 1 capital for our unlisted principal investment portfolio for Investec plc. For Investec Limited, a risk tolerance of less than 12.5% has been set, excluding the group's holding in the IEP Group Proprietary Limited (IEP Group)</li> </ul>	Our unlisted investment portfolios amounted to R3 940 million and £417 million for Investec Limited (excluding the IEP group) and Investec plc respectively, representing 10.6% of total tier 1 for Investec Limited and 27.4% of common equity tier 1 for Investec plc.
<ul style="list-style-type: none"> <li>Our operational risk management teams focus on improving business performance and compliance with regulatory requirements through review, challenge and escalation. We have heightened focus on financial and cyber crime</li> </ul>	Refer to pages 74 to 77 in volume two of Investec's 2018 integrated annual report for further information.
<ul style="list-style-type: none"> <li>We have a number of policies and practices in place to mitigate reputational, legal and conduct risks</li> </ul>	Refer to pages 77 to 78 in volume two of Investec's 2018 integrated annual report for further information.



## Credit ratings

In terms of our dual listed companies structure, creditors are ring-fenced to either Investec Limited or Investec plc as there are no cross-guarantees between the companies. Capital and liquidity are prohibited from flowing between the two entities and thus capital and liquidity are not fungible. As a result the ratings agencies have assigned separate ratings to the significant banking entities within the group, namely Investec Bank plc and Investec Bank Limited. Rating agencies have also assigned ratings to the holding companies, namely, Investec plc and Investec Limited. Our ratings at 12 June 2018 are as follows:

Rating agency	Investec Limited	Investec Bank Limited – a subsidiary of Investec Limited	Investec plc	Investec Bank plc – a subsidiary of Investec plc
<b>Fitch</b>				
<b>Long-term ratings</b>				
Foreign currency	BB+ <sup>^</sup>	BB+ <sup>^</sup>		BBB+
National		AA(zaf)		
<b>Short-term ratings</b>				
Foreign currency	B <sup>^</sup>	B <sup>^</sup>		F2
National		F1+(zaf)		
<b>Viability rating</b>	bb+ <sup>^</sup>	bb+ <sup>^</sup>		bbb+
<b>Support rating</b>	5	3		5
<b>Moody's</b>				
<b>Long-term ratings</b>				
Foreign currency		Baa3	Baa1	A2
National		Aa1.za		
<b>Short-term ratings</b>				
Foreign currency		P-3	P-2	P-1
National		P-1(za)		
<b>Baseline Credit Assessment (BCA) and adjusted BCA</b>				
		baa3		baa2
<b>S&amp;P</b>				
<b>Long-term ratings</b>				
Foreign currency		BB <sup>^</sup>		
National		za.AA-		
<b>Short-term ratings</b>				
Foreign currency		B <sup>^</sup>		
National		za.A-1+		
<b>Global Credit Ratings</b>				
<b>Local currency</b>				
Long-term rating		AA(za)		BBB+
Short-term rating		A1+(za)		A2

<sup>^</sup> Negatively impacted by the downgrade of the South African sovereign rating to non-investment grade.

## Corporate governance

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

Investec's culture, values and philosophies provide the framework for how we conduct our business and measure behaviour and practices to ensure that we demonstrate the characteristics of good governance. Our values require that directors and employees act with moral strength and integrity, and conduct themselves to the highest ethical standard to promote and maintain trust.

Sound corporate governance is therefore implicit in our values, culture, processes, functions and organisational structure. Structures are designed to ensure that our values remain embedded in all businesses and processes. We continually refine these structures and a written statement of values serves as our code of ethics.

We operate under a DLC structure, and consider the corporate governance principles and regulations of both the UK and South Africa before adopting the appropriate standard for the group which also complies with requirements in both jurisdictions.

All international business units operate in accordance with the above determined corporate governance requirements, in addition to those of their jurisdiction, but with clear adherence at all times to group values and culture.

### Directorate of Investec plc and Investec Limited

details as at 12 June 2018

#### Fani Titi (56)\*

Former Chairman  
*BSc (cum laude), BSc Hons (cum laude) in Mathematics, MA in Mathematics, MBA*

#### Perry KO Crosthwaite (69)\*\*

Chairman  
*MA (Hons) (Oxon) in modern languages*

#### Zarina BM Bassa (54)

Senior independent non-executive director  
*BAcc, DipAcc, CA(SA)*

#### Laurel C Bowden (53)

Independent non-executive director  
*MBA (INSEAD), BSc Electronic Engineering, HND Eng*

#### Glynn R Burger (61)

Executive  
*BAcc, CA(SA), H Dip BDP, MBL*

#### Cheryl A Carolus (60)

Independent non-executive director  
*BA (Law), Honorary doctorate in Law*

#### Hendrik J du Toit (56)

Executive  
*BCom Law, BCom (Hons) (cum laude), MCom (cum laude), MPhil (Cambridge)*

#### David Friedland (65)

Independent non-executive director  
*BCom, CA(SA)*

#### Phillip A Hourquebie (65)

Independent non-executive director  
*BAcc, BCom (Hons), CA(SA)*

#### Charles R Jacobs (51)

Independent non-executive director  
*LLB*

#### Bernard Kantor (68)

Executive  
*CTA*

#### Ian R Kantor (71)

Non-executive director  
*BSc. Eng (Elec.), MBA*

#### Stephen Koseff (66)

Executive  
*BCom, CA(SA), H Dip BDP, MBA*

#### Lord Malloch-Brown KCMG (64)

Independent non-executive director  
*BSc. Eng (Elec.), MBA*

#### Khumo L Shuenyane (47)

Independent non-executive director  
*BEcon, CA (England and Wales)*

\* F Titi stepped down as chairman of the board on 15 May 2018.

\*\* PKO Crosthwaite was appointed as chairman of the board on 15 May 2018.



## Management and board succession

Stephen Koseff (chief executive officer of the Investec group), Bernard Kantor (managing director (MD) of the Investec group) and Glynn Burger (risk and finance director of the Investec group) are part of the “founding members” of Investec and for almost 40 years, together with the board and the group’s senior management team, have steered the group to becoming an internationally recognised specialist bank and asset manager.

As part of the group’s succession plan and orderly transition from the founding members to the next generation of leadership, the following management and board succession changes have and shall be implemented subject to regulatory approval:

### Investec Limited and Investec plc board – executive director changes

Stephen Koseff and Bernard Kantor will step down from their roles on 1 October 2018. From that date until 31 March 2019 they will continue to serve as executive directors and be available to provide support and advice to the incoming executives. As from 1 April 2019 they will become non-executive directors.

Glynn Burger, group risk and finance director, will retire on 31 March 2019. Glynn remains available and willing to assist in any capacity that the new management team require him for.

Fani Titi who has been a non-executive director on the Investec group board since January 2004 and chairman of the group since November 2011, and Hendrik du Toit the founding CEO of Investec Asset Management and an executive director of the group since December 2010, have been appointed as Joint CEO designates on 1 April 2018. On 1 October 2018 they will become joint CEOs of the group and will be held jointly accountable and responsible for the leadership and management of the Investec group. Hendrik will remain CEO of Investec Asset Management until 30 September 2018 to ensure an orderly transition in this business.

Kim McFarland, chief operating officer (COO) and chief financial officer (CFO) of Investec Asset Management since December 1993, will take over as group finance and operations director on 1 April 2019. Kim will continue with her duties as COO and CFO of Investec Asset Management until 31 March 2019 to support an orderly transition in this business.

Ciaran Whelan, who has held various senior positions globally with the Investec group over the past 30 years, and who is currently global joint head of the Specialist Bank and Global Head of Private Banking, will succeed Glynn Burger as director of risk on 1 April 2019. Ciaran will remain the global head of the Private Bank until 31 March 2019.

During the transition period Stephen, Bernard and Glynn will work closely with the new executive designates to ensure a smooth and orderly transition.

### Investec Limited and Investec plc board – non-executive director changes

Fani Titi has stepped down as group chairman.

Perry Crosthwaite, the Investec group’s senior independent non-executive director has been appointed as chairman of the group on 15 May 2018. Perry Crosthwaite was appointed as a non-executive director of the board in June 2010. Perry’s biography follows later in this report.

Perry Crosthwaite has stepped down as chairman of the remuneration committee with Philip Hourquebie assuming the position on 1 April 2018. Philip was appointed as a non-executive director of the board in August 2017. Philip’s biography follows later in this report.

Zarina Bassa has been appointed as the group’s senior independent non-executive director on 1 April 2018. Zarina was appointed as a non-executive director of the board in November 2014. Zarina’s biography follows later in this report.

## Chairman of Investec Bank Limited and Investec Bank plc

Fani Titi has stepped down as chairman of Investec Bank Limited with Khumo Shuenyane assuming this position on 15 May 2018. Khumo has been a director of Investec Bank Limited since August 2014.

Fani Titi has stepped down as chairman of Investec Bank plc with Brian Stevenson assuming this position on 15 May 2018. Brian has been a director of Investec Bank plc since September 2016.

## Global divisional management

John Green and Mimi Ferrini became deputy CEOs of Investec Asset Management on 1 April 2018 and from 1 October 2018, will assume the roles of Joint CEOs of the business.

David van der Walt and Richard Wainwright remain CEOs of Investec Bank plc and Investec Bank Limited, respectively. David van der Walt will remain joint global head of the Specialist Bank together with Richard Wainwright who replaced Ciaran Whelan in this role on 1 April 2018.

Steve Elliott remains global head of Investec Wealth & Investment.

Nishlan Samujh, the current global group CFO, will remain in his role.

# Corporate governance

(continued)

Additional information

## Timeline of board and management changes

Current changes		Future changes		
<p><b>Philip Hourquebie</b></p> <ul style="list-style-type: none"> <li>Became chairman of DLC remuneration committee</li> </ul> <p><b>Zarina Bassa</b></p> <ul style="list-style-type: none"> <li>Became group senior independent non-executive director</li> </ul> <p><b>Perry Crosthwaite</b></p> <ul style="list-style-type: none"> <li>Stepped down as chairman of DLC remuneration committee</li> </ul> <p><b>Richard Wainwright</b></p> <ul style="list-style-type: none"> <li>Became Joint Global Head of the Specialist Bank with David van der Walt</li> </ul> <p><b>Ciaran Whelan</b></p> <ul style="list-style-type: none"> <li>Stepped down as Joint Global Head of the Specialist Bank but remains Global Head of the Private Bank</li> </ul> <p><b>Fani Titi and Hendrik du Toit</b></p> <ul style="list-style-type: none"> <li>Appointed as Joint CEO designates</li> </ul>	<p><b>Fani Titi</b></p> <ul style="list-style-type: none"> <li>Stepped down as group, IBP* and IBL** chairman and chairman of DLC nomdac (15 May 2018)</li> </ul> <p><b>Perry Crosthwaite</b></p> <ul style="list-style-type: none"> <li>Became chairman of Investec group (15 May 2018) and chairman of DLC nomdac</li> </ul> <p><b>Brian Stevenson</b></p> <ul style="list-style-type: none"> <li>Became chairman of IBP* and chairman of IBP* nominations committee (15 May 2018)</li> </ul> <p><b>Khumo Shuenyane</b></p> <ul style="list-style-type: none"> <li>Became chairman of IBL** (15 May 2018)</li> </ul>	<p><b>Stephen Koseff</b></p> <ul style="list-style-type: none"> <li>Will step down as group CEO (remains an executive director of Investec Limited and Investec plc)</li> </ul> <p><b>Bernard Kantor</b></p> <ul style="list-style-type: none"> <li>Will step down as group MD (remains an executive director of Investec Limited and Investec plc)</li> </ul> <p><b>Fani Titi and Hendrik du Toit</b></p> <ul style="list-style-type: none"> <li>Will assume Joint CEO roles</li> </ul> <p><b>Mimi Ferrini and John Green</b></p> <ul style="list-style-type: none"> <li>Will become Joint CEOs of Investec Asset Management</li> </ul>	<p><b>Stephen Koseff and Bernard Kantor</b></p> <ul style="list-style-type: none"> <li>Will step down as executive directors of Investec Limited and Investec plc</li> </ul> <p><b>Glynn Burger</b></p> <ul style="list-style-type: none"> <li>Will step down as group risk and finance director</li> </ul> <p><b>Ciaran Whelan</b></p> <ul style="list-style-type: none"> <li>Will step down as Global Head of Private Bank</li> </ul>	<p><b>Stephen Koseff and Bernard Kantor</b></p> <ul style="list-style-type: none"> <li>Will join the group board (Investec Limited and Investec plc) as non-executive directors</li> </ul> <p><b>Ciaran Whelan</b></p> <ul style="list-style-type: none"> <li>Will become group risk director</li> </ul> <p><b>Kim McFarland</b></p> <ul style="list-style-type: none"> <li>Will become group finance and operations director</li> </ul>
▽	▽	▽	▽	▽
<b>1 April 2018</b>	<b>15 May 2018</b>	<b>1 October 2018</b>	<b>31 March 2019</b>	<b>1 April 2019</b>

\* Investec Bank plc.

\*\* Investec Bank Limited.



## Investec ordinary shares

As at 31 March 2018 Investec plc and Investec Limited had 669.8 million and 310.7 million ordinary shares in issue respectively.

### Spread of ordinary shareholders as at 31 March 2018

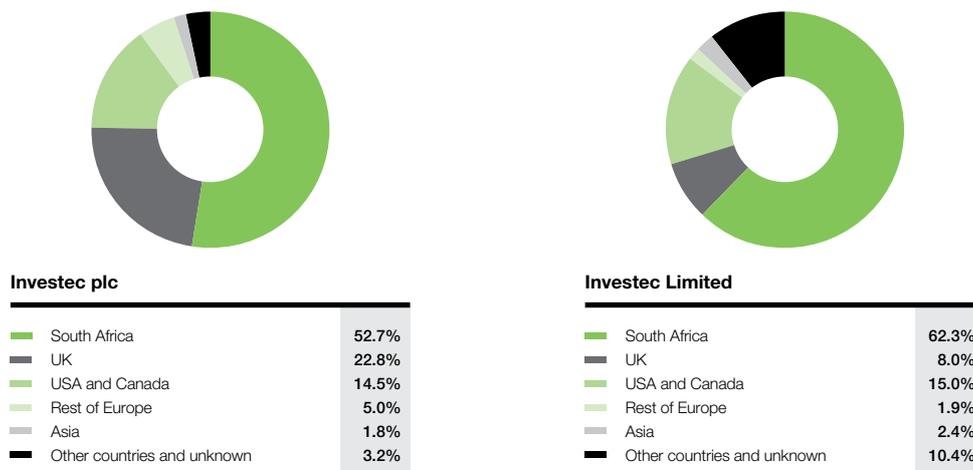
#### Investec plc ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
16 451	1 – 500	54.5%	3 066 804	0.5%
5 148	501 – 1 000	17.1%	3 921 349	0.6%
5 789	1 001 – 5 000	19.2%	12 820 080	1.9%
870	5 001 – 10 000	2.9%	6 322 860	0.9%
1 034	10 001 – 50 000	3.4%	24 032 663	3.6%
275	50 001 – 100 000	0.9%	19 574 644	2.9%
615	100 001 and over	2.0%	600 100 295	89.6%
<b>30 182</b>		<b>100.0%</b>	<b>669 838 695</b>	<b>100.0%</b>

#### Investec Limited ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
3 655	1 – 500	44.6%	697 644	0.2%
1 286	501 – 1 000	15.7%	991 581	0.3%
1 759	1 001 – 5 000	21.4%	3 985 673	1.3%
378	5 001 – 10 000	4.6%	2 836 314	0.9%
626	10 001 – 50 000	7.6%	14 952 706	4.8%
181	50 001 – 100 000	2.2%	12 757 948	4.1%
317	100 001 and over	3.9%	274 500 878	88.4%
<b>8 202</b>		<b>100.0%</b>	<b>310 722 744</b>	<b>100.0%</b>

### Geographical holding by beneficial ordinary shareholder as at 31 March 2018



## Shareholder analysis

(continued)

### Largest ordinary shareholders as at 31 March 2018

In accordance with the terms provided for in section 793 of the UK Companies Act 2006 and section 56 of the South African Companies Act, 2008, as amended, the group has conducted investigations into the registered holders of its ordinary shares (including nominee and asset management companies) and the results are as disclosed below.

#### Investec plc

Shareholder analysis by manager group	Number of shares	% holding
1. Allan Gray (ZA)	71 494 791	10.7%
2. Coronation Fund Managers (ZA)	49 462 280	7.4%
3. Public Investment Corporation (ZA)	40 553 224	6.1%
4. BlackRock Inc (US & UK)	38 477 035	5.7%
5. Old Mutual (ZA)	34 052 783	5.1%
6. Prudential Group (ZA)	30 358 867	4.5%
7. The Vanguard Group, Inc (US & UK)	20 537 935	3.1%
8. Investec Asset Management* (ZA)	17 766 926	2.7%
9. T Rowe Price Associates (UK)	17 073 903	2.5%
10. State Street Corporation (US & UK)	16 865 642	2.5%
<b>Cumulative total</b>	<b>336 643 386</b>	<b>50.3%</b>

The top 10 shareholders account for 50.3% 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.

\* In custody, held on behalf of clients.

#### Investec Limited

Shareholder analysis by manager group	Number of shares	% holding
1. Allan Gray (ZA)	38 471 349	12.4%
2. Public Investment Corporation (ZA)	35 492 302	11.4%
3. Investec Staff Share Scheme (ZA)	14 674 608	4.7%
4. Old Mutual (ZA)	13 123 570	4.2%
5. BlackRock Inc (US & UK)	12 223 803	3.9%
6. Sanlam Group (ZA)	10 554 623	3.4%
7. The Vanguard Group, Inc (US & UK)	10 492 686	3.4%
8. Coronation Fund Managers (ZA)	10 186 937	3.3%
9. Dimensional Fund Advisors (UK)	8 276 719	2.7%
10. Entrepreneurial Development Trust (ZA)	5 547 362	1.8%
<b>Cumulative total</b>	<b>159 043 959</b>	<b>51.2%</b>

The top 10 shareholders account for 51.2% 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.

### Shareholder classification as at 31 March 2018

	Number of Investec plc shares	% holding	Number of Investec Limited shares	% holding
Public*	644 874 220	96.2%	292 552 654	94.3%
Non-public	24 964 475	3.8%	18 170 090	5.7%
Non-executive directors of Investec plc/Investec Limited	1 144 683	0.2%	325	–
Executive directors of Investec plc/Investec Limited	10 651 547	1.6%	3 495 157	1.0%
Investec staff share schemes	13 168 245	2.0%	14 674 608	4.7%
<b>Total</b>	<b>669 838 695</b>	<b>100.0%</b>	<b>310 722 744</b>	<b>100.0%</b>

\* As per the JSE Listings Requirements.

## Shareholder analysis

(continued)

### Share statistics

#### Investec plc

For the year ended	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Closing market price per share (Pounds Sterling)							
– year ended	5.50	5.44	5.13	5.61	4.85	4.59	3.82
– highest	6.49	6.19	6.47	6.06	5.08	5.14	5.22
– lowest	4.61	4.19	4.03	4.91	3.66	3.10	3.18
Number of ordinary shares in issue (million) <sup>1</sup>	669.8	657.1	617.4	613.6	608.8	605.2	598.3
Market capitalisation (£'million) <sup>1</sup>	3 684	3 575	3 167	3 442	2 953	2 778	2 286
Daily average volumes of share traded ('000)	1 807	1 618	1 474	2 170	1 985	1 305	1 683
Price earnings ratio <sup>2</sup>	10.3	11.3	12.4	14.2	12.8	12.7	12.0
Dividend cover (times) <sup>2</sup>	2.2	2.1	2.0	2.0	2.0	2.0	1.9
Dividend yield (%) <sup>2</sup>	4.4	4.2	4.1	3.5	3.9	3.9	4.5
Earnings yield (%) <sup>2</sup>	9.7	8.9	8.1	7.0	7.8	7.9	8.3

#### Investec Limited

For the year ended	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Closing market price per share (Rands)							
– year ended	92.28	91.46	109.91	100.51	84.84	64.26	47.16
– highest	105.62	112.11	121.90	107.35	85.04	69.89	57.36
– lowest	85.00	81.46	93.91	86.02	59.00	41.31	42.00
Number of ordinary shares in issue (million) <sup>3</sup>	310.7	301.2	291.4	285.7	282.9	279.6	276.0
Market capitalisation (R'million) <sup>3</sup>	90 486	87 646	99 886	90 388	75 652	56 857	41 232
Market capitalisation (£'million) <sup>3</sup>	5 393	5 213	4 662	5 045	4 325	4 061	3 340
Daily average volume of shares traded ('000)	1 031	1 149	963	739	810	980	1 033

1 The LSE only include the shares in issue for Investec plc, i.e. currently 669.8 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 have agreed to use the total number of shares in issue for the combined group, comprising Investec plc and Investec Limited, in calculating market capitalisation, i.e. currently a total of 980.6 million shares in issue.

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