



## Unaudited combined consolidated financial results

This announcement covers the statutory results of the Investec group for the six months ended 30 September 2018.

### Overview of results

- The group has delivered a sound operational performance.
- This is notwithstanding a challenging operating environment. Rising US interest rates, the threat of trade wars, concerns over global growth prospects, weak economic growth in South Africa and Brexit-related uncertainty in the UK have contributed to this.
- The Asset Management and Wealth & Investment businesses have grown funds under management supported by strong net flows of GBP4.8 billion.
- The Specialist Banking business saw a substantial reduction in impairments as well as revenue growth supported by reasonable levels of client activity.
- The cost to income ratio improved marginally. Revenue growth and cost containment remain priorities.
- A solid base of annuity revenue has continued to support earnings through varying market conditions.

### Overall group performance

Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests (operating profit) increased 14.2% to GBP359.3 million (2017: GBP314.6 million) – an increase of 17.6% on a currency neutral basis. Overall group results have been negatively impacted by the depreciation of the average Rand: Pounds Sterling exchange rate of approximately 4.1% over the period. The combined South African businesses reported operating profit 5.0% ahead of the prior period (in Rands), whilst the combined UK and Other businesses posted a 40.2% increase in operating profit in Pounds Sterling.

### Salient features of the period under review are:

- Adjusted earnings attributable to shareholders before goodwill, acquired intangibles and non-operating items increased 8.2% to GBP265.3 million (2017: GBP245.3 million) – an increase of 11.1% on a currency neutral basis.
- Adjusted earnings per share (EPS) before goodwill, acquired intangibles and non-operating items increased 6.4% from 26.6 pence to 28.3 pence – an increase of 9.4% on a currency neutral basis.
- Annuity income as a percentage of total operating income amounted to 75.5% (2017: 76.4%).
- The total income statement impairment charge reduced materially to GBP31.0 million (2017: GBP59.6 million). The annualised credit loss charge as a percentage of average gross core loans and advances subject to expected credit losses has improved to 0.34% (2017: 0.52%).
- The annualised return on adjusted average shareholders' equity increased to 13.4% from 12.1% at 31 March 2018.
- Third party assets under management increased 3.7% to GBP166.5 billion (31 March 2018: GBP160.6 billion) – an increase of 7.2% on a currency neutral basis.

- Customer accounts (deposits) decreased 2.1% to GBP30.3 billion (31 March 2018: GBP31.0 billion) – an increase of 4.3% on a currency neutral basis.
- Core loans and advances decreased 3.7% to GBP24.2 billion (31 March 2018: GBP25.1 billion) – an increase of 2.4% on a currency neutral basis.
- The group maintained a sound capital position with common equity tier one (CET 1) ratios of 10.4% for Investec plc and 10.3% for Investec Limited, ahead of the group's CET 1 ratio target. The group is comfortable with its CET 1 ratio target at a 10% level, as its leverage ratios for both Investec Limited and Investec plc are above 7%.
- Liquidity remains strong with cash and near cash balances amounting to GBP12.5 billion.
- The board declared a dividend of 11.0 pence per ordinary share (2017: 10.5 pence) resulting in a dividend cover based on the group's adjusted EPS before goodwill and non-operating items of 2.6 times (2017: 2.5 times), consistent with the group's dividend policy.
- The proposed demerger and separate listing of Investec Asset Management (still subject to regulatory and shareholder approvals) is progressing well.

### Fani Titi and Hendrik du Toit, Joint Chief Executive Officers of Investec said:

*"The outgoing executives have handed over a resilient business with positive momentum and good growth potential. It is now up to us to implement our strategy of simplification and greater focus, involving the demerger and separate listing of the Asset Management business and the positioning of the Specialist Bank and Wealth & Investment businesses for sustainable long-term growth. Revenue growth, capital allocation and cost discipline remain high on our agenda."*

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## Presentation/conference call details

A presentation on the results will commence at 9:00 UK time/11:00 SA time. Viewing options as below:

- Live on South African TV (Business day TV channel 412 DSTV)
- A live and delayed video webcast at [www.investec.com](http://www.investec.com)
- Toll free numbers for the telephone conference facilities
  - SA participants: 0800 200 648
  - UK participants: 0808 162 4061
  - rest of Europe and other participants: +800 246 78 700
  - Australian participants: 1800 350 100
  - USA participants: 1855 481 6362

## About Investec

Investec is 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. The group was established in 1974 and currently has approximately 10 300 employees.

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

In July 2002 the Investec group implemented a dual listed company structure with listings on the London and Johannesburg Stock Exchanges. The combined group's current market capitalisation is approximately GBP5.0 billion.

## Business unit review

### Asset Management

Asset Management operating profit increased by 10.0% to GBP91.5 million (2017: GBP83.2 million). Strong net inflows of GBP4.1 billion supported the growth in total funds under management to GBP109.2 billion (31 March 2018: GBP103.9 billion). Flows were well spread across client regions.

### Wealth & Investment

Wealth & Investment operating profit decreased by 6.3% to GBP46.4 million (2017: GBP49.5 million). Earnings have been impacted by growth in headcount for IT initiatives, compliance requirements, and continued recruitment of experienced portfolio managers and financial planners to support future revenue growth. The business generated net inflows of GBP650 million. Total funds under management amounted to GBP56.7 billion (31 March 2018: GBP56.0 billion).

### Specialist Banking

Specialist Banking operating profit increased by 18.8% to GBP245.4 million (2017: GBP206.5 million).

The South African business reported an increase in operating profit in Rands of 4.2%. A combination of a weak domestic economy and political policy uncertainty has resulted in subdued activity; reflecting in softer loan book growth, client flow trading levels and a weaker performance from the equity and investment property portfolios. We did however, report growth in net interest income supported by higher net margins and continued activity from our private client base. The annualised credit loss ratio on average core loans and advances subject to expected credit losses amounted to 0.30% (2017: 0.30% under the IAS 39 incurred impairment loss model), remaining at the lower end of its long-term average trend.

The UK and Other businesses reported a 96.0% increase in operating profit, reflecting a material decrease in impairment charges due to no longer incurring substantial losses on the legacy portfolio. In addition, earnings were supported by strong growth in net interest income and fee income largely driven by the corporate business. With the investment phase in the private bank largely complete, the business has strengthened its focus on client acquisition and has seen sound growth in mortgage lending activity.

The bank's overall cost to income ratio improved, notwithstanding an increase in costs driven largely by headcount growth in relation to increased business activity and regulatory requirements. The annualised credit loss ratio on average core loans and advances subject to expected credit losses amounted to 0.41% (2017: 0.84% under the IAS 39 incurred impairment loss model).

Further information on key developments within each of the business units is provided in a detailed report published on the group's website: <http://www.investec.com>

## Group costs

These largely relate to group brand and marketing costs and a portion of executive and support functions which are associated with group level activities. These costs are not incurred by the operating divisions and are necessary to support the operational functioning of the group. These costs amounted to GBP24.0 million (2017: GBP24.7 million).

## Financial statement analysis

### Total operating income

Total operating income before expected credit loss impairment charges increased by 7.6% to GBP1 281.3 million (2017: GBP1 191.1 million).

Net interest income increased by 11.2% to GBP405.0 million (2017: GBP364.3 million) driven by lending activity and endowment impact from rate rises in the UK.

Net fee and commission income increased by 5.7% to GBP703.7 million (2017: GBP666.0 million) as a result of higher average funds under management and net inflows in the Asset Management and Wealth Management businesses as well as a good performance from the corporate advisory business in the UK.

Investment income amounted to GBP41.5 million (2017: GBP62.1 million) reflecting a weaker performance from the group's listed and unlisted investment portfolio, as well as from the investment property portfolio in South Africa.

Share of post taxation profit of associates of GBP20.8 million (2017: GBP23.7 million) reflects earnings in relation to the group's investment in the IEP Group.

Trading income arising from customer flow increased by 1.4% to GBP65.1 million (2017: GBP64.2 million) reflecting subdued client flow trading levels given the uncertainty in both geographies.

Trading income from balance sheet management and other trading activities increased significantly to GBP39.0 million (2017: GBP5.1 million). The increase is largely reflective of translation gains on foreign currency equity investments in South Africa (partially offsetting the related weaker investment income performance) as well as the unwind of the UK subordinated debt fair value adjustment (recognised on the adoption of IFRS 9) as the instrument pulls to par over its remaining term.

### Expected credit loss (ECL) impairment charges

The total ECL impairment charges amounted to GBP31.0 million, a substantial reduction from GBP59.6 million (under the IAS 39 incurred loss model) in the prior period, primarily reflecting a reduction in legacy impairments. The group's annualised credit loss ratio is now within its long term average range at 0.34% (2017: 0.52%). Since 1 April 2018 gross core loan Stage 3 assets have reduced by GBP141 million to GBP595.0 million largely driven by a reduction of legacy exposures. Stage 3 assets (net of ECL impairment charges) as a percentage of net core loans subject to ECL was 1.7% (1 April 2018: 2.0%).

### Operating costs

The cost to income ratio improved marginally, amounting to 66.6% (2017: 66.9%). Total operating costs grew by 7.2% to GBP854.2 million (2017: GBP797.1 million) largely driven by growth in headcount to support both activity levels and increased regulatory requirements.

## Taxation

The effective tax rate amounted to 16.1% (2017: 14.5%), which remains below the group's historical effective tax rate mainly impacted by the utilisation of tax losses.

## Profit attributable to non-controlling interests

Profit attributable to non-controlling interests mainly comprises:

- GBP12.8 million profit attributable to non-controlling interests in the Asset Management business.
- GBP36.4 million profit attributable to non-controlling interests in the Investec Property Fund.

## Balance sheet analysis

### Since 31 March 2018:

- Shareholders equity decreased by 5.9% to GBP4.2 billion primarily as a result of the adoption of IFRS 9 on 1 April 2018 as well as from the depreciation of the closing Rand: Pounds Sterling exchange rate.
- Net asset value per share decreased 6.7% to 422.0 pence and net tangible asset value per share (which excludes goodwill and intangible assets) decreased 7.2% to 372.7 pence, primarily as a result of the adoption of IFRS 9 as well as from the depreciation of the closing Rand: Pounds Sterling exchange rate.
- The annualised return on adjusted average shareholders' equity increased from 12.1% to 13.4%.

## Liquidity and funding

As at 30 September 2018 the group held GBP12.5 billion in cash and near cash balances (GBP6.5 billion in Investec plc and R110.8 billion in Investec Limited) which amounted to 41.1% of customer deposits. The group continues to focus on maintaining an optimal overall liquidity and funding profile. Loans and advances to customers as a percentage of customer deposits amounted to 78.2% (31 March 2018: 79.6%). The group comfortably exceeds Basel liquidity requirements for the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). Investec Bank Limited (solo basis) ended the period to 30 September 2018 with the three-month average of its LCR at 137.4% and an NSFR of 111.3%. Further detail with respect to the bank's LCR and NSFR in South Africa is provided on the website. For Investec plc and Investec Bank plc (solo basis) the LCR is calculated using our own interpretations of the EU Delegated Act. The LCR reported to the PRA at 30 September 2018 was 332% for Investec plc and 339% for Investec Bank plc (solo basis). Ahead of the implementation of the final NSFR rules, the group has applied its own interpretations of regulatory guidance and definitions from the BCBS final guidelines to calculate the NSFR which was 140% for Investec plc and 134% for Investec Bank plc (solo basis). The reported NSFR and LCR may change over time with regulatory developments and guidance.

## Capital adequacy and leverage ratios

The group is targeting a minimum common equity tier 1 capital ratio above 10% and a total capital adequacy ratio range of 14% to 17% on a consolidated basis for each of Investec plc and Investec Limited. The group's anticipated fully loaded Basel III common equity tier 1 (CET 1) ratios in both Investec plc and Investec Limited are reflected in the following table. The group expects to implement the Foundation Internal Ratings-Based (FIRB) approach in South Africa by the end of the 2019 financial year, subject to final regulatory approval.

	30 Sept 2018	1 April 2018	31 March 2018
<b>Investec plc<sup>^</sup></b>			
Capital adequacy ratio	15.4%	15.0%	15.4%
Tier 1 ratio	12.2%	12.4%	12.9%
Common equity tier 1 ratio	10.4%	10.5%	11.0%
Common equity tier 1 ratio ("fully loaded")	10.0%	10.3%	11.0%
Leverage ratio (current)	7.7%	8.3%	8.5%
Leverage ratio ("fully loaded")	7.3%	8.0%	8.4%
<b>Investec Limited<sup>**</sup></b>			
Capital adequacy ratio	14.7%	14.5%	14.6%
Tier 1 ratio	11.1%	10.8%	11.0%
Common equity tier 1 ratio	10.3%	10.0%	10.2%
Common equity tier 1 ratio ("fully loaded")	10.2%	9.8%	10.2%
Leverage ratio (current)	7.5%	7.4%	7.5%
Leverage ratio ("fully loaded")	7.1%	6.9%	7.1%

<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 this does not include the deduction of foreseeable charges and dividends when calculating CET 1 capital as required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of this deduction totalling GBP45 million for Investec plc would lower the CET 1 ratio by 30bps (31 March 2018: 45bps).

<sup>\*\*</sup> Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from the capital information, Investec Limited's CET 1 ratio would be 27bps (31 March 2018: 25bps) lower.

<sup>\*</sup> The CET 1 fully loaded ratio and the fully loaded leverage ratio assume full adoption of IFRS 9 and full adoption of all CRD IV rules or South African Prudential Authority regulations, as applicable in the relevant jurisdictions. As a result of the adoption of IFRS 9 Investec plc elected to designate its subordinated fixed rate medium-term notes due in 2022 at fair value. By the time of full adoption of IFRS 9 in 2023, these subordinated liabilities will have reached final maturity and will be redeemed at par value. The remaining interest rate portion of the fair value adjustment at 30 September 2018 of GBP18 million (post-taxation), has therefore been excluded from the fully loaded ratios as it will be released into profit and loss over the remaining life of the instrument.

## Additional information – proposed demerger and listing of Investec Asset Management business

On 14 September 2018, the board of directors of Investec plc and Investec Limited announced that the Investec Asset Management business would become a separately listed entity. The demerger and the listing of Investec Asset Management is subject to regulatory, shareholder and other approvals, and is expected to be completed during the second half of 2019.

## Outlook

Notwithstanding macro challenges, we believe that our current business momentum and our drive to simplify and focus the business, together with our commitment to cost discipline, will support our long-term growth aspirations.

On behalf of the boards of Investec plc and Investec Limited

**Perry Crosthwaite**

Chairman

**Fani Titi**

Joint Chief Executive  
Officer

**Hendrik du Toit**

Joint Chief Executive  
Officer

14 November 2018

## Notes to the commentary section above

### Presentation of financial information

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

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

Accordingly, the interim results for Investec plc and Investec Limited present the results and financial position of the combined DLC group under International Financial Reporting Standards (IFRS), denominated in Pounds Sterling. In the commentary above, all references to Investec or the group relate to the combined DLC group comprising Investec plc and Investec Limited.

Unless the context indicates otherwise, all comparatives included in the commentary above relate to the six months ended 30 September 2017.

Amounts represented on a currency neutral basis for income statement items assume that the relevant average exchange rates for the six months to 30 September 2018 remain the same as those in the prior period. Amounts represented on a currency neutral basis for balance sheet items assume that the relevant closing exchange rates at 30 September 2018 remain the same as those at 31 March 2018.

### Foreign currency impact

The group's reporting currency is Pounds Sterling. Certain of the group's operations are conducted by entities outside the UK. The results of operations and the financial position of the individual companies are reported in the local currencies in which they are domiciled, including 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 the group's combined consolidated financial statements. In the case of the income statement, the weighted average rate for the relevant period is applied and, in the case of the balance sheet, the relevant closing rate is used.

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

	Six months to 30 Sep 2018		Year to 31 Mar 2018		Six months to 30 Sep 2017	
Currency per GBP1.00	Period end	Average	Period end	Average	Period end	Average
South African Rand	18.44	17.76	16.62	17.21	18.10	17.06
Australian Dollar	1.80	1.79	1.83	1.72	1.71	1.69
Euro	1.12	1.13	1.14	1.14	1.13	1.14
US Dollar	1.30	1.33	1.40	1.33	1.34	1.30

Exchange rates between local currencies and Pounds Sterling have fluctuated over the period. The most significant impact arises from the volatility of the Rand. The average exchange rate over the period has depreciated by 4.1% and the closing rate has depreciated by 11.0% since 31 March 2018.

### Accounting policies and disclosures

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

The accounting policies applied in the preparation of the results for the period to 30 September 2018 are consistent with those adopted in the financial statements for the year ended 31 March 2018 except as noted below.

On 1 April 2018 the group adopted IFRS 9 'Financial Instruments' which replaced 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 as opposed to an incurred loss methodology under IAS 39. Disclosure related to the initial application and the impact of the transition from IAS 39 to IFRS 9 were included in the group's transition disclosures published on 15 June 2018 which can be accessed via the Investec website at [www.investec.com](http://www.investec.com).

Additionally, on 1 April 2018 the group adopted IFRS 15 'Revenue from contracts with customers' which replaced IAS 18 'Revenue'. IFRS 15 provides a principles-based approach for revenue recognition and introduces the concept of recognising revenue for obligations as they are satisfied. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The group's measurement and recognition principles were aligned to the new standard and hence there has been no material impact on measurement and recognition principles or on disclosure requirements from the adoption of IFRS 15.

The financial results have been prepared under the supervision of Glynn Burger, the Group Risk and Finance Director. The financial statements for the six months to 30 September 2018 will be posted to stakeholders on 30 November 2018. These financial results will be available on the group's website on the same date.

### Proviso

- Please note that matters discussed in this announcement may contain forward looking statements which are subject to various risks and uncertainties and other factors, including, but not limited to:
  - the further development of standards and interpretations under IFRS applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS.
  - domestic and global economic and business conditions.
  - market related risks.
- A number of these factors are beyond the group's control.
- These factors may cause the group's actual future results, performance or achievements in the markets in which it operates to differ from those expressed or implied.
- Any forward looking statements made are based on the knowledge of the group at 14 November 2018.
- The information in the announcement for the six months ended 30 September 2018, which was approved by the board of directors on 14 November 2018, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006. The 31 March 2018 financial statements were filed with the registrar and were unqualified with the audit report containing no statements in respect of Sections 498(2) or 498(3) of the UK Companies Act.
- This announcement is available on the group's website: [www.investec.com](http://www.investec.com)

### Financial assistance

Shareholders are referred to Special Resolution number 3, which was approved at the annual general meeting held on 8 August 2018, relating to the provision of direct or indirect financial assistance in terms of Section 45 of the South African Companies Act, No 71 of 2008 to related or inter-related companies. Shareholders are hereby notified that in terms of S45(5)(a) of the South African Companies Act, the boards of directors of Investec Limited and Investec Bank Limited provided such financial assistance during the period 1 April 2018 to 30 September 2018 to various group subsidiaries.

## Financial information

### Salient financial features

	Results in Pounds Sterling					Results in Rand		
	Six months to 30 September 2018	Six months to 30 September 2017	% change	Neutral currency^ Six months to 30 September 2018	Neutral currency % change	Six months to 30 September 2018	Six months to 30 September 2017	% change
Operating profit before taxation* (million)	359.3	314.6	14.2%	370.1	17.6%	6 415	5 378	19.3%
Earnings attributable to shareholders (million)	279.9	252.4	10.9%	287.5	13.9%	4 983	4 321	15.3%
Adjusted earnings attributable to shareholders** (million)	265.3	245.3	8.2%	272.5	11.1%	4 725	4 199	12.5%
Adjusted earnings per share**	28.3p	26.6p	6.4%	29.1p	9.4%	504c	455c	10.8%
Basic earnings per share	27.6p	25.8p	7.0%	28.4p	10.1%	492c	443c	11.1%
Headline earnings per share	27.4p	24.6p	11.4%	28.1p	14.2%	487c	422c	15.4 %
Dividends per share	11.0p	10.5p	4.8%	n/a	n/a	206c	200c	3.0%

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

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

^ For income statement items we have used the average Rand:Pound Sterling exchange rate that was applied in the prior year, i.e. 17.06.

	Results in Pounds Sterling				
	Actual as reported At 30 September 2018	Actual as reported At 31 March 2018	Actual as reported % change	Neutral currency^^ At 30 September 2018	Neutral currency % change
Net asset value per share	422.0p	452.5p	(6.7%)	440.9p	(2.6%)
Net tangible asset value per share	372.7p	401.5p	(7.2%)	391.2p	(2.6%)
Total equity (million)	5 118	5 428	(5.7%)	5 429	0.0%
Total assets (million)	56 137	57 617	(2.6%)	59 918	4.0%
Core loans and advances (million)	24 190	25 132	(3.7%)	25 740	2.4%
Cash and near cash balances (million)	12 467	12 825	(2.8%)	13 125	2.3%
Customer deposits (million)	30 349	30 987	(2.1%)	32 317	4.3%
Third party assets under management (million)	166 512	160 576	3.7%	172 180	7.2%
Return on average adjusted shareholders' equity	13.4%	12.1%			
Return on average risk-weighted assets	1.54%	1.45%			
Loans and advances to customers as a % of customer deposits	78.2%	79.6%			
Credit loss ratio (expected credit loss impairment charges on gross core loans and advances as a % of average gross core loans and advances)	0.34%	0.61%			

For balance sheet items we have assumed that the Rand:Pound Sterling exchange rate has remained neutral since March 2018.

## Condensed combined consolidated income statement

GBP'000	Six months to 30 September 2018	Six months to 30 September 2017	Year to 31 March 2018
Interest income	1 285 916	1 225 130	2 491 009
Interest expense	(880 902)	(860 809)	(1 730 611)
<b>Net interest income</b>	<b>405 014</b>	<b>364 321</b>	<b>760 398</b>
Fee and commission income	804 249	753 835	1 543 447
Fee and commission expense	(100 540)	(87 825)	(182 240)
Investment income	41 472	62 074	130 048
Share of post taxation profit of associates	20 782	23 677	46 823
Trading income/(loss) arising from			
– customer flow	65 078	64 160	138 226
– balance sheet management and other trading activities	39 031	5 146	(4 307)
Other operating income	6 238	5 669	11 115
<b>Total operating income before expected credit losses/impairment losses</b>	<b>1 281 324</b>	<b>1 191 057</b>	<b>2 443 510</b>
Expected credit loss impairment charges*	(31 022)	–	–
Impairment losses on loans and advances*	–	(59 593)	(148 556)
<b>Operating income</b>	<b>1 250 302</b>	<b>1 131 464</b>	<b>2 294 954</b>
Operating costs	(852 982)	(795 883)	(1 632 740)
Depreciation on operating leased assets	(1 207)	(1 177)	(2 421)
<b>Operating profit before goodwill and acquired intangibles</b>	<b>396 113</b>	<b>334 404</b>	<b>659 793</b>
Amortisation of acquired intangibles	(7 861)	(8 142)	(16 255)
<b>Operating profit</b>	<b>388 252</b>	<b>326 262</b>	<b>643 538</b>
Additional costs on acquisition of subsidiary	–	–	(6 039)
<b>Profit before taxation</b>	<b>388 252</b>	<b>326 262</b>	<b>637 499</b>
Taxation on operating profit before goodwill and acquired intangibles	(60 301)	(44 996)	(59 099)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	1 577	1 631	3 253
<b>Profit after taxation</b>	<b>329 528</b>	<b>282 897</b>	<b>581 653</b>
Profit attributable to other non-controlling interests	(36 846)	(19 800)	(52 288)
Profit attributable to Asset Management non-controlling interests	(12 828)	(10 663)	(23 817)
<b>Earnings attributable to shareholders</b>	<b>279 854</b>	<b>252 434</b>	<b>505 548</b>
Amortisation of acquired intangibles	7 861	8 142	16 255
Additional costs on acquisition of subsidiary	–	–	6 039
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	(1 577)	(1 631)	(3 253)
Preference dividends paid	(21 086)	(14 101)	(32 980)
Accrual adjustment on earnings attributable to other equity holders	271	436	(547)
<b>Adjusted earnings</b>	<b>265 323</b>	<b>245 280</b>	<b>491 062</b>
Headline adjustments**	(8 724)	(18 010)	(41 415)
<b>Headline earnings</b>	<b>256 599</b>	<b>227 270</b>	<b>449 647</b>
<b>Earnings per share (pence)</b>			
– Basic	27.6	25.8	51.2
– Diluted	26.8	24.9	49.8
<b>Adjusted earnings per share (pence)</b>			
– Basic	28.3	26.6	53.2
– Diluted	27.5	25.7	51.7
<b>Dividends per share (pence)</b>			
– Interim	11.0	10.5	10.5
– Final	n/a	n/a	13.5
<b>Headline earnings per share (pence)</b>			
– Basic	27.4	24.6	48.7
– Diluted	26.6	23.8	47.4
<b>Number of weighted average shares (million)</b>	<b>937.2</b>	<b>922.9</b>	<b>923.5</b>

\* On adoption of IFRS 9, there is a move from an incurred loss model to an expected credit loss methodology.

\*\* The headline earnings adjustments are made up of property revaluations of GBP2.2 million (2017: GBP5.5 million), amortisation of acquired intangibles of GBP7.9 million (2017: GBP8.1 million), gains on available-for-sale instruments recycled to the income statement GBPnil (2017: GBP4.8 million), profit on realisation of associate company of GBPnil (2017: GBP0.8 million), taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries GBP1.6 million (2017: GBP1.6 million) and accrual adjustment on earnings attributable to other equity holders of GBP0.3 million (2017: GBP0.4 million). This line represents the reconciling items from adjusted earnings to headline earnings.

## Summarised combined consolidated statement of comprehensive income

GBP'000	Six months to 30 September 2018	Six months to 30 September 2017	Year to 31 March 2018
Profit after taxation	329 528	282 897	581 653
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified to the income statement</b>			
Fair value movements on cash flow hedges taken directly to other comprehensive income*	(788)	(1 824)	(5 746)
Gains on debt instruments at FVOCI recycled to the income statement*^	(1 999)	–	–
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income*^	(12 023)	–	–
Gains on realisation of available-for-sale assets recycled to the income statement*^	–	(4 760)	(6 676)
Fair value movements on available-for-sale assets taken directly to other comprehensive income*^	–	13 816	20 051
Foreign currency adjustments on translating foreign operations	(249 312)	(220 844)	(25 300)
<b>Items that will never be reclassified to the income statement</b>			
Remeasurement of net defined pension liability	69	–	3 938
Gains and losses attributable to own credit risk	10 318	–	–
<b>Total comprehensive income</b>	<b>75 793</b>	<b>69 285</b>	<b>567 920</b>
Total comprehensive income attributable to ordinary shareholders	70 757	72 485	451 913
Total comprehensive (loss)/income attributable to non-controlling interests	(16 050)	(17 301)	83 027
Total comprehensive income attributable to perpetual preferred securities	21 086	14 101	32 980
<b>Total comprehensive income</b>	<b>75 793</b>	<b>69 285</b>	<b>567 920</b>

\* Net of taxation of (GBP2.1 million) [six months to 30 September 2017: GBP3.0 million, year to 31 March 2018: GBP11.7 million].

^ On adoption of IFRS 9 on 1 April 2018, the fair value reserve was introduced, replacing the available-for-sale reserve.

## Summarised combined consolidated cash flow statement

GBP'000	Six months to 30 September 2018	Six months to 30 September 2017	Year to 31 March 2018
Cash inflows from operations	404 278	357 998	732 242
Increase in operating assets	(1 926 505)	(1 009 683)	(3 352 869)
Increase in operating liabilities	1 845 075	705 103	3 075 779
Net cash inflow from operating activities	322 848	53 418	455 152
Net cash inflow/(outflow) from investing activities	58 190	5 292	(37 799)
Net cash (outflow)/inflow from financing activities	(203 047)	(121 852)	45 383
Effects of exchange rates on cash and cash equivalents	(106 538)	(144 595)	(54 085)
Net increase/(decrease) in cash and cash equivalents	71 453	(207 737)	408 651
Cash and cash equivalents at the beginning of the period	6 130 379	5 721 728	5 721 728
<b>Cash and cash equivalents at the end of the period</b>	<b>6 201 832</b>	<b>5 513 991</b>	<b>6 130 379</b>

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

## Condensed combined consolidated balance sheet

At GBP'000	30 September 2018	1 April 2018*	31 March 2018*	30 September 2017
<b>Assets</b>				
Cash and balances at central banks	4 402 571	4 040 010	4 040 512	3 356 259
Loans and advances to banks	2 194 184	2 164 598	2 165 533	2 308 618
Non-sovereign and non-bank cash placements	566 221	599 982	601 243	574 521
Reverse repurchase agreements and cash collateral on securities borrowed	1 641 435	2 207 137	2 207 477	1 690 036
Sovereign debt securities	4 483 385	4 907 624	4 910 027	3 608 316
Bank debt securities	609 522	591 428	587 164	604 511
Other debt securities	1 109 942	898 122	903 603	968 597
Derivative financial instruments	1 098 812	1 345 744	1 352 408	1 201 602
Securities arising from trading activities	1 921 010	1 434 391	1 434 391	1 395 766
Investment portfolio	950 455	956 560	885 499	911 480
Loans and advances to customers	23 739 734	24 410 334	24 673 009	22 351 228
Own originated loans and advances to customers securitised	452 341	458 814	459 088	445 672
Other loans and advances	207 251	345 742	347 809	367 401
Other securitised assets	142 884	148 387	148 387	153 786
Interests in associated undertakings	421 139	467 852	467 852	371 294
Deferred taxation assets	215 388	242 239	157 321	123 435
Other assets	2 006 480	1 875 357	1 876 116	2 016 057
Property and equipment	269 174	233 340	233 340	100 910
Investment properties	1 041 323	1 184 097	1 184 097	1 063 771
Goodwill	367 480	368 803	368 803	366 969
Intangible assets	120 333	125 389	125 389	132 692
	<b>47 961 064</b>	<b>49 005 950</b>	<b>49 129 068</b>	<b>44 112 921</b>
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	8 176 040	8 487 776	8 487 776	7 705 206
	<b>56 137 104</b>	<b>57 493 726</b>	<b>57 616 844</b>	<b>51 818 127</b>
<b>Liabilities</b>				
Deposits by banks	3 011 094	2 931 267	2 931 267	2 246 115
Derivative financial instruments	1 402 260	1 471 563	1 471 563	1 169 314
Other trading liabilities	1 006 572	960 166	960 166	968 917
Repurchase agreements and cash collateral on securities lent	488 271	655 840	655 840	730 170
Customer accounts (deposits)	30 348 761	30 985 251	30 987 173	27 966 006
Debt securities in issue	2 734 128	2 717 187	2 717 187	2 549 264
Liabilities arising on securitisation of own originated loans and advances	120 161	136 812	136 812	133 307
Liabilities arising on securitisation of other assets	121 161	127 853	127 853	131 740
Current taxation liabilities	170 794	185 486	185 486	197 244
Deferred taxation liabilities	30 507	32 158	32 158	38 304
Other liabilities	1 812 573	2 019 906	2 012 268	1 827 251
	<b>41 246 282</b>	<b>42 223 489</b>	<b>42 217 773</b>	<b>37 957 632</b>
Liabilities to customers under investment contracts	8 172 496	8 484 296	8 484 296	7 702 724
Insurance liabilities, including unit-linked liabilities	3 544	3 480	3 480	2 482
	<b>49 422 322</b>	<b>50 711 265</b>	<b>50 705 549</b>	<b>45 662 838</b>
Subordinated liabilities	1 596 958	1 619 878	1 482 987	1 389 091
	<b>51 019 280</b>	<b>52 331 143</b>	<b>52 188 536</b>	<b>47 051 929</b>
<b>Equity</b>				
Ordinary share capital	245	240	240	240
Perpetual preference share capital	31	31	31	31
Share premium	2 490 403	2 416 736	2 416 736	2 404 171
Treasury shares	(210 912)	(160 132)	(160 132)	(196 198)
Other reserves	(530 880)	(406 718)	(345 606)	(460 907)
Retained income	2 430 803	2 326 212	2 530 825	2 385 707
<b>Shareholders' equity excluding non-controlling interests</b>	<b>4 179 690</b>	<b>4 176 369</b>	<b>4 442 094</b>	<b>4 133 044</b>
Other Additional Tier 1 securities in issue	298 808	304 150	304 150	30 386
Non-controlling interests	639 326	682 064	682 064	602 768
– Perpetual preferred securities issued by subsidiaries	83 204	92 312	92 312	84 763
– Non-controlling interests in partially held subsidiaries	556 122	589 752	589 752	518 005
<b>Total equity</b>	<b>5 117 824</b>	<b>5 162 583</b>	<b>5 428 308</b>	<b>4 766 198</b>
<b>Total liabilities and equity</b>	<b>56 137 104</b>	<b>57 493 726</b>	<b>57 616 844</b>	<b>51 818 127</b>

\* The 1 April 2018 balance sheet has been presented on an IFRS 9 basis and the comparative as at 31 March 2018 on an IAS 39 basis.



## Summarised combined consolidated statement of changes in equity

GBP'000	Six months to 30 September 2018	Year to 31 March 2018	Six months to 30 September 2017
Balance at the beginning of the period	5 428 308	4 808 629	4 808 629
Adoption of IFRS 9	(265 725)	–	–
Total comprehensive income for the period	75 793	567 920	69 285
Share-based payments adjustments	33 084	69 218	34 688
Dividends paid to ordinary shareholders	(127 943)	(227 908)	(123 230)
Dividends declared to perpetual preference shareholders	(7 528)	(15 736)	(8 160)
Dividends paid to perpetual preference shareholders included in non-controlling interests	(13 558)	(17 244)	(5 941)
Dividends paid to non-controlling interests	(27 378)	(63 688)	(29 272)
Issue of ordinary shares	103 141	125 240	105 206
Issue of Other Additional Tier 1 security instruments	–	271 058	–
Issue of equity by subsidiaries	–	12 695	–
Net equity impact of non-controlling interest movements	–	20 057	4 518
Net equity movement of interest in associate undertakings	(5 671)	–	–
Movement of treasury shares	(74 699)	(121 933)	(89 525)
<b>Balance at the end of the period</b>	<b>5 117 824</b>	<b>5 428 308</b>	<b>4 766 198</b>

## Combined consolidated segmental analysis

For the six months to 30 September GBP'000	UK and Other	Southern Africa	Total group
<b>Segmental geographical and business analysis of operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests</b>			
<b>2018</b>			
Asset Management	56 840	34 686	91 526
Wealth & Investment	32 864	13 544	46 408
Specialist Banking	80 756	164 625	245 381
	<b>170 460</b>	<b>212 855</b>	<b>383 315</b>
Group costs	(17 227)	(6 821)	(24 048)
<b>Total group</b>	<b>153 233</b>	<b>206 034</b>	<b>359 267</b>
Other non-controlling interest – equity			36 846
<b>Operating profit</b>			<b>396 113</b>
<b>2017</b>			
Asset Management	49 949	33 284	83 233
Wealth & Investment	35 441	14 087	49 528
Specialist Banking	41 208	165 291	206 499
	<b>126 598</b>	<b>212 662</b>	<b>339 260</b>
Group costs	(17 295)	(7 361)	(24 656)
<b>Total group</b>	<b>109 303</b>	<b>205 301</b>	<b>314 604</b>
Other non-controlling interest – equity			19 800
<b>Operating profit</b>			<b>334 404</b>

## Analysis of financial assets and liabilities by category of financial instrument

At 30 September 2018 GBP'000	Total financial instruments at fair value	Total financial instruments at amortised cost	Non-financial instruments or scoped out of IFRS 9	Total
<b>Assets</b>				
Cash and balances at central banks	695	4 401 876	–	4 402 571
Loans and advances to banks	–	2 194 184	–	2 194 184
Non-sovereign and non-bank cash placements	47 613	518 608	–	566 221
Reverse repurchase agreements and cash collateral on securities borrowed	527 934	1 113 501	–	1 641 435
Sovereign debt securities	4 200 240	283 145	–	4 483 385
Bank debt securities	274 025	335 497	–	609 522
Other debt securities	698 726	411 216	–	1 109 942
Derivative financial instruments	1 098 812	–	–	1 098 812
Securities arising from trading activities	1 921 010	–	–	1 921 010
Investment portfolio	950 455	–	–	950 455
Loans and advances to customers	2 443 852	21 295 882	–	23 739 734
Own originated loans and advances to customers securitised	–	452 341	–	452 341
Other loans and advances	–	207 251	–	207 251
Other securitised assets	125 814	17 070	–	142 884
Interests in associated undertakings	–	–	421 139	421 139
Deferred taxation assets	–	–	215 388	215 388
Other assets	228 394	1 160 686	617 400	2 006 480
Property and equipment	–	–	269 174	269 174
Investment properties	–	–	1 041 323	1 041 323
Goodwill	–	–	367 480	367 480
Intangible assets	–	–	120 333	120 333
	<b>12 517 570</b>	<b>32 391 257</b>	<b>3 052 237</b>	<b>47 961 064</b>
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	8 176 040	–	–	8 176 040
	<b>20 693 610</b>	<b>32 391 257</b>	<b>3 052 237</b>	<b>56 137 104</b>
<b>Liabilities</b>				
Deposits by banks	–	3 011 094	–	3 011 094
Derivative financial instruments	1 402 260	–	–	1 402 260
Other trading liabilities	1 006 572	–	–	1 006 572
Repurchase agreements and cash collateral on securities lent	175 187	313 084	–	488 271
Customer accounts (deposits)	2 300 787	28 047 974	–	30 348 761
Debt securities in issue	390 098	2 344 030	–	2 734 128
Liabilities arising on securitisation of own originated loans and advances	–	120 161	–	120 161
Liabilities arising on securitisation of other assets	121 161	–	–	121 161
Current taxation liabilities	–	–	170 794	170 794
Deferred taxation liabilities	–	–	30 507	30 507
Other liabilities	37 059	1 167 966	607 548	1 812 573
	<b>5 433 124</b>	<b>35 004 309</b>	<b>808 849</b>	<b>41 246 282</b>
Liabilities to customers under investment contracts	8 172 496	–	–	8 172 496
Insurance liabilities, including unit-linked liabilities	3 544	–	–	3 544
	<b>13 609 164</b>	<b>35 004 309</b>	<b>808 849</b>	<b>49 422 322</b>
Subordinated liabilities	385 060	1 211 898	–	1 596 958
	<b>13 994 224</b>	<b>36 216 207</b>	<b>808 849</b>	<b>51 019 280</b>

## Financial instruments carried at fair value

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation technique used. The different levels are identified as follows:

**Level 1** – quoted (unadjusted) prices in active markets for identical assets or liabilities.

**Level 2** – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

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

At 30 September 2018 GBP'000	Total financial instruments at fair value	Fair value category		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Cash and balances at central banks	695	695	–	–
Non-sovereign and non-bank cash placements	47 613	4 495	43 118	–
Reverse repurchase agreements and cash collateral on securities borrowed	527 934	–	527 934	–
Sovereign debt securities	4 200 240	4 200 240	–	–
Bank debt securities	274 025	266 206	7 819	–
Other debt securities	698 726	194 776	411 716	92 234
Derivative financial instruments	1 098 812	–	1 060 819	37 993
Securities arising from trading activities	1 921 010	1 917 605	3 405	–
Investment portfolio	950 455	182 062	31 590	736 803
Loans and advances to customers	2 443 852	–	970 182	1 473 670
Other securitised assets	125 814	–	–	125 814
Other assets	228 394	228 394	–	–
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	8 176 040	8 176 040	–	–
	<b>20 693 610</b>	<b>15 170 513</b>	<b>3 056 583</b>	<b>2 466 514</b>
<b>Liabilities</b>				
Derivative financial instruments	1 402 260	–	1 382 215	20 045
Other trading liabilities	1 006 572	883 181	123 391	–
Repurchase agreements and cash collateral on securities lent	175 187	–	175 187	–
Customer accounts (deposits)	2 300 787	–	2 300 787	–
Debt securities in issue	390 098	–	390 098	–
Liabilities arising on securitisation of other assets	121 161	–	–	121 161
Other liabilities	37 059	–	37 059	–
Subordinated liabilities	385 060	385 060	–	–
Liabilities to customers under investment contracts	8 172 496	8 172 496	–	–
Insurance liabilities, including unit-linked liabilities	3 544	3 544	–	–
	<b>13 994 224</b>	<b>9 444 281</b>	<b>4 408 737</b>	<b>141 206</b>
<b>Net financial assets at fair value</b>	<b>6 699 386</b>	<b>5 726 232</b>	<b>(1 352 154)</b>	<b>2 325 308</b>

### Transfers between level 1 and level 2

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

The group transfers between levels within the fair value hierarchy when the significance of the unobservable inputs change or if the valuation methods change.

## Level 2 financial assets and financial liabilities

The following table sets out the group's principal valuation techniques as at 30 September 2018 used in determining the fair value of its financial assets and financial liabilities that are classified within level 2 of the fair value hierarchy.

	Valuation basis/techniques	Main assumptions
<b>Assets</b>		
Non-sovereign and non-bank cash placements	Discounted cash flow model	Yield curves
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flow model, Hermite interpolation	Yield curves
Bank debt securities	Discounted cash flow model	Yield curves NCD curves
Other debt securities	Discounted cash flow model	Yield curves and NCD curves, external prices, broker quotes
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes	Yield curves, risk free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Securities arising from trading activities	Standard industry derivative pricing model Adjusted quoted price	Interest rate curves, implied bond spreads, equity volatilities Liquidity adjustments
Investment portfolio	Discounted cash flow model, relative valuation model Comparable quoted inputs	Discount rate and fund unit price, net assets
Loans and advances to customers	Discounted cash flow model	Yield curves
<b>Liabilities</b>		
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes	Yield curves, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Other trading liabilities	Discounted cash flow model	Yield curves
Repurchase agreements and cash collateral on securities lent	Discounted cash flow model, Hermite interpolation	Yield curves
Customer accounts (deposits)	Discounted cash flow model	Yield curves
Debt securities in issue	Discounted cash flow model	Yield curves
Other liabilities	Discounted cash flow model	Yield curves

For the six months to 30 September 2018 GBP'000	Net level 3 financial instruments
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The following table is a reconciliation of the opening balances to the closing balances for fair value measurements in level 3 of the fair value hierarchy:

<b>Balance as at 31 March 2018</b>	<b>776 176</b>
Adoption of IFRS 9	1 341 810
<b>Balance as at 1 April 2018</b>	<b>2 117 986</b>
Total gains or losses	73 464
In the income statement	73 206
In the statement of comprehensive income	258
Purchases	800 061
Sales	(348 240)
Issues	16 616
Settlements	(391 874)
Transfers into level 3	12 123
Foreign exchange adjustments	45 172
<b>Balance as at 30 September 2018</b>	<b>2 325 308</b>

For the period ended 30 September 2018, GBP12.1 million has been transferred out of level 2 into level 3 as a result of the inputs to the valuation method becoming unobservable in the market.

For the six months to 30 September 2018 GBP'000	Total	Realised	Unrealised
<b>Total gains/(losses) included in the income statement for the period</b>			
Net interest income	51 731	40 662	11 069
Fee and commission income	9 600	11 512	(1 912)
Investment income	7 071	1 334	5 737
Trading income arising from customer flow	4 804	3 734	1 070
	<b>73 206</b>	<b>57 242</b>	<b>15 964</b>
<b>Total gains/(losses) included in other comprehensive income for the period</b>			
Gains on realisation on debt instruments at FVOCI recycled through the income statement	19 757	19 757	–
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	258	–	258
	<b>20 015</b>	<b>19 757</b>	<b>258</b>

### Sensitivity of fair values to reasonably possible alternative assumptions by level 3 instrument type

The fair value of financial instruments in level 3 are measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable market data. The following table shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

	Balance sheet value GBP'000	Significant unobservable input	Range of unobservable input used	Favourable changes GBP'000	Unfavourable changes GBP'000
<b>30 September 2018</b>					
<b>Assets</b>					
Other debt securities	92 234	Potential impact on income statement		7 975	(7 887)
		Cash flow adjustments	CPR 8.6%	–	(68)
		Credit spreads	5.1%	140	(136)
		EBITDA	(5%)/5%	348	(348)
		Other <sup>^</sup>	^	7 487	(7 335)
Derivative financial instruments	37 993	Potential impact on income statement		6 964	(9 205)
		Volatilities	4.0% – 9.0%	212	(212)
		Cash flow adjustments	CPR 7.6% – 11.2%	110	(101)
		Underlying asset value <sup>†</sup>	†	5 684	(8 029)
		EBIDTA	(5%)/20%	128	(32)
		Other <sup>^</sup>	^	830	(831)
Investment portfolio	736 803	Potential impact on income statement		122 097	(124 731)
		Price earnings multiple	4.0 x – 10.3 x	6 117	(5 828)
		WACC	20.0%	29 594	(35 004)
		Underlying asset value <sup>†</sup>	†	9 472	(3 029)
		EBITDA	^^	23 602	(19 226)
		Cash flow adjustments	(15%)/25%	3 151	(2 638)
		Precious and industrial metals prices	(10%)/6%	1 139	(1 898)
		Property values	(5%)/5%	9 339	(9 339)
		Other <sup>^</sup>	^	39 683	(47 769)
Loans and advances to customers	1 473 670	Potential impact on income statement		41 750	(54 993)
		Credit spreads	0.2% – 29.0%	4 202	(6 048)
		Cash flow adjustments	(15%)/5%	1 637	(4 910)
		Underlying asset value <sup>†</sup>	†	2 130	(1 715)
		Other <sup>^</sup>	^	33 781	(42 320)
		Potential impact on other comprehensive income			
		Credit spreads	0.1% – 5.1%	1 135	(1 615)
Other securitised assets*	125 814	Potential impact on income statement			
		Cash flow adjustments	CPR 7.7%	723	(728)
<b>Total level 3 assets</b>	<b>2 466 514</b>			<b>180 644</b>	<b>(199 159)</b>
<b>Liabilities</b>					
Derivative financial instruments	20 045	Potential impact on income statement		(9 085)	7 268
		Cash flow adjustments	CPR 7.6% – 11.2%	(81)	89
		Volatilities	8.5%	(2)	2
		Underlying asset value <sup>†</sup>	†	(9 002)	7 177
Liabilities arising on securitisation of other assets*	121 161	Potential impact on income statement			
		Cash flow adjustments	CPR 8.0%	(244)	205
<b>Total level 3 liabilities</b>	<b>141 206</b>			<b>(9 329)</b>	<b>7 473</b>
<b>Net level 3 assets</b>	<b>2 325 308</b>				

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

<sup>^</sup> Other – The valuation sensitivity has been assessed by adjusting various inputs such as expected cash flows, discount rates, earnings multiples rather than a single input. It is deemed appropriate to reflect the outcome on a portfolio basis for the purposes of this analysis as the sensitivity of the assets cannot be determined through the adjustment of a single input.

<sup>^^</sup> The EBITDA has been stressed on an investment by investment basis to obtain a favourable and unfavourable valuation.

<sup>†</sup> Underlying asset values calculated by reference to a tangible asset, for example property, aircraft or shares.

In determining the value of level 3 financial instruments, the following are the principal inputs that do require judgement:

#### Credit spreads

Credit spreads reflect the additional yield that a market participant would demand for taking exposure to the credit risk of an instrument. The credit spread for an instrument forms part of the yield used in a discounted cash flow calculation. In general a significant increase in a credit spread in isolation will result in a movement in fair value that is unfavourable for the holder of a financial instrument.

#### Discount rates (including WACC)

Discount rates are used to adjust for the time value of money when using a discounted cash flow valuation method. Where relevant, the discount rate also accounts for illiquidity, market conditions and uncertainty for future cash flows.

#### Volatilities

Volatility is a key input in the valuation of derivative products containing optionality. Volatility is a measure of the variability or uncertainty in returns for a given derivative underlying. It represents an estimate of how much a particular underlying instrument, parameter or index will change in value over time.

#### Cash flows

Cash flows relate to the future cash flows which can be expected from the instrument and requires judgement.

#### EBITDA

The group's earnings before interest, taxes, depreciation and amortisation. This is the main input into a price earnings multiple valuation method.

#### Price earnings multiple

The price-to-earnings ratio is an equity valuation multiple. It is a key driver in the valuation of unlisted investments.

#### Precious and industrial metals and property value

The price of precious and industrial metals and property value is a key driver of future cash flows on certain investments.

#### Underlying asset value

In instances where cash flows have links to referenced assets, the underlying asset value is used to determine the fair value. The underlying asset valuation is derived using observable market prices sourced from broker quotes, specialist valuers or other reliable pricing sources.

## Fair value of financial assets and liabilities at amortised cost

The following table sets out the fair value of financial instruments held at amortised cost where the carrying value is not a reasonable approximation of fair value.

At 30 September 2018 GBP'000	Carrying amount	Fair value
<b>Assets</b>		
Loans and advances to banks	2 194 184	2 194 749
Reverse repurchase agreements and cash collateral on securities borrowed	1 113 501	1 113 413
Sovereign debt securities	283 145	274 120
Bank debt securities	335 497	334 171
Other debt securities	411 216	406 266
Loans and advances to customers	21 295 882	21 275 003
Other loans and advances	207 251	240 619
Other assets	1 160 686	1 159 535
<b>Liabilities</b>		
Deposits by banks	3 011 094	3 039 929
Repurchase agreements and cash collateral on securities lent	313 084	309 554
Customer accounts (deposits)	28 047 974	28 035 101
Debt securities in issue	2 344 030	2 372 763
Other liabilities	1 167 966	1 169 085
Subordinated liabilities	1 211 898	1 282 250

**Investec Limited**  
**Incorporated in the Republic of South Africa**  
**Registration number: 1925/002833/06**  
**JSE ordinary share code: INL**  
**NSX ordinary share code: IVD**  
**BSE ordinary share code: INVESTEC**  
**ISIN: ZAE000081949**

#### **Ordinary share dividend announcement**

##### **Declaration of dividend number 126**

Notice is hereby given an interim dividend number 126, being a gross dividend of 206 cents (2017: 200 cents) per ordinary share has been declared by the board from income reserves in respect of the six months ended 30 September 2018 payable to shareholders recorded in the shareholders' register of the company at the close of business on Friday, 7 December 2018.

##### **The relevant dates for the payment of dividend number 126 are as follows:**

Last day to trade cum-dividend	Tuesday, 4 December 2018
Shares commence trading ex-dividend	Wednesday, 5 December 2018
Record date	Friday, 7 December 2018
Payment date	Wednesday, 19 December 2018

The interim gross dividend of 206 cents per ordinary share has been determined by converting the Investec plc distribution of 11 pence per ordinary share into Rands using the Rand/Pounds Sterling average buy/sell forward rate at 11:00 (SA time) on Wednesday, 14 November 2018.

Share certificates may not be dematerialised or rematerialised between Wednesday, 5 December 2018 and Friday, 7 December 2018, both dates inclusive.

##### **Additional information to take note of:**

- Investec Limited South African tax reference number: 9800/181/71/2
- The issued ordinary share capital of Investec Limited is 318 904 709 ordinary shares
- The dividend paid by Investec Limited is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- Shareholders who are exempt from paying the Dividend Tax will receive a net dividend of 206 cents per ordinary share
- Shareholders who are not exempt from paying the Dividend Tax will receive a net dividend of 164.8 cents per ordinary share (gross dividend of 206 cents per ordinary share less Dividend Tax of 41.2 cents per ordinary share).

By order of the board

#### **N van Wyk**

Company Secretary

14 November 2018

**Investec Limited**  
**Incorporated in the Republic of South Africa**  
**Registration number: 1925/002833/06**  
**JSE share Code: INPR**  
**NSX ordinary share code: IVD**  
**BSE ordinary share code: INVESTEC**  
**ISIN: ZAE000063814**

#### **Preference share dividend announcement**

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

##### **Declaration of dividend number 28**

Notice is hereby given that preference dividend number 28 has been declared by the board from income reserves for the period 1 April 2018 to 30 September 2018 amounting to a gross preference dividend of 389.91534 cents per share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 14 December 2018.

##### **The relevant dates for the payment of dividend number 28 are as follows:**

Last day to trade cum-dividend	Tuesday, 11 December 2018
Shares commence trading ex-dividend	Wednesday, 12 December 2018
Record date	Friday, 14 December 2018
Payment date	Tuesday, 18 December 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 December 2018 and Friday, 14 December 2018, both dates inclusive.

##### **Additional information to take note of:**

- Investec Limited South African tax reference number: 9800/181/71/2
- The issued preference share capital of Investec Limited is 32 214 499 preference shares in this specific class
- The dividend paid by Investec Limited is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- The net dividend amounts to 311.93227 cents per preference share for shareholders liable to pay the Dividend Tax and 389.91534 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

#### **N van Wyk**

Company Secretary

14 November 2018

**Investec plc**  
**Incorporated in England and Wales**  
**Registration number 3633621**  
**LSE ordinary share code: INVP**  
**JSE ordinary share code: INP**  
**ISIN: GB00B17BBQ50**

#### **Ordinary share dividend announcement**

In terms of the DLC structure, Investec plc shareholders registered on the United Kingdom share register may receive all or part of their dividend entitlements through dividends declared and paid by Investec plc on their ordinary shares and/or through dividends declared and paid on the SA DAN share issued by Investec Limited.

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

#### **Declaration of dividend number 33**

Notice is hereby given that an interim dividend number 33, being a gross dividend of 11 pence (2017: 10.5 pence) per ordinary share has been declared by the board from income reserves in respect of the six months ended 30 September 2018 payable to shareholders recorded in the shareholders' register of the company at the close of business on Friday, 7 December 2018.

- for Investec plc shareholders, registered on the United Kingdom share register, through a dividend payment by Investec plc from income reserves of 11 pence per ordinary share
- for Investec plc shareholders, registered on the South African branch register, through a dividend payment by Investec plc from income reserves of 3 pence per ordinary share and through a dividend paid by Investec Limited, on the SA DAS share, payable from income reserves, equivalent to 8 pence per ordinary share

#### **The relevant dates for the payment of dividend number 33 are as follows:**

##### **Last day to trade cum-dividend**

On the Johannesburg Stock Exchange (JSE) Tuesday, 4 December 2018  
On the London Stock Exchange (LSE) Wednesday, 5 December 2018

##### **Shares commence trading ex-dividend**

On the Johannesburg Stock Exchange (JSE) Wednesday, 5 December 2018  
On the London Stock Exchange (LSE) Thursday, 6 December 2018

**Record date (on the JSE and LSE)** Friday, 7 December 2018

**Payment date (on the JSE and LSE)** Wednesday, 19 December 2018

Share certificates on the South African branch register may not be dematerialised or rematerialised between Wednesday, 5 December 2018 and Friday, 7 December 2018, both dates inclusive, nor may transfers between the United Kingdom share register and the South African branch register take place between Wednesday, 5 December 2018 and Friday, 7 December 2018, both dates inclusive.

#### **Additional information for South African resident shareholders of Investec plc**

- Shareholders registered on the South African branch register are advised that the distribution of 11 pence, equivalent to a gross dividend of 206 cents per share, has been arrived at using the Rand/Pound Sterling average buy/sell forward rate, as determined at 11:00 (SA time) on Wednesday, 14 November 2018
- Investec plc United Kingdom tax reference number: 2683967322360
- The issued ordinary share capital of Investec plc is 681 051 512 ordinary shares
- The dividend paid by Investec plc to South African resident shareholders registered on the South African branch register and the dividend paid by Investec Limited to Investec plc shareholders on the SA DAS share are subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- Shareholders registered on the South African branch register who are exempt from paying the Dividend Tax will receive a net dividend of 206 cents per share, comprising 149.81818 cents per share paid by Investec Limited on the SA DAS share and 56.18182 cents per ordinary share paid by Investec plc
- Shareholders registered on the South African branch register who are not exempt from paying the Dividend Tax will receive a net dividend of 164.8 cents per share (gross dividend of 206 cents per share less Dividend Tax of 41.2 cents per share) comprising 119.85455 cents per share paid by Investec Limited on the SA DAS share and 44.94545 cents per ordinary share paid by Investec plc.

By order of the board

**D Miller**  
Company Secretary  
14 November 2018

**Investec plc**  
**Incorporated in England and Wales**  
**Registration number: 3633621**  
**Share code: INPP**  
**ISIN: GB00B19RX541**

#### **Preference share dividend announcement**

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

#### **Declaration of dividend number 25**

Notice is hereby given that preference dividend number 25 has been declared by the board from income reserves for the period 1 April 2018 to 30 September 2018 amounting to a gross preference dividend of 7.93150 pence per preference share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 7 December 2018.

For shares trading on the Johannesburg Stock Exchange (JSE), the dividend of 7.93150 pence per preference share is equivalent to a gross dividend of 148.73149 cents per share, which has been determined using the Rand/Pound Sterling average buy/sell forward rate as at 11:00 (SA Time) on Wednesday, 14 November 2018.

#### **The relevant dates relating to the payment of dividend number 25 are as follows:**

##### **Last day to trade cum-dividend**

On the Johannesburg Stock Exchange (JSE) Tuesday, 4 December 2018  
On The International Stock Exchange (TISE) Wednesday, 5 December 2018

##### **Shares commence trading ex-dividend**

On the Johannesburg Stock Exchange (JSE) Wednesday, 5 December 2018  
On The International Stock Exchange (TISE) Thursday, 6 December 2018

**Record date (on the JSE and TISE)** Friday, 7 December 2018

**Payment date (on the JSE and TISE)** Tuesday, 18 December 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 5 December 2018 and Friday, 7 December 2018, both dates inclusive, nor may transfers between the United Kingdom share register and the South African branch register take place between Wednesday, 5 December 2018 and Friday, 7 December 2018, both dates inclusive.

#### **Additional information for South African resident shareholders of Investec plc**

- Investec plc United Kingdom tax reference number: 2683967322360
- The issued preference share capital of Investec plc is 2 754 587 preference shares
- The dividend paid by Investec plc to shareholders recorded on the South African branch register is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- The net dividend amounts to 118.98519 cents per preference share for preference shareholders liable to pay the Dividend Tax and 148.73149 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

**D Miller**  
Company Secretary  
14 November 2018



**Investec plc**  
Incorporated in England and Wales  
Registration number: 3633621  
JSE share code: INPPR  
ISIN: GB00B4B0Q974

**Rand-denominated preference share dividend announcement**

**Rand-denominated non-redeemable non-cumulative non-participating perpetual preference shares (“preference shares”)**

**Declaration of dividend number 15**

Notice is hereby given that preference dividend number 15 has been declared by the board from income reserves for the period 1 April 2018 to 30 September 2018 amounting to a gross preference dividend of 476.30137 cents per preference share payable to holders of the Rand-denominated non-redeemable non-cumulative non-participating perpetual preference shares as recorded in the books of the company at the close of business on Friday, 7 December 2018.

**The relevant dates relating to the payment of dividend number 15 are as follows:**

Last day to trade cum-dividend	Tuesday, 4 December 2018
Shares commence trading ex-dividend	Wednesday, 5 November 2018
Record date	Friday, 7 December 2018
Payment date	Tuesday, 18 December 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 5 December 2018 and Friday, 7 December 2018, both dates inclusive.

**Additional information for South African resident shareholders of Investec plc**

- Investec plc United Kingdom tax reference number: 2683967322360
- The issued rand denominated preference share capital of Investec plc is 131 447 preference shares
- The dividend paid by Investec plc to shareholders recorded on the South African branch register is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- The net dividend amounts to 381.04110 cents per preference share for preference shareholders liable to pay the Dividend Tax and 476.30137 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

**D Miller**  
Company Secretary

14 November 2018

**Investec plc**  
Incorporated in England and Wales  
(Registration number 3633621)  
JSE ordinary share code: INP  
LSE ordinary share code: INV  
ISIN: GB00B17BBQ50

**Registered office:**

30 Gresham Street, London  
EC2V 7QP, United Kingdom

**Transfer secretaries:**

Computershare Investor Services (Pty) Ltd  
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

**Company Secretary:**

D Miller•

**Investec Limited**

Incorporated in the Republic of South Africa  
(Registration number 1925/002833/06)  
JSE ordinary share code: INL  
NSX ordinary share code: IVD  
BSE ordinary share code: INVESTEC  
ISIN: ZAE000081949

**Registered office:**

100 Grayston Drive  
Sandown, Sandton, 2196

**Transfer secretaries:**

Computershare Investor Services (Pty) Ltd  
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

**Company Secretary:**

N van Wyk

**Directors:**

PKO Crosthwaite• (Chairman),  
HJ du Toit<sup>□</sup> (Joint Chief Executive Officer)  
F Titi<sup>□</sup> (Joint Chief Executive Officer)  
ZBM Bassa, LC Bowden•, GR Burger<sup>□</sup>,  
CA Carolus, D Friedland, PA Hourquebie,  
CR Jacobs<sup>^</sup>, B Kantor<sup>□</sup>, IR Kantor<sup>^</sup>, S Koseff<sup>□</sup>,  
Lord Malloch-Brown KCMG•, KM McFarland<sup>□</sup>  
KL Shuenyane

<sup>□</sup>Executive •British <sup>^</sup>Dutch <sup>^</sup>Irish

**Sponsor:**

Investec Bank Limited

