

# Investec plc and Investec Limited

2017

(combined results)

Unaudited combined  
consolidated financial results  
for the year to 31 March 2017



 Investec

## Unaudited combined consolidated financial results for the year ended 31 March 2017

This announcement covers the results of the Investec group for the year ended 31 March 2017.

### BASIS OF PRESENTATION

#### Statutory basis

Statutory information is set out in a separate section in this announcement. In order to present a more meaningful view of the group's performance the results continue to be presented on an ongoing basis as explained further below.

#### Ongoing basis

The results presented on an ongoing basis exclude items that in management's view could distort the comparison of performance between periods. Based on this principle, the remaining legacy business in the UK continues to be excluded from underlying profit.

This basis of presentation is consistent with the approach adopted for the prior year ended 31 March 2016. A reconciliation between the statutory and ongoing income statement is provided.

Unless the context indicates otherwise, all comparatives included in the commentary relate to the year ended 31 March 2016. Group results have benefited from an 11.1% appreciation of the average Rand: Pounds Sterling exchange rate over the period. Amounts represented on a currency neutral basis for income statement items assume that the relevant average exchange rates for the year to 31 March 2017 remain the same as those in the prior year. Amounts represented on a currency neutral basis for balance sheet items assume that the relevant closing exchange rates at 31 March 2017 remain the same as those at 31 March 2016.

### OVERVIEW OF RESULTS

#### STRONG CLIENT ACTIVITY LEVELS SUPPORTING UNDERLYING PERFORMANCE

- Strong performance against a backdrop of continued macro uncertainty and volatility in the group's key operating geographies.
- The Asset Management and Wealth & Investment businesses have benefited from higher funds under management supported by rising market levels.
- The Specialist Banking business reported results ahead of the prior year supported by sound levels of corporate and private client activity.
- Growth in costs primarily reflects planned investment in growing the client franchise businesses.
- The group has successfully leveraged its ability to provide clients an international offering, increasing its client base and deepening its core franchise.

#### STATUTORY OPERATING PROFIT SALIENT FEATURES

- Statutory operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests ("operating profit") increased 18.5% to GBP599.1 million (2016: GBP505.6 million) – an increase of 8.0% on a currency neutral basis.

- Statutory adjusted earnings per share (EPS) before goodwill, acquired intangibles and non-operating items increased 16.9% from 41.3 pence to 48.3 pence – an increase of 6.3% on a currency neutral basis.

#### SOLID PERFORMANCE FROM THE ONGOING BUSINESS

- Ongoing operating profit increased 13.7% to GBP663.7 million (2016: GBP583.9 million) – an increase of 4.2% on a currency neutral basis.
- Ongoing adjusted EPS before goodwill, acquired intangibles and non-operating items increased 11.3% from 48.6 pence to 54.1 pence – an increase of 1.9% on a currency neutral basis.
- Recurring income as a percentage of total operating income amounted to 72.0% (2016: 71.8%).
- The credit loss charge as a percentage of average gross core loans and advances amounted to 0.29% (2016: 0.26%), with impairments increasing by GBP15.8 million to GBP57.1 million.
- Third party assets under management increased 23.9% to GBP150.7 billion (31 March 2016: GBP121.7 billion) – an increase of 14.8% on a currency neutral basis.
- Customer accounts (deposits) increased 21.1% to GBP29.1 billion (31 March 2016: GBP24.0 billion) - an increase of 5.5% on a currency neutral basis.
- Core loans and advances increased 26.8% to GBP22.2 billion (31 March 2016: GBP17.5 billion) - an increase of 8.5% on a currency neutral basis.

#### THE UK LEGACY PORTFOLIO CONTINUES TO BE ACTIVELY MANAGED DOWN

- The legacy portfolio reduced from GBP583 million at 31 March 2016 to GBP476 million through asset sales, redemptions and write-offs.
- The legacy business reported a loss before taxation of GBP64.6 million (2016: GBP78.3 million) with impairments on the legacy portfolio reducing 20.3% from GBP68.1 million to GBP54.3 million.

#### MAINTAINED A SOUND BALANCE SHEET

- Capital remained in excess of current regulatory requirements. The group is comfortable with its common equity tier 1 ratio target at a 10% level, as its current leverage ratios for both Investec Limited and Investec plc are above 7%.
- Liquidity remained strong with cash and near cash balances amounting to GBP12.0 billion.

## DIVIDEND INCREASE OF 9.5%

- The board proposes a final dividend of 13.0 pence per ordinary share equating to a full year dividend of 23.0 pence (2016: 21.0 pence) resulting in a dividend cover based on the group's adjusted EPS before goodwill and non-operating items of 2.1 times (2016: 2.0 times), consistent with the group's dividend policy.

### Stephen Koseff, Chief Executive Officer of Investec said:

*"For the first time our revenues have broken the GBP2 billion mark showing the strength and resilience of our businesses in the face of macro uncertainty in our two key markets. Our client focus, multiple income streams and long term investment strategy give us confidence for the future."*

### Bernard Kantor, Managing Director of Investec said:

*"We have seen solid growth in all the core earnings drivers for our three business areas thanks to investment in our people, our infrastructure and our franchises. Strong, sustainable levels of corporate and private client activity are reaping rewards for the Specialist Bank while both Asset Management and Wealth & Investment are benefiting from higher funds under management."*

## FOR FURTHER INFORMATION PLEASE CONTACT:

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## PRESENTATION/CONFERENCE CALL DETAILS

A presentation on the results will commence at 9:00 UK time/10:00 SA time on 18 May 2017. 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: 011 535 3600
  - UK participants: 0 808 162 4062
  - Rest of Europe and other participants: + 27 11 535 3600
  - Australian participants: 1 800 350 100
  - USA participants: 1 855 481 5362

## 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 9 700 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 GBP5.8 billion.

The commentary below largely focuses on the results of the ongoing business.

## OVERALL GROUP PERFORMANCE – ONGOING BASIS

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

increased 13.7% to GBP663.7 million (2016: GBP583.9 million) – an increase of 4.2% on a currency neutral basis.

The combined South African businesses reported operating profit 0.4% ahead of the prior period (in Rands), whilst the combined UK and Other businesses posted a 10.8% increase in operating profit in Pounds Sterling.

## BUSINESS UNIT REVIEW – ONGOING BASIS

### Asset Management

Asset Management operating profit increased by 22.3% to GBP164.8 million (2016: GBP134.8 million) benefiting from higher average funds under management largely driven by favourable market and currency movements. Total funds under management amount to GBP95.3 billion (31 March 2016: GBP75.7 billion).

### Wealth & Investment

Wealth & Investment operating profit increased by 8.8% to GBP93.2 million (2016: GBP85.7 million). The business benefited from higher average funds under management supported by higher equity market levels and net inflows of GBP1.2 billion. Total funds under management amount to GBP54.8 billion (31 March 2016: GBP45.5 billion).

### Specialist Banking

Specialist Banking operating profit increased by 11.0% to GBP454.4 million (2016: GBP409.2 million).

The South African business reported a decrease in operating profit in Rands of 3.3% as a consequence of the change in accounting treatment related to the assets transferred to Investec Equity Partners in the prior year (refer to additional information). Excluding the impact of this transaction operating profit was considerably ahead of the prior period. The division reported solid growth in net interest income and net fee and commission income supported by continued growth in the Private Banking client base, sound corporate activity and an increase in the scale of the property fund business. Core loans and advances increased 8.4% to R236.2 billion (31 March 2016: R218.0 billion), with the credit loss ratio at 0.29% (2016: 0.26%) remaining at the lower end of its long term average despite the business reporting a moderate increase in impairments.

The UK and Other businesses reported an 8.2% increase in operating profit supported by robust levels of corporate client activity across the lending, advisory and client flow trading businesses. Costs grew ahead of revenue largely due to the investment in building out the private client banking offering. Core loans grew to GBP8.1 billion, an increase of 8.8% on a currency neutral basis. Impairments increased marginally with the credit loss ratio amounting to 0.27% (2016: 0.26%).

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 GBP48.8 million (2016: GBP45.8 million).

## FINANCIAL STATEMENT ANALYSIS – ONGOING BASIS

### Total operating income

Total operating income before impairment losses on loans and advances increased by 18.1% to GBP2,285.9 million (2016: GBP1,934.8 million).

Net interest income increased by 19.0% to GBP680.5 million (2016: GBP571.9 million) supported by sound levels of lending activity across the banking businesses.

Net fee and commission income increased by 20.1% to GBP1,271.6 million (2016: GBP1,058.3 million) as a result of higher average funds under management in the Asset Management and Wealth Management businesses. In addition, the Specialist Banking business benefited from an increase in the scale of the property fund business in South Africa and from a good performance in the corporate and advisory businesses, notably in the UK.

Investment income reduced by 20.2% to GBP135.6 million (2016: GBP169.9 million) primarily as a result of the change in accounting treatment from fair value to equity accounting for the assets transferred to Investec Equity Partners in South Africa in the prior year (refer to additional information). In the UK the group's unlisted investment portfolio delivered a sound performance; however, this was offset by the write down of an investment in the Hong Kong portfolio.

Share of post-taxation operating profit of associates of GBP18.9 million in the current period largely reflects earnings in relation to the group's investment in Investec Equity Partners (refer to additional information).

Trading income arising from customer flow increased considerably to GBP158.0 million (2016: GBP110.9 million) supported by robust client activity levels and market volatility. Trading income from other trading activities amounted to GBP8.1 million (2016: GBP11.6 million) predominantly impacted by currency volatility over the period.

### Impairment losses on loans and advances

Impairments on loans and advances increased from GBP41.4 million to GBP57.1 million; however, the group's credit loss ratio remains at the lower end of its long term average at 0.29% (2016: 0.26%). Since 31 March 2016 gross defaults have increased to GBP249.8 million largely due to a few specific defaults in the South African banking business. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounted to 0.69% (31 March 2016: 0.78%).

### Operating costs

The ratio of total operating costs to total operating income remained at 65.8%. Total operating costs grew by 18.1% to GBP1,502.6 million (2016: GBP1,272.1 million) reflecting planned spend on IT infrastructure and headcount across divisions to support increased activity levels and growth initiatives, notably the build out of the UK private client offering. Costs are also impacted by additional premises expenses relating to the London office's future premises move and an increase in variable remuneration given improved profitability across the group.

### Taxation

The effective tax rate amounts to 18.5% (2016: 19.1%).

### Profit attributable to non-controlling interests

Profit attributable to non-controlling interests mainly comprises:

- GBP20.3 million profit attributable to non-controlling interests in the Asset Management business.
- GBP59.9 million profit attributable to non-controlling interests in the Investec Property Fund Limited.

## BALANCE SHEET ANALYSIS

Since 31 March 2016:

- Total shareholders' equity (including non-controlling interests) increased by 24.6% to GBP4.8 billion due to foreign currency translation gains, an increase in retained earnings and the issuance of shares during the period.
- Net asset value per share increased 22.3% to 431.0 pence and net tangible asset value per share (which excludes goodwill and intangible assets) increased by 28.1% to 377.0 pence.
- The return on adjusted average shareholders' equity increased from 11.5% to 12.5%.
- The return on adjusted average shareholders' equity of the ongoing business increased from 13.9% to 14.2%.

### Liquidity and funding

As at 31 March 2017 the group held GBP12.0 billion in cash and near cash balances (GBP5.0 billion in Investec plc and R117.6 billion in Investec Limited) which amounted to 41.4% of customer deposits. Loans and advances to customers as a percentage of customer deposits amounted to 76.2% (31 March 2016: 73.6%). Cash balances have been successfully managed down to more appropriate levels, reducing the surplus that was raised in anticipation of the EU referendum in the UK. The group will continue to focus on maintaining an optimal overall liquidity and funding profile. The group comfortably meets Basel liquidity requirements for the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The LCR

reported to the Prudential Regulatory Authority at 31 March 2017 was 829% for Investec plc and 885% for Investec Bank plc (solo basis). Investec Bank Limited (solo basis) ended the period to 31 March 2017 with the three-month average of its LCR at 130.0%, which is well ahead of the minimum levels required. Further detail with respect to the bank's LCR ratio in the UK and South Africa is provided on the website.

### 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 respectively. The group's anticipated fully loaded Basel III common equity tier 1 capital adequacy ratios in both Investec plc and Investec Limited are reflected in the table below.

	31 March 2017	31 March 2016
Investec plc <sup>^</sup>		
Capital adequacy ratio	15.1%	15.1%
Tier 1 ratio	11.5%	10.7%
Common equity tier 1 ratio	11.3%	9.7%
Common equity tier 1 ratio (anticipated Basel III "fully loaded"*)	11.3%	9.7%
Leverage ratio (current)	7.8%	7.0%
Leverage ratio (anticipated Basel III "fully loaded"*)	7.7%	6.3%
Investec Limited**		
Capital adequacy ratio	14.1%	14.0%
Tier 1 ratio	10.7%	10.7%
Common equity tier 1 ratio	9.9%	9.6%
Common equity tier 1 ratio (anticipated Basel III "fully loaded"*)	9.9%	9.6%
Leverage ratio (current*)	7.3%	6.9%
Leverage ratio (anticipated Basel III "fully loaded"*)	6.8%	6.3%

\* Based on the group's understanding of current and draft regulations, "fully loaded" is based on Basel III capital requirements as fully phased in by 2022.

<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 dividends when calculating CET1 capital as now required under the CRR and EBA technical standards. The impact of the final proposed ordinary and preference dividends totalling GBP60 million for Investec plc would be 45bps (31 March 2016: 40bps) lower on this basis.

\*\* Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from the capital information, Investec Limited's common equity tier 1 ratio would be 24bps (31 March 2016: 16bps) lower.

## LEGACY BUSINESS – OVERVIEW OF RESULTS

Since 31 March 2016 the group's legacy portfolio in the UK has continued to be actively managed down from GBP583 million to GBP476 million through asset sales, redemptions and write-offs. The total legacy business over the period reported a loss before taxation of GBP64.6 million (2016: GBP78.3 million). The remaining legacy portfolio will continue to be managed down. Given the uncertainty in the UK following the EU referendum, the legacy book could take longer to wind down than management's original expectation of two to four years. Total net defaults in the legacy book amount to GBP125 million (31 March 2016: GBP143 million).

## ADDITIONAL INFORMATION – INVESTEC EQUITY PARTNERS

In South Africa an investment vehicle, Investec Equity Partners, was created on 11 January 2016 in which Investec holds a 45% stake alongside other strategic investors who hold the remaining 55%. Investec Principal Investments transferred certain portfolio investments to the value of R7.6 billion to Investec Equity Partners. In exchange Investec received R2.5 billion in cash and 45% of the shares in Investec Equity Partners (R5.1 billion), reflected as an associate on the balance sheet. Since the date of the transaction Investec has applied the equity accounting method to account for its investment in the new vehicle as opposed to the fair value accounting method previously applied to the underlying investments held.

## OUTLOOK

Sound levels of activity supported performance as the group continued to strengthen its client franchise businesses.

Whilst macro uncertainty persists, which could impact activity levels going forward, the group believes that its balanced business model together with its strategic initiatives place it in a favourable position to continue the growth in its core markets.

On behalf of the boards of Investec plc and Investec Limited

**Fani Titi**                      **Stephen Koseff**                      **Bernard Kantor**  
Chairman                      Chief Executive Officer                      Managing Director

17 May 2017

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

### 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:

Currency per GBP1.00	Year to 31 March 2017		Year to 31 March 2016	
	Period end	Average	Period end	Average
South African Rand	16.77	18.42	21.13	20.72
Australian Dollar	1.64	1.75	1.87	2.04
Euro	1.17	1.19	1.26	1.37
US Dollar	1.25	1.31	1.44	1.50

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 appreciated by 11.1% and the closing rate has appreciated by 20.6% since 31 March 2016.

## ACCOUNTING POLICIES AND DISCLOSURES

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

The accounting policies applied in the preparation of the results for the year ended 31 March 2017 are consistent with those adopted in the financial statements for the year ended 31 March 2016.

The financial results have been prepared under the supervision of Glynn Burger, the Group Risk and Finance Director. The financial statements for the year ended 31 March 2017 will be posted to stakeholders on 30 June 2017. These accounts 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 17 May 2017.
- The information in the announcement for the year ended 31 March 2017, which was approved by the board of directors on 17 May 2017, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006. The 31 March 2016 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)

### AUDIT COMMITTEE CHAIRMAN

In compliance with section 3.59(c) of the Listings Requirements of the JSE Limited, shareholders are advised that Zarina Bassa, an independent non-executive director of Investec Limited and Investec plc since 1 November 2014, has been appointed as the chairman of the DLC Audit Committee with effect from 1 April 2017.

### FINANCIAL ASSISTANCE

Shareholders are referred to the Special Resolution number 3, which was approved at the annual general meeting held on 4 August 2016, 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 board of directors of Investec Limited provided such financial assistance during the period 1 October 2016 to 31 March 2017.

## Ongoing financial information

### Consolidated summarised ongoing income statement

For the year to GBP'000	31 March 2017	31 March 2016	Variance	% change
Net interest income	680 539	571 929	108 610	19.0%
Net fee and commission income	1 271 591	1 058 340	213 251	20.1%
Investment income	135 631	169 915	(34 284)	(20.2%)
Share of post taxation operating profit of associates	18 890	1 811	17 079	>100.0%
Trading income arising from				
– customer flow	158 006	110 879	47 127	42.5%
– balance sheet management and other trading activities	8 078	11 617	(3 539)	(30.5%)
Other operating income	13 158	10 279	2 879	28.0%
<b>Total operating income before impairment losses on loans and advances</b>	<b>2 285 893</b>	<b>1 934 770</b>	<b>351 123</b>	<b>18.1%</b>
Impairment losses on loans and advances	(57 149)	(41 368)	(15 781)	38.1%
<b>Operating income</b>	<b>2 228 744</b>	<b>1 893 402</b>	<b>335 342</b>	<b>17.7%</b>
Operating costs	(1 502 623)	(1 272 108)	(230 515)	18.1%
Depreciation on operating leased assets	(2 169)	(2 165)	(4)	0.2%
<b>Operating profit before goodwill, acquired intangibles and non-operating items</b>	<b>723 952</b>	<b>619 129</b>	<b>104 823</b>	<b>16.9%</b>
Profit attributable to other non-controlling interests	(60 239)	(35 201)	(25 038)	71.1%
Profit attributable to Asset Management non-controlling interests	(20 291)	(16 529)	(3 762)	22.8%
<b>Operating profit before taxation</b>	<b>643 422</b>	<b>567 399</b>	<b>76 023</b>	<b>13.4%</b>
Taxation	(130 438)	(118 151)	(12 287)	10.4%
Preference dividends accrued	(25 838)	(26 130)	292	(1.1%)
<b>Adjusted attributable earnings to ordinary shareholders</b>	<b>487 146</b>	<b>423 118</b>	<b>64 028</b>	<b>15.1%</b>
Adjusted earnings per share (pence)	54.1	48.6		11.3%
Number of weighted average shares (million)	900.4	870.5		
Cost to income ratio	65.8%	65.8%		

### 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 2017 GBP'000	UK and Other	Southern Africa	Total group
Asset Management	91 262	73 562	164 824
Wealth & Investment	65 190	28 053	93 243
Specialist Banking	169 196	285 226	454 422
	<b>325 648</b>	<b>386 841</b>	<b>712 489</b>
Group costs	(36 163)	(12 613)	(48 776)
<b>Total group</b>	<b>289 485</b>	<b>374 228</b>	<b>663 713</b>
Other non-controlling interest – equity			60 239
<b>Operating profit</b>			<b>723 952</b>

For the year to 31 March 2016 GBP'000	UK and Other	Southern Africa	Total group
Asset Management	76 853	57 930	134 783
Wealth & Investment	63 127	22 608	85 735
Specialist Banking	156 378	252 837	409 215
	<b>296 358</b>	<b>333 375</b>	<b>629 733</b>
Group costs	(35 160)	(10 645)	(45 805)
<b>Total group</b>	<b>261 198</b>	<b>322 730</b>	<b>583 928</b>
Other non-controlling interest – equity			35 201
<b>Operating profit</b>			<b>619 129</b>

## Reconciliation from statutory summarised income statement to ongoing summarised income statement

For the year to 31 March 2017 GBP'000	Statutory as disclosed	UK legacy business	Ongoing business
Net interest income	679 895	(644)	680 539
Net fee and commission income	1 271 524	(67)	1 271 591
Investment income	136 203	572	135 631
Share of post taxation operating profit of associates	18 890	–	18 890
Trading income arising from			
– customer flow	158 001	(5)	158 006
– balance sheet management and other trading activities	8 218	140	8 078
Other operating income	13 483	325	13 158
<b>Total operating income before impairment losses on loans and advances</b>	<b>2 286 214</b>	<b>321</b>	<b>2 285 893</b>
Impairment losses on loans and advances	(111 454)	(54 305)	(57 149)
<b>Operating income/(loss)</b>	<b>2 174 760</b>	<b>(53 984)</b>	<b>2 228 744</b>
Operating costs	(1 513 231)	(10 608)	(1 502 623)
Depreciation on operating leased assets	(2 169)	–	(2 169)
<b>Operating profit/(loss) before goodwill, acquired intangibles and non-operating items</b>	<b>659 360</b>	<b>(64 592)</b>	<b>723 952</b>
Profit attributable to other non-controlling interests	(60 239)	–	(60 239)
Profit attributable to Asset Management non-controlling interests	(20 291)	–	(20 291)
<b>Operating profit/(loss) before taxation</b>	<b>578 830</b>	<b>(64 592)</b>	<b>643 422</b>
Taxation*	(118 488)	11 950	(130 438)
Preference dividends accrued	(25 838)	–	(25 838)
<b>Adjusted attributable earnings to ordinary shareholders</b>	<b>434 504</b>	<b>(52 642)</b>	<b>487 146</b>
Adjusted earnings per share (pence)	48.3		54.1
Number of weighted average shares (million)	900.4		900.4
Cost to income ratio	66.3%		65.8%

\* Applying the group's effective taxation rate of 18.5%.

For the year to 31 March 2016 GBP'000	Statutory as disclosed	UK legacy business	Ongoing business
Net interest income	573 769	1 840	571 929
Net fee and commission income	1 061 625	3 285	1 058 340
Investment income	170 408	493	169 915
Share of post taxation operating profit of associates	1 811	–	1 811
Trading income arising from			
– customer flow	110 227	(652)	110 879
– balance sheet management and other trading activities	11 377	(240)	11 617
Other operating income	10 279	–	10 279
<b>Total operating income before impairment losses on loans and advances</b>	<b>1 939 496</b>	<b>4 726</b>	<b>1 934 770</b>
Impairment losses on loans and advances	(109 516)	(68 148)	(41 368)
<b>Operating income/(loss)</b>	<b>1 829 980</b>	<b>(63 422)</b>	<b>1 893 402</b>
Operating costs	(1 287 021)	(14 913)	(1 272 108)
Depreciation on operating leased assets	(2 165)	–	(2 165)
<b>Operating profit/(loss) before goodwill, acquired intangibles and non-operating items</b>	<b>540 794</b>	<b>(78 335)</b>	<b>619 129</b>
Profit attributable to other non-controlling interests	(35 201)	–	(35 201)
Profit attributable to Asset Management non-controlling interests	(16 529)	–	(16 529)
<b>Operating profit/(loss) before taxation</b>	<b>489 064</b>	<b>(78 335)</b>	<b>567 399</b>
Taxation on operating profit before goodwill and acquired intangibles*	(103 202)	14 949	(118 151)
Preference dividends accrued	(26 130)	–	(26 130)
<b>Adjusted attributable earnings to ordinary shareholders</b>	<b>359 732</b>	<b>(63 386)</b>	<b>423 118</b>
Adjusted earnings per share (pence)	41.3		48.6
Number of weighted average shares (million)	870.5		870.5
Cost to income ratio	66.4%		65.8%

\* Applying the group's effective statutory taxation rate of 19.1%.

## Statutory financial information

### Salient financial features

	Results in Pounds Sterling				
	Actual as reported Year to 31 March 2017	Actual as reported Year to 31 March 2016	Actual as reported % change	Neutral currency <sup>^</sup> Year to 31 March 2017	Neutral currency % change
Operating profit before taxation* (million)	599	506	18.5%	546	8.0%
Earnings attributable to shareholders (million)	442	368	20.1%	401	8.8%
Adjusted earnings attributable to shareholders** (million)	435	360	20.8%	395	9.9%
Adjusted earnings per share**	48.3p	41.3p	16.9%	43.9p	6.3%
Basic earnings per share	50.8p	38.5p	31.9%	46.4p	20.5%
Dividends per share	23.0p	21.0p	9.5%	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.

<sup>^</sup> For income statement items we have used the average Rand: Pounds Sterling exchange rate that was applied in the prior year, i.e. 17.82.

	Results in Pounds Sterling				
	Actual as reported At 31 March 2017	Actual as reported At 31 March 2016	Actual as reported % change	Neutral currency <sup>^^</sup> At 31 March 2017	Neutral currency % change
Net asset value per share	431.0p	352.3p	22.3%	395.0p	12.1%
Net tangible asset value per share	377.0p	294.3p	28.1%	341.6p	16.1%
Total equity (million)	4 809	3 859	24.6%	4 252	10.2%
Total assets (million)	53 535	45 352	18.0%	46 338	2.2%
Core loans and advances (million)	22 707	18 119	25.3%	19 501	7.6%
Cash and near cash balances (million)	12 038	10 962	9.8%	10 591	(3.4%)
Customer deposits (million)	29 109	24 044	21.1%	25 376	5.5%
Third party assets under management (million)	150 735	121 683	23.9%	139 664	14.8%
Return on average adjusted shareholders' equity	12.5%	11.5%			
Return on average risk-weighted assets	1.45%	1.34%			
Defaults (net of impairments and before collateral) as a percentage of net core loans	1.22%	1.54%			
Loans and advances to customers as a percentage of customer deposits	76.2%	73.6%			
Credit loss ratio (income statement impairment charge as a % of average gross core loans and advances)	0.54%	0.62%			

<sup>^^</sup> For balance sheet items we have assumed that the Rand: Pounds Sterling closing exchange rate has remained neutral since 31 March 2016.

# Combined consolidated income statement

GBP'000	Year to 31 March 2017	Year to 31 March 2016
Interest income	2 230 765	1 705 640
Interest expense	(1 550 870)	(1 131 871)
<b>Net interest income</b>	<b>679 895</b>	<b>573 769</b>
Fee and commission income	1 429 588	1 188 012
Fee and commission expense	(158 064)	(126 387)
Investment income	136 203	170 408
Share of post taxation operating profit of associates	18 890	1 811*
Trading income arising from		
– customer flow	158 001	110 227
– balance sheet management and other trading activities	8 218	11 377
Other operating income	13 483	10 279*
<b>Total operating income before impairment losses on loans and advances</b>	<b>2 286 214</b>	<b>1 939 496</b>
Impairment losses on loans and advances	(111 454)	(109 516)
<b>Operating income</b>	<b>2 174 760</b>	<b>1 829 980</b>
Operating costs	(1 513 231)	(1 287 021)
Depreciation on operating leased assets	(2 169)	(2 165)
<b>Operating profit before goodwill and acquired intangibles</b>	<b>659 360</b>	<b>540 794</b>
Impairment of goodwill	(4 749)	(1 577)
Amortisation of acquired intangibles	(17 197)	(16 248)
<b>Operating profit</b>	<b>637 414</b>	<b>522 969</b>
Net loss on disposal of subsidiaries	–	(4 778)
<b>Profit before taxation</b>	<b>637 414</b>	<b>518 191</b>
Taxation on operating profit before goodwill and acquired intangibles	(118 488)	(103 202)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	4 070	5 197
<b>Profit after taxation</b>	<b>522 996</b>	<b>420 186</b>
Profit attributable to other non-controlling interests	(60 239)	(35 201)
Profit attributable to Asset Management non-controlling interests	(20 291)	(16 529)
<b>Earnings attributable to shareholders</b>	<b>442 466</b>	<b>368 456</b>
Impairment of goodwill	4 749	1 577
Amortisation of acquired intangibles, net of taxation	17 197	16 248
Net loss on disposal of subsidiaries	–	4 778
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	(4 070)	(5 197)
Preference dividends paid	(25 658)	(33 192)
Accrual adjustment on earnings attributable to other equity holders	(180)	7 062
<b>Adjusted earnings</b>	<b>434 504</b>	<b>359 732</b>
Headline adjustments**	(79)	(25 012)
<b>Headline earnings</b>	<b>434 425</b>	<b>334 720</b>
Earnings per share (pence)		
– Basic	50.8	38.5
– Diluted	48.8	36.7
Adjusted earnings per share (pence)		
– Basic	48.3	41.3
– Diluted	46.4	39.4
Dividends per share (pence)		
– Interim	10.0	9.5
– Final	13.0	11.5
Headline earnings per share (pence)		
– Basic	48.2	38.5
– Diluted	46.3	36.7
Number of weighted average shares – (million)	900.4	870.5

\* Share of post taxation operating profit of associates is disclosed separately from other operating income.

\*\* The headline earnings adjustments are made up of property revaluations, loss on disposal of subsidiaries, the impairment of goodwill and non-current assets held for sale and gains on available for sale instruments recycled through the income statement. This line represents the reconciling items from adjusted earnings to headline earnings.



## Summarised combined consolidated statement of comprehensive income

GBP'000	Year to 31 March 2017	Year to 31 March 2016
Profit after taxation	522 996	420 186
<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*	53 324	(31 934)
Gains on realisation of available-for-sale assets recycled to the income statement*	(7 781)	(1 961)
Fair value movements on available-for-sale assets taken directly to other comprehensive income*	54 863	(37 153)
Foreign currency adjustments on translating foreign operations	540 534	(240 875)
<b>Items that will never be reclassified to the income statement</b>		
Re-measurement of net defined benefit pension asset	(43 580)	4 738
<b>Total comprehensive income</b>	<b>1 120 356</b>	<b>113 001</b>
Total comprehensive income attributable to ordinary shareholders	892 201	84 932
Total comprehensive income/(loss) attributable to non-controlling interests	202 497	(5 123)
Total comprehensive income attributable to perpetual preferred securities	25 658	33 192
<b>Total comprehensive income</b>	<b>1 120 356</b>	<b>113 001</b>

\* Net of taxation of GBP16.8 million (year to 31 March 2016: GBP26.2 million).

## Summarised combined consolidated cash flow statement

GBP'000	Year to 31 March 2017	Year to 31 March 2016
Cash inflows from operations	708 719	598 786
Increase in operating assets	(415 028)	(4 580 570)
Increase in operating liabilities	498 146	4 602 620
Net cash inflow from operating activities	791 837	620 836
Net cash outflow from investing activities	(90 115)	(13 925)
Net cash inflow/(outflow) from financing activities	37 523	(347 741)
Effects of exchange rate changes on cash and cash equivalents	332 183	(171 718)
Net increase in cash and cash equivalents	1 071 428	87 452
Cash and cash equivalents at the beginning of the year	4 650 300	4 562 848
Cash and cash equivalents at the end of the year	<b>5 721 728</b>	<b>4 650 300</b>

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

# Combined consolidated balance sheet

GBP'000	31 March 2017	31 March 2016
<b>Assets</b>		
Cash and balances at central banks	3 351 702	3 007 269
Loans and advances to banks	3 191 041	2 498 585
Non-sovereign and non-bank cash placements	536 259	466 573
Reverse repurchase agreements and cash collateral on securities borrowed	2 358 970	2 497 125
Sovereign debt securities	3 804 627	3 208 862
Bank debt securities	639 189	896 855
Other debt securities	1 115 558	949 950
Derivative financial instruments	1 185 848	1 580 949
Securities arising from trading activities	1 376 668	1 119 074
Investment portfolio	835 899	660 795
Loans and advances to customers	22 189 975	17 681 572
Own originated loans and advances to customers securitised	517 162	437 243
Other loans and advances	355 248	321 617
Other securitised assets	148 964	160 295
Interests in associated undertakings	392 213	267 099
Deferred taxation assets	133 972	112 135
Other assets	1 900 480	2 092 661
Property and equipment	105 939	90 888
Investment properties	1 128 930	938 879
Goodwill	367 579	368 039
Intangible assets	143 261	148 280
Non-current assets held for sale	27 218	–
	<b>45 806 702</b>	<b>39 504 745</b>
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	7 728 130	5 847 036
	<b>53 534 832</b>	<b>45 351 781</b>
<b>Liabilities</b>		
Deposits by banks	2 736 066	2 397 403
Derivative financial instruments	1 296 206	1 582 847
Other trading liabilities	978 911	957 418
Repurchase agreements and cash collateral on securities lent	690 615	971 646
Customer accounts (deposits)	29 109 428	24 044 281
Debt securities in issue	2 386 180	2 299 751
Liabilities arising on securitisation of own originated loans and advances	90 125	85 650
Liabilities arising on securitisation of other assets	128 838	120 851
Current taxation liabilities	227 828	192 255
Deferred taxation liabilities	40 408	55 486
Other liabilities	1 910 830	1 802 967
	<b>39 595 435</b>	<b>34 510 555</b>
Liabilities to customers under investment contracts	7 725 604	5 845 503
Insurance liabilities, including unit-linked liabilities	2 526	1 533
	<b>47 323 565</b>	<b>40 357 591</b>
Subordinated liabilities	1 402 638	1 134 883
	<b>48 726 203</b>	<b>41 492 474</b>
<b>Equity</b>		
Ordinary share capital	237	228
Perpetual preference share capital	31	153
Share premium	2 341 228	2 239 364
Treasury shares	(126 879)	(125 717)
Other reserves	(310 275)	(784 051)
Retained income	2 226 751	2 030 310
	<b>4 131 093</b>	<b>3 360 287</b>
<b>Shareholders' equity excluding non-controlling interests</b>		
Other Additional Tier 1 securities in issue	32 798	26 031
Non-controlling interests	644 738	472 989
– Perpetual preferred securities issued by subsidiaries	91 492	72 615
– Non-controlling interests in partially held subsidiaries	553 246	400 374
	<b>4 808 629</b>	<b>3 859 307</b>
<b>Total equity</b>	<b>4 808 629</b>	<b>3 859 307</b>
<b>Total liabilities and equity</b>	<b>53 534 832</b>	<b>45 351 781</b>

## Summarised combined consolidated statement of changes in equity

GBP'000	Year to 31 March 2017	Year to 31 March 2016
Balance at the beginning of the year	3 859 307	4 040 495
Total comprehensive income for the year	1 120 356	113 001
Share-based payments adjustments	55 961	56 216
Dividends paid to ordinary shareholders	(216 602)	(180 009)
Dividends declared to perpetual preference shareholders	(15 279)	(14 519)
Dividends paid to perpetual preference shareholders included in non-controlling interests	(10 379)	(18 673)
Dividends paid to non-controlling interests	(48 195)	(39 835)
Issue of ordinary shares	228 086	54 720
Redemption of perpetual preference shares	(81 743)	–
Issue of equity by subsidiaries	17 042	153 299
Acquisition/(reduction) of non-controlling interests	12 500	(142 111)
Other equity movements	(80)	–
Movement of treasury shares	(112 345)	(163 277)
<b>Balance at the end of the year</b>	<b>4 808 629</b>	<b>3 859 307</b>

## Combined consolidated segmental analysis

Year to 31 March GBP'000	UK and Other	Southern Africa	Total group
Segmental geographical and business analysis of operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests			
<b>2017</b>			
Asset Management	91 262	73 562	164 824
Wealth & Investment	65 190	28 053	93 243
Specialist Banking	104 604	285 226	389 830
	<b>261 056</b>	<b>386 841</b>	<b>647 897</b>
Group costs	(36 163)	(12 613)	(48 776)
<b>Total group</b>	<b>224 893</b>	<b>374 228</b>	<b>599 121</b>
Other non-controlling interest – equity			60 239
<b>Operating profit</b>			<b>659 360</b>
<b>2016</b>			
Asset Management	76 853	57 930	134 783
Wealth & Investment	63 127	22 608	85 735
Specialist Banking	78 043	252 837	330 880
	<b>218 023</b>	<b>333 375</b>	<b>551 398</b>
Group costs	(35 160)	(10 645)	(45 805)
<b>Total group</b>	<b>182 863</b>	<b>322 730</b>	<b>505 593</b>
Other non-controlling interest – equity			35 201
<b>Operating profit</b>			<b>540 794</b>

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

At 31 March 2017 GBP'000	Total instruments at fair value	Total instruments at amortised cost	Insurance related linked instruments at fair value	Non-financial instruments or scoped out of IAS 39	Total
<b>2017</b>					
<b>Assets</b>					
Cash and balances at central banks	2 497	3 349 205	-	-	3 351 702
Loans and advances to banks	200 364	2 990 677	-	-	3 191 041
Non-sovereign and non-bank cash placements	10	536 249	-	-	536 259
Reverse repurchase agreements and cash collateral on securities borrowed	1 167 255	1 191 715	-	-	2 358 970
Sovereign debt securities	3 605 985	198 642	-	-	3 804 627
Bank debt securities	327 888	311 301	-	-	639 189
Other debt securities	737 058	378 500	-	-	1 115 558
Derivative financial instruments	1 185 848	-	-	-	1 185 848
Securities arising from trading activities	1 376 668	-	-	-	1 376 668
Investment portfolio	835 899	-	-	-	835 899
Loans and advances to customers	921 991	21 267 984	-	-	22 189 975
Own originated loans and advances to customers securitised	-	517 162	-	-	517 162
Other loans and advances	-	355 248	-	-	355 248
Other securitised assets	138 628	10 336	-	-	148 964
Interests in associated undertakings	-	-	-	392 213	392 213
Deferred taxation assets	-	-	-	133 972	133 972
Other assets	283 212	1 165 779	-	451 489	1 900 480
Property and equipment	-	-	-	105 939	105 939
Investment properties	-	-	-	1 128 930	1 128 930
Goodwill	-	-	-	367 579	367 579
Intangible assets	-	-	-	143 261	143 261
Non-current assets held for sale	27 218	-	-	-	27 218
	<b>10 810 521</b>	<b>32 272 798</b>	<b>-</b>	<b>2 723 383</b>	<b>45 806 702</b>
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	-	-	7 728 130	-	7 728 130
	<b>10 810 521</b>	<b>32 272 798</b>	<b>7 728 130</b>	<b>2 723 383</b>	<b>53 534 832</b>
<b>Liabilities</b>					
Deposits by banks	-	2 736 066	-	-	2 736 066
Derivative financial instruments	1 296 206	-	-	-	1 296 206
Other trading liabilities	978 911	-	-	-	978 911
Repurchase agreements and cash collateral on securities lent	137 861	552 754	-	-	690 615
Customer accounts (deposits)	2 046 340	27 063 088	-	-	29 109 428
Debt securities in issue	640 557	1 745 623	-	-	2 386 180
Liabilities arising on securitisation of own originated loans and advances	-	90 125	-	-	90 125
Liabilities arising on securitisation of other assets	128 838	-	-	-	128 838
Current taxation liabilities	-	-	-	227 828	227 828
Deferred taxation liabilities	-	-	-	40 408	40 408
Other liabilities	43 813	1 135 721	-	731 296	1 910 830
	<b>5 272 526</b>	<b>33 323 377</b>	<b>-</b>	<b>999 532</b>	<b>39 595 435</b>
Liabilities to customers under investment contracts	-	-	7 725 604	-	7 725 604
Insurance liabilities, including unit-linked liabilities	-	-	2 526	-	2 526
	<b>5 272 526</b>	<b>33 323 377</b>	<b>7 728 130</b>	<b>999 532</b>	<b>47 323 565</b>
Subordinated liabilities	-	1 402 638	-	-	1 402 638
	<b>5 272 526</b>	<b>34 726 015</b>	<b>7 728 130</b>	<b>999 532</b>	<b>48 726 203</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)

Assets and liabilities related to the long-term assurance business attributable to policyholders have been excluded from the analysis as the change in fair value of related assets is attributable to policyholders. These are all classified as level 1.

At 30 March 2017 GBP'000	Total instruments at fair value	Fair value category		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Cash and balances at central banks	2 497	2 497	–	–
Loans and advances to banks	200 364	200 364	–	–
Non-sovereign and non-bank cash placements	10	–	10	–
Reverse repurchase agreements and cash collateral on securities borrowed	1 167 255	176 189	991 066	–
Sovereign debt securities	3 605 985	3 605 985	–	–
Bank debt securities	327 888	245 015	82 873	–
Other debt securities	737 058	385 999	344 628	6 431
Derivative financial instruments	1 185 848	–	1 126 751	59 097
Securities arising from trading activities	1 376 668	1 341 112	26 485	9 071
Investment portfolio	835 899	209 584	39 988	586 327
Loans and advances to customers	921 991	–	835 509	86 482
Other securitised assets	138 628	–	–	138 628
Other assets	283 212	283 212	–	–
Non-current assets held for sale	27 218	–	–	27 218
	<b>10 810 521</b>	<b>6 449 957</b>	<b>3 447 310</b>	<b>913 254</b>
<b>Liabilities</b>				
Derivative financial instruments	1 296 206	1 676	1 293 482	1 048
Other trading liabilities	978 911	900 355	78 556	–
Repurchase agreements and cash collateral on securities lent	137 861	–	137 861	–
Customer accounts (deposits)	2 046 340	–	2 046 340	–
Debt securities in issue	640 557	–	627 875	12 682
Liabilities arising on securitisation of other assets	128 838	–	–	128 838
Other liabilities	43 813	–	43 813	–
	<b>5 272 526</b>	<b>902 031</b>	<b>4 227 927</b>	<b>142 568</b>
<b>Net financial assets/(liabilities) at fair value</b>	<b>5 537 995</b>	<b>5 547 926</b>	<b>(780 617)</b>	<b>770 686</b>

### Transfers between level 1 and level 2

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

## Level 2 financial assets and financial liabilities

The following table sets out the group's principal valuation techniques as at 31 March 2017 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, Black-Scholes	Yield curves Volatilities
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	Interest rate curves, implied bond spreads, equity volatilities
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 year to 31 March GBP'000

### Total level 3 financial instruments

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 1 April 2016</b>	<b>690 903</b>
Total gains or losses	74 898
In the income statement	77 099
In the statement of comprehensive income	(2 201)
Purchases	170 894
Sales	(167 297)
Issues	(16 226)
Settlements	(51 847)
Transfers into level 3	6 168
Transfers out of level 3	(16 312)
Foreign exchange adjustments	79 505
<b>Balance as at 31 March 2017</b>	<b>770 686</b>

During the year, a level 3 investment of GBP16.3 million has been transferred to level 2 due to the nature of asset changing, resulting in a change in valuation method. In addition GBP6.2 million has been transferred to level 3 due to valuation inputs becoming unobservable.

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

The following table quantifies the gains or (losses) included in the income statement and other comprehensive income recognised on level 3 financial instruments:

### For the year to 31 March 2017

GBP'000	Total	Realised	Unrealised
<b>Total gains recognised in the income statement for the year</b>			
Net interest income	1 831	1 831	–
Fee and commission income	11 732	11 443	289
Investment income	36 887	35 527	1 360
Trading income arising from customer flow	26 649	16	26 633
	<b>77 099</b>	<b>48 817</b>	<b>28 282</b>
<b>Total gains/(losses) recognised in other comprehensive income for the year</b>			
Gains on realisation of available-for-sale assets recycled through the income statement	16 377	16 377	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	(2 201)	–	(2 201)
	<b>14 176</b>	<b>16 377</b>	<b>(2 201)</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:

31 March 2017	Balance sheet value GBP'000	Significant unobservable input	Range of unobservable input used	Favourable changes GBP'000	Unfavourable changes GBP'000
<b>Assets</b>					
Other debt securities	6 431	Reflected in income statement Price earnings multiple	(10%)/10%	965	(129)
Derivative financial instruments	59 097	Reflected in income statement Volatilities EBITDA Cash flow adjustments Property values Other <sup>^</sup>	4% - 9.5% 5% - 6 % CPR 6.25% - 8.4% (10%)/10% ^	6 692 2 465 63 648 60 3 456	(5 016) (1 537) - (1 086) (60) (2 333)
Securities arising from trading activities	9 071	Reflected in income statement Cash flow adjustments	CPR 9%	1 290	(1 074)
Investment portfolio	586 327	Reflected in income statement Price Earnings multiple Precious and industrial metal prices EBITDA Other <sup>^</sup>  Reflected in other comprehensive income Price Earnings multiple Other <sup>^</sup>	3 x - 10.3 x  (10%)/10% ** ^  4.0 x - 4.5 x ^	81 819 5 430 15 403 20 862 40 124  6 228 630 5 598	(76 204) (5 788) (17 215) (17 532) (35 669)  (2 655) (301) (2 354)
Loans and advances to customers	86 482	Reflected in income statement EBITDA Other <sup>^</sup>	10% ^	9 825 5 681 4 144	(9 716) (5 681) (4 035)
Other securitised assets*	138 628	Reflected in income statement Cash flow adjustments	CPR 6.25%	48	(38)
Non current assets held for sale	27 218	Price earnings multiple	(10%)/10%	3 876	(3 459)
<b>Liabilities</b>					
Derivative financial instruments	1 048	Reflected in income statement Cash flow adjustments	CPR 8.4%	983	(794)
Debt securities in issue	12 682	Reflected in income statement Volatilities	7%	401	(608)
Liabilities arising on securitisation of other assets*	128 838	Reflected in income statement Cash flow adjustments	CPR 6.25%	931	(847)
<b>Net level 3 assets</b>	<b>770 686</b>			<b>113 058</b>	<b>(100 540)</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 for the private equity, other equity investments and embedded derivatives (profit share) portfolios has been assessed by adjusting various inputs such as expected cash flows, discount rates, earnings multiples rather than a single input. It is deemed appropriate to reflect the outcome on a portfolio basis for the purposes of this analysis as the sensitivity of the investments cannot be determined through the adjustment of a single input.

\*\* The EBITDA has been stressed on an investment-by-investment basis in order to obtain favourable and unfavourable valuations.

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

#### Credit spreads

Credit spreads reflect the additional yield that a market participant would demand for taking exposure to the credit risk of an instrument. The credit spread for an instrument forms part of the yield used in a discounted cash flow calculation. In general a significant increase in 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

Discount rates are the interest rates used to discount future cash flows in a discounted cash flow valuation method. The discount rate takes into account time value of money and uncertainty of cash flows.

#### Volatilities

Volatility is a key input in the valuation of derivative products containing optionality. Volatility is a measure of the variability or uncertainty in returns

for a given derivative underlying. It represents an estimate of how much a particular underlying instrument, parameter or index will change in value over time.

#### Cash flows

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

#### EBITDA

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

#### 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

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

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

At 31 March 2017

GBP'000	Carrying amount	Fair value
<b>Assets</b>		
Cash and balances at central banks	3 349 205	3 349 205
Loans and advances to banks	2 990 677	2 990 677
Non-sovereign and non-bank cash placements	536 249	536 249
Reverse repurchase agreements and cash collateral on securities borrowed	1 191 715	1 191 744
Sovereign debt securities	198 642	193 693
Bank debt securities	311 301	326 488
Other debt securities	378 500	373 209
Loans and advances to customers	21 267 984	21 262 727
Own originated loans and advances to customers securitised	517 162	517 162
Other loans and advances	355 248	337 419
Other securitised assets	10 336	10 336
Other assets	1 165 779	1 165 721
	<b>32 272 798</b>	<b>32 254 630</b>
<b>Liabilities</b>		
Deposits by banks	2 736 066	2 771 467
Repurchase agreements and cash collateral on securities lent	552 754	554 915
Customer accounts (deposits)	27 063 088	27 157 559
Debt securities in issue	1 745 623	1 777 485
Liabilities arising on securitisation of own originated loans and advances	90 125	90 125
Other liabilities	1 135 721	1 135 426
Subordinated liabilities	1 402 638	1 575 574
	<b>34 726 015</b>	<b>35 062 551</b>



**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 123**

Notice is hereby given that final dividend number 123, being a gross dividend of 225 cents (2016: 266 cents) per ordinary share has been recommended by the Board from income reserves in respect of the financial year ended 31 March 2017 payable to shareholders recorded in the shareholders' register of the company at the close of business on Friday, 28 July 2017.

The relevant dates for the payment of dividend number 123 are as follows:

Last day to trade cum-dividend	Tuesday, 25 July 2017
Shares commence trading ex-dividend	Wednesday, 26 July 2017
Record date	Friday, 28 July 2017
Payment date	Monday, 14 August 2017

The final gross dividend of 225 cents per ordinary share has been determined by converting the Investec plc distribution of 13 pence per ordinary share into Rands using the Rand/Pounds Sterling average buy/sell forward rate at 11h00 (SA time) on Wednesday, 17 May 2017.

Share certificates may not be dematerialised or rematerialised between Wednesday, 26 July 2017 and Friday, 28 July 2017, 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 301 165 174 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 225 cents per ordinary share
- Shareholders who are not exempt from paying the Dividend Tax will receive a net dividend of 180 cents per ordinary share (gross dividend of 225 cents per ordinary share less Dividend Tax of 45 cents per ordinary share).

By order of the board

**N van Wyk**  
Company Secretary

17 May 2017

**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 25**

Notice is hereby given that preference dividend number 25 has been declared from income reserves for the period 01 October 2016 to 31 March 2017 amounting to a gross preference dividend of 407.17389 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, 09 June 2017.

The relevant dates for the payment of dividend number 25 are as follows:

Last day to trade cum-dividend	Tuesday, 06 June 2017
Shares commence trading ex-dividend	Wednesday, 07 June 2017
Record date	Friday, 09 June 2017
Payment date	Monday, 19 June 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 07 June 2017 and Friday, 09 June 2017, 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 325.73911 cents per preference share for shareholders liable to pay the Dividend Tax and 407.17389 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

**N van Wyk**  
Company Secretary

17 May 2017

**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 30

Notice is hereby given that final dividend number 30, being a gross dividend of 13 pence (2016: 11.5 pence) per ordinary share has been recommended by the Board from income reserves in respect of the financial year ended 31 March 2017 payable to shareholders recorded in the shareholder's register of the company at the close of business on Friday, 28 July 2017:

- for Investec plc shareholders, registered on the United Kingdom share register, through a dividend payment by Investec plc from income reserves of 13 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 6 pence per ordinary share and through a dividend paid by Investec Limited, on the SA DAS share, payable from income reserves, equivalent to 7 pence per ordinary share.

The relevant dates for the payment of dividend number 30 are as follows:

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#### Last day to trade cum-dividend

On the Johannesburg Stock Exchange (JSE)	Tuesday, 25 July 2017
On the London Stock Exchange (LSE)	Wednesday, 26 July 2017

#### Shares commence trading ex-dividend

On the Johannesburg Stock Exchange (JSE)	Wednesday, 26 July 2017
On the London Stock Exchange (LSE)	Thursday, 27 July 2017

<b>Record date (on the JSE and LSE)</b>	Friday, 28 July 2017
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<b>Payment date (on the JSE and LSE)</b>	Monday, 14 August 2017
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Share certificates on the South African branch register may not be dematerialised or rematerialised between Wednesday, 26 July 2017 and Friday, 28 July 2017, both dates inclusive, nor may transfers between the United Kingdom share register and the South African branch register take place between Wednesday, 26 July 2017 and Friday, 28 July 2017, both dates inclusive.

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

- Shareholders registered on the South African branch register are advised that the distribution of 13 pence, equivalent to a gross dividend of 225 cents per share, has been arrived at using the Rand/Pound Sterling average buy/sell forward rate, as determined at 11h00 (SA time) on Wednesday, 17 May 2017
- Investec plc United Kingdom tax reference number: 2683967322360
- The issued ordinary share capital of Investec plc is 657 105 625 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 225 cents per share
- Shareholders registered on the South African branch register who are not exempt from paying the Dividend Tax will receive a net dividend of 180 cents per share (gross dividend of 225 cents per share less Dividend Tax of 45 cents per share).

By order of the board

**D Miller**  
Company Secretary

17 May 2017

**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 22

Notice is hereby given that preference dividend number 22 has been declared from income reserves for the period 01 October 2016 to 31 March 2017 amounting to a gross preference dividend of 6.23288 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, 09 June 2017.

For shares trading on the Johannesburg Stock Exchange (JSE), the dividend of 6.23288 pence per preference share is equivalent to a gross dividend of 106.63149 cents per share, which has been determined using the Rand/Pound Sterling average buy/sell forward rate as at 11h00 (SA time) on Wednesday, 17 May 2017.

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

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#### Last day to trade cum-dividend

On the Johannesburg Stock Exchange (JSE)	Tuesday, 06 June 2017
On The International Stock Exchange (TISE)	Wednesday, 07 June 2017

#### Shares commence trading ex-dividend

On the Johannesburg Stock Exchange (JSE)	Wednesday, 07 June 2017
On The International Stock Exchange (TISE)	Thursday, 08 June 2017

<b>Record date (on the JSE and TISE)</b>	Friday, 09 June 2017
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<b>Payment date (on the JSE and TISE)</b>	Monday, 19 June 2017
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Share certificates may not be dematerialised or rematerialised between Wednesday, 07 June 2017 and Friday, 09 June 2017, both dates inclusive, nor may transfers between the United Kingdom share register and the South African branch register take place between Wednesday, 07 June 2017 and Friday, 09 June 2017, both dates inclusive.

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#### 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 85.30519 cents per preference share for preference shareholders liable to pay the Dividend Tax and 106.63149 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

**D Miller**  
Company Secretary

17 May 2017

**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 12**

Notice is hereby given that preference dividend number 12 has been declared from income reserves for the period 01 October 2016 to 31 March 2017 amounting to a gross preference dividend of 497.38356 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, 09 June 2017.

The relevant dates relating to the payment of dividend number 12 are as follows:

Last day to trade cum-dividend	Tuesday, 06 June 2017
Shares commence trading ex-dividend	Wednesday, 07 June 2017
Record date	Friday, 09 June 2017
Payment date	Monday, 19 June 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 07 June 2017 and Friday, 09 June 2017, 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 register is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- The net dividend amounts to 397.90685 cents per preference share for preference shareholders liable to pay the Dividend Tax and 497.38356 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

**D Miller**  
Company Secretary

17 May 2017

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

**Registered office:**

2 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:**

F Titi (Chairman),  
S Koseff<sup>□</sup> (Chief Executive),  
B Kantor<sup>□</sup> (Managing Director),  
ZBM Bassa, LC Bowden•  
GR Burger<sup>□</sup>, CA Carolus,  
PKO Crosthwaite•, HJ du Toit<sup>□</sup>,  
D Friedland, CR Jacobs<sup>^</sup>,  
IR Kantor<sup>^</sup>, PRS Thomas,  
Lord Malloch – Brown KCMG•,  
KL Shuenyane

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

**Sponsor:**

Investec Bank Limited

