

Out of the Ordinary



Year-end
Results presentation

2018



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

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

Who we are

Founded as a leasing company in Johannesburg in 1974.

We acquired a banking licence in 1980 and were listed on the JSE Limited South Africa in 1986.

In July 2002, we implemented a dual listed companies (DLC) structure with linked companies listed in London and Johannesburg.

A year later, we concluded a significant empowerment transaction in which our empowerment partners collectively acquired a 25.1% stake in the issued share capital of Investec Limited.

Since inception, we have expanded through a combination of substantial organic growth and a series of strategic acquisitions.

Today, we have an efficient integrated international business platform, offering all our core activities in the UK and South Africa.

Our philosophies

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

We value

Distinctive performance

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

Client focus

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

Cast-iron integrity

- Moral strength
- Risk consciousness
- Highest ethical standards

Dedicated partnership

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

What we do

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

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

Our strategic goals and objectives are based on the aspiration to be recognised as a distinctive specialist bank and asset manager. This distinction is embodied in our entrepreneurial culture, which is balanced by a strong risk management discipline, client-centric approach and an ability to be nimble, flexible and innovative. We do not seek to be all things to all people and aim to build well-defined, value-added businesses focused on serving the needs of select market niches where we can compete effectively.

Strategic focus

The Investec distinction

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



Client focused approach

- Clients are at the core of our business
- We strive to build business depth by deepening existing and creating new client relationships
- High level of service by being nimble, flexible and innovative.



Specialised strategy

- Serving select market niches as a focused provider of tailored structured solutions
- Enhancing our existing position in principal businesses and geographies through organic growth and select bolt-on acquisitions.



Sustainable business

- Contributing to society, macro-economic stability and the environment
- Well-established brand
- Managing and positioning the group for the long term
- Balancing operational risk with financial risk while creating value for shareholders
- Cost and risk conscious.



Strong culture

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

Our strategy

Our long-term strategy is to build a diversified portfolio of businesses and geographies to support clients through varying markets and economic cycles. Since inception we have expanded through a combination of organic growth and strategic acquisitions.

In order to create a meaningful and balanced portfolio we need proper foundations in place which gain traction over time.

Our long-term internationalisation strategy

- Follow our customer base
- Gain domestic competence and critical mass in our chosen geographies
- Facilitate cross-border transactions and flow.

We have a very deliberate and focused client strategy:

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

Our strategy (continued)

Investec Asset Management

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

Investec Wealth & Investment

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

Specialist Banking UK

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

Specialist Banking SA

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

Others

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

Our diversified and balanced business model supporting long-term strategy

Broadly defined, we operate across three areas of specialisation focused on well defined target clients:

Asset Management

Specialist Banking

Wealth & Investment

Operating completely independently

Corporate/institutional/government

- Investment management services to external clients

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

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

- Investment management services
- Independent financial planning advice



We aim to maintain an **appropriate balance** between revenue earned from operational risk activities and revenue earned from financial risk activities.

This ensures that we are **not over reliant** on any one part of our businesses to sustain our activities and that we have a large recurring revenue base that enables us to navigate through varying cycles and supports our long-term strategy.

Capital light activities

56%

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

Contributed to group income

Capital intensive activities

44%

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

Contributed to group income

Fee and commission income

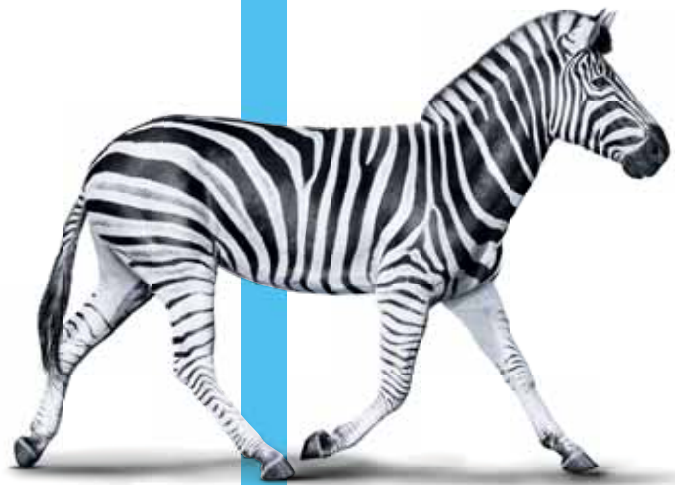


Types of income



Net interest, investment, associate and trading income

Overview of results



Presentation of financial information

Introduction

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

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

Accordingly, the year-end results for Investec plc and Investec Limited present the results and financial position of the combined DLC group under International Financial Reporting Standards (IFRS), denominated in Pounds Sterling.

All references in this document to Investec or the group relate to the combined DLC group comprising Investec plc and Investec Limited.

Exchange rates

Our reporting currency is Pounds Sterling. Certain of our operations are conducted by entities outside the UK. The results of operations and the financial position of our individual companies are reported in the local currencies of the countries in which they are domiciled, including South African Rands, Australian Dollars, Euros and US Dollars. These results are then translated into Pounds Sterling at the applicable foreign currency exchange rates for inclusion in our combined consolidated financial results. In the case of the income statement, the weighted average rate for the relevant period is applied and, in the case of the balance sheet, the relevant closing rate is used.

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

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

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

Presentation of financial information

(continued)

An overview of the operating environment impacting our business.



South Africa

Our views

South Africa's GDP improved in 2017, assisted by a strengthening in global demand and a recovery from severe drought conditions.

Calendar year 2018	Calendar year 2017
1.3%	0.6%
Economic growth	Economic growth

Calendar year 2018	Calendar year 2017
R56 020	R56 054
GDP per capita	GDP per capita

The global economy continued to strengthen meaningfully on a broad basis as trade lifted, along with industrial production and confidence, while global lending conditions were favourable. This saw South Africa's gross domestic product (GDP) growth reach 1.3% year-on-year in calendar year 2017 from 0.6% year-on-year in calendar year 2016 as global demand strengthened, while recovery from severe drought conditions also assisted notably. Interest rates remained accommodative in many economies, with South Africa experiencing its first interest rate cut since 2012. The upturn in the commodity cycle

persisted, a key driver of the lift in South Africa's 2017 GDP growth, with equity markets reaching new highs globally as the world's economic outlook brightened. Global risk-on remained a feature, and the lengthy bull market saw emerging markets experience strong foreign portfolio inflows, benefiting the Rand, while low bond yields in advanced economies and low volatility supported bourses globally.

However, the lengthy low volatility period in financial markets was broken early in 2018, with a correction that reflected sudden global risk-off as a steeper than previously anticipated rise in future US interest rates was factored into the markets on Federal Open Market Committee (FOMC) commentary. Subsequently, stock markets have recovered some lost ground, as the correction has proved welcome in an environment that was becoming overblown, where fears even of a financial crisis were building. The Rand saw substantial strength from the end of December 2017 on the election of Cyril Ramaphosa as leader of the African National Congress (ANC) and then as South African President, with a reduction of over R2.00/USD of the risk premium inherent in the domestic currency.

South Africa has lost ground on an institutional basis over the past 10 years, resulting in weaker economic growth and intense pressure on government finances. Indeed, the World Economic Forum's (WEF) Global Competitiveness Survey, shows South Africa's institutional ranking has dropped to seventy sixth, from thirty ninth in 2007/08. Major slippages occurred

particularly in perceptions of auditing and reporting standards, efficacy of corporate boards, perceptions of minority shareholder rights, efficacy of the legal framework and in judicial independence. Additionally, irregular payments and bribes and favouritism in decisions of government officials were seen to have risen substantially, and public trust in politicians declined as the corruption and state capture infesting the country came to a head.

Key among the new President's goals is to eradicate corruption and state capture, repair the financial health of the State Owned Entities (SOEs) and fiscal consolidation. President Ramaphosa's cabinet reshuffle saw the key appointments of Nhlanhla Nene and Pravin Gordhan (as Finance and Public Enterprises Ministers respectively). Business confidence has lifted early in 2018 as a consequence as South Africa is increasingly seen to be putting in place the processes necessary to repair the institutions where the deterioration has occurred.

The closer working relationship between government, labour and business continues to bear fruit, with President Ramaphosa quick to point out the necessity of repairing investor confidence and business sentiment, in order to quicken economic growth via increased private sector fixed investment and job creation. Rapid, sustained, private sector led economic growth of 5% to 7% plus remains the key to reducing unemployment and inequality, and eliminating poverty in South Africa.



United Kingdom

Our views

UK economic expansion has slowed, weighed down by weak consumer spending and higher levels of inflation.

Calendar year 2018	Calendar year 2017
1.8% Economic growth	1.9% Economic growth
£29 670 GDP per capita	£29 328 GDP per capita

Quarterly GDP growth of 0.4% in the fourth quarter capped off full-year growth of 1.8% in calendar year 2017, the weakest annual expansion recorded since 2012. Weighing on growth was softer consumer spending amid the squeeze on household finances as inflation rose to a more than five-year high of 3.1% in November 2017. Inflation started to ease as the first quarter of 2018 drew to a close whilst an increase in wage growth, to the firmest seen since 2015, also started to reduce the squeeze for households. Still, the quarterly pace of GDP growth slowed to just 0.1% in the first quarter of 2018, according to early GDP estimates, with heavy snow a key contributing factor.

The UK's departure from the European Union (EU) (Brexit) remained one of the biggest uncertainties to the UK outlook, even though negotiations progressed largely as planned along the scheduled timetable. In March 2018 the remaining 27 EU member states gave the green light for talks to shift to the future trading relationship after progress was made on the EU's draft withdrawal treaty and a 21 month transition period was agreed.

On the monetary policy front, the first hike in Bank Rate in over 10 years was enacted in November 2017, lifting UK interest rates to 0.50%. The Bank of England appeared to remain on course to pursue a gradual path of policy tightening over the next few years, with rate setters signalling that further hikes are likely to be necessary to bring inflation back sustainably to the Bank's 2% target. Governor Mark Carney is set to step down in June 2019 with his successor possibly to be announced in late 2018.

The November 2017 UK Budget was an expansionary exercise, with several measures aimed at improving affordability and supply in the housing market. The subsequent 'Spring Statement' was a much more subdued affair, with the Chancellor unveiling no new fiscal initiatives.

Presentation of financial information

(continued)



United States

Our views

The US economy expanded by 2.3% in 2017.

The annual reading of 2.3% was dragged down by a weak first three months of the year, with the three quarters that followed seeing annualised growth paces of around 3% each. At the start of 2018, the advance estimate of quarter one GDP growth pointed to a moderation from a 2.9% (seasonally adjusted) annualised pace to 2.3%. US tax reforms passed by Congress in December 2017 and a fiscally supportive two year spending bill agreed in February 2018, look set to bolster growth momentum over the period ahead.

Through 2017 the labour market continued to tighten with the unemployment rate having stood at 4.1% since October 2017, its lowest level since 2001. However despite the low level of the unemployment rate, pay growth showed little sign of a sharp move upward, having hovered in a range between 2.3% and 2.8% over the 12 months to March 2018.

The absence of a material upshift in pay growth and a period of relatively subdued inflation allowed the Federal Reserve to adjust its policy stance relatively slowly. The Federal Open Market Committee (FOMC) raised interest rates three times in 2017 whilst it enacted a further 25 basis point hike in March 2018, taking the Federal funds target rate range to 1.50%-1.75%, having commenced its slow 'normalisation' process with its first post-crisis rate hike in December 2015.

Importantly the FOMC has also embarked on a process of reducing its Quantitative Easing (QE) holdings on its balance sheet; since October 2017 it has allowed holdings to roll-off up to a prescribed cap. The cap started at \$10 billion per month in October, has risen slowly and will reach a maximum of \$50 billion per month by the end of 2018. So far, markets have taken the Federal Reserve's gradual process of policy normalisation in their stride, albeit with some concerns that a sharp step up in inflation, if realised, might force the Fed to raise rates more rapidly over the coming years. Since summer 2017, the Federal Reserve's favoured Personal Consumption Expenditures (PCE) inflation measure has stood in the range 1.4% to 1.8% and has not shown a clear sign of a shift higher.

In US politics, the Trump administration achieved its first major legislative win as it passed its tax reform proposals in December 2017. That appeared to energise the administration, which has moved forward on other policy initiatives since. The President's recent focus has been on addressing what he sees as inequalities in the US's trade relationship, not least with China, with a trade spat having followed.



Eurozone

Our views

The Eurozone recovery solidified over the period with growth of 2.5% recorded in calendar year 2017, the strongest Euro area expansion pace since 2007.

Growth momentum also broadened out through 2017 with recent laggards in the recovery story, particularly France and Italy, seeing a step-up in their growth rates. Growth momentum has continued into 2018, albeit with the pace of GDP growth having slowed from 0.7% (quarter-on-quarter) in the final three months of 2017 to 0.4% in the first quarter of 2018, according to early GDP estimates.

The Euro area labour market continued to tighten with the unemployment rate having slid to 8.5%, a touch below the nine-year pre-crisis average. Rising employment helped to bolster household spending, supporting growth momentum more broadly. Meanwhile, credit conditions remained supportive of the economic outlook, with borrowing costs for households and corporates remaining near record lows and credit availability improving.

The European Central Bank's (ECB) interest rate stance has remained unchanged since March 2016. As such the main refinancing rate remained at 0.00% and the deposit rate at -0.40%. The monthly pace of ECB asset purchases was held at €60 billion per month as 2017 closed, with the bond

buying pace having stood at that level since April 2017. From January 2018 bond buys were at a lower €30 billion per month pace. The ECB is not set to bring its QE programme to an end until late 2018. It continued to judge that an ultra-loose policy stance remained appropriate, given that it continued to expect that inflation would take some time to return to its target of 'below but close to 2%' inflation; Euro area inflation averaged just 1.4% over the 12 months to March 2018.

European political events punctuated the period once more. No clear victor emerged from Italian elections in March 2018 and no coalition or working government has yet to be agreed. However, market sentiment was not materially shaken by the result, with the ambitions of any populist or anti-EU parties restrained by them being forced into a coalition or other arrangement, if they are to govern. The solid Euro area economic growth backdrop, which drove views that the ECB will finally start to move away from its ultra-loose policy stance next year, provided a key source of support for the Euro over the past 12 months.

Presentation of financial information

(continued)



Global stock markets

Our views

Global equity markets enjoyed a positive 2017 overall.

The MSCI World index ended 2017 20% up on year opening levels with the index continuing to climb right through to late January 2018. From that point a reappraisal of risk sentiment, amidst fears over the pace of central bank policy tightening, particularly at the Federal Reserve, saw a period of increased volatility. In addition, from early March, trade war worries increasingly became a concern. The MSCI World index closed the first quarter of 2018 8.1% off its January 2018 high. On Wall Street, the S&P500 was off to a similar extent.

European equity markets saw a more tentative and somewhat choppy path through 2017, ending the year 6% up on year opening levels after much intervening volatility, not helped by a string of high stake elections in the likes of France, Germany and the Netherlands and with an independence referendum (deemed illegal by the Spanish authorities) in Catalonia, Spain. At the start of 2018 European equity markets rose robustly amidst hopes of a more buoyant growth

backdrop. The Eurostoxx 50 index rose 5% over the first three weeks of the year, but then turned sharply lower amidst the hit to the global risk backdrop that followed at the end of January.

The back end of 2017 saw a significant rally in South African domestic shares as the election of Cyril Ramaphosa as leader of the ANC led to renewed enthusiasm about the growth prospects for South Africa. There has so far been little hard evidence of a turnaround on the ground but growth forecasts have been revised up across the board. While business confidence lifted substantially in early 2018, it is not yet at levels that indicate a faster pace of business activity. Bonds in South Africa have rallied significantly as the threat of local currency junk status from Moody's credit rating agency has receded.

Presentation of financial information

(continued)



Operating environment

The table below provides an overview of some key statistics that should be considered when reviewing our operational performance

	Year ended 31 March 2018	Year ended 31 March 2017	% change	Average over the year 1 April 2017 to 31 March 2018
Market indicators				
FTSE All share	3 894	3 990	(2.4%)	4 062
JSE All share	55 475	52 056	6.6%	56 405
S&P	2 641	2 363	11.8%	2 550
Nikkei	21 454	18 909	13.5%	20 977
Dow Jones	24 103	20 663	16.6%	22 923
Rates				
UK overnight	0.44%	0.17%		0.31%
UK 10 year	1.35%	1.20%		1.27%
UK Clearing Banks Base Rate	0.50%	0.25%		0.35%
LIBOR - three month	0.71%	0.34%		0.41%
SA R186	7.99%	8.84%		8.63%
Rand overnight	6.76%	6.97%		6.81%
SA prime overdraft rate	10.00%	10.50%		10.32%
JIBAR - three month	6.87%	7.36%		7.16%
US 10 year	2.74%	2.39%		2.41%
Commodities				
Gold	US\$1 324/oz	US\$1 245/oz	6.3%	US\$1 285/oz
Brent Crude Oil	US\$70/bbl	US\$53/bbl	32.1%	US\$58/bbl
Platinum	US\$936/oz	US\$940/oz	(0.4%)	US\$948/oz
Macro-economic				
UK GDP (% change over the calendar year)	1.8%	1.9%		
UK per capita GDP (calendar year, real value in Pounds at constant 2015 prices)*	29 670	29 328	1.2%	
South Africa GDP (% change over the calendar year)	1.3%	0.6%		
South Africa per capita GDP (calendar year, historical revised, real value in Rands at constant 2010 prices)	56 020	56 054	(0.1%)	

* Population used in 2017 per capita GDP reflects estimated population as per the Office for National Statistics
Sources: Bureau For Economic Research, Bloomberg, IRESS, Johannesburg Stock Exchange, Macrobond, SARB Quarterly Bulletin, World Economic Forum

Basis of presentation

Statutory basis

Statutory information is set out on pages 64 to 74. 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 2017. A reconciliation between the statutory and ongoing income statement is provided on page 21.

Unless the context indicates otherwise, all comparatives included in the commentary relate to the year ended 31 March 2017. Group results have benefited from a 6.6% appreciation of the average Rand: Pound Sterling exchange rate over the year. Amounts represented on a currency neutral basis for income statement items assume that the relevant average exchange rates for the year to 31 March 2018 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 2018 remain the same as those at 31 March 2017.

Overview of results

Solid client activity levels supporting underlying performance

- The group's asset and wealth management businesses have generated substantial net inflows of £7.3 billion, which together with favourable market levels has supported higher average funds under management.
- The banking businesses have benefited from sound levels of corporate and private client activity driving strong loan book growth over the year.
- The group has continued to invest into the business, positioning itself for further growth across its client franchise businesses and ensuring that it remains competitive and relevant in the markets in which it operates.
- Impairments on the legacy portfolio have increased in anticipation of accelerated exits of certain assets in line with the

group's strategy of managing down this portfolio.

- Taking into account the above mentioned factors, the group has achieved satisfactory operating performance against a challenging backdrop in its two core geographies, underpinned by sound growth in key earnings drivers and a solid recurring income base.

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 1.4% to £607.5 million (2017: £599.1 million) – a decrease of 3.5% on a currency neutral basis.
- The effective tax rate amounted to 9.6% (2017: 18.5%) mainly impacted by the lower rate in South Africa following the release of provisions no longer required.
- Statutory adjusted earnings per share (EPS) before goodwill, acquired intangibles and non-operating items increased 10.1% from 48.3 pence to 53.2 pence – an increase of 4.1% on a currency neutral basis.

Satisfactory performance from the ongoing business

- Ongoing operating profit increased 5.6% to £701.0 million (2017: £663.7 million) – an increase of 1.2% on a currency neutral basis.
- Ongoing adjusted EPS before goodwill, acquired intangibles and non-operating items increased 13.3% from 54.1 pence to 61.3 pence – an increase of 8.1% on a currency neutral basis.
- Annuity income as a percentage of total operating income amounted to 76.3% (2017: 72.0%).
- The credit loss charge as a percentage of average gross core loans and advances amounted to 0.26% (2017: 0.29%), remaining at the lower end of the group's long term range despite an increase in impairments.
- Third party assets under management increased 6.5% to £160.6 billion (31 March 2017: £150.7 billion) – an increase of 6.2% on a currency neutral basis.
- Customer accounts (deposits) increased 6.5% to £31.0 billion (31 March 2017: £29.1 billion) – an increase of 5.9% on a currency neutral basis.
- Core loans and advances increased 11.6% to £24.8 billion (31 March 2017: £22.2 billion) – an increase of 11.0% on a currency neutral basis.

The UK legacy portfolio continues to be actively managed down

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

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%. Both Investec Limited and Investec plc reported a common equity tier 1 ratio ahead of this target.
- Liquidity remained strong with cash and near cash balances amounting to £12.8 billion.

Dividend increase of 4.3%

- The board proposes a final dividend of 13.5 pence per ordinary share equating to a full year dividend of 24.0 pence (2017: 23.0 pence) resulting in a dividend cover based on the group's adjusted EPS before goodwill and non-operating items of 2.2 times (2017: 2.1 times), consistent with the group's dividend policy. The dividend increase of 4.3% is in line with the currency neutral increase in adjusted earnings per share of 4.1%.

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 5.6% to £701.0 million (2017: £663.7 million) – an increase of 1.2% on a currency neutral basis.

The combined South African businesses reported operating profit 3.3% ahead of the prior period (in Rands), whilst the combined UK and Other businesses posted a 1.2% increase in operating profit in Pounds Sterling.

Business unit review – ongoing basis

Asset Management

Asset Management operating profit increased by 8.0% to £178.0 million

(2017: £164.8 million) supported by higher average funds under management arising from strong net inflows of £5.4 billion and favourable market and currency movements. Earnings were negatively impacted by lower performance fees in South Africa. Total funds under management amounted to £103.9 billion (31 March 2017: £95.3 billion).

Wealth & Investment

Wealth & Investment operating profit increased by 5.7% to £98.6 million (2017: £93.2 million). The business benefited from higher average funds under management supported by higher equity market levels over the year and solid net inflows of £2.0 billion. Total funds under management amounted to £56.0 billion (31 March 2017: £54.8 billion).

Specialist Banking

Specialist Banking operating profit increased by 4.3% to £474.0 million (2017: £454.4 million).

The South African business reported an increase in operating profit in Rands of 6.9% supported by sound corporate and private client activity levels as well as an increase in associate earnings from the IEP Group. This was partially offset by lower investment income. Core loans and advances increased 8.7% to R256.7 billion (31 March 2017: R236.2 billion). The credit loss ratio on average core loans and advances amounted to 0.28%, remaining flat at the lower end of its long term average, despite the business reporting an increase in impairments.

The UK and Other businesses reported a 9.3% decrease in operating profit. Strong growth in net interest income was supported by loan book growth of 15.1% to £9.4 billion (31 March 2017: £8.1 billion) and a reduction in the cost of funding. This was offset by a decrease in non-interest revenue following particularly strong investment banking and client flow trading activity levels in the prior year. In line with the division's current investment strategy to support franchise growth, IT infrastructure costs and headcount increased, notably for the continued build out of the private client banking offering. Impairments increased marginally with the credit loss ratio amounting to 0.24% (2017: 0.27%).

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 £49.6 million (2017: £48.8 million).

Financial statement analysis – ongoing basis

Total operating income

Total operating income before impairment losses on loans and advances increased by 6.9% to £2 442.8 million (2017: £2 285.9 million).

Net interest income increased by 11.7% to £760.1 million (2017: £680.5 million) driven by robust levels of lending activity across the banking businesses and further supported by a reduction in the UK's cost of funding. This was slightly offset by the roll off of higher yielding debt securities and increased subordinated debt in South Africa.

Net fee and commission income increased by 7.0% to £1 361.2 million (2017: £1 271.6 million) supported by higher average funds under management and strong net inflows in the Asset Management and Wealth Management businesses, as well as a good performance from the South African banking businesses.

Investment income reduced by 4.4% to £129.7 million (2017: £135.6 million) as a result of a weaker performance from the unlisted investment portfolio in South Africa as well as certain of the group's listed investments.

Share of post taxation profit of associates of £46.8 million (2017: £18.9 million) primarily reflects earnings in relation to the group's investment in the IEP Group.

Trading income arising from customer flow decreased by 12.5% to £138.2 million (2017: £158.0 million) as a consequence of lower volatility, relative to the elevated levels experienced in the prior year following the Brexit vote, as well as losses incurred in South Africa on Steinhoff (refer to additional information). Trading income from other trading activities reflected a loss of £4.3 million (2017: £8.1 million income) predominantly impacted by currency volatility over the year.

Impairment losses on loans and advances

Impairments on loans and advances increased from £57.1 million to £63.9 million; however, the group's credit loss ratio reduced to 0.26% (2017: 0.29%), remaining at the lower end of its long term average. Since 31 March 2017 gross defaults have increased to £329.3 million

(2017: £249.8 million) largely due to a few specific defaults in the UK banking business. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounted to 0.82% (31 March 2017: 0.69%).

Operating costs

The ratio of total operating costs to total operating income amounted to 66.5% (2017: 65.8%). Total operating costs grew by 8.0% to £1 623.2 million (2017: £1 502.6 million) reflecting continued investment into IT and digital initiatives and higher headcount across divisions to support increased activity and growth strategies; notably the build out of the UK private client offerings. Cost growth in South Africa was somewhat offset by the pending acquisition of the South African head office building and the related rental provision no longer required.

Taxation

The effective tax rate amounted to 9.6% (2017: 18.5%) mainly impacted by the lower rate in South Africa following the release of provisions no longer required.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests mainly comprises:

- £23.8 million profit attributable to non-controlling interests in the Asset Management business.
- £52.6 million profit attributable to non-controlling interests in the Investec Property Fund Limited.

Balance sheet analysis

Since 31 March 2017:

- Total shareholders' equity (including non-controlling interests) increased by 12.9% to £5.4 billion largely due to an increase in retained earnings and the issuance of Additional Tier 1 securities during the year.
- Net asset value per share increased 5.0% to 452.5 pence and net tangible asset value per share (which excludes goodwill and intangible assets) increased by 6.5% to 401.5 pence.
- The return on adjusted average shareholders' equity decreased from 12.5% to 12.1%.
- The return on adjusted average shareholders' equity of the ongoing business decreased from 14.2% to 14.1%.

Commentary

(continued)

Liquidity and funding

As at 31 March 2018 the group held £12.8 billion in cash and near cash balances (£5.8 billion in Investec plc and R116.5 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 79.6% (31 March 2017: 76.2%). The cost of funding in the UK has been successfully managed down over the year. The group will continue to focus on maintaining an optimal overall liquidity and funding profile. 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 31 March 2018 with the three-month average of its LCR at 133.9% and an NSFR of 108.4%. 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 31 March 2018 was 306% for Investec plc and 301% 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 142% for Investec plc and 133% 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 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 on page 98.

Legacy business – overview of results

Since 31 March 2017 the group's legacy portfolio in the UK has continued to be actively managed down from £476 million to £313 million through asset sales, redemptions and write-offs. The legacy business reported a loss before taxation of £93.5 million (2017: £64.6 million) reflecting an increase in impairments for accelerated exits anticipated to occur on certain legacy assets. Total net defaults in the legacy book amounted to £90 million (31 March 2017: £125 million).

Additional information – Investec exposures to the Steinhoff Group of companies

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

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 2018 are consistent with those adopted in the financial statements for the year ended 31 March 2017.

Standards and interpretations issued but not yet effective

The following significant standards and interpretations, which have been issued but are not yet effective for the current financial year, are applicable to the group.

IFRS 9 Financial Instruments

IFRS 9 is effective and will be implemented by the group from 1 April 2018. The group will provide its detailed transitional disclosures when it publishes its annual report for the year ended 31 March 2018 on 29 June 2018.

IFRS 9 replaces IAS 39 and sets out the new requirements for the recognition and measurement of financial instruments. These requirements focus primarily on the classification and measurement of financial instruments and measurement of impairment losses based on an expected credit loss (ECL) model.

Investec plc and Investec Limited apply the Standardised approach when calculating capital requirements. The impact of IFRS 9 on Investec plc's and Investec Limited's common equity tier 1 (CET 1) ratios is potentially more significant when compared to Internal Ratings Based approach banks, who already deduct from CET 1 capital any excess expected losses over impairment allowances.

Subject to finalisation, the adoption of IFRS 9 is expected to result in the following estimated impact for Investec plc and Investec Limited, respectively.

Investec plc

Balance sheet impairment allowance and provisions

Total balance sheet impairment allowance and provisions are expected to increase by approximately £106 million from £158 million as at 31 March 2018 to approximately £264 million as at 1 April 2018. This is driven by an increase in legacy impairments of approximately £57 million and an increase in ongoing impairments of approximately £70 million, partially offset by a reduction of approximately £21 million as a result of changes in classification and measurement of certain of the group's financial assets to fair value. The increase in impairment allowance and provisions is expected to reduce the CET 1 ratio by approximately 66bps on a fully loaded basis, or approximately 3bps on a day one impact transitional basis.

Changes in classification and measurement of certain financial assets

In addition, changes in classification and measurement to fair value of certain of the group's other financial assets is expected to result in a decrease to equity of approximately £11 million (post taxation), with an approximate 7bps impact on the CET 1 ratio.

Reclassification of subordinated liabilities to fair value

As a result of the adoption of IFRS 9 Investec plc has elected to designate its subordinated liabilities to fair value. The interest rate portion of the subordinated debt is expected to reduce equity by approximately £48 million (post taxation) with an approximate 37bps impact on the day one transitional CET 1 ratio which will come back into retained earnings over the duration of the remaining term of the instrument (maturing February 2022). In addition, an amount of approximately £55 million (post taxation) has been transferred to an own credit reserve which does not have an impact on capital ratios.

Taken together, the adoption of IFRS 9 is expected to result in a decrease in Investec plc's transitional CET 1 ratio of approximately 47bps from 11.0% to approximately 10.5%, ahead of the group's target and in excess of minimum regulatory requirements. Investec plc confirmed to the PRA that it will use the transitional arrangements to absorb the full impact permissible of IFRS 9 in regulatory capital calculations.

Investec Limited

Balance sheet impairment allowance and provisions

Total balance sheet impairment allowance and provisions are expected to increase by approximately R657 million from R1.5 billion as at 31 March 2018 to approximately R2.2 billion as at 1 April 2018. This is driven by an increase in stage 1, stage 2, and stage 3 impairments of approximately R811 million, partially offset by a reduction of approximately R154 million as a result of the changes in classification and measurement of certain of the group's financial assets to fair value. The increase in impairment allowance and provisions is expected to reduce the CET 1 ratio by approximately 15bps on a fully loaded basis, or approximately 4bps on a day one impact transitional basis.

Changes in classification and measurement of certain financial assets

In addition, changes in classification and measurement of certain of the group's other financial assets is expected to result in a decrease to equity of approximately R419 million (post taxation), with an approximate 16bps impact on the CET 1 ratio.

Taken together, the adoption of IFRS 9 is expected to result in a decrease in Investec Limited's transitional CET 1 ratio of approximately 20bps from 10.2% to approximately 10.0%, in line with the group's target and in excess of minimum regulatory requirements. Investec Limited confirmed to the SARB that it will use the transitional arrangements to absorb the full impact permissible of IFRS 9 in regulatory capital calculations.

IFRS 15 Revenue from contracts with customers

IFRS 15 is effective for annual periods beginning on or after 1 January 2018 and will be implemented by the group from 1 April 2018. IFRS 15 provides a principles-based approach for revenue recognition and introduces the concept of recognising revenue for obligations as they are satisfied. The group's current measurement and recognition principles are aligned to the standard and the group does not expect an impact to measurement principles currently applied. The impact of the disclosure requirements of the standard is currently being assessed.

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 2018 will be posted to stakeholders on 29 June 2018. 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 16 May 2018.
- The information in the announcement for the year ended 31 March 2018, which was approved by the board of

directors on 16 May 2018, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006. The 31 March 2017 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.

Financial assistance

Shareholders are referred to the Special Resolution number 3, which was approved at the annual general meeting held on 10 August 2017, 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 2017 to 31 March 2018.

Outlook

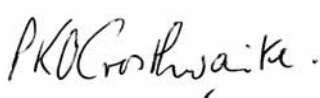
The group has achieved a satisfactory operating performance, supported by sound growth in key earnings drivers, solid levels of client activity and a robust recurring income base.

Whilst the complexities of Brexit continue to cause uncertainty in the UK economy, the final quarter of the 2018 financial year has started to see an uplift in the South African economic outlook.

The group's continued investment in infrastructure, digital platforms and people means it is well positioned for future growth.

Investec remains committed to delivering shareholder value and has the right people and skills to take advantage of opportunities in its core markets, whilst providing exceptional service to existing clients.

On behalf of the boards of Investec plc and Investec Limited



Perry Crosthwaite
Chairman

16 May 2018



Stephen Koseff
Chief executive officer



Bernard Kantor
Managing director



Unaudited
ongoing financial
results



Introduction – understanding our results

Sale of businesses

During the 2015 financial year the group sold a number of businesses, namely Investec Bank (Australia) Limited, Kensington Group plc and Start Mortgage Holdings Limited.

The sales of these businesses had a significant effect on the comparability of our financial statutory position and results, particularly in financial year 2015 and 2016.

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

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

- The results of the businesses sold as mentioned above
- The remaining legacy business in the UK (as set out on page 33).

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

A reconciliation between the statutory and ongoing income statement is provided on page 21.

Ongoing information

The tables that follow provide information on our ongoing results.

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

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

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



Consolidated summarised ongoing income statement

Unaudited ongoing financial results

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

Reconciliation from statutory summarised income statement to ongoing summarised income statement



Removal of:

For the year to 31 March 2018 £'000	Statutory as disclosed [^]	UK legacy business	Ongoing business
Net interest income	760 398	297	760 101
Net fee and commission income/(expense)	1 361 207	(7)	1 361 214
Investment income	130 048	326	129 722
Share of post taxation profit of associates	46 823	–	46 823
Trading income/(loss) arising from			
– customer flow	138 226	(18)	138 244
– balance sheet management and other trading activities	(4 307)	19	(4 326)
Other operating income	11 115	77	11 038
Total operating income before impairment losses on loans and advances	2 443 510	694	2 442 816
Impairment losses on loans and advances	(148 556)	(84 666)	(63 890)
Operating income/(loss)	2 294 954	(83 972)	2 378 926
Operating costs	(1 632 740)	(9 530)	(1 623 210)
Depreciation on operating leased assets	(2 421)	–	(2 421)
Operating profit/(loss) before goodwill, acquired intangibles and non-operating items	659 793	(93 502)	753 295
Profit attributable to other non-controlling interests	(52 288)	–	(52 288)
Profit attributable to Asset Management non-controlling interests	(23 817)	–	(23 817)
Operating profit/(loss) before taxation	583 688	(93 502)	677 190
Taxation	(59 099)	18 349*	(77 448)
Preference dividends accrued	(33 527)	–	(33 527)
Adjusted attributable earnings to ordinary shareholders	491 062	(75 153)	566 215
Adjusted earnings per share (pence)	53.2		61.3
Number of weighted average shares (million)	923.5		923.5
Cost to income ratio	66.9%		66.5%

* Applying the UK's effective taxation rate of 19.6%.

[^] Refer to page 64.



Reconciliation from statutory summarised income statement to ongoing summarised income statement

(continued)

Unaudited ongoing financial results

Removal of:

For the year to 31 March 2017 £'000	Statutory as disclosed [^]	UK legacy business	Ongoing business
Net interest income/(expense)	679 895	(644)	680 539
Net fee and commission income/(expense)	1 271 524	(67)	1 271 591
Investment income	136 203	572	135 631
Share of post taxation profit of associates	18 890	–	18 890
Trading income/(loss) 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
Total operating income before impairment losses on loans and advances	2 286 214	321	2 285 893
Impairment losses on loans and advances	(111 454)	(54 305)	(57 149)
Operating income/(loss)	2 174 760	(53 984)	2 228 744
Operating costs	(1 513 231)	(10 608)	(1 502 623)
Depreciation on operating leased assets	(2 169)	–	(2 169)
Operating profit/(loss) before goodwill, acquired intangibles and non-operating items	659 360	(64 592)	723 952
Profit attributable to other non-controlling interests	(60 239)	–	(60 239)
Profit attributable to Asset Management non-controlling interests	(20 291)	–	(20 291)
Operating profit/(loss) before taxation	578 830	(64 592)	643 422
Taxation	(118 488)	11 950*	(130 438)
Preference dividends accrued	(25 838)	–	(25 838)
Adjusted attributable earnings to ordinary shareholders	434 504	(52 642)	487 146
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%.

[^] Refer to page 64.

Reconciliation from statutory summarised income statement to ongoing summarised income statement for the UK and Other Specialist Banking



Removal of:

For the year to 31 March 2018 £'000	UK and Other Specialist Banking statutory as disclosed [^]	UK legacy business	UK and Other Specialist Banking ongoing business
Net interest income	332 157	297	331 860
Net fee and commission income/(expense)	197 797	(7)	197 804
Investment income	58 116	326	57 790
Share of post taxation profit of associates	1 021	–	1 021
Trading income/(loss) arising from			–
– customer flow	113 370	(18)	113 388
– balance sheet management and other trading activities	3 127	19	3 108
Other operating income	8 055	77	7 978
Total operating income before impairment losses on loans and advances	713 643	694	712 949
Impairment losses on loans and advances	(106 085)	(84 666)	(21 419)
Operating income/(loss)	607 558	(83 972)	691 530
Operating costs	(546 934)	(9 530)	(537 404)
Depreciation on operating leased assets	(2 350)	–	(2 350)
Operating profit/(loss) before goodwill, acquired intangibles and non-operating items	58 274	(93 502)	151 776
Profit attributable to other non-controlling interests	1 684	–	1 684
Operating profit/(loss) before taxation	59 958	(93 502)	153 460

Removal of:

For the year to 31 March 2017 £'000	UK and Other Specialist Banking statutory as disclosed [^]	UK legacy business	UK and Other Specialist Banking ongoing business
Net interest income/(expense)	284 701	(644)	285 345
Net fee and commission income/(expense)	227 932	(67)	227 999
Investment income	57 806	572	57 234
Share of post taxation profit of associates	840	–	840
Trading income/(loss) arising from			
– customer flow	128 967	(5)	128 972
– balance sheet management and other trading activities	5 235	140	5 095
Other operating income	7 883	325	7 558
Total operating income before impairment losses on loans and advances	713 364	321	713 043
Impairment losses on loans and advances	(74 956)	(54 305)	(20 651)
Operating income/(loss)	638 408	(53 984)	692 392
Operating costs	(531 843)	(10 608)	(521 235)
Depreciation on operating leased assets	(2 141)	–	(2 141)
Operating profit/(loss) before goodwill, acquired intangibles and non-operating items	104 424	(64 592)	169 016
Profit attributable to other non-controlling interests	180	–	180
Operating profit/(loss) before taxation	104 604	(64 592)	169 196

[^] Refer to pages 113 and 115.

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

Unaudited ongoing financial results

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

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

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

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

Ongoing segmental geographic analysis – summarised income statement



Unaudited ongoing financial results

	31 March 2018			31 March 2017		
For the year to £'000	UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total
Net interest income	337 283	422 818	760 101	289 824	390 715	680 539
Net fee and commission income	849 941	511 273	1 361 214	803 930	467 661	1 271 591
Investment income	68 189	61 533	129 722	59 403	76 228	135 631
Share of post taxation profit of associates	1 436	45 387	46 823	2 349	16 541	18 890
Trading income/(loss) arising from						
– customer flow	114 420	23 824	138 244	129 712	28 294	158 006
– balance sheet management and other trading activities	(2 088)	(2 238)	(4 326)	8 531	(453)	8 078
Other operating income	10 344	694	11 038	12 870	288	13 158
Total operating income before impairment losses on loans and advances	1 379 525	1 063 291	2 442 816	1 306 619	979 274	2 285 893
Impairment losses on loans and advances	(21 419)	(42 471)	(63 890)	(20 651)	(36 498)	(57 149)
Operating income	1 358 106	1 020 820	2 378 926	1 285 968	942 776	2 228 744
Operating costs	(1 064 582)	(558 628)	(1 623 210)	(994 522)	(508 101)	(1 502 623)
Depreciation on operating leased assets	(2 350)	(71)	(2 421)	(2 141)	(28)	(2 169)
Operating profit before goodwill, acquired intangibles and non-operating items	291 174	462 121	753 295	289 305	434 647	723 952
(Profit)/loss attributable to other non-controlling interests	1 684	(53 972)	(52 288)	180	(60 419)	(60 239)
Operating profit before goodwill, acquired intangibles and non-operating items and after other non-controlling interests	292 858	408 149	701 007	289 485	374 228	663 713
Profit attributable to Asset Management non-controlling interests	(14 763)	(9 054)	(23 817)	(11 807)	(8 484)	(20 291)
Operating profit before goodwill, acquired intangibles and non-operating items and after non-controlling interests	278 095	399 095	677 190	277 678	365 744	643 422
Cost to income ratio	77.3%	52.5%	66.5%	76.2%	51.9%	65.8%



Ongoing segmental business and geographic analysis – summarised income statement

Unaudited ongoing financial results

	Asset Management			Wealth & Investment		
For the year to 31 March 2018 £'000	UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total
Net interest income	242	5 229	5 471	5 181	5 563	10 744
Net fee and commission income	355 230	181 904	537 134	296 907	85 556	382 463
Investment income/(loss)	(47)	32	(15)	10 446	105	10 551
Share of post taxation profit of associates	–	–	–	415	1	416
Trading income/(loss) arising from						
– customer flow	–	–	–	1 032	(495)	537
– balance sheet management and other trading activities	(5 189)	112	(5 077)	(7)	(143)	(150)
Other operating income	2 131	34	2 165	235	1	236
Total operating income before impairment losses on loans and advances	352 367	187 311	539 678	314 209	90 588	404 797
Impairment losses on loans and advances	–	–	–	–	–	–
Operating income	352 367	187 311	539 678	314 209	90 588	404 797
Operating costs	(248 449)	(113 184)	(361 633)	(244 940)	(61 292)	(306 232)
Depreciation on operating leased assets	–	–	–	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and non-operating items	103 918	74 127	178 045	69 269	29 296	98 565
Profit attributable to other non-controlling interests	–	–	–	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles, non-operating items and after other non-controlling interests	103 918	74 127	178 045	69 269	29 296	98 565
Profit attributable to Asset Management non-controlling interests	(14 763)	(9 054)	(23 817)	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles, non-operating items and after non-controlling interests	89 155	65 073	154 228	69 269	29 296	98 565
Cost to income ratio	70.5%	60.4%	67.0%	78.0%	67.7%	75.7%

Ongoing segmental business and geographic analysis – summarised income statement

(continued)



Unaudited ongoing financial results

Specialist Banking			Group costs			
UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total	Total group
331 860	412 026	743 886	–	–	–	760 101
197 804	243 813	441 617	–	–	–	1 361 214
57 790	61 396	119 186	–	–	–	129 722
1 021	45 386	46 407	–	–	–	46 823
113 388	24 319	137 707	–	–	–	138 244
3 108	(2 207)	901	–	–	–	(4 326)
7 978	659	8 637	–	–	–	11 038
712 949	785 392	1 498 341	–	–	–	2 442 816
(21 419)	(42 471)	(63 890)	–	–	–	(63 890)
691 530	742 921	1 434 451	–	–	–	2 378 926
(537 404)	(368 343)	(905 747)	(33 789)	(15 809)	(49 598)	(1 623 210)
(2 350)	(71)	(2 421)	–	–	–	(2 421)
151 776	374 507	526 283	(33 789)	(15 809)	(49 598)	753 295
1 684	(53 972)	(52 288)	–	–	–	(52 288)
153 460	320 535	473 995	(33 789)	(15 809)	(49 598)	701 007
–	–	–	–	–	–	(23 817)
153 460	320 535	473 995	(33 789)	(15 809)	(49 598)	677 190
75.6%	46.9%	60.5%	n/a	n/a	n/a	66.5%



Ongoing segmental business and geographic analysis – summarised income statement

(continued)

Unaudited ongoing financial results

For the year to 31 March 2017 £'000	Asset Management			Wealth & Investment		
	UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total
Net interest income	111	5 007	5 118	4 368	7 600	11 968
Net fee and commission income	308 084	176 788	484 872	267 847	75 861	343 708
Investment income	–	143	143	2 169	100	2 269
Share of post taxation profit of associates	–	–	–	1 509	–	1 509
Trading income/(loss) arising from						
– customer flow	–	–	–	740	288	1 028
– balance sheet management and other trading activities	3 221	(1 008)	2 213	215	(128)	87
Other operating income/(loss)	5 312	332	5 644	–	–	–
Total operating income before impairment losses on loans and advances	316 728	181 262	497 990	276 848	83 721	360 569
Impairment losses on loans and advances	–	–	–	–	–	–
Operating income	316 728	181 262	497 990	276 848	83 721	360 569
Operating costs	(225 466)	(107 700)	(333 166)	(211 658)	(55 668)	(267 326)
Depreciation on operating leased assets	–	–	–	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and non-operating items	91 262	73 562	164 824	65 190	28 053	93 243
Profit attributable to other non-controlling interests	–	–	–	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles, non-operating items and after other non-controlling interests	91 262	73 562	164 824	65 190	28 053	93 243
Profit attributable to Asset Management non-controlling interests	(11 807)	(8 484)	(20 291)	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles, non-operating items and after non-controlling interests	79 455	65 078	144 533	65 190	28 053	93 243
Cost to income ratio	71.2%	59.4%	66.9%	76.5%	66.5%	74.1%

Ongoing segmental business and geographic analysis – summarised income statement

(continued)



Unaudited ongoing financial results

Specialist Banking			Group costs			Total group
UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total	
285 345	378 108	663 453	–	–	–	680 539
227 999	215 012	443 011	–	–	–	1 271 591
57 234	75 985	133 219	–	–	–	135 631
840	16 541	17 381	–	–	–	18 890
128 972	28 006	156 978	–	–	–	158 006
5 095	683	5 778	–	–	–	8 078
7 558	(44)	7 514	–	–	–	13 158
713 043	714 291	1 427 334	–	–	–	2 285 893
(20 651)	(36 498)	(57 149)	–	–	–	(57 149)
692 392	677 793	1 370 185	–	–	–	2 228 744
(521 235)	(332 120)	(853 355)	(36 163)	(12 613)	(48 776)	(1 502 623)
(2 141)	(28)	(2 169)	–	–	–	(2 169)
169 016	345 645	514 661	(36 163)	(12 613)	(48 776)	723 952
180	(60 419)	(60 239)	–	–	–	(60 239)
169 196	285 226	454 422	(36 163)	(12 613)	(48 776)	663 713
–	–	–	–	–	–	(20 291)
169 196	285 226	454 422	(36 163)	(12 613)	(48 776)	643 422
73.3%	46.5%	59.9%	n/a	n/a	n/a	65.8%



Return on equity – ongoing basis

Unaudited ongoing financial results

£'000	31 March 2018	31 March 2017	Average	31 March 2016	Average
Calculation of average shareholders' equity					
Ordinary shareholders' equity	4 178 533	3 859 535	4 019 034	2 990 009	3 424 772
Goodwill and intangible assets (excluding software)	(475 922)	(490 841)	(483 382)	(503 996)	(497 419)
Adjusted tangible shareholders' equity	3 702 611	3 368 694	3 535 652	2 486 013	2 927 353

£'000	31 March 2018	31 March 2017
Operating profit*	753 295	723 952
Non-controlling interests	(76 105)	(80 530)
Accrued preference dividends, adjusted for currency hedge	(33 527)	(25 838)
Revised operating profit	643 663	617 584
Taxation on operating profit before goodwill and acquired intangibles	(77 448)	(130 438)
Adjusted attributable earnings to ordinary shareholders*	566 215	487 146
Pre-taxation return on average adjusted shareholders' equity	16.0%	18.0%
Post-taxation return on average adjusted shareholders' equity	14.1%	14.2%
Pre-taxation return on average adjusted tangible shareholders' equity	18.2%	21.1%
Post-taxation return on average adjusted tangible shareholders' equity	16.0%	16.6%

* Before goodwill, acquired intangibles and non-operating items.

Core loans and assets quality – ongoing business



An analysis of core loans and advances to customers and asset quality by geography – ongoing business

	UK and Other		Southern Africa		Total group	
£'000	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Gross core loans and advances to customers	9 412 611	8 169 901	15 531 184	14 158 547	24 943 795	22 328 448
Total impairments	(38 434)	(25 356)	(86 311)	(72 152)	(124 745)	(97 508)
Specific impairments	(37 357)	(12 393)	(47 848)	(52 689)	(85 205)	(65 082)
Portfolio impairments	(1 077)	(12 963)	(38 463)	(19 463)	(39 540)	(32 426)
Net core loans and advances to customers	9 374 177	8 144 545	15 444 873	14 086 395	24 819 050	22 230 940
% change of net core loans and advances to customers since March 2017	15.1%		9.6%		11.6%	
Average gross core loans and advances to customers	8 791 256	7 706 123	14 844 866	12 258 560	23 636 122	19 964 683
Total income statement charge for impairments on core loans and advances	(21 198)	(20 690)	(40 788)	(36 580)	(61 986)	(57 270)
Gross default loans and advances to customers	157 203	34 166	172 086	215 633	329 289	249 799
Specific impairments	(37 357)	(12 393)	(47 848)	(52 689)	(85 205)	(65 082)
Portfolio impairments	(1 077)	(12 963)	(38 463)	(19 463)	(39 540)	(32 426)
Defaults net of impairments before collateral held	118 769	8 810	85 775	143 481	204 544	152 291
Collateral and other credit enhancements	130 498	25 948	213 776	259 057	344 274	285 005
Net default loans and advances to customers (limited to zero)	–	–	–	–	–	–
Ratios:						
Total impairments as a % of gross core loans and advances to customers	0.41%	0.31%	0.56%	0.51%	0.50%	0.44%
Total impairments as a % of gross default loans	24.45%	74.21%	50.16%	33.46%	37.88%	39.03%
Gross defaults as a % of gross core loans and advances to customers	1.67%	0.42%	1.11%	1.52%	1.32%	1.12%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.27%	0.11%	0.56%	1.02%	0.82%	0.69%
Net defaults as a % of net core loans and advances to customers	–	–	–	–	–	–
Credit loss ratio (i.e. income statement impairment charge on core loans as a % of average gross core loans and advances)	0.24%	0.27%	0.28%	0.29%	0.26%	0.29%

Unaudited ongoing financial results



Core loans and assets quality – ongoing business

(continued)

Unaudited ongoing financial results

A reconciliation of core loans and advances: statutory basis and ongoing basis

Removal of:

	Statutory as disclosed [^]	UK Legacy business	Ongoing business
31 March 2018 (£'000)			
Gross core loans and advances to customers	25 370 248	426 453	24 943 795
Total impairments	(238 151)	(113 406)	(124 745)
Specific impairments	(137 711)	(52 506)	(85 205)
Portfolio impairments	(100 440)	(60 900)	(39 540)
Net core loans and advances to customers	25 132 097	313 047	24 819 050
31 March 2017 (£'000)			
Gross core loans and advances to customers	22 906 165	577 717	22 328 448
Total impairments	(199 028)	(101 520)	(97 508)
Specific impairments	(136 177)	(71 095)	(65 082)
Portfolio impairments	(62 851)	(30 425)	(32 426)
Net core loans and advances to customers	22 707 137	476 197	22 230 940

[^] Refer to page 104.



The legacy business in the UK Specialist Bank comprises:

- Assets put on the bank's books pre-2008 where market conditions post the financial crisis materially impacted the business model
- Assets written prior to 2008 with very low/negative margins
- Assets relating to business we are no longer undertaking.

Legacy business – overview of results

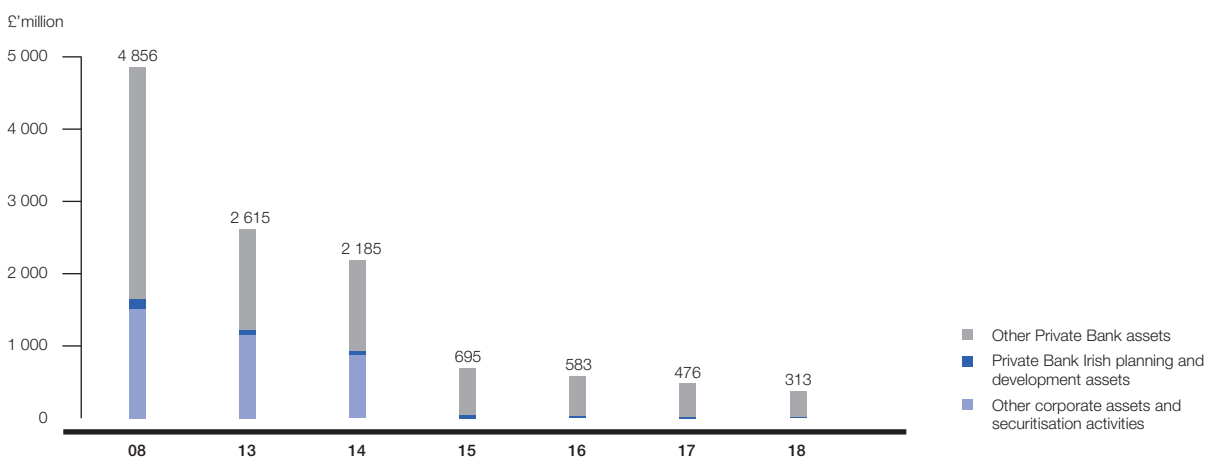
Since 31 March 2017 the group's legacy portfolio in the UK has continued to be actively managed down from £476 million to £313 million through asset sales, redemptions and write-offs. The total legacy business over the period reported a loss before taxation of £93.5 million (2017: £64.6 million) reflecting an increase in impairments for accelerated exits anticipated to occur on certain legacy assets. Total net defaults in the legacy book amounted to £90 million (31 March 2017: £125 million).

An analysis of assets within the legacy business

£'million	31 March 2018 Total net assets (after impairments)	31 March 2018 Total balance sheet impairment	31 March 2017 Total net assets (after impairments)	31 March 2017 Total balance sheet impairment
Private Bank Irish planning and development assets	12	1	18	9
Other Private Bank assets	301	112	458	93
Total legacy assets	313	113	476	102
Performing	223	–	351	–
Non-performing	90	113*	125	102*

* Included in balance sheet impairments is a group portfolio impairment of £60.9 million (31 March 2017: £30.4 million).

Total UK legacy assets



Divisional and segmental review





Group divisional structure

Divisional and segmental review

Investec is a focused specialist bank and asset manager striving to be distinctive in all that it does.

Our strategic goals and objectives are motivated by the desire to develop an efficient and integrated business on an international scale through the active pursuit of clearly established core competencies in our principal business areas. Our core philosophy has been to build well-defined, value-added businesses focused on serving the needs of select market niches where we can compete effectively.

We seek to maintain an appropriate balance between revenue earned from operational risk businesses and revenue earned from

financial risk businesses. This ensures that we are not over reliant on any one part of our business to sustain our activities and that we have a large recurring revenue base that enables us to navigate through varying cycles and to support our long-term growth objectives.

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

Asset Management

What we do

Equities
Fixed Income
Multi-asset
Alternatives

Where we operate

Africa
Americas
Asia Pacific
UK
Europe

Wealth & Investment

What we do

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

Where we operate

South Africa
UK
Europe
Hong Kong
Mauritius

Specialist Banking

What we do

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

Where we operate

Southern Africa
UK
Europe
Australia
Mauritius
Hong Kong
India
USA

Integrated global management structure

Global roles

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

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

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

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

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

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



Asset Management

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

Global executive committee* at 31 March 2018

Chief executive officer
Hendrik du Toit

Chief operating officer
Kim McFarland

Global head of client group
John Green

Co-chief investment officer
Domenico (Mimi) Ferrini

Co-chief investment officer
John McNab

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

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

Our value proposition

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

Annual highlights

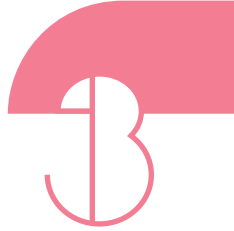
Net flows of
£5.4 billion
(2017: £(0.6) billion)

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

Operating margin
33.0%
(2017: 33.1%)

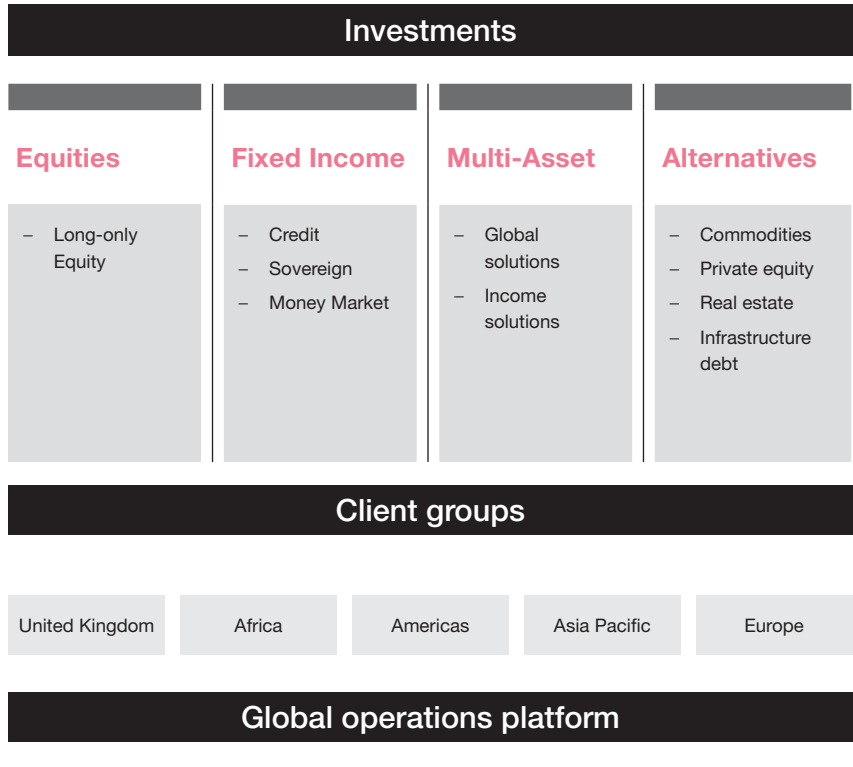
Operating profit before non-controlling interests increased by 8.0% to
£178.0 million
contributing 29.3% to group profit

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

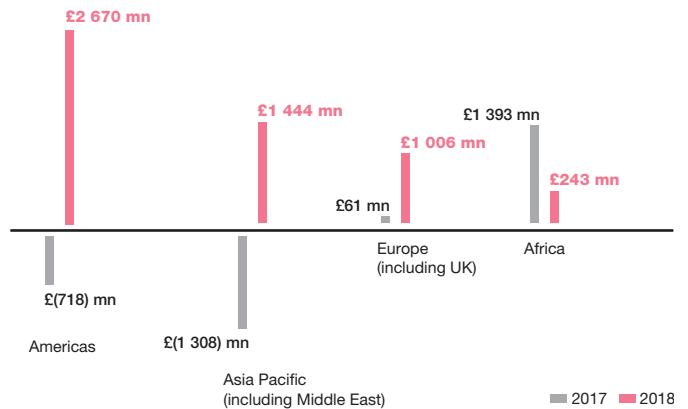


What we do

Organisational structure



Where we operate



Net flows by geography

Financial years to 31 March 2017 and 31 March 2018

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

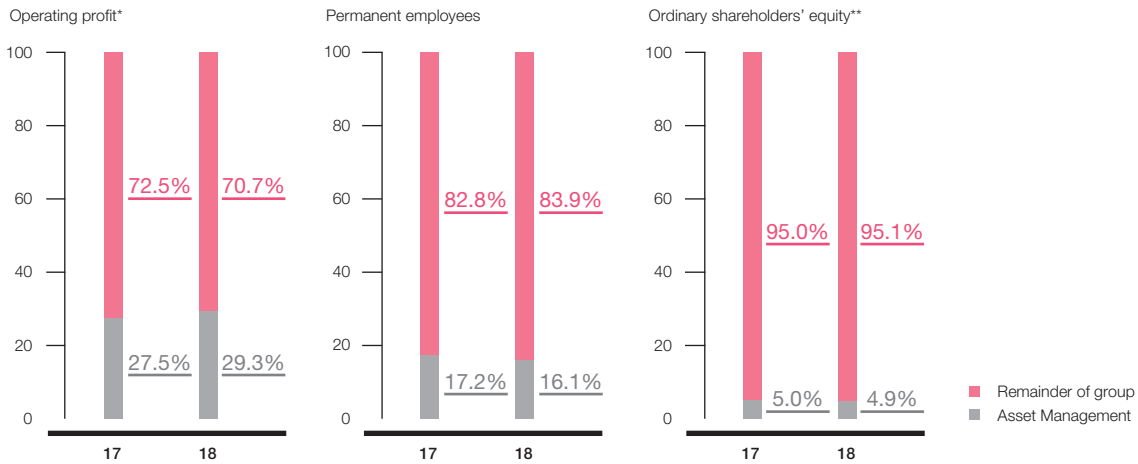


Asset Management

(continued)

Divisional and segmental review

Financial analysis

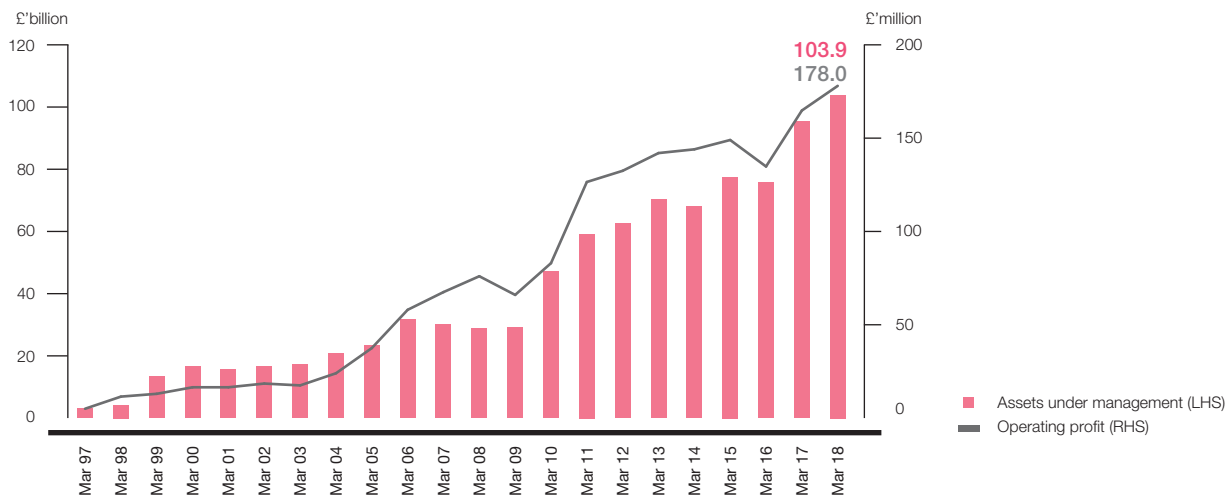


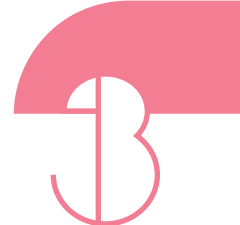
March

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

** As calculated on page 101, based on regulatory capital requirements.

Historical financial performance





Income statement analysis

£'000	31 March 2018	31 March 2017	Variance	% change
Net interest income	5 471	5 118	353	6.9%
Net fee and commission income	537 134	484 872	52 262	10.8%
Investment income/(loss)	(15)	143	(158)	(>100%)
Trading income/(loss) arising from balance sheet management and other trading activities	(5 077)	2 213	(7 290)	(>100%)
Other operating income	2 165	5 644	(3 479)	(61.6%)
Total operating income	539 678	497 990	41 688	8.4%
Operating costs	(361 633)	(333 166)	(28 467)	8.5%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and before non-controlling interests	178 045	164 824	13 221	8.0%
Profit attributable to Asset Management non-controlling interests**	(23 817)	(20 291)	(3 526)	17.4%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	154 228	144 533	9 695	6.7%
UK and Other	89 155	79 455	9 700	12.2%
Southern Africa	65 073	65 078	(5)	–
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	154 228	144 533	9 695	6.7%
Selected returns and key statistics				
Ordinary shareholders' equity*	199 416	186 423	12 993	7.0%
ROE (pre-tax)*	91.0%	90.7%		
Return on tangible equity (pre-tax)*	167.4%	179.6%		
Operating margin	33.0%	33.1%		
Operating profit per employee (£'000)**	172.3	168.6	3.7	2.2%

* As calculated on pages 101 and 102, based on regulatory capital requirements.

** Earnings after tax attributable to non-controlling interests includes the portion of earnings attributable to the 17% shareholding in the business by employees (31 March 2017: 16%).

^ Operating profit per employee excludes Silica, our third party administration business.

The variance in operating profit over the year can be explained as follows:

- Rising markets, a weaker Sterling and strong net inflows increased our net fee and commission income in the period to £537.1 million.
- Against this backdrop, our operating profit before non-controlling interests increased by 8.0%.
- Performance fees decreased over the period under review from £28.0 million to £18.4 million.



Asset Management

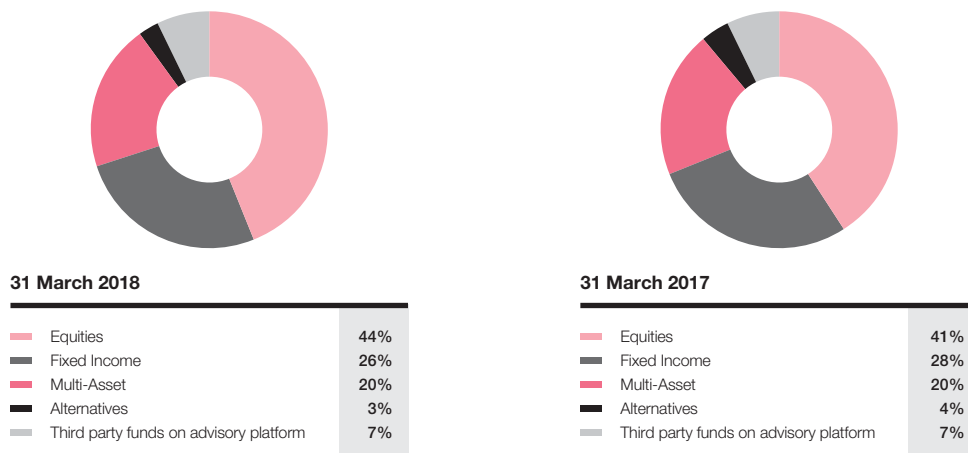
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Divisional and segmental review

Assets under management and flows

£'million	AUM 31 March 2018	Net flows	Markets/ foreign exchange movements	AUM 31 March 2017
Equities	45 496	4 583	2 049	38 864
Fixed Income	27 307	(215)	422	27 100
Multi-Asset	20 810	1 212	658	18 940
Alternatives	2 876	(288)	(315)	3 479
Third party funds on advisory platform	7 373	71	398	6 904
Total	103 862	5 363	3 212	95 287

Assets under management by asset class



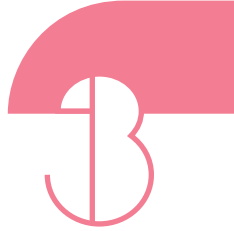
Note: The assets under management and flows exclude a historic low value cash plus account that is subject to volatile flows.

Investment performance

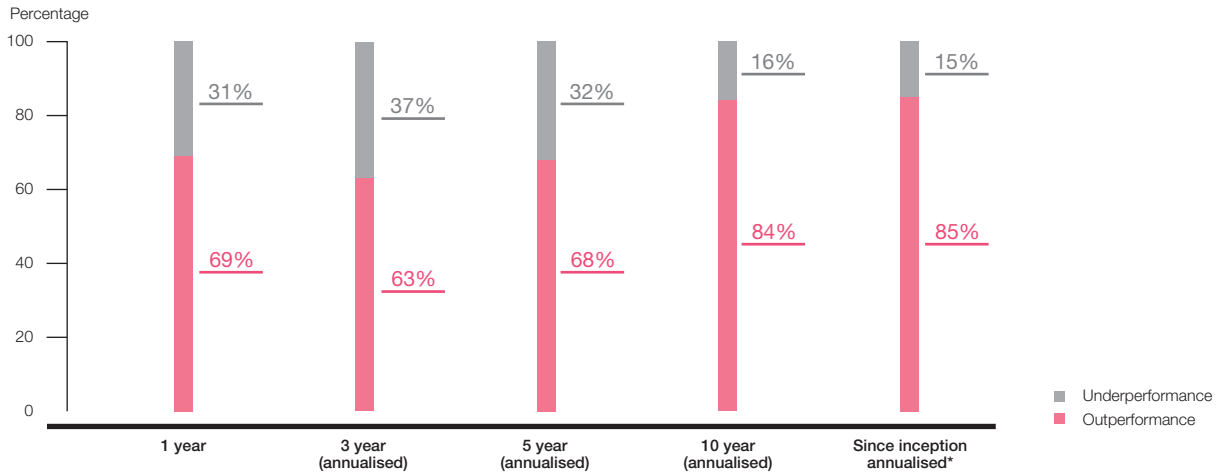
All of our investment capabilities are managed with the simple aim of delivering performance which meets or exceeds our clients' expectations around agreed, well defined return and risk parameters.

We measure our investment performance relative to peer groups and against benchmarks over one, three, five and 10 year periods, and since inception.

Our long-term track record remains competitive.



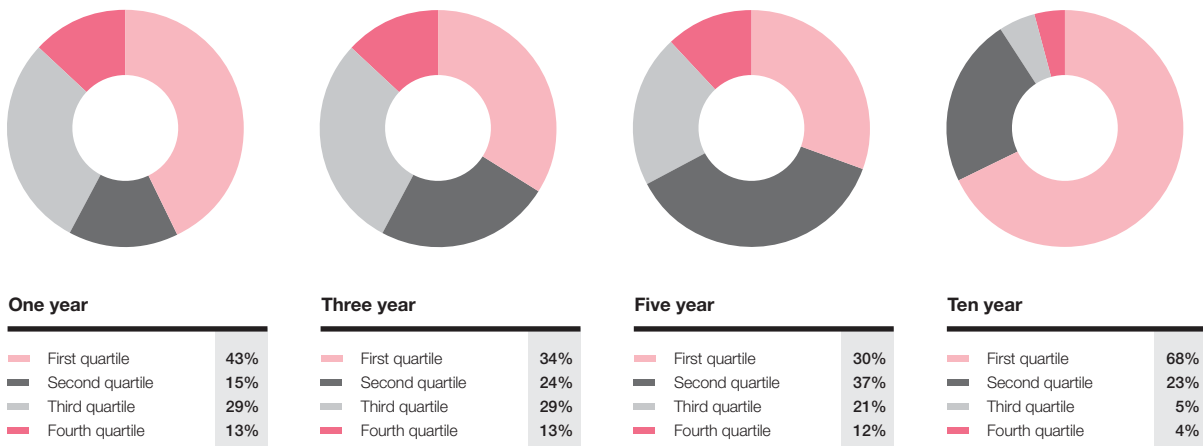
Overall firm investment performance



Source: Calculated by Investec Asset Management, returns from StatPro, capability weighted. Performance to 31 March 2018.

Note: Outperformance (underperformance) is calculated as the sum of the total market values for individual portfolios that have positive active returns (negative active returns) on a gross basis expressed as a percentage of total assets under management. Our percentage of fund outperformance is reported on the basis of current AUM and therefore does not include terminated funds. Total assets under management exclude double-counting of pooled products and third party assets administered on our South African platform. Benchmarks used for the above analysis include cash, peer group averages, inflation and market indices as specified in client mandates or fund prospectuses. For all periods shown, market values are as at the period end date.

Mutual funds investment performance



Performance to 31 March 2018. Fund performance and ranking as per Morningstar data using primary share classes net of fees. Peer group universes are either IA, GIFS or ASISA sectors as classified by Morningstar.

Independent recognition

- Raging Bull Award for Top Management Company of the Year and Offshore Management Company of the Year
- Winner of Insurance Asset Risk Awards Emerging Market Manager
- Winner of Private Equity Africa Awards Credit Investor of the Year
- Winner of Global Investor Awards Emerging Markets Manager of the Year



Asset Management

(continued)

Questions and answers

Hendrik du Toit

Chief executive officer

Q. How has the operating environment impacted your business over the past financial year?

The global political environment remains uncertain. Notwithstanding this, markets have remained buoyant, thus supporting growth in our assets under management. The fundamentals for long-term growth in the asset management industry remain strong: the growing need for retirement savings and the growing wealth of developing economies are expanding the global pool of long-term savings – the key growth driver for our industry. These factors are expected to increase global assets under management from c. \$85 trillion in 2016 to c. \$145 trillion by 2025. (Source: PricewaterhouseCoopers)

There are however multiple challenges facing our industry. These include the risk of a market correction, growing regulatory scrutiny, technological advancements and the need to justify value for money (especially against passive strategies). The result is fee pressure, rising fixed costs and increased investment in technology – in summary, a more competitive market in which excellence continues to be rewarded but mediocrity punished.

One of the responses to the increased competitiveness of the asset management industry is consolidation in the market. In 2017, we saw deals that were motivated by expanding product range, increasing distribution footprint, cost synergies and adapting in response to the regulatory environment. However, Investec Asset Management remains firmly committed to its path of long-term organic growth.

Q. What have been the key developments in your business over the past financial year?

Positive net inflows of £5.4 billion for the last 12 months and competitive investment performance were the highlights for the year. Our net flows were positive across

all regions, largely driven by inflows from the Americas and Asia-Pacific regions. Our Advisor net flows were significant, in all regions, over the year.

Beyond our financial results, we have been devoting time to clarify our purpose and our impact as a global business, including owning the sustainability agenda. We want to ensure that we are responsible and sustainable in all our activities. We have a motivated and energetic team with a long-term orientation, which is organically built around, and focused on, excellence. Investment performance and clients are always our priority.

Following the announcement of the succession plan at Investec Group, transition planning at Investec Asset Management is well underway. We have an orderly and well-executed transition in progress which will be completed by the end of the first half of the 2019 financial year. I am confident that my successors, John Green and Mimi Ferrini, will take Investec Asset Management to new heights during their tenure as Joint CEOs.

Q. What are your strategic objectives in the coming financial year?

Our fundamental strategic objectives and principles remain unchanged: we want to assist people around the globe to retire with dignity or to meet their financial objectives. We do this by offering organically developed investment capabilities through active segregated mandates or mutual funds to sophisticated clients. We operate globally in both the Institutional and Advisor space through five geographically defined client groups and have an approach to growth that is driven by sensible medium to long-term investment performance.

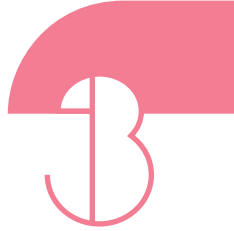
Over the coming financial year, we will endeavour to deliver competitive investment performance, scale our Multi-Asset and Quality capabilities and grow our presence in large markets, with a particular focus on North America, while maintaining the strong momentum we have in the Advisor market. We continue to evolve all our investment

capabilities for the future, including building a compelling foundation for Alternatives.

Since the conclusion of the previous financial year, we have added positive momentum in respect of both inflows and investment performance. However, we are aware of the fundamental challenges that face our industry, and the possibility of a market correction. We recognise the need to offer value for money to our clients, and be able to explain how this value is delivered. We believe value is a combination of active long-term alpha, appropriate and relevant products, combined with a compelling service and pricing proposition.

Q. What is your outlook for the coming financial year?

At Investec Asset Management, we always think about the long term. We are organically building a long-term intergenerational business and as such concentrate less on short-term outcomes. We believe that we have created a sustainable, competitive long-term business and remain committed to being an active investment manager. We believe that the opportunity for growth in our industry over the next five years is substantial. Our momentum is positive and we are confident about our future.



Investec Wealth & Investment offers its clients comfort in its scale, international reach and depth of investment processes. Investec Wealth & Investment is one of the UK's leading private client investment managers and the largest in South Africa.

Global head
Steve Elliott

UK head
Jonathan Wragg

South Africa head
Henry Blumenthal

Switzerland head
Peter Gyger

Ireland head
Eddie Clarke

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

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

Our value proposition

- Investec Wealth & Investment has been built via the acquisition and integration of businesses and organic growth over a long period of time
- Well-established platforms in the UK, South Africa, Switzerland, Republic of Ireland and Guernsey
- The business has five distinct channels: direct, intermediaries, charities, international and digital
- Strategy to internationalise within jurisdictions where the Investec group already has an established business
- Focus is on organic growth in our key markets and enhancing our range of services for the benefit of our clients.



Further detail on the Wealth & Investment management structure is available on our website: www.investec.com

Annual highlights

Net flows of
£2.0 billion
(2017: £1.2 billion)

Assets under management
£56.0 billion
(2017: £54.8 billion)

Operating margin
24.3%
(2017: 25.9%)

Operating profit before non-controlling interest increased by 5.7% to
£98.6 million
contributing 16.2% to group profit



Wealth & Investment

(continued)

Divisional and segmental review

What we do

UK and Other

Investment and savings

- Discretionary and advisory portfolio management services for private clients
- Specialist investment management services for charities, pension schemes and trusts
- Independent financial planning advice for private clients
- Specialist portfolio management services for international clients.

Pensions and retirement

- Discretionary investment management for company pension and Self Invested Personal Pensions (SIPPs)
- Advice and guidance on pension schemes.

Financial planning

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

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

Over 1 300 staff operate from offices located throughout the above jurisdictions, with combined funds under management of £36.9 billion. Investec Wealth & Investment is one of the UK's leading providers of private client investment management services.

South Africa

Investec Wealth & Investment South Africa provides portfolio management, wealth management and stockbroking services for private clients, charities, pension funds and trusts. Operating from eight offices across South Africa with R115.3 billion of discretionary and annuity managed assets and a further R202.6 billion of funds under various other forms of administration.

Where we operate

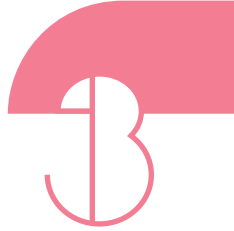


UK and Other

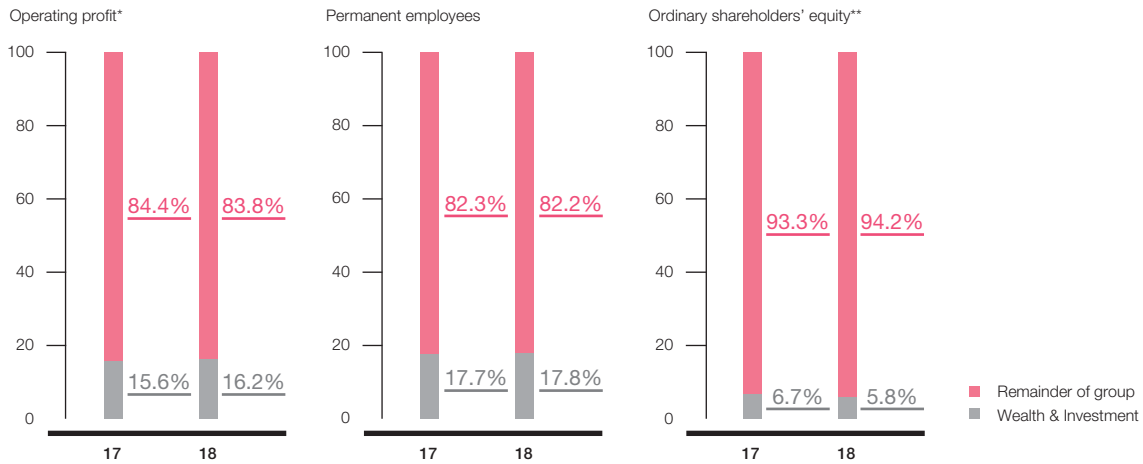
Brand well recognised
 Established platforms and distribution in the UK, Switzerland, Republic of Ireland, Guernsey and Hong Kong
 One of the UK's leading private client investment managers
 Proven ability to attract and recruit investment managers
 Newly launched digital investment offering, Investec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

South Africa and Mauritius

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



Financial analysis

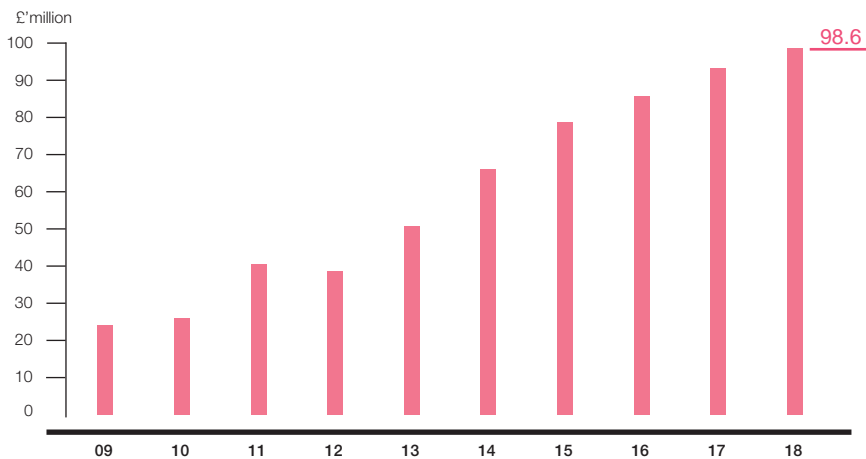


March

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

** As calculated on page 101, based on regulatory capital requirements.

Operating profit[^] – track record



[^] Trend reflects numbers as at the year ended 31 March. Amounts are shown before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.



Wealth & Investment

(continued)

Divisional and segmental review

Income statement analysis

£'000	31 March 2018	31 March 2017	Variance	% change
Net interest income	10 744	11 968	(1 224)	(10.2%)
Net fee and commission income	382 463	343 708	38 755	11.3%
Investment income	10 551	2 269	8 282	>100%
Share of post taxation profit of associates	416	1 509	(1 093)	(72.4%)
Trading income/(loss) arising from				
– customer flow	537	1 028	(491)	(47.8%)
– balance sheet management and other trading activities	(150)	87	(237)	(>100%)
Other operating income	236	–	236	100.0%
Total operating income	404 797	360 569	44 228	12.3%
Operating costs	(306 232)	(267 326)	(38 906)	14.6%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	98 565	93 243	5 322	5.7%
UK and Other	69 269	65 190	4 079	6.3%
Southern Africa	29 296	28 053	1 243	4.4%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	98 565	93 243	5 322	5.7%
Selected returns and key statistics				
Ordinary shareholders' equity*	235 181	251 523	(16 342)	(6.5%)
ROE (pre-tax)*	38.7%	35.7%		
Return on tangible equity (pre-tax)*	162.7%	173.0%		
Operating margin	24.3%	25.9%		
Operating profit per employee (£'000)*	56.0	56.6	(0.6)	(1.1%)

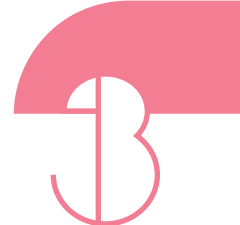
* As calculated on pages 101 and 102, based on regulatory capital requirements.

The variance in operating profit over the year can be explained as follows:

- The UK and Other business benefited from higher average funds under management supported by higher equity market levels over the year and solid net inflows of £1.8 billion. In addition, a one off gain of £10.0 million was earned on the sale of the business's holding in the Irish Stock Exchange.
- The South African business posted an operating profit of R503 million, a decrease of 2.1% (in Rand terms) over the prior year. An increase in annuity fees earned was offset largely as a result of lower brokerage volumes. Progress continued to be made in attracting discretionary net inflows amounting to R5.0 billion in the current year.
- The business globally continued to invest in its digital platforms, IT and compliance areas and in recruiting experienced investment managers. Headcount increased by 5.3% from 31 March 2017 to 31 March 2018.

Analysis of key earnings drivers (funds under management)

£'million	31 March 2018	31 March 2017	% change
UK and Other	36 923	35 555	3.8%
Discretionary	28 638	26 336	8.7%
Non-discretionary and other	8 285	9 219	(10.1%)
South Africa	19 125	19 218	(0.5%)
Discretionary and annuity assets	6 936	6 552	5.9%
Non-discretionary and other	12 189	12 666	(3.8%)
Total	56 048	54 773	2.3%



UK and Other: analysis of key drivers (funds under management and flows)

Funds under management

£'million	31 March 2018	31 March 2017	% change
Investec Wealth & Investment Limited (UK)	33 206	31 866	4.2%
Discretionary	27 346	25 393	7.7%
Non-discretionary	5 860	6 473	(9.5%)
Other	3 717	3 689	0.8%
Discretionary	1 292	943	37.0%
Non-discretionary	2 425	2 746	(11.7%)
Total	36 923	35 555	3.8%

Further analysis of the Investec Wealth & Investment Limited UK business

Funds under management and flows

£'billion	31 March 2018	31 March 2017	% change
At the beginning of the year	31.87	27.11	
Inflows	4.28	3.53	
Outflows	(2.50)	(2.19)	
Market adjustment [^]	(0.25)	3.71	
Transfers ^{^^}	–	(0.05)	
Disposals [*]	(0.19)	(0.24)	
At the end of the year	33.21	31.87	4.2%
MSCI WMA Private Investor Balanced Index (at year end)	1 527	1 536	(0.6%)
Underlying rate of net organic growth in total funds under management ^{**}	5.6%	4.9%	
% of total funds managed on a discretionary basis	82.4%	79.7%	

[^] Impact of market movement and relative performance.

^{^^} Reflects the transfer of clients between jurisdictions.

^{*} Reflects the disposal of funds relating to certain non-core operations.

^{**} Net organic inflows less outflows (excluding acquired inflows and exceptional outflows) as a percentage of opening funds under management.

South Africa: analysis of key drivers (funds under management and flows)

Funds under management

R'million	31 March 2018	31 March 2017	% change
Discretionary and annuity assets	115 287	109 869	4.9%
Non-discretionary	202 589	212 412	(4.6%)
Total	317 876	322 281	(1.4%)

Net inflows at cost over the year

R'million	31 March 2018	31 March 2017
Discretionary and annuity assets	5 020	8 335
Non-discretionary	(1 640)	(8 597) [#]
Total	3 380	(262)

[#] Included an outflow of R4.9 billion of assets transferred to our specialised securities division not included in Wealth & Investment assets.



Wealth & Investment

(continued)

Questions and answers

Steve Elliott

Global head

Q. How has the operating environment impacted your business over the past financial year?

In the UK, the year has presented significant challenges for investors, with numerous events and concerns in the political and economic environment testing investors' nerve. These include general elections in the UK and Europe, tensions over North Korea, the prospect of tighter monetary policy across a number of regions and the uncertainty of the Brexit negotiations. Despite these uncertainties, equity indices remained buoyant for the most part. Gains made during the latter part of the 2017 financial year were sustained for the majority of the 2018 financial year, with markets reaching record highs. This remained the case until markets fell back towards the end of the financial year, leaving them marginally lower than where they started the year.

Given this backdrop, our challenge has been to manage the risks presented by the political and economic uncertainties, and the resulting volatility, whilst ensuring our clients remain positioned to benefit from the periods of market progress. Our well established research capability and investment process, and the close relationships we maintain with our clients, have served us well as we navigated through these challenges. Although markets fell back towards the end of the financial year, their higher average level for the year overall has had a positive impact on the performance of the business.

It is also pleasing that, despite the focus that has had to be applied to the preparation for regulatory change, the UK business has continued to deliver strong net organic growth in funds under management. Our strategy of seeking to attract experienced and high-calibre

investment managers who share our client-centric culture has contributed positively to the overall growth that has been achieved during the year.

Changes in the regulatory landscape have also been a dominant theme and will continue to be so in the coming year. The second Markets in Financial Instruments Directive (MiFID II) took effect on 3 January 2018 and is the single biggest regulatory change the industry has faced for some time. Preparing the business for the new regulations has required substantial resources. In addition, the new General Data Protection Requirements (GDPR) come into effect in May 2018 and present a further significant change to the way businesses are required to manage data. We recognise the benefits these regulatory changes seek to achieve but also acknowledge the impact the changes have on both clients and businesses and the continuing level of resources needed to bed down the changes that have taken place and to prepare for the changes yet to come.

In South Africa the equity market has proven to be challenging, impacting brokerage volumes. An increase in volatility during the fourth quarter of the financial year has also had an impact on market returns.

On the other hand, the transition to a new leadership under President Cyril Ramaphosa has restored some confidence among investors by staving off the previously likely downgrade by rating agencies. A more stable Rand and lower inflation meant that the South African Reserve Bank was able to cut interest rates in March 2018 and this should provide some support for domestic equities. We have seen an increase in discretionary flows and increased appetite for some of our offshore products.

Q. What have been the key developments in your business over the past financial year?

In June, the UK business launched its new digital discretionary investment management service, Investec Click & Invest. The service has received a positive reaction from the marketplace following its launch, attracting favourable media interest and being ranked first place in an independent survey of the digital portfolio management market. It was particularly pleasing that the survey highlighted outstanding performance in the areas of portfolio management and client coaching, being areas in which we have sought to differentiate the Click & Invest service from its peers. We are continuing to invest in further development to enhance and expand the service as the business establishes itself in this new and exciting sector of the marketplace.

In South Africa we continued to increase our digital offering across the proposition chain – from enhanced reporting and access, to domestic and global portfolio information and data. Our international offering remained a key focus and is one we believe is a core differentiator in the South African market.

We continue to source investments for distribution in all asset classes including alternative investments which play an important role in diversifying investment portfolios and are proving popular with high net worth clients.

Investec continues to gain global recognition as a leader in wealth management and private banking. Investec Wealth & Investment and Private Bank have been awarded, for the sixth year in a row by Euromoney and the fifth year in a row by the FT in London, the accolade as Best Private Bank and Wealth Manager in South Africa. The awards once again endorse the strategy of delivering banking and investments, locally and internationally, to our clients, in One Place.



Q. What are your strategic objectives in the coming financial year?

We believe the digital delivery of services will be central to the future investment management landscape. We will therefore continue to invest in and develop our digital channel, along with digital enhancements to our core service, so that we are well positioned to meet the needs of the increasing number of clients who prefer some or all of their service delivered digitally.

In South Africa, our clients are internationally mobile individuals who want to access investments in a "high touch, high tech" manner and this understanding underpins our strategic initiatives, as we strive to remain the investment manager of choice. We will continue to focus on leveraging our efforts with the Private Bank to ensure ongoing enhancement of our offering of an integrated banking and investment solution, both locally and internationally.

Furthermore, we understand that a global view of investment means understanding the complexities that go with it. As investment managers it is our job to identify opportunities in a complex world and to help navigate the complexities on our clients' behalf. To this end we continue to build our skills in areas like alternative investments, fiduciary and tax, while developing technological solutions to expand our offering.

Regulation and compliance will remain a key focus for the business globally. In the UK in particular, over the coming year we will seek to assist clients with the changes resulting from MiFID II and continue our preparations for GDPR.

Our strategic priorities continue to include a number of initiatives that are driven by our desire to deliver continuous improvement to our client service and business processes. This reflects our focus on growing organically, which can only be achieved by maintaining high standards of client service.

Q. What is your outlook for the coming financial year?

Considerable achievements have been made during the year, including the successful launch of Click & Invest, adapting to significant regulatory change and the continuing achievement of strong discretionary net organic growth.

Whilst many of the uncertainties which the business and investors have faced over the last year will remain a feature of the coming year, we believe that our global investment strategy and asset allocation processes, together with the strength of our core businesses and our continuing investment for the future, will position us well.



Specialist Banking

Specialist expertise delivered with dedication and energy

Global heads at 31 March 2018

David van der Walt
Ciaran Whelan*

UK heads

David van der Walt
Ciaran Whelan

SA head

Richard Wainwright

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

Our value proposition

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



Further detail on the Specialist Banking management structure is available on our website: www.investec.com

Annual highlights

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

Operating profit (statutory)
down 2.4%
£380.5 million

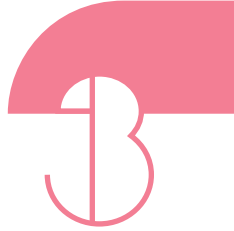
ROE (pre-tax) (ongoing)
13.1%
(2017: 15.3%)

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

Loans and advances (statutory)
£25.1 million

Customer deposits (statutory)
£31.0 billion

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



What we do

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

Where we operate



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

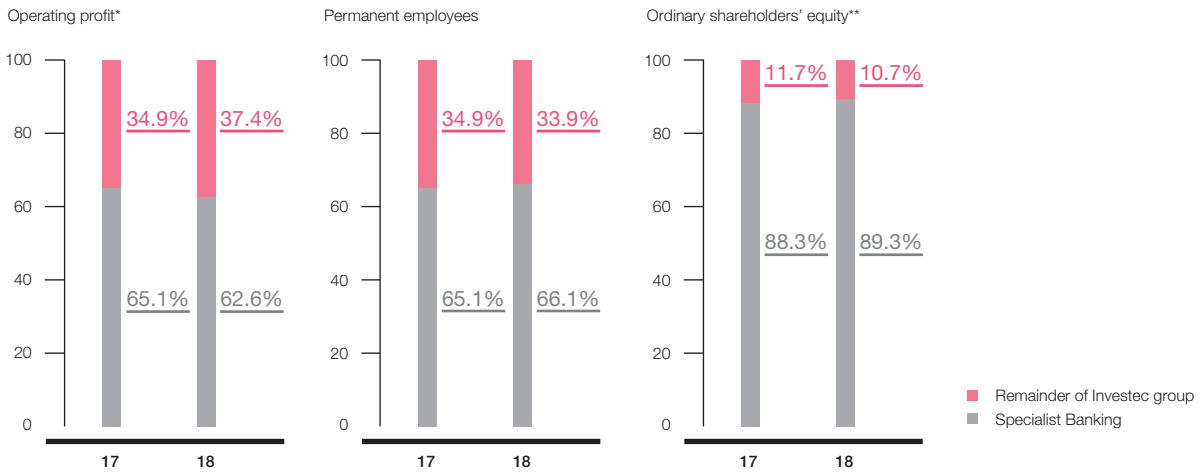


Specialist Banking

(continued)

Divisional and segmental review

Financial analysis

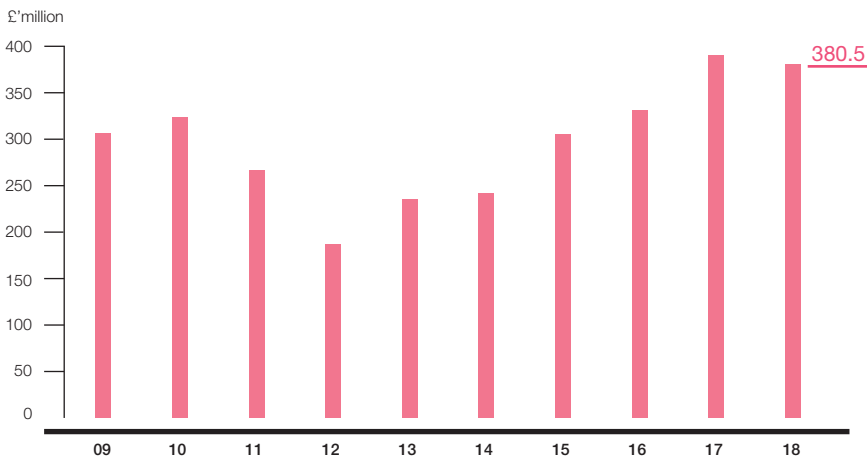


March

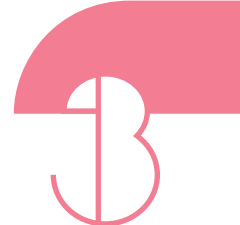
* Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.

** As calculated on page 101, based on regulatory capital requirements.

Operating profit[^] – track record (statutory)



[^] Trend reflects numbers as at the year ended 31 March. Amounts are shown before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.



Income statement analysis

£'000	31 March 2018	31 March 2017	Variance	% change
Net interest income	744 183	662 809	81 374	12.3%
Net fee and commission income	441 610	442 944	(1 334)	(0.3%)
Investment income	119 512	133 791	(14 279)	(10.7%)
Share of post taxation profit of associates	46 407	17 381	29 026	>100%
Trading income arising from				
– customer flow	137 689	156 973	(19 284)	(12.3%)
– balance sheet management and other trading activities	920	5 918	(4 998)	(84.5%)
Other operating income	8 714	7 839	875	11.2%
Total operating income before impairment on loans and advances	1 499 035	1 427 655	71 380	5.0%
Impairment losses on loans and advances	(148 556)	(111 454)	(37 102)	33.3%
Operating income	1 350 479	1 316 201	34 278	2.6%
Operating costs	(915 277)	(863 963)	(51 314)	5.9%
Depreciation on operating leased assets	(2 421)	(2 169)	(252)	11.6%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and before non-controlling interests	432 781	450 069	(17 288)	(3.8%)
Profit attributable to non-controlling interests	(52 288)	(60 239)	7 951	(13.2%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	380 493	389 830	(9 337)	(2.4%)
UK and Other	59 958	104 604	(44 646)	(42.7%)
Ongoing [^]	153 460	169 196	(15 736)	(9.3%)
Legacy remaining [^]	(93 502)	(64 592)	(28 910)	44.8%
Southern Africa	320 535	285 226	35 309	12.4%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	380 493	389 830	(9 337)	(2.4%)
Selected returns and key statistics				
Ordinary shareholders' equity ^{**}	3 632 104	3 319 452	312 652	9.4%
Southern Africa	2 113 691	1 868 797	244 894	13.1%
Ongoing UK and Other	1 471 195	1 393 742	77 453	5.6%
Remaining Legacy	47 218	56 913	(9 695)	(17.0%)
Statutory ROE (pre-tax) ^{**}	10.2%	12.8%		
Ongoing ROE (pre-tax) ^{**}	13.1%	15.3%		
Southern Africa	15.6%	16.4%		
Ongoing UK and Other	10.6%	13.9%		
Southern Africa excluding investment activities ROE (pre-tax) [#]	17.2%	19.6%		
Cost to income ratio	61.2%	60.6%		
Operating profit per employee (£'000)	58.1	63.9	(5.8)	(9.1%)

[^] Detailed income statement provided on page 23.

^{**} As calculated on pages 101 and 102, based on regulatory capital requirements.

[#] Refer to analysis on pages 57 and 58.

The variance in the operating profit in the UK ongoing business over the year can be explained as follows:

- Net interest income increased by 16.3% driven by robust levels of lending activity and a reduction in the cost of funding.
- Net fee and commission income decreased by 13.2% largely as a result of less investment banking activity following a strong prior year.
- Investment income increased 1.0% with gains from the debt securities portfolio and lower write downs of an investment in the Hong Kong portfolio offset by less realisations in the UK investment portfolio.
- Trading income from customer flow decreased 12.1% as a consequence of lower volatility relative to the elevated levels experienced in the prior year following the Brexit vote.
- As a result of the foregoing factors, total operating income was flat relative to the prior year.
- Impairments increased 3.1% however, the credit loss ratio reduced to 0.24% (2017: 0.27%). Further information is provided on page 105.
- Operating costs increased 3.1% reflecting continued investment into IT and digital initiatives and higher headcount to support increased activity and growth strategies; notably the build out of the private client banking offering. This was partially offset by lower variable remuneration.



Specialist Banking

(continued)

The variance in the operating profit in Southern Africa over the year can be explained as follows:

Note: The analysis and variances described below for the South African Specialist Banking division are based on the Rand numbers reported.

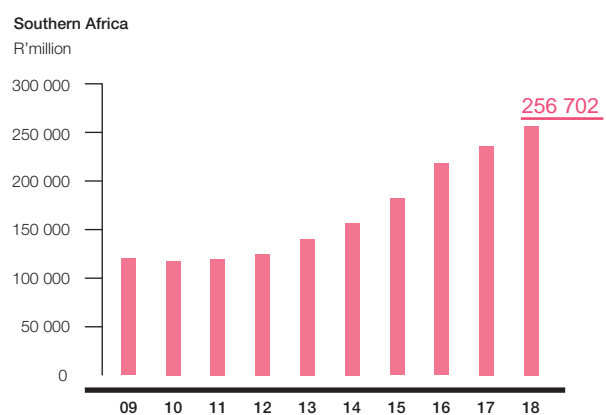
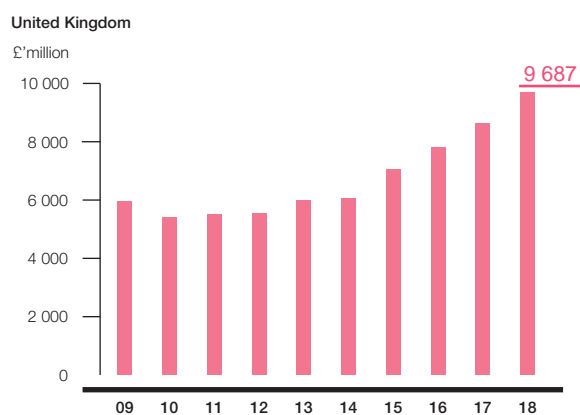
- The Specialist Banking division reported operating profit before taxation of R5 466 million (2017: R5 117 million).
- Net interest income increased by 2.9%. Sound levels of lending activity was somewhat offset by the roll off of higher yielding debt securities and increased subordinated debt.
- Net fee and commission income increased by 7.8% supported by continued growth and activity levels in the private banking client base as well as a good performance from the corporate businesses.
- Investment income decreased by 18.8% as a result of a weaker performance from the unlisted direct investment portfolio as well as the group's investments in its listed property funds. The bank's client-driven private equity portfolio performed well.
- Trading income arising from customer flow decreased by 13.1% as a consequence of losses incurred on Steinhoff (refer to page 16 for additional information).
- Trading income from other trading activities reflected a loss predominantly impacted by foreign currency translation.
- As a result of the foregoing factors, total operating income increased by 4.7%.
- Impairments increased however, the credit loss ratio reduced to 0.28% (2017: 0.29%), remaining at the lower end of its long-term average trend. Further information is provided on page 105.
- Costs increased 5.1% reflecting continued investment into IT and digital initiatives and higher headcount to support increased activity and growth strategies; partly offset by the pending acquisition of the South African head office building and the related rental provision no longer required.

Analysis of key earnings drivers

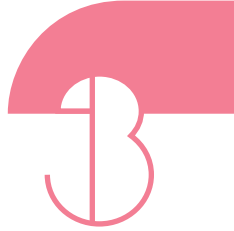
Net core loans and advances

	£'million			Home currency (million)		
	31 March 2018	31 March 2017	% change	31 March 2018	31 March 2017	% change
UK	9 687	8 621	12.4%	£9 687	£8 621	12.4%
Southern Africa	15 445	14 086	9.6%	R256 702	R236 225	8.7%
Total	25 132	22 707	10.7%			

Net core loans and advances



Trend reflects numbers as at the year ended 31 March.

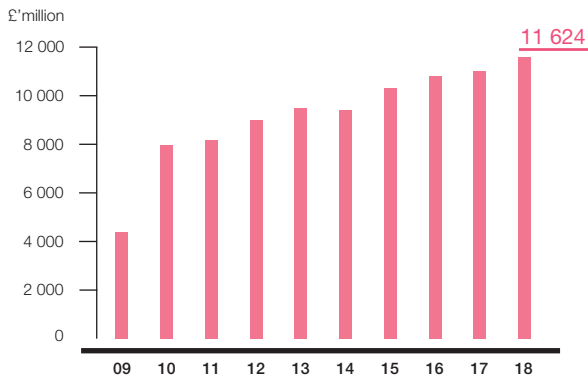


Total deposits

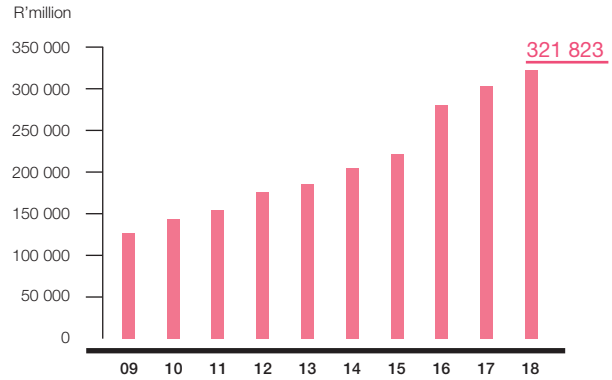
	£'million			Home currency (million)		
	31 March 2018	31 March 2017	% change	31 March 2018	31 March 2017	% change
UK	11 624	11 013	5.5%	£11 624	£11 013	5.5%
Southern Africa	19 363	18 096	7.0%	R321 823	R303 470	6.0%
Total	30 987	29 109	6.5%			

Total deposits

United Kingdom



Southern Africa



Trend reflects numbers as at the year ended 31 March.



Specialist Banking

(continued)

An analysis of net core loans over the period

Refer to further information on pages 106 to 109.

Net core loans – Southern Africa

R'million	31 March 2018	31 March 2017	% change
Lending collateralised by property	40 297	40 332	(0.1%)
Commercial real estate	36 512	36 375	0.4%
Commercial real estate – investment	32 694	33 521	(2.5%)
Commercial real estate – development	3 043	1 868	62.9%
Commercial vacant land and planning	775	986	(21.4%)
Residential real estate	3 785	3 957	(4.3%)
Residential real estate – development	2 995	2 619	14.4%
Residential real estate – vacant land and planning	790	1 338	(41.0%)
High net worth and other private client lending	133 238	117 743	13.2%
Mortgages	67 966	61 330	10.8%
High net worth and specialised lending	65 272	56 413	15.7%
Corporate and other lending	83 806	78 476	6.8%
Corporate and acquisition finance	13 982	13 225	5.7%
Asset-based lending	7 057	5 788	21.9%
Fund finance	4 909	5 548	(11.5%)
Other corporates and financial institutions and governments	47 884	43 914	7.2%
Asset finance	2 678	2 697	(0.7%)
Small ticket asset finance	2 225	2 142	3.9%
Large ticket asset finance	453	555	(18.4%)
Project finance	6 641	6 414	3.5%
Resource finance	655	890	(26.4%)
Portfolio impairments	(639)	(326)	96.0%
Total net core loans	256 702	236 225	8.7%

Net core loans – UK and Other

£'000	31 March 2018	31 March 2017	% change
Lending collateralised by property	1 934 296	1 893 121	2.2%
Commercial real estate	1 118 080	1 158 847	(3.5%)
Commercial real estate – investment	940 092	924 770	1.7%
Commercial real estate – development	140 222	146 100	(4.0%)
Commercial vacant land and planning	37 766	87 977	(57.1%)
Residential real estate	816 216	734 274	11.2%
Residential real estate – investment	237 795	253 622	(6.2%)
Residential real estate – development	514 080	438 687	17.2%
Residential real estate – vacant land and planning	64 341	41 965	53.3%
High net worth and other private client lending	1 913 432	1 592 671	20.1%
Mortgages	1 479 499	1 227 640	20.5%
High net worth and specialised lending	433 933	365 031	18.9%
Corporate and other lending	5 901 473	5 178 338	14.0%
Corporate and acquisition finance	1 530 815	1 309 335	16.9%
Asset-based lending	354 872	333 731	6.3%
Fund finance	1 030 450	861 140	19.7%
Other corporates and financial institutions and governments	650 312	718 760	(9.5%)
Asset finance	1 846 144	1 481 601	24.6%
Small ticket asset finance	1 377 753	1 055 528	30.5%
Large ticket asset finance	468 391	426 073	9.9%
Project finance	483 427	463 958	4.2%
Resource finance	5 453	9 813	(44.4%)
Portfolio impairments	(61 977)	(43 388)	42.8%
Total net core loans	9 687 224	8 620 742	12.4%



Additional information on the group's South African investment portfolio

31 March 2018	Asset analysis £'million	Income analysis £'million	Asset analysis R'million	Income analysis R'million
Investec Equity Partners (IEP)	372	45	6 180	766
Equity investments [^]	127	1	2 103	16
Property investments*	252	14	4 186	245
Total equity exposures	751	60	12 469	1 027
Associated loans and other assets	33	1	545	21
Total exposures on balance sheet	784	61	13 014	1 048
Debt funded	368	(28)	6 105	(486)
Equity	416	–	6 909	–
Total capital resources and funding	784		13 014	
Operating profit before taxation**		33		562
Taxation		(2)		(33)
Operating profit after taxation		31		529
Risk-weighted assets	2 828		47 003	
Ordinary shareholders' equity held on investment portfolio – 31 March 2018	416		6 909	
Ordinary shareholders' equity held on investment portfolio – 31 March 2017	398		6 670	
Average ordinary shareholders' equity held on investment portfolio – 31 March 2018	407		6 790	
Post-tax return on adjusted average ordinary shareholders' equity – 31 March 2018		7.6%		

* The group's investment holding of 26.75% in the Investec Property Fund and 15.07% in the Investec Australia Property Fund.

[^] Does not include equity investments residing in our corporate and private client businesses.

** Further analysis of operating profit before taxation:

£'million	Total
Net interest expense	(62)
Net fee and commission income	87
Investment income	18
Share of post taxation profit of associates	45
Trading and other operating losses	(1)
Total operating income before impairment losses on loans and advances	87
Impairment losses on loans and advances	–
Operating income	87
Operating costs	(1)
Operating profit before goodwill, acquired intangibles and non-operating items	86
Profit attributable to other non-controlling interests	(53)
Operating profit before taxation	33



Specialist Banking

(continued)

Divisional and segmental review

Additional information on the group's South African investment portfolio

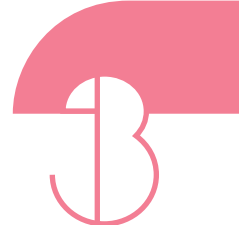
31 March 2017	Asset analysis £'million	Income analysis £'million	Asset analysis R'million	Income analysis R'million
Investec Equity Partners (IEP)	323	16	5 413	303
Equity investments [^]	130	–	2 177	(1)
Property investments*	260	22	4 361	399
Total equity exposures	713	38	11 951	701
Associated loans and other assets	36	2	612	36
Total exposures on balance sheet	749	40	12 563	737
Debt funded	351	(24)	5 893	(446)
Equity	398	–	6 670	–
Total capital resources and funding	749		12 563	
Operating profit before taxation**		16		291
Taxation		(3)		(53)
Operating profit after taxation		13		238
Risk-weighted assets	2 510		42 099	
Ordinary shareholders' equity held on investment portfolio – 31 March 2017	398		6 670	
Ordinary shareholders' equity held on investment portfolio – 31 March 2016	301		6 354	
Average ordinary shareholders' equity held on investment portfolio – 31 March 2017	349		6 512	
Post-tax return on adjusted average ordinary shareholders' equity – 31 March 2017		3.7%		
Post-tax return on adjusted average ordinary shareholders' equity – 31 March 2016		14.7%		
Post-tax return on adjusted average ordinary shareholders' equity – 31 March 2015		15.1%		

* The group's investment holding of 27.86% in the Investec Property Fund and 16.57% in the Investec Australia Property Fund.

[^] Does not include equity investments residing in our corporate and private client businesses.

** Further analysis of operating profit before taxation:

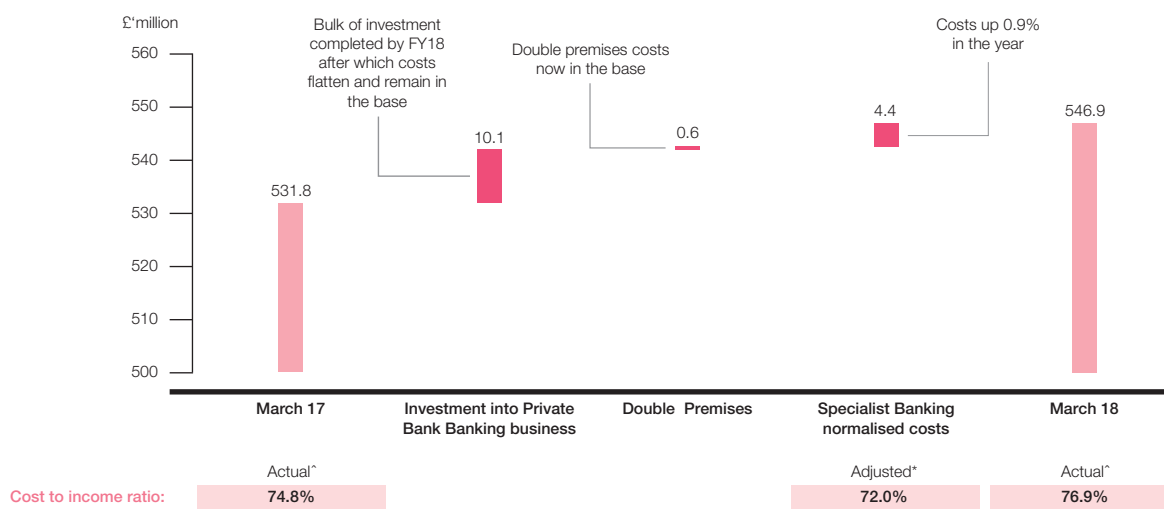
£'million	Total
Net interest expense	(52)
Net fee and commission income	80
Investment income	35
Share of post taxation profit of associates	16
Trading and other operating losses	(5)
Total operating income before impairment losses on loans and advances	74
Impairment losses on loans and advances	–
Operating income	74
Operating costs	(2)
Operating profit before goodwill, acquired intangibles and non-operating items	72
Profit attributable to other non-controlling interests	(56)
Operating profit before taxation	16



Additional information on the UK Specialist Banking costs

Statutory UK Specialist Bank

Cost Analysis – March 2018 vs March 2017



Actual operating costs March 2017:	£13.1m	£11.2m	£507.5m	= £531.8m
Actual operating costs Sept 2017:	£12.4m	£6.6m	£241.0m	= £260.0m
Actual operating costs March 2018:	£23.2m	£11.8m	£511.9m	= £546.9m

* Adjusted to exclude the investment into the Private Bank Banking business and double premises costs incurred in the year to 31 March 2018 as reflected above.

^ Refer to pages 113 and 115.



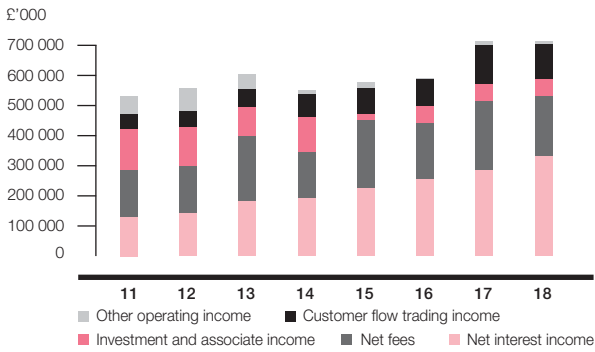
Specialist Banking

(continued)

Divisional and segmental review

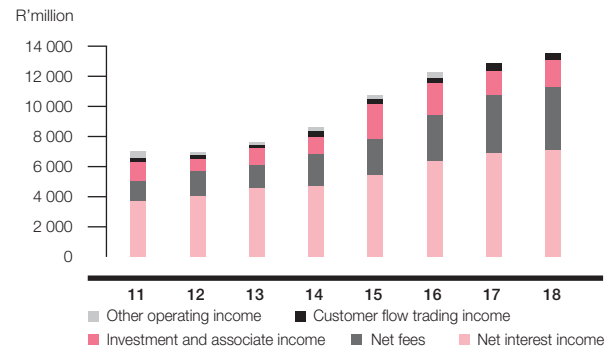
UK Specialist Bank ongoing

Total operating income

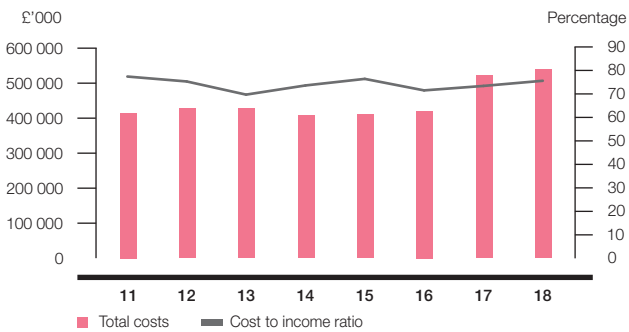


Southern Africa Specialist Bank

Total operating income



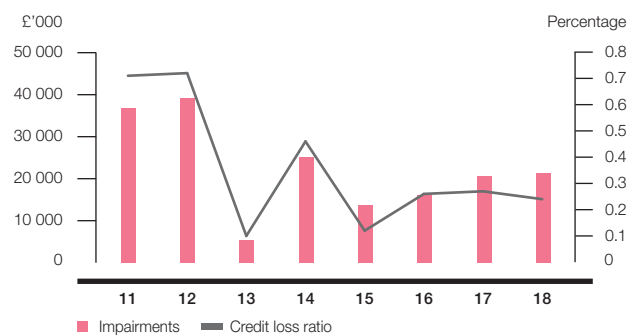
Total costs



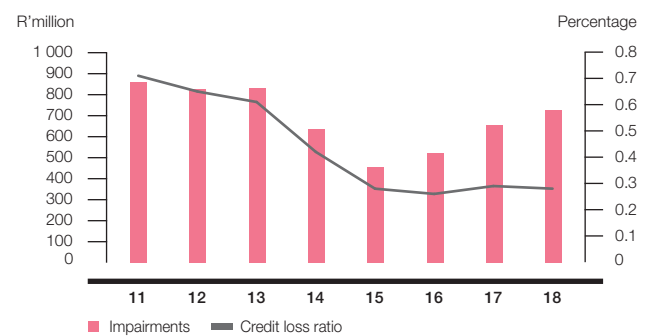
Total costs



Impairments



Impairments



Net profit before tax and ROE

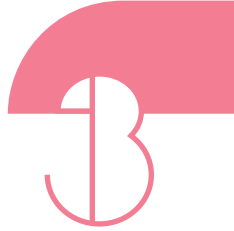


Net profit before tax and ROE (including the investment portfolio)*



* Refer to page 57.

Trends in the above graphs are for the year ended 31 March, unless otherwise stated.



Questions and answers

David van der Walt and Ciaran Whelan

Geographical business leader

United Kingdom

Q. How has the operating environment impacted your business over the past financial year?

The past year saw continued uncertainty around Brexit and with the knock on impact on confidence levels, mid-market M&A and equity capital markets activity was subdued.

Lower volatility reduced client hedging and trading activity, particularly when compared to the elevated levels in the previous year following the Brexit vote.

Both corporate and private clients remained active during the year, driving solid loan growth.

Regulation has been a key theme in the financial services industry with various new regulations being implemented in 2018. We have run a number of regulatory projects over the year to ensure operational readiness and business model resilience.

Q. What have been the key developments in your business over the past financial year?

The private banking business has continued to focus on the build-out of its UK platform with the bulk of its incremental investment having completed in the current financial year. The business has already seen positive progress with a substantial number of new-to-bank, key high net worth clients on-boarded over the past year and growth in the mortgage book.

In addition to this, the further development of the private banking proposition has now

delivered a fully functional onshore and offshore banking business, coupled with the niche wealth-creating areas of structured property finance and private capital. These offerings, now all appropriately integrated, give high net worth clients the ability to both bank with Investec on a daily basis, in a variety of on and offshore jurisdictions, as well as look to the firm for assistance, support and partnership in wealth-creating opportunities where they require capital.

The corporate business continued to generate a sound level of earnings across its franchise businesses. Strong loan growth was diversified across our lending businesses with notable activity levels in our asset finance, fund finance and corporate lending businesses.

We have successfully managed down our cost of funding over the year, while maintaining appropriate and conservative liquidity levels and without disrupting our funding channels. This together with combined loan book growth of 12.4% has resulted in a solid increase in our net interest income and a strong annuity base going into the coming year.

Q. What are your strategic objectives in the coming financial year?

We will continue to focus on deepening our franchise and growing our client base across growth-orientated companies, institutional investors, the private equity community, wealthy entrepreneurs and high net worth clients.

In line with our strategy to be a high-tech and high-touch domestically relevant bank, a key focus has been around digital initiatives to expand our client offering. A specific focus will be on developing smart

digital solutions and transactional products and services for businesses. This will be complementary to our strategy to grow our offering to this segment of the market.

The emphasis on increasing capital light activities within the bank will continue into the coming year. With this in mind, one of our focus areas is on expanding our funds and investment products business to allow us to create off-balance sheet solutions that meet client needs while reducing capital intensity. We will do this by creating investment opportunities aligned to our specialist areas of expertise and our access to distinctive deal flow, particularly targeted at our institutional clients who already invest in our funds.

The investment into the private bank has created a scalable foundation which will allow us to focus on client acquisition and retention in the coming year – a shift from the current focus on platform development.

Q. What is your outlook for the coming financial year?

Over the last few years, the specialist bank has generated a sustainable level of recurring income which we would expect to continue into the coming year, while at the same time remaining cautiously optimistic given the uncertain political backdrop and the potential impact on economic activity levels.

The strategy to accelerate the run down of the legacy portfolio, together with the completion of the bulk of the incremental investment into the private bank and the reduction in the double premises cost in the coming year, gives us a clear runway to grow our key franchise businesses.



Specialist Banking

(continued)

Questions and answers

Richard Wainwright

Geographical business leader

Q. How has the operating environment impacted your business over the past financial year?

The global economy saw positive momentum during the course of the year, whilst the South African environment remained volatile and uncertain particularly up to December 2017. Our clients however, have remained active and our international offering in our client segments remains a strategic advantage.

Q. What have been the key developments in your business over the past financial year?

The Specialist Bank in South Africa reported results ahead of the prior period. This reflects our continued client focus and co-ordination across divisions and implementation of enhanced strategies to penetrate our existing client base and grow our market share. This together with the combined book growth of 8.7% has resulted in a strong increase in our net interest and annuity income.

Investment in our digital and technology platforms continues as we remain competitive in our client facing digital platform, while simultaneously focusing on efficiencies in our core infrastructure. We moved up from fourteenth to second place ranking for our mobile app as ranked by MyPrivateBanking Research, and were recently awarded 'Best Digital bank in South Africa' by Global Finance publication.

We were recognised by the Financial Times of London as the best Private Bank and Wealth Manager in South Africa for the fifth year running. This is testament to our continued efforts to offer our private clients an international, streamlined offering.

The launch of Investec Life has been particularly successful, with over R1 billion in cover written in the first six months of its launch in 2017. Investec Life's approach to focus on simplification, personalisation and technical integration should continue to underpin growth in its business.

Southern Africa

Q. What are your strategic objectives in the coming financial year?

Building and developing our client franchises remains integral to the growth and development of our organisation. We are committed to optimising the client experience as part of our strategy to deepen our relationships with our core client base and offering them a broad spectrum of services and products.

Our strategic focus in South Africa remains the following:

- Grow market share in our niche businesses
- Identify new sources of revenue across our existing client base
- Management of our liquidity ratios with an emphasis on retail funding initiatives
- Management of our capital to optimise returns
- Investment in our technology platforms, including digitalisation of products and services
- Launch of Investec for Business designed to deliver an integrated service offering to mid-market corporates.

Q. What is your outlook for the coming financial year?

We remain optimistically cautious in light of the past year's challenging political environment. Our strategy to identify new sources of revenue in order to remain relevant, together with our sustainable level of recurring income and the uplift in business confidence should continue to support momentum and reasonable levels of client activity in the Specialist Banking businesses.



Unaudited
statutory
financial results

Statutory combined consolidated income statement

£'000	Year to 31 March 2018	Year to 31 March 2017
Interest income	2 491 009	2 230 765
Interest expense	(1 730 611)	(1 550 870)
Net interest income	760 398	679 895
Fee and commission income	1 543 447	1 429 588
Fee and commission expense	(182 240)	(158 064)
Investment income	130 048	136 203
Share of post taxation profit of associates	46 823	18 890
Trading income/(loss) arising from		
– customer flow	138 226	158 001
– balance sheet management and other trading activities	(4 307)	8 218
Other operating income	11 115	13 483
Total operating income before impairment losses on loans and advances	2 443 510	2 286 214
Impairment losses on loans and advances	(148 556)	(111 454)
Operating income	2 294 954	2 174 760
Operating costs	(1 632 740)	(1 513 231)
Depreciation on operating leased assets	(2 421)	(2 169)
Operating profit before goodwill and acquired intangibles	659 793	659 360
Impairment of goodwill	–	(4 749)
Amortisation of acquired intangibles	(16 255)	(17 197)
Operating profit	643 538	637 414
Additional costs on acquisition of subsidiary	(6 039)	–
Profit before taxation	637 499	637 414
Taxation on operating profit before goodwill and acquired intangibles	(59 099)	(118 488)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	3 253	4 070
Profit after taxation	581 653	522 996
Profit attributable to other non-controlling interests	(52 288)	(60 239)
Profit attributable to Asset Management non-controlling interests	(23 817)	(20 291)
Earnings attributable to shareholders	505 548	442 466
Earnings per share (pence)		
– Basic	51.2	50.8
– Diluted	49.8	48.8
Adjusted earnings per share (pence)		
– Basic	53.2	48.3
– Diluted	51.7	46.4
Dividends per share (pence)		
– Interim	10.5	10.0
– Final	13.5	13.0
Headline earnings per share (pence)		
– Basic	48.7	48.2
– Diluted	47.4	46.3
Number of weighted average shares (million)	923.5	900.4

Statutory combined consolidated statement of comprehensive income



Unaudited statutory financial results

£'000	Year to 31 March 2018	Year to 31 March 2017
Profit after taxation	581 653	522 996
Other comprehensive income:		
Items that may be reclassified to the income statement		
Fair value movements on cash flow hedges taken directly to other comprehensive income*	(5 746)	53 324
Gains on realisation of available-for-sale assets recycled to the income statement*	(6 676)	(7 781)
Fair value movements on available-for-sale assets taken directly to other comprehensive income*	20 051	54 863
Foreign currency adjustments on translating foreign operations	(25 300)	540 534
Items that will never be reclassified to the income statement		
Re-measurement of net defined benefit pension asset	3 938	(43 580)
Total comprehensive income	567 920	1 120 356
Total comprehensive income attributable to ordinary shareholders	451 913	892 201
Total comprehensive income attributable to non-controlling interests	83 027	202 497
Total comprehensive income attributable to perpetual preferred securities	32 980	25 658
Total comprehensive income	567 920	1 120 356

* Net of taxation of £11.7 million (year to 31 March 2017: £16.8 million).

Statutory combined consolidated balance sheet

At £'000	31 March 2018	31 March 2017
Assets		
Cash and balances at central banks	4 040 512	3 351 702
Loans and advances to banks	2 165 533	3 191 041
Non-sovereign and non-bank cash placements	601 243	536 259
Reverse repurchase agreements and cash collateral on securities borrowed	2 207 477	2 358 970
Sovereign debt securities	4 910 027	3 804 627
Bank debt securities	587 164	639 189
Other debt securities	903 603	1 115 558
Derivative financial instruments	1 352 408	1 185 848
Securities arising from trading activities	1 434 391	1 376 668
Investment portfolio	885 499	835 899
Loans and advances to customers	24 673 009	22 189 975
Own originated loans and advances to customers securitised	459 088	517 162
Other loans and advances	347 809	355 248
Other securitised assets	148 387	148 964
Interests in associated undertakings	467 852	392 213
Deferred taxation assets	157 321	133 972
Other assets	1 876 116	1 900 480
Property and equipment	233 340	105 939
Investment properties	1 184 097	1 128 930
Goodwill	368 803	367 579
Intangible assets	125 389	143 261
Non-current assets held for sale	–	27 218
	49 129 068	45 806 702
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	8 487 776	7 728 130
	57 616 844	53 534 832
Liabilities		
Deposits by banks	2 931 267	2 736 066
Derivative financial instruments	1 471 563	1 296 206
Other trading liabilities	960 166	978 911
Repurchase agreements and cash collateral on securities lent	655 840	690 615
Customer accounts (deposits)	30 987 173	29 109 428
Debt securities in issue	2 717 187	2 386 180
Liabilities arising on securitisation of own originated loans and advances	136 812	90 125
Liabilities arising on securitisation of other assets	127 853	128 838
Current taxation liabilities	185 486	227 828
Deferred taxation liabilities	32 158	40 408
Other liabilities	2 012 268	1 910 830
	42 217 773	39 595 435
Liabilities to customers under investment contracts	8 484 296	7 725 604
Insurance liabilities, including unit-linked liabilities	3 480	2 526
	50 705 549	47 323 565
Subordinated liabilities	1 482 987	1 402 638
	52 188 536	48 726 203
Equity		
Ordinary share capital	240	237
Perpetual preference share capital	31	31
Share premium	2 416 736	2 341 228
Treasury shares	(160 132)	(126 879)
Other reserves	(345 606)	(310 275)
Retained income	2 530 825	2 226 751
	4 442 094	4 131 093
Shareholders' equity excluding non-controlling interests		
Other Additional Tier 1 securities in issue	304 150	32 798
Non-controlling interests	682 064	644 738
– Perpetual preferred securities issued by subsidiaries	92 312	91 492
– Non controlling interests in partially held subsidiaries	589 752	553 246
	5 428 308	4 808 629
Total equity	5 428 308	4 808 629
Total liabilities and equity	57 616 844	53 534 832

Statutory summarised combined consolidated cash flow statement



Unaudited statutory financial results

£'000	Year to 31 March 2018	Year to 31 March 2017
Cash inflows from operations	732 242	708 719
Increase in operating assets	(3 352 869)	(445 528)
Increase in operating liabilities	3 075 779	498 146
Net cash inflow from operating activities	455 152	761 428
Net cash outflow from investing activities	(37 799)	(59 615)
Net cash inflow/(outflow) from financing activities	45 383	37 523
Effects of exchange rate changes on cash and cash equivalents	(54 085)	332 092
Net increase in cash and cash equivalents	408 651	1 071 428
Cash and cash equivalents at the beginning of the year	5 721 728	4 650 300
Cash and cash equivalents at the end of the year	6 130 379	5 721 728

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).

Statutory consolidated statement of changes in equity

£'000	Ordinary share capital	Perpetual preference share capital	Share premium	Treasury shares
At 1 April 2016	228	153	2 239 364	(125 717)
Movement in reserves 1 April 2016 – 31 March 2017				
Profit after taxation	–	–	–	–
Fair value movements on cash flow hedges taken directly to other comprehensive income	–	–	–	–
Gains on available-for-sale assets recycled to the income statement	–	–	–	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	39 159	–
Remeasurement of net defined pension asset	–	–	–	–
Total comprehensive income for the year	–	–	39 159	–
Share-based payments adjustments	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends declared to perpetual preference shareholders and Other Additional Tier 1 security holders	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests and Other Additional Tier 1 security holders	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Issue of ordinary shares	9	–	228 077	–
Repurchase of perpetual preference shares	–	(122)	(122 048)	–
Issue of equity by subsidiaries	–	–	–	–
Net equity impact of non-controlling interest movements	–	–	–	–
Movement of treasury shares	–	–	(40 812)	(71 533)
Transfer from share premium	–	–	(2 512)	–
Transfer to regulatory general risk reserve and other equity movements	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	70 371
At 31 March 2017	237	31	2 341 228	(126 879)
Movement in reserves 1 April 2017 – 31 March 2018				
Profit after taxation	–	–	–	–
Fair value movements on cash flow hedges	–	–	–	–
Gains on realisation of available for sale assets recycled through the income statement	–	–	–	–
Fair value movements on available for sale assets	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	1 701	–
Pension fund actuarial losses	–	–	–	–
Total comprehensive income for the year	–	–	1 701	–
Share-based payments adjustments	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends declared to perpetual preference shareholders and Other Additional Tier 1 security holders	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests and Other Additional Tier 1 security holders	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Issue of ordinary shares	3	–	125 237	–
Issue of Other Additional Tier 1 security instruments	–	–	–	–
Issue of equity by subsidiaries	–	–	–	–
Net equity impact of non-controlling interest movements	–	–	–	–
Movement of treasury shares	–	–	(51 430)	(70 503)
Transfer from capital reserve account	–	–	–	–
Transfer from regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	37 250
At 31 March 2018	240	31	2 416 736	(160 132)

Statutory consolidated statement of changes in equity

(continued)



Unaudited statutory financial results

Other reserves

Capital reserve account	Available-for-sale reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Retained income	Shareholders' equity excluding non-controlling interests	Other Additional Tier 1 securities in issue	Non-controlling interests	Total equity
10 973	(34 879)	39 078	(108 475)	(690 748)	2 030 310	3 360 287	26 031	472 989	3 859 307
-	-	-	-	-	442 466	442 466	-	80 530	522 996
-	-	-	53 324	-	-	53 324	-	-	53 324
-	(7 781)	-	-	-	-	(7 781)	-	-	(7 781)
-	54 863	-	-	-	-	54 863	-	-	54 863
-	-	-	260	372 381	-	411 800	6 767	121 967	540 534
-	-	-	-	-	(43 580)	(43 580)	-	-	(43 580)
-	47 082	-	53 584	372 381	398 886	911 092	6 767	202 497	1 120 356
-	-	-	-	-	55 961	55 961	-	-	55 961
-	-	-	-	-	(216 602)	(216 602)	-	-	(216 602)
-	-	-	-	-	(25 658)	(25 658)	3 486	6 893	(15 279)
-	-	-	-	-	-	-	(3 486)	(6 893)	(10 379)
-	-	-	-	-	-	-	-	(48 195)	(48 195)
-	-	-	-	-	-	228 086	-	-	228 086
-	-	-	-	-	40 427	(81 743)	-	-	(81 743)
-	-	-	-	-	507	507	-	16 535	17 402
-	-	-	-	-	11 588	11 588	-	912	12 500
-	-	-	-	-	-	(112 345)	-	-	(112 345)
-	-	-	-	-	2 512	-	-	-	-
-	-	729	-	-	(809)	(80)	-	-	(80)
-	-	-	-	-	(70 371)	-	-	-	-
10 973	12 203	39 807	(54 891)	(318 367)	2 226 751	4 131 093	32 798	644 738	4 808 629
-	-	-	-	-	505 548	505 548	-	76 105	581 653
-	-	-	(5 746)	-	-	(5 746)	-	-	(5 746)
-	(6 676)	-	-	-	-	(6 676)	-	-	(6 676)
-	20 051	-	-	-	-	20 051	-	-	20 051
-	-	56	-	(34 273)	-	(32 516)	294	6 922	(25 300)
-	-	-	-	-	3 938	3 938	-	-	3 938
-	13 375	56	(5 746)	(34 273)	509 486	484 599	294	83 027	567 920
-	-	-	-	-	69 218	69 218	-	-	69 218
-	-	-	-	-	(227 908)	(227 908)	-	-	(227 908)
-	-	-	-	-	(32 980)	(32 980)	9 335	7 909	(15 736)
-	-	-	-	-	-	-	(9 335)	(7 909)	(17 244)
-	-	-	-	-	-	-	-	(63 688)	(63 688)
-	-	-	-	-	-	125 240	-	-	125 240
-	-	-	-	-	-	-	271 058	-	271 058
-	-	-	-	-	-	-	-	12 695	12 695
-	-	-	-	-	14 765	14 765	-	20 057	20 057
-	-	-	-	-	-	(121 933)	-	-	(121 933)
(526)	-	-	-	(6 222)	6 748	-	-	-	-
-	-	(1 995)	-	-	1 995	-	-	-	-
-	-	-	-	-	(37 250)	-	-	-	-
10 447	25 578	37 868	(60 637)	(358 862)	2 530 825	4 442 094	304 150	682 064	5 428 308

Statutory dividends and earnings per share

	31 March 2018	31 March 2017
Earnings	£'000	£'000
Earnings attributable to shareholders	505 548	442 466
Preference dividends paid	(32 980)	(25 658)
Gain on redemption of preference shares	–	40 427
Earnings and diluted earnings attributable to ordinary shareholders	472 568	457 235
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	973 676 967	947 161 346
Weighted average number of treasury shares	(50 193 338)	(46 715 508)
Weighted average number of shares in issue during the year	923 483 629	900 445 838
Weighted average number of shares resulting from future dilutive potential shares	25 996 173	36 895 311
Adjusted weighted number of shares potentially in issue	949 479 802	937 341 149
Earnings per share – pence		
Basic earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders in Investec plc and Investec Limited by the weighted average number of ordinary shares in issue during the year.	51.2	50.8
Diluted earnings per share – pence		
Diluted earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders of Investec plc and Investec Limited, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the year plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the year.	49.8	48.8
Adjusted earnings per share – pence		
Adjusted earnings per share is calculated by dividing the earnings before deducting goodwill impairment and non-operating items attributable to the ordinary shareholders, after taking into account earnings attributable to perpetual preference shareholders, by the weighted average number of ordinary shares in issue during the year.	53.2	48.3
	£'000	£'000
Earnings attributable to shareholders	505 548	442 466
Impairment of goodwill	–	4 749
Amortisation of acquired intangibles	16 255	17 197
Additional costs on acquisition of subsidiary	6 039	–
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	(3 253)	(4 070)
Preference dividends paid	(32 980)	(25 658)
Accrual adjustment on earnings attributable to other equity holders*	(547)	(180)
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	491 062	434 504

* In accordance with IFRS, dividends attributable to equity holders are accounted for when a constructive liability arises i.e. on declaration by the board of directors and approval by the shareholders where required. Investec is of the view that EPS is best reflected by adjusting for earnings that are attributed to equity instruments (other than ordinary shares) on an accrual basis and therefore adjusts the paid dividend on such instruments to accrued in arriving at adjusted EPS.

Statutory dividends and earnings per share

(continued)

Unaudited statutory financial results

	31 March 2018	31 March 2017
Headline earnings per share – pence		
Headline earnings per share has been calculated and is disclosed in accordance with the JSE listing requirements, and in terms of circular 2/2015 issued by the South African Institute of Chartered Accountants	48.7	48.2
	£'000	£'000
Earnings attributable to shareholders	505 548	442 466
Impairment of goodwill	–	4 749
Preference dividends paid	(32 980)	(25 658)
Gain on redemption of preference shares	–	40 427
Property revaluation, net of taxation and non-controlling interests**	(15 409)	(21 777)
Gains on available-for-sale instruments recycled through the income statement**	(6 676)	(7 781)
Loss on non-current assets held for sale**	–	1 999
Profit on realisation of associate	(836)	–
Headline earnings attributable to ordinary shareholders**	449 647	434 425

** Taxation on headline earnings adjustments amounted to £5.3 million (2017: £7.4 million) with an impact of £20.9 million (2017: £26.6 million) on earnings attributable to non-controlling interests.

Exchange rate impact on statutory results

As discussed on page 7 exchange rates between local currencies and Pounds Sterling have fluctuated over the year. The most significant impact arises from the volatility of the Rand. The average Rand: Pound Sterling exchange rate over the year has appreciated by 6.6% and the closing rate has appreciated by 0.9% since 31 March 2017. The following table provides an analysis of the impact of the Rand appreciation on our reported numbers.

Results in Pounds Sterling

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

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

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

^ For income statement items we have used the average Rand: Pound Sterling exchange rate that was applied in the prior year, i.e. 18.42.

Results in Pounds Sterling

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

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

Exchange rate impact on statutory results

(continued)

The following table provides a comparison of the group's results as reported in Pounds Sterling and the group's results as translated into Rands.

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

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

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

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

Statutory salient features

	31 March 2018	31 March 2017	% change
Income statement and selected returns			
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	491 062	434 504	13.0%
Headline earnings (£'000)	449 647	434 425	3.5%
Operating profit* (£'000)	607 505	599 121	1.4%
Operating profit: Southern Africa (% of total)*	67.2%	62.5%	
Operating profit: UK and Other (% of total)*	32.8%	37.5%	
Cost to income ratio	66.9%	66.3%	
Staff compensation to operating income ratio	47.5%	47.2%	
Return on average adjusted shareholders' equity (post-tax)	12.1%	12.5%	
Return on average adjusted tangible shareholders' equity (post-tax)	13.7%	14.5%	
Return on average risk-weighted assets	1.45%	1.45%	
Operating profit per employee (£'000)	61.2	64.1	(4.5%)
Net interest income as a % of operating income	31.1%	29.7%	
Non-interest income as a % of operating income	68.9%	70.3%	
Annuity income as a % of total operating income	76.2%	72.0%	
Effective operational tax rate	9.6%	18.5%	
Balance sheet			
Total capital resources (including subordinated liabilities and Additional Tier 1 securities in issue) (£'million)	6 911	6 211	11.3%
Total shareholders' equity (including preference shares, non-controlling interests and Additional Tier 1 securities in issue) (£'million)	5 428	4 809	12.9%
Shareholders' equity (excluding non-controlling interests) (£'million)	4 442	4 131	7.5%
Total assets (£'million)	57 617	53 535	7.6%
Net core loans and advances to customers (including own originated securitised assets) (£'million)	25 132	22 707	10.7%
Core loans and advances to customers as a % of total assets	43.6%	42.4%	
Cash and near cash balances (£'million)	12 825	12 038	6.5%
Customer accounts (deposits) (£'million)	30 987	29 109	6.5%
Third party assets under management (£'million)	160 576	150 735	6.5%
Capital adequacy ratio: Investec plc [^]	15.4%	15.1%	
Capital adequacy tier 1 ratio: Investec plc [^]	12.9%	11.5%	
Common equity tier 1 ratio: Investec plc [^]	11.0%	11.3%	
Leverage ratio: Investec plc [^]	8.3%	7.8%	
Capital adequacy ratio: Investec Limited [^]	14.6%	14.1%	
Capital adequacy tier 1 ratio: Investec Limited [^]	11.0%	10.7%	
Common equity tier 1 ratio: Investec Limited [^]	10.2%	9.9%	
Leverage ratio: Investec Limited [^]	7.5%	7.3%	
Credit loss ratio (income statement impairment charge as a % of average gross core loans and advances)	0.61%	0.54%	
Defaults (net of impairments and before collateral) as a % of net core loans and advances to customers	1.17%	1.22%	
Gearing ratio (assets excluding assurance assets to total equity)	9.1x	9.5x	
Core loans to equity ratio	4.6x	4.7x	
Loans and advances to customers: customer deposits	79.6%	76.2%	
Salient financial features and key statistics			
Adjusted earnings per share (pence)	53.2	48.3	10.1%
Headline earnings per share (pence)	48.7	48.2	1.0%
Basic earnings per share (pence)	51.2	50.8	0.8%
Diluted earnings per share (pence)	49.8	48.8	2.0%
Dividends per share (pence)	24.0	23.0	4.3
Dividend cover (times)	2.2	2.1	
Net asset value per share (pence)	452.5	431.0	5.0%
Net tangible asset value per share (pence)	401.5	377.0	6.5%
Weighted number of ordinary shares in issue (million)	923.5	900.4	2.6%
Total number of shares in issue (million)	980.6	958.3	2.3%
Closing share price (pence)	550	544	1.1%
Market capitalisation (£'million)	5 393	5 213	3.5%
Number of employees in the group (including temps and contractors)	10 146	9 716	4.4%
Closing ZAR:£ exchange rate	16.62	16.77	0.9%
Average ZAR:£ exchange rate	17.21	18.42	6.6%

Refer to definitions and calculations on page 134.

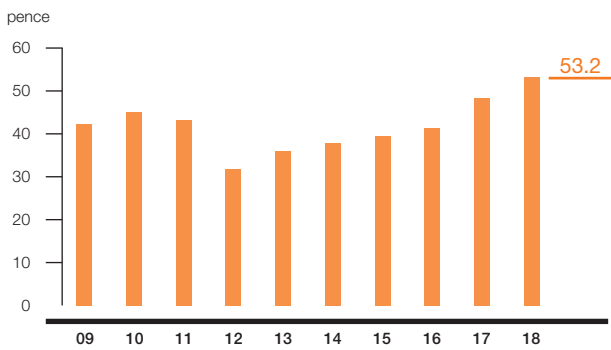
* Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.

[^] The group's expected Basel III 'fully loaded' numbers are provided on page 98.



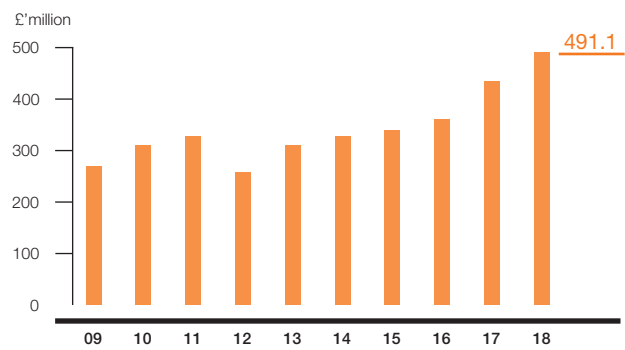
➔ Up 10.1% to 53.2 pence

Adjusted earnings per share



➔ Up 13.0% to £491.1 million

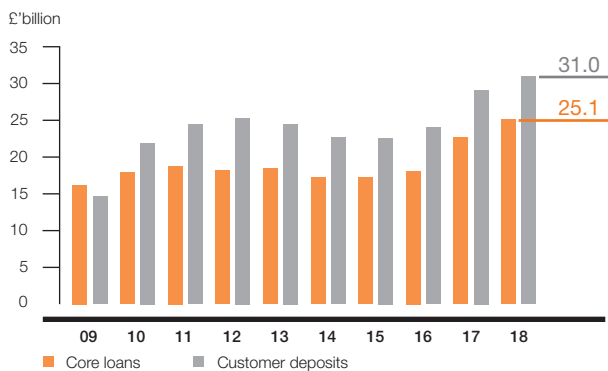
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items



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

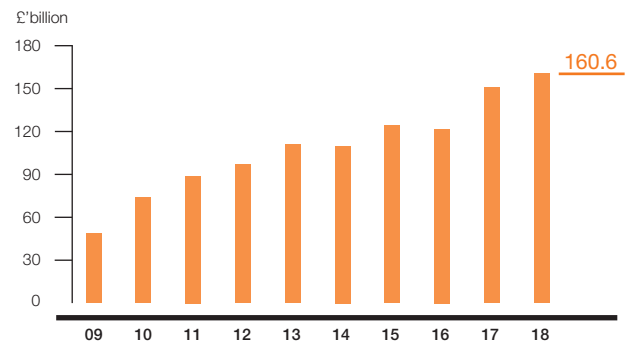
Deposits: up 6.5% to £31.0 billion since 31 March 2017 – an increase of 5.9% on a currency neutral basis*

Core loans and customer deposits



➔ Up 6.5% to £160.6 billion since 31 March 2017 – an increase of 6.2% on a currency neutral basis*
Net inflows of £7.3 billion

Third-party assets under management



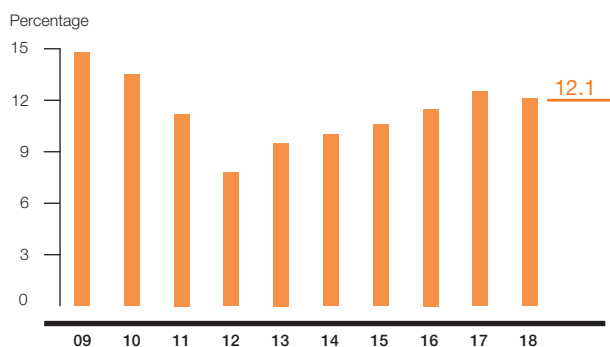
* Currency neutral basis: calculation assumes that the group's relevant closing exchange rates at 31 March 2018, as reflected on page 7, remain the same as those at 31 March 2017.

Financial targets

Target

We have set the following target over the medium to long term:
Group ROE: 12% to 16% over a rolling five-year period in Pounds Sterling

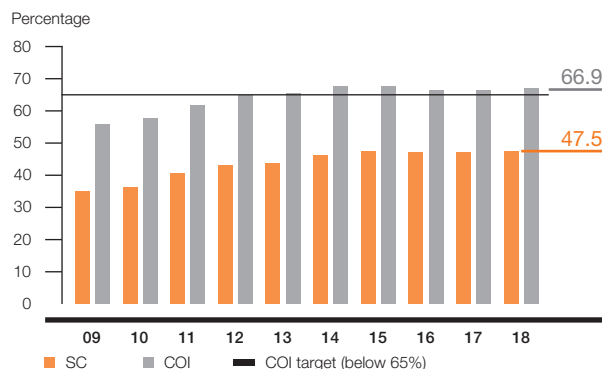
ROE*



Target

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

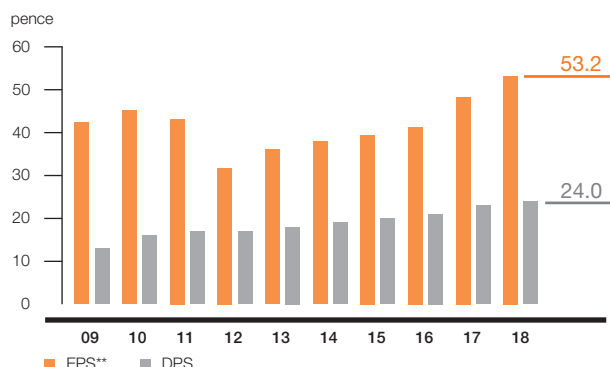
Cost to income ratio (COI) and staff compensation to operating income ratio (SC)



Target

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

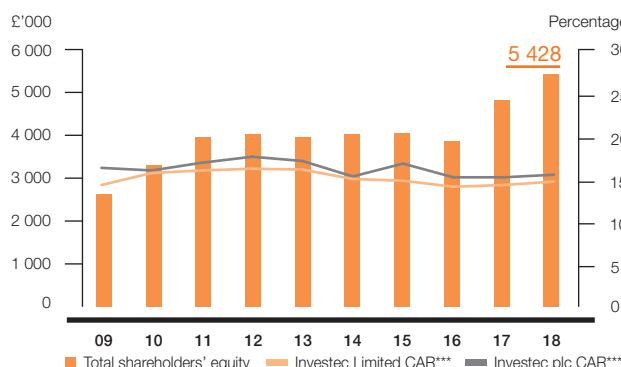
Adjusted earnings per share (EPS) and dividends per share (DPS)



Target

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

Total shareholders' equity and capital adequacy ratios (CAR)



* ROE is post-tax return on adjusted average shareholders' equity as calculated on page 99.

** Adjusted EPS before goodwill, acquired intangibles and non-operating items as defined on page 134.

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

Note:

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



Financial review
and additional
information
– statutory basis



Key income drivers

We provide a wide range of financial products and services to a select client base in three principal markets, the UK and Europe, South Africa and Asia/Australia. We are organised as a network comprising three principal business divisions: Asset Management, Wealth & Investment and Specialist Banking.

There are therefore a number of key income drivers for our business which are discussed below and alongside.

Asset Management

Key income drivers

- Fixed fees as a percentage of assets under management
- Variable performance fees.

Income statement – primarily reflected as

- Fees and commissions.

Income impacted primarily by

- Movements in the value of the assets underlying client portfolios
- Performance of portfolios against set benchmarks
- Net flows.

Wealth & Investment

Key income drivers

- Investment management fees levied as a percentage of assets under management
- Commissions earned for executing transactions for clients.

Income statement – primarily reflected as

- Fees and commissions.

Income impacted primarily by

- Movement in the value of assets underlying client portfolios
- The level of investment activity undertaken on behalf of clients, which, in turn, is affected by, among other things, the performance of the global stock markets (which drives investment opportunities), the equity investment risk appetite of our clients, tax considerations and market liquidity.

Key income drivers

(continued)



Specialist Banking

Key income drivers	Income impacted primarily by	Income statement – primarily reflected as
<ul style="list-style-type: none"> – Lending activities. 	<ul style="list-style-type: none"> – Size of loan portfolio – Clients' capital and infrastructural investments – Client activity – Credit spreads – Interest rate environment. 	<ul style="list-style-type: none"> – Net interest income – Fees and commissions – Investment income.
<ul style="list-style-type: none"> – Cash and near cash balances. 	<ul style="list-style-type: none"> – Capital employed in the business and capital adequacy targets – Asset and liability management policies and risk appetite – Regulatory requirements – Credit spreads – Interest rate environment. 	<ul style="list-style-type: none"> – Net interest income – Trading income arising from balance sheet management activities.
<ul style="list-style-type: none"> – Deposit and product structuring and distribution. 	<ul style="list-style-type: none"> – Distribution channels – Ability to create innovative products – Regulatory requirements – Credit spreads – Interest rate environment. 	<ul style="list-style-type: none"> – Net interest income – Fees and commissions.
<ul style="list-style-type: none"> – Investments made (including listed and unlisted equities; debt securities; investment properties) – Gains or losses on investments – Dividends received. 	<ul style="list-style-type: none"> – Macro- and micro-economic market conditions – Availability of profitable exit routes – Whether appropriate market conditions exist to maximise gains on sale – Attractive investment opportunities – Credit spreads. 	<ul style="list-style-type: none"> – Net interest income – Investment income – Share of post taxation profit of associates.
<ul style="list-style-type: none"> – Advisory services. 	<ul style="list-style-type: none"> – The demand for our specialised advisory services, which, in turn, is affected by applicable, regulatory and other macro- and micro-economic fundamentals. 	<ul style="list-style-type: none"> – Fees and commissions.
<ul style="list-style-type: none"> – Derivative sales, trading and hedging. 	<ul style="list-style-type: none"> – Client activity, including lending activity – Market conditions/volatility – Asset and liability creation – Product innovation. 	<ul style="list-style-type: none"> – Fees and commissions – Trading income arising from customer flow.
<ul style="list-style-type: none"> – Transactional banking services. 	<ul style="list-style-type: none"> – Levels of activity – Ability to create innovative products – Appropriate systems infrastructure. 	<ul style="list-style-type: none"> – Net interest income – Fees and commissions.



Key risks

Risks relating to our operations

In our ordinary course of business we face a number of risks that could affect our business operations.

These risks are summarised briefly in the table below.

Additional risks and uncertainties not presently known to us or that we currently deem immaterial may in the future also negatively impact our business operations.

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



Statutory income statement analysis

The overview that follows will highlight the main reasons for the variance in the major category line items on the face of the statutory income statement during the year under review.

Further details on the key income drivers and significant variances in the various components of our operating income, expenses and profit can be found in the description of our principal businesses on pages 35 to 62.

Total operating income

Total operating income before impairment losses on loans and advances increased by 6.9% to £2 443.5 million (2017: £2 286.2 million).

£'000	31 March 2018	% of total income	31 March 2017	% of total income	% change
Net interest income	760 398	31.1%	679 895	29.7%	11.8%
Net fees and commissions income	1 361 207	55.7%	1 271 524	55.6%	7.1%
Investment income	130 048	5.3%	136 203	6.0%	(4.5%)
Share of post taxation profit of associates	46 823	1.9%	18 890	0.8%	147.9%
Trading income arising from customer flow	138 226	5.7%	158 001	6.9%	(12.5%)
Trading income/(loss) arising from balance sheet management and other trading activities	(4 307)	(0.2%)	8 218	0.4%	(152.4%)
Other operating income	11 115	0.5%	13 483	0.6%	(17.6%)
Total operating income before impairments	2 443 510	100.0%	2 286 214	100.0%	6.9%

The following table sets out information on total operating income before impairment losses on loans and advances by geography for the year under review.

£'000	31 March 2018	% of total income	31 March 2017	% of total income	% change
UK and Other	1 380 219	56.5%	1 306 940	57.2%	5.6%
Southern Africa	1 063 291	43.5%	979 274	42.8%	8.6%
Total operating income before impairments	2 443 510	100.0%	2 286 214	100.0%	6.9%

The following table sets out information on total operating income before impairment losses on loans and advances by division for the year under review.

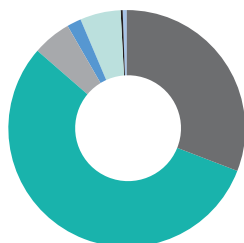
£'000	31 March 2018	% of total income	31 March 2017	% of total income	% change
Asset Management	539 678	22.1%	497 990	21.8%	8.4%
Wealth & Investment	404 797	16.6%	360 569	15.8%	12.3%
Specialist Banking	1 499 035	61.3%	1 427 655	62.4%	5.0%
Total operating income before impairments	2 443 510	100.0%	2 286 214	100.0%	6.9%



Financial review

(continued)

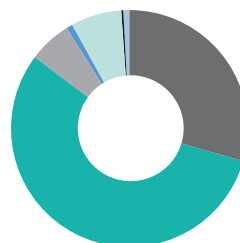
% of total operating income before impairments



31 March 2018

£2 443.5 million total operating income before impairments

Net interest income	31.1%
Net fees and commissions income	55.7%
Investment income	5.3%
Share of post taxation operating profit of associates	1.9%
Trading income arising from customer flow	5.7%
Trading income arising from balance sheet management and other trading activities	(0.2%)
Other operating income	0.5%



31 March 2017

£2 286.2 million total operating income before impairments

Net interest income	29.7%
Net fees and commissions income	55.6%
Investment income	6.0%
Share of post taxation operating profit of associates	0.8%
Trading income arising from customer flow	6.9%
Trading income arising from balance sheet management and other trading activities	0.4%
Other operating income	0.6%

Net interest income

Net interest income increased by 11.8% to £760.4 million (2017: £679.9 million) driven by robust levels of lending activity across the banking businesses and further supported by a reduction in the UK's cost of funding. This was slightly offset by the roll off of higher yielding debt securities and increased subordinated debt in South Africa.

£'000	31 March 2018	31 March 2017	Variance	% change
Asset Management	5 471	5 118	353	6.9%
Wealth & Investment	10 744	11 968	(1 224)	(10.2%)
Specialist Banking	744 183	662 809	81 374	12.3%
Net interest income	760 398	679 895	80 503	11.8%

A further analysis of interest income and interest expense is provided in the tables below.

		UK and Other		Southern Africa		Total group	
For the year to 31 March 2018	Notes	Balance sheet value	Interest income	Balance sheet value	Interest income	Balance sheet value	Interest income
£'000							
Cash, near cash and bank debt and sovereign debt securities	1	6 486 676	26 413	8 025 280	425 715	14 511 956	452 128
Core loans and advances	2	9 687 224	518 070	15 444 873	1 366 945	25 132 097	1 885 015
Private client		3 785 828	161 107	10 426 762	916 099	14 212 590	1 077 206
Corporate, institutional and other clients		5 901 396	356 963	5 018 111	450 846	10 919 507	807 809
Other debt securities and other loans and advances		610 316	54 927	641 096	43 794	1 251 412	98 721
Other interest earning assets	3	–	–	17 999	55 145	17 999	55 145
Total interest earning assets		16 784 216	599 410	24 129 248	1 891 599	40 913 464	2 491 009

Notes:

1. Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; and bank debt securities.
2. Comprises (as per the balance sheet) loans and advances to customers and own originated loans and advances to customers securitised.
3. Comprises (as per the balance sheet) other securitised assets. No securitised assets are held at amortised cost outside of Southern Africa.

Financial review

(continued)



		UK and Other		Southern Africa		Total group	
For the year to 31 March 2018 £'000		Balance sheet value	Interest expense	Balance sheet value	Interest expense	Balance sheet value	Interest expense
	Notes						
Deposits by banks and other debt related securities	4	3 712 857	(92 513)	2 591 437	(123 500)	6 304 294	(216 013)
Customer accounts		11 624 157	(113 972)	19 363 016	(1 247 509)	30 987 173	(1 361 481)
Other interest bearing liabilities	5	–	–	136 812	(24 389)	136 812	(24 389)
Subordinated liabilities		579 673	(55 345)	903 314	(73 383)	1 482 987	(128 728)
Total interest bearing liabilities		15 916 687	(261 830)	22 994 579	(1 468 781)	38 911 266	(1 730 611)
Net interest income			337 580		422 818		760 398
Net interest margin (local currency)			2.11%		1.84%		

		UK and Other		Southern Africa		Total group	
For the year to 31 March 2017 £'000		Balance sheet value	Interest income	Balance sheet value	Interest income	Balance sheet value	Interest income
	Notes						
Cash, near cash and bank debt and sovereign debt securities	1	5 621 557	33 255	8 260 231	398 053	13 881 788	431 308
Core loans and advances	2	8 620 742	471 547	14 086 395	1 188 974	22 707 137	1 660 521
Private client		3 454 366	151 645	9 413 110	798 380	12 867 476	950 025
Corporate, institutional and other clients		5 166 376	319 902	4 673 285	390 594	9 839 661	710 496
Other debt securities and other loans and advances		735 059	58 552	735 747	58 244	1 470 806	116 796
Other interest-earning assets	3	–	–	10 336	22 140	10 336	22 140
Total interest-earning assets		14 977 358	563 354	23 092 709	1 667 411	38 070 067	2 230 765

		UK and Other		Southern Africa		Total group	
For the year to 31 March 2017 £'000		Balance sheet value	Interest expense	Balance sheet value	Interest expense	Balance sheet value	Interest expense
	Notes						
Deposits by banks and other debt-related securities	4	2 708 483	(87 872)	3 104 378	(118 225)	5 812 861	(206 097)
Customer accounts (deposits)		11 012 809	(130 419)	18 096 619	(1 087 496)	29 109 428	(1 217 915)
Other interest-bearing liabilities	5	–	–	90 125	(13 050)	90 125	(13 050)
Subordinated liabilities		579 356	(55 883)	823 282	(57 925)	1 402 638	(113 808)
Total interest-bearing liabilities		14 300 648	(274 174)	22 114 404	(1 276 696)	36 415 052	(1 550 870)
Net interest income			289 180		390 715		679 895
Net interest margin (local currency)			1.96%		1.86%**		

Notes:

1. Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; and bank debt securities.
2. Comprises (as per the balance sheet) loans and advances to customers; and own originated loans and advances to customers securitised.
3. Comprises (as per the balance sheet) other securitised assets. No securitised assets are held at amortised cost outside of Southern Africa.
4. Comprises (as per the balance sheet) deposits by banks; debt securities in issue; repurchase agreements and cash collateral on securities lent.
5. Comprises (as per the balance sheet) liabilities arising on securitisation of own originated assets; and liabilities arising on securitisation. No liabilities on securitisation are held at amortised cost outside of Southern Africa.

** Impacted by debt funding issued by the Investec Property Fund in which the group has a 26.75% interest (2017: 27.86%). Excluding this debt funding cost, the net interest margin amounted to 1.99% (2017: 1.99%).



Financial review

(continued)

Net fee and commission income

Net fee and commission income increased by 7.1% to £1 361.2 million (2017: £1 271.5 million) supported by higher average funds under management and strong net inflows in the Asset Management and Wealth Management businesses, as well as a good performance from the South African banking businesses.

£'000	31 March 2018	31 March 2017	Variance	% change
Asset Management	537 134	484 872	52 262	10.8%
Wealth & Investment	382 463	343 708	38 755	11.3%
Specialist Banking	441 610	442 944	(1 334)	(0.3%)
Net fee and commission income	1 361 207	1 271 524	89 683	7.1%

Further information on net fees by type of fee and geography is provided in the tables below.

For the year to 31 March 2018 £'000	UK and Other	Southern Africa	Total group
Asset management and wealth management businesses net fee and commission income	652 137	267 460	919 597
Fund management fees/fees for assets under management	743 670	232 550	976 220
Private client transactional fees	54 629	42 348	96 977
Fee and commission expense	(146 162)	(7 438)	(153 600)
Specialist Banking net fee and commission income	197 797	243 813	441 610
Corporate and institutional transactional and advisory services	192 579	216 216	408 795
Private client transactional fees	14 757	46 698	61 455
Fee and commission expense	(9 539)	(19 101)	(28 640)
Net fee and commission income	849 934	511 273	1 361 207
Annuity fees (net of fees payable)	662 924	439 834	1 102 758
Deal fees	187 010	71 439	258 449

For the year to 31 March 2017 £'000	UK and Other	Southern Africa	Total group
Asset management and Wealth management businesses net fee and commission income	575 931	252 649	828 580
Fund management fees/fees for assets under management	639 100	224 498	863 598
Private client transactional fees	56 955	39 400	96 355
Fee and commission expense	(120 124)	(11 249)	(131 373)
Specialist Banking net fee and commission income	227 932	215 012	442 944
Corporate and institutional transactional and advisory services	206 407	196 246	402 653
Private client transactional fees	29 684	37 298	66 982
Fee and commission expense	(8 159)	(18 532)	(26 691)
Net fee and commission income	803 863	467 661	1 271 524
Annuity fees (net of fees payable)	581 895	383 355	965 250
Deal fees	221 968	84 306	306 274



Investment income

Investment income reduced by 4.5% to £130.0 million (2017: £136.2 million) as a result of a weaker performance from the unlisted investment portfolio in South Africa as well as the group's investments in its listed property funds.

£'000	31 March 2018	31 March 2017	Variance	% change
Asset Management	(15)	143	(158)	(>100%)
Wealth & Investment	10 551	2 269	8 282	>100%
Specialist Banking	119 512	133 791	(14 279)	(10.7%)
Investment income	130 048	136 203	(6 155)	(4.5%)

Further information on investment income is provided in the tables below.

For the year to 31 March 2018 £'000	UK and Other	Southern Africa	Total group
Realised	43 504	62 120	105 624
Unrealised [^]	6 435	(15 769)	(9 334)
Dividend income	10 171	18 107	28 278
Funding and other net related income/(costs)	8 405	(2 925)	5 480
Investment income	68 515	61 533	130 048

For the year to 31 March 2018 £'000	Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
UK and Other	62 106	8 509	(86)	(2 014)	68 515
Realised	38 516	5 779	(86)	(705)	43 504
Unrealised [^]	13 419	2 730	–	(9 714)	6 435
Dividend income	10 171	–	–	–	10 171
Funding and other net related income	–	–	–	8 405	8 405
Southern Africa	11 832	7 338	39 499	2 864	61 533
Realised	41 070	7 338	12 580	1 132	62 120
Unrealised [^]	(42 529)	–	26 919	(159)	(15 769)
Dividend income	17 986	–	–	121	18 107
Funding and other net related (costs)/income	(4 695)	–	–	1 770	(2 925)
Total investment income	73 938	15 847	39 413	850	130 048

* Including embedded derivatives (warrants and profit shares).

[^] In a year of realisation, any prior period mark-to-market gains/(losses) recognised are reversed in the unrealised line item.



Financial review

(continued)

Financial review and additional information – statutory basis

For the year to 31 March 2017 £'000	UK and Other	Southern Africa	Total group
Realised	50 335	51 070	101 405
Unrealised [^]	(9 271)	6 940	(2 331)
Dividend income	12 339	18 540	30 879
Funding and other net related income/(costs)	6 572	(322)	6 250
Investment income	59 975	76 228	136 203

For the year to 31 March 2017 £'000	Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
UK and Other	47 786	(3 344)	8 329	7 204	59 975
Realised	38 533	(8 482)	18 337	1 947	50 335
Unrealised [^]	(3 086)	5 138	(10 008)	(1 315)	(9 271)
Dividend income	12 339	–	–	–	12 339
Funding and other net related income	–	–	–	6 572	6 572
Southern Africa	21 313	8 615	44 992	1 308	76 228
Realised	20 483	6 360	22 003	2 224	51 070
Unrealised [^]	(13 504)	2 255	22 989	(4 800)	6 940
Dividend income	18 102	–	–	438	18 540
Funding and other net related income	(3 768)	–	–	3 446	(322)
Total investment income	69 099	5 271	53 321	8 512	136 203

* Including embedded derivatives (warrants and profit shares).

[^] In a year of realisation, any prior period mark-to-market gains/(losses) recognised are reversed in the unrealised line item.

Share of post taxation profit of associates

Share of post taxation profit of associates of £46.8 million (2017: £18.9 million) primarily reflects earnings in relation to the group's investment in the IEP Group.

Trading income

Trading income arising from customer flow decreased by 12.5% to £138.2 million (2017: £158.0 million) as a consequence of lower volatility, relative to the elevated levels experienced in the prior year following the Brexit vote, as well as losses incurred in South Africa on Steinhoff (refer to page 16 for additional information). Trading income from other trading activities reflected a loss of £4.3 million (2017: £8.2 million profit) predominantly impacted by currency volatility over the year.

Arising from customer flow

£'000	31 March 2018	31 March 2017	Variance	% change
Wealth & Investment	537	1 028	(491)	(47.8%)
Specialist Banking	137 689	156 973	(19 284)	(12.3%)
Trading income arising from customer flow	138 226	158 001	(19 775)	(12.5%)



Arising from balance sheet management and other trading activities

£'000	31 March 2018	31 March 2017	Variance	% change
Asset Management	(5 077)	2 213	(7 290)	(>100.0%)
Wealth & Investment	(150)	87	(237)	(>100.0%)
Specialist Banking	920	5 918	(4 998)	(84.5%)
Trading profit/(loss) arising from balance sheet management and other trading activities	(4 307)	8 218	(12 525)	(>100%)

Impairment losses on loans and advances

Impairments on loans and advances increased from £111.5 million to £148.6 million, largely reflecting an increase in impairments for accelerated exits anticipated to occur on certain legacy assets. The credit loss ratio on core loans and advances amounted to 0.61% (2017: 0.54%). Since 31 March 2017 gross defaults have increased from £476.0 million to £532.7 million largely due to a few specific defaults in the UK banking business. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounted to 1.17% (31 March 2017: 1.22%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.72 times (31 March 2017: 1.63 times). Further information is provided on page 104.

£'000	31 March 2018	31 March 2017	Variance	% change
UK and Other	(106 085)	(74 956)	(31 129)	41.5%
Southern Africa	(42 471)	(36 498)	(5 973)	16.4%
Total impairment losses on loans and advances	(148 556)	(111 454)	(37 102)	33.3%
Impairment losses on loans and advances in home currency				
Southern Africa (R'million)	(726)	(659)	(67)	10.2%

Operating costs

The cost to income ratio amounted to 66.9% (2017: 66.3%). Total operating costs grew by 7.9% to £1 635.2 million (2017: £1 515.4 million) reflecting continued investment into IT and digital initiatives and higher headcount across divisions to support increased activity and growth strategies; notably the build out of the UK private client offerings. Cost growth in South Africa was somewhat offset by the pending acquisition of the South African head office building and the related rental provision no longer required.

£'000	31 March 2018	% of total expenses	31 March 2017	% of total expenses	% change
Staff costs	(1 191 691)	72.9%	(1 079 701)	71.2%	10.4%
– fixed	(773 802)	47.3%	(690 161)	45.5%	12.1%
– variable	(417 889)	25.6%	(389 540)	25.7%	7.3%
Business expenses	(190 385)	11.6%	(177 057)	11.7%	7.5%
Premises expenses (excluding depreciation)	(59 442)	3.7%	(80 083)	5.3%	(25.8%)
Equipment expenses (excluding depreciation)	(93 928)	5.8%	(82 928)	5.5%	13.3%
Marketing expenses	(70 911)	4.3%	(70 625)	4.7%	0.4%
Depreciation and impairment of property, plant, equipment and software	(26 383)	1.6%	(22 837)	1.5%	15.5%
Depreciation on operating leased assets	(2 421)	0.1%	(2 169)	0.1%	11.6%
Total operating costs	(1 635 161)	100.0%	(1 515 400)	100.0%	7.9%



Financial review

(continued)

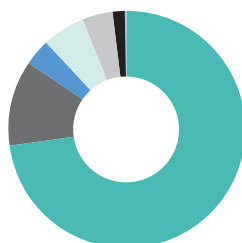
The following table sets out certain information on total expenses by geography for the year under review.

£'000	31 March 2018	% of total expenses	31 March 2017	% of total expenses	% change
UK and Other	(1 076 462)	65.8%	(1 007 271)	66.5%	6.9%
Southern Africa	(558 699)	34.2%	(508 129)	33.5%	10.0%
Total operating costs	(1 635 161)	100.0%	(1 515 400)	100.0%	7.9%

The following table sets out certain information on total expenses by division for the year under review.

£'000	31 March 2018	% of total expenses	31 March 2017	% of total expenses	% change
Asset Management	(361 633)	22.1%	(333 166)	22.0%	8.5%
Wealth & Investment	(306 232)	18.7%	(267 326)	17.6%	14.6%
Specialist Banking	(917 698)	56.2%	(866 132)	57.2%	6.0%
Group costs	(49 598)	3.0%	(48 776)	3.2%	1.7%
Total operating costs	(1 635 161)	100.0%	(1 515 400)	100.0%	7.9%

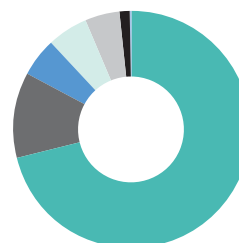
% of total operating costs



31 March 2018

£1 635.2 million total operating costs

Staff costs	72.9%
Business expenses	11.6%
Premises	3.7%
Equipment	5.8%
Marketing	4.3%
Depreciation	1.6%
Depreciation on operating leased assets	0.1%



31 March 2017

£1 515.4 million total operating costs

Staff costs	71.2%
Business expenses	11.7%
Premises	5.3%
Equipment	5.5%
Marketing	4.7%
Depreciation	1.5%
Depreciation on operating leased assets	0.1%



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

As a result of the foregoing factors, our operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests increased by 1.4% from £599.1 million to £607.5 million.

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

For the year to 31 March 2018 £'000	UK and Other	Southern Africa	Total group	% change	% of total
Asset Management	103 918	74 127	178 045	8.0%	29.3%
Wealth & Investment	69 269	29 296	98 565	5.7%	16.2%
Specialist Banking	59 958	320 535	380 493	(2.4%)	62.6%
	233 145	423 958	657 103	1.4%	108.1%
Group costs	(33 789)	(15 809)	(49 598)	(1.7%)	(8.1%)
Total group	199 356	408 149	607 505	1.4%	100.0%
Other non-controlling interest – equity			52 288		
Operating profit			659 793		
% change	(11.4%)	9.1%	1.4%		
% of total	32.8%	67.2%	100.0%		

For the year to 31 March 2017 £'000	UK and Other	Southern Africa	Total group	% change	% of total
Asset Management	91 262	73 562	164 824	22.3%	27.5%
Wealth & Investment	65 190	28 053	93 243	8.8%	15.6%
Specialist Banking	104 604	285 226	389 830	17.8%	65.0%
	261 056	386 841	647 897	17.5%	108.1%
Group costs	(36 163)	(12 613)	(48 776)	6.5%	(8.1%)
Total group	224 893	374 228	599 121	18.5%	100.0%
Other non-controlling interest – equity			60 239		
Operating profit			659 360		
% of total	37.5%	62.5%	100.0%		



Financial review

(continued)

Financial review and additional information – statutory basis

Key income drivers in our core businesses

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

Asset Management

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

Wealth & Investment

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

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

[^] The average income yield on funds under management represents the total operating income for the period as a percentage of the average of opening and closing funds under management. This calculation does not take into account the impact of market movements throughout the period on funds under management or the timing of acquisitions and disposals during the respective periods.

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



Specialist Banking – statutory basis

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

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

^{^^} Impacted by sale of assets.

* Excludes group costs.

** Further information is provided on pages 23 and 53.

Includes UK, other non Southern-African jurisdictions and the legacy businesses.

Refer pages 57 and 58 for further information on the group's investment activities in South Africa.



Financial review

(continued)

Financial review and additional information – statutory basis

Impairment of goodwill

There was no impairment of goodwill in the current year.

Amortisation of acquired intangibles

Amortisation of acquired intangibles largely relates to the Wealth & Investment business and mainly comprises amortisation of amounts attributable to client relationships.

Goodwill and intangible assets analysis – balance sheet information

£'000	31 March 2018	31 March 2017
UK and Other	356 265	355 155
Asset Management	88 045	88 045
Wealth & Investment	243 343	243 169
Specialist Banking	24 877	23 941
South Africa	12 538	12 424
Wealth & Investment	2 174	2 061
Specialist Banking	10 364	10 363
Intangible assets	125 389	143 261
Total group	494 192	510 840

Taxation

The effective tax rate amounted to 9.6% (2017: 18.5%) mainly impacted by the lower rate in South Africa following the release of provisions no longer required.

Effective operational tax rates

	2018	2017	31 March 2018 £'000	31 March 2017 £'000	% change
UK and Other	19.6%	17.6%	(38 509)	(39 144)	(1.6%)
Southern Africa	4.9%	19.0%	(20 590)	(79 344)	(74.0%)
Tax	9.6%	18.5%	(59 099)	(118 488)	(50.1%)



Profit attributable to non-controlling interests

Profit attributable to non-controlling interests mainly comprises:

- £23.8 million profit attributable to non-controlling interests in the Asset Management business
- £52.6 million profit attributable to non-controlling interests in the Investec Property Fund Limited

Earnings attributable to shareholders

As a result of the foregoing factors, earnings attributable to shareholders increased from £442.5 million to £505.5 million.

Dividends and earnings per share

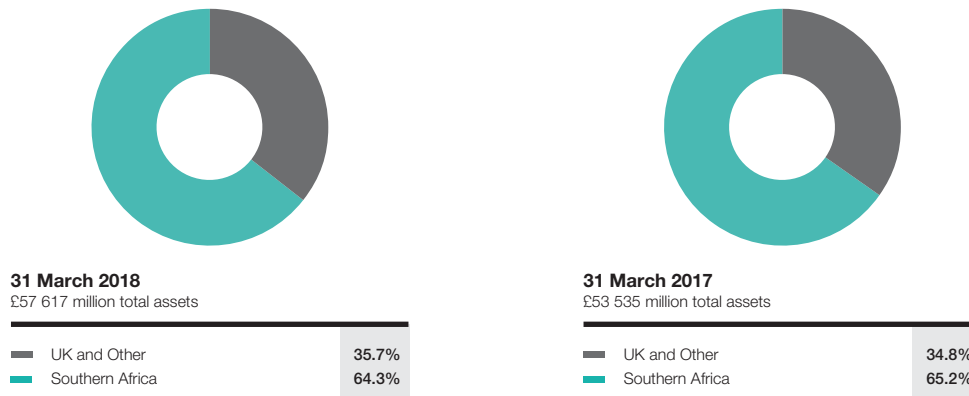
Information with respect to dividends and earnings per share is provided on pages 70 and 71 and pages 135 to 140.

Statutory balance sheet analysis

Since 31 March 2017:

- Total shareholders' equity (including non-controlling interests) increased by 12.9% to £5.4 billion largely due to an increase in retained earnings and the issuance of Additional Tier 1 securities during the year.
- Net asset value per share increased 5.0% to 452.5 pence and net tangible asset value per share (which excludes goodwill and intangible assets) increased by 6.5% to 401.5 pence.
- The return on adjusted average shareholders' equity decreased from 12.5% to 12.1%.

Assets by geography





Financial review

(continued)

Statutory net tangible asset value per share

The group's net tangible asset value per share is reflected in the table below.

£'000	31 March 2018	31 March 2017
Shareholders' equity	4 442 094	4 131 093
Less: perpetual preference shares issued by holding companies	(216 343)	(214 645)
Less: goodwill and intangible assets (excluding software)	(475 922)	(490 841)
Net tangible asset value	3 749 829	3 425 607
Number of shares in issue (million)	980.6	958.3
Treasury shares (million)	(46.7)	(49.7)
Number of shares in issue in this calculation (million)	933.9	908.6
Net tangible asset value per share (pence)	401.5	377.0
Net asset value per share (pence)	452.5	431.0

Statutory return on risk-weighted assets

The group's return on risk-weighted assets is reflected in the table below.

	31 March 2018	31 March 2017	Average	31 March 2016	Average
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	491 062	434 504		359 732	
Investec plc risk-weighted assets (£'million)	14 411	13 312	13 862	12 297	12 805
Investec Limited risk-weighted assets [^] (£'million)	20 366	19 667	20 016	14 626	17 146
Total risk-weighted assets (£'million)	34 777	32 979	33 878	26 923	29 951
Return on average risk-weighted assets	1.45%	1.45%		1.34%	
[^]Investec Limited risk-weighted assets (R'million)	338 484	329 808	334 146	309 052	319 430

Capital management and allocation

Although Investec plc (and its subsidiaries) and Investec Limited (and its subsidiaries) are managed independently, the approach to capital management is consistent across the two groups. The DLC structure requires the two groups to be considered independent from a capital perspective and hence capital is managed on this basis. This approach is exercised through the board risk and capital committee (via the Investec DLC capital committee) which is a board sub-committee with ultimate responsibility for the capital sufficiency of both Investec plc and Investec Limited.

The legal and regulatory treatment of capital is independent of existing shareholder arrangements that are in place to ensure that shareholders have common economic and voting interests as if Investec plc and Investec Limited were a single unified enterprise.

Investec plc is regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) in the UK and Investec Limited is regulated by the South African Reserve Bank (SARB). In addition, a number of subsidiaries are subject to the capital regulations of the regulators for the jurisdictions in which they operate.

The tables that follow provide information on our capital structure and capital adequacy ratios.



Capital structure and capital adequacy

At 31 March 2018	Investec plc* ^o £'million	IBP** £'million	Investec Limited* [^] R'million	IBL* [^] R'million
Tier 1 capital				
Shareholders' equity	2 042	2 007	36 159	36 531
Shareholders' equity excluding non-controlling interests	2 075	2 012	39 342	38 065
Perpetual preference share capital and share premium	(25)	–	(3 183)	(1 534)
Deconsolidation of special purpose entities	(8)	(5)	–	–
Non-controlling interests	12	(3)	–	–
Non-controlling interests per balance sheet	16	(3)	9 503	–
Non-controlling interests excluded for regulatory purposes	–	–	(9 503)	–
Surplus non-controlling interest disallowed in common equity tier 1	(4)	–	–	–
Regulatory adjustments to the accounting basis	(7)	(4)	993	994
Defined benefit pension fund adjustment	(3)	–	–	–
Additional value adjustments	(4)	(4)	–	–
Cash flow hedging reserve	–	–	993	994
Deductions	(460)	(361)	(2 773)	(2 696)
Goodwill and intangible assets net of deferred tax	(447)	(348)	(624)	(583)
Investment in financial entity	–	–	(2 149)	(2 113)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(9)	(9)	–	–
Securitisation positions	(3)	(3)	–	–
Debt valuation adjustment	(1)	(1)	–	–
Common equity tier 1 capital	1 587	1 639	34 379	34 829
Additional tier 1 capital	274	200	2 785	963
Additional tier 1 instruments	274	200	5 617	1 884
Phase out of non-qualifying additional tier 1 instruments	–	–	(2 830)	(921)
Non-qualifying surplus capital attributable to non-controlling interest	–	–	(72)	–
Non-controlling interest in non-banking entities	–	–	70	–
Tier 1 capital	1 861	1 839	37 164	35 792
Tier 2 capital	359	445	12 348	14 009
Collective impairment allowances	–	–	635	635
Tier 2 instruments	446	445	15 013	13 374
Phase out of non-qualifying tier 2 instruments	–	–	–	–
Non-qualifying surplus capital attributable to non-controlling interests	(87)	–	(3 300)	–
Total regulatory capital	2 220	2 284	49 512	49 801
Risk-weighted assets	14 411	13 744	338 484	320 607
Capital ratios				
Common equity tier 1 ratio	11.0%	11.9%	10.2%	10.9%
Tier 1 ratio	12.9%	13.4%	11.0%	11.2%
Total capital adequacy ratio	15.4%	16.6%	14.6%	15.5%

* Where: IBP is Investec Bank plc consolidated. IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.

^o The capital adequacy disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the group operates. For Investec plc and IBP this does not include the deduction of foreseeable charges and dividends when calculating common equity tier 1 (CET1) capital as now required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of this deduction totalling £65 million for Investec plc and £18 million for IBP would lower the CET1 ratio by 45bps and 13bps respectively.

[^] Investec Limited's and IBL's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's and IBL's common equity tier 1 ratio would be 25bps and 13bps lower respectively.



Financial review

(continued)

Capital structure and capital adequacy (continued)

At 31 March 2017	Investec plc* ^o £'million	IBP* ^o £'million	Investec Limited* [^] R'million	IBL* [^] R'million
Tier 1 capital				
Shareholders' equity	1 981	1 973	32 317	33 631
Shareholders' equity excluding non-controlling interests	2 017	1 982	35 500	35 165
Perpetual preference share capital and share premium	(25)	–	(3 183)	(1 534)
Deconsolidation of special purpose entities	(11)	(9)	–	–
Non-controlling interests	11	(2)	–	–
Non-controlling interests per balance sheet	15	(2)	8 987	–
Non-controlling interests excluded for regulatory purposes	–	–	(8 987)	–
Surplus non-controlling interest disallowed in common equity tier 1	(4)	–	–	–
Regulatory adjustments to the accounting basis	(6)	(4)	900	896
Defined benefit pension fund adjustment	(2)	–	–	–
Additional value adjustments	(4)	(4)	–	–
Cash flow hedging reserve	–	–	900	896
Deductions	(478)	(380)	(720)	(679)
Goodwill and intangible assets net of deferred tax	(464)	(366)	(720)	(679)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(10)	(10)	–	–
Securitisation positions	(3)	(3)	–	–
Debt valuation adjustment	(1)	(1)	–	–
Common equity tier 1 capital	1 508	1 587	32 497	33 848
Additional tier 1 capital	24	–	2 900	767
Additional tier 1 instruments	24	–	5 267	1 534
Phase out of non-qualifying additional tier 1 instruments	–	–	(2 359)	(767)
Non-qualifying surplus capital attributable to non-controlling interest	–	–	(69)	–
Non-controlling interest in non-banking entities	–	–	61	–
Tier 1 capital	1 532	1 587	35 397	34 615
Tier 2 capital	475	560	11 153	13 501
Collective impairment allowances	–	–	321	321
Tier 2 instruments	560	560	13 805	13 180
Phase out of non-qualifying tier 2 instruments	–	–	–	–
Non-qualifying surplus capital attributable to non-controlling interests	(85)	–	(2 973)	–
Total regulatory capital	2 007	2 147	46 550	48 116
Risk-weighted assets	13 312	12 716	329 808	313 010
Capital ratios				
Common equity tier 1 ratio	11.3%	12.5%	9.9%	10.8%
Tier 1 ratio	11.5%	12.5%	10.7%	11.1%
Total capital adequacy ratio	15.1%	16.9%	14.1%	15.4%

* Where: IBP is Investec Bank plc consolidated. IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.

^o The capital adequacy disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the group operates. For Investec plc and IBP this does not include the deduction of foreseeable charges and dividends when calculating CET1 capital as required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of this deduction totalling £60 million for Investec plc and £35 million for IBP would lower the CET1 ratio by 45bps and 28bps respectively.

[^] Investec Limited's and IBL's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's and IBL's common equity tier 1 ratio would be 24bps and 13bps lower.



Capital requirements

At 31 March 2018	Investec plc* £'million	IBP* £'million	Investec Limited* R'million	IBL* R'million
Capital requirements	1 153	1 099	37 656	35 668
Credit risk	842	822	29 389	28 870
Equity risk	6	6	2 797	2 521
Counterparty credit risk	51	52	653	655
Credit valuation adjustment risk	10	10	695	697
Market risk	77	77	609	502
Operational risk	167	132	3 513	2 423
At 31 March 2017				
Capital requirements	1 064	1 017	35 454	33 649
Credit risk	790	776	26 008	25 529
Equity risk	6	6	4 900	4 730
Counterparty credit risk	39	39	574	574
Credit valuation adjustment risk	6	6	195	199
Market risk	71	68	500	413
Operational risk	152	122	3 277	2 204

Risk-weighted assets

At 31 March 2018	Investec plc* £'million	IBP* £'million	Investec Limited* R'million	IBL* R'million
Risk-weighted assets	14 411	13 744	338 484	320 607
Credit risk	10 521	10 271	264 171	259 494
Equity risk	78	79	25 140	22 663
Counterparty credit risk	639	652	5 867	5 887
Credit valuation adjustment risk	121	121	6 251	6 269
Market risk	965	965	5 477	4 515
Operational risk	2 087	1 656	31 578	21 779
At 31 March 2017				
Risk-weighted assets	13 312	12 716	329 808	313 010
Credit risk	9 873	9 687	241 926	237 474
Equity risk	80	80	45 583	44 007
Counterparty credit risk	494	494	5 344	5 335
Credit valuation adjustment risk	78	78	1 817	1 848
Market risk	882	856	4 652	3 847
Operational risk	1 905	1 521	30 486	20 499

* Where: IBP is Investec Bank plc consolidated and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.



Financial review

(continued)

Leverage ratios At 31 March 2018	Investec plc £'million*	IBP £'million*	Investec Limited R'million*	IBL R'million*
Exposure measure	21 772	21 335	495 670	466 846
Tier 1 capital	1 861	1 839	37 164	35 792
Leverage ratio** – current	8.5%	8.6%	7.5%#	7.7%#
Tier 1 capital 'fully loaded'	1 837	1 839	35 350	35 179
Leverage ratio** – 'fully loaded'^^	8.4%	8.6%	7.1%#	7.5%#

Leverage ratios At 31 March 2017	Investec plc £'million*	IBP £'million*	Investec Limited R'million*	IBL R'million*
Exposure measure	19 689	19 417	483 775	457 030
Tier 1 capital	1 532	1 587	35 397	34 615
Leverage ratio** – current	7.8%	8.2%	7.3%#	7.6%#
Tier 1 capital 'fully loaded'	1 508	1 587	33 108	33 848
Leverage ratio** – 'fully loaded'^^	7.7%	8.2%	6.8%#	7.4%#

A summary of capital adequacy and leverage ratios

As at 31 March 2018	Investec plc ^{o*}	IBP ^{o*}	Investec Limited ^{*^}	IBL ^{*^}
Common equity tier 1 (as reported)	11.0%	11.9%	10.2%	10.9%
Common equity tier 1 ('fully loaded') ^{^^}	11.0%	11.9%	10.2%	10.9%
Tier 1 (as reported)	12.9%	13.4%	11.0%	11.2%
Total capital adequacy ratio (as reported)	15.4%	16.6%	14.6%	15.5%
Leverage ratio** – current	8.5%	8.6%	7.5%#	7.7%#
Leverage ratio** – 'fully loaded' ^{^^}	8.4%	8.6%	7.1%#	7.5%#

As at 31 March 2017	Investec plc ^{o*}	IBP ^{o*}	Investec Limited ^{*^}	IBL ^{*^}
Common equity tier 1 (as reported)	11.3%	12.5%	9.9%	10.8%
Common equity tier 1 ('fully loaded') ^{^^}	11.3%	12.5%	9.9%	10.8%
Tier 1 (as reported)	11.5%	12.5%	10.7%	11.1%
Total capital adequacy ratio (as reported)	15.1%	16.9%	14.1%	15.4%
Leverage ratio** – current	7.8%	8.2%	7.3%#	7.6%#
Leverage ratio** – 'fully loaded' ^{^^}	7.7%	8.2%	6.8%#	7.4%#

* Where: IBP is Investec Bank plc consolidated and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.

^o The capital adequacy disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the group operates. For Investec plc and IBP this does not include the deduction of foreseeable charges and dividends when calculating CET1 capital as required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of this deduction totalling £65 million (31 March 2017: £60 million) for Investec plc and £18 million (31 March 2017: £34 million) for IBP would lower the CET1 ratio by 45bps (31 March 2017: 45bps) and 13bps (31 March 2017: 28bps) respectively.

^{^^} The key difference between the 'reported' basis at 31 March 2018 and the 'fully loaded' basis is primarily relating to capital instruments that previously qualified as regulatory capital, but do not fully qualify under the CRD IV rules/SARB Regulations. These instruments continue to be recognised on a reducing basis in the 'reported' figures until 2022.

** The leverage ratios are calculated on an end-quarter basis.

Based on revised BIS rules.

[^] Investec Limited's and IBL's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's and IBL's common equity tier 1 ratio would be 25bps and 13bps lower, respectively. At 31 March 2017, Investec Limited's and IBL's common equity tier 1 ratio would be 24bps and 13bps lower.



Return on equity by country and business – statutory

£'000	31 March 2018	31 March 2017	Average	31 March 2016	Average
Calculation of average shareholders' equity					
Ordinary shareholders' equity	4 225 751	3 916 448	4 071 100	3 060 029	3 488 239
Goodwill and intangible assets (excluding software)	(475 922)	(490 841)	(483 382)	(503 996)	(497 419)
Adjusted tangible shareholders' equity	3 749 829	3 425 607	3 587 718	2 556 033	2 990 820

£'000	31 March 2018	31 March 2017
Operating profit*	659 793	659 360
Non-controlling interests	(76 105)	(80 530)
Accrued preference dividends, adjusted for currency hedge	(33 527)	(25 838)
Revised operating profit	550 161	552 992
Taxation on operating profit before goodwill and acquired intangibles	(59 099)	(118 488)
Adjusted attributable earnings to ordinary shareholders*	491 062	434 504
Pre-tax return on average adjusted shareholders' equity	13.5%	15.9%
Post-tax return on average adjusted shareholders' equity	12.1%	12.5%
Pre-tax return on average adjusted tangible shareholders' equity	15.3%	18.5%
Post-tax return on average adjusted tangible shareholders' equity	13.7%	14.5%

Return on equity on an ongoing basis is provided on page 30.

* Before goodwill, acquired intangibles and non-operating items.



Financial review

(continued)

Return on equity by geography

£'000	UK and Other	Southern Africa	Total group	UK and Other ongoing
Total operating profit	197 672	462 121	659 793	291 174
Tax on profit on ordinary activities	(38 509)	(20 590)	(59 099)	(56 858)
Non-controlling interests	(13 079)	(63 026)	(76 105)	(13 079)
Preference dividends paid	(7 129)	(26 398)	(33 527)	(7 129)
Profit on ordinary activities after taxation – 31 March 2018	138 955	352 107	491 062	214 108
Profit on ordinary activities after taxation – 31 March 2017	173 503	261 001	434 504	226 145
Ordinary shareholders' equity – 31 March 2018	2 050 127	2 175 624	4 225 751	2 002 909
Goodwill and intangible assets (excluding software)	(447 135)	(28 787)	(475 922)	(447 135)
Tangible ordinary shareholders' equity – 31 March 2018	1 602 992	2 146 837	3 749 829	1 555 774
Ordinary shareholders' equity – 31 March 2017	1 991 697	1 924 751	3 916 448	1 934 784
Goodwill and intangible assets (excluding software)	(459 245)	(31 596)	(490 841)	(459 245)
Tangible ordinary shareholders' equity – 31 March 2017	1 532 452	1 893 155	3 425 607	1 475 539
Average ordinary shareholders' equity – 31 March 2018	2 020 912	2 050 188	4 071 100	1 968 847
Average tangible shareholders' equity – 31 March 2018	1 567 722	2 019 996	3 587 718	1 515 657
Post-tax return on average ordinary shareholders' equity – 31 March 2018	6.9%	17.2%	12.1%	10.9%
Post-tax return on average ordinary shareholders' equity – 31 March 2017	9.4%	16.0%	12.5%	12.6%
Post-tax return on adjusted tangible shareholders' equity – 31 March 2018	8.9%	17.4%	13.7%	14.1%
Post-tax return on adjusted tangible shareholders' equity – 31 March 2017	12.5%	16.3%	14.5%	17.1%
Pre-tax return on adjusted average ordinary shareholders' equity – 31 March 2018	8.8%	18.2%	13.5%	13.8%
Pre-tax return on adjusted average ordinary shareholders' equity – 31 March 2017	11.5%	20.8%	15.9%	15.5%
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2018	11.3%	18.5%	15.3%	17.9%
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2017	15.3%	21.2%	18.5%	20.9%



Return on equity by business*

£'000	Asset Management	Wealth & Investment [^]	Specialist Banking	Specialist Banking ongoing ^{**}
Operating profit[#]	178 045	98 565	380 493	473 995
Notional return on regulatory capital	3 174	1 889	(5 063)	(5 063)
Notional cost of statutory capital	(3 442)	(4 542)	7 984	7 984
Cost of subordinated debt	(1 403)	(1 147)	2 550	2 550
Cost of preference shares	(790)	(595)	(32 142)	(32 142)
Adjusted earnings – 31 March 2018	175 584	94 170	353 822	447 324
Adjusted earnings – 31 March 2017	162 399	88 734	370 917	435 509
Ordinary shareholders' equity – 31 March 2018	199 416	235 181	3 632 104	3 584 886
Goodwill and intangible assets (excluding software)	(88 045)	(179 223)	(49 604)	(49 604)
Tangible ordinary shareholders' equity – 31 March 2018	111 371	55 958	3 582 500	3 535 282
Ordinary shareholders' equity – 31 March 2017	186 423	251 523	3 319 452	3 262 539
Goodwill and intangible assets (excluding software)	(88 059)	(191 707)	(52 025)	(52 025)
Tangible ordinary shareholders' equity – 31 March 2017	98 364	59 816	3 267 427	3 210 514
Ordinary shareholders' equity – 31 March 2016	171 629	246 302	2 483 048	2 413 028
Goodwill and intangible assets (excluding software)	(89 194)	(203 534)	(52 220)	(52 220)
Tangible ordinary shareholders' equity – 31 March 2016	82 435	42 768	2 430 828	2 360 808
Average ordinary shareholders' equity – 31 March 2018	192 920	243 352	3 475 777	3 423 712
Average ordinary shareholders' equity – 31 March 2017	179 026	248 913	2 901 249	2 837 783
Average tangible shareholders' equity – 31 March 2018	104 868	57 887	3 424 963	3 372 897
Average tangible shareholders' equity – 31 March 2017	90 400	51 292	2 849 127	2 785 660
Pre-tax return on adjusted average ordinary shareholders' equity – 31 March 2018	91.0%	38.7%	10.2%	13.1%
Pre-tax return on adjusted average ordinary shareholders' equity – 31 March 2017	90.7%	35.7%	12.8%	15.3%
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2018	167.4%	162.7%	10.3%	13.3%
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2017	179.6%	173.0%	13.0%	15.6%

* The return on equity by business is based on the level of internal capital required by each business, inclusive of an allocation of any surplus capital held by the group. The operating profit is adjusted to reflect a capital structure that includes common equity, Additional Tier 1 capital instruments and subordinated debt.

[^] Wealth & Investment is consistent with the group computation, except for an adjustment of £159.1 million between ordinary shareholders' funds and goodwill, which represents historical accounting gains with a corresponding effective increase in goodwill and intangible assets. These gains were excluded from group adjusted earnings.

^{**} Excluding the remaining UK legacy business as shown on page 33.

[#] Before goodwill, acquired intangibles, non-operating items and after other non-controlling interests.



Financial review

(continued)

Financial review and additional information – statutory basis

Number of employees

By division – permanent employees	31 March 2018	31 March 2017
Asset Management		
UK and international	497	478
Southern Africa [^]	1 024	1 072
Total	1 521	1 550
Wealth & Investment		
UK and Other	1 345	1 279
South Africa	340	321
Total	1 685	1 600
Specialist Banking		
UK and Other	2 320	2 169
Southern Africa	3 918	3 710
Total	6 238	5 879
Total number of permanent employees	9 444	9 029

[^] Includes Silica employees, its third party administration business.

By geography	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
UK and Other	4 162	3 926	3 701	3 560	3 671	3 827
SA and Other	5 282	5 103	4 720	4 199	3 986	3 748
Temporary employees and contractors	702	687	545	495	601	576
Total number of employees	10 146	9 716	8 966	8 254	8 258	8 151

Statutory operating profit (before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests) per employee

By division	Asset Management	Wealth & Investment	Specialist Banking
Number of employees – 31 March 2018	1 592	1 821	6 733
Number of employees – 31 March 2017	1 654	1 697	6 365
Number of employees – 31 March 2016	1 543	1 597	5 826
Average employees – year to 31 March 2018	1 623	1 759	6 549
Average employees – year to 31 March 2017	1 598	1 647	6 096
Operating profit* – year to 31 March 2018 (£'000)	178 045	98 565	380 493
Operating profit* – year to 31 March 2017 (£'000)	164 824	93 243	389 830
Operating profit per employee[^] – year to 31 March 2018 (£'000)	109.7^{^^}	56.0	58.1
Operating profit per employee [^] – year to 31 March 2017 (£'000)	103.1 ^{^^}	56.6	63.9

* Operating profit excluding group costs.

[^] Based on average number of employees over the year.

^{^^} For Asset Management, operating profit per employee includes Silica, its third party administration business.



By geography	UK and Other	Southern Africa	Total group
Number of employees – 31 March 2018	4 472	5 674	10 146
Number of employees – 31 March 2017	4 165	5 551	9 716
Number of employees – 31 March 2016	3 869	5 097	8 966
Average employees – year to 31 March 2018	4 318	5 613	9 931
Average employees – year to 31 March 2017	4 017	5 324	9 341
Operating profit – year to 31 March 2018 (£'000)	199 356	408 149	607 505
Operating profit – year to 31 March 2017 (£'000)	224 893	374 228	599 121
Operating profit per employee[^] – year to 31 March 2018 (£'000)	46.2	72.7	61.2
Operating profit per employee [^] – year to 31 March 2017 (£'000)	56.0	70.3	64.1

[^] Based on average number of employees over the year.

Total third party assets under management

£'million	31 March 2018	31 March 2017
Asset Management	103 862	95 287
UK and Other	69 371	61 379
Southern Africa	34 491	33 908
Wealth & Investment	56 048	54 773
UK and Other	36 923	35 555
Southern Africa	19 125	19 218
Specialist Banking	666	675
UK and Other	353	386
Southern Africa	313	289
	160 576	150 735

A further analysis of third party assets under management

At 31 March 2018 £'million	UK and Other	Southern Africa	Total
Asset Management	69 371	34 491	103 862
Mutual funds	29 615	15 126	44 741
Segregated mandates	39 756	19 365	59 121
Wealth & Investment	36 923	19 125	56 048
Discretionary	28 638	6 936	35 574
Non-discretionary	8 285	12 189	20 474
Specialist Banking	353	313	666
	106 647	53 929	160 576

At 31 March 2017 £'million	UK and Other	Southern Africa	Total
Asset Management	61 379	33 908	95 287
Mutual funds	23 399	15 848	39 247
Segregated mandates	37 980	18 060	56 040
Wealth & Investment	35 555	19 218	54 773
Discretionary	26 336	6 552	32 888
Non-discretionary	9 219	12 666	21 885
Specialist Banking	386	289	675
	97 320	53 415	150 735



Financial review

(continued)

Statutory asset quality and impairments

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

Core loans and advances comprise:

- Loans and advances to customers as per the balance sheet
- Own originated loans and advances to customers securitised as per the balance sheet.

At 31 March

£'000	2018	2017
Loans and advances to customers as per the balance sheet	24 673 009	22 189 975
Add: Own originated loans and advances securitised as per the balance sheet	459 088	517 162
Net core loans and advances to customers	25 132 097	22 707 137

The tables below provide information with respect to the asset quality of our core loans and advances to customers.

At 31 March

£'000	2018	2017
Gross core loans and advances to customers	25 370 248	22 906 165
Total impairments	(238 151)	(199 028)
Specific impairments	(137 711)	(136 177)
Portfolio impairments	(100 440)	(62 851)
Net core loans and advances to customers	25 132 097	22 707 137
Average gross core loans and advances to customers	24 138 207	20 605 765
Current loans and advances to customers	24 675 378	22 304 938
Past due loans and advances to customers (1 – 60 days)	102 983	88 167
Special mention loans and advances to customers (1 – 90 days)	59 165	37 080
Default loans and advances to customers	532 722	475 980
Gross core loans and advances to customers	25 370 248	22 906 165
Current loans and advances to customers	24 675 378	22 304 938
Default loans that are current and not impaired	63 091	14 836
Gross core loans and advances to customers that are past due but not impaired	267 372	221 041
Gross core loans and advances to customers that are impaired	364 407	365 350
Gross core loans and advances to customers	25 370 248	22 906 165
Total income statement charge for impairments on core loans and advances	(146 652)	(111 575)
Gross default loans and advances to customers	532 722	475 980
Specific impairments	(137 711)	(136 177)
Portfolio impairments	(100 440)	(62 851)
Defaults net of impairments	294 571	276 952
Aggregate collateral and other credit enhancements on defaults	505 610	451 817
Net default loans and advances to customers (limited to zero)	–	–
Ratios:		
Total impairments as a % of gross core loans and advances to customers	0.94%	0.87%
Total impairments as a % of gross default loans	44.70%	41.81%
Gross defaults as a % of gross core loans and advances to customers	2.10%	2.08%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.17%	1.22%
Net defaults as a % of net core loans and advances to customers	–	–
Credit loss ratio (i.e. income statement impairment charge on core loans as a % of average gross core loans and advances)	0.61%	0.54%



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

	UK and Other		Southern Africa		Total group	
At 31 March £'000	2018	2017	2018	2017	2018	2017
Gross core loans and advances to customers	9 839 064	8 747 618	15 531 184	14 158 547	25 370 248	22 906 165
Total impairments	(151 840)	(126 876)	(86 311)	(72 152)	(238 151)	(199 028)
Specific impairments	(89 863)	(83 488)	(47 848)	(52 689)	(137 711)	(136 177)
Portfolio impairments	(61 977)	(43 388)	(38 463)	(19 463)	(100 440)	(62 851)
Net core loans and advances to customers	9 687 224	8 620 742	15 444 873	14 086 395	25 132 097	22 707 137
% of total net core loans and advances to customers	38.5%	38.0%	61.5%	62.0%	100.0%	100.0%
% change of net core loans and advances to customers since March 2017	12.4%		9.6%		10.7%	
Average gross core loans and advances to customers	9 293 341	8 347 205	14 844 866	12 258 560	24 138 207	20 605 765
Current loans and advances to customers	9 401 028	8 416 683	15 274 350	13 888 255	24 675 378	22 304 938
Past due loans and advances to customers (1 – 60 days)	40 315	48 003	62 668	40 164	102 983	88 167
Special mention loans and advances to customers (1 – 90 days)	37 085	22 585	22 080	14 495	59 165	37 080
Default loans and advances to customers	360 636	260 347	172 086	215 633	532 722	475 980
Gross core loans and advances to customers	9 839 064	8 747 618	15 531 184	14 158 547	25 370 248	22 906 165
Current loans and advances to customers	9 401 028	8 416 683	15 274 350	13 888 255	24 675 378	22 304 938
Default loans that are current and not impaired	50 224	6 993	12 867	7 843	63 091	14 836
Gross core loans and advances to customers that are past due but not impaired	135 830	105 645	131 542	115 396	267 372	221 041
Gross core loans and advances to customers that are impaired	251 982	218 297	112 425	147 053	364 407	365 350
Gross core loans and advances to customers	9 839 064	8 747 618	15 531 184	14 158 547	25 370 248	22 906 165
Total income statement charge for impairments on core loans and advances	(105 864)	(74 995)	(40 788)	(36 580)	(146 652)	(111 575)
Gross default loans and advances to customers	360 636	260 347	172 086	215 633	532 722	475 980
Specific impairments	(89 863)	(83 488)	(47 848)	(52 689)	(137 711)	(136 177)
Portfolio impairments	(61 977)	(43 388)	(38 463)	(19 463)	(100 440)	(62 851)
Defaults net of impairments	208 796	133 471	85 775	143 481	294 571	276 952
Aggregate collateral and other credit enhancements	291 834	192 760	213 776	259 057	505 610	451 817
Net default loans and advances to customers (limited to zero)	-	-	-	-	-	-
Ratios:						
Total impairments as a % of gross core loans and advances to customers	1.54%	1.45%	0.56%	0.51%	0.94%	0.87%
Total impairments as a % of gross default loans	42.10%	48.73%	50.16%	33.46%	44.70%	41.81%
Gross defaults as a % of gross core loans and advances to customers	3.67%	2.98%	1.11%	1.52%	2.10%	2.08%
Defaults (net of impairments) as a % of net core loans and advances to customers	2.16%	1.55%	0.56%	1.02%	1.17%	1.22%
Net defaults as a % of net core loans and advances to customers	-	-	-	-	-	-
Credit loss ratio (i.e. income statement impairment charge on core loans as a % of average gross core loans and advances)	1.14%	0.90%	0.28%	0.29%	0.61%	0.54%



Financial review

(continued)

Financial review and additional information – statutory basis

An analysis of core loans and advances by risk category as at 31 March 2018

£'000	UK and Other				Income statement impairments [^]
	Gross core loans	Gross defaults	Aggregate collateral and other credit enhancements on defaults	Balance sheet impairments	
Lending collateralised by property	1 988 385	248 008	207 059	(54 089)	(56 048)
Commercial real estate	1 149 140	74 714	43 681	(31 060)	(29 235)
Commercial real estate – investment	953 388	48 495	35 199	(13 296)	(22 442)
Commercial real estate – development	140 222	–	–	–	–
Commercial vacant land and planning	55 530	26 219	8 482	(17 764)	(6 793)
Residential real estate	839 245	173 294	163 378	(23 029)	(26 813)
Residential real estate – investment	243 675	46 937	42 205	(5 880)	(15 918)
Residential real estate – development	524 893	97 475	90 151	(10 813)	(5 865)
Residential vacant land and planning	70 677	28 882	31 022	(6 336)	(5 030)
High net worth and other private client lending	1 918 168	11 186	13 277	(4 736)	(3 185)
Mortgages	1 481 355	6 601	10 069	(1 856)	(130)
High net worth and specialised lending	436 813	4 585	3 208	(2 880)	(3 055)
Corporate and other lending	5 932 511	101 442	71 498	(31 038)	(26 498)
Corporate and acquisition finance	1 534 815	18 102	14 202	(4 000)	(3 983)
Asset-based lending	354 872	–	–	–	–
Fund finance	1 030 450	–	–	–	–
Other corporates and financial institutions and governments	650 312	–	–	–	(61)
Asset finance	1 872 821	79 272	53 589	(26 677)	(25 436)
Small ticket asset finance	1 386 610	15 177	6 320	(8 857)	(7 616)
Large ticket asset finance	486 211	64 095	47 269	(17 820)	(17 820)
Project finance	483 788	4 068	3 707	(361)	2 982
Resource finance	5 453	–	–	–	–
Portfolio impairments				(61 977)	(20 133)
Total	9 839 064	360 636	291 834	(151 840)	(105 864)

[^] Where a positive number represents a recovery.

Financial review

(continued)



Financial review and additional information – statutory basis

Southern Africa					Total group				
Gross core loans	Gross defaults	Aggregate collateral and other credit enhancements on defaults	Balance sheet impairments	Income statement impairments^	Gross core loans	Gross defaults	Aggregate collateral and other credit enhancements on defaults	Balance sheet impairments	Income statement impairments^
2 443 720	52 057	55 755	(19 196)	(12 817)	4 432 105	300 065	262 814	(73 285)	(68 865)
2 212 426	41 818	39 667	(15 634)	(6 142)	3 361 566	116 532	83 348	(46 694)	(35 377)
1 981 913	40 511	38 290	(14 792)	(5 589)	2 935 301	89 006	73 489	(28 088)	(28 031)
183 070	488	646	–	(163)	323 292	488	646	–	(163)
47 443	819	731	(842)	(390)	102 973	27 038	9 213	(18 606)	(7 183)
231 294	10 239	16 088	(3 562)	(6 675)	1 070 539	183 533	179 466	(26 591)	(33 488)
–	–	–	–	–	243 675	46 937	42 205	(5 880)	(15 918)
182 608	8 778	15 357	(2 409)	(7 732)	707 501	106 253	105 508	(13 222)	(13 597)
48 686	1 461	731	(1 153)	1 057	119 363	30 343	31 753	(7 489)	(3 973)
8 026 636	82 241	116 070	(10 184)	(1 123)	9 944 804	93 427	129 347	(14 920)	(4 308)
4 095 474	52 782	64 971	(6 225)	(4 351)	5 576 829	59 383	75 040	(8 081)	(4481)
3 931 162	29 459	51 099	(3 959)	3 228	4 367 975	34 044	54 307	(6 839)	173
5 060 828	37 788	41 951	(18 468)	(7 989)	10 993 339	139 230	113 449	(49 506)	(34 487)
841 345	7 063	7 150	(90)	(3 934)	2 376 160	25 165	21 352	(4 090)	(7 917)
433 578	14 180	23 440	(8 981)	(487)	788 450	14 180	23 440	(8 981)	(487)
295 336	–	–	–	(366)	1 325 786	–	–	–	(366)
2 885 198	9 641	9 255	(4 063)	685	3 535 510	9 641	9 255	(4 063)	624
161 089	–	–	–	(7)	2 033 910	79 272	53 589	(26 677)	(25 443)
133 845	–	–	–	–	1 520 455	15 177	6 320	(8 857)	(7 616)
27 244	–	–	–	(7)	513 455	64 095	47 269	(17 820)	(17 827)
399 545	–	–	–	(121)	883 333	4 068	3 707	(361)	2 861
44 737	6 904	2 106	(5 334)	(3 759)	50 190	6 904	2 106	(5 334)	(3 759)
			(38 463)	(18 859)				(100 440)	(38 992)
15 531 184	172 086	213 776	(86 311)	(40 788)	25 370 248	532 722	505 610	(238 151)	(146 652)



Financial review

(continued)

Financial review and additional information – statutory basis

An analysis of core loans and advances by risk category as at 31 March 2017

£'000	UK and Other				
	Gross core loans	Gross defaults	Aggregate collateral and other credit enhancements on defaults	Balance sheet impairments	Income statement impairments [^]
Lending collateralised by property	1 963 754	227 515	167 972	(70 633)	(45 114)
Commercial real estate	1 190 836	80 987	48 998	(31 989)	(21 748)
Commercial real estate – investment	934 117	40 120	30 773	(9 347)	(12 373)
Commercial real estate – development	149 188	4 768	1 680	(3 088)	–
Commercial vacant land and planning	107 531	36 099	16 545	(19 554)	(9 375)
Residential real estate	772 918	146 528	118 974	(38 644)	(23 366)
Residential real estate – investment	262 844	46 841	43 018	(9 222)	(11 126)
Residential real estate – development	458 441	77 250	61 727	(19 754)	(10 615)
Residential vacant land and planning	51 633	22 437	14 229	(9 668)	(1 625)
High net worth and other private client lending	1 598 801	18 458	17 139	(6 130)	(1 928)
Mortgages	1 228 877	4 906	6 957	(1 237)	(637)
High net worth and specialised lending	369 924	13 552	10 182	(4 893)	(1 291)
Corporate and other lending	5 185 063	14 374	7 649	(6 725)	(5 965)
Corporate and acquisition finance	1 309 335	–	–	–	(1 951)
Asset-based lending	333 731	–	–	–	–
Fund finance	861 140	–	–	–	–
Other corporates and financial institutions and governments	718 760	–	–	–	–
Asset finance	1 488 142	10 483	3 942	(6 541)	(5 630)
Small ticket asset finance	1 062 069	10 483	3 942	(6 541)	(5 630)
Large ticket asset finance	426 073	–	–	–	–
Project finance	464 142	3 891	3 707	(184)	(176)
Resource finance	9 813	–	–	–	1 792
Portfolio impairments	–	–	–	(43 388)	(21 988)
Total	8 747 618	260 347	192 760	(126 876)	(74 995)

[^] Where a positive number represents a recovery.

Financial review

(continued)



Financial review and additional information – statutory basis

Southern Africa					Total group				
Gross core loans	Gross defaults	Aggregate collateral and other credit enhancements on defaults	Balance sheet impairments	Income statement impairments^	Gross core loans	Gross defaults	Aggregate collateral and other credit enhancements on defaults	Balance sheet impairments	Income statement impairments^
2 418 834	59 059	69 096	(12 727)	(5 215)	4 381 588	286 574	237 068	(83 360)	(50 329)
2 178 087	36 678	46 588	(8 999)	(2 947)	3 368 923	117 665	95 586	(40 988)	(24 695)
2 006 842	32 563	38 961	(7 943)	(4 173)	2 940 959	72 683	69 734	(17 290)	(16 546)
111 401	26	36	–	651	260 589	4 794	1 716	(3 088)	651
59 844	4 089	7 591	(1 056)	575	167 375	40 188	24 136	(20 610)	(8 800)
239 747	22 381	22 508	(3 728)	(2 268)	1 012 665	168 909	141 482	(42 372)	(25 634)
–	–	–	–	–	262 844	46 841	43 018	(9 222)	(11 126)
158 677	18 504	18 684	(2 501)	(2 375)	617 118	95 754	80 411	(22 255)	(12 990)
81 070	3 877	3 824	(1 227)	107	132 703	26 314	18 053	(10 895)	(1 518)
7 029 928	90 920	133 041	(8 726)	(15 938)	8 628 729	109 378	150 180	(14 856)	(17 866)
3 660 780	43 244	59 486	(3 575)	(1 330)	4 889 657	48 150	66 443	(4 812)	(1 967)
3 369 148	47 676	73 555	(5 151)	(14 608)	3 739 072	61 228	83 737	(10 044)	(15 899)
4 710 785	65 654	56 920	(31 236)	(10 219)	9 895 848	80 028	64 569	(37 961)	(16 184)
796 403	34 719	31 861	(7 866)	(3 084)	2 105 738	34 719	31 861	(7 866)	(5 035)
353 956	10 485	16 991	(8 799)	(2 294)	687 687	10 485	16 991	(8 799)	(2 294)
330 847	–	–	–	234	1 191 987	–	–	–	234
2 622 977	8 266	8 068	(4 309)	(1 785)	3 341 737	8 266	8 068	(4 309)	(1 785)
160 799	1 536	–	–	(515)	1 648 941	12 019	3 942	(6 541)	(6 145)
127 724	–	–	–	(515)	1 189 793	10 483	3 942	(6 541)	(6 145)
33 075	1 536	–	–	–	459 148	1 536	–	–	–
382 436	–	–	–	35	846 578	3 891	3 707	(184)	(141)
63 367	10 648	–	(10 262)	(2 810)	73 180	10 648	–	(10 262)	(1 018)
–	–	–	(19 463)	(5 208)	–	–	–	(62 851)	(27 196)
14 158 547	215 633	259 057	(72 152)	(36 580)	22 906 165	475 980	451 817	(199 028)	(111 575)



Statutory segmental geographic analysis – income statement

For the year to 31 March 2018 £'000	UK and Other	Southern Africa	Total group
Net interest income	337 580	422 818	760 398
Net fee and commission income	849 934	511 273	1 361 207
Investment income	68 515	61 533	130 048
Share of post taxation profit of associates	1 436	45 387	46 823
Trading income/(loss) arising from			
– customer flow	114 402	23 824	138 226
– balance sheet management and other trading activities	(2 069)	(2 238)	(4 307)
Other operating income	10 421	694	11 115
Total operating income before impairment on loans and advances	1 380 219	1 063 291	2 443 510
Impairment losses on loans and advances	(106 085)	(42 471)	(148 556)
Operating income	1 274 134	1 020 820	2 294 954
Operating costs	(1 074 112)	(558 628)	(1 632 740)
Depreciation on operating leased assets	(2 350)	(71)	(2 421)
Operating profit before goodwill and acquired intangibles	197 672	462 121	659 793
(Profit)/loss attributable to other non-controlling interests	1 684	(53 972)	(52 288)
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	199 356	408 149	607 505
Profit attributable to Asset Management non-controlling interests	(14 763)	(9 054)	(23 817)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	184 593	399 095	583 688
Amortisation of acquired intangibles	(13 273)	(2 982)	(16 255)
Additional costs on acquisition of subsidiary	–	(6 039)	(6 039)
Earnings attributable to shareholders before taxation	171 320	390 074	561 394
Taxation on operating profit before goodwill	(38 509)	(20 590)	(59 099)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	2 418	835	3 253
Earnings attributable to shareholders	135 229	370 319	505 548
Selected returns and key statistics			
ROE (post-tax)	6.9%	17.2%	12.1%
Return on tangible equity (post-tax)	8.9%	17.4%	13.7%
Cost to income ratio	78.0%	52.5%	66.9%
Staff compensation to operating income	55.1%	37.6%	47.5%
Operating profit per employee (£'000)	46.2	72.7	61.2
Effective operational tax rate	19.6%	4.9%	9.6%
Total assets (£'million)	20 547	37 070	57 617

Statutory segmental geographic analysis – income statement

(continued)



For the year to 31 March 2017 £'000	UK and Other	Southern Africa	Total group
Net interest income	289 180	390 715	679 895
Net fee and commission income	803 863	467 661	1 271 524
Investment income	59 975	76 228	136 203
Share of post taxation profit of associates	2 349	16 541	18 890
Trading income/(loss) arising from			
– customer flow	129 707	28 294	158 001
– balance sheet management and other trading activities	8 671	(453)	8 218
Other operating income	13 195	288	13 483
Total operating income before impairment on loans and advances	1 306 940	979 274	2 286 214
Impairment losses on loans and advances	(74 956)	(36 498)	(111 454)
Operating income	1 231 984	942 776	2 174 760
Operating costs	(1 005 130)	(508 101)	(1 513 231)
Depreciation on operating leased assets	(2 141)	(28)	(2 169)
Operating profit before goodwill and acquired intangibles	224 713	434 647	659 360
(Profit)/loss attributable to other non-controlling interests	180	(60 419)	(60 239)
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	224 893	374 228	599 121
Profit attributable to Asset Management non-controlling interests	(11 807)	(8 484)	(20 291)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	213 086	365 744	578 830
Impairment of goodwill	(3 134)	(1 615)	(4 749)
Amortisation of acquired intangibles	(14 386)	(2 811)	(17 197)
Earnings attributable to shareholders before taxation	195 566	361 318	556 884
Taxation on operating profit before goodwill	(39 144)	(79 344)	(118 488)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	3 305	765	4 070
Earnings attributable to shareholders	159 727	282 739	442 466
Selected returns and key statistics			
ROE (post-tax)	9.4%	16.0%	12.5%
Return on tangible equity (post-tax)	12.5%	16.3%	14.5%
Cost to income ratio	77.0%	51.9%	66.3%
Staff compensation to operating income	55.6%	36.1%	47.2%
Operating profit per employee (£'000)	56.0	70.3	64.1
Effective operational tax rate	17.6%	19.0%	18.5%
Total assets (£'million)	18 652	34 883	53 535

Financial review and additional information – statutory basis



Statutory segmental business and geographic analysis – income statement

	Asset Management			Wealth & Investment		
For the year to 31 March 2018 £'000	UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total
Net interest income	242	5 229	5 471	5 181	5 563	10 744
Net fee and commission income	355 230	181 904	537 134	296 907	85 556	382 463
Investment income/(loss)	(47)	32	(15)	10 446	105	10 551
Share of post tax profit of associates	–	–	–	415	1	416
Trading income/(loss) arising from						
– customer flow	–	–	–	1 032	(495)	537
– balance sheet management and other trading activities	(5 189)	112	(5 077)	(7)	(143)	(150)
Other operating income	2 131	34	2 165	235	1	236
Total operating income before impairment losses on loans and advances	352 367	187 311	539 678	314 209	90 588	404 797
Impairment losses on loans and advances	–	–	–	–	–	–
Operating income	352 367	187 311	539 678	314 209	90 588	404 797
Operating costs	(248 449)	(113 184)	(361 633)	(244 940)	(61 292)	(306 232)
Depreciation on operating leased assets	–	–	–	–	–	–
Operating profit/(loss) before goodwill and acquired intangibles	103 918	74 127	178 045	69 269	29 296	98 565
(Profit)/loss attributable to other non-controlling interests	–	–	–	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	103 918	74 127	178 045	69 269	29 296	98 565
Profit attributable to Asset Management non-controlling interests	(14 763)	(9 054)	(23 817)	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	89 155	65 073	154 228	69 269	29 296	98 565
Selected returns and key statistics						
Cost to income ratio	70.5%	60.4%	67.0%	78.0%	67.7%	75.7%
Staff compensation to operating income	52.1%	35.4%	46.3%	56.5%	43.8%	53.7%

Statutory segmental business and geographic analysis – income statement

(continued)



Specialist Banking			Group costs			Total group
UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total	
332 157	412 026	744 183	–	–	–	760 398
197 797	243 813	441 610	–	–	–	1 361 207
58 116	61 396	119 512	–	–	–	130 048
1 021	45 386	46 407	–	–	–	46 823
113 370	24 319	137 689	–	–	–	138 226
3 127	(2 207)	920	–	–	–	(4 307)
8 055	659	8 714	–	–	–	11 115
713 643	785 392	1 499 035	–	–	–	2 443 510
(106 085)	(42 471)	(148 556)	–	–	–	(148 556)
607 558	742 921	1 350 479	–	–	–	2 294 954
(546 934)	(368 343)	(915 277)	(33 789)	(15 809)	(49 598)	(1 632 740)
(2 350)	(71)	(2 421)	–	–	–	(2 421)
58 274	374 507	432 781	(33 789)	(15 809)	(49 598)	659 793
1 684	(53 972)	(52 288)	–	–	–	(52 288)
59 958	320 535	380 493	(33 789)	(15 809)	(49 598)	607 505
–	–	–	–	–	–	(23 817)
59 958	320 535	380 493	(33 789)	(15 809)	(49 598)	583 688
76.9%	46.9%	61.2%	n/a	n/a	n/a	66.9%
53.7%	37.4%	45.1%	n/a	n/a	n/a	47.5%



Statutory segmental business and geographic analysis – income statement

(continued)

Financial review and additional information – statutory basis

For the year to 31 March 2017 £'000	Asset Management			Wealth & Investment		
	UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total
Net interest income	111	5 007	5 118	4 368	7 600	11 968
Net fee and commission income	308 084	176 788	484 872	267 847	75 861	343 708
Investment income	–	143	143	2 169	100	2 269
Share of post tax profit of associates	–	–	–	1 509	–	1 509
Trading income/(loss) arising from						
– customer flow	–	–	–	740	288	1 028
– balance sheet management and other trading activities	3 221	(1 008)	2 213	215	(128)	87
Other operating income	5 312	332	5 644	–	–	–
Total operating income before impairment losses on loans and advances	316 728	181 262	497 990	276 848	83 721	360 569
Impairment losses on loans and advances	–	–	–	–	–	–
Operating income	316 728	181 262	497 990	276 848	83 721	360 569
Operating costs	(225 466)	(107 700)	(333 166)	(211 658)	(55 668)	(267 326)
Depreciation on operating leased assets	–	–	–	–	–	–
Operating profit/(loss) before goodwill and acquired intangibles	91 262	73 562	164 824	65 190	28 053	93 243
(Profit)/loss attributable to other non-controlling interests	–	–	–	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	91 262	73 562	164 824	65 190	28 053	93 243
Profit attributable to Asset Management non-controlling interests	(11 807)	(8 484)	(20 291)	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	79 455	65 078	144 533	65 190	28 053	93 243
Selected returns and key statistics						
Cost to income ratio	71.2%	59.4%	66.9%	76.5%	66.5%	74.1%
Staff compensation to operating income	54.0%	36.1%	47.5%	57.5%	45.7%	54.7%

Statutory segmental business and geographic analysis – income statement

(continued)



Specialist Banking			Group costs			Total group
UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total	
284 701	378 108	662 809	–	–	–	679 895
227 932	215 012	442 944	–	–	–	1 271 524
57 806	75 985	133 791	–	–	–	136 203
840	16 541	17 381	–	–	–	18 890
128 967	28 006	156 973	–	–	–	158 001
5 235	683	5 918	–	–	–	8 218
7 883	(44)	7 839	–	–	–	13 483
713 364	714 291	1 427 655	–	–	–	2 286 214
(74 956)	(36 498)	(111 454)			–	(111 454)
638 408	677 793	1 316 201	–	–	–	2 174 760
(531 843)	(332 120)	(863 963)	(36 163)	(12 613)	(48 776)	(1 513 231)
(2 141)	(28)	(2 169)	–	–	–	(2 169)
104 424	345 645	450 069	(36 163)	(12 613)	(48 776)	659 360
180	(60 419)	(60 239)	–	–	–	(60 239)
104 604	285 226	389 830	(36 163)	(12 613)	(48 776)	599 121
–	–	–	–	–	–	(20 291)
104 604	285 226	389 830	(36 163)	(12 613)	(48 776)	578 830
74.8%	46.5%	60.6%	n/a	n/a	n/a	66.3%
55.6%	34.9%	45.2%	n/a	n/a	n/a	47.2%



Statutory segmental business analysis – income statement

Financial review and additional information – statutory basis

For the year to 31 March 2018 £'000	Asset Management	Wealth & Investment	Specialist Banking	Unallocated Group costs	Total group
Net interest income	5 471	10 744	744 183	–	760 398
Net fee and commission income	537 134	382 463	441 610	–	1 361 207
Investment income/(loss)	(15)	10 551	119 512	–	130 048
Share of post taxation profit of associates	–	416	46 407	–	46 823
Trading income/(loss) arising from					
– customer flow	–	537	137 689	–	138 226
– balance sheet management and other trading activities	(5 077)	(150)	920	–	(4 307)
Other operating income	2 165	236	8 714	–	11 115
Total operating income before impairment on loans and advances	539 678	404 797	1 499 035	–	2 443 510
Impairment losses on loans and advances	–	–	(148 556)	–	(148 556)
Operating income	539 678	404 797	1 350 479	–	2 294 954
Operating costs	(361 633)	(306 232)	(915 277)	(49 598)	(1 632 740)
Depreciation on operating leased assets	–	–	(2 421)	–	(2 421)
Operating profit/(loss) before goodwill and acquired intangibles	178 045	98 565	432 781	(49 598)	659 793
Profit attributable to other non-controlling interests	–	–	(52 288)	–	(52 288)
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	178 045	98 565	380 493	(49 598)	607 505
Profit attributable to Asset Management non-controlling interests	(23 817)	–	–	–	(23 817)
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	154 228	98 565	380 493	(49 598)	583 688
Selected returns and key statistics					
ROE (pre-tax)	91.0%	38.7%	10.2%	n/a	13.5%
Return on tangible equity (pre-tax)	167.4%	162.7%	10.3%	n/a	15.3%
Cost to income ratio	67.0%	75.7%	61.2%	n/a	66.9%
Staff compensation to operating income	46.3%	53.7%	45.1%	n/a	47.5%
Operating profit per employee (£'000)	109.7	56.0	58.1	n/a	61.2
Total assets (£'million)	662	1 871	55 084	n/a	57 617

Statutory segmental business analysis – income statement

(continued)



Financial review and additional information – statutory basis

For the year to 31 March 2017 £'000	Asset Management	Wealth & Investment	Specialist Banking	Unallocated Group costs	Total group
Net interest income	5 118	11 968	662 809	–	679 895
Net fee and commission income	484 872	343 708	442 944	–	1 271 524
Investment income	143	2 269	133 791	–	136 203
Share of post taxation profit of associates	–	1 509	17 381	–	18 890
Trading income arising from					
– customer flow	–	1 028	156 973	–	158 001
– balance sheet management and other trading activities	2 213	87	5 918	–	8 218
Other operating income	5 644	–	7 839	–	13 483
Total operating income before impairment on loans and advances	497 990	360 569	1 427 655	–	2 286 214
Impairment losses on loans and advances	–	–	(111 454)	–	(111 454)
Operating income	497 990	360 569	1 316 201	–	2 174 760
Operating costs	(333 166)	(267 326)	(863 963)	(48 776)	(1 513 231)
Depreciation on operating leased assets	–	–	(2 169)	–	(2 169)
Operating profit/(loss) before goodwill and acquired intangibles	164 824	93 243	450 069	(48 776)	659 360
Profit attributable to other non-controlling interests	–	–	(60 239)	–	(60 239)
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	164 824	93 243	389 830	(48 776)	599 121
Profit attributable to Asset Management non-controlling interests	(20 291)	–	–	–	(20 291)
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	144 533	93 243	389 830	(48 776)	578 830
Selected returns and key statistics					
ROE (pre-tax)	90.7%	35.7%	12.8%	n/a	15.9%
Return on tangible equity (pre-tax)	179.6%	173.0%	13.0%	n/a	18.5%
Cost to income ratio	66.9%	74.1%	60.6%	n/a	66.3%
Staff compensation to operating income	47.5%	54.7%	45.2%	n/a	47.2%
Operating profit per employee (£'000)	103.1	56.6	63.9	n/a	64.1
Total assets (£'million)	638	1 886	51 011	n/a	53 535



Statutory combined consolidated segmental geographic analysis – balance sheet assets and liabilities

Financial review and additional information – statutory basis

At 31 March 2018 £'000	UK and Other	Southern Africa	Total group
Assets			
Cash and balances at central banks	3 487 769	552 743	4 040 512
Loans and advances to banks	985 069	1 180 464	2 165 533
Non-sovereign and non-bank cash placements	–	601 243	601 243
Reverse repurchase agreements and cash collateral on securities borrowed	750 428	1 457 049	2 207 477
Sovereign debt securities	1 155 472	3 754 555	4 910 027
Bank debt securities	107 938	479 226	587 164
Other debt securities	278 474	625 129	903 603
Derivative financial instruments	596 506	755 902	1 352 408
Securities arising from trading activities	694 974	739 417	1 434 391
Investment portfolio	477 919	407 580	885 499
Loans and advances to customers	9 687 224	14 985 785	24 673 009
Own originated loans and advances to customers securitised	–	459 088	459 088
Other loans and advances	331 842	15 967	347 809
Other securitised assets	130 388	17 999	148 387
Interests in associated undertakings	77 059	390 793	467 852
Deferred taxation assets	98 156	59 165	157 321
Other assets	1 161 631	714 485	1 876 116
Property and equipment	54 493	178 847	233 340
Investment properties	14 500	1 169 597	1 184 097
Goodwill	356 265	12 538	368 803
Intangible assets	100 585	24 804	125 389
	20 546 692	28 582 376	49 129 068
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	8 487 776	8 487 776
	20 546 692	37 070 152	57 616 844
Liabilities			
Deposits by banks	1 259 073	1 672 194	2 931 267
Derivative financial instruments	514 499	957 064	1 471 563
Other trading liabilities	103 496	856 670	960 166
Repurchase agreements and cash collateral on securities lent	150 757	505 083	655 840
Customer accounts (deposits)	11 624 157	19 363 016	30 987 173
Debt securities in issue	2 303 027	414 160	2 717 187
Liabilities arising on securitisation of own originated loans and advances	–	136 812	136 812
Liabilities arising on securitisation of other assets	127 853	–	127 853
Current taxation liabilities	152 355	33 131	185 486
Deferred taxation liabilities	21 892	10 266	32 158
Other liabilities	1 270 738	741 530	2 012 268
	17 527 847	24 689 926	42 217 773
Liabilities to customers under investment contracts	–	8 484 296	8 484 296
Insurance liabilities, including unit-linked liabilities	–	3 480	3 480
	17 527 847	33 177 702	50 705 549
Subordinated liabilities	579 673	903 314	1 482 987
	18 107 520	34 081 016	52 188 536

Statutory combined consolidated segmental geographic analysis – balance sheet assets and liabilities

(continued)



At 31 March 2017 £'000	UK and Other	Southern Africa	Total group
Assets			
Cash and balances at central banks	2 853 570	498 132	3 351 702
Loans and advances to banks	1 102 353	2 088 688	3 191 041
Non-sovereign and non-bank cash placements	–	536 259	536 259
Reverse repurchase agreements and cash collateral on securities borrowed	536 173	1 822 797	2 358 970
Sovereign debt securities	952 902	2 851 725	3 804 627
Bank debt securities	176 559	462 630	639 189
Other debt securities	398 278	717 280	1 115 558
Derivative financial instruments	598 959	586 889	1 185 848
Securities arising from trading activities	522 759	853 909	1 376 668
Investment portfolio	459 745	376 154	835 899
Loans and advances to customers	8 620 742	13 569 233	22 189 975
Own originated loans and advances to customers securitised	–	517 162	517 162
Other loans and advances	336 781	18 467	355 248
Other securitised assets	138 628	10 336	148 964
Interests in associated undertakings	63 390	328 823	392 213
Deferred taxation assets	89 941	44 031	133 972
Other assets	1 258 317	642 163	1 900 480
Property and equipment	60 528	45 411	105 939
Investment properties	14 500	1 114 430	1 128 930
Goodwill	355 155	12 424	367 579
Intangible assets	112 943	30 318	143 261
Non-current assets held for sale	–	27 218	27 218
	18 652 223	27 154 479	45 806 702
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	7 728 130	7 728 130
	18 652 223	34 882 609	53 534 832
Liabilities			
Deposits by banks	623 144	2 112 922	2 736 066
Derivative financial instruments	547 322	748 884	1 296 206
Other trading liabilities	136 041	842 870	978 911
Repurchase agreements and cash collateral on securities lent	223 998	466 617	690 615
Customer accounts (deposits)	11 012 809	18 096 619	29 109 428
Debt securities in issue	1 861 341	524 839	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	143 585	84 243	227 828
Deferred taxation liabilities	26 236	14 172	40 408
Other liabilities	1 258 189	652 641	1 910 830
	15 961 503	23 633 932	39 595 435
Liabilities to customers under investment contracts	–	7 725 604	7 725 604
Insurance liabilities, including unit-linked liabilities	–	2 526	2 526
	15 961 503	31 362 062	47 323 565
Subordinated liabilities	579 356	823 282	1 402 638
	16 540 859	32 185 344	48 726 203



Analysis of financial assets and liabilities by category of financial instrument

Financial review and additional information – statutory basis

At 31 March 2018 £'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
Assets					
Cash and balances at central banks	7 784	4 032 728	–	–	4 040 512
Loans and advances to banks	236 077	1 929 456	–	–	2 165 533
Non-sovereign and non-bank cash placements	34 544	566 699	–	–	601 243
Reverse repurchase agreements and cash collateral on securities borrowed	787 905	1 419 572	–	–	2 207 477
Sovereign debt securities	4 701 643	208 384	–	–	4 910 027
Bank debt securities	369 172	217 992	–	–	587 164
Other debt securities	630 280	273 323	–	–	903 603
Derivative financial instruments	1 352 408	–	–	–	1 352 408
Securities arising from trading activities	1 434 391	–	–	–	1 434 391
Investment portfolio	885 499	–	–	–	885 499
Loans and advances to customers	1 171 628	23 501 381	–	–	24 673 009
Own originated loans and advances to customers securitised	–	459 088	–	–	459 088
Other loans and advances	–	347 809	–	–	347 809
Other securitised assets	130 388	17 999	–	–	148 387
Interests in associated undertakings	–	11 371	–	456 481	467 852
Deferred taxation assets	–	–	–	157 321	157 321
Other assets	190 740	1 239 331	–	446 045	1 876 116
Property and equipment	–	–	–	233 340	233 340
Investment properties	–	–	–	1 184 097	1 184 097
Goodwill	–	–	–	368 803	368 803
Intangible assets	–	–	–	125 389	125 389
	11 932 459	34 225 133	–	2 971 476	49 129 068
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	–	8 487 776	–	8 487 776
	11 932 459	34 225 133	8 487 776	2 971 476	57 616 844
Liabilities					
Deposits by banks	–	2 931 267	–	–	2 931 267
Derivative financial instruments	1 471 563	–	–	–	1 471 563
Other trading liabilities	960 166	–	–	–	960 166
Repurchase agreements and cash collateral on securities lent	90 049	565 791	–	–	655 840
Customer accounts (deposits)	2 375 704	28 611 469	–	–	30 987 173
Debt securities in issue	471 886	2 245 301	–	–	2 717 187
Liabilities arising on securitisation of own originated loans and advances	–	136 812	–	–	136 812
Liabilities arising on securitisation of other assets	127 853	–	–	–	127 853
Current taxation liabilities	–	–	–	185 486	185 486
Deferred taxation liabilities	–	–	–	32 158	32 158
Other liabilities	17 533	1 245 016	–	749 719	2 012 268
	5 514 754	35 735 656	–	967 363	42 217 773
Liabilities to customers under investment contracts	–	–	8 484 296	–	8 484 296
Insurance liabilities, including unit-linked liabilities	–	–	3 480	–	3 480
	5 514 754	35 735 656	8 487 776	967 363	50 705 549
Subordinated liabilities	–	1 482 987	–	–	1 482 987
	5 514 754	37 218 643	8 487 776	967 363	52 188 536



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 31 March 2018 £'000	Fair value category			
	Total instruments at fair value	Level 1	Level 2	Level 3
Assets				
Cash and balances at central banks	7 784	7 784	–	–
Loans and advances to banks	236 077	236 077	–	–
Non-sovereign and non-bank cash placements	34 544	–	34 544	–
Reverse repurchase agreements and cash collateral on securities borrowed	787 905	196 170	591 735	–
Sovereign debt securities	4 701 643	4 701 643	–	–
Bank debt securities	369 172	293 830	75 342	–
Other debt securities	630 280	256 255	357 256	16 769
Derivative financial instruments	1 352 408	–	1 308 208	44 200
Securities arising from trading activities	1 434 391	1 405 197	22 440	6 754
Investment portfolio	885 499	190 395	107 285	587 819
Loans and advances to customers	1 171 628	–	1 037 888	133 740
Other securitised assets	130 388	–	–	130 388
Other assets	190 740	190 740	–	–
	11 932 459	7 478 091	3 534 698	919 670
Liabilities				
Derivative financial instruments	1 471 563	–	1 470 121	1 442
Other trading liabilities	960 166	863 123	97 043	–
Repurchase agreements and cash collateral on securities lent	90 049	–	90 049	–
Customer accounts (deposits)	2 375 704	–	2 375 704	–
Debt securities in issue	471 886	–	457 687	14 199
Liabilities arising on securitisation of other assets	127 853	–	–	127 853
Other liabilities	17 533	–	17 533	–
	5 514 754	863 123	4 508 137	143 494
Net financial assets/(liabilities) at fair value	6 417 705	6 614 968	(973 439)	776 176

Transfers between level 1 and level 2

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



Financial instruments carried at fair value

(continued)

Financial review and additional information – statutory basis

Level 2 financial assets and financial liabilities

The following table sets out the group's principal valuation techniques as at 31 March 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
Assets		
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 Adjusted quoted price	Interest rate curves, implied bond spreads, equity volatilities Liquidity adjustment
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
Liabilities		
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 £'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:	
Balance at 1 April 2017	770 686
Total gains or losses	52 226
In the income statement	49 490
In the statement of comprehensive income	2 736
Purchases	208 531
Sales	(144 027)
Settlements	(13 790)
Transfers into level 3	7 165
Transfers out of level 3	(73 192)
Foreign exchange adjustments	(31 423)
Balance as at 31 March 2018	776 176

Financial instruments carried at fair value

(continued)



During the year, £55.3 million has been transferred to level 2 due to an observable input becoming available to the valuation model.

In addition £17.9 million has been transferred to level 2 due to valuation methodologies being reviewed and observable inputs being used to determine the fair value.

£7.1 million has been transferred into level 3 due to inputs to valuation methods 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 2018

For the year to 31 March 2018 £'000	Total	Realised	Unrealised
Total gains or (losses) included in the income statement for the year			
Net interest income	1 613	1 613	–
Fee and commission income	93	–	93
Investment income	49 759	54 119	(4 360)
Trading loss arising from customer flow	(3 598)	(488)	(3 110)
Trading income arising from balance sheet management and other trading activities	1 623	40	1 583
	49 490	55 284	(5 794)
Total gains or losses recognised in other comprehensive income for the year			
Gains on realisation of available-for-sale assets recycled through the income statement	8 092	8 092	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	2 736	–	2 736
	10 828	8 092	2 736



Financial instruments carried at fair value

(continued)

Financial review and additional information – statutory basis

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 2018	Balance sheet value £'000	Significant unobservable input	Range of unobservable input used	Favourable changes £'000	Unfavourable changes £'000
Assets					
Other debt securities	16 769	Reflected in income statement		729	(840)
		Cash flow adjustments	CPR 8.3% – 10%	254	(363)
		EBITDA	(5%)/5%	327	(327)
		Other [^]	^	148	(150)
Derivative financial instruments	44 200	Reflected in income statement		6 507	(8 729)
		Volatilities	4% – 9%	356	(356)
		Cash flow adjustments	CPR 8% – 10%	154	(140)
		EBITDA	(10%)/10%	131	(131)
		WACC	19.5% – 48.5%	4 049	(5 750)
		Other [^]	^	1 817	(2 352)
Securities arising from trading activities	6 754	Reflected in income statement			
		Cash flow adjustments	CPR 8%	1 180	(1 080)
Investment portfolio	587 819	Reflected in income statement		125 231	(138 497)
		Price earnings multiple	5.0 x – 10 x	6 159	(6 120)
		EBITDA	*	50 197	(43 893)
		Precious and industrial metals prices	(10%)/6%	2 420	(4 081)
		Property prices	(10%)/10%	2 046	(2 046)
		WACC	19.5% – 48.5%	12 799	(23 769)
		Cash flows	*	2 301	(2 483)
		Other [^]	^	49 309	(56 105)
		Reflected in other comprehensive income		2 138	(2 113)
		Price earnings multiple	4.0 x – 5.5 x	175	(246)
		Other [^]	^	1 963	(1 867)
Loans and advances to customers	133 740	Reflected in income statement		15 490	(16 771)
		EBITDA	10%	10 349	(10 349)
		Other [^]	^	5 141	(6 422)
Other securitised assets*	130 388	Reflected in income statement			
		Cash flow adjustments	CPR 8%	875	(733)
Total level 3 assets	919 670			152 150	(168 763)

Financial instruments carried at fair value

(continued)



31 March 2018	Balance sheet value £'000	Significant unobservable input	Range of unobservable input used	Favourable changes £'000	Unfavourable changes £'000
Liabilities					
Derivative financial instruments	(1 442)	Reflected in income statement		(110)	122
		Cash flow adjustments	CPR 10%	(107)	119
		Volatilities	8%	(3)	3
Debt securities in issue	(14 199)	Reflected in income statement			
		Volatilities	6%	(157)	157
Liabilities arising on securitisation of other assets*	(127 853)	Reflected in income statement			
		Cash flow adjustments	CPR 8%	(236)	231
Total level 3 liabilities	(143 494)			(503)	510
Net level 3 assets	776 176				

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

^ Other – The valuation sensitivity for the private equity, 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 and cash flows have been stressed on an investment-by-investment basis in order to obtain favourable and unfavourable valuations.



Financial instruments carried at fair value

(continued)

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 (including WACC) 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 of 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

A company'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.

Property value and precious and industrial metals

The property value and the price of precious and industrial metals in a key driver of future cash flows on these investments.

Fair value of financial assets and liabilities at amortised cost



At 31 March 2018 £'000	Carrying amount	Fair value
Assets		
Loans and advances to banks	1 929 456	1 929 497
Reverse repurchase agreements and cash collateral on securities borrowed	1 419 572	1 419 659
Sovereign debt securities	208 384	208 034
Bank debt securities	217 992	229 095
Other debt securities	273 323	270 801
Loans and advances to customers	23 501 381	23 496 971
Other loans and advances	347 809	344 894
Other assets	1 239 331	1 235 273
Liabilities		
Deposits by banks	2 931 267	2 937 012
Repurchase agreements and cash collateral on securities lent	565 791	565 629
Customer accounts (deposits)	28 611 469	28 646 834
Debt securities in issue	2 245 301	2 334 238
Other liabilities	1 245 016	1 108 294
Subordinated liabilities	1 482 987	1 695 153



Shareholder analysis

Investec ordinary shares

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

Spread of ordinary shareholders as at 31 March 2018

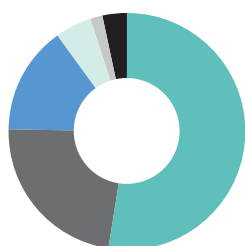
Investec plc ordinary shares in issue

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

Investec Limited ordinary shares in issue

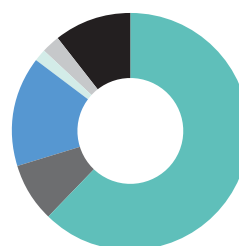
Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
3 655	1 – 500	44.6%	697 644	0.2%
1 286	501 – 1 000	15.7%	991 581	0.3%
1 759	1 001 – 5 000	21.4%	3 985 673	1.3%
378	5 001 – 10 000	4.6%	2 836 314	0.9%
626	10 001 – 50 000	7.6%	14 952 706	4.8%
181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

Geographical holding by beneficial ordinary shareholder as at 31 March 2018



Investec plc

South Africa	52.7%
UK	22.8%
USA and Canada	14.5%
Rest of Europe	5.0%
Asia	1.8%
Other countries and unknown	3.2%



Investec Limited

South Africa	62.3%
UK	8.0%
USA and Canada	15.0%
Rest of Europe	1.9%
Asia	2.4%
Other countries and unknown	10.4%



Largest ordinary shareholders as at 31 March 2018

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

Investec plc

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

The top 10 shareholders account for 50.3% of the total shareholding in Investec plc. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

* In custody, held on behalf of clients.

Investec Limited

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

The top 10 shareholders account for 51.2% of the total shareholding in Investec Limited. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.



Shareholder analysis

(continued)

Financial review and additional information – statutory basis

Share statistics

Investec plc

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

Investec Limited

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

¹ The LSE only include the shares in issue for Investec plc, i.e. currently 669.8 million, in calculating market capitalisation, as Investec Limited is not incorporated in the UK.

² Calculations are based on the group's consolidated earnings per share before goodwill, acquired intangibles and non-operating items; and dividends per share as prepared in accordance with IFRS and denominated in Pounds Sterling.

³ The JSE have agreed to use the total number of shares in issue for the combined group, comprising Investec plc and Investec Limited, in calculating market capitalisation, i.e. currently a total of 980.6 million shares in issue.



Investec preference shares

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

Spread of preference shareholders as at 31 March 2018

Investec plc preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
50	1 – 500	14.0%	10 674	0.4%
48	501 – 1 000	13.5%	38 268	1.4%
176	1 001 – 5 000	49.3%	342 895	12.4%
30	5 001 – 10 000	8.4%	230 513	8.3%
41	10 001 – 50 000	11.5%	910 794	33.1%
9	50 001 – 100 000	2.5%	698 655	25.4%
3	100 001 and over	0.8%	522 788	19.0%
357		100.0%	2 754 587	100.0%

Investec plc (Rand-denominated) perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
52	1 – 500	52.0%	10 263	7.8%
17	501 – 1 000	17.0%	13 741	10.5%
26	1 001 – 5 000	26.0%	62 594	47.6%
3	5 001 – 10 000	3.0%	18 849	14.3%
2	10 001 – 50 000	2.0%	26 000	19.8%
–	50 001 – 100 000	–	–	–
–	100 001 and over	–	–	–
100		100.0%	131 447	100.0%

Investec Limited perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
1 083	1 – 500	18.8%	340 472	1.1%
1 321	501 – 1 000	23.0%	1 089 913	3.4%
2 470	1 001 – 5 000	43.0%	5 761 320	17.9%
431	5 001 – 10 000	7.5%	3 112 946	9.6%
363	10 001 – 50 000	6.3%	7 080 709	22.0%
44	50 001 – 100 000	0.8%	3 078 559	9.5%
35	100 001 and over	0.6%	11 750 580	36.5%
5 747		100.0%	32 214 499	100.0%

Investec Limited redeemable preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
44	1 – 500	59.5%	5 287	2.5%
4	501 – 1 000	5.4%	3 228	1.5%
16	1 001 – 5 000	21.6%	36 726	17.2%
3	5 001 – 10 000	4.0%	25 346	11.9%
7	10 001 – 50 000	9.5%	142 348	66.9%
–	50 001 – 100 000	–	–	–
–	100 001 and over	–	–	–
74		100.0%	212 935	100.0%



Shareholder analysis

(continued)

Investec Bank Limited perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
760	1 – 500	21.2%	214 921	1.4%
891	501 – 1 000	24.9%	774 482	5.0%
1 422	1 001 – 5 000	39.8%	3 390 214	22.0%
256	5 001 – 10 000	7.2%	1 850 404	12.0%
208	10 001 – 50 000	5.8%	3 962 169	25.6%
21	50 001 – 100 000	0.6%	1 457 218	9.4%
17	100 001 and over	0.5%	3 798 222	24.6%
3 575		100.0%	15 447 630	100.0%

Investec Bank Limited redeemable preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
875	1 – 500	91.8%	110 916	32.5%
49	501 – 1 000	5.2%	32 880	9.6%
20	1 001 – 5 000	2.1%	36 347	10.6%
3	5 001 – 10 000	0.3%	17 249	5.1%
5	10 001 – 50 000	0.5%	82 499	24.1%
1	50 001 – 100 000	0.1%	61 826	18.1%
–	100 001 and over	–	–	–
953		100.0%	341 717	100.0%

Largest preference shareholders as at 31 March 2018

Shareholders holding beneficial interests in excess of 5.0% of the issued preference shares are as follows:

Investec plc perpetual preference shares

Hargreave Hale Nominees Limited 13.1%

Investec plc (Rand-denominated) perpetual preference shares

Private individual 9.9%

Private individual 9.9%

Private individual 5.9%

Investec Limited perpetual preference shares

Standard Chartered Bank – Coronation Strategic Income fund 5.0%

Investec Limited redeemable preference shares

Private individual 21.9%

Private individual 12.5%

Private individual 8.2%

Private individual 7.5%

Private individual 6.9%

Private individual 5.1%

Investec Bank Limited perpetual preference shares

There were no shareholders holding beneficial interests in excess of 5.0% of the issued preference shares in Investec Bank Limited, as at 31 March 2018.

Investec Bank Limited redeemable preference shares

Saldanha Group Investments Pty Ltd 18.1%

Sirius Motor Corporation 5.9%



Annexures



Annexure 1 – Definitions

Adjusted shareholders' equity

Refer to calculation on page 99

Cost to income ratio

Operating costs divided by operating income. Depreciation on operating leased assets has been netted off against operating income

Core loans and advances

Net loans and advances to customers plus net own originated securitised assets

Refer to calculation on page 104

Dividend cover

Adjusted earnings per ordinary share before goodwill and non-operating items divided by dividends per ordinary share

Earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (i.e. adjusted earnings)

Refer to page 70

Adjusted earnings per ordinary share before goodwill, acquired intangibles and non-operating items

Refer to page 70

Effective operational tax rate

Tax on profit on ordinary activities (excluding non-operating items) divided by operating profit

Market capitalisation

Total number of shares in issue (including Investec plc and Investec Limited) multiplied by the closing share price of Investec plc on the London Stock Exchange

Net tangible asset value per share

Refer to calculation on page 94

Non-operating items

Reflects profits and/or losses on termination, restructuring or disposal of group operations and acquisitions made

Operating profit

Operating income less administrative expenses, impairments for bad and doubtful debts and depreciation of tangible fixed assets. This amount is before goodwill, acquired intangibles and non-operating items

Operating profit per employee

Refer to calculation on pages 102 and 103

Annuity income

Net interest income plus net annuity fees and commissions expressed as a percentage of total operating income

Return on average adjusted shareholders' equity

Refer to calculation on page 99

Return on average adjusted tangible shareholders' equity

Refer to calculation on page 99

Return on risk-weighted assets

Adjusted earnings divided by average risk-weighted assets

Risk-weighted assets

Calculated as the sum of risk-weighted assets for Investec plc and Investec Limited (converted into Pounds Sterling) as reflected on page 97

Staff compensation to operating income ratio*

All staff compensation costs expressed as a percentage of operating income

Third party assets under administration

Includes third party assets under administration managed by the Wealth & Investment, Asset Management and Property businesses

Total capital resources

Includes shareholders' equity, subordinated liabilities and non-controlling interests

Total equity

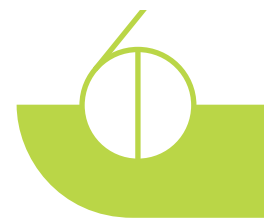
Total shareholders' equity including non-controlling interests

Weighted number of ordinary shares in issue

The number of ordinary shares in issue at the beginning of the year increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group less treasury shares. Refer to calculation on page 70

* Investec Asset Management (IAM) operates schemes for staff whose bonuses are deferred into collective investment schemes that are managed by IAM. Any resulting profit or loss arising from these schemes is attributable to the employee in respect of whom the investment was made. As such, any rise or fall in the value of the assets held is offset to an equal but opposite degree by the change in the liability (expense) to the employee. Therefore the profit or loss on these investments and the corresponding expense to employees are offset in arriving at the staff compensation ratio for IAM and hence for the group as a whole.

Annexure 2 – Dividend announcements



Investec plc

Incorporated in England and Wales
Registration number 3633621
LSE share code: INVP
JSE 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 32

Notice is hereby given that the final dividend number 32, being a gross dividend of 13.5 pence (2017: 13 pence) per ordinary share has been recommended by the Board from income reserves in respect of the financial year ended 31 March 2018 payable to shareholders recorded in the shareholders' register of the company at the close of business on Friday, 27 July 2018.

- for Investec plc shareholders, registered on the United Kingdom share register, through a dividend payment by Investec plc from income reserves of 13.5 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 6.5 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 32 are as follows:

Last day to trade *cum*-dividend

On the Johannesburg Stock Exchange (JSE)	Tuesday, 24 July 2018
On the London Stock Exchange (LSE)	Wednesday, 25 July 2018

Shares commence trading *ex*-dividend

On the Johannesburg Stock Exchange (JSE)	Wednesday, 25 July 2018
On the London Stock Exchange (LSE)	Thursday, 26 July 2018

Record date (on the JSE and LSE)

Friday, 27 July 2018

Payment date (on the JSE and LSE)

Monday, 13 August 2018

Share certificates on the South African branch register may not be dematerialised or rematerialised between Wednesday, 25 July 2018 and Friday, 27 July 2018, both dates inclusive, nor may transfers between the United Kingdom share register and the South African branch register take place between Wednesday, 25 July 2018 and Friday, 27 July 2018, both dates inclusive.

Additional information for South African resident shareholders of Investec plc

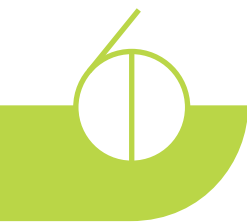
- Shareholders registered on the South African branch register are advised that the distribution of 13.5 pence, equivalent to a gross dividend of 232 cents per share, has been arrived at using the Rand/Pound Sterling average buy/sell forward rate, as determined at 11h00 (SA time) on Wednesday, 16 May 2018
- Investec plc United Kingdom tax reference number: 2683967322360
- The issued ordinary share capital of Investec plc is 669 838 695 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 232 cents per share, comprising 120.29630 cents per share paid by Investec Limited on the SA DAS share and 111.70370 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 185.60000 cents per share (gross dividend of 232 cents per share less Dividend Tax of 46.400000 cents per share) comprising 96.23704 cents per share paid by Investec Limited on the SA DAS share and 89.36296 cents per ordinary share paid by Investec plc.

By order of the board

D Miller

Company Secretary

16 May 2018



Annexure 2 – Dividend announcements

(continued)

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 125

Notice is hereby given final dividend number 125, being a gross dividend of 232 cents (2017: 225 cents) per ordinary share has been recommended by the Board from income reserves in respect of the financial year ended 31 March 2018 payable to shareholders recorded in the shareholders' register of the company at the close of business on Friday, 27 July 2018.

The relevant dates for the payment of dividend number 125 are as follows:

Last day to trade cum-dividend	Tuesday, 24 July 2018
Shares commence trading ex-dividend	Wednesday, 25 July 2018
Record date	Friday, 27 July 2018
Payment date	Monday, 13 August 2018

The final gross dividend of 232 cents per ordinary share has been determined by converting the Investec plc distribution of 13.5 pence per ordinary share into Rands using the Rand/Pounds Sterling average buy/sell forward rate at 11h00 (SA time) on Wednesday, 16 May 2018.

Share certificates may not be dematerialised or rematerialised between Wednesday, 25 July 2018 and Friday, 27 July 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 310 722 744 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 232 cents per ordinary share
- Shareholders who are not exempt from paying the Dividend Tax will receive a net dividend of 185.60000 cents per ordinary share (gross dividend of 232 cents per ordinary share less Dividend Tax of 46.40000 cents per ordinary share).

By order of the board

N van Wyk
Company Secretary

16 May 2018

Annexure 2 – Dividend announcements

(continued)



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 24

Notice is hereby given that preference dividend number 24 has been declared from income reserves for the period 1 October 2017 to 31 March 2018 amounting to a gross preference dividend of 7.26027 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, 8 June 2018.

For shares trading on the Johannesburg Stock Exchange (JSE), the dividend of 7.26027 pence per preference share is equivalent to a gross dividend of 123.53712 cents per share, which has been determined using the Rand/Pound Sterling average buy/sell forward rate as at 11h00 (SA Time) on Wednesday, 16 May 2018.

The relevant dates relating to the payment of dividend number 24 are as follows:

Last day to trade cum-dividend

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

Shares commence trading ex-dividend

On the Johannesburg Stock Exchange (JSE)	Wednesday, 6 June 2018
On The International Stock Exchange (TISE)	Thursday, 7 June 2018

Record date (on the JSE and TISE)

Friday, 8 June 2018

Payment date (on the JSE and TISE)

Monday, 18 June 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 6 June 2018 and Friday, 8 June 2018, both dates inclusive, nor may transfers between the United Kingdom share register and the South African branch register take place between Wednesday, 6 June 2018 and Friday, 8 June 2018, both dates inclusive.

Additional information for South African resident shareholders of Investec plc

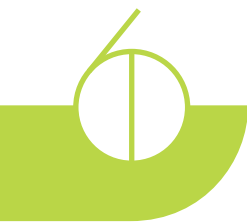
- Investec plc United Kingdom tax reference number: 2683967322360
- The issued preference share capital of Investec plc is 2 754 587 preference shares
- The dividend paid by Investec plc to shareholders recorded on the South African branch register is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- The net dividend amounts to 98.82970 cents per preference share for preference shareholders liable to pay the Dividend Tax and 123.53712 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

D Miller

Company Secretary

16 May 2018



Annexure 2 – Dividend announcements

(continued)

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 14

Notice is hereby given that preference dividend number 14 has been declared from income reserves for the period 1 October 2017 to 31 March 2018 amounting to a gross preference dividend of 485.34589 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, 8 June 2018.

The relevant dates for the payment of dividend number 14 are as follows:

Last day to trade cum-dividend	Tuesday, 5 June 2018
Shares commence trading ex-dividend	Wednesday, 6 June 2018
Record date	Friday, 8 June 2018
Payment date	Monday, 18 June 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 6 June 2018 and Friday, 8 June 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 register is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- The net dividend amounts to 388.27671 cents per preference share for preference shareholders liable to pay the Dividend Tax and 485.34589 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

D Miller
Company Secretary
16 May 2018

Annexure 2 – Dividend announcements

(continued)



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 27

Notice is hereby given that preference dividend number 27 has been declared from income reserves for the period 1 October 2017 to 31 March 2018 amounting to a gross preference dividend of 397.31947 cents 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, 8 June 2018.

The relevant dates for the payment of dividend number 27 are as follows:

Last day to trade cum-dividend	Tuesday, 5 June 2018
Shares commence trading ex-dividend	Wednesday, 6 June 2018
Record date	Friday, 8 June 2018
Payment date	Monday, 18 June 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 6 June 2018 and Friday, 8 June 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 317.85558 cents per preference share for shareholders liable to pay the Dividend Tax and 397.31947 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

N van Wyk
Company Secretary

16 May 2018



Annexure 2 – Dividend announcements

(continued)

Investec Bank Limited

Incorporated in the Republic of South Africa
Registration number 1969/004763/06
Share code: INLP
ISIN: ZAE000048393

Preference share dividend announcement

Non-redeemable non-cumulative non-participating preference shares (preference shares)

Declaration of dividend number 30

Notice is hereby given that preference dividend number 30 has been declared by the Board from income reserves for the period 1 October 2017 to 31 March 2018 amounting to a gross preference dividend of 425.72498 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, 8 June 2018.

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

Last day to trade cum-dividend	Tuesday, 5 June 2018
Shares commence trading ex-dividend	Wednesday, 6 June 2018
Record date	Friday, 8 June 2018
Payment date	Monday, 18 June 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 6 June 2018 and Friday, 8 June 2018, both dates inclusive.

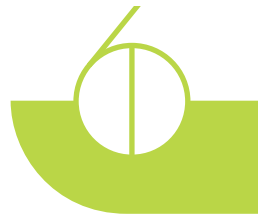
Additional information to take note of:

- Investec Bank Limited tax reference number: 9675/053/71/5
- The issued preference share capital of Investec Bank Limited is 15 447 630 preference shares
- The dividend paid by Investec Bank Limited is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- The net dividend amounts to 340.57998 cents per preference share for shareholders liable to pay the Dividend Tax and 425.72498 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

N van Wyk
Company Secretary

16 May 2018



Investec plc and Investec Limited

Secretary and registered office

Investec plc

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Internet address

www.investec.com

Registration number

Investec plc

Registration number 3633621

Investec Limited

Registration number 1925/002833/06

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Ernst & Young Inc.

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Rosebank Towers
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Rosebank 2196
PO Box 61051
Marshalltown 2107
Telephone (27) 11 370 5000

Directorate as at 16 May 2018

Executive directors

Stephen Koseff (chief executive officer)
Bernard Kantor (managing director)
Glynn R Burger (group risk and finance director)
Hendrik J du Toit (chief executive officer, Investec
Asset Management)

Non-executive directors

Perry KO Crosthwaite (chairman)
Zarina BM Bassa (senior independent director)
Laurel C Bowden
Cheryl A Carolus
David Friedland
Philip A Hourquebie
Charles R Jacobs
Ian R Kantor
Lord Malloch-Brown KCMG
Khumo L Shuenyane

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