Investec plc
and Investec Limited
(combined results)
Unaudited combined consolidated financial results for the year ended 31 March

Out of the Ordinary

Investec

2018

This announcement covers the results of the Investec group for the year ended 31 March 2018.

Basis of presentation

Statutory basis

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

Ongoing basis

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

This basis of presentation is consistent with the approach adopted for the prior year ended 31 March 2017. A reconciliation between the statutory and ongoing income statement is provided.

Unless the context indicates otherwise, all comparatives included in the commentary relate to the year ended 31 March 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 GBP7.3 billion, which together with favourable market levels has supported higher average funds under management
- The banking businesses have benefited from sound levels of corporate and private client activity driving strong loan book growth over the year
- The group has continued to invest into the business, positioning itself for further growth across its client franchise businesses and ensuring that it remains competitive and relevant in the markets in which it operates
- Impairments on the legacy portfolio have increased in anticipation of accelerated exits of certain assets in line with the group's strategy of managing down this portfolio
- Taking into account the abovementioned factors, the group has achieved satisfactory operating performance against a challenging backdrop in its two core geographies, 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 GBP607.5 million (2017: GBP599.1 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 GBP701.0 million (2017: GBP663.7 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 GBP160.6 billion (31 March 2017: GBP150.7 billion) – an increase of 6.2% on a currency neutral basis.
- Customer accounts (deposits) increased 6.5% to GBP31.0 billion (31 March 2017: GBP29.1 billion) – an increase of 5.9% on a currency neutral basis.
- Core loans and advances increased 11.6% to GBP24.8 billion (31 March 2017: GBP22.2 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 GBP476 million at 31 March 2017 to GBP313 million through asset sales, redemptions and write-offs.
- The legacy business reported a loss before taxation of GBP93.5 million (2017: GBP64.6 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 GBP12.8 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%.

Stephen Koseff, Chief Executive Officer of Investec said:

"Operating performance during the year was underpinned by sound growth in loans and funds under management and a solid recurring income base, despite a challenging backdrop in South Africa and the UK. The Wealth & Investment and Asset Management businesses generated substantial net inflows, with Asset Management exceeding GBP100 billion of funds under management for the first time. The Specialist Bank continued to see good client acquisition in its core franchise businesses which we have built and developed over a number of years. We have implemented an orderly succession plan and feel confident that we are handing over a business that is well placed to continue to grow both its market position and profitability over the foreseeable future."

Bernard Kantor, Managing Director of Investec said:

"Over the last 40 years we have been building a platform that is capable of being leveraged for further growth. Investec is now a meaningful player across many business areas, both in the UK and South Africa, and we believe the platform is robust, relevant and well positioned for future value creation. We are confident that Hendrik du Toit and Fani Titi, as joint chief executives from October, will lead Investec to new successes for the benefit of shareholders and all our stakeholders."

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Presentation/conference call details

A presentation on the results will commence at 09:00 UK time/10:00 SA time on 17 May 2018. Viewing options as below:

- Live on South African TV (Business Day TV channel 412 DSTV)
- A live and delayed video webcast at www.investec.com
- Toll free numbers for the telephone conference facilities
  - SA participants: 011 535 3500
  - UK participants: 0 808 143 3720
  - Rest of Europe and other participants: + 27 11 535 3500
  - Australian participants: 0 280 152 168
  - USA participants: 1 855 242 3083

About Investec

Investec is an international specialist bank and asset manager that provides a diverse range of financial products and services to a select client base in three principal markets – the UK and Europe, South Africa and Asia/Australia as well as certain other countries. The group was established in 1974 and currently has approximately 10 150 employees.

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

In July 2002 the Investec group implemented a dual listed company structure with listings on the London and Johannesburg Stock Exchanges. The combined group's current market capitalisation is approximately GBP5.5 billion.

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

Overall group performance – ongoing basis

Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests ('operating profit') increased 5.6% to GBP701.0 million (2017: GBP663.7 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 GBP178.0 million (2017: GBP164.8 million) supported by higher average funds under management arising from strong net inflows of GBP5.4 billion and favourable market and currency movements. Earnings were negatively impacted by lower performance fees in South Africa. Total funds under management amounted to GBP103.9 billion (31 March 2017: GBP95.3 billion).

Wealth & Investment

Wealth & Investment operating profit increased by 5.7% to GBP98.6 million (2017: GBP93.2 million). The business benefited from higher average funds under management supported by higher equity market levels over the year and solid net inflows of GBP2.0 billion. Total funds under management amounted to GBP56.0 billion (31 March 2017: GBP54.8 billion).

Specialist Banking

Specialist Banking operating profit increased by 4.3% to GBP474.0 million (2017: GBP454.4 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 GBP9.4 billion (31 March 2017: GBP8.1 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 GBP49.6 million (2017: GBP48.8 million).

Financial statement analysis – ongoing basis

Total operating income

Total operating income before impairment losses on loans and advances increased by 6.9% to GBP2 442.8 million (2017: GBP2 285.9 million).

Net interest income increased by 11.7% to GBP760.1 million (2017: GBP680.5 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 GBP1 361.2 million (2017: GBP1 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 GBP129.7 million (2017: GBP135.6 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 GBP46.8 million (2017: GBP18.9 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 GBP138.2 million (2017: GBP158.0 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 GBP4.3 million (2017: GBP8.1 million income) predominantly impacted by currency volatility over the year.

Impairment losses on loans and advances

Impairments on loans and advances increased from GBP57.1 million to GBP63.9 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 GBP329.3 million (2017: GBP249.8 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 GBP1 623.2 million (2017: GBP1 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:

- GBP23.8 million profit attributable to non-controlling interests in the Asset Management business.
- GBP52.6 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 GBP5.4 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%.

Liquidity and funding

As at 31 March 2018 the group held GBP12.8 billion in cash and near cash balances (GBP5.8 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 in the table below.

	31 March 2018	31 March 2017
Investec plc^		
Capital adequacy ratio	15.4%	15.1%
Tier 1 ratio	12.9%	11.5%
Common equity tier 1 ratio	11.0%	11.3%
Common equity tier 1 ratio ('fully loaded'*)	11.0%	11.3%
Leverage ratio (current)	8.5%	7.8%
Leverage ratio ('fully loaded'*)	8.4%	7.7%
Investec Limited**		
Capital adequacy ratio	14.6%	14.1%
Tier 1 ratio	11.0%	10.7%
Common equity tier 1 ratio	10.2%	9.9%
Common equity tier 1 ratio ('fully loaded'*)	10.2%	9.9%
Leverage ratio (current)	7.5%	7.3%
Leverage ratio ('fully loaded'*)	7.1%	6.8%

^ *The capital adequacy disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the group operates. For Investec plc this does not include the deduction of foreseeable charges and dividends when calculating common equity tier 1 (CET1) capital as required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of this deduction totalling GBP65 million for Investec plc would lower the CET1 ratio by 45bps (31 March 2017: 45bps).*

* *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.*

** *Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from the capital information, Investec Limited's common equity tier 1 ratio would be 25bps (31 March 2017: 24bps) lower.*

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 GBP476 million to GBP313 million through asset sales, redemptions and write-offs. The legacy business reported a loss before taxation of GBP93.5 million (2017: GBP64.6 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 GBP90 million (31 March 2017: GBP125 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 GBP13 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.

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 our clients.

On behalf of the boards of Investec plc and Investec Limited

Perry Crosthwaite	Stephen Koseff	Bernard Kantor
Chairman	*Chief Executive Officer*	*Managing Director*

16 May 2018

Notes to the commentary section above

Presentation of financial information

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

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

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

Foreign currency impact

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

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

Currency per GBP1.00	Year to 31 March 2018 Period end	Year to 31 March 2018 Average	Year to 31 March 2017 Period end	Year to 31 March 2017 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 exchange rate over the period has appreciated by 6.6% and the closing rate has appreciated by 0.9% since 31 March 2017.

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 GBP106 million from GBP158 million as at 31 March 2018 to approximately GBP264 million as at 1 April 2018. This is driven by an increase in legacy impairments of approximately GBP57 million and an increase in ongoing impairments of approximately GBP70 million, partially offset by a reduction of approximately GBP21 million as a result of changes in classification and measurement 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 GBP11 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 GBP48 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 GBP55 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 s 45(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.

Johannesburg and London

Sponsor: Investec Bank Limited

Ongoing financial information

Consolidated summarised ongoing income statement

For the year to GBP'000	31 March 2018	31 March 2017
Net interest income	760 101	680 539
Net fee and commission income	1 361 214	1 271 591
Investment income	129 722	135 631
Share of post taxation profit of associates	46 823	18 890
Trading income/(loss) arising from		
– customer flow	138 244	158 006
– balance sheet management and other trading activities	(4 326)	8 078
Other operating income	11 038	13 158
Total operating income before impairment losses on loans and advances	**2 442 816**	**2 285 893**
Impairment losses on loans and advances	(63 890)	(57 149)
Operating income	**2 378 926**	**2 228 744**
Operating costs	(1 623 210)	(1 502 623)
Depreciation on operating leased assets	(2 421)	(2 169)
Operating profit	**753 295**	**723 952**
Profit attributable to other non-controlling interests	(52 288)	(60 239)
Profit attributable to Asset Management non-controlling interests	(23 817)	(20 291)
Operating profit before taxation	**677 190**	**643 422**
Taxation	(77 448)	(130 438)
Preference dividends accrued	(33 527)	(25 838)
Adjusted earnings	**566 215**	**487 146**
Adjusted earnings per share (pence)	61.3	54.1
Number of weighted average shares (million)	923.5	900.4
Cost to income ratio	66.5%	65.8%

Combined consolidated ongoing segmental analysis

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

For the year to 31 March 2018 GBP'000	UK and Other	Southern Africa	Total group
Asset Management	103 918	74 127	178 045
Wealth & Investment	69 269	29 296	98 565
Specialist Banking	153 460	320 535	473 995
	326 647	**423 958**	**750 605**
Group costs	(33 789)	(15 809)	(49 598)
Total group	**292 858**	**408 149**	**701 007**
Other non-controlling interest – equity			52 288
Operating profit			**753 295**

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

Reconciliation from statutory summarised income statement to ongoing summarised income statement

For the year to 31 March 2018 GBP'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)	**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 earnings	**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%.*

For the year to 31 March 2017 GBP'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)	**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 earnings	**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%.*

Statutory financial information

Salient financial features

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

	Results in Pounds Sterling				
	Actual as reported Year to 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%
Return on average adjusted shareholders' equity	12.1%	12.5%			
Return on average risk-weighted assets	1.45%	1.45%			
Defaults (net of impairments and before collateral) as a percentage of net core loans and advances to customers	1.17%	1.22%			
Loans and advances to customers as a percentage of customer deposits	79.6%	76.2%			
Credit loss ratio (income statement impairment charge as a % of average gross core loans and advances)	0.61%	0.54%			

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

Combined consolidated income statement

GBP'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**
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	**491 062**	**434 504**
Headline earnings adjustments**	(41 415)	(79)
Headline earnings	**449 647**	**434 425**
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

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

Summarised combined consolidated statement of comprehensive income

GBP'000	Year to 31 March 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 GBP11.7 million (year to 31 March 2017: GBP16.8 million).*

Summarised combined consolidated cash flow statement

GBP'000	Year to 31 March 2018	Year to 31 March 2017
Cash inflows from operations	732 242	708 810
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 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 non-sovereign and non-bank cash placements (all of which have a maturity profile of less than three months).

Combined consolidated balance sheet

GBP'000	At 31 March 2018	At 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
Shareholders' equity excluding non-controlling interests	**4 442 094**	**4 131 093**
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
Total equity	**5 428 308**	**4 808 629**
Total liabilities and equity	**57 616 844**	**53 534 832**

Summarised combined consolidated statement of changes in equity

GBP'000	Year to 31 March 2018	Year to 31 March 2017
Balance at the beginning of the year	**4 808 629**	**3 859 307**
Total comprehensive income for the year	567 920	1 120 356
Share-based payments adjustments	69 218	55 961
Dividends paid to ordinary shareholders	(227 908)	(216 602)
Dividends declared to perpetual preference shareholders and Other Additional Tier 1 security holders	(15 736)	(15 279)
Dividends paid to perpetual preference shareholders included in non-controlling interests and Other Additional Tier 1 security holders	(17 244)	(10 379)
Dividends paid to non-controlling interests	(63 688)	(48 195)
Issue of ordinary shares	125 240	228 086
Issue of Other Additional Tier 1 security instruments	271 058	–
Redemption of perpetual preference shares	–	(81 743)
Issue of equity by subsidiaries	12 695	17 042
Net equity impact of non-controlling interest movements	20 057	12 500
Other equity movements	–	(80)
Movement of treasury shares	(121 933)	(112 345)
Balance at the end of the year	**5 428 308**	**4 808 629**

Combined consolidated segmental analysis

Year to 31 March GBP'000	UK and Other	Southern Africa	Total group
Segmental geographical and business analysis of operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests			
2018			
Asset Management	103 918	74 127	178 045
Wealth & Investment	69 269	29 296	98 565
Specialist Banking	59 958	320 535	380 493
	233 145	**423 958**	**657 103**
Group costs	(33 789)	(15 809)	(49 598)
Total group	**199 356**	**408 149**	**607 505**
Other non-controlling interest – equity			52 288
Operating profit			**659 793**
2017			
Asset Management	91 262	73 562	164 824
Wealth & Investment	65 190	28 053	93 243
Specialist Banking	104 604	285 226	389 830
	261 056	**386 841**	**647 897**
Group costs	(36 163)	(12 613)	(48 776)
Total group	**224 893**	**374 228**	**599 121**
Other non-controlling interest – equity			60 239
Operating profit			**659 360**

Analysis of financial assets and liabilities by category of financial instrument

At 31 March 2018 GBP'000	Total instruments at fair value	Total instruments at amortised cost	Insurance related linked instruments at fair value	Non-financial instruments or scoped out of IAS 39	Total
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.

		Fair value category		
At 31 March 2018 GBP'000	**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.

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	Interest rate curves, implied bond spreads, equity volatilities
Investment portfolio	Discounted cash flow model, relative valuation model Comparable quoted inputs	Discount rate and fund unit price, net assets
Loans and advances to customers	Discounted cash flow model	Yield curves
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

The following is a reconciliation of the opening balances to the closing balances for fair value measurement in level 3 of the fair value hierarchy.

For the year to 31 March 2018 GBP'000	Total level 3 financial instruments
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**

During the year, GBP55.3 million has been transferred to level 2 due to an observable input becoming available to the valuation model.

In addition GBP17.9 million has been transferred to level 2 due to valuation methodologies being reviewed and observable inputs being used to determine the fair value.

GBP7.1 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 GBP'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**

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 GBP'000	Significant unobservable input	Range of unobservable input used	Favourable changes GBP'000	Unfavourable changes GBP'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)**
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.*

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.

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

Fair value of financial assets and liabilities at amortised cost

At 31 March 2018 GBP'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

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 232.00000 cents per ordinary share has been determined by converting the Investec plc distribution of 13.50000 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

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 01 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, 08 June 2018.

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

Last day to trade cum-dividend	Tuesday, 05 June 2018
Shares commence trading ex-dividend	Wednesday, 06 June 2018
Record date	Friday, 08 June 2018
Payment date	Monday, 18 June 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 06 June 2018 and Friday, 08 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
- 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

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

Ordinary share dividend announcement

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

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

Declaration of dividend number 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 46.40000 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

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 01 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, 08 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 for the payment of dividend number 24 are as follows:

Last day to trade cum-dividend	
On the Johannesburg Stock Exchange (JSE)	Tuesday, 05 June 2018
On The International Stock Exchange (TISE)	Wednesday, 06 June 2018
Shares commence trading ex-dividend	
On the Johannesburg Stock Exchange (JSE)	Wednesday, 06 June 2018
On The International Stock Exchange (TISE)	Thursday, 07 June 2018
Record date (on the JSE and TISE)	Friday, 08 June 2018
Payment date (on the JSE and TISE)	Monday, 18 June 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 06 June 2018 and Friday, 08 June 2018, both dates inclusive, nor may transfers between the United Kingdom share register and the South African branch register take place between Wednesday, 06 June 2018 and Friday, 08 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

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 01 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, 08 June 2018.

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

Last day to trade cum-dividend	Tuesday, 05 June 2018
Shares commence trading ex-dividend	Wednesday, 06 June 2018
Record date	Friday, 08 June 2018
Payment date	Monday, 18 June 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 06 June 2018 and Friday, 08 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

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

Registered office:
2 Gresham Street, London
EC2V 7QP, United Kingdom

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

Company Secretary:
D Miller•

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

Registered office:
100 Grayston Drive
Sandown, Sandton, 2196

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

Company Secretary:
N van Wyk

Directors:
PKO Crosthwaite• (Chairman),
S Koseff□ (Chief Executive),
B Kantor□ (Managing Director),
ZBM Bassa, LC Bowden•
GR Burger□, CA Carolus,
HJ du Toit□, D Friedland,
PA Hourquebie†, CR Jacobs^,
IR Kantor∆, Lord Malloch-Brown KCMG•,
KL Shuenyane, F Titi

□Executive •British ∆Dutch ^Irish

†Appointed on 14 August 2017.
PRS Thomas resigned effective 10 August 2017.
PKO Crosthwaite was appointed as chairman on 16 May 2018.

Sponsor:
Investec Bank Limited