RESULTS PRESENTATION | 2019

Year-end

Investec

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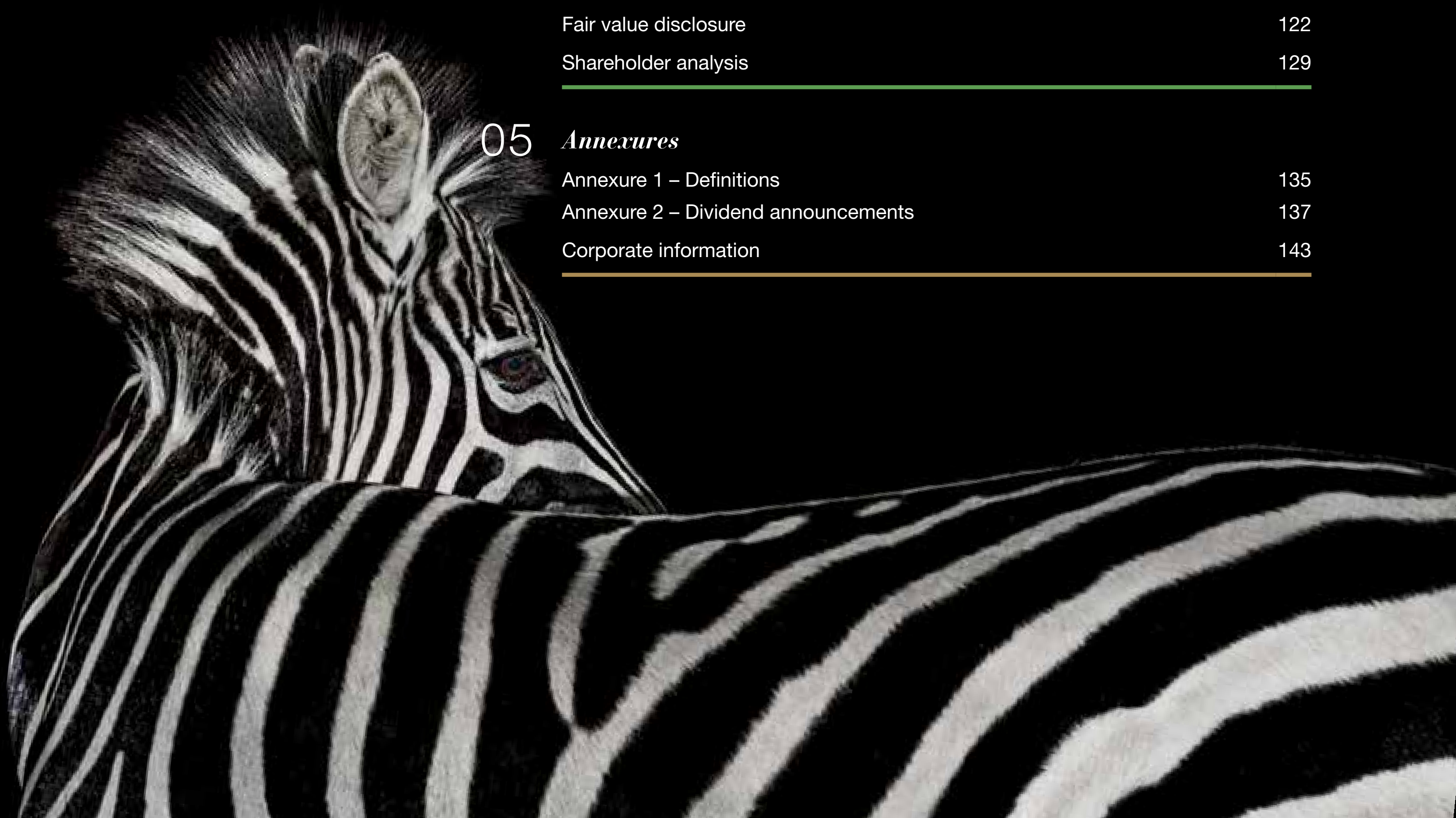


Our purpose

Our purpose is to create and manage wealth for all stakeholders. Guided by our vision to create sustained long-term wealth, we seek to grow our core businesses and at the same time have a positive impact on the success and well-being of all our stakeholders, the environment and overall macroeconomic stability.

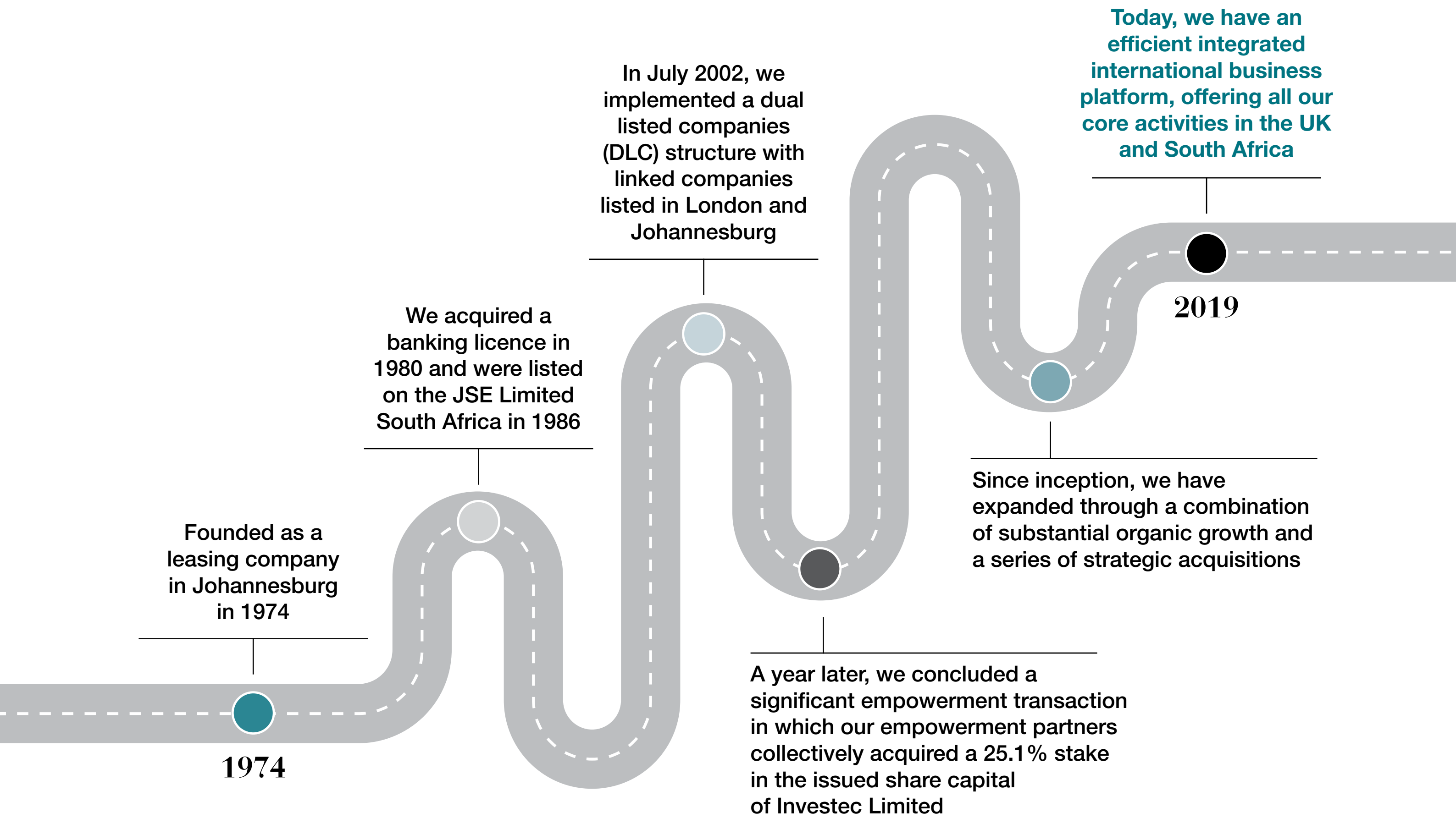
Our mission

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

Investec (comprising Investec Limited and Investec plc) 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.

We focus on delivering distinctive profitable solutions to our clients in three core areas of activity namely, Asset Management, Wealth & Investment and Specialist Banking.

Our journey



Our values and philosophies

Distinctive performance

- We employ talented people with passion, energy and stamina, who exercise common sense in achieving effective performance in a high pressure, multi-task environment
- We promote innovation and entrepreneurial freedom to operate within the context of risk consciousness, sound judgement and an obligation to do things properly
- We show concern for people, support our colleagues and enlarge growth.

Client focus

- We break china for the client, having the tenacity and confidence to challenge convention
- We thrive on change, continually challenging the status quo and recognising that success depends on flexibility, innovation and enthusiasm in meeting the needs of our changing environment.

Cast-iron integrity

- We demand cast-iron integrity in all internal and external dealings, consistently and uncompromisingly displaying moral strength and behaviour which promotes trust.

Dedicated partnership

- We believe that open and honest dialogue is the appropriate process to test decisions, seek consensus and accept responsibility
- We are creative individuals who co-operate and collaborate unselfishly in pursuit of group performance
- We respect the dignity and worth of the individual through encouraging openness and embracing difference and by the sincere, consistent and considerate manner in which we interact.

Our strategy

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

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

Our 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.

Group strategic focus

- Simplify, focus and grow with discipline
- Leverage our unique client profile and provide our clients with an integrated holistic offering
- Support our high-touch client approach with a comprehensive digital offering
- Ensure domestic relevance and critical mass in our chosen geographies
- Facilitate our clients with cross-border transactions and flow across our chosen geographies.

The Investec distinction

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-tech, high-touch approach
- 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.

Divisional strategic focus

Asset Management

- Grow our advisor business
- Grow our North America institutional business
- Continue to invest across our investment platforms, especially Multi-asset and China
- Embrace the sustainability trend
- Achieve a successful demerger and listing

Bank and Wealth

- Focused on enhancing effectiveness of operating platform to better serve clients and deliver long-term shareholder returns
- Increase discipline in capital allocation
- Manage the cost base for greater efficiencies
- Accelerate revenue growth
- Expanding connectivity across the organisation to more fully serve client needs
- Bolster digital capabilities

Strategic review and demerger of the Investec Asset Management business

As announced on 14 September 2018 following a strategic review, the group made a decision to demerge and separately list the Investec Asset Management (IAM) business. The demerger and the listing of IAM is subject to regulatory and shareholder approvals, and is expected to be completed during the second half of 2019.

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		Private client (high net worth / high income) / charities / trusts
• Investment management services to external clients	• Lending • Transactional banking • Treasury solutions • Advisory • Investment activities • Deposit raising activities	• Investment management services • Independent financial planning advice

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

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

CAPITAL LIGHT ACTIVITIES

56%

Contributed to group income

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

CAPITAL INTENSIVE ACTIVITIES

44%

Contributed to group income

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

Fee and commission income ← **Types of income** → **Net interest, investment, associate and trading income**

Technology is both a business enabler and a catalyst for continuous improvement in executing our strategies in a digital era

Digital strategy

Clients are at the core of our business and we strive to provide them with a high quality of service by being nimble, flexible and innovative.

Our digitalisation strategy is centred on optimisation and transformation of our existing businesses, whilst ensuring we maintain a strong client centric focus.

We aim to achieve this through a multi-pronged strategy, focusing on visible client facing digital capability, end-to-end internal digitalisation, and strong connectivity into the external business ecosystem.

OBJECTIVES AND FOCUS AREAS

Digital transformation

- Channel engagement
- Digitising products and service through the value chain
- Integration around client grouping
- Learning initiatives
- Productivity optimisation

Fintech and external ecosystem engagement

- **Partnerships:**
  - Open banking
- **Investment:**
  - Emerging companies
- Acquisitions
- Outsourced capability

New digital ventures

- **New ventures aligned with Investec strategy**
  - Banking for Business
  - Investec Life

KEY RESULTS

- Exploiting existing business capability
- Exploring new business models
- A high-touch, high-tech experience for our clients
- Continuous improvement in our ability to execute strategy in a digital era

In the past few years, we have created an international high-tech, high-touch digital platform for clients with global access to products and services. Our integrated client centric strategy leverages off the natural linkages within the private client businesses and with the corporate banking businesses. We are continually enhancing and evolving our client digital platforms to ensure a seamless, integrated client service experience, now including a dedicated Investec for Intermediaries, and a business banking experience.

We are focused on optimising the internal value chain, and improving productivity. We have executed on a number of core platform improvements, and a dedicated digital workplace strategy is underway to support this initiative. Our technology strategy is well positioned to leverage off the developing technology landscape, illustrated by our growing robotic process automation practice and our utilisation of data and artificial intelligence.

Whilst pursuing new digital ventures of our own, we are also partnering with the growing fintech ecosystem. These initiatives have allowed us to deliver value to our clients and the organisation, and develop new business models to help shape our future strategy. Relationships formed through our Investec Emerging Companies teams across the world, and a dedicated Fintech partnership team has built a strong pipeline of innovation.

Going forward, we believe a partnership model will form the basis for a number of our new ventures, in order to assist in rapidly transforming our core business capabilities. This will be a strategic shift in how we have historically built channels, products and new business lines.

Our continued technology investment to support our digitalisation strategy has allowed us to move forward to deliver on the core promise of our overall value proposition.

Highlights for the year ended 31 March 2019:

- Refreshed Private Client web and app experience globally
- Launch of Investec for Intermediaries (unified digital interface) in South Africa
- Launch of Business Banking platforms in both the UK and South Africa
- Launch of Investec Open API which brings Investec into the Open Banking arena and provides Investec a new channel to distribute and service our products in the UK
- Launch of a High Net Worth (HNW) mortgage lending platform in the UK
- Launch of a dedicated Advisor platform for Intermediaries to our UK Financial Products business.

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OVERVIEW OF RESULTS

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 each 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.

	31 March 2019		31 March 2018	
Currency per £1.00	**Year end**	**Average**	Year end	Average
South African Rand	18.80	18.04	16.62	17.21
Australian Dollar	1.83	1.80	1.83	1.72
Euro	1.16	1.13	1.14	1.14
US Dollar	1.30	1.31	1.40	1.33

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 depreciated by 4.8% and the closing rate has depreciated by 13.1% since 31 March 2018.

South Africa

Our views

South Africa's GDP growth moderated to 0.8% in 2018 amidst elevated levels of risk aversion and slower-paced global economic growth

Calendar year 2018	Calendar year 2017
0.8% Economic growth	**1.3%** Economic growth

Calendar year 2018	Calendar year 2017
R55 595 GDP per capita	**R55 930** GDP per capita

The past financial year saw elevated levels of risk aversion in global financial markets over most of the period (excluding the last quarter), with substantial foreign sell-off of emerging market portfolio assets, volatile equity markets and rising US bond yields. During the first three quarters of the period under review, fears of a global economic slowdown escalated, as did the normalisation of US monetary policy, while a deterioration in the US-China trade relations also added to the risk-off market sentiment. Entering 2019, US monetary policy became substantially less hawkish, causing markets to recalibrate US interest rate expectations from further hikes, to the possibility of rate cuts this year. The switch in the market's US interest rate outlook led to a marked reduction in risk aversion, with global equity markets rising materially and South Arica's All Share Index (ALSI) following alongside, delivering close to 8% in total returns quarter on quarter for the final quarter of the period under review. This is after the near correction in the global MSCI in the quarter before.

The global economy likely saw slightly weaker growth last year, continuing to expand, but at somewhat of a less rapid pace, with slower growth in industrial production and trade, while globally financial conditions mostly tightened. South Africa's Gross Domestic Product (GDP) growth moderated to 0.8% year-on-year for calendar year 2018, from 1.3% year-on-year in 2017. Domestic government and parastatal fixed investment was lower, business confidence faltered on the perceived slow pace of reforms and worries over a credit rating downgrade from Moody's grew. Increasingly higher US interest rates over calendar year 2018 also saw South Africa deliver an interest rate hike towards the end of the year, reversing the cut towards the start of the year. Domestic growth in household consumption expenditure slowed and the ratio of household debt to disposable income lowered. Escalation in fears around global economic growth sharply moderated oil prices towards the end of 2018, causing South Africa to see markedly lower inflation as fuel prices were cut.

The South African government has affirmed its support of eradicating corruption and state capture, as well as repairing the financial health of the State Owned Enterprises (SOEs) and fiscal consolidation. A range of new key government, parastatal and institution appointments have occurred, and the new mining charter is seen as a substantial improvement that should enable fixed investment and growth in the sector – as would an improved Minerals and Petroleum Bill – the last one has been scrapped in the interim.

South Africa's investment grade credit rating from Moody's was recently confirmed, with the agency recognising that it is "supported by a diversified economy, a sound macroeconomic policy framework and a deep pool of domestic investors thanks to a well-developed financial sector and markets". Moody's recognised that "while economic growth will remain slow and fiscal strength will continue eroding, we expect South Africa's credit profile to remain in line with those of Baa3-rated sovereigns. We expect that the government's policies and the institutions will remain focused on addressing this trend but any reversal will be gradual at best given that social, economic and fiscal policy objectives will remain difficult to reconcile".

Looking forward, with the ANC gaining 58% of the vote in the May 2019 National elections, the downward slide in support for the party has been halted (the 2016 municipal elections saw the ANC drop to below 55%), and expectations are that Cyril Ramaphosa, remaining President of SA, will now press forward with strengthening governance substantially. With increased political stability for South Africa's leading political party, and a return to centrist politics and economic policies, faster economic growth is anticipated on the back of a repair to the country's competitiveness. The cabinet is expected to be trimmed down, with some ministries combined, new executives appointed, and a strong focus on deliverables with the objectives of economic growth, job creation and transformation. A policy and research advisory unit will give the President a clear view of policy design and implementation, with the focus on investment and economic growth, with a new growth and industrial policy for SA to be announced after the President's inauguration on 25th May. The markets have reacted positively to the election outcome in SA, with the expected case of strengthening growth, a lift in business confidence and investment, and the retention of Moody's investment grade ratings on SA long-term sovereign debt, now increasingly likely.

United Kingdom

Our views

UK economic expansion has slowed due to extreme weather conditions and contraction of business confidence

Calendar year 2018	Calendar year 2017
1.4% Economic growth	**1.8%** Economic growth

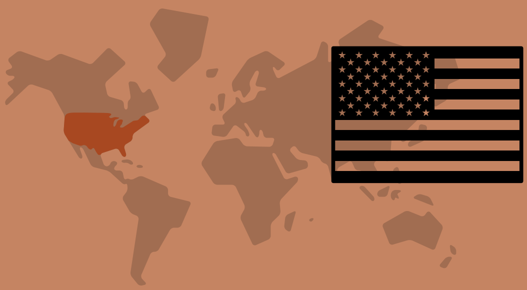
Calendar year 2018	Calendar year 2017
£30 594 **GDP per capita**	**£30 367** **GDP per capita**

Over the full 2018 calendar year, UK economic growth slowed to a six-year low of 1.4%. Extreme weather conditions resulted in an erratic quarterly profile for GDP. Heavy snow in early 2018 meant the economy barely grew in the first quarter of 2018, while record-breaking temperatures in the summer resulted in a 0.7% GDP growth in the third quarter of 2018. Uncertainty around the UK's departure from the European Union (EU) (Brexit) has continued throughout the 2018 calendar year, weighing particularly heavily on business investment such that it has now contracted for four consecutive quarters for the first time since 2009.

In contrast, the British consumer has appeared largely immune to the political stagnancy with household spending continuing to shoulder GDP growth in 2018. Underpinning this has been the continued tightening in the labour market which has seen the unemployment rate fall below 4% for the first time since the mid-1970s and pushed wage growth up to post-crisis highs. At the same time, consumers have faced a lessening inflation burden, with the annual CPI rate having dropped back below the Bank of England's 2% target in early-2019.

The Bank of England's Monetary Policy Committee (MPC) continues to monitor the inflationary threat due to growing pay pressure. This led to the Committee raising the Bank rate by a further 25 basis points to 0.75% in August 2018. However, the MPC has since tempered its guidance on the extent of any further policy tightening in light of the downturn in the global economic cycle. The Committee is currently signalling that it expects to raise interest rates once annually, assuming a smooth Brexit transition.

Negotiations over the terms of Brexit formally concluded in late-November. The two sides agreed a 585-page Withdrawal Agreement in addition to a non-binding political declaration on the future relationship. However, the British Prime Minister has failed to secure parliament's approval for the deal. Consequently the UK scheduled departure date of 29 March has been extended and it is currently unclear when or even if the UK will leave the EU.



United States

Our views

The US economy expanded by 2.9% in 2018, an acceleration on the 2.2% recorded in 2017

Activity was bolstered throughout the year by a step change in the fiscal backdrop as well as tax reforms, but the effects are expected to fade in 2019. Meanwhile, the US administration chose to ratchet up tariffs on Chinese imports in an ongoing trade dispute with Beijing, which has contributed to a sharp slowdown in global trade flows.

While negotiations between the two superpowers could reach a positive conclusion, US economic growth slowed, partly due to a lengthy partial government shutdown. This came about amid a disagreement with the Democratic Party over funding for the construction of a wall on the Mexican border. Such standoffs may be a more common occurrence over the remaining two years of the President's current term after the Democratic Party fought for control of the House of Representatives from the Republican Party in the 2018 US midterm elections.

Conditions in the labour market have continued to improve in 2018, with the unemployment rate reaching a post-1969 low of 3.6% and the number of job openings exceeding the number of jobless for the first time since records for the former began (in 2000). Annual earnings growth reached a decade-high 3.4% in February 2019, as a result of stronger bargaining power among workers.

Against this backdrop, the Federal Open Market Committee (FOMC) opted to raise interest rates four times during the year, taking the Federal funds target range up to 2.25-2.50%. But in the face of a deterioration in the global economic backdrop, the FOMC has now signalled that it will be "patient" in its approach to monetary policy, with policymakers judging interest rate inaction to be "appropriate" in 2019 and just one hike in 2020.

The FOMC has also announced changes to its balance sheet normalisation plans. It now intends to halve the monthly cap on the reduction in its US Treasury holdings to $15 billion from May 2019, thereby lowering the maximum monthly balance sheet run-off to $35 billion (from $50 billion currently). Subsequently, it plans to cease the aggregate run-off altogether in September 2019 and pivot the composition of the Federal Reserve's balance sheet more towards US Treasuries by reinvesting maturing agency bonds and mortgage-backed securities into US government debt up to a limit of $20 billion per month.

Eurozone

Our views

The Eurozone expanded by 1.8% in 2018 in its weakest performance since 2014

A number of temporary factors weighed on the economy over the 2018 calendar year, including more onerous car emissions tests, adverse weather conditions and a recession in Italy. Towards the tail end of the year, the Eurozone began to suffer from the spillover effects of the tariff dispute between Washington and Beijing. Purchasing Managers' Index (PMI) surveys suggest that the resulting deterioration in global trade flows has further weighed into early 2019, particularly that for the manufacturing sector, which slid to a near six-year low in March 2019.

By comparison, the labour market has remained robust, with the unemployment rate at a post-2008 low of 7.7% and annual compensation growth at 2.2%. However, the lagged nature of the linkages between activity and jobs means that we may start to see a softening in labour market dynamics over the course of 2019. A further source of disappointment has been the low inflation, with the core Harmonized Index of Consumer Prices (HICP) rate having failed to break out of the 0.7 – 1.3% range it has been stuck in since 2016.

Throughout 2018, the European Central Bank (ECB) left both the main refinancing rate and the deposit rate unchanged at 0.00% and -0.40% respectively. The ECB did however conclude its quantitative easing (or QE) programme at the end of 2018. The subsequent deterioration in eurozone economic momentum has led the Governing Council to judge that the risks to the outlook had shifted to the downside. As such, it now expects that interest rates will "remain at their present levels at least through the end of 2019", having previously indicated that it could commence a hiking cycle during the second half of 2019. In March 2019, the ECB also announced a new round of quarterly targeted longer-term refinancing operations (TLTRO-III), which will allow eligible banks to borrow from the ECB on a two-year basis at a rate indexed to the main refinancing rate.

A number of political events have shaped the eurozone over the financial year. France has experienced widespread protests against fuel tax rises (the Gilets Jaunes movement) which has spiralled into a broader anti-establishment movement. There have been deep divisions among Italy's coalition partners, with disagreements regularly aired in the public domain, fuelling speculation that the country may soon return to the polls. In Spain, the electorate participated in a general election in late-April 2019 after the Budget was defeated in parliament.

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Global stock markets

Our views

Global equity stock markets enjoyed a positive 2018 overall were volatile over the period

Over the second and third quarter of the 2018 calendar year, the MSCI World Index grew by 6%. However, it sharply reversed course in the fourth quarter of 2018 as fears of a global economic downturn prompted a worldwide sell-off in equities, with the Christmas Day trough in the index corresponding to a year-to-date decline of 13.1%. Stocks subsequently recovered in the final three months of the financial year amid an apparent de-escalation in the US/China trade dispute and on the back of a number of central banks being less inclined to raise interest rates.

US equities have been among the strongest performers, with the S&P 500 having risen 7% over the financial year. This was underpinned by technology firms and a wave of stock buybacks spurred by tax reform, with more recent gains stemming from the decision by the Federal Reserve to be "patient" in its approach to policy. Stock markets in other advanced economies have generally fared worse, with the Euro Stoxx 50 edging down 0.3% amid faltering momentum in the eurozone economy and the threat of tariffs being imposed on exports to the US. In contrast, the FTSE 100 rose 3% as Brexit-induced sterling weakness boosted the overseas earnings of UK blue chips.

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

	Year ended 31 March 2019	Year ended 31 March 2018	% change	Average over the year 1 April 2018 to 31 March 2019
Market indicators				
FTSE All share	3 978	3 894	2.2%	4 003
JSE All share	56 463	55 475	1.8%	55 348
S&P	2 834	2 641	7.3%	2 740
Nikkei	21 206	21 454	(1.2%)	21 968
Dow Jones	25 929	24 103	7.6%	25 038
Rates				
UK overnight	0.70%	0.44%		0.62%
UK 10 year	0.97%	1.35%		1.37%
UK Clearing Banks Base Rate	0.75%	0.50%		0.67%
LIBOR – three month	0.85%	0.71%		0.80%
SA R186	8.60%	7.99%		8.80%
Rand overnight	6.73%	6.76%		6.57%
SA prime overdraft rate	10.25%	10.00%		10.09%
JIBAR – three month	7.15%	6.87%		7.03%
US 10 year	2.41%	2.74%		2.89%
Commodities				
Gold	US$1 295/oz	US$1 324/oz	(2.2%)	US$1 263/oz
Brent Crude Oil	US$68/oz	US$70/bbl	(2.9%)	US$71/bbl
Platinum	US$841/oz	US$936/oz	(10.1%)	US$841/oz
Macro-economic				
UK GDP (% change over the calendar year)	1.4%	1.8%		
UK per capita GDP (calendar year, real value in Pounds at constant 2016 prices)*	30 594	30 367	0.7%	
South Africa GDP (% change over the calendar year)	0.8%	1.3%		
South Africa per capita GDP (real value in Rands for calendar year 2018 and 2017)	55 595	55 930	(0.6%)	

* *Population used in 2018 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

This overview covers the statutory results of the Investec group for the year ended 31 March 2019.

Group operational performance supported by our client franchises

- The group has delivered a sound operational performance supported by substantial net inflows, good loan book growth in home currency, and a significantly improved performance from the UK Specialist Banking business.
- This is against a challenging operating environment with weak economic growth in both South Africa and the UK, the group's two core banking markets, as well as mixed equity market performance over the year.
- The Asset Management business generated substantial net inflows supporting higher average funds under management and annuity fees.
- The Bank and Wealth business benefitted from client acquisition and growth in key earnings drivers.
- The Specialist Banking business performance was supported by loan book growth. A reduction in impairments was partly offset by a weak performance from the investment portfolio.
- The Wealth & Investment business generated positive discretionary net inflows. Reported results were affected by certain non-recurring items.
- Operating costs grew faster than revenue. Revenue growth and cost containment remain priorities as outlined over the past year.
- ROE improved from 12.1% to 12.9%.

Overview of results

Group adjusted operating profit increased 9.4% year on year to £664.5 million. The combined South African businesses reported adjusted operating profit 1.8% ahead of the prior period in Rands, whilst the combined UK and Other businesses posted a 36.1% increase in adjusted operating profit in Pounds Sterling. Overall group results have been negatively impacted by the depreciation of the average Rand: Pound Sterling exchange rate of 4.8% over the year. Key earnings drivers have been negatively impacted by the depreciation of the closing Rand: Pound Sterling exchange rate of 13.1% over the year.

*Salient features**

	31 March 2019	31 March 2018	% change	Neutral currency % change
Adjusted operating profit (£'m)	664.5	607.5	9.4%	12.6%
Adjusted earnings attributable to shareholders (£'m)	519.3	491.1	5.8%	9.2%
Adjusted basic earnings per share (pence)	55.1	53.2	3.6%	7.0%
Basic earnings per share (pence)	52.0	51.2	1.6%	4.9%
Dividend per share (pence)	24.5	24.0	2.1%	
Dividend cover (times)	2.2	2.2		
Dividend payout ratio	44.5%	45.1%		
Annuity income as a % of total operating income	76.9%	76.2%		
Credit loss ratio	0.31%	0.61%		
Cost to income ratio (net of non-controlling interests)^	69.9%	68.3%		
Return on adjusted average shareholders' equity	12.9%	12.1%		
Third party assets under management (£'bn)	167.2	160.6	4.1%	8.3%
Customer accounts (deposits) (£'bn)	31.3	31.0	1.0%	8.7%
Core loans and advances (£'bn)	24.9	25.1	(0.8%)	6.8%
Cash and near cash (£'bn)	13.3	12.8	3.6%	10.0%

* *Refer to definitions on pages 135 to 136.*

^ *The group has changed its cost to income ratio definition to exclude operating profits or losses attributable to other non-controlling interests. Refer to definitions on page 135.*

- The group maintained a sound capital position with common equity tier one (CET 1) ratios of 10.8% for Investec plc and 10.5% for Investec Limited. Investec Limited has received regulatory permission to adopt the Foundation Internal Ratings Based (FIRB) approach, effective 1 April 2019, resulting in a pro-forma CET 1 ratio of 11.6% had the FIRB approach been applied as of 31 March 2019. Leverage ratios are robust and remain comfortably ahead of the group's target of 6%.
- The proposed demerger and separate listing of Investec Asset Management (still subject to regulatory and shareholder approvals) is progressing well.

Business unit review

Asset Management

Assets under management have increased by 7.3% to £111.4 billion as at 31 March 2019. Substantial net inflows of £6.1 billion supported higher average assets under management, together with favourable market and currency movements. Asset Management adjusted operating profit increased by 0.7% to £179.4 million (2018: £178.0 million). Earnings were impacted by lower performance fees in South Africa and higher costs in the UK, including ongoing investment in the business, Markets in Financial Instruments Directive II (MiFID II) and new premises costs.

Bank and Wealth

Adjusted operating profit from the combined Bank and Wealth business increased by 13.0% to £485.2 million (2018: £429.5 million).

Specialist Banking – adjusted operating profit increased by 18.0% to £448.9 million (2018: £380.5 million).

The South African business reported an increase in adjusted operating profit in Rands of 2.3%. Earnings were supported by growth in private client interest and fee income and an increase in associate earnings from a realisation in the IEP Group. This was partially offset by subdued corporate activity levels and a weaker performance from the equity and investment property portfolios; impacted by a weak domestic economy. Overall net core loans grew 5.6% to R271.2 billion at 31 March 2019. Costs increased ahead of revenue, impacted by the prior-year rental provision release. The credit loss ratio 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 significant increase in adjusted operating profit. A strong increase in net interest income was supported by loan book growth of 8.5% (to £10.5 billion) driven by both corporate client lending and Private Bank mortgage origination. This was largely offset by a decrease in non-interest revenue with a weaker performance from the investment portfolio and subdued levels of client trading. Impairments decreased with no repeat of substantial legacy portfolio losses. The credit loss ratio amounted to 0.38% (2018: 1.14% under the IAS 39 incurred impairment loss model). Costs increased 2.0%, broadly in line with inflation, as the investment phase in the Private Bank is now largely complete. Taken together, the bank's cost to income ratio was 77.4% (2018: 76.7%).

Wealth & Investment – adjusted operating profit decreased by 16.2% to £82.6 million (2018: £98.6 million).

The core global Wealth & Investment business performed in line with the prior year. However, overall reported earnings were impacted by a non-recurring investment gain realised in the prior year and the current year write-off of capitalised software in the Click & Invest business as detailed below. The underlying business generated annuity revenue growth, but lower transaction based fees. Positive discretionary net inflows were partly offset by non-discretionary outflows resulting in net inflows of £0.4 billion. Assets under management decreased by 1.7% to £55.1 billion as at 31 March 2019, primarily impacted by currency and market movements.

We have reviewed the Click & Invest online investment platform and decided to discontinue the service in line with the group's commitment to manage costs and allocate capital effectively.

The underlying operating loss of Click & Invest was circa £12.8 million (2018: £13.5 million). In addition a circa £6 million write-off of capitalised software was taken in the current year. The group remains committed to developing its digital initiatives and will look to incorporate the technology into its offering.

Further information on key developments within each of the business units is provided in the group results analyst booklet published on the group's website: http://www.investec.com

Group costs

These largely relate to a portion of executive and support functions costs associated with group level activities, group brand, marketing, and corporate social responsibility initiatives. These costs are not incurred by the operating divisions and are necessary to support the operational functioning of the group. These costs decreased to £46.3 million (2018: £49.6 million). Management is committed to bringing these costs down further over time.

Financial statement analysis

Total operating income

Total operating income before expected credit loss impairment charges increased by 1.8% to £2,486.3 million (2018: £2,443.5 million).

Net interest income increased by 7.2% to £815.4 million (2018: £760.4 million) driven by lending activity and endowment impact from rate rises in the UK.

Net fee and commission income increased by 0.9% to £1,373.6 million (2018: £1,361.2 million). Strong annuity fees from the asset and wealth management businesses, as well as a good performance from the UK investment banking business was offset by lower performance, brokerage and deal fees in the South African businesses.

Investment income decreased to £50.0 million (2018: £130.0 million) reflecting a weak performance from the group's listed and unlisted investment portfolio, as well as from the investment property portfolio in South Africa.

Share of post taxation profit of associates of £68.3 million (2018: £46.8 million) reflects earnings in relation to the group's investment in the IEP Group. The increase is largely driven by a realisation within the IEP Group.

Trading income arising from customer flow decreased by 12.7% to £120.7 million (2018: £138.2 million) reflecting subdued client flow trading levels given the uncertainty in both geographies.

Trading income from balance sheet management and other trading activities increased to £42.0 million (2018: £4.3 million loss). The increase is largely reflective of translation gains on foreign currency equity investments in South Africa (partially offsetting the related weaker investment income performance) as well as the unwind of the UK subordinated debt fair value adjustment (recognised on the adoption of IFRS 9) as the instrument pulls to par over its remaining term.

Expected credit loss (ECL) impairment charges

The total ECL impairment charges amounted to £66.5 million, a substantial reduction from £148.6 million (under the IAS 39 incurred loss model) in the prior year, primarily reflecting a reduction in legacy impairments. The group's credit loss ratio is within its long term average range at 0.31% (2018: 0.61%). Since

1 April 2018 gross core loan Stage 3 exposures have reduced by 29% to £521 million driven by a reduction of legacy exposures. Net Stage 3 exposures as a percentage of net core loans subject to ECL was 1.3% (1 April 2018: 2.0%).

Total operating costs

Operating costs increased 3.8% to £1,695.0 million (2018: £1,632.7 million) primarily driven by higher premises costs given the prior-year rental provision release in South Africa and headcount growth to support business activity, regulatory requirements and information technology development. The cost to income ratio (net of non-controlling interests) amounted to 69.9% (2018: 68.3%).

Taxation

The effective tax rate amounted to 12.0% (2018: 9.6%) which remains below the group's historical effective tax rate impacted by the utilisation of tax losses and the release of provisions no longer required.

Non-operational costs

Non-operational costs amounted to £19.5 million (2018: £6.0 million) and relate primarily to the restructure of the Irish branch as a consequence of Brexit and costs incurred as part of the proposed demerger and separate listing of the Investec Asset Management business.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests mainly comprises:

- £25.7 million (2018: £23.8 million) profit attributable to non-controlling interests in the Asset Management business.
- £58.0 million (2018: £52.6 million) profit attributable to non-controlling interests in the Investec Property Fund.

Balance sheet analysis

Since 31 March 2018:

- Shareholders' equity decreased by 2.8% to £4.3 billion primarily as a result of the adoption of IFRS 9 on 1 April 2018 as well as from the depreciation of the closing Rand: Pounds Sterling exchange rate.
- Net asset value per share decreased 4.1% to 434.1 pence and net tangible asset value per share (which excludes goodwill and intangible assets) decreased 3.9% to 386.0 pence, primarily as a result of the adoption of IFRS 9 as well as from the depreciation of the closing Rand: Pound Sterling exchange rate.
- The return on adjusted average shareholders' equity increased from 12.1% to 12.9%.

Liquidity and funding

As at 31 March 2019 the group held £13.3 billion in cash and near cash balances (£7.0 billion in Investec plc and R118.4 billion in Investec Limited) which amounted to 42.4% of customer deposits. Cash balances increased in the UK largely driven by prefunding ahead of the restructure of the Irish branch. As a result of Brexit, deposit raising in our Irish business will no longer be undertaken and existing deposits are being unwound. The group continues to focus on maintaining an optimal overall liquidity and funding profile. Loans and advances to customers as a percentage of customer deposits amounted to 78.4% (31 March 2018: 79.6%). The group comfortably exceeds regulatory 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 2019 with the three-month average of its LCR at 135.6% and an NSFR of 115.6%. 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 2019 was 313% for Investec plc and 291% 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 128% for Investec plc and 126% 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 maintained a sound capital position with a CET 1 ratio of 10.8% for Investec plc and 10.5% for Investec Limited. Investec Limited has received regulatory permission to adopt the FIRB approach, effective 1 April 2019, resulting in a pro-forma CET 1 ratio of 11.6% had the FIRB approach been applied as of 31 March 2019. Leverage ratios are robust and remain comfortably ahead of the group's target of 6%. Refer to page 88 for further capital adequacy disclosures.

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

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

On behalf of the boards of Investec plc and Investec Limited

PKO Crosthwaite.

Perry Crosthwaite
Chairman

Fani Titi
Joint Chief Executive Officer

Hendrik du Toit
Joint Chief Executive Officer

15 May 2019

Accounting policies and disclosures

These unaudited condensed 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 2019 are consistent with those adopted in the financial statements for the year ended 31 March 2018 except as noted below.

On 1 April 2018 the group adopted IFRS 9 'Financial Instruments: Recognition and Measurement' which replaced IAS 39 and sets out the new requirements for the recognition and measurement of financial instruments. These requirements focus primarily on the classification and measurement of financial instruments and measurement of impairment losses based on an ECL model as opposed to an incurred loss methodology under IAS 39. Disclosure related to the initial application and the impact of the transition from IAS 39 to IFRS 9 were included in the group's transition disclosures published on 15 June 2018 which can be accessed via the Investec website at www.investec.com.

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

The financial results have been prepared under the supervision of Nishlan Samujh, the group Finance Director. The financial statements for the year ended 31 March 2019 will be posted to stakeholders on 28 June 2019. 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:
  - changes in the political and/or economic environment that would materially affect the Investec group
  - changes in legislation or regulation impacting on the Investec group's operations or its accounting policies
  - changes in business conditions that will have a significant impact on the Investec group's operations
  - changes in exchange rates and/or tax rates from the prevailing rates outlined in this announcement
  - changes in the structure of the markets, client demand or the competitive environment.
- 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 15 May 2019.
- The information in the announcement for the year ended 31 March 2019, which was approved by the board of directors on 15 May 2019, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006. The 31 March 2018 financial statements were filed with the registrar and were unqualified with the audit report containing no statements in respect of sections 498(2) or 498(3) of the UK Companies Act.
- This announcement is available on the group's website: www.investec.com

Financial assistance

Shareholders are referred to Special Resolution number 3, which was approved at the annual general meeting held on 8 August 2018, relating to the provision of direct or indirect financial assistance in terms of Section 45 of the South African Companies Act, No 71 of 2008 to related or inter-related companies. Shareholders are hereby notified that in terms of S45(5)(a) of the South African Companies Act, the boards of directors of Investec Limited and Investec Bank Limited provided such financial assistance during the period 1 October 2018 to 31 March 2019 to various group subsidiaries.

Outlook

The past year has seen a smooth leadership transition combined with a strategic review of the group. We are on track with the proposed demerger and separate listing of Investec Asset Management which will enhance the long-term prospects of both businesses. We are confident that we have positioned the businesses to ensure they meet their growth objectives and deliver long-term shareholder returns.

2

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 capital light activities and revenue earned from capital intensive activities. 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.

Integrated global management structure

Global roles as at 31 March 2019

Joint chief executive officers	Fani Titi Hendrik du Toit	**Group risk and finance director**	Glynn Burger
		Executive directors	Kim McFarland Stephen Koseff* Bernard Kantor*

GEOGRAPHICAL BUSINESS* LEADERS

	Specialist Banking	Asset Management
South Africa Glynn Burger Richard Wainwright	Richard Wainwright David van der Walt	John Green Domenico (Mimi) Ferrini
United Kingdom David van der Walt Steve Elliott		**Wealth & Investment** Steve Elliott

SUPPORT STRUCTURES

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

* *Stephen Koseff and Bernard Kantor have stepped down from their roles as chief executive officer and managing director respectively, as of 1 October 2018. They will continue to serve on the board as executive directors with primary responsibility of assisting the joint chief executive officers until completion of the demerger of the Investec Asset Management Transaction. Following the completion of the Transaction, they will step down from the board for an appropriate cooling off period after which they will re-join the board as non-executive directors.*

Asset Management

What we do

Equities

Fixed income

Multi-asset

Alternatives

Where we operate

- Africa
- Americas
- Asia Pacific
- UK
- Europe

Bank and Wealth

Wealth & Investment

What we do

Discretionary wealth management

Investment advisory services

Financial planning

Stockbroking/execution only

Where we operate

- South Africa
- UK
- Europe
- Hong Kong
- Mauritius

Specialist Banking

What we do

Private Banking

Corporate, Business and Institutional Banking

Investment activities

Where we operate

- Southern Africa
- UK
- Europe
- Australia
- Mauritius
- Hong Kong
- India
- USA

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 take a patient, long-term approach to organically developing and delivering capabilities, solutions and outcomes through active segregated mandates and mutual funds. Our overarching aim is to deliver an out of the ordinary investment and service experience to our 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.

At 31 March 2019

Executive committee

Co-chief executive officers*
John Green
Domenico (Mimi) Ferrini

Chief operating officer
Kim McFarland^

Co-chief investment officers
Domenico (Mimi) Ferrini
John McNab

Managing director, South Africa
Thabo Khojane

Managing director, North America
Philip Anker

Global head of product management
Khadeeja Bassier

Global head of human capital
Duncan Coombe

Founded in 1991 with roots in emerging markets, we have grown to be a well established and trusted global investment manager. Driven by our founder culture, we are building an enduring inter-generational business, which offers stability and a long-term investment outlook for our clients. To achieve this, we believe diversity of thought, perspective, background and life experience is essential.

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.

* *Hendrik du Toit became Joint CEO of Investec group on 1 October 2018, following which John Green and Domenico (Mimi) Ferrini assumed their roles as joint chief executive officers.*

^ *Kim McFarland has been Finance Director from 1 April 2019.*

Annual highlights

Net inflows of
£6.1 billion
(2018: £5.4 billion)

Assets under management
up 7.3% to
£111.4 billion

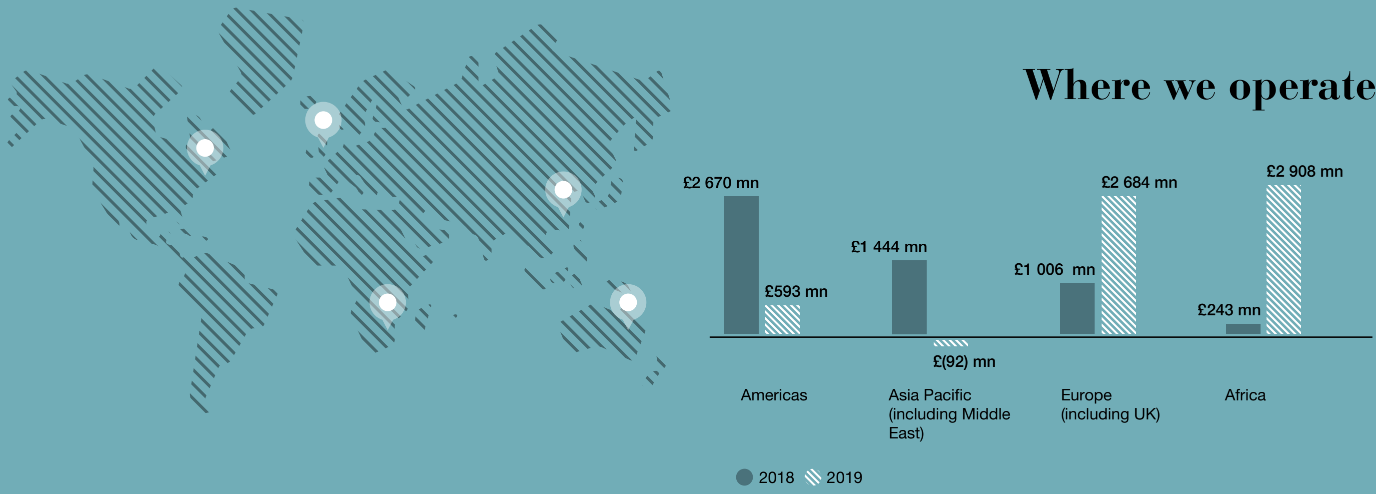
Operating margin
31.3%
(2018: 33.0%)

Operating profit pre non-controlling interests increased by 1% to
£179.4 million
contributing 27.0% to group profit

Our value proposition

- An organically built 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
- A commitment to investing for a sustainable future.

Where we operate



Net flows by geography

Financial years to 31 March 2018 and 31 March 2019
Note: The net flows exclude a historic low value cash plus account which is subject to volatile net flows.

What we do

Organisational structure

Investments

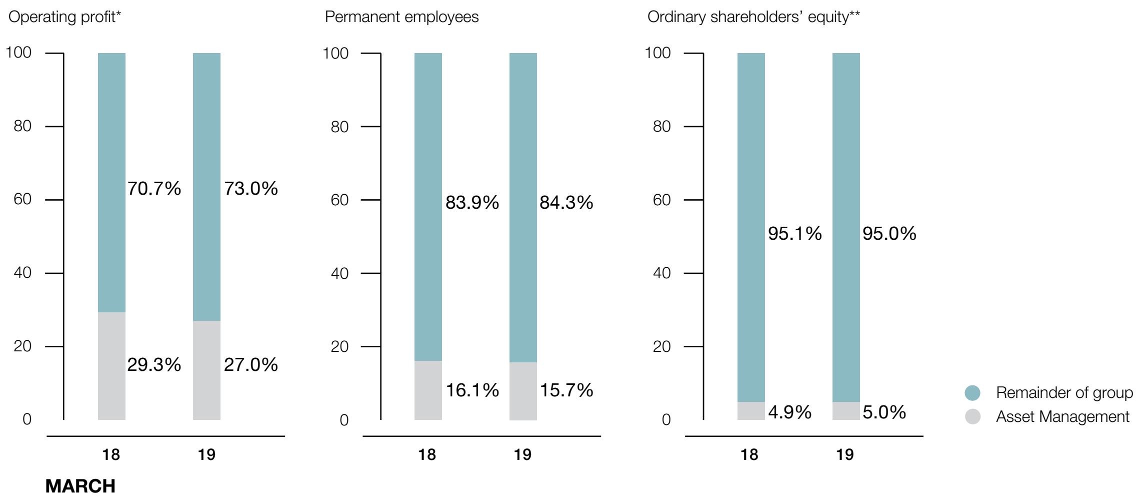
Equities	Fixed Income	Multi-asset	Alternatives
– Long-only equity	– Credit – Sovereign – Money market	– Global solutions – Income solutions	– Commodities – Private equity – Real estate – Infrastructure debt

Client groups

United Kingdom	Africa	Americas	Asia Pacific	Europe

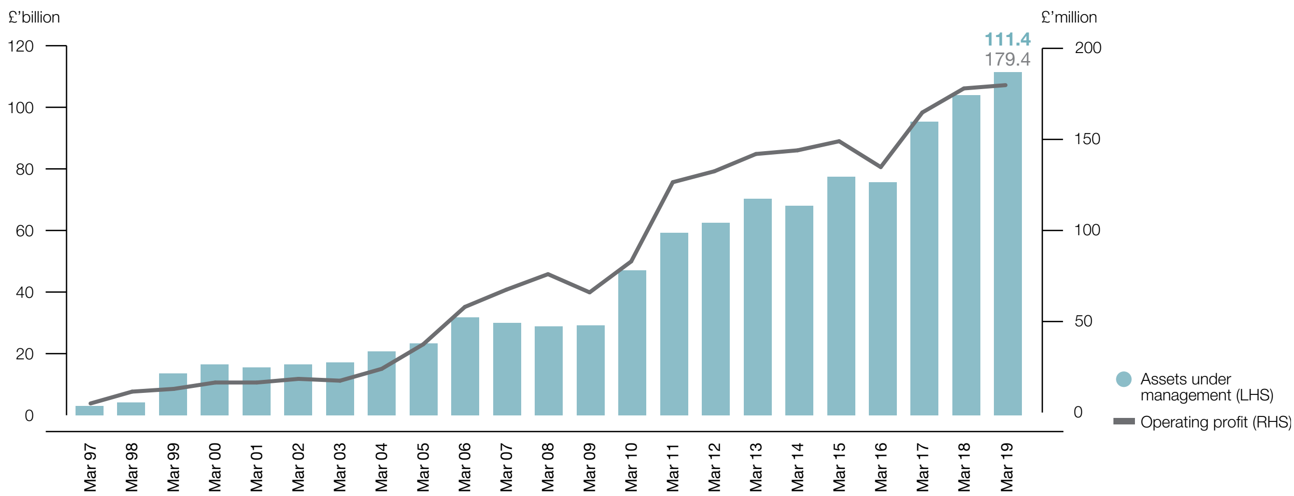
Global operations platform

Financial analysis



* Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.
** As calculated on page 91, based on regulatory capital requirements.

Historical financial performance



Income statement analysis

£'000	31 March 2019	31 March 2018	Variance	% change
Net interest income	5 683	5 471	212	3.9%
Net fee and commission income	556 901	537 134	19 767	3.7%
Investment income/(loss)	25	(15)	40	>100.0%
Trading income/(loss) arising from balance sheet management and other trading activities	5 058	(5 077)	10 135	>100.0%
Other operating income	5 395	2 165	3 230	>100.0%
Total operating income before expected credit losses	**573 062**	**539 678**	**33 384**	**6.2%**
Expected credit loss impairment release	6	–	6	100.0%
Operating income	**573 068**	**539 678**	**33 390**	**6.2%**
Operating costs	(393 706)	(361 633)	(32 073)	(8.9%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and other non-controlling interests	**179 362**	**178 045**	**1 317**	**0.7%**
Profit attributable to Asset Management non-controlling interests**	(25 658)	(23 817)	(1 841)	7.7%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	**153 704**	**154 228**	**(524)**	**(0.3%)**
UK and Other	91 893	89 155	2 738	3.1%
Southern Africa	61 811	65 073	(3 262)	(5.0%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	**153 704**	**154 228**	**(524)**	**(0.3%)**
Selected returns and key statistics				
Ordinary shareholders' equity*	204 297	199 416	4 881	2.4%
ROE (pre-tax)*	87.3%	91.0%		
Return on tangible equity (pre-tax)*	154.8%	167.4%		
Operating margin	31.3%	33.0%		
Operating profit per employee (£'000)*^	161.9	172.3		

* *As calculated on pages 91 and 92, based on regulatory capital requirements.*
** *Earnings after tax attributable to non-controlling interests includes the portion of earnings attributable to the 20% shareholding in the business by employees (31 March 2018: 17%).*
^ *Operating profit per employee excludes Silica, our third party administration business.*

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

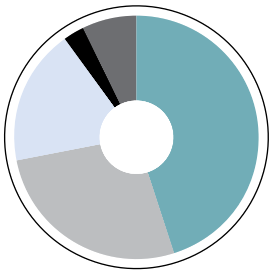
- Income was supported by substantial net inflows, higher average assets under management, and favourable market movements, partially offset by lower performance fees.
- Performance fees decreased over the period under review from £18.4 million to £11.0 million.
- Costs have increased ahead of revenue impacted by the Markets in Financial Instruments Directive II (MiFID II) and new premises costs.
- Against this backdrop, our operating profit before non-controlling interests increased by 0.7%.

During the period, the management of Investec Asset Management exercised their remaining options to acquire an additional 3% holding in the business.

Assets under management and flows

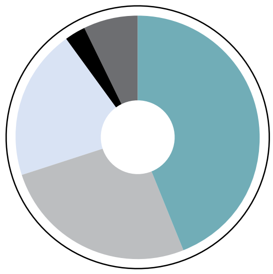
£'million	AUM 31 March 2019	Net flows	Markets/ foreign exchange movements	AUM 31 March 2018
Equities	50 534	2 391	2 647	45 496
Fixed Income	29 782	2 748	(273)	27 307
Multi-asset	20 504	447	(753)	20 810
Alternatives	3 272	280	116	2 876
Third party funds on advisory platform	7 327	227	(273)	7 373
Total	**111 419**	**6 093**	**1 464**	**103 862**

Assets under management by asset class



31 MARCH 2019

45%	Equities
27%	Fixed Income
18%	Multi-Asset
3%	Alternatives
7%	Third party funds on advisory platform



31 MARCH 2018

44%	Equities
26%	Fixed Income
20%	Multi-Asset
3%	Alternatives
7%	Third party funds on advisory platform

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

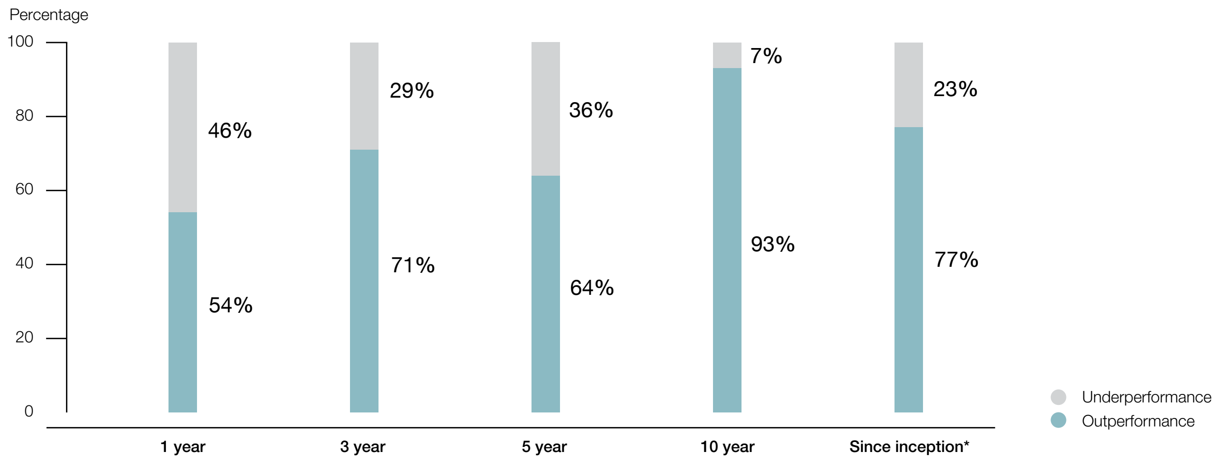
Investment performance

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 ten-year periods, and since inception.

Our long-term track record remains competitive.

Overall firm investment performance

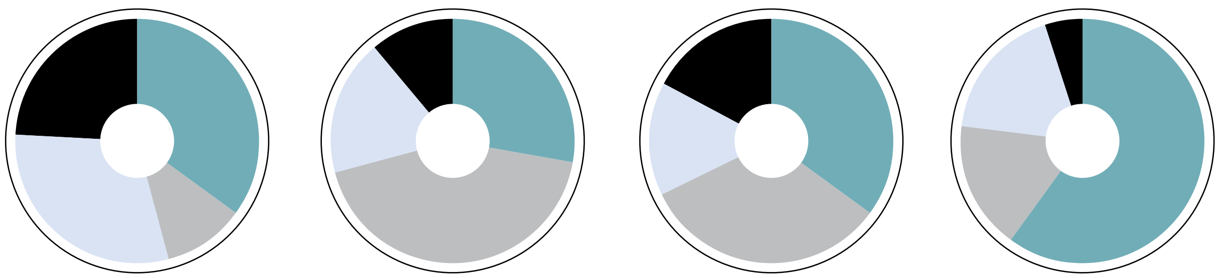


Source: Calculated by Investec Asset Management, returns from StatPro. Performance to 31 March 2019.

Note: *Outperformance (underperformance) is calculated as the sum of the total market values for individual portfolios that have positive active returns (negative active returns) expressed as a percentage of total assets under management. 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.*

* *Since inception date of each portfolio, only includes portfolios older than 12 months.*

Mutual funds investment performance



ONE YEAR

35%	First quartile
11%	Second quartile
30%	Third quartile
24%	Fourth quartile

THREE YEAR

28%	First quartile
43%	Second quartile
18%	Third quartile
11%	Fourth quartile

FIVE YEAR

35%	First quartile
33%	Second quartile
15%	Third quartile
17%	Fourth quartile

TEN YEAR

60%	First quartile
17%	Second quartile
18%	Third quartile
5%	Fourth quartile

Independent recognition

- Winner of Africa Private Equity's Credit House of the Year and Philanthropy Award
- Raging Bull Awards for Best Offshore Global Asset Allocation Fund on a Risk-Adjusted Basis
- Winner of Professional Pensions Investment Awards 2018 Emerging Market Debt Manager of the Year

Q&A

John Green and Mimi Ferrini

Co-chief executive officers

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

The global geopolitical and economic environment continues to be uncertain. Asset markets were volatile over the period and the risk of an ongoing market correction remains.

Notwithstanding markets, the long-term growth prospects for active asset managers remain compelling and the fundamentals are strong. However, the industry faces headwinds including the shift to passive products, downward fee pressure, and an evolving technology landscape resulting in a more competitive environment where only quality and excellence are rewarded.

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

Net inflows of £6.1 billion for the last 12 months proved a highlight of our year. This was the result of broad support from our clients, proving relevance of our investment offering.

We have continued to invest meaningfully in our capabilities with strong talent added across our investment teams. We were particularly focused in areas where we see strong potential and future client demand. These include China, Multi-asset and Sustainability. We have been proactive in developing our presence in North America and both our client and investment teams in the region saw growth. This is translating into further relevance and heightened attention from the market. Similarly, we continued to grow our Advisor business.

In September 2018, we announced that Investec Asset Management would demerge from Investec group. Upon completion of the demerger, Hendrik du Toit will return to his role as CEO, and we will form a team of Deputy CEOs. Together, the leadership team will shape our long-term strategy and play active roles in the running of the business.

Investec Asset Management has remained focused during this period of transition and this is largely attributable to the continuity of leadership that will remain after the demerger.

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 through both the Institutional and Advisor space through five geographically defined client groups. Our ultimate aim is to manage our clients' money to the highest possible standards and in line with their expectations and product and strategy specifications.

We will continue to focus on delivering competitive investment performance, scaling our Multi-asset and Quality capabilities and growing our presence in large markets with relevant strategies and products. We will also aim to grow in the Advisor space and continue to ensure that we are evolving all of our investment capabilities for the future.

Within the coming year, we will be completing the demerger of Investec Asset Management from Investec Group. This will enable the sharpest of focus on continued alignment with our clients, with no distraction or compromise from being part of a larger financial group. We look forward to enabling strategic freedom for Investec Asset Management to create long-term value for clients and shareholders alike.

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

At Investec Asset Management, we always think about the long-term. Our outlook continues to be focused on building a long-term intergenerational business. Notwithstanding the industry challenges and the risk of further market corrections, we believe that the opportunity for growth in our industry over the next five to ten years is substantial. Our momentum is positive and we are excited about the future as an independent, pure-play asset manager.

Bank and wealth is a domestically relevant, internationally connected specialist banking and wealth management group

2
principal geographies

2
core areas of activity

8 000+
employees

£24.9 billion
core loans and advances

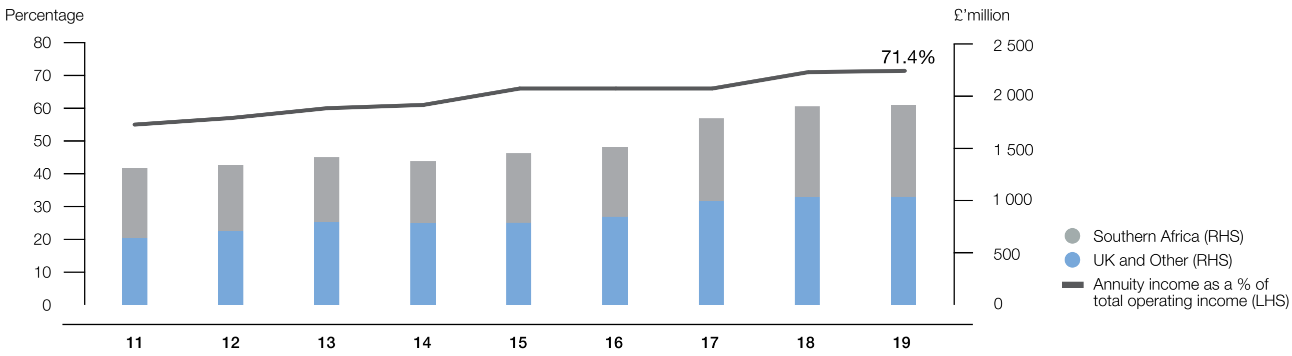
£31.3 billion
customer deposits

£55.8 billion
assets under management

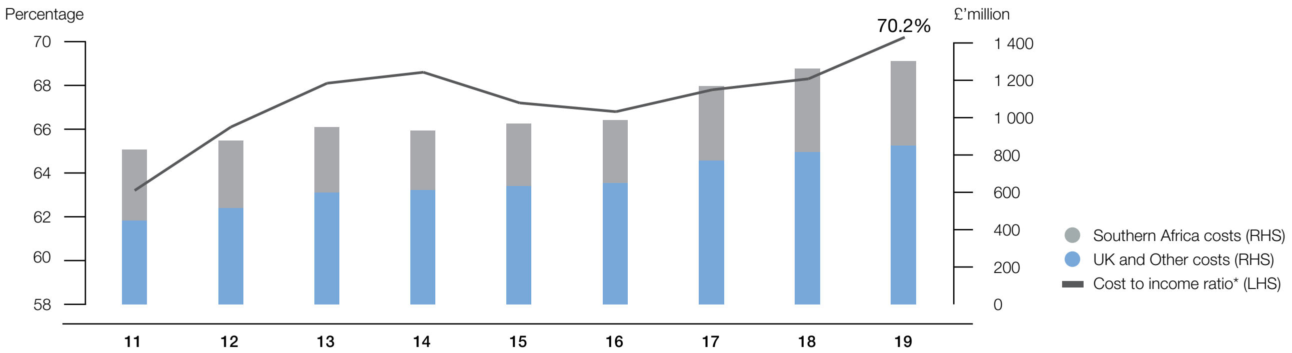
Corporate / Institutional / Government / Intermediary	Private client (HNW / high income) / charities / trusts
Specialist Banking	**Wealth & Investment**
Lending	Discretionary wealth management
Transactional banking	Investment advisory services
Treasury solutions	Financial planning
Advisory	Stockbroking / execution only
Investment activities	
Deposit raising activities	

Bank and Wealth ongoing trends over time

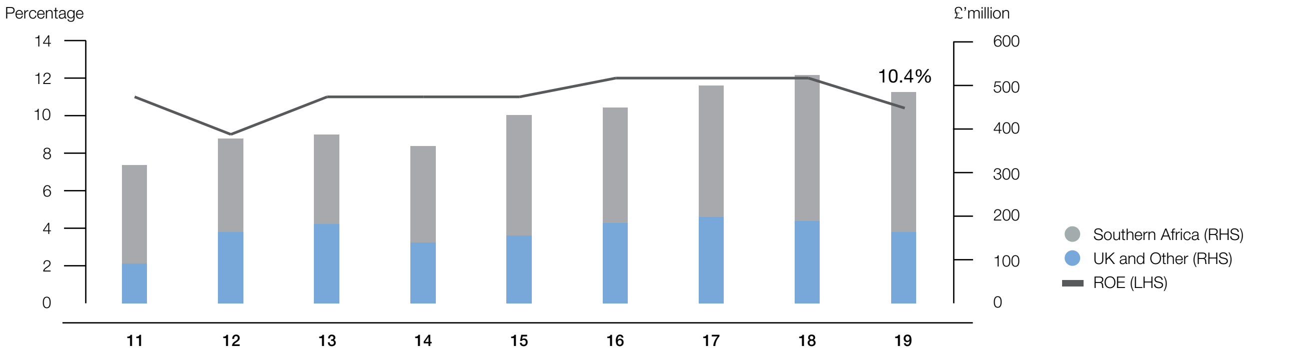
Operating income and annuity income %



Costs and cost to income %



Net profit before tax and ROE



Information on this slide is based on the results of the ongoing Bank and Wealth business (excluding UK specialist Bank legacy assets and businesses sold) and excluding IAM, unless otherwise stated. March 2019 is based on statutory results of the Bank and Wealth business.

* *The group has changed its cost to income ratio definition to exclude operating profit and losses attributable to other non-controlling interests. Refer to page 135 for definitions.*

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.

At 31 March 2019

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.

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

Annual highlights

Net inflows of
£0.4 billion
(2018: £2.0 billion)

Assets under management
£55.1 billion
(2018: £56.0 billion)

Operating margin
20.6%
(2018: 24.3%)

Operating profit decreased by 16.2% to
£82.6 million
contributing 12.4% to group profit

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.

Where we operate

UK and Other

One of the UK's leading private client investment managers

Brand well recognised

Established platforms and distribution in the UK, Switzerland, Republic of Ireland and Guernsey

Proven ability to attract and recruit investment managers

£39.1 billion FUM

South Africa and Mauritius

Strong brand and positioning

Largest player in the South African market

Developing Wealth & Investment capability in Mauritius

R300.8 billion FUM

What we do

UK and Europe

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.

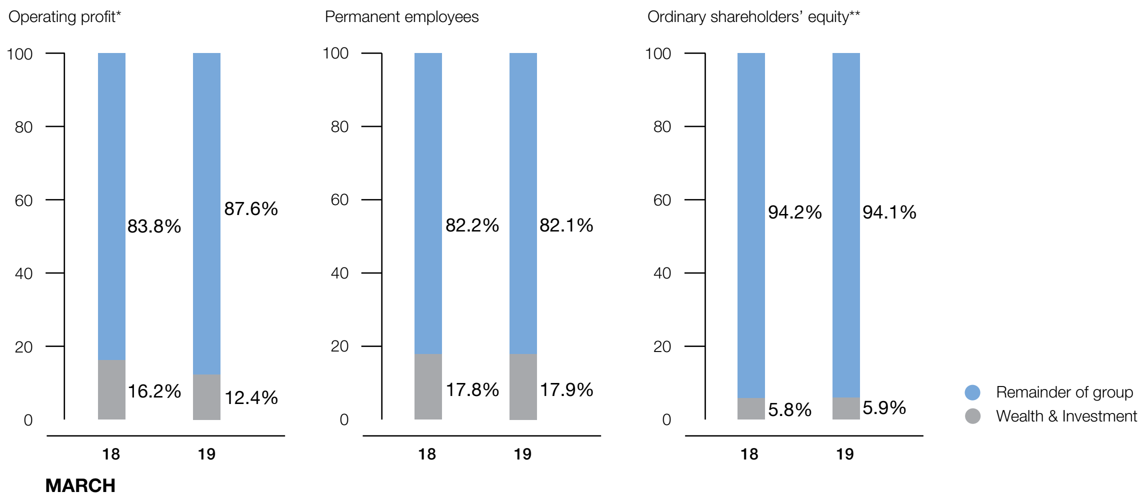
Financial planning

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

South Africa

Investec Wealth & Investment operates from eight offices across South Africa and provides portfolio management, wealth management and stockbroking services for private clients, charities, pension funds and trusts.

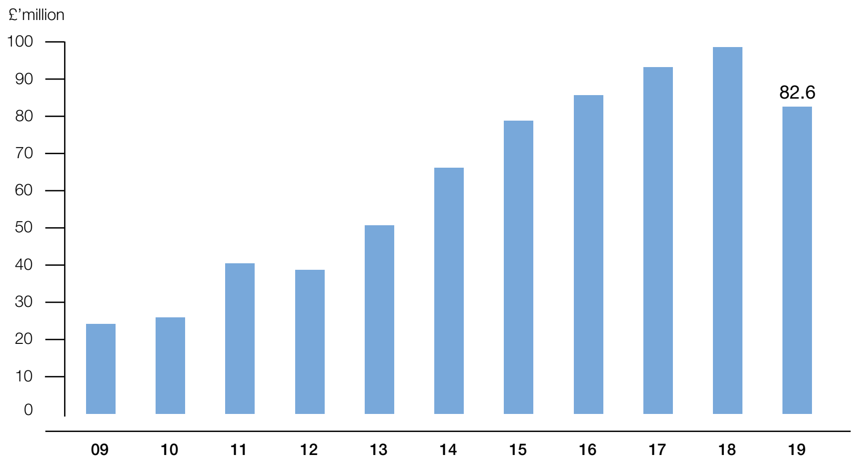
Financial analysis



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

** As calculated on page 91, 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.*

Income statement analysis

£'000	31 March 2019	31 March 2018	Variance	% change
Net interest income	14 216	10 744	3 472	32.3%
Net fee and commission income	384 456	382 463	1 993	0.5%
Investment income	1 490	10 551	(9 061)	(85.9%)
Share of post taxation profit of associates	–	416	(416)	(100.0%)
Trading income/(loss) arising from				
– customer flow	851	537	314	58.5%
– balance sheet management and other trading activities	69	(150)	219	>100.0%
Other operating income	343	236	107	45.3%
Total operating income before expected credit losses	**401 425**	**404 797**	**(3 372)**	**(0.8%)**
Expected credit loss impairment charges	(24)	–	(24)	(100.0)
Operating income	**401 401**	**404 797**	**(3 396)**	**(0.8%)**
Operating costs	(318 788)	(306 232)	(12 556)	4.1%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	**82 613**	**98 565**	**(15 952)**	**(16.2%)**
UK and Other	56 363	69 269	(12 906)	(18.6%)
Southern Africa	26 250	29 296	(3 046)	(10.4%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	**82 613**	**98 565**	**(15 952)**	**(16.2%)**
Selected returns and key statistics				
Ordinary shareholders' equity*	241 661	235 181	6 480	2.8%
ROE (pre-tax)*	32.9%	38.7%		
Return on tangible equity (pre-tax)*	119.5%	162.7%		
Operating margin	20.6%	24.3%		
Operating profit per employee (£'000)*	44.0	56.0		

* *As calculated on pages 91 and 92, based on regulatory capital requirements.*

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

- The Wealth & Investment business globally has been impacted by both an increase in costs and lower reported revenues. Whist total operating income has reduced, when excluding the benefit of a £10.0 million non-recurring investment gain realised in the prior year, the business has experienced positive revenue growth. The business globally has continued to invest in technology development, headcount and systems to ensure compliance with regulatory changes, and in new business growth with the recruitment of experienced investment managers and financial planners.
- The UK & Other business benefited from positive net inflows and higher funds under management. Earnings were impacted by the non-recurring investment gain noted above and the write-off of capitalised software in the Click & Invest business following the decision to discontinue the service (refer to page 36 for further information).
- The South African business posted an operating profit of R474 million, a decrease of 6.0% (in Rand terms) over the prior year. Earnings were impacted by lower brokerage volumes and weak markets affecting the level of funds under management. Progress continued to be made in attracting discretionary net inflows amounting to R4.7 billion in the current year.

Analysis of key earnings drivers (funds under management)

£'million	31 March 2019	31 March 2018	% change
UK and Other	**39 118**	**36 923**	**5.9%**
Discretionary	30 810	28 638	7.6%
Non-discretionary and other	8 308	8 285	0.3%
South Africa	**16 003**	**19 125**	**(16.3%)**
Discretionary and annuity assets	6 999	6 936	0.9%
Non-discretionary and other	9 004	12 189	(26.1%)
Total	**55 121**	**56 048**	**(1.7%)**

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

Funds under management

£'million	31 March 2019	31 March 2018	% change
Investec Wealth & Investment Limited (UK)	**35 300**	**33 206**	**6.3%**
Discretionary	29 415	27 346	7.6%
Non-discretionary	5 885	5 860	0.4%
Other	**3 818**	**3 717**	**2.7%**
Discretionary	1 395	1 292	8.0%
Non-discretionary	2 423	2 425	(0.1%)
Total	**39 118**	**36 923**	**5.9%**

Net inflows at cost over the year

£'million	31 March 2019	31 March 2018
Discretionary	731	1 926
Non-discretionary	(593)	(154)
Total	**138**	**1 772**

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

Funds under management

R'million	31 March 2019	31 March 2018	% change
Discretionary and annuity assets	131 564	115 287	14.1%
Non-discretionary	169 263	202 589	(16.5%)
Total	**300 827**	**317 876**	**(5.4%)**

Net inflows at cost over the year

R'million	31 March 2019	31 March 2018
Discretionary and annuity assets	4 659	5 020
Non-discretionary	(550)	(1 640)
Total	**4 109**	**3 380**

Q&A

Steve Elliott

Global head

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

The year has been characterised by a number of challenges. Internationally, despite strong economic conditions in the US, concerns around tariff negotiations, the rise of populism and political uncertainty, amongst other factors, has dampened the outlook for global growth.

In the UK, equity markets had a strong start but fell significantly during the final quarter of 2018, before stabilising as the financial year drew to a close. Brexit was the largest single factor on the minds of UK investors, but global investors were more focused on the risks addressed above.

All of these factors contributed to greater caution, especially amongst direct private clients. Inflows across the industry fell and consistent with our peers, we have experienced lower rates of growth in net new funds than in recent years. In particular, given the uncertain political situation in the last quarter of the financial year in the UK, this continued to have a dampening effect on net flows. Our business has nevertheless achieved positive net organic growth in funds under management in the UK for the year.

The impact of additional regulation remains prevalent. Over the year we have been focused on implementing and bedding down the substantial regulatory changes whilst preparing for future regulatory developments, including the Senior Managers and Certification Regime (SM&CR), which will be implemented in December 2019 for firms in our sector.

The South African equity markets were marked by considerable volatility in the current year, predominantly driven by concerns over the stability of State-Owned Enterprises, which suppressed economic growth and in turn dented business confidence. This has translated into low levels of activity and reduced investment flows. Investors remain cautious and continue to seek international investment opportunities.

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

In the UK we are accelerating the reshaping of the strategic positioning of the business. Core discretionary managed services now account for over 80% of funds under management and we have been attracting high calibre investment managers from other firms to join us.

We have given particular focus to the further development of our technology platforms and the integration of our digital capabilities into the core business. Enhanced client communications and new look valuations have been launched and we continue to address the need to reduce paper and digitise wherever possible.

We have reviewed the Click & Invest online investment platform and decided to discontinue the service in line with the group's commitment to manage costs and allocate capital effectively. The underlying operating loss of Click & Invest was circa £12.8 million (2018: £13.5 million). In addition a circa £6 million write-off of capitalised software was taken in the current year. The group remains committed to developing its digital initiatives and will look to incorporate the technology into its offering.

In light of changes in the group's Irish business model brought about by Brexit planning and as part of consolidation taking place in wealth management in Ireland, we have sold our Republic of Ireland Wealth Management business to Brewin Dolphin, subject to regulatory approval. The Wealth management business was acquired by Investec as part of its acquisition of NCB in 2012 and has grown significantly since then. The business in the Republic of Ireland is independent of other wealth management businesses in the Investec group and hence its sale will not impact the wealth management offering in other jurisdictions.

In South Africa, our clients' need for seamless reporting, digital access and an international investment offering continues to be the driver for key developments within our business. As such, we continue to increase collaboration with the Private Bank and develop our international investment offering by investing in technology and our digital platform.

We continue to explore the inclusion of alternative assets in our clients' portfolios which have provided enhanced returns during challenging economic conditions. We believe in delivering a holistic service to our clients which goes beyond traditional investments and is inclusive of inter-generational wealth planning, tax structuring and assisting our clients to navigate the increasingly complex local and global regulatory and tax environment.

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

In the UK our strategic focus is to maintain our emphasis on delivering organic growth through expanding the discretionary managed business. This will be further supported by the recruitment of high quality investment managers.

As we expect the demand for wider financial advice to continue to grow and become a more general need across our client base, we will further expand our financial planning capability and develop ways to deliver this advice as a central component of our core offering.

In South Africa, our key strategic drivers include optimising our international footprint and global investment offering as our clients continue to seek opportunities offshore, and ensuring our resources are utilised effectively to deliver an exceptional client experience.

Deepening our client relationships through high-touch engagements while achieving efficiencies and bolstering investment opportunities through our digital platform remains a priority. We recognise the diversity of our clients' needs and adapting our value proposition to include focusing on intergenerational wealth planning supported by enhanced tax and fiduciary services.

Collaboration across the Wealth & Investment business, as well as with the broader group, remains a strategic focus in order to provide a holistic Investec offering. In South Africa in particular, we aim to uniquely position ourselves as the number one choice for private clients by furthering our strategic partnership with the Private Bank to advance our One Place offering.

To ensure the sustainability of our business, we continue to focus on culture development and investing in our people and leadership of the business.

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

We maintain a positive view on the outlook for growth in the global economy but are also cognisant of potential geo-political risks. These factors, which have unsettled investors over the past financial year, are likely to play out during the next 12 months and in light of this, we are expecting continued uncertainty in the near term. Equally, this provides a real opportunity for us to demonstrate that we are well prepared to navigate through these various challenges, using our research and investment expertise, on behalf of our clients.

Uncertainty and volatility are also likely to characterise the next year in South Africa. Our clients remain at the centre of our business and we are committed to delivering on exceptional client service and achieving investment returns. Heightened client engagement will be important to ensure our clients expectations are managed and that they remain invested through the cycle. Alternative investments will play an increasingly important role, providing non-correlated return profiles that diversify portfolios and manage risk. We will continue to provide opportunities that limit downside risk and enhance returns to suit our client needs.

Specialist expertise delivered with dedication and energy

At 31 March 2019

UK head
David van der Walt

South Africa head
Richard Wainwright

The specialist teams are well positioned to provide solutions to meet private, business, corporate and institutional clients' needs.

Annual highlights

Loans and advances
£24.9 billion

Operating profit up 18.0%
£448.9 million

ROE (post-tax)
9.9%
(2018: 9.2%)

Customer deposits
£31.3 billion

Our value proposition

- High-quality specialist banking solution to corporate and private clients with leading positions in select 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.

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

Where we operate

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

What we do

High income and high net worth private clients

Private Banking

Lending

Transactional banking

Savings

Foreign exchange

Southern Africa
UK and Europe

Corporates / government / institutional clients

Corporate, Business and Institutional Banking

Lending

Treasury and trading solutions

Advisory

Institutional research, sales and trading

Australia
Hong Kong
India
Southern Africa
UK and Europe
USA

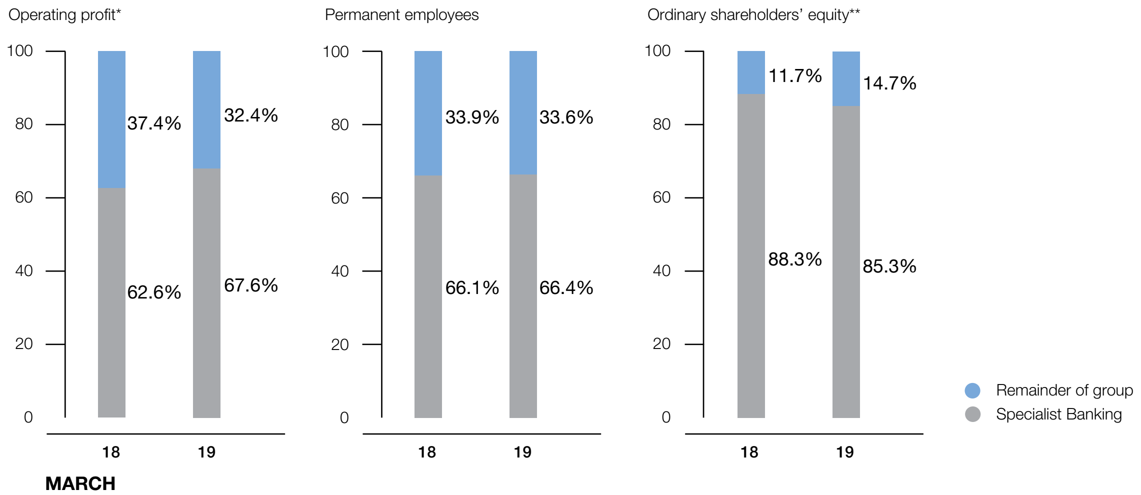
Investment activities

Principal investments

Property investment and fund management

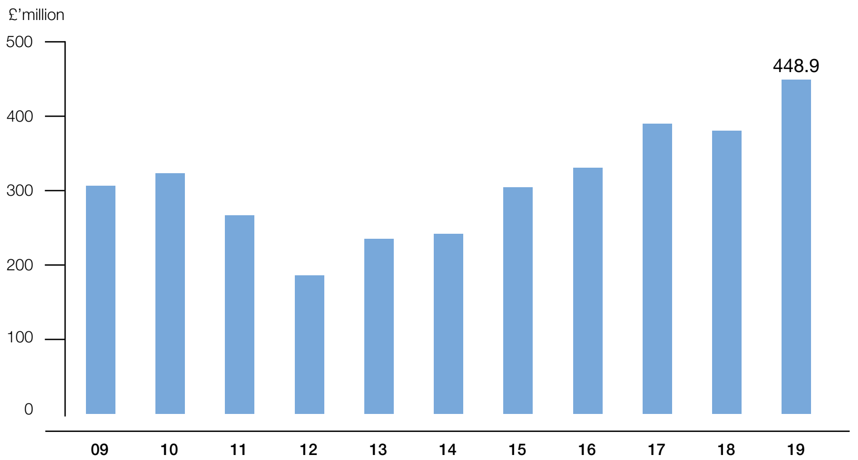
Australia
Hong Kong
Southern Africa
UK and Europe

Financial analysis



* *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.*
** *As calculated on page 91, 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 2019	31 March 2018	Variance	% change
Net interest income	795 528	744 183	51 345	6.9%
Net fee and commission income	432 195	441 610	(9 415)	(2.1%)
Investment income	48 470	119 512	(71 042)	(59.4%)
Share of post taxation profit of associates	68 317	46 407	21 910	47.2%
Trading income arising from				
– customer flow	119 811	137 689	(17 878)	(13.0%)
– balance sheet management and other trading activities	36 839	920	35 919	>100.0%
Other operating income	10 693	8 714	1 979	22.7%
Total operating income before expected credit losses	**1 511 853**	**1 499 035**	**12 818**	**0.9%**
Expected credit loss impairment charges	(66 434)	(148 556)	82 122	55.3%
Operating income	**1 445 419**	**1 350 479**	**94 940**	**7.0%**
Operating costs	(936 175)	(915 277)	(20 898)	2.3%
Depreciation on operating leased assets	(2 157)	(2 421)	264	(10.9%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and before non-controlling interests	**507 087**	**432 781**	**74 306**	**17.2%**
Profit attributable to non-controlling interests	(58 192)	(52 288)	(5 904)	11.3%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	**448 895**	**380 493**	**68 402**	**18.0%**
UK and Other	138 566	59 958	78 608	>100.0%
Southern Africa	310 329	320 535	(10 206)	(3.2%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	**448 895**	**380 493**	**68 402**	**18.0%**
Selected returns and key statistics				
Ordinary shareholders' equity*	3 517 250	3 632 104	(265 725)	(3.2%)
Southern Africa	2 054 201	2 113 691	(59 490)	(2.8%)
UK & Other	1 463 049	1 518 413	(55 364)	(3.6%)
ROE (pre-tax)*	12.1%	10.2%		
Southern Africa	13.6%	15.6%		
UK and Other	9.5%	4.0%		
Cost to income ratio	64.5%	63.4%		
Operating profit per employee (£'000)*	65.3	58.1		

* *As calculated on pages 91 and 92 based on regulatory capital requirements.*

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

- Net interest income increased by 11.3% driven by loan book growth of 8.5% and an increase in base rates
- Net fee and commission income increased by 4.0% supported by a strong performance from the investment banking and specialist lending businesses
- Investment income decreased to £31.5 million (2018: £58.1 million). A strong performance from the UK investment portfolio was offset by a weak performance from the Hong Kong portfolio
- Trading income from customer flow amounted to £86.0 million (2018: £113.4 million) reflecting subdued client flow trading levels
- Trading income from balance sheet management and other trading activities increased to £12.8 million (2018: £3.1 million) largely as a result of the unwind of the UK subordinated debt fair value adjustment (recognised on the adoption of IFRS 9) as the instrument pulls to par over its remaining term
- Operating costs increased in line with inflation. With the investment phase in the Private Bank largely complete, management is committed to an increased focus on cost discipline

The variance in the operating profit in the Southern African business 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.

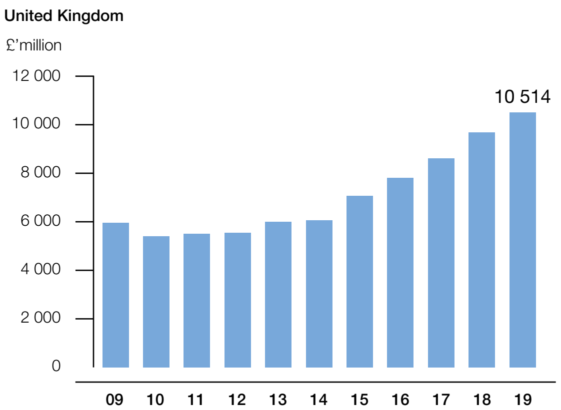
- The Specialist Banking division reported operating profit before taxation of R5 596 million (2018: R5 466 million)
- Net interest income increased by 8.5% supported by higher net margins and private client lending activity
- Net fee and commission income decreased by 2.4%. Good growth and activity levels from our private client base and Investec For Business was offset by lower investment banking and corporate client activity levels
- Investment income decreased reflecting a weaker performance from the listed and unlisted investment portfolio, as well as from the investment property portfolio
- Share of post-taxation profit of associates reflects earnings in relation to the group's investment in the IEP Group. The increase is largely driven by a realisation within the IEP Group
- Total trading income increased significantly, primarily reflecting translation gains on foreign currency equity investments (partially offsetting the related weaker investment income performance)
- As a result of the foregoing factors, total operating income increased by 6.2%
- Expected credit loss (ECL) impairment charges increased by 4.5% to R761 million (2018: R720 million under the IAS 39 incurred loss model), however, the credit loss ratio amounted to 0.28% (2018: 0.28%), remaining at the lower end of its long term average trend. Stage 3 assets (net of ECL impairment charges) as a percentage of net core loans subject to ECL remained 0.8% (1 April 2018: 0.7%)
- Costs increased 7.4% primarily due to the prior-year rental provision release. Excluding this, costs increased 1.7% reflecting increased focus on cost containment.

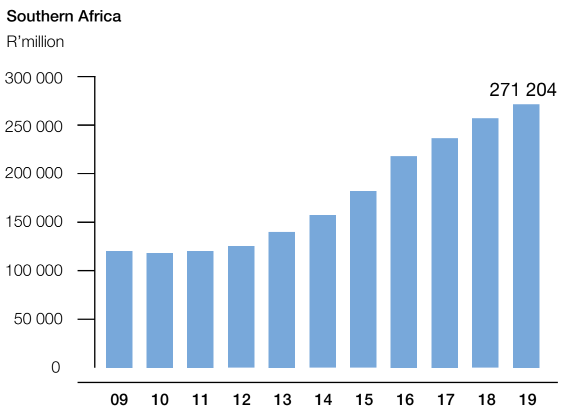
Analysis of key earnings drivers

Net core loans and advances

	£'million			Home currency (million)		
	31 March 2019	31 March 2018	% change	**31 March 2019**	31 March 2018	% change
UK	10 514	9 687	8.5%	£10 514	£9 687	8.5%
Southern Africa	14 427	15 445	(6.6%)	R271 204	R256 702	5.6%
Total	**24 941**	**25 132**	**(0.8%)**			

Net core loans and advances



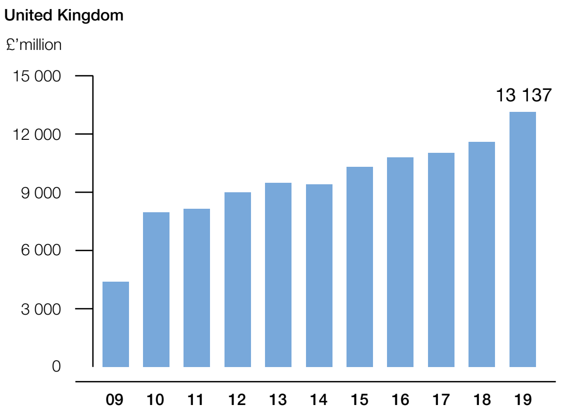


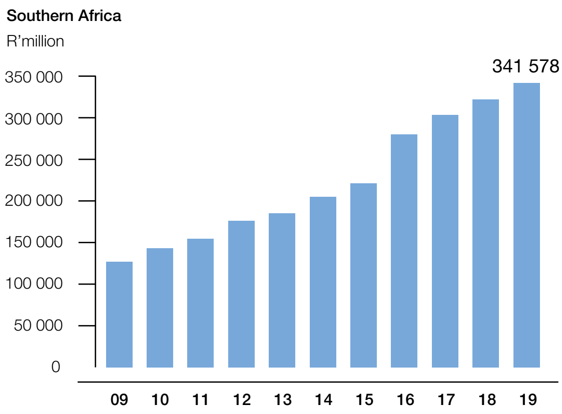
Trend reflects numbers as at the year ended 31 March.

Total deposits

	£'million			Home currency (million)		
	31 March 2019	31 March 2018	% change	**31 March 2019**	31 March 2018	% change
UK	13 137	11 624	13.0%	£13 137	£11 624	13.0%
Southern Africa	18 170	19 363	(6.2%)	R341 578	R321 823	6.1%
Total	**31 307**	**30 987**	**1.0%**			

Total deposits





Trend reflects numbers as at the year ended 31 March.

An analysis of net core loans over the period

Refer to further information on pages 96 to 103.

Net core loans – Southern Africa

R'million	31 March 2019*	31 March 2018*	% change
Lending collateralised by property	**46 321**	**40 297**	**14.9%**
Commercial real estate	42 876	36 512	17.4%
Commercial real estate – investment	37 419	32 694	14.5%
Commercial real estate – development	4 873	3 043	60.1%
Commercial vacant land and planning	584	775	(24.6%)
Residential real estate	3 445	3 785	(9.0%)
Residential real estate – development	2 822	2 995	(5.8%)
Residential real estate – vacant land and planning	623	790	(21.1%)
High net worth and other private client lending	**138 612**	**133 238**	**4.0%**
Mortgages	73 321	67 966	7.9%
High net worth and specialised lending	65 291	65 272	–
Corporate and other lending	**86 271**	**83 806**	**2.9%**
Corporate and acquisition finance	13 157	13 982	(5.9%)
Asset-based lending	5 748	7 057	(18.5%)
Fund finance	5 082	4 909	3.5%
Other corporates and financial institutions and governments	51 018	47 884	6.5%
Asset finance	3 864	2 678	44.3%
Small ticket asset finance	1 986	2 225	(10.7%)
Large ticket asset finance	1 878	453	>100.0%
Project finance	6 848	6 641	3.1%
Resource finance	554	655	(15.4%)
Portfolio impairments	**–**	**(639)**	**(100.0%)**
Total net core loans	**271 204**	**256 702**	**5.6%**

Net core loans – UK and Other

£'million	31 March 2019	31 March 2018	% change
Lending collateralised by property	**1 871**	**1 934**	**(3.3%)**
Commercial real estate	1 149	1 118	2.8%
Commercial real estate – investment	1 020	940	8.5%
Commercial real estate – development	122	140	(12.9%)
Commercial vacant land and planning	7	38	(81.6%)
Residential real estate	722	816	(11.5%)
Residential real estate – investment	392	238	64.7%
Residential real estate – development	306	514	(40.5%)
Residential real estate – vacant land and planning	24	64	(62.5%)
High net worth and other private client lending	**2 326**	**1 913**	**21.6%**
Mortgages	1 823	1 479	23.3%
High net worth and specialised lending	503	434	15.9%
Corporate and other lending	**6 317**	**5 900**	**7.1%**
Corporate and acquisition finance	1 657	1 531	8.2%
Asset-based lending	393	355	10.7%
Fund finance	1 210	1 030	17.5%
Other corporates and financial institutions and governments	640	650	(1.5%)
Asset finance	1 894	1 846	2.6%
Small ticket asset finance	1 538	1 378	11.6%
Large ticket asset finance	356	468	(23.9%)
Project finance	498	483	3.1%
Resource finance	25	5	>100.0%
Portfolio impairments	**–**	**(62)**	**(100.0%)**
Total net core loans	**10 514**	**9 687**	**8.5%**

* *The 31 March 2019 balance sheet has been presented on an IFRS 9 basis and the comparative as at 31 March 2018 on a IAS 39 basis.*

Additional information on the group's South African investment portfolio

31 March 2019	**Asset analysis £'million**	Income analysis £'million	**Asset analysis R'million**	Income analysis R'million
Investec Equity Partners (IEP)	329	67	6 184	1 193
Equity investments^	82	(47)	1 535	(881)
Property investments*	237	35	4 458	631
Total equity exposures	648	55	12 177	943
Associated loans and other assets	3	1	65	15
Total exposures on balance sheet	**651**	**56**	**12 242**	**958**
Debt funded	311	(27)	5 842	(477)
Equity	340		6 400	
Total capital resources and funding	**651**		**12 242**	
Operating profit before taxation**		**29**		**481**
Taxation		3		61
Operating profit after taxation		**32**		**542**
Risk-weighted assets	**2 422**		**45 539**	
Ordinary shareholders' equity held on investment portfolio – 31 March 2019	340		6 400	
Ordinary shareholders' equity held on investment portfolio – 31 March 2018	416		6 909	
Average ordinary shareholders' equity held on investment portfolio – 31 March 2019	378		6 655	
Post-tax return on adjusted average ordinary shareholders' equity – 31 March 2019		**8.4%**		

* *The group's investment holding of 26.57% in the Investec Property Fund and 20.6% 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	(60)
Net fee and commission income	80
Investment income	(6)
Share of post taxation profit of associates	67
Trading and other operating losses	9
Total operating income before impairment losses on loans and advances	**90**
Impairment losses on loans and advances	(2)
Operating income	**88**
Operating costs	(1)
Operating profit before goodwill, acquired intangibles and non-operating items	**87**
Profit attributable to other non-controlling interests	(58)
Operating profit before taxation	**29**

Additional information on the group's South African investment portfolio

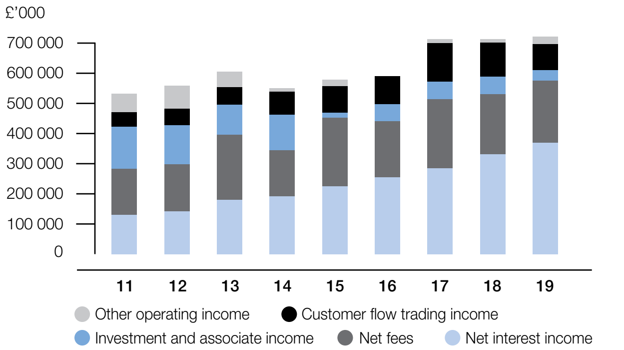
31 March 2018	Asset analysis £'million	Income analysis £'million	Asset analysis R'million	Income analysis R'million
Investec Equity Partners (IEP)	372	45	6 180	766
Equity investments^	127	1	2 103	16
Property investments*	252	14	4 186	245
Total equity exposures	751	60	12 469	1 027
Associated loans and 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 15.70% 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:*

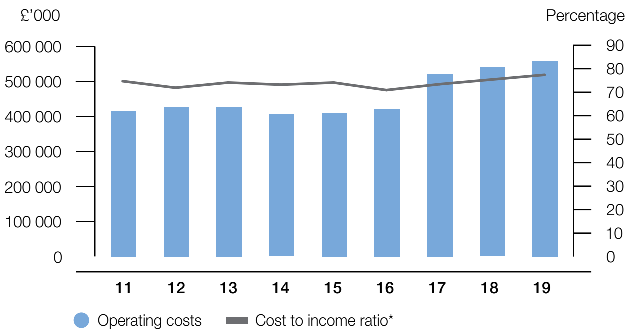
£'million	Total
Net interest expense	(62)
Net fee and commission income	87
Investment income	18
Share of post taxation profit of associates	45
Trading and other operating losses	(1)
Total operating income before impairment losses on loans and advances	**87**
Impairment losses on loans and advances	–
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**

UK Specialist Bank ongoing

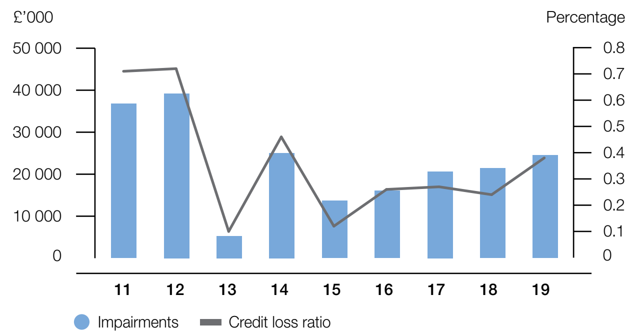
Operating income



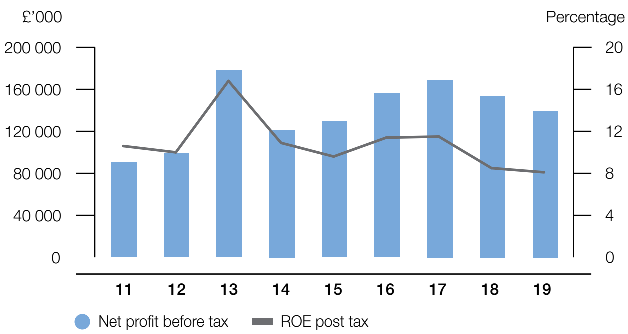
Operating costs



*Expected credit losses/impairment losses^*

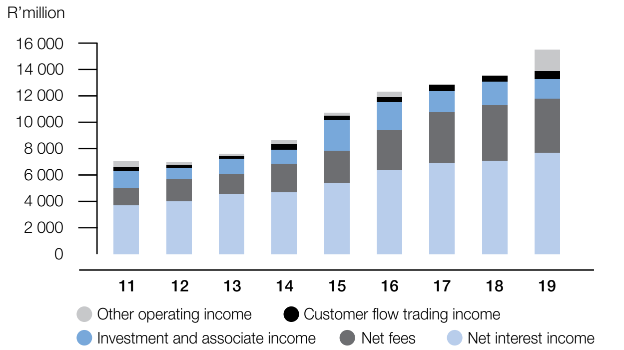


Net profit before tax and ROE

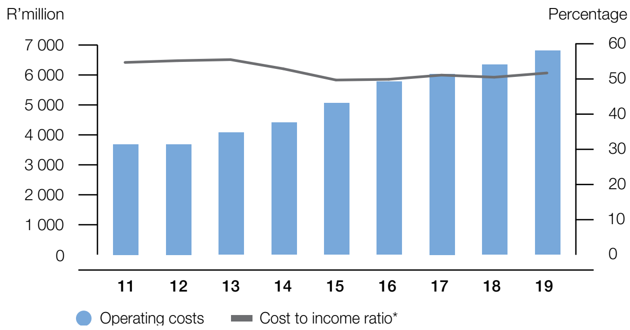


Southern Africa Specialist Bank

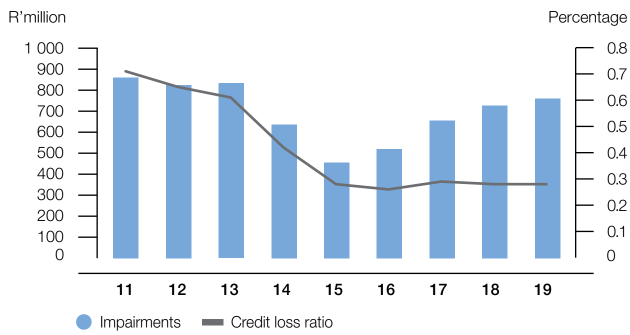
Operating income



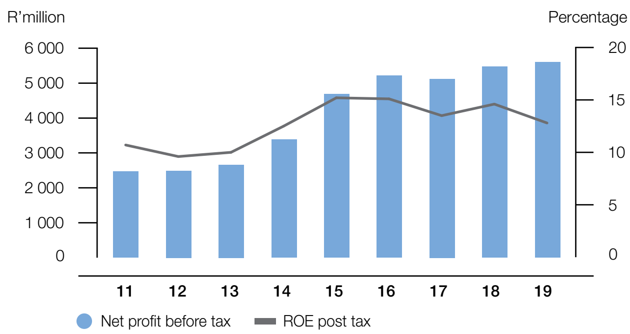
Operating costs



*Expected credit losses/impairment losses^*



Net profit before tax and ROE



Trends in the above graphs are for the year ended 31 March, and reflect the Ongoing specialist banking business. March 2019 reflects specialist banking statutory results.

* *The group has changed its cost to income ratio definition to exclude operating profits or losses attributable to other non-controlling interests. Refer to page 135 for the definition.*

^ *On adoption of IFRS 9 there is a move from an incurred loss model to an expected credit loss methodology. Expected credit loss impairment charges for the year ended 31 March 2019 have been calculated on an IFRS 9 basis, comparative years have been calculated on an IAS 39 basis.*

Q&A

David van der Walt

Geographical business leader **United Kingdom**

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

The Specialist Bank delivered a resilient financial performance, despite the heightened Brexit and political uncertainty and consequential impact on confidence levels. In the second half, we have seen reduced levels of mid-market M&A and equity capital markets activity and a reluctance from clients to commit to longer term decisions. The corporate market experienced increased competition for yield due to low rates and high levels of liquidity, as well as an increase in demand for deposits. The high demand for yield resulted in credit spread pressure and high levels of refinancing.

Notwithstanding these factors, the Specialist Bank focused on preserving its credit spreads whilst maintaining a disciplined approach to deploying capital. In the Private Banking space, we have seen strong levels of lending to our high net worth client base despite a subdued UK housing market. The Corporate and Investment Bank also saw solid activity levels across its core lending franchises. Our credit portfolios have remained robust with limited direct exposure to high street retail or discretionary consumer spending.

Regulation has continued to impact the finance industry and open banking has become an increasing feature of this competitive environment. We continually evolve in response to these developments and have successfully implemented our own offering in the open banking market in order to compete effectively.

We have been a beneficiary of the increase in UK base rates during the year given our prudent levels of cash and near cash balances.

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

The Corporate and Investment Bank has restructured its focus on simplifying the business and two defined client segments resulting in two key businesses: Corporate Banking and Investment Banking. The business saw strong activity levels; with diversified loan growth including in particular across Fund Finance and Power and Infrastructure Finance, as well as a few notable transactions from our corporate advisory team in the first half of the year.

Within our investment activities, we have shifted our investment risk appetite towards focusing on co-investment alongside clients to fund investment opportunities and will manage our equity investment portfolio accordingly thereby reducing volatility in our earnings going forward. There has been good performance in the UK investment portfolio, however this has been offset by a weaker performance in the Hong Kong portfolio which we are in the process of exiting.

The Private Bank has completed its formal investment programme with a clear market opportunity set to realise benefits of increased scale. As part of its investment programme, we have successfully implemented an integrated Customer Relationship Management system, which has allowed us to be more effective in our client engagement. In order to support the targeted growth of the Private Bank, we have dedicated significant time to the development of our people and the hiring of the right talent. We have met both our client acquisition and funding targets, which we set at the start of the year.

The recent launch of the Private Capital offering within the Private Bank has proved successful in providing an investment banking service for high net worth clients looking to grow their wealth in commercial business activities. This is a key area of growth that supports our strategic objective to enhance connectivity across the businesses. This offering will allow small- to medium-sized businesses to be cultivated in the Private Bank and then moved successfully into the Corporate and Investment Bank where the relationship can develop further.

We have successfully dealt with the bulk of the remaining legacy portfolio through increased impairments recognised in the prior financial year. We have continued to exit exposures during the current financial year, reducing overall net Legacy exposure to £130.9 million (1.2% of the net core loan book) as at 31 March 2019. We no longer have the substantial Legacy drag on profitability that has held back performance over the last several years.

In July we successfully executed a liability management exercise, repurchasing a portion of our 9.625% subordinated debt (due to mature in 2022) and issuing new subordinated debt at 4.25%.

Brexit related regulations have resulted in the need to restructure the bank's Irish business where we are no longer able to conduct operations under a branch structure. There were approximately £13 million costs incurred in the current financial year relating to the consequential unwinding of Irish deposits closing the Prime Brokerage business and redundancies.

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

The Corporate and Investment Bank will continue to focus on deepening and growing its client franchises and improving our ability to provide a more cohesive client experience. One of our key strategic focus areas is to grow our off balance sheet funds under management which will support our client relevance and growth and help optimise our capital for improved returns and long-term success. Our ambition is to develop a specialist funds platform across our credit asset classes that will complement our existing specialist asset activities.

With the completion of the investment phase in the Private Bank, there will be an increased focus on both retention and acquisition of target market clients and further collaboration and connectivity across the businesses, including with the wealth business in attempting to bring the full suite of our services to our clients. Other key objectives within the Private Bank include using the new mortgage lending platform to drive growth and efficiency and to grow our retail funding franchise by leveraging our digital capabilities.

The UK Specialist Bank is aligned to the group's five key initiatives in order to improve shareholder returns. We will continue to focus on a disciplined approach to capital allocation. We are fully invested, focused on cost control and anticipate an improving cost to income ratio going forward. A key focus is greater collaboration across our businesses and geographies and we will to continue to drive our high tech, high touch offering.

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

We expect market volatility to persist and confidence to remain subdued as Brexit uncertainty continues into the next financial year. We will remain cautious in the current economic environment and disciplined when deploying capital. With legacy losses largely behind us, our focus is on building further scale in our core franchises and growing our recurring income. We are confident that we can deliver solid growth and achieve our financial targets in the short- to medium-term.

Q&A

Richard Wainwright

Geographical business leader **Southern Africa**

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

The South African operating environment has been challenging in the period under review. Growth in lending activities has slowed given the subdued business and economic outlook, putting pressure on certain sectors. High levels of volatility, subdued credit extension, low market volumes and clients facing a difficult trading environment all impacted the business. The transactional banking environment is more competitive with new and potential new entrants and continued innovation by traditional competitors.

Despite these factors, business has shown good growth largely due to lending book growth in the prior year, a greater number of clients seeking international exposure which remains a strategic advantage for us and clients holding on to cash in these uncertain times.

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

We continued to focus on diversifying revenues, expanding our value proposition, deepening client relationships and engagement. Key developments over the year include:

- Team established to oversee our principal investments with a clearly defined strategy that is within our risk appetite framework
- Integrating our import solutions and trade finance businesses and launching Investec for Business as a specific segment to target smaller to mid-tier companies;
- Launching a corporate transactional business banking platform, aimed largely at mid-tier companies;
- Implementing a targeted Young Professionals strategy to expand our client base
- Gaining traction in our Life business as we continue to build out the platform
- Building on our investment and funds platforms
- Growing the Investec retail deposit funding channels
- Received regulatory approval to adopt the Foundation Internal Ratings Based (FIRB) approach to calculating regulatory capital, effective 1 April 2019
- We were recognised by the Financial Times of London as the best Private Bank and Wealth Manager in South Africa for the sixth year running.

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

Our strategic priorities over the next two to three years are aligned to the group's stated objectives at our recent Capital Markets Day;

- Continued focus on capital allocation in order to optimise returns. We have implemented a strategic shift in our approach to private equity investments, moving away from large direct investments to a more disciplined client centric approach
- Further diversification of our revenue base by building new sources of revenue through a number of initiated growth strategies including Investec Life, Investec for Business, corporate and business transactional banking, fund platforms and targeted Private Banking Young Professionals strategy
- Continue to optimise our funding by growing our retail deposit channels
- Improved management of the cost base, with increased focus and benefits to be gained through simplicity, automation, operational leverage and containing headcount growth
- Throughout the business model, we will continue to invest in our digital and technology platforms in order to remain competitive and to deliver on our high-touch, high-tech value proposition to both corporate and private clients.
- Continue to enhance collaboration with the rest of the group.

Q What is your outlook for the coming financial year?

The interplay between South Africa's political dynamics and the economy has fostered an operating environment marked by low business and consumer confidence. Going forward, the challenge for the Ramaphosa administration will be striking the optimal balance between reforms and fiscal consolidation. The focus on business-friendly policies is likely to be reinforced in order to stimulate the economy, however we remain cautious as the operating environment could remain challenging for business.

Notwithstanding the backdrop, we remain committed to maintaining discipline around the allocation of our capital and generating increased returns to shareholders. We will continue to roll out new initiatives as we diversify our revenue streams. Our sustainable level of recurring income, together with our resilient client base, will continue to support reasonable levels of client activity.

3

UNAUDITED FINANCIAL RESULTS

COMBINED CONSOLIDATED INCOME STATEMENT

£'000	Year to 31 March 2019	Year to 31 March 2018
Interest income	2 641 920	2 491 009
Interest expense	(1 826 493)	(1 730 611)
Net interest income	**815 427**	**760 398**
Fee and commission income	1 590 004	1 543 447
Fee and commission expense	(216 452)	(182 240)
Investment income	49 985	130 048
Share of post taxation profit of associates	68 317	46 823
Trading income/(loss) arising from		
– customer flow	120 662	138 226
– balance sheet management and other trading activities	41 966	(4 307)
Other operating income	16 431	11 115
Total operating income before expected credit losses/impairment losses	**2 486 340**	**2 443 510**
Expected credit loss impairment charges*	(66 452)	–
Impairment losses on loans and advances*	–	(148 556)
Operating income	**2 419 888**	**2 294 954**
Operating costs	(1 695 012)	(1 632 740)
Depreciation on operating leased assets	(2 157)	(2 421)
Operating profit before goodwill and acquired intangibles	**722 719**	**659 793**
Impairment of goodwill	(155)	–
Amortisation of acquired intangibles	(15 816)	(16 255)
Operating profit after goodwill and acquired intangibles	**706 748**	**643 538**
Financial impact of group restructures and acquisitions of subsidiaries	(19 543)	(6 039)
Profit before taxation	**687 205**	**637 499**
Taxation on operating profit before goodwill and acquired intangibles	(78 210)	(59 099)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries/restructurings	5 979	3 253
Profit after taxation	**614 974**	**581 653**
Profit attributable to other non-controlling interests	(58 192)	(52 288)
Profit attributable to Asset Management non-controlling interests	(25 658)	(23 817)
Earnings attributable to shareholders	**531 124**	**505 548**
Earnings per share (pence)		
– Basic	52.0	51.2
– Diluted	50.9	49.8
Adjusted earnings per share (pence)		
– Basic	55.1	53.2
– Diluted	54.0	51.7
Dividends per share (pence)		
– Interim	11.0	10.5
– Final	13.5	13.5
Headline earnings per share (pence)		
– Basic	52.6	48.7
– Diluted	51.5	47.4
Number of weighted average shares (million)	942.2	923.5

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

COMBINED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

3

£'000	Year to 31 March 2019	Year to 31 March 2018
Profit after taxation	614 974	581 653
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*	1 797	(5 746)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income^*	(12 918)	–
Gains on realisation debt instruments at FVOCI recycled to the income statement^*	(7 116)	–
Gains on realisation of available-for-sale assets recycled to the income statement^*	–	(6 676)
Fair value movements on available-for-sale assets taken directly to other comprehensive income^*	–	20 051
Foreign currency adjustments on translating foreign operations	(302 598)	(25 300)
Items that will never be reclassified to the income statement		
Effect of rate change on deferred taxation relating to adjustment for IFRS 9*	(1 572)	–
Gains and losses attributable to own credit risk*	8 887	–
Remeasurement of net defined pension asset	(1 924)	3 938
Total comprehensive income	**299 530**	**567 920**
Total comprehensive income attributable to ordinary shareholders	252 677	451 913
Total comprehensive income attributable to non-controlling interests	5 293	83 027
Total comprehensive income attributable to perpetual preferred securities	41 560	32 980
Total comprehensive income	**299 530**	**567 920**

* *Net of taxation of £17.5 million (year to 31 March 2018: £11.7 million), except for the impact of rate changes on deferred tax as shown separately above.*

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

COMBINED CONSOLIDATED BALANCE SHEET

At £'000	31 March 2019	1 April 2018*	31 March 2018*
Assets			
Cash and balances at central banks	4 992 820	4 040 010	4 040 512
Loans and advances to banks	2 322 821	2 164 598	2 165 533
Non-sovereign and non-bank cash placements	648 547	599 982	601 243
Reverse repurchase agreements and cash collateral on securities borrowed	1 768 748	2 207 137	2 207 477
Sovereign debt securities	4 538 223	4 907 624	4 910 027
Bank debt securities	717 313	591 428	587 164
Other debt securities	1 220 651	898 122	903 603
Derivative financial instruments	1 034 166	1 345 744	1 352 408
Securities arising from trading activities	1 859 254	1 434 391	1 434 391
Investment portfolio	1 028 976	956 560	885 499
Loans and advances to customers	24 534 753	24 410 334	24 673 009
Own originated loans and advances to customers securitised	407 869	458 814	459 088
Other loans and advances	195 693	345 742	347 809
Other securitised assets	133 804	148 387	148 387
Interests in associated undertakings	387 750	467 852	467 852
Deferred taxation assets	248 893	242 239	157 321
Other assets	1 735 956	1 875 357	1 876 116
Property and equipment	261 650	233 340	233 340
Investment properties	994 645	1 184 097	1 184 097
Goodwill	366 870	368 803	368 803
Intangible assets	107 237	125 389	125 389
	49 506 639	**49 005 950**	**49 129 068**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	8 217 573	8 487 776	8 487 776
	57 724 212	**57 493 726**	**57 616 844**
Liabilities			
Deposits by banks	3 016 306	2 931 267	2 931 267
Derivative financial instruments	1 277 233	1 471 563	1 471 563
Other trading liabilities	672 405	960 166	960 166
Repurchase agreements and cash collateral on securities lent	1 105 063	655 840	655 840
Customer accounts (deposits)	31 307 107	30 985 251	30 987 173
Debt securities in issue	3 073 320	2 717 187	2 717 187
Liabilities arising on securitisation of own originated loans and advances	91 522	136 812	136 812
Liabilities arising on securitisation of other assets	113 711	127 853	127 853
Current taxation liabilities	162 448	185 486	185 486
Deferred taxation liabilities	23 590	32 158	32 158
Other liabilities	1 765 649	2 019 906	2 012 268
	42 608 354	**42 223 489**	**42 217 773**
Liabilities to customers under investment contracts	8 214 634	8 484 296	8 484 296
Insurance liabilities, including unit-linked liabilities	2 939	3 480	3 480
	50 825 927	**50 711 265**	**50 705 549**
Subordinated liabilities	1 647 271	1 619 878	1 482 987
	52 473 198	**52 331 143**	**52 188 536**
Equity			
Ordinary share capital	245	240	240
Perpetual preference share capital	31	31	31
Share premium	2 471 506	2 416 736	2 416 736
Treasury shares	(189 134)	(160 132)	(160 132)
Other reserves	(577 491)	(406 718)	(345 606)
Retained income	2 611 256	2 326 212	2 530 825
Shareholders' equity excluding non-controlling interests	**4 316 413**	**4 176 369**	**4 442 094**
Other Additional Tier 1 securities in issue	303 728	304 150	304 150
Non-controlling interests	630 873	682 064	682 064
– Perpetual preferred securities issued by subsidiaries	81 616	92 312	92 312
– Non-controlling interests in partially held subsidiaries	549 257	589 752	589 752
Total equity	**5 251 014**	**5 162 583**	**5 428 308**
Total liabilities and equity	**57 724 212**	**57 493 726**	**57 616 844**

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

CONDENSED COMBINED CONSOLIDATED CASH FLOW STATEMENT

3

£'000	Year to 31 March 2019	Year to 31 March 2018
Cash inflows from operations	697 877	732 242
Increase in operating assets	(3 283 153)	(3 352 869)
Increase in operating liabilities	3 990 382	3 075 779
Net cash inflow from operating activities	**1 405 106**	**455 152**
Net cash outflow from investing activities	(65 425)	(37 799)
Net cash (outflow)/inflow from financing activities	(218 027)	45 383
Effects of exchange rate changes on cash and cash equivalents	(136 927)	(54 085)
Net increase in cash and cash equivalents	**984 727**	**408 651**
Cash and cash equivalents at the beginning of the year	6 130 379	5 721 728
Cash and cash equivalents at the end of the year	**7 115 106**	**6 130 379**

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).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

£000	Ordinary share capital	Perpetual preference share capital	Share premium	Treasury shares
At 1 April 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	–
Remeasurement of net defined pension asset	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**1 701**	**–**
Share-based payment 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	–	–	–	–
Movement of treasury shares	–	–	(51 430)	(70 503)
Transfer to capital reserve account	–	–	–	–
Transfer to 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)**
Adoption of IFRS 9	–	–	–	–
At 1 April 2018	**240**	**31**	**2 416 736**	**(160 132)**
Movement in reserves 1 April 2018 – 31 March 2019				
Profit after taxation	–	–	–	–
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	–	–	–	–
Fair value movements on cash flow hedges	–	–	–	–
Gains on realisation of debt instruments at FVOCI recycled to the income statement	–	–	–	–
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	(22 187)	–
Gain attributable to own credit risk	–	–	–	–
Remeasurement of net defined pension asset	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**(22 187)**	**–**
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	5	–	108 409	–
Issue of Other Additional Tier 1 security instruments	–	–	–	–
Issue of equity by subsidiaries	–	–	–	–
Net equity impact of non-controlling interest	–	–	–	–
Transfer from retained income to non-controlling interest	–	–	–	–
Movement of treasury shares	–	–	(31 452)	(72 389)
Net equity movements of interests in associated undertakings	–	–	–	–
Transfer to regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	43 387
Transfer own credit reserve on sale of subordinated liabilities	–	–	–	–
At 31 March 2019	**245**	**31**	**2 471 506**	**(189 134)**

Capital reserve account	Available-for-sale reserve/ Fair value reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Own credit risk reserve	Retained income	**Shareholder's equity excluding non-controlling interests**	Other Additional Tier 1 securities in issue	Non-controlling interests	**Total equity**
Other reserves										
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	–	5 292	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**
–	(7 455)	–	–	–	(53 657)	(204 613)	(265 725)	–	–	(265 725)
10 447	**18 123**	**37 868**	**(60 637)**	**(358 862)**	**(53 657)**	**2 326 212**	**4 176 369**	**304 150**	**682 064**	**5 162 583**
–	–	–	–	–	–	531 124	531 124	–	83 850	614 974
–	(47)	–	–	–	(817)	(708)	(1 572)	–	–	(1 572)
–	–	–	1 797	–	–	–	1 797	–	–	1 797
–	(7 116)	–	–	–	–	–	(7 116)	–	–	(7 116)
–	(12 918)	–	–	–	–	–	(12 918)	–	–	(12 918)
–	1	–	–	(193 848)	–	(1 733)	(217 767)	(6 274)	(78 557)	(302 598)
–	–	–	–	–	8 887	–	8 887	–	–	8 887
–	–	–	–	–	–	(1 924)	(1 924)	–	–	(1 924)
–	**(20 080)**	**–**	**1 797**	**(193 848)**	**8 070**	**526 759**	**300 511**	**(6 274)**	**5 293**	**299 530**
–	–	–	–	–	–	72 714	72 714	–	–	72 714
–	–	–	–	–	–	(238 072)	(238 072)	–	–	(238 072)
–	–	–	–	–	–	(41 560)	(41 560)	19 520	7 298	(14 742)
–	–	–	–	–	–	–	–	(19 520)	(7 298)	(26 818)
–	–	–	–	–	–	–	–	–	(63 897)	(63 897)
–	–	–	–	–	–	–	108 414	–	–	108 414
–	–	–	–	–	–	–	–	5 852	–	5 852
10 447	–	–	–	–	–	–	–	–	4 319	4 319
–	–	–	–	–	–	48 239	48 239	–	2 404	50 643
–	–	–	–	–	–	(690)	(690)	–	690	–
–	–	–	–	–	–	–	(103 841)	–	–	(103 841)
–	–	–	–	–	–	(5 671)	(5 671)	–	–	(5 671)
–	–	7 564	–	–	–	(7 564)	–	–	–	–
–	–	–	–	–	–	(43 387)	–	–	–	–
–	–	–	–	–	25 724	(25 724)	–	–	–	–
10 447	**(1 957)**	**45 432**	**(58 840)**	**(522 710)**	**(19 863)**	**2 611 256**	**4 316 413**	**303 728**	**630 873**	**5 251 014**

DIVIDENDS AND EARNINGS PER SHARE

	31 March 2019	31 March 2018
Earnings	**£'000**	£'000
Earnings attributable to shareholders	531 124	505 548
Preference dividends paid	(41 560)	(32 980)
Earnings and diluted earnings attributable to ordinary shareholders	**489 564**	**472 568**
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	995 747 608	973 676 967
Weighted average number of treasury shares	(53 541 700)	(50 193 338)
Weighted average number of shares in issue during the year	942 205 908	923 483 629
Weighted average number of shares resulting from future dilutive potential shares	19 859 140	25 800 034
Adjusted weighted number of shares potentially in issue	**962 065 048**	**949 283 663**
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	**52.0**	**51.2**
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 period plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the year	**50.9**	**49.8**
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	**55.1**	**53.2**
	£'000	£'000
Earnings attributable to shareholders	531 124	505 548
Impairment of goodwill	155	–
Amortisation of acquired intangibles	15 816	16 255
Financial impact of group restructures and acquisition of subsidiaries	19 543	6 039
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	(5 979)	(3 253)
Preference dividends paid	(41 560)	(32 980)
Accrual adjustment on earnings attributable to other equity holders*	243	(547)
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	**519 342**	**491 062**

* *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.*

	31 March 2019	31 March 2018
Headline earnings per share – pence		
Headline earnings per share has been calculated and is disclosed in accordance with the JSE Listings Requirements, and in terms of circular 4/2018 issued by the South African Institute of Chartered Accountants	**52.6**	**48.7**
	£'000	£'000
Earnings attributable to shareholders	531 124	505 548
Impairment of goodwill	155	–
Preference dividends paid	(41 560)	(32 980)
Property revaluation, net of taxation and non-controlling interests**	1 020	(15 409)
Gains on available-for-sale instruments recycled to the income statement**	–	(6 676)
Impairment of intangible assets	4 877	–
Profit on realisation of associate company	–	(836)
Headline earnings attributable to ordinary shareholders**	**495 616**	**449 647**

** *Taxation on headline earnings adjustments amounted to £1.1 million (2018: £5.3 million) with an impact of (£1.4 million) (2018: £20.9 million) on earnings attributable to non-controlling interests.*

EXCHANGE RATE IMPACT ON RESULTS

As discussed on page 8 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 depreciated by 4.8% and the closing rate has depreciated by 13.1% since 31 March 2018. 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 2019	Actual as reported Year to 31 March 2018	Actual as reported % change	**Neutral currency^ Year to 31 March 2019**	Neutral currency % change
Operating profit before taxation* (million)	£665	£608	9.4%	£684	12.6%
Earnings attributable to shareholders (million)	£531	£506	5.1%	£549	8.6%
Adjusted earnings attributable to shareholders** (million)	£519	£491	5.8%	£536	9.2%
Adjusted earnings per share**	55.1p	53.2p	3.6%	56.9p	7.0%
Basic earnings per share	52.0p	51.2p	1.6%	53.7p	4.9%
Dividends per share	24.5p	24.0p	2.1%	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. 17.21.*

	Results in Pounds Sterling				
	Actual as reported at 31 March 2019	Actual as reported at 31 March 2018	Actual as reported % change	**Neutral currency^^ at 31 March 2019**	Neutral currency % change
Net asset value per share	434.1p	452.5p	(4.1%)	456.5p	1.0%
Net tangible asset value per share	386.0p	401.5p	(3.9%)	408.1p	1.6%
Total equity (million)	£5 251	£5 428	(3.3%)	£5 554	2.3%
Total assets (million)	£57 724	£57 617	0.2%	£62 331	8.2%
Core loans and advances (million)	£24 941	£25 132	(0.8%)	£26 833	6.8%
Cash and near cash balances (million)	£13 288	£12 825	3.6%	£14 113	10.0%
Customer deposits (million)	£31 307	£30 987	1.0%	£33 688	8.7%
Third party assets under management (million)	£167 172	£160 576	4.1%	£173 950	8.3%

^^ *For balance sheet items we have assumed that the Rand: Pounds Sterling closing exchange rate has remained neutral since 31 March 2018.*

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 2019	Year to 31 March 2018	% change	**Year to 31 March 2019**	Year to 31 March 2018	% change
Operating profit before taxation* (million)	£665	£608	9.4%	R11 994	R10 412	15.2%
Earnings attributable to shareholders (million)	£531	£506	5.1%	R9 599	R8 648	11.0%
Adjusted earnings attributable to shareholders** (million)	£519	£491	5.8%	R9 388	R8 395	11.8%
Adjusted earnings per share**	55.1p	53.2p	3.6%	996c	909c	9.6%
Basic earnings per share	52.0p	51.2p	1.6%	940c	875c	7.4%
Headline earnings per share	52.6p	48.7p	8.0%	951c	833c	14.2%
Dividends per share	24.5p	24.0p	2.1%	457c	432c	5.8%

	At 31 March 2019	At 31 March 2018	% change	**At 31 March 2019**	At 31 March 2018	% change
Net asset value per share	434.1p	452.5p	(4.1%)	8 159c	7 521c	8.5%
Net tangible asset value per share	386.0p	401.5p	(3.9%)	7 256c	6 674c	8.7%
Total equity (million)	£5 251	£5 428	(3.3%)	R98 911	R90 218	9.6%
Total assets (million)	£57 724	£57 617	0.2%	R1 085 125	R957 592	13.3%
Core loans and advances (million)	£24 941	£25 132	(0.8%)	R468 882	R417 695	12.3%
Cash and near cash balances (million)	£13 288	£12 825	3.6%	R249 793	R213 155	17.2%
Customer deposits (million)	£31 307	£30 987	1.0%	R588 525	R515 007	14.3%
Third party assets under management (million)	£167 172	£160 576	4.1%	R3 142 833	R2 661 492	18.1%

* *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.*

	31 March 2019	31 March 2018	% change
Income statement and selected returns			
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	519 342	491 062	5.8%
Headline earnings (£'000)	495 616	449 647	10.2%
Operating profit* (£'000)	664 527	607 505	9.4%
Operating profit: Southern Africa (% of total)*	59.2%	67.2%	
Operating profit: UK and Other (% of total)*	40.8%	32.8%	
Cost to income ratio	69.9%	68.3%	
Staff compensation to operating income ratio	47.5%	47.5%	
Return on average adjusted shareholders' equity (post-tax)	12.9%	12.1%	
Return on average adjusted tangible shareholders' equity (post-tax)	14.5%	13.7%	
Return on average risk-weighted assets	1.52%	1.45%	
Operating profit per employee (£'000)	64.1	61.2	
Net interest income as a % of operating income	32.8%	31.1%	
Non-interest income as a % of operating income	67.2%	68.9%	
Annuity income as a % of total operating income	76.9%	76.2%	
Effective operational tax rate	12.0%	9.6%	
Balance sheet			
Total capital resources (including subordinated liabilities and Additional Tier 1 securities in issue) (£'million)	6 898	6 911	(0.2%)
Total equity (£'million)	5 251	5 428	(3.3%)
Shareholders' equity (excluding non-controlling interests) (£'million)	4 316	4 442	(2.8%)
Total assets (£'million)	57 724	57 617	0.2%
Net core loans and advances to customers (including own originated securitised assets) (£'million)	24 941	25 132	(0.8%)
Core loans and advances to customers as a % of total assets	43.2%	43.6%	
Cash and near cash balances (£'million)	13 288	12 825	3.6%
Customer accounts (deposits) (£'million)	31 307	30 987	1.0%
Third party assets under management (£'million)	167 172	160 576	4.1%
Gearing ratio (assets excluding assurance assets to total equity)	9.4x	9.1x	
Core loans to equity ratio	4.8x	4.6x	
Loans and advances to customers: customer deposits	78.4%	79.6%	
Salient financial features and key statistics			
Adjusted earnings per share (pence)	55.1	53.2	3.6%
Headline earnings per share (pence)	52.6	48.7	8.0%
Basic earnings per share (pence)	52.0	51.2	1.6%
Diluted earnings per share (pence)	50.9	49.8	2.3%
Dividends per share (pence)	24.5	24.0	2.1%
Dividend cover (times)	2.2	2.2	–
Net asset value per share (pence)	434.1	452.5	(4.1%)
Net tangible asset value per share (pence)	386.0	401.5	(3.9%)
Weighted number of ordinary shares in issue (million)	942.2	923.5	2.0%
Total number of shares in issue (million)	1 001.0	980.6	2.1%
Closing share price (pence)	442	550	(19.6%)
Market capitalisation (£'million)	4 424	5 393	(18.0%)
Number of employees in the group (including temps and contractors)	10 573	10 146	4.2%
Closing ZAR:£ exchange rate	18.80	16.62	(13.1%)
Average ZAR:£ exchange rate	18.04	17.21	(4.8%)

	31 March 2019	1 April 2018
Key asset quality and capital ratios		
Capital adequacy ratio: Investec plc^	15.7%	15.0%
Tier 1 ratio: Investec plc^	12.6%	12.4%
Common equity tier 1 ratio: Investec plc^	10.8%	10.5%
Leverage ratio: Investec plc^	7.9%	8.3%
Capital adequacy ratio: Investec Limited^	14.8%	14.5%
Tier 1 ratio: Investec Limited^	11.2%	10.8%
Common equity tier 1 ratio: Investec Limited^	10.5%	10.0%
Leverage ratio: Investec Limited^	7.6%	7.4%
Credit loss ratio (expected credit loss impairment charges on gross core loans and advances subject to ECL as a % of average gross core loans and advances subject to ECL)	0.31%	0.61%**
Stage 3 net of ECL as a % of net core loans and advances subject to ECL	1.3%	2.0%

Refer to definitions and calculations on pages 135 to 136.

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

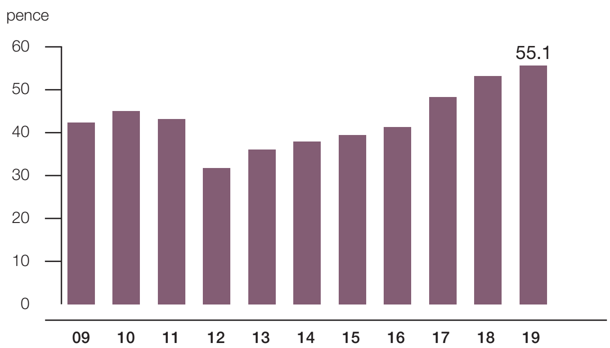
^ *The group's expected Basel III 'fully loaded' numbers are provided on page 88.*

** *As at 31 March 2018.*

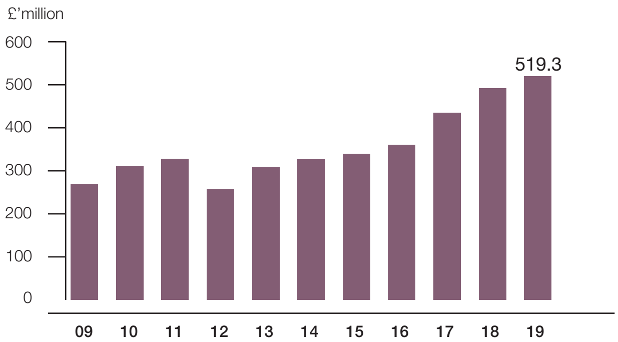
Up 3.6% to 55.1 pence

Up 5.8% to £519.3 million

Adjusted earnings per share



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



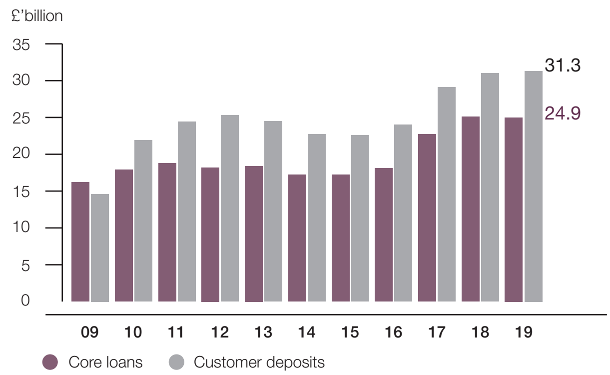
Core loans and advances: down 0.8% to £24.9 billion since 31 March 2018 – an increase of 6.8% on a currency neutral basis*

Deposits: up 1.0% to £31.3 billion since 31 March 2018 – an increase of 8.7% on a currency neutral basis*

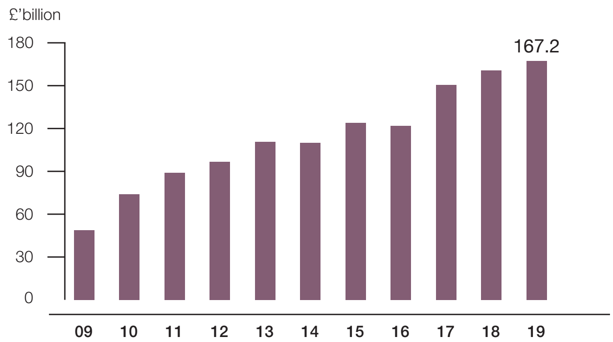
Up 4.1% to £167.2 billion since 31 March 2018 – an increase of 8.3% on a currency neutral basis*

Net inflows of £6.5 billion

Core loans and customer deposits



Third-party assets under management



* *Currency neutral basis: calculation assumes that the group's relevant closing exchange rates at 31 March 2019, as reflected on page 8, remain the same as those at 31 March 2018.*

Investec group existing targets

ROE TARGET

We have set the following target over the medium to long term:

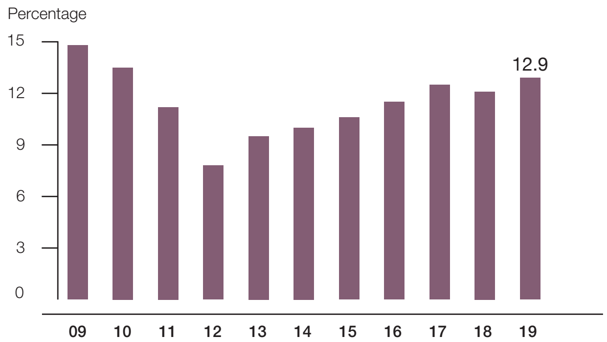
Group ROE: 12% to 16% over a rolling five-year period in Pounds Sterling

COST TO INCOME TARGET

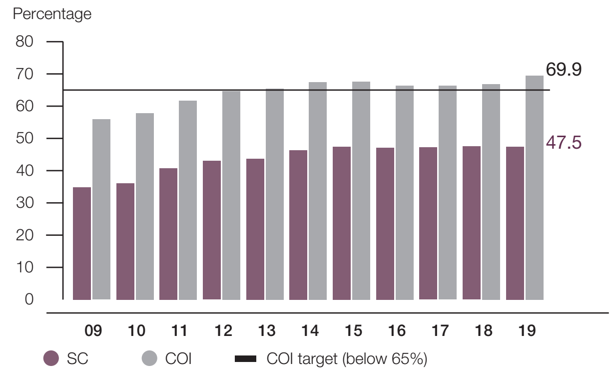
We have set the following target over the medium to long term:

Group COI ratio: less than 65% in Pounds Sterling

ROE*



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



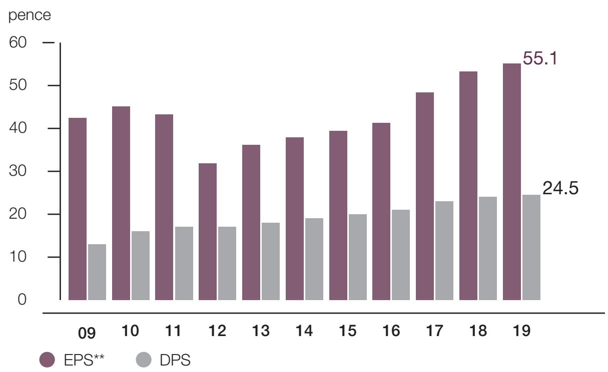
DIVIDEND COVER TARGET

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

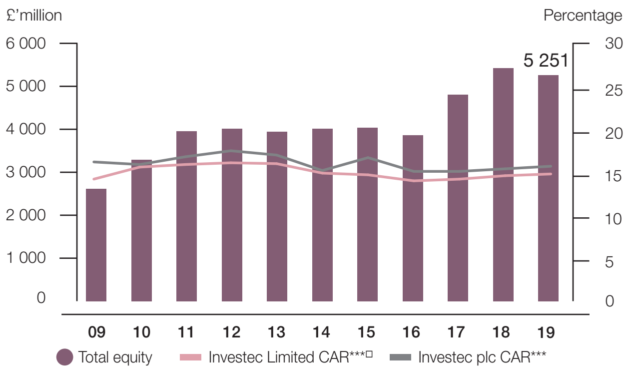
CAPITAL ADEQUACY TARGETS

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%

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



Total equity and capital adequacy ratios (CAR)



* ROE is post-tax return on adjusted average shareholders' equity as calculated on page 89.

** Adjusted EPS before goodwill, acquired intangibles and non-operating items as defined on page 135.

*** 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.

□ Investec Limited has received regulatory permission to adopt the Foundation Internal Ratings Based (FIRB) approach, effective 1 April 2019, resulting in a pro-forma capital adequacy ratio of 16.0%

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

4

FINANCIAL REVIEW AND ADDITIONAL INFORMATION

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 operate across 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.

Specialist Banking

Key income drivers	Income impacted primarily by	Income statement – primarily reflected as
• Lending activities.	• Size of loan portfolio • Clients' capital and infrastructural investments • Client activity • Credit spreads • Interest rate environment.	• Net interest income • Fees and commissions • Investment income.
• Cash and near cash balances.	• Capital employed in the business and capital adequacy targets • Asset and liability management policies and risk appetite • Regulatory requirements • Credit spreads • Interest rate environment.	• Net interest income • Trading income arising from balance sheet management activities.
• Deposit and product structuring and distribution.	• Distribution channels • Ability to create innovative products • Regulatory requirements • Credit spreads • Interest rate environment.	• Net interest income • Fees and commissions.
• Investments made (including listed and unlisted equities; debt securities; investment properties) • Gains or losses on investments • Dividends received.	• 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.	• Net interest income • Investment income • Share of post taxation profit of associates.
• Advisory services.	• The demand for our specialised advisory services, which, in turn, is affected by applicable, regulatory and other macro- and micro-economic fundamentals.	• Fees and commissions.
• Derivative sales, trading and hedging.	• Client activity, including lending activity • Market conditions/volatility • Asset and liability creation • Product innovation.	• Fees and commissions • Trading income arising from customer flow.
• Transactional banking services.	• Levels of activity • Ability to create innovative products • Appropriate systems infrastructure.	• Net interest income • Fees and commissions.

Risks relating to our operations

These risks are summarised briefly in the table below.

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

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.

The **financial services industry** in which we operate is intensely competitive.

Market, business and general economic conditions and fluctuations could adversely affect our businesses in a number of ways.

We may be exposed to **country risk** i.e. the risk inherent in sovereign exposure and events in other countries.

Credit and counterparty risk exposes us to losses caused by financial or other problems experienced by our clients.

Unintended **environmental, including climate change, social and economic risks** could arise in our lending and investment activities.

We may be exposed to **investment risk** in our unlisted and listed investment portfolios.

Market risk arising in our trading book could affect our operational performance.

Liquidity risk may impair our ability to fund our operations.

Our net interest earnings and net asset value may be adversely affected by **interest rate risk.**

Operational risk (including financial crime, cyber crime and process failure) may disrupt our business or result in regulatory action.

We may be **vulnerable to the failure of our systems** and breaches of our security systems (including cyber and information security).

Employee misconduct could cause harm that is difficult to detect.

Reputational, strategic and business risk could impact our operational performance.

Compliance, legal and regulatory risks may have an impact on our business.

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.

We may have insufficient capital in the future and may be unable to secure additional financing when it is required.

We may be unable to **recruit, retain and motivate key personnel.**

We may be exposed to **pension risk** in our UK operations.

Income statement analysis

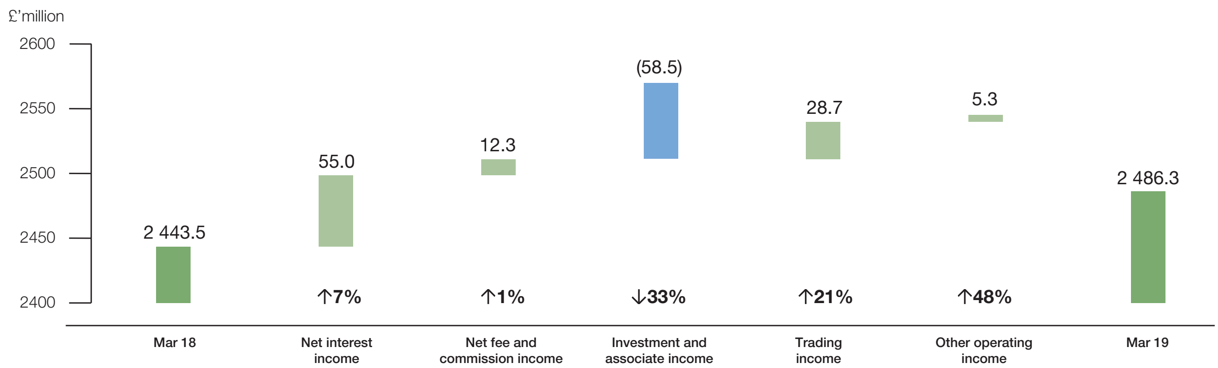
The overview that follows will highlight the main reasons for the variance in the major category line items on the face of the income statement during the year under review.

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 20 to 50.

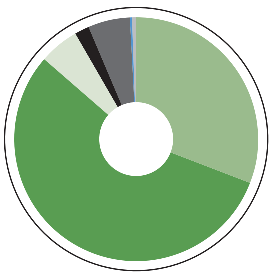
Total operating income

Total operating income before expected credit losses / impairment losses increased by 1.8% to £2 486.3 million (2018: £2 443.5 million).

A breakdown of total operating income before expected credit losses / impairment losses by geography and division for the year under review can be found in our segmental disclosures on pages 104 to 111.

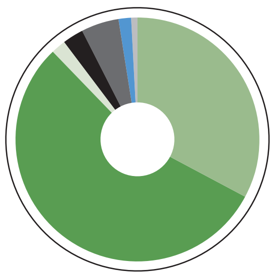


% of total operating income before expected credit losses / impairment losses



31 MARCH 2018
£2 443.5 million total operating income before impairment losses

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



31 MARCH 2019
£2 486.3 million total operating income before expected credit losses

32.8%	Net interest income
55.2%	Net fee and commission income
2.0%	Investment income
2.7%	Share of post taxation operating profit of associates
4.9%	Trading income arising from customer flow
1.7%	Trading income arising from balance sheet management and other trading activities
0.7%	Other operating income

Net interest income

Net interest income increased by 7.2% to £815.4 million (2018: £760.4 million) driven by lending activity and endowment impact from rate rises in the UK.

£'000	31 March 2019	31 March 2018	Variance	% change
Asset Management	5 683	5 471	212	3.9%
Wealth & Investment	14 216	10 744	3 472	32.3%
Specialist Banking	795 528	744 183	51 345	6.9%
Net interest income	**815 427**	**760 398**	**55 029**	**7.2%**

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 2019 £'000	Notes	Balance sheet value	Interest income	Balance sheet value	Interest income	**Balance sheet value**	**Interest income**
Cash, near cash and bank debt and sovereign debt securities	1	7 575 683	62 445	7 412 789	432 162	14 988 472	494 607
Core loans and advances	2	10 515 665	586 608	14 426 957	1 377 226	24 942 622	1 963 834
Private client		4 197 181	169 702	9 837 641	953 296	14 034 822	1 122 998
Corporate, institutional and other clients		6 318 484	416 906	4 589 316	423 930	10 907 800	840 836
Other debt securities and other loans and advances		676 461	78 950	739 883	49 559	1 416 344	128 509
Other interest-earning assets	3	–	–	155 053	54 970	155 053	54 970
Total interest-earning assets		**18 787 809**	**728 003**	**22 734 682**	**1 913 917**	**41 502 491**	**2 641 920**

		UK and Other		Southern Africa		Total group	
For the year to 31 March 2019 £'000	Notes	Balance sheet value	Interest expense	Balance sheet value	Interest expense	**Balance sheet value**	**Interest expense**
Deposits by banks and other debt related securities	4	4 040 397	(138 306)	3 154 292	(141 581)	7 194 689	(279 887)
Customer accounts (deposits)		13 136 539	(159 157)	18 170 568	(1 242 208)	31 307 107	(1 401 365)
Other interest-bearing liabilities	5	–	–	91 522	(23 365)	91 522	(23 365)
Subordinated liabilities		803 699	(51 051)	843 572	(70 825)	1 647 271	(121 876)
Total interest-bearing liabilities		**17 980 635**	**(348 514)**	**22 259 954**	**(1 477 979)**	**40 240 589**	**(1 826 493)**
Net interest income			**379 489**		**435 938**		**815 427**
Net interest margin (local currency)			**2.13%**		**1.9%****		

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 and Investec Import Solutions debtors. 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 26.57% interest (2018: 26.75%). Excluding this debt funding cost, the net interest margin amounted to 2.05% (2018: 1.99%).*

For the year to 31 March 2018 £'000	Notes	UK and Other Balance sheet value	UK and Other Interest income	Southern Africa Balance sheet value	Southern Africa Interest income	Total group Balance sheet value	Total group Interest income
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		**18 767 809**	**599 410**	**24 129 248**	**1 891 599**	**40 913 464**	**2 491 009**

For the year to 31 March 2018 £'000	Notes	UK and Other Balance sheet value	UK and Other Interest expense	Southern Africa Balance sheet value	Southern Africa Interest expense	Total group Balance sheet value	Total group Interest expense
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 (deposits)		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%****		

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 26.57% interest (2018: 26.75%). Excluding this debt funding cost, the net interest margin amounted to 2.05% (2018: 1.99%).*

Net fee and commission income

Net fee and commission income increased by 0.9% to £1 373.6 million (2018: £1 361.2 million). Strong annuity fees from the asset and wealth management businesses, as well as a good performance from the UK investment banking business was offset by lower performance, brokerage and deal fees in the South African businesses.

£'000	31 March 2019	31 March 2018	Variance	% change
Asset Management	556 901	537 134	19 767	3.7%
Wealth & Investment	384 456	382 463	1 993	0.5%
Specialist Banking	432 195	441 610	(9 415)	(2.1%)
Net fee and commission income	**1 373 552**	**1 361 207**	**12 345**	**0.9%**

Included in Specialist Banking corporate and institutional and advisory services is net fee income of £92 million (2018: £105 million) for operating lease income which is out of the scope of IFRS 15 – Revenue from contracts with customers.

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

For the year to 31 March 2019 £'000	UK and Other	Southern Africa	Total group
Asset management and wealth management net fee and commission income	**683 621**	**257 736**	**941 357**
Fund management fees/fees for assets under management	807 507	226 705	1 034 212
Private client transactional fees	47 771	36 612	84 383
Fee and commission expense	(171 657)	(5 581)	(177 238)
Specialist Banking net fee and commission income	**205 610**	**226 585**	**432 195**
Corporate and institutional transactional and advisory services	206 798	191 786	398 584
Private client transactional fees	10 691	62 134	72 825
Fee and commission expense	(11 879)	(27 335)	(39 214)
Net fee and commission income	**889 231**	**484 321**	**1 373 552**
Annuity fees (net of fees payable)	675 619	422 176	1 097 795
Deal fees	213 612	62 145	275 757

For the year to 31 March 2018 £'000	UK and Other	Southern Africa	Total group
Asset management and Wealth management 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

Investment income

Investment income decreased to £50.0 million (2018: £130.0 million) reflecting a weak performance from the group's listed and unlisted investment portfolio, as well as from the investment property portfolio in South Africa.

£'000	31 March 2019	31 March 2018	Variance	% change
Asset Management	25	(15)	40	>100.0%
Wealth & Investment	1 490	10 551	(9 061)	(85.9%)
Specialist Banking	48 470	119 512	(71 042)	(59.4%)
Investment income	**49 985**	**130 048**	**(80 063)**	**(61.6%)**

For the year to 31 March 2019 £'000	Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
UK and Other	**34 331**	**8 843**	**–**	**(10 500)**	**32 674**
Realised	36 201	7 313	–	(21 115)	22 399
Unrealised^	(6 126)	1 530	–	3 905	(691)
Dividend income	4 256	–	–	–	4 256
Funding and other net related income	–	–	–	6 710	6 710
Southern Africa	**16 654**	**9 688**	**(2 439)**	**(6 592)**	**17 311**
Realised	55 439	7 235	29 841	698	93 213
Unrealised^	(75 842)	2 453	(32 280)	(5 306)	(110 975)
Dividend income	39 279	–	–	(39)	39 240
Funding and other net related costs	(2 222)	–	–	(1 945)	(4 167)
Total investment income	**50 985**	**18 531**	**(2 439)**	**(17 092)**	**49 985**

* *Including 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.*

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 income	(4 695)	–	–	1 770	(2 925)
Total investment income	**73 938**	**15 847**	**39 413**	**850**	**130 048**

* *Including 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 £68.3 million (2018: £46.8 million) reflects earnings in relation to the group's investment in the IEP Group. The increase is largely driven by a realisation within the IEP Group.

Trading income

Trading income arising from customer flow decreased by 12.7% to £120.7 million (2018: £138.2 million) reflecting subdued client flow trading levels given the uncertainty in both geographies.

Trading income from balance sheet management and other trading activities increased to £42.0 million (2018: £4.3 million loss). The increase is largely reflective of translation gains on foreign currency equity investments in South Africa (partially offsetting the related weaker investment income performance) as well as the unwind of the UK subordinated debt fair value adjustment (recognised on the adoption of IFRS 9) as the instrument pulls to par over its remaining term.

Arising from customer flow

£'000	**31 March 2019**	31 March 2018	Variance	% change
Wealth & Investment	851	537	314	58.5%
Specialist Banking	119 811	137 689	(17 878)	(13.0%)
Trading income arising from customer flow	**120 662**	**138 226**	**(17 564)**	**(12.7%)**

Arising from balance sheet management and other trading activities

£'000	**31 March 2019**	31 March 2018	Variance	% change
Asset Management	5 058	(5 077)	10 135	>100.0%
Wealth & Investment	69	(150)	219	>100.0%
Specialist Banking	36 839	920	35 919	>100.0%
Trading profit/(loss) arising from balance sheet management and other trading activities	**41 966**	**(4 307)**	**46 273**	**>100.0%**

Expected credit loss (ECL) impairment charges

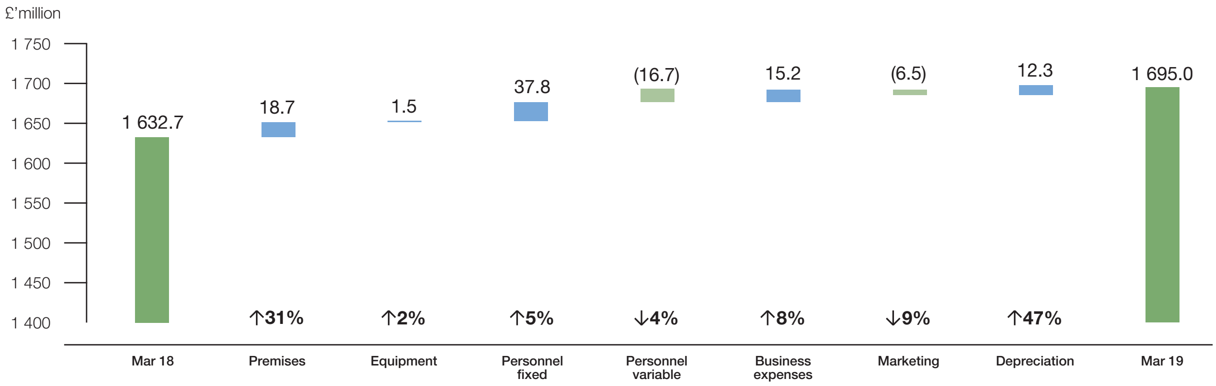
The total ECL impairment charges amounted to £66.5 million, a substantial reduction from £148.6 million (under the IAS 39 incurred loss model) in the prior year, primarily reflecting a reduction in legacy impairments. The group's credit loss ratio is within its long term average range at 0.31% (2018: 0.61%). Since 1 April 2018 gross core loan Stage 3 assets have reduced by 29% to £521 million driven by a reduction of legacy exposures. Stage 3 assets (net of ECL impairment charges) as a percentage of net core loans subject to ECL was 1.3% (1 April 2018: 2.0%).

£'000	**31 March 2019**	31 March 2018	Variance	% change
UK and Other	(24 553)	(106 085)	81 532	(76.9%)
Southern Africa	(41 899)	(42 471)	572	(1.3%)
Expected credit losses/impairment losses	**(66 452)**	**(148 556)**	**82 104**	**(55.3%)**
Expected credit losses/impairment losses in home currency				
Southern Africa (R'million)	(761)	(726)	(35)	4.8%

Operating costs

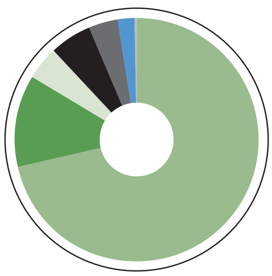
Operating costs increased 3.8% to £1 695.0 million (2018: £1 632.7 million), primarily driven by higher premises costs given the prior-year rental provision release in South Africa and headcount growth to support business activity, regulatory requirements and IT development. The cost to income ratio (net of minorities) amounted to 69.9% (2018: 68.3%).

Operating costs



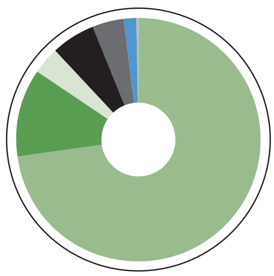
A breakdown of operating costs by geography and division for the year under review can be found in our segmental disclosures on pages 104 to 111.

% of operating costs



31 MARCH 2019
£1 695.0 million operating costs

71.6%	Staff costs
12.1%	Business expenses
4.6%	Premises
5.6%	Equipment
3.8%	Marketing
2.3%	Depreciation



31 MARCH 2018
£1 632.7 million operating costs

73.0%	Staff costs
11.7%	Business expenses
3.6%	Premises
5.8%	Equipment
4.3%	Marketing
1.6%	Depreciation

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

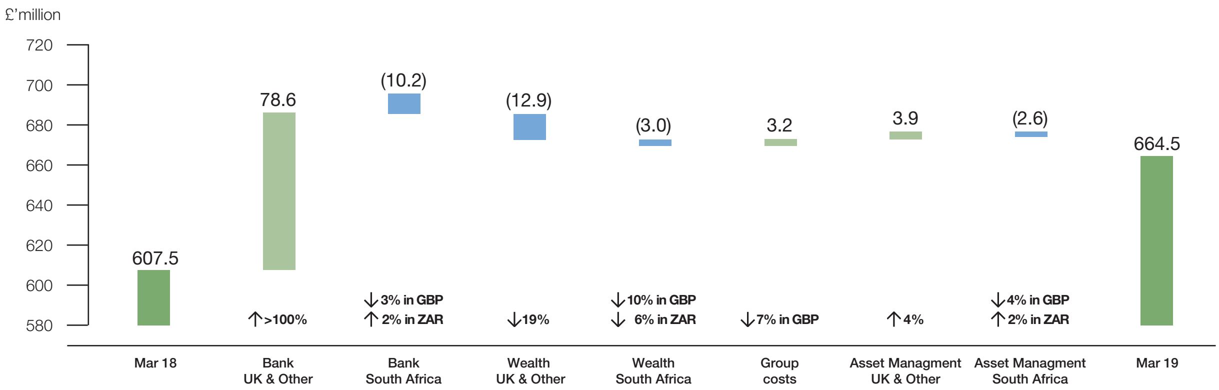
As a result of the foregoing factors, our operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests increased by 9.4% from £607.5 million to £664.5 million.

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 2019 £'000	UK and Other	Southern Africa	**Total group**	**% change**	**% of total**
Wealth & Investment	56 363	26 250	82 613	(16.2%)	12.4%
Specialist Banking	138 566	310 329	448 895	18.0%	67.6%
Group costs	(31 518)	(14 825)	(46 343)	6.6%	(7.0%)
Bank and Wealth	**163 411**	**321 754**	**485 165**	**12.8%**	**73.0%**
Asset Management	107 835	71 527	179 362	0.7%	27.0%
Operating profit	**271 246**	**393 281**	**664 527**	**9.4%**	**100.0%**
Other non-controlling interest			58 192		
Operating profit before non-controlling interests			**722 719**		
% change	**36.1%**	**(3.6%)**	**9.4%**		
% of total	**40.8%**	**59.2%**	**100.0%**		

For the year to 31 March 2018 £'000	UK and Other	Southern Africa	**Total group**	**% of total**
Wealth & Investment	69 269	29 296	98 565	16.2%
Specialist Banking	59 958	320 535	380 493	62.6%
Group costs	(33 789)	(15 809)	(49 598)	(8.2%)
Bank and Wealth	**95 438**	**334 022**	**429 460**	**70.7%**
Asset Management	103 918	74 127	178 045	29.3%
Operating profit	**199 356**	**408 149**	**607 505**	**100.0%**
Other non-controlling interest			52 288	
Operating profit before non-controlling interests			**659 793**	
% of total	**32.8%**	**67.2%**	**100.0%**	

Growth in operating profit



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 2019	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Operating margin	31.3%	33.0%	33.1%	32.0%	34.2%	34.7%	34.5%
Net flows in funds under management as a % of opening funds under management	5.9%	5.6%	(0.8%)	4.1%	4.6%	3.7%	6.7%
Average income yield earned on funds under management^	0.53%	0.54%	0.58%	0.55%	0.60%	0.60%	0.62%

Wealth & Investment

Global business (in Pounds Sterling)	31 March 2019	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Operating margin	20.6%	24.3%	25.9%	26.4%	25.2%	22.9%	20.3%
Net organic growth in funds under management as a % of opening funds under management	0.7%	3.6%	2.7%	4.5%	6.6%	3.5%	2.0%
Average income yield earned on funds under management^	0.72%	0.73%	0.72%	0.71%	0.72%	0.71%	0.66%
UK and Other^^ (in Pounds Sterling)							
Operating margin^^	17.8%	22.0%	23.5%	24.6%	22.7%	20.1%	17.3%
Net organic growth in funds under management as a % of opening funds under management	0.4%	5.0%	4.2%	4.5%	7.1%	5.1%	1.3%
Average income yield earned on funds under management^	0.83%	0.87%	0.85%	0.87%	0.89%	0.89%	0.86%
South Africa (in Rands)							
Operating margin	31.1%	32.3%	33.8%	33.1%	35.1%	33.9%	31.3%
Net organic growth in discretionary funds under management as a % of opening discretionary funds under management	4.0%	4.6%	8.1%	10.4%	8.5%	13.6%	13.9%
Average income yield earned on funds under management^*	0.49%	0.49%	0.47%	0.45%	0.41%	0.41%	0.37%

* *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' as well as Click & Invest, Investec Wealth & Investment UK has an operating margin of 26.3% (2018: 28.0%).*

Specialist Banking

Global business (in Pounds Sterling)	31 March 2019	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Cost to income ratio	64.5%	63.4%	63.3%	61.9%	63.8%	63.7%	63.3%
ROE post-tax^	9.9%	9.2%	10.5%	10.1%	8.6%	7.9%	6.4%
ROE post-tax (ongoing business)^	n/a	11.7%	12.6%	13.0%	12.8%	11.9%	–
Growth in net core loans	(0.8%)	10.7%	25.3%	5.4%	0.2%^^	(6.8%)	1.0%
Currency neutral growth in net core loans	6.8%	5.3%	7.6%	–	–	–	–
Growth in risk-weighted assets	(0.7%)	5.6%	22.2%	2.2%	(4.9%)^^	(6.0%)	4.7%
Stage 3/defaults net of ECL as a % of net core loans and advances subject to ECL*	1.3%	1.17%	1.22%	1.54%	2.07%	2.30%	2.73%
Credit loss ratio on core loans	0.31%	0.61%	0.54%	0.62%	0.68%	0.68%	0.84%
UK and Other (in Pounds Sterling)							
Cost to income ratio	77.4%	76.7%	74.8%	72.9%	76.8%	72.2%	69.0%
ROE post-tax^	8.1%	3.2%	7.0%	5.5%	2.1%	3.6%	1.7%
ROE post-tax (ongoing business)^	n/a	8.5%	11.5%	11.4%	9.6%	10.9%	–
Growth in net core loans	8.5%	12.4%	10.5%	10.5%	(14.1%)^^	(0.3%)	6.6%
Growth in risk-weighted assets	6.2%	8.2%	8.4%	6.7%	(15.5%)^^	0.4%	7.7%
Stage 3/defaults net of ECL as a % of net core loans and advances subject to ECL*	2.2%	2.16%	1.55%	2.19%	3.00%	3.21%	3.75%
Credit loss ratio on core loans	0.38%	1.14%	0.90%	1.13%	1.16%	0.99%	1.16%
Southern Africa (in Rands)							
Cost to income ratio	51.7%	50.6%	51.1%	49.9%	49.7%	52.9%	55.5%
ROE post-tax^	12.8%	14.6%	12.7%	15.1%	15.2%	12.5%	10.0%
Growth in net core loans	5.6%	8.7%	8.4%	19.7%	16.1%	10.6%	10.2%
Growth in risk-weighted assets	7.2%	3.0%	6.2%	15.1%	8.3%	11.0%	16.5%
Stage 3/defaults net of ECL as a % of net core loans and advances subject to ECL*	0.8%	0.56%	1.02%	1.05%	1.43%	1.46%	1.89%
Credit loss ratio on core loans	0.28%	0.28%	0.29%	0.26%	0.28%	0.42%	0.61%

^ *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. Capital as at 31 March 2019 was c.£1.5 billion in the UK and c.R39 billion in South Africa.*

^^ *Impacted by sale of assets.*

* *31 March 2019 information has been presented on an IFRS 9 basis. Comparative information has been presented on an IAS basis. On adoption of IFRS 9 there is a move from incurred loss model to an expected credit loss methodology.*

The group has changed its cost to income ratio definition to exclude operating profits or losses attributable to other non-controlling interests. Refer to page 135 for definition.

Impairment of goodwill and 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 2019	31 March 2018
UK and Other	**356 048**	**356 265**
Asset Management	88 045	88 045
Wealth & Investment	243 228	243 343
Specialist Banking	24 775	24 877
South Africa	**10 822**	**12 538**
Wealth & Investment	1 922	2 174
Specialist Banking	8 900	10 364
Intangible assets	**107 237**	**125 389**
Total group	**474 107**	**494 192**

Taxation

The effective tax rate of 12.0% was higher than the prior year rate of 9.6% due to the release of provisions in the prior year. The effective tax rate has remained below the group's historical effective tax rate primarily due to the utilisation of tax losses in the current period.

	Effective operational tax rates				
	2019	2018	31 March 2019 £'000	31 March 2018 £'000	% change
UK and Other	14.8%	19.6%	(39 102)	(38 509)	(1.5%)
Southern Africa	10.0%	4.9%	(39 108)	(20 590)	(89.9%)
Tax	**12.0%**	**9.6%**	**(78 210)**	**(59 099)**	**(32.3%)**

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests mainly comprises:

- £25.7 million (2018: £23.8 million) profit attributable to non-controlling interests in the Asset Management business
- £58.0 million (2018: £52.6 million) profit attributable to non-controlling interests in the Investec Property Fund Limited

Earnings attributable to shareholders

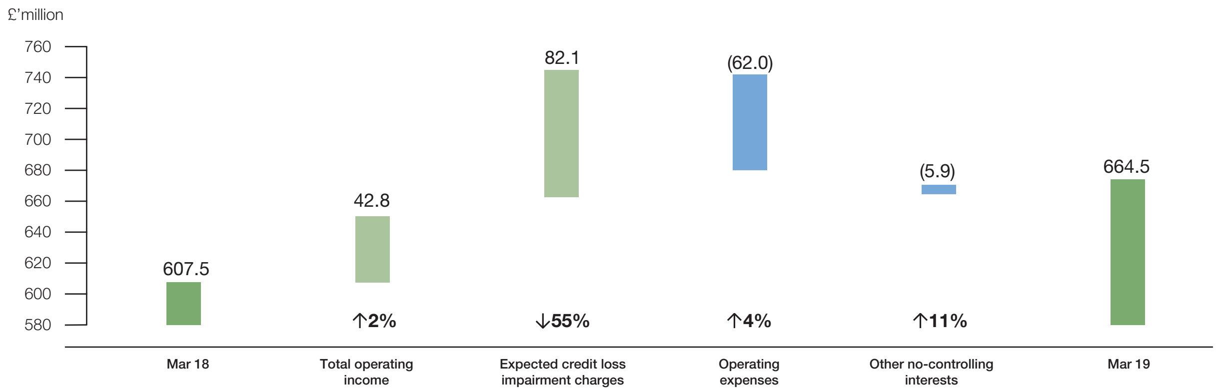
As a result of the foregoing factors, earnings attributable to shareholders increased from £505.5 million to £531.1 million.

Dividends and earnings per share

Information with respect to dividends and earnings per share is provided on pages 58 and 59 and pages 137 to 142.

In summary

Operating profit* has increased by 9.4% to £664.5 million.



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

Balance sheet analysis

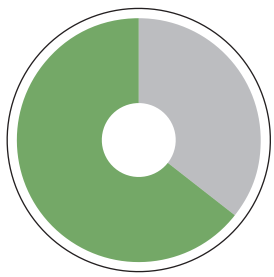
Since 31 March 2018:

- Shareholders equity decreased by 2.8% to £4.3 billion primarily as a result of the adoption of IFRS 9 on 1 April 2018 as well as from the depreciation of the closing Rand: Pounds Sterling exchange rate.
- Net asset value per share decreased 4.1% to 434.1 pence and net tangible asset value per share (which excludes goodwill and intangible assets) decreased 3.9% to 386.0 pence, primarily as a result of the adoption of IFRS 9 as well as from the depreciation of the closing Rand: Pound Sterling exchange rate.
- The return on adjusted average shareholders' equity increased from 12.1% to 12.9%.

Assets by geography

31 MARCH 2019
£57 724 million total assets

39.1%	UK and Other
60.9%	Southern Africa



31 MARCH 2018
£57 617 million total assets

35.7%	UK and Other
64.3%	Southern Africa

Net tangible asset value per share

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

£'000	31 March 2019	31 March 2018
Shareholders' equity	4 316 413	4 442 094
Less: perpetual preference shares issued by holding companies	(194 156)	(216 343)
Less: goodwill and intangible assets (excluding software)	(456 397)	(475 922)
Net tangible asset value	**3 665 860**	**3 749 829**
Number of shares in issue (million)	1001.0	980.6
Treasury shares (million)	(51.3)	(46.7)
Number of shares in issue in this calculation (million)	**949.7**	**933.9**
Net tangible asset value per share (pence)	**386.0**	**401.5**
Net asset value per share (pence)	**434.1**	**452.5**

Return on risk-weighted assets

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

	31 March 2019	31 March 2018	Average	31 March 2017	Average
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	**519 342**	**491 062**		**434 504**	
Investec plc risk-weighted assets (£'million)	15 313	14 411	14 862	13 312	13 862
Investec Limited risk-weighted assets^ (£'million)	19 244	20 366	19 805	19 667	20 016
Total risk-weighted assets (£'million)	**34 557**	**34 777**	**34 667**	**32 979**	**33 878**
Return on average risk-weighted assets	**1.50%**	**1.45%**		**1.45%**	
^Investec Limited risk-weighted assets (R'million)	361 750	338 484	350 117	329 808	334 146

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 Prudential Authority. 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

	Standardised				Pro-forma** FIRB	
At 31 March 2019	**Investec plc*° £'million**	IBP*° £'million	**Investec Limited*^ R'million**	IBL*^ R'million	**Investec Limited* R'million**	IBL* R'million
Tier 1 capital						
Shareholders' equity	1 981	1 908	39 966	39 770	39 966	39 770
Shareholders' equity excluding non-controlling interests	2 022	1 921	43 149	41 304	43 149	41 304
Perpetual preference share capital and share premium	(25)		(3 183)	(1 534)	(3 183)	(1 534)
Deconsolidation of special purpose entities	(16)	(13)	–	–	–	–
Non-controlling interests	7	(8)	–	–	–	–
Non-controlling interests per balance sheet	13	(8)	9 922	–	9 922	–
Non-controlling interests excluded for regulatory purposes	–	–	(9 922)	–	(9 922)	–
Surplus non-controlling interest disallowed in common equity tier 1	(6)	–	–	–	–	–
Regulatory adjustments to the accounting basis	110	110	1 155	1 157	931	931
Additional value adjustments	(5)	(5)	–	–	–	–
Cash flow hedging reserve	–	–	931	931	931	931
Gains or losses on liabilities at fair value resulting from changes in our credit standing	21	21	–	–	–	–
Adjustment under IFRS 9 transitional arrangement	94	94	224	226	–	–
Deductions	(447)	(348)	(2 971)	(2 776)	(3 825)	(3 461)
Goodwill and intangible assets net of deferred tax	(434)	(335)	(629)	(588)	(629)	(588)
Investment in financial entity	–	–	(2 138)	(2 153)	(2 221)	(2 236)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(13)	(13)	–	–	–	–
Shortfall of eligible provisions compared to expected loss	–	–	–	–	(604)	(602)
Other regulatory adjustments	–	–	(204)	(35)	(371)	(35)
Common equity tier 1 capital	**1 651**	**1 662**	**38 150**	**38 151**	**37 072**	**37 240**
Additional tier 1 capital	274	250	2 432	920	2 374	920
Additional tier 1 instruments	274	250	5 727	1 994	5 727	1 994
Phase out of non-qualifying additional tier 1 instruments	–	–	(3 302)	(1 074)	(3 302)	(1 074)
Non-qualifying surplus capital attributable to non-controlling interest	–	–	(78)	–	(136)	–
Non-controlling interest in non-banking entities	–	–	85	–	85	–
Tier 1 capital	**1 925**	**1 912**	**40 582**	**39 071**	**39 446**	**38 160**
Tier 2 capital	485	596	13 165	14 795	11 566	14 401
Collective impairment allowances	–	–	876	877	483	483
Tier 2 instruments	596	596	15 857	13 918	15 857	13 918
Phase out of non-qualifying tier 2 instruments	(1)	–	–	–	–	–
Non-qualifying surplus capital attributable to non-controlling interests	(110)	–	(3 568)	–	(4 774)	–
Total regulatory capital	**2 410**	**2 508**	**53 747**	**53 866**	**51 012**	**52 561**
Risk-weighted assets	**15 313**	**14 631**	**361 750**	**340 315**	**318 533**	**297 506**
Capital ratios						
Common equity tier 1 ratio	10.8%	11.4%	10.5%	11.2%	11.6%	12.5%
Tier 1 ratio	12.6%	13.1%	11.2%	11.5%	12.4%	12.8%
Total capital adequacy ratio	15.7%	17.1%	14.9%	15.8%	16.0%	17.7%

* *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.*

° *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 (CET 1) capital as now required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of this deduction totalling £63 million for Investec plc and £19 million for IBP would lower the CET 1 ratio by 41bps 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 27bps and 14bps lower respectively.*

** *We have approval to adopt the Foundation Internal Ratings Based (FIRB) approach, affective 1 April 2019. We present numbers on a pro forma basis for 31 March 2019.*

Capital structure and capital adequacy (continued)

At 1 April 2018	Investec plc*º £'million	IBP*º £'million	Investec Limited*^ R'million	IBL*^ R'million
Tier 1 capital				
Shareholders' equity	1 830	1 795	35 265	35 637
Shareholders' equity per balance sheet	1 863	1 800	38 448	37 171
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 CET 1	(4)	–	–	–
Regulatory adjustments to the accounting basis	142	145	1 358	1 345
Defined benefit pension fund adjustment	(3)	–	–	–
Unrealised gains on available-for-sale equities	–	–	–	–
Additional value adjustments	(4)	(4)	–	–
Cash flow hedging reserve	–	–	993	994
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	55	55	–	–
Adjustments under IFRS 9 transitional arrangements	94	94	365	351
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)	–	–
Debit valuation adjustment	(1)	(1)	–	–
Common equity tier 1 capital	**1 524**	**1 576**	**33 850**	**34 286**
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 interests	–	–	(72)	–
Minority interest in non banking entities	–	–	70	–
Tier 1 capital	**1 798**	**1 776**	**36 635**	**35 249**
Tier 2 capital	**368**	**445**	**12 429**	**14 090**
Collective impairment allowances	–	–	716	716
Tier 2 instruments	446	445	15 013	13 374
Non-qualifying surplus capital attributable to non-controlling interests	(78)	–	(3 300)	–
Total regulatory capital	**2 166**	**2 221**	**49 064**	**49 339**
Risk-weighted assets	**14 444**	**13 777**	**337 892**	**320 475**
Capital ratios				
Common equity tier 1 (as reported)	10.5%	11.4%	10.0%	10.7%
Tier 1 (as reported)	12.4%	12.9%	10.8%	11.0%
Total capital adequacy ratio (as reported)	15.0%	16.1%	14.5%	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 the CET 1 ratio as required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of this deduction totalling £65 million for Investec plc and £18 million for IBP would lower the CET 1 ratio by 45bps and 13bps respectively.*

^ *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.*

Capital structure and capital adequacy (continued)

At 31 March 2018	Investec plc*° £'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
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.*

° *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 (CET 1) 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 CET 1 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.*

Capital requirements

At 31 March 2019	**Investec plc* £'million**	IBP* £'million	**Investec Limited* R'million**	IBL* R'million
Capital requirements	**1 225**	**1 170**	**41 703**	**39 237**
Credit risk	909	893	33 649	33 341
Equity risk	10	9	2 701	1 863
Counterparty credit risk	48	49	711	732
Credit valuation adjustment risk	6	6	356	391
Market risk	68	67	641	381
Operational risk	184	146	3 645	2 529
At 1 April 2018				
Capital requirements	**1 156**	**1 101**	**37 590**	**35 653**
Credit risk	845	824	29 323	28 855
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 2018				
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

* *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.*

Risk-weighted assets

At 31 March 2019	Investec plc* £'million	IBP* £'million	Investec Limited* R'million	IBL* R'million
Risk-weighted assets	**15 313**	**14 631**	**361 750**	**340 315**
Credit risk	11 361	11 174	291 886	289 168
Equity risk	121	115	23 433	16 159
Counterparty credit risk	605	611	6 166	6 349
Credit valuation adjustment risk	75	76	3 090	3 392
Market risk	855	833	5 558	3 308
Operational risk	2 296	1 822	31 617	21 939
At 1 April 2018				
Risk-weighted assets	**14 444**	**13 777**	**337 892**	**320 475**
Credit risk	10 554	10 304	263 579	259 362
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 2018				
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

* *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.*

Leverage ratios

	Investec plc £'million*	IBP £'million*	Investec Limited R'million*	IBL R'million*
At 31 March 2019				
Exposure measure	24 282	23 849	534 230	505 070
Tier 1 capital°°	1 925	1 912	40 582	39 071
Leverage ratio – current**	**7.9%**	**8.0%**	**7.6%#**	**7.7%#**
Tier 1 capital fully loaded	1 824	1 835	38 889	38 364
Leverage ratio – 'fully loaded'^^**	**7.5%**	**7.7%**	**7.3%#**	**7.6%#**
At 1 April 2018				
Exposure measure	21 771	21 335	495 349	466 522
Tier 1 capital∞	1 798	1 776	36 635	35 249
Leverage ratio – current	**8.3%**	**8.3%**	**7.4%#**	**7.6%#**
Tier 1 capital fully loaded	1 729	1 731	34 179	33 935
Leverage ratio – 'fully loaded'^^	**8.0%**	**8.2%**	**6.9%#**	**7.3%#**
At 31 March 2018				
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%#**

* *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.*

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

^ *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 27bps and 14bps lower. At 31 March 2018, Investec Limited's and IBL's common equity tier 1 ratio would be 25bps and 13bps lower.*

\# *Based on revised BIS rules.*

∞ *Tier 1 (T1) capital includes the IFRS 9 transitional arrangements.*

^^ *The fully loaded leverage ratio at 31 March 2019 and I April 2018 assumes full adoption of IFRS 9 and full adoption of all CRD IV rules or South African Prudential Authority regulations. As a result of the adoption of IFRS 9 Investec plc and IBP elected to designate its subordinated fixed rate medium-term notes due in 2022 at fair value. By the time of full adoption of IFRS 9 in 2023, these subordinated liabilities will have reached final maturity and will be redeemed at par value. The remaining interest rate portion of the fair value adjustment at 31 March 2019 of £17.7 million (post-taxation), has therefore been excluded from the fully loaded ratios as it will be released into profit and loss over the remaining life of the instrument.*

^^^ *The fully loaded leverage ratio assumes full adoption of all CRD IV rules or South African Prudential Authority regulations.*

A summary of capital adequacy and leverage ratios

	Investec plc°*	IBP°*	**Investec Limited*^**	IBL*^
As at 31 March 2019				
Common equity tier 1 (as reported)□	10.8%	11.4%	10.5%	11.2%
Common equity tier 1 ('fully loaded')^^	10.4%	10.9%	10.5%	11.1%
Tier 1 (as reported)□	12.6%	13.1%	11.2%	11.5%
Total capital adequacy ratio (as reported)°	15.7%	17.1%	14.9%	15.8%
Leverage ratio** – current	7.9%	8.0%	7.6%#	7.7%#
Leverage ratio** – 'fully loaded'^^	7.5%	7.7%	7.3%#	7.6%#
As at 1 April 2018				
Common equity tier 1 (as reported)□	10.5%	11.4%	10.0%	10.7%
Common equity tier 1 (fully loaded)^^	10.3%	11.2%	9.8%	10.6%
Tier 1 (as reported)□	12.4%	12.9%	10.8%	11.0%
Total capital adequacy ratio (as reported)°	15.0%	16.1%	14.5%	15.4%
Leverage ratio – current	8.3%	8.3%	7.4%#	7.6%#
Leverage ratio – 'fully loaded'^^	8.0%	8.2%	6.9%#	7.3%#
As at 31 March 2018				
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%#

* *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.*

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

° *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 Investec Bank plc this does not include the deduction of foreseeable charges and dividends when calculating the CET 1 ratio as required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of this deduction totalling £63 million (31 March 2018: £65 million) for Investec plc and £19 million (31 March 2018: £18 million) for IBP would lower the CET 1 ratio by 41bps (31 March 2018: 45bps) and 13bps (31 March 2018: 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 27bps and 14bps lower. At 31 March 2018, Investec Limited's and IBL's common equity tier 1 ratio would be 25bps and 13bps lower*

□ *The reported CET 1, T1 and total capital adequacy ratios are calculated applying the IFRS 9 transitional arrangements.*

^^ *The CET 1 fully loaded ratio and the fully loaded leverage ratio assumes full adoption of IFRS 9 and full adoption of all CRDIV rules of South African Prudential Authority regulations. As a result of the adoption of IFRS 9 Investec plc elected to designate its subordinated fixed rate medium-term notes due in 2022 at fair value. By the time of full adoption of IFRS 9 in 2023, these subordinated liabilities will have reached final maturity and will be redeemed at par value. The remaining interest rate portion of the fair value adjustment at 31 March 2019 of £17.7 million (post-taxation), has therefore been excluded from the fully loaded ratios as it will be released into profit and loss over the remaining life of the investment.*

^^^ *The fully loaded CET 1 ratio and leverage ratio assumes full adoption of all CRD IV rules or South African Prudential Authority regulations.*

\# *Based on revised BIS rules.*

Return on equity by country and business

£'000	31 March 2019	1 April 2018	31 March 2018	Average	31 March 2017	Average
Calculation of average shareholders' equity						
Ordinary shareholders' equity	4 122 257	3 960 026	4 225 751	4 041 142	3 916 448	4 071 100
Goodwill and intangible assets (excluding software)	(456 397)	(475 922)	(475 922)	(466 160)	(490 841)	(483 382)
Adjusted tangible shareholders' equity	**3 665 860**	**3 484 104**	**3 749 829**	**3 574 982**	**3 425 607**	**3 587 718**

£'000	31 March 2019	31 March 2018
Operating profit*	722 719	659 793
Non-controlling interests	(83 850)	(76 105)
Accrued preference dividends	(41 317)	(33 527)
Revised operating profit	**597 552**	**550 161**
Taxation on operating profit before goodwill and acquired intangibles	(78 210)	(59 099)
Adjusted attributable earnings to ordinary shareholders*	**519 342**	**491 062**
Pre-tax return on average adjusted shareholders' equity	14.8%	13.5%
Post-tax return on average adjusted shareholders' equity	12.9%	12.1%
Pre-tax return on average adjusted tangible shareholders' equity	16.7%	15.3%
Post-tax return on average adjusted tangible shareholders' equity	14.5%	13.7%

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

Return on equity by geography

£'000	UK and Other	Southern Africa	Total group
Total operating profit	266 767	455 952	722 719
Taxation on operating profit before goodwill and acquired intangibles	(39 102)	(39 108)	(78 210)
Non-controlling interests	(11 463)	(72 387)	(83 850)
Earnings attributable to other shareholders	(14 201)	(27 116)	(41 317)
Profit on ordinary activities after taxation – 31 March 2019	**202 001**	**317 341**	**519 342**
Profit on ordinary activities after taxation – 31 March 2018	138 955	352 107	491 062
Ordinary shareholders' equity – 31 March 2019	**1 997 415**	**2 124 842**	**4 122 257**
Goodwill and intangible assets (excluding software)	(433 946)	(22 451)	(456 397)
Tangible ordinary shareholders' equity – 31 March 2019	**1 563 469**	**2 102 391**	**3 665 860**
Ordinary shareholders' equity – 1 April 2018	**1 838 196**	**2 121 830**	**3 960 026**
Goodwill and intangible assets (excluding software)	(447 135)	(28 787)	(475 922)
Tangible ordinary shareholders' equity – 1 April 2018	**1 391 061**	**2 093 043**	**3 484 104**
Ordinary shareholders' equity – 31 March 2018	**2 050 127**	**2 175 624**	**4 225 751**
Goodwill and intangible assets (excluding software)	(447 135)	(28 787)	(475 922)
Tangible ordinary shareholders' equity – 31 March 2018	**1 602 992**	**2 146 837**	**3 749 829**
Average ordinary shareholders' equity – 31 March 2019	**1 917 806**	**2 123 336**	**4 041 142**
Average tangible shareholders' equity – 31 March 2019	**1 477 265**	**2 097 717**	**3 574 982**
Post-tax return on average ordinary shareholders' equity – 31 March 2019	**10.5%**	**14.9%**	**12.9%**
Post-tax return on average ordinary shareholders' equity – 31 March 2018	6.9%	17.2%	12.1%
Post-tax return on adjusted tangible shareholders' equity – 31 March 2019	**13.7%**	**15.1%**	**14.5%**
Post-tax return on adjusted tangible shareholders' equity – 31 March 2018	8.9%	17.4%	13.7%
Pre-tax return on adjusted average ordinary shareholders' equity – 31 March 2019	**12.6%**	**16.8%**	**14.8%**
Pre-tax return on adjusted average ordinary shareholders' equity – 31 March 2018	8.8%	18.2%	13.5%
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2019	**16.3%**	**17.0%**	**16.7%**
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2018	11.3%	18.5%	15.3%

Return on equity by business*

£'000	Asset Management	Wealth & Investment^	Specialist Banking
Operating profit#	179 362	82 613	448 895
Notional return on regulatory capital	3 042	2 122	(5 164)
Notional cost of statutory capital	(3 743)	(4 362)	8 105
Cost of subordinated debt	(1 509)	(1 178)	2 687
Cost of preference shares	(976)	(762)	(39 579)
Adjusted earnings – 31 March 2019	**176 176**	**78 433**	**414 944**
Adjusted earnings – 31 March 2018	**175 584**	**94 170**	**353 822**
Ordinary shareholders' equity – 31 March 2019	**204 297**	**241 661**	**3 517 250**
Goodwill and intangible assets (excluding software)	(88 045)	(166 332)	(42 970)
Tangible ordinary shareholders' equity – 31 March 2019	**116 252**	**75 329**	**3 474 280**
Ordinary shareholders' equity – 31 March 2018	**199 416**	**235 181**	**3 632 104**
Goodwill and intangible assets (excluding software)	(88 045)	(179 223)	(49 604)
Tangible ordinary shareholders' equity – 31 March 2018	**111 371**	**55 958**	**3 582 500**
Ordinary shareholders' equity – 31 March 2017	**186 423**	**251 523**	**3 319 452**
Goodwill and intangible assets (excluding software)	(88 059)	(191 707)	(52 025)
Tangible ordinary shareholders' equity – 31 March 2017	**98 364**	**59 816**	**3 267 427**
Average ordinary shareholders' equity – 31 March 2019	**201 857**	**238 421**	**3 441 814**
Average ordinary shareholders' equity – 31 March 2018	192 920	243 352	3 475 777
Average tangible shareholders' equity – 31 March 2019	**113 812**	**65 644**	**3 395 528**
Average tangible shareholders' equity – 31 March 2018	104 868	57 887	3 424 963
Pre-tax return on adjusted average ordinary shareholders' equity – 31 March 2019	**87.3%**	**32.9%**	**12.1%**
Pre-tax return on adjusted average ordinary shareholders' equity – 31 March 2018	91.0%	38.7%	10.2%
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2019	**154.8%**	**119.3%**	**12.2%**
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2018	167.4%	162.7%	10.3%

* *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.*

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

Number of employees

By division – permanent employees	31 March 2019	31 March 2018
Asset Management		
UK and international	543	497
Southern Africa^	1 005	1 024
Total	**1 548**	**1 521**
Wealth & Investment		
UK and Other	1 411	1 345
South Africa	359	340
Total	**1 770**	**1 685**
Specialist Banking		
UK and Other	2 445	2 320
Southern Africa	4 121	3 918
Total	**6 566**	**6 238**
Temporary employees and contractors	689	702
Total number of employees	**10 573**	**10 146**

^ *Includes 459 and 510 Silica (its third party administration business) employees, as at 31 March 2019 and 31 March 2018 respectively.*

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 total employees – 31 March 2019	**1 629**	**1 931**	**7 013**
Number of total employees – 31 March 2018	1 592	1 821	6 733
Number of total employees – 31 March 2017	1 654	1 697	6 365
Average total employees – year to 31 March 2019	**1 611**	**1 876**	**6 873**
Average total employees – year to 31 March 2018	1 623	1 759	6 549
Operating profit* – year to 31 March 2019 (£'000)	**179 362**	**82 613**	**448 895**
Operating profit* – year to 31 March 2018 (£'000)	178 045	98 565	380 493
Operating profit per employee^ – year to 31 March 2019 (£'000)	**111.3**	**44.0**	**65.3**
Operating profit per employee^ – year to 31 March 2018 (£'000)	109.7^^	56.0	58.1

* *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 total employees – 31 March 2019	**4 658**	**5 915**	**10 573**
Number of total employees – 31 March 2018	4 472	5 674	10 146
Number of total employees – 31 March 2017	4 165	5 551	9 716
Average total employees – year to 31 March 2019	**4 565**	**5 795**	**10 360**
Average total employees – year to 31 March 2018	4 318	5 613	9 931
Operating profit – year to 31 March 2019 (£'000)	**271 246**	**393 281**	**664 527**
Operating profit – year to 31 March 2018 (£'000)	199 356	408 149	607 505
Operating profit per employee^ – year to 31 March 2019 (£'000)	**59.4**	**67.9**	**64.1**
Operating profit per employee^ – year to 31 March 2018 (£'000)	46.2	72.7	61.2

^ *Based on average number of employees over the year.*

Total third party assets under management

£'million	31 March 2019	31 March 2018
Asset Management	**111 418**	**103 862**
UK and Other	75 968	69 371
Southern Africa	35 450	34 491
Wealth & Investment	**55 121**	**56 048**
UK and Other	39 118	36 923
Southern Africa	16 003	19 125
Specialist Banking	**633**	**666**
UK and Other	364	353
Southern Africa	269	313
	167 172	**160 576**

A further analysis of third party assets under management

At 31 March 2019 £'million	UK and Other	Southern Africa	Total
Asset Management	**75 968**	**35 450**	**111 418**
Mutual funds	30 374	16 337	46 711
Segregated mandates	45 594	19 113	64 707
Wealth & Investment	**39 118**	**16 003**	**55 121**
Discretionary	30 810	6 999	37 809
Non-discretionary	8 308	9 004	17 312
Specialist Banking			**633**
			167 172

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**

An analysis of gross core loans and advances, asset quality and ECL

Composition of core loans and advances

	UK and Other		Southern Africa		Total group	
£'million	**31 March 2019**	1 April 2018	**31 March 2019**	1 April 2018	**31 March 2019**	1 April 2018
Loans and advances to customers per the balance sheet	10 516	9 564	14 019	14 846	24 535	24 410
Add: own originated loans and advances to customers per the balance sheet	–	–	408	459	408	459
Add: ECL held against FVOCI loans reported on the balance sheet within reserves	(2)	(2)	–	–	(2)	(2)
Net core loans and advances	**10 514**	**9 562**	**14 427**	**15 305**	**24 941**	**24 867**
of which subject to ECL#	9 742	8 653	14 318	15 186	24 060	23 839
Net core loans and advances at amortised cost and FVOCI	9 742	8 653	13 570	14 151	23 312	22 804
Net fixed rate loans designated at FVPL (on which ECL is calculated for management purposes)^	–	–	748	1 035	748	1 035
of which FVPL (excluding fixed rate loans above)	772	909	109	119	881	1 028
Add: ECL	149	248	144	119	293	367
Gross core loans and advances	**10 663**	**9 810**	**14 571**	**15 424**	**25 234**	**25 234**
of which subject to ECL#	9 891	8 901	14 462	15 305	24 353	24 206
of which FVPL (excluding fixed rate loans above)	772	909	109	119	881	1 028

^ *These are fixed rate loans which have passed the solely payments of principal and interest test and are held in a business model to collect contractual cash flows but have been designated at FVPL to eliminate accounting mismatches (interest rate risk is being economically hedged). The underlying loans have been fair valued and management performs an ECL calculation in order to obtain a reasonable estimate of the credit risk component. The portfolio is managed on the same basis as gross core loans and advances measured at amortised cost. The drawn exposure of £0.7 billion (1 April 2018: £1.0 billion) falls predominantly into Stage 1 (consistent throughout the period). The ECL on the portfolio is £1.5 million (1 April 2018: £3.2 million).*

\# *Includes portfolios for which ECL is not required for IFRS purposes but for which management evaluates on this basis.*

An analysis of gross core loans and advances subject to ECL by stage

	UK and Other		Southern Africa		Total group	
£'million	**31 March 2019**	1 April 2018	**31 March 2019**	1 April 2018	**31 March 2019**	1 April 2018
Gross core loans and advances subject to ECL	**9 891**	**8 901**	**14 462**	**15 305**	**24 353**	**24 206**
Stage 1	8 996	7 743	13 687	14 564	22 683	22 307
Stage 2	576	594	573	569	1 149	1 163
of which past due greater than 30 days	*13*	*18*	*20*	*19*	*33*	*37*
Stage 3	319	564	202	172	521	736
*of which Ongoing (excluding Legacy) Stage 3**	*149*	*221*	*202*	*172*	*351*	*393*
Gross core loans and advances subject to ECL (%)						
Stage 1	91.0%	87.0%	94.6%	95.2%	93.2%	92.2%
Stage 2	5.8%	6.7%	4.0%	3.7%	4.7%	4.8%
Stage 3	3.2%	6.3%	1.4%	1.1%	2.1%	3.0%
*of which Ongoing (excluding Legacy) Stage 3**	*1.5%*	*2.6%*	*1.4%*	*1.1%*	*1.4%*	*1.6%*

* *Refer to definitions on page 135.*

An analysis of ECL impairments on gross core loans and advances subject to ECL

	UK and Other		Southern Africa		Total group	
£'million	**31 March 2019**	31 March 2018^	**31 March 2019**	31 March 2018^	**31 March 2019**	31 March 2018^
ECL impairment charges on core loans and advances	(35)	–	(41)	–	(76)	–
Income statement charge for impairments on core loans and advances	–	(106)	–	(41)	–	(147)
Average gross core loans and advances subject to ECL	9 396	–	14 884	–	24 280	–
Average gross core loans and advances	–	9 293	–	14 845	–	24 138
Credit loss ratio	**0.38%**	**1.14%**	**0.28%**	**0.28%**	**0.31%**	**0.61%**

^ *Comparative information has been presented on an IAS 39 basis. On adoption of IFRS 9 there is a move from incurred loss model to an expected credit loss methodology.*

	UK and Other		Southern Africa		Total group	
£'million	**31 March 2019**	1 April 2018	**31 March 2019**	1 April 2018	**31 March 2019**	1 April 2018
ECL	**(149)**	**(248)**	**(144)**	**(119)**	**(293)**	**(367)**
Stage 1	(14)	(15)	(29)	(36)	(43)	(51)
Stage 2	(27)	(41)	(23)	(16)	(50)	(57)
Stage 3	(108)	(192)	(92)	(67)	(200)	(259)
*of which Ongoing (excluding Legacy) Stage 3**	*(35)*	*(45)*	*(92)*	*(67)*	*(127)*	*(112)*
ECL coverage ratio (%)						
Stage 1	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Stage 2	4.7%	6.9%	4.1%	2.8%	4.4%	4.9%
Stage 3	33.9%	34.0%	45.4%	39.0%	38.4%	35.2%
*of which Ongoing (excluding Legacy) Stage 3**	*23.5%*	*20.4%*	*45.4%*	*39.0%*	*36.2%*	*28.5%*

A further analysis of Stage 3 gross core loans and advances subject to ECL

	UK and Other		Southern Africa		Total group	
£'million	**31 March 2019**	1 April 2018	**31 March 2019**	1 April 2018	**31 March 2019**	1 April 2018
Stage 3 net of ECL	211	372	110	105	321	477
*of which Ongoing (excluding Legacy) Stage 3**	*114*	*176*	*110*	*105*	*224*	*281*
Aggregate collateral and other credit enhancements on Stage 3	228	414	163	214	391	628
Stage 3 net of ECL and collateral	–	–	–	–	–	–
Stage 3 as a % of gross core loans and advances subject to ECL	3.2%	6.3%	1.4%	1.1%	2.1%	3.0%
*of which Ongoing (excluding Legacy) Stage 3**	*1.5%*	*2.6%*	*1.4%*	*1.1%*	*1.4%*	*1.6%*
Total ECL as a % of Stage 3 exposure	46.7%	44.0%	71.2%	69.1%	56.2%	49.9%
Stage 3 net of ECL as a % of net core loans and advances subject to ECL	2.2%	4.3%	0.8%	0.7%	1.3%	2.0%
*of which Ongoing (excluding Legacy) Stage 3**	*1.2%*	*2.0%*	*0.8%*	*0.7%*	*0.9%*	*1.2%*

* *Refer to definitions on page 135.*

An analysis of gross core loans and advances by risk category

Lending collateralised by property – Total group

£'million	Gross core loans and advances at amortised cost, FVOCI and FVPL (subject to ECL)								Gross core loans and advances at FVPL (not subject to ECL)	Gross core loans and advances
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
At 31 March 2019										
Commercial real estate	**3 019**	**(5)**	**287**	**(12)**	**165**	**(41)**	**3 471**	**(58)**	**16**	**3 487**
Commercial real estate – investment	2 678	(4)	209	(11)	158	(36)	3 045	(51)	15	3 060
Commercial real estate – development	310	(1)	72	–	–	–	382	(1)	1	383
Commercial vacant land and planning	31	–	6	(1)	7	(5)	44	(6)	–	44
Residential real estate	**751**	**(2)**	**43**	**(1)**	**136**	**(61)**	**930**	**(64)**	**40**	**970**
Residential real estate – investment	330	–	9	–	29	(11)	368	(11)	35	403
Residential real estate – development	388	(1)	28	(1)	68	(30)	484	(32)	3	487
Residential vacant land and planning	33	(1)	6	–	39	(20)	78	(21)	2	80
Total lending collateralised by property	**3 770**	**(7)**	**330**	**(13)**	**301**	**(102)**	**4 401**	**(122)**	**56**	**4 457**
At 1 April 2018										
Commercial real estate	**2 641**	**(4)**	**355**	**(21)**	**267**	**(81)**	**3 263**	**(106)**	**87**	**3 350**
Commercial real estate – investment	2 315	(4)	326	(19)	217	(55)	2 858	(78)	74	2 932
Commercial real estate – development	285	–	18	–	17	(7)	320	(7)	3	323
Commercial vacant land and planning	41	–	11	(2)	33	(19)	85	(21)	10	95
Residential real estate	**704**	**(4)**	**54**	**(2)**	**211**	**(85)**	**969**	**(91)**	**92**	**1 061**
Residential real estate – investment	135	–	17	(1)	39	(15)	191	(16)	46	237
Residential real estate – development	526	(2)	28	(1)	121	(47)	675	(50)	33	708
Residential vacant land and planning	43	(2)	9	–	51	(23)	103	(25)	13	116
Total lending collateralised by property	**3 345**	**(8)**	**409**	**(23)**	**478**	**(166)**	**4 232**	**(197)**	**179**	**4 411**

Lending collateralised by property – UK and Other

£'million	Gross core loans and advances at amortised cost and FVOCI – Stage 1 Gross exposure	Stage 1 ECL	Stage 2 Gross exposure	Stage 2 ECL	Stage 3 Gross exposure	Stage 3 ECL	Total Gross exposure	Total ECL	Gross core loans and advances at FVPL	Gross core loans and advances
At 31 March 2019										
Commercial real estate	**908**	**(1)**	**158**	**(11)**	**106**	**(22)**	**1 172**	**(34)**	**11**	**1 183**
Commercial real estate – investment	790	(1)	149	(10)	104	(22)	1 043	(33)	10	1 053
Commercial real estate – development	118	–	3	–	–	–	121	–	1	122
Commercial vacant land and planning	–	–	6	(1)	2	–	8	(1)	–	8
Residential real estate	**599**	**–**	**14**	**–**	**122**	**(53)**	**735**	**(53)**	**40**	**775**
Residential real estate – investment	330	–	9	–	29	(11)	368	(11)	35	403
Residential real estate – development	268	–	2	–	57	(24)	327	(24)	3	330
Residential vacant land and planning	1	–	3	–	36	(18)	40	(18)	2	42
Total lending collateralised by property	**1 507**	**(1)**	**172**	**(11)**	**228**	**(75)**	**1 907**	**(87)**	**51**	**1 958**
At 1 April 2018										
Commercial real estate	**586**	**(1)**	**255**	**(21)**	**225**	**(65)**	**1 066**	**(87)**	**72**	**1 138**
Commercial real estate – investment	476	(1)	239	(19)	176	(40)	891	(60)	59	950
Commercial real estate – development	110	–	10	–	17	(7)	137	(7)	3	140
Commercial vacant land and planning	–	–	6	(2)	32	(18)	38	(20)	10	48
Residential real estate	**496**	**–**	**41**	**(2)**	**201**	**(80)**	**738**	**(82)**	**92**	**830**
Residential real estate – investment	135	–	17	(1)	39	(15)	191	(16)	46	237
Residential real estate – development	356	–	24	(1)	112	(43)	492	(44)	33	525
Residential vacant land and planning	5	–	–	–	50	(22)	55	(22)	13	68
Total lending collateralised by property	**1 082**	**(1)**	**296**	**(23)**	**426**	**(145)**	**1 804**	**(169)**	**164**	**1 968**

Lending collateralised by property – Southern Africa

	Gross core loans and advances at amortised cost and FVPL (subject to ECL)								Gross core loans and advances at FVPL (not subject to ECL)	Gross core loans and advances
	Stage 1		Stage 2		Stage 3		Total			
£'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**		
At 31 March 2019										
Commercial real estate	**2 111**	**(4)**	**129**	**(1)**	**59**	**(19)**	**2 299**	**(24)**	**5**	**2 304**
Commercial real estate – investment	1 888	(3)	60	(1)	54	(14)	2 002	(18)	5	2 007
Commercial real estate – development	192	(1)	69	–	–	–	261	(1)	–	261
Commercial vacant land and planning	31	–	–	–	5	(5)	36	(5)	–	36
Residential real estate	**152**	**(2)**	**29**	**(1)**	**14**	**(8)**	**195**	**(11)**	**–**	**195**
Residential real estate – investment	–	–	–	–	–	–	–	–	–	–
Residential real estate – development	120	(1)	26	(1)	11	(6)	157	(8)	–	157
Residential vacant land and planning	32	(1)	3	–	3	(2)	38	(3)	–	38
Total lending collateralised by property	**2 263**	**(6)**	**158**	**(2)**	**73**	**(27)**	**2 494**	**(35)**	**5**	**2 499**
At 1 April 2018										
Commercial real estate	**2 055**	**(3)**	**100**	**–**	**42**	**(16)**	**2 197**	**(19)**	**15**	**2 212**
Commercial real estate – investment	1 839	(3)	87	–	41	(15)	1 967	(18)	15	1 982
Commercial real estate – development	175	–	8	–	–	–	183	–	–	183
Commercial vacant land and planning	41	–	5	–	1	(1)	47	(1)	–	47
Residential real estate	**208**	**(4)**	**13**	**–**	**10**	**(5)**	**231**	**(9)**	**–**	**231**
Residential real estate – investment	–	–	–	–	–	–	–	–	–	–
Residential real estate – development	170	(2)	4	–	9	(4)	183	(6)	–	183
Residential vacant land and planning	38	(2)	9	–	1	(1)	48	(3)	–	48
Total lending collateralised by property	**2 263**	**(7)**	**113**	**–**	**52**	**(21)**	**2 428**	**(28)**	**15**	**2 443**

High net worth and other private client lending – Total group

£'million	Gross core loans and advances at amortised cost, FVOCI and FVPL (subject to ECL)								Gross core loans and advances at FVPL	Gross core loans and advances
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**		
At 31 March 2019										
Mortgages	5 517	(5)	146	(4)	83	(14)	5 746	(23)	–	5 746
High net worth and specialised lending	3 915	(7)	50	(2)	33	(27)	3 998	(36)	15	4 013
Total high net worth and other private client lending	**9 432**	**(12)**	**196**	**(6)**	**116**	**(41)**	**9 744**	**(59)**	**15**	**9 759**
At 1 April 2018										
Mortgages	5 433	(4)	73	(3)	71	(14)	5 577	(21)	–	5 577
High net worth and specialised lending	4 265	(10)	50	(1)	38	(22)	4 353	(33)	13	4 366
Total high net worth and other private client lending	**9 698**	**(14)**	**123**	**(4)**	**109**	**(36)**	**9 930**	**(54)**	**13**	**9 943**

High net worth and other private client lending – UK and Other

£'million	Gross core loans and advances at amortised cost and FVOCI – Stage 1 Gross exposure	Stage 1 ECL	Stage 2 Gross exposure	Stage 2 ECL	Stage 3 Gross exposure	Stage 3 ECL	Total Gross exposure	Total ECL	Gross core loans and advances at FVPL	Gross core loans and advances
At 31 March 2019										
Mortages	1 778	–	22	(1)	25	(1)	1 825	(2)	–	1 825
High net worth and specialised lending	474	–	14	(1)	4	(3)	492	(4)	15	507
Total high net worth and other private client lending	**2 252**	**–**	**36**	**(2)**	**29**	**(4)**	**2 317**	**(6)**	**15**	**2 332**
At 1 April 2018										
Mortages	1 430	(1)	33	(2)	18	(3)	1 481	(6)	–	1 481
High net worth and specialised lending	411	(1)	3	–	8	(6)	422	(7)	13	435
Total high net worth and other private client lending	**1 841**	**(2)**	**36**	**(2)**	**26**	**(9)**	**1 903**	**(13)**	**13**	**1 916**

High net worth and other private client lending – Southern Africa

£'million	Gross core loans and advances at amortised cost and FVPL (subject to ECL) – Stage 1 Gross exposure	Stage 1 ECL	Stage 2 Gross exposure	Stage 2 ECL	Stage 3 Gross exposure	Stage 3 ECL	Total Gross exposure	Total ECL	Gross core loans and advances at FVPL (not subject to ECL)	Gross core loans and advances
At 31 March 2019										
Mortages	3 739	(5)	124	(3)	58	(13)	3 921	(21)	–	3 921
High net worth and specialised lending	3 441	(7)	36	(1)	29	(24)	3 506	(32)	–	3 506
Total high net worth and other private client lending	**7 180**	**(12)**	**160**	**(4)**	**87**	**(37)**	**7 427**	**(53)**	**–**	**7 427**
At 1 April 2018										
Mortages	4 003	(3)	40	(1)	53	(11)	4 096	(15)	–	4 096
High net worth and specialised lending	3 854	(9)	47	(1)	30	(16)	3 931	(26)	–	3 931
Total high net worth and other private client lending	**7 857**	**(12)**	**87**	**(2)**	**83**	**(27)**	**8 027**	**(41)**	**–**	**8 027**

Corporate and other lending – Total group

£'million	Stage 1 Gross exposure	Stage 1 ECL	Stage 2 Gross exposure	Stage 2 ECL	Stage 3 Gross exposure	Stage 3 ECL	Total Gross exposure	Total ECL	Gross core loans and advances at FVPL (not subject to ECL)	Gross core loans and advances
	Gross core loans and advances at amortised cost, FVOCI and FVPL (subject to ECL)									
At 31 March 2019										
Corporate and acquisition finance	2 014	(7)	140	(3)	2	–	2 156	(10)	212	2 368
Asset-based lending	640	(1)	56	(1)	15	(10)	711	(12)	–	711
Fund finance	1 427	(1)	–	–	–	–	1 427	(1)	55	1 482
Other corporate and financial institutions and governments	2 880	(9)	168	(17)	25	(18)	3 073	(44)	323	3 396
Asset finance	1 803	(6)	109	(6)	56	(28)	1 968	(40)	171	2 139
Small ticket asset finance	1 555	(6)	87	(5)	26	(14)	1 668	(25)	–	1 668
Large ticket asset finance	248	–	22	(1)	30	(14)	300	(15)	171	471
Project finance	674	–	150	(4)	6	(1)	830	(5)	37	867
Resource finance	43	–	–	–	–	–	43	–	12	55
Total corporate and other lending	**9 481**	**(24)**	**623**	**(31)**	**104**	**(57)**	**10 208**	**(112)**	**810**	**11 018**
At 1 April 2018										
Corporate and acquisition finance	2 024	(9)	112	(2)	25	(6)	2 161	(17)	213	2 374
Asset-based lending	545	(3)	74	(3)	25	(10)	644	(16)	36	680
Fund finance	1 312	(1)	13	(1)	–	–	1 325	(2)	–	1 325
Other corporate and financial institutions and governments	3 036	(10)	205	(12)	9	(5)	3 250	(27)	284	3 534
Asset finance	1 578	(4)	103	(8)	79	(31)	1 760	(43)	272	2 032
Small ticket asset finance	1 425	(3)	81	(7)	14	(9)	1 520	(19)	–	1 520
Large ticket asset finance	153	(1)	22	(1)	65	(22)	240	(24)	272	512
Project finance	731	(2)	124	(4)	4	–	859	(6)	26	885
Resource finance	38	–	–	–	7	(5)	45	(5)	5	50
Total corporate and other lending	**9 264**	**(29)**	**631**	**(30)**	**149**	**(57)**	**10 044**	**(116)**	**836**	**10 880**

Corporate and other lending – UK and Other

	Gross core loans and advances at amortised cost and FVOCI								Gross core loans and advances at FVPL	Gross core loans and advances
	Stage 1		Stage 2		Stage 3		Total			
£'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**		
At 31 March 2019										
Corporate and acquisition finance	1 328	(5)	125	(3)	–	–	1 453	(8)	212	1 665
Asset-based lending	341	–	53	(1)	–	–	394	(1)	–	394
Fund finance	1 156	(1)	–	–	–	–	1 156	(1)	55	1 211
Other corporate and financial institutions and governments	396	(1)	27	(1)	–	–	423	(2)	219	642
Asset finance	1 599	(6)	108	(6)	56	(28)	1 763	(40)	171	1 934
Small ticket asset finance	1 451	(6)	86	(5)	26	(14)	1 563	(25)	–	1 563
Large ticket asset finance	148	–	22	(1)	30	(14)	200	(15)	171	371
Project finance	404	–	55	(3)	6	(1)	465	(4)	37	502
Resource finance	13	–	–	–	–	–	13	–	12	25
Total corporate and other lending	**5 237**	**(13)**	**368**	**(14)**	**62**	**(29)**	**5 667**	**(56)**	**706**	**6 373**
At 1 April 2018										
Corporate and acquisition finance	1 262	(5)	39	(1)	19	(6)	1 320	(12)	213	1 533
Asset-based lending	301	(1)	43	(2)	11	(1)	355	(4)	–	355
Fund finance	1 017	(1)	13	(1)	–	–	1 030	(2)	–	1 030
Other corporate and financial institutions and governments	418	–	13	(1)	–	–	431	(1)	216	647
Asset finance	1 422	(4)	100	(8)	78	(31)	1 600	(43)	272	1 872
Small ticket asset finance	1 294	(3)	79	(7)	14	(9)	1 387	(19)	–	1 387
Large ticket asset finance	128	(1)	21	(1)	64	(22)	213	(24)	272	485
Project finance	400	(1)	54	(3)	4	–	458	(4)	26	484
Resource finance	–	–	–	–	–	–	–	–	5	5
Total corporate and other lending	**4 820**	**(12)**	**262**	**(16)**	**112**	**(38)**	**5 194**	**(66)**	**732**	**5 926**

Corporate and other lending – Southern Africa

	Gross core loans and advances at amortised cost and FVPL (subject to ECL)								Gross core loans and advances at FVPL (not subject to ECL)	Gross core loans and advances
	Stage 1		Stage 2		Stage 3		Total			
£'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**		
At 31 March 2019										
Corporate and acquisition finance	686	(2)	15	–	2	–	703	(2)	–	703
Asset-based lending	299	(1)	3	–	15	(10)	317	(11)	–	317
Fund finance	271	–	–	–	–	–	271	–		271
Other corporate and financial institutions and governments	2 484	(8)	141	(16)	25	(18)	2 650	(42)	104	2 754
Asset finance	204	–	1	–	–	–	205	–	–	205
Small ticket asset finance	104	–	1	–	–	–	105	–	–	105
Large ticket asset finance	100	–	–	–	–	–	100	–	–	100
Project finance	270	–	95	(1)	–	–	365	(1)	–	365
Resource finance	30	–	–	–	–	–	30	–	–	30
Total corporate and other lending	**4 244**	**(11)**	**255**	**(17)**	**42**	**(28)**	**4 541**	**(56)**	**104**	**4 645**
At 1 April 2018										
Corporate and acquisition finance	762	(4)	73	(1)	6	–	841	(5)	–	841
Asset-based lending	244	(2)	31	(1)	14	(9)	289	(12)	36	325
Fund finance	295	–	–	–	–	–	295	–	–	295
Other corporate and financial institutions and governments	2 618	(10)	192	(11)	9	(5)	2 819	(26)	68	2 887
Asset finance	156	–	3	–	1	–	160	–	–	160
Small ticket asset finance	131	–	2	–	–	–	133	–	–	133
Large ticket asset finance	25	–	1	–	1	–	27	–	–	27
Project finance	331	(1)	70	(1)	–	–	401	(2)	–	401
Resource finance	38	–	–	–	7	(5)	45	(5)	–	45
Total corporate and other lending	**4 444**	**(17)**	**369**	**(14)**	**37**	**(19)**	**4 850**	**(50)**	**104**	**4 954**

SEGMENTAL GEOGRAPHIC ANALYSIS – INCOME STATEMENT

For the year to 31 March 2019 £'000	UK and Other	Southern Africa	Total group
Net interest income	379 489	435 938	815 427
Net fee and commission income	889 231	484 321	1 373 552
Investment income	32 674	17 311	49 985
Share of post taxation profit of associates	3 100	65 217	68 317
Trading income/(loss) arising from			
– customer flow	86 766	33 896	120 662
– balance sheet management and other trading activities	17 924	24 042	41 966
Other operating income	14 249	2 182	16 431
Total operating income before expected credit loss impairment charges	**1 423 433**	**1 062 907**	**2 486 340**
Expected credit loss impairment charges	(24 553)	(41 899)	(66 452)
Operating income	**1 398 880**	**1 021 008**	**2 419 888**
Operating costs	(1 129 976)	(565 036)	(1 695 012)
Depreciation on operating leased assets	(2 137)	(20)	(2 157)
Operating profit before goodwill and acquired intangibles	**266 767**	**455 952**	**722 719**
(Profit)/loss attributable to other non-controlling interests	4 479	(62 671)	(58 192)
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	**271 246**	**393 281**	**664 527**
Profit attributable to Asset Management non-controlling interests	(15 942)	(9 716)	(25 658)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	**255 304**	**383 565**	**638 869**
Impairment of goodwill	–	(155)	(155)
Amortisation of acquired intangibles	(12 958)	(2 858)	(15 816)
Financial impact of group restructures and acquisition of subsidiaries	(19 044)	(499)	(19 543)
Earnings attributable to shareholders before taxation	**223 302**	**380 053**	**603 355**
Taxation on operating profit before goodwill and acquired intangibles	(39 102)	(39 108)	(78 210)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries/ restructurings	4 983	996	5 979
Earnings attributable to shareholders	**189 183**	**341 941**	**531 124**
Selected returns and key statistics			
ROE (post-tax)	10.5%	14.9%	12.9%
Return on tangible equity (post-tax)	13.7%	15.1%	14.5%
Cost to income ratio	79.3%	56.5%	69.9%
Staff compensation to operating income	58.8%	36.7%	47.5%
Operating profit per employee (£'000)	59.4	67.9	64.1
Effective operational tax rate	14.8%	10.0%	12.0%
Total assets (£'million)	22 565	35 159	57 724

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 expected credit loss impairment charges	**1 380 219**	**1 063 291**	**2 443 510**
Expected credit loss impairment charges	(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)
Financial impact of group restructures and acquisition of subsidiaries	–	(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/restructurings	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	77.9%	55.4%	68.3%
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

	Asset Management			Wealth & Investment		
For the year to 31 March 2019 £'000	UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**
Net interest income	568	5 115	5 683	9 189	5 027	14 216
Net fee and commission income	378 180	178 721	556 901	305 441	79 015	384 456
Investment income	–	25	25	1 185	305	1 490
Share of post taxation profit of associates	–	–	–	–	–	–
Trading income/(loss) arising from						
– customer flow	–	–	–	793	58	851
– balance sheet management and other trading activities	5 120	(62)	5 058	(1)	70	69
Other operating income	3 773	1 622	5 395	342	1	343
Total operating income before expected credit losses	**387 641**	**185 421**	**573 062**	**316 949**	**84 476**	**401 425**
Expected credit loss impairment charges	7	(1)	6	(24)	–	(24)
Operating income	**387 648**	**185 420**	**573 068**	**316 925**	**84 476**	**401 401**
Operating costs	(279 813)	(113 893)	(393 706)	(260 562)	(58 226)	(318 788)
Depreciation on operating leased assets	–	–	–	–	–	–
Operating profit/(loss) before goodwill and acquired intangibles	**107 835**	**71 527**	**179 362**	**56 363**	**26 250**	**82 613**
(Profit)/loss attributable to other non-controlling interests	–	–	–	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	**107 835**	**71 527**	**179 362**	**56 363**	**26 250**	**82 613**
Profit attributable to Asset Management non-controlling interests	(15 942)	(9 716)	(25 658)	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	**91 893**	**61 811**	**153 704**	**56 363**	**26 250**	**82 613**
Selected returns and key statistics						
Cost to income ratio	72.2%	61.4%	68.7%	82.2%	68.9%	79.4%
Staff compensation to operating income	49.8%	36.1%	45.3%	58.6%	42.9%	53.8%

Specialist Banking			Group costs			
UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**	**Total group**
369 732	425 796	795 528	–	–	–	815 427
205 610	226 585	432 195	–	–	–	1 373 552
31 489	16 981	48 470	–	–	–	49 985
3 100	65 217	68 317	–	–	–	68 317
					–	
85 973	33 838	119 811	–	–	–	120 662
12 805	24 034	36 839	–	–	–	41 966
10 134	559	10 693	–	–	–	16 431
718 843	**793 010**	**1 511 853**	**–**	**–**	**–**	**2 486 340**
(24 536)	(41 898)	(66 434)	–	–	–	(66 452)
694 307	**751 112**	**1 445 419**	**–**	**–**	**–**	**2 419 888**
(558 083)	(378 092)	(936 175)	(31 518)	(14 825)	(46 343)	(1 695 012)
(2 137)	(20)	(2 157)	–	–	–	(2 157)
134 087	**373 000**	**507 087**	**(31 518)**	**(14 825)**	**(46 343)**	**722 719**
4 479	(62 671)	(58 192)	–	–	–	(58 192)
138 566	**310 329**	**448 895**	**(31 518)**	**(14 825)**	**(46 343)**	**664 527**
–	–	–	–	–	–	(25 658)
138 566	**310 329**	**448 895**	**(31 518)**	**(14 825)**	**(46 343)**	**638 869**
77.4%	51.8%	64.5%	n/a	n/a	n/a	69.9%
54.5%	36.2%	44.9%	n/a	n/a	n/a	47.5%

	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 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%

Specialist Banking			Group costs			
UK and Other	**Southern Africa**	**Total**	**UK and Other**	**Southern Africa**	**Total**	**Total group**
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**
76.7%	50.4%	63.4%	n/a	n/a	n/a	68.3%
53.7%	37.4%	45.1%	n/a	n/a	n/a	47.5%

SEGMENTAL BUSINESS ANALYSIS – INCOME STATEMENT

For the year to 31 March 2019 £'000	Asset Management	Wealth & Investment	Specialist Banking	Unallocated Group costs	Total group
Net interest income	5 683	14 216	795 528	–	815 427
Net fee and commission income	556 901	384 456	432 195	–	1 373 552
Investment income	25	1 490	48 470	–	49 985
Share of post taxation profit of associates	–	–	68 317	–	68 317
Trading income arising from					
– customer flow	–	851	119 811	–	120 662
– balance sheet management and other trading activities	5 058	69	36 839	–	41 966
Other operating income	5 395	343	10 693	–	16 431
Total operating income before expected credit losses	**573 062**	**401 425**	**1 511 853**	**–**	**2 486 340**
Expected credit loss impairment release/(charges)	6	(24)	(66 434)	–	(66 452)
Operating income	**573 068**	**401 401**	**1 445 419**	**–**	**2 419 888**
Operating costs	(393 706)	(318 788)	(936 175)	(46 343)	(1 695 012)
Depreciation on operating leased assets	–	–	(2 157)	–	(2 157)
Operating profit/(loss) before goodwill and acquired intangibles	**179 362**	**82 613**	**507 087**	**(46 343)**	**722 719**
Profit attributable to other non-controlling interests	–	–	(58 192)	–	(58 192)
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	**179 362**	**82 613**	**448 895**	**(46 343)**	**664 527**
Profit attributable to Asset Management non-controlling interests	(25 658)	–	–	–	(25 658)
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	**153 704**	**82 613**	**448 895**	**(46 343)**	**638 869**
Selected returns and key statistics					
ROE (pre-tax)	87.3%	32.9%	12.1%	n/a	14.8%
Return on tangible equity (pre-tax)	154.8%	119.5%	12.2%	n/a	16.7%
Cost to income ratio	68.7%	79.4%	64.5%	n/a	69.9%
Staff compensation to operating income	45.3%	55.3%	44.9%	n/a	47.5%
Operating profit per employee (£'000)	111.3	44.0	65.3	n/a	64.1
Total assets (£'million)	8 850	1 365	47 510	n/a	57 724

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 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%	63.4%	n/a	68.3%
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)	9 114	1 871	46 632	n/a	57 617

COMBINED CONSOLIDATED SEGMENTAL GEOGRAPHIC ANALYSIS – BALANCE SHEET ASSETS AND LIABILITIES

At 31 March 2019 £'000	UK and Other	Southern Africa	Total group
Assets			
Cash and balances at central banks	4 445 431	547 389	4 992 820
Loans and advances to banks	1 145 838	1 176 983	2 322 821
Non-sovereign and non-bank cash placements	–	648 547	648 547
Reverse repurchase agreements and cash collateral on securities borrowed	633 202	1 135 546	1 768 748
Sovereign debt securities	1 298 947	3 239 276	4 538 223
Bank debt securities	52 265	665 048	717 313
Other debt securities	498 265	722 386	1 220 651
Derivative financial instruments	622 397	411 769	1 034 166
Securities arising from trading activities	791 107	1 068 147	1 859 254
Investment portfolio	493 268	535 708	1 028 976
Loans and advances to customers	10 515 665	14 019 088	24 534 753
Own originated loans and advances to customers securitised	–	407 869	407 869
Other loans and advances	178 196	17 497	195 693
Other securitised assets	118 169	15 635	133 804
Interests in associated undertakings	53 451	334 299	387 750
Deferred taxation assets	148 351	100 542	248 893
Other assets	1 014 659	721 297	1 735 956
Property and equipment	99 796	161 854	261 650
Investment properties	14 500	980 145	994 645
Goodwill	356 048	10 822	366 870
Intangible assets	85 022	22 215	107 237
	22 564 577	**26 942 062**	**49 506 639**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	8 217 573	8 217 573
	22 564 577	**35 159 635**	**57 724 212**
Liabilities			
Deposits by banks	1 328 120	1 688 186	3 016 306
Derivative financial instruments	686 160	591 073	1 277 233
Other trading liabilities	80 217	592 188	672 405
Repurchase agreements and cash collateral on securities lent	294 675	810 388	1 105 063
Customer accounts (deposits)	13 136 539	18 170 568	31 307 107
Debt securities in issue	2 417 602	655 718	3 073 320
Liabilities arising on securitisation of own originated loans and advances	–	91 522	91 522
Liabilities arising on securitisation of other assets	113 711	–	113 711
Current taxation liabilities	131 896	30 552	162 448
Deferred taxation liabilities	20 706	2 884	23 590
Other liabilities	1 220 643	545 006	1 765 649
	19 430 269	**23 178 085**	**42 608 354**
Liabilities to customers under investment contracts	–	8 214 634	8 214 634
Insurance liabilities, including unit-linked liabilities	–	2 939	2 939
	19 430 269	**31 395 658**	**50 825 927**
Subordinated liabilities	803 699	843 572	1 647 271
	20 233 968	**32 239 230**	**52 473 198**

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**

Accounting policies

The group accounting policies related to financial instruments, which have been significantly changed as the result of the implementation of IFRS 9, are applicable with effect from 1 April 2018, and are set out below. The full set of accounting policies is set out in the 2019 integrated annual report, to be released on 28 June 2019.

Standards adopted during the year ending 31 March 2019

The requirements of IFRS 9 'Financial Instruments' were adopted from 1 April 2018. IFRS 9 includes an accounting policy choice to remain with IAS 39 hedge accounting, which the group has exercised.

The adoption of IFRS 9 includes the adoption of 'Prepayment Features with Negative Compensation (Amendments to IFRS 9)' which is effective for annual periods beginning on or after 1 January 2019 with early adoption permitted. This amendment was endorsed by the EU in March 2018, the group has decided to apply the amendment from 1 April 2018 in order to reflect all of the effects of IFRS 9 at the same time.

The classification and measurement and impairment requirements are applied retrospectively by adjusting the opening balance sheet at the date of initial application, with no requirement to restate comparative periods. The group is not restating comparatives on initial application as permitted by IFRS 9.

Additionally on 1 April 2018, the group adopted IFRS 15, 'Revenue from Contracts with Customers' which replaced IAS 18 'Revenue'. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The standard establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. There is no material impact on measurement and recognition principles previously applied under IAS 18. There is also no material impact from the disclosure requirements of IFRS 15.

Financial instruments

Financial instruments are initially recognised at their fair value. For financial assets or financial liabilities not held at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities are included in the initial measurement. All other transaction costs are recorded in the income statement immediately. Regular way purchase and sales transactions in respect of financial assets that require delivery of a financial instrument within the timeframe established by market convention are recorded at trade date.

Business model assessment

For financial assets, IFRS 9 requires that a business model assessment is carried out which reflects how the group manages the assets in order to generate cash flows. The assessment is at a portfolio level, being the level at which the portfolio is managed. Factors considered by the group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the assets' performance is evaluated and reported and how risks are assessed and managed.

The standard sets out different types of business models:

- **Hold to collect:** it is intended to hold the asset to maturity to earn interest, collecting repayments of principal and interest from the customer. These assets are accounted for at amortised cost.
- **Hold to collect and sell:** this model is similar to the hold to collect model, except that the entity may elect to sell some or all of the assets before maturity to achieve the objectives of the business model. These assets are accounted for at FVOCI.
- **Hold to sell/managed on a fair value basis:** the entity originates or purchases an asset with the intention of disposing of it in the short- or medium-term to benefit from capital appreciation or the portfolio is managed on a fair value basis. These assets are accounted for at FVPL.

However, the group may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:

- elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in OCI; and
- a debt instrument that meets the amortised cost or FVOCI criteria as measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

The classification into one of these categories is based on the entity's business model for managing the assets and the contractual cash flow characteristics of the assets.

Accounting policies *(continued)*

Solely payment of principal and interest (SPPI)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the group assesses whether the assets' cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment, the group considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related asset is classified and measured at FVPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Financial assets and liabilities measured at amortised cost

Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise to cash flows that are solely payments of principal and interest, such as most loans and advances to banks and customers and some debt securities, are measured at amortised cost. In addition, most financial liabilities are measured at amortised cost.

The group may commit to provide a loan which has not yet been drawn. When the loan that arises from the lending commitment is expected to meet the criteria to be measured at amortised cost, the undrawn commitment is also considered to be and is included in the impairment calculation.

The carrying value of these financial assets at initial recognition includes any directly attributable transactions costs. If the initial fair value is lower than the cash amount advanced, such as in the case of some leveraged finance and syndicated lending activities, the difference is deferred and recognised over the life of the loan through the recognition of interest income, unless the loan is credit impaired.

Financial assets and liabilities measured at fair value through other comprehensive income (FVOCI)

Financial assets held for a business model that is achieved by both collecting contractual cash flows and selling and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. They are recognised on the trade date when the group enters into contractual arrangements to purchase and are normally derecognised when they are either sold or redeemed.

They are subsequently remeasured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold. Upon disposal, the cumulative gains or losses in other comprehensive income are recognised in the income statement as 'Gains less losses arising from derecognition of debt instruments measured at fair value through other comprehensive income'.

Financial assets measured at FVOCI are included in the impairment calculations and impairment is recognised in profit or loss.

On initial recognition of an equity investment that is not held for trading, the group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Impairment of financial assets held at amortised cost or FVOCI

At each balance sheet date each financial asset or portfolio of advances categorised at amortised cost or at fair value through other comprehensive income, issued financial guarantee and loan commitment is measured for ECL impairment. Loss allowances are forward-looking, based on 12-month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability-weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. On a significant increase in credit risk, credit losses are rebased from 12-month to lifetime expectations. A change in credit risk is typically but not necessarily associated with a change in the expected cash flows.

The costs of loss allowances on assets held at amortised cost are presented as impairments in the income statement. Allowances in respect of financial guarantees and loan commitments are presented as other liabilities and charges recorded within income statement impairments. Financial assets held at amortised cost are presented net of allowances except where the asset has been wholly or partially written off.

Financial assets where 12-month ECL is recognised are considered to be 'Stage 1', financial assets which are considered to have experienced a significant increase in credit risk are in 'Stage 2', and financial assets for which there is objective evidence of impairment or are considered to be in default or otherwise credit-impaired are in 'Stage 3'.

Accounting policies *(continued)*

Financial assets and liabilities held at fair value through profit or loss

Financial instruments held at fair value through profit or loss include all instruments classified as held-for-trading those instruments designated as held at fair value through profit or loss and those financial assets which do not meet the criteria for amortised cost or FVOCI.

Financial instruments classified as FVPL are initially recorded at fair value on the balance sheet with changes in fair value subsequently recognised in the income statement. Financial instruments are classified as trading when they are held with the intention of short-term disposal, held with the intention of generating short-term profit, or are derivatives which are not designated as part of effective hedges. Financial instruments designated as held at fair value through profit or loss are designated as such on initial recognition of the instrument and remain in this classification until derecognition.

Changes in fair value resulting from own credit risk on financial liabilities designated at fair value is recognised in other comprehensive income.

Financial assets and liabilities are designated as held at fair value through profit or loss only if:

- they eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a group of financial liabilities or both financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy and information about the group is provided internally on that basis to the group's key management personnel; or
- a financial liability contract contains one or more embedded derivatives (which significantly modifies the cash flows that would be required by the contract and is not clearly prohibited from separation from the host contract) and the group has designated the entire hybrid contract as a financial instrument at fair value through profit or loss.

Securitisation/credit investment and trading activities exposures

The group makes use of securitisation vehicles as a source of finance, as a means of risk transfer and to leverage returns through the retention of equity tranches in low default rate portfolios. The group predominantly focuses on the securitisation of lease receivables. The group also trades in structured credit investments.

The structured entities are consolidated under IFRS 10 Consolidated Financial Statements when the group has exposure to or rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Loans and advances that are originated are transferred to structured entities, and the structured entities issue debt securities to external investors to fund the purchase of the securitised assets. When the group consolidates the structured entity, the group recognises the assets and liabilities on a gross basis. When the group does not consolidate the structured entity, the securitised assets are derecognised and only any position still held by the group in the structured entity is reflected.

Day-one profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on the valuation technique whose variables include only data from observable markets, the difference between the transaction price and fair value is recognised immediately in the income statement.

In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the income statement when the inputs become observable, or when the instrument is derecognised or over the life of the transaction.

Derecognition of financial assets and liabilities

A financial asset, or a portion thereof, is derecognised when the group's rights to cash flows have expired or when the group has transferred its rights to cash flows relating to the financial assets and either (a) the group has transferred substantially all the risks and rewards associated with the financial assets or (b) the group has neither transferred nor retained substantially all the risks and rewards associated with the financial assets but has transferred control of the assets.

The treatment of a renegotiation or modification of the contractual cash flows of a financial asset depends upon whether the modification is done for commercial reasons, in which case if they are significant the old asset is derecognised and a new asset recognised, or because of financial difficulties of the borrower.

A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled or expired. When an existing financial liability is replaced or modified with substantially different terms, such a replacement or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Accounting policies *(continued)*

Reclassification of financial instruments

Financial assets are only reclassified where there has been a change in business model. Financial liabilities cannot be reclassified.

Derivative financial instruments

All derivative instruments of the group are recorded on the balance sheet at fair value. Positive and negative fair values are reported as assets and liabilities respectively.

Derivative positions are entered into either for trading purposes or as part of the group's asset and liability management activities to manage exposures to interest rate and foreign currency risks. Both realised and unrealised profit or losses arising on derivatives are recognised in the income statement as part of trading income (other than circumstances in which cash flow hedging is applied as detailed in the hedge accounting section below).

Derivative instruments entered into as economic hedges which do not qualify for hedge accounting and derivatives that are entered into for trading purposes are treated in the same way as instruments that are held-for-trading.

Credit derivatives are entered into for trading purposes. Credit derivatives are initially recognised at their fair values, being the transaction price of the derivative. Subsequently the derivatives are carried at fair value, with movements in fair value through profit or loss, based on the current market price or remeasured price. The counterparty risk from derivative transactions is taken into account when reporting the fair value of derivative positions. The adjustment to the fair value is known as the credit value adjustment (CVA).

Hedge accounting

The group applies either fair value or hedge of net investments in foreign operations accounting when the transactions meet the specified hedge accounting criteria. To qualify for hedge accounting treatment, the group ensures that all of the following conditions are met:

- At inception of the hedge, the group formally documents the relationship between the hedging instrument(s) and hedged item(s) including the risk management objectives and the strategy in undertaking the hedge transaction. Also at the inception of the hedge relationship, a formal assessment is undertaken to ensure the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item. A hedge is expected to be highly effective if the changes in fair value attributable to the hedged risk during the period for which the hedge is designated are expected to offset in a range of 80% to 125%.
- The effectiveness of the hedge can be reliably measured, i.e. the fair value of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured.
- The hedge effectiveness is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

For qualifying fair value hedges, the change in fair value of the hedging instrument is recognised in the income statement. Changes in fair value of the hedged item that is attributable to the hedged risk are also recognised in the income statement.

Embedded derivatives

To the extent that a derivative may be embedded in a hybrid contract for a financial liability and the hybrid contract is not carried at fair value with changes in fair value recorded in the income statement, the embedded derivative is separated from the host contract and accounted for as a standalone derivative if and only if:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; and
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset when there is both an intention to settle on a net basis (or simultaneously) and a currently enforceable legal right to offset exists.

Issued debt and equity financial instruments

Financial instruments issued by the group are classified as liabilities if they contain a contractual obligation to deliver cash or another financial asset.

Financial instruments issued by the group are classified as equity where they confer on the holder a residual interest in the group, and the group has no obligation to deliver either cash or another financial asset to the holder. The components of compound issued financial instruments are accounted for separately with the liability component separated first and any residual amount being allocated to the equity component.

Equity instruments issued by subsidiaries of Investec plc or Investec Limited are recorded as non-controlling interests on the balance sheet. Equity instruments are initially measured net of directly attributable issue costs.

Treasury shares represent issued equity repurchased by the group which has not been cancelled. Treasury shares are deducted from shareholders' equity and represent the purchase consideration, including directly attributable costs. Where treasury shares are subsequently sold or reissued, net proceeds received are included in shareholders' equity.

Dividends on ordinary shares are recognised as a deduction from equity at the earlier of payment date or the date that it is approved by Investec plc (in relation to dividends declared by Investec plc) and Investec Limited (in relation to dividends declared by Investec Limited) shareholders.

Sale and repurchase agreements (including securities borrowing and lending)

Securities sold subject to a commitment to repurchase, at a fixed price or a selling price plus a lender's return, remain on balance sheet. Proceeds received are recorded as a liability on balance sheet under 'repurchase agreements and cash collateral on securities lent'. Securities that are purchased under a commitment to resell the securities at a future date are not recognised on the balance sheet. The consideration paid is recognised as an asset under 'reverse repurchase agreements and cash collateral on securities borrowed'.

The difference between the sale and repurchase prices is treated as interest income/expense and is accrued over the life of the agreement using the effective interest method.

Securities borrowing transactions that are not cash collateralised are not included on the balance sheet. Securities lending and borrowing transactions which are cash collateralised are accounted for in the same manner as securities sold or purchased subject to repurchase commitments.

Financial guarantees

Financial guarantee contracts issued by the group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due, in accordance with the terms of a debt instrument. Financial guarantees are initially recognised at fair value, adjusted for the transaction costs that are directly attributable to the issuance of the guarantee.

Subsequent to initial recognition, the liability under each guarantee is measured at the higher of the initial amount recognised less cumulative revenue and the initial amount less any impairment calculated as set out above. Subsequent to initial measurement, all changes in the balance sheet carrying value are recognised in the income statement.

Reconciliation of movements and revaluation

The table below reflects the impact of IFRS 9 implementation on the balance sheet lines and shows movements between amortised cost and fair value:

Only assets and liabilities which have changes are shown.

£'000	IAS 39 carrying amount 31 March 2018	Reclassifications (in)	Reclassifications (out)	Remeasurements and ECLs	**IFRS 9 carrying amount 1 April 2018**
Financial assets at amortised cost (previously loans and receivables and held-to-maturity)					
Cash and balances at central banks	4 032 728	–	–	(502)	4 032 226
Loans and advances to banks	1 929 456	236 081	–	(939)	2 164 598
Non-sovereign and non-bank cash placements	566 699	–	–	(1 261)	565 438
Reverse repurchase agreements and cash collateral on securities borrowed	1 419 572	–	–	(340)	1 419 232
Sovereign debt securities	208 384	68 817	–	(2 404)	274 797
Bank debt securities	217 992	103 909	(49 301)	(1 120)	271 480
Other debt securities	273 323	164 799	(87 887)	(4 245)	345 990
Loans and advances to customers	23 501 381	–	(1 409 048)	(149 494)	21 942 839
Own originated loans and advances to customers securitised	459 088	–	–	(274)	458 814
Other loans and advances	347 809	–	(2 454)	(2 064)	343 291
Other assets	1 239 331	–	–	(760)	1 238 571
Financial assets at fair value (previously trading and designated at inception and available-for-sale)					
Loans and advances to banks	236 077	–	(236 077)	–	–
Sovereign debt securities	4 701 643	1 765 614	(1 834 430)	–	4 632 827
Bank debt securities	369 172	69 958	(121 823)	2 641	319 948
Other debt securities	630 280	145 227	(222 133)	(1 242)	552 132
Derivative financial instruments	1 352 408	–	(6 664)	–	1 345 744
Investment portfolio	885 499	98 760	–	(27 699)	956 560
Loans and advances to customers	1 171 628	1 314 245	–	(18 378)	2 467 495
Other loans and advances	–	2 454	–	(3)	2 451
Other securitised assets	130 388	–	–	–	130 388
Other assets	190 740	–	–	–	190 740
Financial liabilities at amortised cost					
Other liabilities	1 245 016	–	–	7 638	1 252 654
Subordinated liabilities	1 482 987	–	(579 673)	–	903 314
Financial liabilities at fair value					
Customer accounts (deposits)	2 375 704	–	–	(1 921)	2 373 783
Subordinated liabilities	–	579 673	–	136 891	716 564
Off balance sheet exposures[1]					
Guarantees	–	–	–	434	434
Committed facilities (core loans)	–	–	–	7 204	7 204

1. *ECL on off balance sheet exposures is booked as a provision in other liabilities.*

Reconciliation of impairment allowance balance from IAS 39 to IFRS 9

The following table reconciles prior year's closing impairment allowance measured in accordance with the IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 April 2018:

At 1 April 2018 £'000	Loan loss allowance under IAS 39/Provision under IAS 37	Reclassification	Remeasurement	**ECL under IFRS 9**	**Total increase in impairment allowances**
Loans and receivables (IAS 39)/Financial assets at amortised cost (IFRS 9)					
Cash and balances at central banks	–	–	(502)	(502)	(502)
Loans and advances to banks	–	–	(936)	(936)	(936)
Non-sovereign and non-bank cash placements	–	–	(1 261)	(1 261)	(1 261)
Reverse repurchase agreements and cash collateral on securities borrowed	–	–	(326)	(326)	(326)
Sovereign debt securities	–	–	(181)	(181)	(181)
Bank debt securities	–	–	(229)	(229)	(229)
Other debt securities	(5 087)	4 803	(5 392)	(5 676)	(589)
Loans and advances to customers	(237 767)	25 289	(151 788)	(364 266)	(126 499)
Own originated loans and advances to customers securitised	(385)	–	(274)	(659)	(274)
Other loans and advances	(2 349)	–	(2 064)	(4 413)	(2 064)
Other assets	(3 211)	–	(758)	(3 969)	(758)
	(248 799)	**30 092**	**(163 711)**	**(382 418)**	**(133 619)**
Available-for-sale/Financial assets FVOCI (IFRS 9)					
Sovereign debt securities	–	–	(1 618)	(1 618)	(1 618)
Bank debt securities	–	–	(416)	(416)	(416)
Other debt securities	–	–	(207)	(207)	(207)
Loans and advances to customers	–	–	(1 687)	(1 687)	(1 687)
	–	**–**	**(3 928)**	**(3 928)**	**(3 928)**
Off-balance sheet exposures					
Guarantees	–	–	(434)	(434)	(434)
Committed facilities (core loans)	–	–	(7 204)	(7 204)	(7 204)
	–	**–**	**(7 638)**	**(7 638)**	**(7 638)**
Total	**(248 799)**	**30 092**	**(175 277)**	**(393 984)**	**(145 185)**

At 31 March 2019 £'000	Total instruments at fair value	Total instruments at amortised cost	Non-financial instruments or scoped out of IFRS 9	Total
Assets				
Cash and balances at central banks	1	4 992 819	–	4 992 820
Loans and advances to banks	–	2 322 821	–	2 322 821
Non-sovereign and non-bank cash placements	32 471	616 076	–	648 547
Reverse repurchase agreements and cash collateral on securities borrowed	549 914	1 218 834	–	1 768 748
Sovereign debt securities	4 256 811	281 412	–	4 538 223
Bank debt securities	350 134	367 179	–	717 313
Other debt securities	741 834	478 817	–	1 220 651
Derivative financial instruments	1 034 166	–	–	1 034 166
Securities arising from trading activities	1 859 254	–	–	1 859 254
Investment portfolio	1 028 976	–	–	1 026 976
Loans and advances to customers	2 025 679	22 509 074	–	24 534 753
Own originated loans and advances to customers securitised	–	407 869	–	407 869
Other loans and advances	–	195 693	–	195 693
Other securitised assets	118 169	15 635	–	133 804
Interests in associated undertakings	–	–	387 750	387 750
Deferred taxation assets	–	–	248 893	248 893
Other assets	131 853	1 041 116	562 987	1 735 956
Property and equipment	–	–	261 650	261 650
Investment properties	–	–	994 645	994 645
Goodwill	–	–	366 870	366 870
Intangible assets	–	–	107 237	107 237
	12 129 262	**34 447 345**	**2 930 032**	**49 506 639**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	8 217 573	–	–	8 217 573
	20 346 835	**34 447 345**	**2 930 032**	**57 724 212**
Liabilities				
Deposits by banks	–	3 016 306	–	3 016 306
Derivative financial instruments	1 277 233	–	–	1 277 233
Other trading liabilities	672 405	–	–	672 405
Repurchase agreements and cash collateral on securities lent	433 790	671 273	–	1 105 063
Customer accounts (deposits)	2 372 841	28 934 266	–	31 307 107
Debt securities in issue	520 806	2 552 514	–	3 073 320
Liabilities arising on securitisation of own originated loans and advances	–	91 522	–	91 522
Liabilities arising on securitisation of other assets	113 711	–	–	113 711
Current taxation liabilities	–	–	162 448	162 448
Deferred taxation liabilities	–	–	23 590	23 590
Other liabilities	47 676	1 029 239	688 734	1 765 649
	5 438 462	**36 295 120**	**874 772**	**42 608 354**
Liabilities to customers under investment contracts	8 214 634	–	–	8 214 634
Insurance liabilities, including unit-linked liabilities	2 939	–	–	2 939
	13 656 035	**36 295 120**	**874 772**	**50 825 927**
Subordinated liabilities	367 707	1 279 564	–	1 647 271
	14 023 742	**37 574 684**	**874 772**	**52 473 198**

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)

		Fair value category		
At 31 March 2019 £'000	**Total instruments at fair value**	Level 1	Level 2	Level 3
Assets				
Cash and balances at central banks	1	1	–	–
Non-sovereign and non-bank cash placements	32 471	–	32 471	–
Reverse repurchase agreements and cash collateral on securities borrowed	549 914	–	549 914	–
Sovereign debt securities	4 256 811	4 256 811	–	–
Bank debt securities	350 134	148 918	201 216	–
Other debt securities	741 834	222 689	429 850	89 295
Derivative financial instruments	1 034 166	–	995 531	38 635
Securities arising from trading activities	1 859 254	1 827 306	24 830	7 118
Investment portfolio	1 028 976	173 587	25 418	829 971
Loans and advances to customers	2 025 679	–	816 099	1 209 580
Other securitised assets	118 169	–	–	118 169
Other assets	131 853	131 853	–	–
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	8 217 573	8 217 573	–	–
	20 346 835	**14 978 738**	**3 075 329**	**2 292 768**
Liabilities				
Derivative financial instruments	1 277 233	5 857	1 254 750	16 626
Other trading liabilities	672 405	556 125	116 280	–
Repurchase agreements and cash collateral on securities lent	433 790	–	433 790	–
Customer accounts (deposits)	2 372 841	–	2 372 841	–
Debt securities in issue	520 806	–	520 806	–
Liabilities arising on securitisation of other assets	113 711	–	–	113 711
Other liabilities	47 676	–	44 071	3 605
Liabilities to customers under investment contracts	8 214 634	–	8 214 634	–
Insurance liabilities, including unit-linked liabilities	2 939	–	2 939	–
Subordinated liabilities	367 707	367 707	–	–
	14 023 742	**929 689**	**12 960 111**	**133 942**
Net financial assets at fair value	**6 323 093**	**14 049 049**	**(9 884 782)**	**2 158 826**

Transfers between level 1 and level 2

During the current year, there were no transfers between level 1 and level 2.

Level 2 financial assets and financial liabilities

The following table sets out the group's principal valuation techniques as at 31 March 2019 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, discount rates,volatilities
Bank debt securities	Discounted cash flow model	Yield curves
Other debt securities	Discounted cash flow model	Yield curves, NCD curves and swap curves, discount rates, 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, discount rates
Securities arising from trading activities	Standard industry derivative pricing model Discounted cash flow model	Interest rate curves, implied bond spreads, equity volatilities, yield curves
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, discount rates, 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, discount rates
Customer accounts (deposits)	Discounted cash flow model	Yield curves, discount rates
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.

£'000	Investment portfolio	Loans and advances to customers	Other securitised assets	Other balance sheet assets	**Total**
Assets					
Balance as at 31 March 2018	587 819	133 740	130 388	67 723	**919 670**
Adoption of IFRS 9	74 768	1 203 939	–	74 381	**1 353 088**
Balance as at 1 April 2018	662 587	1 337 679	130 388	142 104	**2 272 758**
Total gains or losses	(175)	69 261	(2 834)	16 865	**83 117**
In the income statement	(175)	69 056	(2 834)	16 865	**82 912**
In the statement of comprehensive income	–	205	–	–	**205**
Purchases	338 782*	1 268 572	–	6 909	**1 614 263**
Sales	(95 646)	(889 145)	–	(8 404)	**(993 195)**
Settlements	(60 095)	(624 061)	(9 385)	(29 456)	**(722 997)**
Transfers into level 3	12 211	3 499	–	–	**15 710**
Foreign exchange adjustments	(27 693)	43 775	–	7 026	**23 108**
Balance as at 31 March 2019	**829 971**	**1 209 580**	**118 169**	**135 044**	**2 292 764**

** Includes investments acquired by Investec Property Fund, a subsidiary of Investec Limited.*

For the year to 31 March 2019 **£'000**	Liabilities arising on securitisation of other assets	Other balance sheet liabilities	**Total**
Liabilities			
Balance as at 1 April 2018	127 853	15 641	**143 494**
Total gains or losses	(5 084)	(12 653)	**(17 737)**
In the income statement	(5 084)	(12 653)	**(17 737)**
In the statement of comprehensive income	–	–	**–**
Purchases	–	27 561	**27 561**
Sales	–	(11 800)	**(11 800)**
Settlements	(9 058)	–	**(9 058)**
Transfers into level 3	–	2 854	**2 854**
Foreign exchange adjustments	–	(1 372)	**(1 372)**
Balance as at 31 March 2019	**113 711**	**20 231**	**133 942**

During the year £15.7 million of level 2 instruments have been transferred into level 3 as a result of inputs to valuation models becoming unobservable in the market.

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 2019 **£'000**	**Total**	Realised	Unrealised
Total gains or (losses) included in the income statement for the year			
Net interest income	100 041	86 118	13 923
Investment income	(11 000)	9 675	(20 675)
Trading loss arising from customer flow	(3 272)	1 348	(4 620)
Trading income arising from balance sheet management and other trading activities	14 880	–	14 880
	100 649	**97 141**	**3 508**
Total gains or losses recognised in other comprehensive income for the year			
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	205	–	205
	205	**–**	**205**

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 2019	Balance sheet value £'000	Significant unobservable input	Range of unobservable input used	Favourable changes £'000	Unfavourable changes £'000
Assets					
Other debt securities	89 295	Potential impact on income statement		8 047	(7 849)
		Credit spreads	5.8%	117	(114)
		EBITDA	(5%)/5%	306	(306)
		Other^	^	7 624	(7 429)
Derivative financial instruments	38 635	Potential impact on income statement		22 720	(5 882)
		Volatilities	4.0% – 9.0%	129	(129)
		Credit spreads	7.1%	6	(9)
		Cash flow adjustments	CPR 6.2% – 10.2%	134	(124)
		Underlying asset value	^^	7 731	(3 731)
		Other^	^	14 720	(1 889)
Securities arising from trading activities	7 118	Potential impact on income statement			
		Cash flow adjustments	CPR 9.2%	1 119	(1 480)
Investment portfolio	829 971	Potential impact on income statement		158 957	(134 600)
		Price earnings multiple	3.2 x – 9.0 x	8 852	(8 563)
		Underlying asset value^^	^^	17 229	(11 739)
		Other^	^	83 729	(60 072)
		EBITDA	*	21 470	(21 043)
		Precious and industrial metals prices	(10%)/6%	2 186	(2 186)
		Cash flows	(50%)/50%	10 568	(9 552)
		Property values	(5%)/5%	10 151	(10 151)
		Various	**	4 772	(11 294)
Loans and advances to customers	1 209 580	Potential impact on income statement		75 262	(91 448)
		Credit spreads	0.1% – 6.2%	6 327	(9 089)
		Price earnings multiple	4.9 x	703	(493)
		Underlying asset value^^	^^	2 778	(2 347)
		Cash flows	(50%)/50%	16 053	(16 053)
		EBITDA	*	335	(335)
		Property values	(5%)/5%	100	(100)
		Other^	^	48 966	(63 031)
		Potential impact on other comprehensive income			
		Credit spreads	0.03% – 2.1%	1 673	(2 933)
Other securitised assets	118 169	Potential impact on income statement			
		Cash flow adjustments	CPR 6.2%	496	(473)
Total level 3 assets	**2 292 768**			**268 274**	**(244 665)**

Within the Hong Kong portfolio there is a connected exposure across the investment portfolio, loans and advances to customers and derivatives financial instruments lines with a balance sheet value of £69 million. The consideration of reasonably possible alternative assumptions with respect to the fair value of this exposure results in a favourable change of £95 million and a unfavourable change of £69 million, included within the above table.

31 March 2019	Balance sheet value £'000	Significant unobservable input	Range of unobservable input used	Favourable changes £'000	Unfavourable changes £'000
Liabilities					
Derivative financial instruments	16 626	Potential impact on income statement		(8 035)	8 045
		Cash flow adjustments	CPR 6.2% – 10.2%	(107)	116
		Volatilities	5.0% – 9.0%	(174)	174
		Underlying asset value^^	^^	(7 754)	7 755
Liabilities arising on securitisation of other assets	113 711	Potential impact on income statement			
		Cash flow adjustments	CPR 6.2%	(365)	344
Other liabilities	3 605	Potential impact on income statement			
		Property values	(5%)/5%	(505)	505
Total level 3 liabilities	**133 942**			**(8 905)**	**8 894**
Net level 3 assets	**2 158 826**				

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

** *The valuation sensitivity for certain equity investments and fair value loans have 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 purpose of this analysis as the sensitivity of the investments cannot be determined through the adjustment of a single input.*

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

^^ *Underlying asset values are calculated by reference to a tangible asset, for example property, aircraft or shares.*

In determining the value of level 3 financial instruments, the following are the principal inputs that 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.

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

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST

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

£'000	Carrying amount	Fair value
2019		
Assets		
Reverse repurchase agreements and cash collateral on securities borrowed	1 218 834	1 218 958
Sovereign debt securities	281 412	271 125
Bank debt securities	367 179	366 845
Other debt securities	478 817	467 820
Loans and advances to customers	22 509 074	22 561 179
Other loans and advances	195 693	197 587
Other assets	1 041 116	1 041 759
Liabilities		
Deposits by banks	3 016 306	3 049 306
Repurchase agreements and cash collateral on securities lent	671 273	668 870
Customer accounts (deposits)	28 934 266	28 934 451
Debt securities in issue	2 552 514	2 588 218
Other liabilities	1 029 239	1 027 905
Subordinated liabilities	1 279 564	1 361 823

Investec ordinary shares

As at 31 March 2019 Investec plc and Investec Limited had 682.1 million and 318.9 million ordinary shares in issue respectively.

Spread of ordinary shareholders as at 31 March 2019

Investec plc ordinary shares in issue

Number of shareholders	**Holdings**	% of total shareholders	Number of shares in issue	% of issued share capital
16 890	1 – 500	53.0%	3 228 612	0.5%
5 756	501 – 1 000	18.1%	4 369 314	0.6%
6 401	1 001 – 5 000	20.1%	14 087 876	2.1%
942	5 001 – 10 000	3.0%	6 795 051	1.0%
1 028	10 001 – 50 000	3.2%	23 454 273	3.4%
265	50 001 – 100 000	0.8%	18 922 470	2.8%
561	100 001 and over	1.8%	611 263 615	89.6%
31 843		**100.0%**	**682 121 211**	**100.0%**

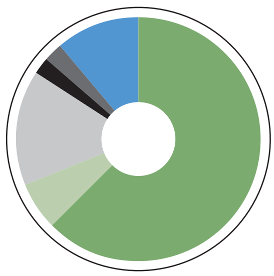
Investec Limited ordinary shares in issue

Number of shareholders	**Holdings**	% of total shareholders	Number of shares in issue	% of issued share capital
4 171	1 – 500	48.1%	738 361	0.2%
1 265	501 – 1 000	14.6%	971 062	0.3%
1 745	1 001 – 5 000	20.1%	3 963 611	1.2%
409	5 001 – 10 000	4.7%	3 022 667	0.9%
594	10 001 – 50 000	6.8%	14 612 215	4.6%
186	50 001 – 100 000	2.1%	12 920 885	4.1%
310	100 001 and over	3.6%	282 675 908	88.7%
8 680		**100.0%**	**318 904 709**	**100.0%**

Geographical holding by beneficial ordinary shareholder as at 31 March 2019

Investec plc

53.4%	South Africa
22.6%	UK
13.0%	USA and Canada
5.6%	Rest of Europe
1.5%	Asia
3.9%	Other countries and unknown



Investec Limited

62.7%	South Africa
6.3%	UK
15.2%	USA and Canada
2.3%	Rest of Europe
2.4%	Asia
11.1%	Other countries and unknown

Largest ordinary shareholders as at 31 March 2019

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, the group has conducted investigations into the registered holders of its ordinary shares (including nominee and asset management companies) and the results are as disclosed below.

Investec plc

Shareholder analysis by manager group	Number of shares	% holding
1. Allan Gray (ZA)	93 089 815	13.6%
2. Public Investment Corporation (ZA)	48 111 995	7.1%
3. BlackRock Inc (UK & US)	43 582 569	6.4%
4. Prudential Group (ZA)	39 613 716	5.8%
5. The Vanguard Group Inc (UK & US)	23 959 963	3.5%
6. Old Mutual Investment Group (ZA)	22 967 140	3.4%
7. State Street Corporation (US & UK)	21 166 758	3.1%
8. T Rowe Price Associates (UK)	19 361 353	2.8%
9. Legal & General Group (UK)	15 880 395	2.3%
10. Norges Bank Investment Management (OSLO)	13 620 238	2.0%
Cumulative total	**341 353 942**	**50.0%**

The top 10 shareholders account for 50.0% 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.

Investec Limited

Shareholder analysis by manager group	Number of shares	% holding
1. Public Investment Corporation (ZA)	40 179 999	12.6%
2. Allan Gray (ZA)	39 789 816	12.5%
3. Old Mutual Investment Group (ZA)	17 301 495	5.4%
4. BlackRock Inc (UK & US)	13 895 976	4.4%
5. Sanlam Group (ZA)	13 431 628	4.2%
6. Investec Staff Share Scheme (ZA)	12 521 294	3.9%
7. The Vanguard Group Inc (UK & US)	11 704 039	3.7%
8. Dimensional Fund Advisors (UK)	8 521 205	2.7%
9. Coronation Fund Managers (ZA)	6 919 064	2.2%
10. Laurium Capital (ZA)	6 132 737	1.9%
Cumulative total	**170 397 253**	**53.5%**

The top 10 shareholders account for 53.5% 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.

Share statistics

Investec plc

For the year ended	**31 March 2019**	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Closing market price per share (Pounds Sterling)							
– year ended	4.42	5.50	5.44	5.13	5.61	4.85	4.59
– highest	5.95	6.49	6.19	6.47	5.75	5.08	5.14
– lowest	4.23	4.61	4.19	4.03	5.61	3.66	3.10
Number of ordinary shares in issue (million)[1]	682.1	669.8	657.1	617.4	613.6	608.8	605.2
Market capitalisation (£'million)[1]	3 015	3 681	3 575	3 167	3 442	2 953	2 778
Daily average volume of shares traded ('000)	1 904	1 807	1 618	1 474	2 170	1 985	1 305
Price earnings ratio[2]	8.0	10.3	11.3	12.4	14.2	12.8	12.4
Dividend cover (times)[2]	2.2	2.2	2.1	2.0	2.0	2.0	2.1
Dividend yield (%)[2]	5.5	4.4	4.2	4.1	3.5	3.9	3.9
Earnings yield (%)[2]	12.5	9.7	8.9	8.1	7.0	7.8	8.1

Investec Limited

For the year ended	**31 March 2019**	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Closing market price per share (Rands)							
– year ended	84.34	92.28	91.46	109.91	100.51	84.84	64.26
– highest	105.31	105.62	112.11	121.90	103.15	85.04	69.89
– lowest	76.92	85	81.46	93.91	100.34	59	41.31
Number of ordinary shares in issue (million)[3]	318.9	310.7	301.2	291.4	285.7	282.9	279.6
Market capitalisation (R'million)[3]	84 424	90 481	87 646	99 886	90 388	75 652	56 857
Market capitalisation (£'million)[3]	4 424	5 389	5 213	4 662	5 045	4 325	4 061
Daily average volume of shares traded ('000)	860	1 031	1 149	963	739	810	980

1 *The LSE only include the shares in issue for Investec plc, i.e. currently 682.1 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 1001.0 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 2019

Investec plc preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
52	1 – 500	15.6%	10 618	0.4%
39	501 – 1 000	11.7%	30 700	1.1%
159	1 001 – 5 000	47.8%	307 334	11.2%
28	5 001 – 10 000	8.4%	214 331	7.8%
44	10 001 – 50 000	13.2%	962 102	34.9%
11	50 001 – 100 000	3.3%	1 229 502	44.6%
–	100 001 and over	0.0%	–	0.0%
333		**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
47	1 – 500	51.1%	9 630	7.3%
16	501 – 1 000	17.4%	12 573	9.6%
22	1 001 – 5 000	23.9%	52 523	39.9%
5	5 001 – 10 000	5.4%	30 721	23.4%
2	10 001 – 50 000	2.2%	26 000	19.8%
–	50 001 – 100 000	0.0%	–	0.0%
–	100 001 and over	0.0%	–	0.0%
92		**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
1 036	1 – 500	17.6%	319 703	1.0%
1 254	501 – 1 000	21.3%	1 032 665	3.2%
2 592	1 001 – 5 000	44.1%	6 127 441	19.0%
491	5 001 – 10 000	8.4%	3 536 035	11.0%
432	10 001 – 50 000	7.3%	8 343 657	25.9%
76	50 001 – 100 000	1.3%	12 854 998	39.9%
–	100 001 and over	0.0%	–	0.0%
5 881		**100.0%**	**32 214 499**	**100.0%**

Investec Bank Limited perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
768	1 – 500	20.9%	208 118	1.3%
876	501 – 1 000	23.9%	755 233	4.9%
1 481	1 001 – 5 000	40.4%	3 558 887	23.0%
291	5 001 – 10 000	7.9%	2 116 632	13.7%
213	10 001 – 50 000	5.8%	4 227 184	27.4%
24	50 001 – 100 000	0.7%	1 562 119	10.1%
13	100 001 and over	0.4%	3 019 457	19.6%
3 666		**100.0%**	**15 447 630**	**100.0%**

Largest preference shareholders as at 31 March 2019

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 11.9%
Pershing International nominees 5.2%

Investec plc (Rand-denominated) perpetual preference shares
Private individual 9.9%
Private individual 9.9%
Private individual 5.8%

Investec Limited perpetual preference shares
There were no shareholders holding beneficial interests in excess of 5.0% of the issued preference share in Investec Limited, as at 31 March 2019.

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 2019.

ANNEXURES

5

Adjusted shareholders' equity

Refer to calculation on page 89

Cost to income ratio

Operating costs divided by operating income (net of depreciation on operating leased assets and net of operating profits or losses attributable to other non-controlling interests)

Core loans and advances

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

Refer to calculation on page 94

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 58

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

Refer to page 58

Effective operational tax rate

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

Legacy business in the UK Specialist Bank ('Legacy')

Legacy, as separately disclosed from 2014 to 2018, comprises pre-2008 assets held on the UK bank's balance sheet, that had very low/negative margins and assets relating to business we are no longer undertaking

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 81

Non-operating items

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

Ongoing basis

Ongoing information, as separately disclosed from 2014 to 2018, excludes Legacy assets (refer to definition), as well as the following businesses sold in previous years: Investec Bank (Australia) Limited, Kensington Group plc and Start Mortgage Holdings Limited

Operating profit

Operating income less administrative expenses, expected credit loss impairment charges and depreciation of tangible fixed assets. This amount is before goodwill, acquired intangibles and non-operating items but after other non-controlling interests

Operating profit per employee

Refer to calculation on page 92

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 89

Return on average adjusted tangible shareholders' equity

Refer to calculation on page 89

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 86

*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 58

* *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.*

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 34

Notice is hereby given that the final dividend number 34, being a gross dividend of 13.5 pence (2018: 13.5 pence) per ordinary share has been recommended by the board from income reserves in respect of the financial year ended 31 March 2019 payable to shareholders recorded in the shareholders' register of the company at the close of business on Friday, 26 July 2019.

- 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 5.5 pence per ordinary share and through a dividend paid by Investec Limited, on the SA DAS share, payable from income reserves, equivalent to 8 pence per ordinary share.

The relevant dates for the payment of dividend number 34 are as follows:

Last day to trade *cum*-dividend	
On the Johannesburg Stock Exchange (JSE)	Tuesday, 23 July 2019
On the London Stock Exchange (LSE)	Wednesday, 24 July 2019
Shares commence trading *ex*-dividend	
On the Johannesburg Stock Exchange (JSE)	Wednesday, 24 July 2019
On the London Stock Exchange (LSE)	Thursday, 25 July 2019
Record date (on the JSE and LSE)	Friday, 26 July 2019
Payment date (on the JSE and LSE)	Monday, 12 August 2019

Share certificates on the South African branch register may not be dematerialised or rematerialised between Wednesday, 24 July 2019 and Friday, 26 July 2019, both dates inclusive, nor may transfers between the United Kingdom share register and the South African branch register take place between Wednesday, 24 July 2019 and Friday, 26 July 2019, 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 251 cents per share, has been arrived at using the Rand/Pound Sterling average buy/sell forward rate, as determined at 11:00 (SA time) on Wednesday, 15 May 2019
- Investec plc United Kingdom tax reference number: 2683967322360
- The issued ordinary share capital of Investec plc is 682 121 211 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 251 cents per share, comprising 148.74074 cents per share paid by Investec Limited on the SA DAS share and 118.99259 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 200.8 cents per share (gross dividend of 251 cents per share less Dividend Tax of 50.2 cents per share) comprising 118.99259 cents per share paid by Investec Limited on the SA DAS share and 81.80741 cents per ordinary share paid by Investec plc.

By order of the board

D Miller
Company Secretary

15 May 2019

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 127

Notice is hereby given that final dividend number 127, being a gross dividend of 251 cents (2018: 232 cents) per ordinary share has been recommended by the board from income reserves in respect of the financial year ended 31 March 2019 payable to shareholders recorded in the shareholders' register of the company at the close of business on Friday, 26 July 2019.

The relevant dates for the payment of dividend number 127 are as follows:

Last day to trade cum-dividend	Tuesday, 23 July 2019
Shares commence trading ex-dividend	Wednesday, 24 July 2019
Record date	Friday, 26 July 2019
Payment date	Monday, 12 August 2019

The final gross dividend of 251 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 11:00 (SA time) on Wednesday, 15 May 2019.

Share certificates may not be dematerialised or rematerialised between Wednesday, 24 July 2019 and Friday, 26 July 2019, both dates inclusive.

Additional information to take note of:

- Investec Limited South African tax reference number: 9800/181/71/2
- The issued ordinary share capital of Investec Limited is 318 904 709 ordinary shares
- The dividend paid by Investec Limited is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- Shareholders who are exempt from paying the Dividend Tax will receive a net dividend of 251 cents per ordinary share
- Shareholders who are not exempt from paying the Dividend Tax will receive a net dividend of 200.8 cents per ordinary share (gross dividend of 251 cents per ordinary share less Dividend Tax of 50.2 cents per ordinary share).

By order of the board

N van Wyk
Company Secretary

15 May 2019

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 26

Notice is hereby given that preference dividend number 26 has been declared by the board from income reserves for the period 01 October 2018 to 31 March 2019 amounting to a gross preference dividend of 8.72603 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, 07 June 2019.

For shares trading on the Johannesburg Stock Exchange (JSE), the dividend of 8.72603 pence per preference share is equivalent to a gross dividend of 160.82597 cents per share, which has been determined using the Rand/Pound Sterling average buy/sell forward rate as at 11:00 (SA time) on Wednesday, 15 May 2019.

The relevant dates relating to the payment of dividend number 26 are as follows:

Last day to trade cum-dividend	
On the Johannesburg Stock Exchange (JSE)	Tuesday, 04 June 2019
On The International Stock Exchange (TISE)	Wednesday, 05 June 2019
Shares commence trading ex-dividend	
On the Johannesburg Stock Exchange (JSE)	Wednesday, 05 June 2019
On The International Stock Exchange (TISE)	Thursday, 06 June 2019
Record date (on the JSE and TISE)	Friday, 07 June 2019
Payment date (on the JSE and TISE)	Tuesday, 18 June 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 05 June 2019 and Friday, 07 June 2019, both dates inclusive, nor may transfers between the United Kingdom share register and the South African branch register take place between Wednesday, 05 June 2019 and Friday, 07 June 2019, 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 128.66078 cents per preference share for preference shareholders liable to pay the Dividend Tax and 160.82597 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

D Miller
Company Secretary

15 May 2019

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 16

Notice is hereby given that preference dividend number 16 has been declared by the board from income reserves for the period 01 October 2018 to 31 March 2019 amounting to a gross preference dividend of 482.09247 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, 07 June 2019.

The relevant dates for the payment of dividend number 16 are as follows:

Last day to trade cum-dividend	Tuesday, 04 June 2019
Shares commence trading ex-dividend	Wednesday, 05 June 2019
Record date	Friday, 07 June 2019
Payment date	Tuesday, 18 June 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 05 June 2019 and Friday, 07 June 2019, both dates inclusive.

Additional information for South African resident shareholders of Investec plc

- Investec plc United Kingdom tax reference number: 2683967322360
- The issued Rand-denominated preference share capital of Investec plc is 131 447 preference shares
- The dividend paid by Investec plc to shareholders recorded on the South African branch register is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- The net dividend amounts to 385.67398 cents per preference share for preference shareholders liable to pay the Dividend Tax and 482.09247 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

D Miller
Company Secretary

15 May 2019

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 29

Notice is hereby given that preference dividend number 29 has been declared by the board from income reserves for the period 01 October 2018 to 31 March 2019 amounting to a gross preference dividend of 394.65612 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, 07 June 2019.

The relevant dates for the payment of dividend number 29 are as follows:

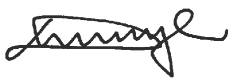
Last day to trade cum-dividend	Tuesday, 04 June 2019
Shares commence trading ex-dividend	Wednesday, 05 June 2019
Record date	Friday, 07 June 2019
Payment date	Tuesday, 18 June 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 05 June 2019 and Friday, 07 June 2019, 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 315.7249 cents per preference share for shareholders liable to pay the Dividend Tax and 394.65612 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board



N van Wyk
Company Secretary

15 May 2019

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 32

Notice is hereby given that preference dividend number 32 has been declared by the board from income reserves for the period 1 October 2018 to 31 March 2019 amounting to a gross preference dividend of 422.87121 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, 07 June 2019.

The relevant dates for the payment of dividend number 32 are as follows:

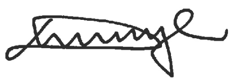
Last day to trade cum-dividend	Tuesday, 04 June 2019
Shares commence trading ex-dividend	Wednesday, 05 June 2019
Record date	Friday, 07 June 2019
Payment date	Tuesday, 18 June 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 05 June 2019 and Friday, 07 June 2019, 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 338.29697 cents per preference share for shareholders liable to pay the Dividend Tax and 422.87121 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board



N van Wyk
Company Secretary

15 May 2019

Investec plc and Investec Limited

Secretary and registered office

Investec plc

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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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Telephone (27) 11 370 5000

Directorate as at 15 May 2019

Executive directors

Hendrik J du Toit (joint chief executive officer)
Fani Titi (joint chief executive officer)
Nishlan A Samujh (group finance director)
Bernard Kantor (executive director)
Kim McFarland (executive director)
Stephen Koseff (executive director)

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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