

Out of the Ordinary[®]



An introduction to Investec

The information in this presentation relates to the year ending 31 Mar 2017, unless otherwise indicated.

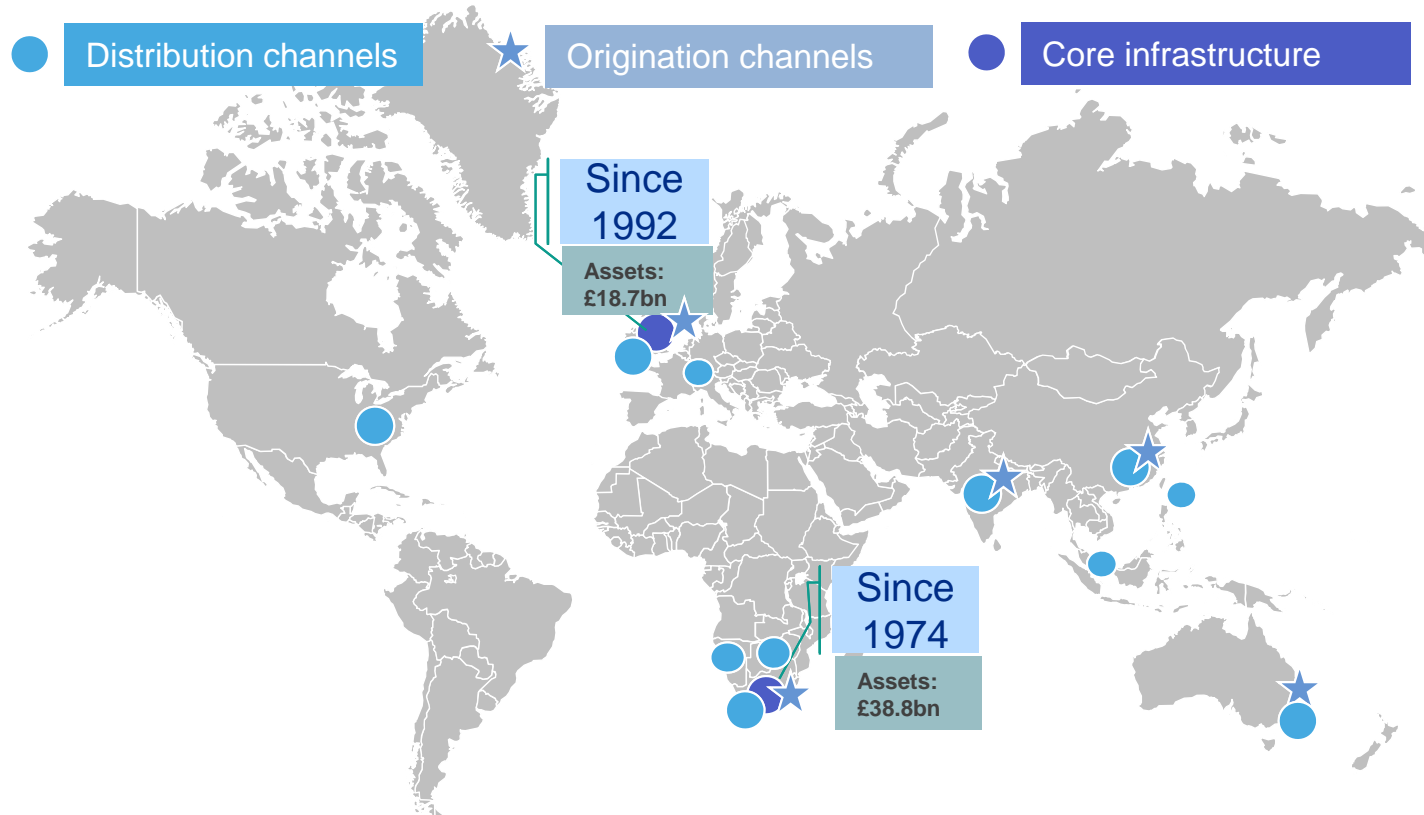


An overview of the Investec Group

Investec: a distinctive specialist bank and asset manager

Facilitating the creation of wealth and management of wealth

- Established in 1974
- Today, efficient integrated international business platform employing approximately 9 700 people
- Listed on the JSE and LSE (a FTSE 250 company)
- Total assets of £53.5bn[^]; total equity*[^] £4.8bn; total FUM £150.7bn[^]

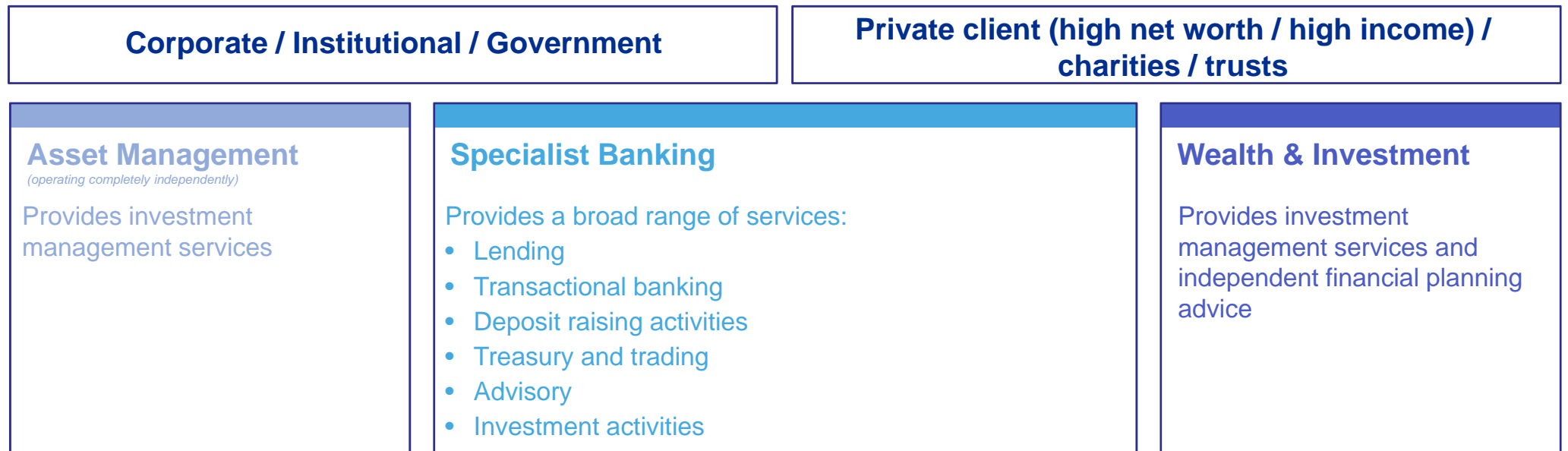


*Including preference shares and non-controlling interests.

[^]At 31 March 2017.

Balanced business model supporting our long-term strategy

Three distinct business activities focused on well defined target clients



Maintaining an appropriate balance between revenue streams

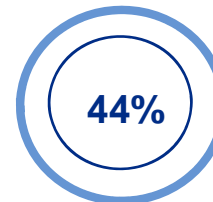
Capital light activities



Contributed to group income*

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

Capital intensive activities



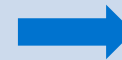
Contributed to group income*

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

Fee and commission income



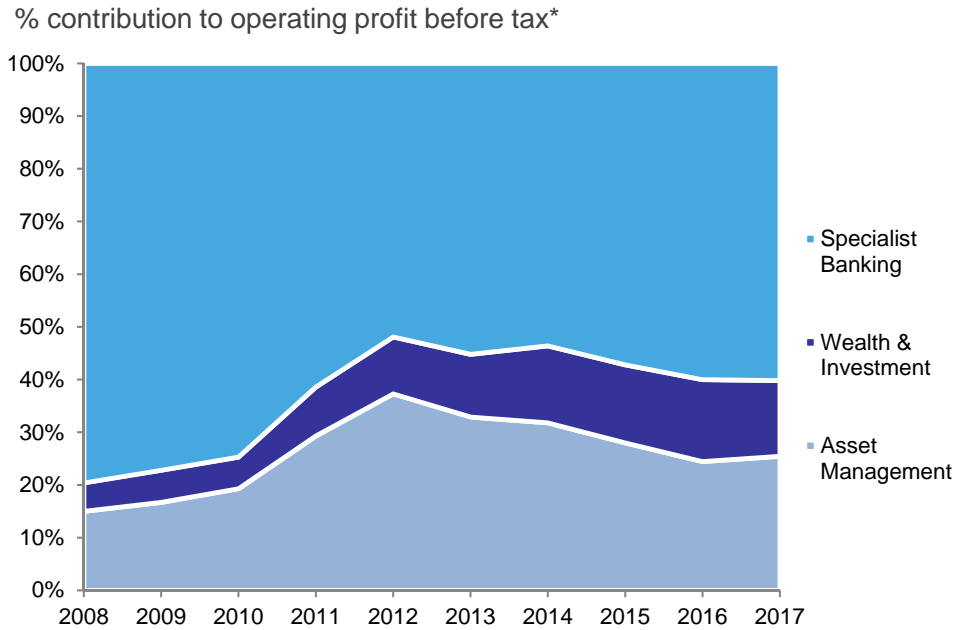
Types of income



Net interest, investment and trading income

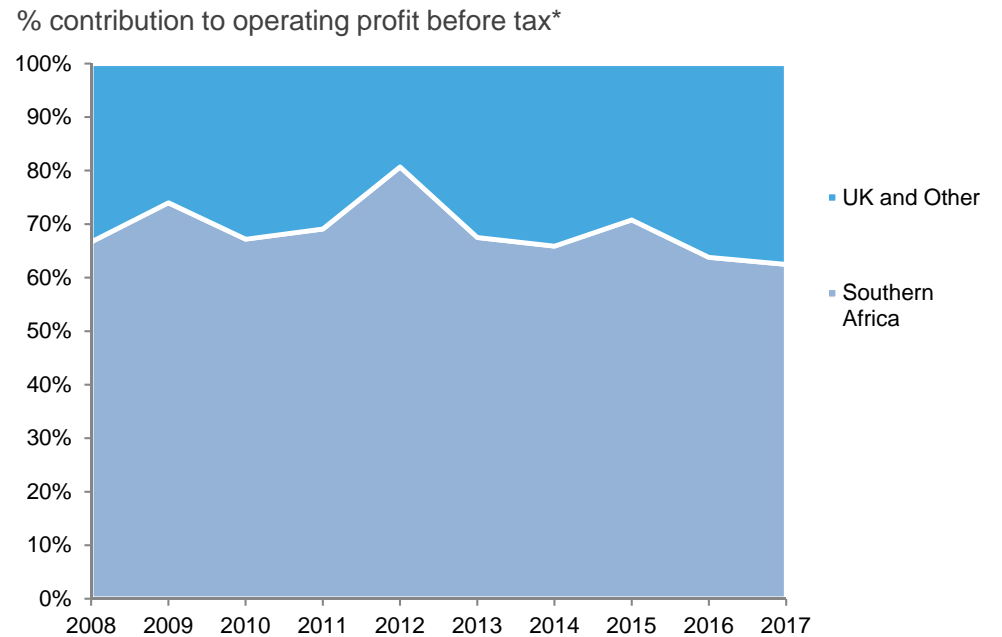
Solid recurring income base supported by a diversified portfolio

Across businesses



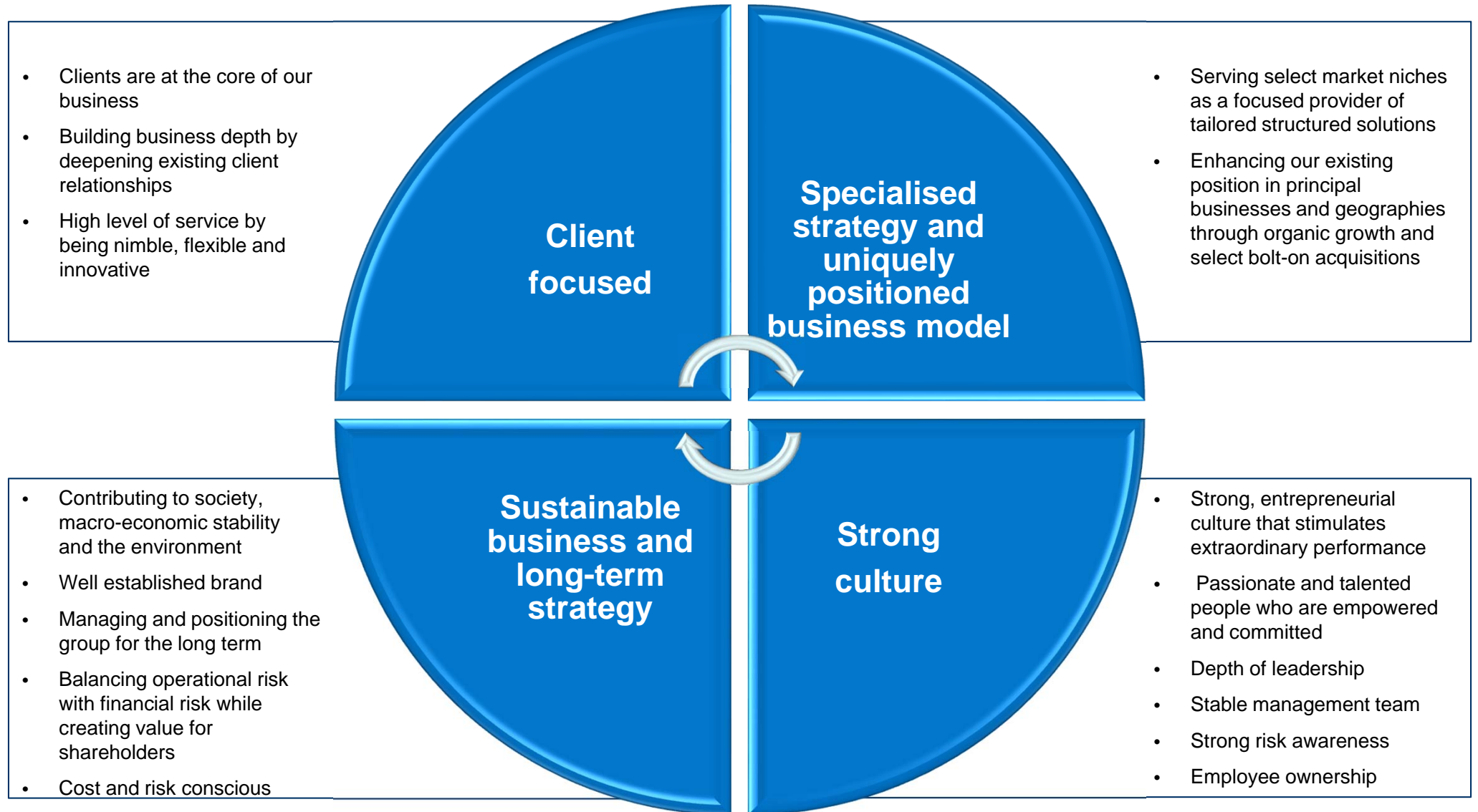
Overall contribution from Asset Management and W&I
 2017: **40%** 2016: **40%** 2015: **43%** 2014: **46%** 2013: **45%** 2012: **48%**

Across geographies



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

We have a distinctive investment offering



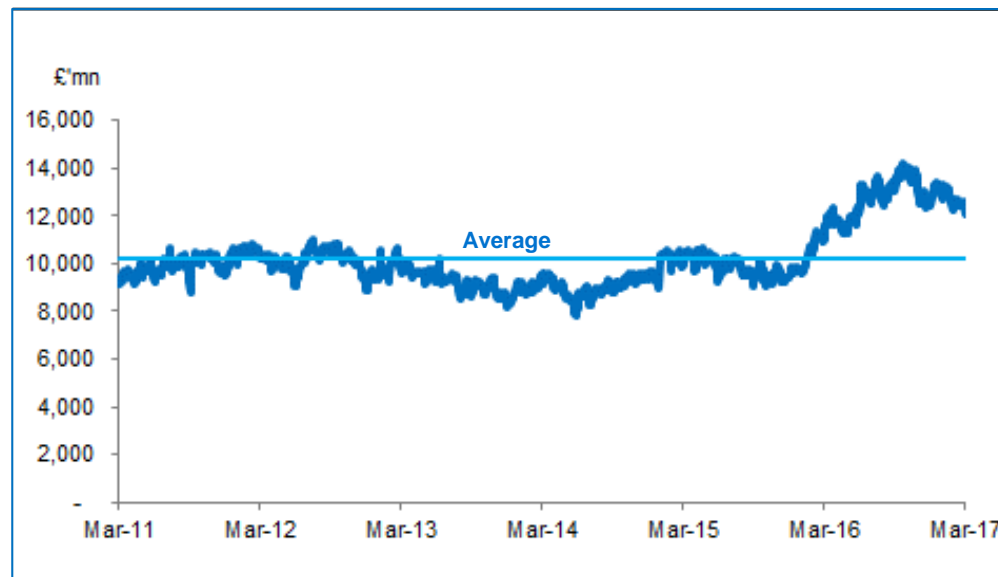
Resulting in a quality scalable global business

We continue to have a sound balance sheet

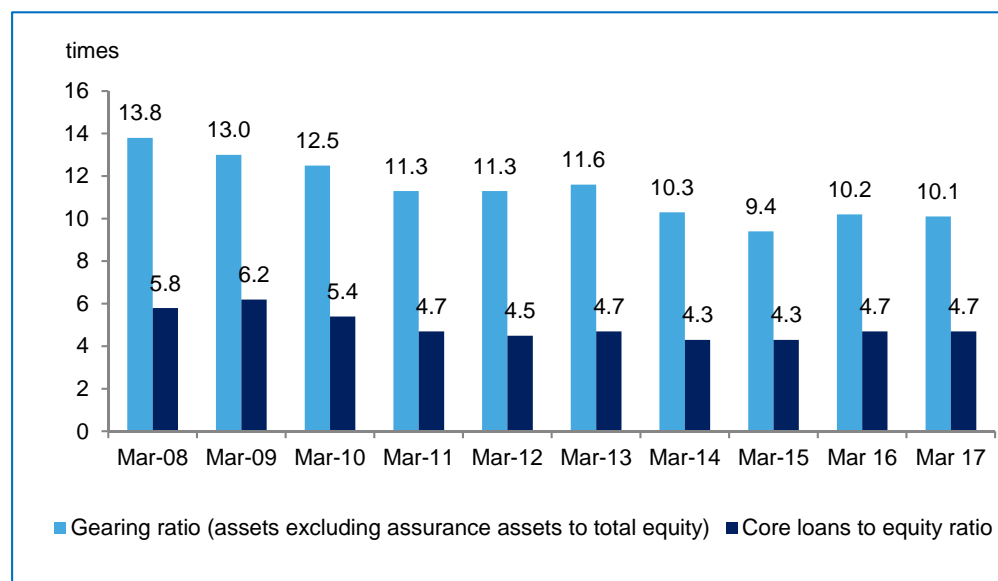
Key operating fundamentals

- Senior management “hands-on” culture
- A high level of readily available, high quality liquid assets – representing approx 25% - 35% of our liability base. Balance as at 31 March 2017 was £12.0bn
- No reliance on wholesale funding
- Healthy capital ratios - always held capital in excess of regulatory requirements and the group intends to perpetuate this philosophy. Target common equity tier 1 ratio of above 10% and total capital ratios of 14%-17%
- Low gearing ratio – approx. 10 times; with leverage ratios in excess of 7%
- Geographical and operational diversity with a high level of recurring income continues to support sustainability of operating profit

Cash and near cash

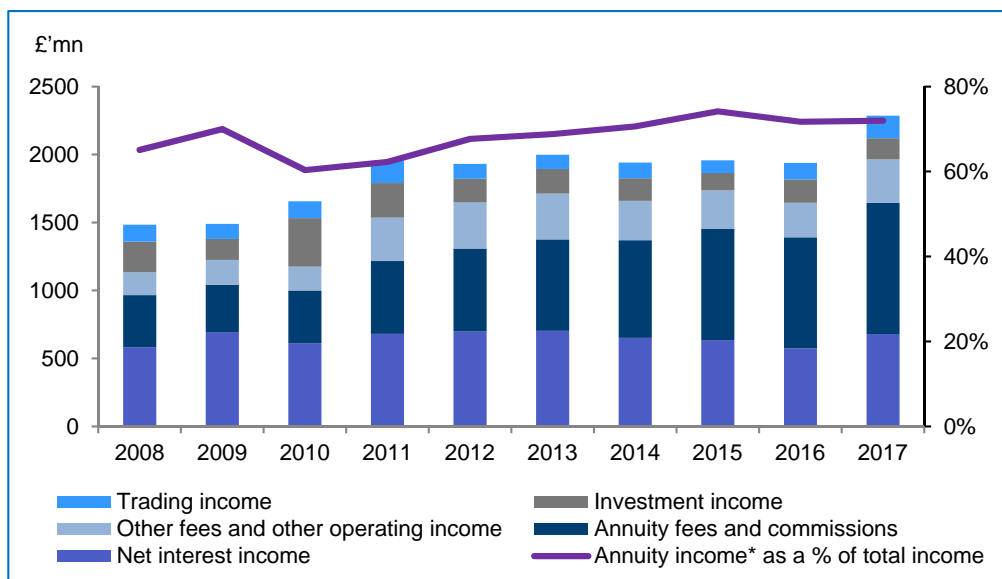


Low gearing ratios

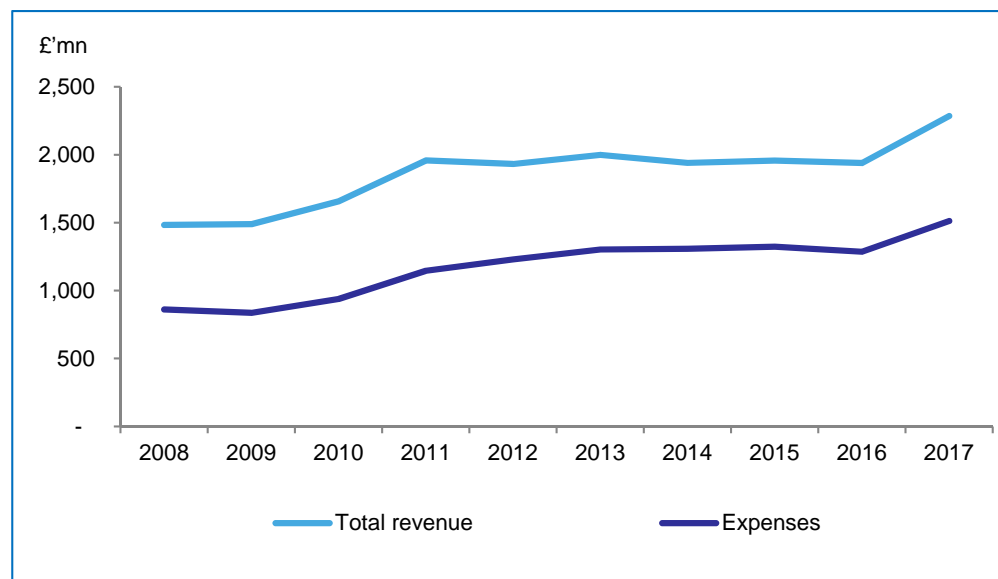


We have a sound track record

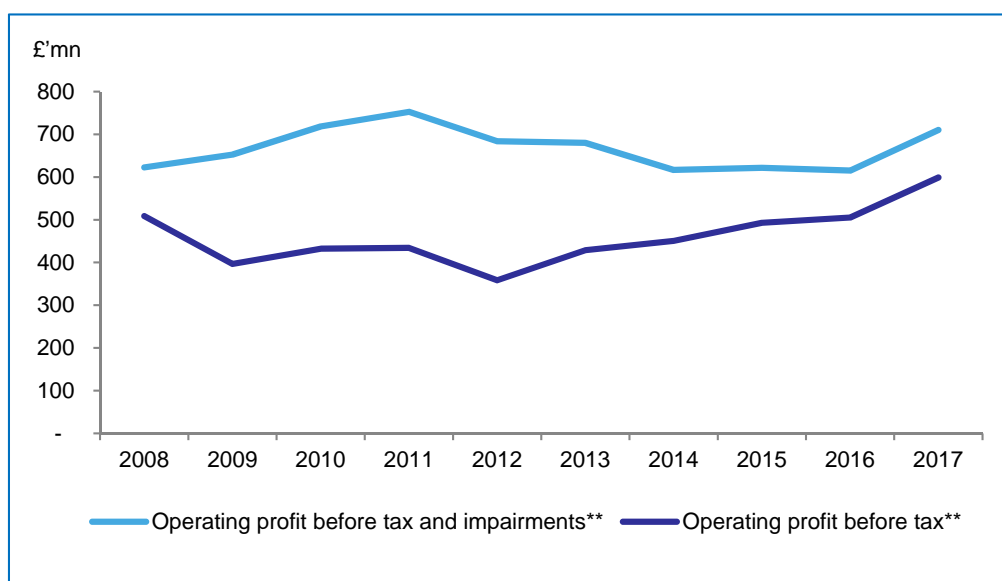
Recurring income



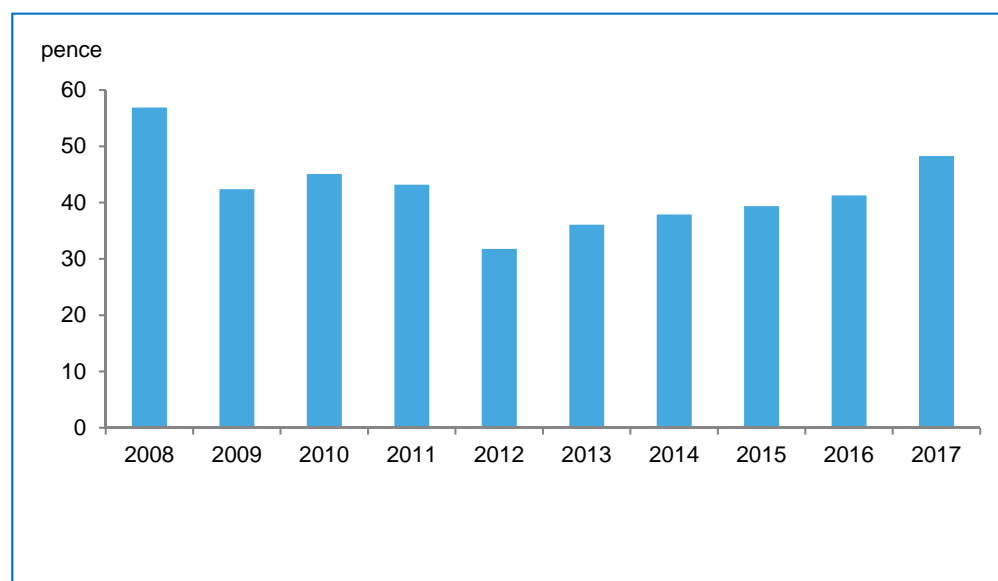
Revenue versus expenses



Operating profit before tax** and impairments



Adjusted EPS^



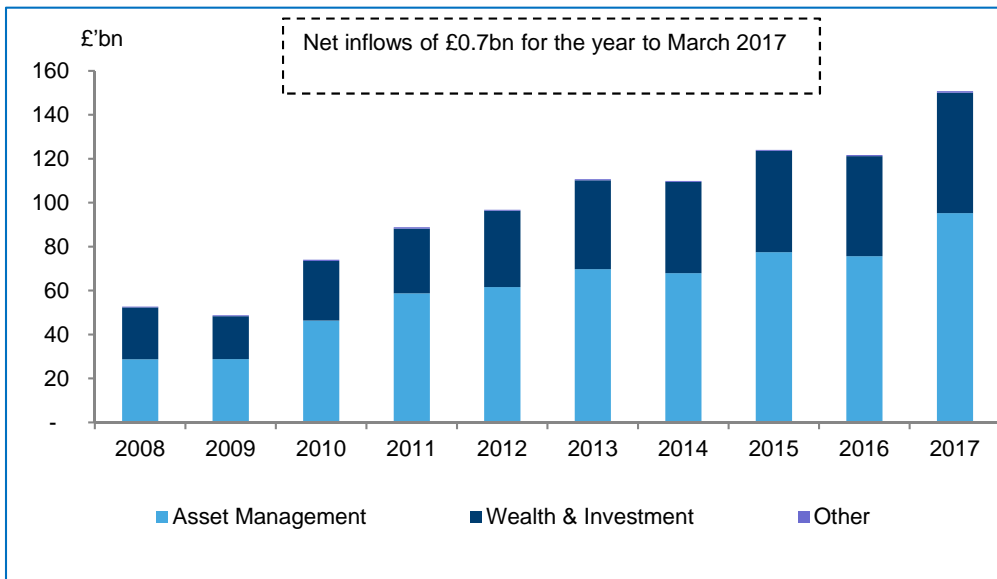
*Where annuity income is net interest income and annuity fees.

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

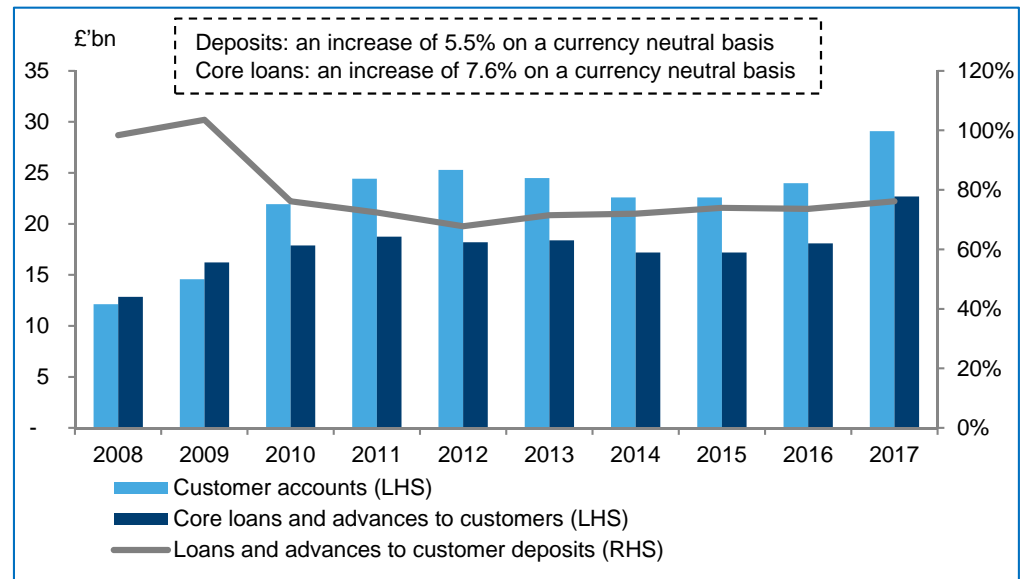
^Where Adjusted EPS is earnings per share before goodwill, acquired intangibles and non-operating items.

We have a sound track record

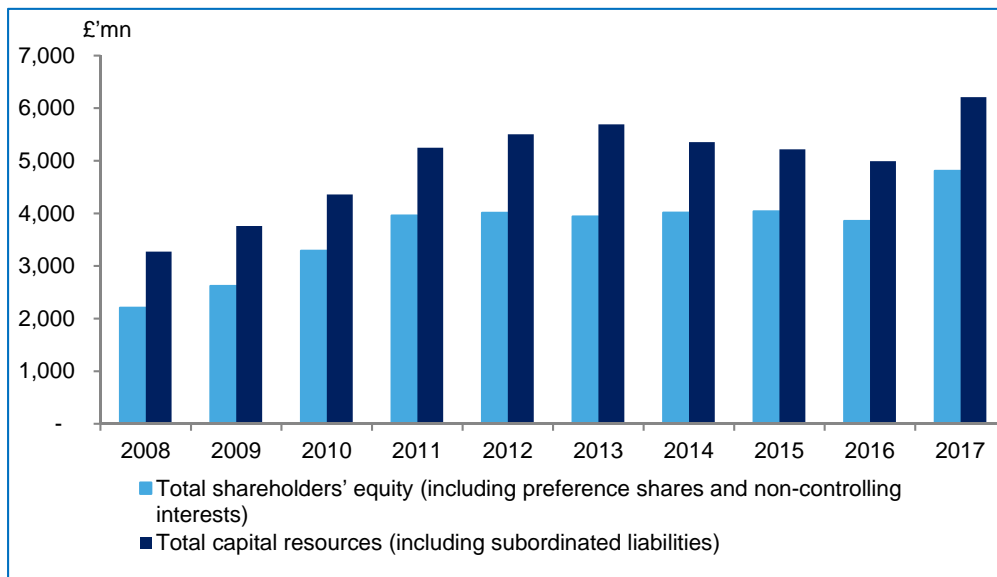
Third party assets under management



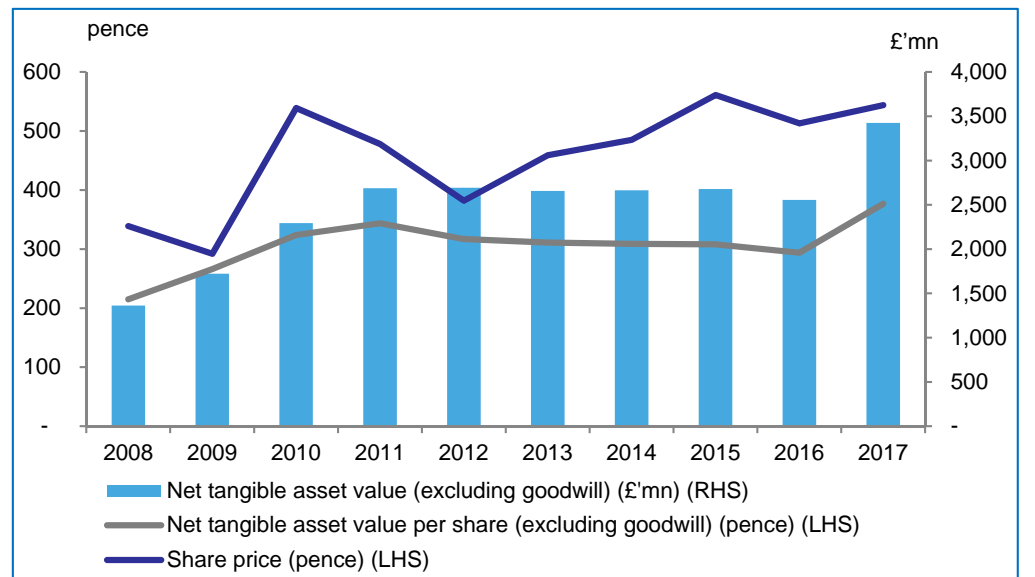
Core loans and advances and deposits



Total shareholders' equity and capital resources



Net tangible asset value



Results are shown for the year-ended 31 March, unless otherwise indicated.

Currency neutral basis: calculation assumes that the closing exchange rates of the group's relevant exchange rates remain the same as at 31 March 2017 when compared to 31 March 2016.

We have invested in our Brand



...our Communities



...our People

... and the Planet



Summary of year end results – salient financial features

Investec group consolidated results in Pounds Sterling	Year to 31 Mar 2017	Year to 31 Mar 2016	% change**
Income statement			
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	434,504	359,732	20.8%
Operating profit* (£'000)	599,121	505,593	18.5%
Balance sheet			
Total capital resources (including subordinated liabilities) (£'million)	6,211	4,994	24.4%
Total shareholders' equity (including preference shares and non-controlling interests (£'million))	4,809	3,859	24.6%
Total assets (£'million)	53,535	45,352	18.0%
Net core loans and advances to customers (including own originated securitised assets) (£'million)	22,707	18,119	25.3%
Cash and near cash balances (£'million)	12,038	10,962	9.8%
Customer accounts (deposits) (£'million)	29,109	24,044	21.1%
Third party assets under management (£'million)	150,735	121,683	23.9%
Capital adequacy ratio: Investec plc	15.1%	15.1%	
Capital adequacy tier 1 ratio: Investec plc	11.3%	10.7%	
Capital adequacy ratio: Investec Limited	14.2%	14.0%	
Capital adequacy tier 1 ratio: Investec Limited	10.8%	10.7%	
Credit loss ratio (core income statement impairment charge as a % of average gross core loans and advances)	0.54%	0.62%	
Defaults (net of impairments and before collateral) as a % of net core loans and advances to customers	1.22%	1.54%	
Gearing ratio (assets excluding assurance assets to total equity)	10.1x	10.2x	
Core loans to equity ratio	4.7x	4.7x	
Loans and advances to customers as a % of customer deposits	76.2%	73.6%	
Selected ratios and other information			
Adjusted earnings per share^ (pence)	48.3	41.3	16.9%
Net tangible asset value per share (pence)	377.0	294.3	28.1%
Dividends per share (pence)	23.0	21.0	9.5%
Cost to income ratio	66.3%	66.4%	
Return on average adjusted shareholders' equity (post tax)	12.5%	11.5%	
Return on average adjusted tangible shareholders' equity (post tax)	14.5%	13.7%	
Return on risk-weighted assets	1.45%	1.34%	
Recurring income as a % of operating income	72.0%	71.7%	
Weighted number of ordinary shares in issues (million)	900.4	870.5	3.4%
Total number of shares in issue (million)	958.3	908.8	5.4%
Closing share price (pence)	544	513	6.0%
Market capitalisation (£'million)	5,213	4,662	11.8%
Number of employees in the group (including temps and contractors)	9,716	8,966	8.4%
Closing ZAR: £ exchange rate	16.77	21.13	20.6%
Average ZAR: £ exchange rate	18.42	20.72	11.1%

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

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

**Refer to next slide for information on a currency neutral basis.

Summary of year end results – salient financial features – currency neutral

- As the group's Pound Sterling results have been positively impacted by the appreciation of the Rand: Pounds Sterling exchange rate over the period, currency neutral financial features are reflected in the table below

Results in Pounds Sterling					
	Actual as reported Year to 31 March 2017	Actual as reported Year to 31 March 2016	Actual as reported % change	Neutral currency Year to 31 March 2017 [^]	Neutral currency %
Operating profit before taxation* (million)	599	506	18.5%	546	8.0%
Earnings attributable to shareholders (million)	442	368	20.1%	401	8.8%
Adjusted earnings attributable to shareholders** (million)	435	360	20.8%	395	9.9%
Adjusted earnings per share**	48.3p	41.3p	16.9%	43.9p	6.3%

Results in Pounds Sterling					
	Actual as reported At 31 March 2017	Actual as reported At 31 March 2016	Actual as reported % change	Neutral currency At 31 March 2017 [^]	Neutral currency %
Net tangible asset value per share	377.0p	294.3p	28.1%	341.6p	16.1%
Total shareholders' equity (million)	4,809	3,859	24.6%	4,252	10.2%
Total assets (million)	53,535	45,352	18.0%	46,338	2.2%
Net core loans and advances to customers (million)	22,707	18,119	25.3%	19,501	7.6%
Cash and near cash balances (million)	12,038	10,962	9.8%	10,591	(3.4%)
Customer accounts (deposits) (million)	29,109	24,044	21.1%	25,376	5.5%
Third party assets under management 'million)	150,735	121,683	23.9%	139,664	14.8%

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

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

[^] For income statement items we have used the average Rand: Pounds Sterling exchange rate that was applied in the prior year, i.e. 20.72. For balance sheet items we have assumed that the Rand: Pounds Sterling closing exchange rate has remained neutral since 31 March 2016.

Our strategy

- Our long-term strategy is to build a diversified portfolio of businesses and geographies to support clients through varying markets and economic cycles.
- Since inception we have expanded through a combination of organic growth and strategic acquisitions.
- In order to create a meaningful and balanced portfolio we need proper foundations in place which gain traction over time.

Our long-term **internationalisation strategy**:

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

We have a very deliberate and focused **client strategy**:

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

Our **current strategic objectives** include:.

<p>Growing Asset Management in all regions</p> <ul style="list-style-type: none">• Focusing on delivery of competitive investment performance• Grow in Advisor channel and continue to scale Multi-Asset and Global Equities• Focus on our large markets, especially North America	<p>Relevant internationalisation of Wealth & Investment</p> <ul style="list-style-type: none">• Digitalisation channel and launch of Click & Invest• Creating an international operating platform	<p>Growing the Specialist Banking business</p> <ul style="list-style-type: none">• Building and developing our client franchises across all areas• Improving the ROE in the business• Implementing the UK Private Banking strategy	<p>Other</p> <ul style="list-style-type: none">• Continue investing in technology and people to maintain digital client experience• Improving the cost to income ratio by focusing on operational efficiencies• Diversity across the group

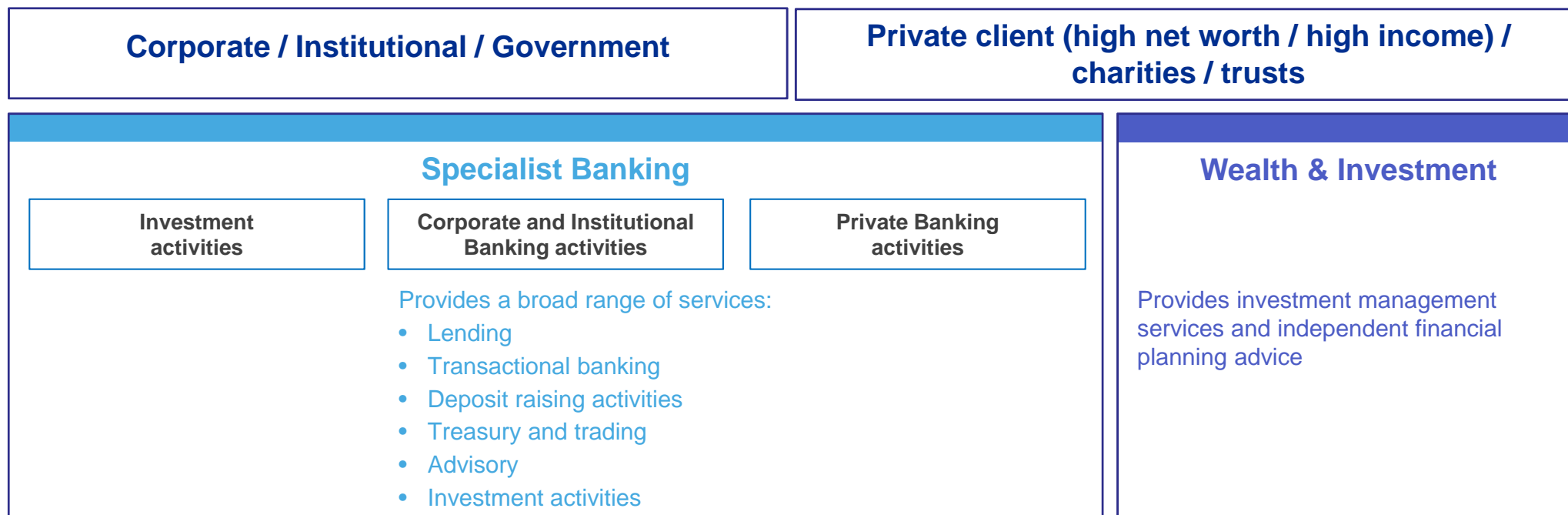


An overview of Investec Bank plc (IBP)

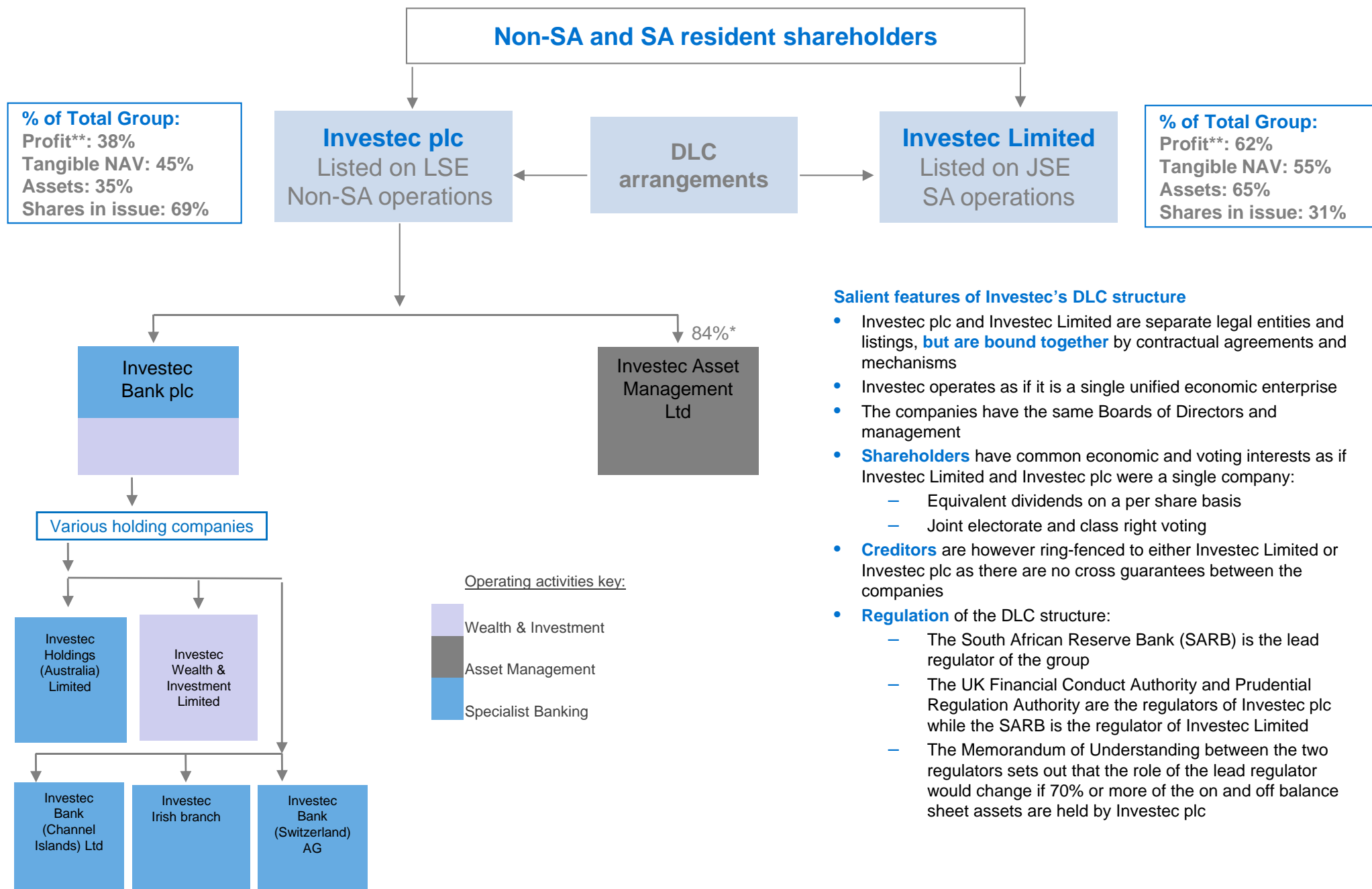
Overview of Investec Bank plc (IBP)

- In 1992, we made our first international acquisition, Allied Trust Bank in London, since renamed IBP
- **IBP is a wholly owned subsidiary of Investec plc (listed on the LSE)**
 - Houses the Investec group's UK and European banking subsidiaries and the Wealth & Investment business
 - Asset Management is housed in a fellow subsidiary under Investec plc
- Today, efficient integrated business platform employing approximately 3 400 people
- **Total assets of £18.4bn and total shareholders' equity of £2bn**
- IBP is regulated by the Financial Conduct Authority and Prudential Regulation Authority and is a member of the London Stock Exchange
- Follows the same strategic approach as the greater Investec group

Two distinct business activities focused on well defined target clients



IBP: organisational structure as at 31 March 2017



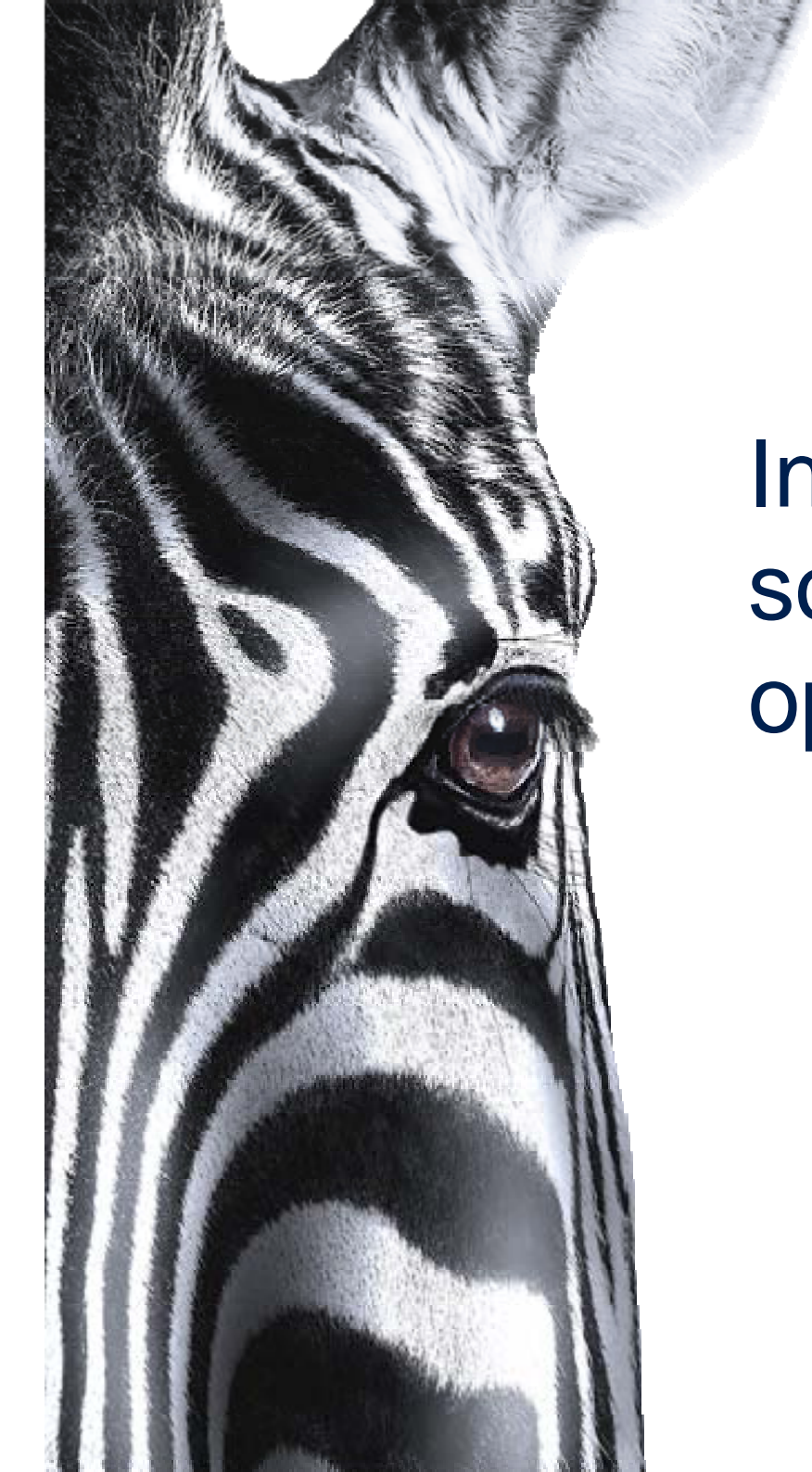
Salient features of Investec's DLC structure

- Investec plc and Investec Limited are separate legal entities and listings, **but are bound together** by contractual agreements and mechanisms
- Investec operates as if it is a single unified economic enterprise
- The companies have the same Boards of Directors and management
- **Shareholders** have common economic and voting interests as if Investec Limited and Investec plc were a single company:
 - Equivalent dividends on a per share basis
 - Joint electorate and class right voting
- **Creditors** are however ring-fenced to either Investec Limited or Investec plc as there are no cross guarantees between the companies
- **Regulation** of the DLC structure:
 - The South African Reserve Bank (SARB) is the lead regulator of the group
 - The UK Financial Conduct Authority and Prudential Regulation Authority are the regulators of Investec plc while the SARB is the regulator of Investec Limited
 - The Memorandum of Understanding between the two regulators sets out that the role of the lead regulator would change if 70% or more of the on and off balance sheet assets are held by Investec plc

Note: All shareholdings are 100% unless otherwise stated. Only main operating subsidiaries are indicated.

*16% is held by senior management in the company.

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



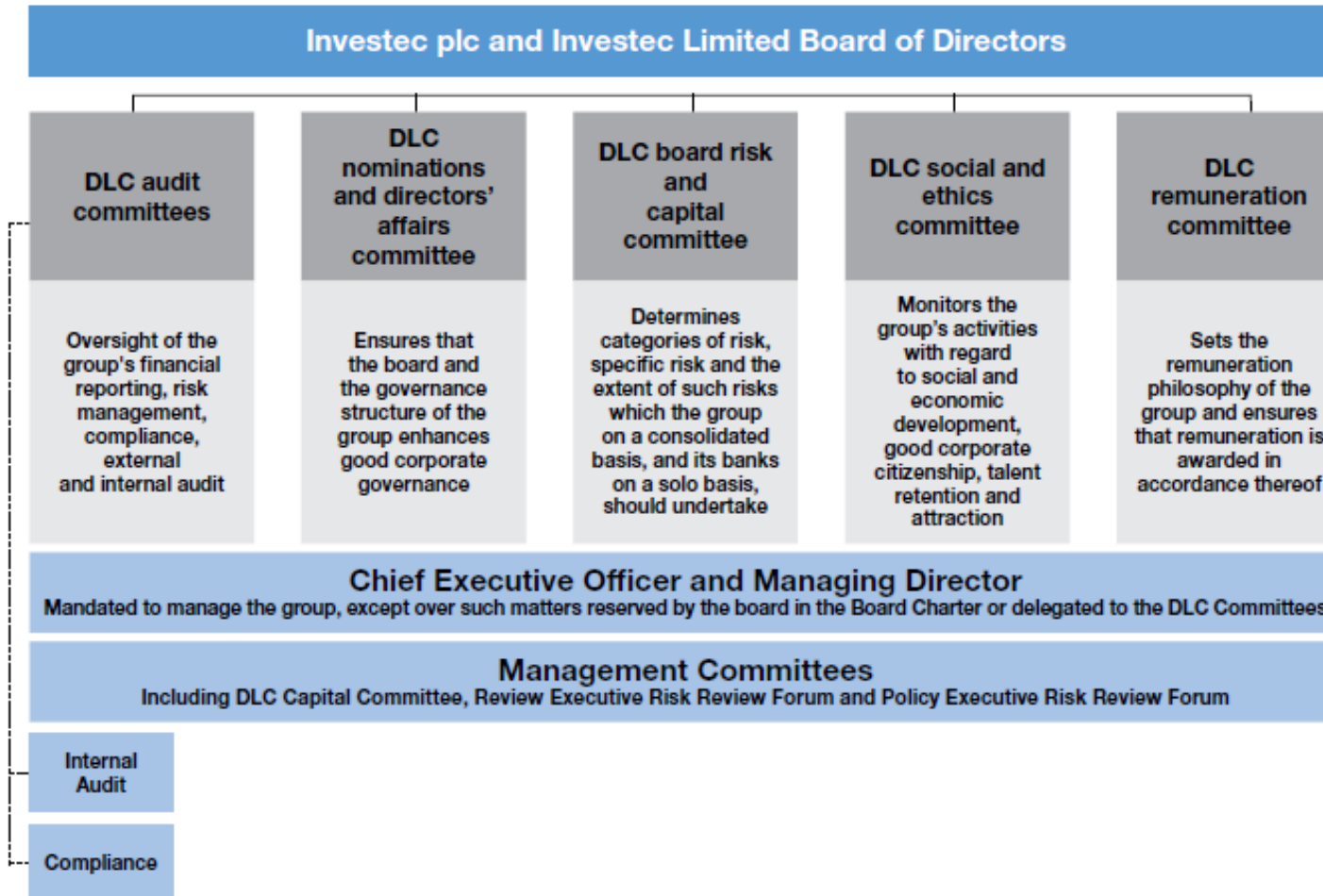
Investec Bank plc:
sound balance sheet and
operating fundamentals

IBP: sound balance sheet and operating fundamentals

Supported by:

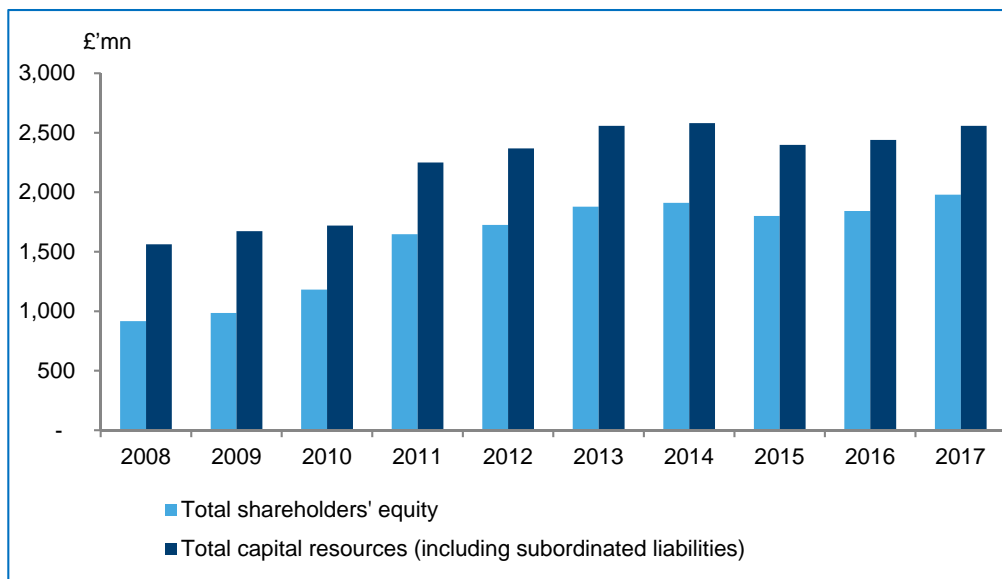
- Senior management “hands-on” culture
- Board, executives and management are intimately involved in the risk management process
- Risk awareness, control and compliance are embedded in our day-to-day activities

Risk and governance framework

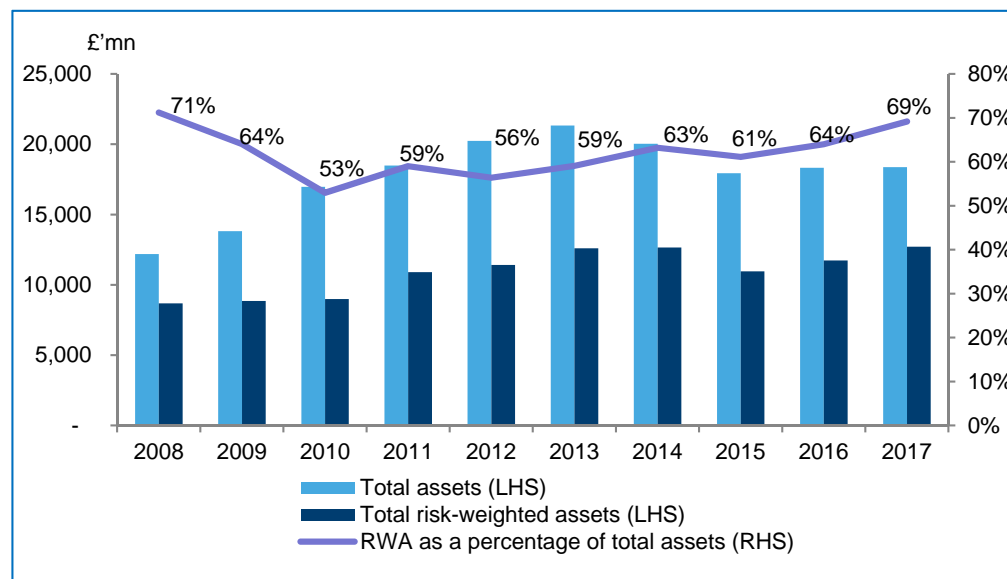


IBP: sound capital base and capital ratios

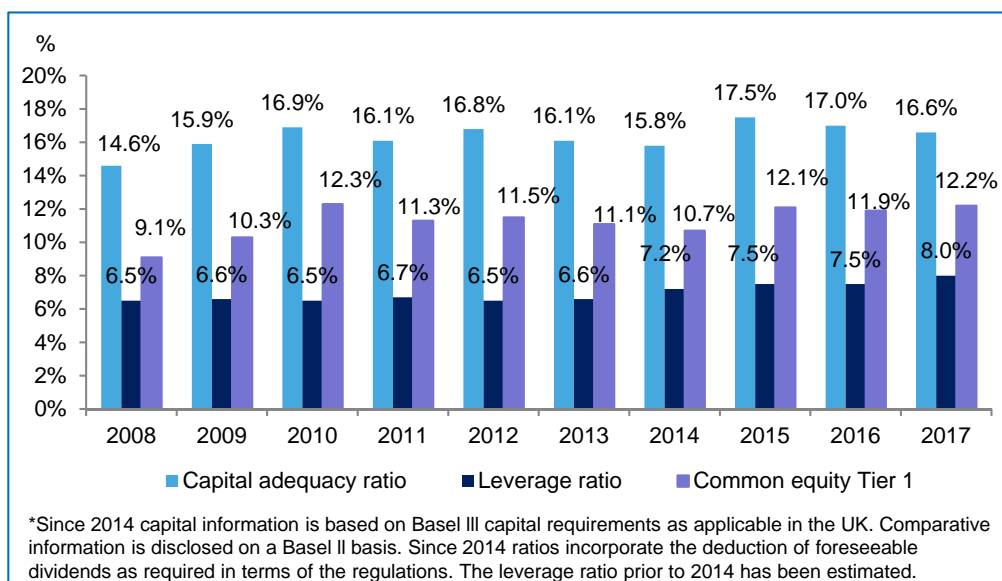
Total capital



Total risk-weighted assets



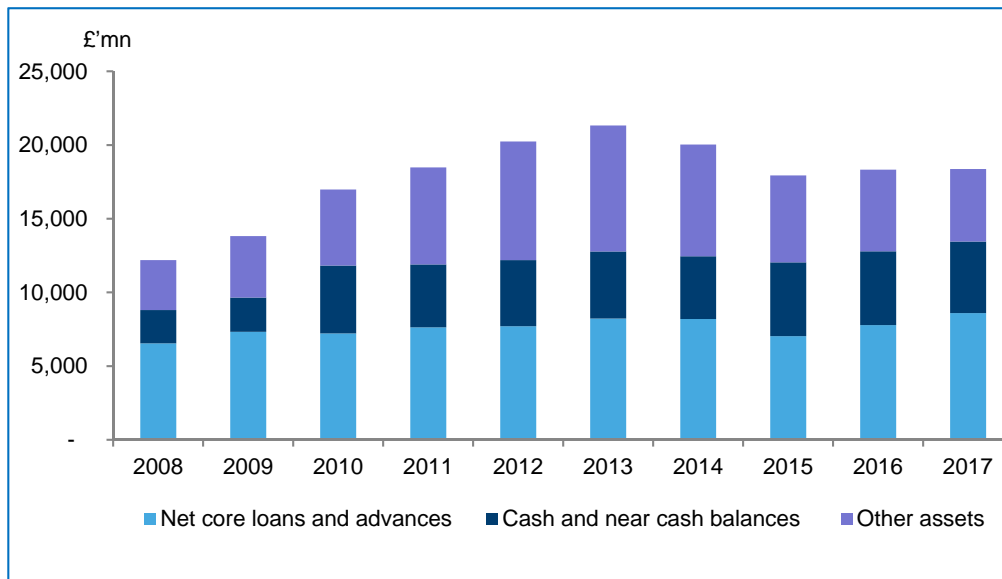
Basel capital ratios*



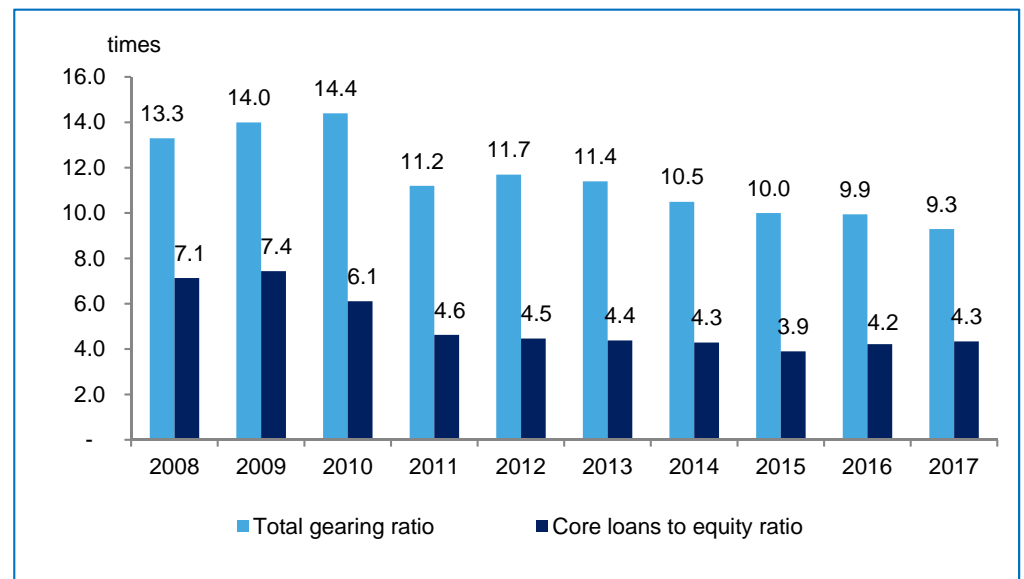
- Investec has always held capital in excess of regulatory requirements and the group intends to perpetuate this philosophy and ensure that it remains well capitalised
- Capital adequacy targets:
 - Common equity tier 1 target: above 10%
 - Total CAR target: 14% – 17%
- As we are on the Standardised Approach in terms of Basel III our RWA represent a large portion of our total assets.** As a result we inherently hold more capital than our peers who are on the Advanced Approach
- We have continued to grow our capital base** throughout the crisis without recourse to government and shareholders. Our total shareholders' equity has grown by 116% since 2008 to £2bn at 31 March 2017 (CAGR of 9% per year)
- 31 March 2017: total capital adequacy ratio** of 16.6% and a common equity tier 1 ratio of 12.2% (these ratios now incorporate the deduction of foreseeable dividends as required in terms of the regulations. Excluding these adjustments the common equity tier 1 ratio would be 28bps higher)
- Our fully loaded Basel III common equity tier 1 ratio is estimated to be 12.2% and our fully loaded leverage ratio is 8.0%**

IBP: low gearing ratios

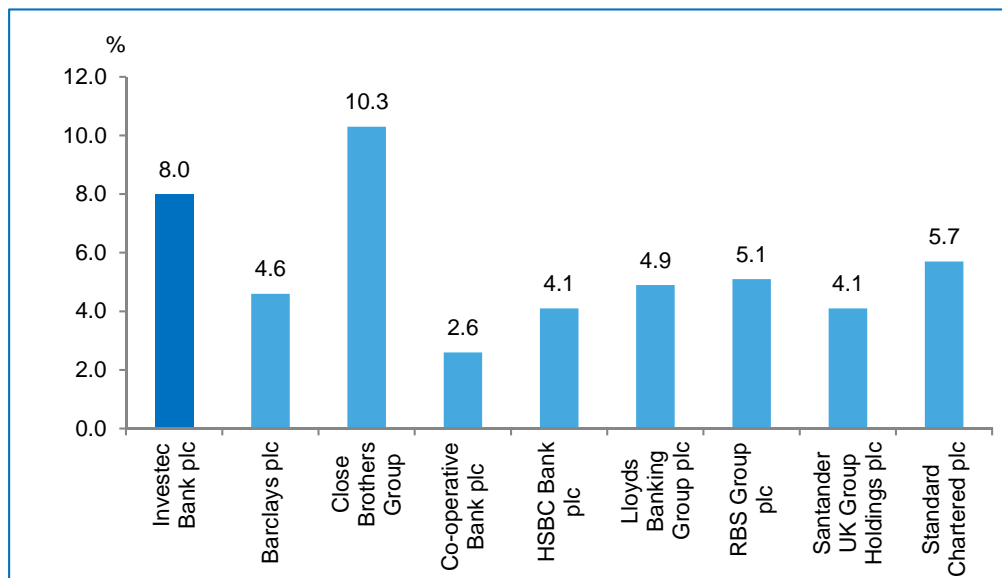
Total assets



Gearing



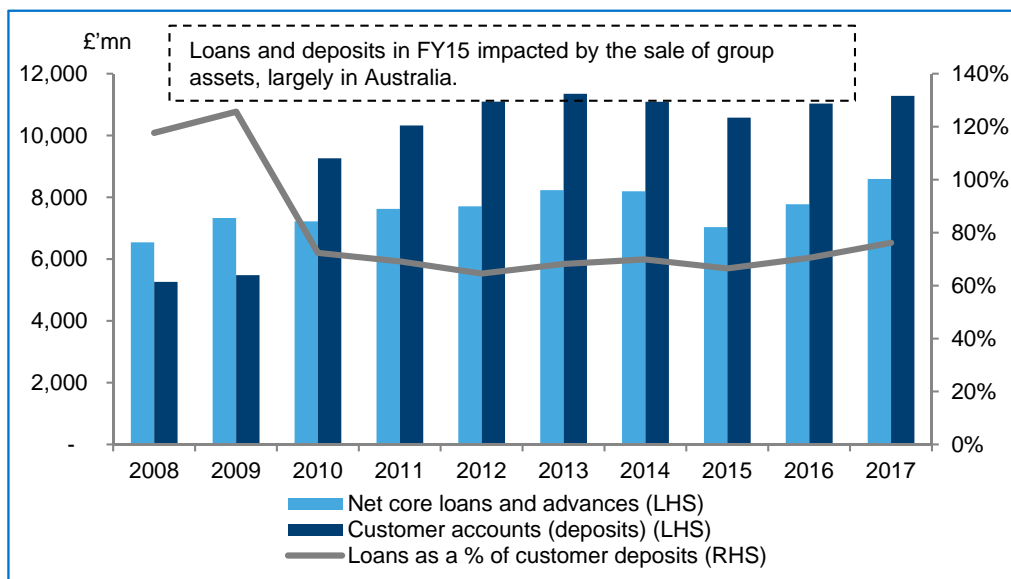
Regulatory leverage ratios - peer group comparisons



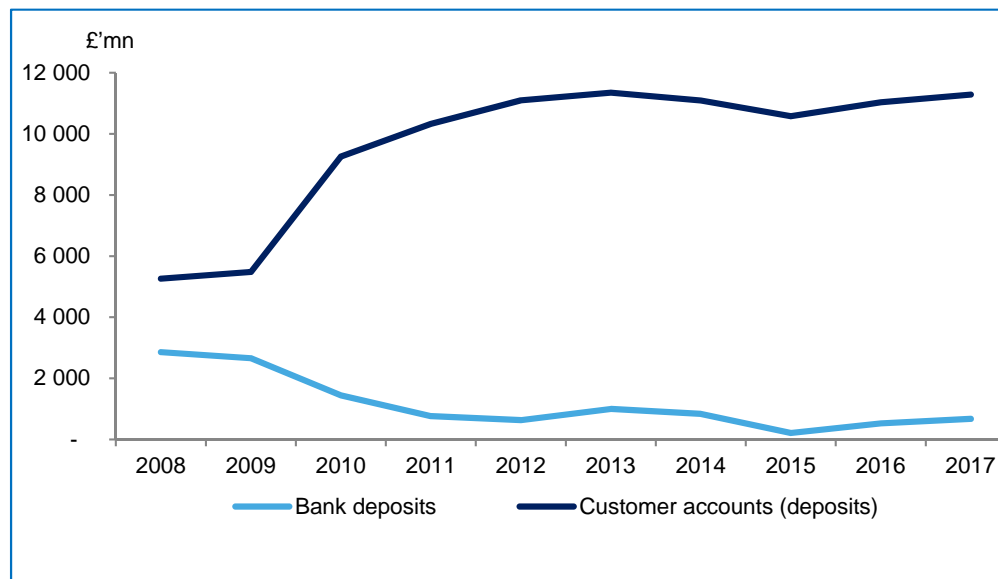
- Our core loans and advances have grown moderately over the past few years with the biggest increase in assets representing an increase in our cash and near cash balances which have grown by approximately 9% each year since 2008
- Total assets reduced during FY15 as a result of the group's strategic sales of certain businesses
- **We have maintained low gearing ratios with total gearing at 9.3x and an average of 11.6x since 2008**

IBP: surplus liquidity

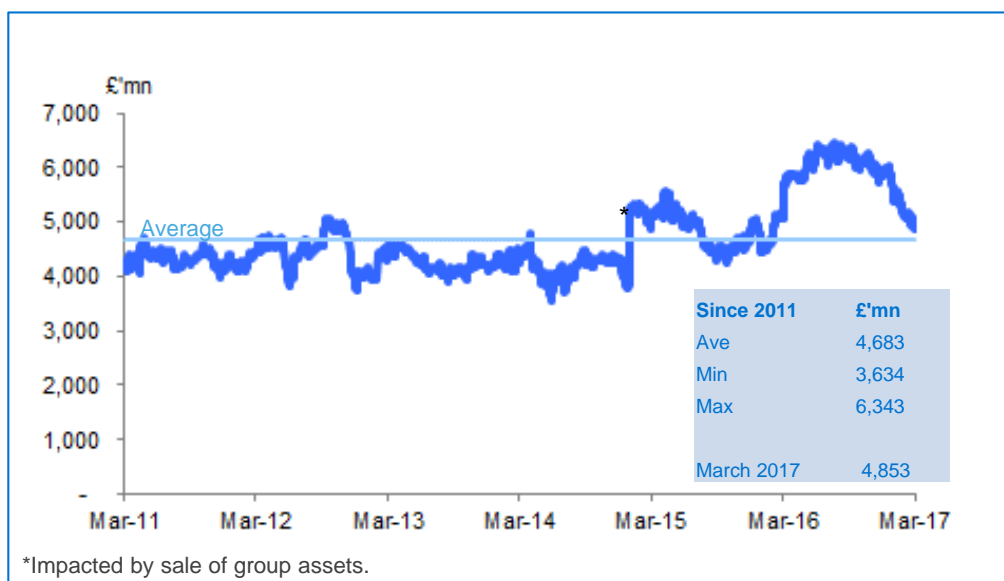
Total loans and deposits



Total deposits – increase in retail deposits



Cash and near cash balances

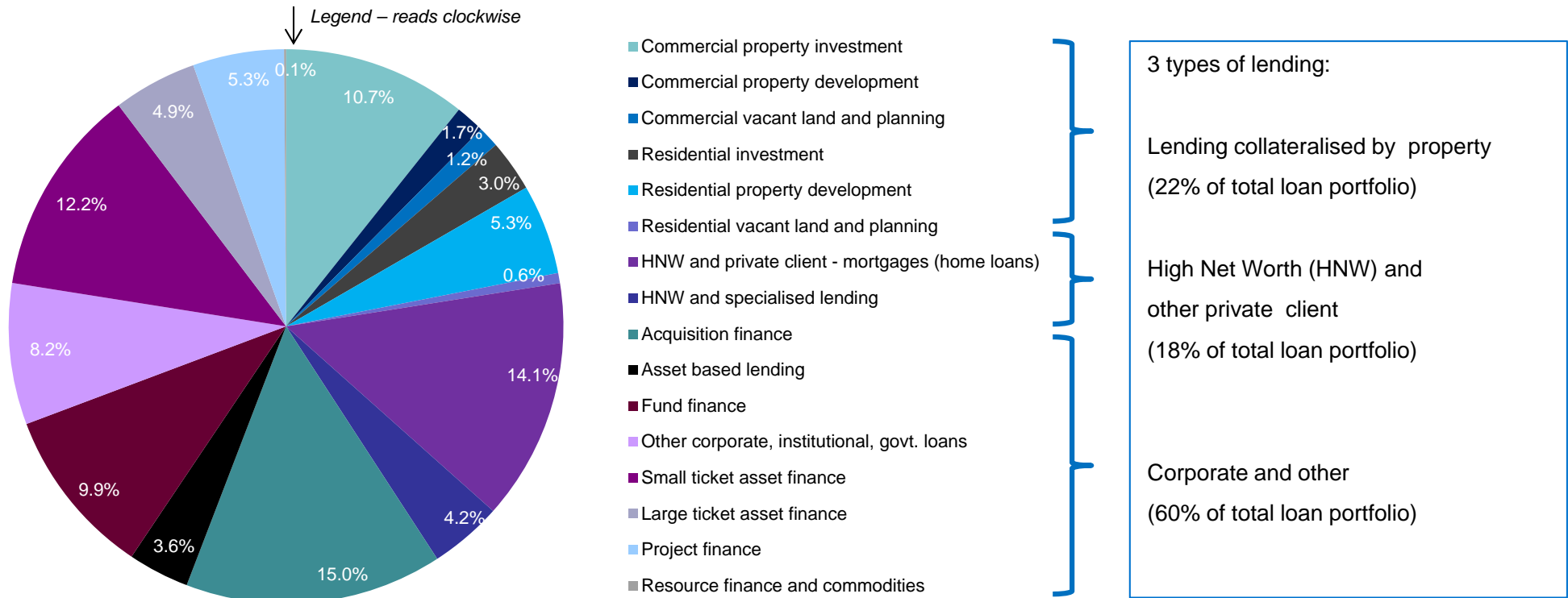


- We exceed Basel III liquidity requirements
- Customer deposits have grown by 114% (9% CAGR p.a.) since 2008 to £11.3bn at 31 March 2017
- We maintain a high level of readily available, high quality liquid assets – targeting a minimum cash to customer deposit ratio of 25%. These balances have increased significantly since 2008 to £4.9bn at 31 March 2017 (representing 43% of customer deposits)
- Advances as a percentage of customer deposits is at 76.2%
- Fixed and notice customer deposits have continued to grow with our customers display a strong 'stickiness' and willingness to reinvest in our suite of term and notice products.
- The LCR reported to the Prudential Regulatory Authority at 31 March 2017 was 616% for Investec Bank plc (solo basis).

IBP: analysis of our core loan portfolio and counterparty exposures

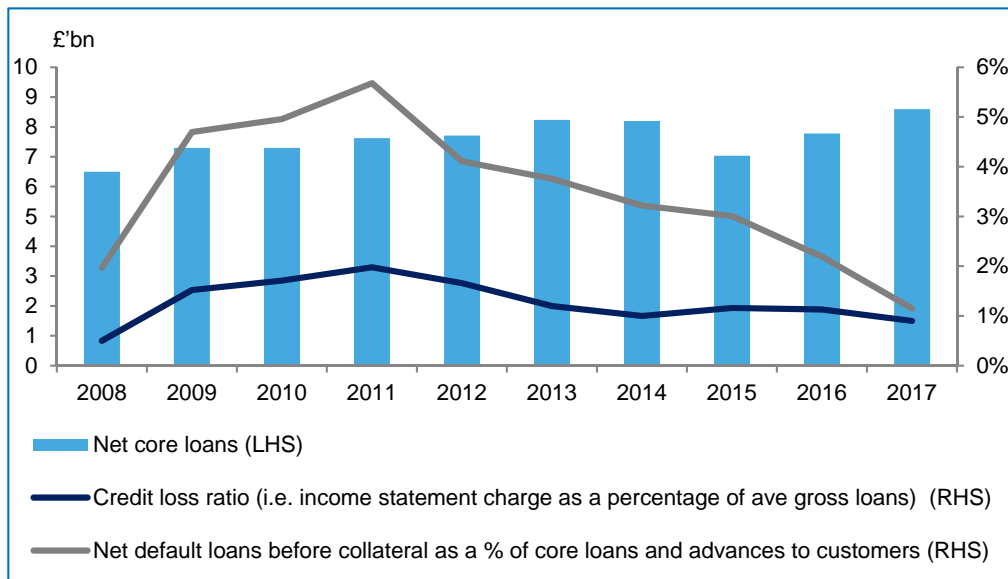
- **Credit and counterparty exposures are to a select target market**
 - high net worth and high income clients
 - mid to large sized corporates, public sector bodies and institutions
- We typically originate loans with the intent of holding these assets to maturity, and thereby developing a 'hands-on' and long-standing relationship with our clients
- **The majority of the bank's credit and counterparty exposures reside within its principal operating geography, namely the UK**

Core loan portfolio as at 31 March 2017: £8.6bn



IBP: core lending and asset quality

Core loans and asset quality



- **Credit quality on core loans and advances for the year ended 31 March 2017:**
- Impairments on loans and advances decreased from £84.2mn to £75.0mn
- The **credit loss charge** as a percentage of average gross core loans and advances amounted to 0.90% (31 March 2016: 1.13%)
- **The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounted to 1.55%** (31 March 2016: 2.19%)
- The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.44 times (31 March 2016: 1.19 times)

IBP: low levels of market risk

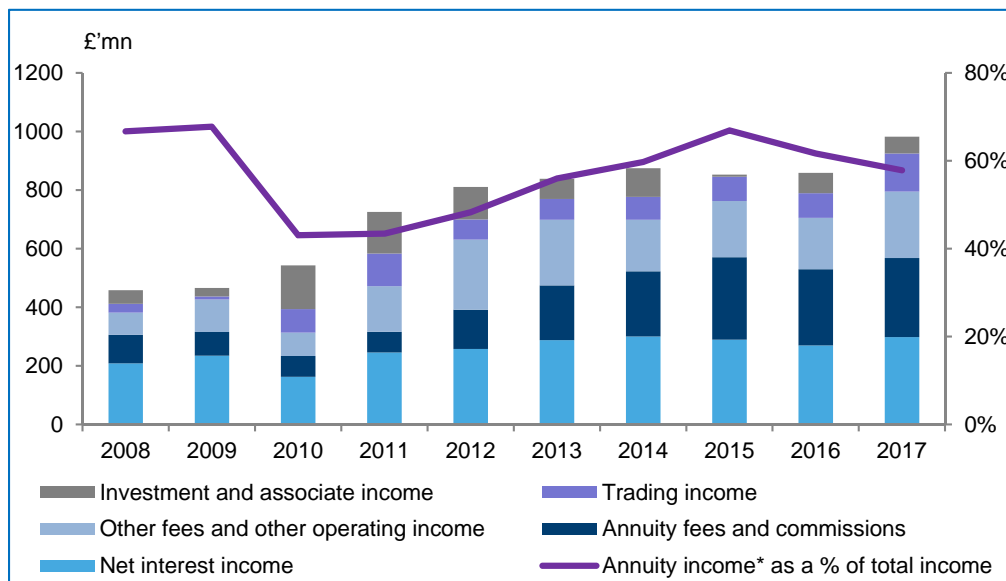
- Within our trading activities, we act as principal with clients or the market
- Market risk, therefore, exists where we have taken on principal positions, resulting from proprietary trading, market making, arbitrage, underwriting and investments in the commodity, foreign exchange, equity, capital and money markets
- **The focus of these businesses is primarily on supporting client activity**
- Our strategic intent is that proprietary trading should be limited and that trading should be conducted largely to facilitate clients in deal execution

VaR £'000	UK and Other 95% (one-day)			
	Period end	Average	High	Low
31 March 2017				
Equities	503	547	1,317	340
Foreign exchange	13	34	162	1
Interest rates	88	191	287	83
Consolidated*	547	586	1,364	373
31 March 2016				
Equities	515	557	699	412
Foreign exchange	37	32	101	12
Interest rates	202	195	505	128
Consolidated*	529	589	723	488

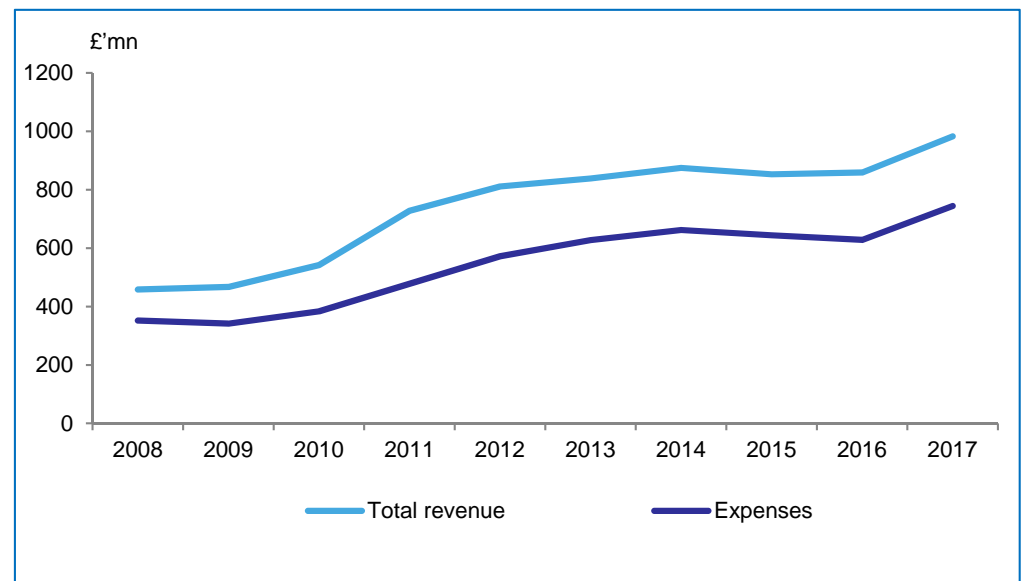
*The consolidated VaR is lower than the sum of the individual VaRs. This arises from the correlation offset between various asset classes (diversification).

IBP: profitability supported by diversified revenue streams

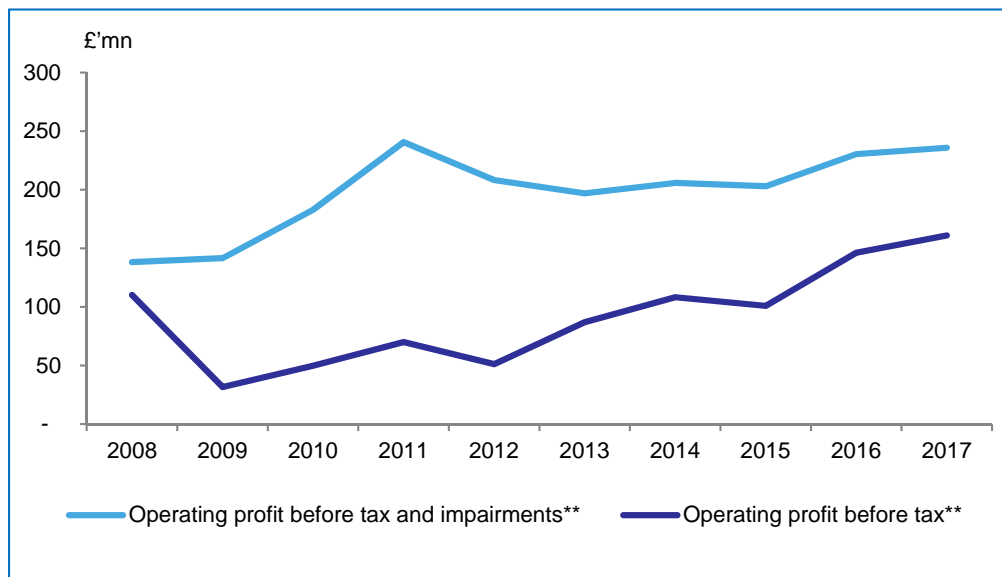
Recurring income



Revenue versus expenses



Operating profit before tax** and impairments



- Info for the year-ended 31 March 2017:
- **We have grown our operating profit before impairments by 71% since 2008 to £236mn.** Since 2008 our results have however, been impacted by an increase in impairments which are reducing as the legacy portfolio continues to be managed down. Notwithstanding this, we remained profitable throughout the crisis
- We are **maintaining a disciplined approach to cost control.** More recently costs have increased largely as a result of restructuring some of our businesses and investment into our digitization platforms and franchise businesses
- We have a **sound recurring income base** comprising net interest income and recurring fees which has been enhanced by the growth in our wealth management businesses
- **Total capital light activities account for 51% of IBP's income**

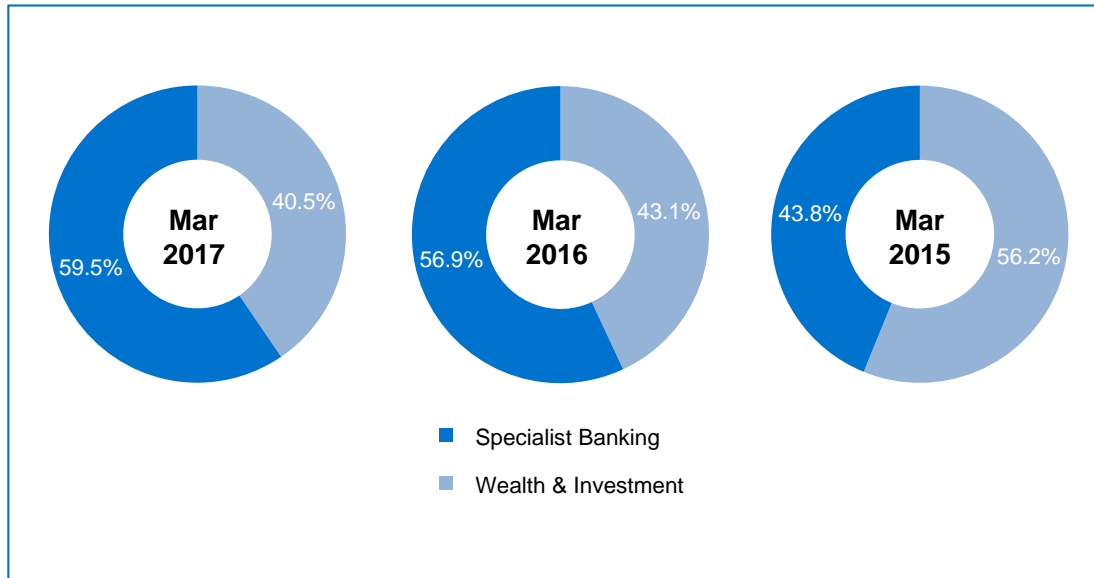
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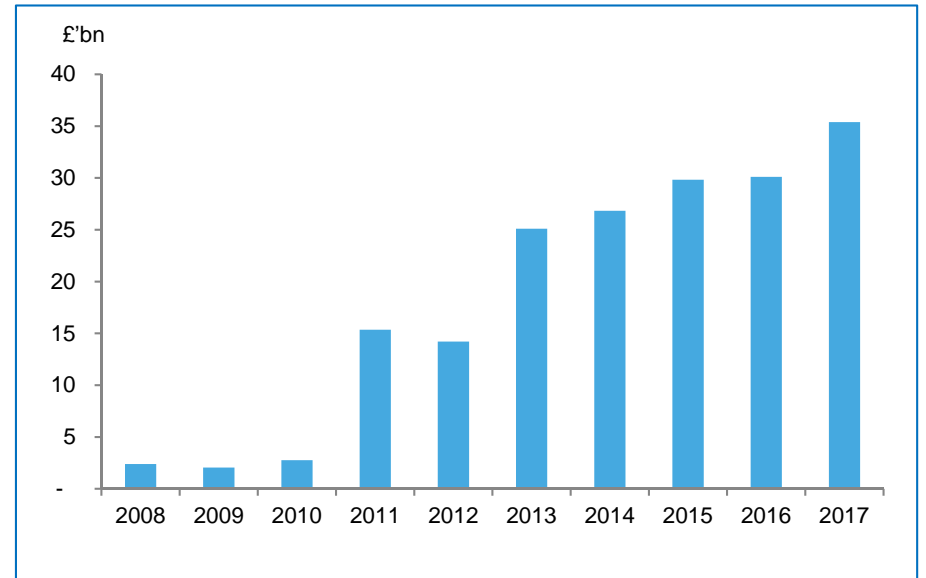
IBP: we have realigned the business model...

by continued focus on building capital light revenues from the Wealth & Investment business

% contribution to operating profit*



Funds under management



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

IBP: credit ratings

Moody's

Long-term rating: A2 (Outlook stable)

Short-term rating: Prime-1

Baseline Credit Assessment (BCA) and
adjusted BCA: baa2

Fitch

Long-term rating: BBB (Outlook stable)

Short-term rating: F2

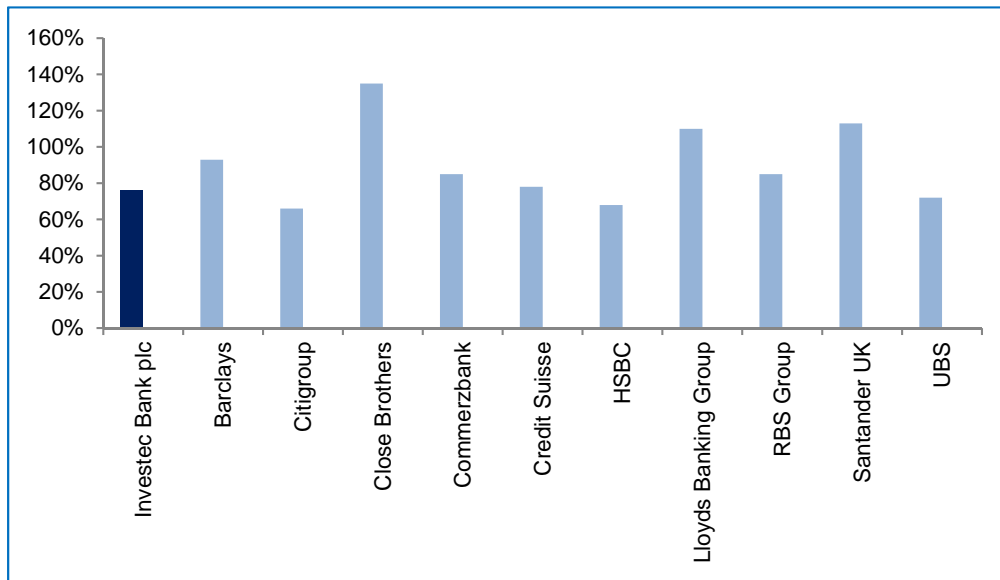
Viability Rating: bbb



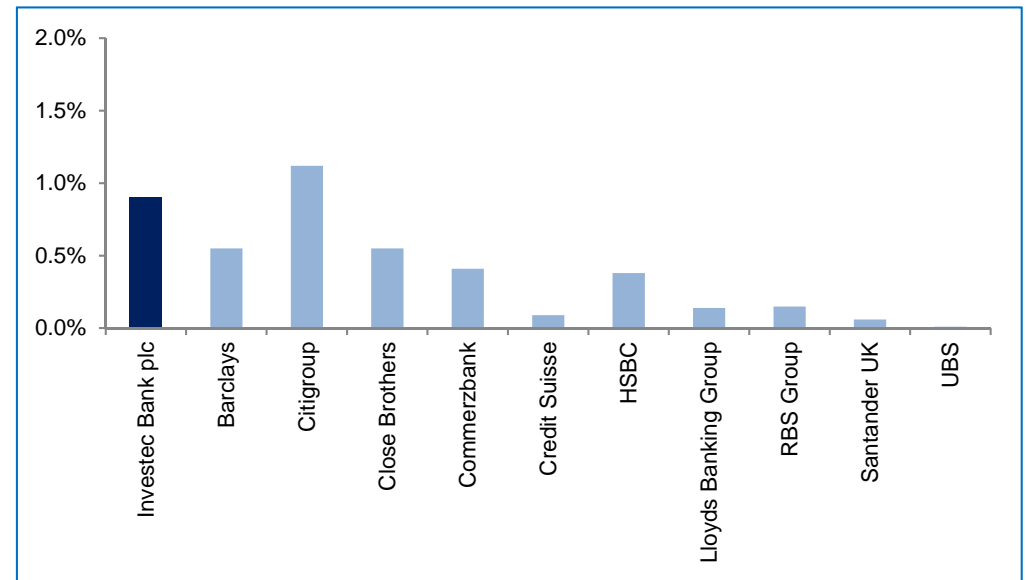
Investec Bank plc: peer analysis

Investec Bank plc: peer group comparisons

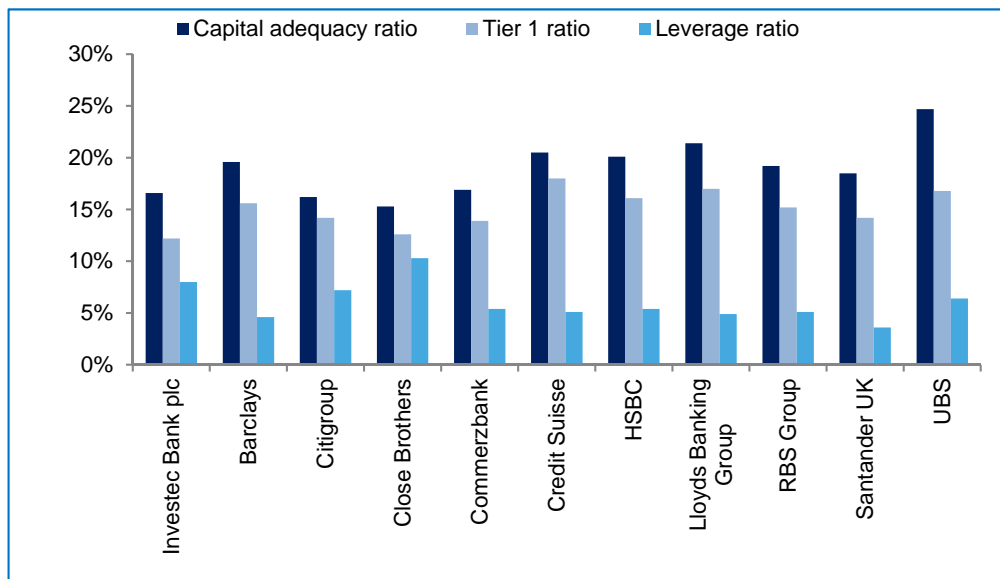
Funding: Advances to customers: customer deposits (smaller number is better)



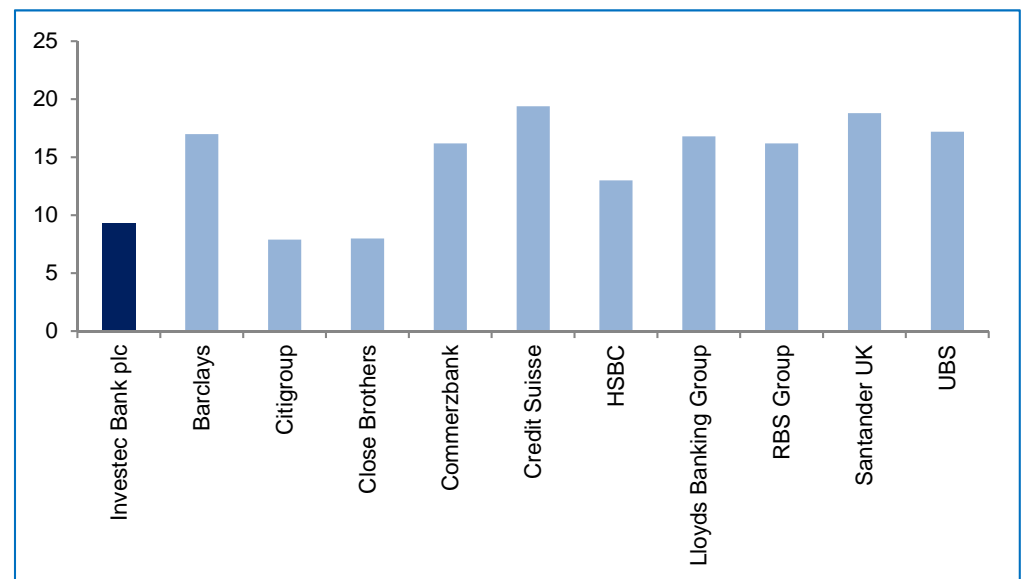
Credit loss ratio: P&L impairments as a % of average advances (smaller number is better)



Capital ratios: (larger number is better)



Gearing ratio: Assets: equity (smaller number is better)



IBP: peer group comparisons

Definitions and/or explanations of certain ratios:

- Customer deposits do not include deposits from banks.
- The customer advances to customer deposits ratio reflects how much of a bank's advances to customers are funded from the "retail and corporate" market as opposed to the "wholesale funding and banking market". A ratio higher than one indicates that advances to customers are not fully funded from the retail and corporate market, with the balance being funded from the wholesale market.
- A capital adequacy ratio is a regulatory ratio which determines the capacity of the bank in terms of meeting the time liabilities and other risks such as credit risk, operational risk, etc. It is based on regulatory qualifying capital (including tier 1 and 2 capital) as a percentage of risk-weighted assets. Assets are risk-weighted either according to the Standardised Approach in terms of Basel or the Advanced Approach.
- The gearing ratio is calculated as total assets divided by total equity (according to accounting definitions).
- The leverage ratio is calculated as tier one capital (according to regulatory definitions) divided by total assets (exposure measure). This ratio effectively assures all assets are 100% risk-weighted and is a more conservative measure than the capital adequacy ratio. Regulators are expecting that this ratio should exceed 5%.
- The credit loss ratio is calculated as the income statement impairment/charge on advances as a percentage of average gross advances to customers.
- Default loans largely comprise loans that are impaired and/or over 90 days in arrears.

Investec largest shareholders as at 31 March 2017

Investec Limited

Shareholder analysis by manager group		Number of shares	% holding
1	Public Investment Corporation (ZA)	35,213,851	11.7%
2	Allan Gray (ZA)	27,504,421	9.1%
3	Investec Staff Share Schemes (ZA)*	25,444,842	8.4%
4	Old Mutual (ZA)	15,960,095	5.3%
5	Sanlam Group (ZA)	12,460,194	4.1%
6	BlackRock Inc (UK and US)	11,382,316	3.8%
7	Coronation Fund Mgrs (ZA)	9,772,984	3.2%
8	Dimensional Fund Advisors (UK)	9,666,468	3.2%
9	The Vanguard Group, Inc (UK and US)	9,582,111	3.2%
10	AQR Capital Mgt (US)	7,172,136	2.4%
		164,159,418	54.4%

Investec plc

Shareholder analysis by manager group		Number of shares	% holding
1	Allan Gray (ZA)	54,564,790	8.3%
2	Public Investment Corporation (ZA)	39,895,286	6.1%
3	BlackRock Inc (UK and US)	37,613,373	5.7%
4	Prudential Group (ZA)	25,556,818	3.9%
5	Old Mutual (ZA)	23,953,282	3.6%
6	T Rowe Price Associates (UK)	21,513,929	3.3%
7	State Street Corporation (UK and US)	18,845,149	2.9%
8	Legal & General Group (UK)	18,088,127	2.8%
9	The Vanguard Group, Inc (UK and US)	17,647,731	2.7%
10	Royal London Mutual Assurance Society (UK)	16,897,419	2.6%
		274,575,904	41.9%

The 10 largest shareholders account for 54.4% and 41.9% of the total Investec Limited and Investec plc shares, respectively - based on a threshold of 20,000 shares.

Contact details

- For further information please refer to the investor relations website:
www.investec.com/en_za/#home/investor_relations.html
- Or contact the investor relations team:
 - Telephone
 - UK: +44 (0) 207 597 5546 / +44 (0) 207 597 4493
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 - Fax: +27 11 (0) 291 1597
 - E-mail: investorrelations@investec.com



Investec group - appendices

Investec group - mission statement and values

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

Distinctive Performance

- Outstanding talent - empowered, enabled, inspired
- Meritocracy
- Passion, energy, stamina, tenacity
- Entrepreneurial spirit

Dedicated Partnership

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

Client Focus

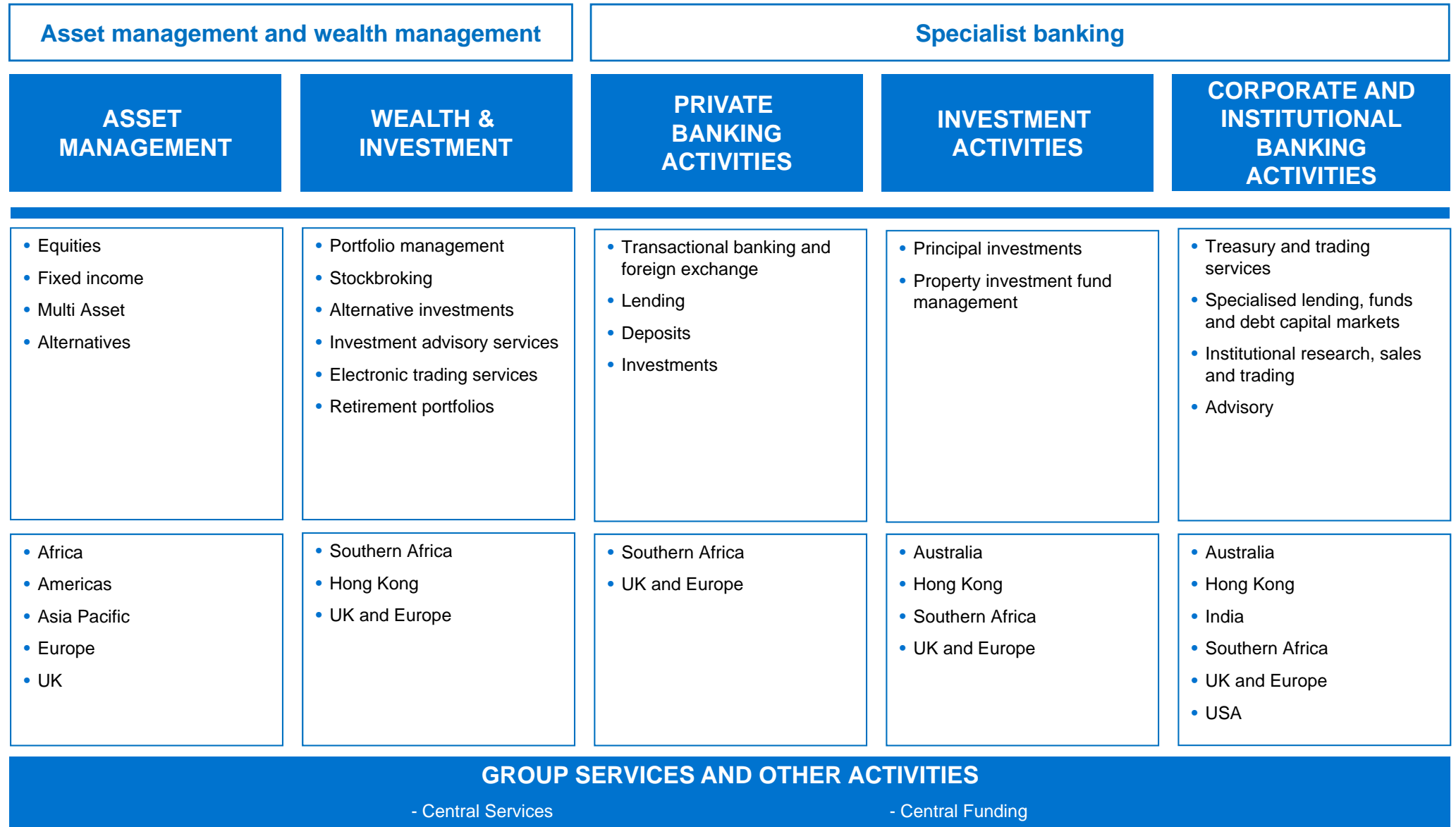
- Distinctive offering
- Leverage resources
- Break china for the client

Cast-iron Integrity

- Moral strength
- Risk consciousness
- Highest ethical standards

Investec – group operating structure

- Investec’s 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 the group’s principal business areas





Investec Bank plc - appendices

IBP: salient financial features

	Year to 31 March 2017	Year to 31 March 2016	% change
Total operating income before impairment losses on loans and advances (£'000)	982,690	859,189	14.4%
Operating costs (£'000)	744,716	628,515	18.5%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests (£'000)	161,057	146,347	10.1%
Earnings attributable to ordinary shareholder (£'000)	117,793	96,635	21.9%
Cost to income ratio	75.9%	73.3%	
Total capital resources (including subordinated liabilities) (£'000)	2,559,287	2,440,165	4.9%
Total shareholder's equity (£'000)	1,979,931	1,842,856	7.4%
Total assets (£'000)	18,381,414	18,334,568	0.3%
Net core loans and advances (£'000)	8,598,639	7,781,386	10.5%
Customer accounts (deposits) (£'000)	11,289,177	11,038,164	2.3%
Cash and near cash balances (£'000)	4,852,710	5,014,171	-3.8%
Funds under management (£'mn) *	35,941	30,104	19.4%
Capital adequacy ratio	16.6%	17.0%	
Tier 1 ratio	12.2%	11.9%	
Common equity tier 1 ratio	12.2%	11.9%	
Leverage ratio - current	8.0%	7.5%	
Leverage ratio - "fully loaded"	8.0%	7.5%	
Defaults (net of impairments) as a % of net core loans and advances	1.55%	2.19%	
Net defaults (after collateral and impairments) as a % of net core loans and advances	-	-	
Credit loss ratio (i.e. income statement impairment charge as a % of average core loans and advances)	0.90%	1.13%	
Total gearing ratio (i.e. total assets to total equity)	9.3x	9.9X	
Loans and advances to customers: customer deposits	76.2%	70.5%	

IBP: income statement

£'000	Year to 31 March 2017	Year to 31 March 2016
Interest income	562,092	550,715
Interest expense	(263,340)	(280,649)
Net interest income	298,752	270,066
Fee and commission income	502,106	437,650
Fee and commission expense	(13,260)	(11,608)
Investment income	55,900	67,308
Share of post tax operating profit of associates	1,741	1,975
Trading income arising from:		
- customer flow	129,706	92,683
- balance sheet management and other trading activities	(138)	(8,552)
Other operating income	7,883	9,667
Total operating income before impairment losses on loans and advances	982,690	859,189
Impairment losses on loans and advances	(74,956)	(84,217)
Operating income	907,734	774,972
Operating costs	(744,716)	(628,515)
Depreciation on operating leased assets	(2,141)	(2,149)
Operating profit before goodwill and acquired intangibles	160,877	144,308
Impairment of goodwill	(3,134)	-
Amortisation of acquired intangibles	(14,386)	(14,477)
Operating profit	143,357	129,831
Net (loss)/gain on disposal of subsidiaries	-	(4,805)
Profit before taxation	143,357	125,026
Taxation on operating profit before goodwill	(29,049)	(35,131)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	3,305	4,701
Profit after taxation	117,613	94,596
Profit attributable to non-controlling interests	180	2,039
Earnings attributable to shareholder	117,793	96,635

IBP: balance sheet

£'000	31 March 2017	31 March 2016
Assets		
Cash and balances at central banks	2,853,567	2,638,064
Loans and advances to banks	922,764	935,071
Reverse repurchase agreements and cash collateral on securities borrowed	536,173	557,025
Sovereign debt securities	952,902	1,252,991
Bank debt securities	184,626	188,397
Other debt securities	408,149	403,521
Derivative financial instruments	610,371	842,936
Securities arising from trading activities	522,760	524,344
Investment portfolio	454,566	419,861
Loans and advances to customers	8,598,639	7,781,386
Other loans and advances	556,464	577,584
Other securitised assets	138,628	150,565
Interests in associated undertakings	23,818	17,446
Deferred taxation assets	78,945	71,563
Other assets	1,089,390	1,453,050
Property and equipment	58,857	53,042
Investment properties	14,500	79,051
Goodwill	259,965	261,804
Intangible assets	116,330	126,867
	18,381,414	18,334,568

IBP: balance sheet (cont.)

£'000	31 March 2017	31 March 2016
Liabilities		
Deposits by banks	673,586	526,717
Derivative financial instruments	583,562	964,386
Other trading liabilities	136,041	226,598
Repurchase agreements and cash collateral on securities lent	223,997	281,260
Customer accounts (deposits)	11,289,177	11,038,164
Debt securities in issue	1,640,839	1,508,672
Liabilities arising on securitisation of other assets	128,838	120,617
Current taxation liabilities	146,743	141,064
Deferred taxation liabilities	26,557	26,143
Other liabilities	972,787	1,060,782
	15,822,127	15,894,403
Subordinated liabilities	579,356	597,309
	16,401,483	16,491,712
Equity		
Ordinary share capital	1,186,800	1,186,800
Share premium	143,288	143,288
Capital reserve	162,789	162,789
Other reserves	18,782	(36,181)
Retained income	470,272	387,606
Shareholder's equity excluding non-controlling interests	1,981,931	1,844,302
Non-controlling interests in partially held subsidiaries	(2,000)	(1,446)
Total equity	1,979,931	1,842,856
Total liabilities and equity	18,381,414	18,334,568

IBP: segmental analysis of operating profit

For the year to 31 March 2017 £'000	Wealth & Investment	Specialist Banking	Total group
Net interest income	4,368	294,384	298,752
Fee and commission income	268,429	233,677	502,106
Fee and commission expense	(582)	(12,678)	(13,260)
Investment income	2,169	53,731	55,900
Share of post tax operating profit of associates	1,509	232	1,741
Trading income arising from			
- customer flow	740	128,966	129,706
- balance sheet management and other trading activities	215	(353)	(138)
Other operating income	-	7,883	7,883
Total operating income before impairment losses on loans and advances	276,848	705,842	982,690
Impairment losses on loans and advances	-	(74,956)	(74,956)
Operating income	276,848	630,886	907,734
Operating costs	(211,658)	(533,058)	(744,716)
Depreciation on operating leased assets	-	(2,141)	(2,141)
Operating profit before goodwill and acquired intangibles	65,190	95,687	160,877
Profit attributable to non-controlling interests	-	180	180
Operating profit before goodwill, acquired intangibles and after non-controlling interests	65,190	95,867	161,057
Cost to income ratio	76.5%	75.8%	75.9%
Total assets (£'million)	952	17,429	18,381

IBP: segmental analysis of operating profit

For the year to 31 March 2016

£'000	Wealth & Investment	Specialist Banking	Total group
Net interest income	4,064	266,002	270,066
Fee and commission income	246,202	191,448	437,650
Fee and commission expense	(1,209)	(10,399)	(11,608)
Investment income	5,817	61,491	67,308
Share of post tax operating profit of associates			
Trading income arising from	333	92,350	92,683
- customer flow	138	(8,690)	(8,552)
- balance sheet management and other trading activities	1,191	10,451	11,642
Other operating income	256,536	602,653	859,189
	-	(84,217)	(84,217)
Total operating income before impairment losses on loans and advances	256,536	518,436	774,972
Impairment losses on loans and advances			
Operating income	(193,507)	(435,008)	(628,515)
Operating costs	-	(2,149)	(2,149)
Depreciation on operating leased assets	63,029	81,279	144,308
Operating profit before goodwill and acquired intangibles			
Profit attributable to non-controlling interests	-	2,039	2,039
Operating profit before goodwill, acquired intangibles and after non-controlling interests	63,029	83,318	146,347
Cost to income ratio	75.4%	72.4%	73.3%
Total assets (£'million)	1,026	17,309	18,335

IBP: asset quality

£'000	31 March 2017	31 March 2016
Gross core loans and advances to customers	8,725,515	7,924,577
Total impairments	(126,876)	(143,191)
Specific impairments	(83,488)	(121,791)
Portfolio impairments	(43,388)	(21,400)
Net core loans and advances to customers	8,598,639	7,781,386
Average gross core loans and advances to customers	8,325,046	7,574,356
Current loans and advances to customers	8,394,580	7,539,409
Past due loans and advances to customers (1 - 60 days)	48,003	65,880
Special mention loans and advances to customers	22,585	5,354
Default loans and advances to customers	260,347	313,934
Gross core loans and advances to customers	8,725,515	7,924,577
Total income statement charge for impairments on core loans and advances	(74,995)	(85,954)
Gross default loans and advances to customers	260,347	313,934
Specific impairments	(83,488)	(121,791)
Portfolio impairments	(43,388)	(21,400)
Defaults net of impairments	133,471	170,743
Aggregate collateral and other credit enhancements on defaults	192,760	202,524
Net default loans and advances to customers (limited to zero)	-	-
Ratios:		
Total impairments as a % of gross core loans and advances to customers	1.45%	1.81%
Total impairments as a % of gross default loans	48.73%	45.61%
Gross defaults as a % of gross core loans and advances to customers	2.98%	3.96%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.55%	2.19%
Net defaults as a % of net core loans and advances to customers	-	-
Credit loss ratio (i.e. income statement impairment charge on core loans as a % of average gross core loans and advances)	0.90%	1.13%

IBP: capital adequacy

£'million*	31 March 2017	31 March 2016
Common equity tier 1 capital	1,552	1,400
Total tier 1 capital	1,552	1,400
Tier 2 capital	560	590
Total regulatory capital	2,112	1,990
Risk-weighted assets	12,716	11,738
Capital requirements	1,017	939

A summary of capital adequacy and leverage ratios

	31 March 2017*	31 March 2016*
Common equity tier 1 (as reported)	12.2%	11.9%
Common equity tier 1 ("fully loaded") ^{^^}	12.2%	11.9%
Tier 1 (as reported)	12.2%	11.9%
Total capital adequacy ratio (as reported)	16.6%	17.0%
Leverage ratio** - permanent capital	8.0%	7.5%
Leverage ratio** - current	8.0%	7.5%
Leverage ratio** - ("fully loaded") ^{^^}	8.0%	7.5%

* The capital adequacy disclosures for Investec Bank plc include the deduction of foreseeable dividends when calculating common equity tier 1 (CET1) capital as now required under the Capital Requirements Regulation (CRR) and EBA technical standards. These disclosures are different to the capital disclosures included in Investec's 2017 and 2016 integrated annual report, which follow our normal basis of presentation and do not include the deduction for foreseeable dividends when calculating CET1 capital. Investec Bank plc's CET1 ratio would be 28bps (31 March 2016: 30bps) higher on this basis.

^{^^} Based on the group's understanding of current regulations, "fully loaded" is based on Basel III capital requirements as fully phased in by 2022.

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