

An introduction to Investec



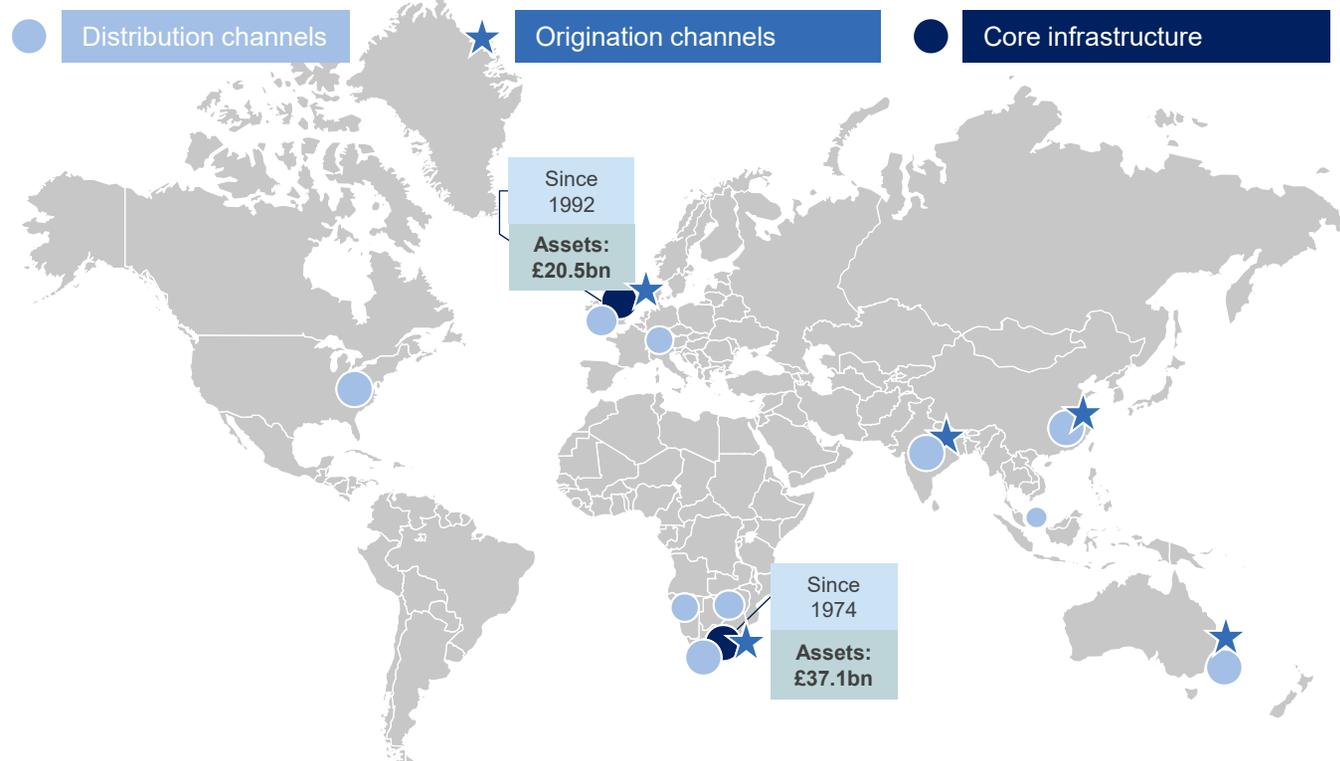


An overview of the Investec Group

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 10 150 people
- Listed on the JSE and LSE (a FTSE 250 company)
- Total assets of £57.6bn; total equity* £5.4bn; total FUM £160.6bn



*Including preference shares and non-controlling interests.

Investec Group: strategic goals

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

The Investec distinction

Client focused approach

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

Specialised strategy

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

Sustainable business

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

Strong culture

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

Our strategy

Asset Management

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

Wealth & Investment

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

Specialist Banking

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

Other

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

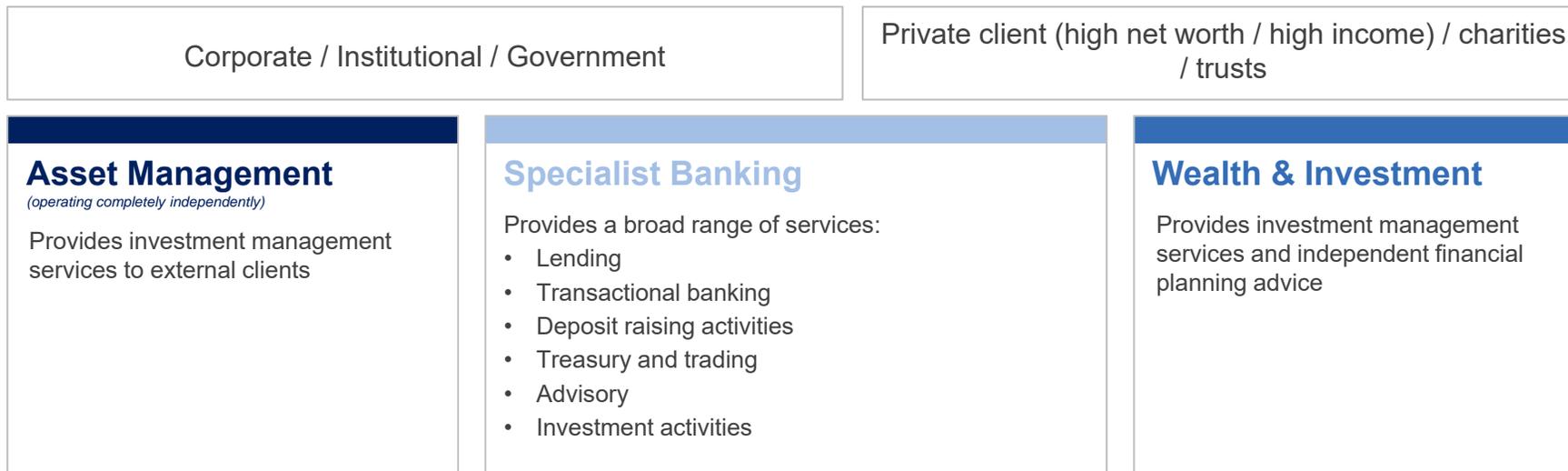
We have a distinctive investment offering

Resulting in a **quality** scalable **global business**



Balanced business model supporting our long-term strategy

Three distinct business activities focused on well defined target clients



Maintaining an **appropriate balance** between revenue earned from capital light activities and revenue earned from capital intensive activities

Capital light activities



Contributed to group income

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

Capital intensive activities



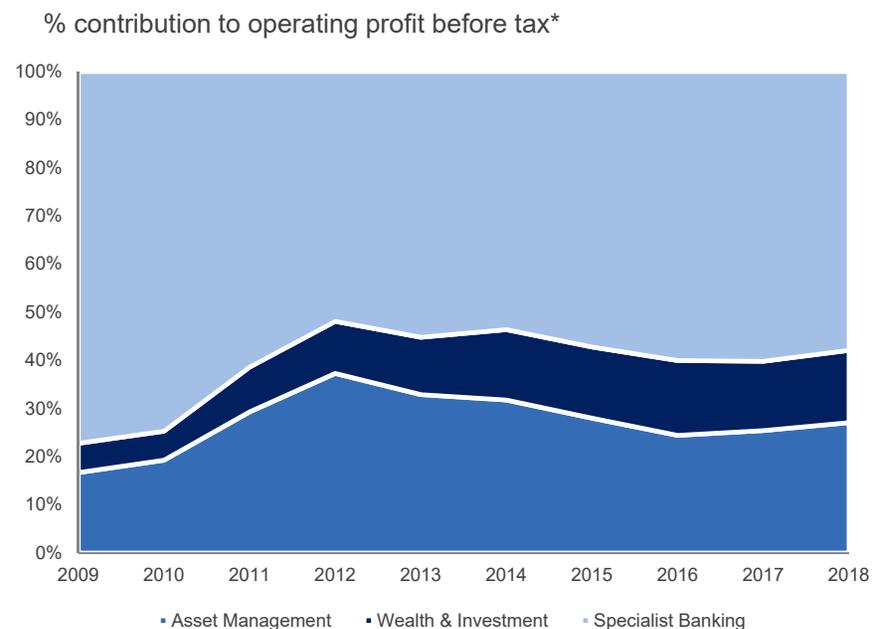
Contributed to group income

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



Solid recurring income base supported by a diversified portfolio

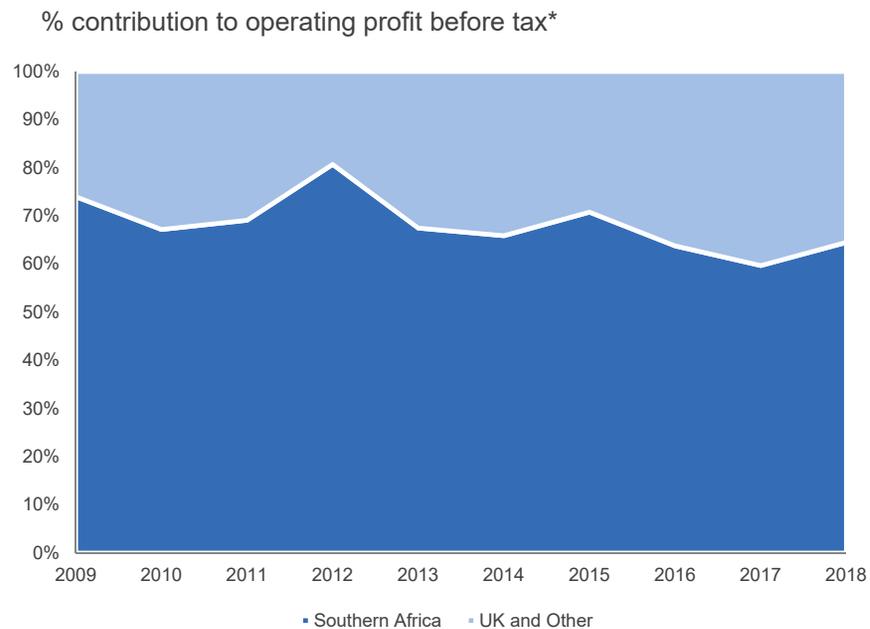
Across businesses



Overall contribution from Asset Management and W&I

2018: 42% 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 continue to have a sound balance sheet

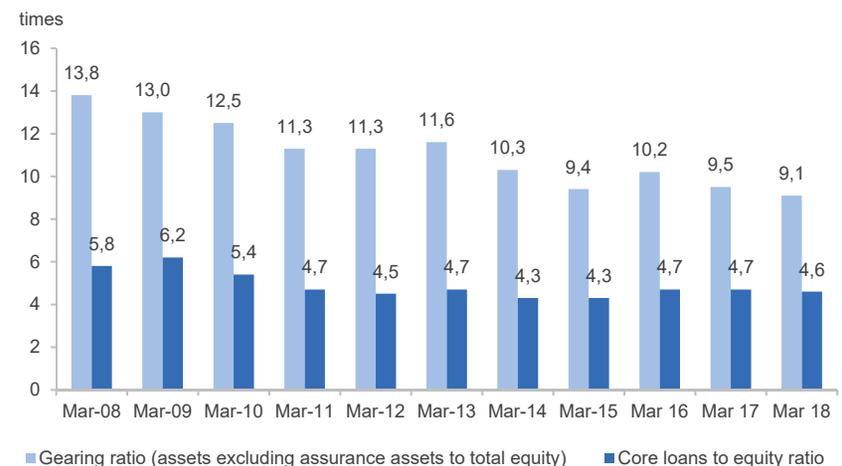
Key operating fundamentals

- Senior management “hands-on” culture
- A high level of readily available, **high quality liquid assets**: representing c. 25% - 35% of our liability base. Cash and near cash balances amounted to £12.8 billion at year end, representing 41.4% of customer deposits.
- 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 between 14% and 17%
- **Low gearing ratio**: 9.1x 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

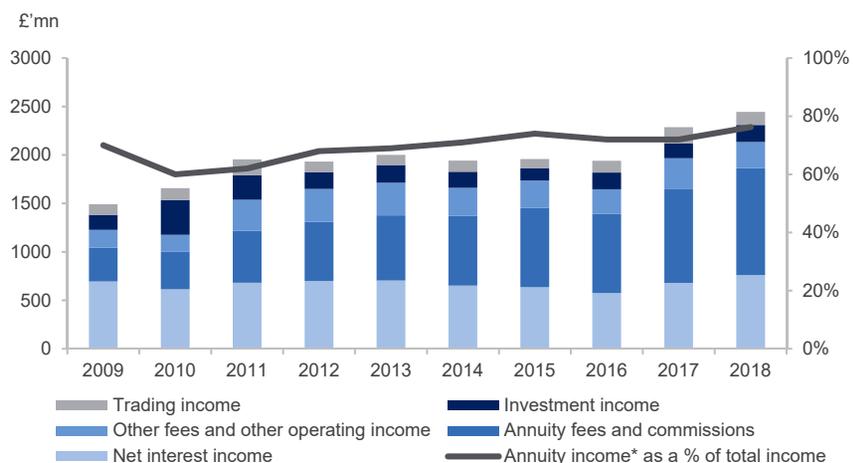


Low gearing ratios

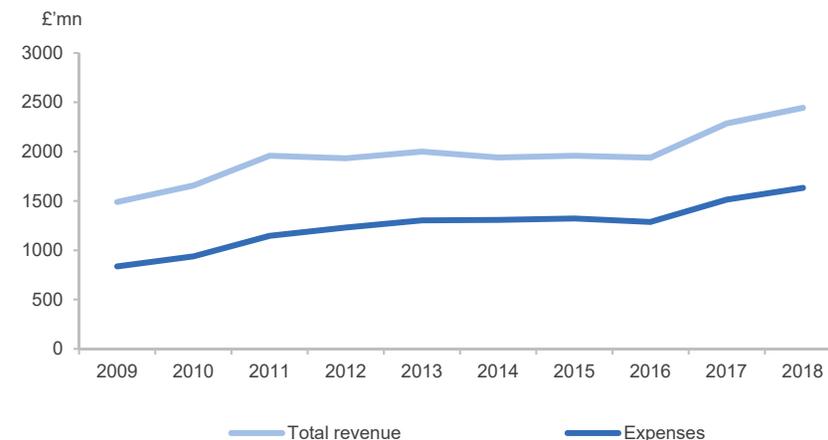


We have a sound track record

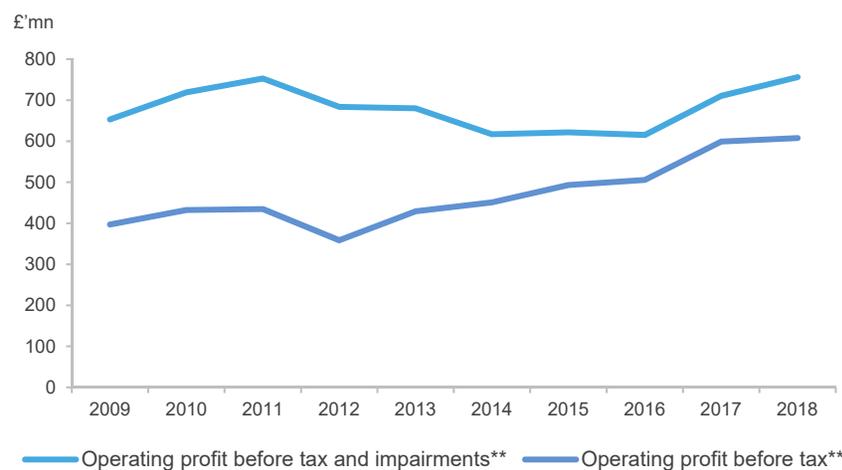
Recurring income



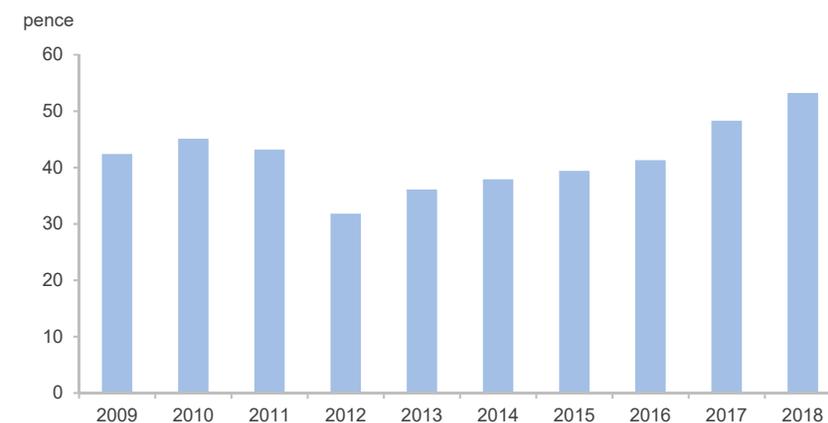
Revenue versus expenses



Operating profit before tax** and impairments



Adjusted EPS^

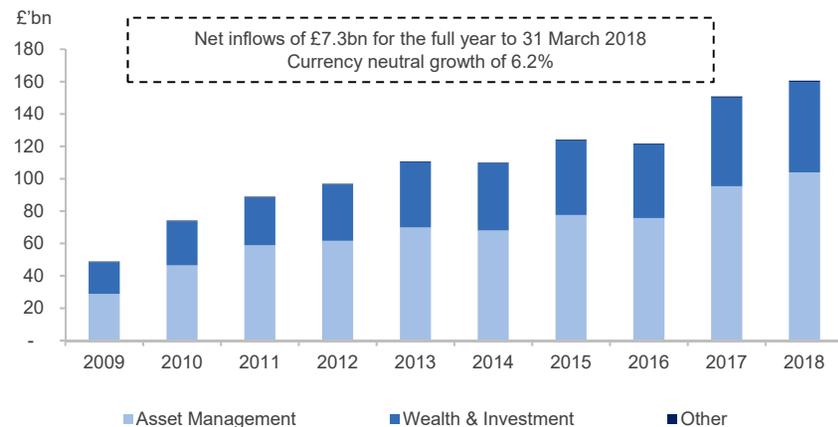


*Where annuity income is net interest income and annuity fees. **Before goodwill, acquired intangibles, non-operating items and after non-controlling interests.

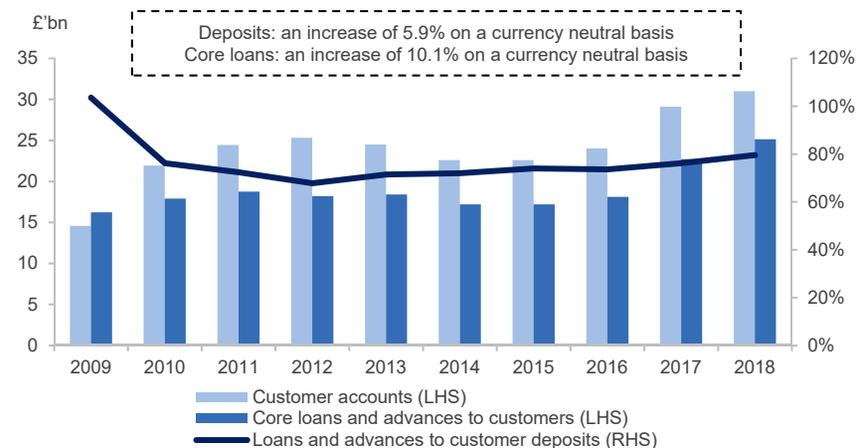
^Where Adjusted EPS is earnings per share before goodwill, acquired intangibles and non-operating items.

We have a sound track record

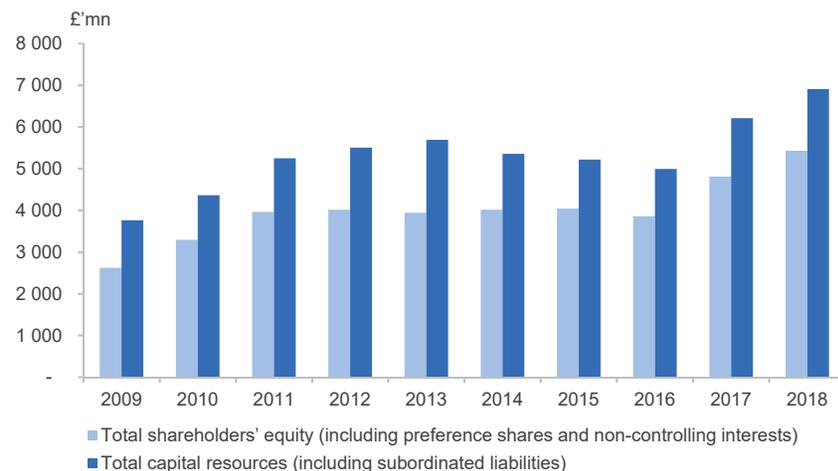
Third party assets under management



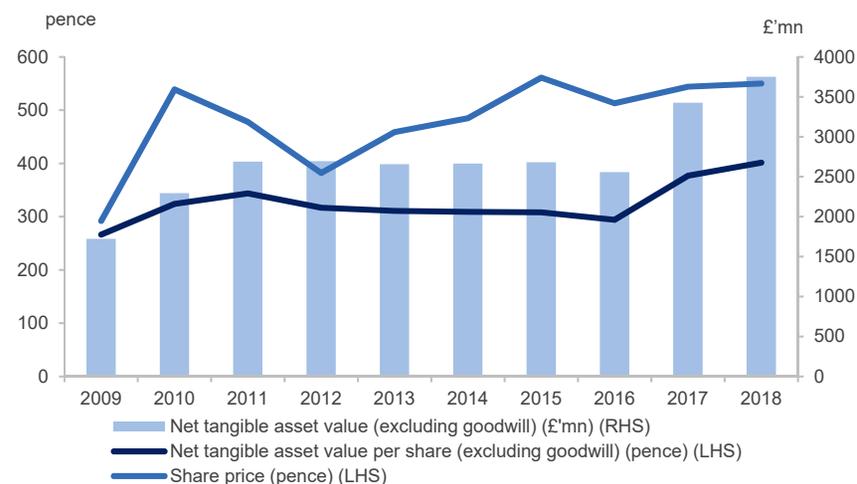
Core loans and advances and deposits



Total shareholders' equity and capital resources



Net tangible asset value

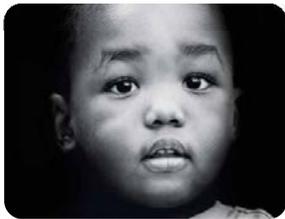


We have invested in our Brand



...our Communities

...our People



... and the Planet





An overview of the Investec Limited

Overview of Investec Limited

Investec Limited is a **distinctive specialist bank** and **asset manager** with primary business in **Southern Africa**. We focuses on delivering distinct profitable solutions for our clients in three core areas of activity, namely:

Asset Management, Wealth & Investment and Specialist Banking



Well established franchise

- **Established in 1974** in the Republic of South Africa
- Regulated by the SARB
- Obtained a banking licence in 1980 and listed on the Johannesburg Stock Exchange 1986
- Since inception, we have expanded through a combination of substantial organic growth and a series of strategic acquisitions
- Today, efficient integrated business platform employing approximately 5,282 permanent employees
- 5th largest banking group in South Africa (by assets)
- One of the largest asset managers with **track record of growth and innovation**
- Top wealth manager an part of global platform
- **Leading position** in corporate and institutional and private client banking activities

Core activities and operational foot print

Asset Management Value Proposition	Wealth & Investment Value Proposition	Specialist Banking Value Proposition
<ul style="list-style-type: none"> Organically build an independent global platform from an emerging market base Independently managed entity within the Investec group Competitive investment performance in chosen specialities Global approach to investing Unique and clearly understood culture Stable and experienced leadership Committed to investing for a sustainable future 	<ul style="list-style-type: none"> Investec Wealth & Investment has been built via the acquisition and integration of businesses and organic growth over a long period of time Well established in South Africa - one of the largest players Focus is on internationalising the business; enhancing our range of services for the benefit of our clients; and on organic growth in our key markets 	<ul style="list-style-type: none"> High quality specialist banking solution to corporate and private clients with leading positions in selected areas Provide high touch personalised service – ability to execute quickly Ability to leverage international, cross-border platforms Well positioned to capture opportunities between the developed and the emerging world – internationally mobile Balanced business model with good business depth and breadth

Where we operate



South Africa

Strong brand and positioning

One of the largest asset managers with track record of growth and innovation

Top wealth manager with the ability to leverage off the global platform

Fifth largest bank

Leading position in corporate, Institutional and private client banking activities

Mauritius

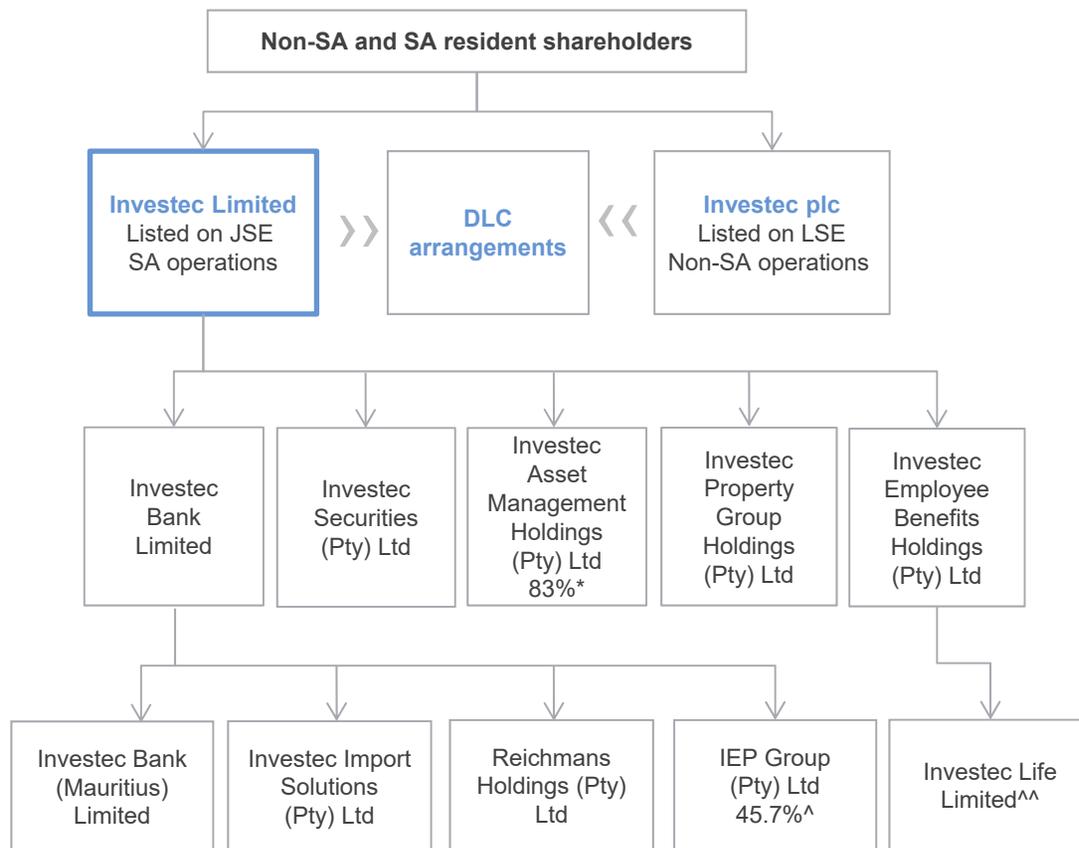
Established 1997

Focus on corporate, institutional and private client banking activities

Key strengths

Sound balance sheet	<ul style="list-style-type: none">• Robust capital base: 10.2% CET1 ratio and strong leverage ratio (7.1% on a fully loaded basis) as of 31 March 2018• Low gearing: 9.3x• Strong liquidity ratios with high level of readily available• The liquidity position of the bank remains sound with a total cash and near cash balance of R116.5bn (53% is central bank placements and guaranteed liquidity)• Diversified funding base with strong retail deposit franchise and low reliance on wholesale funding• Never required shareholder or government support
Strong risk management frameworks	<ul style="list-style-type: none">• Group Risk Management operates within an integrated geographical and divisional structure, in line with our management approach, ensuring that the appropriate processes are used to address all risks across the business units• Risk awareness, control and compliance are embedded in our day-to-day activities• Board, executives and management are intimately involved in the risk management process• Senior management “hands-on” culture
Strong culture	<ul style="list-style-type: none">• Stable management – senior management team average tenor of c.15 – 20 years• Strong, entrepreneurial culture balanced with a strong risk awareness• Employee ownership – long-standing philosophy

Investec Limited's operational structure



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:

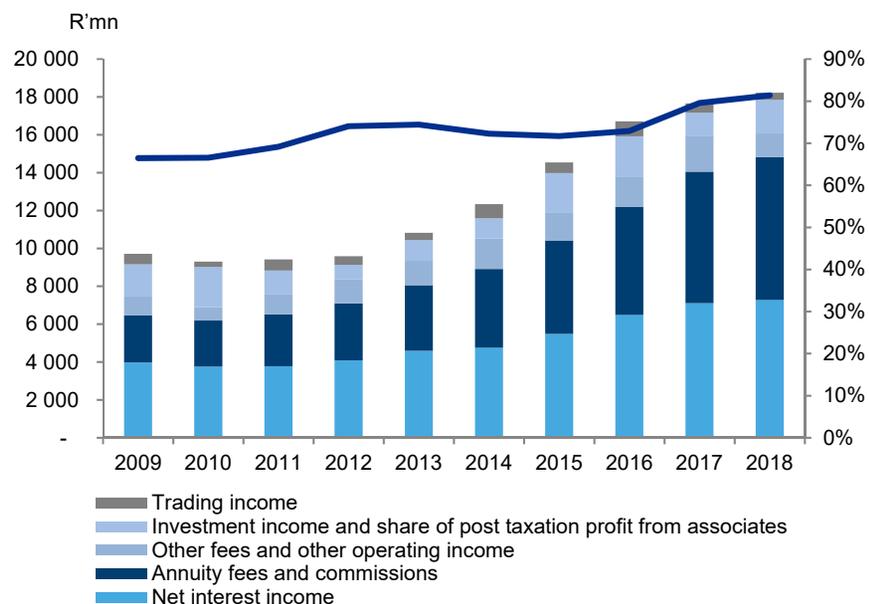
- The South African Reserve Bank (SARB) is the lead regulator of the group
- The UK Financial Conduct Authority and Prudential Regulation Authority are the regulators of Investec plc while the SARB is the regulator of Investec Limited
- The Memorandum of Understanding between the two regulators sets 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



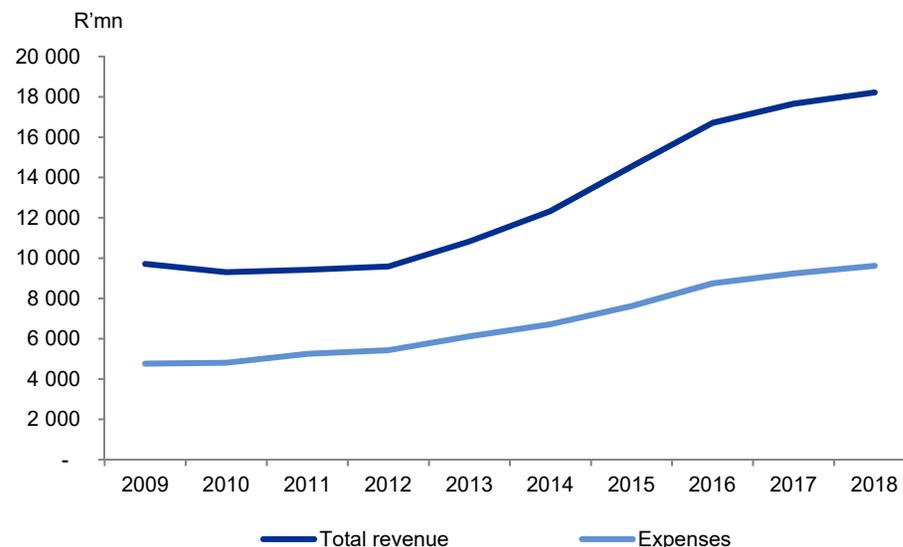
Operating fundamentals

We have a strong franchise that supports a solid revenue base

Recurring income[^]



Revenue versus expenses[^]



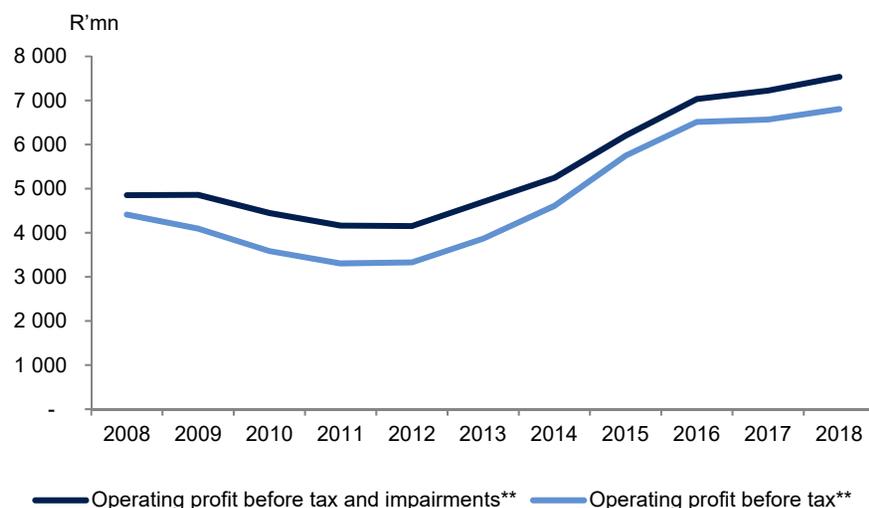
- A diversified business model continues to support a **large recurring income base** comprising net interest income and annuity fees
- Recurring revenue base, totaling **81.4% of operating income in 2018**
- Growth in total revenue between 2015 and 2018 was driven by **increased lending activities and growth in funds under management**

- Cost to income ratio is **52.8% for 2018 (2017: 52.3%)**
- We are maintaining a disciplined approach to cost control, but do expect costs to grow faster than inflation due to continued investment in the franchise businesses
- We are maintaining a **disciplined approach to cost control**, with a target cost to income ratio of **55%**

[^]Where annuity income is net interest income and annuity fees.

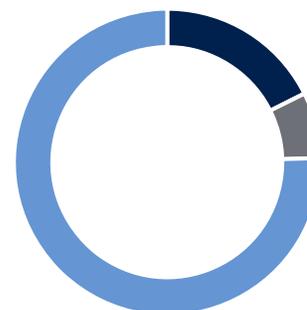
We have a strong franchise that supports a solid revenue base

Operating profit before tax* and impairments

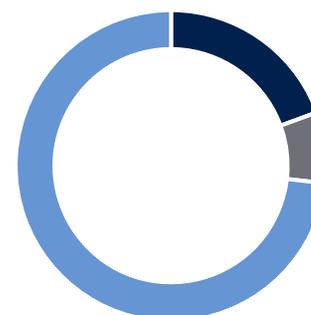


- Operating profit (pre impairments) has **grown 55% since 2009**
- Growth in net profit before tax has been supported by positive business momentum, reflected in an **increase in our client base, funds under management and loans and advances**
- Between 2009 and 2013 our results were impacted by a substantial increase in impairments. These are have normalized and increases are in line with loan book growth

Contribution to operating profit before tax**



31 March 2018	
Specialist Banking	75.4%
Asset Management	17.6%
Wealth & Investment	7.0%



31 March 2017	
Specialist Banking	73.2%
Asset Management	19.4%
Wealth & Investment	7.4%

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

**Before taxation, headlined adjustments and group costs and after other non-controlling interests

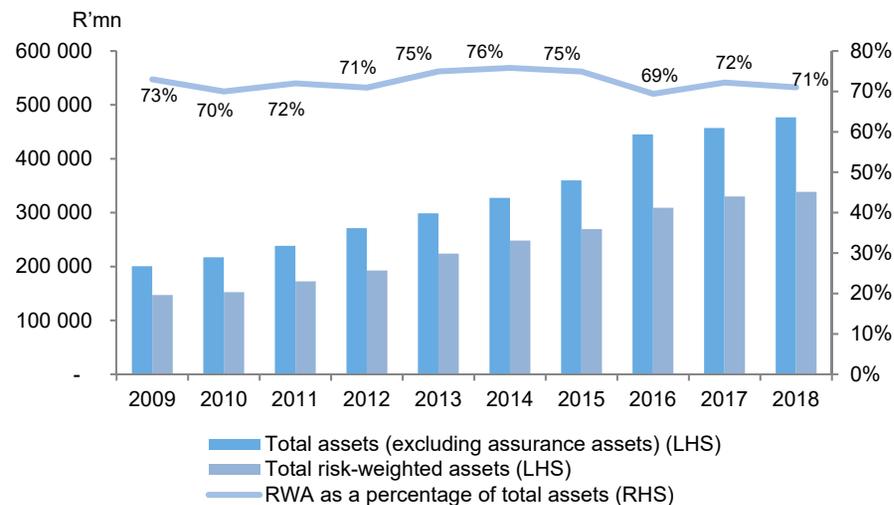
Sound capital base and capital ratios

Total Capital



- We have continued to grow our capital base throughout the crisis **without recourse to government and shareholders.**
- Our total shareholders' equity has grown by 217% since 2009 to R51bn at 31 March 2018

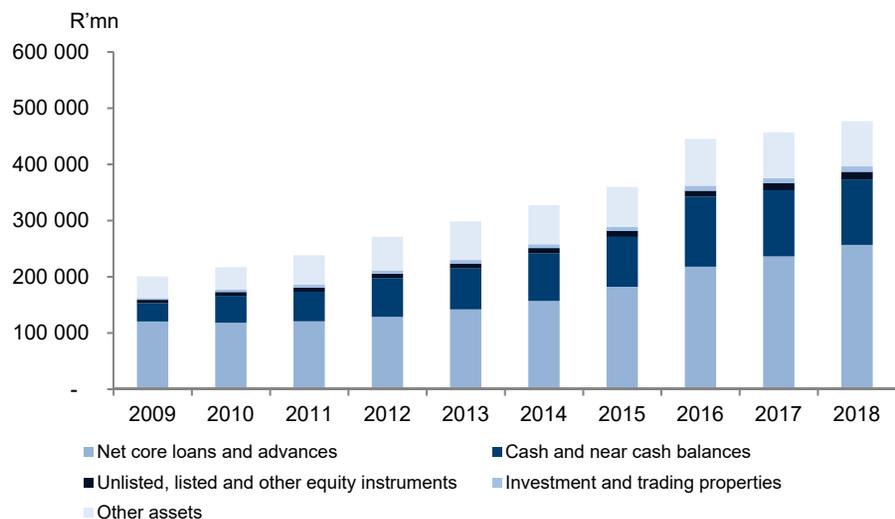
Total Risk Weighted Assets



- As we are on the Standardised Approach in terms of Basel II 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.
- Our risk weighted assets have **grown by 130% since 2009** to R338bn at 31 March 2018, in line with **total asset growth of 138%** for the same period

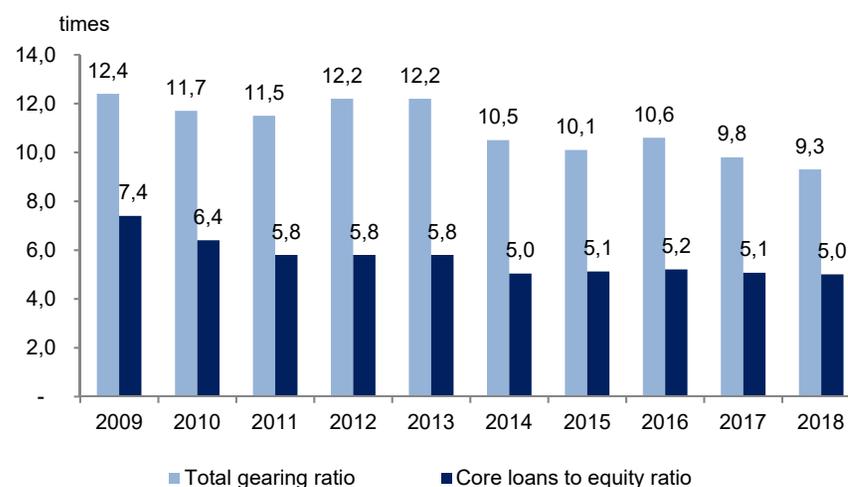
Low gearing ratio's

Total assets (excluding assurance assets)



- We have recorded a **CAGR of around 12.6% in core loans** over the past 5 years driven by increased activity across our target client base, as well as growth in our franchise
- In addition, we have seen **solid growth of 9.8% in cash and near cash balances** over the same period

Gearing



We have maintained low gearing ratios with **total gearing at 9.3x** and an average of c.11x over the past ten years

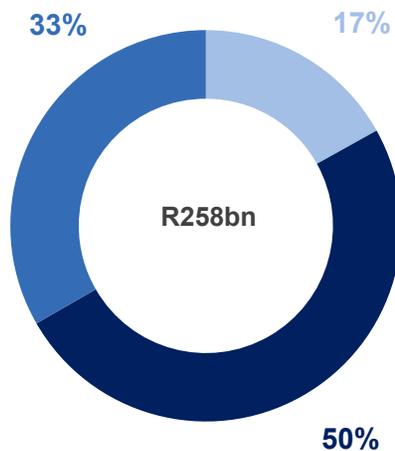
Exposures in a select target market

- **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 geographies, namely South Africa and Mauritius**

Gross core loans by risk category at 31 March 2018

Corporate and other

Acquisition finance	5.7%
Asset based lending	2.7%
Fund Finance	2.1%
Other corporate, institutional, govt. loans	18.2%
Asset finance	1.4%
Project finance	2.8%
Resource finance and commodities	0.3%



Lending collateralised against property

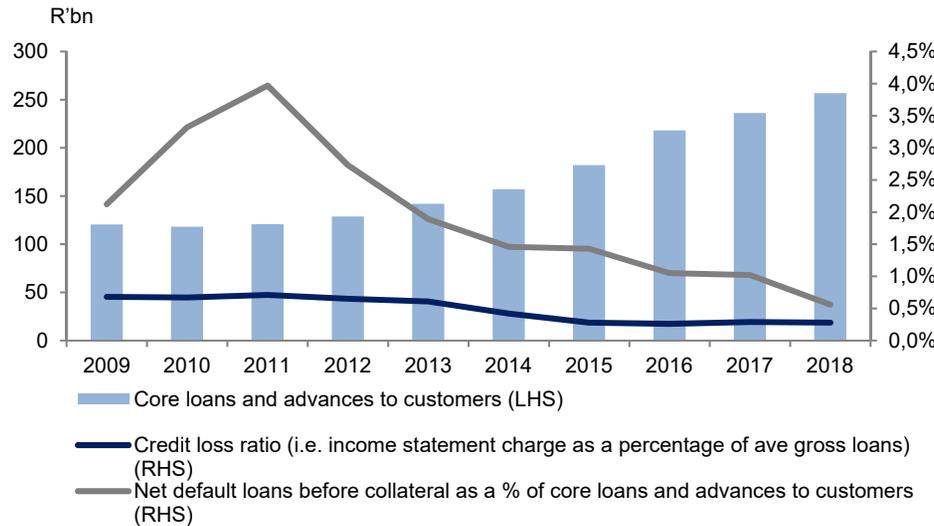
Commercial property investment	13.6%
Commercial property development	1.2%
Commercial vacant land and planning	0.4%
Residential property development	1.4%
Residential vacant land and planning	0.3%

High net worth and other private client

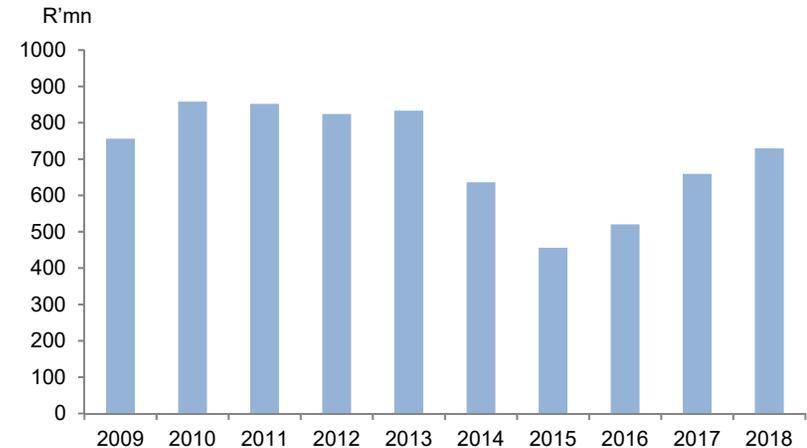
HNW and private client - mortgages	25.5%
HNW and specialised lending	24.3%

Core lending and asset quality

Core loans and asset quality



Trend in income statement impairment charge





Credit loss charge on core loans of **less than 0.5%** of average core loans

Defaults net of impairments less than **1.5%** of total core loans

- Credit quality on core loans and advances for the year ended 31 March 2018:
- Impairments on loans and advances increased from R659mn to R729mn
- The credit loss charge as a percentage of average gross core loans and advances was 0.28% (31 March 2017: 0.29%)
- The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounts to 0.56% (31 March 2017: 1.02%)
- The ratio of collateral to default loans (net of impairments) remains satisfactory at 2.49 times (31 March 2017: 1.81 times).

Diversified funding strategy

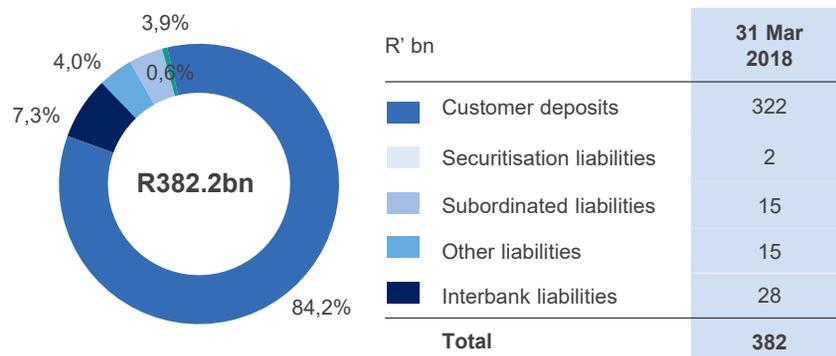
- Investec's funding consists **primarily of customer deposits**
- Investec adopts a **conservative and prudent funding strategy**

Conservative and prudent funding strategy

- Maintaining a high base of high quality liquid assets
- Diversifying funding sources
- Minimum cash of at least 25% of customer deposits on an on-going basis
- Limiting concentration risk

- Maintaining a stable retail deposit franchise
- Low reliance on wholesale funding
- Each geographic entity must be self-sufficient from a funding and liquidity stand point

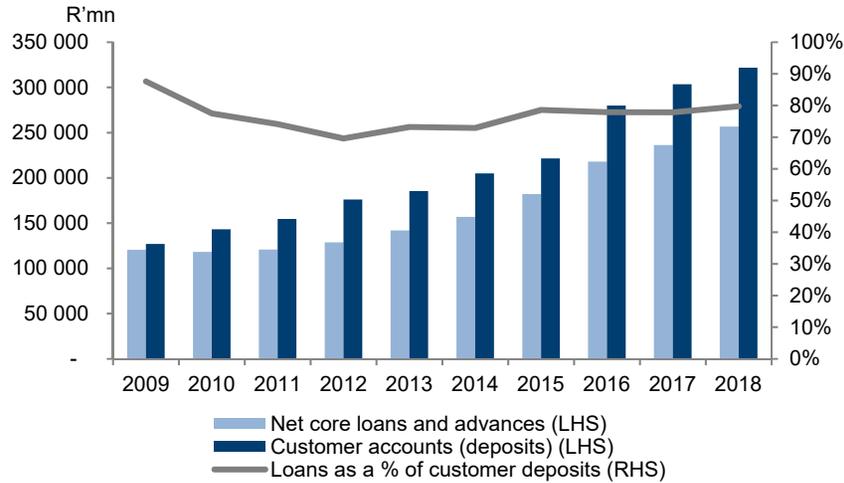
Selected funding sources



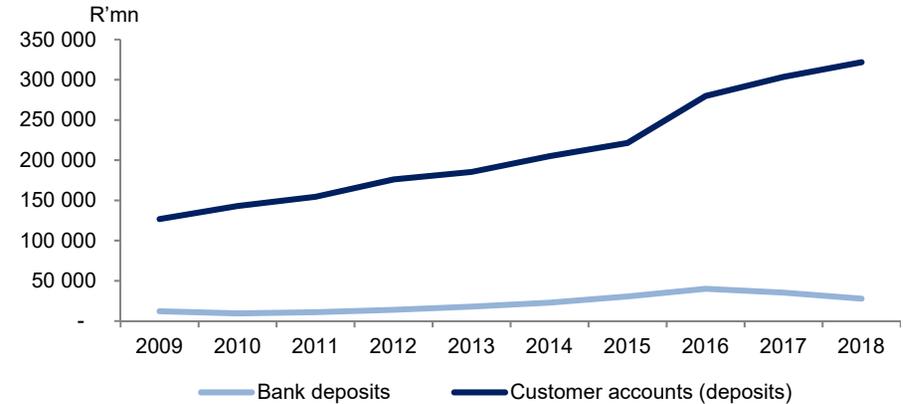
- Customer deposits account for 84.2% of total deposits** as at 31 March 2018.
- Customer deposits are supplemented by deposits from banks (7.3%), subordinated debt (3.9%), and securitisations of assets (0.6%)
- We have **no reliance on any one deposit channel** and no reliance on wholesale interbank funding.

Surplus liquidity

Total loans and deposits



Total deposits

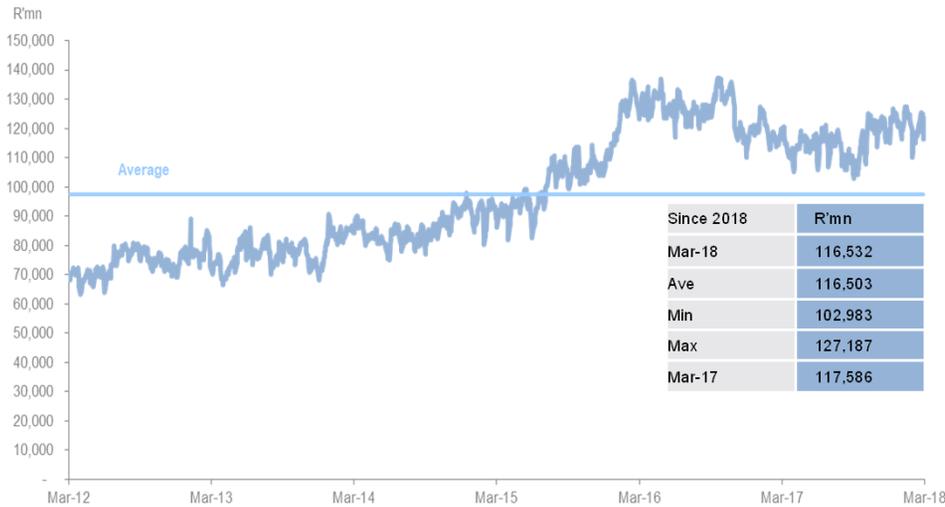


- Customer deposits have grown by 154% since 2009 to R380 billion at 31 March 2018
- Our Private Bank and Cash Investments fund raising channels grew **deposits by 6.5% to 132 billion** over the financial year
- Over the same period the wholesale ZAR only channels increased funding **from R179 billion to R190 billion**.
- Loans and Advances as a percentage of customer deposits increased from 75.08% to 77.4% at 31 March 2018

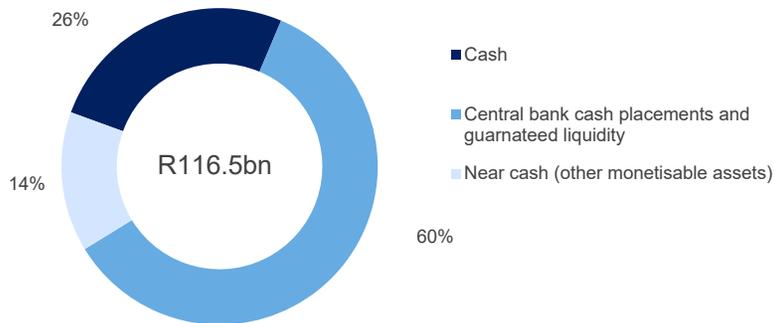
- We have experienced strong growth in retail and corporate deposits, and lengthening and diversification of our deposit base with no reliance on any one deposit channel and **no reliance on wholesale interbank funding**
- We remain a net provider of funds to the interbank market

Surplus liquidity

Cash and near cash balances at 31 March 2018

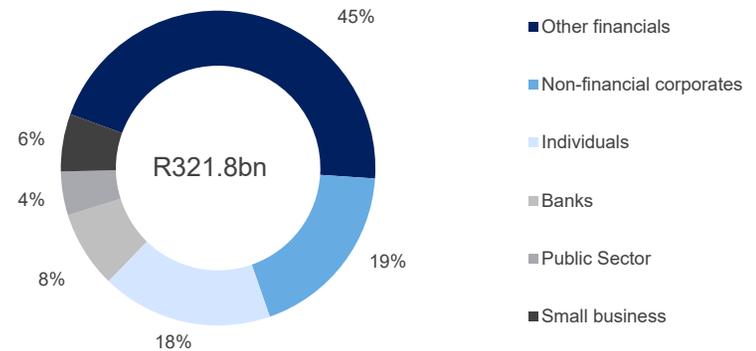


Cash and near cash balances



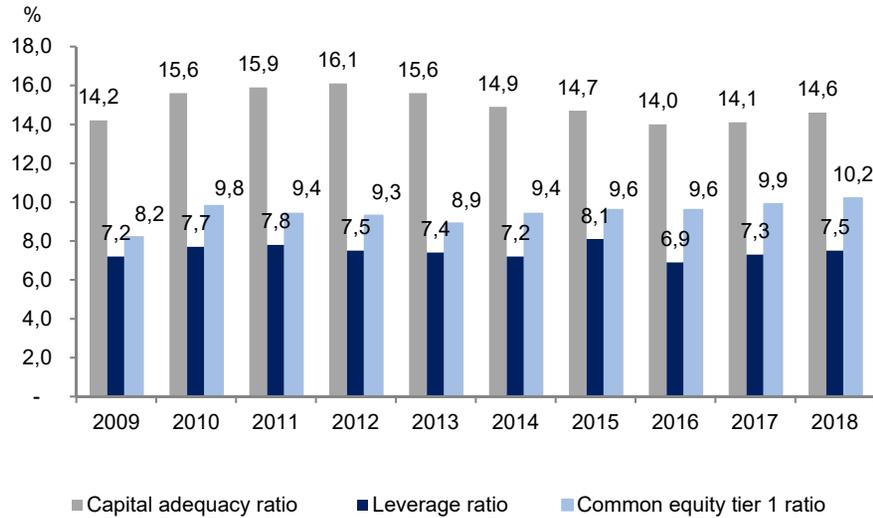
- The liquidity position of the bank remained sound with total cash and near cash balances amounting to **R116.5 billion** (2017: 117.6 billion)
- In order to improve our return on assets, lower yielding cash and near cash balances have been deliberately paired back
- At 31 March 2018 IBL's (bank group) three-month average **Liquidity Coverage Ratio was 133.9%** (well ahead of current minimum requirements of 90% and the average of the Big 4 banks of c. 113%)

Depositor concentration at 31 March 2018



Sound capital base and capital ratios

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

Target

- Total Capital adequacy: 14.0% -17.0%
- Common equity tier 1 target: above 10%
- Total Tier 1 ratio: >11.0%
- Leverage ratio: > 6.0%

- 31 March 2018: total capital adequacy ratio of 14.6% and a common equity tier 1 ratio of 10.2%
- Our fully loaded Basel III common equity tier 1 ratio is estimated to be 10.2% and our fully loaded leverage ratio is 7.1%

Low levels of market risk

VaR 95%(one-day)

R'million	Period end	Average	High	Low
31-Mar-18				
Commodities	-	0.1	1.5	-
Equities	3.6	3.4	7.4	2
Foreign exchange	1.7	2.9	9.1	0.9
Interest rates	2.4	2.2	4.7	0.3
Consolidated*	3.4	5.0	13.7	2.4
31-Mar-17				
Commodities	0.1	0.1	0.5	-
Equities	2.4	3.6	22.8	1.9
Foreign exchange	3.7	1.7	5.3	0.9
Interest rates	0.8	1.6	3.2	0.6
Consolidated*	4.5	4.2	21.8	2.1

- Market risk, 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

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

Credit ratings

Investec Limited

Fitch	Rating	Outlook
Viability rating:	bb+	Stable
Long-term foreign currency issuer default rating:	BB+	
Short-term foreign currency issuer default rating:	B	
Support rating	5	

- Investec Limited ratings have remained stable over many years **reflecting the financial soundness** of the bank over a long period of time
- Recent ratings adjustments have been largely associated with **downgrade of the sovereign**
 - In November 2017, Fitch downgraded five South African Banks following the sovereign downgrade.
 - Investec Limited: the long-term issuer credit rating was lowered to 'BB' from 'BB+' and affirmed the 'B' short-term issuer credit rating. The outlook is stable.
- It is generally accepted that a bank cannot have a higher rating than the sovereign of the country in which they operate, unless they are largely foreign-owned and the foreign holding company is domiciled in a country with a higher rating than South Africa.



Investec Limited peer analysis

Peer group companies

Long-Term Deposit Rating	S&P		Fitch				Moody's			Global Credit Ratings	
	Foreign currency*	National scale	Foreign currency*	National scale	Viability ratings	Support rating	Global	National scale	Baseline credit assessment	International*	National
Absa Bank Limited	n/a	za.AA+	BB+	AA(zaf)	bb+	3	Baa3	Aa1.za	baa3	BB+	AA+(za)
FirstRand Bank Limited	BB	za.AA+	BB+	AA(zaf)	bb+	3	Baa3	Aaa.za	baa3	BB+	AA+(za)
Nedbank Limited	BB	za.AA+	BB+	AA(zaf)	bb+	3	Baa3	Aa1.za	baa3	BB+	AA(za)
Standard Bank Limited	n/a	n/a	BB+	AA(zaf)	bb+	3	Baa3	Aa1.za	baa3	BB+	AA+(za)
Investec Limited			BB+		bb+	5					
Investec Bank Limited	BB+^	za.AA+	BB+	AA(zaf)	bb+	3	Baa3	Aa1.za	baa3	BB+	AA(za)

Short-Term Deposit Rating	S&P		Fitch		Moody's		Global Credit Ratings
	Foreign currency*	National scale	Foreign currency*	National scale	Global	National scale	National
Absa Bank Limited	n/a	za.A-1+	B	F1+(zaf)	P-3	P-1.za	A1+(za)
FirstRand Bank Limited	B	za.A-1+	B	F1+(zaf)	P-3	P-1.za	A1+(za)
Nedbank Limited	B	za.A-1+	B	F1+(zaf)	P-3	P-1.za	A1+(za)
Standard Bank Limited	n/a	n/a	B	F1+(zaf)	P-3	P-1.za	A1+(za)
Investec Limited			B				
Investec Bank Limited	B	za.A-1+	B	F1+(zaf)	P-3	P-1.za	A1+(za)

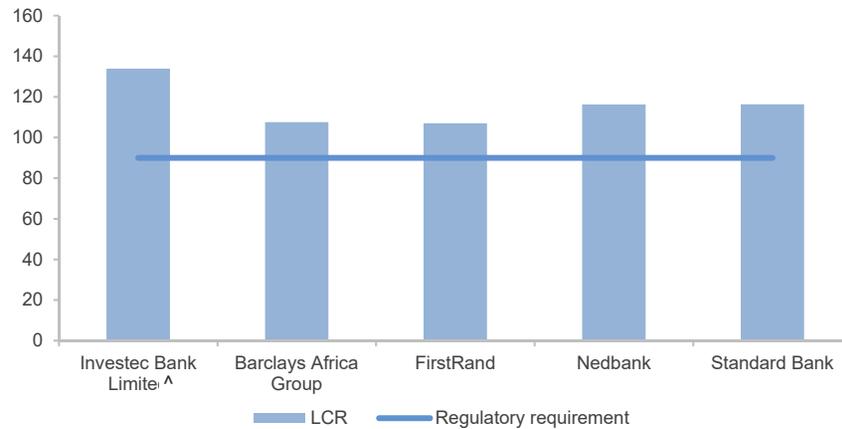
Rating definitions:

Short-term ratings should be used for investments less than a one year time horizon and long-term ratings for periods greater than a year. Foreign currency ratings should be used when one is considering foreign denominated investments. Investments in Rand should be assessed against local currency and national ratings, (zaf) being Fitch's notation and .za for Moody's, Standard & Poor's and Global Credit Ratings notation for South African ratings.

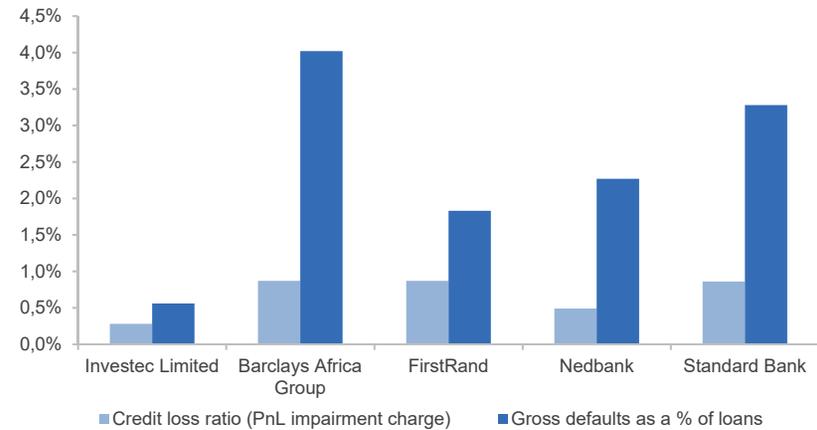
Peer group companies*

Investec remains the **most liquid** of the Big 5 banks and is a **net provider of funds** to the interbank market in South Africa.

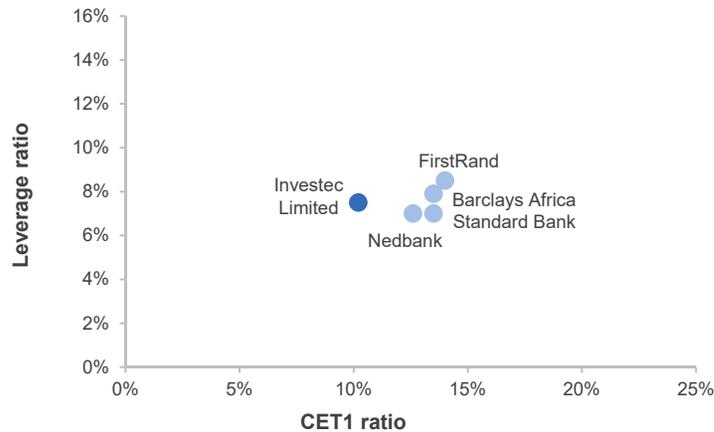
Liquidity: regulatory liquidity coverage ratio



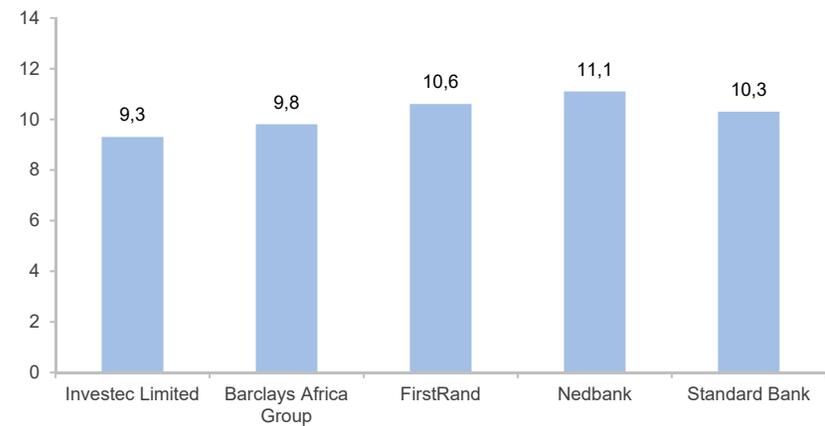
Asset quality ratios



Capital ratios



Gearing ratio



*Source: Latest company interim / annual and quarterly results

[^]LCR ratio is published at bank level

Peer group companies

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 been 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 total tier 1 capital (according to regulatory definitions) divided by total assets (exposure measure). This ratio effectively assumes 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 2018

Investec Limited

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

Investec plc

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

The 10 largest shareholders account for 51.2% and 50.3% 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/about-investec/investor-relations.html
- Or contact the investor relations team:
 - Telephone
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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

Asset management and wealth management		Specialist banking		
ASSET MANAGEMENT	WEALTH & INVESTMENT	PRIVATE BANKING ACTIVITIES	INVESTMENT ACTIVITIES	CORPORATE & INSTITUTIONAL BANKING ACTIVITIES
<ul style="list-style-type: none"> Equities Fixed income Multi Asset Alternatives 	<ul style="list-style-type: none"> Portfolio management Stockbroking Alternative investments Investment advisory services Electronic trading services Retirement portfolios 	<ul style="list-style-type: none"> Transactional banking and foreign exchange Lending Deposits Investments 	<ul style="list-style-type: none"> Principal investments Property investment fund management 	<ul style="list-style-type: none"> Treasury and trading services Specialised lending, funds and debt capital markets Institutional research, sales and trading Advisory
<ul style="list-style-type: none"> Africa Americas Asia Pacific Europe UK 	<ul style="list-style-type: none"> Southern Africa Hong Kong UK and Europe 	<ul style="list-style-type: none"> Southern Africa UK and Europe 	<ul style="list-style-type: none"> Australia Hong Kong Southern Africa UK and Europe 	<ul style="list-style-type: none"> Australia Hong Kong India Southern Africa UK and Europe USA
GROUP SERVICES AND OTHER ACTIVITIES				
- Central Services			- Central Funding	

Summary year end results: salient financial features

Investec Group consolidated results	31 March 2018	31 March 2017	% change
Income statement			
Operating profit before tax* (£'000)	607 505	599 121	1.4%
Adjusted earnings attributable to ordinary shareholders^ (£'000)	491 062	434 504	13.0%
Cost to income ratio	66.9%	66.3%	
Return on average adjusted shareholders' equity (post tax)	12.1%	12.5%	
Return on average adjusted tangible shareholders' equity (post tax)	13.7%	14.5%	
Return on risk-weighted assets	1.45%	1.45%	
Recurring income as a % of operating income	76.2%	72.0%	
Balance sheet			
Total capital resources (including subordinated liabilities) (£'million)	6 911	6 211	11.3%
Total shareholders' equity (including preference shares and non-controlling interests) (£'million)	5 428	4 809	12.9%
Total assets (£'million)	57 617	53 535	7.6%
Net core loans and advances to customers (£'million)	25 132	22 707	10.7%
Cash and near cash balances (£'million)	12 825	12 038	6.5%
Customer accounts (deposits) (£'million)	30 987	29 109	6.5%
Third party assets under management (£'million)	160 576	150 735	6.5%
Capital adequacy ratio: Investec plc	15.4%	15.1%	
Capital adequacy tier 1 ratio: Investec plc	12.9%	11.5%	
Capital adequacy ratio: Investec Limited	14.6%	14.1%	
Capital adequacy tier 1 ratio: Investec Limited	11.0%	10.7%	
Credit loss ratio (core income statement impairment charge as a % of average gross core loans and advances)	0.61%	0.54%	
Defaults (net of impairments and before collateral) as a % of net core loans and advances to customers	1.17%	1.22%	
Gearing ratio (assets excluding assurance assets to total equity)	9.1x	9.5x	
Core loans to equity ratio	4.6x	4.7x	
Loans and advances to customers as a % of customer deposits	79.6%	76.2%	

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

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

Summary of year end results: salient financial features

Investec Group consolidated results	31 March 2018	31 March 2017	% change
Salient financial features and key statistics			
Adjusted earnings per share (pence)	53.2	48.3	10.1%
Net tangible asset value per share (pence)	401.5	377.0	6.5%
Weighted number of ordinary shares in issues (million)	923.5	900.4	2.6%
Total number of shares in issue (million)	980.6	958.3	2.3%
Closing share price (pence)	550	544	1.1%
Market capitalisation (£'million)	5 393	5 213	3.5%
Number of employees in the group (including temps and contractors)	10 146	9 716	4.4%
Closing ZAR: £ exchange rate	16.62	16.77	0.9%
Average ZAR: £ exchange rate	17.21	18.42	6.6%

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

Investec Group consolidated results	Actual as reported Year to 31 March 2018	Actual as reported Year to 31 March 2017	Actual as reported % change	Neutral currency^ Year to 31 March 2018	Neutral currency % change
Operating profit before tax* (£'million)	608	599	1.4%	578	(3.5%)
Earnings attributable to shareholders (£'million)	506	442	14.3%	478	8.1%
Adjusted earnings attributable to shareholders** (£'million)	491	435	13.0%	465	6.9%
Adjusted earnings per share** (pence)	53.2	48.3	10.1%	50.3	4.1%

Investec Group consolidated results	Actual as reported at 31 March 2018	Actual as reported at 31 March 2017	Actual as reported % change	Neutral currency^ at 31 March 2018	Neutral currency % change
Net tangible asset value per share (pence)	401.5	377.0	6.5%	403.0	6.9%
Total shareholders' equity (£'million)	5 428	4 809	12.9%	5 403	12.4%
Total assets (£'million)	57 617	53 535	7.6%	57 288	7.0%
Net core loans and advances to customers (£'million)	25 132	22 707	10.7%	24 995	10.1%
Cash and near cash balances (£'million)	12 825	12 038	6.5%	12 763	6.0%
Customer accounts (deposits) (£'million)	30 987	29 109	6.5%	30 814	5.9%
Third party assets under management (£'million)	160 576	150 735	6.5%	160 138	6.2%

*Before goodwill, acquired intangibles, non-operating items and after other non-controlling interests. **Before goodwill, acquired intangibles, non-operating items and non-controlling interests. ^ For income statement items we have used the average Rand: Pounds Sterling exchange rate that was applied in the prior year, i.e. 18.42. For balance sheet items we have assumed that the Rand: Pounds Sterling closing exchange rate has remained neutral since 31 March 2017.



Investec Limited Appendices

Investec Limited: salient financial features

	Year to 31 March 2018	Year to 31 March 2017	% change
Total operating income before impairment losses on loans and advances (R'million)	18 217	17 659	3.2%
Operating costs (R'million)	9 619	9 238	4.1%
Profit before taxation (R'million)	7 869	7 762	1.4%
Headline earnings attributable to ordinary shareholders (R'million)	5 490	4 350	26.2%
Cost to income ratio	52.8%	52.3%	
Total capital resources (including subordinated liabilities) (R'million)	66 292	60 376	9.8%
Total shareholder's equity (R'million)	51 279	46 571	10.1%
Total assets (R'million)	617 710	586 432	5.3%
Net core loans and advances (R'million)	256 702	236 225	8.7%
Customer accounts (deposits) (R'million)	321 823	303 470	6.0%
Cash and near cash balances (R'million)	116 533	117 586	(0.9%)
Capital adequacy ratio (current)	14.6%	14.1%	
Tier 1 ratio (current)	11.0%	10.7%	
Common equity tier 1 ratio (current)	10.2%	9.9%	
Leverage ratio (current)	7.5%	7.3%	
Defaults (net of impairments) as a % of net core loans and advances	0.56%	1.02%	
Credit loss ratio (i.e. income statement impairment charge as a % of average core loans and advances)	0.28%	0.29%	
Total gearing ratio (i.e. total assets excluding intergroup loans to equity)	9.3x	9.8x	
Loans and advances to customers: customer accounts (deposits)	77.4%	75.0%	

Investec Limited: income statement

R'million	Year to 31 March 2018	Year to 31 March 2017
Interest income	32 509	30 349
Interest expense	(25 240)	(23 242)
Net interest income	7 269	7 107
Fee and commission income	9 245	8 988
Fee and commission expense	(459)	(491)
Investment income	1 000	1 248
Share of post taxation operating profit / (loss) of associates	777	306
Trading income arising from		
- customer flow	414	492
- balance sheet management and other trading activities	(41)	4
Other operating income	12	5
Total operating income before impairment losses on loans and advances	18 217	17 659
Impairment losses on loans and advances	(729)	(659)
Operating income	17 488	17 000
Operating costs	(9 619)	(9 238)
Operating profit before acquired intangibles	7 869	7 762
Impairment of goodwill	-	(26)
Amortisation of acquired intangibles	(51)	(51)
Operating Profit	7 818	7 685
Additional costs on acquisition of subsidiary	(100)	-
Profit before taxation	7 718	7 685
Taxation on operating profit before acquired intangibles	(367)	(1 440)
Taxation on acquired intangibles	14	14
Profit after taxation	7 365	6 259

*Share of post taxation operating profit / (loss) of associates has been shown separately from other operating income in the current period.

Investec Limited: balance sheet

R'million	31 March 2018	31 March 2017
Assets		
Cash and balances at central banks	9 187	8 353
Loans and advances to banks	19 620	35 026
Non-sovereign and non-bank cash placements	9 993	8 993
Reverse repurchase agreements and cash collateral on securities borrowed	24 217	30 567
Sovereign debt securities	62 403	47 822
Bank debt securities	7 965	7 758
Other debt securities	10 390	12 028
Derivative financial instruments	12 563	9 842
Securities arising from trading activities	12 289	14 320
Investment portfolio	6 928	6 502
Loans and advances to customers	249 072	227 552
Own originated loans and advances to customers securitised	7 630	8 673
Other loans and advances	265	310
Other securitised assets	299	173
Interests in associated undertakings	6 495	5 514
Deferred taxation assets	983	738
Other assets	13 305	12 040
Property and equipment	2 973	762
Investment properties	19 439	18 688
Goodwill	211	211
Intangible assets	412	508
Non-current assets classified as held for sale	-	456
	476 639	456 836
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	141 071	129 596
	617 710	586 432

Investec Limited: balance sheet cont...

R'million	31 March 2018	31 March 2017
Liabilities		
Deposits by banks	27 793	35 433
Derivative financial instruments	15 907	12 558
Other trading liabilities	14 238	14 134
Repurchase agreements and cash collateral on securities lent	8 395	7 825
Customer accounts (deposits)	321 823	303 470
Debt securities in issue	6 885	8 938
Liabilities arising on securitisation of own originated loans and advances	2 274	1 511
Current taxation liabilities	551	1 413
Deferred taxation liabilities	171	238
Other liabilities	12 310	10 940
	410 347	396 460
Liabilities to customers under investment contracts	141 013	129 554
Insurance liabilities, including unit-linked liabilities	58	42
	551 418	526 056
Subordinated liabilities	15 013	13 805
	566 431	539 861
Equity		
Ordinary share capital	1	1
Share premium	12 820	11 895
Treasury shares	(1 552)	(1 189)
Other reserves	1 125	1 748
Retained income	26 948	23 045
Shareholders' equity excluding non-controlling interests	39 342	35 500
Other Additional Tier 1 securities in issue	900	550
Non-controlling interests	11 037	10 521
- Perpetual preferred securities issued by subsidiaries	1 534	1 534
- Non controlling interests in partially held subsidiaries	9 503	8 987
Total equity	51 279	46 571
Total liabilities and shareholders' equity	617 710	586 432

Investec Limited: asset quality

R'million	31 March 2018	31 March 2017
Gross core loans and advances to customers	258 136	237 435
Total impairments	(1 434)	(1 210)
Portfolio impairments	(795)	(884)
Specific impairments	(639)	(326)
Net core loans and advances to customers	256 702	236 225
Average gross core loans and advances to customers	247 786	228 155
Current loans and advances to customers	253 868	232 902
Past due loans and advances to customers (1-60 days)	1 040	673
Special mention loans and advances to customers	367	244
Default loans and advances to customers	2 861	3 616
Gross core loans and advances to customers	258 136	237 435
Current loans and advances to customers	253 868	232 902
Default loans that are current and not impaired	214	132
Gross core loans and advances to customers that are past due but not impaired	2 185	1 936
Gross core loans and advances to customers that are impaired	1 869	2 465
Gross core loans and advances to customers	258 136	237 435
Total income statement charge for impairments on core loans and advances	(701)	(661)
Gross default loans and advances to customers	2 861	3 616
Specific impairments	(795)	(884)
Portfolio impairments	(639)	(326)
Defaults net of impairments	1 427	2 406
Collateral and other credit enhancements	3 552	4 343
Net default loans and advances to customers (limited to zero)	-	-
Ratios:		
Total impairments as a % of gross core loans and advances to customers	0.56%	0.51%
Total impairments as a % of gross default loans	50.12%	33.46%
Gross defaults as a % of gross core loans and advances to customers	1.11%	1.52%
Defaults (net of impairments) as a % of net core loans and advances to customers	0.56%	1.02%
Net defaults as a % of gross core loans and advances to customers	-	-
Credit loss ratio (i.e. income statement impairment charge as a % of average gross core loans and advances)	0.28%	0.29%

Investec Limited: capital adequacy

R'million	31 March 2018	31 March 2017
Tier 1 capital		
Shareholders' equity per balance sheet	39 342	35 500
Perpetual preference share capital and share premium	(3 183)	(3 183)
Non-controlling interests	-	-
Regulatory adjustments to the accounting basis	993	900
Deductions	(2 773)	(720)
Common equity tier 1 capital	34 379	32 497
Additional tier 1 capital before deductions	2 785	2 900
Additional tier 1 instruments	5 617	5 267
Phase out of non-qualifying additional tier 1 instruments	(2 830)	(2 359)
Non-qualifying surplus capital attributable to non-controlling interests	(72)	(69)
Non-controlling interest in non-banking entities	70	61
Tier 1 capital	37 164	35 397
Tier 2 capital		
Collective impairment allowances	635	321
Tier 2 instruments	15 013	13 805
Non-qualifying surplus capital attributable to non-controlling interests	(3 300)	(2 973)
Phase out of non-qualifying tier 2 instruments	-	-
Total tier 2 capital	12 348	11 153
Total regulatory capital	49 512	46 550
Capital requirements	37 656	35 454
Risk-weighted assets	388 484	329 808
Capital ratios		
Common equity tier 1 ratio	10.2%	9.9%
Tier 1 ratio	11.0%	10.7%
Total capital adequacy ratio	14.6%	14.1%
Leverage ratio	7.5%	7.3%

Legal disclaimer

IMPORTANT NOTICE

THE INFORMATION, STATEMENTS AND OPINIONS CONTAINED IN THIS DOCUMENT DO NOT CONSTITUTE A PUBLIC OFFER UNDER ANY APPLICABLE LEGISLATION OR AN OFFER TO SELL OR SOLICITATION OF ANY OFFER TO BUY ANY SECURITIES OR FINANCIAL INSTRUMENTS OR ANY ADVICE OR RECOMMENDATION WITH RESPECT TO SUCH SECURITIES OR OTHER FINANCIAL INSTRUMENTS.

FORWARD-LOOKING STATEMENTS

THIS DOCUMENT CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 21e OF THE US SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27a OF THE US SECURITIES ACT OF 1933, AS AMENDED, WITH RESPECT TO CERTAIN OF THE GROUP'S PLANS AND ITS CURRENT GOALS AND EXPECTATIONS RELATING TO ITS FUTURE FINANCIAL CONDITION AND PERFORMANCE. INVESTEC CAUTIONS READERS THAT NO FORWARD-LOOKING STATEMENT IS A GUARANTEE OF FUTURE PERFORMANCE AND THAT ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE CONTAINED IN THE FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS CAN BE IDENTIFIED BY THE FACT THAT THEY DO NOT RELATE ONLY TO HISTORICAL OR CURRENT FACTS. FORWARD-LOOKING STATEMENTS SOMETIMES USE WORDS SUCH AS "may", "will", "seek", "continue", "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe" OR OTHER WORDS OF SIMILAR MEANING. EXAMPLES OF FORWARD-LOOKING STATEMENTS INCLUDE, AMONG OTHERS, STATEMENTS REGARDING THE GROUP'S FUTURE FINANCIAL POSITION, INCOME GROWTH, ASSETS, IMPAIRMENT CHARGES, BUSINESS STRATEGY, CAPITAL RATIOS, LEVERAGE, PAYMENT OF DIVIDENDS, PROJECTED LEVELS OF GROWTH IN THE BANKING AND FINANCIAL MARKETS, PROJECTED COSTS, ESTIMATES OF CAPITAL EXPENDITURES AND PLANS AND OBJECTIVES FOR FUTURE OPERATIONS AND OTHER STATEMENTS THAT ARE NOT HISTORICAL FACT. BY THEIR NATURE, FORWARD-LOOKING STATEMENTS INVOLVE RISK AND UNCERTAINTY BECAUSE THEY RELATE TO FUTURE EVENTS AND CIRCUMSTANCES, INCLUDING, BUT NOT LIMITED TO, UK DOMESTIC, EUROZONE AND GLOBAL ECONOMIC AND BUSINESS CONDITIONS, THE EFFECTS OF CONTINUED VOLATILITY IN CREDIT MARKETS, MARKET RELATED RISKS SUCH AS CHANGES IN INTEREST RATES AND EXCHANGE RATES, EFFECTS OF CHANGES IN VALUATION OF CREDIT MARKET EXPOSURES, CHANGES IN VALUATION OF ISSUED NOTES, THE POLICIES AND ACTIONS OF GOVERNMENTAL AND REGULATORY AUTHORITIES (INCLUDING REQUIREMENTS REGARDING CAPITAL AND GROUP STRUCTURES AND THE POTENTIAL FOR ONE OR MORE COUNTRIES EXITING THE EURO), CHANGES IN LEGISLATION, THE FURTHER DEVELOPMENT OF STANDARDS AND INTERPRETATIONS UNDER IFRS APPLICABLE TO PAST, CURRENT AND FUTURE PERIODS, EVOLVING PRACTICES WITH REGARD TO THE INTERPRETATION AND APPLICATION OF STANDARDS UNDER IFRS, THE OUTCOME OF CURRENT AND FUTURE LITIGATION, THE SUCCESS OF FUTURE ACQUISITIONS AND OTHER STRATEGIC TRANSACTIONS AND THE IMPACT OF COMPETITION – A NUMBER OF SUCH FACTORS BEING BEYOND THE GROUP'S CONTROL. AS A RESULT, THE GROUP'S ACTUAL FUTURE RESULTS MAY DIFFER MATERIALLY FROM THE PLANS, GOALS, AND EXPECTATIONS SET FORTH IN THE GROUP'S FORWARD-LOOKING STATEMENTS.