

Out of the Ordinary®

 **Investec**

Specialist Bank



An introduction to Investec

The information in this presentation relates to the year ending 31 Mar 2018, unless otherwise indicated.

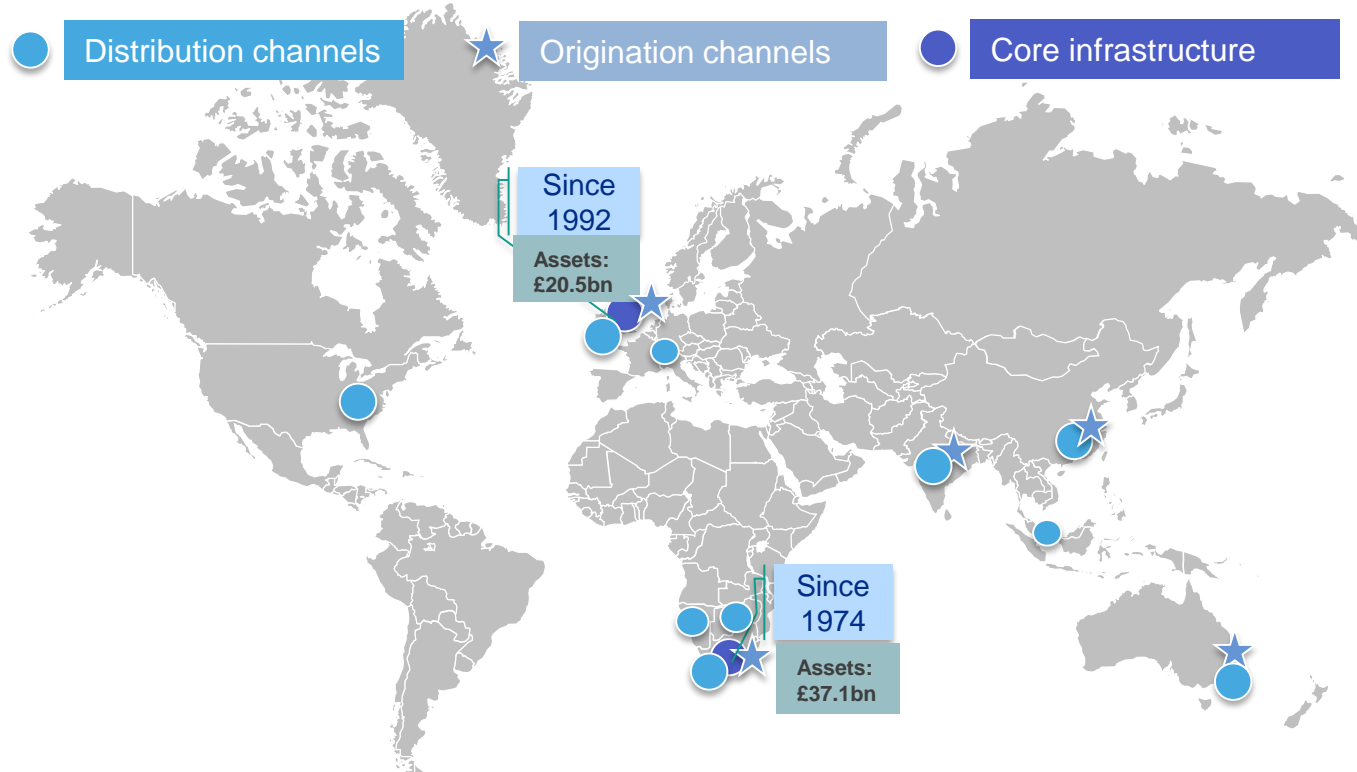


An overview of the Investec Group

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 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[^]

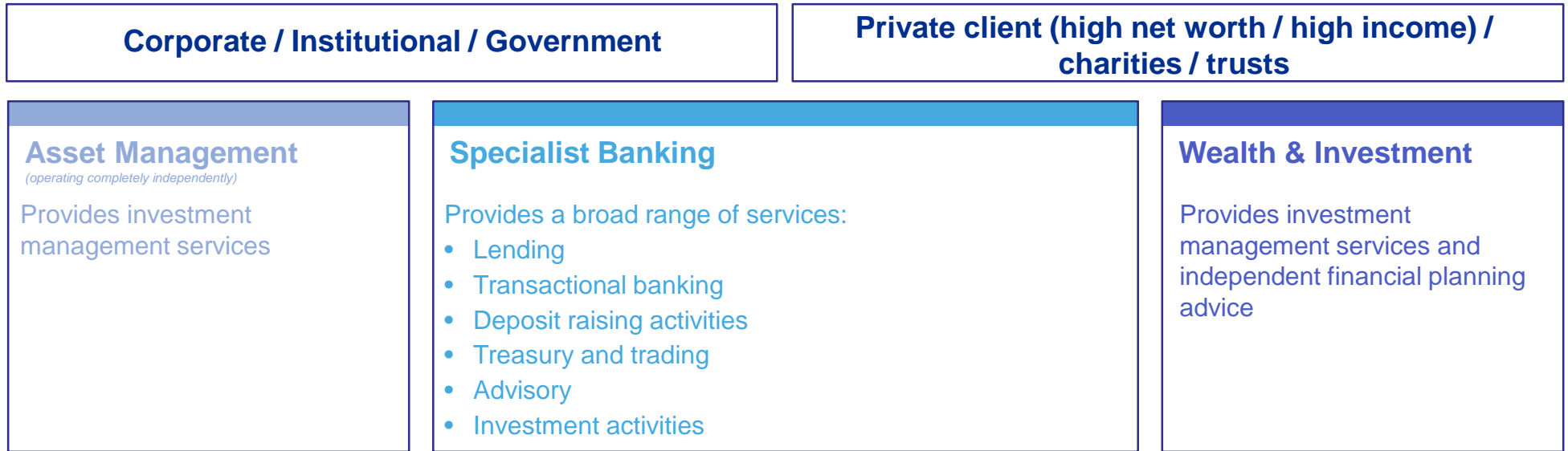


*Including preference shares and non-controlling interests.

[^]At 31 March 2018.

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*

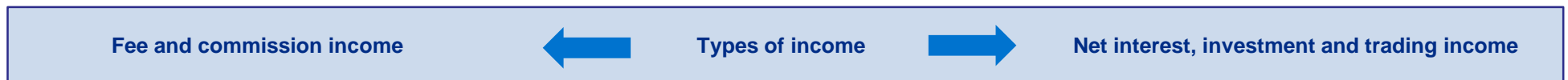
- Asset management
- Wealth management
- Advisory services
- Transactional banking services
- Property and other funds

Capital intensive activities



Contributed to group income*

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



*At 31 March 2018

We have a distinctive investment offering

- Clients are at the core of our business
- Building business depth by deepening existing client relationships
- High level of service by being nimble, flexible and innovative



- 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

- 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, entrepreneurial culture that stimulates extraordinary performance
- Passionate and talented people who are empowered and committed
- Depth of leadership
- Stable management team
- Strong risk awareness
- Employee ownership

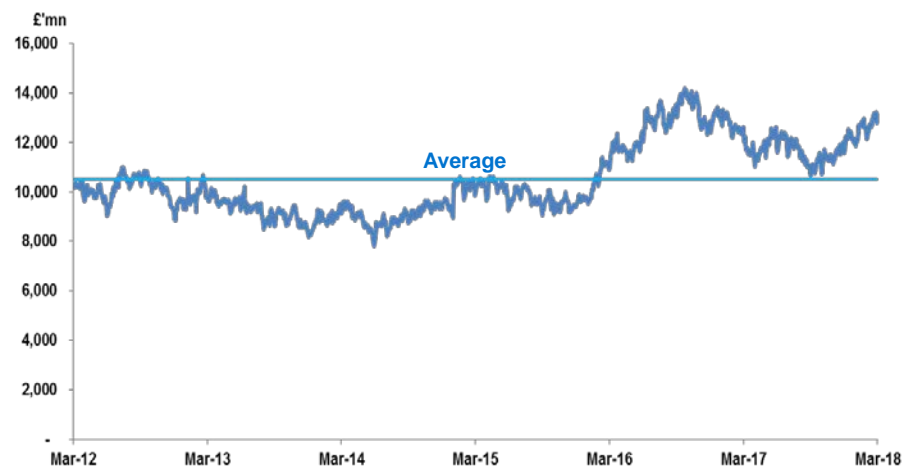
Resulting in a quality scalable global business

We continue to have a sound balance sheet

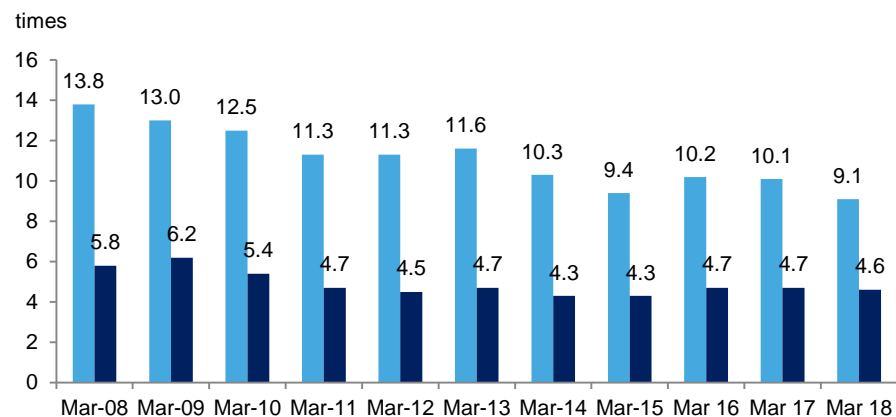
Key operating fundamentals

- 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 2018 was £12.8bn
- 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



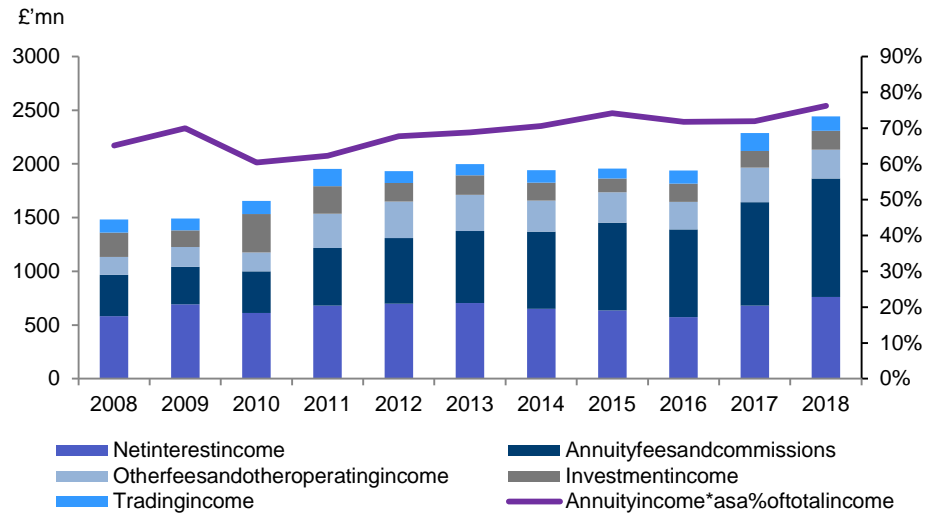
Low gearing ratios



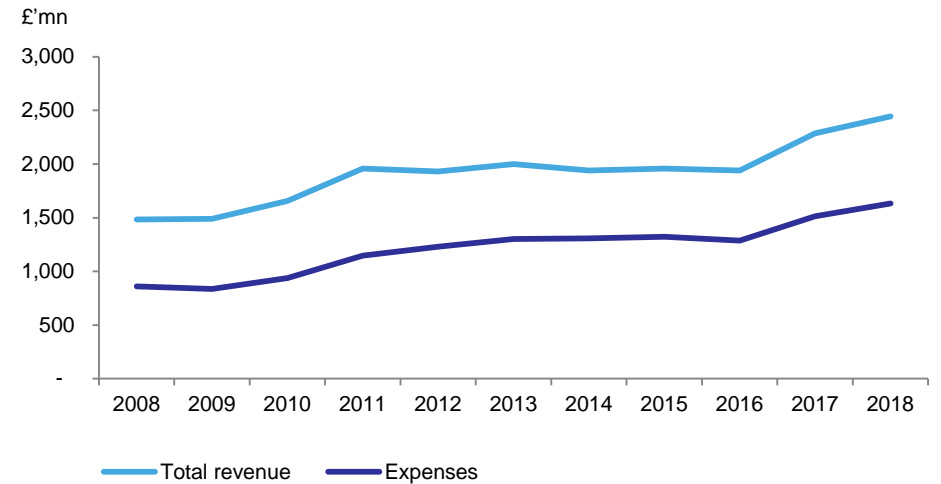
■ Gearing ratio (assets excluding assurance assets to total equity) ■ Core loans to equity ratio

We have a sound track record

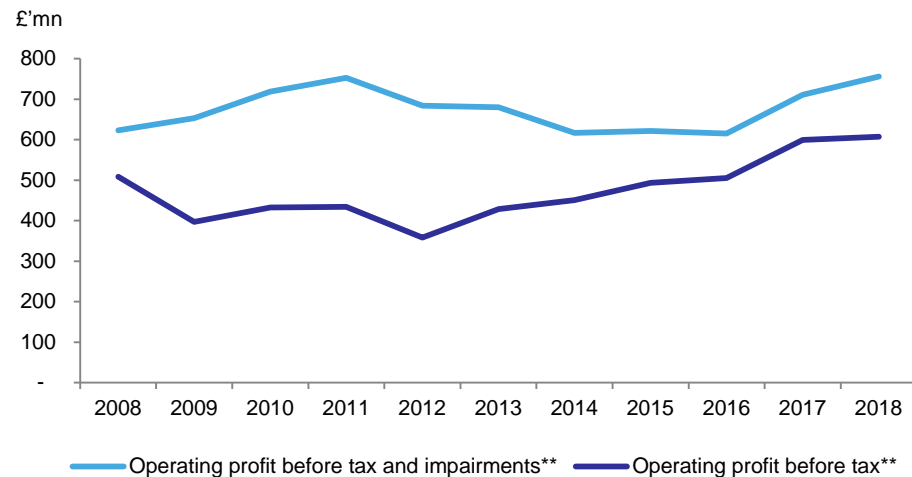
Recurring income



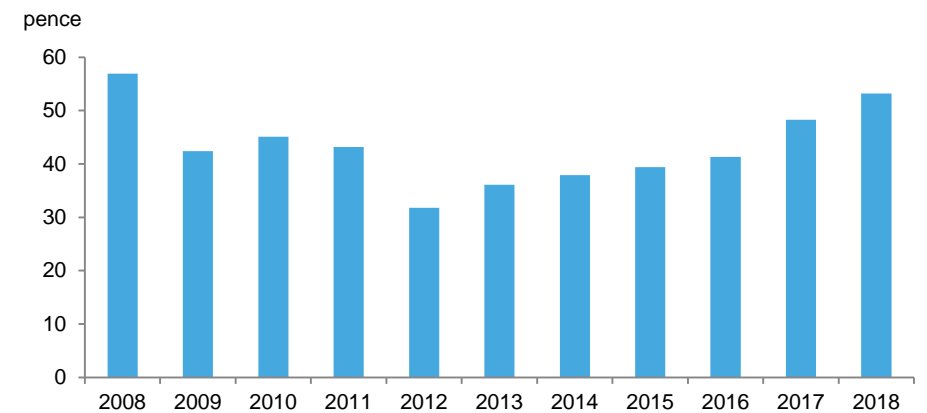
Revenue versus expenses



Operating profit before tax** and impairments



Adjusted EPS^



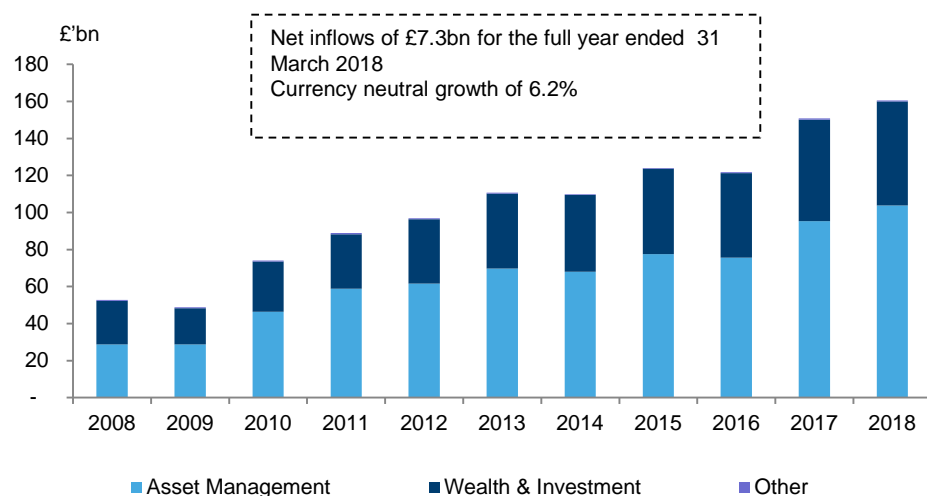
*Where annuity income is net interest income and annuity fees.

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

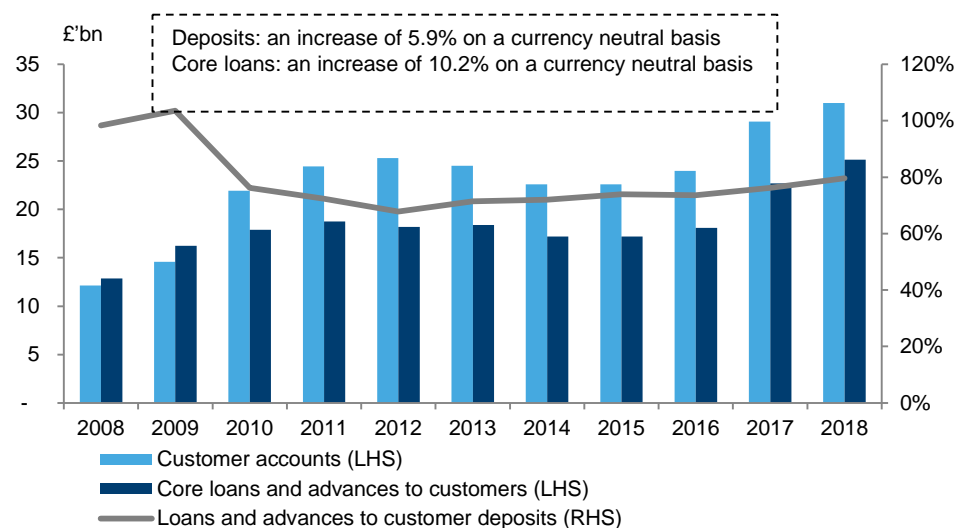
^Where Adjusted EPS is earnings per share before goodwill, acquired intangibles and non-operating items.

We have a sound track record

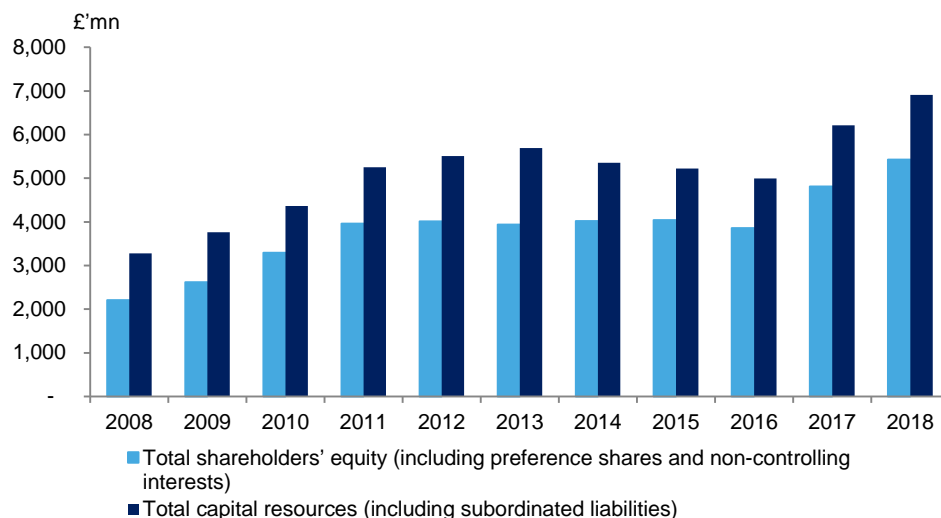
Third party assets under management



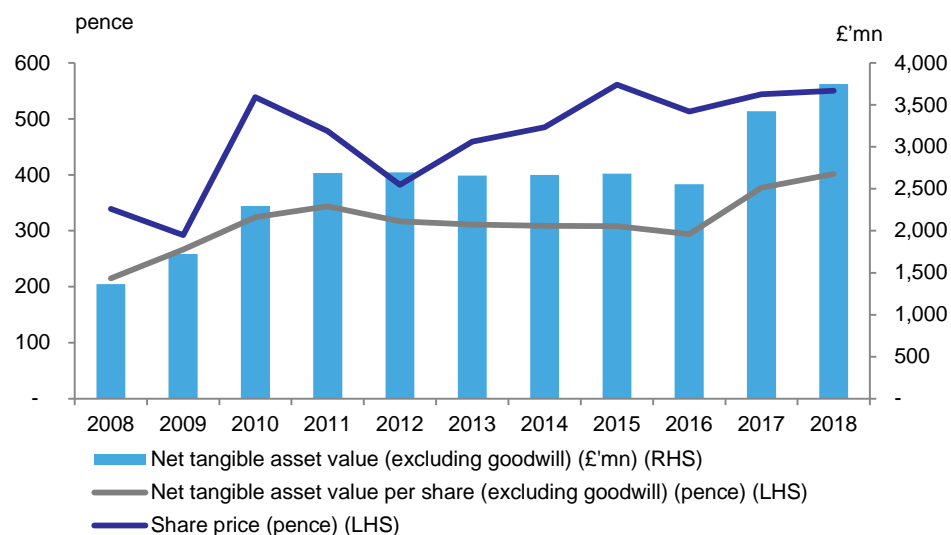
Core loans and advances and deposits



Total shareholders' equity and capital resources



Net tangible asset value



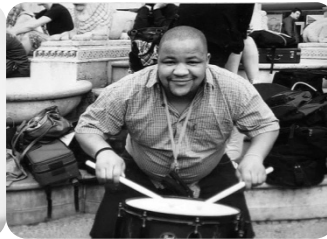
Results are shown for the year-ended 31 March, unless otherwise indicated.

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 2018.

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 2018	Year to 31 Mar 2017	% change**
Income statement			
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	491,062	434,504	13.0%
Operating profit* (£'000)	607,505	599,121	1.4%
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 (including own originated securitised assets) (£'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%	
Selected ratios and other information			
Adjusted earnings per share^ (pence)	53.2	48.3	10.1%
Net tangible asset value per share (pence)	401.5	377.0	6.5%
Dividends per share (pence)	24.0	23.0	
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%	
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%

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

Results in Pounds Sterling					
	Actual as reported At 31 March 2018	Actual as reported At 31 March 2017	Actual as reported % change	Neutral currency At 31 March 2018 [^]	Neutral currency % change
Net 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 after non-controlling interests.

[^] For income statement items we have used the average Rand: Pounds Sterling exchange rate that was applied in the prior year, i.e. 18.42. For balance sheet items we have assumed that the Rand: Pounds Sterling closing exchange rate has remained neutral since 31 March 2017.

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>Asset Management</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>Wealth & Investment</p> <ul style="list-style-type: none">• Continue to develop the digital channel and enhance Click & Invest offering• Continued coordination of capabilities across businesses	<p>Specialist Banking</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

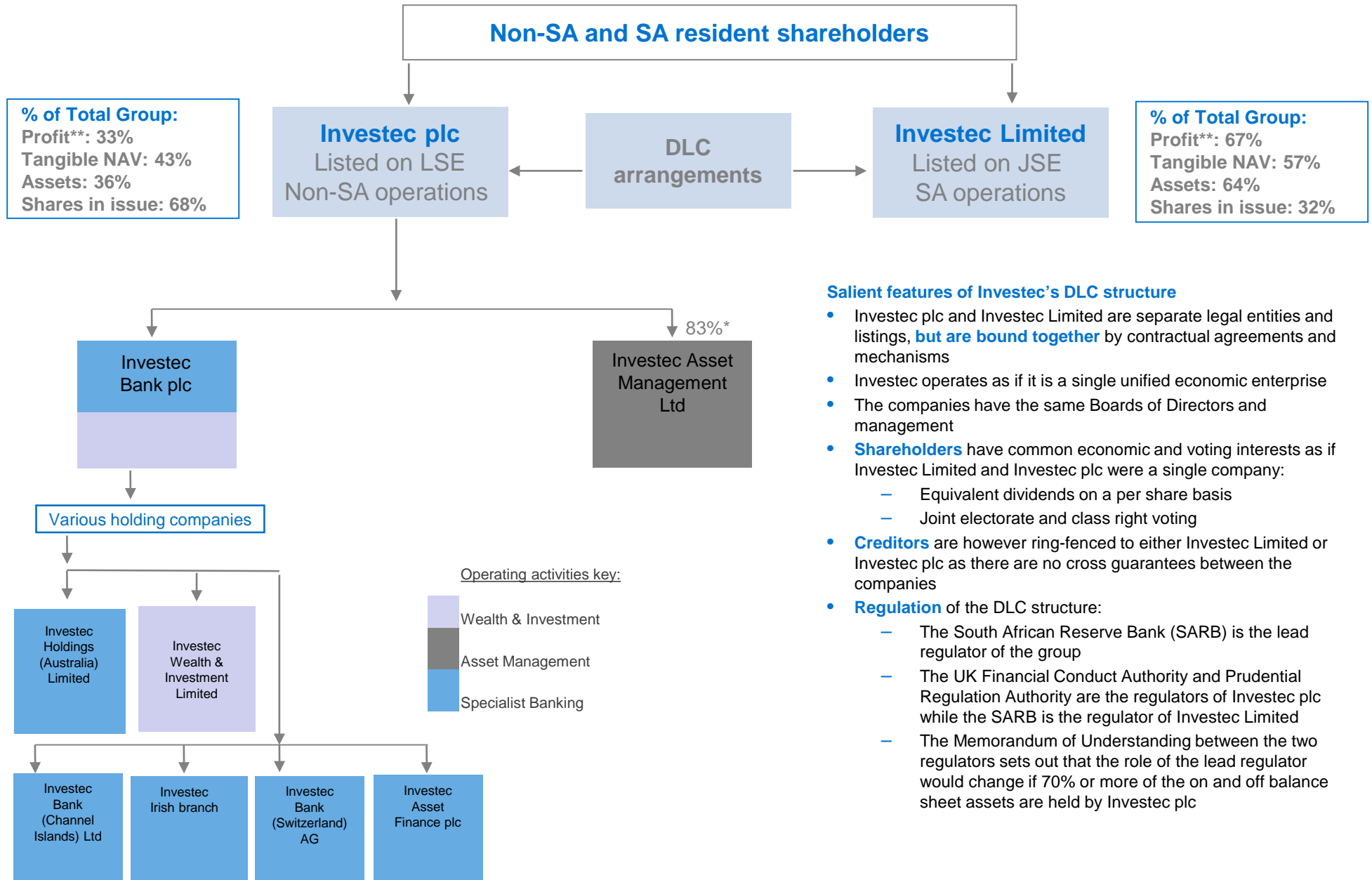


An overview of Investec plc

Overview of Investec plc

- The Investec group implemented a Dual Listed Companies Structure in July 2002, in terms of which its non-South African subsidiaries were listed on the London Stock Exchange
- Investec plc is the **holding company** of the majority of the Investec group's non-Southern African operations
- Investec plc is a FTSE 250 company, and also has a secondary listing on the Johannesburg Stock Exchange
- **Total assets of £20.6bn and total shareholders' equity of £2.3bn**
- Regulated by the Prudential Regulation Authority and the Financial Conduct Authority
- Follows the same strategic approach as the greater Investec group
- Investec plc operates as a specialist bank and asset manager, principally in the UK
- We have a number of other distribution and origination channels which support our underlying core businesses for example in Australia, Channel Islands, Hong Kong, India, Ireland, Singapore, Switzerland, Taiwan and the USA.
- The three principal business units of Investec plc are:
 - Asset Management
 - Wealth & Investment
 - Specialist Banking

Investec plc: organisational structure as at 31 March 2018



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.

*17% is held by senior management in the company (31 March 2017: 16%)

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



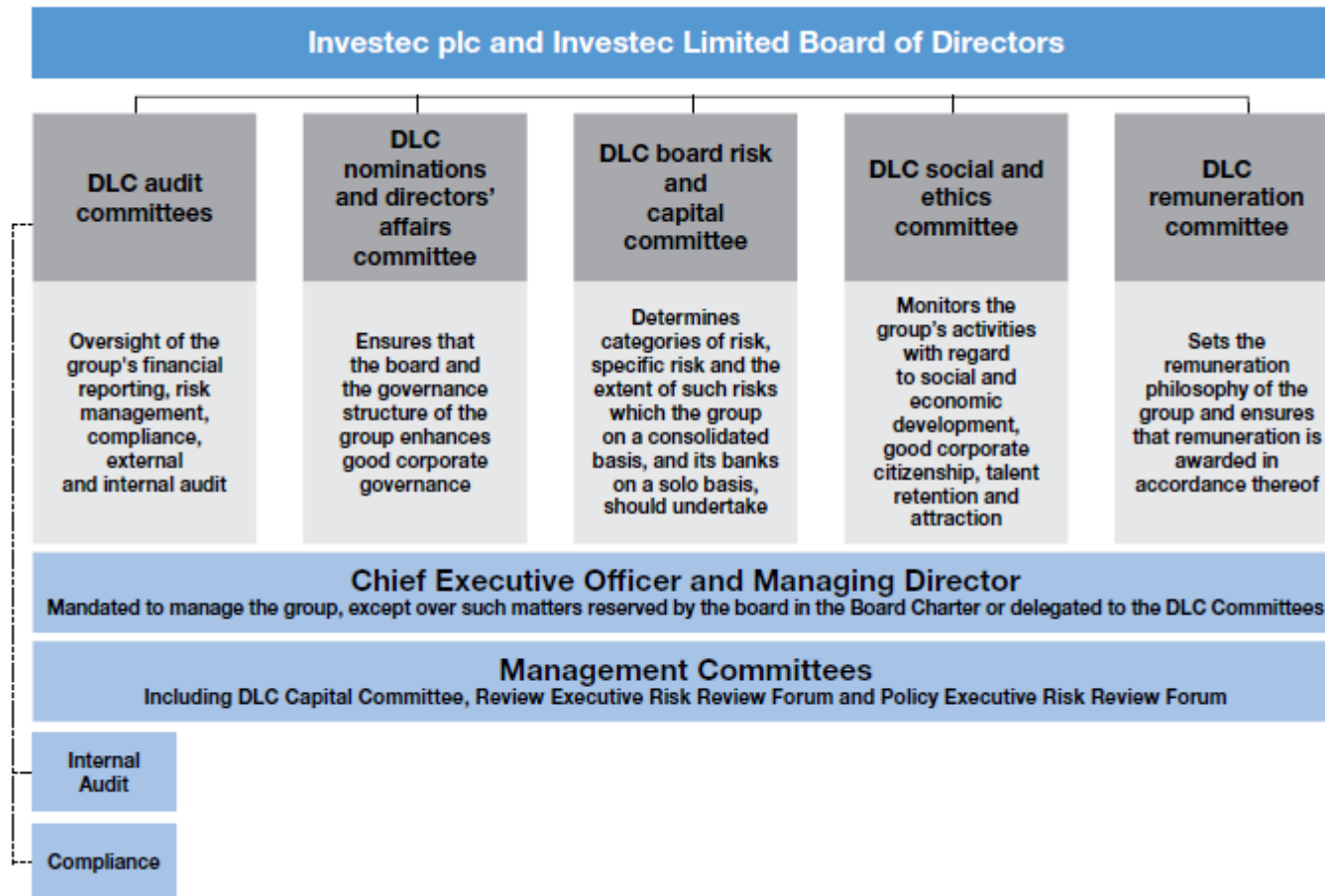
**Investec plc:
sound balance sheet and
operating fundamentals**

Investec plc: sound balance sheet and operating fundamentals

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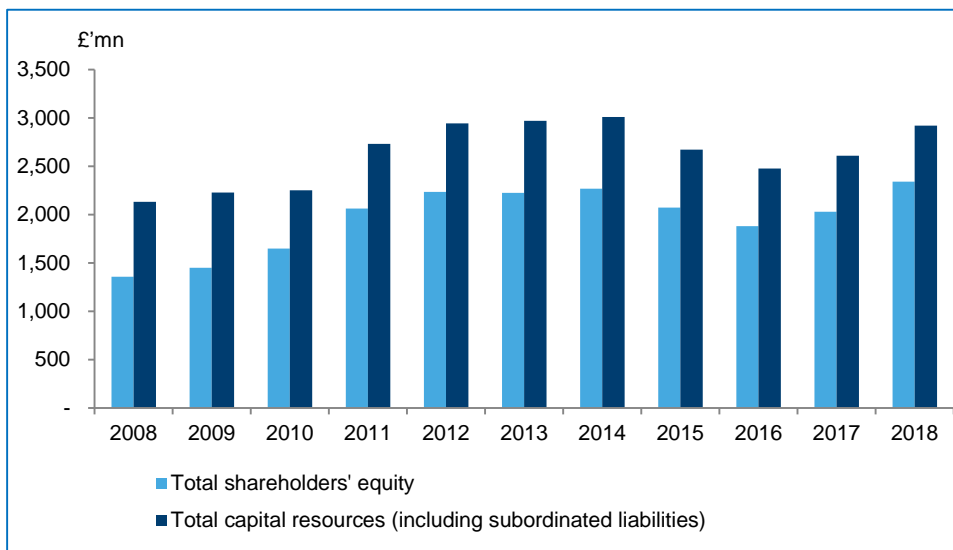
- Senior management “hands-on” culture
- Board, executives and management are intimately involved in the risk management process
- Risk awareness, control and compliance are embedded in our day-to-day activities

Risk and governance framework

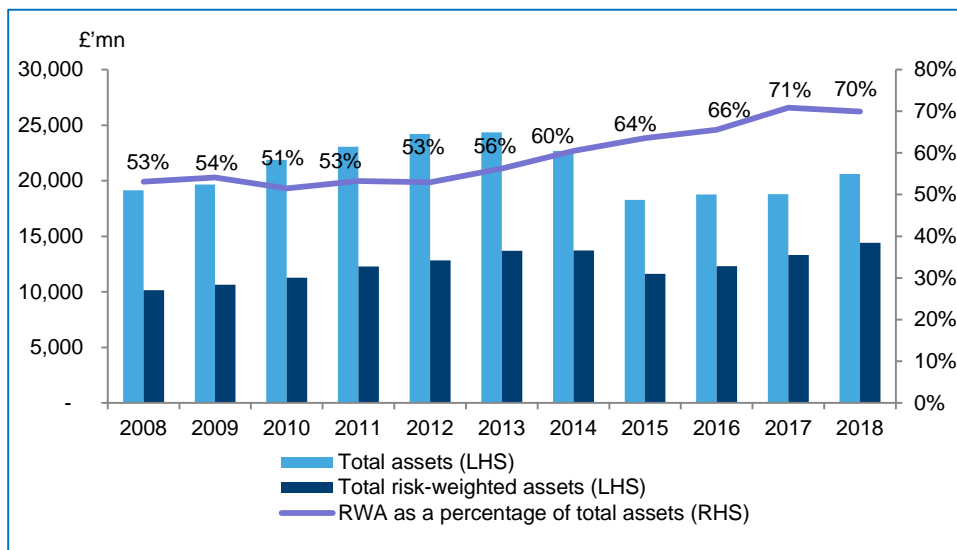


Investec plc: sound capital base and capital ratios

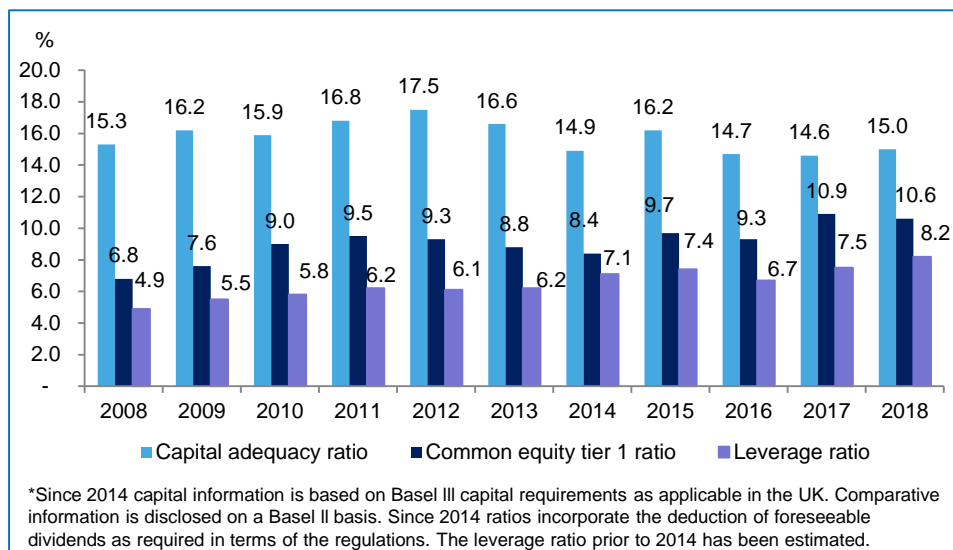
Total capital



Total risk-weighted assets



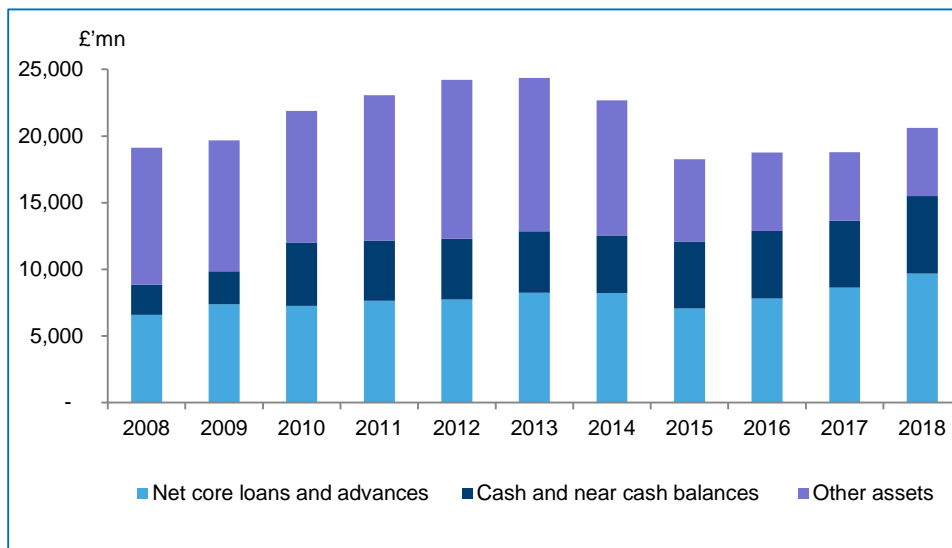
Basel capital ratios*



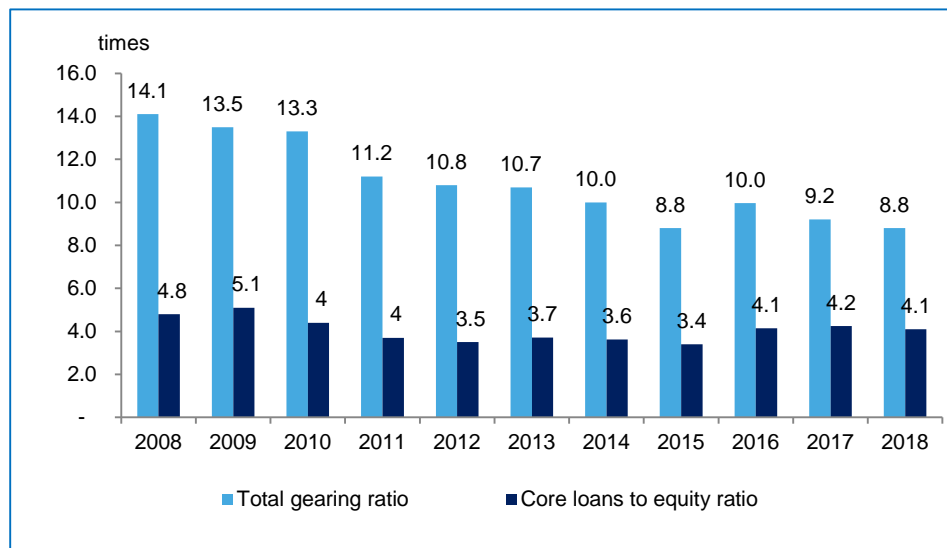
- Investec has always held capital in excess of regulatory requirements and the group intends to perpetuate this philosophy and ensure that it remains well capitalised
- Capital adequacy targets:
 - Common equity tier 1 target: above 10% (31 March 2018: 10.6%)
 - Total CAR target: 14% – 17% (31 March 2018: 15.0%)
- 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 c70% since 2008 to £2.3bn at 31 March 2018
- 31 March 2018: total capital adequacy ratio of 15.0% and common equity tier 1 ratio of 10.6%** (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 45bps higher)
- Our fully loaded Basel III common equity tier 1 ratio is estimated to be 10.6% and our fully loaded leverage ratio is 8.1%**

Investec plc: low gearing ratios

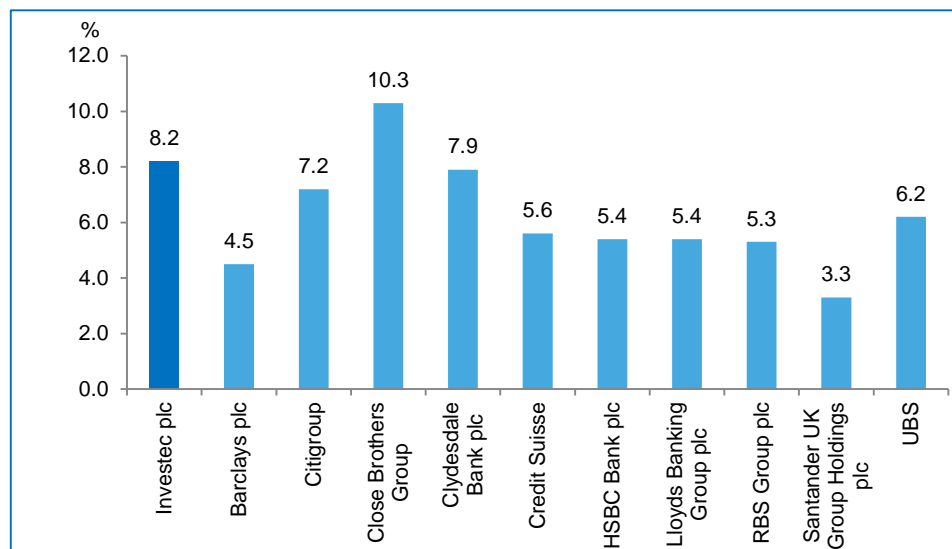
Total assets



Gearing



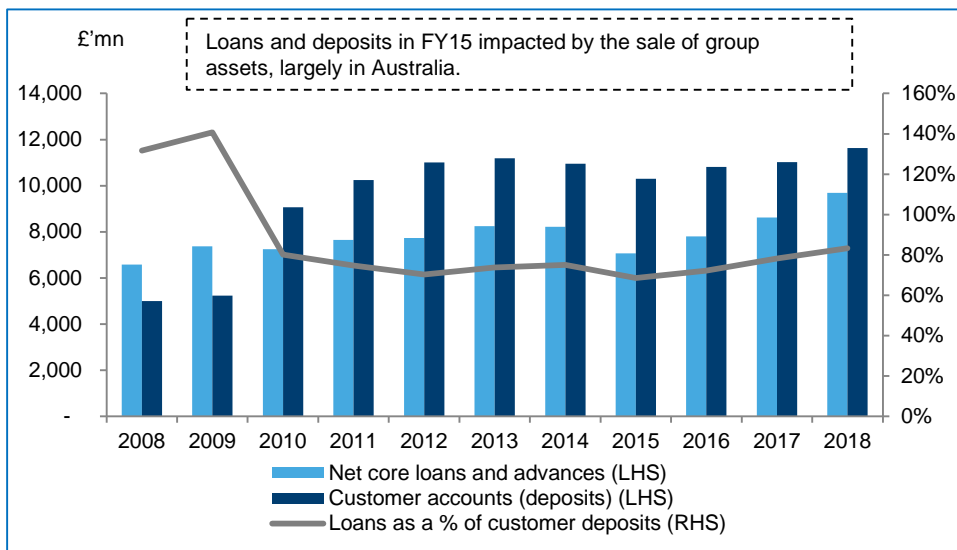
Regulatory leverage ratios - peer group comparisons



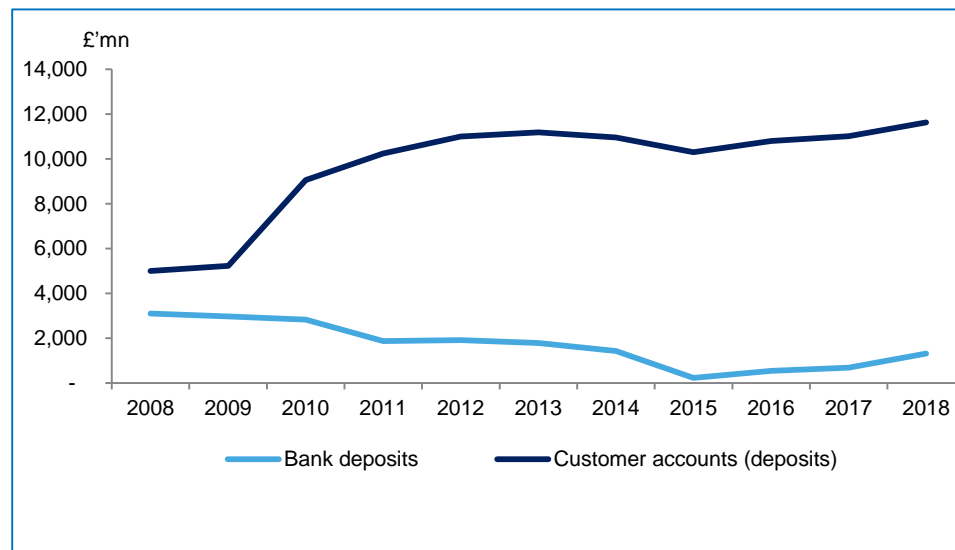
- Our core loans and advances have grown moderately over the past few years with the biggest increase in assets representing an increase in our cash and near cash balances which have grown by approximately 10% each year since 2008
- Total assets reduced during FY15 as a result of the group's strategic sales of certain businesses
- **We have maintained low gearing ratios with total gearing at 8.8x and an average of 10.9x since 2008**

Investec plc: surplus liquidity

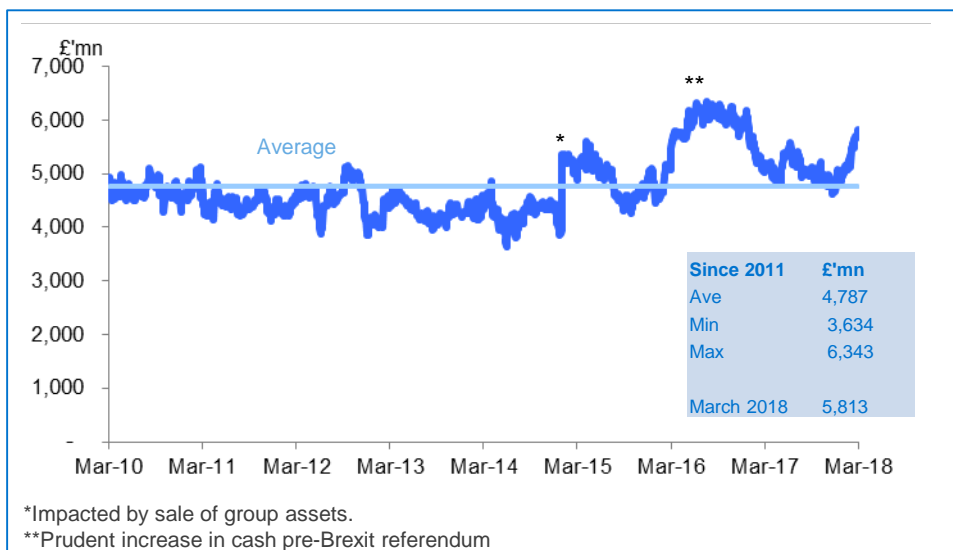
Total loans and deposits



Total deposits – increase in retail deposits



Cash and near cash balances

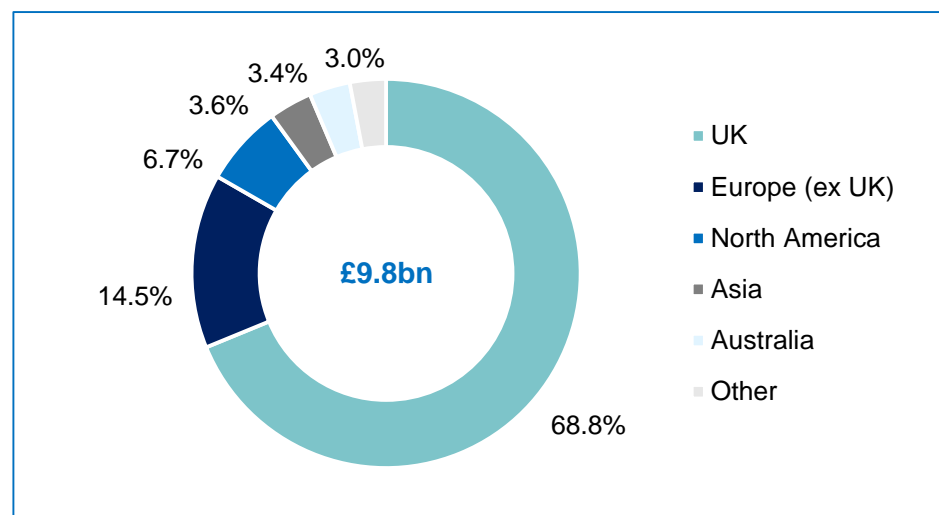


- We exceed Basel III liquidity requirements
- Customer deposits have grown by 133% (c.9% CAGR p.a.) since 2008 to £11.6bn at 31 March 2018
- We maintain a high level of readily available, high quality liquid assets – targeting a minimum cash to customer deposit ratio of 25%. These balances have increased significantly since 2008 to £5.8bn at 31 March 2018 (representing 50% of customer deposits)
- Advances as a percentage of customer deposits is at 83.2%
- 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 2018 was 306% for Investec plc.

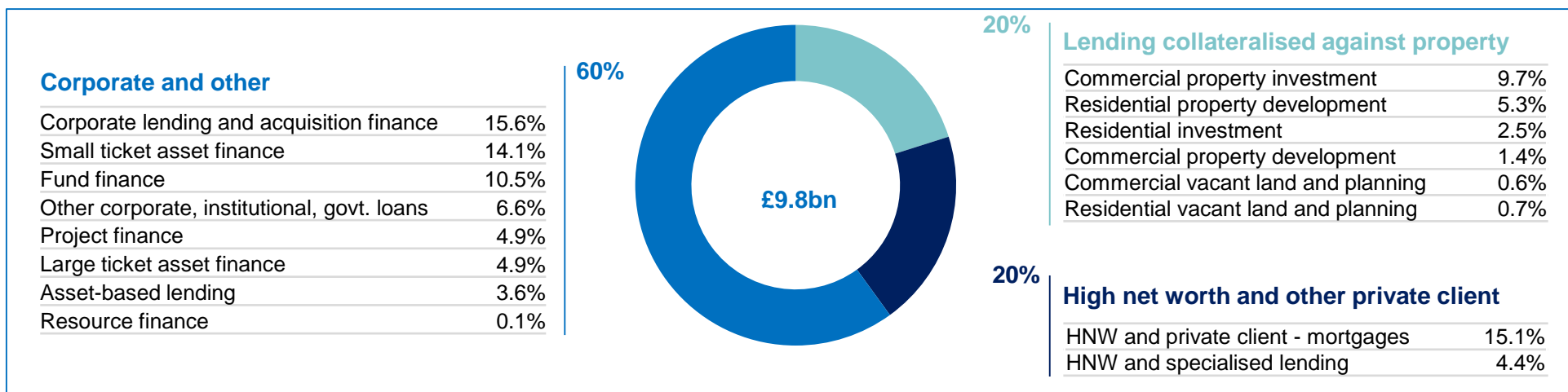
Investec plc: exposures in a select target market

- 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
- The majority of exposures reside **within the UK**
- We typically originate loans with the intent of holding these assets to maturity, thereby developing a 'hands-on' and long-standing relationship with our clients
- **Ongoing portfolio makes up 96.8% of net core loans**
- **Actively managing down UK legacy portfolio*** (3.2% of net core loans and advances at 31 Mar 2018) – for further details see slide 23

Gross core loans by country of exposure at 31 Mar 2018



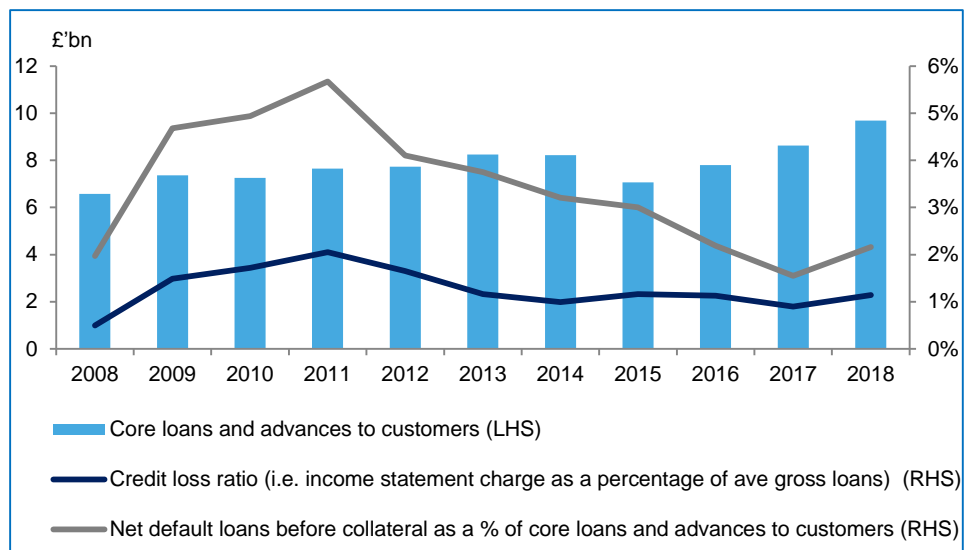
Gross core loans by risk category at 31 Mar 2018



*UK legacy assets are pre-2008 business with very low/negative margins and assets relating to discontinued business

Investec plc: core lending and asset quality

Core loans and asset quality

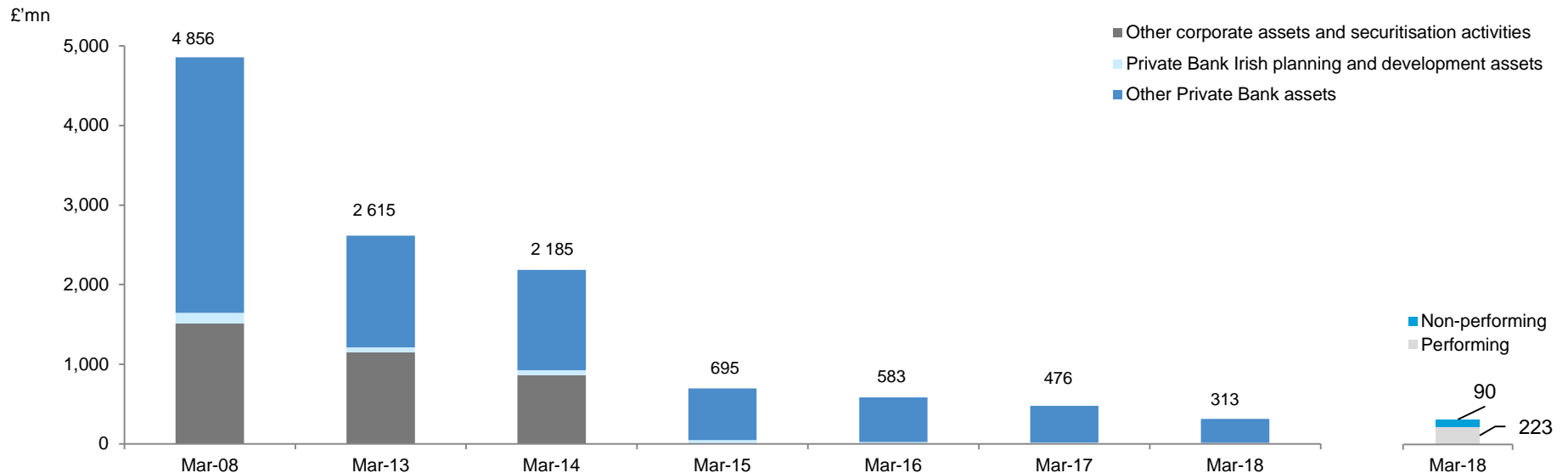


- **Credit quality on core loans and advances for the for the year ended 31 March 2018:**
- Impairments on loans and advances amounted to £106.1mn (2017: £75.0mn)
- The **credit loss charge** as a percentage of average gross core loans and advances amounted to 1.14% (31 March 2017: 0.90%)
- **The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounted to 2.16%** (31 March 2017: 1.55%)
- The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.40 times (31 March 2017: 1.44 times)

IBP: UK legacy portfolio

- Our UK legacy portfolio is pre-2008 business with very low/negative margins, and assets relating to discontinued business
- The group's legacy portfolio in the UK has continued to be actively managed down to £313mn (3.2% of net core loans and advances) at 31 March 2018 (31 March 2017: £476mn)
- The legacy business over the year reported a loss before taxation of £93.5mn for the year ended 31 March 2018 (31 March 2017: £64.6mn) reflecting an increase in impairments for accelerated exists anticipated to occur on certain legacy assets
- Total net defaults in the legacy book amount to £90mn (31 March 2017: £125mn)
- The remaining legacy portfolio will continue to be managed down

Total remaining UK legacy assets



Investec plc: low levels of market risk

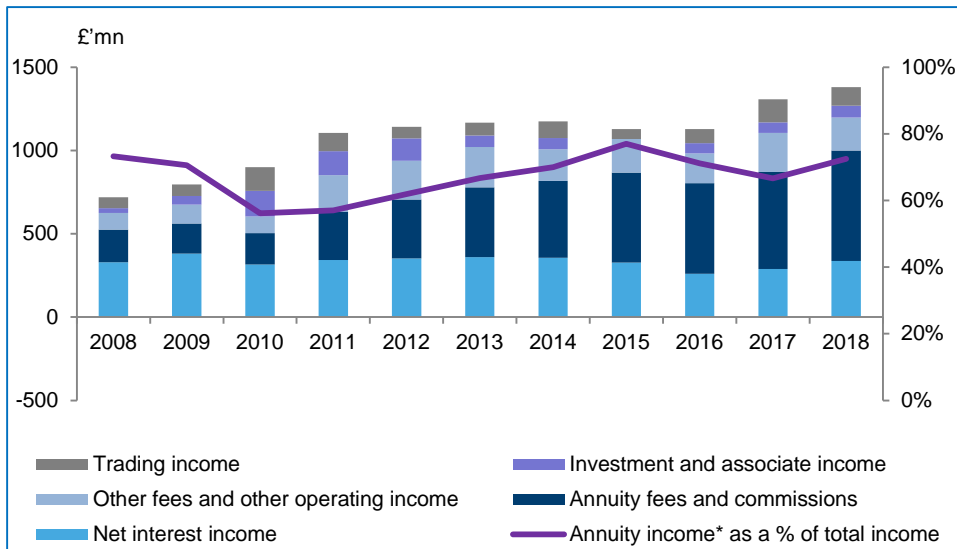
- Within our trading activities, we act as principal with clients or the market
- Market risk, therefore, exists where we have taken on principal positions, resulting from proprietary trading, market making, arbitrage, underwriting and investments in the commodity, foreign exchange, equity, capital and 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	UK and Other			
	95% (one-day)			
£'000	Period end	Average	High	Low
31 March 2018				
Equities	495	519	746	345
Foreign exchange	18	17	80	1
Interest rates	81	84	147	67
Consolidated*	502	509	740	311
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

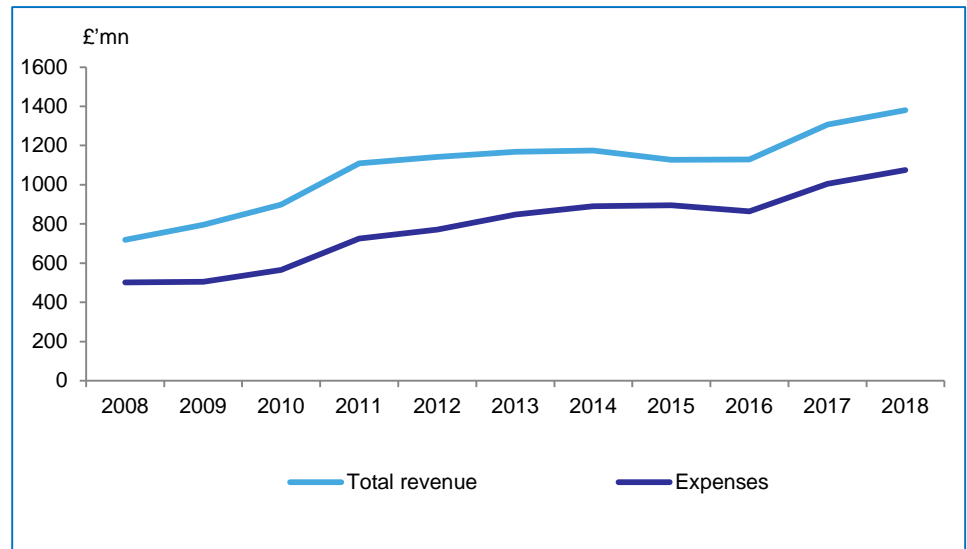
*The consolidated VaR is lower than the sum of the individual VaRs. This arises from the correlation offset between various asset classes (diversification).

Investec plc: profitability supported by diversified revenue streams

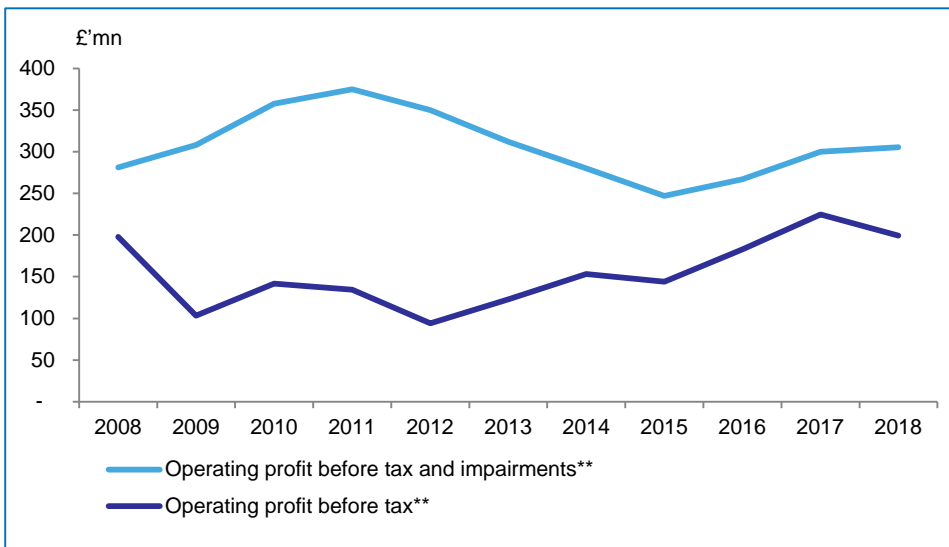
Recurring income



Revenue versus expenses



Operating profit before tax** and impairments



- Info for the year-ended 31 March 2018:
- **We have grown our operating profit**
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 have 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 **solid recurring income base** comprising net interest income and recurring fees which has been enhanced by the growth in our asset and wealth management businesses
- **Total capital light activities account for 62% of Investec plc's income**

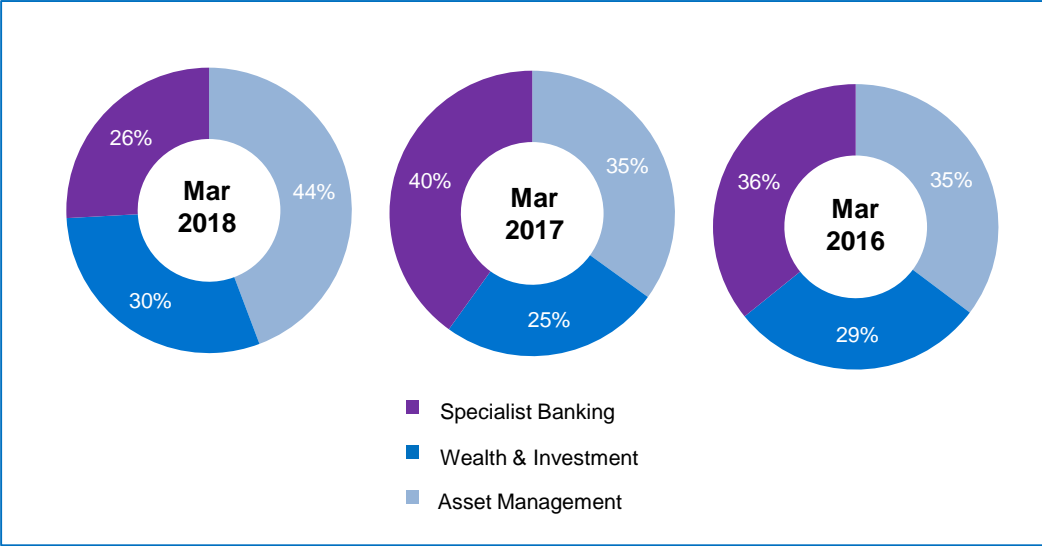
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**Before goodwill, acquired intangibles, non-operating items and after other non-controlling interests.

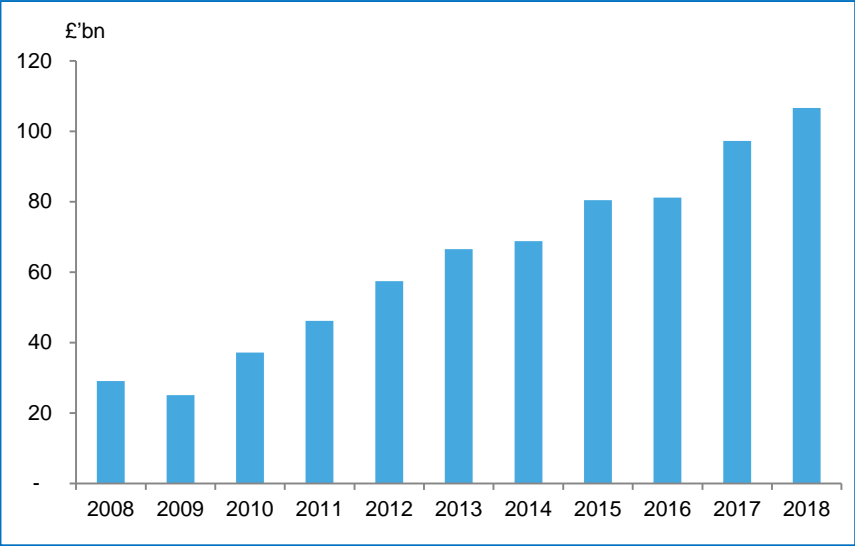
Investec plc: we have realigned the business model

by continued focus on building capital light revenues from the Asset Management and Wealth & Investment businesses

% contribution to operating profit*



Funds under management



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

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

Credit ratings

Investec plc

Moody's

Long-term issuer and senior unsecured ratings: Baa1 (Outlook positive)

Investec Bank plc

Moody's

Long-term rating: A2 (Outlook positive)
Short-term rating: Prime-1
Baseline Credit Assessment (BCA) and adjusted BCA: baa2

Fitch

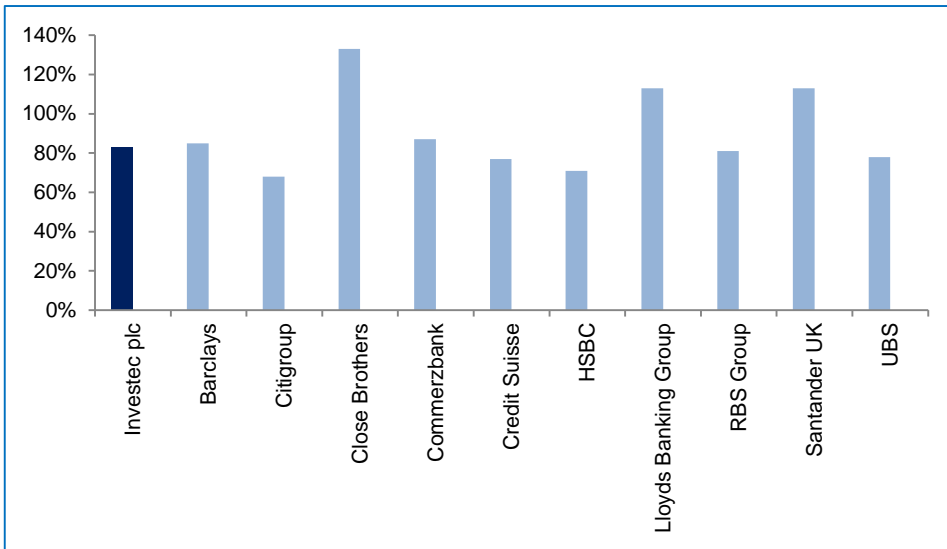
Long-term rating: BBB (Outlook stable)
Short-term rating: F2
Viability Rating: bbb



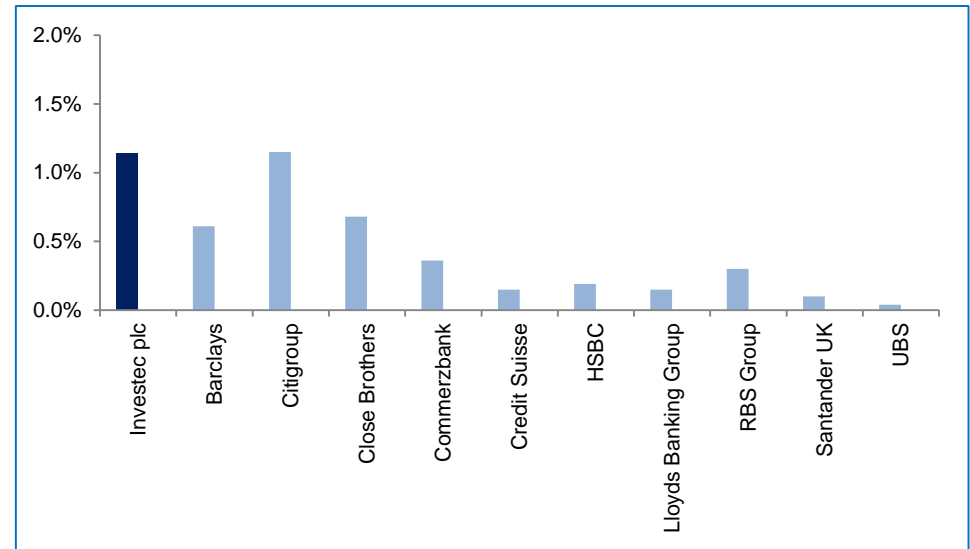
Investec plc: peer analysis

Investec Bank plc: peer group comparisons

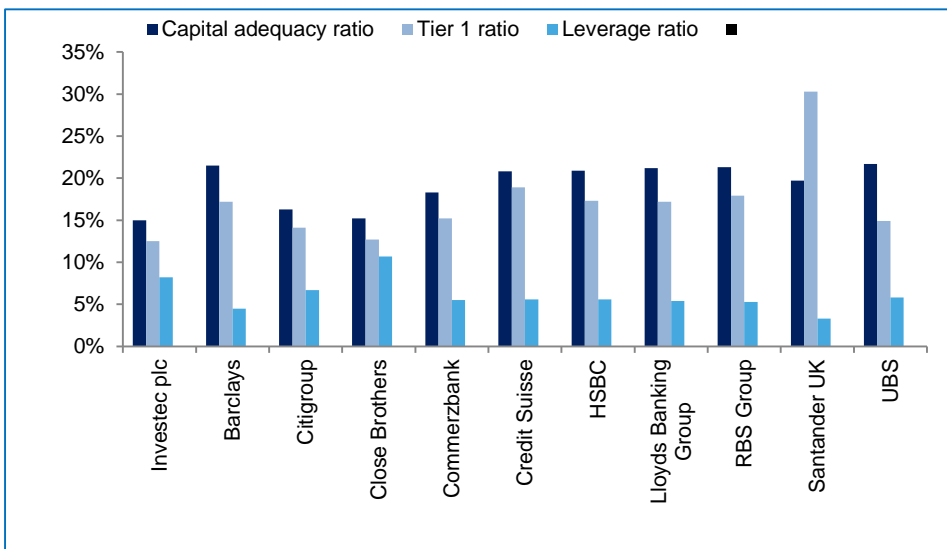
Funding: Advances to customers: customer deposits (smaller number is better)



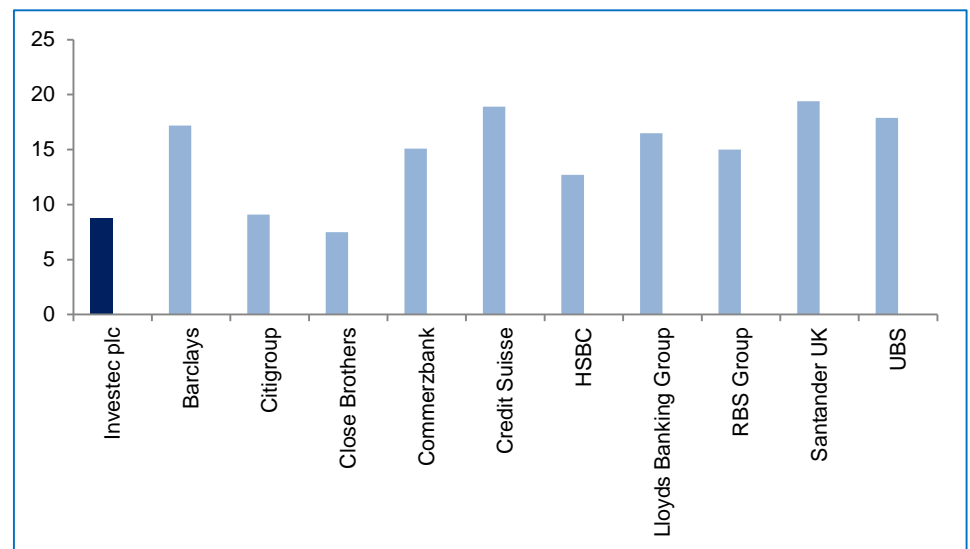
Credit loss ratio: P&L impairments as a % of average advances (smaller number is better)



Capital ratios: (larger number is better)



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



Investec plc: 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 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%
		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%
		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/en_za/#home/investor_relations.html
- Or contact the investor relations team:
 - Telephone
 - UK: +44 (0) 207 597 5546 / +44 (0) 207 597 4493
 - SA: +27 (0)11 286 7070
 - 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

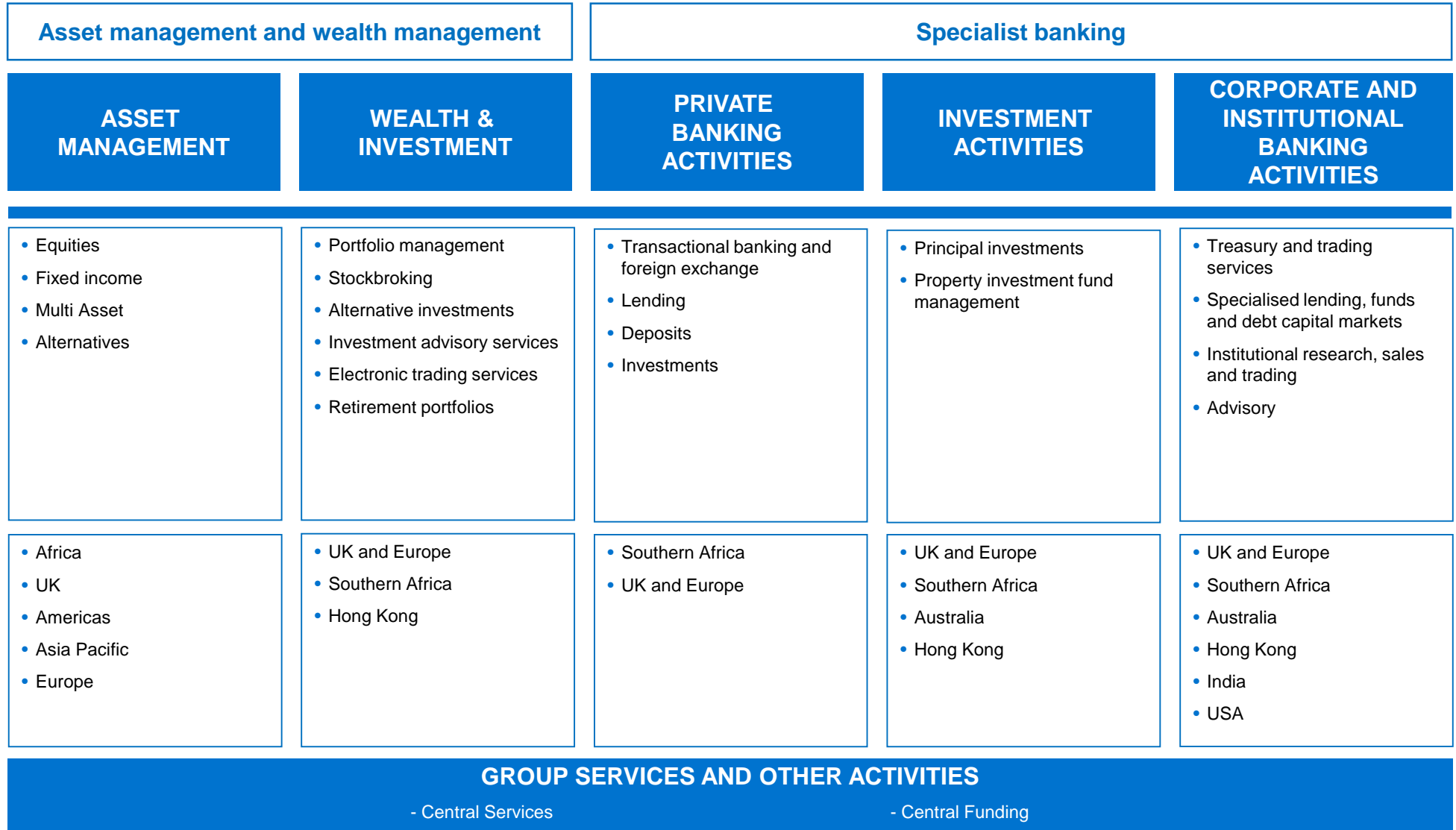
- Distinctive offering
- Leverage resources
- Break china for the client

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 plc - appendices

Investec plc: salient financial features

	Year to 31 March 2018	Year to 31 March 2017	% change
Total operating income before impairment losses on loans and advances (£'000)	1,380,220	1,306,941	5.6%
Operating costs (£'000)	1,074,112	1,005,130	6.9%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests (£'000)	199,357	224,894	(11.4%)
Earnings attributable to ordinary shareholder (£'000)	135,231	159,728	(15.3%)
Cost to income ratio	78.0%	77.0%	
Total capital resources (including subordinated liabilities) (£'000)	2,920,374	2,610,875	11.9%
Total shareholder's equity (£'000)	2,340,701	2,031,519	15.2%
Total assets (£'000)	20,611,752	18,788,617	9.7%
Net core loans and advances (£'000)	9,687,224	8,620,742	12.4%
Customer accounts (deposits) (£'000)	11,637,497	11,021,581	5.6%
Cash and near cash balances (£'000)	5,813,418	5,026,198	15.7%
Funds under management (£'mn)	106,647	97,320	9.6%
Capital adequacy ratio	15.0%	14.6%	
Tier 1 ratio	12.5%	11.1%	
Common equity tier 1 ratio	10.6%	10.9%	
Leverage ratio - current	8.2%	7.5%	
Leverage ratio - "fully loaded"	8.1%	7.4%	
Defaults (net of impairments) as a % of net core loans and advances	2.16%	1.55%	
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)	1.14%	0.90%	
Total gearing ratio (i.e. total assets to total equity)	8.8x	9.2x	
Loans and advances to customers: customer deposits	83.2%	78.2%	

Investec plc: income statement

£'000	Year to 31 March 2018	Year to 31 March 2017
Interest income	599,410	563,354
Interest expense	(261,830)	(274,173)
Net interest income	337,580	289,181
Fee and commission income	1,005,635	932,146
Fee and commission expense	(155,701)	(128,283)
Investment income	68,516	59,975
Share of post tax operating profit of associates	1,436	2,349
Trading income arising from:		
- customer flow	114,402	129,706
- balance sheet management and other trading activities	(2,069)	8,672
Other operating income	10,421	13,195
Total operating income before impairment losses on loans and advances	1,380,220	1,306,941
Impairment losses on loans and advances	(106,085)	(74,956)
Operating income	1,274,135	1,231,985
Operating costs	(1,074,112)	(1,005,130)
Depreciation on operating leased assets	(2,350)	(2,141)
Operating profit before goodwill and acquired intangibles	197,673	224,714
Impairment of goodwill	-	(3,134)
Amortisation of acquired intangibles	(13,273)	(14,386)
Operating profit	184,400	207,194
Net (loss)/gain on disposal of subsidiaries	-	-
Profit before taxation	184,400	207,194
Taxation on operating profit before goodwill	(38,509)	(39,144)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	2,418	3,305
Profit after taxation	148,309	171,355
Profit attributable to Asset Management non-controlling interests	(14,762)	(11,807)
Loss attributable to other non-controlling interests	1,684	180
Earnings attributable to shareholders	135,231	159,728

Investec plc : balance sheet

£'000	31 March 2018	31 March 2017
Assets		
Cash and balances at central banks	3,487,769	2,853,571
Loans and advances to banks	1,003,796	1,130,998
Reverse repurchase agreements and cash collateral on securities borrowed	750,428	536,173
Sovereign debt securities	1,155,472	952,902
Bank debt securities	107,938	184,626
Other debt securities	278,474	398,278
Derivative financial instruments	597,264	604,175
Securities arising from trading activities	701,738	522,760
Investment portfolio	477,919	459,745
Loans and advances to customers	9,687,224	8,620,742
Other loans and advances	360,391	413,430
Other securitised assets	132,172	138,628
Interests in associated undertakings	77,059	63,390
Deferred taxation assets	98,156	89,941
Other assets	1,169,579	1,276,132
Property and equipment	54,493	60,528
Investment properties	14,500	14,500
Goodwill	356,265	355,155
Intangible assets	100,585	112,943
	20,611,752	18,788,617

Investec plc : balance sheet (cont.)

£'000	31 March 2018	31 March 2017
Liabilities		
Deposits by banks	1,308,202	690,749
Derivative financial instruments	533,319	582,600
Other trading liabilities	103,496	136,041
Repurchase agreements and cash collateral on securities lent	168,640	223,997
Customer accounts (deposits)	11,637,497	11,021,581
Debt securities in issue	2,341,134	1,955,447
Liabilities arising on securitisation of other assets	127,853	128,838
Current taxation liabilities	152,355	143,585
Deferred taxation liabilities	21,892	26,236
Other liabilities	1,296,990	1,268,668
	17,691,378	16,177,742
Subordinated liabilities	579,673	579,356
	18,271,051	16,757,098
Equity		
Ordinary share capital	195	191
Perpetual preference share capital	29	29
Share premium	1,317,115	1,246,282
Treasury shares	(102,876)	(90,411)
Other reserves	(119,161)	(45,381)
Retained income	979,649	905,809
Shareholders' equity excluding non-controlling interests	2,074,951	2,016,519
Other Additional Tier 1 securities in issue	250,000	-
Non-controlling interests	15,750	15,000
Total equity	2,340,701	2,031,519
Total liabilities and equity	20,611,752	18,788,617

Investec plc: segmental analysis of operating profit

For the year to 31 March 2018 £'000	Asset Management	Wealth & Investment	Specialist Banking	Group Costs	Total group
Net interest income	242	5,181	332,157	-	337,580
Fee and commission income	500,670	297,629	207,336	-	1,005,635
Fee and commission expense	(145,440)	(722)	(9,539)	-	(155,701)
Investment income	(47)	10,446	58,177	-	68,516
Share of post tax operating profit of associates	-	416	1,020	-	1,436
Trading income arising from					
- customer flow	-	1,032	113,370	-	114,402
- balance sheet management and other trading activities	(5,189)	(7)	3,127	-	(2,069)
Other operating income	2,131	235	8,055	-	10,421
Total operating income before impairment losses on loans and advances	352,367	314,210	713,643	-	1,380,220
Impairment losses on loans and advances	-	-	(106,085)	-	(106,085)
Operating income	352,367	314,210	607,558	-	1,274,135
Operating costs	(248,449)	(244,940)	(546,934)	(33,789)	(1,074,112)
Depreciation on operating leased assets	-	-	(2,350)	-	(2,350)
Operating profit before goodwill and acquired intangibles	103,918	69,270	58,274	(33,789)	197,673
Operating loss attributable to non-controlling interests	-	-	1,684	-	1,684
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	103,918	69,270	59,958	(33,789)	199,357
Operating profit attributable to Asset Management non-controlling interests	(14,762)	-	-	-	(14,762)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	89,156	69,270	59,958	(33,789)	184,595
Cost to income ratio	70.5%	78.0%	76.9%	n/a	78.0%

Investec plc: segmental analysis of operating profit

For the year to 31 March 2017 £'000	Asset Management	Wealth & Investment	Specialist Banking	Group Costs	Total group
Net interest income	111	4,368	284,702	-	289,181
Fee and commission income	427,626	268,429	236,091	-	932,146
Fee and commission expense	(119,542)	(582)	(8,159)	-	(128,283)
Investment income	-	2,169	57,806	-	59,975
Share of post tax operating profit of associates	-	1,509	840	-	2,349
Trading income arising from					
- customer flow	-	740	128,966	-	129,706
- balance sheet management and other trading activities	3,221	215	5,236	-	8,672
Other operating income	5,313	-	7,882	-	13,195
Total operating income before impairment losses on loans and advances	316,729	276,848	713,364	-	1,306,941
Impairment losses on loans and advances	-	-	(74,956)	-	(74,956)
Operating income	316,729	276,848	638,408	-	1,231,985
Operating costs	(225,466)	(211,658)	(531,843)	(36,163)	(1,005,130)
Depreciation on operating leased assets	-	-	(2,141)	-	(2,141)
Operating profit before goodwill and acquired intangibles	91,263	65,190	104,424	(36,163)	224,714
Operating loss attributable to non-controlling interests	-	-	180	-	180
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	91,263	65,190	104,604	(36,163)	224,894
Operating profit attributable to Asset Management non-controlling interests	(11,807)	-	-	-	(11,807)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	79,456	65,190	104,604	(36,163)	213,087
Cost to income ratio	71.2%	76.5%	74.8%	n/a	77.0%

Investec plc: asset quality

£'000	31 March 2018	31 March 2017
Gross core loans and advances to customers	9,839,064	8,747,618
Total impairments	(151,840)	(126,876)
Specific impairments	(89,863)	(83,488)
Portfolio impairments	(61,977)	(43,388)
Net core loans and advances to customers	9,687,224	8,620,742
Average gross core loans and advances to customers	9,293,341	8,347,205
Current loans and advances to customers	9,401,028	8,416,683
Past due loans and advances to customers (1 - 60 days)	40,315	48,003
Special mention loans and advances to customers	37,085	22,585
Default loans and advances to customers	360,636	260,347
Gross core loans and advances to customers	9,839,064	8,747,618
Total income statement charge for impairments on core loans and advances	(105,864)	(74,995)
Gross default loans and advances to customers	360,636	260,347
Specific impairments	(89,863)	(83,488)
Portfolio impairments	(61,977)	(43,388)
Defaults net of impairments	208,796	133,471
Aggregate collateral and other credit enhancements on defaults	291,834	192,760
Net default loans and advances to customers (limited to zero)	-	-
Ratios:		
Total impairments as a % of gross core loans and advances to customers	1.54%	1.45%
Total impairments as a % of gross default loans	42.10%	48.73%
Gross defaults as a % of gross core loans and advances to customers	3.67%	2.98%
Defaults (net of impairments) as a % of net core loans and advances to customers	2.16%	1.55%
Net defaults as a % of net core loans and advances to customers	-	-
Annualised credit loss ratio (i.e. income statement impairment charge on core loans as a % of average gross core loans and advances)	1.14%	0.90%

Investec plc: capital adequacy

£'million*	31 March 2018	31 March 2017
Common equity tier 1 capital	1,522	1,448
Additional tier 1 capital	274	24
Total tier 1 capital	1,796	1,472
Tier 2 capital	359	475
Total regulatory capital		1,947
Risk-weighted assets	14,411	13,312
Capital requirements	1,153	1,064

A summary of capital adequacy and leverage ratios

	31 March 2018	31 March 2017
Common equity tier 1 (as reported)	10.6%	10.9%
Common equity tier 1 ("fully loaded") ^{^^}	10.6%	10.9%
Tier 1 (as reported)	12.5%	11.1%
Total capital adequacy ratio (as reported)	15.0%	14.6%
Leverage ratio** - current	8.2%	7.5%
Leverage ratio** - ("fully loaded") ^{^^}	8.1%	7.4%
Leverage ratio** - current UK Leverage ratio framework ^{^^^}	9.8%	8.7%

The capital adequacy disclosures for Investec plc include the deduction of foreseeable charges and dividends when calculating common equity tier 1 (CET1) capital as required under the Capital Requirements Regulation (CRR) and EBA technical standards. These disclosures are different to the capital disclosures included in Investec's 2018 and 2017 integrated annual report, which follow our normal basis of presentation and do not include the deduction for foreseeable dividends when calculating CET1 capital. Investec plc's CET1 ratio would be 45bps (31 March 2017: 45bps) higher on this basis.

^{^^}The key difference between the 'reported' basis at 31 March 2018 and the 'fully loaded' basis is primarily relating to capital instruments that previously qualified as regulatory capital, but do not fully qualify under the CRDIV rules. These instruments continue to be recognised on a reducing basis in the 'reported' figures until 2022. For IBP there is no difference between the 'reported' basis and the 'fully loaded' basis.

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

^{^^^}Investec plc is not subject to the UK leverage ratio framework, however, due to recent changes to the UK leverage ratio framework to exclude from the calculation of the total exposure measure those assets constituting claims on central banks where they are matched by deposits accepted by the firm that are denominated in the same currency and of

identical or longer maturity, this has been included for comparative purposes.