Year-end

2017

Results presentation

Out of the Ordinary®

Investec

Specialist Banking | Asset Management | Wealth & Investment

Contents

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

Investec (comprising Investec plc and Investec Limited) is an international specialist bank and asset manager that provides a diverse range of financial products and services to a select client base.

Who we are

Founded as a leasing company in Johannesburg in 1974.

We acquired a banking licence in 1980 and were listed on the JSE Limited South Africa in 1986.

In July 2002, we created a dual listed companies structure (DLC) listed in London and Johannesburg.

A year later, we concluded a significant empowerment transaction in which our empowerment partners collectively acquired a 25.1% stake in the issued share capital of Investec Limited.

Since inception, we have expanded through a combination of substantial organic growth and a series of strategic acquisitions.

Today, we have an efficient integrated international business platform, offering all our core activities in the UK and South Africa.

Our philosophies

- Single organisation
- Meritocracy
- Focused businesses
- Differentiated, yet integrated
- Material employee ownership
- Creating an environment that stimulates extraordinary performance.

We value

Distinctive performance
- Outstanding talent – empowerment, enabled and inspired
- Meritocracy
- Passion, energy, stamina, tenacity
- Entrepreneurial spirit

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

Cast-iron integrity
- Moral strength
- Risk consciousness
- Highest ethical standards

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

What we do

We are an international specialist bank and asset manager that provides a diverse range of financial products and services to a select client base in three principal markets, the UK and Europe, South Africa and Asia/Australia as well as certain other countries.

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

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

The Investec distinction

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

Client focused approach

- Clients are at the core of our business
- We strive to build business depth by deepening existing and creating new client relationships
- High 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

Our strategy for the past 20 years has been 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.

Growing Asset Management in all regions

- Focusing specifically on larger markets
- Reversing the investment underperformance

Relevant internationalisation of Wealth & Investment

- Digitalisation channel and launch of Click & Invest
- Creating an international operating platform

Growing the Specialist Banking business

- Building and developing our client franchises across all areas
- Improving the ROE in the business
- Implementing the UK Private Banking strategy

Other

- 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 and transformation in SA

Our diversified and balanced business model supporting long-term strategy

Broadly defined, we operate across three areas of specialisation focused on well defined target clients:

Asset Management

Operating completely independently

Corporate/institutional/government

– Investment management services to external clients

Specialist Banking

– Lending
– Transactional banking
– Deposit raising activities
– Treasury and trading
– Advisory
– Investment activities

Wealth & Investment

Private client (high net worth/high income)/ charities/trusts

– Investment management services
– Independent financial planning advice

We aim to maintain an appropriate balance between revenue earned from operational risk activities and revenue earned from financial risk activities.

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

Capital light activities

56%

Contributed to group income

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

Capital intensive activities

44%

Contributed to group income

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

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

01

Overview of results

Presentation of financial information

Introduction

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

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

Accordingly, the year-end results for Investec plc and Investec Limited present the results and financial position of the combined DLC group under International Financial Reporting Standards (IFRS), denominated in Pounds Sterling.

All references in this document to Investec or the group relate to the combined DLC group comprising Investec plc and Investec Limited.

Exchange rates

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

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

	31 March 2017		31 March 2016	
Currency per £1.00	**Year end**	**Average**	**Year end**	**Average**
South African Rand	16.77	18.42	21.13	20.72
Australian Dollar	1.64	1.75	1.87	2.04
Euro	1.17	1.19	1.26	1.37
US Dollar	1.25	1.31	1.44	1.50

Exchange rates between local currencies and Pounds Sterling have fluctuated over the year. The most significant impact arises from the volatility of the Rand. The average Rand: Pounds Sterling exchange rate over the year has appreciated by 11.1% and the closing rate has appreciated by 20.6% since 31 March 2016.

An overview of the operating environment impacting our business

South Africa

Our views

The mild acceleration in global economic growth evidenced over 2016, as key advanced and emerging market economies improved somewhat, along with some strained low-income economies, has been positive for South Africa. The downward trend in domestic growth since 2010 likely bottomed last year, at 0.3% year-on-year, and 2017 is expected to see global growth gain traction modestly, and so South Africa's economic performance lift towards 1.0% year-on-year.

0.3%	1.3%
2017/16 Economic growth	2015/16 Economic growth

2017	2016
R55 827	R56 449

GDP per capita has fallen

The commodity cycle too is expected to have troughed in 2016, which along with positive sentiment towards emerging market assets, has strengthened the Rand. The severe drought has come to an end, and in combination with Rand strength, is expected to moderate inflation somewhat going forward. However, a cabinet reshuffle at the end of the financial year saw a new Finance Minister appointed, with downgrades on South Africa's hard currency debt ratings to sub-investment grade, from Standard and Poor's and Fitch, following on.

On a fundamental basis, South Africa revealed its institutional soundness over the past year in the ratings from the World Economic Forum's (WEF) Global Competitiveness Survey, particularly in its financial market development, where it is ranked eleventh in the world. The soundness of its banks and ability of its financial services to meet business needs are ranked second globally, the regulation of its securities exchanges third. Institutionally, South Africa has a ranking of fortieth out of the one hundred and thirty eight countries surveyed, first on both the strength of auditing and reporting standards and the protection of minority shareholders interests, and third on the efficacy of its corporate boards. The efficiency of South Africa's legal system in settling disputes and challenging regulations is respectively ninth and tenth in the world, while the strength of investor protection fourteenth. However, the WEF's global survey shows that the perceived high cost of the wastefulness of government spending and diversion of public funds, favouritism in decisions of government officials and public distrust in politicians, along with the burden of government regulation and cost to business of crime and violence, hold South Africa back from a better institutional ranking.

Fiscal consolidation is key, and South Africa will need to ensure this, particularly a stabilisation in public sector debt as a percentage of GDP, to avoid local currency credit rating downgrades to sub-investment grade. Such fiscal sustainability is vital; not least to ensure the sustainability of the social grant and broader social welfare system for the majority of South Africans, as well as ensuring lower borrowing costs, and the avoidance of a debt trap.

Despite notable progress in some areas, structural constraints continue to limit the productivity needed for sustained, fast economic growth domestically.

GDP grew by 0.5% and 0.7% in the third and fourth quarters of 2016, respectively.

That helped the unemployment rate fall to 4.7% in January and held there in February, the lowest level seen since 2005.

United Kingdom

Our views

The UK economy has remained surprisingly resilient.

2.0% **2017/16** **Economic growth**	**1.9%** **2015/16** **Economic growth**
2017 **£29 580**	**2016** **£28 768**

GDP per capita has risen

This fiscal year saw the UK vote to leave the European Union. Since the shock result of the 23 June 2016 referendum, it has become increasingly clear that, as part of Brexit, the British Government will relinquish the UK's membership of the EU Single Market in exchange for powers to tighten immigration rules. But it remains unclear what Brexit will actually look like – the government only gave formal notice of its intention to leave the EU (by triggering Article 50 of the Lisbon Treaty) on 29 March 2017. The triggering of Article 50 begins a two-year negotiation period, at the end of which time the UK will have formally left the EU. We think that a bilateral UK/EU free trade deal is achievable, but it will take several years to negotiate. We therefore suspect that the UK will enter some sort of transitional arrangement between March 2019 and the point at which a longer term deal is finalised.

From a market perspective, there were two notable reactions to the Brexit vote. First, the Pound fell sharply and, by the end of the financial year, sat more than 15% below pre-referendum levels, in trade weighted terms. Second, the Bank of England (BoE) cut the Bank rate from 0.50% to 0.25% in August 2016 in order to guard against a post-referendum economic slowdown. In addition the BoE also undertook additional purchases of government bonds as part of its Quantitative Easing (QE) programme, and began a programme of corporate bond purchases.

But in spite of these cautionary responses to the Brexit vote, the UK economy has remained surprisingly resilient. By and large, households and businesses shrugged off the uncertainty associated with the UK's new economic relationship with the rest of Europe.

Towards the end of the year, though, economic momentum appeared to have slowed. The main reason is that weakness in the Pound was beginning to push up on import prices and broader consumer price inflation. The rate of CPI inflation rose above the BoE's 2% target in February 2017, with further increases in prospect. There is evidence that higher inflation was beginning to drag on household spending while underlying levels of uncertainty probably weighed somewhat on business investment. Granted, the weaker Pound provided a competitiveness boost to exporters, but that might not be enough to offset the headwinds to household and business spending. A (mild) slowdown in economic growth could in turn lead to a marginally higher unemployment rate and a somewhat slower pace of house price growth. All told, this points to a somewhat more challenging economic environment in prospect.

On 18 April 2017, just after the financial year closed, Prime Minister Theresa May called for an early General Election on 8 June 2017. This was formally approved in Parliament the following day with a vote of 522 to 13. With the Conservative Party enjoying a substantial lead over the opposition in opinion polling, a clear motivation was to increase the government's Parliamentary majority. Another was a desire to avoid final negotiations over the UK's EU exit terms soon before what would have been a May 2020 General Election.

An overview of the operating environment impacting our business *(continued)*

Australia

Our views

The Australian economy expanded by 2.5% in 2016.

The pace of growth, however, was far from steady throughout the year, with the economy actually recording a period of contraction in the third quarter, with output falling by 0.5%, the first quarterly drop in output since March 2011 and only the fourth in 25 years. Australia managed to escape a technical recession, however, with the economy bouncing back robustly in the final quarter of the year, expanding by 1.1% quarter on quarter. The recovery was driven by a surge in exports in the fourth quarter of 2016 as commodity exports picked up robustly and as commodity prices firmed.

The unemployment rate has held relatively steady over the past year, holding in a range of 5.6% to 5.9% according to the fiscal year to date numbers published so far; the most recent reading, for March 2017, stood at the upper end of this range at 5.9%. Inflation has remained relatively subdued through this period with CPI inflation reaching a low of 1.0% in the second quarter of 2016 and ending 2016 at 1.5% year-over-year, whilst core inflation has also been subdued.

In light of this and reflecting headwinds to growth in the early part of the fiscal year, the Reserve Bank of Australia cut the official policy rate (cash rate) to a new record low, from 2.00% to 1.75% in April 2016 and again to 1.50% in August 2016. The cash rate has remained at these levels since then. Australia has maintained its triple-A rating with all of the major rating agencies during the period. However, Standard and Poor's has Australia's sovereign rating on a negative rating outlook, given its pessimism over the government's ability to close existing budget deficits.

United States

Our views

The US economy expanded by 1.6% in calendar year 2016, the softest pace of growth since 2011.

One major drag was the weak investment backdrop which suffered in part following falls in oil prices; this story looks set to reverse somewhat and provide a foot-up to growth in 2017 with oil investment already showing signs of improvement.

Household consumption remained more robust, reflecting the improvements in the US labour market through the course of 2016. The US unemployment rate fell from 5.0% in April 2016 to stand at 4.5% in March 2017 and is now consistent with 'longer-term' unemployment rates as defined by the US Federal Reserve, whilst wage growth has also firmed.

The major political event of 2016 was of course Donald Trump's November 2016 election victory which led to a pick-up in business and consumer confidence on hopes of promised tax cuts and significant infrastructure spending. Since being sworn in as President on 20 January 2017, President Trump has rubbed up against congressional restraints which have delayed him enacting these changes quickly, but overall the President is still likely to enact a fiscally supportive policy mix which is likely to be positive, on balance, for 2017 growth and more so in 2018.

Following more than seven years of record low interest rates, the Federal Reserve began tightening policy in December 2015 and enacted two subsequent hikes in interest rates in December 2016 and March 2017. Those policy moves took the federal funds rate to 0.75% to 1.00% at the end of the financial year, from a 0.25% to 0.50% starting point. Further policy tightening over the forthcoming period will be driven by the evolution of the economy and inflation, tied in part to the delivery of Presidents Trump's economic plans. The Federal Reserve's current policy guidance points to the prospect of two further federal funds hikes in calendar year 2017. Note that inflation remained below the Federal Reserve's 2% goal for almost all of 2016, though it moved above it in the early part of 2017, reflecting the dissipating drag of past falls in energy prices.

Eurozone

Our views

The fiscal year has seen the Euro area economic backdrop improve on several fronts and most notably with a decline in deflationary risks.

In April 2016 headline HICP inflation stood at -0.2%, a considerable distance below the ECB's price stability target of 'below, but close to 2%'. However, much of this decline in inflation was due to a fall in wholesale energy prices. Those effects have started to fade and as such headline inflation has recovered somewhat; in March 2017 HICP inflation stood at 1.5%.

The economy continued to experience a gradual recovery over the year, with quarter four 2016 registering the 15th consecutive quarter of positive growth. As the fiscal year drew to a close there were further positive economic signs with the most recent economic indicators pointing to a firming in the pace of economic activity. Other economic highlights of the fiscal year included a 2.5 million drop in unemployment, as the unemployment rate fell to 9.5% in February 2017, its lowest level since May 2009. The availability of credit, as well as lending growth also witnessed improvements during the year.

Despite the gradual improvement in the economic backdrop, European Central Bank (ECB) policy has remained ultra-loose, in part due to the continued subdued nature of 'core' CPI inflation, which averaged just +0.8% across the fiscal year. ECB policy rates remained at record low levels throughout the period, with the main refinancing rate held at 0.00% and the deposit rate at -0.40%. December 2016 saw the ECB announce an extension of its asset purchase programme. From April 2017 the ECB will continue to purchase sovereign and other debt instruments until December 2017, but at the slower pace of €60 billion per month rather than the previous pace of €80 billion per month.

Away from the economy, political risks became more evident towards the end of the under review year as elections loomed in a number of major Euro area economies. However, March's Dutch election result provided some reassurance as the populist anti-EU candidate failed to gain the foothold some had feared. Moreover in early May 2017, centrist Emmanuel Macron was elected President of France, convincingly defeating far-right candidate Marine Le Pen in the second round of voting. Elections to Germany's Bundestag are set to take place in September 2017.

An overview of the operating environment impacting our business *(continued)*

Global stock markets

Our views

Global equity markets faced a number of key risk events over the year, with the UK's referendum on leaving the EU and the US election of particular note. Despite these events and some intervening volatility at times, equity markets enjoyed a buoyant year.

Amongst the highlights, the S&P500 gained 14.7% over the fiscal year reaching an all-time record of 2396 in February, meanwhile the MSCI world index added 12.5% and the Euro Stoxx 50 rose by 16.5%.

The UK electorate's vote to leave the European Union on 23 June 2016 initially shocked markets, with UK and global equity indices witnessing significant falls the morning following the referendum. However, equity market weakness proved short-lived as UK listed entities' earnings benefited from currency translation effects due to the sharp fall in the Pound, whilst risk sentiment globally improved.

However, global equity markets and risk assets more broadly witnessed the largest gains in the second half of the year, following the US election. Republican nominee Donald Trump's win in November propelled equity markets and commodity prices higher as investors focused on the fiscally stimulative impact of Mr Trump's policy promises including big ticket tax cuts and increased infrastructure spending. The S&P 500 gained 11.5% across the remainder of the financial year following the election, whilst major commodity benchmarks such as iron ore and copper gained 25% and 15% on the expectation of infrastructure related demand.

Emerging market equity indices underperformed their developed market peers following the US election as the MSCI Emerging market index notched up gains of 7%. South African equities themselves ended March 2017 flat on the year relative to March 2016. However, this masks a fairly volatile year and wide divergences across sectors. The continuing rally in commodity prices saw resource shares rally 13% over the year. But concerns about the South African political environment and the knock on effects for interest rates and growth saw financials down 8% for the year. Meanwhile industrials ended the year roughly flat. Looking forward, continuing political uncertainty is likely to be the major theme until the end of 2017 when the ANC meets for its next elective conference.

Operating environment

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

	Year ended 31 March 2017	Year ended 31 March 2016	% change	Average over the year 1 April 2016 to 31 March 2017
Market indicators				
FTSE All share	3 990	3 395	17.5%	3 699
JSE All share	52 056	52 250	(0.4%)	52 017
S&P	2 363	2 060	14.7%	2 186
Nikkei	18 909	16 759	12.8%	17 516
Dow Jones	20 663	17 685	16.8%	18 846
Rates				
UK overnight	0.17%	0.41%		0.30%
UK 10 year	1.07%	1.42%		1.18%
UK clearing banks base rate	0.25%	0.50%		0.33%
LIBOR – three month	0.34%	0.59%		0.44%
SA R186	8.84%	9.10%		8.85%
Rand overnight	6.86%	6.92%		7.28%
SA prime overdraft rate	10.50%	10.50%		10.50%
JIBAR – three month	7.36%	7.23%		7.34%
US 10 year	2.40%	1.79%		1.97%
Commodities				
Gold	US$1 247/oz	US$1 233/oz	1.1%	US$1 258/oz
Oil	US$58/bbl	US$40/bbl	45.0%	US$50/bbl
Platinum	US$940/oz	US$976/oz	(3.7%)	US$1 003/oz
Macro-economic				
UK GDP (% change over the period)	2.0%	1.9%		
UK per capita GDP (£, calendar year)	29 580	28 768	2.8%	
South Africa GDP (% change over the period)	0.3%	1.3%		
South Africa per capita GDP (real value in Rands, historical revised)	55 827	56 449	(1.1%)	

Sources: Datastream, Bloomberg, Office for National Statistics, SARB Quarterly Bulletin.

Basis of presentation

Statutory basis

Statutory information is set out on pages 62 to 74. In order to present a more meaningful view of the group's performance the results continue to be presented on an ongoing basis as explained further below.

Ongoing basis

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

This basis of presentation is consistent with the approach adopted for the prior year ended 31 March 2016. A reconciliation between the statutory and ongoing income statement is provided on page 21.

Overview of results

Unless the context indicates otherwise, all comparatives included in the commentary relate to the year ended 31 March 2016. Group results have benefited from an 11.1% appreciation of the average Rand: Pounds Sterling exchange rate over the period. Amounts represented on a currency neutral basis for income statement items assume that the relevant average exchange rates for the year to 31 March 2017 remain the same as those in the prior year. Amounts represented on a currency neutral basis for balance sheet items assume that the relevant closing exchange rates at 31 March 2017 remain the same as those at 31 March 2016.

Strong client activity levels supporting underlying performance

- Strong performance against a backdrop of continued macro uncertainty and volatility in the group's key operating geographies.
- The Asset Management and Wealth & Investment businesses have benefited from higher funds under management supported by rising market levels.
- The Specialist Banking business reported results ahead of the prior year supported by sound levels of corporate and private client activity.
- Growth in costs primarily reflects planned investment in growing the client franchise businesses.
- The group has successfully leveraged its ability to provide clients an international offering, increasing its client base and deepening its core franchise.

Statutory operating profit salient features

- Statutory operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests ('operating profit') increased 18.5% to £599.1 million (2016: £505.6 million) – an increase of 8.0% on a currency neutral basis.
- Statutory adjusted earnings per share (EPS) before goodwill, acquired intangibles and non-operating items increased 16.9% from 41.3 pence to 48.3 pence – an increase of 6.3% on a currency neutral basis.

Solid performance from the ongoing business

- Ongoing operating profit increased 13.7% to £663.7 million (2016: £583.9 million) – an increase of 4.2% on a currency neutral basis.
- Ongoing adjusted EPS before goodwill, acquired intangibles and non-operating items increased 11.3% from 48.6 pence to 54.1 pence – an increase of 1.9% on a currency neutral basis.
- Recurring income as a percentage of total operating income amounted to 72.0% (2016: 71.8%).
- The credit loss charge as a percentage of average gross core loans and advances amounted to 0.29% (2016: 0.26%), with impairments increasing by £15.8 million to £57.1 million.
- Third party assets under management increased 23.9% to £150.7 billion (31 March 2016: £121.7 billion) – an increase of 14.8% on a currency neutral basis.
- Customer accounts (deposits) increased 21.1% to £29.1 billion (31 March 2016: £24.0 billion) – an increase of 5.5% on a currency neutral basis.
- Core loans and advances increased 26.8% to £22.2 billion (31 March 2016: £17.5 billion) – an increase of 8.5% on a currency neutral basis.

The UK legacy portfolio continues to be actively managed down

- The legacy portfolio reduced from £583 million at 31 March 2016 to £476 million through asset sales, redemptions and write-offs.
- The legacy business reported a loss before taxation of £64.6 million (2016: £78.3 million) with impairments on the legacy portfolio reducing 20.3% from £68.1 million to £54.3 million.

Maintained a sound balance sheet

- Capital remained in excess of current regulatory requirements. The group is comfortable with its common equity tier 1 ratio target at a 10% level, as its current leverage ratios for both Investec Limited and Investec plc are above 7%.
- Liquidity remained strong with cash and near cash balances amounting to £12.0 billion.

Dividend increase of 9.5%

- The board proposes a final dividend of 13.0 pence per ordinary share equating to a full year dividend of 23.0 pence (2016: 21.0 pence) resulting in a dividend cover based on the group's adjusted EPS before goodwill and non-operating items of 2.1 times (2016: 2.0 times), consistent with the group's dividend policy.

Overall group performance – ongoing basis

Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests ('operating profit') increased 13.7% to £663.7 million (2016: £583.9 million) – an increase of 4.2% on a currency neutral basis.

The combined South African businesses reported operating profit 0.4% ahead of the prior period (in Rands), whilst the combined UK and Other businesses posted a 10.8% increase in operating profit in Pounds Sterling.

Business unit review – ongoing basis

Asset Management

Asset Management operating profit increased by 22.3% to £164.8 million (2016: £134.8 million) benefiting from higher average funds under management largely driven by favourable market and currency movements. Total funds under management amount to £95.3 billion (31 March 2016: £75.7 billion).

Wealth & Investment

Wealth & Investment operating profit increased by 8.8% to £93.2 million (2016: £85.7 million). The business benefited from higher average funds under management supported by higher equity market levels and net inflows of £1.2 billion. Total funds under management amount to £54.8 billion (31 March 2016: £45.5 billion).

Specialist Banking

Specialist Banking operating profit increased by 11.0% to £454.4 million (2016: £409.2 million).

The South African business reported a decrease in operating profit in Rands of 3.3% as a consequence of the change in accounting treatment related to the assets transferred to Investec Equity Partners in the prior year (refer to additional information). Excluding the impact of this transaction operating profit was considerably ahead of the prior period. The division reported solid growth in net interest income and net fee and commission income supported by continued growth in the Private Banking client base, sound corporate activity and an increase in the scale of the property fund business. Core loans and advances increased 8.4% to R236.2 billion (31 March 2016: R218.0 billion), with the credit loss ratio at 0.29% (2016: 0.26%) remaining at the lower end of its long term average despite the business reporting a moderate increase in impairments.

The UK and Other businesses reported an 8.2% increase in operating profit supported by robust levels of corporate client activity across the lending, advisory and client flow trading businesses. Costs grew ahead of revenue largely due to the investment in building out the private client banking offering. Core loans grew to £8.1 billion, an increase of 8.8% on a currency neutral basis. Impairments increased marginally with the credit loss ratio amounting to 0.27% (2016: 0.26%).

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

Group costs

These largely relate to group brand and marketing costs and a portion of executive and support functions which are associated with group level activities. These costs are not incurred by the operating divisions and are necessary to support the operational functioning of the group. These costs amounted to £48.8 million (2016: £45.8 million).

Financial statement analysis – ongoing basis

Total operating income

Total operating income before impairment losses on loans and advances increased by 18.1% to £2,285.9 million (2016: £1,934.8 million).

Net interest income increased by 19.0% to £680.5 million (2016: £571.9 million) supported by sound levels of lending activity across the banking businesses.

Net fee and commission income increased by 20.1% to £1,271.6 million (2016: £1,058.3 million) as a result of higher average funds under management in the Asset Management and Wealth Management businesses. In addition, the Specialist Banking business benefited from an increase in the scale of the property fund business in South Africa and from a good performance in the corporate and advisory businesses, notably in the UK.

Investment income reduced by 20.2% to £135.6 million (2016: £169.9 million) primarily as a result of the change in accounting treatment from fair value to equity accounting for the assets transferred to Investec Equity Partners in South Africa in the prior year (refer to additional information). In the UK the group's unlisted investment portfolio delivered a sound performance; however, this was offset by the write down of an investment in the Hong Kong portfolio.

Share of post-taxation operating profit of associates of £18.9 million in the current period largely reflects earnings in relation to the group's investment in Investec Equity Partners (refer to additional information).

Trading income arising from customer flow increased considerably to £158.0 million (2016: £110.9 million) supported by robust client activity levels and market volatility. Trading income from other trading activities amounted to £8.1 million (2016: £11.6 million) predominantly impacted by currency volatility over the period.

Impairment losses on loans and advances

Impairments on loans and advances increased from £41.4 million to £57.1 million; however, the group's credit loss ratio remains at the lower end of its long term average at 0.29% (2016: 0.26%). Since 31 March 2016 gross defaults have increased to £249.8 million largely due to a few specific defaults in the South African banking business. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounted to 0.69% (31 March 2016: 0.78%).

Operating costs

The ratio of total operating costs to total operating income remained at 65.8%. Total operating costs grew by 18.1% to £1,502.6 million (2016: £1,272.1 million) reflecting planned spend on IT infrastructure and headcount across divisions to support increased activity levels and growth initiatives, notably the build out of the UK private client offering. Costs are also impacted by additional premises expenses relating to the London office's future premises move and an increase in variable remuneration given improved profitability across the group.

Taxation

The effective tax rate amounts to 18.5% (2016: 19.1%).

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests mainly comprises:

- £20.3 million profit attributable to non-controlling interests in the Asset Management business.
- £59.9 million profit attributable to non-controlling interests in the Investec Property Fund Limited.

Balance sheet analysis

Since 31 March 2016:

- Total shareholders' equity (including non-controlling interests) increased by 24.6% to £4.8 billion due to foreign currency translation gains, an increase in retained earnings and the issuance of shares during the period.
- Net asset value per share increased 22.3% to 431.0 pence and net tangible asset value per share (which excludes goodwill and intangible assets) increased by 28.1% to 377.0 pence.
- The return on adjusted average shareholders' equity increased from 11.5% to 12.5%.
- The return on adjusted average shareholders' equity of the ongoing business increased from 13.9% to 14.2%.

Liquidity and funding

As at 31 March 2017 the group held £12.0 billion in cash and near cash balances (£5.0 billion in Investec plc and R117.6 billion in Investec Limited) which amounted to 41.4% of customer deposits. Loans and advances to customers as a percentage of customer deposits amounted to 76.2% (31 March 2016: 73.6%). Cash balances have been successfully managed down to more appropriate levels, reducing the surplus that was raised in anticipation of the EU referendum in the UK. The group will continue to focus on maintaining an optimal overall liquidity and funding profile. The group comfortably meets Basel liquidity requirements for the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The LCR reported to the Prudential Regulatory Authority at 31 March 2017 was 829% for Investec plc and 885% for Investec Bank plc (solo basis). Investec Bank Limited (solo basis) ended the period to 31 March 2017 with the three-month average of its LCR at 130.0%, which is well ahead of the minimum levels required. Further detail with respect to the bank's LCR ratio in the UK and South Africa is provided on the website.

Capital adequacy and leverage ratios

The group is targeting a minimum common equity tier 1 capital ratio above 10% and a total capital adequacy ratio range of 14% to 17% on a consolidated basis for each of Investec plc and Investec Limited respectively. The group's anticipated fully loaded Basel III common equity tier 1 capital adequacy ratios in both Investec plc and Investec Limited are reflected in the table below.

	31 March 2017	31 March 2016
Investec plc^		
Capital adequacy ratio	15.1%	15.1%
Tier 1 ratio	11.5%	10.7%
Common equity tier 1 ratio	11.3%	9.7%
Common equity tier 1 ratio (anticipated Basel III 'fully loaded'*)	11.3%	9.7%
Leverage ratio (current)	7.8%	7.0%
Leverage ratio (anticipated Basel III 'fully loaded'*)	7.7%	6.3%
Investec Limited**		
Capital adequacy ratio	14.1%	14.0%
Tier 1 ratio	10.7%	10.7%
Common equity tier 1 ratio	9.9%	9.6%
Common equity tier 1 ratio (anticipated Basel III 'fully loaded'*)	9.9%	9.6%
Leverage ratio (current*)	7.3%	6.9%
Leverage ratio (anticipated Basel III 'fully loaded'*)	6.8%	6.3%

^ *The capital adequacy disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the group operates. For Investec plc this does not include the deduction of foreseeable dividends when calculating CET1 capital as now required under the CRR and EBA technical standards. The impact of the final proposed ordinary and preference dividends totalling £60 million for Investec plc would be 45bps (31 March 2016: 40bps) lower on this basis.*

** *Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from the capital information, Investec Limited's common equity tier 1 ratio would be 24bps (31 March 2016: 16bps) lower.*

Legacy business – overview of results

Since 31 March 2016 the group's legacy portfolio in the UK has continued to be actively managed down from £583 million to £476 million through asset sales, redemptions and write-offs. The total legacy business over the period reported a loss before taxation of £64.6 million (2016: £78.3 million). The remaining legacy portfolio will continue to be managed down. Given the uncertainty in the UK following the EU referendum, the legacy book could take longer to wind down than management's original expectation of two to four years. Total net defaults in the legacy book amount to £125 million (31 March 2016: £143 million).

Additional information – Investec Equity Partners

In South Africa an investment vehicle, Investec Equity Partners, was created on 11 January 2016 in which Investec holds a 45% stake alongside other strategic investors who hold the remaining 55%. Investec Principal Investments transferred certain portfolio investments to the value of R7.6 billion to Investec Equity Partners. In exchange Investec received R2.5 billion in cash and 45% of the shares in Investec Equity Partners (R5.1 billion), reflected as an associate on the balance sheet. Since the date of the transaction Investec has applied the equity accounting method to account for its investment in the new vehicle as opposed to the fair value accounting method previously applied to the underlying investments held.

Accounting policies and disclosures

These unaudited summarised combined consolidated financial results have been prepared in terms of the recognition and measurement criteria of International Financial Reporting Standards, and the presentation and disclosure requirements of IAS 34, (Interim Financial Reporting).

The accounting policies applied in the preparation of the results for the year ended 31 March 2017 are consistent with those adopted in the financial statements for the year ended 31 March 2016.

The financial results have been prepared under the supervision of Glynn Burger, the Group Risk and Finance Director. The financial statements for the year ended 31 March 2017 will be posted to stakeholders on 30 June 2017. These accounts will be available on the group's website on the same date.

Proviso

- Please note that matters discussed in this announcement may contain forward looking statements which are subject to various risks and uncertainties and other factors, including, but not limited to:
  - the further development of standards and interpretations under IFRS applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS.
  - domestic and global economic and business conditions.
  - market related risks.
- A number of these factors are beyond the group's control.
- These factors may cause the group's actual future results, performance or achievements in the markets in which it operates to differ from those expressed or implied.
- Any forward looking statements made are based on the knowledge of the group at 17 May 2017.
- The information in the announcement for the year ended 31 March 2017, which was approved by the board of directors on 17 May 2017, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006. The 31 March 2016 financial statements were filed with the registrar and were unqualified with the audit report containing no statements in respect of sections 498(2) or 498(3) of the UK Companies Act.
- This announcement is available on the group's website: www.investec.com

Audit committee chairman

In compliance with section 3.59(c) of the Listings Requirements of the JSE Limited, shareholders are advised that Zarina Bassa, an independent non-executive director of Investec Limited and Investec plc since 1 November 2014, has been appointed as the chairman of the DLC Audit Committee with effect from 1 April 2017.

Financial assistance

Shareholders are referred to the Special Resolution number 3, which was approved at the annual general meeting held on 4 August 2016, relating to the provision of direct or indirect financial assistance in terms of Section 45 of the South African Companies Act, No 71 of 2008 to related or inter-related companies. Shareholders are hereby notified that in terms of S45(5)(a) of the South African Companies Act, the board of directors of Investec Limited provided such financial assistance during the period 1 October 2016 to 31 March 2017.

Outlook

Sound levels of activity supported performance as the group continued to strengthen its client franchise businesses.

Whilst macro uncertainty persists, which could impact activity levels going forward, the group believes that its balanced business model together with its strategic initiatives place it in a favourable position to continue the growth in its core markets.

On behalf of the boards of Investec plc and Investec Limited

Fani Titi	Stephen Koseff	Bernard Kantor
Chairman	Chief executive officer	Managing director

17 May 2017

02

Unaudited ongoing financial results

Introduction – understanding our results

Sale of businesses

During the 2015 financial year the group sold a number of businesses, namely Investec Bank (Australia) Limited, Kensington Group plc and Start Mortgage Holdings Limited.

The sales of these businesses had a significant effect on the comparability of our financial statutory position and results, particularly in financial year 2015 and 2016.

In order to present a more meaningful view of our performance, additional management information is presented on our ongoing businesses. The additional information presented on an ongoing basis excludes items that, in management's view, could distort the comparison of performance between periods (for both current and historical information).

Based on this principle, the following items are excluded from underlying statutory profit (for both current and historical information, where applicable) to derive ongoing operating profit:

- The results of the businesses sold as mentioned above
- The remaining legacy business in the UK (as set out on page 33).

This basis of presentation is consistent with the approach adopted for the year ended 31 March 2016.

A reconciliation between the statutory and ongoing income statement is provided on page 21.

Ongoing information

The tables that follow provide information on our ongoing results.

	Results in Pounds Sterling			Results in Rand		
	Year to 31 March 2017	Year to 31 March 2016	% change	Year to 31 March 2017	Year to 31 March 2016	% change
Operating profit before taxation* (million)	£663.7	£583.9	13.7%	R12 075	R12 114	(0.3%)
Adjusted earnings attributable to shareholders** (million)	£487.1	£423.1	15.1%	R8 849	R8 773	0.9%
Adjusted earnings per share**	54.1p	48.6p	11.3%	983c	1 008c	(2.5%)

* *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.*

Consolidated summarised ongoing income statement

For the year to £'000	31 March 2017	31 March 2016	Variance	% change
Net interest income	680 539	571 929	108 610	19.0%
Net fee and commission income	1 271 591	1 058 340	213 251	20.1%
Investment income	135 631	169 915	(34 284)	(20.2%)
Share of post taxation operating profit of associates	18 890	1 811	17 079	>100.0%
Trading income arising from				
– customer flow	158 006	110 879	47 127	42.5%
– balance sheet management and other trading activities	8 078	11 617	(3 539)	(30.5%)
Other operating income	13 158	10 279	2 879	28.0%
Total operating income before impairment losses on loans and advances	**2 285 893**	**1 934 770**	**351 123**	**18.1%**
Impairment losses on loans and advances	(57 149)	(41 368)	(15 781)	38.1%
Operating income	**2 228 744**	**1 893 402**	**335 342**	**17.7%**
Operating costs	(1 502 623)	(1 272 108)	(230 515)	18.1%
Depreciation on operating leased assets	(2 169)	(2 165)	(4)	0.2%
Operating profit before goodwill, acquired intangibles and non-operating items	**723 952**	**619 129**	**104 823**	**16.9%**
Profit attributable to other non-controlling interests	(60 239)	(35 201)	(25 038)	71.1%
Profit attributable to Asset Management non-controlling interests	(20 291)	(16 529)	(3 762)	22.8%
Operating profit before taxation	**643 422**	**567 399**	**76 023**	**13.4%**
Taxation	(130 438)	(118 151)	(12 287)	10.4%
Preference dividends accrued	(25 838)	(26 130)	292	(1.1%)
Adjusted attributable earnings to ordinary shareholders	**487 146**	**423 118**	**64 028**	**15.1%**
Adjusted earnings per share (pence)	54.1	48.6		11.3%
Number of weighted average shares (million)	900.4	870.5		
Cost to income ratio	65.8%	65.8%		

Reconciliation from statutory summarised income statement to ongoing summarised income statement

For the year to 31 March 2017 £'000	Statutory as disclosed	UK legacy business	Ongoing business
Net interest income/(expense)	679 895	(644)	680 539
Net fee and commission income/(expense)	1 271 524	(67)	1 271 591
Investment income	136 203	572	135 631
Share of post taxation operating profit of associates	18 890	–	18 890
Trading income/(losses) arising from			
– customer flow	158 001	(5)	158 006
– balance sheet management and other trading activities	8 218	140	8 078
Other operating income	13 483	325	13 158
Total operating income before impairment losses on loans and advances	**2 286 214**	**321**	**2 285 893**
Impairment losses on loans and advances	(111 454)	(54 305)	(57 149)
Operating income/(loss)	**2 174 760**	**(53 984)**	**2 228 744**
Operating costs	(1 513 231)	(10 608)	(1 502 623)
Depreciation on operating leased assets	(2 169)	–	(2 169)
Operating profit/(loss) before goodwill, acquired intangibles and non-operating items	**659 360**	**(64 592)**	**723 952**
Profit attributable to other non-controlling interests	(60 239)	–	(60 239)
Profit attributable to Asset Management non-controlling interests	(20 291)	–	(20 291)
Operating profit/(loss) before taxation	**578 830**	**(64 592)**	**643 422**
Taxation*	(118 488)	11 950	(130 438)
Preference dividends accrued	(25 838)	–	(25 838)
Adjusted attributable earnings to ordinary shareholders	**434 504**	**(52 642)**	**487 146**
Adjusted earnings per share (pence)	48.3		54.1
Number of weighted average shares (million)	900.4		900.4
Cost to income ratio	66.3%		65.8%

* *Applying the group's effective taxation rate of 18.5%.*

Reconciliation from statutory summarised income statement to ongoing summarised income statement

(continued)

For the year to 31 March 2016 **£'000**	**Statutory as disclosed**	**UK legacy business**	**Ongoing business**
Net interest income	573 769	1 840	571 929
Net fee and commission income	1 061 625	3 285	1 058 340
Investment income	170 408	493	169 915
Share of post taxation operating profit of associates	1 811	–	1 811
Trading income/(losses) arising from			
– customer flow	110 227	(652)	110 879
– balance sheet management and other trading activities	11 377	(240)	11 617
Other operating income	10 279	–	10 279
Total operating income before impairment losses on loans and advances	**1 939 496**	**4 726**	**1 934 770**
Impairment losses on loans and advances	(109 516)	(68 148)	(41 368)
Operating income/(loss)	**1 829 980**	**(63 422)**	**1 893 402**
Operating costs	(1 287 021)	(14 913)	(1 272 108)
Depreciation on operating leased assets	(2 165)	–	(2 165)
Operating profit/(loss) before goodwill, acquired intangibles and non-operating items	**540 794**	**(78 335)**	**619 129**
Profit attributable to other non-controlling interests	(35 201)	–	(35 201)
Profit attributable to Asset Management non-controlling interests	(16 529)	–	(16 529)
Operating profit/(loss) before taxation	**489 064**	**(78 335)**	**567 399**
Taxation*	(103 202)	14 949	(118 151)
Preference dividends accrued	(26 130)	–	(26 130)
Adjusted attributable earnings to ordinary shareholders	**359 732**	**(63 386)**	**423 118**
Adjusted earnings per share (pence)	41.3		48.6
Number of weighted average shares (million)	870.5		870.5
Cost to income ratio	66.4%		65.8%

* *Applying the group's effective taxation rate of 19.1%.*

Reconciliation from statutory summarised income statement to ongoing summarised income statement for the UK and Other Specialist Banking

For the year to 31 March 2017 £'000	UK and Other Specialist Banking statutory as disclosed^	UK legacy business	UK and Other Specialist Banking ongoing business
Net interest income/(expense)	284 701	(644)	285 345
Net fee and commission income /(expense)	227 932	(67)	227 999
Investment income	57 806	572	57 234
Share of post taxation operating profit of associates	840	–	840
Trading income/(losses) arising from			
– customer flow	128 967	(5)	128 972
– balance sheet management and other trading activities	5 235	140	5 095
Other operating income	7 883	325	7 558
Total operating income before impairment losses on loans and advances	**713 364**	**321**	**713 043**
Impairment losses on loans and advances	(74 956)	(54 305)	(20 651)
Operating income/(loss)	**638 408**	**(53 984)**	**692 392**
Operating costs	(531 843)	(10 608)	(521 235)
Depreciation on operating leased assets	(2 141)	–	(2 141)
Operating profit/(loss) before goodwill, acquired intangibles and non-operating items	**104 424**	**(64 592)**	**169 016**
Profit attributable to other non-controlling interests	180	–	180
Operating profit/(loss) before taxation	**104 604**	**(64 592)**	**169 196**

For the year to 31 March 2016 £'000	UK and Other Specialist Banking statutory as disclosed^	UK legacy business	UK and Other Specialist Banking ongoing business
Net interest income	256 591	1 840	254 751
Net fee and commission income	189 513	3 285	186 228
Investment income	56 303	493	55 810
Share of post taxation operating profit of associates	1 130	–	1 130
Trading income/(losses) arising from			
– customer flow	92 348	(652)	93 000
– balance sheet management and other trading activities	(9 875)	(240)	(9 635)
Other operating income	9 667	–	9 667
Total operating income before impairment losses on loans and advances	**595 677**	**4 726**	**590 951**
Impairment losses on loans and advances	(84 217)	(68 148)	(16 069)
Operating income/(loss)	**511 460**	**(63 422)**	**574 882**
Operating costs	(435 771)	(14 913)	(420 858)
Depreciation on operating leased assets	(2 149)	–	(2 149)
Operating profit/(loss) before goodwill, acquired intangibles and non-operating items	**73 540**	**(78 335)**	**151 875**
Profit attributable to other non-controlling interests	4 503	–	4 503
Operating profit/(loss) before taxation	**78 043**	**(78 335)**	**156 378**

^ *Refer to page 115.*

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

For the year to 31 March 2017 £'000	UK and Other	Southern Africa	Total group	% change	% of total
Asset Management	91 262	73 562	164 824	22.3%	24.8%
Wealth & Investment	65 190	28 053	93 243	8.8%	14.0%
Specialist Banking	169 196	285 226	454 422	11.0%	68.5%
	325 648	**386 841**	**712 489**	**13.1%**	**107.3%**
Group costs	(36 163)	(12 613)	(48 776)	6.5%	(7.3%)
Total group	**289 485**	**374 228**	**663 713**	**13.7%**	**100.0%**
Other non-controlling interest – equity			60 239		
Operating profit			**723 952**		
% change	**10.8%**	**16.0%**	**13.7%**		
% of total	**43.6%**	**56.4%**	**100.0%**		

For the year to 31 March 2016 £'000	UK and Other	Southern Africa	Total group	% of total
Asset Management	76 853	57 930	134 783	23.1%
Wealth & Investment	63 127	22 608	85 735	14.7%
Specialist Banking	156 378	252 837	409 215	70.1%
	296 358	**333 375**	**629 733**	**107.9%**
Group costs	(35 160)	(10 645)	(45 805)	(7.9%)
Total group	**261 198**	**322 730**	**583 928**	**100.0%**
Other non-controlling interest – equity			35 201	
Operating profit			**619 129**	
% of total	**44.7%**	**55.3%**	**100.0%**	

A reconciliation of the UK and Other Specialist Banking's operating profit: ongoing vs statutory basis

£'000	31 March 2017	31 March 2016	% change
Total ongoing UK and Other Specialist Banking per above	**169 196**	**156 378**	**8.2%**
UK legacy remaining	(64 592)	(78 335)	17.5%
Total UK and Other Specialist Banking per statutory accounts	**104 604**	**78 043**	**34.0%**

Ongoing segmental geographic analysis – summarised income statement

For the year to £'000	31 March 2017 UK and Other	31 March 2017 Southern Africa	31 March 2017 Total	31 March 2016 UK and Other	31 March 2016 Southern Africa	31 March 2016 Total
Net interest income	289 824	390 715	680 539	259 105	312 824	571 929
Net fee and commission income	803 930	467 661	1 271 591	706 473	351 867	1 058 340
Investment income	59 403	76 228	135 631	61 627	108 288	169 915
Share of post taxation operating profit of associates	2 349	16 541	18 890	2 321	(510)	1 811
Trading income arising from						
– customer flow	129 712	28 294	158 006	93 333	17 546	110 879
– balance sheet management and other trading activities	8 531	(453)	8 078	(7 743)	19 360	11 617
Other operating income	12 870	288	13 158	8 532	1 747	10 279
Total operating income before impairment losses on loans and advances	**1 306 619**	**979 274**	**2 285 893**	**1 123 648**	**811 122**	**1 934 770**
Impairment losses on loans and advances	(20 651)	(36 498)	(57 149)	(16 069)	(25 299)	(41 368)
Operating income	**1 285 968**	**942 776**	**2 228 744**	**1 107 579**	**785 823**	**1 893 402**
Operating costs	(994 522)	(508 101)	(1 502 623)	(848 735)	(423 373)	(1 272 108)
Depreciation on operating leased assets	(2 141)	(28)	(2 169)	(2 149)	(16)	(2 165)
Operating profit before goodwill, acquired intangibles and non-operating items	**289 305**	**434 647**	**723 952**	**256 695**	**362 434**	**619 129**
(Profit)/loss attributable to other non-controlling interests	180	(60 419)	(60 239)	4 503	(39 704)	(35 201)
Operating profit before goodwill, acquired intangibles and non-operating items and after other non-controlling interests	**289 485**	**374 228**	**663 713**	**261 198**	**322 730**	**583 928**
Profit attributable to Asset Management non-controlling interests	(11 807)	(8 484)	(20 291)	(10 263)	(6 266)	(16 529)
Operating profit before goodwill, acquired intangibles and non-operating items and after non-controlling interests	**277 678**	**365 744**	**643 422**	**250 935**	**316 464**	**567 399**
Cost to income ratio	76.2%	51.9%	65.8%	75.7%	52.2%	65.8%

Ongoing segmental business and geographic analysis – summarised income statement

For the year to 31 March 2017 £'000	Asset Management UK and Other	Asset Management Southern Africa	Asset Management Total	Wealth & Investment UK and Other	Wealth & Investment Southern Africa	Wealth & Investment Total
Net interest income	111	5 007	5 118	4 368	7 600	11 968
Net fee and commission income	308 084	176 788	484 872	267 847	75 861	343 708
Investment income	–	143	143	2 169	100	2 269
Share of post taxation operating profit of associates	–	–	–	1 509	–	1 509
Trading income arising from						
– customer flow	–	–	–	740	288	1 028
– balance sheet management and other trading activities	3 221	(1 008)	2 213	215	(128)	87
Other operating income/(loss)	5 312	332	5 644	–	–	–
Total operating income before impairment losses on loans and advances	**316 728**	**181 262**	**497 990**	**276 848**	**83 721**	**360 569**
Impairment losses on loans and advances	–	–	–	–	–	–
Operating income	**316 728**	**181 262**	**497 990**	**276 848**	**83 721**	**360 569**
Operating costs	(225 466)	(107 700)	(333 166)	(211 658)	(55 668)	(267 326)
Depreciation on operating leased assets	–	–	–	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and non-operating items	**91 262**	**73 562**	**164 824**	**65 190**	**28 053**	**93 243**
Profit attributable to other non-controlling interests	–	–	–	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles, non-operating items and after other non-controlling interests	**91 262**	**73 562**	**164 824**	**65 190**	**28 053**	**93 243**
Profit attributable to Asset Management non-controlling interests	(11 807)	(8 484)	(20 291)	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles, non-operating items and after non-controlling interests	**79 455**	**65 078**	**144 533**	**65 190**	**28 053**	**93 243**
Cost to income ratio	71.2%	59.4%	66.9%	76.5%	66.5%	74.1%

Ongoing segmental business and geographic analysis-summarised income statement

(continued)

Specialist Banking			Group costs			
UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total	Total group
285 345	378 108	663 453	–	–	–	680 539
227 999	215 012	443 011	–	–	–	1 271 591
57 234	75 985	133 219	–	–	–	135 631
840	16 541	17 381	–	–	–	18 890
128 972	28 006	156 978	–	–	–	158 006
5 095	683	5 778	–	–	–	8 078
7 558	(44)	7 514	–	–	–	13 158
713 043	**714 291**	**1 427 334**	**–**	**–**	**–**	**2 285 893**
(20 651)	(36 498)	(57 149)	–	–	–	(57 149)
692 392	**677 793**	**1 370 185**	**–**	**–**	**–**	**2 228 744**
(521 235)	(332 120)	(853 355)	(36 163)	(12 613)	(48 776)	(1 502 623)
(2 141)	(28)	(2 169)	–	–	–	(2 169)
169 016	**345 645**	**514 661**	**(36 163)**	**(12 613)**	**(48 776)**	**723 952**
180	(60 419)	(60 239)	–	–	–	(60 239)
169 196	**285 226**	**454 422**	**(36 163)**	**(12 613)**	**(48 776)**	**663 713**
–	–	–	–	–	–	(20 291)
169 196	**285 226**	**454 422**	**(36 163)**	**(12 613)**	**(48 776)**	**643 422**
73.3%	46.5%	59.9%	n/a	n/a	n/a	65.8%

Ongoing segmental business and geographic analysis – summarised income statement

(continued)

For the year to 31 March 2016 £'000	Asset Management UK and Other	Asset Management Southern Africa	Asset Management Total	Wealth & Investment UK and Other	Wealth & Investment Southern Africa	Wealth & Investment Total
Net interest income	290	3 614	3 904	4 064	3 266	7 330
Net fee and commission income	275 252	140 276	415 528	244 993	64 087	309 080
Investment income	–	44	44	5 817	255	6 072
Share of post taxation operating profit of associates	–	–	–	1 191	–	1 191
Trading income arising from						
– customer flow	–	–	–	333	(17)	316
– balance sheet management and other trading activities	1 656	12	1 668	236	273	509
Other operating (loss)/income	(1 135)	1 606	471	–	2	2
Total operating income before impairment losses on loans and advances	**276 063**	**145 552**	**421 615**	**256 634**	**67 866**	**324 500**
Impairment losses on loans and advances	–	–	–	–	–	–
Operating income	**276 063**	**145 552**	**421 615**	**256 634**	**67 866**	**324 500**
Operating costs	(199 210)	(87 622)	(286 832)	(193 507)	(45 258)	(238 765)
Depreciation on operating leased assets	–	–	–	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and non-operating items	**76 853**	**57 930**	**134 783**	**63 127**	**22 608**	**85 735**
(Profit)/loss attributable to other non-controlling interests	–	–	–	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles, non-operating items and after other non-controlling interests	**76 853**	**57 930**	**134 783**	**63 127**	**22 608**	**85 735**
Profit attributable to Asset Management non-controlling interests	(10 263)	(6 266)	(16 529)	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles, non-operating items and after non-controlling interests	**66 590**	**51 664**	**118 254**	**63 127**	**22 608**	**85 735**
Cost to income ratio	72.2%	60.2%	68.0%	75.4%	66.7%	73.6%

Ongoing segmental business and geographic analysis – summarised income statement

(continued)

Specialist Banking			Group costs			
UK and Other	**Southern Africa**	**Total**	**UK and Other**	**Southern Africa**	**Total**	**Total group**
254 751	305 944	560 695	–	–	–	571 929
186 228	147 504	333 732	–	–	–	1 058 340
55 810	107 989	163 799	–	–	–	169 915
1 130	(510)	620	–	–	–	1 811
93 000	17 563	110 563	–	–	–	110 879
(9 635)	19 075	9 440	–	–	–	11 617
9 667	139	9 806	–	–	–	10 279
590 951	**597 704**	**1 188 655**	**–**	**–**	**–**	**1 934 770**
(16 069)	(25 299)	(41 368)	–	–	–	(41 368)
574 882	**572 405**	**1 147 287**	**–**	**–**	**–**	**1 893 402**
(420 858)	(279 848)	(700 706)	(35 160)	(10 645)	(45 805)	(1 272 108)
(2 149)	(16)	(2 165)	–	–	–	(2 165)
151 875	**292 541**	**444 416**	**(35 160)**	**(10 645)**	**(45 805)**	**619 129**
4 503	(39 704)	(35 201)	–	–	–	(35 201)
156 378	**252 837**	**409 215**	**(35 160)**	**(10 645)**	**(45 805)**	**583 928**
–	–	–	–	–	–	(16 529)
156 378	**252 837**	**409 215**	**(35 160)**	**(10 645)**	**(45 805)**	**567 399**
71.5%	46.8%	59.1%	n/a	n/a	n/a	65.8%

Return on equity – ongoing basis

£'000	31 March 2017	31 March 2016	Average	31 March 2015	Average
Calculation of average shareholders' equity					
Ordinary shareholders' equity	3 859 535	2 990 009	3 424 772	3 085 374	3 037 692
Goodwill and intangible assets (excluding software)	(490 841)	(503 996)	(497 419)	(494 111)	(499 054)
Adjusted tangible shareholders' equity	**3 368 694**	**2 486 013**	**2 927 353**	**2 591 263**	**2 538 638**

£'000	31 March 2017	31 March 2016
Operating profit*	723 952	619 129
Non-controlling interests	(80 530)	(51 730)
Accrued preference dividends, adjusted for currency hedge	(25 838)	(26 130)
Revised operating profit	**617 584**	**541 269**
Taxation on operating profit before goodwill and acquired intangibles	(130 438)	(118 151)
Adjusted attributable earnings to ordinary shareholders*	**487 146**	**423 118**
Pre-taxation return on average adjusted shareholders' equity	18.0%	17.8%
Post-taxation return on average adjusted shareholders' equity	14.2%	13.9%
Pre-taxation return on average adjusted tangible shareholders' equity	21.1%	21.3%
Post-taxation return on average adjusted tangible shareholders' equity	16.6%	16.7%

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

An analysis of core loans and advances to customers and asset quality by geography – ongoing business

£'000	UK and Other 31 March 2017	UK and Other 31 March 2016	Southern Africa 31 March 2017	Southern Africa 31 March 2016	Total group 31 March 2017	Total group 31 March 2016
Gross core loans and advances to customers	**8 169 901**	**7 242 345**	**14 158 547**	**10 358 572**	**22 328 448**	**17 600 917**
Total impairments	**(25 356)**	**(21 838)**	**(72 152)**	**(43 359)**	**(97 508)**	**(65 197)**
Specific impairments	(12 393)	(20 838)	(52 689)	(32 240)	(65 082)	(53 078)
Portfolio impairments	(12 963)	(1 000)	(19 463)	(11 119)	(32 426)	(12 119)
Net core loans and advances to customers	**8 144 545**	**7 220 507**	**14 086 395**	**10 315 213**	**22 230 940**	**17 535 720**
Average gross core loans and advances to customers	**7 706 123**	**6 810 208**	**12 258 560**	**10 274 998**	**19 964 683**	**17 085 206**
Total income statement charge for impairments on core loans and advances	**(20 690)**	**(17 806)**	**(36 580)**	**(25 576)**	**(57 270)**	**(43 382)**
Gross default loans and advances to customers	34 166	49 795	215 633	152 135	249 799	201 930
Specific impairments	(12 393)	(20 838)	(52 689)	(32 240)	(65 082)	(53 078)
Portfolio impairments	(12 963)	(1 000)	(19 463)	(11 119)	(32 426)	(12 119)
Defaults net of impairments before collateral held	**8 810**	**27 957**	**143 481**	**108 776**	**152 291**	**136 733**
Collateral and other credit enhancements	25 948	34 777	259 057	175 051	285 005	209 828
Net default loans and advances to customers (limited to zero)	**–**	**–**	**–**	**–**	**–**	**–**
Ratios:						
Total impairments as a % of gross core loans and advances to customers	0.31%	0.30%	0.51%	0.42%	0.44%	0.37%
Total impairments as a % of gross default loans	74.21%	43.86%	33.46%	28.50%	39.03%	32.29%
Gross defaults as a % of gross core loans and advances to customers	0.42%	0.69%	1.52%	1.47%	1.12%	1.15%
Defaults (net of impairments) as a % of net core loans and advances to customers	0.11%	0.39%	1.02%	1.05%	0.69%	0.78%
Net defaults as a % of net core loans and advances to customers	–	–	–	–	–	–
Credit loss ratio (i.e. income statement impairment charge on core loans as a % of average gross core loans and advances)	0.27%	0.26%	0.29%	0.26%	0.29%	0.26%

Core loans and assets quality – ongoing business

(continued)

A reconciliation of core loans and advances: statutory basis and ongoing basis

	Statutory as disclosed^	UK Legacy business	Ongoing business
31 March 2017 (£'000)			
Gross core loans and advances to customers	22 906 165	577 717	22 328 448
Total impairments	(199 028)	(101 520)	(97 508)
Specific impairments	(136 177)	(71 095)	(65 082)
Portfolio impairments	(62 851)	(30 425)	(32 426)
Net core loans and advances to customers	**22 707 137**	**476 197**	**22 230 940**
31 March 2016 (£'000)			
Gross core loans and advances to customers	**18 305 365**	**704 448**	**17 600 917**
Total impairments	(186 550)	(121 353)	(65 197)
Specific impairments	(154 031)	(100 953)	(53 078)
Portfolio impairments	(32 519)	(20 400)	(12 119)
Net core loans and advances to customers	**18 118 815**	**583 095**	**17 535 720**

^ *Refer to page 106.*

The legacy business in the UK Specialist Bank comprises:

- Assets put on the bank's books pre-2008 where market conditions post the financial crisis materially impacted the business model
- Assets written prior to 2008 with very low/negative margins
- Assets relating to business we are no longer undertaking.

Legacy business – overview of results

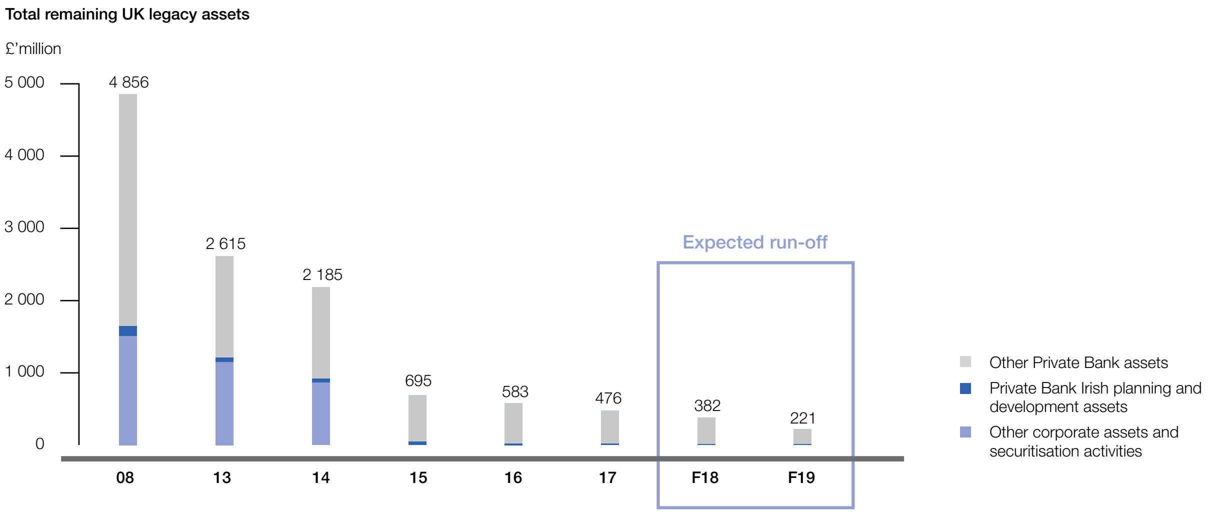
Since 31 March 2016 the group's legacy portfolio in the UK has continued to be actively managed down from £583 million to £476 million through asset sales, redemptions and write-offs. The total legacy business over the period reported a loss before taxation of £64.6 million (2016: £78.3 million). The remaining legacy portfolio will continue to be managed down. Given the uncertainty in the UK following the EU referendum, the legacy book could take longer to wind down than management's original expectation of two to four years. Total net defaults in the legacy book amount to £125 million (31 March 2016: £143 million).

An analysis of assets within the legacy business

£'million	31 March 2017 Total net assets (after impairments)	31 March 2017 Total balance sheet impairment	31 March 2016 Total net assets (after impairments)	31 March 2016 Total balance sheet impairment
Private Bank Irish planning and development assets	18	9	23	14
Other Private Bank assets	458	93	560	107
Total legacy assets	**476**	**102**	**583**	**121**
Performing	351	–	440	–
Non-performing	125	102*	143	121*

* *Included in balance sheet impairments is a group portfolio impairment of £30.4 million (31 March 2016: £20.4 million).*

Expected run-off of legacy assets



03

Divisional and segmental review

Group divisional structure

Investec is a focused specialist bank and asset manager striving to be distinctive in all that it does

Our strategic goals and objectives are motivated by the desire to develop an efficient and integrated business on an international scale through the active pursuit of clearly established core competencies in our principal business areas. Our core philosophy has been to build well-defined, value-added businesses focused on serving the needs of select market niches where we can compete effectively.

We seek to maintain an appropriate balance between revenue earned from operational risk businesses and revenue earned from financial risk businesses. This ensures that we are not over reliant on any one part of our business to sustain our activities and that we have a large recurring revenue base that enables us to navigate through varying cycles and to support our long-term growth objectives.

Our current strategic objectives include increasing the proportion of our non-lending revenue base which we largely intend to achieve through the continued strengthening and development of our Wealth and Asset Management businesses.

Asset Management

What we do

Equities
Fixed Income
Multi-asset
Alternatives

Where we operate

Africa
Americas
Asia Pacific
UK
Europe

Wealth & Investment

What we do

Portfolio management
Stockbroking
Alternative investments
Investment advisory services
Electronic trading services
Retirement portfolios

Where we operate

Southern Africa
UK
Europe
Hong Kong
Mauritius

Specialist Banking

What we do

Private Banking activities
Corporate and Institutional Banking activities
Investment activities
Property activities
Group Services and Other activities

Where we operate

Australia
Hong Kong
India
Southern Africa
UK
Europe
USA

Integrated global management structure

Global roles

Chief executive officer	Stephen Koseff	**Executive director**	Hendrik du Toit
Managing director	Bernard Kantor	**Group risk and finance director**	Glynn Burger

GEOGRAPHICAL BUSINESS LEADERS

South Africa
Glynn Burger
Richard Wainwright

United Kingdom
David van der Walt
Steve Elliott

Specialist Banking

Ciaran Whelan
David van der Walt

Asset Management

Hendrik du Toit

Wealth & Investment

Steve Elliott

SUPPORT STRUCTURES

Human resources and organisational development
Marc Kahn

Corporate governance and compliance
Bradley Tapnack

Group finance
Nishlan Samujh

Share schemes and secretarial
Les Penfold

At Investec Asset Management, we believe in investing in a better tomorrow. We want to assist people around the globe to retire with dignity or meet their financial objectives by offering specialist, active investment expertise. We are a patient, long-term business offering organically-developed investment capabilities through active segregated mandates or mutual funds to sophisticated clients. Our clients include some of the world's largest private and public sector pension funds, financial institutions, corporates, foundations, central banks and intermediaries serving individual investors. Our business is to manage our clients' investments to the highest standard possible by exceeding their investment and client service expectations.

Global executive committee

Chief executive officer
Hendrik du Toit

Chief operating officer
Kim McFarland

Global head of client group
John Green

Co-chief investment officer
Domenico (Mimi) Ferrini

Co-chief investment officer
John McNab

It all began in South Africa in 1991. After more than twenty-five years, we have grown to become a successful global investment management firm from the emerging markets. We continue to develop an owner culture and are committed to building a long-term intergenerational business.

Our investment team of over 195 investment professionals applies clear investment philosophies and processes across multiple asset classes. Our client group is organised across five geographically defined units. These teams are supported by our global operations platform.

Our value proposition

- 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
  - Client base
  - Operations platform
- Institutional and advisor focus
- Unique and clearly understood culture
- Stable and experienced leadership
- Committed to investing for a sustainable future.

Annual highlights

Net flows of
£(0.6) billion
(2016: £3.2 billion)

Assets under management
£95.3 billion
(2016: £75.7 billion)

Operating margin
33.1%
(2016: 32.0%)

Operating profit before non-controlling interest increased by 22.3% to
£164.8 million
contributing 27.5% to group profit

What we do

Organisational structure

Investments

Equities
- Global
- Regional
- Emerging

Fixed Income
- Developed
- Emerging
- Multi-strategy
- Absolute return

Multi-Asset
- Global/Regional solutions
- Income solutions

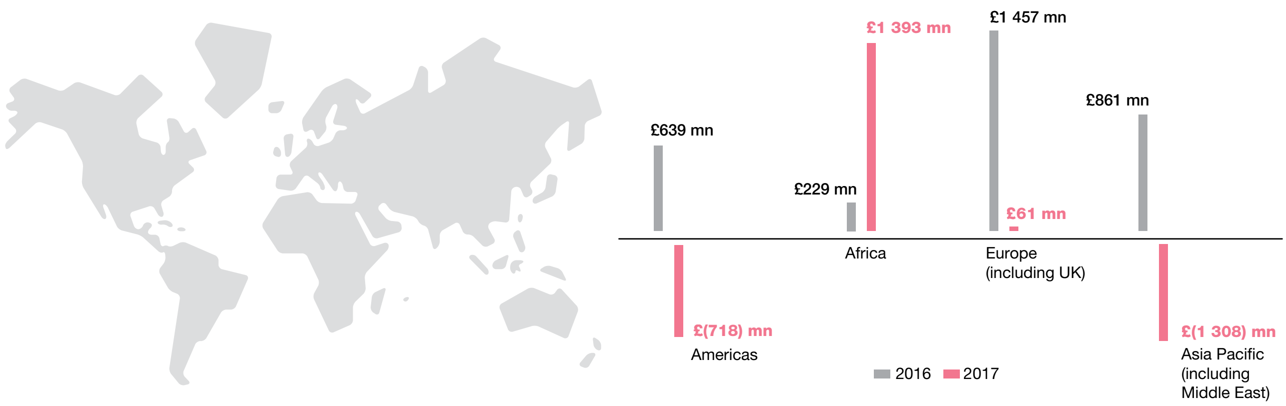
Alternatives
- Commodities
- Private equity
- Real estate
- Infrastructure debt

Client groups

United Kingdom | Africa | Americas | Asia Pacific | Europe

Global operations platform

Where we operate



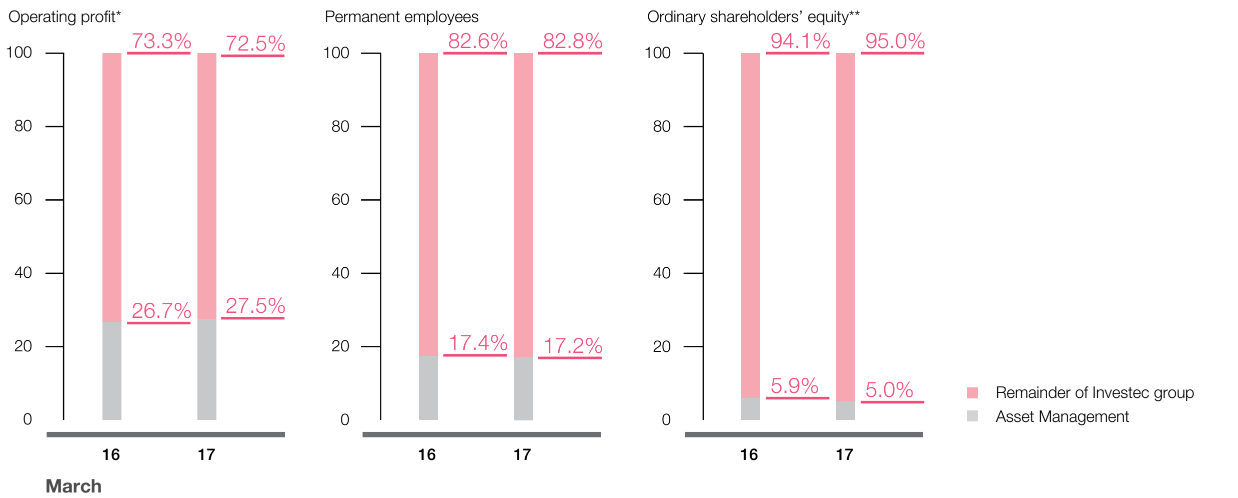
Net flows by geography

Financial years to 31 March 2016 and 31 March 2017
Note: The net flows exclude a historic low value cash plus account which is subject to volatile net flows.

Asset Management

(continued)

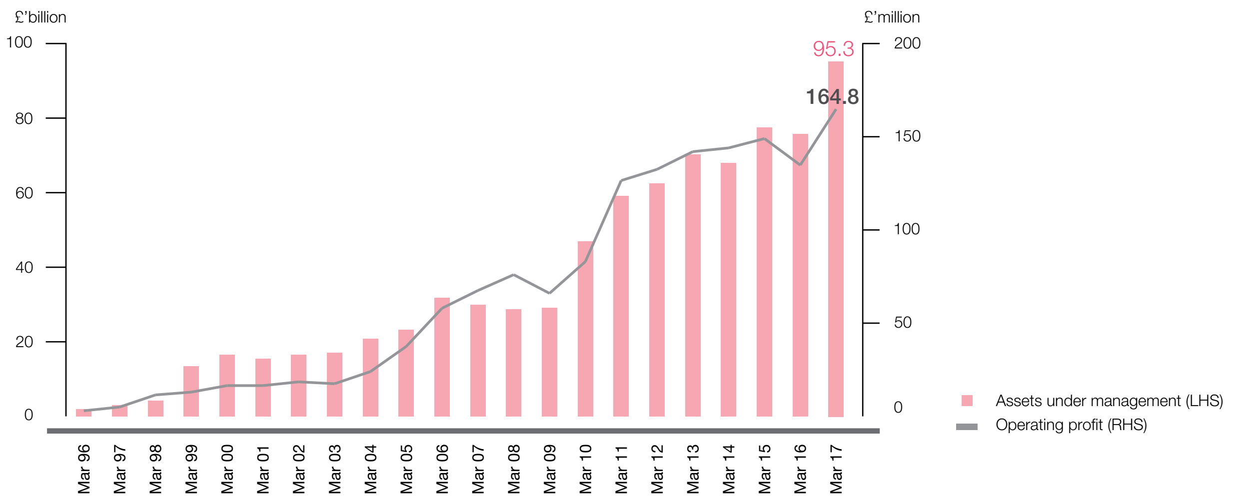
Financial analysis



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

** As calculated on page 102, based on regulatory capital requirements.

Historical financial performance



Income statement analysis

£'000	31 March 2017	31 March 2016	Variance	% change
Net interest income	5 118	3 904	1 214	31.1%
Net fee and commission income	484 872	415 528	69 344	16.7%
Investment income	143	44	99	>100.0%
Trading income arising from balance sheet management and other trading activities	2 213	1 668	545	32.7%
Other operating income	5 644	471	5 173	>100.0%
Total operating income	**497 990**	**421 615**	**76 375**	**18.1%**
Operating costs	(333 166)	(286 832)	(46 334)	16.2%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and before non-controlling interests	**164 824**	**134 783**	**30 041**	**22.3%**
Profit attributable to Asset Management non-controlling interests**	(20 291)	(16 529)	(3 762)	22.8%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	**144 533**	**118 254**	**26 279**	**22.2%**
UK and Other	79 455	66 590	12 865	19.3%
Southern Africa	65 078	51 664	13 414	26.0%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	**144 533**	**118 254**	**26 279**	**22.2%**
Selected returns and key statistics				
Ordinary shareholders' equity*	186 423	171 629	14 794	8.6%
ROE (pre-tax)*	90.7%	79.1%		
Return on tangible equity (pre-tax)*	179.6%	173.1%		
Operating margin	33.1%	32.0%		
Operating profit per employee (£'000)*^	168.6	144.8	23.8	16.4%

* *As calculated on pages 102 and 104, based on regulatory capital requirements.*
** *Earnings after tax attributable to non-controlling interests includes the portion of earnings attributable to the 16% shareholding in the business by employees.*
^ *Operating profit per employee excludes Silica, our third party administration business.*

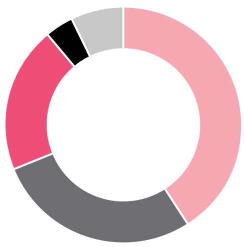
The variance in operating profit over the year can be explained as follows:

- Rising markets and a weaker Sterling increased our net fee and commission income in the period to £484.9 million.
- Performance fees increased over the period under review from £25.5 million in the prior period to £28.0 million.
- Against this backdrop, our operating profit before non-controlling interests increased by 22.3%, driven by increased income (as explained above) and tempered by operating cost increases, which were significantly impacted by currency fluctuations.

Assets under management and flows

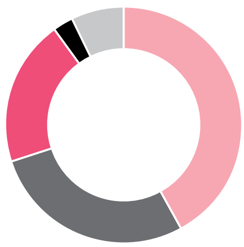
£'million	AUM 31 March 2017	Net flows	AUM 31 March 2016
Equities	38 864	(1 574)	31 993
Fixed Income	27 100	(1 040)	21 485
Multi-asset	18 940	1 236	14 620
Alternatives	3 479	504	2 525
Third party funds on advisory platform	6 904	302	5 056
Total	**95 286**	**(572)**	**75 679**

Assets under management by asset class



31 March 2017

Equities	41%
Fixed Income	28%
Multi-asset	20%
Alternatives	4%
Third party funds on advisory platform	7%



31 March 2016

Equities	42%
Fixed Income	28%
Multi-asset	20%
Alternatives	3%
Third party funds on advisory platform	7%

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

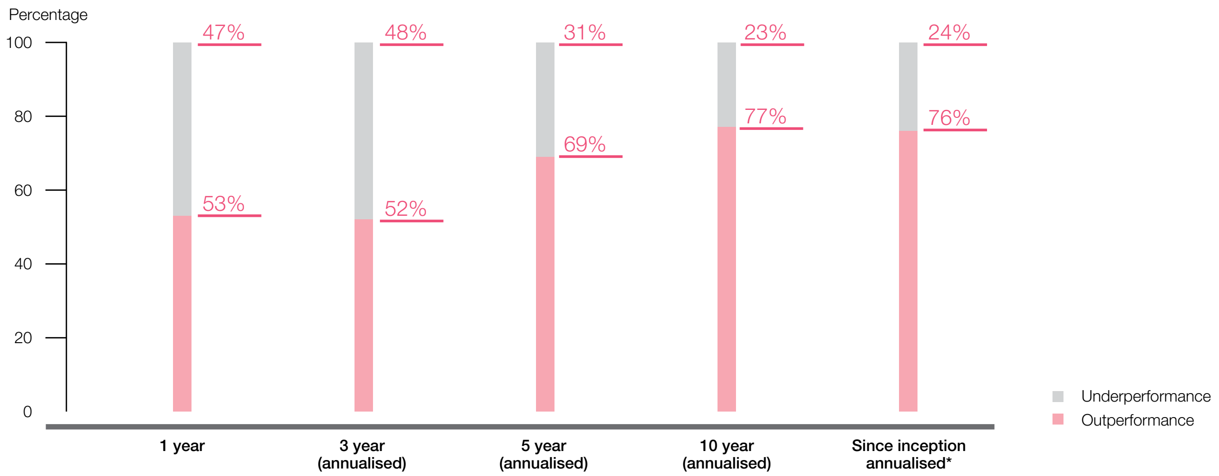
Investment performance

All of our investment capabilities are managed with the simple aim of delivering performance which meets or exceeds our clients' expectations around agreed, well defined risk and return parameters.

We measure our investment performance relative to peer groups and against benchmarks over one, three, five and 10 year periods, and since inception.

Our long-term track record remains competitive.

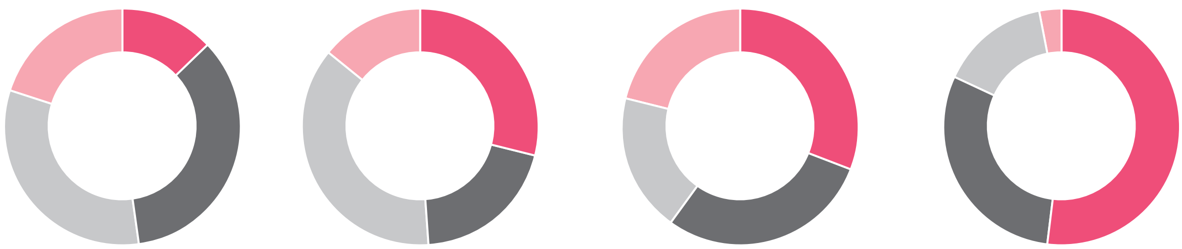
Overall firm performance



Source: Calculated by Investec Asset Management, returns from StatPro, capability weighted. Performance to 31 March 2017.

Note: Outperformance (underperformance) is calculated as the sum of the total market values for those portfolios that have positive active returns (negative active returns) expressed as a percentage of total assets under management. Total assets under management exclude double-counting of pooled products and third party assets administered on our South African platform. Benchmarks used for the above analysis include cash, peer group averages, inflation and market indices as specified in client mandates or fund prospectuses. For all periods shown, market values are as at the period end date.

Mutual funds investment performance



One year

First quartile	**13%**
Second quartile	**35%**
Third quartile	**32%**
Fourth quartile	**20%**

Three year

First quartile	**29%**
Second quartile	**20%**
Third quartile	**37%**
Fourth quartile	**14%**

Five year

First quartile	**31%**
Second quartile	**29%**
Third quartile	**19%**
Fourth quartile	**21%**

Ten year

First quartile	**52%**
Second quartile	**30%**
Third quartile	**15%**
Fourth quartile	**3%**

Source: Calculated from Morningstar data by value, excludes cash and cash plus funds. Performance to 31 March 2017.
Note: All Investec Asset Management fund ranges relative to other funds in the same sector.

Independent recognition

- Raging Bull Award for Best South African General Equity Fund (Investec Value Fund) and Top Outright Performance over 21 years by a South African General Equity Fund (Investec Equity Fund)
- Winner of Funds Europe Award 2016 for European Asset Management Company (assets €20bn-€100bn)

Questions and answers

Hendrik du Toit

Chief executive officer

Q. How has the operating environment in which you have operated impacted your business over the last financial year?

During the past year, political and currency volatility featured regularly. In spite of the strong rally in equities, there was a marked slowdown in decision-making by institutional investors. In addition, the decision not to choose cheap beta has increasingly become an active decision for institutional asset owners. These circumstances have put pressure on the flows to active asset managers, including Investec Asset Management.

At this stage we are midway into the 'great re-regulation' of our industry. The consequence is the ever increasing resources devoted to meeting new regulatory standards.

On the positive side, Investec Asset Management benefited significantly from the resurgence of emerging markets towards the end of the reporting period.

Given this environment and the fact that we entered the financial year with weaker than desired performance in some of our larger offerings, we closed the year with net outflows of approximately £0.6 billion.

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

After a good start and a positive net flow number at half-year stage, the flow picture deteriorated in the second half of the year. We closed the financial year with net outflows of £0.6 billion, where £1.7 billion of net ouflows took place in the last six months of the financial year. The net ouflows were largely driven by the Asia Pacific and Americas regions, as a result of client restructurings and rebalancing, rather than performance complaints. We are pleased to report that our African business has continued its resurgence as evidenced by net inflows of £1.4 billion for the year.

Our short-term investment performance in some of our larger capabilities was challenged over the period under review. However, we are beginning to see a turnaround here.

We have also broadened our offering over the past year following substantial investments into our credit and multi-asset teams. As we go into the 2018 financial year, we offer a strong and well-tested global equities platform, a rapidly developing multi-asset capability, a resurgent emerging markets debt capability and a growing credit skill set. This allows us to offer a competitive set of growth, income and multi-asset offerings to the market. We have also continued to grow and strengthen our private markets capabilities.

The challenges of an increasingly demanding client base, to which alpha over the cycle is a non-negotiable, product relevance and regulatory costs provided us with ample cause for thought about our long-term direction. After due consideration, we have concluded that our business remains well positioned for the future and that we need to focus on execution. We will be even more relentless in our focus on quality and excellence over the coming years as we pursue the same strategic objectives as we had before.

We will continue to invest in our people and nurture the owner culture that binds us together. Strategic clarity, quality execution and an ongoing commitment to our people underwrite the growth potential of our business over the long term.

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

Our fundamental strategic objectives and principles remain unchanged: we want to assist people around the globe to retire with dignity or meet their financial objectives. We aim to manage our clients' money to the highest possible standard and in line with their expectations and product and strategy specifications.

We remain a patient, organic and long-term business offering organically-developed investment capabilities through active segregated mandates or mutual funds to sophisticated clients. We operate globally in both the Institutional and Advisor space through five geographically defined client groups. We have an approach to growth that is driven by sensible medium to long-term client demand and competitive investment performance.

In the next twelve months, we are intent on continuing to grow our Advisor business globally, strengthening our position in North America and continuing to scale our multi-asset and global equity offerings. Furthermore, we will continue to invest in a limited number of long-term initiatives, including within our private markets offering.

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

Although there are many prevailing challenges for the industry including the global macroeconomic environment, increased regulation, disruption from technology and evolving buying behaviour, the asset management industry is forecast to grow. It remains a fiercely competitive market which will become tougher to navigate and maintain margins. As we are seeing already, we expect to see some consolidation in the market in response to these challenges. We are unlikely to participate in this consolidation as we continue to see potential for ongoing organic growth.

We believe that we have created a sustainable, competitive, long-term business, over the past 26 years. We are organically building a long-term inter-generational business and as such concentrate less on short-term outcomes. We remain committed to being an active investment manager and believe that the opportunity for growth in our industry over the next five years is substantial.

The coming year will have its challenges. Markets may not be as supportive, currencies may not move as much in our favour as during this last year. We are nevertheless confident about our long-term future.

Investec WEALTH & INVESTMENT offers its clients comfort in its scale, international reach and depth of investment processes. Investec Wealth & Investment is one of the UK's leading private client investment managers and the largest in South Africa.

Global head:
STEVE ELLIOTT

UK head: Jonathan Wragg
South Africa head: Henry Blumenthal
Switzerland head: Peter Gyger
Ireland head: Eddie Clarke

The business specialises in wealth management, portfolio management, private office and stockbroking services for individuals, families, trusts and charities.

Investec Wealth & Investment is one of the UK's leading private client investment managers, the largest in South Africa, has a significant European presence and is developing its operations internationally.

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

Annual highlights

Net inflows of
£1.2 billion
(2016: £2.1 billion)

Assets under management
£54.8 billion
(2016: £45.5 billion)

Operating margin
25.9%
(2016: 26.4%)

Operating profit up 8.8% to
£93.2 million
contributing 15.6% to group profit

Our value proposition

- Investec Wealth & Investment has been built via the acquisition and integration of businesses and organic growth over a long period of time
- Well-established platforms in the UK, South Africa, Switzerland, Republic of Ireland and Guernsey
- The business currently has four distinct channels: direct, intermediaries, charities and international, and is nearing completion of the development of its fifth 'online' distribution channel, Click & Invest
- Strategy to internationalise within jurisdictions where the Investec group already has an established business
- Focus is on organic growth in our key markets and enhancing our range of services for the benefit of our clients.

What we do

UK and Other

Investment and savings

- Discretionary and advisory portfolio management services for private clients
- Specialist investment management services for charities, pension schemes and trusts
- Independent financial planning advice for private clients
- Specialist portfolio management services for international clients.

Pensions and retirement

- Discretionary investment management for company pension and Self Invested Personal Pensions (SIPPs)
- Advice and guidance on pension schemes and life assurance.

Financial planning

- Succession planning
- ISAs
- Retirement planning.

The UK operation is conducted through Investec Wealth & Investment Limited. The other Wealth & Investment operations are conducted through Investec Bank Switzerland, Investec Wealth & Investment Ireland, Investec Wealth & Investment Channel Islands and in Hong Kong, through Investec Capital Asia Limited.

Over 1 300 staff operate from offices located throughout the above jurisdictions, with combined funds under management of £35.6 billion. Investec Wealth & Investment is one of the UK's leading providers of private client investment management services.

Southern Africa

Investec Wealth & Investment South Africa provides portfolio management, wealth management and stockbroking services for private clients, charities, pension funds and trusts. Operating from eight offices across South Africa with R109.9 billion of discretionary and annuity managed assets and a further R212.4 billion of funds under various other forms of administration.

Where we operate

UK and Other

Brand well recognised

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

One of the UK's leading private client investment managers

Proven ability to attract and recruit investment managers

Developing Wealth & Investment capability in Hong Kong

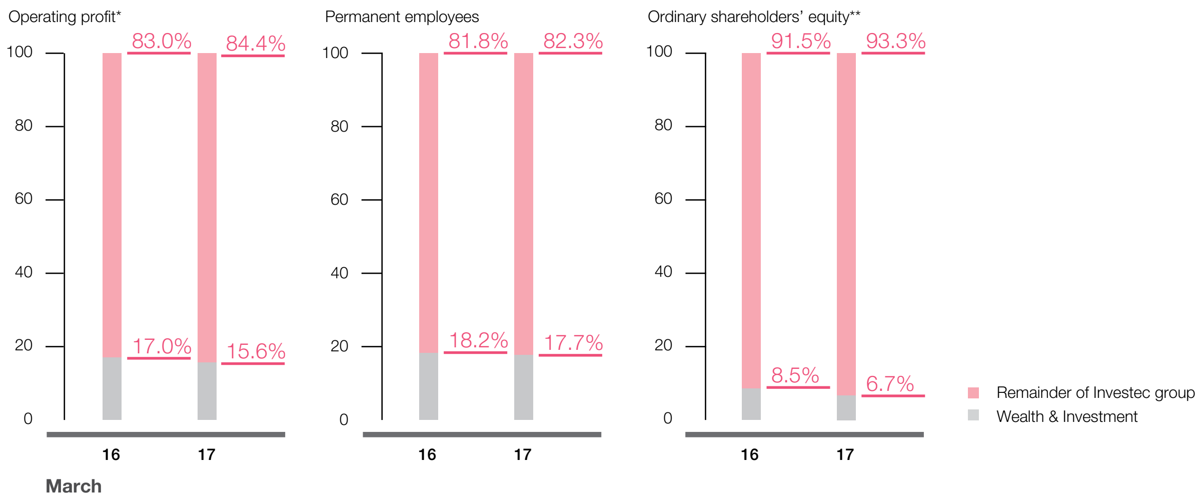
South Africa and Mauritius

Strong brand and positioning

Largest player in the South African market

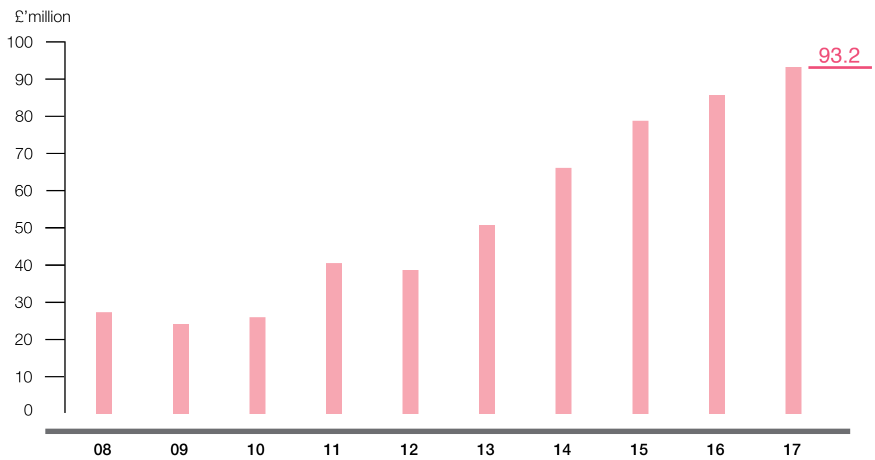
Developing Wealth & Investment capability in Mauritius

Financial analysis



* Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.
** As calculated on page 102, based on regulatory capital requirements.

Operating profit^ — track record



^ Trend reflects numbers as at the year ended 31 March. Amounts are shown before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.

Wealth & Investment

(continued)

Income statement analysis

£'000	31 March 2017	31 March 2016	Variance	% change
Net interest income	11 968	7 330	4 638	63.3%
Net fee and commission income	343 708	309 080	34 628	11.2%
Investment income	2 269	6 072	(3 803)	(62.6%)
Share of post taxation operating profit of associates	1 509	1 193	318	26.7%
Trading income arising from				
– customer flow	1 028	316	712	>100.0%
– balance sheet management and other trading activities	87	509	(422)	(82.9%)
Total operating income	**360 569**	**324 500**	**36 069**	**11.1%**
Operating costs	(267 326)	(238 765)	(28 561)	12.0%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	**93 243**	**85 735**	**7 508**	**8.8%**
UK and Other	65 190	63 127	2 063	3.3%
Southern Africa	28 053	22 608	5 445	24.1%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	**93 243**	**85 735**	**7 508**	**8.8%**
Selected returns and key statistics				
Ordinary shareholders' equity*	251 523	246 302	5 221	2.1%
ROE (pre-tax)*	35.7%	30.7%		
Return on tangible equity (pre-tax)*	173.0%	187.9%		
Operating margin	25.9%	26.4%		
Operating profit per employee (£'000)*	56.6	54.8	1.8	3.3%

* *As calculated on pages 102 and 104, based on regulatory capital requirements.*

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

- The UK and Other business continued to generate good net inflows of funds under management, despite volatile equity markets. Operating income benefited from growth in average funds under management supported by a higher level of market indices at the key quarterly billing dates.
- The South African business posted an operating profit of R514 million, an increase of 10.5% (in Rand terms) over the prior year, benefiting from higher discretionary and annuity asset funds under management and net inflows.
- The business globally continued to invest in its digital platforms, IT infrastructure, compliance and settlements areas. Headcount increased by 4.4% from 31 March 2016 to 31 March 2017.

Analysis of key earnings drivers (funds under management)

£'million	31 March 2017	31 March 2016	% change
UK and Other	**35 555**	**29 769**	**19.4%**
Discretionary	26 336	21 747	21.1%
Non-discretionary and other	9 219	8 022	14.9%
South Africa	**19 218**	**15 690**	**22.5%**
Discretionary and annuity assets	6 552	4 945	32.5%
Non-discretionary and other	12 666	10 745	17.9%
Total	**54 773**	**45 459**	**20.5%**

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

Funds under management

£'million	31 March 2017	31 March 2016	% change
Investec Wealth & Investment Limited (UK)	**31 866**	**27 105**	**17.5%**
Discretionary	25 393	21 120	20.2%
Non-discretionary	6 473	5 985	8.2%
Other	**3 689**	**2 664**	**38.5%**
Discretionary	943	627	50.4%
Non-discretionary	2 746	2 037	34.8%
Total	**35 555**	**29 769**	**19.4%**

Further analysis of the Investec Wealth & Investment Limited UK business

Funds under management and flows

£'billion	31 March 2017	31 March 2016	% change
At the beginning of the year	**27.11**	**27.32**	
Inflows	3.53	3.38	
Outflows	(2.19)	(2.04)	
Market adjustment^	3.71	(1.26)	
Transfers^^	(0.05)	(0.03)	
Disposals*	(0.24)	(0.26)	
At the end of the year	**31.87**	**27.11**	**17.6%**
MSCI WMA Private Investor Balanced Index (at year end)	1 536	1 318	16.5%
Underlying rate of net organic growth in total funds under management**	4.9%	4.9%	
% of total funds managed on a discretionary basis	79.7%	77.9%	

^ *Impact of market movement and relative performance.*
^^ *Reflects the transfer of clients between jurisdictions.*
* *Reflects the disposal of funds relating to certain non-core operations.*
** *Net organic inflows less outflows (excluding acquired inflows and exceptional outflows) as a percentage of opening funds under management.*

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

Funds under management

R'million	31 March 2017	31 March 2016	% change
Discretionary and annuity assets	109 869	104 480	5.2%
Non-discretionary	212 412	227 033	(6.4%)
Total	**322 281**	**331 513**	**(2.8%)**

Net inflows at cost over the year

R'million	31 March 2017	31 March 2016
Discretionary and annuity assets	8 335	9 300
Non-discretionary	(8 597)#	5 615
Total	**(262)**	**14 915**

Includes an outflow of R4.9 billion of assets transferred to our specialised securities division not included in Wealth & Investment assets.

Questions and answers

Steve Elliott

Global head

Q. How has the operating environment in which you have operated impacted your business over the last financial year?

For the UK business, the financial year has seen two major events which have been relevant to investors, being the UK's referendum on its membership of the European Union and the US presidential elections. The periods surrounding each of these events presented significant uncertainty for investors. Despite the expectations of most commentators, after some initial volatility and a notable decline in sterling, equity markets responded favourably to the both the UK's decision to leave the EU and to the election of Donald Trump, with principal market indices having subsequently reached record highs. This has presented a favourable backdrop for most of the financial year, which has been beneficial for both our clients and the performance of the business.

However, whilst the overall outcome of these events has so far been positive, our dedication to the individual needs of each of our clients remains as important as ever as we seek to ensure that we continue to provide the assurance and service our clients need to navigate through these periods of heightened uncertainty.

In South Africa, our clients have continued to trade and invest both locally and offshore, however, they are taking a far more cautious approach to investment, given the volatility in the market. We continued to see good discretionary net inflows, supported by our strong brand and positioning in the local market and an increase in our client base. Our investment approach tends to be more defensive, favouring some of the larger companies listed on the JSE, these companies experiencing a fall in values over the period.

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

We've continued to focus and place an emphasis on enhancing our digital capabilities for our private clients. This includes expanding our self-directed investment capabilities as well as increasing access to our global investment view through our managed investment services, both on our mobile and digital platforms.

Investec Wealth & Investment and Private Bank have been awarded, for the fifth year in a row by Euromoney and the fourth year in a row by the FT in London, the accolade of Best Private Bank and Wealth Manager in South Africa. These accolades show the traction our One Place strategy has had with our private clients and the importance of delivering banking and investments, locally and internationally, to our private clients in One Place.

In South Africa, we continue to enhance our One Place strategy, which focuses on servicing clients' local and international banking and investment needs, a particularly important role through the recent turbulent period. We have done so by leveraging off our international capabilities in Ireland, Switzerland, Hong Kong, Guernsey and the UK.

The continuing development of our digital channel, Click & Invest, has made good progress, with some important milestones in the development being achieved during the year. The final stages of development are now being undertaken as we prepare for the forthcoming launch of this new digital service.

The UK business has continued the process of rationalising its non-core operations. The business took the decision during the year to cease the provision of its Traded Options service, and this was fully completed during the financial year.

Regulation is always an area of focus which requires substantial resources to ensure the business remains fully compliant with all of its obligations.

The most significant change to regulations that we have seen for some time will come into effect over the coming months in the form of MiFID II and new data protection requirements in the UK. Planning for the implementation of these substantial changes has, and continues to be, a significant theme for the business, with considerable IT development and other work being undertaken to accommodate the new requirements. These developments further reinforce the important role that our scale plays in our current and future success in the investment management industry.

While continuing to progress its financial planning offering and strengthen all aspects of the client engagement, Wealth & Investment Ireland has seen significant growth in the conversion of new and existing clients to discretionary management. The recognition of the wealth side of Investec Ireland has continued to expand with the opening of the office in Cork.

In terms of our Swiss operation, a full strategy review has been completed and this has identified an opportunity to consider Switzerland as a multi-jurisdiction platform.

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

We've continued to advance with ongoing projects and introduced new initiatives. This involves keeping the client at the centre of all that we do. The strategy of working together with Private Bank to offer an integrated banking and investment solution to our private clients, both locally and internationally, has been a great success and will remain a key focus in the years ahead.

Our focus on servicing the ever expanding global investment needs of our private clients and in navigating the complex landscape of asset allocation, goal-based investing, fiduciary and tax information, alternative investments and the financial plans to help our clients achieve their financial plans, remains a key strategy for us.

Having a global view is integral to the continued evolution of our business as an international operation. This requires not just broadening our presence but also integrating our various businesses to ensure the best service for clients. Our Asian and Swiss operations continue to allow us to service the expatriate market across various jurisdictions.

The development of our digital capability will continue to be a principal strategic theme. The launch of Click & Invest is a key component of this, and achieving the successful delivery of this new service to the market will be a significant point of focus for the business. However, our digital development goes beyond the new Click & Invest service. We are committed to developing digital enhancements to our core investment management offering and make these available to those clients of the core business for whom they are suited.

The development and expansion of the UK business' financial planning capability remains an important part of our strategy and an aspect of our service that we continue to build as the complexity of the personal financial world continues to increase. We are also continuing to see growth in the use of our international service centres by those international clients who seek UK-based investment expertise.

We see our robust and well-resourced global investment process and research capability essential to our success. The continuous development of these areas, backed by appropriate investment, remains a principal component of our strategy.

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

We have seen some significant events over the last financial year and others remain on the horizon which have the potential to unsettle the markets, not least the detailed negotiations of the UK's exit from the EU. These continuing uncertainties present a challenge to investors, particularly in an environment where returns from traditionally lower-risk asset classes remain low. We are focussed on maintaining the quality of our client service and possess the expertise and resources to navigate through the uncertainties that may lie ahead, whilst continuing to invest in our capabilities, digital and otherwise, to build for the future.

Specialist expertise delivered with dedication and energy

Global heads:
DAVID VAN DER WALT
CIARAN WHELAN

The specialist teams are well positioned to provide services for both personal and business needs right across Private Banking, Corporate and Institutional Banking, Investment activities and Property activities.

Our value proposition

- 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
- Strong ability to originate, manufacture and distribute
- Balanced business model with good business depth and breadth.

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

Annual highlights

Operating profit (ongoing)
up 11.0% to
£454.4 million

Operating profit (statutory)
up 17.8% to
£389.8 million

12.8%
ROE (pre-tax) (statutory)
(2016: 12.5%)

Loans and advances (statutory)
£22.7 billion

15.3%
ROE (pre-tax) (ongoing)
(2016: 16.1%)

Customer deposits (statutory)
£29.1 billion

What we do

High income and high net worth private clients	Corporates/government/institutional clients	
Private Banking activities	**Investment activities**	**Corporate and Institutional banking**

Private Banking activities

Transactional banking and foreign exchange

Lending

Deposits

Investments

- Southern Africa
- UK and Europe

Investment activities

Principal investments

Property investment fund management

- Australia
- Hong Kong
- Southern Africa
- UK and Europe

Corporate and Institutional banking

Treasury and trading services
Specialised lending, funds and debt capital markets
Institutional research sales and trading
Advisory

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

Where we operate

North America

Distribution platform

UK and Europe

Brand well established

Sustainable business on the back of client activity

Hong Kong

Investment activities

Distribution platform

India

Established a presence in 2010

Facilitates the link between India, UK and South Africa

South Africa

Strong brand and positioning

Leading in corporate institutional and private client banking activities

Mauritius

Established in 1997

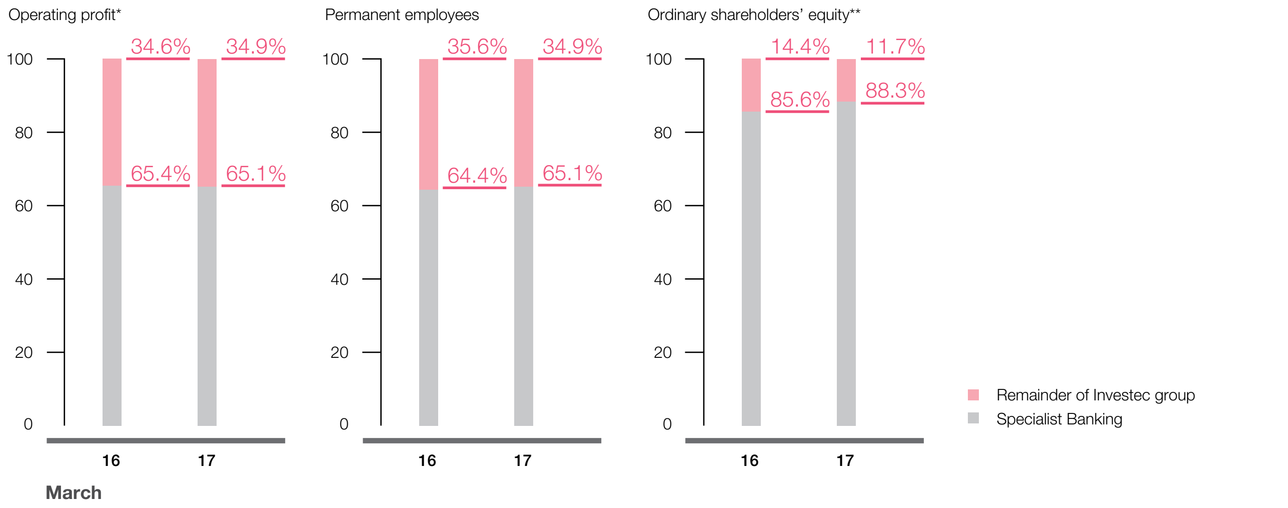
Leading in corporate institutional and private client banking activities

Australia

Experienced local teams in place with industry expertise

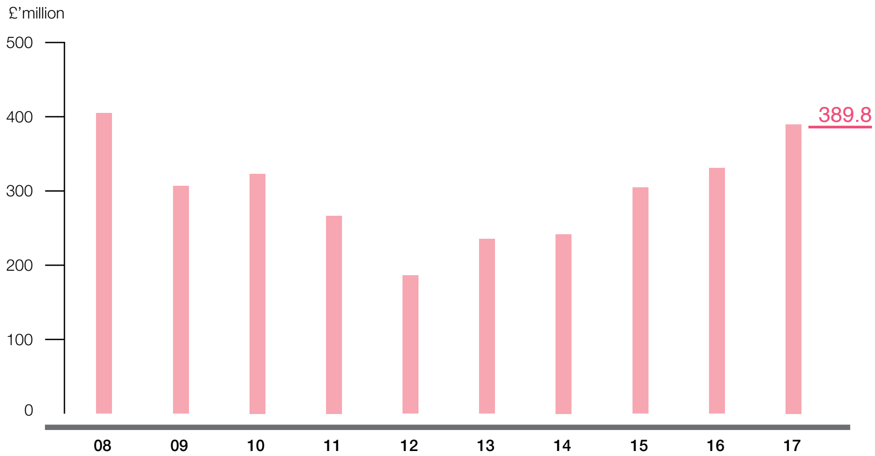
Focus is on entrenching position as a boutique operation

Financial analysis



* Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.
** As calculated on page 102, based on regulatory capital requirements.

Operating profit^ — track record (statutory)



^ Trend reflects numbers as at the year ended 31 March. Amounts are shown before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.

Income statement analysis

£'000	31 March 2017	31 March 2016	Variance	% change
Net interest income	662 809	562 535	100 274	17.8%
Net fee and commission income	442 944	337 017	105 927	31.4%
Investment income	133 791	164 292	(30 501)	(18.6%)
Share of post-taxation operating profit/(loss) of associates	17 381	620	16 761	>100.0%
Trading income arising from				
– customer flow	156 973	109 911	47 062	42.8%
– balance sheet management and other trading activities	5 918	9 200	(3 282)	(35.7%)
Other operating income	7 839	9 806	(1 967)	(20.1%)
Total operating income before impairment on loans and advances	**1 427 655**	**1 193 381**	**234 274**	**19.6%**
Impairment losses on loans and advances	(111 454)	(109 516)	(1 938)	1.8%
Operating income	**1 316 201**	**1 083 865**	**232 336**	**21.4%**
Operating costs	(863 963)	(715 619)	(148 344)	(20.7%)
Depreciation on operating leased assets	(2 169)	(2 165)	(4)	(0.2%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and before non-controlling interests	**450 069**	**366 081**	**83 988**	**22.9%**
Profit attributable to non-controlling interests	(60 239)	(35 201)	(25 038)	71.1%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	**389 830**	**330 880**	**58 950**	**17.8%**
UK and Other	104 604	78 043	26 561	34.0%
Ongoing^	169 196	156 378	12 818	8.2%
Legacy remaining^	(64 592)	(78 335)	13 743	(17.5%)
Southern Africa	285 226	252 837	32 389	12.8%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	**389 830**	**330 880**	**58 950**	**17.8%**
Selected returns and key statistics				
Ordinary shareholders' equity**	3 319 452	2 483 048	836 404	33.7%
Southern Africa	1 868 797	1 298 566	570 231	43.9%
Ongoing UK and Other	1 393 742	1 114 462	279 280	25.1%
Remaining Legacy	56 913	70 020	(13 107)	(18.7%)
Statutory ROE (pre-tax)**	12.8%	12.5%		
Ongoing ROE (pre-tax) **	15.3%	16.1%		
Southern Africa	16.4%	17.4%		
Ongoing UK and Other	13.9%	14.2%		
Southern Africa excluding investment activities ROE (pre-tax)#	19.6%	–		
Cost to income ratio	60.6%	60.1%		
Operating profit per employee (£'000)**	63.9	59.9	3.9	6.5%

^ *Detailed income statement provided on page 23.*
** *As calculated on pages 102 and 104, based on regulatory capital requirements.*
# *Refer to analysis on page 57.*

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

- Net interest income increased by 12.0% supported by sound levels of lending activity.
- Net fee and commission income increased by 22.4% largely due to a solid performance from the corporate advisory and aviation finance businesses.
- Investment income increased 2.6% with a sound performance from the UK unlisted investment portfolio partially offset by the write down of an investment in the Hong Kong portfolio.
- Trading income from customer flow increased considerably supported by robust client activity levels and market volatility.
- Total operating income increased by 21.4%.
- Impairments increased marginally with the credit loss ratio amounting to 0.27% (2016: 0.26%). Further information is provided on page 106.
- Costs grew ahead of revenue largely due to the investment in building out the private client banking offering, additional premises expenses, deliberate investment in IT infrastructure and headcount, and an increase in variable remuneration given improved profitability.

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

Note: The analysis and variances described below for the South African Specialist Banking division are based on the Rand numbers reported.

- The Specialist Banking division reported operating profit before taxation of R5 117 million (2016: R5 290 million)
- The decrease in operating profit in Rands of 3.3% is as a consequence of the change in accounting treatment related to the assets transferred to Investec Equity Partners in the prior year (as explained on page 17). Excluding the impact of this transaction operating profit was considerably ahead of the prior year.
- Net interest income increased by 8.4% driven by sound levels of lending activity.
- Net fees and commission income improved by 26.6% supported by continued growth in the Private Banking client base, sound corporate activity and an increase in the scale of the property fund business.
- Investment income decreased by 43.1%, impacted by the Investec Equity Partners transaction, as explained above.
- Total trading income decreased largely due to foreign currency translation impacts; while corporate customer flow trading income increased, supported by client activity levels and market volatility.
- Total operating income increased by 3.6%.
- Impairments increased with the credit loss ratio on average core loans and advances amounting to 0.29% (2016: 0.26%), remaining at the lower end of its long term average trend. Further information is provided on page 106.
- Costs increased reflecting higher headcount and IT infrastructure costs across the business to support increased activity and growth initiatives; party offset by costs incurred with respect to the Investec Equity Partners transaction, not repeated in the current period.

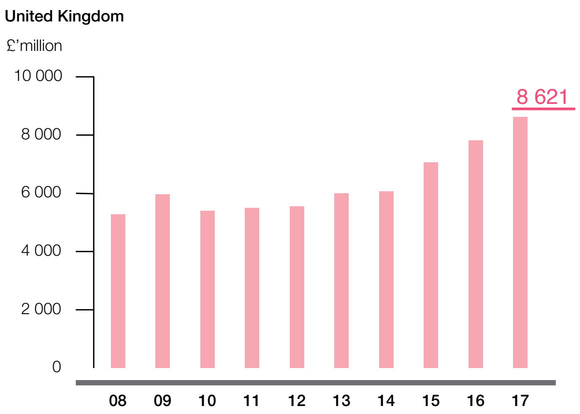
Analysis of key earnings drivers

Net core loans and advances

	£'million			Home currency (million)		
	31 March 2017	31 March 2016	% change	31 March 2017	31 March 2016	% change
UK	8 621	7 804	10.5%*	£8 621	£7 804	10.5%*
Southern Africa	14 086	10 315	36.6%	R236 225	R217 958	8.4%
Total	**22 707**	**18 119**	**25.3%**			

* *The Pound weakened over the period. On a currency neutral basis, growth in the book was approximately 6.6%.*

Net core loans and advances

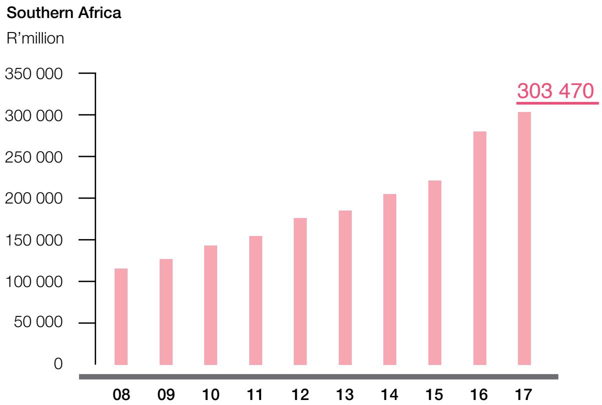


Trend reflects numbers as at the year ended 31 March.

Total deposits

	£'million			Home currency (million)		
	31 March 2017	31 March 2016	% change	31 March 2017	31 March 2016	% change
UK	11 013	10 801	2.0%	£11 013	£10 801	2.0%
Southern Africa	18 096	13 243	36.6%	R303 470	R279 820	8.5%
Total	**29 109**	**24 044**	**21.1%**			

Total deposits



Trend reflects numbers as at the year ended 31 March.

An analysis of net core loans over the period

Refer to further information on pages 108 to 111.

Net core loans – Southern Africa

R'million	31 March 2017	31 March 2016	% change
Lending collateralised by property	**40 338**	**40 942**	**(1.5%)**
Commercial real estate	**36 381**	**37 584**	**(3.2%)**
Commercial real estate – investment	33 527	34 116	(1.7%)
Commercial real estate – development	1 868	2 375	(21.3%)
Commercial vacant land and planning	986	1 093	(9.8%)
Residential real estate	**3 957**	**3 358**	**17.8%**
Residential real estate – development	2 619	1 666	57.2%
Residential real estate – vacant land and planning	1 338	1 692	(20.9%)
High net worth and other private client lending	**117 737**	**104 117**	**13.1%**
Mortgages	61 324	55 723	10.1%
High net worth and specialised lending	56 414	48 394	16.6%
Corporate and other lending	**78 476**	**73 133**	**7.3%**
Acquisition finance	13 225	14 594	(9.4%)
Asset-based lending	5 788	5 068	14.2%
Fund finance	5 548	3 668	51.3%
Other corporates and financial institutions and governments	43 914	38 114	15.2%
Asset finance	2 697	4 081	(33.9%)
Small ticket asset finance	2 142	1 421	50.7%
Large ticket asset finance	555	2 660	(79.1%)
Project finance	6 414	6 424	(0.2%)
Resource finance	890	1 184	(24.8%)
Portfolio impairments	**(326)**	**(234)**	**39.3%**
Total net core loans	**236 225**	**217 958**	**8.4%**

Net core loans – UK and Other

£'000	31 March 2017	31 March 2016	% change
Lending collateralised by property	**1 893 121**	**2 078 935**	**(8.9%)**
Commercial real estate	**1 158 847**	**1 269 715**	**(8.7%)**
Commercial real estate – investment	924 770	1 079 225	(14.3%)
Commercial real estate – development	146 100	101 595	43.8%
Commercial vacant land and planning	87 977	88 895	(1.0%)
Residential real estate	**734 274**	**809 220**	**(9.3%)**
Residential real estate – investment	253 622	277 833	(8.7%)
Residential real estate – development	438 687	489 498	(10.4%)
Residential real estate – vacant land and planning	41 965	41 889	0.2%
High net worth and other private client lending	**1 592 671**	**1 452 792**	**9.6%**
Mortgages	1 227 640	1 145 641	7.2%
High net worth and specialised lending	365 031	307 151	18.8%
Corporate and other lending	**5 178 338**	**4 293 275**	**20.6%**
Acquisition finance	1 309 335	899 190	45.6%
Asset-based lending	333 731	296 389	12.6%
Fund finance	861 140	673 379	27.9%
Other corporates and financial institutions and governments	718 760	766 815	(6.3%)
Asset finance	1 481 601	1 199 470	23.5%
Small ticket asset finance	1 055 528	926 935	13.9%
Large ticket asset finance	426 073	272 535	56.3%
Project finance	463 958	449 266	3.3%
Resource finance	9 813	8 766	11.9%
Portfolio impairments	**(43 388)**	**(21 400)**	**>100%**
Total net core loans	**8 620 742**	**7 803 602**	**10.5%****

** *Currency neutral growth of approximately 6.6%.*

Additional information on the group's South African investment portfolio

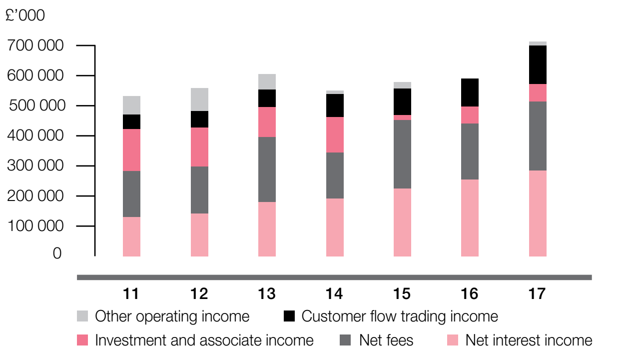
	Asset analysis £'million	Income analysis £'million	Asset analysis R'million	Income analysis R'million
Investec Equity Partners (IEP)	323	16	5 413	303
Equity investments^	130	–	2 177	(1)
Property investments*	260	22	4 361	399
Total equity exposures	713	38	11 951	701
Associated loans and other assets	36	2	612	36
Total exposures on balance sheet	**749**	**40**	**12 563**	**737**
Debt funded	351	(24)	5 893	(446)
Equity	398	–	6 670	–
Total capital resources and funding	**749**		**12 563**	
Operating profit before taxation**		**16**		**291**
Taxation		(3)		(53)
Operating profit after taxation		**13**		**238**
Risk-weighted assets	**2 510**		**42 099**	
Ordinary shareholders' equity held on investment portfolio – 31 March 2017	398		6 670	
Ordinary shareholders' equity held on investment portfolio – 31 March 2016	301		6 354	
Average ordinary shareholders' equity held on investment portfolio – 31 March 2017	349		6 512	
Post-tax return on adjusted average ordinary shareholders' equity – 31 March 2017		**3.7%**		
Post-tax return on adjusted average ordinary shareholders' equity – 31 March 2016		14.7%		
Post-tax return on adjusted average ordinary shareholders' equity – 31 March 2015		15.1%		

* *The group's investment holding of 27.86% in the Investec Property Fund and 16.57% in the Investec Australia Property Fund.*
^ *Does not include equity investments residing in our corporate and private client businesses.*
** *Further analysis of operating profit before taxation:*

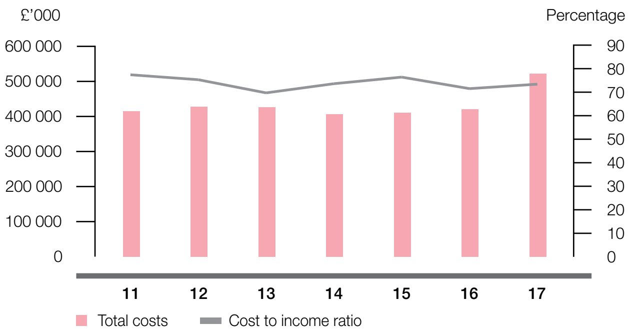
£'million	Total
Net interest (expense)/income	(52)
Net fee and commission income	80
Investment income	35
Share of post taxation operating profit of associates	16
Trading and other operating losses	(5)
Total operating income before impairment losses on loans and advances	**74**
Impairment losses on loans and advances	–
Operating income	**74**
Operating costs	(2)
Operating profit before goodwill, acquired intangibles and non-operating items	**72**
Profit attributable to other non-controlling interests	(56)
Operating profit before taxation	**16**

UK Specialist Bank ongoing

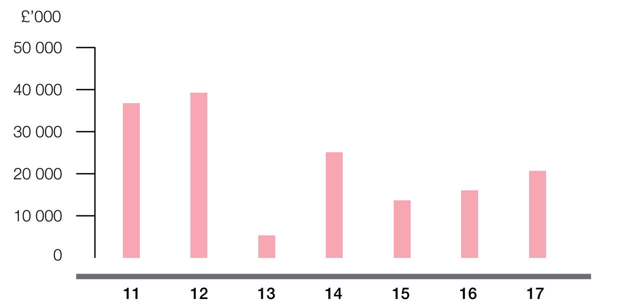
Total operating income



Total costs



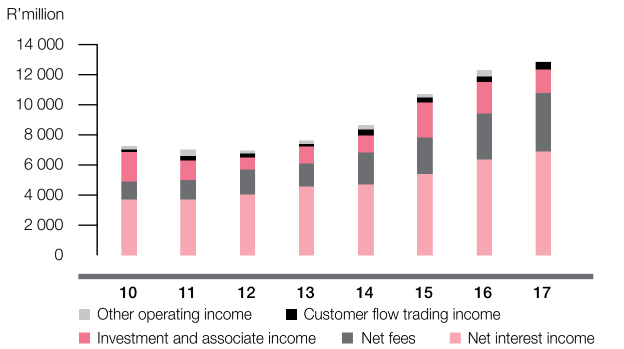
Impairments



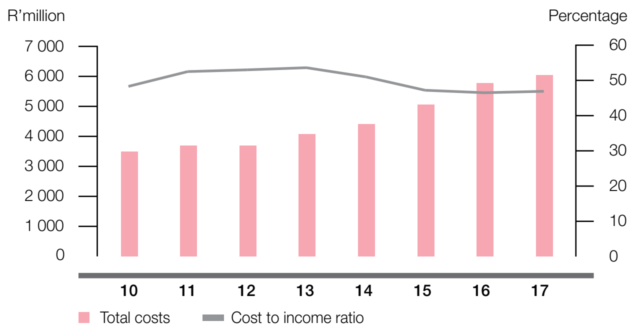
Net profit before tax and ROE

Southern Africa Specialist Bank ongoing

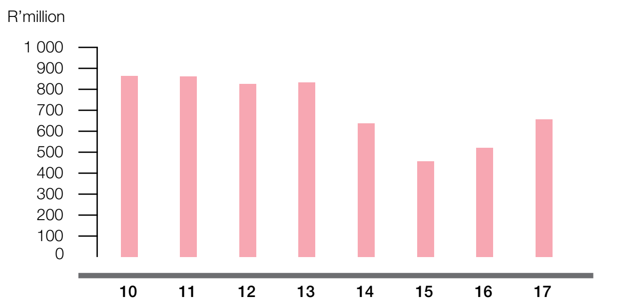
Total operating income



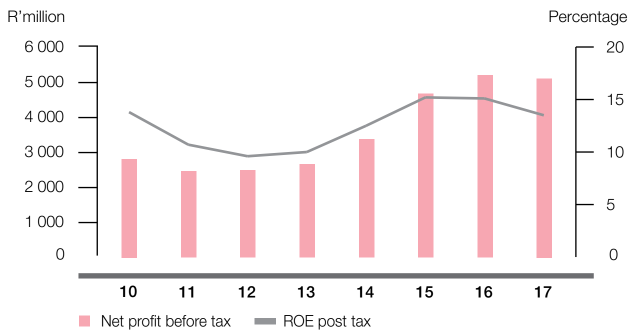
Total costs



Impairments



Net profit before tax and ROE (including the investment portfolio)*



* *Refer to page 57.*

Trends in the above graphs are for the year ended 31 March, unless otherwise stated.

Questions and answers

David van der Walt and Ciaran Whelan

Geographical business leader **United Kingdom**

Q. How has the operating environment in which you have operated impacted your business over the last financial year?

The year ended 31 March 2017 was marked by surprise outcomes in political events in the UK and abroad. Despite these surprise results and bouts of volatility, major global equity indices witnessed double digit gains, energy prices rebounded and deflationary concerns faded. Global growth remained below historic averages, but there were signs of a pickup in many key geographies. UK economic growth remained surprisingly resilient following June's referendum, despite the uncertainty over future trade arrangements with the EU, although as the financial year closed there were some signs of a slowing in UK economic activity.

In the main the above conditions proved to be a positive environment for our clients and as a consequence our business with robust activity levels across the board.

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

The Specialist Bank recorded robust levels of activity with a very strong performance by the corporate business. The private banking business continued to invest in people and infrastructure to position itself for future growth.

The Corporate and Institutional banking business saw a strong performance from our flow trading businesses, coupled with good activity across our lending, aviation and advisory businesses. Deal flow has been very good and the impact of the Brexit vote has not been felt.

Flow trading was driven by the increased volatility in markets which saw more active hedging strategies from our clients. The investment banking and advisory business had a record year and the aviation business completed a number of significant transactions. Our continued focus on building our client base and reputation in our specialist activities is reaping rewards.

The Private Banking division continues building its UK franchise and developing its client base. The change in our target market to focus on high net worth and high income earners rather than more generally on professionals, continues to prove successful and enables us to focus more clearly.

The past year has seen a continuation of this strategy, especially with increased investment in the products, people and infrastructure required for long-term success. The structured property finance business continued to successfully support selected high net worth, seasoned property investors and developers.

Our Private Capital business which can simply be described as 'investment banking for individuals' was established during the year and has completed a few deals already. This validates our view that this is a complementary addition to the services we offer our selected client base.

Overall, we continue to make good progress in the development of our niched Private Banking offering. We have seen strong flow from our South African Private Banking clients, which again affirms the attraction of our multi-geographical approach.

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

We will continue to apply our strategy of building and developing our client franchises in the UK, with the primary focus on entrepreneurs, corporates and high net worth clients. We want to grow the client base, expand our funds and investment product business, and ensure ongoing high levels of service to existing clients across our offering.

We are strengthening the infrastructure required to make sure our technology and digital offering matches the high standards of service we are targeting. We plan to complete the major investment we have made in the private banking infrastructure during the coming year which will then allow us to focus on client acquisition and retention.

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

The current global political uncertainty provides a difficult backdrop for both clients and markets, which to date have proven to be more resilient than expected. On the basis that this scenario continues we are cautiously optimistic that we can deliver another strong underlying performance.

We are anticipating a relatively large one off increase in costs that will not be matched in revenue. The costs relate to a new office move during the year and the completion of the private banking build out.

Our focus is, however, on our long term success and building scale in our business. We are measuring this by the growth in our client base and growth of recurring revenue as we build scale and are confident that in the medium term we will deliver the returns and growth on the investment.

Questions and answers

Richard Wainwright

Geographical business leader — **Southern Africa**

Q. How has the operating environment in which you have operated impacted your business over the last financial year?

The year ended 31 March 2017 was unpredictable for global financial markets. The 2016/17 year was marked by volatility and political upheaval, an oil price recovery and a global stock market recovery on signs of improving US economic growth. Emerging markets enjoyed strong returns, supported by rising commodity prices and political reform efforts. However, in South Africa a cabinet reshuffle towards the end of the financial year and related downgrades has affected the economic outlook. Notwithstanding the slowdown in the economy, our clients have remained reasonably active and our international offering in our client segments is a strategic advantage.

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

Excluding the negative impact of the Investec Equity Partners transaction, the Specialist Bank in South Africa reported results well ahead of the prior period. This is reflective of our increasing client focus and coordination across all divisions with enhanced strategies to penetrate our existing client base and grow our market share.

We have made good progress with our digitisation strategy which focuses on ensuring that we create a client experience that is both 'Out of the Ordinary' and 'high tech and high touch'. This is part of our strategy to deepen our strong relationships with our core client base, and offer them a broad spectrum of services and products.

We were recognised by the FT in London as the best Private Bank and Wealth Manager in South Africa for the fourth year running. This is testament to our continued efforts to offer our private clients an international, streamlined offering.

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

We continue to build our franchise in our core client segments. Building and developing our client franchises remains integral to the growth and development of our organisation and we are committed to optimising the client experience, ensuring our target clients do more with us as an organisation.

Our strategic focus in South Africa remains the following:

- Grow market share in our niche businesses
- Identify new sources of revenue across our existing client base:
  - Launch of Investec Life in second half of 2017
  - Creation of Investec Specialist Investments
- Management of our liquidity ratios with an emphasis on retail funding initiatives
- Management of our capital to optimise returns
- Investment in our technology platforms, including digitalization of products and services.

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

Economic slowdown is likely to continue with the recent downgrade of South African foreign credit rating. Political events will continue to impact financial markets. That said client activity across lending and treasury products remains reasonable.

04

Unaudited statutory financial results

Statutory combined consolidated income statement

£'000	Year to 31 March 2017	Year to 31 March 2016
Interest income	2 230 765	1 705 640
Interest expense	(1 550 870)	(1 131 871)
Net interest income	**679 895**	**573 769**
Fee and commission income	1 429 588	1 188 012
Fee and commission expense	(158 064)	(126 387)
Investment income	136 203	170 408
Share of post taxation operating profit of associates	18 890	1 811*
Trading income arising from		
– customer flow	158 001	110 227
– balance sheet management and other trading activities	8 218	11 377
Other operating income	13 483	10 279*
Total operating income before impairment losses on loans and advances	**2 286 214**	**1 939 496**
Impairment losses on loans and advances	(111 454)	(109 516)
Operating income	**2 174 760**	**1 829 980**
Operating costs	(1 513 231)	(1 287 021)
Depreciation on operating leased assets	(2 169)	(2 165)
Operating profit before goodwill and acquired intangibles	**659 360**	**540 794**
Impairment of goodwill	(4 749)	(1 577)
Amortisation of acquired intangibles	(17 197)	(16 248)
Operating profit	**637 414**	**522 969**
Non-operational costs arising from acquisition of subsidiary	–	(4 778)
Profit before taxation	**637 414**	**518 191**
Taxation on operating profit before goodwill and acquired intangibles	(118 488)	(103 202)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	4 070	5 197
Profit after taxation	**522 996**	**420 186**
Profit attributable to other non-controlling interests	(60 239)	(35 201)
Profit attributable to Asset Management non-controlling interests	(20 291)	(16 529)
Earnings attributable to shareholders	**442 466**	**368 456**
Earnings per share (pence)		
– Basic	50.8	38.5
– Diluted	48.8	36.7
Adjusted earnings per share (pence)		
– Basic	48.3	41.3
– Diluted	46.4	39.4
Dividends per share (pence)		
– Interim	10.0	9.5
– Final	13.0	11.5
Headline earnings per share (pence)		
– Basic	48.2	38.5
– Diluted	46.3	36.7
Number of weighted average shares (million)	900.4	870.5

* *Share of post taxation operating profit of associates has been disclosed separately from other operating income in the current year.*

Statutory combined consolidated statement of comprehensive income

£'000	Year to 31 March 2017	Year to 31 March 2016
Profit after taxation	522 996	420 186
Other comprehensive income:		
Items that may be reclassified to the income statement		
Fair value movements on cash flow hedges taken directly to other comprehensive income*	53 324	(31 934)
Gains on realisation of available-for-sale assets recycled to the income statement*	(7 781)	(1 961)
Fair value movements on available-for-sale assets taken directly to other comprehensive income*	54 863	(37 153)
Foreign currency adjustments on translating foreign operations	540 534	(240 875)
Items that will never be reclassified to the income statement		
Re-measurement of net defined benefit pension asset	(43 580)	4 738
Total comprehensive income	**1 120 356**	**113 001**
Total comprehensive income attributable to ordinary shareholders	892 201	84 932
Total comprehensive income/(loss) attributable to non-controlling interests	202 497	(5 123)
Total comprehensive income attributable to perpetual preferred securities	25 658	33 192
Total comprehensive income	**1 120 356**	**113 001**

* *Net of taxation of £16.8 million (year to 31 March 2016: £26.2 million).*

Statutory combined consolidated balance sheet

At £'000	31 March 2017	31 March 2016
Assets		
Cash and balances at central banks	3 351 702	3 007 269
Loans and advances to banks	3 191 041	2 498 585
Non-sovereign and non-bank cash placements	536 259	466 573
Reverse repurchase agreements and cash collateral on securities borrowed	2 358 970	2 497 125
Sovereign debt securities	3 804 627	3 208 862
Bank debt securities	639 189	896 855
Other debt securities	1 115 558	949 950
Derivative financial instruments	1 185 848	1 580 949
Securities arising from trading activities	1 376 668	1 119 074
Investment portfolio	835 899	660 795
Loans and advances to customers	22 189 975	17 681 572
Own originated loans and advances to customers securitised	517 162	437 243
Other loans and advances	355 248	321 617
Other securitised assets	148 964	160 295
Interests in associated undertakings	392 213	267 099
Deferred taxation assets	133 972	112 135
Other assets	1 900 480	2 092 661
Property and equipment	105 939	90 888
Investment properties	1 128 930	938 879
Goodwill	367 579	368 039
Intangible assets	143 261	148 280
Non-current assets held for sale	27 218	–
	45 806 702	**39 504 745**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	7 728 130	5 847 036
	53 534 832	**45 351 781**
Liabilities		
Deposits by banks	2 736 066	2 397 403
Derivative financial instruments	1 296 206	1 582 847
Other trading liabilities	978 911	957 418
Repurchase agreements and cash collateral on securities lent	690 615	971 646
Customer accounts (deposits)	29 109 428	24 044 281
Debt securities in issue	2 386 180	2 299 751
Liabilities arising on securitisation of own originated loans and advances	90 125	85 650
Liabilities arising on securitisation of other assets	128 838	120 851
Current taxation liabilities	227 828	192 255
Deferred taxation liabilities	40 408	55 486
Other liabilities	1 910 830	1 802 967
	39 595 435	**34 510 555**
Liabilities to customers under investment contracts	7 725 604	5 845 503
Insurance liabilities, including unit-linked liabilities	2 526	1 533
	47 323 565	**40 357 591**
Subordinated liabilities	1 402 638	1 134 883
	48 726 203	**41 492 474**
Equity		
Ordinary share capital	237	228
Perpetual preference share capital	31	153
Share premium	2 341 228	2 239 364
Treasury shares	(126 879)	(125 717)
Other reserves	(310 275)	(784 051)
Retained income	2 226 751	2 030 310
Shareholders' equity excluding non-controlling interests	**4 131 093**	**3 360 287**
Other additional Tier 1 securities in issue	32 798	26 031
Non-controlling interests	644 738	472 989
– Perpetual preferred securities issued by subsidiaries	91 492	72 615
– Non controlling interests in partially held subsidiaries	553 246	400 374
Total equity	**4 808 629**	**3 859 307**
Total liabilities and equity	**53 534 832**	**45 351 781**

Statutory summarised combined consolidated cash flow statement

£'000	Year to 31 March 2017	Year to 31 March 2016
Cash inflows from operations	708 719	598 786
Increase in operating assets	(415 028)	(4 580 570)
Increase in operating liabilities	498 146	4 602 620
Net cash inflow from operating activities	791 837	620 836
Net cash outflow from investing activities	(90 115)	(13 925)
Net cash inflow/(outflow) from financing activities	37 523	(347 741)
Effects of exchange rate changes on cash and cash equivalents	332 183	(171 718)
Net increase in cash and cash equivalents	1 071 428	87 452
Cash and cash equivalents at the beginning of the year	4 650 300	4 562 848
Cash and cash equivalents at the end of the year	**5 721 728**	**4 650 300**

Cash and cash equivalents is defined as including; cash and balances at central banks, on-demand loans and advances to banks and cash equivalent loans and advances to customers (all of which have a maturity profile of less than three months).

Statutory consolidated statement of changes in equity

£'000	Ordinary share capital	Perpetual preference share capital	Share premium	Treasury shares
At 1 April 2015	**226**	**153**	**2 258 148**	**(68 065)**
Movement in reserves 1 April 2015 – 31 March 2016				
Profit after taxation	–	–	–	–
Fair value movements on cash flow hedges taken directly to other comprehensive income	–	–	–	–
Gains on available-for-sale assets recycled to the income statement	–	–	–	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	(26 438)	–
Remeasurement of net defined pension asset	–	–	–	–
Total comprehensive income	**–**	**–**	**(26 438)**	**–**
Share-based payments adjustments	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends declared to perpetual preference shareholders and Other Additional Tier 1 security holders	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests and Other Additional Tier 1 security holders	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Issue of ordinary shares	2	–	54 718	–
Issue of equity by subsidiaries	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–
Non-controlling interest relating to partial disposal of subsidiaries	–	–	–	–
Partial sale of subsidiary	–	–	–	–
Movement of treasury shares	–	–	(47 519)	(115 758)
Transfer to share premium	–	–	455	–
Transfer to regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	58 106
At 31 March 2016	**228**	**153**	**2 239 364**	**(125 717)**
Movement in reserves 1 April 2016 - 31 March 2017				
Profit after taxation	–	–	–	–
Fair value movements on cash flow hedges taken directly to other comprehensive income	–	–	–	–
Gains on available-for-sale assets recycled to the income statement	–	–	–	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	39 159	–
Remeasurement of net defined pension asset	–	–	–	–
Total comprehensive income	**–**	**–**	**39 159**	**–**
Share-based payments adjustments	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends declared to perpetual preference shareholders and Other Additional Tier 1 security holders	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests and Other Additional Tier 1 security holders	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Issue of ordinary shares	9	–	228 077	–
Repurchase of perpetual preference shares	–	(122)	(122 048)	–
Issue of equity by subsidiaries	–	–	–	–
Acquisition/reduction of non-controlling interests	–	–	–	–
Movement of treasury shares	–	–	(40 812)	(71 533)
Transfer from share premium	–	–	(2 512)	–
Transfer to regulatory general risk reserve and other equity movements	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	70 371
At 31 March 2017	**237**	**31**	**2 341 228**	**(126 879)**

Statutory consolidated statement of changes in equity

(continued)

Other reserves: Capital reserve account	Other reserves: Available-for-sale reserve	Other reserves: Regulatory general risk reserve	Other reserves: Cash flow hedge reserve	Other reserves: Foreign currency reserves	Retained income	Shareholders' equity excluding non-controlling interests	Other Additional Tier 1 securities in issue	Non-controlling interests	Total equity
10 973	**4 235**	**29 423**	**(76 541)**	**(532 075)**	**1 874 360**	**3 500 837**	**30 599**	**509 059**	**4 040 495**
–	–	–	–	–	368 456	368 456	–	51 730	420 186
–	–	–	(31 934)	–	–	(31 934)	–	–	(31 934)
–	(1 961)	–	–	–	–	(1 961)	–	–	(1 961)
–	(37 153)	–	–	–	–	(37 153)	–	–	(37 153)
–	–	333	–	(158 673)	5 324	(179 454)	(4 568)	(56 853)	(240 875)
–	–	–	–	–	4 738	4 738	–	–	4 738
–	**(39 114)**	**333**	**(31 934)**	**(158 673)**	**378 518**	**122 692**	**(4 568)**	**(5 123)**	**113 001**
–	–	–	–	–	56 216	56 216	–	–	56 216
–	–	–	–	–	(180 009)	(180 009)	–	–	(180 009)
–	–	–	–	–	(33 192)	(33 192)	2 801	15 872	(14 519)
–	–	–	–	–	–	–	(2 801)	(15 872)	(18 673)
–	–	–	–	–	–	–	–	(39 835)	(39 835)
–	–	–	–	–	–	54 720	–	–	54 720
–	–	–	–	–	–	–	–	153 299	153 299
–	–	–	–	–	–	–	–	(142 111)	(142 111)
–	–	–	–	–	778	778	–	(778)	–
–	–	–	–	–	1 522	1 522	–	(1 522)	–
–	–	–	–	–	–	(163 277)	–	–	(163 277)
–	–	–	–	–	(455)	–	–	–	–
–	–	9 322	–	–	(9 322)	–	–	–	–
–	–	–	–	–	(58 106)	–	–	–	–
10 973	**(34 879)**	**39 078**	**(108 475)**	**(690 748)**	**2 030 310**	**3 360 287**	**26 031**	**472 989**	**3 859 307**
–	–	–	–	–	442 466	442 466	–	80 530	522 996
–	–	–	53 324	–	–	53 324	–	–	53 324
–	(7 781)	–	–	–	–	(7 781)	–	–	(7 781)
–	54 863	–	–	–	–	54 863	–	–	54 863
–	–	–	260	372 381	–	411 800	6 767	121 967	540 534
–	–	–	–	–	(43 580)	(43 580)	–	–	(43 580)
–	**47 082**	**–**	**53 584**	**372 381**	**398 886**	**911 092**	**6 767**	**202 497**	**1 120 356**
–	–	–	–	–	55 961	55 961	–	–	55 961
–	–	–	–	–	(216 602)	(216 602)	–	–	(216 602)
–	–	–	–	–	(25 658)	(25 658)	3 486	6 893	(15 279)
–	–	–	–	–	–	–	(3 486)	(6 893)	(10 379)
–	–	–	–	–	–	–	–	(48 195)	(48 195)
–	–	–	–	–	–	228 086	–	–	228 086
–	–	–	–	–	40 427	(81 743)	–	–	(81 743)
–	–	–	–	–	507	507	–	16 535	17 042
–	–	–	–	–	11 588	11 588	–	912	12 500
–	–	–	–	–	–	(112 345)	–	–	(112 345)
–	–	–	–	–	2 512	–	–	–	–
–	–	729	–	–	(809)	(80)	–	–	(80)
–	–	–	–	–	(70 371)	–	–	–	–
10 973	**12 203**	**39 807**	**(54 891)**	**(318 367)**	**2 226 751**	**4 131 093**	**32 798**	**644 738**	**4 808 629**

Statutory dividends and earnings per share

	31 March 2017	31 March 2016
Earnings	**£'000**	**£'000**
Earnings attributable to shareholders	442 466	368 456
Preference dividends paid	(25 658)	(33 192)
Gain on redemption of preference shares	40 427	–
Earnings and diluted earnings attributable to ordinary shareholders	**457 235**	**335 264**
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	947 161 346	906 490 426
Weighted average number of treasury shares	(46 715 508)	(35 964 483)
Weighted average number of shares in issue during the year	900 445 838	870 525 943
Weighted average number of shares resulting from future dilutive potential shares	36 895 311	42 748 491
Adjusted weighted number of shares potentially in issue	**937 341 149**	**913 274 434**
Earnings per share – pence		
Basic earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders in Investec plc and Investec Limited by the weighted average number of ordinary shares in issue during the year.	**50.8**	**38.5**
Diluted earnings per share – pence		
Diluted earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders of Investec plc and Investec Limited, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the during the year plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the year.	**48.8**	**36.7**
Adjusted earnings per share – pence		
Adjusted earnings per share is calculated by dividing the earnings before deducting goodwill impairment and non-operating items attributable to the ordinary shareholders, after taking into account earnings attributable to perpetual preference shareholders, by the weighted average number of ordinary shares in issue during the year.	**48.3**	**41.3**
	£'000	**£'000**
Earnings attributable to shareholders	442 466	368 456
Impairment of goodwill	4 749	1 577
Amortisation of acquired intangibles	17 197	16 248
Net loss on disposal of subsidiaries	–	4 778
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	(4 070)	(5 197)
Preference dividends paid	(25 658)	(33 192)
Accrual adjustment on earnings attributable to other equity holders*	(180)	7 062
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	**434 504**	**359 732**

* *In accordance with IFRS, dividends attributable to equity holders are accounted for when a constructive liability arises i.e. on declaration by the board of directors and approval by the shareholders where required. Investec is of the view that EPS is best reflected by adjusting for earnings that are attributed to equity instruments (other than ordinary shares) on an accrual basis and therefore adjusts the paid dividend on such instruments to accrued in arriving at adjusted EPS.*

	31 March 2017	31 March 2016
Headline earnings per share – pence		
Headline earnings per share has been calculated and is disclosed in accordance with the JSE listing requirements, and in terms of circular 2/2015 issued by the South African Institute of Chartered Accountants	**48.2**	**38.5**
	£'000	**£'000**
Earnings attributable to shareholders	442 466	368 456
Impairment of goodwill	4 749	1 577
Net loss on disposal of subsidiaries	–	4 778
Preference dividends paid	(25 658)	(33 192)
Gain on redemption of preference shares	40 427	–
Property revaluation, net of taxation and non-controlling interests**	(21 777)	(10 030)
Gains on available-for-sale instruments recycled through the income statement**	(7 781)	(1 961)
Loss on non current assets held for sale**	1 999	5 092
Headline earnings attributable to ordinary shareholders**	**434 425**	**334 720**

** *Taxation on headline earnings adjustments amounted to £7.4 million (2016: £1.9 million) with an impact of £26 .6 million (2016: £9.4 million) on earnings attributable to non-controlling interests.*

04

Exchange rate impact on statutory results

As discussed on page 7 exchange rates between local currencies and Pounds Sterling have fluctuated over the year. The most significant impact arises from the volatility of the Rand. The average Rand: Pounds Sterling exchange rate over the year has appreciated by 11.1% and the closing rate has appreciated by 20.6% since 31 March 2016. The following table provides an analysis of the impact of the Rand depreciation on our reported numbers.

	Results in Pounds Sterling				
	Actual as reported Year to 31 March 2017	Actual as reported Year to 31 March 2016	Actual as reported % change	Neutral currency^ Year to 31 March 2017	Neutral currency % change
Operating profit before taxation* (million)	£599	£506	18.5%	£546	8.0%
Earnings attributable to shareholders (million)	£442	£368	20.1%	£401	8.8%
Adjusted earnings attributable to shareholders** (million)	£435	£360	20.8%	£395	9.9%
Adjusted earnings per share**	48.3p	41.3p	16.9%	43.9p	6.3%
Basic earnings per share	50.8p	38.5p	31.9%	46.4p	20.5%
Dividends per share	23.0p	21.0p	9.5%	n/a	n/a

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

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

^ *For income statement items we have used the average Rand: Pounds Sterling exchange rate that was applied in the prior year, i.e. 20.72.*

	Results in Pounds Sterling				
	Actual as reported at 31 March 2017	Actual as reported at 31 March 2016	Actual as reported % change	Neutral currency^^ at 31 March 2017	Neutral currency % change
Net asset value per share	431.0p	352.3p	22.3%	395.0p	12.1%
Net tangible asset value per share	377.0p	294.3p	28.1%	341.6p	16.1%
Total equity (million)	£4 809	£3 859	24.6%	£4 252	10.2%
Total assets (million)	£53 535	£45 352	18.0%	£46 338	2.2%
Core loans and advances (million)	£22 707	£18 119	25.3%	£19 501	7.6%
Cash and near cash balances (million)	£12 038	£10 962	9.8%	£10 591	(3.4%)
Customer deposits (million)	£29 109	£24 044	21.1%	£25 376	5.5%
Third party assets under management (million)	£150 735	£121 683	23.9%	£139 664	14.8%

^^ *For balance sheet items we have assumed that the Rand: Pounds Sterling closing exchange rate has remained neutral since 31 March 2016.*

Exchange rate impact on statutory results

(continued)

The following table provides a comparison of the group's results as reported in Pounds Sterling and the group's results as translated into Rands.

	Results in Pounds Sterling			Results in Rands		
	Year to 31 March 2017	Year to 31 March 2016	% change	Year to 31 March 2017	Year to 31 March 2016	% change
Operating profit before taxation* (million)	£599	£506	18.5%	R10 885	R10 494	3.7%
Earnings attributable to shareholders (million)	£442	£368	20.1%	R8 025	R7 635	5.1%
Adjusted earnings attributable to shareholders** (million)	£435	£360	20.8%	R7 880	R7 459	5.7%
Adjusted earnings per share**	48.3p	41.3p	16.9%	875c	857c	2.1%
Basic earnings per share	50.8p	38.5p	31.9%	920c	798c	15.3%
Headline earnings per share	48.2p	38.5p	25.2%	872c	796c	9.5%
Dividends per share	23.0	21.0p	9.5%	403c	473c	(14.8%)

	At 31 March 2017	At 31 March 2016	% change	At 31 March 2017	At 31 March 2016	% change
Net asset value per share	431.0p	352.3p	22.3%	7 228c	7 444c	(2.9%)
Net tangible asset value per share	377.0p	294.3p	28.1%	6 322c	6 218c	1.7%
Total equity (million)	£4 809	£3 859	24.6%	R80 638	R81 543	(1.1%)
Total assets (million)	£53 535	£45 352	18.0%	R897 749	R958 221	(6.3%)
Core loans and advances (million)	£22 707	£18 119	25.3%	R380 786	R382 826	(0.5%)
Cash and near cash balances (million)	£12 038	£10 962	9.8%	R201 877	R231 616	(12.8%)
Customer deposits (million)	£29 109	£24 044	21.1%	R488 149	R508 024	(3.9%)
Third party assets under management (million)	£150 735	£121 683	23.9%	R2 527 826	R2 571 141	(1.7%)

* *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.*

Statutory salient features

	31 March 2017	31 March 2016	% change
Income statement and selected returns			
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	434 504	359 732	20.8%
Headline earnings (£'000)	434 425	334 720	29.8%
Operating profit* (£'000)	599 121	505 593	18.5%
Operating profit: Southern Africa (% of total)*	62.5%	63.8%	
Operating profit: UK and Other (% of total)*	37.5%	36.2%	
Cost to income ratio	66.3%	66.4%	
Staff compensation to operating income ratio	47.2%	47.0%	
Return on average adjusted shareholders' equity (post-tax)	12.5%	11.5%	
Return on average adjusted tangible shareholders' equity (post-tax)	14.5%	13.7%	
Return on average risk-weighted assets	1.45%	1.34%	
Operating profit per employee (£'000)	64.1	58.7	
Net interest income as a % of operating income	29.7%	29.6%	
Non-interest income as a % of operating income	70.3%	70.4%	
Recurring income as a % of total operating income	72.0%	71.7%	
Effective operational tax rate	18.5%	19.1%	
Balance sheet			
Total capital resources (including subordinated liabilities) (£'million)	6 211	4 994	24.4%
Total shareholders' equity (including preference shares and non-controlling interests) (£'million)	4 809	3 859	24.6%
Shareholders' equity (excluding non-controlling interests) (£'million)	4 131	3 360	22.9%
Total assets (£'million)	53 535	45 352	18.0%
Net core loans and advances to customers (including own originated securitised assets) (£'million)	22 707	18 119	25.3%
Core loans and advances to customers as a % of total assets	42.4%	40.0%	
Cash and near cash balances (£'million)	12 038	10 962	9.8%
Customer accounts (deposits) (£'million)	29 109	24 044	21.1%
Third party assets under management (£'million)	150 735	121 683	23.9%
Capital adequacy ratio: Investec plc^	15.1%	15.1%	
Capital adequacy tier 1 ratio: Investec plc^	11.5%	10.7%	
Common equity tier 1 ratio: Investec plc^	11.3%	9.7%	
Leverage ratio: Investec plc^	7.8%	7.0%	
Capital adequacy ratio: Investec Limited^	14.1%	14.0%	
Capital adequacy tier 1 ratio: Investec Limited^	10.7%	10.7%	
Common equity tier 1 ratio: Limited^	9.9%	9.6%	
Leverage ratio: Investec Limited^	7.3%	6.9%	
Credit loss ratio (income statement impairment charge as a % of average gross core loans and advances)	0.54%	0.62%	
Defaults (net of impairments and before collateral) as a % of net core loans and advances to customers	1.22%	1.54%	
Gearing ratio (assets excluding assurance assets to total equity)	9.5x	10.2x	
Core loans to equity ratio	4.7x	4.7x	
Loans and advances to customers: customer deposits	76.2%	73.6%	
Salient financial features and key statistics			
Adjusted earnings per share (pence)	48.3	41.3	16.9%
Headline earnings per share (pence)	48.2	38.5	25.2%
Basic earnings per share (pence)	50.8	38.5	31.9%
Diluted earnings per share (pence)	48.8	36.7	33.0%
Dividends per share (pence)	23.0	21.0	9.5%
Dividend cover (times)	2.1	2.0	5.0%
Net asset value per share (pence)	431.0	352.3	22.3%
Net tangible asset value per share (pence)	377.0	294.3	28.1%
Weighted number of ordinary shares in issue (million)	900.4	870.5	3.4%
Total number of shares in issue (million)	958.3	908.8	5.4%
Closing share price (pence)	544	513	6.0%
Market capitalisation (£'million)	5 213	4 662	11.8%
Number of employees in the group (including temps and contractors)	9 716	8 966	8.4%
Closing ZAR:£ exchange rate	16.77	21.13	20.6%
Average ZAR:£ exchange rate	18.42	20.72	11.1%

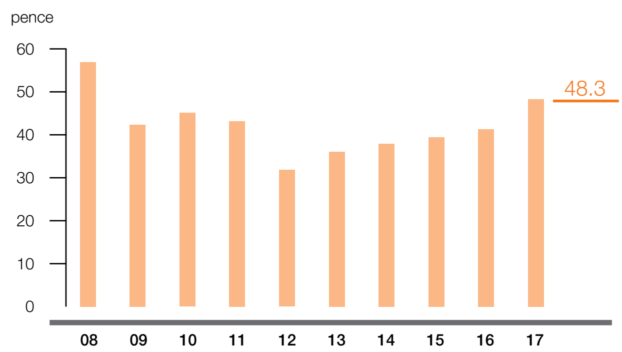
Refer to definitions and calculations on page 136.

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

^ *The group's expected Basel III 'fully loaded' numbers are provided on page 98.*

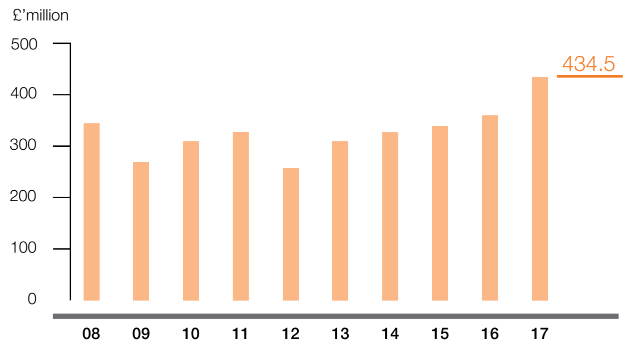
Up 16.9% to 48.3 pence

Adjusted earnings per share



Up 20.8% to £434.5 million

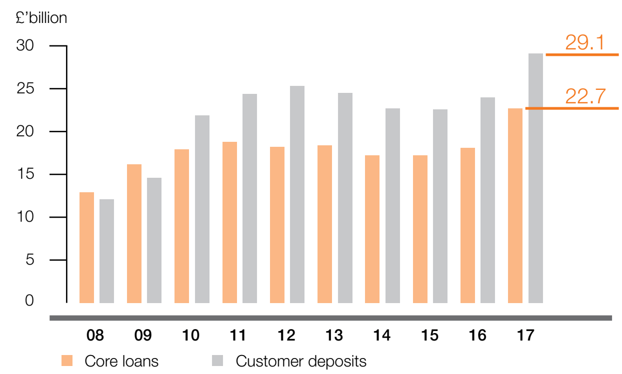
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items



Core loans: up 25.3% to £22.7 billion since 31 March 2016 – an increase of 7.6% on a currency neutral basis*

Deposits: up 21.1% to £29.1 billion since 31 March 2016 – an increase of 5.5% on a currency neutral basis*

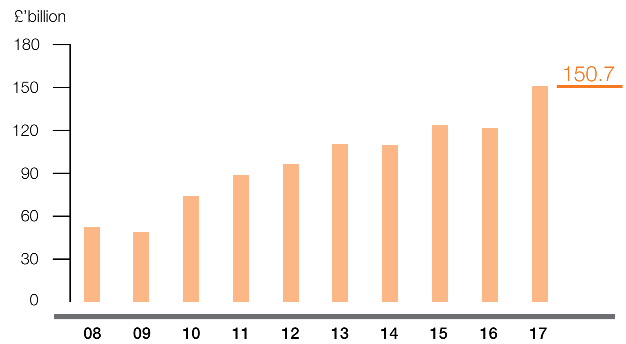
Core loans and customer deposits



Up 23.9% to £150.7 billion since 31 March 2016 – an increase of 14.8% on a currency neutral basis*

Net inflows of £0.7 billion

Third-party assets under management



* *Currency neutral basis: calculation assumes that the group's relevant closing exchange rates at 31 March 2017, as reflected on page 7, remain the same as those at 31 March 2016.*

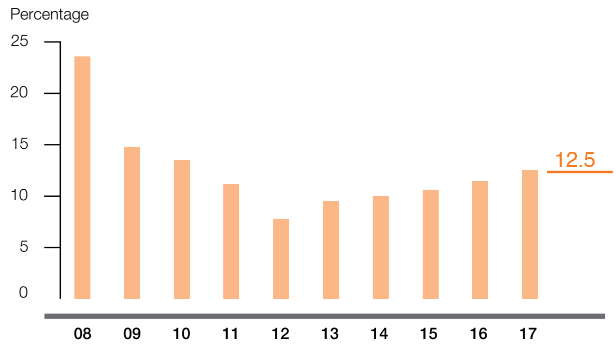
04 Finacial targets

Target

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

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

ROE*

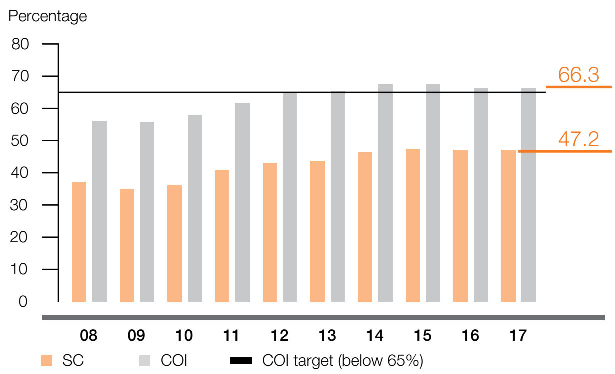


Target

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

Group COI ratio: less than 65% in Pounds Sterling

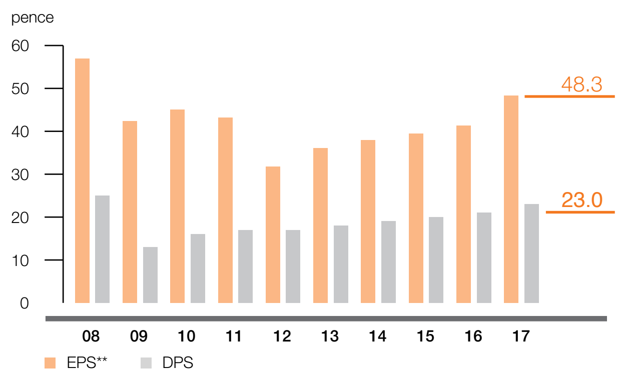
Cost to income ratio (COI) and staff compensation to operating income ratio (SC)



Target

In the medium to long term, we aim to achieve adjusted EPS growth of 10% in excess of UK inflation (in Pounds Sterling). We continually strive to build and maintain a sustainable business model. We intend to maintain a dividend cover of between 1.7 to 3.5 times based on earnings per share as defined above, denominated in Pounds Sterling

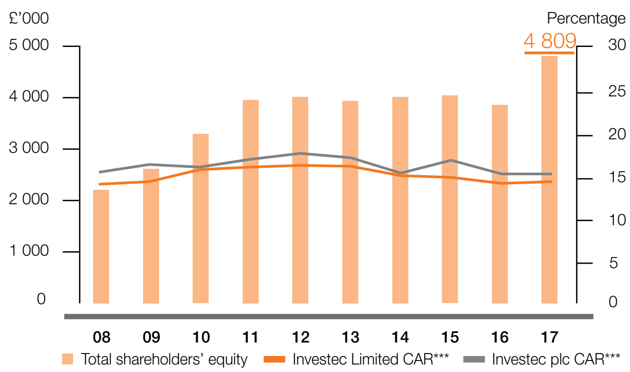
Adjusted earnings per share (EPS) and dividends per share (DPS)



Target

We intend to maintain a sufficient level of capital to satisfy regulatory requirements, as well as take advantage of opportunities that may arise in the financial services industry focusing on increasing our return on equity in the medium to long term. We target a capital adequacy ratio range of between 14% and 17% on a consolidated basis for Investec plc and Investec Limited, and we target a minimum tier 1 ratio of 11.0% and a common equity tier 1 ratio above 10.0%

Total shareholders' equity and capital adequacy ratios (CAR)



* *ROE is post-tax return on adjusted average shareholders' equity as calculated on page 100.*

** *Adjusted EPS before goodwill, acquired intangibles and non-operating items as defined on page 136.*

*** *Investec Limited's numbers have been reported in terms of Basel III since 31 March 2013, and Investec plc has been reporting in terms of Basel III since 31 March 2014.*

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

05

Financial review and additional information – statutory basis

Key income drivers

We provide a wide range of financial products and services to a select client base in three principal markets, the UK and Europe, South Africa and Asia/Australia. We are organised as a network comprising three principal business divisions: Asset Management, Wealth & Investment and Specialist Banking

There are therefore a number of key income drivers for our business which are discussed below and alongside.

Asset Management

Key income drivers

- Fixed fees as a percentage of assets under management
- Variable performance fees.

Income statement – primarily reflected as

- Fees and commissions.

Income impacted primarily by

- Movements in the value of the assets underlying client portfolios
- Performance of portfolios against set benchmarks
- Net flows.

Wealth & Investment

Key income drivers

- Investment management fees levied as a percentage of assets under management
- Commissions earned for executing transactions for clients.

Income statement – primarily reflected as

- Fees and commissions.

Income impacted primarily by

- Movement in the value of assets underlying client portfolios
- The level of investment activity undertaken on behalf of clients, which, in turn, is affected by, among other things, the performance of the global stock markets (which drives investment opportunities), the equity investment risk appetite of our clients, tax considerations and market liquidity.

Specialist Banking

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

Risks relating to our operations

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

These risks are summarised briefly in the table below.

Additional risks and uncertainties not presently known to us or that we currently deem immaterial may in the future also negatively impact our business operations.

The **financial services industry** in which we operate is intensely competitive.	**Market, business and general economic conditions** and fluctuations could adversely affect our businesses in a number of ways.	We may be exposed to **country risk** i.e. the risk inherent in sovereign exposure and events in other countries.
Credit and counterparty risk exposes us to losses caused by financial or other problems experienced by our clients.	Unintended **environmental, social and economic risks** could arise in our lending and investment activities.	We may be exposed to **investment risk** largely in our unlisted investment portfolio.
Market risk arising in our trading book could affect our operational performance.	**Liquidity risk** may impair our ability to fund our operations.	Our net interest earnings and net asset value may be adversely affected by **interest rate risk.**
Operational risk (including financial crime and process failure) may disrupt our business or result in regulatory action.	We may be **vulnerable to the failure of our systems** and breaches of our security systems (including cyber and information security).	**Employee misconduct** could cause harm that is difficult to detect.
Reputational, strategic and **business risk** could impact our operational performance.	**Compliance, legal and regulatory risks** may have an impact on our business.	**Retail conduct risk** is the risk that we treat our customers unfairly and deliver inappropriate outcomes. **Wholesale conduct risk** is the risk of conducting ourselves inappropriately in the market.
We may have insufficient capital in the future and may be unable to secure additional financing when it is required.	We may be unable to **recruit, retain and motivate key personnel.**	We may be exposed to **pension risk** in our UK operations

Statutory income statement analysis

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

Further details on the key income drivers and significant variances in the various components of our operating income, expenses and profit can be found in the description of our principal businesses on pages 35 to 60.

Total operating income

Total operating income before impairment losses on loans and advances increased by 17.9% to £2 286.2 million (2016: £1 939.5 million).

£'000	31 March 2017	% of total income	31 March 2016	% of total income	% change
Net interest income	679 895	29.7%	573 769	29.6%	18.5%
Net fees and commissions income	1 271 524	55.6%	1 061 625	54.7%	19.8%
Investment income	136 203	6.0%	170 408	8.8%	(20.1%)
Share of post taxation operating profit of associates	18 890	0.8%	1 811	0.1%	>100.0%
Trading income arising from customer flow	158 001	6.9%	110 227	5.7%	43.3%
Trading income arising from balance sheet management and other trading activities	8 218	0.4%	11 377	0.6%	(27.8%)
Other operating income	13 483	0.6%	10 279	0.5%	31.2%
Total operating income	**2 286 214**	**100.0%**	**1 939 496**	**100.0%**	**17.9%**

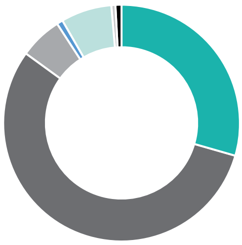
The following table sets out information on total operating income before impairment losses on loans and advances by geography for the year under review.

£'000	31 March 2017	% of total income	31 March 2016	% of total income	% change
UK and Other	1 306 940	57.2%	1 128 374	58.2%	15.8%
Southern Africa	979 274	42.8%	811 122	41.8%	20.7%
Total operating income before impairments	**2 286 214**	**100.0%**	**1 939 496**	**100.0%**	**17.9%**

The following table sets out information on total operating income before impairment losses on loans and advances by division for the year under review.

£'000	31 March 2017	% of total income	31 March 2016	% of total income	% change
Asset Management	497 990	21.8%	421 615	21.7%	18.1%
Wealth & Investment	360 569	15.8%	324 500	16.7%	11.1%
Specialist Banking	1 427 655	62.4%	1 193 381	61.6%	19.6%
Total operating income before impairments	**2 286 214**	**100.0%**	**1 939 496**	**100.0%**	17.9%

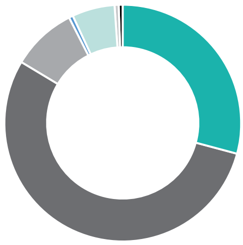
% of total operating income before impairments



31 March 2017

£2 286.2million total operating income before impairments

Net interest income	29.7%
Net fee and commission income	55.6%
Investment income	6.0%
Share of post taxation operating profit of associates	0.8%
Trading income arising from customer flow	6.9%
Trading income arising from balance sheet management and other trading activities	0.4%
Other operating income	0.6%



31 March 2016

£1 939.5 million total operating income before impairments

Net interest income	29.6%
Net fee and commission income	54.7%
Investment income	8.8%
Share of post taxation operating profit of associates	0.1%
Trading income arising from customer flow	5.7%
Trading income arising from balance sheet management and other trading activities	0.6%
Other operating income	0.5%

Net interest income

Net interest income increased by 18.5% to £680.0 million (2016: £573.8 million) supported by sound levels of lending activity across the banking businesses.

£'000	31 March 2017	31 March 2016	Variance	% change
Asset Management	5 118	3 904	1 214	31.1%
Wealth & Investment	11 968	7 330	4 638	63.3%
Specialist Banking	662 809	562 535	100 274	17.8%
Net interest income	**679 895**	**573 769**	**106 126**	**18.5%**

A further analysis of interest income and interest expense is provided in the tables below.

		UK and Other		Southern Africa		Total group	
For the year to 31 March 2017 £'000	Notes	**Balance sheet value**	**Interest income**	**Balance sheet value**	**Interest income**	**Balance sheet value**	**Interest income**
Cash, near cash and bank debt and sovereign debt securities	1	5 621 557	33 255	8 260 231	398 053	13 881 788	431 308
Core loans and advances	2	8 620 742	471 547	14 086 395	1 188 974	22 707 137	1 660 521
Private client		3 454 366	151 645	9 413 110	798 380	12 867 476	950 025
Corporate, institutional and other clients		5 166 376	319 902	4 673 285	390 594	9 839 661	710 496
Other debt securities and other loans and advances		735 059	58 552	735 747	58 244	1 470 806	116 796
Other interest-earning assets	3	–	–	10 336	22 140	10 336	22 140
Total interest-earning assets		**14 977 358**	**563 354**	**23 092 709**	**1 667 411**	**38 070 067**	**2 230 765**

Notes:

1. *Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; and bank debt securities.*
2. *Comprises (as per the balance sheet) loans and advances to customers and own originated loans and advances to customers securitised.*
3. *Comprises (as per the balance sheet) other securitised assets. No securitised assets are held at amortised cost outside of Southern Africa.*

For the year to 31 March 2017 £'000	Notes	UK and Other Balance sheet value	UK and Other Interest expense	Southern Africa Balance sheet value	Southern Africa Interest expense	Total group Balance sheet value	Total group Interest expense
Deposits by banks and other debt-related securities	4	2 708 483	(87 872)	3 104 378	(118 225)	5 812 861	(206 097)
Customer accounts (deposits)		11 012 809	(130 419)	18 096 619	(1 087 496)	29 109 428	(1 217 915)
Other interest-bearing liabilities	5	–	–	90 125	(13 050)	90 125	(13 050)
Subordinated liabilities		579 356	(55 883)	823 282	(57 925)	1 402 638	(113 808)
Total interest-bearing liabilities		**14 300 648**	**(274 174)**	**22 114 404**	**(1 276 696)**	**36 415 052**	**(1 550 870)**
Net interest income			**289 180**		**390 715**		**679 895**
Net interest margin (local currency)			**1.96%**		**1.86%****		

For the year to 31 March 2016 £'000	Notes	UK and Other Balance sheet value	UK and Other Interest income	Southern Africa Balance sheet value	Southern Africa Interest income	Total group Balance sheet value	Total group Interest income
Cash, near cash and bank debt and sovereign debt securities	1	5 622 577	47 481	6 952 692	292 563	12 575 269	340 044
Core loans and advances	2	7 803 602	427 601	10 315 213	826 999	18 118 815	1 254 600
Private client		3 510 327	150 060	6 856 533	550 044	10 366 860	700 104
Corporate, institutional and other clients		4 293 275	277 541	3 458 680	276 955	7 751 955	554 496
Other debt securities and other loans and advances		697 875	74 010	573 692	29 445	1 271 567	103 455
Other interest-earning assets	3	–	–	9 730	7 541	9 730	7 541
Total interest-earning assets		**14 124 054**	**549 092**	**17 851 327**	**1 156 548**	**31 975 381**	**1 705 640**

For the year to 31 March 2016 £'000	Notes	UK and Other Balance sheet value	UK and Other Interest expense	Southern Africa Balance sheet value	Southern Africa Interest expense	Total group Balance sheet value	Total group Interest expense
Deposits by banks and other debt-related securities	4	2 484 617	(106 707)	3 184 183	(85 888)	5 668 800	(192 595)
Customer accounts (deposits)		10 800 668	(124 569)	13 243 613	(703 399)	24 044 281	(827 968)
Other interest-bearing liabilities	5	–	–	85 884	(15 494)	85 884	(15 494)
Subordinated liabilities		597 309	(56 871)	537 574	(38 943)	1 134 883	(95 814)
Total interest-bearing liabilities		**13 882 594**	**(288 147)**	**17 051 254**	**(843 724)**	**30 933 848**	**(1 131 871)**
Net interest income			**260 945**		**312 824**		**573 769**
Net interest margin (local currency)			**1.82%**		**1.90%****		

Notes:
1. *Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; and bank debt securities.*
2. *Comprises (as per the balance sheet) loans and advances to customers; and own originated loans and advances to customers securitised.*
3. *Comprises (as per the balance sheet) other securitised assets. No securitised assets are held at amortised cost outside of Southern Africa.*
4. *Comprises (as per the balance sheet) deposits by banks; debt securities in issue; repurchase agreements and cash collateral on securities lent.*
5. *Comprises (as per the balance sheet) liabilities arising on securitisation of own originated assets; and liabilities arising on securitisation. No liabilities on securitisation are held at amortised cost outside of Southern Africa.*

** *Impacted by debt funding issued by the Investec Property Fund in which the group has a 27.86% interest. Excluding this debt funding cost, the net interest margin amounted to 1.99% (2016: 1.98%).*

Net fee and commission income

Net fee and commission income increased by 19.8% to £1 271.5 million (2016: £1 061.6 million) as a result of higher average funds under management in the Asset Management and Wealth Management businesses. In addition, the Specialist Banking business benefited from an increase in the scale of the property fund business in South Africa and from a good performance in the corporate and advisory businesses, notably in the UK.

£'000	31 March 2017	31 March 2016	Variance	% change
Asset Management	484 872	415 528	69 344	16.7%
Wealth & Investment	343 708	309 080	34 628	11.2%
Specialist Banking	442 944	337 017	105 927	31.4%
Net fee and commission income	**1 271 524**	**1 061 625**	**209 899**	**19.8%**

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

For the year to 31 March 2017 £'000	UK and Other	Southern Africa	Total group
Asset management and wealth management businesses net fee and commission income	**575 931**	**252 649**	**828 580**
Fund management fees/fees for assets under management	639 100	224 498	863 598
Private client transactional fees	56 955	39 400	96 355
Fee and commission expense	(120 124)	(11 249)	(131 373)
Specialist Banking net fee and commission income	**227 932**	**215 012**	**442 944**
Corporate and institutional transactional and advisory services	206 407	196 246	402 653
Private client transactional fees	29 684	37 298	66 982
Fee and commission expense	(8 159)	(18 532)	(26 691)
Net fee and commission income/cost	**803 863**	**467 661**	**1 271 524**
Annuity fees (net of fees payable)	581 895	383 355	965 250
Deal fees	221 968	84 306	306 274

For the year to 31 March 2016 £'000	UK and Other	Southern Africa	Total group
Asset management and Wealth management businesses net fee and commission income	**520 245**	**204 363**	**724 608**
Fund management fees/fees for assets under management	567 257	178 549	745 806
Private client transactional fees	54 258	34 664	88 922
Fee and commission expense	(101 270)	(8 850)	(110 120)
Specialist Banking net fee and commission income	**189 513**	**147 504**	**337 017**
Corporate and institutional transactional and advisory services	164 088	130 089	294 177
Private client transactional fees	28 141	30 966	59 107
Fee and commission expense	(2 716)	(13 551)	(16 267)
Net fee and commission income	**709 758**	**351 867**	**1 061 625**
Annuity fees (net of fees payable)	542 128	275 058	817 186
Deal fees	167 630	76 809	244 439

Investment income

Investment income reduced by 20.1% to £136.2 million (2016: £170.4 million) primarily as a consequence of the change in accounting treatment from fair value to equity accounting for the assets transferred to Investec Equity Partners in South Africa in the prior year (as explained on page 17). In the UK, the group's unlisted investment portfolio delivered a sound performance; however, this was offset by the write down of an investment in the Hong Kong portfolio.

£'000	31 March 2017	31 March 2016	Variance	% change
Asset Management	143	44	99	>100%
Wealth & Investment	2 269	6 072	(3 803)	(62.6%)
Specialist Banking	133 791	164 292	(30 501)	(18.6%)
Investment income	**136 203**	**170 408**	**(34 205)**	**(20.1%)**

Further information on investment income is provided in the tables below.

For the year to 31 March 2017 £'000	UK and Other	Southern Africa	Total group
Realised	50 335	51 070	101 405
Unrealised^	(9 271)	6 940	(2 331)
Dividend income	12 339	18 540	30 879
Funding and other net related income/(costs)	6 572	(322)	6 250
Investment income	**59 975**	**76 228**	**136 203**

For the year to 31 March 2017 £'000	Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
UK and Other	**47 786**	**(3 344)**	**8 329**	**7 204**	**59 975**
Realised	38 533	(8 482)	18 337	1 947	50 335
Unrealised^	(3 086)	5 138	(10 008)	(1 315)	(9 271)
Dividend income	12 339	–	–	–	12 339
Funding and other net related income	–	–	–	6 572	6 572
Southern Africa	**21 313**	**8 615**	**44 992**	**1 308**	**76 228**
Realised	20 483	6 360	22 003	2 224	51 070
Unrealised^	(13 504)	2 255	22 989	(4 800)	6 940
Dividend income	18 102	–	–	438	18 540
Funding and other net related (costs)/income	(3 768)	–	–	3 446	(322)
Total investment income	**69 099**	**5 271**	**53 321**	**8 512**	**136 203**

* *Including embedded derivatives (warrants and profit shares).*
^ *In a year of realisation, any prior period mark-to-market gains/(losses) recognised are reversed in the unrealised line item.*

For the year to 31 March 2016 £'000	UK and Other	Southern Africa	Total group
Realised	44 135	240 167	284 302
Unrealised^	(2 311)	(131 813)	(134 124)
Dividend income	15 419	13 037	28 456
Funding and other net related income/(costs)	4 877	(13 103)	(8 226)
Investment income	**62 120**	**108 288**	**170 408**

For the year to 31 March 2016 £'000	Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
UK and Other	**41 300**	**23 675**	**1 282**	**(4 137)**	**62 120**
Realised	10 319	31 143	–	2 673	44 135
Unrealised^	15 562	(7 468)	1 282	(11 687)	(2 311)
Dividend income	15 419	–	–	–	15 419
Funding and other net related income	–	–	–	4 877	4 877
Southern Africa	**76 824**	**9 166**	**20 628**	**1 670**	**108 288**
Realised	227 043	3 052	9 121	951	240 167
Unrealised^	(149 102)	6 114	11 507	(332)	(131 813)
Dividend income	12 977	–	–	60	13 037
Funding and other net related income	(14 094)	–	–	991	(13 103)
Total investment income/(loss)	**118 124**	**32 841**	**21 910**	**(2 467)**	**170 408**

* *Including embedded derivatives (warrants and profit shares).*
^ *In a year of realisation, any prior period mark-to-market gains/(losses) recognised are reversed in the unrealised line item.*

Share of post-taxation operating profit of associates

Share of post-taxation operating profit of associates of £18.9 million in the current period largely reflects earnings in relation to the group's investment in Investec Equity Partners.

Trading income

Trading income arising from customer flow increased considerably to £158.0 million (2016: £110.2 million) supported by robust client activity levels and market volatility. Trading income from other trading activities amounted to £8.2 million (2016: £11.4 million) predominantly impacted by currency volatility over the period.

Arising from customer flow

£'000	31 March 2017	31 March 2016	Variance	% change
Wealth & Investment	1 028	316	712	>100%
Specialist Banking	156 973	109 911	47 062	42.8%
Trading income arising from customer flow	**158 001**	**110 227**	**47 774**	**43.3%**

Arising from balance sheet management and other trading activities

£'000	31 March 2017	31 March 2016	Variance	% change
Asset Management	2 213	1 668	545	32.7%
Wealth & Investment	87	509	(422)	(82.9%)
Specialist Banking	5 918	9 200	(3 282)	(35.7%)
Trading profit arising from balance sheet management and other trading activities	**8 218**	**11 377**	**(3 159)**	**(27.8%)**

Impairment losses on loans and advances

Impairments on loans and advances increased from £109.5 million to £111.5 million, with the credit loss ratio on core loans and advances amounting to 0.54% (2016: 0.62%). Since 31 March 2016 gross defaults have increased from £466.1 million to £476.0 million largely due to a few specific defaults in the South African banking business. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounted to 1.22% (31 March 2016: 1.54%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.63 times (2016: 1.35 times). Further information is provided on page 106.

£'000	31 March 2017	31 March 2016	Variance	% change
UK and Other	(74 956)	(84 217)	9 261	(11.0%)
Southern Africa	(36 498)	(25 299)	(11 199)	44.3%
Total impairment losses on loans and advances	**(111 454)**	**(109 516)**	**(1 938)**	**1.8%**
Impairment losses on loans and advances in home currency				
Southern Africa (R'million)	(659)	(520)	(139)	26.7%

Operating costs

The cost to income ratio amounted to 66.3% (2016: 66.4%). Total operating costs grew by 17.5% to £1 515.4 million (2016: £1 289.2 million) reflecting planned investment on IT infrastructure and headcount to support increased activity and growth initiatives, notably the build out of the UK private client offering. Costs are also impacted by additional premises expenses relating to the London office's future premises move and an increase in variable remuneration given improved profitability across the group.

£'000	31 March 2017	% of total expenses	31 March 2016	% of total expenses	% change
Staff costs	(1 079 701)	71.2%	(912 435)	70.7%	18.3%
–fixed	(690 161)	45.5%	(581 847)	45.1%	18.6%
–variable	(389 540)	25.7%	(330 588)	25.6%	17.8%
Business expenses	(177 057)	11.7%	(177 642)	13.8%	(0.3%)
Premises expenses (excluding depreciation)	(80 083)	5.3%	(58 847)	4.6%	36.1%
Equipment expenses (excluding depreciation)	(82 928)	5.5%	(57 780)	4.5%	43.5%
Marketing expenses	(70 625)	4.7%	(59 737)	4.6%	18.2%
Depreciation and impairment of property, plant,equipment and software	(22 837)	1.5%	(20 580)	1.6%	11.0%
Depreciation on operating leased assets	(2 169)	0.1%	(2 165)	0.2%	0.2%
Total operating costs	**(1 515 400)**	**100.0%**	**(1 289 186)**	**100.0%**	**17.5%**

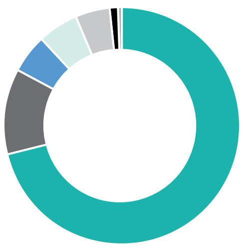
The following table sets out certain information on total expenses by geography for the year under review.

£'000	31 March 2017	% of total expenses	31 March 2016	% of total expenses	% change
UK and Other	(1 007 271)	66.5%	(865 797)	67.2%	16.3%
Southern Africa	(508 129)	33.5%	(423 389)	32.8%	20.0%
Total operating costs	**(1 515 400)**	**100.0%**	**(1 289 186)**	**100.0%**	**17.5%**

The following table sets out certain information on total expenses by division for the year under review.

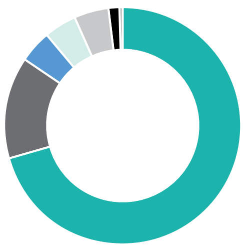
£'000	31 March 2017	% of total expenses	31 March 2016	% of total expenses	% change
Asset Management	(333 166)	22.0%	(286 832)	22.2%	16.2%
Wealth & Investment	(267 326)	17.6%	(238 765)	18.5%	12.0%
Specialist Banking	(866 132)	57.2%	(717 784)	55.7%	20.7%
Group costs	(48 776)	3.2%	(45 805)	3.6%	6.5%
Total operating costs	**(1 515 400)**	**100.0%**	**(1 289 186)**	**100.0%**	**17.5%**

% of total operating costs



31 March 2017
£1 515.4 million total operating costs

Staff costs	71.2%
Business expenses	11.7%
Premises expenses	5.3%
Equipment expenses	5.5%
Marketing expenses	4.7%
Depreciation	1.5%
Depreciation on operating leased assets	0.1%



31 March 2016
£1 289.2 million total operating costs

Staff costs	70.7%
Business expenses	13.8%
Premises expenses	4.6%
Equipment expenses	4.5%
Marketing expenses	4.6%
Depreciation	1.6%
Depreciation on operating leased assets	0.2%

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

As a result of the foregoing factors, our operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests increased by 18.5% from £505.6 million to £599.1 million.

The following tables set out information on operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests by geography and by division for the year under review.

For the year to 31 March 2017 £'000	UK and Other	Southern Africa	Total group	% change	% of total
Asset Management	91 262	73 562	164 824	22.3%	27.5%
Wealth & Investment	65 190	28 053	93 243	8.8%	15.6%
Specialist Banking	104 604	285 226	389 830	17.8%	65.0%
	261 056	**386 841**	**647 897**	**17.5%**	**108.1%**
Group costs	(36 163)	(12 613)	(48 776)	6.5%	(8.1%)
Total group	**224 893**	**374 228**	**599 121**	**18.5%**	**100.0%**
Other non-controlling interest – equity			60 239		
Operating profit			**659 360**		
% change	**23.0%**	**16.0%**	**18.5%**		
% of total	**37.5%**	**62.5%**	**100.0%**		

For the year to 31 March 2016 £'000	UK and Other	Southern Africa	Total group	% of total
Asset Management	76 853	57 930	134 783	26.7%
Wealth & Investment	63 127	22 608	85 735	17.0%
Specialist Banking	78 043	252 837	330 880	65.4%
	218 023	**333 375**	**551 398**	**109.1%**
Group costs	(35 160)	(10 645)	(45 805)	(9.1%)
Total group	**182 863**	**322 730**	**505 593**	**100.0%**
Other non-controlling interest – equity			35 201	
Operating profit			**540 794**	
% of total	**36.2%**	**63.8%**	**100.0%**	

Key income drivers in our core businesses

The information below reflects our key income drivers in our core businesses.

Asset Management

Global business (in Pounds Sterling)	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Operating margin	33.1%	32.0%	34.2%	34.7%	34.5%	35.7%
Net inflows in funds under management as a % of opening funds under management	(0.8%)	4.1%	4.6%	3.7%	6.7%	8.8%
Average income yield earned on funds under management^	0.58%	0.55%	0.60%	0.60%	0.62%	0.62%

Wealth & Investment

Global business (in Pounds Sterling)	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Operating margin	25.9%	26.4%	25.2%	22.9%	20.3%	19.7%
Net organic growth in funds under management as a % of opening funds under management	2.7%	4.5%	6.6%	3.5%	2.0%	(5.3%)
Average income yield earned on funds under management^	0.72%	0.71%	0.72%	0.71%	0.66%	0.61%
UK and Other^^ (in Pounds Sterling)						
Operating margin^^	23.5%	24.6%	22.7%	20.1%	17.3%	16.3%
Net organic growth in funds under management as a % of opening funds under management	4.2%	4.5%	7.1%	5.1%	1.3%	(7.4%)
Average income yield earned on funds under management^	0.85%	0.87%	0.89%	0.89%	0.86%	0.80%
South Africa (in Rands)						
Operating margin	33.8%	33.1%	35.1%	33.9%	31.3%	28.5%
Net organic growth in discretionary funds under management as a % of opening discretionary funds under management	8.1%	10.4%	8.5%	13.6%	13.9%	8.7%
Average income yield earned on funds under management^*	0.47%	0.45%	0.41%	0.41%	0.37%	0.39%

* *A large portion of the funds under management are non-discretionary funds.*

^ *The average income yield on funds under management represents the total operating income for the period as a percentage of the average of opening and closing funds under management. This calculation does not take into account the impact of market movements throughout the period on funds under management or the timing of acquisitions and disposals during the respective periods.*

^^ *'Other' comprises the Wealth operations in Switzerland, the Republic of Ireland, the Channel Islands, and Hong Kong. Excluding 'Other', Investec Wealth & Investment UK has an operating margin of 26.8% (2016: 26.5%).*

Specialist Banking – statutory basis

Global business (in Pounds Sterling)	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Cost to income ratio	60.6%*	60.1%*	63.1%*	63.2%*	63.1%	62.4%
ROE post-tax^	10.5%	10.1%	8.6%	7.9%	6.4%	5.1%
ROE post-tax (ongoing business)^	12.6%	13.0%	12.8%	11.9%	–	–
Growth in net core loans	25.3%	5.4%	0.2%^^	(6.8%)	1.0%	(2.8%)
Currency neutral growth in net core loans	7.6%	–	–	–	–	–
Growth in risk-weighted assets	22.2%	2.2%	(4.9%)^^	(6.0%)	4.7%	1.5%
Currency neutral growth in risk-weighted assets	7.2%	–	–	–	–	–
Defaults (net of impairments as a % of core loans)	1.22%	1.54%	2.07%	2.30%	2.73%	3.31%
Credit loss ratio on core loans	0.54%	0.62%	0.68%	0.68%	0.84%	1.12%
UK and Other# (in Pounds Sterling)						
Cost to income ratio	74.8%*	73.4%*	78.9%*	72.5%*	69.0%	68.3%
ROE post-tax^	7.0%	5.5%	2.1%	3.6%	1.7%	(1.8%)
ROE post-tax (ongoing business)**^	11.5%	11.4%	9.6%	10.9%	–	–
Growth in net core loans	10.5%	10.5%	(14.1%)^^	(0.3%)	6.6%	0.3%
Currency neutral growth in net core loans	6.6%	–	–	–	–	–
Growth in risk-weighted assets	8.4%	6.7%	(15.5%)^^	0.4%	7.7%	4.6%
Defaults (net of impairments as a % of core loans)	1.55%	2.19%	3.00%	3.21%	3.75%	4.10%
Credit loss ratio on core loans	0.90%	1.13%	1.16%	0.99%	1.16%	1.65%
Southern Africa (in Rands)						
Cost to income ratio	46.9%*	46.5%*	47.2%*	51.0%*	55.5%	55.2%
ROE post-tax^	12.7%	15.1%	15.2%	12.5%	10.0%	9.6%
ROE post-tax (excluding investment activities)##	15.3%	15.2%	14.8%	–	–	–
Growth in net core loans	8.4%	19.7%	16.1%	10.6%	10.2%	6.6%
Growth in risk-weighted assets	6.2%	15.1%	8.3%	11.0%	16.5%	11.9%
Defaults (net of impairments as a % of core loans)	1.02%	1.05%	1.43%	1.46%	1.89%	2.73%
Credit loss ratio on core loans	0.29%	0.26%	0.28%	0.42%	0.61%	0.65%

^ *Divisional ROEs are reported on a pre-tax basis. For the purpose of this calculation we have applied the group's effective tax rate to derive post-tax numbers. Capital as at 31 March 2017 was c.£1.4 billion in the UK and c.R31.3 billion in South Africa.*
^^ *Impacted by sale of assets.*
* *Excludes group costs.*
** *Further information is provided on pages 23 and 53.*
# *Includes UK, other non Southern-African jurisdictions and the legacy businesses.*
Refer to page 57 for further information on the group's investment activities in South Africa.

Impairment of goodwill

The current year's goodwill impairment relates to historic acquisitions in the Specialist Banking and asset management businesses.

Goodwill and intangible assets analysis – balance sheet information

£'000	31 March 2017	31 March 2016
UK and Other	**355 155**	**356 994**
Asset Management	88 045	88 045
Wealth & Investment	243 169	242 672
Specialist Banking	23 941	26 277
South Africa	**12 424**	**11 045**
Asset Management	14	1 149
Wealth & Investment	2 061	1 616
Specialist Banking	10 349	8 280
Intangible assets	**143 261**	**148 280**
Total group	**510 840**	**516 319**

Amortisation of acquired intangibles

Amortisation of acquired intangibles largely relates to the Wealth & Investment business and mainly comprises amortisation of amounts attributable to client relationships.

Taxation

The effective operational tax rate amounts to 18.5% (2016: 19.1%).

	Effective operational tax rates				
	2017	2016	31 March 2017 £'000	31 March 2016 £'000	% change
UK and Other	17.6%	19.8%	(39 144)	(35 335)	(10.8%)
Southern Africa	19.0%	18.7%	(79 344)	(67 867)	(16.9%)
Tax	**18.5%**	**19.1%**	**(118 488)**	**(103 202)**	**(14.8%)**

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests mainly comprises:

- £20.3 million profit attributable to non-controlling interests in the Asset Management business
- £59.9 million profit attributable to non-controlling interests in the Investec Property Fund Limited

Earnings attributable to shareholders

As a result of the foregoing factors, earnings attributable to shareholders increased from £368.5 million to £442.5 million.

Dividends and earnings per share

Information with respect to dividends and earnings per share is provided on pages 68 and 69 and pages 137 to 142.

Statutory balance sheet analysis

Since 31 March 2016:

- Total shareholders' equity (including non-controlling interests) increased by 24.6% to £4.8 billion due to foreign currency translation gains, an increase in retained earnings and the issuance of shares during the period.
- Net asset value per share increased 22.3% to 431.0 pence and net tangible asset value per share (which excludes goodwill and intangible assets) increased by 28.1% to 377.0 pence.
- The return on adjusted average shareholders' equity increased from 11.5% to 12.5%.

Assets by geography

31 March 2017
£53 535 million total assets

UK and Other	34.8%
Southern Africa	65.2%

31 March 2016
£45 352 million total assets

UK and Other	40.8%
Southern Africa	59.2%

Statutory net tangible asset value per share

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

£'000	31 March 2017	31 March 2016
Shareholders' equity	4 131 093	3 360 287
Less: perpetual preference shares issued by holding companies	(214 645)	(300 258)
Less: goodwill and intangible assets (excluding software)	(490 841)	(503 996)
Net tangible asset value	**3 425 607**	**2 556 033**
Number of shares in issue (million)	958.3	908.8
Treasury shares (million)	(49.7)	(40.3)
Number of shares in issue in this calculation (million)	**908.6**	**868.5**
Net tangible asset value per share (pence)	**377.0**	**294.3**
Net asset value per share (pence)	**431.0**	**352.3**

Statutory return on risk-weighted assets

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

	31 March 2017	31 March 2016	Average	31 March 2015	Average
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	**434 504**	**359 732**		**339 523**	
Investec plc risk-weighted assets (£'million)	13 312	12 297	12 805	11 608	11 953
Investec Limited risk-weighted assets^ (£'million)	19 667	14 626	17 146	14 992	14 809
Total risk-weighted assets (£'million)	**32 979**	**26 923**	**29 951**	**26 600**	**26 762**
Return on average risk-weighted assets	**1.45%**	**1.34%**		**1.25%**	
^Investec Limited risk-weighted assets (R'million)	**329 808**	**309 052**	**319 430**	**269 466**	**289 259**

Capital management and allocation

Although Investec plc (and its subsidiaries) and Investec Limited (and its subsidiaries) are managed independently, the approach to capital management is consistent across the two groups. The DLC structure requires the two groups to be considered independent from a capital perspective and hence capital is managed on this basis. This approach is exercised through the board risk and capital committee (via the Investec DLC capital committee) which is a board sub-committee with ultimate responsibility for the capital sufficiency of both Investec plc and Investec Limited.

The legal and regulatory treatment of capital is independent of existing shareholder arrangements that are in place to ensure that shareholders have common economic and voting interests as if Investec plc and Investec Limited were a single unified enterprise.

Investec plc is regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) in the UK and Investec Limited is regulated by the South African Reserve Bank (SARB). In addition, a number of subsidiaries are subject to the capital regulations of the regulators for the jurisdictions in which they operate.

The tables that follow provide information on our capital structure and capital adequacy ratios.

Capital structure and capital adequacy

At 31 March 2017	Investec plc*° £'million	IBP*° £'million	Investec Limited*^ R'million	IBL*^ R'million
Tier 1 capital				
Shareholders' equity	1 981	1 974	32 317	33 631
Shareholders' equity per balance sheet	2 017	1 982	35 500	35 165
Perpetual preference share capital and share premium	(25)	–	(3 183)	(1 534)
Deconsolidation of special purpose entities	(11)	(8)	–	–
Non-controlling interests	11	(4)	–	–
Non-controlling interests per balance sheet	15	(4)	8 987	–
Non-controlling interests excluded for regulatory purposes	–	–	(8 987)	–
Surplus non-controlling interest disallowed in common equity tier 1	(4)	–	–	–
Regulatory adjustments to the accounting basis	(6)	(4)	900	896
Defined benefit pension fund adjustment	(2)	–	–	–
Additional value adjustments	(4)	(4)	–	–
Cash flow hedging reserve	–	–	900	896
Deductions	(478)	(379)	(720)	(679)
Goodwill and intangible assets net of deferred tax	(464)	(365)	(720)	(679)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(10)	(10)	–	–
Securitisation positions	(3)	(3)	–	–
Debt valuation adjustment	(1)	(1)	–	–
Common equity tier 1 capital	**1 508**	**1 587**	**32 497**	**33 848**
Additional tier 1 capital	**24**	**–**	**2 900**	**767**
Additional tier 1 instruments	24	–	5 267	1 534
Phase out of non-qualifying additional tier 1 instruments	–	–	(2 359)	(767)
Non-qualifying surplus capital attributable to non-controlling interest	–	–	(69)	–
Non-controlling interest in non-banking entities	–	–	61	–
Tier 1 capital	**1 532**	**1 587**	**35 397**	**34 615**
Tier 2 capital	**475**	**560**	**11 153**	**13 501**
Collective impairment allowances			321	321
Tier 2 instruments	560	560	13 805	13 180
Phase out of non-qualifying tier 2 instruments	–	–	–	–
Non-qualifying surplus capital attributable to non-controlling interests	(85)	–	(2 973)	–
Total regulatory capital	**2 007**	**2 147**	**46 550**	**48 116**
Risk-weighted assets	**13 312**	**12 716**	**329 808**	**313 010**
Capital ratios				
Common equity tier 1 ratio	11.3%	12.5%	9.9%	10.8%
Tier 1 ratio	11.5%	12.5%	10.7%	11.1%
Total capital adequacy ratio	15.1%	16.9%	14.1%	15.4%

* *Where: IBP is Investec Bank plc consolidated. IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.*

° *The capital adequacy disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the group operates. For Investec plc and IBP this does not include the deduction of foreseeable dividends when calculating common equity tier 1 capital as now required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of the final proposed ordinary and preference dividend totalling £60 million for Investec plc and £35 million for IBP would be 45bps and 28bps lower respectively.*

^ *Investec Limited's and IBL's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's and IBL's common equity tier 1 ratio would be 24bps and 13bps lower respectively.*

Capital structure and capital adequacy *(continued)*

At 31 March 2016	Investec plc*° £'million	IBP*° £'million	Investec Limited*^ R'million	IBL* R'million
Tier 1 capital				
Shareholders' equity	1 698	1 827	28 444	30 331
Shareholders' equity per balance sheet	1 867	1 844	31 627	31 865
Perpetual preference share capital and share premium	(150)	–	(3 183)	(1 534)
Deconsolidation of special purpose entities	(19)	(17)	–	–
Non-controlling interests	10	(1)	–	–
Non-controlling interests per balance sheet	13	(1)	8 140	–
Non-controlling interests excluded for regulatory purposes	–	–	(8 140)	–
Surplus non-controlling interest disallowed in common equity tier 1	(3)	–	–	–
Regulatory adjustments to the accounting basis	(43)	(6)	1 842	1 839
Defined benefit pension fund adjustment	(37)	–	–	–
Additional value adjustments	(6)	(6)	–	–
Cash flow hedging reserve	–	–	1 842	1 839
Deductions	(478)	(386)	(762)	(695)
Goodwill and intangible assets net of deferred tax	(466)	(374)	(762)	(695)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(8)	(8)	–	–
Securitisation positions	(4)	(4)	–	–
Common equity tier 1 capital	**1 187**	**1 434**	**29 524**	**31 475**
Additional Tier 1 capital	**130**	**–**	**3 418**	**920**
Additional Tier 1 instruments	130	–	5 267	1 534
Phase out of non-qualifying Additional Tier 1 instruments	–	–	(1 887)	(614)
Non-qualifying surplus capital attributable to non-controlling interest	–	–	(36)	–
Non-controlling interest in non-banking entities	–	–	74	–
Tier 1 capital	**1 317**	**1 434**	**32 942**	**32 395**

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° *The capital adequacy disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the group operates. For Investec plc and IBP this does not include the deduction of foreseeable dividends when calculating common equity tier 1 capital as now required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of the final proposed ordinary and preference dividend totalling £46 million for Investec plc and £34 million for IBP would be 40bps and 30bps lower, respectively.*

^ *Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's common equity tier 1 ratio would be 16bps lower.*

Capital structure and capital adequacy *(continued)*

At 31 March 2016	Investec plc*° £'million	IBP*° £'million	Investec Limited*^ R'million	IBL* R'million
Tier 2 capital	**535**	**590**	**10 253**	**10 726**
Collective impairment allowances	–	–	229	229
Tier 2 instruments	610	590	11 357	10 732
Phase out of non-qualifying tier 2 instruments	–	–	(235)	(235)
Non-qualifying surplus capital attributable to non-controlling interests	(75)	–	(1 098)	–
Total regulatory capital	**1 852**	**2 024**	**43 195**	**43 121**
Risk-weighted assets	**12 297**	**11 738**	**309 052**	**295 752**
Capital ratios				
Common equity tier 1 ratio	9.7%	12.2%	9.6%	10.6%
Tier 1 ratio	10.7%	12.2%	10.7%	11.0%
Total capital adequacy ratio	15.1%	17.2%	14.0%	14.6%

* *Where: IBP is Investec Bank plc consolidated. IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.*

° *The capital adequacy disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the group operates. For Investec plc and IBP this does not include the deduction of foreseeable dividends when calculating common equity tier 1 capital as now required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of the final proposed ordinary and preference dividend totalling £46 million for Investec plc and £34 million for IBP would be 40bps and 30bps lower, respectively.*

^ *Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's common equity tier 1 ratio would be 16bps lower.*

Capital requirements

At 31 March 2017	Investec plc* £'million	IBP* £'million	Investec Limited* R'million	IBL* R'million
Capital requirements	**1 064**	**1 017**	**35 454**	**33 649**
Credit risk – prescribed standardised exposure classes	790	776	26 008	25 529
Corporates	434	431	12 699	12 678
Secured on real estate property	156	156	3 102	3 102
Short-term claims on institutions and corporates	–	–	8 039	7 850
Retail	45	45	566	566
Institutions	30	28	623	623
Other exposure classes	117	108	751	482
Securitisation exposures	8	8	228	228
Equity risk	6	6	4 900	4 730
Listed equities	1	1	557	500
Unlisted equities	5	5	4 343	4 230
Counterparty credit risk	39	39	574	574
Credit valuation adjustment risk	6	6	195	199
Market risk	71	68	500	413
Interest rate	29	29	99	99
Foreign exchange	14	8	103	103
Commodities	–	–	3	3
Equities	20	20	295	208
Options	8	11	–	–
Operational risk – standardised approach	152	122	3 277	2 204
At 31 March 2016				
Capital requirements	**984**	**939**	**32 064**	**30 684**
Credit risk – prescribed standardised exposure classes	711	698	23 978	23 603
Corporates	341	338	13 402	13 278
Secured on real estate property	150	150	2 943	2 943
Short-term claims on institutions and corporates	–	–	4 905	4 876
Retail	44	44	483	483
Institutions	32	35	813	813
Other exposure classes	135	122	1 028	806
Securitisation exposures	9	9	404	404
Equity risk	8	8	4 104	4 005
Listed equities	3	3	334	305
Unlisted equities	5	5	3 770	3 700
Counterparty credit risk	41	41	569	569
Credit valuation adjustment risk	5	5	185	185
Market risk	76	74	501	475
Interest rate	27	27	66	66
Foreign exchange	23	21	212	212
Commodities	–	–	5	4
Equities	16	16	218	193
Options	10	10	–	–
Operational risk – standardised approach	143	113	2 727	1 847

* *Where: IBP is Investec Bank plc consolidated and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.*

Risk-weighted assets

At 31 March 2017	Investec plc* £'million	IBP* £'million	Investec Limited* R'million	IBL* R'million
Risk-weighted assets	**13 312**	**12 716**	**329 808**	**313 010**
Credit risk – prescribed standardised exposure classes	9 873	9 687	241 926	237 474
Corporates	5 432	5 380	118 130	117 944
Secured on real estate property	1 948	1 948	28 856	28 856
Short-term claims on institutions and corporates	–	–	74 784	73 019
Retail	557	557	5 261	5 261
Institutions	370	353	5 792	5 792
Other exposure classes	1 466	1 349	6 984	4 483
Securitisation exposures	100	100	2 119	2 119
Equity risk	80	80	45 583	44 007
Listed equities	11	11	5 185	4 654
Unlisted equities	69	69	40 398	39 353
Counterparty credit risk	494	494	5 344	5 335
Credit valuation adjustment risk	78	78	1 817	1 848
Market risk	882	856	4 652	3 847
Interest rate	360	360	924	924
Foreign exchange	169	106	955	955
Commodities	–	–	29	29
Equities	248	248	2 744	1 939
Options	105	142	–	–
Operational risk – standardised approach	1 905	1 521	30 486	20 499
At 31 March 2016				
Risk-weighted assets	**12 297**	**11 738**	**309 052**	**295 752**
Credit risk – prescribed standardised exposure classes	8 883	8 720	231 113	227 504
Corporates	4 260	4 224	129 178	127 985
Secured on real estate property	1 876	1 876	28 361	28 361
Short-term claims on institutions and corporates	–	–	47 273	47 001
Retail	550	550	4 660	4 660
Institutions	397	439	7 838	7 838
Other exposure classes	1 693	1 524	9 910	7 766
Securitisation exposures	107	107	3 893	3 893
Equity risk	103	102	39 560	38 603
Listed equities	43	43	3 219	2 937
Unlisted equities	60	59	36 341	35 666
Counterparty credit risk	515	518	5 486	5 486
Credit valuation adjustment risk	57	58	1 783	1 783
Market risk	955	924	4 825	4 578
Interest rate	332	332	636	636
Foreign exchange	292	261	2 039	2 039
Commodities	–	–	46	46
Equities	201	201	2 104	1 857
Options	130	130	–	–
Operational risk – standardised approach	1 784	1 416	26 285	17 798

* *Where: IBP is Investec Bank plc consolidated and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.*

A summary of capital adequacy and leverage ratios

As at 31 March 2017	Investec plc°*	IBP°*	Investec Limited*^	IBL*^
Common equity tier 1 (as reported)	11.3%	12.5%	9.9%	10.8%
Common equity tier 1 ('fully loaded')^^	11.3%	12.5%	9.9%	10.8%
Tier 1 (as reported)	11.5%	12.5%	10.7%	11.1%
Total capital adequacy ratio (as reported)	15.1%	16.9%	14.1%	15.4%
Leverage ratio** – permanent capital	7.8%	8.2%	7.8%#	7.7%#
Leverage ratio** – current	7.8%	8.2%	7.3%#	7.6%#
Leverage ratio** – 'fully loaded'^^	7.7%	8.2%	6.8%#	7.4%#

As at 31 March 2016	Investec plc°*	IBP°*	Investec Limited*^	IBL*
Common equity tier 1 (as reported)	9.7%	12.2%	9.6%	10.6%
Common equity tier 1 ('fully loaded')^^	9.7%	12.2%	9.6%	10.6%
Tier 1 (as reported)	10.7%	12.2%	10.7%	11.0%
Total capital adequacy ratio (as reported)	15.1%	17.2%	14.0%	14.6%
Leverage ratio** – permanent capital	7.0%	7.7%	7.4%#	7.4%#
Leverage ratio** – current	7.0%	7.7%	6.9%#	7.2%#
Leverage ratio** – 'fully loaded'^^	6.3%	7.7%	6.3%#	7.0%#

Reconciliation of leverage ratios At 31 March 2017	Investec plc £'million*	IBP £'million*	Investec Limited R'million*	IBL R'million*
Total assets per accounting balance sheet	**18 789**	**18 381**	**586 432**	**425 687**
Deconsolidation of non-financial/other entities	(70)	(72)	(129 596)	–
Consolidation of banking associates	9	9	–	–
Total assets per regulatory balance sheet	**18 728**	**18 318**	**456 836**	**425 687**
Reversal of accounting values:				
Derivatives	(604)	(610)	(9 842)	(9 856)
Securities financing transaction	–	–	(30 567)	(26 627)
Regulatory adjustments:	**1 565**	**1 709**	**67 348**	**67 826**
Derivatives market value	567	567	6 301	6 735
Derivative add-on amounts per the mark-to-market method	793	789	3 471	3 471
Securities financing transaction add-on for counterparty credit risk	39	39	24 045	24 045
Off-balance sheet items	737	693	34 249	34 255
Add-on for written credit derivatives	3	3	–	–
Exclusion of items already deducted from the capital measure	(574)	(382)	(718)	(680)
Exposure measure	**19 689**	**19 417**	**483 775**	**457 030**
Tier 1 capital	1 532	1 587	35 397	34 615
Leverage ratio – current**	**7.8%**	**8.2%**	**7.3%#**	**7.6%#**
Tier 1 capital 'fully loaded'	1 508	1 587	33 108	33 848
Leverage ratio – 'fully loaded'^^**	**7.7%**	**8.2%**	**6.8%#**	**7.4%#**

* *Where: IBP is Investec Bank plc consolidated and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.*

° *The capital adequacy disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the group operates. For Investec plc and Investec Bank plc this does not include the deduction of foreseeable dividends when calculating common equity tier 1 as now required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of the final proposed ordinary and preference dividends totalling £60 million for Investec plc and £35 million for Investec Bank plc would be 45bps and 28bps lower, respectively. At 31 March 2016 the impact of the final proposed ordinary and preference dividends totalling £46 million for Investec plc and £34 million for IBP was 40bps and 30bps lower, respectively.*

^^ *Based on the group's understanding of current and draft regulations. 'fully loaded' is based on Basel III capital requirements as fully phased in by 2022.*

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

\# *Based on revised BIS rules.*

^ *Investec Limited's and IBL's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's and IBL's common equity tier 1 ratio would be 24bps and 13bps lower, respectively. At 31 March 2016, Investec Limited's common equity tier 1 ratio would be 16bps lower.*

Reconciliation of leverage ratios At 31 March 2016	**Investec plc £'million***	**IBP £'million***	**Investec Limited R'million***	**IBL R'million***
Total assets per accounting balance sheet	**18 756**	**18 335**	**568 779**	**411 980**
Deconsolidation of non-financial/other entities	(77)	(80)	(123 540)	–
Consolidation of banking associates	24	8	–	–
Total assets per regulatory balance sheet	**18 703**	**18 263**	**445 239**	**411 980**
Reversal of accounting values:				
Derivatives	(838)	(843)	(15 839)	(15 843)
Regulatory adjustments:	966	1 145	48 622	51 085
Derivatives market value	326	328	9 075	9 673
Derivative add-on amounts per the mark-to-market method	512	519	3 073	3 197
Securities financing transaction add-on for counterparty credit risk	126	126	389	389
Off-balance sheet items	595	554	37 595	38 521
Add-on for written credit derivatives	9	9	–	–
Exclusion of items already deducted from the capital measure	(602)	(391)	(1 510)	(695)
Exposure measure	**18 831**	**18 565**	**478 022**	**447 222**
Tier 1 capital	1 317	1 434	32 942	32 395
Leverage ratio – current**	**7.0%**	**7.7%**	**6.9%#**	**7.2%#**
Tier 1 capital 'fully loaded'	1 187	1 434	30 147	31 475
Leverage ratio – 'fully loaded'^^**	**6.3%**	**7.7%**	**6.3%#**	**7.0%#**

* *Where: IBP is Investec Bank plc consolidated and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.*
^^ *Based on the group's understanding of current and draft regulations. 'fully loaded' is based on Basel III capital requirements as fully phased in by 2022.*
** *The leverage ratios are calculated on an end-quarter basis.*
# *Based on revised BIS rules.*

Return on equity by country and business – statutory

£'000	31 March 2017	31 March 2016	Average	31 March 2015	Average
Calculation of average shareholders' equity					
Ordinary shareholders' equity	3 916 448	3 060 029	3 488 239	3 174 144	3 117 087
Goodwill and intangible assets (excluding software)	(490 841)	(503 996)	(497 419)	(494 111)	(499 054)
Adjusted tangible shareholders' equity	**3 425 607**	**2 556 033**	**2 990 820**	**2 680 033**	**2 618 033**

£'000	31 March 2017	31 March 2016
Operating profit*	659 360	540 794
Non-controlling interests	(80 530)	(51 730)
Accrued preference dividends, adjusted for currency hedge	(25 838)	(26 130)
Revised operating profit	**552 992**	**462 934**
Taxation on operating profit before goodwill and acquired intangibles	(118 488)	(103 202)
Adjusted attributable earnings to ordinary shareholders*	**434 504**	**359 732**
Pre-tax return on average adjusted shareholders' equity	15.9%	14.9%
Post-tax return on average adjusted shareholders' equity	12.5%	11.5%
Pre-tax return on average adjusted tangible shareholders' equity	18.5%	17.7%
Post-tax return on average adjusted tangible shareholders' equity	14.5%	13.7%

Return on equity on an ongoing basis is provided on page 30.

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

Return on equity by geography

£'000	UK and Other	Southern Africa	Total group	UK and Other ongoing**
Operating profit*	224 713	434 647	659 360	289 305
Taxation on operating profit before goodwill and acquired intangibles	(39 144)	(79 344)	(118 488)	(51 094)
Non-controlling interests	(11 627)	(68 903)	(80 530)	(11 627)
Accrued preference dividend adjusted for currency hedge	(439)	(25 399)	(25 838)	(439)
Adjusted attributable earnings to ordinary shareholders – 31 March 2017	**173 503**	**261 001**	**434 504**	**226 145**
Adjusted attributable earnings to ordinary shareholders – 31 March 2016	131 602	228 130	359 732	194 988
Ordinary shareholders' equity – 31 March 2017	**1 991 697**	**1 924 751**	**3 916 448**	**1 934 784**
Goodwill and intangible assets (excluding software)	(459 245)	(31 596)	(490 841)	(459 245)
Tangible ordinary shareholders' equity – 31 March 2017	**1 532 452**	**1 893 155**	**3 425 607**	**1 475 539**
Ordinary shareholders' equity – 31 March 2016	**1 717 892**	**1 342 137**	**3 060 029**	**1 647 872**
Goodwill and intangible assets (excluding software)	(475 300)	(28 696)	(503 996)	(475 300)
Tangible ordinary shareholders' equity – 31 March 2016	**1 242 592**	**1 313 441**	**2 556 033**	**1 172 572**
Ordinary shareholders' equity – 31 March 2015	**1 764 017**	**1 410 127**	**3 174 144**	**1 675 247**
Goodwill and intangible assets (excluding software)	(488 674)	(5 437)	(494 111)	(488 674)
Tangible ordinary shareholders' equity – 31 March 2015	**1 275 343**	**1 404 690**	**2 680 033**	**1 186 573**
Average ordinary shareholders' equity – 31 March 2017	**1 854 795**	**1 633 444**	**3 488 239**	**1 791 327**
Average ordinary shareholders' equity – 31 March 2016	1 740 955	1 376 132	3 117 087	1 661 559
Average tangible shareholders' equity – 31 March 2017	**1 387 521**	**1 603 299**	**2 990 820**	**1 324 055**
Average tangible shareholders' equity – 31 March 2016	1 258 967	1 359 066	2 618 033	1 179 572
Post-tax return on average ordinary shareholders' equity – 31 March 2017	**9.4%**	**16.0%**	**12.5%**	**12.6%**
Post-tax return on average ordinary shareholders' equity – 31 March 2016	7.6%	16.6%	11.5%	11.7%
Post-tax return on average tangible shareholders' equity – 31 March 2017	**12.5%**	**16.3%**	**14.5%**	**17.1%**
Post-tax return on adjusted tangible shareholders' equity – 31 March 2016	10.5%	16.8%	13.7%	16.5%
Pre-tax return on adjusted average ordinary shareholders' equity – 31 March 2017	**11.5%**	**20.8%**	**15.9%**	**15.5%**
Pre-tax return on adjusted average ordinary shareholders' equity – 31 March 2016	9.6%	21.5%	14.9%	14.8%
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2017	**15.3%**	**21.2%**	**18.5%**	**20.9%**
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2016	13.3%	21.8%	17.7%	20.8%

* *Before goodwill, acquired intangibles and non-operating items.*
** *Excluding the remaining UK legacy business as shown on page 33.*

Return on equity by business*

£'000	Asset Management	Wealth & Investment^	Specialist Banking	Specialist Banking ongoing**
Operating profit#	**164 824**	**93 243**	**389 830**	**454 422**
Notional return on regulatory capital	3 379	2 551	(5 930)	(5 930)
Notional cost of statutory capital	(3 898)	(5 388)	9 286	9 286
Cost of subordinated debt	(1 278)	(1 185)	2 463	2 463
Cost of preference shares	(628)	(478)	(24 732)	(24 732)
Adjusted earnings – 31 March 2017	**162 399**	**88 734**	**370 917**	**435 509**
Adjusted earnings – 31 March 2016	**131 337**	**77 124**	**316 807**	**395 142**
Ordinary shareholders' equity – 31 March 2017	**186 423**	**251 523**	**3 319 452**	**3 262 539**
Goodwill and intangible assets (excluding software)	(88 059)	(191 707)	(52 025)	(52 025)
Tangible ordinary shareholders' equity – 31 March 2017	**98 364**	**59 816**	**3 267 427**	**3 210 514**
Ordinary shareholders' equity – 31 March 2016	**171 629**	**246 302**	**2 483 048**	**2 413 028**
Goodwill and intangible assets (excluding software)	(89 194)	(203 534)	(52 220)	(52 220)
Tangible ordinary shareholders' equity – 31 March 2016	**82 435**	**42 768**	**2 430 828**	**2 360 808**
Ordinary shareholders' equity – 31 March 2015	**160 648**	**255 318**	**2 599 130**	**2 510 360**
Goodwill and intangible assets (excluding software)	(91 365)	(216 017)	(27 679)	(27 679)
Tangible ordinary shareholders' equity – 31 March 2015	**69 283**	**39 301**	**2 571 451**	**2 482 681**
Average ordinary shareholders' equity – 31 March 2017	**179 026**	**248 913**	**2 901 249**	**2 837 783**
Average ordinary shareholders' equity – 31 March 2016	166 139	250 810	2 541 088	2 461 693
Average tangible shareholders' equity – 31 March 2017	**90 400**	**51 292**	**2 849 127**	**2 785 660**
Average tangible shareholders' equity – 31 March 2016	75 859	41 035	2 501 139	2 421 744
Pre-tax return on adjusted average ordinary shareholders' equity – 31 March 2017	**90.7%**	**35.7%**	**12.8%**	**15.3%**
Pre-tax return on adjusted average ordinary shareholders' equity – 31 March 2016	79.1%	30.7%	12.5%	16.1%
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2017	**179.6%**	**173.0%**	**13.0%**	**15.6%**
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2016	173.1%	187.9%	12.7%	16.3%

* *The return on equity by business is based on the level of internal capital required by each business, inclusive of an allocation of any surplus capital held by the group. The operating profit is adjusted to reflect a capital structure that includes common equity, Additional Tier 1 capital instruments and subordinated debt.*

^ *Wealth & Investment is consistent with the group computation, except for an adjustment of £159.1 million between ordinary shareholders' funds and goodwill, which represents historical accounting gains with a corresponding effective increase in goodwill and intangible assets. These gains were excluded from group adjusted earnings.*

** *Excluding the remaining UK legacy business as shown on page 33.*

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

Number of employees

By division – permanent employees	31 March 2017	31 March 2016
Asset Management		
UK and international	478	473
Southern Africa^	1072	992
Total	**1 550**	**1 465**
Wealth & Investment		
UK and Other	1279	1 218
South Africa	321	314
Total	**1 600**	**1 532**
Specialist Banking		
UK and Other	2 169	2 010
Southern Africa	3710	3 414
Total	**5 879**	**5 424**
Total number of permanent employees	**9 029**	**8 421**

^ *Includes Silica employees, its third party administration business.*

By geography	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
UK and Other	3 926	3 701	3 560	3 671	3 827	3 625
SA and Other	5 103	4 720	4 199	3986	3748	3661
Temporary employees and contractors	687	545	495	601	576	495
Total number of employees	**9 716**	**8 966**	**8 254**	**8 258**	**8 151**	**7 781**

Statutory operating profit (before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests) per employee

By division	Asset Management	Wealth & Investment	Specialist Banking
Number of employees – 31 March 2017	**1 654**	**1 697**	**6 365**
Number of employees – 31 March 2016	1 543	1 597	5 826
Number of employees – 31 March 2015	1 508	1 533	5 213
Average employees – year to 31 March 2017	**1 598**	**1 647**	**6 096**
Average employees – year to 31 March 2016	1 525	1 565	5 520
Operating profit* – year to 31 March 2017 (£'000)	**164 824^^**	**93 243**	**389 830**
Operating profit* – year to 31 March 2016 (£'000)	134 783^^	85 735	330 880
Operating profit per employee^ – year to 31 March 2017(£'000)	**103.1^^**	**56.6**	**63.9**
Operating profit per employee^ – year to 31 March 2016 (£'000)	88.4^^	54.8	59.9

* *Operating profit excluding unallocated costs*
^ *Based on average number of employees over the year.*
^^ *For Asset Management, operating profit per employee includes Silica, its third party administration business.*

By geography	UK and Other	Southern Africa	Total group
Number of employees – 31 March 2017	**4 165**	**5 551**	**9 716**
Number of employees – 31 March 2016	3869	5097	8 966
Number of employees – 31 March 2015	3729	4525	8 254
Average employees – year to 31 March 2017	**4 017**	**5 324**	**9 341**
Average employees – year to 31 March 2016	3 799	4 811	8 610
Operating profit* – year to 31 March 2017 (£'000)	**224 893**	**374 228**	**599 121**
Operating profit* – year to 31 March 2016 (£'000)	182 863	322 730	505 593
Operating profit per employee^ - year to 31 March 2017(£'000)	**56.0**	**70.3**	**64.1**
Operating profit per employee^ - year to 31 March 2016 (£'000)	48.1	67.1	58.7

* *Operating profit excluding unallocated costs.*
^ *Based on average number of employees over the year.*

Total third party assets under management

£'million	31 March 2017	31 March 2016
Asset Management	**95 287**	**75 679**
UK and Other	61 379	51 076
Southern Africa	33 908	24 603
Wealth & Investment	**54 773**	**45 459**
UK and Other	35 555	29 769
Southern Africa	19 218	15 690
Specialist Banking	**675**	**545**
UK and Other	386	335
Southern Africa	289	210
	150 735	**121 683**

A further analysis of third party assets under management

At 31 March 2017 £'million	UK and Other	Southern Africa	Total
Asset Management	**61 379**	**33 908**	**95 287**
Mutual funds	23 399	15 848	39 247
Segregated mandates	37 980	18 060	56 040
Wealth & Investment	**35 555**	**19 218**	**54 773**
Discretionary	26 336	6 552	32 888
Non-discretionary	9 219	12 666	21 885
Specialist Banking	**386**	**289**	**675**
	97 320	**53 415**	**150 735**

At 31 March 2016 £'million	UK and Other	Southern Africa	Total
Asset Management	**51 076**	**24 603**	**75 679**
Mutual funds	18 289	11 388	29 677
Segregated mandates	32 787	13 215	46 002
Wealth & Investment	**29 769**	**15 690**	**45 459**
Discretionary	21 747	4 945	26 692
Non-discretionary	8 022	10 745	18 767
Specialist Banking	**335**	**210**	**545**
	81 180	**40 503**	**121 683**

Statutory asset quality and impairments

An analysis of our core loans and advances, asset quality and impairments

Core loans and advances comprise:

- Loans and advances to customers as per the balance sheet
- Own originated loans and advances to customers securitised as per the balance sheet.

At 31 March £'000	2017	2016
Loans and advances to customers as per the balance sheet	22 189 975	17 681 572
Add: Own originated loans and advances securitised as per the balance sheet	517 162	437 243
Net core loans and advances to customers	**22 707 137**	**18 118 815**

The tables below provide information with respect to the asset quality of our core loans and advances to customers.

At 31 March £'000	2017	2016
Gross core loans and advances to customers	**22 906 165**	**18 305 365**
Total impairments	**(199 028)**	**(186 550)**
Specific impairments	(136 177)	(154 031)
Portfolio impairments	(62 851)	(32 519)
Net core loans and advances to customers	**22 707 137**	**18 118 815**
Average gross core loans and advances to customers	**20 605 765**	**17 873 175**
Current loans and advances to customers	22 304 938	17 713 634
Past due loans and advances to customers (1 – 60 days)	88 167	100 664
Special mention loans and advances to customers	37 080	24 998
Default loans and advances to customers	475 980	466 069
Gross core loans and advances to customers	**22 906 165**	**18 305 365**
Current loans and advances to customers	22 304 938	17 713 634
Default loans that are current and not impaired	14 836	70 718
Gross core loans and advances to customers that are past due but not impaired	221 041	178 238
Gross core loans and advances to customers that are impaired	365 350	342 775
Gross core loans and advances to customers	**22 906 165**	**18 305 365**
Total income statement charge for impairments on core loans and advances	**(111 575)**	**(111 492)**
Gross default loans and advances to customers	475 980	466 069
Specific impairments	(136 177)	(154 031)
Portfolio impairments	(62 851)	(32 519)
Defaults net of impairments	**276 952**	**279 519**
Aggregate collateral and other credit enhancements on defaults	451 817	377 575
Net default loans and advances to customers (limited to zero)	**–**	**–**
Ratios:		
Total impairments as a % of gross core loans and advances to customers	0.87%	1.02%
Total impairments as a % of gross default loans	41.81%	40.03%
Gross defaults as a % of gross core loans and advances to customers	2.08%	2.55%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.22%	1.54%
Net defaults as a % of net core loans and advances to customers	–	–
Credit loss ratio (i.e. income statement impairment charge on core loans as a % of average gross core loans and advances)	0.54%	0.62%

An analysis of our core loans and advances to customers, asset quality and impairments by geography

At 31 March £'000	UK and Other 2017	UK and Other 2016	Southern Africa 2017	Southern Africa 2016	Total group 2017	Total group 2016
Gross core loans and advances to customers	**8 747 618**	**7 946 793**	**14 158 547**	**10 358 572**	**22 906 165**	**18 305 365**
Total impairments	**(126 876)**	**(143 191)**	**(72 152)**	**(43 359)**	**(199 028)**	**(186 550)**
Specific impairments	(83 488)	(121 791)	(52 689)	(32 240)	(136 177)	(154 031)
Portfolio impairments	(43 388)	(21 400)	(19 463)	(11 119)	(62 851)	(32 519)
Net core loans and advances to customers	**8 620 742**	**7 803 602**	**14 086 395**	**10 315 213**	**22 707 137**	**18 118 815**
% change*	10.5%		36.6%		25.3%	
% of total	38.0%	43.1%	62.0%	56.9%	100.0%	100.0%
Average gross core loans and advances to customers	**8 347 205**	**7 598 177**	**12 258 560**	**10 274 998**	**20 605 765**	**17 873 175**
Current loans and advances to customers	8 416 683	7 561 596	13 888 255	10 152 038	22 304 938	17 713 634
Past due loans and advances to customers (1 – 60 days)	48 003	65 909	40 164	34 755	88 167	100 664
Special mention loans and advances to customers	22 585	5 354	14 495	19 644	37 080	24 998
Default loans and advances to customers	260 347	313 934	215 633	152 135	475 980	466 069
Gross core loans and advances to customers	**8 747 618**	**7 946 793**	**14 158 547**	**10 358 572**	**22 906 165**	**18 305 365**
Current loans and advances to customers	8 416 683	7 561 596	13 888 255	10 152 038	22 304 938	17 713 634
Default loans that are current and not impaired	6 993	29 639	7 843	41 079	14 836	70 718
Gross core loans and advances to customers that are past due but not impaired	105 645	99 383	115 396	78 855	221 041	178 238
Gross core loans and advances to customers that are impaired	218 297	256 175	147 053	86 600	365 350	342 775
Gross core loans and advances to customers	**8 747 618**	**7 946 793**	**14 158 547**	**10 358 572**	**22 906 165**	**18 305 365**
Total income statement charge for impairments on core loans and advances	**(74 995)**	**(85 954)**	**(36 580)**	**(25 538)**	**(111 575)**	**(111 492)**
Gross default loans and advances to customers	260 347	313 934	215 633	152 135	475 980	466 069
Specific impairments	(83 488)	(121 791)	(52 689)	(32 240)	(136 177)	(154 031)
Portfolio impairments	(43 388)	(21 400)	(19 463)	(11 119)	(62 851)	(32 519)
Defaults net of impairments	**133 471**	**170 743**	**143 481**	**108 776**	**276 952**	**279 519**
Aggregate collateral and other credit enhancements	192 760	202 524	259 057	175 051	451 817	377 575
Net default loans and advances to customers (limited to zero)	**–**	**–**	**–**	**–**	**–**	**–**
Ratios:						
Total impairments as a % of gross core loans and advances to customers	1.45%	1.80%	0.51%	0.42%	0.87%	1.02%
Total impairments as a % of gross default loans	48.73%	45.61%	33.46%	28.50%	41.81%	40.03%
Gross defaults as a % of gross core loans and advances to customers	2.98%	3.95%	1.52%	1.47%	2.08%	2.55%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.55%	2.19%	1.02%	1.05%	1.22%	1.54%
Net defaults as a % of net core loans and advances to customers	–	–	–	–	–	–
Credit loss ratio (i.e. income statement impairment charge on core loans as a % of average gross core loans and advances)	0.90%	1.13%	0.29%	0.26%	0.54%	0.62%

* *The Pound has weakened over the year, thus on a currency neutral basis total group loans grew by 7.6%. Similarily, loans in the UK grew by 6.6% and in South Africa by 8.4%.*

An analysis of core loans and advances by risk category as at 31 March 2017

	UK and Other				
£'000	Gross core loans	Gross defaults	Aggregate collateral and other credit enhancements on defaults	Balance sheet impairments	Income statement impairments^
Lending collateralised by property	**1 963 754**	**227 515**	**167 972**	**(70 633)**	**(45 114)**
Commercial real estate	**1 190 836**	**80 987**	**48 998**	**(31 989)**	**(21 748)**
Commercial real estate – investment	934 117	40 120	30 773	(9 347)	(12 373)
Commercial real estate – development	149 188	4 768	1 680	(3 088)	–
Commercial vacant land and planning	107 531	36 099	16 545	(19 554)	(9 375)
Residential real estate	**772 918**	**146 528**	**118 974**	**(38 644)**	**(23 366)**
Residential real estate – investment	262 844	46 841	43 018	(9 222)	(11 126)
Residential real estate – development	458 441	77 250	61 727	(19 754)	(10 615)
Residential vacant land and planning	51 633	22 437	14 229	(9 668)	(1 625)
High net worth and other private client lending	**1 598 801**	**18 458**	**17 139**	**(6 130)**	**(1 928)**
Mortgages	1 228 877	4 906	6 957	(1 237)	(637)
High net worth and specialised lending	369 924	13 552	10 182	(4 893)	(1 291)
Corporate and other lending	**5 185 063**	**14 374**	**7 649**	**(6 725)**	**(5 965)**
Acquisition finance	1 309 335	–	–	–	(1 951)
Asset-based lending	333 731	–	–	–	–
Fund finance	861 140	–	–	–	–
Other corporates and financial institutions and governments	718 760	–	–	–	–
Asset finance	1 488 142	10 483	3 942	(6 541)	(5 630)
Small ticket asset finance	1 062 069	10 483	3 942	(6 541)	(5 630)
Large ticket asset finance	426 073	–	–	–	–
Project finance	464 142	3 891	3 707	(184)	(176)
Resource finance	9 813	–	–	–	1 792
Portfolio impairments	**–**	**–**	**–**	**(43 388)**	**(21 988)**
Total	**8 747 618**	**260 347**	**192 760**	**(126 876)**	**(74 995)**

^ *Where a positive number represents a recovery.*

Southern Africa					Total group				
Gross core loans	Gross defaults	Aggregate collateral and other credit enhancements on defaults	Balance sheet impairments	Income statement impairments^	Gross core loans	Gross defaults	Aggregate collateral and other credit enhancements on defaults	Balance sheet impairments	Income statement impairments^
2 418 174	**59 059**	**69 096**	**(12 727)**	**(5 215)**	**4 381 928**	**286 574**	**237 068**	**(83 360)**	**(50 329)**
2 178 427	**36 678**	**46 588**	**(8 999)**	**(2 947)**	**3 369 263**	**117 665**	**95 586**	**(40 988)**	**(24 695)**
2 007 182	32 563	38 961	(7 943)	(4 173)	2 941 299	72 683	69 734	(17 290)	(16 546)
111 401	26	36	–	651	260 589	4 794	1 716	(3 088)	651
59 844	4 089	7 591	(1 056)	575	167 375	40 188	24 136	(20 610)	(8 800)
239 747	**22 381**	**22 508**	**(3 728)**	**(2 268)**	**1 012 665**	**168 909**	**141 482**	**(42 372)**	**(25 634)**
–	–	–	–	–	262 844	46 841	43 018	(9 222)	(11 126)
158 677	18 504	18 684	(2 501)	(2 375)	617 118	95 754	80 411	(22 255)	(12 990)
81 070	3 877	3 824	(1 227)	107	132 703	26 314	18 053	(10 895)	(1 518)
7 029 588	**90 920**	**133 041**	**(8 724)**	**(15 938)**	**8 628 389**	**109 378**	**150 180**	**(14 854)**	**(17 866)**
3 660 440	43 244	59 486	(3 575)	(1 330)	4 889 317	48 150	66 443	(4 812)	(1 967)
3 369 148	47 676	73 555	(5 149)	(14 608)	3 739 072	61 228	83 737	(10 042)	(15 899)
4 710 785	**65 654**	**56 920**	**(31 238)**	**(10 219)**	**9 895 848**	**80 028**	**64 569**	**(37 963)**	**(16 184)**
796 403	34 719	31 861	(7 868)	(3 084)	2 105 738	34 719	31 861	(7 868)	(5 035)
353 956	10 485	16 991	(8 799)	(2 294)	687 687	10 485	16 991	(8 799)	(2 294)
330 847	–	–	–	234	1 191 987	–	–	–	234
2 622 977	8 266	8 068	(4 309)	(1 785)	3 341 737	8 266	8 068	(4 309)	(1 785)
160 799	1 536	–	–	(515)	1 648 941	12 019	3 942	(6 541)	(6 145)
127 724	–	–	–	(515)	1 189 793	10 483	3 942	(6 541)	(6 145)
33 075	1 536	–	–	–	459 148	1 536	–	–	–
382 436	–	–	–	35	846 578	3 891	3 707	(184)	(141)
63 367	10 648	–	(10 262)	(2 810)	73 180	10 648	–	(10 262)	(1 018)
–	**–**	**–**	**(19 463)**	**(5 208)**	**–**	**–**	**–**	**(62 851)**	**(27 196)**
14 158 547	**215 633**	**259 057**	**(72 152)**	**(36 580)**	**22 906 165**	**475 980**	**451 817**	**(199 028)**	**(111 575)**

An analysis of core loans and advances by risk category as at 31 March 2016

	UK and Other				
£'000	Gross core loans	Gross defaults	Aggregate collateral and other credit enhance-ments on defaults	Balance sheet impair-ments	Income state-ment impair-ments^
Lending collateralised by property	**2 179 999**	**264 283**	**168 722**	**(101 064)**	**(75 732)**
Commercial real estate	**1 314 745**	**108 746**	**64 068**	**(45 030)**	**(32 441)**
Commercial real estate – investment	1 096 376	61 090	43 958	(17 151)	(21 155)
Commercial real estate – development	109 086	11 138	3 647	(7 491)	(634)
Commercial vacant land and planning	109 283	36 518	16 463	(20 388)	(10 652)
Residential real estate	**865 254**	**155 537**	**104 654**	**(56 034)**	**(43 291)**
Residential real estate – investment	298 740	72 449	55 151	(20 907)	(13 353)
Residential real estate – development	516 352	56 651	30 390	(26 854)	(24 747)
Residential vacant land and planning	50 162	26 437	19 113	(8 273)	(5 191)
High net worth and other private client lending	**1 458 552**	**19 532**	**18 650**	**(5 760)**	**(8 194)**
Mortgages	1 146 241	4 307	7 489	(600)	(49)
High net worth and specialised lending	312 311	15 225	11 161	(5 160)	(8 145)
Corporate and other lending	**4 308 242**	**30 119**	**15 152**	**(14 967)**	**(14 810)**
Acquisition finance	899 190	–	–	–	(1 284)
Asset-based lending	296 389	–	–	–	–
Fund finance	673 379	–	–	–	–
Other corporates and financial institutions and governments	766 815	–	–	–	–
Asset finance	1 205 400	11 891	5 961	(5 930)	(4 223)
Small ticket asset finance	932 865	11 891	5 961	(5 930)	(4 223)
Large ticket asset finance	272 535	–	–	–	–
Project finance	449 266	3 708	3 708	–	(2 699)
Resource finance	17 803	14 520	5 483	(9 037)	(6 604)
Portfolio impairments	**–**	**–**	**–**	**(21 400)**	**12 782**
Total	**7 946 793**	**313 934**	**202 524**	**(143 191)**	**(85 954)**

^ *Where a positive number represents a recovery or a provision released.*

	Southern Africa					Total group				
	Gross core loans	**Gross defaults**	**Aggregate collateral and other credit enhancements on defaults**	**Balance sheet impairments**	**Income statement impairments^**	**Gross core loans**	**Gross defaults**	**Aggregate collateral and other credit enhancements on defaults**	**Balance sheet impairments**	**Income statement impairments^**
	1 944 132	**45 974**	**54 685**	**(6 395)**	**(4 068)**	**4 124 131**	**310 257**	**223 407**	**(107 459)**	**(79 800)**
	1 783 219	**23 698**	**31 486**	**(4 405)**	**(4 333)**	**3 097 964**	**132 444**	**95 554**	**(49 435)**	**(36 774)**
	1 617 704	17 345	22 798	(2 980)	(3 254)	2 714 080	78 435	66 756	(20 131)	(24 409)
	112 861	1 450	1 122	(470)	(3)	221 947	12 588	4 769	(7 961)	(637)
	52 654	4 903	7 566	(955)	(1 076)	161 937	41 421	24 029	(21 343)	(11 728)
	160 913	**22 276**	**23 199**	**(1 990)**	**265**	**1 026 167**	**177 813**	**127 853**	**(58 024)**	**(43 026)**
	–	–	–	–	–	298 740	72 449	55 151	(20 907)	(13 353)
	78 934	9 196	10 285	(92)	(2 928)	595 286	65 847	40 675	(26 946)	(27 675)
	81 979	13 080	12 914	(1 898)	3 193	132 141	39 517	32 027	(10 171)	(1 998)
	4 935 864	**71 326**	**103 004**	**(8 117)**	**(10 691)**	**6 394 416**	**90 858**	**121 654**	**(13 877)**	**(18 885)**
	2 639 243	23 782	40 167	(1 911)	(1 646)	3 785 484	28 089	47 656	(2 511)	(1 695)
	2 296 621	47 544	62 837	(6 206)	(9 045)	2 608 932	62 769	73 998	(11 366)	(17 190)
	3 478 576	**34 835**	**17 362**	**(17 728)**	**(7 151)**	**7 786 818**	**64 954**	**32 514**	**(32 695)**	**(21 961)**
	693 535	15 581	13 515	(3 305)	(3 419)	1 592 725	15 581	13 515	(3 305)	(4 703)
	246 614	7 814	2 667	(6 751)	(2 437)	543 003	7 814	2 667	(6 751)	(2 437)
	–	–	–	–	–	673 379	–	–	–	–
	1 978 836	1 227	1 180	(561)	–	2 745 651	1 227	1 180	(561)	–
	193 146	–	–	–	(4)	1 398 546	11 891	5 961	(5 930)	(4 227)
	67 266	–	–	–	(4)	1 000 131	11 891	5 961	(5 930)	(4 227)
	125 880	–	–	–	–	398 415	–	–	–	–
	304 005	–	–	–	5 838	753 271	3 708	3 708	–	3 139
	62 440	10 213	–	(7 111)	(7 129)	80 243	24 733	5 483	(16 148)	(13 733)
	–	**–**	**–**	**(11 119)**	**(3 628)**	**–**	**–**	**–**	**(32 519)**	**9 154**
	10 358 572	**152 135**	**175 051**	**(43 359)**	**(25 538)**	**18 305 365**	**466 069**	**377 575**	**(186 550)**	**(111 492)**

Statutory segmental geographic analysis – income statement

For the year to 31 March 2017 £'000	UK and Other	Southern Africa	Total group
Net interest income	289 180	390 715	679 895
Net fee and commission income	803 863	467 661	1 271 524
Investment income	59 975	76 228	136 203
Share of post taxation operating profit of associates	2 349	16 541	18 890
Trading income arising from			
– customer flow	129 707	28 294	158 001
– balance sheet management and other trading activities	8 671	(453)	8 218
Other operating income	13 195	288	13 483
Total operating income before impairment on loans and advances	**1 306 940**	**979 274**	**2 286 214**
Impairment losses on loans and advances	(74 956)	(36 498)	(111 454)
Operating income	**1 231 984**	**942 776**	**2 174 760**
Operating costs	(1 005 130)	(508 101)	(1 513 231)
Depreciation on operating leased assets	(2 141)	(28)	(2 169)
Operating profit before goodwill and acquired intangibles	**224 713**	**434 647**	**659 360**
(Profit)/loss attributable to other non-controlling interests	180	(60 419)	(60 239)
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	**224 893**	**374 228**	**599 121**
Profit attributable to Asset Management non-controlling interests	(11 807)	(8 484)	(20 291)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	**213 086**	**365 744**	**578 830**
Impairment of goodwill	(3 134)	(1 615)	(4 749)
Amortisation of acquired intangibles	(14 386)	(2 811)	(17 197)
Net loss on disposal of subsidiaries	–	–	–
Earnings attributable to shareholders before taxation	**195 566**	**361 318**	**556 884**
Taxation on operating profit before goodwill	(39 144)	(79 344)	(118 488)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	3 305	765	4 070
Earnings attributable to shareholders	**159 727**	**282 739**	**442 466**
Selected returns and key statistics			
ROE (post-tax)	9.4%	16.0%	12.5%
Return on tangible equity (post tax)	12.5%	16.3%	14.5%
Cost to income ratio	77.0%	51.9%	66.3%
Staff compensation to operating income	55.6%	36.1%	47.2%
Operating profit per employee (£'000)	56.0	70.3	64.1
Effective operational tax rate	17.6%	19.0%	18.5%
Total assets (£'million)	18 652	34 883	53 535

Statutory segmental geographic analysis – income statement

(continued)

For the year to 31 March 2016 £'000	UK and Other	Southern Africa	Total group
Net interest income	260 945	312 824	573 769
Net fee and commission income	709 758	351 867	1 061 625
Investment income	62 120	108 288	170 408
Share of post taxation operating profit/(loss) of associates	2 321	(510)	1 811
Trading income/(loss) arising from			
– customer flow	92 681	17 546	110 227
– balance sheet management and other trading activities	(7 983)	19 360	11 377
Other operating income	8 532	1 747	10 279
Total operating income before impairment on loans and advances	**1 128 374**	**811 122**	**1 939 496**
Impairment losses on loans and advances	(84 217)	(25 299)	(109 516)
Operating income	**1 044 157**	**785 823**	**1 829 980**
Operating costs	(863 648)	(423 373)	(1 287 021)
Depreciation on operating leased assets	(2 149)	(16)	(2 165)
Operating profit before goodwill and acquired intangibles	**178 360**	**362 434**	**540 794**
Loss/(profit) attributable to other non-controlling interests	4 503	(39 704)	(35 201)
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	**182 863**	**322 730**	**505 593**
Profit attributable to Asset Management non-controlling interests	(10 263)	(6 266)	(16 529)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	**172 600**	**316 464**	**489 064**
Impairment of goodwill	–	(1 577)	(1 577)
Amortisation of acquired intangibles	(14 477)	(1 771)	(16 248)
Net (loss)/gain on disposal of subsidiaries	(4 805)	27	(4 778)
Earnings attributable to shareholders before taxation	**153 318**	**313 143**	**466 461**
Taxation on operating profit before goodwill and acquired intangibles	(35 335)	(67 867)	(103 202)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	4 701	496	5 197
Earnings attributable to shareholders	**122 684**	**245 772**	**368 456**
Selected returns and key statistics			
ROE (post-tax)	7.6%	16.6%	11.5%
Return on tangible equity (post-tax)	10.5%	16.8%	13.7%
Cost to income ratio	76.7%	52.2%	66.4%
Staff compensation to operating income	54.8%	36.2%	47.0%
Operating profit per employee (£'000)	48.1	67.1	58.7
Effective operational tax rate	19.8%	18.7%	19.1%
Total assets (£'million)	18 489	26 863	45 352

Statutory segmental business and geographic analysis – income statement

For the year to 31 March 2017 £'000	Asset Management UK and Other	 Southern Africa	 Total	Wealth & Investment UK and Other	 Southern Africa	 Total
Net interest income	111	5 007	5 118	4 368	7 600	11 968
Net fee and commission income	308 084	176 788	484 872	267 847	75 861	343 708
Investment income	–	143	143	2 169	100	2 269
Share of post tax operating profit of associates	–	–	–	1 509	–	1 509
Trading income arising from						
– customer flow	–	–	–	740	288	1 028
– balance sheet management and other trading activities	3 221	(1 008)	2 213	215	(128)	87
Other operating income	5 312	332	5 644	–	–	–
Total operating income before impairment losses on loans and advances	**316 728**	**181 262**	**497 990**	**276 848**	**83 721**	**360 569**
Impairment losses on loans and advances	–	–	–	–	–	–
Operating income	**316 728**	**181 262**	**497 990**	**276 848**	**83 721**	**360 569**
Operating costs	(225 466)	(107 700)	(333 166)	(211 658)	(55 668)	(267 326)
Depreciation on operating leased assets	–	–	–	–	–	–
Operating profit/(loss) before goodwill and acquired intangibles	**91 262**	**73 562**	**164 824**	**65 190**	**28 053**	**93 243**
(Profit)/loss attributable to other non-controlling interests	–	–	–	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	**91 262**	**73 562**	**164 824**	**65 190**	**28 053**	**93 243**
Profit attributable to Asset Management non-controlling interests	(11 807)	(8 484)	(20 291)	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	**79 455**	**65 078**	**144 533**	**65 190**	**28 053**	**93 243**
Selected returns and key statistics						
Cost to income ratio	71.2%	59.4%	66.9%	76.5%	66.5%	74.1%
Staff compensation to operating income	54.0%	36.1%	47.5%	57.5%	45.7%	54.7%

Specialist Banking			Group costs			
UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total	Total group
284 701	378 108	662 809	–	–	–	679 895
227 932	215 012	442 944	–	–	–	1 271 524
57 806	75 985	133 791	–	–	–	136 203
840	16 541	17 381	–	–	–	18 890
128 967	28 006	156 973	–	–	–	158 001
5 235	683	5 918	–	–	–	8 218
7 883	(44)	7 839	–	–	–	13 483
713 364	**714 291**	**1 427 655**	**–**	**–**	**–**	**2 286 214**
(74 956)	(36 498)	(111 454)			–	(111 454)
638 408	**677 793**	**1 316 201**	**–**	**–**	**–**	**2 174 760**
(531 843)	(332 120)	(863 963)	(36 163)	(12 613)	(48 776)	(1 513 231)
(2 141)	(28)	(2 169)	–	–	–	(2 169)
104 424	**345 645**	**450 069**	**(36 163)**	**(12 613)**	**(48 776)**	**659 360**
180	(60 419)	(60 239)	–	–	–	(60 239)
104 604	**285 226**	**389 830**	**(36 163)**	**(12 613)**	**(48 776)**	**599 121**
–	–	–	–	–	–	(20 291)
104 604	**285 226**	**389 830**	**(36 163)**	**(12 613)**	**(48 776)**	**578 830**
74.8%	46.5%	60.6%	n/a	n/a	n/a	66.3%
55.6%	34.9%	45.2%	n/a	n/a	n/a	47.2%

Statistical segmental business and geographic analysis – income statement

(continued)

For the year to 31 March 2016 £'000	Asset Management UK and Other	Asset Management Southern Africa	Asset Management Total	Wealth & Investment UK and Other	Wealth & Investment Southern Africa	Wealth & Investment Total
Net interest income	290	3 614	3 904	4 064	3 266	7 330
Net fee and commission income	275 252	140 276	415 528	244 993	64 087	309 080
Investment income	–	44	44	5 817	255	6 072
Share of post taxation operating profit of associates	–	–	–	1 191	–	1 191
Trading income arising from						
– customer flow	–	–	–	333	(17)	316
– balance sheet management and other trading activities	1 656	12	1 668	236	273	509
Other operating income	(1 135)	1 606	471	–	2	2
Total operating income before impairment losses on loans and advances	**276 063**	**145 552**	**421 615**	**256 634**	**67 866**	**324 500**
Impairment losses on loans and advances	–	–	–	–	–	–
Operating income	**276 063**	**145 552**	**421 615**	**256 634**	**67 866**	**324 500**
Operating costs	(199 210)	(87 622)	(286 832)	(193 507)	(45 258)	(238 765)
Depreciation on operating leased assets	–	–	–	–	–	–
Operating profit/(loss) before goodwill and acquired intangibles	**76 853**	**57 930**	**134 783**	**63 127**	**22 608**	**85 735**
(Profit)/loss attributable to other non-controlling interests	–	–	–	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	**76 853**	**57 930**	**134 783**	**63 127**	**22 608**	**85 735**
Profit attributable to Asset Management non-controlling interests	(10 263)	(6 266)	(16 529)	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	**66 590**	**51 664**	**118 254**	**63 127**	**22 608**	**85 735**
Selected returns and key statistics						
Cost to income ratio	72.2%	60.2%	68.0%	75.4%	66.7%	73.6%
Staff compensation to operating income	54.3%	36.5%	48.2%	55.8%	46.3%	53.8%

Statutory segmental business and geographic analysis – income statement

(continued)

Specialist Banking			Group costs			
UK and Other	**Southern Africa**	**Total**	**UK and Other**	**Southern Africa**	**Total**	**Total group**
256 591	305 944	562 535	–	–	–	573 769
189 513	147 504	337 017	–	–	–	1 061 625
56 303	107 989	164 292	–	–	–	170 408
1 130	(510)	620	–	–	–	1 811
92 348	17 563	109 911	–	–	–	110 227
(9 875)	19 075	9 200	–	–	–	11 377
9 667	139	9 806	–	–	–	10 279
595 677	**597 704**	**1 193 381**	**–**	**–**	**–**	**1 939 496**
(84 217)	(25 299)	(109 516)	–	–	–	(109 516)
511 460	**572 405**	**1 083 865**	**–**	**–**	**–**	**1 829 980**
(435 771)	(279 848)	(715 619)	(35 160)	(10 645)	(45 805)	(1 287 021)
(2 149)	(16)	(2 165)	–	–	–	(2 165)
73 540	**292 541**	**366 081**	**(35 160)**	**(10 645)**	**(45 805)**	**540 794**
4 503	(39 704)	(35 201)	–	–	–	(35 201)
78 043	**252 837**	**330 880**	**(35 160)**	**(10 645)**	**(45 805)**	**505 593**
–	–	–	–	–	–	(16 529)
78 043	**252 837**	**330 880**	**(35 160)**	**(10 645)**	**(45 805)**	**489 064**
73.4%	46.8%	60.1%	n/a	n/a	n/a	66.4%
54.6%	35.0%	44.8%	n/a	n/a	n/a	47.0%

05

Statutory segmental business analysis – income statement

For the year to 31 March 2017 £'000	Asset Management	Wealth & Investment	Specialist Banking	Unallocated Group costs	Total group
Net interest income	5 118	11 968	662 809	–	679 895
Net fee and commission income	484 872	343 708	442 944	–	1 271 524
Investment income	143	2 269	133 791	–	136 203
Share of post taxation operating profit of associates	–	1 509	17 381	–	18 890
Trading income arising from					
– customer flow	–	1 028	156 973	–	158 001
– balance sheet management and other trading activities	2 213	87	5 918	–	8 218
Other operating income	5 644	–	7 839	–	13 483
Total operating income before impairment on loans and advances	**497 990**	**360 569**	**1 427 655**	**–**	**2 286 214**
Impairment losses on loans and advances	–	–	(111 454)	–	(111 454)
Operating income	**497 990**	**360 569**	**1 316 201**	**–**	**2 174 760**
Operating costs	(333 166)	(267 326)	(863 963)	(48 776)	(1 513 231)
Depreciation on operating leased assets	–	–	(2 169)	–	(2 169)
Operating profit/(loss) before goodwill and acquired intangibles	**164 824**	**93 243**	**450 069**	**(48 776)**	**659 360**
Profit attributable to other non-controlling interests	–	–	(60 239)	–	(60 239)
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	**164 824**	**93 243**	**389 830**	**(48 776)**	**599 121**
Profit attributable to Asset Management non-controlling interests	(20 291)	–	–	–	(20 291)
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	**144 533**	**93 243**	**389 830**	**(48 776)**	**578 830**
Selected returns and key statistics					
ROE (pre-tax)	90.7%	35.7%	12.8%	n/a	15.9%
Return on tangible equity (pre-tax)	179.6%	173.0%	13.0%	n/a	18.5%
Cost to income ratio	66.9%	74.1%	60.6%	n/a	66.3%
Staff compensation to operating income	47.5%	54.7%	45.2%	n/a	47.2%
Operating profit per employee (£'000)	103.1	56.6	63.8	n/a	64.1
Total assets (£'million)	638	1 886	51 011	n/a	53 535

Statutory segmental business analysis – income statement

(continued)

For the year to 31 March 2016 £'000	Asset Management	Wealth & Investment	Specialist Banking	Group costs	Total group
Net interest income	3 904	7 330	562 535	–	573 769
Net fee and commission income	415 528	309 080	337 017	–	1 061 625
Investment income	44	6 072	164 292	–	170 408
Share of post taxation operating profit of associates	–	1 191	620	–	1 811
Trading income arising from					
– customer flow	–	316	109 911	–	110 227
– balance sheet management and other trading activities	1 668	509	9 200	–	11 377
Other operating income	471	2	9 806	–	10 279
Total operating income before impairment on loans and advances	**421 615**	**324 500**	**1 193 381**	**–**	**1 939 496**
Impairment losses on loans and advances	–	–	(109 516)	–	(109 516)
Operating income	**421 615**	**324 500**	**1 083 865**	**–**	**1 829 980**
Operating costs	(286 832)	(238 765)	(715 619)	(45 805)	(1 287 021)
Depreciation on operating leased assets	–	–	(2 165)	–	(2 165)
Operating profit/(loss) before goodwill and acquired intangibles	**134 783**	**85 735**	**366 081**	**(45 805)**	**540 794**
Profit attributable to other non-controlling interests	–	–	(35 201)	–	(35 201)
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	**134 783**	**85 735**	**330 880**	**(45 805)**	**505 593**
Profit attributable to Asset Management non-controlling interests	(16 529)	–	–	–	(16 529)
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	**118 254**	**85 735**	**330 880**	**(45 805)**	**489 064**
Selected returns and key statistics					
ROE (pre-tax)	79.1%	30.7%	12.5%	n/a	14.9%
Return on tangible equity (pre-tax)	173.1%	187.9%	12.7%	n/a	17.7%
Cost to income ratio	68.0%	73.6%	60.1%	n/a	66.4%
Staff compensation to operating income	48.2%	53.8%	44.8%	n/a	47.0%
Operating profit per employee (£'000)	88.3	54.8	59.9	n/a	58.7
Total assets (£'million)	579	1 794	42 979	n/a	45 352

Statutory combined consolidated segmental geographic analysis – balance sheet assets and liabilities

At 31 March 2017 £'000	UK and Other	Southern Africa	Total group
Assets			
Cash and balances at central banks	2 853 570	498 132	3 351 702
Loans and advances to banks	1 102 353	2 088 688	3 191 041
Non-sovereign and non-bank cash placements	–	536 259	536 259
Reverse repurchase agreements and cash collateral on securities borrowed	536 173	1 822 797	2 358 970
Sovereign debt securities	952 902	2 851 725	3 804 627
Bank debt securities	176 559	462 630	639 189
Other debt securities	398 278	717 280	1 115 558
Derivative financial instruments	598 959	586 889	1 185 848
Securities arising from trading activities	522 759	853 909	1 376 668
Investment portfolio	459 745	376 154	835 899
Loans and advances to customers	8 620 742	13 569 233	22 189 975
Own originated loans and advances to customers securitised	–	517 162	517 162
Other loans and advances	336 781	18 467	355 248
Other securitised assets	138 628	10 336	148 964
Interests in associated undertakings	63 390	328 823	392 213
Deferred taxation assets	89 941	44 031	133 972
Other assets	1 258 317	642 163	1 900 480
Property and equipment	60 528	45 411	105 939
Investment properties	14 500	1 114 430	1 128 930
Goodwill	355 155	12 424	367 579
Intangible assets	112 943	30 318	143 261
Non-current assets held for sale	–	27 218	27 218
	18 652 223	**27 154 479**	**45 806 702**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	7 728 130	7 728 130
	18 652 223	**34 882 609**	**53 534 832**
Liabilities			
Deposits by banks	623 144	2 112 922	2 736 066
Derivative financial instruments	547 322	748 884	1 296 206
Other trading liabilities	136 041	842 870	978 911
Repurchase agreements and cash collateral on securities lent	223 998	466 617	690 615
Customer accounts (deposits)	11 012 809	18 096 619	29 109 428
Debt securities in issue	1 861 341	524 839	2 386 180
Liabilities arising on securitisation of own originated loans and advances	–	90 125	90 125
Liabilities arising on securitisation of other assets	128 838	–	128 838
Current taxation liabilities	143 585	84 243	227 828
Deferred taxation liabilities	26 236	14 172	40 408
Other liabilities	1 258 189	652 641	1 910 830
	15 961 503	**23 633 932**	**39 595 435**
Liabilities to customers under investment contracts	–	7 725 604	7 725 604
Insurance liabilities, including unit-linked liabilities	–	2 526	2 526
	15 961 503	**31 362 062**	**47 323 565**
Subordinated liabilities	579 356	823 282	1 402 638
	16 540 859	**32 185 344**	**48 726 203**

Statutory combined consolidated segmental geographic analysis – balance sheet assets and liabilities

(continued)

At 31 March 2016 £'000	UK and Other	Southern Africa	Total group
Assets			
Cash and balances at central banks	2 638 069	369 200	3 007 269
Loans and advances to banks	1 103 198	1 395 387	2 498 585
Non-sovereign and non-bank cash placements	–	466 573	466 573
Reverse repurchase agreements and cash collateral on securities borrowed	446 954	2 050 171	2 497 125
Sovereign debt securities	1 252 991	1 955 871	3 208 862
Bank debt securities	181 365	715 490	896 855
Other debt securities	393 652	556 298	949 950
Derivative financial instruments	831 295	749 654	1 580 949
Securities arising from trading activities	524 344	594 730	1 119 074
Investment portfolio	451 000	209 795	660 795
Loans and advances to customers	7 803 602	9 877 970	17 681 572
Own originated loans and advances to customers securitised	–	437 243	437 243
Other loans and advances	304 223	17 394	321 617
Other securitised assets	150 565	9 730	160 295
Interests in associated undertakings	23 587	243 512	267 099
Deferred taxation assets	85 050	27 085	112 135
Other assets	1 683 290	409 371	2 092 661
Property and equipment	56 374	34 514	90 888
Investment properties	79 051	859 828	938 879
Goodwill	356 994	11 045	368 039
Intangible assets	123 480	24 800	148 280
	18 489 084	**21 015 661**	**39 504 745**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	5 847 036	5 847 036
	18 489 084	**26 862 697**	**45 351 781**
Liabilities			
Deposits by banks	501 259	1 896 144	2 397 403
Derivative financial instruments	947 502	635 345	1 582 847
Other trading liabilities	226 598	730 820	957 418
Repurchase agreements and cash collateral on securities lent	281 260	690 386	971 646
Customer accounts (deposits)	10 800 668	13 243 613	24 044 281
Debt securities in issue	1 702 098	597 653	2 299 751
Liabilities arising on securitisation of own originated loans and advances	–	85 650	85 650
Liabilities arising on securitisation of other assets	120 617	234	120 851
Current taxation liabilities	140 959	51 296	192 255
Deferred taxation liabilities	33 834	21 652	55 486
Other liabilities	1 318 156	484 811	1 802 967
	16 072 951	**18 437 604**	**34 510 555**
Liabilities to customers under investment contracts	–	5 845 503	5 845 503
Insurance liabilities, including unit-linked liabilities	–	1 533	1 533
	16 072 951	**24 284 640**	**40 357 591**
Subordinated liabilities	597 309	537 574	1 134 883
	16 670 260	**24 822 214**	**41 492 474**

05

Analysis of financial assets and liabilities by category of financial instrument

At 31 March 2017 £'000	Total instruments at fair value	Total instruments at amortised cost	Insurance related linked instruments at fair value	Non-financial instruments or scoped out of IAS 39	Total
2017					
Assets					
Cash and balances at central banks	2 497	3 349 205	–	–	3 351 702
Loans and advances to banks	200 364	2 990 677	–	–	3 191 041
Non-sovereign and non-bank cash placements	10	536 249	–	–	536 259
Reverse repurchase agreements and cash collateral on securities borrowed	1 167 255	1 191 715	–	–	2 358 970
Sovereign debt securities	3 605 985	198 642	–	–	3 804 627
Bank debt securities	327 888	311 301	–	–	639 189
Other debt securities	737 058	378 500	–	–	1 115 558
Derivative financial instruments	1 185 848	–	–	–	1 185 848
Securities arising from trading activities	1 376 668	–	–	–	1 376 668
Investment portfolio	835 899	–	–	–	835 899
Loans and advances to customers	921 991	21 267 984	–	–	22 189 975
Own originated loans and advances to customers securitised	–	517 162	–	–	517 162
Other loans and advances	–	355 248	–	–	355 248
Other securitised assets	138 628	10 336	–	–	148 964
Interests in associated undertakings	–	–	–	392 213	392 213
Deferred taxation assets	–	–	–	133 972	133 972
Other assets	283 212	1 165 779	–	451 489	1 900 480
Property and equipment	–	–	–	105 939	105 939
Investment properties	–	–	–	1 128 930	1 128 930
Goodwill	–	–	–	367 579	367 579
Intangible assets	–	–	–	143 261	143 261
Non-current assets held for sale	27 218	–	–	–	27 218
	10 810 521	**32 272 798**	**–**	**2 723 383**	**45 806 702**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	–	7 728 130	–	7 728 130
	10 810 521	**32 272 798**	**7 728 130**	**2 723 383**	**53 534 832**
Liabilities					
Deposits by banks	–	2 736 066	–	–	2 736 066
Derivative financial instruments	1 296 206	–	–	–	1 296 206
Other trading liabilities	978 911	–	–	–	978 911
Repurchase agreements and cash collateral on securities lent	137 861	552 754	–	–	690 615
Customer accounts (deposits)	2 046 340	27 063 088	–	–	29 109 428
Debt securities in issue	640 557	1 745 623	–	–	2 386 180
Liabilities arising on securitisation of own originated loans and advances	–	90 125	–	–	90 125
Liabilities arising on securitisation of other assets	128 838	–	–	–	128 838
Current taxation liabilities	–	–	–	227 828	227 828
Deferred taxation liabilities	–	–	–	40 408	40 408
Other liabilities	43 813	1 135 721		731 296	1 910 830
	5 272 526	**33 323 377**	**–**	**999 532**	**39 595 435**
Liabilities to customers under investment contracts	–	–	7 725 604	–	7 725 604
Insurance liabilities, including unit-linked liabilities	–	–	2 526	–	2 526
	5 272 526	**33 323 377**	**7 728 130**	**999 532**	**47 323 565**
Subordinated liabilities	–	1 402 638	–	–	1 402 638
	5 272 526	**34 726 015**	**7 728 130**	**999 532**	**48 726 203**

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation technique used. The different levels are identified as follows:

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Assets and liabilities related to the long-term assurance business attributable to policyholders have been excluded from the analysis as the change in fair value of related assets is attributable to policyholders. These are all classified as level 1.

		Fair value category		
At 30 March 2017 **£'000**	**Total instruments at fair value**	**Level 1**	**Level 2**	**Level 3**
Assets				
Cash and balances at central banks	2 497	2 497	–	–
Loans and advances to banks	200 364	200 364	–	–
Non-sovereign and non-bank cash placements	10	–	10	–
Reverse repurchase agreements and cash collateral on securities borrowed	1 167 255	176 189	991 066	–
Sovereign debt securities	3 605 985	3 605 985	–	–
Bank debt securities	327 888	245 015	82 873	–
Other debt securities	737 058	385 999	344 628	6 431
Derivative financial instruments	1 185 848	–	1 126 751	59 097
Securities arising from trading activities	1 376 668	1 341 112	26 485	9 071
Investment portfolio	835 899	209 584	39 988	586 327
Loans and advances to customers	921 991	–	835 509	86 482
Other securitised assets	138 628	–	–	138 628
Other assets	283 212	283 212	–	–
Non-current assets held for sale	27 218	–	–	27 218
	10 810 521	**6 449 957**	**3 447 310**	**913 254**
Liabilities				
Derivative financial instruments	1 296 206	1 676	1 293 482	1 048
Other trading liabilities	978 911	900 355	78 556	–
Repurchase agreements and cash collateral on securities lent	137 861	–	137 861	–
Customer accounts (deposits)	2 046 340	–	2 046 340	–
Debt securities in issue	640 557	–	627 875	12 682
Liabilities arising on securitisation of other assets	128 838	–	–	128 838
Other liabilities	43 813	–	43 813	–
	5 272 526	**902 031**	**4 227 927**	**142 568**
Net financial assets/(liabilities) at fair value	**5 537 995**	**5 547 926**	**(780 617)**	**770 686**

Transfers between level 1 and level 2

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

Financial instruments carried at fair value

(continued)

Level 2 financial assets and financial liabilities

The following table sets out the group's principal valuation techniques as at 31 March 2017 used in determining the fair value of its financial assets and financial liabilities that are classified within level 2 of the fair value hierarchy.

	Valuation basis/techniques	Main assumptions
Assets		
Non-sovereign and non-bank cash placements	Discounted cash flow model	Yield curves
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flow model, Hermite interpolation,	Yield curves
Bank debt securities	Black-Scholes Discounted cash flow model	Volatilities Yield curves NCD curves
Other debt securities	Discounted cash flow model	Yield curves and NCD curves, external prices, broker quotes
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes	Yield curves, risk free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Securities arising from trading activities	Standard industry derivative pricing model Adjusted quoted price	Interest rate curves, implied bond spreads, equity volatilities Liquidity adjustment
Investment portfolio	Discounted cash flow model, relative valuation model Comparable quoted inputs	Discount rate and fund unit price, net assets
Loans and advances to customers	Discounted cash flow model	Yield curves
Liabilities		
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes	Yield curves, risk free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Other trading liabilities	Discounted cash flow model	Yield curves
Repurchase agreements and cash collateral on securities lent	Discounted cash flow model, Hermite interpolation	Yield curves
Customer accounts (deposits)	Discounted cash flow model	Yield curves
Debt securities in issue	Discounted cash flow model	Yield curves
Other liabilities	Discounted cash flow model	Yield curves

For the year to 31 March £'000	**Total level 3 financial instruments**
The following table is a reconciliation of the opening balances to the closing balances for fair value measurements in level 3 of the fair value hierarchy:	
Balance as at 1 April 2016	**690 903**
Total gains or losses	74 898
In the income statement	77 099
In the statement of comprehensive income	(2 201)
Purchases	170 894
Sales	(167 297)
Issues	(16 226)
Settlements	(51 847)
Transfers into level 3	6 168
Transfers out of level 3	(16 312)
Foreign exchange adjustments	79 505
Balance as at 31 March 2017	**770 686**

During the year, a level 3 investment of £16.3 million has been transferred to level 2 due to the nature of the asset changing, resulting in a change in valuation method. In addition £6.2 million has been transferred to level 3 due to valuation inputs becoming unobservable.

The group transfers between levels within the fair value hierarchy when the significance of the unobservable inputs change or if the valuation methods changes.

The following table quantifies the gains or (losses) included in the income statement and other comprehensive income recognised on level 3 financial instruments:

For the year to 31 March 2017

£'000	**Total**	**Realised**	**Unrealised**
Total gains recognised in the income statement for the year			
Net interest income	1 831	1 831	–
Fee and commission income	11 732	11 443	289
Investment income	36 887	35 527	1 360
Trading income arising from customer flow	26 649	16	26 633
	77 099	**48 817**	**28 282**
Total gains/(losses) recognised in other comprehensive income for the year			
Gains on realisation of available-for-sale assets recycled through the income statement	16 377	16 377	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	(2 201)	–	(2 201)
	14 176	**16 377**	**(2 201)**

Sensitivity of fair values to reasonably possible alternative assumptions by level 3 instrument type

The fair value of financial instruments in level 3 are measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable market data. The following table shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

31 March 2017	Balance sheet value £'000	Significant unobservable input	Range of unobservable input used	Favourable changes £'000	Unfavourable changes £'000
Assets					
Other debt securities	**6 431**	Reflected in income statement			
		Price earnings multiple	(10)%/10%	965	(129)
Derivative financial instruments	**59 097**	Reflected in income statement		6 692	(5 016)
		Volatilities	4% - 9.5%	2 465	(1 537)
		EBITDA	5% - 6 %	63	–
		Cash flow adjustments	CPR 6.25% - 8.4%	648	(1 086)
		Property values	(10%)/10%	60	(60)
		Other^	^	3 456	(2 333)
Securities arising from trading activities	**9 071**	Reflected in income statement			
		Cash flow adjustments	CPR 9%	1 290	(1 074)
Investment portfolio	**586 327**	Reflected in income statement		81 819	(76 204)
		Price Earnings multiple	3 x - 10.3 x	5 430	(5 788)
		Precious and industrial metal prices	(10)%/10%	15 403	(17 215)
		EBITDA	**	20 862	(17 532)
		Other^	^	40 124	(35 669)
		Reflected in other comprehensive income		6 228	(2 655)
		Price Earnings multiple	4.0 x - 4.5 x	630	(301)
		Other^	^	5 598	(2 354)
Loans and advances to customers	**86 482**	Reflected in income statement		9 825	(9 716)
		EBITDA	10%	5 681	(5 681)
		Other^	^	4 144	(4 035)
Other securitised assets*	**138 628**	Reflected in income statement			
		Cash flow adjustments	CPR 6.25%	48	(38)
Non current assets held for sale	**27 218**	Price earnings multiple	(10)%/10%	3 876	(3 459)

31 March 2017	Balance sheet value £'000	Significant unobservable input	Range of unobservable input used	Favourable changes £'000	Unfavourable changes £'000
Liabilities					
Derivative financial instruments	**1 048**	Reflected in income statement			
		Cash flow adjustments	CPR 8.4%	983	(794)
Debt securities in issue		Reflected in income statement			
	12 682	Volatilities	7%	401	(608)
Liabilities arising on securitisation of other assets*		Reflected in income statement			
	128 838	Cash flow adjustments	CPR 6.25%	931	(847)
Net level 3 assets	**770 686**			**113 058**	**(100 540)**

* *The sensitivity of the fair value of liabilities arising on securitisation of other assets has been considered together with other securitised assets.*

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

^ *Other – The valuation sensitivity for the private equity, other equity investments and embedded derivatives (profit share) portfolios has been assessed by adjusting various inputs such as expected cash flows, discount rates, earnings multiples rather than a single input. It is deemed appropriate to reflect the outcome on a portfolio basis for the purposes of this analysis as the sensitivity of the investments cannot be determined through the adjustment of a single input.*

Financial instruments carried at fair value

(continued)

In determining the value of level 3 financial instruments, the following are the principal inputs that can require judgement:

Credit spreads
Credit spreads reflect the additional yield that a market participant would demand for taking exposure to the credit risk of an instrument. The credit spread for an instrument forms part of the yield used in a discounted cash flow calculation. In general a significant increase in a credit spread in isolation will result in a movement in fair value that is unfavourable for the holder of a financial instrument.

Discount rates
Discount rates are the interest rates used to discount future cash flows in a discounted cash flow valuation method. The discount rate takes into account time value of money and uncertainty of cash flows.

Volatilities
Volatility is a key input in the valuation of derivative products containing optionality. Volatility is a measure of the variability or uncertainty in returns for a given derivative underlying. It represents an estimate of how much a particular underlying instrument, parameter or index will change in value over time.

Cash flows
Cash flows relate to the future cash flows which can be expected from the instrument and requires judgement.

EBITDA
A company's earnings before interest, taxes, depreciation and amortisation. This is the main input into a price earnings multiple valuation method.

Price earnings multiple
The price-to-earnings ratio is an equity valuation multiple. It is a key driver in the valuation of unlisted investments.

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

Fair value of financial assets and liabilities at amortised cost

At 31 March 2017 £'000	Carrying amount	Fair value
Assets		
Cash and balances at central banks	3 349 205	3 349 205
Loans and advances to banks	2 990 677	2 990 677
Non-sovereign and non-bank cash placements	536 249	536 249
Reverse repurchase agreements and cash collateral on securities borrowed	1 191 715	1 191 744
Sovereign debt securities	198 642	193 693
Bank debt securities	311 301	326 488
Other debt securities	378 500	373 209
Loans and advances to customers	21 267 984	21 262 727
Own originated loans and advances to customers securitised	517 162	517 162
Other loans and advances	355 248	337 419
Other securitised assets	10 336	10 336
Other assets	1 165 779	1 165 721
	32 272 798	**32 254 630**
Liabilities		
Deposits by banks	2 736 066	2 771 467
Repurchase agreements and cash collateral on securities lent	552 754	554 915
Customer accounts (deposits)	27 063 088	27 157 559
Debt securities in issue	1 745 623	1 777 485
Liabilities arising on securitisation of own originated loans and advances	90 125	90 125
Other liabilities	1 135 721	1 135 426
Subordinated liabilities	1 402 638	1 575 574
	34 726 015	**35 062 551**

Investec ordinary shares

As at 31 March 2017 Investec plc and Investec Limited had 657.1 million and 301.2 million ordinary shares in issue respectively.

Spread of ordinary shareholders as at 31 March 2017

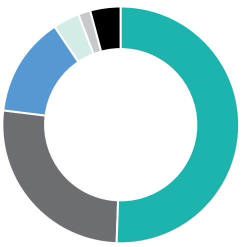
Investec plc ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
16 267	1 – 500	54.2%	3 049 656	0.4%
5 053	501 – 1 000	16.8%	3 865 451	0.6%
5 750	1 001 – 5 000	19.1%	12 829 249	2.0%
948	5 001 – 10 000	3.2%	6 911 512	1.0%
1 121	10 001 – 50 000	3.7%	25 955 789	4.0%
292	50 001 – 100 000	1.0%	20 965 693	3.2%
615	100 001 and over	2.0%	583 528 275	88.8%
30 046		**100.0%**	**657 105 625**	**100.0%**

Investec Limited ordinary shares in issue

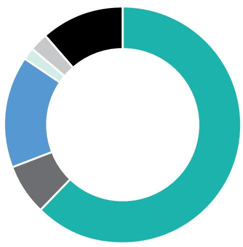
Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
4 073	1 – 500	46.3%	781 921	0.3%
1 395	501 – 1 000	15.9%	1 079 755	0.4%
1 797	1 001 – 5 000	20.5%	4 108 380	1.4%
424	5 001 – 10 000	4.8%	3 110 267	1.0%
642	10 001 – 50 000	7.3%	15 163 456	5.0%
170	50 001 – 100 000	1.9%	11 851 907	3.9%
291	100 001 and over	3.3%	265 069 488	88.0%
8 792		**100.0%**	**301 165 174**	**100.0%**

Geographical holding by beneficial ordinary share owner as at 31 March 2017



Investec plc

South Africa	50.6%
UK	26.5%
USA and Canada	13.6%
Rest of Europe	3.5%
Asia	1.7%
Other countries and unknown	4.1%



Investec Limited

South Africa	62.4%
UK	7.0%
USA and Canada	15.2%
Rest of Europe	1.6%
Asia	2.5%
Other countries and unknown	11.3%

Largest ordinary shareholders as at 31 March 2017

In accordance with the terms provided for in section 793 of the UK Companies Act 2006 and section 140A of the South African Companies Act, 1973, the group has conducted investigations into the registered holders of its ordinary shares (including nominee and asset management companies) and the results are as discussed below.

Investec plc

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

The top 10 shareholders account for 41.9% of the total shareholding in Investec plc. This information is based on a threshold of 20,000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

Investec Limited

Shareholder analysis by manager group	Number of shares	% holding
1. PIC (ZA)	35 213 851	11.7%
2. Allan Gray (ZA)	27 504 421	9.1%
3. Investec Staff Share Schemes (ZA)	25 444 842	8.4%
4. Old Mutual (ZA)	15 960 095	5.3%
5. Sanlam Group (ZA)	12 460 194	4.1%
6. BlackRock Inc (UK and US)	11 382 316	3.8%
7. Coronation Fund Mgrs (ZA)	9 772 984	3.2%
8. Dimensional Fund Advisors (UK)	9 666 468	3.2%
9. The Vanguard Group, Inc (UK and US)	9 582 111	3.2%
10. AQR Capital Mgt (US)	7 172 136	2.4%
	155 629 682	**54.4%**

The top 10 shareholders account for 54.4% of the total shareholding in Investec Limited. This information is based on a threshold of 20,000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

Share statistics

Investec plc

For the year ended	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Closing market price per share (Pounds Sterling)							
– year ended	5.44	5.13	5.61	4.85	4.59	3.82	4.78
– highest	6.19	6.47	6.06	5.08	5.14	5.22	5.50
– lowest	4.19	4.03	4.91	3.66	3.10	3.18	4.29
Number of ordinary shares in issue (million)[1]	657.1	617.4	613.6	608.8	605.2	598.3	537.2
Market capitalisation (£'million)[1]	3 575	3 167	3 442	2 953	2 778	2 286	2 568
Daily average volumes of share traded ('000)	1 618	1 474	2 170	1 985	1 305	1 683	1 634
Price earnings ratio[2]	11.3	12.4	14.2	12.8	12.7	12.0	11.1
Dividend cover (times)[2]	2.1	2.0	2.0	2.0	2.0	1.9	2.5
Dividend yield (%)[2]	4.2	4.1	3.5	3.9	3.9	4.5	3.6
Earnings yield (%)[2]	8.9	8.1	7.0	7.8	7.9	8.3	9.0

Investec Limited

For the year ended	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Closing market price per share (Rands)							
– year ended	91.46	109.91	100.51	84.84	64.26	47.16	52.80
– highest	112.11	121.90	107.35	85.04	69.89	57.36	65.50
– lowest	81.46	93.91	86.02	59.00	41.31	42.00	49.49
Number of ordinary shares in issue (million)[3]	301.2	291.4	285.7	282.9	279.6	276.0	272.8
Market capitalisation (R'million)[3]	87 646	99 886	90 388	75 652	56 857	41 232	42 768
Market capitalisation (£'million)[3]	5 213	4 662	5 045	4 325	4 061	3 340	3 872
Daily average volume of shares traded ('000)	1 149	963	739	810	980	1 033	794

1. *The LSE only include the shares in issue for Investec plc, i.e. 657.1 million, in calculating market capitalisation, as Investec Limited is not incorporated in the UK.*
2. *Calculations are based on the group's consolidated earnings per share before goodwill, acquired intangibles and non-operating items; and dividends per share as prepared in accordance with IFRS and denominated in Pounds Sterling.*
3. *The JSE Limited have agreed to use the total number of shares in issue for the combined group, comprising Investec plc and Investec Limited, in calculating market capitalisation i.e. a total of 958.3 million shares in issue.*

Investec preference shares

Investec plc, Investec Limited and Investec Bank Limited have issued preference shares.

Spread of preference shareholders as at 31 March 2017

Investec plc preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
54	1 – 500	14.1%	11 559	0.4%
58	501 – 1000	15.1%	46 891	1.7%
184	1001 – 5000	48.0%	359 785	13.1%
31	5001 – 10000	8.1%	235 885	8.6%
45	10001 – 50000	11.8%	977 186	35.5%
7	50001 – 100000	1.8%	486 054	17.6%
4	100001 and over	1.1%	637 227	23.1%
383		**100.0%**	**2 754 587**	**100.0%**

Investec plc (Rand denominated) perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
55	1 – 500	55.6%	12 004	9.1%
16	501 – 1000	16.2%	12 773	9.7%
22	1001 – 5000	22.2%	56 145	42.7%
4	5001 – 10000	4.0%	24 525	18.7%
2	10001 – 50000	2.0%	26 000	19.8%
–	50001 – 100000	–	–	–
–	100001 and over	–	–	–
99		**100.0%**	**131 447**	**100.0%**

Investec Limited perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
997	1 – 500	18.1%	314 391	1.0%
1 269	501 – 1000	23.0%	1 057 576	3.3%
2 391	1001 – 5000	43.4%	5 594 966	17.4%
417	5001 – 10000	7.6%	2 976 741	9.1%
359	10001 – 50000	6.5%	7 043 281	21.9%
41	50001 – 100000	0.8%	2 922 170	9.1%
33	100001 and over	0.6%	12 305 374	38.2%
5 507		**100.0%**	**32 214 499**	**100.0%**

Investec Limited redeemable preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
47	1 – 500	53.3%	5 667	2.2%
7	501 – 1000	8.0%	6 118	2.3%
21	1001 – 5000	23.9%	50 366	19.2%
5	5001 – 10000	5.7%	39 176	14.9%
7	10001 – 50000	8.0%	108 625	41.3%
1	50001 – 100000	1.1%	52 930	20.1%
–	100001 and over	–	–	–
88		**100.0%**	**262 882**	**100.0%**

Shareholder analysis

(continued)

Investec Bank Limited perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
822	1 – 500	21.7%	241 829	1.6%
1 000	501 – 1000	26.5%	864 466	5.6%
1 491	1001 – 5000	39.5%	3 518 175	22.8%
226	5001 – 10000	6.0%	1 660 149	10.7%
199	10001 – 50000	5.3%	3 767 392	24.4%
21	50001 – 100000	0.6%	1 546 013	10.0%
16	100001 and over	0.4%	3 849 606	24.9%
3 775		**100.0%**	**15 447 630**	**100.0%**

Investec Bank Limited redeemable preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
903	1 – 500	90.9%	122 475	35.8%
52	501 – 1000	5.2%	35 140	10.3%
27	1001 – 5000	2.7%	47 510	13.9%
5	5001 – 10000	0.5%	30 819	9.0%
6	10001 – 50000	0.6%	105 773	31.0%
0	50001 – 100000	0.0%	–	0.0%
0	100001 and over	0.0%	–	0.0%
993		**100.0%**	**341 717**	**100.0%**

Largest preference shareholders as at 31 March 2017

Shareholders holding beneficial interests in excess of 5% of the issued preference shares are as follows:

Investec plc perpetual preference shares
Hargreave Hale Nominees Limited 10.6%

Investec plc (Rand denominated) perpetual preference shares
Private individual 5.9%
Private individual 9.9%
Private individual 9.9%

Investec Limited perpetual preference shares
Standard Chartered Bank – Coronation Strategic Income fund 5.2%

Investec Limited redeemable preference shares
Private individual 5.8%
Private individual 6.7%
Private individual 11.9%
Private individual 11.9%

Investec Bank Limited perpetual preference shares
There were no shareholders holding beneficial interests in excess of 5% of the issued preference shares in Investec Bank Limited, as at 31 March 2017.

Investec Bank Limited redeemable preference shares
Investec Securities Pty Ltd 6.6%
Private individual 6.8%
Private corporate 5.9%

06

Annexures

Annexure 1 – Definitions

Adjusted shareholders' equity
Refer to calculation on page 100

Cost to income ratio
Operating costs divided by operating income. Depreciation on operating leased assets has been netted off against operating income

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

Refer to calculation on page 106

Dividend cover
Adjusted earnings per ordinary share before goodwill and non-operating items divided by dividends per ordinary share

Earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (i.e. adjusted earnings)
Refer to page 68

Adjusted earnings per ordinary share before goodwill, acquired intangibles and non-operating items
Refer to page 68

Effective operational tax rate
Tax on profit on ordinary activities (excluding non-operating items) divided by operating profit

Market capitalisation
Total number of shares in issue (including Investec plc and Investec Limited) multiplied by the closing share price of Investec plc on the London Stock Exchange

Net tangible asset value per share
Refer to calculation on page 92

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

Operating profit
Operating income less administrative expenses, impairments for bad and doubtful debts and depreciation of tangible fixed assets. This amount is before goodwill, acquired intangibles and non-operating items

Operating profit per employee
Refer to calculation on page 104

Recurring income
Net interest income plus net annuity fees and commissions expressed as a percentage of total operating income

Return on average adjusted shareholders' equity
Refer to calculation on page 100

Return on average adjusted tangible shareholders' equity
Refer to calculation on page 100

Return on risk-weighted assets
Adjusted earnings divided by average risk-weighted assets

Risk-weighted assets
Calculated as the sum of risk-weighted assets for Investec plc and Investec Limited (converted into Pounds Sterling) as reflected on page 92

Staff compensation to operating income ratio
All employee-related costs expressed as a percentage of operating income

Third party assets under administration
Includes third party assets under administration managed by the Wealth & Investment, Asset Management and Property businesses

Total capital resources
Includes shareholders' equity, subordinated liabilities and non-controlling interests

Total equity
Total shareholders' equity including non-controlling interests

Weighted number of ordinary shares in issue
The number of ordinary shares in issue at the beginning of the year increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group less treasury shares. Refer to calculation on page 68

Investec plc

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

Ordinary share dividend announcement

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

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

Declaration of dividend number 30

Notice is hereby given that final dividend number 30, being a gross dividend of 13 pence (2016: 11.5 pence) per ordinary share has been recommended by the Board from income reserves in respect of the financial year ended 31 March 2017 payable to shareholders recorded in the shareholders' register of the company at the close of business on Friday, 28 July 2017.

- for Investec plc shareholders, registered on the United Kingdom share register, through a dividend payment by Investec plc from income reserves of 13 pence per ordinary share
- for Investec plc shareholders, registered on the South African branch register, through a dividend payment by Investec plc from income reserves of 6 pence per ordinary share and through a dividend paid by Investec Limited, on the SA DAS share, payable from income reserves, equivalent to 7 pence per ordinary share.

The relevant dates for the payment of dividend number 30 are as follows:

Last day to trade *cum*-dividend	
On the Johannesburg Stock Exchange (JSE)	Tuesday, 25 July 2017
On the London Stock Exchange (LSE)	Wednesday, 26 July 2017
Shares commence trading *ex*-dividend	
On the Johannesburg Stock Exchange (JSE)	Wednesday, 26 July 2017
On the London Stock Exchange (LSE)	Thursday, 27 July 2017
Record date (on the JSE and LSE)	Friday, 28 July 2017
Payment date (on the JSE and LSE)	Monday, 14 August 2017

Share certificates on the South African branch register may not be dematerialised or rematerialised between Wednesday, 26 July 2017 and Friday, 28 July 2017, both dates inclusive, nor may transfers between the United Kingdom share register and the South African branch register take place between Wednesday, 26 July 2017 and Friday, 28 July 2017, both dates inclusive.

Additional information for South African resident shareholders of Investec plc

- Shareholders registered on the South African branch register are advised that the distribution of 13 pence, equivalent to a gross dividend of 225 cents per share, has been arrived at using the Rand/Pound Sterling average buy/sell forward rate, as determined at 11h00 (SA time) on Wednesday, 17 May 2017
- Investec plc United Kingdom tax reference number: 2683967322360
- The issued ordinary share capital of Investec plc is 657 105 625 ordinary shares
- The dividend paid by Investec plc to South African resident shareholders registered on the South African branch register and the dividend paid by Investec Limited to Investec plc shareholders on the SA DAS share are subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- Shareholders registered on the South African branch register who are exempt from paying the Dividend Tax will receive a net dividend of 225 cents per share comprising 121.15385 cents per share paid by Investec Limited on the SA DAS share and 103.84615 cents per ordinary share paid by Investec plc
- Shareholders registered on the South African branch register who are not exempt from paying the Dividend Tax will receive a net dividend of 180 cents per share (gross dividend of 225 cents per share less Dividend Tax of 45 cents per share) comprising 96.92308 cents per share paid by Investec Limited on the SA DAS share and 83.07692 cents per ordinary share paid by Investec plc

By order of the board

D Miller
Company Secretary

17 May 2017

Annexure 2 – Dividend announcements

(continued)

Investec Limited

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

Ordinary share dividend announcement

Declaration of dividend number 123

Notice is hereby given final dividend number 123, being a gross dividend of 225 cents (2016: 266 cents) per ordinary share has been recommended by the Board from income reserves in respect of the financial year ended 31 March 2017 payable to shareholders recorded in the shareholders' register of the company at the close of business on Friday, 28 July 2017.

The relevant dates for the payment of dividend number 123 are as follows:

Last day to trade *cum*-dividend	Tuesday, 25 July 2017
Shares commence trading *ex*-dividend	Wednesday, 26 July 2017
Record date	Friday, 28 July 2017
Payment date	Monday, 14 August 2017

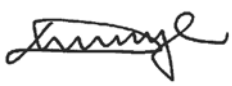
The final gross dividend of 225 cents per ordinary share has been determined by converting the Investec plc distribution of 13 pence per ordinary share into Rands using the Rand/Pounds Sterling average buy/sell forward rate at 11h00 (SA time) on Wednesday, 17 May 2017.

Share certificates may not be dematerialised or rematerialised between Wednesday, 26 July 2017 and Friday, 28 July 2017, both dates inclusive.

Additional information to take note of:

- Investec Limited South African tax reference number: 9800/181/71/2
- The issued ordinary share capital of Investec Limited is 301 165 174 ordinary shares
- The dividend paid by Investec Limited is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- Shareholders who are exempt from paying the Dividend Tax will receive a net dividend of 225 cents per ordinary share
- Shareholders who are not exempt from paying the Dividend Tax will receive a net dividend of 180 cents per ordinary share (gross dividend of 225 cents per ordinary share less Dividend Tax of 45 cents per ordinary share).

By order of the board



N van Wyk
Company Secretary

17 May 2017

Investec plc

Incorporated in England and Wales
Registration number 3633621
Share code: INPP
ISIN: GB00B19RX541

Preference share dividend announcement

Non-redeemable non-cumulative non-participating preference shares (preference shares)

Declaration of dividend number 22

Notice is hereby given that preference dividend number 22 has been declared from income reserves for the period 01 October 2016 to 31 March 2017 amounting to a gross preference dividend of 6.23288 pence per preference share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 09 June 2017.

For shares trading on the Johannesburg Stock Exchange (JSE), the dividend of 6.23288 pence per preference share is equivalent to a gross dividend of 106.63149 cents per share, which has been determined using the Rand/Pound Sterling average buy/sell forward rate as at 11h00 (SA Time) on Wednesday, 17 May 2017.

The relevant dates relating to the payment of dividend number 22 are as follows:

Last day to trade *cum*-dividend	
On the Johannesburg Stock Exchange (JSE)	Tuesday, 06 June 2017
On The International Stock Exchange (TISE)	Wednesday, 07 June 2017
Shares commence trading *ex*-dividend	
On the Johannesburg Stock Exchange (JSE)	Wednesday, 07 June 2017
On The International Stock Exchange (TISE)	Thursday, 08 June 2017
Record date (on the JSE and TISE)	Friday, 09 June 2017
Payment date (on the JSE and TISE)	Monday, 19 June 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 07 June 2017 and Friday, 09 June 2017, both dates inclusive, nor may transfers between the United Kingdom share register and the South African branch register take place between Wednesday, 07 June 2017 and Friday, 09 June 2017, both dates inclusive.

Additional information for South African resident shareholders of Investec plc

- Investec plc United Kingdom tax reference number: 2683967322360
- The issued preference share capital of Investec plc is 2 754 587 preference shares
- The dividend paid by Investec plc to shareholders recorded on the South African branch register is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- The net dividend amounts to 85.30519 cents per preference share for preference shareholders liable to pay the Dividend Tax and 106.63149 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

D Miller
Company Secretary

17 May 2017

Annexure 2 – Dividend announcements

(continued)

Investec plc

Incorporated in England and Wales
Registration number 3633621
JSE share code: INPPR
ISIN: GB00B4B0Q974

Rand-denominated preference share dividend announcement

Rand-denominated non-redeemable non-cumulative non-participating perpetual preference shares (preference shares)

Declaration of dividend number 12

Notice is hereby given that preference dividend number 12 has been declared from income reserves for the period 01 October 2016 to 31 March 2017 amounting to a gross preference dividend of 497.38356 cents per preference share payable to holders of the Rand-denominated non-redeemable non-cumulative non-participating perpetual preference shares as recorded in the books of the company at the close of business on Friday, 09 June 2017.

The relevant dates relating to the payment of dividend number 12 are as follows:

Last day to trade *cum*-dividend	Tuesday, 06 June 2017
Shares commence trading *ex*-dividend	Wednesday, 07 June 2017
Record date	Friday, 09 June 2017
Payment date	Monday, 19 June 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 07 June 2017 and Friday, 09 June 2017, both dates inclusive.

Additional information for South African resident shareholders of Investec plc

- Investec plc United Kingdom tax reference number: 2683967322360
- The issued rand denominated preference share capital of Investec plc is 131 447 preference shares
- The dividend paid by Investec plc to shareholders recorded on the South African register is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- The net dividend amounts to 397.90685 cents per preference share for preference shareholders liable to pay the Dividend Tax and 497.38356 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

D Miller
Company Secretary

17 May 2017

Investec Limited

Incorporated in the Republic of South Africa
Registration number 1925/002833/06
JSE share code: INPR
NSX ordinary share code: IVD
BSE ordinary share code: INVESTEC
ISIN: ZAE000063814

Preference share dividend announcement

Non-redeemable non-cumulative non-participating preference shares (preference shares)

Declaration of dividend number 25

Notice is hereby given that preference dividend number 25 has been declared from income reserves for the period 01 October 2016 to 31 March 2017 amounting to a gross preference dividend of 407.17389 cents per share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 09 June 2017.

The relevant dates for the payment of dividend number 25 are as follows:

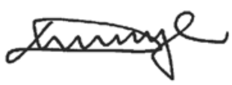
Last day to trade *cum*-dividend	Tuesday, 06 June 2017
Shares commence trading *ex*-dividend	Wednesday, 07 June 2017
Record date	Friday, 09 June 2017
Payment date	Monday, 19 June 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 07 June 2017 and Friday, 09 June 2017, both dates inclusive.

Additional information to take note of:

- Investec Limited South African tax reference number: 9800/181/71/2
- The issued preference share capital of Investec Limited is 32 214 499 preference shares in this specific class
- The dividend paid by Investec Limited is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- The net dividend amounts to 325.73911 cents per preference share for shareholders liable to pay the Dividend Tax and 407.17389 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board



N van Wyk
Company Secretary

17 May 2017

Annexure 2 – Dividend announcements

(continued)

Investec Bank Limited

Incorporated in the Republic of South Africa
Registration number 1969/004763/06
Share code: INLP
ISIN: ZAE000048393

Preference share dividend announcement

Non-redeemable non-cumulative non-participating preference shares (preference shares)

Declaration of dividend number 28

Notice is hereby given that preference dividend number 28 has been declared by the Board from income reserves for the period 01 October 2016 to 31 March 2017 amounting to a gross preference dividend of 436.28392 cents per share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 09 June 2017.

The relevant dates for the payment of dividend number 28 are as follows:

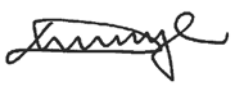
Last day to trade cum-dividend	Tuesday, 06 June 2017
Shares commence trading ex-dividend	Wednesday, 07 June 2017
Record date	Friday, 09 June 2017
Payment date	Monday, 19 June 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 07 June 2017 and Friday, 09 June 2017, both dates inclusive.

Additional information to take note of:

- Investec Bank Limited tax reference number: 9675/053/71/5
- The issued preference share capital of Investec Bank Limited is 15 447 630 preference shares in this specific class
- The dividend paid by Investec Bank Limited is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- The net dividend amounts to 349.02714 cents per preference share for shareholders liable to pay the Dividend Tax and 436.28392 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board



N van Wyk
Company Secretary

17 May 2017

Investec plc and Investec Limited

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Registration number

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Registration number 3633621

Investec Limited

Registration number 1925/002833/06

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Directorate

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Bernard Kantor (managing director)
Glynn R Burger (group risk and finance director)
Hendrik J du Toit (chief executive officer, Investec Asset Management)

Non-executive directors

Fani Titi (chairman)
Zarina BM Bassa
Laurel C Bowden
Cheryl A Carolus
Perry KO Crosthwaite (senior independent director)
David Friedland
Charles R Jacobs
Ian R Kantor
Lord Malloch-Brown KCMG
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06

Notes