



RESULTS PRESENTATION

For the six months ended 30 September 2017

2017





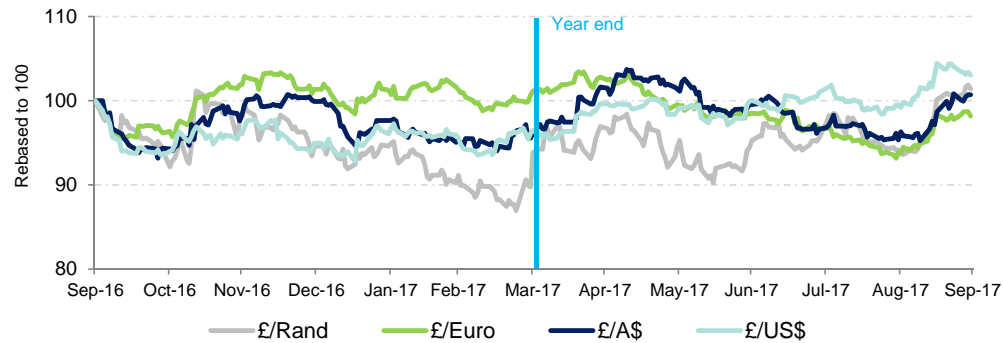
Proviso

- Please note that matters discussed in today's presentation 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 trends
- 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 markets in which it operates to differ from those expressed or implied
- Any forward looking statements made are based on knowledge of the group at 16 November 2017

Persistent economic uncertainty in key regions

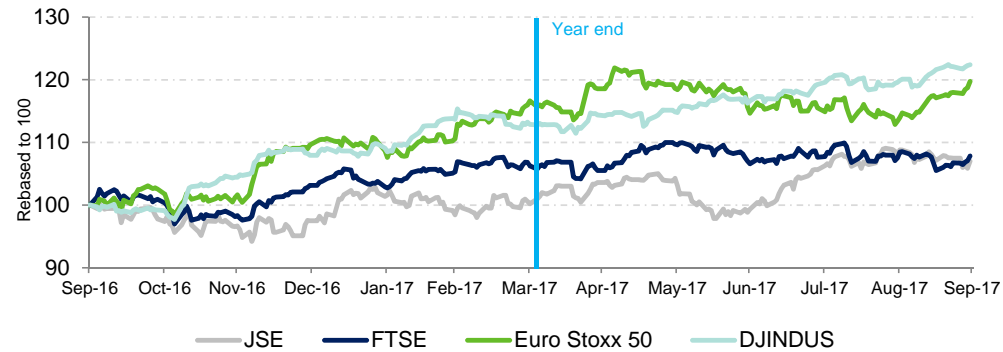
Stock markets reasonably supportive

Exchange rates



	Sep-17		Mar-17	
	Period End	Average	Period End	Average
£ / Euro	1.13	1.14	1.17	1.19
£ / A\$	1.71	1.69	1.64	1.75
£ / ZAR	18.10	17.06	16.77	18.42
£ / US\$	1.34	1.30	1.25	1.31

Equity markets



	Period end % change	
	Since Mar-17	Since Sep-16
Euro	2.7%	19.7%
JSE	6.8%	7.0%
DJIND	8.4%	22.4%
FTSE	1.5%	7.8%

Source: Thomson Reuters Datastream



Snapshot of results

- Asset Management and Wealth & Investment benefited from **higher funds under management** supported by favourable equity markets and combined net inflows of £3.6bn
- The Specialist Banking businesses have continued to see **good growth in loan portfolios and client activity**, notwithstanding the persistent uncertainty in both geographies
- The group has continued to **invest for growth** with the increase in costs largely reflecting planned spend in growing the client franchise businesses
- **Digital and online innovation and enhancements** across the group, coupled with a high touch client centric service model has further entrenched the strength of our franchises particularly in the private banking and wealth management businesses
- **Geographical and operational diversity** continues to support a sustainable recurring income base and earnings through varying market conditions

As a result ...

Resilient statutory performance

	Sep-17	Sep-16	% change	% change on neutral currency basis
Operating profit* (£'mn)	314.6	281.4	11.8%	1.1%
Adjusted earning per share^ (pence)	26.6	22.7	17.2%	5.7%
Total dividend per share (pence)	10.5	10.0	5.0%	na

- Results supported by the Rand appreciation of 14.7%
- Satisfactory performance from the ongoing business which is what we focus on for the rest of the presentation

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

^Before goodwill, acquired intangibles and non-operating items

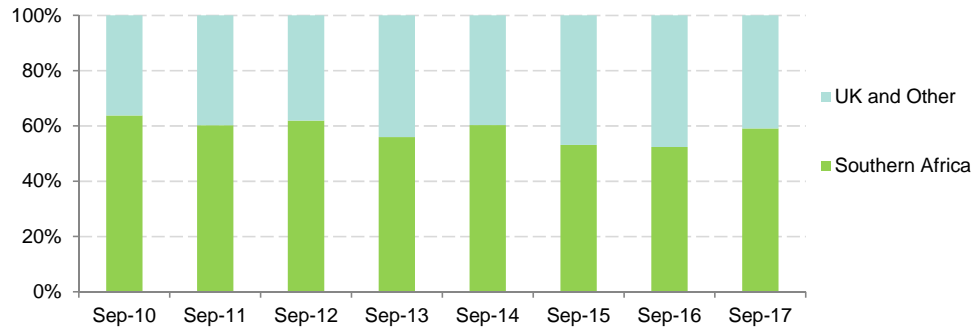
Unless otherwise stated, all information on this slide relates to the ongoing business

Diversified business model

Consistent contribution across geographies and businesses

Geographic diversity

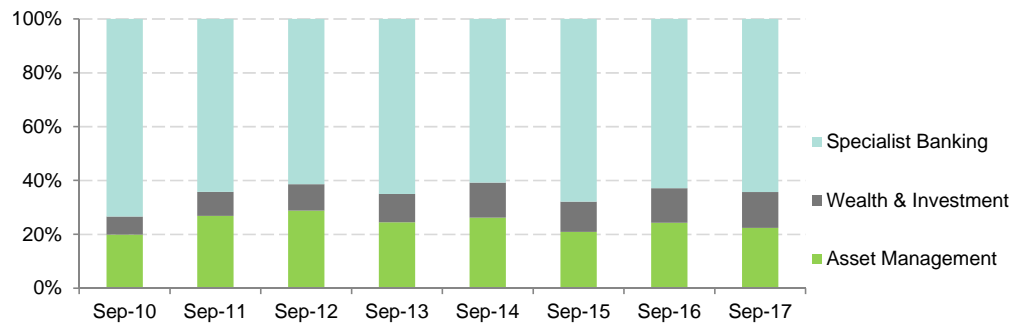
Operating profit* % contribution to group by geography



- Combined UK and Other business down 5.0% in Pounds
- Combined SA business up 7.9% in Rands

Business diversity

Operating profit** % contribution to group by business



- Consistent contribution to the group's results from the asset and wealth management businesses of 38.2%

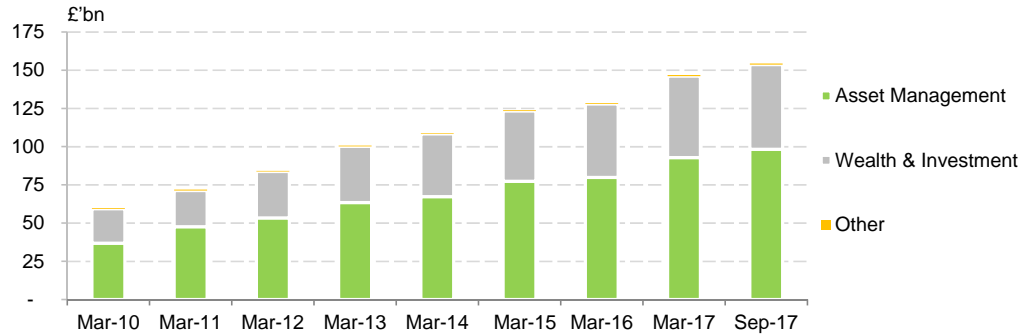
*Before tax, goodwill, acquired intangibles, non-operating items, taxation and after unallocated group costs and other non-controlling interests

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

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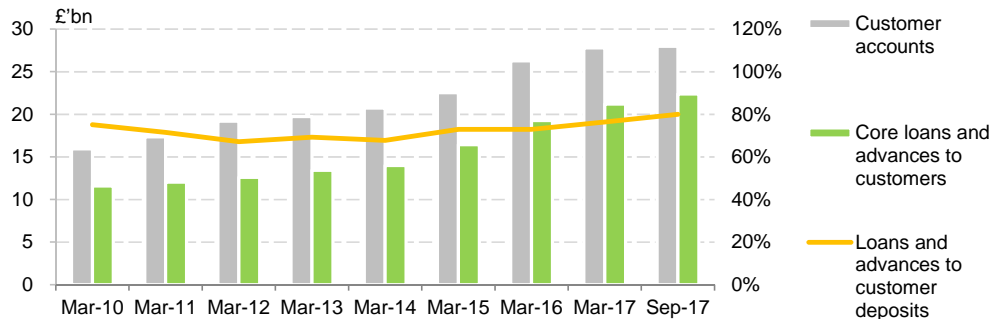
Solid growth in key earnings drivers

Third party assets under management[^]



- Third party assets under management up 2.4% to £154.3bn - (5.1% on a currency neutral basis)

Customer accounts (deposits) and loans[^]

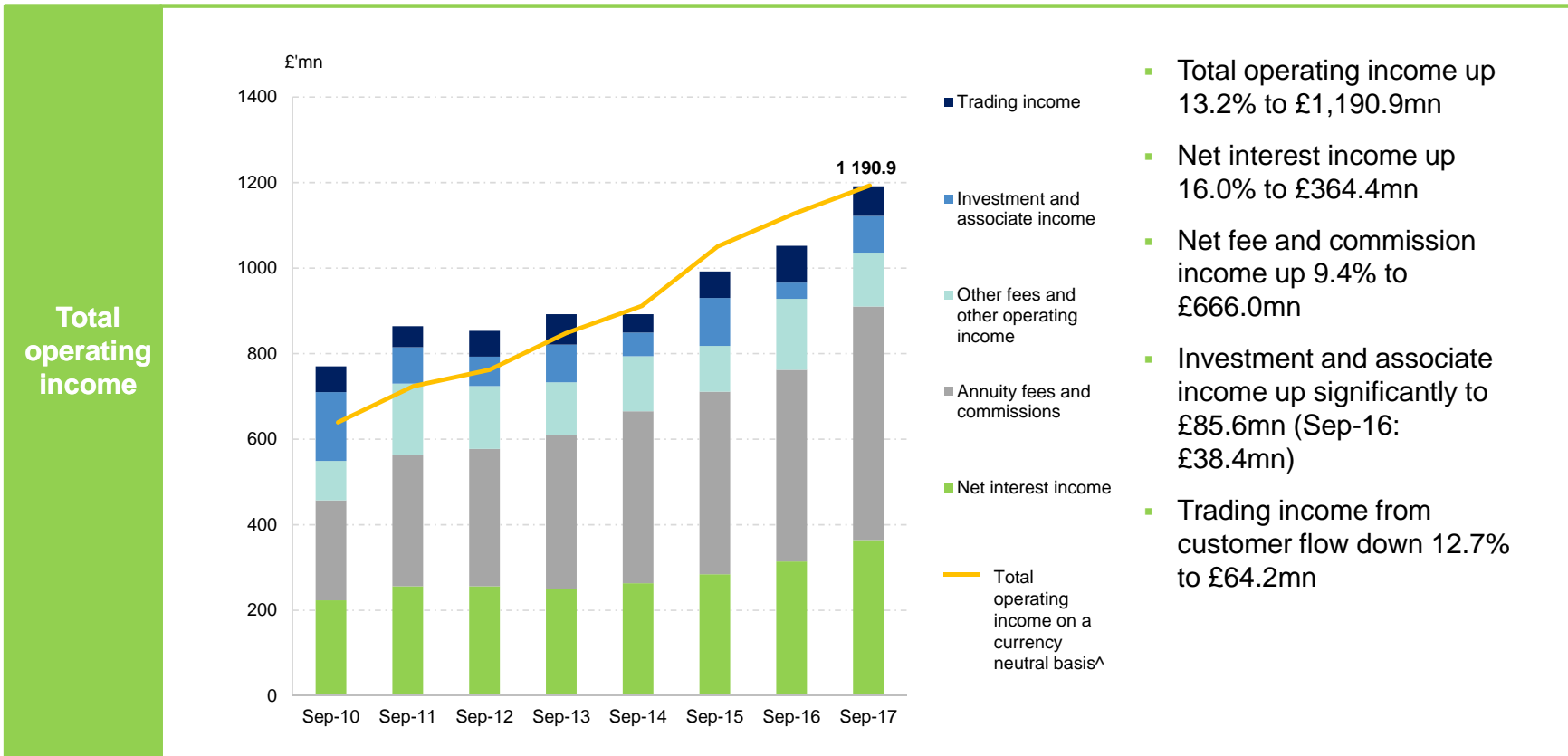


- Customer accounts decreased 3.9% to £28.0bn – (up 0.7% on a currency neutral basis)
- Core loans and advances increased 0.6% to £22.4bn – (up 5.6% on a currency neutral basis)

[^]The trend in this graph is done on a currency neutral basis using the Rand:Pound exchange rate applicable at 30 Sep-17

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Supporting growth in operating performance



^The trend for this line is done on a currency neutral basis using the Rand:Pound exchange rate applicable at 30 Sep-17

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Balanced business model

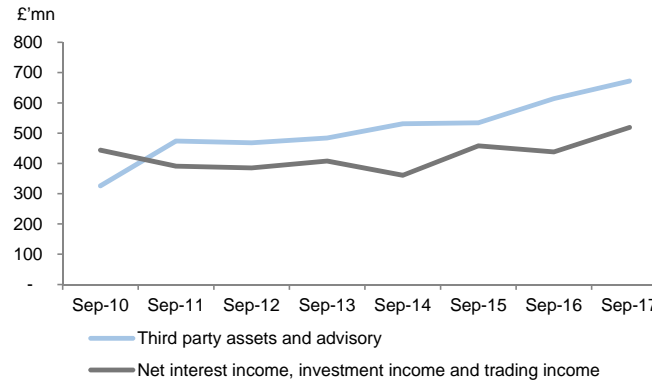
Balanced between capital light and capital intensive activities

Business model

Third party assets and advisory
£672mn

Net annuity fees and commissions of £546mn
(45.8% of total)

Other fees and other income of £126mn
(10.6% of total)



Net interest, investment, associate and trading income
£519mn

Net interest income of £364mn
(30.6% of total)

Investment, associate and trading income of £155mn
(13.0% of total)

Capital light activities

Contribute **56%** to group income

Capital intensive activities

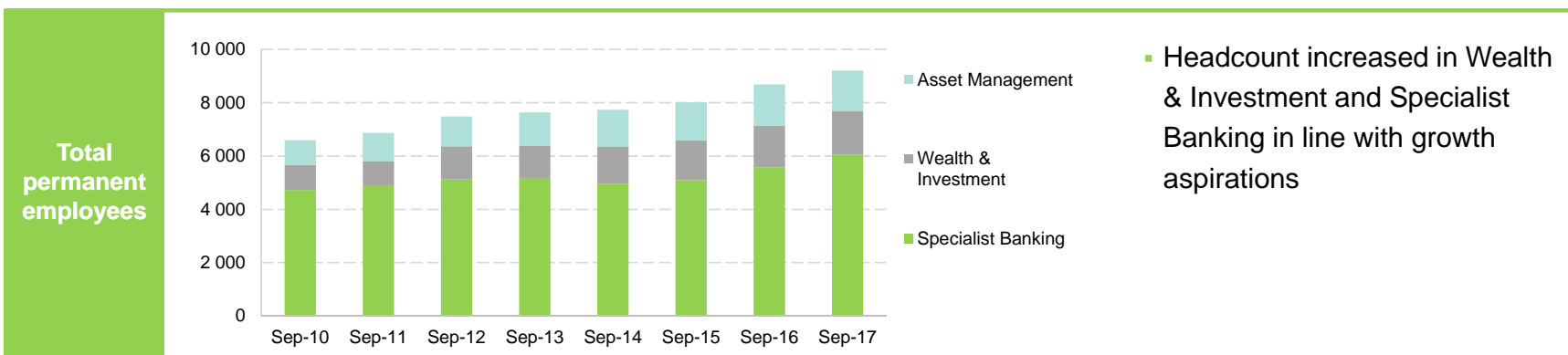
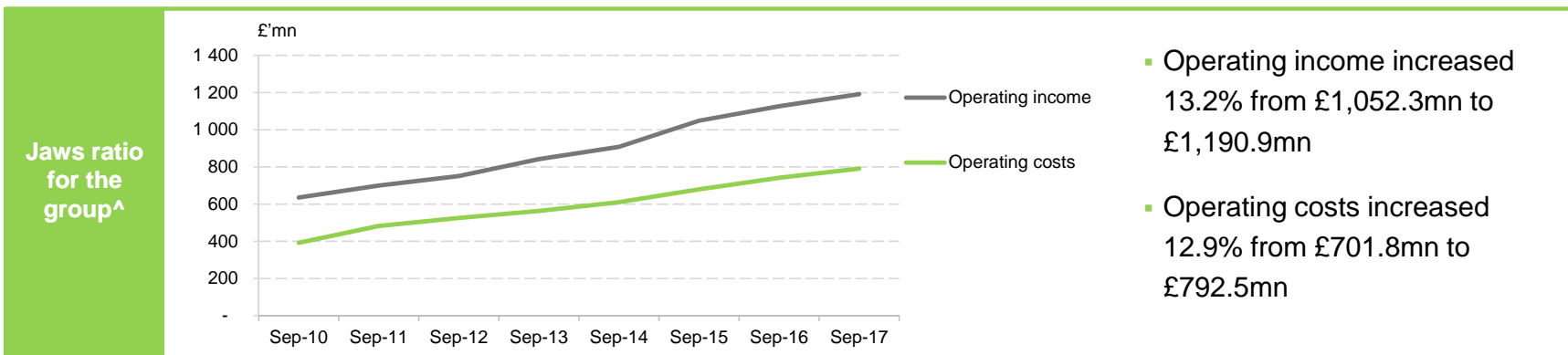
Contribute **44%** to group income



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Positive jaws notwithstanding planned investment

Cost to income flat at 66.5%



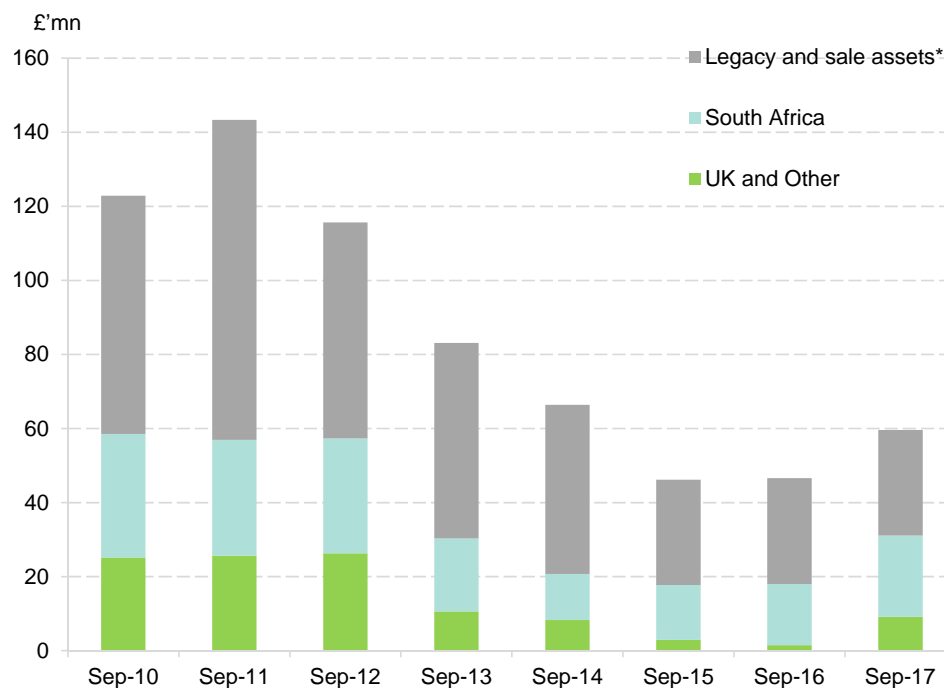
^The trend in this graph is done on a currency neutral basis using the Rand: Pound exchange rate applicable at 30 Sep-17

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Increase in impairments

Credit loss ratios remain low

Total impairment charge (including legacy) by geography



- Impairments on loans and advances increased to £31.1mn (Sep-16: £18.0mn)
- Annualised credit loss ratio remains at the lower end of its long term average at 0.28% (Sep-16: 0.19%)
- Impairments on the legacy business of £28mn were in line with prior period

*Refers to the remaining UK legacy business and group assets that were sold in the 2015 financial year

Unless otherwise stated, all information on this slide relates to the ongoing business

Resulting in a satisfactory Ongoing performance

POUND RESULTS	Sep-17	Sep-16	% change	% change currency neutral basis^^
Operating profit* before tax (£'mn)	347.5	314.5	10.5%	0.9%
Attributable earnings**^ (£'mn)	272.2	230.0	18.4%	8.2%
Adjusted EPS**^ (pence)	29.5	25.7	14.9%	5.0%
POUND RESULTS	Sep-17	Mar-16	% change	% change currency neutral basis^^
Total shareholders' equity (£'mn)	4,766	4,809	(0.9%)	3.7%
Customer accounts (deposits) (£'bn)	28.0	29.1	(3.9%)	0.7%
Net core loans and advances to customers (£'bn)	22.4	22.2	0.6%	5.6%

*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; ^ After deducting preference dividends; ^^Amounts represented on a currency neutral basis assume that the closing and average exchange rates of the group's relevant exchange rates relative to Pounds Sterling remain the same as at 30 Sep 2017 when compared to 31 Mar 2017 and 30 Sep 2016.

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Performance against financial targets

Summary of financial targets

	Target	Ongoing		Statutory	
		Sep-17	Sep-16	Sep-17	Sep-16
ROE (post tax)	12%-16% over a rolling 5-yr period	14.1%	13.9%	12.5%	12.1%
Adjusted* EPS growth	10% > UKPRI	14.8%	0.8%	17.2%	1.8%
Cost to income	< 65%	66.5%	66.7%	66.9%	67.1%
Dividend cover (times)	1.7 – 3.5 times	na	na	2.5x	2.3x

Note: These are medium to long-term targets which we aim to achieve through varying market conditions

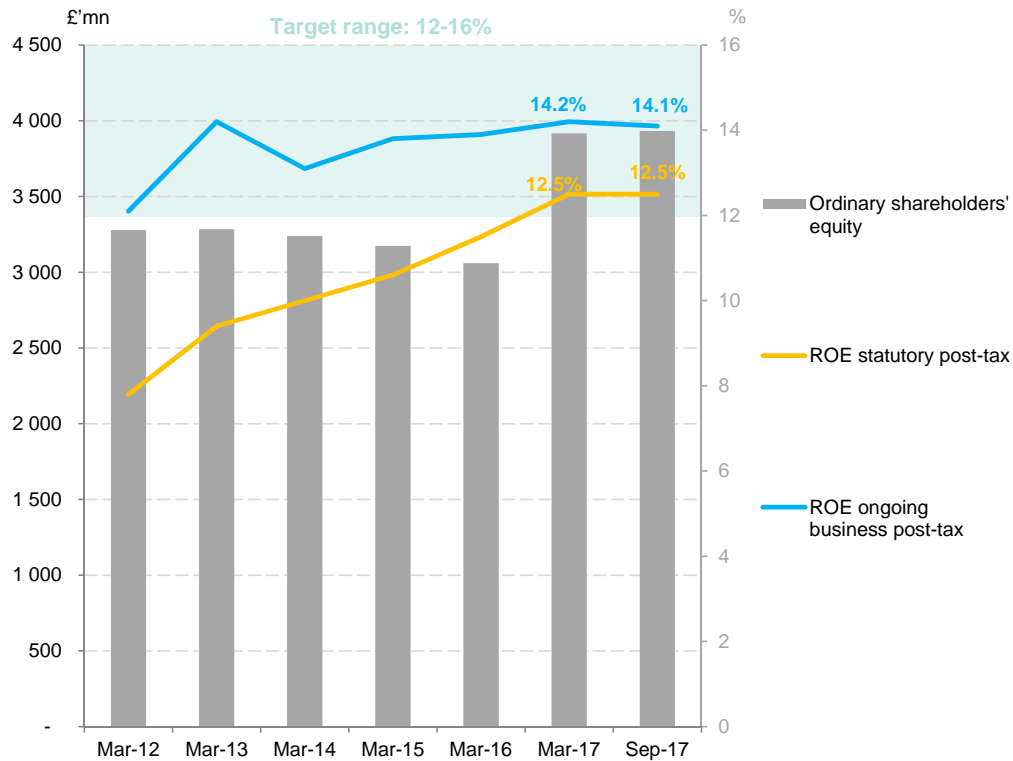
*Adjusted EPS is before goodwill, acquired intangibles and non-operating items and after non-controlling interests and after deducting preference dividends

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ROE

Remains within range

ROE post-tax



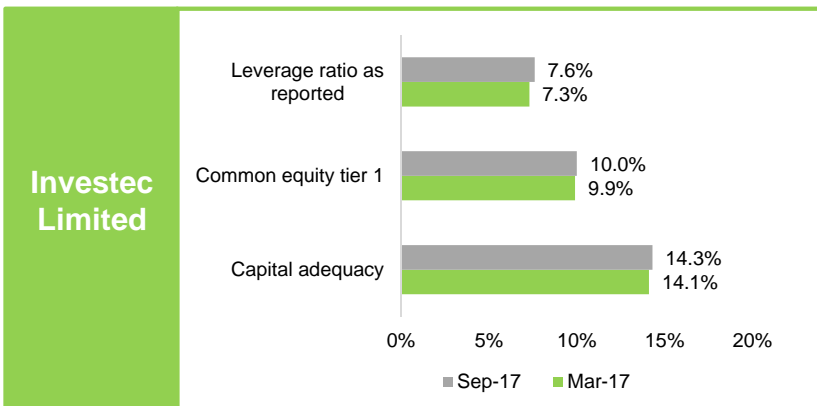
- ROE in line with Mar-17 reflecting:
 - Strong client franchise businesses
 - Solid annuity earnings

- Going forward the levers for ROE include:
 - Activity levels
 - Growing our client base and core drivers
 - Managing our liquidity and optimising our capital structure

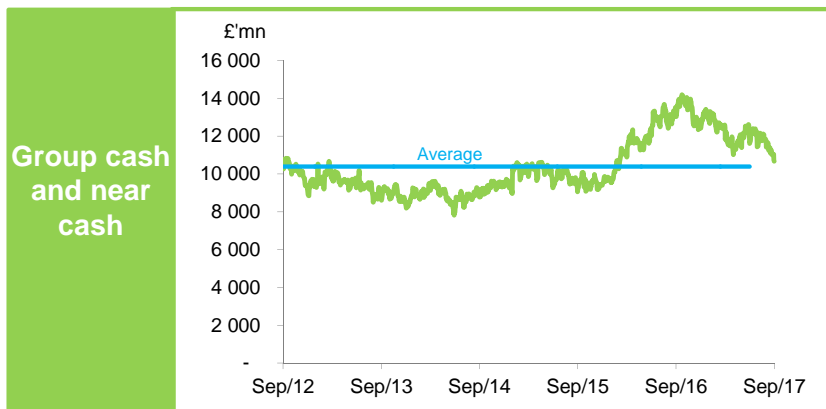
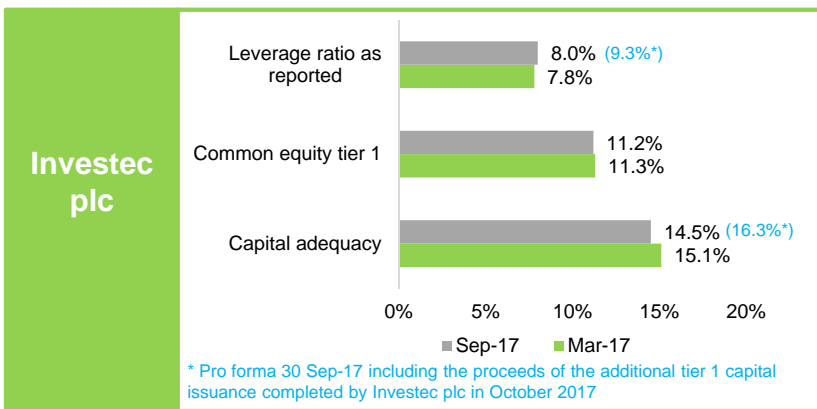
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Sound balance sheet

Healthy capital ratios in excess of regulatory requirements



- Target common equity tier 1 ratio of above 10% and total capital ratios of 14%-17%
- High level of readily available, highly liquid assets
- We are on track to implement AIRB in South Africa in calendar year 2018, subject to regulatory approval



Please refer to the 2017 Interims Analyst Booklet for the comprehensive explanation on capital adequacy and leverage ratios

Divisional review



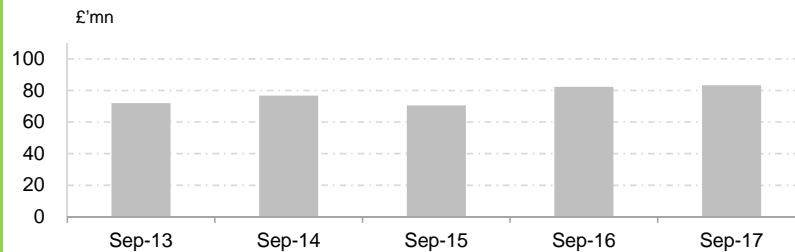
Out of the Ordinary®

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Asset Management - Overview

Momentum remains positive

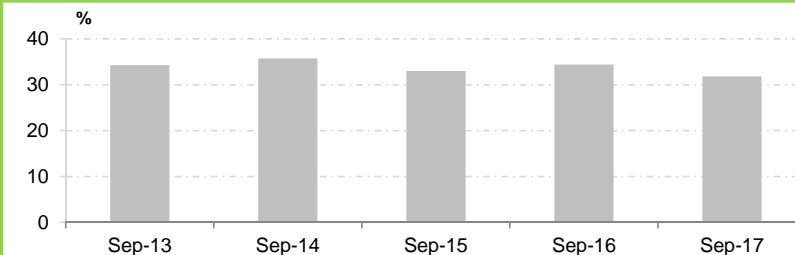
Operating profit*



Growth of 1.2% in operating profit to £83.2mn from £82.3mn

- Earnings benefited from improved markets and net flow growth
- However, growth reduced by lower performance fees in South Africa (SA)

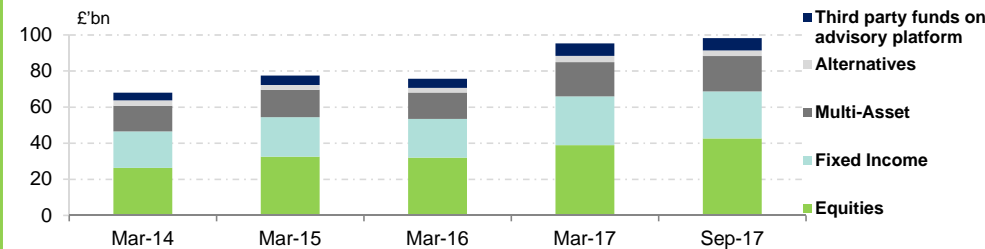
Operating margin



Operating margin down from 34.4% to 31.8%

- Margin compression driven by lower SA performance fees relative to prior period
- Excluding performance fees, operating margin increased

Assets under management by asset class



AUM increased by 3.1% to £98.2bn

- Solid net flows of £2.1bn
- Growing traction in the Advisor business
- Annualised torque ratio of 4.4%^

*Operating profit before goodwill, acquired intangibles, non-operating items, taxation and before non-controlling interests
 ^Torque ratio defined as 6 month net flows divided by opening assets under management, annualised for 12 months

Asset Management – Outlook

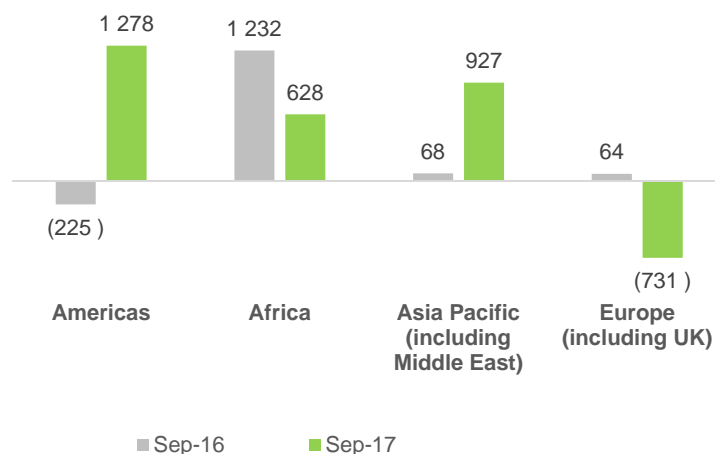
Strong platform for growth

Positioning

AUM by strategy type*



Six months net flows by geography (£' mn)



Outlook

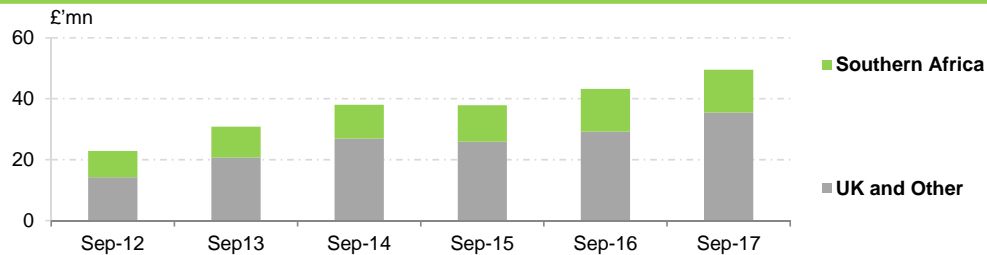
- Asset management remains a growth industry in spite of a low yield environment, growing regulatory scrutiny, changing investor needs and an evolving technology landscape
- We have built a strong platform to capture the available growth opportunities
- Our momentum is positive and we are confident about the future as an active asset manager

*AUM by strategy type as at 30 September 2017, South Africa is included within Emerging Markets

Wealth & Investment - overview

Good overall performance

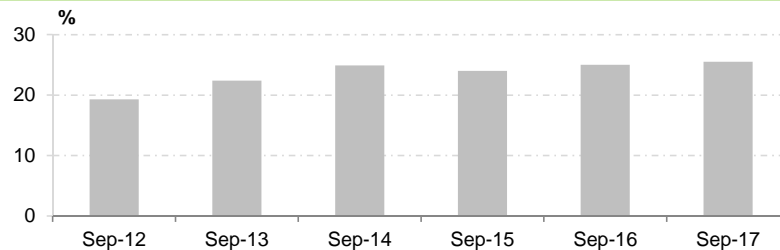
Operating profit*



Total operating profit up 14.7% to £49.5mn from £43.2mn

- SA performance impacted by lower brokerage volumes
- Strong performance from the UK, up 21.4%, benefiting from strong net inflows, growth in average FUM and higher market indices

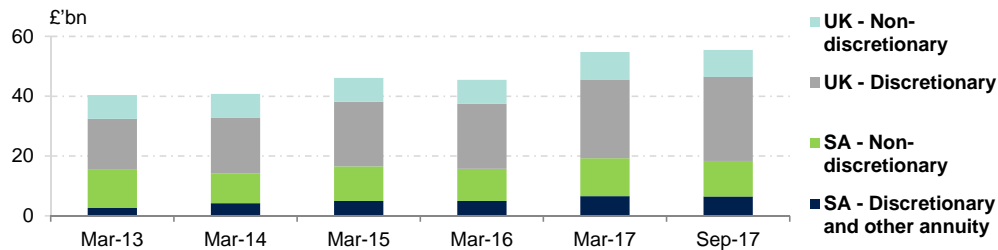
Operating margin



Operating margin slightly up from 25.0% to 25.5%

- Operating income up 12.5%
- Operating costs up 11.7%

Funds under management



Strong growth in FUM from £54.8bn to £55.5bn

- Net inflows of £1.5bn

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

Wealth & Investment – outlook

Investing for long-term sustainability

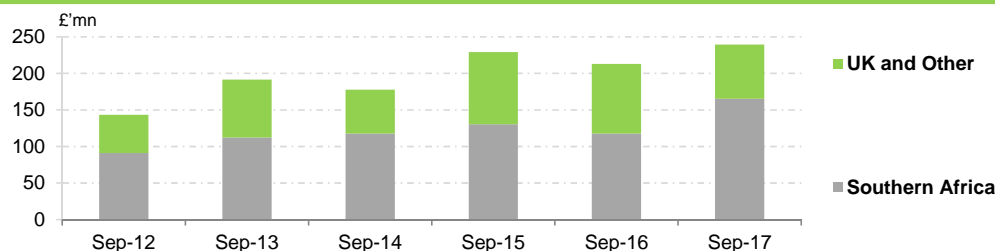
Positioning	Outlook
 <p>UK and Other</p> <ul style="list-style-type: none">• Brand well recognised• Established platforms and distribution in the UK, Switzerland, Ireland, Guernsey and Hong Kong• One of the UK's leading private client investment managers <p>SA & Mauritius</p> <ul style="list-style-type: none">• Strong brand and positioning• Largest player in the SA market• Developing capability in Mauritius	<ul style="list-style-type: none">▪ Performance for the remainder of the financial year will in part be dependent on market conditions that prevail▪ While investor sentiment in the UK remains uncertain, we continue to focus on increased digitisation across the entire proposition chain▪ The business remains well placed as we continue to invest in our strategic priorities

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Specialist Banking

Global overview

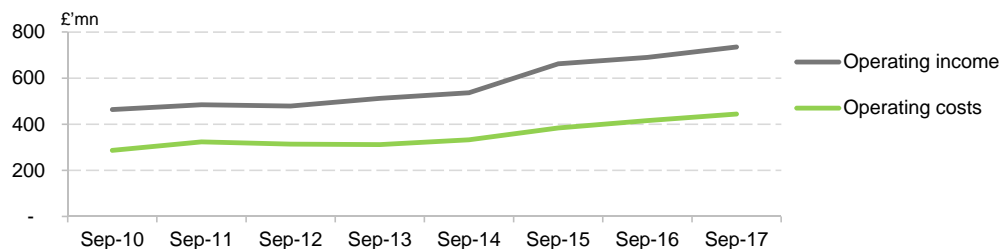
Operating profit*



Operating profit up 12.5% to £239.4mn
(2016: £212.8mn)

- UK down 22.1% due to strong investment banking and client flow trading activity levels in prior period
- SA up 21.6% in Rands with a strong performance from the investment portfolio

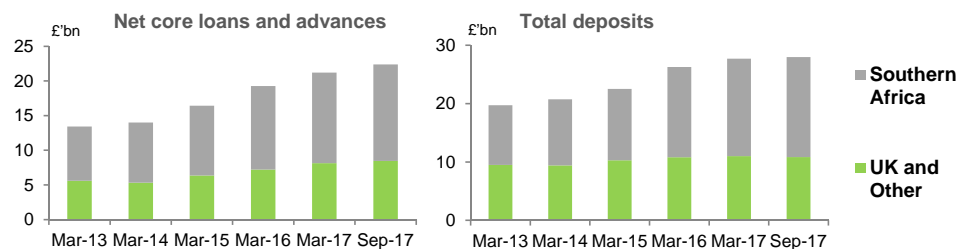
Jaws ratio^



Cost to income of 61.0% (2016: 61.8%)

- Costs increased as a result of the deliberate investment in IT infrastructure, increased headcount and UK premise cost

Customer accounts and loans



Growth in core drivers

- Core loans and advances up 0.6% (up 5.6% in neutral currency)
- Customer accounts (deposits) down 3.9% (up 0.7% in neutral currency)

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

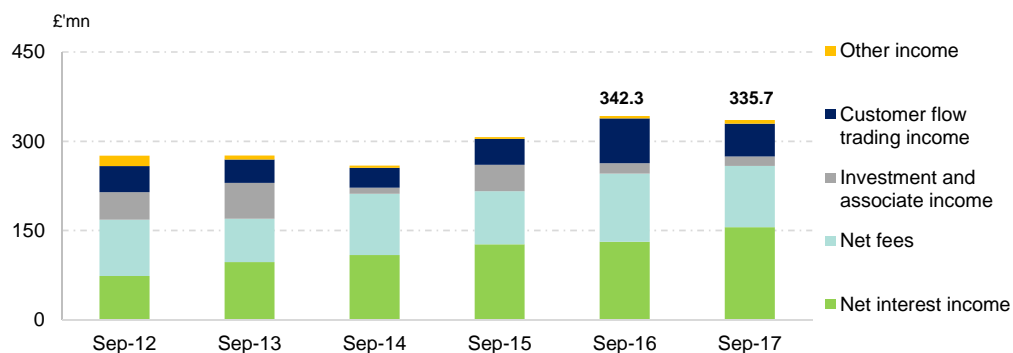
^The trend in this graph is done on a currency neutral basis using the Rand:Pound exchange rate applicable at 30 Sep-17

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Specialist Banking UK and Other Ongoing

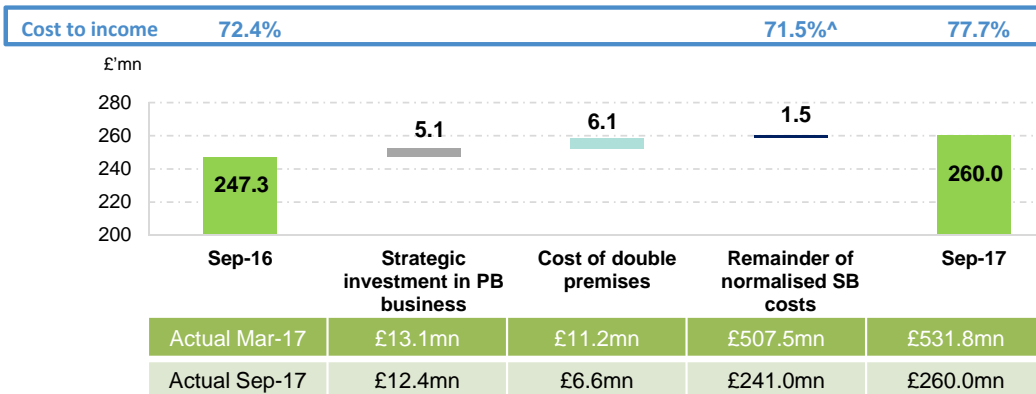
Overview of performance

Analysis of income



- Net interest income up 18.6% with good book growth
- Net fees down 9.9% due to less advisory activity and trading income down from a high base in the prior year

Analysis of costs (including legacy business)



- Costs impacted by investment for future growth in the PB business and double premise costs
- Majority of additional PB investment expected to end by FY18 after which costs flatten
- Double premise costs until Sep-18

Note: PB is Private Banking and SB is Specialist Banking

^Adjusted to exclude the investment into the PB banking business and double premises costs incurred in the six month period to Sep-17

Unless otherwise stated, all information on this slide relates to the ongoing business

Specialist Banking UK and Other Ongoing

Returns and outlook



- Outlook**
- Solid corporate and high net worth franchise continues to support performance but the investment in the private client business will have a short-term impact on returns
 - Our business has been relatively resilient but we are mindful that continued uncertainty could impact activity levels
 - Current global political uncertainty provides a difficult environment for both clients and markets

Specialist Banking UK - Legacy

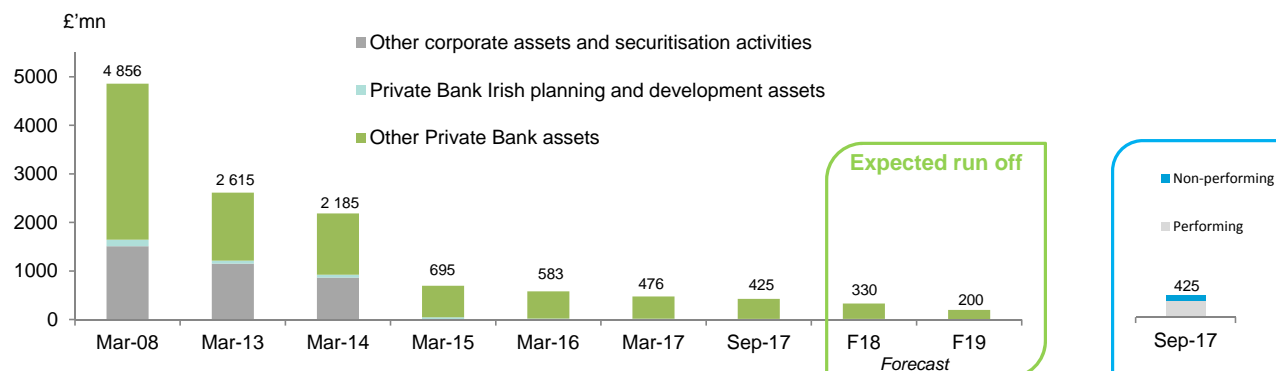
Continued to reduce the UK Legacy Business exposures

Loss on legacy assets

£'mn	Sep-17	Sep-16
Total income	0.1	(0.6)
Total impairments	(28.5)	(28.6)
Total expenses	(4.5)	(3.9)
Net loss before tax	(32.9)	(33.1)

- The legacy portfolio has continued to be actively managed down to £425mn (Mar-17: £476mn)
- Largely through assets sales, redemptions and write-offs
- The remaining portfolio will continue to be managed down as we see opportunities

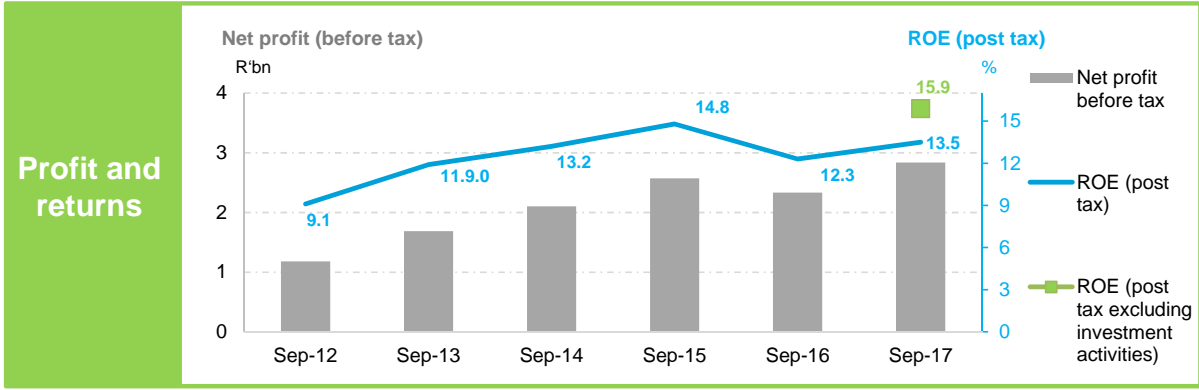
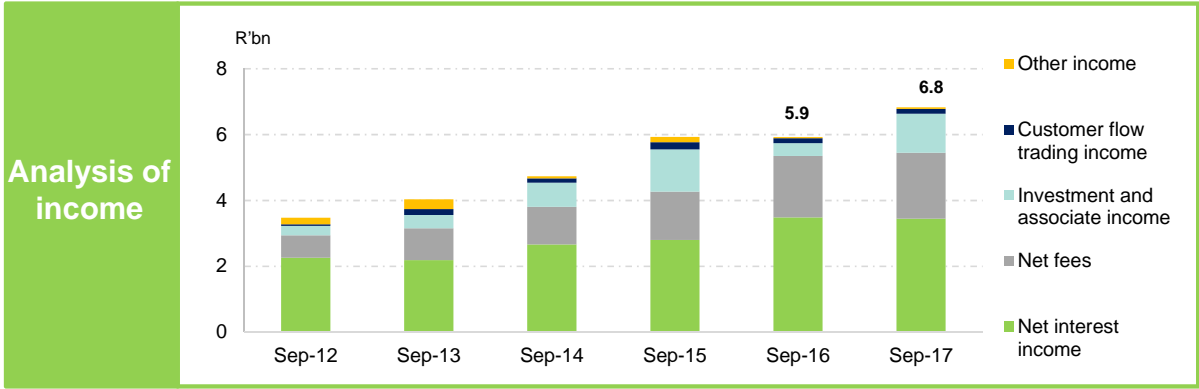
Expected run-off of legacy assets



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Specialist Banking SA

Overview



Review and outlook

- Resilient performance in a tough environment with solid book growth and increased client activity
- Economic slowdown is expected to continue with the recent downgrade of SA's foreign credit rating
- Political events will continue to impact financial markets

Strategic review



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Asset Management – strategic review

Focus on clients, people and long-term growth

Strategic priorities

- Investment performance
- Scale Multi-Asset and Quality capabilities
- Grow our Advisor business
- Focus on our large markets, especially North America
- Clarify our purpose and ensure we are responsible for our long-term impact
- Invest in, motivate and lead our people

We are in it for the long term

Wealth & Investment – strategic review

Investing for long-term sustainability

Strategic priorities

- Digitalisation
 - Click & Invest successfully launched to market in June and ranked joint 1st Robo-Advisor in an independent survey of digital portfolio management
 - We will continue to enhance Click & Invest and develop the digital channel
- One Place
 - Continued coordination of capabilities across businesses
- Efficiency
 - Focusing on ‘Straight Through Processing’

Independent recognition



Defaqto 2017 – Five-star ratings awarded to both our bespoke and managed portfolio services.



Joint 1st Robo-Advisor
for Click & Invest



Asset Risk Consultants (ARC) 3D Award given for our commitment to transparency, engagement and integrity

Specialist Banking – strategic review

Specialist Banking UK and Other Ongoing

Strategic priorities

A key objective of the next six months is to complete the majority of our large strategic and regulatory projects

- Building a domestically relevant Private Bank
 - We expect the Private Bank to complete its investment cycle in the next year which places us in a good position to focus on revenue growth
- Broaden client base by building franchise while deepening client relationship
 - Both the corporate and private banking businesses continue to grow client numbers and market share
- Improve coordination across business units and geographies
 - We are seeing good collaboration as we move back office infrastructure and IT to SA while maintaining the UK client experience
- Focus on reducing and managing costs
 - Double rent of the new building comes to an end in a year when we expect costs to normalise

Independent recognition



Investec Structured Products
Best Distributor UK/Ireland
2015/2016/2017



WINNER 2016
Best Currency
Exchange Service

Private Equity Wire
Global Awards 2017
Best Debt Provider of
the year



Best Service from an Asset Based
Finance Provider (Business Moneyfacts)



Best current account for high earners



Best Service from an Asset
Based Finance Provider



Best Structured
Products Provider



Specialist Banking – strategic review

Specialist Banking SA

Strategic priorities

- Client acquisition
 - Strategy to acquire and penetrate client base through improved coordination and collaboration
- Evolve the digital offering
 - Continued enhancement of One Place for private clients
- Leverage international capabilities to corporate clients
- Creation of Investec Specialist Investments
- Investec Life was launched to market during the period and we continue to scale this offering to the existing client base



Independent recognition



Best Digital Bank in South Africa
Most Innovative Digital Bank in Africa



Investec Private Bank wins People's Choice award for the fifth time



Q1-Q3: M&A Rankings
1st Investment Adviser by deal flow
2nd Sponsor by deal flow



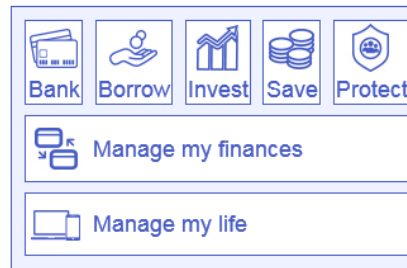
Joint 2nd best app for private banking and wealth management

Digitalisation strategy

Complementing a high touch client centric service model

Digital strategy

Investec | Out of the Ordinary®
A seamless digital banking and investment experience



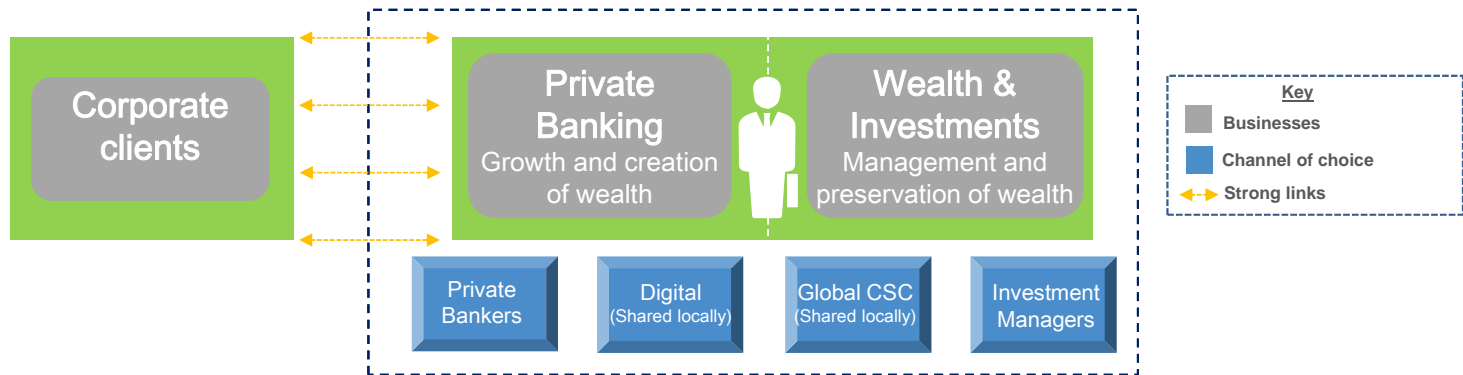
MyPrivateBanking | research

Joint 1st Robo-Advisor for Click & Invest

Joint 2nd best for One Place Mobile App



Integrated client strategy



Closing



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Outlook

- Whilst the global economy has improved **our two key geographies suffer** from continued political uncertainty
- Notwithstanding this, the group has continued to **improve in shape and capability**
- Further progress has been made in dealing with the **UK legacy book** and the **development of the private bank** in the UK is gaining traction, as are the various digital initiatives
- The **continued investment in infrastructure and people** across the group is indicative of the group's confidence in the franchise and will position the businesses appropriately for future growth and development

End



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