

INVESTEC | 2019
GROUP

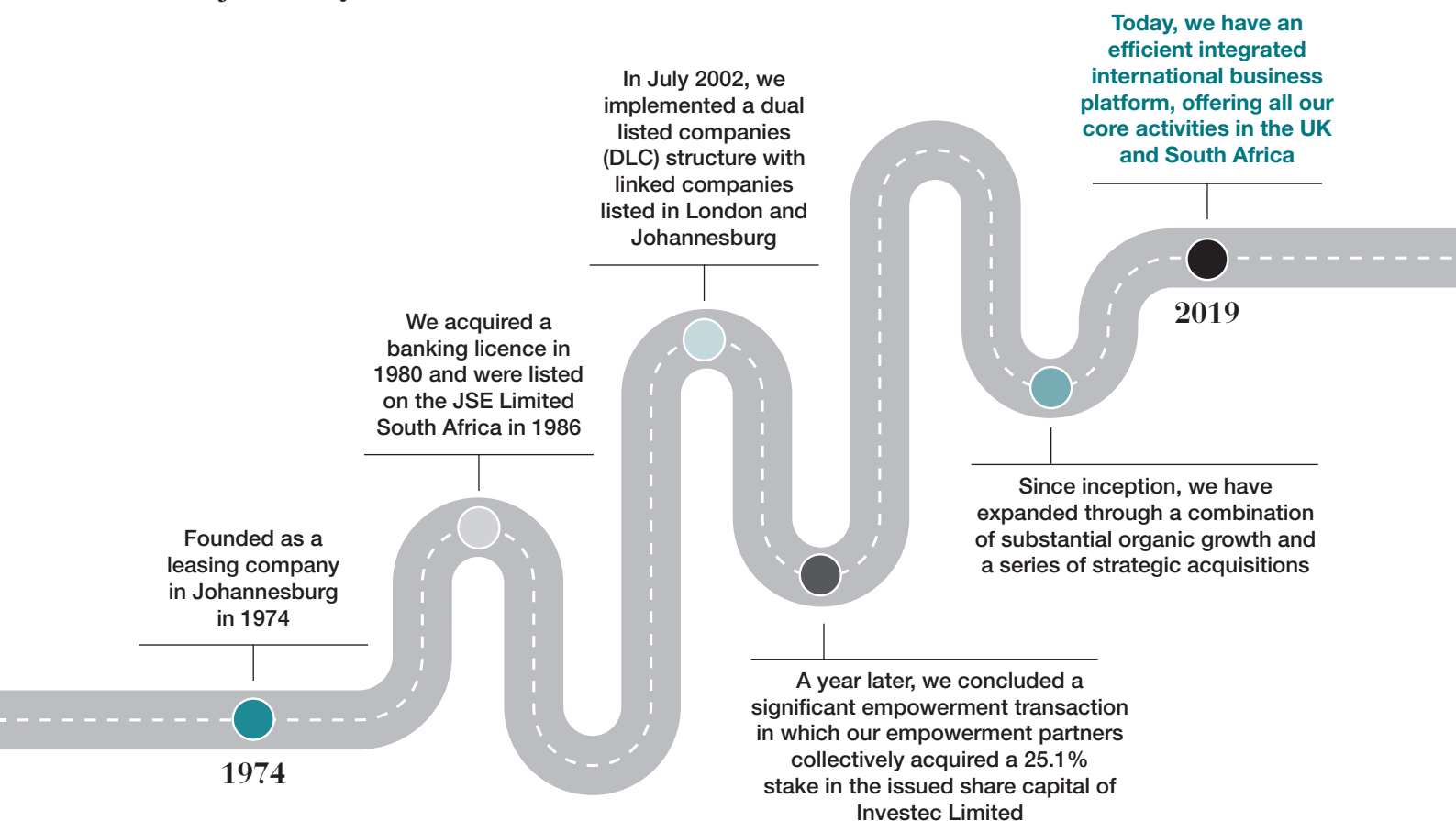
Q and A fact sheet



Investec (comprising Investec Limited and Investec plc) is 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.

We focus on delivering distinctive profitable solutions to our clients in three core areas of activity namely, Asset Management, Wealth & Investment and Specialist Banking.

Our journey



Overall group performance – six months to 30 September 2019

Investec released its interim results on 21 November 2019. Key points from the announcement include:

Solid performance against challenging market conditions

- The Group has delivered a solid operational performance with results in line with the pre-close trading update.
- Group adjusted operating profit of £373.6 million was broadly consistent with the prior period (1.7% behind prior period and in line on a neutral currency basis).
- Asset Management generated strong net inflows of £3.2 billion, which, together with supportive markets, boosted average assets under management (AUM) and increased adjusted operating profit by 6.3%.
- The Specialist Banking business had a sound performance from its lending franchises. The South African Specialist

Bank's adjusted operating profit increased by 6.7% (8.5% in Rands). The UK Specialist Bank demonstrated cost discipline, achieving a reduction of 9.1% (£25 million) in operating costs. The decrease in the UK Specialist Bank's adjusted operating profit of 18.9% reflects lower investment banking fees in weak market conditions and base effects of a liability management exercise to restructure subordinated debt in the prior period, which boosted prior year adjusted operating profit.

- Wealth & Investment generated positive net inflows and growth in AUM supporting higher revenue. An increase in technology spend to support growth over the longer term, as well as higher than expected regulatory levies in the UK, resulted in a decrease in adjusted operating profit of 10.8%.
- Group return on equity (ROE) is 13.1% (2018: 14.2%). The group contained costs in a challenging environment and maintained the cost to income ratio at 67.3%. We are committed to improving these ratios.
- We remain committed to our objective of simplifying and focusing the business in pursuit of growth over the long term.

FINANCIAL INFORMATION

Financial features

The following tables provide a comparison of the group's results as reported in Pounds Sterling and the group's results on a neutral currency basis.

	Results in Pounds Sterling					Results in Rands		
	Six months to 30 Sept 2019	Six months to 30 Sept 2018*	% change	Neutral currency^ Six months to 30 Sept 2019	Neutral currency % change	Six months to 30 Sept 2019	Six months to 30 Sept 2018*	% change
Adjusted operating profit before taxation (million)	£374	£380	(1.7%)	£380	0.0%	R6 823	R6 782	0.6%
Earnings attributable to shareholders (million)	£256	£281	(9.0%)	£261	(7.3%)	R4 678	R5 011	(6.6%)
Adjusted earnings attributable to shareholders (million)	£274	£282	(3.0%)	£278	(1.4%)	R4 997	R5 022	(0.5%)
Adjusted earnings per share	28.9p	30.1p	(4.0%)	29.3p	(2.7%)	527c	536c	(1.7%)
Basic earnings per share	24.7p	27.6p	(10.5%)	25.1p	(9.1%)	450c	492c	(8.5%)
Headline earnings per share	22.7p	27.4p	(17.2%)	23.1p	(15.7%)	486c	519c	(6.4%)
Dividends per share	11.0p	11.0p	0.0%	n/a	n/a	211c	206c	2.4%

* Restated.

^ For income statement items we have used the average Rand: Pound Sterling exchange rate that was applied in the prior period, i.e. 17.76.

	Results in Pounds Sterling				Results in Rands			
	At 30 Sept 2019	At 31 March 2019	% change	Neutral currency^^ At 30 Sept 2019	Neutral currency % change	At 30 Sept 2019	At 31 March 2019	% change
Net asset value per share	448.3p	434.1p	3.3%	445.1p	2.5%	8 377c	8 159c	2.7%
Net tangible asset value per share	401.5p	386.0p	4.0%	398.5p	3.2%	7 503c	7 256c	3.4%
Total equity (million)	£5 370	£5 251	2.3%	£5 353	1.9%	R100 359	R98 911	1.5%
Total assets (million)	£59 727	£57 724	3.5%	£59 513	3.1%	R1 116 142	R1 085 125	2.9%
Core loans and advances (million)	£25 442	£24 941	2.0%	£25 355	1.7%	R475 486	R468 882	1.4%
Cash and near cash balances (million)	£13 040	£13 288	(1.9%)	£13 001	(2.2%)	R243 685	R249 793	(2.4%)
Customer deposits (million)	£32 039	£31 307	2.3%	£31 929	2.0%	R598 733	R588 525	1.7%
Third party assets under management (million)	£177 943	£167 172	6.4%	£177 617	6.2%	R3 319 212	R3 142 833	5.6%

^^ For balance sheet items we have assumed that the Rand: Pound Sterling closing exchange rate has remained neutral since 31 March 2019.

FINANCIAL INFORMATION

(continued)

Liquidity and funding

As at 30 September 2019 the group held £13.0 billion in cash and near cash balances (£6.6 billion in Investec plc and R120.0 billion in Investec Limited) which amounted to 40.7% of customer deposits. Average cash balances increased in the UK largely driven by prefunding in relation to the restructure of the Irish branch. As a result of Brexit, deposit raising in our Irish business is no longer being undertaken and existing deposits are being unwound. The group continues to maintain a conservative liquidity and funding profile. Loans and advances to customers as a percentage of customer deposits amounted to 78.2% (31 March 2019: 78.4%). The group comfortably exceeds Basel liquidity requirements for the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). Investec Bank Limited (solo basis) ended the period to 30 September 2019 with the three-month average of its LCR at 132.4% and an NSFR of 114.6%. Further detail with respect to the bank's LCR and NSFR in South Africa is provided on the website. For Investec plc and Investec Bank plc (solo basis) the LCR and NSFR are calculated using the relevant EU regulation, applying our own interpretations where required. The LCR reported to the PRA at 30 September 2019 was 309% for Investec plc and 329% for Investec Bank plc (solo basis). The internally calculated NSFR was 126% for Investec plc and 126% for Investec Bank plc (solo basis) at 30 September 2019. The reported NSFR and LCR may change over time with regulatory developments and guidance.

Capital adequacy and leverage ratios

The group maintained a sound capital position with a CET1 ratio of 10.7% for Investec plc (standardised approach) and 11.6% for Investec Limited (FIRB approach). Investec Limited adopted the FIRB approach effective 1 April 2019. Leverage ratios are robust and remain comfortably ahead of the group's target of 6%.

A summary of capital adequacy and leverage ratios

	Investec plc ^{o*}	IBP ^{o*}	Investec Limited ^{^A}	IBL ^{^A}
As at 30 September 2019				
Common equity tier 1 (as reported) ^o	10.7%	11.7%	11.6%	13.0%
Common equity tier 1 ('fully loaded') ^{^A}	10.3%	11.4%	11.6%	13.0%
Tier 1 (as reported) ^o	12.4%	13.4%	12.4%	13.3%
Total capital ratio (as reported) ^o	15.4%	17.2%	15.9%	17.8%
Leverage ratio ^{**} – current	7.8%	8.1%	7.3% #	7.8% #
Leverage ratio ^{**} – 'fully loaded' ^{^A}	7.4%	7.9%	7.1% #	7.7% #
As at 31 March 2019				
Common equity tier 1 (as reported) ^o	10.8%	11.4%	10.5%	11.2%
Common equity tier 1 ('fully loaded') ^{^A}	10.4%	10.9%	10.5%	11.1%
Tier 1 (as reported) ^o	12.6%	13.1%	11.2%	11.5%
Total capital ratio (as reported) ^o	15.7%	17.1%	14.9%	15.8%
Leverage ratio ^{**} – current	7.9%	8.0%	7.6%#	7.7%#
Leverage ratio ^{**} – 'fully loaded' ^{^A}	7.5%	7.7%	7.3%#	7.6%#

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

^o 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 charges and dividends when calculating the CET 1 ratio as required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of this deduction totalling £37 million (31 March 2019: £63 million) for Investec plc and £18 million (31 March 2019: £19 million) for IBP would lower the CET 1 ratio by 24bps (31 March 2019: 41bps) and 12bps (31 March 2019: 13bps) respectively.

^A 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 49bps and 35bps lower. At 31 March 2019, Investec Limited's and IBL's common equity tier 1 ratio would be 27bps and 14bps lower

^{^A} The CET 1 fully loaded ratio and the fully loaded leverage ratio assumes full adoption of IFRS 9 and full adoption of all CRDIV rules of South African Prudential Authority regulations. As a result of the adoption of IFRS 9 Investec plc elected to designate its subordinated fixed rate medium-term notes due in 2022 at fair value. By the time of full adoption of IFRS 9 in 2023, these subordinated liabilities will have reached final maturity and will be redeemed at par value. The remaining interest rate portion of the fair value adjustment at 30 September 2019 of £16 million (post-taxation), has therefore been excluded from the fully loaded ratios as it will be released into profit and loss over the remaining life of the investment.

^{^A^A} The fully loaded CET 1 ratio and leverage ratio assumes full adoption of all CRD IV rules or South African Prudential Authority regulations.

^o The reported CET 1, T1 and total capital adequacy ratios are calculated applying the IFRS 9 transitional arrangements.

Based on revised BIS rules.

FINANCIAL INFORMATION

(continued)

Deposit guarantees

Investec does not guarantee client deposits, however, deposit guarantee schemes do exist in some of the geographies in which the group operates:

UK and Other

- In terms of the Financial Services Compensation Scheme, the UK government guarantees a maximum deposit of £85 000 per individual per institution.
- Investec Bank (Channel Islands) Limited is a participant in both the Guernsey and Jersey Banking Deposit Compensation schemes. These schemes offer protection for 'qualifying deposits/eligible deposits' up to £50 000, subject to certain limitations. The maximum total amount of compensation is capped at £100 million in any five-year period.
- Further details are available on request or alternatively on the Guernsey Scheme's website: www.dcs.gg <<http://www.dcs.gg>> or on the Jersey States website which will also highlight the banking groups covered.

South Africa

There are no deposit guarantees in South Africa.

Asset quality and exposures

- The bulk of Investec's credit and counterparty risk arises through its private client and corporate client activities. The group lends to high net worth and high income individuals, mid-to large-sized corporates, public sector bodies and institutions
- We have a preference for primary exposure in the group's two main operating geographies, i.e. South Africa and the UK and specific countries where we have subsidiaries or branches
- The majority of our credit and counterparty exposures reside within our two core geographies, namely the UK and South Africa
- Credit and counterparty risk is always assessed with reference to the aggregate exposure to a single counterparty or group of related parties to avoid or minimise over exposure and concentration risk

- Our assessment of our clients includes consideration of their character and integrity, core competencies, track record and financial strength. A strong emphasis is placed on historical and ongoing stability of income and cash flow streams generated by the clients. Our primary assessment method is therefore the ability of the client to meet their payment obligations. Furthermore we have little appetite for unsecured debt and require that good quality collateral is provided in support of obligations
- We are client-centric in our approach and originate loans with the intent of holding these assets to maturity, thereby developing a 'hands-on' and long-standing relationship with our clients. In certain instances we may elect to sell certain assets down and/or securitise them.
- The total ECL impairment charges amounted to £31.0 million for the six months ended 30 September 2019, in line with the prior period. The annualised credit loss ratio was 0.23% (2018: 0.34%), below its long-term average range.
- Since 31 March 2019, gross core loan Stage 3 assets have reduced by £18 million to £503.0 million. Net Stage 3 exposures as a percentage of net core loans subject to ECL was 1.4% (31 March 2019: 1.3%).

Property-related exposures

- Investec does have property-related lending exposures
- For the most part Investec's exposure to the property markets arises from collateral that we have taken through our various activities in the structured property finance and growth and acquisition finance areas
- Investec has a strong client-centric focus with a credit assessment process that focuses not only on the value of the underlying property but also the client's ability to repay and the sustainability of income through the cycle

FINANCIAL INFORMATION

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Gearing

Investec is not a highly geared bank. A number of the banks that have come into difficulty in the past have been in excess of 40 times geared. Investec's gearing ratio is 9.5x.

Investec's DLC structure

- Investec plc and Investec Limited are separate legal entities and listings, but are bound together by contractual agreements and mechanisms
- Investec operates as if it is a single unified economic enterprise. Both companies have the same boards of directors and management
- Shareholders have common economic and voting interests as if Investec Limited and Investec plc were a single company:
 - equivalent dividends on a per share basis
 - joint electorate and class right voting
- Creditors are, however, ring-fenced to either Investec Limited or Investec plc as there are no cross-guarantees between the companies.

Credit ratings

A summary of our credit ratings is provided below:

Rating agency		Investec* Limited	Investec Bank Limited* – a subsidiary of Investec Limited	Investec plc	Investec Bank plc – a subsidiary of Investec plc
Fitch	Long-term ratings				
	Foreign currency	BB+*	BB+*		BBB+
	National		AA(zaf)		
	Short-term ratings				
	Foreign currency	B*	B*		F2
	National		F1+(zaf)		
	Viability rating	bb+	bb+		bbb+
Support rating	5	3		5	
Moody's	Long-term deposit ratings				
	Foreign currency		Baa3*	Baa1	A1
	National		Aa1.za		
	Short-term deposit ratings				
	Foreign currency		P-3*	P-2	P-1
	National		P-1.za		
	Baseline Credit Assessment (BCA) and adjusted BCA		baa3*		baa1
Standard & Poors	Long-term deposit ratings				
	Foreign currency		BB*		
	National		za.AA		
	Short-term deposit ratings				
	Foreign currency		B*		
National		za.A-1+			
Global Credit Ratings	Long-term deposit ratings				
	International long-term rating		BB*		BBB+
	National long-term rating		AA(za)		
	Short-term deposit ratings				
	International short-term rating				A2
	National short-term rating		A1+(za)		

* The credit ratings of Investec Limited and Investec Bank Limited are also affected by the South African sovereign rating. A South African bank cannot have a higher foreign currency rating than the sovereign rating.

Our strategy

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.

Our long-term strategy is to build a diversified portfolio of businesses and geographies to support clients through varying markets and economic cycles. Since inception we have expanded through a combination of organic growth and strategic acquisitions.

In order to create a meaningful and balanced portfolio we need proper foundations in place which gain traction over time.

Group strategic focus

- Simplify, focus and grow with discipline
- Leverage our unique client profile and provide our clients with an integrated holistic offering
- Support our high-touch client approach with a comprehensive digital offering
- Ensure domestic relevance and critical mass in our chosen geographies
- Facilitate our clients with cross-border transactions and flow across our chosen geographies.

The Investec distinction

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-tech, high-touch approach
- 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.

STRATEGIC FOCUS

(continued)

Divisional strategic focus

Asset Management

- Continue to invest across our investment platform
- Grow Advisor and Institutional business
- Embrace and enhance the Sustainability trend
- Achieve a successful demerger and listing

Bank and Wealth

- Enhance effectiveness of operating platform to better serve clients and deliver long-term shareholder returns
- Increase discipline in capital allocation
- Manage the cost base for greater efficiencies
- Accelerate revenue growth
- Expand connectivity across the organisation
- Bolster digital capabilities

Strategic review and demerger of the Investec Asset Management business

As announced on 14 September 2018 following a strategic review, the group made a decision to demerge and separately list the Investec Asset Management business. The demerger and the listing of the asset management business is subject to shareholder and other customary approvals, and is expected to be completed during the first quarter of calendar year 2020.

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

Specialist Banking

Wealth & Investment

Operating completely independently

Corporate / institutional / government

- Investment management services to external clients

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

- Lending
- Transactional banking
- Treasury solutions
- Advisory
- Investment activities
- Deposit raising activities

- Investment management services
- Independent financial planning advice

We aim to maintain an **appropriate balance** between revenue earned from capital light activities and revenue earned from balance sheet driven 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.

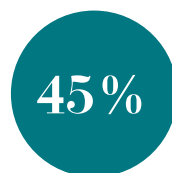
CAPITAL LIGHT ACTIVITIES



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

Contributed to group income

BALANCE SHEET DRIVEN ACTIVITIES



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

Contributed to group income

Fee and commission income



Types of income



Net interest, investment, associate and trading income

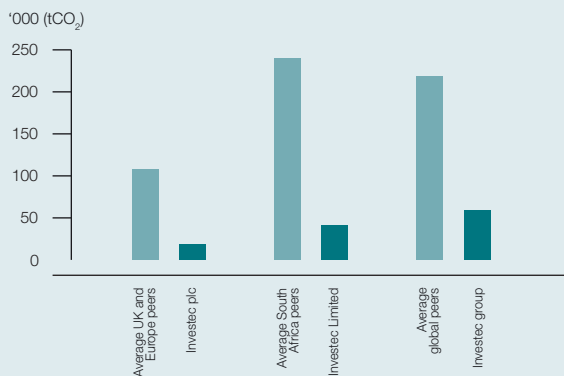
At Investec, sustainability is about building resilient profitable businesses that are focused on growing and preserving stakeholders long-term wealth, whilst contributing in a responsible way to the health of our economy, our people, our communities and the environment for a prosperous future for all.

Funding a sustainable economy

We play a critical role in funding a sustainable economy that is cognisant of the world's limited natural resources.

- We are participants of the United Nations Global Compact's 10 principles on human rights, labour, environment and anti-corruption
- Investec Asset Management is a signatory to the United Nations Principles for Responsible Investment (UNPRI)
- We support the transition to a low-carbon economy. Investec extended a R1.25 billion bridging facility to Revego Africa Energy Limited which will list on the Johannesburg Stock Exchange in 2020
- One of 30 CEOs to join the UN CEO Alliance on Global Investment for Sustainable Development (GISD)
- First bank in South Africa and one of eight banks in the UK to sign up to the Task Force for Climate-related Financial Disclosures (TCFDs)
- We are one of the first signatories to the Youth Employment Service (YES) initiative in South Africa, and placed 1 440 interns since inception in April 2018
- Operationally, we have a very low carbon footprint compared to our peers and were awarded a B rating by the Carbon Disclosure Project (CDP).

Peer comparison: Scope 1, 2 and 3 emissions



Source: Latest company annual reports

Recognition

- Voted first, second and third in the 2019 Universum awards by law professionals, professionals and students respectively in the business/commerce sector
- Ranked in the top 100 companies in the world in gender equality and reporting by Equileap in 2019
- Recognised by Equileap in the UK for best maternity and paternity leave in 2019
- Finalist for the Sustainability Award in the 17th National Business Awards for 2019
- Winner of the Charity Investment Team of the Year by the City of London Wealth Management Awards 2019
- Received gold in the Global Good Awards for Best Education Project for the partnership with Arrival Education (UK) in 2019
- Investec Asset Management – winner of Best initiative for ESG investment process by Environmental Finance Sustainable Investment Awards 2019.

Sustainability indices

We participate and have maintained inclusion in several globally-recognised sustainability indices.

- Investec ranked 8th in the global diversified financial service sector in the Dow Jones Sustainability Index (DJSI)
- In the FTSE UK 100 ESG Select Index out of 640 companies in the FTSE All Share Index
- Top 40 in the FTSE/JSE Responsible Investment Index
- Top 6% in the MSCI Global Sustainability Index, scoring AAA in the financial services sector
- One of 43 banks and financial services in the STOXX Global ESG Leaders Index.

Sustainable Development Goals

We are committed to supporting delivery of the Sustainable Development Goals (SDGs) through partnering for inclusive prosperity.

- We make the greatest socio-economic and environmental contribution by partnering with our clients and stakeholders to have a tangible impact on reducing inequality
- We remain focused on our six core priority SDGs (out of 17)
- We continue to test these priorities and continue to report our SDG progress
- We are participating in the Young SDG Innovators programme and hosted the first workshop in South Africa.



For further information:

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