

*Out of the Ordinary*<sup>®</sup>

 Investec



# An introduction to Investec

The information in this presentation relates to the year ending 31 March 2017, unless otherwise indicated.

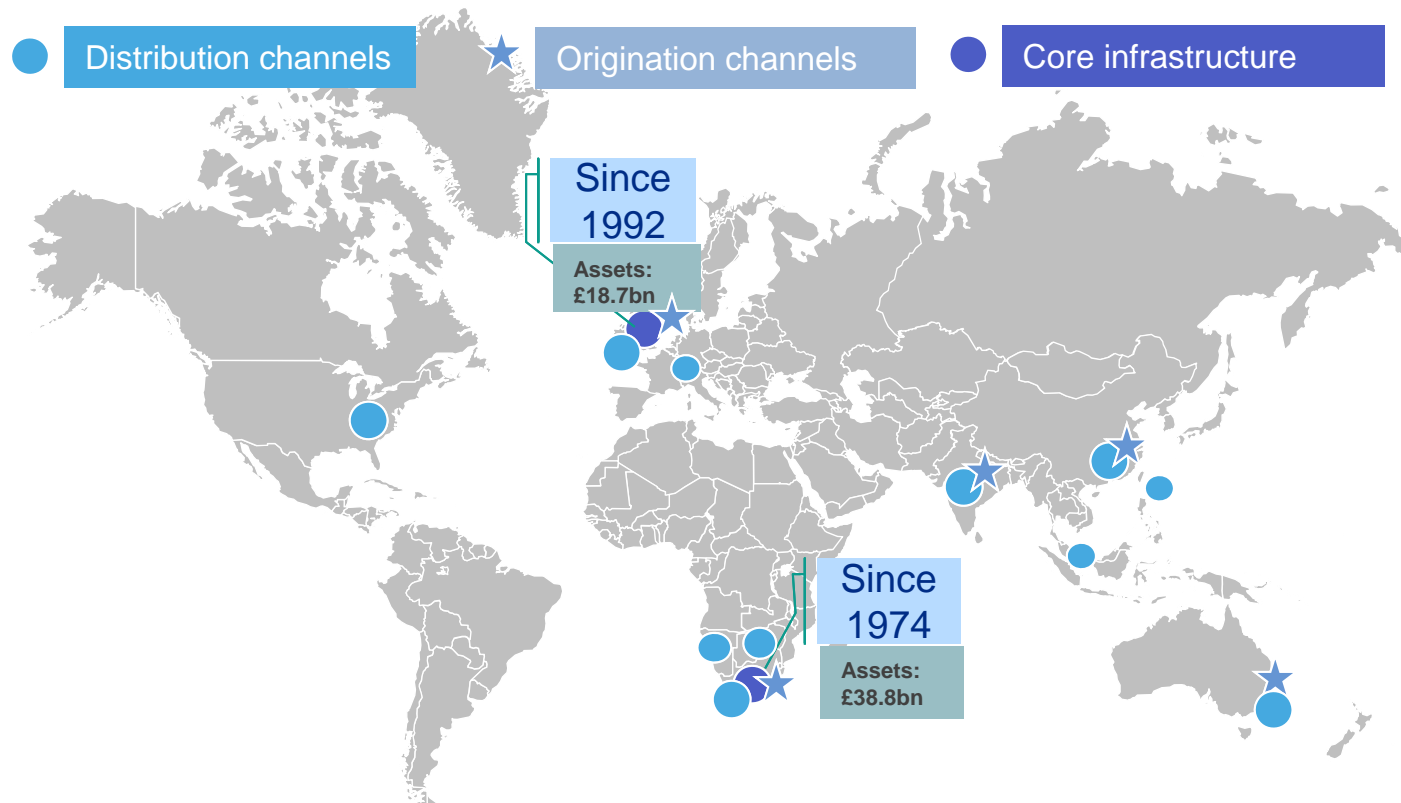


# An overview of the Investec Group

# Investec: a distinctive specialist bank and asset manager

## Facilitating the creation of wealth and management of wealth

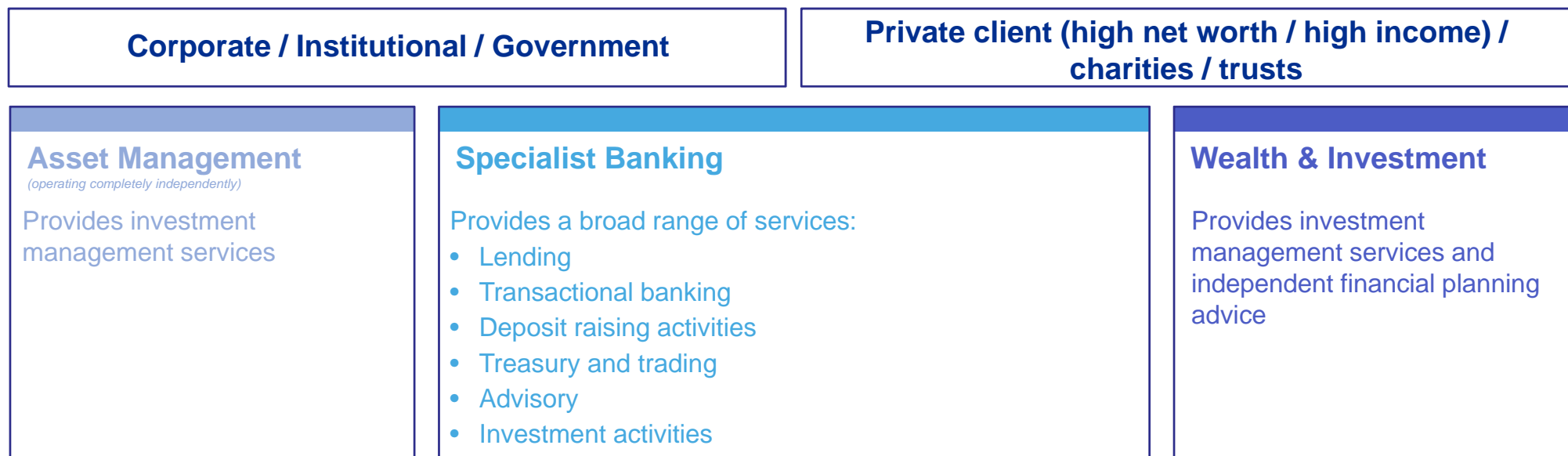
- Established in 1974
- Today, efficient integrated international business platform employing approximately 9 700 people
- Listed on the JSE and LSE (a FTSE 250 company)
- Total assets of £53.5bn<sup>^</sup>; total equity\*<sup>^</sup> £4.8bn; total FUM £150.7bn<sup>^</sup>



\*Including preference shares and non-controlling interests.  
<sup>^</sup>At 31 March 2017.

# Balanced business model supporting our long-term strategy

## Three distinct business activities focused on well defined target clients



## Maintaining an appropriate balance between revenue streams

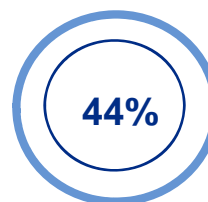
### Capital light activities



Contributed to group income\*

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

### Capital intensive activities



Contributed to group income\*

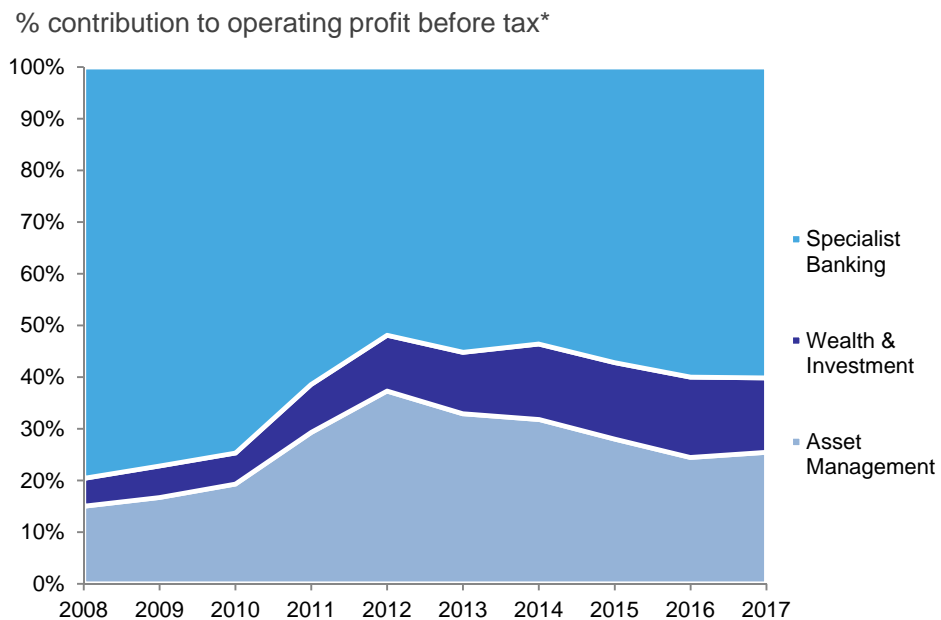
- Lending portfolios
- Investment portfolios
- Trading income
  - client flows
  - balance sheet management



\*At 31 March 2017..

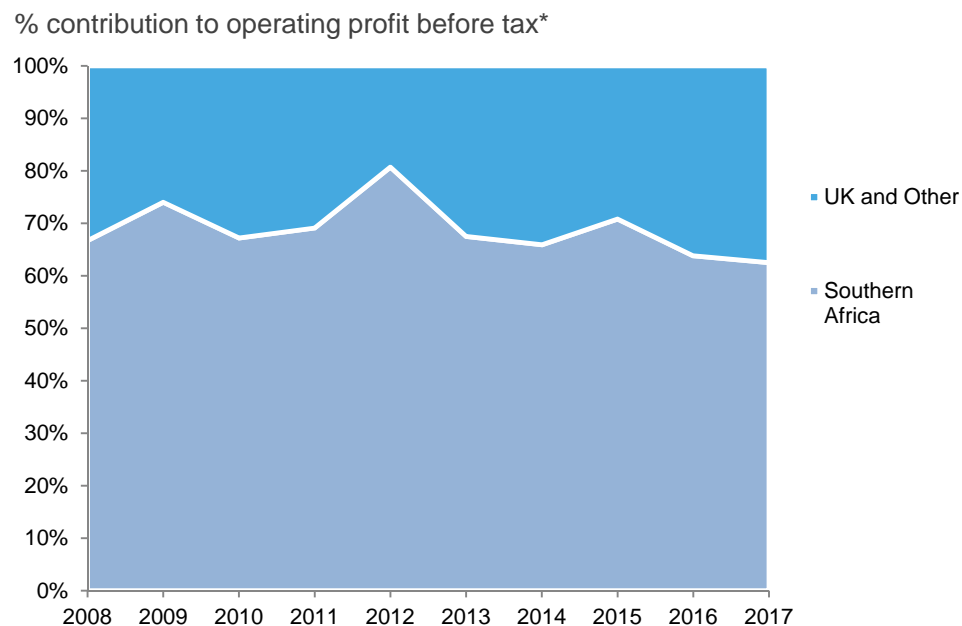
# Solid recurring income base supported by a diversified portfolio

## Across businesses



Overall contribution from Asset Management and W&I  
 2017: **40%** 2016: **40%** 2015: **43%** 2014: **46%** 2013: **45%** 2012: **48%**

## Across geographies



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

## We have a distinctive investment offering



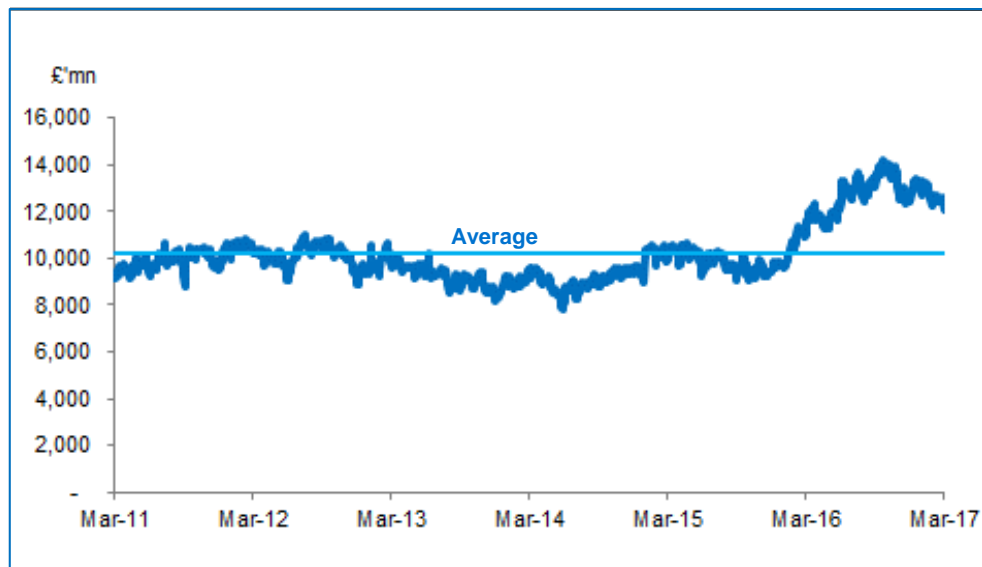
## Resulting in a quality scalable global business

# We continue to have a sound balance sheet

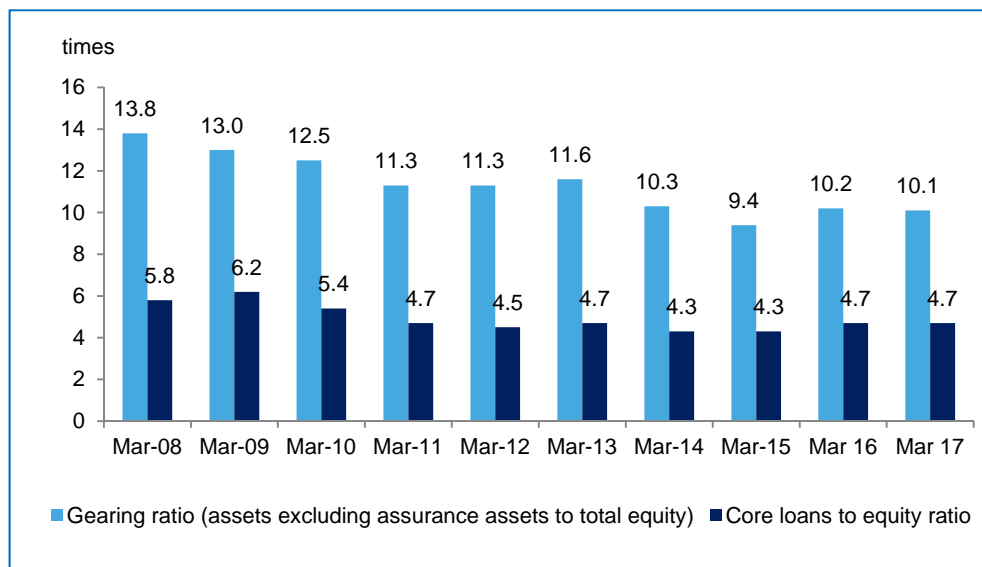
## Key operating fundamentals

- Senior management “hands-on” culture
- A high level of readily available, high quality liquid assets – representing approx 25% - 35% of our liability base. Balance as at 31 March 2017 was £12.0bn
- No reliance on wholesale funding
- Healthy capital ratios - always held capital in excess of regulatory requirements and the group intends to perpetuate this philosophy. Target common equity tier 1 ratio of above 10% and total capital ratios of 14%-17%
- Low gearing ratio – approx. 10 times; with leverage ratios in excess of 7%
- Geographical and operational diversity with a high level of recurring income continues to support sustainability of operating profit

## Cash and near cash

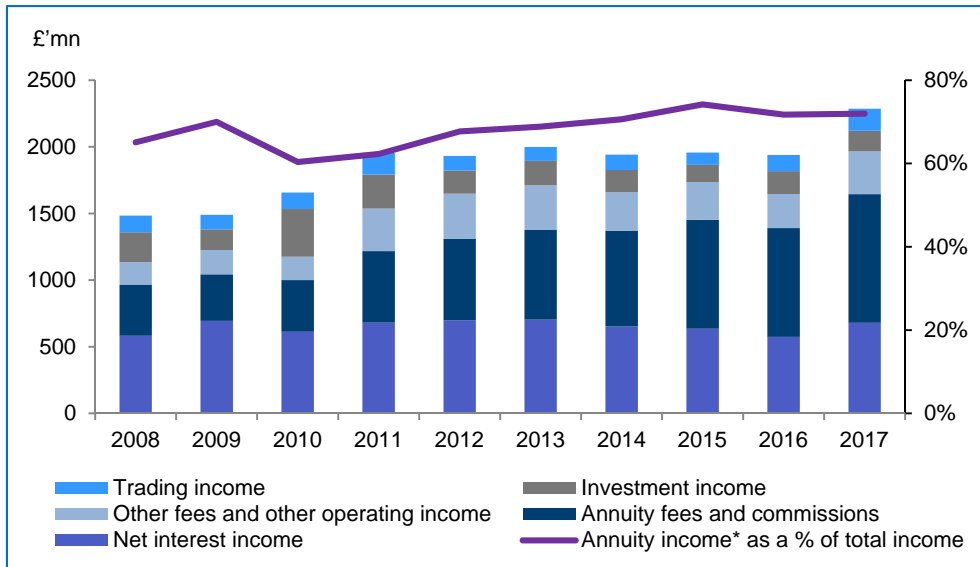


## Low gearing ratios

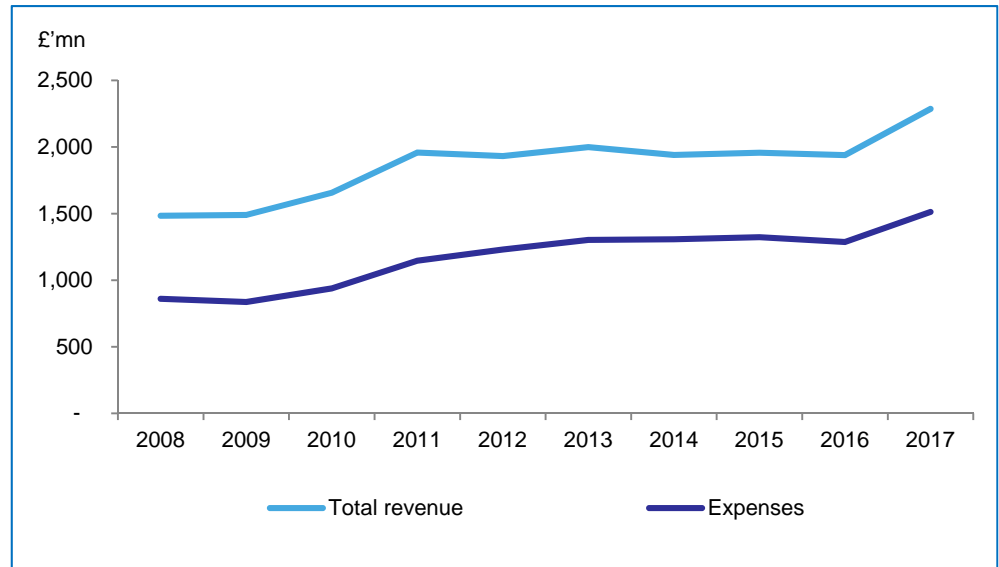


# We have a sound track record

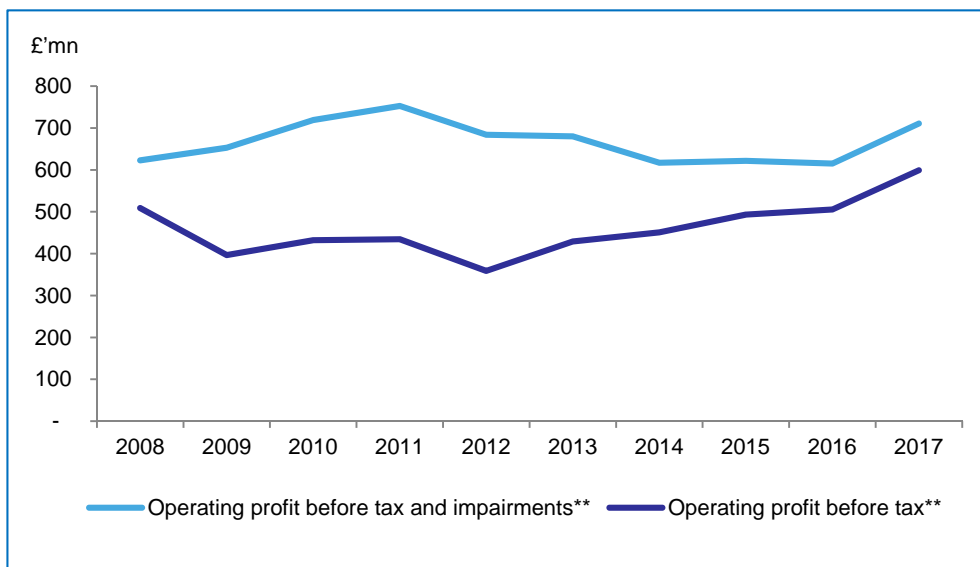
## Recurring income



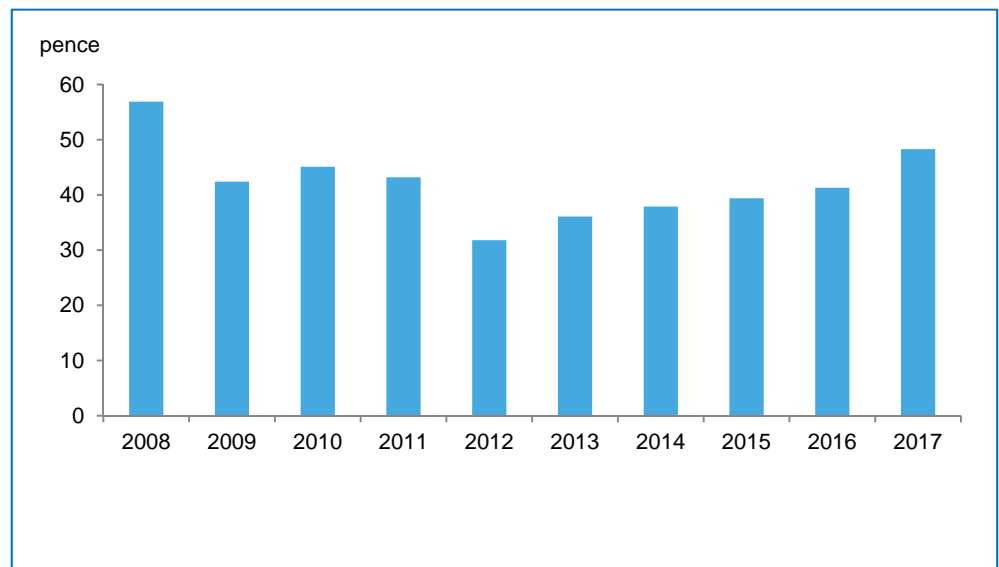
## Revenue versus expenses



## Operating profit before tax\*\* and impairments



## Adjusted EPS^



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

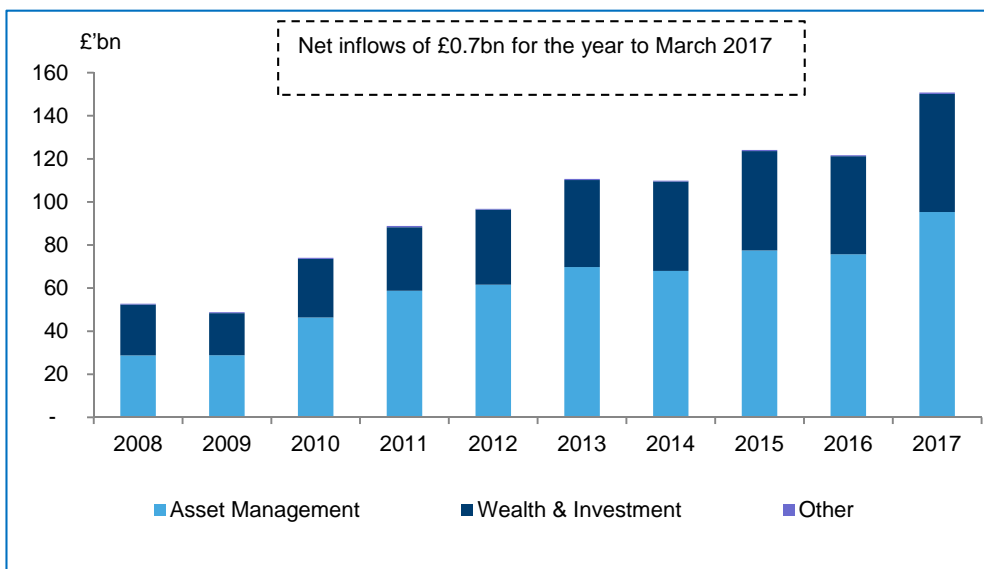
\*\*Before goodwill, acquired intangibles, non-operating items and after other non-controlling interests.

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

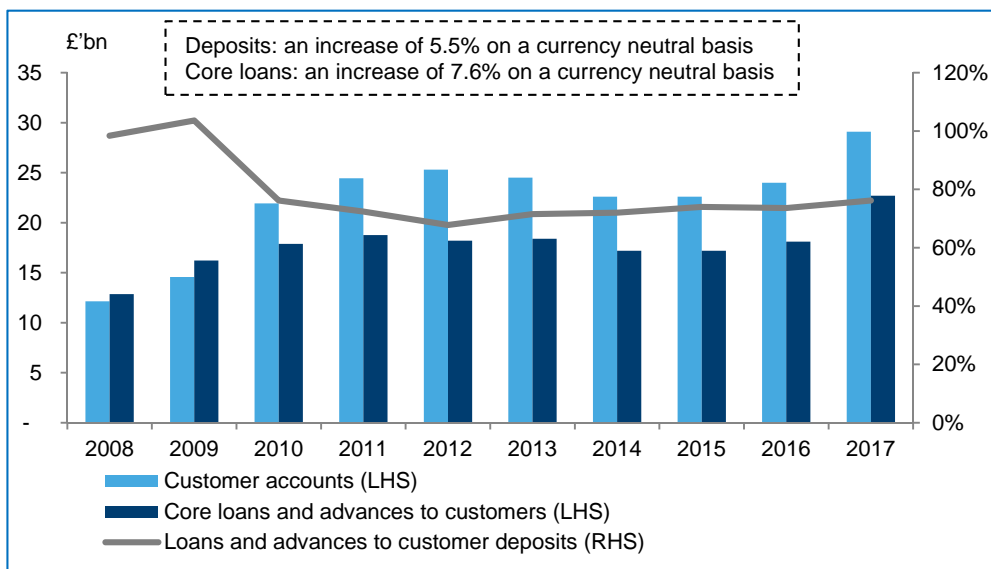


# We have a sound track record

## Third party assets under management



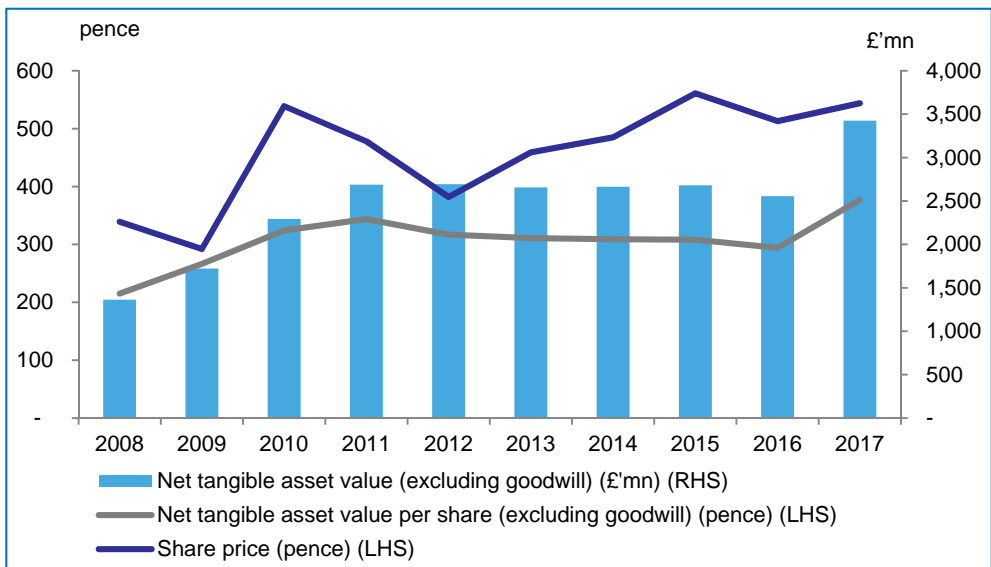
## Core loans and advances and deposits



## Total shareholders' equity and capital resources



## Net tangible asset value



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

Currency neutral basis: calculation assumes that the closing exchange rates of the group's relevant exchange rates remain the same as at 31 March 2017 when compared to 31 March 2016.

# We have invested in our Brand



## ...our Communities



## ...our People

## ... and the Planet



# Summary of year end results – salient financial features

Investec group consolidated results in Pounds Sterling	Year to 31 Mar 2017	Year to 31 Mar 2016	% change**
<b>Income statement</b>			
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	434,504	359,732	20.8%
Operating profit* (£'000)	599,121	505,593	18.5%
<b>Balance sheet</b>			
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%
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%
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	11.3%	10.7%	
Capital adequacy ratio: Investec Limited	14.2%	14.0%	
Capital adequacy tier 1 ratio: Investec Limited	10.8%	10.7%	
Credit loss ratio (core 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)	10.1x	10.2x	
Core loans to equity ratio	4.7x	4.7x	
Loans and advances to customers as a % of customer deposits	76.2%	73.6%	
<b>Selected ratios and other information</b>			
Adjusted earnings per share^ (pence)	48.3	41.3	16.9%
Net tangible asset value per share (pence)	377.0	294.3	28.1%
Dividends per share (pence)	23.0	21.0	9.5%
Cost to income ratio	66.3%	66.4%	
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 risk-weighted assets	1.45%	1.34%	
Recurring income as a % of operating income	72.0%	71.7%	
Weighted number of ordinary shares in issues (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%

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

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

\*\*Refer to next slide for information on a currency neutral basis.

## Summary of year end results – salient financial features – currency neutral

- As the group's Pound Sterling results have been positively impacted by the appreciation of the Rand: Pounds Sterling exchange rate over the period, currency neutral financial features are reflected in the table below

Results in Pounds Sterling					
	Actual as reported Year to 31 March 2017	Actual as reported Year to 31 March 2016	Actual as reported % change	Neutral currency Year to 31 March 2017 <sup>^</sup>	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%

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 <sup>^</sup>	Neutral currency % change
Net tangible asset value per share	377.0p	294.3p	28.1%	341.6p	16.1%
Total shareholders' 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%
Net core loans and advances to customers (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 accounts (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%

\* 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.

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

# 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

Our **current strategic objectives** include:.

<b>Growing Asset Management in all regions</b> <ul style="list-style-type: none"><li>• Focusing specifically on larger markets</li><li>• Reversing the investment underperformance</li></ul>	<b>Relevant internationalisation of Wealth &amp; Investment</b> <ul style="list-style-type: none"><li>• Digitalisation channel and launch of Click &amp; Invest</li><li>• Creating an international operating platform</li></ul>	<b>Growing the Specialist Banking business</b> <ul style="list-style-type: none"><li>• Building and developing our client franchises across all areas</li><li>• Improving the ROE in the business</li><li>• Implementing the UK Private Banking strategy</li></ul>	<b>Other</b> <ul style="list-style-type: none"><li>• Continue investing in technology and people to maintain digital client experience</li><li>• Improving the cost to income ratio by focusing on operational efficiencies</li><li>• Diversity across the group and transformation in SA</li></ul>

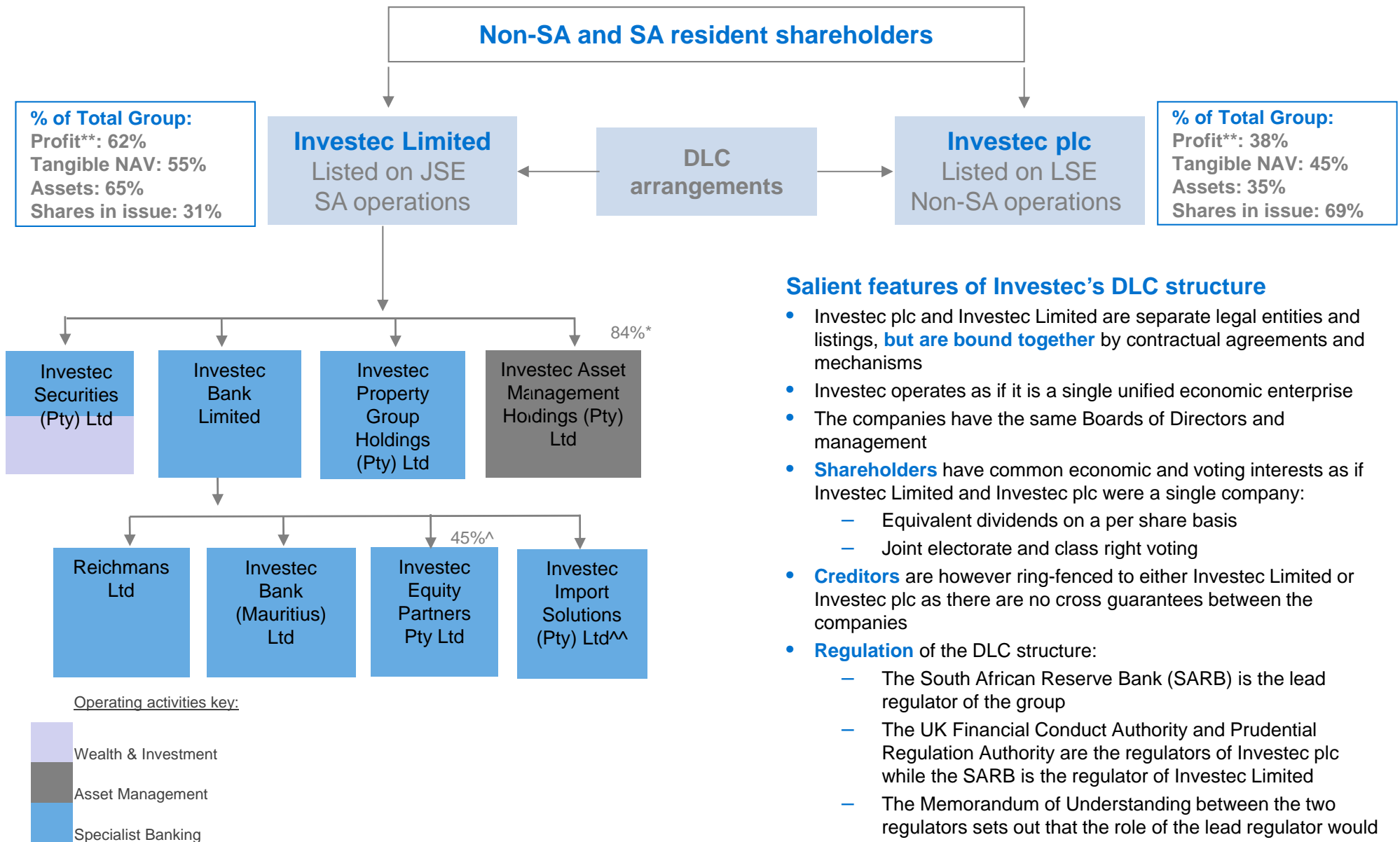


# An overview of Investec Bank Limited (IBL)

# Overview of Investec Bank Limited (IBL)

- Established in 1974
- Obtained a banking licence in 1980
- **Wholly owned subsidiary of Investec Limited** (listed on the JSE)
  - Houses the Investec group's Southern African and Mauritius banking subsidiaries as well as the trade finance business (Reichmans Ltd) and Investec Import Solutions
  - A material portion of the bank's principal investments have been transferred to a new vehicle, Investec Equity Partners (IEP). The bank holds a 45% stake in IEP
  - Asset Management, Wealth & Investment, Institutional Stockbroking and the Property division are housed in fellow subsidiaries under Investec Limited
- Today, efficient integrated business platform employing approximately **3 700** people
- **5th largest banking group in South Africa (by assets)**
- **Total assets of R426bn and total shareholders' equity of R35bn**
- Regulated by the SARB
- Follows the same strategic approach as the greater Investec group
- Focus on building niched businesses in Southern Africa

# IBL: organisational structure as at 31 March 2017



## Salient features of Investec's DLC structure

- Investec plc and Investec Limited are separate legal entities and listings, **but are bound together** by contractual agreements and mechanisms
- Investec operates as if it is a single unified economic enterprise
- The companies have the same Boards of Directors and management
- Shareholders** have common economic and voting interests as if Investec Limited and Investec plc were a single company:
  - Equivalent dividends on a per share basis
  - Joint electorate and class right voting
- Creditors** are however ring-fenced to either Investec Limited or Investec plc as there are no cross guarantees between the companies
- Regulation** of the DLC structure:
  - The South African Reserve Bank (SARB) is the lead regulator of the group
  - The UK Financial Conduct Authority and Prudential Regulation Authority are the regulators of Investec plc while the SARB is the regulator of Investec Limited
  - The Memorandum of Understanding between the two regulators sets out that the role of the lead regulator would change if 70% or more of the on and off balance sheet assets are held by Investec plc

Note: All shareholdings are 100% unless otherwise stated. Only main operating subsidiaries are indicated.

\*16% is held by senior management in the company. ^ 55% held by third party investors in the company together with senior management in the business

^^Previously Blue Strata Trading (Pty) Ltd. \*\*Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.



# IBL: operating structure

The bank operates as a specialist bank within Southern Africa, focusing on three key areas of activity:





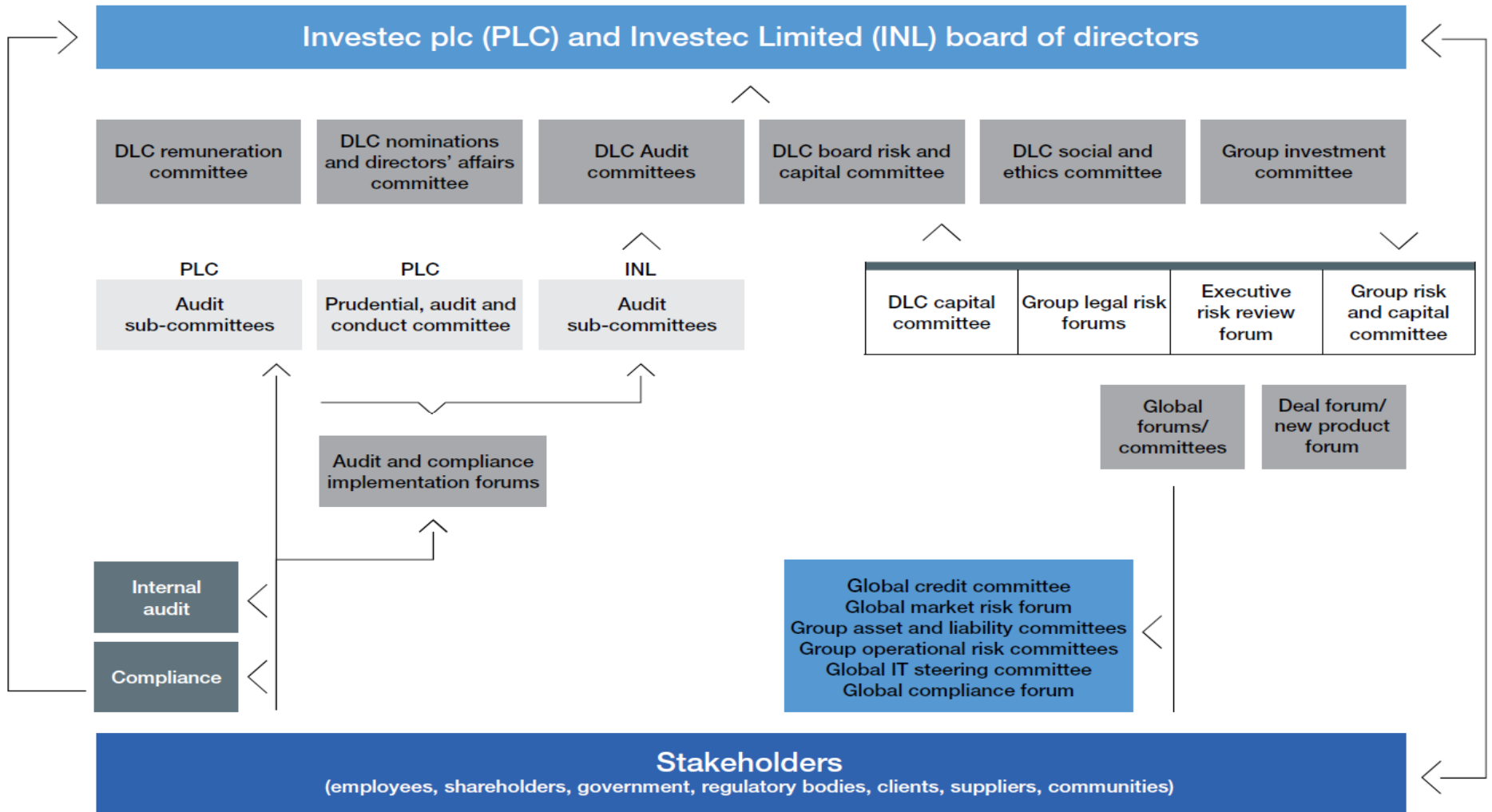
# Investec Bank Limited: sound balance sheet and operating fundamentals

# IBL: sound balance sheet and operating fundamentals

Supported by:

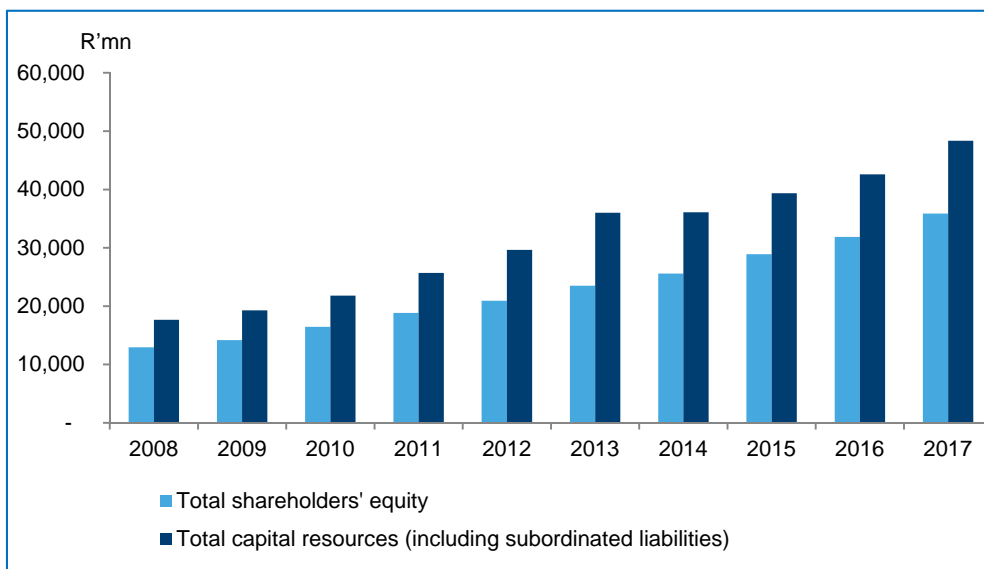
- Senior management “hands-on” culture
- Board, executives and management are intimately involved in the risk management process
- Risk awareness, control and compliance are embedded in our day-to-day activities

## Risk and governance framework

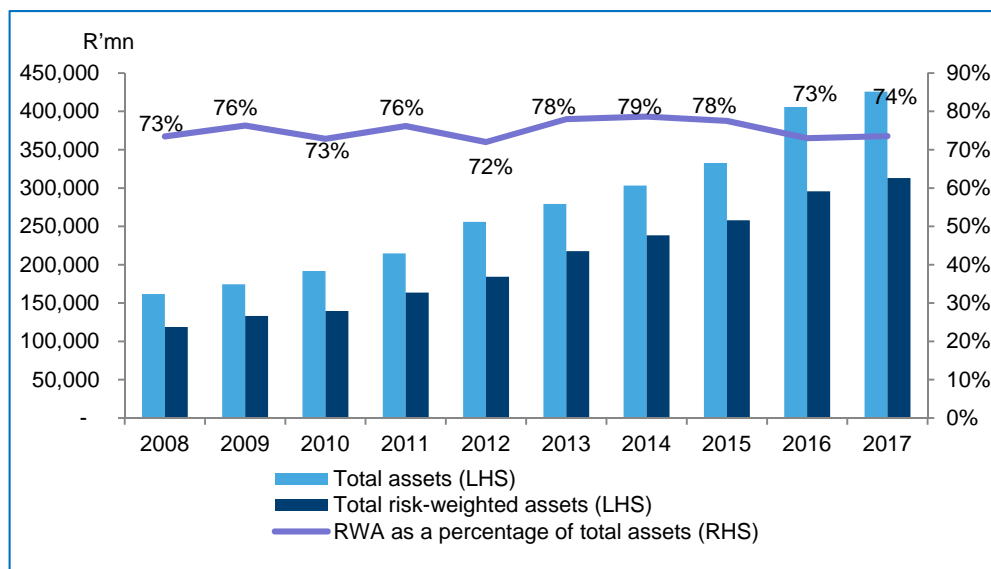


# IBL: sound capital base and capital ratios

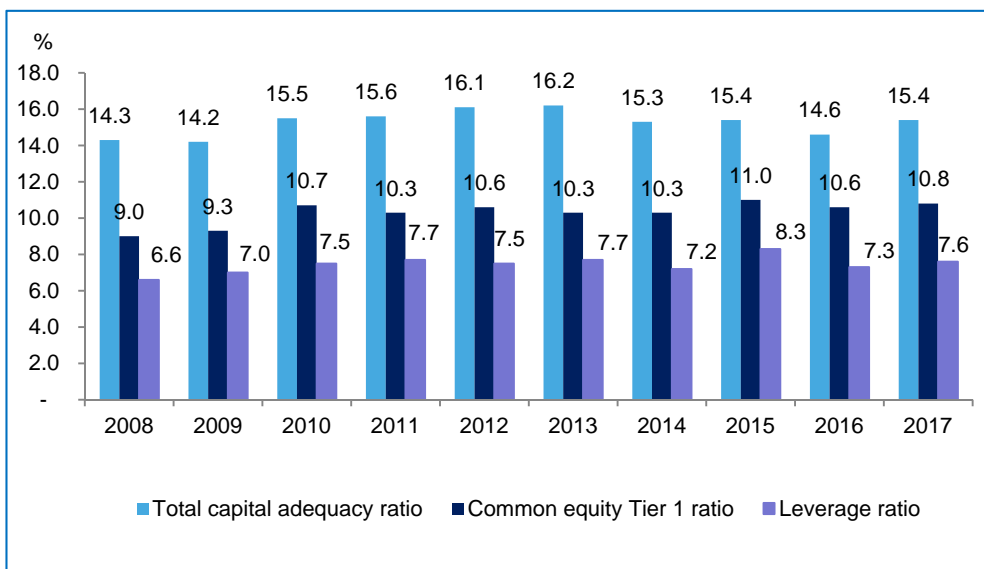
## Total capital



## Total risk-weighted assets



## Basel capital ratios\*

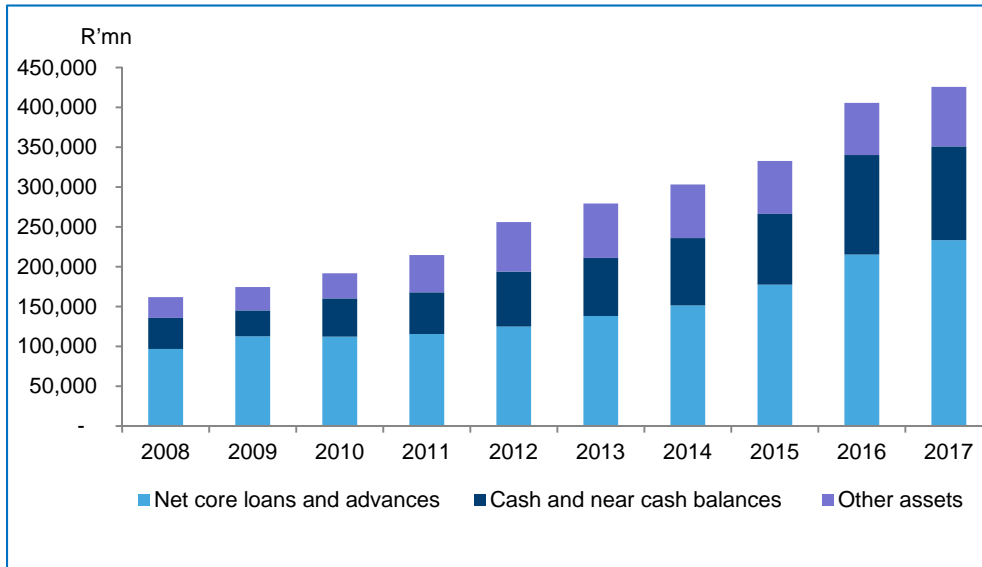


- Investec has always held capital in excess of regulatory requirements and the group intends to perpetuate this philosophy and ensure that it remains well capitalised
- Capital adequacy targets:
  - Common equity tier 1 target: above 10%
  - Total CAR target: 14% – 17%
- As we are on the Standardised Approach in terms of Basel II our RWA represent a large portion of our total assets.** As a result we inherently hold more capital than our peers who are on the Advanced Approach
- We have continued to grow our capital base** throughout the crisis without recourse to government and shareholders. Our total shareholders' equity has grown by 177% since 2008 to R35bn at 31 March 2017 (CAGR of 12% per year)
- 31 March 2017: total capital adequacy ratio of 15.4% and a common equity tier 1 ratio of 10.8%**
- Our fully loaded Basel III common equity tier 1 ratio is estimated to be 10.8% and our fully loaded leverage ratio is 7.4%**

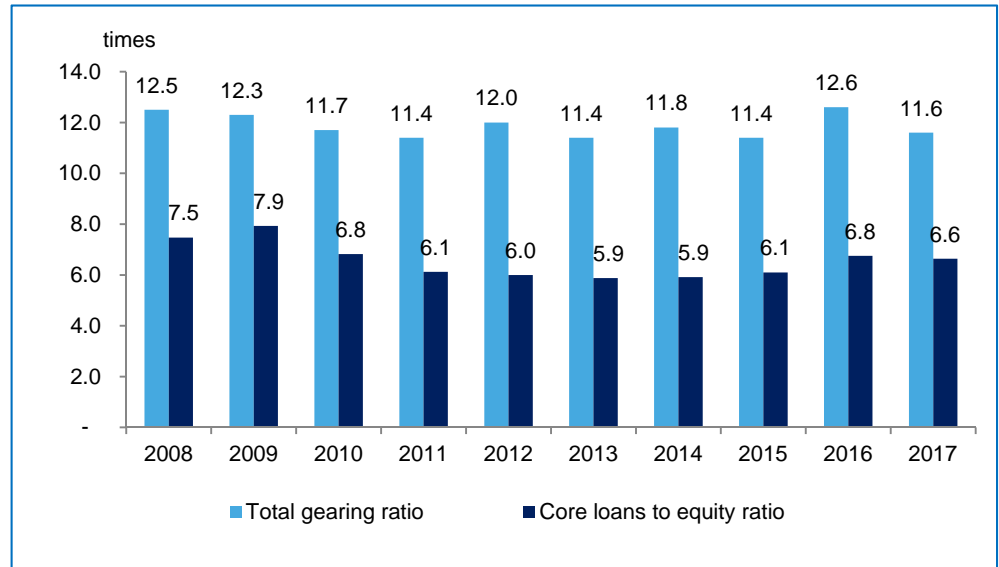
\*Since 2013 capital information is based on Basel III capital requirements as currently applicable in South Africa. Comparative information is disclosed on a Basel II basis. The leverage ratio has only been disclosed since 2014, historic information has been estimated.

# IBL: low gearing ratios

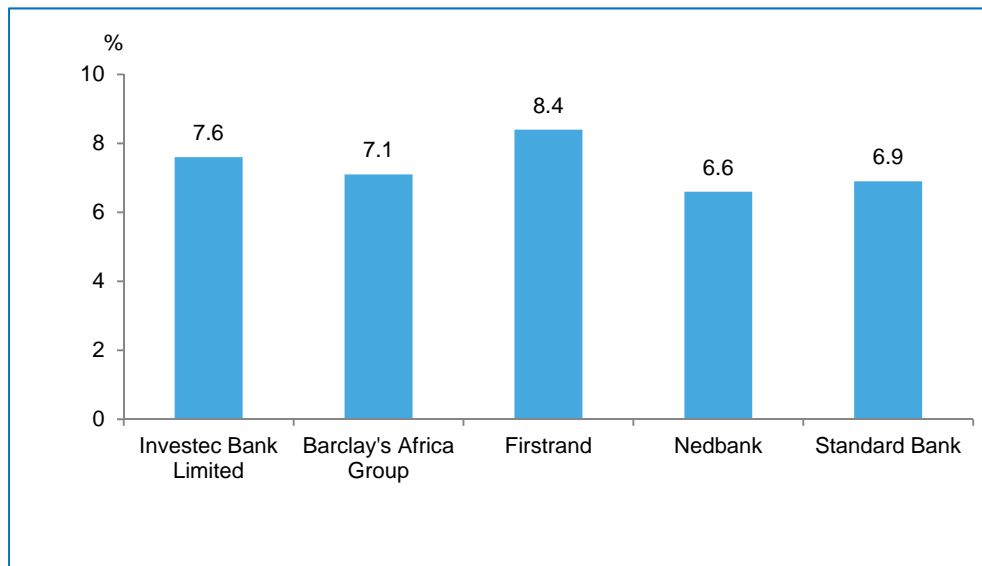
## Total assets



## Gearing



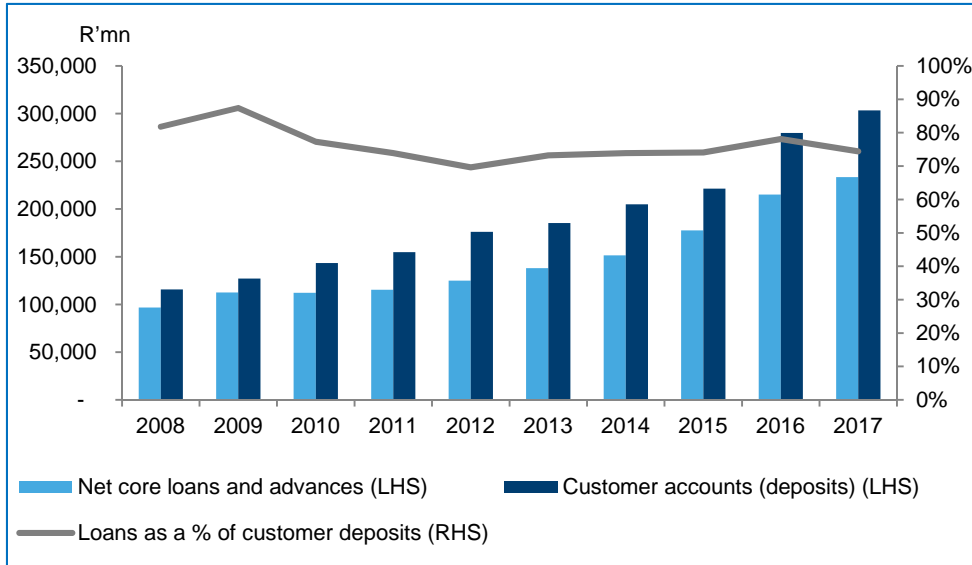
## Regulatory leverage ratios - peer group comparisons



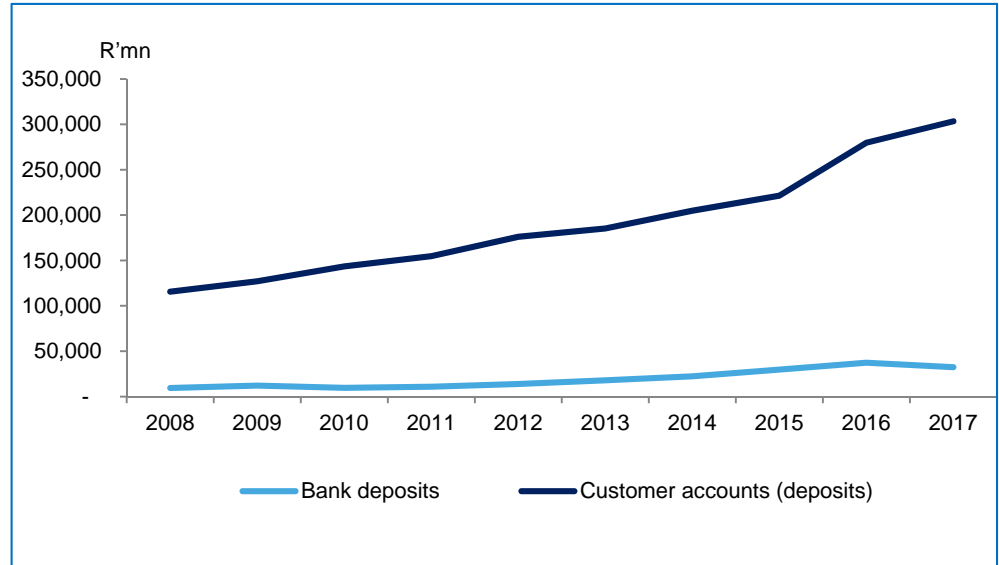
- We have recorded a CAGR of around 14% in core loans over the past 5 years driven by increased activity across our target client base, as well as growth in our franchise
- In addition, we have seen similar growth in cash and near cash balances over the same period
- **We have maintained low gearing ratios with total gearing at 11.6x and an average of c.11.9x over the past nine years**

# IBL: surplus liquidity

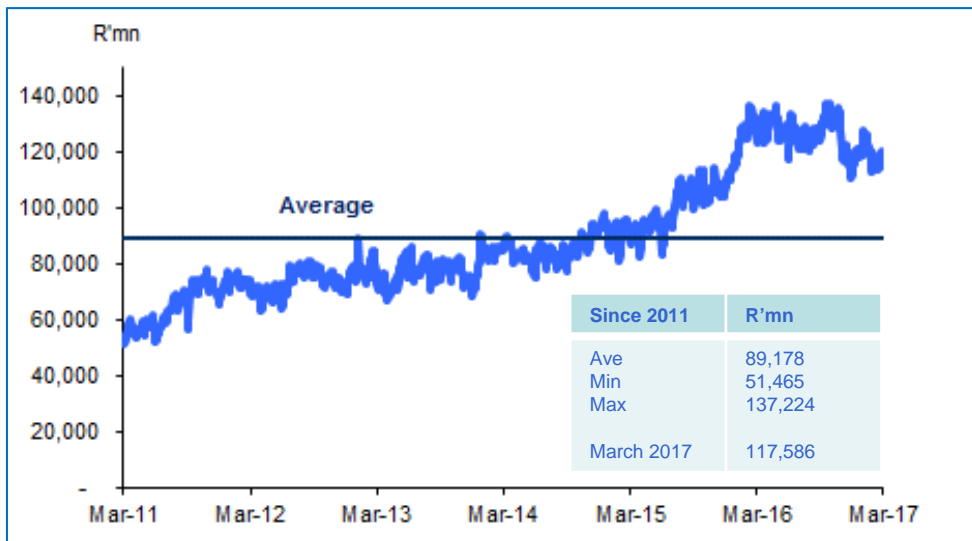
## Total loans and deposits



## Total deposits – increase in retail deposits. We are a net provider of funds to the interbank market



## Cash and near cash balances

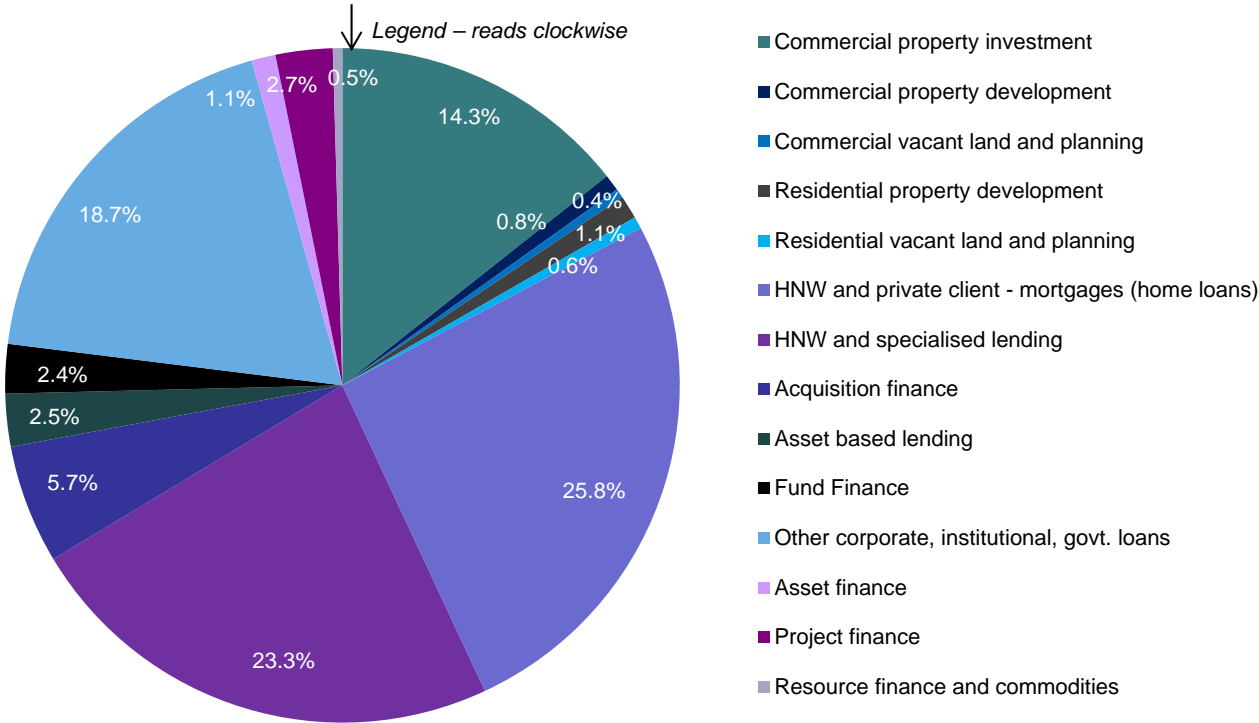


- We have experienced strong growth in retail and corporate deposits, and lengthening and diversification of our deposit base with no reliance on any one deposit channel and no reliance on wholesale interbank funding
- We remain a net provider of funds to the interbank market**
- Customer deposits have grown by 162% since 2008 (11% CAGR) to R303bn at 31 March 2017**
- We **maintain** a high level of readily available, high quality **liquid assets** –targeting a minimum cash to deposit ratio of 25%. **These balances have increased by 202% since 2008 (13% CAGR) to R117bn at 31 March 2017 (representing 39% of customer deposits)**
- Advances as a percentage of customer deposits is at 74.4%
- Fixed and notice customer deposits have continued to grow** with our customers display a strong ‘stickiness’ and willingness to reinvest in our suite of term and notice products.
- At 31 March 2017 IBL’s (bank solo) three-month average Liquidity Coverage ratio was 130% (well ahead of current minimum requirements of 80% for 2017) and the average of the Big 4 banks of c. 102%)

# IBL: analysis of our core loan portfolio and counterparty exposures

- **Credit and counterparty exposures are to a select target market:**
  - high net worth and high income clients
  - mid to large sized corporates, public sector bodies and institutions
- We typically originate loans with the intent of holding these assets to maturity, and thereby developing a ‘hands-on’ and long-standing relationship with our clients
- **The majority of the bank’s credit and counterparty exposures reside within its principal operating geographies, namely South Africa and Mauritius**

**Total loan portfolio as at 31 March 2017: R233bn**

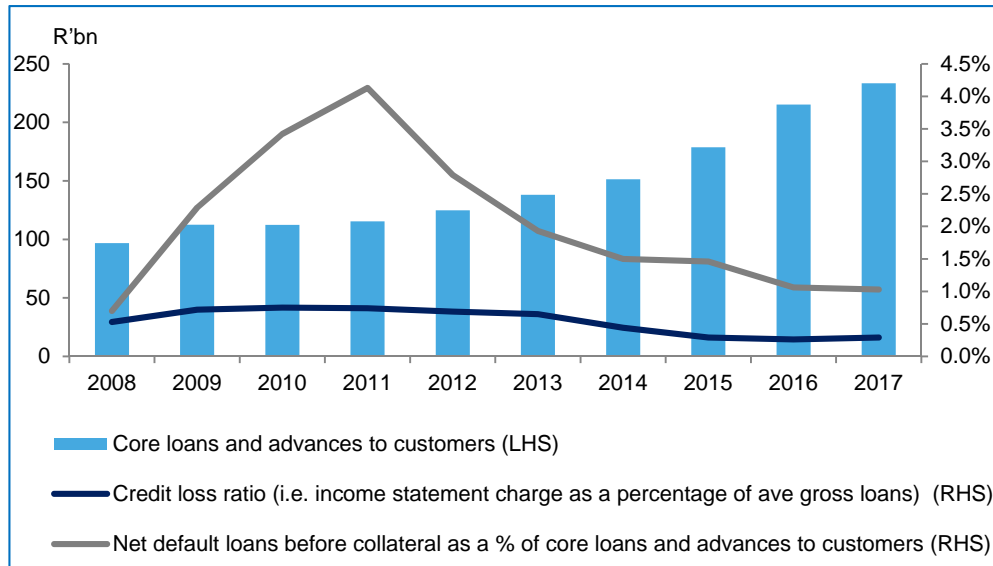


3 types of lending:

- Lending collateralised by property (17% of total loan portfolio)
- High Net Worth (HNW) and other private client (49% of total loan portfolio)
- Corporate and other (34% of total loan portfolio)

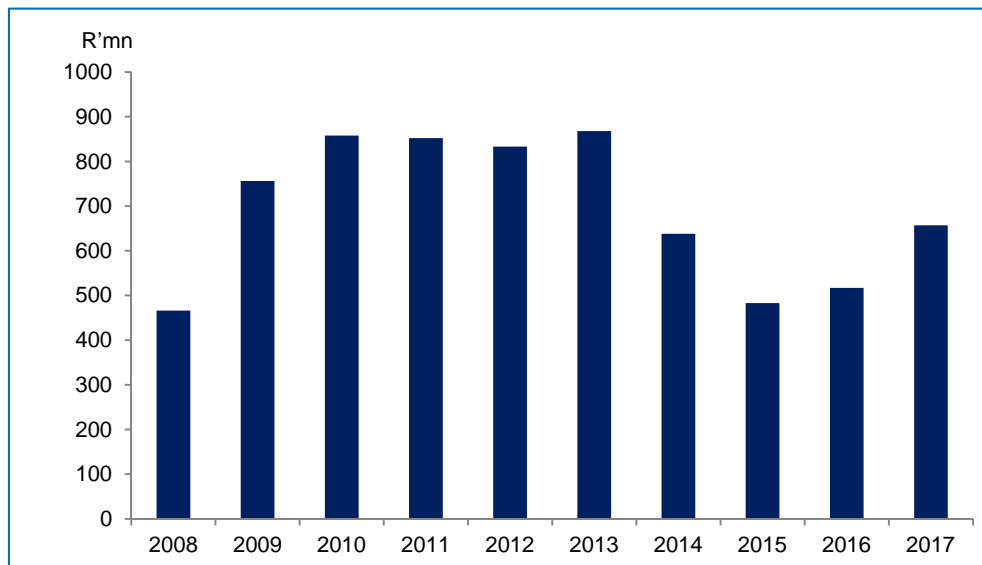
# IBL: core lending and asset quality

## Core loans and asset quality



- **Credit quality on core loans and advances for the year ended 31 March 2017:**
- Impairments on loans and advances increased from R517mn to R657mn
- The credit loss charge as a percentage of average gross core loans and advances was 0.29% (31 March 2016: 0.26%)
- The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounts to 1.03% (31 March 2016: 1.06%)
- The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.81 times (31 March 2016: 1.61 times)

## Trend in income statement impairment charge





## IBL: low levels of market risk

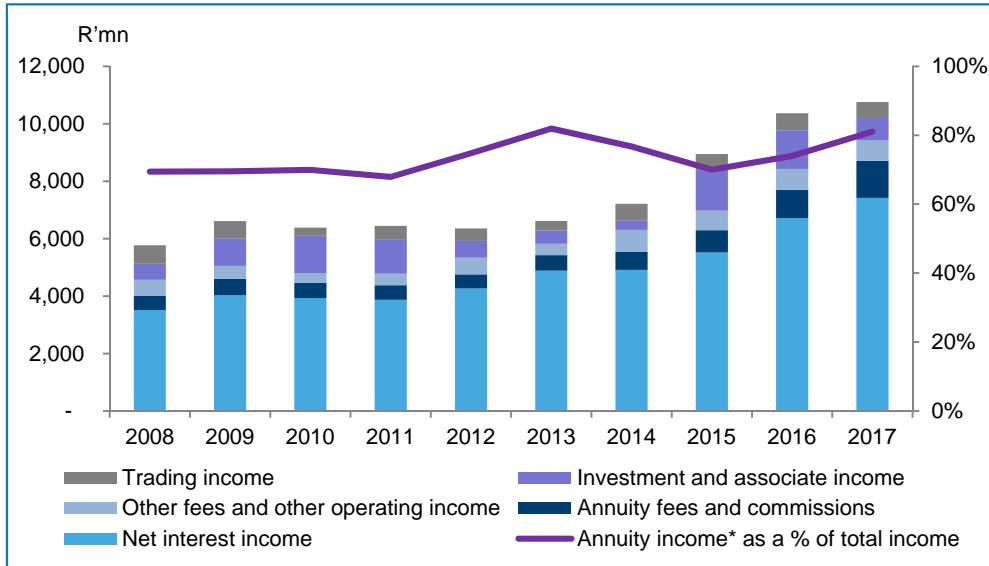
- Within our trading activities, we act as principal with clients or the market
- Market risk, therefore, exists where we have taken on principal positions, resulting from proprietary trading, market making, arbitrage, underwriting and investments in the commodity, foreign exchange, equity, capital and money markets
- **The focus of these businesses is primarily on supporting client activity**
- Our strategic intent is that proprietary trading should be limited and that trading should be conducted largely to facilitate clients in deal execution

VaR R'million	95% (one-day)			
	Period end	Average	High	Low
<b>31 March 2017</b>				
Commodities	0.1	0.1	0.5	0.0
Equities	1.6	2.5	7.8	1.2
Foreign exchange	3.7	1.7	5.3	0.9
Interest rates	0.8	1.6	3.2	0.6
<b>Consolidated*</b>	<b>4.1</b>	<b>3.4</b>	<b>9.1</b>	<b>1.5</b>
<b>31 March 2016</b>				
Commodities	0.1	0.1	0.2	-
Equities	2.1	2.1	4.5	1.2
Foreign exchange	3.0	2.6	6.4	1.2
Interest rates	1.1	1.2	3.0	0.5
<b>Consolidated*</b>	<b>4.2</b>	<b>3.8</b>	<b>8.4</b>	<b>2.0</b>

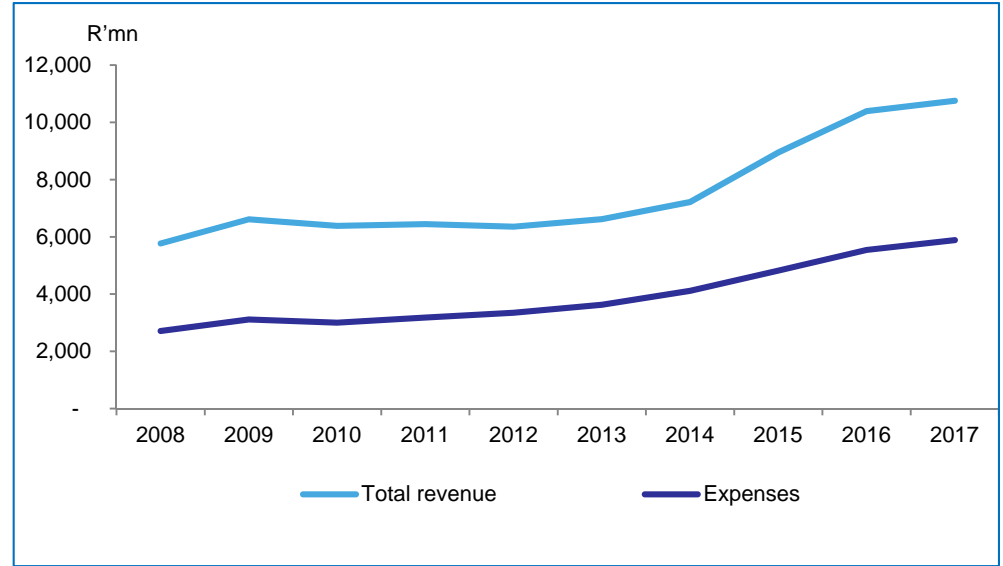
\* The consolidated VaR for each desk is lower than the sum of the individual VaRs. This arises from the correlation offset between various asset classes (diversification).

# IBL: profitability supported by diversified revenue streams

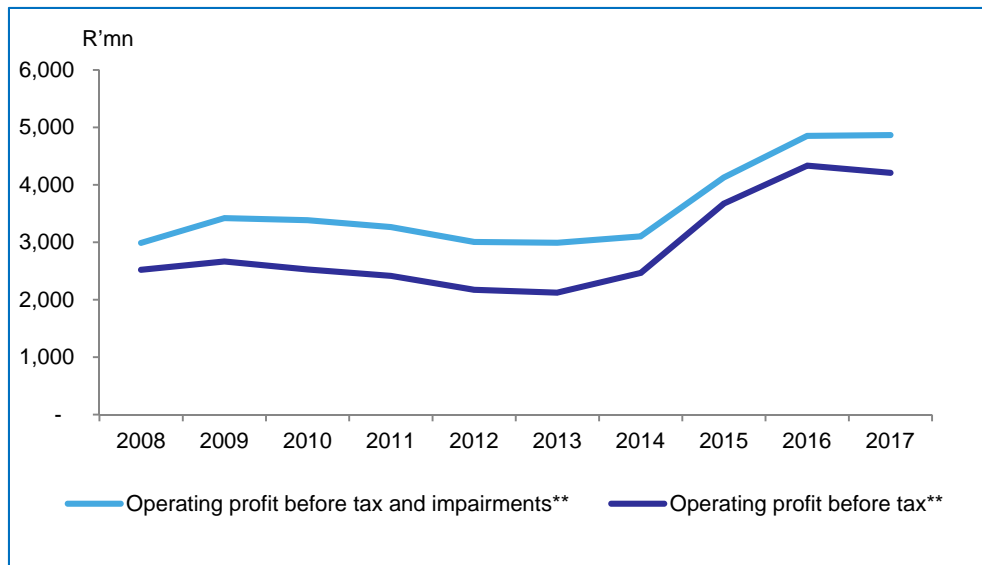
## Recurring income



## Revenue versus expenses



## Operating profit before tax\*\* and impairments



- **Operating profit (pre impairments) has grown 62% since 2008**
- Between 2009 and 2013 our results were impacted by a substantial increase in **impairments**. These have declined and are back to normalised levels
- Our net interest income has also been affected by a **negative endowment** impact. Notwithstanding, we have remained profitable throughout the period. Our variable remuneration base does provide some flexibility/"cushion" to operating profit
- We are **maintaining a disciplined approach to cost control**
- We have a **solid recurring income base** comprising net interest income and recurring fees
- Recent growth in net profit before tax has been supported by positive business momentum, reflected in an increase in our client base and loans and advances

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

## IBL: credit ratings

### Fitch

Viability rating: bb+\*\*  
Support rating: 3  
Long-term foreign currency issuer default rating: BB+\*\*  
Short-term foreign currency issuer default rating: B\*\*  
National long-term rating: AA (zaf)  
National short-term rating: F1+ (zaf)

### Global Credit Ratings

National long-term rating: AA(za)  
National short-term rating: A1+(za)

### Moody's

Baseline credit assessment (BCA) and adjusted BCA:  
baa2  
Global long-term deposit rating: Baa2  
Global short-term deposit rating: Prime-2  
National scale long-term deposit rating: Aa1.za  
National scale short-term deposit rating: P1(za)

### S&P

Foreign currency long-term deposit rating: BB+\*\*  
Foreign currency short-term deposit rating: B\*\*  
National scale long-term rating: za.A  
National scale short-term rating: za.A-1



# Investec Bank Limited: peer analysis

# IBL: peer group comparisons

## Long-term rating

	S&P		Fitch				Moody's			Global Credit Ratings	
	Foreign currency*	National scale	Foreign currency*	National scale	Viability ratings	Support rating	Global	National scale	Baseline credit assessment	International*	National
Barclays Africa Group	n/a	za.BB+	BB+	AA(zaf)	bb+	4	Baa2	Aa1.za	baa2	BB+	AA+(za)
Firststrand Bank Limited	BB+	za.A	BB+	AA(zaf)	bb+	3	Baa2	Aaa.za	baa2	BB+	AA(za)
Nedbank Limited	BB+	za.A	BB+	AA(zaf)	bb+	2	Baa2	Aa1.za	baa2	BB+	AA(za)
Standard Bank Limited	n/a	n/a	BB+	AA(zaf)	bb+	3	Baa2	Aa1.za	baa2	BB+	AA+(za)
<b>Investec Bank Limited</b>	<b>BB+</b>	<b>za.A</b>	<b>BB+</b>	<b>AA(zaf)</b>	<b>bb+</b>	<b>3</b>	Baa2	<b>Aa1.za</b>	baa2	BB+	<b>AA(za)</b>

## Short-term rating

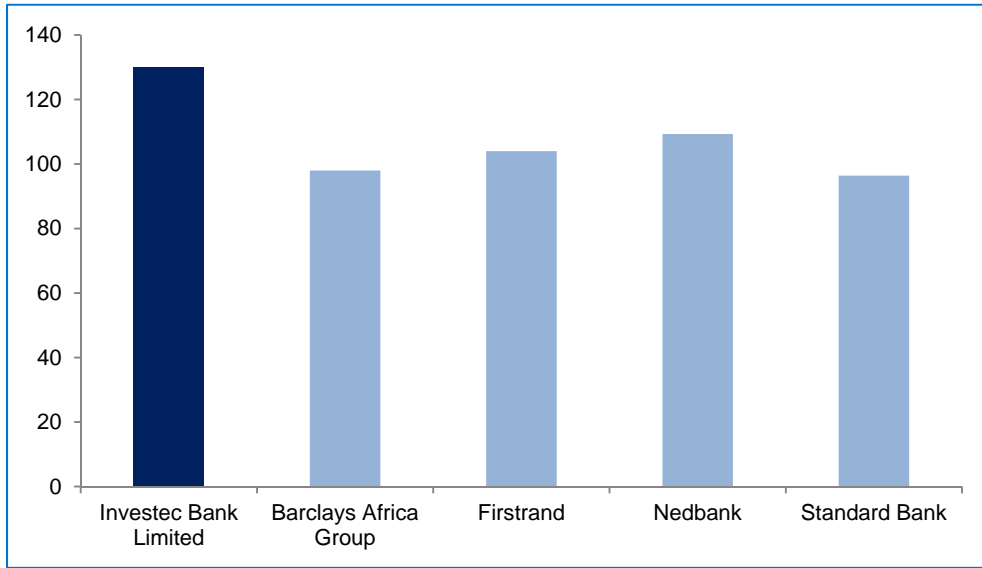
	S&P		Fitch		Moody's		Global Credit Ratings
	Foreign currency*	National scale	Foreign currency*	National scale	Global	National scale	National
Barclays Africa Group	n/a	za.B	B	F1+(zaf)	P-2	P-1.za	A1+(za)
Firststrand Bank Limited	B	za.A-1	B	F1+(zaf)	P-2	P-1.za	A1+(za)
Nedbank Limited	B	za.A-1	B	F1+(zaf)	P-2	P-1.za	A1+(za)
Standard Bank Limited	n/a	n/a	B	F1+(zaf)	P-2	P-1.za	A1+(za)
<b>Investec Bank Limited</b>	<b>B</b>	<b>za.A-1</b>	<b>B</b>	<b>F1+(zaf)</b>	<b>P-2</b>	<b>P-1.za</b>	A1+(za)

### Rating definitions:

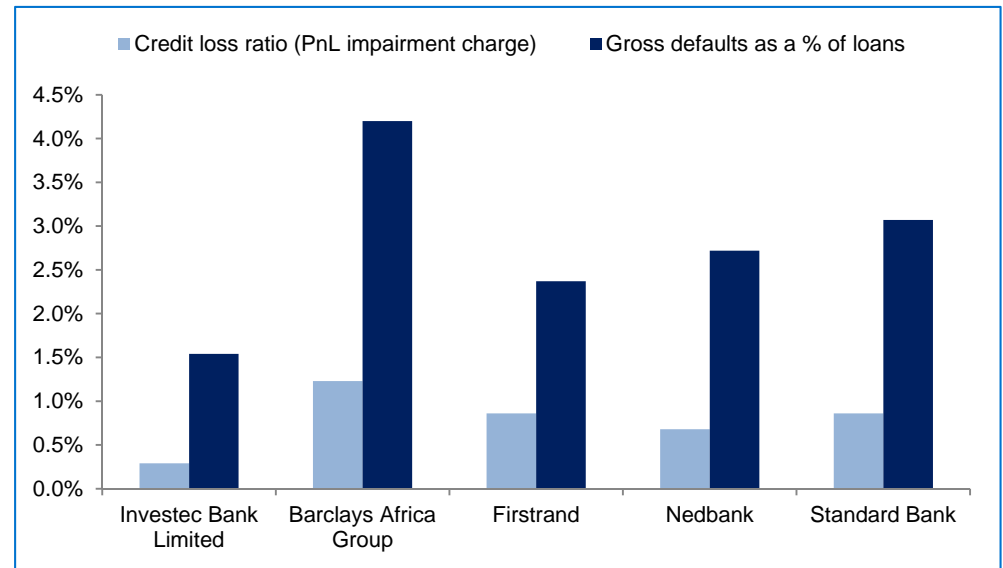
Short-term ratings should be used for investments less than a one year time horizon and long-term ratings for periods greater than a year. Foreign currency ratings should be used when one is considering foreign denominated investments. Investments in Rand should be assessed against local currency and national ratings.

# IBL: peer group comparisons

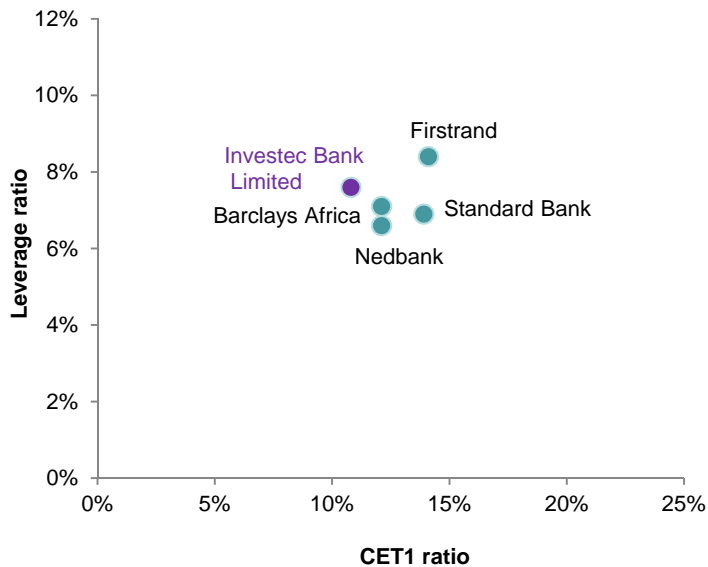
**Liquidity: regulatory liquidity coverage ratio (bank solo)**  
(larger number is better)



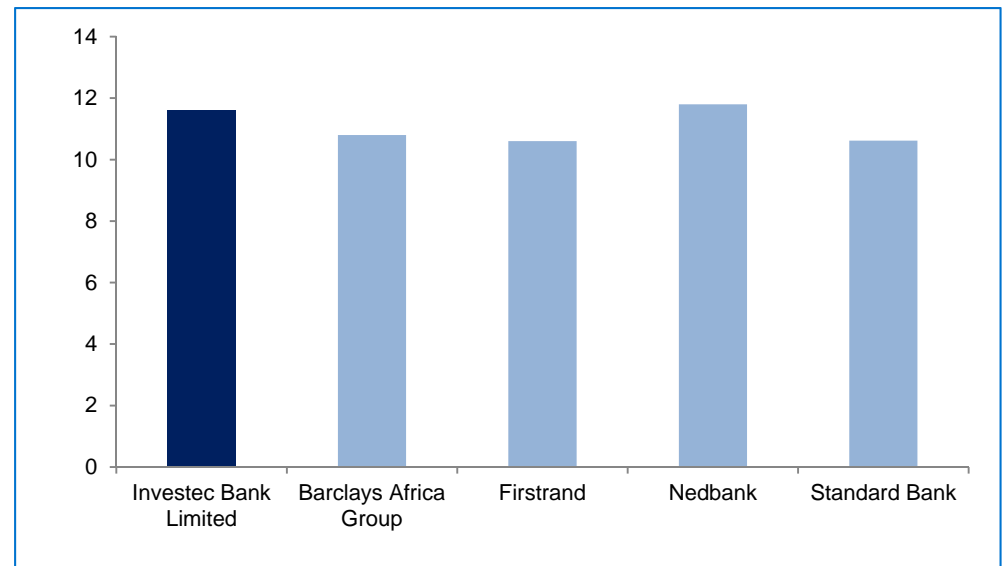
**Asset quality ratios: (smaller number is better)**



**Capital ratios %: the leverage ratio levels the playing field\*\***



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



Source: Company interim/annual financial results as at May 2017. Refer to definitions and explanations.

\*\* The leverage ratio is calculated as total assets (exposure measure) divided by total tier 1 capital (according to regulatory definitions). This ratio effectively assumes all assets are 100% risk weighted and is a more conservative measure than the capital adequacy ratio.

## IBL: peer group comparisons

### Definitions and/or explanations of certain ratios:

- Customer deposits do not include deposits from banks.
- The customer advances to customer deposits ratio reflects how much of a bank's advances to customers are funded from the "retail and corporate" market as opposed to the "wholesale funding and banking market". A ratio higher than one indicates that advances to customers are not fully funded from the retail and corporate market, with the balance been funded from the wholesale market.
- A capital adequacy ratio is a regulatory ratio which determines the capacity of the bank in terms of meeting the time liabilities and other risks such as credit risk, operational risk, etc. It is based on regulatory qualifying capital (including tier 1 and 2 capital) as a percentage of risk-weighted assets. Assets are risk-weighted either according to the Standardised Approach in terms of Basel or the Advanced Approach.
- The gearing ratio is calculated as total assets divided by total equity (according to accounting definitions).
- The leverage ratio is calculated as total assets (exposure measure) divided by total tier 1 capital (according to regulatory definitions). This ratio effectively assumes all assets are 100% risk weighted and is a more conservative measure than the capital adequacy ratio. Regulators are expecting that this ratio should exceed 5%.
- The credit loss ratio is calculated as the income statement impairment/charge on advances as a percentage of average gross advances to customers.
- Default loans largely comprise loans that are impaired and/or over 90 days in arrears.

# Investec largest shareholders as at 31 March 2017

## 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%
		<b>155,629,682</b>	<b>54.4%</b>

## 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%
		<b>274,575,904</b>	<b>41.9%</b>

The 10 largest shareholders account for 54.4% and 41.9% of the total Investec Limited and Investec plc shares, respectively - based on a threshold of 20,000 shares.



## Contact details

- For further information please refer to the investor relations website:  
[www.investec.com/about-investec/investor-relations.html](http://www.investec.com/about-investec/investor-relations.html)
- Or contact the investor relations team:
  - Telephone
    - UK: +44 (0) 207 597 4493
    - SA: +27 (0)11 286 7070
  - Fax: +27 11 (0) 291 1597
  - E-mail: [investorrelations@investec.com](mailto:investorrelations@investec.com)



# Investec group - appendices

# Investec group - mission statement and values

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

## Distinctive Performance

- Outstanding talent - empowered, enabled, inspired
- Meritocracy
- Passion, energy, stamina, tenacity
- Entrepreneurial spirit

## Dedicated Partnership

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

## Client Focus

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

## Cast-iron Integrity

- Moral strength
- Risk consciousness
- Highest ethical standards

# Investec – group operating structure

- Investec’s strategic goals and objectives are motivated by the desire to develop an efficient and integrated business on an international scale through the active pursuit of clearly established core competencies in the group’s principal business areas

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



# Investec Bank Limited - appendices

## IBL: salient financial features

	Year to 31 March 2017	Year to 31 March 2016	% change
Total operating income before impairment losses on loans and advances (R'million)	10,754	10,388	3.5%
Operating costs (R'million)	5,887	5,537	6.3%
Profit before taxation (R'million)	4,159	4,295	(3.2%)
Headline earnings attributable to ordinary shareholders (R'million)	3,069	3,449	(11.0%)
Cost to income ratio	54.7%	53.3%	
Total capital resources (including subordinated liabilities) (R'million)	48,345	42,597	13.5%
Total shareholder's equity (R'million)	35,165	31,865	10.4%
Total assets (R'million)	425,687	411,980	3.3%
Net core loans and advances (R'million)	233,445	215,239	8.5%
Customer accounts (deposits) (R'million)	303,397	279,736	8.5%
Cash and near cash balances (R'million)	117,586	124,907	(5.9%)
Capital adequacy ratio (current)	15.4%	14.6%	
Tier 1 ratio (current)	11.1%	11.0%	
Common equity tier 1 ratio (current)	10.8%	10.6%	
Leverage ratio (current)	7.6%	7.2%	
Defaults (net of impairments) as a % of net core loans and advances	1.03%	1.06%	
Credit loss ratio (i.e. income statement impairment charge as a % of average core loans and advances)	0.29%	0.26%	
Total gearing ratio (i.e. total assets excluding intergroup loans to equity)	11.6x	12.6x	
Loans and advances to customers: customer accounts (deposits)	74.4%	74.1%	

## IBL: income statement

R'million	Year to 31 March 2017	Year to 31 March 2016
Interest income	29,716	23,515
Interest expense	(22,297)	(16,803)
<b>Net interest income</b>	<b>7,419</b>	<b>6,712</b>
Fee and commission income	2,235	1,945
Fee and commission expense	(236)	(207)
Investment income	472	1,356
Share of post taxation operating profit / (loss) of associates	306	(11)*
Trading income arising from		
- customer flow	486	293
- balance sheet management and other trading activities	70	298
Other operating income	2	2*
<b>Total operating income before impairment losses on loans and advances</b>	<b>10,754</b>	<b>10,388</b>
Impairment losses on loans and advances	(657)	(517)
<b>Operating income</b>	<b>10,097</b>	<b>9,871</b>
Operating costs	(5,887)	(5,537)
<b>Operating profit before acquired intangibles</b>	<b>4,210</b>	<b>4,334</b>
Amortisation of acquired intangibles	(51)	(39)
<b>Profit before taxation</b>	<b>4,159</b>	<b>4,295</b>
Taxation on operating profit before acquired intangibles	(944)	(831)
Taxation on acquired intangibles	14	11
<b>Profit after taxation</b>	<b>3,229</b>	<b>3,475</b>

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

# IBL: balance sheet

R'million	31 March 2017	31 March 2016
<b>Assets</b>		
Cash and balances at central banks	8,353	7,801
Loans and advances to banks	31,937	26,779
Non-sovereign and non-bank cash placements	8,993	9,858
Reverse repurchase agreements and cash collateral on securities borrowed	26,627	38,912
Sovereign debt securities	47,822	41,325
Bank debt securities	7,758	13,968
Other debt securities	11,945	12,761
Derivative financial instruments	9,856	15,843
Securities arising from trading activities	653	992
Investment portfolio	7,204	6,360
Loans and advances to customers	225,669	207,272
Own originated loans and advances to customers securitised	7,776	7,967
Other loans and advances	310	367
Other securitised assets	100	115
Interest in associated undertakings	5,514	5,145
Deferred taxation assets	388	116
Other assets	5,266	3,656
Property and equipment	274	236
Investment properties	1	1
Goodwill	171	171
Intangible assets	508	524
Loans to group companies	18,106	11,811*
Non-current assets held for sale	456	-
	<b>425,687</b>	<b>411,980</b>
<b>Liabilities</b>		
Deposits by banks	32,378	37,242
Derivative financial instruments	12,556	13,424
Other trading liabilities	1,667	1,405
Repurchase agreements and cash collateral on securities lent	7,825	16,916
Customer accounts (deposits)	303,397	279,736
Debt securities in issue	5,823	7,665
Liabilities arising on securitisation of own originated loans and advances	673	809
Current taxation liabilities	977	671
Deferred taxation liabilities	109	122
Other liabilities	5,995	5,042
Loans from group companies	5,942	6,351*
	<b>377,342</b>	<b>369,383</b>
Subordinated liabilities	13,180	10,732
	<b>390,522</b>	<b>380,115</b>
<b>Equity</b>		
Ordinary share capital	32	32
Share premium	14,885	14,885
Other reserves	1,662	566
Retained income	18,586	16,382
	<b>35,165</b>	<b>31,865</b>
<b>Total liabilities and equity</b>	<b>425,687</b>	<b>411,980</b>

\*Restated.



## IBL: asset quality

R'million	31 March 2017	31 March 2016
<b>Gross core loans and advances to customers</b>	<b>234,655</b>	<b>216,155</b>
<b>Total impairments</b>	<b>(1,210)</b>	<b>(916)</b>
Specific impairments	(884)	(681)
Portfolio impairments	(326)	(235)
<b>Net core loans and advances to customers</b>	<b>233,445</b>	<b>215,239</b>
<b>Average gross core loans and advances to customers</b>	<b>225,405</b>	<b>197,412</b>
Current loans and advances to customers	230,131	211,807
Past due loans and advances to customers (1-60 days)	670	726
Special mention loans and advances to customers	242	415
Default loans and advances to customers	3,612	3,207
<b>Gross core loans and advances to customers</b>	<b>234,655</b>	<b>216,155</b>
Current loans and advances to customers	230,131	211,807
Default loans that are current and not impaired	132	867
Gross core loans and advances to customers that are past due but not impaired	1,927	1,653
Gross core loans and advances to customers that are impaired	2,465	1,828
<b>Gross core loans and advances to customers</b>	<b>234,655</b>	<b>216,155</b>
<b>Total income statement charge for impairments on core loans and advances</b>	<b>(659)</b>	<b>(523)</b>
Gross default loans and advances to customers	3,612	3,207
Specific impairments	(884)	(681)
Portfolio impairments	(326)	(235)
<b>Defaults net of impairments</b>	<b>2,402</b>	<b>2,291</b>
Collateral and other credit enhancements	4,339	3,690
<b>Net default loans and advances to customers (limited to zero)</b>	<b>-</b>	<b>-</b>
<b>Ratios:</b>		
Total impairments as a % of gross core loans and advances to customers	0.52%	0.42%
Total impairments as a % of gross default loans	33.50%	28.56%
Gross defaults as a % of gross core loans and advances to customers	1.54%	1.48%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.03%	1.06%
Net defaults as a % of gross core loans and advances to customers	-	-
Credit loss ratio (i.e. income statement impairment charge as a % of average core loans and advances)	0.29%	0.26%

## IBL: capital adequacy

R'million	31 March 2017	31 March 2016
<b>Tier 1 capital</b>		
Shareholders' equity per balance sheet	35,165	31,865
Perpetual preference share capital and share premium	(1,534)	(1,534)
Regulatory adjustments to the accounting basis	896	1,839
Deductions	(679)	(695)
<b>Common equity tier 1 capital</b>	<b>33,848</b>	<b>31,475</b>
<b>Additional tier 1 capital before deductions</b>		
Additional tier 1 instruments	1,534	1,534
Phase out of non-qualifying additional tier 1 instruments	(767)	(614)
<b>Tier 1 capital</b>	<b>34,615</b>	<b>32,395</b>
<b>Tier 2 capital</b>		
Collective impairment allowances	321	229
Tier 2 instruments	13,180	10,732
Phase out of non-qualifying tier 2 instruments	-	(235)
<b>Total tier 2 capital</b>	<b>13,501</b>	<b>10,726</b>
<b>Total regulatory capital</b>	<b>48,116</b>	<b>43,121</b>
<b>Capital requirements</b>	<b>33,649</b>	<b>30,684</b>
<b>Risk-weighted assets</b>	<b>313,010</b>	<b>295,752</b>
<b>Capital ratios</b>		
Common equity tier 1 ratio	10.8%	10.6%
Tier 1 ratio	11.1%	11.0%
Total capital ratio	15.4%	14.6%
Leverage ratio	7.6%	7.2%