

Year-end results

18 May

2017



Specialist Banking

Asset Management

Wealth & Investment

Highlights for the year

Strong operational performance

- **Good performance** across all areas of activity

Deepened our core franchise

- Sound levels of **corporate client** and **private client activity**

Solid growth in FUM

- Asset Management and Wealth & Investment benefitted from strong growth in **average funds under management**

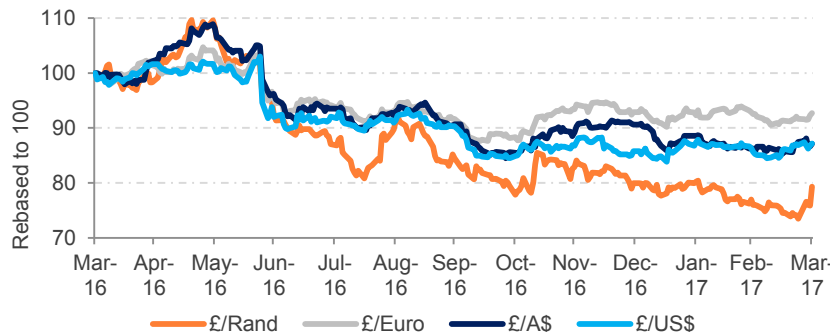
Investing for the future

- Further progress made on strategic initiatives to position the group for **future growth**

Mixed operating environment

With continued macro uncertainty and volatility

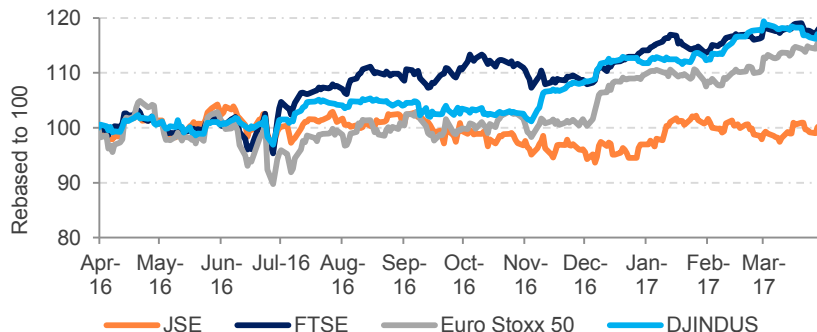
Exchange rates



	Closing rate % change		Average rate % change	
	Since Mar-16	Since Sep-16	Since Mar-16	Since Sep-16
£ / Euro	-7.3%	1.1%	-12.8%	-13.7%
£ / A\$	-12.9%	-3.9%	-15.2%	-19.5%
£ / ZAR	-20.6%	-6.1%	-11.1%	-23.9%
£ / US\$	-12.8%	-3.5%	-13.3%	-15.9%

Note: - appreciation; + depreciation

Equity markets



	Closing rate % change	
	Since Mar-16	Since Sep-16
Euro	16.5%	16.6%
JSE	-0.4%	0.2%
DJIND	16.8%	12.9%
FTSE	17.5%	6.2%

Steady growth in statutory operating profit

- Statutory results showed **steady growth**
- Creation **of IEP** and **change in accounting** from fair value to equity accounting impacted the SA results

Snapshot of statutory results		Mar-17	Mar-16	% change	% change on neutral currency basis^^
	Operating profit* (£'mn)	599.1	505.6	18.5%	8.0%
	Adjusted earning per share^ (pence)	48.3	41.3	16.9%	6.3%
	Total dividend per share (pence)	23.0	21.0	9.5%	
	Net asset value per share (pence)	431.0	352.3	22.3%	12.1%
	Net tangible asset value per share (pence)	377.0	294.3	28.1%	16.1%

- Solid performance from the **ongoing business** which is what we focus on for the rest of the presentation

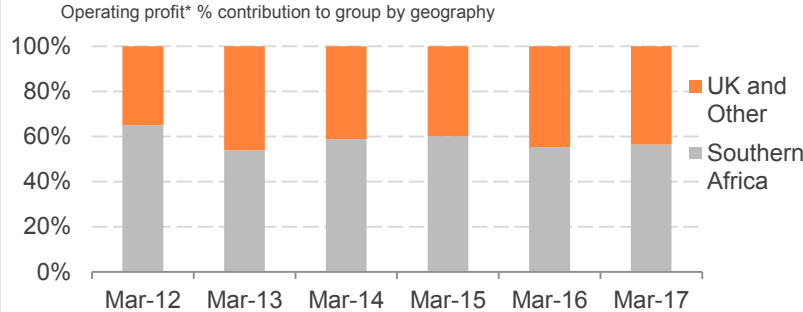
*Before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests

^Before goodwill, acquired intangibles and non-operating items

^^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 31 March 2017 when compared to 31 March 2016

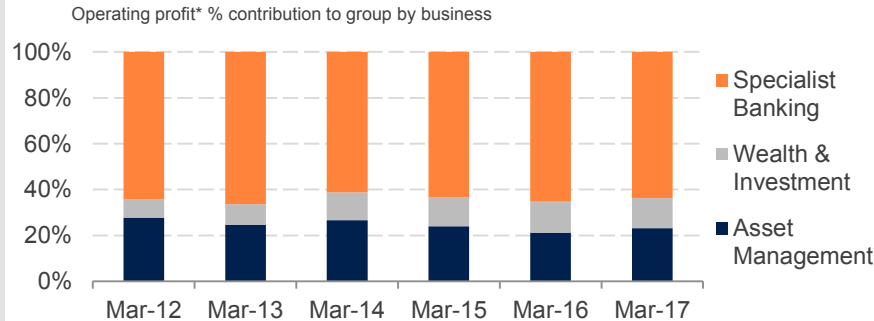
Diversified business model

Geographic diversity



- Consistent contribution from UK and Other businesses
 - Combined UK and Other business up **10.8%** in Pounds
 - Combined SA business marginally up in Rands

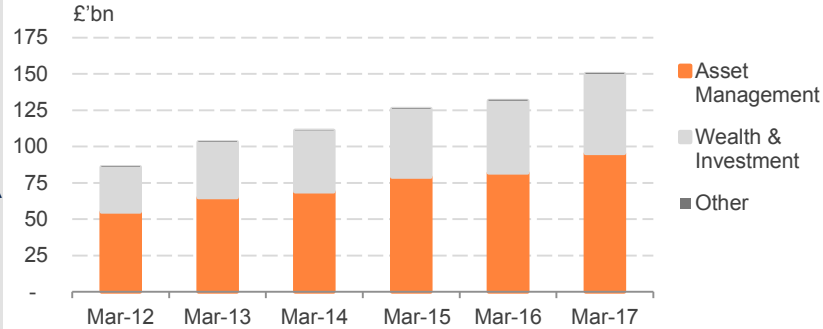
Business diversity



- Consistent contribution from all businesses
 - The asset and wealth management businesses contributed **36.2%** to the group's results (2016: 35.0%)

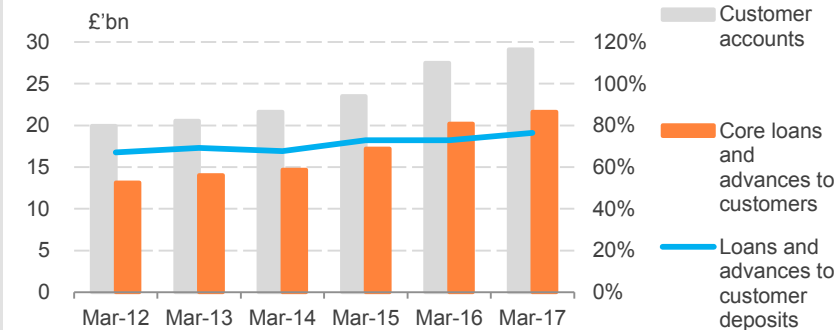
Solid growth in key earnings drivers

Third party assets under management[^]



- Third party assets under management increased **23.9%** to £150.7bn (from £121.7bn)
 - Up 14.8% on a currency neutral basis

Customer accounts (deposits) and loans[^]

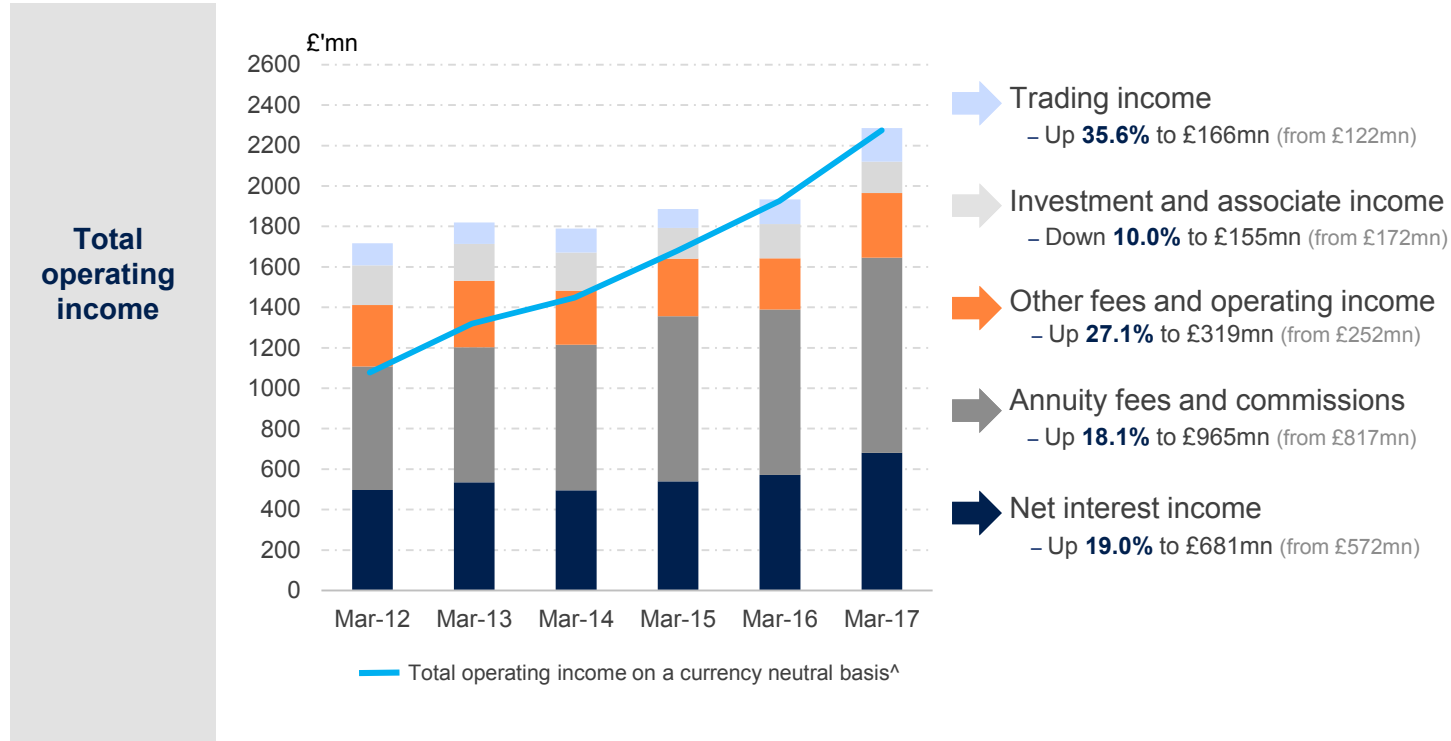


- Customer accounts up **21.1%** to £29.1bn (from £24.0bn)
 - Up 5.5% currency neutral
- Core loans and advances up **26.8%** to £22.2bn (from £17.5bn)
 - Up 8.5% currency neutral

[^]The trend in this graph is done on a currency neutral basis using the closing Rand:Pound exchange rate applicable at 31 March 2017

Supporting growth in operating income

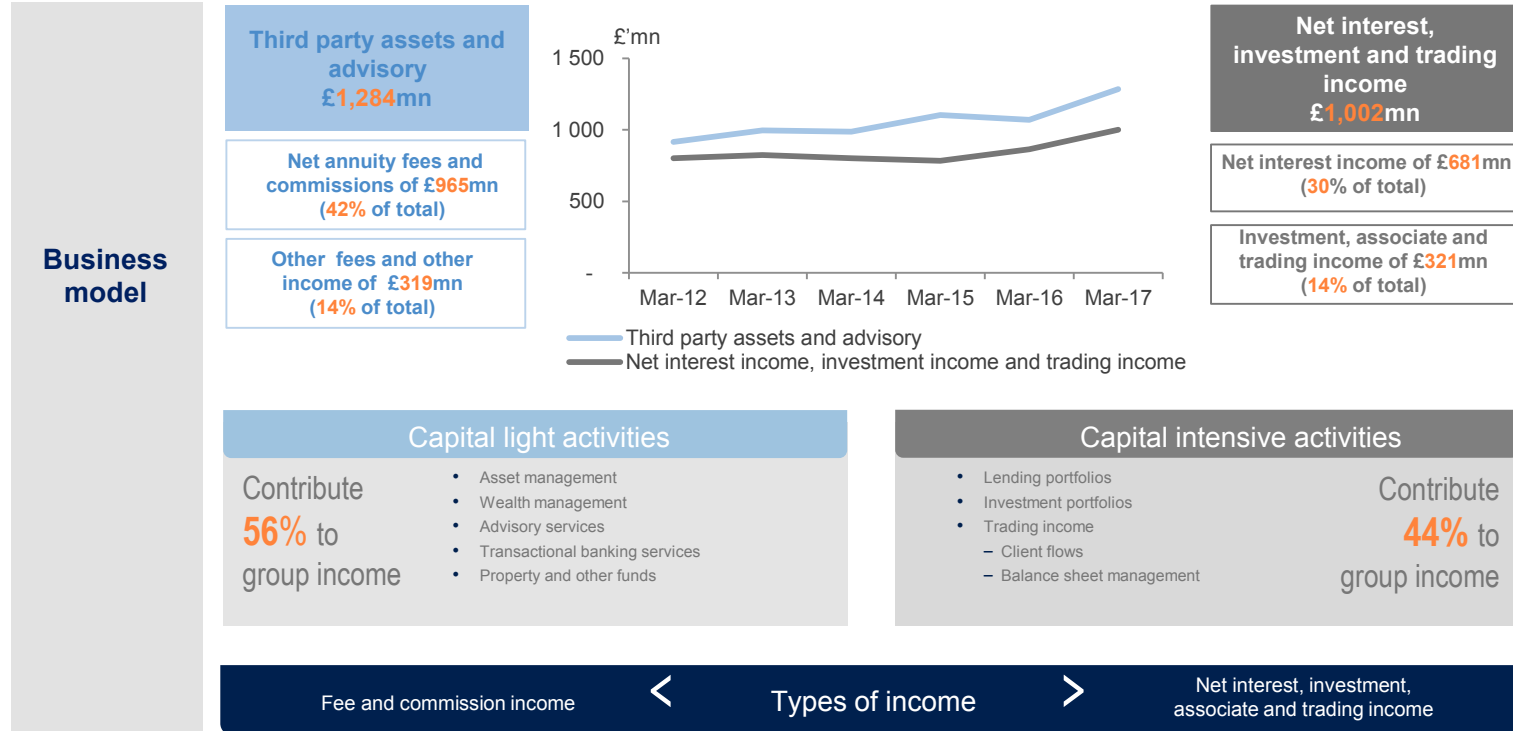
Total operating income up **18.1%** to £2,286mn (from £1,935mn)



^The trend for this line is done on a currency neutral basis using the average Rand:Pound exchange rate applicable at 31 March 2017

Maintained a balanced business model

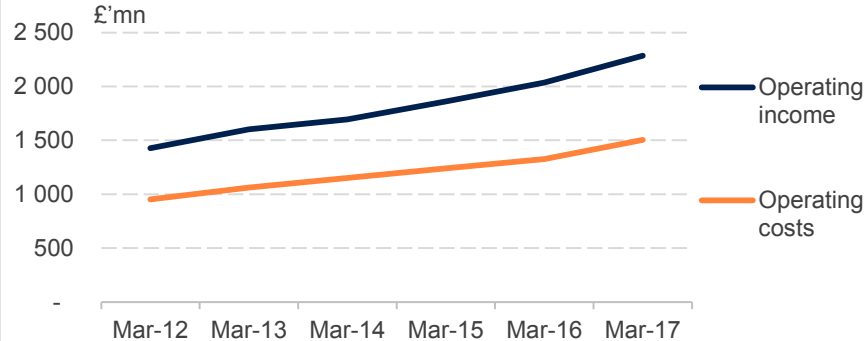
Balanced between capital light and capital intensive activities



Costs up due to planned strategic growth

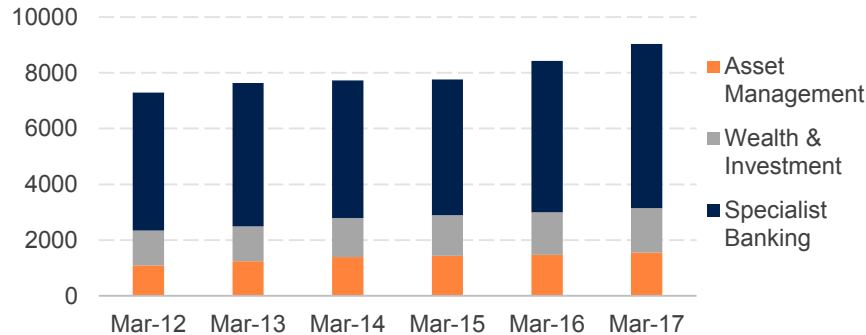
Cost to income remained at 65.8%

Jaws ratio for the group*



- Operating income increased **18.1%** to £2,286mn (from £1,935mn)
- Operating costs were up **18.1%** to £1,503mn (from £1,272mn) largely as a result of deliberate investment in IT infrastructure, increased headcount and UK premise cost

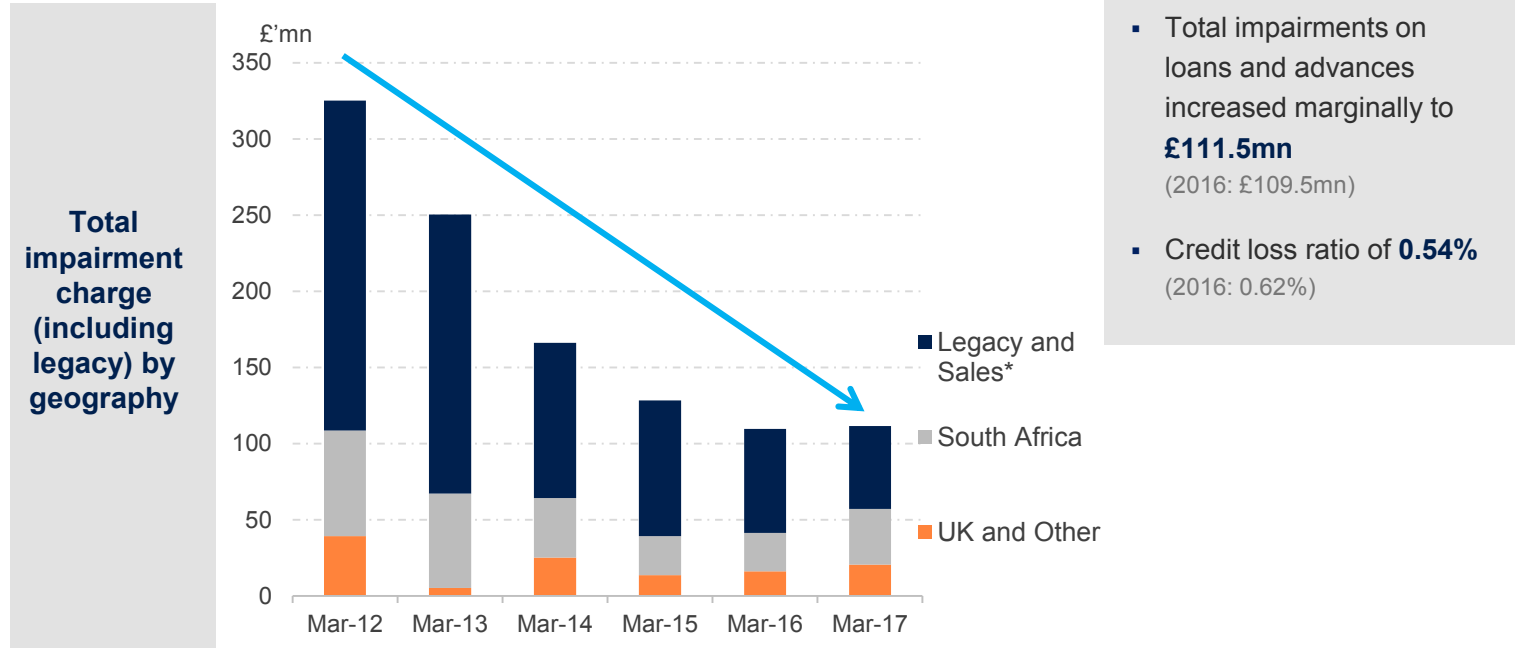
Total permanent employees



- Headcount increased across all businesses in line with strategic growth aspirations

*The trend in this graph is done on a currency neutral basis using the average Rand: Pound exchange rate applicable at 31 March 2017

Total impairments slightly up



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

Resulting in a solid group performance

	Mar-17	Mar-16	% change
Operating profit* before tax (£'mn)	663.7	583.9	13.7%
Attributable earnings***^ (£'mn)	487.1	423.1	15.1%
Adjusted EPS***^ (pence)	54.1	48.6	11.3%
Customer accounts (deposits) (£'bn)	29.1	24.0	21.1%
Net core loans and advances to customers (£'bn)	22.2	17.5	26.8%

*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; ^ After deducting preference dividends

Progress on financial targets

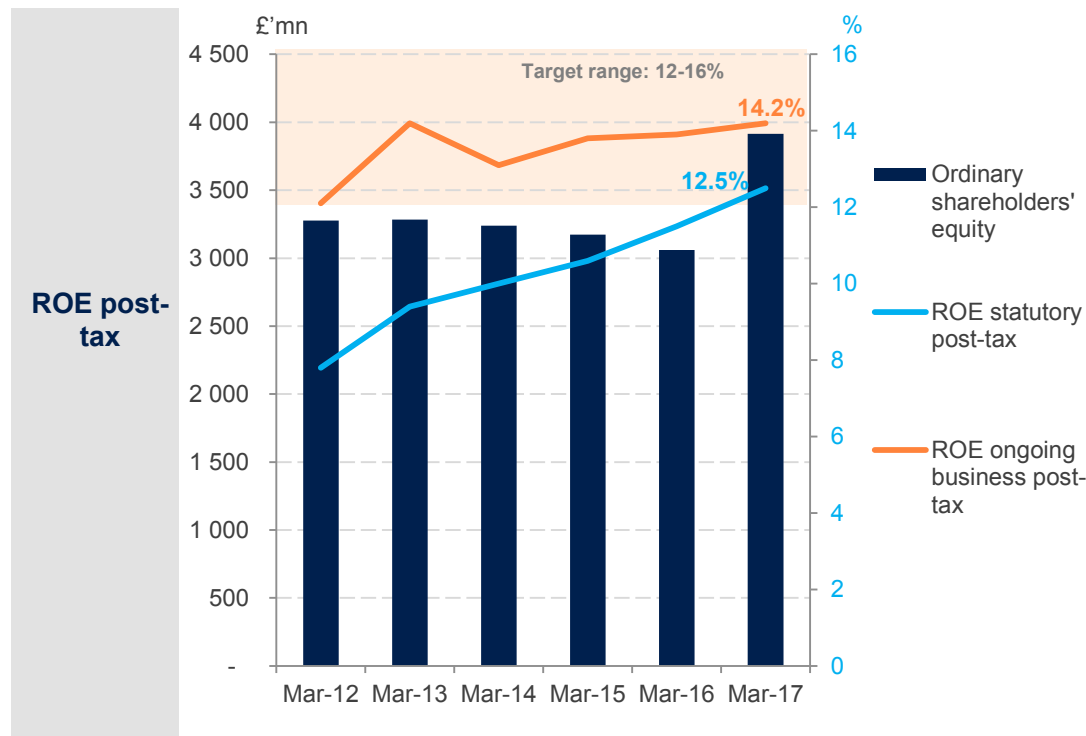
Summary of financial targets

		Ongoing		Statutory	
	Target	Mar-17	Mar-16	Mar-17	Mar-16
ROE (post tax)	12%-16% over a rolling 5-yr period	14.2%	13.9%	12.5%	11.5%
Adjusted* EPS growth	Target: 10% > UKPRI	11.3%	2.3%	16.9%	4.8%
Cost to income	Target: < 65%	65.8%	65.8%	66.3%	66.4%
Dividend cover (times)	Target: 1.7 – 3.5 times	na	na	2.1x	2.0x

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

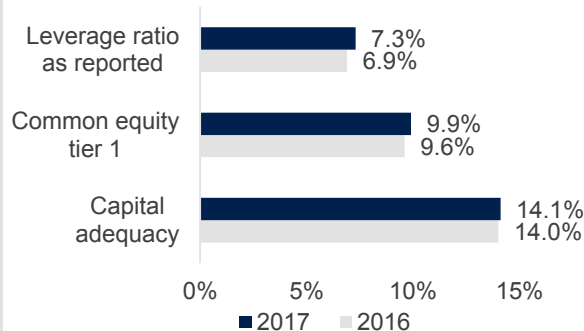
ROE within range



- The improvement in ROE reflects:
 - Growth in client franchise businesses
 - Growth in our annuity businesses
 - Decline in impairments
- Going forward the levers for ROE include:
 - Activity levels
 - Growing our client base and core drivers
 - Managing our liquidity and optimising our capital structure

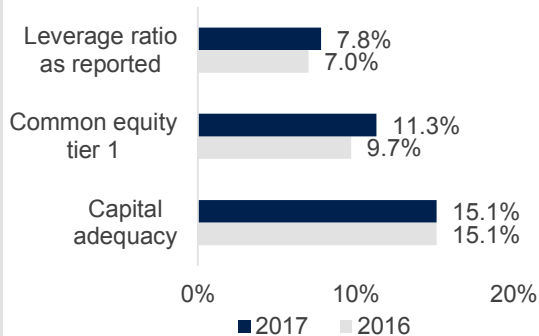
Sound balance sheet

Investec Limited

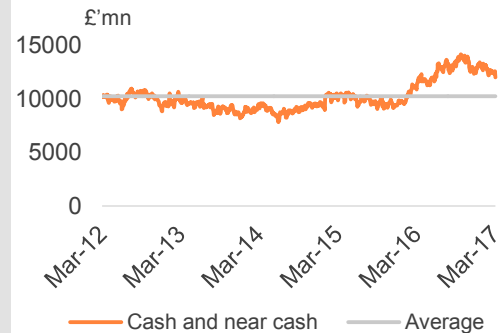


- Healthy capital ratios in excess of regulatory requirements
- Target common equity tier 1 ratio of above 10% and total capital ratios of 14%-17%
- High level of readily available, highly liquid assets
- AIRB on track to meet 1 April 2018 target date and is expected to have a meaningful increase in our capital ratios

Investec plc



Group cash and near cash



Business review



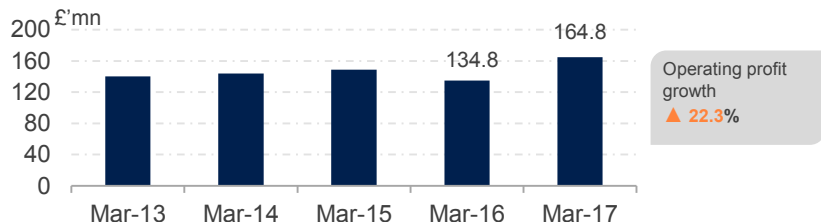
Out of the Ordinary®

 **Investec**

Asset Management - overview

Momentum remains positive

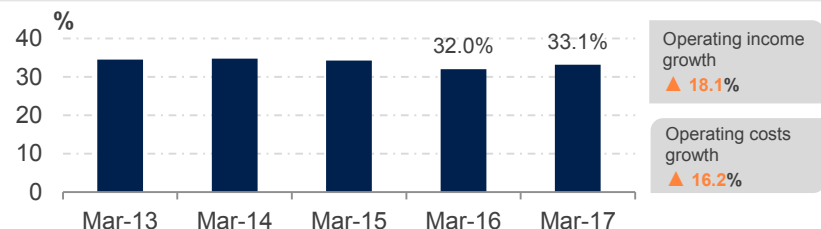
Operating profit*



Operating profit increase

- Record year
- Revenues driven by increase in AUM

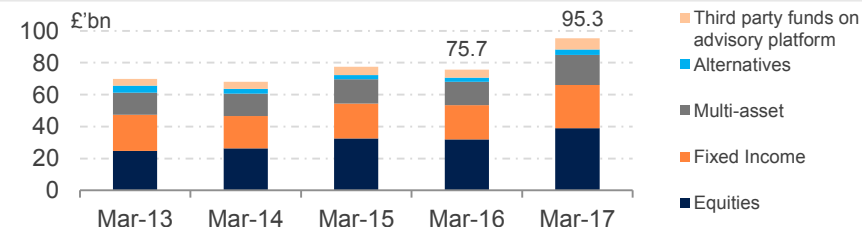
Operating margin



Operating margin slightly up

- Operating income increased over the year
- Operating costs significantly impacted by currency fluctuations

Assets under management by asset class



AUM increased by 25.9%

- Positive market and FX movements of £20.2bn

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

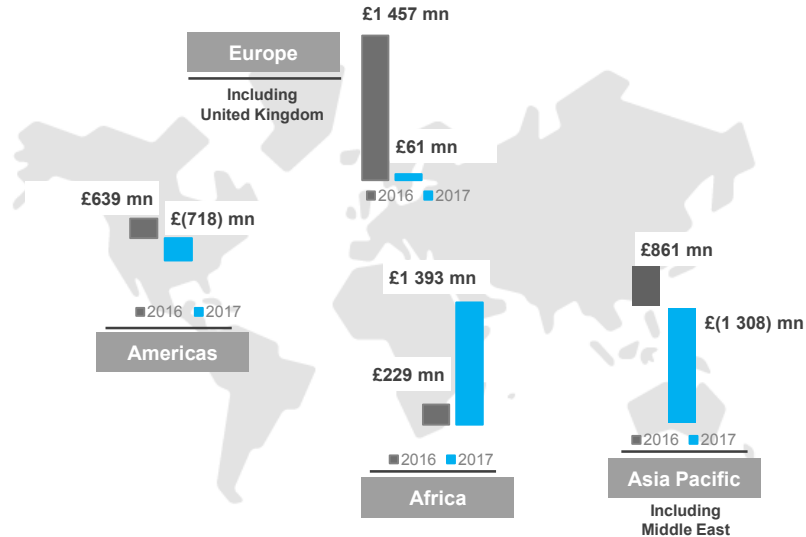
Asset Management – outlook

Positioning

AUM Exposure by Asset Exposure*



Net Flows by Region (FY2017 and FY2016)



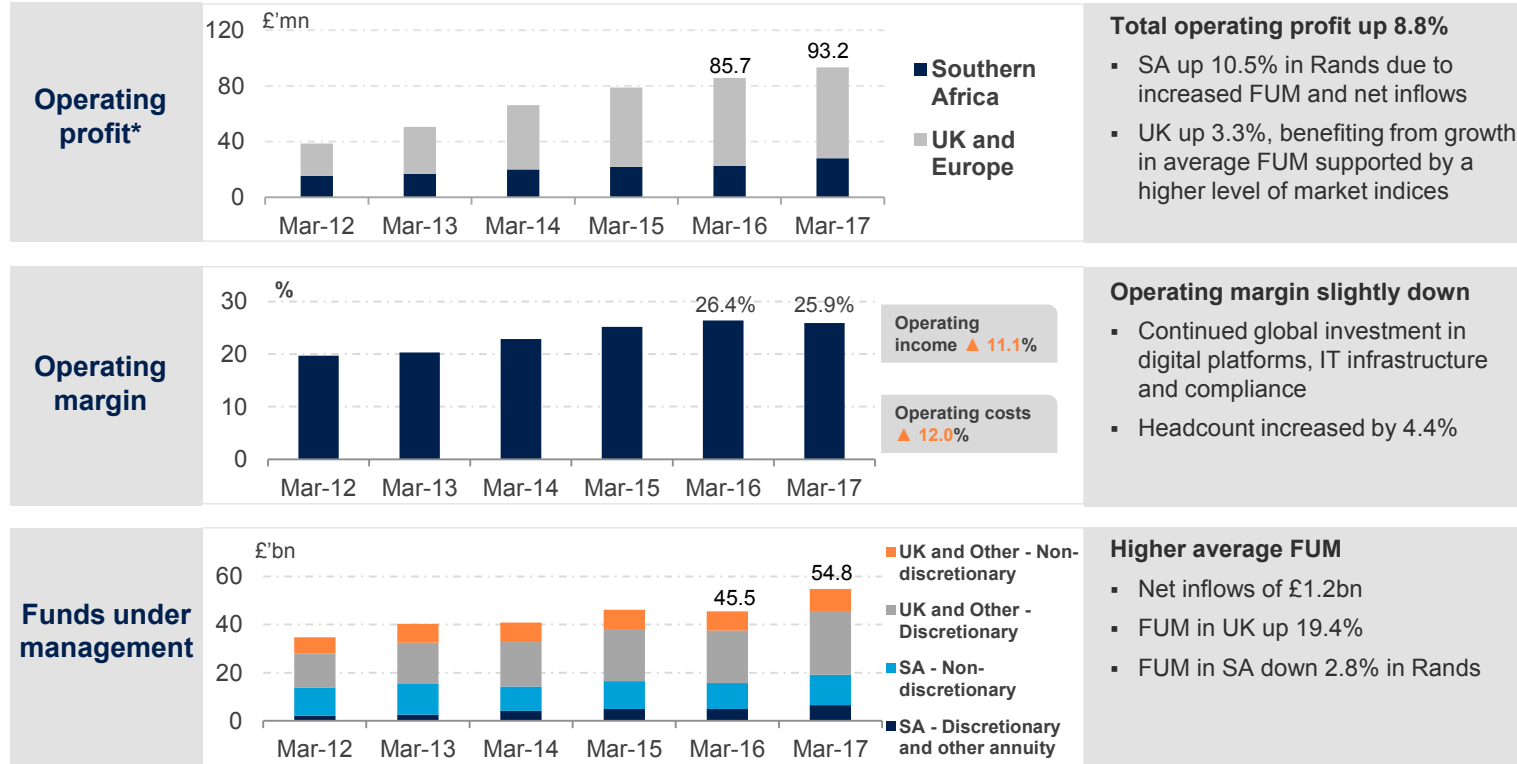
*AUM exposure as at 31 March 2017, South Africa is included within Emerging Markets on an asset exposure basis

Outlook

- Cautious on the outlook for financial asset prices
- Solid pipeline but net flows picture unclear
- Increasing pressure to meet regulatory demands
- After 26 successful years, we face the future with confidence


Wealth & Investment - overview

Solid overall performance



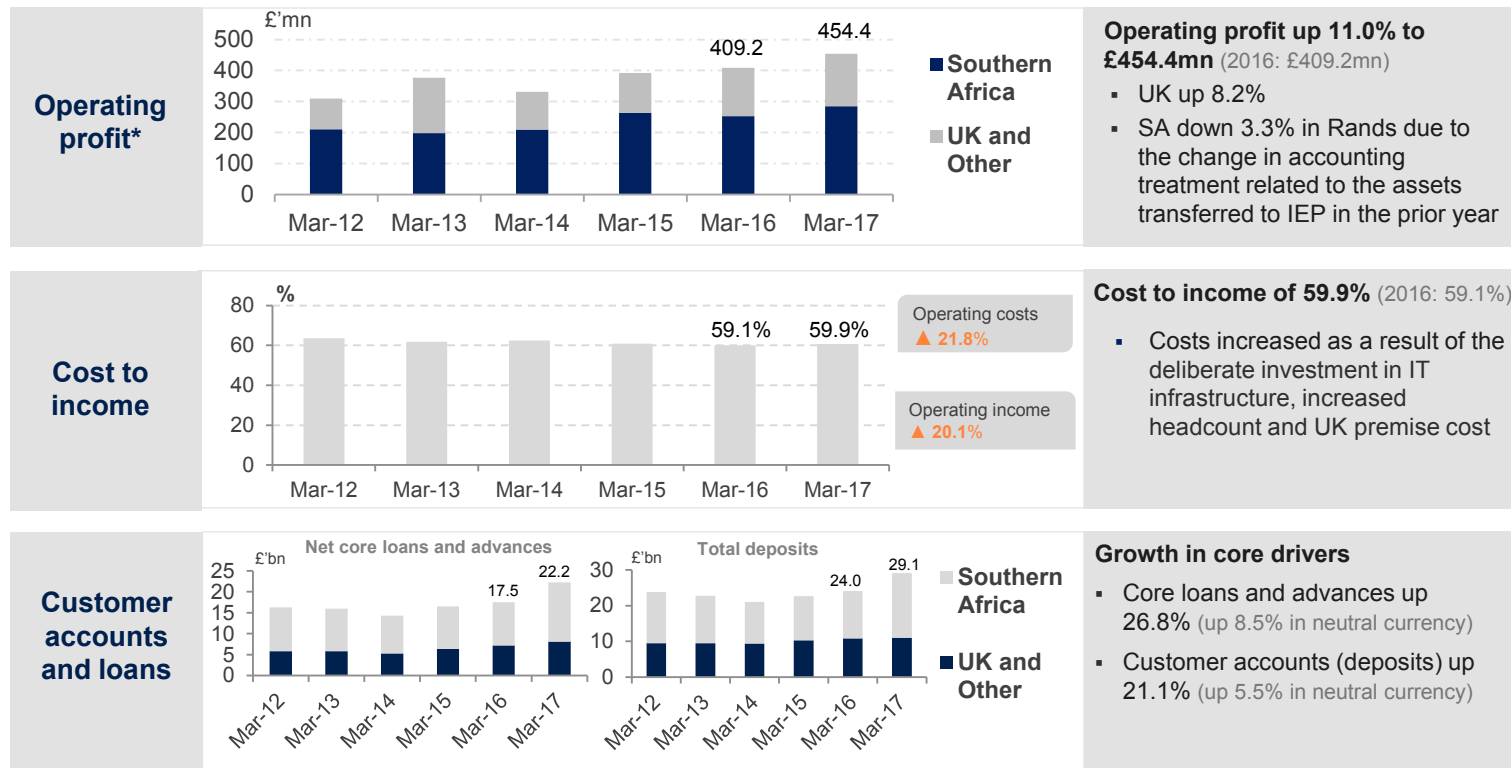
*Before goodwill, acquired intangibles, non-operating items, taxation and before non-controlling interests

Wealth & Investment – outlook

Positioning	Outlook
<div data-bbox="382 328 981 692"></div> <div data-bbox="432 710 591 734">UK and Other</div> <div data-bbox="432 754 701 1000"><ul style="list-style-type: none">• Brand well recognised• Established platforms in the UK, Switzerland, Ireland and Guernsey• Developing capability in Hong Kong• One of the UK's leading private client investment managers• Proven ability to attract and recruit investment managers</div> <div data-bbox="772 710 944 734">SA & Mauritius</div> <div data-bbox="772 754 994 887"><ul style="list-style-type: none">• Strong brand and positioning• Largest player in the SA market• Developing capability in Mauritius</div>	<div data-bbox="1234 358 1667 869"><ul style="list-style-type: none">▪ Consumer and investor confidence in SA impacted by weak GDP growth and continued political uncertainty▪ Investor sentiment in the UK will remain uncertain until we get clarity around the UK's exit from the EU▪ Our Asian and Swiss operations continue to allow us to service the expatriate market across various jurisdictions</div>

Specialist Banking - overview

Stable performance

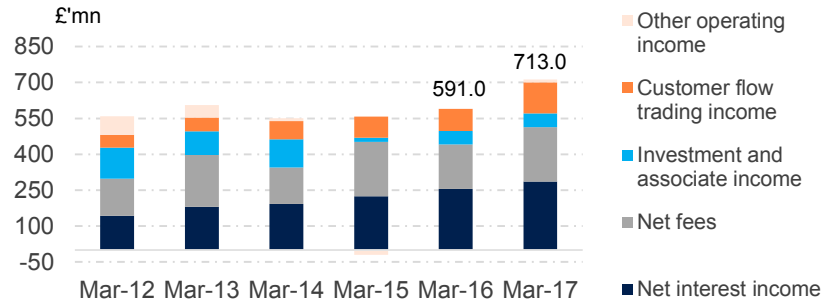


*Before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests

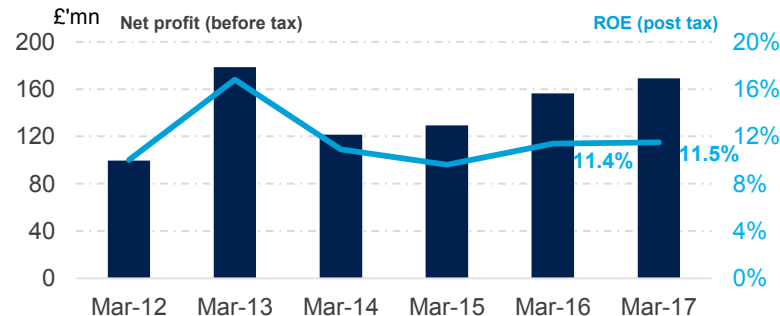
Specialist Banking - outlook

Specialist Bank UK and Other Ongoing

Analysis of income



Profit and returns



Outlook

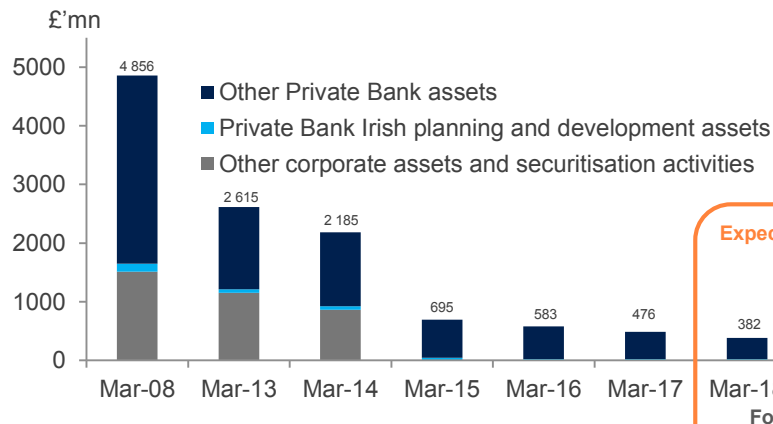
- Current global political uncertainty provides a difficult environment for both clients and markets
- Our business has been relatively resilient to these conditions but we are mindful that continued uncertainty could impact activity levels

Specialist Banking – UK legacy

Continued to reduce the UK Legacy Business exposures

**Total net assets:
Investec originated**

£'mn	Mar-17	Mar-16
Total income	0.3	4.7
Total impairments	(54.3)	(68.1)
Total expenses	(10.6)	(14.9)
Net loss before tax	(64.6)	(78.3)



- The legacy portfolio has continued to be actively managed down to £476mn (2016: £583mn)
- Largely through assets sales, redemptions and write-offs
- The remaining portfolio will continue to be managed down as we see opportunities
- The remaining legacy book could take longer to wind down than our original expectations

Expected run off

■ Non-performing
■ Performing

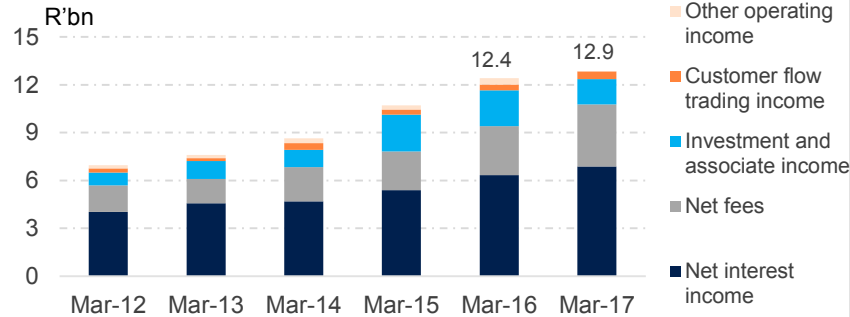
476

Mar-17

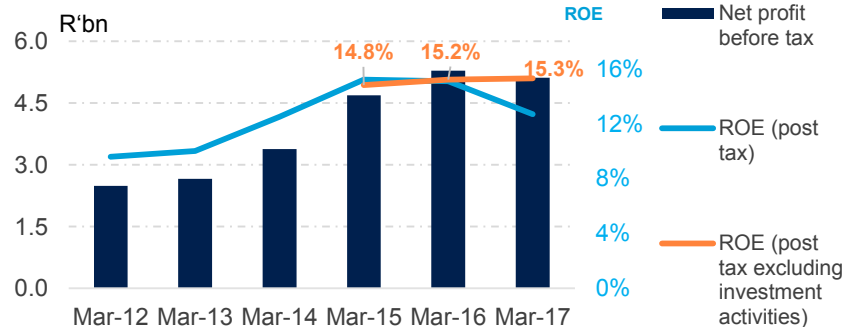
Specialist Banking - outlook

Specialist Bank SA

Analysis of income



Profit and returns



Outlook

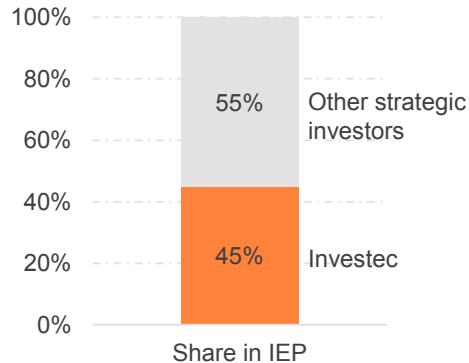
- Economic slowdown is expected to continue with the recent downgrade of SA's foreign credit rating
- Political events will continue to impact financial markets
- Nevertheless, client activity remains reasonable

Investec Equity Partners - overview

Created in January 2016

Summary

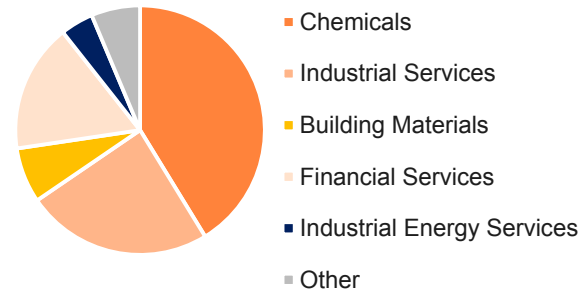
- Investec Principal Investments transferred certain portfolio investments to the value of R7.6bn to IEP
- In exchange, Investec received R2.5bn in cash and 45% of the shares in IEP (R5.1bn)



About

- IEP is a **diversified investment holding company** which owns controlling and strategic scalable interests in a number of select industries, with a focus on industrial companies
- The strategy is to **develop key industry clusters** that combine complementary businesses and extract synergies whilst building significant scale

EBITDA to Dec-2016



SA investment portfolio - overview

High IRR over the long term but dragging short-term ROE

£'million	Asset analysis	Income analysis
Investec Equity Partners (IEP)	323	16
Equity investments^	130	-
Property investments*	260	22
Total equity exposures	713	38
Associated loans and other assets	36	2
Total exposures on balance sheet	749	40
Debt funded	351	(24)
Equity	398	-
Total capital resources and funding	749	
Operating profit before taxation		16
Taxation		(3)
Operating profit after taxation		13
Post-tax return on adjusted average ordinary shareholders' equity - 31 March 2017		3.7%
Post-tax return on adjusted average ordinary shareholders' equity - 31 March 2016		14.7%
Post-tax return on adjusted average ordinary shareholders' equity - 31 March 2015		15.1%

*The group's investment holding of 27.86% in the Investec Property Fund and 16.57% in the Investec Australia Property Fund

^Does not include equity investments residing in our corporate and private client businesses.

Strategic review and priorities for FY2018



Out of the Ordinary®



Asset Management – strategy

Focus on clients, people and long-term growth

Strategic priorities

- Investment performance
- Grow in the Advisor channel
- Focus on our large markets, especially North America
- Continue to scale Multi-asset and Global Equities
- Continue to nurture a limited number of long-term growth initiatives
- Invest in, motivate and lead our people

Clients will always come first

Wealth & Investment – strategic review

Investing for long-term sustainability

Strategic priorities

- Internationalisation: Create international operating platform in Switzerland
- Digitalisation as another channel to reach new clients
- One Place – coordinating across businesses
- Efficiency – Straight Through Processing

Independent recognition



Winner of Defaqto Gold
Discretionary Fund Manager service
award 2016



Best Private Bank and Wealth
Manager, South Africa
(For 5 years in a row)



Specialist Banking – strategic review

Specialist Bank UK and Other Ongoing

Strategic priorities

- Build a domestically relevant Private Bank
 - Shifting from product based model to client centric model focusing on HNW and active entrepreneurs
 - Building the processes, products and people
- Broaden client base by building franchise while deepening client relationship
 - Deeper and broader into small and mid corporate market
 - Incrementally add new products and services
- Improve coordination across business units and geographies
- Focus on reducing and managing costs

Independent recognition



WINNER 2016
Best Currency
Exchange Service



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



Best Service from an Asset
Based Finance Provider



Best Structured
Products Provider



Best current account for
high earners



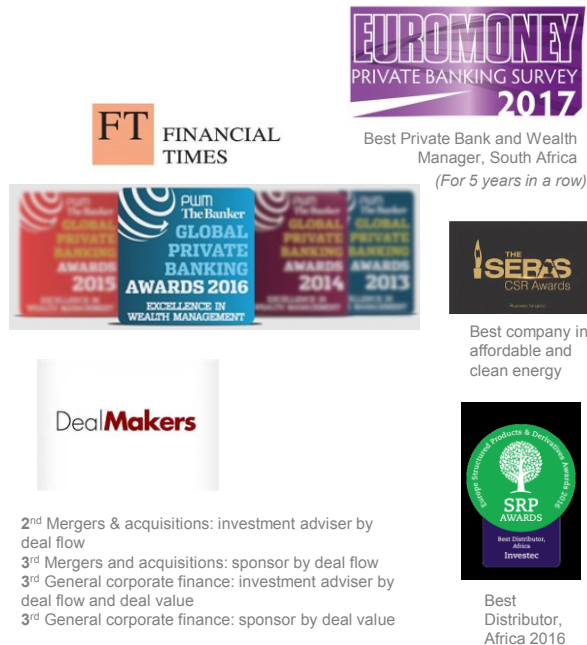
Specialist Banking – strategic review

Specialist Bank SA

Strategic priorities

- Client acquisition
 - Strategy to acquire and penetrate client base through improved coordination and collaboration
- Evolve the digital offering
 - Continued roll out of One Place for private clients
 - Deliver a digital business banking solution
- Leverage international capabilities to corporate clients
- Cost initiatives to ensure operational efficiencies
- Launch of Investec Life

Independent recognition



Launch of Investec Life

Further enhancing our client value proposition

About

- Investec Life is a personalised insurance offering with both the product features and process highly tailored to our clients and crafted around an extraordinary client experience

Extension of One Place

- Through Investec Life, we will give existing private clients the exclusive opportunity to protect their lives, lifestyles, family and wealth – all in One Place

Client-centric

- According to their individual needs, our clients will be able to apply for, and adjust, their Investec Life insurance either through Investec Online or through our team of specialist Investec Life advisers
- Alternatively, they can contact their Private Banker or the 24/7 Global Client Support Centre who will then refer them to either Investec Online or get an Investec Life adviser to contact them directly

Launch in the second half of 2017

Closing



Out of the Ordinary®

 **Investec**

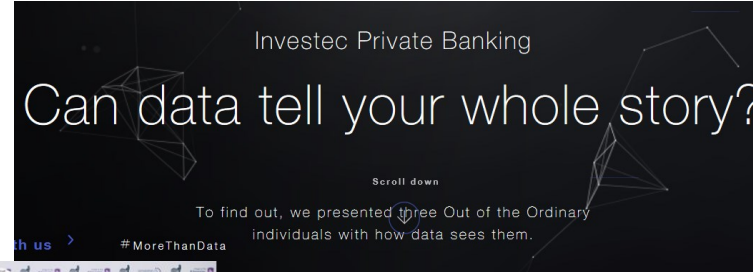
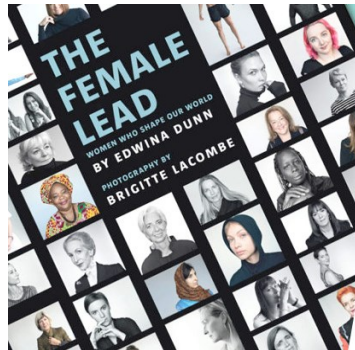
We continue to focus on our revenue drivers

Which support our balanced business model

- Generate high quality income through **diversified revenue streams**
- Further grow **funds under management**
- Managed **growth in loans and customer deposits**
- Increase **transactional activity**

Building our franchises

Through a focus on clients and building the brand



Being a responsible corporate

Investing in ...

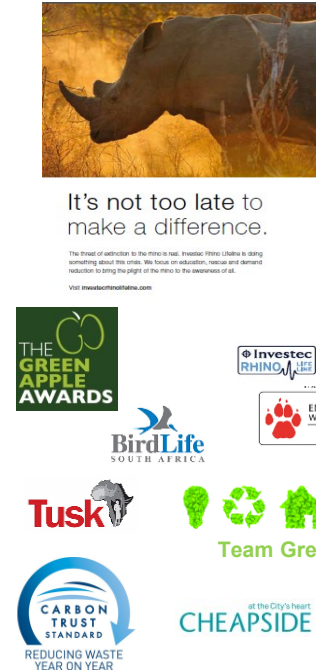
...our **People**



...our **Communities**



...our **Planet**



Creating value for our stakeholders

- We have made good progress in **building our core franchises** whilst at the same generating reasonable growth and returns for our shareholders
- We have a **strong leadership team** who are motivated to build their businesses and improve the quality of earnings through varying economic cycles
- Our businesses are focused on **coordinating our service offerings** and integrating IT systems to leverage our unique client profile providing an **integrated client experience**
- We have spent time proactively engaging with **our stakeholders**, investing in the learning and development of **our people** and providing support to **our communities**
- We are well positioned to continue building a **sustainable business** that not only provides appropriate returns to shareholders but also contributes to macro-economic stability and social upliftment

Closing

- Sound levels of activity supported performance as the group continued to strengthen its client franchise businesses
- Whilst macro uncertainty persists, which could impact activity levels going forward, the group believes that its balanced business model together with its strategic initiatives place it in a favourable position to continue to grow in its core markets