Out of the Ordinary

Investec

Year End Results Presentation

21 May 2020

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:
  - changes in the political and/or economic environment that would materially affect the Investec group
  - changes in the economic environment caused by Covid-19, the resulting lockdowns and government programmes aimed to stimulate the economy
  - changes in legislation or regulation impacting the Investec group’s operations or its accounting policies
  - changes in business conditions that will have a significant impact on the Investec group’s operations
  - changes in exchange rates and/or tax rates from the prevailing rates at 31 March 2020
  - changes in the structure of the markets, client demand or the competitive environment
- A number of these factors are beyond the Investec group’s control
- These factors may cause the Investec 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 20 May 2020
- Unless otherwise stated, all information in this presentation has been prepared on a statutory basis

Agenda

1. **Overview – Fani Titi, Chief Executive**
2. Financial Review – Nishlan Samujh, Group Finance Director
3. Investec post demerger – Fani Titi
4. Closing and Q&A

“The system delivers these events with regularity. The problem we have today is that these events are delivered so much faster.”

Nassim Nicholas Taleb, “Black Swan” author, on the advent and spread of Coronavirus.

COVID-19 Response

Our people

- Increased **health and safety** across all buildings including appropriate PPE and screening
- Swiftly enabled **c95%** of staff across the world to **work from home**
- Extensive **wellbeing offering** providing online support for staff in terms of physical, mental, emotional, social and financial wellbeing
- **Investec Pulse** conducts weekly monitoring of productivity, ability to cope and extent of feeling supported
- **Financial support** for employees where required (salary advances, payment holidays, debt consolidation)

Our clients

- Priority is **business continuity** and we remain fully operational at all times
- Maintain **constant contact with clients** to assist with financial solutions/ restructuring advice to get clients through this period
  - Provided COVID-19 relief to c.16k client cases in the UK and c.3.5k client cases in SA
- **Experienced credit function** reviewing sensitive restructurings and debt deferrals
- Approved for accreditation under the UK's **Coronavirus Business Interruption Loan Scheme** (CBILS) with an 80% government guarantee on losses that may arise on facilities of up to £5mn provided to businesses with Turnover < £45mn
- Involved in the **South African Future Trust (SAFT)** extending direct financial support to the employees of SMMEs with turnover of <R25mn and the **COVID-19 Loan Scheme** offered to SA clients who have an annual turnover of <R300mn

Our communities

- **Global Executive Team** and **board members** donated from salaries with a portion going to the Solidarity Fund in SA
- **Senior leaders and staff** donated via salary deductions to community initiatives focused on:
  1. **Food security:** Feeding hundreds of thousands of people across the SA, UK, India and New York
  2. **Economic continuity:** R5.6mn to Solidarity Fund and continue to pay all youth interns in SA
  3. **Healthcare:** Funding screening, PPE, capacity, healthcare workers and doctors
  4. **Education:** Enabling 2,000 Promaths and 2,000 other students to learn online

Committed £3.2mn (R70mn) to COVID-19 relief for communities with 40% allocated to date

Refer to our website for more information on our response to COVID-19

Overview

0 Difficult trading environment throughout the year, exacerbated by COVID-19 in Q4

1 Client franchises have shown resilience

2 Strong balance sheet with robust capital and liquidity levels

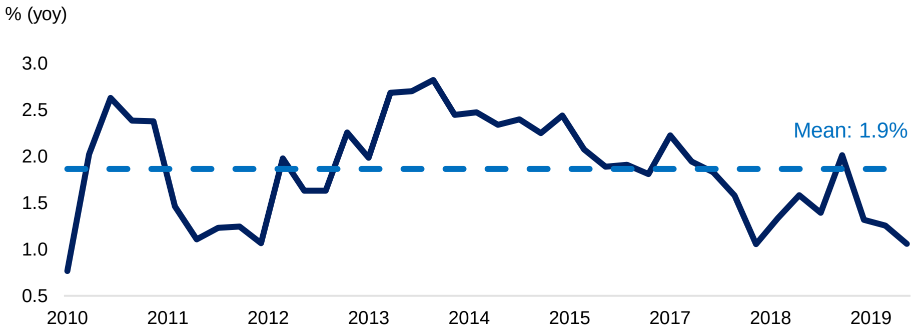
3 Increased provisioning levels, continue to monitor credit exposures

4 Progress made on strategic initiatives, demerger of Ninety One completed and heightened cost discipline

5 Cautious short-term outlook, building for the long term

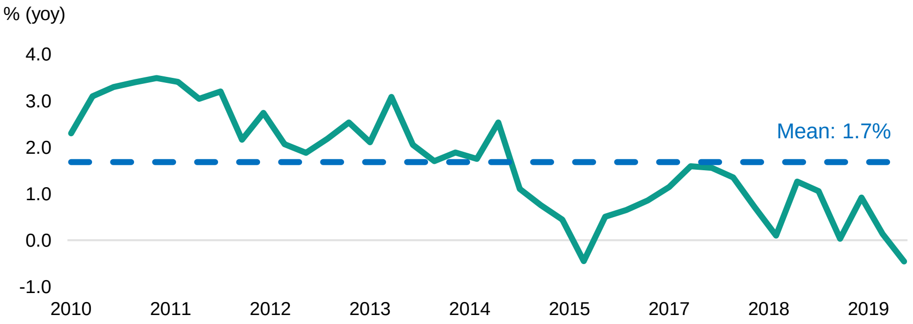
Difficult trading environment throughout the year exacerbated by COVID-19

UK GDP growth



- UK economic activity has faced both domestic (Brexit) and global headwinds (trade, industrial slowdown)
- However COVID-19 will completely change the landscape
- As at 31 March 2020, our base case assumptions for calendar year 2020 forecast a peak to trough GDP contraction of c.9.4%

SA GDP growth



- The South African economy was already in recession by the end of 2019 on mainly structural issues
- This recession will likely carry over into most of 2020 given the impact of the lockdowns enforced to combat COVID-19
- As at 31 March 2020, our base case assumptions for calendar year 2020 forecast a peak to trough GDP contraction of 10.9%

Source: Macrobond

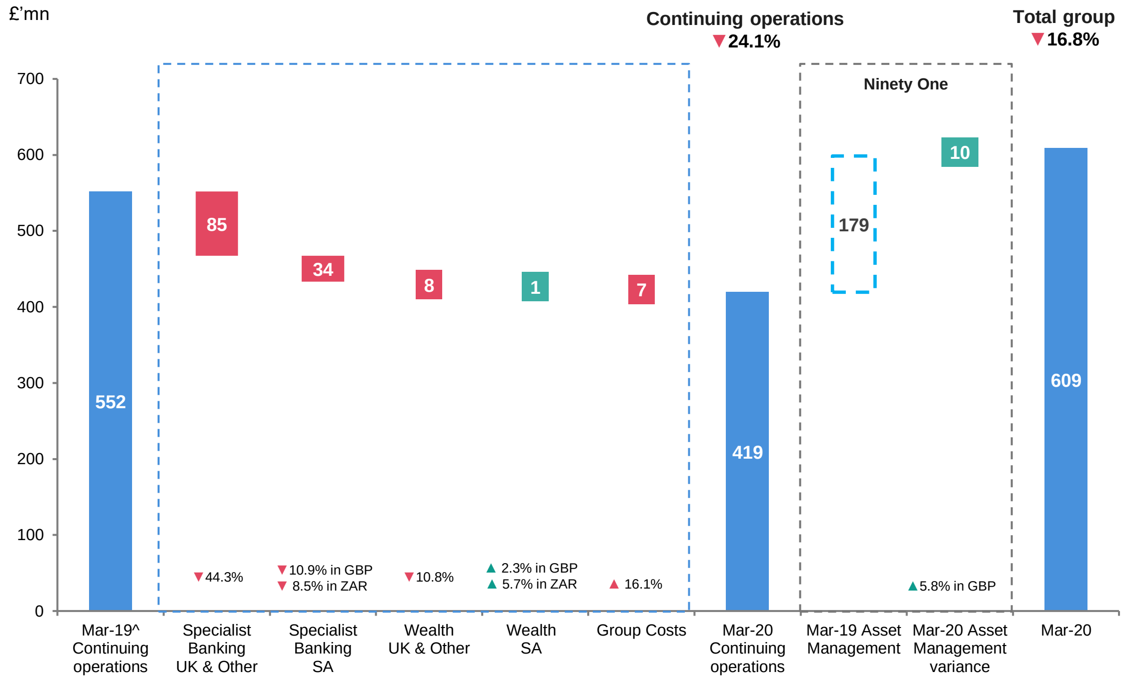
Group results highlights

- Group adjusted operating profit: £609mn, 16.8% behind prior year (2019: £732mn)
- Adjusted earnings per share: 46.5p, 23.6% behind prior year (2019: 60.9p)
- Net asset value per share: 414.3p, 4.6% behind prior year (2019: 434.1p)
- Group return on equity (ROE): 11.0% (2019: 14.2%)
- Dividends, full year dividend per ordinary share: 11.0p (2019: 24.5p)
  - No final dividend declared given regulatory guidance in South Africa and the UK
  - Successfully distributed 73.4p of value per share via Asset Management demerger
- Group cost to income ratio: 68.2% (2019: 67.3%)
- Group credit loss ratio: 52bps (2019: 31bps)

Note: Adjusted operating profit is operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests.

Results reflect macro backdrop, offsetting good performance from lending franchises

Divisional adjusted operating profit* performance



Specialist Bank

- Sound performance from lending franchises
- Lower investment and trading income
- Higher expected credit losses
- £105mn COVID-19 impact

Wealth & Investment

- Net inflows and higher average AUM
- Technology spend and regulatory levies in UK

*Operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests.
^Continuing operations Restated.

Progress made on strategic initiatives

Continued to simplify and focus the business

- Successfully demerged Investec Asset Management business, resulting in capital uplift
- Closure and run down of the Hong Kong direct investments business
- Closed Click & Invest
- Sold Irish Wealth & Investment
- Restructured the Irish Branch
- The net earnings impact of the strategic actions was £711.3mn gain in the current year (demerger: £806.4mn gain, Other: £95.1mn)

Delivered cost savings in FY2020 with further opportunities identified

- Total operating costs from continuing operations reduced by 7%
- Reduced operating costs in UK Specialist Bank by £96mn in FY 2020, of which fixed operating costs reduced by £32mn (7%)
- We remain committed to reducing costs with enhanced focus given the challenging revenue outlook

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Continuing Operations results highlights

Adjusted operating profit

£419mn

(2019: £552 mn)

24.1% behind prior year

Adjusted Earnings per share

33.9p

(2019: 48.7p)

30.4% behind prior year

Net Asset Value per share

414.3p

(2019: 434.1p)

4.6% behind prior year

Return on Equity (ROE)

8.3%

(2019: 12.0%)

Cost to Income ratio

68.2%

(2019: 67.3%)

Credit Loss ratio

52bps

(2019: 31bps)

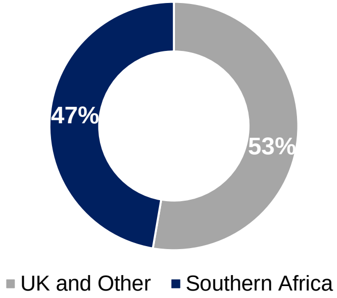
Note: Adjusted operating profit is operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests. Cost to income ratio for Continuing Operations includes Group costs

Diversified, quality revenue mix across geographies

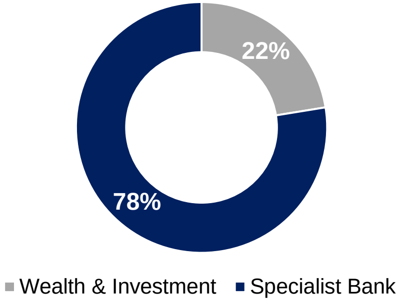
Geography | **Division**

Operating income

Mar-20

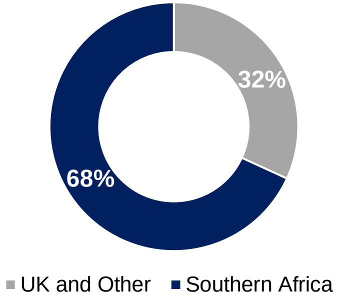


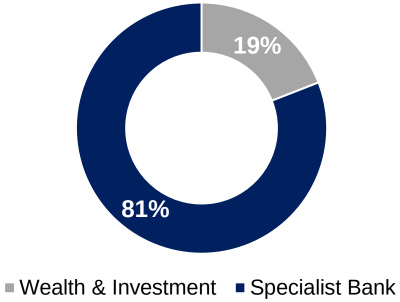
Mar-20



- Operating income down 7.5% to £1806.8mn

Adjusted operating profit*





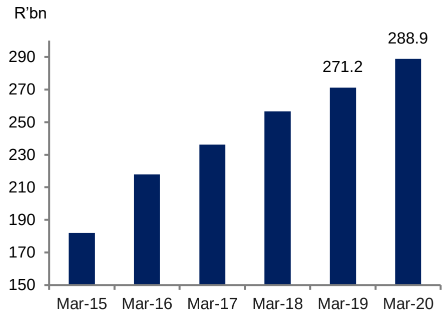
- Adjusted operating profit* down 24.1% to £419.2mn

*Adjusted operating profit by geography is Operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests.
Adjusted operating profit by division is Operating profit before group costs, goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests.

Specialist Banking SA

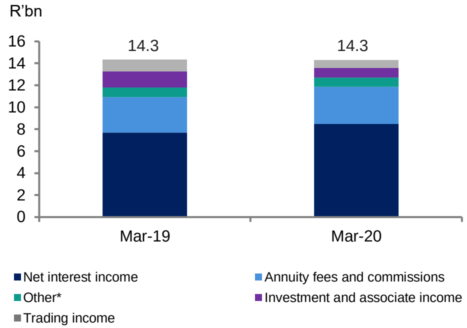
Satisfactory performance from lending franchises with costs well contained

Net core loans and advances



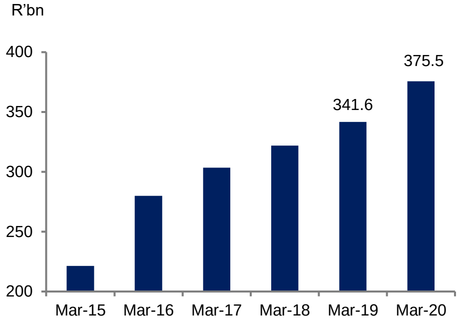
- Core loans up 6.5% to R288.9bn
- Private client book growth was partially offset by subdued corporate client activity

Operating income analysis



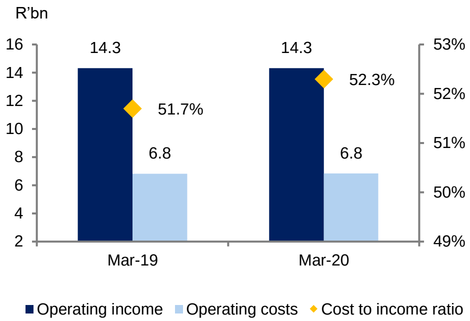
- Private client interest and fee income growth
- Non-repeat of a prior year large realisation in an associate entity
- COVID-19 related net reduction from negative fair value adjustments

Customer accounts (deposits)



- Deposits up 9.9% to R375.5bn

Cost to income



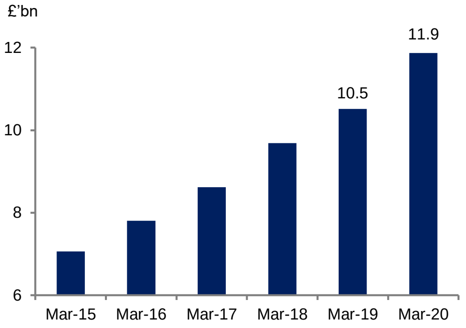
- Cost to income ratio of 52.3% (2019: 51.7%)
- Operating income flat
- Operating costs flat

*Other includes deal fees and other operating income

Specialist Banking UK and Other

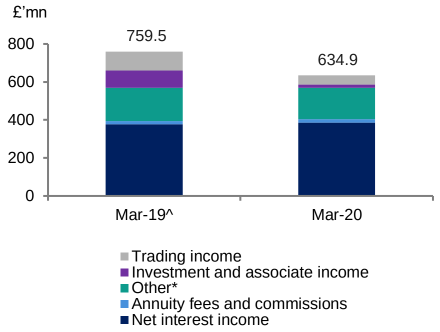
Resilient performance from lending franchises was offset by subdued equity capital markets fees and COVID-19 related fair value adjustments and hedging losses

Net core loans and advances



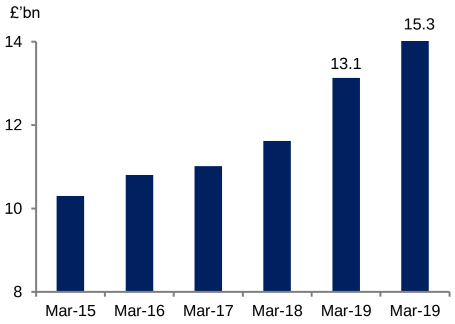
- Core loans up 12.9% to £11.9bn
- Growth in HNW mortgage book
- Reasonable origination and sell-down activity in corporate lending franchises

Operating income analysis



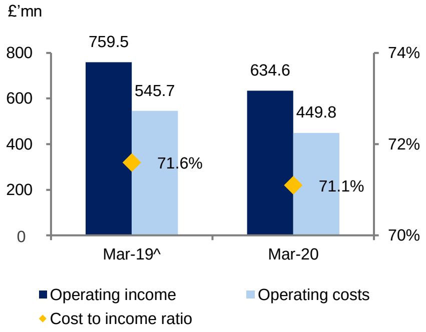
- Lower equity capital markets fees from persistent market uncertainty
- COVID-19 related impact was:
  - Hedging losses from structured products and
  - Negative fair value adjustments on certain portfolios

Total deposits



- Deposits up 16.3% to £15.3bn

Cost to income



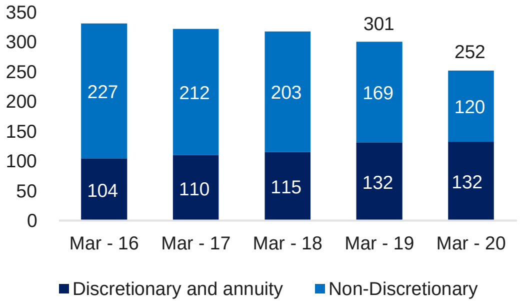
- Cost to income ratio of 71.1% (2019^: 71.6%)
- Operating income down 16.4%
- Operating costs down £96mn (17.6%) reflecting cost discipline (including variable remuneration) and normalised premises charges

^Restated
* Other includes deal fees and other operating income

Wealth & Investment SA

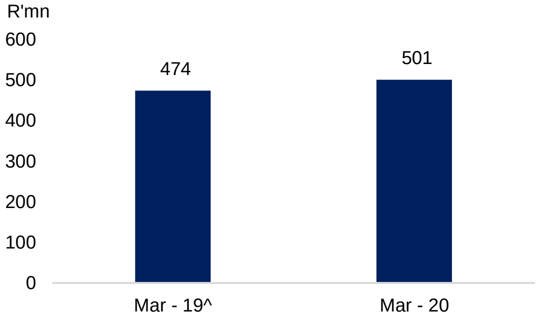
Net inflows, higher average AUM supported revenue growth

Assets under management



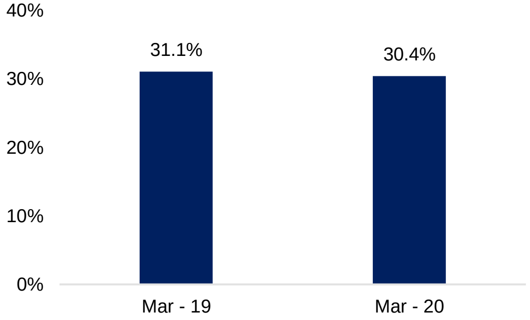
- AUM decreased by 16% to R252bn
- Net inflows of R2.2bn
- R8 bn discretionary inflows offset by R5.8bn non-discretionary outflows

Adjusted operating profit*



- Adjusted operating profit* up 5.7% to R501mn
- Supported by higher average AUM and
- Strong demand for our offshore offering
- Above inflation cost growth due to certain once-off personnel costs

Operating margin



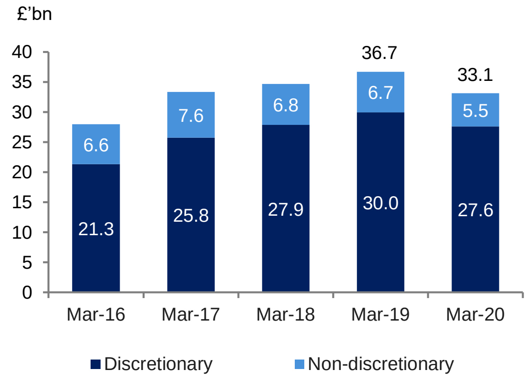
- Operating margin at 30.4% (2019: 31.1%)
- Operating income up 7.9%
- Operating costs up 8.9%

*Operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests.

Wealth & Investment UK & other

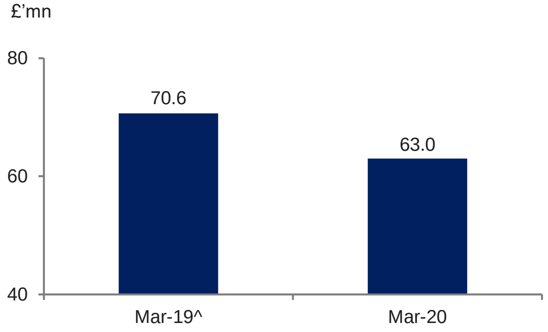
Net organic growth in AUM in the prior and current year supported stable revenue

Assets under management



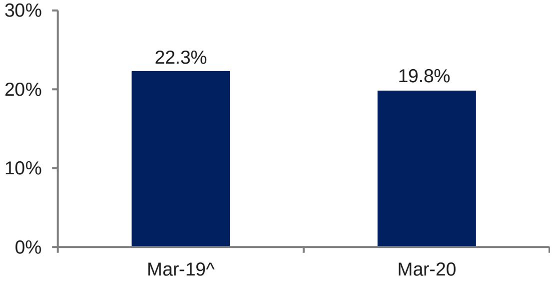
- AUM decreased by 9.7% to £33.1bn
- Net inflows of £484mn
- Closing AUM impacted by markets

Adjusted operating profit*



- Adjusted operating profit* down 10.8% to £63.0mn
- Higher discretionary technology costs
- Higher FSCS levies

Operating margin

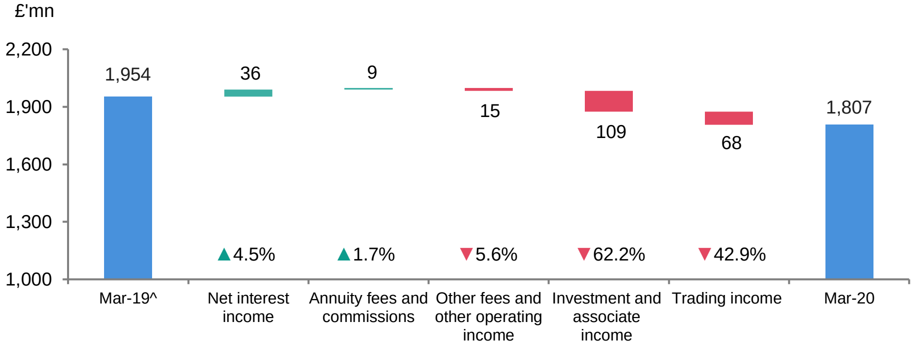


- Operating margin at 19.8% (2019^: 22.3%)
- Operating income flat
- Operating costs up 3.5%

*Operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests. ^Restated
Note: Assets under management (AUM) relating to the Irish Wealth & Investment business which was disposed during the year have been excluded from the Assets under management graph

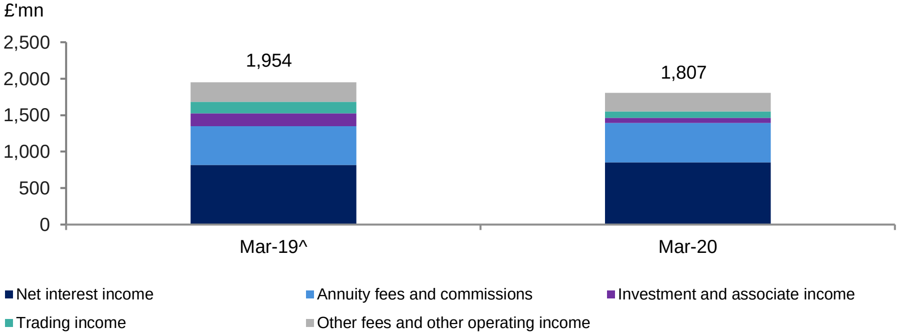
Increased NII and annuity fees, offset by lower investment and trading income

Operating income analysis



- Total operating income down 7.5%
- Overall annuity income up 3.4%
- Investment and associate income
  - Impacted by lower valuations and non-repeat prior realisation at IEP Group
- Trading income
  - Hedging losses in structured products, market volatility and non-repeat gains in the prior year

Operating income mix

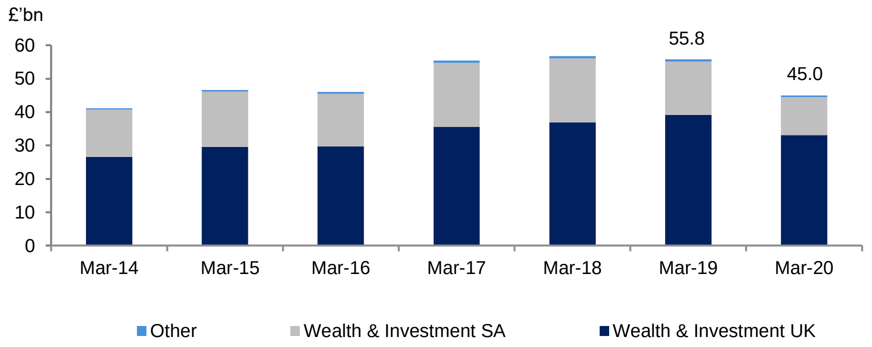


- Annuity income is 77.2% of total operating income (2019^: 69.1%)

^Restated.

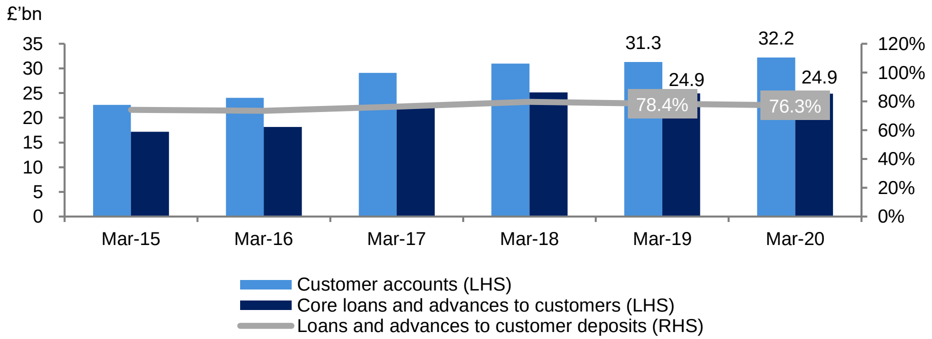
Earnings driven by growing client base across the business

Third party assets under management



- Third party AUM down 19.3% to £45bn
- Net inflows of £599mn
- Market levels declined materially due to COVID-19 and weakening of the Rand at year end
- Disposal of the Irish Wealth & Investment business

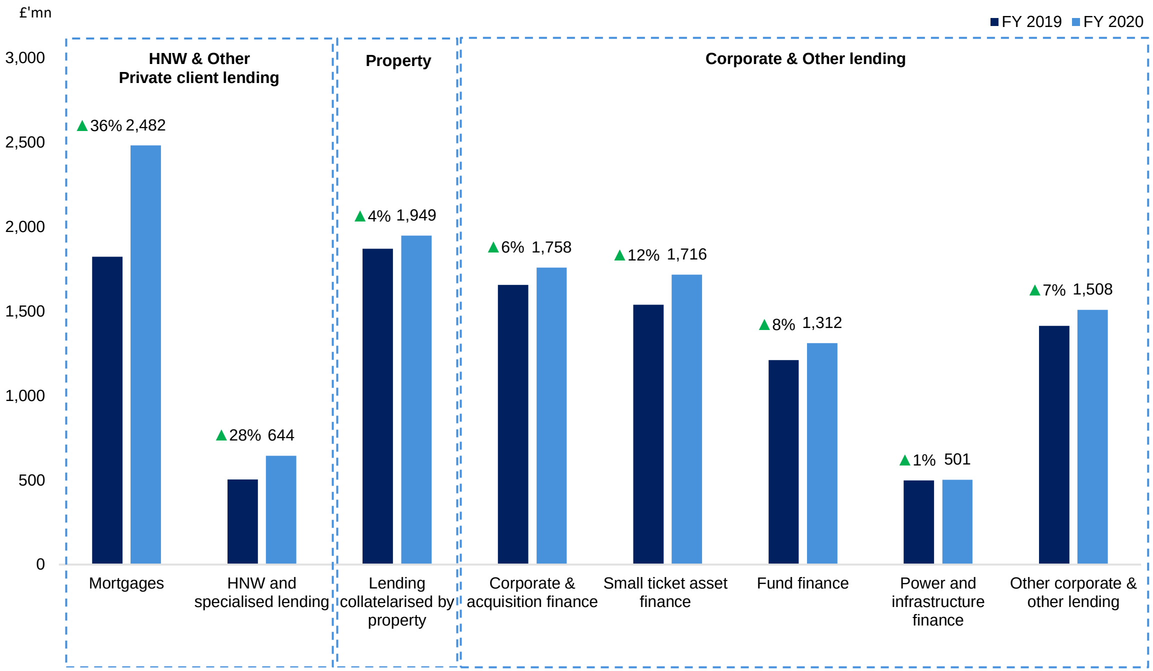
Customer accounts (deposits) and loans



- Customer accounts (deposits) increased 2.9% to £32.2bn
  - up 12.9% in neutral currency
- Core loans and advances broadly flat at £24.9bn
  - up 9.2% in neutral currency

UK net core loan growth largely driven by traction in our Private Bank franchise

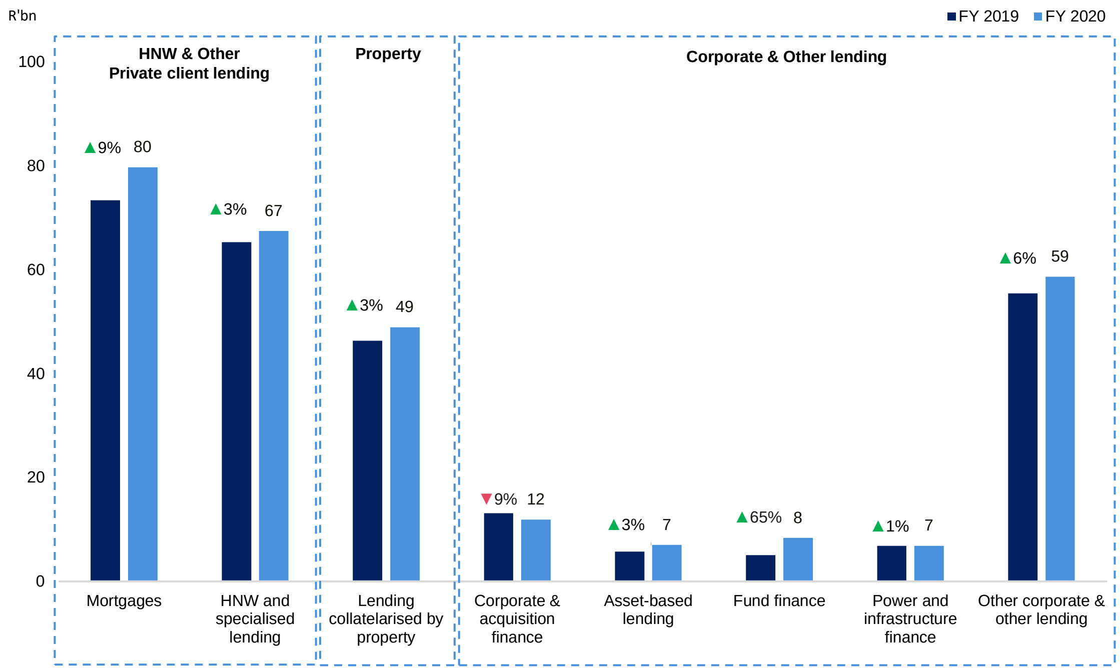
UK Net Core Loans



- **UK net core loans and advances up 12.9%,** driven by:
  - High net worth and other private client lending, predominantly through the HNW Mortgage offering
  - Diversified growth across multiple asset classes in Corporate and other lending

South Africa net core loan growth driven by the Private Bank franchise

SA Net Core Loans



- **SA net core loans and advances up 6.5%,** driven by:
  - Mortgages and HNW and specialised lending in Private Bank
  - Other corporates and Fund finance in Corporate and Other lending and
  - Commercial real estate

£86 mn after tax impact in Specialist Bank from COVID-19

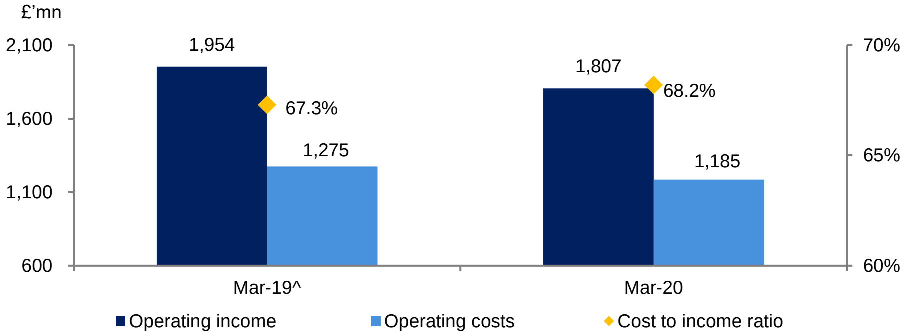
COVID-19 impact on Specialist Bank

£'mn	UK	South Africa	Specialist Bank
Investment and trading income	(61)	(36)	(97)
Increase in ECL	(38)	(20)	(58)
Operating costs	44	6	50
Adjusted operating profit	**(55)**	**(50)**	**(105)**
Related taxation	10	9	19
Net reduction on after tax operating profits	**(45)**	**(41)**	**(86)**

- Listed and unlisted mark-to-market write downs (£68mn)
- Hedging losses from structured products (£29mn), due to market dislocation in March implying increased hedging costs and dividend cancellation

Cost to income ratio supported by cost containment

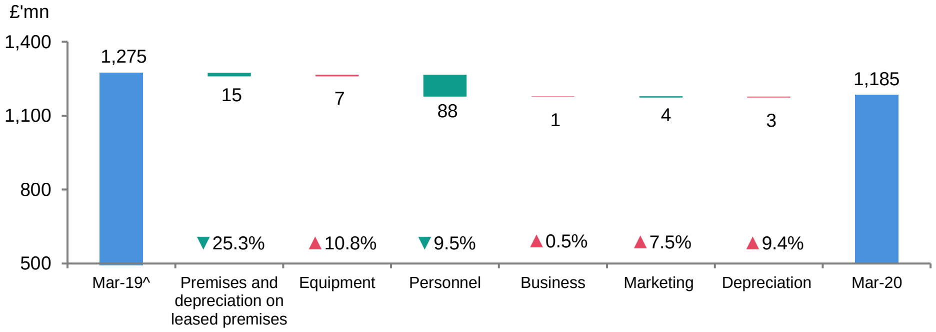
Cost to income



Cost to income ratio of 68.2%
(2019^: 67.3%)

- Operating income down 7.5%
- Operating costs down 7.0%
- Cost efficiency remains a priority for the group

Cost analysis



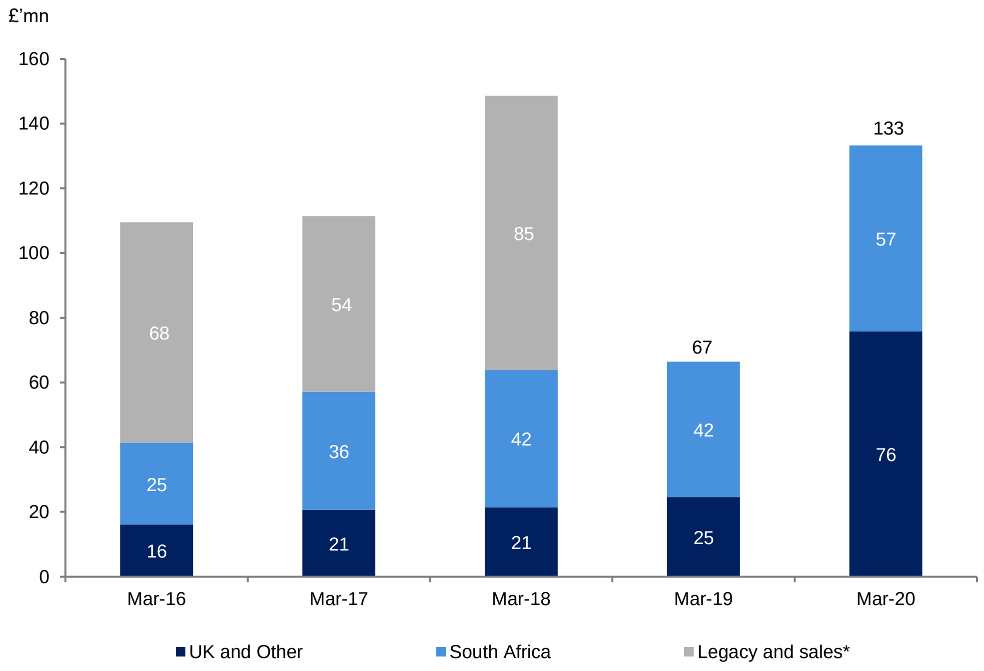
Costs down 7.0%

- Cost containment and normalised premises charges
- Personnel costs down 9.5%

^Restated.

ECL impairment charges increased year on year

Total ECL charge by geography

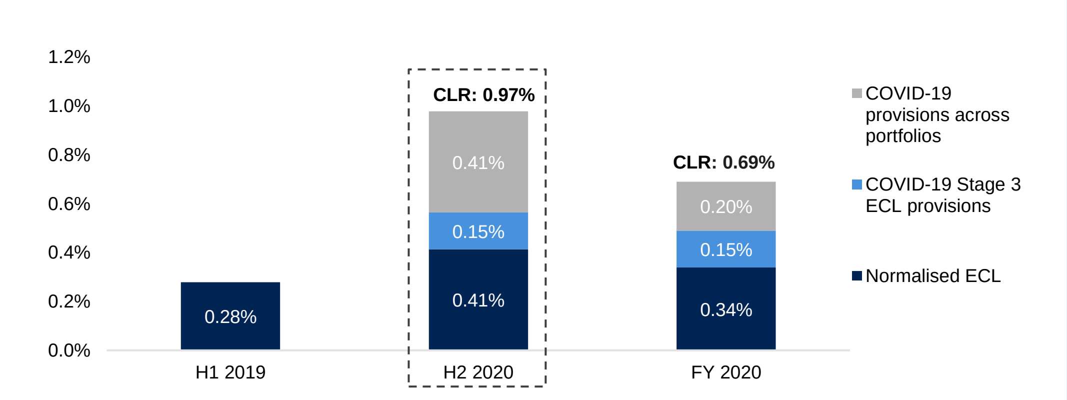


- ECL impairment charges of £133.3mn (2019: £66.5mn)
- Credit loss ratio within long-term average at 0.52% (2019: 0.31%)
- Excluding the effect of COVID, the credit loss ratio on core loans and advances would be 0.28%
- Stage 1 ECL coverage ratio doubled to 0.4% from 0.2%
- Covid-19 stage 3 ECL provision

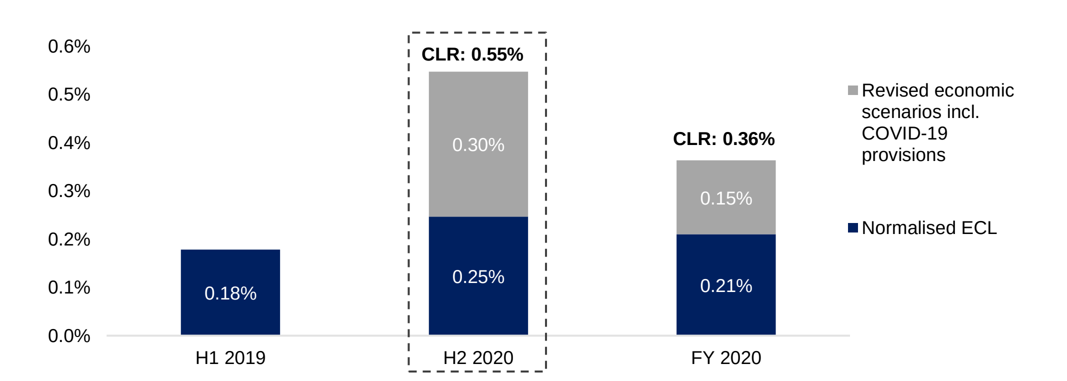
*Refers to group assets sold in the 2015 financial year and the UK legacy business. Since the 2019 financial year, the UK legacy business is no longer reported separately.

Unpacking the credit loss ratios

UK credit loss ratio



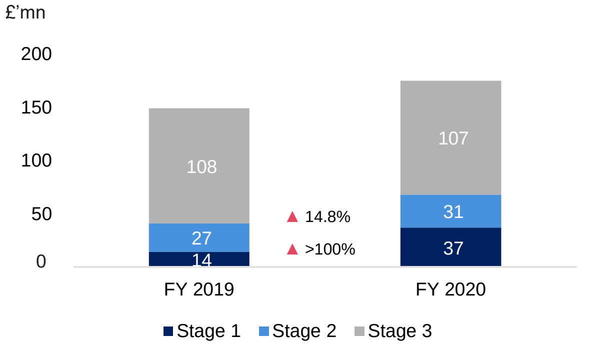
SA credit loss ratio



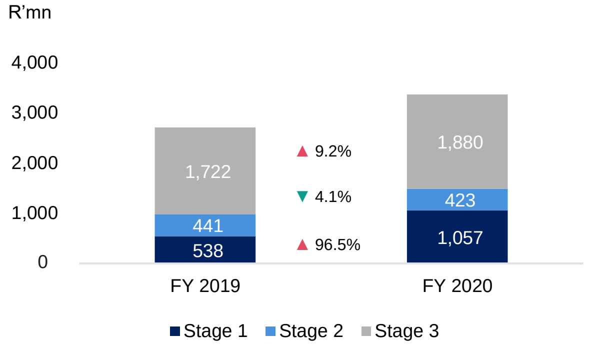
- Higher credit loss ratios in the second half in both the UK and South Africa predominantly due to COVID-19 impact
- Pre COVID full year credit loss ratios were expected to be within the through the cycle range
- We have taken additional provisions due to COVID-19, in part due to the weakened environment and deterioration in macro economic scenario forecasts as well as certain COVID-19 Stage 3 provisions

Balance sheet provisions

UK balance sheet ECL provision



SA balance sheet ECL provision



UK ECL coverage ratio %

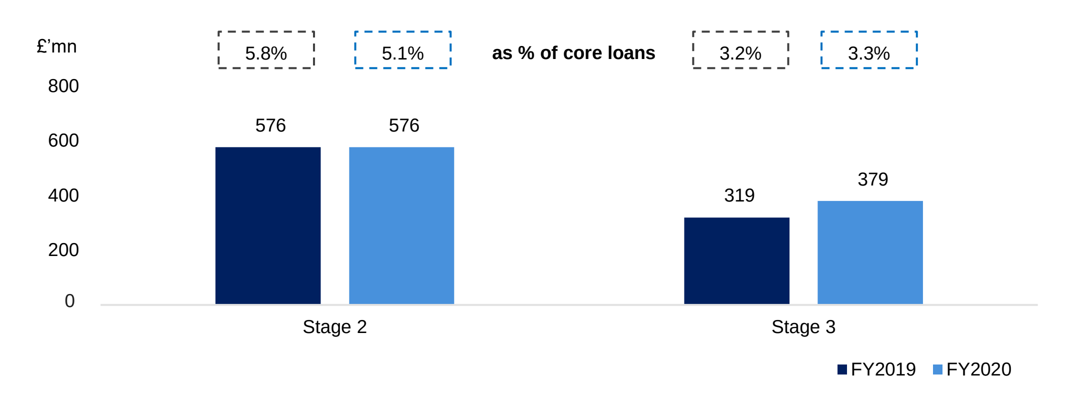
	FY 2019	FY 2020
Stage 1	0.2%	0.4%
Stage 2	4.7%	5.4%
Stage 3	33.9%	28.2%
of which Ongoing Stage 3	23.5%	24.9%

SA ECL coverage ratio %

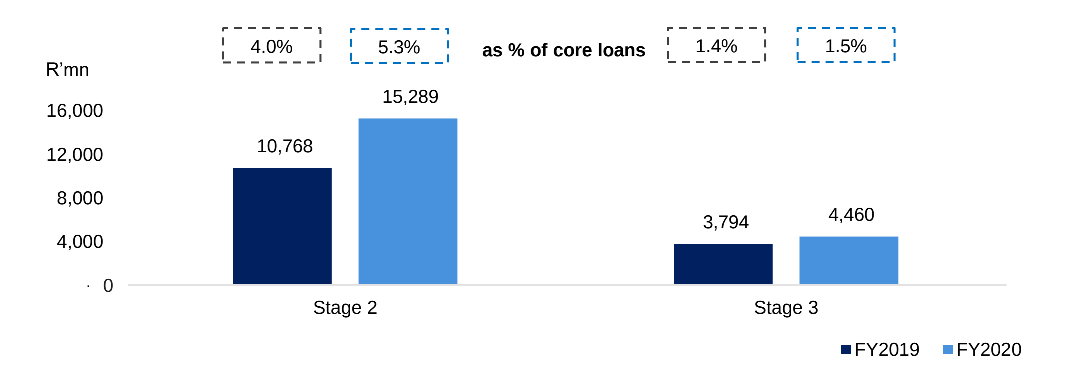
	FY 2019	FY 2020
Stage 1	0.2%	0.4%
Stage 2	4.1%	2.8%
Stage 3	45.4%	42.2%

Stage 2 and 3 loans and advances subject to ECL

UK core loans by Stage



SA core loans by Stage

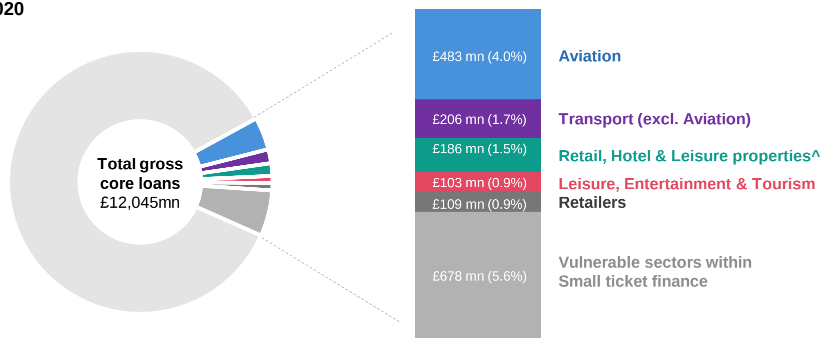


- The increase in UK Stage 3 exposures was driven by a small number of exposures which migrated due to idiosyncratic reasons
- The increase in South Africa's Stage 2 was mainly driven by select names across few sectors
- South Africa's increase in Stage 3 loans was largely driven by four names in different industries
- These increases remain within our risk appetite

Sectors particularly affected by COVID-19

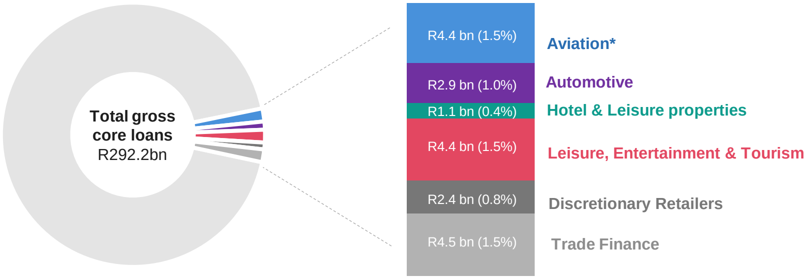
UK exposures to vulnerable sectors

31 March 2020



SA exposures to vulnerable sectors

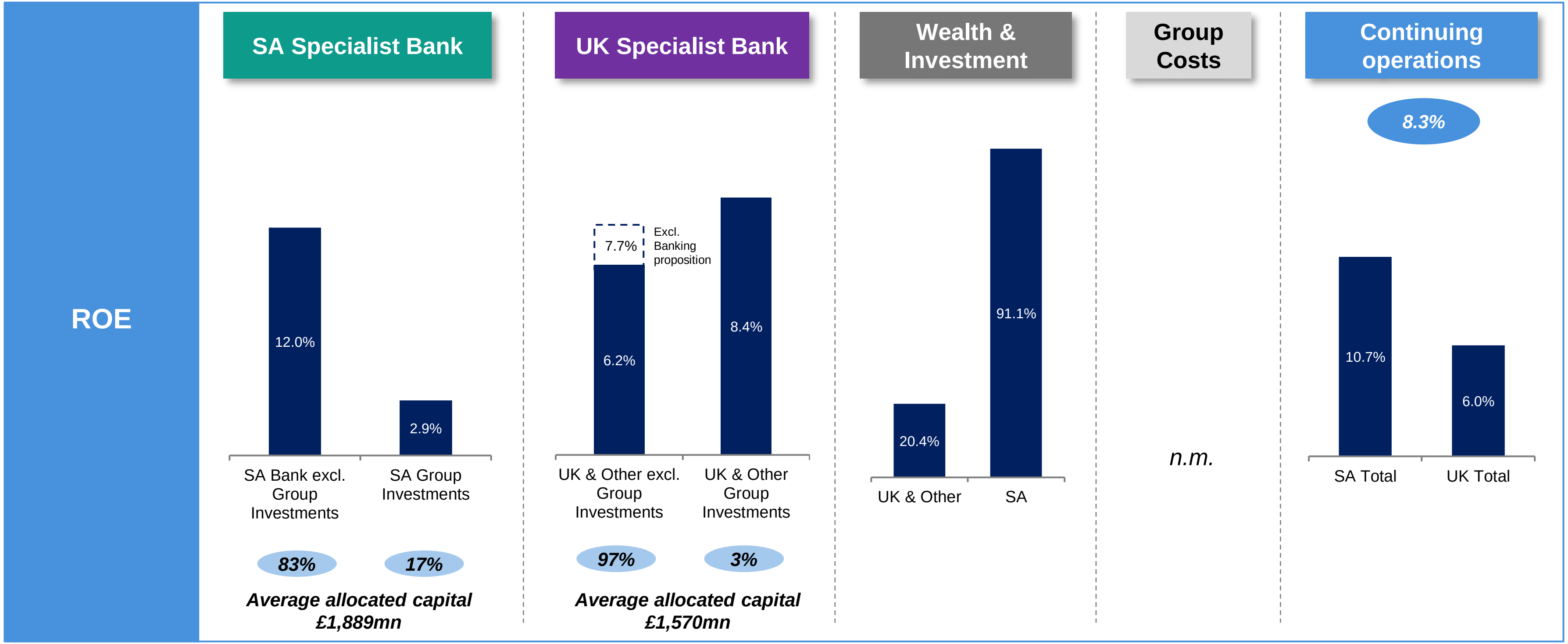
31 March 2020



- We have a diversified portfolio across sectors
- Government stimulus and support measures expected to somewhat mitigate the impact on vulnerable sectors

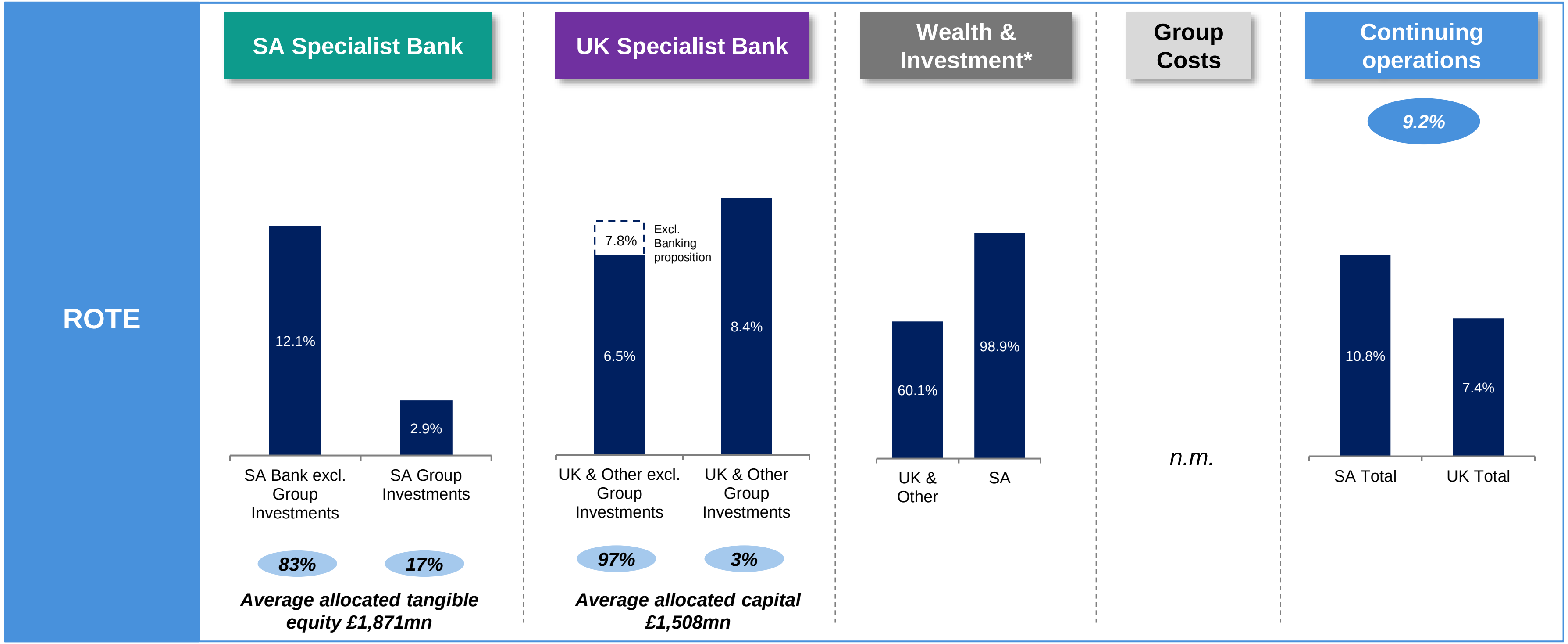
^Retail properties which have no underlying tenants that are either food retailers or other essential goods and services
*Aviation in South Africa excludes government guaranteed exposures

Divisional ROE



Note: Group investments comprises the group's 25% holding in Ninety One (held 16% through Investec plc and 9% through Investec Limited), 24.31% holding in the Investec Property Fund, 11.37% holding in the Investec Australia Property Fund, 47.4% holding in IEP and certain other historical unlisted equity investments.

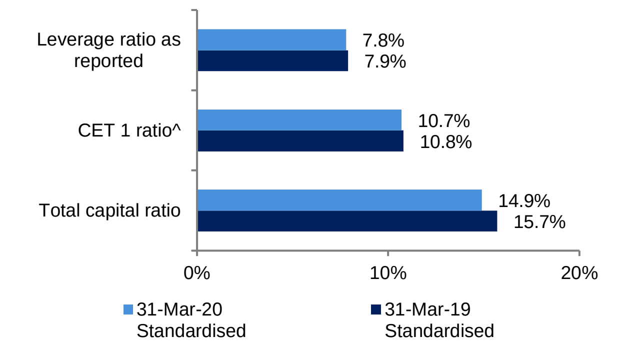
Divisional ROTE



Note: Group investments comprises the group's 25% holding in Ninety One (held 16% through Investec plc and 9% through Investec Limited), 24.31% holding in the Investec Property Fund, 11.37% holding in the Investec Australia Property Fund, 47.4% holding in IEP and certain other historical unlisted equity investments.

Robust capital and liquidity position

Investec plc Capital Ratios



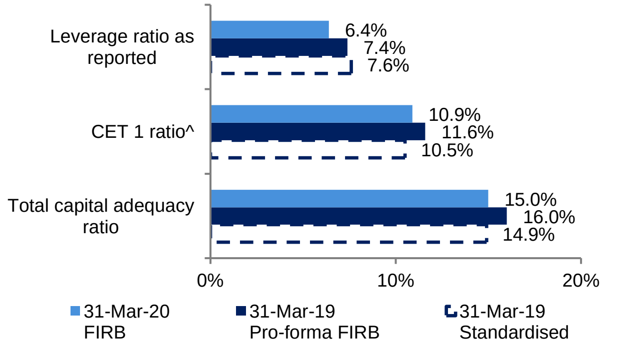
Capital summary

- CET 1 ratio above 10% target, total capital ratios within target range of 14%-17%
- Leverage ratios above group target of 6%
- FIRB* approach adopted in SA effective 1 April 2019

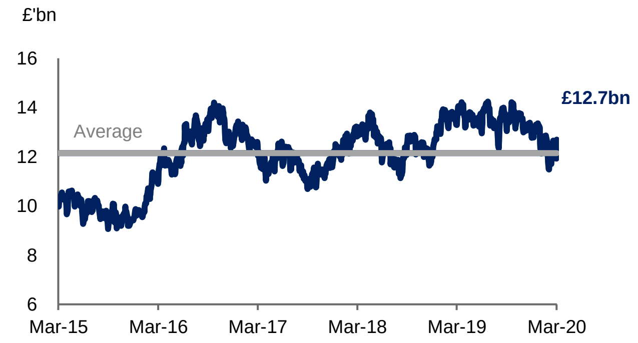
Liquidity summary

- High level of readily available, highly liquid assets
- Advances as a percentage of customer deposits of 76.3% (Mar-19: 78.4%)

Investec Ltd Capital Ratios



Group Cash and Near Cash



Refer to the group's Analyst Booklet for the year ended 31 March 2020 for further detail on capital adequacy and leverage ratios. ^Common Equity Tier 1. *Where FIRB is Foundation Internal Ratings-Based approach

Agenda

1. Overview – Fani Titi
2. Financial Review – Nishlan Samujh
3. **Investec post demerger – Fani Titi**
4. Closing and Q&A

Investec post demerger

We are a **distinctive banking and wealth management business**, defined by our ability to be nimble, flexible and innovative, and to give clients a high level of service

Strong heritage in Private Banking, Corporate and Institutional Banking and Wealth & Investment

Serve **select niches** where we can compete effectively through **market-leading specialist client franchises**

Supported by an **entrepreneurial culture** and refreshingly human approach that is valued by our clients

Committed to **contributing to society, macro-economic stability and the environment**

We are domestically relevant, internationally connected

We are not all things to all people: we serve select niches where we can compete effectively.
Our distinction lies in our ability to be nimble, flexible and innovative, and to give clients a high level of service.

Corporate / Institutional / Government / Intermediary

Private Clients (HNW / High Income) / Charities / Trusts

Specialist Banking

Wealth & Investment

We have market-leading specialist client franchises

We provide a high level of client service enabled by leading digital platforms

We are a people business backed by our out of the ordinary culture, entrepreneurial spirit and freedom to operate

Our approach to sustainability – “living in society, not off it”

Integrating sustainability throughout our business

Delivering exceptional service to our clients

Ethical conduct and do no harm through **responsible** lending, investing and risk management

Creating long-term value for all our stakeholders

Doing well and doing good by offering profitable, impactful and sustainable solutions

Contribute meaningfully to our people, our clients and our communities

Healthy, **engaged employees** who are inspired to learn and enjoy a diverse and inclusive workplace

Positive uplift through education, entrepreneurship and job creation

Support the transition to a **low-carbon world** starting with carbon neutrality in our own operations

Value created – highlights from this year

- Achieved **net-zero carbon emissions**
- Published our group fossil fuel policy with **<1.5%** exposure to fossil fuels
- **Financing the SDGs**, e.g. renewable energy, infrastructure, innovation and SMEs
- Female senior leadership represent **36.9%** of total senior leadership
- Participating in the **UN Global Investors for Sustainable Development Alliance**
- Launched **Environmental World Index Autocall** in SA and a **sustainable energy finance** arm in the UK
- **Enhanced our ESG policies**, processes and reporting
- Community spend as a % of operating profit of **2.3%,** of which **77%** was on education, entrepreneurship and jobs

Refer to our website for more information on Corporate Sustainability at Investec

We measure up, but plan to do more

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

- **Top 15%** in the global diversified financial services sector

MSCI | MSCI ESG RESEARCH LLC

- **Top 6%** scoring AAA in the financial services sector

JSE
FTSE/JSE Responsible Investment index

- **Top 30** in the investment index

CDP
DRIVING SUSTAINABLE ECONOMIES

- **Score B** against an industry average of C

FTSE Russell

- **Included** in the **FTSE UK 100 ESG** Select Index (out of 641 companies)

SUSTAINALYTICS | GLOBAL SUSTAINABILITY LEADERS INDEX

- **Top 20%** of globally assessed companies

STOXX
Global ESG Leaders

- **1 of 43** banks and financial services in the Global ESG Leaders (total of 439 components)

ISS ESG

- **Top 20%** of the ISS ESG global Universe and **Top 14%** of Diversified financial services

We have assigned DLC executive responsibility to further drive our sustainability agenda and integrate it into business strategy across the organisation

Refer to our website for more information on Corporate Sustainability at Investec

Strategising for the new normal

We are focusing on supporting our staff and clients through this crisis

Current focus

- Management of liquidity, capital and balance sheet risk
- Cost control
- Continued support of staff, clients and society
- Monitoring credit exposures

Near term focus

- Re-integration of staff into the workplace
- Continued support of staff, clients and society
- Continue to demonstrate financial strength and operational resilience

Future focus

- Building for the long term
- Given the unprecedented deterioration in economic expectations our 2022 targets might need to be reviewed
- Working to strategise for the new 'normal' and will communicate when in a position to do so

Outlook remains fluid and difficult to forecast

- We expect the year ahead to be challenging as we anticipate a protracted economic recovery from the effects of COVID-19
    - Macro economic outlook very challenging
    - Client activity likely to be muted
    - Interest income to be impacted by lower interest rates and
    - Elevated expected credit loss charges
    - As revenue pressures mount, we remain focused on controlling costs and improving efficiencies
- Continuous monitoring and management oversight of the loan portfolio with ongoing stress testing, scenario modelling and client engagement to mitigate emerging risks
- We will keep the periscope above the waves to see the opportunities ahead

Navigating rough seas

Out of the Ordinary

Investec

Appendix

Continued focus on our strategic objectives

Capital Discipline

- Reducing SA and UK equity investment portfolio:
  - Strategies underway
  - c. R2.5 bn capital reduction expected in SA
- Implemented FIRB: 1.1% uplift to CET1 ratio
- AIRB application submitted: c.2% CET1 uplift expected

Growth Initiatives

- Launched iX digital platform and Investec Business Online for corporate clients
- Expansion of Financial Planning and Advice in Wealth business
- Growing scale in our core client franchises
- Strategic corporate arrangement with Goldman Sachs in cash equities in SA

Cost Management

- Reviewed subscale operations:
  - Closed Click & Invest
  - Sold Irish Wealth & Investment
- Cost containment:
  - UK Bank fixed costs down £32 mn (7%)
- Further reducing costs with enhanced initiatives given the challenging economic outlook

Connectivity

- One Place ™ in SA
- Build out of My Investments in SA
- Launched Investec for Intermediaries / Advisers
- Integration and collaboration between Investec Life and Private Bank in SA
- Global Investment Strategy integrating investment process across the regions

Digitalisation

- Digitalised retail deposits capability with launch of Notice Plus in UK
- Launched Investec Open Banking API
- Enhanced security features on Investec online and mobile app
- Embedded new robotic process automation technologies (RPA / AI) to optimise some of our core operations