

Out of the Ordinary®

 **Investec**

Specialist Bank



Investec plc

The information in this presentation relates to the year ended 31 March 2020
unless otherwise indicated.

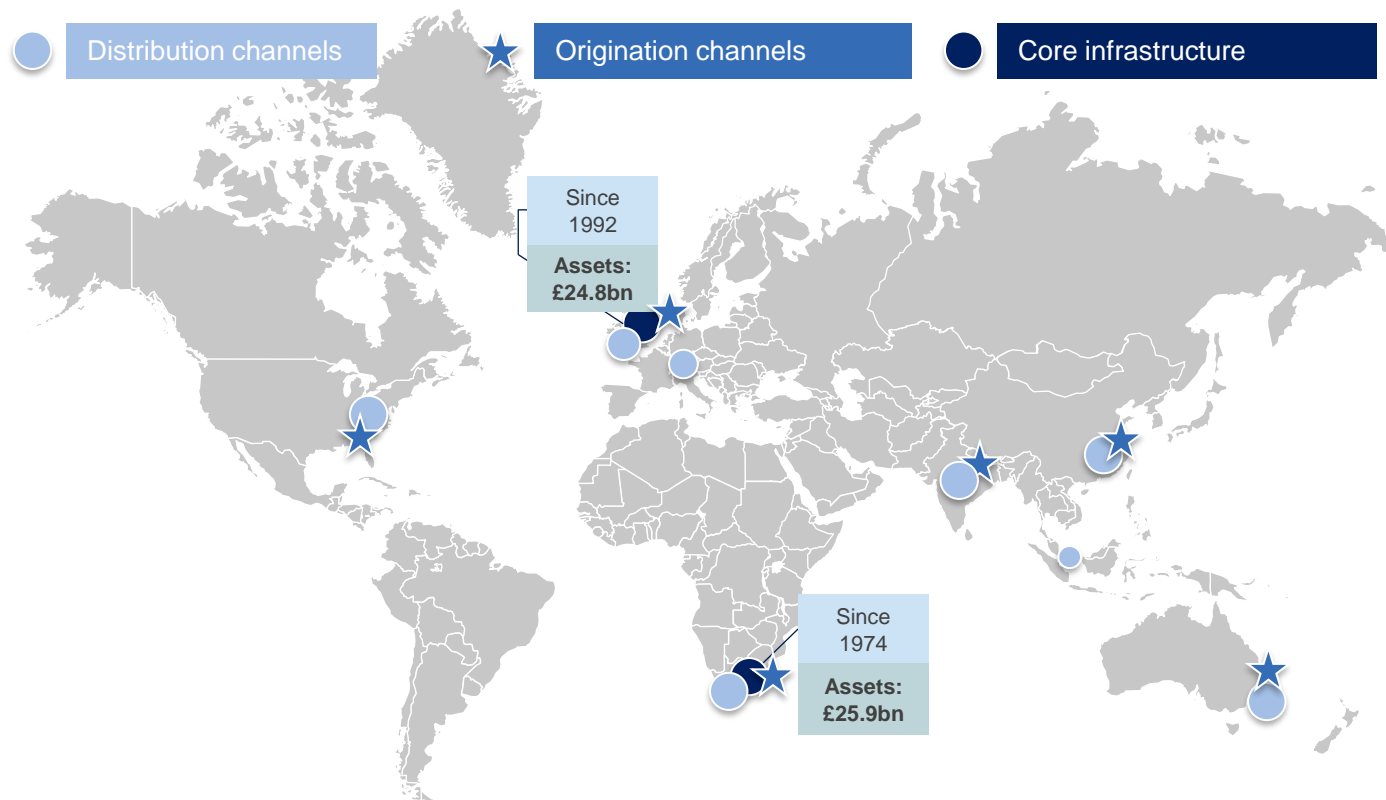


An overview of the Investec group

The information in this presentation is for the financial year ended 31 March 2020, unless otherwise indicated. The Investec group information reflects that of its Continuing operations. During the year, the group's asset management business was demerged and separately listed and has thus been accounted for as a discontinued operation.

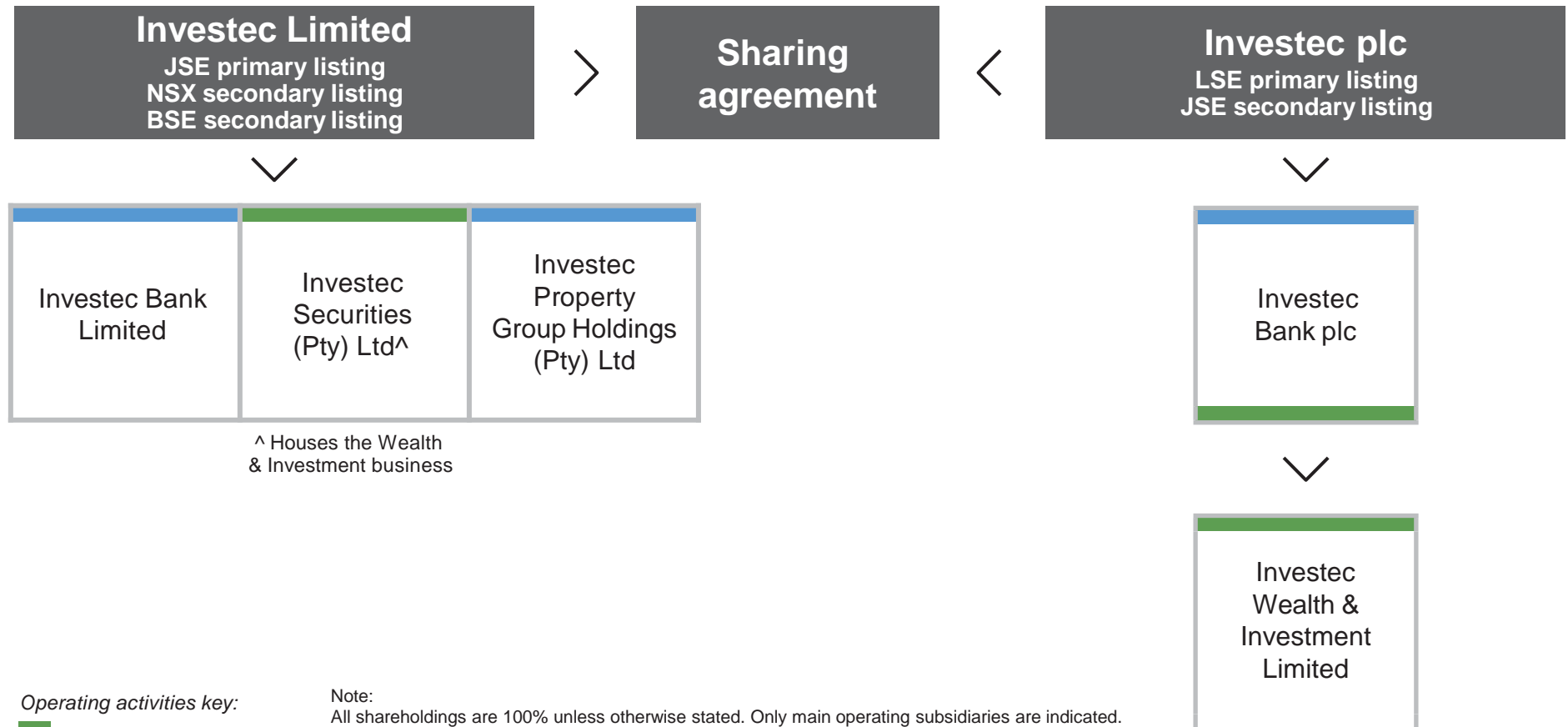
A domestically relevant, internationally connected banking and wealth & investment group

- Established in 1974
- Today, an efficient integrated international business platform employing approximately **8 700*** people
- Listed on the JSE and LSE (a FTSE 250 company)
- Total assets of **£50.7bn**; total equity of **£4.9bn**; total third party assets under management of **£45.0bn**



Group structure

- In 2002, Investec implemented a **Dual Listed Companies (DLC) structure**
- In terms of our DLC structure, **Investec Limited** is the controlling company of our businesses in Southern Africa and Mauritius, and **Investec plc** is the controlling company of our non-Southern African businesses.



Operating activities key:

- Wealth & Investment
- Specialist Banking

Note:

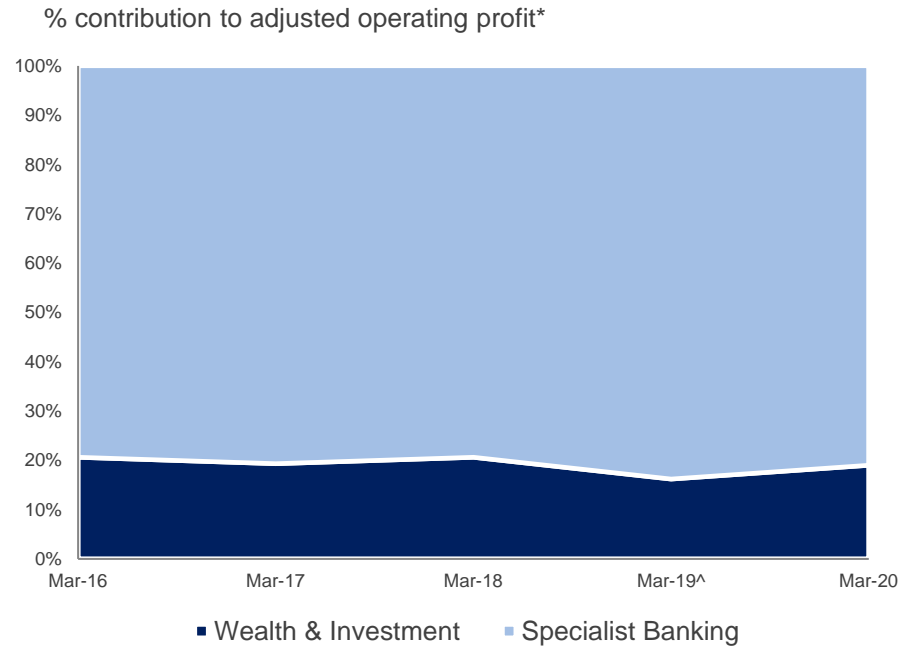
All shareholdings are 100% unless otherwise stated. Only main operating subsidiaries are indicated.

In March 2020, Investec completed the demerger and separate listing of Ninety One (formerly known as Investec Asset Management). The Investec group retained a 25% shareholding in the Ninety One DLC group, with 16% held through Investec plc and 9% held through Investec Limited.*

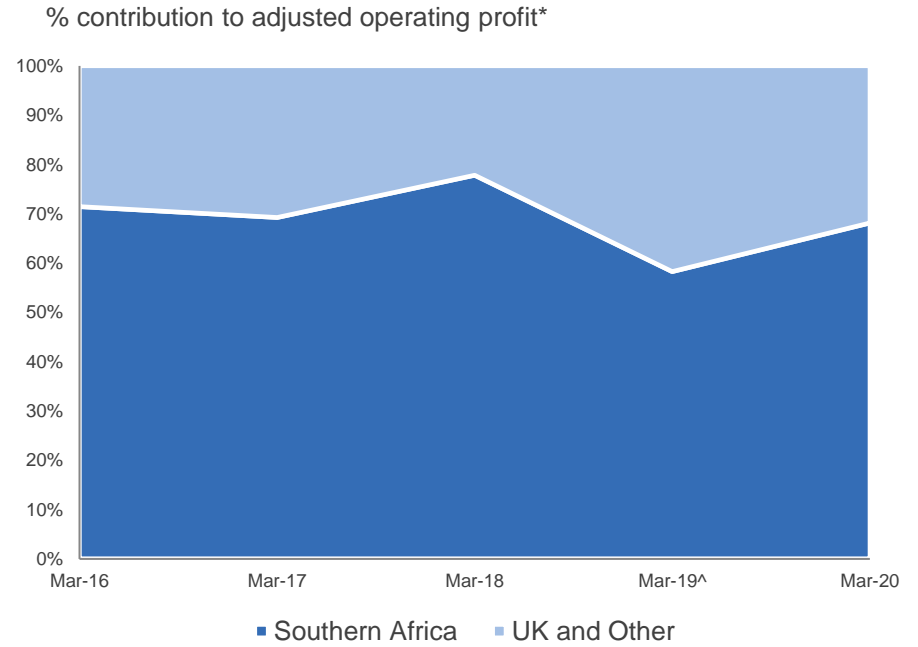
*Refer to the appendix for further information on the demerger.

Solid recurring income base supported by a diversified portfolio

Across businesses



Across geographies



* Adjusted operating profit by business is Operating profit before group costs and before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests. Adjusted operating profit by geography is Operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests. ^Reflected in the above trends, March 2019 information has been restated and excludes the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures as detailed in the Investec group's 2020 Analyst Book. All other prior year numbers have not been restated.

Strategic direction

We strive to be a distinctive bank and investment manager, driven by commitment to our core philosophies and values.

The Investec distinction

Client focused approach

- Clients are at the core of our business
- We strive to build business depth by deepening existing and creating new client relationships
- High-tech, high-touch approach
- High level of service by being nimble, flexible and innovative.

Specialised strategy

- Serving select market niches as a focused provider of tailored structured solutions
- Enhancing our existing position in principal businesses and geographies through organic growth and select bolt-on acquisitions.

Sustainable business

- Contributing to society, macro-economic stability and the environment
- Well-established brand
- Managing and positioning the group for the long term
- Balancing operational risk with financial risk while creating value for shareholders
- Cost and risk conscious.

Strong culture

- Strong entrepreneurial culture that stimulates extraordinary performance
- Passionate and talented people who are empowered and committed
- Depth of leadership
- Strong risk awareness
- Material employee ownership.

One Investec

Our long-term commitment is to One Investec; a client-focused strategy where, irrespective of specialisation or geography, we commit to offering our clients the full breadth and scale of our products and services.

We are focused on delivering profitable, impactful and sustainable solutions to our clients.

To deliver on One Investec, we will focus on imperative collaboration between the Banking and Wealth & Investment businesses; and continue to invest in and support these franchises. This will position Investec for sustainable long-term growth.

Our long-term strategic focus

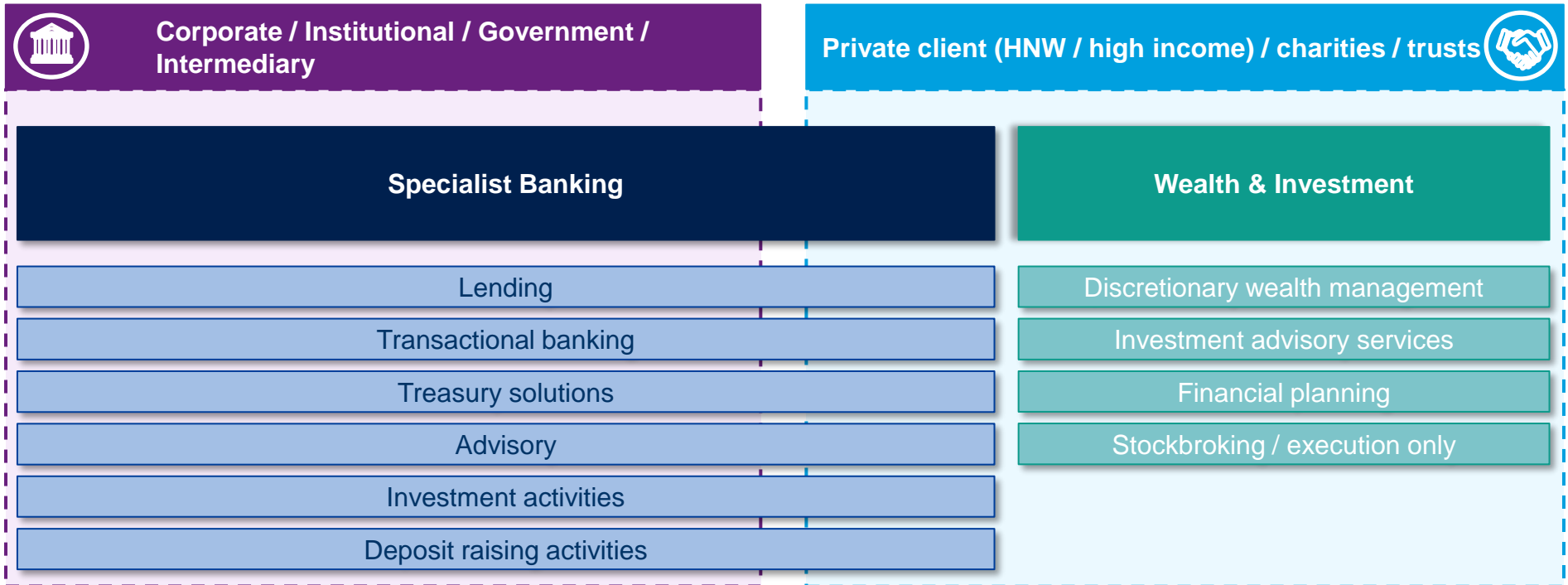
- We are committed to delivering exceptional service to our clients, creating long-term value for our shareholders and to contributing meaningfully to our people, communities and the planet
- All relevant Investec resources and services are on offer in every single client transaction
- Sustain our distinctive, out of the ordinary culture, entrepreneurial spirit and freedom to operate, with the discipline and obligation to do things properly for the whole of Investec.

In the short term, our objective is to **simplify, focus and grow** the business with discipline.

Balanced business model supporting our long-term strategy

A domestically relevant, internationally connected banking and wealth & investment group

2 Principal geographies	2 Core areas of activity	8,700+ Employees	£24.9bn Core loans	£32.2bn Customer deposits	£45.0bn Third party FUM
-----------------------------------	------------------------------------	----------------------------	------------------------------	-------------------------------------	-----------------------------------



We have market-leading distinctive client franchises

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

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

We continue to have a sound balance sheet

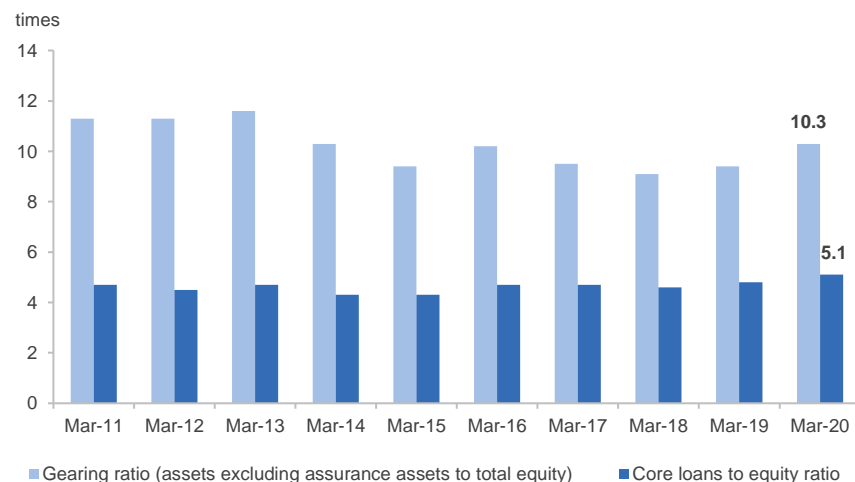
Key operating fundamentals

- Senior management “hands-on” culture
- A high level of readily available, **high quality liquid assets**: representing c. 25% - 35% of our liability base. Cash and near cash balances amounted to £12.7 billion at year end, representing **39.4%** of customer deposits.
- No reliance on wholesale funding
- Solid leverage 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 between 14% and 17%
- **Low gearing ratio: 10.3x** with **strong leverage ratios** remain ahead of the group’s target of 6%
- Geographical and operational diversity with a **high level of annuity income** which continues to support sustainability of operating profit

Cash and near cash

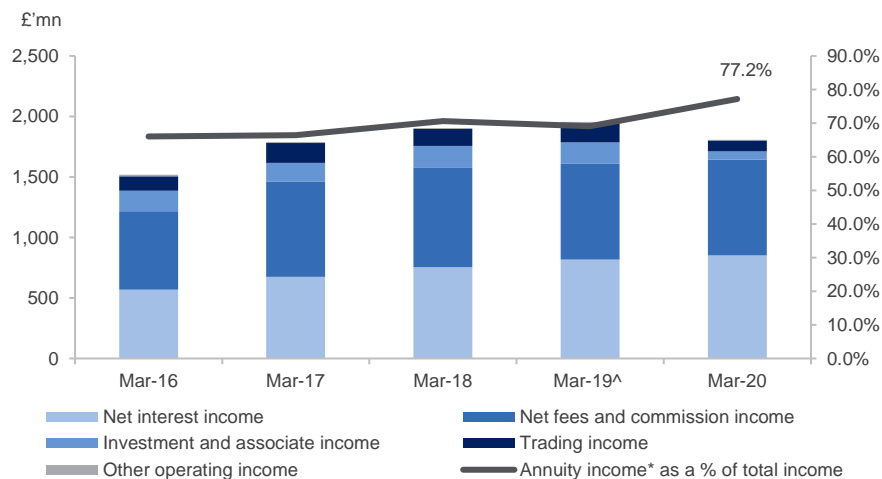


Low gearing ratios

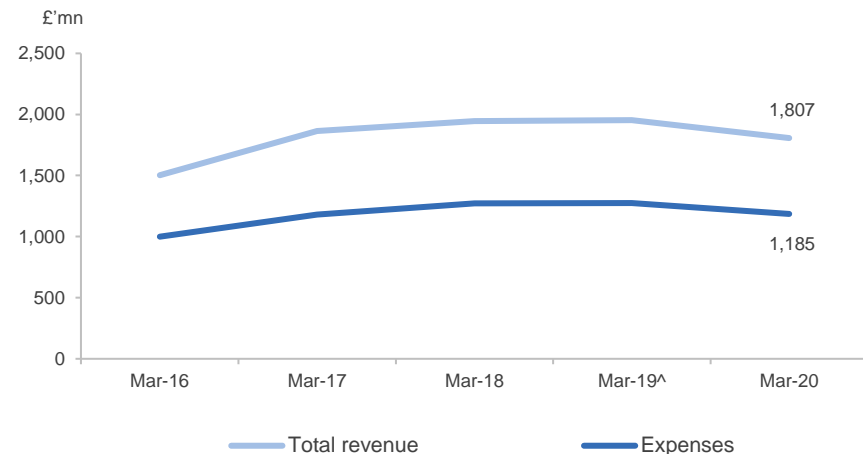


We have a sound track record

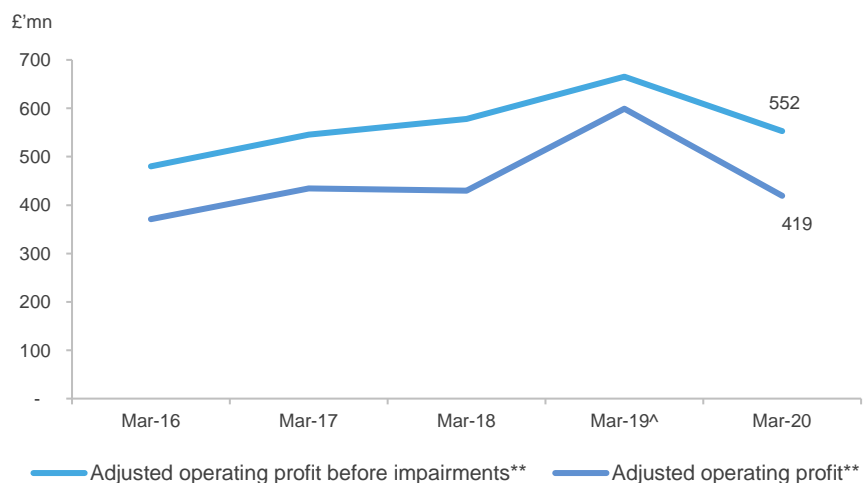
Recurring income



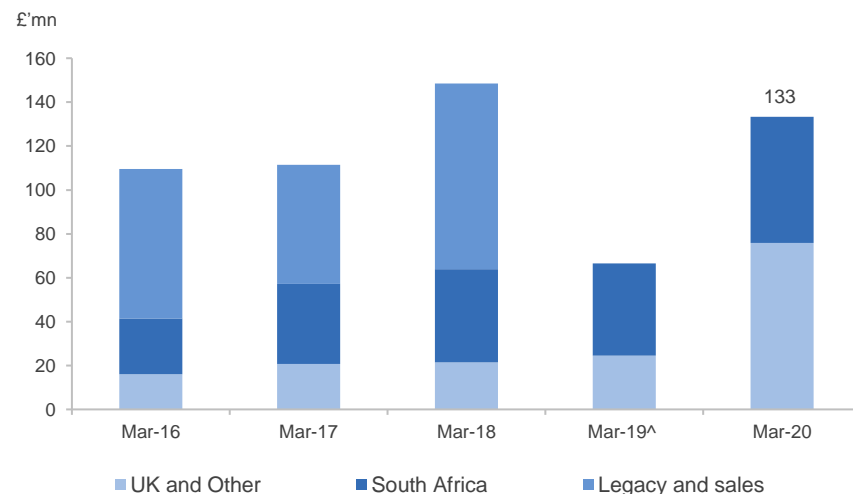
Revenue versus expenses



Adjusted operating profit** before impairments



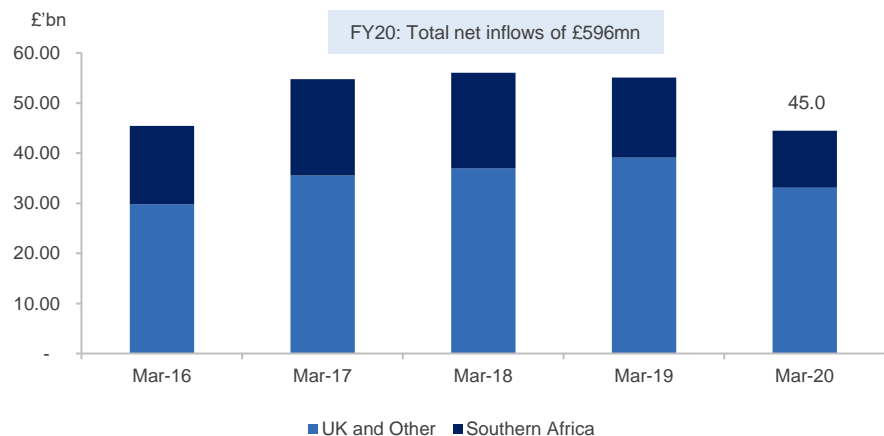
Credit loss impairment charges



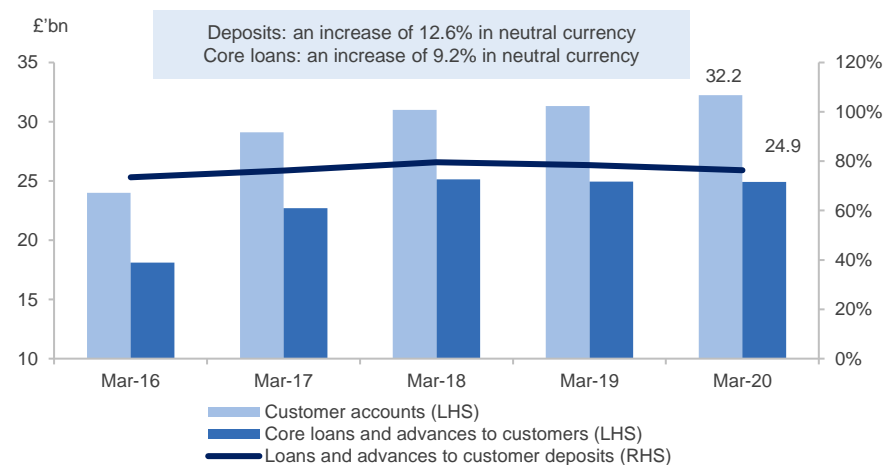
*Where annuity income is net interest income and annuity fees. **Operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests.
 ^Reflected in the above trends, March 2019 information has been restated and excludes the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures as detailed in the Investec group's 2020 Analyst Book. All other prior year numbers have not been restated.

We have a sound track record (cont.)

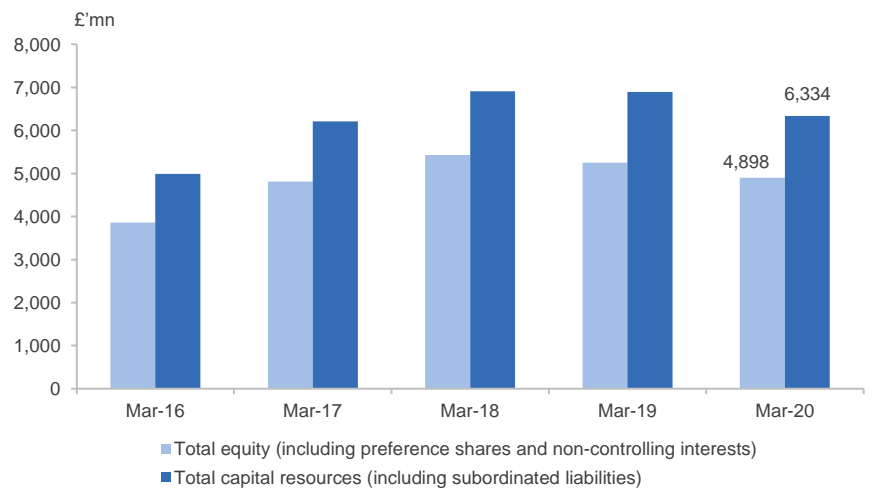
Third party assets under management



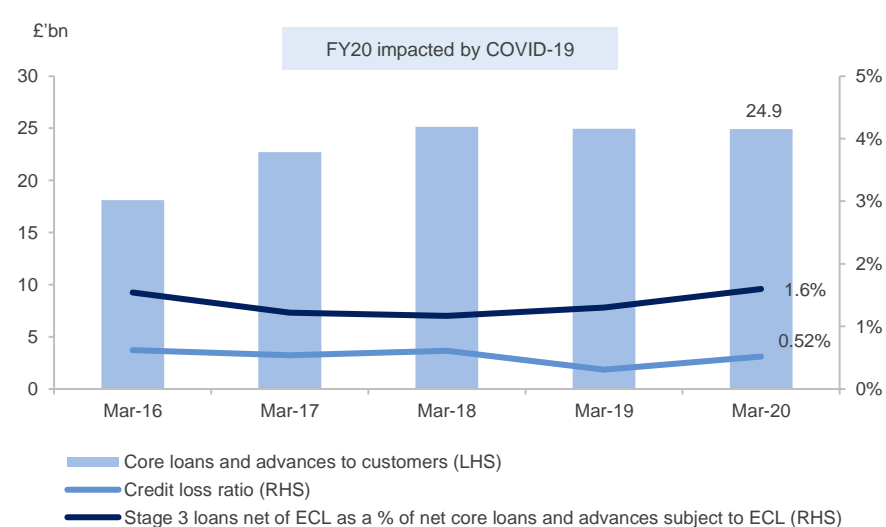
Core loans and advances and deposits



Total equity and capital resources



Asset quality



Sustainability – indices, rankings and recognition

Indices and rankings



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



- **Top 30** in the FTSE/JSE responsible investment index



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



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



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



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



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



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

Recognition

- **1st bank in SA and 8th bank in UK** banking and financial services sector to sign up to the TCFDs
- **Best Investment Bank for Sustainable Finance** in Africa in the 2020 Global Finance Awards
- Winner **Sustainability Award** in the 17th Annual National Business Awards 2019
- One of **15 Best Deals** ranked by Global Trade Review for our finance of Ghana Infrastructure Company for the construction of roads and storm drainage
- Winner **Dialogue Strategic CSI Award** 2019 for the Promaths programme
- Voted one of SA's **Top Empowered Companies** by Impumelelo
- Winner **16th Platinum Award** in the City of London's Clean City Award Scheme 2019 recognising the waste management best practice endeavours
- Shortlisted for the **Business Charity Awards**, which recognises the outstanding contribution made by UK businesses to good causes
- Shortlisted for the **Financial Services Charity Partnership Award** for partnership with Arrival Education
- Achieved a **silver award** for the Guernsey office with ESI Monitor for their commitment to the environment

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

Sustainability – “living in society, not off it”

Our long-term commitment is to One Investec; a client-focused strategy where, irrespective of specialisation or geography, we commit to offering our clients the full breadth and scale of our products and services.

Supporting business strategy

1 **Delivering exceptional service to our clients**

2 **Creating long-term value for all our stakeholders**

3 **Contribute meaningfully to:**

Our people

Communities

The planet

Sustainability focus

- **Ethical conduct** and do no harm through **responsible** lending, investing and risk management
- **Doing well and doing good** by offering profitable, impactful and sustainable solutions
- Healthy, **engaged employees** who are inspired to learn and enjoy a diverse and inclusive workplace
- **Positive upliftment** 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



- Published our group fossil fuel policy with **<1.5%** exposure to fossil fuels
- Enhanced our ESG policies, processes and reporting



- Participating in the UN Global Investors for Sustainable Development Alliance
- Financing the SDGs, e.g. renewable energy, infrastructure, innovation and SMEs



- Female senior leadership represent **36.9%** (2019: 35.6%) of total senior leadership



- Community spend as a % of operating profit of **2.3%** (2019: 2.0%) of which **77%** was on education, entrepreneurship and jobs



- Achieved net-zero carbon emissions
- Launched Environmental World Index Autocall in SA and a sustainable energy finance arm in the UK

We have an important role to play in creating a more equal, cohesive and sustainable world



An overview of Investec plc

The information in this presentation is for the financial year ended 31 March 2020, unless otherwise indicated. The information reflects that of Investec plc's Continuing operations. During the year, the group's asset management business was demerged and separately listed and has thus been accounted for as a discontinued operation.

Overview of Investec plc

Investec plc is a **specialist bank** and private client **wealth manager** with **primary business in the UK**.

We are focused on delivering profitable, impactful and sustainable solutions for our clients in two core areas of activity, namely: **Wealth & Investment** and **Specialist Banking**

Total assets
£24.9bn

Net core loans
£11.9bn

Total equity
£2.4bn

Customer deposits
£15.3bn

Third Party AUM
£33.5bn

Investec plc

- Holding company of the Investec group's **UK & Other operations***
- Operating in the UK since 1992
- **UK FTSE 250 listed entity** since 2002
- **PRA and FCA regulated and a member of the London Stock Exchange**
- **Balanced and defensive business model** comprising Specialist Banking and Wealth & Investment – c.38% of adjusted operating profit[^] from non-banking activities
- Employing approximately **3,900** permanent employees
- **Creditors ring-fenced** from Investec Bank Limited (Southern African banking subsidiary)
- **Capital and liquidity are not fungible** between Investec plc and Investec Limited (listed holding company of the group's Southern African operations) – each entity required to be self-funded and self-capitalised in adherence with the regulations in their respective jurisdictions

*UK & Other refers to our operations in the UK, Australia, the Channel Islands, Hong Kong, India, the Republic of Ireland, Switzerland, and the United States of America.

[^] At 31 March 2020, where adjusted operating profit by business is Operating profit before group costs and before acquired intangibles and strategic actions, less profit attributable to other non-controlling interests.

Key strengths

Diversified revenue streams with high annuity base

- Balanced business model comprising two distinct business activities: **Specialist Banking and Wealth & Investment**
- Continued focus on growing our **capital light businesses**, now 51.5% of Investec plc's revenue[#]
- Geographic and operational diversity with a high level of **annuity revenue**[^] accounting for 71.5% of total operating income
- Third party FUM* of **£33.5bn** and **positive net inflows** for Wealth & Investment

Sound balance sheet

- **Never required shareholder or government support**
- **Robust capital base: 10.7% CET1 ratio**** and **strong leverage ratio of 7.8%** (7.4% on a fully loaded basis) as of 31 March 2020
- Investec plc benefits from a substantial unlevered asset, being Wealth & Investment (FUM: £33.1bn)
- **Low gearing: 10.4x**
- **Strong liquidity ratios** with high level of readily available, high quality liquid assets representing 39.5% of customer deposits (cash and near cash: £6.0bn)
- **Diversified funding base** with strong retail deposit franchise and low reliance on wholesale funding
- We target a **diversified, secured loan portfolio**, lending to clients we know and understand

Strong culture

- **Stable management** - senior management team average tenor of c.15 – 20 years
- Strong, entrepreneurial culture balanced with a strong risk awareness
- Employee ownership – long-standing philosophy

[#]For the year ended 31 March 2020. [^]Where annuity income is net interest income and annuity fees. *Where FUM is third party funds under management.

**CET1 ratios shown on a consolidated basis as at 31 March 2020; after the deduction of foreseeable charges and dividends as required by the Capital Requirements Regulation (CRR) and EBA technical standards.

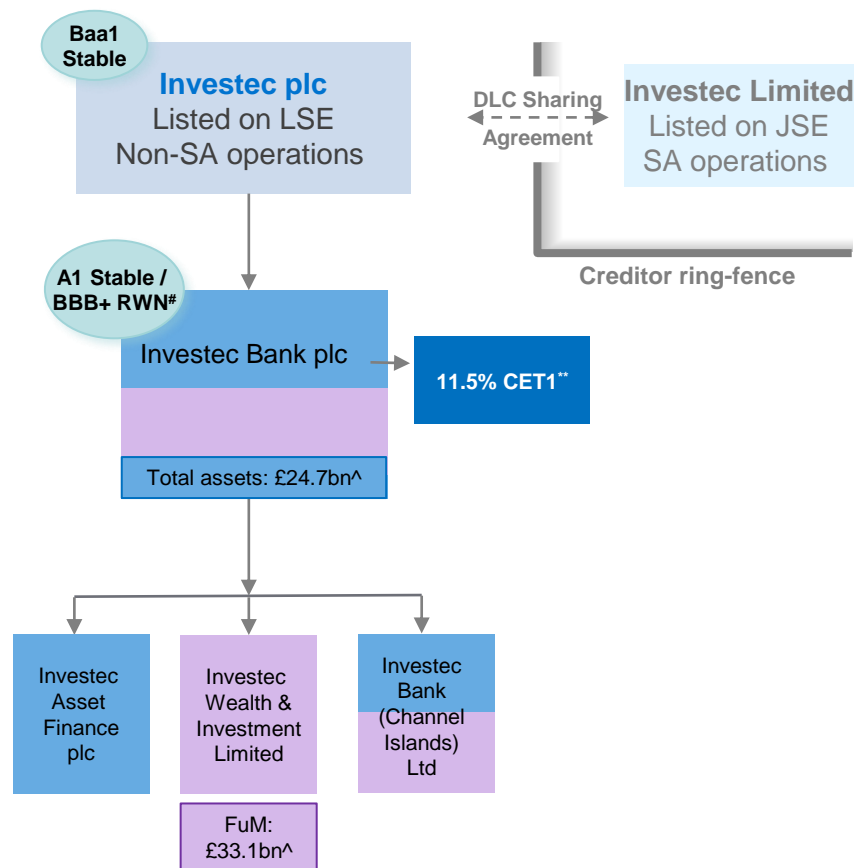
Investec and IBP: structure and main operating subsidiaries

Features of Investec's structure

- **Investec plc is the holding company** of the Investec group's **UK & Other operations***
- One main operating subsidiary
 - **Investec Bank plc (IBP)** (which houses the **Specialist Banking** and **Wealth & Investment** activities)

Features of the Investec Group's DLC structure

- Investec implemented a **Dual Listed Companies Structure** in July 2002
- **Creditors are ring-fenced** to either Investec Limited or Investec plc as there are no cross guarantees between the companies
- **Capital and liquidity are prohibited from flowing between the two entities** under the DLC structure conditions
- **Shareholders have common economic and voting interests** (equivalent dividends on a per share basis; joint electorate and class right voting) as a result of a Sharing Agreement
- **Investec operates as if it is a single unified economic enterprise** with the same Boards of Directors and management at the holding companies



Assets under Management	Mar-20	Mar-19
<i>UK & Other</i>		
Investec Wealth & Investment	£33.1bn	£39.1bn
Other	£0.4bn	£0.4bn
Total third party assets under management	£33.5bn	£39.5bn

■ Specialist banking
■ Wealth & Investment

Balanced business model supporting our long-term strategy

Two distinct business activities focused on well defined target clients and regions

Client	Corporate / Institutional / Government / Intermediary	Private client (high net worth / high income) / charities / trusts
Business	Specialist Banking <ul style="list-style-type: none"> • Lending • Transactional banking • Treasury solutions • Advisory • Investment activities • Deposit raising activities 	Wealth & Investment <ul style="list-style-type: none"> • Investments and savings • Pensions and retirement • Financial planning
Region	UK and Europe, Australia, Hong Kong, India, USA	UK, Channel Islands (Guernsey), Switzerland
Value Proposition	<ul style="list-style-type: none"> • Established, full service banking solution to corporate and private clients with leading positions in various areas • High-touch personalised service – ability to execute quickly • Ability to leverage international, cross-border platforms • Strong UK client base and internationally connected • Strong ability to originate, manufacture and distribute • Balanced business model with good business depth and breadth • Generated 62% of adjusted operating profit* in FY 2020 	<ul style="list-style-type: none"> • Built via organic growth and the acquisition and integration of businesses over a long period of time • Established platforms in the UK, Guernsey and Switzerland • Four distribution channels: direct, intermediaries, Investec Private Bank, and Investec internationally • Global investment process, delivering tailor-made and innovative solutions to our clients • Focus on organic growth in our key markets • Recognised brand and balance sheet strength attracts investment managers and supports client acquisition • Low risk, capital light, annuity income generation • £33.1bn in funds under management • Generated 38% of adjusted operating profit* in FY 2020

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

Investec plc: strategic objectives

Maintain healthy capital ratios

- Always held capital in excess of regulatory requirements
- Targets:
 - Common Equity Tier 1 ratio >10% (10.7% at 31 March 2020)
 - Tier 1 ratio >11% (12.4% at 31 March 2020)
 - Total capital ratio: 14% – 17% (14.9% at 31 March 2020)
 - Leverage ratio >6% (7.8% at 31 March 2020)
- Capital strength maintained without recourse to shareholders, new investors or government assistance

Maintain robust liquidity management philosophy

- Appropriately manage our levels of surplus liquidity and cost of funding
- Maintain high level of readily available, high-quality liquid assets - minimum cash to customer deposit ratio of 25% (39.5% at 31 March 2020)
- Maintain diversified sources of funding

Perpetuate the quality of the balance sheet

Focus on revenue drivers

- Continue to build our client franchises and client base in the UK – focus on direct relationships with entrepreneurs, mid-sized corporates and high net worth clients
- Generate high-quality income through diversified revenue streams and businesses
- Leverage our private client platform (across banking and wealth management)
- Continue to grow FUM
- Moderate loan growth, emphasis on diversified portfolios
- Increase transactional activity

Maintain operational efficiency

- Investec plc's cost to income ratio was 78.3% at 31 March 2020 (blend of banking and wealth management businesses)
- Targeting cost to income ratio of below 65% for Specialist Banking and between 73-77% for Wealth & Investment
- Our cost to income ratio has been elevated as we have been investing in infrastructure and resources to grow the franchise, notably the build-out of the Private Bank
- With the investment in the Private Bank complete, the business is now in leverage and growth phase and management is committed to an increased focus on cost discipline

Investec plc: focusing on capital light activities

- Realigned the business model since the global financial crisis and focused on **growing capital light businesses**
- At 31 March 2020, total capital light activities accounted for **51.5% of Investec plc's revenue**
- We have **significantly increased our third party funds under management** - a key capital light annuity income driver - in the Wealth & Investment business. FUM have grown from £14.9bn at March 2011 to £33.1bn at March 2020. Revenue from Wealth & Investment makes up 33.5% of Investec plc's total operating income at 31 March 2020.

CAPITAL LIGHT ACTIVITIES

Third party asset management, advisory and transactional income

- Wealth management
- Advisory services
- Transactional banking services
- Funds

BALANCE SHEET DRIVEN ACTIVITIES

Net interest, customer flow trading, investment and associate income

- Lending portfolios
- Trading income largely from client flow as well as balance sheet management and other
- Investment portfolios

CAPITAL LIGHT BUSINESSES*

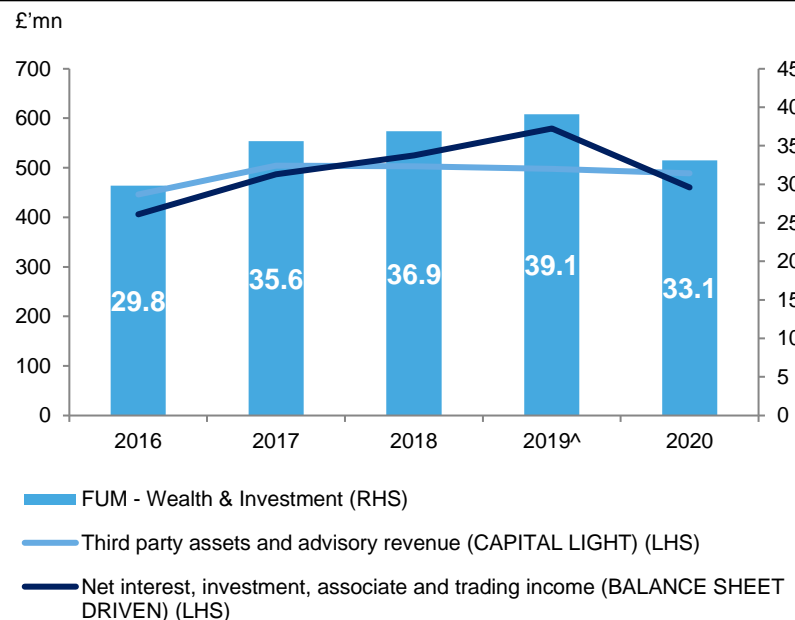
£489mn
52% of total revenue

Net fees and commissions of **£482mn**
51% of total revenue

- Of which £178mn Specialist Bank
- Of which £304mn Wealth & Investment

Other of **£7mn**
1% of total revenue

Investec plc revenues and funds under management



BALANCE SHEET DRIVEN BUSINESSES*

£459mn
48% of total revenue

Net interest income of **£397mn**
42% of total revenue

Customer flow and other trading income of **£50mn**
5% of total revenue

Investment and associate income of **£12mn**
1% of total revenue

Fee and commission income

Types of income

Net interest, customer flow trading, investment and associate income

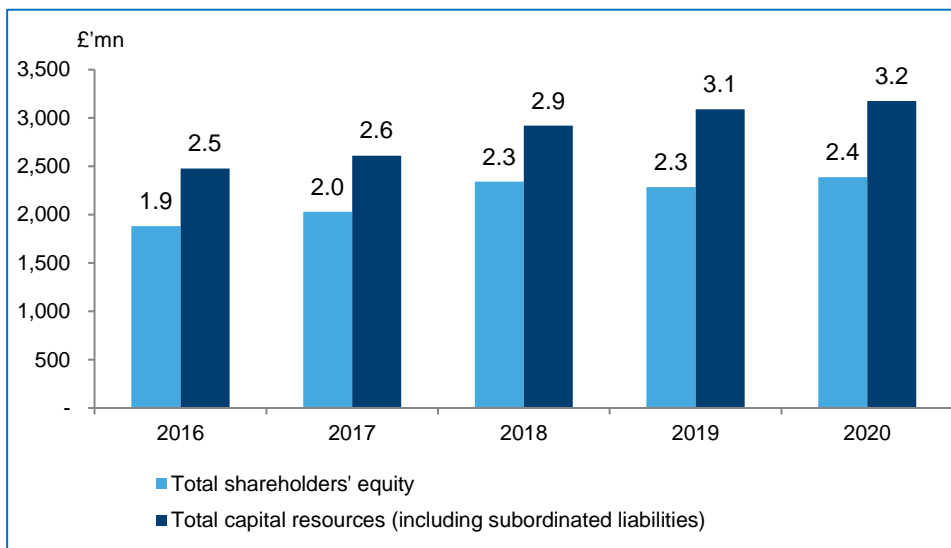
*For the financial year ended 31 March 2020. ^Reflected in the above trends, March 2019 information has been restated and excludes the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures as detailed on slide 43. All prior year numbers have not been restated.



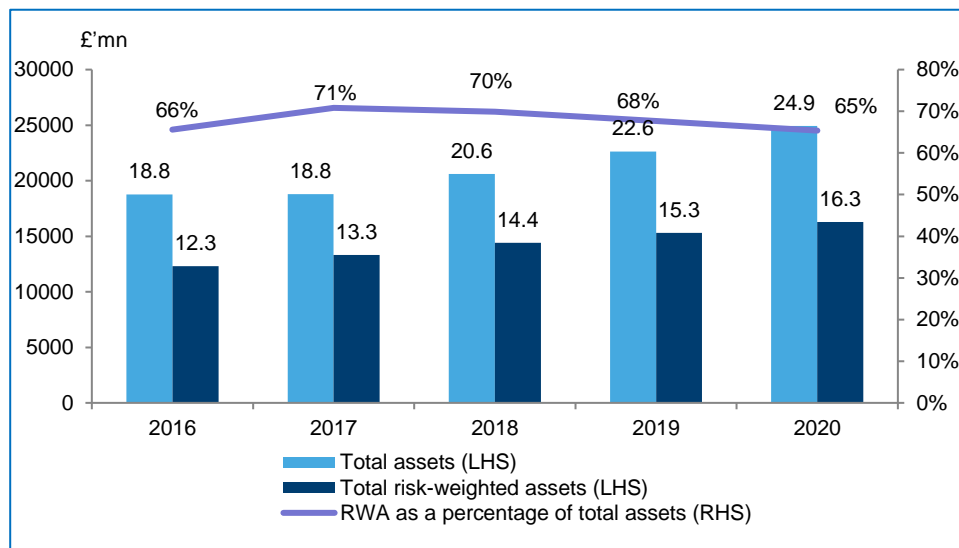
**Investec plc:
sound balance sheet and
operating fundamentals**

Investec plc: sound capital base and capital ratios

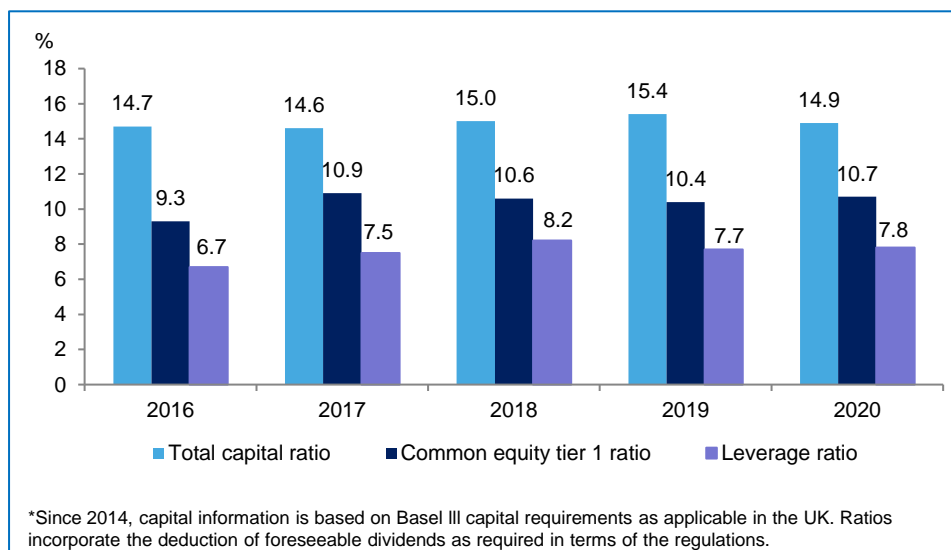
Total capital



Total risk-weighted assets



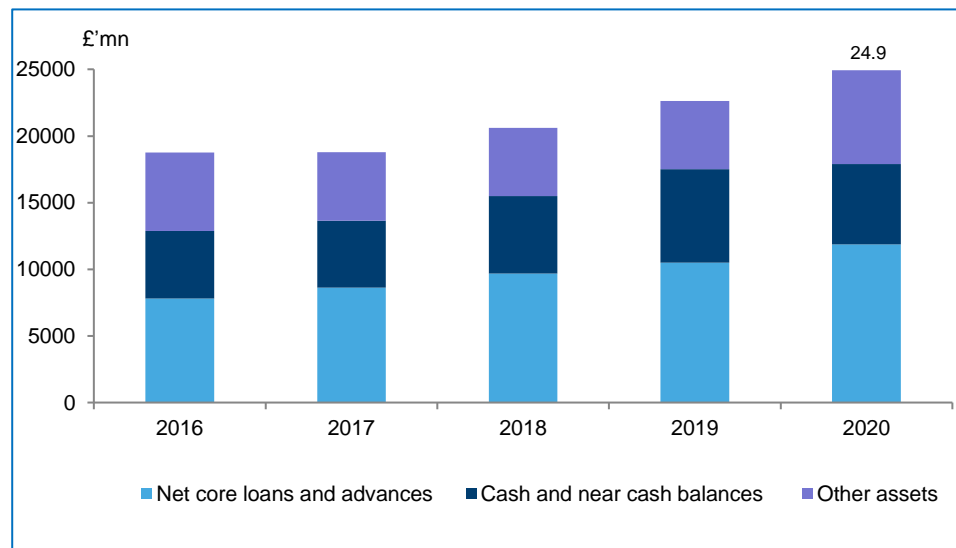
Basel capital ratios*



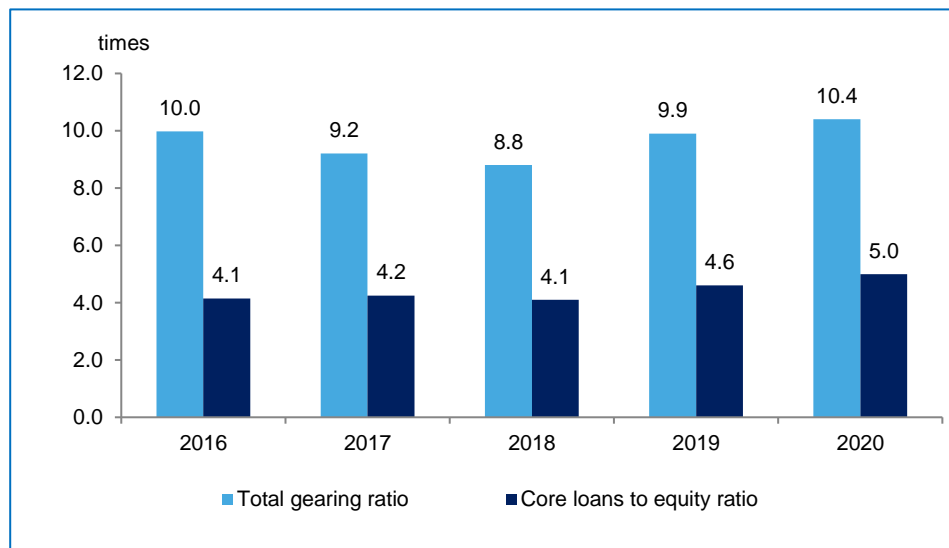
- Investec has always held capital in excess of regulatory requirements and the group intends to perpetuate this philosophy and ensure that it remains well capitalised
- Capital targets:
 - Common equity tier 1 target: above 10%
 - Total capital ratio target: 14% – 17%
- As we are on the Standardised Approach in terms of Basel III, our RWAs 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 27% since 2016 to £2.4bn at 31 March 2020
- 31 March 2020: total capital ratio of 14.9% and common equity tier 1 ratio of 10.7%** (these ratios incorporate the deduction of foreseeable dividends as required in terms of the regulations. Excluding these adjustments, the common equity tier 1 ratio would be 0 bps higher (31 March 2019: 41 bps higher))
- Our fully loaded Basel III common equity tier 1 ratio is estimated to be 10.3% and our fully loaded leverage ratio is 7.4%**

Investec plc: low gearing ratios

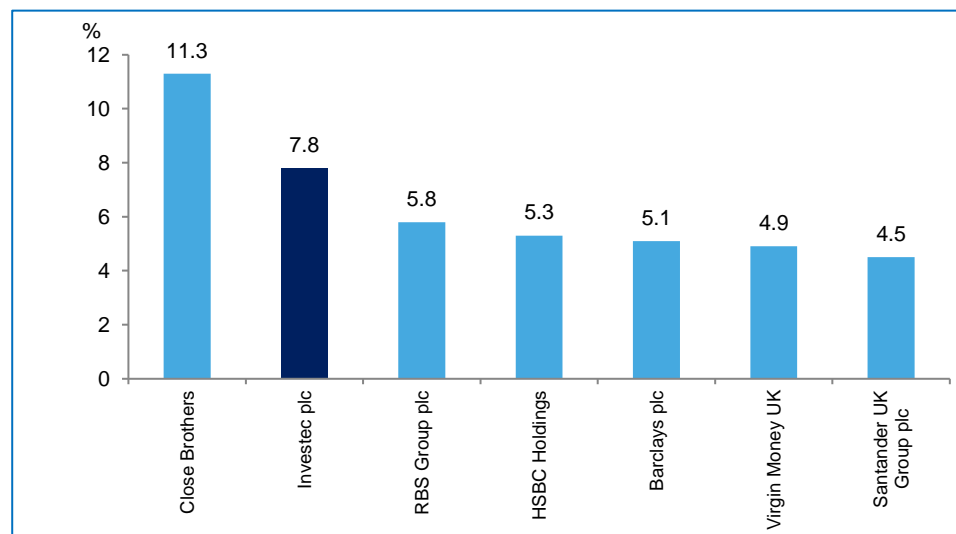
Total assets



Gearing



Regulatory leverage ratios - peer group comparisons*

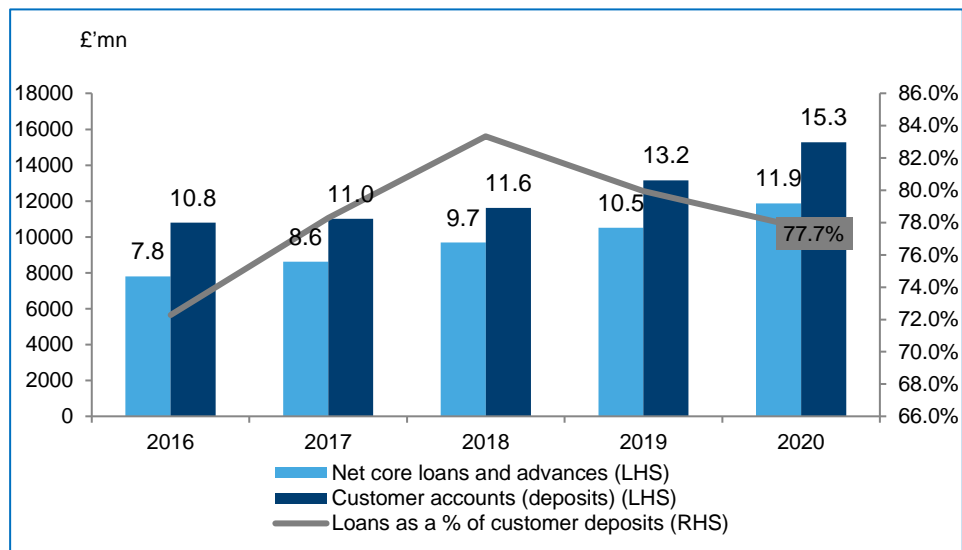


- Our core loans and advances have grown moderately over the past few years with the biggest increase in assets representing an increase in our cash and near cash balances which have grown by approximately 4.4%, on average, each year since 2016
- **We have maintained low gearing ratios with total gearing at 10.4x and an average of 9.7x since 2016**

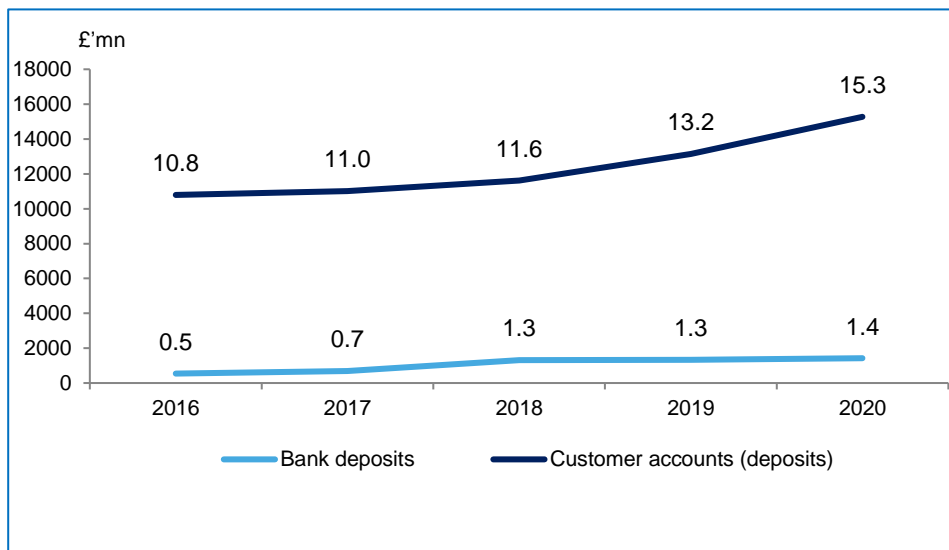
*Source: as disclosed in the latest available year-end annual financial statements at 20 May 2020

Investec plc: surplus liquidity

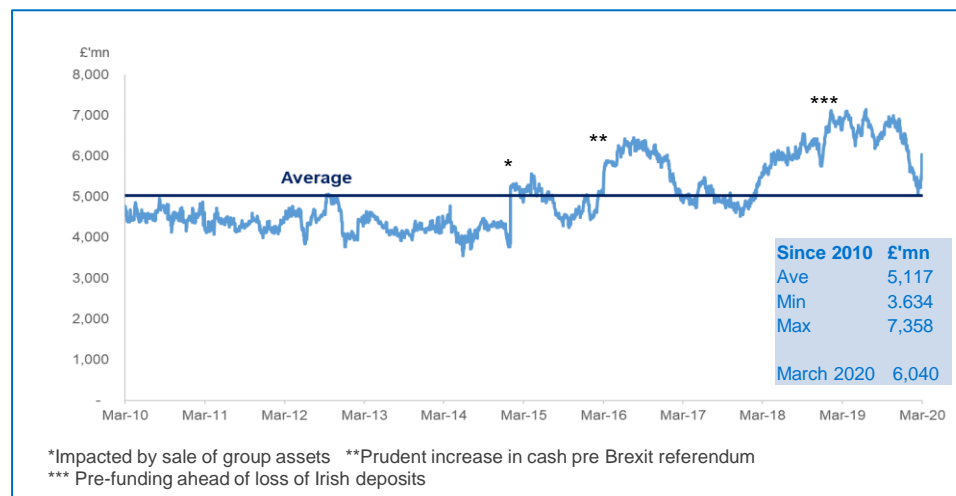
Total loans and deposits



Total deposits – increase in retail deposits



Cash and near cash balances



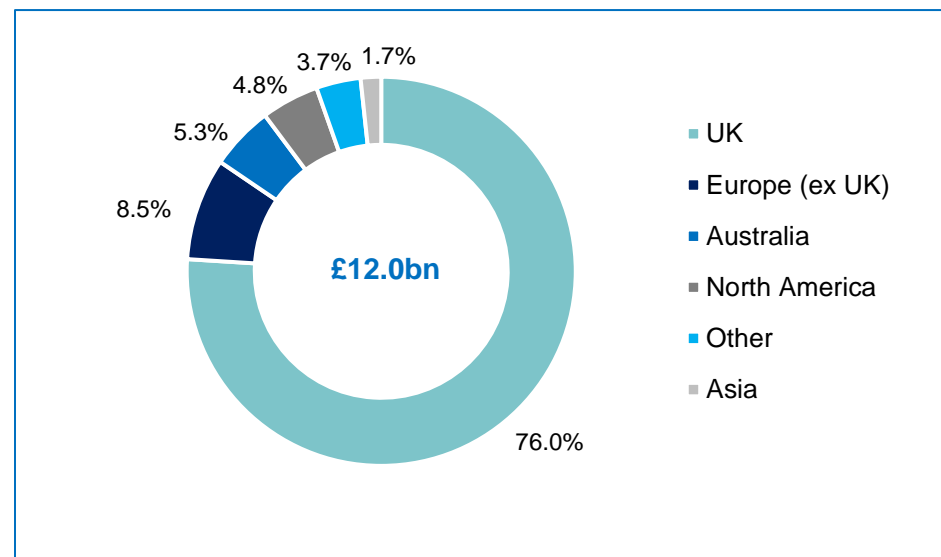
- We exceed Basel III liquidity requirements
- Customer deposits have grown by 41% (c.9% CAGR p.a.) since 2016 to £15.3bn at 31 March 2020
- We maintain a high level of readily available, high quality liquid assets – targeting a minimum cash to customer deposit ratio of 25%. These balances have increased significantly since 2010 to £6.0bn at 31 March 2020 (representing 39.5% of customer deposits)
- Loans and advances to customers as a % of customer deposits remains conservative at 77.7% (2019: 80.0%)
- Fixed and notice deposits make up a large proportion of customer deposits and our customers display a strong 'stickiness' and willingness to reinvest in our suite of term and notice products
- The LCR reported to the Prudential Regulatory Authority at 31 March 2020 was 396% for Investec plc. Investec plc's NSFR was 122%[^].

[^]Ahead of the implementation of the final NSFR rules, the bank has applied its own interpretations of regulatory guidance and definitions from the Basel Committee on Banking Standards (BCBS) final guidelines to calculate the NSFR.

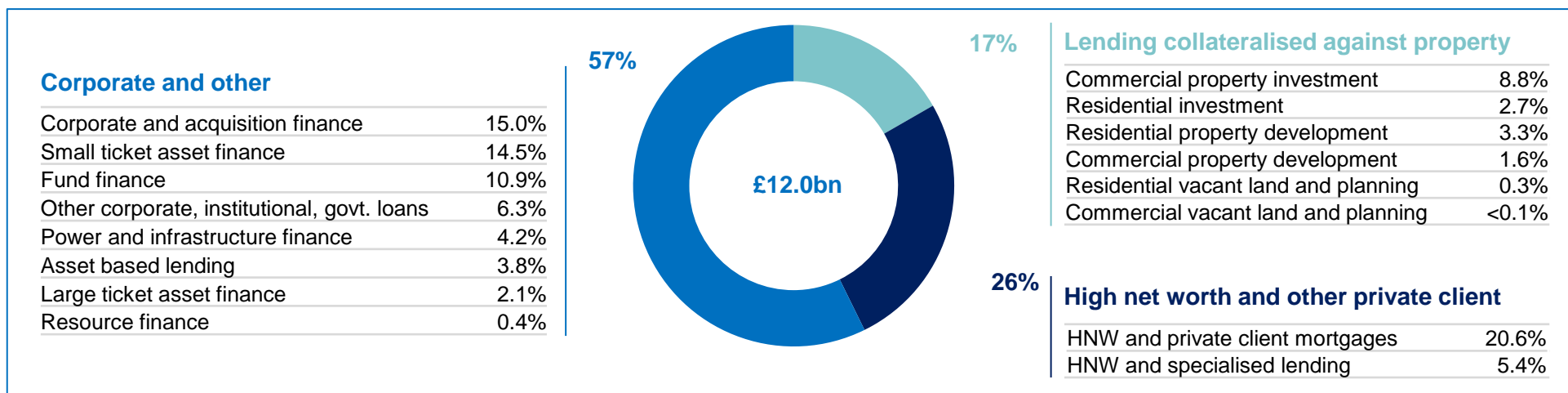
Investec plc: exposures in a select target market

- 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
- The majority of exposures reside **within the UK**
- We typically originate loans with the intent of holding these assets to maturity, thereby developing a 'hands-on' and long-standing relationship with our client

Gross core loans by country of exposure at 31 March 2020

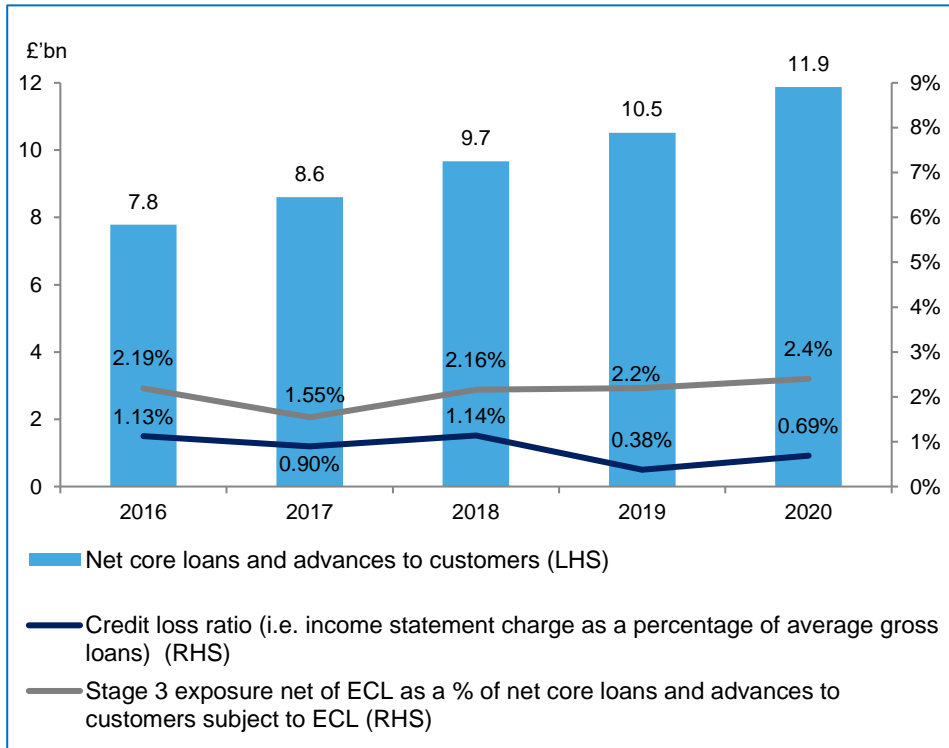


Gross core loans by risk category at 31 March 2020



Investec plc: sound and improving asset quality

Core loans and asset quality



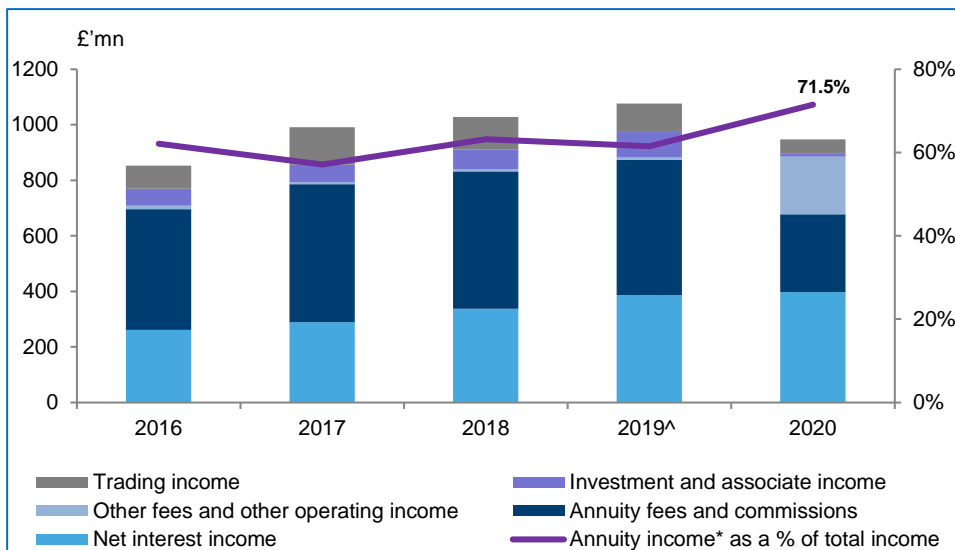
- **Credit quality on core loans and advances for the year ended 31 March 2020**

- **Total income statement ECL impairment charges** amounted to £75.8mn (2019: £24.6mn). The **credit loss ratio[#]** increased to 0.69% (2019: 0.38%). The main contributors to the increase in impairment charges were book growth and the impact of the COVID-19 pandemic; in the form of a provision overlay reflecting a deterioration in the macro-economic scenario forecasts applied and a specific impairment provision
- **Stage 3 exposures net of ECL** increased from £211mn at 31 March 2019 to £272mn. **Stage 3 exposure net of ECL as a % of net core loans and advances subject to ECL** remained relatively stable since March 2019 at 2.4%.

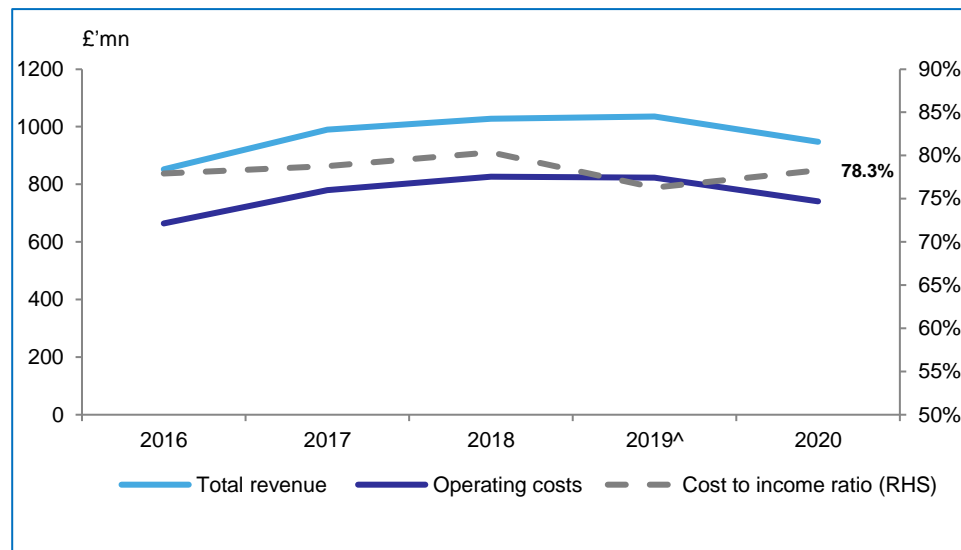
[#]Expected credit loss (ECL) impairment charges on gross core loans and advances as a % of average gross core loans and advances subject to ECL.

Investec plc: profitability supported by diversified revenue streams

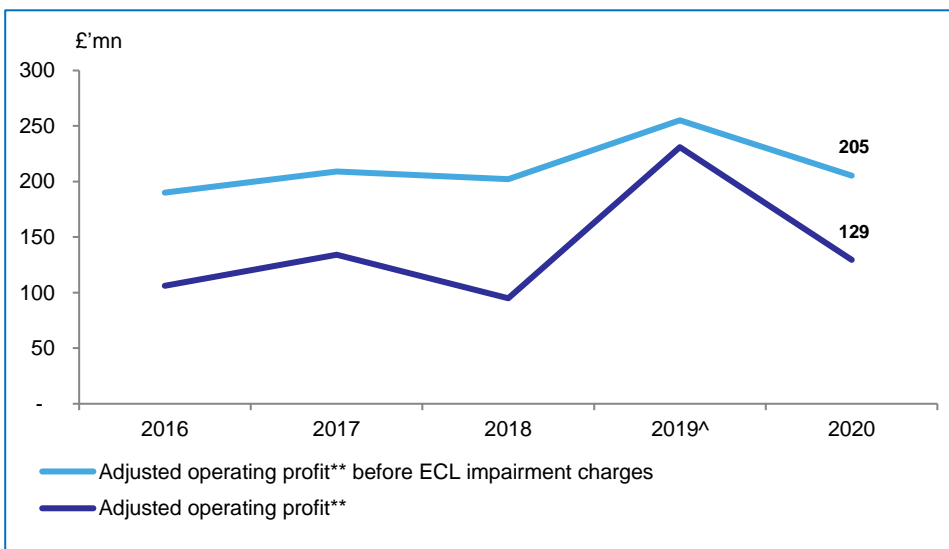
Annuity income



Revenue versus expenses



Adjusted operating profit** before ECL impairment charges

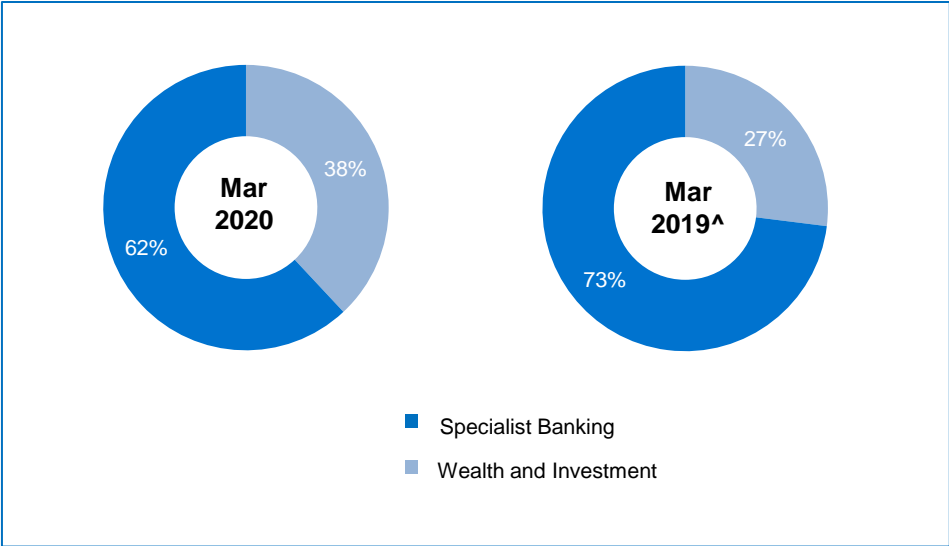


- We have a **solid recurring income base (71.5%)** comprising net interest income and annuity fees which has been enhanced by the growth in our wealth management business
- **Total capital light activities accounted for 51.5%** of PLC's income for the year ended 31 March 2020 (46% at 31 March 2019[^])
- Since 2008, results have been impacted by elevated impairments driven by the legacy portfolio. This is particularly evident in the 2018 financial year as increased impairments were recognised in anticipation of accelerated exits on certain legacy assets. This is not expected to be repeated, as evident in the 2019 and 2020 financial years there was no repeat of prior substantial legacy losses
- We are focusing on **managing costs** while building for the future – the UK Specialist Bank reduced operating costs by £96m (17.6%) in FY2020.

Investec plc: we have realigned the business model

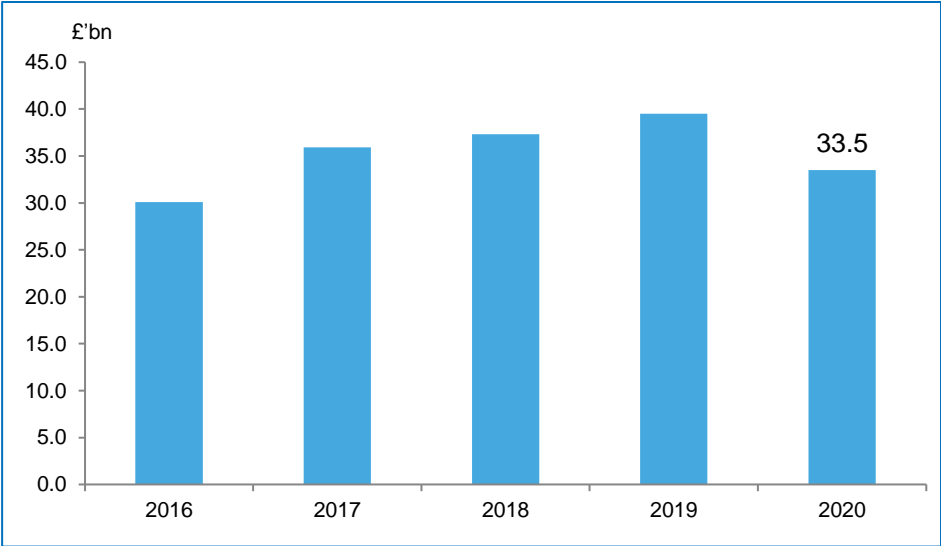
With continued focus on building capital light revenues from the Wealth & Investment business

% contribution to adjusted operating profit*



- Profitability is supported by a diversified, quality adjusted operating profit mix from the Specialist Banking and Wealth & Investment businesses
- The lower contribution from the Specialist Banking business in 2020 was largely driven by weak equity capital markets activity due to persistent market uncertainty throughout the year under review as well as the impact of the COVID-19 pandemic

Funds under management



- Funds under management decreased by 15.2% to £33.5 billion, impacted by market volatility in March 2020.
- Prior financial years included funds under management in respect of the Irish Wealth & Investment business, which was sold during the year (£2.4 billion funds under management at 31 March 2019)

*Adjusted operating profit by business is Operating profit before group costs and goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests. ^Reflected in the above trends, March 2019 information has been restated and excludes the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures as detailed on slide 43.

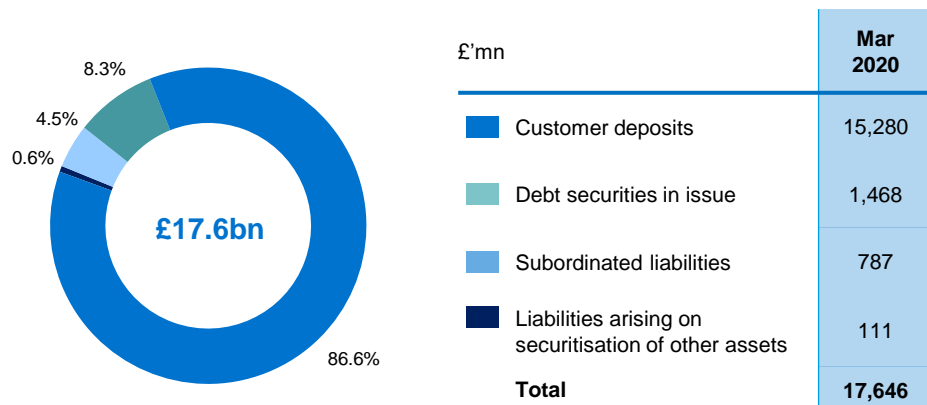
Investec plc: diversified funding strategy and credit ratings

- Investec's funding consists **primarily of customer deposits**
- Investec adopts a **conservative and prudent funding strategy**
- Positive rating trajectory:** over the past few years both IBP and Investec plc have received ratings upgrades

Conservative and prudent funding strategy



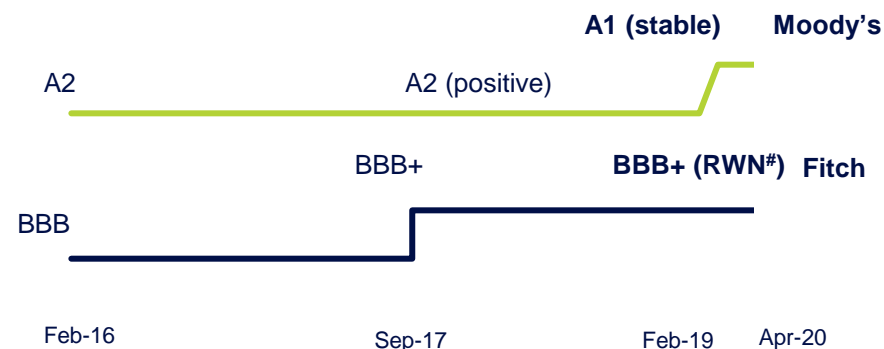
Selected funding sources



Credit ratings*

- In February 2019, **Moody's** upgraded IBP's long-term deposit rating to **A1** (stable outlook) from A2 (positive outlook) and its baseline credit assessment (BCA) to baa1 from baa2.
- On 1 April 2020, Fitch took action on a number of UK banking groups (including IBP), due to the coronavirus pandemic. This resulted in Fitch placing IBP's ratings on Rating Watch Negative (RWN), as Fitch believes the economic fallout from the pandemic crisis represents a near-term risk to its ratings. IBP's **BBB+** rating was affirmed by Fitch on 20 December 2019.

IBP's long-term ratings



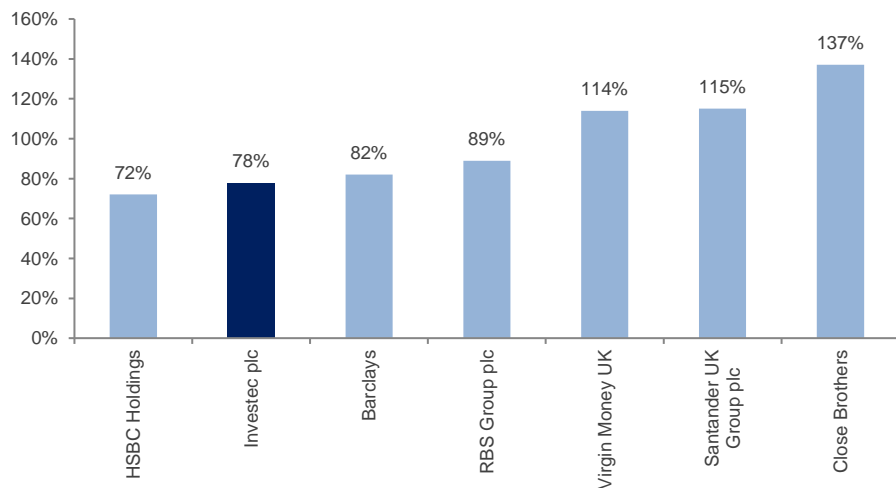
*A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization. #Rating Watch Negative



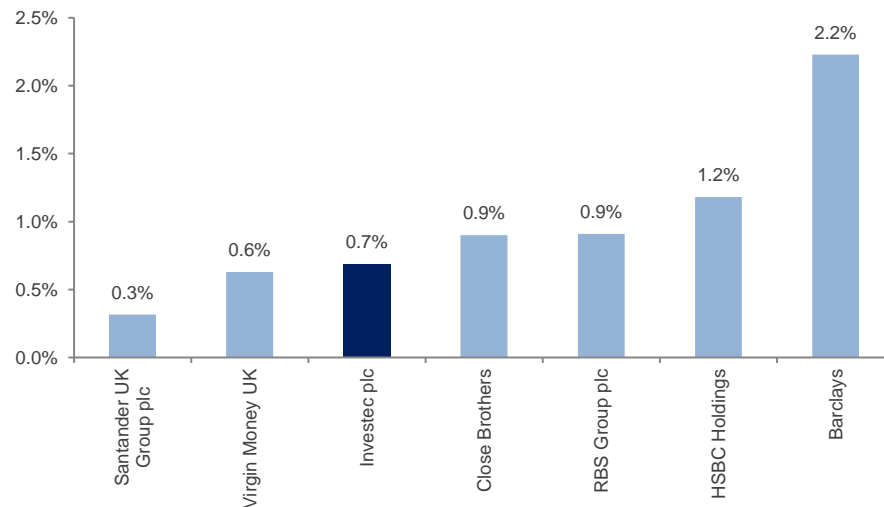
Investec plc: peer analysis

Investec plc: peer group comparisons

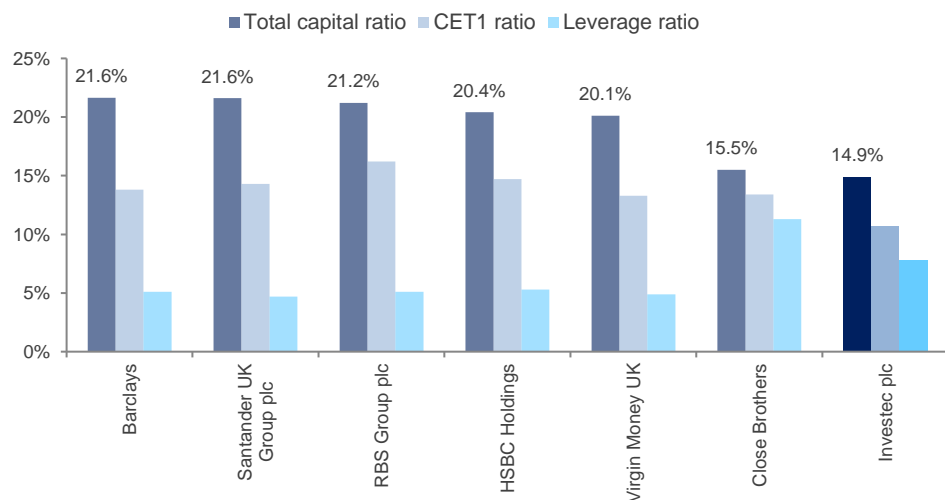
Funding: Loans and advances to customers as a % of customer deposits (smaller number is better)



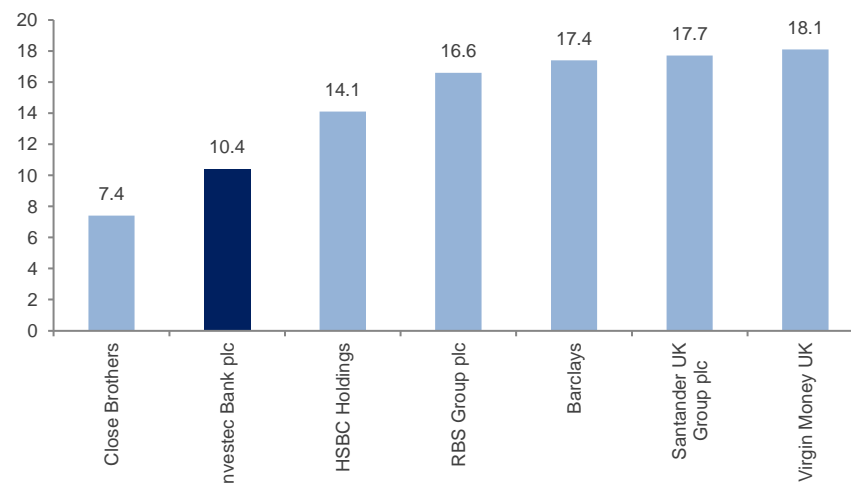
Credit loss ratio: ECL impairment charges as a % of average core loans and advances (smaller number is better)



Capital ratios* (larger number is better)



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



Source: Company quarterly/interim financial results as at 20 May 2020, except for peers' credit loss ratios which are as at 31 March 2020. *Investec plc applies the standardised approach in the calculation of risk-weighted assets and as a result we inherently hold more capital than our peers who are on the Advanced Internal Ratings Model approach. Investec plc's total RWAs/Total assets was 65% at 31 March 2020, which is substantially higher than some other UK banks which have an average RWA intensity of c.30%.

Investec plc: peer group comparisons

Definitions and/or explanations of certain ratios:

- Customer deposits do not include deposits from banks.
- The loans and advances to customers as a % of 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 being funded from the wholesale market.
- A capital ratio is a measure of a bank's available capital expressed as a percentage of a bank's risk-weighted assets. It is based on regulatory qualifying capital (including common equity tier 1, additional tier 1 and tier 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 leverage ratio is calculated as tier 1 capital (according to regulatory definitions) divided by total assets (exposure measure). This ratio effectively assumes that all assets are 100% risk-weighted and is a more conservative measure than the total capital ratio. Regulators are expecting that this ratio should exceed 5%.
- The gearing ratio is calculated as total assets divided by total equity (according to accounting definitions).
- The credit loss ratio is calculated as the ECL impairment charges on core loans and advances as a percentage of average gross core loans and advances subject to ECL.
- Default loans largely comprise loans that are impaired and/or over 90 days in arrears.



Investec plc - appendices

Demerger of the asset management business

Following the group’s management succession announcement in February 2018, the Investec Board, together with the executive team, conducted a comprehensive strategic review to ensure that the **group is well positioned to serve the long-term interests of its stakeholders.**

On 13 March 2020, Investec **successfully completed the demerger of its asset management business (Investec Asset Management)**, which became separately listed as *Ninety One* on 16 March 2020.

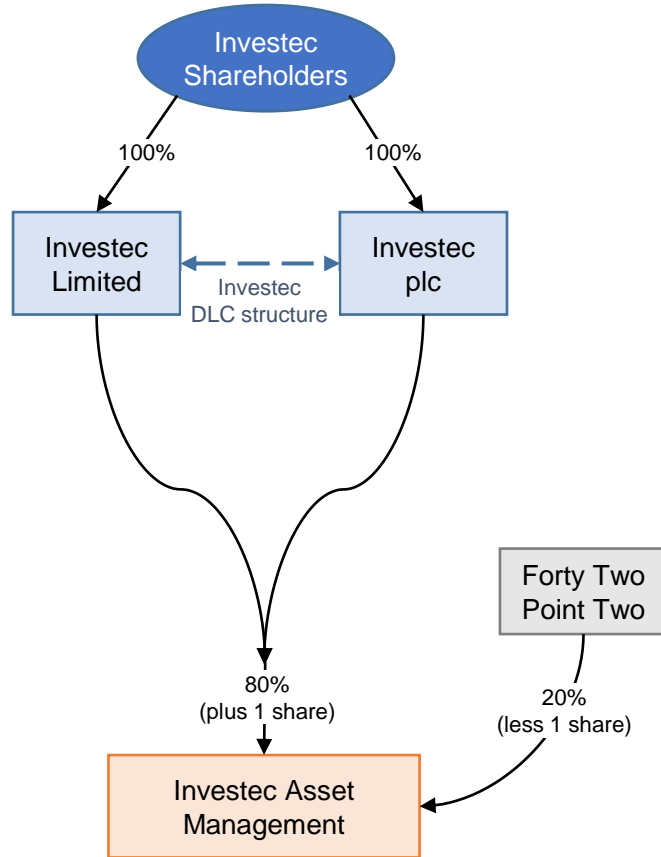
Conclusions from the strategic review	Demerger benefits for Investec
<ul style="list-style-type: none"> Investec group comprises a number of successful businesses operating across two core geographies, with different capital requirements and growth trajectories Compelling current and potential linkages between the Specialist Banking and Wealth & Investment businesses (clear geographic and client overlap) Limited synergies between these businesses and Investec Asset Management <p>The Board concluded that a demerger and separate listing of Investec Asset Management would simplify the group and allow both businesses to focus on their respective growth trajectories; resulting in improved resource allocation, better operational performance and higher long-term growth.</p>	<p>Simplification and focus to improve returns</p> <ul style="list-style-type: none"> Capital discipline: A more disciplined approach to capital allocation, particularly where businesses are non-core to overall long-term growth and capital strategy Driving growth: Clear set of opportunities to deliver growth. We are focused on growing our client base and building new sources of revenue across our existing client base Improved cost management: Heightened focus on efficiencies to be gained through optimising operational platforms and technology initiatives Greater connectivity: Building on compelling linkages between the Specialist Banking and Wealth & Investment businesses and across geographies Digitalisation: Further developing digital capabilities to continue delivering an advanced high-tech, high-touch proposition, to enable business transformation and greater efficiencies.

The effect of the demerger is to unbundle the asset management business from the Investec group and have **two separately listed entities.**

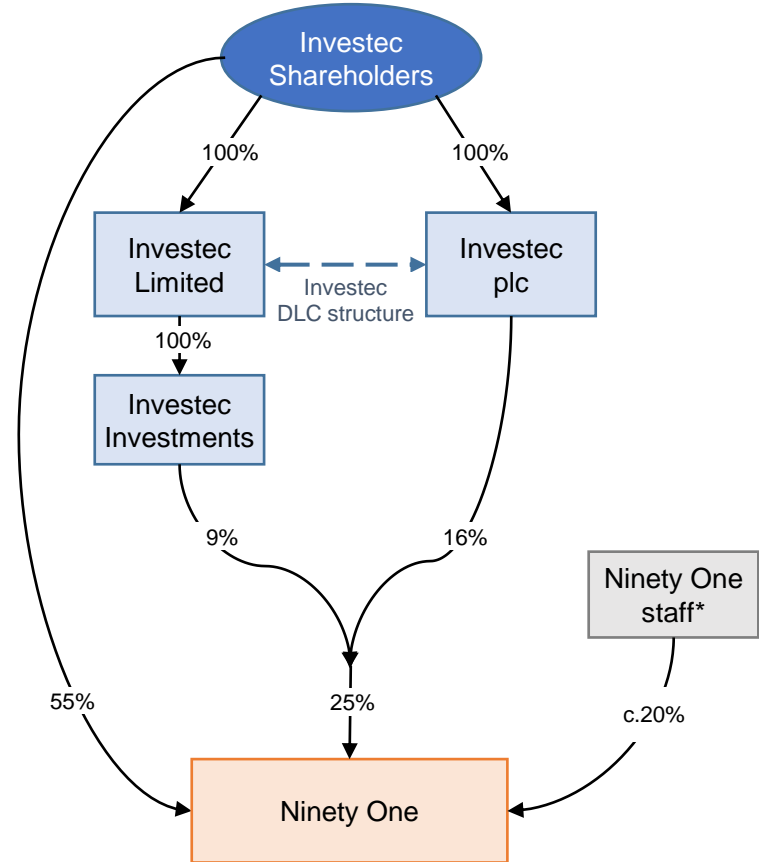


Change in Investec's shareholding in the asset management business

Pre demerger structure:



Post demerger structure:



*Consisting of Forty Two Point Two and Ninety One's employee benefit trusts.

Pursuant to the demerger transaction, Investec distributed 55% of Ninety One to existing Investec shareholders who **received one Ninety One share for every two Investec shares held**.

As a founding shareholder of Ninety One, the Boards of both Investec and Ninety One believe that it is appropriate for Investec to retain a modest shareholding in Ninety One. Investec believes Ninety One is an attractive business with meaningful intrinsic value. Retaining an equity stake allows Investec to participate in future value creation by Ninety One.

Investec plc: salient financial features

Key financial statistics	31 March 2020	31 March 2019 [^]	% change
Total operating income before expected credit loss impairment charges (£'000)	948 249	1 076 334	(11.9%)
Operating costs (£'000)	740 792	823 374	(10.0%)
Adjusted operating profit (£'000)	129 386	230 746	(43.9%)
Earnings attributable to ordinary shareholders (£'000)	645 521	192 390	>100.0%
Cost to income ratio (%)	78.3%	76.3%	
Total capital resources (including subordinated liabilities) (£'000)	3 175 859	3 088 971	2.8%
Total shareholder's equity (£'000)	2 388 829	2 285 272	4.5%
Total assets (£'000)	24 924 703	22 636 653	10.1%
Net core loans and advances (£'000)	11 870 160	10 514 251	12.9%
Customer accounts (deposits) (£'000)	15 280 302	13 150 824	16.2%
Loans and advances to customers as a % of customer deposits	77.7%	80.0%	
Cash and near cash balances (£'mn)	6 040	6 991	(13.6%)
Funds under management (£'mn)*	33 465	39 482	(15.2%)
Total gearing ratio (i.e. total assets to equity)	10.4x	9.9x	
Total capital ratio	14.9%	15.4%	
Tier 1 ratio	12.4%	12.2%	
Common equity tier 1 ratio	10.7%	10.4%	
Leverage ratio – current	7.8%	7.7%	
Leverage ratio – 'fully loaded' ^{^^}	7.4%	7.3%	
Stage 3 exposure as a % of gross core loans and advances subject to ECL	3.3%	3.2%	
Stage 3 exposure net of ECL as a % of net core loans and advances subject to ECL	2.4%	2.2%	
Credit loss ratio	0.69%	0.38%	

[^]March 2019 information has been restated and excludes the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures as detailed on slide 43. *In order to be comparable with the 2020 financial year, the 2019 funds under management figure above reflects that of Continuing operations only (i.e. excludes funds under management related to the asset management business as at 31 March 2019). ^{^^}Based on group's understanding of current regulations, 'fully loaded' is based on Capital Requirements Regulation requirements as fully phased in by 2022, including full adoption of IFRS 9.

Investec plc: income statement

£'000	Year to 30 March 2020	Year to 31 March 2019 [^]	% change
Interest income	784 396	723 014	8.5%
Interest expense	(387 011)	(337 188)	14.8%
Net interest income	397 385	385 826	3.0%
Fee and commission income	496 036	500 502	(0.9%)
Fee and commission expense	(13 836)	(13 444)	2.9%
Investment income	6 375	90 533	(93.0%)
Share of post taxation profit of associates and joint venture holdings	5 382	2 950	82.4%
Trading income arising from			
- customer flow	50 980	86 766	(41.2%)
- balance sheet management and other trading activities	(537)	12 725	(>100.0%)
Other operating income	6 464	10 476	(38.3%)
Total operating income before expected credit loss impairment charges	948 249	1 076 334	(11.9%)
Expected credit loss impairment charges	(75 800)	(24 556)	>100%
Operating income	872 449	1 051 778	(17.1%)
Operating costs	(740 792)	(823 374)	(10.0%)
Depreciation on operating leased assets	(1 407)	(2 137)	(34.2%)
Operating profit before acquired intangibles and strategic actions	130 250	226 267	(42.4%)
Amortisation of acquired intangibles	(12 915)	(12 958)	(0.3%)
Closure and rundown of the Hong Kong direct investments business	(89 257)	(65 593)	36.1%
Operating profit	28 078	147 716	(81.0%)
Financial impact of group restructures	(25 725)	(14 595)	76.3%
Profit before taxation from continuing operations	2 353	133 121	(98.2%)
Taxation on operating profit before acquired intangibles and strategic actions	706	(29 876)	(>100.0%)
Taxation on acquired intangibles and strategic actions	20 926	17 599	18.9%
Profit after taxation from continued operations	23 985	120 844	(80.2%)
Profit after taxation from discontinued operations	640 506	83 009	>100.0%
Profit after taxation	664 491	203 853	>100.0%
Profit attributable to Asset Management non-controlling interests	(18 106)	(15 942)	16.9%
Profit / Loss attributable to other non-controlling interests	(864)	4 479	(>100.0%)
Earnings attributable to shareholders	645 521	192 390	>100.0%

[^]March 2019 information has been restated and excludes the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures as detailed on slide 43.

Investec plc: balance sheet

£'000	31 March 2020	31 March 2019	% change
Assets			
Cash and balances at central banks	2 277 318	4 445 431	(48.8%)
Loans and advances to banks	1 794 165	1 164 051	54.1%
Reverse repurchase agreements and cash collateral on securities borrowed	1 627 246	633 202	>100.0%
Sovereign debt securities	1 688 670	1 298 947	30.0%
Bank debt securities	51 238	52 265	(2.0%)
Other debt securities	685 936	498 265	37.7%
Derivative financial instruments	1 251 135	625 550	100.0%
Securities arising from trading activities	582 693	798 224	(27.0%)
Investment portfolio	635 297	493 268	28.8%
Loans and advances to customers	11 871 849	10 515 665	12.9%
Other loans and advances	191 930	207 863	(7.7%)
Other securitised assets	106 218	118 143	(10.1%)
Interests in associated undertakings and joint venture holdings	54 391	53 451	1.8%
Deferred taxation assets	130 657	148 351	(11.9%)
Other assets	1 425 868	1 028 611	38.6%
Property and equipment	216 955	99 796	>100.0%
Investment properties	-	14 500	(100.0%)
Goodwill	261 183	356 048	(26.6%)
Intangible assets	71 954	85 022	(15.4%)
Total assets	24 924 703	22 636 653	10.1%

Investec plc: balance sheet (continued)

£'000	31 March 2020	31 March 2019	% change
Liabilities			
Deposits by banks	1 419 298	1 330 843	6.6%
Derivative financial instruments	1 245 333	707 692	76.0%
Other trading liabilities	118 572	80 217	47.8%
Repurchase agreements and cash collateral on securities lent	396 811	314 335	26.2%
Customer accounts (deposits)	15 280 302	13 150 824	16.2%
Debt securities in issue	1 467 870	2 454 551	(40.2%)
Liabilities arising on securitisation of own originated loans and advances	110 679	113 711	(2.7%)
Current taxation liabilities	26 905	131 896	(79.6%)
Deferred taxation liabilities	21 438	20 704	3.5%
Other liabilities	1 661 636	1 242 909	33.7%
	21 748 844	19 547 682	11.3%
Subordinated liabilities	787 030	803 699	(2.1%)
	22 535 874	20 351 381	10.7%
Equity			
Ordinary share capital	202	200	1.0%
Perpetual preference share capital	29	29	-
Share premium	831 577	1 382 732	(39.9%)
Treasury shares	(140 559)	(113 651)	23.7%
Other reserves	(147 971)	(175 878)	(1.4%)
Retained income	1 592 182	928 753	71.4%
	2 135 460	2 022 185	5.6%
Shareholder's equity excluding non-controlling interests			
Other Additional Tier 1 securities in issue	250 000	250 000	-
Non-controlling interests in partially held subsidiaries	3 369	13 087	(74.3%)
	2 388 829	2 285 272	4.5%
Total equity			
	24 924 703	22 636 653	10.1%
Total liabilities and equity			

Investec plc: segmental analysis of operating profit

For the year to 31 March 2020 £'000	Wealth & Investment	Specialist Banking	Group costs	Total group
Continuing operations				
Net interest income	12 604	384 781	—	397 385
Fee and commission income	305 090	190 946	—	496 036
Fee and commission expense	(678)	(13 158)	—	(13 836)
Investment income	(436)	6 811	—	6 375
Share of post taxation profit of associates and joint ventures holdings	—	5 382	—	5 382
Trading income arising from				
- customer flow	862	50 118	—	50 980
- balance sheet management and other trading activities	108	(645)	—	(537)
Other operating income	181	6 283	—	6 464
Total operating income before expected credit loss impairment charges	317 731	630 518	—	948 249
Expected credit loss impairment release/(charges)	1	(75 801)	—	(75 800)
Operating income	317 732	554 717	—	872 449
Operating costs	(254 714)	(449 790)	(36 288)	(740 792)
Depreciation on operating leased assets	—	(1 407)	—	(1 407)
Operating profit before acquired intangibles and strategic actions from continuing operations	63 018	103 520	(36 288)	130 250
Profit attributable to other non-controlling interests	—	(864)	—	(864)
Adjusted operating profit from continuing operations	63 018	102 656	(36 288)	129 386
Operating profit before strategic actions from discontinued operations				109 103
Profit attributable to non-controlling interests of discontinued operations				(18 106)
Operating profit before acquired intangibles, strategic actions and after non-controlling interests				220 383
Cost to income ratio	80.2%	71.6%	n/a	78.3%
Total assets (£'million)	1 013	23 912	n/a	24 925

Investec plc: segmental analysis of operating profit (continued)

For the year to 31 March 2019^ £'000	Wealth & Investment	Specialist Banking	Group costs	Total group
Continuing operations				
Net interest income	9189	376 637	—	385 826
Fee and commission income	306 070	194 432	—	500 502
Fee and commission expense	(724)	(12 720)	—	(13 444)
Investment income	1 185	89 348	—	90 533
Share of post taxation profit of associates	—	2 950	—	2 950
Trading income arising from				
- customer flow	793	85 973	—	86 766
- balance sheet management and other trading activities	(1)	12 726	—	12 725
Other operating income	342	10 134	—	10 476
Total operating income before expected credit loss impairment charges	316 854	759 480	—	1 076 334
Expected credit loss impairment charges	(24)	(24 532)	—	(24 556)
Operating income	316 830	734 948	—	1 051 778
Operating costs	(246 202)	(545 654)	(31 518)	(823 374)
Depreciation on operating leased assets	—	(2 137)	—	(2 137)
Operating profit before acquired intangibles and strategic actions from continuing operations	70 628	187 157	(31 518)	226 267
Profit attributable to other non-controlling interests	—	4 479	—	4 479
Adjusted operating profit from continuing operations	70 628	191 636	(31 518)	230 746
Operating profit before strategic actions from discontinued operations				107 835
Profit attributable to non-controlling interests of discontinued operations				(15 942)
Operating profit before acquired intangibles, strategic actions and after non-controlling interests				322 639
Cost to income ratio	77.7%	71.6%	n/a	76.3%
Total assets (£'million)	866	21 327	n/a	22 193

^March 2019 information has been restated and excludes the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures as detailed on slide 43.

Investec plc: asset quality under IFRS 9

£'million	31 March 2020	31 March 2019
Gross core loans and advances subject to ECL	11 392	9 891
Stage 1	10 437	8 996
Stage 2	576	576
<i>of which past due greater than 30 days</i>	31	13
Stage 3	379	319
<i>Ongoing (excluding Legacy) Stage 3*</i>	249	149
Gross core loans and advances subject to ECL (%)		
Stage 1	91.6%	91.0%
Stage 2	5.1%	5.8%
Stage 3	3.3%	3.2%
<i>Ongoing (excluding Legacy) Stage 3*</i>	2.2%	1.5%
Stage 3 net of ECL	272	211
<i>Of which Ongoing (excluding Legacy) Stage 3*</i>	187	114
Aggregate collateral and other credit enhancements on Stage 3	274	228
Stage 3 net of ECL and collateral	-	-
Stage 3 as a % of gross core loans and advances to customers subject to ECL	3.3%	3.2%
<i>Of which Ongoing (excluding Legacy) Stage 3*</i>	2.2%	1.5%
Total ECL impairments as a % of Stage 3 exposure	46.2%	46.7%
Stage 3 net of ECL as a % of net core loans and advances to customers subject to ECL	2.4%	2.2%
<i>Of which Ongoing (excluding Legacy) Stage 3*</i>	1.7%	1.2%

*Ongoing information, as separately disclosed from 2014 to 2018, excludes Legacy, which comprises pre-2008 assets held on the balance sheet, that had low/negative margins and assets relating to business we are no longer undertaking.

Investec plc: capital adequacy

£'million	31 March 2020	31 March 2019
Shareholders' equity	2 090	1 918
Non-controlling interests	-	7
Regulatory adjustments to the accounting basis	91	110
Deductions	(436)	(447)
Common equity tier 1 capital	1 745	1 588
Additional tier 1 instruments	274	274
Tier 1 capital	2 019	1 862
Tier 2 capital	414	489
Total regulatory capital	2 433	2 351
Risk-weighted assets^^	16 285	15 313
Capital ratios^^		
Common equity tier 1 ratio	10.7%	10.4%
Tier 1 ratio	12.4%	12.2%
Total capital ratio	14.9%	15.4%

The capital adequacy disclosures for Investec plc include the deduction of foreseeable charges and dividends when calculating common equity tier 1 (CET1) capital as required under the Capital Requirements Regulation and European Banking Authority technical standards. These disclosures are different to the capital adequacy disclosures included in Investec's 2020 and 2019 integrated report, which follow our normal basis of presentation and do not include this deduction when calculating CET 1 capital. Investec plc's CET1 ratio would be 0bps (31 March 2019: 41bps) higher on this basis.

^^ CET1, Tier 1 (T1), total capital ratios and risk-weighted assets are calculated applying the IFRS 9 transitional arrangements.

PLC Restatement Note

The group remains committed to its objective to simplify and focus the business in pursuit of disciplined growth over the long-term.

In this regard the following strategic actions have been effected:

- Demerger of the asset management business
- Closure of Click & Invest which formed part of the UK wealth management business
- Sale of the Irish Wealth & Investment business
- Restructure of the Irish branch
- Sale of the UK Property Fund
- Closure and rundown of the Hong Kong direct investments business.

We have elected to separately disclose the financial impact of these strategic actions as the financial impact from group restructures and the rundown of portfolios where operations have ceased. Due to the significant change in the nature of the entity's operations, we consider it appropriate to present the information on a like-for-like basis, resulting in reclassifications for related items which were previously included in operating income and operating costs in the income statement.

In addition, from 1 April 2019, as a result of amendments to IAS 12 Income Taxes, tax relief on payments in relation to Other Additional Tier 1 securities has been recognised as a reduction in taxation on operating profit before acquired intangibles and strategic actions whereas it was previously recorded directly in retained income. Prior period comparatives have been restated, increasing the profit after taxation for the year to 31 March 2019 by £3.2 million.

The effective date of the Asset Management business demerger was 13 March 2020 and admission of the Ninety One Limited shares and Ninety One plc shares to the Johannesburg Stock Exchange and London Stock Exchange was effected on 16 March 2020. The global Asset Management business has been disclosed as a discontinued operation and the income statement for the prior period has been appropriately re-presented.

Financial impact of strategic actions

£'000	Year to 31 March 2020	Year to 31 March 2019
Closure and rundown of the Hong Kong direct investments business*	(89 257)	(65 593)
Financial impact of group restructures	(25 725)	(14 595)
Closure of Click & Invest	(4 309)	(14 265)
Sale of the Irish Wealth & Investment business	19 741	-
Restructure of the Irish branch	(41 110)	(330)
Other	(47)	-
Financial impact of strategic actions – continuing operations	(114 982)	(80 188)
Taxation on financial impact of strategic actions from continuing operations	19 856	15 219
Net financial impact of strategic actions – continuing operations	(95 126)	(64 969)
Gain on distribution of Ninety One shares net of taxation and implementation costs	550 515	(6 030)
Net financial impact of strategic actions – Total group	455 389	(70 999)

*Included within the balance are fair value adjustments of £83.2 million (31 March 2019: £57.8 million).