



An introduction to Investec

The information in this presentation relates to six months ending 30 September 2018, unless otherwise indicated.

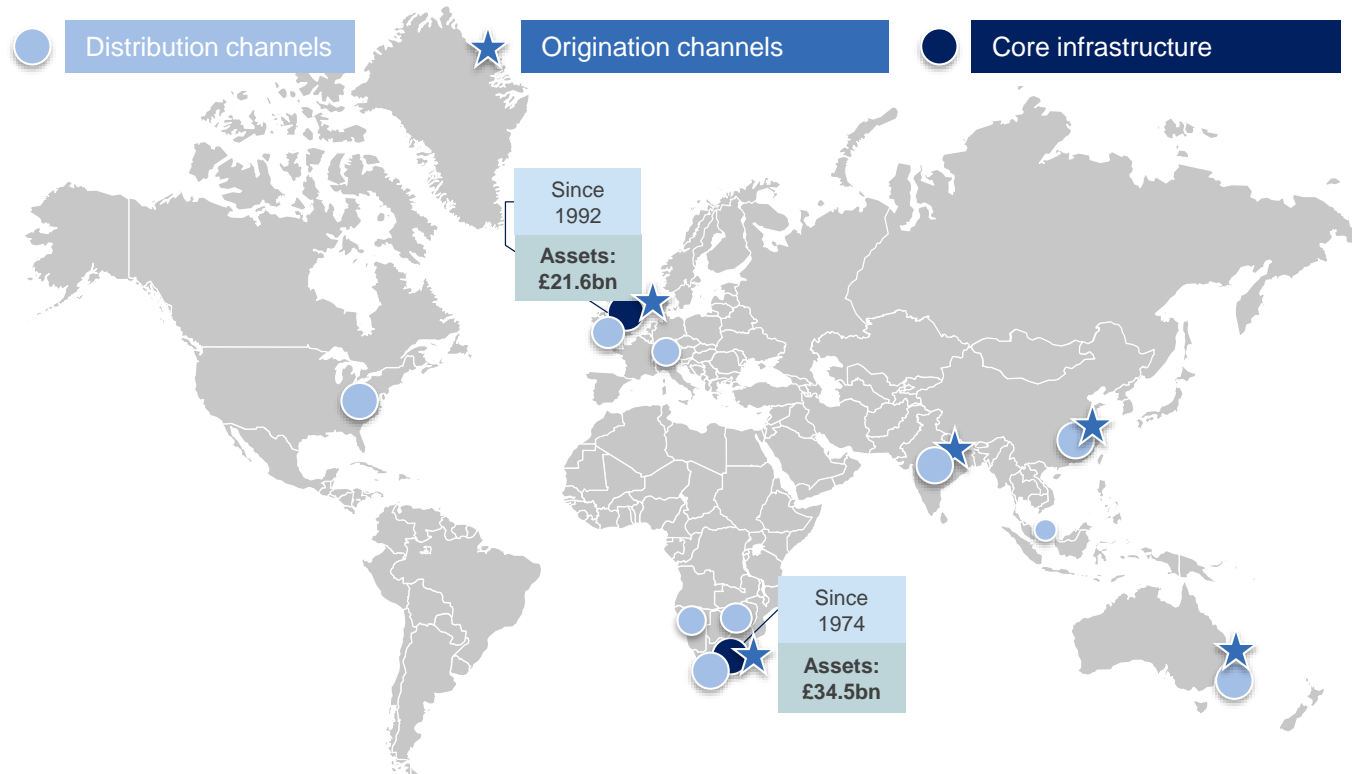


An overview of the Investec Group

Investec: a distinctive specialist bank and asset manager

Facilitating the creation of wealth and management of wealth

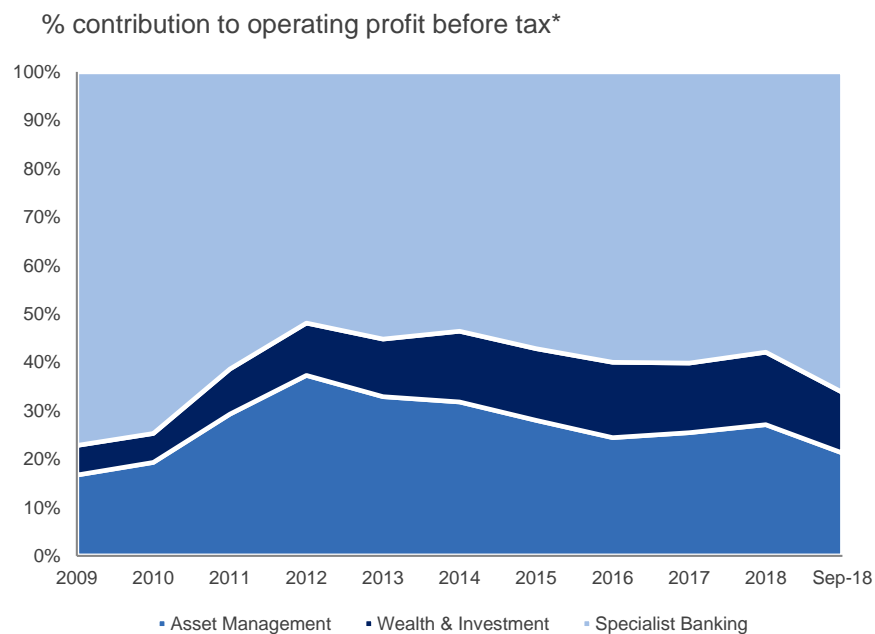
- Established in 1974
- Today, efficient integrated international business platform employing approximately **10 300** people
- Listed on the JSE and LSE (a FTSE 250 company)
- Total assets of £56.1bn; total equity* £5.1bn; total FUM £166.5bn



*Including preference shares and non-controlling interests.

Solid recurring income base supported by a diversified portfolio

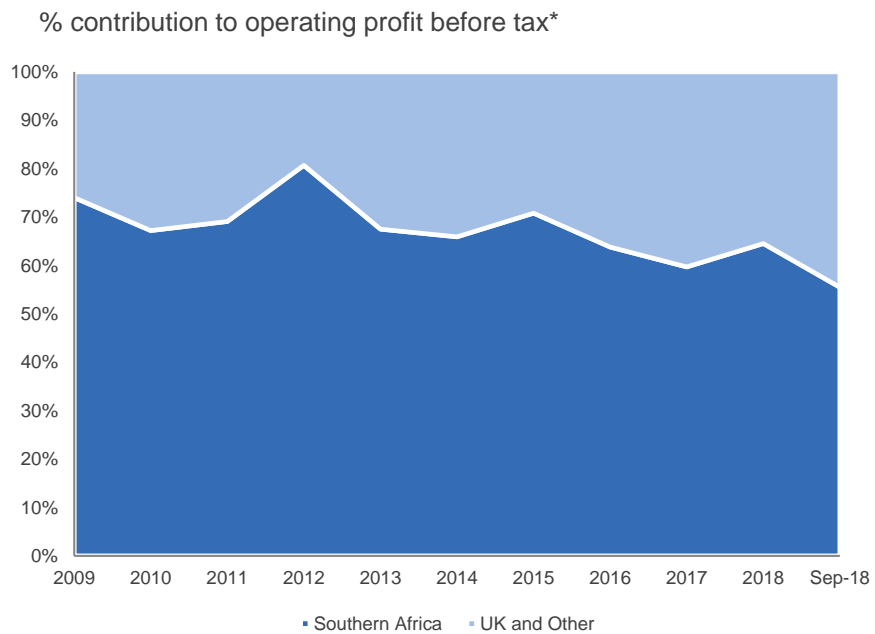
Across businesses



Overall contribution from Asset Management and Wealth & Investment

Sept 2018: 34% 2018: 42% 2017: 40% 2016: 40% 2015: 43% 2014: 46% 2013: 45% 2012: 48%

Across geographies



We have a distinctive investment offering

Resulting in a **quality** scalable **global business**

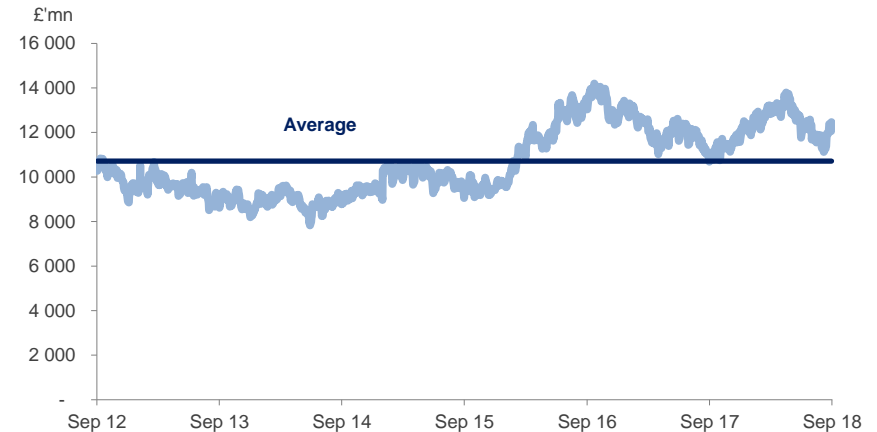


We continue to have a sound balance sheet

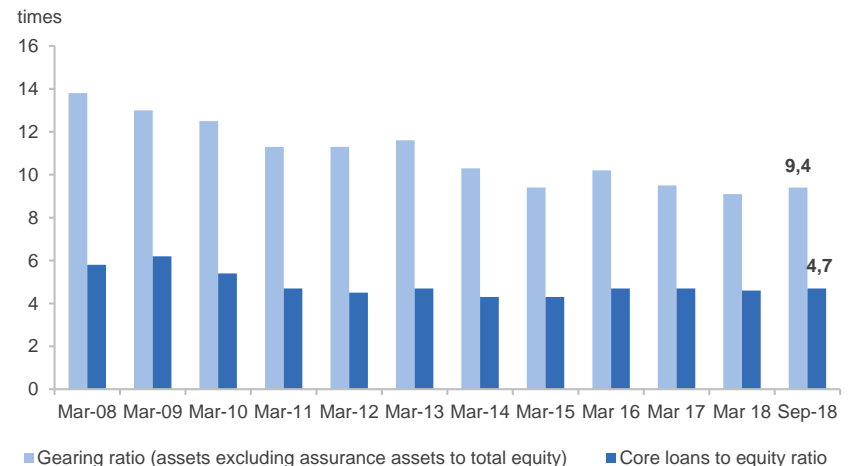
Key operating fundamentals

- Senior management “hands-on” culture
- A high level of readily available, **high quality liquid assets**: representing c. 25% - 35% of our liability base. Cash and near cash balances amounted to £12.5 billion at year end, representing 41.1% of customer deposits.
- No reliance on wholesale funding
- Healthy capital ratios: always held **capital in excess of regulatory requirements** and the group intends to perpetuate this philosophy. Target common equity tier 1 ratio of above 10% and total capital ratios between 14% and 17%
- **Low gearing ratio**: 9.4x with leverage ratios in excess of 7%
- Geographical and operational diversity with a **high level of recurring income** continues to support sustainability of operating profit

Cash and near cash

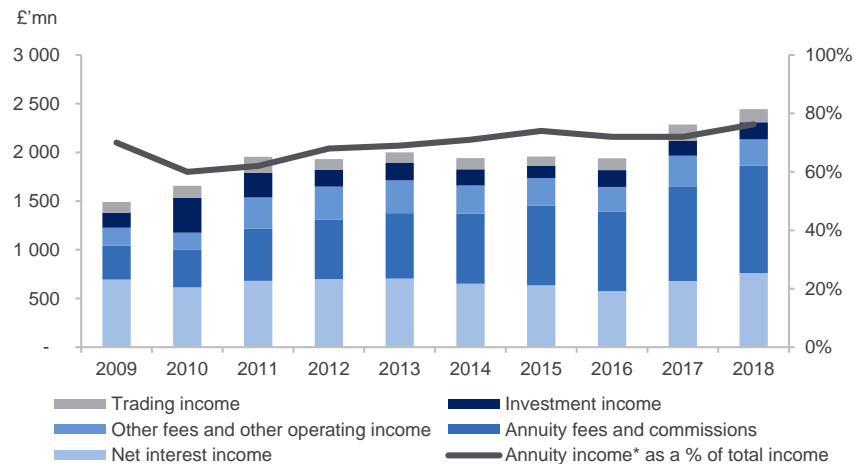


Low gearing ratios

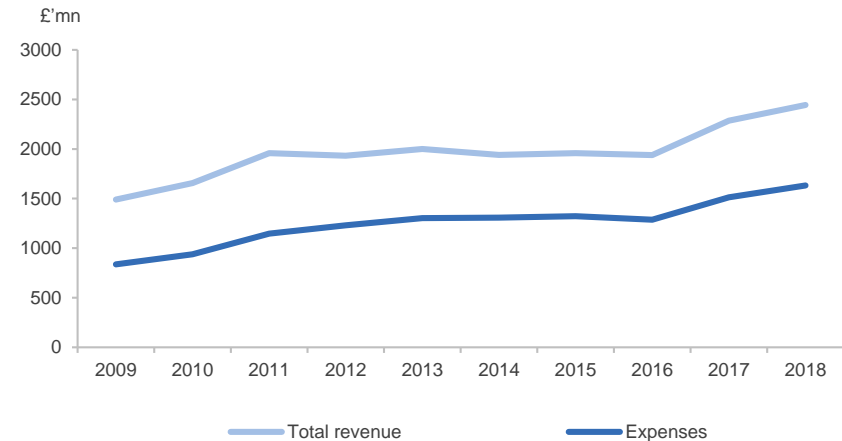


We have a sound track record

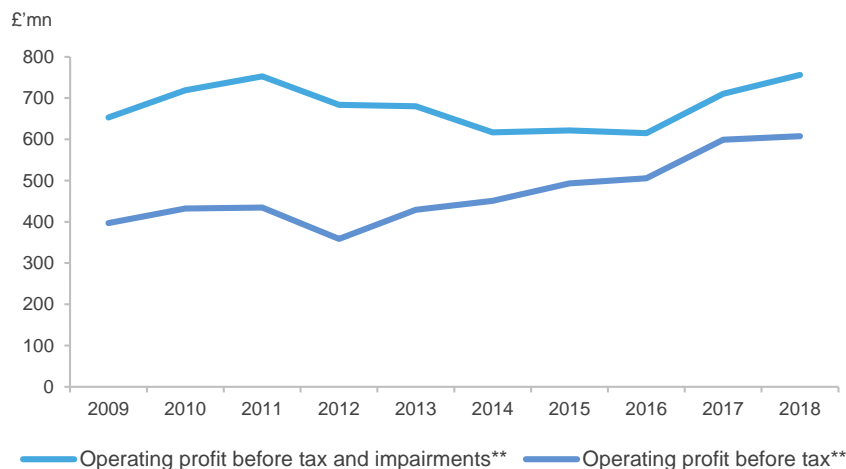
Recurring income[#]



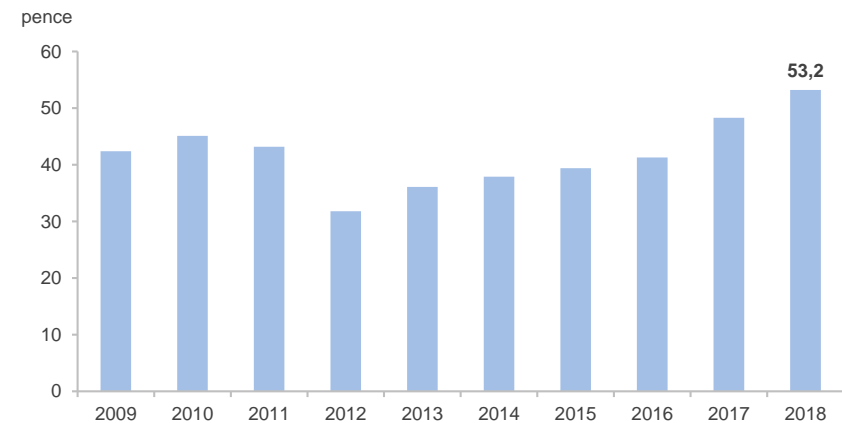
Revenue versus expenses[#]



Operating profit before tax** and impairments[#]



Adjusted EPS^{^#}

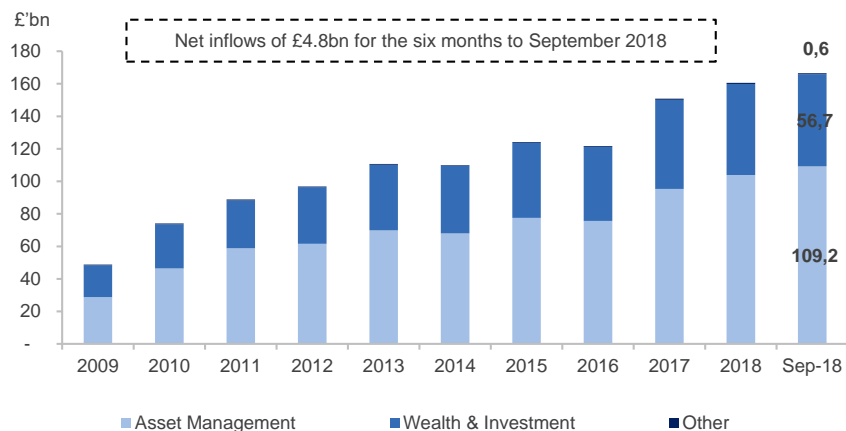


*Where annuity income is net interest income and annuity fees. **Before goodwill, acquired intangibles, non-operating items and after non-controlling interests.

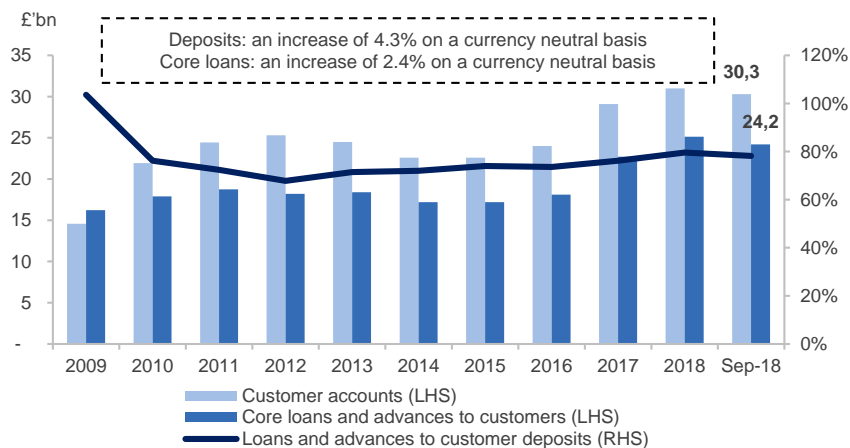
[^]Where Adjusted EPS is earnings per share before goodwill, acquired intangibles and non-operating items. [#]As at 30 March 2018

We have a sound track record

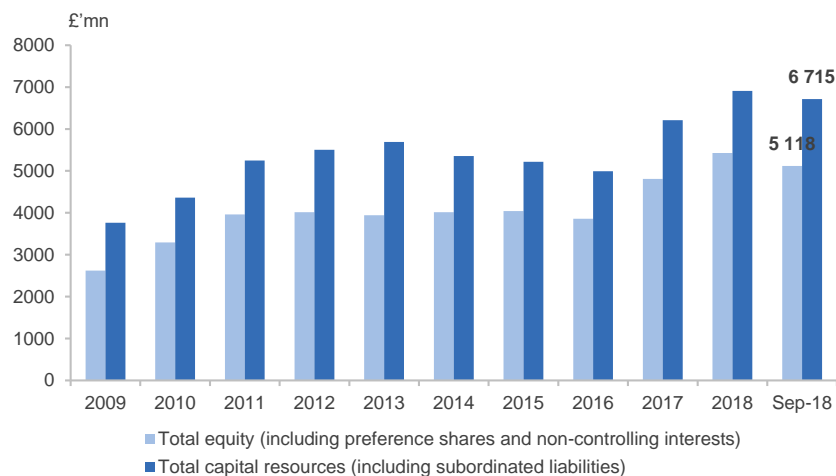
Third party assets under management



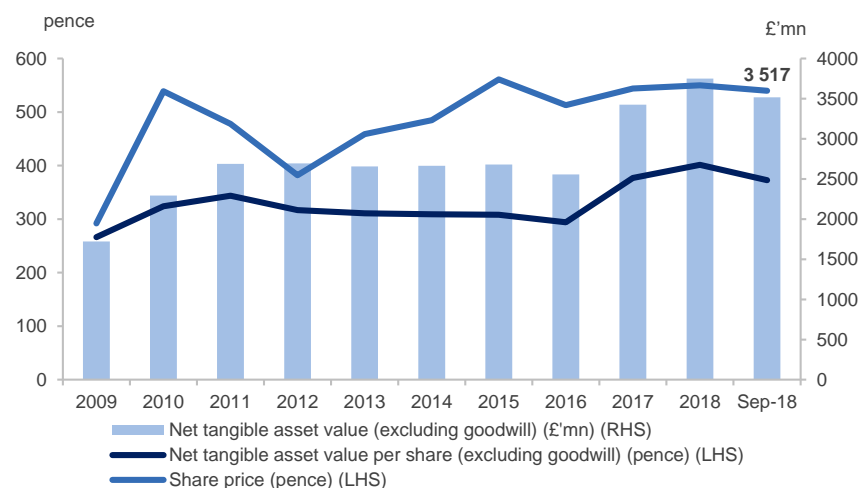
Core loans and advances and deposits



Total equity and capital resources



Net tangible asset value

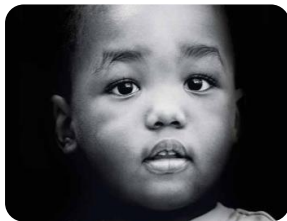


We have invested in our Brand



...our Communities

...our People



... and the Planet





An overview of Investec Bank Limited

Our strategy

- Our long-term strategy is to build a diversified portfolio of businesses and geographies to support clients through varying markets and economic cycles.
- Since inception we have expanded through a combination of organic growth and strategic acquisitions.
- In order to create a meaningful and balanced portfolio we need proper foundations in place which gain traction over time.

Our long-term **internationalisation strategy**:

- Follow our customer base
- Gain domestic competence and critical mass in our chosen geographies
- Facilitate cross-border transactions and flow.

We have a very deliberate and focused **client strategy**:

- to leverage our unique client profile
- to provide the best integrated solution supported by our comprehensive digital offering

Our **current strategic objectives** include:

Asset Management

- Focusing on delivery of competitive investment performance
- Scale Multi-Asset and Quality capabilities
- Grow presence in large markets, especially North America
- Maintain strong momentum in Advisor market

Wealth & Investment

- Continue to invest in and develop digital channel
- Continued coordination of capabilities across businesses

Specialist Banking

- Building and developing our client franchises across all areas
- Improving the ROE in the business
- Implementing the UK Private Banking strategy

Other

- Continue investing in technology and people to maintain digital client experience
- Improving the cost to income ratio by focusing on operational efficiencies
- Diversity across the group

Overview of Investec Bank Limited

Investec Bank Limited is a **specialist bank** with a strong franchise in niche market segments operating primarily in **Southern Africa**

Total assets
R448.3bn

Net core loans
R259.1bn

Total equity
R39.7bn

Customer deposits
R331.7bn

Employees (approx.)
4 000

Well established franchise

- **Established in 1974** in the Republic of South Africa
- Obtained a banking licence in 1980 and listed on the Johannesburg Stock Exchange 1986
- Wholly owned subsidiary of **Investec Limited** (listed on the JSE)
 - Houses the Investec group's **Southern African and Mauritius banking** subsidiaries as well as the trade finance business (Reichmans Limited) and Investec Import Solutions
 - Asset Management, Wealth & Investment, Institutional Stockbroking, Investec Life and the Property division are housed in fellow subsidiaries under Investec Limited
- Today, efficient integrated business platform employing approximately **4 000** people
- **5th largest banking group** in South Africa (by assets)

Key strategic objectives

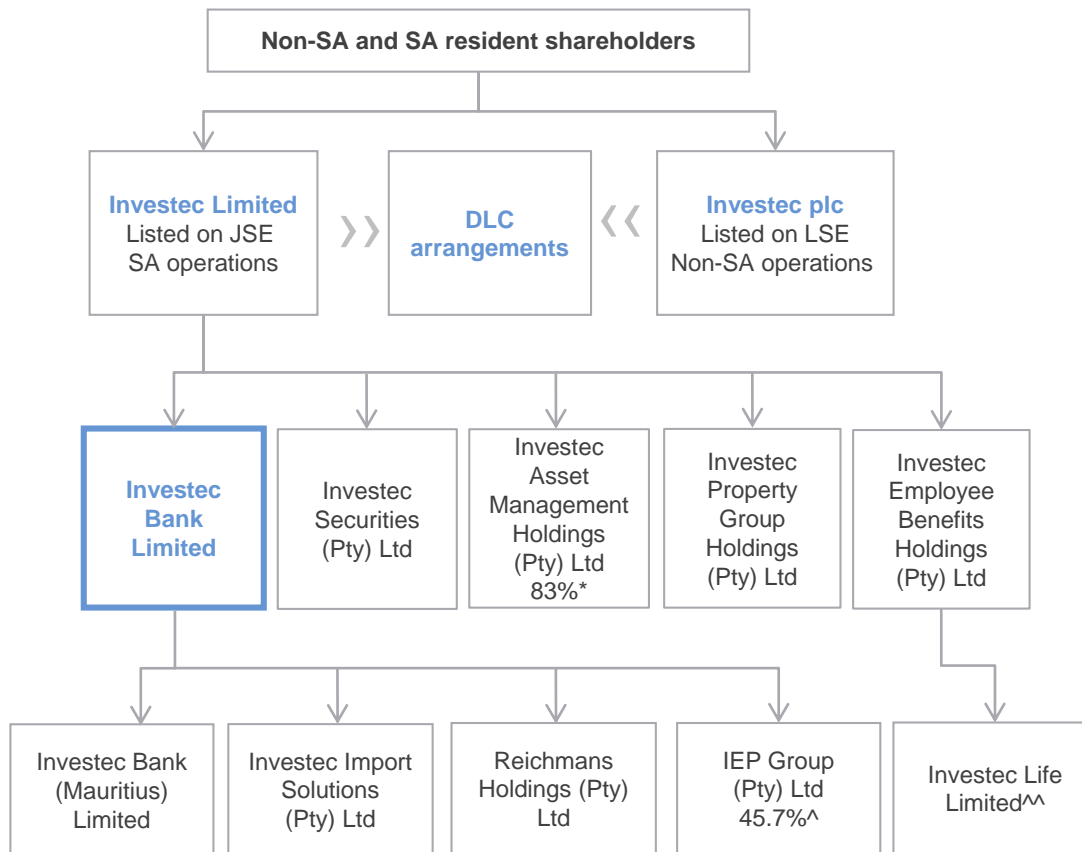
- Identify new sources of revenue across our existing client base
- Management of our liquidity ratios with an emphasis on retail funding initiatives
- Management of our capital to optimise returns
- Investment in our technology platforms, including digitalisation of products and services
- Launch of Investec for Business designed to deliver an integrated service offering to mid-market corporates

Key credit strengths

Sound balance sheet	<ul style="list-style-type: none">• Robust capital base: 10.9% CET1 ratio and strong leverage ratio of 7.7%*• Low gearing: 10.9x• Strong liquidity ratios with high level of readily available cash. The liquidity position of the bank remains sound with a total cash and near cash balance of R110.8bn representing 33.4% of customer deposits• Diversified funding base with strong retail deposit franchise and low reliance on wholesale funding• Never required shareholder or government support
Strong risk management frameworks	<ul style="list-style-type: none">• Group Risk Management operates within an integrated geographical and divisional structure, in line with our management approach, ensuring that the appropriate processes are used to address all risks across the business units• Risk awareness, control and compliance are embedded in our day-to-day activities• Board, executives and management are intimately involved in the risk management process• Senior management “hands-on” culture
Strong culture	<ul style="list-style-type: none">• 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

*Based on revised BIS rules.

IBL operational structure



Salient features of Investec's DLC structure

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

• Regulation of the DLC structure:

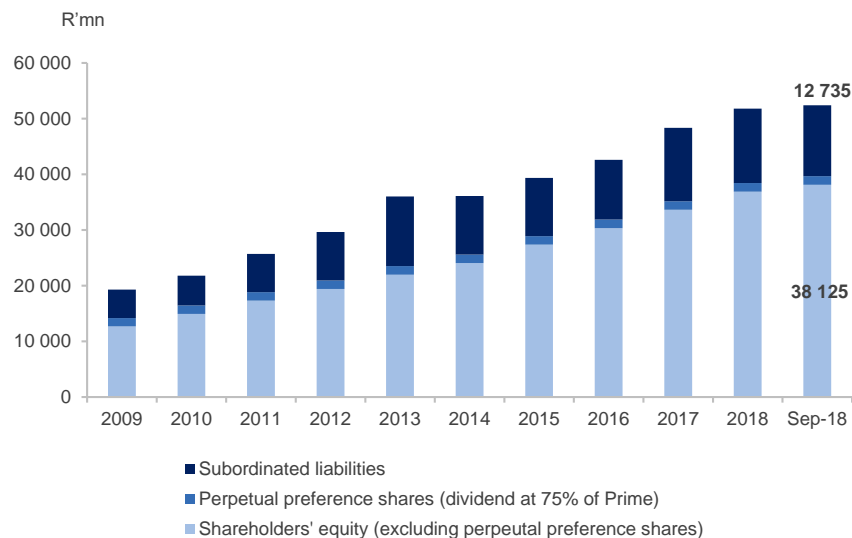
- The South African Reserve Bank (SARB) is the lead regulator of the group
- The UK Financial Conduct Authority and Prudential Regulation Authority are the regulators of Investec plc while the SARB is the regulator of Investec Limited
- The Memorandum of Understanding between the two regulators sets out that the role of the lead regulator would change if 70% or more of the on and off balance sheet assets are held by Investec plc



IBL operating fundamentals

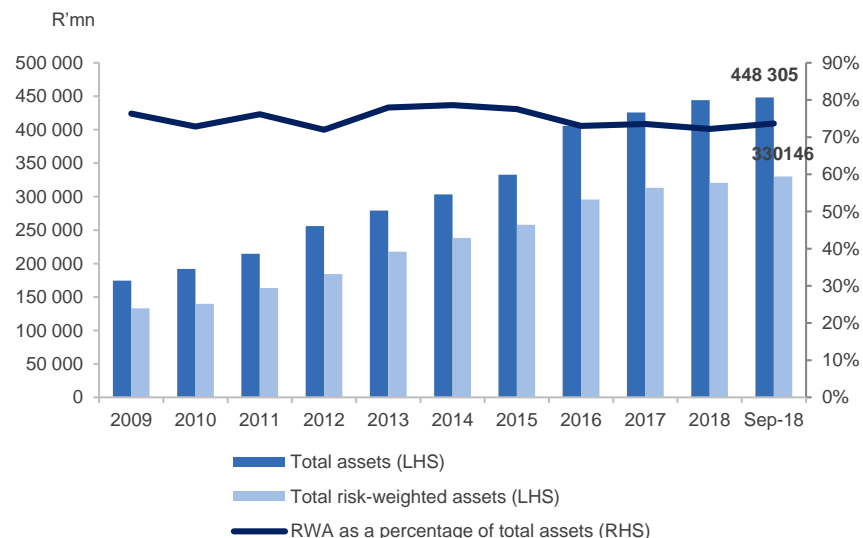
IBL: sound capital base and capital ratios

Total capital



- We have continued to grow our capital base over the past 10 years **without recourse to government or shareholders**
- Our total **capital resources has grown by 171.7% since 2009** to R52 394mn at 30 September 2018 (CAGR of 11.1% per year)

Total risk-weighted assets: high RWA density



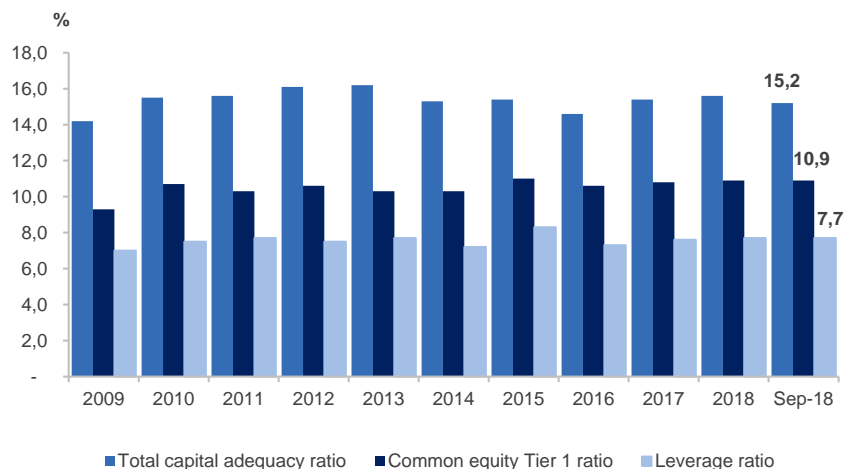
- As we use the Standardised Approach for our Basel III risk RWA calculations, our RWA **represents a large portion of our total assets** as we inherently hold more capital
- IBL's Total RWAs / Total assets is 73.6%, which is higher relative to many SA banks on the Advanced Approach
- The bank is likely to implement FIRB in South Africa in the 2019 financial year, subject to regulatory approval, as a transitional step to implementing AIRB – this will have a positive impact on capital ratios^

^Where FIRB is Foundation Internal Ratings-Based Approach and AIRB is Advanced Internal Ratings-Based Approach.

IBL: sound capital base and capital ratios

- Investec has **always held capital in excess of regulatory requirements** and intends to perpetuate this philosophy and ensure that it remains well capitalised
- 30 September 2018: total capital adequacy ratio of 15.2% and a common equity tier 1 ratio of 10.9%
- Our fully loaded Basel III common equity tier 1 ratio is estimated to be 10.8% and our fully loaded leverage ratio is 7.5%

Basel capital ratios*



Capital development

A summary of ratios*	30 Sept 2018	1 April 2018	Target
Common equity tier 1 (as reported)	10.9%	10.7%	>10%
Common equity tier 1 (fully loaded)^	10.8%	10.6%	
Tier 1 (as reported)	11.2%	11.0%	>11%
Total capital adequacy ratio (as reported)	15.2%	15.4%	14% to 17%
Leverage ratio** (current)	7.7%	7.6%#	>6%
Leverage ratio** (fully loaded)^	7.5%	7.3%#	

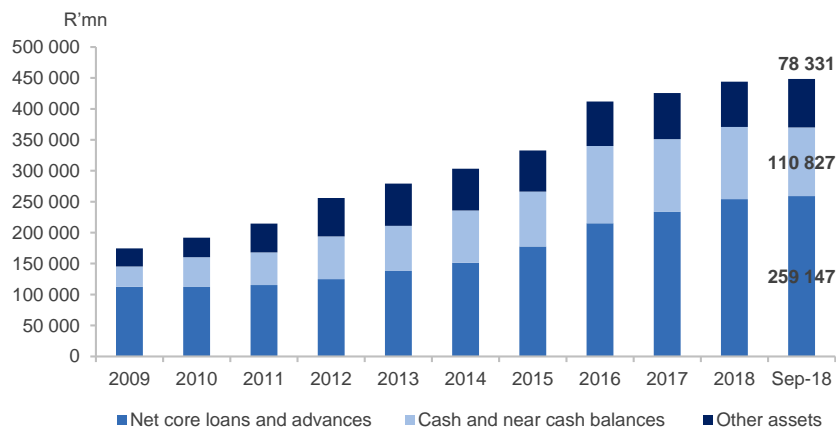
^Based on the group's understanding of current and draft regulations "fully loaded" is based on Basel III capital requirements as fully phased in by 2022

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

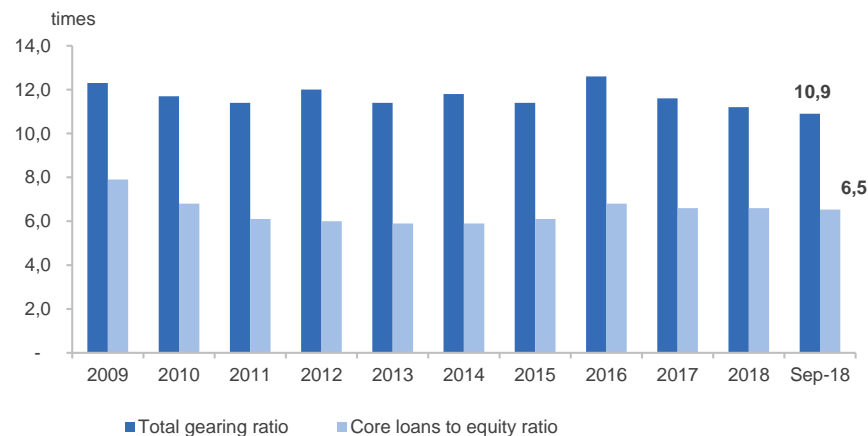
#Based on revised BIS rules.

IBL: consistent asset growth, gearing ratios remain low

Total assets composition



Gearing* remains low



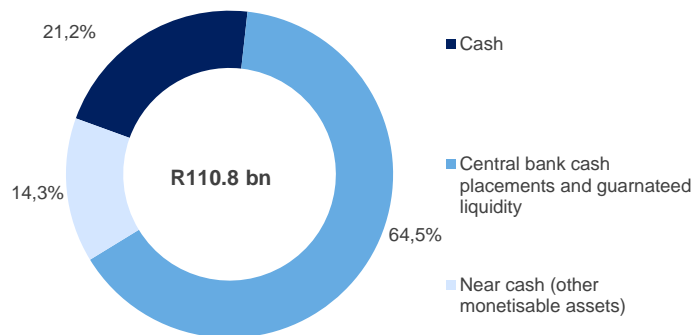
- We have recorded a **CAGR of around 15.0% in core loans** over the past 5 years driven by increased activity across our target client base, as well as growth in our franchise
- In addition, we have seen **solid growth in cash and near cash balances** over the same period

- We have **maintained low gearing ratios*** with total gearing at 10.9x and an average of 11.7x over the past 10 years

*Gearing ratio calculated as Total Assets (excluding intergroup loans) divided by Total Equity

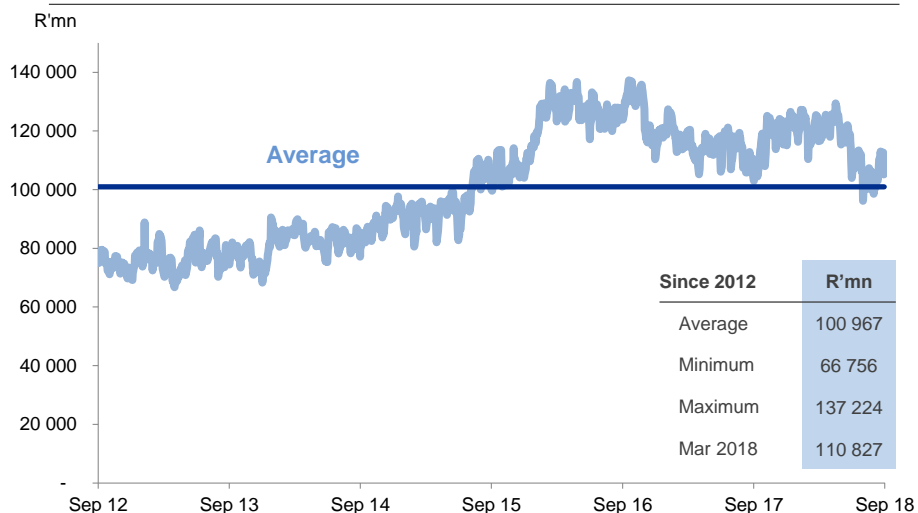
IBL: substantial surplus liquidity

Cash and near cash balances at 30 September 2018

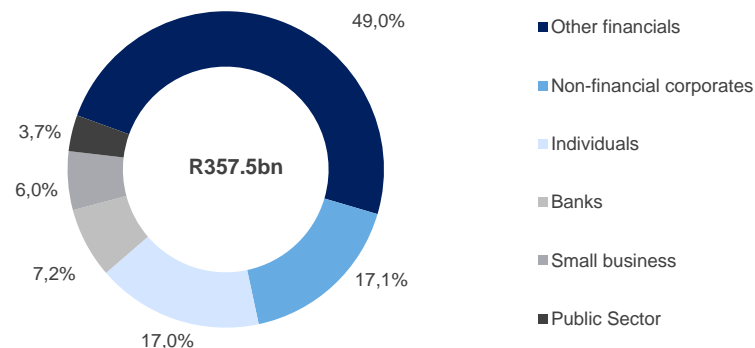


- The **liquidity position of the bank remains sound** with total cash and near cash balance having **increased by 239.9% since 2009** (13.7% CAGR) to R110.8bn at 30 September 2018 (representing 33.4% of customer deposits)
- At 30 September 2018 IBL's (bank solo) three-month average **Liquidity Coverage Ratio was 137.4%** (ahead of current minimum requirements of 90% for 2018, and the average of the **Big 4 banks of c.110.8%**)
- At 30 September 2018 IBL's (bank solo) **Net Stable Funding Ratio** was 111.3% (ahead of current minimum requirements of 100%)

Cash and near cash balances



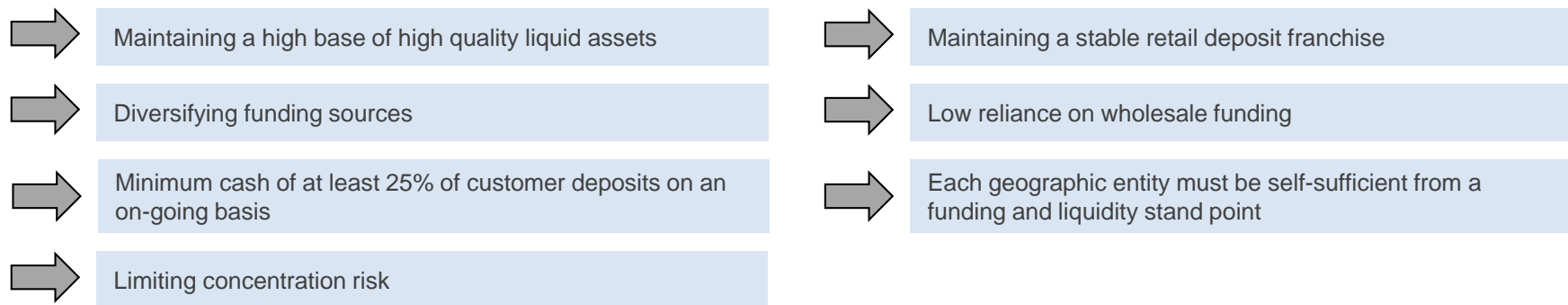
Depositor concentration at 30 September 2018



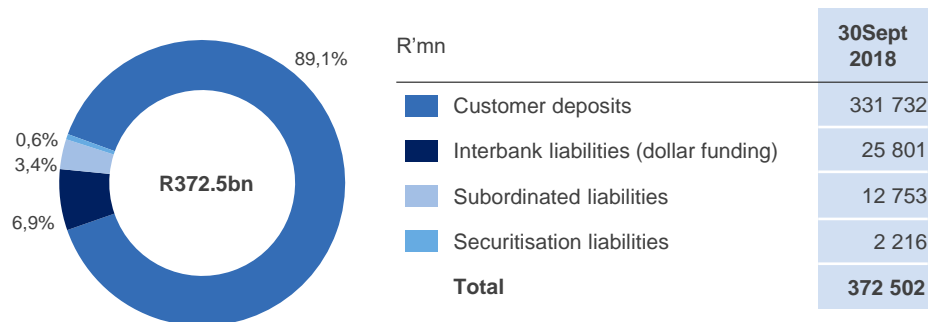
IBL: diversified funding strategy

- Investec's funding consists **primarily of customer deposits**
- Investec adopts a **conservative and prudent funding strategy**

Conservative and prudent funding strategy



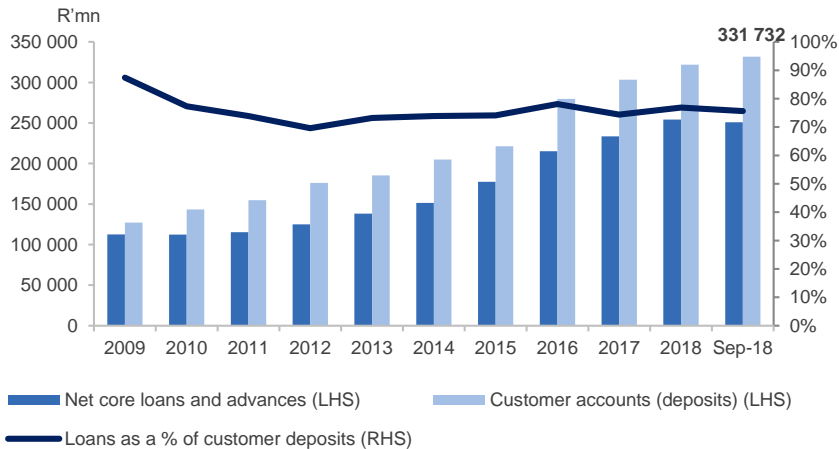
Selected funding sources



- **Customer deposits account for 89.1% of total funding sources** as at 30 September 2018
- Customer deposits are supplemented by deposits from banks (6.9%), securitisation liabilities (0.6%) and subordinated debt (3.4%)
- We have **no reliance on any one deposit channel** and no reliance on wholesale interbank funding
- **Core loans are funded from customer deposits** and interbank (dollar) funding supplements cash and near cash balances

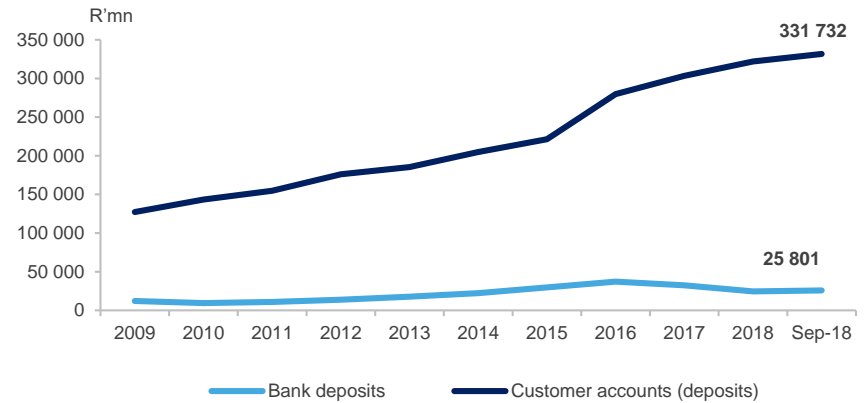
IBL: stable loan-deposit ratio

Fully self funded from customer deposits: healthy loan to deposit ratio



- Customer deposits have **grown by 160.9 %** (c.10.6% CAGR p.a.) since 2009 to R331.7bn at 30 September 2018
- Advances as a percentage of customer deposits **amounts to 75.6%**

Total deposits: stable customer deposit base



- Significant **increase in retail deposits** and low reliance on wholesale deposits since 2009
- **Fixed and notice customer deposits** have continued to display a strong '**stickiness**' with continued willingness from clients to reinvest in our suite of term and notice products

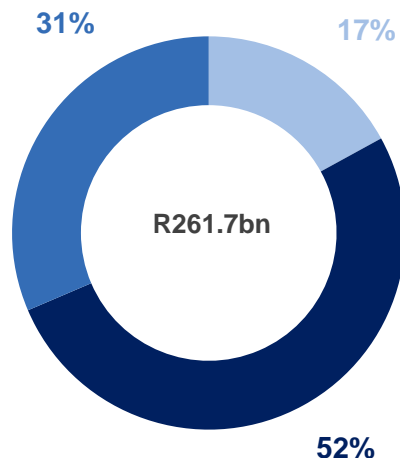
IBL: exposures in a select target market

- **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
- We typically originate loans with the intent of holding these assets to maturity, and thereby developing a ‘hands-on’ and long-standing relationship with our clients
- **The majority of the bank’s credit and counterparty exposures reside within its principal operating geographies, namely South Africa and Mauritius**

Gross core loans by risk category at 30 September 2018

Corporate and other

Acquisition finance	5.4%
Asset based lending	2.3%
Fund finance	1.9%
Other corporate, institutional, govt. loans	17.8%
Asset finance	1.0%
Project finance	2.7%
Resource finance and commodities	0.3%



Lending collateralised against property

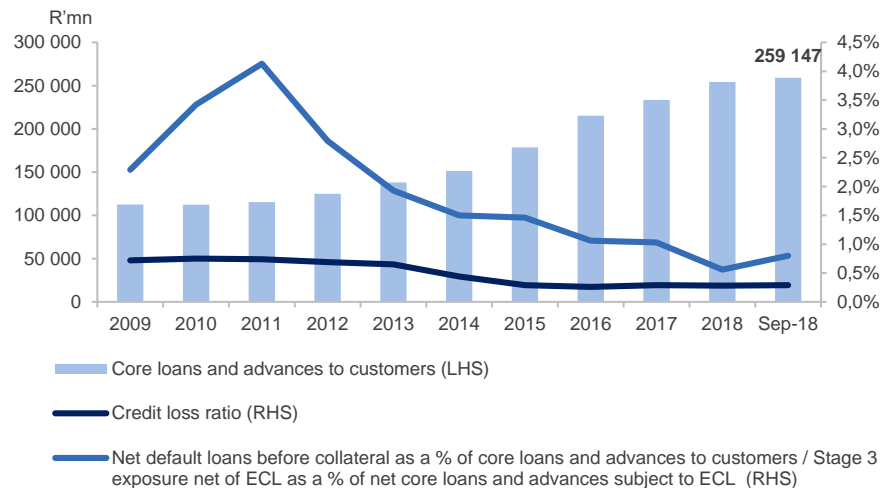
Commercial property investment	13.4%
Commercial property development	1.8%
Commercial vacant land and planning	0.4%
Residential property development	1.2%
Residential vacant land and planning	0.2%

High net worth and other private client

HNW and private client - mortgages	26.9%
HNW and specialised lending	24.6%

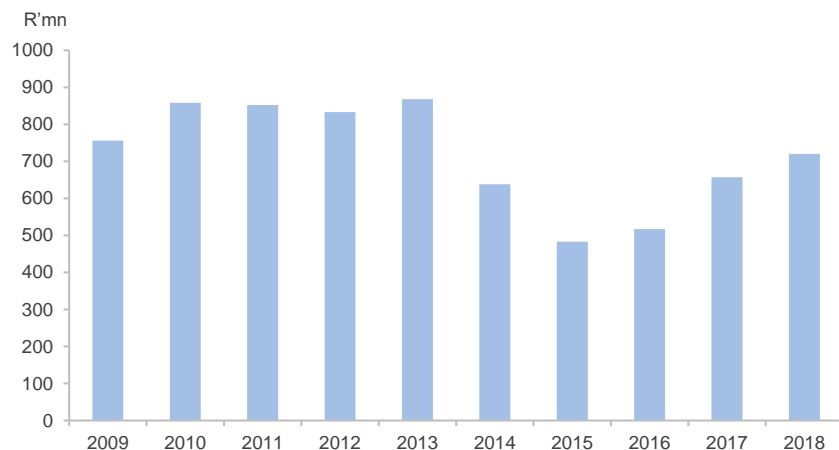
IBL: sound and improving asset quality

Core loans and asset quality



- Credit quality on core loans and advances for the six months ended 30 September 2018:
 - The total **ECL impairment** charges amounted to R376 million for the six months ended 30 September 2018 (2017: R373 million).
 - The **annualised credit loss# ratio was 0.29%** at 30 September 2018 (31 March 2018: 0.28%).
 - Stage 3 exposures net of ECL at 30 September 2018 amounted to R2 172 million (1 April 2018: R1 746 million).
 - Stage 3 **exposure net of ECL** as a percentage of net core loans and advances as at 30 September 2018 amounted to **0.8%** (1 April 2018: 0.7%)

Trend in income statement impairment charge*

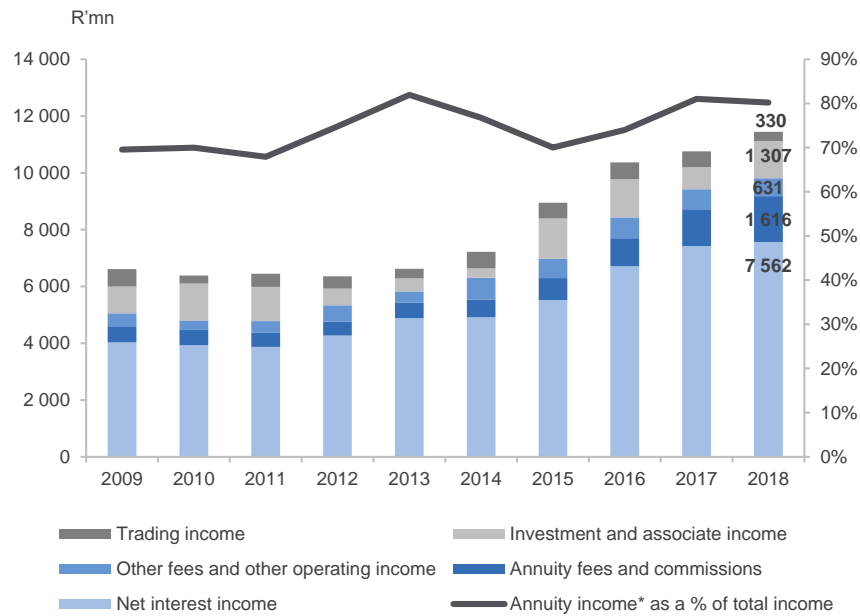


*As at 30 March 2018

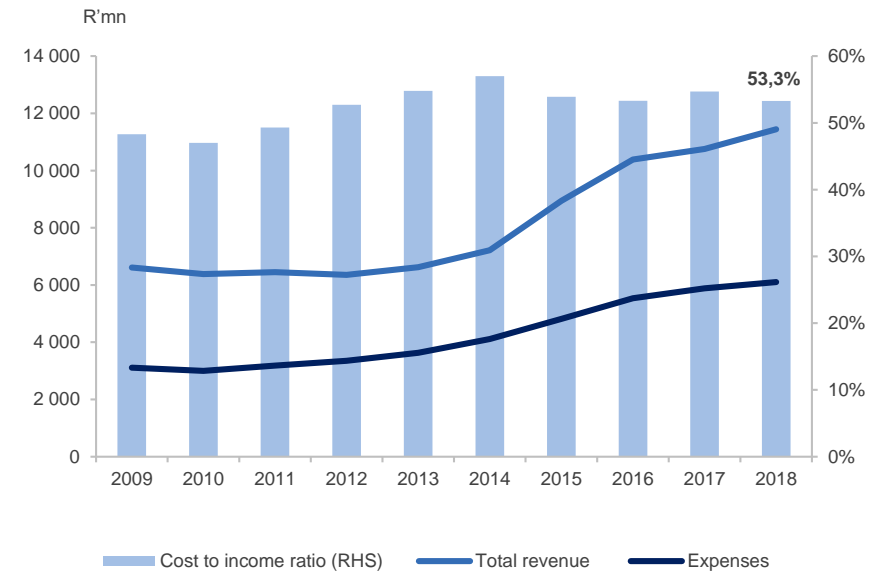
Expected credit loss (ECL) impairment charges on gross core loans and advances as a % of average gross core loans and advances subject to ECL

IBL: we have a diversified revenue stream

Annuity income[^]



Revenue versus expenses[^]



- A diversified business model continues to support a **large recurring income base** comprising net interest income and annuity fees
- Recurring revenue base, totaling 80.2% of operating income in 2018
- **Growth** in total revenue between 2015 and 2018 has largely been driven by **increased lending activities and a broadening of our client franchise**
- We are focusing on **managing costs** while building for the future.
- We are maintaining a **disciplined approach to cost control**, with a target cost to income ratio of 55%
- Cost to income ratio is 53.3% for 2018 (54.7% for 2017)

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

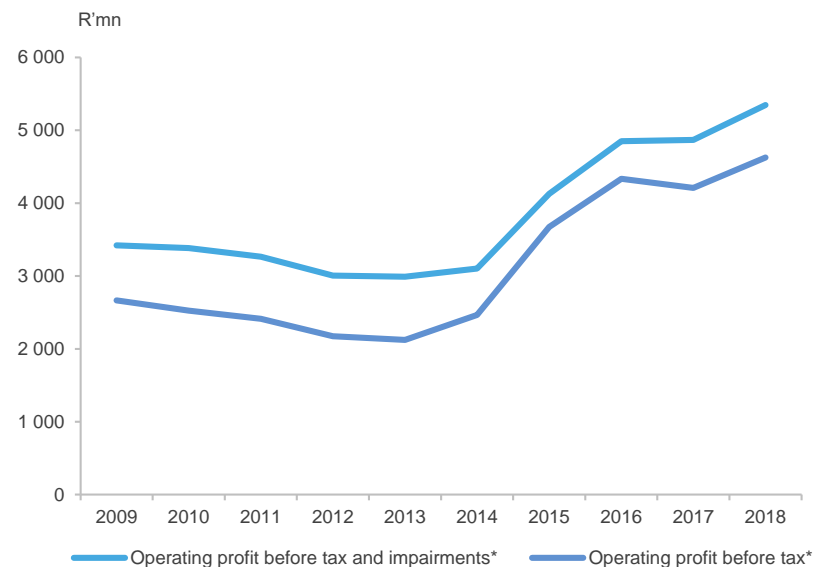
[^]As at 30 March 2018

IBL: profitability supported by a strong franchise

- **Operating profit underpinned by well established franchise:**

- Leading Private Bank over many years
- Leading Corporate Advisory house
- Highly regarded Corporate and Institutional Bank

Operating profit before tax and impairments*^



- Operating profit before tax* has **grown** 73.6% since 2009 to R4 626mn in 2018
- Between 2009 and 2013 our results were impacted by an **increase in impairments**. These are back to normalised levels.
- Recent growth in net profit before tax has been supported by positive business momentum, reflected in an **increase in our client base and loans and advances**

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

^As at 30 March 2018

Credit ratings

- IBL's ratings have remained stable over many years **reflecting the financial soundness** of the bank over a long period of time
- Recent ratings adjustments have been largely associated with **downgrade of the sovereign**
- In November 2017, S&P and Fitch downgraded five South African Banks following the sovereign downgrade
- It is generally accepted that a bank cannot have a higher rating than the sovereign of the country in which they operate, unless they are largely foreign-owned and the foreign holding company is domiciled in a country with a higher rating than South Africa

Historical credit ratings

Long-Term Foreign Currency Deposit Rating	Nov-17	Dec-16	Dec-15	Dec-13	Dec-12
Moody's	Baa3*	Baa2	Baa2	Baa1	Baa1
Fitch	BB+*	BBB-	BBB-	BBB-	BBB-
S&P	BB*	BBB-	BBB-	BBB-	

Current credit ratings

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

Moody's	Rating	Outlook
Baseline credit assessment (BCA) and adjusted BCA:	baa3	Stable
Global long-term deposit rating:	Baa3	
Global short-term deposit rating:	P-3	
National scale long-term deposit rating:	Aa1.za	
National scale short-term deposit rating:	P-1.za	

S&P	Rating	Outlook
Foreign currency long-term deposit rating:	BB	Stable
Foreign currency short-term deposit rating:	B	
National scale long-term rating:	za.AA+	
National scale short-term rating:	za.A-1+	

Global Credit Ratings	Rating
National long-term rating:	AA(za)
National short-term rating:	A1+(za)

*Changes reflect downgrades of the sovereign of South Africa.



IBL peer analysis

IBL: peer group companies

Long-Term Deposit Rating	S&P		Fitch				Moody's			Global Credit Ratings	
	Foreign currency*	National scale	Foreign currency*	National scale	Viability ratings	Support rating	Foreign	National scale	Baseline credit assessment	International*	National
Absa Bank Limited	n/a	za.AA+	BB+	AA(zaf)	bb+	3	Baa3	Aa1.za	baa3	BB+	AA(za)
FirstRand Bank Limited	BB	za.AA+	BB+	AA(zaf)	bb+	3	Baa3	Aaa.za	baa3	BB+	AA+(za)
Nedbank Limited	BB	za.AA+	BB+	AA(zaf)	bb+	3	Baa3	Aa1.za	baa3	BB+	AA(za)
Standard Bank Limited	n/a	n/a	BB+	AA(zaf)	bb+	3	Baa3	Aa1.za	baa3	BB+	AA+(za)
Investec Bank Limited	BB	za.AA+	BB+	AA(zaf)	bb+	3	Baa3	Aa1.za	baa3	BB+	AA(za)

Short-Term Deposit Rating	S&P		Fitch		Moody's		Global Credit Ratings
	Foreign currency*	National scale	Foreign currency*	National scale	Foreign	National scale	National
Absa Bank Limited	n/a	za.A-1+	B	F1+(zaf)	P-3	P-1.za	A1+(za)
FirstRand Bank Limited	B	za.A-1+	B	F1+(zaf)	P-3	P-1.za	A1+(za)
Nedbank Limited	B	za.A-1+	B	F1+(zaf)	P-3	P-1.za	A1+(za)
Standard Bank Limited	n/a	n/a	B	F1+(zaf)	P-3	P-1.za	A1+(za)
Investec Bank Limited	B	za.A-1+	B	F1+(zaf)	P-3	P-1.za	A1+(za)

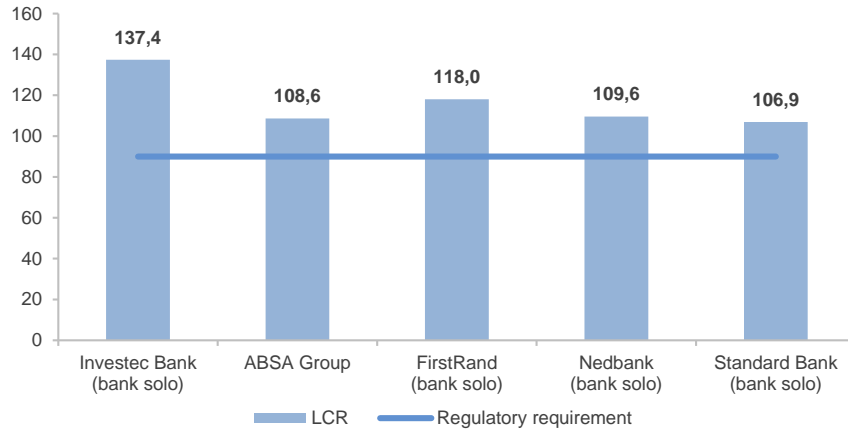
Rating definitions:

Short-term ratings should be used for investments less than a one year time horizon and long-term ratings for periods greater than a year. Foreign currency ratings should be used when one is considering foreign denominated investments. Investments in Rand should be assessed against local currency and national ratings, (zaf) being Fitch's notation and .za for Moody's, Standard & Poor's and Global Credit Ratings notation for South African ratings.

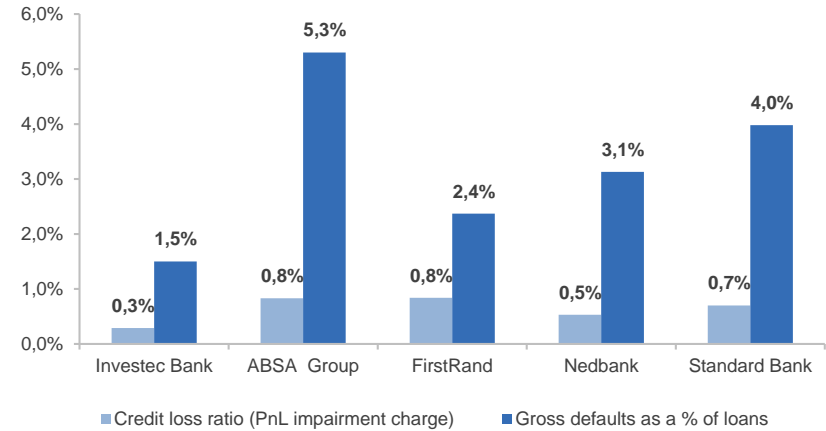
IBL: peer group companies*

Investec is one of the **most liquid** of the Big 5 banks and is a **net provider of funds** to the interbank market in South Africa.

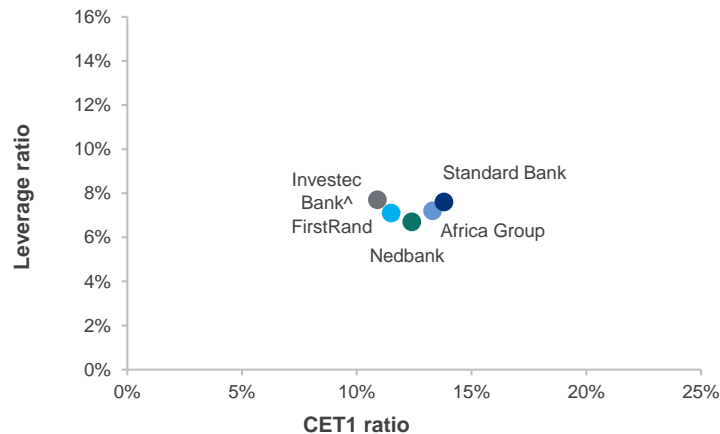
Liquidity: regulatory liquidity coverage ratio



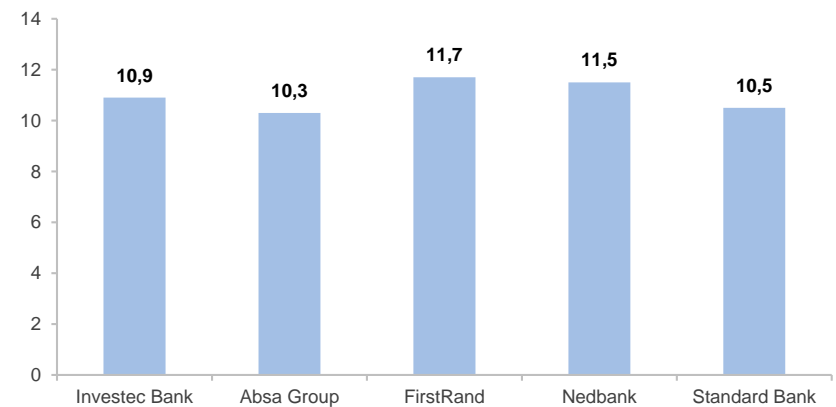
Asset quality ratios



Capital ratios



Gearing ratio



*Source: Latest company interim / annual and quarterly results. **LCR for Barclays Africa is not disclosed on a bank solo level. ^On the standardised approach

IBL: peer group companies

Definitions and/or explanations of certain ratios:

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



Investec Group Appendices

Investec group: mission statement and values

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

Distinctive Performance

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

Dedicated Partnership

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



Client Focus

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

Cast-iron Integrity

- Moral strength
- Risk consciousness
- Highest ethical standards

Investec group: operating structure

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

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

Investec largest shareholders as at 30 September 2018

Investec Limited

Shareholder analysis by manager group	Number of shares	% holding
1 PIC (ZA)	38 221 550	12.0%
2 Allan Gray (ZA)	37 961 055	11.9%
3 Old Mutual Plc (UK & ZA)	14 951 999	4.7%
4 Investec Staff Share Scheme*(ZA)	13 189 871	4.1%
5 Coronation Fund Mgrs (ZA)	13 117 273	4.1%
6 BlackRock Inc (UK & US)	12 519 118	4.0%
7 The Vanguard Group, Inc (UK & US)	10 599 984	3.3%
8 Sanlam Group (ZA)	9 414 119	3.0%
9 Dimensional Fund Advisors (UK & US)	8 028 829	2.5%
10 ED Trust (ZA)	5 468 406	1.7%
Cumulative total	163 472 204	51.3%

Investec plc

Shareholder analysis by manager group	Number of shares	% holding
1 Allan Gray (ZA)	80 427 158	11.8%
2 PIC (ZA)	45 179 526	6.6%
3 BlackRock Inc (UK & US)	39 910 856	5.9%
4 Coronation Fund Mgrs (ZA)	39 664 008	5.8%
5 Prudential Group (ZA)	35 181 028	5.2%
6 The Vanguard Group, Inc (UK & US)	21 884 233	3.2%
7 Old Mutual Plc (UK & ZA)	19 917 376	2.9%
8 State Street Corporation (UK & US)	16 820 069	2.5%
9 T Rowe Price Associates (UK)	16 712 144	2.5%
10 Legal & General Group (UK)	15 546 873	2.3%
Cumulative total	331 243 271	48.6%

The 10 largest shareholders account for 51.3% and 48.6% of the total Investec Limited and Investec plc shares, respectively - based on a threshold of 20 000 shares.

Summary year end results: salient financial features

Investec Group consolidated results	30 Sept 2018	30 Sept 2017	% change	31 Mar 2018
Income statement				
Operating profit before tax* (£'000)	359 267	314 604	14.2%	449 647
Adjusted earnings attributable to ordinary shareholders^ (£'000)	265 323	245 280	8.2%	491 062
Cost to income ratio	66.6%	66.9%		66.9%
Annualised return on average adjusted shareholders' equity (post-tax)	13.4%	12.5%		12.1%
Annualised return on average adjusted tangible shareholders' equity (post-tax)	15.2%	14.3%		13.7%
Annualised return on average risk-weighted assets	1.54%	1.50%		1.45%
Annuity income as a % of operating income	75.5%	76.4%		76.2%
Balance sheet				
Total capital resources (including subordinated liabilities) (£'million)	6 715	6 155	9.1%	6 911
Total equity (including preference shares and non-controlling interests) (£'million)	5 118	4 766	7.4%	5 428
Total assets (£'million)	56 137	51 818	8.3%	57 617
Net core loans and advances to customers (£'million)	24 190	22 797	6.1%	25 132
Cash and near cash balances (£'million)	12 467	10 683	16.7%	12 825
Customer accounts (deposits) (£'million)	30 349	27 966	8.5%	30 987
Third party assets under management (£'million)	166 512	154 338	7.9%	160 576

Key asset quality and capital ratios	30 Sept 2018	1 April 2018
Capital adequacy ratio: Investec plc^	15.4%	15.0%
Tier 1 ratio: Investec plc^	12.2%	12.4%
Common equity tier 1 ratio: Investec plc^	10.4%	10.5%
Leverage ratio: Investec plc^	7.7%	8.3%
Capital adequacy ratio: Investec Limited^	14.7%	14.5%
Tier 1 ratio: Investec Limited^	11.1%	10.8%
Common equity tier 1 ratio: Limited^	10.3%	10.0%
Leverage ratio: Investec Limited^	7.5%	7.4%
Annualised credit loss ratio (expected credit loss impairment charges on gross core loans and advances subject to ECL as a % of average gross core loans and advances subject to ECL)	0.34%	0.61%**
Stage 3 net of ECL as a % of net core loans and advances to customers subject to ECL	1.7%	2.0%

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

**As at 31 March 2018

Summary of year end results: salient financial features (currency neutral)

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

Investec Group consolidated results	Actual as reported Six months to 30 Sept 2018	Actual as reported Six months to 30 Sept 2017	Actual as reported % change	Neutral currency^ Six months to 30 Sept 2018	Neutral currency % change
Operating profit before tax* (£'million)	359	315	14.2%	370	17.6%
Earnings attributable to shareholders (£'million)	280	252	10.9%	288	13.9%
Adjusted earnings attributable to shareholders** (£'million)	265	245	8.2%	272	11.1%
Adjusted earnings per share**	28.3p	26.6p	6.4%	29.1p	9.4%
Basic earnings per share	27.6p	25.8p	7.0%	28.4p	10.1%
Dividends per share	11.0p	10.5p	4.8%	n/a	

Investec Group consolidated results	Actual as reported At 30 Sept 2018	Actual as reported At 31 March 2017	Actual as reported % change	Neutral currency^ At 30 Sept 2018	Neutral currency % change
Net tangible asset value per share (pence)	372.7p	401.5p	(7.2%)	391.2p	(2.6%)
Total shareholders' equity (£'million)	5 118	5 428	(5.7%)	5 429	0.0%
Total assets (£'million)	56 137	57 617	(2.6%)	59 918	4.0%
Net core loans and advances to customers (£'million)	24 190	25 132	(3.7%)	25 740	2.4%
Cash and near cash balances (£'million)	12 467	12 825	(2.8%)	13 125	2.3%
Customer accounts (deposits) (£'million)	30 349	30 987	(2.1%)	32 317	4.3%
Third party assets under management (£'million)	166 512	160 576	3.7%	172 180	7.2%

*Before goodwill, acquired intangibles, non-operating items and after other non-controlling interests. **Before goodwill, acquired intangibles, non-operating items and after non-controlling interests. ^ For income statement items we have used the average Rand: Pounds Sterling exchange rate that was applied in the prior year, i.e. 17.06. For balance sheet items we have assumed that the Rand: Pounds Sterling closing exchange rate has remained neutral since 31 March 2018.



Investec Bank Limited Appendices

IBL: salient financial features

Key financial statistics	30 Sept 2018	30 Sept 2017	% change	31 Mar 2018
Total operating income before expected credit losses/impairment losses (R'million)	6 149	5 965	3.1%	11 446
Operating costs (R'million)	3 217	3 121	3.1%	6 100
Operating profit before acquired intangibles (R'million)	2 556	2 471	3.4%	4 626
Headline earnings attributable to ordinary shareholders (R'million)	2 038	2 196	(7.2%)	4 446
Cost to income ratio	52.3%	52.3%		53.3%
Total capital resources (including subordinated liabilities) (R'million)	52 412	50 347	4.1%	51 789
Total shareholders equity (R'million)	39 659	36 823	7.7%	38 415
Total assets (R'million)	448 305	427 576	4.8%	444 072
Net core loans and advances (R'million)	259 147	248 324	4.4%	254 304
Customer accounts (deposits) (R'million)	331 732	309 996	7.0%	321 893
Loans and advances to customers as a % of customer accounts (deposits)	75.6%	77.8%		76.9%
Cash and near cash balances (R'million)	110 827	102 620	8.0%	116 533
Total gearing ratio (i.e. total assets excluding intergroup loans to equity)	10.9x	11.2x		11.2x

Key asset quality and capital ratios	30 Sept 2018	1 April 2018
Capital adequacy ratio	15.2%	15.4%
Tier 1 ratio	11.2%	11.0%
Common equity tier 1 ratio	10.9%	10.7%
Leverage ratio – current	7.7%	7.6%
Leverage ratio – ‘fully loaded’	7.5%	7.3%
Stage 3 exposure as a % of gross core loans and advances to customers subject to ECL	1.5%	1.1%
Stage 3 exposure net of ECL as a % of net core loans and advances to customers subject to ECL	0.8%	0.7%
Credit loss ratio#	0.29%*	0.28%**

^^ 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 * Annualised ** As at 31 March 2018

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

IBL: income statement

R'million	Six months to 30 Sept 2018	Six months to 30 Sept 2017	% change	31 March 2018
Interest income	15 936	15 619	2.0%	31 687
Interest expense	(11 917)	(11 956)	(0.3%)	(24 125)
Net interest income	4 019	3 663	9.7%	7 562
Fee and commission income	1 182	1 216	(2.8%)	2 458
Fee and commission expense	(106)	(132)	(19.7%)	(213)
Investment income	253	597	(57.6%)	530
Share of post taxation profit of associates	369	382	(3.4%)	777
Trading income/(loss) arising from				
– customer flow	204	196	4.1%	356
– balance sheet management and other trading liabilities	227	42	440.5%	(26)
Other operating income	1	1	0.0%	2
Total operating income before expected credit losses/impairment losses	6 149	5 965	3.1%	11 446
Expected credit loss impairment charges*	(376)	–		–
Impairment losses on loans and advances*	–	(373)		(720)
Operating income	5 773	5 592	3.2%	10 726
Operating costs	(3 217)	(3 121)	3.1%	(6 100)
Operating profit before acquired intangibles	2 556	2 471	3.4%	4 626
Amortisation of acquired intangibles	(26)	(26)	0.0%	(51)
Operating profit	2 530	2 445	3.5%	4 575
Additional costs on acquisition of subsidiary	–	–		(100)
Gain on acquisition of subsidiary	6	–		–
Profit before taxation	2 536	2 445	3.7%	4 475
Taxation on operating profit before acquired intangibles	(411)	(143)	187.4%	184
Taxation on acquired intangibles	7	7	0.0%	14
Profit after taxation	2 132	2 309	(7.7%)	4 673

* On adoption of IFRS 9, there is a move from an incurred loss model to an expected credit loss methodology.

IBL: balance sheet

R'million	30 Sept 2018	1 April 2018*	% change
Assets			
Cash and balances at central banks	9 586	9 180	4.4%
Loans and advances to banks	18 458	17 263	6.9%
Non-sovereign and non-bank cash placements	10 441	9 972	4.7%
Reverse repurchase agreements and cash collateral on securities borrowed	14 033	20 480	(31.5%)
Sovereign debt securities	58 923	62 363	(5.5%)
Bank debt securities	10 358	8 033	28.9%
Other debt securities	13 861	10 357	33.8%
Derivative financial instruments	9 506	12 564	(24.3%)
Securities arising from trading activities	1 366	875	56.1%
Investment portfolio	7 890	9 124	(13.5%)
Loans and advances to customers	250 806	245 162	2.3%
Own originated loans and advances to customers securitised	8 341	6 826	22.2%
Other loans and advances	359	265	35.5%
Other securitised assets	250	241	3.7%
Interests in associated undertakings	6 541	6 288	4.0%
Deferred taxation assets	750	933	(19.6%)
Other assets	8 429	6 673	26.3%
Property and equipment	2 626	2 494	5.3%
Investment properties	1	1	-
Goodwill	171	171	-
Intangible assets	461	412	11.9%
Loans to group companies	15 148	13 499	12.2%
	448 305	443 176	1.2%

IBL: balance sheet

R'million	30 Sept 2018	1 April 2018*	% change
Liabilities			
Deposits by banks	25 801	24 607	4.9%
Derivative financial instruments	14 531	15 907	(8.7%)
Other trading liabilities	2 468	2 305	7.1%
Repurchase agreements and cash collateral on securities lent	6 500	8 395	(22.6%)
Customer accounts (deposits)	331 732	321 861	3.1%
Debt securities in issue	4 131	3 473	18.9%
Liabilities arising on securitisation of own originated loans and advances	2 216	1 551	42.9%
Current taxation liabilities	–	202	
Deferred taxation liabilities	92	99	(7.1%)
Other liabilities	5 272	6 874	(23.3%)
Loans from group companies	3 150	7 007	(55.0%)
	395 893	392 281	0.9%
Subordinated liabilities	12 753	13 374	(4.6%)
	408 646	405 655	0.7%
Equity			
Ordinary share capital	32	32	-
Share premium	14 885	14 885	-
Other reserves	1 628	1 353	20.3%
Retained income	22 764	20 901	8.9%
Shareholders' equity excluding non-controlling interests	39 309	37 171	5.8%
Other Additional Tier 1 securities in issue	350	350	-
Total equity	39 659	37 521	5.7%
Total liabilities and equity	448 305	443 176	1.2%

IBL: asset quality

R'million	30 Sept 2018	1 April 2018
Gross core loans and advances to customers	258 602	251 960
Stage 1	247 263	239 753
Stage 2	7 518	9 346
of which past due greater than 30 days	206	313
Stage 3	3 821	2 861
Gross exposure (%)		
Stage 1	95.6%	95.2%
Stage 2	2.9%	3.7%
Stage 3	1.5%	1.1%
Stage 3 net of ECL	2 172	1 746
Aggregate collateral and other credit enhancements on stage 3	3 346	3 553
Stage 3 net of ECL and collateral	-	-
Stage 3 as a % gross core loans and advances to customers subject to ECL	1.5%	1.1%
Stage 3 ECL impairments as a % of Stage 3 exposure	67.3%	69.1%
Stage 3 net of ECL as a % of net core loans and advances to customers subject to ECL	2 172	1 746

IBL: analysis of core loans and defaults at 30 September 2018

At 30 September 2018 R'million	Gross core loans and advances at Amortised cost, FVOCI and FVPL(subject to ECL)*								Gross core loans and advances at FVPL(not subject to ECL)	Gross core loans and advances
	Stage 1		Stage 2		Stage 3		Total			
	Drawn exposure	ECL	Drawn exposure	ECL	Drawn exposure	ECL	Drawn exposure	ECL		
Lending collateralised by property	41 692	(106)	1 557	(81)	1 367	(562)	44 616	(749)	-	44 616
Commercial real estate	38 932	(61)	936	(35)	1 113	(376)	40 981	(472)	-	40 981
Commercial real estate - investment	33 405	(42)	866	(35)	900	(321)	35 171	(398)	-	35 171
Commercial real estate - development	4 633	(15)	-	-	75	(38)	4 708	(53)	-	4 708
Commercial vacant land and planning	894	(4)	70	-	138	(17)	1 102	(21)	-	1 102
Residential real estate	2 760	(45)	621	(46)	254	(186)	3 635	(277)	-	3 635
Residential real estate - investment	-	-	-	-	-	-	-	-	-	-
Residential real estate - development	2 334	(34)	603	(43)	160	(97)	3 097	(174)	-	3 097
Residential vacant land and planning	426	(11)	18	(3)	94	(89)	538	(103)	-	538
High net worth and other private client lending	132 318	(227)	1 128	(28)	1 426	(494)	134 872	(749)	-	134 872
Mortgages	68 569	(64)	862	(23)	961	(223)	70 392	(310)	-	70 392
High net worth and specialised lending	63 749	(163)	266	(5)	465	(271)	64 480	(439)	-	64 480
Corporate and other lending	73 253	(270)	4 833	(211)	1 028	(593)	79 114	(1 074)	3 117	82 231
Acquisition finance	12 414	(45)	404	(19)	21	(4)	12 839	(68)	1 267	14 106
Asset-based lending	5 183	(45)	65	(1)	273	(160)	5 521	(206)	604	6 125
Fund finance	5 018	(3)	-	-	-	-	5 018	(3)	-	5 018
Other corporate and financial institutions and governments	42 250	(162)	2 539	(169)	600	(318)	45 389	(649)	1 246	46 635
Asset finance	2 502	(5)	-	-	23	-	2 525	(5)	-	2 525
Small ticket asset finance	1 886	(4)	-	-	23	-	1 909	(4)	-	1 909
Large ticket asset finance	616	(1)	-	-	-	-	616	(1)	-	616
Project finance	5 307	(8)	1 825	(22)	-	-	7 132	(30)	-	7 132
Resource finance	579	(2)	-	-	111	(111)	690	(113)	-	690
Gross core loans and advances	247 263	(603)	7 518	(320)	3 821	(1 649)	258 602	(2 572)	3 117	261 719

IBL: capital adequacy

R'million	30 Sept 2018	1 April 2018*
Tier 1 capital		
Shareholders' equity per balance sheet	39 309	37 171
Perpetual preference share capital and share premium	(1 534)	(1 534)
Regulatory adjustments to the accounting basis	1 365	1 345
Deductions	(3 254)	(2 696)
Common equity tier 1 capital	35 886	34 286
Additional tier 1 capital before deductions		
Additional tier 1 instruments	1 884	1 884
Phase out of non-qualifying additional tier 1 instruments	(921)	(921)
Tier 1 capital	36 849	35 249
Tier 2 capital		
Collective impairment allowances	731	716
Tier 2 instruments	12 753	13 374
Phase out of non-qualifying tier 2 instruments	-	-
Total tier 2 capital	13 484	14 090
Total regulatory capital	50 333	49 339
Risk-weighted assets	330 146	320 475
Capital ratios		
Common equity tier 1 ratio	10.9%	10.7%
Tier 1 ratio	11.2%	11.0%
Total capital ratio	15.2%	15.4%
Leverage ratio	7.7%	7.6%

Legal disclaimer

IMPORTANT NOTICE

THE INFORMATION, STATEMENTS AND OPINIONS CONTAINED IN THIS DOCUMENT DO NOT CONSTITUTE A PUBLIC OFFER UNDER ANY APPLICABLE LEGISLATION OR AN OFFER TO SELL OR SOLICITATION OF ANY OFFER TO BUY ANY SECURITIES OR FINANCIAL INSTRUMENTS OR ANY ADVICE OR RECOMMENDATION WITH RESPECT TO SUCH SECURITIES OR OTHER FINANCIAL INSTRUMENTS.

FORWARD-LOOKING STATEMENTS

THIS DOCUMENT CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 21e OF THE US SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27a OF THE US SECURITIES ACT OF 1933, AS AMENDED, WITH RESPECT TO CERTAIN OF THE GROUP'S PLANS AND ITS CURRENT GOALS AND EXPECTATIONS RELATING TO ITS FUTURE FINANCIAL CONDITION AND PERFORMANCE. INVESTEC CAUTIONS READERS THAT NO FORWARD-LOOKING STATEMENT IS A GUARANTEE OF FUTURE PERFORMANCE AND THAT ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE CONTAINED IN THE FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS CAN BE IDENTIFIED BY THE FACT THAT THEY DO NOT RELATE ONLY TO HISTORICAL OR CURRENT FACTS. FORWARD-LOOKING STATEMENTS SOMETIMES USE WORDS SUCH AS "may", "will", "seek", "continue", "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe" OR OTHER WORDS OF SIMILAR MEANING. EXAMPLES OF FORWARD-LOOKING STATEMENTS INCLUDE, AMONG OTHERS, STATEMENTS REGARDING THE GROUP'S FUTURE FINANCIAL POSITION, INCOME GROWTH, ASSETS, IMPAIRMENT CHARGES, BUSINESS STRATEGY, CAPITAL RATIOS, LEVERAGE, PAYMENT OF DIVIDENDS, PROJECTED LEVELS OF GROWTH IN THE BANKING AND FINANCIAL MARKETS, PROJECTED COSTS, ESTIMATES OF CAPITAL EXPENDITURES AND PLANS AND OBJECTIVES FOR FUTURE OPERATIONS AND OTHER STATEMENTS THAT ARE NOT HISTORICAL FACT. BY THEIR NATURE, FORWARD-LOOKING STATEMENTS INVOLVE RISK AND UNCERTAINTY BECAUSE THEY RELATE TO FUTURE EVENTS AND CIRCUMSTANCES, INCLUDING, BUT NOT LIMITED TO, UK DOMESTIC, EUROZONE AND GLOBAL ECONOMIC AND BUSINESS CONDITIONS, THE EFFECTS OF CONTINUED VOLATILITY IN CREDIT MARKETS, MARKET RELATED RISKS SUCH AS CHANGES IN INTEREST RATES AND EXCHANGE RATES, EFFECTS OF CHANGES IN VALUATION OF CREDIT MARKET EXPOSURES, CHANGES IN VALUATION OF ISSUED NOTES, THE POLICIES AND ACTIONS OF GOVERNMENTAL AND REGULATORY AUTHORITIES (INCLUDING REQUIREMENTS REGARDING CAPITAL AND GROUP STRUCTURES AND THE POTENTIAL FOR ONE OR MORE COUNTRIES EXITING THE EURO), CHANGES IN LEGISLATION, THE FURTHER DEVELOPMENT OF STANDARDS AND INTERPRETATIONS UNDER IFRS APPLICABLE TO PAST, CURRENT AND FUTURE PERIODS, EVOLVING PRACTICES WITH REGARD TO THE INTERPRETATION AND APPLICATION OF STANDARDS UNDER IFRS, THE OUTCOME OF CURRENT AND FUTURE LITIGATION, THE SUCCESS OF FUTURE ACQUISITIONS AND OTHER STRATEGIC TRANSACTIONS AND THE IMPACT OF COMPETITION – A NUMBER OF SUCH FACTORS BEING BEYOND THE GROUP'S CONTROL. AS A RESULT, THE GROUP'S ACTUAL FUTURE RESULTS MAY DIFFER MATERIALLY FROM THE PLANS, GOALS, AND EXPECTATIONS SET FORTH IN THE GROUP'S FORWARD-LOOKING STATEMENTS.