



An introduction to Investec

The information in this presentation relates to the full year ending 30 September 2018, unless otherwise indicated.

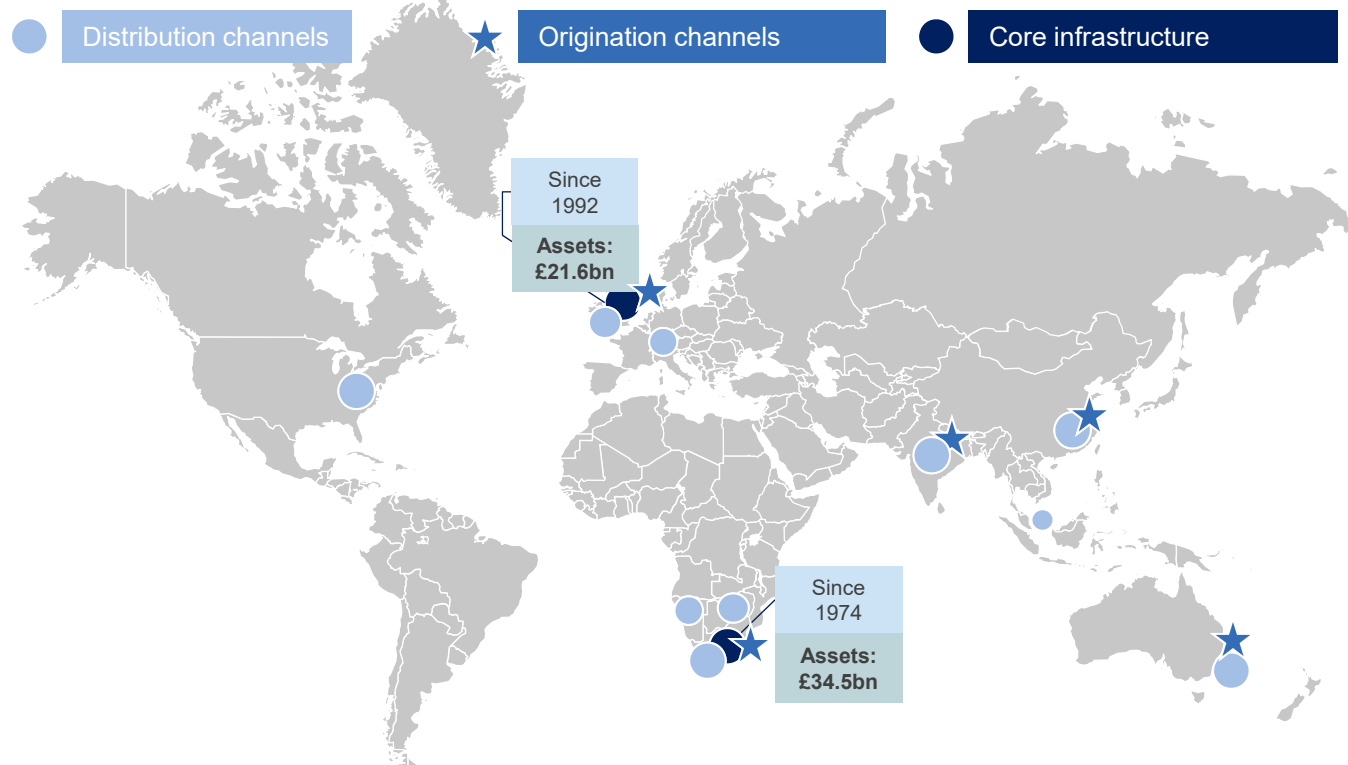


An overview of the Investec Group

Investec: a distinctive specialist bank and asset manager

Facilitating the creation of wealth and management of wealth

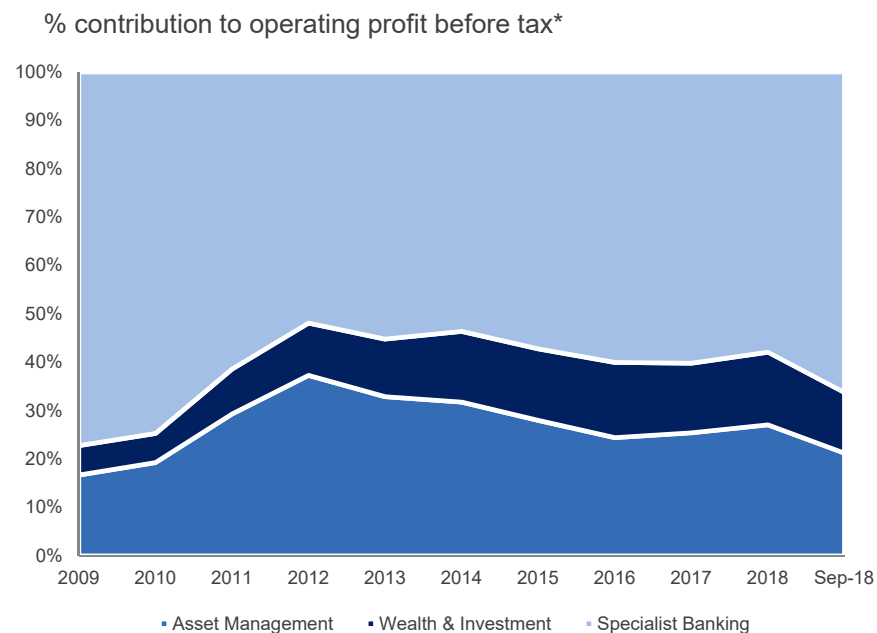
- Established in 1974
- Today, efficient integrated international business platform employing approximately **10 300** people
- Listed on the JSE and LSE (a FTSE 250 company)
- Total assets of £56.1bn; total equity* £5.1bn; total FUM £166.5bn



*Including preference shares and non-controlling interests.

Solid recurring income base supported by a diversified portfolio

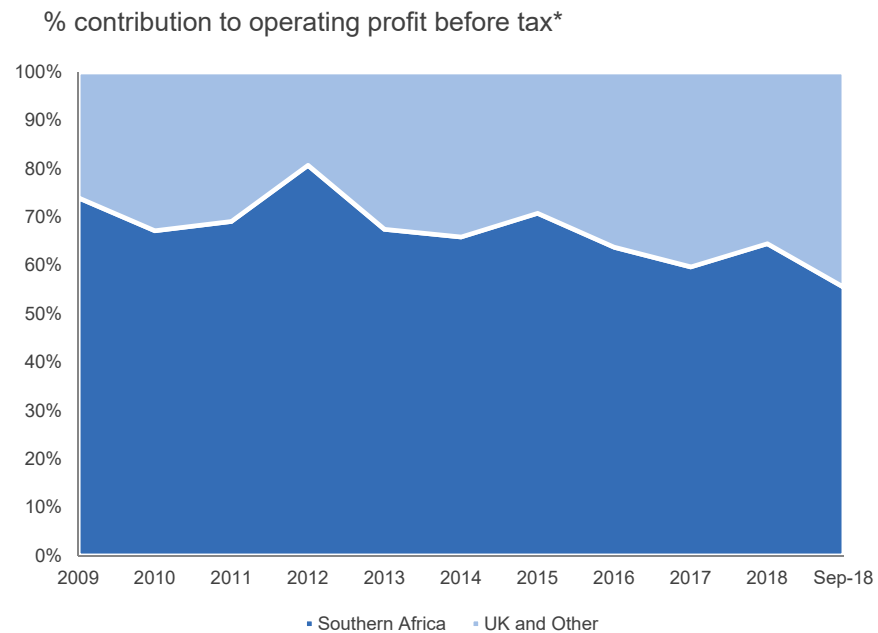
Across businesses



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%

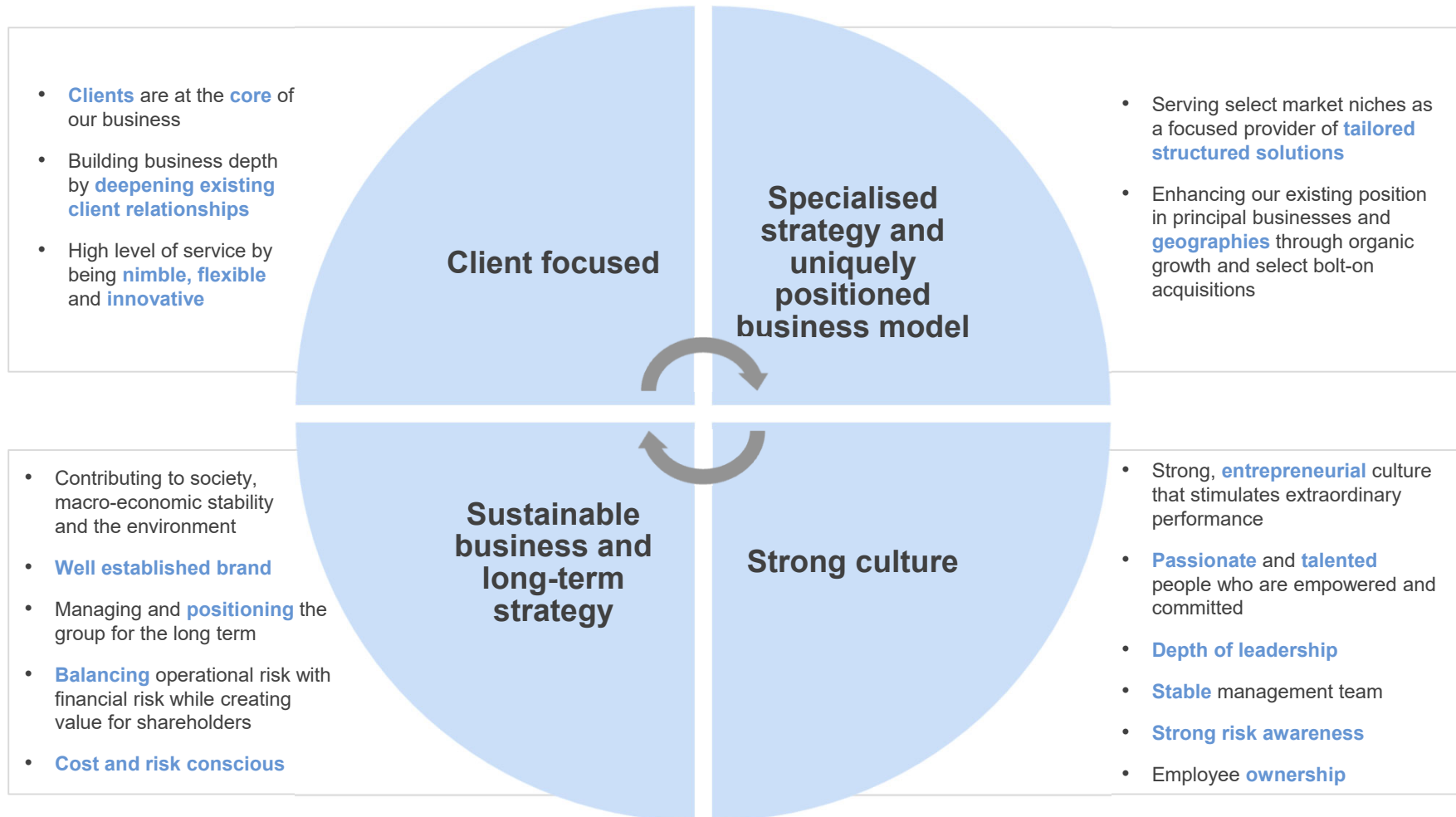
Across geographies



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

We have a distinctive investment offering

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

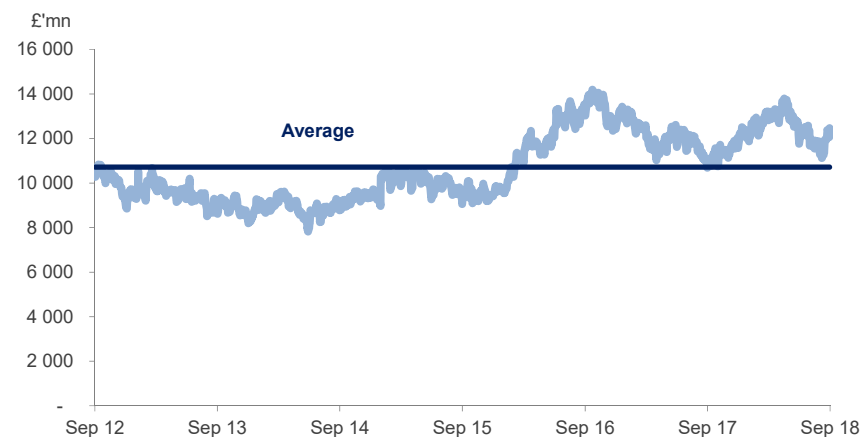


We continue to have a sound balance sheet

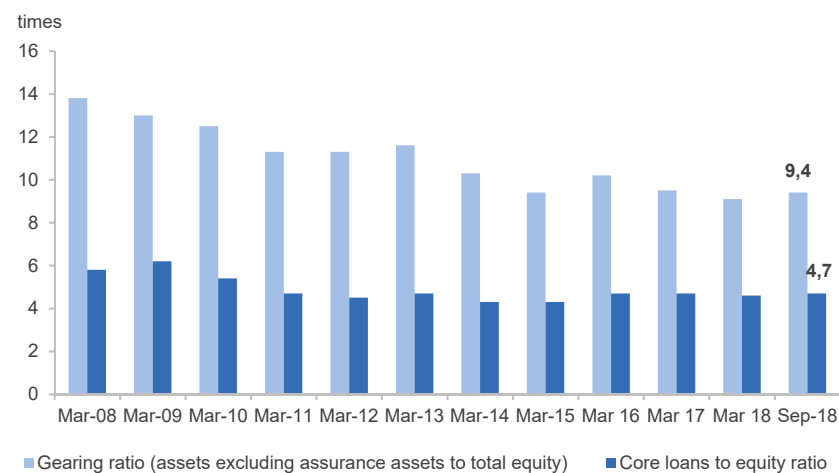
Key operating fundamentals

- Senior management “hands-on” culture
- A high level of readily available, **high quality liquid assets**: representing 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

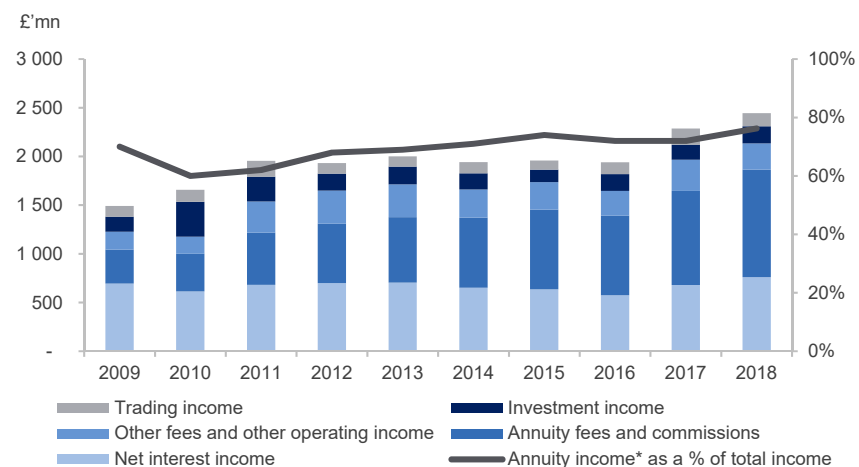


Low gearing ratios

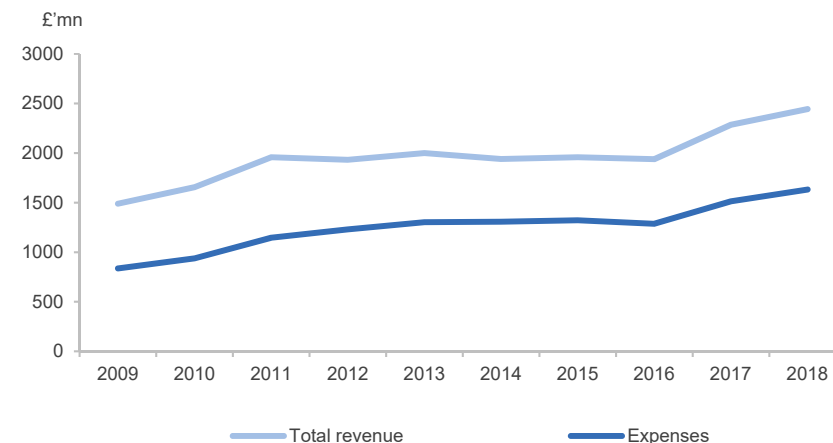


We have a sound track record

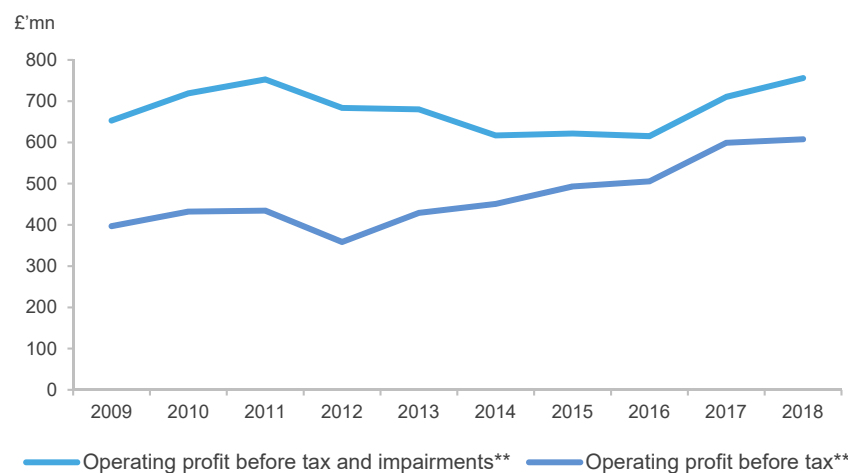
Recurring income[#]



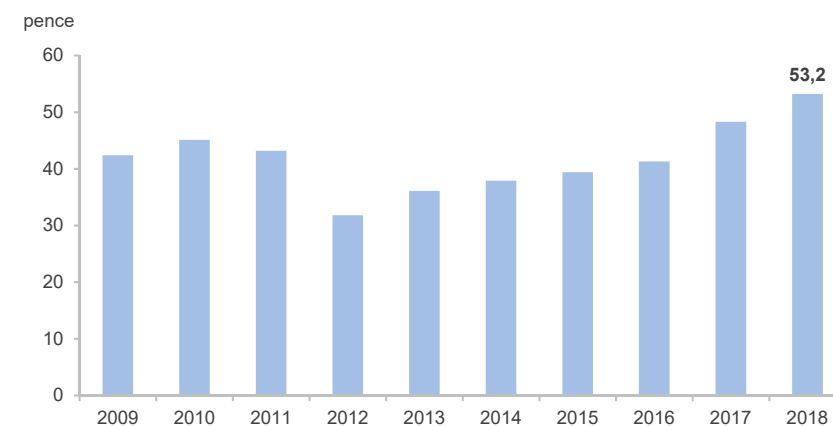
Revenue versus expenses[#]



Operating profit before tax** and impairments[#]



Adjusted EPS^{^#}

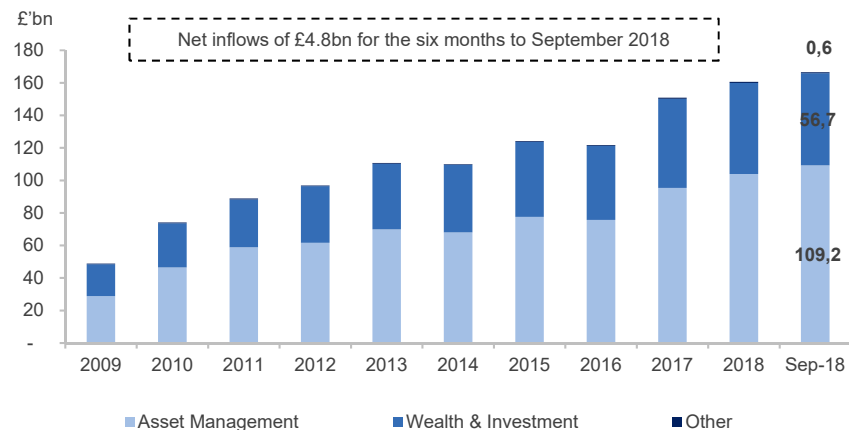


*Where annuity income is net interest income and annuity fees. **Before goodwill, acquired intangibles, non-operating items and after non-controlling interests.

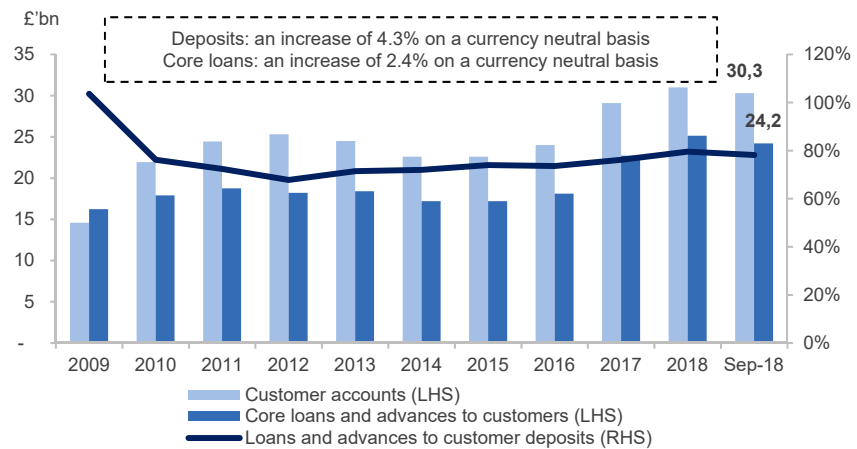
[^]Where Adjusted EPS is earnings per share before goodwill, acquired intangibles and non-operating items. [#]As at 30 March 2018

We have a sound track record

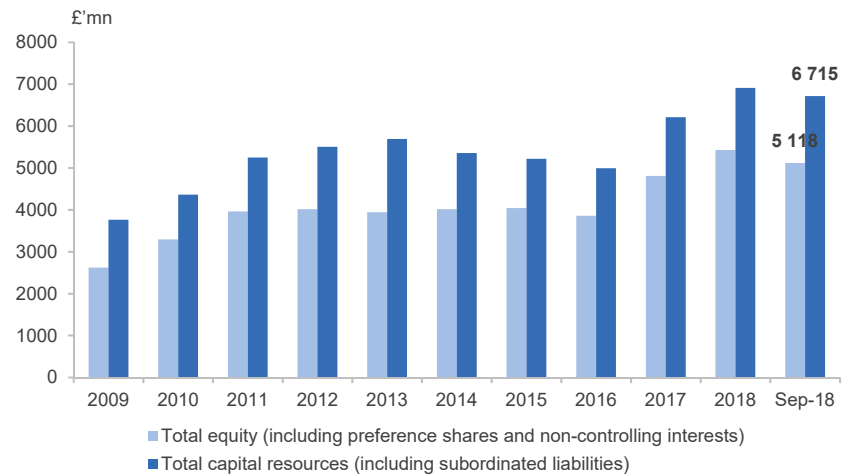
Third party assets under management



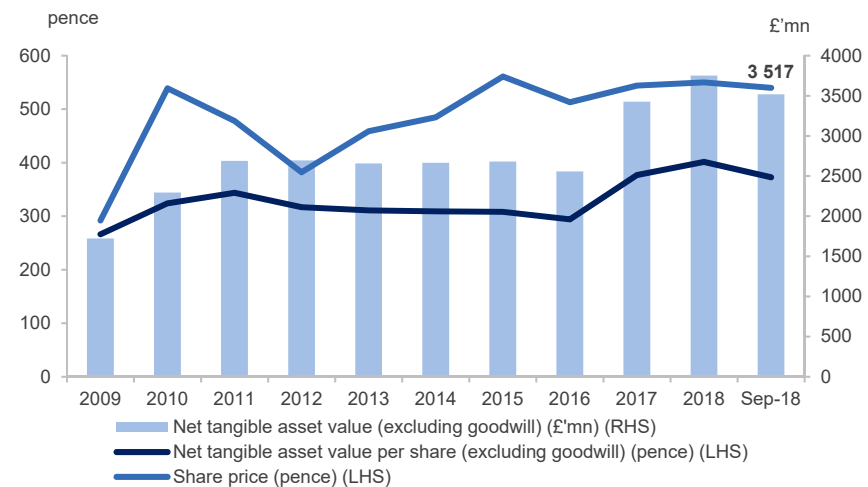
Core loans and advances and deposits



Total equity and capital resources



Net tangible asset value

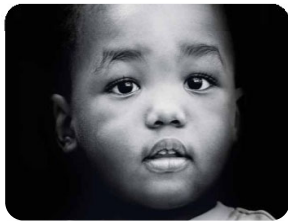


We have invested in our Brand



...our Communities

...our People



... and the Planet



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	Wealth & Investment	Specialist Banking	Other
<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Continue to invest in and develop digital channel• Continued coordination of capabilities across businesses	<ul style="list-style-type: none">• Building and developing our client franchises across all areas• Improving the ROE in the business• Implementing the UK Private Banking strategy	<ul style="list-style-type: none">• 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



An overview of Investec Bank plc ("IBP")

Overview of Investec Bank plc

- In 1992, we made our first international acquisition, Allied Trust Bank in London, since renamed IBP
- IBP is a wholly owned subsidiary of Investec plc (listed on the LSE)
 - Houses the Investec group's UK and European banking subsidiaries and the Wealth & Investment business
 - Asset Management is housed in a fellow subsidiary under Investec plc
- Today, efficient integrated business platform employing approximately 3 500 people
- Total assets of £21.2bn and total shareholders' equity of £2.1bn
- IBP is regulated by the Financial Conduct Authority and Prudential Regulation Authority and is a member of the London Stock Exchange
- Follows the same strategic approach as the greater Investec group

Corporates / Institutional / Government clients

High net worth and high income private clients

Specialist Banking

Investment activities

Corporate and Institutional Banking activities

Private Banking activities

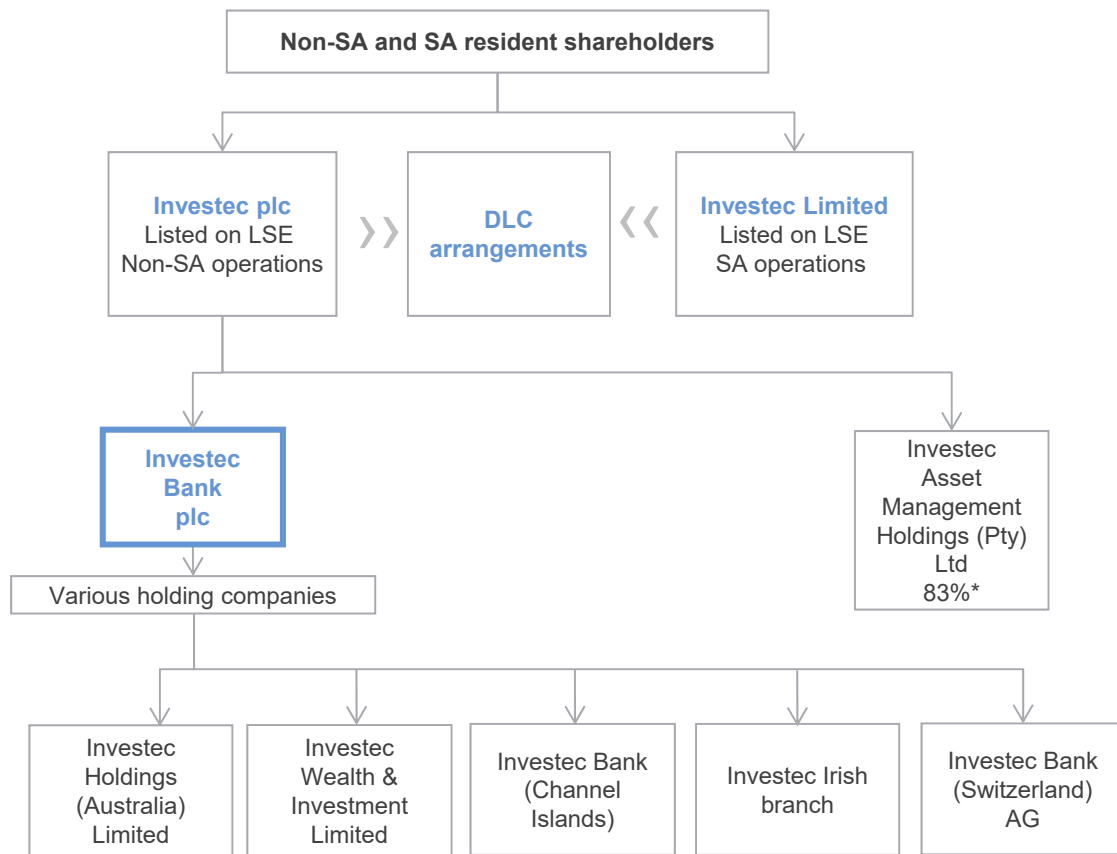
Provides a broad range of services:

- Lending
- Transactional banking
- Deposit raising activities
- Treasury and trading
- Advisory
- Investment activities

Wealth & Investment

Provides investment management services and independent financial planning advice

IBP operational structure as at 30 September 2018



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:

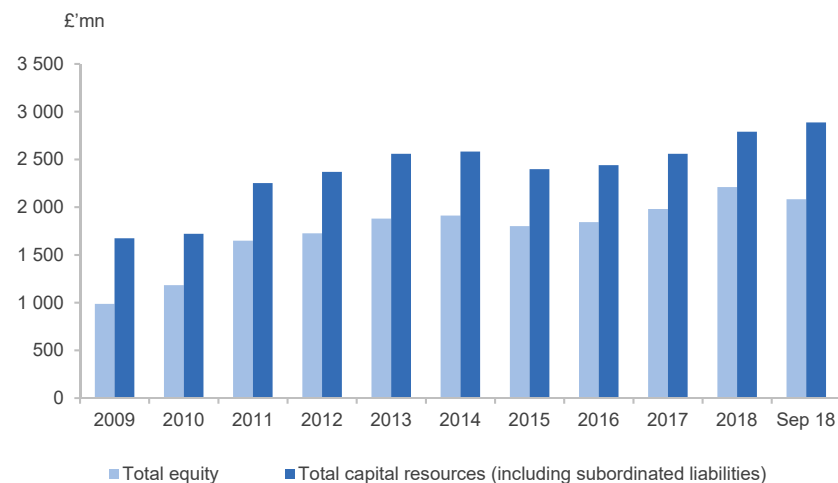
- The South African Reserve Bank (SARB) is the lead regulator of the group
- The UK Financial Conduct Authority and Prudential Regulation Authority are the regulators of Investec plc while the SARB is the regulator of Investec Limited
- The Memorandum of Understanding between the two regulators sets 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



IBP operating fundamentals

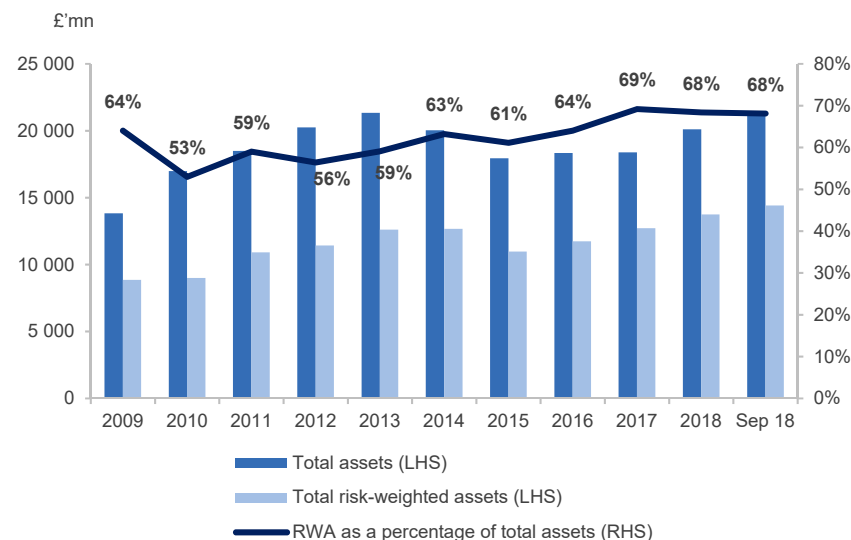
IBP: sound capital base and capital ratios

Total capital



- We have continued to grow our capital base throughout the crisis without recourse to government and shareholders.
- Our total equity has grown by 111% since 2009 to £2.1bn at 30 September 2018 (CAGR of 8.2% per year)

Total risk-weighted assets: high RWA density

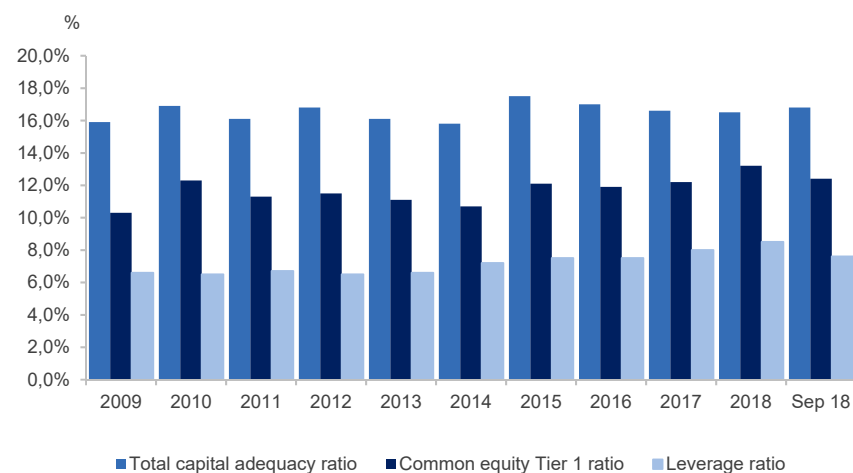


- As we use the Standardised Approach for our Basel III risk RWA calculations, our RWA represents a large portion of our total assets. As a result we inherently hold more capital than our peers who are on the Advanced Approach.
- IBP's Total RWAs / Total assets is 68.1%

IBP: sound capital base and 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
- At 30 September 2018, IBP reported a total capital adequacy ratio of 16.8% and a common equity tier 1 ratio of 11.1% (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 13bps higher)
- Our fully loaded Basel III common equity tier 1 ratio is estimated to be 10.6% and our fully loaded leverage ratio is 7.3%

Basel capital ratios



Capital development

A summary of ratios*	30 Sept 2018	1 Apr 2018	Target
Common equity tier 1 (as reported)	11.1%	11.3%	>10%
Common equity tier 1 (fully loaded)^	10.6%	11.0%	
Tier 1 (as reported)	12.4%	12.8%	>11%
Total capital adequacy ratio (as reported)	16.8%	16.0%	14% to 17%
Leverage ratio** (current)	7.6%#	8.2%#	>6%
Leverage ratio** (fully loaded)^	7.3%#	8.1%#	

^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

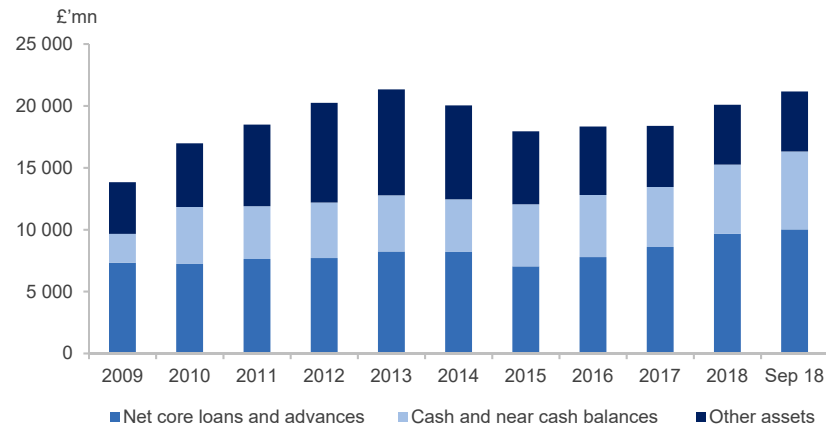
** The leverage ratios are calculated on an end-quarter basis

Based on revised BIS rules.

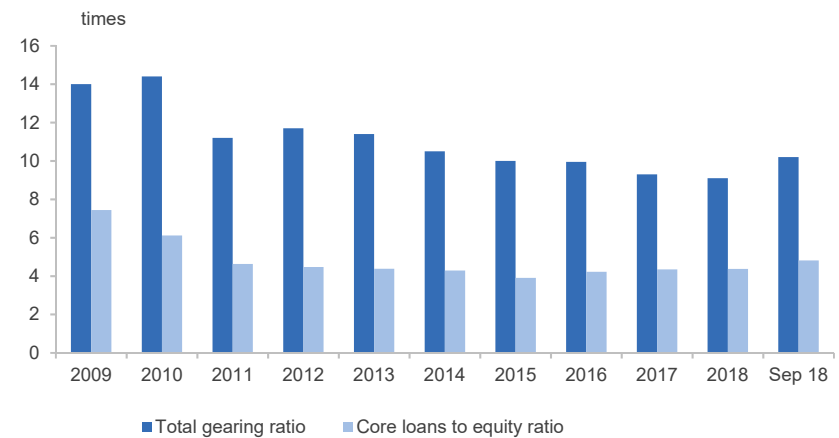
*Since 2014 capital information is based on Basel III capital requirements as applicable in the UK. Comparative information is disclosed on a Basel II basis. Since 2014 ratios incorporate the deduction of foreseeable dividends as required in terms of the regulations. The leverage ratio prior to 2014 has been estimated.

IBP: consistent asset growth, gearing ratios remain low

Total assets composition



Gearing remains low



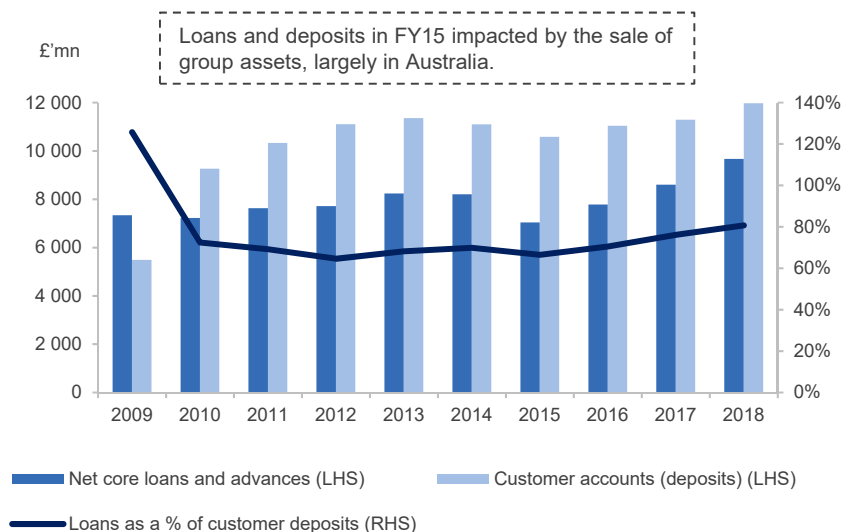
- Our core loans and advances have grown moderately since 2009 (CAGR of 3.3% since 2009)
- Strong growth in cash and near cash balances (CAGR of 11.1% since 2009)

- We have maintained low gearing ratios with total gearing at 10.2x and an average of 11.1x since 2009

*Gearing ratio calculated as total assets divided by total equity

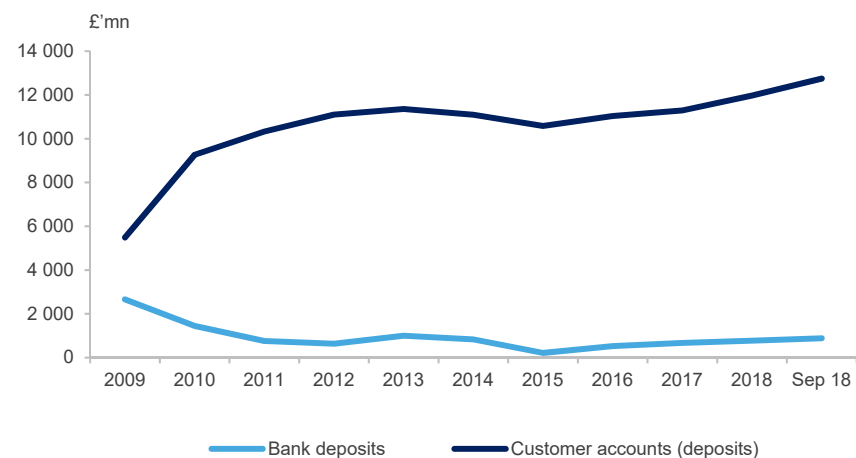
IBP: stable loan-deposit ratio

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



- Customer deposits have **grown by 132.3%** (9.3% CAGR p.a.) since 2009 to £12.7bn at 30 September 2018
- Advances as a percentage of customer deposits **amounts to 78.7%**

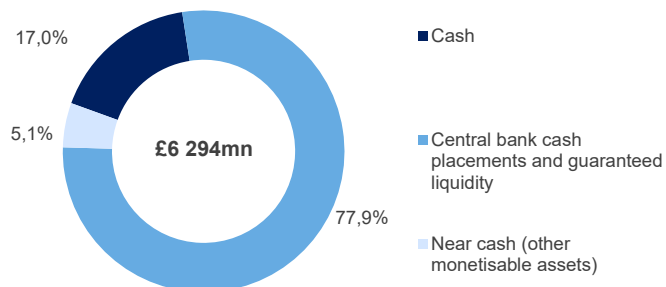
Total deposits: stable customer deposit base



- **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

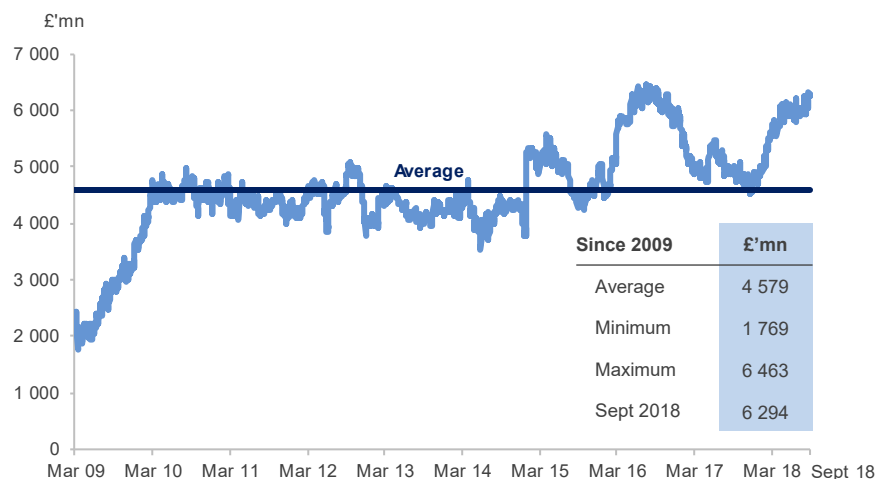
IBP: substantial surplus liquidity

Cash and near cash balances at 30 September 2018

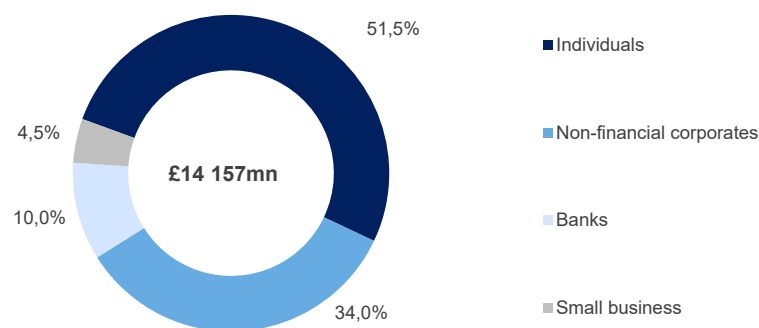


- The **liquidity position of the bank remains sound** with total cash and near cash balance having **increased by 170.7% since 2009** (11.1% CAGR) to £6,294mn at 30 September 2018 (representing 49.4% of customer deposits)
- At 30 September 2018 IBP's (bank solo) three-month average **Liquidity Coverage Ratio** reported to the Prudential Regulatory Authority was **339%** (ahead of current minimum requirements of 100% since 31 January 2018)
- At 30 September 2018 IBP's (solo basis) Net Stable Funding Ratio* was 134% (ahead of current minimum requirements of 100%)

Cash and near cash balances



Depositor concentration at 31 March 2018

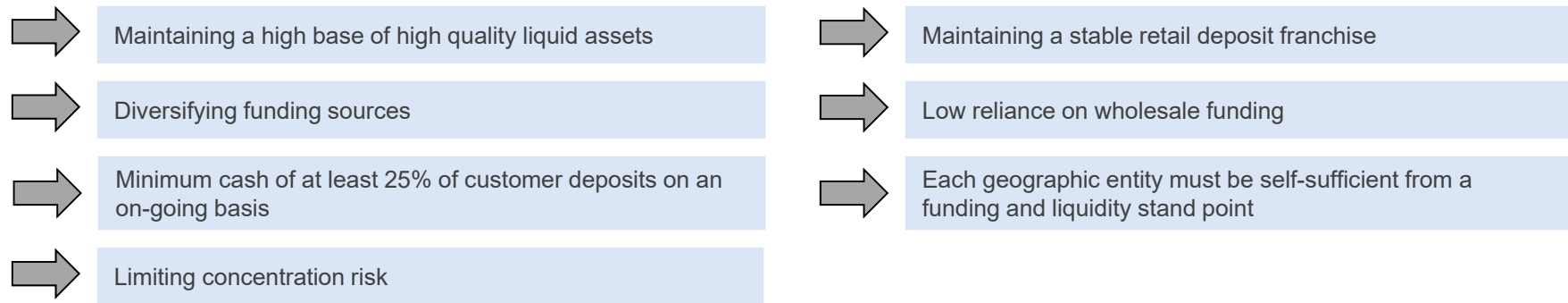


*Ahead of the implementation of the final NSFR rules, the bank has applied its own interpretations of regulatory guidance and definitions from the BCBS final guidelines, to calculate the NSFR which was 134% for Investec Bank plc (solo basis) well ahead of the future regulatory minimum of 100%. The reported LCR and NSFR may change over time with regulatory developments and guidance.

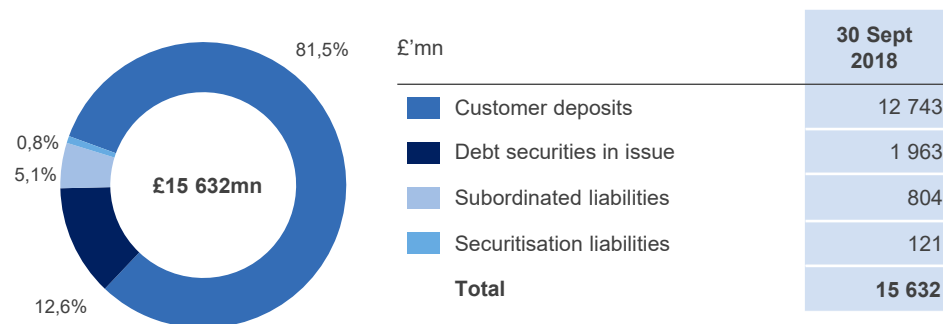
IBP: diversified funding strategy

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

Conservative and prudent funding strategy



Selected funding sources

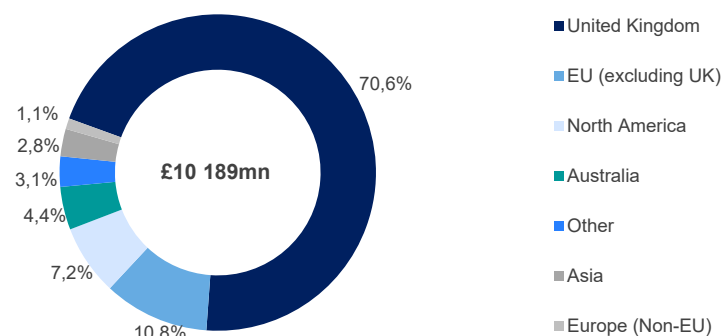


- **Customer deposits account for 81.5% of total funding sources** as at 30 September 2018
- We have **no reliance on any one deposit channel** and no reliance on wholesale interbank funding
- **Core loans are funded from customer deposits**

IBP: 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, and thereby developing a 'hands-on' and long-standing relationship with our clients

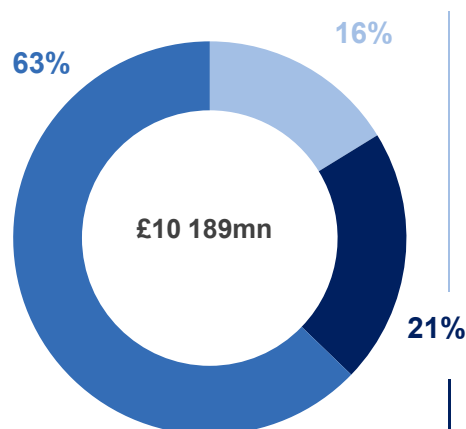
Gross core loans by country of exposure at 30 September 2018



Gross core loans by risk category at 30 September 2018

Corporate and other

Acquisition finance	16.0%
Asset based lending	3.0%
Fund finance	12.2%
Other corporate, institutional, govt. loans	7.1%
Asset finance	19.2%
Project finance	5.2%
Resource finance and commodities	0.1%



Lending collateralised against property

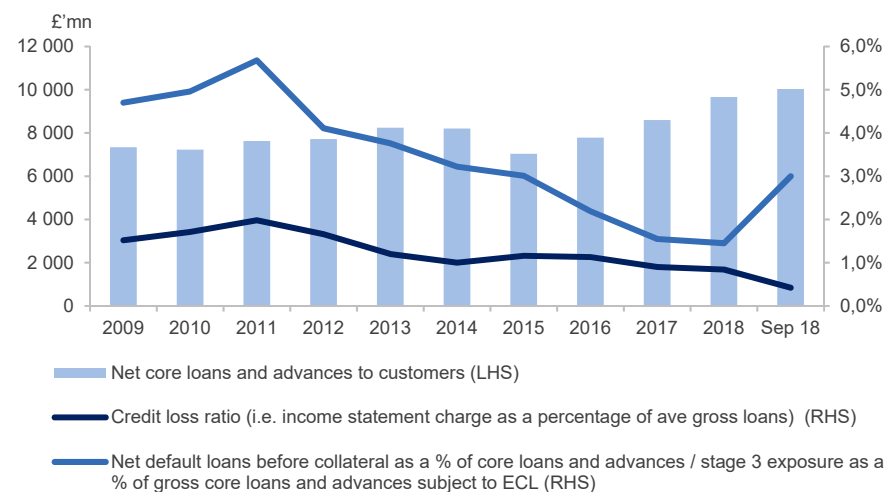
Commercial property investment	8.7%
Commercial property development	0.9%
Commercial vacant land and planning	0.2%
Residential property investment	2.8%
Residential property development	3.2%
Residential vacant land and planning	0.5%

High net worth and other private client

HNW and private client - mortgages	16.6%
HNW and specialised lending	4.4%

IBP: sound and improving asset quality

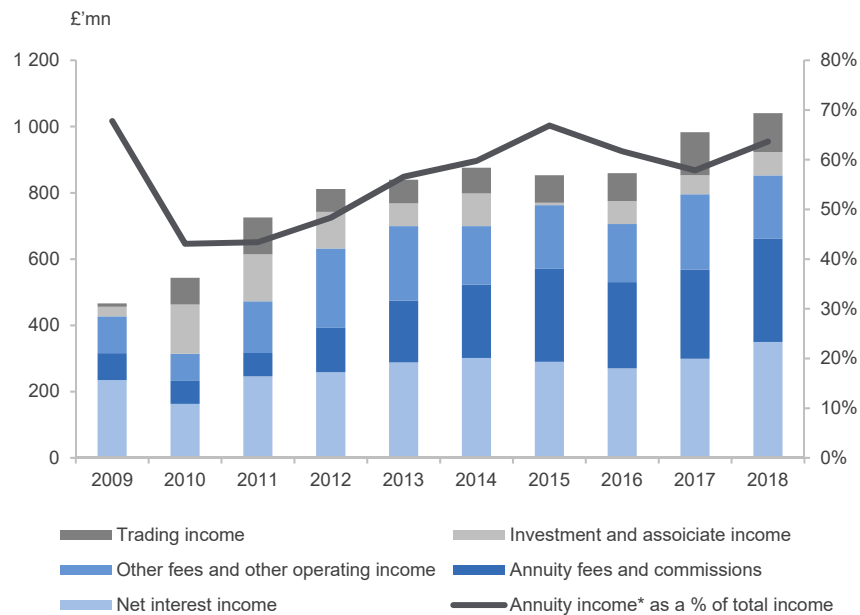
Core loans and asset quality



- Credit quality on core loans and advances for the six months ended 30 September 2018:
 - **Total ECL impairment charges** amounted to £10.4mn, a substantial reduction from £37.6mn in the prior period, primarily reflecting a reduction in legacy impairment
 - The **annualised credit loss ratio** amounted to 0.42% (1 April 2018: 1.14%), remaining at the **lower end of its long term average trend**
 - **Stage 3 exposures net of ECLs amounted to £277mn** (1 April 2018: £372mn) largely driven by a reduction in legacy exposures
 - **Stage 3 exposure net of ECLs as a % of net core loans and advances subject to ECLs** amounted to 3.0% (1 April 2018: 4.3%)

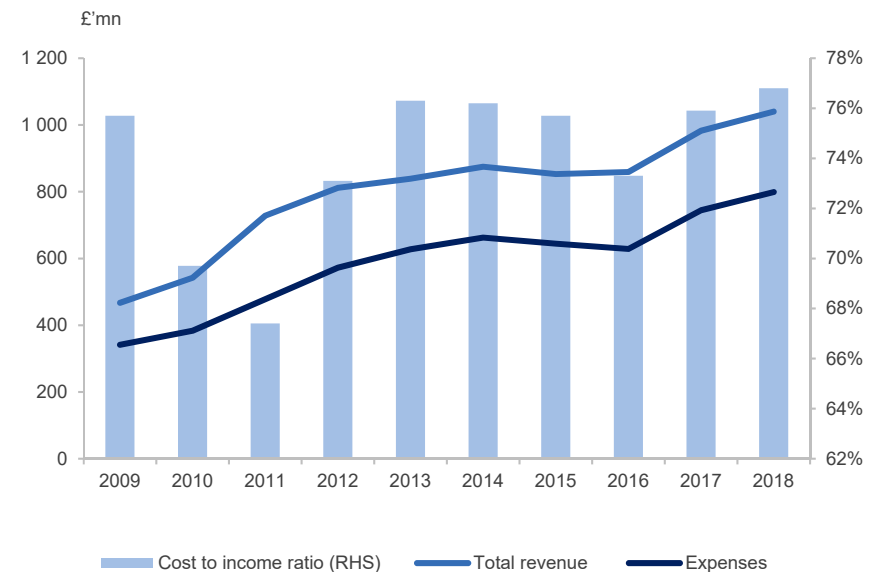
IBP: we have a diversified revenue stream

Annuity income



- We have a **sound recurring income base** comprising net interest income and recurring fees which has been enhanced by the growth in our wealth management businesses
- Recurring revenue base, totaling 63.7% of operating income in 2018

Revenue versus expenses



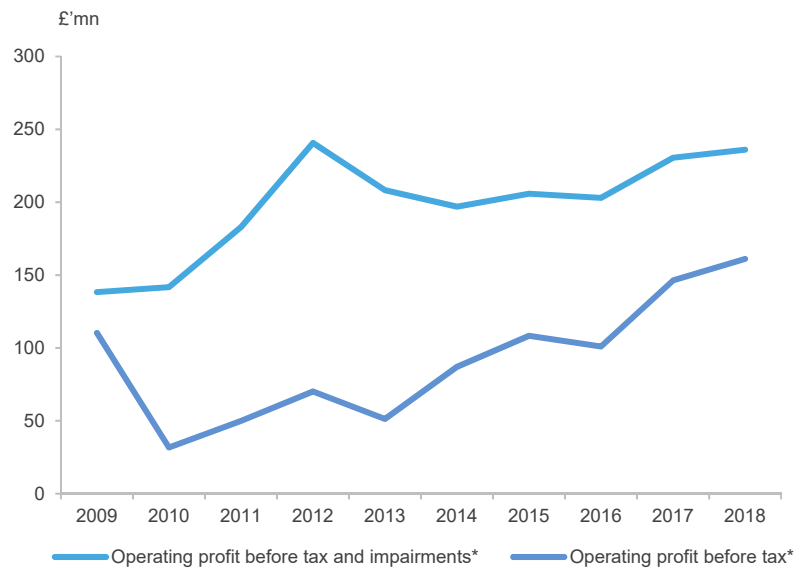
- We are maintaining a **disciplined approach to cost control**. More recently costs have increased in line with the business's current investment strategy to support franchise growth, notably for the continued build out of the private client banking offering
- Cost to income ratio is 76.8% for 31 March 2018

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

IBP: 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*



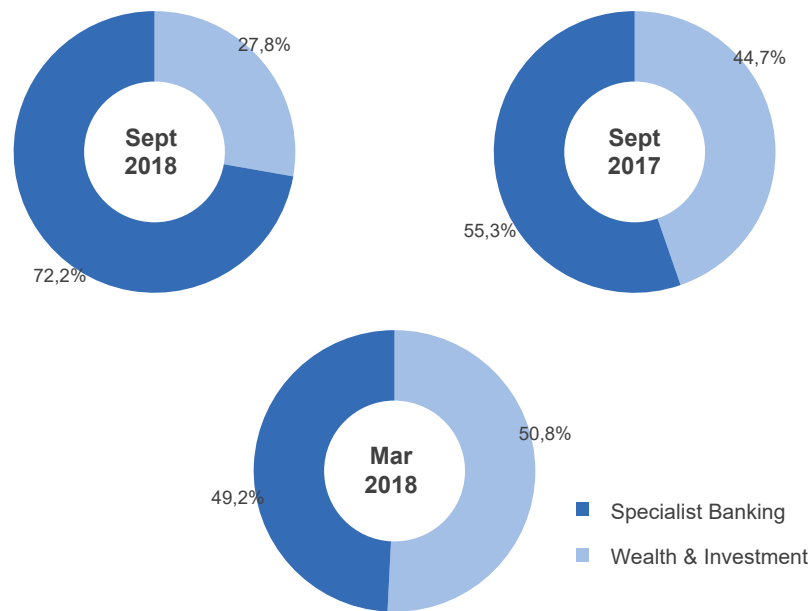
- We have **grown our operating profit before impairments by 71%** since 2008 to £236mn
- Since 2008 our results have however, been impacted by an increase in impairments which are reducing as the legacy portfolio continues to be managed down. Notwithstanding this, we remained profitable throughout the crisis

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

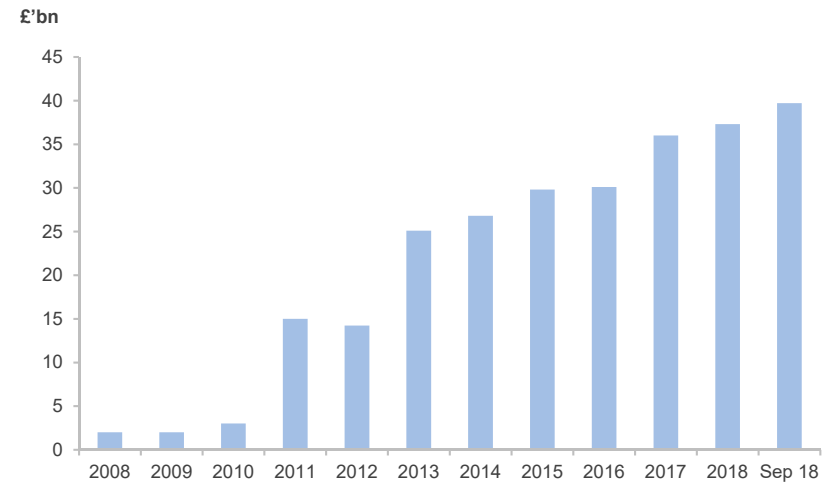
IBP: we have realigned the business model

- Continuing to focus on building capital light revenues from the Wealth & Investment business

Contribution to operating profit*



Funds under management



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

Credit ratings

- On 15 September 2017, **Moody's upgraded the outlook to positive** (from stable) on IBP's (A2) long-term ratings
- On 6 September 2017, **Fitch upgraded IBP's Long-Term Issuer Default Rating** to BBB+ from BBB and its Viability Rating to bbb+ from bbb
- A detailed history of IBP's ratings is shown below. During the financial crisis IBP was downgraded two notches by Fitch first from BBB+ to BBB in November 2008 and then to BBB- at the end of November 2011. Similarly, IBP was downgraded by Moody's from A3 to Baa1 in December 2007 and then to Baa3 in March 2009
- We believe that our operating fundamentals remained sound over the time and that these downgrades were largely reflective of a very negative view taken by the rating agencies on the operating environment and economic conditions during that time

Historical credit ratings

Long-Term Foreign Currency Deposit Rating	Sep-17	Feb-16	Oct-15	May-15	Nov-11
Moody's	A2	A2	A3	A3	Baa3
Fitch	BBB+	BBB	BBB	BBB-	BBB-

Long-Term Foreign Currency Deposit Rating	Mar-09	Nov-08	Dec-07	Mar-07
Moody's	Baa3	Baa1	Baa1	A3
Fitch	BBB	BBB	BBB+	BBB+

Current credit ratings

Fitch	Rating	Outlook
Viability rating:	Bbb+	Stable
Support rating:	5	
Long-term rating:	BBB+	
Short-term rating:	F2	
Senior unsecured certificates of deposits(long term/short term):	BBB+/F2	
Senior unsecured EMTN Programme (long term/short term):	BBB+/F2	
Subordinated debt:	BBB	

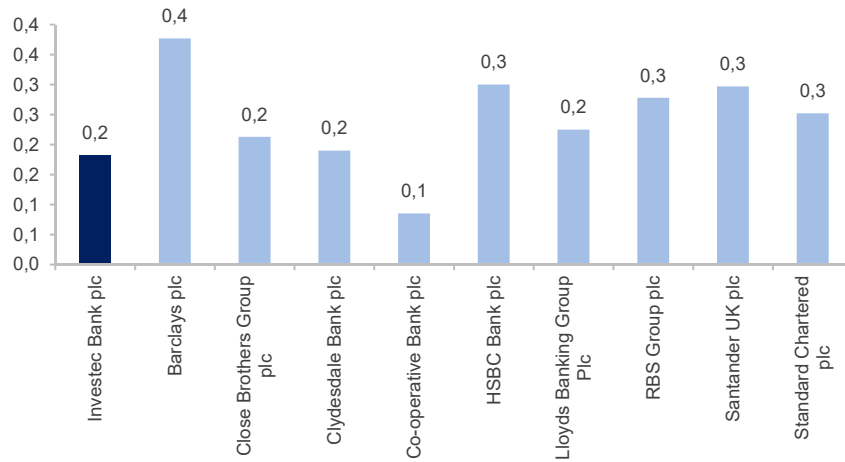
Moody's	Rating	Outlook
Baseline credit assessment (BCA) and adjusted BCA:	baa2	Positive
Long-term deposit rating:	A2	
Long-term senior unsecured and issuer rating:	(P) A2	
Senior subordinate rating:	Baa3	
Short-term deposit rating:	P-1	
Short-term notes and issuer rating:	P-1	
Counterparty risk assessment (long term/short term):	A2(cr)/P-1	



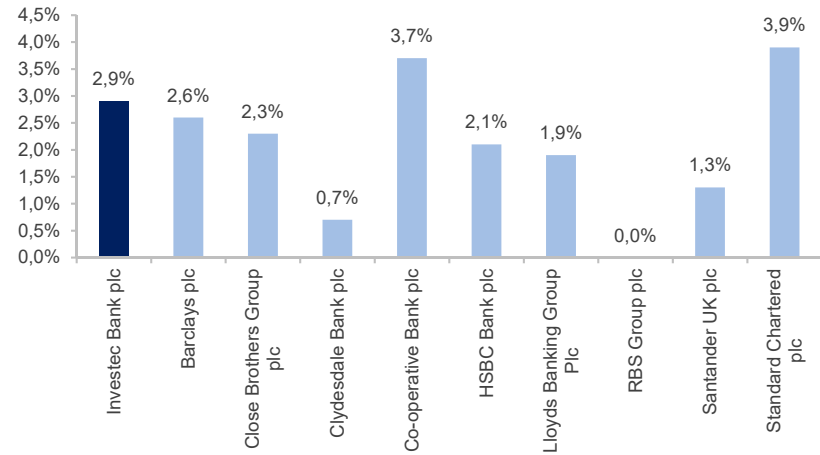
IBP peer analysis

IBP: peer group companies

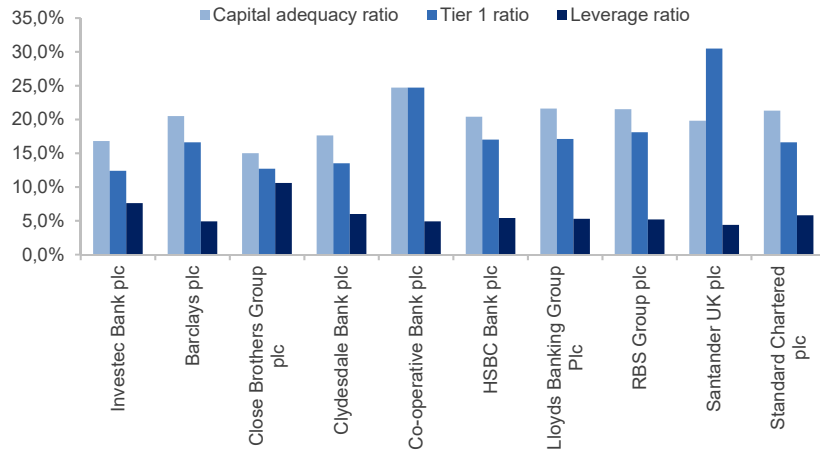
Funding: Advances to customers: customer deposits (smaller number is better)*



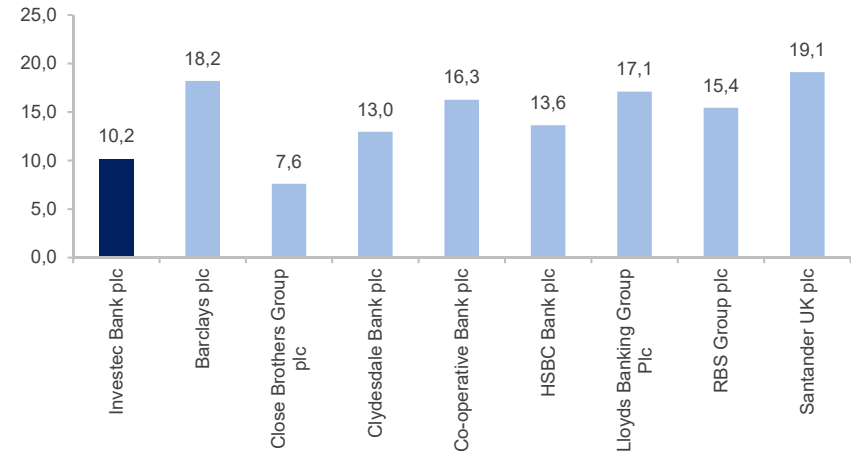
Asset risk: Problem loans / gross loans (smaller number is better)*



Capital ratios: (larger number is better)**



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



*Source : Moody's published rating reports at 14 November 2018. **Source: company interim/annual financial results as at 14 November 2018

IBP: 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.

Contact Details

- For further information please refer to the investor relations website:
www.investec.com/en_za/welcome-to-investec/about-us/investor-relations.html
- Or contact the investor relations team:
 - Telephone
 - UK: +44 (0) 207 597 5546
 - SA: +27 (0)11 286 7070
 - E-mail: investorrelations@investec.com



Investec Group Appendices

Investec group: mission statement and values

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

Distinctive Performance

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

Dedicated Partnership

- Respect for others
- Embrace diversity
- Open 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 plc Appendices

IBP: 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 (£'000)	537 232	492 157	9.2%	1 040 147
Operating costs (£'000)	411 632	378 315	8.8%	797 049
Operating profit before goodwill and acquired intangibles, non-operating items, taxation and after non-controlling interests (£'000)	118 275	79 285	49.2%	136 347
Earnings attributable to ordinary shareholders (£'000)	96 441	58 711	64.3%	97 841
Cost to income ratio (%)	76.8%	77.0%		76.8%
Total capital resources (including subordinated liabilities) (£'000)	2 886 130	2 601 422	10.9%	2 788 840
Total equity (£'000)	2 082 242	1 994 082	4.4%	2 209 167
Total assets (£'000)	21 162 620	18 477 936	14.5%	20 097 225
Net core loans and advances (£'000)	10 026 162	8 872 736	13.0%	9 663 172
Customer accounts (deposits) (£'000)	12 743 472	11 221 444	13.6%	11 969 625
Loans and advances to customers as a % of customer deposits	78.7%	79.1%		80.7%
Cash and near cash balances (£'000)	6 294 407	4 869 067	29.3%	5 598 418
Funds under management (£'mn)	39 710	37 500	5.9%	37 276
Total gearing ratio (i.e. total assets to equity)	10.2x	9.3x		9.1x

Key asset quality and capital ratios	30 Sept 2018	1 April 2018
Capital adequacy ratio	16.8%	16.0%
Tier 1 ratio	12.4%	12.8%
CET 1 ratio	11.1%	11.3%
Leverage ratio – current	7.6%	8.2%
Leverage ratio – ‘fully loaded’ ^{^^}	7.3%	8.1%
Stage 3 exposure as a % of gross core loans and advances to customers subject to ECL	4.2%	6.3%
Stage 3 exposure net of ECL as a % of net core loans and advances to customers subject to ECL	3.0%	4.3%
Credit loss ratio [#]	0.42%*	1.14%**

^{^^} 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

IBP: income statement

£'000	Six months to 30 Sept 2018	Six months to 30 Sept 2017	% change	Year to 31 Mar 2018
Interest income	349 659	285 559	22.4%	598 494
Interest expense	(154 873)	(121 736)	27.2%	(248 876)
Net interest income	194 786	163 823	18.9%	349 618
Fee and commission income	277 661	254 578	9.1%	504 606
Fee and commission expense	(4 720)	(4 553)	3.7%	(10 094)
Investment income	5 409	15 474	(65.0%)	68 943
Share of post taxation operating profit	94	1 375	(93.2%)	1 444
Trading income arising from				
- customer flow	48 420	55 500	(12.8%)	114 502
- balance sheet management and other trading activities	12 600	3 191	>100.0%	2 838
Other operating income	2 982	2 769	7.7%	8 290
Total operating income before expected credit losses/impairment losses	537 232	492 157	9.2%	1 040 147
Expected credit loss impairment charges*	(10 363)	-		-
Impairment losses on loans and advances*	-	(37 631)		(106 085)
Operating income	526 869	454 526	15.9%	934 062
Operating costs	(411 632)	(378 315)	8.8%	(797 049)
Depreciation on operating leased assets	(1 167)	(1 149)	1.6%	(2 350)
Operating profit before goodwill and acquired intangibles	114 070	75 062	52.0%	134 663
Amortisation of acquired intangibles	(6 408)	(6 636)	(3.4%)	(13 273)
Profit before taxation	107 662	68 426	57.3%	121 390
Taxation on operating profit before goodwill and acquired intangibles	(16 596)	(15 147)	9.6%	(27 651)
Taxation on goodwill and acquired intangibles	1 170	1 209	(3.2%)	2 418
Profit after taxation	92 236	54 488	69.3%	96 157
Loss attributable to non-controlling interests	4 205	4 223	(0.4%)	1 684
Earnings attributable to shareholder	96 441	58 711	64.3%	97 841

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

IBP: balance sheet

£'000	30 Sept 2018	1 April 2018*	% change
Assets			
Cash and balances at central banks	3 882 703	3 487 716	11.3%
Loans and advances to banks	882 183	772 231	14.2%
Reverse repurchase agreements and cash collateral on securities borrowed	681 276	750 102	(9.2%)
Sovereign debt securities	1 287 930	1 155 472	11.5%
Bank debt securities	54 619	113 274	(51.8%)
Other debt securities	366 261	281 939	29.9%
Derivative financial instruments	610 332	604 848	0.9%
Securities arising from trading activities	783 308	701 728	11.6%
Investment portfolio	464 994	472 083	(1.5%)
Loans and advances to customers	10 027 694	9 539 858	5.1%
Other loans and advances	263 437	415 666	(36.6%)
Other securitised assets	126 595	132 172	(4.2%)
Interests in associated undertakings	6 958	6 414	8.5%
Deferred taxation assets	144 689	148 636	(2.7%)
Other assets	1 107 258	1 013 440	9.3%
Property and equipment	97 902	53 183	84.1%
Investment properties	14 500	14 500	-
Goodwill	261 255	261 075	0.1%
Intangible assets	98 726	103 972	(5.0%)
	21 162 620	20 028 309	5.7%

* The 1 April 2018 balance sheet has been presented on an IFRS 9 basis

IBP: balance sheet

£'000	30 Sept 2018	1 April 2018*	% change
Liabilities			
Deposits by banks	1 414 371	1 295 847	9.1%
Derivative financial instruments	651 702	533 319	22.2%
Other trading liabilities	85 079	103 496	(17.8%)
Repurchase agreements and cash collateral on securities lent	155 159	168 640	(8.0%)
Customer accounts (deposits)	12 743 472	11 969 625	6.5%
Debt securities in issue	1 963 398	1 942 869	1.1%
Liabilities arising on securitisation of own originated loans and advances	121 161	127 853	(5.2%)
Current taxation liabilities	156 289	135 517	15.3%
Deferred taxation liabilities	20 501	22 120	(7.3%)
Other liabilities	965 358	1 014 956	(4.9%)
	18 276 490	17 314 242	5.6%
Subordinated liabilities	803 888	716 564	12.2%
	19 080 378	18 030 806	5.8%
Equity			
Ordinary share capital	1 186 800	1 186 800	-
Share premium	143 288	143 288	-
Capital reserve	162 789	162 789	-
Other reserves	(4 687)	(56 014)	(91.6%)
Retained income	401 729	363 700	10.5%
Shareholder's equity excluding non-controlling interests	1 889 919	1 800 563	5.0%
Additional Tier 1 securities in issue	200 000	200 000	-
Non-controlling interests in partially held subsidiaries	(7 677)	(3 060)	150.9%
Total equity	2 082 242	1 997 503	4.2%
Total liabilities and equity	21 162 620	20 028 309	5.7%

* The 1 April 2018 balance sheet has been presented on an IFRS 9 basis

IBP: Segmental analysis of operating profit

For the six months to 30 Sept 2018 £'000	Wealth & Investment	Specialist Banking	Total group
Net interest income	4 046	190 740	194 786
Fee and commission income	155 939	121 722	277 661
Fee and commission expense	(373)	(4 347)	(4 720)
Investment income	47	5 362	5 409
Share of post taxation operating profit	-	94	94
Trading income arising from			
- customer flow	393	48 027	48 420
- balance sheet management and other trading activities	3	12 597	12 600
Other operating income	-	2 982	2 982
Total operating income before expected credit losses	160 055	377 177	537 232
Expected credit loss impairment charges*	(27)	(10 336)	(10 363)
Operating income	160 028	366 841	526 869
Operating costs	(127 164)	(284 468)	(411 632)
Depreciation on operating leased assets	-	(1 167)	(1 167)
Operating profit before goodwill and acquired intangibles	32 864	81 206	114 070
Loss attributable to non-controlling interests	-	4 205	4 205
Operating profit before goodwill, acquired intangibles and after non-controlling interests	32 864	85 411	118 275
Selected returns and key statistics			
Cost to income ratio	79.5%	75.7%	76.8%
Total assets (£'million)	876	20 287	21 163

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

IBP: Segmental analysis of operating profit

For the six months to 30 Sept 2017 £'000	Wealth & Investment	Specialist Banking	Total group
Net interest income	2 025	161 798	163 823
Fee and commission income	147 539	107 039	254 578
Fee and commission expense	(395)	(4 158)	(4 553)
Investment income	411	15 063	15 474
Share of post taxation operating profit	415	960	1 375
Trading income arising from			
- customer flow	380	55 120	55 500
- balance sheet management and other trading activities	2	3 189	3 191
Other operating income	-	2 769	2 769
Total operating income before impairment on loans and advances	150 377	341 780	492 157
Impairment losses on loans and advances*	-	(37 631)	(37 631)
Operating income	150 377	304 149	454 526
Operating costs	(114 936)	(263 379)	(378 315)
Depreciation on operating leased assets	-	(1 149)	(1 149)
Operating profit before goodwill and acquired intangibles	35 441	39 621	75 062
Loss attributable to non-controlling interests	-	4 223	4 223
Operating profit before goodwill, acquired intangibles and after non-controlling interests	35 441	43 844	79 285
Selected returns and key statistics			
Cost to income ratio	76.4%	77.3%	77.0%
Total assets (£'million)	919	17 559	18 478

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

IBP: asset quality

£'million	30 Sept 2018	1 April 2018
Gross core loans and advances to customers subject to ECL	9 275	8 877
Stage 1	8 345	7 721
Stage 2	542	592
<i>of which past due greater than 30 days</i>	19	18
Stage 3	388	564
<i>Ongoing (excluding Legacy) stage 3*</i>	193	221
Gross core loans and advances to customers subject to ECL (%)		
Stage 1	90.0%	87.0%
Stage 2	5.8%	6.7%
Stage 3	4.2%	6.3%
<i>Ongoing (excluding Legacy) stage 3*</i>	2.1%	2.6%
Stage 3 net of ECL	277	372
<i>Of which (excluding Legacy)* stage 3 net of ECL</i>	154	176
Aggregate collateral and other credit enhancements on stage 3	297	414
Stage 3 net of ECL and collateral	-	-
Stage 3 as a % of gross core loans and advances to customers subject to ECL	4.2%	6.3%
<i>Of which (excluding Legacy)* stage 3 net of ECL</i>	2.1%	2.6%
Total ECL impairments as a % of stage 3 exposure	42.0%	43.8%
Stage 3 net of ECL as a % of net core loans and advances to customers subject to ECL	3.0%	4.3%
<i>Of which (excluding Legacy)* stage 3 net of ECL</i>	1.7%	2.0%

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

IBP: capital adequacy

£'million	30 Sept 2018	1 April 2018
Tier 1 capital		
Shareholders' equity	1 859	1 777
Non-controlling interests	(8)	(3)
Regulatory adjustments to the accounting basis	101	145
Deductions	(358)	(361)
Common equity tier 1 capital	1 594	1 558
Additional tier 1 capital	200	200
Tier 1 capital	1 794	1 758
Tier 2 capital	626	445
Total regulatory capital	2 420	2 203
Risk-weighted assets^^	14 416	13 777
Capital ratios^^		
Common equity tier 1 ratio	11.1%	11.3%
Tier 1 ratio	12.4%	12.8%
Total capital ratio	16.8%	16.0%

^^ CET 1, Tier 1 and total capital adequacy ratios and risk-weighted assets are calculated applying the IFRS 9 transitional arrangements

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.