

*Out of the Ordinary®*



# An introduction to Investec

The information in this presentation relates to the year ending 31 Mar 2017, unless otherwise indicated.

# Investec: a distinctive specialist bank and asset manager

## Facilitating the creation of wealth and management of wealth

### History

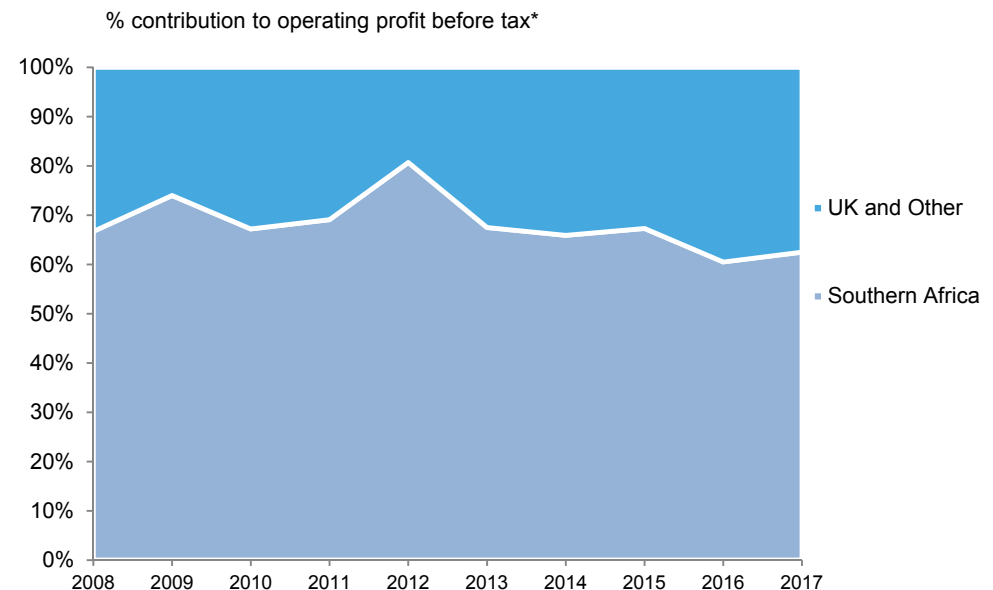
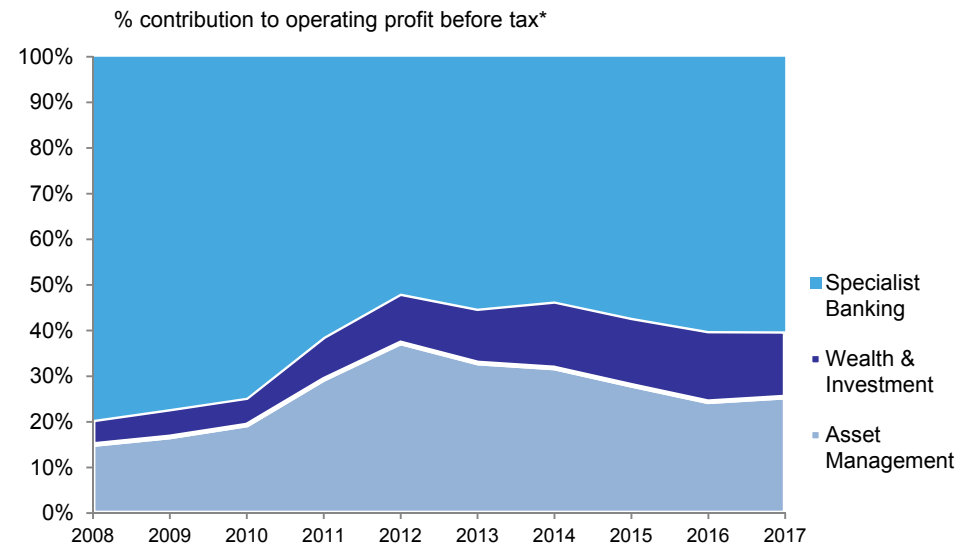
- Established in 1974
- Today, efficient integrated international business platform employing approximately 9 700 people
- Dual listed on the JSE and LSE (a FTSE 250 company)
- Total assets of £53.5bn; total equity £4.8bn; total FUM £150.7bn<sup>^</sup>

### Strategy

- Client focused approach
- Delivering profitable solutions with distinction and integrity
- Not “all things to all people”
  - Choose markets where we can compete effectively
- Investec distinction: Nimble, flexible, innovative and high level of service

### Culture

- Flat and efficient management structure
- Strong risk management and financial discipline
- Entrepreneurial culture - material employee ownership



<sup>^</sup>At 31 March 2017.

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

# Leading business franchises with sound operating fundamentals

## Three distinct business activities focused on well defined target clients

Corporate / Institutional / Government

Private client (high net worth / high income) / charities / trusts

### Asset Management

Provides investment management services

- Organically built an independent global platform, from an emerging market base
- Independently managed
- Competitive investment performance in chosen specialities
- Core investment capabilities in global equities and fixed income with a growing multi-asset capability
- Stable and experienced leadership
- AUM: £95.3bn (60% EM; 40% global)
- OM: 33.1%
- Ave yield: 58bps
- Ave net inflows (over 5 years): c4% of opening AUM

### Specialist Banking

Provides a broad range of services:

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

South Africa:

- Full service Specialist Bank with leading positions in selected areas
- Loans: R236bn; Deposits: R303bn
- Long term credit loss: 30bps – 40bps
- NIM: c2%
- ROE post tax: 12.7%

UK:

- 17<sup>th</sup>\* largest bank in the UK
- Top in UK mid-cap capital markets (FTSE250)
- Rapidly growing client base
- Building out our private client offering
- Loans: £8.6bn Deposits: £11.0bn
- Long term credit loss on ongoing book: 30bps – 40bps
- NIM: c2%
- ROE post-tax (ongoing): 11.5%

### Wealth & Investment

Provides investment management services and independent financial planning advice

- Investec Wealth & Investment has been built via the acquisition and integration of businesses and organic growth over a long period of time
- Well established platforms in the UK, South Africa, Switzerland, Ireland and Guernsey
- AUM: £54.8bn
- OM: 25.9% (UK: 23.5% SA:33.8%)
- Ave yield: 72bps (UK: 85bps SA: 47bps)
- Target for ave net inflows: 5% of opening AUM for UK business

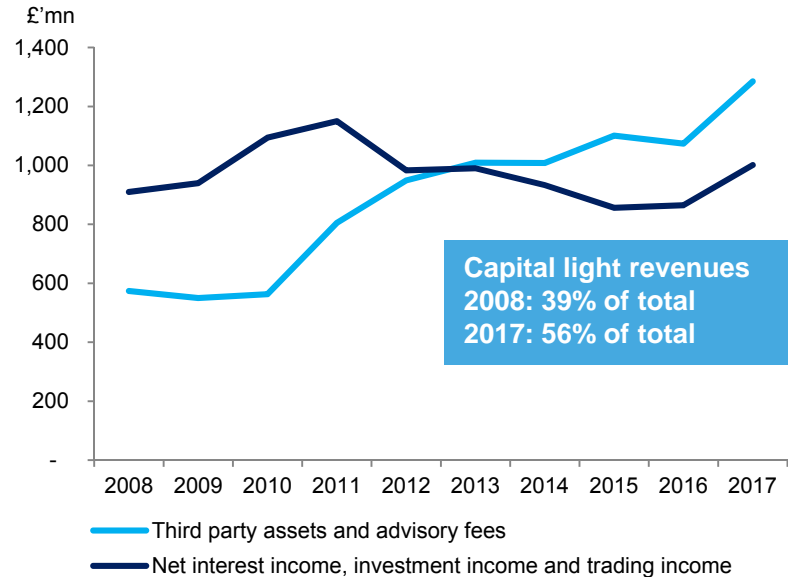
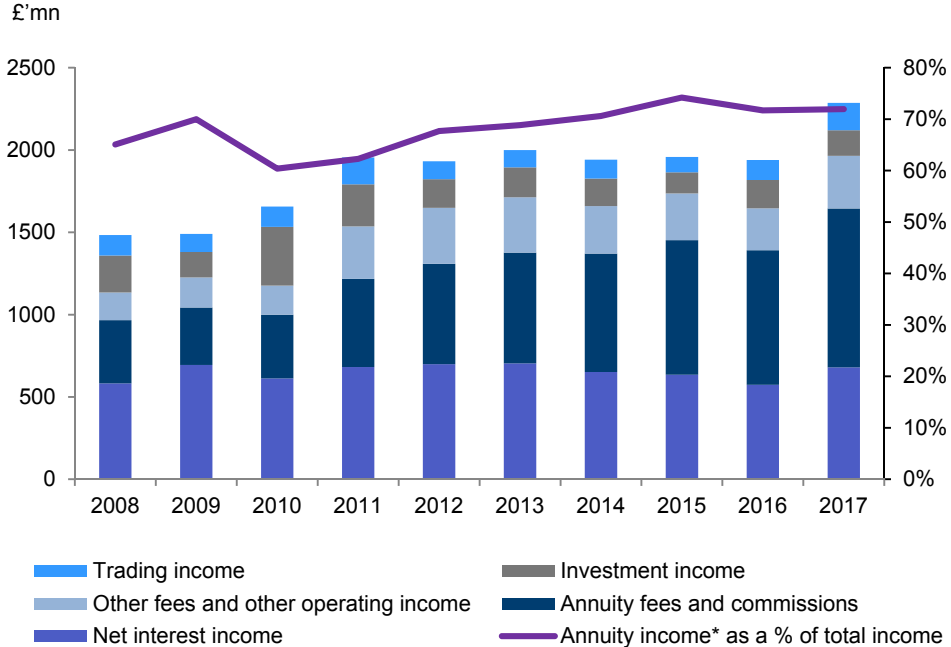
One place and digital platform

Successfully leveraging our One-Place platform: private banking and wealth management

# Balanced and diversified business model

- Defensive business model: supports a stable recurring income base and earnings through varying market conditions

- Strategic priority: growth in our capital light activities

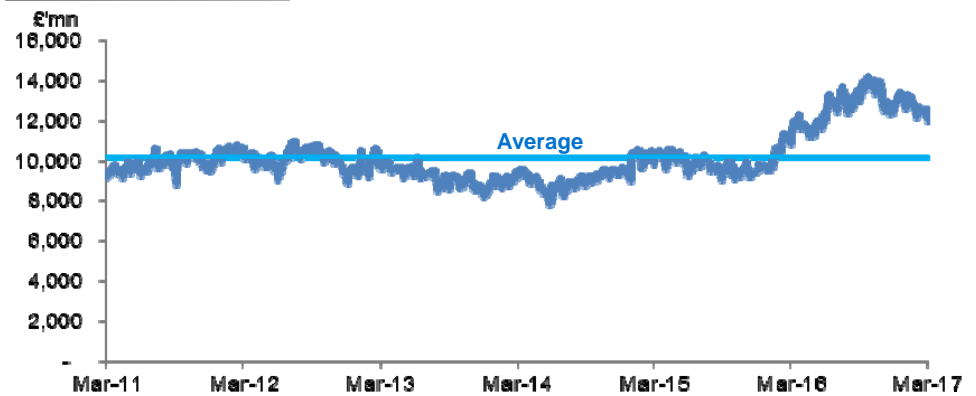


# Sound risk fundamentals ensuring resilience throughout the crisis

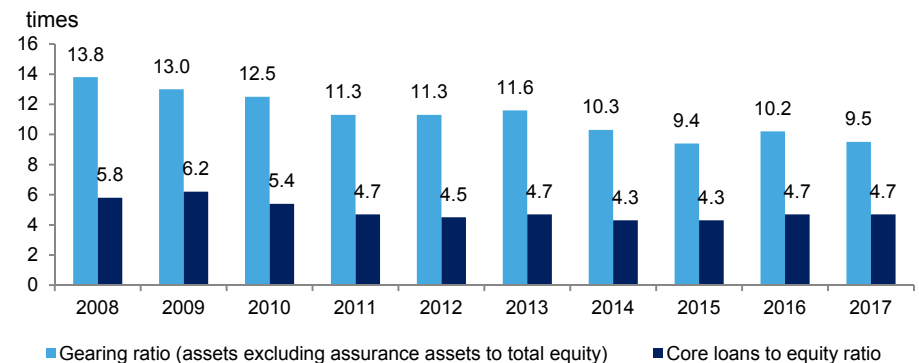
## Key operating fundamentals

- Senior management “hands-on” culture
- A high level of readily available, high quality liquid assets – representing approx 25% - 35% of our liability base. Balance as at 31 March 2017 was £12.0bn.
- 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 of 14%-17%
- Low gearing ratio – approx 10 times; with leverage ratios in excess of 7%
- We had sufficient pre-provision income to support increased impairments during the crisis. Impairments have decreased significantly (sales of non-core businesses; legacy book running off; ongoing book has low credit loss ratios)

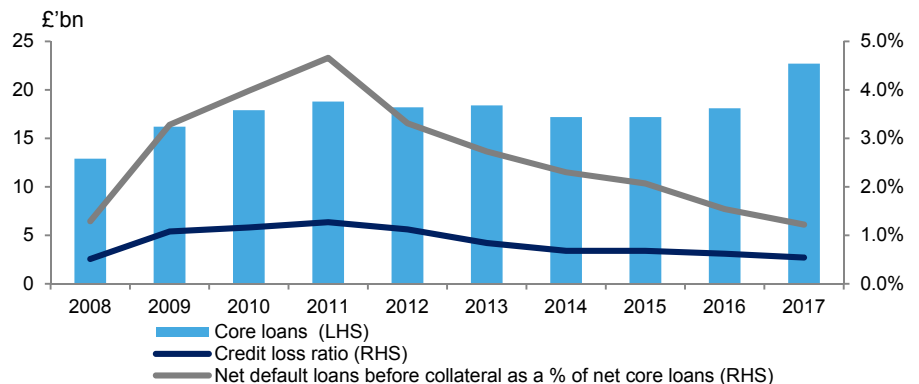
## Cash and near cash



## Low gearing ratios

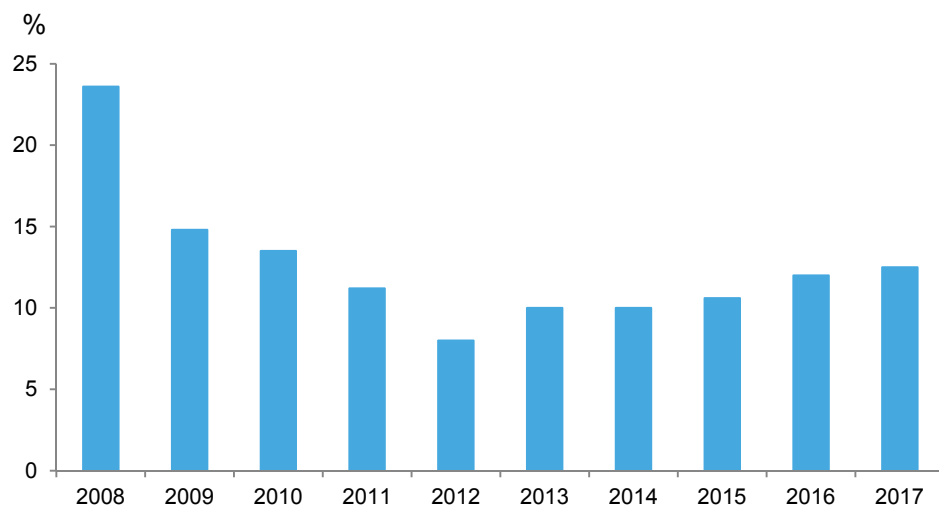


## Asset quality



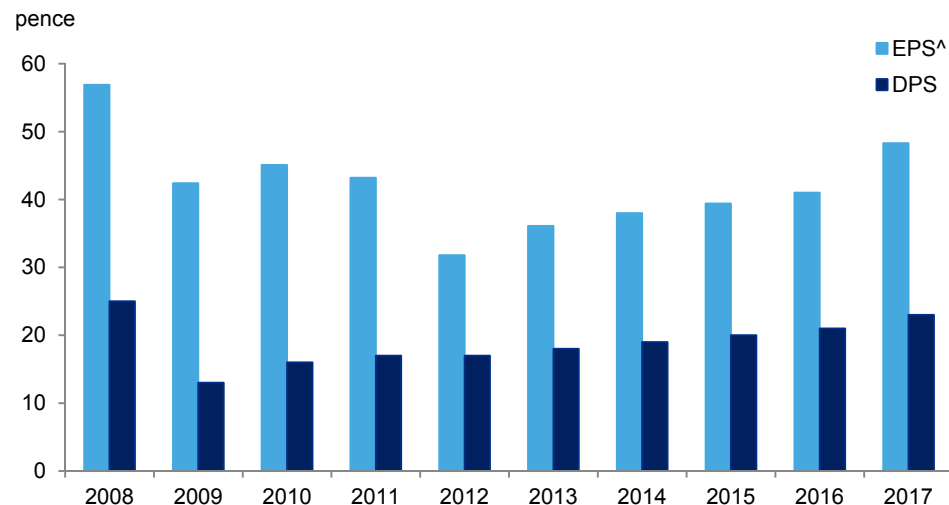
# Return metrics

## Improving ROE



- 2008: characterised by higher interest rates; low impairments; high activity levels
- 2015: characterised by low interest rate environment; decent activity levels; greater proportion of capital light revenues
- 2015 onwards:
  - target ROE 12-16%
  - solid client franchises
  - increased market share as evidenced in the growth of our core earnings drivers
  - deepen the strong relationships we have with our core client base
  - build out and enhance our digital platforms
  - losses from legacy businesses expected to decline to immaterial amounts over next 2-3 years

## Progressive dividend policy



- Ave payout ratio since 2008: 45% (2.3x cover)
- Sound capital base and high leverage ratios
- We will continue to focus on execution of our strategic initiatives but at the same time ensure that we maintain momentum and focus in our core business units, mindful of the more challenging current macro environment and uncertainty in the jurisdictions in which we operate

<sup>^</sup>Before goodwill, acquired intangibles and non-operating items but after tax and after adjusting for earnings attributable to non-controlling interests.

## In summary

### Diversified revenue streams with high annuity base

- Balanced business model comprising three distinct business activities; **Asset Management, Wealth & Investment and Specialist Banking**
- Continued focus on growing our **capital light business**, currently 56% of income
- High level of **annuity revenue\***: 72% of total operating income
- **Solid net inflows** of third party FUM
- Simplification of banking business resulting in a **reduction in legacy portfolio and impairments**

### Sound balance sheet provides support for our growth initiatives

- **Never required shareholder or government support**
- **Low gearing**: 9.5x (2008: 13.8x)
- **CET1 plc: 11.5%, CET1 Ltd: 9.9%**
- **Leverage plc: 7.8%, Leverage Ltd: 7.3%**, a high ratio vs peers – provides comfort in our CET1 target level
- **Surplus cash: £12.0bn** - high level of readily available, high quality liquid assets representing c.25% - 35% of our liability base
- **Progressive dividend policy**

### Solid franchise

- Operating in South Africa since 1974 and in the UK since 1992
- **Investec plc listed** on the LSE in 2002
- Leading player across our businesses and growing our Specialist Bank franchise in the UK

### Strong culture

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

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



## Appendix – further information on our businesses



# 3 core areas of activity

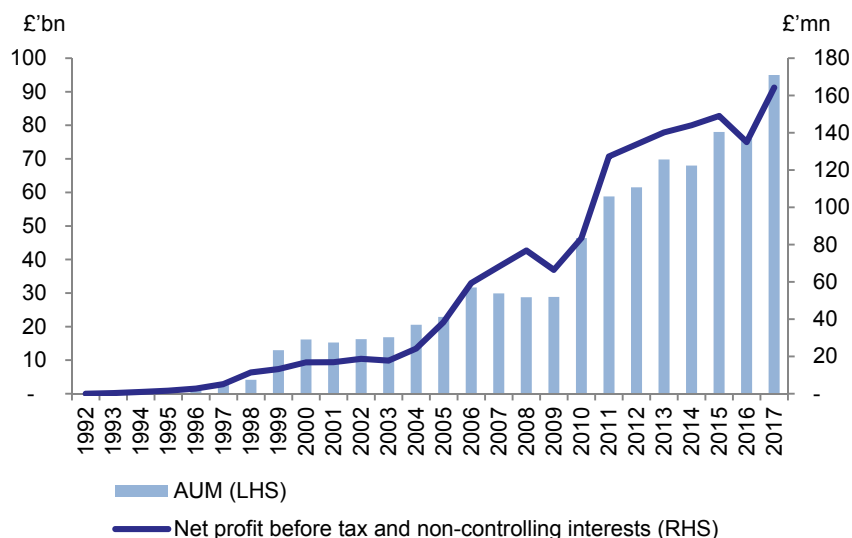
## Asset Management: Global specialist investment manager

Business profile	
<p><b>Core investment capabilities</b></p> <ul style="list-style-type: none"> <li>• Equity</li> <li>• Fixed Income</li> <li>• Multi-Asset</li> <li>• Alternatives</li> </ul>	<p><b>Client base</b></p> <ul style="list-style-type: none"> <li>• Our client group is organised across five geographically defined units (United Kingdom, Africa, Americas, Asia Pacific and Europe) serving our global client base</li> </ul>

Value proposition
<ul style="list-style-type: none"> <li>• Organically built an independent global platform from an emerging market base</li> <li>• Independently managed entity within the Investec group</li> <li>• Competitive investment performance in chosen specialities</li> <li>• Global approach to: investing –client base –operations platform</li> <li>• Institutional and advisor focus</li> <li>• Unique and clearly understood culture</li> <li>• Stable and experienced leadership</li> <li>• Committed to investing for a sustainable future</li> </ul>

### 26-year growth story

Third party FUM have grown from £41.8mn in 1991 to **£95.3bn** in 26 years



## Recognition



Raging Bull Awards 2016



of honouring South Africa's top unit trust funds and managers



PRIVATE EQUITY | AFRICA  
GP & Advisor  
Awards 2015  
\*\*\*  
WINNER

*European Pensions:  
Emerging Markets  
Manager of the Year  
2015*

*Professional Pensions  
Investment Awards:  
Multi Asset Manager  
of the Year  
2015*

funds europe awards 2016 Winner

# 3 core areas of activity

## Asset Management: Key income drivers and performance statistics

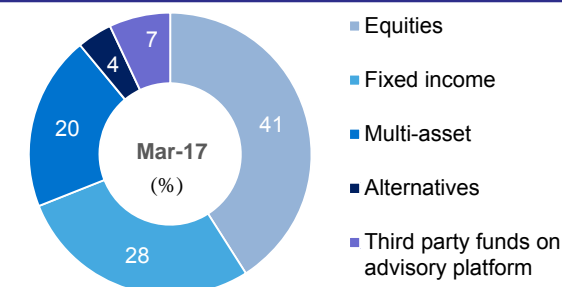
### Key income drivers (besides market levels)

- Fees earned on FUM
- Performance fees historically c.10% - 15% of revenue
- Average fees 55bps to 65bps
- Average net inflows/(outflows):
  - Year to Mar 13: £4.1bn
  - Year to Mar 14: £2.6bn
  - Year to Mar 15: £3.1bn
  - Year to Mar 16: £3.2bn
  - Year to Mar 17: £(0.6)bn

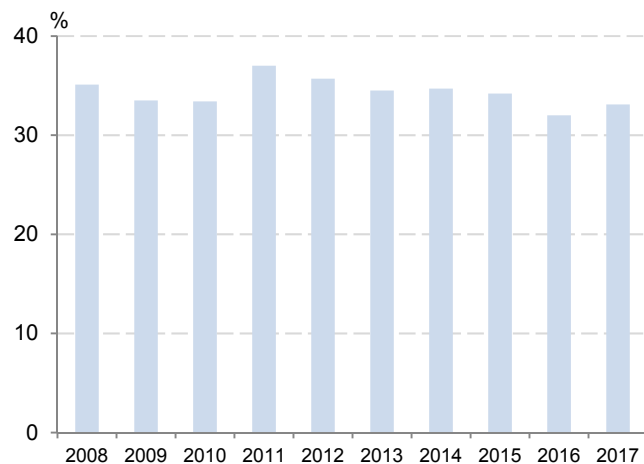
### Current positioning

- Number of employees: 1 550
- Cost to income: 66.9%
- ROE post-tax: 73.9%
- Pre-tax profit: £164.8mn
- % contribution to group profit: 27.5%

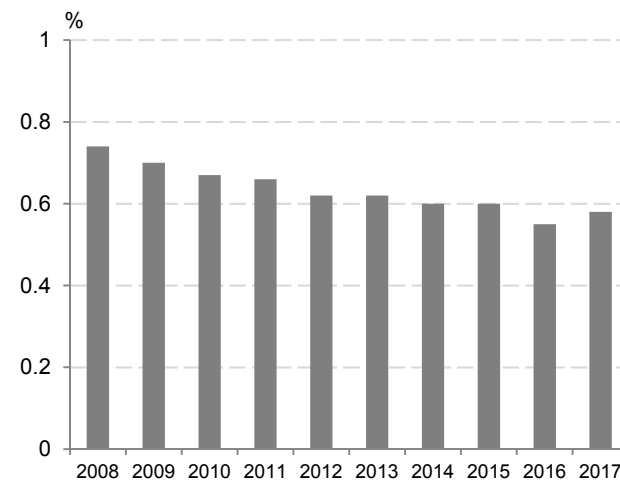
### AUM by asset class



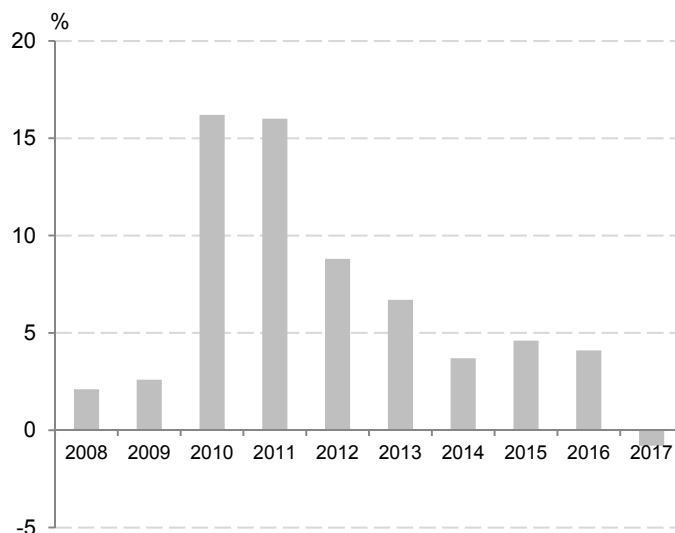
### Operating margin



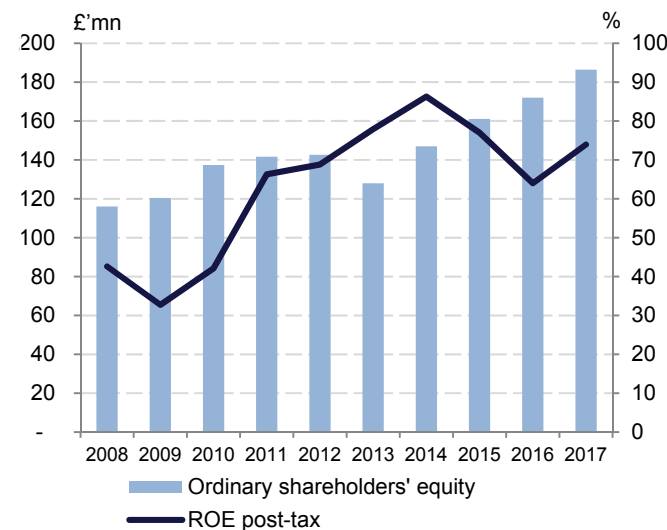
### Average income^ as a % of AUM



### Net inflows as a % of opening AUM



### Shareholders' equity and ROE



<sup>^</sup>The average income yield on funds under management represents the total operating income for the period as a percentage of the average of opening and closing funds under management. This calculation does not take into account the impact of market movements throughout the period on funds under management or the timing of acquisitions and disposals during the respective periods.

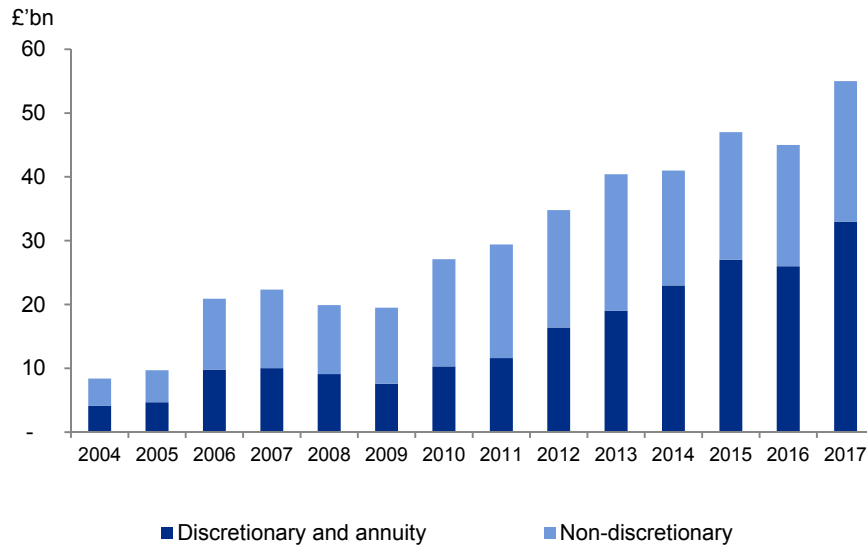
# 3 core areas of activity

## Wealth & Investment: Building an international platform

Business profile	
<p><b>Services offered</b></p> <ul style="list-style-type: none"> <li>• Portfolio management</li> <li>• Stockbroking</li> <li>• Alternative investments</li> <li>• Investment advisory services</li> <li>• Electronic trading services</li> <li>• Retirement and succession planning</li> </ul>	<p><b>Client base</b></p> <ul style="list-style-type: none"> <li>• HNW</li> <li>• Professional individuals</li> <li>• Charities</li> <li>• Pension funds</li> <li>• Trusts</li> </ul>

Value proposition
<ul style="list-style-type: none"> <li>• Investec Wealth &amp; Investment has been built via the acquisition and integration of businesses and organic growth over a long period of time</li> <li>• <b>Well established platforms in the UK, South Africa, Switzerland, Republic of Ireland and Guernsey</b></li> <li>• The business currently has four distinct channels: direct, intermediaries, charities and international, and is well progressed with the development of its online capabilities to form a fifth 'digital' distribution channel</li> <li>• Strategy to internationalise within jurisdictions where the group already has an established business</li> <li>• Focus is on organic growth in our key markets and enhancing our range of services for the benefit of our clients</li> </ul>

Funds under management of **£54.8bn**



## Recognition

**3D**  
2017  
INVESTEC WEALTH & INVESTMENT  
AWARDED BY ARC

**EUROMONEY**  
PRIVATE BANKING SURVEY  
2016

defaqto  
2016  
DFM Service  
**GOLD**

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

**FT**  
FINANCIAL TIMES

PwC The Banker  
**GLOBAL PRIVATE BANKING AWARDS 2016**  
EXCELLENCE IN WEALTH MANAGEMENT

PwC The Banker  
**GLOBAL PRIVATE BANKING AWARDS 2015**  
EXCELLENCE IN WEALTH MANAGEMENT

PwC The Banker  
**GLOBAL PRIVATE BANKING AWARDS 2014**  
EXCELLENCE IN WEALTH MANAGEMENT

PwC The Banker  
**GLOBAL PRIVATE BANKING AWARDS 2013**  
EXCELLENCE IN WEALTH MANAGEMENT

**Winner of Defaqto Gold Discretionary Fund Manager service award 2016**

# 3 core areas of activity

## Wealth & Investment: Key income drivers and performance statistics

### Key income drivers

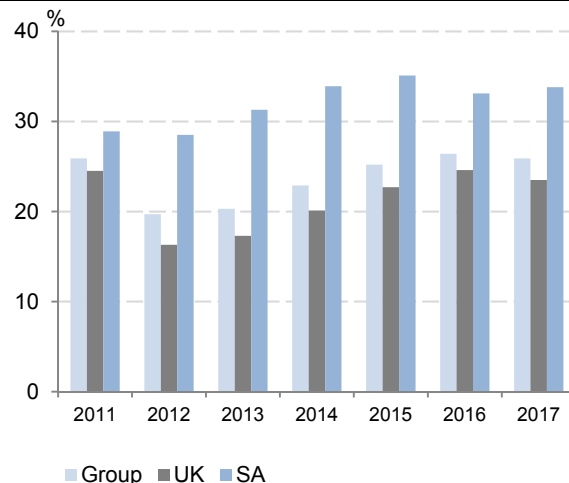
(besides market levels)

- Investment management fees earned on FUM (largely equity mandates)
- Commissions earned for execution
- UK: Largely discretionary FUM with average fees 80bps to 90bps
- SA: largely non-discretionary portfolio/model, but discretionary and other annuity assets are growing

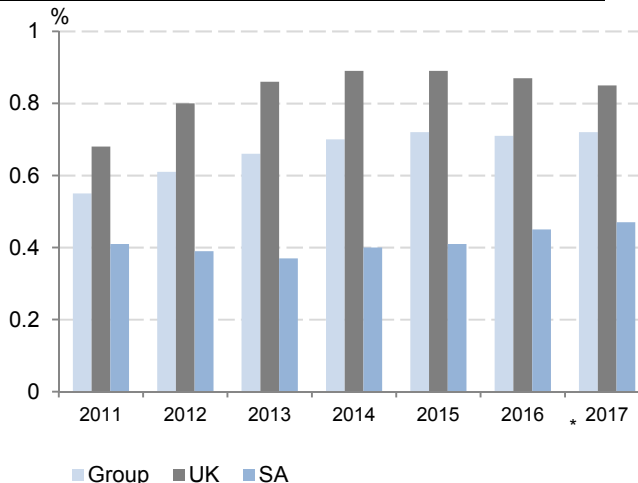
### Current positioning

- Number of employees: 1 600
- Cost to income: 74.1%
- ROE post-tax: 29.1%
- Pre-tax profit\*: £93.2mn
- % contribution to group profit: 15.6%

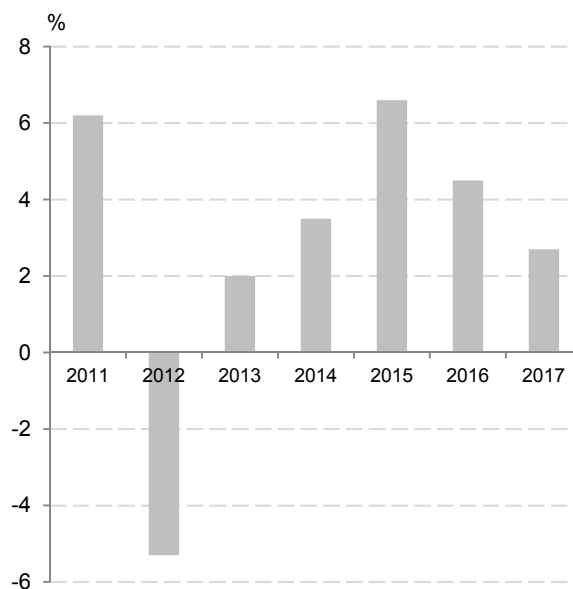
### Operating margin



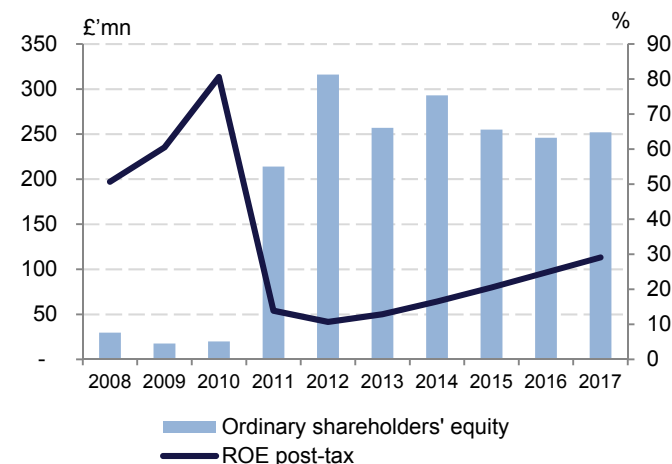
### Average income^ as a % of AUM



### Net inflows as a % of opening AUM



### Shareholders' equity and ROE



<sup>^</sup>The average income yield on funds under management represents the total operating income for the period as a percentage of the average of opening and closing funds under management. This calculation does not take into account the impact of market movements throughout the period on funds under management or the timing of acquisitions and disposals during the respective periods.

# 3 core areas of activity

## Specialist Banking

### Business profile

Corporate / Institutional / Government clients

High net worth and high income private clients

### Investment activities

- Principal investments
- Property investment fund management

### Corporate and Institutional Banking activities

- Treasury and trading services
- Specialised lending, funds and debt capital markets
- Institutional research sales and trading
- Advisory

### Private Banking activities

- Transactional banking and foreign exchange
- Lending
- Deposits
- Investments

### Value proposition

- High quality specialist banking solution to corporate and private clients with leading positions in selected areas
- Provide high touch personalised service – ability to execute quickly
- Ability to leverage international, cross-border platforms
- Well positioned to capture opportunities between the developed and emerging world – internationally mobile
- Strong ability to originate, manufacture and distribute
- Balanced business model with good business depth and breadth



WINNER 2016  
Best Currency  
Exchange Service



Best Service from an Asset Based Finance Provider



Best Structured Products Provider



# 3 core areas of activity

## Specialist Banking: Key income drivers and performance statistics

### Key income drivers

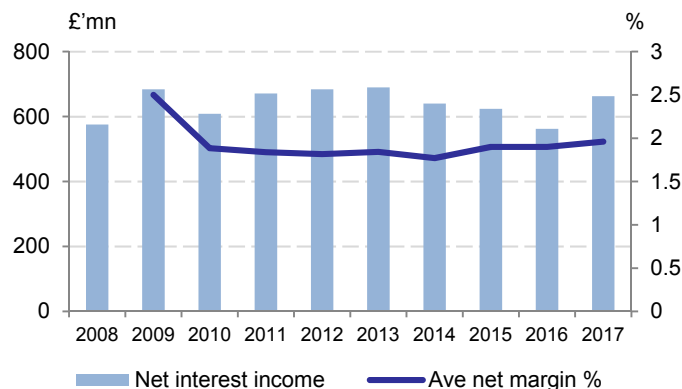
(besides market, economic and rate levels)

- **Net interest:** levels of loans; surplus cash; deposits
- **Fees and commissions:** levels of private and corporate client activity
- **Investment income:** realised and unrealised returns earned on our investment; fixed income and property trading portfolios
- **Customer flow trading income:** level of client activity

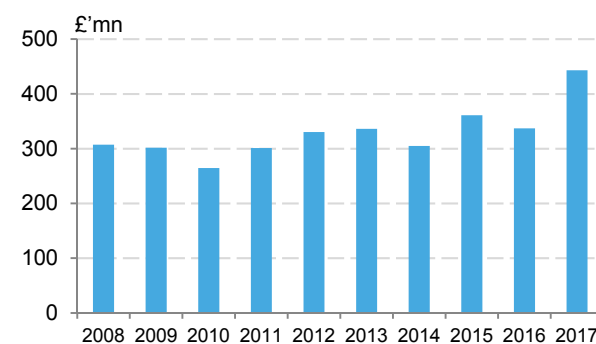
### Current positioning

- Number of employees: 5 879
- Cost to income: 60.6%
- ROE post-tax: 10.5%
- Pre-tax profit: £389.8mn
- % contribution to group profit: 65.0%

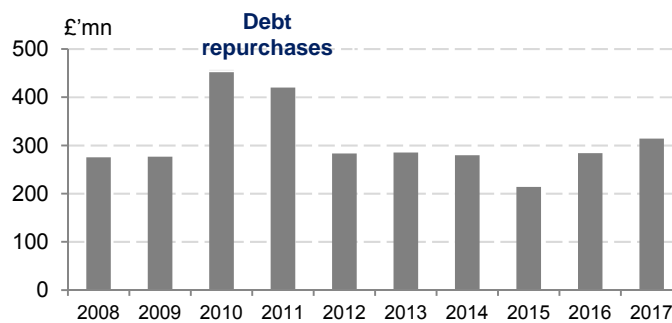
### Net interest income



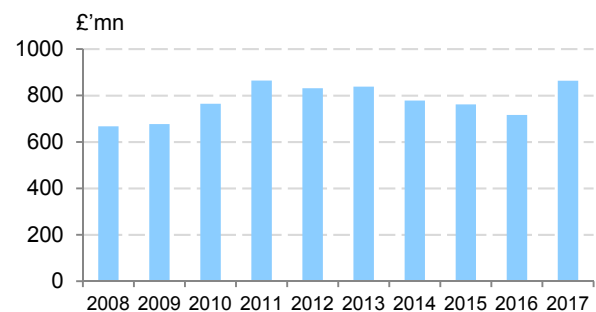
### Net fees and commissions



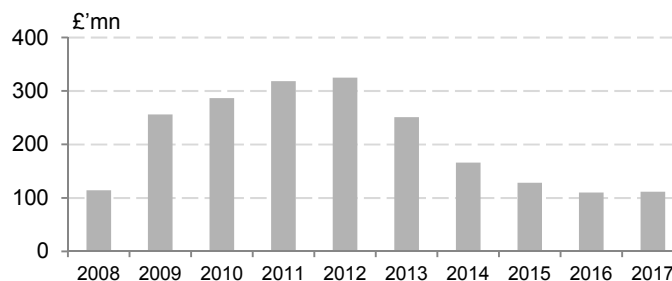
### Investment, associate and trading income



### Costs



### Impairments

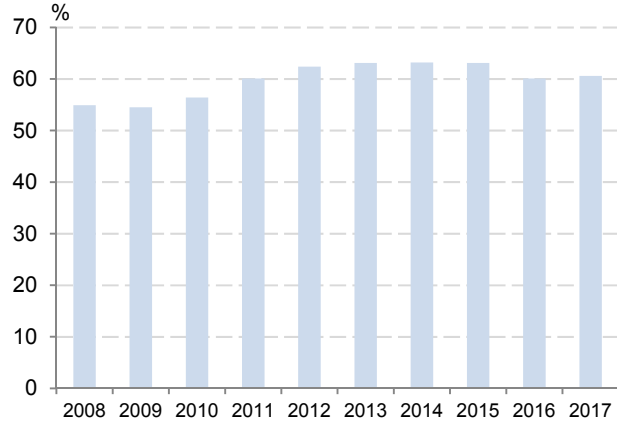


**These trends are for the global Specialist Banking business and include the legacy business in the UK**

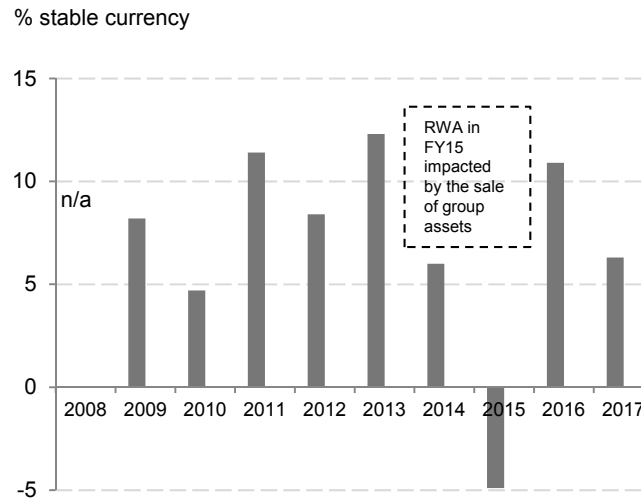
# 3 core areas of activity

## Specialist Banking: Key income drivers and performance statistics

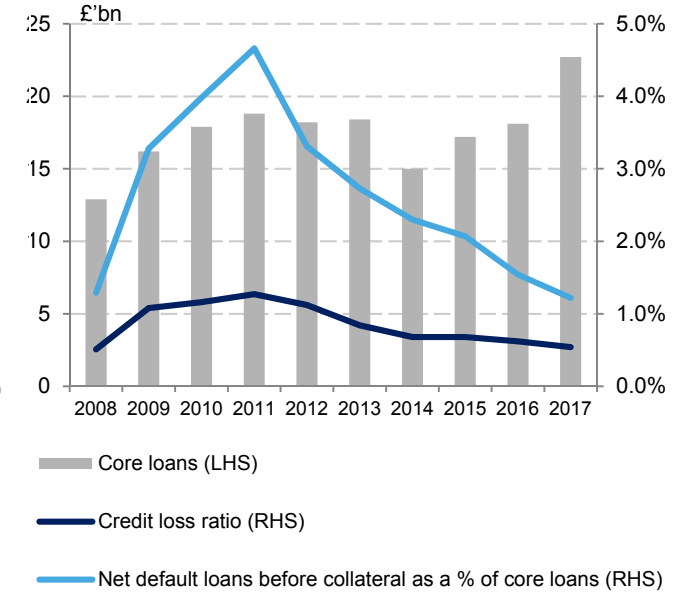
### Cost to income ratio



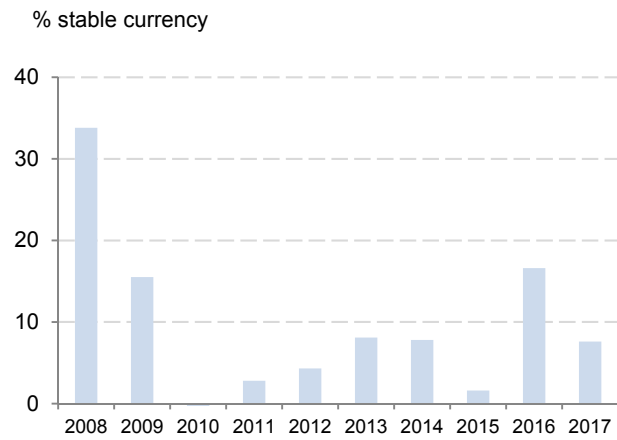
### Growth in RWA



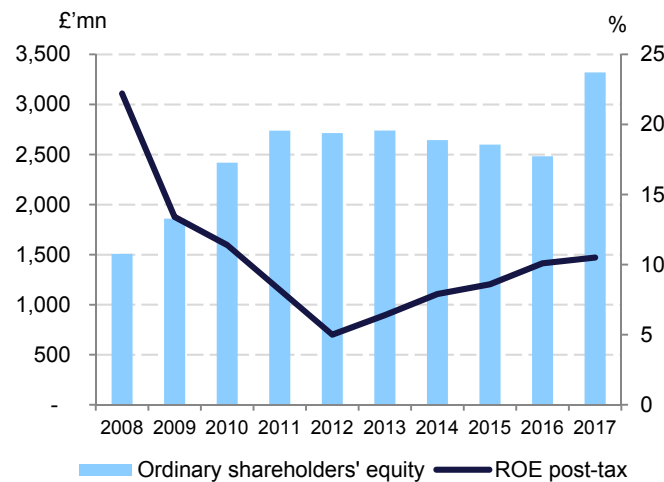
### Asset quality



### Growth in core loans



### Shareholders' equity and ROE

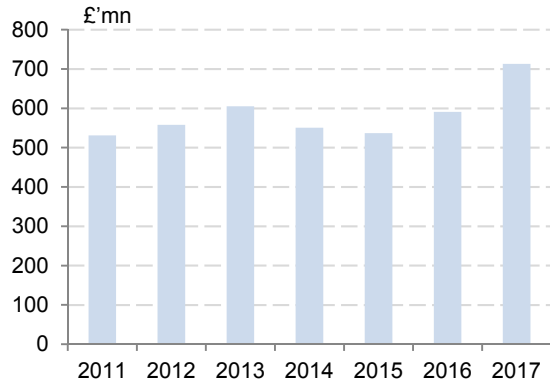


**These trends are for the global Specialist Banking business and include the legacy business in the UK**

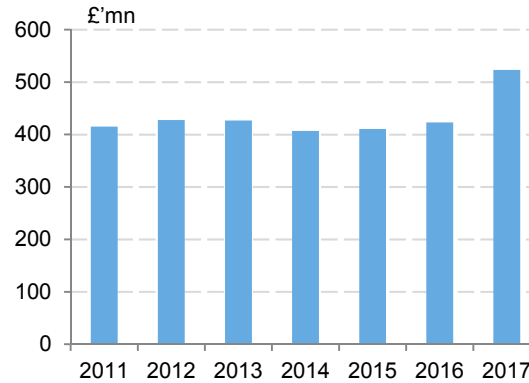
# 3 core areas of activity

## UK ongoing Specialist Banking: Key income drivers and performance statistics in Pounds

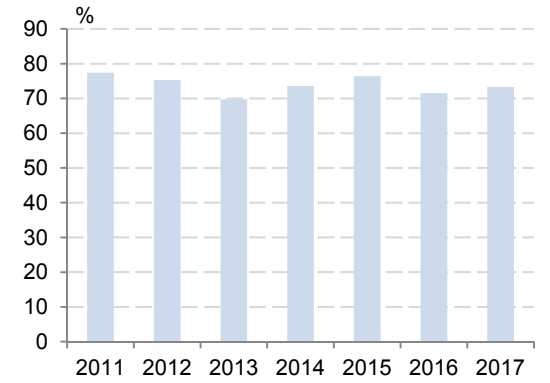
### Revenue



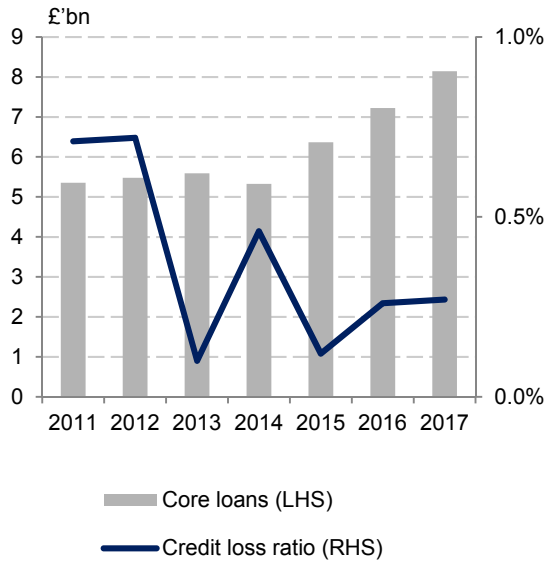
### Costs



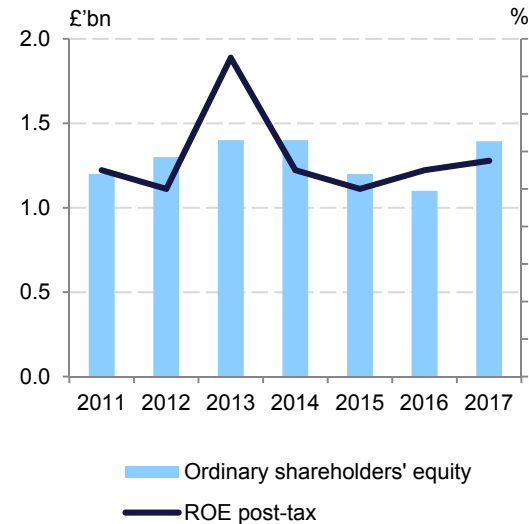
### Cost to income ratio



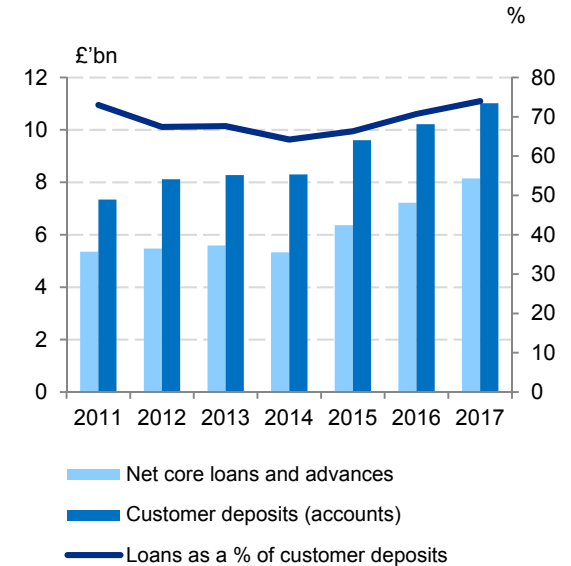
### Asset quality



### Shareholders' equity and ROE



### Loans and deposits

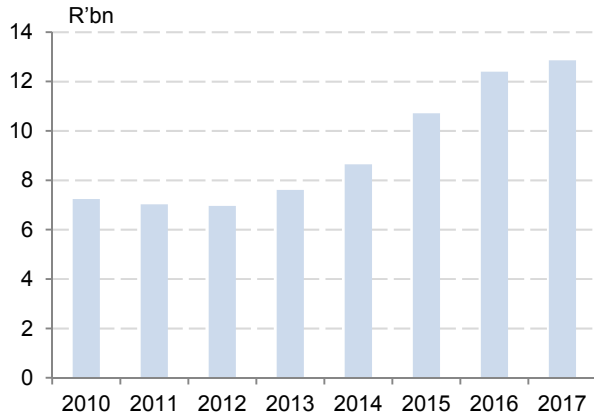




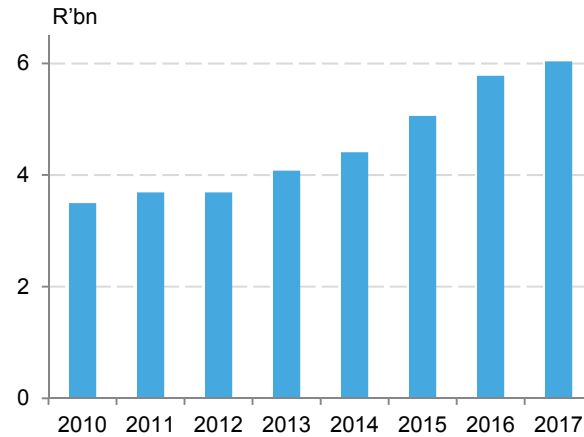
# 3 core areas of activity

## SA Specialist Banking: Key income drivers and performance statistics in Rands

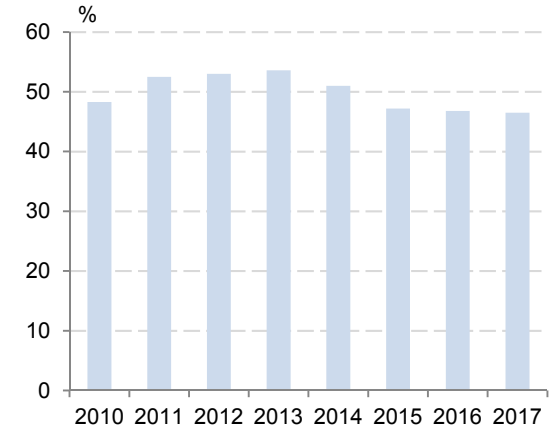
### Revenue



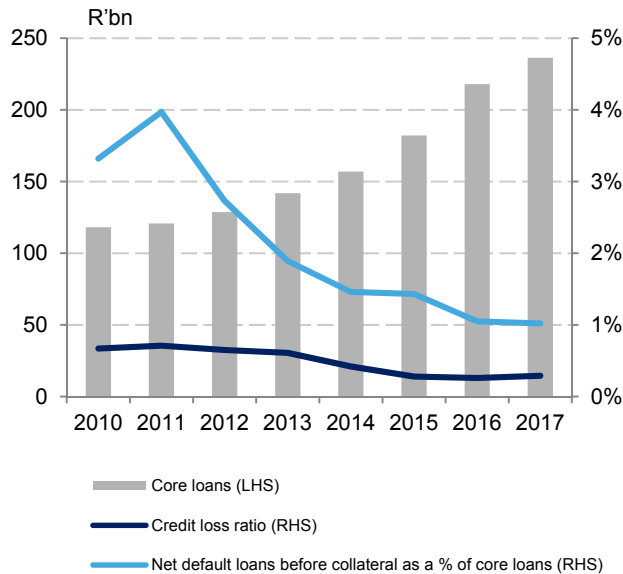
### Costs



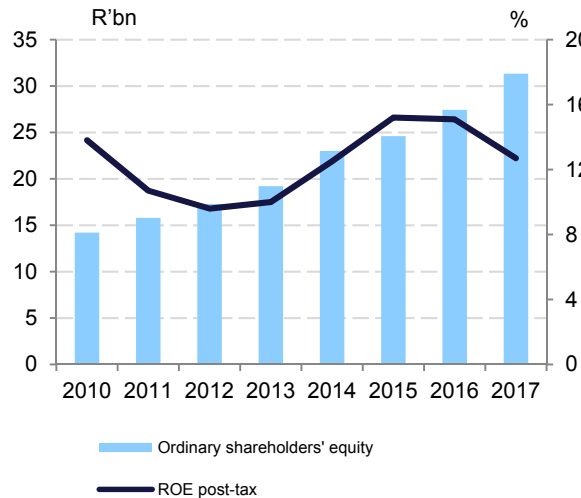
### Cost to income ratio



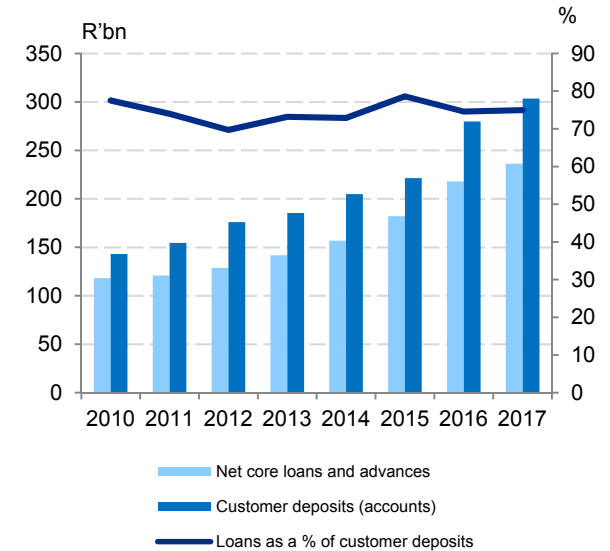
### Asset quality



### Shareholders' equity and ROE



### Loans and deposits



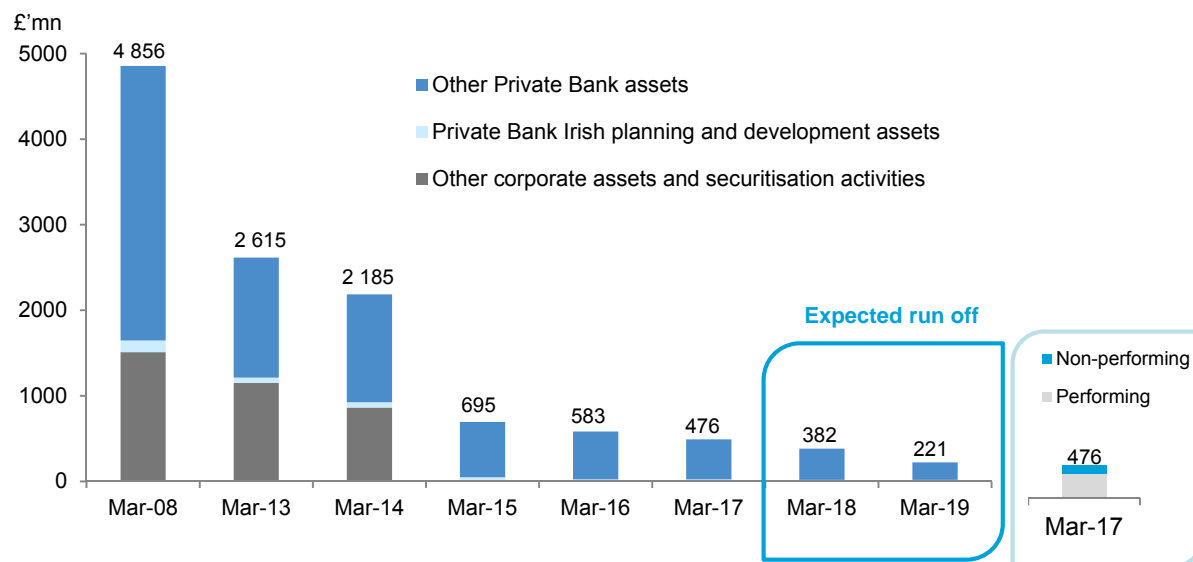
## 3 core areas of activity

### Specialist Banking: Information on the legacy business in the UK Specialist Bank

#### What is the legacy business?

- Assets put on the bank's books pre 2008 where market conditions post the financial crisis materially impacted the business model
- Assets written prior to 2008 with very low/negative margins
- Assets relating to business we are no longer undertaking
- Since 31 March 2016 the group's legacy portfolio in the UK has continued to be actively managed down from £583mn at 31 March 2016 to £476mn largely through asset sales, redemptions and write-offs.
- The legacy business over the year reported a loss before taxation of £64.6mn (2016: £78.3mn).
- The remaining legacy portfolio will continue to be managed down. Given the uncertainty in the UK following the EU referendum, the legacy book could take longer to wind down than management's original expectation of two to four years.
- Total net defaults in the legacy book amount to £125mn (31 March 2016: £143mn).

#### Total remaining UK Legacy assets



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



## Appendix – further information on our strategic positioning

# Strategic positioning

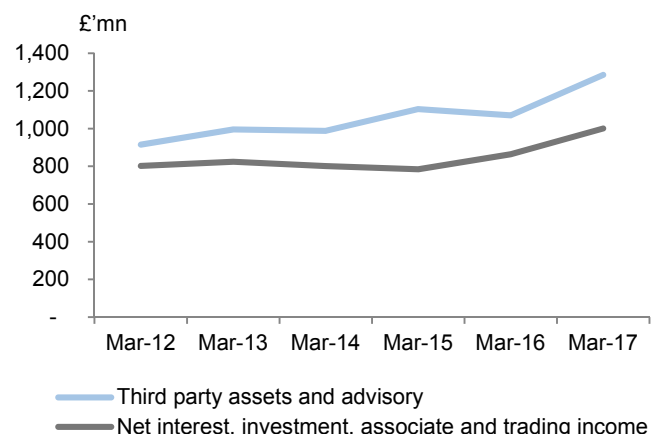
Maintain a sustainable business model – balancing capital light and capital intensive activities

## Business model

**Third party assets and advisory**  
£1,284mn

**Net annuity fees and commissions of**  
£965mn  
(42% of total)

**Other fees and other income of**  
£319mn  
(14% of total)



**Net interest, investment, associate and trading income**  
£1,002mn

**Net interest income of £681mn**  
(30% of total)

**Investment, associate and trading income of £321mn**  
(14% of total)

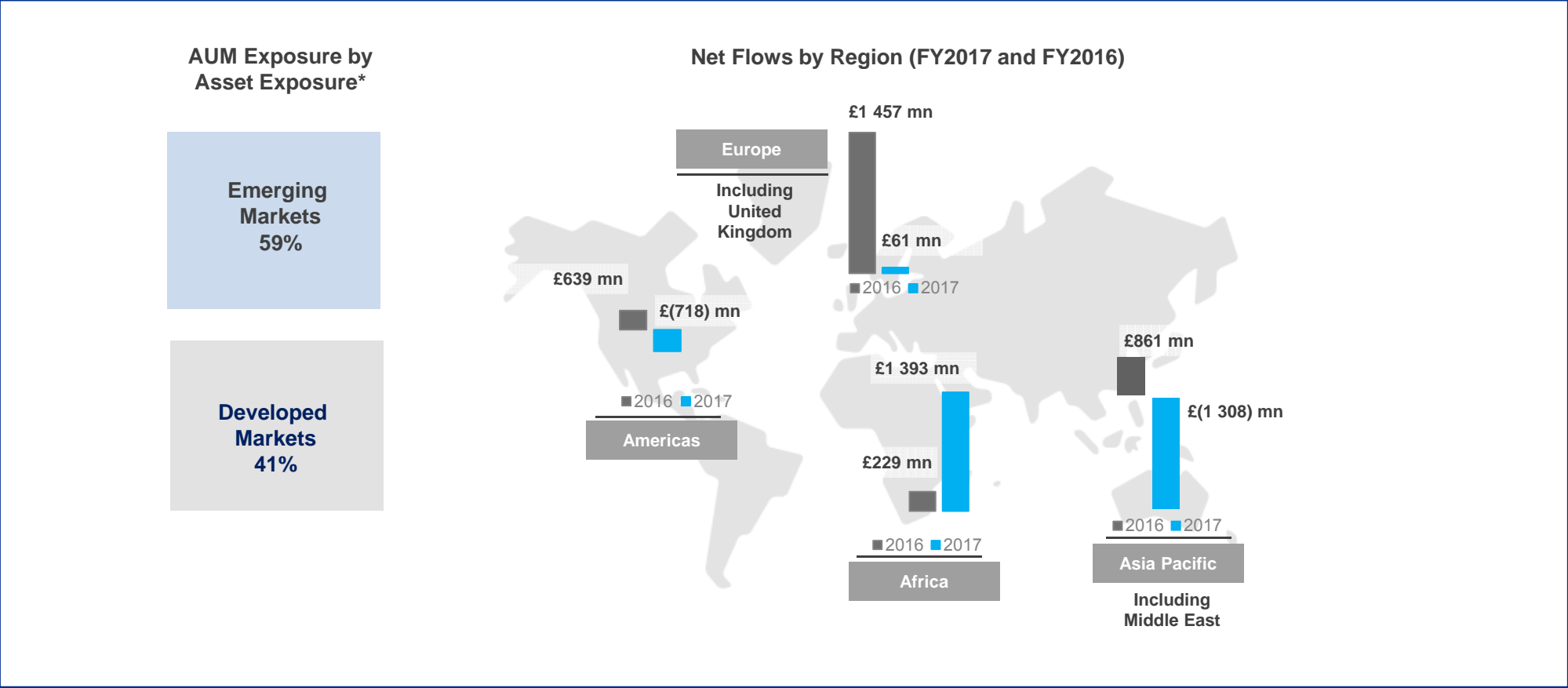
Capital light activities	Capital intensive activities
<p>Contribute <b>56%</b> to group income*</p> <ul style="list-style-type: none"> <li>Asset management</li> <li>Wealth management</li> <li>Advisory services</li> <li>Transactional banking services</li> <li>Property and other funds</li> </ul>	<ul style="list-style-type: none"> <li>Lending portfolios</li> <li>Investment portfolios</li> <li>Trading income                             <ul style="list-style-type: none"> <li>– Client flows</li> <li>– Balance sheet management</li> </ul> </li> </ul> <p>Contribute <b>44%</b> to group income*</p>
Fee and commission income	Net interest, investment and trading income

Types of income

# Strategic positioning

## Asset Management

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



\*AUM as at 31 March 2017, based on location of stock. South Africa is included within Emerging Markets on an asset exposure basis.

# Strategic positioning

## Wealth & Investment

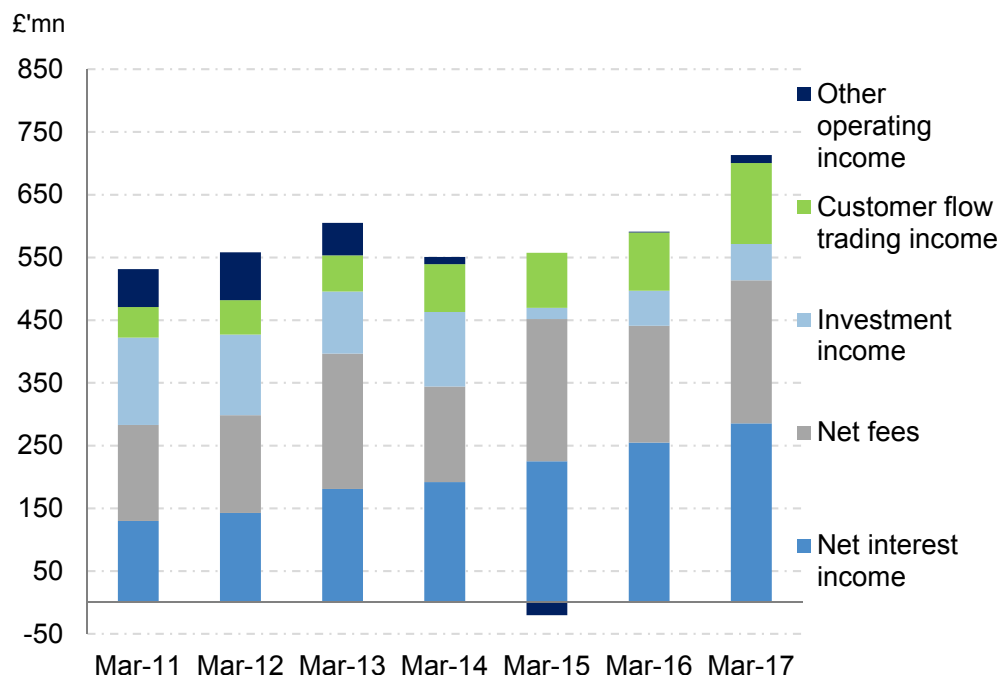
- Investing for long-term sustainability
- Internationalisation: Create international operating platform in Switzerland
- Digitalisation as another channel to reach new clients
- One Place – coordinating across businesses
- Efficiency – Straight Through Processing



# Strategic positioning

## Specialist Banking UK and Other – Positioning of the Ongoing (ex legacy) business

Analysis of income



Avg value since 2011

£28mn

£78mn

£88mn

£188mn

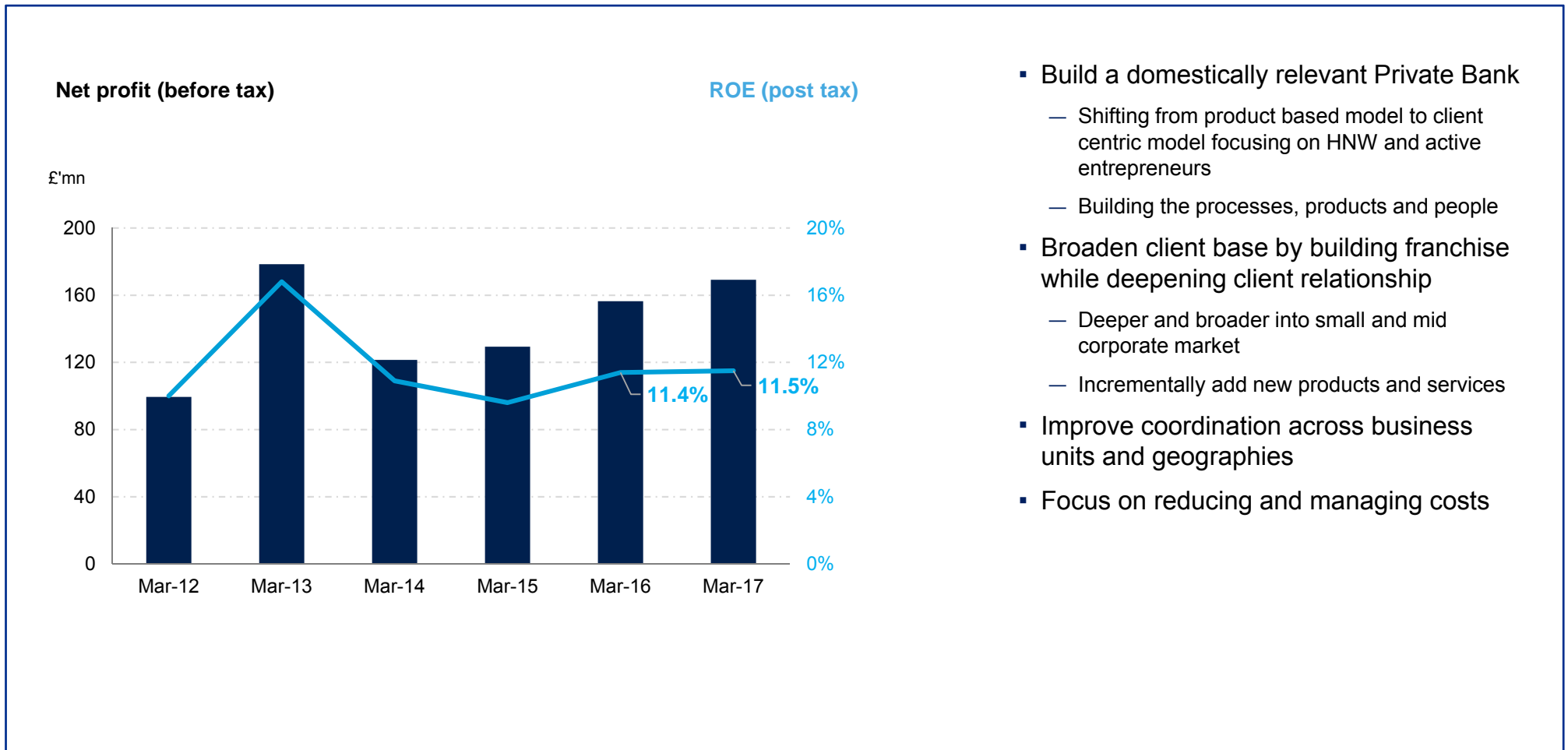
£201mn

- Domestically relevant and internationally networked
- Built a solid HNW franchise
- Very strong in mid-cap with a full service offering
- Good corporate finance business
- Strong corporate treasury business
- Sound niches in specialisations:
  - Fund finance
  - Asset finance
  - Aircraft finance
  - Power and infrastructure finance

Generating average income of £584mn per year over past 7 years

# Strategic positioning

## Specialist Banking UK & Other Ongoing (ex legacy) business – Strategic Priorities

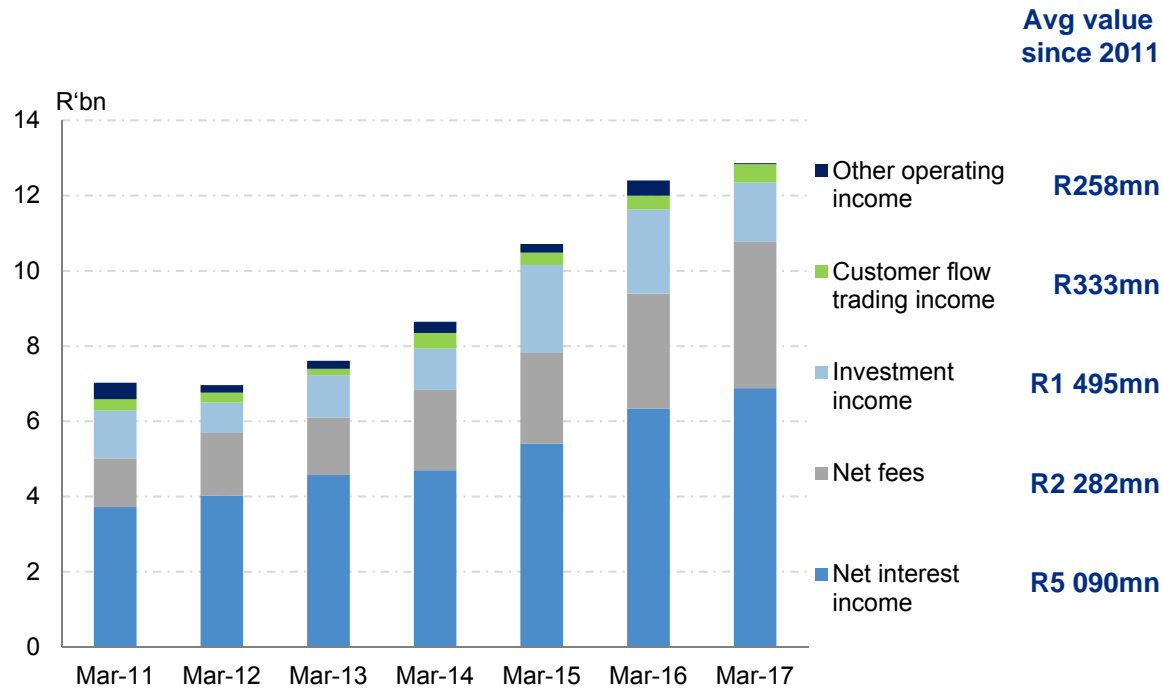




# Strategic positioning

## Specialist Banking South Africa – Positioning of the business

Analysis of income

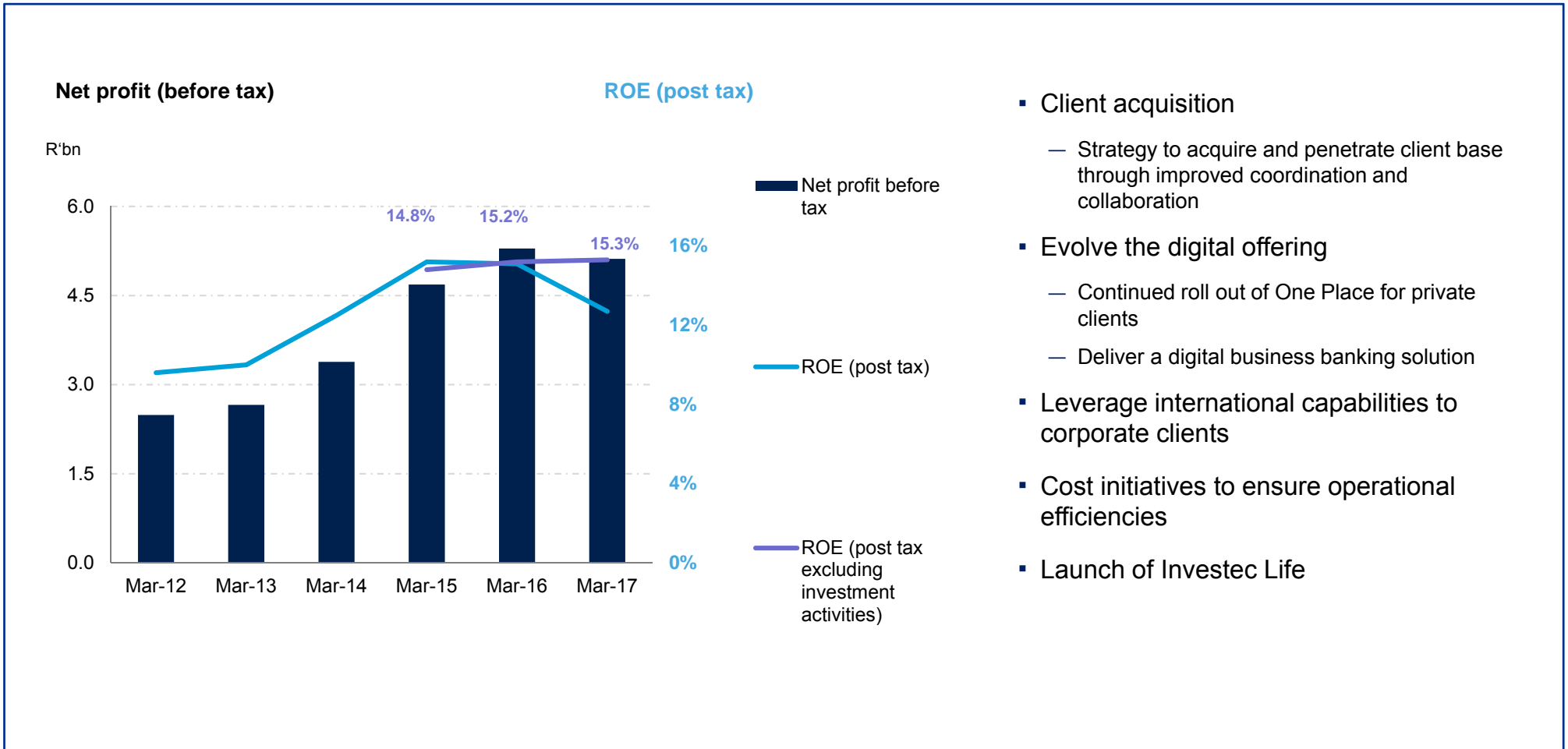


- Leading Private Bank over many years
- Leading Corporate Advisory house
- Highly regarded Corporate and Institutional Bank
- Leading Property business

Generating average income of R9 459mn per year over past 7 years

# Strategic positioning

## Specialist Banking South Africa – Strategic Priorities



# Strategic positioning

## In summary – focused on growth and shareholder return

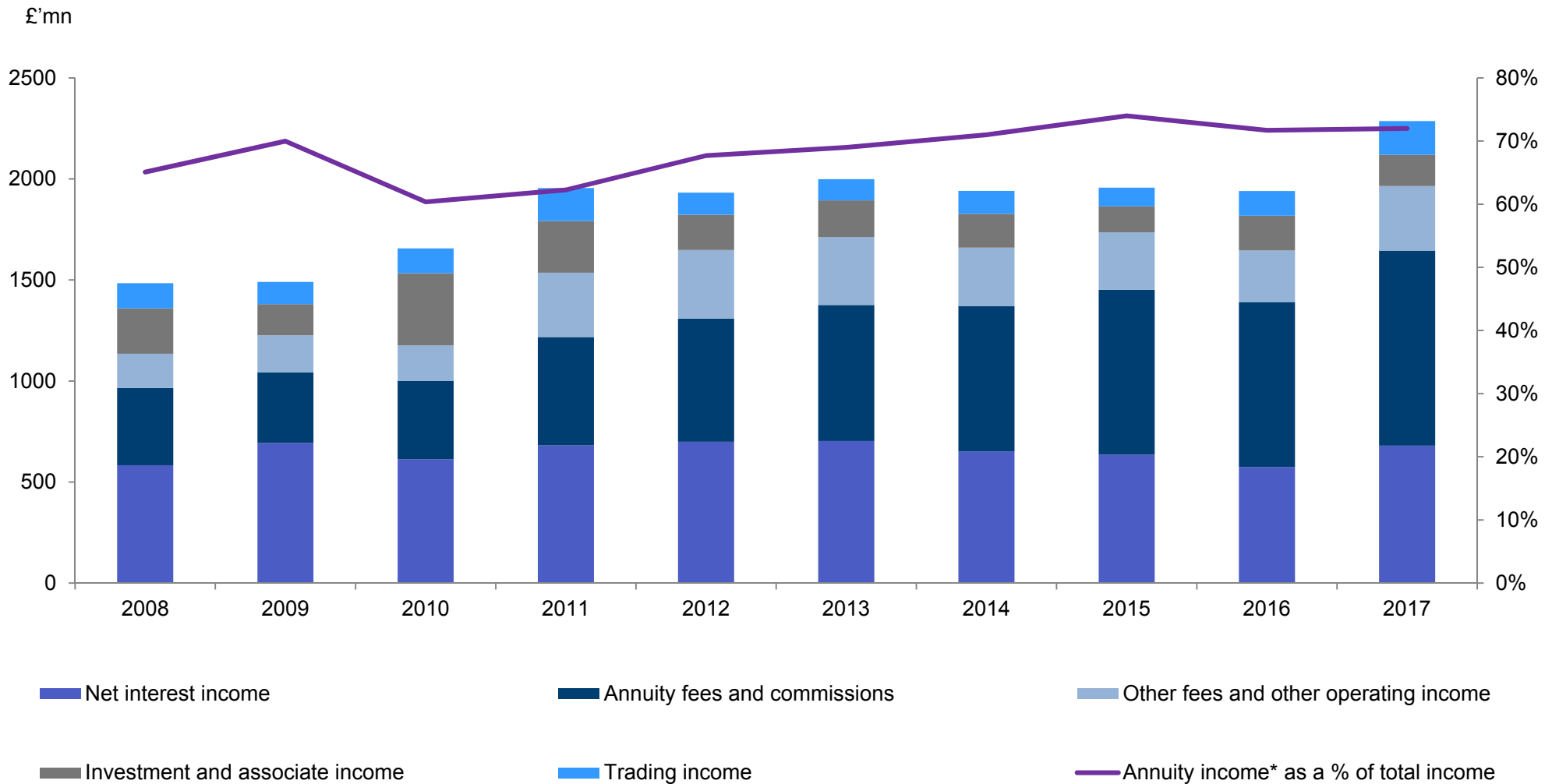
- Over the past few years we have been through a **significant transition** as a firm, realigning our business model and at the same time positioning our organisation for the next phase of growth
- We have appointed many **new leaders**, at both a global level and a business unit level, to enable us to successfully shift the organisation. They have settled into their roles and are motivated to build their businesses and **drive growth**
- Our businesses are focused on **improving the quality of earnings** and **leveraging** our unique client profile to provide the best and most **integrated client experience**
- We have spent time with staff **perpetuating our culture** and **entrenching our values** and remain committed to engaging with all our stakeholders, investing in our people and our communities and driving returns for our shareholders
- **Strong coordination** across business and geography is key to our future success as an organisation



## Appendix – financial analysis and track record

# We have a solid base of recurring income

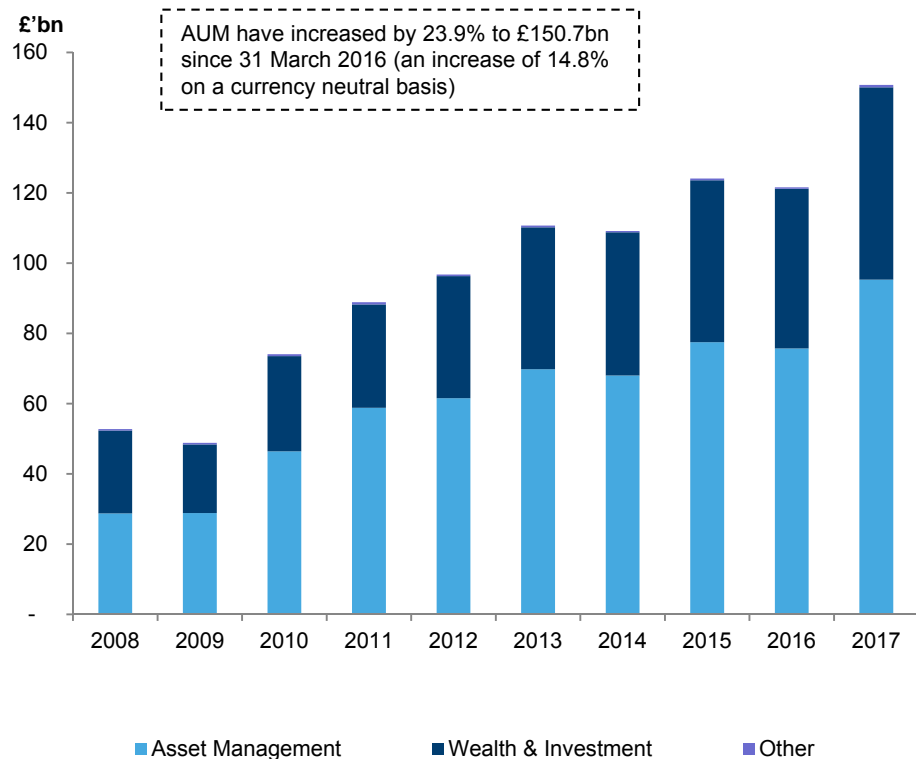
Average since 2008 of 68%



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

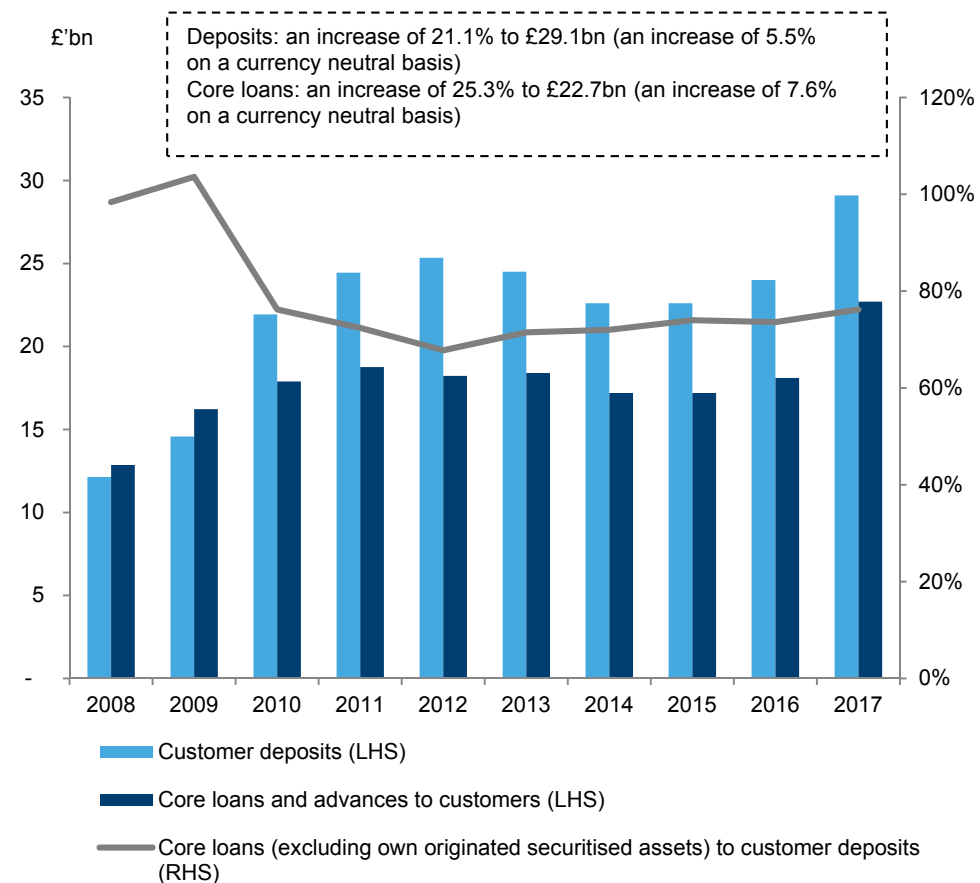
# Driven by strong growth in assets under management and loans and deposits

## Third party assets under management^



**CAGR since 2008 of 12.4%**

## Core loans and advances and deposits^



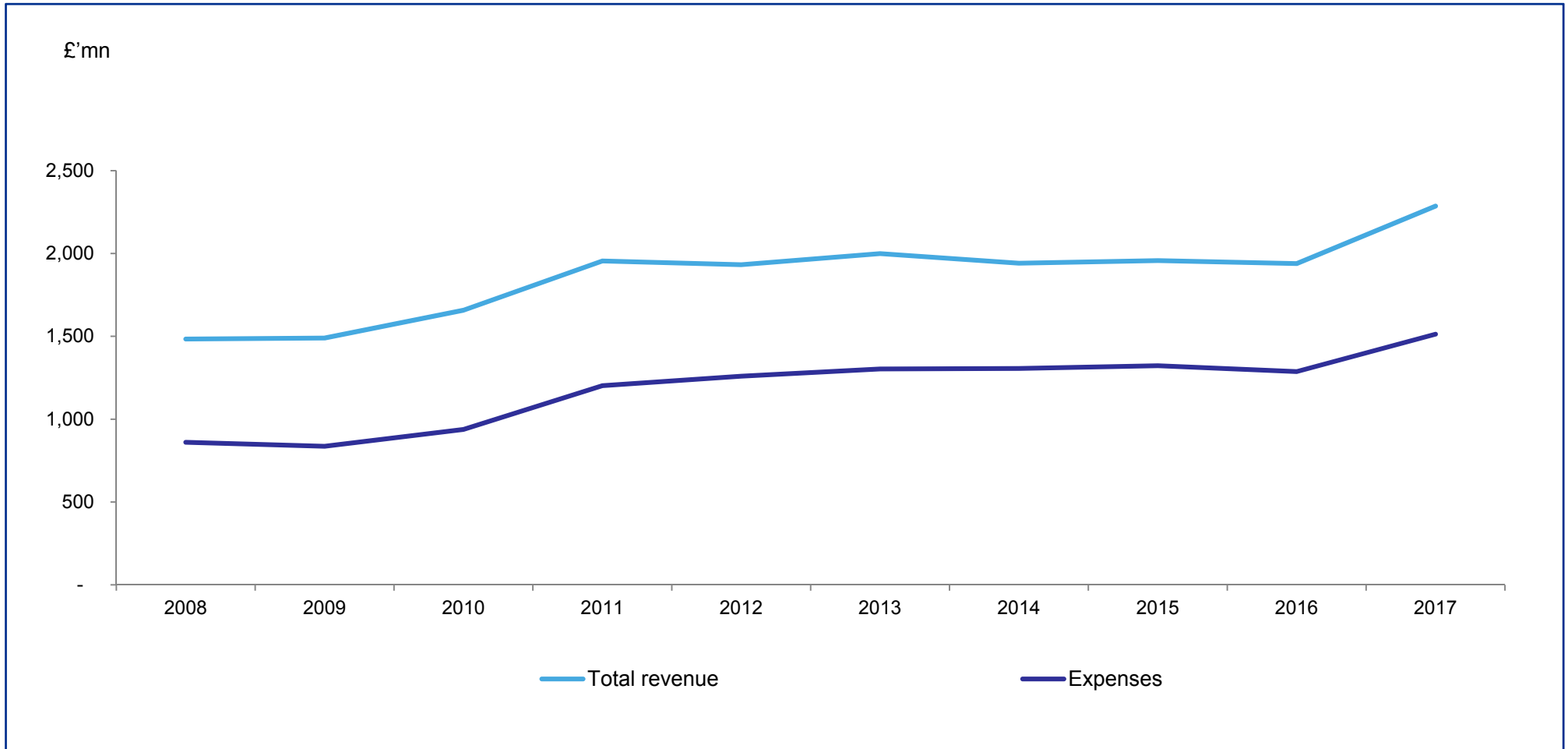
**CAGR since 2008 - loans 6%**

**CAGR since 2008 - customer deposits 10%**

## Costs relative to revenue have deteriorated slightly

CAGR since 2008 – revenue 5%

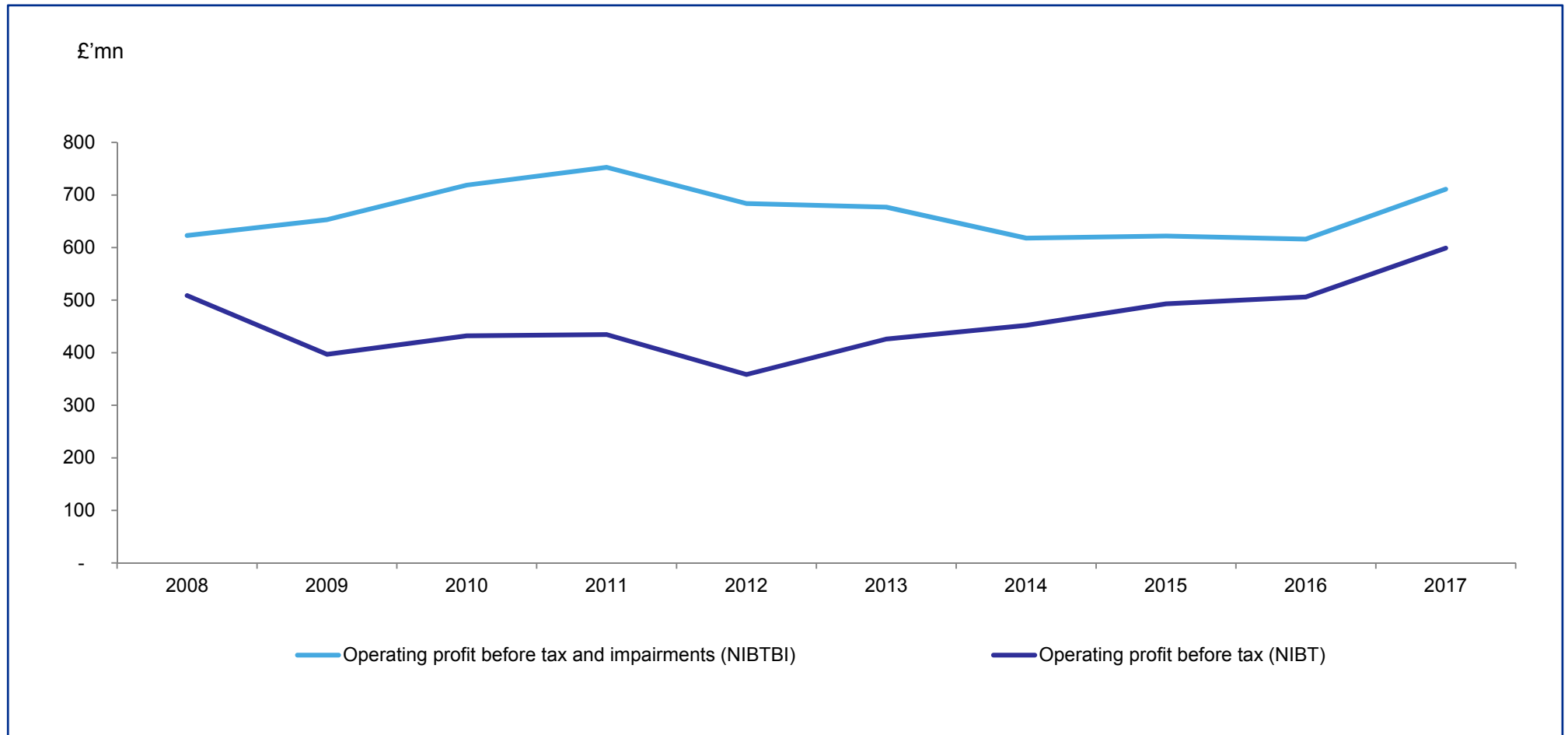
CAGR since 2008 – expenses 6%



## Sound growth in operating profit before tax\* and impairments

**CAGR since 2008 - NIBTBI 1.5%**

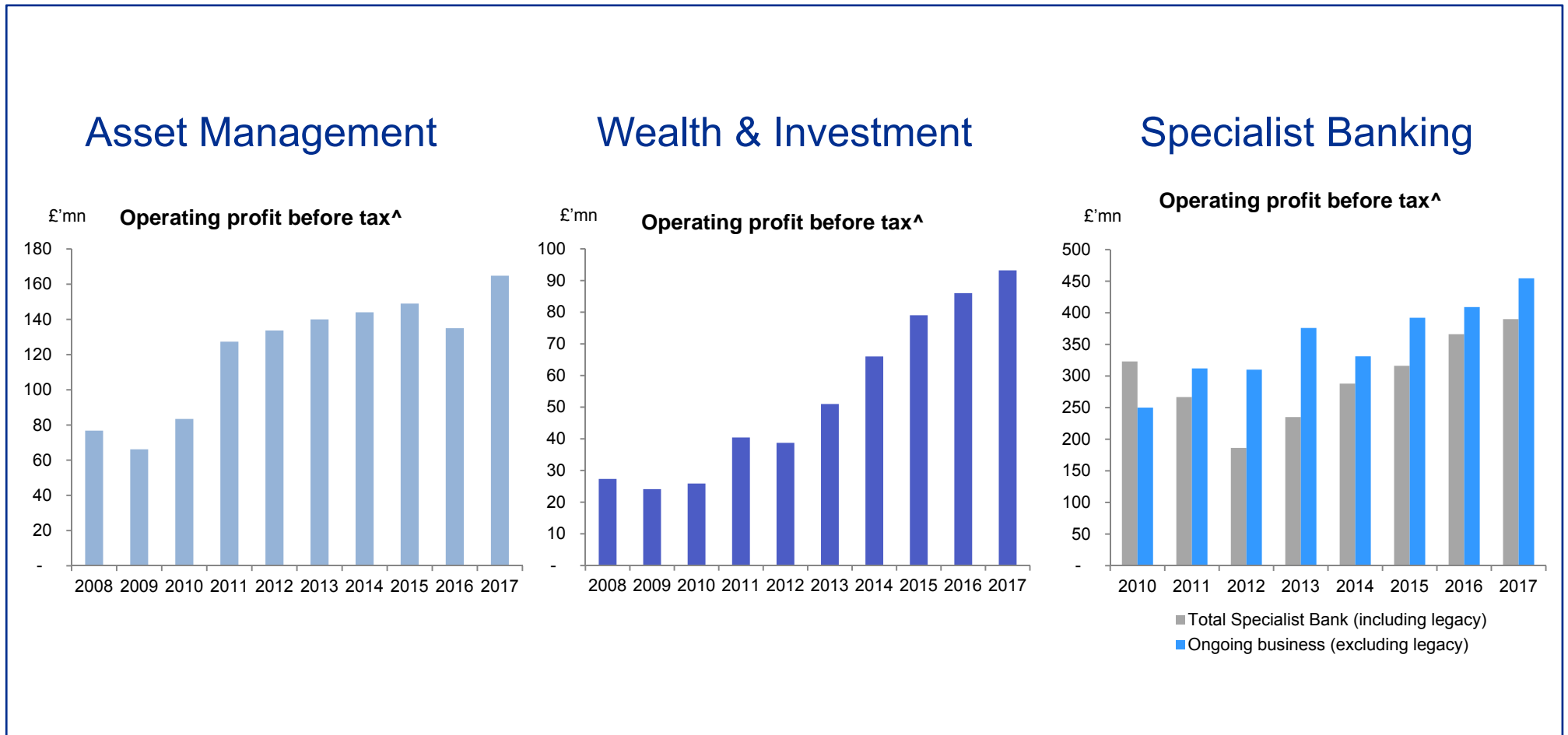
**CAGR since 2008 – NIBT 1.8%**



\*Before goodwill, acquired intangibles and non-operating items.



# Specialist Banking held back by elevated impairments in the legacy business and relatively lower activity levels, although these drivers are improving



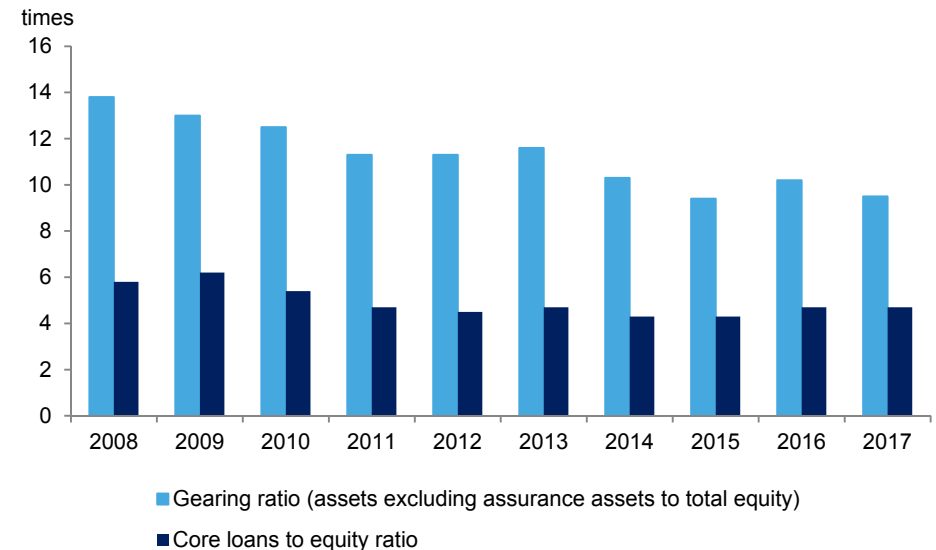
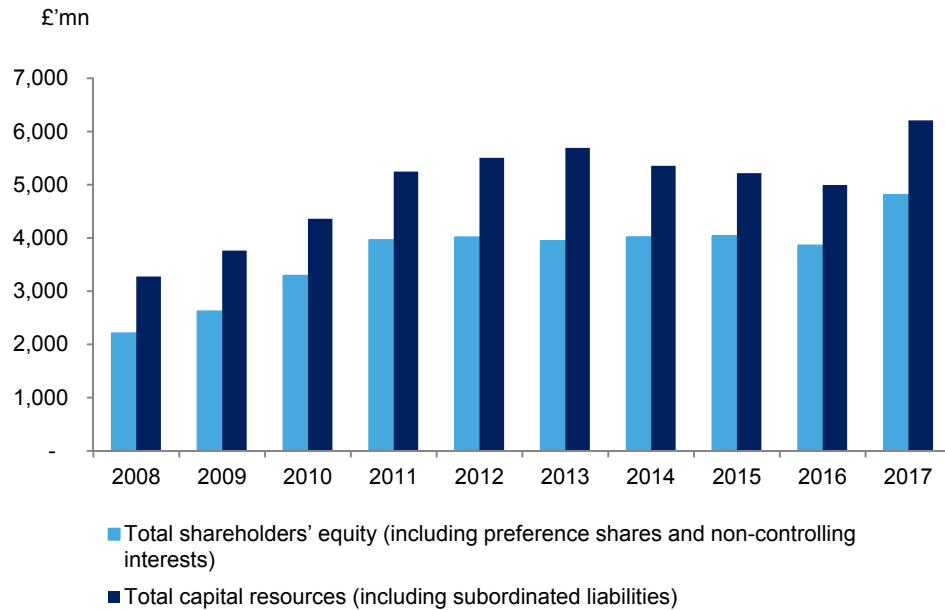
^Before goodwill, acquired intangibles and non-operating items and IAM non-controlling interests.

# Strong growth in capital and low gearing

Capital resources CAGR since 2008 of 7%

Average 10-year gearing ratio of 11.3x

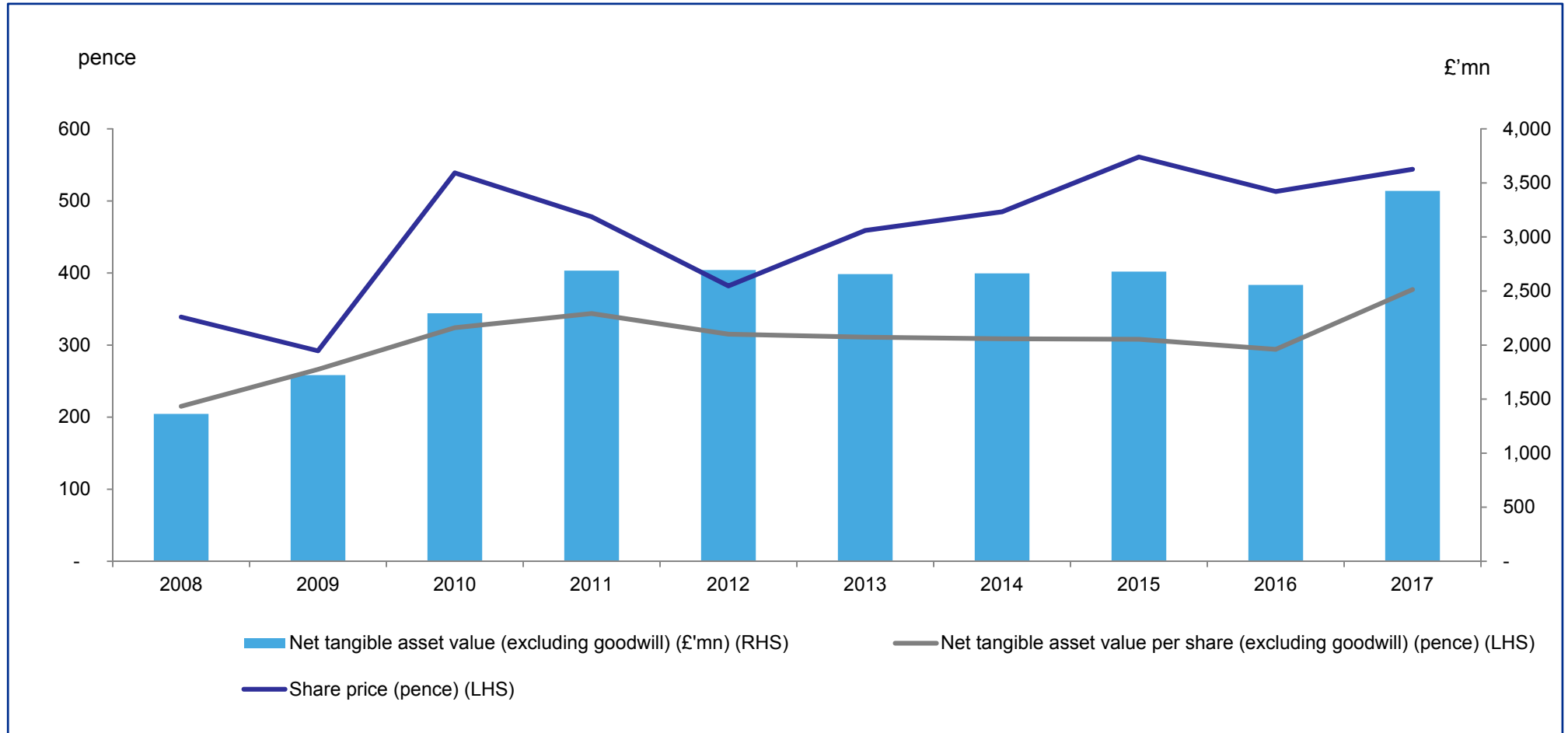
## Total shareholders' equity and capital resources



# Overall CAGR since 2008

NTAV 11%

NTAV per share 6%





Appendix – financial  
objectives and track record  
Risk fundamentals

## Financial and strategic objectives

- Focused strategy: our clients are our business
- Maintain the Investec distinctiveness
- Deliver on our financial targets through the cycle:

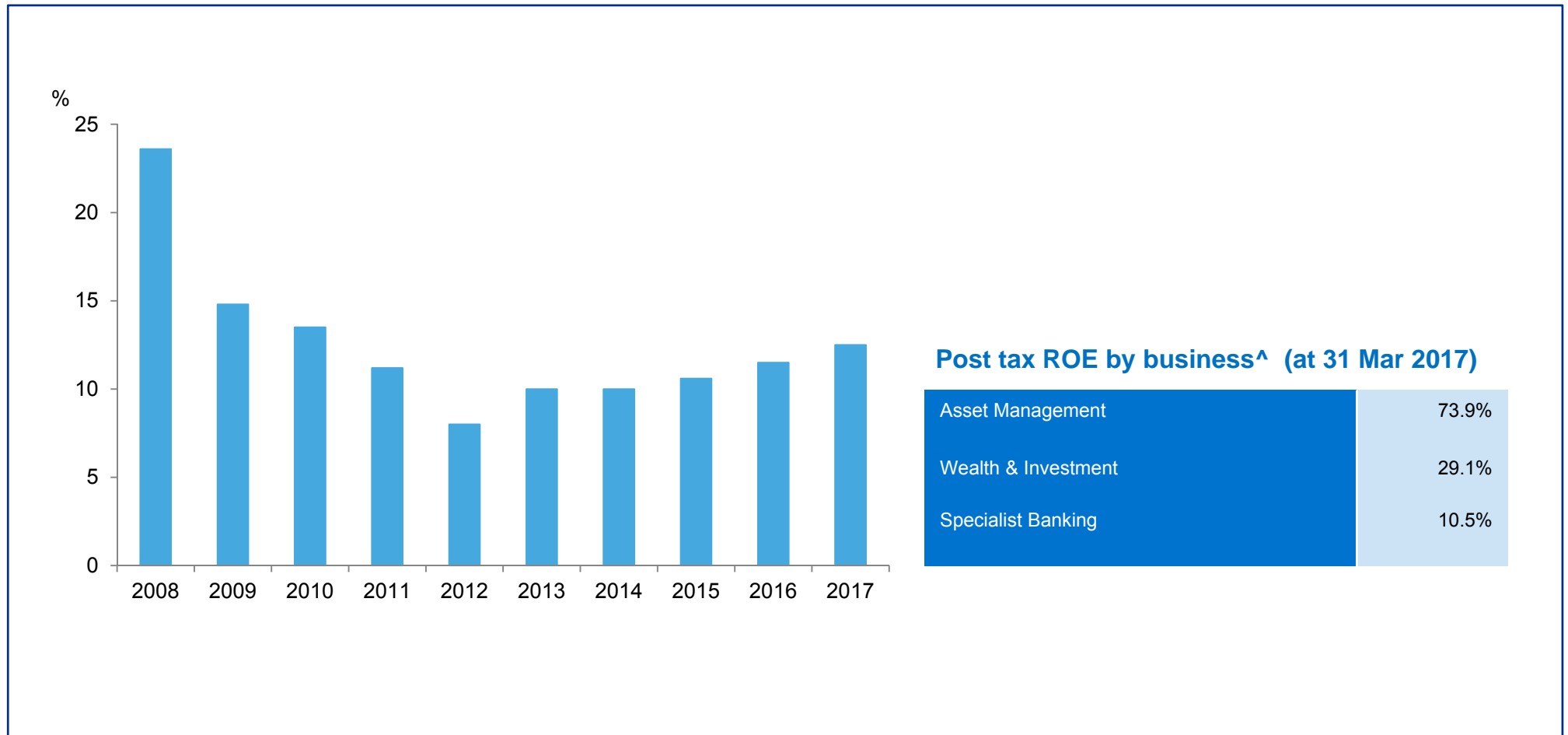
	Target in £	Year to 31 Mar 2017	Year to 31 Mar 2016
<b>ROE:</b>	12% - 16% over a rolling 5 year period**	12.5%	11.5%
<b>Cost to income ratio:</b>	<65%	66.3%	66.4%
<b>Dividend cover:</b>	1.7 – 3.5 times on adjusted EPS*	2.1	2.0
<b>Capital adequacy ratio:</b>	14% - 17% Core Tier 1:>10%	plc: 15.1% Ltd: 14.1%	plc: 15.1% Ltd: 14.0%

\*Before goodwill, acquired intangibles and non-operating items but after tax and after adjusting for earnings attributable to non-controlling interests.

\*\*As revised in Mar 2012.

## Financial and strategic objectives\*\*

Target: ROE\*: 12% - 16% over a rolling 5 year period



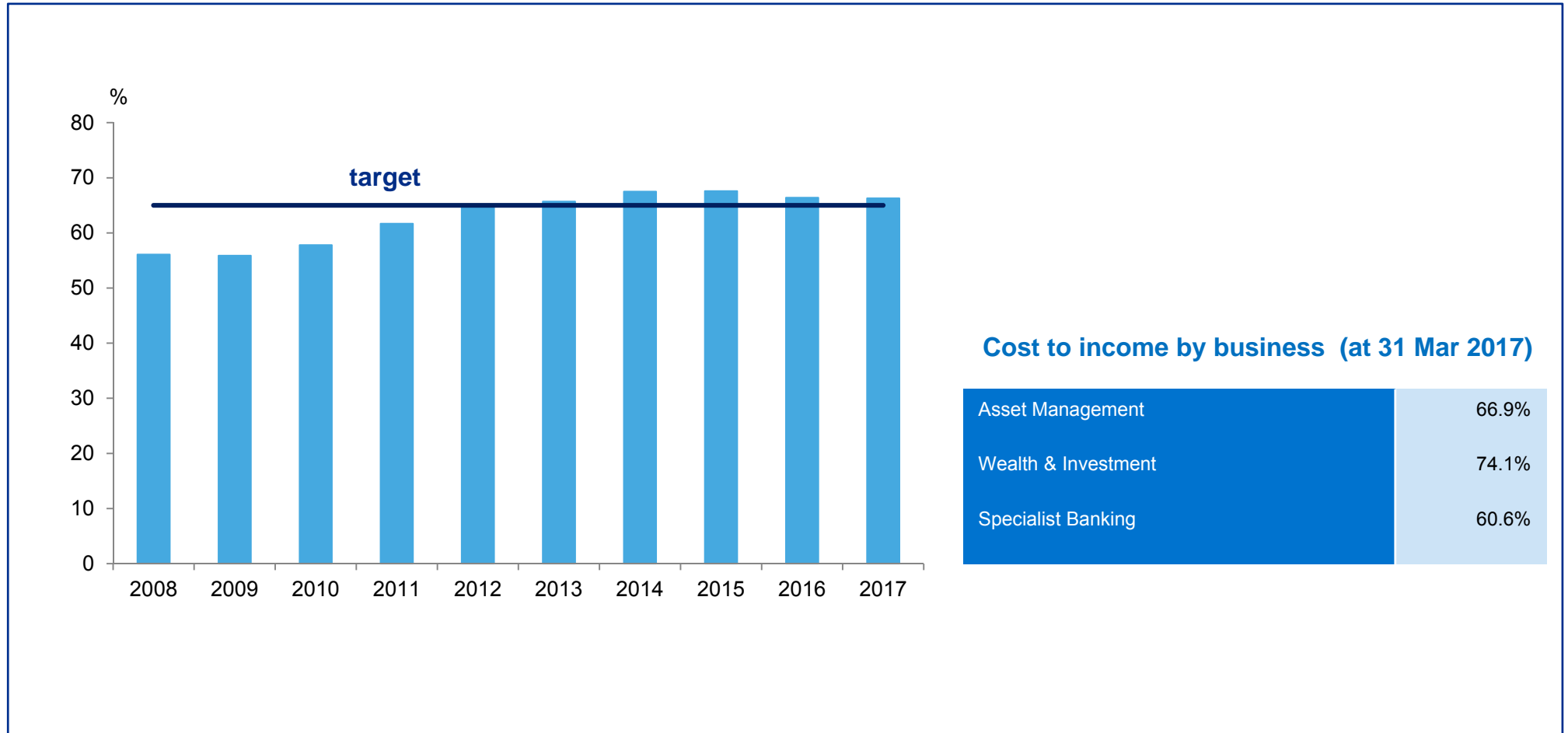
\*Where ROE is post-tax return on adjusted shareholder's equity including goodwill and compulsorily convertible debentures.

^Divisional ROE's are disclosed pre-tax - for the purpose of this exercise we have applied the group's effective tax rate of 18.5% to each division.

\*\*As revised in Mar 2012.

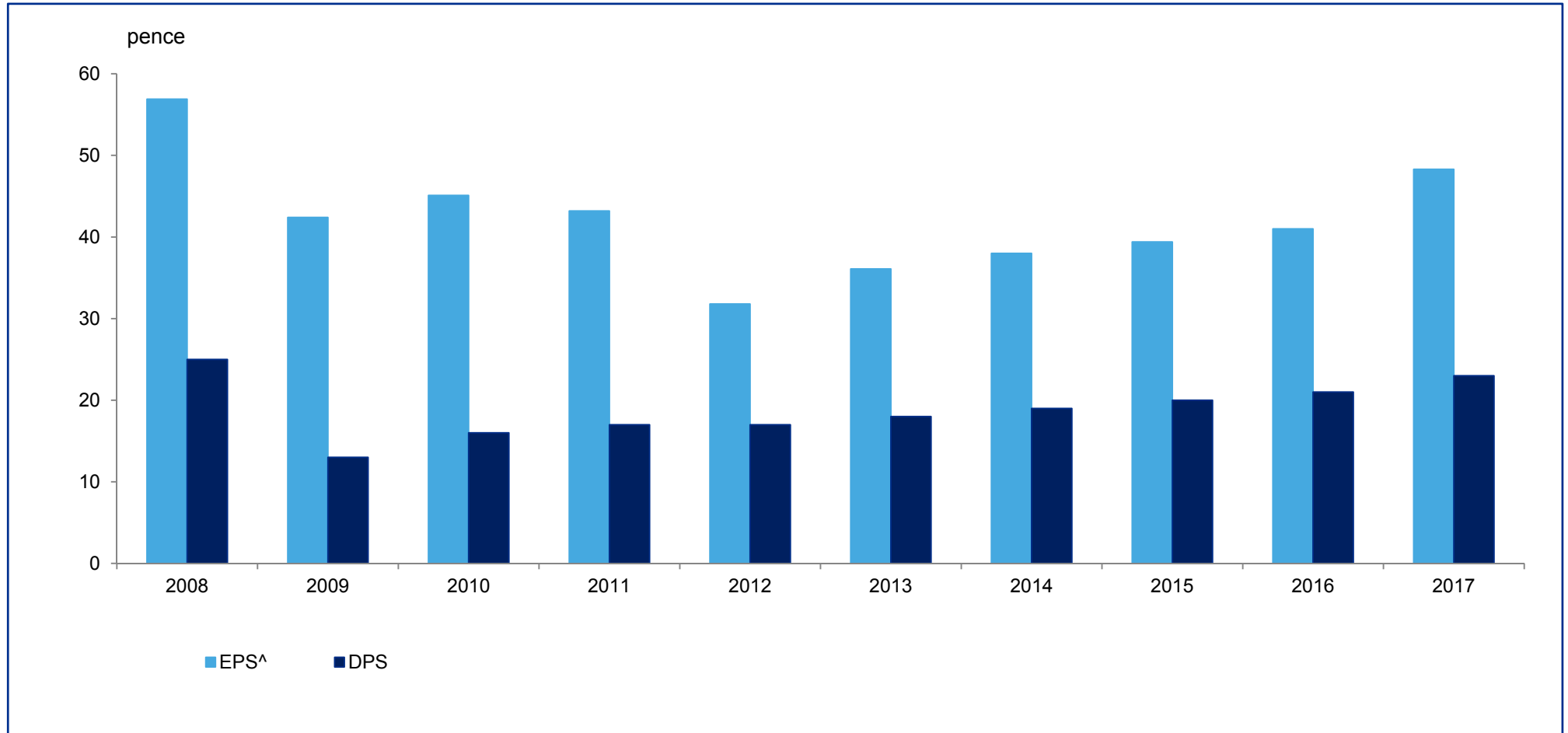
# Financial and strategic objectives

Target: Cost to income ratio: <65%



## Financial and strategic objectives

**Target: Dividend cover of between 1.7 and 3.5 times on adjusted EPS**



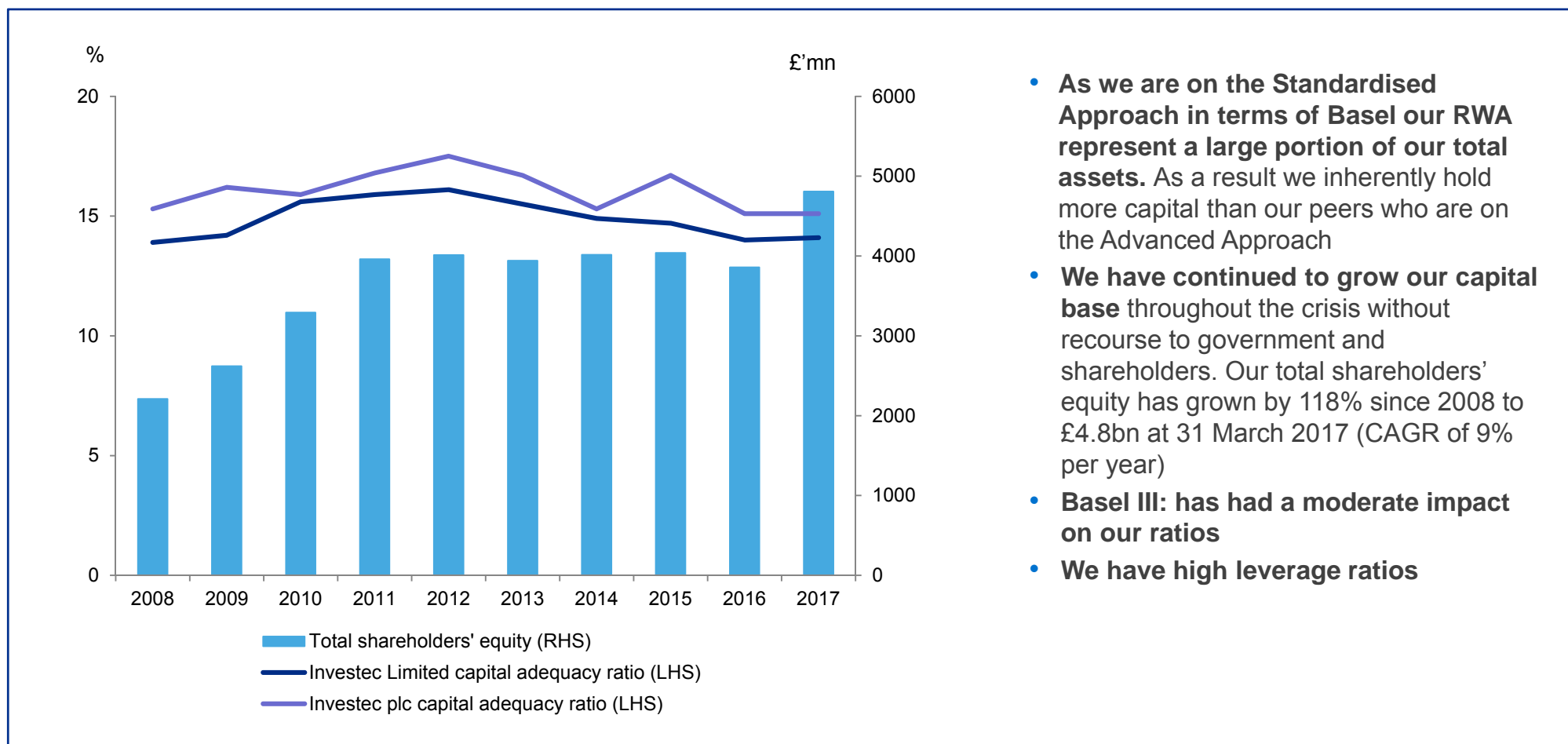
<sup>^</sup>Before goodwill, acquired intangibles and non-operating items but after tax and after adjusting for earnings attributable to non-controlling interests.



## Financial and strategic objectives

Capital adequacy target: 14%-17%

Core Tier 1 target: >10%



- **As we are on the Standardised Approach in terms of Basel our RWA represent a large portion of our total assets.** As a result we inherently hold more capital than our peers who are on the Advanced Approach
- **We have continued to grow our capital base** throughout the crisis without recourse to government and shareholders. Our total shareholders' equity has grown by 118% since 2008 to £4.8bn at 31 March 2017 (CAGR of 9% per year)
- **Basel III: has had a moderate impact on our ratios**
- **We have high leverage ratios**

# Financial and strategic objectives

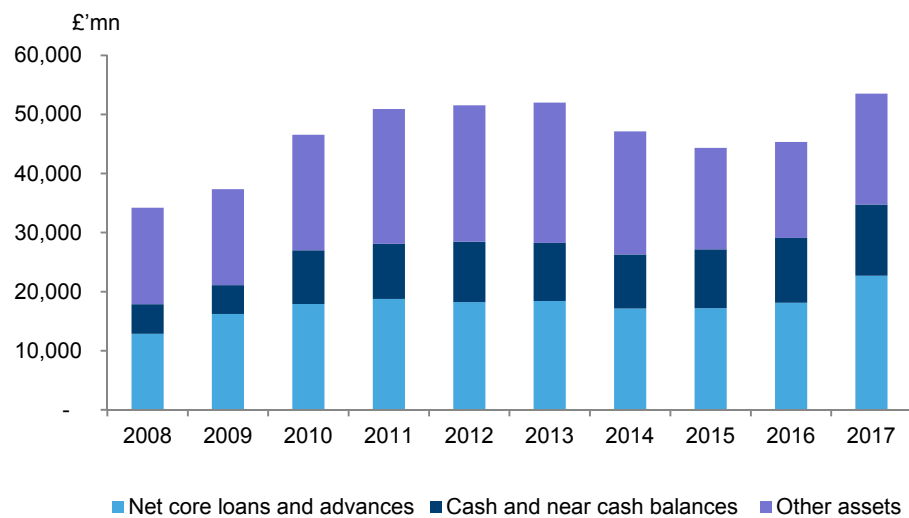
## Summary of capital adequacy and leverage ratios

As at 31 March 2017	Investec Limited	Investec Bank Limited	Investec plc	Investec Bank plc
Common equity tier 1 (as reported)	9.9%	10.8%	11.3%	12.5%
Common equity tier 1 (fully loaded *)	9.9%	10.8%	11.3%	12.5%
Tier 1 (as reported)	10.7%	11.1%	11.5%	12.5%
Total capital adequacy ratio (as reported)	14.1%	15.4%	15.1%	16.9%
Leverage ratio - permanent capital	7.8%	7.7%	7.8%	8.2%
Leverage ratio – current	7.3%	7.6%	7.8%	8.2%
Leverage ratio - fully loaded*	6.8%	7.4%	7.7%	8.2%

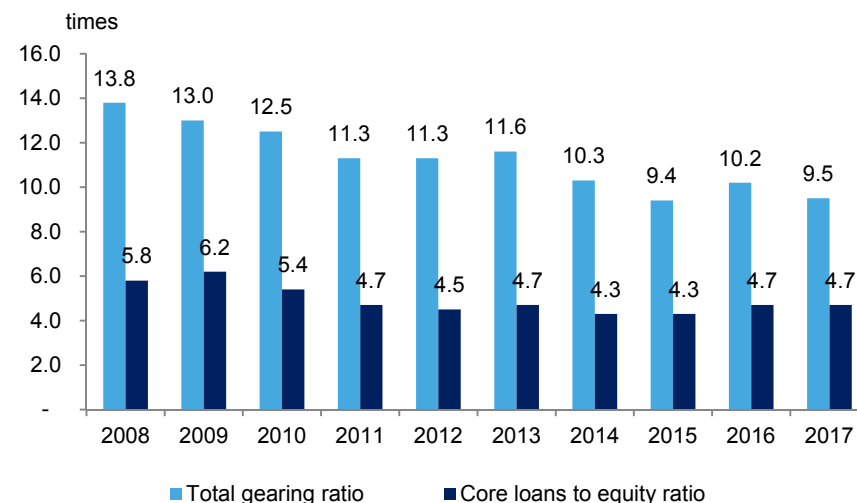
\* “Fully loaded” is based on Basel III requirements as fully phased in by 2022.

# Risk fundamentals: low gearing ratios

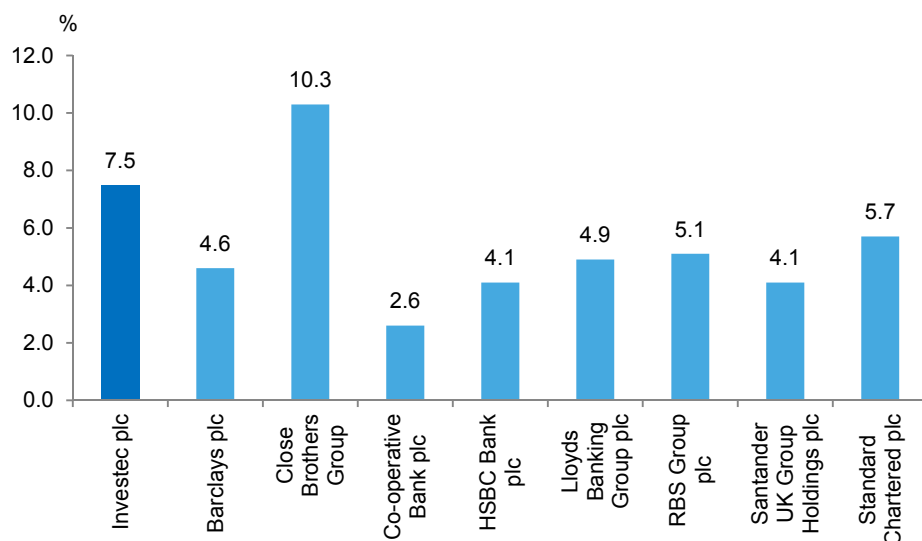
## Total assets



## Gearing



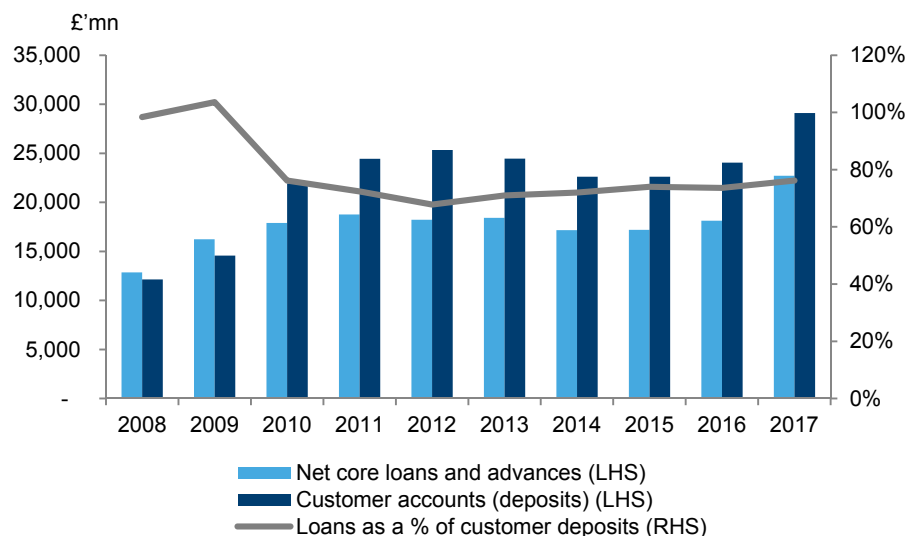
## Regulatory leverage ratios - peer group comparisons



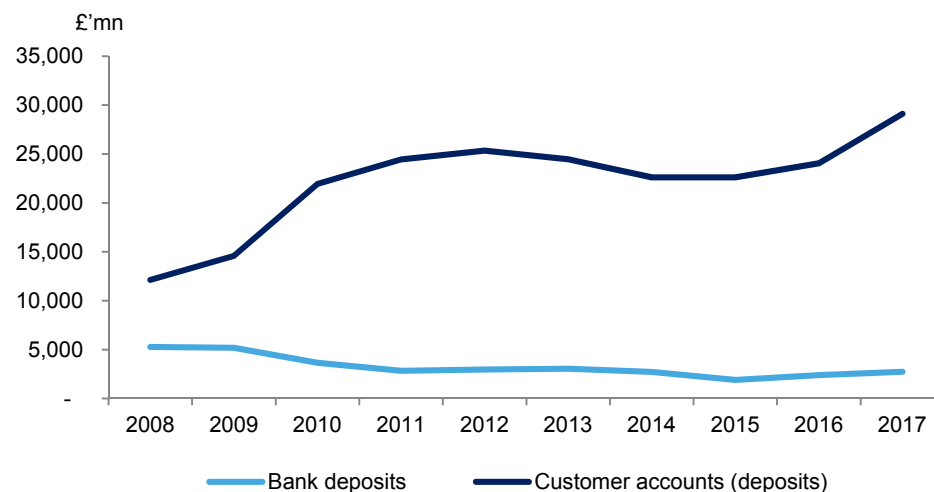
- Our core loans and advances have grown moderately over the past few years with the biggest increase in assets representing an increase in our cash and near cash balances.
- **We have maintained low gearing ratios with total gearing at 9.5x and an average of c.11.3x since 2008.**
- **We have high leverage ratios**

# Risk fundamentals: surplus liquidity

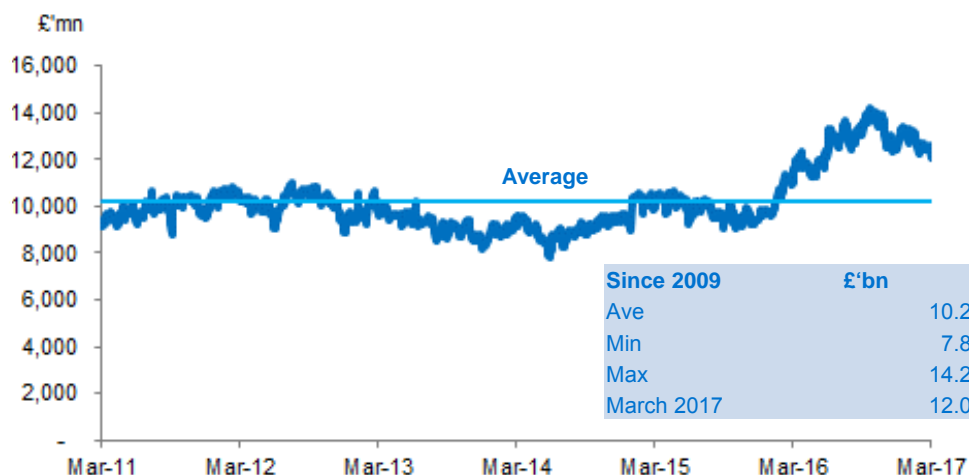
## Total loans and deposits



## Total deposits – increase in retail deposits and reduced reliance on wholesale deposits



## Cash and near cash balances



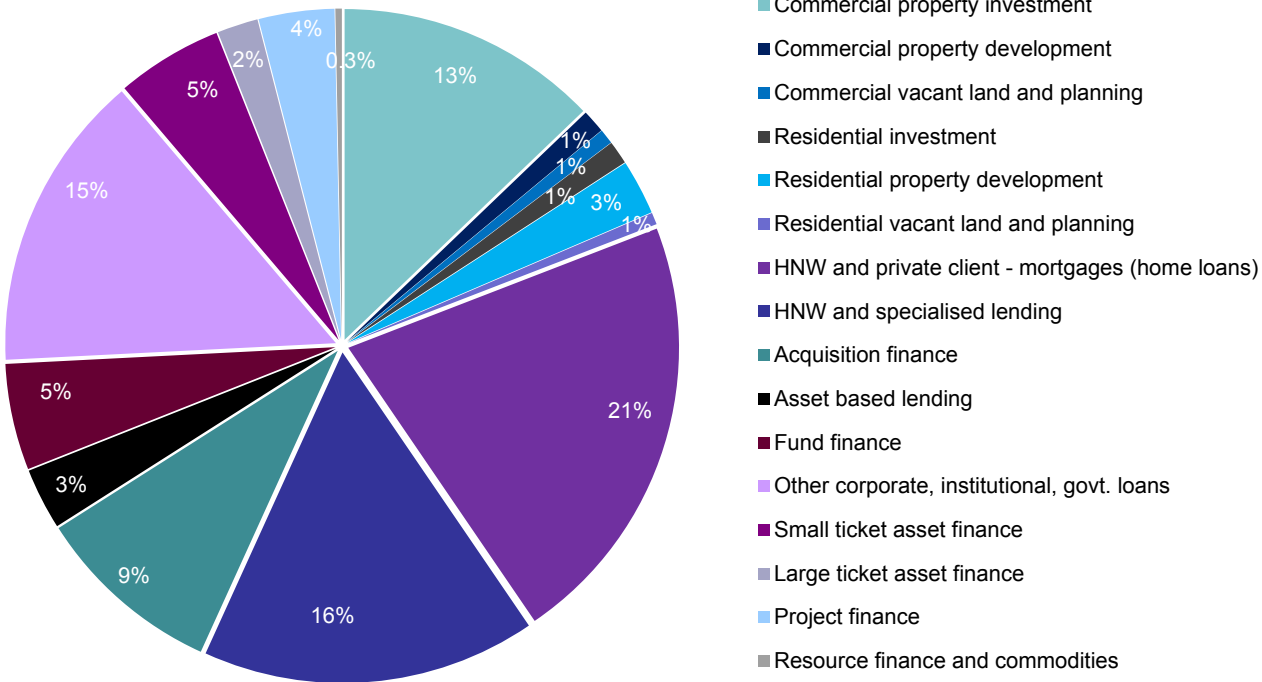
- We have a solid customer deposit franchise and are not reliant on wholesale market funding.
- **Customer deposits have grown by 140% since 2008 to £29.1bn at 31 March 2017**
- We **maintain** a high level of readily available, high quality **liquid assets** – representing approx 25% - 35% of our liability base. These balances have increased by 139% since 2008 to £12.0bn at 31 March 2017 (10% CAGR)
- Advances as a percentage of customer deposits is at 76.2%

# Risk fundamentals: analysis of our core loan portfolio and counterparty exposures

- **Credit and counterparty exposures are to a select target market:**
  - Private Bank lends to high net worth and high income clients
  - Corporate and Institutional Banking transacts primarily with mid to large sized corporates, public sector bodies and institutions
- **Credit and counterparty exposures are to a select target market**
- 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 the UK**

Gross core loans as at 31 March 2017: £22.9bn

Legend – reads clockwise



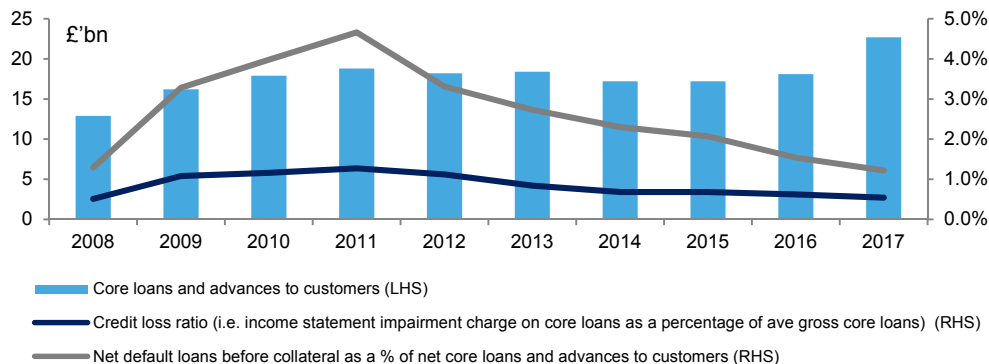
**3 types of lending:**

- Lending collateralised by property (19% of total loan portfolio)
- High Net Worth (HNW) and other private client (38% of total loan portfolio)
- Corporate and other (43% of total loan portfolio)

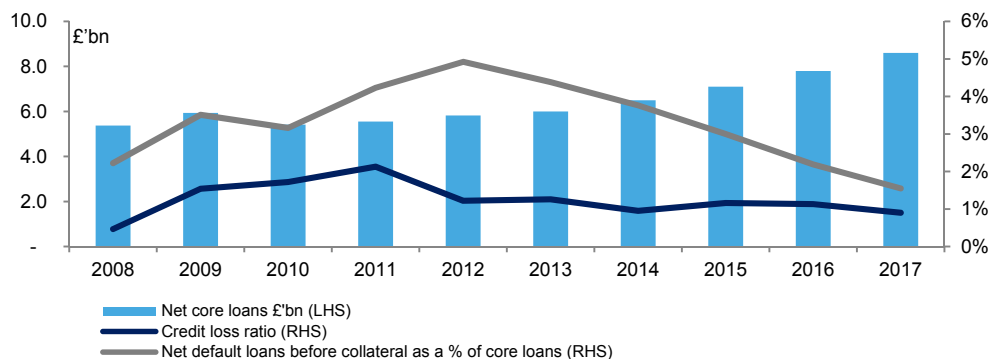
# Risk fundamentals: core lending and asset quality

## Core loans and asset quality

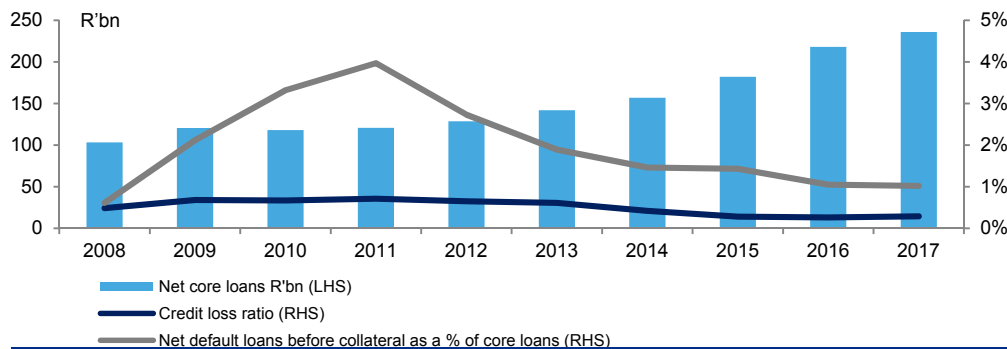
### Total group



### UK and Europe



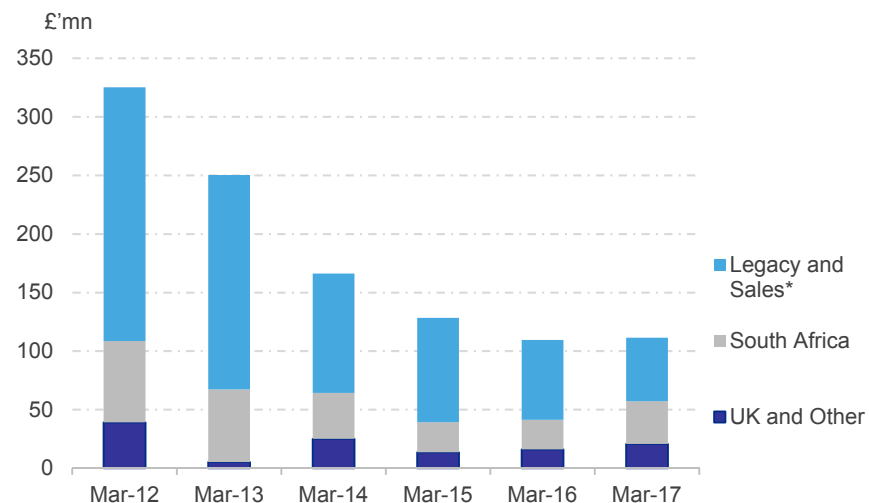
### Southern Africa



For the year ended 31 March 2017:

- Impairments on loans and advances increased from £109.5mn to £111.5mn
- Since 31 March 2016, gross defaults have increased from £466.1mn to £476.0mn. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounted to 1.22% (31 March 2016: 1.54%)
- The credit loss charge as a percentage of average gross loans and advances amounted to 0.54% (2016:0.62%)
- The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.63 times (31 March 2016: 1.35 times).

## Income statement impairment charge



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

## Risk fundamentals: low levels of market risk

- Within our trading activities, we act as principal with clients or the market
- Market risk, therefore, exists where we have taken on principal positions, resulting from proprietary trading, market making, arbitrage, underwriting and investments in the commodity, foreign exchange, equity, capital and money markets
- **The focus of these businesses is primarily on supporting client activity**
- Our strategic intent is that proprietary trading should be limited and that trading should be conducted largely to facilitate clients in deal execution

VaR	UK and Other 95% (one-day)				South Africa 95% (one-day)			
	Period end	Average	High	Low	Period end	Average	High	Low
	£'000	£'000	£'000	£'000	R'mn	R'mn	R'mn	R'mn
<b>31 March 2017</b>								
Commodities	-	-	-	-	0.1	0.1	0.5	-
Equity derivatives	503	547	1,317	340	3.6	3.6	22.8	1.9
Foreign exchange	13	34	162	1	1.7	1.7	5.3	0.9
Interest rates	88	191	287	83	1.6	1.6	3.2	0.6
<b>Consolidated*</b>	<b>547</b>	<b>586</b>	<b>1,364</b>	<b>373</b>	<b>4.5</b>	<b>4.2</b>	<b>21.8</b>	<b>2.1</b>
<b>31 March 2016</b>								
Commodities	-	-	-	-	0.1	0.1	0.2	-
Equity derivatives	515	557	699	412	2.6	2.3	5.8	1.2
Foreign exchange	37	32	101	12	3.0	2.6	6.4	1.2
Interest rates	202	195	505	128	1.1	1.2	3.0	0.5
<b>Consolidated*</b>	<b>529</b>	<b>589</b>	<b>723</b>	<b>488</b>	<b>4.8</b>	<b>3.9</b>	<b>8.5</b>	<b>1.8</b>

\*The consolidated VaR for each desk and each entity is lower than the sum of the individual VaRs. This arises from the correlation offset between various asset classes (diversification).



## Appendix – other information



# 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, honest dialogue
- Unselfish contribution to colleagues, clients, society

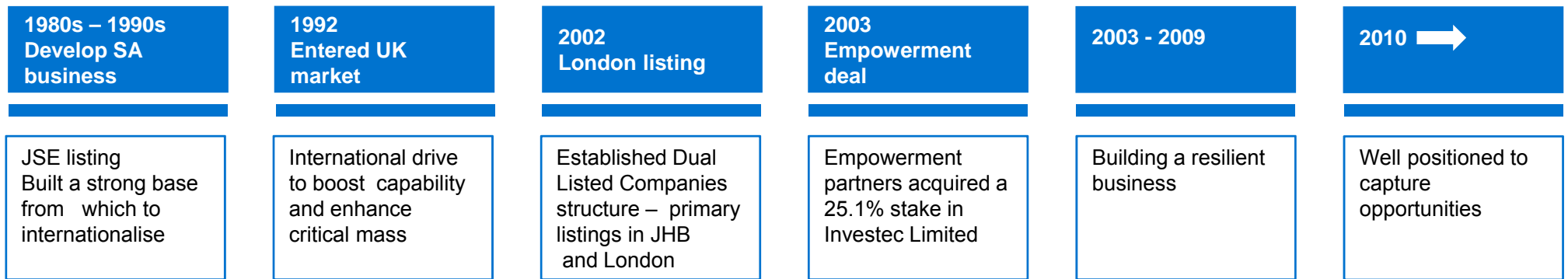
## Client Focus

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

## Cast-iron Integrity

- Moral strength
- Risk consciousness
- Highest ethical standards

## History of significant events: introduction



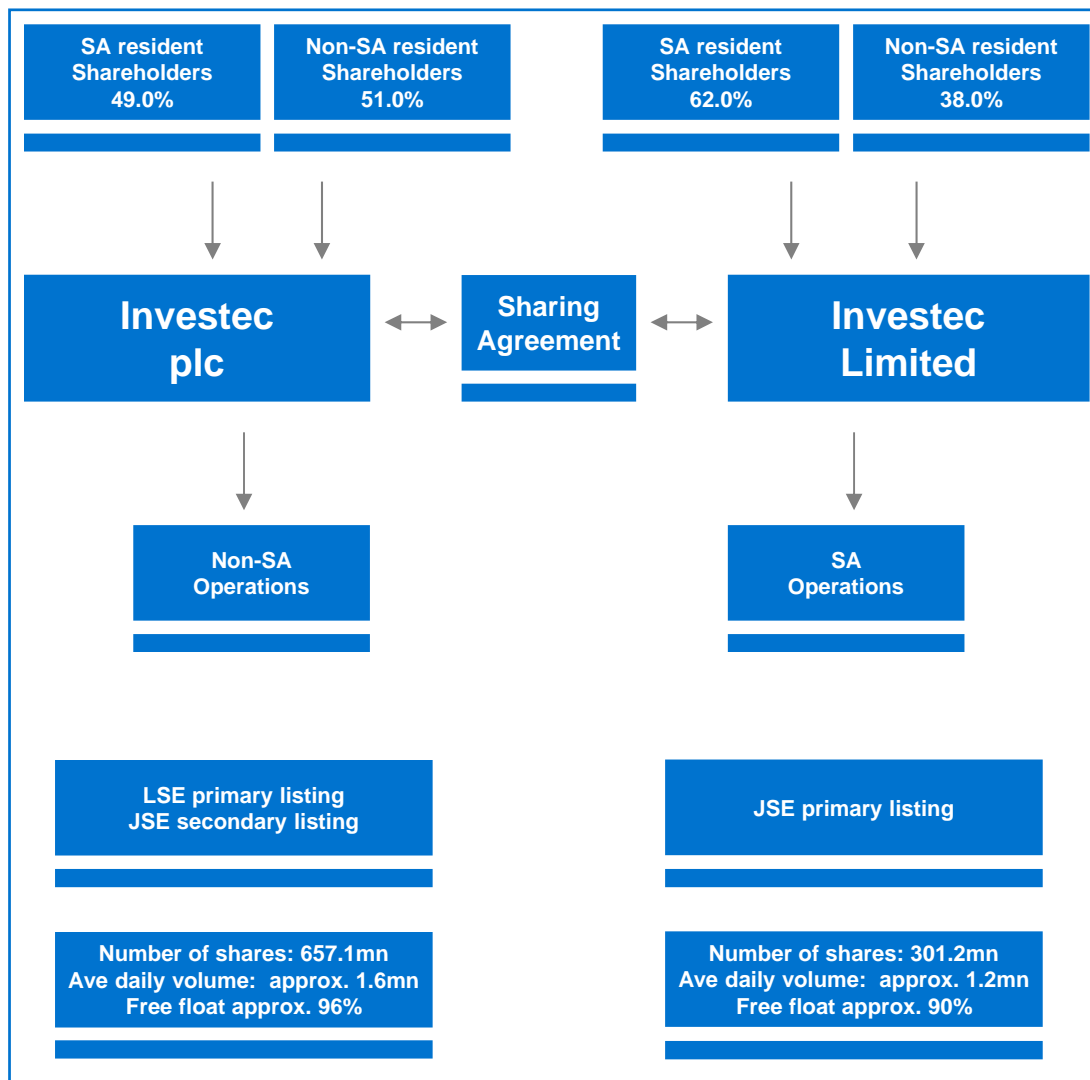
- Since inception we have expanded through a combination of **organic growth** and **strategic acquisitions**
- The internationalisation of Investec is based on the following **strategy**:
  - Following our customer base
  - Gaining domestic competence and critical mass in the chosen geographies
  - Facilitating cross-border transactions and flow
- Our strategy for the past 20 years has been to build a **diversified portfolio** of businesses and **geographies** to support clients (institutional, corporate and private individuals) through varying markets and economic cycles
- In order to create a meaningful and **balanced portfolio** we need proper foundations in place which gain traction over time
- Historically, we have made two types of acquisitions:
  - Platform – entry into new market or business activity
  - Critical mass enhancing – adding to existing capability
- Focus on organic growth – with select bolt-on / strategic acquisitions

# History of significant events: Dual Listed Companies structure

## Salient features

- 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 FCA and PRA 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

As at 31 March 2017



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

# We have invested in our Brand



## ...our Communities



## ...our People

## ... and the Planet



# Financial: understanding our FY 2017 results

## Sale of businesses

- During FY15 the group sold a number of businesses namely, Investec Bank (Australia) Limited, Kensington Group plc and Start Mortgage Holdings Limited.

## Impact of these sales on our operational performance

- The sales of these businesses had a significant effect on the comparability of our financial statutory position and results, particularly in financial year 2015 and 2016
- In order to present a more meaningful view of our performance, additional management information is presented on our ongoing businesses. The additional information presented on an ongoing basis excludes items, that in management's view, could distort the comparison of performance between periods (for both current and historical information). Based on this principle, the following items are excluded from underlying statutory profit (for both current and historical information where applicable) to derive ongoing operating profit:
  - The results of the businesses sold as mentioned above
  - The remaining legacy business in the UK (as set out in earlier slides).
- All information is presented on a statutory basis unless otherwise indicated.

## Investec Equity Partners

- In South Africa a new investment vehicle, Investec Equity Partners (IEP), was created on 11 January 2016 in which Investec holds a 45% stake alongside other strategic investors who hold the remaining 55%.
- Investec Principal Investments transferred certain portfolio investments to the value of R7.6 billion to IEP. In exchange Investec received R2.5 billion in cash and 45% of the shares of IEP (R5.1 billion), reflected as an associate on the balance sheet.
- Since the date of the transaction Investec has applied the equity accounting method to account for its investment in the new vehicle as opposed to the fair value accounting method previously applied to the underlying investments held.

# Summary year end results – salient financial features

Investec group consolidated results	Statutory Year to 31 March 2017	Statutory Year to 31 March 2016	% change
<b>Income statement</b>			
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	434,504	359,732	20.8%
Operating profit* (£'000)	599,121	505,593	18.5%
<b>Balance sheet</b>			
Total capital resources (including subordinated liabilities) (£'million)	6,221	4,994	24.4%
Total shareholders' equity (including preference shares and non-controlling interests) (£'million)	4,809	3,859	24.6%
Total assets (£'million)	53,535	45,352	18.0%
Net core loans and advances to customers (including own originated securitised assets) (£'million)	22,707	18,119	25.3%
Cash and near cash balances (£'million)	12,038	10,962	9.8%
Customer accounts (deposits) (£'million)	29,109	24,044	21.1%
Third party assets under management (£'million)	150,735	121,683	23.9%
Capital adequacy ratio: Investec plc	15.1%	15.1%	
Capital adequacy tier 1 ratio: Investec plc	11.5%	10.7%	
Capital adequacy ratio: Investec Limited	14.1%	14.0%	
Capital adequacy tier 1 ratio: Investec Limited	10.7%	10.7%	
Credit loss ratio (core income statement impairment charge as a % of average gross core loans and advances)	0.54%	0.62%	
Defaults (net of impairments and before collateral) as a % of net core loans and advances to customers	1.22%	1.54%	
Gearing ratio (assets excluding assurance assets to total equity)	9.5x	10.2x	
Core loans to equity ratio	4.7x	4.7x	
Loans and advances to customers as a % of customer deposits	76.2%	73.6%	
<b>Selected ratios and other information</b>			
Adjusted earnings per share^ (pence)	48.3	41.3	16.9%
Net tangible asset value per share (pence)	377.0	294.3	28.1%
Dividends per share (pence)	23.0	21.0	9.5%
Cost to income ratio	66.3%	66.4%	
Return on average adjusted shareholders' equity (post tax)	12.5%	11.5%	
Return to average adjusted tangible shareholders' equity (post tax)	14.5%	13.7%	
Return on risk-weighted assets	1.45%	1.34%	
Recurring income as a % of operating income	72.0%	71.7%	
Weighted number of ordinary shares in issues (million)	900.4	870.5	3.4%
Total number of shares in issue (million)	958.3	908.8	5.4%
Closing share price (pence)	544	513	6.0%
Market capitalisation (£'million)	5,213	4,662	11.8%
Number of employees in the group (including temps and contractors)	9,716	8,966	8.40%
Closing ZAR: £ exchange rate	16.77	21.13	20.6%
Average ZAR: £ exchange rate	18.42	20.72	11.1%

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

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

## Financial: statutory income statement

£'000	Year to 31 March 2017	Year to 31 Mar 2016
Interest income	2,230,765	1,705,640
Interest expense	(1,550,870)	(1,131,871)
<b>Net interest income</b>	<b>679,895</b>	<b>573,769</b>
Fee and commission income	1,429,588	1,188,012
Fee and commission expense	(158,064)	(126,387)
Investment income	136,203	170,408
Share of post taxation operating profit of associates	18,890	1,811*
Trading income arising from		
- customer flow	158,001	110,227
- balance sheet management and other trading activities	8,218	11,377
Other operating income	13,483	12,090
<b>Total operating income before impairment losses on loans and advances</b>	<b>2,286,214</b>	<b>1,939,496</b>
Impairment losses on loans and advances	(111,454)	(109,516)
<b>Operating income</b>	<b>2,174,760</b>	<b>1,829,980</b>
Operating costs	(1513,231)	(1,287,021)
Depreciation on operating leased assets	(2,169)	(2,165)
<b>Operating profit before goodwill and acquired intangibles</b>	<b>659,360</b>	<b>540,794</b>
Impairment of goodwill	(4,749)	(1,577)
Amortisation of acquired intangibles	(17,197)	(16,248)
<b>Operating profit</b>	<b>637,414</b>	<b>522,969</b>
Net loss on disposal of subsidiaries	-	(4,778)
<b>Profit before taxation</b>	<b>637,414</b>	<b>518,191</b>
Taxation on operating profit before goodwill and acquired intangibles	(118,488)	(103,202)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	4,070	5,197
<b>Profit after taxation</b>	<b>522,996</b>	<b>420,186</b>
Profit attributable to Asset Management non-controlling interests	(20,291)	(16,529)
(Profit)/loss attributable to other non-controlling interests	(60,239)	(35,201)
<b>Earnings attributable to shareholders</b>	<b>442,466</b>	<b>368,456</b>

\*Share of post taxation operating profit of associates shown separately from other operating income.



## Financial: ongoing income statement

£'000	Year to 31 March 2017	Year to 31 March 2016	% change
Net interest income	680,539	571,929	19.0%
Net fee and commission income	1,271,591	1,058,340	20.1%
Investment income	135,631	169,915	(20.2%)
Share of post taxation operating profit of associates	18,890	1,811	>100%
Trading income arising from			
- customer flow	158,006	110,879	42.5%
- balance sheet management and other trading activities	8,078	11,617	(30.5%)
Other operating income	13,158	10,279	28.0%
<b>Total operating income before impairment losses on loans and advances</b>	<b>2,285,893</b>	<b>1,934,770</b>	<b>18.1%</b>
Impairment losses on loans and advances	(57,149)	(41,368)	38.1%
<b>Operating income</b>	<b>2,228,744</b>	<b>1,893,402</b>	<b>17.7%</b>
Operating costs	(1,502,623)	(1,272,108)	18.1%
Depreciation on operating leased assets	(2,169)	(2,165)	0.2%
<b>Operating profit before goodwill, acquired intangibles and non-operating items</b>	<b>723,952</b>	<b>619,129</b>	<b>16.9%</b>
Profit attributable to other non-controlling interests	(60,239)	(35,201)	71.1%
Profit attributable to Asset Management non-controlling interests	(20,291)	(16,529)	22.8%
<b>Operating profit before taxation</b>	<b>643,422</b>	<b>567,399</b>	<b>13.4%</b>
Taxation	(130,438)	(118,151)	10.4%
Preference dividends accrued	(25,838)	(26,130)	(1.1%)
<b>Adjusted attributable earnings to ordinary shareholders</b>	<b>487,146</b>	<b>423,118</b>	<b>15.1%</b>
Number of weighted average shares (million)	900.4	870.5	
<b>Adjusted EPS</b>	<b>54.1</b>	<b>48.6</b>	<b>11.3%</b>
Cost to income ratio	65.8%	65.8%	

\*Share of post taxation operating profit of associates shown separately from other operating income.

## Financial: income statement: reconciliation from statutory to ongoing

For the year ended 31 March 2017 (£'000)	STATUTORY AS DISCLOSED	Removal of**:	
		UK LEGACY BUSINESS	ONGOING BUSINESS
Net interest income	679,895	(644)	680,539
Net fee and commission income	1,271,524	(67)	1,271,591
Investment income	136,203	572	135,631
Share of post taxation operating profit of associates	18,890	-	18,890
Trading income arising from			
- customer flow	158,001	(5)	158,006
- balance sheet management and other trading activities	8,218	140	8,078
Other operating income	13,483	325	13,158
<b>Total operating income before impairment losses on loans and advances</b>	<b>2,286,214</b>	<b>321</b>	<b>2,285,893</b>
Impairment losses on loans and advances	(111,454)	(54,305)	(57,149)
<b>Operating income/(loss)</b>	<b>2,174,760</b>	<b>(53,984)</b>	<b>2,228,744</b>
Operating costs	(1,515,400)	(10,608)	(1,504,792)
<b>Operating profit/(loss) before goodwill, acquired intangibles and non-operating items</b>	<b>659,360</b>	<b>(64,592)</b>	<b>723,952</b>
Profit attributable to other non-controlling interests	(60,239)	-	(60,239)
Profit attributable to Asset Management non-controlling interests	(20,291)	-	(20,291)
<b>Operating profit before taxation</b>	<b>578,830</b>	<b>(64,592)</b>	<b>643,422</b>
Taxation	(118,488)	11,950	(130,438)
Preference dividends	(25,838)	-	(25,838)
<b>Adjusted attributable earnings to ordinary shareholders</b>	<b>434,504</b>	<b>(52,642)</b>	<b>487,146</b>
Number of weighted average shares (million)	900.4		900.4
<b>Adjusted EPS</b>	<b>48.3</b>		<b>54.1</b>
Cost to income ratio	66.3%		65.8%

\*Applying the group's effective taxation rate of 18.5%.

\*\*The remaining legacy business in the UK.

## Financial: summarised balance sheet (excluding assurance assets)

£'000	31 March 2017	31 March 2016
<b>Assets</b>		
Cash and balances at central banks	3,351,702	3,007,269
Loans and advances to banks	3,191,041	2,498,585
Non-sovereign and non-bank cash placements	536,259	466,573
Reverse repurchase agreements and cash collateral on securities borrowed	2,358,970	2,497,125
Sovereign debt securities	3,804,627	3,208,862
Bank debt securities	639,189	896,855
Other debt securities	1,115,558	949,950
Derivative financial instruments	1,185,848	1,580,949
Securities arising from trading activities	1,376,668	1,119,074
Investment portfolio	835,899	660,795
Loans and advances to customers	22,189,975	17,681,572
Own originated loans and advances to customers securitised	517,162	437,243
Other loans and advances	355,248	321,617
Other securitised assets	148,964	160,295
Property and equipment	105,939	90,888
Investment properties	1,128,930	938,879
Goodwill and intangible assets	510,840	516,319
Combined other assets, excluding assurance assets	2,453,883	2,471,895
	<b>45,806,702</b>	<b>39,504,745</b>
<b>Liabilities</b>		
Deposits by banks	2,736,066	2,397,403
Derivative financial instruments	1,296,206	1,582,847
Other trading liabilities	978,911	957,418
Repurchase agreements and cash collateral on securities lent	690,615	971,646
Customer accounts (deposits)	29,109,428	24,044,281
Debt securities in issue	2,386,180	2,299,751
Liabilities arising on securitisation of own originated loans and advances	90,125	85,650
Liabilities arising on securitisation of other assets	128,838	120,851
Subordinated liabilities	1,402,638	1,134,883
Combined other liabilities, excluding assurance liabilities	2,179,066	2,050,708
	<b>40,998,073</b>	<b>35,645,438</b>
<b>Equity</b>		
Shareholders' equity excluding non-controlling interests	4,131,093	3,360,287
Non-controlling interests		
- Perpetual preferred securities issued by subsidiaries	91,492	72,615
- Non-controlling interests in partially held subsidiaries	553,246	400,374
	<b>4,808,629</b>	<b>3,859,307</b>

## Financial: operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests – statutory basis

For the year ended 31 March 2017

£'000	UK & Other	Southern Africa	Total group	% change	% of total
Asset Management	91,262	73,562	164,824	22.3%	27.5%
Wealth & Investment	65,190	28,053	93,243	8.8%	15.6%
Specialist Banking	104,604	285,226	389,830	17.8%	65.1%
	<b>261,056</b>	<b>386,841</b>	<b>647,987</b>	17.5%	<b>108.2%</b>
Group costs	(36,163)	(12,613)	(48,776)	6.5%	-8.1%
<b>Total group</b>	<b>224,893</b>	<b>374,228</b>	<b>599,121</b>	<b>18.5%</b>	<b>100.0%</b>
Other non-controlling interest - equity			60,239		
<b>Operating profit</b>			<b>659,360</b>		
<b>% change</b>	<b>23.0%</b>	<b>16.0%</b>	<b>18.5%</b>		
<b>% of total</b>	<b>37.5%</b>	<b>62.5%</b>	<b>100%</b>		

For the year ended 31 March 2016

£'000	UK & Other	Southern Africa	Total group	% of total
Asset Management	76,853	57,930	134,783	26.7%
Wealth & Investment	63,127	22,608	85,735	17.0%
Specialist Banking	78,043	252,837	330,880	65.4%
	<b>218,023</b>	<b>333,375</b>	<b>551,398</b>	<b>109.1%</b>
Group costs	(35,160)	(10,645)	(45,805)	(9.1%)
<b>Total group</b>	<b>182,863</b>	<b>322,730</b>	<b>505,593</b>	<b>100.0%</b>
Other non-controlling interest - equity			35,201	
<b>Operating profit</b>			<b>540,794</b>	
<b>% of total</b>	<b>36.2%</b>	<b>63.8%</b>	<b>100.0%</b>	

## Financial: operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests – ongoing basis

For the year to 31 March 2017

£'000	UK & Other	Southern Africa	Total group	% change	% of total
Asset Management	91,262	73,562	164,824	22.3%	24.8%
Wealth & Investment	65,190	28,053	93,243	8.8%	14.0%
Specialist Banking	169,196	285,226	454,422	11.0%	68.5%
	<b>325,648</b>	<b>386,841</b>	<b>712,489</b>	<b>13.1%</b>	<b>107.3%</b>
Group costs	(36,163)	(12,613)	(48,776)	6.5%	(7.3%)
<b>Total group</b>	<b>289,485</b>	<b>374,228</b>	<b>663,713</b>	<b>13.7%</b>	<b>100.0%</b>
Other non-controlling interest - equity			60,239		
<b>Operating profit</b>			<b>723,952</b>		
<b>% change</b>	<b>10.*%</b>	<b>16.0%</b>	<b>13.7%</b>		
<b>% of total</b>	<b>43.6%</b>	<b>56.4%</b>	<b>100.0%</b>		

For the year to 31 March 2016

£'000	UK & Other	Southern Africa	Total group	% of total
Asset Management	76,853	57,930	134,783	23.1%
Wealth & Investment	63,127	22,608	85,735	14.7%
Specialist Banking	156,378	252,837	409,215	70.1%
	<b>296,358</b>	<b>333,375</b>	<b>629,733</b>	<b>107.9%</b>
Group costs	(35,160)	(10,645)	(45,805)	(7.9%)
<b>Total group</b>	<b>261,198</b>	<b>322,730</b>	<b>583,928</b>	<b>100.0%</b>
Other non-controlling interest - equity			35,201	
<b>Operating profit</b>			<b>619,129</b>	
<b>% of total</b>	<b>44.7%</b>	<b>55.3%</b>	<b>100.0%</b>	

## Financial: asset quality

£'000	31 March 2017	31 March 2016
<b>Gross core loans and advances to customers</b>	<b>22,906,165</b>	<b>18,305,365</b>
<b>Total impairments</b>	<b>(199,028)</b>	<b>(186,550)</b>
Portfolio impairments	(62,851)	(32,519)
Specific impairments	(136,177)	(154,031)
<b>Net core loans and advances to customers</b>	<b>22,707,137</b>	<b>18,118,815</b>
<b>Average gross core loans and advances</b>	<b>20,605,765</b>	<b>17,873,175</b>
Current loans and advances to customers	22,304,938	17,713,634
Past due loans and advances to customers (1-60 days )	88,167	100,664
Special mention loans and advances to customers	37,080	24,998
Default loans and advances to customers	475,980	466,069
<b>Gross core loans and advances to customers</b>	<b>22,906,165</b>	<b>18,305,365</b>
<b>Total income statement charge for impairments on core loans</b>	<b>(111,575)</b>	<b>(111,492)</b>
Gross default loans and advances to customers	475,980	466,069
Specific impairments	(136,177)	(154,031)
Portfolio impairments	(62,851)	(32,519)
<b>Defaults net of impairments</b>	<b>276,952</b>	<b>279,519</b>
Collateral and other credit enhancements	451,817	377,575
<b>Net default loans and advances to customers (limited to zero)</b>	<b>-</b>	<b>-</b>
Total impairments as a % of gross core loans and advances to customers	0.87%	1.02%
Total impairments as a % of gross default loans	41.81%	40.03%
Gross defaults as a % of gross core loans and advances to customers	2.08%	2.55%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.22%	1.54%
Net defaults as a % of gross core loans and advances to customers	-	-
Credit loss ratio (i.e. income statement charge as a % of average gross loans and advances)	0.54%	0.62%

## Contact details

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## Legal disclaimer

### **IMPORTANT NOTICE**

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### **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.