



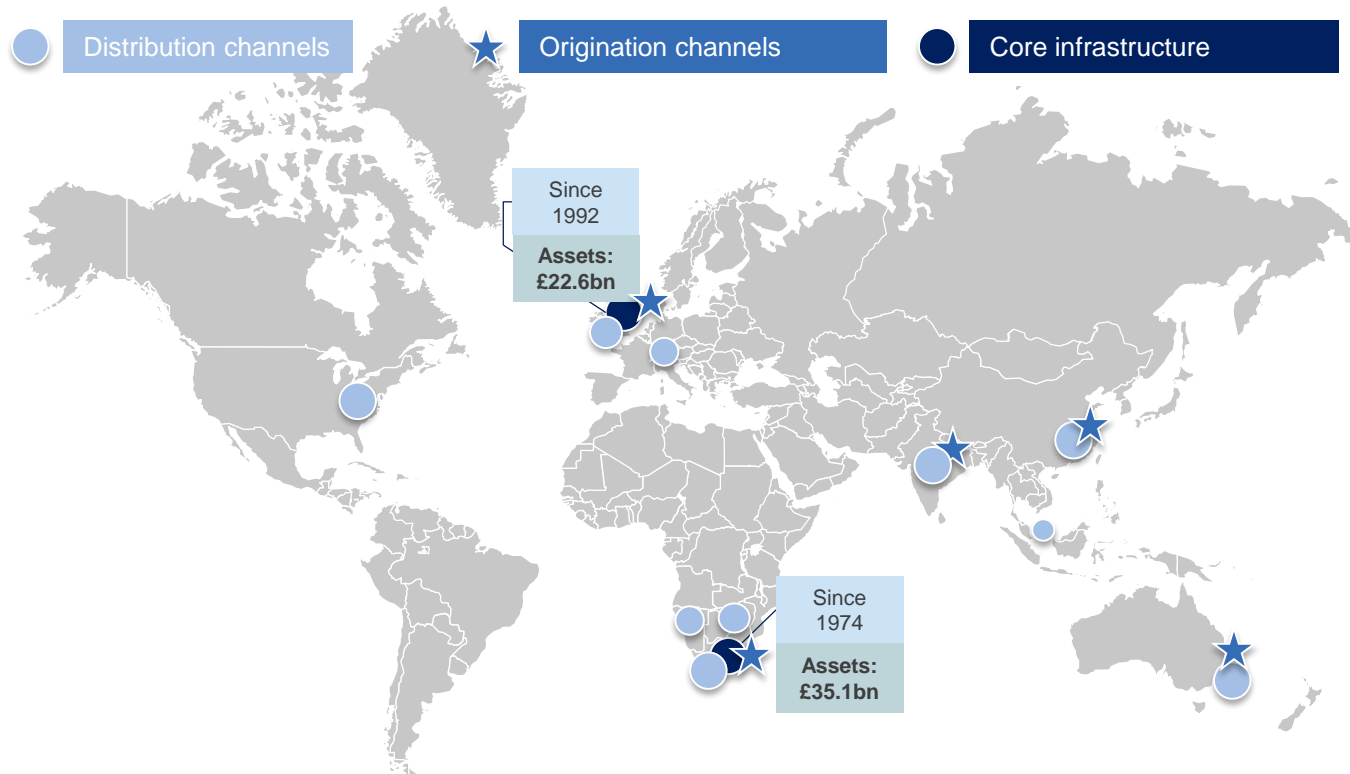
# An introduction to Investec

The information in this presentation relates to the year ended 31 March 2019,  
unless otherwise indicated.

# 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 **10 500\*** people
- Listed on the JSE and LSE (a FTSE 250 company)
- Total assets of £57.7bn; total equity £5.3bn; total FUM £167.2bn



# Strategic focus

Our strategic goals and objectives are based on our aspiration to be recognised as a **distinctive specialist bank and asset manager**

## The Investec distinction

### Client focused approach

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

### Specialised strategy

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

### Sustainable business

- Contributing to society, macro-economic stability and the environment
- Well-established brand
- Managing and positioning the group for the long term
- Balancing revenue earned from capital light activities and capital intensive activities
- Cost and risk conscious.

### Strong culture

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

## 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.

### Group strategic focus

- Simplify, focus and grow with discipline
- Leverage our unique client profile and provide our clients with an integrated holistic offering
- Support our high-touch client approach with a comprehensive digital offering
- Ensure domestic relevance and critical mass in our chosen geographies
- Facilitate our clients with cross-border transactions and flow across our chosen geographies

## Divisional strategic focus

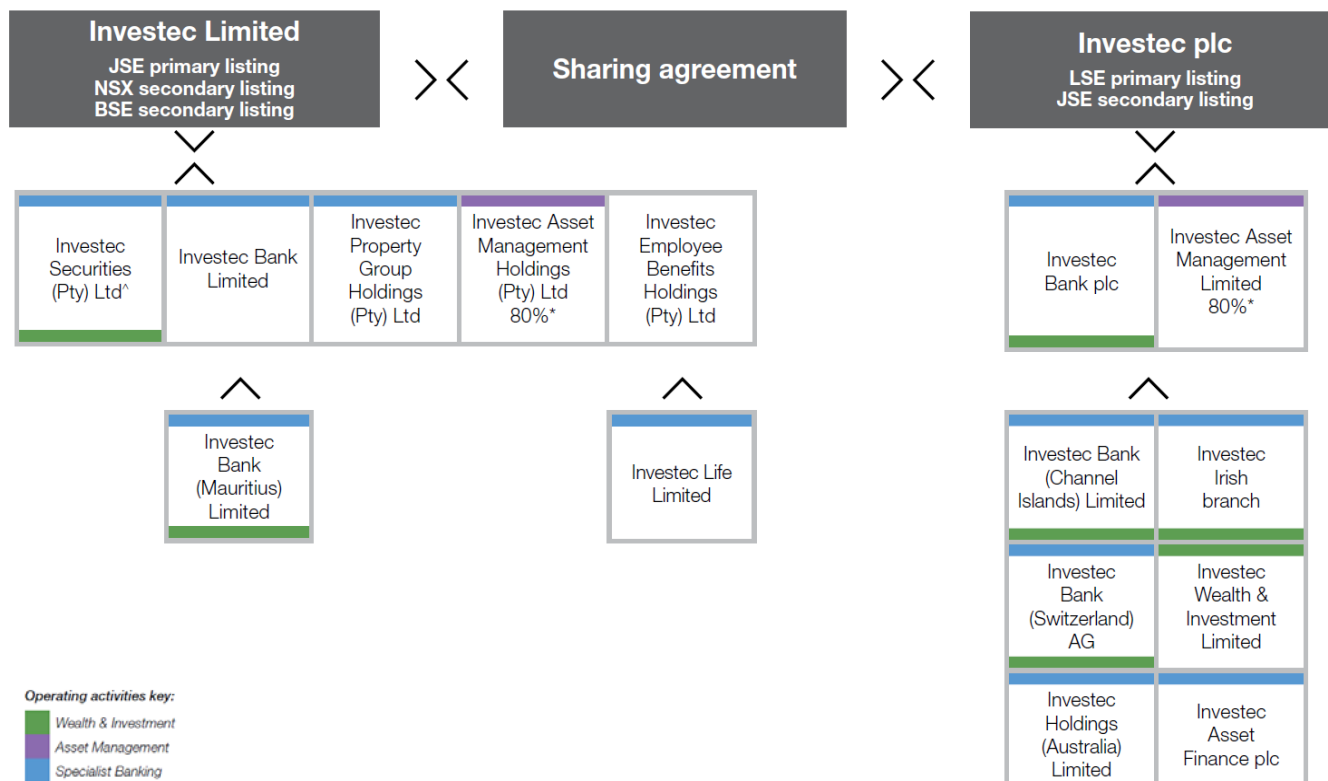
### Asset Management

- Grow our advisor business
- Grow our North America institutional business
- Continue to invest across our investment platforms, especially Multi-asset and China
- Ensure sustainability is at the core of our business
- Achieve a successful demerger and listing

### Bank and Wealth

- Focused on enhancing effectiveness of operating platform to better serve clients and deliver long-term shareholder returns
- Increase discipline in capital allocation
- Manage the cost base for greater efficiencies
- Accelerate revenue growth
- Expanding connectivity across the organisation to more fully serve client needs
- Bolster digital capabilities

# Investec DLC structure and main operating subsidiaries



## Regulation of the DLC structure

- The South African Prudential Authority (SA PA) is the lead regulator of the group
- The UK Financial Conduct Authority and Prudential Regulation Authority are the regulators of Investec plc while the SA PA 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

## Features of Investec's DLC structure

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

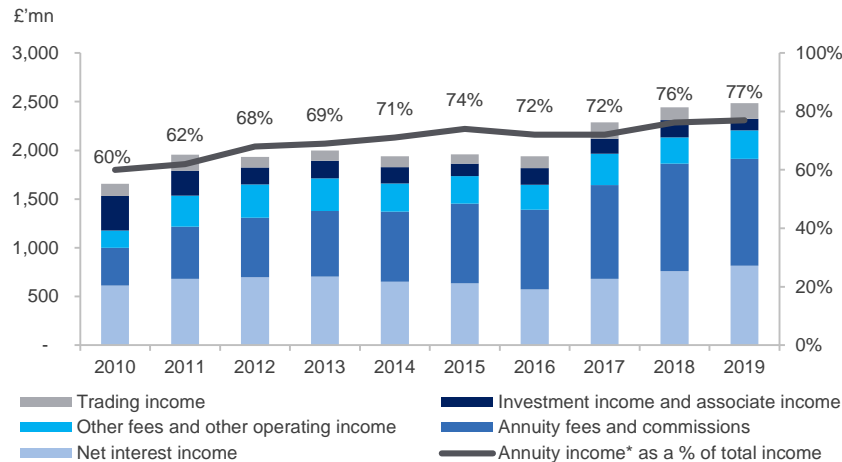
Only main operating subsidiaries are indicated. All shareholdings are 100% unless otherwise stated.

\*Senior management in the company hold 20% minus one share (March 2018: 17%).

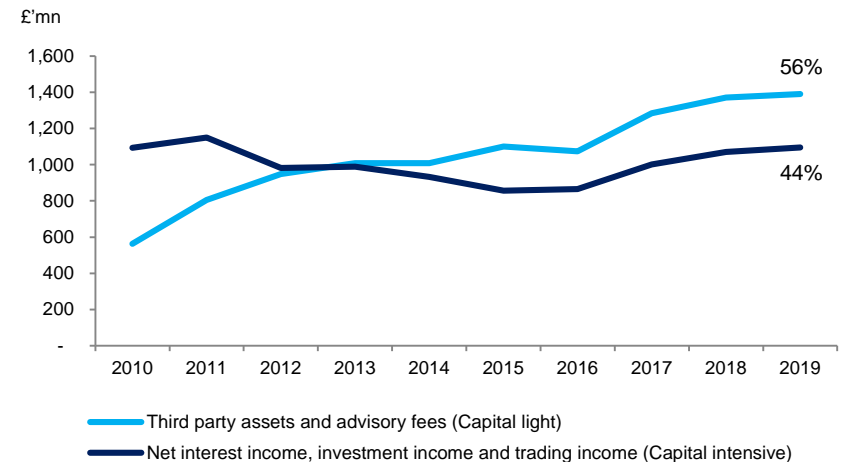
<sup>^</sup>Houses the Wealth & Investment business.

# Balanced and diversified business model

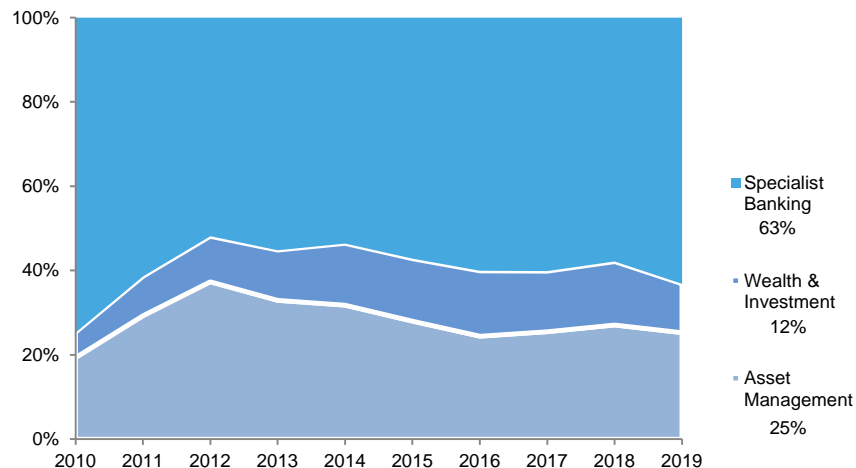
## Recurring income – defensive business model supports a stable recurring income base and earnings through varying market conditions



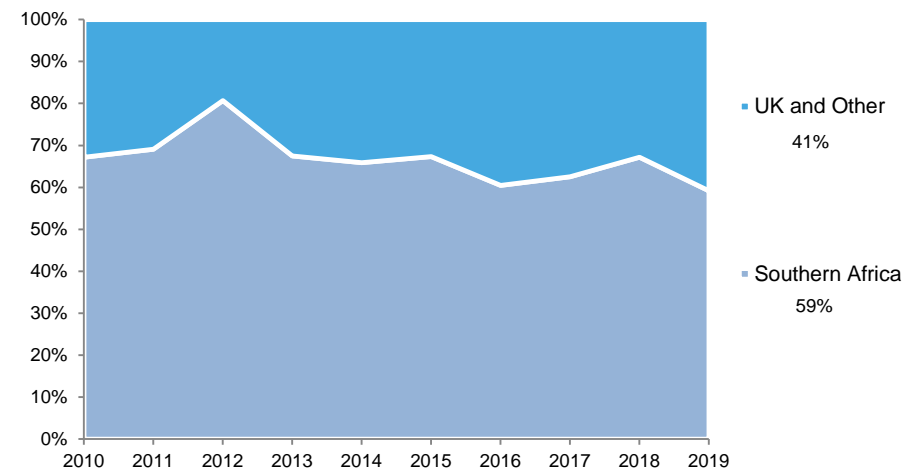
## Capital light activities – maintaining balance between revenue earned from capital light and capital intensive activities



## Business mix – % contribution to adjusted operating profit<sup>^</sup>



## Geographical mix – % contribution to adjusted operating profit<sup>^^</sup>



<sup>\*</sup>Where annuity income is net interest income and annuity fees.

<sup>^</sup>Operating profit before taxation, goodwill, acquired intangibles, non-operating items, group costs and Asset Management non-controlling interests but after other non-controlling interests.

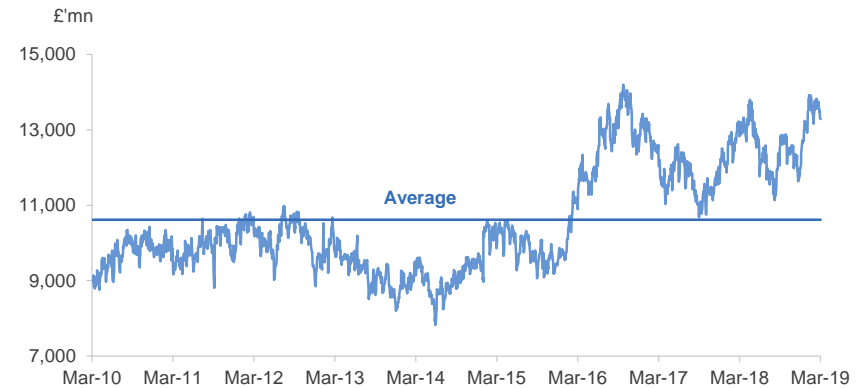
<sup>^^</sup>Operating profit before taxation, goodwill, acquired intangibles, non-operating items and Asset Management non-controlling interests but after other non-controlling interests.

# We continue to have a sound balance sheet

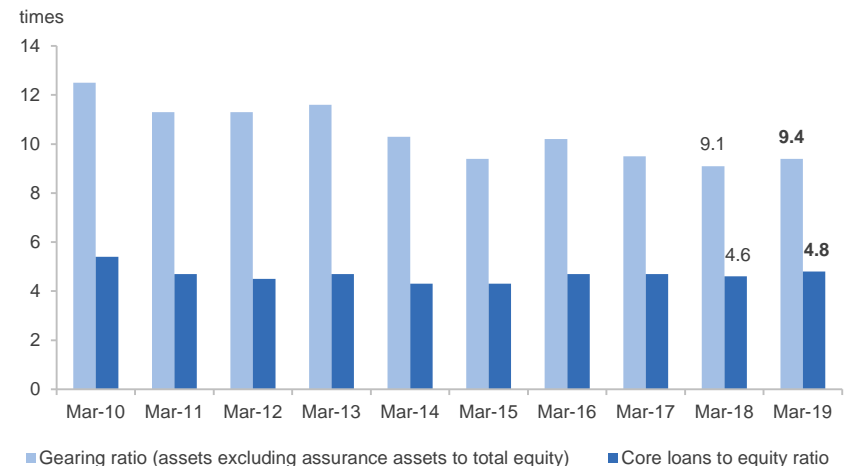
## Key operating fundamentals

- Senior management “hands-on” culture
- A high level of readily available, **high quality liquid assets**: targeting > 25% of our liability base. Cash and near cash balances amounted to **£13.3 billion at year end**, representing 42.4% of customer deposits.
- No reliance on wholesale funding
- Solid leverage ratios: always held **capital in excess of regulatory requirements** and the group intends to perpetuate this philosophy. Target common equity tier 1 ratio of above 10% and total capital ratios between 14% and 17%
- **Low gearing ratio**: 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

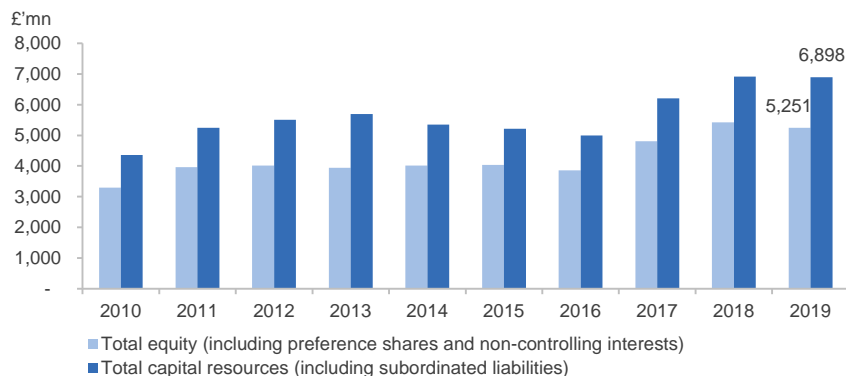


## Low gearing ratios



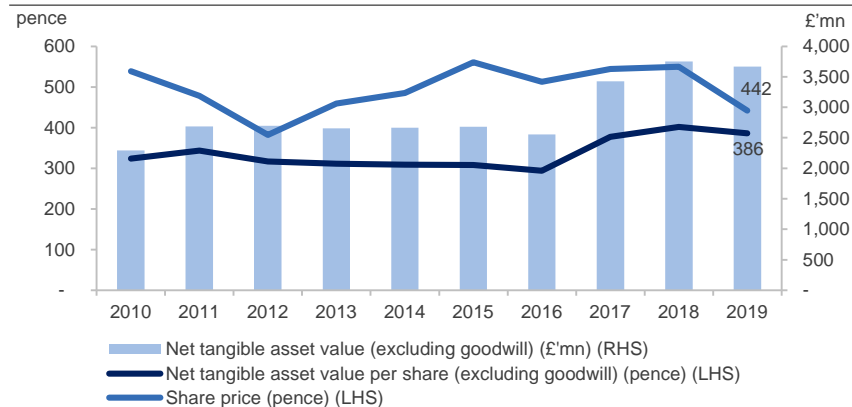
# Stable equity and capital resources

## Total shareholders' equity and capital resources



**Total equity: 10 year CAGR of c.5%**

## Net tangible asset value



**TNAV: 10 year CAGR of c.5%**

Shareholders' equity decreased by 2.8% to £4.3bn year-on-year primarily as a result of the adoption of IFRS 9 (effective 1 April 2018) as well as from the depreciation of the closing Rand:GBP exchange rate.

## Summary of capital adequacy and leverage ratios

As at 31 March 2019	Investec Limited <sup>△</sup>	Investec Bank Limited (IBL) <sup>△</sup>	Investec plc <sup>○*</sup>	Investec Bank plc (IBP) <sup>○</sup>
Common equity tier 1 (as reported) <sup>△</sup>	10.5%	11.2%	10.8%	11.4%
Common equity tier 1 (fully loaded) <sup>△△</sup>	10.5%	11.1%	10.4%	10.9%
Tier 1 (as reported) <sup>△</sup>	11.2%	11.5%	12.6%	13.1%
Total capital adequacy ratio (as reported) <sup>○</sup>	14.9%	15.8%	15.7%	17.1%
Leverage ratio <sup>**</sup> – current	7.6% <sup>#</sup>	7.7% <sup>#</sup>	7.9%	8.0%
Leverage ratio <sup>**</sup> - fully loaded <sup>△△</sup>	7.3% <sup>#</sup>	7.6% <sup>#</sup>	7.5%	7.7%

<sup>△</sup>The reported CET1, T1 and total capital adequacy ratios are calculated applying the IFRS 9 transitional arrangements.

<sup>○\*</sup>The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.

<sup>\*\*</sup>Leverage ratios are calculated on an end-quarter basis. <sup>○</sup>The capital adequacy disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the group operates. For Investec plc and IBP this does not include the deduction of foreseeable charges and dividends when calculating the CET 1 ratio as required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of this deduction totalling £63m (31 Mar 2018: £65m) for Investec plc and £19m (31 Mar 2018: £18m) for IBP would lower the CET1 ratio by 41bps (31 Mar 2018: 45bps) and 13bps (31 Mar 2018: 13bps) respectively.

<sup>△</sup>Investec Limited's and IBL's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's and IBL's common equity tier 1 ratio would be 27bps and 14bps lower. At 31 March 2018, Investec Limited's and IBL's common equity tier 1 ratio would be 25bps and 13bps lower.

<sup>△△</sup>The CET1 fully loaded ratio and the fully loaded leverage ratio assumes full adoption of IFRS 9 and full adoption of all CRDIV rules or South African Prudential Authority regulations. As a result of the adoption of IFRS 9 Investec plc elected to designate its subordinated fixed rate medium-term notes due in 2022 at fair value. By the time of full adoption of IFRS 9 in 2023, these subordinated liabilities will have reached final maturity and will be redeemed at par value. The remaining interest rate portion of the fair value adjustment at 31 March 2019 of £17.7m (post-tax), has therefore been excluded from the fully loaded ratios as it will be released into profit and loss over the remaining life of the investment.

<sup>#</sup> Based on revised BIS rules.

# Leading business franchises with sound operating fundamentals

Three areas of specialisation focused on well defined target clients

Corporate / institutional / government

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

## Asset Management

*(operating completely independently)*

Investment management services to external clients

- Global specialist asset manager with an emerging market heritage
- Five Client Group teams: UK, Africa, Europe, Americas and Asia Pacific
- Core investment capabilities in global equities and fixed income with a growing multi-asset capability
- Low risk, capital light and highly cash generative business
- AUM: £111.4bn (56% EM; 69% global)
- Operating margin: 31.3%
- Ave yield (FY2019): 53bps
- Ave net inflows (over 5 years): c.4% of opening AUM

## Specialist Banking

- Lending
- Transactional banking
- Treasury solutions
- Advisory
- Investment activities
- Deposit raising activities

South Africa:

- Full service Specialist Bank with leading positions in selected areas
- Loans: R271.2bn (£14.4bn); Deposits: R341.6bn (£18.2bn)
- Long term average credit loss range: 30bps – 40bps
- NIM: c. 2%
- ROE post tax: 12.8%

UK:

- 16th\* largest bank in the UK
- Full service offering to UK mid-caps (FTSE250)
- Growing client base
- Building out our private client offering
- Loans: £10.5bn; Deposits: £13.2bn
- Long term average credit loss range on ongoing book: 30bps – 40bps
- NIM: c. 2%
- ROE post-tax: 8.1%

## Wealth & Investment

- Investment management services
- Independent financial planning advices

- 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<sup>^</sup> and Guernsey
- Five distinct channels: direct, intermediaries, charities, international and digital
- Low risk, capital light, annuity income generation
- AUM: £55.1bn
- Operating margin: UK:17.8%; SA:31.1%
- Ave yield (FY2019): UK: 83bps; SA: 49bps
- Target for average net inflows: 5% of opening AUM for UK business

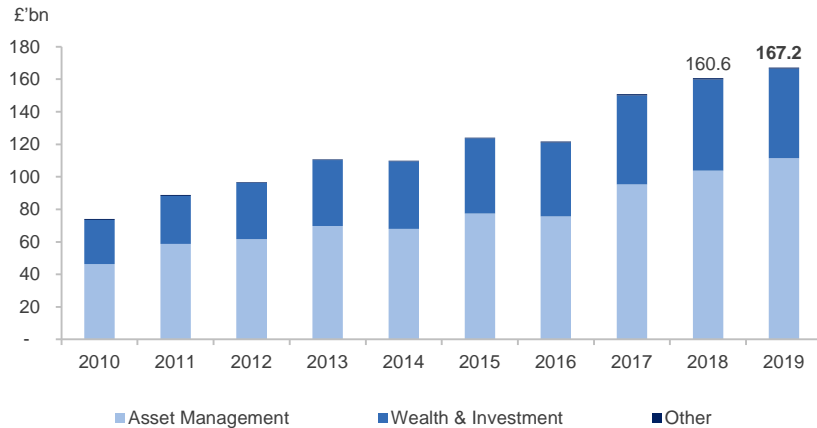
\*Source: 'The Banker' July 2019 edition, ranked by Tier 1 capital.

<sup>^</sup>In May 2019 we announced the sale of the Irish business.

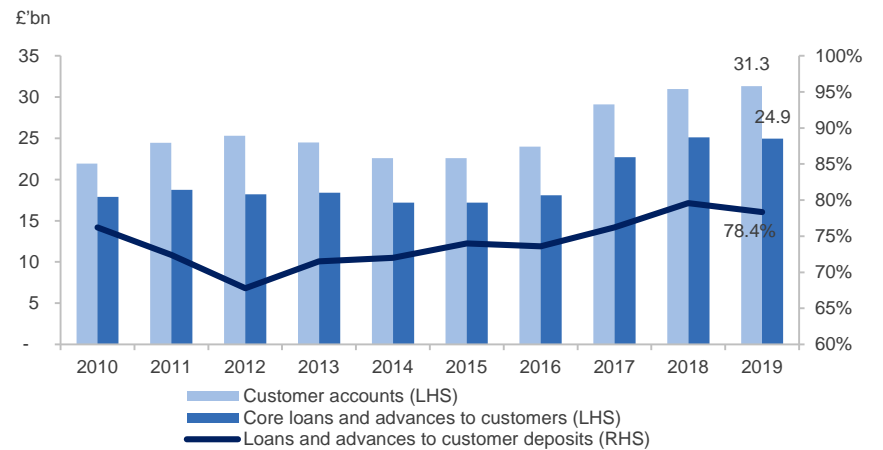


# Consistent growth in key earnings drivers

## Third party assets under management



## Core loans and advances and deposits



### Assets under management:

- Net inflows of £6.5bn for the year ended 31 March 2019
- AUM have increased by 4.1% since 31 March 2018 to £167.2bn at 31 March 2019 (8.3% on a currency neutral basis)
- 10 year CAGR of c.9.5%

### Deposits:

- Increased 1.0% for the year to £31.3bn at 31 March 2019 (increase of 8.7% on a currency neutral basis)
- 10 year CAGR of c.4.0%

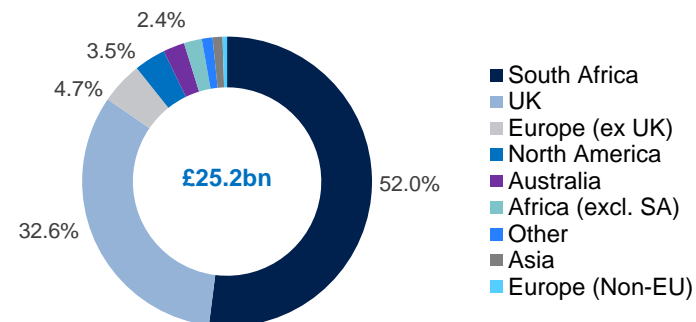
### Core loans and advances:

- Decreased 0.8% for the year to £24.9bn at 31 March 2019 (increase of 6.8% on a currency neutral basis)
- 10 year CAGR of c.3.8%

# 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 **in the UK and South Africa**
- 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 and advances by country of exposure

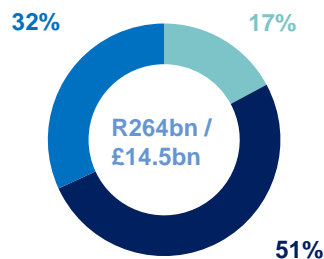


## Gross core loans by risk category

### South Africa

#### Corporate and other

Other corporate, institutional, govt. loans	18.9%
Acquisition finance	4.8%
Project finance	2.5%
Asset-based lending	2.2%
Fund finance	1.9%
Asset finance	1.4%
Resource finance	0.2%



#### Lending collateralised against property

Commercial property investment	13.8%
Commercial property development	1.8%
Residential property development	1.1%
Residential vacant land and planning	0.3%
Commercial vacant land and planning	0.2%

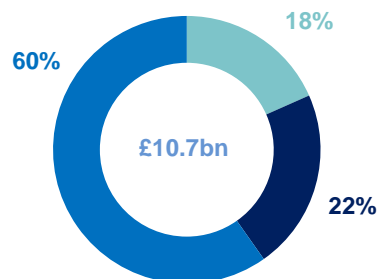
#### High net worth and other private client

HNW and private client - mortgages	26.9%
HNW and specialised lending	24.1%

### UK & Other

#### Corporate and other

Acquisition finance	15.6%
Small ticket asset finance	14.7%
Fund finance	11.4%
Other corporate, institutional, govt. loans	6.0%
Project finance	4.7%
Asset-based lending	3.7%
Large ticket asset finance	3.5%
Resource finance	0.2%



#### Lending collateralised against property

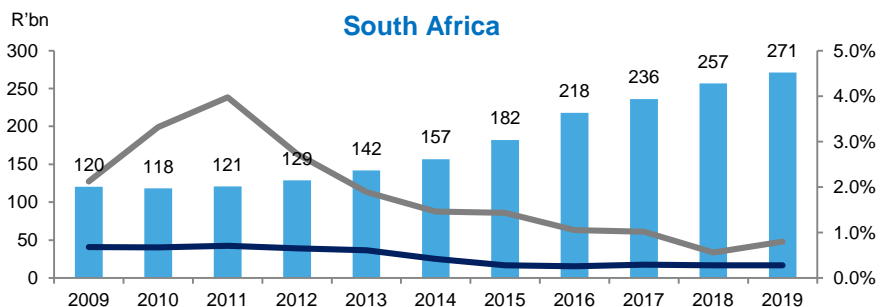
Commercial property investment	9.9%
Residential investment	3.8%
Residential property development	3.1%
Commercial property development	1.1%
Residential vacant land and planning	0.4%
Commercial vacant land and planning	0.1%

#### High net worth and other private client

HNW and private client - mortgages	17.1%
HNW and specialised lending	4.8%

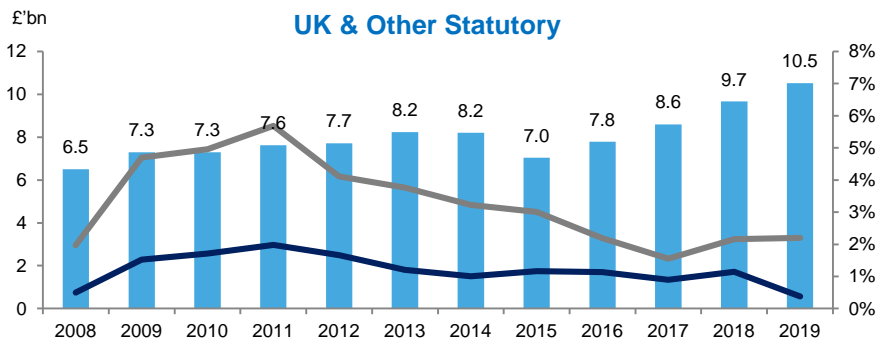
# Sound and improving asset quality

- We had **sufficient pre-provision income** to support increased impairments during the crisis
- Statutory **asset quality has improved** as the legacy portfolio\* has been managed down



## South Africa

- **Expected credit loss (ECL) impairment charges** on loans and advances amounted to R761mn (2018 impairment losses: R729mn)
- The **credit loss ratio\*\*** was flat year-on-year at 0.28%, remaining at the lower end of its long-term average trend
- **Stage 3 exposures** net of ECL as a % of net core loans and advances subject to ECL amounted to 0.8% at 31 March 2019 (1 Apr 2018: 0.7%)



## UK & Other Statutory

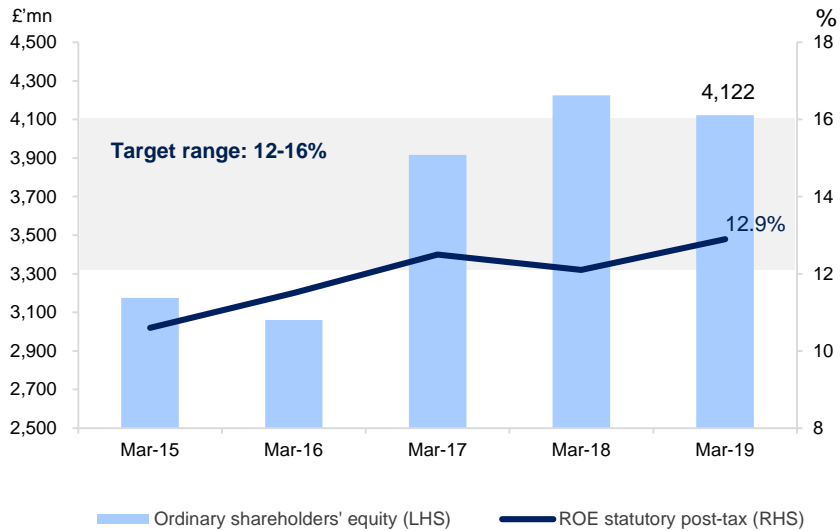
- **ECL impairment charges** on loans and advances decreased from £106.1mn to £24.6mn, with no repeat of substantial legacy portfolio losses
- The **credit loss ratio\*\*** amounted to 0.38% at 31 March 2019 (2018: 1.14% under the IAS 39 incurred impairment loss model)
- Stage 3 in the Ongoing book (excluding Legacy) totalled £149mn or 1.5% of gross core loans subject to ECL at 31 March 2019 from 2.6% at 1 April 2018.
- Stage 3 (including Legacy and Ongoing) totalled £319 million at 31 March 2019 (3.2% of gross core loans subject to ECL) significantly reduced from £564 million at 1 April 2018 (6.3% of gross core loans subject to ECL) largely due to a number of exits in the legacy portfolio.
- Stage 3 exposures are well covered by ECLs.
- Legacy exposures have reduced by 49% since 1 April 2018 to £131 million (net of ECL) at 31 March 2019. These assets are substantially impaired and are largely reported under Stage 3.

■ Core loans and advances to customers (LHS)  
■ Credit loss ratio (RHS)  
■ Stage 3/defaults net of ECL as a % of net core loans and advances subject to ECL (RHS)

\*Legacy, as separately disclosed from 2014 to 2018, comprises pre-2008 assets held on the UK bank's balance sheet, that had very low/negative margins and assets relating to business we are no longer undertaking \*\* Expected credit loss (ECL) impairment charges on gross core loans and advances as a % of average gross core loans and advances subject to ECL.

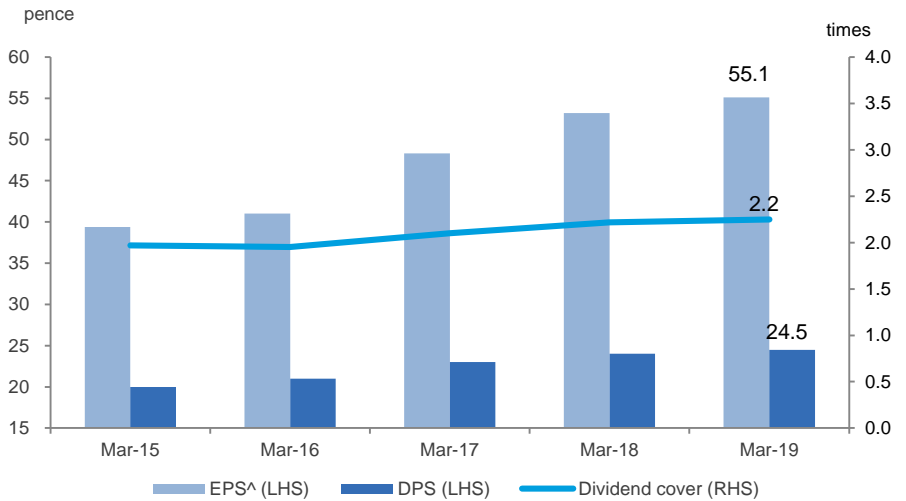
# Improving group equity returns

## ROE trend



- **ROE of 12.9%** supported by strong client franchise businesses
- Focus on improving ROE in the medium-term
- Going forward the **levers for ROE** include:
  - Growing our client base
  - Cost discipline
  - Optimising capital allocation

## Progressive dividend policy



- **Average pay out ratio since 2015: 48%** (2.1x cover)
- Sound capital base and high leverage ratios

# Summary

## Diversified revenue streams with high annuity base

- Current business model comprises **three distinct business activities**: Asset Management, Wealth & Investment and Specialist Banking
- High level of **annuity revenue**\*: 76.9% of total operating income
- **Capital light activities** currently 56% of income
- **Solid net inflows** of third party FUM

## Sound balance sheet provides support for our growth initiatives

- Never required shareholder or government support
- **Low gearing**: 9.4x (2010: 12.5x)
- CET1 ratio Investec plc: 10.8%\*\* , CET1 ratio Investec Limited: 10.5%
- Leverage ratio Investec plc: 7.9%, Leverage ratio Investec Limited: 7.6%#, a high ratio vs peers – provides comfort in our CET1 target level (>10%)
- Surplus cash and near cash: £13.3bn – high level of readily available, high quality liquid assets (42.4% of customer deposits)

## Solid franchise

- Operating in South Africa since 1974 and in the UK since 1992
- Investec plc listed on the LSE in 2002
- Strong player across our niche businesses

## Strong culture

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

\* Where annuity income is net interest income and annuity fees. \*\*Investec plc CET1 ratio disclosed above follows Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the group operates. This does not include the deduction of foreseeable charges and dividends when calculating CET1 capital as now required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of this deduction totalling £63 million (31 March 2018: £65 million) for Investec plc and £19 million (31 March 2018: £18 million) for IBP would lower the CET1 ratio by 41bps (31 March 2018: 45bps) and 13bps (31 March 2018: 13bps) respectively. #Based on revised BIS rules.



# Appendices

# Proposed demerger and listing of Investec Asset Management (IAM)

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## Update

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- In September 2018 the Investec group board announced its decision to demerge and separately list the Investec Asset Management (IAM) business.
- The Group has received all key regulatory approvals that are required in order to proceed with the demerger of IAM, which will be separately listed using a dual-listed companies structure.
- Subject to shareholder and other customary approvals, the proposed demerger and listing of IAM is expected to complete in the first quarter of calendar year 2020.

# Snapshot of annual results

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For the financial year ended 31 March 2019 – as announced 16 May 2019

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## Sound operating performance

- 9.4% increase in operating profit to £664.5mn
- 3.6% increase in adjusted EPS to 55.1p
- 2.1% dividend growth to 24.5p
- Improved Group ROE to 12.9%

## Supported by strong client franchises

- Substantial net inflows in Asset Management
- Good loan book growth
- Strong performance in UK Bank
- Positive discretionary inflows in Wealth & Investment

## Performance is offset by

- Weaker investment income in banking
- Non-recurrence of investment gains in Wealth & Investment in the prior year, and the current year write down of Click & Invest capitalised software

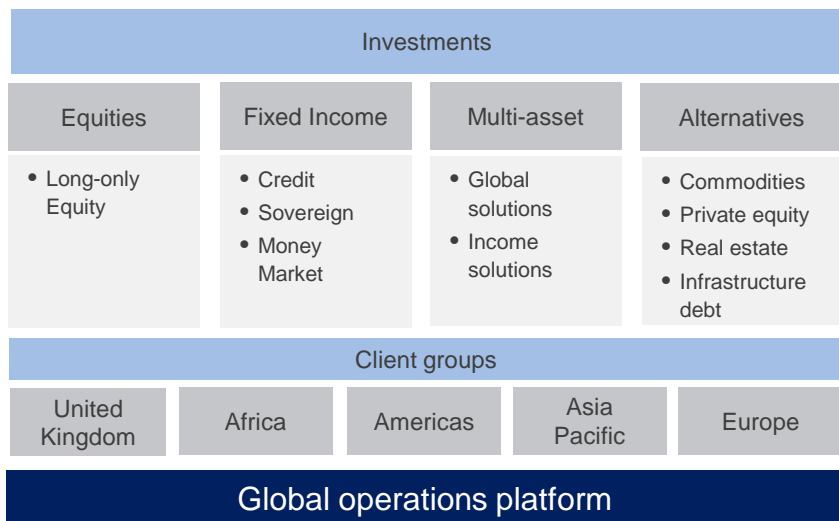




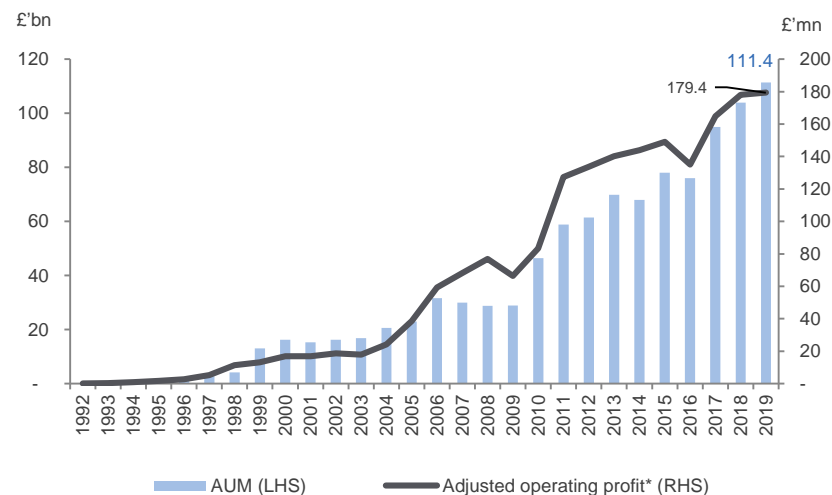
## Appendix – further information on our businesses

# Asset management: overview

## Business profile



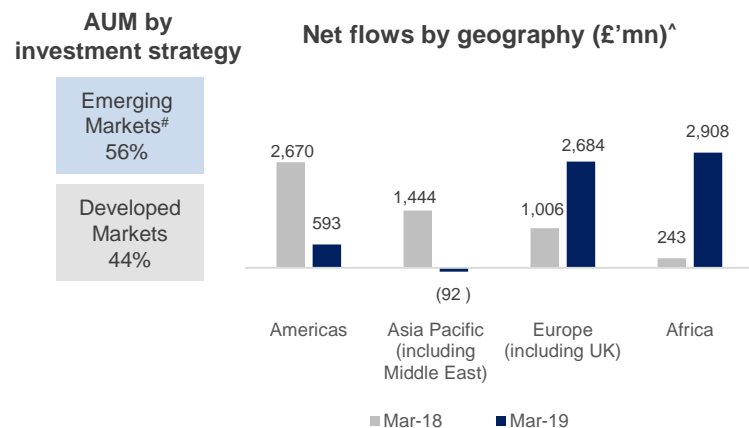
## Growth in profit and AUM



## Value proposition

- An organically built global investment manager with emerging market origins
- Competitive investment performance in chosen specialities
- Institutional and advisor focus
- Unique and clearly understood culture
- Stable and experienced leadership
- A commitment to investing for a sustainable future
- Independently managed entity within the Investec group

## Where we operate



\*Operating income less operating costs and depreciation on operating leased assets. This amount is before impairment of goodwill, amortisation of acquired intangibles, and non-operating items, but after other non-controlling interests. #Emerging markets includes Africa and Asia Pacific (excluding Australia).

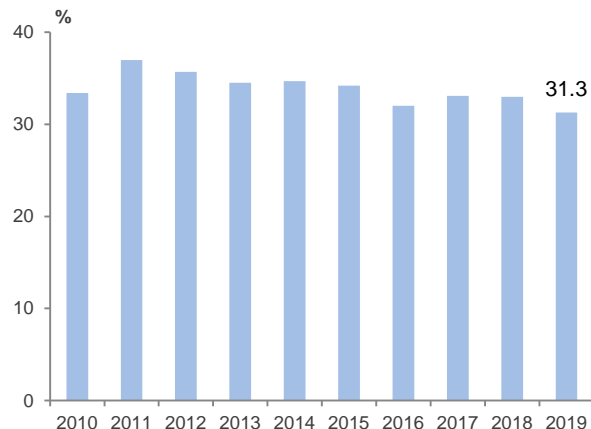
^Note: The net flows exclude a historic low value cash plus account which is subject to volatile net flows.

# Asset management: key income drivers and performance statistics

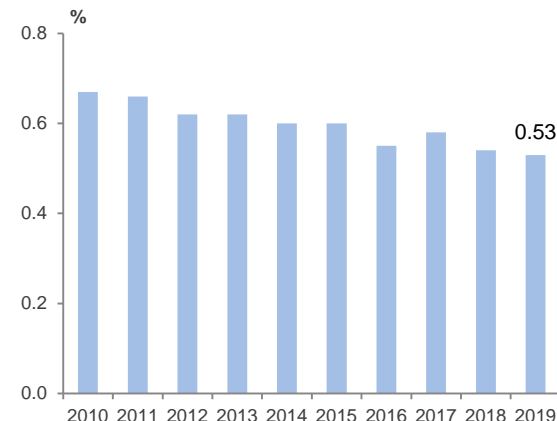
## Key income drivers (besides market levels)

- Fees earned on FUM
- Performance fees historically c.10% - 15% of revenue
- Average fees 55bps to 65bps
- Average net inflows:
  - 12 months to 31 March 2019: £6.1bn
  - Ave net inflows (over 5 years): c.4% of opening AUM

## Operating margin



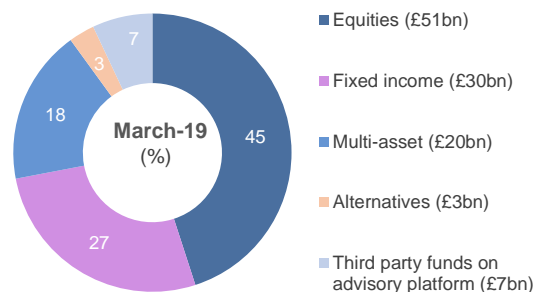
## Average income<sup>^</sup> as a % of AUM



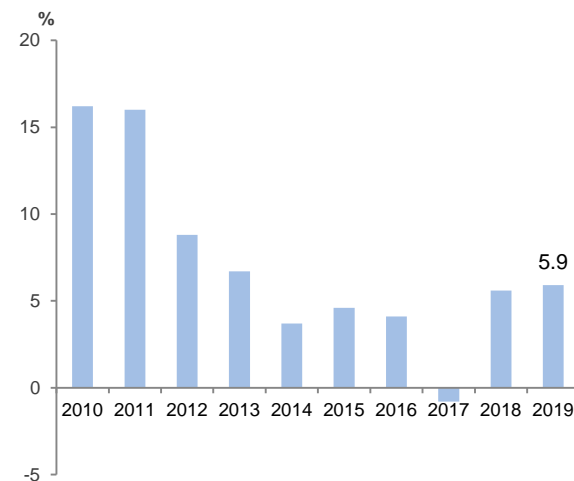
## Current positioning

- Number of employees: 1 548
- Cost to income: 68.7%
- ROE post-tax<sup>\*\*</sup>: 71.6%
- Adjusted operating profit: £179.4mn for year ended 31 March 2019
- % contribution to group profit<sup>^^</sup>: 25.2%

## AUM by asset class



## Net inflows as a % of opening AUM



<sup>^</sup>Represents the total operating income for the period as a % of the average of opening and closing FUM; calculation does not take into account the impact of market movements throughout the period or the timing of acquisitions and disposals during the respective periods. <sup>\*\*</sup>A normalised group tax rate of 18% has been applied to the divisional pre-tax ROE.

<sup>^^</sup>Before goodwill, acquired intangibles, non-operating items, group costs and Asset Management non-controlling interests but after other non-controlling interests.

# Wealth & Investment: overview

## Business profile

### Services offered

- Wealth management
- Portfolio management
- Stockbroking
- Investment advisory services
- Financial planning

### Client base

- Private clients
- Charities
- Trusts

## Growth in AUM



## Value proposition

- 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, Republic of Ireland\* and Guernsey
- The business has five distinct channels: direct, intermediaries, charities, international and digital
- Strategy to internationalise within jurisdictions where the Investec group already has an established business
- Focus is on organic growth in our key markets and enhancing our range of services for the benefit of our clients.

## Where we operate

### UK and other

- One of the UK's leading private client investment managers
- Brand well recognised
- Established platforms and distribution in the UK, Switzerland, Republic of Ireland\* and Guernsey
- Proven ability to attract and recruit investment managers
- £39.1 billion funds under management

### South Africa and Mauritius

- Strong brand and positioning
- Leading player in the South African market
- Developing Wealth & Investment capability in Mauritius
- R300.8 billion funds under management



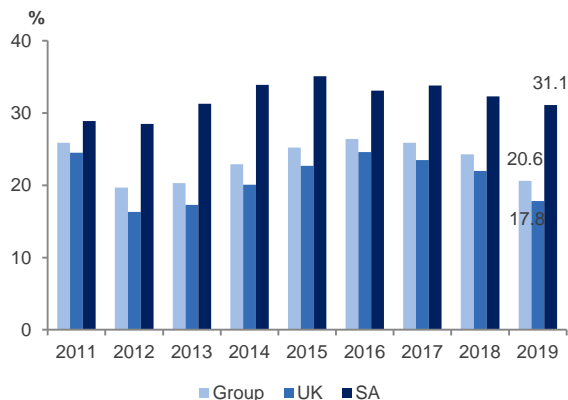
\*In May 2019 we announced the sale of the Irish business.

# Wealth & Investment: key income drivers and performance statistics

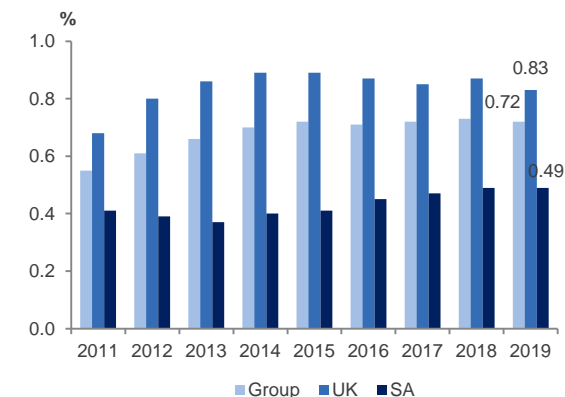
## Key income drivers (besides market levels)

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

## Operating margin



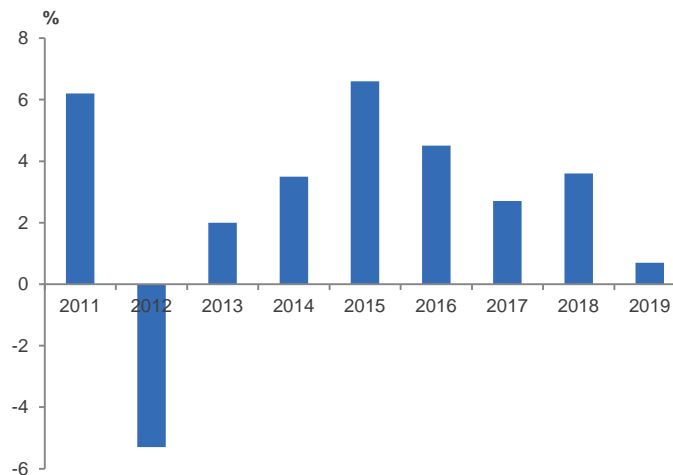
## Average income^ as a % of AUM



## Current positioning

- Number of employees: 1 770
- Cost to income: 79.4%
- ROE post-tax\*\*: 27.0%
- Adjusted operating profit: £82.6mn for year ended 31 March 2019
- % contribution to group profit^: 11.6%

## Net organic growth in AUM as a % of opening AUM



^Represents the total operating income for the period as a % of the average of opening and closing FUM; calculation does not take into account the impact of market movements throughout the period or the timing of acquisitions and disposals during the respective periods. \*\*A normalised group tax rate of 18% has been applied to the divisional pre-tax ROE.

^Before goodwill, acquired intangibles, non-operating items, group costs and Asset Management non-controlling interests but after other non-controlling interests.

# Specialist Banking: overview

## Business profile

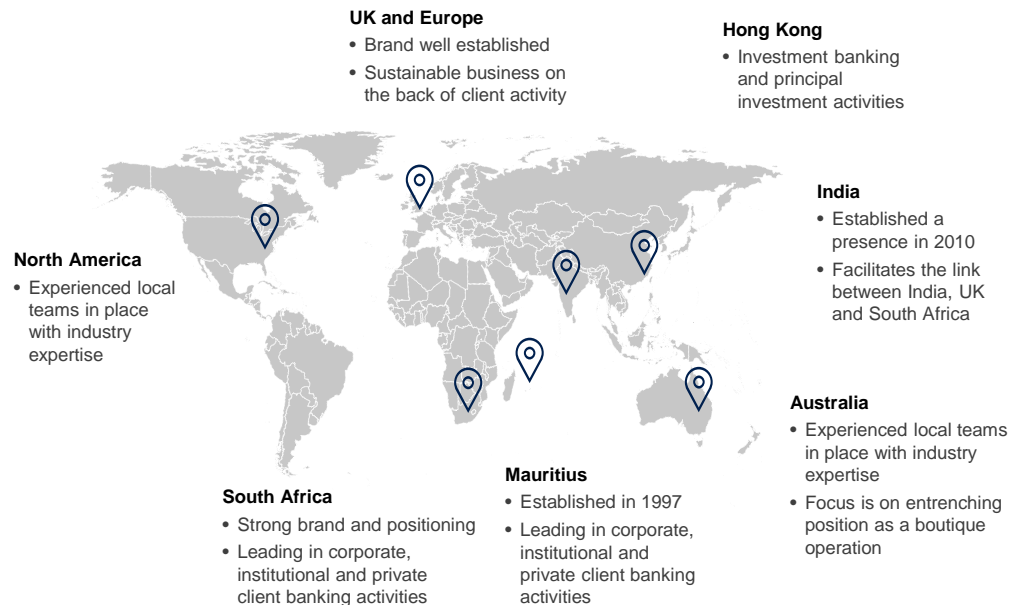
Well positioned to provide solutions to meet private, business, corporate and institutional clients' needs.

High income and high net worth private clients	Corporates / government / institutional clients	
<b>PRIVATE BANKING</b>	<b>CORPORATE, BUSINESS AND INSTITUTIONAL BANKING</b>	<b>INVESTMENT ACTIVITIES</b>
<ul style="list-style-type: none"> <li>• Lending</li> <li>• Transactional banking</li> <li>• Savings</li> <li>• Foreign exchange</li> </ul>	<ul style="list-style-type: none"> <li>• Lending</li> <li>• Treasury and trading services</li> <li>• Advisory</li> <li>• Institutional research, sales and trading</li> </ul>	<ul style="list-style-type: none"> <li>• Principal investments</li> <li>• Property investment and fund management</li> </ul>

## Value proposition

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

## Where we operate



# Specialist Banking: key income drivers and performance statistics

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## Key income drivers (besides market, economic and rate levels)

- **Net interest:** level 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

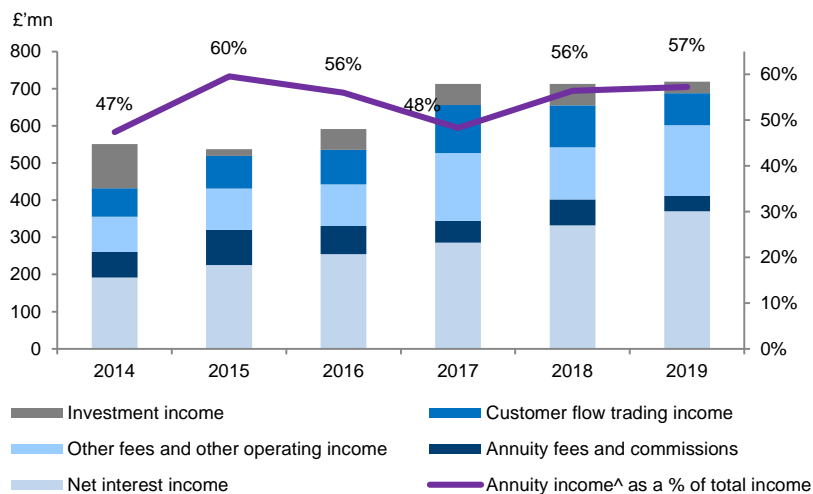
- Number of employees: 6 566
- Cost to income: 64.5%
- ROE post-tax<sup>\*\*</sup>: UK: 8.1%; SA: 12.8%
- Adjusted operating profit: £448.9mn for year ended 31 March 2019
- % contribution to group profit<sup>^</sup>: 63.2%

<sup>\*\*</sup> Divisional ROEs are reported on a pre-tax basis. For the purpose of this calculation we have applied the group's effective tax rate in its respective geographies to derive post-tax numbers: UK 14.8%, SA 10.0%.

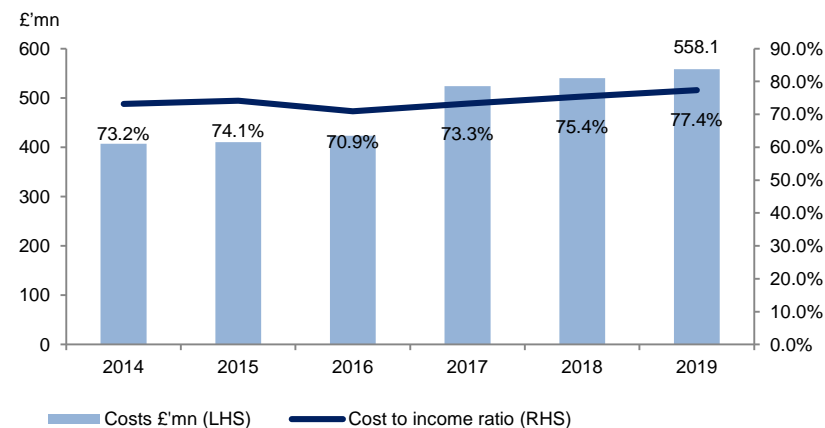
<sup>^</sup>Before goodwill, acquired intangibles, non-operating items, group costs and Asset Management non-controlling interests but after other non-controlling interests.

# UK ongoing Specialist Banking: key income drivers and performance statistics

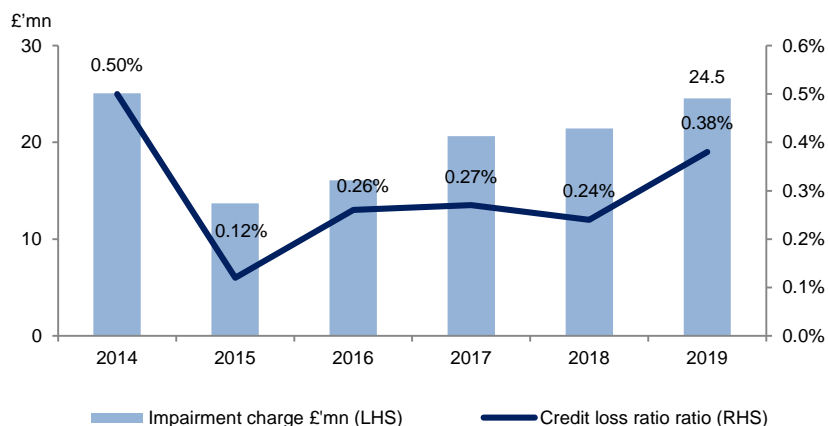
## Revenue



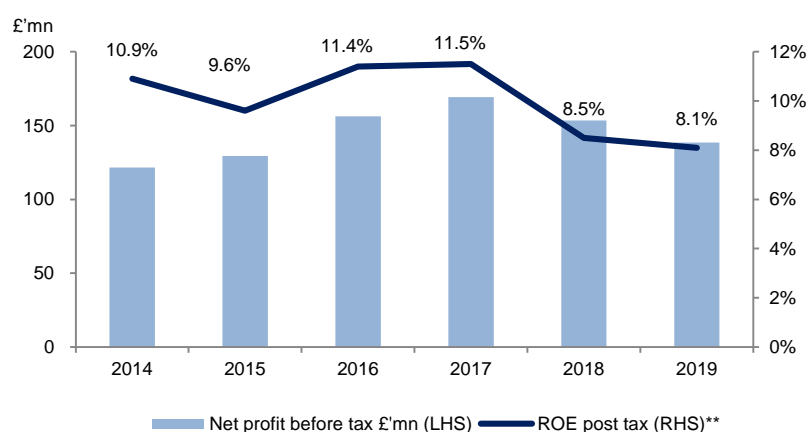
## Costs



## Expected credit losses / impairments\*



## Net profit before tax and ROE



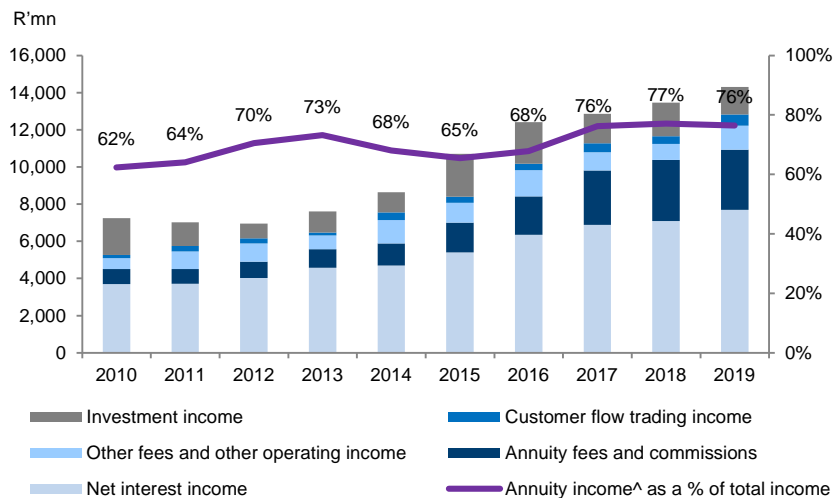
Note: Trends in the above graphs are for the year ended 31 March, and reflect the Ongoing specialist banking business. March 2019 reflects specialist banking statutory results.

^Where annuity income is net interest income and annuity fees. \*On adoption of IFRS 9, there is a move from an incurred loss model to an expected loss methodology. Expected credit loss impairment charges for the year ended 31 March 2019 have been calculated on an IFRS 9 basis, comparative years have been calculated on an IAS 39 basis. \*\*For the purposes of this calculation the group's effective tax rate in its respective geographies has been applied to derive post-tax numbers.

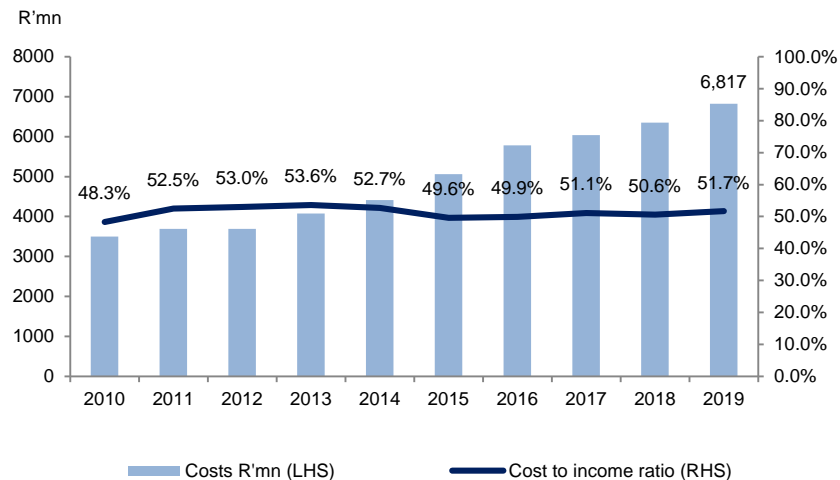


# SA Specialist Banking: key income drivers and performance statistics

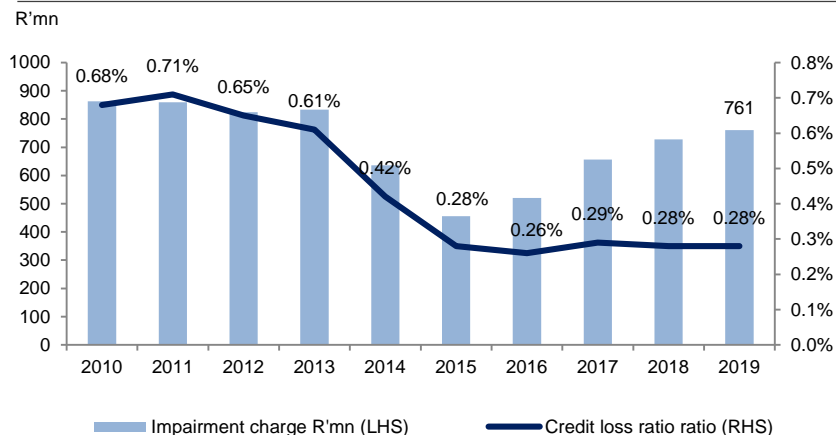
## Revenue



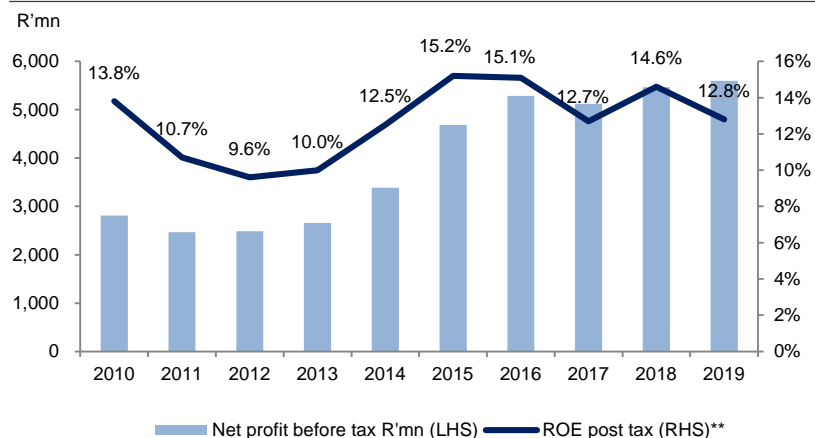
## Costs



## Expected credit losses / impairments\*



## Net profit before tax and ROE



^Where annuity income is net interest income and annuity fees. \*On adoption of IFRS 9, there is a move from an incurred loss model to an expected loss methodology. Expected credit loss impairment charges for the year ended 31 March 2019 have been calculated on an IFRS 9 basis, comparative years have been calculated on an IAS 39 basis. \*\*For the purposes of this calculation the group's effective tax rate in its respective geographies has been applied to derive post-tax numbers.

## Adjusted operating profit\* – divisional contribution

### For the ended 31 March 2019

£'000	UK & Other	Southern Africa	Total group	% change	% of total
Wealth & Investment	56 363	26 250	82 613	(16.2%)	12.4%
Specialist Banking	138 556	310 329	448 895	18.0%	67.6%
Group costs	(31 518)	(14 825)	(46 343)	6.6%	(7.0%)
<b>Bank and Wealth</b>	<b>163 411</b>	<b>321 754</b>	<b>485 165</b>	<b>12.8%</b>	<b>73.0%</b>
Asset Management	107 835	71 527	179 362	0.7%	27.0%
<b>Adjusted operating profit</b>	<b>271 246</b>	<b>393 281</b>	<b>664 527</b>	<b>9.4%</b>	<b>100.0%</b>
Other non-controlling interest			58 192		
<b>Operating profit before non-controlling interests</b>			<b>722 719</b>		
<b>% change</b>	<b>36.1%</b>	<b>(3.6%)</b>	<b>9.4%</b>		
<b>% of total</b>	<b>40.8%</b>	<b>59.2%</b>	<b>100%</b>		

### For the year ended 31 March 2018

£'000	UK & Other	Southern Africa	Total group	% of total
Wealth & Investment	69 269	29 296	98 565	16.2%
Specialist Banking	59 958	320 535	380 493	62.6%
Group costs	(33 789)	(15 809)	(49 598)	(8.2%)
<b>Bank and Wealth</b>	<b>95 438</b>	<b>334 022</b>	<b>429 460</b>	<b>70.7%</b>
Asset Management	103 918	74 127	178 045	29.3%
<b>Adjusted operating profit</b>	<b>199 356</b>	<b>408 149</b>	<b>607 505</b>	<b>100%</b>
Other non-controlling interest			52 288	
<b>Operating profit before non-controlling interests</b>			<b>659 793</b>	
<b>% of total</b>	<b>32.8%</b>	<b>67.2%</b>	<b>100%</b>	

\* Operating income less operating costs and depreciation on operating leased assets. This amount is before impairment of goodwill, amortisation of acquired intangibles, and non-operating items, but after other non-controlling interests.

# Summary year end results: salient financial features

Investec Group consolidated results	31 March 2019	31 March 2018	% change
<b>Income statement</b>			
Adjusted earnings attributable to ordinary shareholders (£'000)	519 342	491 062	5.8%
Adjusted operating profit* (£'000)	664 527	607 505	9.4%
Cost to income ratio	69.9%	68.3%	
Return on average ordinary shareholders' equity (post-tax)	12.9%	12.1%	
Return on average ordinary tangible shareholders' equity (post-tax)	14.5%	13.7%	
Return on average risk-weighted assets	1.50%	1.45%	
Annuity income as a % of total operating income	76.9%	76.2%	
<b>Balance sheet</b>			
Total capital resources (including subordinated liabilities) (£'million)	6 898	6 911	(0.2%)
Total equity (£'million)	5 251	5 428	(3.3%)
Total assets (£'million)	57 724	57 617	0.2%
Net core loans and advances to customers (£'million)	24 941	25 132	(0.8%)
Cash and near cash balances (£'million)	13 288	12 825	3.6%
Customer accounts (deposits) (£'million)	31 307	30 987	1.0%
Third party assets under management (£'million)	167 172	160 576	4.1%
<b>Key asset quality and capital ratios</b>			
Capital adequacy ratio: Investec plc^	15.7%	15.0%	
Tier 1 ratio: Investec plc^	12.6%	12.4%	
Common equity tier 1 ratio: Investec plc^	10.8%	10.5%	
Leverage ratio: Investec plc^	7.9%	8.3%	
Capital adequacy ratio: Investec Limited^	14.9%	14.5%	
Tier 1 ratio: Investec Limited^	11.2%	10.8%	
Common equity tier 1 ratio: Limited^	10.5%	10.0%	
Leverage ratio: Investec Limited^	7.6%	7.4%	
Credit loss ratio (expected credit loss impairment charges (ECL) on gross core loans and advances as a % of average gross core loans and advances subject to ECL)	0.31%	0.61%**	
Stage 3 net of ECL as a % of net core loans and advances subject to ECL	1.3%	2.0%	

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

\*\*As at 31 March 2018

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

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

Investec Group consolidated results	Actual as reported Year to 31 March 2019	Actual as reported Year to 31 March 2018	Actual as reported % change	Neutral currency^ Year to 31 March 2019	Neutral currency % change
Adjusted operating profit before tax* (million)	£665	£608	9.4%	£684	12.6%
Earnings attributable to shareholders (million)	£531	£506	5.1%	£549	8.6%
Adjusted earnings attributable to ordinary shareholders** (million)	£519	£491	5.8%	£536	9.2%
Adjusted earnings per share**	55.1p	53.2p	3.6%	56.9p	7.0%
Basic earnings per share	52.0p	51.2p	1.6%	53.7p	4.9%
Dividends per share	24.5p	24.0p	2.1%	n/a	n/a

Investec Group consolidated results	Actual as reported At 31 March 2019	Actual as reported At 31 March 2018	Actual as reported % change	Neutral currency^ At 31 March 2019	Neutral currency % change
Net asset value per share	434.1p	452.5p	(4.1%)	456.5p	1.0%
Net tangible asset value per share	386.0p	401.5p	(3.9%)	408.1p	1.6%
Total equity (million)	£5 251	£5 428	(3.3%)	£5 554	2.3%
Total assets (million)	£57 724	£57 617	0.2%	£62 331	8.2%
Net core loans and advances (million)	£24 941	£25 132	(0.8%)	£26 833	6.8%
Cash and near cash balances (million)	£13 288	£12 825	3.6%	£14 113	10.0%
Customer accounts (deposits) (million)	£31 307	£30 987	1.0%	£33 688	8.7%
Third party assets under management (million)	£167 172	£160 576	4.1%	£173 950	8.3%

\*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. 17.21. For balance sheet items we have assumed that the Rand: Pounds Sterling closing exchange rate has remained neutral since 31 March 2018.