

Creating the UK's Leading Discretionary Wealth Manager

*Combination of Investec Wealth & Investment UK
and Rathbones*

4 April 2023



Overview of key transaction terms

Combination Terms and Pro-Forma Ownership

- Investec Group will own a 41.25% economic interest in the Enlarged Rathbones Group, with voting rights capped at 29.9%⁽¹⁾
 - Implies an equity value for Investec W&I UK business of £839m⁽²⁾
 - Transaction perimeter excludes Investec Bank (Switzerland) AG and Investec W&I International (Pty), Ltd

Commercial Partnership Arrangement and Branding

- Ongoing strategic partnership agreement to be entered into at completion, to enhance the client proposition across banking and wealth management services
- Enlarged Rathbones Group will operate under Rathbones' brand, one of the most established and prestigious brands in UK wealth management

Governance

- Two Investec Group representatives to join the Enlarged Rathbones Group Board as non-executive directors on completion
- Joint Integration Steering Committee to be established to manage the integration process
- Enlarged Rathbones Group will be an independent Premium-listed business and will remain in compliance with the UK Corporate Governance Code

Management and HQ

- Enlarged Rathbones Group will be chaired by Rathbones' Chair, Clive Bannister and led by Rathbones' CEO, Paul Stockton
- An experienced leadership team from both businesses, including Investec W&I UK's CEO, Iain Hooley⁽³⁾
- It is intended that the headquarters will be in the same location as Investec Group's London office (30 Gresham Street) in order to enhance the strategic and operational linkages between the two groups

Compelling strategic rationale

Combination creates the **UK's leading discretionary wealth manager** with c.£100bn in FUMA⁽¹⁾

- Scale and operating efficiencies to power future growth
- Enhanced client and employee proposition
- Increased investment in capability and technology

Creates a **long-term strategic partnership**, with a **coordinated banking and wealth management offering** for clients

Re-affirms Investec Group's **commitment to the strategically attractive** UK wealth management sector

Increases earnings contribution from **capital-light activities** in the medium term

Creates **sustainable value** for Investec Group's shareholders

Financial benefits

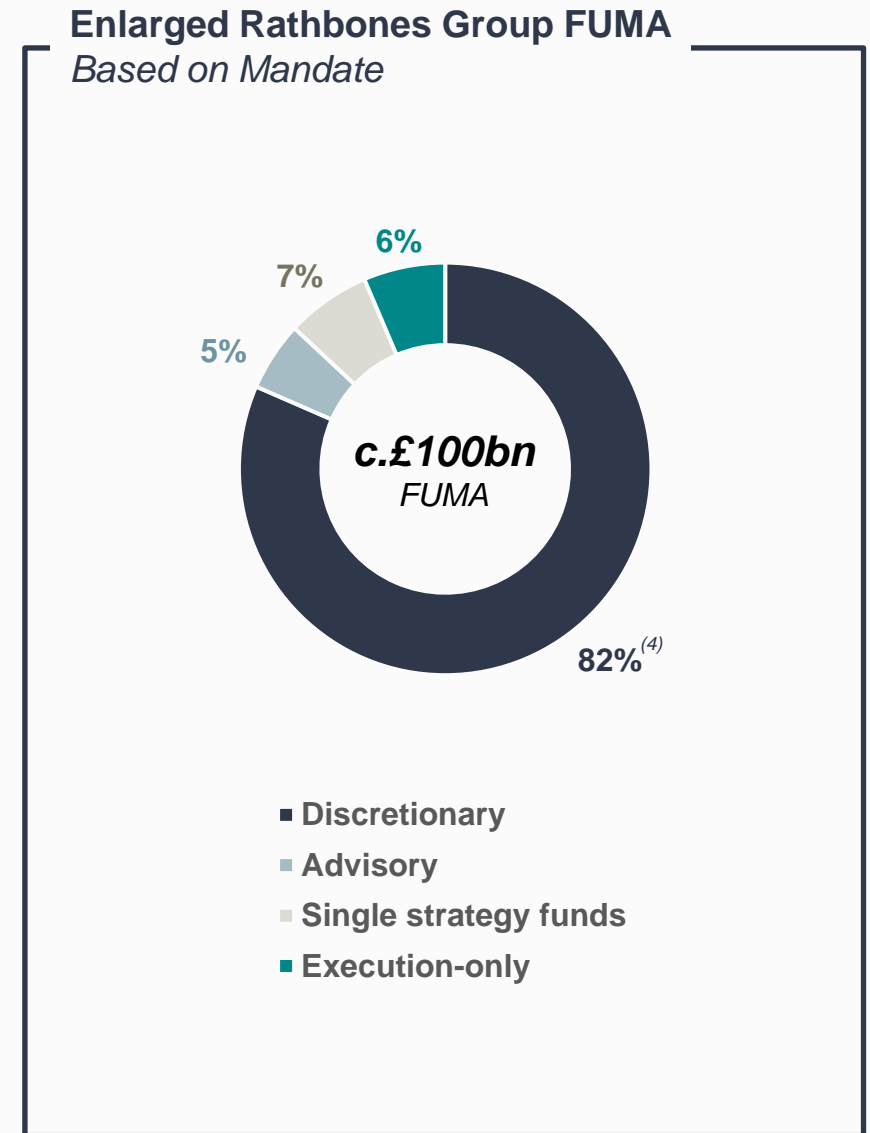
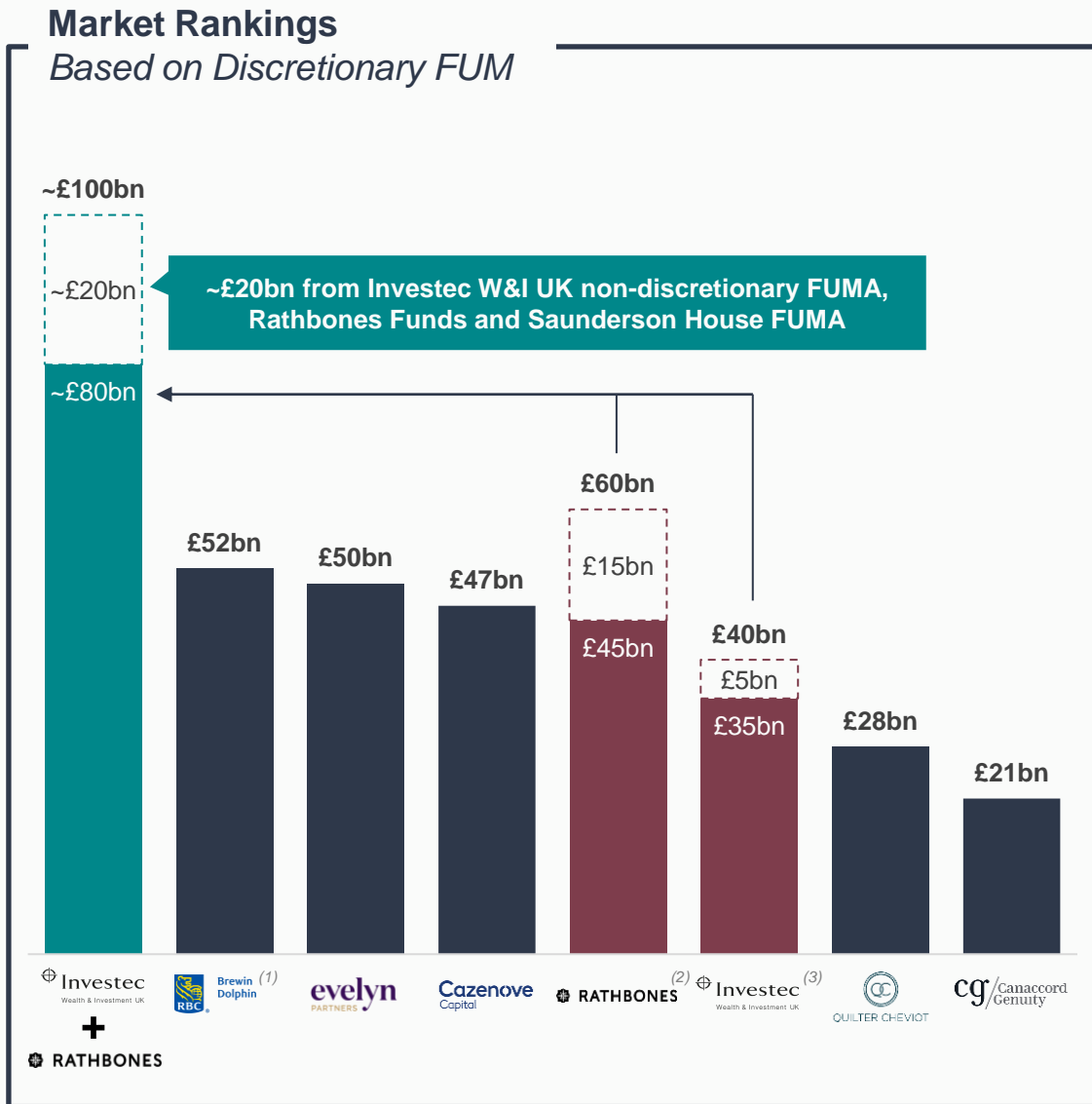
Delivers significant **value creation**, with **at least £60m of pre-tax cost and revenue synergies**⁽¹⁾

Delivers **earnings accretion**⁽²⁾ for Investec Group shareholders

Material cost saving in respect of Investec W&I UK's planned technology spend through leveraging Rathbones' recent digital investment

Enlarged Rathbones Group will have a **robust capital base, with significant future capital generation** - supportive of Investec Group's dividend policy

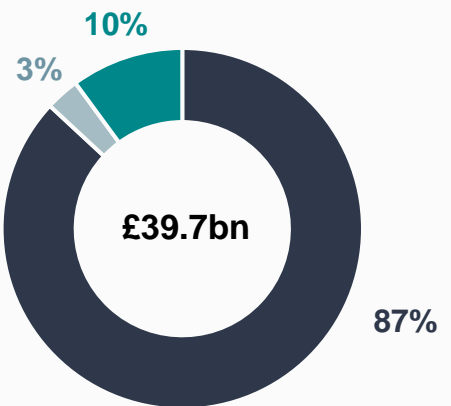
Creates the leading UK discretionary wealth manager



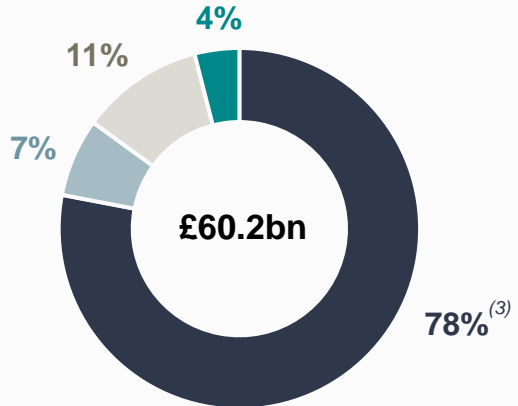
With an attractive and diversified client proposition



FUMA by Mandate⁽¹⁾



FUMA by Mandate⁽²⁾



Discretionary
 Advisory
 Single strategy funds
 Execution-only

325 ⁽⁴⁾ Investment Managers	45 Financial Planners	15 UK and CI Offices
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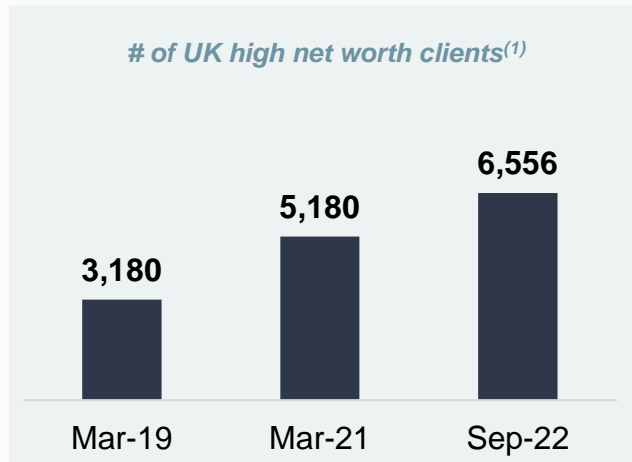
352 Investment Managers	72 Financial Planners	131 IFAs through Vision	15 UK and CI Offices ⁽⁵⁾
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Enlarged Rathbones Group with ~£100bn FUMA, 675+ Investment Managers and 240+ Financial Planners / Advisers⁽⁶⁾

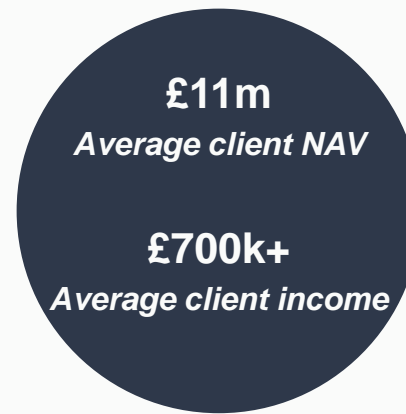
Attractive long-term commercial partnership arrangement



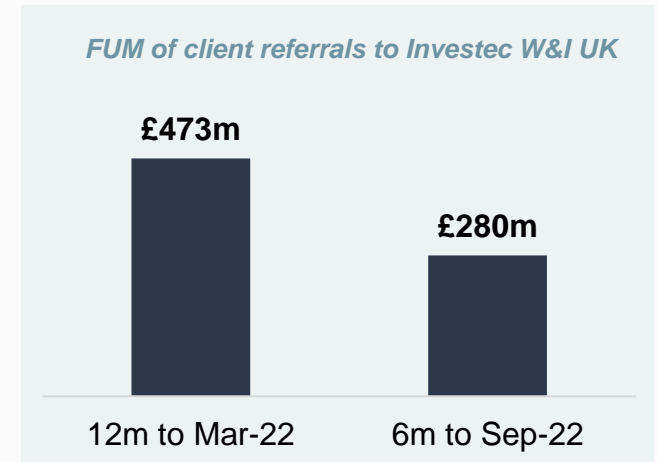
Growing Investec Bank UK client base...



...with attractive characteristics...

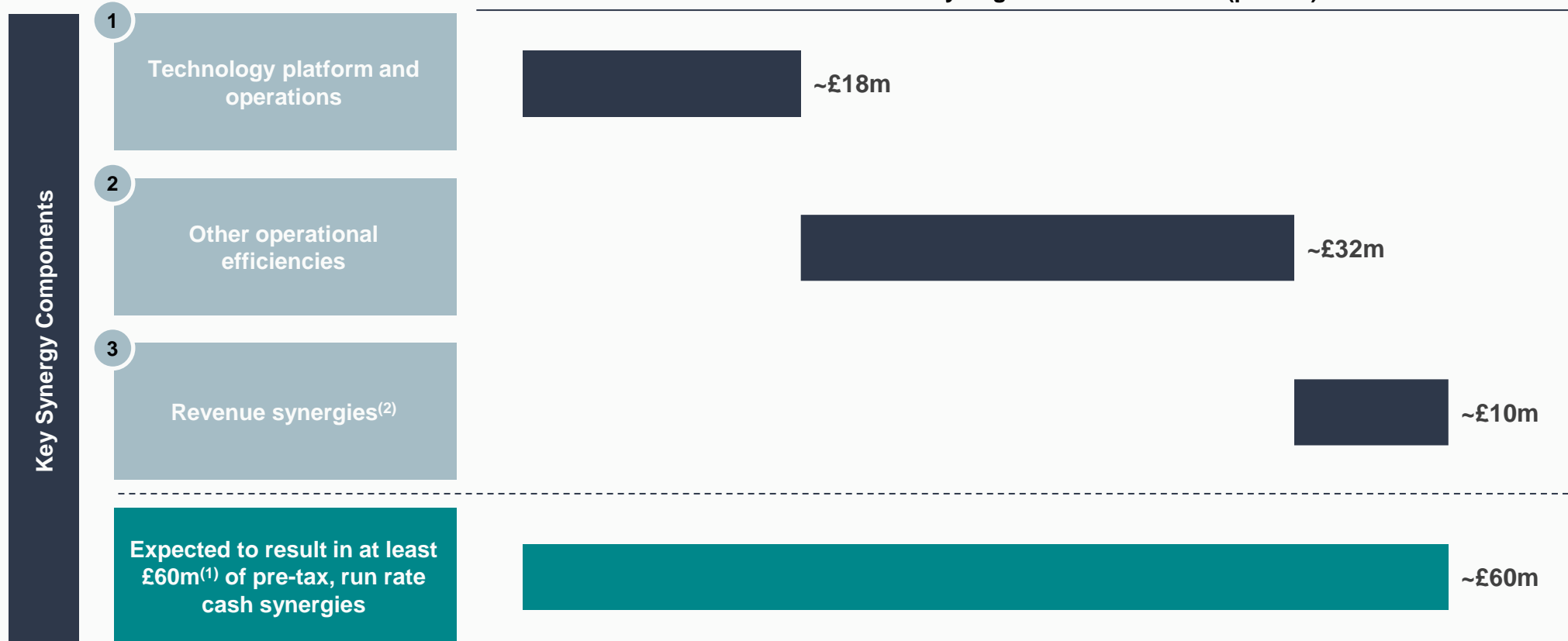


...driving significant client referrals



Meaningful value creation with at least £60m of run-rate synergies

Total Annualised Synergies on a Cash Basis (pre-tax)



Timing and Cost to Achieve

- c.25% of these synergies expected to be achieved by the end of the first full year following completion, c.70% by the end of the second full year, and 90%+ by the end of the third full year post-completion
- Total net cash costs to achieve of c.£98m (pre-tax), with more than 90% to be incurred broadly evenly in the first and second full years post-completion^(3,4)
- c.£34m of net costs in relation to employee awards to allow participation in the financial benefits of the Combination⁽⁵⁾

Note: (1) Total annualised synergies are presented on a cash basis; (2) Based on current cash balances within Investec W&I UK accounts and current interest rates, assuming a Bank of England base rate of 4.0%. For illustrative purposes, if the Bank of England base rate were 3.0%, it is expected that the net interest income synergy would reduce by approximately £2m; (3) Of the £98m, c.£78m is expected to be incurred as non-underlying expenses, with the remaining c.£20m – relating to property leases, to be depreciated in accordance with IFRS 16 over a period of approximately 9 years through underlying earnings; (4) Separate to the cost to achieve, the Enlarged Rathbones Group will incur capital expenditure estimated at £25m in relation to the fit out of additional space in the London office. This will be funded by a combination of anticipated lease incentives from the landlord and additional cash contribution from Investec Group that will be retained in the Investec W&I UK business at completion; (5) The cost of £34 million is stated net of a cash contribution from Investec Group equivalent to £31 million on a pre-tax basis

Financial impact and outlook for Investec Group

Earnings

- Increases contribution of capital light recurring earnings
- Expected to be marginally earnings accretive in the first full financial year post-completion, and earnings accretive thereafter as synergies are delivered (based on adjusted EPS)

Dividends

- Investec Group will benefit from the Enlarged Rathbones Group's progressive dividend policy, underpinned by significant future capital generation
- No change to Investec Group's existing dividend policy

Capital

- Day 1 impact on Investec plc and Investec Bank plc's CET1 ratio expected to be broadly neutral

Summary

Key Takeaways

Compelling strategic and financial rationale

Fully aligned with Investec Group strategy

Next Steps

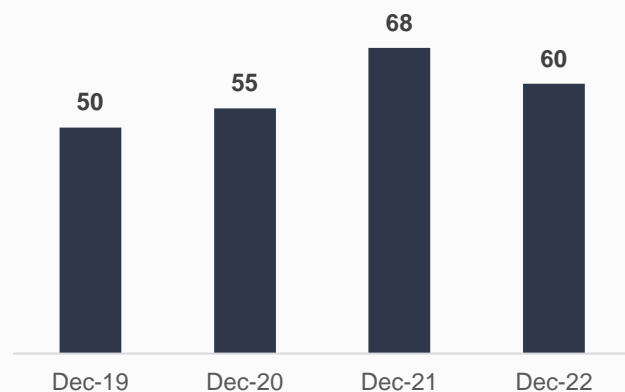
- Class 2 transaction for Investec Group and Class 1 transaction for Rathbones
 - Publication of Rathbones Prospectus and Circular in Q2 2023
 - Rathbones shareholder vote to be sought at a General Meeting in Q2 2023
- Subject to relevant financial and other regulatory approvals (and notifications) being obtained for Rathbones and Investec Group, including but not limited to the UK (from the PRA, FCA and CMA), Jersey, Guernsey and South Africa
- Completion expected in early Q4 2023

Appendix

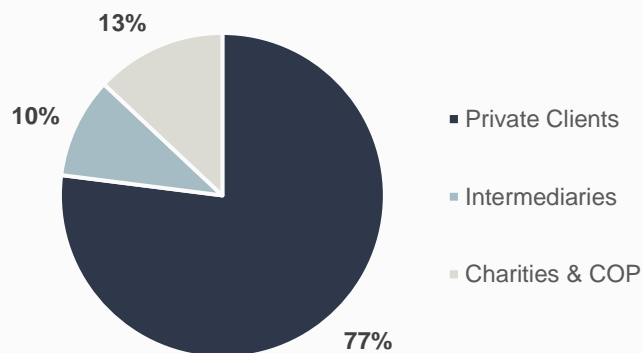


Overview of Rathbones

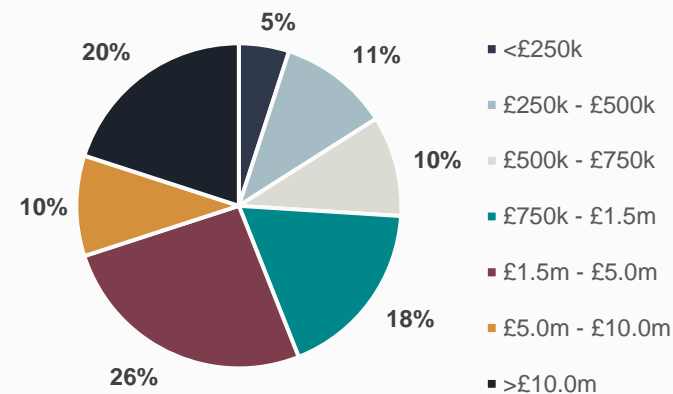
Closing Total FUMA⁽¹⁾ (£bn)



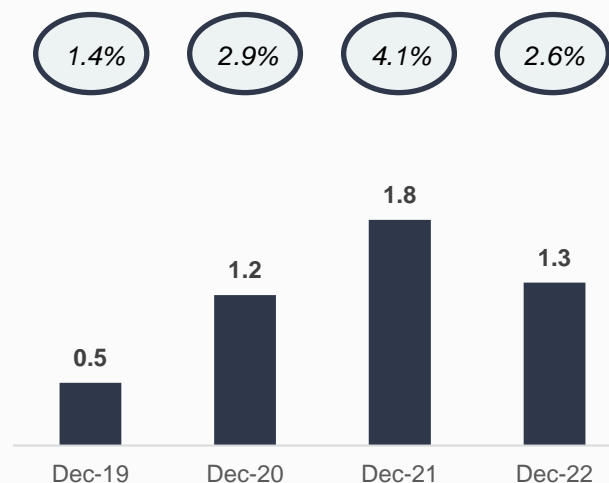
Fund Type by Value (%) (Dec-22)



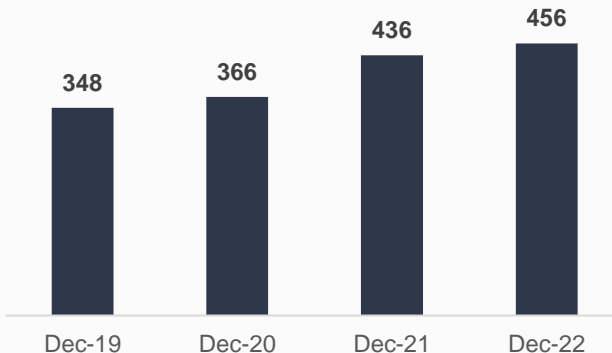
Size of Client Relationship by Value (%) (Dec-22)



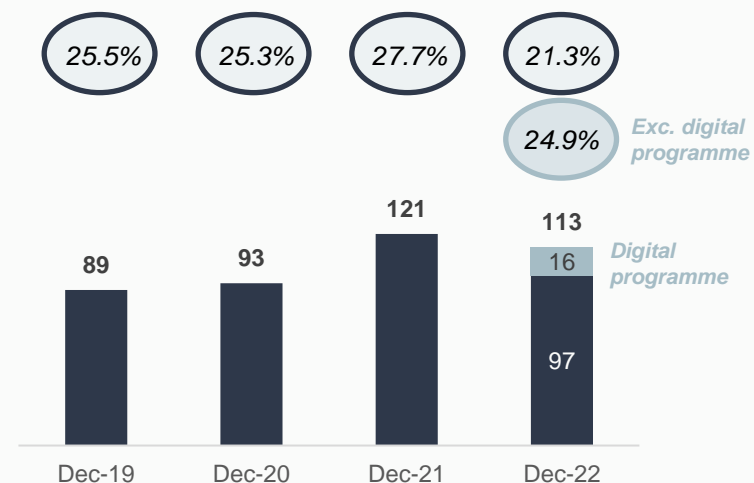
Discretionary and Managed Net Flows (£bn)
Net Organic Growth⁽²⁾ (%)



Operating Income (£m)



Underlying Profit before Tax (£m)
Underlying PBT Margin (%)



Historical financial information

	Investec W&I UK			
	12 months to 31-Mar-2020	12 months to 31-Mar-2021	12 months to 31-Mar-2022	6 months to 30-Sep-2022
Closing FUMA	£32.8bn	£41.3bn	£43.7bn	£39.7bn
Net Organic Flows	£0.5bn	£1.1bn	£1.2bn	£0.4bn
Organic Growth Rate⁽¹⁾	1.3%	3.4%	2.9%	2.0% ⁽²⁾
Operating Income	£301.8m	£311.2m	£337.8m	£169.1m
Underlying PBT	£67.3m	£77.0m	£89.2m	£39.3m
Underlying PBT margin	22.3%	24.8%	26.4%	23.2%

Investec W&I UK to benefit from incremental ~£7m saving per annum from reduced central services charge going forward under Rathbones ownership⁽³⁾

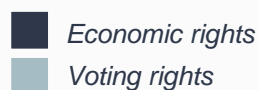
	Rathbones			
	12 months to 31-Dec-2019	12 months to 31-Dec-2020	12 months to 31-Dec-2021	12 months to 31-Dec-2022
Closing FUMA	£50.4bn	£54.7bn	£68.2bn	£60.2bn
Discretionary and Managed Net Flows	£0.5bn	£1.2bn	£1.8bn	£1.3bn
Organic Growth Rate⁽⁴⁾	1.4%	2.9%	4.1%	2.6%
Operating Income	£348.1m	£366.1m	£435.9m	£455.9m
Underlying PBT	£88.7m	£92.5m	£120.7m	£113.4m ⁽⁵⁾
Underlying PBT margin	25.5%	25.3%	27.7%	24.9%

Note: Investec W&I UK financials reflect the perimeter of the transaction and have been extracted from unaudited management financial information prepared by Investec W&I UK, adjusted for Rathbones' principal accounting policies. This financial information is provided for background information only. (1) Net organic growth calculated as net organic inflows divided by opening FUMA; (2) Based on an annualised rate; (3) Based on annualised costs incurred by Investec W&I UK in respect of group central service charges for the 6 months to 30 September 2022; (4) Net Discretionary and Managed organic growth calculated as net organic Discretionary and Managed inflows divided by opening Discretionary and Managed FUMA; (5) Adjusted for £16.3m of expenses related to Rathbones' digital programme

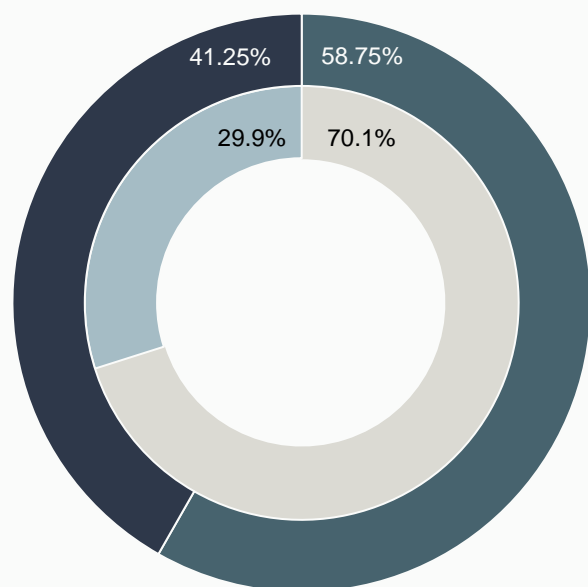
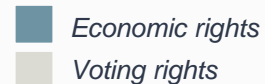
Summary of Enlarged Rathbones Group shareholder arrangements

Pro Forma Shareholder Structure

Investec Group



Other Enlarged Rathbones Group Shareholders



Key Relationship Terms

- Two new Investec Group representatives to join the Enlarged Rathbones Group Board on completion
 - Right to appoint two non-executive directors for so long as Investec Group retains a minimum 20% shareholding in the Enlarged Rathbones Group
 - Right to appoint one director if holding is between 10% and 20%
- Full lock-up on Investec Group disposing of the consideration shares for two years
 - Investec Group able to sell down one-third of its consideration shares in each of the following two years (i.e. years three and four)
- Investec Group subject to five-year standstill following completion (and during the period between announcement and completion)
 - Investec Group (and any person with whom it is acting in concert) prohibited from acquiring further Rathbones shares and making unsolicited offers for Rathbones
 - Standstill falls away if a third party announces a firm intention to make an offer for Rathbones

Opportunity to leverage Rathbones' investment in technology

- Rathbones' technology infrastructure will be readily scalable over larger business base at pace, offering:
 - ✓ A modern technology platform
 - ✓ Increased digital processes
 - ✓ Freeing up time for colleagues
 - ✓ Reduced complexity
 - ✓ Richer management information
- Transaction removes the need for Investec W&I UK to invest in its planned technology upgrade
- The Enlarged Rathbones Group will also benefit from the provision of selected technology services by Investec Group to drive operational efficiencies and encourage collaboration

Clients

- Highly regarded MyRathbones app and portal
- Digital communication and ease of doing business

Investment Managers and Advisers

- Prospecting, reporting and support tools
- Personalised investment systems
- Complementary financial planning journeys

Core Platform

- Digitally-enabled client lifecycle management – onboarding / servicing
- Strong and stable technology infrastructure
- Robust custody and settlement systems

Key Rathbones Technology Providers



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