



 Investec

UK Specialist Bank January 2020

Ruth Leas, Ryan Tholet, Chris Meyer



Agenda

- | | | |
|---|-----------------------------------------------------|-------|
| 1 | UK Specialist Bank: Leadership team and overview | 3-4 |
| 2 | UK Specialist Bank: Investment proposition | 5-15 |
| 3 | Private Banking: Additional detail | 17-22 |
| 4 | Corporate and Investment Banking: Additional detail | 23-31 |

UK Specialist Bank: Leadership team



Ruth Leas
*CEO of Investec Bank plc,
Head UK Specialist Bank*



Chris Meyer
*Executive Director of Investec Bank plc,
Head UK Corporate and Investment Banking*



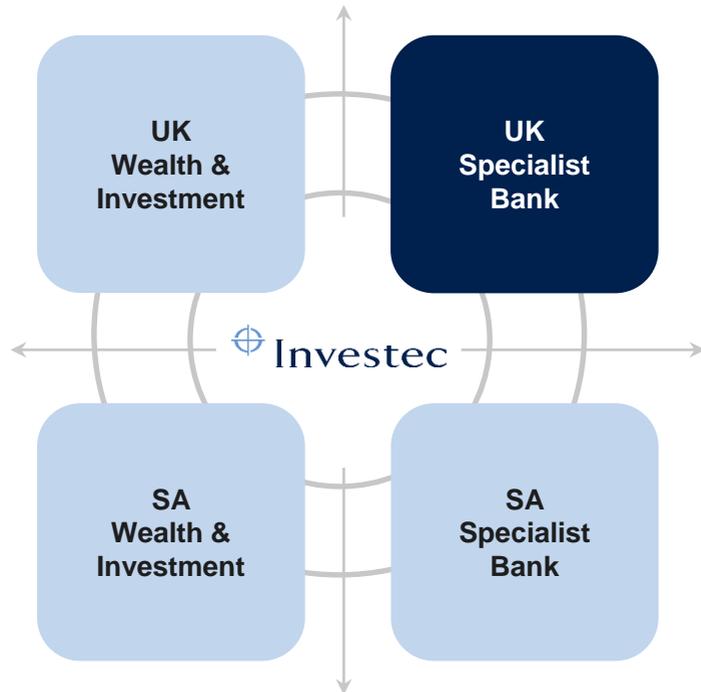
Ryan Tholet
*Executive Director of Investec Bank plc,
Head UK Private Banking*

UK Specialist Bank: Overview

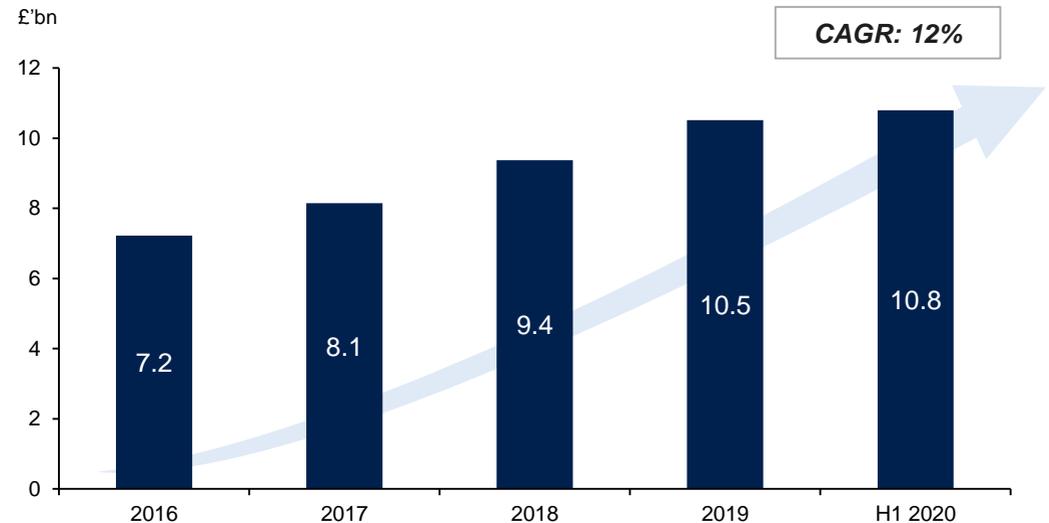
UK Specialist Bank contribution to the Group

We are a full-service bank, working with 200,000+ clients, from individuals through to private companies, larger corporates and institutions, supported by c. 2,400 talented out of the ordinary people based in 12 different countries

Employees	% Contribution to adjusted operating profit* of Investec Bank and Wealth	% Contribution to loan book of Investec Bank and Wealth
c.2,400	27%	42%



UK Specialist Bank Loan growth over time[^]



*Operating profit before goodwill, acquired intangibles and strategic actions, less profit attributable to other non-controlling interests. [^]Loan growth shown above on an ongoing basis (excluding UK Specialist Bank legacy assets and businesses sold), except for FY 2019 and H1 2020 which are on statutory basis.

UK Specialist Bank: Investment proposition

Domestically relevant in the UK, internationally connected

- 1 Business **uniquely positioned** in the UK market
- 2 **Established, full service Corporate and Investment Banking** delivering strong growth
- 3 **Private Banking fully invested** – now in leverage and growth phase
- 4 **Diversified, quality revenue mix** provides sustainable earnings
- 5 Current **cost base sufficient** to support the three year growth plan – growth with efficiency
- 6 Clear path to **achieving ROE targets**

1 Uniquely positioned in the UK market

We are uniquely positioned in a segment of the market where we have strong competitive advantage with our full service offering

UK Specialist Bank

Investment Banking

Corporate Banking

Private Banking

Retail Banking

For **UK listed corporates and financial sponsor-backed businesses** looking for boutique service with 'bulge bracket' capability, as well as **international specialist sector clients** seeking deep expertise

For UK **private companies** who require agile, personalised service, tailored to meet their needs

For **high net worth** clients that need a banking-partner to grow their wealth

Award-winning, innovative Savings products for **mass affluent** clients

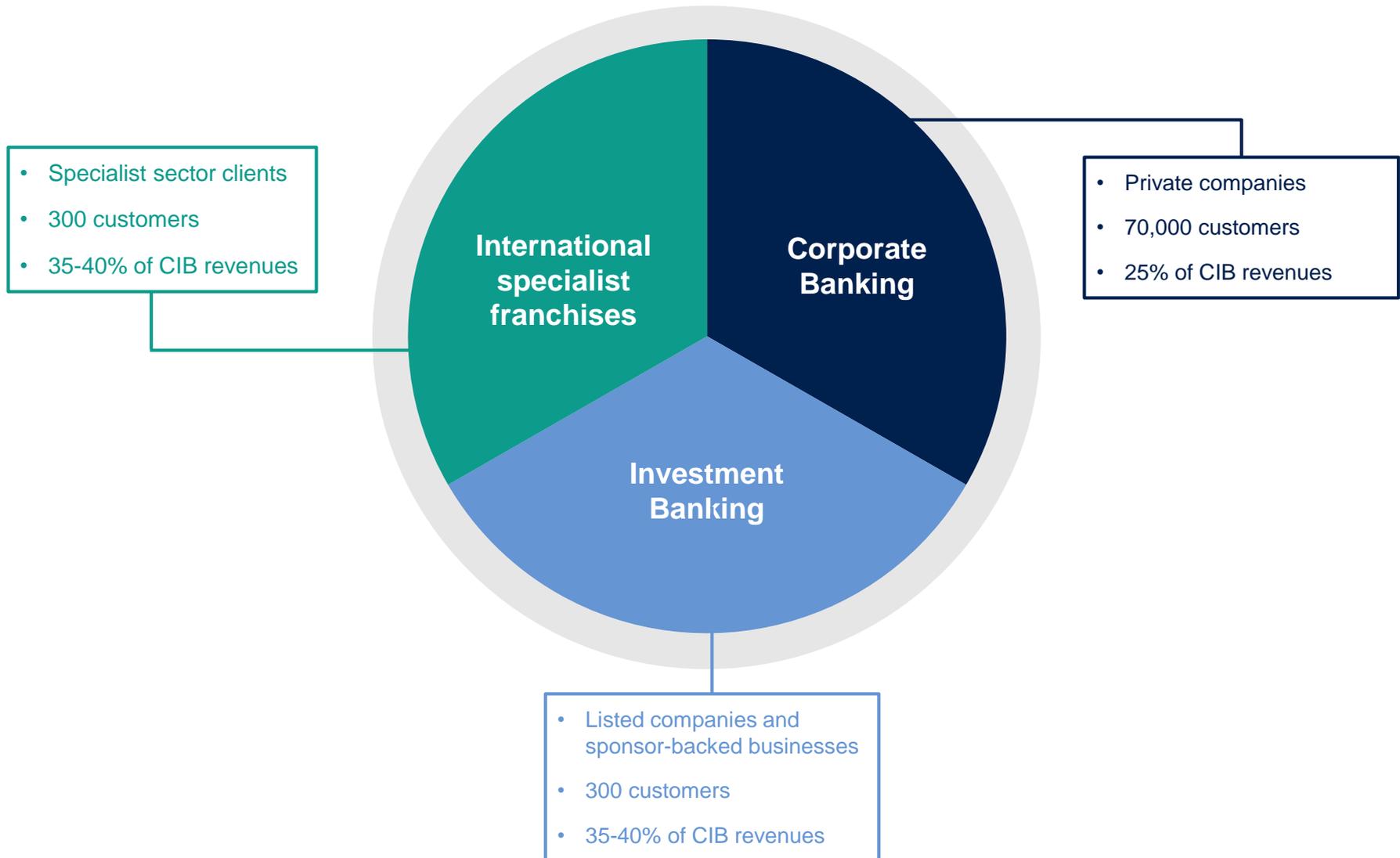
Capital, advice and ideas, risk management and treasury solutions

Lending, capital, savings, transactional banking, and foreign exchange

Diverse and high-quality revenue mix driven by our full service offering, fuelled by our ability to capitalise on under-serviced parts of the market across the spectrum

2 Established, full-service CIB offering...

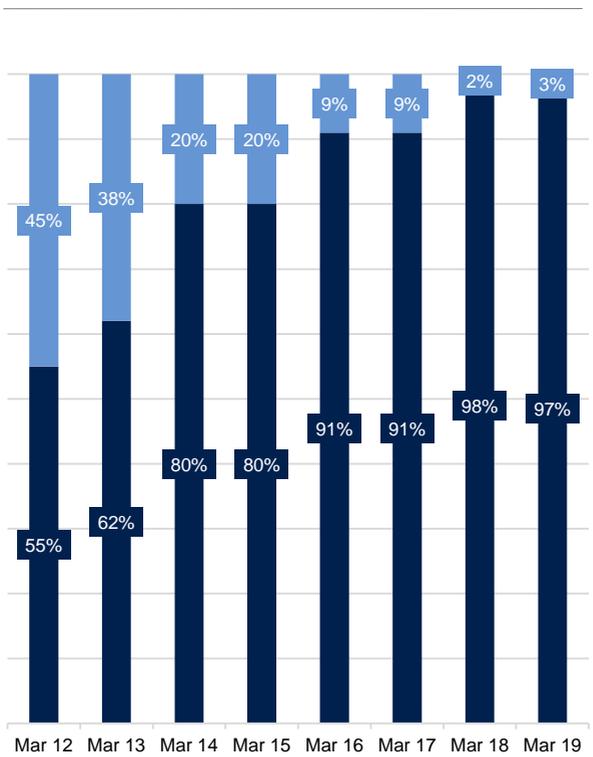
Consistently contributed c.35-40% of Global Specialist Bank revenues



Established, full-service Corporate and Investment Banking (CIB) offering...

CIB focused on deepening well-established franchises and balancing fees and lending

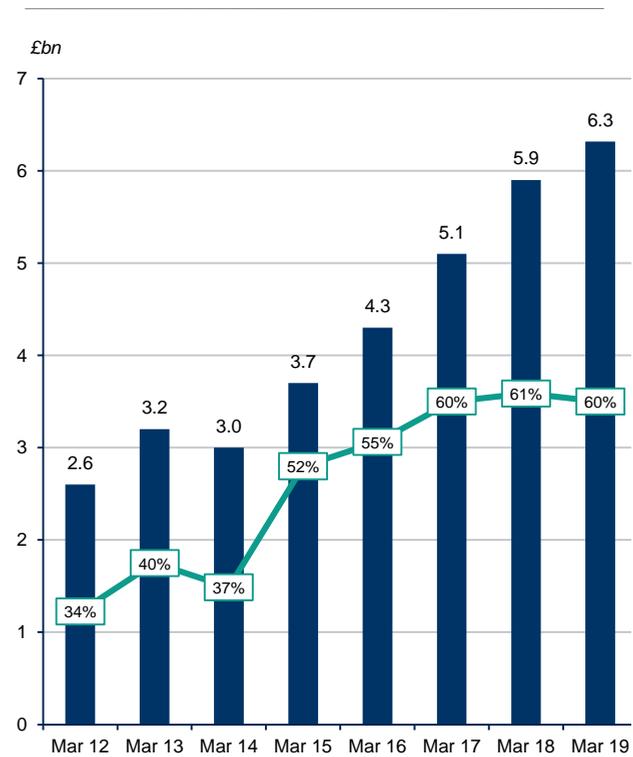
CIB Sustainable earnings



■ Client revenue ■ Proprietary and one-off revenue

97% of earnings made up of client revenue

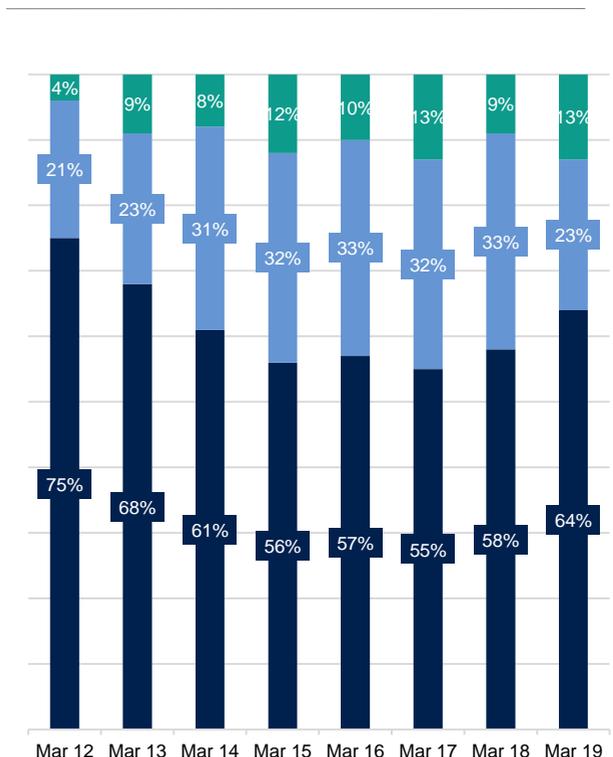
CIB Loan book growth



■ Net book size — Net book size as a % of total UK net core loans

14% CAGR of the loan book since 2012

CIB Revenue mix



■ Lending ■ Client flow ■ Advisory

Balanced and diversified, quality revenue mix

2 ...now delivering on growth strategy

Key CIB growth drivers

1

Building on the strength of our existing **Corporate Banking** franchises, focused on high-growth clients and deepening relationships with existing clients - currently 71% are single product.

- Growing existing business by using existing origination channels and **driving multi-product sales**
- Enhancing existing products and expanding into **new product capabilities**, including working capital, digital deposits and business current accounts
- Developing **digital product suite**, including online lending, current account, FX and payments
- The recent **£15mn BCR funding award** is enabling us to accelerate the build out of our proposition

2

Converting our unique **Investment Banking** proposition – a full-service UK Investment Bank with international reach and a client-partnership model – into pre-eminence in the mid-market.

- **Grow our listed clients at around 12% per annum** over the next five years, through a smart build and buy plan
- Grow our PE clients by around 15% over the next five years and continue to convert them to using **multiple solutions**, growing our sponsor-backed revenues by 12% per annum

3

Strengthening the reputation of our **International Specialist Franchises** by being at the cutting edge of constantly changing industries.

- Deliver a **10% CAGR in the next three years** from Aviation, Power & Infrastructure Finance, Fund Finance and Resources revenues

4

Creating a differentiated **Fund Management Platform**, giving investors unique access to our International Specialist Sector expertise.

- We currently **have >£4.5bn third-party AUM**
- We have a clear ambition to **develop our fund management capability** to support our **other asset classes**, and in doing so significantly grow our AUM
- **Why it matters to investors**
 - Access to differentiated alternative strategies
 - Leverage strong origination team
 - Superior risk return
 - Strong alignment of interest

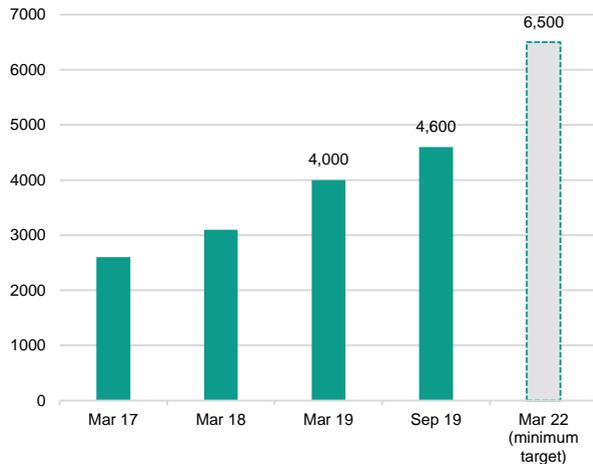
While leveraging our strong distribution capability to support our client growth

Private Banking fully invested – now in leverage and growth phase

Private Banking in the UK - strong growth across all three client groups, which is a reflection that our proposition is resonating in the market

High Net Worth client growth

clients earning £300k+ and with £3m NAV who are actively creating wealth

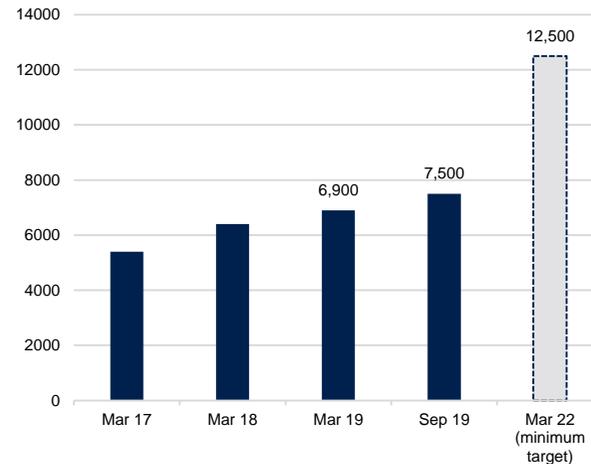


Market proposition:

*A different type of private banking.
Refreshingly human with a high service level
– an ability to deal with complexity and
execute quickly*

SA client growth

High Income Investec SA clients

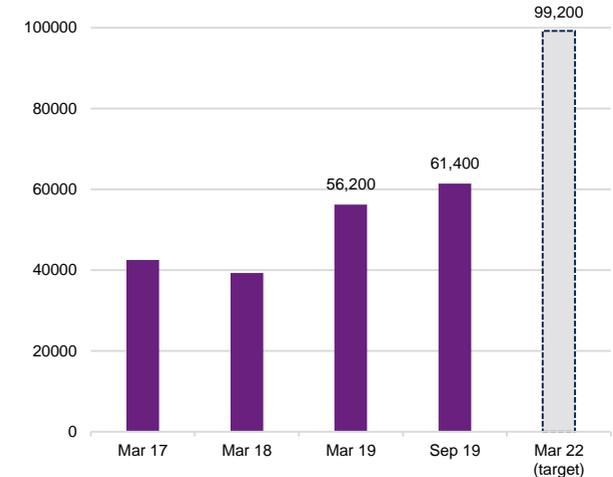


Market proposition:

*A seamless offshore banking solution
integrated into One Investec through One
Place*

Savings client growth

clients with £10k+ to deposit



Market proposition:

*Highly competitive and award winning
innovative products, digitally focused and
with the opportunity to 'self serve' flexibly*

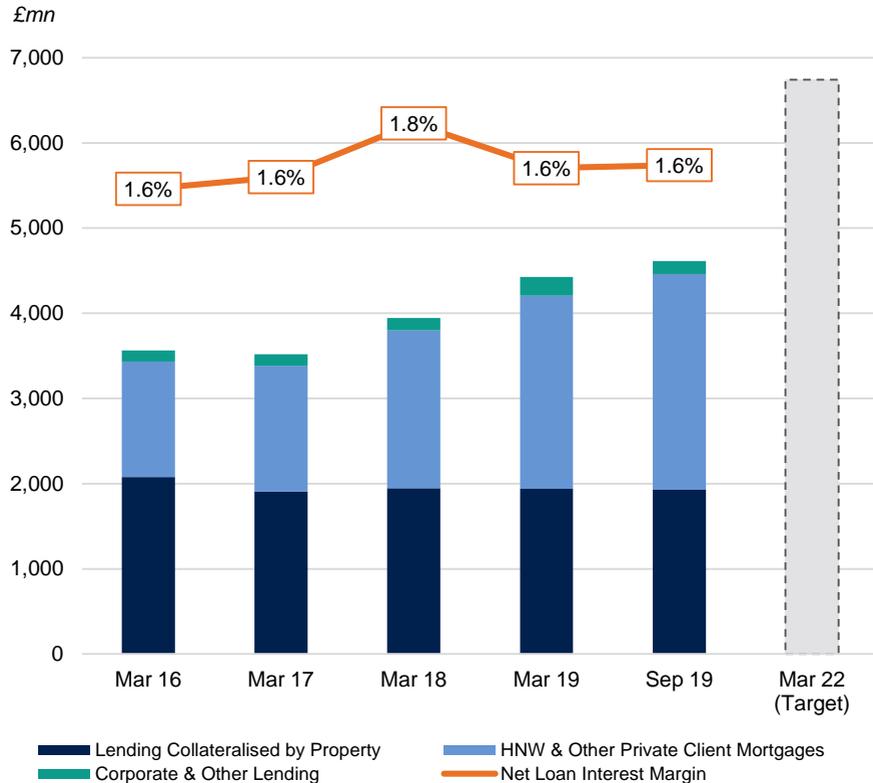
Notes:

1. Projected retail client numbers are based on current balance sheet make up of average balance per account, average number of accounts per client. This can change based on wider funding needs across the bank, and potential for more vanilla retail deposits raised across a higher number of clients in lower denominations
2. Client numbers rebased to reflect refined methodology

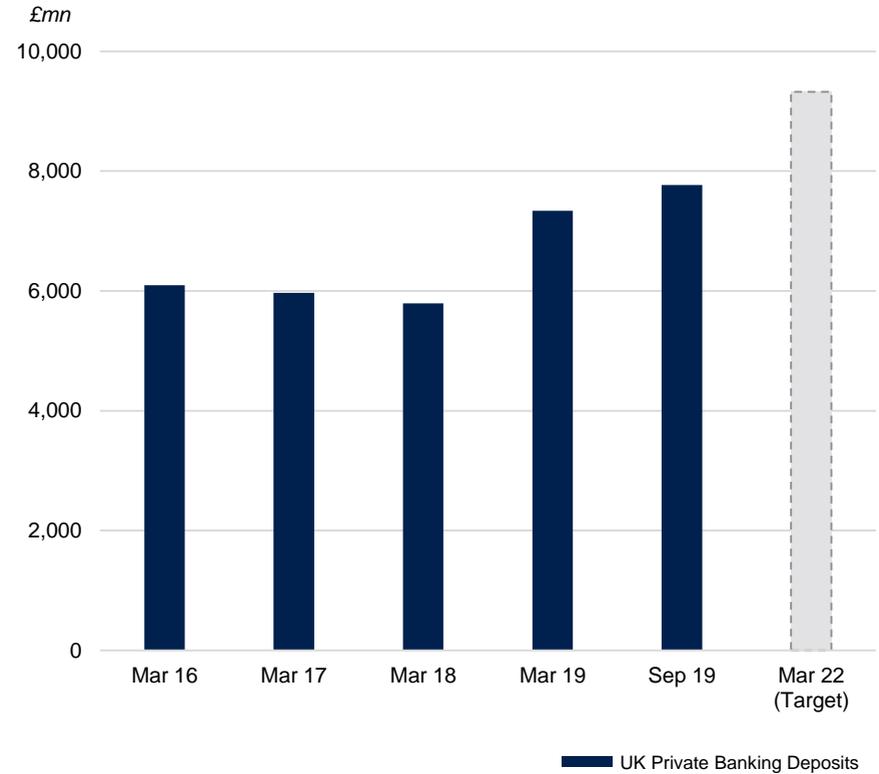
Private Banking fully invested – now in leverage and growth phase

Private Banking in the UK currently leveraging new operating capabilities and driving sustainable growth

UK Private Banking Loan Book growth



Retail Funding from UK Private Banking

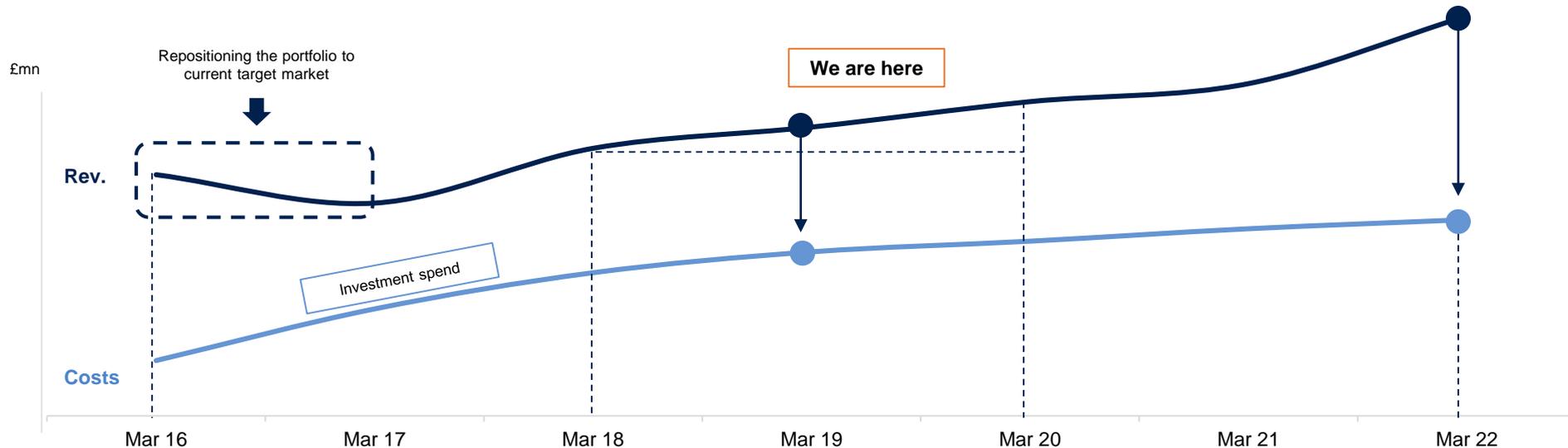


Grown, diversified and reduced the risk of our loan book while maintaining net interest margin

Scalable retail funding that we can grow efficiently

Private Banking fully invested – now in leverage and growth phase

c. £67mn invested, now scaling and driving further client acquisition, loan book growth and funding



2022
Growth
Plan

1

Build

Address legacy impairments and invest to achieve a scalable platform for growth

2

Leverage

Acquire clients, grow lending, increase funding and improve productivity

3

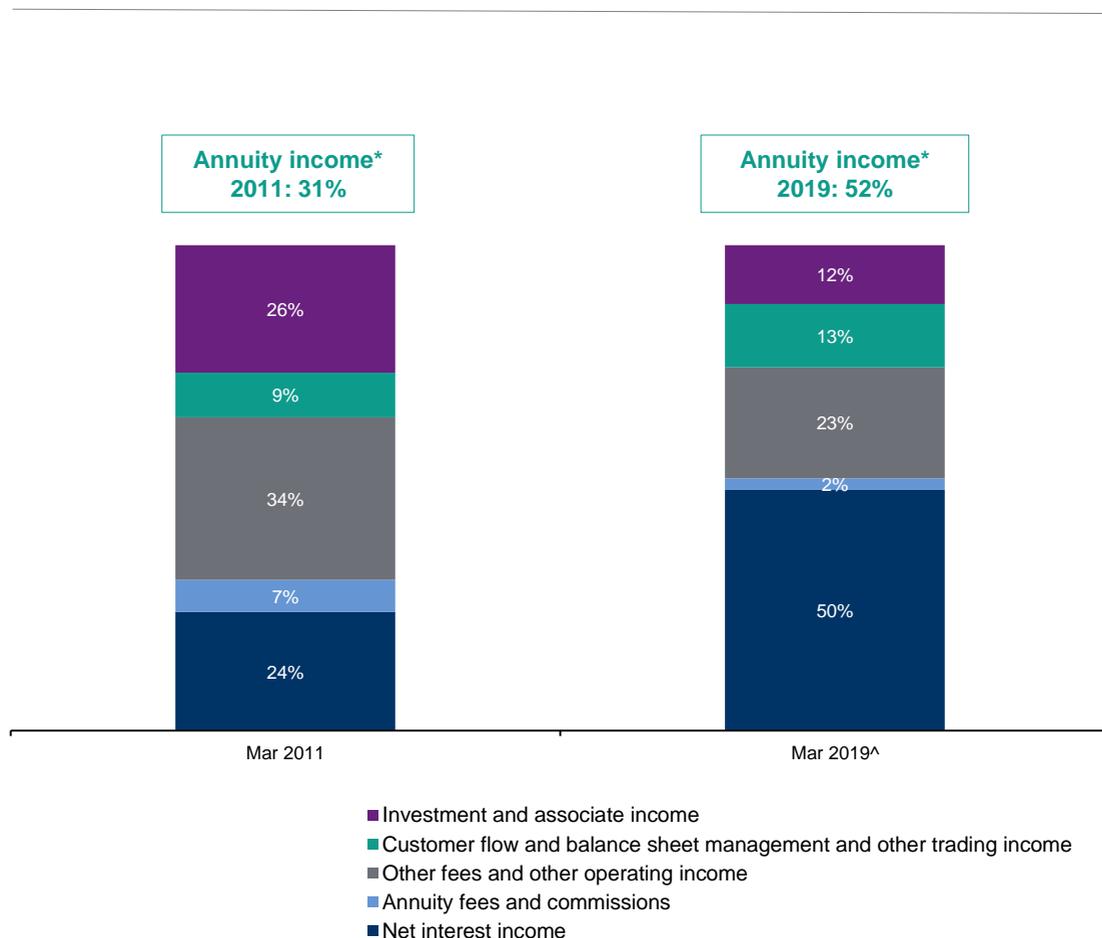
Accelerated Growth

Group connectivity; continue building lending and funding; and diversifying with new products and revenue opportunities

Ambition over 3 years: c. £3bn new mortgages @ £2mn average size = 1,500 mortgages (with c.1% NIM)

Diversified, quality revenue mix contributing to sustainability of earnings

Evolution of revenue mix

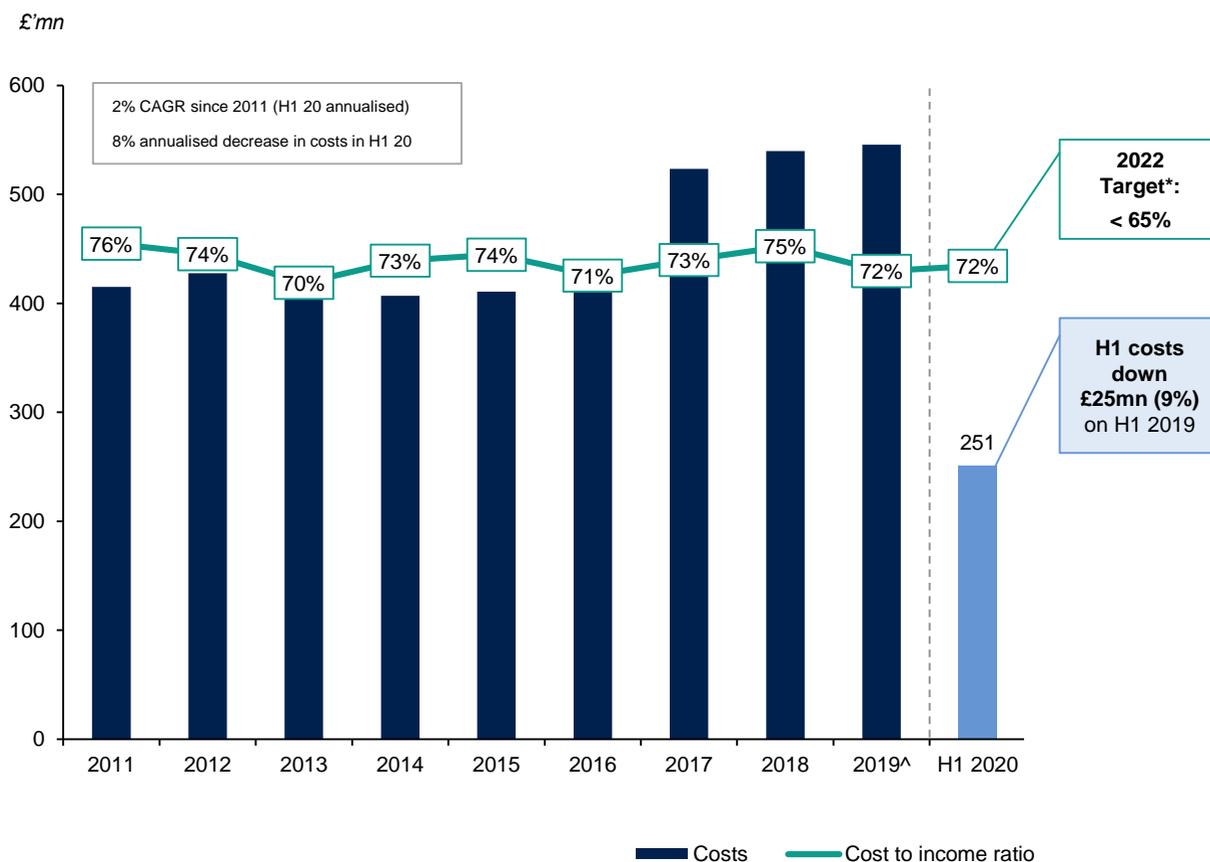


- **Increased level of annuity* income**
- **Diversified, quality revenue mix** - increase in quality, quantum and sustainability of earnings:
 - Lending franchises driving net interest income – c.50% of revenue
 - Investment Banking and specialised lending franchises generating sound level of fees
 - Client treasury franchise resulting in recurring level of client flow
- **Capital light** banking activities = c.25-30% of revenue

Current cost base sufficient to support the three year growth plan

Strategic realignment of business and infrastructure to meet our targets

Costs and cost to income ratio

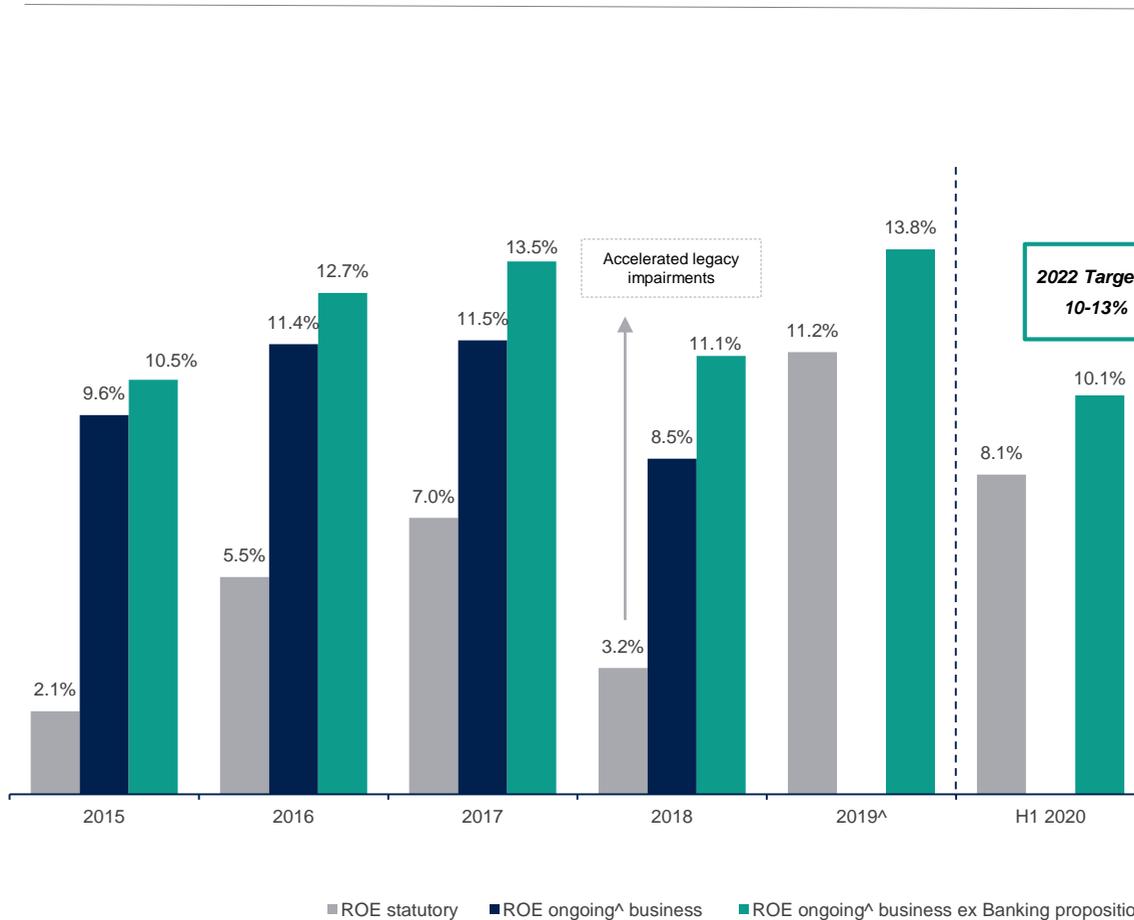


- **A clear path for achieving our targets:**
 - Investment in our Private Banking business is fully expensed – now in leverage and growth phase
 - No longer incurring double premises costs
 - Leverage technology and existing capabilities to improve client experience and reduce costs – to date identified c.£7.5mn infrastructure rationalisation opportunities by end FY2021

6 Clear path to achieving ROE targets

ROE track record of ongoing business excluding Banking proposition is within target range

UK Specialist Bank ROE trend*



- **A clear path for achieving our targets:**
 - Delivering scale while maintaining cost discipline
 - Increasing capital light revenue
 - Well capitalised, lowly leveraged balance sheet with improving capital generation
 - RWA growth of c.7%-8% p.a
 - Greater connectivity across the business
 - Focus on smart systems to support our growth and drive productivity

*Which we aim to deliver on over the next three years. ^Restated as detailed in the Group's 2019 Interim Results. ^^ Information for financial years 2015 to 2018 reflect the results of the ongoing business (excluding UK Specialist Bank legacy assets and businesses sold). Information from FY19 onwards is presented on a statutory basis.

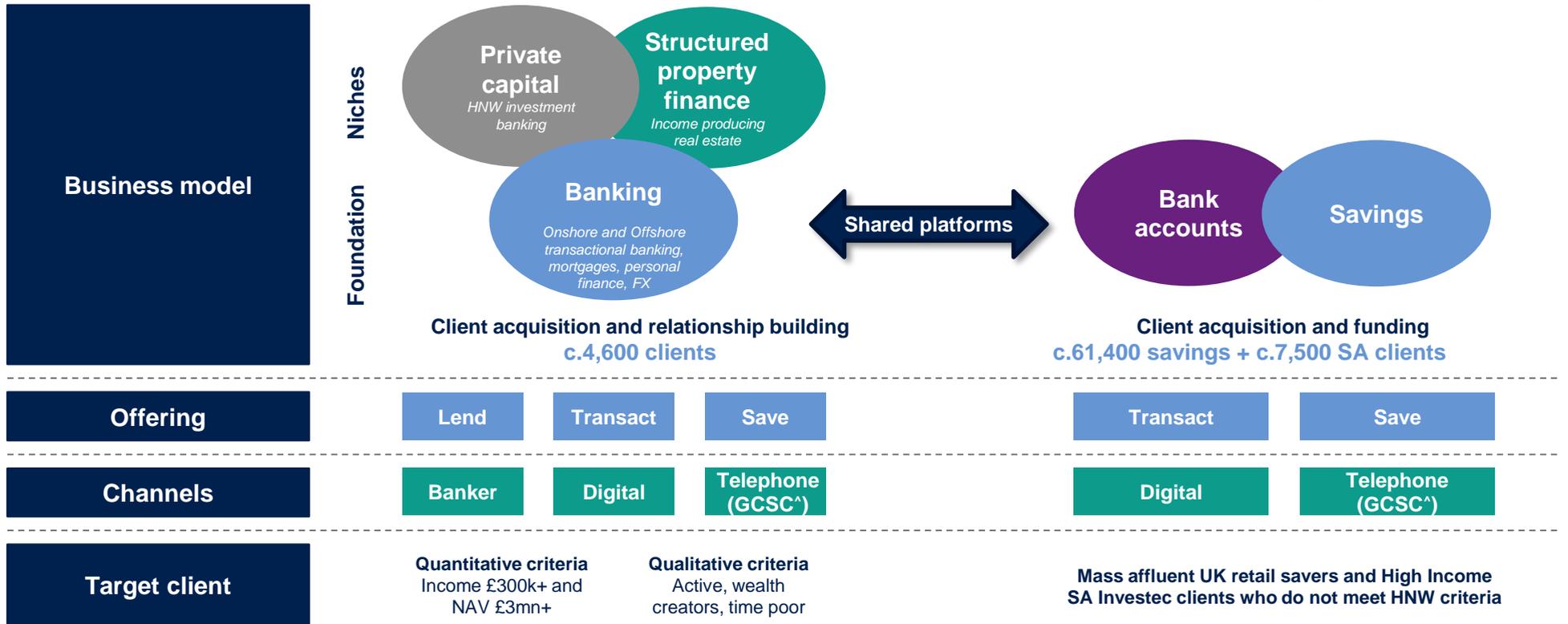


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UK Private Banking: Overview

Our value proposition	HNW offering <ul style="list-style-type: none"> • Client led (not product) • High touch, relationship based • Expertise and speed 	Retail offering <ul style="list-style-type: none"> • Product led • High tech, digital, self service • Innovative products
Ambition	<ul style="list-style-type: none"> • To build an aspirational HNW private bank which facilitates wealth creation integrated with wealth management 	
Clear target market	<ul style="list-style-type: none"> • Largely UK HNW active wealth creators 	<ul style="list-style-type: none"> • UK retail savers • SA Investec clients who do not meet our HNW criteria

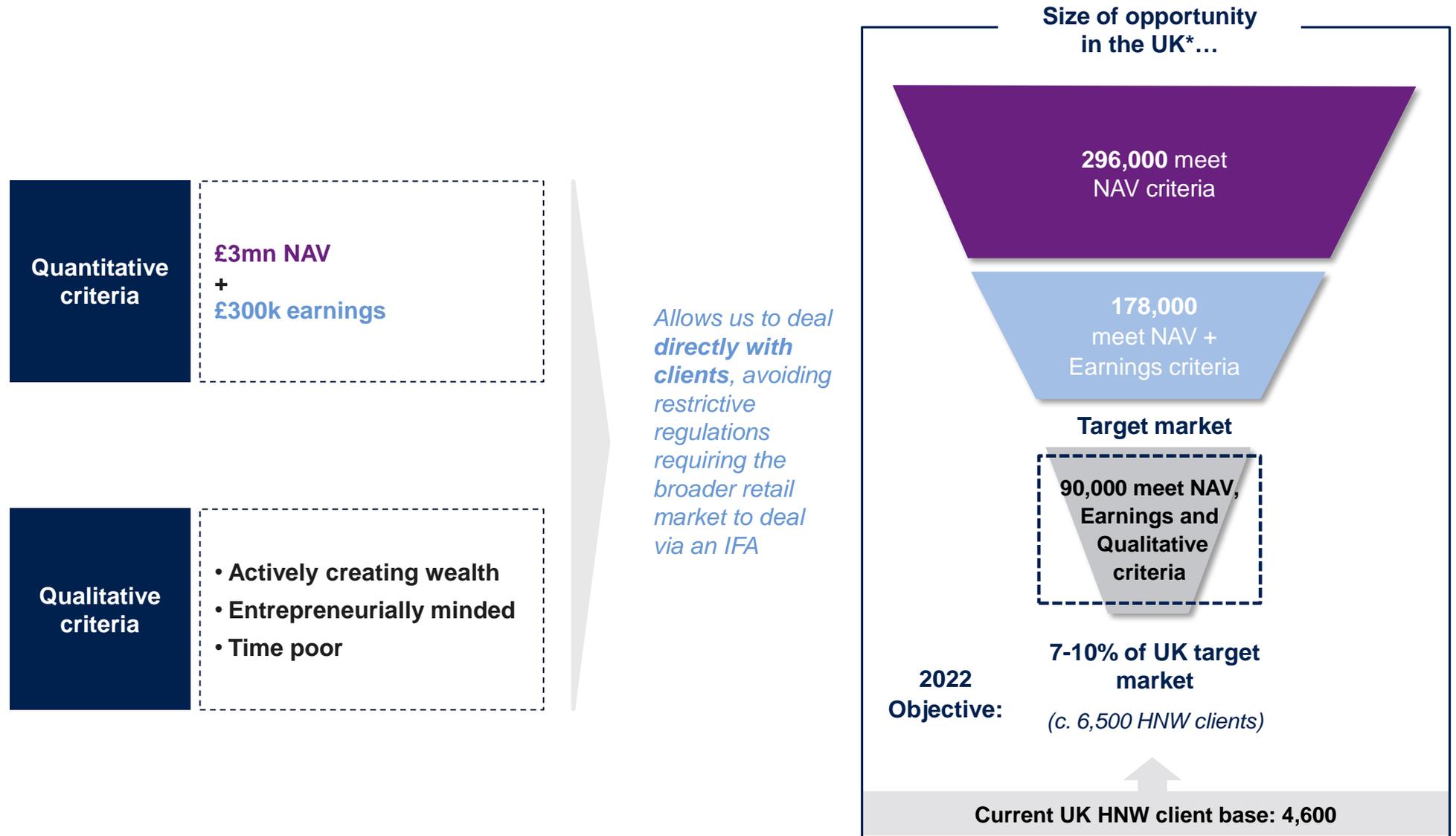


*Client numbers as of Sep19. Client numbers rebased to reflect refined methodology. Refer to slide 20 for prior period trends.

^Global client service centre.

UK Private Banking: Clearly defined UK HNW target market

Our proposition is aligned with a clearly defined target client base



*Source: As per research from Scorpio, Oliver Wyman Ltd and Investec's Private Banking marketing team. Client numbers as of Sep19

UK Private Banking: Clear HNW opportunity in UK market

Traditional Retail Banks

For customers that need a homogenous product



- High volume and low price
- Low flexibility
- Impersonal and product-led
- Time consuming and bureaucratic

A different kind of private bank

For clients that need a risk-partner to grow their wealth



- Primarily capital-led, with transactional banking and savings capability
- Flexible but rigorous lending criteria
- Not constrained by minimum client AUM
- Individual tailored service within a niche market seeking wealth creation
- Refreshingly human with high service level – ability to deal with complexity and execute quickly

Traditional Private Banks

For clients that need wealth preservation



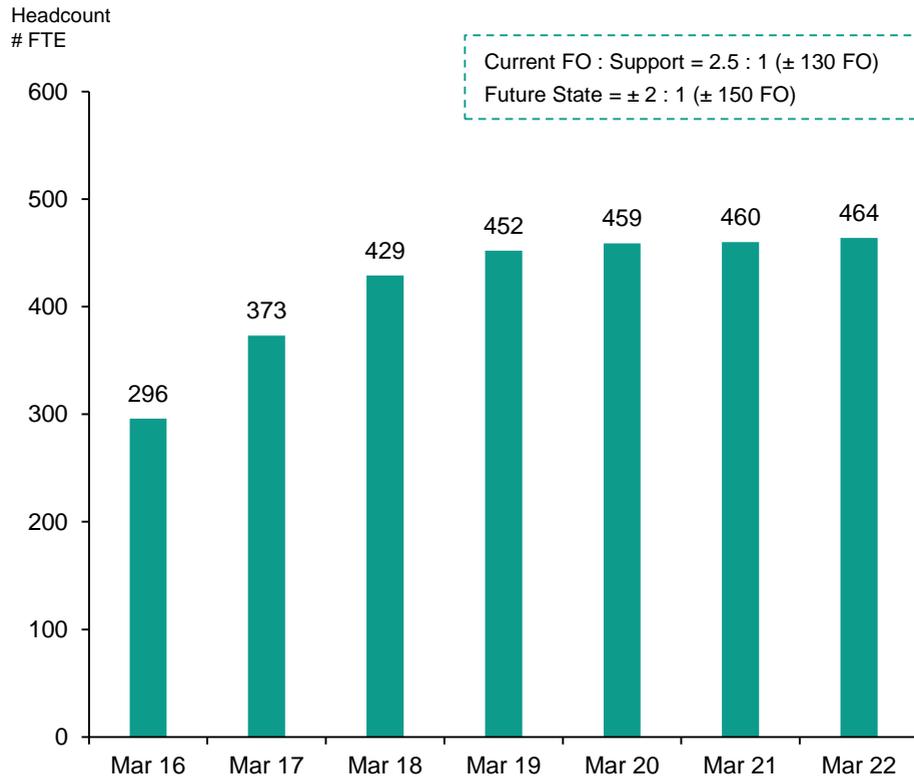
- Primarily investment-led
- Low volume, high price
- Focused on wealth preservation
- High minimum AUM thresholds for clients

UK Private Banking: Fully invested for the future

We have invested in talent, platforms, marketing and digital and now have a strong base on which to operate more efficiently and grow our business



Stable headcount



Invested into new Banking proposition and operational platforms

Streamlined client on-boarding

Consolidated and enhanced client data

Deepened HNW client relationships

Improved transactional banking capabilities

Built new end-to-end lending platform

Enhanced our digital platforms and capabilities

We now have a strong base on which to drive sustainable growth

UK Private Banking: Our strategic growth levers

Our current focus is now on leveraging our new operating capabilities to drive growth across the following:



Client acquisition

We are successfully growing three distinct but overlapping client groups; High Net Worth clients, SA High Income clients, and mass affluent Savings clients



Loan Book Growth

We have grown and diversified our loan book to be less property dependent with more annuity banking income, which has reduced our risk, while maintaining our margins and addressing legacy impairments



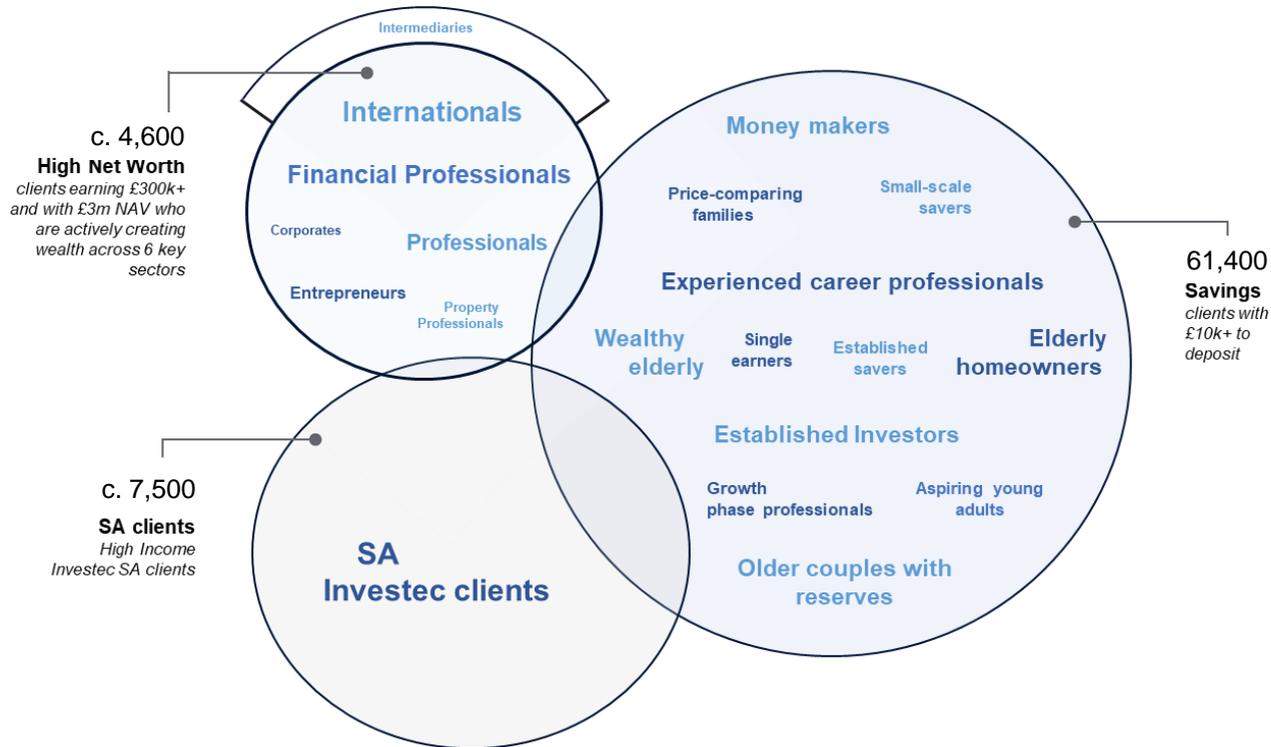
Private Banking Deposits

We are building a scalable, low-cost funding channel via digitalisation, driving down not only our 'cost to serve' radically, but also giving flexibility to the rate paid to clients

All underpinned by a focus on improved productivity - holding our cost base and headcount stable and doing more with the same

UK Private Banking: Serving distinct, yet overlapping audiences

In Private Banking we serve a range of distinct, yet overlapping target audiences – with a growing client base of almost 75,000



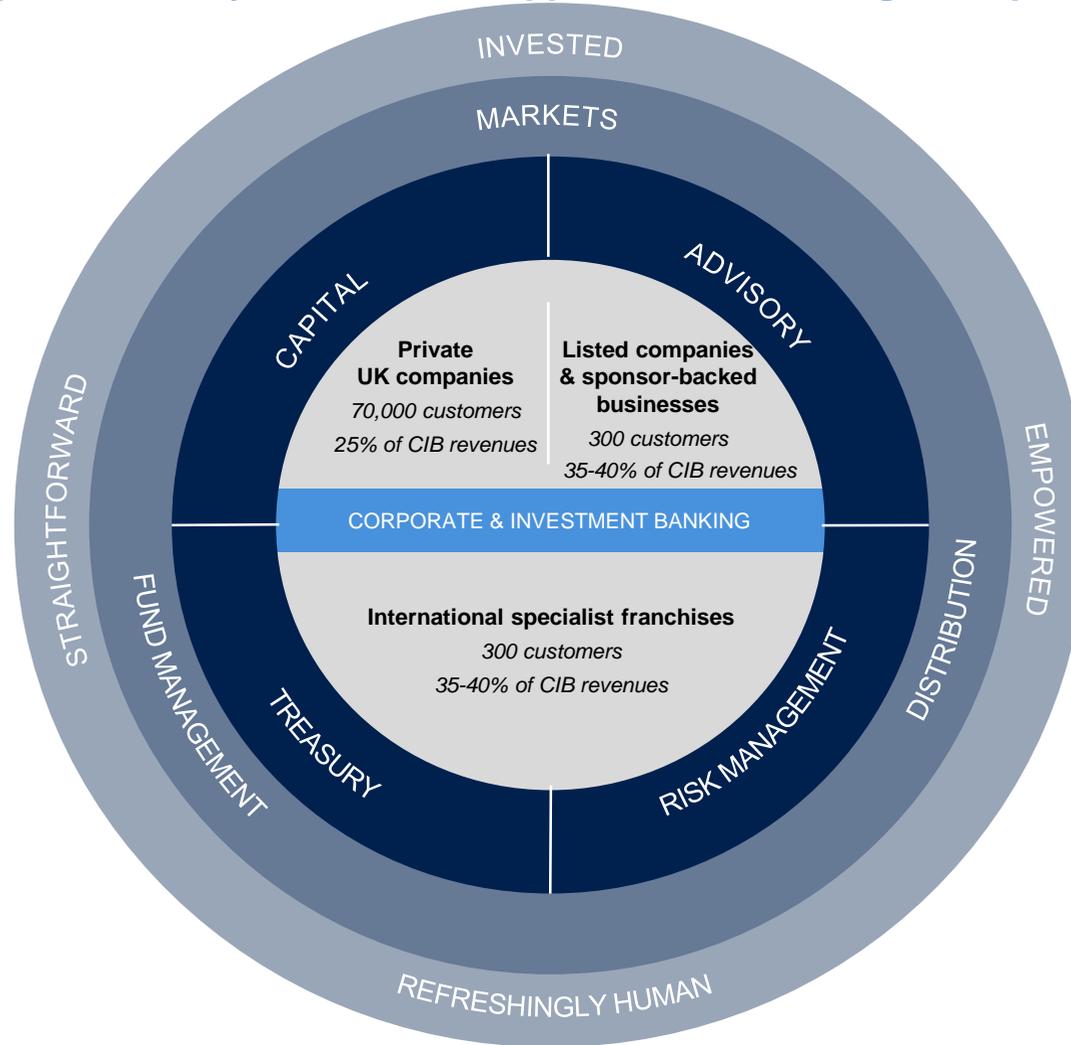
Each client group serves a strategic purpose both for the UK Private Bank and the Group more broadly:

- Our **HNW clients** are at the centre of our private Banking offering, they are extremely high calibre individuals (average income £800k and average NAV £13.4m) who are key decision makers in the UK and are valuable to our Corporate Banking and Wealth & Investment divisions as well as other parts of the Group
- Our ability to offer an integrated international proposition and seamlessly on-board **SA clients** is a key competitive advantage for the SA business, however in turn they also provide cost effective funding for our UK business
- Our large pool of **Savings** clients provide funding to the Group, but also have untapped value beyond deposits and represent huge potential for our Wealth and Corporate businesses

A key focus of our growth phase will be on exploring the untapped potential of our client base by delivering to them One Investec

Corporate and Investment Banking: Overview

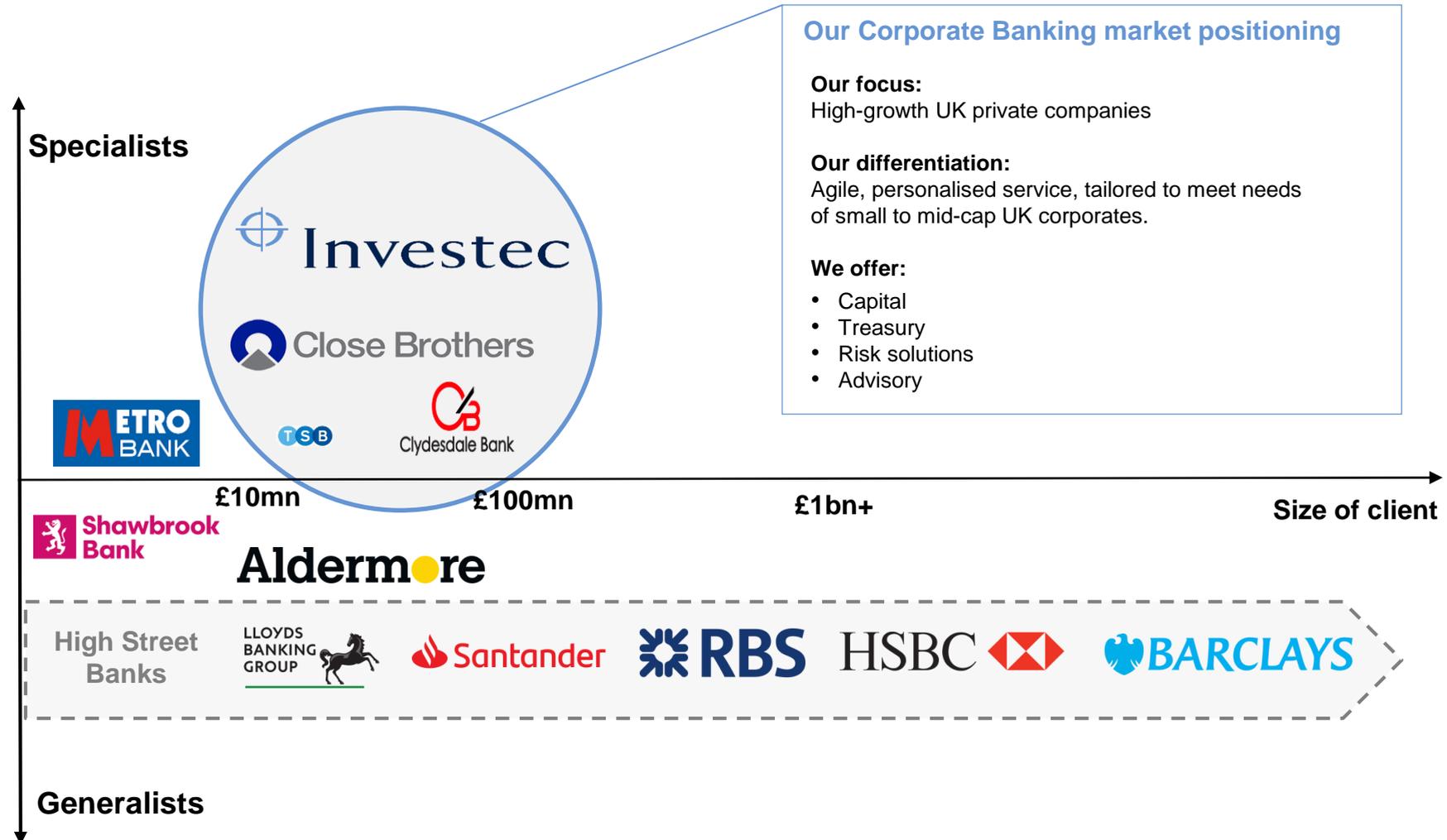
We are a refreshingly human, full service Corporate & Investment Banking business, offering clients a range of capital, advisory and treasury solutions to support them on their growth path.



We combine bulge bracket capability with boutique service, offering speed and flexibility through our empowered, solutions-focused people

Corporate Banking: A leading, client-centric UK mid-market SME proposition

Delivering a 'private banking' experience with investment banking quality of advice and service



Corporate Banking: Refreshingly human, high-tech proposition

A Corporate Banking business that offers small to mid-sized companies the breadth of products and level of service that reflects their importance to the UK economy

Capital



Treasury



Risk Management and Advisory



Our offering

Lending capability across asset finance, growth and leverage finance and working capital.
Our track record includes 13 years in asset finance, with total lending of £5.8bn to >70,000 UK customers through intermediaries. Current loan book of £2bn across Corporate Banking.

Bespoke cash management solutions to over c.1,000 corporate clients with total deposits of >£3bn.

FX and Risk Management solutions to >500 corporate clients covering volumes of >£8bn.

Full range of product from spot through to structured derivatives

Our differentiators

Straightforward, empowered, flexible approach consistently recognised through best service industry awards for the last 5 years.

Add value by enhancing interest returns on surplus funds through creative solutions delivered by a dedicated dealer.

Personalised service, idea generation and analysis and market making pricing to UK corporates for all of their currency requirements.

Developing our proposition

Enhancing our online lending capability, including a wider working capital proposition.

Recently launched iX digital platform allows us to bring the best of our people and the ease of use of digital. The functionality including analytics, self-service deposits, payments and settlements, plus post-trade lifecycle management for FX transactions.



2017

Best Commercial Lender – Commercial Finance Awards



2017

Innovation in the SME Finance Sector



2018

Best service from an Invoice Finance Provider



2018

Leasing World Awards – Block Lender of the Year



2018

Best Commercial lender: Winner



2018

Best Asset Finance Provider: Winner

Corporate Banking: Growth drivers

A Corporate Banking business that offers small to mid-sized companies the breadth of products and level of service that reflects their importance to the UK economy

Our focus

Acquiring high-growth clients and deepening relationships with existing clients (currently 71% are single product). The recent £15m BCR funding award is enabling us to accelerate the build out of our proposition.

Dynamic organic growth:

Maintain and grow existing business by driving multi-product sales through a joined-up sales and relationship management model

Enhance product offering:

Enhance existing products and expand into new capabilities, including working capital, digital deposits and business current accounts

Digital products and services:

Create efficient and effective scale by developing digital product suite, including online lending, current account, FX and payments

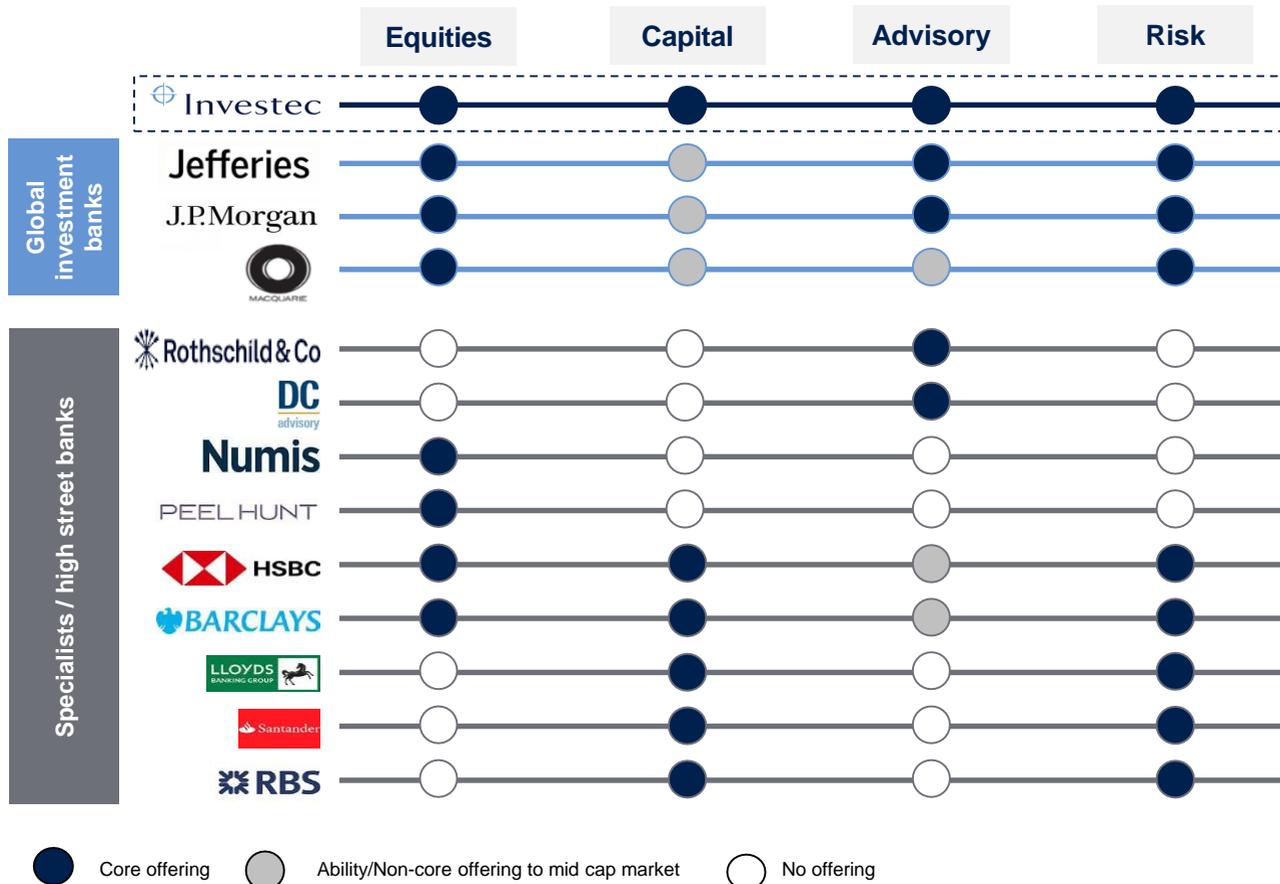
The opportunity – existing and new clients



Investment Banking: Tailored offering to meet the needs of UK mid-market

Boutique service with 'bulge bracket' capability and award-winning franchises

- Tailored offering to meet the needs of UK mid-market corporates and financial sponsors
- We offer the **capabilities of the global investment banks** to the **UK mid-market**, where the global investment banks typically do not focus
- We compete with the specialists and high street on the **breadth of our capabilities and personalised service**



FTSE 250 brokerages
Top 3
in market

Ave. return achieved on IPOs
+218%
(Top 3 in market)

Combined IB transaction value
£20bn
across M&A and ECM in 2018⁽¹⁾

In 2018, advised on over
1/3
of all UK public M&A by value⁽¹⁾

Extel 2019 research rank
#1
in Technology & Insurance

Extel 2019 research rank
Top 3
in 8 out of 14 sectors covered

Net increase in broking clients
+18
in H1 20 (top in UK market)

UK market share rank
Top 10
in FTSE 250 (incl. bulge brackets)

Source: FactSet, Adviser Rankings, Extel Surveys, MarkIt
Note: (1) Of a total value of £47.2bn* deals completed from Q1-Q4 2018 on individual deals up to £10bn. Investec acted as corporate broker or financial advisor on behalf of £17.8bn

Specialist international franchises: expertise and innovation

Differentiated by our deep expertise, relationships and ability to innovate alongside clients

- Capital, advisory, risk management and treasury services
- Operating across Europe, the US, Australasia and Africa
- Providing tailored solutions with a flexible, straightforward and invested approach



Aviation

Finance and capital solutions and operating leasing - including treasury risk management (commodities and strategic hedging), and advisory

Primary clients: global airlines, lessors and ancillary business

Third party AUM of

c. \$4.4bn

Across debt & equity funds

Since 2014

Over \$7.8bn

of aircraft arranged & financed



Fund Finance

Capital call facilities, fund unitranche capital, mgmt. fee swaps, portfolio lending, primary & secondary leverage and global FX

Primary clients: Funds, Funds of Funds, general partners & fund managers and limited partners, asset managers and institutions

Global book size

£1.2bn

As at 30 September 2019

Sell down of

£766m

In H1 20



Power & Infrastructure

Project finance, balance sheet funding, corporate finance, capital markets and renewables

Primary clients: power & renewable asset developers with growth-focused businesses, PE firms and infra-funds active in or targeting our sectors of expertise

Power thermal & Bioenergy

52 deals

L5Y for a total value of **£10.2bn**

Distributed in L5Y

£1.5bn

(excluding pre-sales)



Resources

Financing and risk management, research, advisory and global ECM distribution

Primary clients: producers operating in the precious metals, base metals, upstream oil & gas and coal sectors

Global team of 13 operating in

3 cities

(Sydney, London, New York)

Tier 1 to 4 target clients of

4,050

Primarily in North America & Australia

Specialist sectors: Our Fund Finance franchise

Our Fund Finance franchise has evolved over 10 years into a global team that accounts for approximately 10% of the UK Bank's loan book

<p>What we do</p>  <p>We provide capital to private equity and other funds, secured against LP's commitments and fund assets</p>	<p>Who we are</p>  <p>Full lifecycle fund expert Broadest capabilities in the industry</p>	<p>Global team</p>  <p>Operating across London, Johannesburg, Sydney and New York</p>	<p>Partner of choice</p>  <p>For clients who value exceptional expertise, high service and relationship focus</p>
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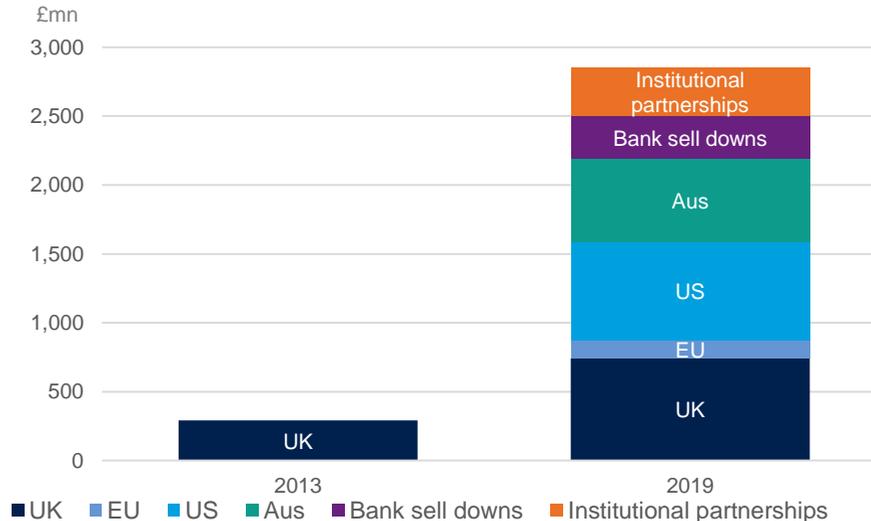
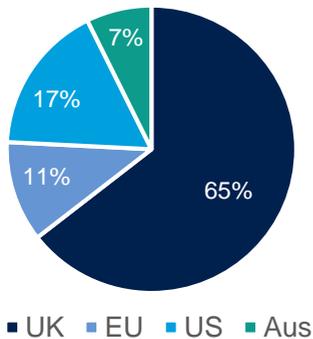
Our business in numbers

>£9bn
Loans advanced
300
Lending facilities a year
£1.2bn
Current book
60%
Of current book has maturity in next 12 months
70%
Of turnover is from existing clients
5
Years is the av. length of relationship with our top 10 clients, with multiple deals a year
>30
Employees

Our growth story

Since 2013 we have diversified our origination focus and consistently innovated our product offering to increase our relevance to global fund clients, grown our book significantly and developed a distribution capability and strong institutional relationships to support growth

Geographic split of loan book by GP location



Specialist sectors: Our Aviation franchise

Building a world-leading aviation franchise

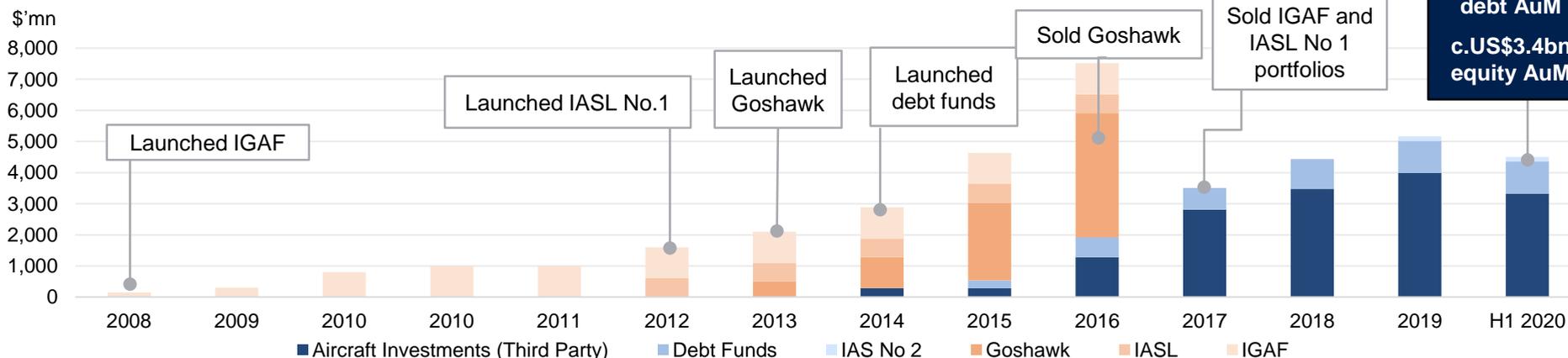
Client franchise	<ul style="list-style-type: none"> Well-established aviation franchise built on deep sector expertise and client relationships
Offering	<ul style="list-style-type: none"> Tailored solutions primarily covering access to capital and treasury risk management (commodities and strategic hedging), with some advisory
Innovation and relevance	<ul style="list-style-type: none"> We continually innovate to remain relevant by launching and managing third party aircraft leasing and debt funds
Connectivity	<ul style="list-style-type: none"> Global team leverages experience and relationships across the globe
Fund management track record	<ul style="list-style-type: none"> 10 year fund management track record with over c.\$4.4bn of third party AUM across debt and equity funds – providing recurring capital light revenue

Over \$7.8bn of aircraft arranged and financed since 2014, including:

- Qatar: arranged financing for 10 *777 aircraft 2016-2019
- NAC portfolio financing of >\$850m for ATR72 & Q400 aircraft since 2014
- Chorus Aviation - financing totalling >\$100m

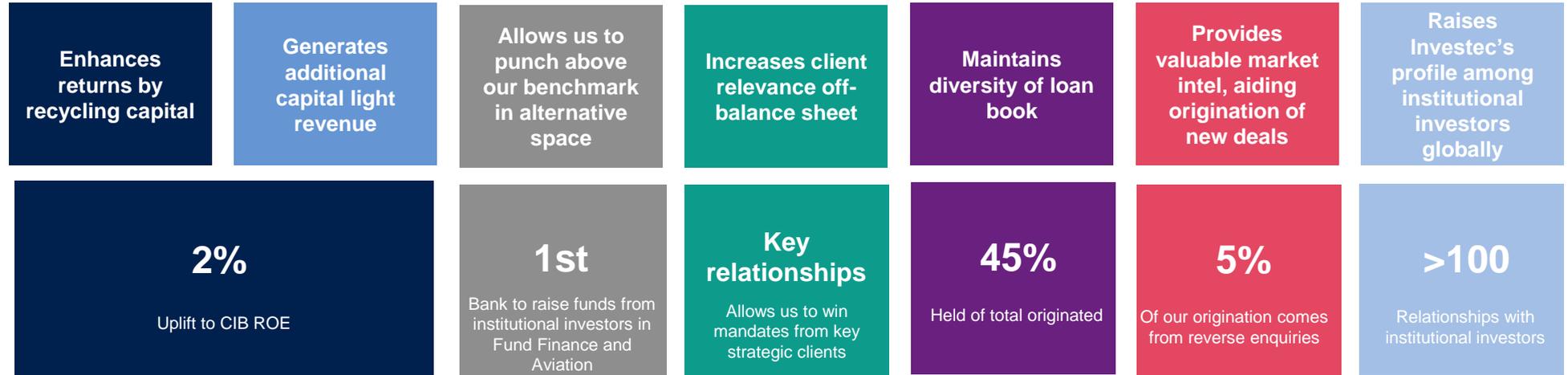


Aviation third party assets under management



Specialist sectors: Distribution capability supports our sector franchises

Highly successful origination and distribution capability and growing fund management capability



In FY2019, CIB originated

£5.1bn

In addition, arranged and distributed

>£4bn

without balance sheet