

Investor pre-close briefing

14 March

2017

Specialist Banking

Asset Management

Wealth & Investment



Proviso


- Please note that matters discussed in today's presentation may contain forward looking statements which are subject to various risks and uncertainties and other factors, including, but not limited to:
 - 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
 - domestic and global economic and business conditions
 - market related risks
- A number of these factors are beyond the group's control
- These factors may cause the group's actual future results, performance or achievements in the markets in which it operates to differ from those expressed or implied
- Any forward looking statements made are based on the knowledge of the group at 14 Mar 2017

Operational review



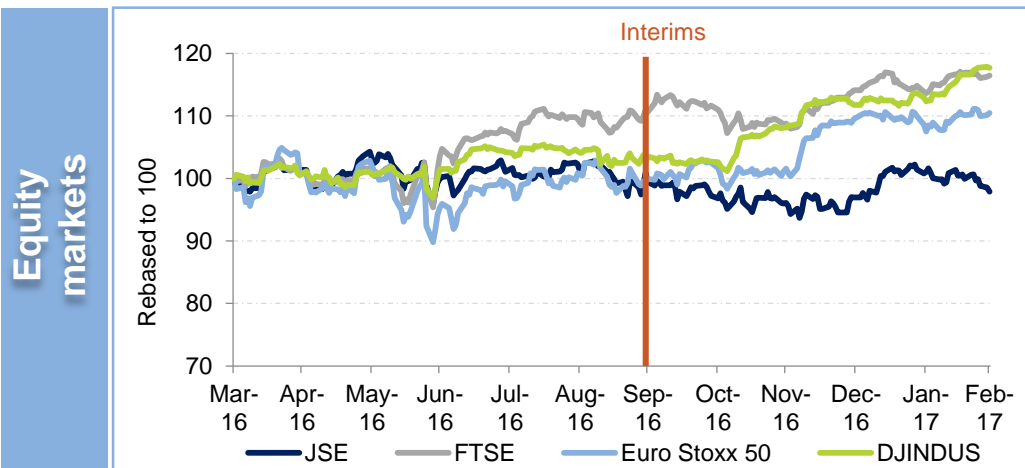
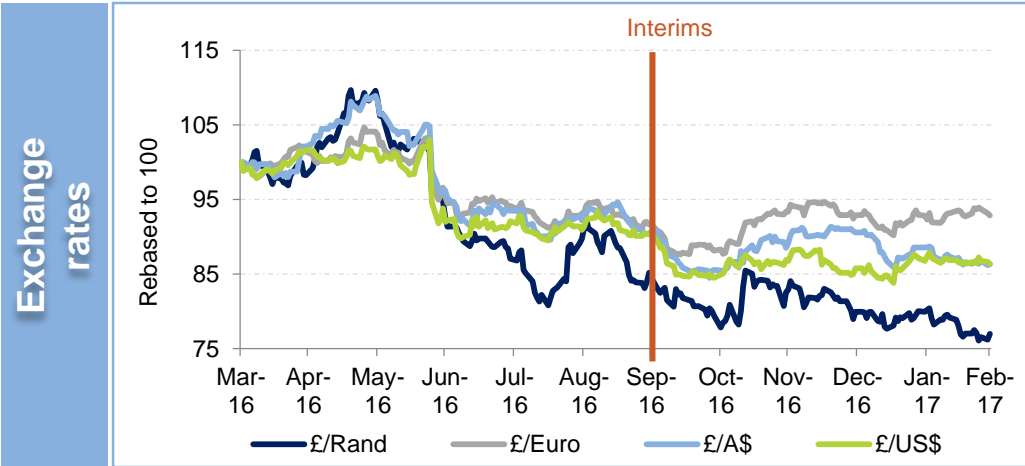
Out of the Ordinary®

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- Proviso: unless otherwise stated, figures and trends discussed in the operational review relate to the eleven month period to 28 Feb 2017 and compare 2H2017 vs 1H2017
 - References to operating profit relate to adjusted* operating profit. Trends within the divisional sections relate to adjusted operating profit
 - Investec will release its results for the year ended 31 Mar 2017 on 18 May 2017

*Adjusted operating profit refers to net profit before tax, goodwill, acquired intangibles and non-operating items but after adjusting for earnings attributable to other non-controlling interests and before non-controlling interests relating to Asset Management.

Overview of our operating environment



Source: Datastream

- The UK economy has been performing better than originally expected but possibility of hard Brexit creates uncertainty and could impact growth
- Overall, stock markets (excluding South Africa) have rallied which has supported levels of activity and investor confidence
- The South African economy has been weak as politics continues to dominate developments
 - The commodity price recovery, improved weather conditions and growth in tourism is expected to positively impact South Africa's GDP going forward
 - There has been improved dialogue between business, labour and government but political noise and structural impediments are still impacting overall confidence

Overview of the year ending 31 Mar 2017

- The Asset Management division's results are expected to increase considerably and Wealth & Investment is expected to report results ahead of the prior year. Both divisions have benefitted from higher levels of average funds under management supported by a recovery in equity markets
- The Specialist Banking business is expected to report results ahead of the prior year:
 - The UK Specialist Banking business is expected to report results significantly higher than the prior year
 - The South African Specialist Banking business is expected to report results marginally behind the prior year in Rands (well ahead in Sterling) as a result of the change in accounting treatment from fair value to equity accounting for the assets transferred to Investec Equity Partners

Overview of the year ending 31 Mar 2017

- Adjusted operating profit* is expected to be comfortably ahead of the prior year
- Revenue is expected to be well ahead of the prior year
- Recurring income as a percentage of total operating income is expected to be in line with the prior year at approximately 72%
- Expenses are expected to grow marginally faster than revenue as a consequence of planned investment in growing the client franchise businesses and related infrastructure as well as costs relating to the London office's future premises move
- The appreciation of the average Rand: Pounds Sterling exchange rate is expected to add approximately 3.5% to 2017 adjusted EPS^

*Adjusted operating profit refers to net profit before tax, goodwill, acquired intangibles and non-operating items but after adjusting for earnings attributable to other non-controlling interests and before non-controlling interests relating to Asset Management.

^Adjusted earnings per share (EPS) refers to net profit before goodwill, acquired intangibles and non-operating items but after adjusting for tax, preference dividends and earnings attributable to non-controlling interests; divided by the weighted average number of ordinary shares in issue during the year.

Overview of the year ending 31 Mar 2017

- For the period 31 Mar 2016 to 28 Feb 2017:
 - Third party assets under management increased 24.3% to £151.2bn
 - An increase of 13.9% on a currency neutral* basis
 - Customer accounts (deposits) increased 23.1% to £29.6bn
 - An increase of 5.5% on a currency neutral* basis
 - Core loans and advances increased 27.1% to £23.0bn
 - An increase of 7.2% on a currency neutral* basis

*Calculation assumes that the group's relevant closing exchange rates as at 28 Feb 2017 are the same as at 31 Mar 2016.

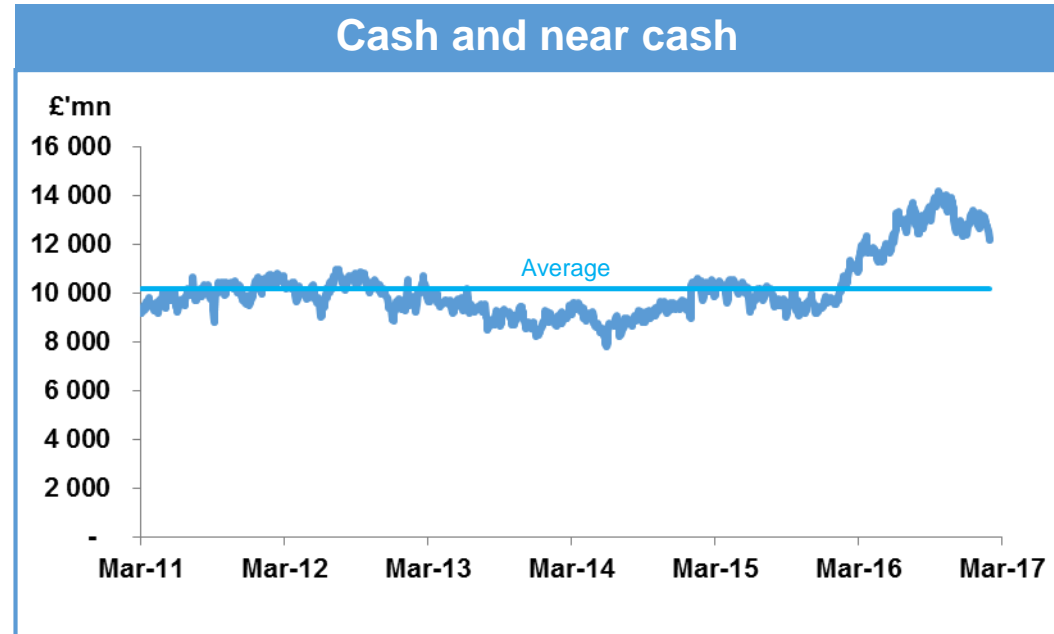
Balance sheet soundness

Liquidity

- The group defensively increased cash balances in anticipation of the EU referendum in the UK – this has been successfully managed down to more appropriate levels and the group will continue to optimise its overall liquidity and funding profile
- Advances as a percentage of customer deposits at 28 Feb 2017 was 76% (Mar 2016: 74%)

Capital

- Investec Limited CET1 ratio is expected to remain slightly below the 10% target while Investec plc is expected to remain ahead of target
- Our leverage ratios are sound and remain comfortably ahead of our target of 6% on an estimated Basel 3 fully loaded basis



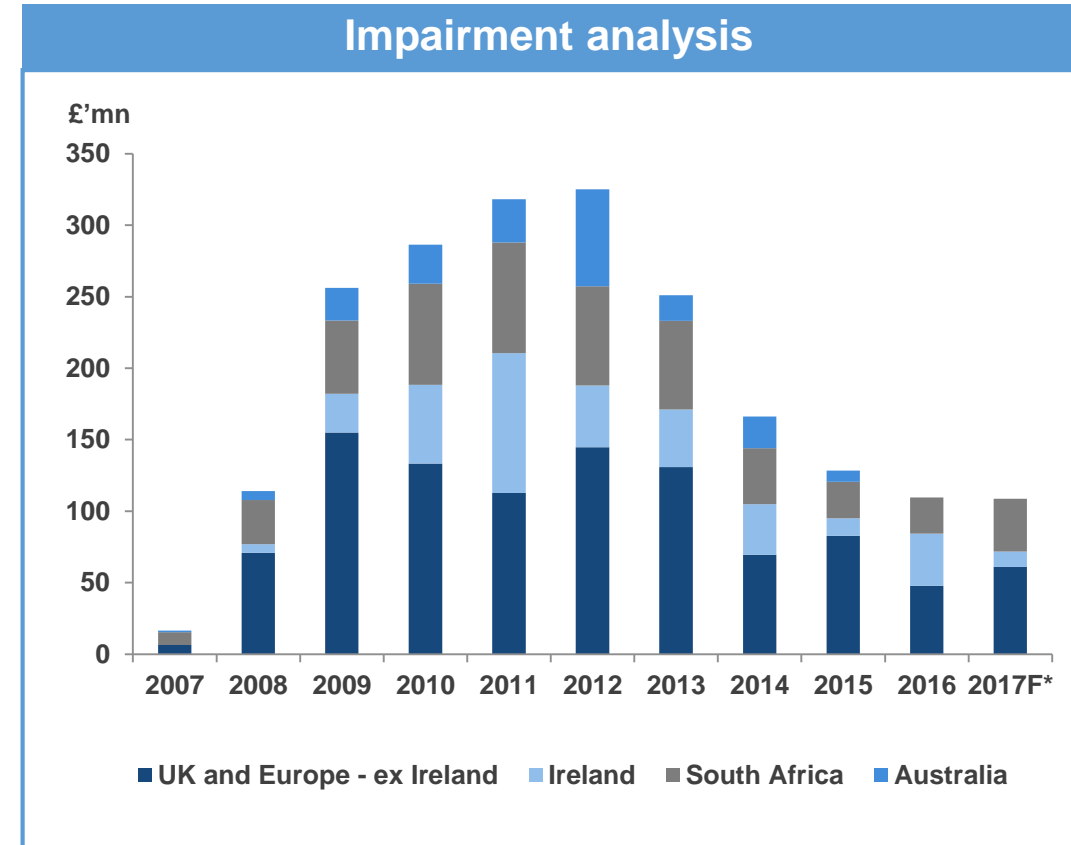
Min* £bn	Max* £'bn	Ave* £'bn
£11.3bn	£14.2bn	£12.8bn

*Since 1 Apr 2016.

Current total £12.2bn
Ltd £7.0bn (R113.4bn); plc £5.2bn

Impairment trends

- The total income statement impairment charge is expected to be in line with the prior year
- Impairments on the UK legacy portfolio continue to decline
- Impairments in South Africa are expected to be ahead of the prior year although the credit loss ratio remains at the lower end of our long term range
- We expect the credit loss ratio on average core loans and advances to be approximately 0.52% to 0.55% (Mar 2016: 0.62%)



Trends reflected in graph are for the year to 31 Mar.

Australian numbers included in UK and Other as from Mar 2016.

*Expected.

Divisional review



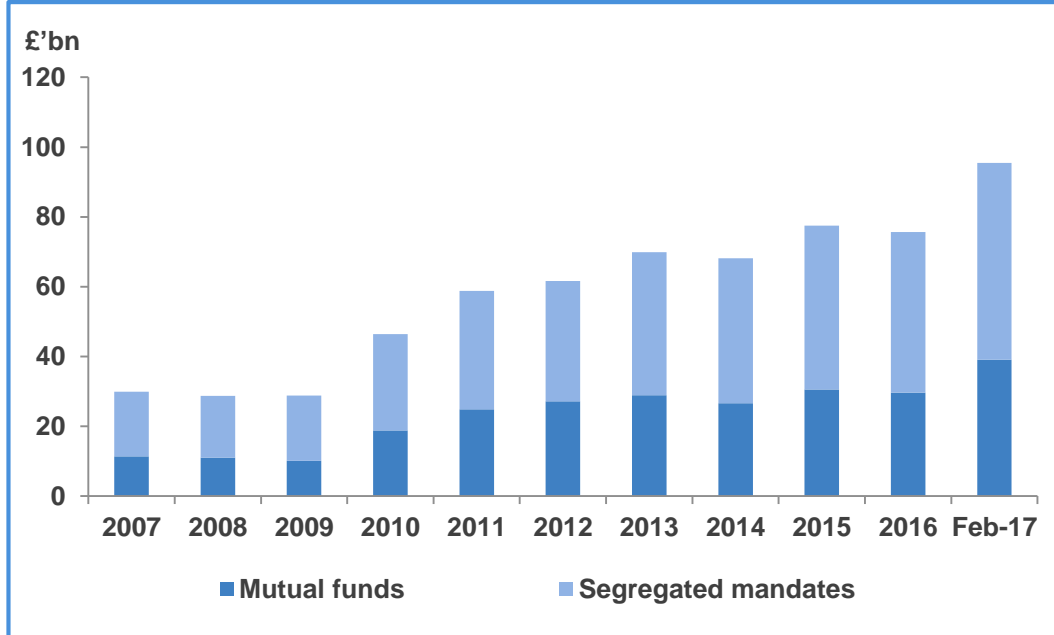
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Asset Management

- AUM of £95.5bn as at 28 Feb 2017
 - Up 26.2% from 31 Mar 2016
 - Largely driven by currency and market movements
- More challenging second half for flows, but net inflows for the year expected to be marginally positive
- In spite of some short-term challenges, long-term performance remains competitive

Assets under management:
Since 31 Mar 2016: up 26.2% to £95.5bn
- Up 15.7% on a currency neutral^ basis



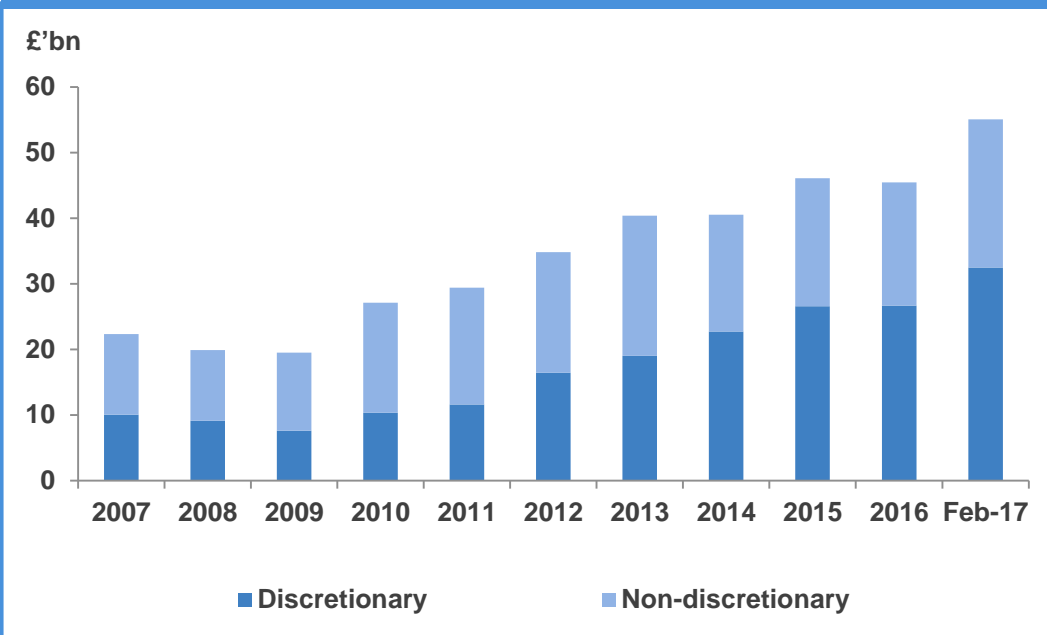
Trends reflected in graph are as at 31 Mar, unless otherwise indicated.

^Calculation assumes R:£ closing exchange rate remains the same as at 28 Feb 2017 when compared to 31 Mar 2016.

Wealth & Investment

- Overall performance of the global business expected to be ahead of the prior year
 - Higher average funds under management
 - Solid net inflows of £1.1bn to end of Feb 2017
- Investment expenditure on digital offering continues with Click & Invest expected to launch mid year
- Good performance from the South African business in Rand, supported by net inflows

Funds under management:
Since 31 Mar 2016: up 21.2% to £55.1bn
- Up 11.0% on a currency neutral^ basis



Trends reflected in graph are as at 31 Mar, unless otherwise indicated.

^Calculation assumes R:£ closing exchange rate remains the same as at 28 Feb 2017 when compared to 31 Mar 2016.

Specialist Banking

- Ongoing Specialist Bank results expected to be ahead of the prior year

Net interest income

- Net interest increase supported by book growth of 7.2% on a currency neutral* basis
- Remain very liquid

SA ↑

UK & Other ↑

In home currency

Investment, associate, trading and other operating income

- Investment income expected to be behind the prior year as a result of the change in accounting treatment from fair value to equity accounting for the assets transferred to Investec Equity Partners
- Customer flow trading income has increased substantially supported by client acquisition and market volatility

SA ↓

UK & Other ↑

In home currency

Net fees and commissions

- Increase in the scale of the property fund business in South Africa
- Good performance from the corporate and advisory businesses
- Private client transactional and lending activities benefitting from growth in client base

SA ↑

UK & Other ↑

In home currency

Costs

- Costs increased as the group continued to deliberately invest in IT infrastructure and headcount to grow the franchise, notably the build out of the UK private client banking offering
- Costs are also impacted by additional premises expenses relating to the London office move scheduled for end of 2018 calendar year

SA ↑

UK & Other ↑

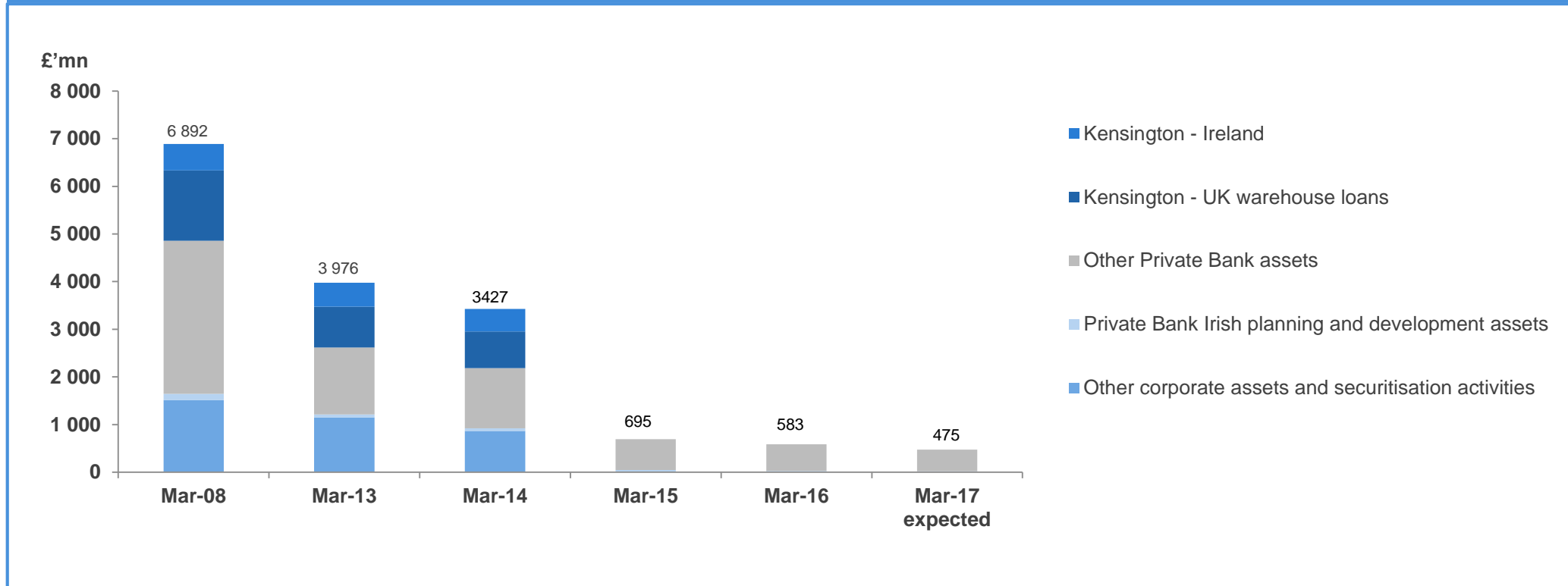
In home currency

*Calculation assumes that the group's relevant closing exchange rates as at 28 Feb 2017 are the same as at 31 Mar 2016.

Specialist Banking – UK legacy business

- The Legacy business is expected to report a smaller loss than the prior year as a result of an overall reduction in both impairments and costs

Legacy portfolio total net loans



Additional aspects



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Other information

- Effective tax rate: expected to be approximately **19%**
- Net non-controlling interests of approximately **£76mn** (profits attributable) relating to the Asset Management business and the consolidation of the Investec Property Fund
- Weighted number of shares in issue for the year ending 31 Mar 2017 is expected to be approximately **903mn**

Additional information on the Competition Commission allegations

- Eighteen banks, including Investec Limited, have been cited on allegations of collusion in relation to foreign exchange. Despite seeking further details of what the precise allegations are against us, we have not yet received the relevant information.
- The Competition Commission's case against Investec Limited is confined to the alleged conduct of a single trader. This particular trader dealt with interbank clients. Revenue from forex trading activities has averaged below 1% of the South African bank's total revenues over the past 10 years
- At Investec, sound corporate governance is embedded in our values, culture, processes, functions and organisational structure. Our values require, inter alia, that employees behave with integrity and treat customers fairly
- Investec does not tolerate any behaviour in contravention of its value system, the law or regulatory requirements including the Competition Act, the FX Market Code of Conduct or the applicable internal Investec policies
- Investec actively monitors compliance with these requirements including compliance with the relevant South African Reserve Bank Code of Conduct with respect to, inter alia, conducting over-the-counter and FX transactions

Conclusion



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Conclusion

- The geopolitical environment has been full of surprises which have had both positive and negative effects on our operating environment
- Our focus has been on growing our core earnings drivers and our client franchise businesses
- We have continued to see good progress on all fronts as we invest in our future ensuring that we remain competitive and relevant in the markets in which we operate

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Contact details

For further information please refer to the Investor Relations section of www.investec.com

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Appendices



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Operating environment

	28 Feb 2017	30 Sep 2016	31 Mar 2016	% move since Mar 2016
JSE ALSI	51,659	51,950	52,250	(1.1%)
FTSE ALSI	3,953	3,755	3,395	16.4%
SA Prime	10.50%	10.50%	10.50%	-
UK Clearing Banks	0.25%	0.25%	0.50%	(0.25%)

Year to date	28 Feb 2017		30 Sep 2016		31 Mar 2016	
Currency per £1.00	Close	Ave	Close	Ave	Close	Ave
South African Rand	16.23	18.64	17.88	19.99	21.13	20.72
Australian Dollar	1.62	1.76	1.70	1.83	1.87	2.04
Euro	1.17	1.20	1.16	1.23	1.26	1.37
US Dollar	1.24	1.32	1.30	1.38	1.44	1.50

Source: Datastream

Adjusted* operating profit:

For the six months ended 30 Sep 2016

£'000	UK & Other	Southern Africa	Total group
Asset Management	43,116	39,138	82,254
Wealth & Investment	29,192	14,005	43,197
Specialist Banking	62,166	117,623	179,789
Specialist Banking - Ongoing	95,211		
Specialist Banking - Legacy business	(33,045)		
	134,474	170,766	305,240
Group costs	(17,758)	(6,064)	(23,822)
Total group	116,716	164,702	281,418
Non-controlling interest: equity			18,033
Operating profit before tax			299,451

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Adjusted* operating profit:

For the year ended 31 Mar 2016

£'000	UK & Other	Southern Africa	Total group
Asset Management	76,853	57,930	134,783
Wealth & Investment	63,127	22,608	85,735
Specialist Banking	78,043	252,837	330,880
Specialist Banking - Ongoing	156,378		
Specialist Banking - Legacy business	(78,335)		
	218,023	333,375	551,398
Group costs	(35,160)	(10,645)	(45,805)
Total group	182,863	322,730	505,593
Non-controlling interest: equity			35,201
Operating profit before tax			540,794

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Investec Asset Management: Assets under management*

£'million	28 Feb 2017	30 Sep 2016	31 Mar 2016	% change YTD vs Mar 2016
UK and international	61,246	59,030	51,076	19.9%
- Mutual funds	23,018	20,726	18,289	25.9%
- Segregated mandates	38,228	38,304	32,787	16.6%
Southern Africa	34,256	30,807	24,603	39.2%
- Mutual funds	16,104	15,104	11,388	41.4%
- Segregated mandates	18,152	15,703	13,215	37.4%
Total AUM*	95,502	89,837	75,679	26.2%

Home currency R'million	28 Feb 2017	30 Sep 2016	31 Mar 2016	% change YTD vs Mar 2016
Southern Africa	555,975	550,896	519,861	6.9%
- Mutual funds	261,368	270,092	240,628	8.6%
- Segregated mandates	294,607	280,804	279,233	5.5%
Rates: R:£	16.23	17.88	21.13	

*All AUM are on a managed basis.

Investec Wealth & Investment: Funds under management

£'million	28 Feb 2017	30 Sep 2016	31 Mar 2016	% change YTD vs Mar 2016
UK and Other	35,143	33,359	29,769	18.1%
Southern Africa	19,937	17,969	15,690	27.1%
Total	55,080	51,328	45,459	21.2%

Investec Wealth & Investment UK and Other: Funds under management

£'million	28 Feb 2017	30 Sep 2016	31 Mar 2016	% change YTD vs Mar 2016
Discretionary	25,974	24,311	21,747	19.4%
Non-discretionary and other	9,169	9,048	8,022	14.3%
Total	35,143	33,359	29,769	18.1%

Investec Wealth & Investment SA: Funds under management

R'million	28 Feb 2017	30 Sep 2016	31 Mar 2016	% change YTD vs Mar 2016
Discretionary	105,553	105,735	104,480	1.0%
Non-discretionary	218,028	215,593	227,033	(4.0%)
Total	323,581	321,328	331,513	(2.4%)

£'million	28 Feb 2017	30 Sep 2016	31 Mar 2016	% change YTD vs Mar 2016
Discretionary	6,504	5,913	4,945	31.5%
Non-discretionary	13,434	12,056	10,745	25.0%
Total	19,937	17,969	15,690	27.1%
Rates: R:£	16.23	17.88	21.13	

Total group core loans

£'million	28 Feb 2017	30 Sep 2016	31 Mar 2016	% change YTD vs Mar 2016
UK and Other	8,694	8,299	7,804	11.4%*
Southern Africa	14,346	12,599	10,315	39.1%
Total core loans	23,040	20,898	18,119	27.1%

Home currency 'million	28 Feb 2017	30 Sep 2016	31 Mar 2016	% change YTD vs Mar 2016
Southern Africa	232,837	R225,304	R217,958	6.8%
Rates: R:£	16.23	17.88	21.13	

*Currency neutral growth of 7.8%.

Total group customer deposits

£'million	28 Feb 2017	30 Sep 2016	31 Mar 2016	% change YTD vs Mar 2016
UK and Other	11,355	12,033	10,801	5.1%
Southern Africa	18,251	16,272	13,243	37.8%
Total customer deposits	29,606	28,305	24,044	23.1%

Home currency R'million	28 Feb 2017	30 Sep 2016	31 Mar 2016	% change YTD vs Mar 2016
Southern Africa	296,211	R290,969	R279,820	5.8%
Rates: R:£	16.23	17.88	21.13	