

Out of the Ordinary®



Investor pre-close briefing

14 September 2018



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 13 Sept 2018

Operational review

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 **Investec**

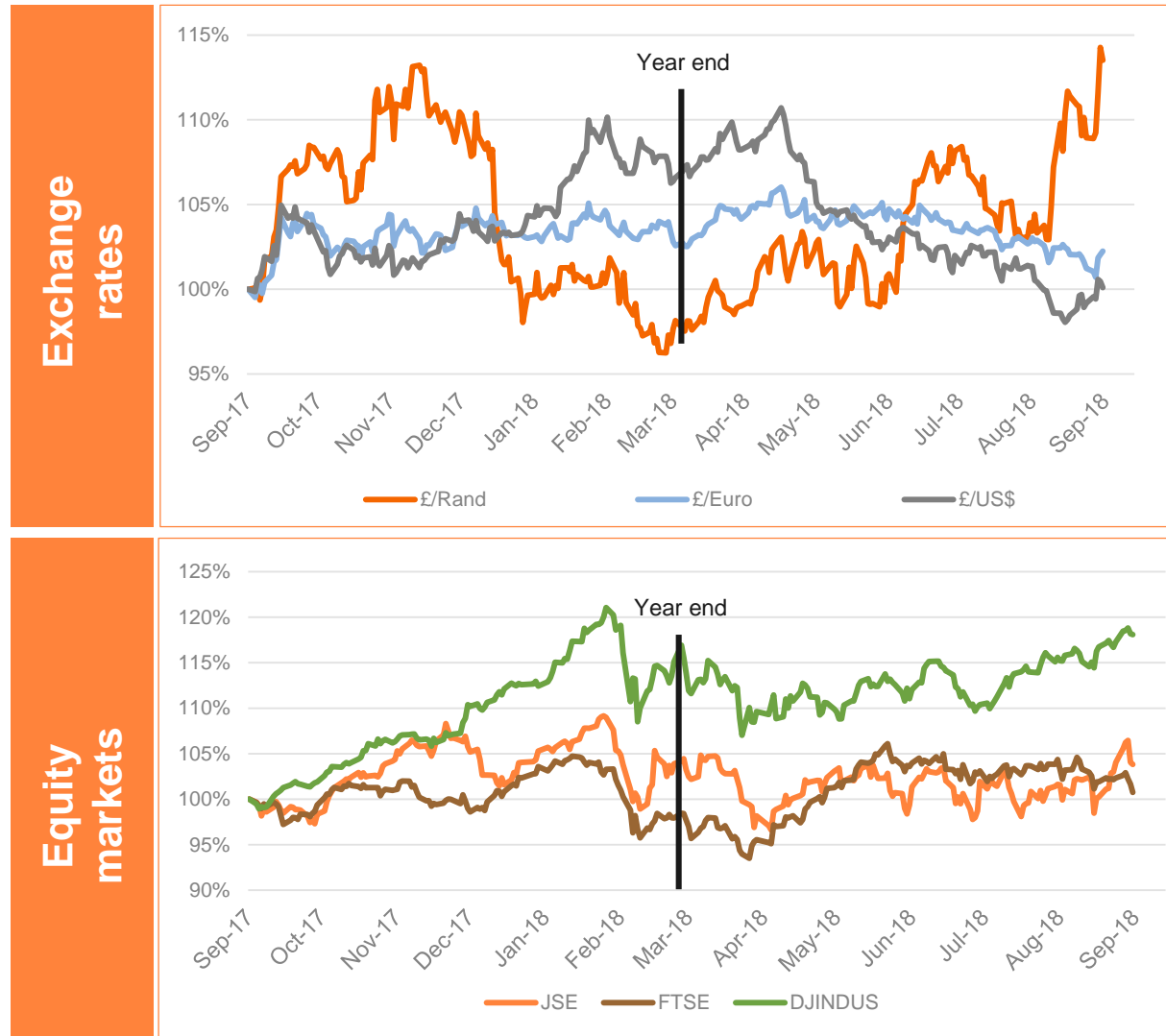


Proviso

- Please note that unless otherwise stated, figures and trends discussed in the operational review relate to the five month period to 31 Aug 2018 and compare 1H2019 vs 1H2018
- 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 six months ended 30 Sept 2018 on 15 Nov 2018

* 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 operating environment



- Notwithstanding Brexit related uncertainty, the UK economy has remained resilient
- The South African economy entered into a technical recession with pressures on household spending and dented business confidence due to continued policy uncertainty
- The UK equity market has been supported by a weak sterling and firm domestic demand
- The SA equity market has been supported by Rand hedge shares benefiting from a weaker ZAR

Overview of the six months ending 30 Sept 2018

- The Asset Management business is expected to report results ahead of the prior period, while the Wealth & Investment business is expected to report results behind the prior period. Both divisions have benefitted from higher levels of average funds under management supported by favourable equity markets and sound net inflows
- The Specialist Banking business is expected to report results ahead of the prior period:
 - The UK Specialist Banking business is expected to report results well ahead the prior period
 - The South African Specialist Banking business is expected to report results in line with the prior period in Rands

Overview of the six months ending 30 Sept 2018

- Overall group results have been negatively impacted by the depreciation of the average Rand against Sterling exchange rate of approximately 3.5% over the period
- Revenue is expected to be moderately ahead of the prior period
- Recurring income as a percentage of total operating income is expected to be approximately 78% (2017: 76%)
- The total income statement impairment charge is expected to be less than the prior period. We expect the annualised credit loss ratio on average core loans and advances to be between 0.21% and 0.25% (Mar 2018: 0.61%, Sep 2017: 0.54%)
- Costs are expected to be higher than the prior period largely driven by growth in headcount to support both activity levels and increased regulatory requirements
- Adjusted operating profit* is expected to be ahead of the prior period

* 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 the six months ending 30 Sept 2018

- For the period 31 Mar 2018 to 31 Aug 2018:
 - Third party assets under management increased 4.0% to £167.0bn
 - An increase of 8.7% on a currency neutral* basis
 - Customer accounts (deposits) decreased 5.5% to £29.3bn
 - An increase of 2.5% on a currency neutral* basis
 - Core loans and advances decreased 5.5% to £23.7bn
 - An increase of 2.5% on a currency neutral* basis

* Calculation assumes that the group's relevant closing exchange rates as at 31 Aug 2018 are the same as at 31 Mar 2018

Balance sheet soundness

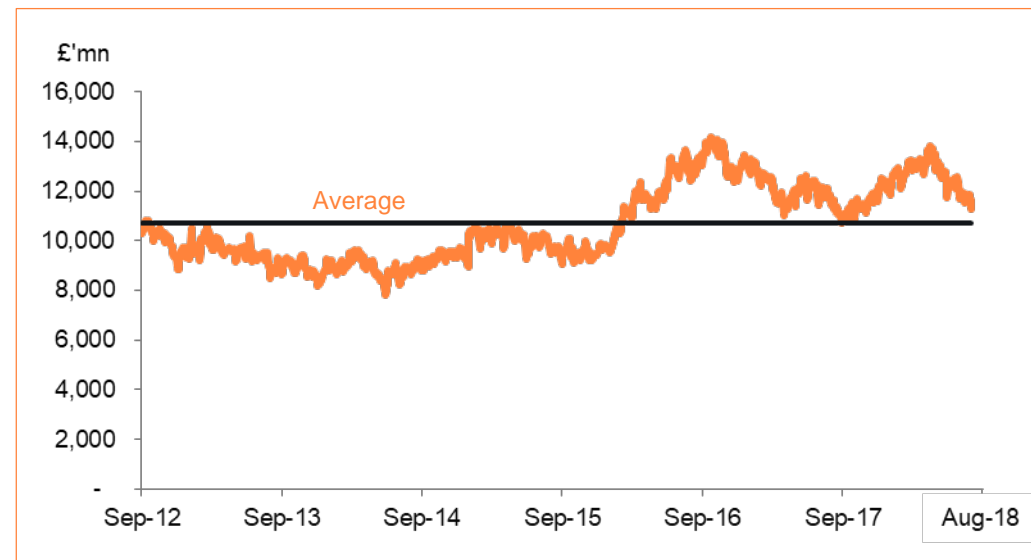
Liquidity

- The group has maintained strong liquidity levels
- The loans to customer deposits ratio at 31 Aug 2018 was 79.6% (31 Mar 2018: 79.6%)

Capital

- Investec Limited and Investec plc CET1 ratios are expected to remain in line with the group's target
- We expect to implement FIRB in South Africa by the end of the 2019 financial year, subject to final regulatory approval
- Our leverage ratios are sound and remain comfortably ahead of our target of 6%

Cash and near cash



Min* £bn	Max* £'bn	Ave* £'bn
£11.3bn	£13.8bn	£12.6bn

* Since 1 Apr 2018

31 Aug 2018: £11.7bn

Ltd £5.4bn (R102.7bn); plc £6.3bn

* Where FIRB is Foundation Internal Ratings-Based approach and AIRB is Advanced Internal Ratings-Based approach

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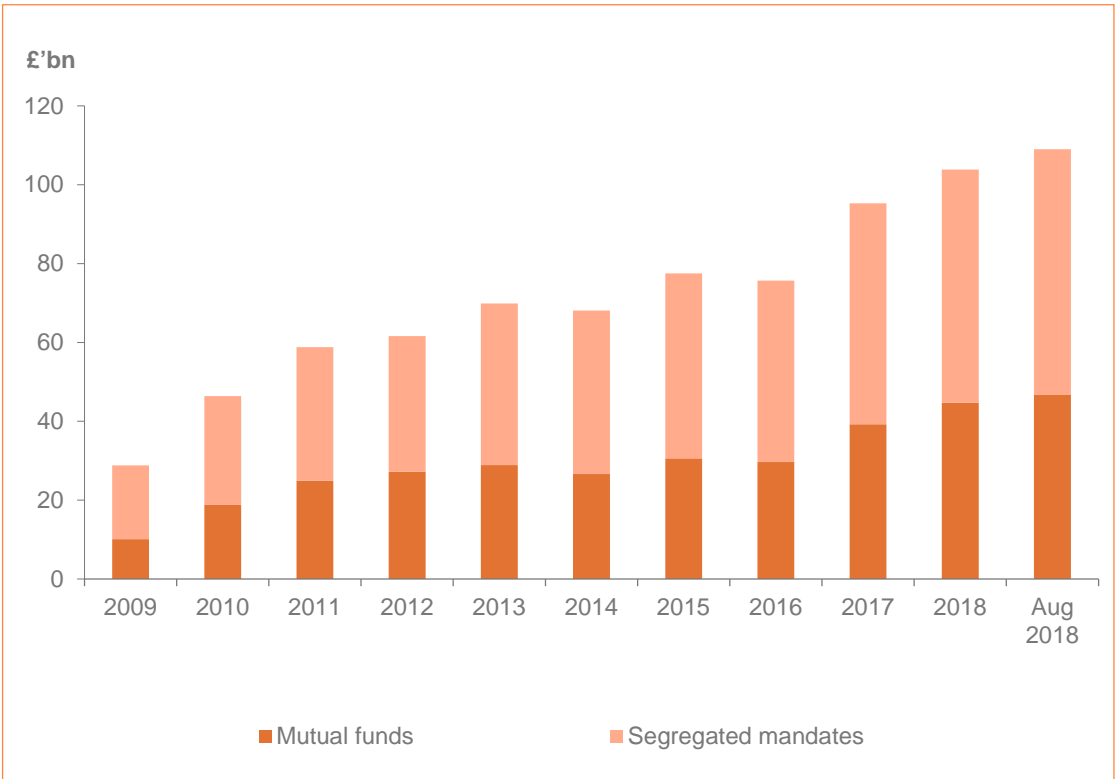


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Divisional review

Asset management

- 1H2019 earnings supported by market levels and substantial net inflows of £4.4bn to end of Aug 2018
- Competitive investment performance over the long-term, in spite of challenging markets
- Leadership transition well underway with an orderly and well-executed plan

Assets under management:
Since 31 Mar 2018: up 4.9% to £109.0bn
- Up 9.7% on a currency neutral[^] basis



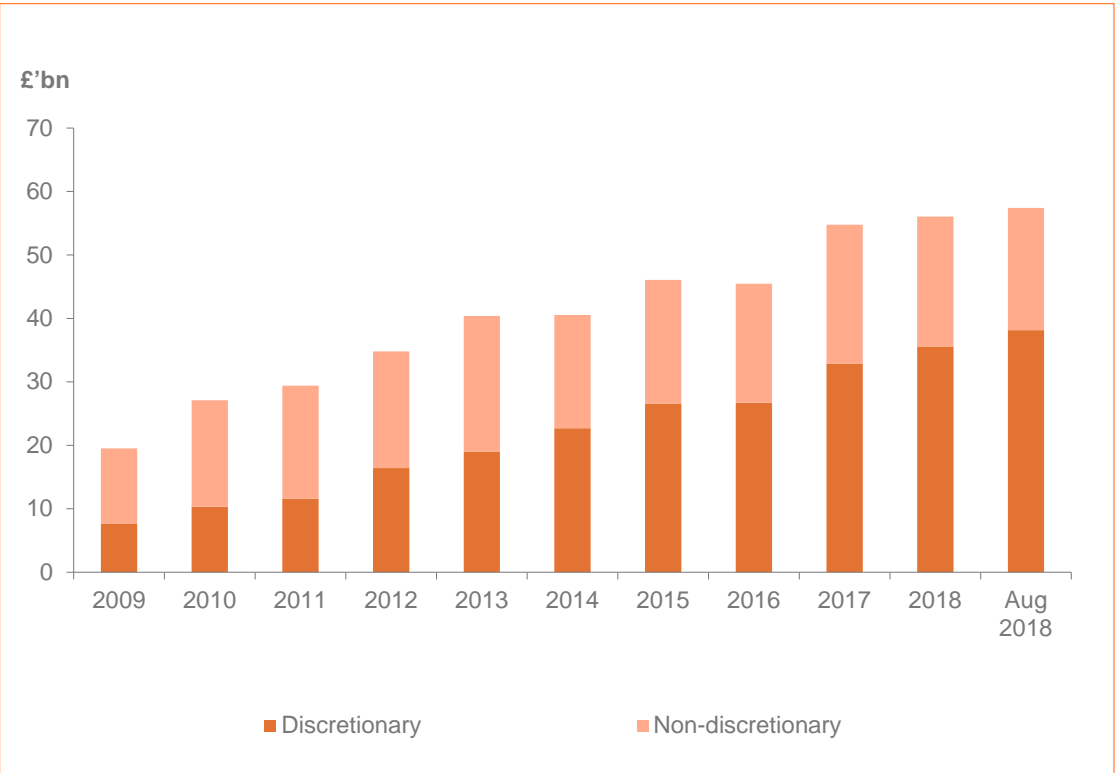
Trends reflected in graph are as at 31 Mar, unless otherwise indicated

[^] Calculation assumes R:£ closing exchange rate remains the same as at 31 Aug 2018 when compared to 31 Mar 2018

Wealth and Investment

- Overall performance of the global business expected to be behind the prior period
 - Higher average funds under management
 - Net inflows of £0.6bn to end of Aug 2018 (solid discretionary net inflows partially offset by outflows relating to discontinued services)
 - Earnings in South Africa impacted by lower activity levels
 - Earnings in the UK business impacted by higher costs largely driven by growth in headcount to support IT initiatives and the implementation of MiFID II and GDPR

Funds under management:
Since 31 March 2018: up 2.4% to £57.4bn
- Up 7.1% 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 31 Aug 2018 when compared to 31 Mar 2018

Specialist Banking

The Specialist Bank results are expected to be ahead of the prior period:

Net interest and net fee income ↑

- Net interest increase driven by book growth in both the UK and South Africa
- Net fees and commissions increase supported by good performance from the UK corporate advisory business as well as the South African private and business banking activities

Other income ↓

- Investment income expected to be well behind the prior period largely due to weaker performance from both listed and unlisted investments, partially offset by higher trading income

Costs ↑

- Costs are expected to increase in line with revenue in the UK (costs expected to be flat relative to 2H18)
- Costs in South Africa are expected to increase marginally below inflation

Additional aspects



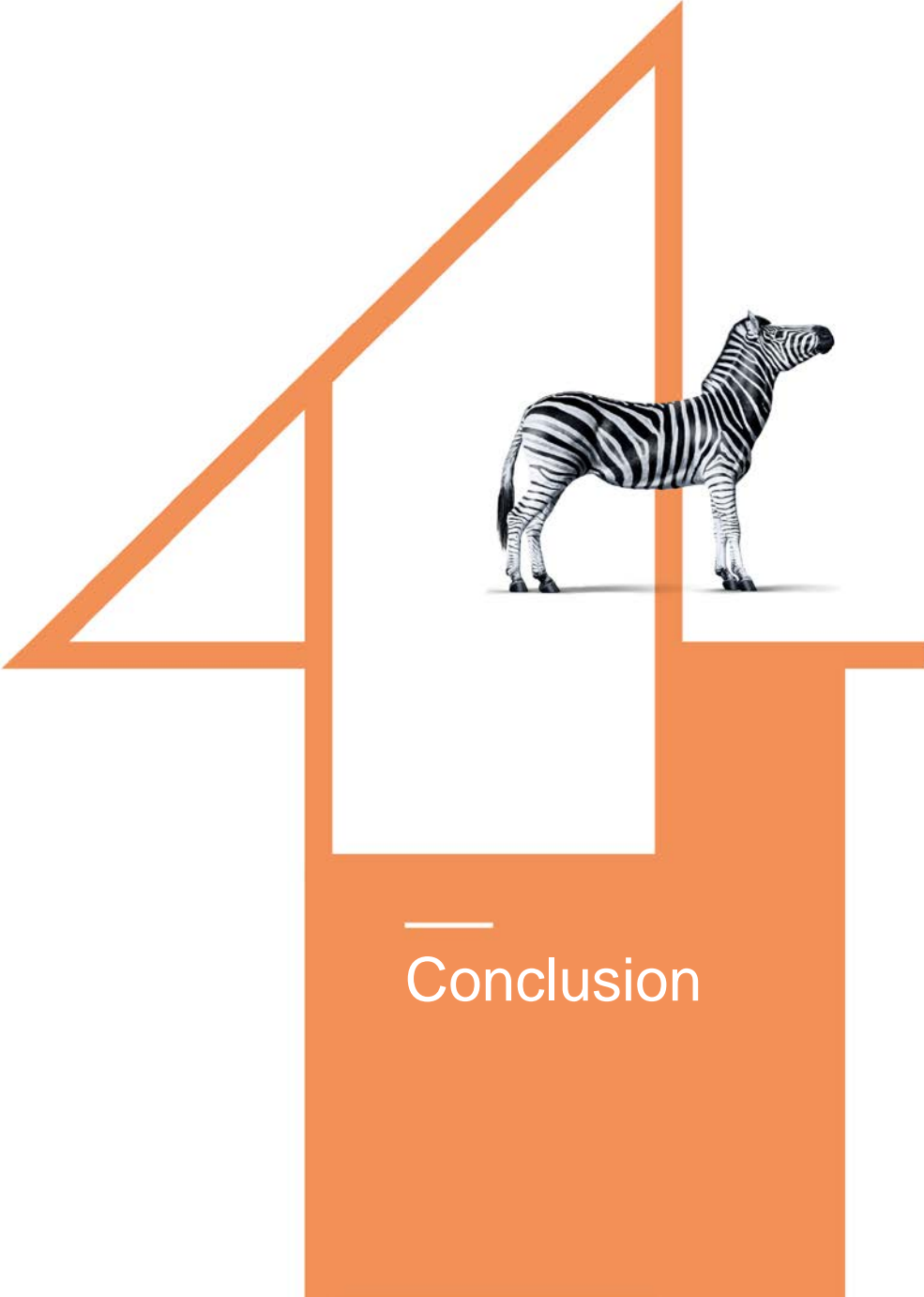
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Other Information

- Effective tax rate: expected to be approximately **18%** (1H18: 14.5%)
- Net non-controlling interests of approximately **£35mn** (profits attributable) relating to the Asset Management business and the consolidation of the Investec Property Fund
- Weighted number of shares in issue for the six months to 30 Sept 2018 is expected to be approximately **937mn**

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Conclusion

Conclusion

- The environment remains challenging in both core geographies
 - Uncertainty around the type of Brexit continues to impact on confidence in certain sectors of the UK. Activity levels have however been acceptable supporting profitable growth
 - Negative emerging market sentiment and continued policy uncertainty in South Africa has hurt investment confidence resulting in a significant weakening of the Rand. Growth is therefore challenging which is being reflected in activity levels and performance
- Overall group results have been supported by good growth in funds under management, positive net inflows and an improving performance from the UK Specialist Bank



Proposed demerger and
listing of Investec Asset
Management (IAM)

Proposed demerger and listing of Investec Asset Management (IAM)

- Since the Group's management succession announcement in Feb 2018, we have focused on the orderly transition of leadership
- Fani Titi and Hendrik du Toit will assume their roles as Joint CEOs on 1 Oct 2018
- In conjunction with this process, the Board together with the executive directors, have conducted a strategic review of the Group
- The strategic review has focused on ensuring that the Group is positioned to enhance the long-term interests of shareholders, clients and employees
- Through the strategic review the Board has reached the following conclusions:
 - The Group comprises a number of successful businesses operating across two core geographies, with different capital requirements and growth trajectories; and
 - There are compelling current and potential linkages between the Specialist Banking and Wealth & Investment businesses, however, there are limited synergies between these two businesses and IAM

Proposed demerger and listing of IAM

- The Board has further concluded that it is now appropriate to demerge and publicly list IAM (“the Transaction”)
- The Investec Specialist Banking and Investec Wealth & Investment businesses will remain part of the Group’s current Dual Listed Companies structure (“the remaining Group”)
- **The Board believes that this Transaction simplifies the Group and focuses IAM and the remaining Group on their respective growth paths**
- **This will enhance the long-term prospects and potential of both businesses for the benefit of their shareholders, clients and employees**

Proposed demerger and listing of IAM

- The Transaction is subject to regulatory, shareholder and other approvals and is expected to be completed within the next twelve months
- It is intended that IAM will be listed on the London Stock Exchange with an inward listing on the JSE Limited
- The IAM management stake in the company will be retained and the remaining Group may retain a minority stake in IAM
- Post the implementation of the transaction, shareholders of the Investec Group will have a direct shareholding in IAM in addition to their holding in the remaining Group
- Following the implementation of the Transaction, Fani Titi will lead the remaining Group and Hendrik du Toit will lead IAM
- The precise mechanics of the demerger and listing will be communicated in due course

Proposed demerger and listing of IAM

- Our individual businesses are well-positioned strategically, with strong market positions and good prospects
- It is now the right time to demerge and list our asset management business to support it in the next phase of its development
- In recent years we have also made good progress in expanding our banking and wealth management franchises in our two key markets and improving their operational and financial performance
- We believe the Transaction will allow these businesses to fulfil their full potential and shareholders will benefit from future value creation through direct ownership of two separately listed companies



Appendices

Contact Details

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

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Operating environment

	31 Aug 18	31 Mar 18	30 Sept 17	% move since Mar 2018
JSE All share	58 668	55 475	55 580	5.6%
FTSE All share	4 106	3 894	4 050	5.4%
SA prime overdraft rate	10.00%	10.00%	10.25%	-
UK Clearing Banks Base Rate	0.75%	0.50%	0.25%	0.25%

Year to date	31 Aug 18		31 Mar 18		30 Sept 17	
Currency per £1.00	Close	Ave	Close	Ave	Close	Ave
South African Rand	19.04	17.47	16.62	17.21	18.10	17.06
Australian Dollar	1.80	1.79	1.83	1.72	1.71	1.69
Euro	1.12	1.13	1.14	1.14	1.13	1.14
US Dollar	1.30	1.34	1.40	1.33	1.34	1.30

Source: Datastream

Adjusted* operating profit for the year ended 31 Mar 2018

£'000	UK & Other	Southern Africa	Total group
Asset Management	103 918	74 127	178 045
Wealth & Investment	69 269	29 296	98 565
Specialist Banking	59 958	320 535	380 493
	233 145	423 958	657 103
Group costs	(33 789)	(15 809)	(49 598)
Total group	199 356	408 149	607 505
Other non-controlling interest - equity			52 288
Operating profit before tax			659 793

* 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* operating profit for the six months ended 30 Sept 2017

£'000	UK & Other	Southern Africa	Total group
Asset Management	49 949	33 284	83 233
Wealth & Investment	35 441	14 087	49 528
Specialist Banking	41 208	165 291	206 499
	126 598	212 662	399 260
Group costs	(17 295)	(7 361)	(24 656)
Total group	109 303	205 301	314 604
Other non-controlling interest - equity			19 800
Operating profit before tax			334 404

* 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

Investec Asset Management: assets under management*

£'million	31 Aug 2018	31 Mar 2018	30 Sept 2017	31 Mar 2017	% change YTD vs Mar 2018
UK and international	75 036	69 371	64 912	66 319	8.2%
- Mutual funds	31 189	29 615	26 290	26 406	5.3%
- Segregated mandates	43 847	39 756	38 622	39 913	10.3%
Southern Africa	33 962	34 491	33 314	35 801	(1.5%)
- Mutual funds	15 613	15 126	14 093	15 178	3.2%
- Segregated mandates	18 349	19 365	19 221	20 623	(5.2%)
Total AUM*	108 998	103 862	98 226	102 120	4.9%

Home currency R'million	31 Aug 2018	31 Mar 2018	30 Sept 2017	31 Mar 2017	% change YTD vs Mar 2018
Southern Africa	646 739	573 257	603 003	568 630	12.8%
- Mutual funds	297 319	251 401	255 091	265 770	18.3%
- Segregated mandates	349 420	321 856	347 911	302 860	8.6%
Rates: R:£	19.04	16.62	18.10	16.77	

* All AUM are on a managed basis

Investec Wealth & Investments: funds under management

£'million	31 Aug 2018	31 Mar 2018	30 Sept 2017	31 Mar 2017	% change YTD vs Mar 2018
UK and Other	39 452	36 923	37 111	35 555	6.8%
Southern Africa	17 952	19 125	18 344	19 218	(6.1%)
Total	57 404	56 048	55 455	54 773	2.4%

Investec Wealth & Investments UK and other: funds under management

£'million	31 Aug 2018	31 Mar 2018	30 Sept 2017	31 Mar 2017	% change YTD vs Mar 2018
Discretionary	31 114	28 638	28 071	26 336	8.6%
Non-discretionary and other	8 338	8 285	9 040	9 219	0.6%
Total	39 452	36 923	37 111	35 555	6.8%

Investec Wealth and Investments SA: funds under management

R'million	31 Aug 2018	31 Mar 2018	30 Sept 2017	31 Mar 2017	% change YTD vs Mar 2018
Discretionary	133 924	115 287	117 086	109 869	16.2%
Non-discretionary	207 931	202 589	214 942	212 411	2.6%
Total	341 855	317 876	332 028	322 280	7.5%

£'million	31 Aug 2018	31 Mar 2018	30 Sept 2017	31 Mar 2017	% change YTD vs Mar 2018
Discretionary	7 033	6 936	6 469	6 552	1.4%
Non-discretionary	10 919	12 189	11 875	12 666	(10.4%)
Total	17 952	19 125	18 344	19 218	(6.1%)
Rates: R:£	19.04	16.62	18.10	16.77	

Total group core loans

£'million	31 Aug 2018	31 Mar 2018	30 Sept 2017	31 Mar 2017	% change YTD vs Mar 2018
UK and Other	9 877	9 687	8 900	8 621	2.0%
Southern Africa	13 863	15 445	13 897	14 086	(10.2%)
Total core loans	23 740	25 132	22 797	22 707	(5.5%)

Home currency R'million	31 Aug 2018	31 Mar 2018	30 Sept 2017	31 Mar 2017	% change YTD vs Mar 2018
Southern Africa	263 993	256 701	251 544	236 222	2.8%
Rates: R:£	19.04	16.62	18.10	16.77	

Total group customer deposits

£'million	31 Aug 2018	31 Mar 2018	30 Sept 2017	31 Mar 2017	% change YTD vs Mar 2018
UK and Other	12 141	11 624	10 841	11 013	4.4%
Southern Africa	17 133	19 363	17 125	18 098	(11.5%)
Total customer deposits	29 274	30 987	27 966	29 111	(5.5%)

Home currency R'million	31 Aug 2018	31 Mar 2018	30 Sept 2017	31 Mar 2017	% change YTD vs Mar 2018
Southern Africa	326 271	321 823	309 972	303 487	1.4%
Rates: R:£	19.04	16.62	18.10	16.77	