

Out of the Ordinary®



Investor pre-close briefing

16 March 2018



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 15 Mar 2018

Operational review

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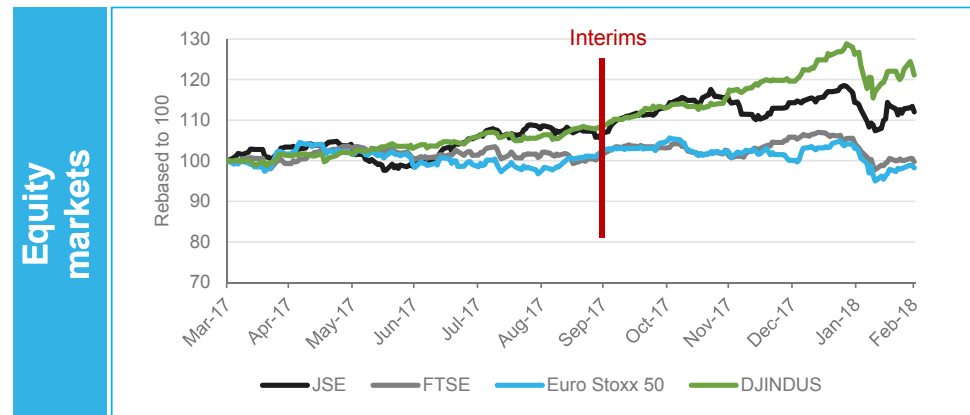
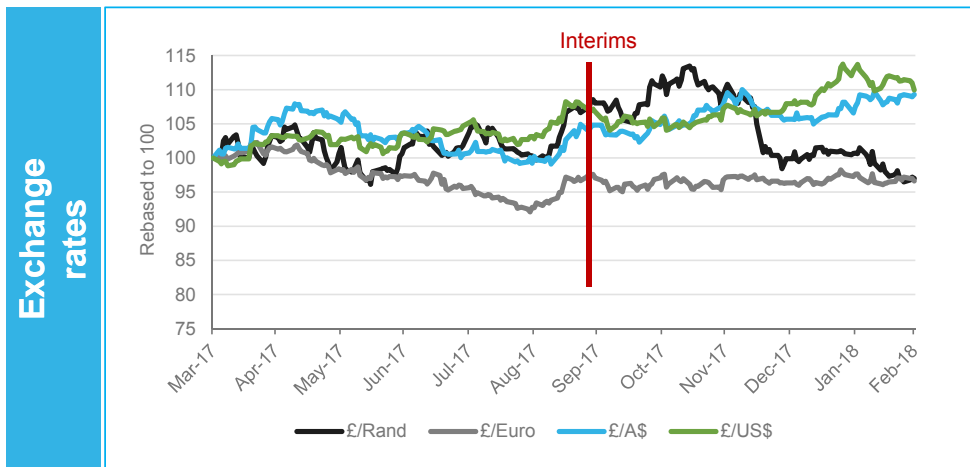


Proviso

- Please note that unless otherwise stated, figures and trends discussed in the operational review relate to the eleven month period to 28 Feb 2018
- 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 2018 on 17 May 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 our operating environment



- Brexit and political uncertainty has continued to impact corporate and consumer confidence in the UK
- The South African economy has been weak, however the outlook has strengthened following a change in leadership of the ruling national party in December 2017
- The South African stock market performed well over the year, while the UK stock market remained relatively flat

Overview of the year ending 31 Mar 2018

- The Asset Management and Wealth & Investment divisions are expected to report results ahead of the prior year. Both divisions have benefitted from higher levels of average funds under management and strong inflows
- The Specialist Banking business is expected to report results behind the prior year:
 - The South African Specialist Banking business is expected to report results marginally ahead of the prior year
 - The UK Specialist Banking business is expected to report results well behind the prior year

Overview of the year ending 31 Mar 2018

- The appreciation of the average Rand: Pounds Sterling exchange rate has had a positive impact on our results
- Revenue is expected to be ahead of the prior year
- Recurring income as a percentage of total operating income is expected to be approximately 76%
- Expenses are expected to increase slightly ahead of revenue as a consequence of continued planned investment in growing the client franchise businesses and related infrastructure; as well as additional premises costs relating to the London office move
- Adjusted operating profit* is expected to be in line with the prior year

*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 year ending 31 Mar 2018

- For the period 31 Mar 2017 to 28 Feb 2018:
 - Third party assets under management increased 9.1% to £164.5bn
 - An increase of 8.0% on a currency neutral* basis
 - Core loans and advances increased 11.7% to £25.4bn
 - An increase of 9.5% on a currency neutral* basis
 - Customer accounts (deposits) increased 5.5% to £30.7bn
 - An increase of 3.4% on a currency neutral* basis

*Calculation assumes that the group's relevant closing exchange rates as at 28 Feb 2018 are the same as at 31 Mar 2017.

Balance sheet soundness

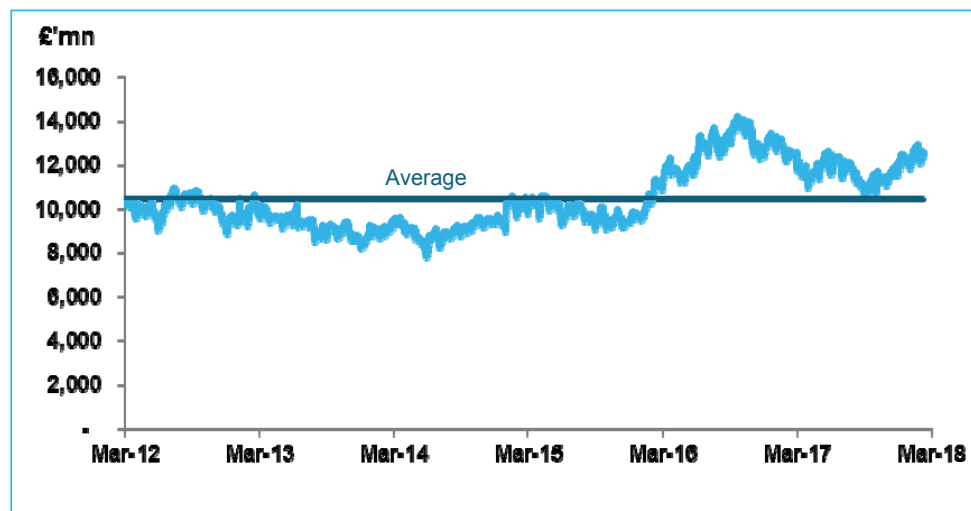
Liquidity

- The group has maintained strong liquidity levels
- Advances as a percentage of customer deposits at 28 Feb 2018 was 81% (Mar 2017: 76%)

Capital

- Investec Limited CET1 ratio is expected to be slightly below the 10% target while Investec plc is expected to remain ahead of target
- We are likely to implement FIRB in South Africa in the 2019 financial year, subject to regulatory approval, as a transitional step to implementing AIRB
- Our leverage ratios are sound and remain comfortably ahead of our target of 6% on an estimated Basel 3 fully loaded basis

Cash and near cash



Min* £bn	Max* £'bn	Ave* £'bn
£10.7bn	£12.9bn	£11.8bn

*Since 1 Apr 2017.

Current total £12.6bn

Ltd £7.2bn (R118.4bn); plc £5.4bn

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

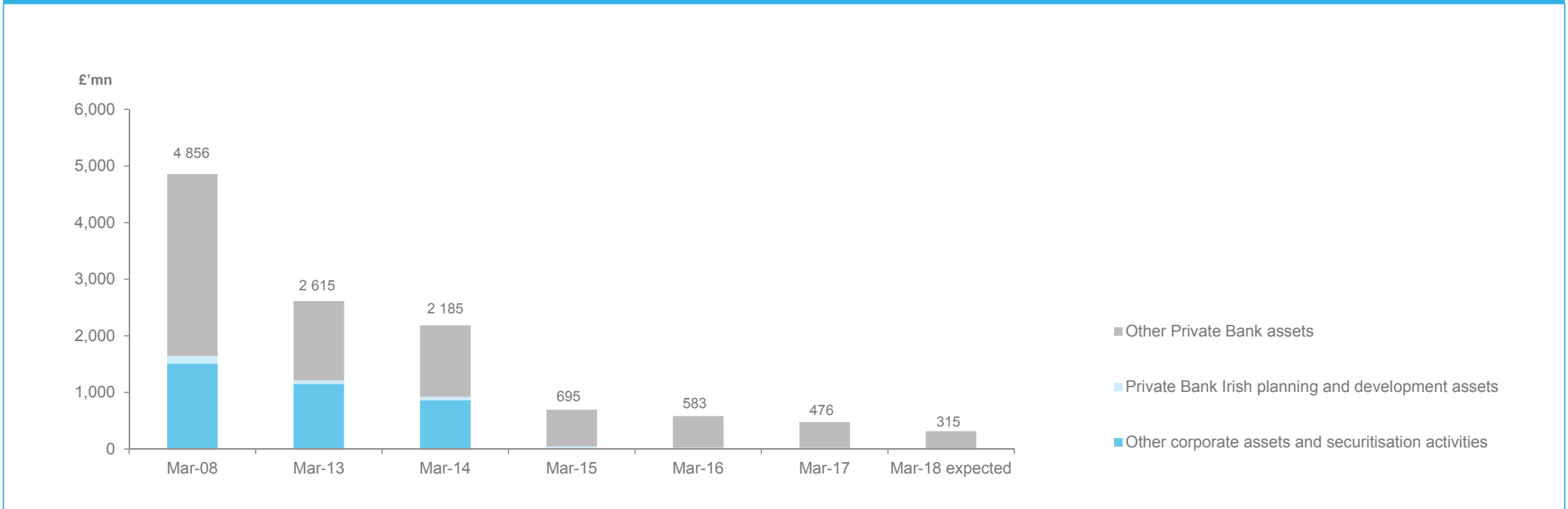
Impairment trends

- The total income statement impairment charge is expected to be ahead of the prior year
 - Impairments on the UK legacy portfolio are expected to be significantly ahead of the prior year
 - Impairments in South Africa and the Ongoing UK business are expected to be ahead of the prior year although the credit loss ratio remains at the lower end of our long term range at approximately 0.30%
- We expect the credit loss ratio on average core loans and advances to be between 0.60% and 0.65% (Mar 2017: 0.54%)

Legacy portfolio

The legacy portfolio is expected to report a higher loss than the prior year as a result of additional impairments for accelerated exits that may occur on certain legacy assets

Legacy portfolio total net loans



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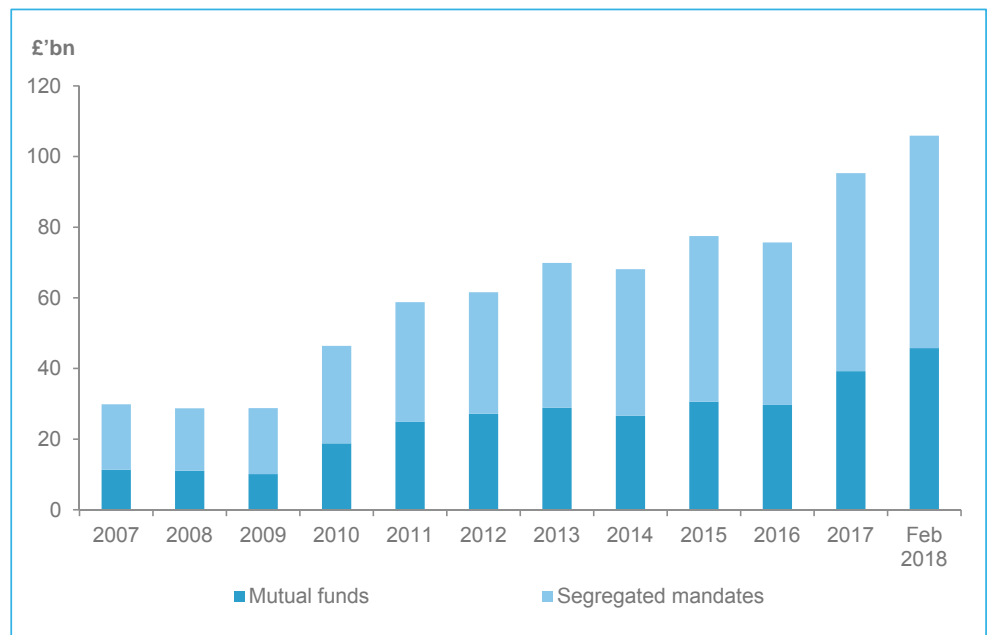
Divisional Review



Asset Management

- AUM of £105.9bn as at 28 Feb 2018, up 11.1% since 31 Mar 2017
- Strong net inflows of £4.2bn to end of Feb 2018
- Earnings growth supported by market levels and solid net inflows partially offset by lower performance fees in South Africa
- Good business momentum supported by competitive investment performance

**Assets under management:
Since 31 Mar 2017: up 11.1% to £105.9bn
- Up 9.9% on a currency neutral^ basis**



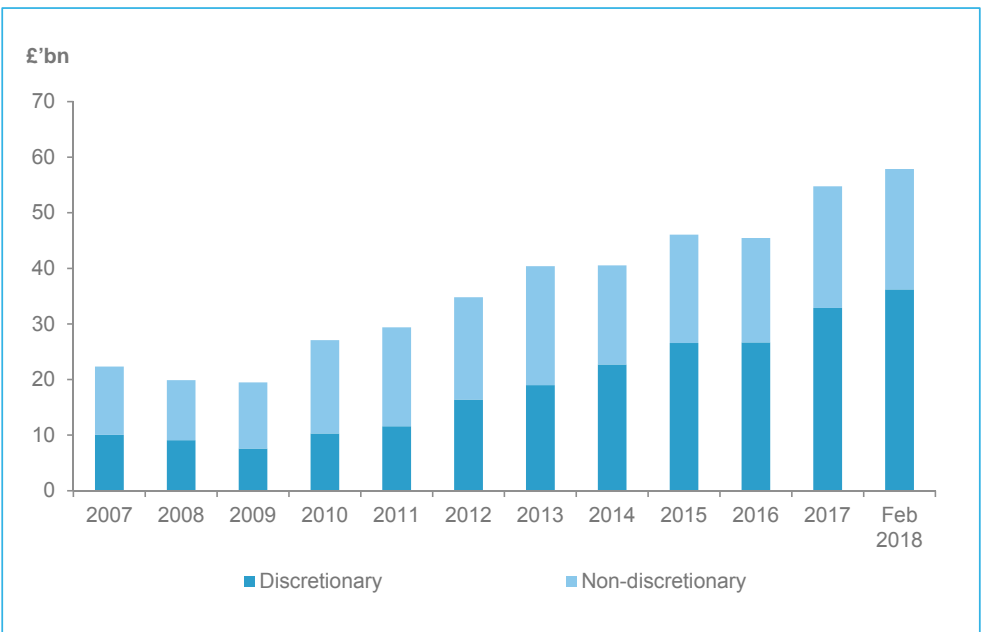
Trends reflected in graph are as at 31 Mar, unless otherwise indicated.

^Calculation assumes R:£ closing exchange rate remains the same as at 28 Feb 2018 when compared to 31 Mar 2017.

Wealth & Investment

- Overall performance of the global business expected to be ahead of the prior year
 - Higher average funds under management
 - Solid underlying net inflows of £1.8bn
- Positive earnings impact of growth in funds under management in South Africa reduced by Rand strength and lower activity levels in the first part of the year
- Costs are expected to be ahead of the prior year impacted by the launch of Click & Invest during the year and the implementation of a number of new regulations

Funds under management:
Since 31 March 2017: up 5.8% to £57.9bn
Up 4.6% 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 2018 when compared to 31 Mar 2017.

Specialist Banking

- Ongoing Specialist Bank results expected to be behind the prior year

Net interest income

- Net interest increase supported by book growth of 11.7%
- Continued benefit from reduction in UK cost of funding
- Positive earnings from book growth in South Africa has been largely offset by the roll off of higher yielding debt securities

SA ↑	UK & Other ↑
In home currency	

Investment, associate, trading and other operating income

- Investment income expected to be well behind the prior year, while associate income expected to be well ahead of the prior year
- Trading income from customer flow expected to be behind the prior year as a consequence of lower activity levels
- Losses incurred in South Africa on Steinhoff are expected to be less than estimated* but still had a negative impact on revenue

SA ↓	UK & Other ↓
In home currency	

Net fees and commissions

- Good performance from the South African banking and structuring businesses
- UK corporate fees impacted by less investment banking activity off the back of a strong prior year

SA ↑	UK & Other ↓
In home currency	

Costs

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

SA ↑	UK & Other ↑
In home currency	

*As announced on 11 December 2017 on the Johannesburg Stock Exchange.

Additional Aspects

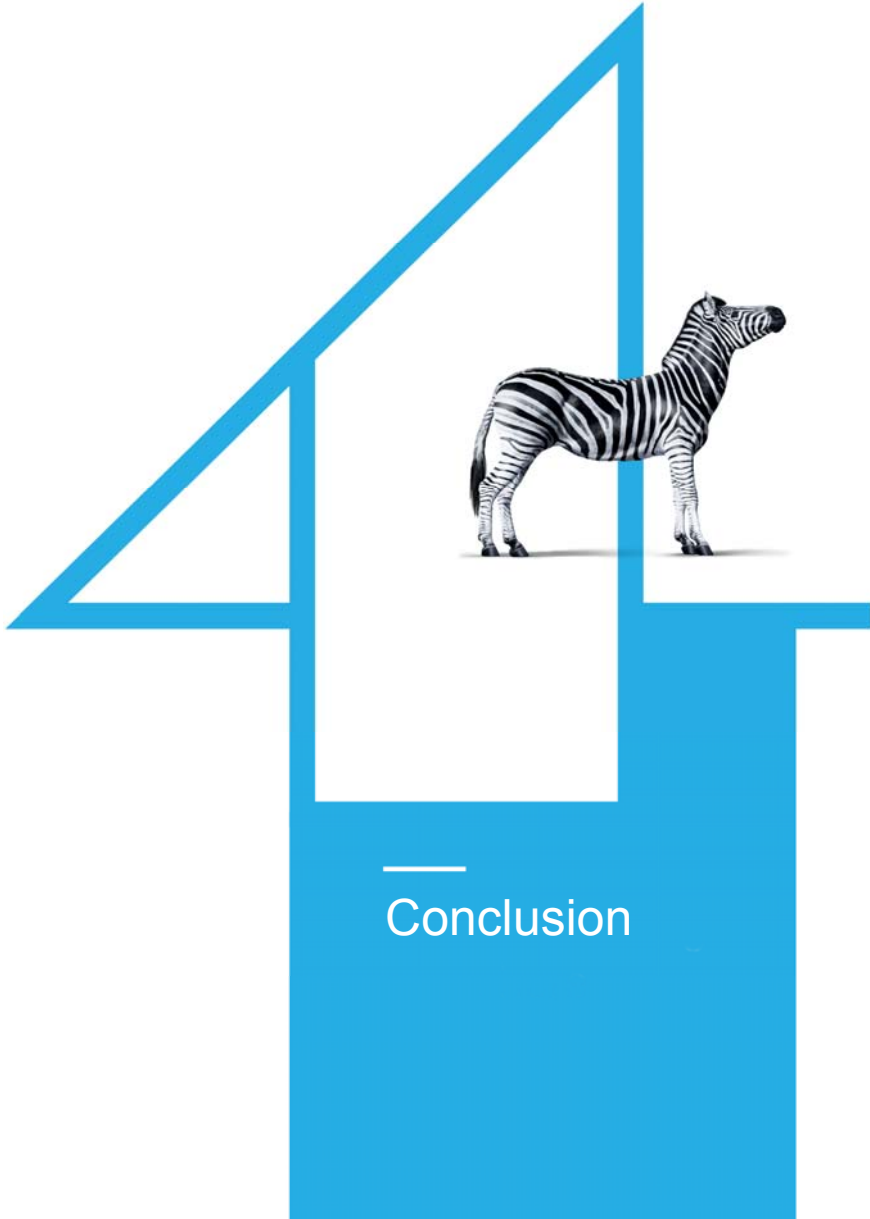


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Other Information

- Effective tax rate: expected to be approximately **9%** impacted by the release of provisions in South Africa which are no longer required
- Net non-controlling interests of approximately **£82mn** (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 2018 is expected to be approximately **923mn**



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Conclusion

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Conclusion

- The group has achieved satisfactory operating performance against a challenging backdrop in our two core geographies
- The UK economy has continued to be influenced by the complexities of Brexit, while the result of the December elective conference has since driven an improvement in the South African economic outlook, which should positively impact activity levels going forward
- Operating fundamentals across the group have largely continued the trends seen in the first half of the financial year, with performance underpinned by sound growth in the group's key earnings drivers and a solid recurring income base
- We have continued to invest for growth across our client franchise businesses, ensuring that we remain competitive and relevant in the markets in which we operate.

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Investor relations
pre-close briefing

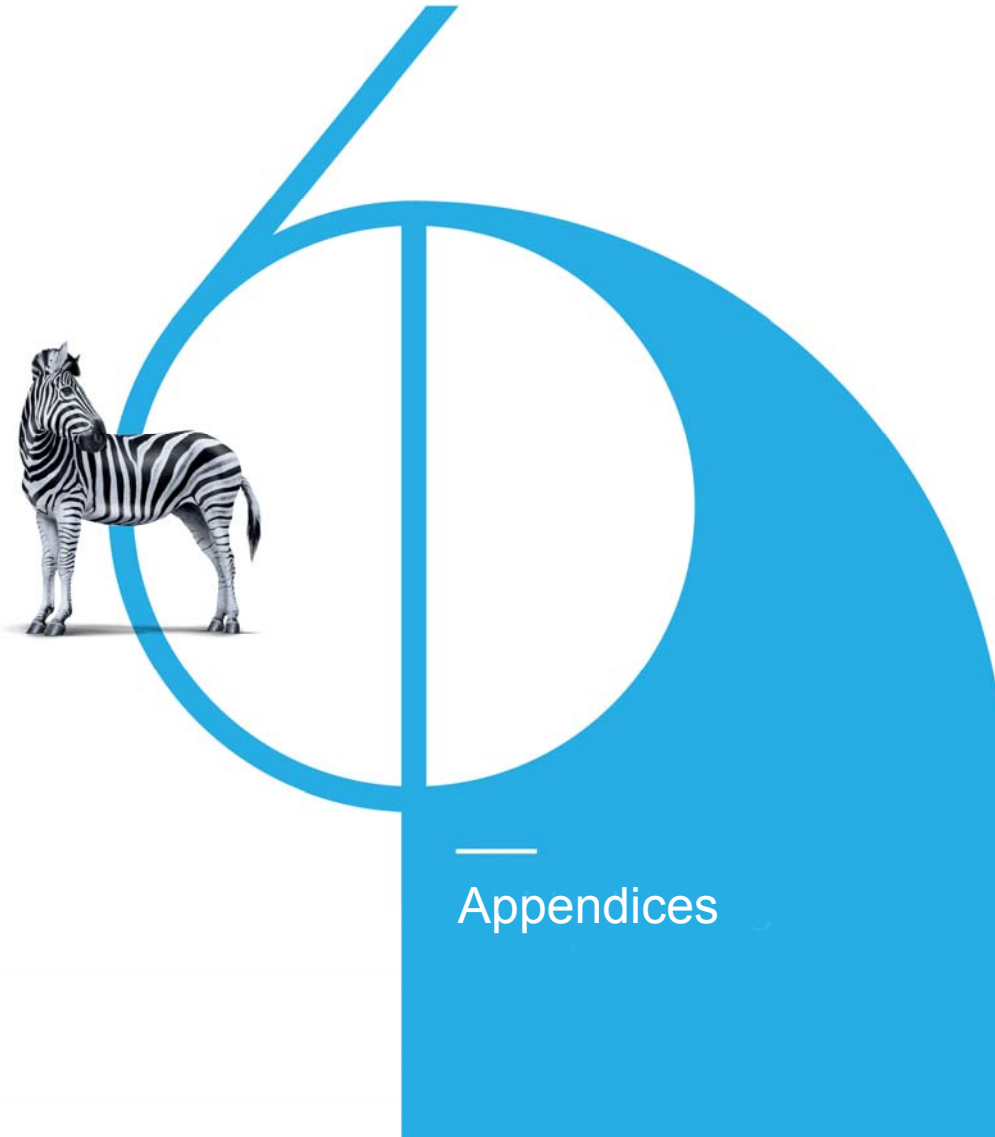
Contact Details

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Appendices

Operating environment

	28 Feb 2018	30 Sep 2017	31 Mar 2017	% move since Mar 2017
JSE ALSI	58,325	55,580	52,056	12.04%
FTSE ALSI	3,982	4,050	3,990	(2.01%)
SA Prime	10.25%	10.25%	10.50%	(0.25%)
UK Clearing Banks	0.50%	0.25%	0.25%	0.25%

Year to date	28 Feb 2018		30 Sep 2017		31 Mar 2017	
Currency per £1.00	Close	Ave	Close	Ave	Close	Ave
South African Rand	16.24	17.27	18.10	17.06	16.77	18.42
Australian Dollar	1.77	1.71	1.71	1.69	1.64	1.75
Euro	1.13	1.14	1.13	1.14	1.17	1.19
US Dollar	1.38	1.33	1.34	1.30	1.25	1.31

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
Specialist Banking - Ongoing	74,133		
Specialist Banking - Legacy business	(32,925)		
	126,598	212,662	339,260
Group costs	(17,295)	(7,361)	(24,656)
Total group	109,303	205,301	314,604
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.

Adjusted* operating profit for the year ended 31 Mar 2017

£'000	UK & Other	Southern Africa	Total group
Asset Management	91,262	73,562	164,824
Wealth & Investment	65,190	28,053	93,243
Specialist Banking	104,604	285,226	389,830
Specialist Banking - Ongoing	169,196		
Specialist Banking - Legacy business	(64,592)		
	261,056	386,841	647,897
Group costs	(36,163)	(12,613)	(48,776)
Total group	224,893	374,228	599,121
Non-controlling interest: equity			60,239
Operating profit before tax			659,360

*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	28-Feb-18	30-Sep-17	31-Mar-17	% change YTD vs Mar 2017
UK and international	69,385	64,912	61,379	13.0%
- Mutual funds	29,921	26,290	23,399	27.9%
- Segregated mandates	39,464	38,622	37,980	3.9%
Southern Africa	36,511	33,314	33,908	7.7%
- Mutual funds	15,835	14,093	15,848	(0.1%)
- Segregated mandates	20,676	19,221	18,060	14.5%
Total AUM*	105,896	98,226	95,287	11.1%

Home currency R'million	28-Feb-18	30-Sep-17	31-Mar-17	% change YTD vs Mar 2017
Southern Africa	592,760	603,003	568,637	4.2%
- Mutual funds	257,083	255,091	265,771	(3.3%)
- Segregated mandates	335,677	347,911	302,866	10.8%
Rates: R:£	16.24	18.10	16.77	

*All AUM are on a managed basis.

Investec Wealth & Investment: Funds under management

£'million	28-Feb-18	30-Sep-17	31-Mar-17	% change YTD vs Mar 2017
UK and Other	37,876	37,111	35,555	6.5%
Southern Africa	20,071	18,344	19,218	4.4%
Total	57,947	55,455	54,773	5.8%

Investec Wealth & Investment UK and Other: Funds under management

£'million	28-Feb-18	30-Sep-17	31-Mar-17	% change YTD vs Mar 2017
Discretionary	29,144	28,071	26,336	10.7%
Non-discretionary and other	8,732	9,040	9,219	(5.3%)
Total	37,876	37,111	35,555	6.5%

Investec Wealth & Investment SA: Funds under management

R'million	28-Feb-18	30-Sep-17	31-Mar-17	% change YTD vs Mar 2017
Discretionary	116,049	117,086	109,869	5.6%
Non-discretionary	209,799	214,942	212,412	(1.2%)
Total	325,848	332,028	322,281	1.11%

£'million	28-Feb-18	30-Sep-17	31-Mar-17	% change YTD vs Mar 2017
Discretionary	7,148	6,469	6,552	9.1%
Non-discretionary	12,923	11,875	12,666	2.0%
Total	20,071	18,344	19,218	4.4%
Rates: R:£	16.24	18.10	16.77	

Total group core loans

£'million	28-Feb-18	30-Sep-17	31-Mar-17	% change YTD vs Mar 2017
UK and Other	9,684	8,900	8,621	12.3%
Southern Africa	15,678	13,897	14,086	11.3%
Total core loans	25,362	22,797	22,707	11.7%

Home currency 'million	28-Feb-18	30-Sep-17	31-Mar-17	% change YTD vs Mar 2017
Southern Africa	254,540	251,549	236,225	7.8%
Rates: R:£	16.24	18.10	16.77	

Total group customer deposits

£'million	28-Feb-18	30-Sep-17	31-Mar-17	% change YTD vs Mar 2017
UK and Other	11,123	10,841	11,013	1.0%
Southern Africa	19,596	17,125	18,096	8.3%
Total customer deposits	30,719	27,966	29,109	5.5%

Home currency R'million	28-Feb-18	30-Sep-17	31-Mar-17	% change YTD vs Mar 2017
Southern Africa	318,144	309,964	303,470	4.8%
Rates: R:£	16.24	18.10	16.77	