Investec is today hosting an investor pre-close briefing at 9:00 (BST time) (10:00 South African time) which will focus on developments within the group’s core business areas in the first half of the financial year ending 31 March 2016.

Financial overview of the six months ending 30 September 2015

The operating environment in the UK has shown continued improvement supporting good levels of activity in the banking businesses. In South Africa the corporate and private banking businesses have benefitted from positive business momentum, notwithstanding an overall weakness in macro-economic conditions. Recent currency and equity market volatility (if sustained) is likely to create headwinds in the Wealth & Investment and Asset Management businesses.

Against this backdrop, the UK Specialist Banking business is expected to report results significantly higher than the prior year, whilst the South African Specialist Banking business is expected to report results well ahead of the prior year in Rands. Overall, the global Specialist Banking business is expected to report results substantially ahead of the prior year.

The Wealth & Investment and Asset Management divisions are expected to report results marginally behind the prior year. Both divisions have continued to experience net inflows of GBP 1.1 billion and GBP 1.5 billion, respectively.

Overall group results have been negatively impacted by the depreciation of the average Rand: Pounds Sterling exchange rate of approximately 8% over the period.

Taking into account the above mentioned factors, operating profit (refer to definition in the notes) is expected to be comfortably ahead of the prior year in Pounds Sterling.

Salient financial features include:
- Revenue (net of depreciation on operating leased assets) is expected to be moderately ahead of the prior year
- Recurring income as a percentage of total operating income is expected to be approximately 72% (2014: 77%)
- Impairments are expected to be approximately 20% lower than the prior year
- Expenses are expected to be marginally higher than the prior year
- For the period 31 March 2015 to 31 August 2015:
  - Third party assets under management decreased 6% to GBP116.2 billion i.e. a decrease of 2% on a currency neutral basis
  - Customer accounts (deposits) decreased 3% to GBP22.0 billion i.e. an increase of 5% on a currency neutral basis
  - Core loans and advances decreased 1% to GBP17.0 billion i.e. an increase of 6% on a currency neutral basis

On behalf of the board

Fani Titi (Chairman), Stephen Koseff (Chief Executive Officer) and Bernard Kantor (Managing Director)
Liquidity and capital management
- The group has continued to diversify and improve the quality of its funding sources.
- The group has had higher average liquidity levels in the UK driven by the sale of group assets in the prior year. These balances have decreased by 10% since March 2015.
- The group has continued to see good progress from Investec Cash Investments in South Africa leading to higher cash balances.
- The group’s cost of funds has remained broadly stable.
- Cash balances remain strong. Currently the group holds GBP9.5 billion in cash and near cash balances (GBP5.0 billion (R104.5 billion) in Investec Limited and GBP4.5 billion in Investec plc) which amounts to 37% of its liability base.
- Advances as a percentage of customer deposits at 30 August 2015 was 75.0% (31 March 2015: 74.0%).
- For the six months to 30 September 2015 for both Investec plc and Investec Limited:
  - Capital ratios are expected to be within the group’s target total capital adequacy range.
  - The common equity tier 1 ratio is expected to be slightly below the group’s 2016 target of 10% for Investec Limited; Investec plc remains ahead of this target.
  - The leverage ratio is sound and remains well above the group’s target of 6% on an estimated Basel 3 fully loaded basis.

Asset quality and impairment trends
- The total income statement impairment charge is expected to be approximately 20% lower than the prior year.
- Impairments on the UK legacy portfolio continue to decline.
- Impairments in South Africa are expected to be in line with the prior year.
- The group expects the credit loss ratio on total average core loans and advances to be approximately 0.60%-0.65% (March 2015: 0.68%; September 2014: 0.70%).

Business commentary
Salient features of the operating performance of the group’s core business areas are listed below and further details will be provided in the briefing presentation which can be viewed on the group’s website.

Asset Management
- Net inflows of approximately GBP1.5 billion to end of August 2015.
- 1H2016 earnings impacted by market and currency volatility and lower performance fees in South Africa.
- Good business momentum supported by competitive investment performance.
- Since 31 March 2015 assets under management have decreased by 8% to GBP71.1 billion i.e. a decrease of 4% on a currency neutral basis.

Wealth & Investment
- Solid net inflows of GBP1.1 billion to end of August 2015.
- Average funds under management negatively impacted by weaker equity markets and the Rand.
- Overall performance of the global business is expected to be marginally lower than the prior year:
  - due to investment expenditure on growth initiatives (digital offering, continued select investment in senior professionals).
  - good performance from the South African business in Rand supported by net inflows.
- Since 31 March 2015 assets under management have decreased by 3% to GBP44.6 billion i.e. an increase of 1% on a currency neutral basis.
**Specialist Banking**

- The global Specialist Banking business is expected to post results substantially ahead of the prior year.
- In summary key aspects include:
  - **Net interest margin**
    - Loan growth in neutral currency of 6%
    - The group remains very liquid
    - UK net interest impacted by the sale of group assets in the prior year
    - Net interest increase in the UK ongoing business and South African businesses supported by book growth
  - **Net fees and commissions**
    - Private client transactional and professional finance activities performing well
    - Good performance from the South African corporate treasury and structuring businesses
    - UK corporate fees in line with the prior year
    - Fee income impacted by sale of Investec Bank (Australia) Limited in the prior year
  - **Investment and trading income**
    - Significant improvement in investment income
    - Sound performance from the South African portfolios and normalised performance from the Hong Kong portfolio
    - Higher earnings from the fixed income portfolio in the UK
    - Customer flow trading income increased
  - **Costs**
    - South Africa is expected to report an increase in fixed costs due to an increase in headcount
    - Costs in the UK ongoing business have increased largely due to investment in the Private Banking business
    - Substantial decrease in costs relating to group sale assets and legacy business
  - **Additional information on the UK Specialist Banking business:**
    - The Ongoing UK business is expected to report results significantly ahead of the prior year largely as a result of increased activity levels in the corporate and private banking businesses and a normalised performance from the Hong Kong investment portfolio
    - Both impairments and costs in the Legacy business are expected to be lower
    - As a result, the Legacy business is expected to report a smaller loss than the prior year
    - Total legacy portfolio assets are expected to decline to GBP0.67 billion (31 March 2015: GBP0.73 billion).

**Other information**

**Additional aspects**
- Effective tax rate: expected to be approximately 20% - 21%
- Net non-controlling interests of approximately GBP18 million (profits attributable) relating to the Asset Management business, FX hedge accounting and the consolidation of the Property Fund
- Weighted number of shares in issue for the six months to 30 September 2015 is expected to be approximately 873 million.

**Notes:**
1. Key trends set out above, unless stated otherwise, relate to the five months ended 31 August 2015, and compare the first half of the 2016 financial year (1H2016) to the first half of the 2015 financial year (1H2015).
2. The financial information on which this statement is based has not been reviewed and reported on by the group's auditors.
References to operating profit relate to adjusted operating profit, where 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. Trends within the divisional sections relate to adjusted operating profit.

Adjusted EPS is before goodwill, acquired intangibles and non-operating items but after tax and after adjusting for earnings attributable to all non-controlling interests.

Amounts represented on a currency neutral basis for balance sheet items assume that the closing exchange rates of the group’s relevant exchange rates, as reflected below, remain the same as at 31 August 2015 when compared to 31 March 2015.

Please note that matters discussed in the briefing and highlighted above 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 International Financial Reporting Standards (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 17 September 2015.

The group’s reporting currency is Pounds Sterling. Certain of the group’s operations are conducted by entities outside the UK. The results of operations and the financial condition of these individual companies are reported in the local currencies in which they are domiciled, including Rands, Australian Dollars and Euros. These results are then translated into Pounds Sterling at the applicable foreign currency exchange rates for inclusion in the group’s combined consolidated financial statements. In the case of the income statement, the weighted average rate for the relevant period is applied and, in the case of the balance sheet, the relevant closing rate is used. The following table sets out the movements in certain relevant exchange rates against Pounds Sterling over the period:

<table>
<thead>
<tr>
<th>Currency per GBP1.00</th>
<th>Five months to 31-Aug-15</th>
<th>Year to 31-Mar-15</th>
<th>Six months to 30-Sep-14</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Period end</td>
<td>Average</td>
<td>Period end</td>
</tr>
<tr>
<td>South African Rand</td>
<td>20.38</td>
<td>19.01</td>
<td>17.97</td>
</tr>
<tr>
<td>Australian Dollar</td>
<td>2.15</td>
<td>2.03</td>
<td>1.95</td>
</tr>
<tr>
<td>Euro</td>
<td>1.37</td>
<td>1.39</td>
<td>1.38</td>
</tr>
<tr>
<td>US Dollar</td>
<td>1.53</td>
<td>1.54</td>
<td>1.49</td>
</tr>
</tbody>
</table>

Presentation details
The briefing starts at 9:00 (BST time) (10:00 South African time) and will be broadcast live via video conference from the group’s offices in Johannesburg to London. The briefing will also be available via a live and recorded telephone conference call, a live and delayed video webcast, a delayed podcast and a delayed Mp3. Further details in this regard can be found on the website at: [www.investec.com](http://www.investec.com)

Timetable:
Interim period end: 30 September 2015
Release of interim results: 19 November 2015
For further information please contact:
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About Investec
Investec is an international specialist bank and asset manager that provides a diverse range of financial products and services to a niche client base in three principal markets, the United Kingdom and Europe, South Africa and Asia/Australia, as well as certain other countries. The group was established in 1974 and currently has approximately 8 200 employees.

Investec focuses on delivering distinctive profitable solutions for its clients in three core areas of activity namely, Asset Management, Wealth & Investment and Specialist Banking.

In July 2002 the Investec group implemented a dual listed company structure with listings on the London and Johannesburg Stock Exchanges. The combined group’s current market capitalisation is approximately GBP4.8 billion.