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Investec

Investor pre-close briefing

14 March 2013

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 13 Mar 2013

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Operational review

- Proviso: unless otherwise stated, figures and trends discussed in the operational review relate to the eleven month period to 28 Feb 2013 and compare 1H2013 vs 2H2013
- References to operating profit relate to normalised* operating profit. Trends within the divisional sections relate to normalised operating profit
- Investec will release its results for the year ended 31 Mar 2013 on 23 May 2013

*Normalised operating profit refers to net profit before tax, goodwill, acquired intangibles and non-operating items but after adjusting for earnings attributable to non-controlling interests

Overview of the year ending 31 Mar 2013

- Operating profit* is expected to be approximately **20% - 23%** ahead of the prior year
- The asset management and wealth management businesses have experienced strong net inflows in excess of £4bn and are expected to report results ahead of the prior year
- The South African Specialist Banking business is expected to report a sound increase in operating profit in Rand terms benefiting from growth in revenue and cost containment
- The Australian Specialist Banking business has performed significantly ahead of the prior year mainly as a result of a substantial decrease in impairments
- The UK Specialist Banking business is expected to report results marginally ahead of the prior year

*Normalised operating profit refers to net profit before tax, goodwill, acquired intangibles and non-operating items but after adjusting for earnings attributable to non-controlling interests

Overview of the year ending 31 Mar 2013

- Overall results have been impacted by the depreciation of the average Rand: Pound exchange rate of approximately 13%
- Revenue (net of depreciation on operating leased assets) is expected to be 3% to 4% higher than the prior year
- Recurring income as a percentage of total operating income is expected to be approximately 67% (2012: 68%)
- Expenses are expected to increase by 3% to 4% largely driven by recently acquired businesses which are in the process of being fully integrated
- The cost to income ratio is expected to remain in line with the group's target
- Adjusted** EPS in **Pounds** is expected to be **14% - 17%** higher than the prior year and adjusted** EPS in **Rands** is expected to be **30% - 34%** higher than the prior year

** Before goodwill, acquired intangibles and non-operating items but after tax and after adjusting for earnings attributable to non-controlling interests

Overview of the year ending 31 Mar 2013

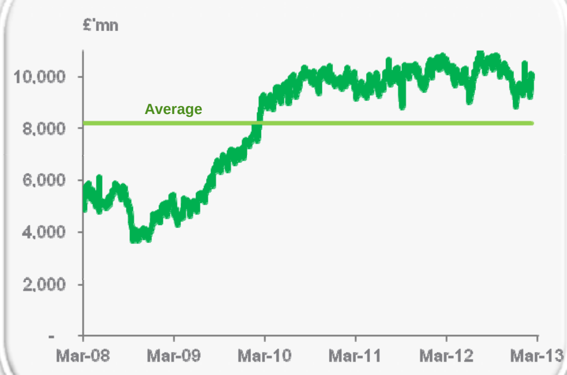
- For the period 31 Mar 2012 to 28 Feb 2013:
  - Third party assets under management increased 13% to £110.0bn – an increase of 18% on a currency neutral^ basis
  - Customer accounts (deposits) decreased 2% to £25.0bn - an increase of 4% on a currency neutral^ basis
  - Core loans and advances increased 3% to £18.8bn - an increase of 9% on a currency neutral^ basis

^Calculation assumes R:£ and AUD:£ closing exchange rates remain the same as at 28 Feb 2013 when compared to 31 Mar 2012

Funding and liquidity

- We have continued to diversify our funding sources
- The cost of funds remained elevated throughout the period
- Recently we have however, seen an improvement in the marginal cost of funds, notably in our UK and Australian businesses
- Cash balances remain strong
- Advances as a percentage of customer deposits at 28 Feb 2013 is at 71.6% (31 Mar 2012: 67.8%)

Cash and near cash



Min* £'bn	Max* £'bn	Ave* £'bn
8.9	11.0	10.1

Current total £9.9bn

Ltd £5.5bn; plc £4.4bn

*Since 31 March 2012

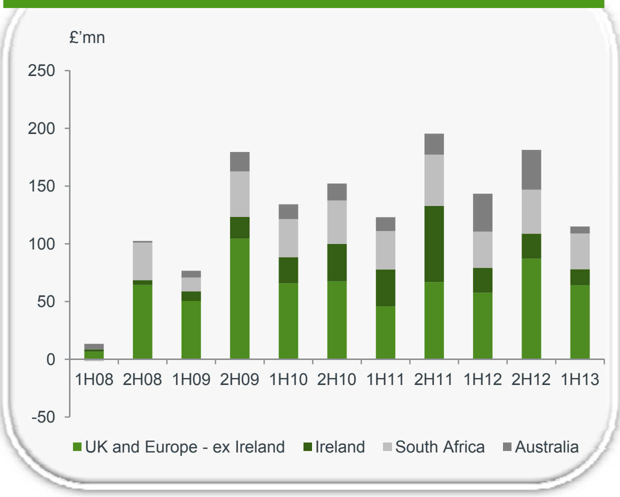
Capital ratios

- We have implemented Basel 3 in our South African and Australian businesses, with moderate impact on our ratios
- Our UK business is reporting in terms of Basel 2.5 and capital ratios remain stable
- All ratios are expected to be within the group's target capital range

Impairment trends

- The total income statement impairment charge is expected to be approximately 22% lower than the prior year
- We expect the credit loss ratio on total average loans and advances* to be between 0.83% to 0.88% (Mar 2012: 1.12%; Sep 2012: 0.85%)
- Impairments in Kensington are expected to be lower than the prior year, but higher than 1H13

Impairment analysis



*Excluding Kensington loans

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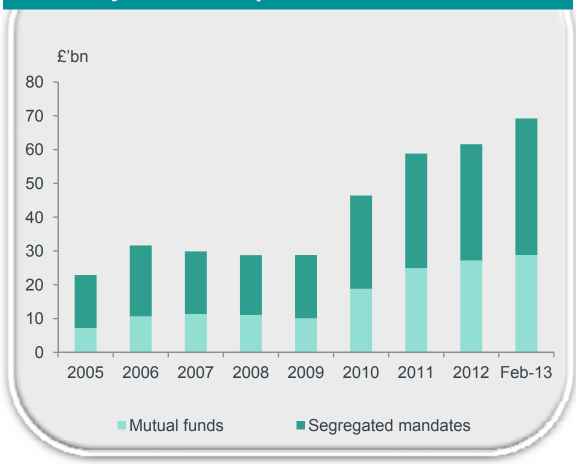
Divisional review

Asset Management

- Competitive long term performance across investment capabilities
- Positive net inflows of £3.2bn
- Financial performance should be marginally ahead of the prior year and 1H13

Assets under management:
Since 31 Mar 2012: up 12% to £69.2bn; currency neutral^ up 18%



Trends reflected in graph are for the year-ended 31 Mar, unless otherwise indicated.

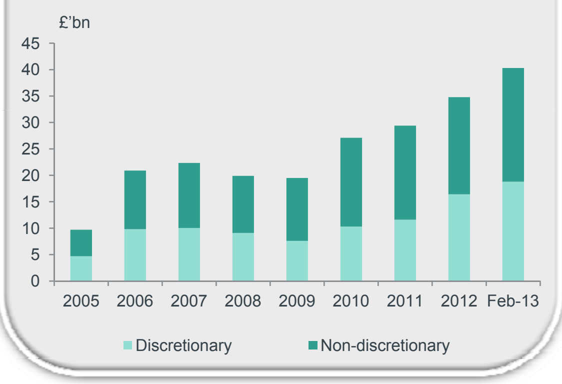
^Calculation assumes R:£ closing exchange rate remains the same as at 28 Feb 2013 when compared to 31 Mar 2012

Wealth & Investment

- Performing well ahead of the prior year
  - Higher average funds under management
  - Net inflows of £0.9bn
  - Inclusion of Williams de Broë and NCB (in Ireland)
- Integration of acquisitions progressing well - excess costs will however, still reflect in our 2013 results

UK offices

Funds under management:
Since 31 Mar 2012: up 15% to £40.1bn; currency neutral^ up 20%



Trends reflected in graph are for the year-ended 31 Mar, unless otherwise indicated.

^Calculation assumes R:£ closing exchange rate remains the same as at 28 Feb 2013 when compared to 31 Mar 2012

Specialist Banking

- The Specialist Bank is performing well ahead of the prior year but behind 1H13. Key aspects include:

Net interest margin

- Loan growth of 9% in neutral currencies
- Improved margins in South Africa
- Elevated cost of funds in the UK and Australia
- Remain very liquid

SA ↑	UK ↓	Aus↑
In home currency		

Investment and trading income

- Strong performance from the South African property division and unlisted investment portfolio
- Lower earnings from the fixed income portfolio in the UK, partially offset by a solid performance in the investment portfolio
- Lower customer flow activity

SA↑	UK↓	Aus↑
In home currency		

Net fees and commissions

- Private client transactional and professional finance activities performing well
- Good performance from agency and advisory
- Fees earned in the corporate banking business are expected to be lower than the prior year

SA↓	UK↑	Aus↑
In home currency		

Costs

- Moderate increase in costs – acquisition in Australia

SA↑	UK↓	Aus↑
In home currency		

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Additional aspects

Other information

- Effective tax rate: expected to be approximately **18% - 19%**
- Weighted number of shares in issue for the year ending 31 March 2013 expected to be approximately **856mn**

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Investec Asset Management (IAM) and Investec – sale of shareholding to management

Overview

DETAILS on transaction

- Management would acquire a **15% interest** in IAM
- Option to acquire an additional 5% over the next seven years to widen participation
- Initial 15% interest purchased for **£180m in cash**
- The Participants comprise **40** senior management and employees of IAM
- **Purchase price to be funded:**
  - £90m through equity financing
  - £90m through debt financing
- **Shareholders' agreement agreed** and will be entered into upon completion of the Transaction, relating to the governance of IAM

BACKGROUND to transaction

- IAM is a **core business** within Investec
- **Management** has been central to IAM's success to date with **stability provided by a long standing team**
- Senior **management experience** is well recognised in the industry
- To enhance the **long term success** and growth prospects of IAM, Investec has reviewed potential options to optimise IAM incentive structures
- **Industry precedents:** institutional clients are attracted to asset management companies that have significant **operational independence** and **alignment of incentive structures** to long-term performance

BENEFITS of transaction

- Transaction will underpin Participants' long-term **commitment to the ongoing success** of Investec Asset Management– **greater alignment of interest**
- Ensures that IAM remains best placed to continue **delivering significant value creation** for its clients and for the **benefit of the Investec group and its stakeholders**
- Participants' beneficial interest in IAM **will be transferable to future generations** of its management to provide for ongoing participation of senior management in the business
- **Fair valuation** for minority, non-controlling and non-liquid stake in the business

TIMING and conditions

- The Transaction is conditional **upon shareholder and certain regulatory approvals and finalisation of all relevant documentation**
- Completion of the Transaction is expected to take place by the **end of July 2013**

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Conclusion

Conclusion

- We have continued to record positive net inflows into our asset management and wealth and investment businesses
- Loan growth in the professional finance, asset finance, structured and project finance businesses, together with an expected improvement in the cost of funds, should support our net interest earnings going forward
- Whilst impairments are expected to decrease by c.22% they have remained elevated due to weak economic conditions in our core geographies
- Global markets have rallied strongly in recent months, although this confidence in equities is not yet reflected in levels of economic activity, as economic growth remains muted
- Our operating profit is underpinned by a solid recurring income base and strong business franchise in the geographies in which we operate.

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Contact details

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

Or contact the Investor Relations team:

- Telephone:
  - UK: +44 (0) 207 597 5546
  - SA: +27 (0) 11 286 7070
- E-mail: investorrelations@investec.com

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Appendices

Operating environment

	28 Feb 2013	30 Sep 2012	31 Mar 2012	% move since Mar 2012
JSE ALSI	39,710	35,758	33,554	18.3%
FTSE ALSI	3,349	2,999	3,003	11.5%
Australian All Ord	5,120	4,406	4,420	15.8%
SA Prime	8.50%	8.50%	9.00%	(0.50%)
UK Clearing Banks	0.50%	0.50%	0.50%	-
RBA cash rate target	3.00%	3.50%	4.25%	(1.25%)

Year to date	28 Feb 2013		30 Sep 2012		31 Mar 2012	
Currency per £1.00	Close	Ave	Close	Ave	Close	Ave
South African Rand	13.62	13.40	13.39	12.96	12.27	11.85
Australian Dollar	1.48	1.54	1.55	1.54	1.54	1.52
Euro	1.16	1.23	1.26	1.24	1.20	1.16
US Dollar	1.52	1.59	1.61	1.58	1.60	1.60

Source: Datastream

Normalised* operating profit:
For the six months ended 30 September 2012

£'000	UK & Europe	Southern Africa	Australia	Total group
Asset Management	28,081	39,116	-	67,197
Wealth & Investment	14,223	8,628	-	22,851
Specialist Banking	47,264	87,352	4,755	139,371
Total group	**89,568**	**135,096**	**4,755**	**229,419**
Non-controlling interest: equity				(7,018)
Operating profit before tax				**222,401**

*Normalised operating profit refers to net profit before tax, goodwill, acquired intangibles and non-operating items but after adjusting for earnings attributable to non-controlling interests

Normalised* operating profit:
For the year ended 31 March 2012

£'000	UK & Europe	Southern Africa	Australia	Total group
Asset Management	58,922	74,771	-	133,693
Wealth & Investment	23,268	15,453	-	38,721
Specialist Banking	52,880	199,212	(65,881)	186,211
Total group	**135,070**	**289,436**	**(65,881)**	**358,625**
Non-controlling interest: equity				(11,035)
Operating profit before tax				**347,590**

*Normalised operating profit refers to net profit before tax, goodwill, acquired intangibles and non-operating items but after adjusting for earnings attributable to non-controlling interests

Investec Asset Management: Assets under management*

£'million	28 Feb 2013	30 Sep 2012	31 Mar 2012	30 Sep 2011	31 Mar 2011	% change YTD vs Mar 2012
UK and international	**40,825**	**36,034**	**36,154**	**29,171**	**30,765**	**12.9%**
- Mutual funds	17,137	16,150	17,490	14,031	15,402	(2.0%)
- Segregated mandates	23,688	19,884	18,664	15,140	15,363	26.9%
Southern Africa	**28,384**	**26,338**	**25,401**	**23,902**	**28,037**	**11.7%**
- Mutual funds	11,667	10,438	9,683	8,282	9,466	20.5%
- Segregated mandates	16,717	15,900	15,718	15,620	18,571	6.4%
Total AUM*	**69,209**	**62,372**	**61,555**	**53,073**	**58,802**	**12.4%**

Home currency R'million	28 Feb 2013	30 Sep 2012	31 Mar 2012	30 Sep 2011	31 Mar 2011	% change YTD vs Mar 2012
Southern Africa	**386,600**	**352,666**	**311,670**	**301,643**	**305,043**	**24.0%**
- Mutual funds	158,910	139,765	118,810	104,519	102,990	33.8%
- Segregated mandates	227,690	212,901	192,860	197,124	202,053	18.1%
Rates: R: £	**13.62**	**13.39**	**12.27**	**12.62**	**10.88**	

*All AUM are on a managed basis

Investec Wealth & Investment SA: Funds under management*

R'million	28 Feb 2013	30 Sep 2012	31 Mar 2012	30 Sep 2011	31 Mar 2011	% change YTD vs Mar 2012
Discretionary	35,629	30,947	26,809	23,724	22,585	32.9%
Non-discretionary*	176,808	159,514	142,546	131,202	136,216	24.0%
Total	**212,437**	**190,461**	**169,355**	**154,926**	**158,801**	**25.4%**
Net inflows at cost over the period:						
Discretionary	3,247	1,478	1,956	1,977	1,182	
Non-discretionary	1,970	3,927	(7,348)	4,862	11,544	
Total	**5,217**	**5,405**	**(5,392)**	**6,839**	**12,726**	

£'million	28 Feb 2013	30 Sep 2012	31 Mar 2012	30 Sep 2011	31 Mar 2011	% change YTD vs Mar 2012
Discretionary	2,616	2,311	2,185	1,880	2,076	19.7%
Non-discretionary	12,981	11,913	11,617	10,396	12,520	11.7%
Total	**15,597**	**14,224**	**13,802**	**12,276**	**14,596**	**13.0%**
Rates: R: £	**13.62**	**13.39**	**12.27**	**12.62**	**10.88**	

*Now incorporates funds under advice as previously reported within the Private Bank. For comparative purposes, historic numbers have been restated accordingly

Investec Wealth & Investment Non-SA: Funds under management

£'million	28 Feb 2013	30 Sep 2012	31 Mar 2012	30 Sep 2011	31 Mar 2011	% change YTD vs Mar 2012
Total IWI						
- Discretionary	15,962	14,605	14,187	8,924	9,571	12.5%
- Non-discretionary	5,686	5,128	5,316	2,826	3,164	7.0%
- Other*	348	407	453	-	-	(23.2%)
Total	**21,996**	**20,140**	**19,956**	**11,750**	**12,735**	**10.2%**
NCB	1,555	1,423	-	-	-	>100.0%
Other UK and Australia funds under advice^	925	929	1,013	2,706	2,117	(8.7%)
Total	**24,476**	**22,492**	**20,969**	**14,456**	**14,852**	**16.7%**

*Sale of Rensburg Fund Management Limited to Franklin Templeton Global Investors Limited (UK) effective January 2011
^Now incorporates funds under advice as previously reported within the Private Bank. For comparative purposes, historic numbers have been restated accordingly

Investec Wealth & Investment total: Funds under management

£'million	28 Feb 2013	30 Sep 2012	31 Mar 2012	30 Sep 2011	31 Mar 2011	% change YTD vs Mar 2012
Southern Africa	15,597	14,224	13,802	12,276	14,596	13.0%
Non-SA	24,476	22,492	20,969	14,456	14,852	16.7%
Total	**40,073**	**36,716**	**34,771**	**26,732**	**29,448**	**15.3%**

Total group core loans

£'million	28 Feb 2013	30 Sep 2012	31 Mar 2012	30 Sep 2011	31 Mar 2011	% change YTD vs Mar 2012
UK and Europe	6,222	5,778	5,788	5,657	5,577	7.5%
Southern Africa	10,393	9,983	10,490	9,851	11,106	(0.9%)
Australia	2,145	1,991	1,948	1,990	2,075	10.1%
Total core loans	**18,760**	**17,752**	**18,226**	**17,498**	**18,758**	**2.9%**

Home currency 'million	28 Feb 2013	30 Sep 2012	31 Mar 2012	30 Sep 2011	31 Mar 2011	% change YTD vs Mar 2012
Southern Africa	R141,553	R133,672	R128,712	R124,320	R120,833	10.0%
Australia	A$3,175	A$3,086	A$3,000	A$3,184	A$3,216	5.8%
Rates: R: £	**13.62**	**13.39**	**12.27**	**12.62**	**10.88**	

Total group customer deposits

£'million	28 Feb 2013	30 Sep 2012	31 Mar 2012	30 Sep 2011	31 Mar 2011	% change YTD vs Mar 2012
UK and Europe	9,715	9,673	9,459	9,106	8,812	2.7%
Southern Africa	13,581	13,371	14,348	13,633	14,207	(5.3%)
Australia	1,664	1,644	1,537	1,446	1,422	8.3%
Total deposits	**24,960**	**24,688**	**25,344**	**24,185**	**24,441**	**(1.5%)**

Home currency 'million	28 Feb 2013	30 Sep 2012	31 Mar 2012	30 Sep 2011	31 Mar 2011	% change YTD vs Mar 2012
Southern Africa	R184,973	R179,038	R176,050	R172,048	R154,572	5.1%
Australia	A$2,463	A$2,548	A$2,367	A$2,314	A$2,204	4.1%
Rates: R: £	**13.62**	**13.39**	**12.27**	**12.62**	**10.88**	