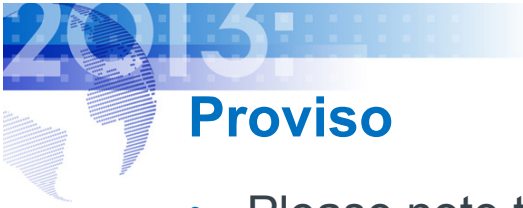


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## Investor pre-close briefing

17 September 2013



## 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 17 Sep 2013

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# Operational review ---





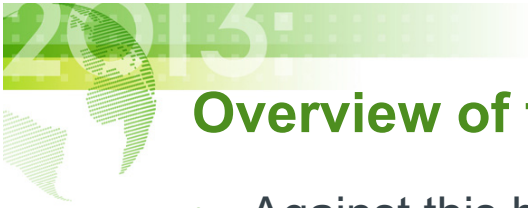
- Proviso: unless otherwise stated, figures and trends discussed in the operational review relate to the five month period to 31 Aug 2013 and compare 1H2014 vs 1H2013
- References to operating profit relate to normalised\* operating profit. Trends within the divisional sections relate to normalised operating profit
- Investec will release its results for the six months to 30 Sep on 21 Nov 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 six months to 30 Sep 2013

- The Asset Management and Wealth and Investment businesses have continued to see net inflows and have benefited from higher average funds under management, both divisions are expected to record results ahead of the prior year
- The Specialist Banking business is expected to report results behind the prior year:
  - The South African Specialist Banking business is expected to report results substantially ahead of the prior year in Rands
  - The UK Specialist Banking business has been impacted by low levels of activity
  - The Australian business has been impacted by significant strategic restructuring
- The period under review was again characterised by volatility in the macro and geopolitical environment all of which will have an impact on the group's expected results
- As a consequence of this volatility the average Rand: Pound exchange rate depreciated by 16%



## Overview of the six months to 30 Sep 2013

- Against this backdrop, operating profit\* is expected to be marginally behind the prior year. An increase of approximately 8% in Rands
- Revenue (net of depreciation on operating leased assets) is expected to be in line with the prior year
- Recurring income as a percentage of total operating income is expected to be approximately 70% (2012: 69%)
- Expenses are expected to increase moderately
- Adjusted\*\* EPS in **Pounds** is expected to be **0% to 10%** lower than the prior year and adjusted\*\* EPS in **Rands** is expected to be **4% to 16%** higher than 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

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



## Overview of the six months to 30 Sep 2013

- For the period 31 Mar 2013 to 31 Aug 2013:
  - Third party assets under management decreased 4% to £106.2bn – an increase of 1% on a currency neutral<sup>^</sup> basis
  - Customer accounts (deposits) decreased 5% to £23.4bn - an increase of 3% on a currency neutral<sup>^</sup> basis
  - Core loans and advances decreased 6% to £17.4bn - an increase of 3% on a currency neutral<sup>^</sup> basis

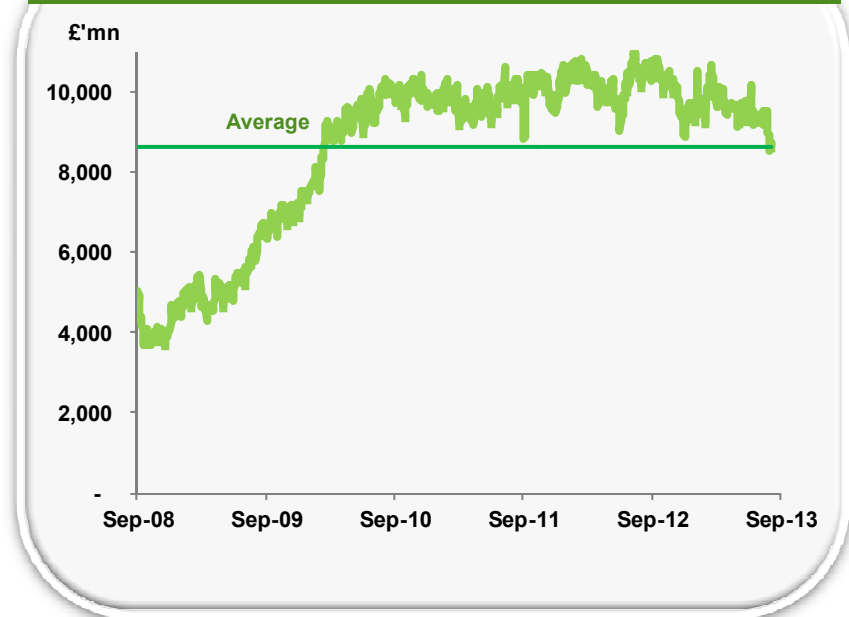
<sup>^</sup>Calculation assumes R:£ and AUD:£ closing exchange rates remain the same as at 31 Aug 2013 when compared to 31 Mar 2013.



## Funding and liquidity

- We have continued to diversify our funding sources
- The cost of funds has started to improve, notably in our UK and Australian operations
- Cash balances remain strong
- Advances as a percentage of customer deposits at 31 Aug 2013 is at 70.7% (31 Mar 2013: 71.3%)

### Cash and near cash



Min* £'bn	Max* £'bn	Ave* £'bn
-----------	-----------	-----------

8.5

10.2

9.5

**Current total £8.7bn**

Ltd £4.6bn; plc £4.1bn

\*Since 31 March 2013





## Capital ratios

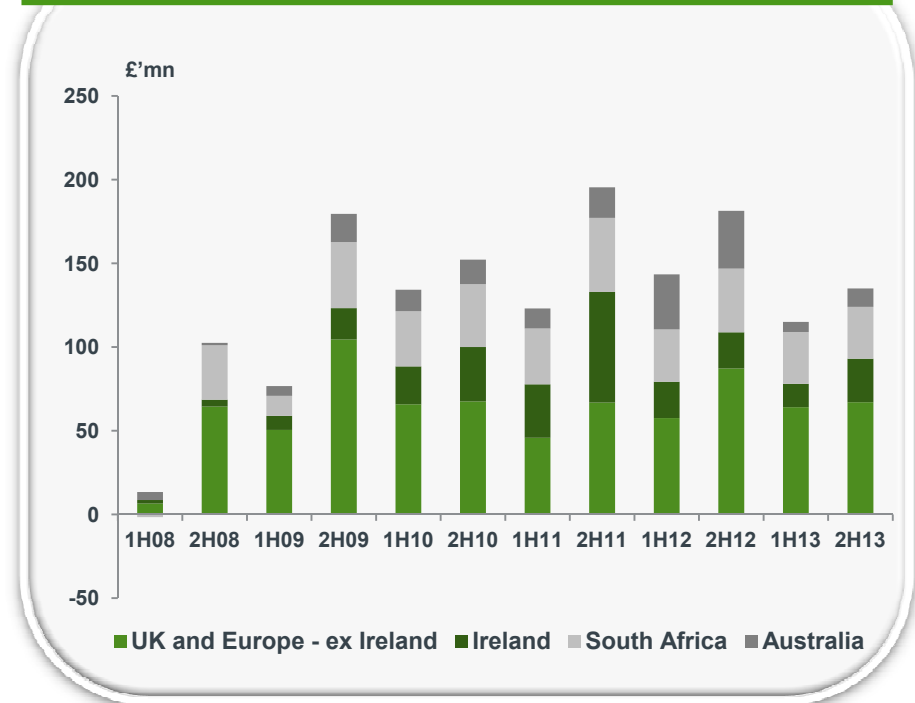
- We have implemented Basel 3 in our South African and Australian businesses, with moderate impact on our ratios
- Our UK business is reporting in terms of Basel 2.5 and capital ratios remain stable
  - We await the outcome of the PRA's consultation (CP5/13: Strengthening capital standards: implementing CRD IV) on the implementation of CRD IV in the UK, to confirm the impact on the UK capital ratios
- 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 25% lower than the prior year
- We expect the credit loss ratio on total average core loans and advances to be between 0.60% to 0.70% (Mar 2013: 0.84%; Sep 2012: 0.85%)
- Impairments in Kensington are expected to be lower than the prior year

## Impairment analysis



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## Divisional review ---

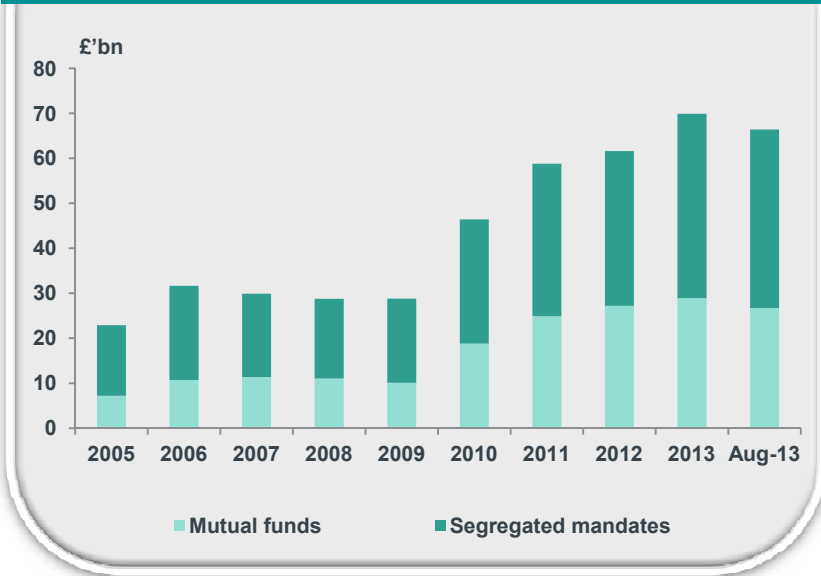




## Asset Management

- Investment performance remains solid but financial markets are volatile
- Positive net inflows to end Aug of £1.2bn
- Financial performance should be marginally ahead of 1H2013
- Sale of 15% stake to management – completed 31 July 2013

**Assets under management:**  
Since 31 Mar 2013: down 5% to £66.4bn;  
currency neutral^ flat



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

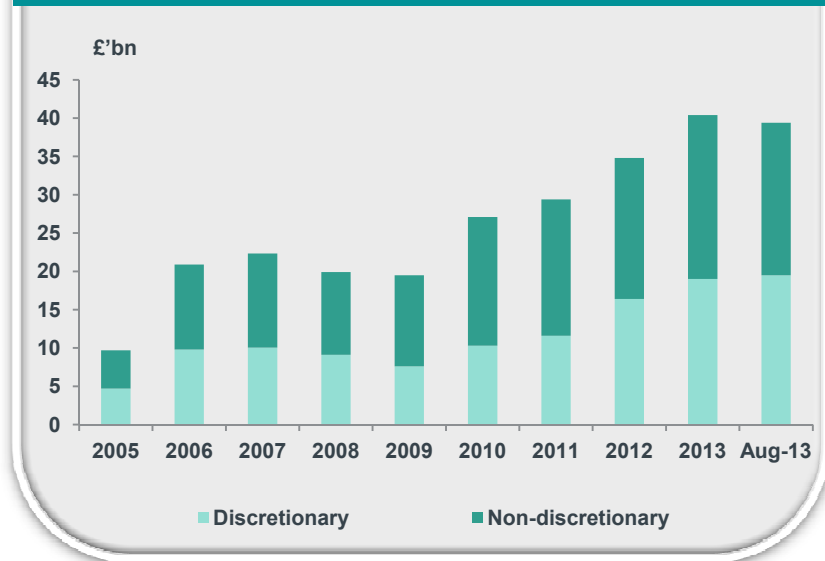
^Calculation assumes R:£ closing exchange rate remains the same as at 31 Aug 2013 when compared to 31 Mar 2013



## Wealth & Investment

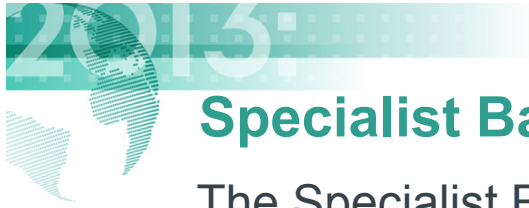
- Performing well ahead of the prior year
  - Higher average funds under management
  - Net inflows of £0.3bn to end of Aug
- Margins beginning to improve

**Funds under management:**  
Since 31 Mar 2013: down 2% to £39.4bn;  
currency neutral<sup>^</sup> up 3%



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

<sup>^</sup>Calculation assumes R:£ closing exchange rate remains the same as at 31 Aug 2013 when compared to 31 Mar 2013



## Specialist Banking

The Specialist Bank is performing behind the prior year

- South Africa has performed well ahead of the prior year
- UK is performing behind the prior year
  - We continue to concentrate on realigning costs with revenue and certain businesses have been rationalised
  - Results remain negatively impacted by low yields earned on legacy assets and weak activity levels, as the recent good news regarding the UK economy has not yet filtered through to day to day operations
- Australia is expected to make a loss due to further restructuring of the business and an increase in impairments
  - A review has been conducted to determine the appropriate positioning of the operations as well as to ensure realignment with the broader Investec group
  - We have scaled back and/or withdrawn from our Securities, Equity Capital Markets and Structured Financial Products offerings
  - We continue to focus on building our core business capabilities such as private banking, professional finance, corporate advisory, specialist lending and property funds.



## Specialist Banking

### Net interest margin

- Loan growth of 3% in neutral currencies
- Stable lending margins
- Cost of funds reducing in UK and Australia
- Lower reinvestment rate on surplus cash in South Africa
- Less income from certain higher yielding investments that are running off
- Remain very liquid

SA ↓	UK ↓	Aus ↑
In home currency		

### Net fees and commissions

- Private client transactional and professional finance activities performing well
- Good performance from project, resource and structured finance teams in South Africa
- Other corporate fees are expected to be lower than the prior year

SA ↑	UK ↓	Aus ↓
In home currency		

### Investment and trading income

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

SA ↑	UK ↓	Aus ↓
In home currency		

### Costs

- South Africa is expected to report an increase in costs above inflation due to additional IT related expenditure and higher variable remuneration
- Costs in the UK and Australian businesses are expected to increase moderately due to integration and rationalisation costs

SA ↑	UK ↑	Aus ↑
In home currency		

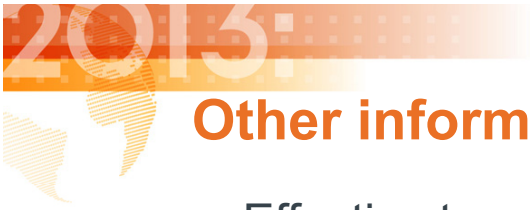
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## Additional aspects ---







## Other information

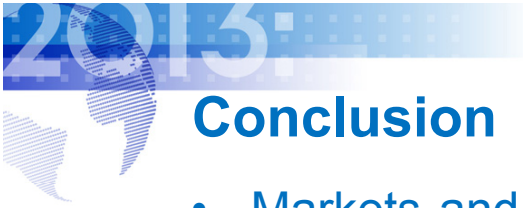
- Effective tax rate: expected to be approximately **17%- 18%**
- Weighted number of shares in issue for the six months ending is expected to be approximately **859mn**

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## Conclusion ---





## Conclusion

- **Markets and economic conditions** around the world remain mixed and it's difficult to predict the direction in which they are moving
- The **developed world economies seem to be improving** but the air of optimism will only sustain if the broader geopolitical issues are resolved and the US and Chinese economic outlook continues to show improvement
- **The challenge for the Investec group remains right sizing our Specialist Banking businesses** and realigning these business models to generate the appropriate shareholder returns
- We are comfortable with the progress made in our South African banking operations and we have recently made significant adjustments in Australia, with the process in the UK banking operations ongoing
- **Overall, prospects** still depend on an increase in levels of activity and the sustainability of economic recovery
- Whilst we feel more positive about the trend and news flow we remain cautiously optimistic given the “stop start” nature of the recovery thus far

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## Investec pre-close briefing

17 September 2013



## Contact details

For further information please refer to the Investor Relations section of [www.investec.com](http://www.investec.com)

Or contact the Investor Relations team:

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- E-mail: [investorrelations@investec.com](mailto:investorrelations@investec.com)

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## Appendices ---





## Operating environment

	31 Aug 2013	31 Mar 2013	30 Sep 2012	% move since Mar 2013
JSE ALSI	42,228	39,861	35,758	5.9%
FTSE ALSI	3,410	3,381	2,999	0.9%
Australian All Ord	5,125	4,980	4,406	2.9%
SA Prime	8.50%	8.50%	8.50%	-
UK Clearing Banks	0.50%	0.50%	0.50%	-
RBA cash rate target	2.50%	3.00%	3.50%	(0.5%)

Year to date	31 Aug 2013		31 Mar 2013		30 Sep 2012	
Currency per £1.00	Close	Ave	Close	Ave	Close	Ave
South African Rand	15.86	14.87	13.93	13.44	13.39	12.96
Australian Dollar	1.74	1.61	1.45	1.53	1.55	1.54
Euro	1.17	1.16	1.18	1.22	1.26	1.24
US Dollar	1.55	1.53	1.52	1.58	1.61	1.58

Source: Datastream



## Normalised\* operating profit:

For the year ended 31 Mar 2013

£'000	UK & Europe	Southern Africa	Australia	Total group
Asset Management	59,341	80,823	-	140,164
Wealth & Investment	33,910	16,757	-	50,667
Specialist Banking	51,156	187,782	3,401	242,339
<b>Total group</b>	<b>144,407</b>	<b>285,362</b>	<b>3,401</b>	<b>433,170</b>
Non-controlling interest: equity				3,317
<b>Operating profit before tax</b>				<b>436,487</b>

\*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 six months ended 30 Sep 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
<b>Total group</b>	<b>89,568</b>	<b>135,096</b>	<b>4,755</b>	<b>229,419</b>
Non-controlling interest: equity				(7,018)
<b>Operating profit before tax</b>				<b>222,401</b>

\*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	31 Aug 2013	31 Mar 2013	30 Sep 2012	31 Mar 2012	% change YTD vs Mar 2013
UK and international	<b>40,596</b>	<b>41,569</b>	<b>36,034</b>	<b>36,154</b>	<b>(2.3%)</b>
- Mutual funds	15,625	17,004	16,150	17,490	(8.1%)
- Segregated mandates	24,971	24,565	19,884	18,664	1.7%
Southern Africa	<b>25,824</b>	<b>28,253</b>	<b>26,338</b>	<b>25,401</b>	<b>(8.6%)</b>
- Mutual funds	11,089	11,847	10,438	9,683	(6.5%)
- Segregated mandates	14,735	16,406	15,900	15,718	(10.1%)
<b>Total AUM*</b>	<b>66,420</b>	<b>69,822</b>	<b>62,372</b>	<b>61,555</b>	<b>(4.9%)</b>

Home currency R'million	31 Aug 2013	31 Mar 2013	30 Sep 2012	31 Mar 2012	% change YTD vs Mar 2013
<b>Southern Africa</b>	<b>409,569</b>	<b>394,412</b>	<b>352,666</b>	<b>311,670</b>	<b>3.8%</b>
- Mutual funds	175,872	165,384	139,765	118,810	6.2%
- Segregated mandates	233,697	229,028	212,901	192,860	2.1%
<b>Rates: R: £</b>	<b>15.86</b>	<b>13.96</b>	<b>13.39</b>	<b>12.27</b>	

\*All AUM are on a managed basis



## Investec Wealth & Investment SA: Funds under management

R'million	31 Aug 2013	31 Mar 2013	30 Sep 2012	31 Mar 2012	% change YTD vs Mar 2013
Discretionary	41,336	36,352	30,947	26,809	13.7%
Non-discretionary	187,337	181,668	159,514	142,546	3.1%
<b>Total</b>	<b>228,673</b>	<b>218,020</b>	<b>190,461</b>	<b>169,355</b>	<b>4.9%</b>

£'million	31 Aug 2013	31 Mar 2013	30 Sep 2012	31 Mar 2012	% change YTD vs Mar 2013
Discretionary	2,606	2,604	2,311	2,185	-
Non-discretionary	11,812	13,013	11,913	11,617	(9.2%)
<b>Total</b>	<b>14,418</b>	<b>15,617</b>	<b>14,224</b>	<b>13,802</b>	<b>(7.7%)</b>
<b>Rates: R: £</b>	<b>15.86</b>	<b>13.96</b>	<b>13.39</b>	<b>12.27</b>	



## Investec Wealth & Investment Non-SA: Funds under management

£'million	31 Aug 2013	31 Mar 2013	30 Sep 2012	31 Mar 2012	% change YTD vs Mar 2013
Total IWI and Europe					
- Discretionary	16,903	16,381	14,786	14,187	3.2%
- Non-discretionary and other	8,114	8,352	7,706	6,782	(2.8%)
<b>Total</b>	<b>25,017</b>	<b>24,733</b>	<b>22,492</b>	<b>20,969</b>	<b>1.1%</b>

## Investec Wealth & Investment total: Funds under management

£'million	31 Aug 2013	31 Mar 2013	30 Sep 2012	31 Mar 2012	% change YTD vs Mar 2013
Southern Africa	14,418	15,617	14,224	13,802	(7.7%)
Non-SA	25,017	24,733	22,492	20,969	1.1%
<b>Total</b>	<b>39,435</b>	<b>40,350</b>	<b>36,716</b>	<b>34,771</b>	<b>(2.3%)</b>



## Total group core loans

£'million	31 Aug 2013	31 Mar 2013	30 Sep 2012	31 Mar 2012	% change YTD vs Mar 2013
UK and Europe	6,104	6,045	5,778	5,788	1.0%
Southern Africa	9,343	10,165	9,983	10,490	(8.1%)
Australia	1,930	2,205	1,991	1,948	(12.5%)
<b>Total core loans</b>	<b>17,377</b>	<b>18,415</b>	<b>17,752</b>	<b>18,226</b>	<b>(5.6%)</b>

Home currency 'million	31 Aug 2013	31 Mar 2013	30 Sep 2012	31 Mar 2012	% change YTD vs Mar 2013
Southern Africa	R148,180	R141,903	R133,672	R128,712	4.4%
Australia	A\$3,358	A\$3,219	A\$3,086	A\$3,000	4.3%
<b>Rates: R: £</b>	<b>15.86</b>	<b>13.96</b>	<b>13.39</b>	<b>12.27</b>	



## Total group customer deposits

£'million	31 Aug 2013	31 Mar 2013	30 Sep 2012	31 Mar 2012	% change YTD vs Mar 2013
UK and Europe	9,476	9,561	9,673	9,459	(0.9%)
Southern Africa	12,276	13,278	13,371	14,348	(7.5%)
Australia	1,600	1,693	1,644	1,537	(5.5%)
<b>Total deposits</b>	<b>23,352</b>	<b>24,532</b>	<b>24,688</b>	<b>25,344</b>	<b>(4.8%)</b>

Home currency 'million	31 Aug 2013	31 Mar 2013	30 Sep 2012	31 Mar 2012	% change YTD vs Mar 2013
Southern Africa	R194,697	R185,361	R179,038	R176,050	5.0%
Australia	A\$2,784	A\$2,472	A\$2,548	A\$2,367	12.6%
<b>Rates: R: £</b>	<b>15.86</b>	<b>13.96</b>	<b>13.39</b>	<b>12.27</b>	