

Out of the Ordinary®



Results presentation

For the six months ended 30 September 2014



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 trends
- 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 markets in which it operates to differ from those expressed or implied
- Any forward looking statements made are based on knowledge of the group at 20 November 2014



Highlights for the six month period

- We have successfully executed on our strategy to sell certain non-core or non-performing businesses
- We had good net inflows in the Wealth & Investments and Asset Management businesses
- The UK Corporate and Institutional Banking business performed well
- The South African business had a solid performance in Rand terms

Out of the Ordinary®



The six months in review

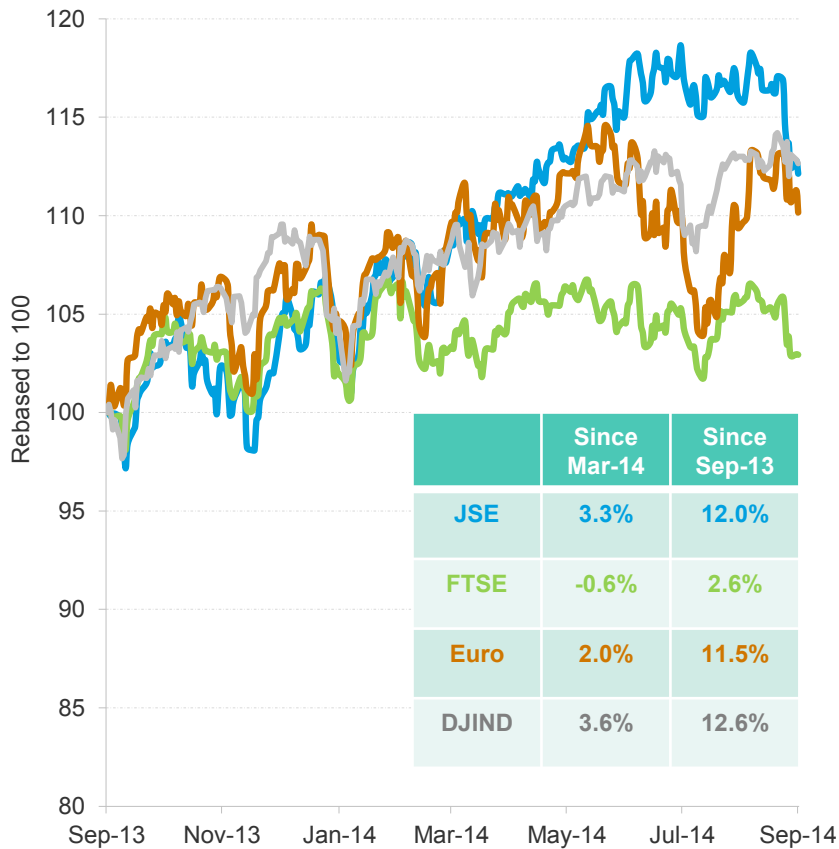




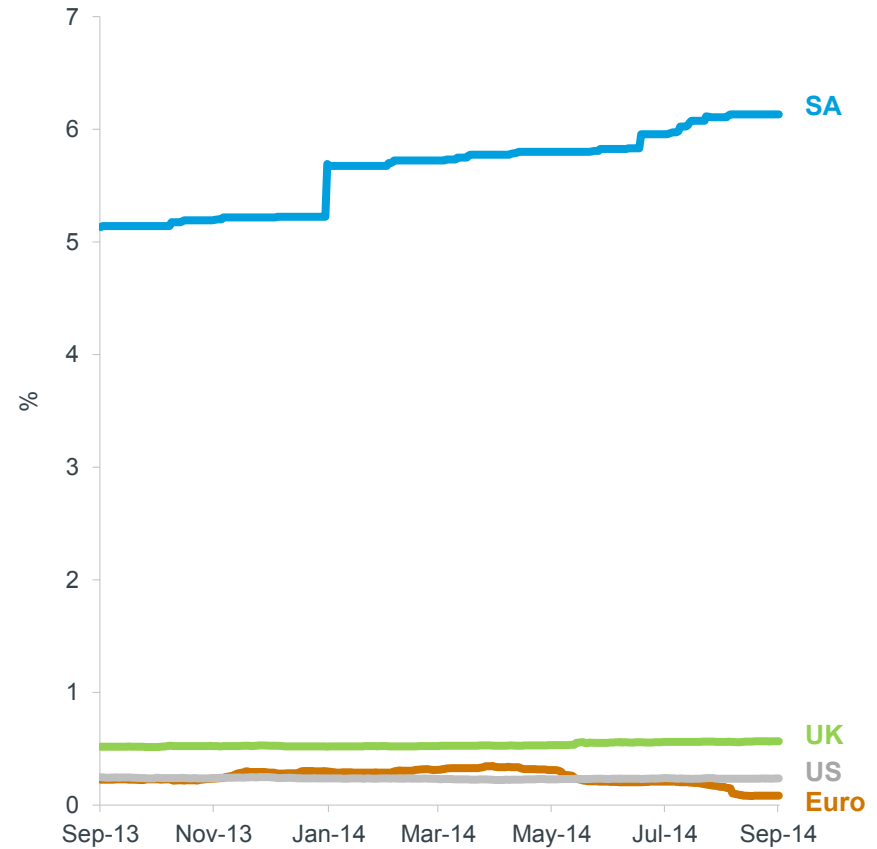
Reasonable operating environment

Positive equity market performance with interest rates up in SA, flat in UK and US, and down in Euro

Equity markets



Interest rates (3 month interbank)

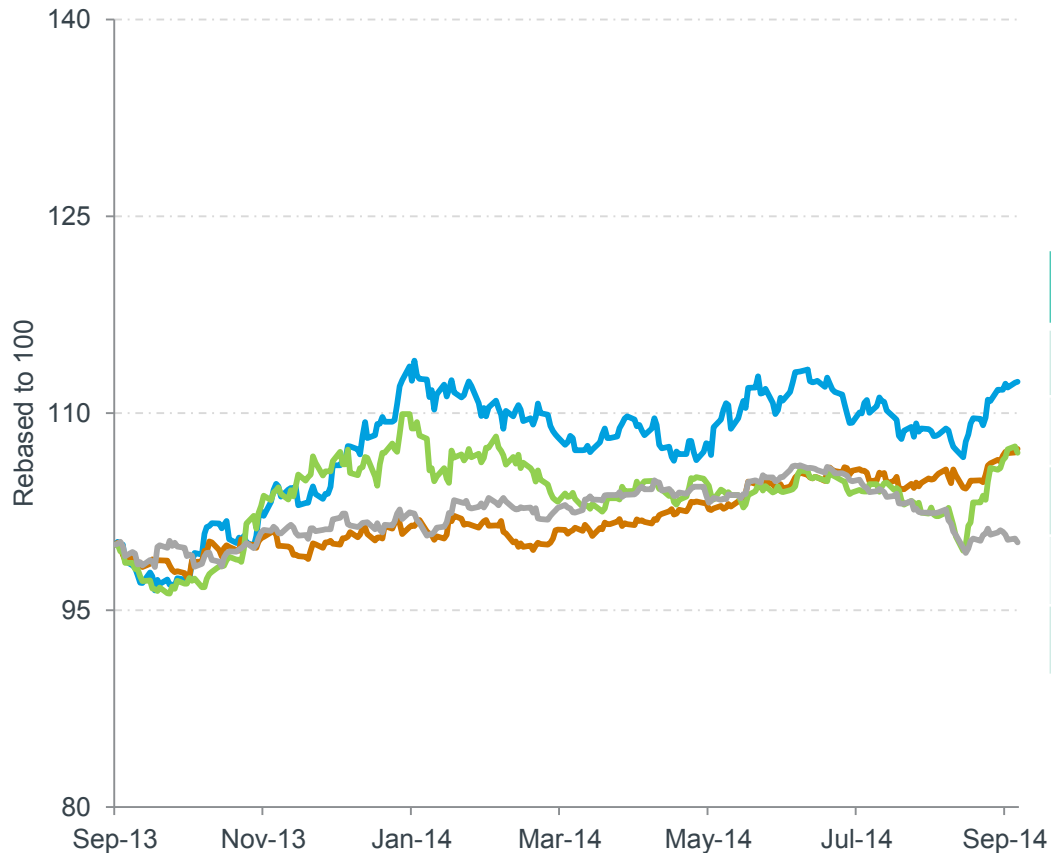




Reasonable operating environment

Results still impacted by the depreciation of the average Rand: Pounds Sterling exchange rate of 19% over the period

Exchange rates





Diversified business model

Supporting generation of annuity revenue of 77%

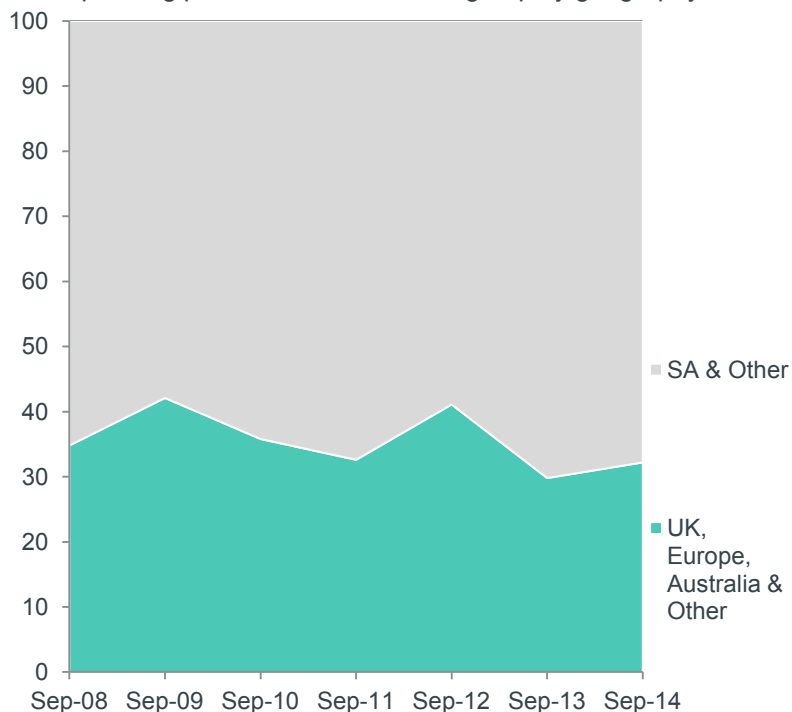
Geographic diversity

- SA: Δ **21.5%** in Rands
- UK and Other: Δ **17.6%** in Pounds

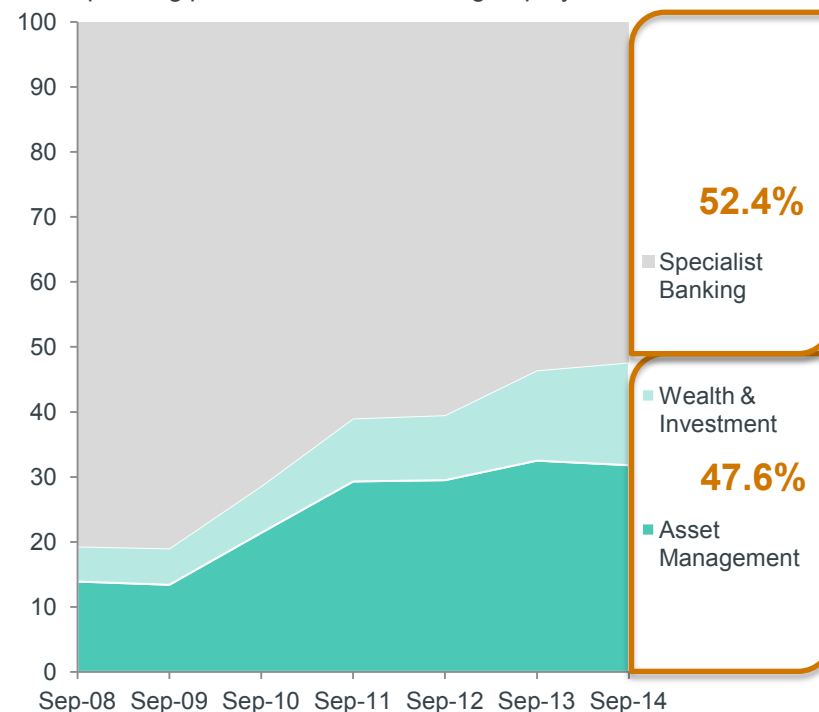
Operating income

- Asset Management Δ **6.6%**
- Wealth & Investment Δ **23.3%**
- Specialist Banking Δ **6.0%**

Operating profit* % contribution to group by geography



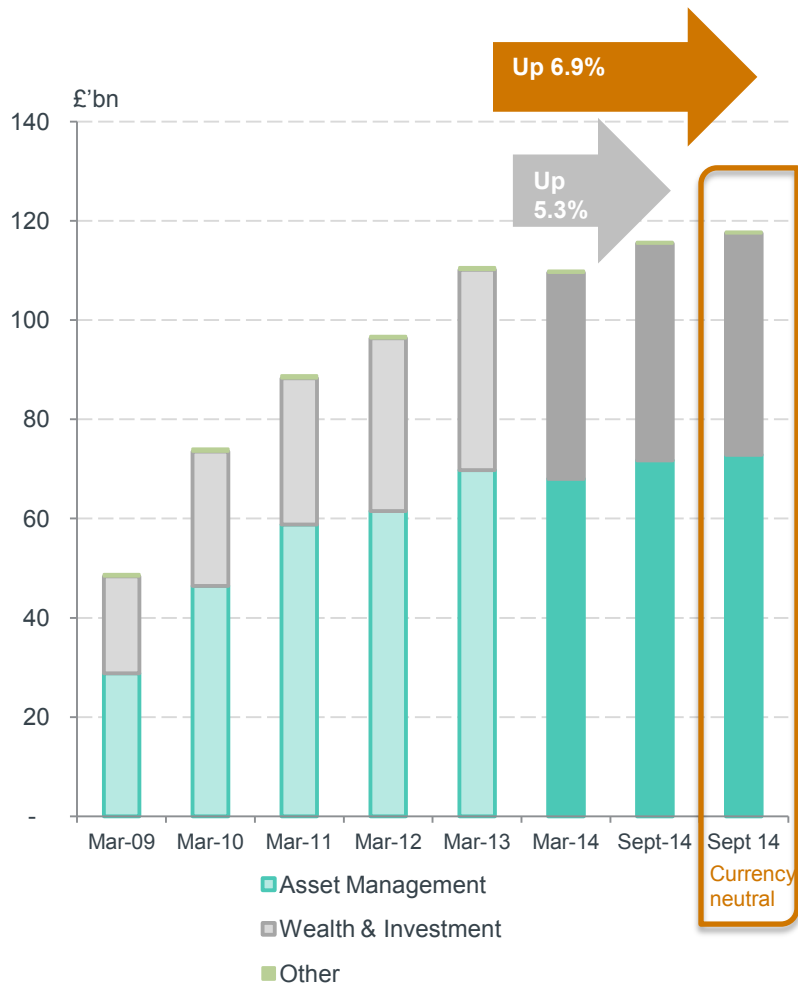
Operating profit* % contribution to group by business



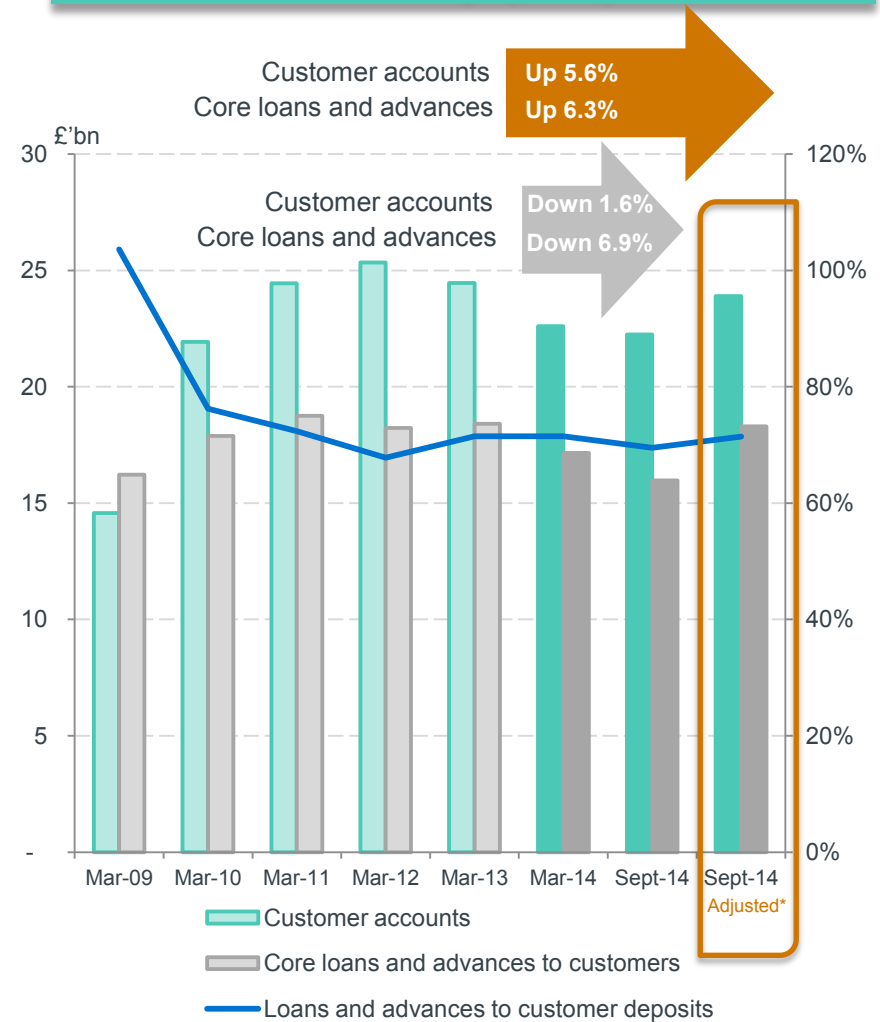


Continued growth in key earnings drivers

Third party assets under management



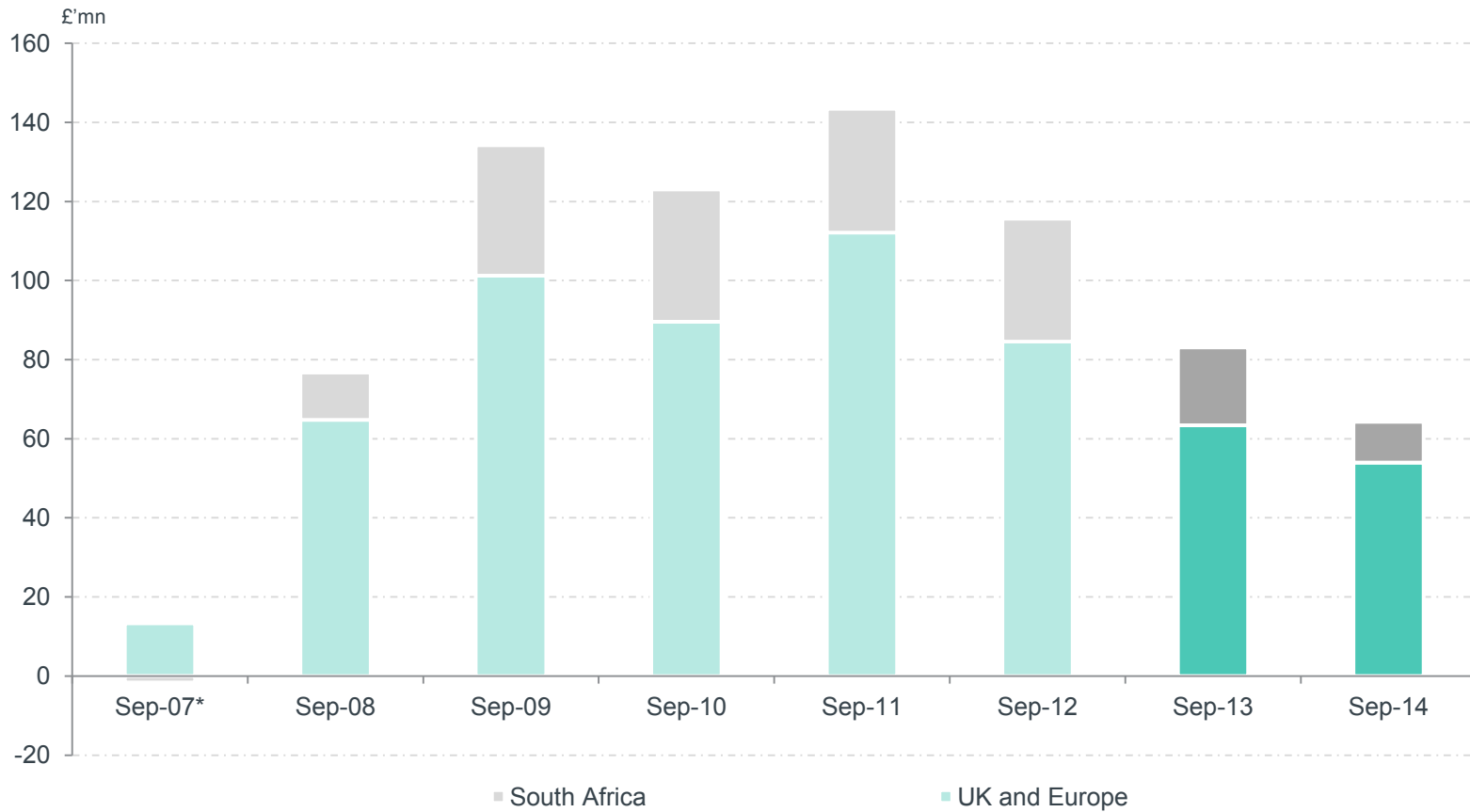
Customer accounts (deposits) and loans





Impairments continue downward trend

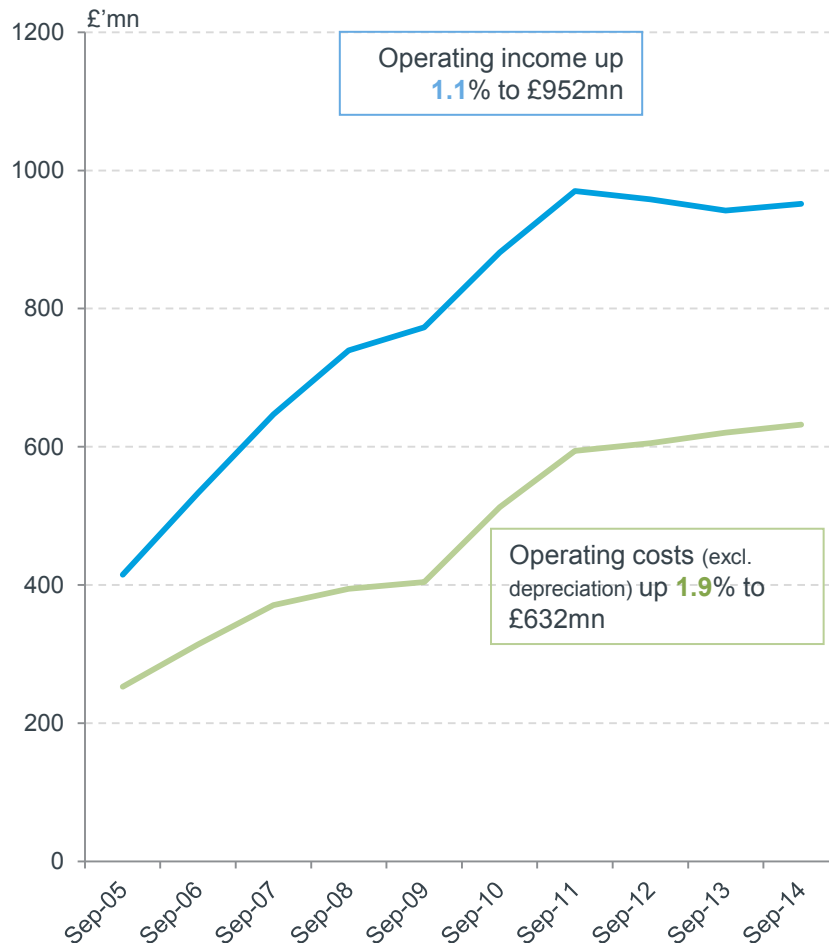
Impairment analysis by geography





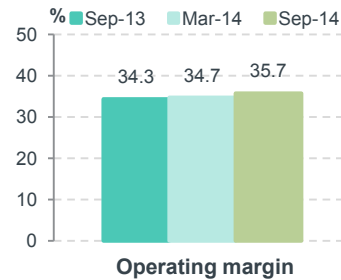
Costs up in certain performing businesses

Jaws ratio



Cost to income / Operating margin

Asset Management

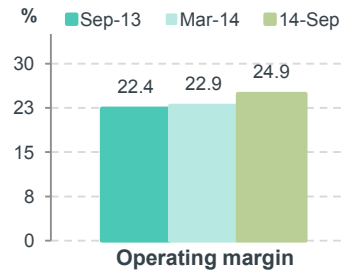


Operating costs
Δ 0.2%

Operating income
Δ 2.4%

- Headcount up 50 people to support growth
- Investment in distribution platforms

Wealth & Investment

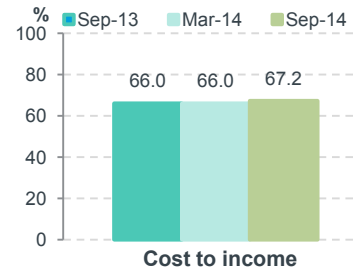


Operating costs
Δ 7.4%

Operating income
Δ 11.0%

- Headcount up 95 people
- Investment in IT, online infrastructure and additional experienced portfolio managers

Specialist Bank



Operating costs
▽ 0.1%

Operating income
▽ 1.6%

- Headcount down 72 people



Resulting in an improved group performance

Negatively impacted by the Rand

	Sep-14	Sep-13	% change	% change on currency neutral basis ^{^^}
Operating profit* before tax (£'000)	240 769	221 677	8.6%	21.8%
Adjusted attributable earnings** ^(£'000)	169 065	163 220	3.6%	16.4%
Adjusted EPS**^(pence)	19.7	19.0	3.7%	16.3%
DPS (pence)	8.5	8.0	6.3%	N/A
	Sep-14	Mar-14	% change	% change on currency neutral basis ^{^^}
Net asset value per share (pence)	357.7	376.0	(4.9%)	(3.4%)
Net tangible asset value per share (pence)	299.4	309.0	(3.1%)	(1.3%)

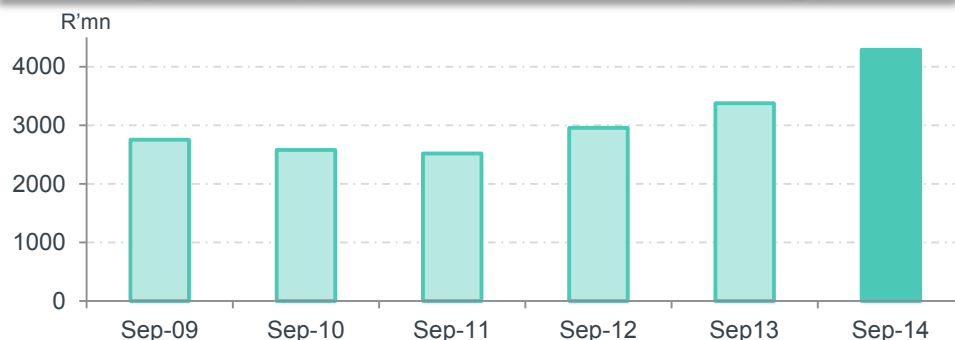
*Before goodwill, acquired intangibles, non-operating items and after other non-controlling interests; **Before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests; ^ After deducting preference dividends; ^^Amounts represented on a currency neutral basis assume that the closing and average exchange rates of the group's relevant exchange rates relative to Pounds Sterling remain the same as at 30 Sep 2014 when compared to 31 March 2014 and 30 Sep 2013, respectively



Strong Rand performance – up 27%

	Sep-14	Sep-13	% change
Operating profit* before taxation (R'mn)	4 286	3 376	26.9%
Adjusted attributable earnings**^ (R'mn)	3 002	2 486	20.8%
Adjusted EPS* (cents)	350	289	21.1%
DPS (cents)	146	131	11.5%
	Sep-14	Mar-14	% change
Net asset value per share (cents)	6 557	6 603	(0.7%)

Strong recovery post the crisis in Rand operating profit





Progress made on our financial targets

	Target	Sep-14	Mar-14	Sep-13
ROE	12-16%	10.7%	10.0%	10.0%
Tangible ROE		12.9%	12.3%	12.3%
Adjusted* EPS growth	Target: 10% > UKRPI	3.7%	5.3%	(2.6%)
Cost to income	Target: < 65%	67.8%	67.6%	67.7%
Dividend cover (times)	Target: 1.7-3.5 times	2.3x	2.0x	2.4x

16.3%
Currency neutral

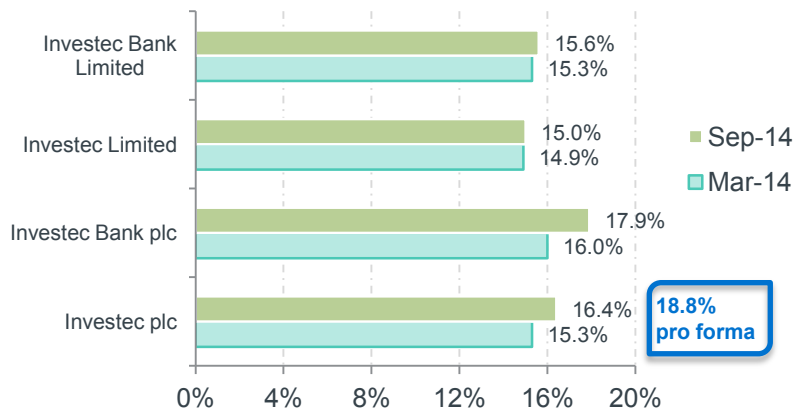
Note: These are medium to long-term targets which we aim to achieve through varying market conditions

*Adjusted EPS is before goodwill, acquired intangibles and non-operating items, taxation and after non-controlling interests and after deducting preference dividends

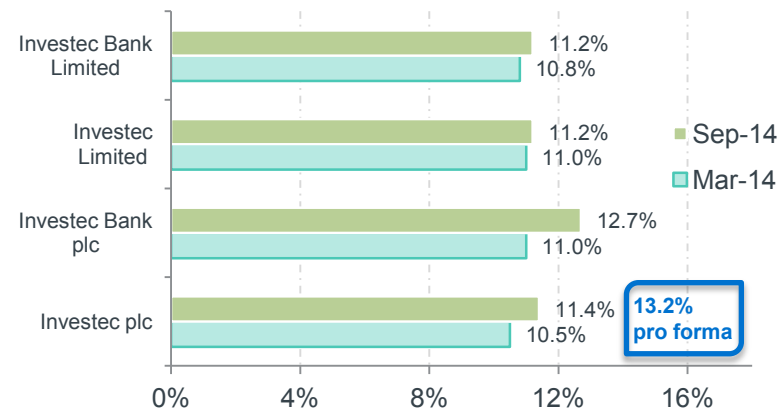


Sound capital position

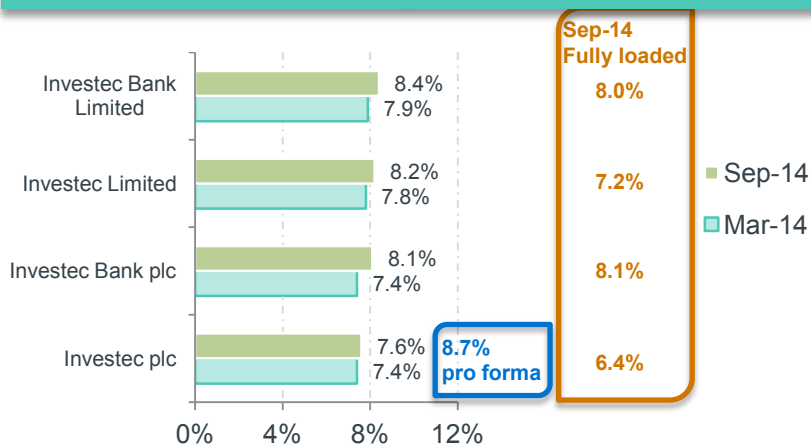
Capital adequacy



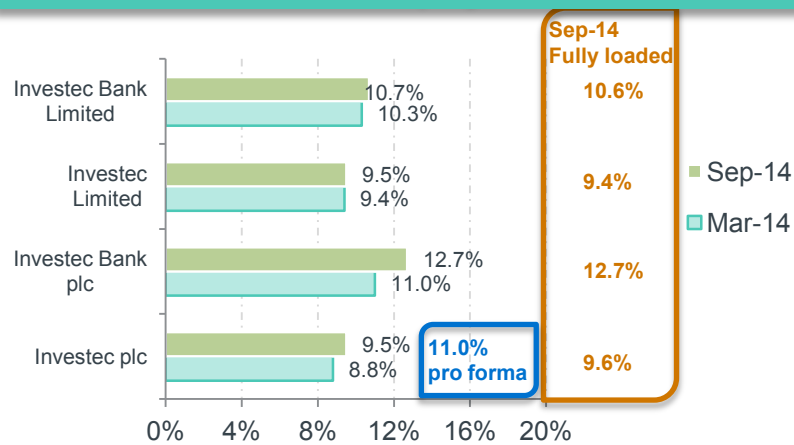
Tier 1



Leverage ratios



Common equity tier 1



Out of the Ordinary®



Divisional highlights





Asset Management

Overview of performance

- Benefited from higher average assets under management
- Net inflows of £2.7bn
- Total assets under management of £71.7bn

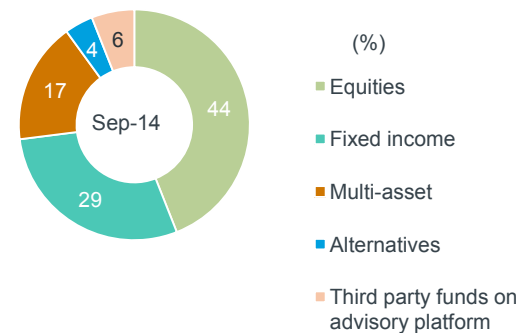
Financial summary

(£)	Sep-14	Sep-13	% change
Operating profit* (mn)	76.7	71.9	6.6%
Operating profit* (mn) <small>Currency neutral</small>	84.1	71.9	16.9%
Operating margin	35.7%	34.3%	
ROE (pre-tax)**	92.8%	94.4%	
ROE tangible (pre-tax)	244.2%	332.8%	
(£'bn)	Sep-14	Mar-14	% change
Assets under management	71.7	68.0	5.5%

Outlook

- Business remains stable and momentum is positive
- Priorities are to deepen and widen our investment strategies and to focus on further diversifying the client base, including expanding our range of private market strategies and increasing market penetration

Assets under management by asset class



*Before goodwill, acquired intangibles, non-operating items, taxation and before non-controlling interests

**Return on adjusted shareholders' equity (including goodwill)



Wealth & Investment

Overview of performance

- Benefited from
 - Higher average funds under management
 - Total funds under management of £43.7bn
 - Net inflows of £1.5bn
 - Improved operating margins
- UK business has benefited from investment in platforms and additional professional investment managers
- The SA business continues to leverage off the division's global investment platform and the group's integrated private client offering (One Place)

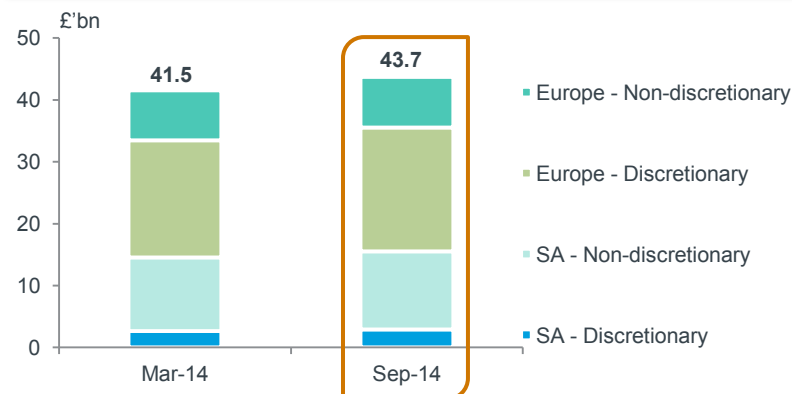
Outlook

- Whilst we expect the second half to be a more challenging period, our business model has shown its resilience against difficult trading conditions in the past
- We remain confident that our strategy will deliver the continuing success of the business over the medium and longer term

Financial summary

(£)	Sep-14	Sep-13	% change
Operating profit* (mn)	38.0	30.8	23.3%
Operating profit* (mn) <small>Currency neutral</small>	40.0	30.8	29.3%
Operating margin	24.9%	22.4%	
ROE (pre-tax)**	20.6%	16.0%	
ROE tangible (pre-tax)	112.8%	181.4%	
	Sep-14	Mar-14	% change
Europe FUM (£'bn)	28.2	27.0	4.5%
SA FUM (R'bn)	284.7	255.9	11.2%

Assets under management by asset class



*Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests

**Return on adjusted shareholders' equity (including goodwill)



Specialist Banking

Overview of performance

- Highlights for SA
 - All businesses performed well
 - Good growth in net interest income, investment income and net fee and commission income
- Highlights for the UK
 - Cost of funding improved
 - Strong performance from corporate and institutional banking business
 - Strong growth in corporate fees, particularly in the corporate finance and corporate treasury teams
 - Good performance from the UK investment portfolio but weak performance from the Hong Kong investment portfolio

Financial summary

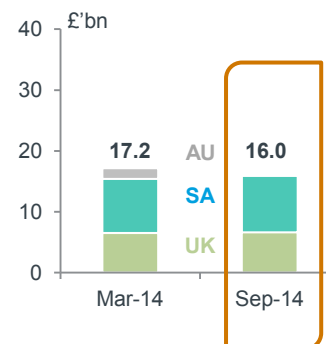
(£)	Sep-14	Sep-13	% change
Operating profit* (mn)	126.1	118.9	6.0%
Operating profit* (mn) <small>Currency neutral</small>	146.0	118.9	22.8%
Cost to income	67.2%	66.0%	
ROE (pre-tax)**	9.8%	8.8%	
ROE tangible (pre-tax)	10.0%	9.2%	

Outlook

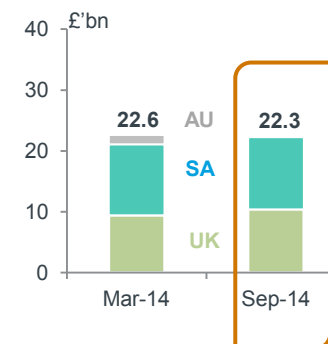
- The focus on cleaning up legacy is likely to see further costs and impairments
- However, we are making good progress in penetrating our target client base and we expect the core bank to continue to grow

Loans and deposits

Net core loans and advances



Total deposits



*Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests

**Return on adjusted shareholders' equity (including goodwill)

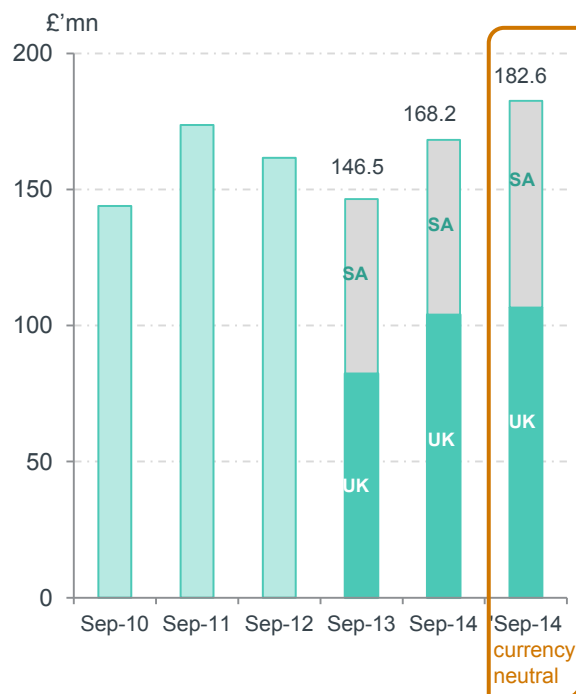


Specialist Banking – Drivers

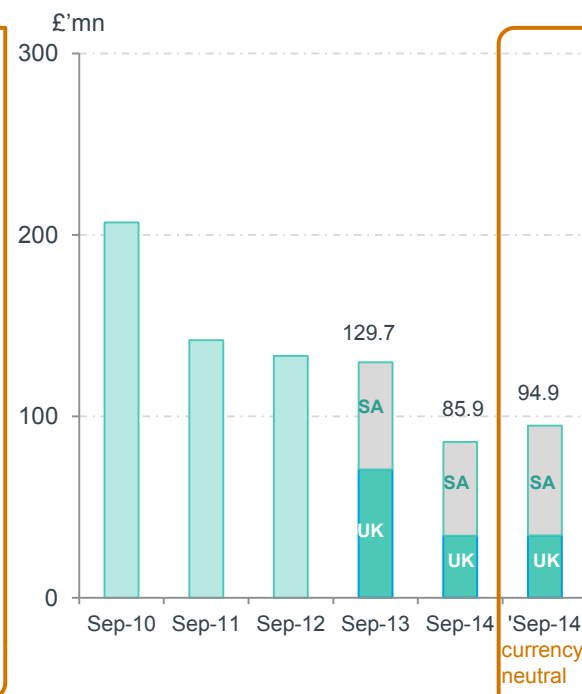
Net interest income



Net fees and commissions



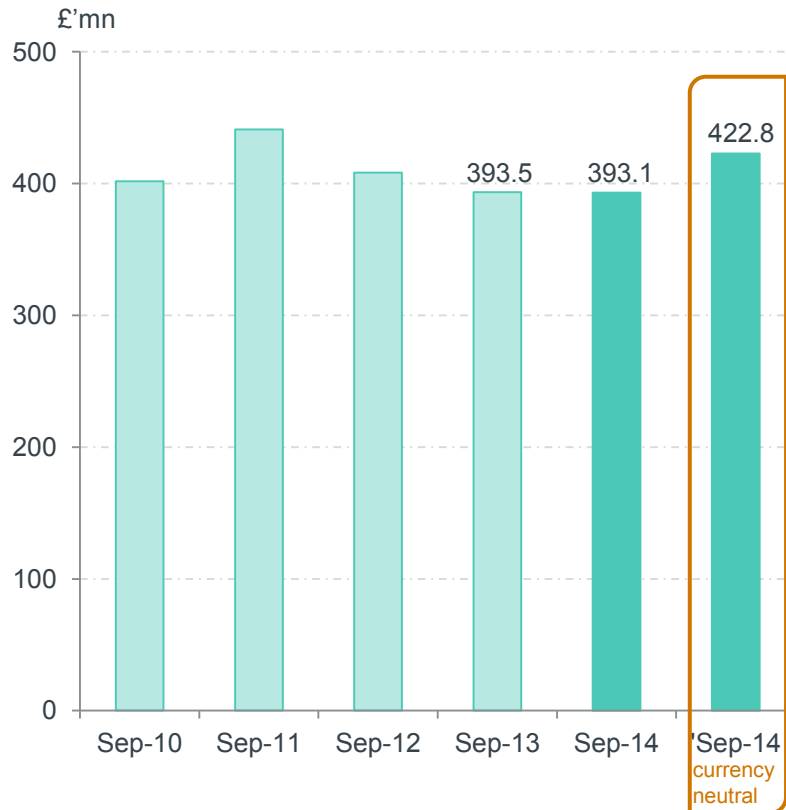
Investment and trading income



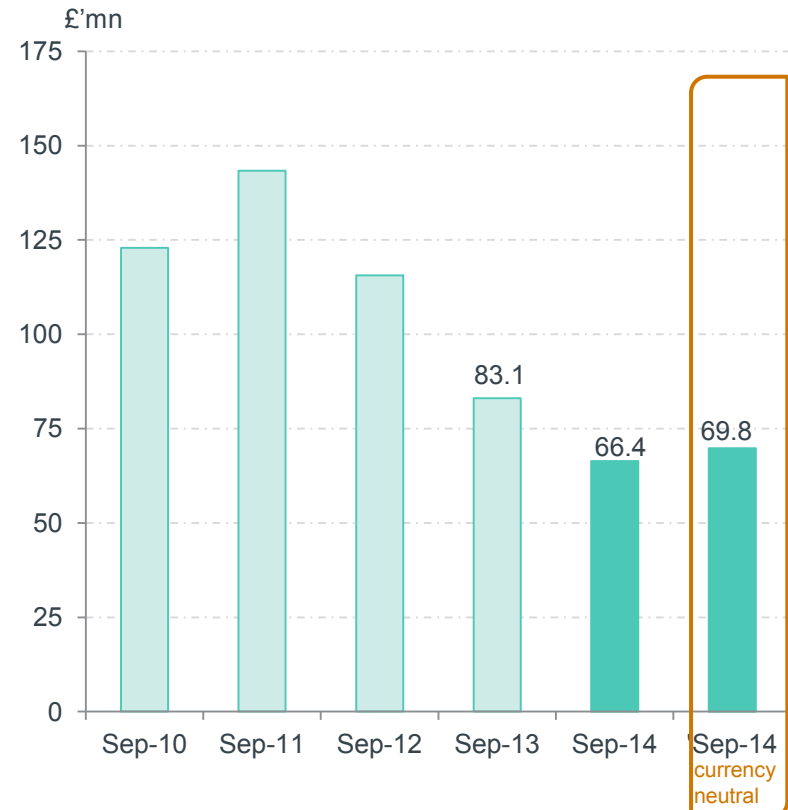


Specialist Banking – Costs up in neutral currency* and impairments down

Costs



Impairments



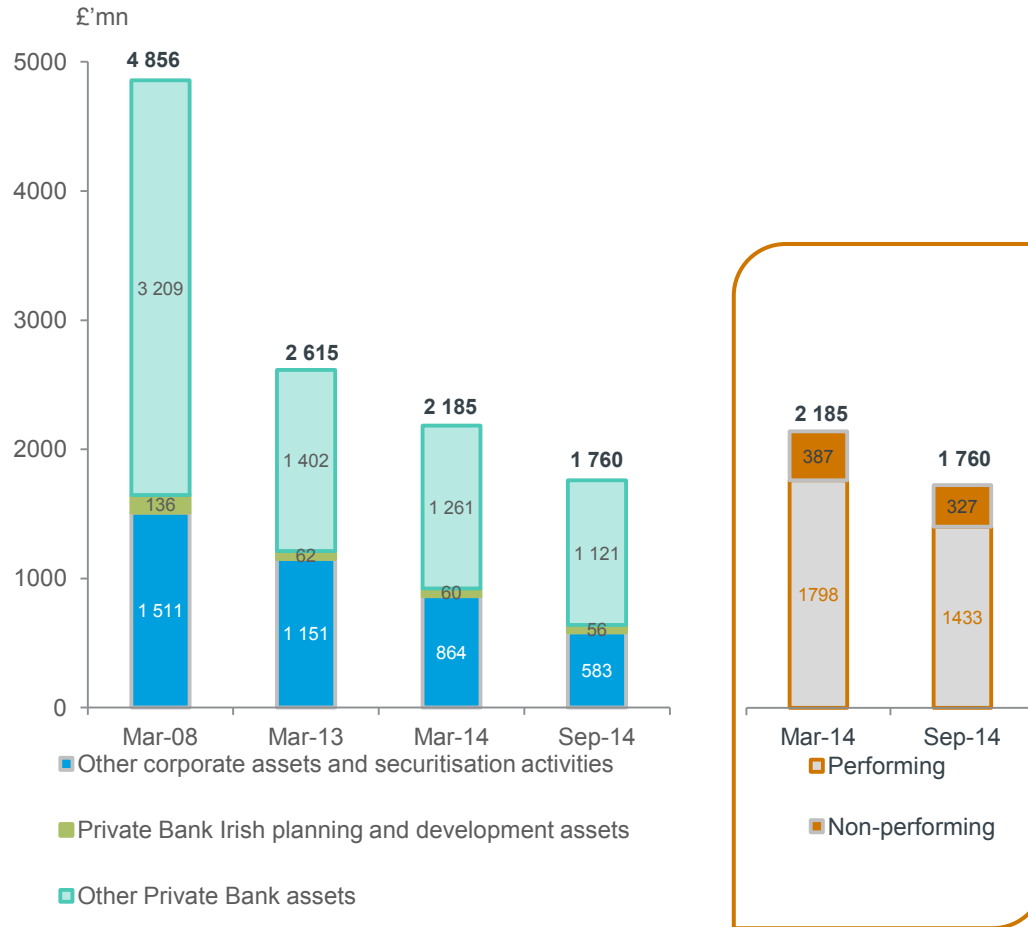
*Mainly in variable remuneration



Specialist Banking

Dealing with the UK Legacy Business

Total net assets: Investec originated





Specialist Banking

UK Legacy Business – Legacy vs Ongoing 30 Sep 2014

30 Sep 2014			
£'mn	Ongoing	Legacy	Total
Total income	259.7	16.7	276.4
Total impairments	3.9	(47.6)	(43.7)
Total expenses*	(179.4)	(21.1)	(200.5)
Depreciation on operating leased assets	(0.9)	(0.2)	(1.1)
Net profit before tax	83.3	(52.2)	31.1
Taxation (using total effective tax rate for UK at 20.6%)	(17.2)	10.8	(6.4)
Net profit after tax	66.1	(41.4)	24.7
Non-controlling interests	5.6	-	5.6
Attributable earnings before preference dividends	71.7	(41.4)	30.3
Average shareholders' equity (£'mn)	839	279	1 118
Post-tax return on equity (before preference dividends)	17.1%	(29.7%)	5.4%
Cost to income ratio	69.3%	>100.0%	72.8%

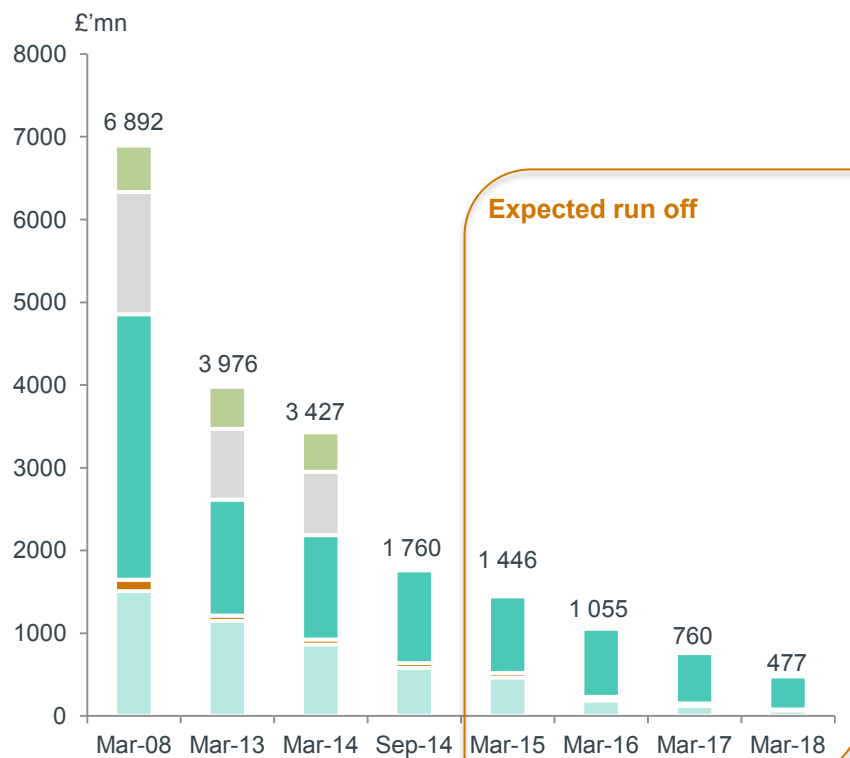
*Excludes £18.7mn of group costs that have been fully allocated to the UK Specialist Bank



Specialist Banking

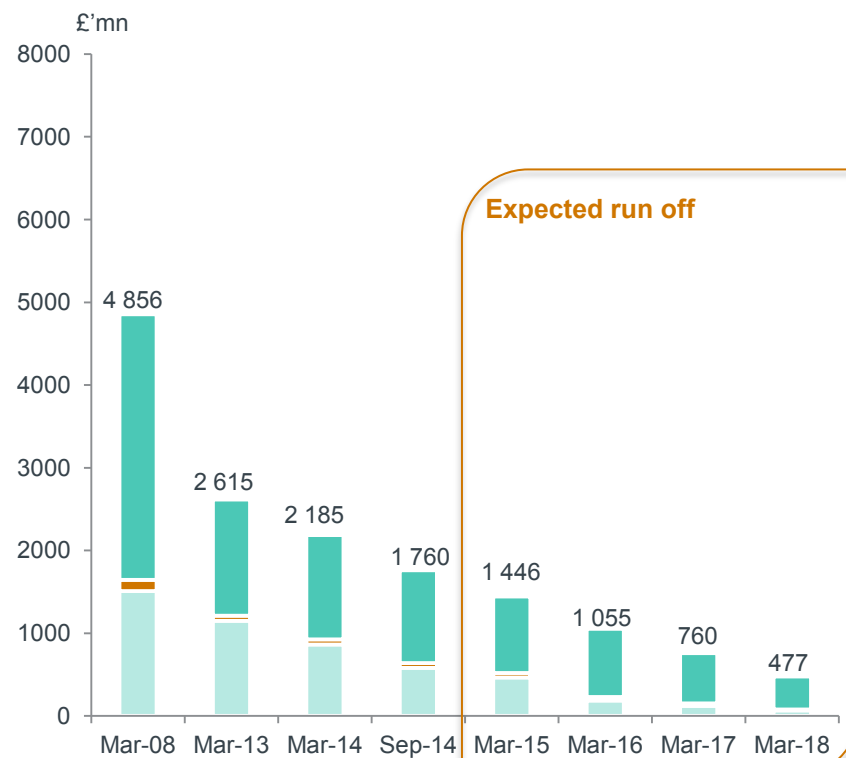
UK Legacy Business – Expected run off rate

Total net loans: Investec and Kensington



- Other corporate assets and securitisation activities
- Private Bank Irish planning and development assets
- Other Private Bank assets
- Kensington - UK warehouse loans
- Kensington - Ireland

Total net loans: Investec only



- Other corporate assets and securitisation activities
- Private Bank Irish planning and development assets
- Other Private Bank assets

Out of the Ordinary®



Strategy and positioning





Executing our strategy ...

... to grow the Asset Management business

Strategic focus

- Investment performance is always the priority
- Capture the multi-asset opportunity
- Develop additional global equity (including emerging market) strategies
- Simplify our proposition to the South African market
- Invest in our advisor business globally
- Continue to nurture growth opportunities (e.g. building scale in private markets)
- Cost and headcount control

PRIVATE EQUITY | AFRICA

GP & Advisor
Awards 2014
★★★★
WINNER

AFRICAN BANKER
AWARDS 2014
FUND OF THE YEAR

European Pensions

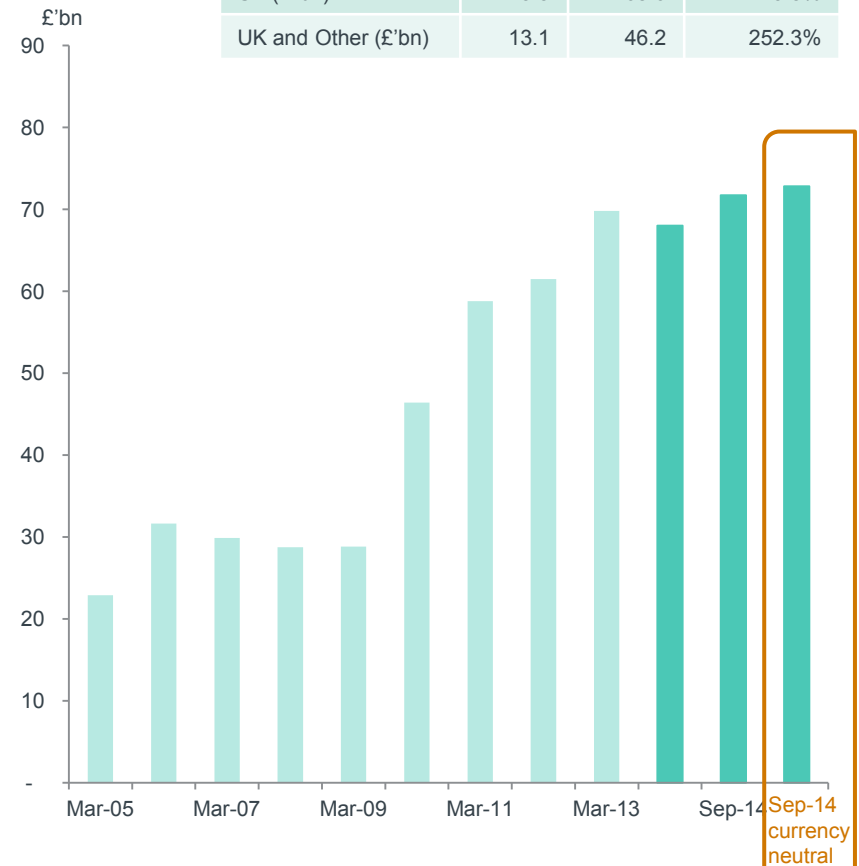
AWARDS 2014

SHORTLISTED



Assets under management

	Mar-09	Sep-14	% change
SA (R'bn)	213.5	468.6	119.5%
UK and Other (£'bn)	13.1	46.2	252.3%





Executing our strategy ...

... to grow the Wealth & Investment business

- We expanded our wealth business and consolidated into a single business globally through the acquisition of Williams De Broe, NCB and the balance of Rensburg Sheppards

Strategic focus

- Advancing our digital strategy to meet the changing needs of our current and future clients
- Offer our existing and potential clients the choice of three platforms in separate jurisdictions within Europe in which their investments can be held
- Explore opportunities to achieve a greater international reach

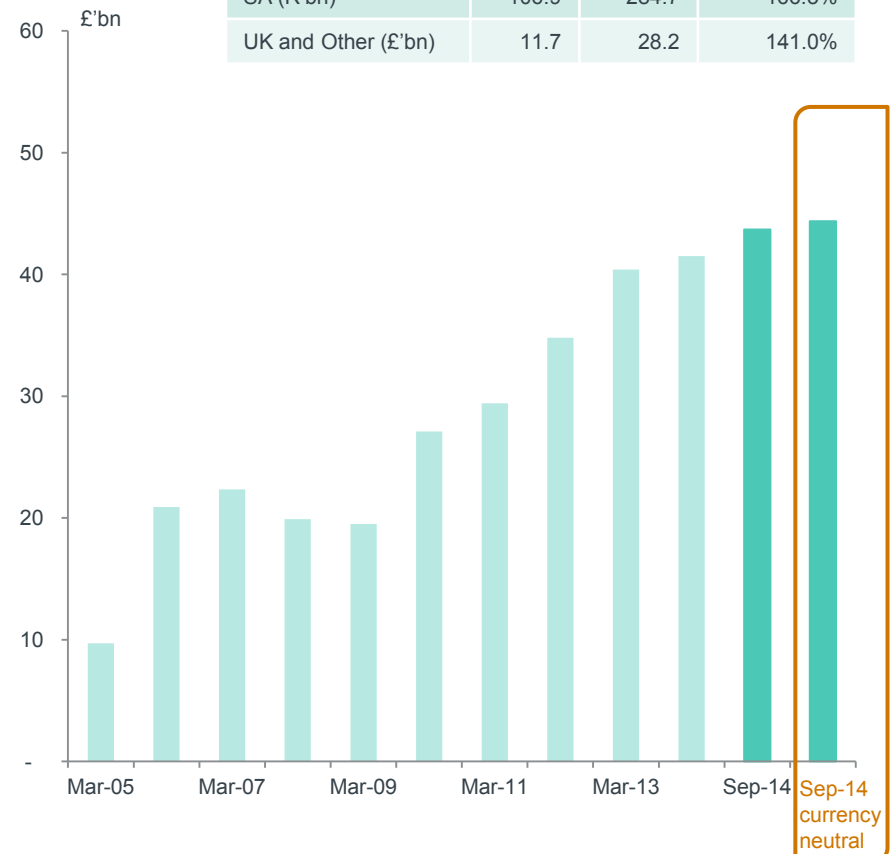


Ranked #1 2013
Top Stockbroker for the
Sophisticated Exec



Funds under management

	Mar-09	Sep-14	% change
SA (R'bn)	106.9	284.7	166.3%
UK and Other (£'bn)	11.7	28.2	141.0%





Executing our strategy ...

... to simplify the Specialist Banking business model

- We have made progress in dealing with Legacy issues and have successfully restructured and/or sold certain businesses with a view to improving returns:
 - Sale of the **Trust** businesses
 - Sale of the **Australian Professional Finance** and **Asset Finance** and **Leasing** businesses and deposit book to Bank of Queensland Limited at a premium to tangible net asset value – effective 31 Jul 2014
 - Sale of the **UK Kensington** business to funds managed by Blackstone Tactical Opportunities Advisors L.L.C and TPG Special Situations Partners – still subject to approval
 - Sale of the **Start mortgage business** in Ireland to an affiliate of Lone Star – approved and expected to be completed early Dec 2014



Executing our strategy ...

... to build client franchise businesses and leverage our extensive client base

CLIENT FRANCHISE BUSINESSES

Wealth & Investment
Asset Management
Private Banking
Corporate Banking and Advisory



SPECIALIST ACTIVITIES

Aircraft Finance
Asset Finance
Project Finance
Resource Finance
Private Equity
Property

Supporting our entrepreneurial endeavours and providing appropriate **RETURNS** to shareholders

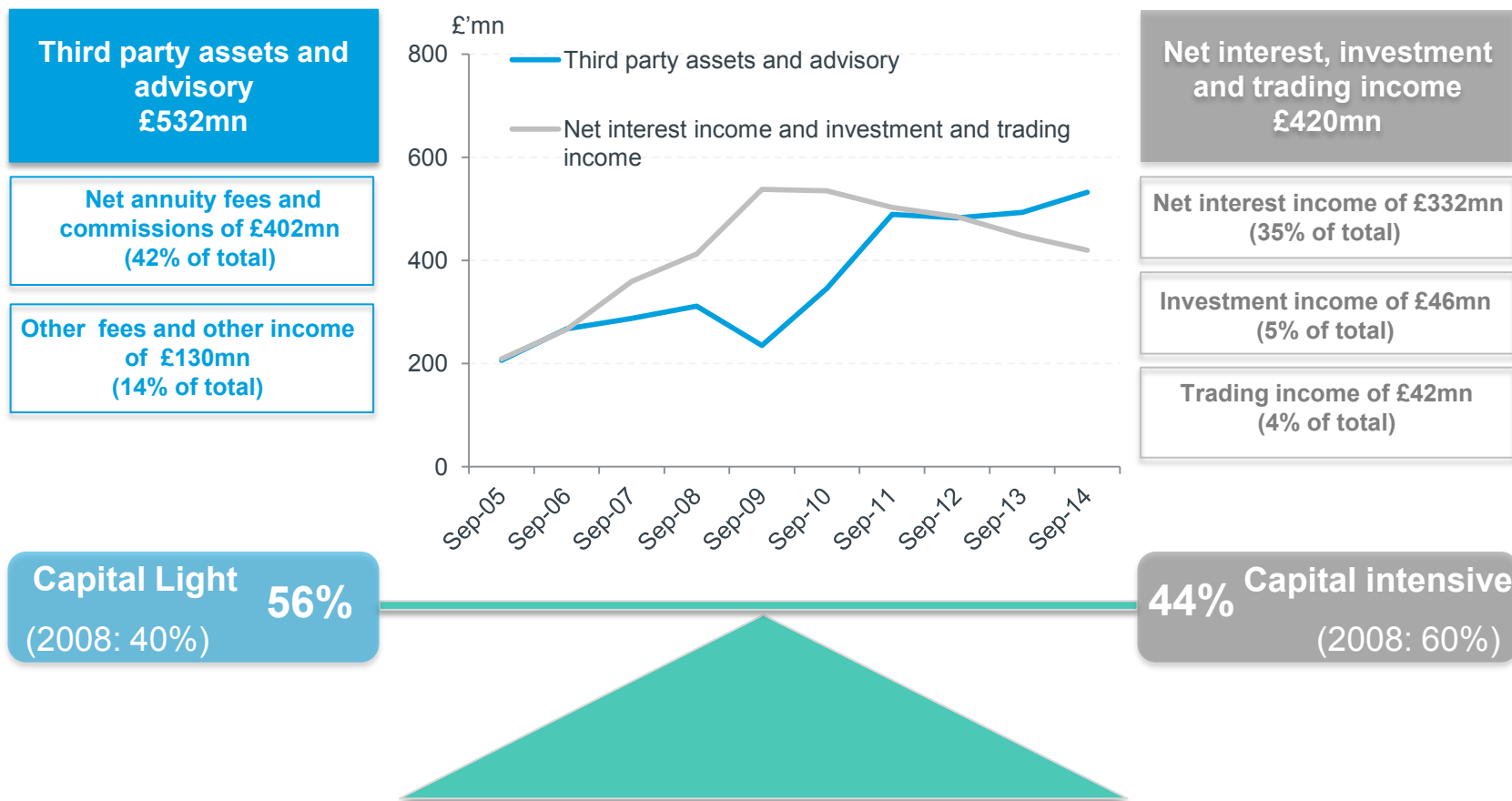
By building very **STRONG RELATIONSHIPS** with our core client base so we can offer them a broad spectrum of services and products



Executing our strategy ...

... to grow capital light revenue

BUSINESS MODEL





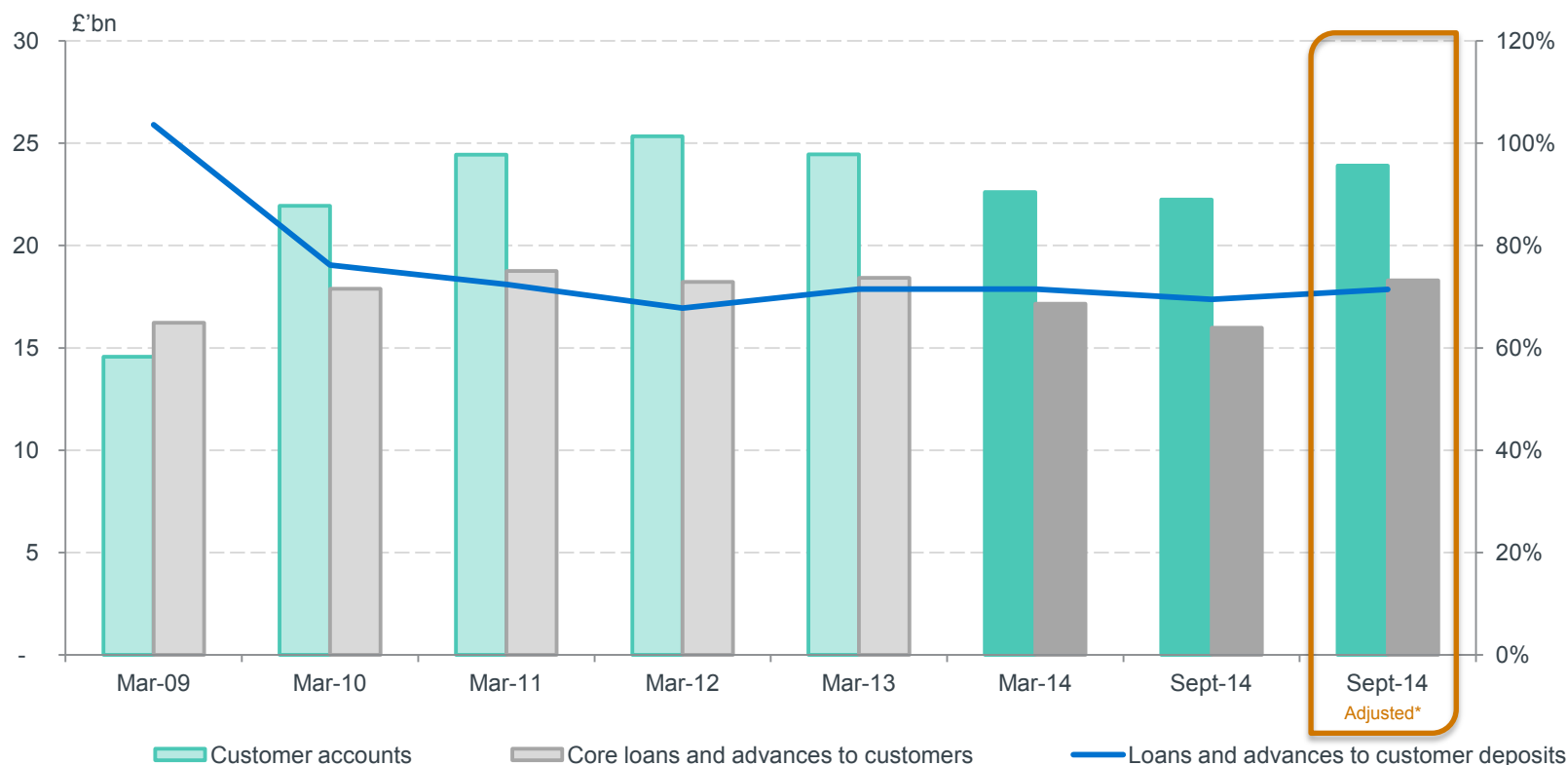
Our Specialist Bank strategy has shifted from reshaping to growth

Customer accounts (deposits)

	Mar-09	Sep-14	% change
SA (R'bn)	126.9	217.6	71.5%
UK and Other (£'bn)	4.4	10.4	113.6%

Core loans and advances to customers

	Mar-09	Sep-14	% change
SA (R'bn)	120.2	170.5	42.0%
UK and Other (£'bn)	6.0	6.7	10.0%





By growing the franchise businesses in the UK

For example:

Asset Finance



Credit Risk Team of the Year
Asset Finance/Leasing Provider of the Year



Best Service from an Asset Based
Finance Provider



Lessor of the Year
Broker Champion of the Year



Lessor of the Year

Aviation Finance



African and Middle Eastern Business Jet
Financier 2012, 2013, 2014

Structured Equity Derivatives



Best Structured Products Provider
Best Structured Products Service



Best Structured Product Provider



Winner: Best Distributor, UK
Winner: Best in Sales, UK

Europe
Structured Products
Awards 2014



ADVISER AWARDS
WINNER
PRODUCT OF THE YEAR 2013
PROVIDER OF THE YEAR 2013

Professional Adviser
**PPR STRUCTURED
PRODUCTS AWARDS
WINNER 2013**
Best Overall SP Provider
Best Income Plan
Best Service to IFAs
Best Marketing Material

Power Finance



Growth & Acquisition Finance



Finance Provider of the Year



Perpetuating our position in the SA corporate and institutional market

For example:

Aviation Finance



African and Middle Eastern Business Jet
Financier 2012, 2013, 2014

Corporate Finance



1st M&A number of deals Merger Market
Survey – Sub-Saharan Africa (2013)

DealMakers

Dealmaker of the Decade

1st M&A Investment Advisers by Deal
Flow 9 out of 12 years

Equity Derivatives



With opportunities for the private sector in the **Power Sector** ...



Project Finance, Africa
Power Deal of the Year



Bokpoort CSP
PFI Awards, African Renewable Energy
Deal of the Year

... and opportunities to take advantage of the growth in Sub-Saharan Africa

“Growth in Sub-Saharan Africa remains robust
and is **expected to accelerate** in 2014”

IMF, April 2014

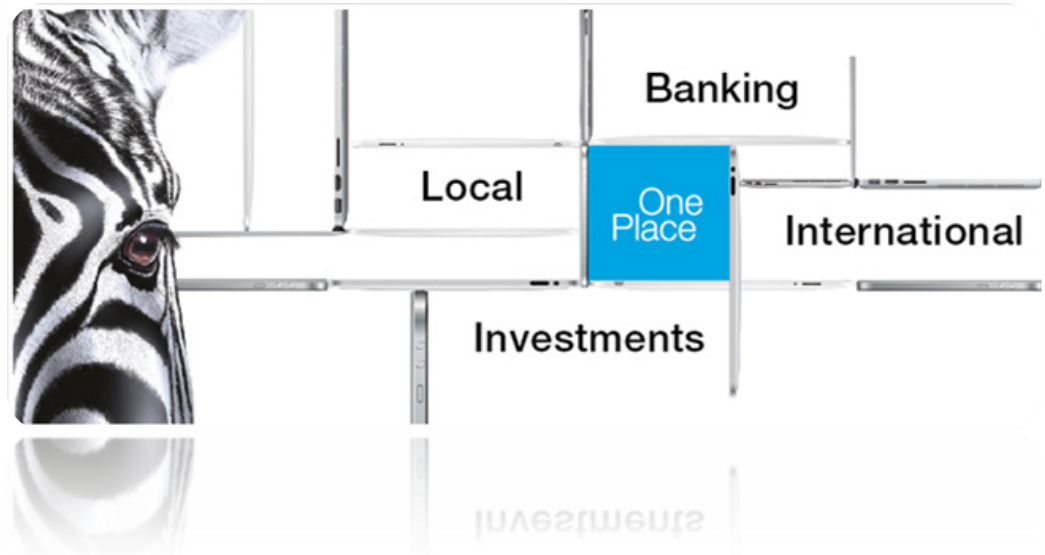


Creating and launching an integrated solution for private clients in SA

- A collaboration of Private Banking and Wealth & Investment
- Aligns our products, channels, processes, operations and strategies to give clients access to our banking and investment services, both locally and internationally, in *One Place*
- A seamless, integrated service experience, through the channel they choose



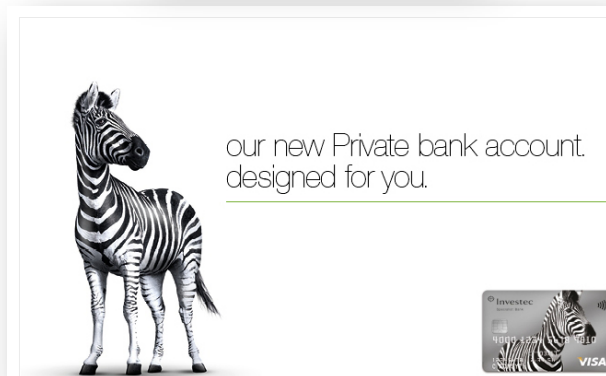
Best private banking services overall for SA





Creating the same experience for UK and International private clients

- Building market share in the private client transactional banking space
- Further development and roll out of our digital offering



UK Private bank account
by Investec

One Place

For those who
WANT
a truly international
banking experience

banking experience
a truly international



Summary of strategic priorities

- Maintain momentum in **Asset Management** by focusing on investment performance
- Continue exploring opportunities to achieve a greater international reach in the **Wealth & Investment** business
- Grow the **Specialist Banking** businesses
- Continue the progress made with the **digitization strategy** and collaboration between the Private Bank and Wealth & Investment
- Accelerate the progress in dealing with the **legacy portfolio**



Outlook

- The group has **reshaped its business model**, both through the sales of businesses and the restructuring that has taken place over the past few years
- Whilst **economic conditions** have improved in the developed world, volatility and uncertainty remain a feature. Additionally, South Africa's economic growth has been weak with a difficult outlook, which could negatively affect growth prospects
- Notwithstanding, the group believes that these strategic initiatives place Investec in a **favourable position** to make progress in its core client- and geographic- markets