

Investec

The Investment Case



UBS Conference
October 2011
Stephen Koseff

Out of the Ordinary®

 **Investec**

Specialist Bank and
Asset Manager

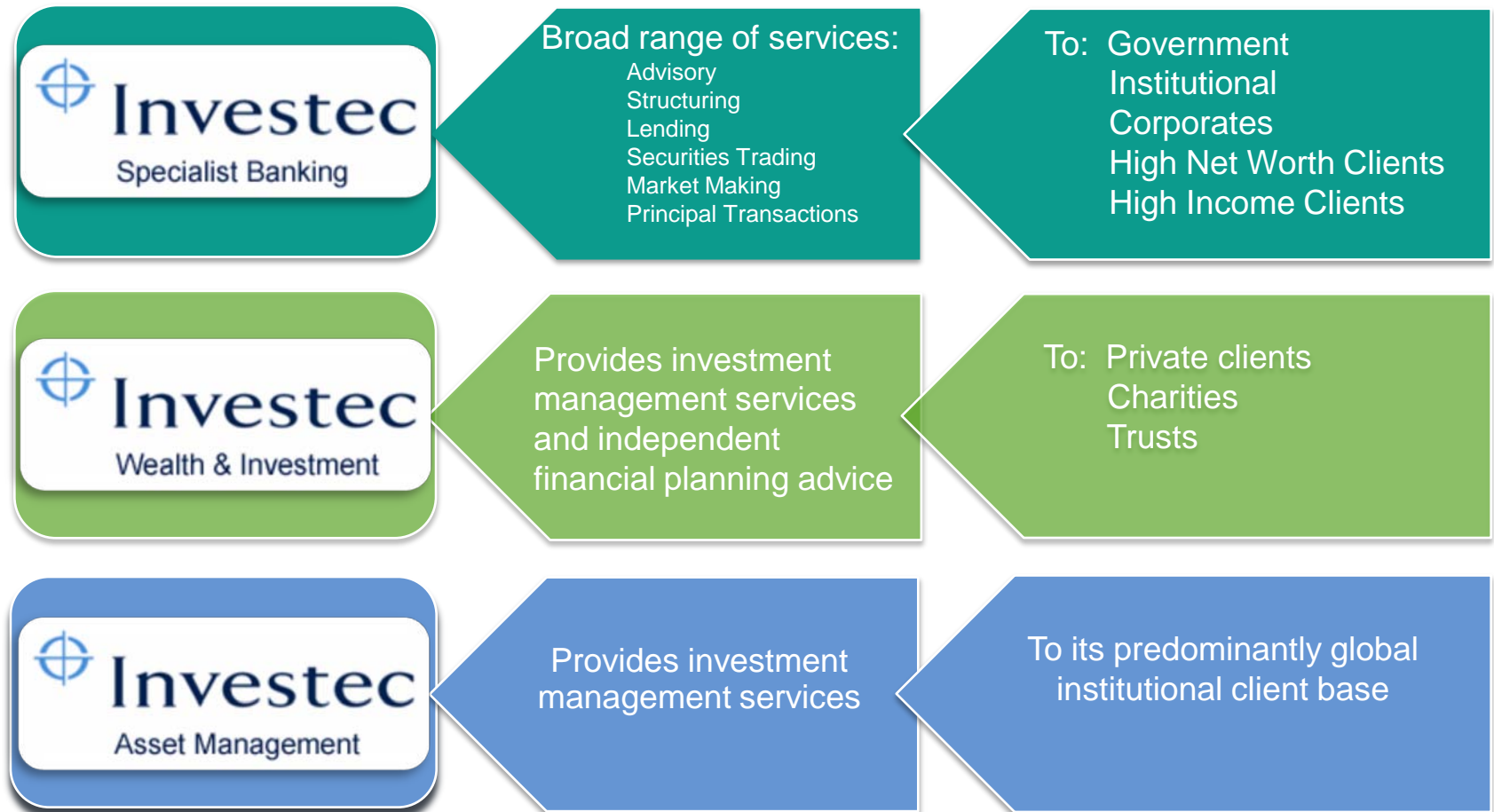
Strategic positioning



We strive to be a
**distinctive specialist bank and
asset manager**
driven by commitment to
our core philosophies and values

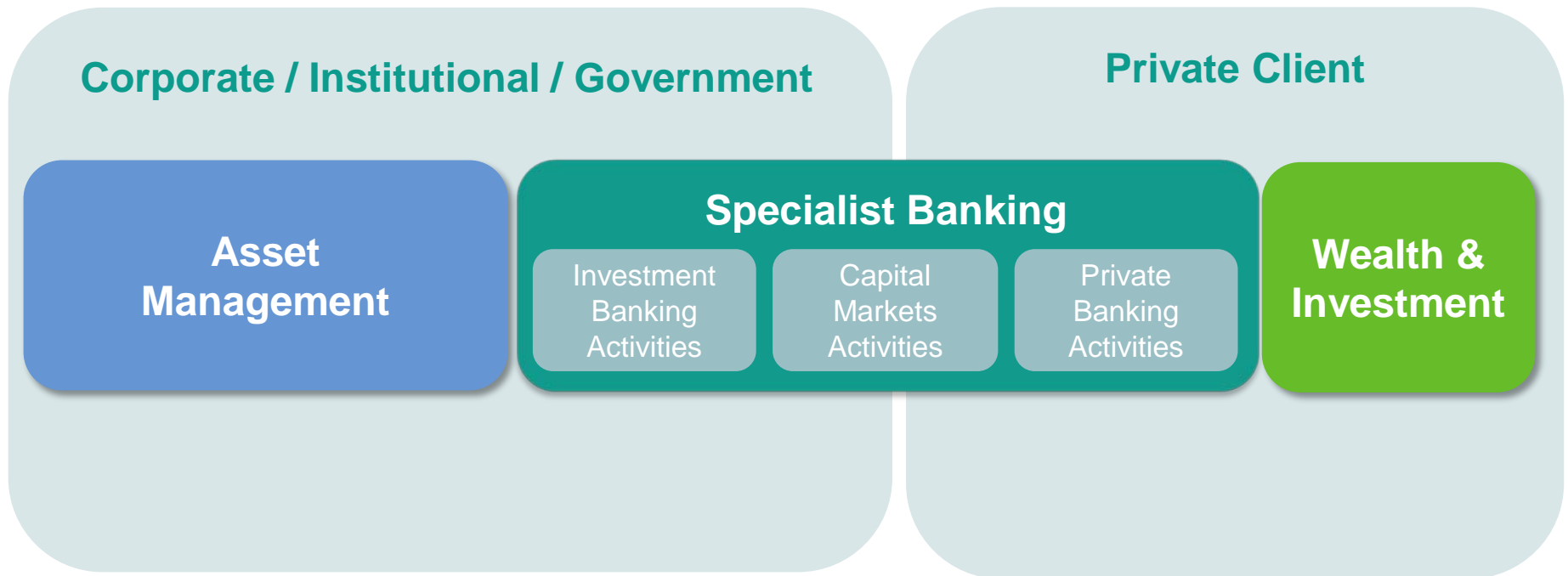
Specialist bank and asset manager

... with three distinct business activities



Focused on well defined target clients

Not “all things to all people”



With a solid international platform



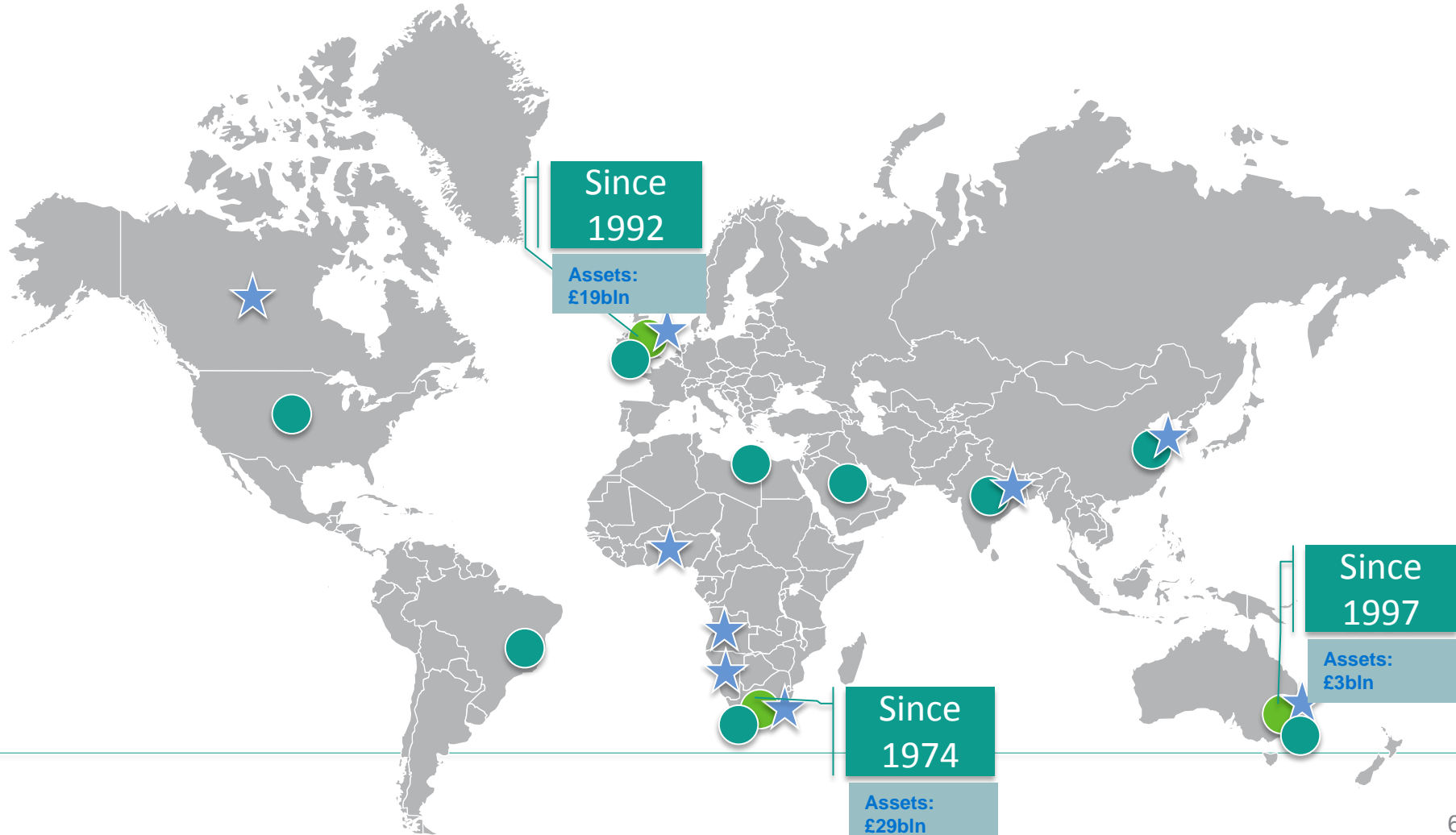
Distribution channels



Origination channels

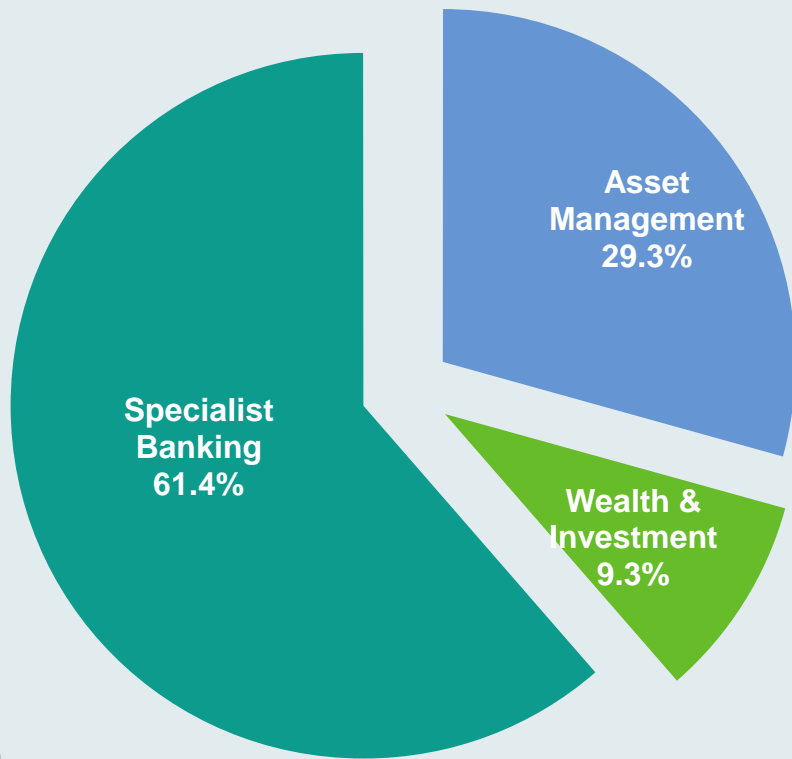


Core infrastructure

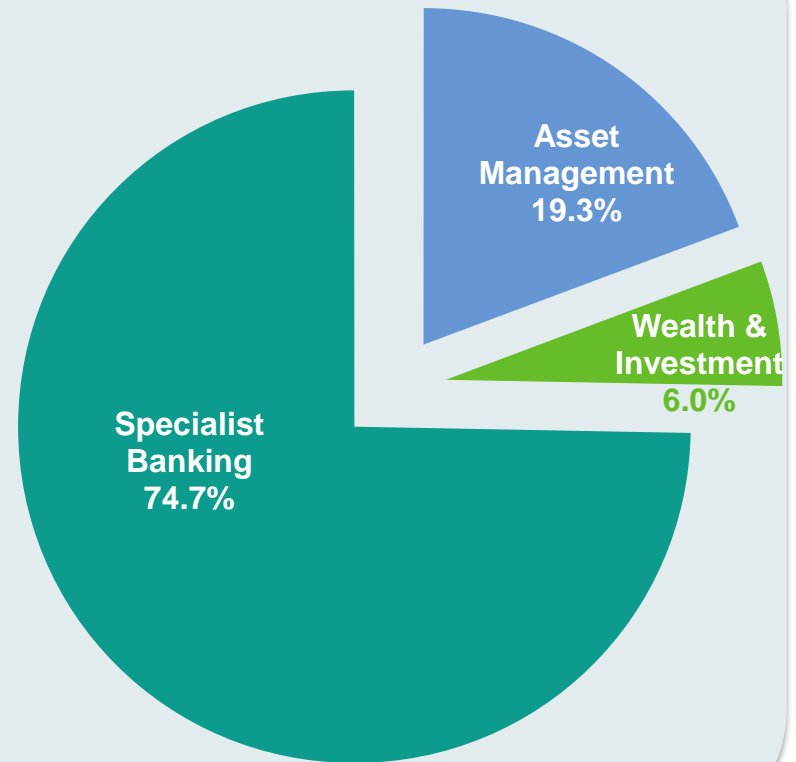


And a diversified revenue stream

Contribution to group earnings 31 Mar-11



Contribution to group earnings 31 Mar-10



Specialist Banking

The Investment Case



Operating as a Single Specialist Bank

Focusing the **Mindset** around **Client** demand

Creating the appropriate business **structure** to maximise the product offering to the client

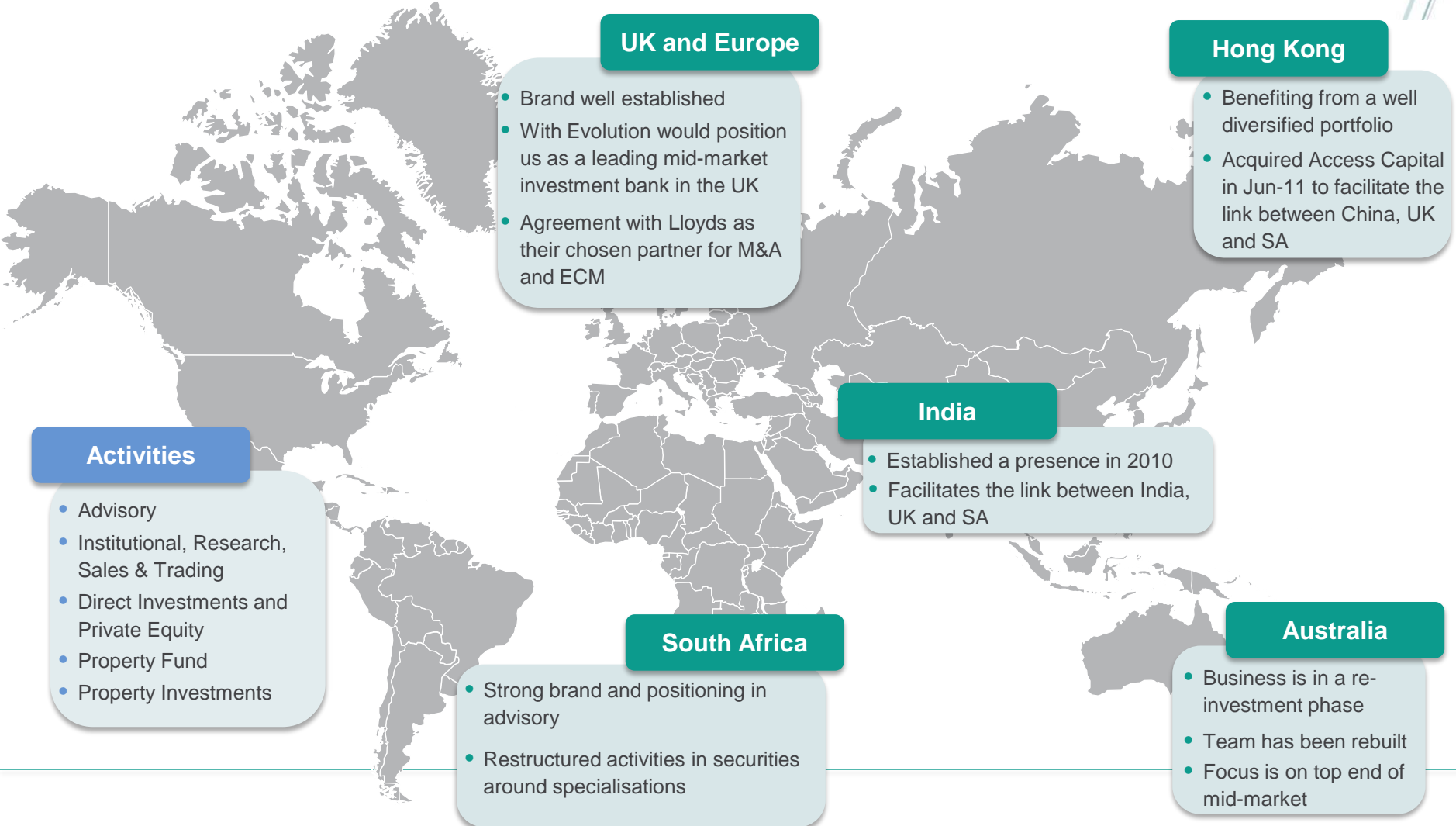
Sharing competencies to achieve greater operational efficiency

Ensuring **synergies** and connectivity across the group

Leveraging off **global capabilities**

Investment Banking: **Investment case**

Integrated business with local client delivery and international access



Capital Markets: **Investment case**

Primarily focused on traditional bank customer flow/related activities

Client focused business concentrating on three areas of customer related activities:

Lending and leasing activities

- Structured and asset finance
- Project and infrastructure finance
- Commodities and resource finance
- Corporate loans
- Residential mortgages origination

Treasury and trading activities

- Money markets and forex
- Interest rate solutions
- Equity derivatives and scrip lending

Structured credit

- Securitisation
- Credit investments and trading

Financial Markets and Structuring Support

South Africa

UK & Europe

Canada

Australia

India

Clients and counterparties:

- Government
- Financial institutions
- Corporates
- IFAs
- Funds
- SMEs
- Private Banking, Investment Banking and Wealth Management clients

Capital Markets: Investment case

Strong international platform

Value proposition

- Successfully built sustainable businesses on the back of **client driven transactional flow**
- **Balanced business model** with good business depth and breadth
- **Well positioned** in the primary and secondary markets
- Ready to capitalise on **market opportunities**



Private Banking: Investment case

Strong client relationships

Value proposition

- Provide **HIGH TOUCH** transactional banking, credit, deposit and investment services to two **distinct** client bases:
 - High Income – **c.135,000 clients**
 - HNW– **c.6, 000 clients**
- Also offer trust and fiduciary services, advice and tailored credit and investment solutions to HNW's
- Key focus is on:
 - **Back to Basics**
 - Growing the **client base**
 - Ensuring the **product offering** is delivered to our global client base

	Number of clients	
	2006	2011
UK and Europe	21,500	51,776
Australia	1,290	16,722
South Africa	47,560	72,969
	70,350	141,517

Wealth & Investment

The investment case



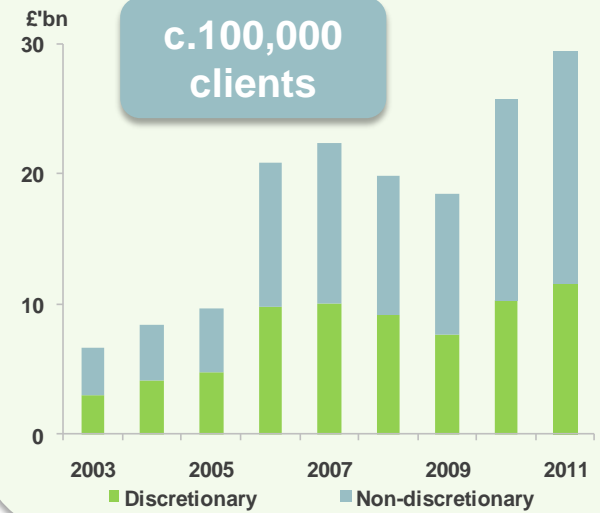
Wealth & Investment: Investment case

Building an international platform

Value proposition

- Business has been **built via consolidation** of smaller businesses over a long period of time
- **Well established platforms** in the UK and SA which could cope with significant additional 'bolt-ons'
- Focus is on **globalising the business** and currently have **£29bn** funds under management
- **Largest** private client wealth and investment **manager** in SA
- **Building scale** in the UK business which, with Evolution, would create a **major UK player** in the private client investment management industry and add **£7.6bn** to total FUM

Funds under management*



*Note: Total third party assets held under management excluding the Rensburg Fund Management business which was sold in January 2011

Asset Management

The investment case

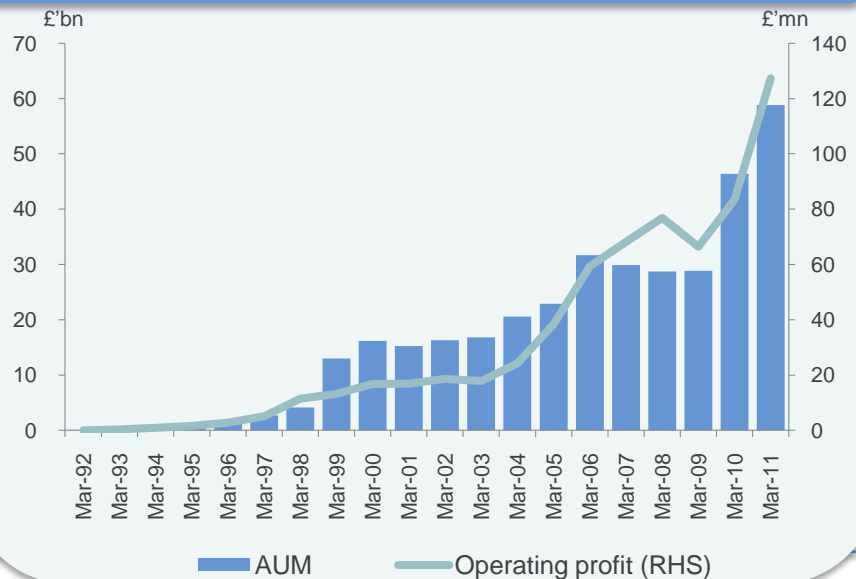


Asset Management: Investment case

Global specialist investment manager

- An **independently** managed subsidiary of Investec Group
- Investec Asset Management's origins are African but we are **global** in our approach
- Worldwide, **top 100** asset manager*
- Third party assets under management grown from £41.8mn in 1991 to **£58.8bn** in 20 years**

20-year growth story



* Global Investor 2008 Survey

** As at 31 March 2011

Asset Management: **Value proposition**

- Developed business **from scratch** out of a domestic position in an emerging market
- Create successful investment capabilities **organically**
- Strong investment performance
- Truly **global** in our approach with broader distribution than ever before
- Unique and clearly understood **culture**
- **Stable and experienced** leadership:
 - Executive committee, average tenure of 17 years
 - Top 30 leaders, average tenure of 13 years

Performance

Clients

Innovation

Insight

Asset Management: Drivers of future performance



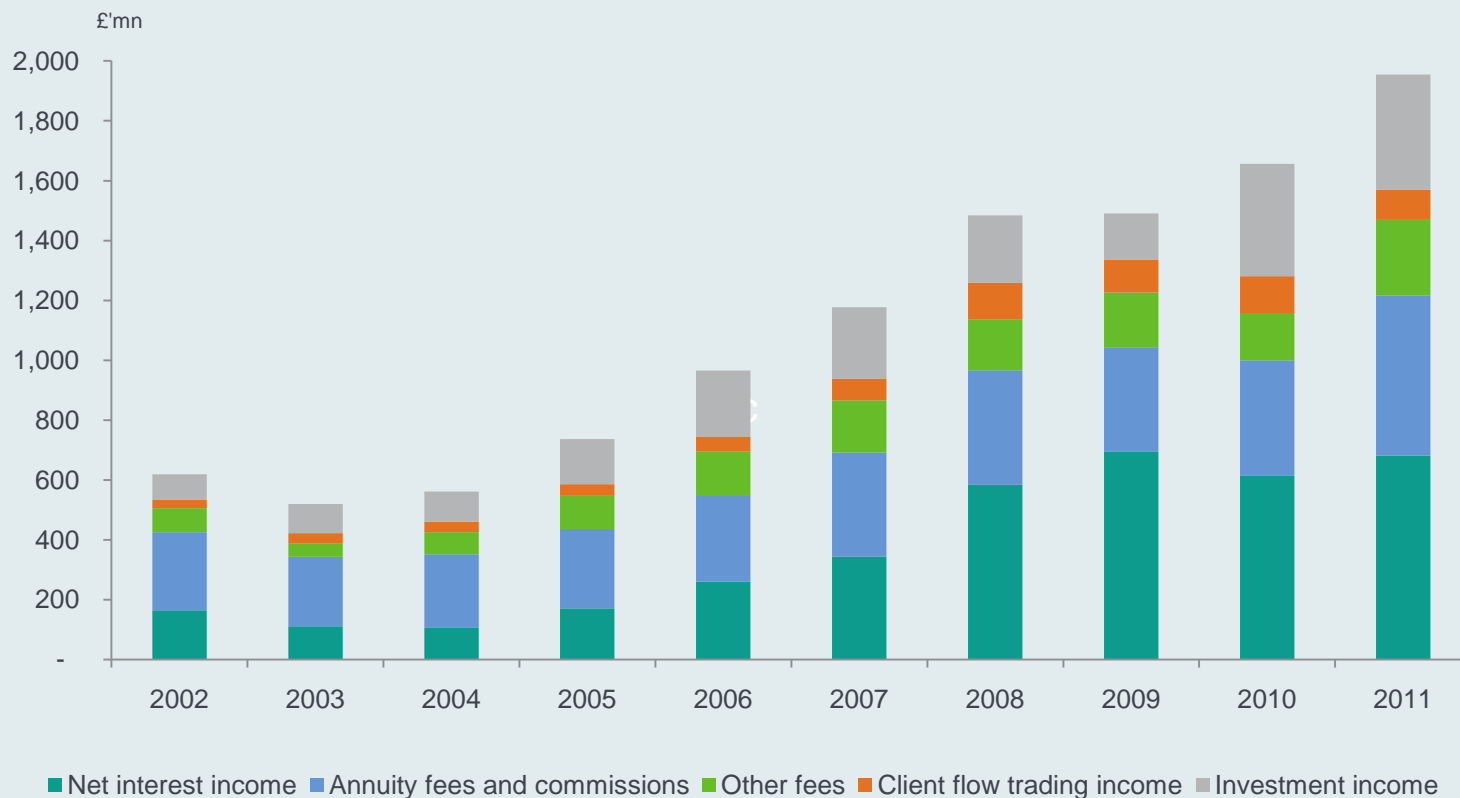
- The economic **power shift** from West to East
- Continued development of **funded savings** pools around the globe
- The rise of **international investing** in the markets with large mobilised savings pools
- **Convergence** between traditional and alternative managers: growth opportunity in private markets

Investment case: demystifying the numbers



Solid base of recurring income

Average since 2002 of 65%



Driven by strong growth in funds under management

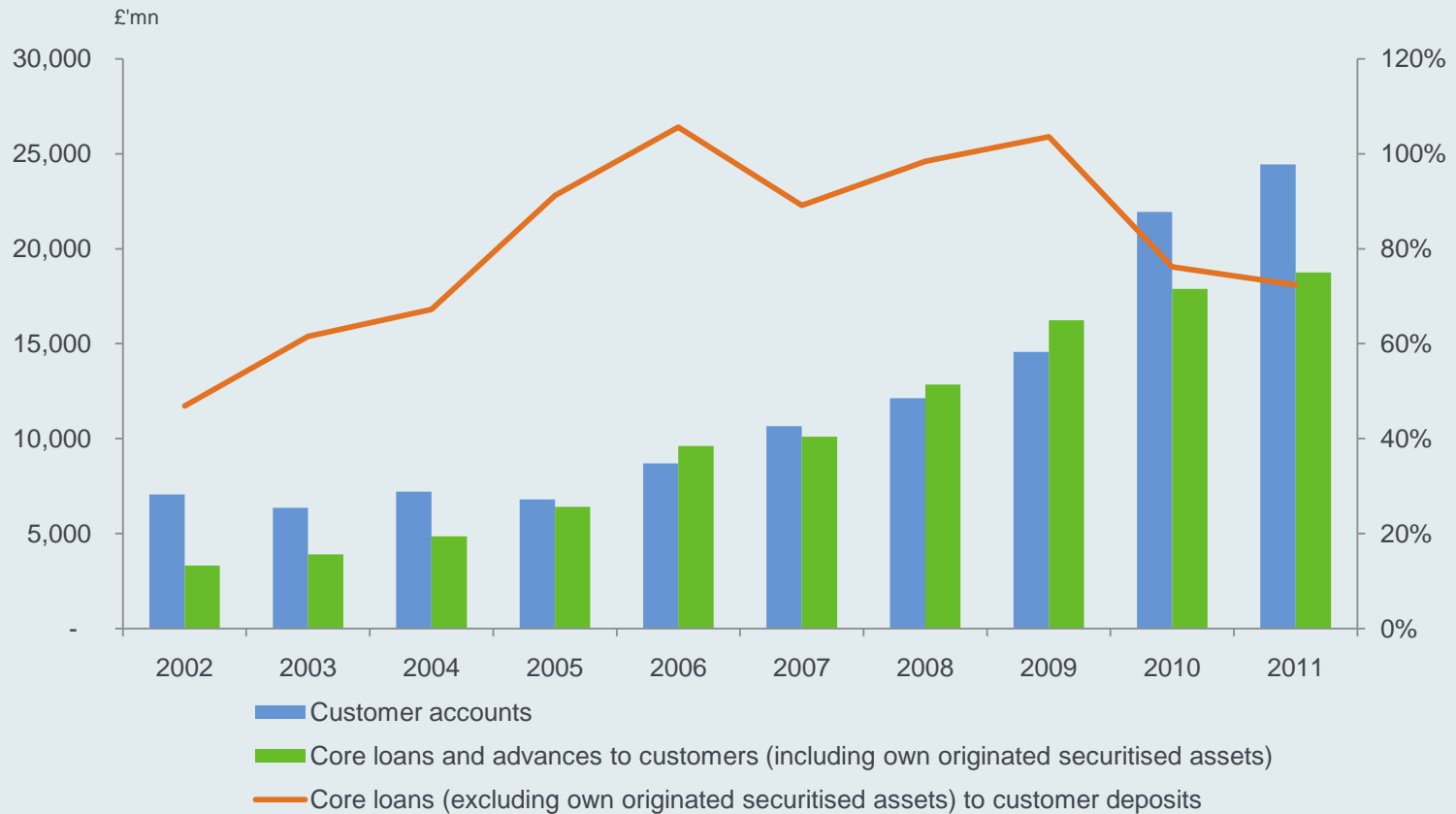
CAGR since 2002 of 15%



And loans and deposits

CAGR since 2002 - loans **21%**

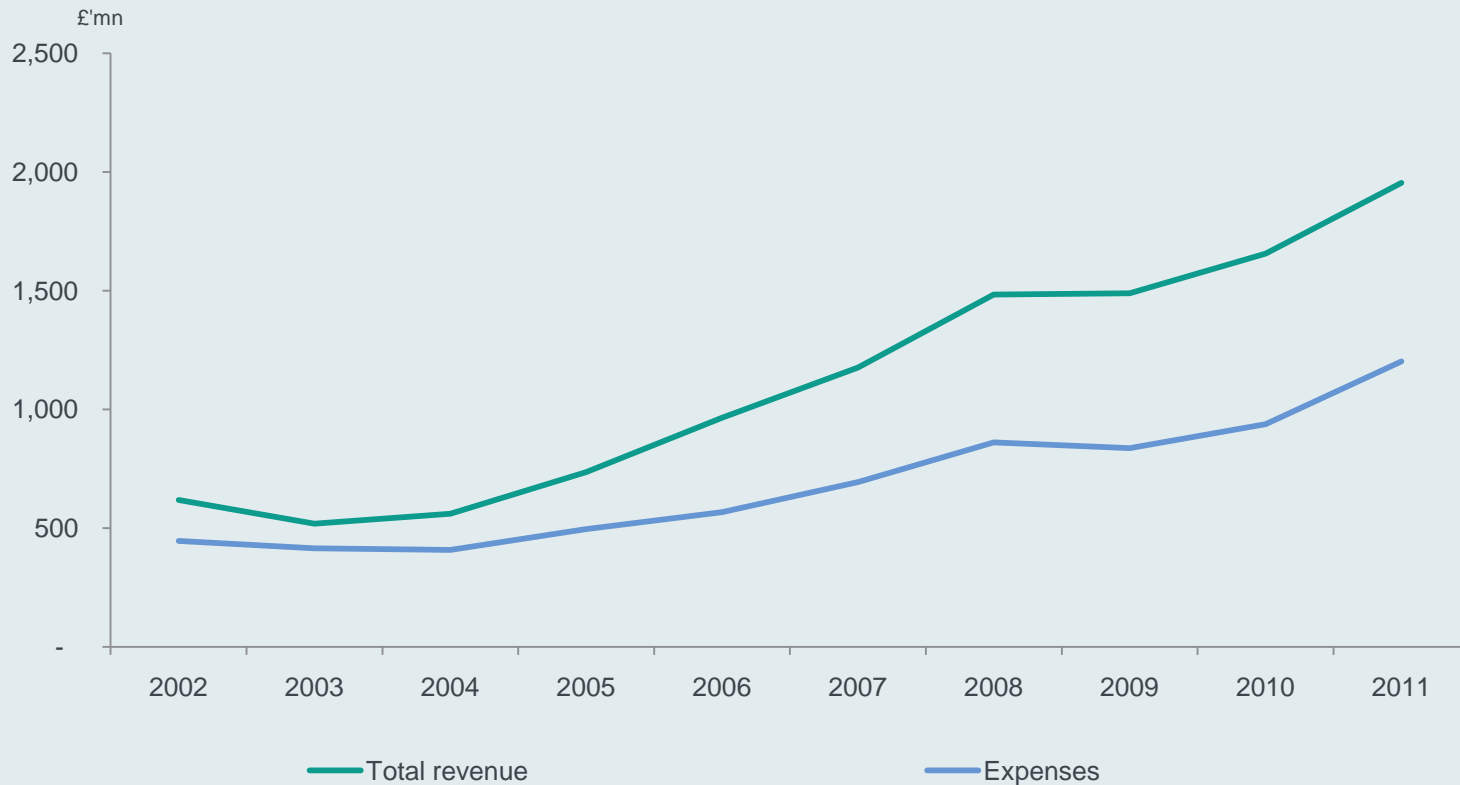
CAGR since 2002 - customer deposits **15%**



Revenue continued to grow faster than costs

CAGR since 2002 - Revenue **14%**

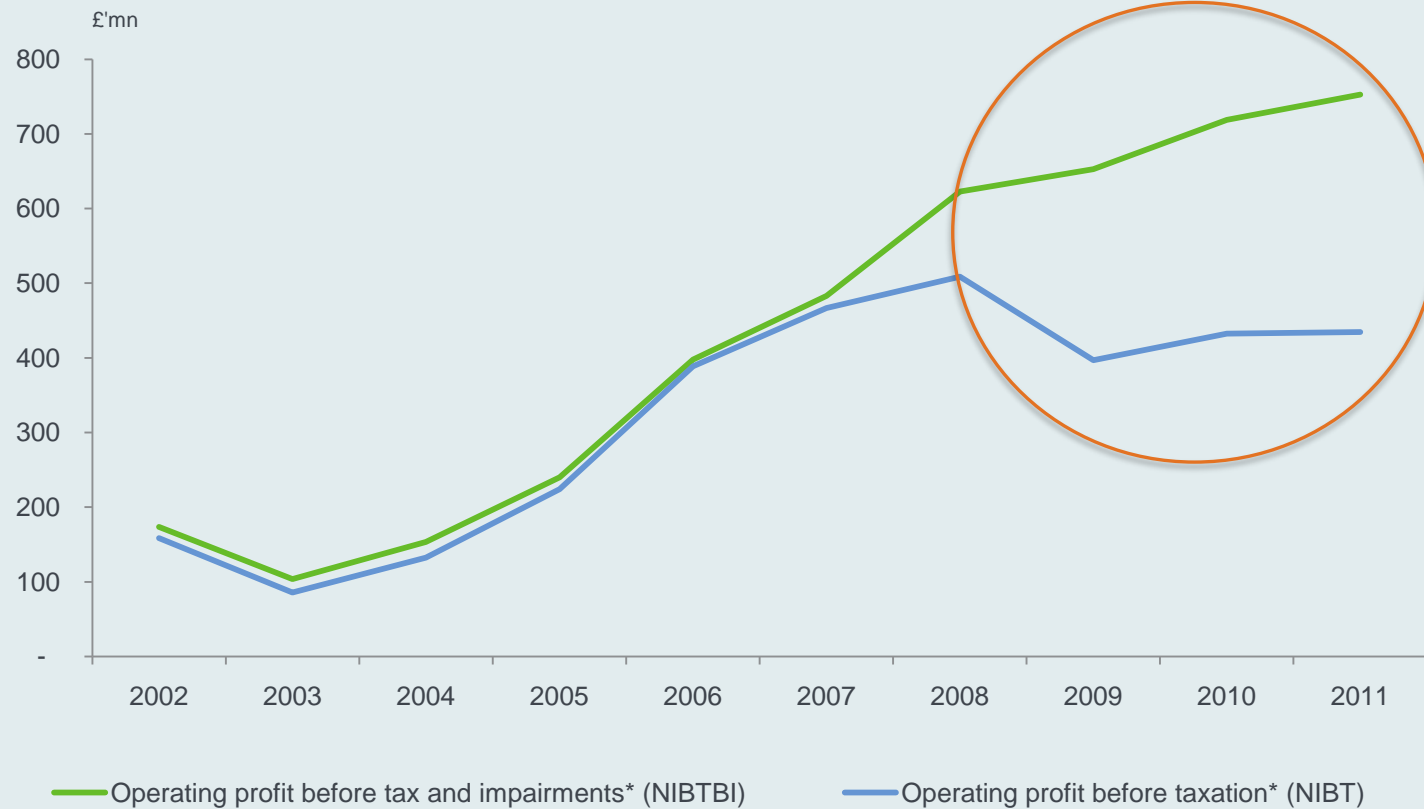
CAGR since 2002 - Expenses **12%**



Good growth in operating profit before tax* and impairments

CAGR since 2002 - NIBTBI **21%**

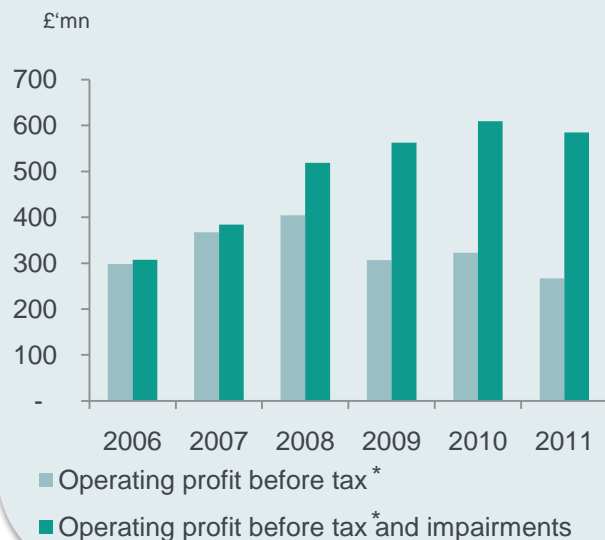
CAGR since 2002 - NIBT **15%**



*before goodwill, acquired intangibles and non-operating items

But Specialist Banking held back by elevated impairments

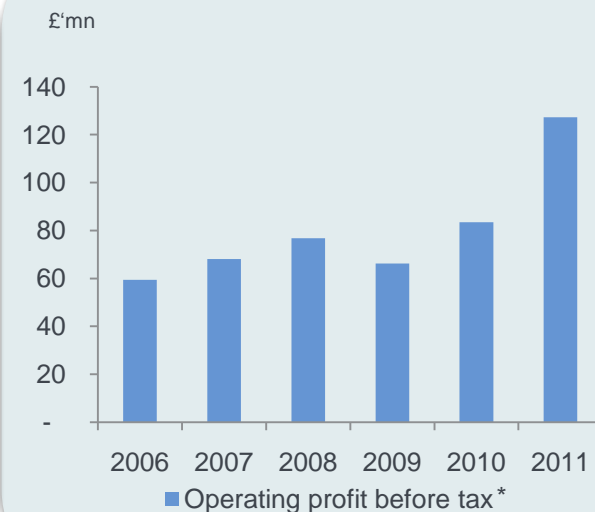
Specialist Banking



Wealth & Investment



Asset Management



**before goodwill, acquired intangibles and non-operating items*

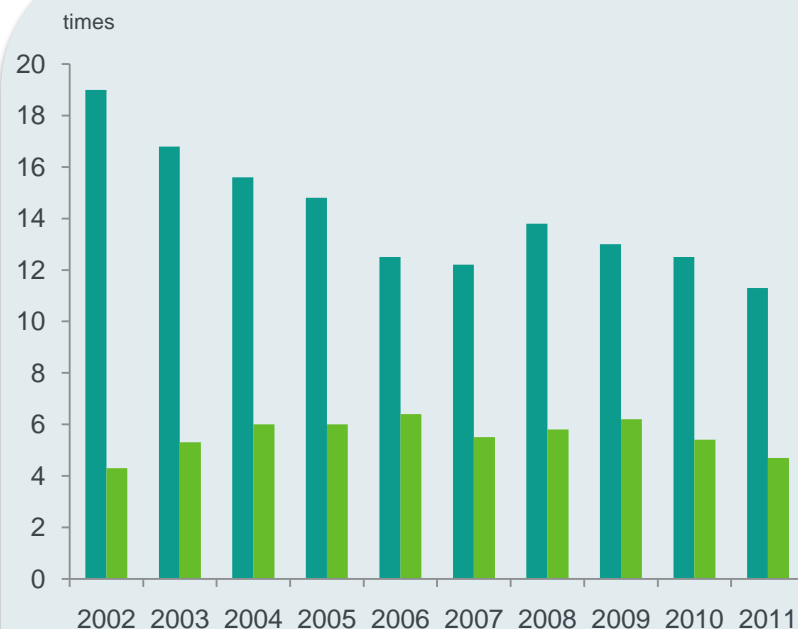
Strong growth in capital and a reduction in leverage

CAGR since 2002 of **20%**

Average 10-year leverage ratio of **14x**



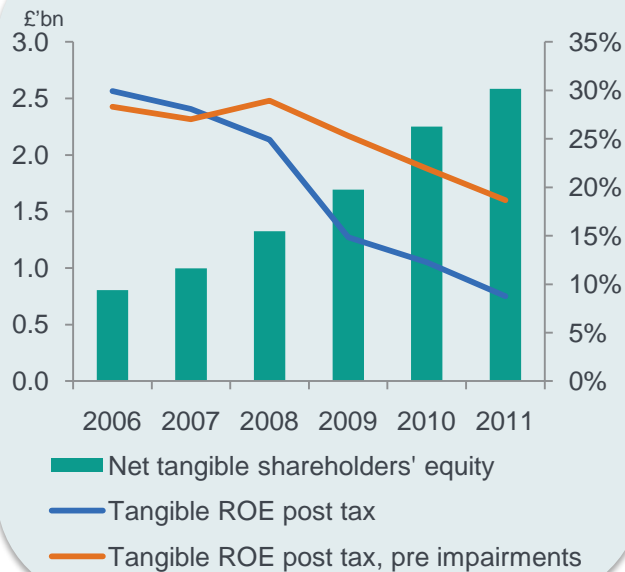
- Total shareholders' equity (including preference shares and non-controlling interests)
- Total capital resources (including subordinated liabilities)



- Gearing/leverage ratio (assets excluding assurance assets to total equity)
- Core loans to equity ratio

Resulting in a decline in ROE in Specialist Banking

Specialist Banking



Wealth & Investment



Asset Management

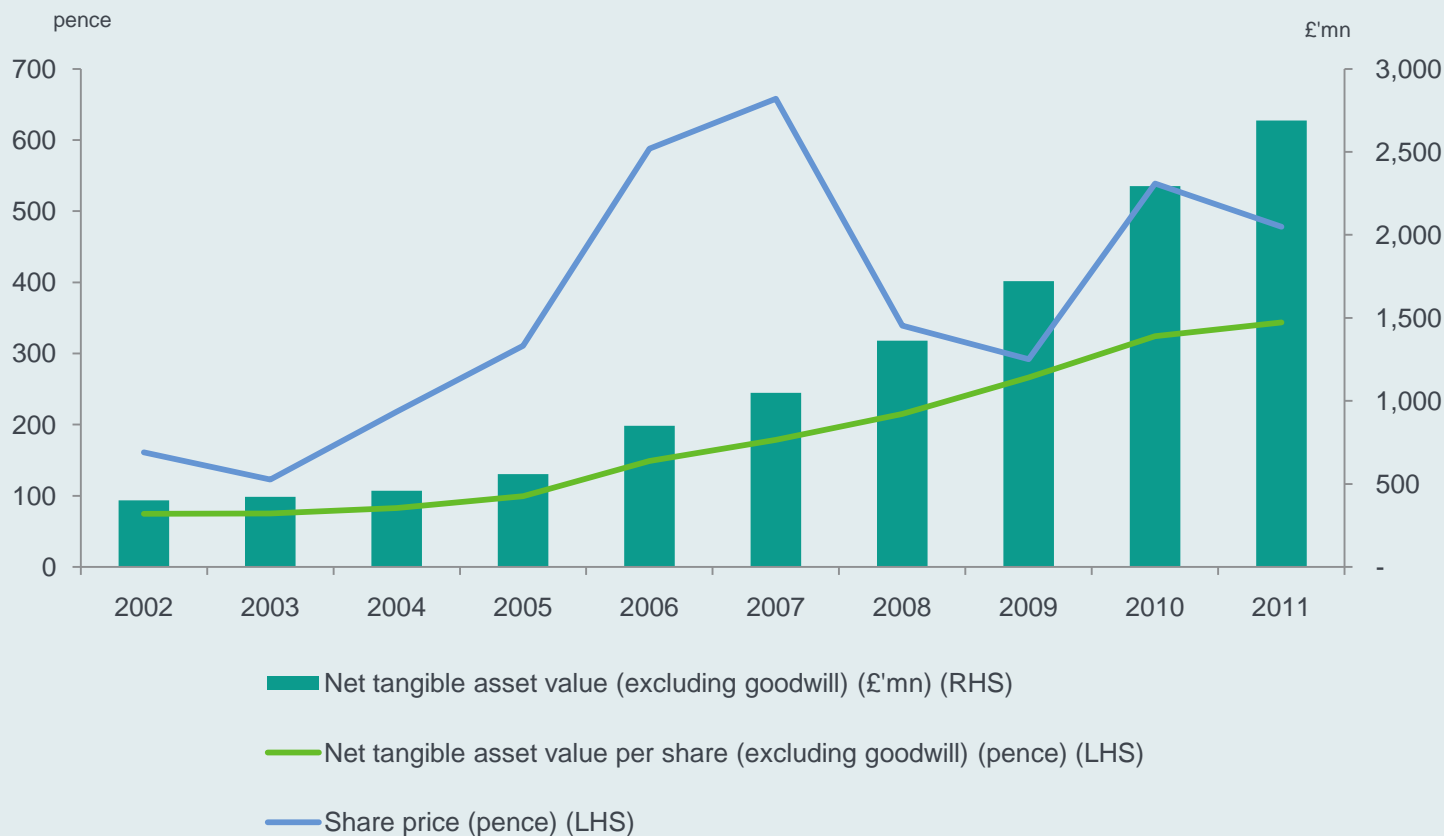


Overall CAGR since 2002:

NTAV 24%

NTNAV per share 19%

Share price 13% (10%)*



*To 26 October 2011

Conclusion



We have a distinctive investment offering ...

... with a **balanced** business model and an **entrepreneurial** culture

... **dedicated** employees that are focused on **clients** and building the business

... a well established **brand** that supports a **sustainable** long term strategy

Resulting in ...

... a quality scalable global business

Thank you



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