



Out of the Ordinary®

 **Investec**

Specialist Bank and
Asset Manager

Investec

May 2012





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Review of the environment



Economic landscape

- Slower global growth in 2012
 - IMF growth forecasts 3.5% for 2012 and 4.1% for 2013
 - World Bank global growth forecasts 2.5% for 2012 and 3.1% for 2013
- Euro zone uncertainty
 - Greece has restructured its debt, with Italy and Spain adopting tough fiscal measures
- Funding Markets
 - Euro-zone leaders have agreed to enlarge their bailout fund
- Global inflationary pressures are subsiding
- Interest rates to remain lower for longer
- Debt and funding markets remain a big concern
- Further policy delays to address the sovereign debt crisis will negatively affect market sentiment
- Income disparity and economic sustainability



Key banking themes for 2012

- Regulatory restrictions and global banking rules
- Further downgrades for banks globally - New S&P ratings for global banks
- Continued de-leveraging pressures
- Higher capital requirements
- Pressure on top-line growth
- Remuneration structures and levels of pay
- Those banks with strong funding and emerging market exposure should benefit most



The banking industry is at a crossroads...





Banks are considering their strategic alternatives



McKinsey&Company

Why US banks need a new business model

Investors want radical plans to boost **ROE** above the cost of capital.

McKinsey Annual Review on the banking industry

The state of global banking – in search of a sustainable model

FINANCIAL TIMES

The scale of the challenge calls for bold strategic shifts

...The whole financial ecosystem—and not only the banks—will have to look for new models.

Shaping a sustainable model

BUSINESS DAY, Companies & Markets
17 Jan 2012, p.9

Lazard on deadline to find buyer for RBS equities, advisory units



The not-for-profit sector

**The
Economist**

Investing in banks

The not-for-profit sector

Are regulators striking the right balance between safety and profitability?

May 5th 2012 | from the print edition

“Returns on equity have fallen precipitously, from about 15% before the crisis to below 10% now. British banks' returns have slipped from almost 20% to about 5% last year”

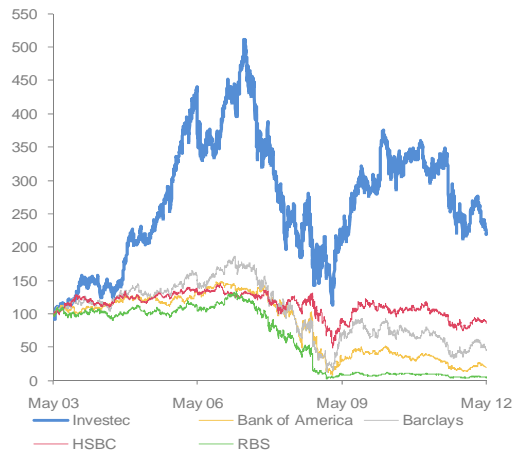




Long term share performance

9-year price performance (Closing prices rebased)

General Banking



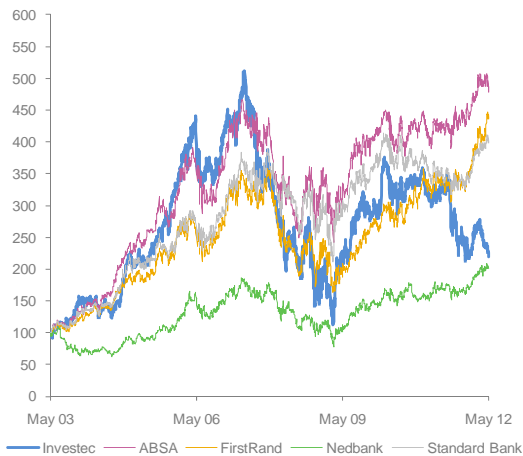
Investment Banking



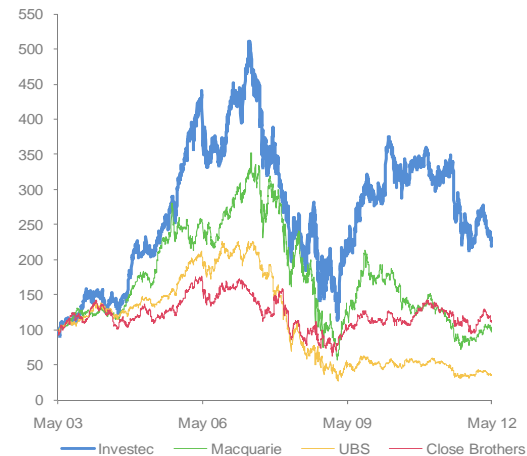
Specialty Banking



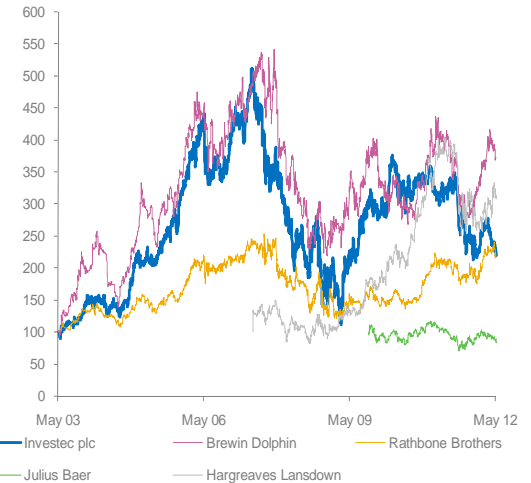
SA Banks



Asset Management



Wealth & Investment



Source: Reuters



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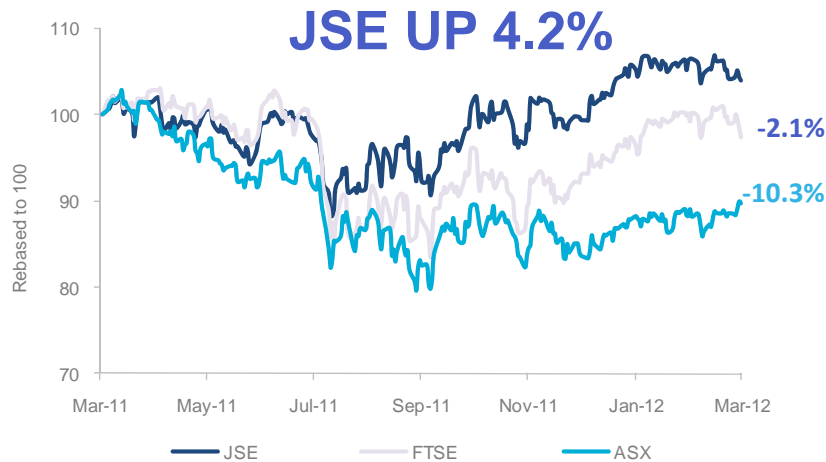
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Review of Investec's financial year

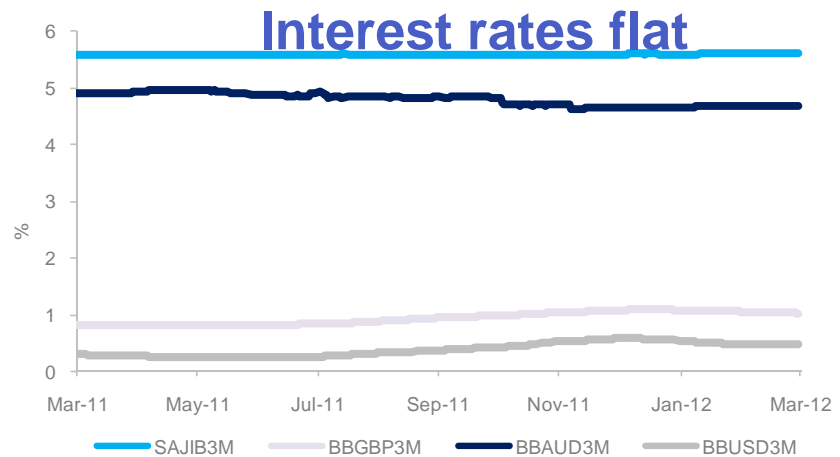


Past year we experienced a difficult operating environment ...

Equity markets

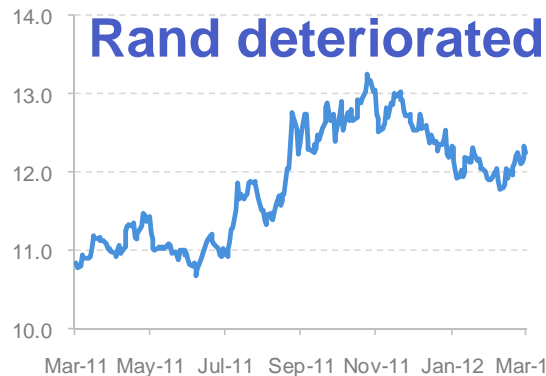


Interest rates



Exchange rates

Rand/£



Euro/£



A\$/£



Source: Reuters



Performance reflects the difficult environment

- Financial performance for the year 2012 has echoed the **difficulties of the broader environment**
- We have **realigned our business model**, including South Africa
- With substantial **integration** taking place across the group
- We have **maintained revenues** despite difficult markets with the quality of earnings improving substantially
- Many of our businesses have **continued to deliver**
- Underperforming businesses are **turning the corner** with gross defaults down



We have realigned our business model ...

...by building capital light revenues

Sustainable business model – Investec Limited

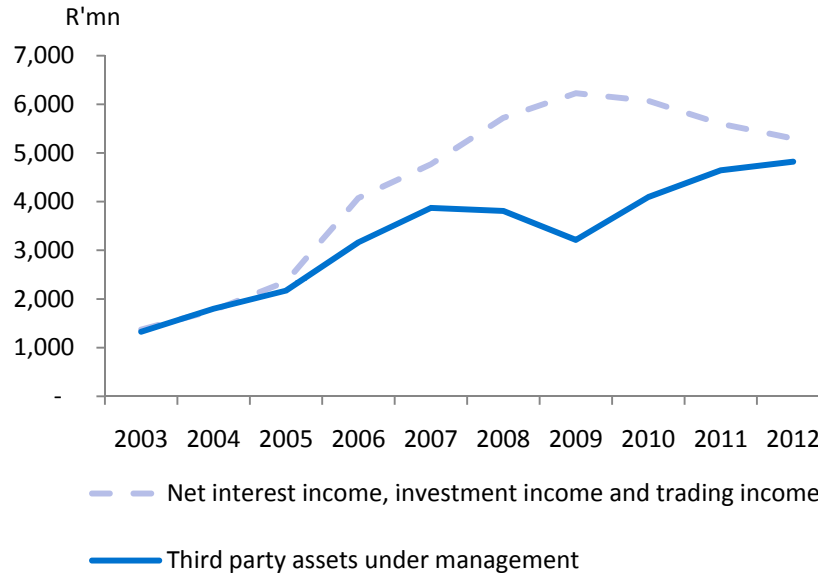
Capital light
R4 288mn
45% of SA
(49% of group)

Net fees and commissions
of R4 234mn
(44% of total)

Other of R54mn
(1% of total)

Third party asset management and advisory revenue

- Asset management
- Wealth management
- Advisory services
- Transactional banking services
- Property funds



Capital intensive
R5 296mn
55% of SA
(51% of group)

Net interest income of
R4 085mn
(42% of total)

Investment income of
R758mn
(8% of total)

Trading income of
R453mn
(5% of total)

Net interest income, investment income and trading income

- Lending portfolios
- Investment portfolios
- Trading income from client flows
- Trading income from balance sheet management
- Other trading income

Containing costs
Maintaining credit quality
Strictly managing risk and liquidity

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

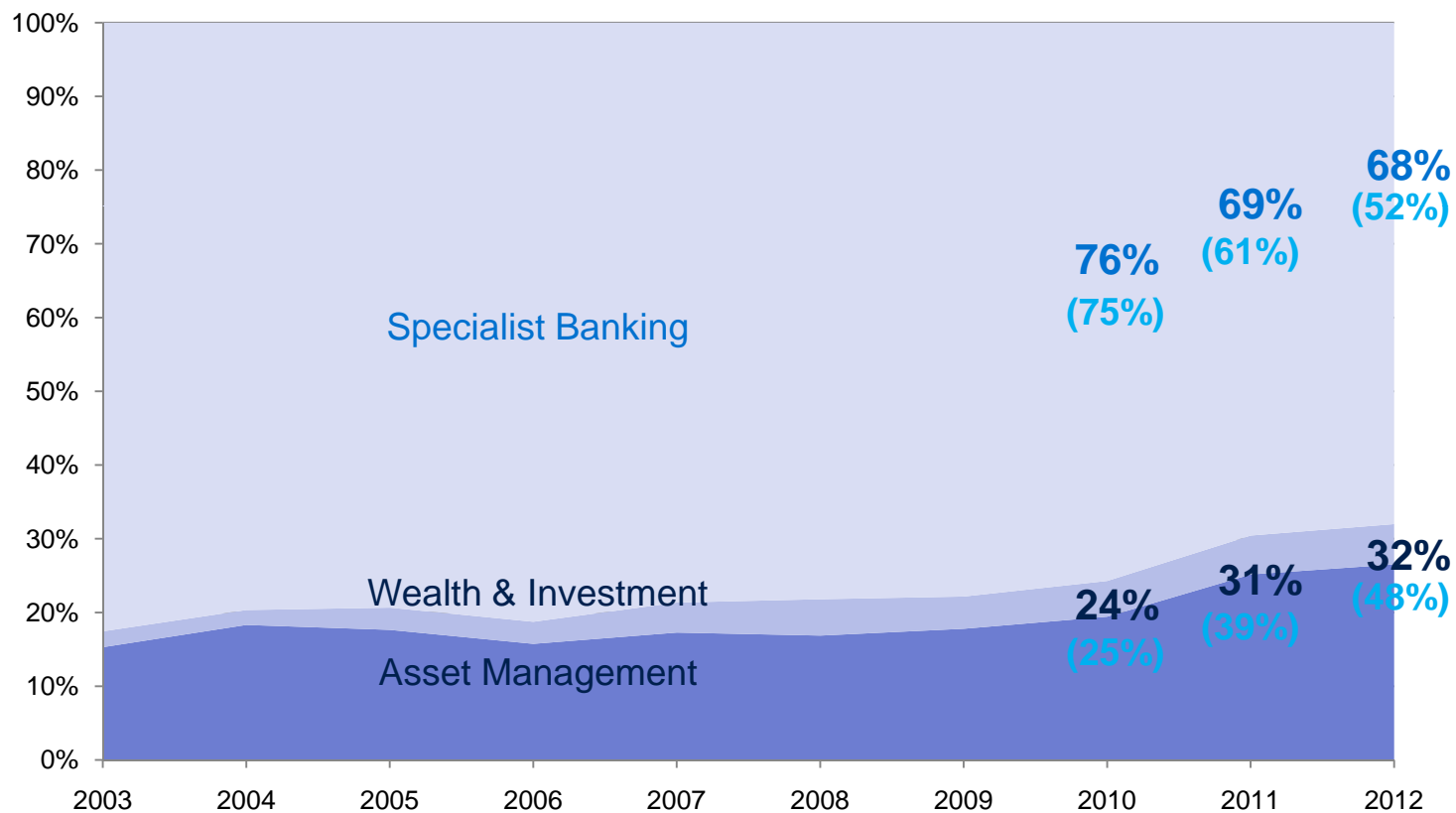


... into three distinct business areas

Asset management and wealth management now account for 32% of SA

% contribution of operating profit* of Investec Limited

Investec Limited
(Investec group)

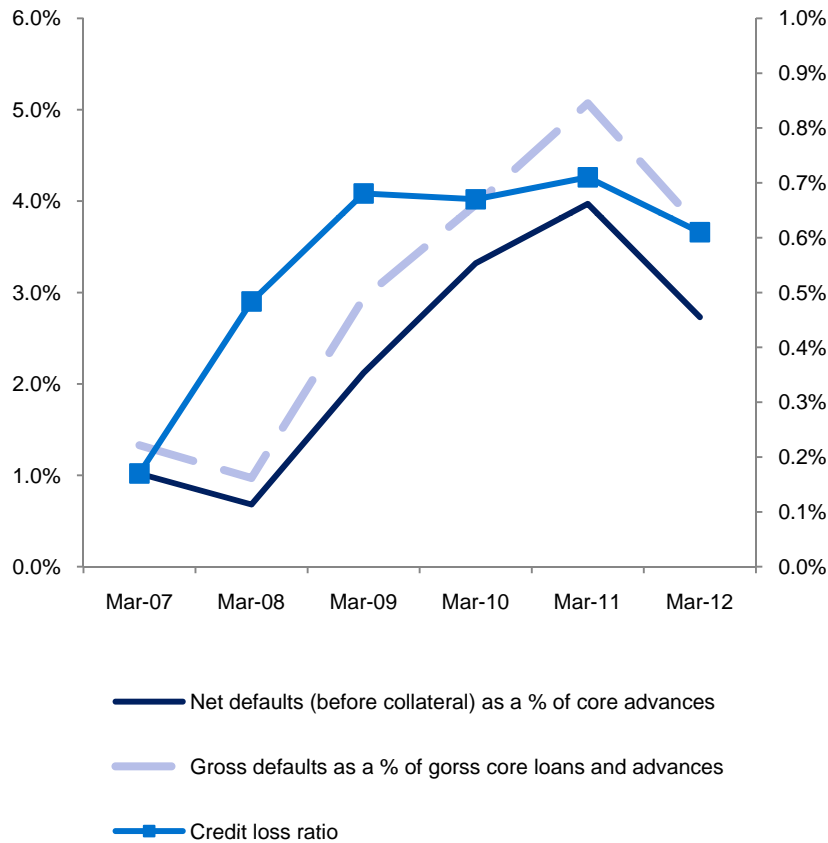


*Before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests

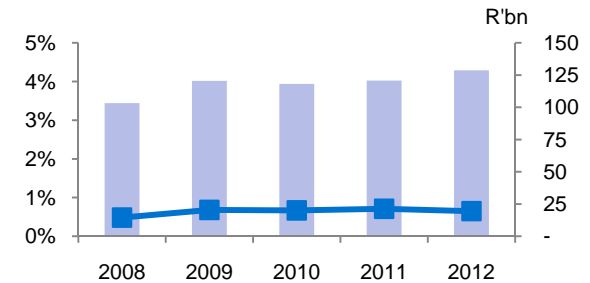


Impairments have improved

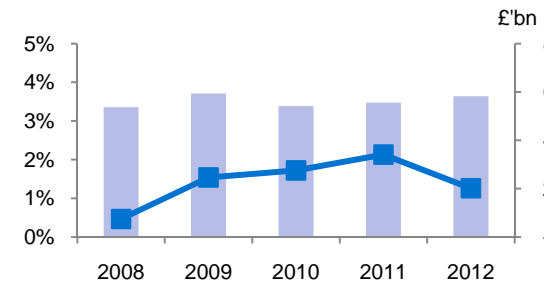
Investec Limited



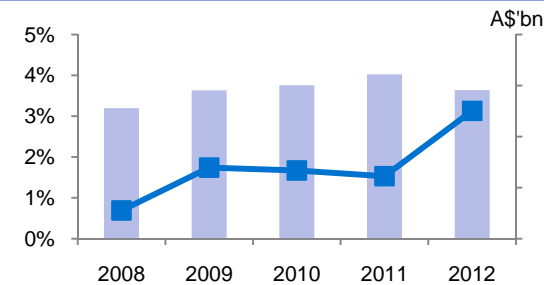
South Africa



UK & Europe (ex Kensington)



Australia



■ Credit loss ratio (LHS) ■ Net core loans (RHS)



Weak group performance

Investec DLC	Mar-12	Mar-11	% Change
Operating profit* before tax (£'000)	358 625	434 406	(17.4%)
Operating profit* before tax and impairment losses on loans and advances (£'000)	683 743	752 636	(9.2%)
Attributable earnings* (£'000)	257 579	327 897	(21.4%)
Adjusted EPS* (pence)	31.8	43.2	(26.4%)
DPS (pence)	17.0	17.0	-
Net tangible asset value per share (pence)	315.1	343.8	(8.3%)
Total shareholders' equity (£'mn)	4 013	3 961	1.3%
Core loans and advances to customers (£'bn)	18.2	18.8	(2.8%)

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



Flat performance in South Africa

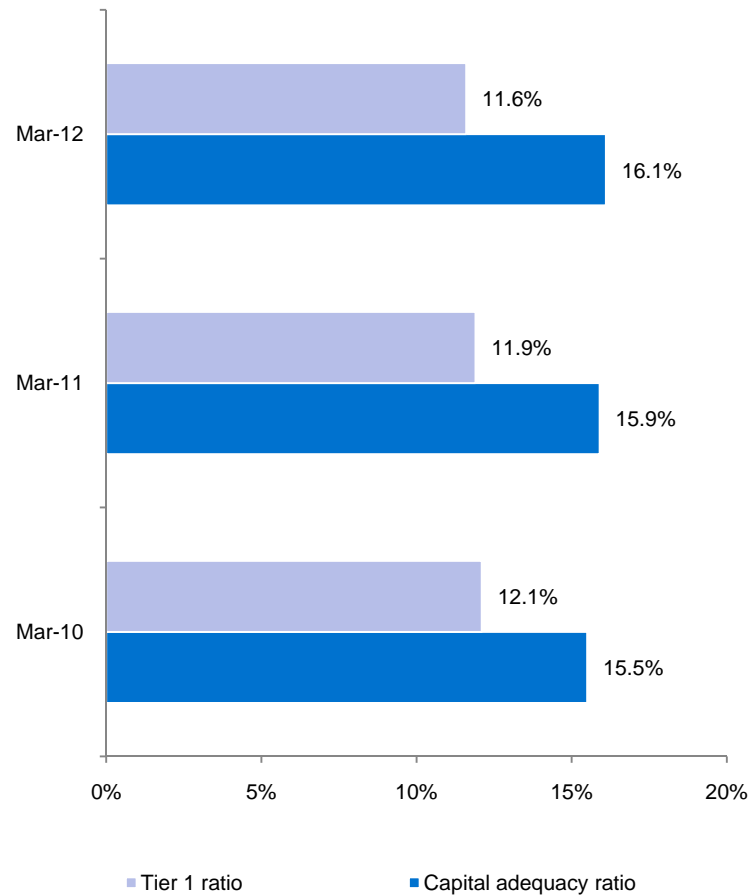
Investec Limited (excluding results of Investec plc)	Mar-12	Mar-11	% Change
Operating profit* before tax and headline adjustments (R'mn)	3 328	3 305	0.7%
Operating income before impairment losses on loans and advances (R'mn)	9 584	9 416	1.8%
Earnings attributable to shareholders (R'mn)	2 714	2 688	1.0%
Operating costs (R'mn)	5 432	5 251	3.4%
Cost to income ratio	56.7%	55.8%	-
ROE (post tax)	14.9%	17.5%	-
Customer deposits (R'mn)	176 094	154 504	14.0%
Net core loans and advances (R'mn)	128 747	120 784	6.6%

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

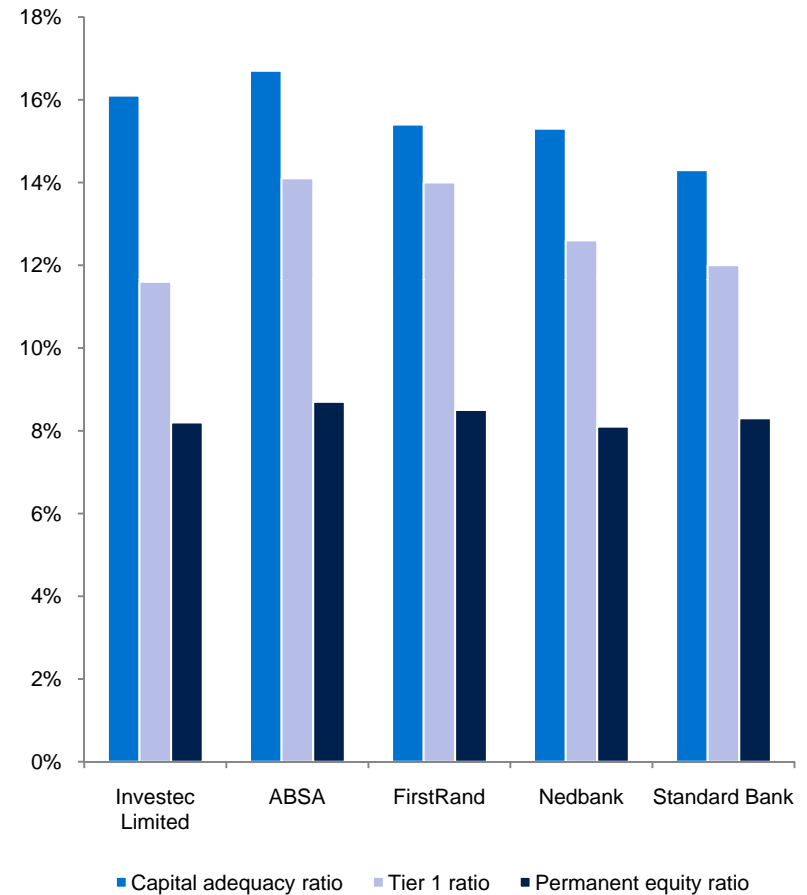


Capital remains strong

Investec Limited: Capital adequacy ratios



Capital comparison to peers



Source: Company reports and Investec calculations



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Strategy and positioning



Our long term strategy

- Since inception we have expanded through a combination of **organic growth** and **strategic acquisitions**
- The internationalisation of Investec is based on the following **strategy**:
 - Following our customer base
 - Gaining domestic competence and critical mass in the chosen geographies
 - Facilitating cross-border transactions and flow
- Our strategy for the past 20 years has been to build a **diversified portfolio** of businesses and **geographies** to support clients (institutional, corporate and private individuals) through varying markets and economic cycles
- In order to create a meaningful and **balanced portfolio** we need proper foundations in place which gain traction over time



Specialist bank and asset manager

Three distinct business activities focused on well defined target clients

Corporate / Institutional / Government

Asset Management

Provides investment management services

Specialist Banking*

Provides a broad range of services:

- Advisory
- Transactional Banking
- Lending
- Treasury and Trading
- Investment Activities

**Private Client
(High Net Worth / High Income)**

Wealth & Investment

Provides investment management services and independent financial planning advice

*Includes Capital Markets, Investment Banking, Private Banking and Property Activities



Asset Management

Strategy

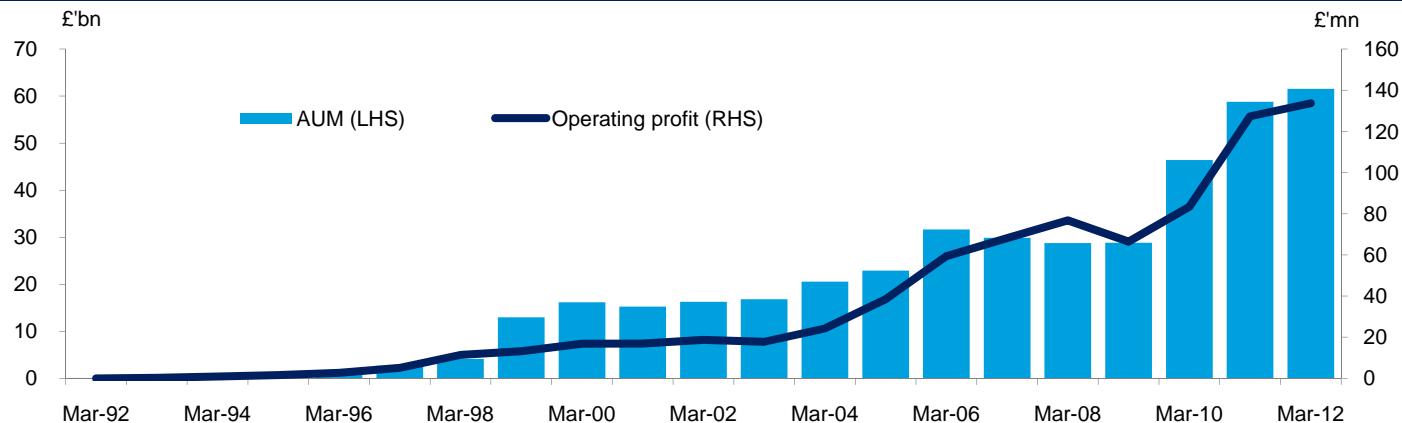
- Long term sustainability
- The emphasis is on quality and depth across the business
- Maintain cost discipline

Value proposition

- Organically built an independent global platform from an emerging market base
- Competitive investment performance in chosen specialties
- Institutional focus and global client base
- Strong culture with stable and experienced leadership



Global funds under management





Wealth & Investment

Creating a global platform with strong regional capability

Strategy

- Focus on internationalising the business
- Deliver the successful integration of Williams de Broë with strong leadership already in place
- Development of international and UK resident non-domiciled market via Guernsey and Swiss offshore offering



Citywire Wealth Manager
Advisers' Choice Awards
2011 Large Firm Award



Financial Advisers Service
Awards 2011
"5 Star" Award



FT Private Client Wealth
Management Survey 2011
Performance Awards



The Avaloq Award for Best Discretionary Service



Ranked # 1 in the
2011 PWC Banking
survey
Wealth Management

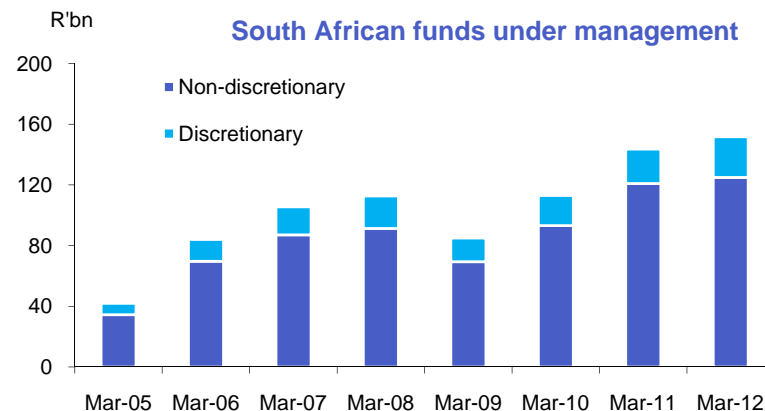
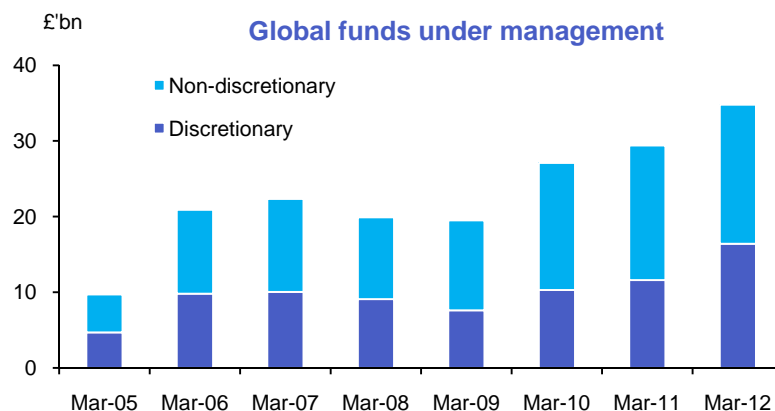


1st : Stockbroker awards for
sophisticated investors

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
- Better systems leading to better and lower cost product
- Superior offering that can be leveraged with group distribution capabilities

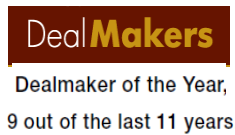
Funds under management



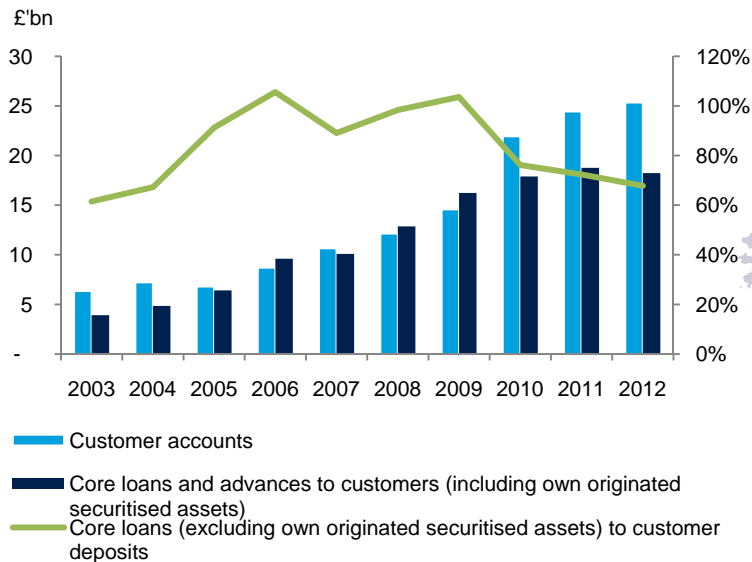
*Note: Total third party assets held under management excluding the Rensburg Fund Management business which was sold in Jan 2011



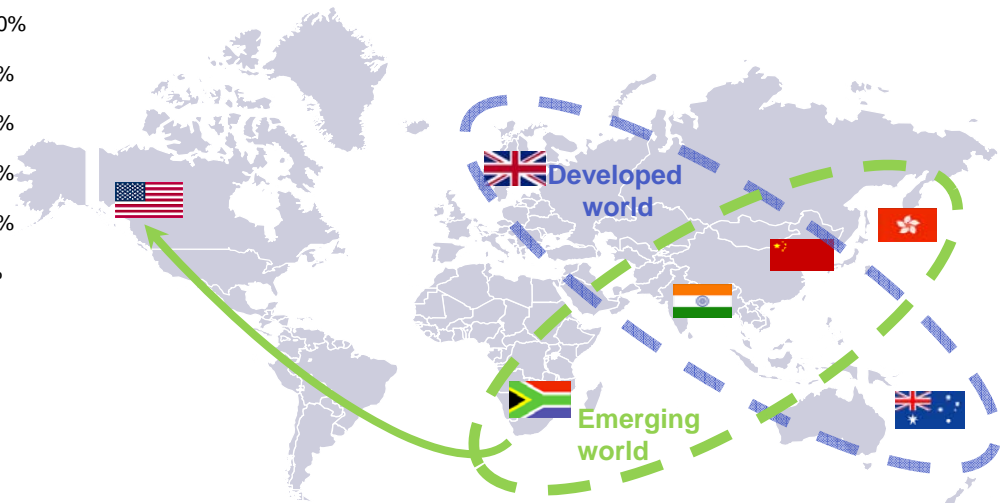
Specialist Banking



Loans and deposits



Global network





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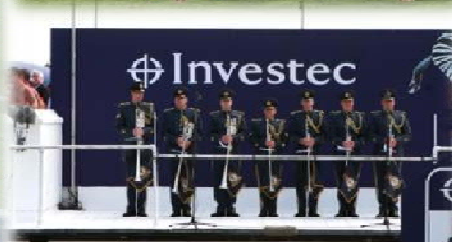
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Conclusion



Our brand is well developed ...





... and we have invested in people and a sustainable future



Entrepreneurship programme, JASA



ProMaths awards South Africa



Skills@work Award in SA

1 December 2011



€50mn to Renewable Energy Funding Facility

EUR 100m BOOST FOR GREEN ELECTRICITY IN SOUTH AFRICA

THE EUROPEAN INVESTMENT BANK AND INVESTEC ESTABLISH EUR100M RENEWABLE ENERGY FUNDING FACILITY FOR SOUTH AFRICA TO FOCUS ON SUPPORTING SOUTH AFRICA'S GROWING GREEN ECONOMY

Investing for a sustainable future



"Promaths made me! I learnt beyond the spheres of mathematics and science. Through many programmes which they offered, I realised that life offers infinite possibilities."

Top performer ProMaths 2011

Climate change award in UK

Funding renewable energy research on local SA birdlife



Supporting local communities in UK

Winner 2012

Business
Charity
Awards

"Investec's support has made all the difference, enabling us to take forward our plans to establish Newham City Farm as an educational facility and employment hub supporting people in a disadvantaged borough."

Kevin Jenkins, Senior Advisor, Community Links

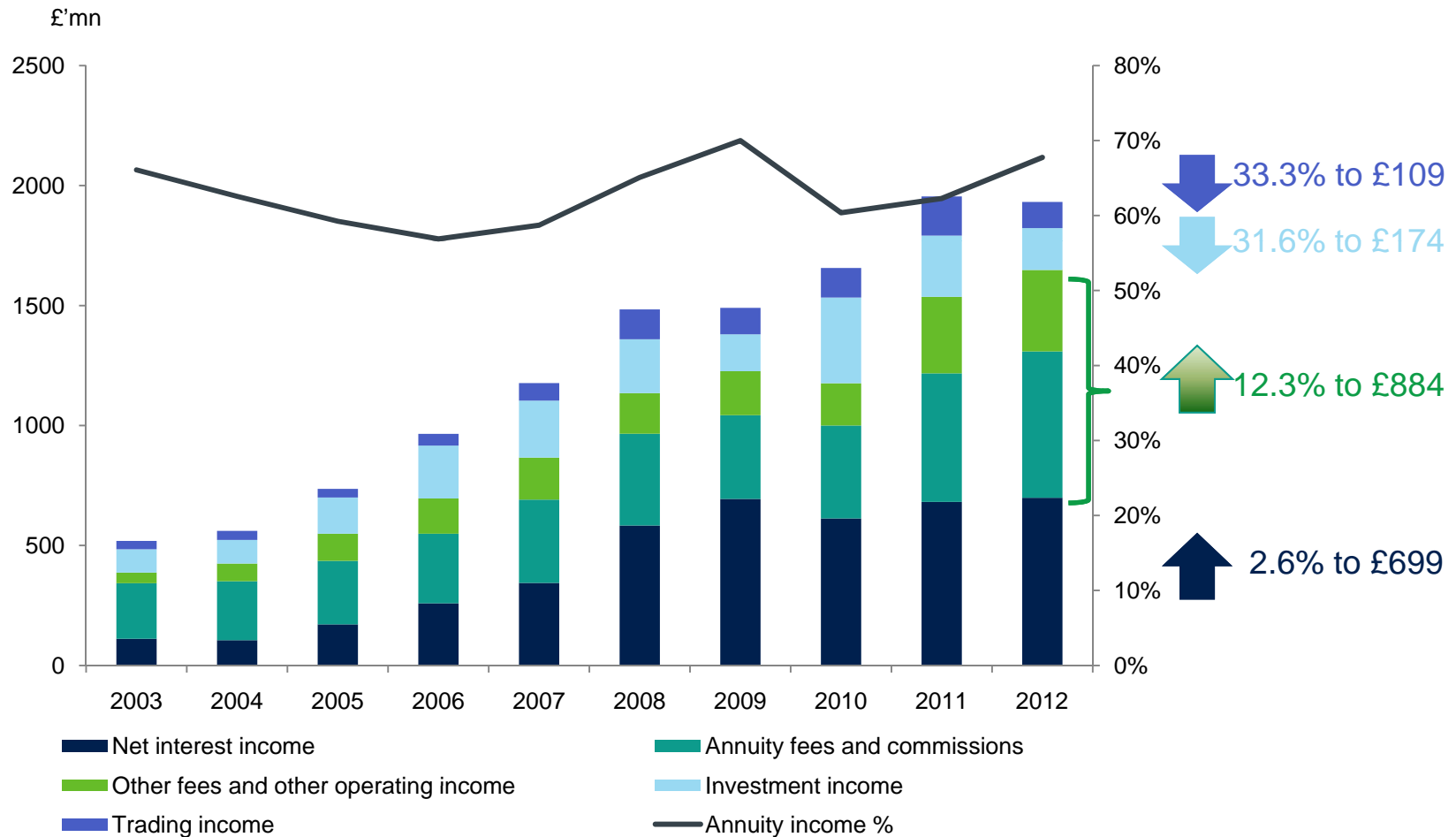


COP17/CMP7
UNITED NATIONS
CLIMATE CHANGE CONFERENCE 2011



Since UK listing: building recurring income

Average recurring income since 2003 of 63%



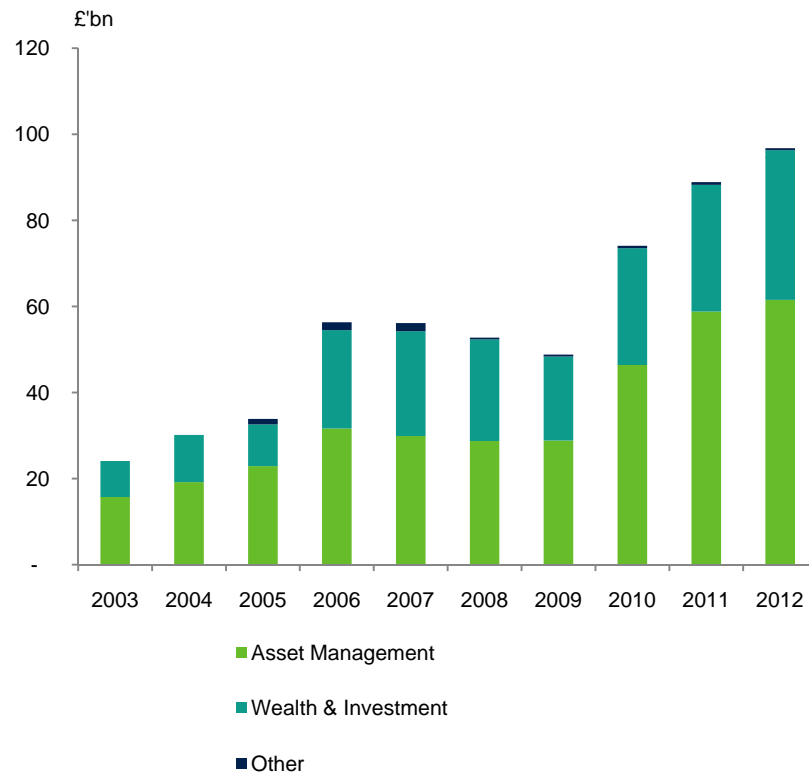
*Where annuity income is net interest income and annuity fees.



Since UK listing: strong growth in core earnings drivers

Third party assets under management

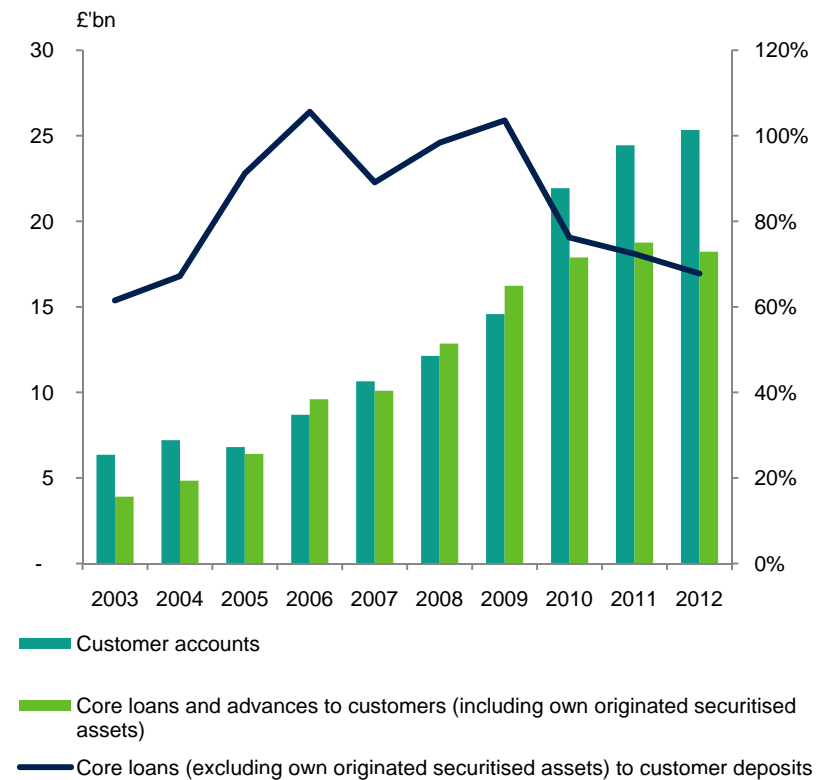
CAGR since 2003 of 17%



Core loans and advances and deposits

CAGR since 2003 - customer deposits 17%

CAGR since 2003 - loans 19%

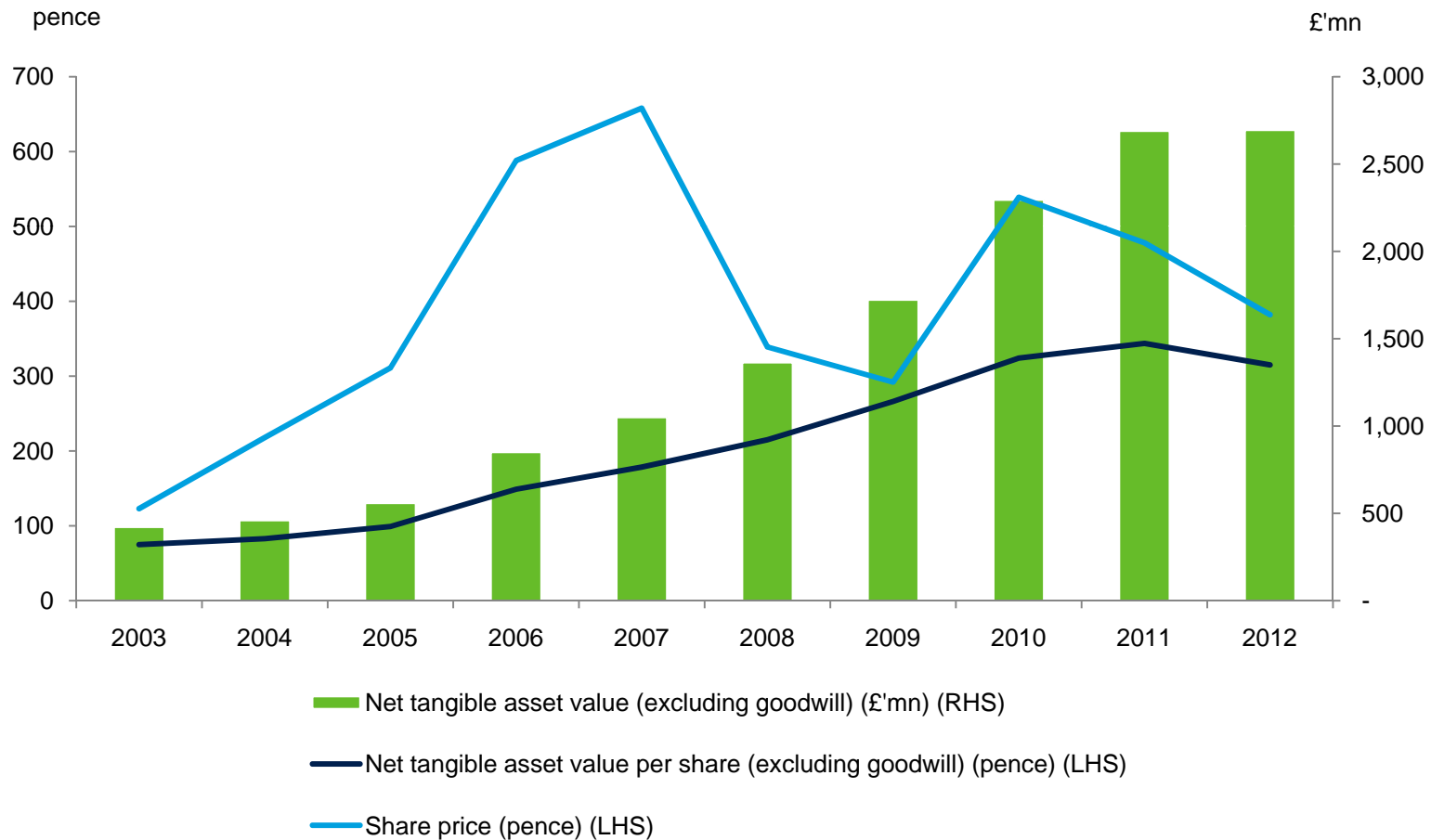




Since UK listing: solid growth (excl. dividends)

CAGR of NTAV: 23%

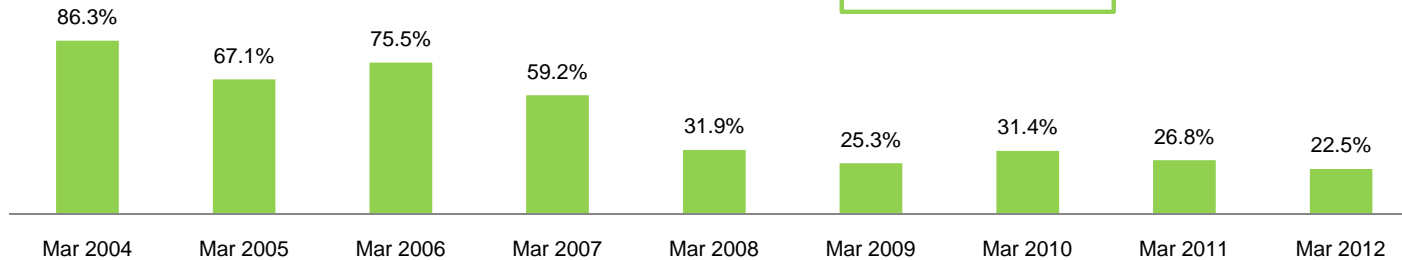
CAGR of NATV per share: 17%



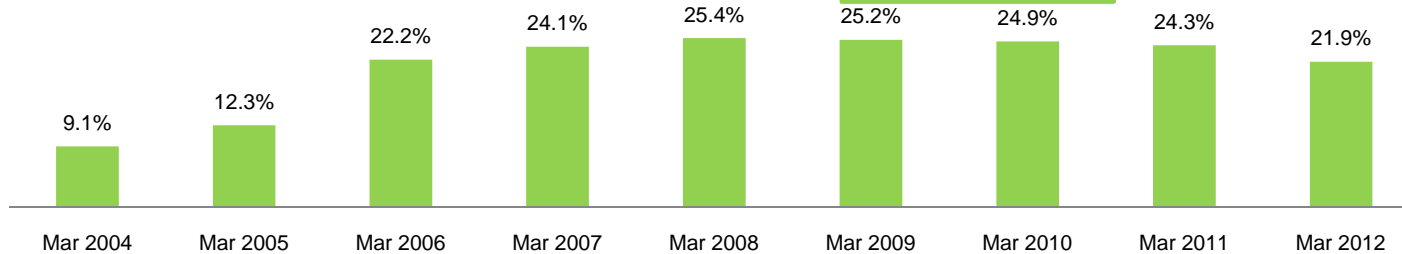


Since UK listing: returns (incl. dividends) Investing at 31 March 2003

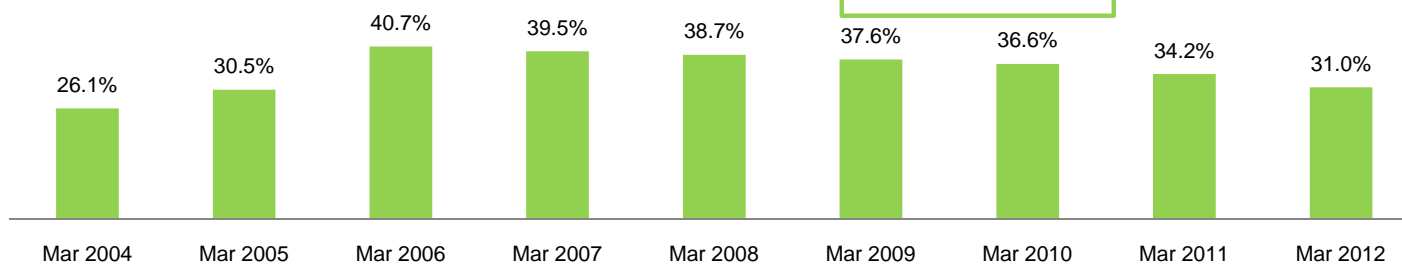
IRR at the respective year end date on **share price** and dividends



IRR at the respective year end date on **NAV** and dividends



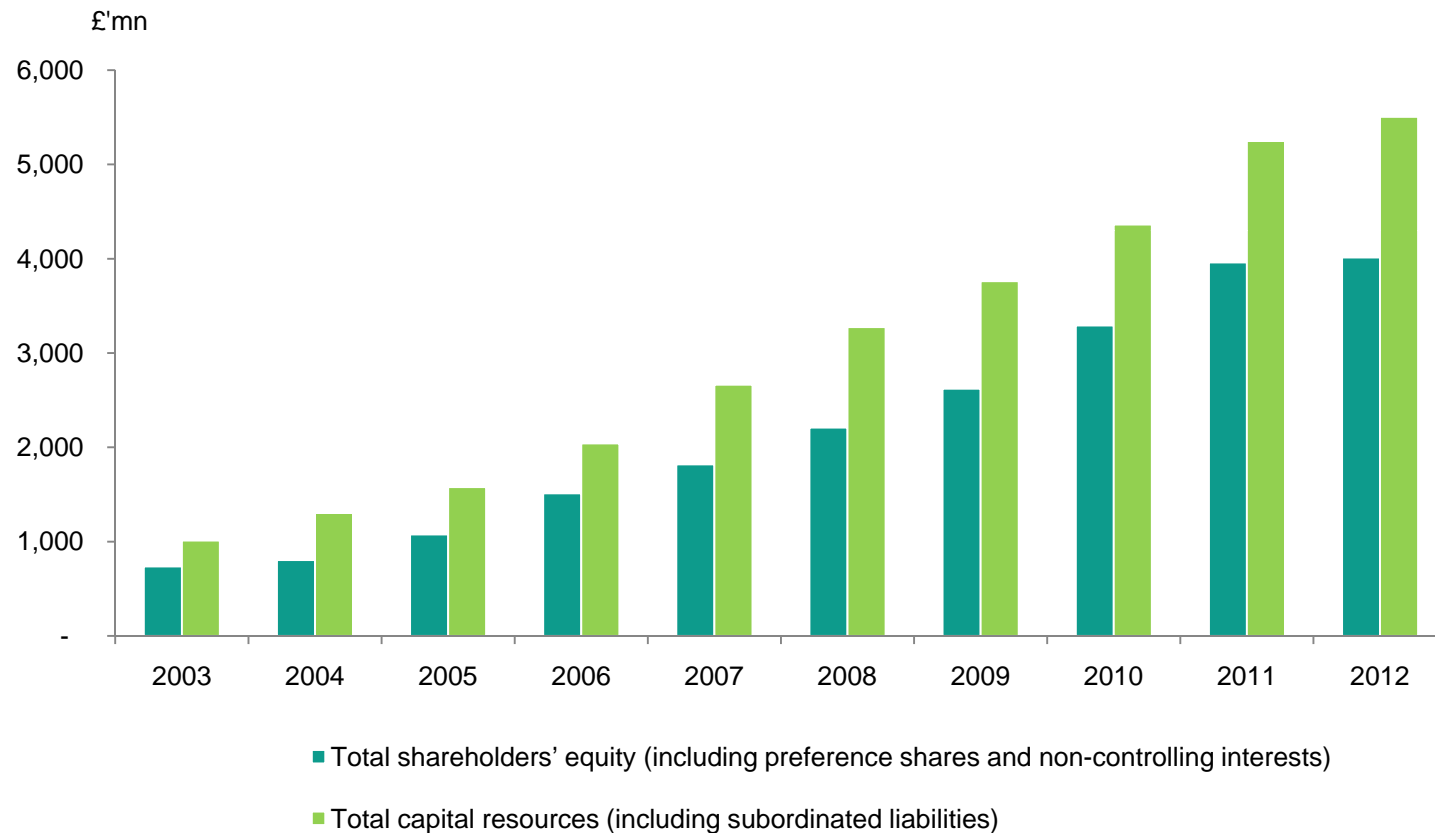
IRR at the respective year end date on **TNAV** and dividends





Since UK listing: Strong capital growth

CAGR since 2003: 21%





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THANK YOU