

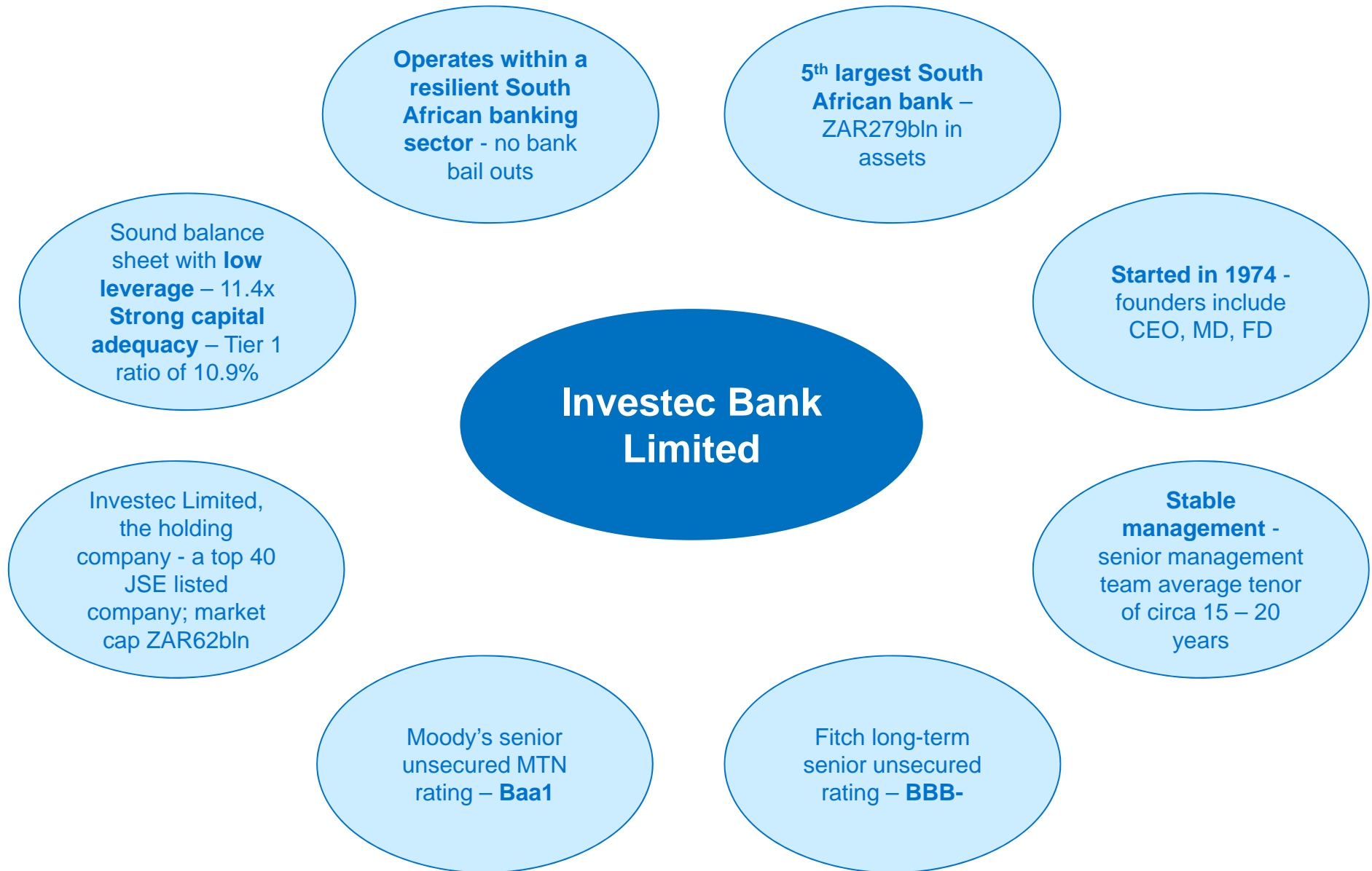
Investec Bank Limited
Investor Presentation

May 2013

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1. Introduction
2. South Africa – Macroeconomic environment and banking sector overview
3. Investec overview
4. Investec financial overview

Key investment highlights



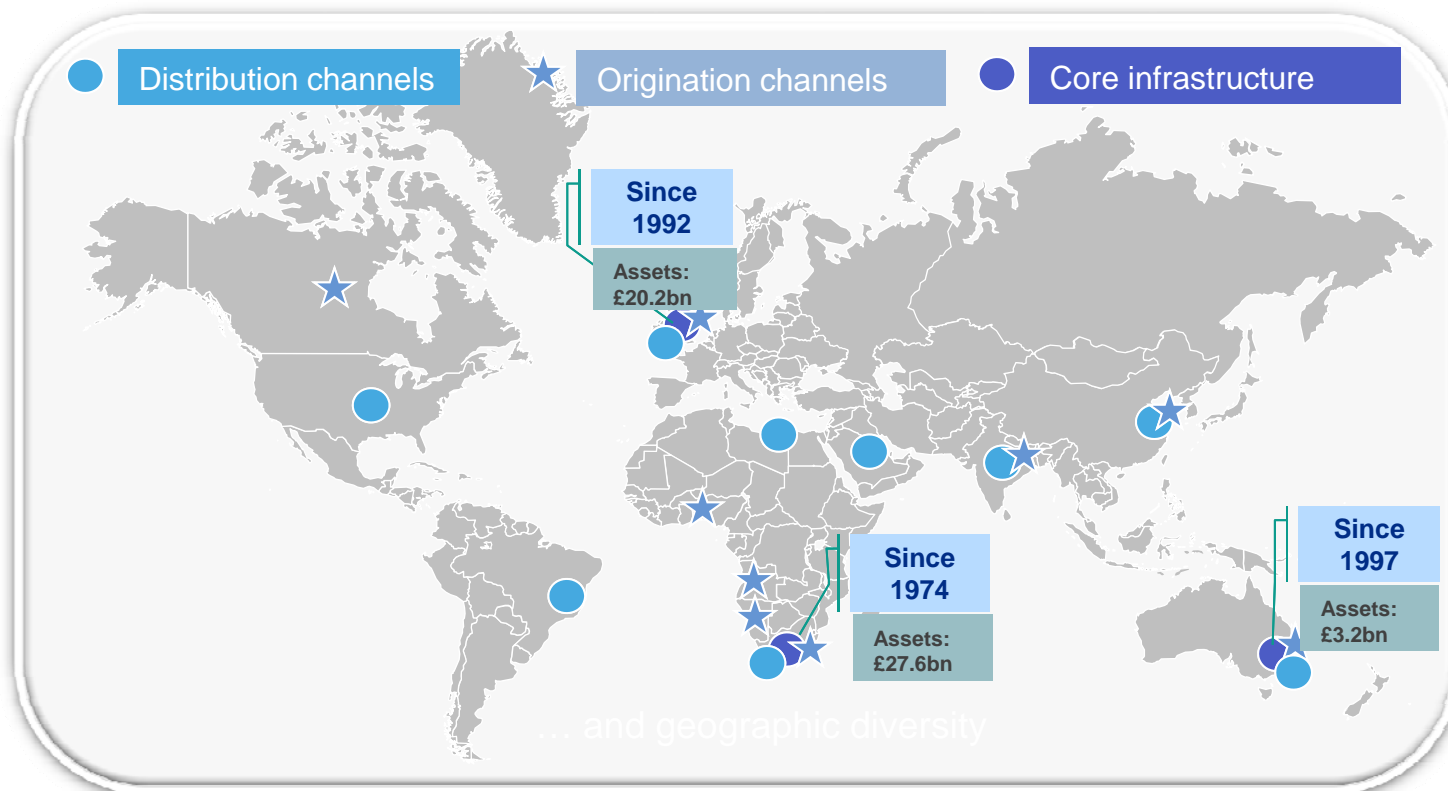
The Investec Group - a distinctive specialist bank and asset manager ...facilitating the creation of wealth and the management of wealth

History

- Established in 1974
- Today, efficient integrated international business platform employing approximately 8 000 people
- Listed on the JSE and LSE (a FTSE 350 company)
- Total assets of GBP 51bn* and total third party FUM of GBP 101bn*
- Material employee ownership

Strategy and what we do

- Client focused approach
- Not “all things to all people”
- Choose markets where we can compete effectively
 - **Specialist Banking:** contributes 56% to operating profit before tax
 - **Asset Management and Wealth Management:** contributes 44% to operating profit before tax



*As at 31 March 2013, our year-end.

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Economic landscape

- Republic of South Africa issuer / long-term rating - Baa1(M) neg / BBB(F) stable / BBB(S&P) neg
- The economy will continue to expand at a moderate pace in 2013
 - Consumer spending has been a key driver of growth but a high level of unemployment, slower growth in real disposable income, and unsecured lending pressures will prevent an acceleration
 - Fixed investment by state owned enterprises (upgrading and expanding of infrastructure) will continue to be supportive of growth, but the private sector's fixed investment could be slower on account of weak demand and domestic (and global) uncertainties
 - External demand expected to improve in 2013H2
- Monetary policy will remain accommodative for a protracted period in order to underpin domestic demand, specifically in view of external constraints on growth
 - Cost-push pressures and ZAR depreciation could temporarily cause a breach of the upper end of the inflation target band of 3% to 6% in 2013Q3
 - Flexible mandate of the South African Reserve Bank allows it to maintain a growth bias reflected in a negative real policy rate
- Fiscal consolidation has been implemented gradually in order to sustain government's debt level at below 41% of GDP by FY2015 / 2016, while simultaneously not undermining growth
- The ZAR has become more sensitive to local factors in view of the large deficit on the current account of the balance of payments
- The banking system remains healthy and unsecured lending does not pose a systemic risk
- Challenges
 - Labour relations and pending wage negotiations in the mining sector
 - Electricity supply
 - Satisfactory solution to land reform still to be negotiated
 - Risk of social instability in view of lack of delivery of promised services

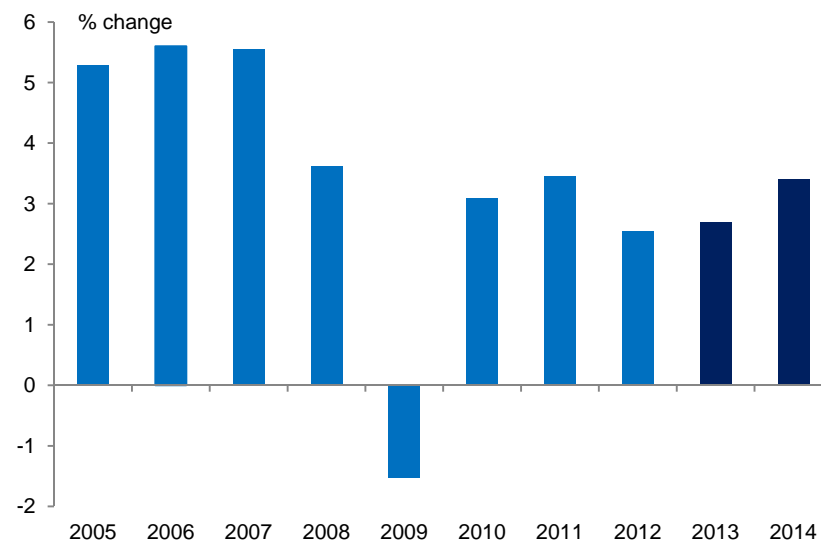
South Africa macroeconomic dynamics

Macro Economic Forecasts

	2011	2012	2013F	2014F
Growth (real, annual % change)				
GDP	3.5	2.5	2.6	3.4
Household consumption expenditure	4.8	3.5	3.0	3.6
Gross fixed capital formation	4.5	5.7	5.2	6.0
Balance of payments				
Current account (% of GDP)	-3.4	-6.3	-6.0	-5.8
Consumer price inflation				
Consumer price inflation	5.0	5.6	5.9	5.8
Fiscal policy				
Budget deficit (% of GDP)	-4.6	-5.1	-4.8	-4.4

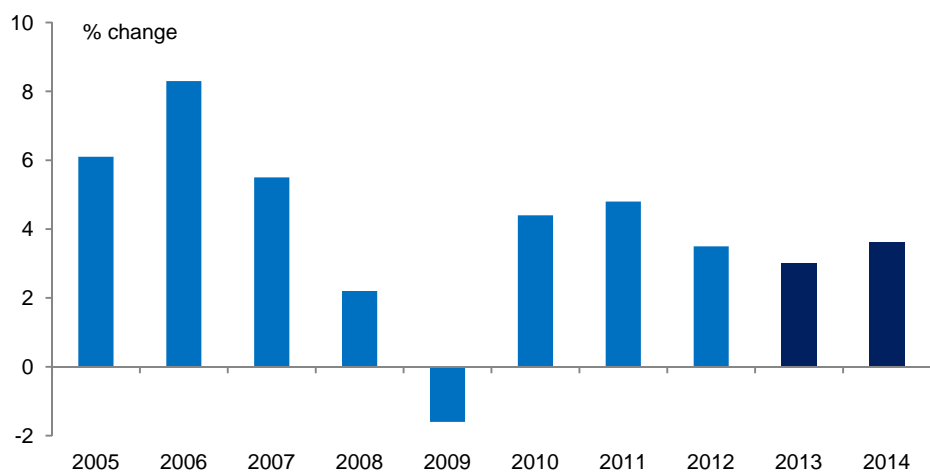
Source: SARB, National Treasury, StatsSA, Investec Bank Limited Corporate and Institutional Banking ("ICIB")

GDP growth (%)



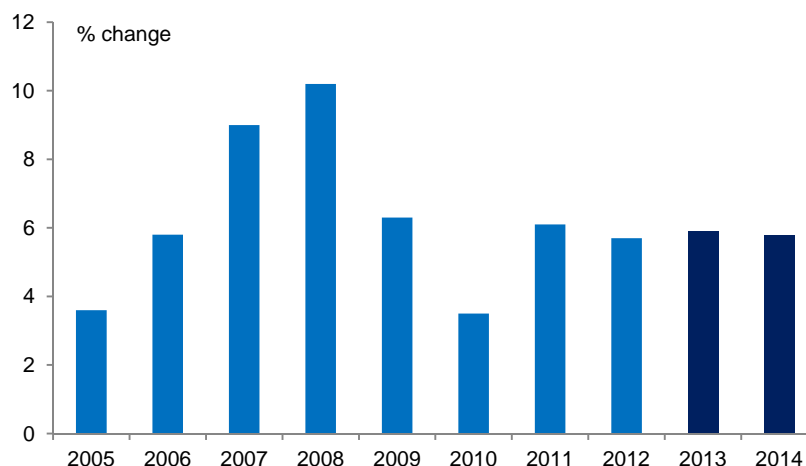
Source: SARB, ICIB

Consumer spending



Source: SARB, ICIB

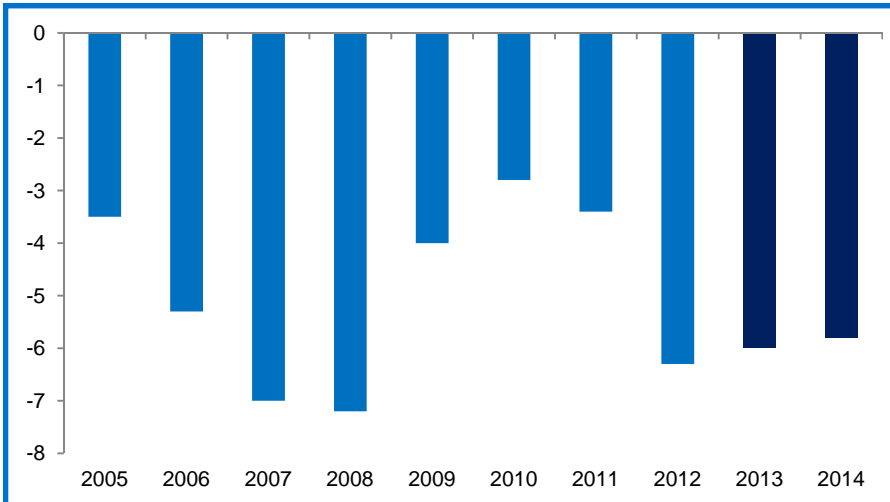
CPI inflation (%)



Source: StatsSA, ICIB

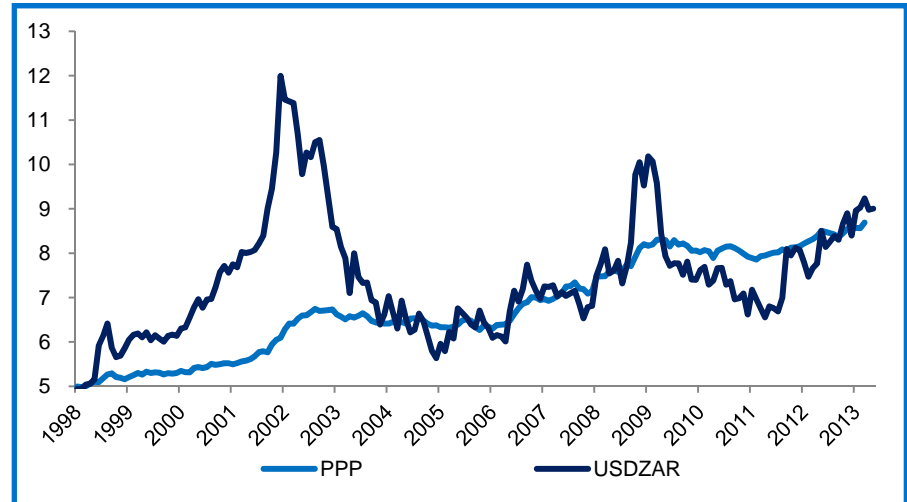
South Africa macroeconomic dynamics

Current account balance (% of GDP)



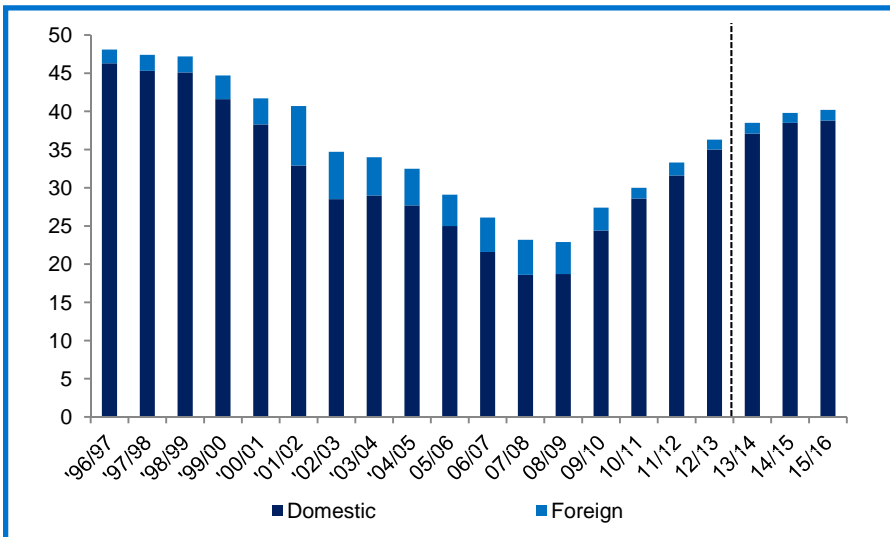
Source: SARB, ICIB

ZAR vs PPP



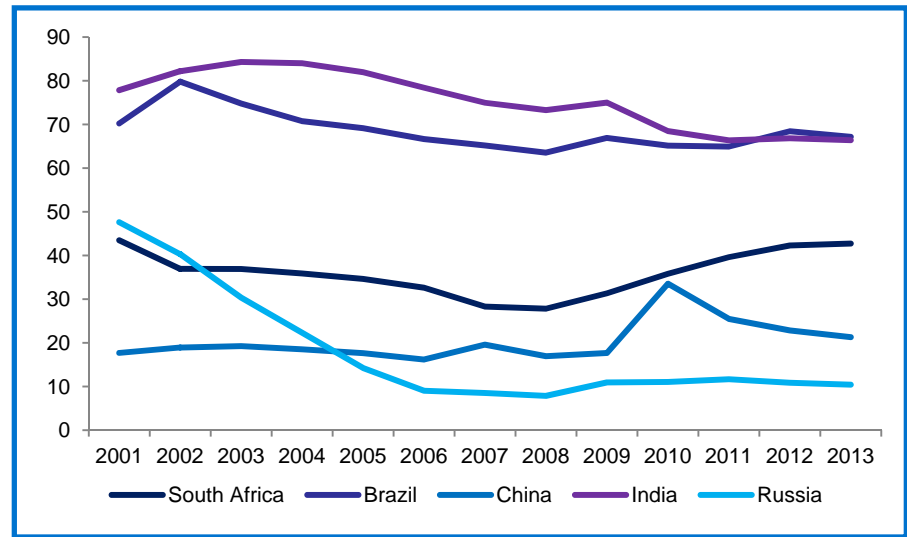
Source: Bloomberg, ICIB

Net government debt (foreign and domestic) as % of GDP



Source: National Treasury

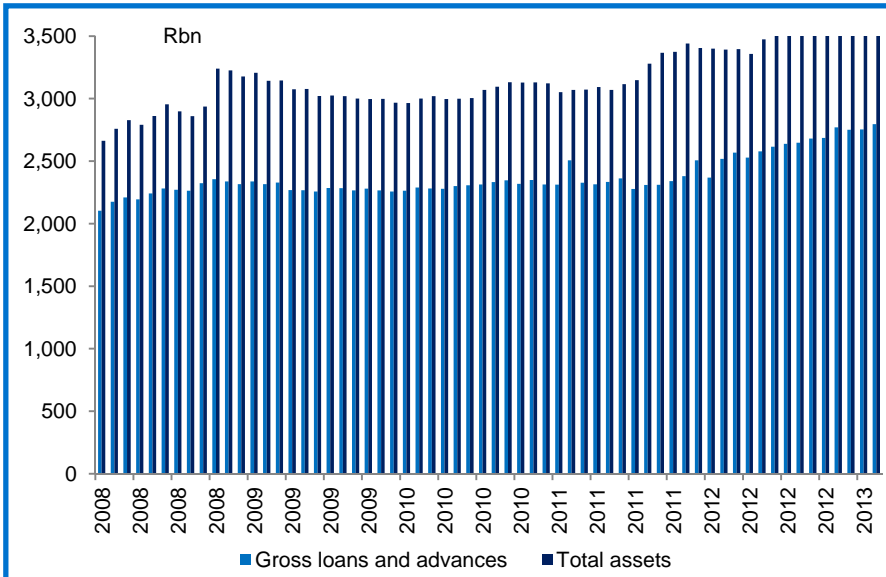
Government debt as % of GDP - BRICS countries



Source: SARB, National Treasury

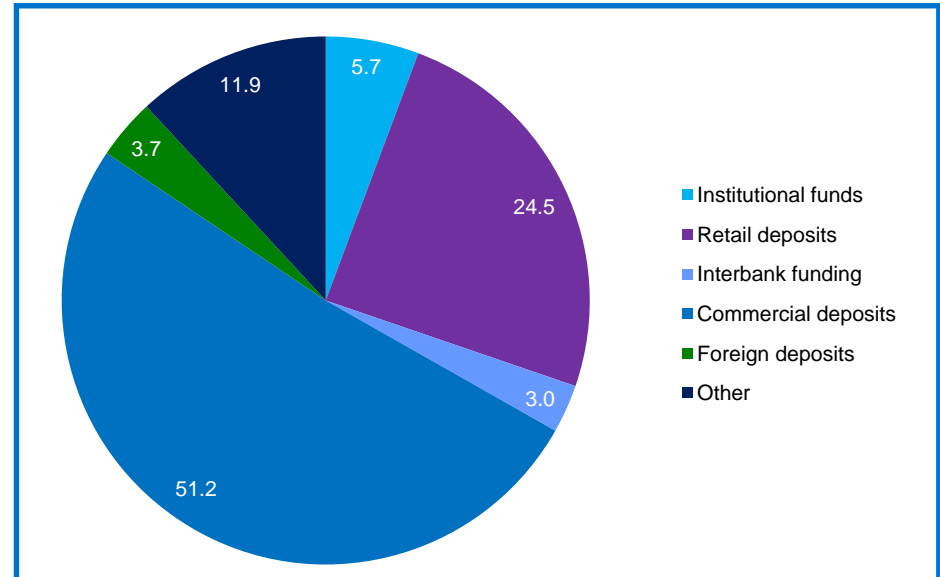
South African Banking sector

Total assets and gross loans and advances



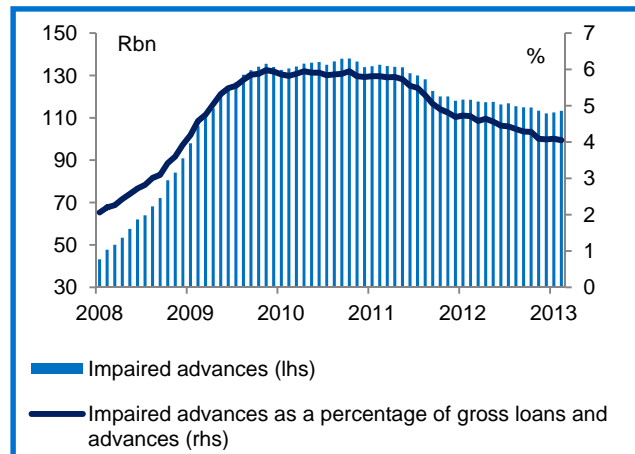
Source: SARB

Bank funding composition (% of total)



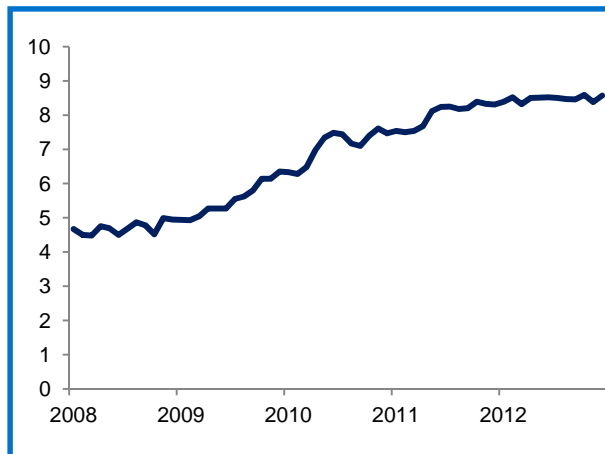
Source: SARB

Impaired advances to gross loans and Advances



Source: SARB

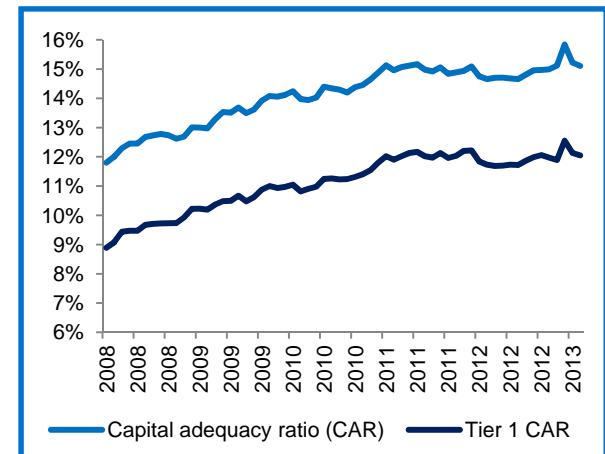
Liquid assets* held to total assets (%)



Source: SARB

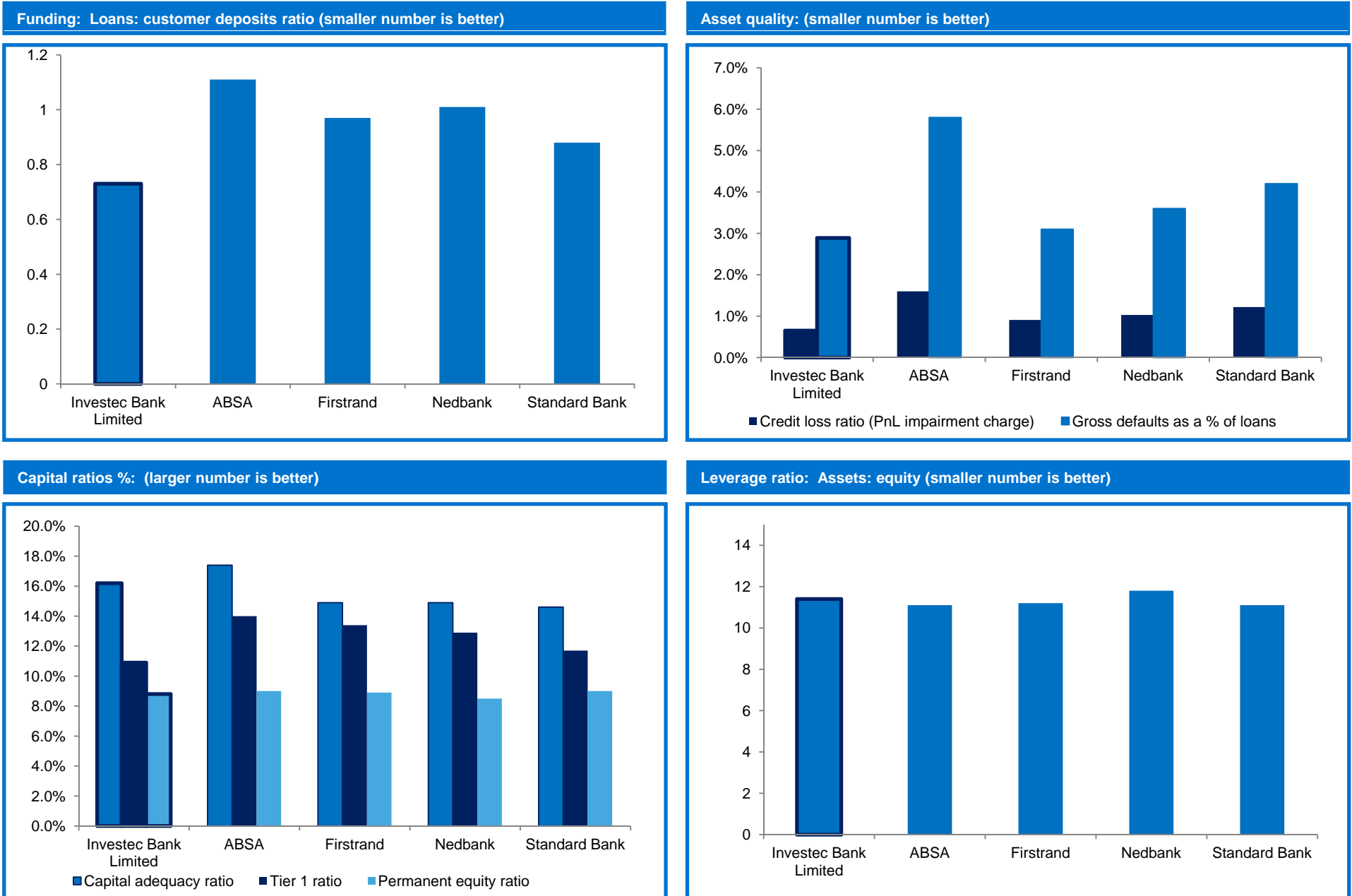
* "Liquid assets" consist of SA Government and SARB issued debt securities

Capital adequacy



Source: SARB

Investec Bank Limited – South African peer group comparisons

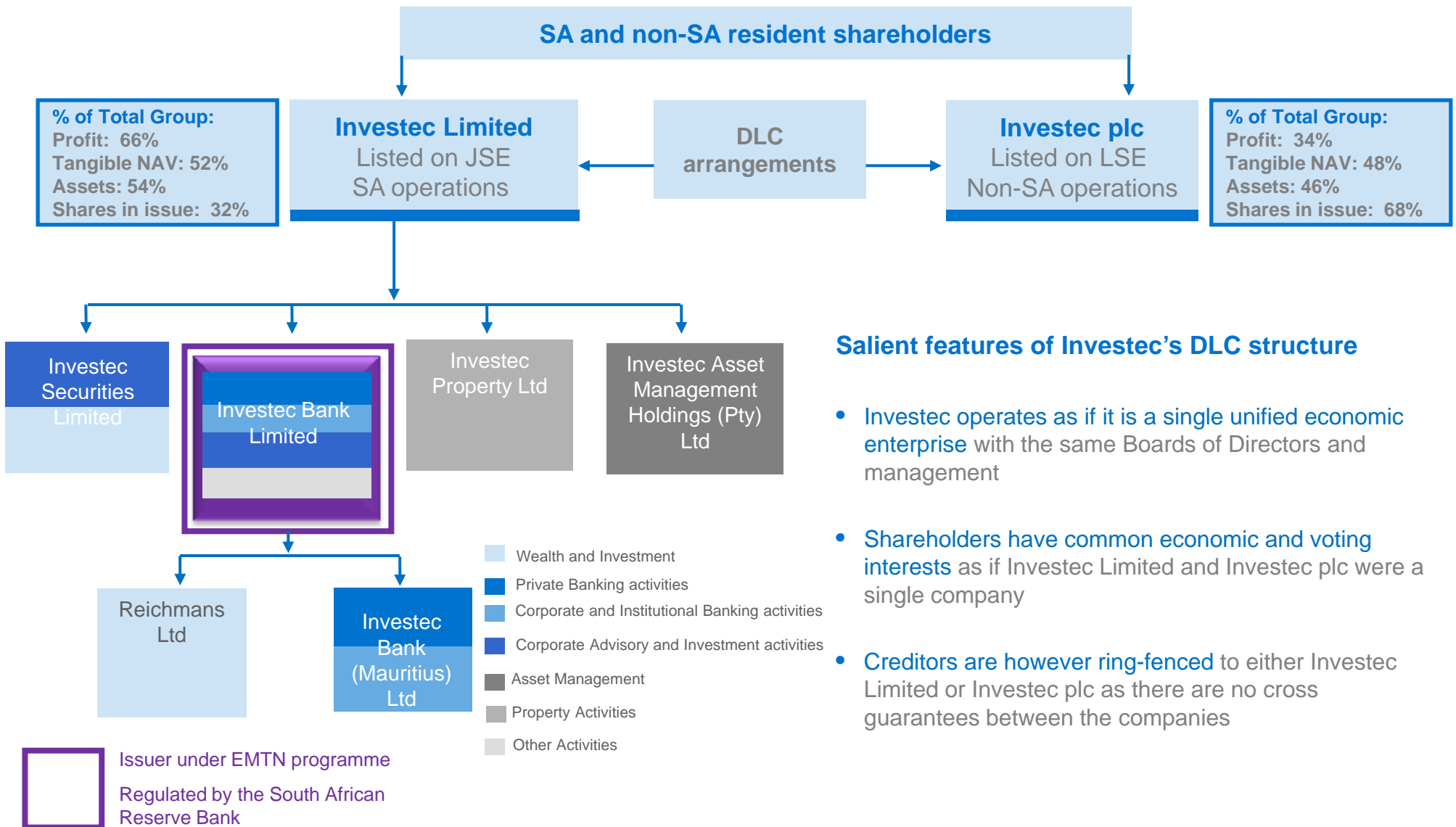


Source: Latest company interim / year-end results as reported by 31 March 2013

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Investec Group - organizational structure as at 31 March 2013



Note: All shareholdings are 100% unless otherwise stated

Investec Bank Limited overview

Investec Bank Limited key facts

- Started in 1974
- Banking licence obtained in 1980
- Southern African banking operations
- Senior management with a 'hands-on' culture
- Circa 2,700 employees
- Wholly owned subsidiary of Investec Limited (listed on the JSE)
- Asset Management, Wealth and Investment, Institutional Stock-broking and the Property division are housed in fellow subsidiaries under Investec Limited
- Total assets – ZAR 279bln
- Total shareholders equity – ZAR 24bln
- 5th largest banking group in South Africa (by assets)
- Regulated by the South African Reserve Bank (SARB)

FitchRatings

- Fitch long-term senior unsecured rating – BBB-

Shareholding structure for Investec Limited – 31 Mar 2013

Shareholder analysis by manager group*	Number of shares	% holding
1 Public Investment Corporation (ZA)	35,395,139	12.7%
2 Investec Staff Share Schemes (ZA and UK)	19,715,016	7.1%
3 Old Mutual (ZA)	16,914,448	6.0%
4 Sanlam Group (ZA)	16,366,989	5.9%
5 Allan Gray (ZA)	16,362,919	5.9%
6 BlackRock Inc (US and UK)	12,785,777	4.6%
7 Entrepreneurial Development Trust (ZA)*	11,630,621	4.2%
8 Dimensional Fund Advisors (UK)	9,047,465	3.2%
9 Coronation Fund Managers (ZA)	7,514,791	2.7%
10 Vanguard Group (US)	7,381,064	2.6%
	153,114,229	54.9%

The 10 largest shareholders account for 54.9% of the total Investec Limited shares

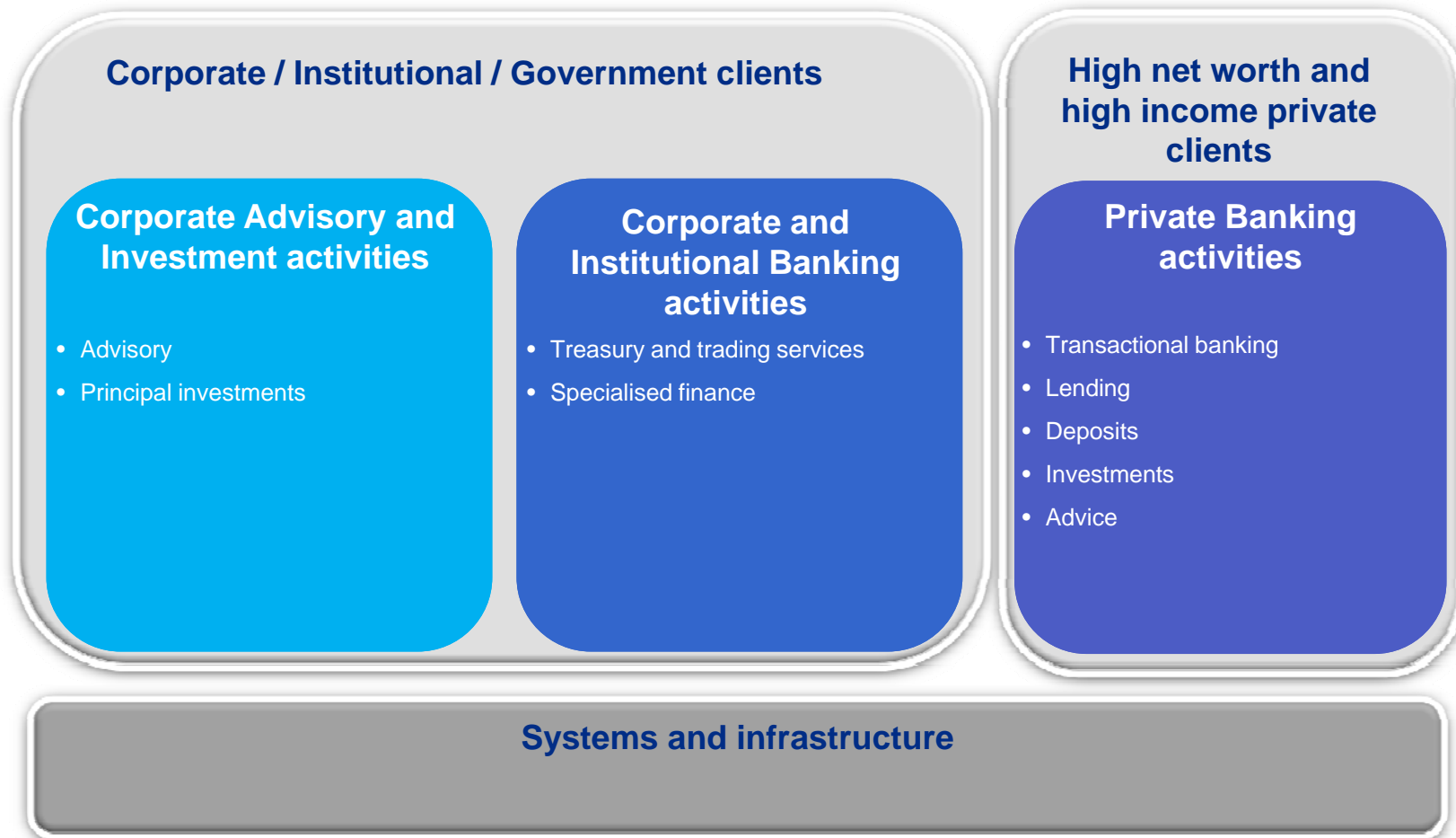
**Analysis focuses on the fund manager who manages the investment in Investec. We have however, adjusted the information to reflect the PIC as its total beneficial shareholding (the PIC however, do not manage this entire investment).

Moody's Investor Service

- Moody's senior unsecured MTN rating – Baa1

Investec Bank Limited overview – a specialist bank

- The bank operates as a specialist bank within Southern Africa, focusing on three key areas of activity:



Investec Bank Limited – strategic objectives

Robust liquidity management philosophy

- Maintain a high level of readily available, high quality liquid assets – 25 to 35% of our liability base
- Maintain a diversified source of funding, specifically increasing funding from private client and other retail deposits
- Low reliance on interbank funding

Maintain healthy capital ratios

- Always held capital in excess of regulatory requirements
- Current ratios in excess of our targets:
 - Tier 1 target: >10.5%
 - Total capital adequacy target: 14% – 17%
- Capital strength maintained without recourse to shareholders, new investors or government assistance

Perpetuate the quality of the balance sheet

Focus on revenue drivers

- Generate high quality income through diversified revenue streams
- Increase loan growth – business well-positioned with a recovery in the South African market and levels of fixed direct investment improving
- Increase transactional activity, specifically in the high-income market in Private Banking
- Continue to focus on our clients and the brand

Maintain operational efficiency

- Cost to income ratio 54.8%* (below our internal target of < 55% for Investec Limited)
- Total headcount continues to be tightly managed across the group
- A non-cash deferred component has been introduced to variable remuneration payments

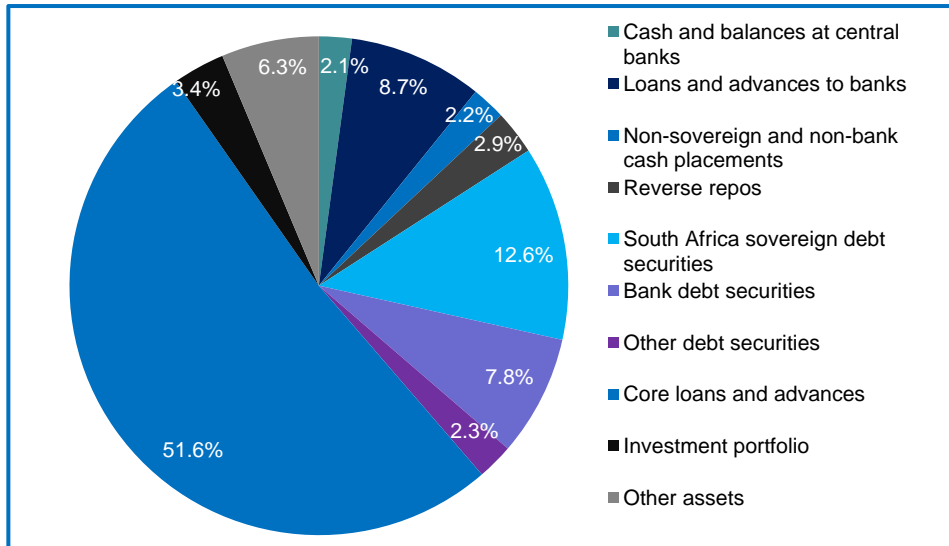
* As at 31 March 2013

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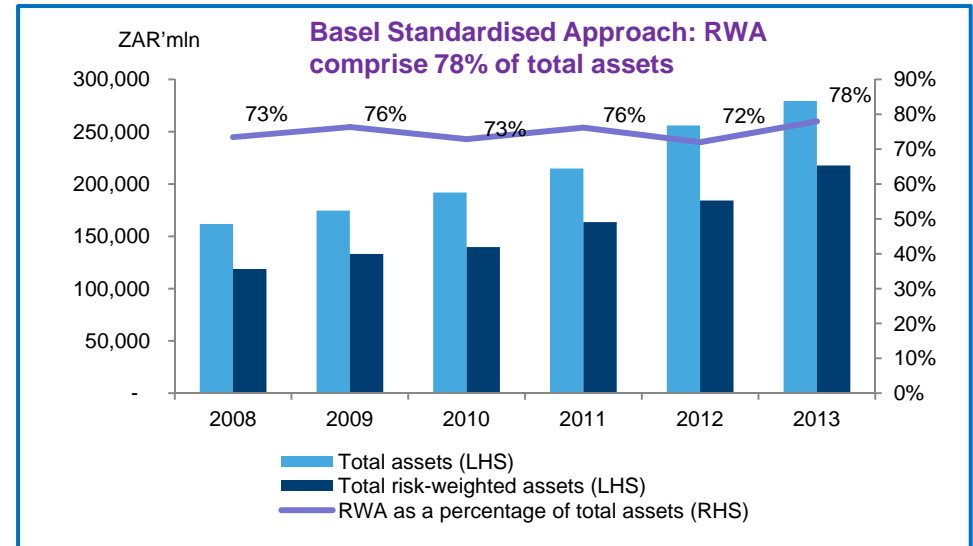
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Investec Bank Limited – well diversified balance sheet

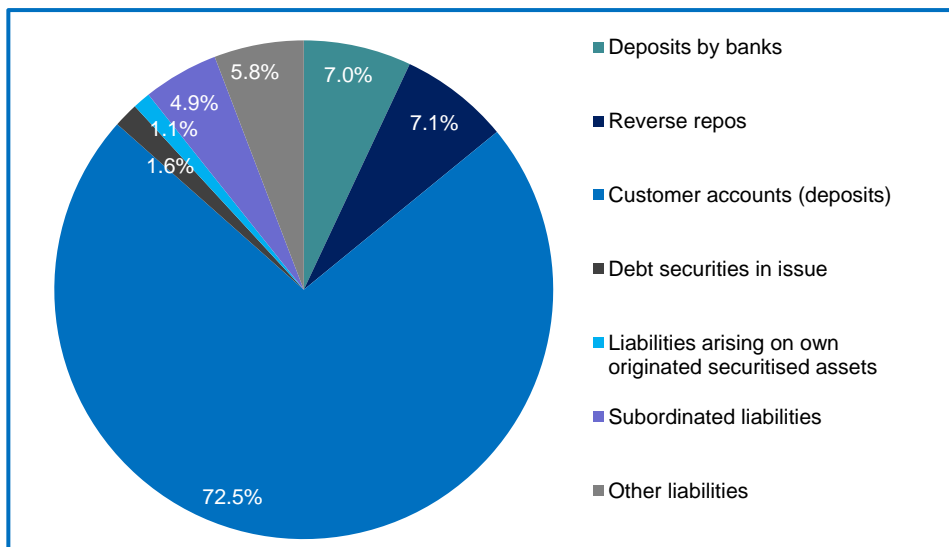
Composition of assets: total of ZAR267,701mIn*



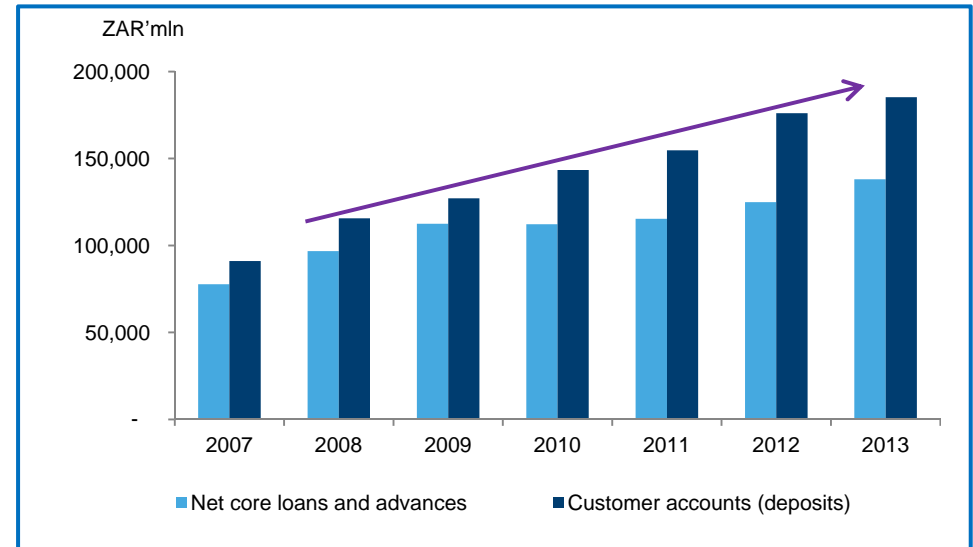
Total assets and risk-weighted assets (RWA)



Composition of liabilities: total of ZAR255,765mIn



Customer deposits: total at 31 Mar 2013 of ZAR185,311mIn

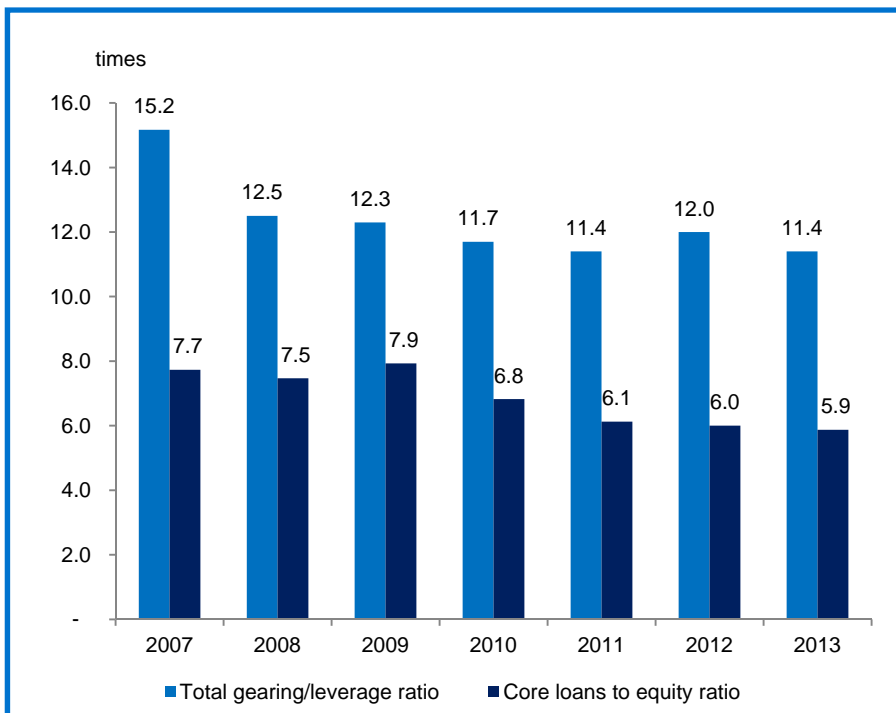


* Excluding intergroup loans

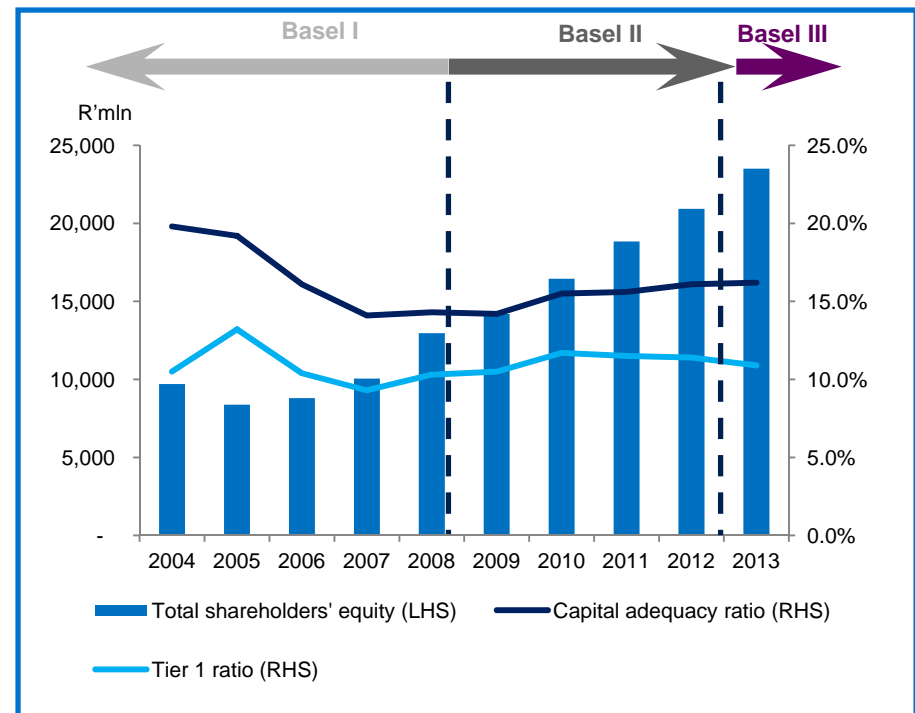
Investec Bank Limited – strong capital position with low leverage

- Investec has been successful in maintaining a strong capital base
 - FY2013: total capital adequacy ratio of 16.2% and tier 1 ratio of 10.9%
 - Basel III: now reporting in terms of Basel III – has had minimal impact on our capital ratios
- Average total leverage ratio of c.12.4x over past 7 years

Leverage



Shareholders' equity and capital adequacy



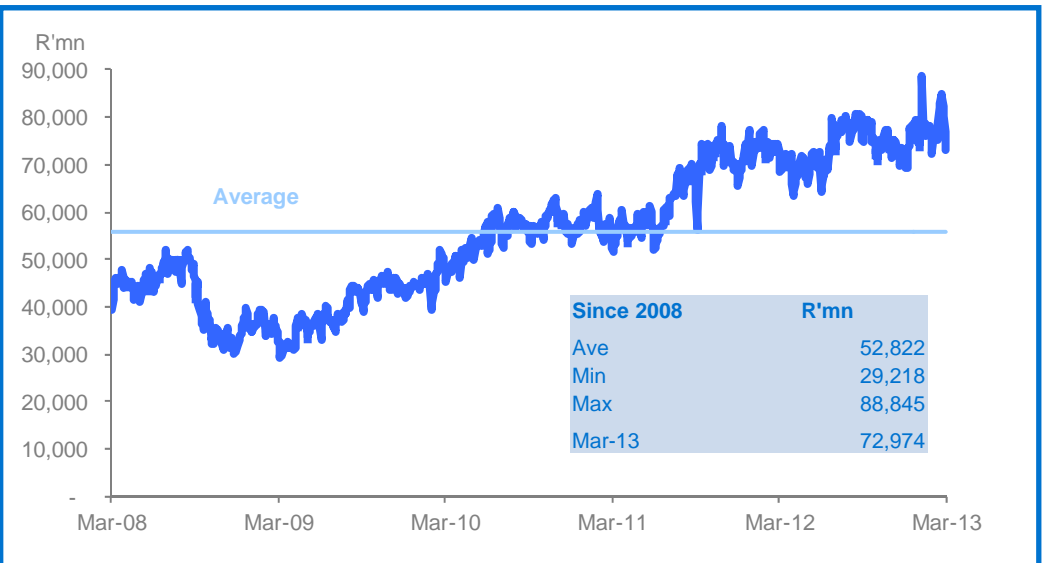
Investec Bank Limited – robust liquidity and funding philosophy

- Continue to increase deposits and cash and near cash balances
- IBL is a net provider of funds to the interbank market in South Africa
- We have implemented a number of initiatives to increase funding from private client and other retail deposits
- On average our fixed and notice customer deposits have amounted to approximately 70% of total deposits since April 2006

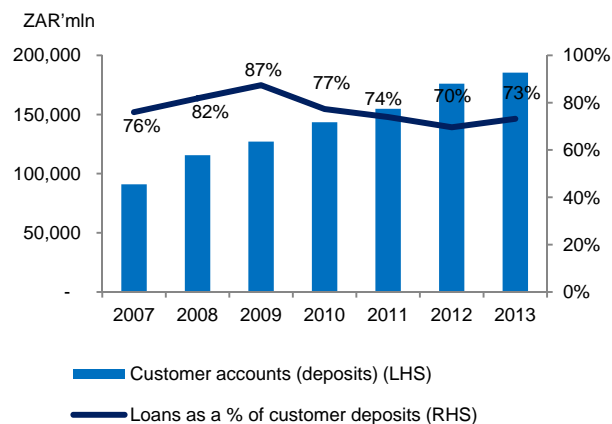
Basel III:

- The liquidity proposals in their original form have highlighted the shortcomings in the collective financial markets in South Africa
- The SARB has addressed South African bank difficulties meeting the LCR through a committed liquidity facility (“CLF”)
- A number of industry task teams have been established to assess and address practical implementation of the CLF, and other structural liquidity issues

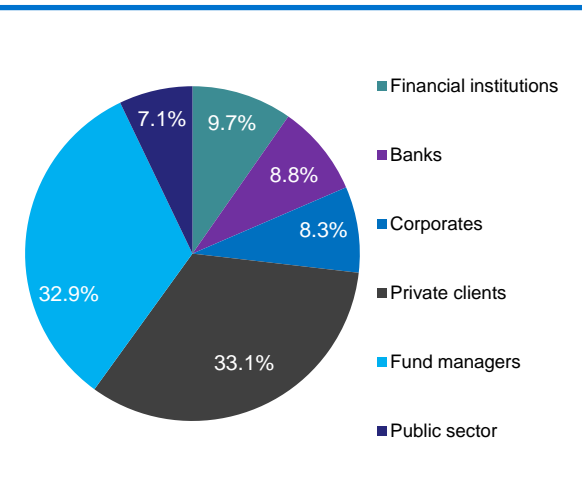
Cash and near cash balances: comprise 28% of total assets



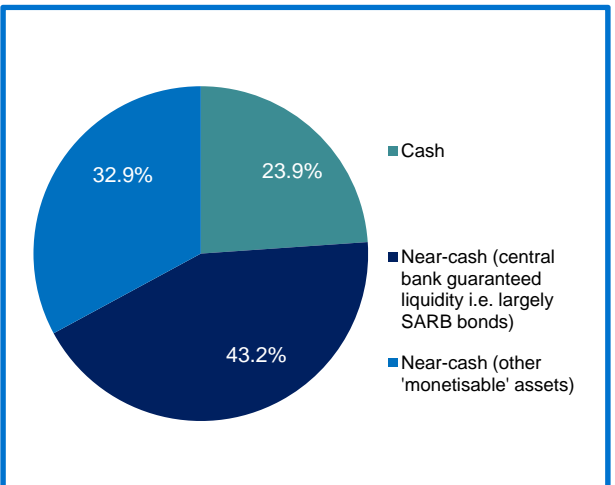
Loans as a % of customer deposits



Bank and non bank depositor concentration by type (total deposits of R203.2bln)



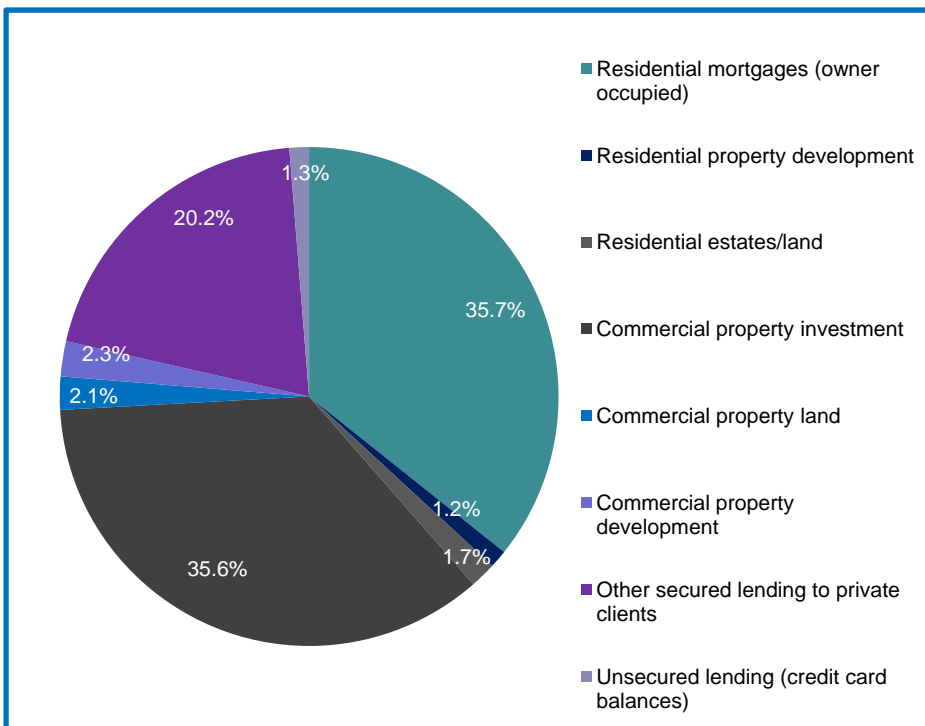
Analysis of cash and near cash of R73bln



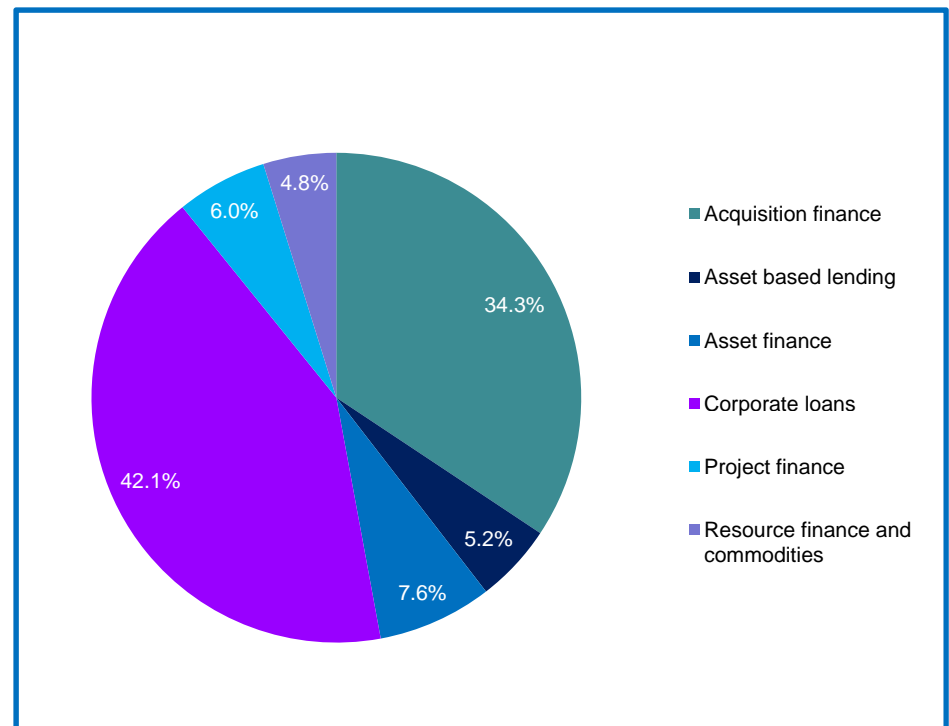
Investec Bank Limited – credit and counterparty exposures to a select target market

- Target market includes:
 - high net worth and high income clients
 - mid to large sized corporates, public sector bodies and institutions
- We typically originate loans with the **intent of holding these assets to maturity**, and thereby developing a ‘hands-on’ and long-standing relationship with our clients
- Total core loans comprise **49.5% of total assets**
- The majority of the bank’s credit and counterparty exposures reside within its principal operating geographies, namely South Africa and Mauritius
- The bank has no exposure to peripheral European sovereign debt

Private client loan portfolio as at 31 Mar 2013: ZAR94.3bln
(legend reads clockwise)



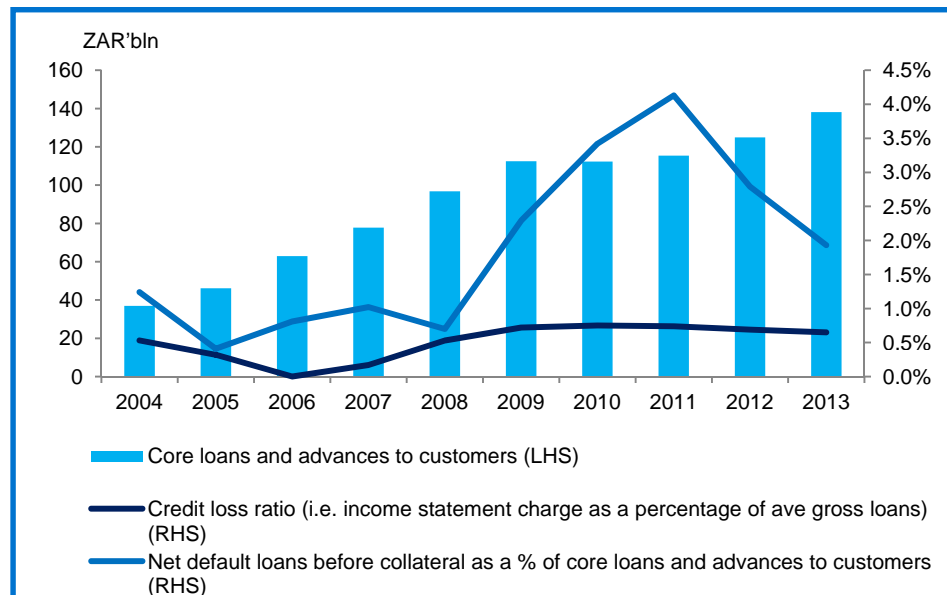
Corporate and other loan portfolio as at 31 Mar 2013: ZAR43.8bln
(legend reads clockwise)



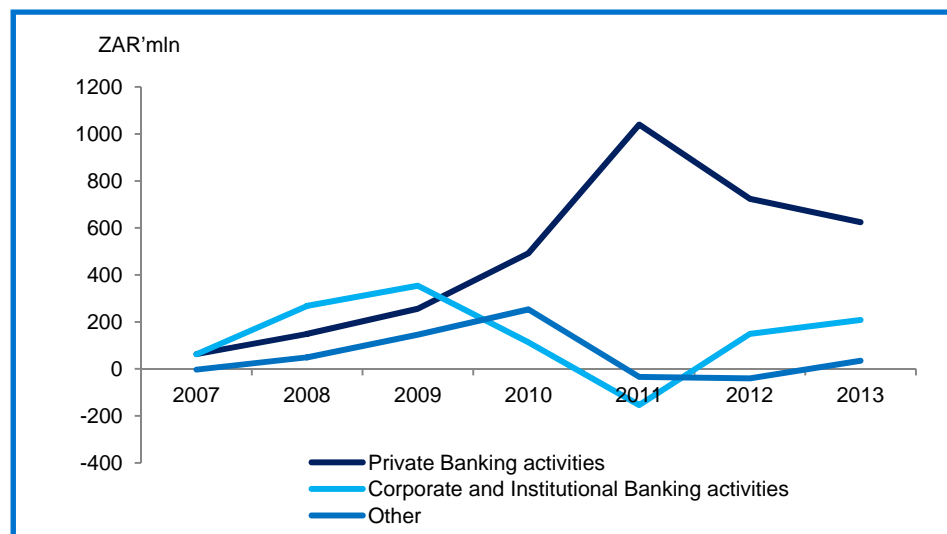
Investec Bank Limited – asset quality of loans

- Impairments on loans and advances increased from ZAR833m to ZAR868m for the year ended 31 Mar 2013
- **Default loans decreased significantly**, with an improvement reported in the Private Client business offset by some corporate loans defaulting in the period
- **The credit loss charge as a percentage of average gross loans and advances has improved from 0.69% at 31 Mar 2012 to 0.65% at 31 Mar 2013**
- **The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounts to 1.93% (31 Mar 2012: 2.79%)**
- The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.44 times (31 Mar 2012: 1.68 times)

Defaults and core loans



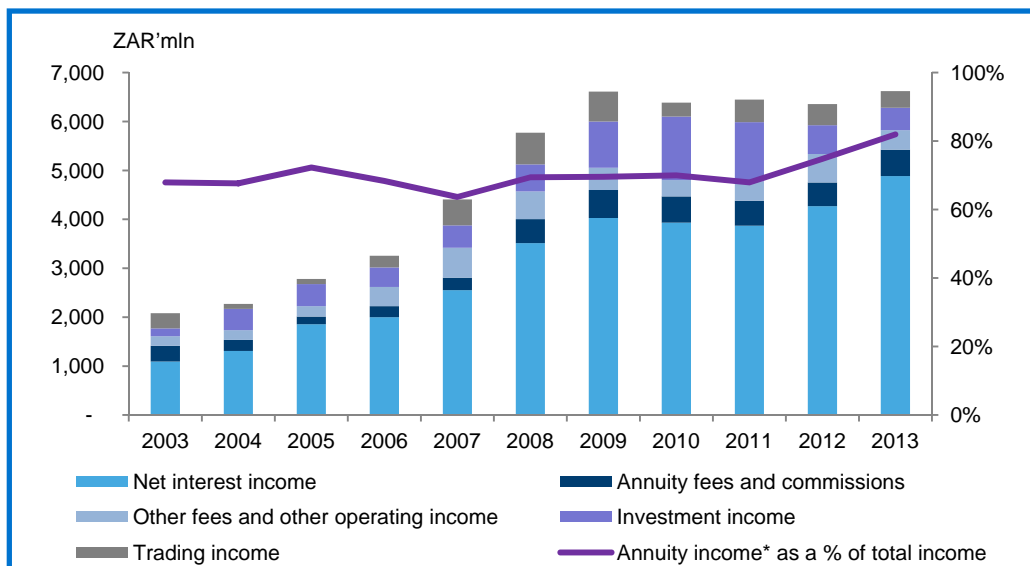
Income statement impairment charge by line of business



Where a negative number represents a recovery of a provision previously raised

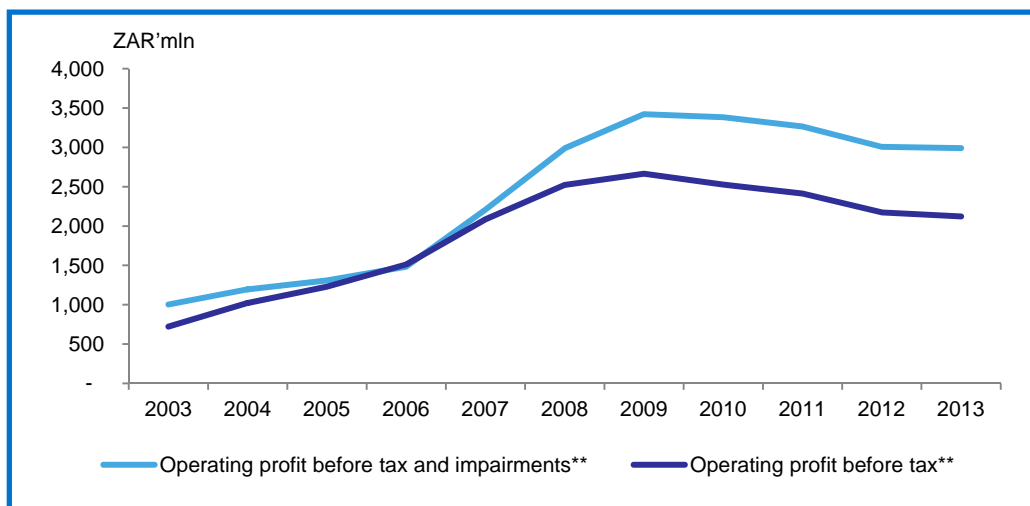
Investec Bank Limited - sustainable earnings supported by a high level of recurring income

Composition of total operating income (pre costs)

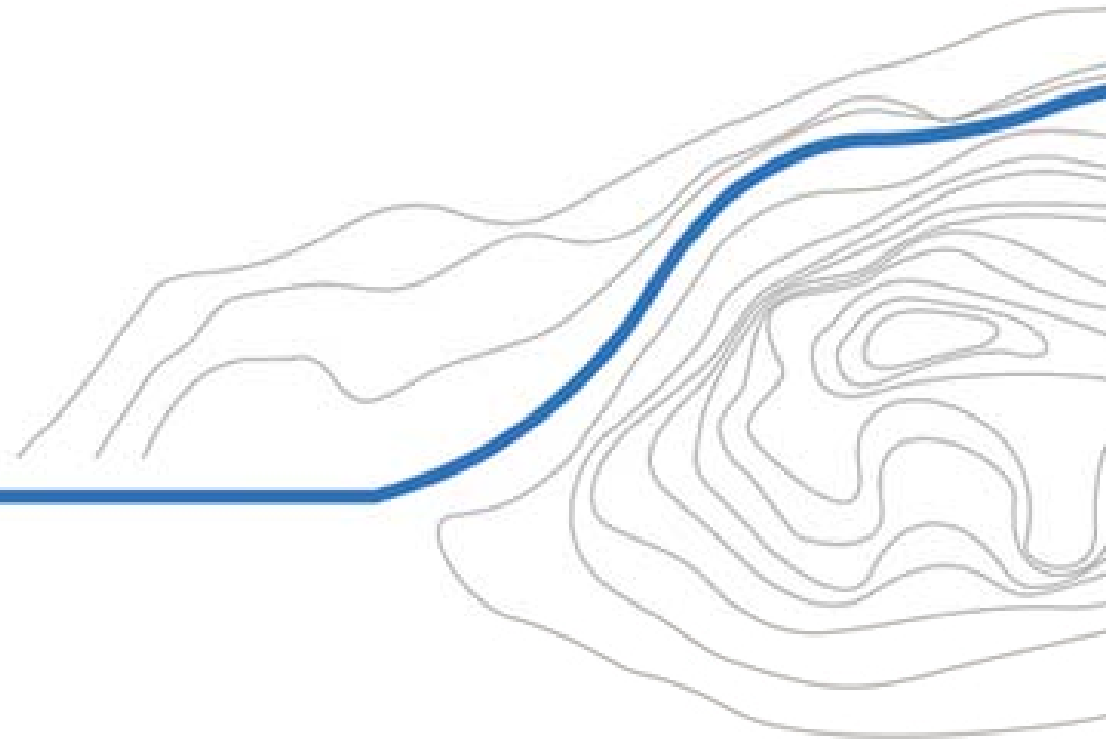


- For the year ended 31 Mar 2013:
- Total operating income before impairment losses on loans and advances increased by 4.1% to ZAR6,620m(2012: ZAR6,357m)
- The ratio of total operating costs to total operating income amounts to 54.8% (2012: 52.7%). Total operating expenses at ZAR3,629m were 8.3% higher than the prior period
- As a result of the foregoing factors profit before taxation decreased by 2.3% to ZAR2,123m (2012: ZAR2,173m)

Operating profit** before tax track record



*Where annuity income is net interest income and annuity fees. **Before goodwill, acquired intangibles, non-operating items and after non-controlling interests



Appendices

IBL: salient financial features

	31 March 2013	31 March 2012	% change
Total operating income before impairment losses on loans and advances (ZAR'mln)	6,620	6,357	4.1%
Operating costs (ZAR'mln)	3,629	3,351	8.3%
Operating profit before taxation (ZAR'mln)	2,123	2,173	(2.3%)
Headline earnings attributable to ordinary shareholders (ZAR'mln)	1,741	1,812	(3.9%)
Cost to income ratio	54.8%	52.7%	
Total capital resources (including subordinated liabilities) (ZAR'mln)	36,005	29,642	21.5%
Total equity (ZAR'mln)	23,509	20,933	12.3%
Total assets (ZAR'mln)	279,274	255,952	9.1%
Net core loans and advances (ZAR'mln)	138,105	124,917	10.6%
Customer accounts (deposits) (ZAR'mln)	185,311	176,094	5.2%
Cash and near cash balances (ZAR'mln)	72,974	69,077	5.6%
Capital adequacy ratio	16.2%	16.1%	
Tier 1 ratio	10.9%	11.4%	
Defaults (net of impairments) as a % of net core loans and advances to customers	1.93%	2.79%	
Net defaults as a % of net core loans and advances	-	-	
Credit loss ratio (i.e. income statement impairment charge as a % of average core loans and advances)	0.65%	0.69%	
Total gearing/leverage ratio (i.e. total assets excluding intergroup loans to equity)	11.4x	12.0x	
Loans to customers as a % of customer deposits	73.2%	69.6%	

IBL: income statement

ZAR'mln	Year to 31 March 2013	Year to 31 March 2012
Interest income	15,809	15,850
Interest expense	(10,926)	(11,581)
Net interest income	4,883	4,269
Fee and commission income	1,051	1,146
Fee and commission expense	(109)	(91)
Investment income	459	589
Trading income arising from		
- customer flow	119	259
- balance sheet management and other trading activities	220	175
Other operating (loss)/income	(3)	10
Total operating income before impairment losses on loans and advances	6,620	6,357
Impairment losses on loans and advances	(868)	(833)
Operating income	5,752	5,524
Operating costs	(3,629)	(3,351)
Profit before taxation	2,123	2,173
Taxation	(245)	(215)
Profit after taxation	1,878	1,958

IBL: balance sheet

ZAR'mln	31 March 2013	31 March 2012
Assets		
Cash and balances at central banks	5,677	9,303
Loans and advances to banks	23,278	19,191
Non-sovereign and non-bank cash placements	5,875	7,885
Reverse repurchase agreements and cash collateral on securities borrowed	7,668	5,098
Sovereign debt securities	33,730	30,222
Bank debt securities	20,969	27,695
Other debt securities	6,258	6,284
Derivative financial instruments	12,161	10,595
Securities arising from trading activities	1,357	1,628
Investment portfolio	9,102	6,036
Loans and advances to customers	135,726	122,615
Own originated loans and advances to customers securitised	2,379	2,302
Other loans and advances	672	669
Other securitised assets	1,168	1,057
Interest in associated undertakings	45	38
Deferred taxation assets	55	46
Other assets	1,166	1,074
Property and equipment	224	308
Investment properties	1	5
Intangible assets	90	96
Loans to group companies	11,673	3,805
	279,274	255,952
Liabilities		
Deposits by banks	17,861	13,933
Derivative financial instruments	9,232	8,570
Other trading liabilities	1,063	172
Repurchase agreements and cash collateral on securities lent	18,188	18,174
Customer accounts (deposits)	185,311	176,094
Debt securities in issue	4,091	1,738
Liabilities arising on securitisation of own originated loans and advances	2,933	2,933
Liabilities arising on securitisation of other assets	588	492
Current taxation liabilities	1,142	1,113
Deferred taxation liabilities	61	9
Other liabilities	2,799	3,082
	243,269	226,310
Subordinated liabilities	12,496	8,709
	255,765	235,019
Equity		
Ordinary share capital	32	29
Share premium	14,885	13,527
Other reserves	175	(119)
Retained income	8,417	7,496
Total equity	23,509	20,933
Total liabilities and equity	279,274	255,952

IBL: asset quality

ZAR'mln	31 March 2013	31 March 2012
Gross core loans and advances to customers	139,454	126,225
Total impairments	(1,349)	(1,308)
Portfolio impairments	(121)	(206)
Specific impairments	(1,228)	(1,102)
Net core loans and advances to customers	138,105	124,917
Average gross core loans and advances to customers	132,840	121,490
Current loans and advances to customers	133,941	119,622
Past due loans and advances to customers (1 - 60 days)	649	714
Special mention loans and advances to customers	852	1,095
Default loans and advances to customers	4,012	4,794
Gross core loans and advances to customers	139,454	126,225
Total income statement charge for core loans and advances	(868)	(833)
Gross default loans and advances to customers	4,012	4,794
Portfolio impairments	(121)	(206)
Specific impairments	(1,228)	(1,102)
Defaults net of impairments	2,663	3,486
Collateral and other credit enhancements	3,841	5,861
Net default loans and advances to customers (limited to zero)	-	-
Ratios:		
Total impairments as a % of gross core loans and advances to customers	0.97%	1.04%
Total impairments as a % of gross default loans	33.62%	27.28%
Gross defaults as a % of gross core loans and advances to customers	2.88%	3.80%
Defaults (net of impairments) as a % of net core loans and advances to customers	1.93%	2.79%
Net defaults as a % of gross core loans and advances to customers	-	-
Credit loss ratio (i.e. income statement impairments charge as a % of average gross loans and advances)	0.65%	0.69%

IBL: capital adequacy

ZAR'mln	31 March 2013	31 March 2012
Tier 1 capital		
Core tier 1 / common equity tier 1 capital	22,331	19,492
Additional tier 1 capital	1,381	1,534
Total tier 1 capital	23,712	21,026
Total tier 2 capital	11,493	8,667
Total regulatory capital	35,205	29,693
Risk-weighted assets	217,715	184,253
Capital requirements	20,681	17,504
Capital ratios		
Common equity tier 1 ratio	10.3%	10.6%
Tier 1 ratio	10.9%	11.4%
Total capital ratio	16.2%	16.1%

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