



Out of the Ordinary®



Investor pre-close briefing

20 March 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 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 20 March 2014

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Operational review





- Proviso: unless otherwise stated, figures and trends discussed in the operational review relate to the eleven month period to 28 Feb 2014 and compare 1H2014 vs 2H2014
- 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 year ended 31 Mar 2014 on 22 May 2014

*Normalised operating profit refers to net profit before tax, goodwill, acquired intangibles and non-operating items but after adjusting for earnings attributable to other non-controlling interests and before non-controlling interests relating to Asset Management



Overview of the year ending 31 March 2014

- Over the past year we have focused on **reshaping our business** with a view to improving returns and have successfully restructured and/or sold certain businesses
- The process to identify alternatives for the **Australian Professional Finance and Asset Finance and Leasing divisions** is ongoing and progressing well
 - We have attracted strong interest from a range of parties with whom confidential discussions are ongoing
 - We will provide a further update on the outcome of those discussions as soon as we are able to do so
- The potential sale of **Kensington** is at an early stage in the process and we expect to provide further information in this regard in the second quarter of this calendar year



Overview of the year ending 31 March 2014

- Wealth & Investment's results are expected to increase substantially and Asset Management is expected to report results moderately ahead of the prior year. Both divisions have benefited from higher levels of average funds under management supported by net inflows of £1.1bn and £2.5bn, respectively
- The Specialist Banking business is expected to report results marginally ahead of 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 is expected to report results well ahead of the prior year as a result of a significant decrease in impairments
 - The Australian business, as previously reported, has been impacted by strategic restructuring



Overview of the year ending 31 March 2014

- Overall group results have been negatively impacted by the depreciation of the Rand: Pounds Sterling exchange rate of approximately 20% over the period





Overview of the year ending 31 March 2014

- Against this backdrop, operating profit* is expected to be marginally ahead of the prior year - an increase of approximately 28% in Rands
- Revenue (net of depreciation on operating leased assets) is expected to be marginally behind the prior year - an increase of approximately 15% in Rands
- Recurring income as a percentage of total operating income is expected to be approximately 72% (2013: 69%)
- Expenses are expected to decrease moderately - an increase of approximately 17% in Rands
- Adjusted** EPS in **Pounds** is expected to be **0% to 7%** higher than the prior year and adjusted** EPS in **Rands** is expected to be **22% to 27%** 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 other non-controlling interests and before non-controlling interests relating to Asset Management

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



Overview of the year ending 31 March 2014

- For the period 31 Mar 2013 to 28 Feb 2014:
 - Third party assets under management decreased 3% to £107.7bn – an increase of 8% on a currency neutral[^] basis
 - Customer accounts (deposits) decreased 10% to £22.2bn - an increase of 6% on a currency neutral[^] basis
 - Core loans and advances decreased 10% to £16.6bn - an increase of 7% on a currency neutral[^] basis

[^]Calculation assumes R:£ and AUD:£ closing exchange rates remain the same as at 28 Feb 2014 when compared to 31 Mar 2013.



Balance sheet soundness

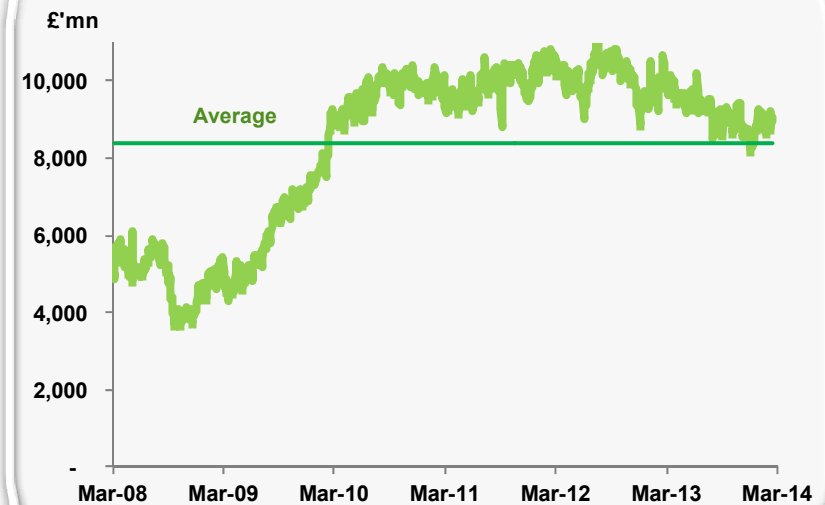
Liquidity and funding

- We have continued to diversify and lengthen our funding sources
- The cost of funds has reduced in our UK and Australian businesses
- Advances as a percentage of customer deposits at 28 Feb 2014 is at 71.2% (31 Mar 2013: 71.3%)

Capital

- All ratios are expected to be within the group's target total capital adequacy range and exceed Basel 3/CRDIV requirements
- Our leverage ratios are sound and remain above 6% on an estimated Basel 3 fully loaded basis

Cash and near cash



Min* £'bn

Max* £'bn

Ave* £'bn

8.2

10.2

9.2

Current total £9.1bn

Ltd £4.8bn (R85.3bn); plc £4.3bn

*Since 31 March 2013



Impairment trends

- The total income statement impairment charge is expected to be approximately 35% lower than the prior year
- We expect the credit loss ratio on total average core loans and advances to be approximately 0.70% (Mar 2013: 0.84%; Sep 2013: 0.71%)
- Impairments in Kensington are expected to be substantially lower than the prior year

Impairment analysis




Investec

Divisional review





Asset Management

- Competitive long-term investment performance
- The business has been impacted by tapering and repricing of emerging market assets
- Positive net inflows to end of Feb of £2.5bn
- Operating profit should be moderately ahead of FY13*

Assets under management:
Since 31 Mar 2013: down 4% to £66.8bn;
currency neutral^ up 6%



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 28 Feb 2014 when compared to 31 Mar 2013

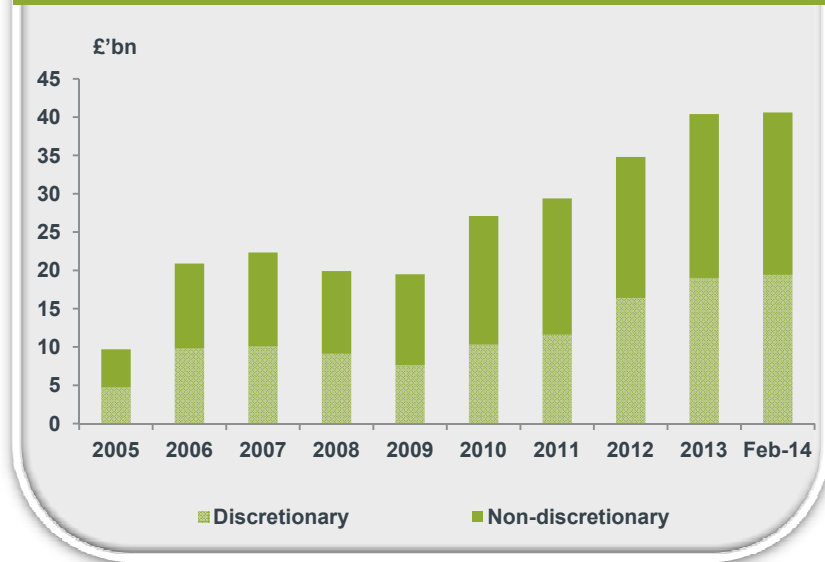
* Before non controlling interests: sale of 15% stake to management – completed 31 July 2013



Wealth & Investment

- Performing well ahead of the prior year
 - Higher average funds under management
 - Net inflows of £1.1bn to end of Feb
- Improving operating margins
- Selectively recruiting investment professionals – focus on capturing flows
- Enhancing and evolving online platform
- Continue to internationalise the offering

Funds under management:
Since 31 Mar 2013: up 1% to £40.6bn;
currency neutral[^] up 10%



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 28 Feb 2014 when compared to 31 Mar 2013



Specialist Banking

- The Specialist Bank is performing marginally ahead of the prior year

Net interest margin

- Loan growth of 7% in neutral currencies
- Stable lending margins
- Cost of funds has reduced in UK and Australia
- Less income from certain higher yielding investments that are running off
- Remain very liquid

SA ↑	UK ↓	Aus ↑
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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 ↑
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In home currency

Net fees and commissions

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

SA ↑	UK ↓	Aus ↓
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In home currency

Costs

- South Africa is expected to report an increase in costs in line with inflation
- Costs in the UK are expected to be in line with the prior year
- Costs in Australia are expected to be lower due to a reduction in headcount

SA ↑	UK -	Aus ↓
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In home currency

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Additional aspects





Other information

- Effective tax rate: expected to be approximately **17% - 18%**
- **Net non-operational costs of approximately £6mn** (restructuring and other costs relating to Australia and the sale of the trust business, partially offset by profit on sale of Lease Direct Finance in the UK)
- **Net non-controlling interests of approximately £16mn** (profits attributable) relating to the Asset Management business, FX hedge accounting and the consolidation of the Property Fund
- Weighted number of shares in issue for the year ending is expected to be approximately **863mn**

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Conclusion





Conclusion

- We have clarity on our strategic direction and our focus over the next period will be to execute our key strategic initiatives, including the sale of part of our business in Australia and our Kensington business
- We aim to perpetuate and build a high quality client driven organisation that is relevant in our core markets and delivers on our promise to key stakeholders



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 Investec



Investec pre-close briefing

20 March 2014



Contact details

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Appendices





Operating environment

	28 Feb 2014	30 Sep 2013	31 Mar 2013	% move since Mar 2013
JSE ALSI	47,329	44,032	39,861	18.7%
FTSE ALSI	3,667	3,444	3,381	8.5%
Australian All Ord	5,415	5,218	4,980	8.7%
SA Prime	9.00%	8.50%	8.50%	0.5%
UK Clearing Banks	0.50%	0.50%	0.50%	-
RBA cash rate target	2.50%	2.50%	3.00%	(0.5%)

Year to date	28 Feb 2014		30 Sep 2013		31 Mar 2013	
Currency per £1.00	Close	Ave	Close	Ave	Close	Ave
South African Rand	18.00	15.94	16.29	15.03	13.96	13.44
Australian Dollar	1.87	1.71	1.73	1.63	1.45	1.53
Euro	1.21	1.18	1.20	1.17	1.18	1.22
US Dollar	1.68	1.58	1.62	1.54	1.52	1.58

Source: Datastream



Normalised* operating profit:

For the six months ended 30 Sep 2013

£'000	UK & Europe	Southern Africa	Australia	Total group
Asset Management	33,446	38,494	-	71,940
Wealth & Investment	20,690	10,151	-	30,841
Specialist Banking	26,881	107,081	(13,925)	120,037
Total group	81,017	155,726	(13,925)	222,818
Non-controlling interest: equity				(1,493)
Operating profit before tax				221,325

*Normalised operating profit refers to net profit before tax, goodwill, acquired intangibles and non-operating items but after adjusting for earnings attributable to other non-controlling interests but before non-controlling interests relating to Asset Management



Normalised* operating profit:

For the year ended 31 Mar 2013 as restated

£'000	UK & Europe	Southern Africa	Australia	Total group
Asset Management	59,341	81,066	-	140,407
Wealth & Investment	33,910	16,757	-	50,667
Specialist Banking	42,049	189,754	3,401	235,204
Total group	135,300	287,577	3,401	426,278
Non-controlling interest: equity				3,074
Operating profit before tax				429,352

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Investec Asset Management: Assets under management*

£'million	28 Feb 2014	30 Sep 2013	31 Mar 2013	30 Sep 2012	31 Mar 2012	% change YTD vs Mar 2013
UK and international	41,727	40,266	41,569	36,034	36,154	0.4%
- Mutual funds	15,269	15,541	17,004	16,150	17,490	(10.2%)
- Segregated mandates	26,458	24,725	24,565	19,884	18,664	7.7%
Southern Africa	25,039	25,966	28,253	26,338	25,401	(11.4%)
- Mutual funds	11,036	11,070	11,847	10,438	9,683	(6.8%)
- Segregated mandates	14,003	14,896	16,406	15,900	15,718	(14.6%)
Total AUM*	66,766	66,232	69,822	62,372	61,555	(4.4%)

Home currency R'million	28 Feb 2014	30 Sep 2013	31 Mar 2013	30 Sep 2012	31 Mar 2012	% change YTD vs Mar 2013
Southern Africa	450,702	422,986	394,412	352,666	311,670	14.3%
- Mutual funds	198,648	180,330	165,384	139,765	118,810	20.1%
- Segregated mandates	252,054	242,656	229,028	212,901	192,860	10.1%
Rates: R: £	18.00	16.29	13.96	13.39	12.27	

*All AUM are on a managed basis



Investec Wealth & Investment SA: Funds under management

R'million	28 Feb 2014	30 Sep 2013	31 Mar 2013	30 Sep 2012	31 Mar 2012	% change YTD vs Mar 2013
Discretionary	47,831	44,979	36,352	30,947	26,809	31.6%
Non-discretionary	197,421	195,250	181,668	159,514	142,546	8.7%
Total	245,252	240,229	218,020	190,461	169,355	12.5%

£'million	28 Feb 2014	30 Sep 2013	31 Mar 2013	30 Sep 2012	31 Mar 2012	% change YTD vs Mar 2013
Discretionary	2,657	2,761	2,604	2,311	2,185	2.0%
Non-discretionary	10,968	11,986	13,013	11,913	11,617	(15.7%)
Total	13,625	14,747	15,617	14,224	13,802	(12.8%)
Rates: R: £	18.00	16.29	13.96	13.39	12.27	



Investec Wealth & Investment Non-SA: Funds under management

£'million	28 Feb 2014	30 Sep 2013	31 Mar 2013	30 Sep 2012	31 Mar 2012	% change YTD vs Mar 2013
Total IWI and Europe						
- Discretionary	18,530	17,149	16,381	14,786	14,187	13.1%
- Non-discretionary and other	8,419	8,179	8,352	7,706	6,782	0.8%
Total	26,949	25,328	24,733	22,492	20,969	9.0%

Investec Wealth & Investment total: Funds under management

£'million	28 Feb 2014	30 Sep 2013	31 Mar 2013	30 Sep 2012	31 Mar 2012	% change YTD vs Mar 2013
Southern Africa	13,625	14,747	15,617	14,224	13,802	(12.8%)
Non-SA	26,949	25,328	24,733	22,492	20,969	9.0%
Total	40,574	40,075	40,350	36,716	34,771	0.6%



Total group core loans

£'million	28 Feb 2014	30 Sep 2013	31 Mar 2013	30 Sep 2012	31 Mar 2012	% change YTD vs Mar 2013
UK and Europe	6,303	6,235	6,045	5,778	5,788	4.3%
Southern Africa	8,635	9,227	10,165	9,983	10,490	(15.1%)
Australia	1,696	1,929	2,205	1,991	1,948	(23.1%)
Total core loans	16,634	17,391	18,415	17,752	18,226	(9.7%)

Home currency 'million	28 Feb 2014	30 Sep 2013	31 Mar 2013	30 Sep 2012	31 Mar 2012	% change YTD vs Mar 2013
Southern Africa	R155,430	R150,308	R141,903	R133,672	R128,712	9.5%
Australia	A\$3,172	A\$3,341	A\$3,219	A\$3,086	A\$3,000	(1.5%)
Rates: R: £	18.00	16.29	13.96	13.39	12.27	
Rates: AUD: £	1.87	1.73	1.46	1.55	1.54	



Total group customer deposits

£'million	28 Feb 2014	30 Sep 2013	31 Mar 2013	30 Sep 2012	31 Mar 2012	% change YTD vs Mar 2013
UK and Europe	9,288	9,309	9,561	9,673	9,459	(2.9%)
Southern Africa	11,440	12,312	13,278	13,371	14,348	(13.8%)
Australia	1,483	1,610	1,693	1,644	1,537	(12.4%)
Total deposits	22,211	23,231	24,532	24,688	25,344	(9.5%)

Home currency 'million	28 Feb 2014	30 Sep 2013	31 Mar 2013	30 Sep 2012	31 Mar 2012	% change YTD vs Mar 2013
Southern Africa	R205,918	R200,579	R185,361	R179,038	R176,050	11.1%
Australia	A\$2,773	A\$2,787	A\$2,472	A\$2,548	A\$2,367	12.2%
Rates: R: £	18.00	16.29	13.96	13.39	12.27	
Rates: AUD: £	1.87	1.73	1.46	1.55	1.54	