

Out of the Ordinary™



Investor pre-close briefing

17 September 2015



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 17 Sep 2015

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Operational review





- Proviso: unless otherwise stated, figures and trends discussed in the operational review relate to the five month period to 31 Aug 2015 and compare 1H2016 vs 1H2015
- References to operating profit relate to adjusted* operating profit. Trends within the divisional sections relate to adjusted operating profit
- Investec will release its results for the six months to 30 Sep 2015 on 19 Nov 2015

*Adjusted 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 operating environment

- The operating environment in the UK has shown continued improvement supporting good levels of activity in our banking businesses
- In South Africa our corporate and private banking businesses have benefitted from positive business momentum, notwithstanding an overall weakness in macro-economic conditions
- Recent currency and equity market volatility (if sustained) is likely to create headwinds in our Wealth & Investment and Asset Management businesses



Overview of the six months to 30 Sep 2015

- The Specialist Banking business is expected to report results substantially ahead of the prior year:
 - The UK Specialist Banking business is expected to report results significantly higher than the prior year
 - The South African Specialist Banking business is expected to report results well ahead of the prior year, in Rands
- The Wealth & Investment and Asset Management divisions are expected to report results marginally behind the prior year. Both divisions have continued to experience net inflows of £1.1bn and £1.5bn, respectively



Overview of the six months to 30 Sep 2015

- Overall group results have been negatively impacted by the depreciation of the average Rand: Pounds Sterling exchange rate of approximately 8% over the period
- Adjusted operating profit* is expected to be comfortably ahead of the prior year in Pounds Sterling
- Revenue (net of depreciation on operating leased assets) is expected to be moderately ahead of the prior year
- Recurring income as a percentage of total operating income is expected to be approximately 72% (2014: 77%)
- Expenses are expected to be marginally higher than the prior year

*Adjusted 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 six months to 30 Sep 2015

- For the period 31 Mar 2015 to 31 Aug 2015:
 - Third party assets under management decreased 6% to £116.2bn
 - A decrease of 2% on a currency neutral[^] basis
 - Customer accounts (deposits) decreased 3% to £22.0bn
 - An increase of 5% on a currency neutral[^] basis
 - Core loans and advances decreased 1% to £17.0bn
 - An increase of 6% on a currency neutral[^] basis

[^]Calculation assumes R:£ closing exchange rate remains the same as at 31 Mar 2015 when compared to 31 Aug 2015.



Balance sheet soundness

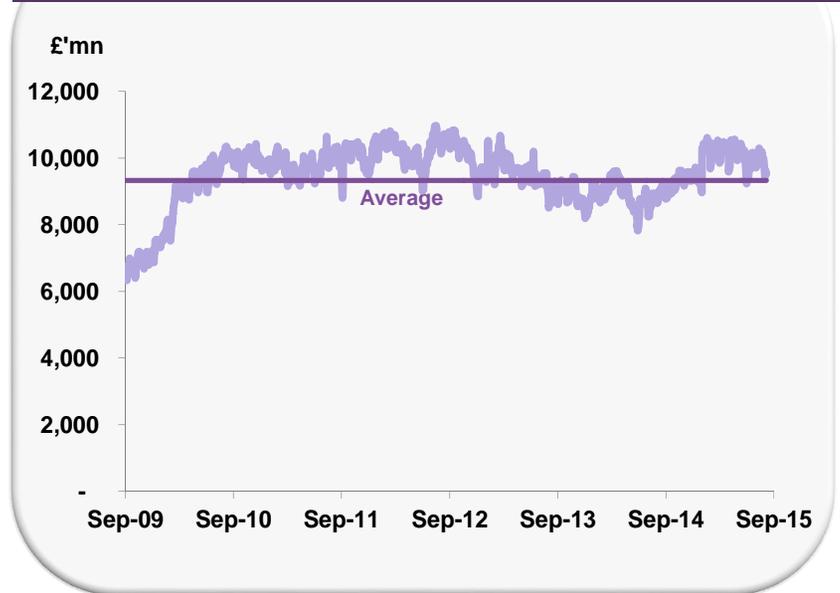
Liquidity and funding

- Higher average liquidity levels in the UK driven by sale of group assets in the prior year – these balances have decreased by 10% since March 2015
- We have continued to see good progress from Investec Cash Investments in South Africa leading to higher cash balances
- The cost of funds has remained broadly stable
- Advances as a percentage of customer deposits at 31 Aug 2015 is at 75.0% (31 Mar 2015: 74.0%)

Capital

- Investec Limited CET1 ratio is expected to be slightly below the 2016 target of 10% while Investec plc remains ahead of target
- Our leverage ratios are sound and remain well above 6% on an estimated Basel 3 fully loaded basis

Cash and near cash



Min* £'bn	Max* £'bn	Ave* £'bn
9.2	10.6	10.0

Current total £9.5bn
Ltd £5.0bn (R104.5bn); plc £4.5bn

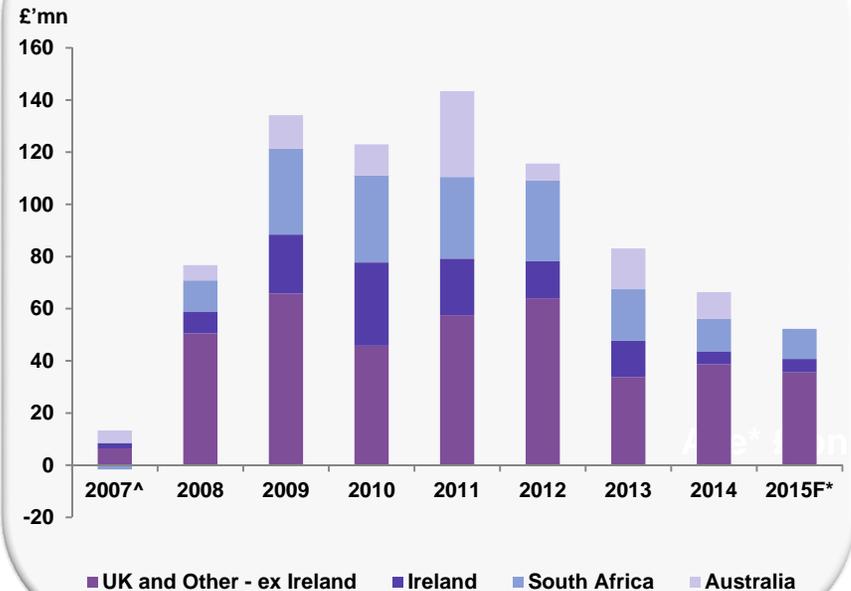
*Since 1 Apr 2015



Impairment trends

- The total income statement impairment charge is expected to be approximately 20% lower than the prior year
- Impairments on the UK legacy portfolio continue to decline
- Impairments in South Africa are expected to be in line with the prior year
- We expect the credit loss ratio on total average core loans and advances to be approximately 0.60% - 0.65% (Mar 2015: 0.68%; Sep 2014: 0.70%)

Impairment analysis



Trends reflected in graph are for the six months to 30 Sep, unless otherwise indicated.

[^]Where a negative number represents a recovery.

^{*}Expected. Australian numbers included in UK and Other as from Sep 2015

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Divisional review

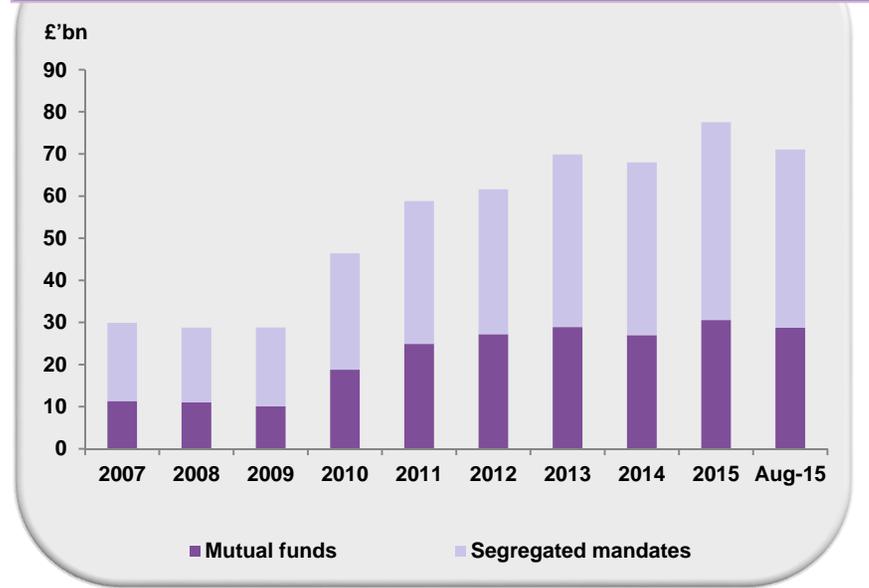




Asset Management

- Net inflows of approximately £1.5bn to end of Aug 2015
- 1H2016 earnings impacted by market and currency volatility and lower performance fees in South Africa
- Good business momentum supported by competitive investment performance

Assets under management:
 Since 31 Mar 2015: down 8% to £71.1bn
 Currency neutral[^]: down 4%



Trends reflected in graph are as at 31 Mar, unless otherwise indicated.

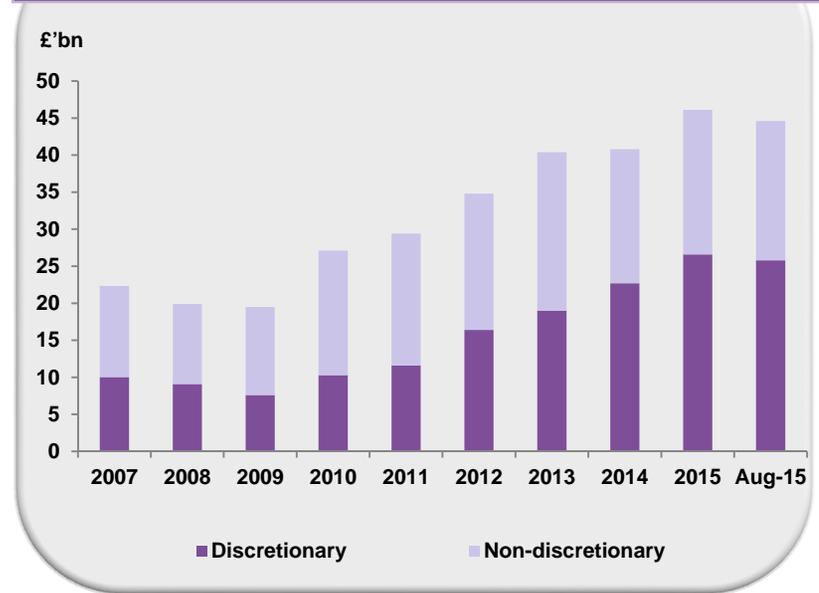
[^]Calculation assumes R:£ closing exchange rate remains the same as at 31 Mar 2015 when compared to 31 Aug 2015.



Wealth & Investment

- Solid net inflows of £1.1bn to end of Aug 2015
- Average funds under management negatively impacted by weaker equity markets and the Rand
- Overall performance of the global business is expected to be marginally lower than the prior year:
 - due to investment expenditure on growth initiatives (digital offering, select investment in senior professionals)
 - good performance from the South African business in Rand, supported by net inflows

Funds under management:
 Since 31 Mar 2015: down 3% to £44.6bn
 Currency neutral[^]: up 1%



Trends reflected in graph are as at 31 Mar, unless otherwise indicated.

[^]Calculation assumes R:£ closing exchange rate remains the same as at 31 Mar 2015 when compared to 31 Aug 2015.



Specialist Banking

- Global business is expected to post results substantially ahead of the prior year

Net interest margin

- Loan growth in neutral currency of 6%
- Remain very liquid
- UK net interest impacted by the sale of group assets in the prior year
- Net interest increase in the UK and South African ongoing business supported by book growth

SA ↑

UK & Other ↓

In home currency

Investment and trading income

- Significant improvement in investment income
- Sound performance from the South African portfolios and normalised performance from the Hong Kong portfolio
- Higher earnings from the fixed income portfolio in the UK
- Customer flow trading income increased

SA ↑

UK & Other ↑

In home currency

Net fees and commissions

- Private client transactional and professional finance activities performing well
- Good performance from the South African corporate treasury and structuring businesses
- UK corporate fees in line with the prior year
- Fee income impacted by sale of Investec Bank (Australia) Limited in the prior year

SA ↑

UK & Other ↓

In home currency

Costs

- South Africa is expected to report an increase in fixed costs due to an increase in headcount
- Costs in the UK ongoing business have increased largely due to investment in the Private Banking business
- Substantial decrease in costs relating to group sale assets and legacy business

SA ↑

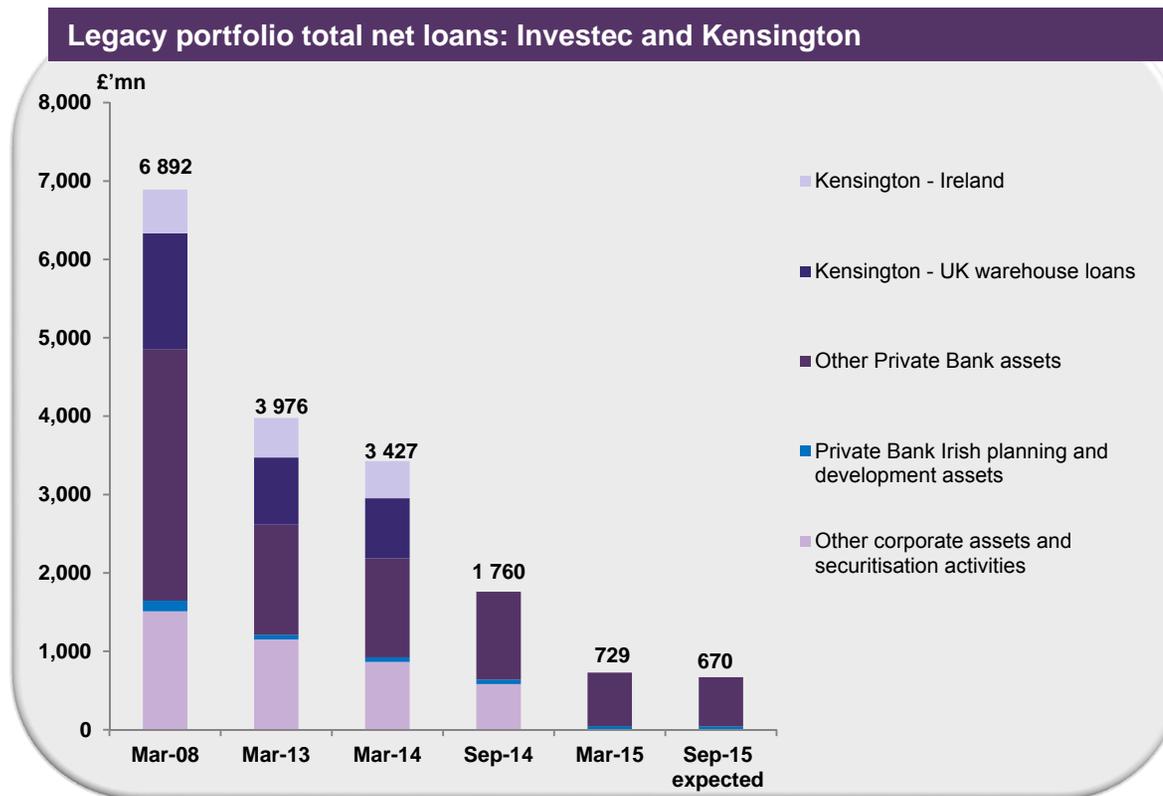
UK & Other ↓

In home currency



Specialist Banking – additional information on the UK business

- The **Ongoing UK business** is expected to report results significantly ahead of the prior year largely as a result of increased activity levels in the corporate and private banking businesses and a normalised performance from the Hong Kong investment portfolio
- Both impairments and costs in the **Legacy business** are expected to be lower
- As a result, the Legacy business is expected to report a smaller loss than the prior year



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Additional aspects





Other information

- Effective tax rate: expected to be approximately **20% - 21%**
- **Net non-controlling interests of approximately £18mn** (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 six months to 30 Sep 2015 is expected to be approximately **873mn**



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Conclusion





Conclusion

- Whilst recent market conditions may impact activity levels going forward this has not been visible on our day to day operations
- We continue to make progress in the roll out of our Digital strategy and the penetration of our target client base across all our businesses
- The multiple geographic and business revenue streams developed over many years enable us to navigate more volatile conditions should they persist

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Contact details

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Appendices





Operating environment

	31 Aug 2015	31 Mar 2015	30 Sep 2014	% move since Mar 2015
JSE ALSI	49,972	52,182	49,336	(4.2%)
FTSE ALSI	3,435	3,664	3,534	(6.3%)
SA Prime	9.50%	9.25%	9.25%	0.25%
UK Clearing Banks	0.50%	0.50%	0.50%	-

Year to date	31 Aug 2015		31 Mar 2015		30 Sep 2014	
Currency per £1.00	Close	Ave	Close	Ave	Close	Ave
South African Rand	20.38	19.01	17.97	17.82	18.33	17.86
Australian Dollar	2.15	2.03	1.95	1.85	1.85	1.81
Euro	1.37	1.39	1.38	1.28	1.28	1.24
US Dollar	1.53	1.54	1.49	1.62	1.62	1.68

Source: Datastream



Adjusted* operating profit:

For the year ended 31 Mar 2015

£'000	UK & Other	Southern Africa	Total group
Asset Management	75,491	73,484	148,975
Wealth & Investment	56,871	21,910	78,781
Specialist Banking	41,795	262,918	304,713
	174,157	358,312	532,469
Group costs	(30,048)	(9,264)	(39,312)
Total group	144,109	349,048	493,157
Non-controlling interest: equity			11,701
Operating profit before tax			504,858

*Adjusted 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



Adjusted* operating profit:

For the six months ended 30 Sep 2014

£'000	UK & Other	Southern Africa	Total group
Asset Management	37,684	38,996	76,680
Wealth & Investment	26,912	11,126	38,038
Specialist Banking	12,971	113,080	126,051
Total group	77,567	163,202	240,769
Non-controlling interest: equity			(957)
Operating profit before tax			239,812

*Adjusted 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



Investec Asset Management: Assets under management*

£'million	31 Aug 2015	31 Mar 2015	30 Sep 2014	31 Mar 2014	% change YTD vs Mar 2015
UK and international	47,365	50,622	46,175	42,006	(6.4%)
- Mutual funds	18,475	19,398	17,372	15,386	(4.8%)
- Segregated mandates	28,890	31,224	28,803	26,620	(7.5%)
Southern Africa	23,685	26,888	25,563	26,011	(11.9%)
- Mutual funds	10,253	11,179	10,507	11,180	(8.3%)
- Segregated mandates	13,432	15,709	15,056	14,831	(14.5%)
Total AUM*	71,050	77,510	71,738	68,017	(8.3%)

Home currency R'million	31 Aug 2015	31 Mar 2015	30 Sep 2014	31 Mar 2014	% change YTD vs Mar 2015
Southern Africa	482,699	483,177	468,569	456,753	(0.1%)
- Mutual funds	208,955	200,887	192,593	196,321	4.0%
- Segregated mandates	273,744	282,290	275,976	260,432	(3.0%)
Rates: R: £	20.38	17.97	18.33	17.56	

*All AUM are on a managed basis



Investec Wealth & Investment total: Funds under management

£'million	31 Aug 2015	31 Mar 2015	30 Sep 2014	31 Mar 2014	% change YTD vs Mar 2015
UK and Other	28,774	29,562	27,443	26,574	(2.7%)
Southern Africa	15,842	16,514	15,149	14,198	(4.1%)
Total	44,616	46,076	42,592	40,772	(3.2%)

Investec Wealth & Investment UK and Other: Funds under management

£'million	31 Aug 2015	31 Mar 2015	30 Sep 2014	31 Mar 2014	% change YTD vs Mar 2015
Discretionary	21,182	21,602	19,246	18,513	(1.9%)
Non-discretionary and other	7,592	7,960	8,197	8,061	(4.6%)
Total	28,774	29,562	27,443	26,574	(2.7%)



Investec Wealth & Investment SA: Funds under management

R'million	31 Aug 2015	31 Mar 2015	30 Sep 2014	31 Mar 2014	% change YTD vs Mar 2015
Discretionary	94,710	89,382	81,798	73,558	6.0%
Non-discretionary	228,163	207,379	195,890	175,757	10.0%
Total	322,873	296,761	277,688	249,315	8.8%

£'million	31 Aug 2015	31 Mar 2015	30 Sep 2014	31 Mar 2014	% change YTD vs Mar 2015
Discretionary	4,647	4,974	4,462	4,189	(6.6%)
Non-discretionary	11,195	11,540	10,687	10,009	(3.0%)
Total	15,842	16,514	15,149	14,198	(4.1%)
Rates: R: £	20.38	17.97	18.33	17.56	



Total group core loans

£'million	31 Aug 2015	31 Mar 2015	30 Sep 2014	31 Mar 2014	% change YTD vs Mar 2015
UK and Europe	7,300	7,061	6,634	6,492	3.8%
Southern Africa	9,698	10,128	9,303	8,935	(4.3%)
Australia	n/a*	n/a*	44*	1,730*	n/a*
Total core loans	16,998	17,189	15,981	17,157	(1.1%)

Home currency 'million	31 Aug 2015	31 Mar 2015	30 Sep 2014	31 Mar 2014	% change YTD vs Mar 2015
Southern Africa	R197,630	R182,058	R170,521	R156,870	8.6%
Australia	n/a*	n/a*	A\$81*	A\$3,114*	n/a*
Rates: R: £	20.38	17.97	18.33	17.56	
Rates: AUD: £	n/a*	n/a*	1.85	1.80	

*Sale of Investec Bank (Australia) Limited effective on 31 July 2014



Total group customer deposits

£'million	31 Aug 2015	31 Mar 2015	30 Sep 2014	31 Mar 2014	% change YTD vs Mar 2015
UK and Europe	9,842	10,298	10,382	9,407	(4.4%)
Southern Africa	12,155	12,317	11,871	11,671	(1.3%)
Australia	n/a*	n/a*	n/a*	1,532*	n/a*
Total deposits	21,997	22,615	22,253	22,610	(2.7%)

Home currency 'million	31 Aug 2015	31 Mar 2015	30 Sep 2014	31 Mar 2014	% change YTD vs Mar 2015
Southern Africa	R247,670	R221,377	R217,550	R204,903	11.9%
Australia	n/a*	n/a*	n/a *	A\$2,758*	n/a*
Rates: R: £	20.38	17.97	18.33	17.56	
Rates: AUD: £	n/a*	n/a*	1.85	1.80	

*Sale of Investec Bank (Australia) Limited effective on 31 July 2014