

Investec Interim Results Presentation – 2003



Summary of Results



Snapshot of results



UK GAAP	30 Sep 2003	% Change	30 Sep 2002	31 Mar 2003
Earnings before goodwill amortisation and exceptional items (£'000)	47 093	7.4	43 867	88 684
EPS before goodwill amortisation and exceptional items (pence)	49.2	3.4	47.6	97.6
Dividends per share (pence)	28.0	7.7	26.0	54.0
Dividend cover (times)	1.8		1.8	1.8

Snapshot of results



UK GAAP	30 Sep 2003	% Change	30 Sep 2002	31 Mar 2003
Return on average shareholders' funds (%)	13.3		11.9	12.4
Return on average tangible equity NAV (%)	22.6		23.4	23.8
Cost to income ratio (%)	75.0		78.1	79.8
Total assets under administration (£mn)	43 919	8.2	40 576	40 604

Summary of the year

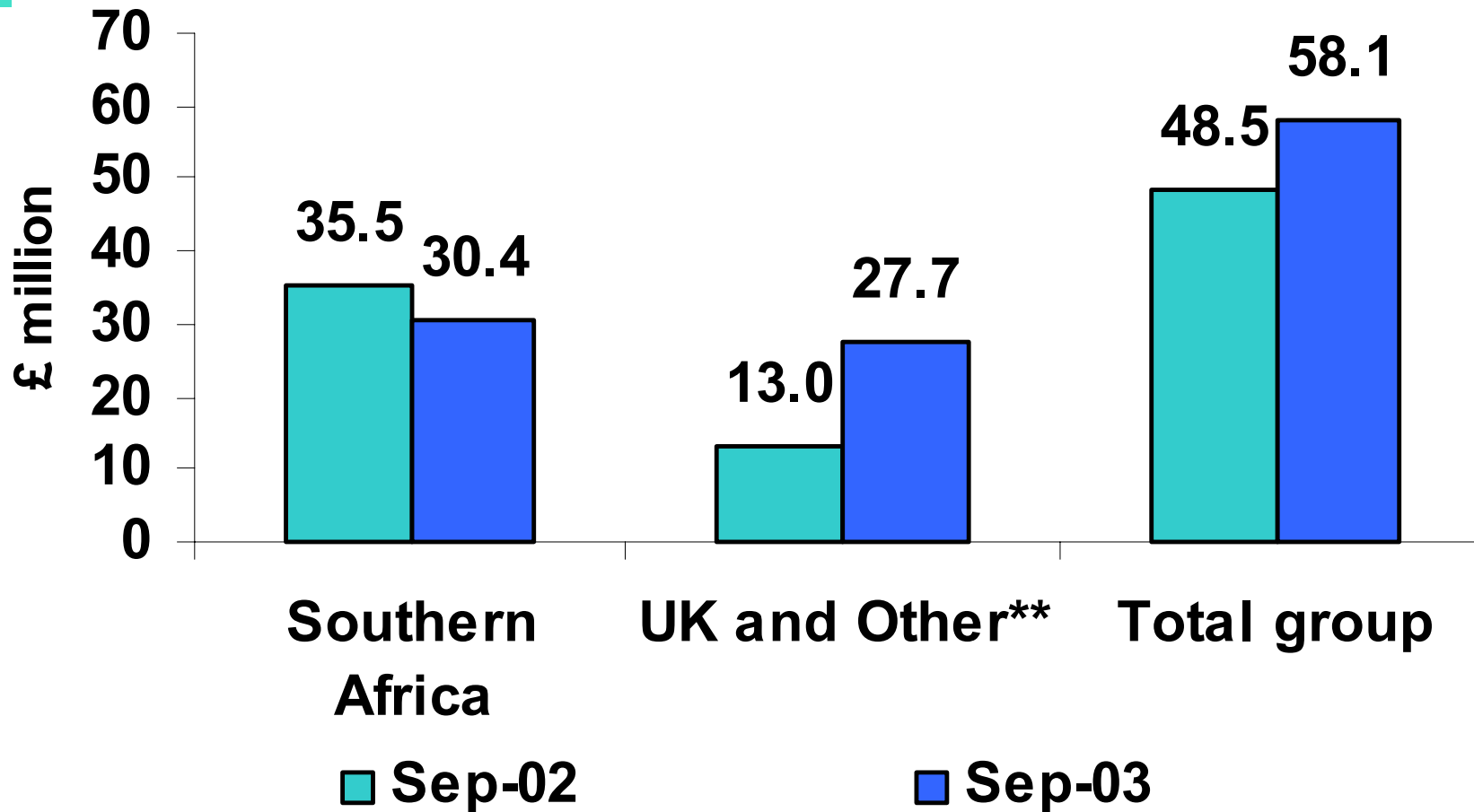


- Successfully rationalised and realigned the group's operations resulting in a leaner organisation.
- There was a significant turnaround in the performance of the UK operations.
- Reduced costs across the group:
 - Investec Limited experienced a 3.1% decline in expenses in Rand terms.
 - Investec plc experienced a 20.0% decline in expenses in Pound Sterling terms.
- Issued R1.5 billion (£127.5 million) non-cumulative, non-redeemable and non-participating preference shares.
- Investec entered into a comprehensive empowerment transaction between Investec Limited, Peu Investment Group and Tiso Group.

Global positioning and review



Operating profit* by geography



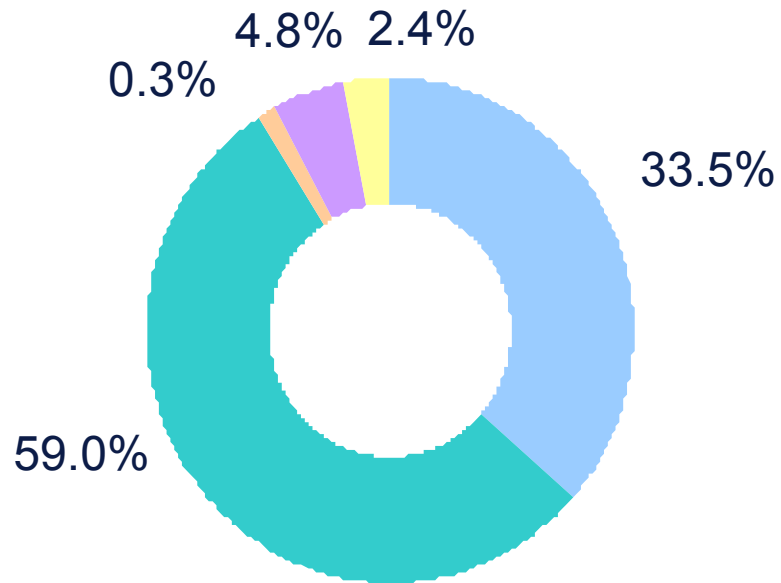
**Before taxation, exceptional items and amortisation of goodwill*

***Including Europe, Australia, Israel, US and Discontinued Operations*

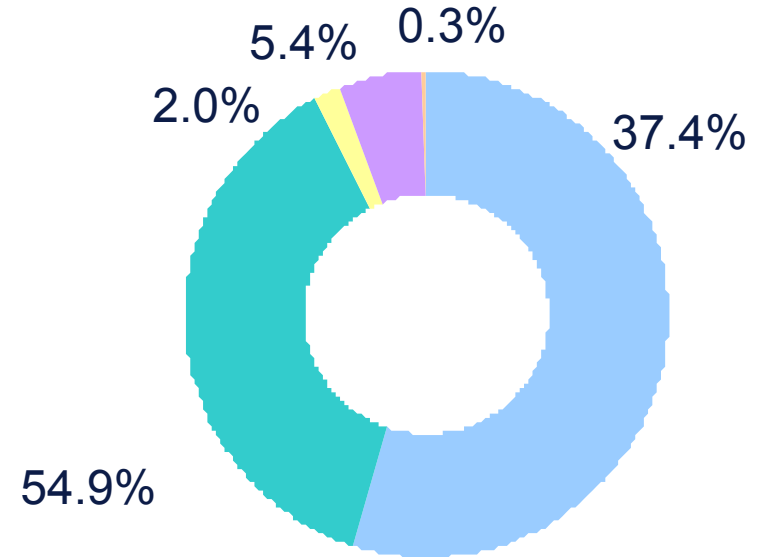
Assets by geography



30 Sept 2003



31 Mar 2003



■ Southern Africa
and Other

■ UK and
Europe

■ Australia

■ Israel

■ US

Southern Africa



Mixed performance from the SA businesses:

- Strong performance from **Private Banking** and **Investment Banking** divisions.
- Solid performance from **Property** group.
- Reasonable performance from **Asset Management**.
- Weak performance from **Treasury** and **Specialised Finance** businesses.
- Considerable decline in earnings from **Assurance Activities**.
- Negative contribution from the **Traded Endowments** business.

UK and Europe



Noteworthy turnaround in UK performance:

- Strong results from **Private Banking** and the **Treasury and Specialised Finance** operations.
- Solid performance from **Carr Sheppards Crosthwaite**.
- Improved performance from the **Investment Banking** activities which benefited from a reduced cost base and increased corporate activity.
- Decline in earnings from **Central Funding**.

Australia



- Overall performance from the Australian business was commendable against a backdrop of a stronger stock market.
- Steady activity levels.
- Good progress made in its core areas of activities.

Israel



- The economic environment remained difficult.
- Negative inflation weakened performance in nominal terms.
- Investec (Bank) Israel continues to leverage off the presence of the group in the US.
- Assets under management increased 32.3% to NIS 13.1 billion (£1.8 billion).
- Marginal fall in expenses due to ongoing cost control.

US



- The heavily reduced ongoing operations posted a modest performance.
- Fundamental restructuring was completed and Investec Ernst and Investec Inc. ceased operating as of 31 May 2003.
- Remaining operations include several fixed income trading operations and a Nasdaq equities trading desk supporting the group's Israeli clients.
- Exceptional charge of £5.1 million for losses on termination of the activities.

Divisional Review



Operating profit* by business



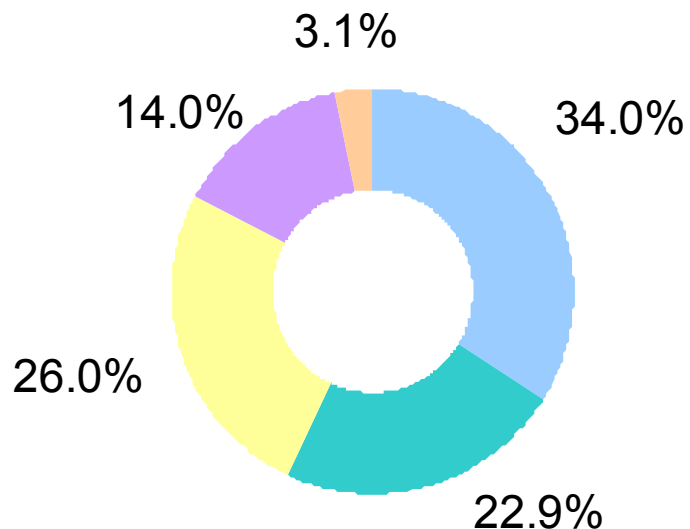
UK GAAP (£ million)	Sep-03	Sep-02
• Private Client Activities	25.1	16.4
• Investment Banking	20.1	0.1
• Treasury and Specialised Finance	15.4	14.8
• Asset Management	10.8	9.5
• Assurance	2.2	18.3
• Group and Other Services	(15.5)	(10.6)
• Total group	58.1	48.5

**Before taxation, exceptional items and amortisation of goodwill*

Contribution analysis – Operating profit*

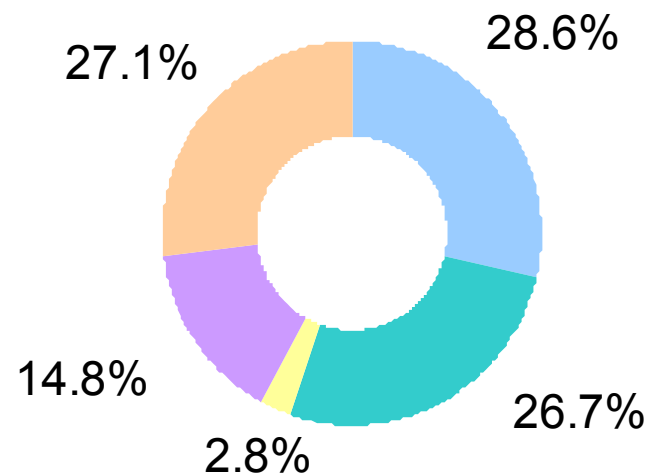


30 Sept 2003



- Private Client Activities
- Treasury and Specialised Finance

30 Sept 2002



- Investment Banking
- Asset Management
- Assurance

**Excluding Discontinued Operations and Other Activities and before taxation, exceptional items and amortisation of goodwill*

Group Services and Other



Operating profit*

UK GAAP (£ '000)

	Sep-03	Sep-02
• International Trade Finance	1 096	623
• Property Worldwide	3 973	2 675
• US Continuing businesses	162	904
• UK Traded Endowments	(2 031)	(2 344)
• Central Funding	(6 887)	2 267
• Central Costs	(11 785)	(8 431)
• Total group	15 472	4 306

**Before taxation, exceptional items and amortisation of goodwill*

Central Funding



UK GAAP (£ '000)	30 Sep 2003	30 Sep 2002
Net interest income	7 327	14 443
Return on shareholders funds in long-term assur	6 769	6 291
Dealing profits	5 626	5 110
Other operating income	7 667	(266)
Costs in Central Funding	(4 882)	(3 738)
	22 507	21 840
Interest and other income in Trade Finance, Property and Other	(7097)	(5 107)
Sub debt and debenture interest	(22 297)	(14 466)
Central Funding	(6 887)	2 267

Private Client Activities



The **Private Banking** operations performed particularly well with solid **loan portfolio growth**:

- SA: R19.8 billion (Mar 03: R17.2 billion).
- UK: £1 052 million (Mar 03: £925 million).
- Australia: A\$537 million (Mar 03: A\$422 million).

Mixed performance from Private Client Portfolio Management and Stockbroking:

- Carr Sheppards Crosthwaite improved performance with net inflows of £327 million. Funds under management increased 19.2% to £5.6 billion (March 03: £4.7 billion).
- Investec Securities in SA was impacted by subdued market volumes. Funds under management increased 26.2% to R32.3 billion (March 03: R25.6 billion).

Investment Banking



- The **SA** business benefited from an uplift in market valuations of its direct investment and private equity portfolios.
- In the **UK**, a major turnaround was achieved as a result of improved stock market conditions and a reduced cost base.
- Investec Wentworth in **Australia** performed well with the return of activity in the IPO market and the increase in M&A activity.

Treasury & Specialised Finance



Banking Activities:

- **UK:** Strong growth and pleasing performance.
- **SA:** Suffered from the general slow down in corporate activity while the treasury desk was negatively impacted by the rate positioning of its assets.

Trading Activities:

- **UK:** Benefited from a renewed focus on higher margin, less capital intensive transactions and customer flows.
- **SA:** Difficult trading conditions and losses on the currency desk.

Asset Management



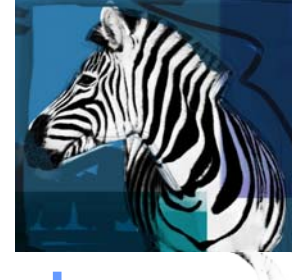
Resilience from the SA business:

- Developing a strong franchise in specialist products.
- SA Institutional business was appointed to manage important new mandates. R1.3 billion SA mandates outside South Africa.
- SA Personal Investments attracted domestic net new retail flows of R1.1 billion during the period.

Strong growth in the UK:

- Retail business grew assets under management by 31.1%, with net inflows of £96 million.
- UK Institutional business continued to penetrate the market as a result of the strong performance across the product range – gross segregated inflows year to date of £180 million.

Asset Management – funds under management



(£ million)	30 Sep 2002	31 Mar 2003	% Change
Institutional	13 853	12 478	11.0
Retail	4 962	4 350	14.1
	18 815	16 828	11.8
South Africa	10 996	9 303	18.2
UK and Other	7 819	7 525	3.9
	18 815	16 828	11.8

Financial Performance



Balance Sheet



UK GAAP (million)	30 Sep 2003	31 Mar 2003	% Change
Total assets	15 757	14 959	5.3
Core loans and advances	4 696	4 006	17.2
Total liabilities	14 572	13 946	4.5
Total capital resources	1 185	1 013	17.0
Shareholders' funds	843	697	20.9

Income Statement



UK GAAP, £'000	30 Sep 2003	30 Sep 2002	% Change	31 Mar 2003
Net interest income	43 253	61 679	(29.9)	115 915
Net non-interest income	208 389	194 751	7.0	394 034
Operating income	251 642	256 430	(1.9)	509 949
Administrative expenses	(181 954)	(193 726)	(6.1)	(392 466)
Depreciation and amortisation	(6 679)	(6 556)	1.9	(14 417)
Bad debt provision	(4 889)	(7 605)	(35.7)	(18 308)
Operating profit before goodwill amortisation	58 120	48 543	19.7	84 758

Reconciliation of Earnings – UK GAAP



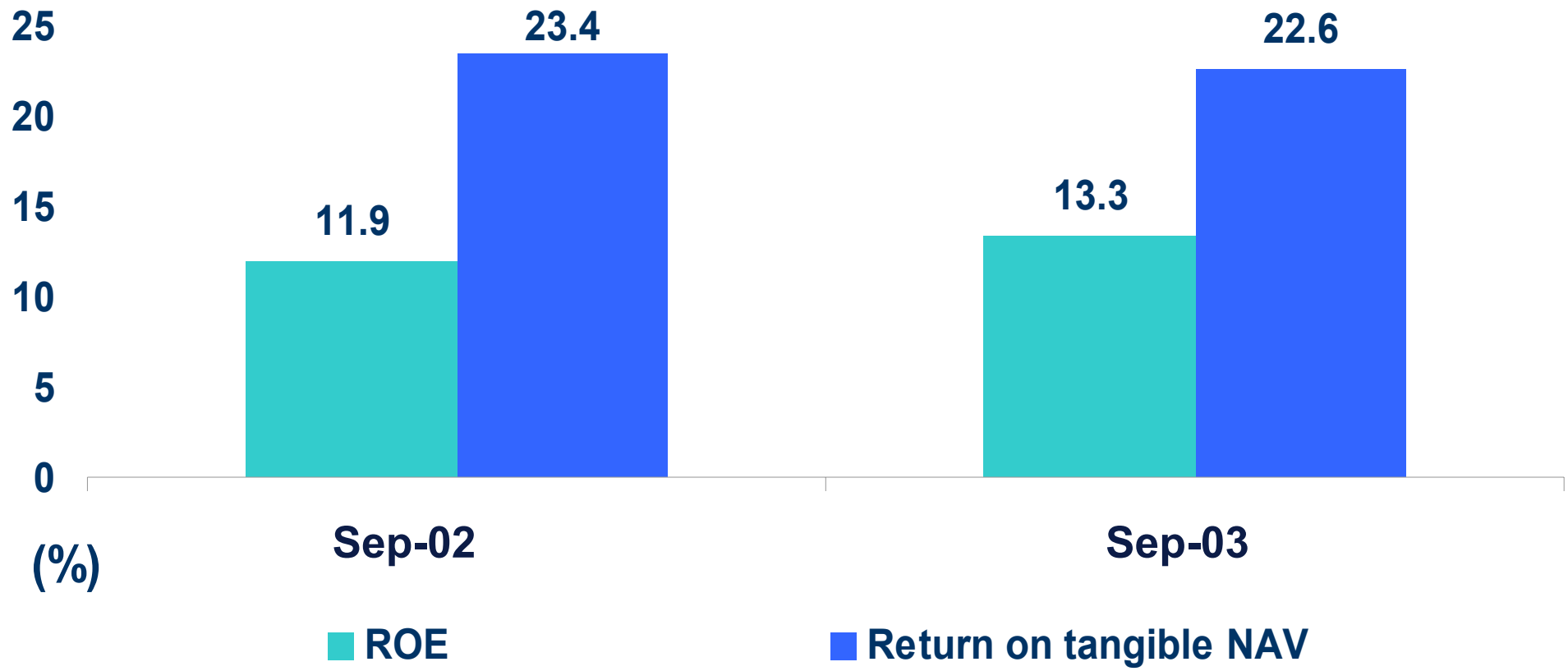
UK GAAP, £'000	30 Sep 2003	30 Sep 2002
Attributable earnings	26 732	3 427
Amortisation and impairment of goodwill	29 780	31 409
Profit on disposal of subsidiary undertakings	(13 674)	-
Provision for losses on disposal of group operations	5 103	8 682
Amortisation of goodwill of associates	1 008	780
Preference dividends	(1 856)	(431)
Earnings attributable to ordinary shareholders excluding goodwill and exceptional items	47 093	43 867
Earnings per share before exceptional items and amortisation of goodwill (pence)	49.2	47.6



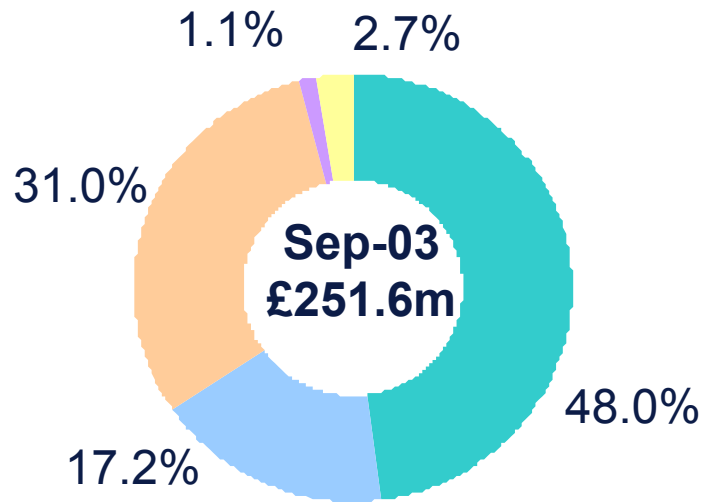
Return



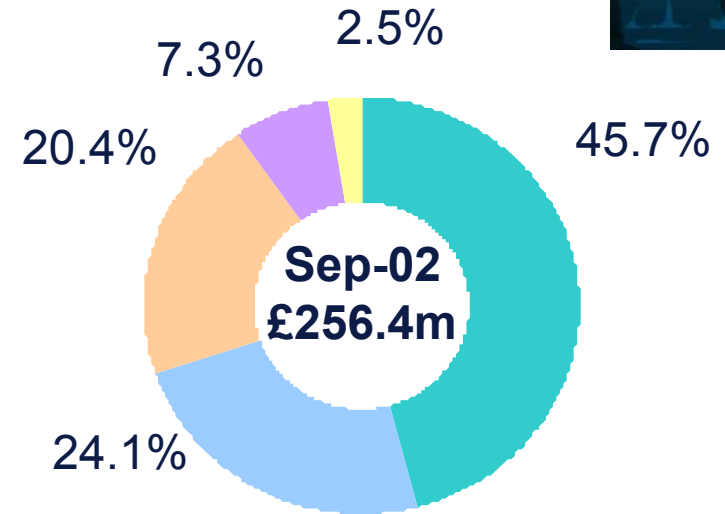
(UK GAAP)



Quality of earnings



**Annuity Income /
Total Income: 67.9%**



**Annuity Income /
Total Income: 72.3%**

Annuity Income

- Net annuity fees and commissions
- Net interest income
- Return on shareholders funds in the long-term assurance business

Other Income

- Dealing profits, deal income and other income
- Income from long term assurance business

Quality of earnings



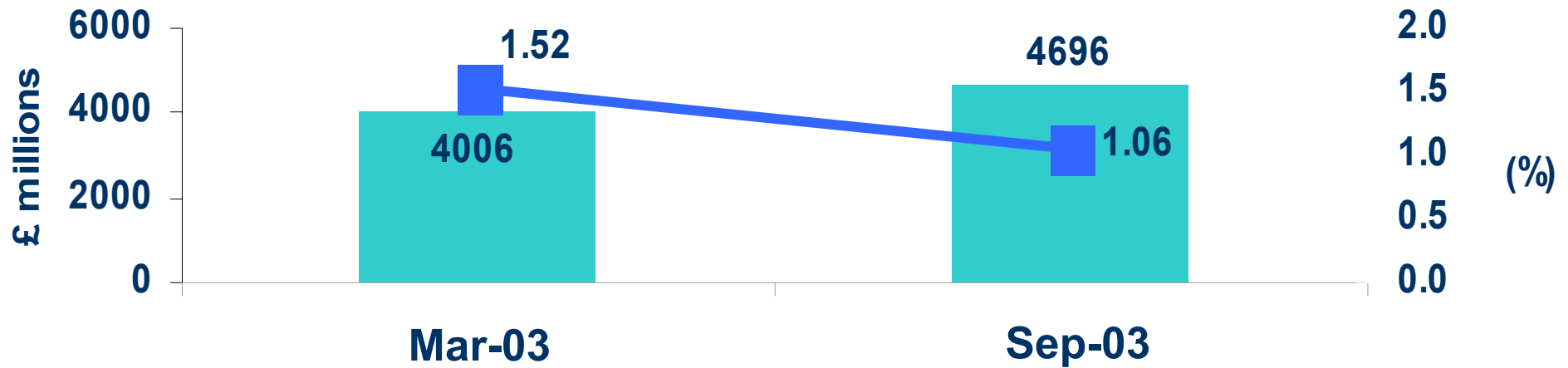
UK GAAP, £'000	30 Sep 2003	30 Sep 2002	% Change
Net interest income	43 253	61 679	(29.9)
Dividend income	3 511	2 903	20.9
Fees and commissions receivable	146 877	138 112	6.3
Dealing profits	34 975	30 230	15.7
Income from long-term assurance business	2 699	18 830	(85.7)
Return on shareholders' funds in the long-term assurance business	6 769	6 291	7.6
Other operating income	13 558	(1 615)	>100
Operating income	251 642	256 430	(1.9)

Amortisation of goodwill



- The charge for goodwill amortisation and impairment decreased by 5.2% from £31.4 million to £29.8 million.
- This was largely as a result of the closure of the majority of the group's US operations in the prior year.
- Included in the current period is an amount of £6.3 million relating to an impairment of the Traded Endowments business acquired through Fedsure.

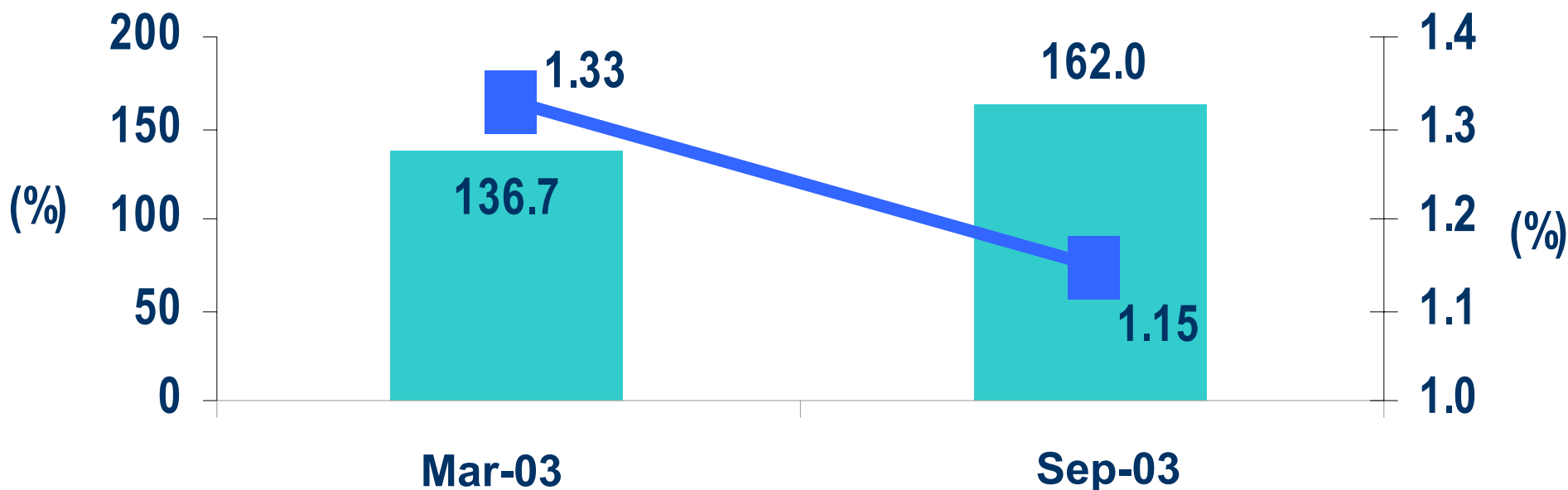
Asset Quality




 Total core loans and advances to customers (lhs)

 Non-performing loans as % of core loans and advances to customers (rhs)

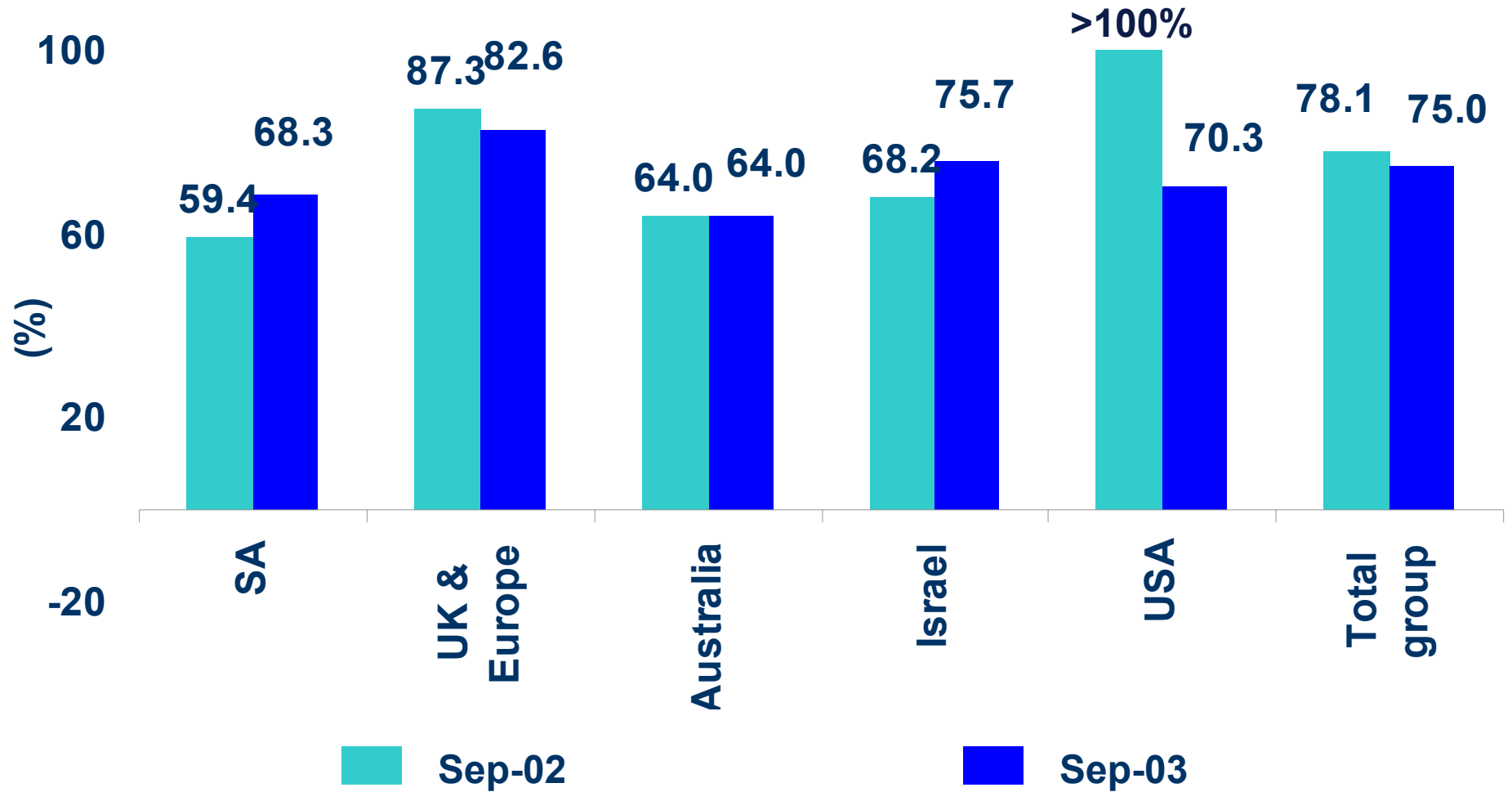
Asset Quality



 Total provisions as a % of gross non-performing loans (lhs)

 General provisions as a % of net loans and advances to customers (rhs)

Cost to income



Administrative expenses



UK GAAP, £'000	30 Sep 2003	30 Sep 2002	% change
Staff costs	123 035	128 485	(4.2)
Premises (excl. depreciation)	10 898	10 889	0.1
Equipment (excl. depreciation)	10 399	12 334	(15.7)
Business expenses	30 485	35 367	(13.8)
Marketing expenses	7 137	6 651	7.3
Administrative expenses	181 954	193 726	(6.1)

Taxation



- The operational effective tax rate of the group increased from 16.9% to 21.9%.

Effective tax rate (%)	30 Sep 2003
Southern Africa	18.4
UK and Europe	21.6
Australia	29.3
Israel	69.4

Exceptional items



- Losses on termination of the group's operations in the US amounting to £5.1 million:
- Profit of £13.7 million on disposal of group operations relating to the sale of the companies, 100 Grayston Drive Property (Pty) Limited and Block E Power Station Properties (Pty) Limited, at market value.

Capital adequacy



	30 Sep 2003	31 Mar 2003
Consolidated under SARB rules		
Investec Limited	14.4%	12.2%
Investec Bank Limited – solo	21.1%	21.0%
Consolidated under FSA rules		
Investec plc	14.5%	14.2%
Investec Bank UK – solo	21.6%	22.2%

Employees



	30 Sep 2003	31 Mar 2003
SA and Other	2 636	2 935
UK and Europe	1 432	1 471
Australia	105	103
USA	68	131
Israel	219	234
Total number of employees	4 460	4 874

Looking Forward



Looking forward



- The group's philosophy is still to grow organically and by acquisition however acquisitions must meet requirements of:
 - Building scale.
 - Fit with core areas of activities.
 - Generate the minimum return.
 - Not strain the group's capital structure.
- The group will not hesitate to dispose of businesses that underperform or are not core activities or geographies.

Looking forward



- Continue to manage costs tightly.
- Cost to income ratio declined from 78% to 75%.
- Looking to improve ratio further through both cost rationalisation and revenue generation.

Looking forward



- While proceeding with caution, we are encouraged by the economic environment and market sentiment and will continue to focus on building core businesses across all the regions in which we operate.

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