

## Investec interim results

For the six months ended 30 September 2008



### 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 trends
- 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 markets in which it operates to differ from those expressed or implied
- Any forward looking statements made are based on knowledge of the group at 13 November 2008



## Snapshot of the interim period



## Very difficult operating environment

### Sharp fall in equity markets



FTSE All Share

▼ 15%

▼ 25%

JSE All Share

▼ 19%

▼ 20%

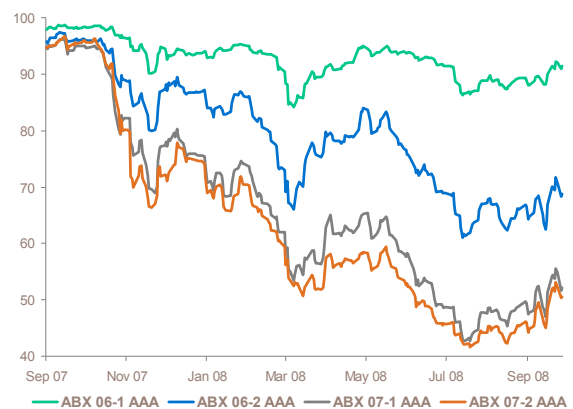
Aus All Ords

▼ 14%

▼ 30%

Source: Datastream

### Weak credit markets



Source: Datastream

## Very difficult operating environment

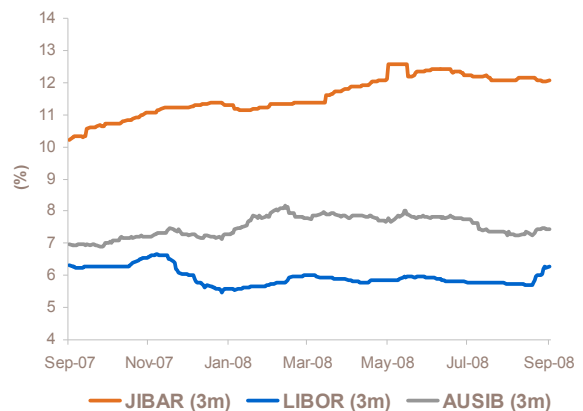
### Volatile exchange rates



	Since Mar-08	Since Sep-07
Euro/£	▲ 1.2%	▼ 11.4%
Rand/£	▼ 8.6%	▲ 5.0%
A\$/£	▲ 3.9%	▼ 1.5%

Source: Datastream

### Mixed interest rates



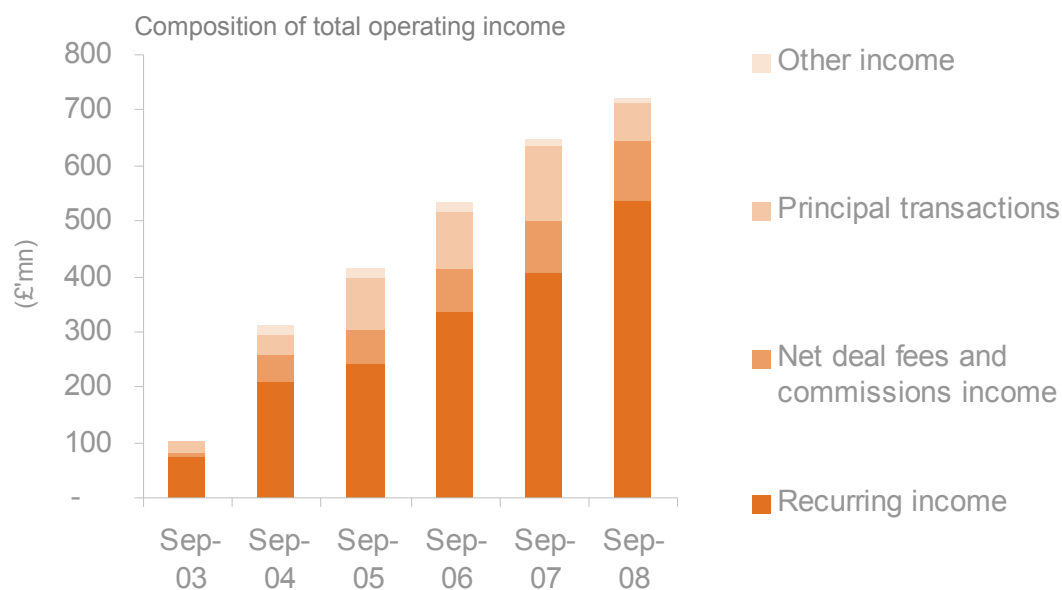
	At Sep-08	At Sep-07
LIBOR	6.30%	6.30%
JIBAR	12.05%	10.21%
AUSIB	7.34%	6.97%

Source: Datastream

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## Strong base of recurring income

### ... with strong risk and liquidity management

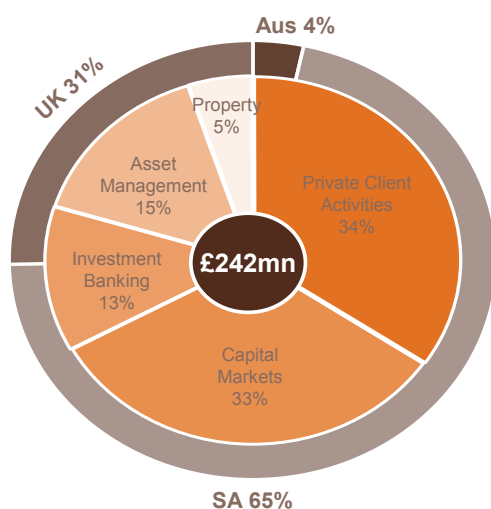


72% 67% 59% 63% 63% 74% Recurring income as a % of total income

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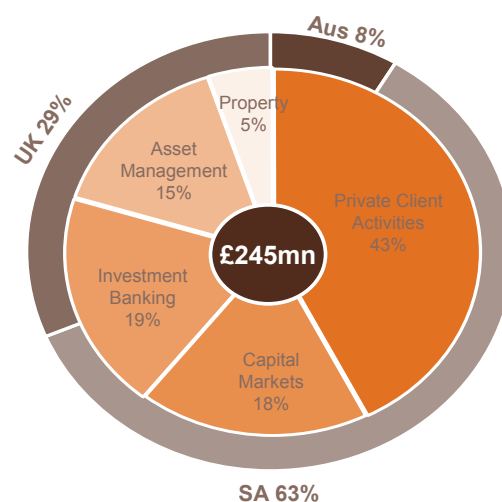
## Geographical and operational diversity

Operating profit\* as at 30 Sep 2008



\* Before goodwill and non-operating items and after minorities

Operating profit\* as at 30 Sep 2007



\* Before goodwill and non-operating items and after minorities

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## Resulting in a stable performance

	30 Sep 2008	30 Sep 2007	% change	31 Mar 2008
Operating profit before tax* (£000)	241 758	244 535	(1.1%)	508 717
Attributable earnings* (£000)	165 632	160 858	3.0%	344 695
Adjusted EPS* (pence)	26.3	27.3	(3.7%)	56.9
DPS (pence)	8.0	11.5	(30.4%)	25.0
	30 Sep 2008	31 Mar 2008	% change	
Customer deposits (£'bn)	12.9	12.1	6.6%	
Core loans and advances to customers (£'bn)	14.6	12.9	13.2%	
Third party assets under management (£'bn)	53.5	52.7	1.5%	

\* Before goodwill and non-operating items and after minorities

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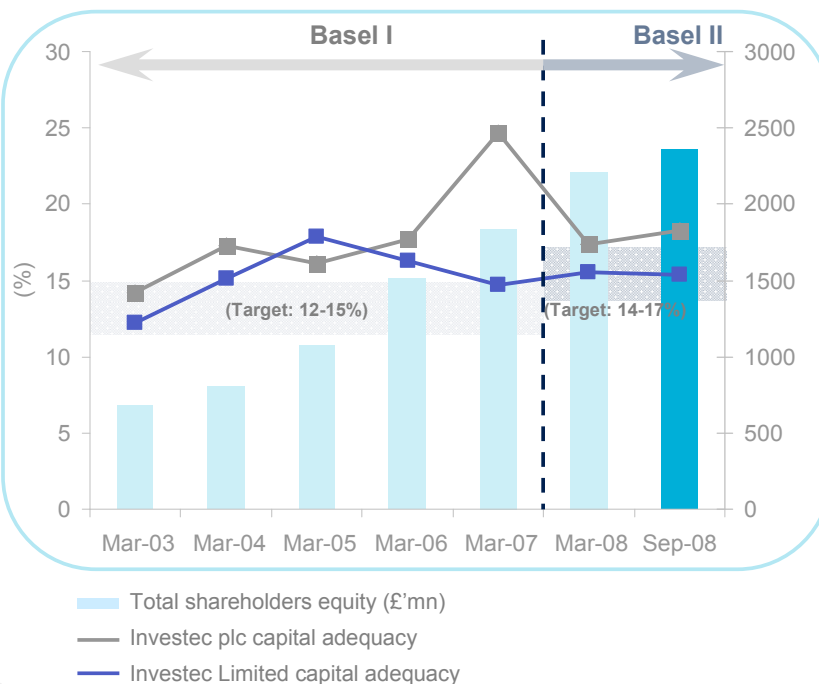


## Review of financial objectives

 Investec

## Capital adequacy targets revised

... remaining well capitalised

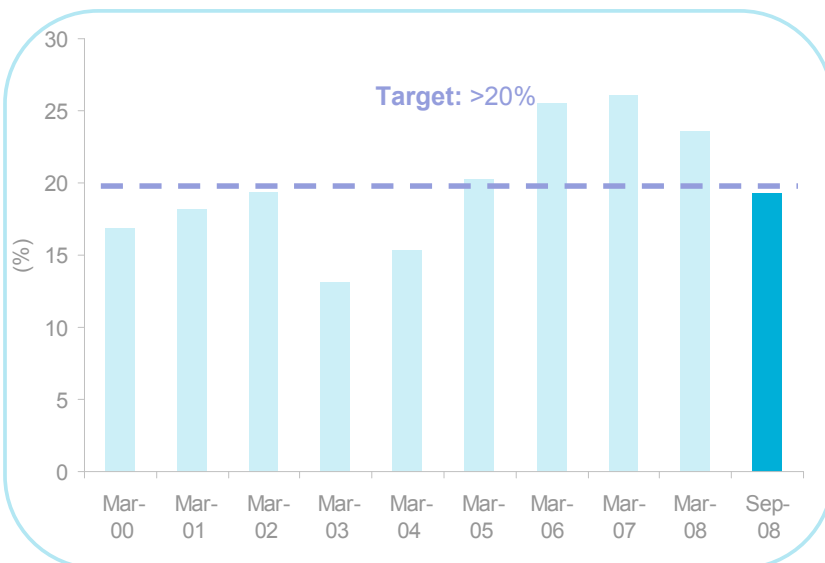


(Revised)  
Capital adequacy target: 14-17%  
Tier 1 target: >11%

Basel II Pillar I 30 Sep 2008	Capital adequacy ratio	Tier 1 ratio
Investec Ltd	13.9%	10.3%
Investec Bank Ltd	14.2%	10.3%
Investec plc	16.1%	9.7%
Investec Bank (UK) Ltd	16.2%	10.4%
Investec Bank (Australia) Ltd	18.1%	14.8%

## ROE\* of 19.3%

... difficult to maintain in this environment



### By geography

UK & Europe: **13.5%**  
 Southern Africa: **31.2%**  
 Australia: **4.1%**

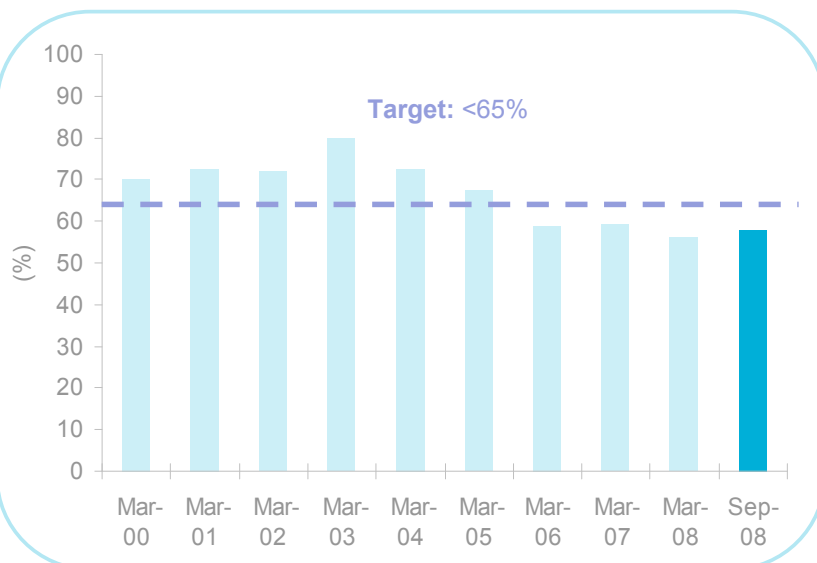
\*Return on average adjusted shareholders' equity (including goodwill and CCD's)

Note: Prior to 2005 the numbers are reported in terms of UK GAAP and thereafter in terms of IFRS

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## Cost to income of 58.0%

... driving income and cost efficiencies



### Operating income

Up **11.8%** to £723.7mn

### Costs

Up **10.1%** to £419.9mn

### COI by geography

UK & Europe: **66.8%**  
 Southern Africa: **47.5%**  
 Australia: **68.3%**

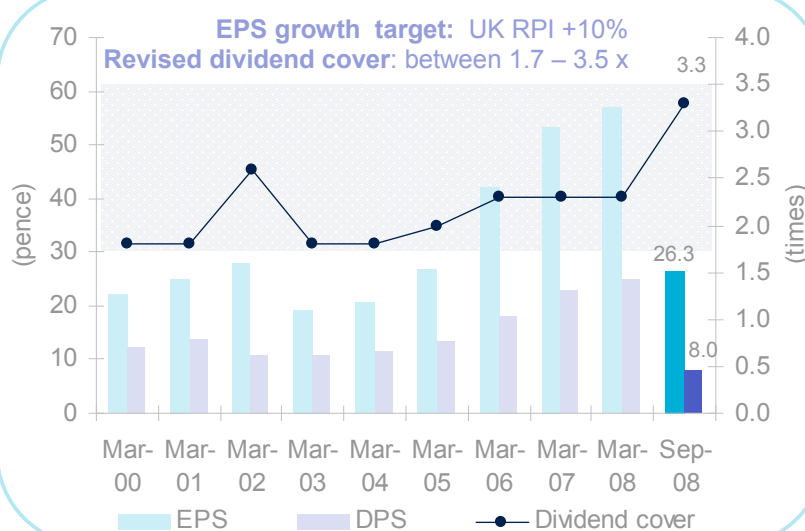
Note: Prior to 2005 the numbers are reported in terms of UK GAAP and thereafter in terms of IFRS

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# Adjusted EPS and DPS

... adjusted EPS growth of (3.7%) as a result of the difficult environment



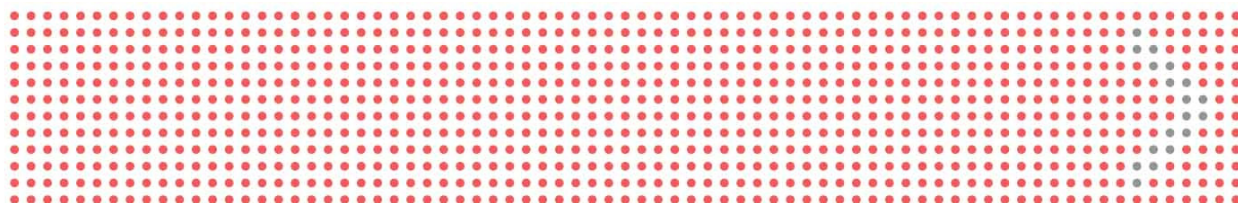
**5-yr CAGR at 20.4%**  
Since setting target in May 2004

**Attributable earnings**  
Plc: **35.4%**  
Limited: **64.6%**

\*Before goodwill and non-operating items

Note: Prior to 2005 the numbers are reported in terms of SA/UK GAAP and thereafter in terms of IFRS

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## Risk review

## Gearing

	30 Sep 2008	31 Mar 2008
Loans to capital ratio	7.0 x	6.6 x
Core loans to customer deposits	1.1 x	1.1 x
Total gearing	13.4 x	13.8 x
Total gearing (excluding securitised assets)	12.2 x	11.9 x

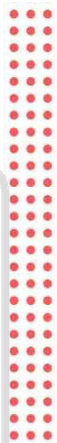
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## Asset quality

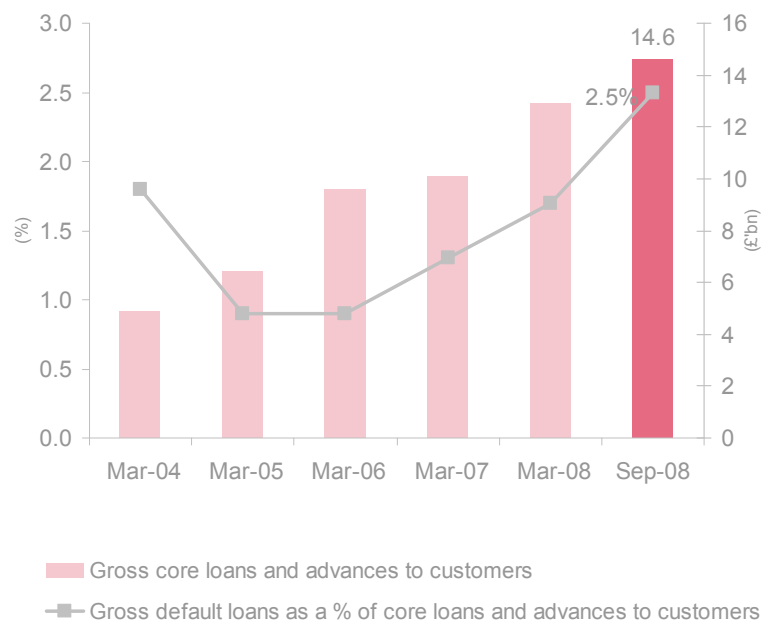
(£'mn)	30 Sep 2008	31 Mar 2008
Gross core loans and advances to customers	14 607	12 908
Total income statement impairments (excl. Kensington)	48	59
First half	48	4
Second half	n/a	55
Gross default loans	359	220
Collateral	349	210
Specific impairments	52	47

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# Core loans and defaults

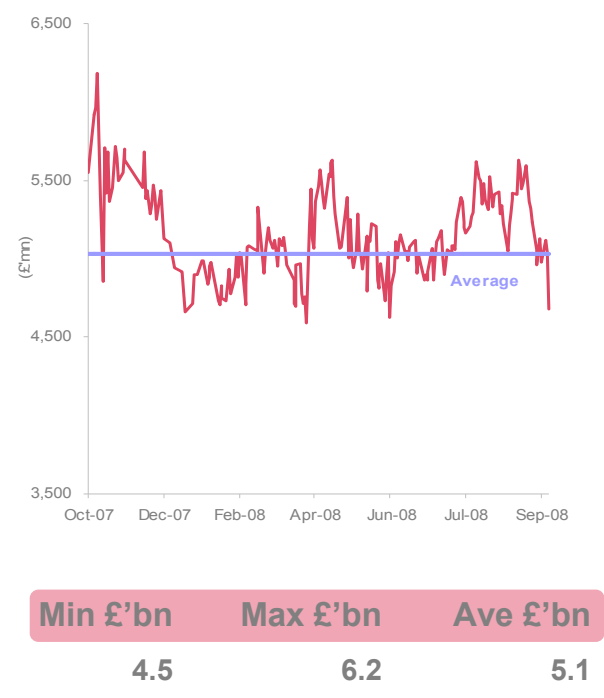


# Liquidity and funding

## Overall philosophy

- Continue to focus on:
  - maintaining a stock of readily available, high quality liquid assets well in excess of regulatory requirements
  - diversifying funding sources
  - maintaining a low reliance on interbank wholesale funding to fund core lending asset growth
- Limit concentration risk
- Private Bank has implemented a number of initiatives to increase its funding from private client and related deposits

## Surplus cash and near cash



## Kensington – summary

As at 30 Sep 2008	Warehouse book	Securitised portfolio	Total
Mortgage assets under management (pre-IFRS adjustments) (£'mn)	1 838	3 538	5 376
Product mix (£'mn)	1 838	3 538	5 376
Prime	707	612	1 319
Adverse	576	2 611	3 187
Ireland	555	315	870
Weighted average current LTV of active portfolio (adjusted for house price inflation)	77.0%	69.9%	72.4%
Total capital lent in arrears (£'mn)			
Arrears >90days	182	528	710
Debt to income ratio of clients (%)	24.1%	26.4%	25.6%

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## Kensington – summary

As at 30 Sep 2008	Warehouse book	Securitised portfolio	Total
Investec exposure to warehouse and securitisation structures (£'mn)	189	172	361
On balance sheet provisions (£'mn)	(43)	(59)	(102)
<b>Net exposure (£'mn)</b>	<b>146</b>	<b>113</b>	<b>259</b>
Direct funding (£'mn)			260
Average LTV on the above warehouse lines			68.2%

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# US structured credit investments

(£'mn)	30 Sep 2008	31 Mar 2008
US sub-prime	6	16
Other US CLOs	57	55
<b>Net exposure</b>	<b>63</b>	<b>71</b>
Net write-offs during the period	8	49

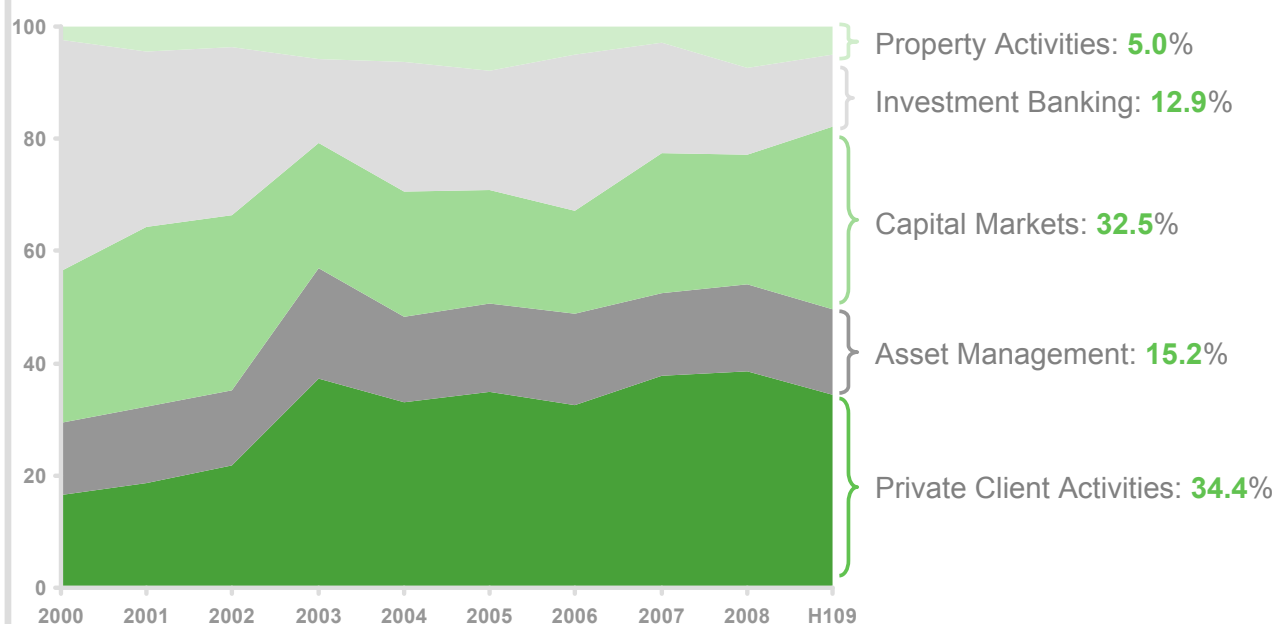
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## Operational review

## Diversified portfolio of businesses

### % contribution to operating profit\*



\*Excluding Group Services and Other Activities

Prior to 2005 the numbers are reported in terms of UK GAAP and thereafter in terms of IFRS

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## Private Client Portfolio Management and Stockbroking

### Key statistics

(5.9% of group)

	30 Sep 2008	30 Sep 2007	% change
Operating profit* (£'mn)	13.1	14.4	(8.6%)
Cost to income	62.5%	55.4%	
ROE (pre-tax)**	74.3%	59.8%	
	30 Sep 2008	31 Mar 2008	% change
Funds under management^ (£'bn)	19.9	19.9	-
SA Funds under management (R'bn)	103.6	112.8	(8.1%)

\*Before goodwill, non-operating items, taxation and after minorities

\*\*Return on adjusted shareholders' equity (including goodwill and CCD's)

^Includes Rensburg Sheppards plc

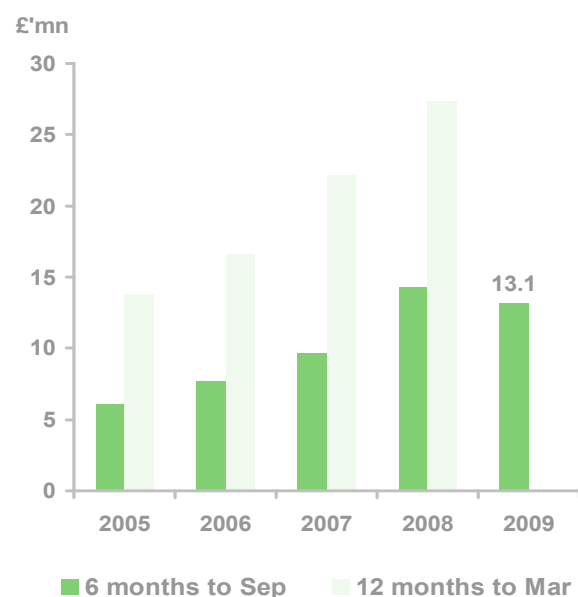
### Overview of performance

- Private Client business in **SA** negatively impacted by:
  - Lower market volumes
  - The lack of performance fees on alternative investments
- The **UK** results include Investec's **47.3%** share of the directors' estimate of the post-tax profit of Rensburg Sheppards

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## Private Client Portfolio Management and Stockbroking

### Operating profit\*



\*Before goodwill, non-operating items, taxation and after minorities

Results are shown for the year-ended 31 March. Prior to 2005 the numbers are reported in terms of UK GAAP and thereafter in terms of IFRS

### Outlook for H209

- Overall, conditions remains challenging which will exacerbate investors aversion to risk
- The business is more resilient as a result of diversification strategies implemented in prior years
- The large discretionary fund management business, should partly offset lower brokerage income with annuity fees

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## Private Banking

### Key statistics

(28.5% of group)

	30 Sep 2008	30 Sep 2007	% change
Operating income (£'mn)	214.6	195.3	9.9%
Operating profit* (£'mn)	63.2	85.7	(26.2%)
Cost to income	52.6%	52.5%	
ROE (pre-tax)**	20.9%	37.3%	
	30 Sep 2008	31 Mar 2008	% change
Loan book (£'bn)	9.9	8.9	11.0%
Deposit book (£'bn)	6.7	6.6	1.4%
Funds under advice (£'bn)	3.60	3.68	(2.2%)

\*Before goodwill, non-operating items, taxation and after minorities

\*\*Return on adjusted shareholders' equity (including goodwill and CCD's)

### Overview of performance

- Performance supported by:
  - Higher average advances
  - A diversified set of revenues
- **SA** business performed well
- The **UK** and **Australia** experienced lower levels of activity
- Increase in impairments reflects the weaker credit cycle

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## Private Banking

### Operating profit\*



\*Before goodwill, non-operating items, taxation and after minorities  
Results are shown for the year-ended 31 March. Prior to 2005 the numbers are reported in terms of UK GAAP and thereafter in terms of IFRS

### Outlook for H209

- Market conditions have negatively impacted impairments, exits and activity levels
- Cost base is being aligned accordingly
- **UK, Europe and Australia:**
  - Diversification strategy supporting lower but stable operating income
  - Focusing on opportunistic deals resulting from distressed markets
- **SA:**
  - Opportunity exists to deliver sustainable earnings as a result of positive macro fundamentals

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## Capital Markets

### Key statistics

(32.5% of group)

	30 Sep 2008	30 Sep 2007	% change
Operating profit (£'mn)	72.1	42.7	68.9%
Cost to income	51.7%	64.2%	
ROE (pre-tax)**	21.1%	17.3%	
	30 Sep 2008	31 Mar 2008	% change
Loan book (£'bn)	4.4	3.8	14.8%

\*Before goodwill, non-operating items and taxation and after minorities

\*\*Return on adjusted shareholders' equity (including goodwill and CCD's)

### Overview of performance

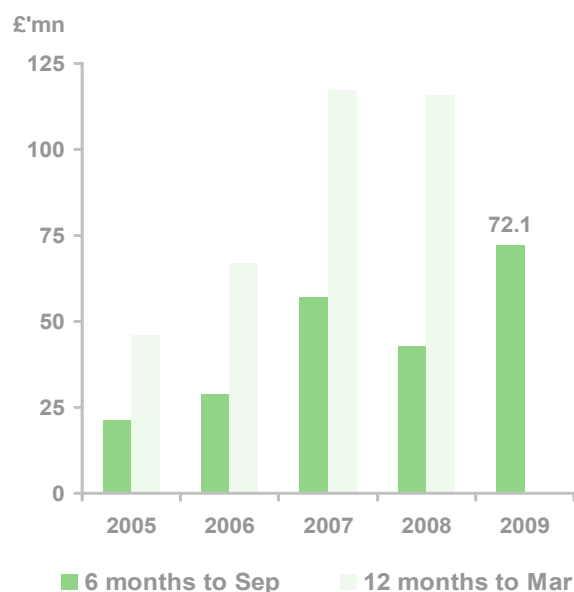
- Advisory and structuring activities continued to perform well
- Improved earnings from Principal Finance with write-down's of £8.3mn on US structured credit investments compared to £36mn in prior year
- Stable performance from Kensington contributing £19.3mn to operating profit
- Weak performance in **Australia** largely as a result of negative market-to-market valuations on the warrant portfolio

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## Capital Markets

### Operating profit\*



\*Before goodwill, non-operating items, taxation and after minorities  
Results are shown for the year-ended 31 March. Prior to 2005 the numbers are reported in terms of UK GAAP and thereafter in terms of IFRS

### Outlook for H209

- Focus on being a specialist business targeting markets where we can be distinctive and competitive
- Deal volume has slowed in line with market conditions
- Uncertain markets still present opportunities, however performance is dependent on liquidity and stability returning to the markets
- In **SA** and **UK**, we continue to strive for depth and greater penetration
- In **Australia**, we continue to look for opportunities to broaden our franchise

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## Capital Markets – Kensington

### Summary income statement for the six months ended

(£'mn)	30 Sep 2008	30 Sep 2007
Net interest income	66.1	19.0
Net fee and commission income	3.5	1.4
Principal transactions	3.3	1.0
Total income	72.9	21.4
Admin expenses and depreciation	(25.1)	(8.9)
	47.8	12.5
Impairment losses on loans and advances	(28.5)	(7.9)
Operating profit before goodwill, non-operating items and taxation	19.3	4.6

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## Investment Banking

### Key statistics

(12.9% of group)

	30 Sep 2008	30 Sep 2007	% change
Operating profit pre consolidated investments (£'mn)	37.8	40.8	(7.4%)
Agency and Advisory (£'mn)	14.0	15.5	(9.7%)
Principal Investments (£'mn)	23.8	25.3	(5.5%)
Investments required to be consolidated (£'mn)	(9.2)	4.3	n/a
Operating profit post consolidated investments (£'mn)	28.6	45.1	(36.7%)
Cost to income <sup>^</sup>	64.5%	52.1%	
ROE (pre-tax)**	17.6%	57.8%	

<sup>\*</sup>Before goodwill, non-operating items and taxation and after minorities

<sup>\*\*</sup>Return on adjusted shareholders' equity (including goodwill and CCD's)

<sup>^</sup>Adjusted for consolidated investments

### Overview of performance

- Mixed performance across geographies and business activity
- SA** and **Australian** agency divisions closed fewer deals compared to prior year
- Principal Investments in **SA** recorded another steady performance
- UK** recorded an increase in corporate fees and trading revenues despite difficult market conditions
- However, **UK** negatively impacted by weaker performances from some of the investments in the Principal Investments portfolio

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## Investment Banking

### Operating profit\*



<sup>\*</sup>Before goodwill, non-operating items, taxation and after minorities

Results are shown for the year-ended 31 March. Prior to 2005 the numbers are reported in terms of UK GAAP and thereafter in terms of IFRS

### Outlook for H209

- Focus continues to be on diversifying earnings streams
- Core level of sustainable earnings enables us to perform through varying cycles
- Outperformance going forward depends on market conditions and our ability to take advantage of opportunities

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## Asset Management

### Key statistics

(15.2% of group)

	30 Sep 2008	30 Sep 2007	% change
Operating profit (£'mn)	33.7	36.2	(7.0%)
Cost to income	67.7%	64.2%	
ROE (pre-tax)**	43.2%	49.1%	
	30 Sep 2008	31 Mar 2008	% change
Assets under management (£'bn)	29.6	28.8	3.1%

\*Before goodwill, non-operating items, taxation and after minorities

\*\*Return on adjusted shareholders' equity (including goodwill and CCD's)

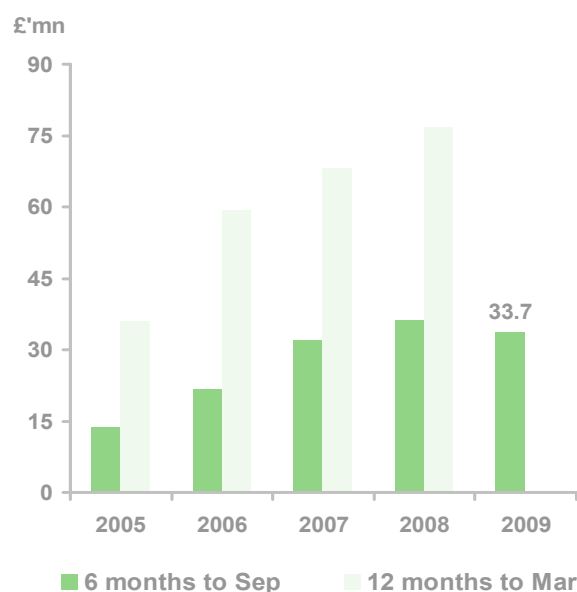
### Overview of performance

- Earnings negatively impacted by weak equity markets and the tougher mutual fund environment
- Benefited from solid net inflows and a shift in mix of funds, particularly in the institutional portfolio

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## Asset Management

### Operating profit\*



\*Before goodwill, non-operating items, taxation and after minorities

Results are shown for the year-ended 31 March. Prior to 2005 the numbers are reported in terms of UK GAAP and thereafter in terms of IFRS

### Outlook for H209

- The crisis in the financial system will impact our assets under management, sales and revenue in the short to medium-term
- Investor uncertainty means that generating net flows at the level of the first half of the financial year will be difficult
- Long term performance remains solid but mutual fund flows have weakened
- Continue to develop new distribution relationships

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## Property Activities

### Key statistics

(5.0% of group)

	30 Sep 2008	30 Sep 2007	% change
Operating profit (£'mn)	11.1	11.5	(3.0%)
Cost to income	35.9%	50.5%	
ROE (pre-tax)**	46.2%	80.5%	
	30 Sep 2008	31 Mar 2008	% change
Funds under advice (£'bn)	6.2	6.7	(7.7%)

\*Before goodwill, non-operating items, taxation and after minorities

\*\*Return on adjusted shareholders' equity (including goodwill and CCD's)

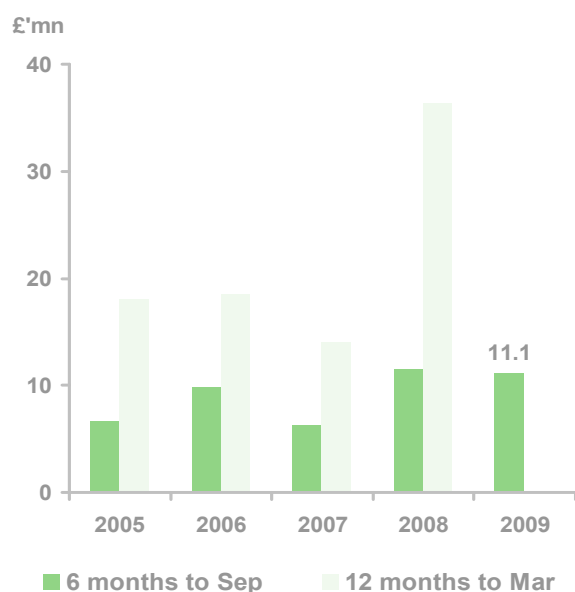
### Overview of performance

- Stable performance
- Benefited from fees earned on projects completed in the current period
- Reasonable performance from the investment property portfolio

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## Property Activities

### Operating profit\*



\*Before goodwill, non-operating items, taxation and after minorities

Results are shown for the year-ended 31 March. Prior to 2005 the numbers are reported in terms of UK GAAP and thereafter in terms of IFRS

### Outlook for H209

#### SA

- Negative short term outlook for property fundamentals
- Good pipeline and opportunities exist to convert and refurbish existing holdings
- Funding for new developments is tight and expensive

#### UK

- The GLL Global Real Estate Fund has €375mn for investment

#### Australia

- The Investec Property Opportunity Fund has A\$116mn of total equity commitments available to invest

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## Group Services and Other Activities

### Operating profit\*

(£'mn)	30 Sep 2008	30 Sep 2007	% change
International Trade Finance	3.6	3.1	14.6%
Assurance Activities	(0.9)	(0.1)	>100%
UK Traded Endowments	0.4	0.3	18.1%
	<b>3.1</b>	<b>3.3</b>	<b>(9.5%)</b>
Central Funding	46.9	34.6	35.5%
Central Services	(30.1)	(29.0)	3.7%
<b>Group Services and Other Activities</b>	<b>19.9</b>	<b>8.9</b>	<b>&gt;100%</b>

\*Before goodwill, non-operating items, taxation and after minorities

### Overview of performance

- Central Funding in **SA** performed well benefiting from increased cash holdings and higher average interest rates
- Central Services costs in line with prior year

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## General

- Operational effective tax rate down from 25.0% to **23.8%**
- Weighted shares from 589.0mn to **629.0mn**

30 Sep 2008

### Losses attributable to minority interests

£14.7mn

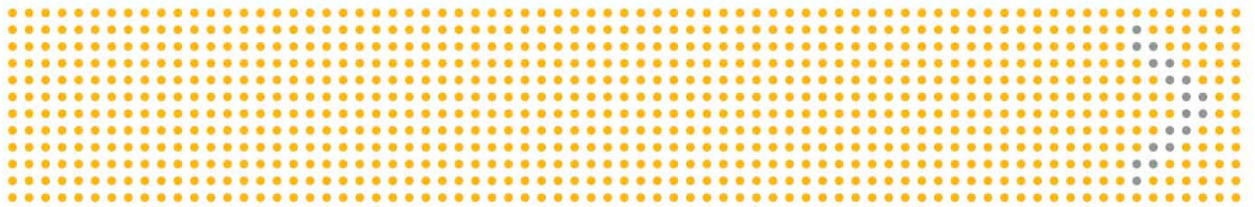
Operating losses in relation to investments held in the Private Equity division

£12.9mn

Translation of preferred securities issued by a subsidiary of Investec plc – transaction is hedged

£1.8mn

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## Strategy and outlook



## Environment has deteriorated further

### Equity markets

FTSE All Share

Aus All Ords

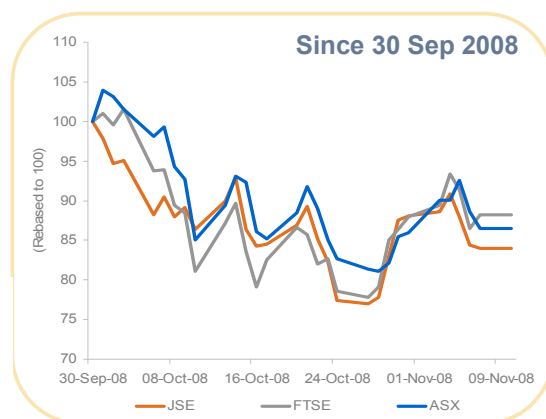
JSE All Share

Since  
30-Sep-08

▼ 19%

▼ 15%

▼ 14%

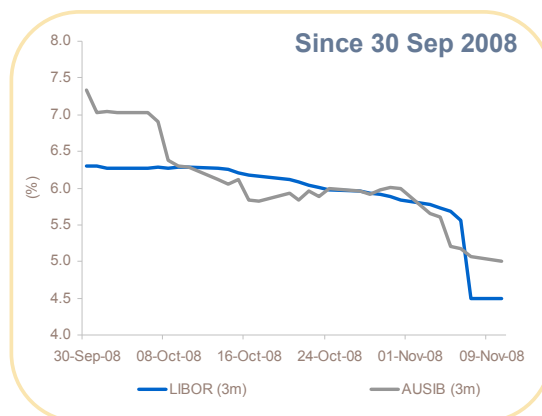
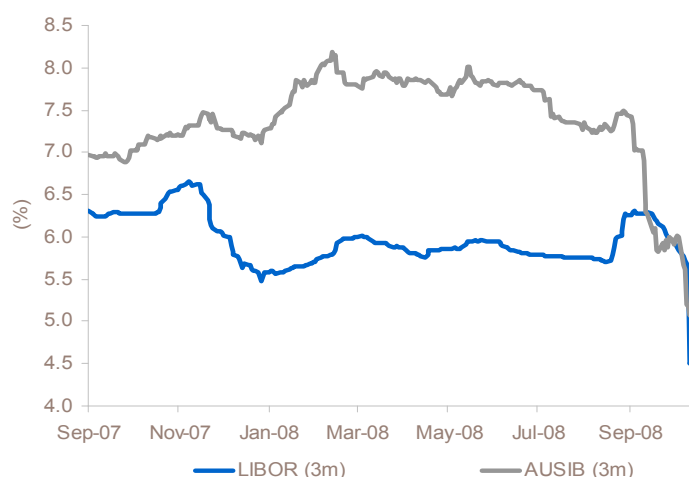




# Environment has deteriorated further

## Interest rates

	10-Oct-08	30-Sep-08
LIBOR	4.50%	6.30%
AUSIB	5.00%	7.34%
JIBAR	12.33%	12.05%



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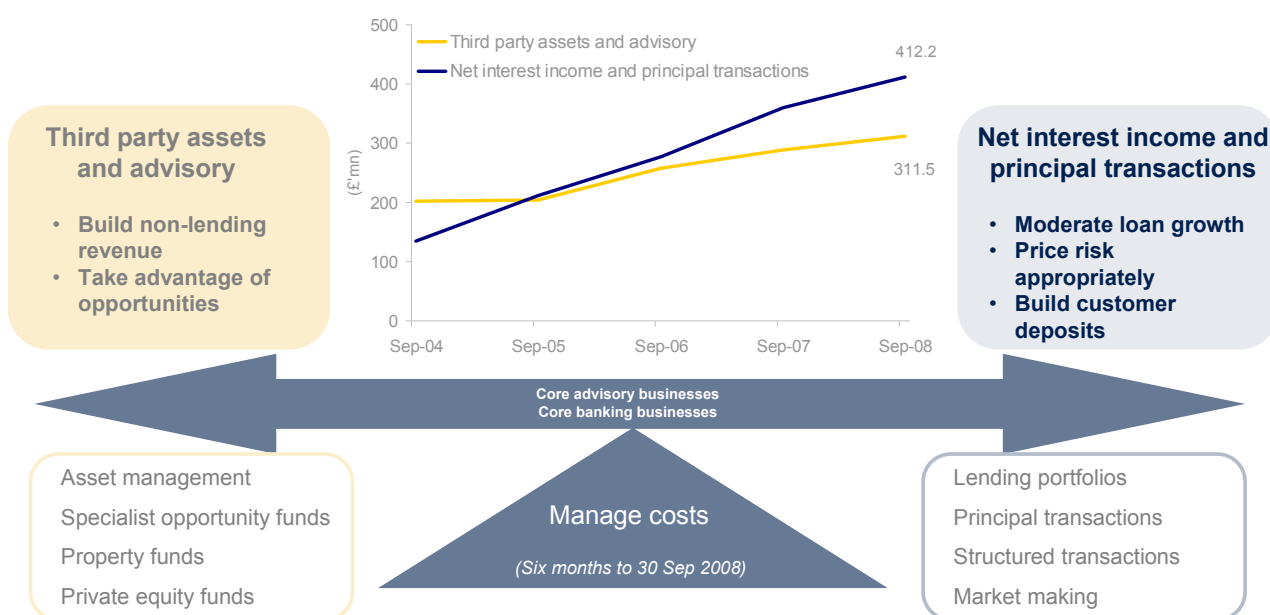
## Strategy

- We are a **niched** and **focused** specialist banking group constantly striving to be distinctive
- Our current focus is on:
  - Moderating loan growth, shifting emphasis to increasing the proportion of non-lending revenue base
  - Maintaining credit quality
  - Strictly managing risk and liquidity
  - Creating additional operational efficiencies and containing costs
  - Building business depth rather than business breadth in our attempt to deepen existing client relationships and generate high quality income through diversified, sustainable revenue streams

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# Building a sustainable business model

... by balancing operational risk businesses with financial risk businesses



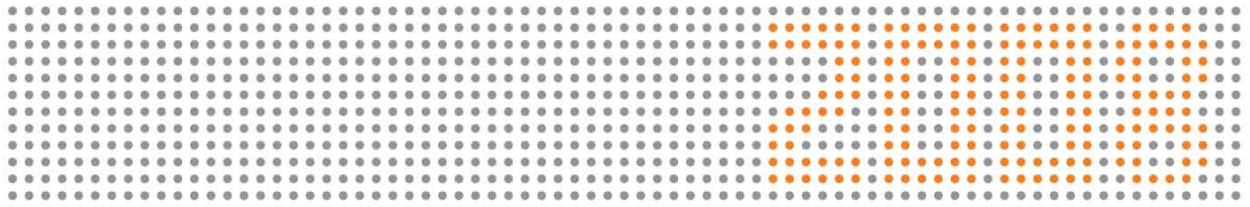
Note: analysis excludes income from private equity investments that are required to be consolidated

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## Outlook

- We expect **activity levels to remain low** which may impact revenue generation in the second six months of the financial year
- A high level of recurring income should support **sustainability of earnings**, albeit at lower levels
- By focusing on our core strengths and applying our strategy, we are ready to take advantage of **selective opportunities** and address challenges arising from the current market dislocation

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## **Investec interim results**

For the six months ended 30 September 2008

 **Investec**