



# Investec

Specialist Bank and  
Asset Manager



## Investec plc and Investec Limited (combined results)

Unaudited consolidated financial results in Pounds Sterling  
for the six months to 30 September 2011

### Salient Features

|   | 30 September<br>2011 | 30 September<br>2010 | %<br>Change | 31 March<br>2011 |
|---|----------------------|----------------------|-------------|------------------|
| Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests (£'000) | 223 629              | 228 157              | (2.0)       | 434 406          |
| Earnings attributable to shareholders (£'000)   | 178 920              | 246 993              | (27.6)      | 420 516          |
| Adjusted earnings before goodwill, acquired intangibles and non-operating items (£'000)   | 162 867              | 163 202              | (0.2)       | 327 897          |
| Adjusted earnings per share (pence)   | 20.6                 | 22.1                 | (6.8)       | 43.2             |
| Earnings per share (pence)  | 19.2                 | 29.7                 | (35.4)      | 49.7             |
| Headline earnings per share (pence)   | 18.7                 | 19.8                 | (5.6)       | 37.7             |
| Dividends per share (pence)   | 8.0                  | 8.0                  | –           | 17.0             |
| Total equity (£'million)  | 3 797                | 3 798                | –           | 3 961            |
| Third party assets under management (£'million)   | 80 000               | 77 819               | 2.8         | 88 878           |
| Asset Management and Wealth Management businesses contribution to operating profit (%)  | 39.1                 | 28.6                 | 36.7        | 38.6             |

#### Combined consolidated income statement

| £'000  | Six months to<br>30 September<br>2011 | Six months to<br>30 September<br>2010 | Year to<br>31 March<br>2011 |
|--|---------------------------------------|---------------------------------------|-----------------------------|
| Interest income  | 1 183 565                             | 1 118 360                             | 2 238 783                   |
| Interest expense   | (818 853)                             | (797 186)                             | (1 557 314)                 |
| <b>Net interest income</b>   | <b>364 712</b>                        | <b>321 174</b>                        | <b>681 469</b>              |
| Fee and commission income  | 507 980                               | 389 961                               | 896 300                     |
| Fee and commission expense   | (62 812)                              | (49 467)                              | (108 642)                   |
| Principal transactions   | 138 261                               | 208 706                               | 418 686                     |
| Investment income on assurance activities  | 11 630                                | 17 986                                | 64 834                      |
| Premiums and reinsurance recoveries on insurance contracts   | 4 198                                 | 5 028                                 | 6 110                       |
| Other operating income   | 44 290                                | 8 387                                 | 54 003                      |
| <b>Other income</b>  | <b>643 547</b>                        | <b>580 601</b>                        | <b>1 331 291</b>            |
| Claims and reinsurance premiums on insurance business  | (15 856)                              | (20 727)                              | (57 774)                    |
| <b>Total operating income net of insurance claims</b>  | <b>992 403</b>                        | <b>881 048</b>                        | <b>1 954 986</b>            |
| Impairment losses on loans and advances  | (143 328)                             | (122 850)                             | (318 230)                   |
| <b>Operating income</b>  | <b>849 075</b>                        | <b>758 198</b>                        | <b>1 636 756</b>            |
| Operating costs  | (607 860)                             | (540 878)                             | (1 196 865)                 |
| Depreciation on operating leased assets  | (22 154)                              | –                                     | (16 447)                    |
| <b>Operating profit before goodwill and amortisation of acquired intangibles</b>   | <b>219 061</b>                        | <b>217 320</b>                        | <b>423 444</b>              |
| Impairment of goodwill   | (672)                                 | (2 763)                               | (6 888)                     |
| Amortisation of acquired intangibles   | (4 096)                               | (2 254)                               | (6 341)                     |
| <b>Operating profit</b>  | <b>214 293</b>                        | <b>212 303</b>                        | <b>410 215</b>              |
| Profit arising from associate converted to subsidiary  | –                                     | 73 465                                | 73 465                      |
| Net loss on sale of subsidiaries   | –                                     | (7 942)                               | (17 302)                    |
| <b>Profit before taxation</b>  | <b>214 293</b>                        | <b>277 826</b>                        | <b>466 378</b>              |
| Taxation on operating profit before goodwill   | (41 985)                              | (43 828)                              | (65 075)                    |
| Taxation on intangibles and sale of subsidiaries   | 2 044                                 | 677                                   | 6 610                       |
| <b>Profit after taxation</b>   | <b>174 352</b>                        | <b>234 675</b>                        | <b>407 913</b>              |
| Operating losses attributable to non-controlling interests   | 4 568                                 | 10 837                                | 10 962                      |
| Loss on subsidiaries attributable to non-controlling interests   | –                                     | 1 481                                 | 1 641                       |
| <b>Earnings attributable to shareholders</b>   | <b>178 920</b>                        | <b>246 993</b>                        | <b>420 516</b>              |
| <b>Earnings attributable to shareholders</b>   | <b>178 920</b>                        | <b>246 993</b>                        | <b>420 516</b>              |
| Impairment of goodwill   | 672                                   | 2 763                                 | 6 888                       |
| Amortisation of acquired intangibles, net of taxation  | 2 052                                 | 1 577                                 | 3 509                       |
| Loss on subsidiaries attributable to non-controlling interests   | –                                     | (1 481)                               | (1 641)                     |
| Profit arising from associate converted to subsidiary  | –                                     | (73 465)                              | (73 465)                    |
| Net loss on sale of subsidiaries, net of taxation  | –                                     | 7 942                                 | 13 524                      |
| Preference dividends paid  | (26 730)                              | (27 031)                              | (43 019)                    |
| Additional earnings attributable to other equity holders   | 6 201                                 | 5 904                                 | 1 585                       |
| Currency hedge attributable to perpetual equity instruments  | 1 752                                 | –                                     | –                           |
| <b>Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items</b> | <b>162 867</b>                        | <b>163 202</b>                        | <b>327 897</b>              |
| Headline adjustments (gain on investment properties and available-for-sale instruments recognised in income)                 | (14 949)                              | (17 002)                              | (41 238)                    |
| <b>Headline earnings</b>   | <b>147 918</b>                        | <b>146 200</b>                        | <b>286 659</b>              |
| <b>Earnings per share (pence)</b>  |                                       |                                       |                             |
| – Basic  | 19.2                                  | 29.7                                  | 49.7                        |
| – Diluted  | 18.1                                  | 27.9                                  | 46.7                        |
| <b>Adjusted earnings per share (pence)</b>   |                                       |                                       |                             |
| – Basic  | 20.6                                  | 22.1                                  | 43.2                        |
| – Diluted  | 19.4                                  | 20.7                                  | 40.6                        |
| <b>Headline earnings per share (pence)</b>   |                                       |                                       |                             |
| – Basic  | 18.7                                  | 19.8                                  | 37.7                        |
| – Diluted  | 17.6                                  | 18.6                                  | 35.5                        |
| <b>Number of weighted average shares (millions)</b>  |                                       |                                       |                             |
| – Basic  | 792.1                                 | 739.7                                 | 759.8                       |

#### Summarised combined consolidated statement of total comprehensive income

| £'000   | Six months to<br>30 September<br>2011 | Six months to<br>30 September<br>2010 | Year to<br>31 March<br>2011 |
|---|---------------------------------------|---------------------------------------|-----------------------------|
| Profit after taxation   | 174 352                               | 234 675                               | 407 913                     |
| Other comprehensive income:   |                                       |                                       |                             |
| Cash flow hedge movements taken directly to other comprehensive income†                         | (34 524)                              | 2 113                                 | 9 929                       |
| Fair value movements on available-for-sale assets taken directly to other comprehensive income† | (22 115)                              | 10 527                                | 27 631                      |
| Gains on realisation of available-for-sale assets recycled through the income statement†        | (1 070)                               | (1 624)                               | (4 845)                     |
| Foreign currency adjustments on translating foreign operations                                  | (237 073)                             | 8 224                                 | 39 588                      |
| Pension fund actuarial gains  | –                                     | –                                     | 10 157                      |
| <b>Total comprehensive (loss)/income</b>  | <b>(120 430)</b>                      | <b>253 915</b>                        | <b>490 373</b>              |
| Total comprehensive loss attributable to non-controlling interests                              | (19 971)                              | (11 351)                              | (10 710)                    |
| Total comprehensive (loss)/income attributable to ordinary shareholders                         | (127 189)                             | 235 472                               | 458 064                     |
| Total comprehensive income attributable to perpetual preferred securities                       | 26 730                                | 29 794                                | 43 019                      |
| <b>Total comprehensive (loss)/income</b>  | <b>(120 430)</b>                      | <b>253 915</b>                        | <b>490 373</b>              |

†Net of taxation of (£21.5 million) (Six months to 30 September 2010: £3.0 million, Year to 31 March 2011: £5.7 million).

#### Summarised combined consolidated statement of changes in equity

| £'000   | Six months to<br>30 September<br>2011 | Six months to<br>30 September<br>2010 | Year to<br>31 March<br>2011 |
|---|---------------------------------------|---------------------------------------|-----------------------------|
| <b>Balance at the beginning of the period</b>                 | <b>3 961 102</b>                      | <b>3 291 861</b>                      | <b>3 291 861</b>            |
| Total comprehensive (loss)/income                             | (120 430)                             | 253 915                               | 490 373                     |
| Share-based payment adjustments                               | 36 660                                | 17 708                                | 69 518                      |
| Dividends paid to ordinary shareholders                       | (70 558)                              | (59 341)                              | (123 630)                   |
| Dividends paid to perpetual preference shareholders           | (26 730)                              | (27 031)                              | (43 019)                    |
| Dividends paid to non-controlling interests                   | (247)                                 | (182)                                 | (356)                       |
| Issue of ordinary shares                                      | 40 030                                | 317 464                               | 325 886                     |
| Issue of perpetual preference shares                          | 20 638                                | 11 893                                | 16 138                      |
| Share issue expenses  | (587)                                 | (3 753)                               | (3 632)                     |
| Issue of equity instruments by subsidiaries                   | –                                     | 1 514                                 | 1 493                       |
| Movement of treasury shares                                   | (42 894)                              | (6 253)                               | (45 461)                    |
| Acquisition of non-controlling interests                      | –                                     | –                                     | (3 970)                     |
| Non-controlling interest relating to disposal of subsidiaries | –                                     | –                                     | (14 099)                    |
| <b>Balance at the end of the period</b>                       | <b>3 796 984</b>                      | <b>3 797 795</b>                      | <b>3 961 102</b>            |

#### Combined consolidated balance sheet

| £'000  | 30 September<br>2011 | 31 March<br>2011  | 30 September<br>2010* |
|--|----------------------|-------------------|-----------------------|
| <b>Assets</b>  |                      |                   |                       |
| Cash and balances at central banks   | 1 274 647            | 1 769 078         | 1 550 807             |
| Loans and advances to banks  | 2 186 698            | 1 468 705         | 2 257 741             |
| Cash equivalent advances to customers  | 398 068              | 535 983           | 527 758               |
| Reverse repurchase agreements and cash collateral on securities borrowed       | 2 332 960            | 2 467 775         | 1 207 255             |
| Trading securities   | 5 212 200            | 5 114 322         | 5 338 673             |
| Derivative financial instruments   | 2 543 704            | 1 799 204         | 1 970 670             |
| Investment securities  | 3 461 471            | 3 328 609         | 2 915 969             |
| Loans and advances to customers  | 17 938 242           | 18 758 524        | 18 110 210            |
| Loans and advances to customers – Kensington warehouse assets                  | 1 530 550            | 1 612 181         | 1 683 586             |
| Securitized assets   | 4 137 563            | 4 924 293         | 5 150 421             |
| Interests in associated undertakings   | 24 164               | 23 481            | 22 303                |
| Deferred taxation assets   | 117 340              | 114 838           | 132 252               |
| Other assets   | 1 475 416            | 1 410 593         | 1 188 678             |
| Property and equipment   | 266 452              | 279 801           | 57 774                |
| Investment properties  | 354 700              | 379 527           | 324 672               |
| Goodwill   | 454 417              | 456 608           | 466 125               |
| Intangible assets  | 130 346              | 136 452           | 167 506               |
| Non-current assets classified as held for sale                                 | –                    | –                 | 122 133               |
| <b>43 838 938</b>  | <b>44 579 974</b>    | <b>43 194 533</b> |                       |
| Other financial instruments at fair value through profit or loss in respect of |                      |                   |                       |
| – Liabilities to customers   | 5 887 649            | 6 361 296         | 5 781 206             |
| – Assets related to reinsurance contracts                                      | –                    | –                 | 2 699                 |
| <b>49 726 587</b>  | <b>50 941 270</b>    | <b>48 978 438</b> |                       |
| <b>Liabilities</b>   |                      |                   |                       |
| Deposits by banks  | 1 696 070            | 1 858 893         | 2 181 563             |
| Deposits by banks – Kensington warehouse funding                               | 898 564              | 975 542           | 1 082 431             |
| Derivative financial instruments   | 2 010 287            | 1 486 419         | 1 618 990             |
| Other trading liabilities  | 834 417              | 716 556           | 540 254               |
| Repurchase agreements and cash collateral on securities lent                   | 1 721 545            | 1 599 646         | 942 699               |
| Customer accounts (deposits)   | 24 184 573           | 24 441 260        | 23 493 808            |
| Debt securities in issue   | 2 149 556            | 2 145 213         | 2 183 112             |
| Liabilities arising on securitisation  | 3 575 793            | 4 340 864         | 4 488 245             |
| Current taxation liabilities   | 207 298              | 206 957           | 191 560               |
| Deferred taxation liabilities  | 138 110              | 148 750           | 202 938               |
| Other liabilities  | 1 297 615            | 1 411 137         | 1 193 942             |
| Pension fund liabilities   | –                    | –                 | 487                   |
| Liabilities directly associated with non-current assets held for sale          | –                    | –                 | 103 465               |
| <b>38 713 828</b>  | <b>39 331 237</b>    | <b>38 223 494</b> |                       |
| Liabilities to customers under investment contracts                            | 5 885 448            | 6 358 732         | 5 776 517             |
| Insurance liabilities, including unit-linked liabilities                       | 2 201                | 2 564             | 4 689                 |
| Reinsured liabilities  | –                    | –                 | 2 699                 |
| <b>44 601 477</b>  | <b>45 692 533</b>    | <b>44 007 399</b> |                       |
| Subordinated liabilities   | 1 328 126            | 1 287 635         | 1 173 244             |
| <b>45 929 603</b>  | <b>46 980 168</b>    | <b>45 180 643</b> |                       |
| <b>Equity</b>  |                      |                   |                       |
| Ordinary share capital   | 210                  | 208               | 201                   |
| Perpetual preference share capital   | 153                  | 153               | 181                   |
| Share premium  | 2 292 401            | 2 242 067         | 2 256 628             |
| Treasury shares  | (62 313)             | (42 713)          | (55 182)              |
| Other reserves   | 38 838               | 315 878           | 270 030               |
| Retained income  | 1 234 384            | 1 131 980         | 999 077               |
| Shareholders' equity excluding non-controlling interests                       | 3 503 673            | 3 647 573         | 3 470 935             |
| Non-controlling interests  | 293 311              | 313 529           | 326 860               |
| – Perpetual preferred securities issued by subsidiaries                        | 293 829              | 317 997           | 311 312               |
| – Non-controlling interests in partially held subsidiaries                     | (518)                | (4 468)           | 15 548                |
| <b>Total equity</b>  | <b>3 796 984</b>     | <b>3 961 102</b>  | <b>3 797 795</b>      |
| <b>Total liabilities and equity</b>  | <b>49 726 587</b>    | <b>50 941 270</b> | <b>48 978 438</b>     |

\*As restated for reclassifications detailed in the commentary section of this report.

#### Summarised combined consolidated cash flow statement

| £'000   | Six months to<br>30 September<br>2011 | Six months to<br>30 September<br>2010 | Year to<br>31 March<br>2011 |
|---|---------------------------------------|---------------------------------------|-----------------------------|
| Cash inflows from operations                                  | 394 574                               | 343 799                               | 779 885                     |
| Increase in operating assets                                  | (3 428 440)                           | (2 460 557)                           | (4 032 844)                 |
| Increase in operating liabilities                             | 2 834 291                             | 1 295 406                             | 2 752 392                   |
| Net cash outflow from operating activities                    | (199 575)                             | (821 352)                             | (500 567)                   |
| Net cash outflow from investing activities                    | (19 493)                              | (10 946)                              | (292 272)                   |
| Net cash inflow from financing activities                     | 28 144                                | 157 453                               | 156 748                     |
| Effects of exchange rate changes on cash and cash equivalents | (129 249)                             | 15 889                                | 101 032                     |
| <b>Net decrease in cash and cash equivalents</b>              | <b>(320 173)</b>                      | <b>(658 956)</b>                      | <b>(535 059)</b>            |
| Cash and cash equivalents at the beginning of the period      | 3 386 988                             | 3 922 047                             | 3 922 047                   |
| <b>Cash and cash equivalents at the end of the period</b>     | <b>3 066 815</b>                      | <b>3 263 091</b>                      | <b>3 386 988</b>            |

Cash and cash equivalents are defined as including cash and balances at central banks, on demand loans and advances to banks and cash equivalent advances to customers (all of which have a maturity profile of less than three months).

Investec plc  
(Registration number 3633621)  
**JSE Code:** INP  
**ISIN:** GB00B17BBQ50

**Registered office**  
2 Gresham Street  
London, EC2V 7QP  
United Kingdom

**Transfer secretaries**  
Computershare Investor Services (Pty) Ltd  
70 Marshall Street, Johannesburg 2001

**Company secretary:**  
D Miller\*

**Directors:** H S Herman (Chairman), S Koseff\* (Chief Executive), B Kantor\* (Managing Director), S E Abrahams, G F O Alford\*, G R Burger\*, C A Carolus, P K O Crosthwaite\*, O C Dickson\*, H J du Toit\*, B Fried\*, H Fukuda OBE\*, I R Kantor, M P Malungani, Sir David Prosser\*, P R S Thomas, F Titi.  
\*Executive \*British

Investec Limited  
(Registration number 1925/002833/06)  
**JSE Code:** INL  
**ISIN:** ZAE000081949

**Registered office**  
100 Grayston Drive  
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Sandton 2196

**Transfer secretaries**  
Computershare Investor Services (Pty) Ltd  
70 Marshall Street, Johannesburg 2001

**Company secretary:**  
B Coetsee





## Segmental geographic and business analysis of operating profit before goodwill, acquired intangibles, non-operating items and taxation for the six months to 30 September 2011

| £'000  | United Kingdom and Europe | Southern Africa | Australia       | Total group    |
|--|---------------------------|-----------------|-----------------|----------------|
| Asset Management   | 28 401                    | 37 177          | –               | 65 578         |
| Wealth and Investment  | 13 217                    | 8 571           | –               | 21 788         |
| Property Activities  | (20)                      | 10 453          | 1 255           | 11 688         |
| Private Banking  | 3 779                     | 14 701          | (23 382)        | (4 902)        |
| Core Private Banking   | 9 163                     | 14 701          | 13 258          | 37 122         |
| Property development portfolio being run off*                    | (5 384)                   | –               | (36 640)        | (42 024)       |
| Investment Banking   | (2 059)                   | 7 488           | (1 770)         | 3 659          |
| Capital Markets  | 98 892                    | 54 806          | 1 917           | 155 615        |
| Group Services and Other Activities                              | (47 876)                  | 17 478          | 601             | (29 797)       |
| <b>Operating profit after non-controlling interests</b>          | <b>94 334</b>             | <b>150 674</b>  | <b>(21 379)</b> | <b>223 629</b> |
| Core business  | 99 718                    | 150 674         | 15 261          | 265 653        |
| Property development portfolio being run off*                    | (5 384)                   | –               | (36 640)        | (42 024)       |
| Non-controlling interest – equity                                |                           |                 |                 | (4 568)        |
| <b>Operating profit before goodwill and acquired intangibles</b> |                           |                 |                 | <b>219 061</b> |

\* Residual property development loan portfolio in Ireland and Australia which have been ring-fenced for collection and recovery and are being run-off.

### Commentary

**Investec plc and Investec Limited (combined results)**  
**Unaudited combined consolidated financial results in Pounds Sterling for the six months ended 30 September 2011**

#### Overall group performance

The group's diversified business model, level of recurring income, and strong capital and liquidity has supported a stable operational performance against a backdrop of volatile and unstable economic and market conditions during the period under review. The group's low-capital intensive asset and wealth management businesses have performed well, reporting a strong increase in their contribution to group earnings. The Specialist Banking businesses have benefited from growth in net interest income and fee income but earnings from principal transactions have been negatively impacted by poor economic fundamentals and market volatility referred to above.

The main features of the period under review are:

- Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after non-controlling interests ("operating profit") decreased 2.0% to GBP223.6 million (2010: GBP228.2 million).
- Impairments on loans and advances increased 16.7% to GBP143.3 million (2010: GBP122.9 million), but decreased by 26.6% relative to the second half of the financial year ended 31 March 2011.
- Adjusted earnings attributable to shareholders before goodwill, acquired intangibles and non-operating items decreased 0.2% to GBP162.9 million (2010: GBP163.2 million).
- Adjusted earnings per share (EPS) before goodwill, acquired intangibles and non-operating items decreased 6.8% from 22.1 pence to 20.6 pence, largely as a result of an increase in the number of shares in issue.
- The asset management and wealth management businesses account for 39.1% of the group's operating profit, compared to 28.6% in 2010.
- Third party assets under management decreased 10.0% to GBP90.0 billion (31 March 2011: GBP98.9 billion) – a decline of 3.4% on a currency neutral basis. Net inflows amounted to approximately GBP3.0 billion.
- Customer accounts (deposits) decreased 1.0% to GBP24.2 billion (31 March 2011: GBP24.4 billion) – an increase of 8.1% on a currency neutral basis.
- Core loans and advances decreased 6.7% to GBP17.5 billion (31 March 2011: GBP18.8 billion) – an increase of 2.0% on a currency neutral basis.
- The board declared a dividend of 8.0 pence per ordinary share (2010: 8.0 pence) resulting in a dividend cover based on the group's adjusted EPS before goodwill and non-operating items of 2.6 times (2010: 2.8 times), consistent with the group's dividend policy.

#### Operational review

The banking environment remains uncertain as regulators continue their review and adjustment of the regulatory framework in an attempt to strengthen the system and avoid future crises. As a result, the group maintains high levels of surplus cash and capital in anticipation of a system where higher levels of liquidity and capital will become the norm.

#### Liquidity and funding

Diversifying Investec's funding sources has been a key element in improving the quality of the group's balance sheet and reducing its reliance on wholesale funding. The group continues to benefit from its growing retail franchise recording an increase in customer deposits in all three core geographies. Cash and near cash balances amount to GBP9.3 billion (31 March 2011: GBP9.3 billion) – GBP10.1 billion on a currency neutral basis.

#### Capital adequacy

The group comfortably met its capital adequacy targets of a minimum tier one capital ratio of 11% and a total capital adequacy ratio range of 14% to 17% on a consolidated basis for each of Investec plc and Investec Limited respectively. Capital adequacy ratios remain sound in both Investec plc and Investec Limited, as reflected in the table below.

| Basel II ratios         | 30 September 2011 | 30 September 2010 | 31 March 2011 |
|-------------------------|-------------------|-------------------|---------------|
| <b>Investec plc</b>     |                   |                   |               |
| Capital adequacy ratio  | 17.1%             | 16.7%             | 16.8%         |
| Tier 1 ratio            | 11.6%             | 12.1%             | 11.6%         |
| <b>Investec Limited</b> |                   |                   |               |
| Capital adequacy ratio  | 15.7%             | 16.2%             | 15.9%         |
| Tier 1 ratio            | 12.0%             | 12.1%             | 11.9%         |

#### Asset quality

The bulk of Investec's credit and counterparty risk arises through its Private Banking and Capital Markets activities. The Private Bank lends mainly to high net worth and high income individuals, whilst Capital Markets primarily transacts with mid to large sized corporates, public sector bodies and institutions. The majority of the group's credit and counterparty exposures reside within its three core geographies. The group has no exposure to peripheral European sovereign debt. Net defaults on core loans and advances have decreased and are fully covered by collateral, as detailed in the "Financial statement analysis" below.

#### Business unit review

The group continues to realign its business model towards less capital intensive activities by building strong asset management and wealth management businesses thereby growing its annuity net fee and commission income. This strategy has resulted in a solid rise in net inflows of funds under management and an increase in operating profit from these businesses of 33.9% to GBP87.4 million (2010: GBP65.2 million).

#### Asset Management

Asset Management increased operating profit 34.1% to GBP65.6 million (2010: GBP48.9 million) benefiting from higher average funds under management and a reliable investment performance. Net inflows of GBP2.2 billion were recorded. Total funds under management amount to GBP53.1 billion (31 March 2011: GBP58.8 billion) and have been negatively impacted by market and currency volatility.

#### Wealth & Investment

Wealth & Investment increased operating profit 33.3% to GBP21.8 million (2010: GBP16.3 million) benefiting from higher average funds under management and a full contribution from the acquisition of Rensburg Sheppard's plc which became effective in June 2010. Net inflows of GBP0.8 billion were recorded. Total funds under management amount to GBP26.3 billion (31 March 2011: GBP29.4 billion) and have also been negatively impacted by market and currency volatility.

#### Property Activities

Property Activities' operating profit declined by 28.8% to GBP11.7 million (2010: GBP16.4 million) largely as a result of the sale of R1.7 billion of its property portfolio at the end of financial year 2011. The results of the division are in line with the group's expectations and remain supported by a sound investment property portfolio in South Africa.

#### Private Banking

Private Banking reported a loss of GBP4.9 million (2010: loss of GBP3.9 million). If one excludes the property development portfolio which is being run off in Australia and Ireland, the Private Bank made a profit of GBP37.1 million (2010: GBP29.9 million). The South African business has benefited from growth in its loan portfolio and improved margins, whilst the UK business showed a significantly improved performance as a result of lower impairments. The professional banking business in Australia continues to perform well and accounts for approximately 50% of its loan portfolio. The Australian business has, however, been negatively impacted by significantly increased impairments on the property development portfolio that is being run off. Activity levels, whilst improving, remain below historic norms across all three core geographies. The private client core lending book is GBP12.5 billion (31 March 2011: GBP13.3 billion) and the deposit book is GBP12.0 billion (31 March 2011: GBP12.5 billion).

#### Investment Banking

Investment Banking operating profit declined by 91.4% to GBP3.7 million (2010: GBP42.5 million) largely due to the performance of the listed principal investment portfolio which was adversely affected by a sharp fall in equity markets towards the end of the period. Weaker economic and trading conditions have impacted the timing of realisations and dividends received. Agency dividers benefited from a good deal pipeline, notably in South Africa, however, operating conditions in the Institutional Stockbroking business remain difficult.

#### Capital Markets

Capital Markets increased operating profit by 16.6% to GBP155.6 million (2010: GBP133.5 million). The division benefited from a strong deal pipeline and improved margins in South Africa, and another solid performance from the UK business. Activity levels within the Australian business remain satisfactory. Core loans and advances amount to GBP4.4 billion (31 March 2011: GBP4.8 billion).

#### Group Services and Other Activities

Group Services and Other Activities made a loss of GBP29.8 million (2010: loss of GBP25.6 million). Central Funding's results were impacted by lower margins and Central Services incurred an increase in personnel costs and systems related costs.

Further information on key developments within each of the business units is provided in a detailed report published on the group's website: <http://www.investec.com>

#### Financial statement analysis

##### Total operating income

Total operating income net of insurance claims increased by 12.6% to GBP992.4 million (2010: GBP881.0 million), with recurring income as a percentage of total operating income amounting to 67.8% (2010: 63.0%).

Net interest income increased by 13.6% to GBP364.7 million (2010: GBP321.2 million) largely as a result of improved margins across all three geographies and a sound performance from the group's fixed income portfolios.

Net fee and commission income increased by 30.7% to GBP445.2 million (2010: GBP340.5 million). The group benefited from higher average funds under management and solid net inflows. The banking businesses recorded an increase in net fees and commissions largely due to a good performance by the Capital Markets division in South Africa, however, transactional activity levels remain mixed.

Income from principal transactions decreased by 33.8% to GBP138.3 million (2010: GBP208.7 million) largely due to a weaker performance from the group's listed principal investments portfolio as outlined above.

Other operating income includes associate income and income earned on an operating lease portfolio acquired during December 2010.

##### Impairment losses on loans and advances

The overall picture on impairment losses on loans and advances was mixed. Although impairments have fallen since the second half of the last financial year, losses on loans and advances increased from GBP98.2 million to GBP107.1 million (excluding Kensington) compared to the first half of last year. This was largely as a result of significantly increased impairments on the property development portfolio in Australia. The residual loan portfolio has been ring-fenced for collection and recovery. Since 31 March 2011 the level of defaults in South Africa has started to improve, whilst the UK reported defaults marginally ahead of the year-end. The credit loss charge as a percentage of average gross loans and advances has improved from 1.27% at 31 March 2011 to 1.08% for the current period. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounts to 4.30% (31 March 2011: 4.66%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.19 times (31 March 2011: 1.38 times).

Impairment losses on loans and advances relating to the Kensington business amount to GBP36.2 million (2010: GBP24.7 million). The Kensington book has reduced from GBP4.2 billion at 31 March 2011 to GBP3.6 billion.

##### Operating costs and depreciation

The ratio of total operating costs to total operating income amounts to 62.6% (2010:61.4%).

## Segmental geographic and business analysis of operating profit before goodwill, acquired intangibles, non-operating items and taxation for the six months to 30 September 2010

| £'000  | United Kingdom and Europe | Southern Africa | Australia    | Total group    |
|--|---------------------------|-----------------|--------------|----------------|
| Asset Management   | 18 867                    | 30 046          | –            | 48 913         |
| Wealth and Investment  | 8 996                     | 7 346           | –            | 16 342         |
| Property Activities  | (443)                     | 14 540          | 2 311        | 16 408         |
| Private Banking  | (12 486)                  | 14 150          | (5 543)      | (3 879)        |
| Core Private Banking   | 9 536                     | 14 150          | 6 177        | 29 863         |
| Property development portfolio being run off*                    | (22 022)                  | –               | (11 720)     | (33 742)       |
| Investment Banking   | 8 816                     | 36 845          | (3 151)      | 42 510         |
| Capital Markets  | 88 385                    | 40 364          | 4 757        | 133 506        |
| Group Services and Other Activities                              | (32 097)                  | 3 119           | 3 335        | (25 643)       |
| <b>Operating profit after non-controlling interests</b>          | <b>80 038</b>             | <b>146 410</b>  | <b>1 709</b> | <b>228 157</b> |
| Core business  | 102 060                   | 146 410         | 13 429       | 261 899        |
| Property development portfolio being run off*                    | (22 022)                  | –               | (11 720)     | (33 742)       |
| Non-controlling interest – equity                                |                           |                 |              | (10 837)       |
| <b>Operating profit before goodwill and acquired intangibles</b> |                           |                 |              | <b>217 320</b> |

**Investec plc**  
**Ordinary dividend announcement**  
**Registration number: 3633621**  
**Share code: INPP**  
**ISIN: GB00B17BBQ50**

In terms of the DLC structure, Investec plc shareholders who are not South African resident shareholders may receive all or part of their dividend entitlements through dividends declared and paid by Investec plc on their ordinary shares and/or through dividends declared and paid on the SA DAN share issued by Investec Limited.

Investec plc shareholders who are South African residents, may receive all or part of their dividend entitlements through dividends declared and paid by Investec plc on their ordinary shares and/or through dividends declared and paid on the SA DAS share issued by Investec Limited.

Notice is hereby given that an interim dividend number 19 of 8 pence (2010: 8 pence) per ordinary share has been declared by the board in respect of the six months ended 30 September 2011 payable to shareholders recorded in the members' register of the company at the close of business on Friday, 09 December 2011, which will be paid as follows:

- for non-South African resident Investec plc shareholders, through a dividend payment by Investec plc of 8 pence per ordinary share
- for South African resident shareholders of Investec plc, through a dividend payment by Investec plc of 0.5 pence per ordinary share and through a dividend paid by Investec Limited, on the SA DAS share equivalent to 7.5 pence per ordinary share

**The relevant dates for the payment of dividend number 19 are as follows:**

| Last day to trade cum-dividend           | Friday, 02 December 2011  |
|--|---------------------------|
| On the Johannesburg Stock Exchange (JSE) | Friday, 02 December 2011  |
| On the London Stock Exchange (LSE)       | Tuesday, 06 December 2011 |

#### Shares commence trading ex-dividend

| On the Johannesburg Stock Exchange (JSE) | Monday, 05 December 2011    |
|--|-----------------------------|
| On the London Stock Exchange (LSE)       | Wednesday, 07 December 2011 |

#### Record date (on the JSE and LSE)

| Friday, 09 December 2011          |                           |
|-----------------------------------|---------------------------|
| Payment date (on the JSE and LSE) | Tuesday, 20 December 2011 |

Share certificates on the South African branch register may not be dematerialised or rematerialised between Monday, 05 December 2011 and Friday, 09 December 2011, both dates inclusive, nor may transfers between the UK and SA registers take place between Monday, 05 December 2011 and Friday, 09 December 2011, both dates inclusive.

Shareholders registered on the South African register are advised that the distribution of 8 pence, equivalent to 103 cents per share, has been arrived at using the Rand/Pound Sterling average buy/sell forward rate, as determined at 11h00 (SA time) on Wednesday, 16 November 2011.

By order of the board

|                                      |                  |
|--------------------------------------|------------------|
| <b>D Miller</b><br>Company Secretary | 16 November 2011 |
|--------------------------------------|------------------|

#### Investec Limited

**Ordinary dividend announcement**  
**Registration number: 1925/002833/06**  
**Share code: INL**  
**ISIN: ZAE000081949**

Notice is hereby given that an interim dividend number 112 of 103 cents (2010: 90 cents) per ordinary share has been declared by the board in respect of the six months ended 30 September 2011 payable to shareholders recorded in the members' register of the company at the close of business on Friday, 09 December 2011.

**The relevant dates for the payment of dividend number 112 are as follows:**

| Last day to trade cum-dividend      | Friday, 02 December 2011  |
|-------------------------------------|---------------------------|
| Shares commence trading ex-dividend | Monday, 05 December 2011  |
| Record date (on the JSE)            | Friday, 09 December 2011  |
| Payment date (on the JSE)           | Tuesday, 20 December 2011 |

The interim dividend of 103 cents per ordinary share has been determined by converting the Investec plc distribution of 8 pence per ordinary share into Rands using the Rand/Pounds Sterling average buy/sell forward rate at 11h00 (SA Time) on Wednesday, 16 November 2011.

Share certificates may not be dematerialised or rematerialised between Monday, 05 December 2011 and Friday, 09 December 2011, both dates inclusive.

By order of the board

|                                       |                  |
|---------------------------------------|------------------|
| <b>B Coetsee</b><br>Company Secretary | 16 November 2011 |
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#### Investec plc

**Preference share dividend announcement**  
**Registration number: 3633621**  
**Share code: INPP**  
**ISIN: GB00B19RX541**

#### Non-redeemable non-cumulative non-participating preference shares

##### Declaration of dividend number 11

Notice is hereby given that preference dividend number 11 has been declared for the period 01 April 2011 to 30 September 2011 amounting to 7.52 pence per share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 02 December 2011.

For shares trading on the Johannesburg Stock Exchange (JSE), the dividend of 7.52 pence per share is equivalent to 97 cents per share, which has been determined using the Rand/Pound Sterling average buy/sell forward rate as at 11h00 (SA Time) on Wednesday, 16 November 2011.

**The relevant dates relating to the payment of dividend number 11 are as follows:**

| Last day to trade cum-dividend               | Friday, 25 November 2011  |
|--|---------------------------|
| On the Johannesburg Stock Exchange (JSE)     | Friday, 25 November 2011  |
| On the Channel Islands Stock Exchange (CISX) | Tuesday, 29 November 2011 |

#### Shares commence trading ex-dividend

| On the Johannesburg Stock Exchange (JSE)     | Monday, 28 November 2011    |
|--|-----------------------------|
| On the Channel Islands Stock Exchange (CISX) | Wednesday, 30 November 2011 |

#### Record date (on the JSE and CISX)

| Friday, 02 December 2011           |                           |
|------------------------------------|---------------------------|
| Payment date (on the JSE and CISX) | Tuesday, 13 December 2011 |

Share certificates may not be dematerialised or rematerialised between Monday, 28 November 2011 and Friday, 02 December 2011, both dates inclusive, nor may transfers between the UK and SA registers take place between Monday, 28 November 2011 and Friday, 02 December 2011, both dates inclusive.

By order of the board

|                                      |                  |
|--------------------------------------|------------------|
| <b>D Miller</b><br>Company Secretary | 16 November 2011 |
|--------------------------------------|------------------|

#### Investec plc

**Rand denominated preference share dividend announcement**  
**Registration number: 3633621**  
**Share code: INPPR**  
**ISIN: GB00B4B0Q974**

#### Rand denominated non-redeemable, non-cumulative, non-participating perpetual preference shares

##### Declaration of dividend number 1

Notice is hereby given that preference dividend number 1 has been declared for the period 29 June 2011 to 30 September 2011 amounting to 220.19 cents per share payable to holders of the Rand denominated non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 02 December 2011.

**The relevant dates relating to the payment of dividend number 1 are as follows:**

| Last day to trade cum-dividend      | Friday, 25 November 2011  |
|-------------------------------------|---------------------------|
| Shares commence trading ex-dividend | Monday, 28 November 2011  |
| Record date                         | Friday, 02 December 2011  |
| Payment date                        | Tuesday, 13 December 2011 |

Share certificates may not be dematerialised or rematerialised between Monday, 28 November 2011 and Friday, 02 December 2011, both days inclusive.

By order of the board

|                                      |                  |
|--------------------------------------|------------------|
| <b>D Miller</b><br>Company Secretary | 16 November 2011 |
|--------------------------------------|------------------|

#### Investec Limited

**Preference share dividend announcement**  
**Registration number: 1925/002833/06**  
**Share code: INPR**  
**ISIN: ZAE000063814**

#### Non-redeemable non-cumulative non-participating preference shares

##### Declaration of dividend number 14

Notice is hereby given that preference dividend number 14 has been declared for the period 01 April 2011 to 30 September 2011 amounting to 315.86 cents per share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 02 December 2011.

**The relevant dates for the payment of dividend number 14 are as follows:**

| Last day to trade cum-dividend      | Friday, 25 November 2011  |
|-------------------------------------|---------------------------|
| Shares commence trading ex-dividend | Monday, 28 November 2011  |
| Record date                         | Friday, 02 December 2011  |
| Payment date                        | Tuesday, 13 December 2011 |

Share certificates may not be dematerialised or rematerialised between Monday, 28 November 2011 and Friday, 02 December 2011, both dates inclusive.

By order of the board

|                                       |                  |
|---------------------------------------|------------------|
| <b>B Coetsee</b><br>Company Secretary | 16 November 2011 |
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|                                       |                  |
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| <b>B Coetsee</b><br>Company Secretary | 16 November 2011 |
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