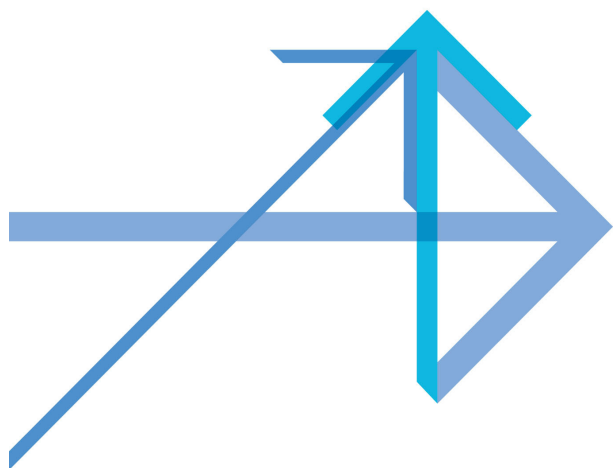




# Results presentation

For the year ended

31 | 03 | 2009



 Investec

1

# Snapshot of the year



 Investec

2

## In a nutshell, ... business model intact and positioned for the upturn



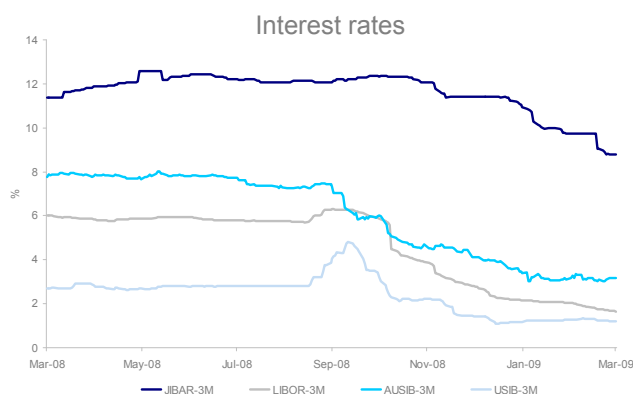
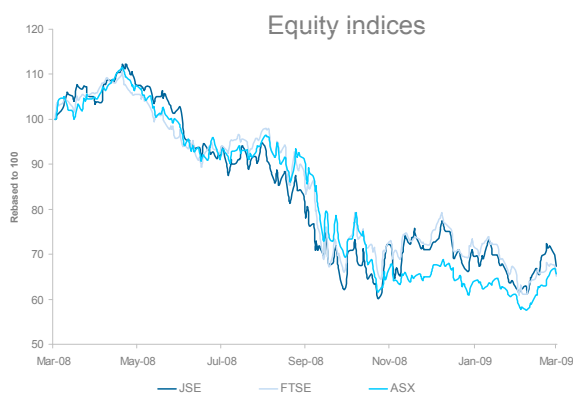
- In a year of unparalleled financial and economic upheaval which affected banks around the world regardless of their risk profile. A number of timeous strategic decisions were taken by the group to realign the business model
- The disciplined focus by management across the group to build capital, preserve liquidity and maintain efficiency. Enabled the group to maintain profitability throughout the period and emerge with our capacity to compete, our brand and our entrepreneurial spirit unimpeded

3

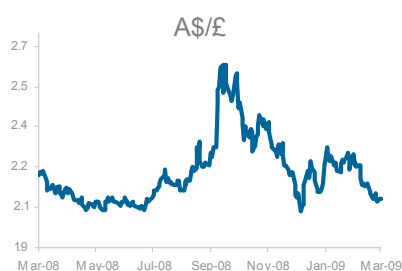
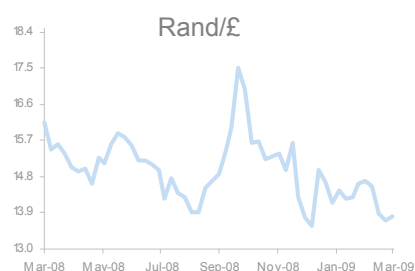
## Operating environment was extreme ... endured the global financial market crisis



### Sharp fall in equity markets and interest rates



### Mixed exchange rate environment

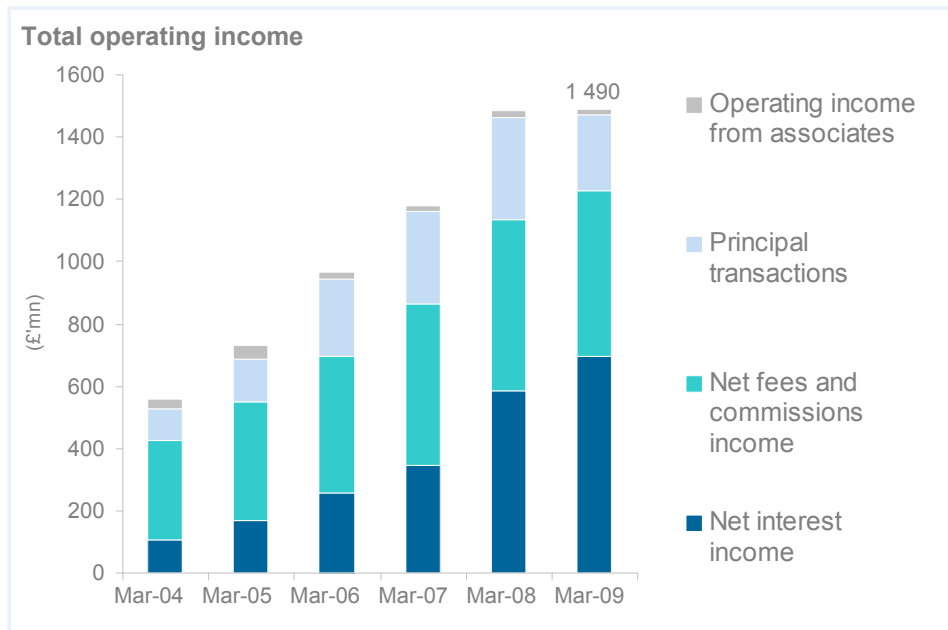
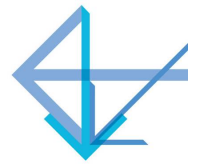


Source: Datastream,

4

# Continued focus on building recurring income

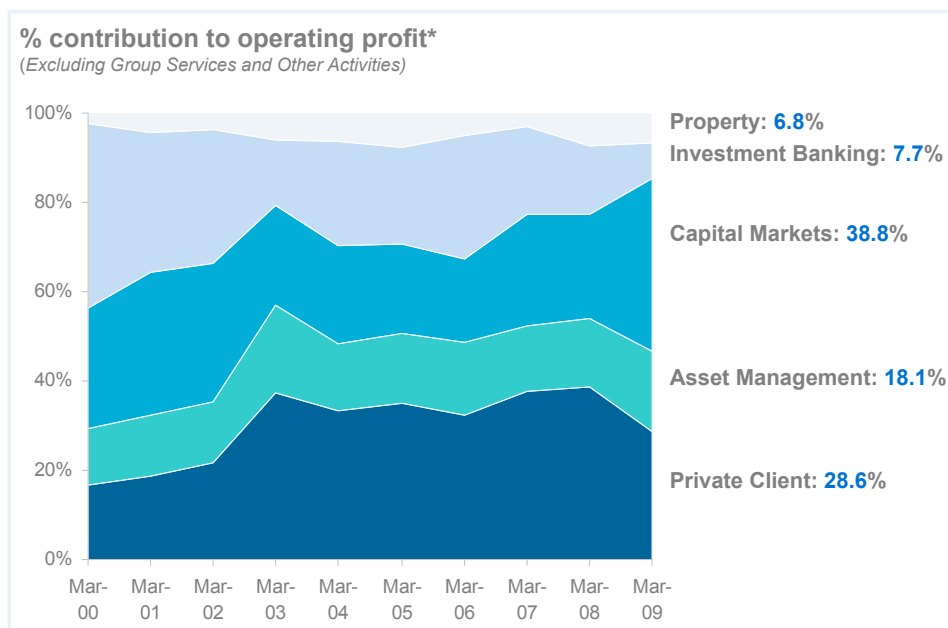
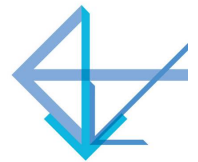
... to ensure a sustainable earnings base



5

# A diversified business model

... stood us in good stead during the downturn



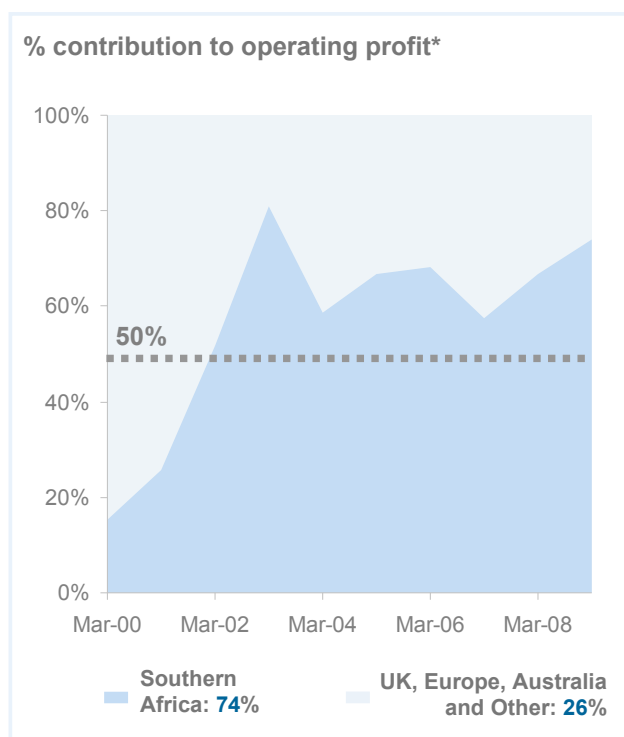
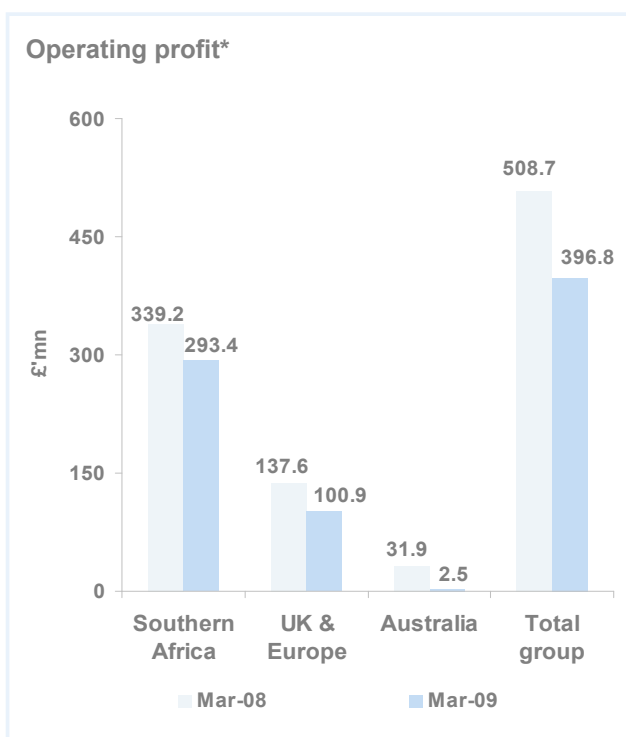
\*Before goodwill, non-operating items, taxation and after minorities  
Prior to 2005 the numbers are reported in terms of UK GAAP and thereafter in terms of IFRS

6



## Resulted in an operating profit\*

... in all core geographies



\*Amounts for 2008 and 2009 are shown before goodwill, non-operating items, taxation and after minorities. Prior to 2008 amounts have not been adjusted for minorities. Prior to 2005 the numbers are reported in terms of UK GAAP and thereafter in terms of IFRS

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## Ensuring a resilient performance

... across the group

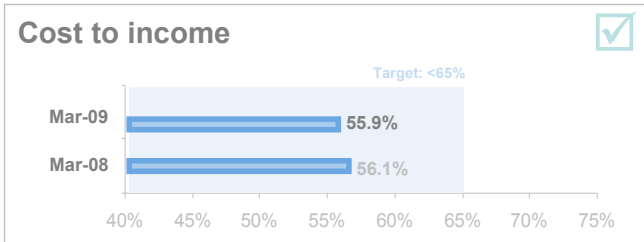
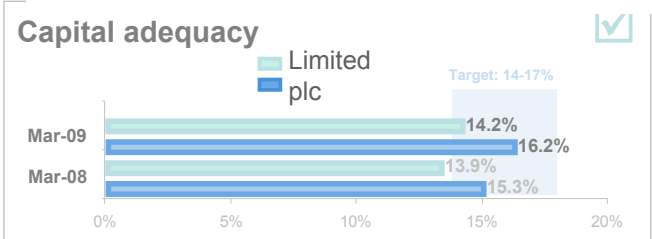
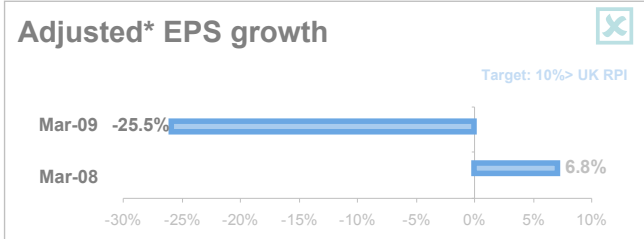
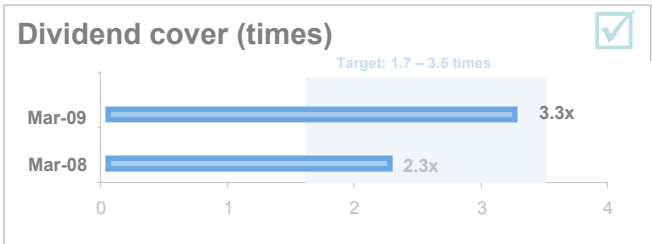
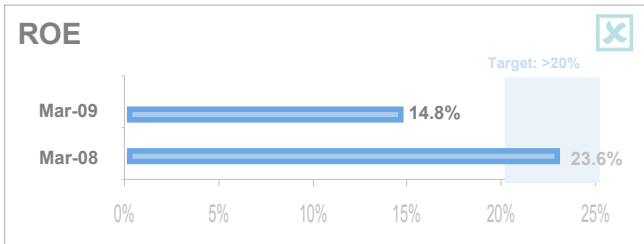
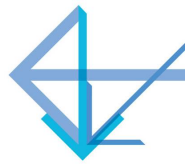
Salient financial features	Mar-09	Mar-08	% Change
Operating profit* before tax (£'000)	<b>396 766</b>	508 717	(22%)
Operating profit* before tax and impairment losses on loans and advances (£'000)	<b>652 939</b>	622 902	5%
Attributable earnings* (£'000)	<b>269 215</b>	344 695	(22%)
Adjusted EPS* (pence)	<b>42.4</b>	56.9	(26%)
DPS (pence)	<b>13.0</b>	25.0	(48%)
Net tangible asset value per share (pence)	<b>266.3</b>	215.0	24%
Customer deposits (£'bn)	<b>14.6</b>	12.1	20%
Core loans and advances to customers (£'bn)	<b>16.2</b>	12.9	26%
Third party assets under management (£'bn)	<b>50.3</b>	52.7	(5%)

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

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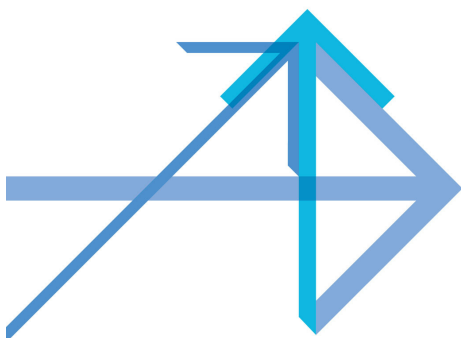
# Financial targets

... ROE and EPS targets difficult to achieve in this environment



Note: These targets were disclosed in May 2004 and are medium to long-term targets. We aim to achieve them through varying market conditions. The capital adequacy and dividend cover targets were revised in November 2008.

\*As determined in accordance with IFRS. Adjusted EPS is before goodwill, non-operating items and after the accrual of dividends attributable to perpetual preference shareholders;



## Balance sheet strength



## Balance sheet strength

... stringent management of liquidity

- The **intimate involvement** of senior management ensures stringent management of risk and liquidity
- A well established **liquidity management** philosophy
- Continue to focus on:
  - Maintaining a high level of readily available, high quality liquid assets
  - Diversifying funding sources
  - Limiting concentration risk



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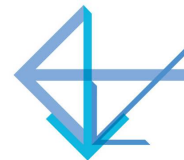


## Balance sheet strength

... increased deposits and access to longer term funding facilities

- Active campaigns to build the group's retail deposit franchise has been launched in the UK, Ireland and Australia and more recently in South Africa
- Total net retail and private client inflows since December 2008 of about £1bn
  - Private Bank UK: inflows of £554mn
  - Structured Desk UK: inflows of £191mn, mostly 5 year term
  - Australia: inflows of £53mn
  - South Africa: inflows of £207mn
- The bank in the UK is eligible to issue 3 year debt guaranteed by the UK government
- Investec Bank (Australia) Limited is eligible to issue government backed debt and has recently completed a 3 year and 5 year government guaranteed fixed rate transferable deposit issue

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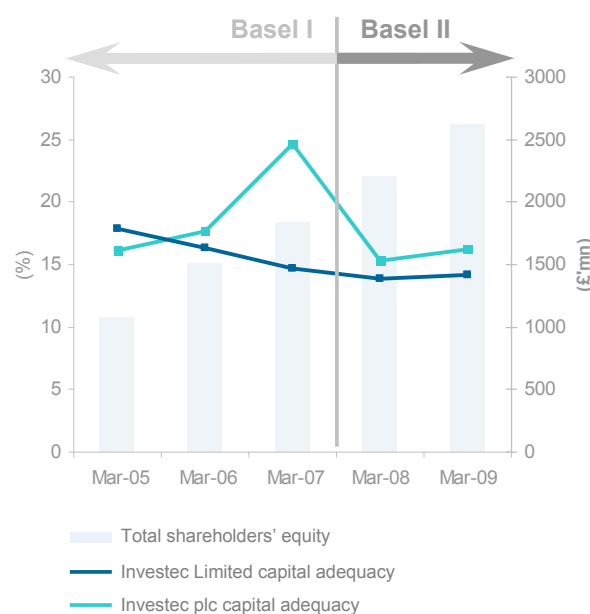
## Balance sheet strength

... good progress towards capital targets

- Our policy has always been to hold capital well in excess of regulatory requirements
- Capital strength maintained throughout the period without recourse to shareholders, new investors or government assistance
- Capital adequacy targets **revised**:
  - Total capital adequacy target of 14-17% (previously 12-15%)
  - Tier 1 ratio of 11% (previously 9%)

<b>Basel II Pillar I 31 Mar-09</b>	<b>Capital adequacy ratio</b>	<b>Tier 1 ratio</b>
Investec Limited	<b>14.2%</b>	10.8%
Investec Bank Limited	<b>14.2%</b>	10.5%
Investec plc	<b>16.2%</b>	10.1%
Investec Bank plc	<b>15.9%</b>	10.3%
Investec Bank (Australia) Limited	<b>18.3%</b>	14.5%

**Capital adequacy**



*Note: The group is on the standardised approach in terms of Basel II and as a result has higher RWA than banks applying the advanced approach to similar portfolios, thus understating capital ratios*

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## Balance sheet strength

... low leverage ratios

**Leverage ratios**

	<b>Mar-09</b>	<b>Mar-08</b>
Core loans to capital ratio	6.2x	6.6 x
Core loans* to customer deposits	1.0x	1.0 x
Total gearing	12.9x	13.8 x
Total gearing (excluding securitised assets)	11.7x	12.1 x

*Note: Excluding own originated assets which have been securitised*

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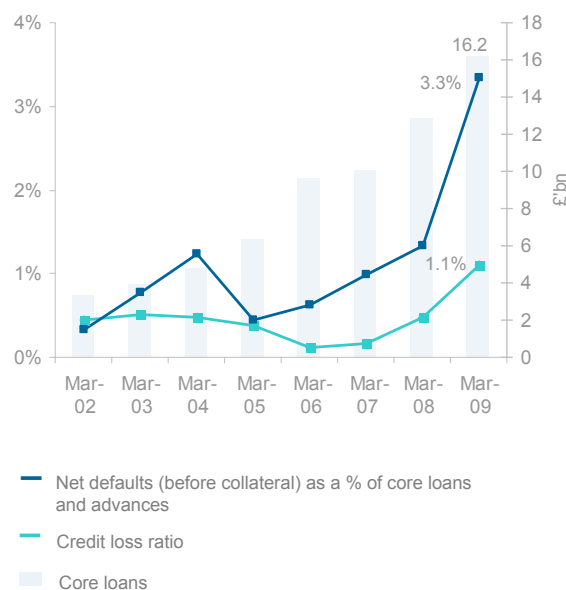


## Balance sheet strength

... impairments and defaults have increased as expected

- All geographies have experienced an increase in impairments and defaults as a result of weak economic conditions
- Credit risk however, remains appropriately managed and net defaults (after collateral and impairments) would be covered 100%
- Credit and counterparty exposures are to select target market
  - Private Bank lends to high net worth and high income clients
  - Capital Markets transacts primarily with mid to large sized corporates, public sector bodies and institutions

Defaults and core loans



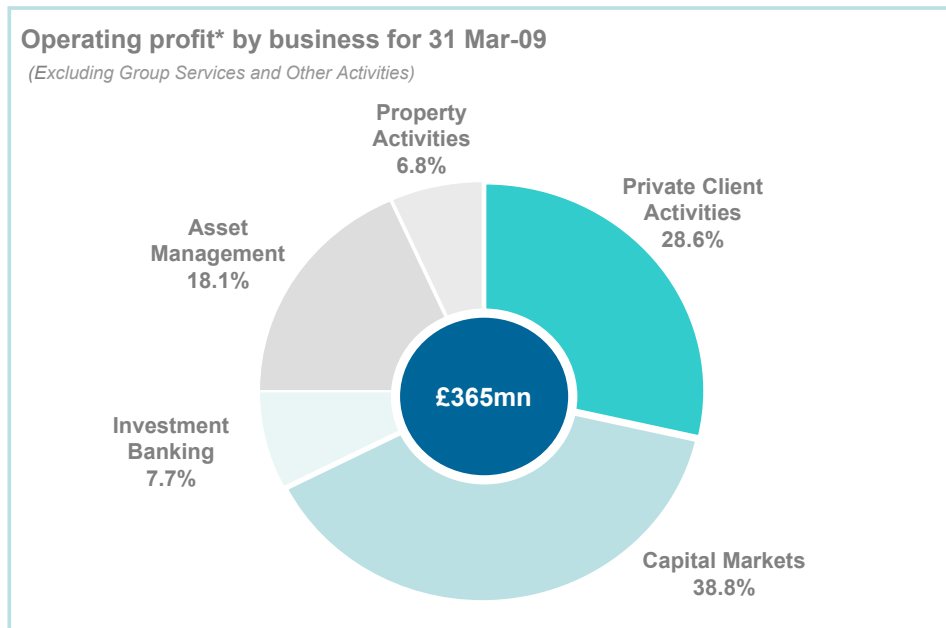
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## Operational review

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

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## Private Client Portfolio Management and Stockbroking

Partner of choice from wealth creation to wealth management

(6.6% of group)



### Overview of performance

- Private Client business in **South Africa** impacted by
  - Lower turnover and valuations
  - The absence 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

	Mar-09	Mar-08	% change
Operating profit* (£'mn)	<b>24.1</b>	27.3	(12%)
Funds under management^ (£'bn)	<b>17.7</b>	19.9	(11%)
SA Funds under management (R'bn)	<b>85.0</b>	112.7	(25%)
Cost to income (excluding income from associates)	<b>64.7%</b>	59.3%	
ROE (pre-tax)**	<b>76.7%</b>	65.5%	

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

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

^ Includes Rensburg Sheppards plc as reported in November 2008

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# Private Client Portfolio Management and Stockbroking

Partner of choice from wealth creation to wealth management



## Outlook

- Environment remains challenging which will continue to impact investor confidence and activity levels
- The business is more resilient as a result of diverse business mix and strong annuity income from discretionary funds under management

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# Private Banking

Partner of choice from wealth creation to wealth management

(22.0% of group)



## Overview of performance

- Lower operating profit as a result of;
  - Lower activity levels
  - Higher impairments
  - Lack of exit opportunities and profit shares
- Increased efforts on retail deposit raising initiatives are proving fruitful

(£)	Mar-09	Mar-08	% change
Operating income (mn)	380.9	418.5	(9%)
Operating profit* (mn)	80.5	166.4	(52%)
Loan book (bn)	11.1	8.9	24%
Deposit book (bn)	7.7	6.6	17%
Funds under advice (bn)	3.3	3.7	(11%)
Cost to income	55.2%	52.3%	
ROE (pre-tax)**	14.8%	33.2%	

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

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

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# Private Banking

Partner of choice from wealth creation to wealth management



## Other information

- Loan impairment charge of £90mn
- Loan portfolio:
  - UK and Europe had negligible growth
  - SA up 14% in Rands
  - Australia up 14% in Australian Dollars
- Funds under management:
  - Down between 15% and 28% in local currencies
- Retail deposits up 17% for the year

## Outlook

- Intensive focus on the management of under performing loans and impairments and we continue to re-price existing assets
- Growth in loan portfolio will be flat
- Continued investment in general banking business targeting retail deposits
- Further investment to drive the contribution from the private wealth management business

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# Capital Markets

Specialist structuring and advisory business

(38.8% of group)



## Overview of performance

- Solid performance with the advisory, structuring and trading activities performing well
- Principal Finance improved substantially as write downs on US structured credit investments of £13mn significantly less than the prior year
- Kensington produced a stable performance of £37.1mn and our net exposure remains at about £516mn

(£)	Mar-09	Mar-08	% change
Operating profit* (mn)	141.6	115.6	22%
Loan book (bn)	4.8	3.8	27%
Cost to income	45.4%	52.6%	
ROE (pre-tax)**	18.7%	23.4%	

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

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

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# Capital Markets

Specialist structuring and advisory business



## Extra information

- Increase in interest income of 26%
- Fees and commissions up 33%
- Principal transactions up 43%
- Impairments up by £76mn
  - £17mn of the increase was driven by changes in assumptions on house price inflation
  - Kensington is now provisioned for a 40% fall in house prices peak to trough

## Outlook

- SA
  - Robust credit portfolio
  - Conditions and volumes remain favourable for the trading business
  - Structuring and lending businesses may experience reduced activity due to the recession
- UK and Australia
  - Expect impairments to continue
  - Trading conditions favourable and dislocated markets present opportunities
- Overall, we remain well positioned in all three geographies to grow market share and extend franchise

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# Investment Banking

Integrated business focused on local client delivery with international access

(7.7% of group)



## Overview of performance

- Mixed performance across geographies and business activity
- **SA, UK and Australian** agency divisions closed fewer deals compared to prior year
- Principal Investments in **SA** recorded another good performance
- However, **UK and Australia** negatively impacted by weaker performances from some of the investments in the Principal Investments portfolio

(£)	Mar-09	Mar-08	% change
Operating profit pre consolidated investments (mn)	46.5	77.9	(40%)
Agency and Advisory (mn)	15.9	26.7	(41%)
Principal Investments (mn)	30.6	51.2	(40%)
Investments required to be consolidated (mn)	(18.3)	(5.4)	n/a
Operating profit post consolidated investments (mn)	28.2	72.5	(61%)
Cost to income <sup>^</sup>	63.9%	53.9%	
ROE (pre-tax) <sup>**</sup>	13.9%	34.3%	

<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

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# Investment Banking

Integrated business focused on local client delivery with international access



## Extra information

South Africa – operating profit\* of £66.1mn

### • Corporate Finance

- Maintained market positioning - Ranked 1<sup>st</sup> in all the surveys for transaction volume in M&A and sponsor activity

### • Principal Investments

- Operating profit\* up 12% to £55.2mn
- More than 50% of total income represented by dividends received and realised gains

### International Securities

- SA operating profit\* declined off a strong prior year performance
- In UK, operating profit\* increased with a disciplined performance across sales, market making and equity trading

### UK Corporate Advisory

- Over past year, won 14 FTSE 250 brokerships

### Australia

- Operating loss\* of £7.1mn

## Outlook

- Teams remain stable and disciplined
- Offering has expanded and clients have grown in size and quality
- Performance will depend on stability and activity levels in equity markets

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

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# Asset Management

Investment specialist focused on performance and client needs

(18.1% of group)



## Overview of performance

- Resilient performance although operating profit down as a result of tougher mutual fund environment and weak equity markets
- Benefited from the following:
  - A shift in the mix of funds managed
  - Good investment performance
- Best net flows for nine years as result of:
  - Recognised long term performance
  - Well established global distribution footprint
- Solid risk management and conservative business strategy
- Experienced and stable team

(£)	Mar-09	Mar-08	% change
Operating profit* (mn)	66.2	76.4	(13%)
Assets under management (bn)	28.8	28.7	(0.3%)
Cost to income	66.9%	64.9%	
ROE (pre-tax)**	41.4%	55.0%	

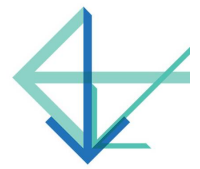
\*Before goodwill, non-operating items, taxation and after minorities

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

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# Asset Management

Investment specialist focused on performance and client needs



## Other information

- Five-year compound growth rate of 22%
- Operating revenues declined by 8%
- Operating profit\*:
  - SA: £49.0mn
  - UK and international: £17.1mn
- Net flows in the UK and international of approximately £1bn for the financial year
- Longer-term investment performance remains very good
  - SA: Morningstar (previously S&P) named IAM the Best Large Mutual Funds group over 5 years for the 9<sup>th</sup> year in a row
  - Performance fees as a percentage of total revenues were about 12%

## Outlook

- We enter this year on the front foot
- Solid long term track record and a growing demand for specialist high performance products supports the fundamentals of the business
- Continue to focus on turning good track records and market position into significant net inflows
- Current investment capabilities and distribution reach are well aligned with future demand

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

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# Property Activities

Leading fund management consolidator, seeking out selective trading opportunities

(6.8% of group)



## Overview of performance

- Performance supported by
  - Fees earned on projects completed in the current year
  - A reasonable performance from the investment property portfolio

(£)	Mar-09	Mar-08	% change
Operating profit* (mn)	24.7	36.3	(32%)
Cost to income	35.2%	34.6%	
ROE (pre-tax)**	47.5%	122.8%	

## Outlook

- There will be significant opportunities arising from global financial turmoil in both the listed and physical property space

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

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

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# Group Services and Other Activities



## Overview

- Central Funding performed well benefiting from:
  - Increased cash holdings
  - Higher average interest rates in South Africa

Operating profit* (£)	Mar-09	Mar-08	% change
International Trade Finance (mn)	7.2	7.3	(1%)
Central Funding (mn)	90.7	80.2	13%
Central Services (mn)	(66.1)	(73.4)	(10%)
<b>Group Services and Other Activities</b>	<b>31.8</b>	<b>14.1</b>	<b>&gt;100%</b>

\*Before goodwill, non-operating items, taxation and after minorities  
 \*\*Return on adjusted shareholders' equity (including goodwill and CCD's)

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## General



- Operational effective tax rate down from 22.6% to **21.1%**
- Weighted shares from 606.2mn to **634.6mn**
- Goodwill impairments
  - Largely relates to certain of the consolidated investments held within the Private Equity portfolio
  - Goodwill impairment of £32.5mn of which £8.7mn is applicable to minorities
- Losses attributable to minority interests **£5.4mn**
  - Operating loss in relation to investments held in the Private Equity division **(£30.9mn)**
  - Translation of preferred securities issued by a subsidiary of Investec plc – transaction is hedged **£25.8mn**
  - Other **(£0.3mn)**

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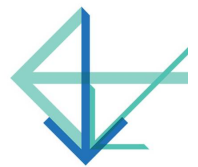


## Strategy and outlook

 Investec

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## Medium-term strategy continues



- We are a niched and focused specialist banking group constantly striving to be distinctive
- We continue to focus 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 by deepening existing client relationships and generate high quality income through diversified, sustainable revenue streams

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# Proactively building the brand



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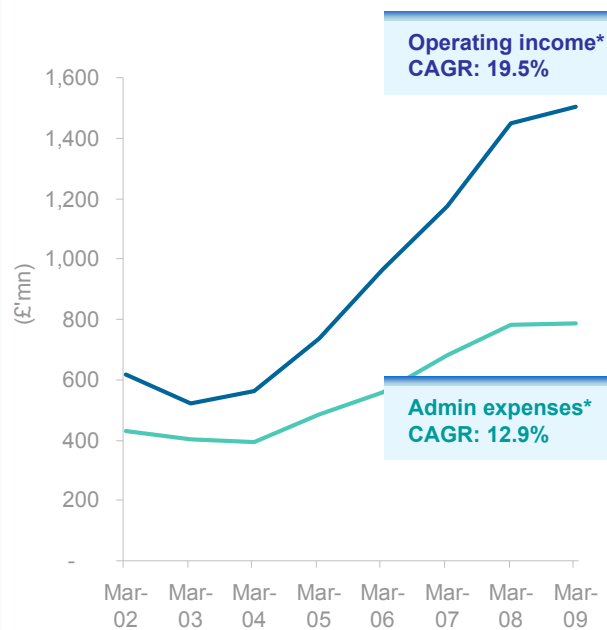
# Maintaining efficiency

... cost to income ratio declined to 55.9%



- Total headcount is being tightly managed across the group
- Expense growth (excluding variable remuneration) is targeted below the respective inflation rates in each of the core geographies
- A non-cash deferred component has been introduced to variable remuneration payments

Efficiency ratio

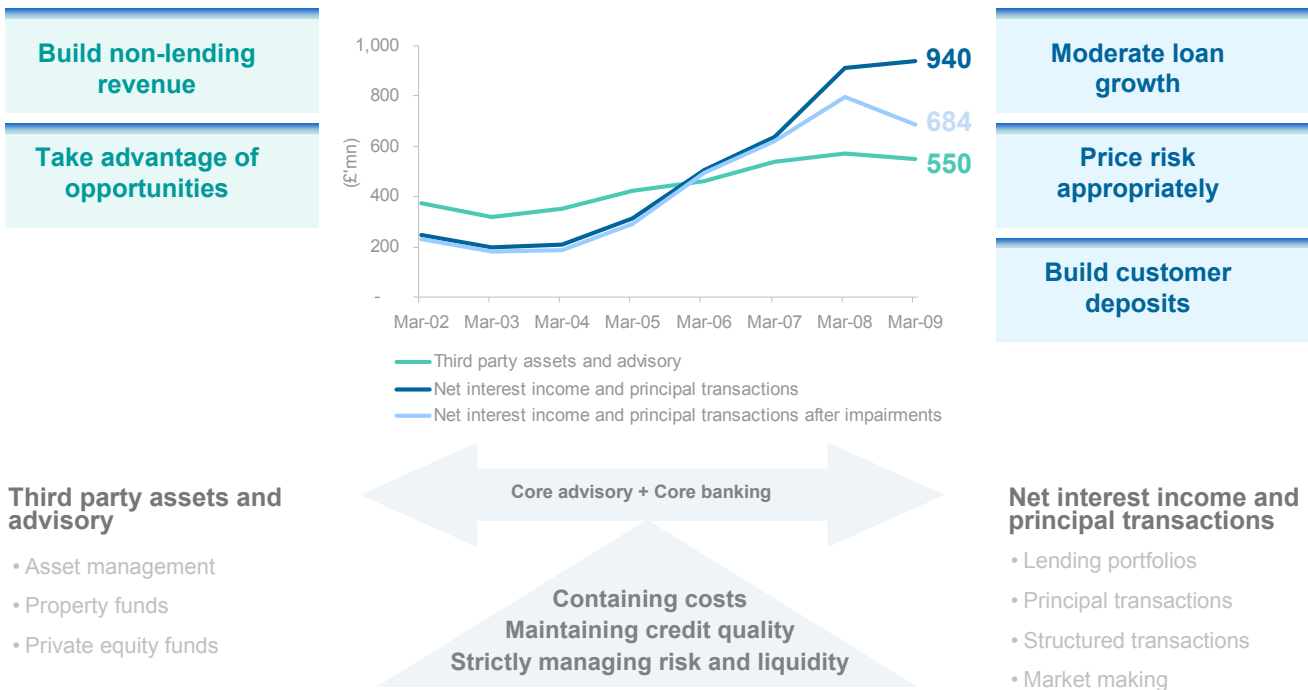


\*Before investments consolidated in the Private Equity portfolio

34

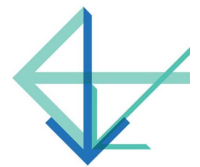
# Continually realigning the business model

... balancing operational risk businesses with financial risk businesses



# Outlook

... remains uncertain

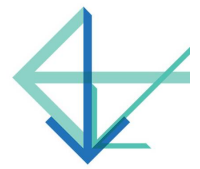


- The outlook for the global economy is uncertain and markets are likely to remain volatile
- There have been some positive signals recently but this was a financial crisis like no other and the knock-on effect to global growth cannot be fully assessed yet

# Outlook

... however, we will continue to navigate a steady course

---



- The competitive landscape has changed and our brand continues to gain recognition
  - We are independent and have a distinct franchise
  - We have strengthened our capital position and will continue to safeguard our liquidity
  - We believe that the market upheaval will present opportunities to strengthen our position across our core geographies and enable us to move onto the front foot
- 

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## Results presentation

For the year ended

31 | 03 | 2009

