



Investor Briefing

Tuesday, 16th March 2004



Operational Review



- Proviso: Unless otherwise stated, figures and trends discussed in the operational review relate to the five month period to 29 February 2004 (i.e. 2H04)

Overview



- The results for the majority of the group's businesses to 29 February 2004 continue to reflect similar trends experienced in the first half of the year
 - UK, Europe and Australia continue to show improved results in comparison to last year
 - SA should enjoy better second half results with an improved performance from Treasury and Specialised Finance and a strong performance from the Property division
 - Israel has performed better than expected
 - Modest performance from US

Operating Environment



	29 Feb 2004		30 Sep 2003		% Move	31 Mar 2003	
JSE ALSI	10 895.9		8 925.69		22.1%	7 679.88	
FTSE All Share Index	2 243.4		2 027.7		10.6%	1 735.70	
	29 Feb 2004		30 Sep 2003			31 Mar 2003	
Currency per £1.00	Close	Ave	Close	Ave		Close	Ave
South African Rand	12.39	11.96	11.93	12.25		12.51	15.04
US Dollar	1.87	1.76	1.67	1.61		1.57	1.55
Israeli Shekel	8.40	7.80	7.42	7.21		7.43	7.41
Australian Dollar	2.41	2.39	2.46	2.49		2.62	2.75

Source: Reuters and Oanda.com



Operational Review: Southern Africa

Private Banking



- The Private Banking operations continue to perform well
- Activity levels remain high
- Loan portfolio: R22.5 billion (Sep 03: R19.8 billion)
- Securitised portfolio (included above): R2.3 billion (Sep 03: R900 million)
- Retail deposit booksize: R9.4 billion (Sep 03: R7.6 billion)
- Developments:
 - Tax and exchange control amnesty
 - Established a specialist advisory team
 - Spin off opportunities for global investment management
 - Black economic empowerment initiatives
 - Private Client Investment Banking opportunities

Private Client Stockbroking and Portfolio Management



- Market volumes were under pressure for the 3rd quarter but have improved in the final quarter
- FUM: R39.9 billion (Sep 03: R32.3 billion)
 - Discretionary: R5.4 billion (Sep 03: R5.1 billion)
 - Non-discretionary: R34.5 billion (Sep 03: R27.2 billion)

Investment Banking



- **SA Corporate Finance:**

- Current pipeline of deals remains stable
- BEE and restructuring still key opportunities
- Renewed interest in IPOs as markets start to improve
- *Dealmakers 2003*: Ranked 1st in dealflow as Investment Advisers and Sponsor in the M&A category for 2003

- **SA Institutional Stockbroking:**

- Market conditions remain difficult but ISL overall position improving
- Looking to leverage strong domestic platform into the UK and US
- *2004 EMEA Research*: Ranked 1st for SA offering into the UK

Investment Banking



- **Private Equity:**

- Should post good 2H04 results:
 - Upliftment in value of portfolios
 - Continued realisations

- **Direct Investments:**

- 2H04 performance not expected to equal 1H04 performance
- But still expect solid results driven by recognition of the NAIL transaction which has now been finalised

Treasury and Specialised Finance



- **Trading Activities:**
 - Improved performance in 2H04
 - Further restructuring of proprietary activities
 - Losses curtailed and activities are profitable

Treasury and Specialised Finance



Banking Activities:

- Core advances book: R11.4 billion (Sep 03: R9.8 billion)
 - Good growth in terms of structured finance deals
 - 72 structured finance deals done to date (40 deals in prior year)
 - Difficult environment for project finance
 - Margin squeeze continued through to December but has since dissipated

Asset Management – SA and UK



- Recent equity rally recovery positive
- Revenue (volume) growth is the concerning factor, justifying Investec's international search for growth

Key developments:

- Continued to optimise resources and focus of major business units
- Excellent investment performance, especially in SA
- Aggressive promotion of specialist products on the back of good performance
- Combining the need to outsource more of our administration with the low cost advantages of SA – Project Rainbow (close to implementation)

Asset Management – SA and UK



Market recognition:

- *Global Investor's Firm to Watch 2004*
- Runner-up, European specialist manager of the year, *Financial News*
- Best all rounder over the last three years, *Professional Adviser*
- S&P overall offshore group winner, onshore runner-up
- *Financial Adviser* five star service award
- SA fund manager of the year, *Plexus*

Asset Management – SA and UK



FUM	Total	Institutional	Retail
£ million			
30 Sept 2003	18 815	13 853	4 962
29 Feb 2004	20 011	14 630	5 381
R million			
30 Sept 2003	217 426	160 090	57 336
29 Feb 2004	246 394	180 132	66 262

Asset Management – SA and UK



FUM	Total	SA	UK & Other
£ million			
30 Sept 2003	18 815	10 996	7 819
29 Feb 2004	20 011	11 640	8 371
R million			
30 Sept 2003	217 426	127 073	90 353
29 Feb 2004	246 394	143 322	103 072

Asset Management – SA and UK



Sales (gross flows) - for the 11 months to 29 February 2004:

Clients	£ million	Products	£ million
Institutional	2 519	Fixed Interest & Cash	3 379
Retail	2 801	Equity	1 312
	5 320	Balanced	629
			5 320

Assurance Activities



Objectives and developments:

- Current focus is on a risk only business (death and disability)
- Currently 4th largest player in industry with market share of 10%
- Opportunity exists for group as we are not linking product to administration and thus do not compete headon with the specialist administrators

Assurance Activities



Objectives and developments:

- Discontinued business:
 - Manage and wind down:
 - Industrial Business
 - Guaranteed funds
 - Linked funds – transferred to IAM
 - Headcount reduced from 780 to around 170

Assurance Activities



- Earnings: not possible to give any specific guidance until actuarial valuation for 31 March 2004 is completed

As at 30 September 2003	Discontinued Business	Risk Business	Total
R millions			
Present value of inforce (PVIF)	48.3	178.2	226.5
Cost of CAR	(10.4)	(13.6)	(24.0)
STC	(2.3)	(8.7)	(11.0)
Net PVIF	35.6	155.9	191.5
Norwich Merger lock in cost of capital*			(92.0)
Adjusted PVIF			99.5

The ultimate release of lock in cost to EV will depend on the provisions of S37

Other Activities - Property



- The business has continued to perform well
- The Property Business provides a comprehensive offering
 - Property management
 - Property fund management (listed and unlisted)
 - Eg. Growthpoint, Metboard, Tresso
 - Property trading and development
 - Listed property asset management (Provest)
- Total assets under management of approx. R11 billion
- Largest asset manager of listed property companies: 20% market share

Other Activities - International Trade Finance



- Sound performance
- Macro economic environment remains supportive of imports
 - Book has grown to R592 million (Sep 03: R483 million)

Other Activities - Traded Endowments



- The improvement in business activity experienced at the end of the 1H04 has continued
- Will still make a loss in 2H04 but the business is starting to contribute to group overhead
- There appears to be a renewed interest in traded endowment policies as an investment class

Group Services



- Central Funding:
 - We expect an improved performance in 2H04 due to:
 - R1.5 billion perpetual pref issue at the end of Aug 2003 (dividends reflected as dividends on face of P&L)
 - Shares issued at end of November in terms of empowerment transaction
- Central costs roughly in line with 1H04



Operational Review: UK and Europe

Private Banking



- Continued strong performance despite a slowdown in the property market
- Loan portfolio: £1.1 billion (Sep 03: R£1 billion)
- The property book is well-secured
- Loan to value ratios of between 65% to 70%
 - Stress testing: A fall off of 30% in property values would result in a naked exposure of £18 million
- Continue to diversify away from property lending through inroads into private client investment banking and investment advisory activities

Carr Sheppards Crosthwaite



- Operating environment continued to improve
- FUM:£6.0 billion (Sep 03: £5.6 billion)
 - Discretionary: £3.9 billion (Sep 03: £3.6 billion)
 - Non-discretionary: £2.1 billion (Sep 03: £2.0 billion)
- Restructuring of business, headcount reduced from 400 at March to 340

Investment Banking



- The investment banking pipeline appears to be building as IPO activity slowly returns to the market
 - We do not expect to benefit from this during 2H04
- Continued to build the quality and size of the corporate client list with the addition of 9 new clients in 2H04
- Secondary commissions benefiting from improved equity market levels and market share gains
- Costs higher than 1H04 due to employment of support services team

Treasury and Specialised Finance



- The banking businesses have continued to perform well
- Trading activities restricted to focus on client driven flows with good results from equity derivatives
- The Irish branch is performing well
- Continue to improve distribution capabilities – current effort focused on Hong Kong JV

Group Services and Other Activities



- The property division will benefit from a reasonable trading environment
- Central funding will not benefit from a bad debt recovered in 1H04



Operational Review: Australia, Israel, USA

Australia



- The Australian operations continue to perform well
- The stronger stock market has ensured a steady amount of activity in the advisory business
- Private Banking is benefiting from solid loan portfolio growth
- Total advances: A\$575 million (Sep 03: A\$537 million)
- Moody's rating of Baa2 (assigned in November 2003) – positive effect on deposit flows
 - Total deposits: A\$788 million (Sep 03: A\$567 million)

Israel



- Notwithstanding the difficult economic environment, Israel has produced a stronger performance since Sept 2003 with improving market conditions
- Mutual funds under custody: >NIS 17 billion (Sep 03: NIS 13.1 billion)

USA



- The US operation continues to make a modest profit
- The approach in the US continues to be a strategy of niche low-capital usage businesses dealing with high quality institutional counterparties
- Providing a platform to distribute group products from other jurisdictions into the US market



Additional Aspects

Summary Headcount by Geography



	29 Feb 2004	30 Sep 2003	31 Mar 2003
SA and Other	2 632	2 636	2 935
UK and Europe	1 387	1 432	1 471
Australia	112	105	103
USA	75	68	131
Israel	211	219	234
Total number of employees	4 417	4 460	4 874

Capital



- On 17 February 2004, Investec Bank (UK) Limited (IBUK) successfully placed a £200 million 12-year bond in the UK market to a well diversified range of investors
 - This is the first time that the group has undertaken a debt issue in the UK
- In SA, the empowerment transaction was completed at the end of November 2003 which further bolstered the capital position of the SA operations
- Weighted number of shares in issue for year-end 2004 expected to be: 98.5 million



Outlook

Outlook

- The group has been through a period of realignment
- Focus is now on delivery to our clients and revenue generation
- The group continues to critically assess all its business activities and the geographies in which it operates to ensure that they generate the appropriate long-term return





Appendix

Operating Profit* as at 30 Sept 2003



£ mn	SA	UK & Eur	Aus	Israel	US	Total
PC	9.1	14.3	1.2	0.4	-	25.0
IB	15.9	1.5	1.6	1.1	-	20.1
TSF	5.2	8.9	0.1	1.2	-	15.4
AM	10.5	0.2	-	0.1	-	10.8
ASU	2.2	-	-	-	-	2.2
GSO	(12.6)	(3.8)	0.9	(0.7)	0.8	(15.4)
Total	30.3	21.1	3.8	2.1	0.8	58.1

*UK GAAP: Before taxation, exceptional items and amortisation of goodwill, post allocation of central costs (referred to as NIBT in subsequent slides)

Where: PC= Private Client Activities; IB= Investment Banking; TSF = Treasury and Specialised Finance; AM = Asset Management; ASU = Assurance Activities; GSO = Group Services and Other Activities

GSO Operating Profit* as at 30 Sept 2003



£ mn	SA	UK & Eur	Aus	Israel	US	Total
Int Trade Fin	0.4	0.7	-	-	-	1.1
Property	4.0	-	-	-	-	4.0
Traded Endow	(2.0)	-	-	-	-	(2.0)
Other	1.2	-	-	-	0.1	1.3
Central Costs	(5.9)	(4.5)	(1.4)	-	-	(11.8)
Central Funding	(10.3)	-	2.3	(0.7)	0.7	(8.0)
Total	(12.6)	(3.8)	0.9	(0.7)	0.8	(15.4)

* UK GAAP: Before taxation, exceptional items and amortisation of goodwill, post allocation of central costs (referred to as NIBT in subsequent slides)