<u>Investec – pre-close briefing</u>

19 March 2009

Balanced business model, sound balance sheet and recurring revenue base support profitability in challenging market environment

As previously announced, Investec is today hosting an investor pre-close briefing at 9:00 (GMT) (11:00 South African time) which will focus on developments within the group's core business areas in the second half of the current financial year ending 31 March 2009.

<u>Operational overview</u>

Operating fundamentals and activity levels across the group's core geographies continue to be negatively impacted by the global financial market crisis and volatile equity markets. The group's three core geographies remain profitable with recurring income as a percentage of total operating income amounting to approximately 75%. The group has maintained a sound balance sheet and a robust business model throughout this period, supported by:

- A senior management "hands-on" culture, ensuring strict management of risk and liquidity.
- High levels of cash and near cash, currently representing 25% of the group's liability base.
- Healthy capital ratios.
- Low leverage ratios.
- Geographical and operational diversity.

Further detail with respect to these aspects is provided below.

<u>Financial overview</u>

Salient financial features include:

- Since 31 March 2008:
    - core loans and advances grew by 23% to £15.9 billion
    - customer deposits increased by 14% to £13.8 billion
    - third party assets under management decreased by 9% to £48.0 billion
    - These trends have been impacted by the weakening in the Pound Sterling against the group's other major reporting currencies.
- Higher average advances resulting in strong growth in net interest income.
- The weak economic conditions have lead to an increase in the levels of defaults and a concomitant rise in the credit loss ratio.
- Lower levels of activity and falling asset prices have resulted in a decline in net fees and commissions receivable and revenue from principal transactions.
- Expenses continue to be tightly managed and are expected to be marginally down.
- Net operating income (after expenses and minorities but before impairments on loans and advances) is expected to be in line with the prior year.
- Adjusted EPS (refer to definition in the notes) is expected to be between 22% and 30% lower than the previous year (March 2008: 56.9p).

<u>Outlook</u>

The results for the financial year ending 31 March 2009 will demonstrate that Investec was able to navigate a steady course during a year of unprecedented turmoil in financial markets. Looking ahead the outlook for the global economy is uncertain and markets remain volatile. The group has a sound balance sheet and we believe that the market upheaval we have seen since September last year will present interesting opportunities to strengthen our market position across our core geographies.

On behalf of the board

Hugh Herman (Chairman), Stephen Koseff (Chief Executive Officer) and Bernard Kantor (Managing Director)

Operational overview – further details

Liquidity management

- The group has a liquidity management philosophy that has been in place for many years.
- The group continues to focus on:
  - maintaining a high level of readily available, high quality liquid assets.
  - diversifying funding sources.
  - maintaining an appropriate mix of term funding.
  - limiting concentration risk.
- The group currently holds £5.2 billion of cash and near cash balances (£2.6 billion in Investec Limited and £2.6 billion in Investec plc).
- The group has been successful in increasing customer deposits and has access to longer term funding facilities.
  - An active campaign to build the group's retail deposit franchise has been launched in the UK and Ireland which has been successful:
    - Private Bank UK: average monthly inflows in January and February 2009 of £75 million; most recent month £84 million.
    - Capital Markets UK: average monthly inflows in January and February 2009 of £38 million, mostly 5 year term; most recent month £63 million.
  - Investec Bank plc in the UK has received an Institution Certificate under the Credit Guarantee Scheme 2008 and is accordingly eligible to apply under the Scheme Rules for Eligibility Certificates in respect of debt instruments issued by it. In terms of the Scheme, debt instruments issued by the eligible institution are guaranteed by the Debt Management Office subject to certain conditions.
  - 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.
  - Australia: retail deposit inflows since Sept 2008 of A$556 million.

Capital

- Investec has always held capital well in excess of regulatory requirements and the group intends to perpetuate this philosophy and ensure that it remains well capitalised in a vastly changed banking world.
- Accordingly, as announced in November 2008, the group has adjusted its capital adequacy targets and is focusing on building its capital base, targeting a minimum tier one capital ratio of 11% and a total capital adequacy ratio of 14% to 17%. Investec intends to meet these targets by 2010.
- The group is on the standardised approach in terms of Basel II and as a result has higher risk-weighted assets than banks applying the advanced approach to similar portfolios, thus understating capital ratios.

	Expected capital adequacy ratios (including op risk)	Expected capital adequacy ratios (excluding op risk)
Investec plc		
Total	15.3%	17.5%
Tier 1	9.6%	11.0%
Investec Limited		
Total	13.8%	15.5%
Tier 1	10.5%	11.8%

Asset quality

- The bulk of Investec's credit and counterparty risk arises through its Private Banking and Capital Markets activities. The Private Bank lends to high net worth and high income individuals, whilst the Capital Markets division primarily transacts with mid to large sized corporates, public sector bodies and institutions.
- Investec continues to focus on asset quality and credit risk in all geographies.
- Impairments and defaults on core loans and advances have increased in light of weak economic conditions across all geographies.

- The group expects the credit loss ratio on core loans and advances to be between 1.1% and 1.2%

Gearing

- Investec is not a highly geared bank as reflected in the following table:

	28 Feb 2009	**30 Sep 2008**	**31 Mar 2008**
Core loans to capital ratio	6.8x	6.6 x	6.2 x
Core loans (excluding own originated assets which have been securitised) to customer deposits	1.1x	1.0 x	1.0 x
Total gearing	13.3x	13.4 x	13.8 x
Total gearing (excluding securitised assets)	12.2x	12.3 x	12.1x

Business commentary

Salient features of the operating performance of the group's core business areas are listed below and further details will be provided in the briefing presentation which can be viewed on the website.

Private Banking

- Since 31 March 2008:
    - The loan portfolio increased 20% to £10.7 billion
    - Total deposits increased 11% to £7.3 billion
    - Total funds under advice decreased 12% to £3.2 billion
- Market conditions have negatively impacted impairments, exits and activity levels resulting in significantly lower operating profit in 2H09 across all geographies.
- Increased efforts on retail deposit raising initiatives have proven to be successful, notably in the last quarter.

Private Client Portfolio Management and Stockbroking

- Since 31 March 2008:
    - Total funds under management (South African and UK) have decreased by 14% to £17.1 billion. (Including £11.5 billion relating to Rensburg Sheppards plc – this information has not been updated since their last reporting period)
    - Total South African funds under management have decreased by 29% to R80.5 billion.
- South Africa:
    - Decreased market volumes and reduced market value of portfolios in home currency.
    - Weaker performance from alternative products.
    - Performing marginally behind 1H09.

Capital Markets

- Core loans and advances have increased 17% to £4.4 billion since 31 March 2008
- Reasonable levels of activity across the advisory, structuring and trading businesses.
- Increase in impairments across all geographies reflects the weaker credit cycle.
- Taken advantage of select distressed debt and credit opportunities.
- Performing slightly behind 1H09.
- Kensington:
    - Stable performance from Kensington – performing in line with 1H09.
    - Increase in impairments in line with weak housing market.
    - Bad debt provision is based on further house price decline for 2009 of -15%, and an extra -10% haircut to the price to reflect forced sale discount.
    - The total book has decreased from £6.1 billion to £5.2 billion.
    - Arrears have increased as the book becomes more seasoned.
    - Average LTVs have increased to 82% as a consequence of house price deflation.

  - Cancellation of Bradford & Bingley plc forward sale agreement for which Investec has received compensation.

Investment Banking

- ***Agency and Advisory***
  - Significant slow down in activity levels as equity markets have continued to decline.

- ***Principal Investments (Direct Investments and Private Equity)***
  - South Africa Principal Investments continues to perform well.
  - UK and Australia Principal Investments severely impacted by a sharp fall in markets and downward fair value adjustments.

Asset Management
- Since 31 March 2008 assets under management have decreased 5% to £27.3 billion
- Earnings have been impacted by weak equity markets and the tougher mutual fund environment.
- Performing marginally behind 1H09.
- Shift in fund mix to institutional continues.
- Positive net flows.
- Extremely challenging environment going forward.

Property Activities
- Weaker property fundamentals.
- However, performing in line with the 1H09, benefiting from fees earned on projects completed in the current period and reasonable performance from the investment property portfolio.

Other Activities
- Central Funding:
  - Slightly weaker performance in South Africa in 2H09.
  - Good performance in the UK due to debt purchase programme.

- Central Costs
  - Marginally up on 1H09.

Other information

Additional aspects
- Effective tax rate: expected to be approximately 24%
- Weighted number of shares in issue for the year ended 31 March 2009 expected to be approximately 635 million.
- Goodwill impairments:
  - Marginal across the group but one of the Investment Banking division's investments is currently being reviewed where a goodwill impairment may be required.

Notes:
1. Key trends set out above, unless stated otherwise, relate to the eleven months ended 28 February 2009, and compare the first half of the financial year (1H09) to the second half of the financial year (2H09)
2. The financial information on which this statement is based has not been reviewed and reported on by the group's auditors.
3. References to operating profit relate to normalised operating profit, where normalised operating profit refers to net profit before tax, goodwill and non-operating items but after adjusting for earnings attributable to minorities. Trends within the divisional sections relate to normalised operating profit.

4. EPS is as determined in accordance with International Financial Reporting Standards. Adjusted EPS is before goodwill impairment and non-operating items and after taking into consideration the accrual of dividends attributable to perpetual preference shareholders.
5. Please note that matters discussed in the briefing and highlighted above 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 International Financial Reporting Standards (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 risks.

- 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 the markets in which it operates to differ from those expressed or implied.
- Any forward looking statements made are based on the knowledge of the group at 19 March 2009.

6. Our reporting currency is Pounds Sterling. Certain of our operations are conducted by entities outside the UK. The results of operations and the financial condition of our individual companies are reported in the local currencies in which they are domiciled, including Rands, Australian Dollars and Euros. These results are then translated into Pounds Sterling at the applicable foreign currency exchange rates for inclusion in our combined consolidated financial statements. In the case of the income statement, the weighted average rate for the relevant period is applied and, in the case of the balance sheet, the relevant closing rate is used. The following table sets out the movements in certain relevant exchange rates against Pounds Sterling over the period:

Year to date	**28 Feb 2009**		**30 Sep 2008**		**31 Mar 2008**	
Currency per £1.00	**Close**	**Ave**	**Close**	**Ave**	**Close**	**Ave**
South African Rand	14.30	14.91	14.98	14.95	16.17	14.31
Australian Dollar	2.23	2.19	2.26	2.12	2.18	2.32
Euro	1.12	1.22	1.27	1.26	1.25	1.42
Dollar	1.42	1.75	1.78	1.94	1.99	2.01

Presentation details

The briefing starts at 9:00 (GMT) (11:00 South African time) and will be broadcast live via video conference from the group's offices in Johannesburg to London. The briefing will also be available via a live and recorded telephone conference call, a live and delayed video webcast, a delayed podcast and a delayed Mp3. Further details in this regard can be found on the website at: www.investec.com

Timetable:

Year ended: 31 March 2009
Release of year end results: 21 May 2009

For further information please contact:

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About Investec

Investec is an international specialist banking group that provides a diverse range of financial products and services to a niche client base in three principal markets, the United Kingdom, South Africa and Australia as well as certain other countries. The group was established in 1974 and currently has approximately 5 600 permanent employees.

Investec focuses on delivering distinctive profitable solutions for its clients in five core areas of activity namely, Private Client Activities, Capital Markets, Investment Banking, Asset Management and Property Activities.

In July 2002 the Investec group implemented a dual listed company structure with listings on the London and Johannesburg Stock Exchanges. Management and staff own approximately 15% of the equity share capital of the group. The combined group's current market capitalisation is approximately £1.5 billion.