Investec – pre-close briefing

18 March 2010

Investec delivers another resilient performance supported by its balanced business model and sound balance sheet

Investec is today hosting an investor pre-close briefing at 9:00 (GMT time) (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 2010.

Operational and financial overview

Investec's recurring revenue base and operational diversity have continued to support profitability across its core geographies. The global economy continues to show signs of recovery, however, operating fundamentals remain mixed with activity levels below historic trends.

Salient financial features include:

- Operating profit (refer to definition in the notes) is expected to be marginally higher than the prior year.
- UK, European and Australian operating profits are well ahead of the prior year. The South African operations have traded ahead of the first half of the financial year, but are expected to post a weaker full-year performance.
- Defaults have continued to increase, although at a slower pace. Impairments are in line with previous guidance provided, with the credit loss charge as a percentage of average gross core loans and advances expected to be approximately 1.1%.
- Since 31 March 2009 core loans and advances grew by 10% to GBP17.8 billion, customer deposits increased by 37% to GBP20.0 billion and third party assets under management increased by 42% to GBP69.4 billion.
- The group has a strong liquidity position and currently has approximately GBP8.8 billion of cash and near cash available to support its activities.
- Core advances (excluding own originated assets) as a percentage of customer deposits were 83.6% (31 March 2009:103.6%).
- The group's gearing ratio remains low at 12 times.
  .

Outlook

Investec has remained focused on managing its balance sheet whilst at the same time moving the organisation onto the front foot. The group's steady and resilient performance throughout the crisis, coupled with ongoing brand investment, strong growth in assets under management and a sound balance sheet enables it to take advantage of opportunities that are expected to flow from the realignment of global financial infrastructures.

On behalf of the board

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

Operational overview – further details

Liquidity management

- A core strategy for many years has been the maintenance of cash reserves and a stock of readily available, high quality liquid assets well in excess of minimum regulatory requirements.
- The group currently holds GBP8.8 billion of cash and near cash balances (GBP4.4 billion in Investec Limited and GBP4.4 billion in Investec plc) which amounts to 33% of its liability base.
- Investec continues to focus on diversifying its funding sources and maintaining a low reliance on interbank wholesale funding to fund core lending. The group remains successful in building and growing its retail deposit franchise.

Capital

- The group targets a minimum tier one capital ratio of 11% and a total capital adequacy ratio of 14% to 17% on a consolidated basis for each of Investec plc and Investec Limited.
- Capital ratios are within the group's target range across all core geographies.

	Expected capital adequacy ratios at 31 March 2010	30 Sep 2009	31 Mar 2009
Investec plc			
Total	15.5%	15.5%	16.2%
Tier 1	11.0%	11.0%	10.1%
Investec Limited			
Total	15.1%	14.7%	14.2%
Tier 1	11.5%	11.3%	10.8%

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 transacts primarily with mid to large sized corporates, public sector bodies and institutions.
- Investec continues to focus on asset quality and credit risk in all geographies.
- Defaults have continued to increase, although at a slower pace. Impairments are in line with previous guidance provided, with the credit loss charge as a percentage of average gross core loans and advances expected to be approximately 1.1%.

Gearing

- The group's gearing ratios remain low as reflected in the following table:

	28 Feb 2010	30 Sep 2009	31 Mar 2009
Core loans to capital ratio	5.7x	5.8x	6.2x
Core loans (excluding own originated assets which have been securitised) to customer deposits	83.6%	89.5%	103.6%
Total gearing	12.3x	12.1x	12.9x
Total gearing (excluding securitised assets)	11.5x	11.2x	11.7x

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.

Overview of year on year performance

- As expected, net interest income has been negatively impacted by lower average interest rates over the period.
- Lower levels of activity over the period have resulted in a decline in net fees and commissions receivable.
- The group has taken advantage of opportunities in the dislocated credit markets which has bolstered revenue from principal transactions.
- Recurring income as a percentage of total operating income amounted to approximately 61%.
- Expenses continue to be tightly managed and are flat in home currencies in core geographies, however, due to the weakening of Pound Sterling will reflect an increase over the prior year.

Private Banking

- Since 31 March 2009:
  - The loan portfolio increased 13% to GBP12.6 billion
  - Total deposits increased 42% to GBP11.0 billion
  - Total funds under advice increased 20% to GBP3.9 billion
- Market conditions continue to impact impairments, exits and activity levels resulting in significantly lower operating profit year on year across all geographies, but improvement on 1H10.
- Increased efforts on retail deposit raising initiatives have proven to be successful.

Private Client Portfolio Management and Stockbroking

- Since 31 March 2009:
  - Total funds under management (South African and UK) have increased by 33% to GBP21.6 billion. (Including GBP12.3 billion relating to Rensburg Sheppards plc – as reported in January 2010).
  - Total South African funds under management have increased by 28% to ZAR108.3 billion.
- South Africa:
  - Performing in line with 1H10.

Capital Markets

- Core loans and advances have increased 2% to GBP4.9 billion since 31 March 2009.
- Good levels of activity across the advisory and structuring businesses.
- Trading and balance sheet management activities have been impacted by lower rate environment and declining volatility.
- Good opportunities in the alternative energy and structured credit space.
- Performing ahead of 1H10.
- Kensington:
  - Good performance from Kensington as house prices stabilise – performing slightly ahead of the prior year.
  - The total book has decreased from GBP5.2 billion to GBP4.7 billion.
  - Arrears have increased marginally as the book becomes more seasoned.
  - Average LTVs have improved to 78% from 83%.

Investment Banking

- ***Agency and Advisory***
  - Activity levels have started to improve but this is not yet reflected in earnings.

- ***Principal Investments (Direct Investments and Private Equity)***
  - South Africa Principal Investments continues to perform well, although behind 1H10.
  - UK Principal Investments shows a significant improvement over the prior year, however, because of the consolidation of certain investments it will still post a loss.

Asset Management

- Since 31 March 2009 assets under management have increased 50% to GBP43.4 billion.
- Record net flows in excess of £4.5 billion across all distribution channels and a broad range of investment capabilities.
- Record assets under management for the business.
- Performing significantly ahead of 1H10.

Property Activities

- Good performance from the investment property portfolio – performing well ahead of 1H10.
- Opportunities exist to enhance value within the portfolio.
- Remain focused on building our property funds across all geographies.

Other Activities

- Central Funding:
  - o South Africa behind 1H10 largely due to lower average levels of interest rates.
  - o Good performance in the UK due to the debt purchase programme – not repeated in 2H10.

- Central Costs
  - o Marginally ahead of 1H10, although in line with the prior year.

Other information

Additional aspects

- Effective tax rate: expected to be approximately 21%.
- Weighted number of shares in issue for the year ended 31 March 2010 expected to be approximately 686 million.

Notes:

1. Key trends set out above, unless stated otherwise, relate to the eleven-months ended 28 February 2010, and compare the first half of the 2010 financial year (1H10) to the second half of the 2010 financial year (2H10)
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. 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 18 March 2010.
5. 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 2010		30 Sep 2009		31 Mar 2009	
Currency per GBP1.00	**Close**	**Ave**	**Close**	**Ave**	**Close**	**Ave**
South African Rand	11.72	12.49	11.99	12.74	13.58	14.83
Australian Dollar	1.70	1.90	1.81	1.99	2.07	2.19
Euro	1.11	1.13	1.09	1.14	1.08	1.21
Dollar	1.52	1.60	1.60	1.59	1.43	1.73

Presentation details

The briefing starts at 9:00 (GMT time) (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 2010
Release of year-end results: 20 May 2010

For further information please contact:

Investec Investor Relations
UK: +44 (0) 207 597 5546
South Africa: +27 (0) 11 286 7070
investorrelations@investec.com

About Investec

Investec is an international specialist bank and asset manager 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 5 900 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. The combined group's current market capitalisation is approximately GBP3.9 billion.