

Investec Limited

Incorporated in the Republic of South Africa
Registration number 1925/002833/06
JSE share code: INL
ISIN: ZAE000081949

Investec plc

Incorporated in England and Wales
Registration number 3633621
JSE share code: INP
ISIN: GB00B17BBQ50

Investec (comprising Investec plc and Investec Limited) – pre-close briefing statement**14 March 2013**

Investec is today hosting an investor pre-close briefing at 9:00 (BST time) (11:00 South African time) which will focus on developments within the group's core business areas in the second half of the financial year ending 31 March 2013.

Operational and financial overview of year ending 31 March 2013

Operating profit (refer to definition in the notes) is expected to be approximately 20% to 23% ahead of the prior year.

The asset management and wealth management businesses have experienced strong net inflows in excess of GBP4 billion and are expected to report results ahead of the prior year. The South African Specialist Banking business is expected to report a sound increase in operating profit in Rand terms benefiting from growth in revenue and cost containment. The Australian Specialist Banking business has performed significantly ahead of the prior year mainly as a result of a substantial decrease in impairments. The UK Specialist Banking business is expected to report results marginally ahead of the prior year.

Overall results have been impacted by the depreciation of the average Rand: Pound exchange rate of approximately 13%.

Salient financial features include:

- Revenue (net of depreciation on operating leased assets) is expected to be 3% to 4% higher than the prior year.
- Recurring income as a percentage of total operating income is expected to be approximately 67% (2012: 68%).
- Expenses are expected to increase by 3% to 4% largely driven by recently acquired businesses which are in the process of being fully integrated.
- The cost to income ratio is expected to remain in line with the group's target.
- Adjusted EPS (refer to definition in the notes) in Pounds is expected to be 14% to 17% higher than the prior year.
- Adjusted EPS (refer to definition in the notes) in Rands is expected to be 30% to 34% higher than the prior year.
- For the period 31 March 2012 to 28 February 2013:
 - Third party assets under management increased 13% to GBP110.0 billion – an increase of 18% on a currency neutral basis.
 - Customer accounts (deposits) decreased 2% to GBP25.0 billion - an increase of 4% on a currency neutral basis.
 - Core loans and advances increased 3% to GBP18.8 billion - an increase of 9% on a currency neutral basis.

The group has continued to record positive net inflows into its asset management and wealth and investment businesses. Loan growth in the professional finance, asset finance, structured and project finance businesses, together with an expected improvement in the cost of funds, should support the group's net interest earnings going forward. Whilst impairments are expected to decrease by approximately 22% they have remained elevated due to weak economic conditions in the group's core geographies. Global markets have rallied strongly in recent months, although this confidence in equities is not yet reflected in levels of economic activity, as economic growth remains muted. The group's operating profit is underpinned by a solid recurring income base and strong business franchise in the geographies in which it operates.

On behalf of the board

Fani Titi (Joint Chairman), Sir David Prosser (Joint Chairman), Stephen Koseff (Chief Executive Officer) and Bernard Kantor (Managing Director)

Funding and liquidity

- The group has continued to diversify its funding sources.
- The cost of funds remained elevated throughout the period.
- Recently the group has however, seen an improvement in the marginal cost of funds, notably in its UK and Australian businesses.
- Cash balances remain strong. The group currently holds GBP9.9 billion in cash and near cash balances (GBP5.5 billion in Investec Limited and GBP4.4 billion in Investec plc) which amounts to 33% of its liability base.
- Advances as a percentage of customer deposits at 28 February 2013 is at 71.6% (31 March 2012: 67.8%).

Capital

- The group has implemented Basel 3 in its South African and Australian businesses, with moderate impact on its ratios.
- The group's UK business is reporting in terms of Basel 2.5 and capital ratios remain stable.
- All ratios are expected to be within the group's target capital range.

Asset quality and impairment trends

- The total income statement impairment charge is expected to be approximately 22% lower than the prior year.
- The group expects the credit loss ratio (excluding Kensington) on total average loans and advances to be between 0.83% to 0.88% (31 March 2012: 1.12%; 30 September 2012: 0.85%).
- Impairments in Kensington are expected to be lower than the prior year, but higher than 1H13.

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 group's website.

Asset Management

- Competitive long term performance across investment capabilities.
- Positive net inflows of GBP3.2 billion.
- Financial performance should be marginally ahead of the prior year and 1H13.
- Since 31 March 2012 assets under management have increased by 12% to GBP69.2 billion – an increase of 18% on a currency neutral basis.

Wealth & Investment

- Performing well ahead of the prior year:
 - Higher average funds under management
 - Net inflows of GBP0.9 billion
 - Inclusion of Williams de Broë and NCB (in Ireland).
- Integration of acquisitions progressing well - excess costs will however, still reflect in our 2013 results.
- Since 31 March 2012 assets under management have increased by 15% to GBP40.1 billion – an increase of 20% on a currency neutral basis

Specialist Banking

- The Specialist Bank is performing well ahead of the prior year but behind 1H13. Key aspects include:

- *Net interest margin*
 - Loan growth of 9% in neutral currencies
 - Improved margins in South Africa
 - Elevated cost of funds in the UK and Australia
 - The group remains very liquid.
- *Net fees and commissions*
 - Private client transactional and professional finance activities performing well
 - Good performance from agency and advisory
 - Fees earned in the corporate banking business are expected to be lower than the prior year.
- *Investment and trading income*
 - Strong performance from the South African property division and unlisted investment portfolio
 - Lower earnings from the fixed income portfolio in the UK, partially offset by a solid performance in the investment portfolio
 - Lower customer flow activity.
- *Costs*
 - Moderate increase in costs – acquisition in Australia.

Other information

Additional aspects

- Effective tax rate: expected to be approximately 18% to 19%.
- Weighted number of shares in issue for the year ending 31 March 2013 expected to be approximately 856 million.

• **Notes:**

1. Key trends set out above, unless stated otherwise, relate to the eleven months ended 28 February 2013, and compare the first half of the 2013 financial year (1H13) to the second half of the 2013 financial year (2H13).
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, acquired intangibles and non-operating items but after adjusting for earnings attributable to non-controlling interests. Trends within the divisional sections relate to normalised operating profit.
4. Adjusted EPS is before goodwill, acquired intangibles and non-operating items but after tax and after adjusting for earnings attributable to non-controlling interests.
5. The neutral currency calculation for the core earnings drivers assumes the Rand:Pound and Australian Dollar:Pound closing exchange rates remain the same as at 28 February 2013 when compared to 31 March 2012.
6. 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 13 March 2013..
7. The group's reporting currency is Pounds Sterling. Certain of the group's operations are conducted by entities outside the UK. The results of operations and the financial condition of these 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 the group's 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-13		30-Sep-12		31-Mar-12	
	Close	Ave	Close	Ave	Close	Ave
Currency per GBP1.00						
South African Rand	13.62	13.40	13.39	12.96	12.27	11.85
Australian Dollar	1.48	1.54	1.55	1.54	1.54	1.52
Euro	1.16	1.23	1.26	1.24	1.20	1.16
US Dollar	1.52	1.59	1.61	1.58	1.60	1.60

Presentation details

The briefing starts at 9:00 (BST 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-end: 31 March 2013

Release of year-end results: 23 May 2013

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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 8 000 employees.

Investec focuses on delivering distinctive profitable solutions for its clients in three core areas of activity namely, Asset Management, Wealth & Investment and Specialist Banking.

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 GBP4.3 billion.