

# Investec a **distinctive** specialist banking group



Investor pre-close briefing  
20 September 2007



## Proviso

- Please note that matters discussed in today's presentation 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 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 today's date



## Operational review



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- Proviso: unless otherwise stated, figures and trends discussed in the operational review relate to the five month period to 31 August 2007 (i.e. 1H08) and are intended to compare 1H08 vs 1H07
  - Investec will release its results for the six months to 30 September 2007 on 15 November 2007

## Operating environment

	31 Aug 2007	31 Mar 2007	30 Sept 2006	% move since Mar
JSE ALSI	27 601	27 267	22 375	1.2%
FTSE ALSI	3 168	3 283	3 050	-3.5%
Australian All Ord	6 138	5 979	5 113	2.7%
SA Prime	13.50%	12.50%	11.50%	1.00%
UK Clearing Banks	5.75%	5.25%	4.75%	0.50%
RBA cash rate target	6.50%	6.25%	6.00%	0.25%

Year to date	31 Aug 2007		31 Mar 2007		30 Sept 2006	
	Close	Ave	Close	Ave	Close	Ave
Currency per £1.00						
South African Rand	14.48	14.20	14.20	13.38	14.49	12.66
Australian Dollar	2.47	2.39	2.42	2.47	2.50	2.46
Euro	1.48	1.47	1.47	1.47	1.47	1.46

Source: Datastream, Reuters

## Group performance

- Diversified portfolio of businesses drives continuing growth
- Very strong performance from South Africa and Australia
- Reasonable performance from the UK which was marginally impacted by the turmoil in the credit markets



## Divisional review



### Private Banking

- Strong lending turnover and transactional activity continue to drive momentum across all geographies
- Very strong performance in South Africa
- UK consolidating around previously reported levels after exceptional growth in the prior year
- Solid performance from Australia

#### Loan portfolio

Since 31 Mar 2007: ▲ 11.8% to £7.7bn  
Average: ▲ 19.9% to £7.3bn

#### Deposits

Since 31 Mar 2007: ▲ 12.9% to £6.3bn  
Average: ▲ 20.8% to £5.9bn

#### Funds under advice

Since 31 Mar 2007: ▲ 18.6% to £3bn  
Average: ▲ 44.9% to £2.8bn

## Private Client Portfolio Management and Broking

- Strong performance benefiting from:
  - higher asset levels and volumes over the period
  - launch of new products generating additional revenue streams

### Funds under management\*

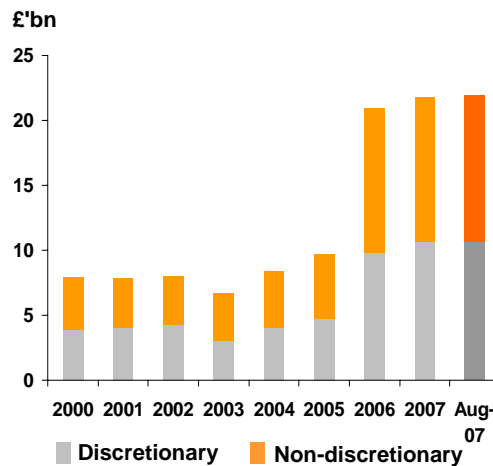
Since 31 Mar 2007:

Total: ▲ 0.6% to £22.0bn

Average: ▲ 9.1% to £21.9bn

SA only: ▲ 3.7% to R109.5bn

Average SA only: ▲ 26.8% to R107.5bn



\*Including £14.4bn of Rensburg Sheppards plc as reported at 31 March 2007

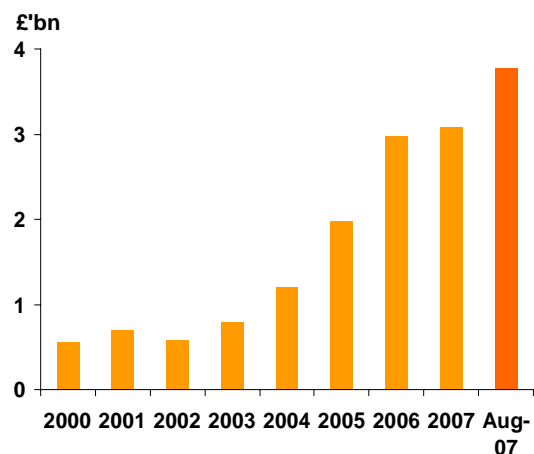
## Capital Markets

- Pipeline and levels of activity have been good across the advisory and lending areas supporting a solid performance in South Africa
- Very good performance from Australia which has benefited from the integration of the Rothschild's business
- The results of the UK operations are expected to be down as the recent turmoil in the credit markets has impacted the Principal Finance business

### Loan portfolio

Since 31 Mar 2007: ▲ 23.4% to £3.8bn

Average: ▲ 14.8% to £3.4bn



## Capital Markets: Principal Finance

- Low exposure to US sub-prime representing 0.4% of group loan portfolio:
  - £29mn rated BBB and below (net of fair value adjustments)
  - £24mn rated A to AAA - bulk in AAA and AA (net of fair value adjustments)
  - Additional provisions which may not crystallise: £7mn
- All instruments are performing and no tranches have been downgraded
- Assets held for securitisation: £470mn of which £350mn has been sold for settlement at the end of September 2007. No fair value losses expected.

## Capital Markets: Kensington

- Reshaping the business as result of current market:
  - Altering the mix of the product offering
  - Tightening lending criteria
  - Increasing pricing
- Consequence of this strategy will be lower volumes, an alignment of infrastructure and an improvement in margin
- We would expect lower profitability from our initial projections for Kensington until market conditions normalise
- Lines and facilities in place to support this strategy which includes non-recourse warehousing lines from third party banks and committed forward flow agreements with other financial institutions
- Mortgages under management down from £7bn to £6.6bn and weighted average current LTV improving from 71% to 69% since 31 March 2007
- Improving asset quality with % accounts > 90 days in arrears decreasing to 8.96% from 9.4% since 31 March 2007

## Investment Banking

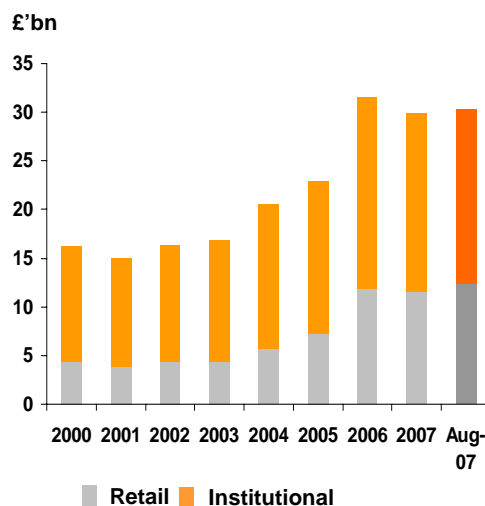
- **Agency and Advisory**
  - UK and Australia - stable corporate finance pipeline in place
  - Good performance from SA - strong deal pipeline in place
- **Direct Investments and Private Equity**
  - SA Private Equity portfolio has performed very well underpinned by a strong performance from the underlying investments
  - SA Direct Investments has benefited from a good performance from our empowerment platforms marginally offset by a weaker performance from some of the listed and other unlisted investments
  - The UK Direct Investments and Private Equity divisions should show an improvement on the prior year's performance

## Asset Management

- Earnings growth continues to be enhanced by the momentum of UK and international business
- Solid long term investment performance (compelling long-term track record)
- Significantly widened distribution reach

### Assets under management

Since 31 Mar 2007: ▲ 1.5% to £30.3bn  
Average: ▲ 3.6% to £30.1bn

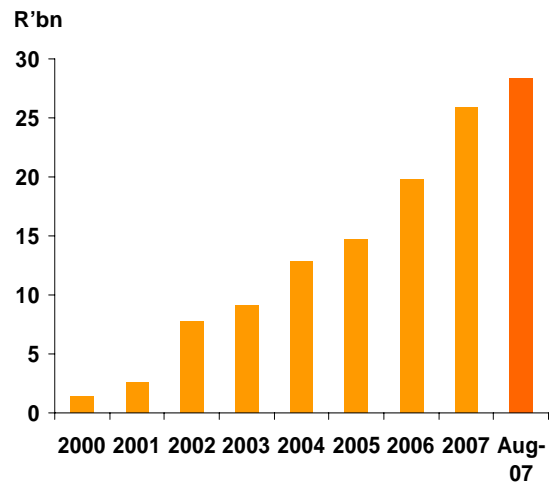


## Property Activities

- SA Property Activities have performed strongly
- Sale of business to Growthpoint still requires Competition Tribunal approval
- Launched African Property Fund jointly with Investec Asset Management
- Europe: Fund established to invest in real estate opportunities around the world
- Australia: Newly created Property Private Equity business which will focus on property funds management

### Assets under administration

Since 31 Mar 2007: ▲ 9.3% to R28.3bn  
Average: ▲ 47.0% to R27.1bn



## Other Activities

- Central Funding – higher cash balances underpins stronger performance across all geographies
- Central Costs – in line with the prior year





## Additional aspects



### Other information

- Effective tax rate: expected to be between 26% to 27%
- Increase in **earnings attributable to minorities:**
  - Largely due to improved performance of partially owned investments that have been consolidated
- Weighted number of shares in issue for the six months to 30 September 2007 expected to be approximately 582.5 million

## Capital and Liquidity

- We remain well capitalised:

	<b>Capital adequacy ratio (31 August 2007)</b>
Investec plc	18.3%
Investec Bank UK Limited	19.2%
Investec Limited	14%
Investec Bank Limited	13.5%

- As at 14 September 2007 we held substantial cash and near cash around the world
  - SA: R34bn
  - UK and Europe: £2.2bn
  - Australia: A\$1.1bn

## Asset quality

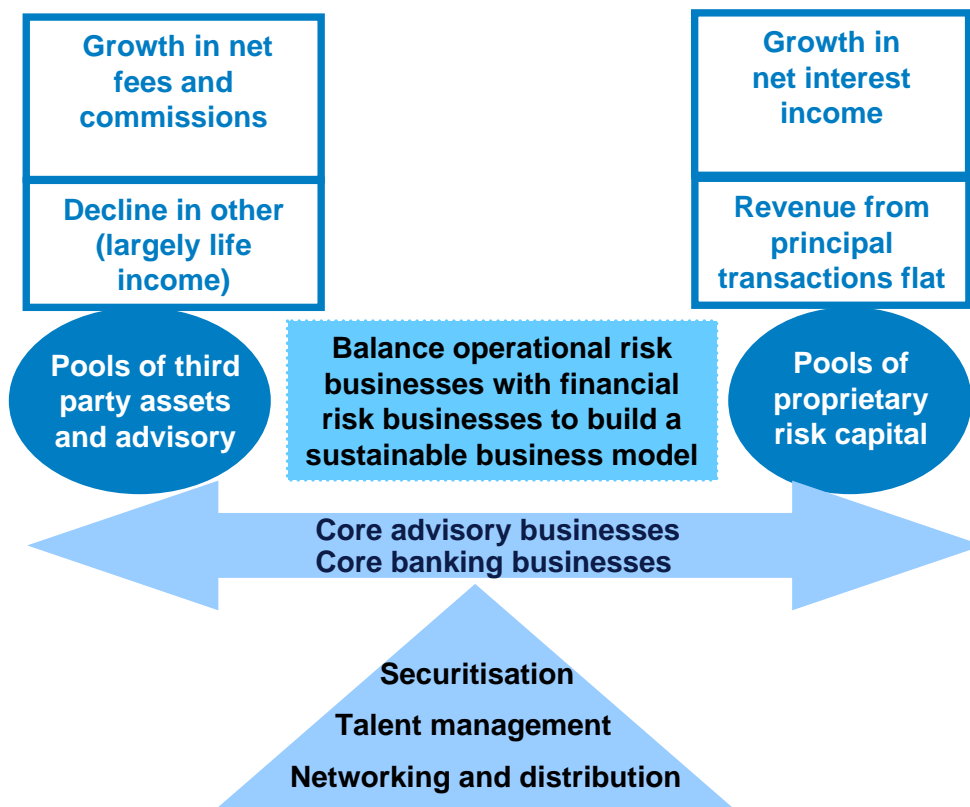
- Remains sound – no change in strategy regarding our target market
- Net defaults remain largely unchanged since March



## Conclusion



## Conclusion



## Conclusion

“Our focus on balancing revenue streams and achieving diversity of earnings, both geographically and operationally, has stood the group in good stead over the period. Furthermore, the group’s asset quality remains sound as a result of disciplined risk management. Notwithstanding the adverse impacts of difficult global credit markets in recent months, we have seen solid business activity across the group in the first half of this financial year and are well placed to deliver on our financial targets and objectives.”



## Appendices

## Operating profit before tax, goodwill and non-operating items: for the six months ended 30 September 2006

IFRS £'000	Southern Africa	UK & Europe	Australia	Other	Total group
Private Banking	17,424	50,476	5,720	-	<b>73,620</b>
Private Client Portfolio Management and Stockbroking	5,664	4,074*	-	-	<b>9,738</b>
Capital Markets	25,833	29,558	1,674	-	<b>57,065</b>
Investment Banking	24,789	5,447	5,542	-	<b>35,778</b>
Asset Management	23,851	8,045	-	-	<b>31,896</b>
Property Activities	6,201	118	-	-	<b>6,319</b>
Group Services and Other Activities	7,522	(17,545)	689	209	<b>(9,125)</b>
<b>Total group</b>	<b>111,284</b>	<b>80,173</b>	<b>13,625</b>	<b>209</b>	<b>205,291</b>

\*Rensburg Sheppards plc accounted for as an associate with effect from 30 April 2005. This number is net of tax.

## Private Banking: loans and advances

£'million	31 Aug 2007	31 Mar 2007	30 Sept 2006	31 Mar 2006	% Change YTD vs Mar 2007
UK and Europe	2,814	2,399	2,165	1,978	17.3%
South Africa	4,313	3,929	3,330	3,800	9.8%
Australia	540	529	465	380	2.3%
<b>Total loans</b>	<b>7,667</b>	<b>6,856</b>	<b>5,960</b>	<b>6,158</b>	<b>11.8%</b>

Home currency 'million	31 Aug 2007	31 Mar 2007	30 Sept 2006	31 Mar 2006	% Change YTD vs Mar 2007
South Africa	R 62,458	R 55,786	R 48,265	R 40,749	12.0%
Australia	A\$1,335	A\$1,279	A\$1,170	A\$928	4.4%
Period end £:R	14.48	14.20	14.49	10.72	
Period end £:AUD	2.47	2.42	2.5	2.44	

## Private Banking: retail deposits

£'million	31 Aug 2007	31 Mar 2007	30 Sept 2006	31 Mar 2006	% Change YTD vs Mar 2007
UK and Europe	3,806	3,439	3,194	2,921	10.7%
South Africa	2,142	1,850	1,596	1,650	15.7%
Australia	332	271	240	202	22.8%
<b>Total deposits</b>	<b>6,280</b>	<b>5,560</b>	<b>5,030</b>	<b>4,773</b>	<b>12.9%</b>

Home currency 'million	31 Aug 2007	31 Mar 2007	30 Sept 2006	31 Mar 2006	% Change YTD vs Mar 2007
South Africa	R 31,009	R 26,277	R 23,123	R 17,687	18.0%
Australia	A\$821	A\$655	A\$602	A\$495	25.3%
Period end £:R	14.48	14.20	14.49	10.72	
Period end £:AUD	2.47	2.42	2.50	2.44	

## Private Banking: funds under advice

£'million	31 Aug 2007	31 Mar 2007	30 Sept 2006	31 Mar 2006	% Change YTD vs Mar 2007
UK and Europe	1,154	951	762	642	21.3%
South Africa	1,542	1,275	924	1,006	20.9%
Australia	307	306	246	240	0.4%
<b>Funds under advice</b>	<b>3,003</b>	<b>2,532</b>	<b>1,932</b>	<b>1,888</b>	<b>18.6%</b>

Home currency 'million	31 Aug 2007	31 Mar 2007	30 Sept 2006	31 Mar 2006	% Change YTD vs Mar 2007
South Africa	R 22,327	R 18,111	R 13,388	R 10,784	23.3%
Australia	A\$758	A\$740	A\$616	A\$586	2.4%
Period end £:R	14.48	14.20	14.49	10.72	
Period end £:AUD	2.47	2.42	2.50	2.44	

## SA Private Client Securities: funds under management

R'million	31 Aug 2007	31 Mar 2007	30 Sept 2006	31 Mar 2006	% Change YTD vs Mar 2007
Discretionary	19,197	18,419	14,736	14,343	4.2%
Non-discretionary	90,271	87,177	70,755	69,744	3.5%
<b>Total</b>	<b>109,468</b>	<b>105,596</b>	<b>85,491</b>	<b>84,087</b>	<b>3.7%</b>
<u>Net inflows at cost over the period</u>					
Discretionary	1,060	1,065	67	2,799	
Non-discretionary	2,313	2,316	-515	13,957	
<b>Total</b>	<b>3,373</b>	<b>3,381</b>	<b>-448</b>	<b>16,756</b>	

£'million	31 Aug 2007	31 Mar 2007	30 Sept 2006	31 Mar 2006	% Change YTD vs Mar 2007
Discretionary	1,326	1,297	1,017	1,338	2.2%
Non-discretionary	6,234	6,139	4,883	6,506	1.5%
<b>Total</b>	<b>7,560</b>	<b>7,436</b>	<b>5,900</b>	<b>7,844</b>	<b>1.7%</b>
Period end £:R	14.48	14.20	14.49	10.72	

## Capital Markets: loans and advances

£'million	31 Aug 2007	31 Mar 2007	30 Sept 2006	31 Mar 2006	% Change YTD vs Mar 2007
UK and Europe	2,083	1,519	1,596	1,109	37.1%
Loans	1,613	1,277	1,330	937	26.3%
Assets to be securitised	470	242	266	172	94.2%
South Africa	1,559	1,428	1,269	1,852	9.2%
Australia	161	133	148	24	20.4%
<b>Total loans</b>	<b>3,802</b>	<b>3,080</b>	<b>3,013</b>	<b>2,985</b>	<b>23.4%</b>

Home currency 'million	31 Aug 2007	31 Mar 2007	30 Sept 2006	31 Mar 2006	% Change YTD vs Mar 2007
South Africa	R 22,569	R 20,275	R 18,387	R 19,855	11.3%
Australia	A\$397	\$323	\$370	\$58	22.9%
Period end £:R	14.48	14.20	14.49	10.72	
Period end £:AUD	2.47	2.42	2.50	2.44	

## Kensington: other statistics

Period ended	31 Mar 2007	31 May 2007	31 Aug 2007
Mortgage assets under management (£'bn)	7.0	6.7	6.6
Weighted average current LTV of active portfolio (adjusted for house price inflation)	70.7%	71.1%	69.3%
Loan impairment provision on balance sheet (£'mn)	53	52	49
Actual amount in arrears (£'mn)	54.9	53.3	49.3
% of accounts > 90 days in arrears	9.4%	9.4%	9.0%
New business completions (£'bn) (cumulative YTD since 1 Dec 2006)	1.2	1.8	2.6
Value of loans sold in period (£'bn) (cumulative YTD since 1 Dec 2006)	0.7	1.1	1.4
Near prime	0.5	0.8	1.0
Specialist prime	0.2	0.3	0.4
Securitisations completed (cumulative YTD since 1 Dec 2006) (£'mn)	800	800	800
Ave early redemption charge income received	2.76%	2.70%	2.51%

## Investec Asset Management: assets under management\*

£'million**	31 Aug 2007	31 Mar 2007	30 Sept 2006	31 Mar 2006	% Change YTD vs Mar 2007
UK and international	13,283	13,039	11,759	11,712	1.9%
Retail	7,426	6,661	6,181	6,018	11.5%
Institutional	5,857	6,378	5,578	5,694	-8.2%
Southern Africa	17,060	16,852	14,732	19,941	1.2%
Retail	4,989	4,866	3,816	4,827	2.5%
Institutional	12,071	11,986	10,916	15,114	0.7%
<b>Total AUM*</b>	<b>30,343</b>	<b>29,891</b>	<b>26,491</b>	<b>31,653</b>	<b>1.5%</b>

Home currency** 'million	31 Aug 2007	31 Mar 2007	30 Sept 2006	31 Mar 2006	% Change YTD vs Mar 2007
Southern Africa	247,028	239,238	213,505	213,813	3.3%
Retail	72,239	69,082	55,310	51,760	4.6%
Institutional	174,789	170,156	158,195	162,053	2.7%

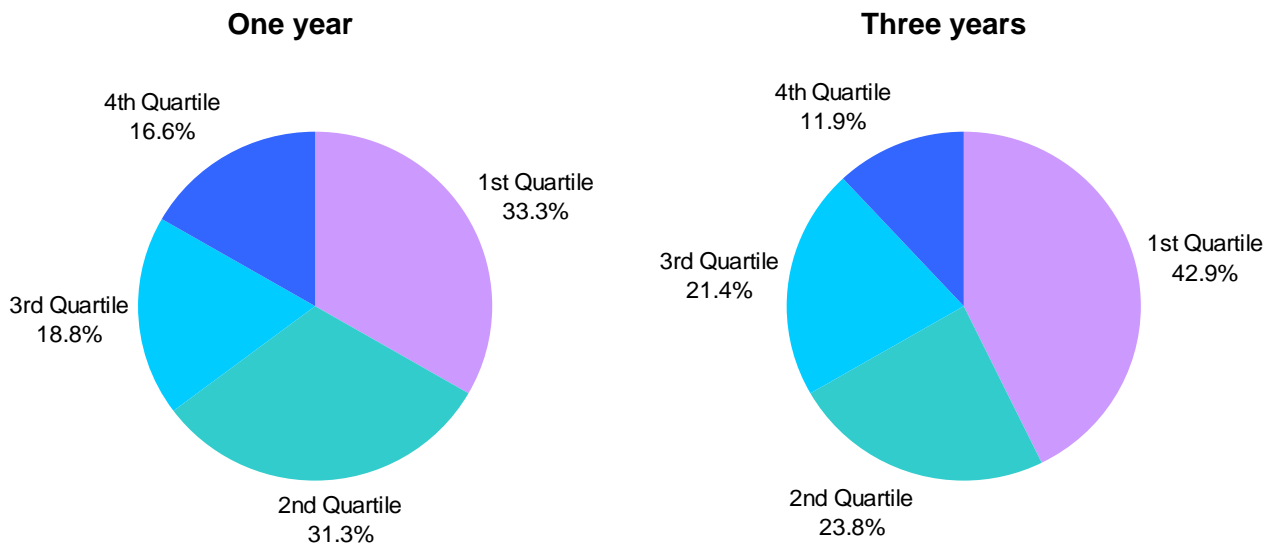
Period end £:R                      14.48                      14.20                      14.49                      10.72

\*All AUM are on a managed basis.

<sup>16</sup> Some of our institutional clients invest in retail funds. Previously, this was classified as retail, now we classify it as institutional. This change has been made in order to more accurately reflect our asset split.

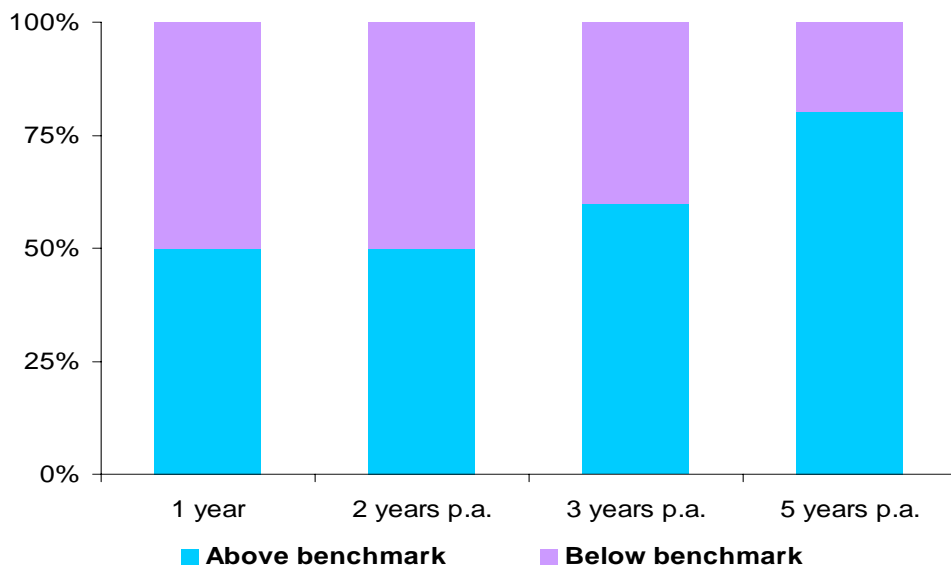


## Investec Asset Management: UK and global retail investment performance



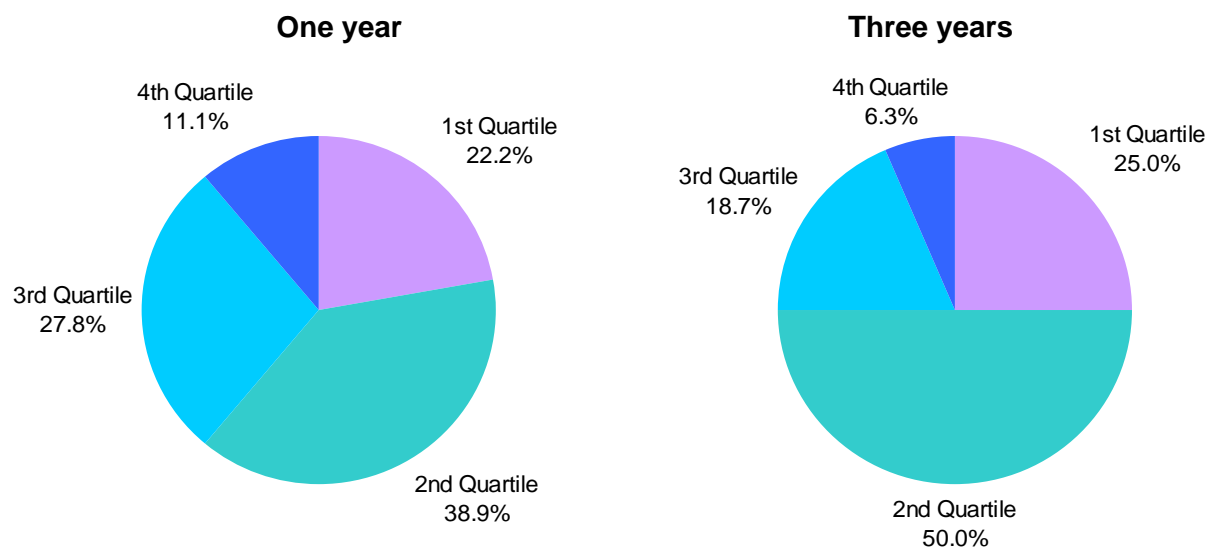
Performance to 31 August 2007, excludes cash, cash plus and liquidity funds.  
Source: Calculated from Lipper data.

## Investec Asset Management: UK and global institutional investment performance



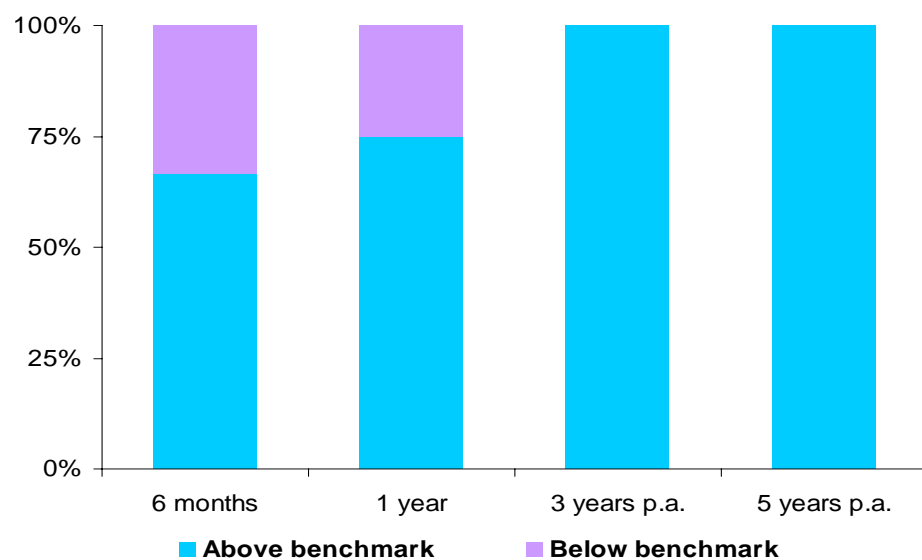
Performance to 31 August 2007.  
Source: Calculated from Standard & Poors, WM Spectrum, Lipper Hindsight data.

## Investec Asset Management: SA retail investment performance



Performance to 31 August 2007.  
Source: Calculated from Standard & Poors, Datastream data.

## Investec Asset Management: SA institutional investment performance



Performance to 31 August 2007.  
Source: Calculated from SPA, Alexander Forbes, Datastream data.

## SA Property Activities: assets under administration

R'million	31 Aug 2007	31 Mar 2007	30 Sept 2006	31 Mar 2006	% Change YTD vs Mar 2007
South Africa	28,332	25,917	17,118	19,790	9.3%

£'million	31 Aug 2007	31 Mar 2007	30 Sept 2006	31 Mar 2006	% Change YTD vs Mar 2007
South Africa	1,957	1,825	1,181	1,846	7.2%
Period end £:R	14.48	14.20	14.49	10.72	

## Investec: total third party assets under management

£'million	31 Aug 2007	31 Mar 2007	30 Sept 2006	31 Mar 2006	% Change YTD vs Mar 2007
<b>Private Banking funds under advice</b>	<b>3,003</b>	<b>2,532</b>	<b>1,932</b>	<b>1,888</b>	<b>18.6%</b>
South Africa	1,542	1,275	924	1,006	20.9%
UK and Europe	1,154	951	762	642	21.3%
Australia	307	306	246	240	0.4%
<b>Private Client Portfolio Management and Stockbroking</b>	<b>21,960</b>	<b>21,836</b>	<b>19,200</b>	<b>17,883</b>	<b>0.6%</b>
South African Private Client Securities	7,560	7,436	5,900	6,183	1.7%
Rensburg Sheppards plc	14,400*	14,400*	13,300	13,100	0.0%
<b>South African Property Activities</b>	<b>1,957</b>	<b>1,825</b>	<b>1,181</b>	<b>1,846</b>	<b>7.2%</b>
<b>Investec Asset Management</b>	<b>30,343</b>	<b>29,891</b>	<b>26,491</b>	<b>31,653</b>	<b>1.5%</b>
South Africa	17,060	16,852	14,732	19,941	1.2%
UK and international	13,283	13,039	11,759	11,712	1.9%
<b>Total third party assets under management</b>	<b>57,262</b>	<b>56,085</b>	<b>48,805</b>	<b>56,331</b>	<b>2.1%</b>

\*As last reported by Rensburg Sheppards plc.

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