

Investec plc – pre-close briefing

18 September 2008

Balanced business model 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) (10:00 South African time) which will focus on developments within the group's core business areas in the first half of the current financial year.

Overall group performance commentary

Operating fundamentals across the group continue to be impacted by the global credit and capital market crisis and volatile equity markets. The group has, however, continued to benefit from its recurring revenue base and geographical and operational diversity. Although the reporting period has not yet ended, at this point the group expects to report normalised operating profit* in line with the prior year, with the South African and UK operations recording an increase and the Australian operations a decline in operating profit.

Since 31 March 2008 core loans and advances grew by 14% to £14.8 billion, customer deposits grew by 15% to £13.9 billion and third party assets under management increased by 10% to £58.0 billion supporting the group's growing base of recurring income. The group expects to record strong growth in net interest income, growth in net fees and commissions receivable and a marginal decline in principal transaction income.

Disciplined risk and financial management remain important elements of Investec's sustainable growth strategy. The group continues to maintain a high level of liquidity and capital in excess of regulatory requirements. The group currently has approximately £5.8 billion of cash and near cash available to support its activities. As a result of the weaker credit cycle we have seen a decline in the performance of the loan portfolio. Impairment losses on loans and advances have thus increased year on year, although they are expected to be at a lower level than that recorded in the second half of the 2008 financial year.

Outlook and strategy

The operating environment remains challenging and the uncertain outlook is not conducive to growth. The group's strategy remains to build a diversified and balanced portfolio of businesses. The group will continue to develop its existing platforms, seek to create additional operational efficiencies, contain costs and take advantage of opportunities that may present themselves across core geographies. As a specialist bank concentrating on niches the group knows and understands, Investec has a core level of sustainable earnings that should enable it to navigate through varying cycles and support the group's long-term growth objectives.

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 has increased 16% to £10.3 billion
 - Total deposits have increased 9% to £7.2 billion
 - Total funds under advice have increased 5% to £3.9 billion
- Higher average advances support good growth in net interest income
- Majority of specialisations continue to perform well in South Africa
- Lower levels of activity in UK and Australia
- Weak economic conditions have resulted in a higher level of impairments

Private Client Portfolio Management and Stockbroking

- Since 31 March 2008:
 - Total funds under management (South African and UK) have increased by 5% to £21.0 billion. (Including £13 billion relating to Rensburg Sheppards plc – this information has not been updated since their last reporting period)
 - Total South African funds under management have remained flat at R112.5 billion
- South Africa
 - Decreased market volumes and reduced market value of portfolios in home currency
 - Weaker performance from alternative products

Capital Markets

- Core loans and advances have increased 13% to £4.3 billion since 31 March 2008
- Reasonable levels of activity across the advisory, structuring and trading businesses
- Mixed business performance – some businesses performing well and others have been negatively impacted by current environment
- The division is expected to perform slightly behind the prior year (excluding £36 million write downs on US structured credit investments that occurred in the first half of the previous financial year i.e. 1H08)
- Kensington:
 - Stable performance from Kensington – included for full 6 months
 - Headcount has been reduced significantly
 - Bad debt provision is based on a house price decline assumption of circa -35% i.e. 2008: -15%, 2009: -10%, and an extra -10% haircut to the price to reflect forced sale discount
 - The total book has decreased from £6.1 billion to £5.5 billion
 - Arrears have increased marginally as the book becomes more seasoned
 - Average LTVs have increased to 72% as a consequence of house price deflation

Investment Banking

- ***Agency and Advisory***
 - UK performed well
 - South Africa – reasonable levels of activity and pipeline but few deals closed; reduced broking volumes
 - Australia – reasonable levels of activity and pipeline but few deals closed
- ***Principal Investments (Direct Investments and Private Equity)***
 - South Africa Principal Investments should be slightly ahead of last year
 - UK and Australia Principal Investments impacted by weaker performance from some of the underlying investments (some impact offset in minorities) and fair value adjustments

Asset Management

- Since 31 March 2008 assets under management have increased 14% to £32.8 billion
- Earnings growth under pressure from tough mutual fund environment
- Shift in fund mix to institutional continues
- Strong net inflows drives increase in assets under management
- Environment expected to be challenging going forward

Property Activities

- Weaker property fundamentals
- However, performing in line with the prior year, benefiting from transactions completed and reasonable performance from the investment property portfolio

Other Activities

- Central Funding:

- Strong performance in South Africa driven by higher rates and increased cash holdings
- Central Costs
 - Marginally up on previous year

Other information

Additional aspects

- Effective tax rate: expected to be 25% - 26%
- Weighted number of shares in issue for the 6 months to 30 September 2008 expected to be approximately 629 million

Capital

- We have capital in excess of regulatory requirements

	Expected capital adequacy ratios (including op risk)	Expected capital adequacy ratios (excluding op risk)
Investec plc		
Total	15.8%	17.9%
Tier 1	9.5%	10.7%
Investec Limited		
Total	14.1%	15.6%
Tier 1	10.1%	11.2%

Liquidity management

- Continue to focus on maintaining a stock of readily available, high quality liquid assets in excess of regulatory requirements
- As at 15 September 2008 our cash and near cash around the world was:
 - Southern Africa: R51.8 billion
 - UK and Europe: £1.9 billion
 - Australia: A\$ 1.0 billion

Asset quality

- Continued strong focus on asset quality and credit risk in all geographies
- Impairments and defaults have increased in light of weak economic conditions, particularly in Private Bank (UK and South Africa)
- We expect gross defaults as % of core loans and advances to increase marginally

Notes:

1. Key trends set out above, unless stated otherwise, relate to the five months ended 31 August 2008, and compare the first half of the current financial year (1H09) to the first half of the previous financial year (1H08).
 2. The financial information on which this statement is based has not been reviewed and reported on by the group's auditors.
 3. *Normalised operating profit refers to net profit before tax, goodwill and non-operating items but after adjusting for earnings attributable to minorities.
 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 September 2008.
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	31 Aug 2008		31 March 2008		30 Sept 2007	
	Close	Ave	Close	Ave	Close	Ave
Currency per £1.00						
South African Rand	14.00	15.03	16.17	14.31	13.98	14.21
Australian Dollar	2.12	2.10	2.18	2.32	2.30	2.39
Euro	1.24	1.26	1.25	1.42	1.43	1.47

Presentation details

The briefing starts at 9:00 (GMT) (10:00 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:

Six months ended: 30 September 2008
Release of interim results: 13 November 2008

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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 6 000 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 £2.6 billion.