Investec – pre-close briefing

17 September 2009

Balanced business model, sound balance sheet and recurring revenue base continue to support profitability

Investec is today hosting an investor pre-close briefing at 9:00 (UK time) (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. Unless stated otherwise, key trends and figures highlighted below refer to the five-month period to 31 August 2009 and compare the group's performance in the first half of its 2009 financial year to its expected performance in the first half of the 2010 financial year.

Operational and financial overview

Investec's recurring revenue base and operational diversity have continued to support profitability. The group has maintained its disciplined focus on managing risk, building capital and preserving liquidity. Operating fundamentals although improving remain mixed and activity levels are below historic trends.

Salient financial features include:

- Net operating income (after expenses and minorities but before impairments on loans and advances) is expected to be marginally down.
- Defaults have continued to increase in line with expectations, with the annualised credit loss ratio on core loans and advances expected to be between 0.95% and 1.1% for the six months ended 30 September 2009.
- Operating profits will be lower than that reported in 1H2009 but are ahead of 2H2009.
- UK and European operating profits are ahead of the prior year whereas the South African and Australian operations are expected to post a weaker performance.
- Since 31 March 2009 (the end of the group's financial year) core loans and advances grew by 3% to GBP16.7 billion, customer deposits increased by 16% to GBP16.9 billion and third party assets under management increased by 19% to GBP57.9 billion.
- The group has a strong liquidity position and currently has approximately GBP6.6 billion of cash and near cash available to support its activities.
- The group's gearing ratio remains low at 12 times.
- Core advances are well covered by customer deposits with the ratio at 0.9 times.

Outlook

Over the past two years the group's strategy has been defensive focusing on maintaining a sound balance sheet and increasing capital and liquidity. Given that the financial system appears to be stabilising, the group can now turn its attention to moving on to the front foot taking advantage of opportunities to strengthen its market position across its core geographies. Investec's geographical and operational diversity, and sound balance sheet will continue to enable it to navigate a steady course.

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 GBP6.6 billion of cash and near cash balances (GBP3.6 billion in Investec Limited and GBP3.0 billion in Investec plc) which amounts to 28% of its liability base.

- The group 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 with average monthly inflows (since 31 March 2009) of:
  - GBP200 million in the UK and Europe
  - ZAR1.7 billion in South Africa

Capital

- The group holds capital well in excess of regulatory requirements and 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 increasing its capital base, targeting 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.
- Investec has made good progress towards achieving these targets.

	Expected capital adequacy ratios at 30 September 2009
Investec plc	
Total	15.8%
Tier 1	10.9%
Investec Limited	
Total	14.2%
Tier 1	11.0%

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.
- Impairments and defaults on core loans and advances continue to increase in light of weak economic conditions across all geographies.
- The group expects the credit loss ratio on core loans and advances to be between 0.95% and 1.1%, in line with previous guidance provided.

Gearing

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

	31 Aug 2009	**31 Mar 2009**	**30 Sep 2008**
Core loans to capital ratio	5.8x	6.2x	6.2x
Core loans (excluding own originated assets which have been securitised) to customer deposits	0.9x	1.0 x	1.0x
Total gearing	12.1x	12.9x	13.4x
Total gearing (excluding securitised assets)	10.7x	11.7x	12.3x

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.

Overall 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 65%.
- Expenses continue to be tightly managed and are expected to be in line with the prior year.

Private Banking

- Since 31 March 2009:
    - The loan portfolio increased 5% to GBP11.6 billion
    - Total deposits increased 19% to GBP9.2 billion
    - Total funds under advice remained flat at GBP3.3 billion
- Market conditions continue to impact impairments, exits and activity levels resulting in significantly lower operating profit in 1H2010 across all geographies.
- 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 11% to GBP18 billion. (Including GBP10 billion relating to Rensburg Sheppards plc – this information has not been updated since their last reporting period)
    - Total South African funds under management have increased by 20% to ZAR101.7 billion
- South Africa:
    - Decreased market volumes have impacted the majority of income streams.
    - Performing marginally behind 1H2009.

Capital Markets

- Core loans and advances have decreased 1% to GBP4.8 billion since 31 March 2009
- Reasonable levels of activity across the advisory businesses.
- Trading and balance sheet management activities have been impacted by lower rate environment and declining volatility.
- Increase in impairments across all geographies.
- Taken advantage of select distressed debt and credit opportunities.
- Performing ahead of 1H2009.
- Kensington:
    - Good performance from Kensington as house prices stabilise.
    - The total book has decreased from GBP5.2 billion to GBP4.9 billion.
    - Arrears have increased marginally as the book becomes more seasoned.
    - Average LTVs have remained at around 82%.

Investment Banking

- Age***ncy 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.
    - UK Principal Investments continues to be impacted by the consolidation of certain investments, albeit that results reflect a marginal improvement on 1H2009.

Asset Management

- Since 31 March 2009 assets under management have increased 25% to GBP36.1 billion.

- Record net flows (approx GBP2 billion year to date) across a broad set of investment strategies.
- Improving earnings momentum relative to 2H2009, although behind 1H2009.

Property Activities
- Reasonable performance from the investment property portfolio.
- Weaker property fundamentals, although opportunities exist to enhance value within the portfolio.
- We remain focused on building our property funds across all geographies.

Other Activities
- Central Funding:
    - Weaker performance in South Africa due to lower yield earned on cash held.
    - Good performance in the UK due to the debt purchase programme.

- Central Costs
    - In line with 1H2009.

Other information

Additional aspects
- Effective tax rate: expected to be approximately 20%.
- Weighted number of shares in issue for the six months ended 30 September 2009 expected to be approximately 669 million.

Notes:

1. Key trends set out above, unless stated otherwise, relate to the five-months ended 31 August 2009, and compare the first half of the 2009 financial year (1H2009) to the first half of the 2010 financial year (1H2010)
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 17 September 2009.
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 2009		31 Mar 2009		30 Sep 2008	
Currency per GBP1.00	**Close**	**Ave**	**Close**	**Ave**	**Close**	**Ave**
South African Rand	12.65	12.82	13.58	14.83	14.98	14.95
Australian Dollar	1.93	2.01	2.07	2.19	2.26	2.12
Euro	1.13	1.14	1.08	1.21	1.27	1.26
Dollar	1.63	1.59	1.43	1.73	1.78	1.94

Presentation details

The briefing starts at 9:00 (UK time) (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 2009
Release of interim results: 19 November 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. The combined group's current market capitalisation is approximately GBP3.1 billion.