

## Investor pre-close briefing 17 September 2009



### 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 17 September 2009



# Operational review



- Proviso: unless otherwise stated, figures and trends discussed in the operational review relate to the five month period to 31 August 2009 and compare 1H2010 vs 1H2009
- References to operating profit relate to normalised\* operating profit. Trends within the divisional sections relate to normalised operating profit
- Investec will release its results for the six months to 30 September 2009 on 19 November 2009



\*Normalised operating profit refers to net profit before tax, goodwill and non-operating items but after adjusting for earnings attributable to minorities.

## Overview of the six months to 30 September 2009

- Operating fundamentals although improving remain mixed and activity levels below historic trends
- 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 and the South African and Australian operations are expected to post a weaker performance
- Since 31 March 2009:
  - core loans and advances grew by 3% to £16.7 bn
  - customer deposits increased by 16% to £16.9 bn
  - third party assets under management increased by 19% to £57.9 bn



## Overview of the six months to 30 September 2009

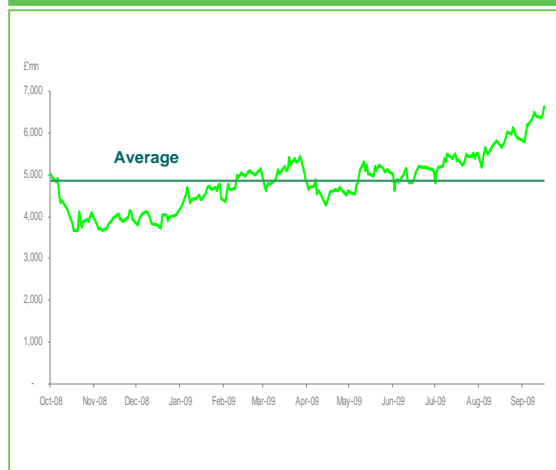
- The group has maintained its disciplined focus on managing risk, building capital and preserving liquidity
- The group's sound balance sheet with low leverage and its diversified business model continue to underpin its stable performance in the challenging operating environment



## Sound balance sheet and diversified business model

- Supported by:
  - A **liquidity management** philosophy that has been in place for many years
  - Continue to focus on:
    - maintaining a high level of readily available, high quality liquid assets – currently 28% of adjusted liability base and 33% of deposits
    - diversifying funding sources
    - limiting concentration risk
  - We remain successful in building and growing our retail deposit franchise with average monthly inflows\*\* of:
    - £200 mn in the UK
    - R1.7 bn in South Africa

### Surplus cash and near cash\*



Min £'bn	Max £'bn	Ave £'bn
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3.7	6.6	4.8
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**Current total £6.6 bn**

**Ltd £3.6 bn; plc £3.0 bn**



\*Trend and statistics since 1 October 2008  
\*\*Since 31 March 2009

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## Sound balance sheet and diversified business model

- Supported by:
  - **Healthy capital ratios**
    - The group holds capital well in excess of regulatory requirements and intends to perpetuate this philosophy
    - As announced in November 2008 the group's revised targets are: a total capital adequacy ratio of 14% to 17% and a Tier 1 ratio of 11% (to achieve by 2010)

	Expected capital adequacy ratios at 30 Sep 2009
<b>Investec plc</b>	
Total	15.8%
Tier 1	10.9%
<b>Investec Limited</b>	
Total	14.2%
Tier 1	11.0%

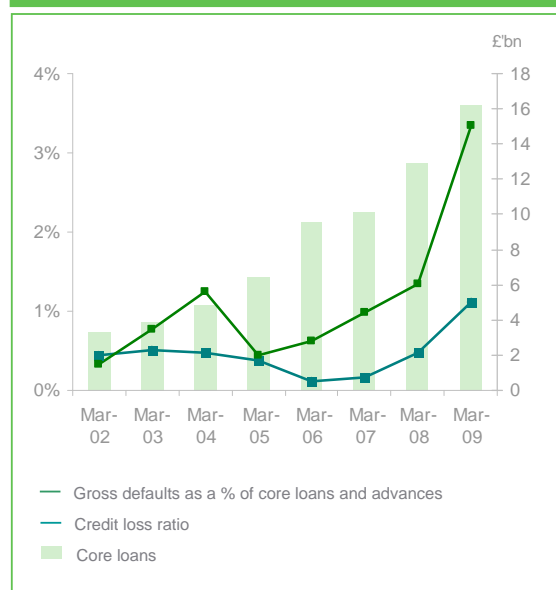


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## Sound balance sheet and diversified business model

- Supported by:
  - **Credit and counterparty exposures to a select target market**
  - Continued strong focus on asset quality and credit risk in all geographies
  - Impairments and defaults have increased 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%

### Defaults and core loans



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## Sound balance sheet and diversified business model

- Supported by:
  - **Low leverage ratios**

	31 Aug 2009	31 Mar 2009	30 Sep 2008
Core loans to capital ratio	5.8x	6.2x	6.2x
Core loans* 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

\*Excluding own originated assets which have been securitised



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# Divisional review



## Overview

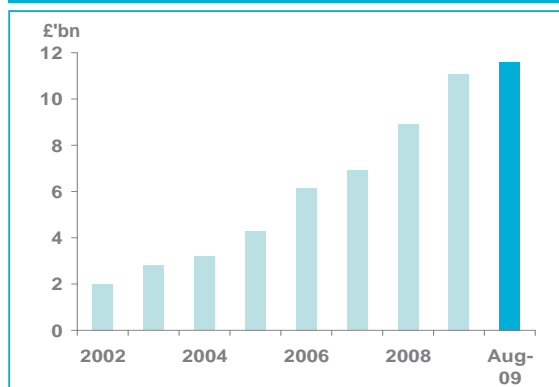
- As expected, net interest income has been negatively impacted by lower average interest rates over the period
- Lower levels of activity over the period have resulted in a decline in net fees and commissions receivable
- The group has taken advantage of opportunities in the dislocated credit markets 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
- Net operating income (after expenses and minorities but before impairments on loans and advances) is expected to be marginally down



## Private Banking

- 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

### Loan portfolio\*: up 5% to £11.6 bn



### Deposits\*: up 19% to £9.2 bn

### Funds under advice\*: flat at £3.3 bn

\*Since 31 March 2009

Trends reflected in graph are for the year-ended 31 March, unless otherwise indicated.



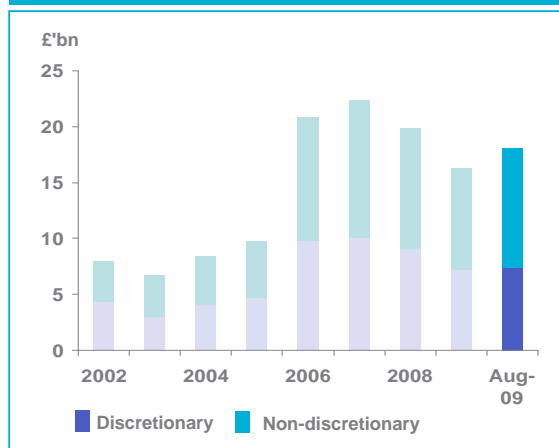
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## Private Client Portfolio Management and Stockbroking

### South Africa

- Decreased market volumes has impacted the majority of income streams
- Performing marginally behind 1H2009

### Funds under management\*: up 11% to £18.0 bn



\*Since 31 March 2009 and includes £10.0 bn of Rensburg Sheppards plc as reported for the year ended 31 March 2009

Trends reflected in graph are for the year-ended 31 March, unless otherwise indicated.

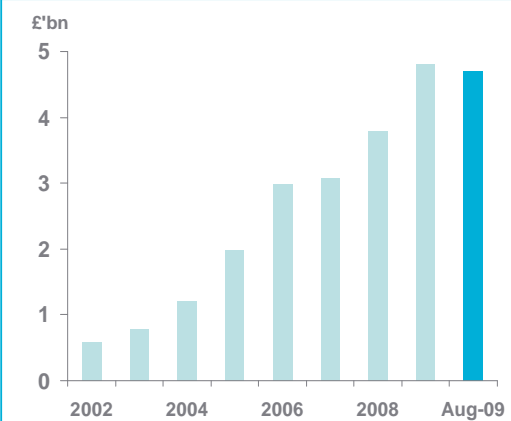


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## Capital Markets

- 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

### Loan portfolio\*: down 1% to £4.8 bn



\*Since 31 March 2009

Trends reflected in graph are for the year-ended 31 March, unless otherwise indicated.



## Kensington

- Good performance from Kensington as house prices stabilise
- The total book has decreased from £5.2 bn to £4.9 bn
- Arrears have increased marginally as the book becomes more seasoned
- Average LTVs have remained at around 82%





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

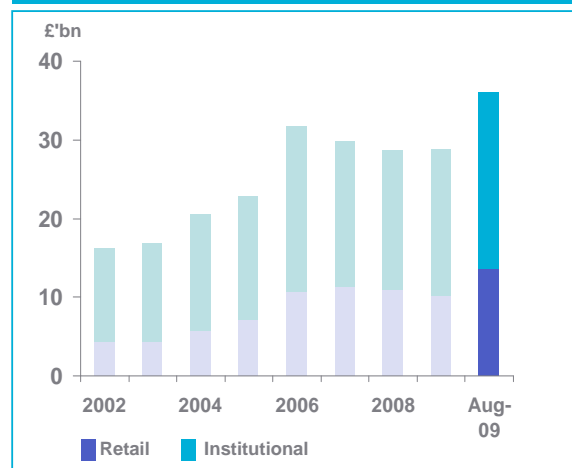


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## Asset Management

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

### Assets under management\*: up 25% to £36.1 bn



\*Since 31 March 2009

Trends reflected in graph are for the year-ended 31 March, unless otherwise indicated.



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## 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



## Additional aspects



### Other information

- 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 mn**



# Conclusion



## Conclusion

- 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



# Appendices



## Operating environment – some signs of improvement

	31 Aug 2009	31 Mar 2009	30 Sep 2008	% move since Mar 2009
JSE ALSI	24,929	20,364	23,836	22.4%
FTSE ALSI	2,521	1,984	2,484	27.1%
Australian All Ord	4,484	3,532	4,631	26.9%
SA Prime	10.50%	13.00%	14.50%	(2.50%)
UK Clearing Banks	0.50%	0.50%	5.00%	-
RBA cash rate target	3.00%	3.25%	7.00%	(0.25%)

Year to date	31 Aug 2009		31 Mar 2009		30 Sep 2008	
Currency per £1.00	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

Source: Datastream



## Normalised\* operating profit:

For the six months ended 30 September 2008

	Southern Africa	UK & Europe	Australia	Total group
<b>£'000</b>				
Private Banking	22,614	35,080	5,532	63,226
Private Client Portfolio Management and Stockbroking	6,549	6,579	-	13,128
Capital Markets	31,212	39,488	1,430	72,130
Investment Banking	29,402	1,199	(2,045)	28,556
Asset Management	22,495	11,189	-	33,684
Property Activities	11,173	(363)	334	11,144
Group Services and Other Activities	34,199	(18,287)	3,978	19,890
<b>Normalised operating profit before tax</b>	<b>157,644</b>	<b>74,885</b>	<b>9,229</b>	<b>241,758</b>
Minority interest - equity	4,632	(17,467)	(1,893)	(14,728)
<b>Operating profit before tax</b>	<b>162,276</b>	<b>57,418</b>	<b>7,336</b>	<b>227,030</b>



\*Normalised operating profit refers to net profit before tax, goodwill and non-operating items but after adjusting for earnings attributable to minorities.

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## Private Banking: loans and advances

£'million	31 Aug 2009	31 Mar 2009	30 Sep 2008	31 Mar 2008	% Change YTD vs Mar 2009
UK and Europe	3,576	3,645	3,482	3,327	-1.9%
South Africa	6,738	6,191	5,314	4,551	8.8%
Australia	1,323	1,240	1,092	1,030	6.7%
<b>Total loans</b>	<b>11,637</b>	<b>11,076</b>	<b>9,888</b>	<b>8,908</b>	<b>5.1%</b>

Home currency 'million	31 Aug 2009	31 Mar 2009	30 Sep 2008	31 Mar 2008	% Change YTD vs Mar 2009
South Africa	R 85,236	R 84,048	R 79,593	R 73,562	1.4%
Australia	\$2,554	\$2,561	\$2,469	\$2,248	-0.3%

Rates:

R:£	12.65	13.58	14.98	16.17
£:AUD	1.93	2.07	2.26	2.18



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## Private Banking: retail deposits

£'million	31 Aug 2009	31 Mar 2009	30 Sep 2008	31 Mar 2008	% Change YTD vs Mar 2009
UK and Europe	4,666	4,077	3,687	3,961	14.4%
South Africa	3,882	2,990	2,658	2,220	29.8%
Australia	664	657	357	423	1.0%
<b>Total deposits</b>	<b>9,212</b>	<b>7,724</b>	<b>6,702</b>	<b>6,604</b>	<b>19.3%</b>

Home currency 'million	31 Aug 2009	31 Mar 2009	30 Sep 2008	31 Mar 2008	% Change YTD vs Mar 2009
South Africa	R 49,109	R 40,586	R 39,824	R 35,887	21.0%
Australia	\$1,281	\$1,358	\$806	\$931	-5.7%

Rates:

R:£	12.65	13.58	14.98	16.17
£:AUD	1.93	2.07	2.26	2.18



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## Private Banking: funds under advice

£'million	31 Aug 2009	31 Mar 2009	30 Sep 2008	31 Mar 2008	% Change YTD vs Mar 2009
UK and Europe	1,359	1,415	1,674	1,770	-4.0%
South Africa	1,609	1,615	1,654	1,598	-0.4%
Australia	291	240	277	313	21.3%
<b>Funds under advice</b>	<b>3,259</b>	<b>3,270</b>	<b>3,605</b>	<b>3,681</b>	<b>-0.4%</b>

Home currency 'million	31 Aug 2009	31 Mar 2009	30 Sep 2008	31 Mar 2008	% Change YTD vs Mar 2009
South Africa	R 20,348	R 21,926	R 24,772	R 25,835	-7.2%
Australia	\$562	\$496	\$625	\$689	13.3%

Rates:

R:£	12.65	13.58	14.98	16.17
£:AUD	1.93	2.07	2.26	2.18



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## Capital Markets: loans and advances

£'million	31 Aug 2009	31 Mar 2009	30 Sep 2008	31 Mar 2008	% Change YTD vs Mar 2009
UK and Europe	2,058	2,241	2,164	1,997	-8.2%
South Africa	2,548	2,393	2,051	1,658	6.5%
Australia	149	167	142	141	-10.6%
<b>Total core loans</b>	<b>4,755</b>	<b>4,801</b>	<b>4,358</b>	<b>3,796</b>	<b>-1.0%</b>

Home currency 'million	31 Aug 2009	31 Mar 2009	30 Sep 2008	31 Mar 2008	% Change YTD vs Mar 2009
South Africa	R 32,230	R 32,484	R 30,729	R 26,811	-0.8%
Australia	\$288	\$345	\$322	\$310	-16.5%

Rates:

R:£	12.65	13.58	14.98	16.17
£:AUD	1.93	2.07	2.26	2.18



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## SA Private Client Securities: funds under management

R'million	31 Aug 2009	31 Mar 2009	30 Sep 2008	31 Mar 2008	% Change YTD vs Mar 2009
Discretionary	17,478	15,594	19,079	21,406	12.1%
Non-discretionary	84,218	69,386	84,523	91,338	21.4%
<b>Total</b>	<b>101,696</b>	<b>84,980</b>	<b>103,602</b>	<b>112,744</b>	<b>19.7%</b>

Net inflows at cost over the period

Discretionary	92	-897	-13	1,865
Non-discretionary	3,013	-2,097	-929	5,431
<b>Total</b>	<b>3,105</b>	<b>-2,994</b>	<b>-942</b>	<b>7,296</b>

£'million	31 Aug 2009	31 Mar 2009	30 Sep 2008	31 Mar 2008	% Change YTD vs Mar 2009
Discretionary	1,382	1,149	1,274	1,323	20.3%
Non-discretionary	6,658	5,111	5,642	5,649	30.3%
<b>Total</b>	<b>8,039</b>	<b>6,260</b>	<b>6,916</b>	<b>6,972</b>	<b>28.4%</b>

Rates:

R:£	12.65	13.58	14.98	16.17
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## Investec Asset Management: assets under management\*

£'million	31 Aug 2009	31 Mar 2009	30 Sep 2008	31 Mar 2008	% Change YTD vs Mar 2009
UK and international	16,374	13,108	14,229	13,834	24.9%
Retail	7,894	5,116	5,545	6,406	54.3%
Institutional	8,480	7,992	8,684	7,428	6.1%
Southern Africa	19,715	15,727	15,400	14,917	25.4%
Retail	5,827	4,967	4,497	4,647	17.3%
Institutional	13,888	10,760	10,903	10,270	29.1%
<b>Total AUM*</b>	<b>36,089</b>	<b>28,835</b>	<b>29,629</b>	<b>28,751</b>	<b>25.2%</b>

Home currency 'million	31 Aug 2009	31 Mar 2009	30 Sep 2008	31 Mar 2008	% Change YTD vs Mar 2009
Southern Africa	249,398	213,509	230,692	241,208	16.8%
Retail	73,717	67,440	67,365	75,142	9.3%
Institutional	175,681	146,069	163,327	166,066	20.3%

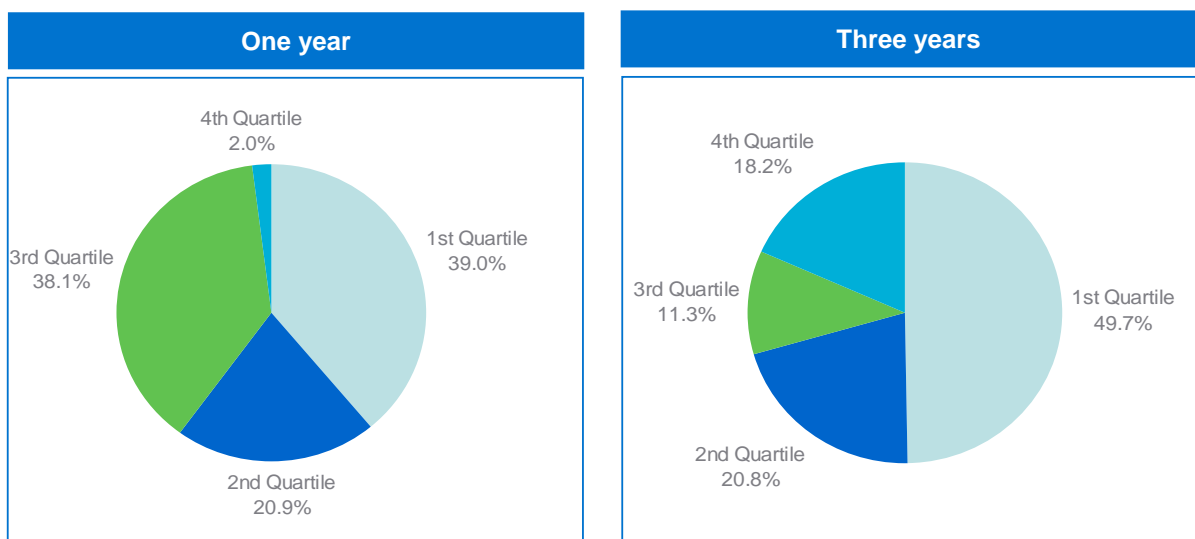
Rates: R:£ 12.65 13.58 14.98 16.17

\*All AUM are on a managed basis.



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

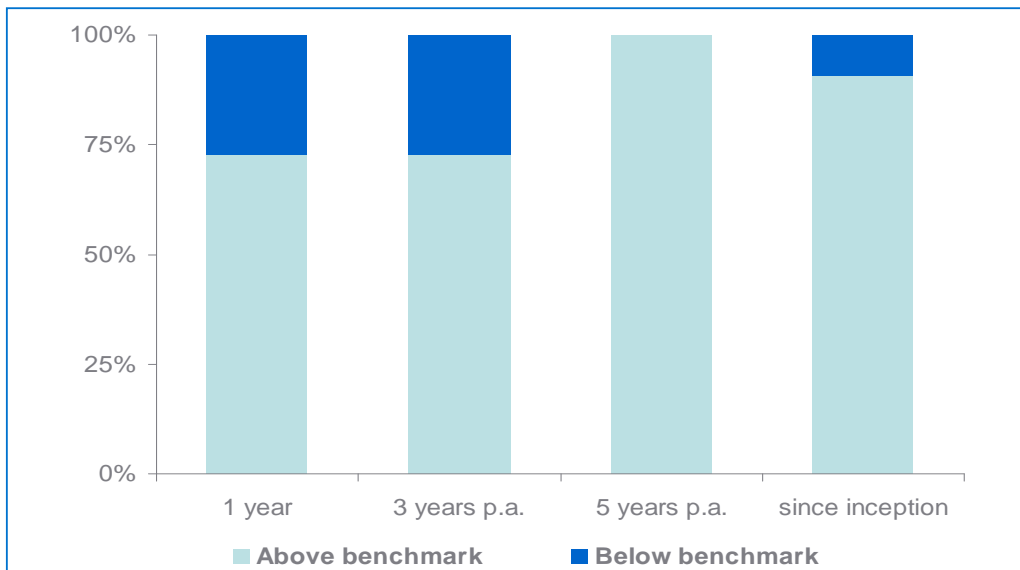


Performance to 31 August 2009, excludes cash, cash plus and liquidity funds.  
Source: Calculated from Lipper data.



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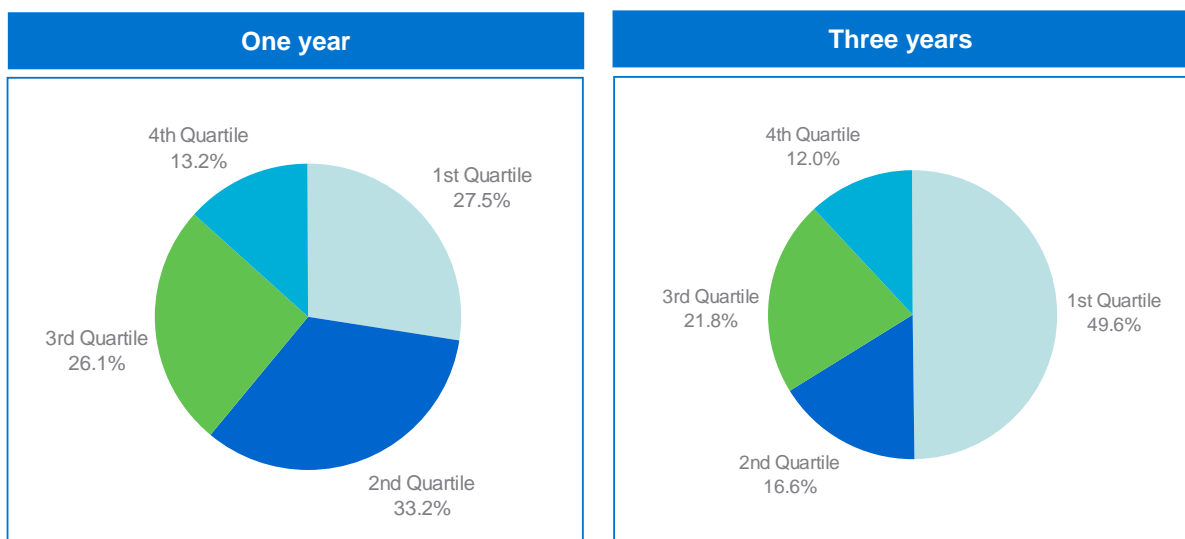
## Investec Asset Management: UK and global institutional investment performance



Performance to 31 August 2009.  
Source: Calculated from PerformaGlobal data.



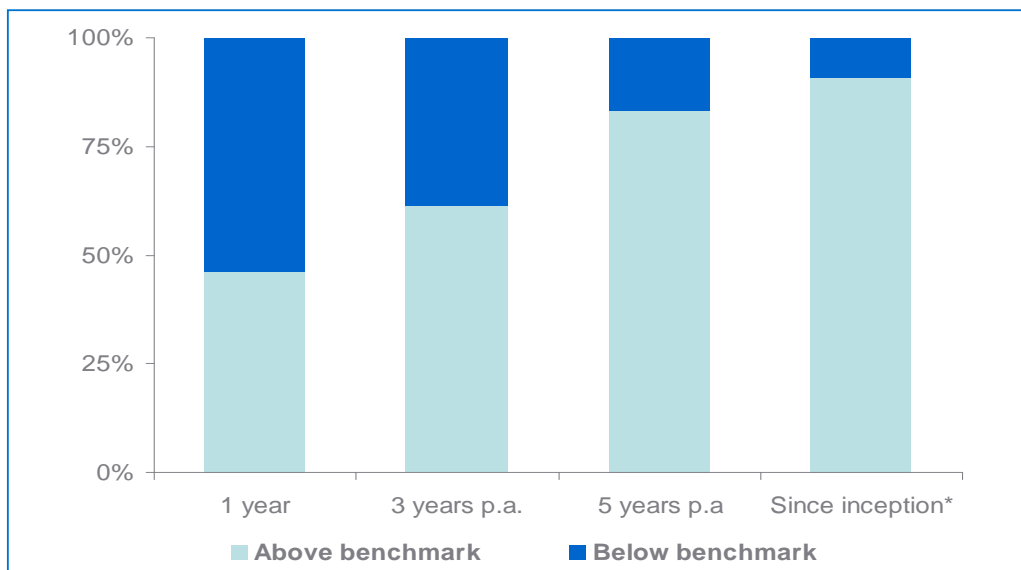
## Investec Asset Management: SA retail investment performance



Performance to 31 August 2009.  
Source: Calculated from Standard & Poors, Datastream data.



## Investec Asset Management: SA institutional investment performance



\*Since GIPs inception  
Performance to 31 August 2009  
Source: Calculated from StatPro data.



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## Contact details

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