

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) – Interim Management Statement released on 1 August 2013

This Interim Management Statement is issued by Investec in accordance with the UK Listing Authority's Disclosure and Transparency Rules. Unless stated otherwise, key trends and figures highlighted below refer to the three months ended 30 June 2013 and the corresponding period in the previous year.

Performance overview

The Asset Management and Wealth and Investment businesses have continued to see net inflows and have benefited from higher average funds under management, with both divisions recording results ahead of the prior year. The Specialist Banking business reported results behind the prior year (flat on a neutral currency basis) largely due to lower activity levels from the weak trading environment and the weakness of the Rand.

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

Salient features of the three month period to 30 June 2013 compared to the three month period to 30 June 2012:

- Total operating income (excluding depreciation on operating leased assets) is 4% ahead of the prior year.
- Impairment losses on loans and advances decreased by 6%.
- Operating costs increased by 4% compared to the prior year.
- Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after non-controlling interests is in line with the prior year. An increase of 11% on a currency neutral basis.
- Recurring income as a percentage of total operating income amounted to approximately 76% (2012: 73%), supported by higher average funds under management.
- As at 30 June 2013 the capital adequacy ratio of Investec plc (applying UK Prudential Regulatory Authority rules to its capital base) was 16.8% and the capital adequacy ratio of Investec Limited (applying South African Reserve Bank rules to its capital base) was 14.8%.
- The group had approximately GBP9.3 billion of cash and near cash available to support its activities (Investec Limited: GBP5 billion; Investec plc: GBP4.3 billion).
- Since 31 March 2013 (the end of the group's financial year):
 - Third party assets under management decreased by 4% to GBP105.8 billion – a decrease of 1% on a currency neutral basis. The group recorded net inflows of GBP0.9 billion. Investec Asset Management will now be disclosing its assets under management on a monthly basis, this information will be available on their website.
 - Customer accounts (deposits) decreased by 4% to GBP23.5 billion – an increase of 1% on a currency neutral basis.
 - Core loans and advances decreased by 4% to GBP17.7 billion - an increase of 2% on a currency neutral basis.
- Loans and advances as a percentage of customer deposits were 71.2% (31 March 2013:71.3%).

The group will be holding a pre-close briefing on 17 September 2013.

On behalf of the board

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

Notes:

1. The financial information on which this statement is based has not been reviewed and reported on by the group's auditors.
2. Please note that matters 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 1 August 2013.
3. 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 30 June 2013 when compared to 31 March 2013. The neutral currency calculation for operating profit assumes the Rand:Pound and Australian Dollar:Pound average exchange rates for the 3 month period to 30 June 2013 remain the same as when compared to the 3 month period to 30 June 2012.
4. 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 the group's individual companies are reported in the local currencies in which they are domiciled, including Rands, Australian Dollars, Euros and Dollars. 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:

	Three months to 30-Jun-13		Year to 31-Mar-13		Three months to 30-Jun-12	
	Period end	Average	Period end	Average	Period end	Average
Currency per GBP1.00						
South African Rand	15.09	14.56	13.96	13.44	12.88	12.85
Australian Dollar	1.66	1.55	1.46	1.53	1.53	1.56
Euro	1.17	1.18	1.18	1.23	1.24	1.23
US Dollar	1.52	1.54	1.52	1.58	1.57	1.58

5. The following disclosures are made with respect to Basel quarterly disclosure requirements:
The group holds capital in excess of regulatory requirements targeting a minimum tier one capital ratio of 10.5% and a total capital adequacy ratio range of 14% to 17% on a consolidated basis for each of Investec plc and Investec Limited. As per the table below, all regulated entities met these targets at the reporting date.

As at 30 June 2013	Investec plc [^] GBP 'mn	IBP [^] GBP 'mn	IBAL [^] A\$'mn	Investec Limited [^] ZAR 'mn	IBL [^] ZAR 'mn
Core tier 1/common equity tier 1 capital pre deductions	1,797	1,884	596	21,015	22,774
Deductions	(591)	(465)	(185)	(244)	(99)
Core tier 1/common equity tier 1 capital	1,206	1,419	411	20,771	22,675
Additional tier 1 capital before deductions	301	-	-	4,225	1,381
Deductions	(4)	-	-	-	-
Total tier 1 capital	1,503	1,419	411	24,996	24,056
Tier 2 capital before deductions	831	672	136	9,265	9,710
Deductions	(6)	(4)	-	-	-
Total tier 2 capital	825	668	136	9,265	9,710
Total capital deductions	(17)	(15)	-	-	-
Total regulatory capital	2,311	2,072	547	34,261	33,766
Risk-weighted assets	13,782	12,767	3,483	232,025	225,365
Total capital requirements	1,103	1,021	435	22,042	21,410
Capital ratios					
Core tier 1/common equity tier 1 ratio	8.8%	11.1%	11.8%	9.0%	10.1%
Tier 1 ratio	10.9%	11.1%	11.8%	10.8%	10.7%
Total capital ratio	16.8%	16.2%	15.7%	14.8%	15.0%

[^] Where: IBP is Investec Bank plc consolidated. IBAL is Investec Bank (Australia) Limited and IBL is Investec Bank Limited. The information for IBP includes IBAL on a Basel II basis. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.

The June 2013 capital information for Investec plc and IBP are based on Basel II capital requirements as currently applicable in the UK.

The June 2013 capital information for Investec Limited, IBL and IBAL are based on Basel III capital requirements as currently applicable in South Africa and Australia, respectively.

Timetable:

Pre-close briefing: 17 September 2013

Interim results: 30 September 2013

Release of interim results: 21 November 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 8 100 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 billion.

1 August 2013