Investec integrated annual review and summary financial statements 2013

Out of the Ordinary®

Investec

Corporate information

Investec plc and Investec Limited

Secretary and registered office

Investec plc

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United Kingdom
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Facsimile (44) 20 7597 4491

Investec Limited

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100 Grayston Drive
Sandown Sandton 2196
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Telephone (27 11) 286 7000
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Internet address

www.investec.com

Registration number

Investec plc

Registration number 3633621

Investec Limited

Registration number 1925/002833/06

Auditors

Ernst & Young LLP
Ernst & Young Inc.

Transfer secretaries in the UK

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
United Kingdom
Telephone (44) 870 707 1077

Transfer secretaries in South Africa

Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg 2001
PO Box 61051
Marshalltown 2107
Telephone (27 11) 370 5000

Directorate

Executive directors

Stephen Koseff (chief executive officer)
Bernard Kantor (managing director)
Glynn R Burger (group risk and finance director)
Hendrik J du Toit (chief executive officer, Investec Asset Management)

Non-executive directors

Sir David J Prosser (joint chairman)
Fani Titi (joint chairman)
Samuel E Abrahams
George FO Alford (senior independent NED)
Cheryl A Carolus
Perry KO Crosthwaite
Olivia C Dickson
Bradley Fried
David Friedland*
Haruko Fukuda OBE
Ian R Kantor
M Peter Malungani
Peter RS Thomas

* *Appointed on 1 March 2013.*

For contact details for Investec offices internationally refer to pages 143 and 144.

For queries regarding information in this document

Investor Relations

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Contents

About this abridged report

The integrated annual review and summary financial statements has been compiled in accordance with the integrated reporting principles contained in the Code of Corporate Practices and Conduct set out in the King Report on Corporate Governance for South Africa (King Code). This report covers all our operations across the various geographies in which we operate and has been structured to provide stakeholders with relevant financial and non-financial information.

The summary financial statements have been approved by the board of directors of the group and were signed on its behalf by the chief executive officer, Mr S Koseff. This document provides a summary of the information contained in Investec's 2013 integrated annual report (annual report). It is not the group's statutory accounts and does not contain sufficient information to allow for a complete understanding of the results and state of affairs of the group as would be provided by the full annual report. For further information consult the full annual financial statements, the unqualified auditor's reports on those financial statements and the directors' report. The auditors' reports did not contain a statement under section 237(2) or section 237(3) of the UK Companies Act 2006.

About our integrated report

The 2013 integrated annual report covers the period 1 April 2012 to 31 March 2013 and provides an overview of the Investec group.

The report covers all our operations across the various geographies in which we operate and has been structured to provide stakeholders with relevant financial and non-financial information.

We value feedback and invite questions and comments on our reporting. To give feedback or request hard copies of our reports, please contact our Investor Relations division.

The 2013 Investec group's annual report may be viewed on our website: www.investec.com

For the year ended 31 March 2013, Investec plc and Investec Bank plc were regulated by the UK Financial Services Authority (FSA).However, on 1 April 2013 the FSA was abolished and the majority of its functions transferred to two new regulators: the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). On the same date, the Bank of England (BoE) took over the FSA's responsibilities for financial market infrastructures and a Financial Policy Committee (FPC) was established on a statutory basis in the UK. Going forward, IBP will be authorised by the PRA and regulated by the FCA and the PRA. Kensington, Investec Wealth & Investment and Investec Asset Management will be authorised and regulated by the FCA. Accordingly, all references to the UK regulator in this annual report are to the FCA and PRA.

Get the most out of our report

Cross-referencing tools:

Audited information

Denotes information in the risk and remuneration reports that form part of the group's audited annual financial statements

Reporting standard

Denotes our consideration of a reporting standard

Definitions

Refers readers to the definitions on the inside back cover

Page references

Refers readers to information elsewhere in this report

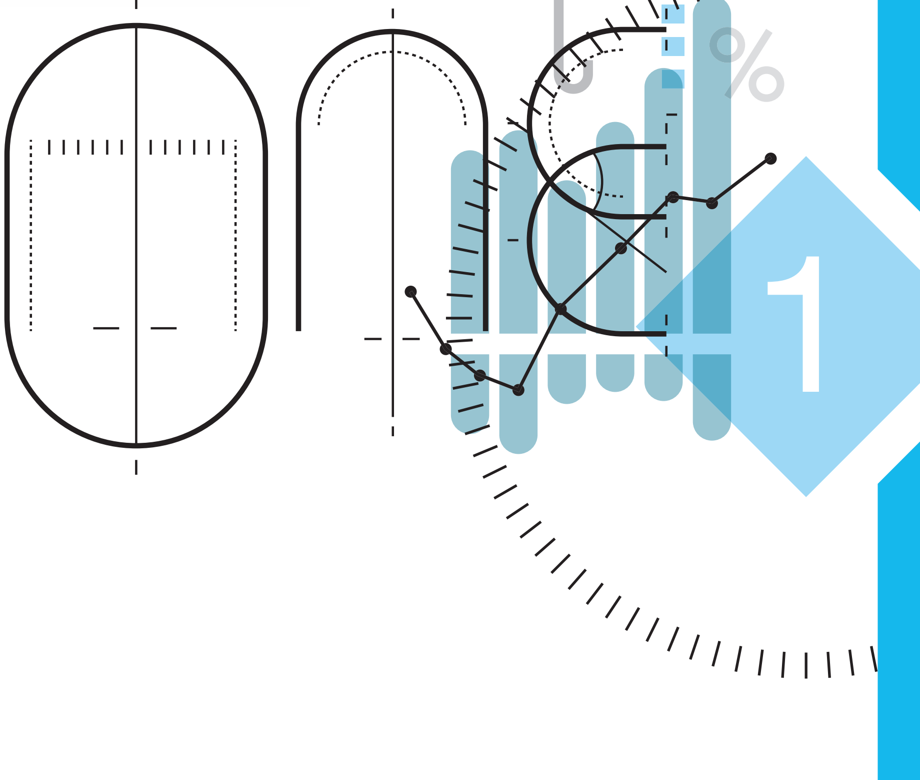
Sustainability

Refers readers to further information in our sustainability report available on our website: www.investec.com

Website

Indicates that additional information is available on our website: www.investec.com

Investec
in perspective



Highlights

The successful strategic alignment of the group towards low capital intensive businesses over the past few years has resulted in a scaleable platform from which the group's Asset Management and Wealth Management businesses can continue to grow

The South African business reported an increase in operating profit of 13.4% in Rand terms benefiting from growth in revenue and fixed cost containment.

The UK business reported results slightly ahead of the prior year.

The Australian business returned to profitability as a result of a significant decline in impairments.

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

- The Asset Management and Wealth & Investment businesses reported solid results benefiting from higher levels of average funds under management and net inflows in excess of £4.9 billion
- The Specialist Banking business incurred lower impairments than the prior year, while operating profit before impairments declined marginally
- Recurring revenues as a proportion of total operating income rose to 68.6% (2012: 67.7%)
- Capital light businesses account for 49% of group income
- Impairments on loans and advances decreased by 22.8% with the credit loss charge on core loans improving from 1.12% at 31 March 2012 to 0.84%
- We maintained a strong capital position with tier 1 ratios of 11.0% for Investec plc and 10.8% for Investec Limited
- Liquidity remains strong with cash and near cash balances amounting to £9.8 billion (2012: £10.3 billion).

* *Before goodwill, acquired intangibles, non-operating items and after non-controlling interests.*

^ *After deducting preference dividends.*

***Note:** Amounts represented on a currency neutral basis assume that the closing and average exchange rates of the group's relevant exchange rates relative to Pounds Sterling remain the same as at 31 March 2013 when compared to 31 March 2012.*

Our financial performance

Operating profit* before taxation increased 20.8%
(32.5% currency neutral)

2012	2013
£358.6mn	£433.2mn

Attributable earnings*^ increased 23.0%
(34.8% currency neutral)

2012	2013
£257.6mn	£316.7mn

Adjusted earnings per share (EPS)*^ increased 16.4%
(27.7% currency neutral)

2012	2013
31.8p	37.0p

Dividends per share increased 5.9%
(increase of 14.3% in Rands)

2012	2013
17.0p	18.0p

Total shareholders' equity decreased 0.2%
(increase of 4.5% currency neutral)

2012	2013
£4 013mn	£4 005mn

Third party assets under management increased 14.4%
(20.6% currency neutral)

2012	2013
£96.8bn	£110.7bn

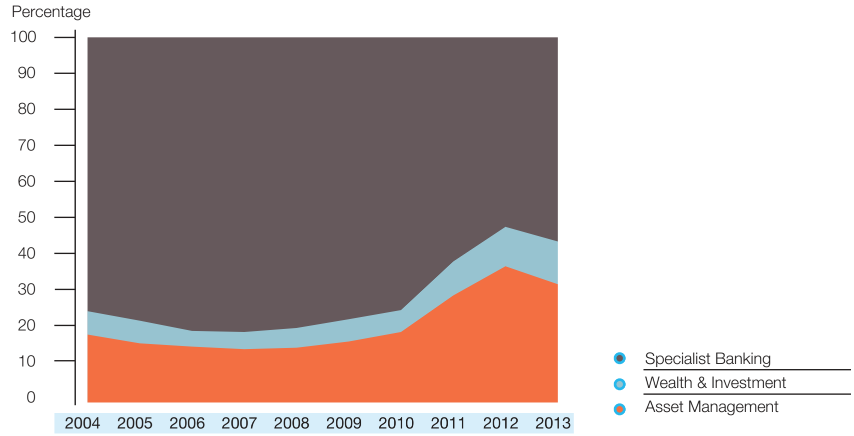
Core loans and advances to customers increased 1.0%
(8.1% currency neutral)

2012	2013
£18.2bn	£18.4bn

Customer deposits decreased 3.2%
(increase of 3.7% currency neutral)

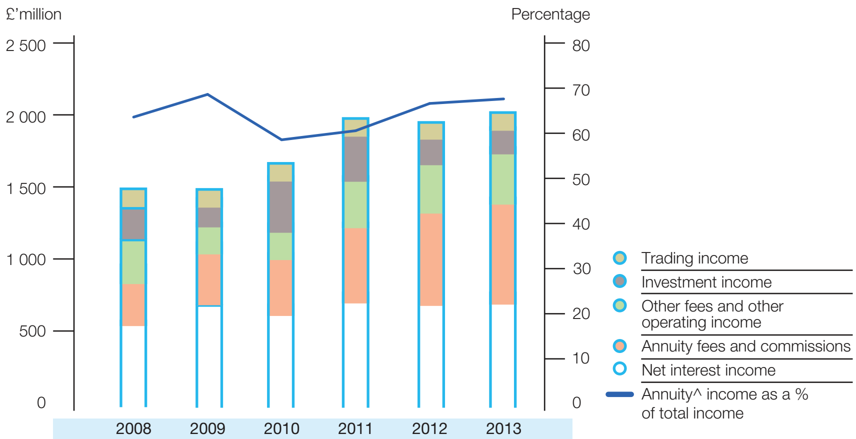
2012	2013
£25.3bn	£24.5bn

% contribution of operating profit** to total group



** *Before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests.*

Average recurring annuity income since 2008 of 66%



^ *Where annuity income is net interest income and annuity fees.*

Investec in perspective

1

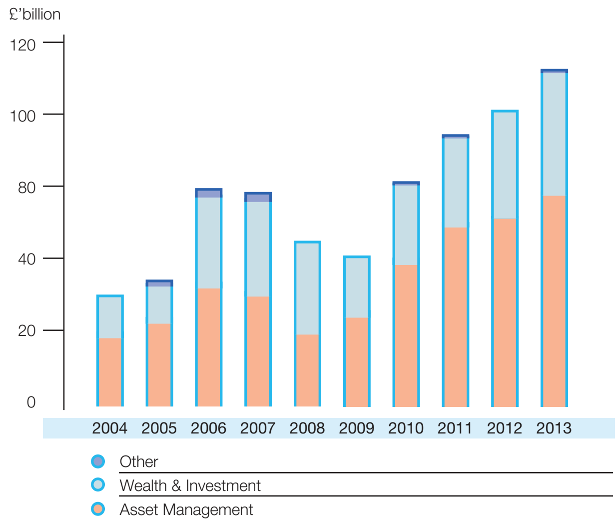
Continued growth in key earnings drivers…

Funds under management up 14.4% (20.6% currency neutral)

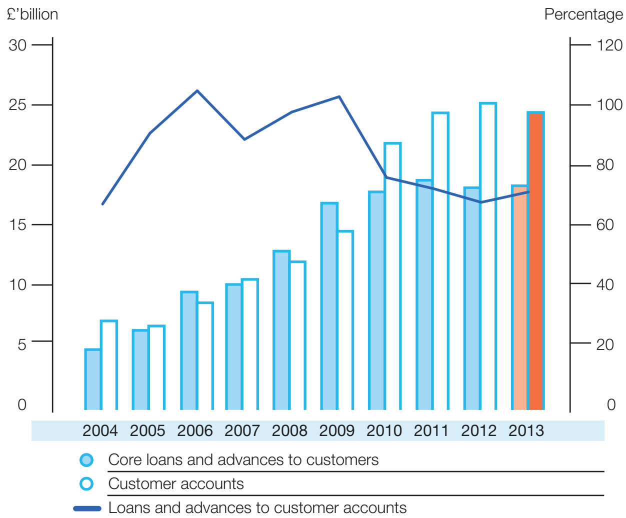
Customer accounts down 3.2% (up 3.7% currency neutral)

Core loans and advances up 1.0% (up 8.1% currency neutral)

Third party assets under management



Customer accounts (deposits) and loans



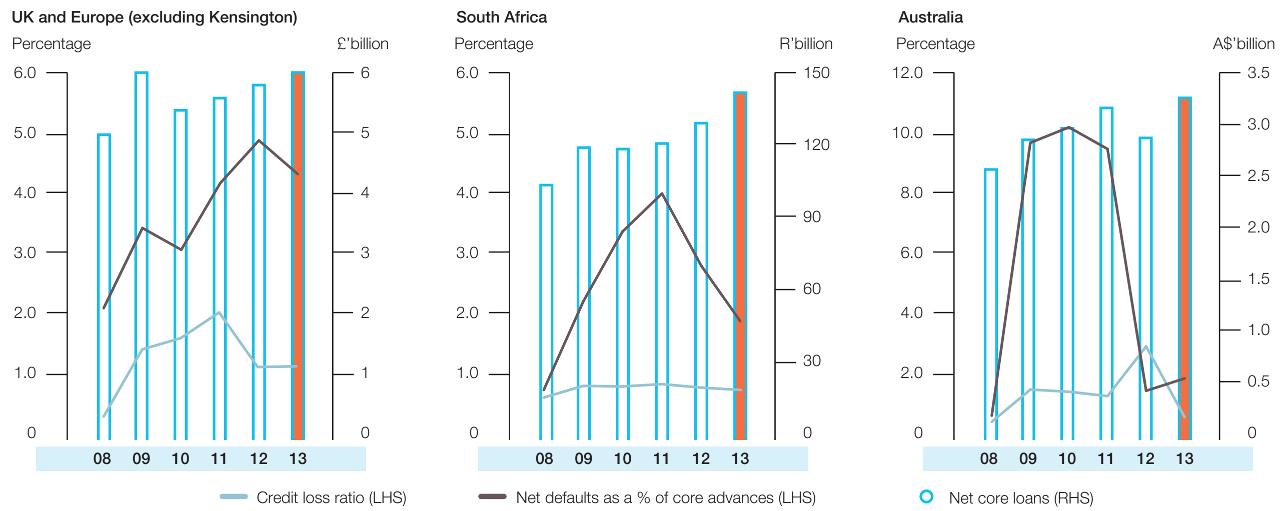
Lower impairments…

UK moderate decrease in impairments

South Africa marginal increase in impairments in Rands

Australian credit loss ratio substantially down

Asset quality trends



Investec in perspective

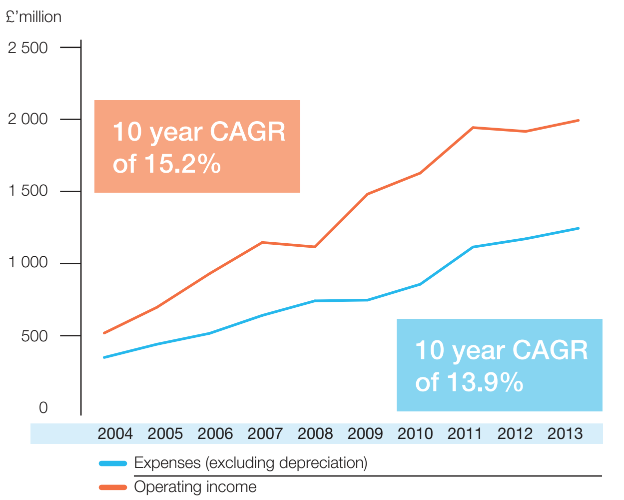
1

Moderate increase in costs…

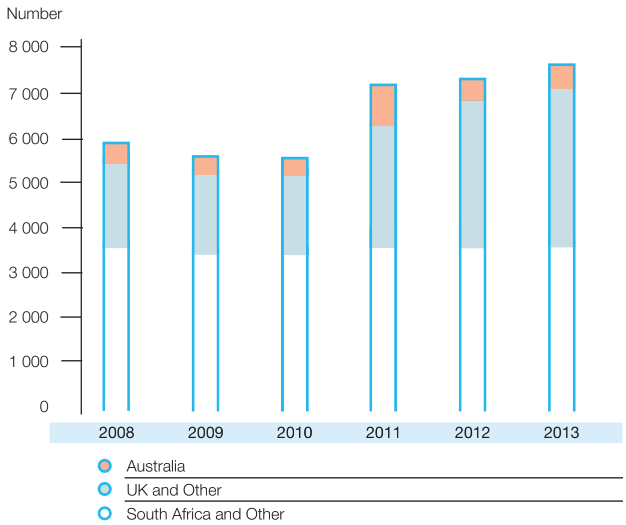
Expenses impacted by acquisitions
Cost to income: 65.5% from 64.7%

Headcount impacted by acquisitions
Total permanent employees of 7 575

Jaws ratio



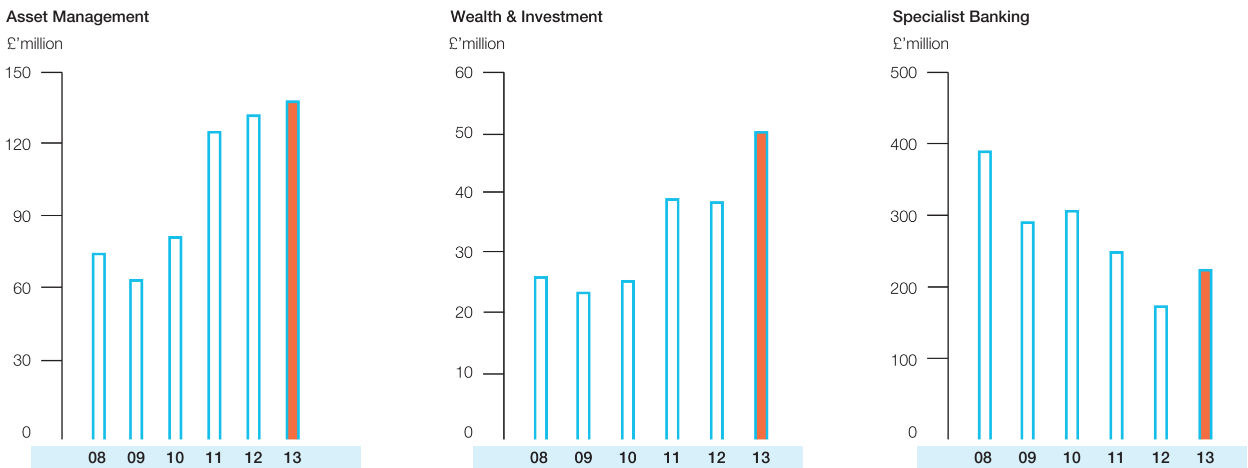
Headcount* relatively stable



* *Permanent headcount and includes acquisitions.*

Resulting in increased operating profit from all three of our businesses…

Operating profit* by business

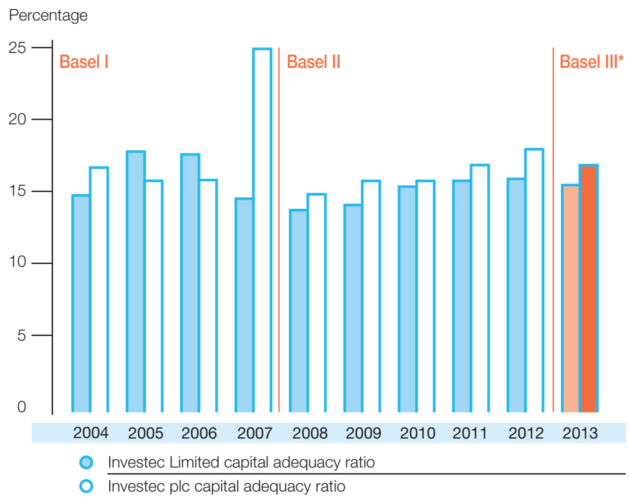


* *Before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests.*

Stable capital position...

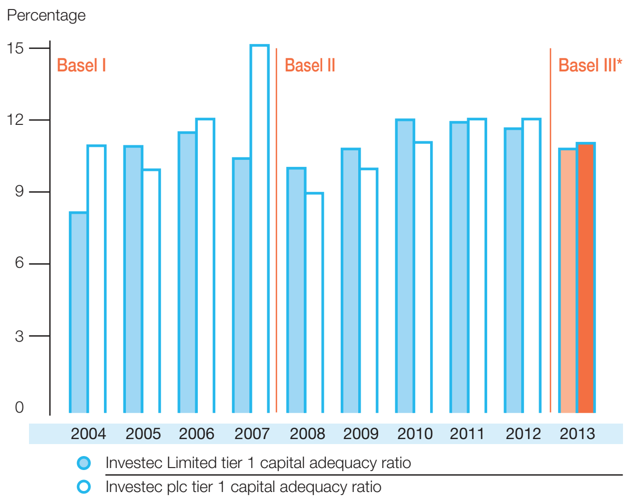
Target 2013: 14% – 17%

Capital adequacy



Target 2013: 10.5% (adjusted from 11% as a consequence of Basel III)

Tier 1



* *In South Africa and Australia.*

Sound capital and liquidity principles maintained

Continue to focus on:

- Maintaining a high level of readily available, high quality liquid assets – representing 25% to 35% of our liability base
- Diversifying funding sources
- Limiting concentration risk
- Reduced reliance on wholesale funding.

Achieved capital targets across all geographies

The intimate involvement of senior management ensures stringent management of risk and liquidity

Our policy has always been to hold capital in excess of regulatory requirements and we intend to perpetuate this philosophy

Investec has maintained a strong capital base and has met its targets in this period

A well established liquidity management philosophy remains in place

An increase in customer deposits in all three core geographies in home currencies

Advances as a percentage of customer deposits is at 71.3% (2012: 67.8%)

Liquidity remains strong with cash and near cash balances amounting to £9.8 billion (2012: £10.3 billion).

The value we've added

For further information download the sustainability report available on our website.

Contributing to society, macro-economic stability and the environment

For Investec, sustainability is about building our businesses to ensure we have a positive impact on the economic and social progress of communities and on the environment, while growing and preserving clients and stakeholders' wealth based on strong relationships of trust.

This commitment to sustainability means integrating social, ethical and environmental considerations into our day-to-day operations. A key element of this is solid corporate governance, that ensures sustainable management with a long-term vision.

- £12 million spent on employee training and development
- £4.9 million spent on our communities
- R3.2 billion committed to renewable energy in SA (to be drawn down over the next two – three years)

Value added statement

£'000	31 March 2013	31 March 2012
Net income generated		
Interest receivable	2 131 765	2 299 925
Other income	1 300 657	1 243 994
Interest payable	(1 429 239)	(1 600 878)
Other operating expenditure and impairments on loans	(597 812)	(635 456)
	1 405 371	1 307 585
Distributed as follows:		
Employees	692 061	622 386
Salaries, wages and other benefits		
Government	312 568	332 057
Corporation, deferred payroll and other taxes		
Shareholders	185 321	172 575
Dividends paid to ordinary shareholders	147 660	134 436
Dividends paid to preference shareholders	37 661	38 139
Retention for future expansion and growth	215 421	180 567
Depreciation	46 372	57 424
Retained income for the year	169 049	123 143
	1 405 371	1 307 585

Investec conducts its commitment to sustainability through three key focus areas:

Profit

The financial strength and resilience of Investec depends on a balanced business model that supports our long term growth vision through varying economic cycles.

People

We invest in the communities in which we operate recognising that education and entrepreneurship are integral to our own long term strategy.

The sustainability of our business depends largely on our people and positioning Investec as an attractive employer in the financial services industry. We focus on building a strong, diverse and capable workforce by providing a workplace that stimulates and rewards distinctive performance.

Planet

Effective environmental management is an essential part of our embedding front-of-mind consciousness of sustainability into the organisation.

We are increasingly incorporating environmental considerations into our daily business activities and are exploring the many valuable opportunities in cleaner energy sources, energy efficiency and responsible financing.

Recognition

Investec in the UK

- Community Impact category of the National Business Charity Awards
- Platinum Award in the Clean City Awards Scheme 2012 for the seventh consecutive year
- Investec Guernsey won the CSR Community Award.

Investec in South Africa

- Voted number one employer among business professionals.

We strive to be a distinctive specialist bank and asset manager, driven by commitment to our core philosophies and values

Who we are

Investec (comprising Investec plc and Investec Limited) is an international, specialist bank and asset manager.

Founded as a leasing company in Johannesburg in 1974	We acquired a banking licence in 1980 and were listed on the Johannesburg Stock Exchange (JSE) Limited South Africa in 1986.
In July 2002, we implemented a dual listed companies (DLC) structure with linked companies listed in London and Johannesburg	A year later, we concluded a significant empowerment transaction in which our empowerment partners collectively acquired a 25.1% stake in the issued share capital of Investec Limited.
Since inception, we have expanded through a combination of substantial organic growth and a series of strategic acquisitions	Today, we have an efficient integrated international business platform, offering all our core activities in the UK and South Africa and select activities in Australia.

What we do

We are 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 UK, South Africa and Australia as well as certain other countries.

Investec focuses on delivering distinctive profitable solutions for its clients in three core areas of activity namely, Asset Management, Wealth & Investment and Specialist Banking.

Our strategic goals and objectives are based on the aspiration to be recognised as a distinctive specialist bank and asset manager. This distinction is embodied in our entrepreneurial culture, which is balanced by a strong risk management discipline, client-centric approach and an ability to be nimble, flexible and innovative. We do not seek to be all things to all people and aim to build well-defined, value-added businesses focused on serving the needs of select market niches where we can compete effectively.

We value

1 Distinctive performance

Outstanding talent – empowered, enabled and inspired

Meritocracy

Passion, energy, stamina, tenacity

Entrepreneurial spirit

2 Client focus

Distinctive offering

Leverage resources

Break china for the client

3 Cast-iron integrity

Moral strength

Risk consciousness

Highest ethical standards

4 Dedicated partnership

Respect for others

Embrace diversity

Open and honest dialogue

Unselfish contribution to colleagues, clients and society

Our philosophies

Single organisation

Meritocracy

Focused businesses

Differentiated, yet integrated

Material employee ownership

Creating an environment that stimulates extraordinary performance

Our strategic goals and objectives are based on our aspiration to be recognised as a distinctive specialist bank and asset manager

The Investec distinction

Client focused approach

- Clients are at the core of our business
- We strive to build business depth by deepening existing client relationships
- High level of service by being nimble, flexible and innovative.

Specialised strategy

- Serving select market niches as a focused provider of tailored structured solutions
- Enhancing our existing position in principal businesses and geographies through organic growth and select bolt-on acquisitions.

Sustainable business

- Contributing to society, macro-economic stability and the environment
- Well established brand
- Managing and positioning the group for the long term
- Balancing operational risk with financial risk while creating value for shareholders
- Cost and risk conscious.

Strong culture

- Strong, entrepreneurial culture that stimulates extraordinary performance
- Passionate and talented people who are empowered and committed
- Depth of leadership
- Strong risk awareness
- Material employee ownership.

Our strategy

Our strategy for the past 20 years has been to build a diversified portfolio of businesses and geographies to support clients through varying markets and economic cycles. Since inception we have expanded through a combination of organic growth and strategic acquisitions.

In order to create a meaningful and balanced portfolio we need proper foundations in place which gain traction over time.

Our current strategy

- Maintain momentum in Asset Management
- Internationalise our Wealth & Investment business
- Simplify the Specialist Banking business model
- Leverage our extensive client base through greater utilisation of our products and services across the group
- Continue to attract new clients, extending the depth and breadth of the franchise.

Our long-term internationalisation strategy

- Follow our customer base
- Gain domestic competence and critical mass in our chosen geographies
- Facilitate cross-border transactions and flow.

Our diversified and balanced business model supporting long-term strategy

Broadly defined, we operate across three areas of specialisation focused on well defined target clients:

Asset Management	Specialist Banking	Wealth & Investment
Operating completely independently		
Corporate/institutional/government		Private Client (High net worth/high income)/ charities/trusts
Investment management services	Advisory Transactional banking Lending Treasury and trading Investment activities	Investment management services Independent financial planning advice

We aim to maintain an appropriate balance between revenue earned from operational risk activities and revenue earned from financial risk activities.

This ensures that we are not over reliant on any one part of our businesses to sustain our activities and that we have a large recurring revenue base that enables us to navigate through varying cycles and supports our long-term strategy.

Capital light activities	Capital intensive activities
Contribute 49% to group income	Contribute 51% to group income
• Asset management • Wealth management • Advisory services • Transactional banking services • Property funds	• Lending portfolios • Investment portfolios • Trading income – client flows – balance sheet management
Fees and commission income	Net interest, investment and trading income

Types of income

Our operational footprint

We have built a solid international platform, with diversified revenue streams and geographic diversity

Investec in total

Operating profit*
£433.2mn

Assets
£51 000.0mn

NAV**
£2 720.1mn

Permanent employees
7 575

COI^
65.5%

ROE^
9.5%

UK and Other

- In 1992 we made our first international acquisition, acquiring Allied Trust Bank in London
- Since that date, we have expanded organically and through a number of strategic acquisitions
- Developed capabilities in all three of our core activities
- Listed in London in July 2002, through the implementation of a dual listed companies structure
- Established and recognised brand
- 13th largest bank in the UK
- Built an extensive quality client base from c50 000 in 2008 to >300 000 today
- Top 3 player in our chosen niches
  - Leading asset manager with market leading products
  - One of the UK's leading private client investment managers with significant opportunity
  - Specialist Banking leading franchise in UK mid cap corporate markets (FTSE250) and well-recognised private banking brand which is expanding into transactional banking.

Southern Africa

- Founded as a leasing company in 1974
- Acquired a banking licence in 1980
- Listed on the JSE Limited South Africa in 1986
- In 2003 we implemented a 25.1% empowerment shareholding transaction
- Fifth largest bank in the country
- Market leading position in all three of our core activities
- Full service offering to governments, corporates and private clients
  - Second largest Asset Manager with track record of growth and innovation
  - Top Wealth Manager and now part of global platform starting to leverage the franchise
  - Full service Specialist Banking offering a high quality innovative solution with leading positions in selected areas.

Australia

- Entered the market in 1997
- Significantly expanded our capabilities in 2001 through the acquisition of Wentworth Associates, one of the leading corporate finance boutiques in Australia
- In 2002 we received a banking licence which opened up many growth opportunities
- Have grown our business organically and through select strategic acquisitions
- Established a core business in Professional Finance and Investment Banking
- Developing our Corporate and Institutional Banking business
- Building cross-border activities, especially in Resources and Mining
- Gateway to Asia

* *Before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests.*
** *NAV is tangible shareholders' equity as calculated on page 43.*
^ *COI is cost to income ratio. ROE is the post-tax return on adjusted average shareholders' equity as calculated on page 45.*

Our operational footprint (continued)

Operating profit* of the UK operations increased 6.9% to £144.4 million

Total deposit book	Total core loans	Total funds under management
£9.6bn	£6.0bn	£66.3bn

As a % of total group:
- 33.3% Operating profit*
- 39.4% Assets
- 35.0% NAV**
- 44.3% Permanent employees

Actual:
- 70.0% COI^
- 6.6% ROE^

Operating profit* of the Southern African operations decreased 1.4% to £285.4 million, but was up 13.4% in home currency

Total deposit book	Total core loans	Total funds under management
£13.3bn	£10.2bn	£44.1bn

As a % of total group:
- 65.9% Operating profit*
- 54.1% Assets
- 52.2% NAV**
- 49.5% Permanent employees

Actual:
- 56.5% COI^
- 14.9% ROE^

Operating profit* of the Australian operations £3.4 million (2012: loss of £65.9 million)

Total funds under management	Total core loans	Total deposit book
£0.3bn	£2.2bn	£1.7bn

As a % of total group:
- 0.8% Operating profit*
- 6.5% Assets
- 12.8% NAV**
- 6.2% Permanent employees

Actual:
- 84.0% COI^
- 1.2% ROE^

Our three distinct business activities are focused on well-defined target clients

Asset Management

Provides investment management services

1991
Established a platform in South Africa and grown organically.

Today
- Independent global platform with competitive investment performance in chosen specialities
- Institutional focus and global client base
- Funds under management of £69.8 billion
- 1 161 employees.

Looking forward
- Continue to grow business organically
- Focus on increasing funds under management and quality and depth across businesses.

Wealth & Investment

Provides investment management services and independent financial planning advice

1986
Acquired Metboard in South Africa which did portfolio management.

Today
- Consolidated wealth management offering
- Market leader in South Africa and UK
- Superior offering that can be leveraged with group distribution capabilities
- Funds under management of £40.4 billion
- 1 245 employees.

Looking forward
- Opportunity to position as an international Wealth & Investment business with an integrated offering
- Focus on broadening the client base and markets.

Specialist Banking

Provides a broad range of services:
- Advisory
- Transactional banking
- Lending
- Treasury and trading
- Investment activities

1980
Established banking business enabling Investec to expand into areas of corporate and professional banking.

Today
- High quality specialist banking solution to corporate, institutional, government and private clients with leading positions in selected areas
- 5 169 employees.

Looking forward
- Opportunity to be best service provider across a broad spectrum of products and services
- Focus on leveraging extensive client base.

* *Before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests.*
** *NAV is tangible shareholders' equity as calculated on page 43.*
^ *COI is cost to income ratio. ROE is the pre-tax return on adjusted average shareholders' equity as calculated on page 46.*

Our operational footprint (continued)

	As a % of total group		Actual	
Operating profit* of Asset Management increased 4.8% to £140.2 million	32.4%	Operating profit*	65.5%	COI^
	1.2%	Assets	95.1%	ROE^
	1.2%	NAV**		
	15.3%	Permanent employees		

Segregated mandates	Mutual funds	Total funds under management
£41.0bn	£28.8bn	£69.8bn

	As a % of total group		Actual	
Operating profit* of Wealth & Investment increased 30.9% to £50.7 million	11.7%	Operating profit*	79.7%	COI^
	4.2%	Assets	15.8%	ROE^
	0.5%	NAV**		
	16.4%	Permanent employees		

Discretionary funds under management	Non-discretionary and other funds under management	Total funds under management
£19.0bn	£21.4bn	£40.4bn

	As a % of total group		Actual	
Operating profit* of Specialist Banking increased 30.1% to £242.3 million	55.9%	Operating profit*	62.8%	COI^
	94.6%	Assets	8.0%	ROE^
	98.3%	NAV**		
	68.3%	Permanent employees		

Total deposit book	Total core loans
£24.5bn	£18.4bn

Our operational structure

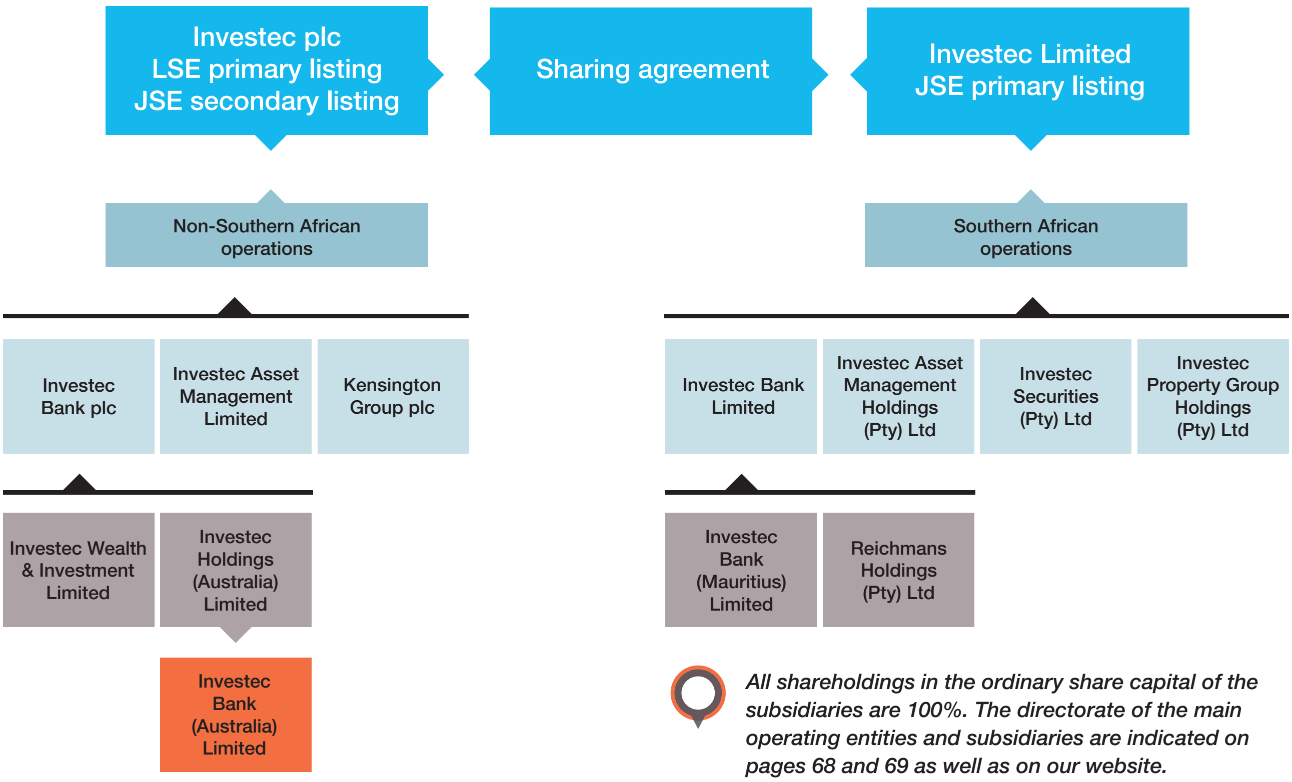
Investec Limited, which houses our Southern African and Mauritius operations, has been listed in South Africa since 1986.

Operating structure

During July 2002 Investec Group Limited (since renamed Investec Limited) implemented a dual listed companies (DLC) structure and listed its offshore business on the London Stock Exchange.

A circular on the establishment of our DLC structure was issued on 20 June 2002 and is available on our website.

Our DLC structure and main operating subsidiaries as at 31 March 2013



All shareholdings in the ordinary share capital of the subsidiaries are 100%. The directorate of the main operating entities and subsidiaries are indicated on pages 68 and 69 as well as on our website.

Salient features of the DLC structure

- Investec plc and Investec Limited are separate legal entities and listings, but are bound together by contractual agreements and mechanisms
- Investec operates as if it is a single unified economic enterprise
- Shareholders have common economic and voting interests as if Investec plc and Investec Limited were a single company
- Creditors, however, are ring-fenced to either Investec plc or Investec Limited as there are no cross guarantees between the companies.

Operating financial review

We are pleased to report improved results for the year ended 31 March 2013. The strategic realignment of the group as a specialist bank and asset manager and the focus of developing capital light revenue streams is paying off. We were satisfied with the progress made in both our Asset Management and Wealth & Investment businesses. Furthermore, substantial progress was made in implementing the One Bank process to create the appropriate base for future growth and development of the Specialist Bank.

Summary of group performance

The group achieved an increase in adjusted operating profit of 20.8% to £433.2 million (2012: £358.6 million). Adjusted EPS increased 16.4% from 31.8 pence to 37.0 pence. Distributions to shareholders increased from 17 pence to 18 pence resulting in a dividend cover of 2.1 times (2012: 1.9 times).

The Asset Management and Wealth & Investment businesses have benefited from higher levels of average funds under management and net inflows in excess of £4.9 billion. This has resulted in recurring income amounting to 68.6% of total operating income (2012: 67.7%).

Impairments in the Specialist Bank have decreased by 22.8% from the prior year resulting in a strong increase in operating profit. We continue to maintain a sound balance sheet, appropriate capital and a robust liquidity profile.

Overall group results have been negatively impacted by the depreciation of the Rand of approximately 13% against our presentation currency, Pounds Sterling. The latter months of the financial year saw a strong rally in equity markets which was overshadowed by difficult conditions on the ground and low levels of corporate activity. Interest rates remained at historically low economic levels in all three geographies in which we operate, as monetary policy remained accommodative.

Operating environment across our key geographies

South Africa

The South African economy had its challenges as strong equity returns were annulled by labour unrest and weak global demand, negatively impacting the currency and economic growth rates.

The South African banking system continues to be highly regarded, maintaining its second ranking in the World Economic Forum's Global Competiveness Report. South Africa's credit rating was, however, downgraded as the country's consolidated deficit widened to around 4.8% of GDP. We were pleased to see the recent adoption of the National Development Plan by government, the effective implementation of which we believe is key to the transformation of South Africa's economic landscape.

We remain committed to achieving and sustaining an equitable workplace that encourages diversity. Meaningful engagement and consultation took place with employees across the group as part of a process to develop a new Employment Equity Plan, which was submitted to the Department of Labour during the period. Building skills in entrepreneurship and the hard sciences is essential to achieve sustainable transformation. We recently launched an enterprise development programme to back entrepreneurs who manage their own businesses and have potential to grow and create jobs. Recognising that there is a significant shortage of skills in maths and science in South Africa, development of proficiency in these subjects remains a key focus of our corporate social investment programme.

United Kingdom and Other

The UK economy had another poor year of growth, narrowly missing a 'triple dip' recession. Towards the end of the period, the UK was downgraded by credit rating agencies as a result of disappointing short-term growth prospects and the continuation of the deleveraging process.

The Retail Distribution Review became effective in the UK during the period, the full impact of which will take a number of years to materialise. We do not however, envisage this regulation having a material effect on our business model. We maintain an open and compliant relationship with regulators and continue to adjust to the new regulatory environment.

Turning our attention towards the continent, the euro zone endured another year of uncertainty, living in recession throughout the period under review. The Irish economy, however, grew 0.9% and set its sights on recovery as it entered a second year of consecutive growth. Our UK and European activities showed moderate growth with a good performance from our Wealth & Investment business, a stable performance from our Asset Management business and a subdued performance from our Specialist Bank which continued to be affected by elevated impairments and a higher cost of funds. The marginal cost of funds declined significantly during the latter part of the year which should result in an improvement in our net interest margin in the future.

Optimism that the euro zone crisis is over and that the UK economy is starting to recover is becoming more prevalent. This view is supported by both a recovery in equity markets and a reduction in bond yields in peripheral Europe. This at some point should translate into improved activity levels in the real economy resulting in a more positive environment going forward.

Australia

The Australian economy grew at pre-crisis levels in 2012, reaching 3.1% growth for the year. Most of this was realised during the first quarter as growth slowed in subsequent quarters due to lowered expectations on China's GDP and demand for commodities. This slowdown resulted in the RBA pushing cash rates down to a record low of 3%.

Since 31 March, the economy has continued to struggle with its transition to a 'post mining investment boom' world. This has resulted in further interest rate cuts and a weaker Australian Dollar and is expected to have a positive effect on the non-mining economy.

Growth from all three businesses

All three of our core businesses achieved growth for the financial year with Asset Management and Wealth & Investment contributing 44% to group operating profit.

Asset Management

For the 2013 financial year, Asset Management increased operating profit by 4.8% to £140.2 million (2012: £133.7 million), benefiting from higher funds under management, net inflows of £4.1 billion and strong growth in performance fees. Total funds under management amounted to £69.8 billion (2012: £61.6 billion). Asset Management has established an international investment platform and a global distribution network with the aim of continuing to drive organic growth by providing a quality service and above benchmark performance to its client base.

During the financial year we announced the sale of a 15% equity stake in the Asset

Management business to top management personnel, with the option to acquire an additional 5%. The transaction is designed to ensure continuity and to retain and incentivise the senior management team that has been so instrumental in the success of the business to date. We believe that institutional clients are attracted to asset management companies that have significant operational independence and alignment of incentive structures to long-term performance.

Wealth & Investment

From a macro-economic perspective, Wealth & Investment has benefited from a rise in equity markets supported by a rotation from bonds into equities. Operating profit increased by 30.9% to £50.7 million (2012: £38.7 million) benefiting from higher average funds under management and net inflows of £0.8 billion. Total funds under management have grown to £40.4 billion (2012: £34.8 billion).

The UK business is in a consolidation phase as Williams de Broë was migrated onto the group's platforms in August 2012 and the business was rebranded as Investec Wealth & Investment. Costs relating to integration are reflected in the group's 2013 results, but are largely non-repeatable as the business sets to improve operating margins over the next few years. The South African business saw an increase in the conversion of non-discretionary to discretionary client mandates, resulting in strong growth in discretionary funds under management.

Wealth & Investment continues to drive the internationalisation of its client offering, leverage off the group's banking client base as well as broaden the understanding of all services available behind the Investec brand.

Specialist Banking

For the 2013 financial year, the Specialist Banking business increased operating profit 30.1% to £242.3 million (2012: £186.2 million).

In South Africa, the division reported an increase in net interest due to higher lending and fixed income balances, whilst investment income was bolstered from a solid performance from the private equity and investment property portfolios. Net fees and commissions and trading income from customer flow were negatively impacted by lower activity in the Corporate and Institutional Banking businesses.

The UK benefited from an increase in net fees and commissions in the Corporate Advisory business. Levels of transactional activity within the Private Banking and Corporate and Institutional Banking businesses were mixed, but with a promising pipeline developing. The principal investment portfolios performed well and the division recorded good growth in its professional and specialised lending and asset finance portfolios. The bank looks to reduce excess liquidity and to gain market share in niches where we believe we can compete effectively.

Over the past year, our Australian business returned to profitability. A stable operating environment allowed for solid revenues in our Corporate Advisory and Corporate Lending businesses, as well as consistent activity in our Private Banking business. Going forward, our key focus will be to reshape the business to achieve strategic alignment with the broader group and to generate appropriate returns for shareholders.

Building for the long term

Investec believes that in order to grow and prosper in years to come we need to contribute positively towards our communities, our staff and the economy. We continue to invest in education and entrepreneurship as well as in numerous training and development programmes for our employees. We are dedicated to preserving our natural environment, to reducing our carbon footprint and to playing a broader role in the support and upliftment of the societies in which we operate.

Tribute to our people

Some of our key differentiators are our service levels and steadfast relationships with clients. These aspects of our company are a direct result of the dedication and hard work of our employees, whom we would like to thank for contributing to an improved set of annual results.

We would like to bid farewell to the head of our Australian business, David Clark, who has helped to successfully rebuild and rebrand Investec in Australia. We would also like to thank Sam Abrahams for his dedicated 15 years of service to Investec as a non-executive and eight years as the chairman of the group's audit committees. We would further like to welcome David Friedland to our board of non-executive directors and to his new role as chairman of the group's audit committees.

The past couple of years have been very testing for the financial services industry. Investec has successfully navigated the storm with the confidence of its investors and clients. We thank you for your unwavering support.

Outlook

We have continued to improve efficiencies, streamline our processes, eliminate duplication and build scale. Our focus is to fully leverage the strength of the franchise and to continue deepening our core business activities, while ensuring that each division and geography makes a notable contribution to the group performance.

Although global markets remain challenging, the recent improvement in equity markets bodes well for our business. With the rebalancing of the group between capital light and capital intensive activities, we believe that we have the right mix of businesses and revenue streams to capture the benefits of a sustained market upturn and to drive longer-term performance.

On behalf of the boards of Investec plc and Investec Limited

Sir David J Prosser	Fani Titi	Stephen Koseff	Bernard Kantor
Joint chairman	Joint chairman	Chief executive officer	Managing director

(References to 'operating profit' in the text above relates to operating profit before taxation, goodwill, acquired intangibles, non-operating items and after non-controlling interests.)

Financial review

Introduction

Investec operates under a DLC structure with primary listings of Investec plc on the London Stock Exchange and Investec Limited on the JSE Limited.

In terms of the contracts constituting the DLC structure, Investec plc and Investec Limited effectively form a single economic enterprise in which the economic and voting rights of ordinary shareholders of the companies are maintained in equilibrium relative to each other. The directors of the two companies consider that for financial reporting purposes, the fairest presentation is achieved by combining the results and financial position of both companies.

Accordingly, the year-end results for Investec plc and Investec Limited present the results and financial position of the combined DLC group under International Financial Reporting Standards (IFRS), denominated in Pounds Sterling.

All references in this document to Investec or the group relate to the combined DLC group comprising Investec plc and Investec Limited.

Exchange rates

Our reporting currency is Pounds Sterling. Certain of our operations are conducted by entities outside the UK. The results of operations and the financial position of our individual companies are reported in the local currencies of the countries in which they are domiciled, including Rands, Australian Dollars, Euros and US Dollars. These results are then translated into Pounds Sterling at the applicable foreign currency exchange rates for inclusion in our combined consolidated financial results. 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.

	31 March 2013		31 March 2012	
Currency per £1.00	Period end	Average	Period end	Average
South African Rand	13.96	13.44	12.27	11.85
Australian Dollar	1.46	1.53	1.54	1.52
Euro	1.18	1.23	1.20	1.16
US Dollar	1.52	1.58	1.60	1.60

Exchange rates between local currencies and Pounds Sterling have fluctuated over the period. The most significant impact arises from the volatility of the Rand. The average Rand: Pounds Sterling exchange rate over the period has depreciated by 13.4% and the closing rate has depreciated by 13.8% since 31 March 2012.

The following table provides an analysis of the impact of the Rand depreciation on our reported numbers.

	Results reported at 31 March 2013	Currency neutral results reported at 31 March 2013**
Southern African operating profit before tax (£'000)*	285 362	327 527
Southern African profit after tax and non-controlling interests (£'000)*	236 669	271 376
Total group operating profit before tax (£'000)*	433 170	475 335
Total group adjusted earnings attributable to ordinary shareholders (£'000)*	316 709	347 252
Adjusted EPS (pence)*	37.0	40.6
Total assets (£'million)	51 000	54 780
Total shareholders' equity (£'million)	4 005	4 193

* *Before goodwill, acquired intangibles and non-operating items and after non-controlling interests.*

** *For balance sheet items we have assumed that the Rand: Pounds Sterling closing exchange rate has remained neutral since 31 March 2012. For income statement items we have used the average Rand: Pounds Sterling exchange rate that was applied in the prior year, i.e. 11.85.*

Ten year review

Salient features*

For the year ended 31 March**	2013	2012	% change 2013 vs 2012
Income statement and selected returns			
Operating profit before goodwill, acquired intangibles, non-operating items and taxation (£'000)Ø	433 170	358 625	20.8%
Operating profit: Southern Africa (% of total)Ø	65.9%	80.7%	
Operating profit: UK, Europe, Australia and Other (% of total)Ø	34.1%	19.3%	
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	316 709	257 579	23.0%
Headline earnings (£'000)	272 626	217 253	25.5%
Cost to income ratio	65.5%	64.7%	
Staff compensation to operating income ratio	43.7%	43.0%	
Return on average adjusted shareholders' equity (post-tax)	9.5%	7.8%	
Return on average adjusted tangible shareholders' equity (post-tax)	11.7%	9.6%	
Return on average risk-weighted assets	1.09%	0.91%	
Operating profit per employee (£'000)	54.4	47.8	13.8%
Net interest income as a % of operating income	35.0%	36.2%	
Non-interest income as a % of operating income	65.0%	63.8%	
Recurring income as a % of total operating income	68.6%	67.7%	
Effective operational tax rate	18.1%	18.1%	
Balance sheet			
Total capital resources (including subordinated liabilities) (£'million)	5 756	5 505	4.6%
Total shareholders' equity (including preference shares and non-controlling interests) (£'million)	4 005	4 013	(0.2%)
Shareholders' equity (excluding non-controlling interests) (£'million)	3 725	3 716	0.2%
Total assets (£'million)	51 000	51 550	(1.1%)
Net core loans and advances to customers (including own originated securitised assets) (£'million)	18 415	18 226	1.0%
Net core loans and advances to customers as a % of total assets	36.1%	35.4%	
Cash and near cash balances (£'million)	9 828	10 251	(4.1%)
Customer accounts (deposits) (£'million)	24 532	25 344	(3.2%)
Third party assets under management (£'million)	110 678	96 776	14.4%
Capital adequacy ratio: Investec plc°	16.9%	17.5%	
Capital adequacy tier 1 ratio: Investec plc	11.0%	11.6%	
Capital adequacy ratio: Investec Limited°	15.5%	16.1%	
Capital adequacy tier 1 ratio: Investec Limited	10.8%	11.6%	
Credit loss ratio (core income statement impairment change as a % of average gross core loans and advances)	0.84%	1.12%	
Defaults (net of impairments and before collateral) as a % of net core loans and advances to customers	2.73%	3.31%	
Gearing/leverage ratio (assets excluding assurance assets to total equity)	11.2x	11.3x	
Core loans to equity ratio	4.6x	4.5x	
Loans and advances to customers: customer deposits	71.3%	67.8%	
Salient financial features and key statistics			
Adjusted earnings per share (pence)#	37.0	31.8	16.4%
Headline earnings per share (pence)#	31.9	26.8	19.0%
Basic earnings per share (pence)#	32.5	25.7	26.5%
Diluted earnings per share (pence)#	30.6	24.3	25.9%
Dividends per share (pence)#	18.0	17.0	5.9%
Dividend cover (times)	2.1	1.9	10.5%
Net tangible asset value per share (pence)#	391.5	392.0	(0.1%)
Net asset value per share#	318.2	317.0	0.4%
Weighted number of ordinary shares in issue (million)#	856.0	809.6	5.7%
Total number of shares in issue (million)#	884.8	874.0	1.2%
Closing share price (pence)#	459	382	20.2%
Market capitalisation (£'million)	4 061	3 340	21.6%
Number of employees in the group (including temps and contractors)	8 151	7 781	4.8%
Closing ZAR:£ exchange rate	13.96	12.27	13.8%
Average ZAR:£ exchange rate	13.44	11.85	13.4%

* *Refer to definitions on the inside back cover.*

** *The numbers prior to 2005 are reported in terms of UK GAAP, and thereafter in terms of IFRS.*

^ *Calculation not comparable.*

° *Information prior to 2008 is in terms of Basel information for Investec Limited, for 2013 is in terms of Basel III.*

	2011	2010	2009	2008	2007	2006	2005	2004
	434 406	432 258	396 766	508 717	466 585	388 767	224 124	132 260
	69.1%	67.2%	74.0%	66.7%	57.6%	68.3%	66.9%	58.6%
	30.9%	32.8%	26.0%	33.3%	42.4%	31.7%	33.1%	41.4%
	327 897	309 710	269 215	344 695	300 704	230 017	149 510	106 203
	286 659	275 131	261 627	301 499	294 881	222 805	147 037	105 752
	61.7%	57.8%	55.9%	56.1%	59.0%	58.7%	67.4%	72.7%
	40.7%	36.1%	34.9%	37.2%	40.9%	40.1%	43.4%	47.3%
	11.2%	13.5%	14.8%	23.6%	26.1%	25.5%	20.0%	15.4%
	13.2%	15.4%	17.4%	28.6%	31.7%	32.7%	28.8%	25.6%
	1.23%	1.33%	1.36%	^	^	^	^	^
	64.4	69.7	62.6	84.4	92.3	91.5	48.6	25.9
	34.9%	37.0%	46.6%	39.3%	29.2%	26.8%	23.2%	18.8%
	65.1%	63.0%	53.4%	60.7%	70.8%	73.2%	76.8%	81.2%
	62.3%	60.4%	70.0%	65.1%	58.7%	56.9%	59.2%	62.6%
	15.5%	20.6%	21.1%	22.6%	26.3%	27.3%	28.8%	21.0%
	5 249	4 362	3 762	3 275	2 665	2 042	1 579	1 303
	3 961	3 292	2 621	2 210	1 820	1 512	1 076	805
	3 648	2 955	2 297	1 911	1 542	1 226	931	682
	50 941	46 572	37 365	34 224	26 300	23 901	19 917	15 319
	18 758	17 891	16 227	12 854	10 095	9 605	6 408	4 846
	36.8%	38.4%	43.4%	37.7%	38.4%	40.2%	32.2%	31.6%
	9 319	9 117	4 866	5 028	Δ	Δ	Δ	Δ
	24 441	21 934	14 573	12 133	10 650	8 699	6 805	7 211
	88 878	74 081	48 828	52 749	56 121	56 331	33 855	30 138
	16.8%	15.9%	16.2%	15.3%	24.7%	17.7%	16.1%	17.3%
	11.6%	11.3%	10.1%	9.2%	14.8%	11.6%	9.5%	11.2%
	15.9%	15.6%	14.2%	13.9%	14.7%	16.3%	17.9%	15.1%
	11.9%	12.0%	10.8%	10.0%	10.4%	11.5%	10.9%	8.3%
	1.27%	1.16%	1.08%	0.51%	0.17%	0.11%	0.28%	0.48%
	4.66%	3.98%	3.28%	1.29%	0.92%	0.52%	0.31%	1.26%
	11.3x	12.5x	13.0x	13.8x	12.2x	12.5x	14.8x	15.6x
	4.7x	5.4x	6.2x	5.8x	5.5x	6.4x	6.0x	6.0x
	72.4%	76.2%	103.6%	98.4%	89.1%	105.6%	91.2%	67.2%
	43.2	45.1	42.4	56.9	53.3	41.9	26.9	20.8
	37.7	40.1	41.2	49.7	52.3	40.6	26.5	20.7
	49.7	44.0	38.5	57.7	54.7	53.8	17.8	12.0
	46.7	41.5	36.1	54.0	50.4	50.0	17.1	11.9
	17.0	16.0	13.0	25.0	23.0	18.2	13.4	11.6
	2.5	2.8	3.3	2.3	2.3	2.3	2.0	1.8
	343.8	324.1	266.3	215.0	178.6	148.9	99.2	83.0
	416.0	364.0	308.8	260.6	216.0	182.1	135.4	128.4
	759.8	686.3	634.6	606.2	563.8	548.8	555.5	511.5
	810.0	741.0	713.2	657.6	609.3	593.0	593.0	593.0
	478	539	292	339	658	588	311	218
	3 872	3 993	2 083	2 229	4 009	3 488	1 844	1 292
	7 237	6 123	5 951	6 333	5 430	4 453	4 163	4 458
	10.88	11.11	13.58	16.17	14.20	10.72	11.73	11.67
	11.16	12.38	14.83	14.31	13.38	11.43	11.47	12.02

\# *For comparative purposes historical information has been adjusted for the 5:1 share split that took place on 4 September 2006.*

Ø *Information prior to 2008 is shown before non-controlling interests and thereafter post non-controlling interests.*

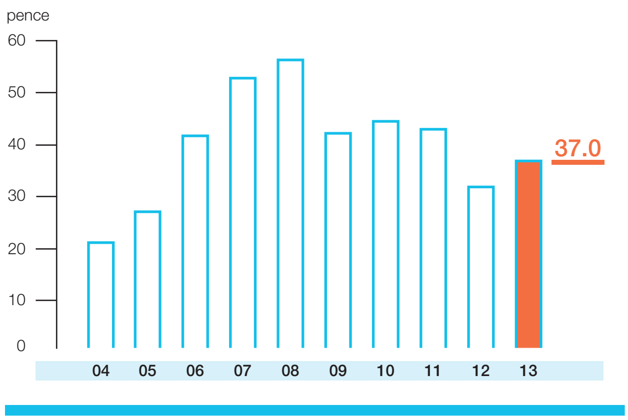
Δ *Information not previously disclosed in this format.*

Track record

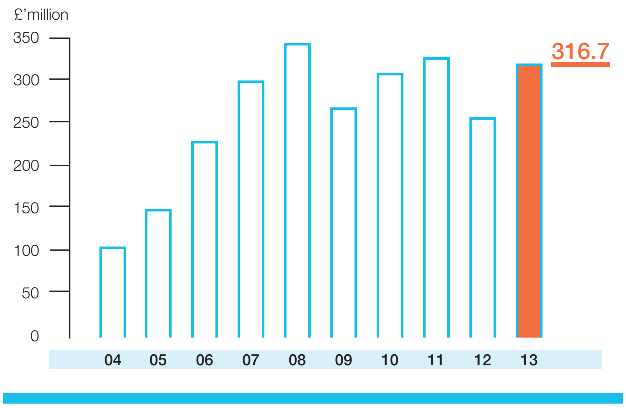
Up 16.4% to 37.0 pence

Up 23.0% to £316.7 million

Adjusted earnings per share*



Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items

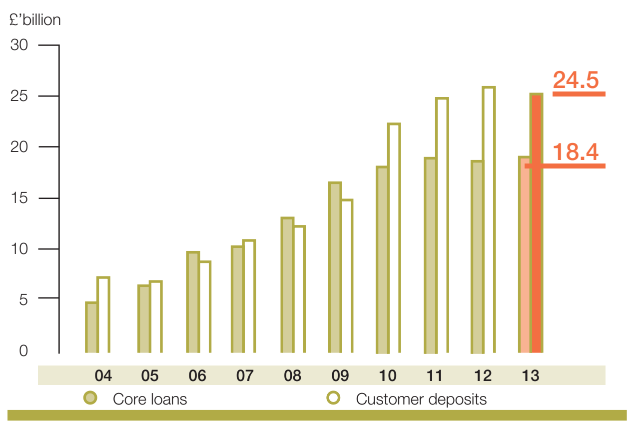


* *Historical EPS numbers have been adjusted for the 5:1 share split that took place on 4 September 2006.*

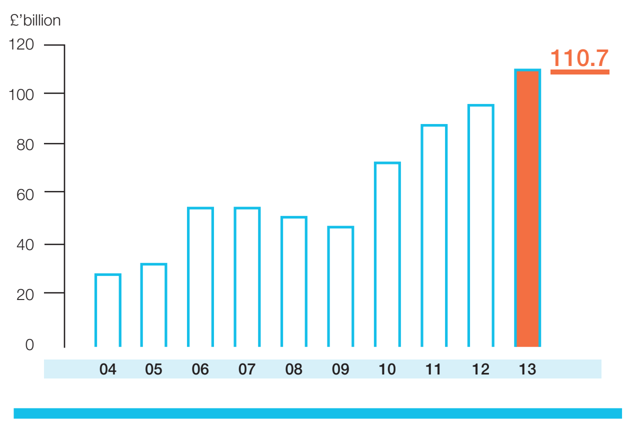
Core loans: up 1.0% to £18.4 billion since 31 March 2012
– an increase of 8.1% on a currency neutral basis**
Deposits: down 3.2% to £24.5 billion since 31 March 2012
– an increase of 3.7% on a currency neutral basis**

Up 14.4% to £110.7 billion since 31 March 2012
– an increase of 20.6% on a currency neutral basis**
Net inflows of £4.9 billion

Core loans and customer deposits



Third party assets under management



** *Currency neutral basis: calculation assumes that the closing exchange rates of the group's relevant exchange rates, as reflected on page 21, remain the same as at 31 March 2013 when compared to 31 March 2012.*

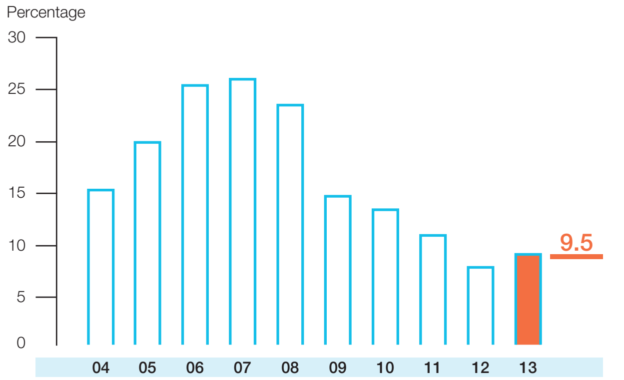
Note:
Results are shown for the year ended 31 March, unless otherwise stated. Prior to 2005 the numbers are reported in terms of UK GAAP and thereafter in terms of IFRS.

Financial objectives

Target

We have set the following target over the medium to long term:
Group ROE: 12% to 16% over a rolling five-year period in Pounds Sterling

ROE*

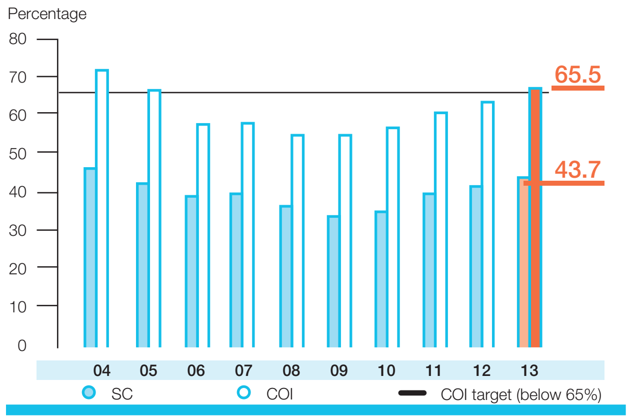


* *ROE is post-tax return on adjusted average shareholders' equity as calculated on page 44.*

Target

We have set the following target over the medium to long term:
Group COI ratio: less than 65% in Pounds Sterling

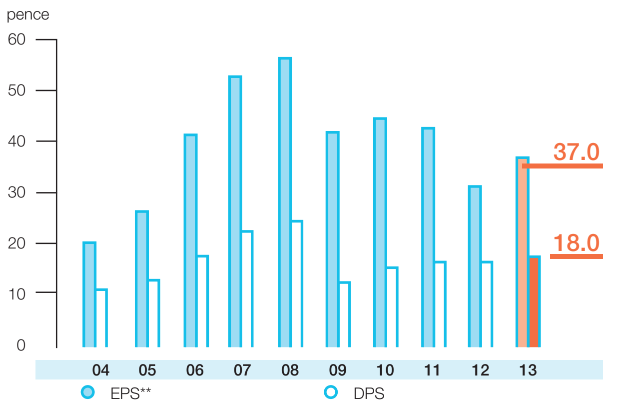
Cost to income ratio (COI) and staff compensation to operating income ratio (SC)



Target

In the medium to long term, we aim to achieve adjusted EPS growth of 10% in excess of UK inflation (in Pounds Sterling). We continually strive to build and maintain a sustainable business model. We intend to maintain a dividend cover of between 1.7 to 3.5 times based on earnings per share as defined above, denominated in Pounds Sterling.

Adjusted earnings per share (EPS) and dividends per share (DPS)

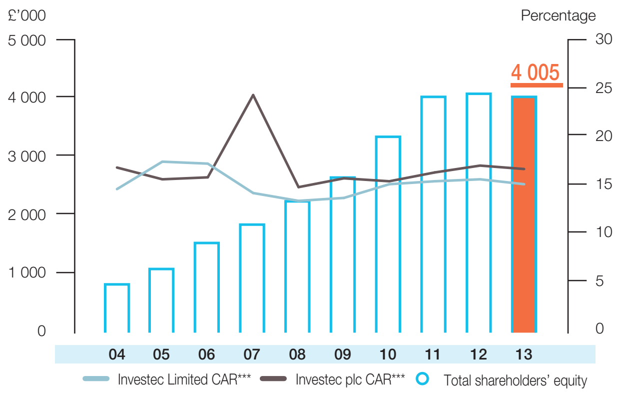


** *Adjusted EPS before goodwill, acquired intangibles and non-operating items as defined on the inside back cover. The numbers have been adjusted for the 5:1 share split that took place on 4 September 2006.*

Target

We intend to maintain a sufficient level of capital to satisfy regulatory requirements, as well as take advantage of opportunities that may arise in the financial services industry focusing on increasing our return on equity in the medium to long term. We target a capital adequacy ratio range of between 14% and 17% on a consolidated basis for Investec plc and Investec Limited and we target a minimum tier 1 ratio of 10.5% (adjusted from 11% as a consequence of Basel III).

Total shareholders' equity and capital adequacy ratios (CAR)



*** *Capital adequacy figures prior to 2008 are disclosed under Basel I and thereafter under Basel II for Investec plc and at 31 March 2013 under Basel III for Investec Limited.*

Note:
The numbers shown in the financial objectives graphs on pages 24 and 25 are for the years ended 31 March, unless otherwise stated. The numbers prior to 2005 are reported in terms of UK GAAP.

An overview of the operating environment impacting our business

South Africa

Our views

South Africa has seen many considerable successes in the past two decades on the significant rise in economic freedom resulting from the abolition of apartheid. As the entire population obtained the right to self determination, from where to live, work and invest, to what to consume, trade and own (including land), economic freedom and hence growth improved substantially.

Economic growth 2011/12	Economic growth 2012/13
2.2%	2.5%

Real income per capita has risen

2012	2013
R36 903	R37 476

South Africa's economy has essentially doubled in real terms, generating substantial upward social mobility, with most now experiencing a significantly higher standard of living.

Indeed, the direct, positive correlation between economic freedom and wealth creation, economic growth, poverty reduction, higher levels of investment and greater equality generated economic growth of 3.2% a year since 1994, compared to only 1.6% per annum in the final eighteen years of apartheid.

Real after-tax income has risen to an average of R24 761 per person, from 1994's R17 320, effectively doubling real tax revenues and affording the considerable expansion of the social welfare net, including the provision of free basic services and direct monetary transfers to the poor. The state provision of basic services has been extensive; 63% to 94% of households now live with sanitation, in formal homes with electricity and access to clean water respectively (in 1994 access to these respective services ranged from 50% to 64%).

While it is impossible to sustainably eradicate the legacy of apartheid in a comparatively short space of time (without state penury), government's service delivery has been negatively impacted by high costs (due in part to inefficiencies, wastage and corruption) which has contributed to both higher budget deficits and borrowing requirements. In combination with the recent violent strikes, that cut economic growth and widened the balance of payments deficit, Moody's, Standard and Poor's and Fitch downgraded South Africa's long-term foreign currency credit rating. The chance of further downgrades has been lowered by the marked lessening in disruptive strike action and recent moderation in projected real government expenditure, as well as maintaining the forecast period during which planned fiscal consolidation is reached.

South Africa's private sector continues to be highly ranked in the World Economic Forum's Global Competitiveness Survey, retaining first place for the third year in a row for both the regulation of the country's securities exchange (JSE) and strength of auditing and reporting standards. South Africa retains its second place in terms of soundness of banks (for the second year) and is now placed first on the efficacy of its corporate boards. However, government provision of healthcare, education and safety and security is ranked amongst the worst in the world, while the level of co-operation between labour and corporates is ranked the lowest in the one hundred and forty-four World Economic Forum's country survey.

Consequently the recent National Development Plan, an economic framework for South Africa until 2030, focuses on addressing these problems, along with unemployment rate, poverty and inequality, by professionalising the civil service, improving the quality of healthcare and education, increasing exports and support for small businesses and so promoting higher incomes via productivity growth.

The need for strong leadership and effective government is also clearly recognised by the ruling party, with additional aims of improving investment and innovation levels, efficient and competitive infrastructure and a labour market that is more responsive to economic opportunity.

United Kingdom

Our views

Whilst a 'triple dip' recession during this period seemed to have been avoided, at the end of the financial year UK output still stood 2.6% below its pre-crisis peak, some five years after the initial move into recession.

Economic growth 2011/12	Economic growth 2012/13
0.3%	0.2%

Real income per capita has risen

2012	2013
£24 031	£24 373

Over the 2012/13 financial year, UK economic growth remained lacklustre.

Seeking to support the UK economy onto a firmer footing, but stopping short of a sustained push for a stronger recovery because of above target inflation, the UK Monetary Policy Committee kept policy expansionary during the period.

The bank rate remained at a record low of 0.5% whilst the Bank of England, at the end of the period, had bought around £375 billion of assets via its Quantitive Easing (QE) programme, having upped that total by £50 billion during the course of the year.

The bank also launched the Funding for Lending Scheme in August 2012 in an effort to boost overall and small business focused lending; material results have yet to be seen, though it is still relatively early days.

The UK was stripped of its AAA long-term sovereign credit rating during the financial year with Moody's cutting its rating with a one notch downgrade to Aa1, with a stable outlook, in February 2013.

In March 2013, Fitch put the UK on ratings watch negative (downgrading it to AA+ in April). As the review period closed, Standard and Poor's had a negative outlook on the UK's rating. However, there was not a long lasting market reaction to the news of these downgrades with confidence aided by the Chancellor sticking rigidly to his goals of fiscal consolidation and a broad plan for achieving this, albeit with success in the headline fiscal metrics so far limited.

Australia

Our views

The Australian economy expanded by 3.1% in 2012, up from its 2.6% 2011 growth rate and in line with the average growth rate for the pre-2008 crisis decade.

Economic growth 2011/12	Economic growth 2012/13
2.6%	3.1%

Real income per capita has risen

2012	2013
A$63 744	A$65 612

Growth started 2012 robustly, but softened to stand at a quarterly pace of 0.6% in each of the second, third and fourth quarters of 2012, as China and the global economy more broadly lost growth momentum.

Furthermore, a squeeze on domestic expenditure through the fiscal consolidation programme also took its toll on the pace of Australian output expansion. Fears that the mining peak had now been passed as Chinese growth appeared to be moving onto a lower long-term track, pushed the Reserve Bank of Australia (RBA) into easing policy four times during the financial year, taking the RBA's cash rate down to a new record low of 3.00%, some 125 basis points lower than its position at the start of that period.

An overview of the operating environment impacting our business (continued)

United States

Our views

The steady US recovery over the three years since 2010 meant that at the end of the 2012/13 financial year, US GDP stood 3.3% up on its 2008 pre-crisis peak level.

The US economy expanded by 2.2% over 2012 and made a respectable start to 2013 recording growth of 2.5% on an annualised seasonally adjusted basis in Q1.

The payroll tax hike which came into effect in January 2013 and the sequester spending cuts which took effect in March 2013, both look set to slow growth sharply in the second quarter.

This improvement in the economic backdrop has also helped to support a modest recovery in the US job market with the unemployment rate having slid close to 7.5%. Broader measures of the US's recovery position have also built over the past year. The pace of loans to the commercial and industrial sector continued to grow at a rapid pace, helping to build the US's industrial recovery. In the housing sector, activity levels climbed sharply over the past year with the price recovery building too, helping to lift consumer sentiment with it.

Despite this improving picture, the US recovery still has some way to go; hence the Federal Reserve loosened policy over the past year. The Fed's policy package included the announcement of the second 'Operation Twist' phase in June 2012, followed by 'QE3' through which, by the start of 2013, the Federal Reserve was purchasing a total of U$85 billion of Mortgage Backed Securities and longer-term Treasury securities per month. Those purchases were still ongoing at the end of the financial year, as the US central bank sought to maintain accommodation in the face of the fiscal squeeze from the payroll tax hike and as the squeeze of the sequester loomed.

Euro zone

The Euro crisis rumbled on through the financial year. From a relatively calm spring, once Greece's debt restructuring had been dealt with in March 2012, market turmoil built through the summer. Peripheral government bonds came under pressure, with Spain and Italy both looking increasingly vulnerable to a bailout as their respective government bond yields tracked higher as sentiment soured once again. European Central Bank (ECB) President Mario Draghi sought to reinstall a state of calm to markets by saying he would do whatever it took to save the Euro whilst unveiling the ECB's new rescue backstop, Outright Monetary Transactions (OMT). Under the OMT the ECB offered the reassurance that it would purchase short-term government bonds, acting as a backstop, subject to conditions being satisfied by the country requesting assistance. The promise of the OMT backstop was enough, without its deployment, to help to bring down peripheral bond yields significantly and calm Euro crisis strains. However, tensions over Greece resurfaced in the autumn, related to whether the Troika would be able to sign off on a revised bailout and release further urgently needed aid cash because of significant slippage in Greece's reform and fiscal objectives. Greece was eventually granted the aid cash, as it signed up to a refreshed reform programme and tensions subsequently calmed. But almost as soon as Greek fears had been addressed, Cyprus came into focus as the next problem. Cyprus eventually ended up the recipient of a full bailout agreement in March 2013, but not before faith in the rescue backstops had been thoroughly shaken with uninsured depositors and senior bondholders both initially put in line for losses as part of the Cypriot agreement. Hence, whilst the Euro survived another turbulent year, 2012/13 closed on a sour note with questions being asked about the robustness of the backstop and rescue mechanisms in place to cope with further rounds of turmoil. The macro-economy of the Euro area did not fare any better, re-entering recession from Q2 2012 with that weakness having persisted into the first quarter of 2013 too.

Operating environment

The table below provides an overview of some key statistics that should be considered when reviewing our operational performance.

	Period ended 31 March 2013	Period ended 31 March 2012	% change	Average over the period 1 April 2012 to 31 March 2013
Market indicators				
FTSE All share	3 381	3 003	12.6%	3 060
JSE All share	39 861	33 554	18.8%	36 682
Australia All ords	4 980	4 420	12.7%	4 503
S&P	1 569	1 408	11.4%	1 420
Nikkei	12 336	10 084	22.3%	9 601
Dow Jones	14 579	13 212	10.3%	13 244
Rates				
UK overnight	0.42%	0.48%		0.45%
UK 10 year	1.76%	2.20%		1.82%
UK Clearing Banks Base Rate	0.50%	0.50%		0.50%
LIBOR – three month	0.51%	1.03%		0.69%
SA R157 (2015)	5.48%	6.69%		5.68%
Rand overnight	4.76%	5.26%		4.92%
SA prime overdraft rate	8.50%	9.00%		8.65%
JIBAR – three month	5.13%	5.60%		5.24%
Reserve Bank of Australia cash target rate	3.00%	4.25%		3.38%
US 10 year	1.85%	2.21%		1.76%
Commodities				
Gold	USD1 596/oz	USD1 667/oz	(4.3%)	USD1 654/oz
Gas Oil	USD928/mt	USD1 014/mt	(8.5%)	USD950/mt
Platinum	USD1 576/oz	USD1 639/oz	(3.8%)	USD1 556/oz
Macro-economic				
UK GDP (% change over the period)	0.20%	0.30%		
UK per capita GDP	24 373	24 031	1.4%	
South Africa GDP (% real growth over the calendar year in Rand)	2.50%	2.20%		
South Africa per capita GDP (real value in Rand)	37 476	36 903	1.6%	
Australia GDP (% change over the period)	3.10%	2.60%		
Per capita GDP (A$)	65 612	63 744	2.9%	

Source: Datastream, Bloomberg's, Office for National Statistics, SARB Quarterly Bulletin, Australian Bureau of Statistics.

Income statement analysis

The overview that follows will highlight the main reasons for the variance in the major category line items on the face of the income statement during the year under review.

Further details on the key income drivers and significant variances in the various components of our operating income, expenses and profit can be found in the description of our principal businesses on pages 51 to 57.

Total operating income

Total operating income increased by 3.9% to £2 006.5 million (2012: £1 932.0 million). The various components of total operating income are analysed below.

£'000	31 March 2013	% of total income	31 March 2012	% of total income	% change
Net interest income	702 526	35.0%	699 047	36.2%	0.5%
Net fee and commission income	972 675	48.5%	884 234	45.8%	10.0%
Investment income	182 889	9.1%	174 327	9.0%	4.9%
Trading income arising from					
– customer flow	70 859	3.5%	77 066	4.0%	(8.1%)
– balance sheet management and other trading activities	35 398	1.8%	32 204	1.7%	9.9%
Other operating income	42 153	2.1%	65 128	3.3%	(35.3%)
Total operating income before impairments	2 006 500	100.0%	1 932 006	100.0%	3.9%

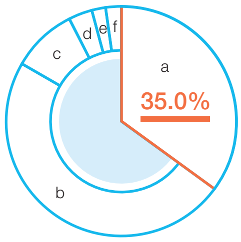
The following table sets out information on total operating income before impairment losses on loans and advances by geography for the year under review.

£'000	31 March 2013	% of total income	31 March 2012	% of total income	% change
UK and Other	1 069 093	53.3%	1 015 292	52.5%	5.3%
Southern Africa	804 685	40.1%	814 958	42.2%	(1.3%)
Australia	132 722	6.6%	101 756	5.3%	30.4%
Total operating income before impairments	2 006 500	100.0%	1 932 006	100.0%	3.9%

The following table sets out information on total operating income before impairment losses on loans and advances by division for the year under review.

£'000	31 March 2013	% of total income	31 March 2012	% of total income	% change
Asset Management	407 191	20.3%	375 602	19.4%	8.4%
Wealth & Investment	248 988	12.4%	196 473	10.2%	26.7%
Specialist Banking	1 350 321	67.3%	1 359 931	70.4%	(0.7%)
Total operating income before impairments	2 006 500	100.0%	1 932 006	100.0%	3.9%

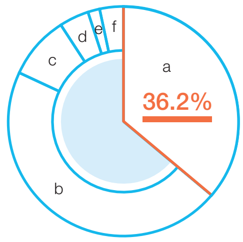
% of total operating income before impairment losses on loans and advances



31 March 2013

£2 006.5 million total operating income before impairment losses on loans and advances

a	Net interest income	35.0%
b	Net fee and commission income	48.5%
c	Investment income	9.1%
d	Trading income arising from customer flow	3.5%
e	Trading income arising from balance sheet management and other trading activities	1.8%
f	Other operating income	2.1%



31 March 2012

£1 932.0 million total operating income before impairment losses on loans and advances

a	Net interest income	36.2%
b	Net fee and commission income	45.8%
c	Investment income	9.0%
d	Trading income arising from customer flow	4.0%
e	Trading income arising from balance sheet management and other trading activities	1.7%
f	Other operating income	3.3%

Net interest income

Net interest income increased by 0.5% to £702.5 million (2012: £699.0 million) due to growth in the lending and fixed income portfolios. This was offset by less interest earned on the legacy portfolios which are running down, higher subordinated debt costs and a lower return on the group's liquid asset and cash portfolio.

£'000	31 March 2013	31 March 2012	Variance	% change
Asset Management	4 501	5 163	(662)	(12.8%)
Wealth & Investment	9 049	10 083	(1 034)	(10.3%)
Specialist Banking	688 976	683 801	5 175	0.8%
Net interest income	702 526	699 047	3 479	0.5%

A further analysis of interest received and interest paid is provided in the tables below.

For the year ended 31 March 2013 £'000	Notes	UK and Other Balance sheet value	UK and Other Interest received	Southern Africa Balance sheet value	Southern Africa Interest received	Australia Balance sheet value	Australia Interest received	Total group Balance sheet value	Total group Interest received
Cash, near cash and bank debt and sovereign debt securities	1	5 318 479	47 639	7 622 170	315 841	707 398	16 076	13 648 047	379 556
Core loans and advances	2	6 045 063	357 343	10 164 864	853 372	2 205 046	180 301	18 414 973	1 391 016
Private client		3 024 629	162 618	6 900 949	557 108	1 402 295	112 566	11 327 873	832 292
Corporate, institutional and other clients		3 020 434	194 725	3 263 915	296 264	802 751	67 735	7 087 100	558 724
Other debt securities and other loans and advances		1 958 072	144 138	594 817	18 425	22 506	18 205	2 575 395	180 768
Other interest earning assets	3	2 769 126	160 682	113 466	19 743	–	–	2 882 592	180 425
Total interest earning assets		16 090 740	709 802	18 495 317	1 207 381	2 934 950	214 582	37 521 007	2 131 765

Notes:

1. *Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; bank debt securities.*
2. *Comprises (as per the balance sheet) loans and advances to customers; own originated loans and advances to customers securitised.*
3. *Comprises (as per the balance sheet) other securitised assets.*

Financial review (continued)

For the year ended 31 March 2013 £'000	Notes	UK and Other Balance sheet value	UK and Other Interest paid	Southern Africa Balance sheet value	Southern Africa Interest paid	Australia Balance sheet value	Australia Interest paid	Total group Balance sheet value	Total group Interest paid
Deposits by banks and other debt related securities	4	3 629 822	70 621	2 717 887	70 864	470 689	32 436	6 818 398	173 921
Customer accounts		9 560 920	222 703	13 278 098	669 085	1 692 820	79 411	24 531 838	971 199
Other interest bearing liabilities	5	2 195 422	63 119	490 591	54 652	477 903	30 486	3 163 916	148 257
Subordinated liabilities		664 624	62 714	1 004 562	69 987	82 620	3 161	1 751 806	135 862
Total interest bearing liabilities		16 050 788	419 157	17 491 138	864 588	2 724 032	145 494	36 265 958	1 429 239
Net interest income			290 645		342 793		69 088		702 526

For the year ended 31 March 2012 £'000	Notes	UK and Other Balance sheet value	UK and Other Interest received	Southern Africa Balance sheet value	Southern Africa Interest received	Australia Balance sheet value	Australia Interest received	Total group Balance sheet value	Total group Interest received
Cash, near cash and bank debt and sovereign debt securities	1	4 873 561	50 414	8 201 778	381 875	1 010 485	59 939	14 085 824	492 228
Core loans and advances	2	5 788 127	359 715	10 489 947	919 639	1 948 308	186 654	18 226 382	1 466 008
Private client		3 431 420	200 531	7 836 733	669 917	1 593 600	158 697	12 861 753	1 029 145
Corporate, institutional and other clients		2 356 707	159 184	2 653 214	249 722	354 708	27 957	5 364 629	436 863
Other debt securities and other loans and advances		1 165 015	80 347	528 434	27 469	81 860	4 311	1 775 309	112 127
Other interest earning assets	3	4 393 682	206 197	139 452	23 365	–	–	4 533 134	229 562
Total interest earning assets		16 220 385	696 673	19 359 611	1 352 348	3 040 653	250 904	38 620 649	2 299 925

For the year ended 31 March 2012 £'000	Notes	UK and Other Balance sheet value	UK and Other Interest paid	Southern Africa Balance sheet value	Southern Africa Interest paid	Australia Balance sheet value	Australia Interest paid	Total group Balance sheet value	Total group Interest paid
Deposits by banks and other debt related securities	4	3 962 118	90 387	2 336 209	59 332	777 186	62 939	7 075 513	212 658
Customer accounts		9 459 554	204 365	14 347 614	812 466	1 536 603	83 708	25 343 771	1 100 539
Other interest bearing liabilities	5	2 361 985	53 614	549 786	63 666	526 946	33 569	3 438 717	150 849
Subordinated liabilities		661 920	60 890	784 501	71 596	46 355	4 346	1 492 776	136 832
Total interest bearing liabilities		16 445 577	409 256	18 018 110	1 007 060	2 887 090	184 562	37 350 777	1 600 878
Net interest income			287 417		345 288		66 342		699 047

See notes on next page.

Notes:

1. *Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; bank debt securities.*
2. *Comprises (as per the balance sheet) loans and advances to customers; own originated loans and advances to customers securitised.*
3. *Comprises (as per the balance sheet) other securitised assets.*
4. *Comprises (as per the balance sheet) deposits by banks; debt securities in issue; reverse repurchase agreements and cash collateral on securities lent.*
5. *Comprises (as per the balance sheet) liabilities arising on securitisation of own originated assets; liabilities arising on securitisation.*

Net fee and commission income

Net fee and commission income increased by 10.0% to £972.7 million (2012: £884.2 million). The group benefited from higher average funds under management, solid net inflows and the acquisitions of Evolution Group plc and the NCB Group. The Specialist Banking business recorded an increase in net fees and commissions largely due to a good performance by the Corporate Advisory, Aviation Finance and Transactional Banking divisions. The Corporate and Institutional Banking and Prime Broking businesses recorded lower levels of activity.

£'000	31 March 2013	31 March 2012	Variance	% change
Asset Management	393 116	367 856	25 260	6.9%
Wealth & Investment	237 560	186 181	51 379	27.6%
Specialist Banking	341 999	330 197	11 802	3.6%
Net fee and commission income	972 675	884 234	88 441	10.0%

Further information on net fees by type of fee and geography is provided in the tables below.

For the year ended 31 March 2013 £'000	UK and Other	Southern Africa	Australia	Total group
Fund management fees/fees for assets under management	458 321	201 181	3 972	663 474
Private client transactional fees	83 926	62 610	9 579	156 115
Corporate and institutional transactional and advisory services	159 373	92 709	45 880	297 962
Fee and commission income	701 620	356 500	59 431	1 117 551
Fee and commission expense	(127 170)	(13 180)	(4 526)	(144 876)
Net fee and commission income	574 450	343 320	54 905	972 675
Annuity fees (net of fees payable)	392 722	254 456	26 137	673 315
Deal fees	181 728	88 864	28 768	299 360

For the year ended 31 March 2012 £'000	UK and Other	Southern Africa	Australia	Total group
Fund management fees/fees for assets under management	404 327	188 953	5 674	598 954
Private client transactional fees	62 486	65 295	9 251	137 032
Corporate and institutional transactional and advisory services	138 312	115 550	23 531	277 393
Fee and commission income	605 125	369 798	38 456	1 013 379
Fee and commission expense	(114 808)	(10 962)	(3 375)	(129 145)
Net fee and commission income	490 317	358 836	35 081	884 234
Annuity fees (net of fees payable)	339 849	255 826	14 115	609 790
Deal fees	150 468	103 010	20 966	274 444

Investment income

Investment income increased by 4.9% to £182.9 million (2012: £174.3 million) due to a strong performance from the South African Property business and the group's unlisted investment portfolios. This was partially offset by lower income earned on the fixed income portfolio in the UK.

£'000	31 March 2013	31 March 2012	Variance	% change
Asset Management	36	25	11	44.0%
Wealth & Investment	555	(392)	947	>100.0%
Specialist Banking	182 298	174 694	7 604	4.4%
Investment income	182 889	174 327	8 562	4.9%

Further information on investment income is provided in the tables below.

For the year ended 31 March 2013 £'000	UK and Other	Southern Africa	Australia	Total group
Realised	58 572	110 824	1 752	171 148
Unrealised	35 103	(20 334)	(1 654)	13 115
Dividend income	2 999	11 572	240	14 811
Funding and other net related (costs)/income	1 445	(17 830)	200	(16 185)
Investment income	98 119	84 232	538	182 889

For the year ended 31 March 2013 £'000	Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
UK and Other	35 032	56 919	–	6 168	98 119
Realised	917	51 302	–	6 353	58 572
Unrealised	31 116	5 617	–	(1 630)	35 103
Dividend income	2 999	–	–	–	2 999
Funding and other net related (costs)/income	–	–	–	1 445	1 445
Southern Africa	35 728	4 819	44 818	(1 133)	84 232
Realised	51 938	–	61 548	(2 662)	110 824
Unrealised	(15 476)	4 819	(9 599)	(78)	(20 334)
Dividend income	11 572	–	–	–	11 572
Funding and other net related (costs)/income	(12 306)	–	(7 131)	1 607	(17 830)
Australia	(2 412)	1 617	–	1 333	538
Realised	64	1 617	–	71	1 752
Unrealised	(2 716)	–	–	1 062	(1 654)
Dividend income	240	–	–	–	240
Funding and other net related (costs)/income	–	–	–	200	200
Total investment income	68 348	63 355	44 818	6 368	182 889

* *Including embedded derivatives (warrants and profit shares).*

For the year ended 31 March 2012 £'000	UK and Other	Southern Africa	Australia	Total group
Realised	102 280	47 548	(8 929)	140 899
Unrealised	11 652	1 837	(66)	13 423
Dividend income	1 890	34 353	521	36 764
Funding and other net related (costs)/income	–	(16 759)	–	(16 759)
Investment income	115 822	66 979	(8 474)	174 327

For the year ended 31 March 2012 £'000	Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
UK and Other	43 049	59 734	–	13 039	115 822
Realised	26 230	62 960	–	13 090	102 280
Unrealised	14 929	(3 226)	–	(51)	11 652
Dividend income	1 890	–	–	–	1 890
Funding and other net related (costs)/income	–	–	–	–	–
Southern Africa	47 919	5 391	19 454	(5 785)	66 979
Realised	49 878	902	(3 232)	–	47 548
Unrealised	(19 565)	4 576	22 611	(5 785)	1 837
Dividend income	34 357	(79)	75	–	34 353
Funding and other net related (costs)/income	(16 751)	(8)	–	–	(16 759)
Australia	1 544	(334)	–	(9 684)	(8 474)
Realised	1 539	(784)	–	(9 684)	(8 929)
Unrealised	(66)	–	–	–	(66)
Dividend income	71	450	–	–	521
Funding and other net related (costs)/income	–	–	–	–	–
Total investment income	92 512	64 791	19 454	(2 430)	174 327

* *Including embedded derivatives (warrants and profit shares).*

Trading income

Trading income arising from customer flow decreased 8.1% to £70.9 million (2012: £77.1 million) whilst trading income arising from other trading activities increased by 9.9% to £35.4 million (2012: £32.2 million) due to effective balance sheet management.

Arising from customer flow

£'000	31 March 2013	31 March 2012	Variance	% change
Asset Management	–	–	–	n/a
Wealth & Investment	687	108	579	>100.0%
Specialist Banking	70 172	76 958	(6 786)	(8.8%)
Customer flow trading income	70 859	77 066	(6 207)	(8.1%)

Arising from balance sheet management and other trading activities

£'000	31 March 2013	31 March 2012	Variance	% change
Asset Management	(45)	380	(425)	n/a
Wealth & Investment	360	97	263	>100.0%
Specialist Banking	35 083	31 727	3 356	10.6%
Income arising from balance sheet management and other trading activities	35 398	32 204	3 194	9.9%

Other operating income

Other operating income includes associate income, assurance income and income earned on an operating lease portfolio acquired.

Impairment losses on loans and advances

Impairments on loans and advances decreased from £325.1 million to £251.0 million. The UK reported a moderate decrease whilst impairments in Australia were £50 million lower than the prior year. The South African business reported a marginal increase in impairments in Rands.

Since 31 March 2012 the level of defaults has improved with the percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounting to 2.73% (2012: 3.31%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.26 times (2012: 1.39 times). The credit loss charge as a percentage of average gross core loans and advances has improved from 1.12% at 31 March 2012 to 0.84%.

£'000	31 March 2013	31 March 2012	Variance	% change
UK and Other	(171 187)	(187 920)	16 733	(8.9%)
Southern Africa	(61 976)	(69 326)	7 350	(10.6%)
Australia	(17 849)	(67 872)	50 023	(73.7%)
Total impairment losses on loans and advances	(251 012)	(325 118)	74 106	(22.8%)
Impairment losses on loans and advances in home currency				
Southern Africa (R'mn)	(833)	(824)	9	(1.1%)
Australia (A$'mn)	(27.3)	(106.1)	(78.8)	(74.3%)

Operating costs and depreciation

The ratio of total operating costs to total operating income amounted to 65.5% (2012: 64.7%).

Total operating expenses grew by 5.9% to £1 302.9 million (2012: £1 230.6 million) as a result of the acquisitions of the Evolution Group plc, the NCB Group and Alliance Equipment Finance.

Financial review (continued)

£'000	31 March 2013	% of total expenses	31 March 2012	% of total expenses	% change
Staff costs	(877 237)	66.5%	(831 076)	66.0%	5.6%
– fixed	(602 780)	45.7%	(575 962)	45.7%	4.7%
– variable	(274 457)	20.8%	(255 114)	20.3%	7.6%
Business expenses	(201 017)	15.2%	(190 512)	15.1%	5.5%
Premises expenses (excluding depreciation)	(73 643)	5.6%	(73 243)	5.8%	0.5%
Equipment expenses (excluding depreciation)	(65 092)	5.0%	(52 833)	4.2%	23.2%
Marketing expenses	(55 641)	4.2%	(54 210)	4.3%	2.6%
Depreciation and impairment of property, plant, equipment and software	(30 299)	2.3%	(28 754)	2.3%	5.4%
Total operating expenses	(1 302 929)	98.8%	(1 230 628)	97.7%	5.9%
Depreciation on operating leased assets	(16 072)	1.2%	(28 670)	2.3%	(43.9%)
Total expenses	(1 319 001)	100.0%	(1 259 298)	100.0%	4.7%

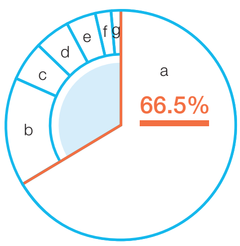
The following table sets out certain information on total expenses by geography for the year under review.

£'000	31 March 2013	% of total expenses	31 March 2012	% of total expenses	% change
UK and Other	(753 102)	57.0%	(700 320)	55.6%	7.5%
Southern Africa	(454 427)	34.5%	(459 213)	36.5%	(1.0%)
Australia	(111 472)	8.5%	(99 765)	7.9%	11.7%
Total expenses	(1 319 001)	100.0%	(1 259 298)	100.0%	4.7%

The following table sets out certain information on total expenses by division for the year under review.

£'000	31 March 2013	% of total expenses	31 March 2012	% of total expenses	% change
Asset Management	(266 784)	20.2%	(241 529)	19.2%	10.5%
Wealth & Investment	(198 321)	15.1%	(157 799)	12.5%	25.7%
Specialist Banking	(853 896)	64.7%	(859 970)	68.3%	(0.7%)
Total expenses	(1 319 001)	100.0%	(1 259 298)	100.0%	4.7%

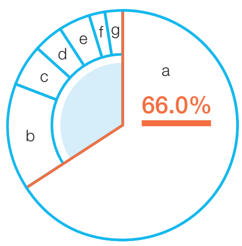
% of total expenses



31 March 2013

£1 319 million total expenses

a	Staff costs	66.5%
b	Business expenses	15.2%
c	Premises expenses	5.6%
d	Equipment expenses	5.0%
e	Marketing expenses	4.2%
f	Depreciation	2.3%
g	Depreciation on operating leased assets	1.2%



31 March 2012

£1 259 million total expenses

a	Staff costs	66.0%
b	Business expenses	15.1%
c	Premises expenses	5.8%
d	Equipment expenses	4.2%
e	Marketing expenses	4.3%
f	Depreciation	2.3%
g	Depreciation on operating leased assets	2.3%

Key income drivers in our core businesses

The information below reflects our key income drivers in our core businesses.

Asset Management

Global business (in Pounds)	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
Operating margin	34.5%	35.7%	37.0%	33.4%	33.5%	35.1%
Net inflows in funds under management as a % of opening funds under management	6.7%	8.8%	16.0%	16.2%	2.6%	2.1%
Average income yield earned on funds under management^	0.62%	0.62%	0.66%	0.67%	0.70%	0.74%

Wealth & Investment

	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
Global business (in Pounds)						
Operating margin	20.3%	19.7%	25.9%	n/a*	n/a*	n/a*
Net organic growth in funds under management as a % of opening funds under management	2.0%	(5.3%)	6.2%	n/a*	n/a*	n/a*
Average income yield earned on funds under management^	0.66%	0.61%	0.55%	n/a*	n/a*	n/a*
UK and Other^^ (in Pounds)						
Operating margin	17.3%	16.3%	24.5%	n/a*	n/a*	n/a*
Net organic growth in funds under management as a % of opening funds under management	1.3%	(7.4%)	3.5%	n/a*	n/a*	n/a*
Average income yield earned on funds under management^	0.86%	0.80%	0.68%	n/a*	n/a*	n/a*
South Africa (in Rands)						
Operating margin	31.3%	28.5%	28.9%	35.5%	35.3%	40.2%
Net organic growth in discretionary funds under management as a % of opening discretionary funds under management	13.9%	8.7%	6.0%	3.4%	(4.2%)	10.1%
Average income yield earned on funds under management^**	0.37%	0.39%	0.41%	0.41%	0.41%	0.41%

* *Prior to 25 June 2010, Rensburg Sheppards plc was an associate of Investec and not a 100% owned subsidiary.*

** *A large portion of the funds under management are discretionary funds.*

^ *The average income yield on funds under management represents the total operating income for the period as a percentage of the average of opening and closing funds under management. This calculation does not take into account the impact of market movements throughout the period on funds under management or the timing of acquisitions and disposals during the respective periods.*

^^ *Other comprises European Wealth Management, which prior to 1 July 2010 was part of the Private Bank, and NCB, which was acquired on 12 June 2012.*

Specialist Banking

	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
Global business (in Pounds)						
Cost to income ratio	62.8%	62.4%	60.1%	56.4%	54.5%	54.9%
ROE post-tax^	6.6%	5.1%	8.2%	11.4%	13.4%	22.2%
Growth in net core loans	1.0%	(2.8%)	4.8%	10.3%	26.2%	27.3%
Growth in risk-weighted assets	6.0%	0.6%	14.1%	16.4%	15.9%	n/a
Credit loss ratio on core loans	0.84%	1.12%	1.27%	1.16%	1.08%	0.51%
UK and Other (in Pounds)						
Cost to income ratio	65.0%	63.7%	63.2%	61.3%	60.0%	64.0%
ROE post-tax^	2.7%	2.5%	3.3%	8.2%	7.1%	13.3%
Growth in net core loans	3.4%	3.8%	2.6%	(8.8%)	10.3%	36.3%
Growth in risk-weighted assets	8.1%	4.6%	9.6%	5.3%	3.8%	n/a
Credit loss ratio on core loans	1.26%	1.22%	2.50%	1.85%	1.55%	0.46%
Southern Africa (in Rands)						
Cost to income ratio	55.5%	55.2%	54.7%	49.8%	48.5%	47.6%
ROE post-tax^	10.0%	9.6%	10.7%	13.8%	18.2%	24.8%
Growth in net core loans	10.2%	6.6%	0.3%	1.9%	14.1%	33.5%
Growth in risk-weighted assets	16.5%	11.9%	13.8%	3.6%	11.1%	n/a
Credit loss ratio on core loans	0.61%	0.65%	0.71%	0.68%	0.69%	0.48%
Australia (in Australian Dollars)						
Cost to income ratio	83.4%	96.9%	69.7%	61.9%	63.1%	59.4%
ROE post-tax^	1.1%	(10.8%)	1.6%	3.6%	0.6%	12.0%
Growth in net core loans	7.1%	(9.3%)	9.4%	3.4%	13.4%	60.9%
Growth in risk-weighted assets	14.7%	(11.9%)	16.9%	(4.3%)	2.9%	n/a
Credit loss ratio on core loans	0.85%	3.13%	1.53%	1.70%	2.23%	0.98%

^ *Divisional ROEs are reported on a pre-tax basis. For the purpose of this calculation we have applied the group's effective tax rate to derive post-tax numbers.*

Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests

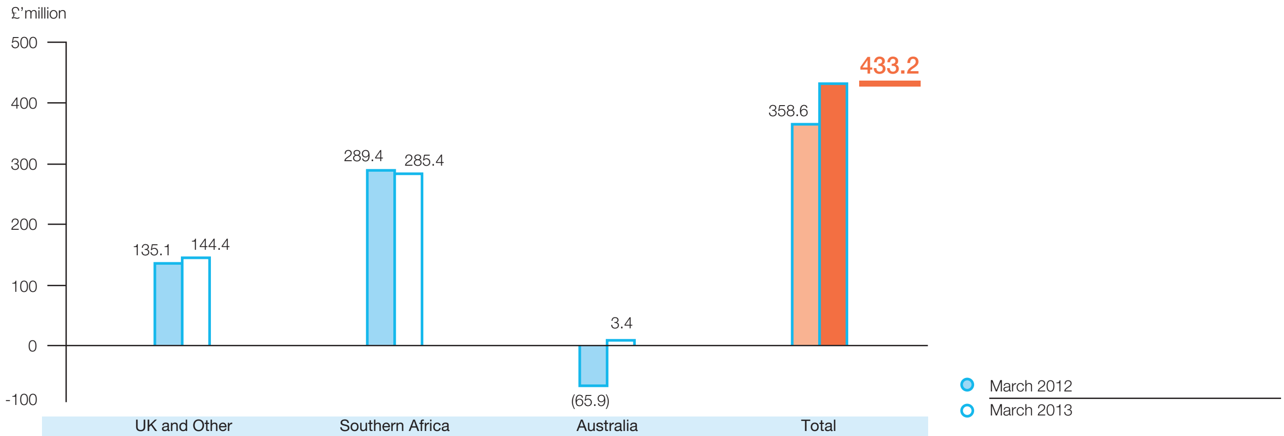
As a result of the foregoing factors, our operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests increased by 20.8% from £358.6 million to £433.2 million.

The following tables set out information on operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests by geography and by division for the year under review.

For the year ended 31 March 2013 £'000	UK and Other	Southern Africa	Australia	Total group	% change	% of total
Asset Management	59 341	80 823	–	140 164	4.8%	32.4%
Wealth & Investment	33 910	16 757	–	50 667	30.9%	11.7%
Specialist Banking	51 156	187 782	3 401	242 339	30.1%	55.9%
Total group	144 407	285 362	3 401	433 170	20.8%	100.0%
Non-controlling interest – equity				3 317		
Operating profit				436 487		
% change	6.9%	(1.4%)	>100.0%	20.8%		
% of total	33.3%	65.9%	0.8%	100.0%		

For the year ended 31 March 2012 £'000	UK and Other	Southern Africa	Australia	Total group	% of total
Asset Management	58 922	74 771	–	133 693	37.3%
Wealth & Investment	23 268	15 453	–	38 721	10.8%
Specialist Banking	52 880	199 212	(65 881)	186 211	51.9%
Total group	135 070	289 436	(65 881)	358 625	100.0%
Non-controlling interest – equity				(11 035)	
Operating profit				347 590	
% of total	37.7%	80.7%	(18.4%)	100.0%	

Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests by geography



Investec in perspective
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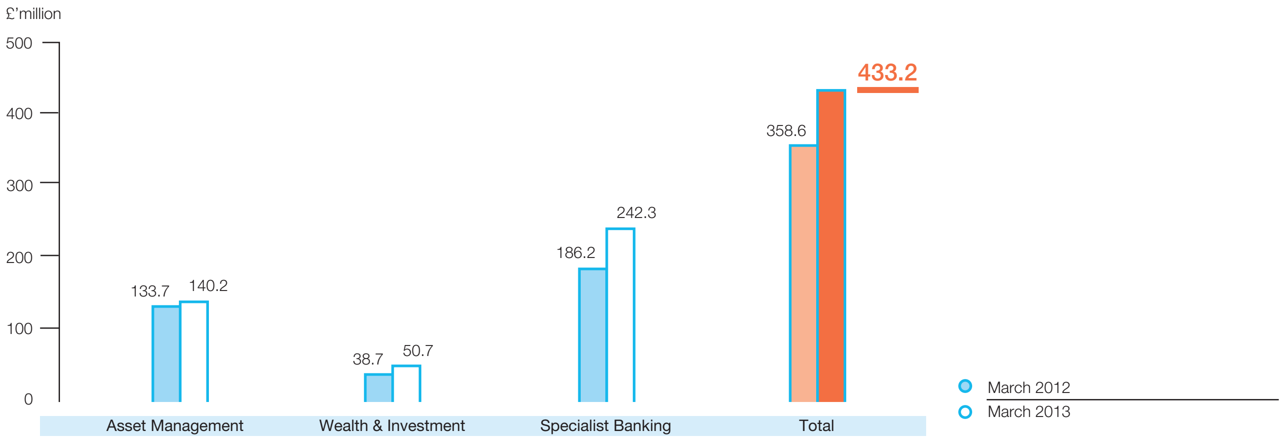
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests by line of business



Impairment of goodwill

The current year's goodwill impairment relates to Asset Management businesses acquired in prior years and the group's Trust business.

Goodwill and intangible assets analysis – balance sheet information

£'000	31 March 2013	31 March 2012
UK and Other	406 389	409 837
Asset Management	88 045	88 045
Wealth & Investment	243 102	233 120
Specialist Banking	75 242	88 672
Southern Africa	10 260	13 696
Asset Management	7 450	10 487
Wealth & Investment	2 494	2 850
Specialist Banking	316	359
Australia	50 257	44 787
Specialist Banking	50 257	44 787
Total goodwill	466 906	468 320
Intangible assets	178 567	192 099
Total goodwill and intangible assets	645 473	660 419

Amortisation of acquired intangibles

Amortisation of acquired intangibles relates to the Wealth & Investment business and mainly comprises amortisation of amounts attributable to client relationships.

Costs arising from acquisitions

As anticipated for the 2012 financial year, a further cost of £12.3 million (before tax) arose on the integration of the Evolution Group plc, and £2.0 million arose on the acquisition and integration of the NCB Group.

Taxation

The effective tax rate amounts to 18.1% (2012: 18.1%).

	Effective tax rates		31 March 2013	31 March 2012	
	2013	2012	£'000	£'000	% change
UK and Other	21.8%	26.7%	(31 537)	(33 911)	(7.0%)
Southern Africa	16.9%	16.9%	(48 693)	(48 536)	0.3%
Australia	(42.0%)	(29.7%)*	1 430	19 540	92.7%
Tax	18.1%	18.1%	(78 800)	(62 907)	25.3%

* *The business was loss making.*

Profits attributable to non-controlling interests

Profits attributable to non-controlling interests mainly comprise £2.3 million relating to Euro denominated preferred securities issued by a subsidiary of Investec plc which are reflected on the balance sheet as part of non-controlling interests. (The transaction is hedged and a forex transaction profit arising on the hedge is reflected in operating profit before goodwill with the equal and opposite impact reflected in earnings attributable to non-controlling interests).

Earnings attributable to shareholders

As a result of the foregoing factors, earnings attributable to shareholders increased from £247.5 million to £317.5 million.

Dividends and earnings per share

Information with respect to dividends and earnings per share is provided on pages 98 and 99 and pages 124 to 126.

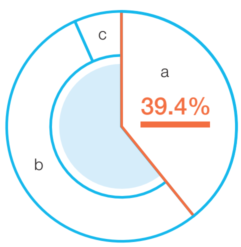
Balance sheet analysis

Since 31 March 2012:

- Total shareholders' equity (including non-controlling interests) decreased by 0.2% to £4.0 billion – an increase of 4.4% on a currency neutral basis. The weakening of the closing Rand exchange rate relative to Pounds Sterling has resulted in a reduction in total equity of £188 million
- Net asset value per share decreased 0.1% to 391.5 pence and net tangible asset value per share (which excludes goodwill and intangible assets) increased by 0.4% to 318.2 pence largely as a result of the depreciation of the Rand as described above
- The return on adjusted average shareholders' equity increased from 7.8% to 9.5%.

The group's gearing ratios remain low with core loans and advances to equity at 4.6 times (2012: 4.5 times) and total assets (excluding assurance assets) to equity at 11.2 times (2012: 11.3 times).

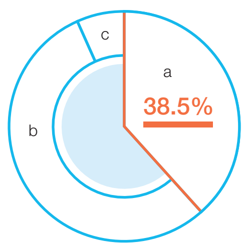
Assets by geography



31 March 2013

£51 000 million total assets

a	UK and Other	39.4%
b	Southern Africa	54.1%
c	Australia	6.5%



31 March 2012

£51 550 million total assets

a	UK and Other	38.5%
b	Southern Africa	54.9%
c	Australia	6.6%

Net tangible asset value per share

The group's net tangible asset value per share is reflected in the table below.

£'000	31 March 2013	31 March 2012
Shareholders' equity	3 724 606	3 716 415
Less: perpetual preference shares issued by holding companies	(377 659)	(384 229)
Less: goodwill and intangible assets (excluding software)	(626 870)	(637 773)
Net tangible asset value	2 720 077	2 694 413
Number of shares in issue (million)	884.8	874.0
Treasury shares (million)	(30.1)	(24.0)
Number of shares in issue in this calculation (million)	854.7	850.0
Net tangible asset value per share (pence)	318.2	317.0
NAV per share	391.5	392.0

Return on risk-weighted assets

The group's return on risk-weighted assets is reflected in the table below.

	31 March 2013	31 March 2012	Average	31 March 2011	Average
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	316 709	257 579			
Investec plc risk-weighted assets (£'million)	13 755	12 827	13 291	12 292	12 560
Investec Limited risk-weighted assets* (£'million)	16 036	15 679	15 858	15 843	15 761
Total risk-weighted assets (£'million)	29 791	28 506	29 149	28 135	28 321
Return on average risk-weighted assets	1.09%	0.91%			
* Investec Limited risk-weighted assets (R'million)	223 863	192 376		172 370	

Capital adequacy

We hold capital in excess of regulatory requirements targeting a minimum tier 1 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. Capital ratios are within the group's target range across all core geographies.

ROE by country and business

Return on capital by segment

Methodology based on segmental information after reallocation of:

- a notional return on capital (net of the cost of subordinated debt) which is managed and borne in the centre from 'Other Activities in the Specialist Bank' to the business segments based on their total capital utilisation.

£'000	31 March 2013	31 March 2012	Average	31 March 2011	Average
Calculation of average shareholders' equity					
Ordinary shareholders' equity	3 346 947	3 332 186	3 339 566	3 253 213	3 292 700
Goodwill and intangible assets (excluding software)	(626 870)	(637 773)	(632 322)	(564 726)	(601 250)
Adjusted tangible shareholders' equity	2 720 077	2 694 413	2 707 244	2 688 487	2 691 450

£'000	31 March 2013	31 March 2012
Operating profit before goodwill, acquired intangibles, non-operating items and taxation	436 487	347 590
Non-controlling interests	(3 317)	11 035
Accrued preference dividends, adjusted for currency hedge	(37 661)	(38 139)
Operating profit	395 509	320 486
Tax on ordinary activities	(78 800)	(62 907)
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	316 709	257 579
Pre-tax return on average ordinary shareholders' equity	11.8%	9.7%
Post-tax return on average ordinary shareholders' equity	9.5%	7.8%
Pre-tax return on average tangible ordinary shareholders' equity	14.6%	11.9%
Post-tax return on average tangible ordinary shareholders' equity	11.7%	9.6%

ROE by geography

£'000	UK and Other	Southern Africa	Australia	Total group
Operating profit before goodwill, acquired intangibles, non-operating items and taxation	144 804	288 282	3 401	436 487
Tax on ordinary activities	(31 537)	(48 693)	1 430	(78 800)
Non-controlling interests	(397)	(2 920)	–	(3 317)
Accrued preference dividends, adjusted for currency hedge	(13 868)	(23 793)	–	(37 661)
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items – 31 March 2013	99 002	212 876	4 831	316 709
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items – 31 March 2012	87 165	216 755	(46 341)	257 579
Ordinary shareholders' equity – 31 March 2013	1 500 600	1 429 376	416 971	3 346 947
Goodwill and intangible assets (excluding software)	(549 581)	(10 260)	(67 029)	(626 870)
Tangible ordinary shareholders' equity – 31 March 2013	951 019	1 419 116	349 942	2 720 077
Ordinary shareholders' equity – 31 March 2012	1 515 289	1 429 170	387 727	3 332 186
Goodwill and intangible assets (excluding software)	(562 675)	(13 697)	(61 401)	(637 773)
Tangible ordinary shareholders' equity – 31 March 2012	952 614	1 415 473	326 326	2 694 413
Average ordinary shareholders' equity – 31 March 2013	1 507 945	1 429 272	402 349	3 339 566
Average ordinary shareholders' equity – 31 March 2012	1 424 375	1 450 951	417 374	3 292 700
Average tangible shareholders' equity – 31 March 2013	951 817	1 417 293	338 134	2 707 244
Average tangible shareholders' equity– 31 March 2012	892 745	1 434 775	363 930	2 691 450
Post-tax return on average ordinary shareholders' equity – 31 March 2013	6.6%	14.9%	1.2%	9.5%
Post-tax return on average ordinary shareholders' equity – 31 March 2012	6.1%	14.9%	(11.1%)	7.8%
Post-tax return on average tangible shareholders' equity – 31 March 2013	10.4%	15.0%	1.4%	11.7%
Post-tax return on average tangible shareholders' equity – 31 March 2012	9.8%	15.1%	(12.7%)	9.6%
Pre-tax return on average ordinary shareholders' equity – 31 March 2013	8.7%	18.3%	0.8%	11.8%
Pre-tax return on average ordinary shareholders' equity – 31 March 2012	8.4%	18.3%	(15.8%)	9.7%
Pre-tax return on average tangible shareholders' equity – 31 March 2013	13.7%	18.5%	1.0%	14.6%
Pre-tax return on average tangible shareholders' equity – 31 March 2012	13.4%	18.5%	(18.1%)	11.9%

ROE by business

£'000	Asset Management	Wealth & Investment	Specialist Banking	Total group	Adjusted Wealth & Investment^
Total operating profit, after non-controlling interests	140 164	50 667	242 339	433 170	50 667
Notional return on regulatory capital	1 730	1 104	(2 834)	–	1 104
Notional cost of statutory capital	(2 447)	(1 605)	4 052	–	(1 605)
Cost of subordinated debt	(1 036)	(632)	1 668	–	(632)
Cost of preference shares	(433)	(307)	(36 921)	(37 661)	(307)
Absorption of additional residual costs**	(9 359)	(3 892)	13 251	–	(3 892)
Adjusted earnings – 31 March 2013	128 619	45 335	221 555	395 509	45 335
Adjusted earnings – 31 March 2012	119 340	32 518	168 628	320 486	32 518
Ordinary shareholders' equity – 31 March 2013	127 955	415 797	2 803 195	3 346 947	256 747
Goodwill and intangible assets (excluding software)	(95 495)	(402 363)	(129 012)	(626 870)	(243 313)
Tangible ordinary shareholders' equity – 31 March 2013	32 460	13 434	2 674 183	2 720 077	13 434
Ordinary shareholders' equity – 31 March 2012	142 602	475 325	2 714 259	3 332 186	316 275
Goodwill and intangible assets (excluding software)	(98 532)	(402 343)	(136 898)	(637 773)	(243 293)
Tangible ordinary shareholders' equity – 31 March 2012	44 070	72 982	2 577 361	2 694 413	72 982
Average ordinary shareholders' equity – 31 March 2013	135 279	445 561	2 758 726	3 339 566	286 511
Average ordinary shareholders' equity – 31 March 2012	142 105	424 246	2 726 349	3 292 700	247 863
Average tangible shareholders' equity – 31 March 2013	38 265	43 208	2 625 771	2 707 244	43 208
Average tangible shareholders' equity – 31 March 2012	41 352	69 271	2 580 827	2 691 450	69 271
Pre-tax return on average ordinary shareholders' equity – 31 March 2013	95.1%	10.2%	8.0%	11.8%	15.8%
Pre-tax return on average ordinary shareholders' equity – 31 March 2012	84.0%	7.7%	6.2%	9.7%	13.1%
Pre-tax return on average tangible shareholders' equity – 31 March 2013	336.1%	104.9%	8.4%	14.6%	104.9%
Pre-tax return on average tangible shareholders' equity – 31 March 2012	288.6%	46.9%	6.5%	11.9%	46.9%

** *This allocation represents a portion of the costs remaining in the centre which are indirectly allocated to operating divisions as they facilitate their operations but are excluded in calculating performance incentive remuneration. These allocations are based on management's estimates of relative benefit derived.*

^ *The adjusted Wealth & Investment is consistent with the group computation, except for:*

- *an adjustment of £159.1 million between ordinary shareholders' funds and goodwill which represents historical accounting gains, with a corresponding effective increase in goodwill. These gains were excluded from group adjusted earnings (2006 and 2011) and related to the sale of Carr Sheppards Crosthwaite Ltd (CSC) to Rensburg plc (subsequently renamed Rensburg Sheppards plc) on 6 May 2005 and the subsequent gain on the acquisition of the remaining share in Rensburg Sheppards plc on 25 June 2010*
- *the average equity calculations take into consideration the timing of the acquisition of the Evolution Group.*

Total third party assets under management

£'million	31 March 2013	31 March 2012
Investec Asset Management	69 822	61 555
UK and Other	41 569	36 154
Southern Africa	28 253	25 401
Wealth & Investment	40 350	34 771
UK and Other	24 733	20 969
Southern Africa	15 617	13 802
Property Activities	320	230
Southern Africa	185	81
Australia	135	149
Australia other funds	186	220
Total	110 678	96 776

A further analysis of third party assets under management

At 31 March 2013 £'million	UK and Other	Southern Africa	Australia	Total
Investec Asset Management	41 569	28 253	–	69 822
Mutual Funds	17 004	11 847	–	28 851
Segregated Mandates	24 565	16 406	–	40 971
Wealth & Investment	24 733	15 617	–	40 350
Discretionary	16 381	2 604	–	18 985
Non-discretionary	7 079	13 013	–	20 092
Other	1 273	–	–	1 273
Property Activities	–	185	135	320
Australia other funds	–	–	186	186
Total third party assets under management	66 302	44 055	321	110 678

At 31 March 2012 £'million	UK and Other	Southern Africa	Australia	Total
Investec Asset Management	36 154	25 401	–	61 555
Mutual Funds	17 490	9 683	–	27 173
Segregated Mandates	18 664	15 718	–	34 382
Wealth & Investment	20 969	13 802	–	34 771
Discretionary	14 187	2 185	–	16 372
Non-discretionary	5 316	11 617	–	16 933
Other	1 466	–	–	1 466
Property Activities	–	81	149	230
Australia other funds	–	–	220	220
Total third party assets under management	57 123	39 284	369	96 776

Operating profit (before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests) per employee

By division	Asset Management	Wealth & Investment	Specialist Banking	Total group
Number of employees – 31 March 2013	1 268	1 332	5 551	8 151
Number of employees – 31 March 2012	1 173	1 319	5 289	7 781
Number of employees – 31 March 2011	1 071	976	5 190	7 237
Average employees – year to 31 March 2013	1 220	1 326	5 420	7 966
Average employees – year to 31 March 2012	1 122	1 148	5 240	7 510
Operating profit – year to 31 March 2013 (£'000)	140 164	50 667	242 339	433 170
Operating profit – year to 31 March 2012 (£'000)	133 693	38 721	186 211	358 625
Operating profit per employee^ – 31 March 2013 (£'000)	114.9	38.2	44.7	54.4
Operating profit per employee^ – 31 March 2012 (£'000)	119.2	33.7	35.5	47.8

By geography	UK and Other	Southern Africa	Australia	Total group
Number of employees – 31 March 2013	3 495	4 168	488	8 151
Number of employees – 31 March 2012	3 289	4 068	424	7 781
Number of employees – 31 March 2011	2 709	4 101	427	7 237
Average employees – year to 31 March 2013	3 392	4 118	456	7 966
Average employees – year to 31 March 2012	2 999	4 085	426	7 510
Operating profit – year to 31 March 2013 (£'000)	144 407	285 362	3 401	433 170
Operating profit/(loss) – year to 31 March 2012 (£'000)	135 070	289 436	(65 881)	358 625
Operating profit per employee^ – 31 March 2013 (£'000)	42.6	69.3	7.5	54.4
Operating profit/(loss) per employee^ – 31 March 2012 (£'000)	45.0	70.9	(154.7)	47.8

^ *Based on average number of employees over the year.*

Number of employees

By division – permanent employees	31 March 2013	31 March 2012
Asset Management		
UK and Other	383	359
Southern Africa	778	728
Total	1 161	1 087
Wealth & Investment		
UK and Other	973	1021
Southern Africa	272	239
Total	1 245	1 260
Specialist Banking		
UK and Other	1 982	1 821
Southern Africa	2 698	2 694
Australia	470	407
USA	19	17
Total	5 169	4 939
Total number of permanent employees	7 575	7 286

By geography	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008	31 March 2007
UK and Other	3 338	3 181	2 606	1 763	1 706	1 812	1 294
Southern Africa	3 748	3 661	3 680	3 542	3 541	3 666	3 476
Australia	470	411	401	356	354	424	235
USA	19	33	29	23	22	12	5
Temporary employees and contractors	576	495	521	439	328	419	420
Total number of employees	8 151	7 781	7 237	6 123	5 951	6 333	5 430

Divisional
review

2

Group divisional structure

Our strategic goals and objectives are motivated by the desire to develop an efficient and integrated business on an international scale through the active pursuit of clearly established core competencies in our principal business areas. Our core philosophy has been to build well-defined, value-added businesses focused on serving the needs of select market niches where we can compete effectively.

We seek to maintain an appropriate balance between revenue earned from operational risk businesses and revenue earned from financial risk businesses. This ensures that we are not over reliant on any one part of our business to sustain our activities and that we have a large recurring revenue base that enables us to navigate through varying cycles and to support our long-term growth objectives.

Our current strategic objectives include increasing the proportion of our non-lending revenue base which we largely intend to achieve through the continued strengthening and development of our Wealth and Asset Management businesses.

Investec is a focused specialist bank and asset manager striving to be distinctive in all that it does.

Asset Management	Wealth & Investment	Specialist Banking
What we do	**What we do**	**What we do**
4Factor™ equities Quality Frontier and emerging market equities Value Commodities and resources Emerging market fixed income Multi-asset	Portfolio management Stockbroking Alternative investments Investment advisory services Electronic trading services Retirement portfolios	Property Activities Private Banking Activities Corporate Advisory and Investment Activities Corporate and Institutional Banking Activities Group Services and Other activities
Where we operate	**Where we operate**	**Where we operate**
Africa Americas and Japan Asia Australia Europe Middle East UK	Southern Africa UK and Europe	Australia Canada Hong Kong India Southern Africa UK and Europe USA

Integrated global management structure

Global roles

Chief executive officer	Stephen Koseff	Executive director	Hendrik du Toit
Managing director	Bernard Kantor	Group risk and finance director	Glynn Burger

Geographical business leaders

South Africa
Andy Leith
Glynn Burger
David Lawrence

United Kingdom
David van der Walt

Australia
David Clarke (outgoing)
Ciaran Whelan (acting)

Specialist Banking

Property Activities
Sam Hackner

Private Banking Activities
Ciaran Whelan

Corporate Advisory and Investment Activities
Andy Leith

Corporate and Institutional Banking Activities
David van der Walt

Asset Management
Hendrik du Toit

Wealth & Investment
Steve Elliott

Support structures

Banking and institutions
David Lawrence

Chief integrating officer
Allen Zimbler

Corporate governance and compliance
Bradley Tapnack

Marketing
Raymond van Niekerk

Finance and risk management
Glynn Burger

Share schemes and secretarial
Les Penfold

Divisional review

2

At Investec Asset Management, our business is to manage clients' investments to the highest standard possible by exceeding their investment and client service expectations

Global head: Hendrik du Toit
Chief operating and financial officer: Kim McFarland
Global head of client group: John Green
Co-chief investment officer: Domenico (Mimi) Ferrini
Co-chief investment officer: John McNab

We manage £69.8 billion of assets on behalf of our clients from around the world who are invested in our seven core investment capabilities.

Our clients include some of the world's largest private and public sector pension funds, insurers and corporates, and range from foundations and central banks to intermediated and direct investors.

Employing over 145 investment professionals, we manage our investments from two investment centres (London and Cape Town) serving our client base from seven geographically defined client groups.

Established in 1991, we have grown largely organically from domestic roots in Southern Africa and are still managed by our founding members, representing continuity and stability throughout our growth.

Our value proposition

- Organically built an independent global platform with roots in an emerging market
- Independently managed unit within the Investec group
- Competitive investment performance in chosen specialities
- Truly global approach:
  - global investing
  - global client base
  - global operations platform
- Institutional and adviser focus
- Unique and clearly understood culture
- Stable and experienced leadership
  - executive committee: average tenure of 19 years
  - top 30 leaders: average tenure of 14 years.

Annual highlights

Operating profit increased by 4.8% to £140.2 million, contributing 32.4% to group profit

Assets under management
up 13.4% to
£69.8 billion

Net new flows of
£4.1 billion
(2012: £5.2 billion)

Operating margin 34.5%
(2012: 35.7%)

Calendar year 2012

Winner of *Financial News* Award for Excellence in European Institutional Asset Management, CEO of the Year (Hendrik du Toit)

Winner of *aiCIO* Award for Emerging Markets Manager of the Year

Winner of *European Pension* Award for Emerging Markets Manager of the Year

Winner of South Africa's Raging Bull Award for Offshore Management Company of the Year (second year running)

Winner of Imbasa Yegolide Award for Global Manager of the Year (third year running) and for Balanced Fund Manager of the Year

Winner of *EMEA Finance's* Best Asset Manager in Africa award (second year running)

Winner of Lipper Fund Award for Best Mixed Asset Group (Large) over three years

Highly commended for *Global Investor's* Asset Manager of the Year award

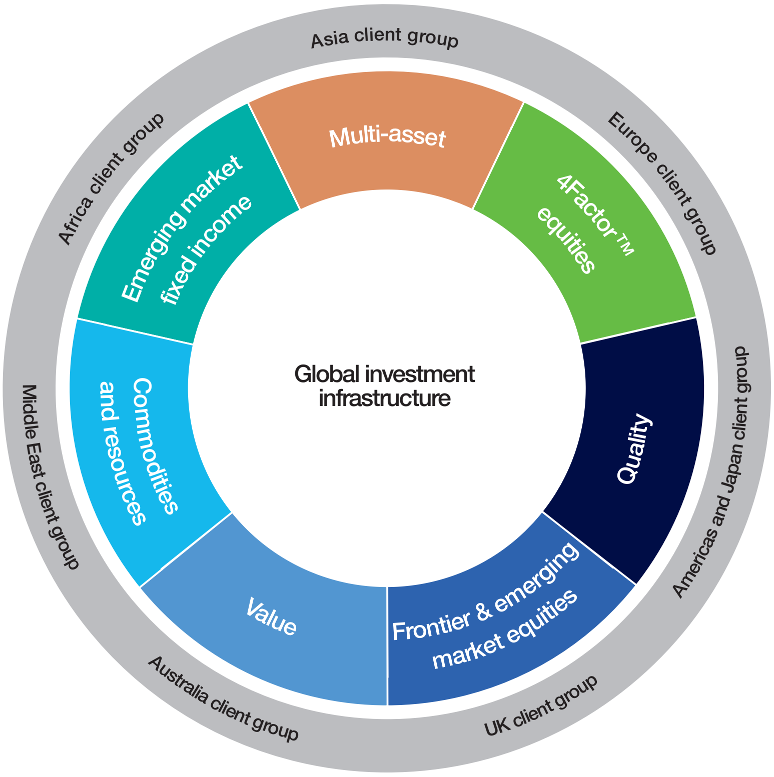
Shortlisted for *Funds Europe's* European Asset Management Company of the Year award (AUM > €20 billion)

Investment performance

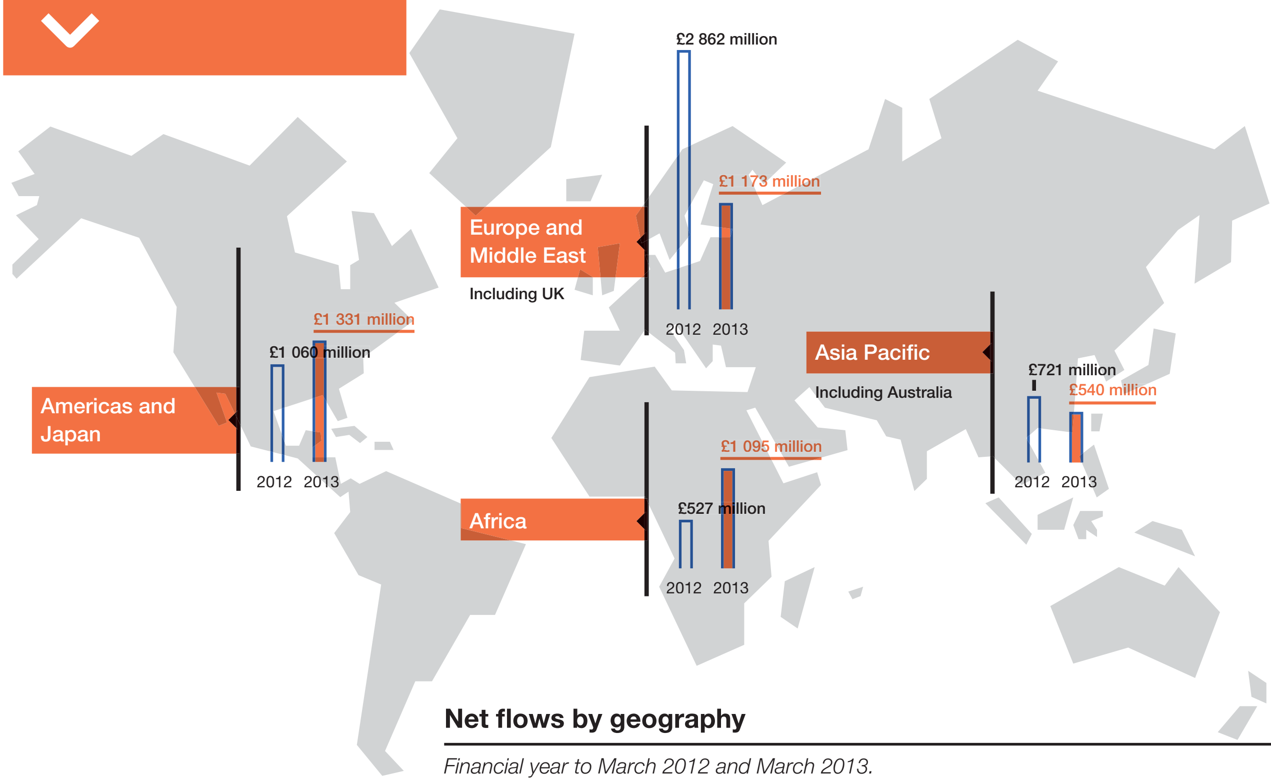
All of our investment capabilities are managed with the simple aim of delivering performance which meets or exceeds our clients' expectations around specific strict risk parameters.

We measure our investment performance relative to peer group and against benchmark over one, three, five and 10 year periods and since inception. Our long-term track record remains competitive.

Capabilities and organisational structure



Where we operate



Net flows by geography

Financial year to March 2012 and March 2013.

Divisional review

2

Investec Wealth & Investment offers its clients comfort in its scale, international reach and depth of investment processes. Investec Wealth & Investment is one of the UK's leading private client investment managers and the largest in South Africa

Global head: Steve Elliott
UK head: Jonathan Wragg
South Africa head: Henry Blumenthal
Switzerland head: Peter Gyger
NCB Wealth Management head: Greg Dilger

Today the business specialises in wealth management, portfolio management, private office and stockbroking services for individuals, families, trusts and charities. Formed through the alliance of Investec Private Client Securities, Investec Private Bank's Wealth Management division and the acquisition of Rensburg Sheppards and Williams de Broë in the UK, we are one of the UK's leading private client investment managers and the largest in South Africa.

Further detail on the Wealth & Investment management structure is available on our website.

Our value proposition

- Investec Wealth & Investment has been built via acquisition of businesses and organic growth over a long period of time
- Well established platforms in the UK, South Africa and Switzerland. The new Guernsey business is expected to be fully operational during the second half of 2013
- Focus is on internationalising the business, development of online capabilities and organic growth in our key markets
- c.100 000 clients.

Annual highlights

Operating profit up 30.9% to £50.7 million, contributing 11.7% to group profit

Assets under management up 16.0% to £40.4 billion

Operating margin 20.3% (2012: 19.7%)

15.8% ROE (pre-tax) (2012: 13.1%)

Net new flows of £0.8 billion

104.9% tangible ROE (pre-tax) (2012: 46.9%)

What we do and where we operate

United Kingdom

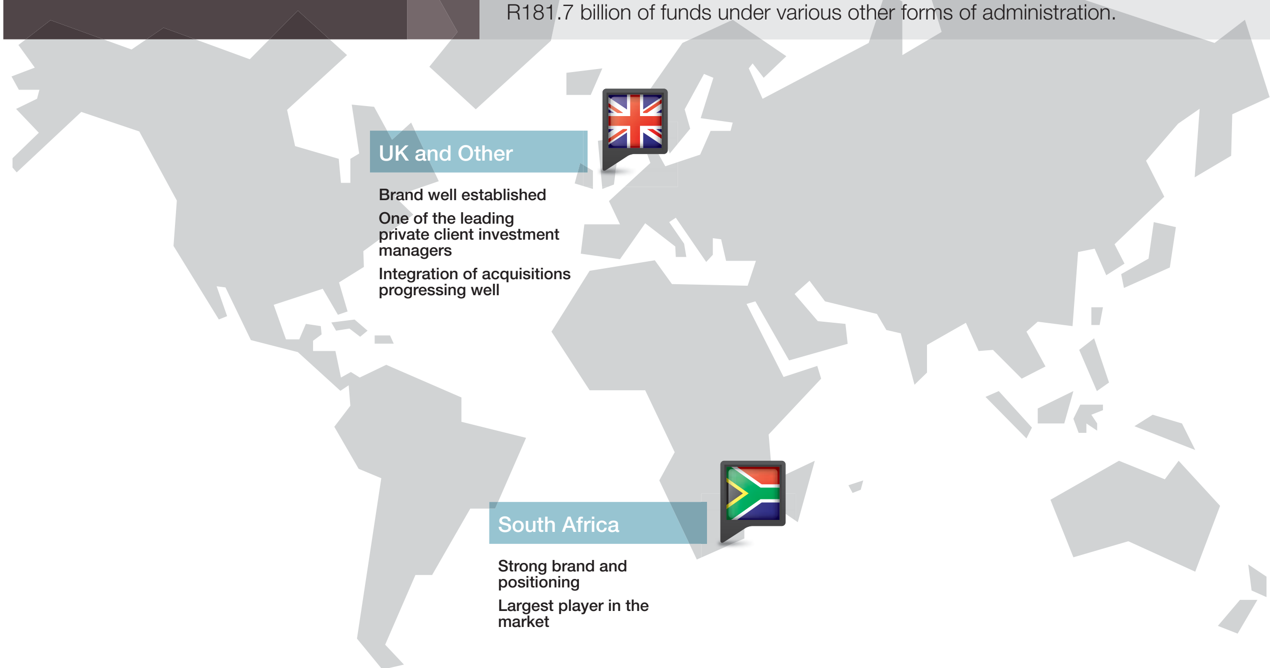
Investments and savings	Pensions and retirement	Tax planning and mitigation
• Discretionary and advisory portfolio management services for private clients • Specialist investment management services for charities, pension schemes and trusts • Independent financial planning advice for private clients and businesses • Specialist portfolio management services for international clients, including resident and non-domiciled clients.	• Discretionary investment management for company pension and Self Invested Personal Pension (SIPP) schemes • Advice and guidance on pension schemes, life assurance and income protection schemes.	• Individual and corporate tax planning services, including ISAs and Venture Capital Trusts • Inheritance tax planning.

The European operations are conducted through NCB, which operates from Ireland, and European Wealth Management, which operates predominantly from Switzerland but also has a presence in Guernsey.

Over 1 000 staff operate from offices located throughout the UK and Europe, with combined funds under management of £24.7 billion. Investec Wealth & Investment is one of the UK's leading providers of private client investment management services.

South Africa

Investec Wealth & Investment South Africa provides portfolio management, wealth management and stockbroking services for private clients, charities, pension funds and trusts, operating from eight offices across South Africa with R36.4 billion of funds under full discretionary management and a further R181.7 billion of funds under various other forms of administration.



Specialist expertise delivered with dedication and energy

Global heads

Andy Leith	Corporate Advisory and Investment Activities
Sam Hackner	Property Activities
David van der Walt	Corporate and Institutional Banking Activities
Ciaran Whelan	Private Banking Activities

Further information on the Specialist Banking management structure is available on our website.

The specialist teams are well positioned to provide services for both personal and business needs right across Private Banking, Property Investments, Corporate and Institutional Banking and Corporate Advisory and Investment.

Our value proposition

- High quality specialist banking solution to corporate, institutional and private clients with leading positions in selected areas
- Provide high touch personalised service
- Ability to leverage international, cross-border platforms
- Well positioned to capture opportunities between the developed and the emerging world
- Balanced business model with good business depth and breadth
- Total corporate and other clients: c.335 000
- Total high income and high net worth clients: c.167 000

Annual highlights

62.8%
cost to income
(2012: 62.4%)

Operating profit
up 30.1% to
£242.3 million
contributing 55.9% to group profit

8.0%
ROE (pre-tax)
(2012: 6.2%)

Loans and advances
£18.4 billion
2012: £18.2 billion)

8.4%
Tangible ROE
(pre-tax)
(2012: 6.5%)

Customer deposits
£24.5 billion
2012: £25.3 billion)

Specialist Banking (continued)

What we do

Corporates/government/institutional clients

Corporate Advisory and Investment Activities

Advisory

Institutional, research, sales and trading

Principal investments

Property activities

Australia
Hong Kong
India
Southern Africa
UK and Europe
USA

Corporate and Institutional Banking Activities

Treasury and trading services

Specialised finance

Debt Capital Markets

Australia
Canada
India
Southern Africa
UK and Europe

High income and high net worth private clients

Private Banking Activities

Transactional banking

Lending

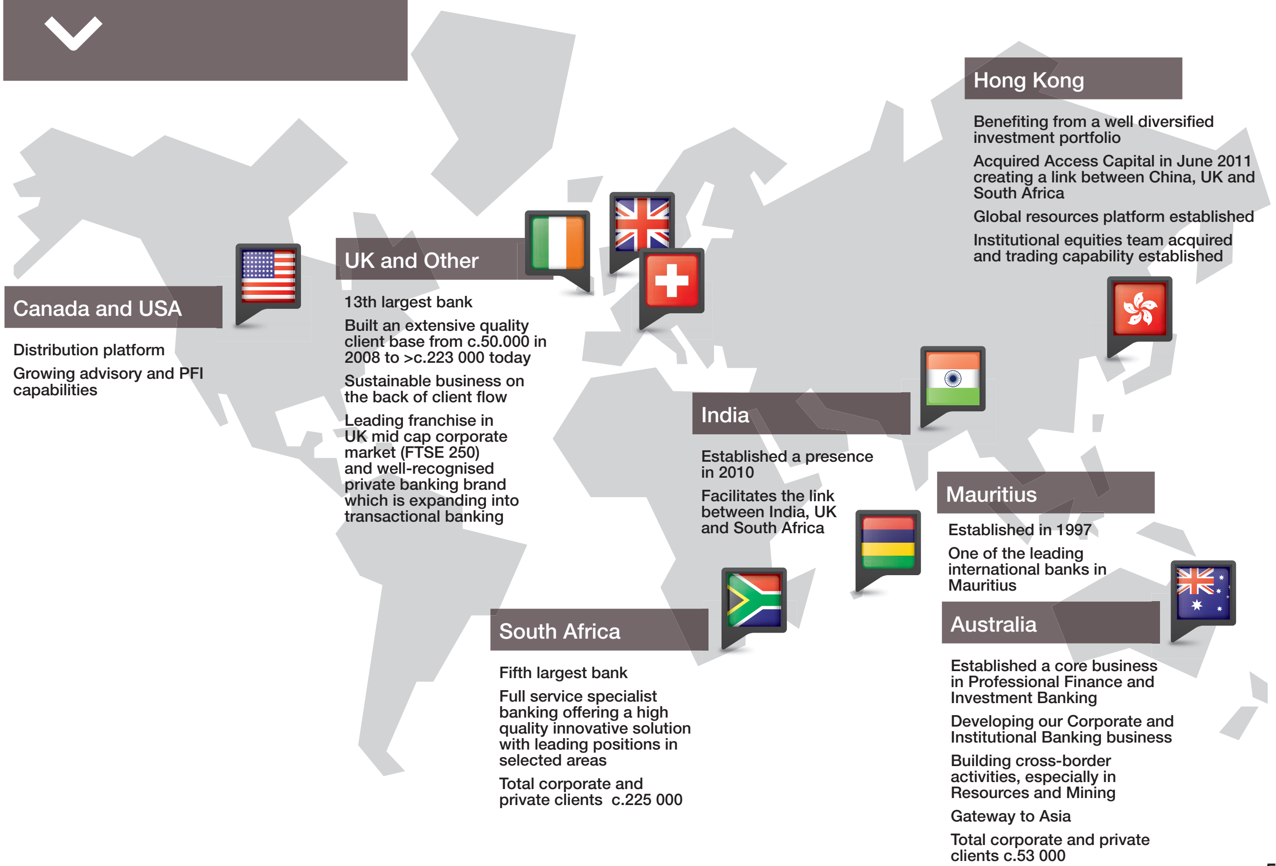
Deposits

Investments

Australia
Southern Africa
UK and Europe

Integrated systems and infrastructure

Where we operate



Risk management and corporate governance

Group Risk Management objectives are to:

- Be the custodian of our risk management culture
- Ensure the business operates within the board stated risk appetite
- Support the long-term sustainability of the group by providing an established, independent framework for identifying, evaluating, monitoring and mitigating risk
- Set, approve and monitor adherence to risk parameters and limits across the group and ensure they are implemented and adhered to consistently
- Aggregate and monitor our exposure across risk classes
- Coordinate risk management activities across the organisation, covering all legal entities and jurisdictions
- Give the boards reasonable assurance that the risks we are exposed to are identified and, to the best extent possible, managed and controlled
- Run appropriate risk committees, as mandated by the board.

Overview of disclosure requirements

Risk disclosures provided in line with the requirements of International Financial Reporting Standard 7 Financial Instruments: Disclosures (IFRS 7) and disclosures on capital required by International Accounting Standard 1 Presentation of Financial Statements (IAS 1) are included within this section of the annual report.

Further details provided within the financial statements can be found in the Investec group's 2013 annual report.

All sections, paragraphs, tables and graphs on which an audit opinion is expressed on are marked as audited.

The majority of the group's Pillar III risk disclosures as required in terms of Regulation 43 of the regulations relating to banks in South Africa and BIPRU 11 pertaining to banks in the UK are also included in this section of the annual report.

Information provided in this section of the annual report is prepared on an Investec DLC consolidated basis (i.e. incorporating the results of Investec plc and Investec Limited), unless otherwise stated. The group also publishes Pillar III and other risk information for its 'silo' entity holding companies and its significant banking subsidiaries. This information is contained in the respective annual financial statements for those respective entities.

Philosophy and approach to risk management

Our comprehensive risk management process involves identifying, quantifying, managing and mitigating the risks associated with each of our businesses.

Risk awareness, control and compliance are embedded in all our day-to-day activities.

Group Risk Management monitors, manages and reports on our risks to ensure it is within the stated risk appetite as mandated by the board of directors through the board risk and capital committee. Business units are ultimately responsible for risks that arise.

We monitor and control risk exposure through Credit, Market, Liquidity, Operational and Legal Risk Reporting teams. This approach is core to assuming a tolerable risk and reward profile, helping us to pursue controlled growth across our business.

Group Risk Management operates within an integrated geographical and divisional structure, in line with our management approach, ensuring that the appropriate processes are used to address all risks across the group. Group Risk Management has specialist divisions in the UK, South Africa and Australia and smaller risk divisions in other regions to promote sound risk management practices.

Group Risk Management divisions with international responsibility are locally responsive yet globally aware. This helps to ensure that all initiatives and businesses operate within our defined risk parameters and objectives. Group Risk Management continually seeks new ways to enhance its techniques.

This section provides a summary of our risk management philosophy, practices and key developments for the year ended 31 March 2013. A more detailed review is provided in the Investec group's 2013 annual report.

Overall group summary of the year in review from a risk perspective

This section should be read in conjunction with, and against the background provided in, the overview of the operating environment section on pages 26 to 29.

Investec has continued to maintain a sound balance sheet with low leverage, and a diversified business model. This has been supported by the following key operating fundamentals:

- Intimate involvement of executive management ensuring stringent management of risk, liquidity and capital
- Strong risk and capital management culture embedded into our day-to-day activities and values. We seek to achieve an appropriate balance between risk and reward in our business, taking cognisance of all stakeholders' interests
- Reward programmes that align directors' and employees' interests with those of stakeholders, ensuring

that these programmes promote effective risk management. Annual bonuses are closely linked to business performance, determined largely by realised economic value-added profit performance against pre-determined targets above a risk and capital weighted return. This model has been consistently applied within the group in excess of ten years

- Credit and counterparty exposures to a select target market; our risk appetite continues to favour lower risk, income-based lending, with credit risk taken over a short to medium term. Exposure is taken against defined target clients displaying sound financial strength and integrity, a core competency and an established track record. Impairments on loans and advances decreased from £325.1 million to £251.0 million. The UK reported a moderate decrease whilst impairments in Australia were £50 million lower than the prior year. The South African business reported a marginal increase in impairments in Rand. Since 31 March 2012 the level of defaults has improved with the percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounting to 2.73% (2012: 3.31%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.26 times (2012: 1.37 times). The credit loss charge as a percentage of average gross core loans and advances has improved from 1.12% at 31 March 2012 to 0.84%
- Limited exposure to structured credit investments; representing approximately 1.5% of total assets
- Limited private client and corporate client exposures to peripheral Europe amounting to approximately 0.7% of total assets. In addition the group has certain branch related and subsidiary activities in Ireland, with total assets representing 2% of group assets
- A low leverage (gearing) ratio of 11.2 times
- A low level of net assets and liabilities exposed to the volatility of IFRS fair value accounting; with level 3 assets amounting to 2.0% of total assets
- Low equity and investment risk exposure with total investments comprising 3.7% of total assets
- Modest proprietary market risk within our trading portfolio. Value at risk and stress testing scenarios remain at prudent levels
- Potential losses that could arise in our trading book portfolio when stress tested under extreme market conditions (i.e. per extreme value theory) amount to less than 0.3% of total operating income
- A high level of readily available, high quality liquid assets; cash and near cash of £9.8 billion, representing 32.9% of our liability base. We continue to maintain a low reliance on interbank wholesale funding to fund core lending asset growth
- Continued increase in retail customer deposits and a growing retail franchise
- Healthy capital ratios; we have always held capital well in excess of regulatory requirements and we intend to perpetuate this philosophy. We continue to meet our capital targets
- Geographical and operational diversity with a high level of recurring income which continues to support sustainability of operating profit.

Geographic summary of the year in review from a risk perspective

Detailed information on key developments during the financial year in review is provided in the sections that follow:

UK and Other

Credit risk

Against a difficult economic background we continued to rebalance our lending portfolios in line with our risk appetite statement and focussing on a reduction in property/real estate as a proportion of our loan exposures. Non-property collateralised lending as a percentage of gross credit exposures has increased. Core loans and advances increased by 4.4% from £5.8 billion at 31 March 2012 to £6.0 billion at 31 March 2013. Default loans (net of impairments) have decreased from 4.92% as at March 2012 to 4.34% of core loans and advances. The credit loss ratio is at 1.26%.

Traded market risk

Despite the difficult environment in the UK, there has been continued growth in client activity across the interest rate and foreign exchange corporate sales desk although other trading opportunities were limited. The structured equity desk's retail product sales have remained strong and they continue to develop their product range. Equity market making has expanded its coverage of stocks.

Balance sheet risk

The bank entered the year with a healthy surplus liquidity position, which increased during the year mainly due to retail deposits. This was managed down over the course of the year, returning to a similar surplus as at the beginning of the year. Throughout the first portion of the year, retail one year and two year fixed rate products continued to attract significant deposit inflows. As liquidity grew, rates were reduced to stem excessive inflows. Furthermore, the bank entered the wholesale markets with a three year £178 million syndicated bank club loan in June 2012 and a £200 million UK residential mortgage securitisation in September 2012. Cash and near cash balances as at 31 March 2013 amounted to £3.9 billion (2012: £3.6 billion) with total customer deposits increasing by 1.1% during the year to £9.6 billion. The bank in the UK currently comfortably meets its regulatory liquidity requirements and will progress to implement the forthcoming liquidity proposals included in the CRD IV (Basel III) package. The bank is currently shadowing and comfortably meeting the draft Liquidity Coverage and Net Stable Funding ratios. We will continue to monitor these rules until final implementation.

Southern Africa

Credit risk

Core loans and advances grew by 10.2% to R141.9 billion with commercial real estate investments and residential owner occupied portfolios representing the majority of the growth for the financial year in review. There has been continuing adherence to lower loan to value lending and greater competitive pressure on margins. Default loans (net of impairments) as a percentage of core loans and advances improved from 2.73% to 1.89% with an improvement in both lending collateralised by property and the private client portfolio as certain problem loans have been settled or some written off.

The corporate client portfolio had a small number of defaulted counterparties where the decision was made to write off the exposures in the financial year in review due to low probability of recovery. The credit loss ratio improved to 0.61% from 0.65%.

Traded market risk

Market conditions have remained difficult for traders as client flow has not improved significantly. While equity markets have trended up this has been on low volumes and volatility has remained low all year. Forex and interest rate markets have seen more volatility though this has been mainly on the back of international market drivers. The impact of the Basel regulations has caused the cost of capital in the trading area to increase at least three fold, this has adding to the constraints on traders' level of risk taking.

Balance sheet risk

Investec's balance sheet was well positioned for the 50bps rate cut that took place in July 2012 and the net contribution to income was significantly positive. Investec continued to build its structural liquidity cash resources over the course of the year as part of our drive to improve the Basel III Liquidity Coverage Ratio to be implemented from 2015. The bank continued to benefit from a growing retail franchise with total customer deposits increasing by 5.2% from 1 April 2012 to R185.3 billion at 31 March 2013. Cash and near cash balances increased by 5.6% from 1 April 2012 to R73.0 billion at 31 March 2013. Our liquidity was further boosted by several successful medium-term senior and subordinated notes issues totalling R11.8 billion. Syndicated loan deals raised about US$335 million three-year funds. Investec also issued its first EMTN and raised US$300 million for five years. Further welcome news was the announcement of the softening of some of the Basel III guidelines on liquidity risk in the last quarter and this has placed Investec in a very favourable position to meet the new criteria with less of a negative impact on margins.

Australia

Credit risk

Core loans and advances increased by 10.0% from A$3.0 billion at 31 March 2012 to A$3.3 billion at 31 March 2013. Default loans (net of impairments) increased marginally from 1.70% to 2.13% of core loans and advances, with the credit loss ratio improving significantly from 3.13% to 0.85%. Our Professional Finance business continues to show consistent growth to become the largest segment of the Investec Australia loan book, and has maintained historically low levels of arrears and defaults.

Traded market risk

Australian trading activity remains modest, with limited appetite for traded market risk exposures. Client activity is higher than in previous years on the back of improved deal activity, but remains somewhat sporadic.

Balance sheet risk

Investec Australia maintained a strong liquidity position well in excess of regulatory and internal policy requirements throughout the year, with average cash and near cash balances amounting to A$1.2 billion. Total customer deposits increased by 4.3% from 1 April 2012 to A$2.5 billion at 31 March 2013, which included an active diversification strategy across funding channels. In respect of liquidity, the Australian Prudential Regulatory Authority (APRA) is still formulating a response to recent proposed changes to the Liquidity Coverage Ratio measure recently recommended by the Basel Committee on Banking Supervision (BCBS). The bank in Australia remains committed to implementing the BCBS guidelines for liquidity risk measurement.

Investec Australia maintained a strong liquidity position well in excess of regulatory and internal policy requirements throughout the year.

Salient features

A summary of key risk indicators is provided in the table below.

Year to 31 March	UK and Other 2013 £	UK and Other 2012 £	Southern Africa 2013 R	Southern Africa 2012 R	Australia 2013 A$	Australia 2012 A$	Investec group 2013 £	Investec group 2012 £
Net core loans and advances (million)	6 045	5 788	141 863	128 747	3 304	3 005	18 415	18 226
Gross defaults as a % of gross core loans and advances	7.04%	7.35%	2.82%	3.71%	2.91%	2.31%	4.24%	4.73%
Defaults (net of impairments) as a % of net core loans and advances	4.34%	4.92%	1.89%	2.73%	2.13%	1.70%	2.73%	3.31%
Net defaults (after collateral and impairments) as a % of net core loans and advances	–	–	–	–	–	–	–	–
Credit loss ratio*	1.26%	1.22%	0.61%	0.65%	0.85%	3.13%	0.84%	1.12%
Structured credit investments as a % of total assets	2.44%	2.85%	1.24%	0.80%	0.46%	1.55%	1.72%	1.65%
Banking book investment and equity risk exposures as a % of total assets	2.52%	2.03%	4.96%	4.89%	2.56%	1.65%	3.65%	3.39%
Traded market risk: one-day value at risk (million)	0.7	0.6	7.2	4.2	–	–	n/a	n/a
Cash and near cash (million)	3 930	3 565	72 974	69 077	978	1 555	9 828	10 251
Customer accounts (deposits) (million)	9 561	9 459	185 311	176 094	2 472	2 370	24 532	25 344
Core loans to equity ratio	3.7x^	3.5x^	5.8x	5.8x	5.4x	5.0x	4.6x	4.5x
Total gearing/leverage ratio**	10.7x^	10.8x^	12.2x	12.2x	7.8x	8.7x	11.2x	11.3x
Core loans (excluding own originated assets which have been securitised) to customer deposits	68.9%^	65.4%^	73.2%	69.6%	104.7%	92.0%	71.3%	67.8%
Capital adequacy ratio	16.9%^	17.5%^	15.5%	16.1%	15.8%	17.5%	n/a	n/a
Tier 1 ratio	11.0%^	11.6%^	10.8%	11.6%	11.8%	14.6%	n/a	n/a

* *Income statement impairment charge on core loans as a percentage of average advances.*
** *Total assets excluding assurance assets to total equity.*
^ *Ratios are reflected at an Investec plc level (including Australia).*
• *Certain information is denoted as n/a as these statistics are not applicable at a consolidated group level and are best reflected per banking entity or jurisdiction in line with regulatory and other requirements.*

Internal audit and compliance

Internal audit

Internal Audit provides objective and independent assurance, via the group audit committees, to management and the board of Investec about risk management, control and governance processes and systems.

Compliance

In keeping with our core values, Investec endeavours to comply with the highest professional standards of integrity and behaviour, always keeping the interests of our customers and shareholders at the forefront of the corporate agenda. We also seek to bring high standards of compliance practice to all our jurisdictions in order to build trust and promote the quality of service to our colleagues and clients.

Compliance risk is the risk that Investec fails to comply with the letter and spirit of statutes, regulations, supervisory requirements and industry codes of conduct which apply to our businesses. At Investec we manage compliance risk through internal policies and processes, which include legal, regulatory and operational requirements relevant to the business. Those responsible for compliance work closely with the business and operational units to ensure consistent management of compliance risk. They also provide regular training and advice on emerging policy issues to ensure that all employees are familiar with their regulatory obligations.

UK and Europe – year in review

We have seen a continued effort by the UK and European supervisory authorities to enhance stability and resilience in the banking and advice sector by focusing on structural reforms and macro-prudential regulation; specifically in relation to capital, resolution, liquidity and market infrastructure.

Structural banking reform

On 4 February 2013, the UK Government introduced the Financial Services (Banking Reform) Bill to the House of Commons. The Bill would give the UK authorities the powers to implement the key recommendations of the Independent Commission on Banking (ICB) on banking reform, which include:

- Retail ring-fence: this involves the fencing of the UK and European Economic Area (EEA) retail banking activities of a UK bank in a legally distinct, operationally separate and economically independent entity within the same group
- Higher capital and loss absorbency requirements: the increase of the loss-absorbing capacity of ring-fenced banks
- Depositor protection: the Bill gives depositors protection under the Financial Services Compensation Scheme preference if a bank enters insolvency.

The Bill contains a *de minimis* exemption from the requirement to ring-fence, which is expected to be relevant to all but the largest deposit takers. It is expected that Investec will fall within this *de minimis* exemption and will therefore be out of scope from the ring-fencing requirement.

Reforms of the UK regulatory framework

In the last year the UK financial regulator has been working towards implementing the legislative split into twin regulators. As of 1 April 2013 the FSA will be split into two organisations focusing on primarily prudential and conduct matters separately. The Prudential Regulatory Authority (PRA) will prudentially supervise large banks and insurance firms, whilst the Financial Conduct Authority (FCA) will supervise all firms on conduct matters. The FCA will also be prudentially responsible for some smaller firms. Each regulator has set out their agenda for future regulatory activities and they have revealed a number of new supervisory tools that will enable them to regulate firms with the intention of pursuing market integrity and good consumer outcomes. Investec continues to monitor the changes to the regulatory landscape and to adapt to the shift in supervisory priorities.

Retail Distribution Review/Mortgage Market Review

On 31 December 2012 the FSA embedded the proposals on the Retail Distribution Review (RDR), which aim to improve the quality of service provided to clients in the advice sector. By imposing minimum qualification standards for advisers; requiring firms to have more transparent charging practices; and disclosing more clearly the parameters within which advice is provided i.e. independent or restricted, the UK Regulator hopes to rebuild trust in the IFA and investment management community as well as improve outcomes for retail clients. Whilst impact on Investec Bank plc has been limited, RDR is relevant to Investec Wealth & Investment. This is particularly regarding charging structures and the qualifications advisers have had to attain to continue to provide advice. Investec Wealth & Investment has implemented RDR and is continuing to monitor its impact on the business and client outcomes.

The Mortgage Market Review is the mortgage market equivalent of the RDR, focusing on outcomes for clients in the mortgage space. Investec is continuing to track the proposals through the consultation process and is working towards embedding necessary changes by April 2014.

South Africa – year in review

Following from National Treasury's publication of the Red Book (which includes South Africa's regulatory response to the global financial crisis) and various G20 commitments, we have been subject to an unprecedented volume of regulatory activity (new or enhanced regulation and policies, and extensively enhanced reporting), in both the prudential and market areas, such as: Basel III, Solvency and Asset Management, Financial Markets Act, hedge funds, collective investment schemes, and the National Credit Act.

With the 'Twin Peaks' model of regulation having been identified as the most appropriate model going forward with separate regulators being responsible for prudential and market conduct regulation across industries, a variety of South African legislation needs to be amended to ensure each regulator has the appropriate authority and scope to enable adequate regulation. To initiate this process the Financial Services Board (FSB) has published 'The Roadmap: Treating Customers Fairly (TCF)' which sets out their programme and intended timelines for market conduct regulation. The six principles set out by the FSB mirror the equivalent principles published by the UK Regulators. A further development, in February 2013, was the publication of the document Implementing a Twin Peaks Model of Financial Regulation in South Africa. The document outlines National Treasury's proposals for the splitting of regulatory functions between a prudential and market conduct regulator, and the functions of a systemic regulator.

Investec is participating in both the TCF and Twin Peaks industry work-streams.

Consumer protection

Consumer protection regulation remains a key focus into 2013 with additional emphasis on aligning existing processes with the TCF Roadmap published by the FSB.

As required by FAIS, the fit and proper status of representatives and key individuals of all licensed Investec financial services providers (FSPs) is monitored on an ongoing basis and the requisite reports are made to the FSB.

The National Credit Regulator (NCR) commissioned a review of the National Credit Act (NCA) policy, in anticipation of amendments to the NCA. The University of Pretoria undertook the review, and Investec participated in the workshops held with the Banking Association of South Africa (BASA). The NCR will present the results of the review to Parliament early this year, and it is anticipated that they will commence with amendments thereafter.

The most recent draft of the Protection of Personal Information Bill (POPI) was debated at the Technical Working Committee during March 2012. Once enacted POPI will have a material impact on all aspects of Investec's business that concern the processing of personal information in respect of Investec's clients and employees, as well as information relating to the Investec group and subsidiaries.

Anti-money laundering and terror financing

The Anti-Money Laundering (AML) supervisory landscape has been amended. The Financial Intelligence Centre (FIC), who historically filled the role as both compliance supervisor on AML matters as well as the designated country Financial Intelligence Unit (FIU), has assumed the responsibility of compliance supervisor only on matters relating to the requirement to register as an accountable institution with the FIC as well as reporting of suspicious transaction reports, counter-terrorist financing reports and cash threshold reports.

An accountable institution's primary supervisor assumes the responsibility of supervising compliance on all other AML matters.

Australia – year in review

Reform within the Australian regulatory framework

Consistent with many other financial centres, the velocity of regulatory change in the Australian banking and financial services sector has remained relatively high and the regulatory environment is becoming increasingly complex. A notable change is the increasing prevalence of real-time impacts of US and European regulatory reforms on the Australian market. Notable examples of these include the US Dodd-Frank Act and Foreign Account Tax Compliance Acts.

Consumer protection

Australian Securities and Investments Commission (ASIC), the Australian regulator responsible for consumer protection in relation to credit and financial products, identifies confident and informed investors and financial consumers as one of their three key priorities and it continues to attract significant resource contributions.

During the course of the year ASIC created or refreshed regulatory guidance on a number of consumer-related topics, including marketing and advertising; training for representatives who provide advice to retail clients; and market integrity rules. Although guidance is generally not prescriptive, it is indicative of the regulator's expectations and often provides a best practice standard that requires consideration by all licensed firms.

Legislation and regulations to effect the Australian government's 'Future of Financial Advice Reform' have been published and come into effect on 1 July 2013. The reforms, which modify the operation of current legislation, prohibits conflicted remuneration in the retail advice sector, creates a requirement for advisers to act in the best interests of clients and aims to improve transparency of fees.

Anti-money laundering and counter-terrorism financing

During the year, the Australian Government introduced an amended funding model for Australia's AML/CTF regulator, Australian Transaction Reports and Analysis Centre (AUSTRAC), which includes a supervisory levy for reporting entities.

Investec Australia has updated triggers on transaction reporting and implemented new external monitoring arrangements with the introduction of transaction banking through the launch of a credit card product.

Corporate governance report

Introduction

Sound corporate governance is implicit in our values, culture, processes, functions and organisational structure. Structures are designed to ensure that our values remain embedded in all businesses and processes. We continually refine these structures and a written statement of values serves as our code of ethics.

This section provides a summary of our coporate governance philosophy practices and key developments for the year ended 31 March 2013. A more detailed review is provided in the Investec group's 2013 annual report.

Board statement

The board, management and employees of Investec are committed to complying with the disclosure and transparency rules and listing rules of the United Kingdom Listing Authority (UKLA), the JSE Limited (JSE) listings requirements, regulatory requirements in the countries in which we operate, the UK Corporate Governance Code 2010 (the Code) and the King Code of Governance Principles for South Africa (King III). Therefore all stakeholders are assured that we are being managed ethically and in compliance with the latest legislation, regulations and best practices.

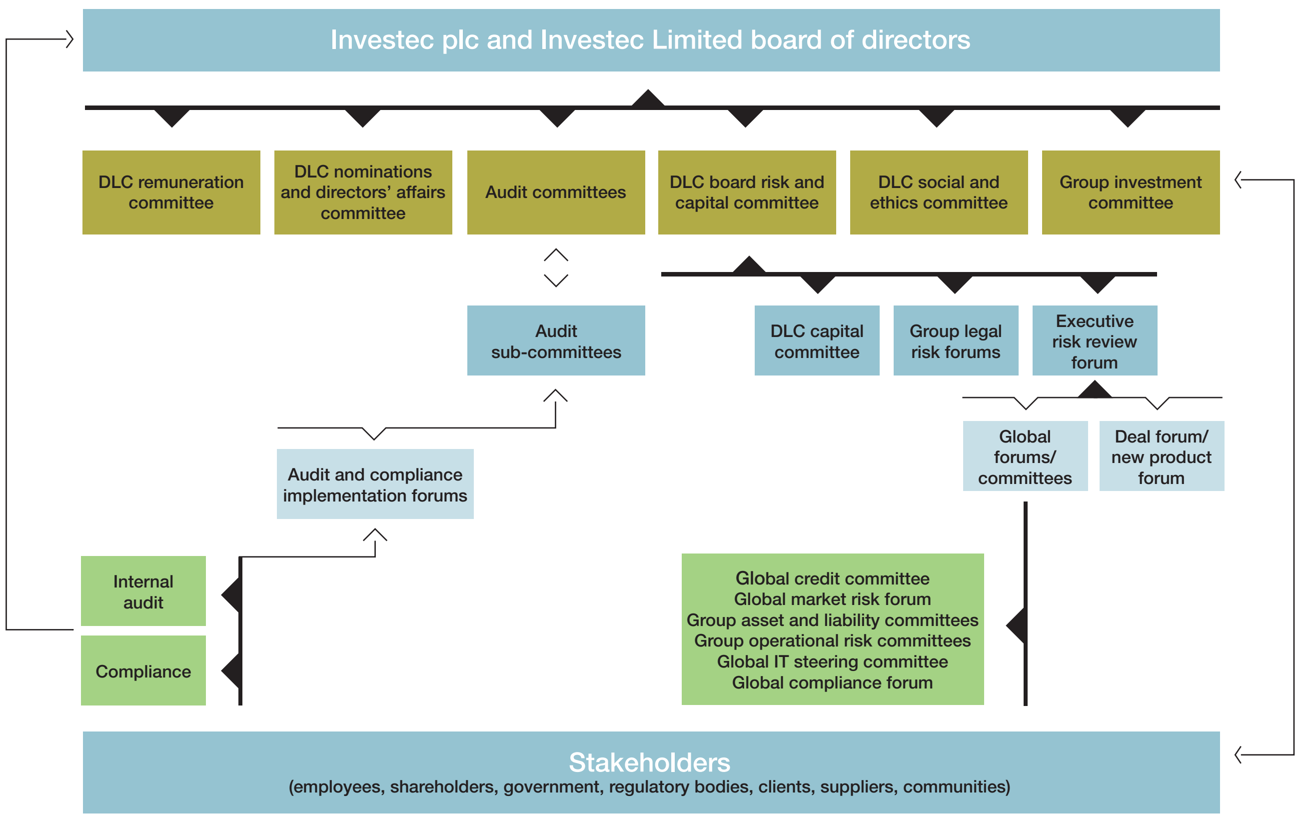
Governance requirements

UK Corporate Governance Code (2010)

The board is of the opinion that, based on the practices disclosed throughout this report, which were in operation during the year under review, the group has complied with the relevant provisions set out in the UK Corporate Governance Code (the Code), save that:

- Bradley Fried, who is not considered to be independent as he was employed as Investec Bank plc CEO during the five years prior to appointment as a director, was appointed as a member of the DLC remuneration committee on 3 April 2013. Given the increasing complexity of remuneration policy and its application to the group, Bradley's knowledge and experience of the group is deemed to be beneficial to the workings of this committee and is believed to be in the best interests of shareholders
- Fani Titi, on his appointment as joint chairman in November 2011, was not considered independent at the time in view of his previous connection with Tiso Group Limited. Tiso had a material relationship with Investec Limited arising from the empowerment transaction concluded in 2003 as in light of South Africa's Financial Sector Charter. Fani resigned as board member and chairman of Tiso during March 2008 and as the UK Corporate Governance Code requires a five year break in the relationship, going forward Fani will be regarded as independent.

Governance framework



King III

The board is of the opinion that, based on the practices disclosed throughout this report, which were in operation during the year under review, Investec has applied the King III principles.

For a complete list of all principles and a reference to demonstrate how Investec has applied these principles, please refer to our website.

Financial reporting and going concern

The directors are required to confirm that they are satisfied that the group, as well as Investec plc and Investec Limited individually, have adequate resources to continue in business for the foreseeable

future. The assumptions underlying the going concern statement are discussed at the time of the approval of the annual financial statements by the board and these include:

- Budgeting and forecasts
- Profitability
- Capital
- Liquidity.

In addition, the directors are responsible for monitoring and reviewing the preparation, integrity and reliability of the Investec plc and Investec Limited combined and consolidated financial statements, accounting policies and the information contained in the annual report.

In undertaking this responsibility, the directors are supported by an ongoing process for identifying, evaluating and managing the significant risks Investec faces in preparing the financial and other information contained in this annual report. This process was in place for the year under review and up to the date of approval of the annual report and financial statements.

The process is implemented by management and independently monitored for effectiveness by the audit, risk and other sub-committees of the board

The significant risks we continue to face include risks flowing from the instability in the global financial market and the global economic environment that could affect Investec's businesses, earnings and financial condition.

Our financial statements are prepared on a going concern basis, taking into consideration:

- The group's strategy and prevailing market conditions and business environment
- Nature and complexity of our business
- Risks we assume, and their management and mitigation
- Key business and control processes in operation
- Credit rating and access to capital
- Needs of all our stakeholders
- Operational soundness
- Accounting policies adopted
- Corporate governance practices
- Desire to provide relevant and clear disclosures
- Operation of board committee support structures.

The board is of the opinion, based on its knowledge of the group, key processes in operation and specific enquiries, that there are adequate resources to support the group as a going concern for the foreseeable future.

Furthermore, the board is of the opinion that the group's risk management processes and the systems of internal control are effective.

Board of directors

In terms of DLC arrangements, the boards of Investec plc and Investec Limited are identical and the group is managed as a unified economic enterprise. The board seeks to exercise leadership, integrity and judgement in pursuit of strategic goals and objectives, to achieve long-term sustainability, growth and prosperity. The board is accountable for the performance and affairs of Investec. It provides leadership for the group within a framework of prudent and effective controls which allows risks to be assessed and managed.

The board has adopted a board charter, which provides a framework of how the boards operate as well as the type of decisions to be taken by the board and which decisions should be delegated to management.

The Investec board:

- Approves the group's strategy
- Ensures that the group complies with the applicable laws and regulations and considers adherence to non-binding rules and standards
- Is responsible for the governance of risk, including that of information technology (IT)
- Acts as a focal point for, and the custodian of corporate governance
- Provides effective leadership on an ethical foundation
- Ensures the group is, and is seen to be, a responsible corporate citizen.

The board meets its objectives by reviewing and guiding corporate strategy, setting the group's values and standards, promoting high standards of corporate governance, approving key policies and objectives, ensuring that obligations to its shareholders and other stakeholders are understood and met, understanding the key risks, determining our risk tolerance and approving and reviewing the processes in operation to mitigate risk from materialising, including the approval of the terms of reference of key supporting board committees.

Certain matters are specifically reserved for the board. To achieve its objectives, the board may delegate certain of its duties and functions to various board committees, group forums or the chief executive officer, without abdicating its own responsibilities:

- The board has formally defined and documented, by way of terms of reference, the authority it has delegated to the various board committees and group forums
- In fulfilling its responsibilities, the board is supported by management in implementing the plans and strategies approved by the board.

Furthermore, directly or through its sub-committees, the Investec board:

- Assesses the quantitative and qualitative aspects of Investec's performance through a comprehensive system of financial and non-financial monitoring involving an annual budget process, detailed monthly reporting, regular review of forecasts and regular management strategic and operational updates

- Approves annual budgets, capital plans, projections and business plans
- Monitors the group's compliance with relevant laws, regulations and codes of business practice
- Ensures there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders and monitors our communication with all stakeholders and disclosures made to ensure transparent and effective communication
- Identifies and monitors key risk areas and key performance indicators
- Reviews processes and procedures to ensure the effectiveness of the internal systems of control
- Ensures we adopt sustainable business practices, including our social and environmental activities
- Assisted by the audit committee, ensures appropriate IT governance processes are in place, the implementation of which management is responsible for, and ensuring that the process is aligned to the performance and sustainability objectives of the board
- Monitors and evaluates significant IT investments and expenditure
- Ensures information assets are managed effectively
- Ensures the appropriate risk governance, including IT, is in place including continual risk monitoring by management, determines the levels of risk tolerance and that risk assessments are performed on a continual basis
- Ensures the integrity of the group's integrated report, which includes sustainability reporting
- Ensures the induction of, and ongoing training and development of, directors
- Evaluates the performance of senior management and considers succession planning.

In accordance with the UK Corporate Governance Code, the entire board, excluding Sam Abrahams, will offer itself for re-election at the 2013 annual general meeting.

The combined boards of Investec plc and Investec Limited meet jointly at least six times annually, excluding the annual two day board strategy session. Three board meetings were held in the UK and three in South Africa, in line with the requirements of our DLC structure.

	Date of appointment		
	Investec plc	Investec Limited	Independent
Executive directors			
S Koseff (chief executive officer)	26 Jun 2002	6 Oct 1986	–
B Kantor (managing director)	26 Jun 2002	8 Jun 1987	–
GR Burger (group risk and finance director)	3 Jul 2002	3 Jul 2002	–
HJ du Toit	15 Dec 2010	15 Dec 2010	–
Non-executive directors			
Sir David J Prosser (joint chairman)	23 Mar 2006	23 Mar 2006	Yes
F Titi (joint chairman)*	30 Jan 2004	30 Jan 2004	No
SE Abrahams	26 Jun 2002	21 Oct 1996	Yes
GFO Alford (senior independent director)	26 Jun 2002	26 Jun 2002	Yes
CA Carolus	18 Mar 2005	18 Mar 2005	Yes
PKO Crosthwaite	18 Jun 2010	18 Jun 2010	Yes
OC Dickson	31 Mar 2011	31 Mar 2011	Yes
B Fried	1 Apr 2010	1 Apr 2010	No
D Friedland	1 Mar 2013	1 Mar 2013	Yes
H Fukuda OBE	21 Jul 2003	21 Jul 2003	Yes
IR Kantor	26 Jun 2002	30 Jul 1980	No
MP Malungani	26 Jun 2002	26 Jun 2002	No
PRS Thomas	26 Jun 2002	29 Jun 1981	Yes

* *F Titi is regarded as independent as from 1 April 2013 and will be reflected as such going forward.*

Directorate Investec plc and Investec Limited

Executive directors

(details as at the date of this report)

Stephen Koseff (61)
Chief executive officer
BCom, CA(SA), H Dip BDP, MBA

Investec committees: DLC board risk and capital, DLC capital, DLC social and ethics and global credit

Appointed to the board in October 1986

Stephen joined Investec in 1980. He has had diverse experience within Investec as chief accounting officer and general manager of banking, treasury and merchant banking.

Current directorships: The Bidvest Group Limited and a number of Investec subsidiaries.

Bernard Kantor (63)
Managing director
CTA

Investec committees: DLC board risk and capital, DLC capital, DLC social and ethics and global credit

Appointed to the board in June 1987

Bernard joined Investec in 1980. He has had varied experience within Investec as a manager of the Trading division, marketing manager and chief operating officer.

Current directorships: Phumelela Gaming and Leisure Limited and a number of Investec subsidiaries.

Glynn R Burger (56)
Group risk and finance director
BAcc, CA(SA), H Dip BDP, MBL

Investec committees: DLC board risk and capital, DLC capital and global credit

Appointed to the board in July 2002

Glynn joined Investec in 1980. His positions within Investec have included chief accounting officer, group risk manager and joint managing director for South Africa.

Current directorships: Investec Bank Limited and a number of Investec subsidiaries.

Hendrik du Toit (51)
Investec Asset Management chief executive officer
BCom Law, BCom (Hons) (cum laude), MCom (cum laude), MPhil (Cambridge)

Appointed to the board in December 2010

After lecturing economics at the University of Stellenbosch, Hendrik joined the Investment division of Old Mutual from where he moved to Investec in 1991 as portfolio manager and later chief executive officer of Investec Asset Management.

Current directorships: Investment Management Association, Investec Asset Management Holdings (Pty) Ltd and Investec Asset Management Limited as well as their subsidiaries.

Non-executive directors

(details as at the date of this report)

Sir David J Prosser* (69)
Joint chairman
BSc (Hons), FIA

Investec committees: DLC remuneration, DLC nominations and directors' affairs and DLC board risk and capital

Appointed to the board in March 2006

Sir David was previously chief executive of Legal & General Group PLC, joining Legal and General in 1988 as group director (investments) becoming deputy chief executive in January 1991 and group chief executive in September 1991. Sir David was previously chairman of the Financial Services Skills Council.

Current directorships: Investec Bank plc (chairman), Pippbrook Limited, Epsom Downs Racecourse Limited and The Royal Automobile Club Limited.

Fani Titi* (50)
Joint chairman
BSc (Hons), MA, MBA

Investec committees: DLC board risk and capital, DLC nominations and directors' affairs and DLC social and ethics

Appointed to the board in January 2004

Fani is chairman of Investec Bank Limited and former chairman of Tiso Group Limited.

Current directorships: Investec Bank Limited (Chairman), Tsiya Group (Pty) Ltd and a number of its investee companies, Investec Employee Benefits Limited and Investec Asset Management Holdings (Pty) Ltd, Kumba Iron Ore Limited (chairman), MTN Group Limited

Samuel E Abrahams (74)
FCA, CA(SA)

Investec committees: DLC audit, Investec plc audit, Investec Limited group audit, DLC nominations and directors' affairs, DLC board risk and capital and DLC capital and global credit

Appointed to the board in October 1996

Sam is a former international partner and South African managing partner of Arthur Andersen.

Current directorships: Investec Bank Limited, The Foschini Group Limited and a number of Investec subsidiaries.

George FO Alford (64)
Senior independent director
BSc (Econ), FCIS, FIPD, MSI

Investec committees: DLC audit, Investec plc audit, Investec Limited group audit and DLC nominations and directors' affairs

Appointed to the board in June 2002

George is a former head of private banking and personnel at Kleinwort Benson Group and was a senior adviser to the UK Financial Services Authority. He is former chairman and now director on the Advisory Board of London Metropolitan Business School and chair of the Foundation Trust Financing Facility of the Department of Health

Current directorships: Investec Bank plc

Cheryl A Carolus (54)
BA (Law), BEd, Honorary doctorate in Law

Investec committees: DLC social and ethics

Appointed to the board in March 2005

Cheryl acted as the South African high commissioner to London between 1998 and 2001 and was chief executive officer of South African Tourism.

Current directorships: De Beers Consolidated Mines Limited, Gold Fields Limited, Mercedes-Benz South Africa (Pty) Ltd, WWF South Africa and International, The IQ Business (Pty) Ltd, Ponahalo Capital (Pty) Ltd, Investec Asset Management Holdings (Pty) Ltd, executive chairperson of Peotona Group Holdings (Pty) Ltd and director of a number of the Peotona group companies.

* *Joint chairmen with effect from 17 November 2011.*

Perry KO Crosthwaite (64)
MA (Hons) in modern languages

Investec committees: DLC remuneration

Appointed to the board in June 2010

Perry is a former chairman of Investec Investment Banking Securities Limited and director of Investec Bank plc.

Current directorships: Investec Bank plc, Jupiter Green Investment Trust, Melrose plc, Neontar Limited, Investec Securities Holdings Ireland Limited and Investec Capital and Investments (Ireland) Limited.

Olivia C Dickson (52)
MA (Oxon), MSc (Lon), CDipAF

Investec committees: DLC audit, Investec plc audit, Investec Limited group audit and DLC remuneration

Appointed to the board in March 2011

Olivia is a non-executive director and chair of the risk committee of Canada Life Limited. She is also a non-executive director, member of the codes and standards committee and chair of the Actuarial Council of the Financial Reporting Council, and a member of the Financial Services Authority's regulatory decisions committee.

Olivia was previously, among other positions, Senior Adviser to the Financial Services Authority, a managing director of JP Morgan and a non-executive director and chair of the audit committee of the London International Financial Futures Exchange.

Current directorships: Canada Life Limited, Canada Life Group (UK) Limited, Canada Life Asset Management Limited, Invista Real Estate Investment Management Holdings plc, Invista Real Estate Investment Management Limited.

Bradley Fried (47)
BCom, CA(SA), MBA

Investec committees: DLC board risk and capital

Appointed to the board in April 2010

Bradley joined Investec in 1999 and has held the positions of joint head of investment banking and chief executive of Investec Bank plc. He is the chief executive in residence at Judge business school.

Current directorships: Investec Wealth & Investment Limited, Grovepoint Capital LLP and non-executive director of the Court of Bank of England.

David Friedland (59)
BCom, CA(SA)

Investec committees: Investec Limited group audit, DLC audit, Investec plc audit, DLC board risk and capital, DLC capital, DLC remuneration and global credit

Appointed to the board in March 2013

David is a former partner of both Arthur Andersen and KPMG where he also served as Head of Audit and Risk in KPMG, Cape Town Office.

Current directorships: Investec Bank Limited and Investec Bank plc.

Haruko Fukuda OBE (66)
MA (Cantab), DSc

Investec committees: DLC board risk and capital

Appointed to the board in July 2003

Haruko was previously chief executive officer of the World Gold Council, and senior adviser at Lazard. She is former vice chairman of Nikko Europ plc and a partner of James Capel & Co and a former director of AB Volvo and of Foreign and Colonial Investment Trust plc.

Current directorships: Director of Aberdeen Asian Smaller Companies Investment Trust PLC. She is an adviser to Metro AG.

Ian R Kantor (66)
BSc (Eng), MBA

Appointed to the board in July 1980

Current directorships: Insinger de Beaufort Holdings SA (in which Investec Limited indirectly holds an 8.6% interest), Investec Bank plc, Bank Insinger de Beaufort NV where he is chairman of the management board.

M Peter Malungani (55)
BCom, MAP, LDP

Investec committees: DLC board risk and capital

Appointed to the board in June 2002

Peter is chairman and founder of Peu Group (Pty) Ltd, chairman of the deals and acquisitions committee and a member of the social and ethics committee of Pretoria Portland Cement Limited

Current directorships: Phumelela Gaming and Leisure Limited (Chairman), Investec Bank Limited, Investec Asset Management Holdings (Pty) Ltd, Pretoria Portland Cement Ltd, Peu Group (Pty) Ltd and a number of Peu subsidiaries.

Peter RS Thomas (68)
CA(SA)

Investec committees: DLC audit, Investec plc audit, Investec Limited group audit, DLC board risk and capital, DLC nominations and directors' affairs, DLC social and ethics and global credit
Appointed to the board in June 1981

Peter was the former managing director of The Unisec Group Limited.

Current directorships: Investec Bank Limited, various Investec companies, JCI Limited and various unlisted companies.

Details of the board members of our major subsidiaries are available on our website.

Sustainable business practices…

Our sustainability philosophy

Guided by our purpose to create sustained long-term wealth, we seek to be a positive influence in all our core businesses and in each of the societies in which we operate.

We do this by empowering communities through entrepreneurship and education and leveraging the value in our diversity. We recognise the challenges that climate change presents to the global economy and we will consider supporting any meaningful activity that either reduces the negative impact on, or prolongs the life of, our planet.

Sustainability at Investec is about:

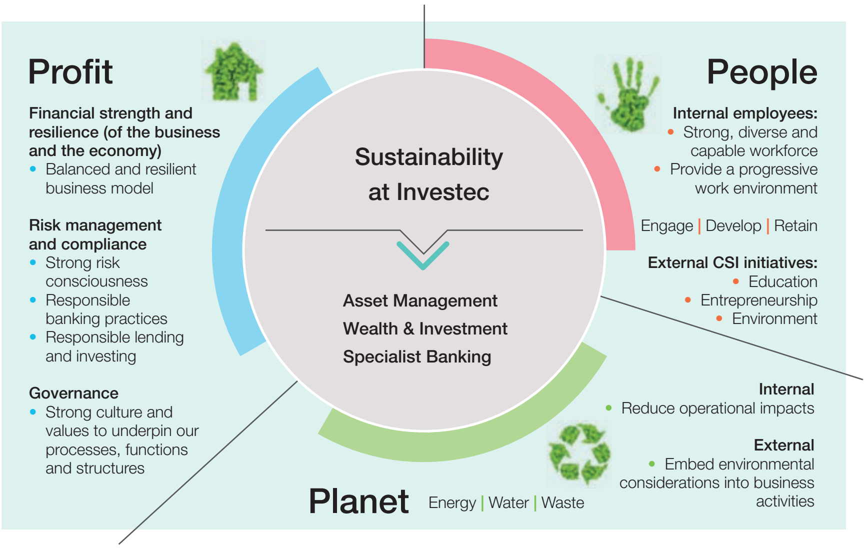
- Managing and positioning the group for the long term
- Building a sustainable business model that allows Investec to make a valuable contribution to society, to macro-economic stability and to our environment
- Developing a strong, diverse and capable workforce
- Growing and preserving clients' and stakeholders' wealth based on strong relationships of trust.

Just as relevant as our business accomplishments is the manner in which we conduct ourselves in attaining them. Our sustainability goals reflect our culture of continuous advancement and reaffirm our belief that sustainability in its broadest sense is about managing and positioning the group for the long term. Investec's sustainability philosophy is based on the recognition that we are a specialist bank and asset manager driven by our commitment to our culture and values.

Our philosophy seeks to align the interests of shareholders and stakeholders over time, and provides the individual business units and regions with a basis from which to determine their own approach. The group's philosophy is not intended to be mutually exclusive, nor exhaustive, but allows us to concentrate, for now, on key focus areas. Deliberately not driven on a top-down basis, the executive maintains responsibility for oversight, direction, coordination and integration of our sustainability efforts while the individual business units provide the principal drivers behind our activities, in a manner that best makes sense to each.

Sustainability at Investec

Investec's sustainability focus encompasses endurance and the interdependence of the three key areas of profit, people and planet.



During the period under review, a variety of engagements took place across the group on sustainability issues including presentations on climate change issues, changes in local environmental laws and discussions around materiality. A sustainability management system was designed and implemented to ensure consistent, comprehensive carbon information is captured. We are now in a position to start setting measurable targets.

Investec maintained its inclusion in the JSE SRI Index, the FTSE4Good Index, the Dow Jones Sustainability Index and the Carbon Disclosure Project.

Remuneration
report

The remuneration report was prepared by the remuneration committee and approved by the board.

Statement from the acting chair of the board remuneration committee

Key messages

My predecessor and the joint chairmen met with shareholders last year to discuss remuneration arrangements for Investec's executive directors. Our shareholders told us that they wanted to see more transparency in remuneration arrangements at Investec and a clear link between pay and performance. Since then we have worked with our advisers and the executive directors at Investec to meet shareholders' requirements. We believe that we have developed a comprehensive and credible response to shareholders' concerns and following a period of shareholder consultation the final incentive scheme proposals and proposed long-term incentive awards will be set out in a separate shareholder circular on remuneration together with a resolution seeking shareholders' approval of a new Investec plc Executive Incentive Plan. The resolution will be considered at a general meeting to be held on 8 August 2013 following the Investec annual general meeting.

New regulation in the UK which will flow later this year from the Capital Requirements Directive IV (CRD IV) in relation to variable pay is likely to further constrain the remuneration committee's options for creating remuneration arrangements which properly balance the interests of all stakeholders. Requirements likely to follow from the Department for Business Innovation and Skills (BIS) in relation to disclosure requirements for directors' pay and new voting arrangements, including binding votes on remuneration policy, will most likely cause us to engage more with shareholders on remuneration matters. Addressing both issues, which is likely to require re-working of our remuneration arrangements for all UK Prudential Regulatory Authority (PRA) Code staff, including executive directors, and re-working of our remuneration reports, as well as re-thinking our approach to engaging with shareholders, all in the same reporting period is likely to prove challenging.

Executive director remuneration arrangements

Incentive schemes: In designing short- and long-term incentive schemes for the chief executive, managing director and group risk and finance director, we have: identified financial and non-financial performance measures which reflect the interests of all stakeholders; established weightings for the different measures which correspond with their importance to short- and long-term performance; set an overall quantum of reward which reflects our South African as well as our non-South African operations; and framed the schemes so as to get the right balance between a formulaic and a discretionary approach.

We have thought carefully about the effect of our incentives on motivation and behaviours not only for Investec's current senior management but also for the next generation. We are proposing to move to a more prescriptive and formulaic basis for determining variable remuneration, closely linking remuneration with performance, albeit with a significant element of overarching discretion. Regulatory rules which require deferral of variable remuneration, with a portion being deferred in shares, and arrangements for clawback all add to the complexity. Full details will be set out in the shareholder circular on remuneration.

Proposed awards: All long-term incentive awards granted to the chief executive, managing director and group risk and finance director have lapsed unvested. We were unable to make an award last year under the old Share Matching Plan as the performance conditions attached to that plan were no longer acceptable to the UK regulator. As a consequence, these executive directors currently have no interest in any long-term incentive schemes. This lack of alignment with shareholders' long-term interests is a matter of concern which the remuneration committee and board consider should be rectified.

It is intended that share awards will be made to executive directors at the discretion of the committee, on an annual basis. Further details will be contained in the shareholder circular on remuneration accompanying the notice of general meeting. As mentioned above, the committee was not able to make any long-term awards last year. The last time that any awards were made was in 2010. These awards have lapsed having failed to meet the performance conditions set for them on grant. If approved at the extraordinary general meeting, awards under the 2013 long-term incentive plan will vest in 2017 and annually thereafter but only if performance conditions have been met.

Salaries and benefits: We are proposing no changes to the salary and benefits of the chief executive officer, managing director and the chief executive officer of Investec Asset Management all of whose salaries are based in Pounds Sterling. The group risk and finance director, whose salary is based in Rand, received an inflationary salary adjustment.

Review of the 2013 financial year

Key points to note for the period under review include:

- Group performance:
  - Operating profit before goodwill, acquired intangibles, non-operating items and after non-controlling interests increased 20.8% to £433.2 million
  - Adjusted earnings per share increased 16.4% to 37 pence
  - Dividends per share increased 5.9% to 18 pence
  - Return on equity increased to 9.5% (2012: 7.8%)
  - Recurring income as a % of total operating income increased to 68.6% (2012: 67.7%)
  - Return on average risk weighted assets increased to 1.09% (2012: 0.91%)
  - Core capital and liquidity ratios remain sound
  - Our total shareholder return was 24.6% for Investec plc in Pounds Sterling and 41.2% for Investec Limited in Rand. This compares to a return of 29.7% for the FTSE 350 General Finance Index. Since listing on the London Stock Exchange in 2002, Investec plc has outperformed the FTSE 350 General Finance Index

Refer to graph on page 85.

- Asset Management performance:
  - Operating profit before goodwill, acquired intangibles, non-operating items and after non-controlling interests increased 4.8% to £140.2 million, contributing 32.4% to group profit
  - Assets under management increased 13.4% to £69.8 billion with net new flows of £4.1 billion.
- Total staff compensation ratios are as follows:
  - Total for the group: 43.7% (2012: 43.0%)
  - Asset Management: 46.1% (2012: 45.9%)
  - Wealth & Investment: 55.6% (2012: 57.2%)
  - Specialist Banking: 40.8% (2012: 40.2%)
- Annual bonus for executive directors: In light of the positive financial performance of the group in 2013 and after consideration of progress across a range of non-financial measures, the remuneration committee approved an annual bonus of £1.5 million for each of Stephen Koseff, Bernard Kantor and Glynn Burger and £4.4 million for Hendrik du Toit. A total of £3.1 million is to be received up front in cash and £5.8 million deferred.
- Non-executive directors: The board approved a modest increase in fees for the forthcoming year, roughly in line with inflation.
- Remuneration governance: After nine years of service as chair of the remuneration committee, George Alford stepped down at year end and I was appointed acting chair of the remuneration committee. Shortly thereafter, Bradley Fried was appointed to serve on the remuneration committee. Bradley is not an independent director because he served as the chief executive officer of Investec Bank plc for a period to March 2010. We consider that Bradley's knowledge and experience of the group is deemed to be beneficial to the workings of this committee and is believed to be in the best interests of shareholders. During the year PricewaterhouseCoopers were additionally appointed as advisers to the company in relation to the executive directors' incentive schemes and more recently the implications of CRD IV. New Bridge Street continue to advise the remuneration committee.

Agenda for the 2014 financial year

Impact of European directives: Investec will be impacted by the changing regulatory requirements in the UK and the Specialist Bank will need to meet the challenges imposed by CRD IV when it is finalised. The PRA is expected to publish a consultation paper on implementation shortly. It is widely expected that these regulations will limit the quantum of variable remuneration (including the value of long-term incentive awards) to 'one times' the level of fixed remuneration, or 'two times' fixed remuneration if shareholders pass a resolution approving this. These changes are expected to be effective some time in 2014, possibly as early as 1 January.

We will be asking shareholders to support the proposed arrangements for the group's 2014 financial year which is likely to be the last year in which these proposals are acceptable under UK regulations. We are following regulatory and market developments closely and expect to have to again consult with shareholders in early 2014 on amended remuneration arrangements for the group's 2015 financial year. Unfortunately, it appears that we may be forced to increase the fixed pay element of compensation in order to be able to comply with the new regulations. We will take advice and work with senior executives to do this in a way which best serves the interests of the group and all its stakeholders.

We will also need to work through the implications of the Undertakings for the Collective Investment of Transferable Securities Directive V (UCITS)V and, to a lesser extent, Alternative Investment Fund Managers Directive (AIFMD) for Investec Asset Management and approve changes to IAM's remuneration policy where necessary.

Remuneration reporting: In the UK, the BIS has been consulting on significant changes to the way directors' remuneration is disclosed in this report and how shareholders are to be able to exert greater influence over the decisions taken in listed UK companies. We have been monitoring these developments and have adopted a number of the new rules in this report, a year before they are required to be complied with. The greatest changes will, however, be seen in next year's report.

Remuneration policy: As reported last year, there were certain contractual arrangements among the firms that we acquired in 2011 which fell below best practice and are outside our preferred conditions of employment. We have received assurances that these will be phased out in the coming financial year.

Conclusion

The board and remuneration committee are grateful to George Alford for his careful and skillful discharge of his onerous responsibilities over a long period which saw tremendous growth in Investec's business in both scale and complexity and during which the regulatory environment in which the remuneration committee operated became considerably more demanding – a trend which looks set to continue.

The executive director incentive scheme proposals are the subject of shareholder consultation and will be set out in a separate circular and I will not attempt to summarise those proposals here. Suffice to say that I trust that stakeholders will acknowledge the considerable effort which has been expended this year to respond to feedback from shareholders and design incentive schemes for our executive directors which are transparent and which fully reflect and balance the different interests of all our stakeholders.

The committee unanimously recommends that you vote to approve this report at the 2013 annual general meeting.

Signed on behalf of the board

Olivia C. Dickson

Olivia C Dickson
Acting chair
Remuneration committee

11 June 2013

Remuneration philosophy, principles and policy

Remuneration philosophy

Our philosophy, which remains unchanged from prior years, is to employ the highest calibre individuals, who are characterised by integrity, intellect and innovation and who adhere and subscribe to our culture, values and philosophies. We strive to inspire entrepreneurship by providing a working environment that stimulates extraordinary performance, so that executive directors and employees may be positive contributors to our clients, their communities and the group.

We reward executive directors and employees for their contribution through:

- An annual gross remuneration package (base salary and benefits) providing an industry competitive package
- A variable short-term incentive related to performance (annual bonus)
- A long-term incentive plan (share awards) providing long-term equity participation.

We consider the aggregate of the above as the overall remuneration package designed to attract, retain, incentivise and drive the behaviour of our employees over the short, medium and longer term in a risk conscious manner. Overall, rewards are considered as important as our core values of work content (greater responsibility, variety of work and high level of challenge) and work affiliation (entrepreneurial feel to the company and unique culture) in the attraction, retention and motivation of employees.

We have a strong entrepreneurial, merit- and values-based culture, characterised by passion, energy and stamina. The ability to live and perpetuate our culture and values in the pursuit of excellence in a regulated industry and within an effective risk management environment is considered paramount in determining overall reward levels.

The type of people the organisation attracts, and the culture and environment within which they work, remain crucial in determining our success and long-term progress. Our reward programmes are clear and transparent, designed and administered to align directors' and employees' interests with those of all stakeholders and ensure the group's short-, medium- and long-term success.

In summary, we recognise that financial institutions have to distribute the return from their enterprises between the suppliers of capital and labour and the societies in which they do business, the latter through taxation and corporate social responsibility activities. Our group-wide remuneration philosophy seeks to maintain an appropriate balance between the interests of these stakeholders, and is closely aligned to our culture and values which include risk consciousness, meritocracy, material employee ownership and an unselfish contribution to colleagues, clients and society.

A value added statement is included on page 9.

Remuneration principles

Remuneration policies, procedures and practices, collectively referred to as the 'remuneration policy' are designed, in normal market conditions, to:

- Be in line with the business strategy, objectives, values and long-term interests of the Investec group
- Be consistent with, and promote, sound and effective risk management, and not encourage risk taking that exceeds the level of tolerated risk of the Investec group
- Ensure that payment of variable remuneration does not limit the Investec group's ability to maintain or strengthen its capital base
- Target gross remuneration (base salary and benefits including pension) at median market levels to contain fixed costs
- Ensure that variable remuneration is largely economic value added (EVA)-based and underpinned by our pre-determined risk appetite and capital allocation
- Facilitate alignment with shareholders through deferral of a portion of short-term incentives into shares and long-term incentive share awards
- Target total compensation (base salary, benefits and incentives) to the relevant competitive market at upper quartile levels for superior performance.

Given our stance on the fixed cost component of remuneration, our commitment to inspiring an entrepreneurial culture, and our risk-adjusted return on capital approach to EVA, we do not apply an upper limit on variable rewards.

The fixed cost component of remuneration is, however, designed to be sufficient so that employees do not become dependent on their variable compensation as we are contractually (and do not consider ourselves morally) bound to make variable remuneration awards.

In addition, we operate a fully flexible incentive policy and are not contractually bound to make incentive awards. Investec has the ability to pay no annual bonuses and make no long-term incentive awards should the performance of the group or individual employees require this.

We do not pay remuneration through vehicles that facilitate avoidance of applicable laws and regulations.

Furthermore, employees must undertake not to use any personal hedging strategies or remuneration or liability-related contracts of insurance to undermine the risk alignment effects embedded in their remuneration arrangements. Group Compliance maintains arrangements designed to ensure that employees comply with this policy.

No individual is involved in the determination of his/her own remuneration rewards and specific internal controls and processes are in place to prevent conflicts of interest between Investec and its clients from occurring and posing a risk to the group on prudential grounds.

Remuneration policy

All remuneration payable (salary, benefits and incentives) is assessed at a group, business unit and individual level. This framework seeks to balance both financial and non-financial measures of performance to ensure that the appropriate factors are considered prior to making awards, and that the appropriate mix of cash and share-based awards are made.

Determination of remuneration levels

Qualitative and quantitative considerations form an integral part of the determination of overall levels of remuneration and total compensation for each individual.

Factors considered for overall levels of remuneration at the level of the group include:

- Financial measures of performance
  - Risk-adjusted EVA model
  - Affordability
- Non-financial measures of performance of:
  - Market context
  - Specific input from the group risk and compliance functions.

Factors considered to determine total compensation for each individual include:

- Financial measures of performance
  - Achievement of individual targets and objectives
  - Scope of responsibility and individual contributions
- Non-financial measures of performance
  - Alignment and adherence to our culture and values
  - The level of cooperation and collaboration fostered
  - Development of self and others
  - Attitude displayed towards risk consciousness and effective risk management
  - Adherence to internal controls procedures
  - Compliance with the group's regulatory requirements and relevant policies and procedures, including treating customers fairly
  - The ability to grow and develop markets and client relationships
  - Multi-year contribution to performance and brand building
  - Long-term sustained performance
  - Specific input from the group risk and compliance functions
  - Attitude and contribution to sustainability principles and initiatives.

Remuneration levels are targeted to be commercially competitive, on the following basis:

- The most relevant competitive reference points for remuneration levels are based on the scope of responsibility and individual contributions made
- The committee recognises that we operate an international business and compete with both local and international competitors in each of our markets
- Appropriate benchmark, industry and comparable organisations' remuneration practices are reviewed regularly
- For executive directors, the remuneration committee benchmarks against a bespoke peer group comprising: Aberdeen Asset Management, ABSA Group, Alliance Bernstein, Close Brothers Group, FirstRand, Invesco, Jefferies, Julius Baer, Macquarie Group, Man Group, Nedbank Group, Rathbone Brothers, Schroders, Standard Bank Group and Tullett Prebon
- For employees, combinations of firms from the JSE Financial 15 and the FTSE350 General Finance sector have offered the most appropriate benchmarks
- In order to avoid disproportionate packages across areas of the group and between executives, adjustments may be made at any extremes to ensure broad internal consistency. Adjustments may also be made to the competitive positioning of pay components for individuals, in cases where a higher level of investment is needed in order to build or grow or sustain either a business unit or our capability in a geography.

The following section outlines our remuneration policy in more detail for each element of total compensation as it applies to employees. Our remuneration arrangements for executive directors are currently the subject of a consultation with shareholders and will be the subject of a separate shareholder circular.

Gross remuneration: base salary and benefits

Salaries and benefits are reviewed annually and reflect the relative skills and experience of, and contribution made by, the individual. It is the group's policy to seek to set base salaries and benefits (together known as gross remuneration) at median market levels when compared like for like with peer group companies.

The Human Resources division provides guidelines to business units on recommended salary levels for all employees within the organisation to facilitate the review. These guidelines include a strategic message on how to set salary levels that will aid Investec in meeting its objectives while remaining true to corporate values and incorporate guidance on increasing levels to take account of the change in the cost of living over the year to ensure that salary levels always allow employees to afford a reasonable standard of living and do not encourage a reliance on variable remuneration.

Advisers are often engaged by either the Human Resources division or the business units to obtain general benchmark information or to benchmark specific positions to ensure that gross remuneration levels are market-driven and competitive so that levels of remuneration do not inhibit our ability to recruit the people we need to develop our business.

Benefits are targeted at competitive levels and are delivered through flexible and tailored packages. Benefits include pension schemes; life, disability and personal accident insurance; medical cover; and other benefits, as dictated by competitive local market practices. Only salaries, not annual bonuses, are pensionable.

Variable short-term incentive: annual bonus

All employees are eligible to be considered for a discretionary annual bonus, subject *inter alia* to the factors set out above in the section dealing with the determination of remuneration levels. The structure of short- term incentives varies between employees of our three operating divisions; Asset Management, Wealth & Investment and the Specialist Bank. This reflects differing regulatory requirements on the different legal entities and also differing competitive pressures in each distinct market.

Specialist Banking: variable short-term incentives

Risk-weighted returns form basis for variable remuneration levels

Group Risk Management is independent from the business units and monitors, manages and reports on the group's risk to ensure it is within the stated risk appetite as mandated by the board of directors through the board risk and capital committee (BRCC). The group monitors and controls risk exposure through credit, market, liquidity, operational and legal risk divisions/forums/committees.

Risk consciousness and management is embedded in the organisational culture from the initiation of transactional activity through to the monitoring of adherence to mandates and limits and throughout everything we do.

The BRCC (comprising both executive and non-executive directors) meets six times per annum and sets the overall risk appetite for the Investec group and determines the categories of risk, the specific types of risks and the extent of such risks which the group should undertake, as well as the mitigation of risks and overall capital management and allocation process. Senior members of the group's risk management teams who provide information for the meeting packs and present and contribute to the committee's discussions, attend these meetings.

The capital committee is a sub-committee of the BRCC and provides detailed input into the group's identification, quantification and measurement of its capital requirements taking into account the capital requirements of the banking regulators. It determines the amount of internal capital that the group should hold and its minimum liquidity requirements taking into account all the associated risks plus a buffer for any future or unidentified risks. This measure of internal capital forms part of the basis for determining the variable remuneration pools of the various operating business units (as discussed above).

The executive risk review forum (ERRF), comprising members of the executive and the heads of the various risk functions, meets weekly. Its responsibilities include approving limits and mandates, ensuring these are adhered to and that agreed recommendations to mitigate risk are implemented.

The group's central credit and risk forums provide transaction approval independent of the business unit on a deal-by-deal basis and the riskiness of business undertaken is therefore evaluated and approved at initiation of the business through deal forum, investment committee and ERRF and is reviewed and ratified at ERRF on a regular basis. These central forums provide a level of risk management by ensuring that risk appetite and various limits are being adhered to and that an appropriate interest rate and by implication, risk premium is built into every approved transaction. The approval of transactions by these independent central forums thus ensures that every transaction undertaken by the group results in a contribution to profit that has already been subject to some risk adjustment.

Our EVA model as described in detail below is principally applied to realised profits against pre-determined targets above risk and capital weighted returns. In terms of the EVA structure, capital is allocated based on risk and therefore the higher the risk, the higher the capital allocation and the higher the hurdle return rate required. This model ensures that risk and capital management are embedded in key processes at both a group and transaction level which form the basis of the group's performance related variable remuneration model thus balancing the interests of all stakeholders.

Further, both the risk and compliance functions are also embedded in the operating business units and are subject to review by the internal audit and compliance monitoring teams. The risk and compliance functions also provide, on an exception only basis, information relating to the behaviour of individuals and business areas if there has been evidence of non-compliance or behaviour which gives rise to concerns regarding the riskiness of business undertaken.

EVA model: allocation of performance related bonus pool

Our business strategy and associated risk appetite, together with effective capital utilisation, underpin the EVA annual bonus allocation model.

Business units share in the annual bonus pool to the extent that they have generated a realised return on their allocated risk-adjusted capital base in excess of their target return on equity. Many of the potential future risks that the firm may face are avoided through ensuring that the bonus pools are based on actual realised risk-adjusted profits.

The bonus pools for non-operating business units (central services and head office functions) are generated by a levy payable by each operating business on its operating profit. This bonus pool may, in some years, be supplemented by a discretionary allocation as determined by the chief executive officer and managing director, and agreed by the remuneration committee.

Our EVA model has been consistently applied for a period in excess of 10 years and encompasses the following elements:

- The profitability of each operating business unit is determined as if they are a stand-alone business. Gross revenue is determined based on the activity of the business, with arm's length pricing applicable to inter-segment activity. Profits are determined as follows:
  - Realised gross revenue (net margin and other income)
  - Less: Funding costs

- – Less: Impairments for bad debts
- – Add back: Debt coupon or preference share dividends paid out of the business (where applicable)
- – Less: Direct operating costs (personnel, systems, etc)
- – Less: Group allocated costs and residual charges (certain independent group functions are provided on a centralised basis, with an allocation model applied to charge out costs incurred to business units. Costs allocated are based on the full operational costs for the particular central service area, inclusive of the variable remuneration cost of the central service. Allocation methodologies generally use cost drivers as the basis of allocation)
- – Less: Profits earned on retained earnings and statutory held capital
- – Add: Notional profit paid by centre on internal allocated capital
- – Equals: net profits

- Capital allocated is a function of both regulatory and internal capital requirements, the risk assumed within the business and our overall business strategy
- The group has always held capital in excess of minimum regulatory requirements, and this principle is perpetuated in our internal capital allocation process. This process ensures that risk and capital discipline is embedded at the level of deal initiation and incorporates independent approval (outside of the business unit) of transactions by the various risk and credit committees
- Internal capital comprises the regulatory capital requirement taking into account a number of specified risks plus a capital buffer which caters, *inter alia*, for any unspecified or future risks not specifically identified in the capital planning process. The Investec group then ensures that it actually holds capital in excess of this level of internal capital
- Internal capital is allocated to each business unit via a comprehensive analysis of the risks inherent within that business and an assessment of the costs of those risks
- Hurdle rates or targeted returns are determined for each business unit based on the weighted average cost of capital (plus a buffer for trading businesses to take into account additional risks not identified in the capital allocation process) applied to internal capital
- Targeted returns differ by business unit reflecting the competitive economics and shareholder expectation for the specific area of the business, and are set with reference to the degree of risk and the competitive benchmarks for each product line
- In essence varying levels of return are required for each business unit reflecting the state of market maturity, country of operation, risk, capital invested (capital intensive businesses) or expected expense base (fee-based businesses)
- Growth in profitability over time will result in an increasing bonus pool, as long as it is not achieved at the expense of capital efficiency
- Target returns must be reflective of the inherent risk assumed in the business. Thus, an increase in absolute profitability does not automatically result in an increase in the annual bonus pool. This approach allows us to embed risk and capital discipline in our business processes. These targets are subject to annual review
- The group's credit and risk forums provide transaction approval independent of the business unit on a deal-by-deal basis adding a level of risk consciousness to the predetermined (and risk-adjusted) capital allocation and required hurdle rates and thus ensure that each transaction generates a return that is commensurate with its associated risk profile.

In terms of our EVA process, if business and individual performance goals are exceeded, the variable element of the total remuneration package is likely to be substantially higher than the relevant target benchmark. This ensures that overall remuneration levels have the potential to be positioned at the upper quartile level for superior performance, in line with our overarching remuneration policy.

In circumstances where an operating business unit does not have an EVA pool (e.g. when it incurs a loss or when it is a start-up), the chief executive officer and managing director may consider a discretionary allocation to allow for a modest bonus for those staff who were expected to contribute to the longer-term interests of that business unit or the group, despite the lack of EVA profits in the short term, e.g. control functions, support staff and key business staff.

It should be noted the salaries and proposed bonuses for employees responsible for risk, internal audit and compliance are not based on a formulaic approach and are independent of any revenues or profits generated by the business units where they work. The level of rewards for these employees are assessed against the overall financial performance of the group; objectives based on their function; and compliance with the various non-financial aspects referred to above.

Key elements of the bonus allocation process are set out below:

- A fixed pre-determined percentage of any return in excess of the EVA hurdle accrues to the business units' EVA pool
- A portion of the total EVA pool is allocated towards the bonus pool for central service and head office employees
- These bonus pools are reviewed regularly by the appropriate management and non-executive committees to ensure that awards are only paid when it is appropriate to do so, considering firm-wide performance against non-financial risk (both current and future) and compliance-based objectives and in order to ensure that the payment of such discretionary bonuses does not inhibit the group's ability to maintain/raise its capital levels. All users of capital operate within a strict philosophical framework that requires a balancing of risk and reward and that is designed to encourage behaviour in the interests of all stakeholders as opposed to just employees
- The EVA pools are calculated centrally by the group's finance function and subject to audit as part of the year-end audit process
- Once the annual audit is complete, line managers in each business unit will make discretionary bonus recommendations for each team member taking into consideration qualitative and quantitative criteria (as mentioned above)

- Bonus recommendations are then subject to an extensive geographic review involving Human Resources, local management and local remuneration committees
- Thereafter, these recommendations are subject to a global review by executive management, before the remuneration committee review and approval process.

The group remuneration committee specifically reviews and approves the individual remuneration packages of the executive directors, persons discharging managerial responsibilities, and PRA Code staff. The committee also reviews the salaries and performance bonuses awarded to a number of other senior and higher paid employees across the group. In addition, the committee specifically reviews and approves the salaries and performance bonuses awarded to each employee within the internal audit, compliance and risk functions, both in the business units and in the central functions, ensuring that such packages are competitive and are determined independently of the other business areas. In making these decisions the committee relies on a combination of external advice and supporting information prepared internally by the group.

Deferral of annual bonus awards – non-UK PRA Code staff within the Specialist Bank

All annual bonus awards exceeding a pre-determined hurdle level are subject to 60% deferral in respect of that portion that exceeds the hurdle level. The entire deferred amount is awarded in the form of forfeitable share awards vesting in three equal tranches at the end of 12 months, 24 months and 36 months. Where shares are being awarded to employees as part of the deferral of performance bonus awards, these are referred to as EVA shares. These awards are made in terms of our existing long-term incentive plans (refer below). The entire amount of the annual bonus that is not deferred is payable up front in cash.

Deferral of annual bonus awards – UK PRA Code staff within the Specialist Bank

- Individual awards to PRA Code staff are determined based on EVA pools in the same manner as is applicable to all staff (as set out above), and subject to the group remuneration policy and governance processes (also set out above)
- Annual bonus awards to directors of the UK Specialist Bank (excluding executive directors who are employees of a separately regulated firm) and all annual bonus awards where total variable remuneration exceeds £500 000 are subject to 60% deferral
- All other annual bonus awards to PRA Code staff are subject to 40% deferral
- The 40% not deferred in the former instance or the 60% not deferred in the latter instance will be awarded as to 50% in cash and 50% in EVA forfeitable shares (up-front EVA forfeitable shares)
- The up-front EVA forfeitable shares will vest immediately but will only be released after a period of six months, which we consider to be an appropriate retention period
- Discretionary bonuses for PRA Code staff who are not exempted by the *de minimis* rates are subject to 40% deferral (60% if total variable remuneration exceeds £500 000) after taking into account the value of LTIPs granted to each staff member in the applicable financial year and which are included in deferred variable remuneration. The deferred portion of discretionary awards to PRA Code staff will, at the election of the staff member, be made either entirely in the form of EVA forfeitable shares, or 50% in EVA forfeitable shares and 50% in cash
- All deferrals in the form of EVA forfeitable shares (being either 50% or 100% of such deferral) vest in equal amounts at the end of 12 months, 24 months and 36 months and are then subject to an appropriate period of retention, being six months.

Investec Asset Management: variable short-term incentives

Investec Asset Management (IAM) recognises Investec's obligation to ensure that all businesses within the group satisfy their obligations under the PRA Remuneration Code. The IAM remuneration committee is responsible for considering, agreeing and overseeing all elements of remuneration and the overall remuneration philosophy, principles and policy of IAM.

IAM operates the following annual bonus schemes which may result in annual payments to employees:

- Annual Discretionary Cash Bonus Scheme (all employees of IAM are currently eligible to be considered for a cash bonus payment under this scheme)
- Deferred Bonus Plan (participation in this scheme is determined on an annual basis at the discretion of IAM based on the roles of individual employees).

The percentage of profit allocated to the variable remuneration pool has been agreed (at a fixed participation rate) and approved by both the DLC and IAM remuneration committees. The same fixed participation rate has been applied consistently for many years. This structure has been a key contributor to the long-term success of IAM and encourages the staff to behave like owners. We believe in aligning the long-term interests of clients, shareholders and staff.

Individual annual bonus awards are approved by the IAM remuneration committee and reviewed by the DLC remuneration committee annually.

Annual Discretionary Cash Bonus Scheme (ADCBS)

Awards under the ADCBS are payable entirely in cash. The purpose of the cash bonus is to reward behaviour and effort against objectives and values, and retain key employees. The cash bonus pool determination is based on the profitability of IAM only. In principle, there would be no cash bonus payments should IAM be loss making (although this would be reviewed where it was considered that bonus payments were necessary in order to retain staff and protect the business in the long term even if the business had been loss making in the short term).

Management information is provided to the IAM remuneration committee to ensure that IAM's financial results are put into the context of the risk appetite of the business and the IAM remuneration committee is able to risk-adjust the cash bonus pool should they believe this is required given the risk taken and the overall financial results.

Deferred Bonus Plan (DBOP)

As noted above, participation in the DBOP is determined on an annual basis at the discretion of IAM based on the roles of individual employees. The purpose of the DBOP is both to retain key employees and to provide better alignment of the interests with clients and to manage potential, currently unknown future risks.

The conditions for participation in the DBOP are approved by the IAM remuneration committee annually, based on the remuneration requirements in the year being considered. This will take into consideration local market remuneration practices and relevant and required regulations.

The DBOP awards are made in the form of investments into various funds managed by IAM and with specific allocations for the portfolio managers into their own funds. The deferral period is just over three years and awards are only paid out under specific listed conditions. The award does not accrue to the employee until the end of the deferral period and as such both the asset and liability remain on the balance sheet of IAM until that time. Employees forfeit their allocations if they resign or their employment terminates (other than at the discretion of IAM for redundancy, retirement, death or disability) prior to the vesting date.

Payments can only be made to participants prior to a scheduled vesting date with the consent of the IAM executive committee and ultimately by the IAM remuneration committee.

IAM's governance processes, operating within the context of the broader Investec group's processes, ensure robust oversight of reward and effective management of any potential conflicts of interest whilst reflecting the need to link remuneration decisions with IAM's risk appetite.

The head of the IAM risk committee assesses the risk appetite, risk tolerance level and risk management for IAM and feeds her views into the remuneration decision making process, including sending a risk report to the IAM remuneration committee for consideration when making remuneration decisions.

In addition, IAM Human Resources and Compliance are responsible for ensuring that the IAM remuneration committee takes into consideration financial and non-financial criteria, risk and compliance reports, and any other relevant information in making decisions around remuneration.

The primary determinant of the variable compensation pool available for distribution is IAM's own annual profit. There is an annual budget against which the business is measured.

The variable compensation pool is allocated to business divisions and then to individuals based on divisional performance and the individual's performance. This ensures that staff are rewarded appropriately for meeting their objectives and keeping within the values of the business.

The oversight of conflicts of interest and the link between risk and reward is achieved through a combination of effective remuneration components, designed to incorporate risk and of the dual operation of the DLC remuneration committee and IAM remuneration committee in ensuring appropriate and, where necessary, independent oversight of both remuneration policy and outcomes.

Investec Wealth & Investment other than in South Africa: variable short-term incentives

Investec Wealth & Investment (IW&I) recognises Investec's obligation to ensure that all businesses within the group satisfy their obligations under the PRA Remuneration Code. IW&I recognises that the policy, procedures and practices it has adopted should not conflict with the group's obligations under the PRA Remuneration Code. The IW&I remuneration committee is responsible for considering, agreeing and overseeing all elements of remuneration and the overall remuneration philosophy and policy of IW&I within the context of the Investec group's agreed remuneration philosophy and policy.

IW&I operates the following variable performance bonus schemes which may result in annual payments to employees:

- Discretionary Incentive Scheme (relating to staff in client facing roles and administration staff who support them directly)
- Discretionary Bonus Scheme (relating to staff in non-client facing support functions)
- Additional New Business Incentive Scheme (relating to staff primarily in client facing roles who are direct generators of income).

Awards under each of the three schemes above are payable entirely in cash and do not attract employer pension contributions. In the case of the Discretionary Incentive Scheme and the Discretionary Bonus Scheme, the award may be paid directly to the individual (subject to the deduction of PAYE and NIC) or, at IW&I's discretion, as an additional pension contribution.

All employees are eligible to be considered for an annual discretionary award under one of the above schemes. Awards relate to financial years ending 31 March each year. An interim payment on account of the annual award is considered at the half-year stage.

Value adjustments that are considered appropriate as a result of an individual's level of non-financial performance being below that expected by the business are made entirely to the discretionary incentive scheme or discretionary bonus scheme award of the employee concerned.

Where an IW&I executive director undertakes a role that is primarily client facing in a specific business unit, that director may also be eligible to participate in the incentive schemes of the relevant business unit. Such schemes comprise two elements:

- The first element is a bonus pool which is calculated based on a formula that is directly related to the profitability of the business unit. The entire bonus pool, which is not subject to an upper limit, is distributed to the employees of the business unit on a discretionary basis. A proportion of the annual discretionary bonus payable to such executive directors may be awarded as a pension contribution, at the discretion of the committee
- The second element rewards participating employees on an individual basis for new business that is gained and then retained for a period of three years following the end of the year in which the new business is gained. The amount payable is based on a formula which is directly related to the income generated as a result of the new business and is not subject to an upper limit. All awards under this scheme are cash awards. This latter scheme represents a long-term incentive scheme in accordance with the regulations and amounts earned and paid under this scheme are separately disclosed in the financial statements of IW&I.

Investec Wealth & Investment: South Africa variable short-term incentives

As there are no overriding regulatory requirements applicable to the business, the policies applicable to the Specialist Bank are applied to this business unit as set out on pages 76 to 78.

Other information on deferred awards and clawback provisions within the group

Employees who leave the employment of Investec prior to vesting of these deferred awards will lose their EVA forfeitable shares other than as a result of retirement, subject to the group's normal good leaver provisions and approval process in exceptional cases.

The deferred share awards are subject to clawback of unpaid EVA. The assessment of whether any clawback should be made to an individual's unvested award will be undertaken within the following framework:

- Where there is reasonable evidence of employee misbehaviour
- Where the firm or operating business unit suffers a material downturn in its financial performance
- Where the firm or business unit suffers a material failure of risk management.

In these cases, management and the remuneration committee will take into account the following factors in determining the extent (if any) to which the quantum of deferred awards should be subject to clawback:

- The extent to which the individual had control over the outcome
- Failure of internal control systems
- The impact of the risk profile of the relevant member of the group or business unit
- Any violation of the group's culture and values
- The long-term impact of the outcome on the group or relevant business unit
- External factors including market conditions
- Any other relevant factors.

Specifically for EVA share awards, where profits used to determine the original EVA bonus are materially reduced after the bonus determination, the awards will be recalculated for such reduction and consideration given to clawback (if any) to the extent that the prior period's EVA pool is reduced and the extent to which it affected each employee.

Long-term incentive: share awards

We have a number of share option and long-term share incentive plans that are designed to align the interests of employees with those of shareholders and long-term organisational interests, and to build material share ownership over the long term through share awards. These share option and incentive plans are also used in appropriate circumstances as a retention mechanism for key talent.

Awards are made in the form of nil cost options other than for countries where the taxation of such awards is penal. In these cases awards are made in the form of forfeitable shares, conditional awards or market strike options.

In principle all employees are eligible for long-term incentives. Awards are considered by the remuneration committee and made only in the 42-day period following the release of our interim or final financial results in accordance with the Association of British Insurers (ABI) guidelines. These awards comprise three elements, namely:

- 'New starter' awards are made based on a *de facto* non-discretionary basis using an allocation table linked to salary levels
- 'General allocation' awards are also *de facto* non-discretionary awards of the same quantum as new starter awards and are made to employees who have not had any other share award in a three year period
- 'Top up' awards are made at the discretion of line management primarily to ensure multi-year performance and long-term value generation.

All proposed long-term incentive awards (LTIPs) are recommended by business unit management, approved by the staff share executive committee and then the remuneration committee before being awarded. Awards of Investec plc LTIPs are made to employees of Investec plc and awards of Investec Limited LTIPs for employees of Investec Limited. AT IAM, LTIP awards are only generally considered for employees who do not participate in the DBOP.

LTIP awards for non-PRA Code Staff are subject to 75% vesting at the end of four years and the final 25% at the end of the fifth year, which we believe is appropriate for our business requirements. LTIP awards to PRA Code Staff are subject to 75% vesting at the end of three and a half years and the final 25% at the end of four and a half years, and are then subject to a six-month retention period. The awards are forfeited on termination, but 'good leaver' discretion is applied in exceptional circumstances.

Retention is addressed through the long-term nature of awards granted which provides an element of 'lock-in' for employees throughout the vesting period and allows for multi-year contribution to performance and brand building.

Investec's share option and long-term incentive plans are summarised below and include: our current long-term incentive plans and several plans that are no longer used (including those relevant to executive directors), or which were introduced prior to the implementation of the DLC structure. Some of these plans still have outstanding awards.

Summary of Investec's share option and long-term incentive plans

Plan	Eligibility	Date implemented	Option/ shares	Maximum award per individual[1]	Performance conditions[2]	Vesting period	Options granted during the year[3]	Total issued as at 31 March 2013[4/5/6]
Long-term incentive plans								
Investec 1 Limited Share Incentive Plan[7] – nil cost options – EVA share awards – market strike options	• New and existing full-time employees • Excluding employees in SA, Botswana, Namibia and Mauritius • Excluding executive directors	16 March 2005	Investec plc	• Cumulative limit of 2 500 000 across all option plans • Excluding EVA awards • In any financial year: 1 x remuneration package	None	• Nil cost options: 75% end of year four and 25% end of year five and for PRA Code staff 75% at the end of three and a half years and 25% at the end of four and a half years plus a six-month retention • EVA share awards: up to three years from date of award • Market strike options: 25% end of year two, three, four and five	12 011 801 16 000	Number: 47 586 377 % of issued share capital of company: 7.9% Number: 16 000 % of issued share capital of company: 0.0%
Investec Limited Share Incentive Plan[7] – nil cost options – EVA share awards	• New and existing full-time employees in SA, Botswana, Namibia and Mauritius • Excluding executive directors	16 March 2005	Investec Limited and Investec plc	• Cumulative limit of 2 500 000 across all option plans • Excluding EVA awards • In any financial year: 1 x remuneration package	None	• Nil cost options: 75% end of year four and 25% end of year five • EVA share awards: up to two years from date of award	8 609 725	Number: 44 300 546 % of issued share capital of company: 5.0%
Share plans not currently in use								
Investec plc Share Matching Plan 2005	Executive directors	14 November 2005	Matching awards of Investec Limited and Investec plc shares in the ratio of 1:1 against shares invested in plan by the director	A maximum of 750 000 investment shares may be invested in the plan each time the plan is operated	Vesting scale over the period based on normalised EPS growth in excess of UK RPI, with 0% vesting if EPS growth is less than 4% plus RPI p.a. and 100% vesting if EPS growth is in excess of RPI plus 12% p.a.	75% end of year four and 25% end of year five	Last grant made on 1 July 2010 and no longer in use	Number: 3 150 000[8] % of issued share capital of company: 0.5%

Plan	Eligibility	Date implemented	Option/ shares	Maximum award per individual[1]	Performance conditions[2]	Vesting period	Options granted during the year[3]	Total issued as at 31 March 2013[4/5/6]
Share plans not currently in use (continued)								
Investec plc Share Option Plan 2002 (unapproved plan) (expired August 2012)	• New and existing full-time employees • Excluding employees in SA, Botswana, Namibia and Mauritius • UK employees – grants exceeding £30 000 • Directors and executives	28 August 2002	Investec plc	• Cumulative limit of 2 500 000 across all option plans excluding EVA awards • In any financial year: 1 x remuneration package	Growth in headline EPS ≥UK RPI plus 3% compounded annually over the period of the grant	Tranches of 25% each on the second, third, fourth and fifth anniversaries	84 750	Number: 478 152 % of issued share capital of company: 0.8%
Investec plc Share Option Plan 2002 (approved plan) (expired August 2012)	• New and existing UK full-time employees – grants up to the value of £30 000 • Directors and executives	28 August 2002	Investec plc	• Cumulative limit of 2 500 000 across all option plans excluding EVA awards • In any financial year: 1 x remuneration package	Growth in headline EPS ≥UK RPI plus 3% compounded annually over the period of the grant	Tranches of 50%, 25% and 25% at the third, fourth and fifth anniversaries respectively	Last grant made on 17 June 2003	Number: 35 950 % of issued share capital of company: 0.0%
Investec plc Deferred Bonus Plan 2008	• New and existing full-time employees • Excluding employees in SA, Botswana, Namibia and Mauritius	2 June 2008	Investec plc	• Cumulative limit of 2 500 000 across all option plans excluding EVA awards • In any financial year: 1 x remuneration package	None	Variable with a minimum non-dealing period of one year	None	Number: 147 875 % of issued share capital of company: 0.0%

1. *The limits for allocations to employees and executive management during a financial year may be exceeded if the directors determine that exceptional circumstances make it desirable that options should be granted in excess of that limit.*
2. *The Investec plc Share Option Plan 2002 (unapproved plan) is operated in jurisdictions where the application of the other schemes is less favourable to participants. This scheme provides for performance conditions to be applied to awards, which are determined by the committee at the time the awards are made. This note does not apply to the Share Matching Plan 2005 which has different performance conditions as approved by shareholders (further information is available on our website).*
3. *This represents the number of awards made to all participants. For further details, see the directors' report on page 99. More details on the directors' shareholdings are also provided in tables accompanying this report.*
4. *Dilution limits: Investec is committed to following the ABI guidelines and accordingly, as from the date of the implementation of our DLC structure (29 July 2002), the maximum number of new shares which may be issued by the company under all of the share plans (in respect of grants made after July 2002) may not exceed 10% of the issued share capital of the company over a rolling 10 year period. We have, since our listing date, complied with both the 10% in 10 years guideline for discretionary and non-discretionary awards in aggregate as well as the 5% in 10 years guideline for discretionary awards. The committee regularly monitors the utilisation of dilution limits and available headroom to ensure that these guidelines are complied with. The issued share capital of Investec plc and Investec Limited at 31 March 2013 was 605.2 million shares and 279.6 million shares respectively.*
5. *The market price of an Investec plc share as at 31 March 2013 was £4.59 (2012: £3.82), ranging from a low of £3.10 to a high of £5.14 during the financial year.*
6. *The market price of an Investec Limited share as at 31 March 2013 was R64.26 (2012: R47.16), ranging from a low of R41.31 to a high of R69.89 during the financial year.*
7. *The rules of these long-term incentive plans do not allow awards to be made to executive directors.*
8. *The performance conditions in respect of these awards were not met and accordingly the awards will be forfeited on 1 July 2013.*

Other remuneration structures

Guaranteed variable remuneration

Guaranteed variable remuneration comprises all forms of remuneration whose value can be determined prior to award. This includes, but is not limited to sign-on, buy-out and guarantee awards. Guaranteed variable awards will not be awarded, paid or provided to any individual within the Investec plc group unless they are:

- Exceptional
- In the context of hiring new staff
- Limited to the first year of service.

The remuneration committee at least annually reviews guaranteed variable remuneration payments and the number of guarantees awarded to ensure that they are only granted in exceptional circumstances.

Retention awards

Investec only pays retention awards to serving staff in exceptional circumstances. In all such cases, Human Resources shall review proposed payments to ensure that they are in line with this policy and any other relevant regulation. Additionally for PRA Code staff, the remuneration committee shall review all proposed awards. Circumstances where Investec plc will consider paying a retention award are in the case of a major restructuring of the company or any subsidiary or one of its business units (for instance in the start-up of a new business line, or the closure of a business line), where the retention of individuals is essential to the completion of the task. A valid business case for the retention of the individual must be presented in order for a retention award to be approved and the PRA should be notified prior to the retention award being made to PRA Code staff, and should consider seeking guidance on the appropriateness of retention awards for certain individuals.

Severance awards

Severance payments by Investec plc or one of its subsidiary companies for the early termination of a contract are at executive management's absolute discretion and must reflect performance achieved over time and be designed in a way that does not reward failure. Severance payments for PRA Code staff individuals shall be subject to approval by the DLC remuneration committee.

Discretionary extended pension benefits policy

All proposed extended pension payments made to employees upon reaching retirement should be reviewed by the remuneration committee for alignment with appropriate laws, policy and regulation.

Non-executive directors' remuneration

The board agrees and determines the fees of non-executive directors and the fees are reviewed annually. The board's policy is that fees should reflect individual responsibilities and membership of board committees. The increase in non-executive directors' fees for the forthcoming year reflects current market conditions (with the focus on controlling fixed remuneration) and additional time commitment required. Their fee structure covers the dual roles that the directors perform for the UK listed Investec plc and the South African listed Investec Limited boards. The fee structure for non-executive directors for the 2013 and 2014 financial years is shown below:

Non-executive directors' remuneration	2013 financial year	As approved by the board for the 2014 financial year
Chairman's total fee	£250 000 per year	£255 000 per year
Basic non-executive director fee	£65 000 per year	£67 000 per year
Senior independent director	£5 000 per year	£5 500 per year
Chairman of the DLC audit committee	£55 000 per year	£57 000 per year
Chairman of the DLC remuneration committee	£37 000 per year	£38 000 per year
Member of the DLC audit committee	£16 000 per year	£16 500 per year
Member of the DLC remuneration committee	£14 500 per year	£15 000 per year
Member of DLC nominations and directors' affairs committee	£10 500 per year	£11 000 per year
Member of the board risk and capital committee	£13 000 per year	£13 500 per year
Board member in attendance of the board risk and capital committee	£10 500 per year	£11 000 per year
IBL board member in attendance of the board risk and capital committee	R125 000 per year	R130 000 per year
Member of the Investec Bank plc board	£11 500 per year	£12 000 per year
Member of the Investec Bank Limited board	R250 000 per year	R260 000 per year
Member of the Investec Limited audit committee who is not a DLC audit committee member	R120 000 per year	R125 000 per year
IBL board member in attendance at the DLC nominations and directors' affairs committee	R68 000 per year	R70 000 per year

Fees are also payable for any additional time committed to the group including attendance at certain other meetings.

There is no requirement for non-executive directors to hold shares in a group company. The group has left this choice to the discretion of each non-executive director.

Governance

Compliance and governance statement

The remuneration report complies with the provisions of the UK Corporate Governance Code 2012, section 420 of the UK Companies Act 2006, the UK Financial Conduct Authority listing rules, the PRA Remuneration Code, the South African King III Code of Corporate Practice and Conduct, the South African Companies Act 2008 and the JSE Limited listing requirements.

Scope of our remuneration policy

The Investec group aims to apply remuneration policies to executive directors and employees that are largely consistent across the group, but recognises that certain parts of the group are governed by local regulations that may contain more onerous requirements in certain respects. In those cases, the higher requirements are applied to that part of the group. This is relevant to Investec plc and its subsidiary companies that are subject to the PRA Remuneration Code (as a level 2 organisation as defined therein), and in particular in relation to PRA Code staff. Additionally, where any aspect of our remuneration policy contravenes local laws or regulations, the local laws or regulations shall prevail.

We believe that our remuneration policy is consistent with and complies with the principles and rules of the PRA Remuneration Code in respect of Investec plc and its subsidiary companies. We also believe that this policy is consistent with and complies with the substance of the Financial Stability Board's Principles for Sound Compensation Practices.

The following Investec plc group entities are separately regulated by the PRA and as such maintain their own remuneration policies separate from the Investec group policy and in line with such entity's own risk profile and business activities:

- Investec Asset Management Limited
- Investec Wealth & Investment Limited
- Investec Bank plc
- Hargreave Hale Limited.

Under the PRA Remuneration Code, Investec Bank plc is the only group entity which is classified as being level 2. It should be noted that our Asset Management and Wealth Management businesses have been classified as level 3 entities under the proportionality rules of the PRA Remuneration Code.

Composition and role of the committee

George Alford, after having served on the board and the committee for over nine years, resigned from the committee on 31 March 2013. Olivia Dickson, who has served on the committee for two years, has assumed responsibility as acting chair of the committee for a period of six months. Bradley Fried was appointed as a member of the committee effective from 3 April 2013. Fani Titi attends the meetings as a permanent invitee.

Three of the current members of the committee are deemed to be independent as discussed on page 67.

Members of the committee are also members of the group's board risk and capital committee and/or audit committee, thus bringing risk and control mechanisms into their deliberations.

The committee's principal responsibilities and objectives are to:

- Determine, develop and agree with the board, the framework or broad policy for the remuneration of executive directors and executive management (comprising individuals discharging managerial responsibilities, who are the global heads of our core areas of activity and are members of our global operations forum)
- Commission and consider the results of an annual central and internal review of policy implementation
- Ensure that qualified and experienced management and executives are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their contribution to the success of the group and alignment with the corporate objectives and business strategy
- Review and approve the design of, and determine targets and objectives for any performance related pay schemes operated by the group and approve the aggregate annual payouts under such schemes
- Review and approve, within the terms of the agreed policy, the total individual remuneration packages of executive directors and executive management including, where appropriate, bonuses, incentive payments and share scheme awards
- Review and approve, within the terms of the agreed policy, the total individual remuneration packages of members of the internal audit, risk and compliance functions
- Oversee any major changes in our employee benefit structures
- Ensure that the comments, recommendations and rules within the UK and South Africa pertaining to remuneration are respected.

The committee is authorised by the board to seek any information it requires from any employee in order to perform its duties.

The committee's terms of reference are subject to annual review and are available on our website.

Meetings

The remuneration committee met 13 times during the financial year. An attendance schedule is provided in the Investec group's 2013 annual report.

The company secretary of Investec plc acts as the secretary. Executive directors do not attend meetings of the committee, unless invited or required to do so by the chairman of the committee. The chairman of the committee reports on the activities of the committee at each meeting of the full board.

Advisers to the committee and the company

Where appropriate, the committee has access to independent executive remuneration consultants. The selection of the advisers is at the discretion of the committee chairman, and Investec funds any expenses relating to their appointment.

During the financial year, the committee continued to use the services of its advisers, New Bridge Street, which among other things specifically reviewed and provided information on executive share incentive schemes, industry consultation papers, regulations and developments with respect to remuneration practices and our alignment to them. In addition, they continued to review and provide information on appropriate benchmarks, industry and comparable organisations' remuneration practices. Their recommendations are valued in the ongoing review of our remuneration practices. New Bridge Street is a signatory to the UK Remuneration Consultants Group's Code of Conduct and does not conduct any material work for the company other than for the committee and is part of Aon plc. The company also retained the services of PricewaterhouseCoopers to assist with the development of executive director incentive arrangements and the implications of various regulatory developments including the CRD IV.

Furthermore, we have used the services of Linklaters, who have advised this year mainly on the creation of a new share plan (Executive Incentive Plan 2013), a number of issues pertaining to our existing incentive plans and aspects of the implementation of the PRA Remuneration Code. Linklaters is one of Investec plc's legal advisers.

Certain specialist divisions within the group, for example, Human Resources and the Staff Shares Schemes division, provide supporting information and documentation relating to matters that are presented to the committee. This includes, for example, comparative data and motivations for proposed salary, bonus and share awards. The variable remuneration pools are determined by our finance teams taking into account risk-adjusted capital requirements and after eliminating unrealised gains. The employees within these specialist divisions, which provide support to the committee, are not board directors and are not appointed by the committee.

Service contracts and terms of employment

Each executive director is entitled to receive annually gross remuneration comprising a salary and other benefits and is also eligible for an annual bonus, the amount of which will be determined by the remuneration committee. Furthermore, the executive directors may elect to sacrifice a portion of their annual gross remuneration to receive company benefits such as a travel allowance and medical aid.

The full costs of these benefits are deducted from their gross remuneration with the residual then being in effect their basic salary.

Further information is provided on pages 86 and 87.

Executive directors are permitted to accept outside appointments on external boards or committees provided these are not deemed to interfere with the business of the company. Any fees earned by executives in this regard are forfeited to Investec.

Performance graph: total shareholder return

We have implemented a DLC structure, in terms of which we have primary listings in London and Johannesburg. The listing on the London Stock Exchange (LSE) took place on 29 July 2002. We have been listed in South Africa since 1986.

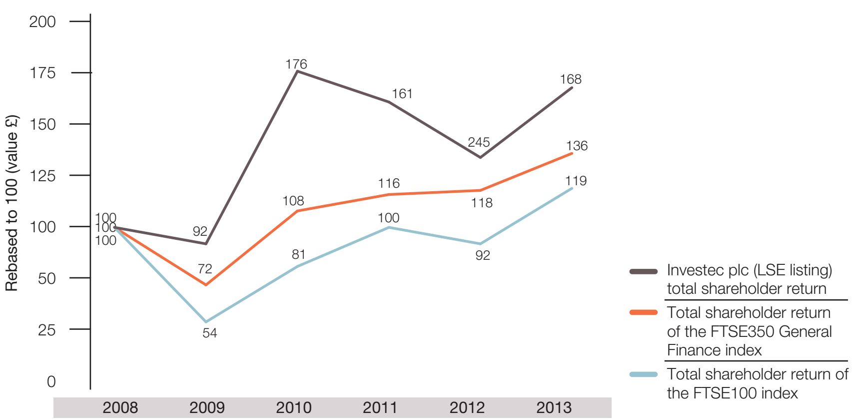
Schedule 8 of the UK Large and Medium-sized Companies and Groups (Accounts and Report) Regulations 2008 requires this report to include a performance graph of Investec plc's total shareholder return (TSR) performance against that of a broad market index. We found it difficult to locate an appropriate group of companies to benchmark ourselves against because of our specialist activities. A number of companies within the FTSE 350 General Finance Index conduct similar activities to us, although they do not necessarily have the same geographical profile. Nevertheless, to date this has been the most appropriate index against which to measure our performance on the LSE. Towards the end of our 2010 financial year, Investec plc was included as a new entrant into the FTSE 100 Index. Investec plc however, exited this index during December 2011 as it did not qualify for re-inclusion based on its market capitalisation at that date. We have included the total shareholder return of that index for illustrative purposes.

The graph below shows the cumulative shareholder return for a holding of our shares (in black) in Pounds Sterling on the LSE, compared with the average total shareholder return of other members of the FTSE 350 General Finance Index and the FTSE 100 Index. It shows that, at 31 March 2013, a hypothetical £100 invested in Investec plc at 31 March 2008 would have generated a total return of £68 compared with a return of £19 if invested in the FTSE 350 General Finance Index and a return of £36 if invested in the FTSE 100 Index. Investec plc has therefore outperformed the FTSE 350 General Finance Index and the FTSE 100 Index over the period.

During the period from 1 April 2012 to 31 March 2013, the return to shareholders of Investec plc (measured in Pounds Sterling) and Investec Limited (measured in Rands) was 24.6% and 41.2%, respectively. This compares to a 29.7% for the FTSE 350 General Finance Index and a return of 13.4% for the FTSE 100 Index.

The market price of our shares on the LSE was £4.59 as at 31 March 2013, ranging from a low of £3.10 to a high of £5.14 during the financial year. Furthermore, the market price of our shares on the JSE Limited was R64.26 as at 31 March 2013, ranging from a low of R41.31 to a high of R69.89 during the financial year.

Total shareholder return



Source: Datastream.

Audited information

Directors' annual remuneration

The following table shows a breakdown of the annual remuneration (excluding equity awards) of directors for the year ended 31 March 2013:

Name	Salaries, directors' fees and other remuneration 2013 £	Total other benefits 2013[3] £	Gross remuneration 2013[1/2] £	Annual bonus – cash component 2013[4]	Annual bonus – deferred component 2013[4] £	Total remuneration 2013 £	Total remuneration 2012[5] £
Executive directors							
S Koseff (chief executive officer)[5]							
– cash component	360 041	89 959	450 000	300 000	–	750 000	450 000
– deferred component	–	–	–	–	1 200 000	1 200 000	–
						1 950 000	450 000
B Kantor (managing director)[5]							
– cash component	419 196	30 804	450 000	300 000	–	750 000	450 000
– deferred component	–	–	–	–	1 200 000	1 200 000	–
						1 950 000	450 000
GR Burger (group risk and finance director)[5]							
– cash component	307 294	51 688	358 982	300 000	–	658 982	370 681
– deferred component	–	–	–	–	1 200 000	1 200 000	–
						1 858 982	370 681
HJ du Toit[7]							
– cash component	391 378	59 535	450 913	2 180 000	–	2 630 913	441 678
– deferred component	–	–	–	–	2 180 000	2 180 000	4 327 500
						4 810 913	4 769 178
Total in Pounds Sterling	1 477 909	231 986	1 709 895	3 080 000	5 780 000	10 569 895	6 039 859
Non-executive directors							
Sir D Prosser (joint chairman)	250 000	–	250 000	–	–	250 000	176 832
F Titi (joint chairman)	250 000	–	250 000	–	–	250 000	218 548
SE Abrahams	285 563	–	285 563	–	–	285 563	283 972
GFO Alford	168 408	–	168 408	–	–	168 408	148 000
CA Carolus	70 431	–	70 431	–	–	70 431	67 705
PKO Crosthwaite	143 998	–	143 998	–	–	143 998	86 500
OC Dickson	95 000	–	95 000	–	–	95 000	90 500
B Fried	148 000	–	148 000	–	–	148 000	145 500
D Friedland[8]	8 094	–	8 094	–	–	8 094	–
H Fukuda OBE	79 259	–	79 259	–	–	79 259	72 000
IR Kantor	76 500	–	76 500	–	–	76 500	73 000
MP Malungani	102 029	–	102 029	–	–	102 029	99 767
PRS Thomas	205 276	–	205 276	–	–	205 276	208 445
Total in Pounds Sterling	1 882 558	–	1 882 558	–	–	1 882 558	1 670 769
Total in Pounds Sterling	3 360 467	231 986	3 592 453	3 080 000	5 780 000	12 452 453	7 710 628

1. *Gross remuneration comprises base salary and other benefits (see points 2 and 3 below).*
2. *Gross remuneration of S Koseff and B Kantor remained the same as the prior year and HJ du Toit's gross remuneration increased by 2.1%. The gross remuneration of GR Burger is determined in Rands and converted into Pounds Sterling. In Rand terms GR Burger's gross remuneration increased by 5.1% from R3 550 000 in March 2012 to R3 733 333 in March 2013. Gross remuneration increases for other employees across the group have generally been in the range of 5% to 10%.*
3. *The executive directors receive other benefits which may include pension schemes; life, disability and personal accident insurance; and medical cover, on similar terms to other senior executives.*
4. *Determination of bonuses are explained on pages 76 to 78 and as discussed on page 78 a portion of bonuses are paid in cash and a portion is deferred as required in terms of the PRA Code. In 2012 S Koseff, B Kantor and GR Burger waived their bonuses.*

5. *A breakdown of the components of the reward packages for the executive directors in the 2012 financial year is as follows:*

Name	Salary £	Total other benefits £	Gross remuneration £	Annual bonus – cash component £	Annual bonus – deferred component £	Total remuneration £
S Koseff (chief executive officer)	344 791	105 209	450 000	–	–	450 000
B Kantor (managing director)	410 640	39 360	450 000	–	–	450 000
GR Burger (group risk and finance director)	315 163	55 518	370 681	–	–	370 681
HJ du Toit	391 378	50 300	441 678	–	4 327 500	4 769 178
Total in Pounds Sterling	1 461 972	250 387	1 712 359	–	4 327 500	6 039 859

6. *S Koseff, B Kantor and GR Burger are classified as PRA Code staff.*
7. *Notwithstanding that HJ du Toit is currently a director of Investec plc and Investec Limited; he does not perform Investec group-wide executive activities. Accordingly, HJ du Toit and any remuneration benefits due to him are subject to the remuneration policies, rules and regulations applicable to employees of Investec Asset Management and not the remuneration policies, rules and regulations applicable to other entities within the Investec group.*
8. *D Friedland was appointed on 1 March 2013.*

Retirement benefits

None of the executive directors belong to a defined benefit pension scheme and all are members of one of our defined contribution pension schemes. The total contribution to these schemes, payable by the company, included in the total salary of the director or included in benefits paid as set out in the tables above, is as follows:

Name	2013 £	2012 £
Executive directors		
S Koseff (chief executive officer)	56 468	64 659
B Kantor (managing director)	23 954	23 931
GR Burger (group risk and finance director)	41 547	43 402
HJ du Toit	50 000	50 000
Total in Pounds Sterling	171 969	181 992

Executive directors' total assumed cost to company

The table below provides an indication of the total cost to the company in relation to executive directors' remuneration. Total cash payments and benefits reflect the information disclosed in the tables above. The IFRS accounting charge (in terms of IFRS 2) reflects the cost that has been expensed by the company in its income statement in the relevant period in relation to share options and long-term incentive awards that have been granted to the executives.

Further details on these equity awards are provided in the tables that follow:

Name	Salary, bonus and other benefits 2013 £	Accounting IFRS charge in relation to equity awards 2013 £	Total assumed remuneration expense £	Salary, bonus and other benefits 2012 £	Accounting IFRS charge in relation to equity awards 2012 £	Total assumed remuneration expense £
Executive directors						
S Koseff (chief executive officer)	1 950 000	(947 458)*	1 002 542	450 000	288 512	738 512
B Kantor (managing director)	1 950 000	(1 090 680)*	859 320	450 000	315 471	765 471
GR Burger (group risk and finance director)	1 858 982	(947 458)*	911 524	370 681	(307 877)	62 804
HJ du Toit	4 810 913	675 848	5 486 761	4 769 178	833 535	5 602 713
Total in Pounds Sterling	10 569 895	(2 309 748)	8 260 147	6 039 859	1 129 641	7 169 500

* *Accounting IFRS2 charges have been reversed in respect of awards lapsed, where performance conditions have not been met. Refer to the notes to the directors' interest in the Share Matching Plan on page 89.*

Directors' shareholdings, options and long-term incentive awards

The company's register of directors' interests contains full details of directors' shareholdings, options and long-term incentive awards. The tables that follow provide information on the directors' shareholdings, options and long-term incentive awards for the year ended 31 March 2013.

Directors' shareholdings in Investec plc and Investec Limited shares as at 31 March 2013

	Beneficial and non-beneficial interest Investec plc[1]		% of shares in issue[1]	Beneficial and non-beneficial interest Investec Limited[1]		% of shares in issue[1]
Name	1 April 2012	31 March 2013	31 March 2013	1 April 2012	31 March 2013	31 March 2013
Executive directors						
S Koseff	4 839 133	4 589 355	0.8%	1 809 330	1 809 399	0.6%
B Kantor	63 980	57 980	–	3 801 000	4 201 000	1.5%
GR Burger	2 402 135	2 402 135	0.4%	1 037 076	737 076	0.3%
HJ du Toit	–	–	–	604 740	604 740	0.2%
Total number	7 305 248	7 049 470	1.2%	7 252 146	7 352 215	2.6%
Non-executive directors						
Sir D J Prosser (joint chairman)	10 000	10 000	–	–	–	–
F Titi (joint chairman)	–	–	–	–	–	–
SE Abrahams	–	–	–	–	–	–
GFO Alford	10 000	10 000	–	–	–	–
CA Carolus	–	–	–	–	–	–
PKO Crosthwaite	132 908	132 908	–	–	–	–
OC Dickson	–	–	–	–	–	–
B Fried	–	–	–	300 000	300 000	0.1%
D Friedland[2]	–	–	–	–	–	–
H Fukuda OBE	5 000	5 000	–	–	–	–
IR Kantor	3 509 545	3 509 545	0.6%	325	325	–
MP Malungani	–	–	–	–	–	–
PRS Thomas	195 800	195 800	–	500	500	–
Total number	3 863 253	3 863 253	0.6%	300 825	300 825	0.1%
Total number	11 168 501	10 912 723	1.8%	7 552 971	7 653 040	2.7%

1. *The number of shares in issue and share prices for Investec plc and Investec Limited over the period is provided on page 82.*
2. *D Friedland was appointed on 1 March 2013.*

Directors' interest in preference shares as at 31 March 2013

	Investec plc		Investec Limited		Investec Bank Limited	
Name	1 April 2012	31 March 2013	1 April 2012	31 March 2013	1 April 2012	31 March 2013
Executive directors						
S Koseff	101 198	101 198	3 000	3 000	4 000	4 000

- *The market price of an Investec plc preference share as at 31 March 2013 was R56.00 (2012: R45.00)*
- *The market price of an Investec Limited preference share as at 31 March 2013 was R85.10 (2012: R93.41)*
- *The market price of an Investec Bank Limited preference share as at 31 March 2013 was R91.90 (2012: R98.25).*

Directors' interest in options as at 31 March 2013

Investec plc shares

The directors do not have any interest in options over Investec plc shares.

Investec Limited shares

The directors do not have any interest in options over Investec Limited shares.

Directors' interest in long-term incentive plans as at 31 March 2013

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2012	Exercised during the year	Options granted/ lapsed during the year	Balance at 31 March 2013	Market price at date of exercise	Gross gains made on date of exercise	Period exercisable
HJ du Toit	25 June 2007	Nil	93 750	(93 750)	–	–	£3.65	£342 637	
	25 June 2009	Nil	250 000	–	–	250 000	–	–	75% is exercisable on 25 June 2013 and 25% on 25 June 2014
	1 July 2010	Nil	750 000	–	–	750 000	–	–	75% is exercisable on 1 July 2014 and 25% on 1 July 2015

The group has made awards in respect of nil cost options in the capital of Investec plc for nil consideration pursuant to the Long-Term Incentive Plan (LTIP).The awards are in accordance with the determination of the remuneration committee and with the rules of the LTIP. These awards were made prior to HJ du Toit becoming an executive director. HJ du Toit exercised his options and sold 93 750 Investec plc shares on 25 June 2012, when the share price was £3.65 per share.

Directors' interest in the Share Matching Plan 2005 as at 31 March 2013

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2012	Exercised during the year	Options granted/ lapsed during the year	Balance at 31 March 2013	Market price at date of exercise	Gross gains made on date of exercise	Period exercisable
S Koseff	25 June 2009	Nil	300 000		(300 000)	–			The entire award was forfeited on 25 June 2012^
	1 July 2010	Nil	750 000	–	–	750 000*			The entire award will be forfeited on 1 July 2013
B Kantor	25 June 2009	Nil	300 000		(300 000)	–			The entire award was forfeited on 25 June 2012^
	1 July 2010	Nil	750 000	–	–	750 000*			The entire award will be forfeited on 1 July 2013
GR Burger	25 June 2009	Nil	300 000		(300 000)	–			The entire award was forfeited on 25 June 2012^
	1 July 2010	Nil	750 000	–	–	750 000*			The entire award will be forfeited on 1 July 2013

^ *The performance conditions in respect of the awards made on 25 June 2009 were not met and accordingly the awards were forfeited on 25 June 2012.*

* *The performance conditions in respect of the awards made on 1 July 2010 were not met and accordingly the awards will be forfeited on 1 July 2013.*

This plan was approved by shareholders at an extraordinary general meeting held on 14 November 2005. Further details on the plan are available on our website.

No additional matching awards were made during the year.

Summary: total interest in Investec plc and Investec Limited ordinary shares, options and long-term incentive awards as at 31 March 2013

Investec plc

Name	Beneficially and non-beneficially held	Options	Long-term incentive plans	Share Matching Plan^	Balance at 31 March 2013	Balance at 31 March 2012
S Koseff	4 589 355	–	–	750 000^	5 339 355	5 889 133
B Kantor	57 980	–	–	750 000^	807 980	1 113 980
GR Burger	2 402 135	–	–	750 000^	3 152 135	3 452 135
HJ du Toit	–	–	1 000 000	–	1 000 000	1 093 750
Total number	7 049 470	–	1 000 000	2 250 000	10 299 470	11 548 998

^ *As discussed on page 89, all of these share awards will be forfeited on 1 July 2013.*

Investec Limited

Name	Beneficially and non-beneficially held	Options	Share Matching Plan	Balance at 31 March 2013	Balance at 31 March 2012
S Koseff	1 809 399	–	–	1 809 399	1 809 330
B Kantor	4 201 000	–	–	4 201 000	3 801 000
GR Burger	737 076	–	–	737 076	1 037 076
HJ du Toit	604 740	–	–	604 740	604 740
Total number	7 352 215	–	–	7 352 215	7 252 146

The number of shares in issue and share prices for Investec plc and Investec Limited over the period are provided below.

Summary: Investec plc and Investec Limited share statistics

	31 March 2013	31 March 2012	High over the year	Low over the year
Investec plc share price	£4.59	£3.82	£5.14	£3.10
Investec Limited share price	R64.26	R47.16	R69.89	R41.31
Number of Investec plc shares in issue ('million)	605.2	598.3	–	–
Number of Investec Limited shares in issue ('million)	279.6	276.0	–	–

South African Companies Act, 2008 disclosures

Subsequent to regulatory developments in South Africa, Investec Limited is required to disclose the remuneration of those individuals that are defined by the South African Companies Act No 71 of 2008 as amended, read together with the Companies Regulations 2011 (together the Act), as Prescribed Officers.

In keeping with the group's integrated global management structure as well as the three distinct business activities of the group, i.e. Asset Management, Wealth & Investment and Specialist Banking, the Prescribed Officers for Investec Limited, as per the Act are the following global heads of the group's three distinct business activities:

- Asset Management
  - Hendrik du Toit
- Wealth & Investment
  - Steve Elliott

- Specialist Banking
  - Stephen Koseff
  - Bernard Kantor
  - Glynn Burger.

Hendrik du Toit, Stephen Koseff, Bernard Kantor and Glynn Burger are also the four executive directors of Investec Limited and their remuneration is disclosed on page 86.

Steve Elliott is remunerated by Investec plc (a UK domiciled company) and is not required to disclose his remuneration under the South African Companies Act.

Directors' remuneration – alignment of interests with shareholders (unaudited)

The table below reflects the compound annual growth rate (CAGR) in directors' remuneration and a number of key performance-related variables since our year ended 31 March 2004.

	31 March 2013 £'million	31 March 2004 £'million	CAGR since March 2004
Executive directors – gross remuneration	1.3	0.9	3.6%
Executive directors – annual bonus	4.5	1.9	10.2%
Executive directors – total remuneration	5.8	2.8	8.4%
Non-executive directors' total fees	1.8	1.0	7.2%
Adjusted attributable earnings to shareholders	316.7	106.2	12.9%
Adjusted EPS (pence)	37.0	20.8	6.6%
Total shareholders' equity	4 005.0	805.0	19.5%
Total shareholders' return (Investec plc in Pounds Sterling)	308.0	100	13.3%
Net tangible asset value per share (pence)	318.2	83.0	16.1%

Additional remuneration disclosures (unaudited)

PRA Remuneration Code disclosures

In terms of the PRA's Chapter on Disclosure Requirements (BIPRU 11.5.18) the bank in the UK is required to make certain quantitative and qualitative remuneration disclosures on an annual basis with respect to PRA Code Staff. Code staff are defined as those employees (including directors) whose professional activities could have a material impact on the bank's risk profile. A total of 45 individuals were PRA Code Staff in 2013.

The bank's qualitative remuneration disclosures are provided on pages 72 to 85.

The information contained in the tables below sets out the bank's quantitative disclosures in respect of PRA Code Staff for the year ended 31 March 2013.

Aggregate remuneration by remuneration type

£'million	Senior management	Other Code staff	Total
Fixed remuneration	4.2	5.6	9.8
Variable remuneration*			
– Cash	2.1	2.7	4.8
– Deferred cash	1.9	1.9	3.8
– Deferred shares	4.4	7.4	11.8
– Deferred shares – long-term incentive awards	3.3	1.0	4.3
Other			
– Options – long-term incentive awards made in current year**	0.3	0.1	0.4
– Options – long-term incentive awards made in prior years**	1.8	(1.7)	0.1
Total aggregate remuneration and deferred incentives	18.0	17.0	35.0

* *Total number of employees receiving variable remuneration was 33.*

** *Information based on the IFRS 2 accounting charge that has been expensed by the company in its income statement during the financial year.*

Additional disclosure on deferred variable remuneration

£'million	Senior management	Other Code staff	Total
Deferred unvested remuneration outstanding at the beginning of the year	20.0	12.7	32.7
Deferred unvested remuneration adjustment – employees no longer Code staff	(6.8)	(2.6)	(9.4)
Deferred remuneration awarded in year	9.6	10.3	19.9
Deferred remuneration reduced in year through performance adjustments	–	–	–
Deferred remuneration vested in year	(4.6)	(2.1)	(6.7)
Deferred unvested remuneration outstanding at the end of the year	18.2	18.3	36.5

£'million	Senior management	Other Code staff	Total
Deferred unvested remuneration outstanding at the end of the year			
– Equity	13.7	10.9	24.6
– Cash	2.9	3.7	6.6
– Other	1.6	3.7	5.3
	18.2	18.3	36.5

£'million	Senior management	Other Code staff	Total
Deferred remuneration vested in year			
– For awards made in 2012 financial year	–	–	–
– For awards made in 2011 financial year	(4.6)	(2.1)	(6.7)
– For awards made in 2010 financial year	–	–	–
	(4.6)	(2.1)	(6.7)

Other remuneration disclosures

	Senior management	Other Code staff	Total
Sign-on payments			
Made during the year (£'million)	0.1	–	0.1
Number of beneficiaries	1	–	1
Severance payments			
Made during the year (£'million)	–	–	–
Number of beneficiaries	–	–	–
Guaranteed bonuses			
Made during the year (£'million)	–	–	–
Number of beneficiaries	–	–	–

Pillar III remuneration disclosures

The bank in South Africa is required to make certain quantitative and qualitative remuneration disclosures on an annual basis in terms of the South African Reserve Bank's Basel Pillar III Disclosure requirements.

The bank's qualitative remuneration disclosures are provided on pages 72 to 85.

The information contained in the tables below sets out the bank's quantitative disclosures for the year ended 31 March 2013.

Aggregate remuneration by remuneration type

R'million	Senior management^	Risk takers^	Financial and risk control staff^	Total
Fixed remuneration	49.6	60.8	8.7	119.1
Variable remuneration*				
– Cash	101.6	57.3	54.0	212.9
– Deferred shares	104.3	46.5	1.8	152.6
– Deferred shares – long-term incentive awards	41.9	10.5	27.2	79.6
Other				
– Options – long-term incentive awards made in current year**	2.6	1.5	1.8	5.9
– Options – long-term incentive awards made in prior years**	48.9	20.6	15.7	85.2
Total aggregate remuneration and deferred incentives^^	348.9	197.2	109.2	655.3

* *Total number of employees receiving variable remuneration was 323.*

** *Information based on the IFRS 2 accounting charge that has been expensed by the company in its income statement during the financial year.*

^ ***Senior management****: all members of our South African general management forum, excluding executive directors.*
Risk takers: *includes anyone (not categorised above) who is deemed to be responsible for a division/function (e.g. lending, balance sheet management, advisory and transactional banking activities) which could be incurring risk on behalf of the bank.*
Financial and risk control staff: *includes everyone in central Group Finance and central Group Risk as well as employees responsible for risk and finance functions within the operating business units.*

^^ *All employees are subject to clawback provisions as discussed on page 80. No remuneration was reduced for ex post implicit adjustments during the year.*

Additional disclosure on deferred variable remuneration

R'million	Senior management^	Risk takers^	Financial and risk control staff^	Total
Deferred unvested remuneration outstanding at the beginning of the year	208.3	60.8	8.7	277.8
Deferred unvested remuneration adjustment – employees that are no longer employed by the bank	(3.7)	–	–	(3.7)
Deferred remuneration awarded in year	146.2	57.0	29.0	232.2
Deferred remuneration reduced in year through performance adjustments	–	–	–	–
Deferred remuneration vested in year	–	–	–	–
Deferred unvested remuneration outstanding at the end of the year^^	350.8	117.8	37.7	506.3

^^ *All employees are subject to clawback provisions as discussed on page 80. No remuneration was reduced for ex post implicit adjustments during the year.*

R'million	Senior management^	Risk takers^	Financial and risk control staff^	Total
Deferred unvested remuneration outstanding at the end of the year				
– Equity	283.7	94.6	8.9	387.2
– Cash	–	–	–	–
– Other	–	–	–	–
	283.7	94.6	8.9	387.2

R'million	Senior management^	Risk takers^	Financial and risk control staff^	Total
Deferred remuneration vested in year				
– For awards made in 2012 financial year	–	–	–	–
– For awards made in 2011 financial year	(70.4)	(12.7)	(1.6)	(84.7)
– For awards made in 2010 financial year	–	–	–	–
	(70.4)	(12.7)	(1.6)	(84.7)

^ *Senior management: all members of our South African general management forum, excluding executive directors.*
Risk takers: includes anyone (not categorised above) who is deemed to be responsible for a division/function (e.g. lending, balance sheet management, advisory and transactional banking activities) which could be incurring risk on behalf of the bank.
Financial and risk control staff: includes everyone in central Group Finance and central Group Risk as well as employees responsible for risk and finance functions within the operating business units.

Other remuneration disclosures

	Senior management^	Risk takers^	Financial and risk control staff^	Total
Sign-on payments				
Made during the year (R'million)	–	–	–	–
Number of beneficiaries	–	–	–	–
Severance payments				
Made during the year (R'million)	–	–	–	–
Number of beneficiaries	–	–	–	–
Guaranteed bonuses*				
Made during the year (R'million)	–	–	–	–
Number of beneficiaries	–	–	–	–

* *Included in variable remuneration as reflected on page 86.*

^ *Senior management: all members of our South African general management forum, excluding executive directors.*
Risk takers: includes anyone (not categorised above) who is deemed to be responsible for a division/function (e.g. lending, balance sheet management, advisory and transactional banking activities) which could be incurring risk on behalf of the bank.
Financial and risk control staff: includes everyone in central Group Finance and central Group Risk as well as employees responsible for risk and finance functions within the operating business units.
The number of people in each category is as follows: senior management 22; risk takers 18 and financial and risk control staff 294.

Summary financial statements

Directors' responsibility statement

The following statement, which should be read in conjunction with the auditors' reports set out on page 104, is made with a view to distinguishing for stakeholders the respective responsibilities of the directors and of the auditors in relation to the combined consolidated financial statements.

The directors are responsible for the preparation, integrity and objectivity of the combined consolidated financial statements that fairly present the state of affairs of the group at the end of the financial year and the net income and cash flows for the year, and other information contained in this report.

To enable the directors to meet these responsibilities:

- The board and management set standards and management implements systems of internal controls and accounting and information systems aimed at providing reasonable assurance that assets are safeguarded and the risk of fraud, error or loss is reduced in a cost effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties
- The group's internal audit function, which operates unimpeded and independently from operational management, and has unrestricted access to the group audit committee, appraises and, when necessary, recommends improvements in the system of internal controls and accounting practices, based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business
- The group audit committee, together with Internal Audit, plays an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

To the best of our knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operation of the system of internal control and procedures has occurred during the year under review.

The group consistently adopts appropriate and recognised accounting policies and these are supported by reasonable judgements and estimates on a consistent basis and provides additional disclosures when compliance with the specific requirements in International Financial Reporting Standards (IFRS) are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance.

The financial statements of the companies and the group have been prepared in accordance with the respective Companies Acts of the United Kingdom and South Africa and comply with IFRS and Article 4 of the IAS regulation and comply with UK GAAP in respect of Investec plc parent company accounts.

The directors are of the opinion, based on their knowledge of the companies, key processes in operation and specific enquiries, that adequate resources exist to support the companies on a going concern basis over the next year. These financial statements have been prepared on that basis.

It is the responsibility of the independent auditors to report on the combined consolidated financial statements. Their reports to the members of the companies are set out on page 104. As far as the directors are aware, there is no relevant audit information of which the companies' auditors are unaware. All relevant audit information has been provided to the companies' auditors.

Approval of financial statements

The directors' report and the financial statements of the companies and the group, which appear on pages 98 to 100 and pages 106 to 136, were approved by the board of directors on 11 June 2013.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the companies' website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the board

Stephen Koseff
Chief executive officer

Bernard Kantor
Managing director

13 June 2013

Declaration by the company secretary

In terms of section 88(2)(e) of the South African Companies Act No 71 of 2008, as amended (the Act), I hereby certify that, to the best of my knowledge and belief, Investec Limited has lodged with the Companies and Intellectual Property Commission, for the financial year ended 31 March 2013, all such returns and notices as are required in terms of the Act and that all such returns and notices are true, correct and up to date.

Benita Coetsee
Company secretary, Investec Limited

13 June 2013

Directors' report

Extended business review

We are 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. Investec focuses on delivering distinctive profitable solutions for its clients in three core areas of activity namely, Asset Management, Wealth & Investment and Specialist Banking.

The operating financial review on pages 19 and 20 provides an overview of our strategic position, performance during the financial year and outlook for the business.

It should be read in conjunction with the sections on pages 21 to 95 which elaborate on the aspects highlighted in this review.

The directors' report deals with the requirements of the combined consolidated Investec group, comprising the legal entities Investec plc and Investec Limited.

Authorised and issued share capital

Investec plc and Investec Limited

Details of the share capital are set out in note 43 to the financial statements.

Investec plc

During the year, the following shares were issued:

- 6 857 159 ordinary shares on 14 June 2012 at 329.00 pence per share
- 3 618 943 special converting shares on 14 June 2012 at par.

Investec Limited

During the year, the following shares were issued:

- 3 494 641 non-redeemable, non-cumulative, non-participating preference shares on 25 April 2012 at R86.90 (R0.01 par and premium of R86.89 per share)
- 3 618 943 ordinary shares on 14 June 2012 at R43.78 (R0.0002 par and premium of R42.7798 per share)
- 6 857 159 special convertible redeemable preference shares on 14 June 2012 of R0.0002 each at par.

As at 31 March 2013, Investec Limited held 19.7 million shares in treasury (2012: 16.6 million). Investec plc held 10.3 million shares in treasury (2012: 7.2 million). The maximum number of shares held in treasury by Investec Limited during the period under review was £19.7 million.

Financial results

The combined results of Investec plc and Investec Limited are set out in the financial statements and accompanying notes for the year ended 31 March 2013. The preparation of these combined results was supervised by the group risk and finance director, Glynn Burger.

Ordinary dividends

Investec plc

An interim dividend was declared to shareholders as follows:

- 8.0 pence per ordinary share to non-South African resident shareholders (2012: 8.0 pence) registered on 14 December 2012
- To South African resident shareholders registered on 14 December 2012, a dividend paid by Investec Limited on the SA DAS share, equivalent to 7.0 pence (2012: 8.0 pence) per ordinary share and 1.0 pence (2012: 2.0 pence) per ordinary share paid by Investec plc.

The dividends were paid on 28 December 2012.

The directors have proposed a final dividend to shareholders registered on 2 August 2013, which is subject to the approval of the members of Investec plc at the annual general meeting which is scheduled to take place on 8 August 2013 and, if approved, will be paid on 12 August 2013 as follows:

- 10 pence per ordinary share to non-South African resident shareholders (2012: 9.0 pence) registered on 2 August 2013
- To South African resident shareholders registered on 2 August 2013, through a dividend paid by Investec Limited on the SA DAS share, of 8 pence per ordinary share and 2 pence per ordinary share paid by Investec plc. Shareholders in Investec plc will receive a distribution of 10 pence (2012: 9.0 pence) per ordinary share.

Investec Limited

An interim dividend of 112.0 cents per ordinary share (2012: 103.0 cents) was declared to shareholders registered on 14 December 2012 and was paid on 28 December 2012.

The directors have proposed a final dividend of 144 cents per ordinary share (2012: 121.0 cents) to shareholders registered on 2 August 2013 to be paid on 12 August 2013. The final dividend is subject to the approval of members of Investec Limited at the annual general meeting scheduled for 8 August 2013.

Preference dividends

Investec plc

Non-redeemable, non-cumulative, non-participating preference shares

Preference dividend number 13 for the period 1 April 2012 to 30 September 2012, amounting to 7.521 pence per share, was declared to members holding preference shares registered on 7 December 2012 and was paid on 18 December 2012.

Preference dividend number 14 for the period 1 October 2012 to 31 March 2013, amounting to 7.47945 pence per share, was declared to members holding preference shares registered on 14 June 2013 and will be paid on 25 June 2013.

Rand denominated non-redeemable, non-cumulative, non-participating preference shares

Preference dividend number 3 for the period 1 April 2012 to 30 September 2012, amounting to 419.17123 cents per share, was declared to members holding Rand denominated non-redeemable, non-cumulative, non-participating preference shares registered on 7 December 2012 and was paid on 18 December 2012.

Preference dividend number 4 for the period 1 October 2012 to 31 March 2013, amounting to 402.64384 cents per share, was declared to members holding preference shares registered on 14 June 2013 and will be paid on 25 June 2013.

Preferred securities

The sixth annual distribution, fixed at 7.075 per cent, on the €200 million fixed/floating rate, guaranteed, non-voting, non-cumulative perpetual preferred callable securities issued by Investec Tier 1 (UK) LP on 24 June 2005, is due and will be paid on 24 June 2013.

Investec Limited

Non-redeemable, non-cumulative, non-participating preference shares

Preference dividend number 16 for the period 1 April 2012 to 30 September 2012, amounting to 343.14681 cents per share, was declared to members holding preference shares registered on 7 December 2012 and was paid on 18 December 2012.

Preference dividend number 17 for the period 1 October 2012 to 31 March 2013, amounting to 329.61696 cents per share, was declared to members holding preference shares registered on 14 June 2013 and will be paid on 25 June 2013.

Redeemable cumulative preference shares

Dividends amounting to R24 152 712 were paid on the redeemable cumulative preference shares.

Directors and secretaries

Details of directors and secretaries of Investec plc and Investec Limited are reflected on pages 68 and 69

In accordance with the UK Corporate Governance Code, the entire board will offer itself for re-election at the 2013 annual general meeting, other than SE Abrahams who will not offer himself for re-election.

D Friedland was appointed to the board on 1 March 2013.

Directors and their interests

Directors' shareholdings and options to acquire shares are set out on pages 88 to 91.

The register of directors' interests contains full details of directors' shareholdings and options to acquire shares.

Corporate governance

The group's corporate governance board statement and governance framework are set out on pages 65 to 67.

Share incentive trusts

Details regarding options granted during the year are set out on pages 122 and 123.

Audit committee

The audit committee comprising non-executive directors meets regularly with senior management, the external auditors, Operational Risk, Internal Audit, Compliance and the Finance division, to consider the nature and scope of the audit reviews and the effectiveness of our risk and control systems.

Further details on the role and responsibility of the audit committee can be found in the Investec group's 2013 annual report.

Auditors

Ernst & Young LLP have indicated their willingness to continue in office as auditors of Investec plc and Ernst & Young Inc. and KPMG Inc. have indicated their willingness to continue in office as joint auditors of Investec Limited.

A resolution to re-appoint them as auditors will be proposed at the next annual general meeting scheduled to take place on 8 August 2013.

Contracts

Refer to page 85 for details of contracts with directors.

Subsidiary and associated companies

Details of principal subsidiary and associated companies can be found in the Investec group's 2013 annual report.

Major shareholders

The largest shareholders of Investec plc and Investec Limited are reflected on page 139.

Special resolutions

Investec plc

At the annual general meeting held on 2 August 2012, special resolutions were passed in terms of which:

- A renewable authority was granted to Investec plc to acquire its own shares in terms of section 701 of the UK Companies Act, 2006.

Investec Limited

At the annual general meeting held on 2 August 2012, the following special resolutions were passed in terms of which:

- A renewable authority was granted to Investec Limited and any of its subsidiaries to acquire its own ordinary and non-redeemable, non-cumulative, non-participating preference shares in terms of the provisions of the South African Companies Act No 71 of 2008
- A renewable authority was granted to Investec Limited to provide financial assistance in order to comply with the provisions of sections 44 and 45 of the South African Companies Act No 71 of 2008
- A renewable authority was granted to Investec Limited to approve directors' remuneration in order to comply with the provisions of sections 65(11)(h), 66(8) and 66(9) of the South African Companies Act No 71 of 2008
- Article 152 of the existing Memorandum of Incorporation of Investec Limited was amended by the deletion of certain paragraphs and the replacement thereof by new paragraphs
- The abrogation of the existing Memorandum of Incorporation of Investec Limited in its entirety and the replacement thereof with a new Memorandum of Incorporation.

Accounting policies and disclosure

Accounting policies are set having regard to commercial practice and comply with applicable United Kingdom and South African law and International Financial Reporting Standards.

The parent company accounts of Investec plc continue to be drawn up under UK

Generally Accepted Accounting Practice (UK GAAP).

The accounting policies adopted in this abridged report are consistent with the Investec group's 2013 annual report.

Financial instruments

Detailed information on the group's risk management process and policy can be found in the risk management can be found in the Investec group's 2013 annual report.

Information on the group's hedge accounting policy and the use of derivatives and hedges can be found in the Investec group's 2013 annual report.

Creditor payment policy

The group's standard practice is to agree the terms of payment with suppliers at the time of contract and make payments within the agreed credit terms, subject to satisfactory performance.

Employees

Our policy is to recruit and promote on the basis of aptitude and ability, without discrimination of any kind. Applications for employment by disabled people are always considered bearing in mind the qualifications and abilities of the applicants. In the event of employees becoming disabled, every effort is made to ensure their continued employment. Our policy is to adopt an open management style, thereby encouraging informal consultation at all levels about aspects of our operations, and motivating staff involvement in our performance by means of employee share schemes.

We are committed to ensuring the health, safety and welfare of our employees and to providing and maintaining safe working conditions. We have health and safety policies in all regions of operation that cover all legislated requirements and additional benefits are provided for staff where possible. We constantly seek to improve both policies and the execution of health and safety standards in all our offices. This takes the form of staff education, regular fire drills and maintenance of an open door policy with regard to dialogue on the issue. Where appropriate the appointment of individuals responsible for various areas of health and safety is made.

Further information is provided in the Investec group's 2013 annual report.

Donations

During the year, Investec plc made donations for charitable purposes, totalling £3.1 million and Investec Limited made donations for charitable purposes, totalling R70.6 million.

Further information is provided in the Investec group's 2013 annual report.

Environment

We are committed to pursuing sound environmental policies in all aspects of our business and seek to encourage and promote good environmental practice among our employees and within the community in which we operate.

Further information is provided in the Investec group's 2013 annual report.

Going concern

Refer to page 66 for the directors' statement in relation to going concern.

Post-balance sheet events

Investec Asset Management senior management to acquire 15% shareholding in Investec Asset Management

As announced on 14 March 2013, the boards of directors of Investec have reached an agreement with Forty Two Point Two (NewCo) and the senior management team of Investec Asset Management Limited and Investec Asset Management Holdings (Pty) Ltd (together Investec Asset Management) to acquire an initial 15% shareholding (the Interest) in Investec Asset Management for £180 million in cash. NewCo has also been granted an option (the Option) to acquire up to a further 5% of Investec Asset Management equity over the next seven years (together with the Interest, the 'Transaction'). The Participants, led by Investec Asset Management chief executive officer, Hendrik du Toit, comprise 40 senior management and employees of Investec Asset Management. The option for NewCo to acquire up to a further 5% of Investec Asset Management equity over the next seven years will provide an opportunity for wider participation amongst Investec Asset Management employees. The Transaction is conditional upon, among other things, the approval of shareholders of Investec plc and Investec Limited at general meetings to be convened for that purpose as well as certain regulatory approvals. Subject to the conditions being met, completion of the Transaction is expected to take place in the third quarter of 2013.

Additional information for shareholders

Schedule A to the directors' report is a summary of certain provisions of Investec plc's current Articles of Association and applicable English law concerning companies (the UK Companies Act 2006).

On behalf of the boards of Investec plc and Investec Limited

Sir David J Prosser
Joint chairman

Fani Titi
Joint chairman

Stephen Koseff
Chief executive officer

13 June 2013

Schedule A to the directors' report

Additional information for shareholders

Set out below is a summary of certain provisions of Investec plc's current Articles of Association (the Articles) and applicable English law concerning companies (the UK Companies Act 2006). This is a summary only and the relevant provisions of the Articles or the Companies Act 2006 should be consulted if further information is required.

Share capital

The issued share capital of Investec plc at 31 March 2013 consists of 605 196 771 ordinary shares of £0.0002 each, 15 081 149 non-redeemable, non-cumulative, non-participating preference shares of £0.01 each, 2 275 940 ZAR non-redeemable, non-cumulative, non-participating preference shares of R0.001 each, 279 639 164 special converting shares of £0.0002 each, the special voting share of £0.001, the UK DAN share of £0.001 and the UK DAS share of £0.001 (each class as defined in the Articles).

Purchase of own shares

Subject to the provisions of the Articles, the Companies Act 2006, the uncertificated securities regulations 2001 and every other statute for the time being in force concerning companies and affecting Investec plc, the approval of shareholders as provided in the Investec plc Articles, and without prejudice to any relevant special rights attached to any class of shares, Investec plc may purchase, or may enter into a contract under which it will or may purchase, any of its own shares of any class, including without limitation any redeemable shares, in any way and at any price (whether at par or above or below par).

Dividends and distributions

Subject to the provisions of the Companies Act 2006, Investec plc may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the board. The board may pay interim dividends whenever the financial position of Investec plc, in the opinion of the board, justifies such payment.

The board may withhold payment of all or any part of any dividends or other monies payable in respect of Investec plc's shares from a person with a 0.25% or more interest in nominal value of the issued shares if such a person has been served with a notice after failure to provide Investec plc with information concerning interests in those shares required to be provided under the Companies Act 2006.

Voting rights

Subject to any special rights or restrictions attaching to any class of shares, at a general meeting, every member present in person has, upon a show of hands, one vote and on a poll every member who is present in person or by proxy has one vote for each share. In the case of joint holders of a share the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the share. Under the Companies Act 2006 members are entitled to appoint a proxy, who need not be a member of Investec plc, to exercise all or any of their rights to attend and vote on their behalf at a general meeting or class meeting. A member may appoint more than one proxy in relation to a general meeting or class meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member that is a corporation may appoint an individual to act on its behalf at a general meeting or class meeting as a corporate representative. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of Investec plc.

Restrictions on voting

No member shall be entitled to vote either in person or by proxy at any general meeting or class meeting in respect of any shares held by him if any call or other sum then payable by him in respect of that share remains unpaid. In addition no member shall be entitled to vote if he has been served with a notice after failure to provide Investec plc with information concerning interests in those shares required to be provided under the Companies Act.

Deadlines for exercising voting rights

Votes are exercisable at a general meeting of Investec plc in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representatives. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Variation of rights

Subject to the Companies Act 2006, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting the quorum shall be two persons or, if there is only one holder, that holder at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares). The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them.

Where, under the company's share incentive plan, participants are the beneficial owners of the shares, but not the registered owners, the participants are not entitled to exercise any voting rights until the shares are released to the participants. Under the company's employee trust, the trustee does not vote in respect of unallocated shares.

Transfer of shares

All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. Transfers of shares which are in uncertificated form are effected by means of the CREST system.

The directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason, refuse to register any transfer of shares (not being fully paid shares) provided that such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The directors may also refuse to register an allotment or transfer of shares (whether fully paid or not) in favour of more than four persons jointly. If the directors refuse to register an allotment or transfer they shall within two months after the date on which the letter of allotment or transfer was lodged with Investec plc send to the allottee or transferee a notice of the refusal.

The directors may decline to recognise any instrument of transfer unless the instrument of transfer is in respect of only one class of share and when submitted for registration is accompanied by the relevant share certificates and such other evidence as the directors may reasonably require.

Subject to the Companies Act and regulations and applicable CREST rules, the directors may determine that any class of shares may be held in uncertificated form and that title to such shares may be transferred by means of the CREST system or that shares of any class should cease to be so held and transferred.

A number of the company's employee share plans include restrictions on transfer of shares while the shares are subject to the plans, in particular, the share incentive plan.

plc preference shares

The following are the rights and privileges which attach to the plc preference shares:

- To receive a non-cumulative preferential dividend out of the profits of Investec plc in priority to the plc ordinary shares but *pari passu* with the perpetual preference shares, on such dates in respect of such periods and on such other terms and conditions as may be determined by the directors prior to the allotment thereof
- The plc preference shares will rank as regards participation in profits *pari passu inter se* and with the most senior ranking preference shares of Investec plc in issue (if any) from time to time and with the perpetual preference shares
- On a return of capital, whether or not on a winding up (but not on a redemption or purchase of any shares by Investec plc) or otherwise, the plc preference shares will rank, *pari passu inter se* and with the most senior ranking preference shares of Investec plc in issue (if any) from time to time and with any other shares of Investec plc that are expressed to rank *pari passu* therewith as regards participation in the capital, and otherwise in priority to any other class of shares of Investec plc
- Investec plc may, at its option, redeem all or any of the plc preference shares for the time being issued and outstanding on the first call date or any dividend payment date thereafter
- Holders of plc preference shares will not be entitled to attend and vote at general meetings of Investec plc. Holders will be entitled to attend and vote at a class meeting of holders of plc preference shares.

Non-redeemable, non-cumulative, non-participating preference shares

The following are the rights and privileges which attach to the perpetual preference shares:

- Each perpetual preference share will rank as regards dividends and a repayment of capital on the winding-up of Investec plc prior to the ordinary shares, the plc special converting shares, the UK DAN share, the UK DAS share, but *pari passu* with the plc preference shares. The perpetual preference shares shall confer on the holders, on a per perpetual preference shares and equal basis, the right on a return of capital on the winding-up of Investec plc of an amount equal to the aggregate of the nominal value and premiums in respect of perpetual preference shares issued divided by the number of perpetual preference shares in issue
- Each perpetual preference share may confer upon the holder thereof the right to receive out of the profits of Investec plc which it shall determine to distribute, in priority to the ordinary shares, the plc special converting shares, the UK DAN share and the UK DAS share, but *pari passu* with the plc preference shares, the preference dividend calculated in accordance with the Articles
- The holders of the perpetual preference shares shall be entitled to receive notice of and be present but not to vote, either in person or by proxy, at any meeting of Investec plc, by virtue of or in respect of the perpetual preference shares, unless either or both of the following circumstances prevail as at the date of the meeting:
  - The preference dividend or any part thereof remains in arrears and unpaid as determined in accordance with Article 150.2(e)(ii) after six months from the due date thereof; and
  - A resolution of Investec plc is proposed which resolution directly affects the rights attached to the perpetual preference shares or the interests of the holders thereof, or a resolution of Investec plc is proposed to wind up or in relation to the winding-up of Investec plc or for the reduction of its capital, in which event the preference shareholders shall be entitled to vote only on such resolution.

Rand denominated non-redeemable, non-cumulative, non-participating perpetual preference shares (the ZAR perpetual preference shares)

Investec plc has 2 275 940 ZAR preference shares in issue. The ZAR perpetual preference shares are subject to substantially similar terms and conditions as the existing Sterling perpetual preference shares, as outlined above, save that they are denominated in South African Rand.

Shares required for the DLC structure

Investec SSC (UK) Limited, a UK trust company, specially formed for the purpose of the DLC structure, holds the plc special voting share, the plc special converting shares, the UK DAN share and the UK DAS share. These shares can only be transferred to another UK trust company, in limited circumstances.

The plc special voting shares are specially created shares so that shareholders of both Investec plc and Investec Limited effectively vote together as a single decision making body on matters affecting shareholders of both companies in similar ways, as set out in the Articles.

Prior to a change of control, approval of termination of the sharing agreement (which regulates the DLC), liquidation or insolvency of Investec plc, the plc special converting shares have no voting rights except in relation to a resolution proposing the (i) variation of the rights attaching to the shares or (ii) winding-up, and they have no rights to dividends. The special converting shares are held on trust for the Investec Limited ordinary shareholders. Investec plc and Investec Limited have established dividend access trust arrangements as part of the DLC.

Investec plc has issued two dividend access shares, the UK DAS share and UK DAN share which enables Investec plc to pay dividends to the shareholders of Investec Limited. This facility may be used by the board to address imbalances in the distributable reserves of Investec plc and Investec Limited and/or to address the effects of South African exchange controls and/or if they otherwise consider it necessary or desirable.

Appointment and replacement of directors

Directors shall be no less than four and no more than 20 in number. A director is not required to hold any shares of Investec plc by way of qualification. Investec plc may by special resolution increase or reduce the maximum or minimum number of directors.

In accordance with the Articles of Association, one-third of the directors are required to retire by rotation. Furthermore, all those directors serving for longer than nine years are required to stand for annual re-election. In accordance with the UK Corporate Governance Code (the Code) all members of the board offer themselves for annual re-election.

Investec plc may by ordinary resolution in accordance with the relevant provisions of the Articles appoint any person to be a director (so long as the total number of directors does not exceed the limit prescribed in the Articles). Any such director shall hold office only until the next annual general meeting and shall then be eligible for re-election.

Powers of directors

Subject to the Articles, the Companies Act 2006, the CREST regulations and every other statute for the time being in force concerning companies and affecting Investec plc, and any directions given by ordinary or special resolution, the business of Investec plc will be managed by the board who may exercise all the powers of Investec plc.

The board may exercise all the powers of Investec plc to borrow money and to mortgage or charge any of its undertaking, property, assets and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of Investec plc or of any third party.

Significant agreements: change of control

The Articles of Association of both Investec plc and the Memorandum of Incorporation of Investec Limited ensure that a person cannot make an offer for one company without having made an equivalent offer to the shareholders of both companies on equivalent terms.

Pursuant to the terms of the agreements establishing the DLC structure, if either Investec plc or Investec Limited serves written notice on the other at any time after either party becomes a subsidiary of the other party or after both Investec plc and Investec Limited become subsidiaries of a third party the agreements establishing the DLC structure will terminate.

All of Investec plc's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control and, where applicable, subject to the satisfaction of any performance conditions at that time.

Independent auditor's report

We have examined the summary financial statement for the year ended 31 March 2013 which comprises the combined consolidated Income statement, the combined consolidated statement of comprehensive Income, the combined consolidated balance sheet, the combined consolidated cash flow statement, the consolidated statement of changes in equity, the accounting policies set out on page 105 and the related notes.

This statement is made solely to the company's members, as a body, in accordance with Section 428(4) of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this statement, or for the opinions we have formed.

Respective responsibilities of the directors and the auditor

The directors are responsible for preparing the summarised annual report in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the summarised annual report with the full annual financial statements, the directors' remuneration report and the directors' report, and its compliance with the relevant requirements of section 428 of the Companies Act 2006 and the regulations made thereunder.

We also read the other information contained in the summarised annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

The other information comprises only the divisional review and risk management and governance.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the company's full annual financial statements describes the basis of our opinion on those financial statements, the directors' remuneration report, and the directors' report.

Opinion

In our opinion the summary financial statement is consistent with the full annual financial statements, the directors' report and the directors' remuneration report of Investec plc for the year ended 31 March 2013 and complies with the applicable requirements of section 428 of the Companies Act 2006, and the regulations made thereunder.

We have not considered the effects of any events between the date on which we signed our report on the full annual financial statements dated 11 June 2013 and the date of this statement.

Ernst & Young LLP

Ernst & Young LLP
Statutory auditor

London
13 June 2013

Directors' statement

The auditor has issued unqualified reports on the full annual financial statements, the auditable part of the directors' remuneration report and on the consistency of the directors' report with those annual financial statements. Their report on the full annual financial statements and the auditable part of the directors' remuneration report contained no statement under sections 498(2) or 498(3) of the Companies Act 2006.

Investec plc and Investec Limited – significant accounting policies

Basis of presentation

The group financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) which comply with IFRSs as issued by the International Accounting Standards Board (IASB) and the presentation requirements of IAS 34. At 31 March 2013, IFRS as endorsed by the EU are identical to current IFRS applicable to the group.

The group financial statements have been prepared on a historical cost basis, except for investment properties, available-for-sale investments, derivative financial instruments, financial assets and financial liabilities held at fair value through profit or loss or subject to hedge accounting, liabilities for cash-settled share-based payments and pension fund surpluses and deficits that have been measured at fair value.

Restatements and presentation of information

The group reclassified warehoused assets and liabilities into other loans and advances and deposits by banks respectively.

This change arises from simplifying the face of the balance sheet with the relevant information more appropriately disclosed. The impact on the prior year's balance sheet is detailed in note 57.

Basis of consolidation

Investec consists of two separate legal entities, being Investec plc and Investec Limited, that operate under a dual listed company (DLC) structure. The effect of the DLC structure is that Investec plc and its subsidiaries and Investec Limited and its subsidiaries operate together as a single economic entity, with neither assuming a dominant role and accordingly are reported as a single reporting entity under IFRS.

All subsidiaries and special purpose entities (SPEs) in which the group holds more than one half of the voting rights or which it has the ability to control (either directly or in substance) are consolidated from the effective dates of acquisition (that is from when control exists) up to the effective dates of loss of control, except entities which are classified as non-current assets held-for-sale. Subsidiaries classified as non-current assets held-for-sale are consolidated in one income statement line item as discontinued operations.

Investec sponsors the formation of SPEs for a variety of reasons. SPEs are consolidated when the substance of the relationship between the group and the SPE indicates that the SPE is controlled by the group. Investec performs a re-assessment of consolidation whenever there is a change in the substance of the relationship between Investec and an SPE. Investec also holds investments, for example private equity investments, which give rise to significant, but not majority, voting rights. Assessing these voting rights and whether Investec controls these entities requires judgement that affects the date at which subsidiaries are consolidated or deconsolidated.

Entities, other than subsidiary undertakings, in which the group exercises significant influence over operating and financial policies, are treated as interests in associated undertakings. In the group accounts, interests in associated undertakings are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. In circumstances where interests in associated undertakings or joint venture holdings arise in which the group has no strategic intention, these investments are classified as 'venture capital' holdings and are designated as held at fair value through profit or loss.

For equity accounted associates, the combined consolidated financial statements include the attributable share of the results and reserves of associated undertakings. The group's interests in associated undertakings are included in the consolidated balance sheet at cost plus the post-acquisition changes in the group's share of the net assets of the associate. The consolidated balance sheet reflects the associated undertakings net of accumulated impairment losses.

All intergroup balances, transactions and unrealised gains and losses within the group that do not reflect an impairment to the asset, are eliminated in full regarding subsidiaries and to the extent of the interest in an associate.

Audit conclusion

These abridged financial statements have been extracted from the audited financial statements on which Ernst & Young LLP and Ernst & Young Inc. have issued an unmodified audit report. The auditor's report on the annual combined consollidated and seperate financial statements is available for inspection at the companies registered office.

Combined consolidated income statement

For the year to 31 March £'000	2013	2012
Interest income	2 131 765	2 299 925
Interest expense	(1 429 239)	(1 600 878)
Net interest income	**702 526**	**699 047**
Fee and commission income	1 117 551	1 013 379
Fee and commission expense	(144 876)	(129 145)
Investment income	182 889	174 327
Trading income arising from		
– customer flow	70 859	77 066
– balance sheet management and other trading activities	35 398	32 204
Other operating income	42 153	65 128
Total operating income before impairment losses on loans and advances	**2 006 500**	**1 932 006**
Impairment losses on loans and advances	(251 012)	(325 118)
Operating income	**1 755 488**	**1 606 888**
Operating costs	(1 302 929)	(1 230 628)
Depreciation on operating leased assets	(16 072)	(28 670)
Operating profit before goodwill and acquired intangibles	**436 487**	**347 590**
Impairment of goodwill	(15 175)	(24 366)
Amortisation of acquired intangibles	(13 313)	(9 530)
Cost arising from integration of acquired subsidiaries	(13 119)	(17 117)
Operating profit	**394 880**	**296 577**
Non-operational costs arising from acquisition of subsidiary	(1 249)	(5 342)
Profit before taxation	**393 631**	**291 235**
Taxation on operating profit before goodwill	(78 800)	(62 907)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	5 977	8 164
Profit after taxation	**320 808**	**236 492**
Operating (income)/losses attributable to non-controlling interests	(3 317)	11 035
Earnings attributable to shareholders	**317 491**	**247 527**
Earnings per share (pence)		
– Basic	32.5	25.7
– Diluted	30.6	24.3

Combined consolidated statement of comprehensive income

For the year to 31 March £'000	2013	2012
Profit after taxation	320 808	236 492
Other comprehensive income/(loss):		
Fair value movements on cash flow hedges taken directly to other comprehensive income	(17 144)	(34 691)
Gains on realisation of available-for-sale assets recycled through the income statement	(1 713)	(12 891)
Fair value movements on available-for-sale assets taken directly to other comprehensive income	4 387	(312)
Foreign currency adjustments on translating foreign operations	(181 135)	(196 351)
Pension fund actuarial (losses)/gains	(6 195)	282
Total comprehensive income/(loss)	119 008	(7 471)
Total comprehensive loss attributable to non-controlling interests	(15 815)	(21 798)
Total comprehensive income/(loss) attributable to ordinary shareholders	95 719	(24 979)
Total comprehensive income attributable to perpetual preferred securities	39 104	39 306
Total comprehensive income/(loss)	119 008	(7 471)

Combined consolidated balance sheet

At 31 March £'000	2013	2012*
Assets		
Cash and balances at central banks	1 782 447	2 593 851
Loans and advances to banks	3 129 646	2 725 347
Non-sovereign and non-bank cash placements	420 960	642 480
Reverse repurchase agreements and cash collateral on securities borrowed	2 358 672	975 992
Sovereign debt securities	4 077 217	4 067 093
Bank debt securities	1 879 105	3 081 061
Other debt securities	457 652	377 832
Derivative financial instruments	1 982 571	1 913 650
Securities arising from trading activities	931 603	640 146
Investment portfolio	960 364	890 702
Loans and advances to customers	17 484 524	17 192 208
Own originated loans and advances to customers securitised	930 449	1 034 174
Other loans and advances	2 117 743	2 829 189
Other securitised assets	2 882 592	3 101 422
Interests in associated undertakings	27 950	27 506
Deferred taxation assets	165 457	150 381
Other assets	1 960 438	1 802 121
Property and equipment	126 538	171 685
Investment properties	451 975	407 295
Goodwill	466 906	468 320
Intangible assets	178 567	192 099
	44 773 376	45 284 554
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	6 226 142	6 265 846
	50 999 518	51 550 400
Liabilities		
Deposits by banks	2 976 464	2 967 428
Derivative financial instruments	1 443 325	1 421 130
Other trading liabilities	851 939	612 884
Repurchase agreements and cash collateral on securities lent	1 940 158	1 864 137
Customer accounts (deposits)	24 531 838	25 343 771
Debt securities in issue	1 901 776	2 243 948
Liabilities arising on securitisation of own originated loans and advances	926 335	1 036 674
Liabilities arising on securitisation of other assets	2 237 581	2 402 043
Current taxation liabilities	210 475	209 609
Deferred taxation liabilities	109 628	102 478
Other liabilities	1 887 402	1 575 154
	39 016 921	39 779 256
Liabilities to customers under investment contracts	6 224 062	6 263 913
Insurance liabilities, including unit-linked liabilities	2 080	1 933
	45 243 063	46 045 102
Subordinated liabilities	1 751 806	1 492 776
	46 994 869	47 537 878
Equity		
Ordinary share capital	223	221
Perpetual preference share capital	153	153
Share premium	2 494 618	2 457 019
Treasury shares	(89 545)	(72 820)
Other reserves	(93 082)	82 327
Retained income	1 412 239	1 249 515
Shareholders' equity excluding non-controlling interests	3 724 606	3 716 415
Non-controlling interests	280 043	296 107
– Perpetual preferred securities issued by subsidiaries	279 041	291 769
– Non-controlling interests in partially held subsidiaries	1 002	4 338
Total equity	4 004 649	4 012 522
Total liabilities and equity	50 999 518	51 550 400

* *As restated in the Investec group's 2013 annual report.*

Summary financial statements

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Combined consolidated cash flow statement

For the year to 31 March £'000	2013	2012
Profit before taxation adjusted for non-cash items	779 740	776 138
Taxation paid	(61 469)	(117 759)
Increase in operating assets	(4 108 809)	(2 538 282)
Increase in operating liabilities	1 985 688	3 393 045
Net cash (outflow)/inflow from operating activities	(1 404 850)	1 513 142
Cash (outflow)/inflow on acquisition of group subsidiaries	(20 834)	55 685
Net acquisition from non-controlling interest	(3 594)	–
Cash inflow/(outflow) on net disposal/(acquisition) of associates	3 323	(3 736)
Cash flow on acquisition of property, equipment and intangible assets	(45 346)	(84 744)
Cash flow on disposal of property, equipment and intangible assets	44 193	72 355
Net cash (outflow)/inflow from investing activities	(22 258)	39 560
Dividends paid to ordinary shareholders	(147 660)	(134 436)
Dividends paid to other equity holders	(39 334)	(39 696)
Proceeds on issue of shares, net of related costs	34 685	43 215
Proceeds on issue of perpetual preference shares	24 263	20 638
Proceeds on the net sale of treasury shares, net of related costs	(58 395)	(75 431)
Proceeds on issue of other equity instruments*	–	72
Proceeds from subordinated debt raised	494 829	321 068
Repayment of subordinated debt	(120 494)	(29 751)
Net cash inflow from financing activities	187 894	105 679
Effects of exchange rates on cash and cash equivalents	(142 019)	(102 563)
Net (decrease)/increase in cash and cash equivalents	(1 381 233)	1 555 818
Cash and cash equivalents at the beginning of the year	4 942 806	3 386 988
Cash and cash equivalents at the end of the year	3 561 573	4 942 806
Cash and cash equivalents is defined as including:		
Cash and balances at central banks	1 782 447	2 593 851
On demand loans and advances to banks	1 358 166	1 706 475
Non-sovereign and non-bank cash placements	420 960	642 480
Cash and cash equivalents at the end of the year	3 561 573	4 942 806

* *Includes equity instruments issued by subsidiaries.*

Cash and cash equivalents are defined as including cash and balances at central banks, on demand loans and advances to banks and non-sovereign and non-bank cash placements (all of which have a maturity profile of less than three months).

Consolidated statement of changes in equity

£'000	Ordinary share capital	Perpetual preference share capital	Share premium	Treasury shares
At 1 April 2011	208	153	2 242 067	(42 713)
Movement in reserves 1 April 2011 – 31 March 2012				
Profit after taxation	–	–	–	–
Fair value movements on cash flow hedges taken directly to other comprehensive income	–	–	–	–
Gains on realisation of available-for-sale assets recycled through the income statement	–	–	–	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	–	–
Pension fund actuarial gains	–	–	–	–
Total comprehensive loss for the year	–	–	–	–
Share-based payment adjustments	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends declared to perpetual preference shareholders	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Issue of ordinary shares	13	–	219 629	–
Issue of perpetual preference shares	–	–	20 638	–
Share issue expenses	–	–	(607)	–
Issue of equity by subsidiaries	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–
Non-controlling interest relating to disposal of subsidiaries	–	–	–	–
Movement of treasury shares	–	–	(24 708)	(56 504)
Transfer from capital reserve account	–	–	–	–
Transfer to regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	26 397
At 31 March 2012	221	153	2 457 019	(72 820)

Other reserves: Capital reserve account	Other reserves: Available-for-sale reserve	Other reserves: Regulatory general risk reserve	Other reserves: Cash flow hedge reserve	Other reserves: Foreign currency reserves	Retained income	Shareholders' equity excluding non-controlling interests	Non-controlling interests	Total equity
11 289	21 866	34 447	3 517	244 759	1 131 980	3 647 573	313 529	3 961 102
–	–	–	–	–	247 527	247 527	(11 035)	236 492
–	–	–	(34 691)	–	–	(34 691)	–	(34 691)
–	(12 891)	–	–	–	–	(12 891)	–	(12 891)
–	(312)	–	–	–	–	(312)	–	(312)
(26)	450	111	(458)	(185 636)	(29)	(185 588)	(10 763)	(196 351)
–	–	–	–	–	282	282	–	282
(26)	(12 753)	111	(35 149)	(185 636)	247 780	14 327	(21 798)	(7 471)
–	–	–	–	–	69 796	69 796	–	69 796
–	–	–	–	–	(134 436)	(134 436)	–	(134 436)
–	–	–	–	–	(39 306)	(39 306)	21 367	(17 939)
–	–	–	–	–	–	–	(21 367)	(21 367)
–	–	–	–	–	–	–	(390)	(390)
–	–	–	–	–	–	219 642	–	219 642
–	–	–	–	–	–	20 638	–	20 638
–	–	–	–	–	–	(607)	–	(607)
–	–	–	–	–	–	–	72	72
–	–	–	–	–	–	–	(483)	(483)
–	–	–	–	–	–	–	5 177	5 177
–	–	–	–	–	–	(81 212)	–	(81 212)
(136)	–	–	–	–	136	–	–	–
–	–	38	–	–	(38)	–	–	–
–	–	–	–	–	(26 397)	–	–	–
11 127	9 113	34 596	(31 632)	59 123	1 249 515	3 716 415	296 107	4 012 522

Consolidated statement of changes in equity (continued)

£'000	Ordinary share capital	Perpetual preference share capital	Share premium	Treasury shares
At 31 March 2012	221	153	2 457 019	(72 820)
Movement in reserves 1 April 2012 – 31 March 2013				
Profit after taxation	–	–	–	–
Fair value movements on cash flow hedges taken directly to other comprehensive income	–	–	–	–
Gains on realisation of available-for-sale assets recycled through the income statement	–	–	–	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	–	–
Pension fund actuarial losses	–	–	–	–
Total comprehensive income for the year	–	–	–	–
Share-based payment adjustments	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends declared to perpetual preference shareholders	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Issue of ordinary shares	2	–	34 683	–
Issue of perpetual preference shares	–	–	24 263	–
Acquisition of non-controlling interests	–	–	–	–
Non-controlling interest relating to disposal of subsidiaries	–	–	–	–
Movement of treasury shares	–	–	(21 347)	(37 048)
Transfer from capital reserve account	–	–	–	–
Transfer to regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	20 323
At 31 March 2013	223	153	2 494 618	(89 545)

Other reserves								
Capital reserve account	Available-for-sale reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Retained income	Share-holders' equity excluding non-controlling interests	Non-controlling interests	Total equity
11 127	9 113	34 596	(31 632)	59 123	1 249 515	3 716 415	296 107	4 012 522
–	–	–	–	–	317 491	317 491	3 317	320 808
–	–	–	(17 144)	–	–	(17 144)	–	(17 144)
–	(1 713)	–	–	–	–	(1 713)	–	(1 713)
–	4 387	–	–	–	–	4 387	–	4 387
–	(1 033)	849	392	(162 865)	654	(162 003)	(19 132)	(181 135)
–	–	–	–	–	(6 195)	(6 195)	–	(6 195)
–	1 641	849	(16 752)	(162 865)	311 950	134 823	(15 815)	119 008
–	–	–	–	–	63 154	63 154	–	63 154
–	–	–	–	–	(147 660)	(147 660)	–	(147 660)
–	–	–	–	–	(39 104)	(39 104)	19 435	(19 669)
–	–	–	–	–	–	–	(19 435)	(19 435)
–	–	–	–	–	–	–	(230)	(230)
–	–	–	–	–	–	34 685	–	34 685
–	–	–	–	–	–	24 263	–	24 263
–	–	–	–	–	(3 575)	(3 575)	(239)	(3 814)
–	–	–	–	–	–	–	220	220
–	–	–	–	–	–	(58 395)	–	(58 395)
(159)	–	–	–	–	159	–	–	–
–	–	1 877	–	–	(1 877)	–	–	–
–	–	–	–	–	(20 323)	–	–	–
10 968	10 754	37 322	(48 384)	(103 742)	1 412 239	3 724 606	280 043	4 004 649

Notes to the summary financial statements

For the year to 31 March £'000	Asset Management	Wealth & Investment	Specialist Banking	Total group
Combined consolidated segmental analysis				
2013				
Segmental business analysis – income statement				
Net interest income	4 501	9 049	688 976	702 526
Fee and commission income	485 783	250 315	381 453	1 117 551
Fee and commission expense	(92 667)	(12 755)	(39 454)	(144 876)
Investment income	36	555	182 298	182 889
Trading income arising from				
– customer flow	–	687	70 172	70 859
– balance sheet management and other trading activities	(45)	360	35 083	35 398
Other operating income	9 583	777	31 793	42 153
Total operating income before impairment losses on loans and advances	407 191	248 988	1 350 321	2 006 500
Impairment losses on loans and advances	–	–	(251 012)	(251 012)
Operating income	407 191	248 988	1 099 309	1 755 488
Operating costs	(266 784)	(198 321)	(837 824)	(1 302 929)
Depreciation on operating leased assets	–	–	(16 072)	(16 072)
Operating profit before goodwill and acquired intangibles	140 407	50 667	245 413	436 487
Operating income attributable to non-controlling interests	(243)	–	(3 074)	(3 317)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	140 164	50 667	242 339	433 170
Selected returns and key statistics				
ROE (pre-tax)	95.1%	15.8%	8.0%	11.9%
Return on tangible equity (pre-tax)	336.1%	104.9%	8.4%	14.6%
Cost to income ratio	65.5%	79.7%	62.8%	65.5%
Staff compensation to operating income	46.1%	55.6%	40.8%	43.7%
Operating profit per employee (£'000)	114.9	38.2	44.7	54.4
Total assets (£'million)	627	2 156	48 217	51 000

Combined consolidated segmental analysis (continued)

For the year to 31 March £'000	Asset Management	Wealth & Investment	Specialist Banking	Total group
2012				
Segmental business analysis – income statement				
Net interest income	5 163	10 083	683 801	699 047
Fee and commission income	454 762	197 535	361 082	1 013 379
Fee and commission expense	(86 906)	(11 354)	(30 885)	(129 145)
Investment income	25	(392)	174 694	174 327
Trading income arising from				
– customer flow	–	108	76 958	77 066
– balance sheet management and other trading activities	380	97	31 727	32 204
Other operating income	2 178	396	62 554	65 128
Total operating income before impairment losses on loans and advances	375 602	196 473	1 359 931	1 932 006
Impairment losses on loans and advances	–	–	(325 118)	(325 118)
Operating income	375 602	196 473	1 034 813	1 606 888
Operating costs	(241 529)	(157 799)	(831 300)	(1 230 628)
Depreciation on operating leased assets	–	–	(28 670)	(28 670)
Operating profit before goodwill and acquired intangibles	134 073	38 674	174 843	347 590
Operating (income)/losses attributable to non-controlling interests	(380)	47	11 368	11 035
Operating profit before goodwill, acquired intangibles and after non-controlling interests	133 693	38 721	186 211	358 625
Selected returns and key statistics				
ROE (pre-tax)	84.0%	13.1%	6.2%	9.7%
Return on tangible equity (pre-tax)	288.6%	46.9%	6.5%	11.8%
Cost to income ratio	64.3%	80.3%	62.4%	64.7%
Staff compensation to operating income	45.9%	57.2%	40.2%	43.0%
Operating profit per employee (£'000)	119.2	33.7	35.5	47.8
Total assets (£'million)	539	796	50 215	51 550

For the year to 31 March £'000	UK and Other	Southern Africa	Australia	Total group
Combined consolidated segmental analysis (continued)				
2013				
Segmental geographic analysis – income statement				
Net interest income	290 645	342 793	69 088	702 526
Fee and commission income	701 620	356 500	59 431	1 117 551
Fee and commission expense	(127 170)	(13 180)	(4 526)	(144 876)
Investment income	98 119	84 232	538	182 889
Trading income arising from				
– customer flow	51 158	12 755	6 946	70 859
– balance sheet management and other trading activities	19 939	16 023	(564)	35 398
Other operating income	34 782	5 562	1 809	42 153
Total operating income before impairment losses on loans and advances	1 069 093	804 685	132 722	2 006 500
Impairment losses on loans and advances	(171 187)	(61 976)	(17 849)	(251 012)
Operating income	897 906	742 709	114 873	1 755 488
Operating costs	(737 030)	(454 427)	(111 472)	(1 302 929)
Depreciation on operating leased assets	(16 072)	–	–	(16 072)
Operating profit before goodwill and acquired intangibles	144 804	288 282	3 401	436 487
Operating income attributable to non-controlling interests	(397)	(2 920)	–	(3 317)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	144 407	285 362	3 401	433 170
Impairment of goodwill	(13 402)	(1 773)	–	(15 175)
Amortisation of acquired intangibles	(13 313)	–	–	(13 313)
Costs arising from integration of acquired subsidiaries	(13 119)	–	–	(13 119)
Non-operational costs arising from acquisition of subsidiary	(1 249)	–	–	(1 249)
Earnings attributable to shareholders before taxation	103 324	283 589	3 401	390 314
Taxation on operating profit before goodwill	(31 537)	(48 693)	1 430	(78 800)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	5 977	–	–	5 977
Earnings attributable to shareholders	77 764	234 896	4 831	317 491
Selected returns and key statistics				
ROE (post-tax)	6.6%	14.9%	1.2%	9.5%
Return on tangible equity (post-tax)	10.4%	15.0%	1.4%	11.7%
Cost to income ratio	70.0%	56.5%	84.0%	65.5%
Staff compensation to operating income	47.2%	36.9%	56.5%	43.7%
Operating profit per employee (£'000)	42.6	69.3	7.5	54.4
Effective operational tax rate	21.8%	16.9%	(42.0%)	18.1%
Total assets (£'million)	20 179	27 575	3 246	51 000

For the year to 31 March £'000	UK and Other	Southern Africa	Australia	Total group
Combined consolidated segmental analysis (continued)				
2012				
Segmental geographic analysis – income statement				
Net interest income	287 417	345 288	66 342	699 047
Fee and commission income	605 125	369 798	38 456	1 013 379
Fee and commission expense	(114 808)	(10 962)	(3 375)	(129 145)
Investment income	115 822	66 979	(8 474)	174 327
Trading income arising from				
– customer flow	43 179	22 775	11 112	77 066
– balance sheet management and other trading activities	16 430	16 900	(1 126)	32 204
Other operating income	62 127	4 180	(1 179)	65 128
Total operating income before impairment losses on loans and advances	1 015 292	814 958	101 756	1 932 006
Impairment losses on loans and advances	(187 920)	(69 326)	(67 872)	(325 118)
Operating income	827 372	745 632	33 884	1 606 888
Operating costs	(671 776)	(459 087)	(99 765)	(1 230 628)
Depreciation on operating leased assets	(28 544)	(126)	–	(28 670)
Operating profit/(loss) before goodwill and acquired intangibles	127 052	286 419	(65 881)	347 590
Operating losses attributable to non-controlling interests	8 018	3 017	–	11 035
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	135 070	289 436	(65 881)	358 625
Impairment of goodwill	(21 510)	(2 856)	–	(24 366)
Amortisation of acquired intangibles	(9 530)	–	–	(9 530)
Costs arising from integration of acquired subsidiaries	(17 117)	–	–	(17 117)
Non-operational costs arising from acquisition of subsidiary	(5 342)	–	–	(5 342)
Earnings attributable to shareholders before taxation	81 571	286 580	(65 881)	302 270
Taxation on operating profit before goodwill	(33 911)	(48 536)	19 540	(62 907)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	8 164	–	–	8 164
Earnings attributable to shareholders	55 824	238 044	(46 341)	247 527
Selected returns and key statistics				
ROE (post-tax)	6.1%	14.9%	(11.1%)	7.8%
Return on tangible equity (post-tax)	9.8%	15.1%	(12.7%)	9.6%
Cost to income ratio	68.1%	56.3%	98.0%	64.7%
Staff compensation to operating income	44.7%	37.3%	71.2%	43.0%
Operating profit per employee (£'000)	45.0	70.9	(154.7)	47.8
Effective operational tax rate	26.7%	16.9%	29.7%	18.1%
Total assets (£'million)	19 856	28 310	3 384	51 550

At 31 March £'000	UK and Other	Southern Africa	Australia	Total group
Combined consolidated segmental analysis (continued)				
2013				
Segmental geographic analysis – balance sheet assets and liabilities				
Assets				
Cash and balances at central banks	1 228 390	406 777	147 280	1 782 447
Loans and advances to banks	1 226 201	1 818 269	85 176	3 129 646
Non-sovereign and non-bank cash placements	–	420 960	–	420 960
Reverse repurchase agreements and cash collateral on securities borrowed	1 223 251	1 135 421	–	2 358 672
Sovereign debt securities	1 365 464	2 416 839	294 914	4 077 217
Bank debt securities	275 173	1 423 904	180 028	1 879 105
Other debt securities	176 440	258 706	22 506	457 652
Derivative financial instruments	1 037 004	870 899	74 668	1 982 571
Securities arising from trading activities	665 494	257 840	8 269	931 603
Investment portfolio	377 094	571 740	11 530	960 364
Loans and advances to customers	6 045 063	9 725 609	1 713 852	17 484 524
Own originated loans and advances to customers securitised	–	439 255	491 194	930 449
Other loans and advances	1 781 632	336 111	–	2 117 743
Other securitised assets	2 769 126	113 466	–	2 882 592
Interests in associated undertakings	20 828	3 243	3 879	27 950
Deferred taxation assets	78 490	38 635	48 332	165 457
Other assets	1 256 193	607 728	96 517	1 960 438
Property and equipment	70 619	46 108	9 811	126 538
Investment properties	11 500	440 475	–	451 975
Goodwill	406 389	10 260	50 257	466 906
Intangible assets	164 330	6 436	7 801	178 567
	20 178 681	21 348 681	3 246 014	44 773 376
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	6 226 142	–	6 226 142
	20 178 681	27 574 823	3 246 014	50 999 518
Liabilities				
Deposits by banks	1 696 682	1 279 782	–	2 976 464
Derivative financial instruments	723 236	661 888	58 201	1 443 325
Other trading liabilities	372 762	479 177	–	851 939
Repurchase agreements and cash collateral on securities lent	942 396	997 762	–	1 940 158
Customer accounts (deposits)	9 560 920	13 278 098	1 692 820	24 531 838
Debt securities in issue	990 744	440 343	470 689	1 901 776
Liabilities arising on securitisation of own originated loans and advances	77	448 355	477 903	926 335
Liabilities arising on securitisation of other assets	2 195 345	42 236	–	2 237 581
Current taxation liabilities	87 470	123 005	–	210 475
Deferred taxation liabilities	77 851	31 777	–	109 628
Other liabilities	1 311 425	520 977	55 000	1 887 402
	17 958 908	18 303 400	2 754 613	39 016 921
Liabilities to customers under investment contracts	–	6 224 062	–	6 224 062
Insurance liabilities, including unit-linked liabilities	–	2 080	–	2 080
	17 958 908	24 529 542	2 754 613	45 243 063
Subordinated liabilities	664 624	1 004 562	82 620	1 751 806
	18 623 532	25 534 104	2 837 233	46 994 869

Combined consolidated segmental analysis (continued)

2012

Segmental geographic analysis – balance sheet assets and liabilities

At 31 March £'000	UK and Other	Southern Africa	Australia	Total group
Assets				
Cash and balances at central banks	1 655 824	758 002	180 025	2 593 851
Loans and advances to banks	985 727	1 671 153	68 467	2 725 347
Non-sovereign and non-bank cash placements	–	642 480	–	642 480
Reverse repurchase agreements and cash collateral on securities borrowed	522 180	453 812	–	975 992
Sovereign debt securities	1 415 447	2 419 822	231 824	4 067 093
Bank debt securities	294 383	2 256 509	530 169	3 081 061
Other debt securities	100 219	195 753	81 860	377 832
Derivative financial instruments	916 994	862 887	133 769	1 913 650
Securities arising from trading activities	365 686	267 576	6 884	640 146
Investment portfolio	308 027	570 590	12 085	890 702
Loans and advances to customers	5 788 127	9 990 781	1 413 300	17 192 208
Own originated loans and advances to customers securitised	–	499 166	535 008	1 034 174
Other loans and advances	2 496 508	332 681	–	2 829 189
Other securitised assets	2 961 970	139 452	–	3 101 422
Interests in associated undertakings	19 231	3 076	5 199	27 506
Deferred taxation assets	75 175	30 691	44 515	150 381
Other assets	1 234 108	488 561	79 452	1 802 121
Property and equipment	117 718	44 188	9 779	171 685
Investment properties	11 500	395 795	–	407 295
Goodwill	409 837	13 696	44 787	468 320
Intangible assets	176 988	7 902	7 209	192 099
	19 855 649	22 044 573	3 384 332	45 284 554
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	6 265 846	–	6 265 846
	19 855 649	28 310 419	3 384 332	51 550 400
Liabilities				
Deposits by banks	1 832 180	1 135 248	–	2 967 428
Derivative financial instruments	635 996	698 243	86 891	1 421 130
Other trading liabilities	271 627	341 257	–	612 884
Repurchase agreements and cash collateral on securities lent	1 020 670	843 467	–	1 864 137
Customer accounts (deposits)	9 459 554	14 347 614	1 536 603	25 343 771
Debt securities in issue	1 109 268	357 494	777 186	2 243 948
Liabilities arising on securitisation of own originated loans and advances	–	509 728	526 946	1 036 674
Liabilities arising on securitisation of other assets	2 361 986	40 057	–	2 402 043
Current taxation liabilities	77 188	132 421	–	209 609
Deferred taxation liabilities	76 489	25 989	–	102 478
Other liabilities	1 108 343	430 194	36 617	1 575 154
	17 953 301	18 861 712	2 964 243	39 779 256
Liabilities to customers under investment contracts	–	6 263 913	–	6 263 913
Insurance liabilities, including unit-linked liabilities	–	1 933	–	1 933
	17 953 301	25 127 558	2 964 243	46 045 102
Subordinated liabilities	661 920	784 501	46 355	1 492 776
	18 615 221	25 912 059	3 010 598	47 537 878

For the year to 31 March £'000	Asset Management UK and Other	Asset Management Southern Africa	Asset Management Total
Combined consolidated segmental analysis (continued)			
Segmental business and geographic analysis – income statement			
2013			
Net interest income	492	4 009	4 501
Fee and commission income	309 933	175 850	485 783
Fee and commission expense	(92 667)	–	(92 667)
Investment income	–	36	36
Trading income arising from			
– customer flow	–	–	–
– balance sheet management and other trading activities	(199)	154	(45)
Other operating income	4 476	5 107	9 583
Total operating income before impairment losses on loans and advances	222 035	185 156	407 191
Impairment losses on loans and advances	–	–	–
Operating income	222 035	185 156	407 191
Operating costs	(162 694)	(104 090)	(266 784)
Depreciation on operating leased assets	–	–	–
Operating profit before goodwill and acquired intangibles	59 341	81 066	140 407
Operating income attributable to non-controlling interests	–	(243)	(243)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	59 341	80 823	140 164
Selected returns and key statistics			
Cost to income ratio	73.3%	56.2%	65.5%
Staff compensation to operating income	53.7%	37.0%	46.1%
2012			
Net interest income	652	4 511	5 163
Fee and commission income	288 580	166 182	454 762
Fee and commission expense	(86 906)	–	(86 906)
Investment income	–	25	25
Trading income arising from			
– customer flow	–	–	–
– balance sheet management and other trading activities	61	319	380
Other operating income	(309)	2 487	2 178
Total operating income before impairment losses on loans and advances	202 078	173 524	375 602
Impairment losses on loans and advances	–	–	–
Operating income	202 078	173 524	375 602
Operating costs	(143 156)	(98 373)	(241 529)
Depreciation on operating leased assets	–	–	–
Operating profit before goodwill and acquired intangibles	58 922	75 151	134 073
Operating losses/(income)attributable to non-controlling interests	–	(380)	(380)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	58 922	74 771	133 693
Selected returns and key statistics			
Cost to income ratio	70.8%	56.7%	64.3%
Staff compensation to operating income	53.6%	36.9%	45.9%

	Wealth & Investment			Specialist Banking				
	UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Australia	Total	Total group
	10 293	(1 244)	9 049	279 860	340 028	69 088	688 976	702 526
	195 275	55 040	250 315	196 412	125 610	59 431	381 453	1 117 551
	(11 772)	(983)	(12 755)	(22 731)	(12 197)	(4 526)	(39 454)	(144 876)
	555	–	555	97 564	84 196	538	182 298	182 889
	361	326	687	50 797	12 429	6 946	70 172	70 859
	4	356	360	20 134	15 513	(564)	35 083	35 398
	775	2	777	29 531	453	1 809	31 793	42 153
	195 491	53 497	248 988	651 567	566 032	132 722	1 350 321	2 006 500
	–	–	–	(171 187)	(61 976)	(17 849)	(251 012)	(251 012)
	195 491	53 497	248 988	480 380	504 056	114 873	1 099 309	1 755 488
	(161 581)	(36 740)	(198 321)	(412 755)	(313 597)	(111 472)	(837 824)	(1 302 929)
	–	–	–	(16 072)	–	–	(16 072)	(16 072)
	33 910	16 757	50 667	51 553	190 459	3 401	245 413	436 487
	–	–	–	(397)	(2 677)	–	(3 074)	(3 317)
	33 910	16 757	50 667	51 156	187 782	3 401	242 339	433 170
	82.7%	68.7%	79.7%	65.0%	55.4%	84.0%	62.8%	65.5%
	58.2%	45.8%	55.6%	41.8%	36.1%	56.5%	40.8%	43.7%
	8 648	1 435	10 083	278 117	339 342	66 342	683 801	699 047
	142 360	55 175	197 535	174 185	148 441	38 456	361 082	1 013 379
	(8 182)	(3 172)	(11 354)	(19 720)	(7 790)	(3 375)	(30 885)	(129 145)
	(392)	–	(392)	116 214	66 954	(8 474)	174 694	174 327
	(386)	494	108	43 565	22 281	11 112	76 958	77 066
	(7)	104	97	16 376	16 477	(1 126)	31 727	32 204
	406	(10)	396	62 030	1 703	(1 179)	62 554	65 128
	142 447	54 026	196 473	670 767	587 408	101 756	1 359 931	1 932 006
	–	–	–	(187 920)	(69 326)	(67 872)	(325 118)	(325 118)
	142 447	54 026	196 473	482 847	518 082	33 884	1 034 813	1 606 888
	(119 226)	(38 573)	(157 799)	(409 394)	(322 141)	(99 765)	(831 300)	(1 230 628)
	–	–	–	(28 544)	(126)	–	(28 670)	(28 670)
	23 221	15 453	38 674	44 909	195 815	(65 881)	174 843	347 590
	47	–	47	7 971	3 397	–	11 368	11 035
	23 268	15 453	38 721	52 880	199 212	(65 881)	186 211	358 625
	83.7%	71.4%	80.3%	63.7%	54.9%	98.0%	62.4%	64.7%
	60.6%	48.3%	57.2%	38.7%	36.5%	71.2%	40.2%	43.0%

Share-based payments

The group operates share option and long-term share incentive plans for employees the majority of which are on an equity-settled basis. The purpose of the staff share schemes is to promote an *esprit de corps* within the organisation, create an awareness of Investec's performance and provide an incentive to maximise individual and group performance by allowing all staff to share in the risks and rewards of the group.

Further information on the group share options and long-term incentive plans is provided on pages 81 and 82 of the remuneration report and on our website.

For the year to 31 March £'000	Asset Management	Wealth & Investment	Specialist Banking	Total group
Share-based payment expense charged to the income statement (included in operating costs):				
2013				
Equity-settled	6 778	7 575	48 801	63 154
Total income statement charge	6 778	7 575	48 801	63 154
2012				
Equity-settled	8 957	6 820	54 019	69 796
Cash-settled	–	–	(33)	(33)
Total income statement charge	8 957	6 820	53 986	69 763

Included in the above income statement charge is an accelerated share-based payment charge as a result of modifications to certain options granted. This expense for the year was £0.4 million (2012: £0.8 million).

For the year to 31 March £'000	2013	2012
Weighted average fair value of options granted in the year		
UK schemes	26 921	26 569
South African schemes	21 820	28 950

	UK schemes				South African schemes			
	2013		2012		2013		2012	
Details of options outstanding during the year	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at the beginning of the year	46 076 830	0.06	45 033 517	0.09	42 423 893	–	42 984 422	0.74
Granted during the year	12 112 551	0.03	8 776 990	0.16	8 609 725	–	9 020 438	–
Exercised during the year*	(5 333 003)	0.01	(5 733 448)	0.19	(5 168 582)	–	(7 223 129)	4.38
Expired during the year	(2 342 024)	0.42	(2 000 229)	0.58	(1 564 490)	–	(2 357 838)	–
Outstanding at the end of the year	50 514 354	0.05	46 076 830	0.06	44 300 546	–	42 423 893	–
Exercisable at the end of the year	544 221	–	704 523	0.04	445 767	–	1 011 438	–

* *The weighted average share price during the year was £3.99 (2012: £4.15).*

Share-based payments (continued)

The exercise price range and weighted average remaining contractual life for the options are as follows:

	UK schemes		South African schemes	
	2013	2012	2013	2012
Options with strike prices				
Exercise price range	£2.05 – £5.00	£1.50 – £6.52	n/a	n/a
Weighted average remaining contractual life	3.06 years	3.47 years	n/a	n/a
Long-term incentive option with no strike price				
Exercise price range	£nil	£nil	Rnil	Rnil
Weighted average remaining contractual life	2.73 years	3.00 years	2.67 years	2.99 years
Weighted average fair value of options and long-term incentive grants at measurement date	£2.22	£3.03	R34.31	R37.25
The fair values of options granted were calculated using a Black-Scholes option pricing model. For options granted during the year, the inputs into the model were as follows:				
– Share price at date of grant	£3.29 – £4.08	£3.34 – £5.00	R43.85 – R56.86	R44.00 – R56.29
– Exercise price	£nil, £3.29 – £4.08	£nil, £3.34 – £5.00	Rnil	Rnil
– Expected volatility	30%	30%	30%	30%
– Option life	4.5 – 5.25 years	5 – 5.25 years	2.5 – 5 years	5 years
– Expected dividend yields	5.94% – 7.67%	5.19% – 7.84%	5.42% – 6.70%	3.87% – 5.33%
– Risk-free rate	0.84% – 1.34%	1.48% – 2.15%	5.46% – 6.29%	6.44% – 7.58%

Expected volatility was determined based on the implied volatility levels quoted by the derivatives trading desk. The expected volatility is based on the respective share price movement over the last six months but also includes an element of forward expectation.

The expected attrition rates used were determined based on historical group data with an adjustment to actual attrition on final vesting.

For the year to 31 March	2013	2012
Earnings per share		
Earnings	£'000	£'000
Earnings attributable to shareholders	317 491	247 527
Preference dividends paid	(39 104)	(39 306)
Earnings and diluted earnings attributable to ordinary shareholders	278 387	208 221
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	882 683 311	831 688 923
Weighted average number of treasury shares	(26 726 003)	(22 133 785)
Weighted average number of shares in issue during the year	855 957 308	809 555 138
Weighted average number of shares resulting from future dilutive potential shares	53 589 518	46 272 969
Adjusted weighted number of shares potentially in issue	909 546 826	855 828 107
Earnings per share – pence	32.5	25.7
Basic earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders in Investec plc and Investec Limited by the weighted average number of ordinary shares in issue during the year.		
Diluted earnings per share – pence	30.6	24.3
Diluted earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders of Investec plc and Investec Limited, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the year plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the year.		
Adjusted earnings per share – pence	37.0	31.8
Adjusted earnings per share is calculated by dividing the earnings before deducting goodwill impairment and non-operating items attributable to the ordinary shareholders, after taking into account earnings attributable to perpetual preference shareholders, by the weighted average number of ordinary shares in issue during the year.		
	£'000	£'000
Earnings attributable to shareholders	317 491	247 527
Impairment of goodwill	15 175	24 366
Amortisation of acquired intangibles, net of taxation	9 852	7 052
Costs arising from acquisition of subsidiary (including integration costs), net of taxation	11 852	16 773
Preference dividends paid	(39 104)	(39 306)
Additional losses/(earnings) attributable to other equity holders*	109	(557)
Currency hedge attributable to perpetual equity instruments*	1 334	1 724
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	316 709	257 579

* *In accordance with IFRS, dividends attributable to equity holders are accounted for when a constructive liability arises i.e. on declaration by the board of directors and approval by the shareholders where required. Investec is of the view that EPS is best reflected by adjusting for earnings that are attributed to equity instruments (other than ordinary shares) on an accrual basis and therefore adjusts the paid dividend on such instruments to accrued in arriving at adjusted EPS.*

For the year to 31 March	2013	2012
Earnings per share (continued)		
Headline earnings per share – pence	31.9	26.8
Headline earnings per share has been calculated in accordance with the definition in the Institute of Investment Management Research Statement of Investment Practice No. 1 'The Definition of Headline Earnings' and is disclosed in accordance with the JSE Listings Requirements, and in terms of circular 3/2012 issued by the South African Institute of Chartered Accountants.		
	£'000	£'000
Earnings attributable to shareholders	317 491	247 527
Impairment of goodwill	15 175	24 366
Preference dividends paid	(39 104)	(39 306)
Property revaluation, net of taxation	(19 223)	(2 443)
Gains on available-for-sale instruments recycled through the income statement**	(1 713)	(12 891)
Headline earnings attributable to ordinary shareholders**	272 626	217 253

** *Taxation on headline earnings adjustments amounted to £8.2 million (2012: £5.6 million) with no impact on earnings attributable to non-controlling interests.*

	2013		2012	
For the year to 31 March	Pence per share	Total £'million	Pence per share	Total £'million
Dividends				
Ordinary dividend				
Final dividend for prior year	9.0	78 496	9.0	70 558
Interim dividend for current year	8.0	69 164	8.0	63 878
Total dividend attributable to ordinary shareholders recognised in current financial year	17.0	147 660	17.0	134 436

The directors have proposed a final dividend in respect of the financial year ended 31 March 2013 of 10 pence per ordinary share (31 March 2012: 9.0 pence).

This will be paid as follows:

- For Investec Limited shareholders, through a dividend payment by Investec Limited of 144 cents per ordinary share
- For Investec plc non-South African shareholders, through a dividend paid by Investec plc of 10 pence per ordinary share
- For Investec plc South African shareholders, through a dividend payment by Investec plc of 2 pence per ordinary share and through a dividend payment on the SA DAS share of 8 pence per ordinary share.

The final dividend will be payable on 12 August 2013 to shareholders on the register at the close of business on 2 August 2013.

For the year to 31 March	2013 Pence per share*	2013 Cents per share*	2013 Total £'million	2012 Pence per share*	2012 Cents per share*	2012 Total £'million
Dividends (continued)						
Perpetual preference dividend						
Final dividend for prior year	7.52	315.86	11 844	7.52	660.45	14 173
Interim dividend for current year	7.52	343.15	15 907	7.52	874.47	12 576
Total dividend attributable to perpetual preference shareholders recognised in current financial year	15.04	659.01	27 751	15.04	1 534.92	26 749

* *Perpetual preference share dividends from Investec Limited, Investec Bank Limited and Investec plc.*

The directors have declared a final dividend in respect of the financial year ended 31 March 2013 of 7.48 pence (Investec plc shares traded on the JSE Limited) and 7.48 pence (Investec plc shares traded on the Channel Island Stock Exchange), 402.64384 cents (Rand denominated Investec plc shares traded on the JSE Limited), 329.62 cents (Investec Limited) and 353.18 cents (Investec Bank Limited) per perpetual preference share. The final dividend will be paid on 25 June 2013 to shareholders on the register at the close of business on Friday, 14 June 2013.

For the year to 31 March £'000	2013	2012
Dividend attributable to perpetual preferred securities	11 353	12 557

The €200 000 000 (2012: €200 000 000) fixed/floating rate guaranteed, non-voting, non-cumulative perpetual preferred securities paid dividends of 7.075% in both years as set out in note 47.

Summary financial statements

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At 31 March	2013	2012
Ordinary share capital		
Investec plc		
Issued, allotted and fully paid		
Number of ordinary shares	Number	Number
At beginning of year	598 339 612	537 176 089
Issued during the year	6 857 159	61 163 523
At end of year	605 196 771	598 339 612
Nominal value of ordinary shares	£’000	£’000
At beginning of year	120	108
Issued during the year	1	12
At end of year	121	120
Number of special converting shares	Number	Number
At beginning of year	276 020 221	272 836 668
Issued during the year	3 618 943	3 183 553
At end of year	279 639 164	276 020 221
Nominal value of special converting shares	£’000	£’000
At beginning of year	55	54
Issued during the year	1	1
At end of year	56	55
Number of UK DAN shares	Number	Number
At beginning and end of year	1	1
Nominal value of UK DAN share	£’000	£’000
At beginning and end of year	*	*
Number of UK DAS shares	Number	Number
At beginning and end of year	1	1

* *Less than £1 000.*

At 31 March	2013	2012
Ordinary share capital (continued)		
Nominal value of UK DAS share	£'000	£'000
At beginning and end of year	*	*
Number of special voting shares	Number	Number
At beginning and end of year	1	1
Nominal value of special voting share	£'000	£'000
At beginning and end of year	*	*

Investec Limited

Authorised

The authorised share capital of Investec Limited is R1 268 002 (2012: R1 268 002), comprising 450 000 000 (2012: 450 000 000) ordinary shares of R0.0002 each, 40 000 000 (2012: 40 000 000) Class 'A' variable rate compulsorily convertible non-cumulative preference shares of R0.0002 each, 50 000 (2012: 50 000) variable rate cumulative redeemable preference shares of R0.60 each, 100 000 000 (2012: 100 000 000) non-redeemable non-cumulative non-participating preference shares of R0.01 each, 1 (2012: 1) Dividend Access (South African Resident) redeemable preference share of R1, 1 (2012: 1) Dividend Access (Non-South African Resident) redeemable preference share of R1, 700 000 000 (2012: 700 000 000) special convertible redeemable preference shares of R0.0002 each (special converting shares).

Issued, allotted and fully paid

	2013	2012
Number of ordinary shares	Number	Number
At beginning of year	276 020 221	272 836 668
Issued during the year	3 618 943	3 183 553
At end of year	279 639 164	276 020 221
Nominal value of ordinary shares	£'000	£'000
At beginning of year	46	46
Issued during the year	*	*
At end of year	46	46
Number of special converting shares	Number	Number
At beginning of year	598 339 612	537 176 089
Issued during the year	6 857 159	61 163 523
At end of year	605 196 771	598 339 612
Nominal value of special converting shares	£'000	£'000
At beginning of year	5	5
Issued during the year	*	*
At end of year	5	5
Number of SA DAN shares	Number	Number
At beginning and end of year	1	1
Nominal value of SA DAN share	£'000	£'000
At beginning and end of year	*	*

* *Less than £1 000.*

At 31 March	2013	2012
Ordinary share capital (continued)		
Number of SA DAS shares	Number	Number
At beginning and end of year	1	1
Nominal value of SA DAS share	£'000	£'000
At beginning and end of year	*	*
Nominal value of issued, allotted and fully paid called up share capital of Investec plc and Investec Limited		
Total called up share capital	228	226
Less: held by Investec Limited	(2)	(2)
Less: held by Investec plc	(3)	(3)
Total called up share capital	223	221

* *Less than £1 000.*

The Investec Limited shares were issued in South African Rand. The amounts recorded above were calculated by reference to historic Pounds Sterling/Rand exchange rates.

In terms of the DLC structure shareholders have common economic and voting rights as if Investec Limited and Investec plc were a single company. These include equivalent dividends on a per share basis, joint electorate and class right variations. The UK DAS share, UK DAN share, SA DAS share, the SA DAN share and the special converting shares have been issued to achieve this.

The unissued shares are under the control of the directors until the next annual general meeting.

Staff share scheme

The group operates a share option and a long-term incentive scheme for employees.

The number of ordinary shares conditionally allocated to employees is disclosed on pages 122 and 123.

Movements in the number of share options issued to (each option is in respect of one share) employees are as follows:

For the year to 31 March	Number 2013	Number 2012
Opening balance	88 500 723	88 017 939
Issued during the year	20 722 276	17 797 428
Exercised	(10 501 585)	(12 956 577)
Lapsed	(3 906 514)	(4 358 067)
Closing balance	94 814 900	88 500 723

The purpose of the staff share scheme is to promote an *esprit de corps* within the organisation, create an awareness of Investec's performance and provide an incentive to maximise individual and group performance by allowing all staff to share in the risks and rewards of the group.

The group makes awards available to staff members via the underlying share trusts. The particular instrument used varies from time to time depending on taxation legislation and factors affecting the group structure. Nevertheless, whatever the instrument chosen, its underlying value depends solely on the performance of the group's share price.

At present, the practice of the group is to give all permanent staff members a share allocation based on their annual package after completing six months of employment. In line with the objective of providing a long-term incentive for staff, these share awards vest over periods varying from four to five years.

After the initial allocation referred to above, additional allocations are made to staff members at the discretion of group management and depending on the individual performance and contribution made by the respective staff members.

Fair value hierarchy

IFRS 7 requires that an entity disclose for each class of financial instruments measured at fair value, the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety. The fair value hierarchy reflects the significance of the inputs used in making fair value measurements. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The fair value hierarchy has the following levels:

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Assets and liabilities related to the long-term assurance business attributable to policyholders have been excluded from the analysis as the change in fair value of related assets is attributable to policyholders. These are all level 1 assets.

At 31 March £'000	Total instruments at fair value	Valuation technique applied Level 1	Level 2	Level 3
Fair value hierarchy (continued)				
2013				
Assets				
Loans and advances to banks	165 460	108 954	56 506	–
Reverse repurchase agreements and cash collateral on securities borrowed	694 180	–	694 180	–
Sovereign debt securities	3 844 313	3 549 398	294 915	–
Bank debt securities	935 019	152 401	782 618	–
Other debt securities	388 859	260 439	86 174	42 246
Derivative financial instruments	1 982 571	254 376	1 660 434	67 761
Securities arising from trading activities	931 603	909 608	21 995	–
Investment portfolio	960 364	92 843	634 178	233 343
Loans and advances to customers	1 147 003	–	1 082 723	64 280
Other loans and advances	4 612	–	–	4 612
Other securitised assets	531 447	–	30 955	500 492
Other assets	479 709	477 789	1 133	787
	12 065 140	5 805 808	5 345 811	913 521
Liabilities				
Deposits by banks	330	–	330	–
Derivative financial instruments	1 443 325	205 935	1 234 105	3 285
Other trading liabilities	851 939	851 939	–	–
Repurchase agreements and cash collateral on securities lent	508 326	–	508 326	–
Customer accounts (deposits)	449 375	–	449 375	–
Debt securities in issue	187 645	–	187 645	–
Liabilities arising on securitisation of other assets	427 280	42 126	–	385 154
Other liabilities	534 930	496 993	35 571	2 366
Subordinated liabilities	140 366	–	140 366	–
	4 543 516	1 596 993	2 555 718	390 805

At 31 March £'000	Total instruments at fair value	Valuation technique applied		
		Level 1	Level 2	Level 3
Fair value hierarchy (continued)				
2012				
Assets				
Loans and advances to banks	176 320	114 247	62 073	–
Reverse repurchase agreements and cash collateral on securities borrowed	718 811	264 412	454 399	–
Sovereign debt securities	3 646 322	3 344 496	301 826	–
Bank debt securities	1 856 243	247 736	1 608 507	–
Other debt securities	275 607	47 394	167 757	60 456
Derivative financial instruments	1 913 650	203 938	1 678 746	30 966
Securities arising from trading activities	640 146	577 326	62 820	–
Investment portfolio	890 702	155 241	600 429	135 032
Loans and advances to customers	1 225 243	–	1 224 655	588
Other loans and advances	175 523	–	–	175 523
Other securitised assets	92 900	7 630	27 331	57 939
Other assets	546 687	546 359	328	–
	12 158 154	5 508 779	6 188 871	460 504
Liabilities				
Derivative financial instruments	1 421 130	258 239	1 162 891	–
Other trading liabilities	612 884	612 884	–	–
Repurchase agreements and cash collateral on securities lent	582 682	582 682	–	–
Customer accounts (deposits)	549 814	–	549 814	–
Liabilities arising on securitisation of other assets	40 057	–	40 057	–
Other liabilities	605 940	521 381	84 559	–
	3 812 507	1 975 186	1 837 321	–

Transfers between level 1 and level 2

In line with market practice, repurchase agreements have been moved from level 1 to level 2. There is no change to the level of observability, however these are based on principal to principal pricing rather than quoted market prices.

There were no transfers between level 1 and level 2 for the year ended 31 March 2012.

For the year to 31 March £'000	Total level 3 financial instruments	Fair value movements through income statement	Fair value movements through compre-hensive income
Fair value hierarchy (continued)			
The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in level 3 of the fair value hierarchy:			
Balance as at 1 April 2011	426 992	358 973	68 019
Total gains or losses	(31 300)	(30 053)	(1 247)
In the income statement	(31 235)	(30 053)	(1 182)
In the statement of comprehensive income	(65)	–	(65)
Purchases	158 932	157 008	1 924
Sales	(52 507)	(43 231)	(9 276)
Issues	(4 842)	(4 842)	–
Settlements	(16 933)	(16 933)	–
Transfers into level 3	26 715	26 715	–
Transfers out of level 3	(46 503)	–	(46 503)
Foreign exchange adjustments	(50)	208	(258)
Balance as at 31 March 2012	460 504	447 845	12 659
Total gains or losses	59 628	62 136	(2 508)
In the income statement	61 225	62 136	(911)
In the statement of comprehensive income	(1 597)	–	(1 597)
Purchases	113 486	62 967	50 519
Sales	(59 261)	(24 794)	(34 467)
Issues	(677)	(677)	–
Settlements	(2 780)	(2 780)	–
Transfers into level 3	131 865	131 289	576
Transfers out of level 3	(185 576)	(185 036)	(540)
Foreign exchange adjustments	5 527	2 842	2 685
Balance as at 31 March 2013	522 716	493 792	28 924

The following table quantifies the gains or losses included in the income statement recognised on level 3 financial instruments:

For the year to 31 March £'000	2013	2012
Total gains or losses included in the income statement for the year		
Net interest (expense)/income	(1 251)	4 921
Fee and commission income	5 196	1 628
Investment income	56 811	(46 685)
Trading income arising from customer flow	618	1 161
Trading income arising from balance sheet management and other trading activities	(952)	7 740
Other operating income	803	–
	61 225	(31 235)

For the year ended 31 March 2013, instruments to the value of £185.6 million were transferred from level 3 into level 2. The valuation methodologies were reviewed and observable inputs are used to determine the fair value.

There were transfers from level 2 to the level 3 category to the value of £131.9 million because the underlying circumstances of the instrument changed and as a result, the significant valuation inputs became unobservable in the market.

For the year ended 31 March 2012, instruments were transferred out of level 3 to level 2 due to improved levels of observable inputs for valuation of these instruments. Instruments were transferred into level 3 when significant inputs to model valuations were no longer observable.

Fair value hierarchy (continued)

Sensitivity of fair values to reasonably possible alternative assumptions by level 3 instrument type

The fair value of financial instruments in level 3 are measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable market data. The following table shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

	Reflected in income statement		Reflected in other comprehensive income	
At 31 March £'000	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
2013				
Assets				
Other debt securities	1 459	901	–	–
Derivative financial instruments	47 115	2 080	–	–
Investment portfolio	37 859	13 946	7 011	2 887
Loans and advances to customers	948	9 351	–	–
Other securitised assets	17 552	10 883	–	–
Other assets	60	84	–	–
	104 993	37 245	7 011	2 887
Liabilities				
Derivative financial instruments	2 236	1 089	–	–
Liabilities arising on securitisation of other assets	(4 145)	(2 643)	–	–
Other liabilities	1 525	1 904	–	–
	(384)	350	–	–
2012				
Assets				
Other debt securities	2 041	2 138	2 306	2 467
Derivative financial instruments	59 859	1 397	–	–
Investment portfolio	62 111	23 562	1 569	1 659
Loans and advances to customers	1 211	294	–	–
Other loans and advances	3 953	1 024	–	–
Other securitised assets	23 703	13 811	–	–
	152 878	42 226	3 875	4 126

The above variations have been determined with reference to the key unobservable inputs which mainly relate to future cash flows and discount rates applied.

Derivative financial instruments

The group enters into various contracts for derivatives both as principal for trading purposes and as customer for hedging foreign exchange and interest rate exposures. These include financial futures, options, swaps and forward rate agreements. The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations.

In the tables that follow notional principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The fair value of a derivative financial instrument represents the positive or negative cash flows which would have occurred had the rights and obligations arising from that instrument been closed out by the group in an orderly market transaction at balance sheet date.

At 31 March £'000	2013 Notional principal amounts	2013 Positive fair value	2013 Negative fair value	2012 Notional principal amounts^	2012 Positive fair value	2012 Negative fair value
Derivative financial instruments (continued)						
Foreign exchange derivatives						
Forward foreign exchange contracts	5 299 453	41 169	49 553	4 173 890	37 974	30 185
Currency swaps	15 988 729	435 079	204 355	16 562 689	525 138	102 809
OTC options bought and sold	2 733 914	23 028	20 985	2 808 808	27 513	26 799
Other foreign exchange contracts	1 186 678	5 335	8 410	698 924	1 551	3 178
OTC derivatives	25 208 774	504 611	283 303	24 244 311	592 176	162 971
Interest rate derivatives						
Caps and floors	1 315 416	7 357	5 027	1 714 685	6 031	7 216
Swaps	47 275 885	709 056	572 563	44 263 444	729 741	738 917
Forward rate agreements	49 602 413	22 314	23 568	2 132 646	20 248	13 523
OTC options bought and sold	234 305	1 748	2 036	1 033 809	3 217	2 757
Other interest rate contracts	726 684	15 913	10 461	801 827	1 099	208
OTC derivatives	99 154 703	756 388	613 655	49 946 411	760 336	762 621
Exchange traded futures	48 681	–	233	–	–	494
	99 203 384	756 388	613 888	49 946 411	760 336	763 115
Equity and stock index derivatives						
OTC options bought and sold	4 303 452	195 739	100 536	3 084 355	113 547	74 258
Equity swaps and forwards	452 667	2 432	12 423	61 928	683	1 096
OTC derivatives	4 756 119	198 171	112 959	3 146 283	114 230	75 354
Exchange traded futures	2 731 330	71 047	4 683	2 881 208	20 943	26 210
Exchange traded options	9 492 913	147 437	171 468	10 369 891	154 615	211 481
Warrants	380 893	34	50 515	139 488	2 245	–
	17 361 255	416 689	339 625	16 536 870	292 033	313 045
Commodity derivatives						
OTC options bought and sold	77 173	4 131	19 387	23 413	1 485	101
Commodity swaps and forwards	672 564	186 311	183 395	864 046	186 313	177 701
OTC derivatives	749 737	190 442	202 782	887 459	187 798	177 802
Credit derivatives						
Credit linked notes	46 646	502	–	–	2	–
Credit swaps	218 203	8 863	3 727	343 230	13 873	4 197
	264 849	9 365	3 727	343 230	13 875	4 197
Embedded derivatives*		105 076	–		67 432	–
Derivatives per balance sheet		1 982 571	1 443 325		1 913 650	1 421 130

^ *For certain derivative products the method of calculation of the notional principal amount has been changed during the year. Prior year values have been adjusted to aid comparison.*

* *Mainly includes profit shares received as part of lending transactions.*

At 31 March £'000	2013	2012
Debt securities in issue		
Bonds and medium-term notes repayable*:		
Less than three months	34 526	224 361
Three months to one year	107 785	56 098
One to five years	22 506	123 156
Greater than five years	5 638	–
	170 455	403 615
Other unlisted debt securities in issue repayable*:		
Less than three months	191 577	419 672
Three months to one year	197 361	223 449
One to five years	1 027 780	1 134 329
Greater than five years	314 603	62 883
	1 731 321	1 840 333
	1 901 776	2 243 948

* *The 2012 disclosures have been restated to correctly reflect the split between bonds and medium-term notes repayable (reflected as £nil in the 2012 financial statements) and other unlisted debt securities in issue (reflected as £2 243.948 million in the 2012 financial statements). The total debt securities in issue were unchanged.*

For the year to 31 March £'000	2013	2012
Related party transactions		
Transactions, arrangements and agreements involving directors and others:		
Particulars of transactions, arrangements and agreements entered into by the group with directors and connected persons and companies controlled by them, and with officers of the company, were as follows:		
Directors, key management and connected persons and companies controlled by them		
Loans		
At beginning of year	34 092	21 451
Increase in loans	20 497	26 110
Repayment of loans	(11 126)	(13 469)
At end of year	43 463	34 092
Guarantees		
At beginning of year	367	–
Additional guarantees granted	5 552	367
Guarantees cancelled	(1 162)	–
At end of year	4 757	367
Deposits		
At beginning of year	(46 657)	(49 606)
Increase in deposits	(33 041)	(24 615)
Decrease in deposits	26 154	27 564
At end of year	(53 544)	(46 657)

The above transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing or where applicable, with other employees. The transactions did not involve more than the normal risk of repayment. None of these loans have been impaired.

Notes to the summary financial statements (continued)

For the year to 31 March £'000	2013	2012
Related party transactions (continued)		
Transactions with other related parties		
Various members of key management personnel are members of the boards of directors of other companies. At 31 March 2008, Investec Bank Limited group had the following loans outstanding from these related parties	–	251
Amounts due from associates	12 768	14 659
Fees and commission income from associates	169	329

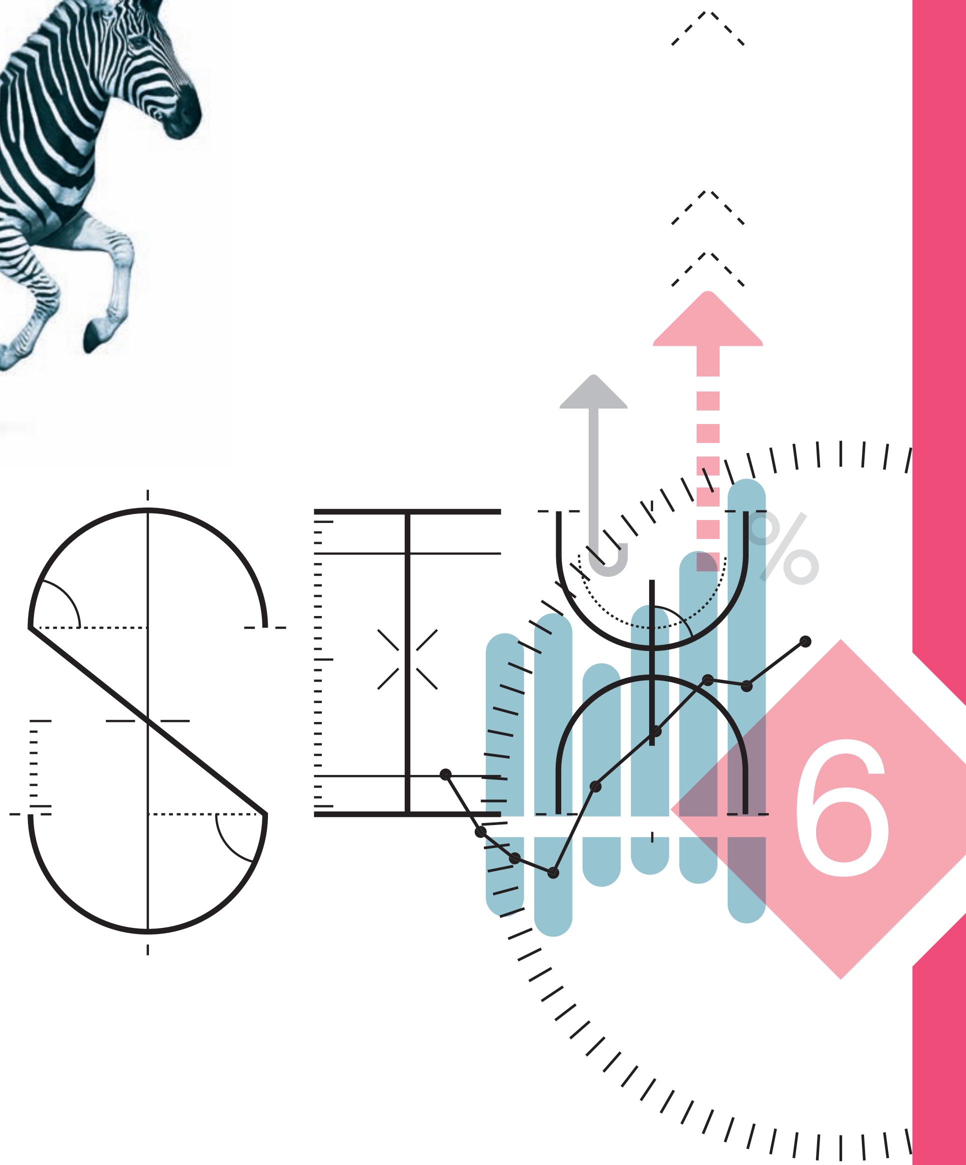
The above outstanding balances arose from the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with third party counterparties.

Reclassifications

In the current year, the group has moved the Kensington warehoused assets and liabilities into other loans and advances and deposits by banks respectively. This change arises from simplifying the face of the balance sheet with the relevant information more appropriately detailed in the notes to the financial statements. The change has no impact to the income statement, balance sheet (other than noted below), cash flow statement and equity.

At 31 March £'000	Restated	As previously reported	Changes to previously reported
2012			
Other loans and advances	2 829 189	1 397 477	1 431 712
Warehoused assets – Kensington warehouse funding	–	1 431 712	(1 431 712)
Deposits by banks	2 967 428	2 132 516	834 912
Deposits by banks – Kensington warehouse funding	–	834 912	(834 912)
2011			
Other loans and advances	2 678 349	1 066 168	1 612 181
Warehoused assets – Kensington warehouse funding	–	1 612 181	(1 612 181)
Deposits by banks	2 834 435	1 858 893	975 542
Deposits by banks – Kensington warehouse funding	–	975 542	(975 542)

Shareholder **information**



Shareholder analysis

Investec ordinary shares

As at 31 March 2013 Investec plc and Investec Limited had 605.2 million and 279.6 million ordinary shares in issue respectively.

Spread of ordinary shareholders as at 31 March 2013

Investec plc ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
13 527	1 to 500	51.3%	2 340 881	0.4%
4 513	500 – 1 000	17.1%	3 524 226	0.6%
5 464	1 001 – 5 000	20.7%	12 504 667	2.1%
982	5 001 – 10 000	3.7%	7 200 240	1.2%
1 038	10 001 – 50 000	3.9%	24 580 738	4.1%
282	50 001 – 100 000	1.1%	20 101 295	3.3%
584	100 001 and over	2.2%	534 944 724	88.3%
26 390		100.0%	605 196 771	100.0%

Investec Limited ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
3 237	1 to 500	38.9%	746 986	0.3%
1 597	500 – 1 000	19.2%	1 256 147	0.4%
2 018	1 001 – 5 000	24.3%	4 712 812	1.7%
452	5 001 – 10 000	5.4%	3 341 441	1.2%
595	10 001 – 50 000	7.1%	14 263 855	5.1%
150	50 001 – 100 000	1.8%	10 924 095	3.9%
276	100 001 and over	3.3%	244 393 828	87.4%
8 325		100.0%	279 639 164	100.0%

Shareholder classification as at 31 March 2013

	Investec plc number of shares	% holding	Investec Limited number of shares	% holding
Public*	592 664 903	97.9%	252 271 108	90.2%
Non-public	12 531 868	2.1%	27 368 056	9.8%
Non-executive directors of Investec plc/Investec Limited	3 863 253	0.6%	300 825	0.1%
Executive directors of Investec plc/Investec Limited	7 049 470	1.2%	7 352 215	2.6%
Investec staff share schemes	1 619 145	0.3%	19 715 016	7.1%
Total	605 196 771	100.0%	279 639 164	100.0%

* *As per the JSE Listings Requirements.*

Shareholder analysis (continued)

Largest ordinary shareholders as at 31 March 2013

In accordance with the terms provided for in Section 793 of the UK Companies Act 2006 and Section 140A of the South African Companies Act, 1973, the group has conducted investigations into the registered holders of its ordinary shares (including nominee and asset management companies) and the results are as disclosed below.

Investec plc

	Shareholder analysis by manager group	Number of shares	% holding
1	Public Investment Corporation (ZA)	84 633 690	14.0%
2	Allan Gray (ZA)	52 346 104	8.6%
3	Coronation Fund Managers (ZA)	45 808 337	7.6%
4	Old Mutual (ZA)	30 972 966	5.1%
5	BlackRock Inc (US & UK)	24 348 318	4.0%
6	Sanlam Group (ZA)	22 277 772	3.7%
7	Legal & General Investment Management (UK)	18 112 607	3.0%
8	Norges Bank Investment Management (Oslo)	17 452 039	2.9%
9	Prudential Group (ZA)	17 337 742	2.9%
10	State Street Corporation (US and UK)	12 247 325	2.0%
		325 536 900	53.8%

The top 10 shareholders account for 53.8% of the total shareholding in Investec plc. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

Investec Limited

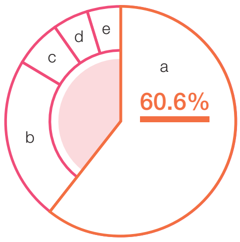
	Shareholder analysis by manager group	Number of shares	% holding
1	Public Investment Corporation (ZA)	35 395 139	12.7%
2	Investec Staff Share Schemes (ZA and UK)	19 715 016	7.1%
3	Old Mutual (ZA)	16 914 448	6.0%
4	Sanlam Group (ZA)	16 366 989	5.9%
5	Allan Gray (ZA)	16 362 919	5.9%
6	BlackRock Inc (US & UK)	12 785 777	4.6%
7	Entrepreneurial Development Trust (ZA)*	11 630 621	4.2%
8	Dimensional Fund Advisers (UK)	9 047 465	3.2%
9	Coronation Fund Managers (ZA)	7 514 791	2.7%
10	Vanguard Group (US)	7 381 064	2.6%
		153 114 229	54.9%

The top 10 shareholders account for 54.9% of the total shareholding in Investec Limited. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

* *In November 2003, Investec Limited implemented an empowerment transaction in which empowerment partners and an employee share scheme acquired 25.1% of the equity shareholding in Investec Limited.*

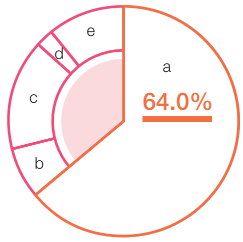
Shareholder analysis (continued)

Geographical holding by beneficial ordinary share owner as at 31 March 2013



Investec plc

a	South Africa	60.6%
b	UK	23.1%
c	USA and Canada	6.7%
d	Rest of Europe	5.1%
e	Other countries and unknown	4.5%



Investec Limited

a	South Africa	64.0%
b	UK	7.3%
c	USA and Canada	15.5%
d	Rest of Europe	2.6%
e	Other countries and unknown	10.6%

Share statistics

Investec plc

For the period ended	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008	31 March 2007
Closing market price per share (Pounds)							
– year-end	4.59	3.82	4.78	5.39	2.92	3.39	6.58
– highest	5.14	5.22	5.50	5.62	4.21	7.65	6.76
– lowest	3.10	3.18	4.29	2.87	1.69	2.94	4.95
Number of ordinary shares in issue (million)[1]	605.2	598.3	537.2	471.1	444.9	423.3	381.6
Market capitalisation (£'million)[1]	2 778	2 286	2 568	2 539	1 299	1 435	2 511
Daily average volume of shares traded ('000)	1 305	1 683	1 634	1 933	2 604	3 926	2 832
Price earnings ratio[2]	12.4	12.0	11.1	12.0	6.9	6.0	12.4
Dividend cover (times)[2]	2.1	1.9	2.5	2.8	3.3	2.3	2.3
Dividend yield (%)[2]	3.9	4.5	3.6	3.0	4.5	7.4	3.5
Earnings yield (%)[2]	8.1	8.3	9.0	8.4	14.5	16.7	8.1

Investec Limited

For the period ended	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008	31 March 2007
Closing market price per share (Rands)							
– year-end	64.26	47.16	52.80	62.49	38.86	57.43	93.3
– highest	69.89	57.36	65.50	65.40	63.19	104.4	94.6
– lowest	41.31	42.00	49.49	37.51	27.20	50.90	59.06
Number of ordinary shares in issue (million)[1]	279.6	276.0	272.8	269.8	268.4	234.3	227.7
Market capitalisation (R'million)[3]	56 857	41 232	42 768	46 299	27 715	37 766	56 848
Market capitalisation (£'million)[3]	4 061	3 340	3 872	3 993	2 083	2 229	4 009
Daily average volumes of share traded ('000)	980	1 033	794	1 068	1 168	841	620

1 *The LSE only include the shares in issue for Investec plc, i.e. 605.2 million, in calculating market capitalisation, as Investec Limited is not incorporated in the UK.*

2 *Calculations are based on the group's consolidated earnings per share before goodwill, acquired intangibles and non-operating items; and dividends per share as prepared in accordance with IFRS and denominated in Pounds Sterling.*

3 *The JSE Limited have agreed to use the total number of shares in issue for the combined group, comprising Investec plc and Investec Limited, in calculating i.e. a total of 884.8 million shares in issue.*

Investec perpetual preference shares

Investec plc, Investec Limited and Investec Bank Limited have issued perpetual preference shares.

Spread of perpetual preference shareholders as at 31 March 2013

Investec plc perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
134	1 to 500	10.8%	36 192	0.2%
153	500 – 1 000	12.4%	124 716	0.8%
661	1 001 – 5 000	53.6%	1 376 510	9.1%
100	5 001 – 10 000	8.1%	748 954	5.0%
127	10 001 – 50 000	10.3%	2 737 512	18.2%
28	50 001 – 100 000	2.3%	2 055 846	13.6%
31	100 001 and over	2.5%	8 001 419	53.1%
1 234		100.0%	15 081 149	100.0%

Investec plc (Rand denominated) perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
75	1 to 500	19.8%	23 313	1.0%
94	500 – 1 000	24.9%	74 584	3.3%
163	1 001 – 5 000	43.1%	358 603	15.8%
23	5 001 – 10 000	6.1%	167 231	7.3%
14	10 001 – 50 000	3.7%	297 273	13.1%
3	50 001 – 100 000	0.8%	248 215	10.9%
6	100 001 and over	1.6%	1 106 721	48.6%
378		100.0%	2 275 940	100.0%

Investec Limited perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
876	1 to 500	14.6%	290 575	0.9%
1 477	500 – 1 000	24.7%	1 295 942	4.0%
2 673	1 001 – 5 000	44.6%	6 385 778	19.8%
515	5 001 – 10 000	8.6%	3 759 789	11.7%
389	10 001 – 50 000	6.5%	7 112 750	22.1%
20	50 001 – 100 000	0.3%	1 452 754	4.5%
39	100 001 and over	0.7%	11 916 911	37.0%
5 989		100.0%	32 214 499	100.0%

Shareholder analysis (continued)

Investec Bank Limited perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
911	1 to 500	20.5%	277 732	1.7%
1 337	500 – 1 000	29.9%	1 189 787	7.7%
1 719	1 001 – 5 000	38.5%	4 167 382	27.0%
277	5 001 – 10 000	6.2%	2 048 625	13.3%
189	10 001 – 50 000	4.2%	3 687 023	23.9%
15	50 001 – 100 000	0.3%	1 117 670	7.2%
19	100 001 and over	0.4%	2 959 411	19.2%
4 467		100.0%	15 447 630	100.0%

Largest perpetual preference shareholders as at 31 March 2013

Shareholders holding beneficial interests in excess of 5% of the issued preference shares are as follows:

Investec plc

Chase Nominees Limited (Artemis)	10.6%

Investec plc (Rand denominated)

NES Investments (Pty) Ltd	5.3%
Liberty Active Investment	6.5%
Regent Insurance Company Limited	6.6%
TE Return FNB Pension Fund	7.9%
Cadiz Absolute Yield Fund	17.6%

There were no shareholders holding beneficial interests in excess of 5% of the issued preference shares in Investec Limited and Investec Bank Limited, as at 31 March 2013.

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Definitions

Adjusted shareholders' equity

Refer to calculation on page 44

Cost to income ratio

Operating costs divided by operating income (net of depreciation on leased assets). Depreciation on operating leased assets has been netted off against operating income

Dividend cover

Adjusted earnings per ordinary share before goodwill and non-operating items divided by dividends per ordinary share

Effective operational tax rate

Tax on profit on ordinary activities (excluding non-operating items) divided by operating profit (excluding profit from associates)

Market capitalisation

Total number of shares in issue (including Investec plc and Investec Limited) multiplied by the closing share price of Investec plc on the London Stock Exchange

Net tangible asset value per share

Refer to calculation on page 43

Non-operating items

Reflects profits and/or losses on termination or disposal of group operations and acquisitions made

Operating profit

Operating income less administrative expenses, impairments for bad and doubtful debts and depreciation of tangible fixed assets. This amount is before goodwill, acquired intangibles and non-operating items

Operating profit per employee

Refer to calculation on page 48

Recurring income

Net interest income plus net annuity fees and commissions expressed as a percentage of total operating income

Return on average adjusted shareholders' equity

Refer to calculation on page 44

Return on average adjusted tangible shareholders' equity

Refer to calculation on page 44

Return on risk-weighted assets

Adjusted earnings divided by average risk-weighted assets

Staff compensation to operating income ratio

All employee related costs expressed as a percentage of operating income

Third party assets under administration

Includes third party assets under administration managed by the Wealth & Investment, Asset Management and Property businesses

Total capital resources

Includes shareholders' equity, subordinated liabilities and non-controlling interests

Total equity

Total shareholders' equity including non-controlling interests