

May 2012 - Further information following Carte Blanche programme aired on 26 February 2012.

Following allegations that two Investec employees had received kickbacks from Auction Alliance, Investec appointed Deloitte as independent forensic auditors to conduct a thorough investigation. The investigation has been completed in so far as is possible at this time.

As part of the investigation, Deloitte reviewed all internal documentation, interviewed Investec staff and external parties. Deloitte approached, amongst others, the freelance journalist Fiona Forde who exposed the story to Independent Newspapers, publishers of the newspapers where the allegations first appeared and the producers of Carte Blanche, which mentioned the Investec employees by name. Mr J Killik who indicated that he had proof supporting the Carte Blanche allegations was also approached.

Deloitte has repeatedly requested that all parties make available any evidence they have which proves that the two named Investec employees received kickbacks as alleged by Carte Blanche. Despite repeated requests, no evidence has been forthcoming either from Independent Newspapers or Carte Blanche. In both cases protection of their source was given as the reason for their inability to disclose information.

Mr Killik demanded that Investec withdraw all its legal actions against him and the MKB Group and that a settlement be reached as a 'quid pro quo' for his disclosure of information.

This document provides further information in this regard.

Shaie Zindel

Pursuant to the Carte Blanche programme aired on 26 February 2012 it became very difficult for Shaie Zindel to fulfill his employment duties. Following concerns raised by management, staff and clients regarding the nature and extent of his remuneration at Auction Alliance as alleged on Carte Blanche, Shaie Zindel decided to resign rather than deal with these concerns in a formal process. Shaie Zindel tendered his resignation from Investec on 2 April 2012. Shaie's resignation was appropriate in the circumstances and was accepted.

It appears that Shaie Zindel, whilst in the employment of Auction Alliance, earned commissions arising from the property transactions and auctions he had managed at Auction Alliance, including the MKB properties. Shaie Zindel has advised that Auction Alliance paid these sales commissions into Merobex. During the final stages of the Deloitte investigation it came to our attention that amounts were paid by Auction Alliance to Merobex after the date that Shaie Zindel joined Investec. Shaie Zindel advised that the amounts related to commissions in respect of property sales he had managed prior to his joining Investec.

We have been further advised that Merobex/Shaie Zindel received sales commission from Auction Alliance because he was entitled to it in terms of his remuneration arrangements. The investigations by forensic accountant Allan Greyling into Auction Alliance and by the Estate Agency Affairs Board may clarify the nature and extent of the Auction Alliance relationship with, and payments to, the entities.

At the time of employing Shaie Zindel, Investec had no knowledge of Merobex or Olympia and any details relating thereto as regards Shaie Zindel's remuneration arrangements with Auction Alliance. Investec has never had any business dealings with either entity as far as we and Deloitte have been able to ascertain.

Andrew Smith

Despite an investigation into the alleged kickback paid in 2002, thus far neither Investec nor Deloitte have found any evidence that supports the Carte Blanche allegation of 26 February 2012 that Andrew Smith received kickbacks from Auction Alliance.

Andrew Smith's name appeared on an Auction Alliance letter addressed to the Bank to which was attached a completely regular Auction Alliance statement of account. The amount referred to in the letter and statement of account appear in the relevant client's account.

The Auction Alliance auction summary document, the reference to Investec on it and the amount thereon could not be verified. The amount of R27,900.00 allegedly paid to Investec was not found in the Bank's finance records. In the absence of any reliable evidence, we await Allan Greyling's report into the financial affairs of Auction Alliance to establish if such alleged payment was made and to whom.

Should any reliable evidence be found to prove unlawful conduct by an employee of the Bank, Investec will not hesitate to proceed with appropriate civil and criminal redress in accordance with the Bank's policy.

Carte Blanche

In February 2012 Carte Blanche kindly afforded us the opportunity to do an interview and sent us a number of questions. We elected to make submissions for their programme of 26 February 2012. Investec's detailed response was largely ignored and dismissed on air. Carte Blanche, seemingly without sufficient evidence, portrayed Investec in an extremely negative light, for reasons which still remain unclear. The programme's producers have declined to provide us with the evidence which they insist supports their allegations – the allegations made are not supported by the documents broadcast on their programme.

We have been invited once again to give an interview for a Carte Blanche programme scheduled to be aired on 6 May 2012. Though we appreciate the opportunity, we have declined. We have supplied our responses to their questions and let them have a copy of the Deloitte investigation findings which are now posted on our website.

Notwithstanding our disappointment with Carte Blanche's approach, we have invited Carte Blanche to review all the information available to us. We have also offered to do an interview on condition that it is aired live and unedited.

We acknowledge the media's right to protect their sources and we are not asking that these be revealed. Given the seriousness of the allegations that have been levelled against the two individuals we reiterate our appeal for any reliable evidence that allows us to deal with these allegations conclusively.

Deloitte Findings

The Deloitte findings appear on our website. Follow the link <http://www.investec.co.za/about-investec/investec-news.html> to access the findings. The Deloitte Interim Findings are provisional, and may be amplified if further information (including the results of the Auction Alliance investigations by Alan Greyling and the Estate Agency Affairs Board) becomes available

Should you have further queries regarding this matter, please direct them to Investec's Investor Relations Department (investorrelations@Investec.com) or contact 27 11 286 7070