ANNUAL REPORT 2012

Investec integrated annual review
and summary financial statements

2012

Out of the Ordinary®

Investec

Specialist Bank and
Asset Manager

Corporate information

Investec plc and Investec Limited

Secretary and registered office

Investec plc

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Investec Limited

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Sandown Sandton 2196
PO Box 785700 Sandton 2196
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Internet address

www.investec.com

Registration number

Investec plc
Reg. No. 3633621
Investec Limited
Reg. No. 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) Limited
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 Prosser (joint chairman)
Fani Titi (joint chairman)
Sam E Abrahams
George FO Alford (senior independent NED)
Cheryl A Carolus
Perry KO Crosthwaite
Olivia C Dickson
Bradley Fried
Haruko Fukuda OBE
Ian R Kantor
M Peter Malungani
Peter RS Thomas

Investec offices – contact details

Refer to pages 146 and 147.

For queries regarding information in this document

Investor Relations

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www.investec.com/en_za/#home/investor_relations.html

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 2012 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.

The 2012 Investec group's annual report may be viewed on our website: http://www.investec.com

Should you wish to obtain a copy of the full 2012 annual report, please contact the Investor Relations division.

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Investec in perspective

Investec in perspective

Who we are

Investec (comprising Investec plc and Investec Limited) is an international, specialist bank and asset manager that provides a diverse range of financial products and services to a select client base.

Founded as a leasing company in Johannesburg in 1974, we acquired a banking licence in 1980 and were listed on the 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.

Mission statement

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

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.

Values

Distinctive performance
- Outstanding talent – empowerment, enabled and inspired
- Meritocracy
- Passion, energy, stamina, tenacity
- Entrepreneurial spirit

Dedicated partnership
- Respect for others
- Embrace diversity
- Open and honest dialogue
- Unselfish contribution to colleagues, clients and society

Client focus
- Distinctive offering
- Leverage resources
- Break china for the client

Cast-iron integrity
- Moral strength
- Risk consciousness
- Highest ethical standards

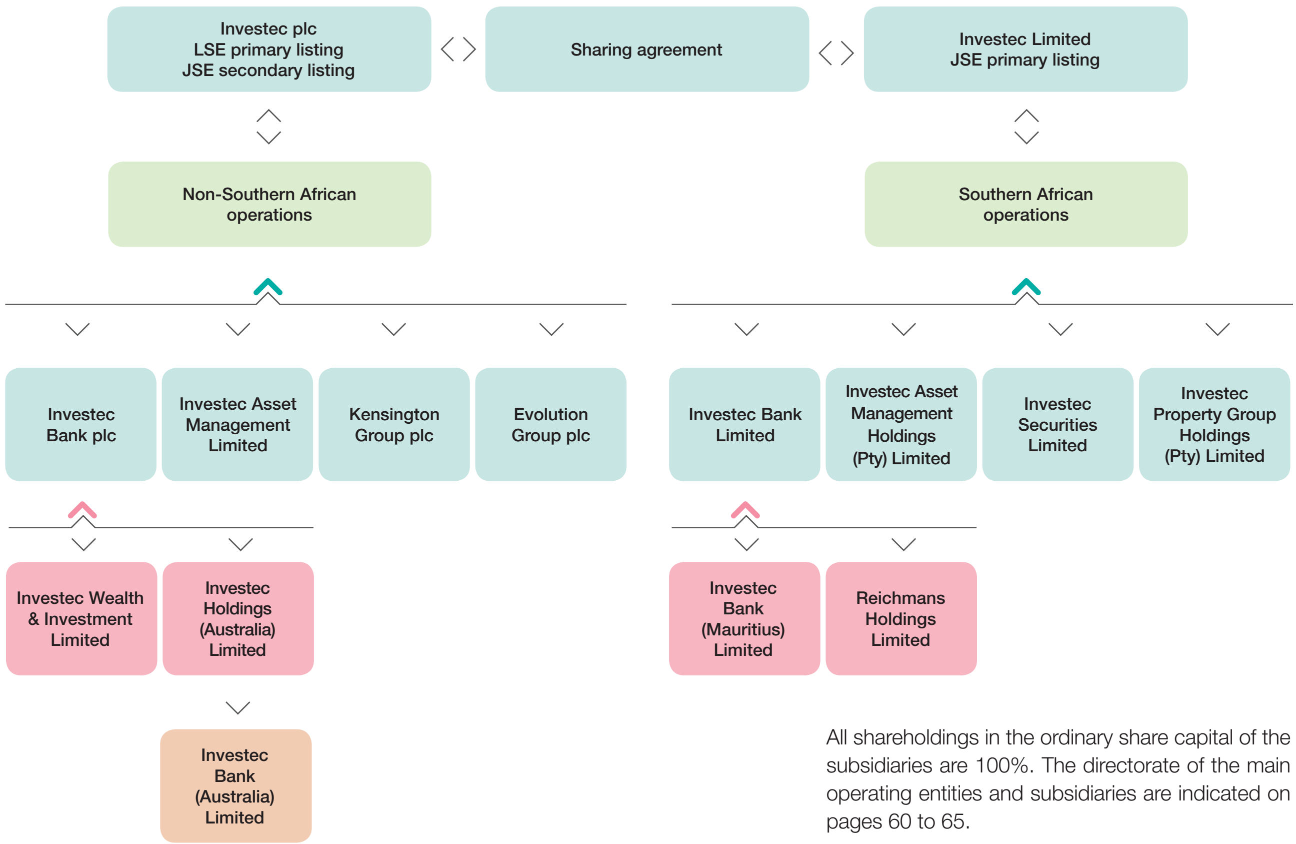
Philosophies

- Single organisation
- Meritocracy
- Focused businesses
- Differentiated, yet integrated
- Material employee ownership
- Creating an environment that stimulates extraordinary performance.

Operational 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 2012



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 60 to 65.

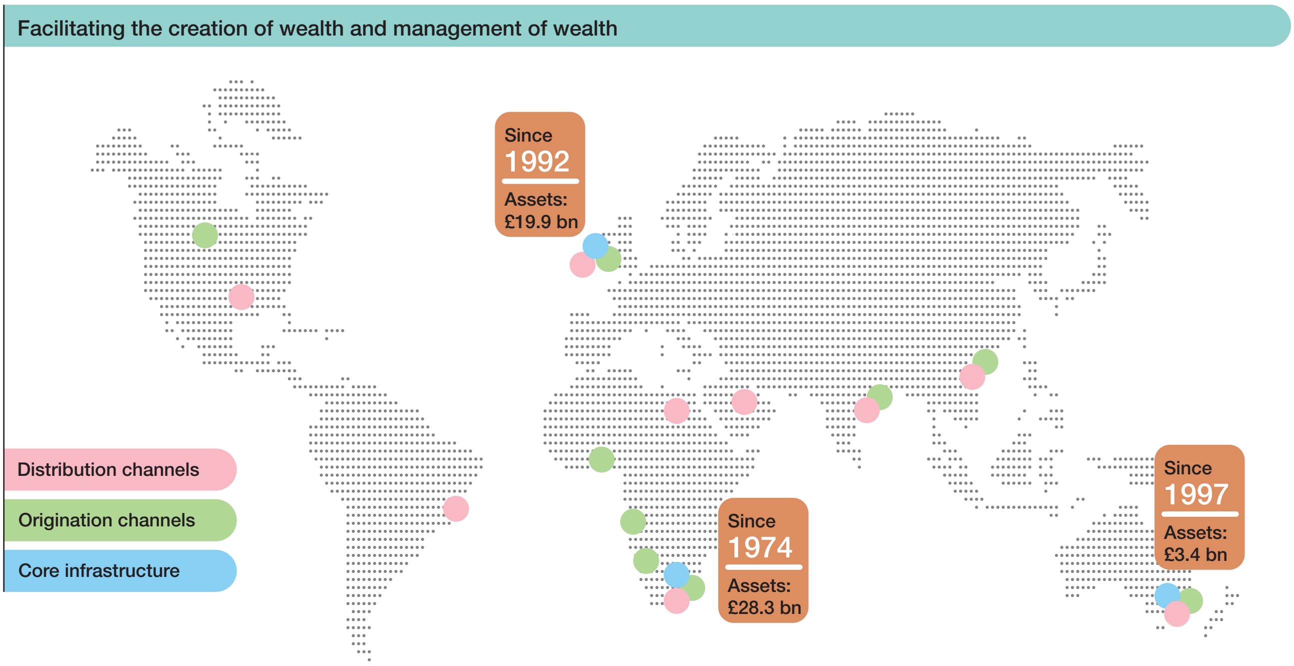
Investec Limited, which houses our Southern African and Mauritius operations, has been listed in South Africa since 1986.

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.

Operational footprint

We have built a solid international platform…



…with a diversified revenue stream and geographic diversity

…with three distinct business activities focused on well-defined target clients

Corporates/government/institutional clients	Private Client (high net worth/high income)

Asset Management

Provides investment management services

Specialist Banking

Provides a broad range of services:

- Advisory
- Transactional banking
- Lending
- Treasury and trading
- Investment activities

Wealth & Investment

Provides investment management services and independent financial planning advice

Investec in perspective (continued)

By geography	History	Market positioning
UK and Europe	• 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 • Offices supporting the UK and European businesses include: Canada; Channel Islands; Hong Kong; India; Ireland; London; Manchester; New York; Switzerland; Taiwan	**Total funds under management** £57.1 billion **Total core loans** £5.8 billion **Total deposit book** £9.5 billion
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 • Market leading position in all three of our core activities • Fifth largest bank in the country • Offices supporting the Southern African businesses include: Botswana; Cape Town; Durban; East London; Johannesburg; Knysna; Mauritius; Namibia; Nelspruit; Pietermaritzburg; Port Elizabeth; Pretoria; Stellenbosch	**Total funds under management** £39.3 billion **Total core loans** £10.5 billion **Total deposit book** £14.3 billion
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 • We have offices in: Brisbane; Melbourne; Perth; Sydney	**Total funds under management** £0.4 billion **Total core loans** £1.9 billion **Total deposit book** £1.5 billion

	% of operating profit*	% of assets	% of NAV**	% of permanent employees	COI/ROE^
	Investec total: £358.6mn	**Investec total: £51 550mn**	**Investec total: £2 694mn**	**Investec total: 7 286**	

COI: 68.1%
ROE: 6.0%

Highlights

- Operating profit of the UK operations increased 1.1% to £135.1 million

COI: 56.3%
ROE: 14.9%

Highlights

- Operating profit of the Southern African operations decreased 3.5% to £289.4 million, but was up 3.1% in home currency

COI: 98.0%
ROE: (11.1%)

Highlights

- Operating loss of the Australian operations amounted to £65.9 million
- The core business of the Australian operations posted on operating profit of £17.4 million

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

Investec in perspective (continued)

By business	Core client base and what we do	Market positioning
Asset Management	Operates independently from Investec's other businesses and its sole focus is the provision of investment management services to its predominantly global institutional client base	Record funds under management 1991: £0.4 billion ⇨ 2012: £61.5 billion Strong net inflows of £5.2 billion Good long-term performance with growing traction in all distribution channels
Wealth & Investment	Provides investment management services and independent financial planning advice to private clients, charities and trusts	Total funds under management 1997: £0.4 billion ⇨ 2012: £34.8 billion UK: One of the top five players SA: Largest player
Specialist Banking	We offer a broad range of services from advisory, structuring, lending, transactional banking, treasury and trading, and investment activities. These services are aimed at government, institutional, corporate and high net worth and high income clients	Global core loan portfolio: £18.2 billion – Corporate and other clients: £5.3 billion – Private clients: £12.9 billion Global deposit book: £25.3 billion Strong positioning in South Africa and the UK, with a growing franchise in Australia

By business

	% of operating profit*	% of assets	% of NAV**	% of permanent employees	COI/ROE/ ROTE^
	Investec total: £358.6mn	**Investec total: £51 550mn**	**Investec total: £2 694mn**	**Investec total: 7 286**	

COI: 64.3%
ROE: 84.0%
ROTE: 288.6%

Highlights

- Operating profit of Asset Management increased 5.0% to £133.7 million
- Total funds under management increased 4.7% to £61.5 billion

COI: 80.3%
ROE: 13.1%
ROTE: 46.9%

Highlights

- Operating profit of the Wealth & Investment division decreased 4.2% to £38.7 million
- Total funds under management increased 18.1% to £34.8 billion

COI: 62.4%
ROE: 6.1%
ROTE: 6.5%

Highlights

- Operating profit of the Specialist Banking division decreased 30.2% to £186.2 million

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

Highlights of the year

We have acted decisively the past few years to realign our business and strengthen our competitive positions and global client franchises. Investec is now better streamlined, further diversified and solidly positioned to unmask the franchise value that we have created as part of our long-term strategy.

Realigned the business model

Capital light revenue	Third party assets under management	Recurring income
49% of total	**£96.8 bn**	**68%**

Maintained strong capital and liquidity position

Tier 1 ratio	Cash and near cash balances	Leverage ratio
11.6%	**£10.3 bn**	**11x**

Invested in a sustainable future

Total training spend	Total corporate social investment spend	EIB loan facility for energy finance
£13.0 mn	**£4.5 mn**	**€50 mn**

Please go online for the following:
Full integrated annual report – http://www.investec.co.za/about-investec/investor-relations.html
Full sustainability report – http://www.investec.co.za/about-investec/sustainability.html

Snapshot of the year

Highlights

- The year under review has echoed the difficulties of the global macro-economic environment with volatile markets and low levels of activity negatively impacting results, particularly in the second half of the financial year
- We have maintained revenues despite difficult markets with the quality of earnings improving substantially as we have continued to grow the proportion of revenues derived from capital light, non-lending activities
- Many of our businesses have continued to deliver and our underperforming businesses are turning the corner
- The UK and South African operations have performed in line with the prior year in home currencies, whilst the Australian business reported a loss as a result of additional impairments required in light of weakened residential property prices in certain sectors of the market
- Third party assets under management (including assets acquired from the Evolution Group plc) increased 8.9% to £96.8 billion (2011: £88.9 billion) – an increase of 14.5% on a currency neutral basis
- The asset management and wealth management businesses now account for 48.1% of the group's operating profit (2011: 38.6%)
- Recurring revenues as a proportion of total operating income rose to 67.7% (2011: 62.3%)
- Net interest income increased by 2.6% to £699 million and net fees and commissions increased by 12.3% to £884.2 million
- Investment income decreased by 31.6% to £174.3 million
- Impairments on loans and advances increased by 2.2% with the credit loss charge improving from 1.27% at 31 March 2011 to 1.12%
- We maintained a strong capital position with tier 1 ratios of 11.6% for Investec plc and 11.6% for Investec Limited
- Liquidity remains strong with cash and near cash balances increasing to £10.3 billion (2011: £9.3 billion).

Financial features

- Operating profit before taxation* decreased 17.4% to £358.6 million (2011: £434.4 million)
- Adjusted earnings attributable to shareholders* decreased 21.4% to £257.6 million (2011: £327.9 million)
- Adjusted earnings per share (EPS)* decreased 26.4% from 43.2 pence to 31.8 pence
- Proposed full year dividend of 17.0 pence (2011: 17.0 pence).

Financial objectives

Financial objectives have been readjusted for changing landscape.

	Target in £	31 March 2012	31 March 2011
ROE**	12% – 16% over a rolling 5-year period	7.8%	11.2%
Cost to income ratio	<65%	64.7%	61.7%
Adjusted EPS* growth	10%> UK RPI	(26.4%)	(4.2%)
Dividend cover range	1.7 – 3.5x	1.9x	2.5x
Capital adequacy ratio range^	15% – 18%	plc: 17.5% Ltd: 16.1%	plc: 16.8% Ltd: 15.9%
Tier 1 capital adequacy ratio range	11% – 12%	plc: 11.6% Ltd: 11.6%	plc: 11.6% Ltd: 11.9%

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

** *Previous target was greater than 20% over the medium to long term.*

^ *Previous target range was 14% – 17%.*

Snapshot of the year (continued)

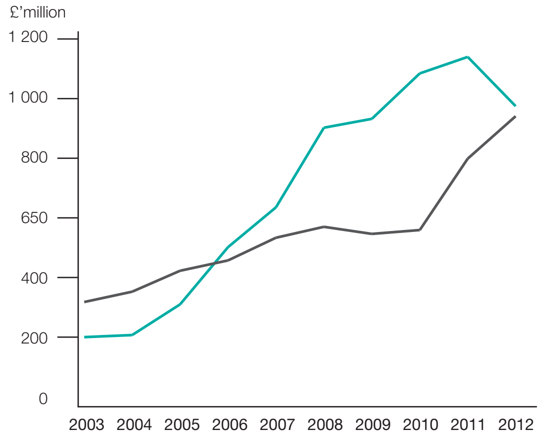
We have realigned our business model by building capital light revenues

Sustainable business model

Capital light businesses:
£949 million
49%
of total revenue

Net fees and commissions of
£884 million
46% of total

Other of
£65 million
3% of total



Third party assets and advisory revenue
Net interest income, investment and trading income

Capital intensive businesses:
£983 million
51%
of total revenue

Net interest income of
£699 million
36% of total

Investment income of
£174 million
9% of total

Trading income of
£109 million
6% of total

Third party asset management and advisory revenue

- Asset management
- Wealth management
- Advisory services
- Transactional banking services
- Property funds

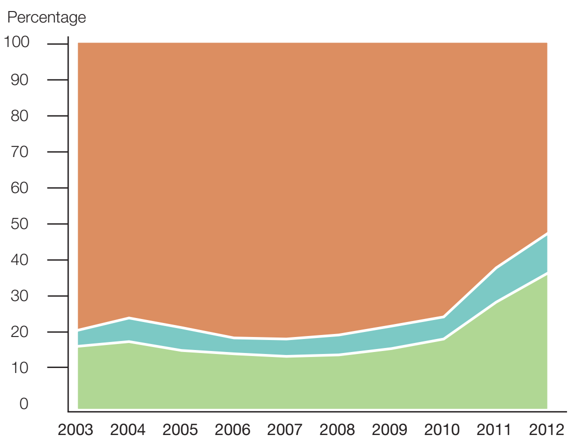
- Containing costs
- Maintaining credit quality
- Strictly managing risk and liquidity

Net interest income, investment income and trading income

- Lending portfolios
- Investment portfolios
- Trading income arising from client flow
- Trading income arising from balance sheet management and other trading activities

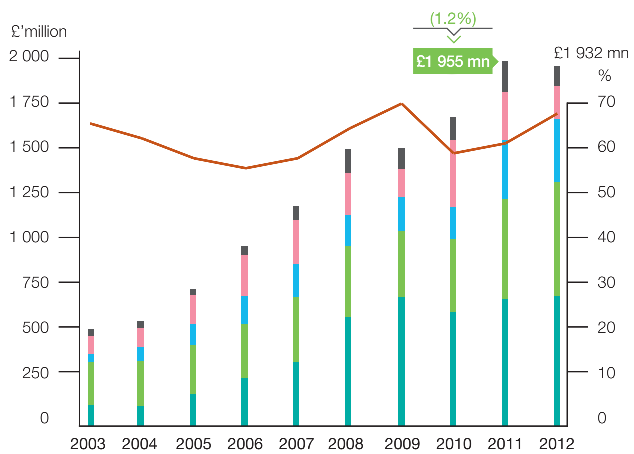
Three distinct business areas supporting a large recurring revenue base

Contribution to operating profit before taxation*



Specialist Banking
Wealth & Investment
Asset Management

Total operating income



Trading income
Investment income
Other fees and other operating income
Annuity fees and commissions
Net interest income
Recurring income as a % of total income (RHS)

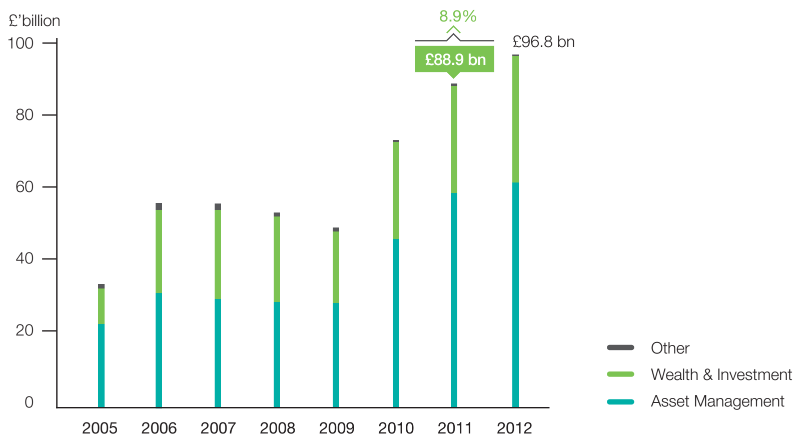
* *Before goodwill, acquired intangibles, non-operating items and after non-controlling interests.*

Where recurring income is net interest income and annuity fees and commissions.

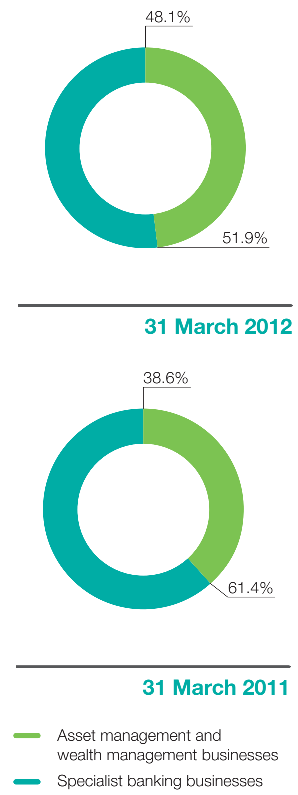
Momentum in building third party assets under management continues…

- Acquisition of the Evolution Group plc, adding approximately £7.0 billion in funds under management
- Investec Asset Management reported net inflows of £5.2 billion for the year.

Third party assets under management



Contribution to group earnings



…resulting in a strong contribution from the asset management and wealth management businesses

Specialist Banking has been held back by elevated impairments and a weaker performance from investment portfolios

Operating profit* before taxation by business

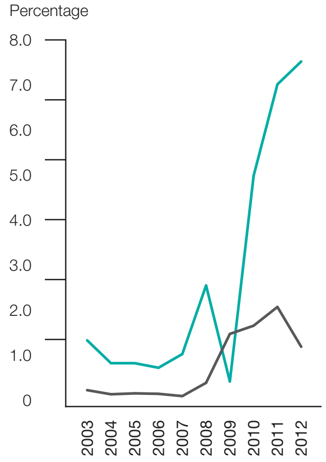
* *Before goodwill, acquired intangibles, non-operating items and after non-controlling interests.*

Impairments have decreased in two key geographies

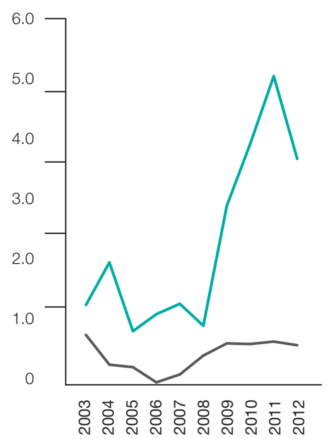
- In our South African and UK and European operations impairments are much improved
- The Australian credit loss ratio has increased substantially as a result of additional impairments required in light of the weak residential property markets
- The credit loss charge as a percentage of average gross loans and advances has improved from 1.27% at 31 March 2011 to 1.12%
- The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounts to 3.31% (2011: 4.66%)
- The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.39 times (2011: 1.38 times).

Impairments by geography

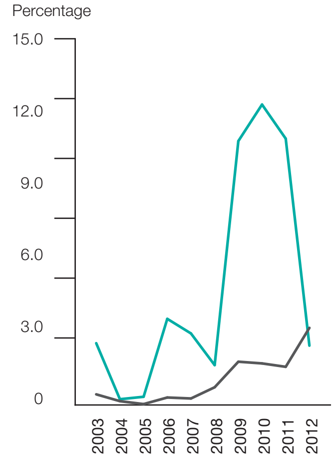
UK and Europe (excluding Kensington)



Southern Africa



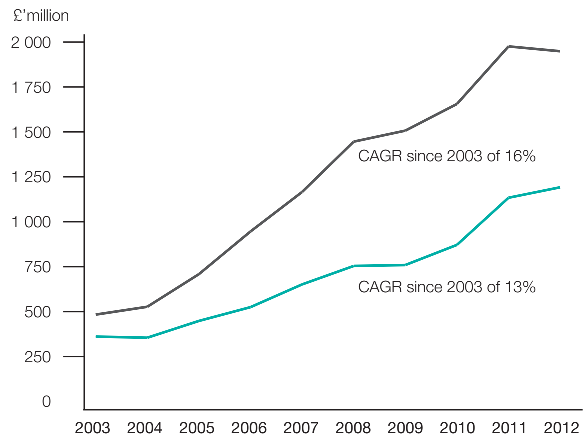
Australia



Credit loss ratio
Gross default loans (before impairments and collateral) as a % of core loans

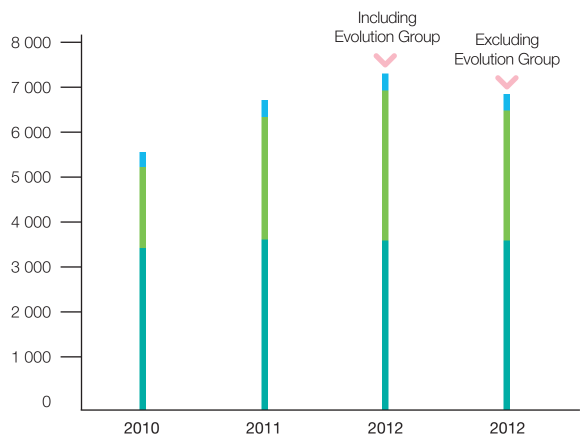
Costs relative to revenue deteriorated slightly… but our cost to income ratio is still within our target range

Cost to income ratio 64.7% (2011: 61.7%)



Operating income
Expenses (excluding depreciation)

Headcount* relatively stable excluding acquisitions



Australia
UK and Europe
South Africa and Other

* *Permanent headcount and includes Rensburg Sheppards plc from June 2010.*

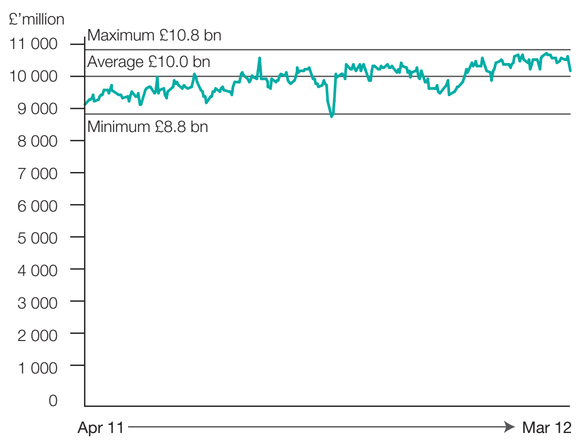
Sound capital and liquidity position maintained…

Capital adequacy and tier 1 ratios

	31 March 2012		31 March 2011	
	Capital adequacy ratio	Tier 1 ratio	Capital adequacy ratio	Tier 1 ratio
Investec plc	17.5%	11.6%	16.8%	11.6%
Investec Bank plc	16.8%	11.5%	16.1%	11.3%
Investec Bank (Australia) Limited	17.6%	14.6%	17.6%	14.7%
Investec Limited	16.1%	11.6%	15.9%	11.9%
Investec Bank Limited	16.1%	11.4%	15.6%	11.5%

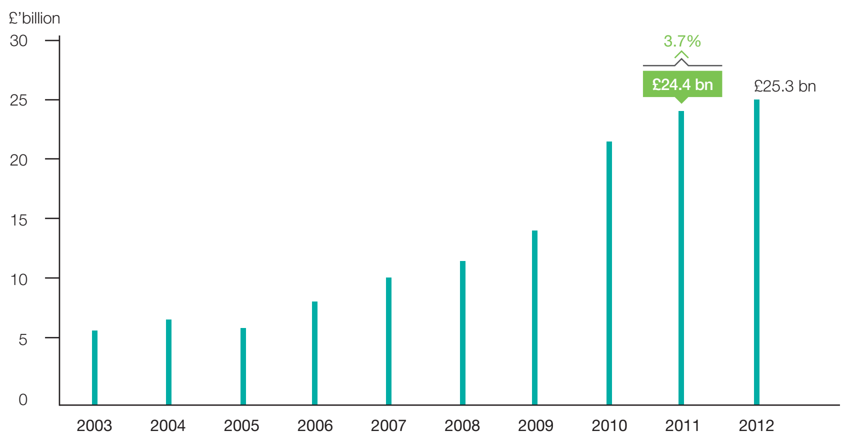
…and benefited from increased customer deposits and cash balances

Cash and near cash trend



Total 31 March 2012	£10.3 bn
Investec plc	£4.6 bn
Investec Limited	£5.7 bn

Customer accounts (deposits)



Sound capital and liquidity position maintained… 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
- 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
- An increase in customer deposits in all three core geographies
- Advances as a percentage of customer deposits is at 67.8% (2011: 72.4%).

Sustainability overview

1

Sustainability at Investec is a key strategic issue and 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.

During the year...

- A total of £4.5 million was spent across the group on a variety of social and charitable investments
- We won the Social Impact category at the Business Charity Awards in the UK, for our work with the Bromley by Bow Centre, a dynamic social business in east London.

Dow Jones Sustainability Indexes
Member 2011/12

JSE JOHANNESBURG STOCK EXCHANGE SRI Index

FTSE4Good

Sustainability considerations

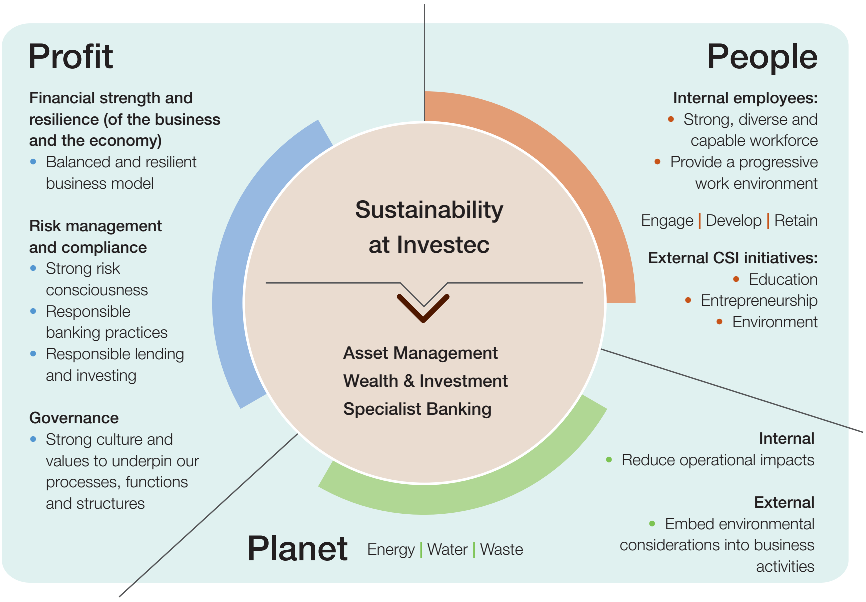
Our sustainability goals reflect our culture of continuous advancement and reaffirm our belief that sustainability in its broadest sense is about managing and positioning the group for the long term.

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.

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 or prolongs the life of our planet.

Sustainability for Investec is about endurance and the interdependence of the three key areas of profit, people and planet.



Our sustainability journey

◁ 2002	2003 – 2006	2007 – 2011	2012 ▷
• Passive philanthropic • Broad-based CSI focus • Limited environmental focus.	• More focused CSI effort • Big transformation and entrepreneurial effort in South Africa: – Empowerment deal – The Business Place • Environmental considerations – Compliance approach – Internal operational impacts.	• Revised CSI strategy – Strong emphasis on education and entrepreneurship • Deeper environmental focus – Carbon footprint exercises in Australia, South Africa and UK – Staff campaigns in energy, waste and water.	• Maintain internal momentum • Increased external focus on capturing opportunities.

Highlights from the year

- We implemented a sustainability reporting system that will collect and measure our non-financial data to ensure consolidation and alignment across the group
- Investec in the UK was a finalist in the economic regeneration and community partnership categories at the 2011 Lord Mayor's Dragon Awards
- Investec in the UK was placed in the top 5% overall and ranked third amongst the financial institutions in the first league tables of the Carbon Reduction Commitment Energy Efficiency Scheme
- Our Gresham Street office in the UK was awarded the Special Commendation Platinum Award in the City of London's Clean City Awards Scheme for 2011
- Energy efficient installations and upgrades were done at the two Investec office buildings, in Sandton and Pretoria, which resulted in electricity savings equivalent to power the lights of about 5 280 average homes in South Africa
- Investec received first prize in BANKSETA's skills@work 'large employers' category for our efforts in skills development within the financial services sector in South Africa
- We completed our second Department of Trade and Industry BEE verification according to the generic codes and were awarded level 3 rating status by Empowerdex, an improvement of 8.04 points
- Investec Energy Finance concluded a 15-year €50 million Climate Action Framework Loan Facility with the European Investment Bank (EIB) to be used for funding energy-efficient and clean energy projects in South Africa. We also agreed to partner with BirdLife South Africa to fund research on the environmental impact of renewable energy on local birdlife
- In Australia, Investec participated in five Australian Business and Community Network (ABCN) programmes, a mentoring and coaching initiative with 14% of our staff volunteering across the country. Staff also made personal donations of A$93 937 to charities of their choice which was matched by Investec.

Non-financial performance highlights

	South Africa (excluding Mauritius)	United Kingdom	Australia
People			
Training spend on employees (£'000)	8 493	4 326	186
Corporate social investment spend (£'000)	2 878	1 390	186
Planet			
Emissions per full-time employee (Co_2 metric tonnes)	12.73	4.12	6.14
Emissions per m^2 of office space (Co_2 metric tonnes)	0.53	0.39	0.56

Value added statement

£'000	31 March 2012	31 March 2011
Net income generated		
Interest receivable	2 299 925	2 238 783
Other income	1 243 994	1 284 479
Interest payable	(1 600 878)	(1 557 314)
Other operating expenditure and impairments on loans	(635 456)	(658 159)
	1 307 585	1 307 789
Distributed as follows:		
Employees	622 386	554 356
Salaries, wages and other benefits		
Government	332 057	337 496
Corporation, deferred payroll and other taxes		
Shareholders	172 575	165 064
Dividends paid to ordinary shareholders	134 436	123 630
Dividends paid to preference shareholders	38 139	41 434
Retention for future expansion and growth	180 567	250 873
Depreciation	57 424	46 606
Retained income for the year	123 143	204 267
	1 307 585	1 307 789

Strategic focus

1

Investec strives to be a distinctive specialist bank and asset manager, driven by commitment to its core philosophies and values.

We pursue this strategy through an emphasis on…

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
- Distinction lies in our ability to be nimble, flexible and innovative, and to give clients a high level of service.

Specialised and focused strategy

- Not all things to all people
- Serve select market niches as a focused provider of tailored structured solutions
- Strategy is to enhance our existing position in principal businesses and geographies.

Sustainable business model

- Build a sustainable business model by balancing operational risk activities with financial risk activities
- Organic growth and select bolt-on acquisitions
- Contain costs and strictly manage risk, capital and liquidity
- Committed to creating value for shareholders.

Depth of leadership and entrepreneurial environment

- Passionate people are key to ensuring distinction
- Integrated international business platform with an effective global management structure demonstrating our depth of leadership
- Focus on developing and empowering people who are committed to the organisation
- Entrepreneurial environment that attracts talented people and encourages creativity and innovation.

Risk awareness entrenched in our culture

- Intimate involvement of senior management underpins effective risk management which is critical to our success
- Culture of risk awareness is embedded into our reward programmes, values and day-to-day activities
- Shareholder and employee interests are aligned, with executives and employees owning approximately 10% of our issued share capital.

Doing the right thing

- Doing the right thing for clients, employees and communities is integral to our way of doing business
- Focus on projects that are educational, entrepreneurial and sustainable.

Our long-term strategy

- Since inception we have expanded through a combination of organic growth and strategic acquisitions
- The internationalisation of Investec is based on the following strategy:
  - following our customer base
  - gaining domestic competence and critical mass in our chosen geographies
  - facilitating cross-border transactions and flow
- Our strategy for the past 20 years has been to build a diversified portfolio of businesses and geographies to support clients (institutional, corporate and private individuals) through varying markets and economic cycles
- In order to create a meaningful and balanced portfolio we need proper foundations in place which gain traction over time.

Our diversified business model

- Broadly defined, we operate in three distinct spaces: specialist banking, wealth and investment and asset management
- We live in a world where the market requires a high degree of transparency and the appropriate management of conflicts of interest
- Within specialist banking, we offer a broad range of services from advisory, structuring, lending, transactional banking, treasury and trading, and investment activities. These services are aimed at government, institutional, corporate and high net worth and high income clients in our selected geographies
- We have a global Wealth & Investment unit which provides investment management services and independent financial planning advice to private clients, charities and trusts
- Operating completely independently from these structures is Investec Asset Management. Its sole focus is the provision of investment management services to its predominantly global institutional client base
- We seek to maintain an appropriate balance between revenue earned from our 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 to support our long-term growth objectives.

Outlook

- In the face of challenging global market conditions, we continued to pursue our strategy of realigning the business model towards less capital intensive activities and concentrating on reducing legacy issues
- Our competitive position is strong with all platforms in place and our client franchise is robust
- We have the right people and skills to take advantage of opportunities in our identified niches, focusing on winning new clients and servicing existing clients in the best possible way
- The operating environment remains unpredictable and we continue to build on the solid foundation, driving organic growth in our chosen businesses whilst maintaining strong cost and capital discipline.

Our current strategic focus is to…

- Build low capital intensive revenue
- Tightly manage costs while still investing for the future
- Maintain appropriate levels of capital and liquidity
- Continue the path of implementing our single bank strategy to create additional operational efficiencies and better service our clients
- Maintain momentum in Asset Management
- Complete integration in Wealth & Investment and continue internationalising the offering
- Capture trade and investment opportunities between developed and emerging economies.

2

Operating financial review

Operating financial review

The past few years have been difficult and volatile as developed world economies continue to struggle with economic growth post the financial crisis. The European sovereign crisis continues, exacerbated by the perception of weakness of the European banking system. To reduce our own complexity and achieve a greater balance in our portfolio of businesses, we took a decision to realign the group into three core business divisions: Specialist Banking, Asset Management and Wealth & Investment. Despite the various challenges in our operating environment, we continue to build sound and well recognised franchises across all key geographies. We believe that we have developed the appropriate mix of businesses to support long-term performance.

Despite the various challenges in our operating environment, we have continued to build sound and recognised franchises across all core geographies.

2

Disappointing financial result

Adjusted earnings per share (EPS) before goodwill, acquired intangibles and non-operating items dropped 26.4% to 31.8 pence largely as a result of heightened volatility and dampened levels of client activity and the resultant decline in trading and investment incomes. We continued to focus on building our non-banking revenue streams with recurring income as a percentage of total operating income increasing to 67.7% from 62.3% in the previous year. Our final dividend of 9.0 pence per ordinary share equates to a full year dividend of 17.0 pence. The total dividend is flat on the prior year. Our dividend cover, based on adjusted EPS before goodwill and non-operating items, is 1.9 times and is consistent with our dividend policy.

The realignment of the business model towards less capital intensive businesses has shown positive results. Third party funds under management increased 8.9% to £96.8 billion with the asset and wealth management divisions reporting a combined increase of 2.8% in operating profit. These divisions now account for 48.1% (2011: 38.6%) of group operating profit partially as a result of their improved performance against a weak performance from the Specialist Bank.

The confluence of the operating environment with that of enhanced regulation made for a particularly difficult year for the Specialist Bank. In light of this uncertainty we continue to hold our liquidity and capital positions at levels that are appropriate for the prevailing environment. We have been dealing proactively with our underperforming businesses resulting in a decline in the level of gross defaults and a streamlining of our business operations.

Volatile operating environment

The volatile movements in equity markets over the year echoed those of the broader macro-environment. Interest rates remained pegged at historical lows in the UK and South Africa, with the Australian Reserve Bank further easing its monetary policy over the latter part of the year. Exchange rates were volatile across all currencies with the depreciation of the Rand having an adverse impact on our reported results.

South Africa

South Africa achieved economic growth of close to 3%, similar to the year before as the country's long-term growth trend was re-established. However, in a manner similar to that of the prior year, corporates have continued to hoard large stockpiles of cash and remained cautious in their making of investment decisions. Consumers and households on the other hand have sought to take advantage of historically low interest rates and whilst conservative in relation to longer-term debt, have ventured towards shorter-term unsecured borrowing.

Once again, South Africa's financial system was highly rated by the World Economic Forum's Global Competiveness Report, ranking second in terms of the soundness of its banks, up from its position at sixth last year. The country's fiscal deficit has declined further and with its low level of sovereign debt South Africa is relatively well positioned to absorb the increased borrowings needed to part fund the government's proposed infrastructure rollout. We continue to retain the view that our local positioning will allow us to partner with clients in their growth aspirations in both South Africa and the broader African continent.

The Financial Sector Charter which was put on hold in December 2008 is currently undergoing an alignment process with the Department of Trade and Industry (DTI) codes. A Draft Financial Sector Code was published in March 2012 and was, at the time of our financial year end, still out for public comment. The consultative period has now expired and we look forward to the gazetting of the Charter by the Minister of Trade and Industry. Until then we will continue to measure our transformation progress against the DTI codes and obtained a level 3 DTI BEE rating for the 2012 financial year, an improvement over the prior year's level 4 rating.

United Kingdom

The UK economy remained weak, achieving only one quarter of positive growth through the course of the financial year. In spite of the UK's Monetary Policy Committee having kept the official Bank rate unchanged for a third consecutive year of record low rates, the outlook for the economy, which has now slipped into technical recession, remains negative. The planned further fiscal consolidation will not help in this regard. In Ireland, the signs of improvement in the Irish export economy have not filtered through to the broader economy with domestic unemployment and house price retraction continuing unabated.

The Independent Commission on Banking (ICB) issued its final report in September 2011 detailing its recommendations on the stability of, and competition within, the UK banking industry. Regarding stability, the report recommends that high street banking operations be ring-fenced from investment banking arms and exist as separate legal and operational entities. It also suggests substantially higher capital cushions for the high street operations. After consulting with industry, the government is to issue a White Paper detailing its final recommendations by the end of June 2012 and will provide direction on whether any further realignment of our banking business needs to take place. We remain committed to ensuring our compliance with any consequent legislation and believe that we will not be impacted by the competition recommendations which may lead to an industry-wide investigation in 2015.

Our UK operation has shown particular resilience through the course of the financial crisis where many other regional banks required government support. We are appropriately capitalised and currently meet both Basel III capital and liquidity requirements. Stakeholder recognition of this resilience and our having emerged through the crisis unscathed, has contributed to the creation of a recognised, credible business franchise. With the integration of Rensburg Sheppards plc and Evolution Group plc, Investec has been established as a meaningful manager of wealth and savings, with all our businesses having taken advantage of dislocated markets to gain further traction in the UK.

Australia

The relative insulation of the Australian economy from the global meltdown continued into the current year with the economy recovering quickly from the floods that impacted negatively on the country's growth in the first quarter of 2011. The pace of economic growth slowed from that of the first quarter, however consumption and investment expenditure remained robust through the year, gaining support from buoyant Asian resource demand. The economic outlook remains uncertain as fears over the Euro crisis, signs of slowing growth in China, a cooling of the global demand for resources and the continued strength of the Australian Dollar may impede the country's economic recovery.

During the financial year, our Australian business was severely impacted by write-offs in our legacy property portfolio in light of weakened residential property prices in certain sectors of the market. We have acted decisively and have reshaped the nature of the business by refocusing our Private Banking operations on the development of our professional finance franchise.

The resilience of our diversified business model

In an environment of extreme volatility, uncertainty and the persistence of lower than normal levels of activity, our results, while disappointing, highlight the material benefits of having the diversified income streams of our three distinct business divisions. The group's non-capital intensive, largely annuity-based, asset management and wealth management businesses continued to report strong contributions to group earnings. Specialist banking results, however, reflect the severe challenges of the broader macro-economic environment and the impact of continued market volatility and lower levels of activity throughout the course of the financial year. Whilst Specialist Banking has seen a significant decline in the level of non-performing loans, impairments this year remained elevated mainly as a result of the write-down and sale of a substantial portion of the Australian run-off property portfolio.

Asset Management

Asset Management increased operating profit 5.0% to £133.7 million, benefiting from higher funds under management and a competitive investment performance. Net inflows of £5.2 billion were recorded. Total funds under management amount to £61.5 billion (2011:£58.8 billion).

Asset Management has established an international, scalable investment platform with its performance displaying the experience and depth of its team, emphasising the quality of its offering across the globalised business.

Wealth & Investment

The operating profit of Wealth & Investment decreased by 4.2% to £38.7 million (2011: £40.4 million). The division has benefited from higher average funds under management and a full contribution from the acquisition of Rensburg Sheppards plc which became effective in June 2010. However, results were adversely impacted by restructuring of certain operations in the UK and Europe and the sale of Rensburg Fund Managers in the prior year. Total funds under management have grown to £34.8 billion (2011: £29.4 billion). The acquisition of the Evolution Group plc in December 2011 added approximately £7 billion of assets under management, with the integration of the businesses progressing well.

Global economic and European political uncertainty will continue to have a marked impact on the level of equity markets and thereby on divisional performance. This business continues to develop its international platform to ensure that its offering to our global client base is competitive and will support the organic growth of funds under management.

Specialist Banking

The specialist banking business decreased operating profit 30.2% to £186.2 million (2011: £266.7 million).

In South Africa the division has benefited from improved margins in the lending and fixed income businesses and a strong increase in fees and commissions. Fee and commission growth was supported by increased activity in the corporate banking and advisory businesses. Whilst the unlisted private equity portfolio continues to perform well, investment income has been adversely affected by a poor performance in the listed principal investment portfolio. Furthermore, income earned on the sale of investment properties in the prior year was not repeated in the current year.

In the UK the division has also benefited from improved margins, although levels of transactional activity were mixed with net fees and commissions in line with the prior year. Income earned on last year's debt buy-backs was not repeated.

The Australian division was impacted by a significant increase in impairments on the property loan portfolio, with the majority of these loans sold by the year end. The operation has continued to build its core banking businesses, strengthening the group's platform in this region.

We continue to gain traction in our core geographies and are seeing the benefits of internationalising the business through the facilitation of cross-border activities for our global client bases. Legacy issues, particularly in Australia and Ireland, mask the significant realignment that has taken place. We have maintained revenues despite difficult markets with the quality of earnings improving substantially.

Building for the long term

Sustainability at Investec is about managing and positioning the group for the long term. Guided by our commitment to create sustained long-term wealth, we seek to be a positive influence in all our businesses and in each of the societies in which we operate. We believe that building a sustainable business model allows Investec to make a valuable contribution to society, to macro-economic stability and to our environment. Core to this strategy is investing in our people and developing a strong, diverse and capable workforce. We also contribute to our local communities and in the UK we were awarded first prize in the Social Impact category at the Business Charity Awards.

There is a significant shortage of skills in the hard sciences in South Africa and transforming South Africa's financial sector to increase black participation needs to begin with educating children in maths and science. For this reason our flagship sponsorship programme, Promaths, focuses on offering extra maths and science lessons to grade 10, 11 and 12 learners, supporting their endeavours to obtain tertiary education. We also entered into a partnership during the past year with the Independent Schools Association of Southern Africa and the Department of Education focusing on developing quality teachers of maths, science and English.

The environmental dimension of our sustainability approach is based on a growing understanding of the risks to our business represented by climate change, and the opportunities that exist for our clients and our businesses to address these concerns. Our internal environmental strategy is focused on creating awareness and encouraging behavioural change in recognition of our environmental responsibilities. In the UK, Investec was placed in the top 5% overall and ranked third amongst financial institutions in the first league tables of the Carbon Reduction Commitment Energy Efficiency Scheme. Similarly, we participated in the Carbon Disclosure Project for South Africa in 2011 and were ranked third in the financial services sector.

Bedding down our realignment

The past three years have been marked by the restructuring and realignment of our specialist banking business and the continued growth of our capital light asset management and wealth management businesses. We have made substantial progress in the implementation of our single bank structure and will begin to realise additional operational efficiencies from our ability to better service our clients from this single platform. Through the lessons we have learned over the past few years, we have refocused our banking offering and the make-up of our lending portfolios. Asset Management is well positioned to maintain its growth momentum and will benefit from its ability to use its global franchise to further penetrate international markets outside of our core geographies. Wealth & Investment has further internationalised its offering and market prominence and will benefit from the completion of the Williams de Broë integration. We will continue to identify and exploit the opportunities presented by the currently dislocated markets.

Our strategic focus however remains the same: we are committed to the creation of wealth and the management of wealth for our clients. We will achieve this through our increasingly internationalised franchise and the ability this platform creates to capture the trade and investment opportunities between developed and emerging economies.

Credit to our people

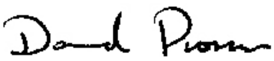
Our people are the cornerstone to developing a sustainable business. We now have more than 7 700 employees across the globe who continue to ensure that our group remains distinctive. We believe that our commitment to the values and culture that define us will create an enduring organisation, making Investec out of the ordinary.

We are mindful that our delivery of financial performance is dependent on the continued support of our employees, clients and stakeholders. This past year has been a difficult one for all our stakeholders who have been impacted by global events in varying capacities. We thank you all for your patience, commitment and dedication through the turbulence of the past few years.

Outlook

Over many years our unique culture has encouraged our people to be transparent through open and honest dialogue. This results in the organisation receiving significant feedback which is often very robust. The last few years have taught us many new lessons and have reminded us of lessons we may have learnt in the past, but forgotten. These lessons have led to decisive action to realign our business and strengthen our competitive positions and global client franchises. Whilst our short-term performance will always remain important, growing a sustainable, long-term business in international markets requires appropriate foundations and necessitates longer-term focus and perspective.

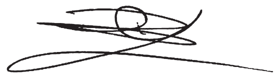
The economic and political landscape for the year ahead remains uncertain. Nevertheless, we have hardcoded and actioned the lessons we have learned and believe that our business is now better streamlined, further diversified and solidly positioned to unmask the franchise value that we have created in pursuit of our long-term strategy.



Sir David Prosser
Joint chairman

Fani Titi
Joint chairman

Stephen Koseff
Chief executive officer



Bernard Kantor
Managing director

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

Financial review

This commentary and analysis of our financial results for the year ended 31 March 2012 provides an overview of our financial performance relative to the group's results for the year ended 31 March 2011. Further detail on the performance of our business divisions is provided in the divisional review section of this report. The financial information discussed below is based on the period under review, and may not necessarily reflect the financial condition or results of the operations of the group going forward.

The results of operations and the financial condition 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.

2

Presentation of financial information

Introduction

Investec operates under a DLC structure with premium/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 condition 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 2012		31 March 2011	
Currency per £1.00	Period end	Average	Period end	Average
South African Rand	12.27	11.85	10.88	11.16
Australian Dollar	1.54	1.52	1.55	1.65
Euro	1.20	1.16	1.13	1.17
US Dollar	1.60	1.60	1.60	1.55

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 6.2% and the closing rate has depreciated by 12.8% since 31 March 2011.

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

	Results reported at 31 March 2012	Currency neutral results reported at 31 March 2012**
Southern African operating profit (£'000)*	289 436	304 478
Southern African profit after tax and non-controlling interests (£'000)*	240 900	253 400
Total group operating profit before tax (£'000)*	347 590	362 632
Total group adjusted earnings attributable to ordinary shareholders (£'000)*	257 579	268 668
Adjusted EPS (pence)*	31.8	33.2
Total assets (£'million)	51 550	54 769
Total shareholders' equity (£'million)	4 013	4 229

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

** *For balance sheet items we have assumed that the Rand:Pounds Sterling closing exchange rate has remained neutral since 31 March 2011. For income statement items we have used the average Rand:Pounds Sterling exchange rate that was applied in the prior year, i.e. 11.16.*

An overview of the operating environment impacting our business

South Africa

South Africa achieved economic growth of close to 3.0% in 2011/12, similar to the year before, as the country's long term wealth creation trend was re-established. Growth has tended to average 3.3% year-on-year over the ANC's tenure, from 1994 to date, and real incomes per capita have risen to a large extent, from R27 521 per person in 1993 to R38 734 in 2011. It has been a situation where growth begets growth. The compounding effect of 18 years of virtually uninterrupted economic expansion has considerably raised incomes and the size of the economy. Inflation has been consistently combated and South Africans have, in the main, experienced a higher standard of living each year. There are now substantially fewer individuals in the lowest income and living standard measures when compared to 1994. The poor have benefited from a massive rollout of services (although further rollout and substantially improved quality is outstanding). Welfare payments, have been responsible from lifting many out of the lowest living standard and income measures. Stubbornly high levels of unemployment (due chiefly to a skills mismatch) and attendant poverty (with a Gini coefficient above 60 representing a high degree of income inequality) in part belies this positive income story. However, without the significant rise in wealth levels and concomitant expansion in government tax revenues the sustained deepening of the welfare net could not have occurred.

Once again, according to the Global Competitiveness Report, South Africa's private sector was ranked highly on its financial system. Soundness of banks was ranked second from sixth previously, auditing and reporting standards were ranked first again and efficacy of corporate boards was ranked second again. South Africa's fiscal deficit shrank, from 6.5% of GDP in 2009/10 to 4.8% in 2011/12, as the economy experienced its second year of significant expansion, and clearly no monies were needed for financial sector bailouts. The deficit is expected to drop to 3.0% year-on-year in 2014/15 as fiscal health improves further on strengthening growth (we expect growth will approach 5.0% year-on-year by 2014/15). The resultant real rise in incomes and tax revenues will fund both welfare and vitally needed services such as education and health. This is key, as the achievement of a low, single digit unemployment rate will depend on adequate education and poverty reduction. South Africa's low level of sovereign debt (33.3% of GDP) means it can comfortably increase borrowings (expected to peak at 38.5% of GDP in 2014/15) to fund capital investment (both fixed and human) and government's proposed R3 trillion infrastructure rollout. Effective, and consistent, implementation of this infrastructure rollout, with the necessary private sector involvement, has the potential to eradicate structural unemployment and so considerably reduce poverty and inequality within thirty years.

United Kingdom

Over the 2011/12 financial year, the UK economy remained weak. The latest statistics from the Office for National Statistics show the UK economy having reported only one quarter of growth, contracting in the remaining three quarters. As the year closed, UK GDP still stood 4.3% below its pre-recession peak. Seeking to support the UK economy onto some form of recovery footing, and having fended off calls for tighter policy as inflation trended upwards, the UK Monetary Policy Committee kept policy highly expansionary during the period under review. The official bank rate remained at 0.5% throughout the year, marking three years of record low rates in March 2012. Signs of a slowdown in the economy and a tightening in credit conditions resulted in the committee sanctioning further

Quantitative Easing (QE) in October 2011. Originally the MPC voted to add a further £75 billion of asset purchases to take the target to £275 billion, but the Committee raised the QE target by another £50 billion in February 2012 to £325 billion. The UK's long-term sovereign credit rating remained at AAA according to all the main ratings agencies, but both Moody's and Fitch placed Britain on a negative outlook in the 2011/12 period. However, there was not a perceptible market reaction to this news with confidence aided by the Chancellor's continued tough emphasis on 'Plan A' for fiscal consolidation.

Eurozone

As the 2011/12 financial year got underway, the Euro area economy was showing signs of recovery, assisted by some settling in Euro crisis tensions. With inflation having been subject to upward pressures following increases in oil and commodity prices, the ECB Governing Council voted to raise its main refinancing rate by 25bps in both April and July 2011, to 1.5%. When the ECB voted to lift the refi rate in July the economic outlook had already begun to deteriorate rapidly, not helped by agreement on a second Greek bailout unravelling fairly soon after it was announced. Further, talk of private sector bondholder losses, subsequently enforced, also raised the level of unease. From June 2011, concerns over the vulnerability of various peripheral Euro area sovereign markets, especially Italy and Spain, also began to weigh more heavily on markets, triggering a sharp tightening in credit conditions through summer 2011 onwards. To help get the flow of credit moving again, and to assist banks in refinancing an estimated €240 billion of maturing liabilities in the first three months of 2012, the ECB held two three-year Longer-Term Refinancing Operations (LTROs), whose combined take-up exceeded €1 trillion. Indeed at the end of March 2012 the Eurosystem had over €750 billion of excess liquidity. The second Greek bailout was eventually renegotiated and rubber stamped in March 2012, easing fears of an uncontrolled default by the Hellenic Republic. Sentiment was also stabilised towards the end of the financial year by Euro area authorities giving the go ahead to run the two rescue facilities, the European Financial Stability Facility and its replacement, the European Stability Mechanism, in tandem, thereby raising Europe's bailout capacity by €200 billion to €700 billion. As the financial year closed, the Euro area economy appeared to be showing some signs of stabilisation, albeit at very low levels with the Euro area economy likely to have contracted again in the first half of 2012. With Euro crisis risks continuing to loom large and with Spain and Italy still in the frame for further bouts of contagion, the Eurozone entered the new 2012/13 financial year on a weak and vulnerable footing.

Australia

As the 2011/12 financial year got underway, the Australian economy was recovering quickly from the floods that weighed heavily on the Q1 2011 growth outturn. In the third and fourth quarters the economy continued to expand, but at a more moderate pace than in Q2. Consumption and investment remained robust through the year, with the latter continuing to gain support from buoyant Asian resource demand. As fears over the Euro area debt crisis, and some signs of slowing growth in China risked weighing on growth in the period ahead, the Reserve Bank opted to add the safety net of a cut in the cash rate, reducing it by 25bps in November and December 2011 to 4.25%. A few nerves over possible upside risks to inflation, as oil prices began to track upwards again at the turn of 2012, put on ice any further moves to ease policy at the start of 2012. As the financial year closed the cash rate remained at 4.25%. The Australian Dollar exhibited periods of extreme strength at points during the period, exceeding the USD1.10 level in July 2011. It was then subject to selling pressure in October and November as risk-appetite took a hit; this took it below parity, but it subsequently closed the 2011/12 financial year at USD1.0350.

United States

The US economy continued to grow moderately through the 2011/12 financial year, with disruption from political fights over the US debt ceiling, and the impact of spring 2011's sharp increase in oil prices, weighing on growth, but not putting the brakes on recovery altogether. In the period under review US GDP surpassed its pre-recession peak, with the continued growth helping to bring the unemployment rate down from 9.0% in April 2011 to 8.2% in March 2012. Over the financial year as a whole, the US economy grew by 1.7%. However, housing market activity remained heavily depressed, with only a few signs of a modest increase in activity appearing at the turn of 2012. US monetary policy remained highly accommodating throughout the financial year, with the Federal Reserve having stayed nervous about the downside risks posed, particularly by the continuation of the Euro area sovereign debt crisis. Not content with the pace of improvement in the labour market and fearful of the Euro crisis, the Fed sought to ease policy by introducing written guidance into its policy statements in August 2011. The statements sought to convince markets that Fed policy would remain loose for a sustained period, with the wording of the statement in August implying the Federal funds target rate would remain close to current lows, of 0.0% – 0.25% until mid-2013. In January 2012, the Federal Reserve extended that language to imply that rates would remain low for even longer, until at least through late-2014.

Fears over the sluggishness of the US housing sector, and the extent to which this could weigh on the jobs recovery, may have been the decisive factor in encouraging the Fed to embark on 'Operation Twist' in September 2011. Under the programme, the Fed is selling USD400 billion of shorter-term Treasury securities and using the proceeds to buy longer-term Treasury securities, extending the average maturity of the Fed's security portfolio and aiming to put downward pressure on longer-term rates. As the final quarter of the 2011/12 financial year progressed, the US appeared to shift onto a firmer recovery footing, with survey data continuing to have firmed and with the jobs recovery somewhat brighter too. As the financial year drew to a close, the US outlook remained bright, but with the threat of an oil price increase weighing on consumer spending and growth, a continuing threat.

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

	Period ended 31 March 2012	Period ended 31 March 2011	% change	Average over the period: 1 April 2011 to 31 March 2012
Market indicators				
FTSE All share	3 003	3 068	(2.1%)	2 930
JSE All share	33 554	32 204	4.2%	32 019
Australia All ords	4 420	4 929	(10.3%)	4 417
S&P 500	1 408	1 326	6.2%	1 279
Nikkei	10 084	9 755	3.4%	9 183
Dow Jones	13 212	12 320	7.2%	12 160
Exchange rates				
Rand:Pounds Sterling	12.27	10.88	12.8%	11.85
Rand:US Dollar	7.67	6.77	13.3%	7.45
US Dollar:Euro	1.33	1.42	(6.3%)	1.38
Euro:Pounds Sterling	1.20	1.13	6.2%	1.16
Australian Dollar:Pounds Sterling	1.54	1.55	(0.6%)	1.52
US Dollar:Pounds Sterling	1.60	1.60	–	1.60
Rates				
UK overnight	0.48%	0.45%		0.52%
UK 10 year	2.20%	3.69%		2.63%
UK clearing banks base rate	0.50%	0.50%		0.50%
LIBOR – three month	1.03%	0.82%		0.94%
SA R157 (2015)	6.69%	7.82%		7.00%
Rand overnight	5.26%	5.23%		5.24%
SA prime overdraft rate	9.00%	9.00%		9.00%
JIBAR – three month	5.60%	5.58%		5.58%
Reserve Bank of Australia cash target rate	4.25%	4.75%		4.55%
US 10 year	2.21%	3.47%		2.41%
Commodities				
Gold	USD1 667/oz	USD1 432/oz	16.4%	USD1 647/oz
Gas Oil	USD1 014/mt	USD993/mt	2.11%	USD960/mt
Platinum	USD1 639/oz	USD1 768/oz	(7.30%)	USD1 676/oz
Macro-economic				
UK GDP (% change over the period)	0.3%	1.8%		
UK per capita GDP (£)	24 031	23 362	2.9%	
South Africa GDP (% real growth over the calendar year)	2.2%	3.8%		
South Africa per capita GDP (real value) (Rand)	38 232	36 591	4.5%	
Australia GDP (% change over the period)	2.6%	2.4%		
Australia per capita GDP (A$)	63 744	60 178	5.9%	

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.

Total operating income

Total operating income before impairment losses on loans and advances decreased by 1.2% to £1 932 million (2011: £1 955 million). The various components of total operating income are analysed below.

£'000	31 March 2012	% of total income	31 March 2011	% of total income	% change
Net interest income	699 047	36.2%	681 469	34.9%	2.6%
Net fee and commission income	884 234	45.8%	787 658	40.3%	12.3%
Investment income	174 327	9.0%	254 943	13.0%	(31.6%)
Trading income					
– Arising from customer flow	77 066	4.0%	76 447	3.9%	0.8%
– Arising from balance sheet management and other trading activities	32 204	1.7%	87 296	4.5%	(63.1%)
Other operating income	65 128	3.3%	67 173	3.4%	(3.0%)
Total operating income before impairment losses on loans and advances	1 932 006	100.0%	1 954 986	100.0%	(1.2%)

Net interest income

Net interest income increased by 2.6% to £699.0 million (2011: £681.5 million) largely as a result of improved margins across all three geographies and a sound performance from the group's fixed income portfolios, partially offset by higher costs on subordinated liabilities.

£'000	31 March 2012	31 March 2011	Variance	% change
Asset Management	5 163	2 989	2 174	72.7%
Wealth & Investment	10 083	7 281	2 802	38.5%
Specialist Banking	683 801	671 199	12 602	1.9%
Net interest income	699 047	681 469	17 578	2.6%

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

For the year ended 31 March 2012 £'000	Notes	UK and Europe Balance sheet value	UK and Europe 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

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; 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) warehoused assets – Kensington; other securitised assets.*

Financial review (continued)

Net interest income (continued)

For the year ended 31 March 2012 £'000	Notes	UK and Europe		Southern Africa		Australia		Total group	
		Balance sheet value	Interest paid	Balance sheet value	Interest paid	Balance sheet value	Interest paid	Balance sheet value	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

For the year ended 31 March 2011 £'000	Notes	UK and Europe		Southern Africa		Australia		Total group	
		Balance sheet value	Interest received	Balance sheet value	Interest received	Balance sheet value	Interest received	Balance sheet value	Interest received
Cash, near cash and bank debt and sovereign debt securities	1	4 626 562	19 642	7 147 523	306 128	1 005 685	52 918	12 779 770	378 688
Core loans and advances	2	5 576 252	318 102	11 106 445	979 123	2 075 441	187 343	18 758 138	1 484 568
Private Client		3 378 213	178 218	8 126 148	664 934	1 820 450	158 958	13 324 811	1 002 110
Corporate, institutional and other clients		2 198 039	139 884	2 980 297	314 189	254 991	28 385	5 433 327	482 458
Other debt securities and other loans and advances		725 236	60 109	477 551	39 345	133 466	6 746	1 336 253	106 200
Other interest earning assets	3	5 291 232	235 936	178 955	33 391	–	–	5 470 187	269 327
Total interest earning assets		16 219 282	633 789	18 910 474	1 357 987	3 214 592	247 007	38 344 348	2 238 783

For the year ended 31 March 2011 £'000	Notes	UK and Europe		Southern Africa		Australia		Total group	
		Balance sheet value	Interest paid	Balance sheet value	Interest paid	Balance sheet value	Interest paid	Balance sheet value	Interest paid
Deposits by banks and other debt related securities	4	3 112 021	70 911	2 467 151	68 120	1 000 122	56 577	6 579 294	195 608
Customer accounts		8 812 240	192 456	14 207 218	830 450	1 421 802	80 388	24 441 260	1 103 294
Other interest bearing liabilities	5	3 174 267	53 699	694 488	63 075	472 109	35 558	4 340 864	152 332
Subordinated liabilities		636 468	45 912	619 385	58 095	31 802	2 073	1 287 655	106 080
Total interest bearing liabilities		15 734 996	362 978	17 988 242	1 019 740	2 925 835	174 596	36 649 073	1 557 314
Net interest income			270 811		338 247		72 411		681 469

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; 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) warehoused assets – Kensington; other securitised assets.*
4. *Comprises (as per the balance sheet) deposits by banks; deposits by banks – Kensington warehouse funding; debt securities in issue; reverse repurchase agreements.*
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 12.3% to £884.2 million (2011: £787.7 million). The group benefited from higher average funds under management, solid net inflows and the acquisitions of Rensburg Sheppards plc and the Evolution Group plc. The Specialist Banking business recorded an increase in net fees and commissions largely due to a good performance by the Capital Markets division in South Africa, however, transactional activity levels remain mixed.

£'000	31 March 2012	31 March 2011	Variance	% change
Asset Management	367 856	339 104	28 752	8.5%
Wealth & Investment	186 181	147 641	38 540	26.1%
Specialist Banking	330 197	300 913	29 284	9.7%
Net fee and commission income	884 234	787 658	96 576	12.3%

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

For the year ended 31 March 2012 £'000	UK and Europe	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 fees and commissions	490 317	358 836	35 081	884 234
Annuity fees (net of fees payable)	339 849	255 826	14 115	609 790
Deal	150 468	103 010	20 966	274 444

For the year ended 31 March 2011 £'000	UK and Europe	Southern Africa	Australia	Total group
Fund management fees/fees for assets under management	332 621	183 994	7 580	524 195
Private Client transactional fees	53 763	80 543	12 761	147 067
Corporate and institutional transactional and advisory services	136 841	68 500	19 697	225 038
Fee and commission income	523 225	333 037	40 038	896 300
Fee and commission expense	(99 473)	(5 280)	(3 889)	(108 642)
Net fees and commissions	423 752	327 757	36 149	787 658
Annuity fees (net of fees payable)	263 961	247 865	24 030	535 856
Deal	159 791	79 892	12 119	251 802

Investment income

Investment income decreased by 31.6% to £174.3 million (2011: £254.9 million) due to a weaker performance from the group's listed principal investments portfolio and income earned on the sale of investment properties in the prior year which were not repeated in the current year.

£'000	31 March 2012	31 March 2011	Variance	% change
Asset Management	25	(40)	65	(>100.0%)
Wealth & Investment	(392)	1 126	(1 518)	(>100.0%)
Specialist Banking	174 694	253 857	(79 163)	(31.2%)
Investment income	174 327	254 943	(80 616)	(31.6%)

Investment income (continued)

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

For the year ended 31 March 2012 £'000	UK and Europe	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 costs	–	(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 Europe	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 costs	–	–	–	–	–
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 costs	(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 costs	–	–	–	–	–

For the year ended 31 March 2011 £'000	UK and Europe	Southern Africa	Australia	Total group
Realised	124 196	31 271	4 061	159 528
Unrealised	13 054	64 915	767	78 736
Dividend income	943	37 482	18	38 443
Funding costs	–	(21 764)	–	(21 764)
Investment income	138 193	111 904	4 846	254 943

Investment income (continued)

For the year ended 31 March 2011 £'000	Investment portfolio (listed and unlisted equities)	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
UK and Europe	43 770	89 222	–	5 201	138 193
Realised	29 610	89 385	–	5 201	124 196
Unrealised	13 217	(163)	–	–	13 054
Dividend income	943	–	–	–	943
Funding costs	–	–	–	–	–
Southern Africa	60 002	1 230	50 672	–	111 904
Realised	26 922	3 441	908	–	31 271
Unrealised	12 072	(2 141)	54 984	–	64 915
Dividend income	36 826	37	619	–	37 482
Funding costs	(15 818)	(107)	(5 839)	–	(21 764)
Australia	915	1 578	–	2 353	4 846
Realised	130	1 578	–	2 353	4 061
Unrealised	767	–	–	–	767
Dividend income	18	–	–	–	18
Funding costs	–	–	–	–	–

Trading income

Trading income arising from customer flow remained in line with the prior year at £77.1 million (2011: £76.4 million) whilst trading income arising from other trading activities decreased by 63.1% to £32.2 million (2011: £87.3 million) due to profits realised on debt buy-backs in the prior year not repeated in the current year.

Arising from customer flow

£'000	31 March 2012	31 March 2011	Variance	% change
Asset Management	–	–	–	n/a
Wealth & Investment	108	(1 932)	2 040	>100.0%
Specialist Banking	76 958	78 379	(1 421)	(1.8%)
Trading income arising from customer flow	77 066	76 447	619	0.8%

Arising from balance sheet management and other trading activities

£'000	31 March 2012	31 March 2011	Variance	% change
Asset Management	380	–	380	n/a
Wealth & Investment	97	(528)	625	>100.0%
Specialist Banking	31 727	87 824	(56 097)	(63.9%)
Trading income arising from balance sheet management and other trading activities	32 204	87 296	(55 092)	(63.1%)

Other operating income

Other operating income includes associate income, assurance income and income earned on an operating lease portfolio acquired during December 2010.

Impairment losses on loans and advances

Impairments in South Africa and the UK decreased from £218.1 million to £157.8 million, whilst impairments in Australia increased from £30.2 million to £67.9 million, resulting in a total decrease in impairments on loans and advances from £248.3 million to £225.7 million (excluding Kensington).

Since 31 March 2011, the default loan portfolio in Australia declined substantially due to a large portion of the portfolio being sold at the year end. The level of defaults in South Africa has improved, whilst the UK reported defaults marginally higher than the prior year. The credit loss charge as a percentage of average gross loans and advances has improved from 1.27% at 31 March 2011 to 1.12%. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounts to 3.31% (31 March 2011: 4.66%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.39 times (31 March 2011: 1.38 times).

2

Impairment losses on loans and advances relating to the Kensington business increased from £69.9 million to £99.4 million as a result of adopting new guidelines (published by UK Financial Services Authority during the past year) relating to provisioning methodology in respect of borrowers that have benefited from forbearance.

Operating costs and depreciation

The ratio of total operating costs to total operating income amounts to 64.7% (2011: 61.7%).

Total operating expenses grew (excluding depreciation on operating leased assets) by 2.8% to £1 230.6 million (2011: £1 196.9 million) as a result of the acquisitions of Rensburg Sheppards plc and the Evolution Group plc and an increase in headcount in certain divisions.

£'000	31 March 2012	% of total expenses	31 March 2011	% of total expenses	% change
Staff costs	831 076	66.0%	795 592	65.6%	4.5%
– fixed	575 962	45.7%	532 138	43.9%	8.2%
– variable	255 114	20.3%	263 454	21.7%	(3.2%)
Business expenses	190 512	15.1%	197 453	16.3%	(3.5%)
Premises (excluding depreciation)	73 243	5.8%	70 394	5.8%	4.0%
Equipment (excluding depreciation)	52 833	4.2%	54 324	4.5%	(2.7%)
Marketing expenses	54 210	4.3%	48 943	4.0%	10.8%
Depreciation and impairment of property, plant, equipment and software	28 754	2.3%	30 159	2.5%	(4.7%)
Depreciation on operating leased assets	28 670	2.3%	16 447	1.3%	74.3%
Total expenses	1 259 298	100.0%	1 213 312	100.0%	3.8%

Impairment of goodwill

The current year's goodwill impairment relates to asset management businesses acquired in prior years (£2.9 million) and the Kensington business (£21.5 million).

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 cost of £22.5 million (before tax) arose on the acquisition and restructuring of the Evolution Group plc, with £17.1 million reflected as integration costs.

Profit arising from associate converted to a subsidiary

In the prior year a net gain of £73.5 million arose on the acquisition of the balance of shares in Rensburg Sheppards plc not already owned by the group.

Net loss on sale of subsidiaries

The net loss on sale of subsidiaries of £17.3 million in the prior year arose from a loss on sale and deconsolidation of previously consolidated group investments, partially offset by a gain on the sale of Rensburg Fund Management Limited.

Taxation

The operational effective tax rate amounts to 18.1% (2011: 15.5%).

Losses attributable to non-controlling interests

Losses attributable to non-controlling interests largely comprise £10.1 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 loss 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 decreased from £420.5 million to £247.5 million.

Dividends and earnings per share

Information with respect to dividends and earnings per share is provided on pages 111 and 112 and pages 138 to 140.

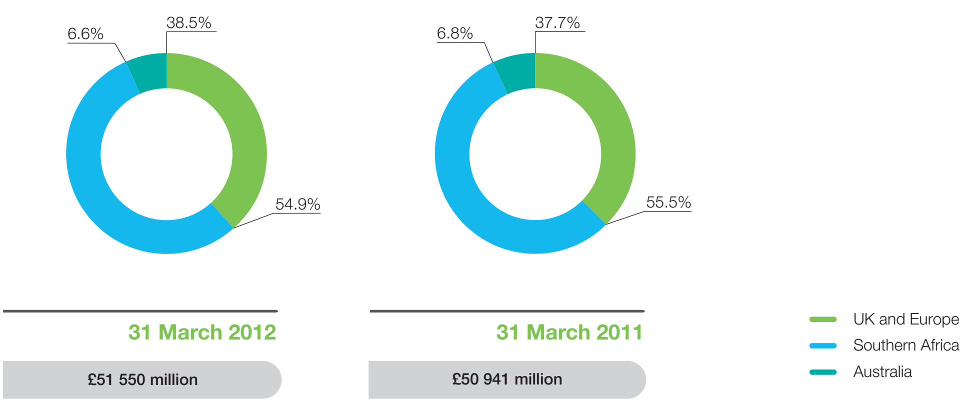
Balance sheet analysis

Since 31 March 2011:

- Total shareholders' equity (including non-controlling interests) increased by 1.3% to £4.0 billion – an increase of 6.2% on a currency neutral basis. The weakening of the Rand closing exchange rate relative to Pounds Sterling has resulted in a reduction in total equity of £196 million
- Net asset value per share decreased 5.8% to 392.0 pence and net tangible asset value per share (which excludes goodwill and intangible assets) decreased by 7.8% to 317.0 pence largely as a result of the depreciation of the Rand as described above
- Total assets increased from £50.9 billion to £51.6 billion largely as a result of an increase in cash and near-cash balances
- Loans and advances to customers as a percentage of customer deposits is at 67.8% (2011: 72.4%)
- The return on adjusted average shareholders' equity declined from 11.2% to 7.8%.

The group's gearing ratios remain low with core loans and advances to equity at 4.5 times (2011: 4.7 times) and total assets (excluding assurance assets) to equity at 11.3 times (2011: 11.3 times).

Assets by geography



Ten year review

Salient features

For the year ended 31 March**	2012	2011	% change 2012 vs 2011
Income statement and selected returns			
Operating profit before goodwill, acquired intangibles, non-operating items and taxation (£'000)Ø	358 625	434 406	(17.4%)
Operating profit: Southern Africa (% of total)Ø	80.7%	69.1%	–
Operating profit: UK, Europe, Australia and Other (% of total)Ø	19.3%	30.9%	–
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	257 579	327 897	(21.4%)
Headline earnings (£'000)	217 253	286 659	(24.2%)
Cost to income ratio	64.7%	61.7%	–
Staff compensation to operating income ratio	43.0%	40.7%	–
Return on average adjusted shareholders' equity (post-tax)	7.8%	11.2%	–
Return on average adjusted tangible shareholders' equity (post-tax)	9.6%	13.2%	–
Operating profit per employee (£'000)	47.8	64.4	(25.8%)
Net interest income as a % of operating income	36.2%	34.9%	–
Non-interest income as a % of operating income	63.8%	65.1%	–
Recurring income as a % of operating income	67.7%	62.3%	–
Effective operational tax rate	18.1%	15.5%	–
Balance sheet			
Total capital resources (including subordinated liabilities) (£'million)	5 505	5 249	4.9%
Total shareholders' equity (including preference shares and non-controlling interests) (£'million)	4 013	3 961	1.3%
Shareholders' equity (excluding non-controlling interests) (£'million)	3 716	3 648	1.9%
Total assets (£'million)	51 550	50 941	1.2%
Net core loans and advances to customers (including own originated securitised assets) (£'million)	18 226	18 758	(2.8%)
Net core loans and advances to customers as a % of total assets	35.4%	36.8%	–
Cash and near cash balances (£'million)	10 251	9 319	10.0%
Customer accounts (deposits) (£'million)	25 344	24 441	3.7%
Third party assets under management (£'million)	96 776	88 878	8.9%
Capital adequacy ratio: Investec plc°	17.5%	16.8%	–
Capital adequacy tier 1 ratio: Investec plc	11.6%	11.6%	–
Capital adequacy ratio: Investec Limited°	16.1%	15.9%	–
Capital adequacy tier 1 ratio: Investec Limited	11.6%	11.9%	–
Credit loss ratio (core income statement impairment change as a % of average gross loans and advances)	1.12%	1.27%	–
Defaults (net of impairments and before collateral) as a % of net core loans and advances to customers	3.31%	4.66%	–
Gearing/leverage ratio (assets excluding assurance assets to total equity)	11.3x	11.3x	–
Core loans to equity ratio	4.5x	4.7x	–
Core loans (excluding own originated securitised assets) to customer deposits	67.8%	72.4%	–
Salient financial features and key statistics			
Adjusted earnings per share (pence)#	31.8	43.2	(26.4%)
Headline earnings per share (pence)#	26.8	37.7	(28.9%)
Basic earnings per share (pence)#	25.7	49.7	(48.3%)
Diluted earnings per share (pence)#	24.3	46.7	(48.0%)
Dividends per share (pence)#	17.0	17.0	–
Dividend cover (times)	1.9	2.5	–
Net tangible asset value per share (pence)#	317.0	343.8	(7.8%)
Net asset value per share#	392.0	416.0	(5.8%)
Weighted number of ordinary shares in issue (million)#	809.6	759.8	6.6%
Total number of shares in issue (million)#	874.0	810.0	7.9%
Closing share price (pence)#	382	478	(20.1%)
Market capitalisation (£'million)	3 340	3 872	(13.7%)
Number of employees in the group (including temps and contractors)	7 781	7 237	7.5%
Closing ZAR:£ exchange rate	12.27	10.88	12.8%
Average ZAR:£ exchange rate	11.85	11.16	6.2%

** *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 I.*

2010	2009	2008	2007	2006	2005	2004	2003
432 258	396 766	508 717	466 585	388 767	224 124	132 260	85 762
67.2%	74.0%	66.7%	57.6%	68.3%	66.9%	58.6%	81.0%
32.8%	26.0%	33.3%	42.4%	31.7%	33.1%	41.4%	19.0%
309 710	269 215	344 695	300 704	230 017	149 510	106 203	89 668
275 131	261 627	301 499	294 881	222 805	147 037	105 752	83 595
57.8%	55.9%	56.1%	59.0%	58.7%	67.4%	72.7%	80.0%
36.1%	34.9%	37.2%	40.9%	40.1%	43.4%	47.3%	51.1%
13.5%	14.8%	23.6%	26.1%	25.5%	20.0%	15.4%	13.1%
15.4%	17.4%	28.6%	31.7%	32.7%	28.8%	25.6%	26.0%
69.7	62.6	84.4	92.3	91.5	48.6	25.9	14.3
37.0%	46.6%	39.3%	29.2%	26.8%	23.2%	18.8%	21.3%
63.0%	53.4%	60.7%	70.8%	73.2%	76.8%	81.2%	78.7%
60.4%	70.0%	65.1%	58.7%	56.9%	59.2%	62.6%	66.1%
20.6%	21.1%	22.6%	26.3%	27.3%	28.8%	21.0%	6.3%
4 362	3 762	3 275	2 665	2 042	1 579	1 303	1 012
3 292	2 621	2 210	1 820	1 512	1 076	805	736
2 955	2 297	1 911	1 542	1 226	931	682	697
46 572	37 365	34 224	26 300	23 901	19 917	15 319	14 914
17 891	16 227	12 854	10 095	9 605	6 408	4 846	3 909
38.4%	43.4%	37.7%	38.4%	40.2%	32.2%	31.6%	26.2%
9 117	4 866	5 028	Δ	Δ	Δ	Δ	Δ
21 934	14 573	12 133	10 650	8 699	6 805	7 211	6 355
74 081	48 828	52 749	56 121	56 331	33 855	30 138	24 088
15.9%	16.2%	15.3%	24.7%	17.7%	16.1%	17.3%	14.2%
11.3%	10.1%	9.2%	14.8%	11.6%	9.5%	11.2%	Δ
15.6%	14.2%	13.9%	14.7%	16.3%	17.9%	15.1%	12.2%
12.0%	10.8%	10.0%	10.4%	11.5%	10.9%	8.3%	Δ
1.16%	1.08%	0.51%	0.17%	0.11%	0.28%	0.48%	0.51%
3.98%	3.28%	1.29%	0.92%	0.52%	0.31%	1.26%	0.78%
12.5x	13.0x	13.8x	12.2x	12.5x	14.8x	15.6x	16.8x
5.4x	6.2x	5.8x	5.5x	6.4x	6.0x	6.0x	5.3x
76.2%	103.6%	98.4%	89.1%	105.6%	91.2%	67.2%	61.5%
45.1	42.4	56.9	53.3	41.9	26.9	20.8	19.2
40.1	41.2	49.7	52.3	40.6	26.5	20.7	17.9
44.0	38.5	57.7	54.7	53.8	17.8	12.0	(13.4)
41.5	36.1	54.0	50.4	50.0	17.1	11.9	(13.4)
16.0	13.0	25.0	23.0	18.2	13.4	11.6	10.8
2.8	3.3	2.3	2.3	2.3	2.0	1.8	1.8
324.1	266.3	215.0	178.6	148.9	99.2	83.0	75.0
364.0	308.8	260.6	216.0	182.1	135.4	128.4	128.2
686.3	634.6	606.2	563.8	548.8	555.5	511.5	466.5
741.0	713.2	657.6	609.3	593.0	593.0	593.0	565.0
539	292	339	658	588	311	218	123
3 993	2 083	2 229	4 009	3 488	1 844	1 292	695
6 123	5 951	6 333	5 430	4 453	4 163	4 458	4 874
11.11	13.58	16.17	14.20	10.72	11.73	11.67	12.51
12.38	14.83	14.31	13.38	11.43	11.47	12.02	15.04

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.*

3

Divisional review

Group divisional structure

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

Asset Management	Wealth & Investment	Specialist Banking
4Factor equities Contrarian South African equities Frontier Commodities and resources Fixed income and currency 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
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
Managing director – Bernard Kantor

Executive director – Hendrik du Toit
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

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

Business highlights

Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests decreased by 17.4% from £434.4 million to £358.6 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 2012 £'000	UK and Europe	Southern Africa	Australia	Total group	% change	% of total
Asset Management	58 922	74 771	–	133 693	5.0%	37.3%
Wealth & Investment	23 268	15 453	–	38 721	(4.2%)	10.8%
Specialist Banking	52 880	199 212	(65 881)	186 211	(30.2%)	51.9%
Private Banking activities	1 841	30 423	(73 679)	(41 415)	(54.7%)	(22.2%)
Core Private Bank	6 691	30 423	9 602	46 716	(>100.0%)	25.1%
Property loan portfolio being run-off*	(4 850)	–	(83 281)	(88 131)	17.5%	(47.3%)
Property activities	572	17 740	3 351	21 663	(54.6%)	11.6%
Corporate Advisory and Investment activities	7 893	37 249	(3 157)	41 985	(37.7%)	22.5%
Corporate and Institutional Banking activities	118 496	102 548	12 956	234 000	(3.3%)	>100.0%
Group Services and Other activities	(75 922)	11 252	(5 352)	(70 022)	(>100.0%)	(37.6%)
Total group	135 070	289 436	(65 881)	358 625	(17.4%)	100.0%
Core business	139 920	289 436	17 400	446 756		
Property loan portfolio being run-off*	(4 850)	–	(83 281)	(88 131)		
Non-controlling interest – equity				(11 035)		
Operating profit				347 590		
% change	1.1%	(3.5%)	(>100.0%)	(17.4%)		
% of total	37.7%	80.7%	(18.4%)	100.0%		

For the year ended 31 March 2011 £'000	UK and Europe	Southern Africa	Australia	Total group	% of total
Asset Management	53 002	74 306	–	127 308	29.3%
Wealth & Investment	25 008	15 418	–	40 426	9.3%
Specialist Banking	55 616	210 350	706	266 672	61.4%
Private Banking activities	(84 041)	2 990	(10 390)	(91 441)	(34.3%)
Core Private Bank	(38 730)	2 990	19 276	(16 464)	(6.2%)
Property loan portfolio being run-off*	(45 311)	–	(29 666)	(74 977)	(28.1%)
Property activities	375	40 178	7 155	47 708	17.9%
Corporate Advisory and Investment activities	8 887	65 191	(6 716)	67 362	25.3%
Corporate and Institutional Banking activities	139 978	92 211	9 860	242 049	90.8%
Group Services and Other activities	(9 583)	9 780	797	994	0.4%
Total group	133 626	300 074	706	434 406	100.0%
Core business	178 937	300 074	30 372	509 383	
Property loan portfolio being run-off*	(45 311)	–	(29 666)	(74 977)	
Non-controlling interest – equity				(10 962)	
Operating profit				423 444	
% of total	30.8%	69.1%	0.2%	100.0%	

* *Residual property loan portfolios in Ireland and Australia which have been ring-fenced for collection and recovery and are being run-off.*

Asset Management

At Investec Asset Management, our business is to manage clients' investments to the highest standard possible by exceeding their investment and client service expectations. We manage £61.5 billion of assets on behalf of our clients from around the world who are invested in our seven core investment capabilities.

Employing over 140 investment professionals, we manage our investments from two investment centres (London and Cape Town) serving our client base from seven distinct 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.

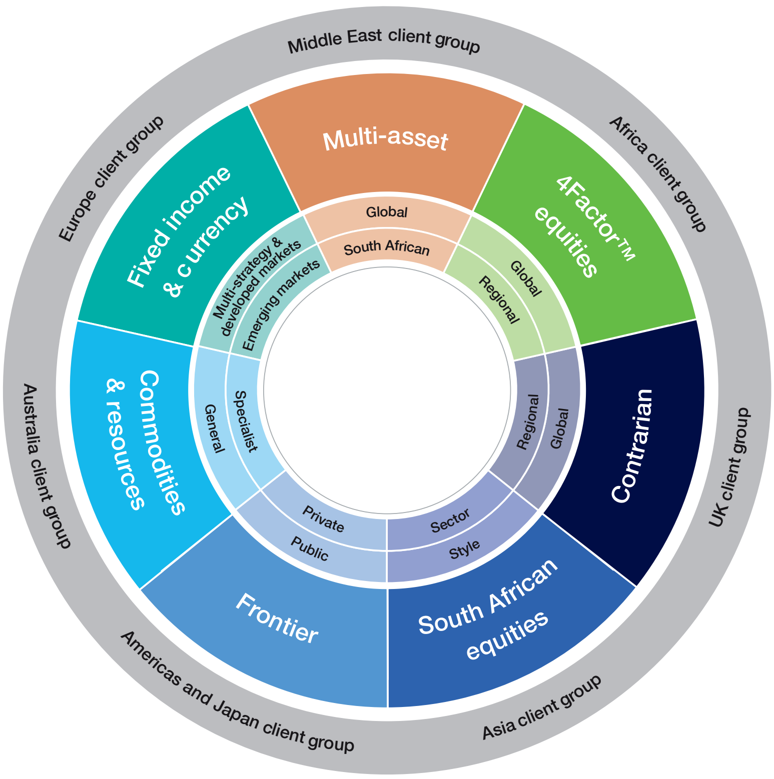
£61.5 billion
assets under management
(2011: £58.8 billion)

£5.2 billion
net new flows
(2011: £7.4 billion)

£133.7 million
net profit
(2011: £127.3 million)

64.3%
cost to income ratio
(2011: 63.0%)

Capabilities and organisational structure



Value proposition

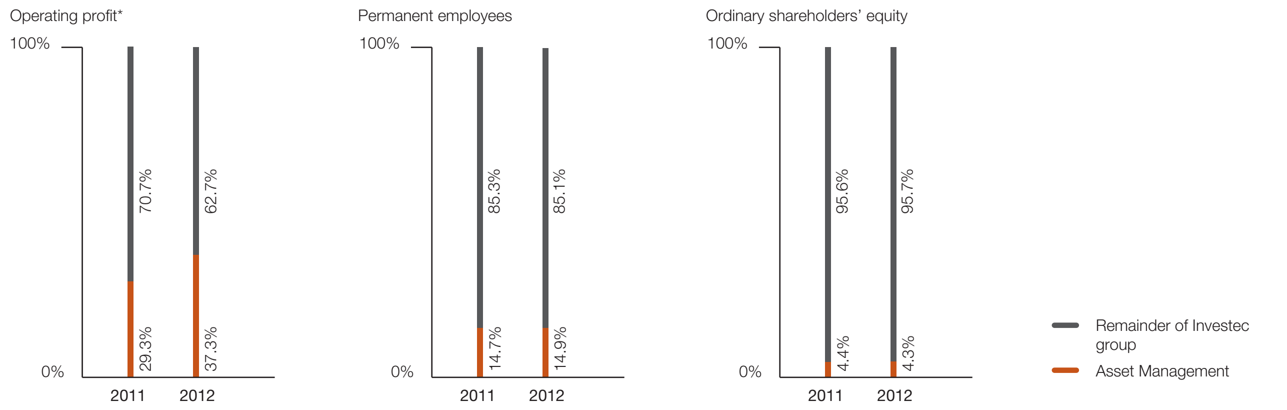
- Organically built an independent global platform from an emerging market base
- Independently managed entity within Investec group
- Competitive investment performance in chosen specialities
- Truly global approach:
  - global investing
  - global client base
- Institutional focus
- Unique and clearly understood culture
- Stable and experienced leadership
  - executive committee: average tenure of 18 years
  - top 30 leaders: average tenure of 14 years.

Overview and financial highlights

- Operating profit increased by 5.0% to £133.7 million, contributing 37.3% to group profit
- Assets under management increased by 4.7% to a record level of £61.5 billion
- Continued strong net inflows of £5.2 billion.

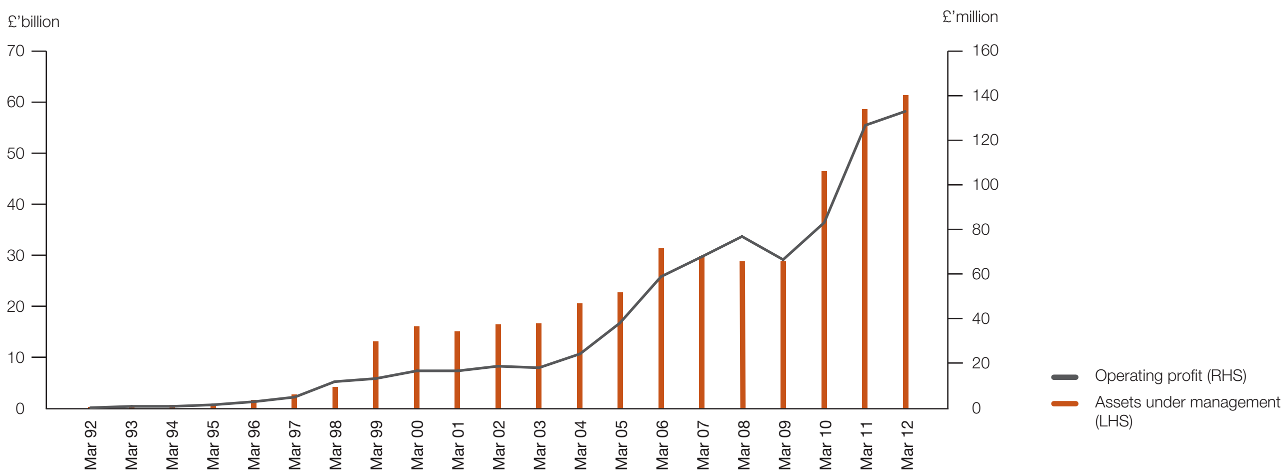
Asset Management (continued)

Contribution analysis



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

Historical financial performance



Strategy

- Long term sustainability
- The emphasis is on quality and depth across the business
- Maintain cost discipline
- Our aim is to exceed our clients' investment and client service expectations; to manage their money to the highest possible standard.

Outlook

- Positive business momentum supported by strategic clarity
- Subject to risks posed by volatile markets
- We believe that our long-term strategy will continue to create substantial value for clients and shareholders alike.

Wealth & Investment

Our Wealth & Investment business provides investment management services and independent financial planning advice to private clients, charities and trusts.

UK and Europe

The Investec Wealth & Investment operation in the UK is made up of Investec Wealth & Investment Limited (formerly Rensburg Sheppards plc) and Williams de Broë Limited. The European operations are conducted through Wealth Management Europe.

Collectively the businesses provide investment management services for private clients, charities, intermediaries, pension schemes and trusts. Over 1 000 staff operate from offices across the UK and in Switzerland, and with combined funds under management of £21 billion, the Investec Wealth & Investment operation is one of the UK's leading providers of private client investment management services. The services provided by Investec Wealth & Investment include:

- Investments and savings
  - Discretionary and advisory portfolio management services for private clients
  - Specialist investment management services for intermediaries, charities, pension schemes and trusts.
- Financial planning
  - 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
  - Inheritance tax planning.

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 R26.8 billion of funds under full discretionary management and a further R142.5 billion of funds under various other forms of administration.

Overview and financial highlights

- Operating profit decreased by 4.2% to £38.7 million, contributing 10.8% to group profit
- South African business benefited from higher average funds under management
- UK positively impacted by full contribution from the acquisition of Rensburg Sheppards plc
- Results adversely impacted by restructuring and sales of certain of the operations in the UK and Europe
- The acquisition of the Evolution Group plc added about £7 billion of funds under management with the integration of these businesses progressing well.

£34.8 billion
funds under management
(2011: £29.4 billion)

£316.3 million
ordinary shareholders' equity
(2011: £214.1 million)

13.1%
ROE (pre-tax)
(2011: 16.5%)

46.9%
tangible ROE (pre-tax)
(2011: 78.7%)

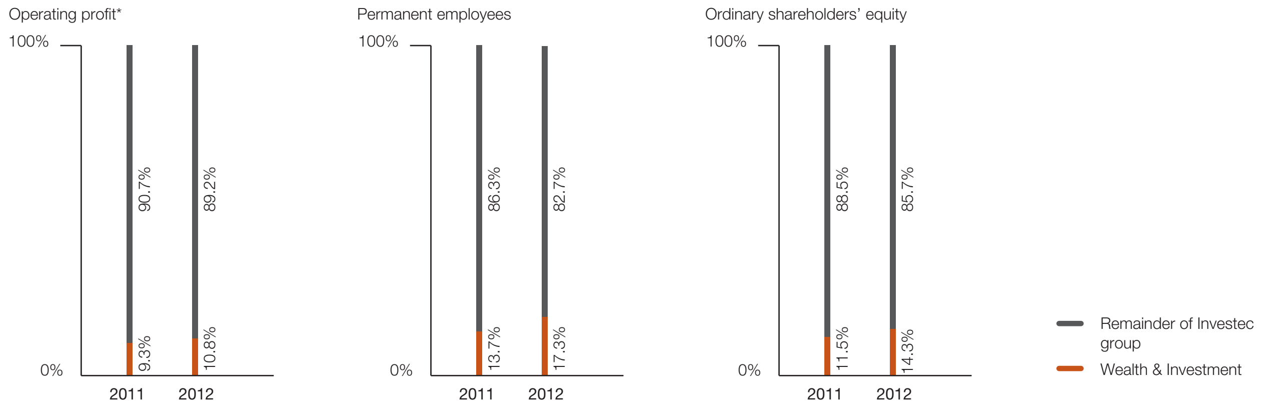
80.3%
cost to income
(2011: 74.1%)

£33.7 thousand
operating profit per employee
(2011: 63.6 thousand)

Value proposition

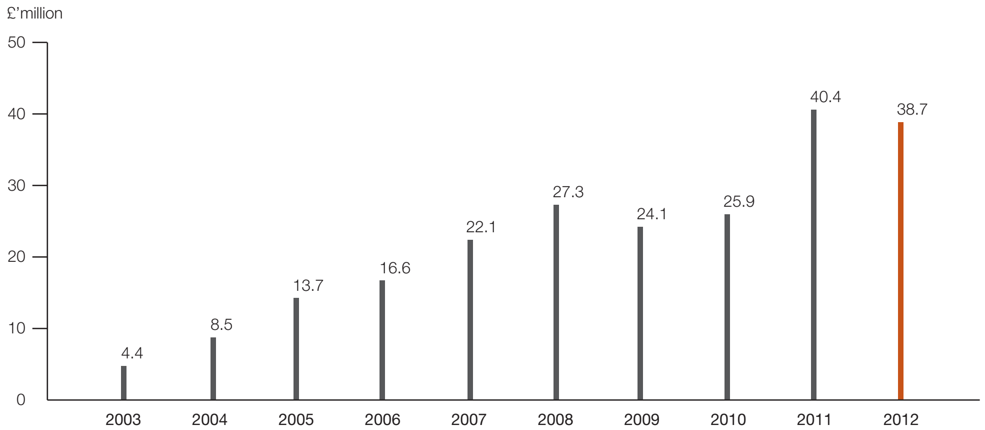
- Business has been built via consolidation of businesses and organic growth over a long period of time
- Largest private client manager in South Africa and one of the top five players in the UK
- Well established platforms in the UK, South Africa and Switzerland
- Focus is on consolidating and internationalising the business.

Contribution analysis



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

Operating profit^ – track record



^ *Trend reflects numbers as at the year ended 31 March, unless otherwise stated. The numbers prior to 31 March 2005 were reported in terms of UK GAAP. Amounts from 2008 are shown before goodwill acquired intangibles, non-operating items, taxation and after non-controlling interests. Prior to 2008 amounts have not been adjusted for non-controlling interests.*

Strategy

- Focus on internationalising the business
- Deliver the successful integration of Williams de Broë with strong leadership already in place
- Development of international and UK resident non-domiciled market via Guernsey and Swiss offshore offering.

Outlook

- The future direction of equity markets continues to be uncertain
- Short terms prospects supported by synergies from integration
- We continue to seek to achieve net organic growth in funds under management year-on-year.

Specialist Banking

Corporates/government/institutional clients

High income and high net worth private 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

- Australia
- Canada
- India
- Southern Africa
- UK and Europe

Private Banking activities

- Transactional banking
- Lending
- Deposits
- Investments
- Advice

- Australia
- Southern Africa
- UK and Europe

Systems and infrastructure

Corporate Advisory and Investment activities

The Corporate Advisory and Investment division engages in a range of investment banking activities and positions itself as an integrated business focused on local client delivery with international access.

Corporate and Institutional Banking activities

The Corporate and Institutional Banking division provides a wide range of specialist products, services and solutions to select corporate clients, public sector bodies and institutions.

Property activities

Our focus is on property fund management and property investments.

Private Banking activities

The division positions itself as the 'investment bank for private clients', offering both credit and investment services to our select clientele.

Overview and financial highlights

- Operating profit of the Specialist Banking division decreased 30.2% to £186.2 million contributing 51.9% to group profit
- Performance down largely as a result of:
  - Debt buy-backs not repeated in current year
  - Weaker performance from the listed principal investment portfolio
- Good progress in creating single global platform to leverage our global capabilities
- Legacy issues, particularly in Australia and Ireland, cloud what would have been an improving underlying performance
- Launched Property Fund and successful first year performance with a return in excess of 27%.

£2 714.3 million
ordinary shareholders' equity
(2011: £2 738.4 million)

6.1%
ROE (pre-tax)
(2011: 9.7%)

6.5%
tangible ROE (pre-tax)
(2011: 10.4%)

62.4%
cost to income
(2011: 60.1%)

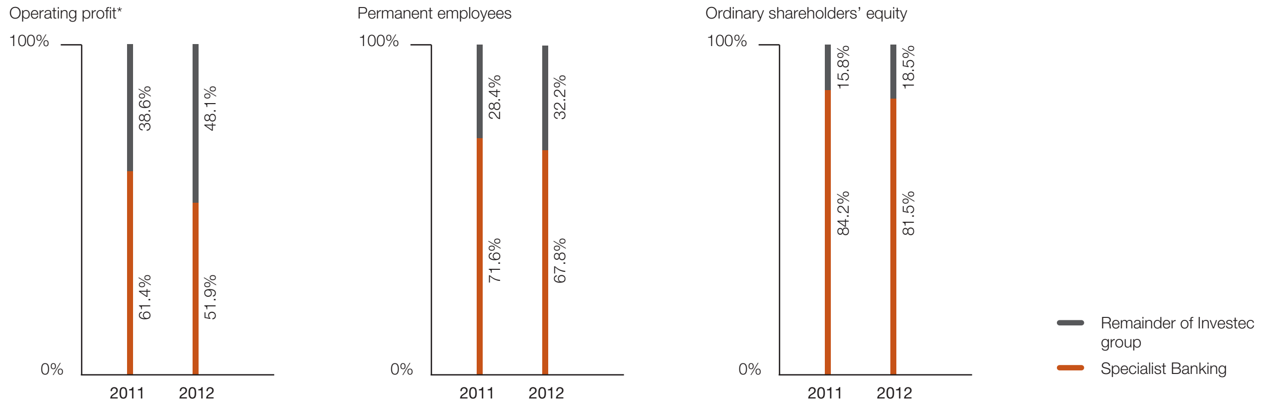
£35.5 thousand
operating profit per employee
(2011: £52.4 thousand)

Value proposition

- Strong brand and positioning
- Provide a credible offering to clients operating between the developed world and the emerging world
- International platform
- Balanced business model with good business depth and breadth.

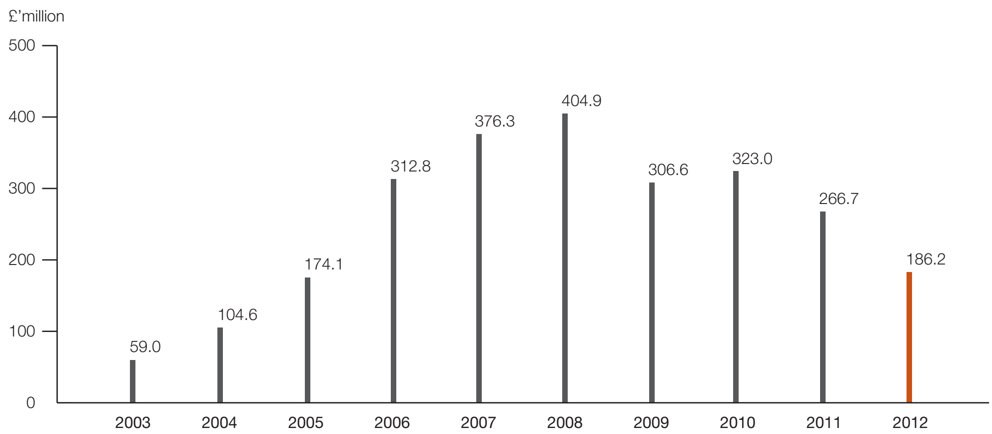
Specialist Banking (continued)

Contribution analysis



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

Operating profit – track record



^ *Trend reflects numbers as at the year ended 31 March, unless otherwise stated. The numbers prior to 31 March 2005 were reported in terms of UK GAAP. Amounts from 2008 are shown before goodwill, non-operating items, taxation and after non-controlling interests. Prior to 2008 amounts have not been adjusted for non-controlling interests.*

Strategy

- Building strong domestic businesses with international access
- Go deeper into core markets
- Focus on Africa and connecting Africa, India and China to our core geography offerings
- Leverage client relationships across the group and grow our client base
- Develop retail and private client deposit franchise and continued focus on lengthening deposit base
- Build the transactional banking business to enhance client offering
- Emphasis on systems and product integration.

Outlook

- Macro environment continues to hamper the recovery
- Impairments normalising in most businesses and geographies.

Risk and governance

Group Risk Management objectives are to:

- Be the custodian of our risk management culture
- Ensure the business operates within the board stated 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
- Co-ordinate 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.

Philosophy and approach

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 risk to ensure it is within the stated 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, 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 2012. A more detailed review is provided in the Investec group's 2012 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 28.

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 in the main 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 for 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 in South Africa and the UK decreased from £218.1 million to £157.8 million, whilst impairments in Australia increased from £30.2 million to £67.9 million, resulting in a total decrease in impairments on loans and advances from £248.3 million to £225.7 million (excluding Kensington). Since 31 March 2011, the default

loan portfolio in Australia declined substantially due to a large portion of the portfolio being sold at the year end. The level of defaults in South Africa has improved, whilst the UK reported defaults marginally higher than the prior year. The credit loss charge as a percentage of average gross loans and advances has improved from 1.27% at 31 March 2011 to 1.12%. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounts to 3.31% (31 March 2011: 4.66%)

- Limited exposure to structured credit investments; representing approximately 1.7% of total assets
- No exposures to peripheral European sovereign debt and limited private client and corporate client exposures to peripheral Europe amounting to approximately 0.6% of total assets. In addition the group has certain branch-related activities in Ireland, with total assets representing 1.6% of group assets
- A low leverage (gearing) ratio of 11.3 times
- A low level of net assets and liabilities exposed to the volatility of IFRS fair value accounting; with level 3 assets amounting to 0.9% of total assets
- Low equity (investment) risk exposure; within total investments comprising 3.4% 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 0.2% of total operating income
- A high level of readily available, high quality liquid assets; cash and near cash of £10.3 billion, representing 31.9% 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 with our banks in the UK and Australia meeting Basel III liquidity requirements
- Healthy capital ratios; we have always held capital well in excess of regulatory requirements and we intend to perpetuate this philosophy. We have continued to strengthen our capital base during the year
- Geographical and operational diversity with a high level of recurring income which continues to support sustainability of operating profit.

Investec has continued to maintain a sound balance sheet with low leverage.

UK and Europe

Credit risk

The year in review remained challenging against a difficult economic background. The rebalancing of our existing portfolio away from property collateralised lending activity has led to an increase in non-property related private client and corporate lending. Core loans and advances increased marginally by 3.8% to £5.8 billion, primarily as a result of a cautious approach in accepting new loan exposures and a conscious effort to rebalance our existing portfolio mix. Default loans (net of impairments) have increased from 4.23% to 4.92% of core loans and advances and the credit loss ratio has improved from 2.22% to 1.22%, largely as a result of a decrease in impairments in our Private Client division.

Traded market risk

In the UK there has been continued growth in client activity across the Interest Rate and Foreign Exchange corporate sales desks. The structured equity desk's retail product sales have remained strong and they continue to develop their product range. On the trading side the Interest Rate and Foreign Exchange trading desks performed strongly over the year, despite the difficult environment.

The bank maintained high cash and near cash balances throughout the year.

4

Balance sheet risk

The bank maintained high cash and near cash balances throughout the year but did curtail its inflow of deposits given that it had significant surplus liquidity. Total customer deposits increased by 7.3% from 1 April 2011 to £9.5 billion at 31 March 2012. Good growth was experienced in the bank's corporate and structured equity deposit book, whilst the Private Client division slowed its intake of deposits. Average cash and near cash balances amounted to £3.5 billion during the year.

Southern Africa

Credit risk

Credit quality on core loans and advances has improved during the year in review. Core loans and advances increased by 6.6% to R128.7 billion. Default loans (net of impairments) as a percentage of core loans and advances decreased from 3.97% to 2.73% as some transactions have settled and others have been written off. The credit loss ratio improved from 0.71% to 0.65%. The majority of current year and historical defaults were recorded in the private client loan portfolio and largely comprise a relatively small number of clients where finance was provided at reasonably conservative loan to values but with no obvious serviceability except realisation of collateral. Defaults have occurred when clients have been unable to realise sales to service and repay.

Traded market risk

Market conditions have not been conducive to client flow or proprietary trading. FX markets have been volatile with little or no clear trend as European conditions were the main driver of sentiment. Local equity markets took direction from the FX market which also influenced South African bond yields. Traders as the first line of defence have ensured that positions remain manageable in these conditions. Value at risk has remained on the low side but higher than last year.

Balance sheet risk

The bank continued to benefit from a growing retail franchise with total customer deposits increasing by 13.8% from 1 April 2011 to R176.1 billion at 31 March 2012. Cash and near cash balances increased by 31.3% from 1 April 2011 to R69.1 billion at 31 March 2012, with excess reserves placed in highly liquid treasury bills and government bonds.

Australia

Credit risk

During the year core loans and advances to customers decreased by 6.1% to A$3 billion largely as a result of the sale of the majority of our non-core property development finance portfolio. Our lending focus remains predominantly through selective growth within our professional finance business unit which provides finance to targeted members of the medical and accounting professions and selective growth within our other specialised finance portfolios. The Australian business reported a significant increase in the credit loss ratio from 1.53% to 3.13% as additional impairments were required in light of weakened residential property prices in certain sectors of the market. The ratio of default loans (net of impairments) to core loans and advances improved from 9.54% to 1.70% as a result of the sales mentioned above.

Traded market risk

Australian trading activity remains modest, with limited client flow activity and difficult foreign exchange and interest rate trading environments.

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$1.4 billion.

Salient features

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

	UK and Europe		Southern Africa		Australia		Investec group	
	31 March 2012 £	31 March 2011 £	31 March 2012 R	31 March 2011 R	31 March 2012 A$	31 March 2011 A$	31 March 2012 £	31 March 2011 £
Net core loans and advances (million)	5 788	5 576	128 747	120 784	3 005	3 219	18 226	18 758
Gross defaults as a % of gross core loans and advances	7.35%	6.82%	3.71%	5.07%	2.31%	10.75%	4.73%	6.22%
Defaults (net of impairments) as a % of net core loans and advances	4.92%	4.23%	2.73%	3.97%	1.70%	9.54%	3.31%	4.66%
Net defaults (after collateral and impairments) as a % of net core loans and advances	–	–	–	–	–	–	–	–
Credit loss ratio*	1.22%	2.22%	0.65%	0.71%	3.13%	1.53%	1.12%	1.27%
Structured credit investments as a % of total assets	2.85%	2.85%	0.80%	1.66%	1.55%	1.93%	1.65%	2.20%
Banking book investment and equity risk exposures as a % of total assets	2.03%	1.26%	4.89%	5.90%	1.65%	0.45%	3.39%	3.47%
Traded market risk: one-day value at risk (million)	0.6	1.1	4.2	3.8	–	–	n/a	n/a
Cash and near cash (million)	3 565	3 547	69 077	52 591	1 555	1 438	10 251	9 319
Customer accounts (deposits) (million)	9 459	8 812	176 094	154 504	2 370	2 211	25 344	24 441
Core loans to equity ratio	3.5x^	3.7x^	5.8x	5.8x	5.0x	4.7x	4.5x	4.7x
Total gearing/leverage ratio**	10.8x^	11.2x^	12.2x	11.5x	8.7x	7.8x	11.3x	11.3x
Core loans (excluding own originated assets which have been securitised) to customer deposits	65.4%^	70.0%^	69.6%	74.1%	92.0%	111.6%	67.8%	72.4%
Capital adequacy ratio	17.5%^	16.8%^	16.1%	15.9%	17.5%	17.6%	n/a	n/a
Tier 1 ratio	11.6%^	11.6%^	11.6%	11.9%	14.6%	14.7%	n/a	n/a

* *Income statement impairment charge on 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.*

Credit ratings

In terms of our dual listed companies structure, Investec plc and Investec Limited are treated separately from a credit point of view. As a result, the rating agencies have assigned ratings to the significant banking entities within the group, namely Investec Bank plc, Investec Bank Limited and Investec Bank (Australia) Limited. Certain rating agencies have assigned ratings to the holding companies, namely, Investec plc and Investec Limited. Our ratings as at 31 March 2012 are as follows:

Rating agency		Investec Limited	Investec Bank Limited – a subsidiary of Investec Limited	Investec plc	Investec Bank plc – a subsidiary of Investec plc	Investec Bank (Australia) Limited – a subsidiary of Investec Bank plc
Fitch	Long term ratings					
	Foreign Currency	BBB	BBB		BBB-	BBB-
	National		A+(zaf)			
	Short term rating					
	Foreign Currency	F3	F3		F3	F3
	National		F1 (zaf)			
	Viability rating	bbb	bbb		bbb-	
	Support rating	5	2		5	3
Moody's	Long term deposit ratings					
	Foreign Currency		A3	Ba1	Baa3	Ba1
	National		Aa3 (za)			
	Short term deposit rating					
	Foreign Currency		Prime-2	Non-prime	Prime-3	Non-prime
	National		P1 (za)			
	Bank financial strength rating		C-		D+	D
Global Credit Ratings	Local currency					
	Short-term rating		A1+(za)		A2	
	Long-term rating		AA-(za)		BBB+	

Internal audit and compliance

Internal audit

Internal Audit provides objective and independent assurance, via the group audit committees, to the management and 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 good 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 sector by focusing on structural reforms and macro-prudential regulation; specifically in relation to capital, resolution, liquidity and market infrastructure.

Independent Commission on Banking

One of the key UK developments, in the form of the proposals by the Independent Commission on Banking (ICB), follows the emerging trend for a high impact approach to regulation and the tendency for it to drive firms' strategy setting.

The ICB has published its final report (September 2011) and the key recommendations are as follows:

- Retail ring-fence: Ring-fence retail banking divisions within separate subsidiaries, making it easier and less costly to wind down those parts of banks that get into financial difficulty
- Loss absorption: Improving banks' ability to absorb losses by requiring large UK retail banks to maintain equity capital of at least 10% of risk-weighted assets and large UK banking groups to maintain primary loss absorbing capacity of 17% – 20%.

The UK Government will publish a White Paper in spring 2012 which will set out their detailed proposals on implementation which we will then consider.

FSA Remuneration Code

Another key development relates to firms' remuneration practices and seeks to address concerns that the financial crisis was partly caused by a bonus culture, which promoted short-termism and resulted in the wrong outcomes for clients. The FSA have finalised Guidance on the Revised Remuneration Code, which contains the FSA's plans for monitoring the implementation of the Code up to and during the 2011/12 annual remuneration review. The Guidance defines 'Remuneration Code Staff' and outlines FSA expectations of firms.

Reforms of the UK Regulatory Framework

Regulators have also increased their attention on the retail space, focusing largely on fair outcomes for consumers and increased supervisory powers in relation to consumer protection measures. Some of the most significant changes to this effect will be delivered by major reforms to the UK regulatory system. The reforms include integration of responsibility for banking supervision into the Bank of England under a new Prudential Regulation Authority and the creation of a consumer champion in the form of the Financial Conduct Authority; a supervisor focused solely on regulating firms' conduct.

Retail Distribution Review/Mortgage Market Review

The FSA have continued with the Retail Distribution Review (RDR) proposals, which aim to improve the quality of service provided to clients in the advice sector. By imposing minimum qualification standards for advisers and therefore increasing professionalism in the sector, as well as requiring firms to be more transparent regarding charging practices and the parameters within which advice is provided i.e. independent or restricted, the FSA hope to rebuild trust in the IFA and investment management community as well as improve outcomes for retail clients. The Mortgage Market Review is the mortgage market equivalent of the RDR, focusing on outcomes for clients in the mortgage space.

South Africa – year in review

The 2011 budget speech, and National Treasury's publication of the Red Book with the same title, highlighted the need for 'A safer financial sector to serve South Africa better' and the required regulatory response post the global financial crisis. The 'Twin Peaks' model of regulation was identified as the most appropriate model going forward with separate regulators being responsible for prudential and market conduct regulation across industries. The Red Book proposes the South African Reserve Bank (SARB) as the prudential regulator and Financial Services Board (FSB) as the market conduct regulator.

Internal audit and compliance

To give effect to the Twin Peaks model of regulation 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 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 FSA in the UK.

Consumer protection

Accordingly, consumer protection regulation remains a key focus into 2012 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 'fit and proper' status refers to the qualifications and experience needed to perform a representative or key individual role for an FSP, and includes the requirement to successfully complete designated representative exams. The majority of representatives and key individuals of Investec FSPs have already successfully completed the required regulatory examinations, despite the extensions granted to June and September 2012, respectively. We are satisfied that all representatives and key individuals will be 'fit and proper' by the necessary deadlines.

The most recent draft of the Protection of Personal Information Bill (POPI) was debated at the Technical Working Committee during March 2012. The next version, incorporating amendments, was presented to the full portfolio committee during the April 2012 parliamentary term. Promulgation is anticipated during 2012, although implementation time frames have not been agreed yet. 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.

Australia – year in review

Reform within the Australian regulatory framework

There has been increased activity as a result of our regulators, namely the Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC), introducing reforms to their supervisory and regulatory frameworks. ASIC has taken over the market supervision of market participants which includes Investec Securities (Australia) Pty Limited. In addition to this, ASIC has issued new Market Integrity Rules for Competition in Exchange Markets. Investec Securities has responded to this by implementing the Best Execution Policy and has become a member of the Chi-X.

From an APRA perspective the key proposals include a credit risk review and the implementation of Basel III requirements (Capital and Liquidity Changes). IBAL has implemented the Basel III Securitisation requirements.

Consumer protection

Consumer protection regulation continues to be a key focus for 2011 with ongoing monitoring and reporting of compliance with the prescribed obligations of licensing, fit and proper requirements etc.

The Australian government's 'Future of Financial Advice Reform' is actively exploring ways to improve access to and the quality of advice as well as the 'ban on conflicted remuneration'.

In terms of the Financial Claims Scheme (FCS) there has been a reduction of the government deposit guarantee arrangement from A$1 million to A$250 000 for all investment accounts. This has resulted in a communication to our clients as well as an amendment to the PDS to reflect the new bands of investments in terms of the application of the FCS.

The National Credit Code Act (NCC) has been implemented for the last 12 months and governs the consumer credit code including credit activities. This means that home loans, personal loans and consumer leases, among other products and services, are now regulated under Commonwealth legislation and administered by ASIC. With regard to responsible lending, ASIC proposes to ensure that all personal loans are carefully assessed to make sure borrowers can afford them. Specific proposals include: imposing affordability tests for all personal loans and making lenders ultimately responsible for assessing a consumer's ability to pay; requiring verification of borrowers' income in every case to prevent over inflation of income. Investec Australia has been granted its credit licence and has implemented processes to address the requirements contained within the legislation when issuing credit to clients in their personal capacity.

Anti-money laundering and terror financing

There is a new anti-money laundering requirement to register the designated business group with AUSTRAC. This mandatory enrolment will enable AUSTRAC to more accurately identify its regulated population. AUSTRAC will also capture additional information which is necessary to identify which entities are subject to the annual AUSTRAC supervisory levy and the amount of the levy that will apply to each leviable entity.

Corporate governance

Introduction

While the Investec board provides leadership based on an ethical foundation, and oversees the overall process and structure of corporate governance, each business area and every employee of the group is responsible for acting in accordance with sound corporate governance practices.

In formulating our governance framework, we apply recognised corporate governance practices pragmatically so as to:

- Build and sustain an ethical corporate culture in the company
- Identify and mitigate significant risks, including reputational risk
- Exercise effective review and monitoring of our activities
- Promote informed and sound decision making
- Enable effectiveness, efficiency, responsibility and accountability
- Enhance the corporate client and other stakeholders' perception of us
- Facilitate legal and regulatory compliance
- Secure trust and confidence of all stakeholders
- Protect our brand and reputation
- Ensure sustainable business practices, including social and environmental activities
- Disclose the necessary group information to enable all stakeholders to make a meaningful analysis of our financial position and actions
- Respond appropriately to changes in market conditions and the business environment
- Remain at the forefront of international corporate governance practices.

Investec's values and philosophies are the framework against which we measure behaviour and practices so as to assess the characteristics of good governance. Our values require that directors and employees behave with integrity, displaying consistent and uncompromising moral strength and conduct in order to promote and maintain trust.

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.

We operate under a dual listed companies (DLC) structure, and consider the corporate governance principles and regulations of both the UK and South Africa before adopting the appropriate rule for the group.

All international business units operate in accordance with the above determined corporate governance recommendations, in addition to those of their jurisdiction, but with clear adherence at all times to group values and culture.

This section provides a summary of our corporate governance philosophy, practices and key developments for the year ended 31 March 2012. A more detailed review is provided in the Investec group's 2012 annual report.

Investec is committed to promoting sustainable stakeholder confidence in our conduct as a business and as a responsible corporate citizen.

Year under review

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 majority of the King Code of Governance Principles for South Africa 2009 (King III), whereby 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, Investec has complied with the relevant provisions set out in the UK Corporate Governance Code, save that Fani Titi, the joint chairman, was not considered independent upon appointment in view of his previous connection with Tiso Group Limited. Tiso had a material relationship with Investec Limited as a result of the empowerment transaction concluded in 2003 as a result of South Africa's Financial Sector Charter. Fani resigned as board member and chairman of Tiso during March 2008 however, the UK Corporate Governance Code requires a five year break in the relationship.

King III

King III distinguishes between statutory provisions, voluntary principles and recommended practices. The King III Report provides best practice recommendations, whereas the King III Code provides the principles that all entities should apply.

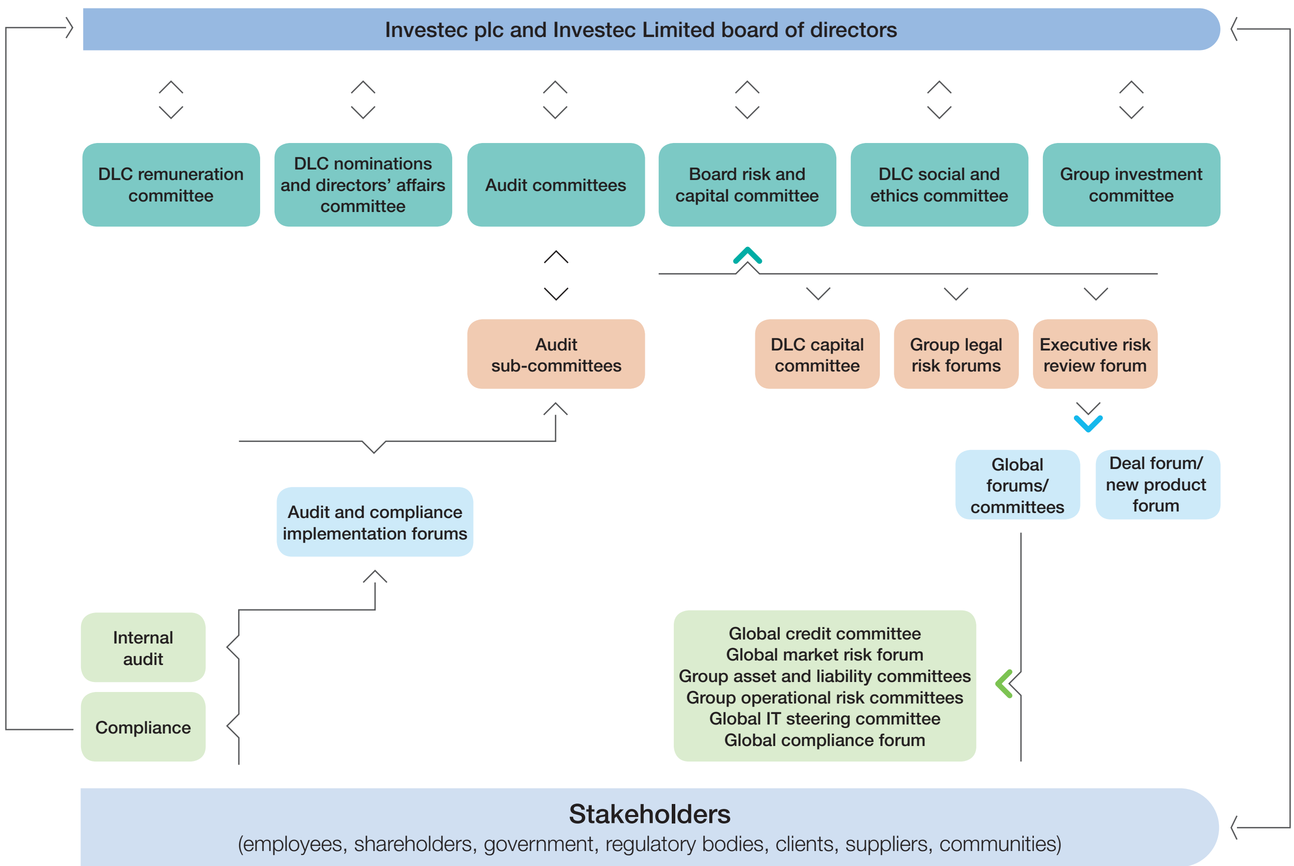
The majority of the principles of King III are being applied and is evidenced in the various sections of this report.

The following principle of King III is currently not being applied by Investec:

- Sustainability reporting and disclosure should be independently assured
  - Sustainability reporting and related disclosure was not independently assured by an external expert. The audit committees have overseen the integrated report, including sustainability disclosures, which have been verified by the Internal Audit division
  - We recognise the importance of sustainability reporting and verification of our efforts in this area. During the 2012 financial year, we designed and implemented a reporting system to align our sustainability process across the group and accordingly we will be able to commission external verification for the 2013 financial year.

Governance framework

Investec's governance framework is depicted as follows:



Board of directors

In terms of the 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 should be delegated to management.

The Investec board:

- Approves the group's strategy
- Ensures that the group complies with the applicable laws and considers adherence to non-binding rules and standards
- Is responsible for the governance of risk, including that of information technology (IT)
- Acts as focal point for, and 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 we face, 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 CEO, 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 our 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 our internal systems of control
- Ensures we adopt sustainable business practices, including our social and environmental activities

The board seeks to exercise leadership, integrity and judgement in pursuit of strategic goals and objectives, to achieve long-term sustainability, growth and prosperity.

- 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 processes, including IT, are 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 company'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.

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

In accordance with the UK Corporate Governance Code, the entire board will offer itself for re-election at the 2012 annual general meeting.

Composition, structure and process

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

** *Sir David Prosser and Fani Titi were appointed as joint chairmen with effect from 17 November 2011.*

^ *Sir David Prosser was the senior independent director up to 16 November 2011 and George Alford was appointed as senior independent director on 17 November 2011.*

Fani Titi is independent for Investec Limited but not for Investec plc.

Board committees

In exercising control of the group, the directors are empowered to delegate to various board and executive committees. The committees have specific terms of reference, appropriately skilled members and access to specialist advice when necessary.

Below is an overview of the various committees' composition and responsibilities. The full terms of reference are available on our website.

Investec plc and Investec Limited board of directors

DLC nominations and directors' affairs committee | **Five NEDs (three independent)** | **Meets four times per annum**

Responsibilities, *inter alia*, include:
- Identification and nomination of board candidates
- Determining and evaluating the adequacy, efficiency and appropriateness of the group's corporate governance
- Reviewing board composition and recommending changes
- Succession planning and management.

DLC audit committee | **Four independent NEDs** | **Meets four times per annum**

Responsibilities, inter alia, include:
- Review and oversight of combined reports, financial statements and the integrated report
- External and internal audit oversight
- Compliance oversight
- Monitoring the effectiveness of the systems of internal financial control
- Reviewing any matters affecting the financial safety of the DLC group.

Board risk and capital committee | **Three executives eight NEDs (five independent)** | **Meets six times per annum**

Responsibilities, *inter alia*, include:
- Monitoring and implementation of risk management policies and procedures
- Review of the adequacy of the risk management structure and processes
- Ratifying exposure limits for market, counterparty and credit risk
- Monitoring of liquidity and operational risks.

DLC remuneration committee | **Four independent NEDs** | **Meets 12 times per annum**

Responsibilities, *inter alia*, include:
- Determining, developing and agreeing the executive (directors and management) remuneration framework
- Ensuring appropriate incentives to encourage enhanced performance in contribution to the success of the group and alignment with the corporate objectives and business strategy.

Investec plc and Investec Limited audit committees | **Four independent NEDs** | **Meets four times per annum**

Audit and compliance implementation forums

DLC capital committee

Capital planning, allocation and structuring, performance measurement, investment decisions and capital based incentivisation.

Three executives one independent NED

Meets at least quarterly

Executive risk review forum

Measuring, monitoring and mitigation of enterprise wide risk.

Three executives and senior management

Meets weekly

DLC social and ethics committee | **Three independent NEDs** | **Meets four times per annum**

Responsibilities, *inter alia*, include:
- Monitoring the group's social and economic development and good corporate citizenship.

Directorate Investec plc and Investec Limited

Executive directors (details as at the date of this report)

Stephen Koseff (60)

Chief executive officer

BCom, CA(SA), H Dip BDP, MBA

Committees: Board risk and capital, DLC capital, DLC social and ethics and global credit

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, Investec Wealth & Investment and a number of Investec subsidiaries.

Bernard Kantor (62)

Managing director

CTA

Committees: Board risk and capital, DLC capital, DLC social and ethics and global credit

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, Investec Wealth & Investment and a number of Investec subsidiaries.

Glynn R Burger (55)

Group risk and finance director

BAcc, CA(SA), H Dip BDP, MBL

Committees: Board risk and capital, DLC capital and global credit

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 (50)

Investec Asset Management chief executive officer

BCom Law, BCom (Hons) (cum laude), (MCom) (cum laude), MPhil (Cambridge)

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: Investec Asset Management Holdings (Pty) Limited and Investec Asset Management Limited as well as their subsidiaries.

Non-executive directors (details as at the date of this report)

Sir David Prosser* (68)

Joint chairman

BSc (Hons), FIA

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

Sir David was previously chief executive of Legal & General Group PLC, joining Legal & 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* (49)

Joint chairman

BSc (Hons), MA, MBA

Committees: Board risk and capital, DLC nominations and directors' affairs and DLC social and ethics

Fani is chairman of Investec Bank Limited and formerly the chairman of Tiso Group Limited.

Current directorships: Investec Bank Limited (Chairman), Tsiya Group (Pty) Limited and a number of its investee companies, Investec Employee Benefits Limited and Investec Asset Management Holdings (Pty) Limited.

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

- *The dates on which the directors were appointed to the boards of Investec plc and Investec Limited can be found on page 58.*
- *Details of the Investec committees can be found on page 59.*

Non-executive directors (details as at the date of this report) (continued)

Sam E Abrahams (73)

FCA, CA(SA)

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

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 (63)

Senior independent director

BSc (Econ), FCIS, FIPD, MSI

Committees: DLC audit, Investec plc audit, Investec Limited audit, DLC remuneration and board risk and capital

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.

Current directorships: Investec Bank plc.

Cheryl A Carolus (53)

BA (Law), BEd

Committees: DLC social and ethics

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

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

Peregrine KO Crosthwaite (63)

MA (Hons) in modern languages

Committees: DLC remuneration

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 and Toluna plc.

Olivia C Dickson (51)

MA (Oxon), MSc (Lon), CDipAF

Committees: DLC audit, Investec plc audit, Investec Limited audit and DLC remuneration

Olivia is a non-executive director of Canada Life Limited, the senior independent director and chair of the audit committee of Invista Real Estate Investment Management Holdings plc and a trustee director and chair of the risk and assurance committee of the Mineworkers' Pension Scheme. Olivia is also a member of the Financial Reporting Council's board for actuarial standards, the Financial Services Authority's regulatory decisions committee and the Pensions Regulator's determinations panel. Most recently Olivia served as a non-executive director and chair of the risk and compliance committee of Aon Limited and prior to that as a senior adviser to the Financial Services Authority. Previously Olivia was a managing director at JP Morgan, where she served in a number of senior roles including head of European derivatives brokerage. While at JP Morgan, Olivia was 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, Trustee of the Mineworkers' Pension Scheme Limited.

Bradley Fried (46)

BCom, CA(SA), MBA

Committees: Board risk and capital

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 on the audit committee of HM Treasury and 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.

Haruko Fukuda OBE (65)

MA (Cantab), DSc

Committees: Board risk and capital

Haruko was previously chief executive officer of the World Gold Council, and senior adviser at Lazard. She is former vice chairman of Nikko Europe 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.

Non-executive directors (details as at the date of this report) (continued)

Ian R Kantor (65)

BSc (Eng), MBA

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 (54)

BCom, MAP, LDP

Committees: Board risk and capital

Peter is chairman and founder of Peu Group (Pty) Limited.

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

Peter RS Thomas (67)

CA(SA)

Committees: DLC audit, Investec plc audit, Investec Limited audit, board risk and capital, DLC nominations and directors' affairs, DLC social and ethics and global credit

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.

- *The dates on which the directors were appointed to the boards of Investec plc and Investec Limited can be found on page 58.*
- *Details of the Investec committees can be found on page 59.*

Directorate Investec plc and Investec Limited subsidiaries

Investec Bank Limited

A subsidiary of Investec Limited

Directorate

Fani Titi (49)
Non-executive chairman
BSc (Hons), MA, MBA

David M Lawrence (60)
Deputy chairman
BA (Econ) (Hons), MCom

Sam E Abrahams (73)
FCA, CA(SA)

Glynn R Burger (55)
BAcc, CA(SA), H Dip BDP, MBL

Bernard Kantor (62)
CTA

Stephen Koseff (60)
BCom, CA(SA), H Dip BDP, MBA

M Peter Malungani (54)
BCom, MAP, LDP

Sir David Prosser (68)
BSc (Hons), FIA

Karl-Bart XT Socikwa (43)
BCom, LLB, MAP, IPBM (IMD)

Bradley Tapnack (65)
BCom, CA(SA)

Peter RS Thomas (67)
CA(SA)

C Busi Tshili (48)
CA(SA)

Investec Bank plc

A subsidiary of Investec plc

Directorate

Sir David Prosser (68)
Non-executive chairman
BSc (Hons), FIA

David M van der Walt (47)
Chief executive officer
BCom (Hons), CA(SA)

George FO Alford (63)
BSc (Econ), FCIS, FIPD, MSI

Bernard Kantor (62)
CTA

Ian R Kantor (65)
BSc (Eng), MBA

Fani Titi (49)
BSc (Hons), MA, MBA

Allen Zimbler (62)
BA (Hons), MBA, PhD

Kevin McKenna (45)
BCom, BAcc

Stephen Koseff (60)
BCom, CA(SA), H Dip BDP, MBA

Ian R Wohlman (57)
ACIB

Peregrine KO Crosthwaite (63)
MA (Hons)

Investec Asset Management Limited

A subsidiary of Investec plc

Directorate

Hugh S Herman (71)
Non-executive chairman
BA, LLB, LLD (hc)

Hendrik J du Toit (50)
Chief executive officer
BCom (Law), BCom Hons (cum laude), MCom (cum laude), MPhil (Cambridge)

David J Aird (45)
BA (Hons)

Domenico Ferrini (43)
BCom

Lord Flight (63)
MA, MBA

John C Green (46)
BCom, LLB

Luc JJJ van Hoof (58)

Bernard Kantor (62)
CTA

Stephen Koseff (60)
BCom, CA(SA), H Dip BDP, MBA

Kim M McFarland (47)
BAcc, BCom, CA(SA), MBA

John T McNab (45)
BEng, MEng, CFA

Mark I Samuelson (47)
BCom, CFA

Philip GS Saunders (54)
MA (Hons)

Bradley Tapnack (65)
BCom, CA(SA)

Investec Asset Management Holdings (Pty) Limited

A subsidiary of Investec Limited

Directorate		
Hugh S Herman (71) Non-executive chairman *BA, LLB, LLD (hc)* **Hendrik J du Toit** (50) Chief executive officer *BCom (Law), BCom Hons (cum laude), MCom (cum laude), MPhil (Cambridge)* **Cheryl A Carolus** (53) *BA (Law), BEd* **Domenico Ferrini** (43) *BCom* **Jeremy B Gardiner** (46) *BCom (Hons)*	**Noluthando P Gosa** (49) *BA (Hons), MBA* **John C Green** (46) *BCom, LLB* **Bernard Kantor** (62) *CTA* **Thabo Khojane** (39) *BA (Econ) (Hons), BSc (Eng)* **Stephen Koseff** (60) *BCom, CA(SA), H Dip BDP, MBA* **M Peter Malungani** (54) *BCom, MAP, LDP*	**Kim M McFarland** (47) *BAcc, BCom, CA(SA), MBA* **John T McNab** (45) *BEng, MEng, CFA* **Bradley Tapnack** (65) *BCom, CA(SA)* **Fani Titi** (49) *BSc (Hons), MA, MBA*

Investec Securities Limited

A subsidiary of Investec Limited

Directorate		
Andrew WJ Leith (52) Chairman *BCom, CA(SA)* **Sam E Abrahams** (73) *FCA, CA(SA)* **Reginald S Berkowitz** (75) *Natal Law Certificate*	**Henry E Blumenthal** (52) *BCom, BAcc, CA(SA)* **Kevin Brady** (45) *BA (Hons)* **Joubert du Toit Hay** (46) *BCom (Hons) (Acc), CA(SA)*	**Stephen Koseff** (60) *BCom, CA(SA), H Dip BDP, MBA* **Christopher G Clarke** (67) *FCA* **Kevin J Kerr** (50) *BCom, BAcc, CA(SA)*

Investec Bank (Mauritius) Limited

A subsidiary of Investec Bank Limited

Directorate		
David M Lawrence (60) Chairman *BA(Econ) (Hons), MCom* **Pierre de Chasteigner du Mee** (58) *ACEA, FBIM, FMAAT*	**Angelique A Desvaux de Marigny** (36) *LLB, Barrister-at-Law, Maitrise en Droit (Université de Paris I-Panthéon – Sorbonne)* **Craig C McKenzie** (51) *BSc, MSc, CFA*	**Peter RS Thomas** (67) *CA(SA)*

Investec Bank (Australia) Limited

A subsidiary of Investec Bank plc

Directorate		
David M Gonski AC (58) Non-executive chairman *BCom, LLB* Geoffrey Levy AO (53) Non-executive deputy chairman *BCom, LLB, FFIN* David Clarke (56) Chief executive officer *LLB*	Alan H Chonowitz (57) Deputy chief executive officer and chief financial officer *BAcc, MCom, CA* Stephen Koseff (60) *BCom, CA(SA), H Dip BDP, MBA* Richard A Longes (66) *BA, LLB, MBA*	Robert C Mansfield AO (60) *BCom, FCPA* John W Murphy (59) *BCom, MCom, ACA, FCPA* Kathryn Spargo (60) *BA, LLB (Hons), FAICD* Peter RS Thomas (67) *CA(SA)*

Investec Wealth & Investment Limited^

A subsidiary of Investec Bank plc

Directorate		
Christopher G Clarke (67) Chairman Non-executive chairman *FCA* David JH Bulteel (56) Stephen M Elliott (57) *BCom* Bradley Fried (46) *BCom, CA(SA), MBA*	Iain W Hooley (39) *BA (Hons), ACA* Simon G Kaye (51) Robert Lister (51) Ian Maxwell Scott (66) Judith E Price (54) Mark JS Redmayne (63) *FCA*	Mike Rigby (42) *BA (Hons), FCA, Chartered MSCI* Jonathan D Seal (52) Tomas H Street (47) Jane N Warren (47) Jonathan P Wragg (44) *BSc (Hons), ACA*

^ *Formerly Rensburg Sheppards Investment Management Limited.*

Investec Property (Pty) Limited

An indirect subsidiary of Investec Limited

Directorate		
Stephen Koseff (60) Chairman *BCom, CA(SA), H Dip BDP, MBA* Sam Hackner (56) Chief executive and managing director *BCom (Hons), CA(SA)*	Sam R Leon (62) Deputy chairman *LLB (London)* Glynn R Burger (55) *BAcc, CA(SA), H Dip BDP, MBL* Dave AJ Donald (61) *BCom, CA(SA), H Dip Tax Law*	Robin Magid (39) *BCom* David M Nurek (62) *Dip Law, Dip Advanced Company Law* Ronnie Sevitz (68)

Sustainability in its broadest sense is about managing and positioning Investec for the long term.

4

Sustainable business practices

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.

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.

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.

During the year under review, Investec maintained its inclusion in the JSE SRI Index, the FTSE4Good Index* and the Dow Jones Sustainability Index.

Sustainability at Investec

The global economic and financial crisis has forced businesses to focus on the challenges of what it means to be a sustainable business, especially in the financial services industry. During the period, the responsibility for sustainability was moved from the CSI area to Group Strategy, still reporting directly to group executive. This aligns with international best practice where sustainability is seen as a strategic business imperative. Accordingly, a significant amount of strategic review and engagement took place between the various contributors. We now have a more cohesive approach across the group that can be used to guide the unique geographic circumstances and requirements.

Sustainability at Investec is a key strategic issue and 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.

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

* *FTSE Group confirms that Investec has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent social and environmental criteria, and are positioned to capitalise on the benefits of responsible business practice.*

Objectives for 2013

- Maintain a focused business strategy based on building a balanced and sustainable business model
- Dialogue with business units on a variety of sustainability considerations
- Influence internal behaviour through staff awareness campaigns on water, waste and energy
- Capture opportunities in the environmental space across all business areas, particularly renewable energy
- Engage with stakeholders to set measurable targets and action plans.

Responsibility

We have recently constituted a social and ethics committee which covers the non-profit elements of sustainability.

We also have sustainability representatives in each of the major geographies in which we operate and various forums discussing sustainability considerations. Feedback on relevant sustainability issues is provided to board members at each board meeting.

Reporting

Our approach to sustainability is documented throughout this integrated report with further detail available in a more detailed Sustainability Report on our website. In line with our view on integrated reporting and reducing paper consumption, copies of the detailed Sustainability Report have not been published. The online version is available at www.investec.com where a pdf version can be downloaded.

Our approach to reporting has followed guidance from the King Code which recommends that a company integrates financial and non-financial reporting detailing how economic, social and environmental issues have influenced business strategy. We have been assisted in this regard by the Global Reporting Initiative's (GRI) G3.1 sustainability reporting guidelines and an index of these indicators together with our response to each of them can be found in our separate sustainability report. We have self-assessed our reporting to be application level B.

Certain elements of the sustainability information in this report have been verified by the group Internal Audit division.

Internal audit

Investec Internal Audit performed a limited review of the quantitative and qualitative sustainability information disclosed on pages 66 to 76 of this report. The scope of our work was agreed with management and based on the result thereof, nothing has come to our attention to indicate that:

- The qualitative sustainability information is not a fair statement of Investec's corporate responsibility initiatives
- The quantitative sustainability information is significantly misstated.

Employee report

Investec employees remain critical to continued business success and to overall sustainability efforts. The expertise and dedication of staff is fundamental in meeting clients' needs and delivering distinctive results. It is therefore vital that we engage, develop and retain a high-value workforce. One of the group's values is to ensure open and honest communication and hence we encourage active and open dialogue between staff and senior management. As a responsible employer, Investec aims to offer staff a stimulating and progressive working environment in which they can flourish and realise their true potential.

In assuming responsibility for our human capital we seek to promote sustainability through:

- Competitive remuneration and reward, and advice for each employee
- Specialised learning programmes for young talent
- Measures to ensure the health and well-being of employees
- Managing performance through regular reviews, learning and development
- Succession planning and business continuity
- Resourcing and intake that takes into account a diverse workforce
- Facilitating an understanding of HR policies and procedures, to allow for guidance and opportunity among staff.

Our internal people activities involve dedicated divisions such as Human Resources (HR) and Organisation Development (OD) which serve to supplement the ongoing people focus of our individual business units. The HR teams are mandated to attract, develop and retain talent who can perform in a manner consistent with our culture and values. OD acts to strengthen the culture of the business, ensure its values are lived, build capability and contribute to the long-term sustainability of the organisation.

The HR division participates with local and international forums, to ensure ongoing development of HR best practice in the group and the alignment of HR strategy with business strategy. As our operating jurisdictions have different legal and regulatory requirements, our various HR functions operate independently of one another, while at all times adhering to the group philosophical approach.

Employee strategy

The core areas of emphasis regarding our people strategy are:

To attract, retain and motivate the right people who can perform extraordinarily

We invest significantly in a number of opportunities for developing and training employees and in leadership programmes to develop current and future leaders of the group. During the period under review, Investec in South Africa received first prize in BANKSETA's skills@work 'large employers' category for our efforts in skills development within the financial services sector. It focuses on how people's lives are changed through various skills development interventions and how that affects society and strengthens nation building. The award pays tribute to Investec's dedication to developing its people and remaining at the forefront of learning and development.

Group training spend

	Male (£)		Female (£)		Total (£)	
For the year to 31 March	2012	2011	2012	2011	2012	2011
Divisions						
South Africa						
Specialist Banking	1 996 087	2 882 653	1 902 641	2 228 704	3 898 728	5 111 357
Asset Management	421 829	223 146	381 938	172 481	803 767	395 627
Wealth & Investment	715 005	603 715	499 122	278 107	1 214 127	881 822
Group Services and Other activities	1 381 373	1 225 668	1 195 397	1 155 954	2 576 770	2 381 622
Total	4 514 294	4 935 182	3 979 098	3 835 246	8 493 392	8 770 428
UK and Europe						
Specialist Banking	1 552 897	1 840 819	808 772	981 139	2 361 669	2 821 958
Asset Management	208 683	248 673	353 662	158 987	562 345	407 660
Wealth & Investment	308 186	352 433	158 864	164 403	467 050	516 836
Group Services and Other activities	471 776	660 320	463 622	515 001	935 398	1 175 321
Total	2 541 542	3 102 245	1 784 920	1 819 530	4 326 462	4 921 775
Mauritius**	4 293	6 587	6 255	8 320	10 548	14 907
Australia						
Specialist Banking	48 930	168 552	36 792	132 828	85 722	301 380
Group Services and Other activities	51 657	52 686	48 429	60 369	100 086	113 055
Total	100 587	221 238	85 221	193 197	185 808	414 435
Total group spend on training	7 160 716	8 265 252	5 855 494	5 856 293	13 016 210	14 121 545

** *The 2011 training figures for Mauritius have been restated due to the improvement of internal collection of data.*

To retain and motivate staff through appropriate remuneration and reward structures

Our remuneration practices comply with the principles of local regulations, while continuing to reward people meaningfully for performance and contribution. Our remuneration strategy is based on the philosophy that employees are innovative, entrepreneurial and work in an environment that encourages and fosters extraordinary performance. In line with our philosophy of employee ownership, staff share schemes provide all employees, at all levels of the organisation, with the opportunity to participate in our long-term growth. As at 31 March 2012, management and staff held an effective interest in the group of approximately 10%.

To ensure that performance management is effectively and constructively practised

Our culture of open and honest dialogue promotes immediate and direct performance-related feedback between manager, employee and team, to help individuals identify and address their development needs.

The policies and business practices of Investec are outlined in BAWI ('Becoming Acquainted with Investec') and in the compliance handbook. They are intended to guide our conduct and ensure that at all times our actions and attitude reflect the group's values and philosophies.

These policies and business practices can be found on our website, including more details on the following:

Promoting equity and diversity in the workplace

Our promotion of equal opportunity and workplace diversity is not merely a social responsibility, but a means of ensuring that we foster a culture of diversity in the belief that this brings business advantage. During the year we completed our second Department of Trade and Industry BEE verification according to generic codes and were awarded level 3 rating status by Empowerdex, an improvement of 8.04 points. Further information on the employment equity statistics of our South African business is available on our website.

Health and safety

A group-wide formal health and safety programme identifies and manages all health and safety risks, and carries out regular safety audits. It is overseen by a health and safety committee that meets quarterly to review health and safety concerns. In South Africa, Investec's HIV/Aids policy and management forum extends to all permanent employees.

Retrenchment policy

Where it becomes necessary for Investec to terminate employment based on operational requirements, the procedure to be followed will be in accordance with local regulatory requirements. We conduct consultation as prescribed by local legislation during which we attempt to find a suitable alternative position for the affected employee.

Freedom of association

We fully support employees' right to freedom of association. There is no representative trade union for Investec and we are not aware of any employees who are part of a trade union.

Human rights

We do not have a formal human rights policy for the group as this would fall within the ambit of our Code of Conduct but we do adhere to the relevant laws in all our jurisdictions.

Discrimination

There has been no recorded incidence of discrimination in any of our businesses.

To review the full details on employees and our policies relating to business practices, please refer to the separate sustainability report on our website.

Our remuneration strategy is based on the philosophy that employees are innovative, entrepreneurial and work in an environment that encourages and fosters extraordinary performance.

Corporate social investment report

Our approach to corporate social investment (CSI) has historically placed strong emphasis on education and entrepreneurship, while also supporting other causes, albeit more passively. We believe this to be the most effective way to create opportunities for employment, wealth creation and stimulating socio-economic growth.

In keeping with our business model of independent, highly autonomous business units, supported by a strong centre, there is no single overriding approach to social investment within the group, although clear commonalities exist. Each of the regions has pursued social investment as deemed appropriate to their circumstances and where they are in the evolution of their business.

Group CSI spend

	2012		2011	
For the year to 31 March	£	R	£	R
South Africa				
Specialist Banking	90 955	1 077 812	82 896	925 116
Asset Management*	140 744	1 667 816	163 373	1 823 242
Wealth & Investment	50 034	592 905	53 984	602 465
Group Services and Other activities	2 596 811	30 772 215	3 136 945	35 008 302
Total	2 878 544	34 110 748	3 437 198	38 359 125
UK and Europe				
Specialist Banking	133 366	1 580 387	168 123	1 876 253
Asset Management	137 937	1 634 554	250 594	2 796 629
Wealth & Investment	48 256	571 833	28 901	322 535
Group Services and Other activities	1 070 674	12 687 487	871 820	9 729 511
Total	1 390 233	16 474 261	1 319 438	14 724 928
Mauritius	66 595	789 152	65 704	733 255
Australia				
Specialist Banking	131 712	1 560 785	157 432	1 756 936
Group Services and Other activities	54 796	649 333	47 025	524 797
Total	186 508	2 210 118	204 457	2 281 733
Total group CSI Spend	4 521 880	53 584 279	5 026 797	56 099 041
Total group CSI spend as a % of operating profit before tax^	1.26%		1.16%	

* *Asset Management figure for 2011 has been restated due to accounting treatment.*
^ *Before goodwill, acquired intangibles, non-operating items and after non-controlling interests.*

UK and Europe

The UK social investment programme plays a key role in the fulfilment of Investec's core values. It champions sustainable social investment by:

- Building dedicated charitable partnerships
- Engaging all Investec employees in making a positive difference
- Harnessing our diverse resources and collective talent.

Investec focuses its social investment programme on charitable partners working in the areas of education, entrepreneurship and environment. Through these dedicated partnerships we are able to deliver tangible impacts to the communities in which we operate.

Highlights during the period

- Investec won the Social Impact category at the Business Charity Awards, for our work with the Bromley by Bow Centre, an internationally renowned charity which has earned a reputation as a dynamic social business that has transformed its community in east London over the last 25 years
- We support three projects initiated by the Bromley by Bow Centre. One of the projects, Beyond Business, is a social enterprise incubator which provides start-up funding and advice to local people looking to start their own businesses. It has led to the development of over 30 businesses, creating 200 jobs
- Investec was a finalist in the economic regeneration and community partnership categories at the 2011 Lord Mayor's Dragon Awards. These awards recognise the contributions made by London-based companies to their local communities
- We run a mentoring programme for 50 students in partnership with Arrival Education
- We work with Morpeth school on a variety of education projects and have also funded their outward bound activities
- Investec continues to work with Community Links on the development of a new market garden enterprise at the Newham City farm which will provide jobs and a stable income stream to disadvantaged members of the local community
- 37 runners participated in the 2011 London Marathon and raised £97 000 for a variety of charities
- Outside of London, many of the Investec offices have been developing their own social investment programmes, which are aligned with our education, entrepreneurship and environment focus areas
- In Guernsey, a strong partnership has been developed with local primary school, Amherst. Volunteers are very involved with literacy programmes, cookery lessons and outward bound activities
- The Leeds office has been partnering with a local comprehensive school on a mentoring programme, as well as environmental projects in the local area
- Ireland have a longstanding relationship with Marino College Dublin, with volunteers mentoring young people in education and life skills.

South Africa

Aligned with the group approach, our CSI endeavours focus on education and entrepreneurship. Wherever possible, we seek to collaborate with partners so as to leverage resources and expertise and help ensure enduring impact and long-term sustainability for our projects. In all cases, we look to clear indications that projects are enduring, sustainable and replicable (where appropriate) and are guided by strategic intent, rather than philanthropic well-meaning.

In the context of the sheer number of socio-economic needs in the South African context, however, we have had to recognise that we cannot be all things to all people in respect of our available resources. Our CSI strategy is to focus on a more clearly defined pipeline of educational and entrepreneurial projects. The strategy is aimed at facilitating the empowerment of talented individuals within a defined continuum of interventions through school and university to the workplace.

Breakdown of spend by the CSI division For the year to 31 March 2012	R'million
Education	23.1
Bursary programme	6.3
Promaths	6.0
Schools assistance programme	5.3
Universities	2.8
Private schools assistance	1.2
Other	1.5
Entrepreneurial	4.1
In schools	2.5
Other	1.6
Philanthropic	2.7
Total CSI contribution by the CSI division in South Africa*	29.9

* *Excluding contributions made by other divisions of a further R4.2 million.*

The Cradle Project is a group of Investec employees who give their time and resources to improving the lives of those less fortunate in our surrounding communities.

Highlights during the period

- In line with our strategy, a total of 91% of CSI spend was allocated to education and entrepreneurial initiatives
- Promaths, which is a partnership between Investec and Kutlwanong Maths and Science Centre, offers extra maths and science lessons to grade 10, 11 and 12 learners. The main aim is to improve learners' performance in maths, hence facilitating entrance into tertiary learning institutions. The results for our 2011 learners were extremely encouraging. As their pivotal founding partner, Investec continues to cover around 40% of Kutlwanong Centre's operational costs contributing to the achievement of 752 decent passes in maths and 702 decent passes nationwide
- Investec entered into a partnership with the Independent Schools Association of Southern Africa and the Department of Education with the main objective to develop quality teachers of maths, science and english
- Investec staff donated a total of R136 475 to various charities through the Touch by Giving initiative during the year. Touch by Giving offers Investec staff a simple way to make a monthly donation, directly from their salaries, to a pre-selected charity
- The Cradle Project, a group of Investec employees who give their time and resources to improving the lives of those less fortunate in our surrounding communities, allocated R734 550 to a variety of worthy causes
- A total of 83 employees are currently mentoring young students, either at high school or at university, to providing guidance and support through their educational journey
- During the financial year, 347 high school learners participated in an eight month long Investec funded programme focusing on entrepreneurial, financial literacy and workplace readiness, as well as micro-economics and business ethics.

Mauritius

Investec Bank Mauritius believes in making a positive contribution to the society and the environment in which we operate. Our strategy is to focus on projects and initiatives in education, environment and sports development.

In line with the government's focus on poverty alleviation, Investec's CSI projects are directed at communities or beneficiaries that are financially disadvantaged. Our approach is to ensure long-term sustainability. This means making multifaceted interventions in selected communities and may include building operational skills and organisational capacity.

The following criteria are assessed when considering projects:

- Ability to make a meaningful difference
- Capacity to deliver sustained benefits
- Measurability
- Potential to engage co-sponsors to increase leverage and provide an integrated solution
- Opportunity for staff involvement.

The Mauritius office contributed MUR3.2 million (2011: MUR3.1 million) to a number of corporate social investment projects during the financial year of which 37% went to environmental considerations.

Australia

The Investec Foundation in Australia embodies our philanthropic commitment to the Australian community. This commitment is illustrated primarily through supporting meaningful health, welfare and educational programmes, while remaining focused on preserving the local environment and managing our environmental footprint.

To create a positive social impact the Investec Foundation focuses on a small number of sustained philanthropic giving and volunteering efforts. We partner with local, entrepreneurial organisations which perform remarkable work in these fields.

Alongside financial support our employees offer their hands, heads and hearts to the foundation's chosen causes.

Highlights during the period

- The Australian office contributed A$283 492 to a number of corporate social investment projects
- During the year Investec participated in five Australian Business and Community Network (ABCN) programmes with 14% of our staff involved nationally. ABCN is a partnership of highly committed national business leaders and companies working on mentoring and coaching initiatives
- Investec Australia's Investment Bank team initiated Investec Community Awareness and Responsible Engagement (ICARE) in 2011. ICARE takes entire teams of Investec people out of the workplace for a day and connects them to people in need. In 2011, the investment banking team spent a day at a special needs school in Bondi working directly with children with intellectual and multiple disabilities. Inspired by the success of this initiative, the Investec Foundation has decided to broaden ICARE to include all of Investec Bank Australia in 2012
- In its latest initiative, the Investec Foundation has partnered with the Gonski Foundation and The Royal Flying Doctor Service (RFDS) South Eastern Section (SES) to deliver a new oral health service in North West NSW to address the poor and deteriorating oral health in some of our most remote and vulnerable communities
- During the financial year, our staff donated A$93 937 to charities of their choice which was matched by Investec.

Information technology (IT)

Investec continues to invest in IT infrastructure and systems which allow the organisation to benefit from technological innovation, improve our ability to meet business needs and, in some instances, offer more environmentally friendly solutions.

Infrastructure

The vision is to create a fluid and elastic infrastructure stack, allowing Investec to be more agile in response to business need, while containing costs and increasing service to the respective businesses.

Key infrastructure related developments during the period include:

- The introduction of a global shared services support model facilitating resource leveraging across the UK and South Africa, as infrastructure is supported by a unified global team
- Consolidation of storage platforms onto a single platform has allowed a reduction of our physical footprint in the data centre. This has also facilitated a reduction in hosting costs and a reduced TCO over a five year period by improving storage utilisation
- Operational efficiencies have been created in Mauritius by automating the disaster recovery process
- The implementation of a new strategy in the backup environment has mitigated backup and recovery risks of the old tape system as we now back up to disk. Reliance on third parties has been reduced as we are now able to utilise in-house skills to support this within the global model
- We continue to improve efficiencies through our virtualisation strategies and have consolidated licences globally with the implementation of a global enterprise licence agreement. This will significantly improve the allocation and usage of licences across all geographies and will facilitate an estimated saving on software maintenance spend of approximately R3 million over the next three years
- The utilisation of technology has allowed us to exploit our current infrastructure by almost doubling the amount of virtual machines without having to procure any additional physical hosts
- Our move to commodity type infrastructure from proprietary equipment continues to reduce our operating costs through reduced power requirements, a reduction in the physical footprint and the use of an internal support model
- We continue to upgrade our video conferencing environment with the majority of Investec offices now running in high definition. This has changed our day-to-day collaboration experience and greatly enhanced communication between offices, effectively reducing travel needs
- Kensington was upgraded with a new Cisco contact centre to answer client calls. We have full visibility of calling statistics which enables us to manage, run and staff the contact centres appropriately
- A fully resilient voice architecture has been achieved in the UK by the Investec team, working with British Telecom (BT). External connectivity,

- with call routing, will be maintained while enduring a failure both internally on the Investec systems, and externally on the BT systems
- South Africa has been upgraded to a Cisco IP platform for its voice infrastructure. It is now fully resilient internally, and load-balanced across multiple data-centres. The team is working with South African providers to gain a similar level of resilience for external calls as achieved in the UK
- The UK office is expanding its footprint of 'thin' desktops to more users and therefore continuing to reduce total energy consumption for the desktop environment
- A managed print service is to be implemented in the next financial year in the UK region to reduce print wastage.

Key business application-related developments during the period include:

- In both the UK and South Africa there is a concerted effort to become a more client-centric organisation. All client facing interfaces are being reviewed resulting in many improvement initiatives. The 'Single Specialist Bank' initiative will ensure elimination of duplicate business processes across divisions, delivering a more cost effective, client-focused service offering
- In the UK there is a drive to move clients onto online banking, new and enhanced online account opening functionality, both for Private Banking and Reading mortgages (in terms of the initial mortgage application vetting process), electronic credit application processes within the Investec asset finance business and electronic statement distribution
- In South Africa, significant investments are being made to improve our client experience in the online environments, develop innovative products and increase efficiency in back office processes. Base technology product selection has been achieved with global architectural community participation with a view to realising future technology convergence across geographies.

This convergence will lead to opportunities to leverage resources, skills and licensing at a global level and aid in the achievement of our three strategic goals to:

- Align architectural principles across all businesses and geographies
- Reduce the global business applications footprint
- Commoditise common functionality wherever commercially viable.

We are in the process of implementing a sustainability reporting system (non-financial data), externally hosted, that imports data from various sources, consolidates the information and calculates the carbon footprint, human resource and community spend. This is a global solution and covers corporate social investment, human resource data such as headcount, training and health and safety statistics as well as operational impacts including energy (electricity, gas and fuel), water, paper, waste and travel

Future benefits of the sustainability reporting system include consistent methodologies and metrics, benchmarking and target setting in terms of economic, environmental and social performance. It will also facilitate trend analysis from historic information across all geographies.

The lack of technical skills in South Africa remains a challenge and we have embarked on a graduate programme with local schools and universities to promote IT as a direction of study and career choice. This initiative is being coordinated and aligned with Investec's corporate social investment programme.

Procurement report

We recognise the potential for our procurement and supply chain practices to be agents for change in respect of the different aspects of sustainability. We have begun to engineer, within select industries, changed outcomes across economic, social and environmental fronts.

In the UK we made additions to our procurement policy to incorporate both green and corporate social responsible aspects. We have incorporated evaluation criteria into all of our procurement documentation to allow us to measure and demonstrate our intent to procure effectively without compromising the environment.

In South Africa, our procurement practices seek to accord with the BEE requirements of the Department of Trade and Industry's Codes of Good Practice and we have an established process for monitoring and measuring our broad-based BEE procurement efforts. Environmentally responsible partners are key to the procurement process and we focus on sustainability criteria when contracting with potential and existing vendors. Our largest suppliers of PCs and server equipment subscribe to an electronic code of conduct which assists in monitoring compliance across several areas such as environmental impact, labour, health and safety. We always consider the Energy Star endorsement before purchasing equipment.

Environmental report

As a niched, specialist, knowledge-based financial services organisation with a limited physical presence, the direct environmental and social impacts of Investec's daily operations are limited. However, in promoting sustainability as part of Investec's core strategy, we believe there needs to be a balance between economic and financial imperatives, the needs of society and their combined impact on the environment.

Investec's environmental policy takes into account the challenges that climate change presents to the global economy and we will consider any meaningful activity that either reduces the negative impact on, or prolongs the life of, our planet. We believe that as a bank, and given our positioning in the first world and emerging world, we can make a meaningful impact in addressing climate change.

Our environmental strategy is focused internally on creating awareness and encouraging behavioural change in recognition of our environmental responsibilities. Externally, we are starting to focus on incorporating environmental considerations into our daily operations. We recognise the significant opportunities for our clients and our various businesses in areas such as cleaner and renewable energy sources, energy efficiency and responsible lending and investing.

Investec recognises that effective environmental management is an essential part of embedding this philosophy into the organisation. We are committed to operating an effective environmental management system compliant with King III in South Africa and ISO14001:2004 in the UK.

During the year, environmental management policy statements for our South African and UK offices were approved by executive. Copies of these statements are included in our staff induction packs and are available on our websites.

During the year, environmental management policy statements for our South African and UK offices were approved by executive.

Highlights for the UK and Europe

- Investec was placed in the top 5% overall and ranked third amongst the financial institutions in the first league tables of the Carbon Reduction Commitment Energy Efficiency Scheme. This was launched by the UK government in an effort to encourage business to reduce their carbon footprint and help the UK meet its emissions reduction targets
- Our Gresham Street office was awarded the Special Commendation Platinum Award in the City of London's Clean City Awards Scheme for 2011. These awards recognise City businesses that operate a well-managed waste minimisation programme through staff engagement
- Our Gresham Street office was shortlisted in the UK-wide Sustainable City Awards in the Responsible Waste Management category in recognition of outstanding effort in our waste minimisation programme in 2011
- We completed our formal environmental management system for our Gresham Street building. This system has been produced to ensure environmental control, continual improvement in our environmental performance and compliance with the internationally recognised environmental management standard BS EN ISO 14001:2004. The system is based on our environmental policy which sets out our environmental commitments initially for the facilities function at Gresham Street
- We published our energy management plan for Gresham Street which sets the following targets on energy reductions: based on the financial year 2009, a reduction target of 15% in 2012, and 34% in 2020
- We completed the installation of smart energy meters across our Gresham Street offices so that we now have 100% coverage of our electricity usage. This has enabled us to continue to monitor and better manage our electricity usage, reducing it by a further 6% during the period under review
- Smart meters have been rolled out to the majority of our European offices

- In 2011 our Guildford office became the first tenant of the Low Carbon Workplace's first refurbished office. Low Carbon Workplace, a wholly owned subsidiary of the Carbon Trust, has a remit to refurbish old buildings to a high energy efficiency standard. The building is expected to save as much as 60% carbon above the industry standard
- In an effort to reduce our waste streams further we have removed all paper hand towels from our staff washrooms and have replaced them with Dyson Airblade hand drier units
- Team Green, our team of environmental champions, continues to engage with our staff by running environmental initiatives to encourage better and sustainable environmental behaviour. Local Team Green groups have grown across our UK offices, and have in Scotland and Ireland
- Following the GreenHouse Gas Protocol methodology, we have broadened the scope of our carbon footprint exercise this year to include the emissions from all our UK, Ireland, Scotland, Channel Islands, Switzerland and Canada based offices.

Highlights for South Africa

- Energy efficient installations and upgrades were done at the two Investec office buildings in Sandton and Pretoria which resulted in electricity savings equivalent to power the lights of approximately 5 280 average homes in South Africa
- We hosted a post-COP17 breakfast with the National Business Institute in South Africa at the end of January 2012, creating a platform for discussion on climate change and the potential implications for business and society at large
- Investec was included in the Carbon Disclosure Project for South Africa for 2011 and was ranked third in the financial services sector
- We held a number of staff awareness campaigns during the year on topics such as water awareness, solar initiatives, Earth Hour and the COP17 climate change conference
- Recognising that climate change is an increasingly relevant investment issue, with potentially profound economic and societal implications, Investec Asset Management published a research report assessing the impact of climate change on shareholder value in South Africa. This is publicly available from their website
- The project and infrastructure team continues to play an active role in the renewable energy sector and, during the course of the year, they supported a number of transactions both as lender and equity investor in the renewable energy programme currently run by the South African department of energy. Investec Energy Finance concluded a 15-year €50 million climate action framework loan facility with the European Investment Bank (EIB). The facility will be utilised for funding energy efficient and clean energy projects in South Africa over the next few years. The team takes consideration of the environmental impact of these types of transactions and has agreed to partner with BirdLife South Africa to fund research on the environmental impact of renewable energy such as wind energy facilities on the local birdlife in South Africa. This research will make a valuable contribution to mitigate the potential impacts of renewable energy developments on South Africa's birds and will cover energy developments relating to wind, solar and nuclear sites
- We hosted a lunch at our offices in which 20 MBA students from Duke University in the US met with representatives from Food and Trees for Africa, NOAH and Operation Hope to engage with Investec staff on a variety of sustainability topics.

Highlights for Mauritius

- Investec partnered with the Mauritian Wildlilfe Foundation to sponsor 666 children to participate in their Learning with Nature programme.

Highlights for Australia

- Investec in Australia has developed procedures to minimise the environmental impact of our operations. We continue to monitor our carbon emissions performance and ways in which we can reduce our footprint
- The group has implemented a reporting system to capture data relating to operational impacts and our carbon footprint and this will be rolled out to the Australian office in the 2013 financial year.

Summary of Investec's carbon footprint

For the period 1 April 2011 – 31 March 2012 CO_2 metric tonnes	South Africa	UK	Australia	Mauritius	Group
Emissions per full time employee	12.73	4.12	6.14	4.20	6.80
Emissions per m^2 office space	0.53	0.39	0.56	0.36	0.46

Shareholder analysis

Investec ordinary shares

As at 31 March 2012 Investec plc and Investec Limited had 598.3 million and 276.0 million ordinary shares in issue, respectively.

Spread of ordinary shareholders as at 31 March 2012

Investec plc ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
14 011	1 to 500	50.7%	2 450 074	0.4%
4 758	501 – 1 000	17.2%	3 734 077	0.6%
5 872	1 001 – 5 000	21.2%	13 593 733	2.3%
1 008	5 001 – 10 000	3.6%	7 497 514	1.3%
1 103	10 001 – 50 000	4.0%	26 038 646	4.4%
292	50 001 – 100 000	1.1%	20 791 702	3.4%
618	100 001 and over	2.2%	524 233 866	87.6%
27 662		100.0%	598 339 612	100.0%

Investec Limited ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
3 609	1 to 500	40.6%	854 907	0.3%
1 762	501 – 1 000	19.8%	1 371 198	0.5%
2 142	1 001 – 5 000	24.1%	4 945 185	1.8%
423	5 001 – 10 000	4.8%	3 107 642	1.1%
565	10 001 – 50 000	6.3%	13 384 538	4.9%
147	50 001 – 100 000	1.7%	10 579 692	3.8%
244	100 001 and over	2.7%	241 777 059	87.6%
8 892		100.0%	276 020 221	100.0%

Shareholder classification as at 31 March 2012

	Investec plc number of shares	% holding	Investec Limited number of shares	% holding
Public*	585 003 615	97.8%	251 888 039	91.3%
Non-public	13 335 997	2.2%	24 132 182	8.7%
Non-executive directors of Investec plc/Investec Limited	3 863 253	0.6%	300 825	0.1%
Executive directors of Investec plc/Investec Limited	7 305 248	1.2%	7 252 146	2.6%
Investec staff share schemes	2 167 496	0.4%	16 579 211	6.0%
Total	598 339 612	100.0%	276 020 221	100.0%

* *As per the JSE Listings Requirements.*

Shareholder analysis (continued)

Largest ordinary shareholders as at 31 March 2012

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)	85 575 855	14.3%
2.	Coronation Fund Managers (ZA)	46 256 861	7.7%
3.	Allan Gray (ZA)	45 953 028	7.7%
4.	Old Mutual (ZA)	27 864 457	4.7%
5.	Sanlam Group (ZA)	25 170 696	4.2%
6.	BlackRock Inc (US and UK)	23 015 284	3.9%
7.	Legal & General Investment Management (UK)	21 586 169	3.6%
8.	Norges Bank Investment Management (Oslo)	16 158 059	2.7%
9.	Prudential Group (ZA)	15 735 602	2.6%
10.	Abax Investments (ZA)	14 141 267	2.4%
	Cumulative total	321 457 278	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

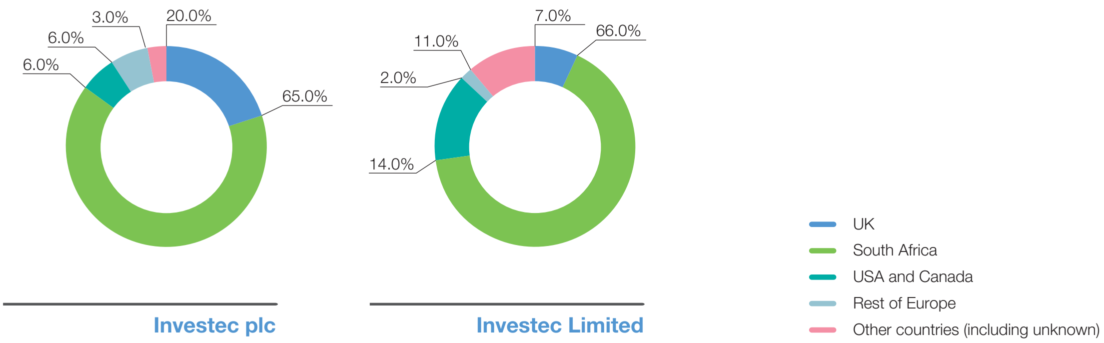
Shareholder analysis by manager group

		Number of shares	% holding
1.	Public Investment Corporation (ZA)	31 602 307	11.4%
2.	Old Mutual (UK and ZA)	18 914 873	6.9%
3.	Investec Staff Share Schemes (UK and ZA)	16 579 211	6.0%
4.	Entrepreneurial Development Trust (ZA)*	16 311 353	5.9%
5.	MMI Holdings (UK and ZA)	15 976 667	5.8%
6.	Sanlam Group (UK and ZA)	15 613 376	5.7%
7.	BlackRock Inc (UK and US)	11 147 152	4.0%
8.	Afena Capital (ZA)	9 845 728	3.6%
9.	Coronation Fund Managers (ZA)	7 225 511	2.6%
10.	Vanguard Group (UK and US)	6 732 575	2.4%
	Cumulative total	149 948 753	54.3%

The top 10 shareholders account for 54.3% 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.*

Geographical holding by beneficial ordinary share owner as at 31 March 2012



Share statistics

Investec plc ordinary shares in issue

For the year ended 31 March	2012	2011	2010	2009	2008	2007	2006
Closing market price per share (Pounds)							
Year end	3.82	4.78	5.39	2.92	3.39	6.58	5.88
Highest	5.22	5.50	5.62	4.21	7.65	6.76	6.07
Lowest	3.18	4.29	2.87	1.69	2.94	4.95	3.04
Number of ordinary shares in issue (million)[1]	598.3	537.2	471.1	444.9	423.3	381.6	373.0
Market capitalisation (£'million)[1]	2 286	2 568	2 539	1 299	1 435	2 511	2 194
Daily average volume of shares traded ('000)	1 683	1 634	1 932.6	2 604	3 926	2 832	1 489
Price earnings ratio[2]	12.0	11.1	12.0	6.9	6.0	12.4	14.0
Dividend cover (times)[2]	1.9	2.5	2.8	3.3	2.3	2.3	2.3
Dividend yield (%)[2]	4.5	3.6	3.0	4.5	7.4	3.5	3.1
Earnings yield (%)[2]	8.3	9.0	8.4	14.5	16.7	8.1	7.1

Investec Limited ordinary shares in issue

For the year ended 31 March	2012	2011	2010	2009	2008	2007	2006
Closing market price per share (Rands)							
Year end	47.16	52.80	62.49	38.86	57.43	93.30	62.60
Highest	57.36	65.50	65.40	63.19	104.4	94.60	66.50
Lowest	42.00	49.49	37.51	27.20	50.90	59.06	34.10
Number of ordinary shares in issue (million)[1]	276.0	272.8	269.8	268.4	234.3	227.7	220.0
Market capitalisation (R'million)[3]	41 232	42 768	46 299	27 715	37 766	56 848	37 121
Market capitalisation (£'million)[3]	3 340	3 872	3 993	2 083	2 229	4 009	3 488
Daily average volume of shares traded ('000)	1 033	794	1 068	1 168	841	620	478

1. *The LSE only include the shares in issue for Investec plc i.e. 598.3 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 market capitalisation i.e. a total of 874.3 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 2012

Investec plc perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued preference share capital
143	1 to 500	10.9%	39 110	0.3%
149	501 – 1 000	11.4%	120 692	0.8%
702	1 001 – 5 000	53.6%	1 454 937	9.6%
119	5 001 – 10 000	9.1%	897 719	6.0%
144	10 001 – 50 000	11.0%	3 084 555	20.4%
29	50 001 – 100 000	2.2%	2 113 350	14.0%
24	100 001 and over	1.8%	7 370 786	48.9%
1 310		100.0%	15 081 149	100.0%

Investec plc (Rand denominated) perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued preference share capital
48	1 to 500	14.4%	16 642	0.7%
89	501 – 1 000	26.7%	71 133	3.1%
152	1 001 – 5 000	45.7%	343 857	15.1%
19	5 001 – 10 000	5.7%	148 105	6.5%
16	10 001 – 50 000	4.8%	339 112	14.9%
1	50 001 – 100 000	0.3%	99 010	4.4%
8	100 001 and over	2.4%	1 258 081	55.3%
333		100.0%	2 275 940	100.0%

Investec Limited perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued preference share capital
710	1 to 500	13.8%	232 759	0.8%
1 346	501 – 1 000	26.1%	1 189 450	4.2%
2 255	1 001 – 5 000	43.7%	5 397 000	18.8%
462	5 001 – 10 000	9.0%	3 385 968	11.8%
331	10 001 – 50 000	6.4%	6 150 079	21.4%
18	50 001 – 100 000	0.3%	1 298 320	4.5%
35	100 001 and over	0.7%	11 066 282	38.5%
5 157		100.0%	28 719 858	100.0%

Investec Bank Limited perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued preference share capital
767	1 to 500	19.2%	228 987	1.5%
1 215	501 – 1 000	30.5%	1 095 635	7.1%
1 552	1 001 – 5 000	38.9%	3 732 978	24.1%
252	5 001 – 10 000	6.3%	1 865 606	12.1%
180	10 001 – 50 000	4.5%	3 585 056	23.2%
9	50 001 – 100 000	0.2%	650 345	4.2%
16	100 001 and over	0.4%	4 289 023	27.8%
3 991		100.0%	15 447 630	100.0%

Largest perpetual preference shareholders as at 31 March 2012

Shareholders holding beneficial interests in excess of 5% of the issued preference shares are as follows:

Investec plc	
Steyn Capital EC Partnership	5.2%
Chase Nominees Limited (Artemis)	9.9%
Investec plc (Rand denominated)	
NES Investments (Pty) Limited	5.3%
Regent Insurance Company Limited safe custody	6.6%
Liberty Life Association of Africa Limited	7.8%
Outsurance Insurance Company Limited	13.2%
Cadiz Absolute Yield Fund – CIS	17.6%
Investec Limited	
Agulhas Nominees (Pty) Limited (Sanlam Private Investments)	5.6%
Investec Bank Limited	
Agulhas Nominees (Pty) Limited (Sanlam Private Investments)	9.9%

5

Remuneration report

Statement from the chairman of the board remuneration committee

This remuneration report was prepared by the remuneration committee and approved by the board. The board believes that a properly constituted and effective remuneration committee is key to maintaining the link between pay and performance. The committee consists entirely of non-executive directors, and executive directors are not involved in determining their own remuneration packages. This report describes our remuneration policy and directors' remuneration for the 2012 financial year.

The board believes that a properly constituted and effective remuneration committee is key to maintaining the link between pay and performance.

Introduction

The formal purpose of this statement is to introduce the remuneration report component of the annual report to shareholders. However, given the attention paid to remuneration during the last year by governments, regulators and social commentators the audience is wider than the current shareholders and consequently I will address a number of the key issues currently under discussion by these other stakeholders. This audience can be broadly divided into those who look at Investec as a single group such as shareholders, and those who look at individual components be they defined by geography or technical speciality, such as individual regulators or host societies and their governments.

The directors of Investec Limited and Investec plc (together Investec) have committed to their respective authorities and to shareholders to run the dual listed group as a single economic entity. The increasing intervention of regulators, particularly those in the UK, means that the operating structure of the group, from a remuneration perspective, is developing into a federal model rather than a single integrated unit.

Among our lines of business, it is our specialist banking businesses which face the largest changes in their regulatory environment. The introduction by the Financial Services Authority (FSA) of its Code on Remuneration including the concept of FSA Code staff in the UK creates a difference in the way we treat key staff in the UK bank from our Asset Management or Wealth & Investment businesses. This provides some challenges in a culture that promotes equal treatment across our businesses. It is clear that in the future our staff operating within our specialist banking businesses will be subject to a different remuneration regime from other parts of our business.

Within the clamour that surrounds pay for those who work in financial services across the world there are many voices. The demands we face from different stakeholders are not always capable of being met in full, not least because they may not be consistent with one another. Nonetheless, we are listening to this wide range of stakeholders and are trying to amend our approaches and systems to meet the changing and substantially more complex environment.

Issues raised by stakeholders

The overall level of pay, notably for executives, and the mix between fixed and variable costs

The most general issue that has been raised by stakeholders is the overall level of executive pay and more recently where last year's pay levels have been compared to the current year's performance. Investec is conscious of the public debate concerning the relatively high rewards for executives, and in particular bankers, and has participated in discussions with interested parties such as HM Treasury and the High Pay Commission in the UK. The board of our South African bank had a full session with the South African Reserve Bank (SARB) on remuneration. The remuneration committee has also begun to participate in the Australian remuneration operational and regulatory review process.

At present, as a participant in a competitive market for staff in each of the markets in which we operate, our published policy is to continue to pay at overall levels competitive with our peers as described in our annual reports in previous years. We believe that our ability to diverge significantly from market practice is limited by the exposure to losing staff to rivals who will pay more.

We continue to recognise the importance of sustainability and continue to take specific account of corporate performance in this area when assessing the variable pay of the executive directors.

We continue to believe that base salaries should be restricted to retain control of fixed costs. We are however, faced with a market where many competitors have responded to criticism of the multiple between fixed and variable pay by raising the former and thereby reducing the ratio by increasing their fixed costs. We do not believe this to be in the interests of shareholders, and have not followed suit.

Furthermore, we believe that the introduction of a cap on the multiple between fixed and variable compensation is anti-competitive as it favours large established firms with high base pay and raises the cost of entry. In both South Africa and the UK we believe that Investec has, and is, playing an important competitive role by offering a different business model to longer established banks. In order to compete we need to be able to be more flexible in the variations in the rewards we offer. Our specialist banking businesses have not predominantly participated in principal proprietary risk taking businesses nor have our individual employees been remunerated on formulae that encourage the sort of risk taking the cap is designed to prevent.

We recognise that some commentators focus particularly on the highest paid individuals and have published figures with respect to the ABI Principles of Remuneration, revised in September 2011. We believe that there is too much attention paid to this 'celebrity pay' and insufficient debate on the appropriate division of the returns between capital, labour and society (see below).

Similarly, whilst we can calculate the multiple between the rewards of the average employee and the highest paid, we believe that the resulting figure can be significantly distorted, for example, by whether or not a firm outsources the bulk of its lower paid support functions. An organisation that uses computers will look less dispersed than one that uses manual accounting and correspondence systems. For many years we have included pension contributions in our pay decisions for executive staff when some of our competitors have separated them.

Risk management and risk-adjusted compensation awards

Various stakeholders are concerned that risk management should be expressly considered when looking at rewards for bankers. Our existing economic value added (EVA) system, which we have run for over ten years, includes a risk-based component at the heart of our compensation system. Our rewards are distributed from pools of realised earnings generated in excess of targeted thresholds which reflect usage of risk-adjusted capital. This model, which has remained largely unchanged for several years, ensures that risk and capital management form the basis for key processes at both a group and transaction level thus ensuring that the basis for the division of rewards between all stakeholders is transparent and consistent over time. We continue to avoid contractual commitments to specific individual bonuses preferring to pay from our formula-driven EVA pools on the basis of discretionary judgements at an individual level. These individual judgements take account of the individual's record of compliance with the group's risk management policies.

The remuneration of the various risk, compliance and internal audit staff of the group, as well as the group executive, are not linked to specific performance based on a formula, but on the overall performance of the group and the individuals taking into consideration financial performance, compliance with culture and values and numerous other qualitative factors set out later in this report.

We recognise the principle of 'clawback' for Code staff and have considered the financial results and governance reviews and regulatory actions to assess whether any such action is appropriate this year. We have concluded that no such action is required.

Sustainability aspects

We continue to recognise the importance of sustainability and continue to take specific account of corporate performance in this area when assessing the variable pay of the executive directors. Thus, for example we note our Level 3 rating in terms of the South African Codes on Broad Based Black Economic Empowerment and the Special Commendation Platinum Award for 2011 in the City of London's Clean City Awards.

Across the group, we encourage staff ownership of shares. Our employee share schemes (excluding schemes applicable to the executive directors) are not generally subject to performance conditions as their purpose is to provide all staff with some alignment with the interests of our owners. As a relatively young company, we have many senior executives with significant shareholdings reflecting their long association with our growing business. We are comfortable with the introduction of regulations requiring variable remuneration to be paid in shares and have applied deferral principles for the past three years. However, to a significant degree we do not see this as introducing a new relationship between management and shareholders but an extension of an approach that has long been at the heart of our business. The proportion of shares held by our employees is approximately 10%.

We continue to avoid long-term contracts and termination payments. Specifically we have changed the contractual arrangements for one individual to which certain shareholders objected last year to bring it in line with our general policy. Among the firms that we acquired during the year there are contractual arrangements which fall below best practice and are outside our preferred conditions of employment. We will look to phase these out as soon as practicable given our responsibility to honour existing contracts.

The 'distribution' model

Investec has acknowledged for many years the importance of the appropriate division of the commercial fruits of our work between our owners, our workforce and the societies in which we operate, the latter through corporate and personal taxation. We would welcome the more widespread adoption of this 'distribution' model as recommended by the UK High Pay Commission.

Our approach is to pay individuals from pools of realised income generated by the different business units and to monitor the overall share our staff receive in the economic return of the company. Our effective corporate tax rate has averaged 21% over the past ten years, while our gross staff compensation ratio i.e. comprising total fixed costs, total variable remuneration paid (including the total deferred portion) and share-based costs (as spread over the period of the share incentive option) remains within its long-term range of 35% to 43%. Personal tax deduction, payroll taxes and national insurance mean that a substantial portion of the gross compensation is ultimately paid to the tax authorities. Our payments to shareholders remain within our stated dividend policies, and we have retained a portion of earnings each year to build up capital resources.

Our EVA model allows us to compare individual business units with their competitors with the result that our overall gross staff compensation ratio will reflect changes in the proportions contributed by different businesses. Thus in a year when the asset management and wealth and investment businesses perform relatively well, one would expect the overall compensation ratio to rise because of the higher proportion of earnings paid to staff in a business which uses low amounts of capital.

In summary we estimate our total economic return has been divided between the main stakeholders as follows:

- Governments through corporate, personal and other taxation at source: 25%
- Employees through total compensation net of taxation at source: 48%
- Owners through dividends (before taxation) at source and retention in the business: 27%.

The year under review

Key points to note for the period under review include:

- Recurring revenue as a percentage of total revenue amounts to 67.7% (2011: 62.3%)
- Core capital and liquidity ratios remain sound and the group has reported attributable earnings of £257.6 million (2011: £327.9 million). Further information on our risk management indicators, policies and procedures and the group's performance can be found on pages 29 to 35 and 48 to 51
- The total staff compensation to operating income ratio is 43.0% (2011:40.7%), with the following percentages within our three core business units:
  - Asset Management: 45.9% (2011: 45.2%)
  - Wealth & Investment: 57.2% (2011: 53.1%)
  - Specialist Banking: 40.2% (2011: 38.3%).
- £36 million of the current year's variable remuneration for the specialist banking businesses has been paid in the form of share awards and deferred (representing 26% of the remuneration expense for the year)
- Non-executive directors will receive a modest increase in their fees in the forthcoming year, roughly in line with inflation
- Our total shareholder return was negative 16.5% for Investec plc in Pounds Sterling and negative 6.8% for Investec Limited in Rands. This compares to a return of negative 8.5% 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 (see graph on page 101)
- Executive directors hold 1.2% and 2.7% of the issued share capital of Investec plc and Investec Limited respectively. Non-executive directors hold 0.6% and 0.1% of the issued share capital of Investec plc and Investec Limited respectively (see table on page 104)
- Investec plc issued 1 065 000 ordinary shares and Investec Limited issued no ordinary shares to the staff share schemes during the year.

Our underlying remuneration philosophy and processes as a group remains as in prior years; however, we have introduced additional process to reflect the requirements of different regulators on different subsidiaries.

This year in addition to our existing programme of shareholder engagement we have held direct meetings with a number of shareholders and their representatives and one of our joint chairmen and the chair of the remuneration committee have presented the action taken as a result of the feedback around our 2011 annual general meeting and explained the increased involvement of our regulators in remuneration since then. We also canvassed opinion on the appropriate performance measures to use for executive directors in future. On this we have noted significant disagreement among our stakeholders. For example, some regulators and shareholders are very critical of ROE measures whilst others believe they should be paramount. Similarly, there was no consistent view as to the appropriate peer group against which to compare our executives. Below the top management it is much easier to identify competitors and other comparators. Our conclusion was that no single measure or benchmark would satisfy all our stakeholders. Accordingly, we propose to retain our flexibility to use a range of measures and benchmarks but will be explicit and transparent in respect of each incentive award as to what measures have been chosen and the reasons for this choice. In each case our intention will be to align the interests of executive management with our strategic goals. Some measures will be used to ensure reward follows delivery of returns to shareholders. Others will meet regulatory requirements to ensure the appropriate relationship between risk and reward. Finally, there will be some that seek directly to align the executives with shareholders through ownership of shares.

I would like to thank our shareholders for the open and frank nature of these conversations and for the various suggestions that were made. I regret that the complexity of the issues coupled with the repeated call for simplicity means that we cannot give everyone exactly what they want. The proposals herein reflect our best efforts to respond to the underlying drivers to enhance shareholder value and to ensure executive reward is fully aligned with shareholder value, whilst complying with local regulatory requirements and being a positive force within the societies in which we operate.

Concluding remarks

The remuneration committee will continue to ensure that reward packages remain appropriately competitive, provide an incentive for performance, and take due regard of our culture, values, philosophies, business strategy, risk management and capital management frameworks.

At present the outcome of the Vickers Independent Commission on Banking and the Department for Business, Innovation and Skills discussions on executive pay in the UK, although imminent, is unknown. We have reflected on these issues and their potential for impacting the way we measure performance, and considered the feedback received from our recent discussions with shareholders. We recognise that in order to give proper attention to these matters and reach a satisfactory and sustainable conclusion we need more time for discussion and accordingly we will not be presenting specific proposals for change at the 2012 annual general meeting.

We acknowledge and value the leadership shown by three of our executive directors in asking us not to consider performance bonuses for them in respect of the 2012 financial year. The committee has decided to rather focus compensation for these individuals on the longer-term alignment with shareholders and in addition has not adjusted the fixed salary of Mr Koseff and Mr Kantor.

The board has reiterated its support for the overall strategy of the business and we believe that the executive directors should receive a long term incentive award this year to reflect the underlying progress of the group, whilst acknowledging that this is taking longer to implement than we had hoped due to the difficult economic conditions. We plan to allot the executive directors shares under the existing share matching plan subject to confirmation with the UK regulator under their new rules concerning Code staff. These conditions have proved testing in recent years with several awards lapsing as performance hurdles were not achieved. The amount and terms of the new allocations will be announced before the end of June 2012.

The committee will keep the existing remuneration arrangements, as discussed in this report, under review during the 2013 financial year, particularly taking cognisance of any additional regulatory and market-driven remuneration reform proposals. Where appropriate, we will continue to consult shareholders and shareholder bodies on any significant proposed changes in remuneration policy.

The committee unanimously recommends that you vote to approve this report at the 2012 annual general meeting.

Signed on behalf of the board

George Alford
Chairman
Remuneration committee

13 June 2012

Remuneration philosophy, principles and policies

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:

- Payment of an industry competitive annual package (base salary and benefits)
- Variable performance reward (linked to our EVA model as discussed on pages 89 to 94)
- Ownership in the form of share incentive scheme 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 values, culture and philosophies 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 banks have to divide 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 global remuneration philosophy seeks to maintain an appropriate balance between the interests of these stakeholders, and is closely aligned to our core values and philosophies which include risk consciousness, meritocracy, material employee ownership and an unselfish contribution to colleagues, clients and society.

Remuneration principles

Our remuneration policy is consistent with the following overarching principles:

- Remuneration policies, procedures and practices (collectively referred to as the 'remuneration policy') are consistent with, and promote, sound and effective risk management, and do not encourage risk taking that exceeds the level of tolerated risk of the Investec group
- Our remuneration policy is in line with the business strategy, objectives, values and long-term interests of the Investec group
- The payment of variable remuneration does not limit the Investec group's ability to maintain or strengthen its capital base.

Other key principles of our remuneration policy for executive directors and employees, which were consistently applied during the financial year, are as follows:

- Total rewards comprise a fixed and variable component
- The fixed component of our rewards includes a base salary, pension and benefits and is set at median market levels to contain fixed cost elements
- Variable rewards (a portion of which is deferred for senior employees, FSA Code staff and executive directors) are largely EVA-based (and underpinned by our risk appetite and capital utilisation)
- Long-term share incentive participation ensures alignment with stakeholders
- Total compensation (base salary, pension, benefits and incentives) is targeted in normal market conditions to the relevant competitive market (see below) at upper quartile levels for superior performance
- Given our stance on the fixed cost component of remuneration (see above), 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 award variable performance rewards
- In addition, we operate a fully flexible incentive policy and are not contractually bound to award variable rewards. Investec has the ability to pay no performance bonuses should the performance of the group or individual employees require this.

Remuneration policy

In addition to enshrining the principles above, our remuneration policy includes the following elements:

- We do not pay remuneration through vehicles that facilitate avoidance of applicable laws and regulations
- Our policy is designed to avoid conflicts of interest between Investec and its clients. Specific internal controls and processes are in place to prevent such conflicts of interest from occurring and posing a risk to the group on prudential grounds. In addition, no individual is involved in the determination of his/her own remuneration rewards
- 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.

Remuneration and effective risk management

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

The board risk and capital committee 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 overseeing the mitigation of risks and overall capital management and allocation process.

The capital committee is a sub-committee of the board risk and capital committee 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.

The executive risk review forum is responsible for approving limits and mandates, ensuring these are adhered to and that agreed recommendations to mitigate risk are implemented.

The various central, independent group credit and deal approval forums also 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 central credit, deal and risk forums are independent from the operating business units and, by their approval, in effect ensure that every transaction undertaken by the group results in a contribution to profit that has already been subject to some risk adjustment.

These independent committees approve all limits, exposures, credit and investment approvals, ensuring that risk is well managed on a central basis within the group.

Furthermore, both the risk and compliance functions are also embedded in the operating business units and are subject to oversight by the independent central risk and compliance functions.

An added control against conflicts of interest is the embedded collaborative committee-based approval culture of the Investec group, where most decisions are processed through multiple committees which mitigates the risk that conflicts of interest may influence the decision making process.

Determination of remuneration levels

Qualitative and quantitative issues form an integral part of the determination of reward levels. Factors considered include:

- The performance of the overall firm, the specific business unit and the individual employee
- The employee's alignment and adherence to our culture and values
- Attitude displayed towards risk consciousness, risk management and regulatory compliance
- Specific input from risk and compliance functions regarding concerns about the behaviour of individual employees or the riskiness of business undertaken
- The level of cooperation and collaboration fostered; the ability to grow and develop markets and client relationships; the development of staff; and the possible replacement cost of such employees.

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

- The most relevant competitive reference points for reward levels are based on the scope of responsibility and individual contributions made
- Appropriate benchmark, industry and comparable organisations' remuneration practices are reviewed regularly
- For executive directors, the FTSE350 General Finance firms have provided the most appropriate benchmark to date

- For employees, combinations of firms from the JSE Financial 15 and the FTSE350 General Finance sector have offered the most appropriate benchmarks
- The committee also reviews on an individual basis data on other international banks with which we compete, including certain FTSE100 companies
- The committee recognises that we operate an international business and compete with both local and international competitors in each of our markets
- 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.

Components of remuneration

The reward package for executive directors and employees comprises:

- Fixed base salary and benefits
- Annual variable performance bonuses
- Long-term share incentive plans.

The elements of the reward package, as listed above, are discussed below and the components for each director are detailed in tables accompanying this report.

Fixed base salary and other benefits

Salaries are reviewed annually and reflect the relative skills and experience of, and contribution made by, the individual. It is the company's policy to seek to set base salaries (including benefits) at median market levels.

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 and 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 fixed pay levels are market-driven and competitive so that we attract the most skilled talent in the market.

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 are pensionable, the annual bonuses paid are not. Our disclosure of executive directors' salaries on page 102 has been done on a gross basis (i.e. inclusive of pension fund contributions from the company).

The remuneration committee retains its own advisers and obtains industry benchmarking and specific advice around salary and performance bonus levels in respect of the executive directors.

Annual variable performance bonus

All employees are eligible to be considered for a discretionary annual performance bonus, subject *inter alia* to the factors set out above in the section dealing with the determination of remuneration levels.

Investec Asset Management and Investec Wealth & Investment are separate regulated entities and are classified differently to the Specialist Bank in terms of the FSA Remuneration Code. As a result the structure of performance bonuses for these two divisions differs slightly from the rest of the group (refer to pages 92 to 94).

Structure of variable performance bonuses for employees in the Specialist Bank

Our EVA model: performance-linked and risk-adjusted remuneration

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 and the board.

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

- 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. A detailed explanation of our capital management and allocation process is provided in the Investec group's 2012 annual report
- 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 incentive 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 reward package is likely to be substantially higher than the relevant target market. This ensures that overall reward levels are positioned at the upper quartile level for superior performance, in line with our overriding 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 would 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 as well as the executive directors, 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 predetermined 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 of the EVA pools 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 DLC 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 FSA 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.

The risk adjustment framework

All variable remuneration payable to our UK Specialist Banking staff is subject to the risk adjustment framework where performance is assessed at a group, business unit and individual level. This framework seeks to balance both financial and non-financial measures of performance and risk adjustment to ensure that the appropriate factors are considered prior to making an award, and that the appropriate mix of cash and share-based awards are made. In this way, we ensure that all variable remuneration is fully risk-adjusted.

The risk adjustment drivers are:

Group level

- Financial measures of performance
  - Group-wide risk adjusted EVA model
  - Overall affordability.
- Non-financial measures of performance
  - Market context
  - Specific input from the group risk and compliance functions.

Individual level

- 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 bank'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.

Deferral of performance bonus awards – non-UK FSA Code staff within the Specialist Bank

All performance bonus awards exceeding a predetermined 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 performance bonus that is not deferred is payable up front in cash.

Deferral of performance bonus awards – UK FSA Code staff within the Specialist Bank

- Individual awards to FSA Code staff will be determined based on EVA pools in the same manner as is applicable to all staff (as set out above), and subject to the risk adjustment framework and group remuneration governance processes (also set out above)
- Performance awards to directors of the UK Specialist Bank (excluding executive directors who are employees of a separately regulated firm) and all performance awards where total variable remuneration exceeds £500 000 are subject to 60% deferral

- All other performance awards to FSA 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 FSA 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 FSA 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.

Other information on deferred awards and clawback provisions within the Specialist Bank (FSA Code staff)

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.

EVA share awards for executive directors are not permitted under the rules of the current long-term incentive plan and thus any such award is made in the form of phantom share awards over Investec shares.

Structure of performance bonus awards for employees in Investec Asset Management

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

IAM operates the following performance 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).

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).

The percentage of profit allocated to the variable compensation pool has been agreed (at a fixed rate) and approved by the DLC remuneration committee and IAM remuneration committee.

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.

The individual cash bonus awards are approved by the IAM remuneration committee and reviewed by the DLC remuneration committee annually.

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 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 process, 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.

Structure of variable performance bonuses for employees in Investec Wealth & Investment (other than in South Africa)

Investec Wealth & Investment (IW&I) recognises Investec's obligation to ensure that all businesses within the group satisfy their obligations under the FSA Remuneration Code. IW&I recognises that the policy, procedures and practices it has adopted should not conflict with the group's obligations under the FSA 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.

Share option and long-term share incentive plans for the Investec group

We have a number of share option and long-term share incentive plans that are designed to link the interests of directors and employees with those of shareholders and long-term organisational interests, through performance and risk-based equity grants. 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.

We follow a philosophy where all employees are eligible for LTIPs. 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 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 as a retention tool.

All proposed LTIP awards 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 all employees of Investec plc and awards of Investec Limited LTIPs for employees of Investec Limited.

The value of the overall pool of LTIP awards will be reviewed by the remuneration committee in the context of business-wide factors, including:

- Group-wide risk-adjusted EVA
- Non-financial performance and risk factors, based on input from Group Risk
- Market context
- Overall affordability.

The remuneration committee may adjust the total pool of LTIP awards on this basis prior to award, leading to consequent alterations in individual award levels. In this way, ex-ante risk-adjusted performance determines the overall LTIP pool outcome.

LTIP awards for non-FSA 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 FSA 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.

These are summarised later in this remuneration report and include:

- Our current long-term incentive plans
- Our current share option plans
- Several plans that are no longer used, or which were introduced prior to the implementation of the DLC structure. Some of these plans still have outstanding awards.

Investec plc has four share plans (detailed below) that were introduced around the time of the implementation of our DLC structure and our listing on the London Stock Exchange that are due to expire in July 2012, namely:

- The Investec plc Share Option Plan 2002
- The Investec plc Approved Share Option Plan 2002
- The Investec plc Share Participation Plan 2002 (SIP)
- The Investec plc Sharesave Option Plan 2002.

These will be replaced in due course, subject to shareholder approval.

Summary of Investec's share option and long-term share 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 2012[4/5/6]
Long-term incentive plans								
Investec 1 Limited Share Incentive plan[7] – nil cost options – EVA share awards	• New and existing full-time employees • Excluding employees in SA, Botswana, Namibia and Mauritius • Excluding executive directors	16 Mar 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 FSA 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	8 499 340	Number: 41 506 731 % of issued share capital of company: 6.9%
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 Mar 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	9 020 438	Number: 42 423 893 % of issued share capital of company: 4.9%
Investec plc Share Matching Plan 2005	• Executive directors	14 Nov 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	Nil	Number: 3 150 000 % of issued share capital of company: 0.6%

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 2012[4/5/6]
Current share option plans								
Investec plc Share Option Plan 2002 (un-approved plan) (expires 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 Aug 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	277 650	Number: 511 557 % of issued share capital of company: 0.1%
Share plans not currently in use								
Investec plc Share Option Plan 2002 (approved plan) (expires August 2012)	• New and existing UK full-time employees – grants up to the value of £30 000 • Directors and executives	28 Aug 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 Jun 2003	Number: 288 042 % of issued share capital of company: 0%
Investec plc Deferred Bonus Plan 2008	• New and existing full-time employees • Excluding employees in SA, Botswana, Namibia and Mauritius	2 Jun 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: 620 500 % of issued share capital of company: 0.1%

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 115. More details on the directors' shareholdings are also provided in tables accompanying this report.*
4. *Dilution limits: Investec is committed to following the Association of British Insurers' (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 2012 was 598 million shares and 276 million shares respectively. As announced on the stock exchange news services, 1 065 000 Investec plc and no Investec Limited shares were issued to the staff share schemes during the year.*
5. *The market price of an Investec plc share as at 31 March 2012 was £3.82 (2011: £4.78), ranging from a low of £3.18 to a high of £5.22 during the financial year.*
6. *The market price of an Investec Limited share as at 31 March 2012 was R47.16 (2011: R52.80), ranging from a low of R42.00 to a high of R57.36 during the financial year.*
7. *The rules of these long-term incentive plans do not allow awards to be made to executive directors.*

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

Retention awards

Investec will only pay 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 FSA 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 FSA should be notified prior to the retention award being made to FSA 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 FSA Code staff individuals shall be subject to prior 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 2012 and 2013 financial years is shown below:

Non-executive directors' remuneration	2012 financial year	As approved by the board for the 2013 financial year
Chairman's total fee	£400 000 per year	£250 000 per year
Basic non-executive director fee	£62 000 per year	£65 000 per year
Senior independent director	£5 000 per year	£5 000 per year
Chairman of the DLC audit committee	£52 000 per year	£55 000 per year
Chairman of the DLC remuneration committee	£35 000 per year	£37 000 per year
Member of the DLC audit committee	£15 000 per year	£16 000 per year
Member of the DLC remuneration committee	£13 500 per year	£14 500 per year
Member of DLC nominations and directors' affairs committee	£10 000 per year	£10 500 per year
Member of the board risk and capital committee	£12 500 per year	£13 000 per year
Board member in attendance of the board risk and capital committee	£10 000 per year	£10 500 per year
IBL board member in attendance of the board risk and capital committee	R120 000 per year	R125 000 per year
Member of the Investec Bank plc board	£11 000 per year	£11 500 per year
Member of the Investec Bank Limited board	R240 000 per year	R250 000 per year
Member of the Investec Limited audit committee who is not a DLC audit committee member	R115 000 per year	R120 000 per year
IBL board member in attendance of the DLC nominations and directors' affairs committee	R65 000 per year	R68 000 per year

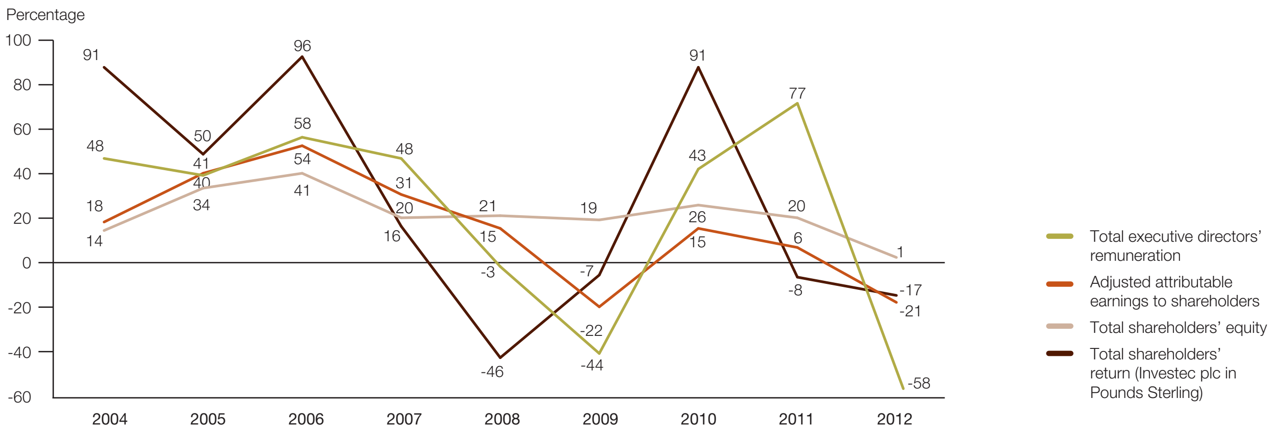
Fees are also payable for any additional time committed to the group including attendance at certain other meetings.

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

Directors' remuneration – alignment of interests with shareholders

The graph below reflects the percent change in executive directors' remuneration each year since our year ended 31 March 2003. The movement in directors' remuneration is mapped against the movement (or percentage change) in a number of key performance related variables.

Percentage change in executive directors' remuneration vs other key performance related variables



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 2003 (and our listing on the LSE).

	March 2012	March 2003	CAGR since March 2003
Executive directors – gross remuneration (£'million)*	1.3	0.7	6.5%
Executive directors – annual bonus (£'million)*	–	1.0	(>100.0%)
Executive directors – total remuneration (£'million)*	1.3	1.7	(3.3%)
Non-executive directors – total fees (£'million)	1.9	0.6	13.8%
Adjusted attributable earnings to shareholders (£'million)	257.6	89.7	12.4%
Adjusted EPS (pence)	31.8	19.2	5.8%
Total shareholders' equity (£'million)	4 013.0	706.0	21.3%
Total shareholders' return (Investec plc in Pounds Sterling)	468.0	100.0	18.7%
Net tangible asset value per share (pence)	317.0	75.0	17.4%

* *Information for S Koseff, B Kantor and GR Burger.*

Governance section

Compliance and governance statement

The remuneration report complies with the provisions of the UK Corporate Governance Code 2010, section 420 of the UK Companies Act 2006, the UK Financial Services Authority listing rules, the FSA 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 group-wide, 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 will be applied to Investec plc and its subsidiary companies that are subject to the FSA Remuneration Code (as a Tier 1 organisation as defined therein), and in particular in relation to FSA 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 FSA 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 FSA and as such maintain their own remuneration policy separate from the Investec group policy and in line with such entity's own risk profile and business activities:

- Investec Asset Management
- Investec Wealth & Investment
- Investec Bank plc
- Hargreave Hale
- The Evolution Group plc.

Under the FSA Remuneration Code, Investec Bank plc is the only group entity which is classified as being tier 1. It should be noted that our asset management and wealth management businesses have been classified as tier 4 entities under the proportionality rules of the FSA Remuneration Code.

Composition and role of the committee

The four members are all independent non-executive directors and are free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The majority of the members are also members of the group's board risk and/or capital committee and the audit committee, thus bringing risk and control mechanisms into their deliberations. Two of the members are relatively new to the board and to the committee. Whilst George Alford has been a member of the board for over nine years it is our belief that he provides continuity to this committee and his past experience (including relevant banking and regulatory experience) is particularly relevant and helpful at this point in the remuneration cycle.

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 given due regard. 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.

Each executive director is entitled to receive a basic salary and is also eligible for an annual bonus, the amount of which will be determined at the discretion of the remuneration committee.

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Meetings

The committee met 12 times during the financial year. The company secretary of Investec plc acts as secretary to the committee. Executive directors do not attend these meetings, unless 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

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 the appointment of external consultants.

During the financial year, the committee continued to use the services of its advisers, Hewitt 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 benchmark, industry and comparable organisations' remuneration practices. Their recommendations are important in the ongoing review of our remuneration practices.

Furthermore, we have used the services of Linklaters, who have advised this year mainly on a number of issues pertaining to our incentive plans and aspects of the implementation of the FSA 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 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.

The committee, together with the board, attends a strategic off-site meeting each year at which senior executive employees provide information and presentations on the group's strategic direction, prospects, key focus areas and annual budget. While executive directors have the right to address any meeting of the committee, they play no role in the determination of their remuneration package. Furthermore, no employee participates in discussions or decisions of the committee relating to their own remuneration.

Service contracts and terms of employment

Three out of our four executive directors (namely S Koseff, B Kantor and GR Burger) have indefinite contracts of employment, terminable by either party giving six months written notice to the other. The contracts of employment do not contain provisions for compensation payable on early termination. HJ du Toit has an indefinite contract of employment, terminable by either party giving three months written notice to the other. The contract of employment does not contain provisions for compensation payable on early termination. HJ du Toit's employment contact has been amended during the course of the year to bring it in line with group policy.

Each executive director is entitled to receive a basic salary and is also eligible for an annual bonus, the amount of which will be determined at the discretion of the remuneration committee. Furthermore, the executive directors may elect to sacrifice a portion of their annual salary to receive company benefits such as a travel allowance and medical aid. The full costs of these benefits will be deducted from their annual salary.

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

Biographical details of the directors of the board

These details can be found on pages 60 to 62.

Dates of appointment to the board

The boards of Investec plc and Investec Limited are separate and subject to separate legal obligations for each company. In terms of the DLC arrangements, they comprise the same persons who are authorised, as boards, to manage Investec as if it were a unified economic enterprise. Details on the dates the directors were appointed to the board can be found on page 58.

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, although we have been listed in South Africa since 1986.

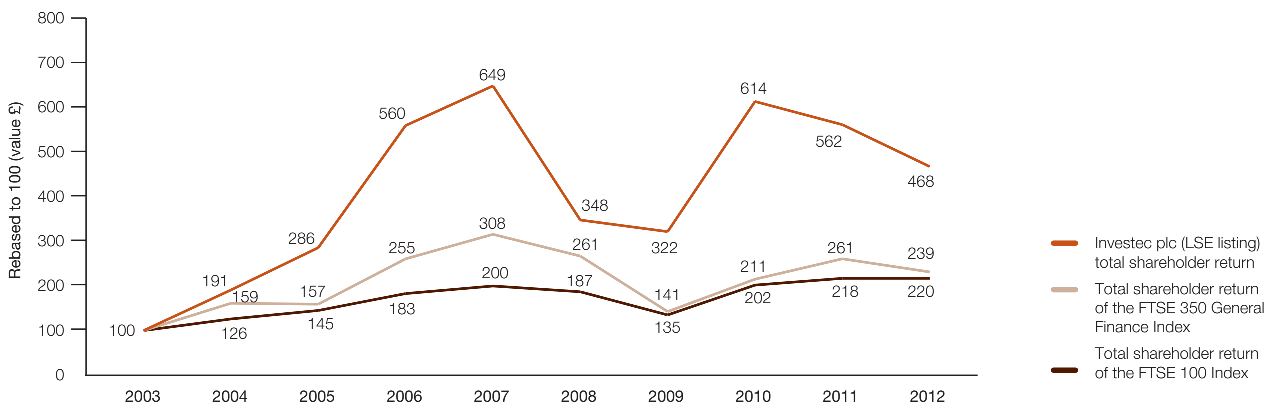
Schedule 8 of the UK Large and Medium-sized Companies and Groups (Accounts and Report) Regulations 2008 requires this report to include a performance graph of Investec plc's total shareholder return (TSR) performance against that of a broad market index. We found it difficult to locate an appropriate 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 orange) 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 2012, a hypothetical £100 invested in Investec plc at the time of its listing on the LSE in July 2002 would have generated a total return of £468 compared with a return of £239 if invested in the FTSE 350 General Finance Index and a return of £220 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 2011 to 31 March 2012, the return to shareholders of Investec plc (measured in Pounds Sterling) and Investec Limited (measured in Rands) was negative 16.5% and negative 6.8%, respectively. This compares to a negative 8.5% for the FTSE 350 General Finance Index and a return of 1.2% for the FTSE 100 Index.

The market price of our shares on the LSE was £3.82 as at 31 March 2012, ranging from a low of £3.18 to a high of £5.22 during the financial year. Furthermore, the market price of our shares on the JSE Limited was R47.16 as at 31 March 2012, ranging from a low of R42.00 to a high of R57.36 during the financial year.

Total shareholder return



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 2012:

Name	Salaries, directors' fees and other remuneration 2012 £	Total other benefits 2012[3] £	Gross remuneration 2012[1/2] £	Annual bonus cash component 2012[4] £	Annual bonus deferred component 2012[4] £	Total remuneration 2012 £	Total remuneration 2011[5] £
Executive directors							
S Koseff (chief executive officer)							
– cash component	344 791	105 209	450 000	–	–	450 000	1 715 000
– deferred component	–	–	–	–	–	–	1 710 000
						450 000	3 425 000
B Kantor (managing director)							
– cash component	410 640	39 360	450 000	–	–	450 000	1 715 000
– deferred component	–	–	–	–	–	–	1 710 000
						450 000	3 425 000
GR Burger (group risk and finance director)							
– cash component	315 163	55 518	370 681	–	–	370 681	1 569 483
– deferred component	–	–	–	–	–	–	1 586 021
						370 681	3 155 504
HJ du Toit							
– cash component	391 378	50 300	441 678	–	–	441 678	3 303 001
– deferred component	–	–	–	–	4 327 500	4 327 500	1 230 000
						4 769 178	4 533 001
Total in Pounds Sterling	1 461 972	250 387	1 712 359	–	4 327 500	6 039 859	14 538 505
Non-executive directors							
Sir D Prosser (joint chairman)	176 832	–	176 832	–	–	176 832	90 500
F Titi (joint chairman)	218 548	–	218 548	–	–	218 548	218 063
SE Abrahams	283 972	–	283 972	–	–	283 972	258 028
GFO Alford	148 000	–	148 000	–	–	148 000	134 500
CA Carolus	67 705	–	67 705	–	–	67 705	61 017
PKO Crosthwaite[6]	86 500	–	86 500	–	–	86 500	52 724
OC Dickson[6]	90 500	–	90 500	–	–	90 500	–
B Fried[6]	145 500	–	145 500	–	–	145 500	90 000
H Fukuda OBE	72 000	–	72 000	–	–	72 000	55 000
HS Herman[7]	266 667	–	266 667	–	–	266 667	375 000
GMT Howe[8]	–	–	–	–	–	–	67 500
IR Kantor	73 000	–	73 000	–	–	73 000	64 500
Sir C Keswick[9]	–	–	–	–	–	–	41 875
MP Malungani	99 767	–	99 767	–	–	99 767	81 600
PRS Thomas	208 445	–	208 445	–	–	208 445	196 746
Total in Pounds Sterling	1 937 436	–	1 937 436	–	–	1 937 436	1 787 053
Total in Pounds Sterling	3 399 408	250 387	3 649 795	–	4 327 500	7 977 295	16 325 558

1. *Gross remuneration comprises base salary and other benefits (see points 2 and 3 below).*
2. *Gross remuneration of S Koseff and B Kantor has increased by 5.9% and HJ du Toit's gross remuneration increased by 2.0%. 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 6.0% from R3 350 000 in March 2011 to R3 550 000 in March 2012. 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. *S Koseff, B Kantor and GR Burger waived their bonuses in respect of the year ended 31 March 2012. HJ du Toit's bonus was based on the results of Investec Asset Management, with 80.5% deferred and payable in April 2013, and the balance deferred and payable during 2014/2015.*
5. *A breakdown of the components of the reward packages for the executive directors in the 2011 financial year is as follows:*

Name	Salary £	Total other benefits £	Gross remuneration £	Annual bonus cash component £	Annual bonus deferred component £	Total remuneration £
Executive directors						
S Koseff (chief executive officer)	309 075	115 925	425 000	1 290 000	1 710 000	3 425 000
B Kantor (managing director)	391 436	33 564	425 000	1 290 000	1 710 000	3 425 000
GR Burger (group risk and finance director)	346 945	30 782	377 727	1 191 756	1 586 021	3 155 504
HJ du Toit	424 401	8 600	433 001	2 870 000	1 230 000	4 533 001
Total Pounds Sterling	1 471 857	188 871	1 660 728	6 641 756	6 236 021	14 538 505

6. *The following appointments were made in the previous financial year:*
   - *B Fried: 1 April 2010*
   - *PKO Crosthwaite: 18 June 2010*
   - *OC Dickson: 31 March 2011.*
7. *HS Herman retired on 17 November 2011.*
8. *GMT Howe resigned on 31 December 2010.*
9. *Sir Chips Keswick retired on 13 August 2010.*

Retirement benefits

None of the executive directors belong to a defined benefit pension scheme and all are members of one of our defined contribution 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	2012 £	2011 £
Executive directors		
S Koseff (chief executive officer)	64 659	72 806
B Kantor (managing director)	23 931	23 735
GR Burger (group risk and finance director)	43 402	22 517
HJ du Toit	50 000	–
Total Pounds Sterling	181 992	119 058

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.

Remuneration report (continued)

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

Name	Salary, bonus and other benefits 2012 £	Accounting IFRS charge in relation to equity awards 2012 £*	Total assumed remuneration expense 2012 £	Salary, bonus and other benefits 2011 £	Accounting IFRS charge in relation to equity awards 2011 £	Total assumed remuneration expense 2011 £
Executive directors						
S Koseff (chief executive officer)	450 000	288 512	738 512	3 425 000	850 134	4 275 134
B Kantor (managing director)	450 000	315 471	765 471	3 425 000	850 195	4 275 195
GR Burger (group risk and finance director)	370 681	(307 877)	62 804	3 155 504	956 097	4 111 601
HJ du Toit	4 769 178	833 535	5 602 713	4 533 001	938 009	5 471 010
Total Pounds Sterling	6 039 859	1 129 641	7 169 500	14 538 505	3 594 435	18 132 940

* *Accounting IFRS 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 106.*

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 2012.

Directors' shareholdings in Investec plc and Investec Limited shares as at 31 March 2012

	Beneficial and non-beneficial interest		% of shares in issue[1]	Beneficial and non-beneficial interest		% of shares in issue[1]
	Investec plc[1]			Investec Limited[1]		
Name	1 April 2011	31 March 2012	Investec plc 31 March 2012	1 April 2011	31 March 2012	Investec Limited 31 March 2012
Executive directors						
S Koseff	4 839 133	4 839 133	0.8%	1 809 330	1 809 330	0.7%
B Kantor	48 525	63 980	–	3 801 000	3 801 000	1.4%
GR Burger	2 402 135	2 402 135	0.4%	1 037 076	1 037 076	0.4%
HJ du Toit	–	–	–	604 740	604 740	0.2%
Total number	7 289 793	7 305 248	1.2%	7 252 146	7 252 146	2.7%
Non-executive directors						
Sir D Prosser (joint chairman)	10 000	10 000	–	–	–	–
F Titi (joint chairman)	–	–	–	–	–	–
SE Abrahams	20 000	–	–	–	–	–
GFO Alford	10 000	10 000	–	–	–	–
CA Carolus	–	–	–	–	–	–
PKO Crosthwaite	132 908	132 908	–	–		
OC Dickson	–	–	–	–	–	–
B Fried	–	–	–	400 000	300 000	0.1%
H Fukuda OBE	5 000	5 000	–	–	–	–
IR Kantor	3 509 545	3 509 545	0.6%	325	325	–
MP Malungani[2]	–	–	–	3 288 890	–	–
PRS Thomas	195 800	195 800	–	500	500	–
Total number	3 883 253	3 863 253	0.6%	3 689 715	300 825	0.1%
Total number	11 173 046	11 168 501	1.8%	10 941 861	7 552 971	2.8%

1. *The number of shares in issue and share prices for Investec plc and Investec Limited over the period is provided on page 107.*
2. *In November 2003, Investec Limited concluded an empowerment transaction with Tiso Group (Tiso), Peu Group (Proprietary) Limited (Peu), a broad-based entrepreneurship development trust and an employee share trust in terms of which they acquired a 25.1% stake in the issued share capital of Investec Limited. MP Malungani is the chairman of Peu. During the year the transaction with Peu was unwound.*

Directors' interest in preference shares as at 31 March 2012

Name	Investec plc		Investec Limited		Investec Bank Limited	
	1 April 2011	31 March 2012	1 April 2011	31 March 2012	1 April 2011	31 March 2012
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 2012 was R45.00 (2011: R51.31)*
- *The market price of an Investec Limited preference share as at 31 March 2012 was R93.41 (2011: R90.70)*
- *The market price of an Investec Bank Limited preference share as at 31 March 2012 was R98.25 (2011: R98.00).*

Directors' interest in options as at 31 March 2012

Investec plc shares

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2011	Exercised during the year	Options granted/ lapsed during the year	Balance at 31 March 2012
Executive directors						
B Kantor	20 December 2002	£1.59	9 455	(9 455)	–	–
HJ du Toit	20 December 2002	£1.59	9 455	(9 455)	–	–

- *B Kantor and H du Toit's options were granted in terms of the Investec plc Share Option Plan 2002*
- *The options granted on 20 December 2002 were made for no consideration*
- *HJ du Toit exercised his options and sold 9 455 Investec plc shares on 6 February 2012, when the share price was £3.97 per share The performance conditions in respect of these options were met*
- *B Kantor exercised his options and bought 9 455 Investec plc shares on 8 March 2012, when the share price was £4.02 per share. The performance conditions in respect of these options were met.*

Investec Limited shares

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

No new option grants were made to executive directors during the financial year. The number of shares in issue and share prices for Investec plc and Investec Limited over the period is provided on page 107.

Directors' interest in long-term incentive plans as at 31 March 2012

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2011	Exer-cised during the year	Options granted/ lapsed during the year	Balance at 31 March 2012	Market price at date of exercise	Gross gains made on date of exercise	Period exercisable
Executive director									
HJ du Toit	25 June 2007	Nil	375 000	(281 250)	–	93 750	£4.75	£1 335 908	Remaining 25% is exercisable on 25 June 2012
	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 281 250 Investec plc shares on 27 June 2011, when the share price was £4.75 per share.

Directors' interest in the Share Matching Plan 2005 as at 31 March 2012

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2011	Exer-cised during the year	Options granted/ lapsed during the year	Balance at 31 March 2012	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 will be forfeited on 25 June 2012
	1 July 2010	Nil	750 000	–	–	750 000	–	–	75% is exercisable on 1 July 2014 and 25% on 1 July 2015
B Kantor	25 June 2009	Nil	300 000	–	–	300 000^	–	–	The entire award will be forfeited on 25 June 2012
	1 July 2010	Nil	750 000	–	–	750 000	–	–	75% is exercisable on 1 July 2014 and 25% on 1 July 2015
GR Burger	25 June 2007	Nil	150 000	–	(150 000)	–	–	–	The entire award was forfeited on 25 June 2011*
	25 June 2009	Nil	300 000	–	–	300 000^	–	–	The entire award will be forfeited on 25 June 2012
	1 July 2010	Nil	750 000	–	–	750 000	–	–	75% is exercisable on 1 July 2014 and 25% on 1 July 2015

* *The performance conditions in respect of the award made to GR Burger on 25 June 2007 were not met and accordingly the entire award was forfeited on 25 June 2011.*

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

This plan was approved by shareholders at an extraordinary general meeting held on 14 November 2005. The plan is considered essential in improving Investec's long-term prospects for recruitment and retention of key individuals. The plan also provides further alignment of the interests of shareholders and management as the committee believes that a significant element of remuneration should be linked to our ability to deliver sustainable results to shareholders, and at the same time, enable management to share in these results. 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 2012

Investec plc

Name	Beneficially and non-beneficially held	Options	Share Matching Plan/LTIPs	Balance at 31 March 2012	Balance at 31 March 2011
Executive directors					
S Koseff	4 839 133	–	1 050 000^	5 889 133	5 889 133
B Kantor	63 980	–	1 050 000^	1 113 980	1 107 980
GR Burger	2 402 135	–	1 050 000^	3 452 135	3 602 135
HJ du Toit	–	–	1 093 750	1 093 750	1 384 455
Total number	7 305 248	–	4 243 750	11 548 998	11 983 703

^ *As discussed above, 300 000 of these share awards will be forfeited on 25 June 2012.*

Investec Limited

Name	Beneficially and non-beneficially held	Options	Share Matching Plan/LTIPs	Balance at 31 March 2012	Balance at 31 March 2011
Executive directors					
S Koseff	1 809 330	–	–	1 809 330	1 809 330
B Kantor	3 801 000	–	–	3 801 000	3 801 000
GR Burger	1 037 076	–	–	1 037 076	1 037 076
HJ du Toit	604 740	–	–	604 740	604 740
Total number	7 252 146	–	–	7 252 146	7 252 146

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

Summary: Investec plc and Investec Limited share statistics

	31 March 2012	31 March 2011	High over the year	Low over the year
Investec plc share price (£)	3.82	4.78	5.22	3.18
Investec Limited share price (R)	47.16	52.80	57.36	42.00
Number of Investec plc shares in issue ('million)	598.3	537.2	–	–
Number of Investec Limited shares in issue ('million)	276.0	272.8	–	–

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, Stephen, Bernard and Glynn are also the four executive directors of Investec Limited and their remuneration is disclosed on page 102. Steve is remunerated by Investec plc (a UK domiciled company) and is not required to disclose his remuneration under the South African Companies Act.

Additional remuneration disclosures Unaudited

FSA Remuneration Code disclosures

In terms of the FSA's Chapter 11 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 FSA 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 FSA Code staff in 2012.

The bank's qualitative remuneration disclosures are provided on pages 83 to 101. The information contained in the tables below sets out the bank's quantitative disclosures in respect of FSA Code staff for the year ended 31 March 2012.

Aggregate remuneration by remuneration type

£'million	Senior management	Other code staff	Total
Fixed remuneration	5.6	5.2	10.8
Variable remuneration*			
– Cash	5.2	5.9	11.1
– Deferred shares	6.4	8.0	14.4
Other			
– Options – long-term incentive awards made in current year**	0.2	0.3	0.5
– Options – long-term incentive awards made in prior years**	3.2	1.6	4.8
Total aggregate remuneration and deferred incentives	20.6	21.0	41.6

* *Total number of employees receiving variable remuneration was 34.*

** *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 remuneration

£'million	Senior management	Other code staff	Total
Deferred unvested remuneration outstanding at the beginning of the year	18.4	6.4	24.8
Deferred remuneration awarded in year	6.4	8.0	14.4
Deferred remuneration reduced in year through performance adjustments	–	–	–
Deferred remuneration vested in year	(4.9)	(1.7)	(6.6)
Deferred unvested remuneration outstanding at the end of the year	19.9	12.7	32.6

£'million	Senior management	Other code staff	Total
Deferred unvested remuneration outstanding at the end of the year			
– Equity	16.9	10.2	27.1
– Cash	2.2	2.4	4.6
– Other	0.8	0.1	0.9
	19.9	12.7	32.6

£'million	Senior management	Other code staff	Total
Deferred remuneration vested in year			
– For awards made in 2011 financial year	–	–	–
– For awards made in 2010 financial year	(4.9)	(1.7)	(6.6)
– For awards made in 2009 financial year	–	–	–
	(4.9)	(1.7)	(6.6)

Other remuneration disclosures

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

Pillar Three 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 Three Disclosure requirements. The bank's qualitative remuneration disclosures are provided on pages 83 to 101. The information contained in the tables below sets out the bank's quantitative disclosures for the year ended 31 March 2012.

Aggregate remuneration by remuneration type

R'million	Senior management	Risk takers	Financial and risk control staff	Total
Fixed remuneration	69.1	23.9	161.0	254.0
Variable remuneration*				
– Cash	135.7	45.7	58.3	239.7
– Deferred shares	65.7	35.3	5.6	106.6
Other				
– Options – long-term incentive awards made in current year**	0.9	3.9	2.0	6.8
– Options – long-term incentive awards made in prior years**	78.0	21.4	24.3	123.7
Total aggregate remuneration and deferred incentives	349.4	130.2	251.2	730.8

* *Total number of employees receiving variable remuneration was 348.*

** *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 remuneration

R'million	Senior management	Risk takers	Financial and risk control staff	Total
Deferred unvested remuneration outstanding at the beginning of the year	203.8	38.4	5.0	247.2
Deferred remuneration awarded in year	65.7	35.3	5.6	106.6
Deferred remuneration reduced in year through performance adjustments	–	–	–	–
Deferred remuneration vested in year	(61.2)	(12.9)	(1.9)	(76.0)
Deferred unvested remuneration outstanding at the end of the year	208.3	60.8	8.7	277.8

R'million	Senior management	Risk takers	Financial and risk control staff	Total
Deferred unvested remuneration outstanding at the end of the year				
– Equity	208.3	60.8	8.7	277.8
– Cash	–	–	–	–
– Other	–	–	–	–
	208.3	60.8	8.7	277.8

R'million	Senior management	Risk takers	Financial and risk control staff	Total
Deferred remuneration vested in year				
– For awards made in 2011 financial year	–	–	–	–
– For awards made in 2010 financial year	(61.2)	(12.9)	(1.9)	(76.0)
– For awards made in 2009 financial year	–	–	–	–
	(61.2)	(12.9)	(1.9)	(76.0)

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)	–	–	0.1	0.1
Number of beneficiaries	–	–	1	1

* *Included in variable remuneration as reflected on page 109.*

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Annual financial statements

Directors' responsibility statement

The following statement, which should be read in conjunction with the auditors' report set out on pages 122, 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 company and 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 the Internal Audit department, 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, comply with IFRS and Article 4 of the IAS regulation.

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 company 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 122 of this report. As far as the directors are aware, there is no relevant audit information of which the companies' auditors are unaware. All steps which ought to have been taken as directors have been completed in order to be aware of the relevant audit information and to establish that the companies' auditors are aware of that information.

Approval of financial statements

The directors' report and the financial statements of the companies and the group, which appear on pages 113 to 117 and pages 123 to 145, were approved by the board of directors on 13 June 2012.

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

15 June 2012

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 21 to 24 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 25 to 110 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 on pages 141 to 143 of this report.

Investec plc

During the year the following shares were issued:

- 1 499 ordinary shares on 14 April 2011 at 185.88 pence per share
- 4 699 150 ordinary shares on 23 June 2011 at 476.00 pence per share
- 500 000 ordinary shares on 23 June 2011 at 478.00 pence per share
- 3 183 553 special converting shares on 23 June 2011 at par
- 1 859 900 Rand denominated non-redeemable, non-cumulative, non-participating perpetual preference shares on 24 June 2011 at R100.00 per share
- 17 556 ordinary shares on 6 July 2011 at 185.88 pence per share
- 12 540 ordinary shares on 8 July 2011 at 185.88 pence per share
- 4 180 ordinary shares on 11 July 2011 at 185.88 pence per share
- 6 688 ordinary shares on 13 July 2011 at 185.88 pence per share
- 4 180 ordinary shares on 27 July 2011 at 185.88 pence per share
- 2 161 ordinary shares on 2 August 2011 at 185.88 pence per share
- 416 040 Rand denominated non-redeemable, non-cumulative, non-participating perpetual preference shares on 24 June 2011 at R101.00 per share
- 565 010 ordinary shares on 25 November 2011 at 159.00 pence per share
- 53 800 540 ordinary shares on 22 December 2011 at 326.80 pence per share
- 1 550 019 ordinary shares on 1 February 2012 at 185.88 pence per share.

Investec Limited

During the year the following shares were issued:

- Allotment and issue on 15 April 2011 of 1 499 (one thousand four hundred and ninety nine) special convertible redeemable preference shares of R0.0002 at par
- Allotment and issue on 24 June 2011 of 3 183 553 (three million one hundred and eighty three thousand five hundred and fifty three) ordinary shares at R52.77 (R0.0002 par and premium of R52.7698 per share)
- Allotment and issue on 24 June 2011 of 5 199 150 (five million one hundred and ninety nine thousand one hundred and fifty) special convertible redeemable preference shares of R0.0002 each at par

- Allotment and issue on 6 July 2011 of 17 556 (seventeen thousand five hundred and fifty six) special convertible redeemable preference shares of R0.0002 each at par
- Allotment and issue on 11 July 2011 of 16 720 (sixteen thousand seven hundred and twenty) special convertible redeemable preference shares of R0.0002 each at par
- Allotment and issue on 13 July 2011 of 6 688 (six thousand six hundred and eighty eight) special convertible redeemable preference shares of R0.0002 each at par
- Allotment and issue on 21 July 2011 of 4 180 (four thousand one hundred and eighty) special convertible redeemable preference shares of R0.0002 each at par
- Allotment and issue on 2 August 2011 of 2 161 (two thousand one hundred and sixty one) special convertible redeemable preference shares of R0.0002 each at par
- Allotment and issue on 25 November 2011 of 565 010 (five hundred and sixty five thousand and ten) special convertible redeemable preference shares of R0.0002 each at par
- Allotment and issue on 22 December 2011 of 53 800 540 (fifty three million eight hundred thousand five hundred and forty) special convertible redeemable preference shares of R0.0002 each at par
- Allotment and issue on 1 February 2012 of 1 550 019 (one million five hundred and fifty thousand and nineteen) special convertible redeemable preference shares of R0.0002 at par

As at 31 March 2012, Investec held 23.8 million (twenty three million eight hundred thousand) shares in treasury (2011: 28.1 million). The maximum number of shares held in treasury during the period under review was 28.1 million (twenty eight million one hundred thousand).

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 2012. 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 (2011: 8.0 pence) registered on 9 December 2011
- To South African resident shareholders registered on 9 December 2011, a dividend paid by Investec Limited on the SA DAS share, equivalent to 7.5 pence per ordinary share and 0.5 pence per ordinary share paid by Investec plc.

The dividends were paid on 20 December 2011.

The directors have proposed a final dividend to shareholders registered on 27 July 2012, which is subject to the approval of the members of Investec plc at the annual general meeting which is scheduled to take place on 2 August 2012 and, if approved, will be paid on 6 August 2012 as follows:

- 9.0 pence per ordinary share to non-South African resident shareholders (2011: 9.0 pence) registered on 27 July 2012
- To South African resident shareholders registered on 27 July 2012, through a dividend paid by Investec Limited on the SA DAS share, of 7.5 pence per ordinary share and 1.5 pence per ordinary share paid by Investec plc. Shareholders in Investec plc will receive a distribution of 9.0 pence (2011: 9.0 pence) per ordinary share.

Investec Limited

An interim dividend of 103.0 cents per ordinary share (2011: 90 cents) was declared to shareholders registered on 9 December 2011 and was paid on 20 December 2011.

The directors have proposed a final dividend of 121.0 cents per ordinary share (2011: 102.0 cents) to shareholders registered on 27 July 2012 to be paid on 6 August 2012. The final dividend is subject to the approval of members of Investec Limited at the annual general meeting scheduled for 2 August 2012.

Preference dividends

Investec plc

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

Preference dividend number 11 for the period 1 April 2011 to 30 September 2011, amounting to 7.52 pence per share, was declared to members holding preference shares registered on 2 December 2011 and was paid on 13 December 2011.

Preference dividend number 12 for the period 1 October 2011 to 31 March 2012, amounting to 7.52 pence per share, was declared to members holding preference shares registered on 15 June 2012 and will be paid on 26 June 2012.

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

Preference dividend number 1 for the period 29 June 2011 to 30 September 2011, amounting to 220.19 cents per share, was declared to members holding Rand denominated non-redeemable, non-cumulative, non-participating preference shares registered on 2 December 2011 and was paid on 13 December 2011.

Preference dividend number 2 for the period 1 October 2011 to 31 March 2012, amounting to 428.67 cents per share, was declared to members holding preference shares registered on 15 June 2012 and will be paid on 26 June 2012.

Preferred securities

The fifth 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 25 June 2012.

Investec Limited

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

Preference dividend number 14 for the period 1 April 2011 to 30 September 2011, amounting to 315.86 cents per share, was declared to members holding preference shares registered on 2 December 2011 and was paid on 13 December 2011.

Preference dividend number 15 for the period 1 October 2011 to 31 March 2012, amounting to 315.86 cents per share, was declared to members holding preference shares registered on 15 June 2012 and will be paid on 26 June 2012.

Redeemable cumulative preference shares

Dividends amounting to R25 196 844 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 60 to 62. In accordance with the UK Corporate Governance Code, the entire board will offer itself for re-election at the 2012 annual general meeting.

HS Herman retired on 17 November 2011.

Directors and their interests

Directors' shareholdings and options to acquire shares are set out on pages 104 to 107. 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 page 55 and 56.

Share incentive trusts

Details regarding options granted during the year are set out on pages 136 and 137.

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 annual report.

Auditors

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

A resolution to re-appoint them as auditors will be proposed at the next annual general meeting scheduled to take place on 2 August 2012.

Contracts

Refer to page 100 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 annual report.

Major shareholders

The largest shareholders of Investec plc and Investec Limited are reflected on page 78.

Special resolutions

Investec plc

At the annual general meeting held on 4 August 2011, 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 4 August 2011, 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.

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 accounting policies adopted in this abridged report are consistent with Investec group's 2012 annual report.

Financial instruments

Detailed information on the group's risk management process and policy can be found in the risk management report on pages 48 to 51. Information on the group's hedge accounting policy and the use of derivatives and hedges can be found in the Investec group's 2012 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 on pages 67 to 69.

Donations

During the year, Investec plc made donations for charitable purposes, totalling £1.6 million and Investec Limited made donations for charitable purposes, totalling R34.9 million.

Further information is provided on pages 70 to 73.

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 can be found on pages 75 and 76.

Post balance sheet events

On 11 June 2012 Investec completed the acquisition of a majority interest in Neontar Limited (parent of NCB group). The consideration for the shares will be an amount equal to £4.35 million plus the net asset value of Neontar Limited at completion estimated at €28 million. There may also be deferred payments to sellers, dependent on the recovery of certain amounts by NCB group.

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).

Sir David Prosser	Fani Titi	Stephen Koseff
Joint chairman	Joint chairman	Chief executive officer

15 June 2012

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 Companies Act 2006 or the Companies Act). This is a summary only and the relevant provisions of the Articles or the Companies Act should be consulted if further information is required.

Share capital

The issued share capital of Investec plc at 31 March 2012 consists of 598 339 612 plc 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, 276 020 221 plc 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, 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.

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 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, 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, 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 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.

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 2012, 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

15 June 2012

Independent auditor's statement to the members of Investec plc

We have examined the summary financial statement for the year ended 31 March 2012 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 pages 128 and 129 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 directors and auditors

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 operating financial review and risk 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our 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 2012 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 13 June 2012 and the date of this statement.

Ernst & Young LLP

Ernst & Young LLP
Statutory Auditor

London
15 June 2012

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.

Combined consolidated income statement

For the year ended 31 March £'000	2012	2011*
Interest income	2 299 925	2 238 783
Interest expense	(1 600 878)	(1 557 314)
Net interest income	**699 047**	**681 469**
Fee and commission income	1 013 379	896 300
Fee and commission expense	(129 145)	(108 642)
Investment income	174 327	254 943
Trading income arising from		
– customer flow	77 066	76 447
– balance sheet management and other trading activities	32 204	87 296
Other operating income	65 128	67 173
Total operating income before impairment on loans and advances	**1 932 006**	**1 954 986**
Impairment losses on loans and advances	(325 118)	(318 230)
Operating income	**1 606 888**	**1 636 756**
Operating costs	(1 230 628)	(1 196 865)
Depreciation on operating leased assets	(28 670)	(16 447)
Operating profit before goodwill and acquired intangibles	**347 590**	**423 444**
Impairment of goodwill	(24 366)	(6 888)
Amortisation of acquired intangibles	(9 530)	(6 341)
Cost arising from integration of acquired subsidiaries	(17 117)	–
Operating profit	**296 577**	**410 215**
Non-operational costs arising from acquisition of subsidiary	(5 342)	–
Profit arising from associate converted to subsidiary	–	73 465
Net loss on sale of subsidiaries	–	(17 302)
Profit before taxation	**291 235**	**466 378**
Taxation on operating profit before goodwill	(62 907)	(65 075)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	8 164	6 610
Profit after taxation	**236 492**	**407 913**
Operating losses attributable to non-controlling interests	11 035	10 962
Loss on subsidiaries attributable to non-controlling interests	–	1 641
Earnings attributable to shareholders	**247 527**	**420 516**
Earnings per share (pence)		
– Basic	25.7	49.7
– Diluted	24.3	46.7

* *Restated for reclassifications detailed on pages 143 to 145 of this report.*

Combined consolidated statement of comprehensive income

For the year ended 31 March £'000	2012	2011
Profit after taxation	236 492	407 913
Other comprehensive income:		
Cash flow hedge movements taken directly to other comprehensive income	(34 691)	9 929
Gains on realisation of available-for-sale assets reclassified to the income statement	(12 891)	(4 845)
Fair value movements on available-for-sale assets taken directly to other comprehensive income	(312)	27 631
Foreign currency adjustments on translating foreign operations	(196 351)	39 588
Pension fund actuarial gains	282	10 157
Total comprehensive (loss)/income	**(7 471)**	**490 373**
Total comprehensive loss attributable to non-controlling interests	(21 798)	(10 710)
Total comprehensive (loss)/income attributable to ordinary shareholders	(24 979)	458 064
Total comprehensive income attributable to perpetual preferred securities	39 306	43 019
Total comprehensive (loss)/income	**(7 471)**	**490 373**

Combined consolidated balance sheet

At 31 March £'000	2012	2011*	2010*
Assets			
Cash and balances at central banks	2 593 851	1 769 078	2 338 234
Loans and advances to banks	2 725 347	1 468 705	2 781 630
Non-sovereign and non-bank cash placements	642 480	535 983	581 117
Reverse repurchase agreements and cash collateral on securities borrowed	975 992	2 467 775	911 432
Sovereign debt securities	4 067 093	3 532 100	2 533 377
Bank debt securities	3 081 061	3 006 129	2 142 117
Other debt securities	377 832	267 132	118 945
Derivative financial instruments	1 913 650	1 799 204	1 591 841
Securities arising from trading activities	640 146	743 487	626 535
Investment portfolio	890 702	858 610	768 896
Loans and advances to customers	17 192 208	17 692 356	16 720 495
Own originated loans and advances to customers securitised	1 034 174	1 065 782	1 170 302
Other loans and advances	1 397 477	1 066 168	694 196
Warehoused assets – Kensington warehouse funding	1 431 712	1 612 181	1 776 525
Other securitised assets	3 101 422	3 858 511	4 164 151
Interests in associated undertakings	27 506	23 481	104 059
Deferred taxation assets	150 381	114 838	134 355
Other assets	1 802 121	1 446 066	1 268 472
Property and equipment	171 685	279 801	161 255
Investment properties	407 295	379 527	273 038
Goodwill	468 320	456 608	274 417
Intangible assets	192 099	136 452	36 620
	45 284 554	44 579 974	41 172 009
Other financial instruments at fair value through profit or loss in respect of			
– Liabilities to customers	6 265 846	6 361 296	5 397 014
– Assets related to reinsurance contracts	–	–	2 842
	51 550 400	50 941 270	46 571 865
Liabilities			
Deposits by banks	2 132 516	1 858 893	2 439 670
Deposits by banks – Kensington warehouse funding	834 912	975 542	1 213 042
Derivative financial instruments	1 421 130	1 486 419	1 193 421
Other trading liabilities	612 884	716 556	504 618
Repurchase agreements and cash collateral on securities lent	1 864 137	1 599 646	1 110 508
Customer accounts (deposits)	25 343 771	24 441 260	21 934 044
Debt securities in issue	2 243 948	2 145 213	2 187 040
Liabilities arising on securitisation of own originated loans and advances	1 036 674	1 052 281	1 212 906
Liabilities arising on securitisation of other assets	2 402 043	3 288 583	3 501 650
Current taxation liabilities	209 609	206 957	196 965
Deferred taxation liabilities	102 478	148 750	136 974
Other liabilities	1 575 154	1 411 137	1 177 589
Pension fund liabilities	–	–	1 285
	39 779 256	39 331 237	36 809 712
Liabilities to customers under investment contracts	6 263 913	6 358 732	5 392 662
Insurance liabilities, including unit-linked liabilities	1 933	2 564	4 352
Reinsured liabilities	–	–	2 842
	46 045 102	45 692 533	42 209 568
Subordinated liabilities	1 492 776	1 287 635	1 070 436
	47 537 878	46 980 168	43 280 004
Equity			
Ordinary share capital	221	208	195
Perpetual preference share capital	153	153	152
Share premium	2 457 019	2 242 067	1 928 296
Treasury shares	(72 820)	(42 713)	(66 439)
Other reserves	82 327	315 878	246 718
Retained income	1 249 515	1 131 980	846 060
Shareholders' equity excluding non-controlling interests	3 716 415	3 647 573	2 954 982
Non-controlling interests	296 107	313 529	336 879
– Perpetual preferred securities issued by subsidiaries	291 769	317 997	314 944
– Non-controlling interests in partially held subsidiaries	4 338	(4 468)	21 935
Total equity	4 012 522	3 961 102	3 291 861
Total liabilities and equity	51 550 400	50 941 270	46 571 865

* *Restated for reclassifications detailed on pages 143 to 145 of this report.*

Combined consolidated cash flow statement

For the year to 31 March £'000	2012	2011
Operating profit adjusted for non-cash items	776 138	854 779
Taxation paid	(117 759)	(61 496)
Increase in operating assets	(2 538 282)	(4 137 456)
Increase in operating liabilities	3 393 045	2 689 207
Net cash inflow/(outflow) from operating activities	1 513 142	(654 966)
Cash flow on acquisition of group operations	55 685	57 044
Cash flow on disposal of group operations	–	80 161
Cash flow on net (acquisition)/disposal of associates	(3 736)	1 179
Cash flow on acquisition of property, equipment and intangible assets	(84 744)	(285 382)
Cash flow on disposal of property, equipment and intangible assets	72 355	22 523
Net cash inflow/(outflow) from investing activities	39 560	(124 475)
Dividends paid to ordinary shareholders	(134 436)	(123 630)
Dividends paid to other equity holders	(39 696)	(43 375)
Proceeds on issue of shares, net of related costs	43 215	141 814
Proceeds on issue of perpetual preference shares	20 638	16 138
Proceeds on net acquisition of treasury shares, net of related costs	(75 431)	(45 461)
Proceeds on issue of other equity instruments*	72	1 493
Proceeds from subordinated debt raised	321 068	634 617
Repayment of subordinated debt	(29 751)	(438 246)
Net cash inflow from financing activities	105 679	143 350
Effects of exchange rates on cash and cash equivalents	(102 563)	101 032
Net increase/(decrease) in cash and cash equivalents	1 555 818	(535 059)
Cash and cash equivalents at the beginning of the year	3 386 988	3 922 047
Cash and cash equivalents at the end of the year	4 942 806	3 386 988
Cash and cash equivalents is defined as including:		
Cash and balances at central banks	2 593 851	1 769 078
On demand loans and advances to banks	1 706 475	1 081 927
Non-sovereign and non-bank cash placements	642 480	535 983
Cash and cash equivalents at the end of the year	4 942 806	3 386 988

* *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 2010	195	152	1 928 296	(66 439)
Movement in reserves 1 April 2010 – 31 March 2011				
Profit after taxation	–	–	–	–
Fair value movements on cash flow hedges	–	–	–	–
Gains on realisation of available-for-sale assets recycled through the income statement	–	–	–	–
Fair value movements on available-for-sale assets	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	–	–
Pension fund actuarial gains	–	–	–	–
Total comprehensive income/(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	–	325 873	–
Issue of perpetual preference shares	–	1	16 137	–
Share issue expenses	–	–	(3 632)	–
Issue of equity by subsidiaries	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–
Non-controlling interest relating to disposal of subsidiaries	–	–	–	–
Movement of treasury shares	–	–	(24 607)	(20 854)
Transfer from capital reserve account	–	–	–	–
Transfer from regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	44 580
At 31 March 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	–	–	–	–
Gains on realisation of available-for-sale assets recycled through the income statement	–	–	–	–
Fair value movements on available-for-sale assets	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	–	–
Pension fund actuarial gains	–	–	–	–
Total comprehensive (loss)/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	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	Available-for-sale reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Retained income	Shareholders' excluding non-controlling interests	Non-controlling interests	Total equity
11 924	(1 354)	33 767	(5 984)	208 365	846 060	2 954 982	336 879	3 291 861
–	–	–	–	–	420 516	420 516	(12 603)	407 913
–	–	–	9 929	–	–	9 929	–	9 929
–	(4 845)	–	–	–	–	(4 845)	–	(4 845)
–	27 631	–	–	–	–	27 631	–	27 631
–	434	1 295	(428)	36 394	–	37 695	1 893	39 588
–	–	–	–	–	10 157	10 157	–	10 157
–	23 220	1 295	9 501	36 394	430 673	501 083	(10 710)	490 373
–	–	–	–	–	69 518	69 518	–	69 518
–	–	–	–	–	(123 630)	(123 630)	–	(123 630)
–	–	–	–	–	(43 019)	(43 019)	22 332	(20 687)
–	–	–	–	–	–	–	(22 332)	(22 332)
–	–	–	–	–	–	–	(356)	(356)
–	–	–	–	–	–	325 886	–	325 886
–	–	–	–	–	–	16 138	–	16 138
–	–	–	–	–	–	(3 632)	–	(3 632)
–	–	–	–	–	–	–	1 493	1 493
–	–	–	–	–	(4 292)	(4 292)	322	(3 970)
–	–	–	–	–	–	–	(14 099)	(14 099)
–	–	–	–	–	–	(45 461)	–	(45 461)
(635)	–	–	–	–	635	–	–	–
–	–	(615)	–	–	615	–	–	–
–	–	–	–	–	(44 580)	–	–	–
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

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 the IFRSs as issued by the International Accounting Standards Board (IASB). At 31 March 2012, 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.

Accounting policies applied are consistent with those of the prior year, except for the adoption of the following amendments:

- The group retrospectively adopted the amendments to IAS 24 Related Parties which related to the clarification of a definition of a related party (noting that an investor, its subsidiaries and interests in associated undertakings are related parties to each other). These amendments have had no material impact on the financial statements of the group.
- The following amendments and improvements to IFRS have been adopted retrospectively, with no impact to the financial statements of the group:
  - IFRS 7 Financial Instruments: Disclosures
  - IFRIC 14 Prepayments of a Minimum Funding Requirement
  - IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
  - IAS 1 Presentation of Financial Statements
  - IAS 27 Consolidated and Separate Financial Statements
  - IFRIC 13 Customer Loyalty Programmes.

Restatements and presentation of information

The group has revised its disclosure of business segments into three core (previously six) business lines, namely, Asset Management, Wealth & Investment and Specialist Banking. To align with information provided to the chief operating decision maker, the previously reported Private Banking, Capital Markets, Investment Banking, Property Activities and Group Services and Other divisions have been grouped under one core business division referred to as Specialist Banking. Associated with these changes, the group has refined the disclosures relating to the income statement and balance sheet as detailed on pages 143 to 145. The group believes that these refinements provide greater clarity on the key income and balance sheet drivers of its business.

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 (SPE's) 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 SPE's for a variety of reasons. SPE's 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 abridged financial statements is available for inspection at the companies registered office.

For the year ended 31 March £'000	Asset Management	Wealth & Investment	Specialist Banking	Total group
Combined consolidated segmental analysis				
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 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 leased assets	–	–	(28 670)	(28 670)
Operating profit before goodwill and acquired intangibles	134 073	38 674	174 843	347 590
Operating 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
Core business	133 693	38 721	274 342	446 756
Property loan portfolio being run off*	–	–	(88 131)	(88 131)
Selected returns and key statistics				
ROE (pre-tax)	84.0%	13.1%	6.1%	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 (excluding assurance assets) (£'million)	539	796	43 950	45 285

* *Residual property loan portfolios in Ireland and Australia which have been ring-fenced for collection and recovery and are being run-off.*

For the year ended 31 March £'000	Asset Management	Wealth & Investment	Specialist Banking	Total group
Combined consolidated segmental analysis (continued)				
2011				
Segmental business analysis – income statement				
Net interest income	2 989	7 281	671 199	681 469
Fee and commission income	411 935	159 055	325 310	896 300
Fee and commission expense	(72 831)	(11 414)	(24 397)	(108 642)
Investment income	(40)	1 126	253 857	254 943
Trading income arising from				
– customer flow	–	(1 932)	78 379	76 447
– balance sheet management and other trading activities	–	(528)	87 824	87 296
Other operating income	2 537	2 651	61 985	67 173
Total operating income before impairment on loans and advances	344 590	156 239	1 454 157	1 954 986
Impairment losses on loans and advances	29	–	(318 259)	(318 230)
Operating income	344 619	156 239	1 135 898	1 636 756
Operating costs	(216 947)	(115 813)	(864 105)	(1 196 865)
Depreciation on operating leased assets	–	–	(16 447)	(16 447)
Operating profit before goodwill and acquired intangibles	127 672	40 426	255 346	423 444
Operating losses attributable to non-controlling interests	(364)	–	11 326	10 962
Operating profit before goodwill and acquired intangible and after non-controlling interests	127 308	40 426	266 672	434 406
Core business	127 308	40 426	341 649	509 383
Property loan portfolio being run off*	–	–	(74 977)	(74 977)
Selected returns and key statistics				
ROE (pre-tax)	78.5%	16.5%	9.7%	13.5%
Return on tangible equity (pre-tax)	329.7%	78.7%	10.4%	15.8%
Cost to income ratio	63.0%	74.1%	60.1%	61.7%
Staff compensation to operating income	45.2%	53.1%	38.3%	40.7%
Operating profit per employee (£'000)	124.4	63.6	52.4	64.4
Total assets (excluding assurance assets) (£'million)	553	1 081	42 946	44 580

* *Residual property loan portfolios in Ireland and Australia which have been ring-fenced for collection and recovery and are being run-off.*

For the year ended 31 March £'000	UK and Europe	Southern Africa	Australia	Total group
Combined consolidated segmental analysis (continued)				
2012				
Segmental geographic analysis – income statement				
Interest income	696 673	1 352 348	250 904	2 299 925
Interest expense	(409 256)	(1 007 060)	(184 562)	(1 600 878)
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 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 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 before goodwill, acquired intangibles and after non-controlling interests	135 070	289 436	(65 881)	358 625
Core business	139 920	289 436	17 400	446 756
Property loan portfolio being run off*	(4 850)	–	(83 281)	(88 131)
Impairment of goodwill	(21 510)	(2 856)	–	(24 366)
Amortisation of acquired intangibles	(9 530)	–	–	(9 530)
Cost 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 of group operations	8 164	–	–	8 164
Earnings attributable to shareholders	55 824	238 044	(46 341)	247 527
Selected returns and key statistics				
ROE (post-tax)	6.0%	14.9%	(11.1%)	7.8%
Return on tangible equity (post-tax)	9.6%	15.1%	(12.7%)	9.5%
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

* *Residual property loan portfolios in Ireland and Australia which have been ring-fenced for collection and recovery and are being run-off.*

For the year ended 31 March £'000	UK and Europe	Southern Africa	Australia	Total group
Combined consolidated segmental analysis (continued)				
2011				
Segmental geographic analysis – income statement				
Interest income	633 789	1 357 987	247 007	2 238 783
Interest expense	(362 978)	(1 019 740)	(174 596)	(1 557 314)
Net interest income	270 811	338 247	72 411	681 469
Fee and commission income	523 225	333 037	40 038	896 300
Fee and commission expense	(99 473)	(5 280)	(3 889)	(108 642)
Investment income	138 193	111 904	4 846	254 943
Trading income arising from				
– customer flow	43 353	27 694	5 400	76 447
– balance sheet management and other trading activities	62 430	25 133	(267)	87 296
Other operating income	51 122	18 380	(2 329)	67 173
Total operating income before impairment on loans and advances	989 661	849 115	116 210	1 954 986
Impairment losses on loans and advances	(210 485)	(77 538)	(30 207)	(318 230)
Operating income	779 176	771 577	86 003	1 636 756
Operating costs	(640 282)	(471 013)	(85 570)	(1 196 865)
Depreciation on operating leased assets	(16 447)	–	–	(16 447)
Operating profit before goodwill and acquired intangibles	122 447	300 564	433	423 444
Operating losses attributable to non-controlling interests	11 179	(490)	273	10 962
Operating profit before goodwill, acquired intangibles and after non-controlling interests	133 626	300 074	706	434 406
Core business	178 937	300 074	30 372	509 383
Property loan portfolio being run off*	(45 311)	–	(29 666)	(74 977)
Impairment of goodwill	–	(6 888)	–	(6 888)
Amortisation of acquired intangibles	(6 341)	–	–	(6 341)
Profit arising from associate converted to subsidiary	73 465	–	–	73 465
Net loss on sale of subsidiaries	(18 375)	58	1 015	(17 302)
Loss on subsidiaries attributable to non-controlling interests	3 099	(1 458)	–	1 641
Earnings attributable to shareholders before taxation	185 474	291 786	1 721	478 981
Taxation on operating profit before goodwill	(29 228)	(35 357)	(490)	(65 075)
Taxation on acquired intangibles and acquisition/disposal of group operations	6 610	–	–	6 610
Earnings attributable to shareholders	162 856	256 429	1 231	420 516
Selected returns and key statistics				
ROE (post-tax)	8.0%	17.5%	0.1%	11.2%
Return on tangible equity (post-tax)	11.7%	17.8%	0.1%	13.2%
Cost to income ratio	65.8%	55.5%	73.6%	61.7%
Staff compensation to operating income	42.8%	36.8%	51.6%	40.7%
Operating profit per employee (£'000)	56.8	75.2	1.1	64.4
Effective operational tax rate	24.6%	11.8%	284.9%	15.5%
Total assets (£'million)	19 217	28 284	3 440	50 941

* *Residual property loan portfolios in Ireland and Australia which have been ring-fenced for collection and recovery and are being run-off.*

For the year ended 31 March £'000	UK and Europe	Southern Africa	Australia	Total group
Combined consolidated segmental analysis (continued)				
Segmental geographic and business analysis of operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests				
2012				
Asset Management	58 922	74 771	–	133 693
Wealth & Investment	23 268	15 453	–	38 721
Specialist Banking	52 880	199 212	(65 881)	186 211
Property activities	572	17 740	3 351	21 663
Private Banking activities	1 841	30 423	(73 679)	(41 415)
Core business	6 691	30 423	9 602	46 716
Property loan portfolio being run off*	(4 850)	–	(83 281)	(88 131)
Corporate Advisory and Investment activities	7 893	37 249	(3 157)	41 985
Corporate and Institutional Banking activities	118 496	102 548	12 956	234 000
Group Services and Other activities	(75 922)	11 252	(5 352)	(70 022)
Total group	135 070	289 436	(65 881)	358 625
Core business	139 920	289 436	17 400	446 756
Property loan portfolio being run off*	(4 850)	–	(83 281)	(88 131)
Non-controlling interest – equity				(11 035)
Operating profit				347 590
2011				
Asset Management	53 002	74 306	–	127 308
Wealth & Investment	25 008	15 418	–	40 426
Specialist Banking	55 616	210 350	706	266 672
Property activities	375	40 178	7 155	47 708
Private Banking activities	(84 041)	2 990	(10 390)	(91 441)
Core business	(38 730)	2 990	19 276	(16 464)
Property loan portfolio being run off*	(45 311)	–	(29 666)	(74 977)
Corporate Advisory and Investment activities	8 887	65 191	(6 716)	67 362
Corporate and Institutional Banking activities	139 978	92 211	9 860	242 049
Group Services and Other activities	(9 583)	9 780	797	994
Total group	133 626	300 074	706	434 406
Core business	178 937	300 074	30 372	509 383
Property loan portfolio being run off*	(45 311)	–	(29 666)	(74 977)
Non-controlling interest – equity				(10 962)
Operating profit				423 444

* *Residual property loan portfolios in Ireland and Australia which have been ring-fenced for collection and recovery and are being run-off.*

For the year ended 31 March £'000	2012	2011
Combined consolidated segmental analysis (continued)		
Segmental geographic and business analysis of operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests		
Asset Management	133 693	127 308
Wealth & Investment	38 721	40 426
Specialist Banking	186 211	266 672
Property activities	21 663	47 708
Private Banking activities		
Core Private Banking	46 716	(16 464)
Property loan portfolio being run-off*	(88 131)	(74 977)
	(41 415)	(91 441)
Corporate Advisory and Investment activities		
Corporate Finance	14 764	7 581
Institutional research, sales and trading	(15 545)	(4 230)
Principal Investments	42 766	64 011
	41 985	67 362
Corporate and Institutional Banking activities	234 000	242 049
Group Services and Other activities		
International trade finance	10 324	9 065
Central funding	10 238	91 037
Central costs	(90 584)	(99 108)
	(70 022)	994
Core business	446 756	509 383
Property loan portfolio being run-off*	(88 131)	(74 977)
Total group	358 625	434 406

* *Residual property loan portfolios in Ireland and Australia which have been ring-fenced for collection and recovery and are being run-off.*

Share-based payments

The group operates share option and share purchase schemes 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 are provided on pages 95 and 96 of the remuneration report and on our website.

For the year ended 31 March £'000	Asset Management	Wealth & Investment	Specialist Banking	Total group
Share-based payment expense charged to the income statement (included in operating costs):				
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
2011				
Equity-settled	6 303	4 368	58 852	69 523
Cash-settled	–	–	(5)	(5)
Total income statement charge	6 303	4 368	58 847	69 518

Included in the above income statement charge is an accelerated share-based payment charge of £786 755 (2011: £136 089).

For the year ended 31 March £'000	2012	2011
Weighted average fair value of options granted in the year		
UK schemes	26 569	59 299
South African schemes	28 950	61 774

	UK schemes				South African schemes			
	2012		2011		2012		2011	
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 R	Number of share options	Weighted average exercise price R
Outstanding at the beginning of the year	45 033 517	0.09	33 381 361	0.17	42 984 422	0.74	33 651 198	1.98
Granted during the year	8 776 990	0.16	20 237 627	0.04	9 020 438	–	17 903 599	–
Exercised during the year*	(5 733 448)	0.19	(6 687 293)	0.11	(7 223 129)	4.38	(7 013 570)	4.42
Expired during the year	(2 000 229)	0.58	(1 898 178)	0.87	(2 357 838)	–	(1 556 805)	2.59
Outstanding at the end of the year	46 076 830	0.06	45 033 517	0.09	42 423 893	–	42 984 422	0.74
Exercisable at the end of the year	704 523	0.04	160 236	0.74	1 011 438	–	1 115 836	28.35

* *Weighted average share price during the year was £4.15 (2011: £4.94).*

For the year ended 31 March	UK schemes		South African schemes	
	2012	2011	2012	2011
Share-based payments (continued)				
The exercise price range and weighted average remaining contractual life for the options are as follows:				
Options with strike prices				
Exercise price range	£1.50 – £6.52	£1.55 – £6.52	n/a	R20.28 – R57.60
Weighted average remaining contractual life	3.47 years	1.59 years	n/a	0.53 years
Weighted average fair value of options granted at measurement date	£3.03	£2.93	R37.25	R39.21
Long-term incentive grants with no strike price				
Exercise price range	£nil	£nil	Rnil	Rnil
Weighted average remaining contractual life	3.00 years	3.37 years	2.99 years	3.32 years
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	£3.34 – £5.00	£4.29 – £4.98	R44.00 – R56.29	R52.55 – R55.40
– Exercise price	£nil, £3.34 – £5.00	£nil, £4.29 – £4.98	Rnil	Rnil
– Expected volatility	30%	30% – 38%	30%	30% – 36%
– Option life	5 – 5.25 years	5 – 5.25 years	5 years	5 years
– Expected dividend yields	5.19% – 7.84%	5.07% – 5.23%	3.87% – 5.33%	2.85% – 4.61%
– Risk-free rate	1.48% – 2.15%	2.05% – 2.15%	6.44% – 7.58%	6.75% – 7.31%

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. Please refer to the remuneration report for details on terms and conditions of share options.

For the year ended 31 March	2012	2011
Earnings per share		
Earnings	£'000	£'000
Earnings attributable to shareholders	247 527	420 516
Preference dividends paid	(39 306)	(43 019)
Earnings and diluted earnings attributable to ordinary shareholders	208 221	377 497
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	831 688 923	791 147 632
Weighted average number of treasury shares	(22 133 785)	(31 307 382)
Weighted average number of shares in issue during the year	809 555 138	759 840 250
Weighted average number of shares resulting from future dilutive potential shares	46 272 969	48 050 814
Adjusted weighted number of shares potentially in issue	855 828 107	807 891 064
Earnings per share – pence	25.7	49.7
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	24.3	46.7
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 period 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	31.8	43.2
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.		

For the year ended 31 March	2012	2011
Earnings per share (continued)	£'000	£'000
Earnings attributable to shareholders	247 527	420 516
Impairment of goodwill	24 366	6 888
Amortisation of acquired intangibles, net of taxation	7 052	3 509
Loss on subsidiaries attributable to non-controlling interests	–	(1 641)
Non-operational costs arising from acquisition of subsidiary (including integration costs), net of taxation	16 773	–
Profit arising from associate converted to subsidiary	–	(73 465)
Net loss on sale of subsidiaries, net of taxation	–	13 524
Preference dividends paid	(39 306)	(43 019)
Additional earnings attributable to other equity holders*	(557)	1 585
Currency hedge attributable to perpetual equity instruments	1 724	–
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	**257 579**	**327 897**
Headline earnings per share – pence	**26.8**	**37.7**
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 3/2009 issued by the South African Institute of Chartered Accountants.		
	£'000	£'000
Earnings attributable to shareholders	247 527	420 516
Impairment of goodwill	24 366	6 888
Loss on subsidiaries attributable to non-controlling interests	–	(1 641)
Profit arising from associate converted to subsidiary	–	(73 465)
Net loss on sale of subsidiaries, net of taxation	–	13 524
Preference dividends paid	(39 306)	(43 019)
Additional earnings attributable to other equity holders	–	1 585
Property revaluation, net of taxation	(2 443)	(34 192)
Gains on available-for-sale instruments	(12 891)	(3 537)
Headline earnings attributable to ordinary shareholders**	**217 253**	**286 659**

* *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.*

** *Taxation on headline earning adjustments amounted to £5.6 million (2011: £14.8 million) with no impact on earnings attributable to non-controlling interests.*

For the year ended 31 March	2012 Pence per share	2012 Total £'million	2011 Pence per share	2011 Total £'million
Dividends				
Ordinary dividend				
Final dividend for prior year	9.0	70 558	8.0	59 341
Interim dividend for current year	8.0	63 878	8.0	64 289
Total dividend attributable to ordinary shareholders' recognised in current financial year	17.0	134 436	16.0	123 630

The directors have proposed a final dividend in respect of the financial year ended 31 March 2012 of 9.0 pence per ordinary share (31 March 2011: 9.0 pence).

This will be paid as follows:

- For Investec Limited shareholders, through a dividend paid by Investec Limited of 121.0 cents per ordinary share.
- For Investec plc non-South African shareholders, through a dividend paid by Investec plc of 9.0 pence per ordinary share
- For Investec plc South African resident shareholders, through a dividend payment by Investec plc of 1.5 pence per ordinary share and through a dividend payment on the SA DAS share of 7.5 pence per ordinary share.

The final dividend will be payable on 6 August 2012 to shareholders on the register at the close of business on 27 July 2012.

For the year ended 31 March	2012 Pence per share^	2012 Cents per share*	2012 Total £'million	2011 Pence per share^	2011 Cents per share*	2011 Total £'million
Perpetual preference dividend						
Final dividend for prior year	7.52	660.45	14 173	7.48	757.97	15 398
Interim dividend for current year	7.52	874.47	12 576	7.52	722.82	15 988
Total dividend attributable to perpetual preference shareholders recognised in current financial year	15.04	1 534.92	26 749	15.00	1 480.79	31 386

^ *Perpetual preference share dividends from Investec Tier I (UK) LP.*
* *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 2012 of 7.52 pence (Investec plc shares traded on the JSE Limited) and 7.52 pence (Investec plc shares traded on the Channel Island Stock Exchange), 315.86 cents (Investec Limited) 338.42 cents (Investec Bank Limited), 428.67 cents (Investec plc) per perpetual preference share. The final dividend will be payable to shareholders on the register at the close of business on 15 June 2012.

For the year ended 31 March	2012	2011
Dividend attributable to perpetual preferred securities	12 557	11 633

The €200 000 000 (2011: €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 46.

At 31 March	2012	2011
Ordinary share capital		
Investec plc		
Issued, allotted and fully paid		
Number of ordinary shares	Number	Number
At beginning of year	537 176 089	471 113 064
Issued during the year	61 163 523	66 063 025
At end of year	598 339 612	537 176 089
Nominal value of ordinary shares	£'000	£'000
At beginning of year	108	94
Issued during the year	12	14
At end of year	120	108
Number of special converting shares	Number	Number
At beginning of year	272 836 668	269 766 932
Issued during the year	3 183 553	3 069 736
At end of year	276 020 221	272 836 668
Nominal value of special converting shares	£'000	£'000
At beginning of year	54	54
Issued during the year	1	*
At end of year	55	54
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
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	*	*

* *Less than £1 000.*

At 31 March	2012	2011
Ordinary share capital (continued)		
Investec Limited		
Authorised		
The authorised share capital of Investec Limited is R1 268 002 (2011: R1 268 002), comprising 450 000 000 (2011: 450 000 000) ordinary shares of R0.0002 each, 40 000 000 (2011: 40 000 000) Class 'A' variable rate compulsorily convertible non-cumulative preference shares of R0.0002 each, 50 000 (2011: 50 000) variable rate redeemable cumulative preference shares of R0.60 cents each, 100 000 000 (2011: 100 000 000) non-redeemable non-cumulative non-participating preference shares of R0.01 each, 1 (2011: 1) Dividend Access (South African Resident) redeemable preference share of R1, 1 (2011: 1) Dividend Access (Non-South African Resident) redeemable preference share of R1, 700 000 000 (2011: 700 000 000) special convertible redeemable preference shares of R0.0002 each (special converting shares)		
Issued, allotted and fully paid		
Number of ordinary shares	Number	Number
At beginning of year	272 836 668	269 766 932
Issued during the year	3 183 553	3 069 736
At end of year	276 020 221	272 836 668
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	537 176 089	471 113 064
Issued during the year	61 163 523	66 063 025
At end of year	598 339 612	537 176 089
Nominal value of special converting shares	£'000	£'000
At beginning and 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	*	*
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	226	214
Less: held by Investec Limited	(2)	(2)
Less: held by Investec plc	(3)	(4)
Total called up share capital	221	208

* *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, the 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.

Ordinary share capital (continued)

Staff share scheme

The group operates a share option and a share purchase scheme for employees.

Movements in the number of share options (each option is in respect of one share) issued to employees are as follows:

At 31 March Number	2012	2011
Opening balance	88 017 939	67 032 559
Issued during the year	17 797 428	38 141 226
Exercised	(12 956 577)	(13 700 863)
Lapsed	(4 358 067)	(3 454 983)
Closing balance	88 500 723	88 017 939

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 five to eight 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.

Reclassifications

Income statement reclassifications

The previously reported principal transaction income line item has been split into the following line items:

- Investment income: income, other than margin, from securities held for the purpose of generating interest yield, dividends and capital appreciation
- Client flow trading income: income from trading activities arising from facilitating client activities.
- Income from balance sheet management and other trading activities: includes proprietary trading income and other gains and losses as well as income earned from the balance sheet management desk.

With the continued reduction in insurance activity, it is deemed appropriate to move the associated line items to other operating income.

For the year ended 31 March 2011 £'000	New format	As previously reported	Reclassifi-cations
Interest income	2 238 783	2 238 783	–
Interest expense	(1 557 314)	(1 557 314)	–
Net interest income	681 469	681 469	–
Fee and commission income	896 300	896 300	–
Fee and commission expense	(108 642)	(108 642)	–
Principal transactions	–	418 686	(418 686)
Investment income	254 943	–	254 943
Trading income arising from			
– customer flow	76 447	–	76 447
– balance sheet management and other trading activities	87 296	–	87 296
Investment income on assurance activities	–	64 834	(64 834)
Premiums and reinsurance recoveries on insurance contracts	–	6 110	(6 110)
Other operating income	67 173	54 003	13 170
Claims and reinsurance premiums on insurance business	–	(57 774)	57 774
Total operating income before impairment losses on loans and advances	1 954 986	1 954 986	–

Reclassifications (continued)

Commentary on combined consolidated balance sheet reclassifications

The main driver behind the revision to the balance sheet is to enable a better understanding of Investec's exposures and to minimise reconciliation points to the detailed risk disclosures in the annual report.

It is noted that there are no measurement changes nor are there any changes to total assets, liabilities, equity and the cash flow statement.

Each category of reclassification is noted below:

- Cash equivalent corporate paper
  Cash equivalent advances to customers has been renamed to 'non-sovereign and non-bank cash placements'. These balances represent short-term placements in corporates that run an in-house treasury function.
- Loans and securitisation
  To better align the balance sheet with the Group's risk management disclosures, loans and advances and securitised assets that form part of our 'core' lending activities has been separated from assets that are in warehoused facilities and structured credit investments arising out of our securitisation and principal finance activities. This has resulted in a need to split loans and advances and securitised assets into two balance sheet categories for each. Securitised liabilities has been split into two line items to enable the relationship with securitised assets to be clearly identified.

Balance sheet reclassifications (continued)

- Securities reclassification
  The group's previous balance sheet split securities (other than lending related) into two key line items being trading and investment securities. This classification was driven by the accounting rule sets that mainly distinguish between instruments fair valued through profit and loss, those carried at amortised cost (held to maturity) and those fair valued through equity (available-for-sale). The group is of the view that disclosure of the nature of exposures on the balance sheet, distinguishing between instruments held to manage balance sheet liquidity, as principal exposure and balance sheet instruments arising from trading desk activities provides more meaningful disclosure on the face of the balance sheet. The line item 'Securities arising from trading activities' includes all instruments (other than derivative instruments) that are held on balance sheet in relation to trading activities.

At 31 March 2011 £'000	New format	As previously reported	Total reclassification	Cash equivalent corporate paper	Loans and securitisation	Securities reclassification
Total assets reclassified						
Cash equivalent advances to customers	–	535 983	(535 983)	(535 983)	–	–
Non-sovereign and non-bank cash placements	535 983	–	535 983	535 983	–	–
Sovereign debt securities	3 532 100	–	3 532 100	–	–	3 532 100
Bank debt securities	3 006 129	–	3 006 129	–	–	3 006 129
Other debt securities	267 132	–	267 132	–	–	267 132
Trading securities	–	5 114 322	(5 114 322)	–	–	(5 114 322)
Securities arising from trading activities	743 487	–	743 487	–	–	743 487
Investment securities	–	3 328 609	(3 328 609)	–	–	(3 328 609)
Loans and advances to customers	17 692 356	18 758 524	(1 066 168)	–	(1 066 168)	–
Securitised assets	–	4 924 293	(4 924 293)	–	(4 924 293)	–
Own originated loans and advances to customers securitised	1 065 782	–	1 065 782	–	1 065 782	–
Other loans and advances	1 066 168	–	1 066 168	–	1 066 168	–
Other securitised assets	3 858 511	–	3 858 511	–	3 858 511	–
Investment portfolio	858 610	–	858 610	–	–	858 610
Other assets	1 446 066	1 410 593	35 473	–	–	35 473
	34 072 324	34 072 324	–	–	–	–
Total liabilities reclassified						
Liabilities arising on securitisation	–	4 340 864	(4 340 864)	–	(4 340 864)	–
Liabilities arising on securitisation of own originated loans and advances	1 052 281	–	1 052 281	–	1 052 281	–
Liabilities arising on securitisation of other assets	3 288 583	–	3 288 583	–	3 288 583	–
	4 340 864	4 340 864	–	–	–	–

Reclassifications (continued)

Balance sheet reclassifications (continued)

At 31 March 2010 £'000	New format	As previously reported	Total reclassi-fication	Cash equivalent corporate paper	Loans and securitisation	Securities reclassi-fication
Total assets reclassified						
Cash equivalent advances to customers	–	581 117	(581 117)	(581 117)	–	–
Non-sovereign and non-bank cash placements	581 117	–	581 117	581 117	–	–
Sovereign debt securities	2 533 377	–	2 533 377	–	–	2 533 377
Bank debt securities	2 142 117	–	2 142 117	–	–	2 142 117
Other debt securities	118 945	–	118 945	–	–	118 945
Trading securities	–	4 221 645	(4 221 645)	–	–	(4 221 645)
Securities arising from trading activities	626 535	–	626 535	–	–	626 535
Investment securities	–	1 996 073	(1 996 073)	–	–	(1 996 073)
Loans and advances to customers	16 720 495	17 414 691	(694 196)	–	(694 196)	–
Securitised assets	–	5 334 453	(5 334 453)	–	(5 334 453)	–
Own originated loans and advances to customers securitised	1 170 302	–	1 170 302	–	1 170 302	–
Other loans and advances	694 196	–	694 196	–	694 196	–
Other securitised assets	4 164 151	–	4 164 151	–	4 164 151	–
Investment portfolio	768 896	–	768 896	–	–	768 896
Other assets	1 268 472	1 240 624	27 848	–	–	27 848
	30 788 603	30 788 603	–	–	–	–
Total liabilities reclassified						
Liabilities arising on securitisation	–	4 714 556	(4 714 556)	–	(4 714 556)	–
Liabilities arising on securitisation of own originated loans and advances	1 212 906	–	1 212 906	–	1 212 906	–
Liabilities arising on securitisation of other assets	3 501 650	–	3 501 650	–	3 501 650	–
	4 714 556	4 714 556	–	–	–	–

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