Annual report 2015

VOLUME 1

Investec strategic report incorporating governance, sustainability and the remuneration report

Out of the Ordinary®

Investec

About this report

The 2015 integrated annual report covers the period 1 April 2014 to 31 March 2015 and provides an overview of the Investec group.

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.

Audited information

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

Reporting standard

Denotes our consideration of a reporting standard

Page references

Refers readers to information elsewhere in this report

Sustainability

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

Website

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

VOLUME 1 Strategic report incorporating governance, sustainability and the remuneration report

VOLUME 2 Risk and Basel Pillar III disclosures

VOLUME 3 Annual financial statements

Ongoing and statutory information

During the year the group sold a number of businesses, namely, Investec Bank (Australia) Limited, Kensington Group plc and Start Mortgage Holdings Limited (as discussed on page 22).

The sale of these businesses has had a significant effect on the comparability of our financial statutory position and results. As a result, comparison on a statutory basis of the 2015 results with 2014 would be less meaningful.

In order to present a more meaningful view of our performance, additional management information is presented on our ongoing businesses. This information is only set out in volume one of our annual report. The additional information presented on an ongoing basis excludes items that in management's view could distort the comparison of performance between periods. Based on this principle, the following items are excluded from underlying statutory profit to derive ongoing operating profit:

- The results of the businesses sold as mentioned above
- The remaining legacy business in the UK (as set out on pages 88 and 89).

A reconciliation between the statutory and ongoing income statement is provided on pages 56 and 57. All information in our annual report comprising volumes one, two and three are based on our statutory accounts unless otherwise indicated.

Feedback

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

For queries regarding information in this document

Investor Relations

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1 Overview of the year

2 Divisional review

3 Corporate governance and corporate responsibility

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1

Overview of the year

Delivering on our strategic objectives – continued to grow core franchises and simplified the Specialist Banking business through restructuring and sales

- Continued investments in Asset Management and Wealth & Investment platforms – supported net inflows in excess of £5.8 billion
- The core corporate banking franchise in both the UK and South Africa performed well, benefiting from increased client activity
- The Private Banking and Wealth & Investment businesses in South Africa further entrenched their position as one of the leading integrated private client businesses in the country, successfully launching a number of new products, broadening their client base and leveraging their global platform (One Place)
- The UK Private Banking business enhanced its offering through the launch of its Private Bank Account and the development of its online and digital platforms
- Geographical and operational diversity continued to support a high recurring income base with a sound balance of earnings generated between capital light businesses and capital intensive businesses.

Statutory financial performance

Operating profit* increased 9.4% **(increase of 18.0% on a currency neutral basis)**

2015	2014
£493.2mn	£450.7mn

Adjusted attributable earnings^ increased 3.9% **(increase of 12.5% on a currency neutral basis)**

2015	2014
£339.5mn	£326.9mn

Adjusted earnings per share^ increased 4.0% **(increase of 12.4% on a currency neutral basis)**

2015	2014
39.4p	37.9p

We continued to actively manage down the UK legacy portfolio…

- The legacy portfolio reduced from £3.4 billion at 31 March 2014 to £0.7 billion largely through strategic sales, redemptions, write-offs and transfers to the ongoing book on the back of improved performance in these loans
- The legacy business reported a loss before taxation of £107.7 million (2014: £69.1 million) as the group accelerated the clearance of the portfolio, which resulted in an increase in impairments on these assets
- The group posted a non-operating net loss after tax of £113.7 million on the sale of businesses.

Dividends per share increased 5.3% **(increase of 10.7% in Rands)**

2015	2014
20.0p	19.0p

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

^ *Before goodwill, acquired intangibles, non-operating items and after non-controlling interests and deduction of preference dividends.*

Solid performance from the ongoing business

Operating profit* increased 15.0% (increase of 22.6% on a currency neutral basis)

2015	2014
£580.7mn	£504.9mn

Adjusted attributable earnings^ increased 10.2% (increase of 17.9% on a currency neutral basis)

2015	2014
£409.9mn	£371.9mn

Adjusted earnings per share^ increased 10.2% (increase of 17.9% on a currency neutral basis)

2015	2014
47.5p	43.1p

Recurring income as a % of total operating income

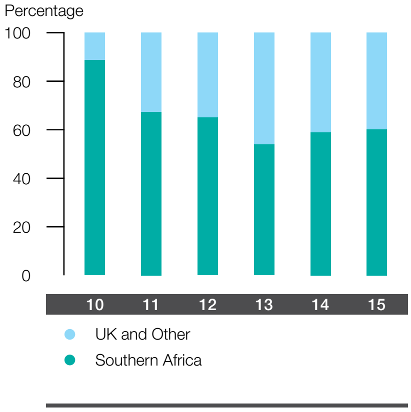
2015	2014
71.9%	67.9%

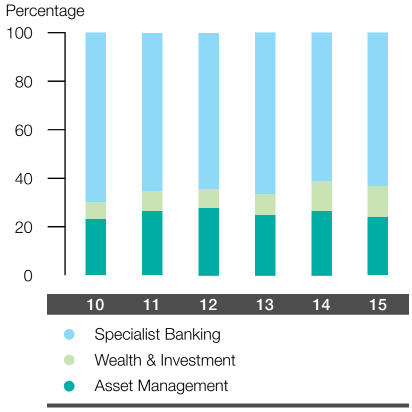
Credit loss charge as a % of average gross loans and advances

2015	2014
0.25%	0.44%

We have a diversified business model…

% contribution of operating profit before taxation of the ongoing business*

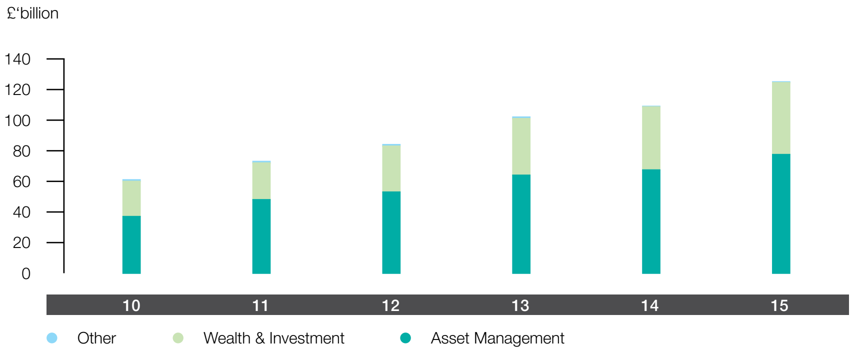




We continued to grow our key earnings drivers…

Funds under management up 13.7% to £124.1 billion

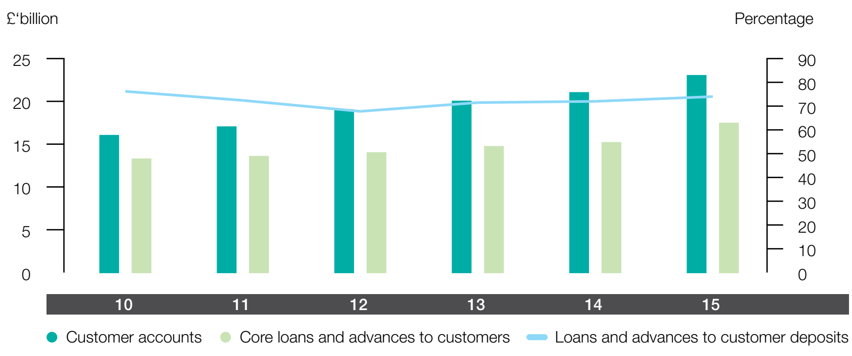
Funds under management ongoing business**



Customer accounts up 7.3% to £22.6 billion

Core loans and advances up 15.4% to £16.5 billion

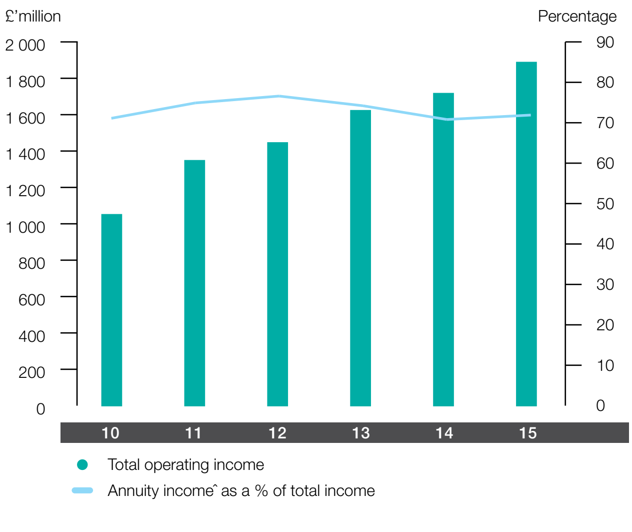
Customer accounts (deposits) and loans ongoing business**



* *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.*
^ *Before goodwill, acquired intangibles, non-operating items and after non-controlling interests and deduction of preference dividends.*
** *Trends in these graphs are done on a currency neutral basis using the Rand: Pounds Sterling exchange rate applicable at 31 March 2015.*

Supporting growth in operating income…

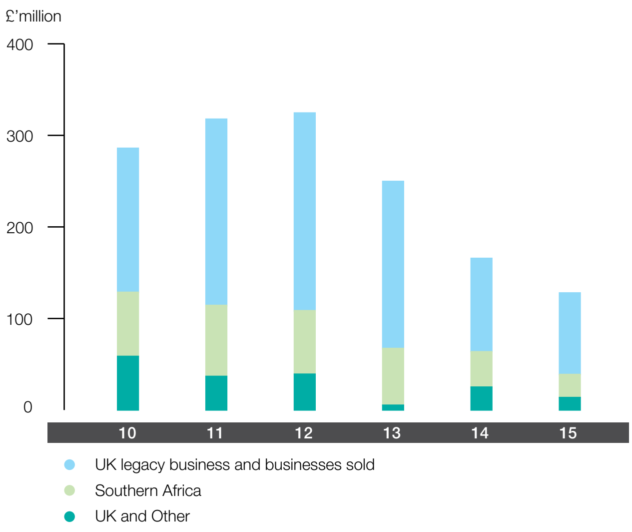
Total operating income ongoing business**



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

Impairments continue downward trend…

Impairments



Fixed costs marginally up…

Asset Management

- **Headcount increased: 93 people to support growth**
- **Investment in distribution platforms**
- **Operating margin: 34.2% (2014: 34.7%)**

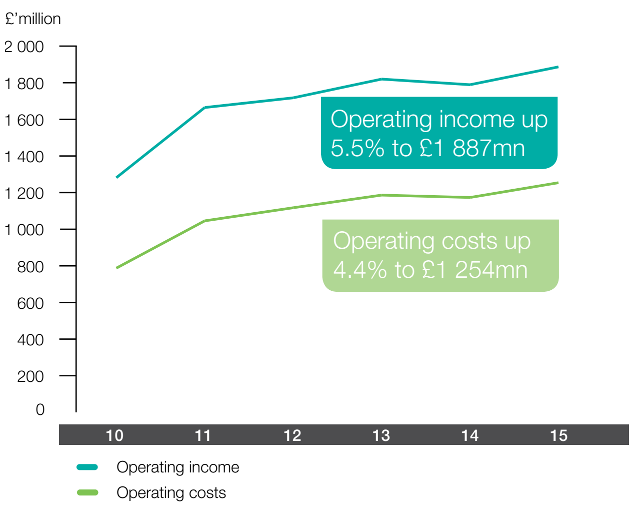
Wealth & Investment

- **Headcount increased: 161 people**
- **Investment in IT, online infrastructure and experienced portfolio managers**
- **Operating margin: 25.2% (2014: 22.9%)**

Specialist Banking

- **Headcount down: 152 people**
- **Cost to income ratio ongoing business: 60.9% (2014: 62.4%)**

Jaws ratio ongoing business**



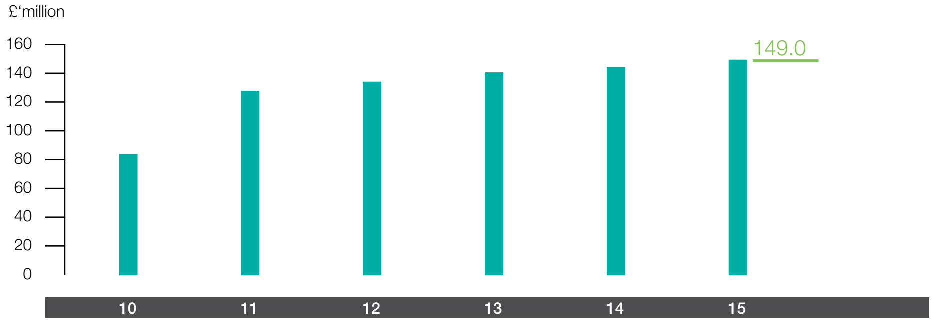
Headcount*

* *Permanent headcount and includes acquisitions.*

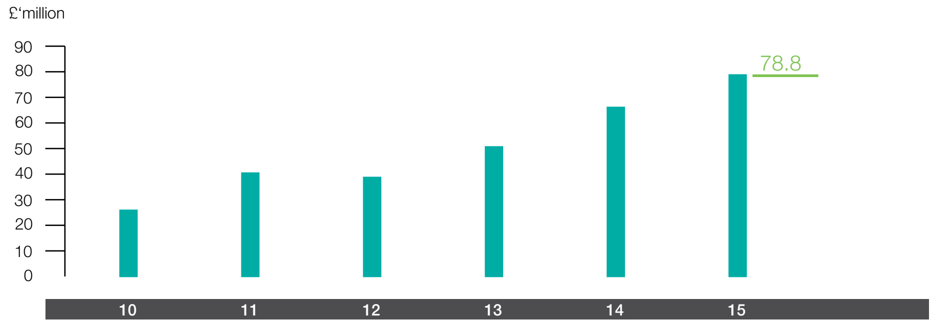
** *Trends in these graphs are done on a currency neutral basis using the Rand: Pounds Sterling exchange rate applicable at 31 March 2015.*

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

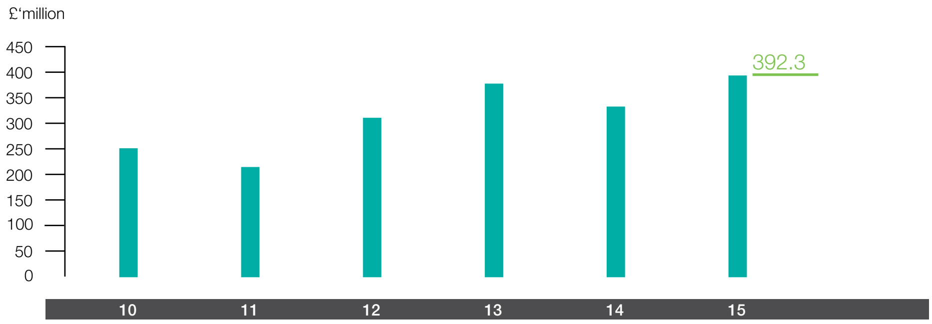
Operating profit – Asset Management**



Operating profit – Wealth & Investment**



Operating profit – Specialist Banking ongoing business**



Progress made on our financial targets...

		Ongoing		Statutory	
	Target	March 2015	March 2014	March 2015	March 2014
ROE (post tax)	12% – 16% over a rolling five-year period	13.8%	13.1%	10.6%	10.0%
Adjusted* EPS growth	Target: 10% > UKPRI	10.2%	n/a	4.0%	5.0%
Cost to income	Target: < 65%	66.5%	67.5%	67.6%	67.6%
Dividend cover (times)	Target: 1.7x – 3.0x	n/a	n/a	2.0x	2.0x

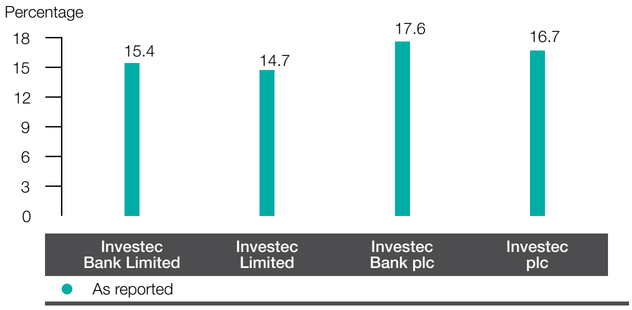
* *Before goodwill, acquired intangibles, non-operating items, taxation, group costs and after other non-controlling interests.*
** *Trends in these graphs are done on a currency neutral basis using the Rand: Pounds Sterling exchange rate applicable at 31 March 2015.*

Maintained a sound balance sheet…

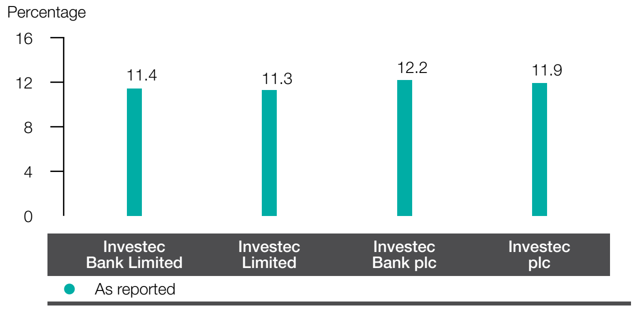
Target

Total capital adequacy: 14.0% – 17.0%
Common equity tier 1 ratio: > 10.0% by March 2016
Total tier 1 ratio: > 11.0% by March 2016
Leverage ratio: > 6.0%

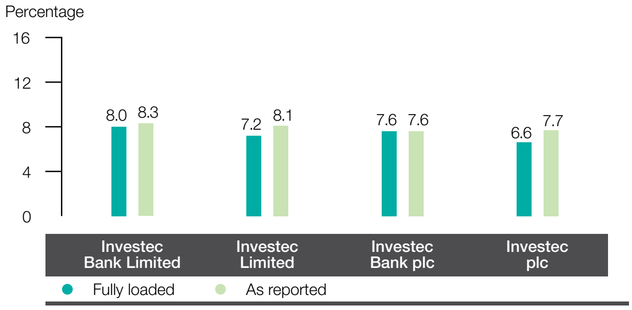
Capital adequacy



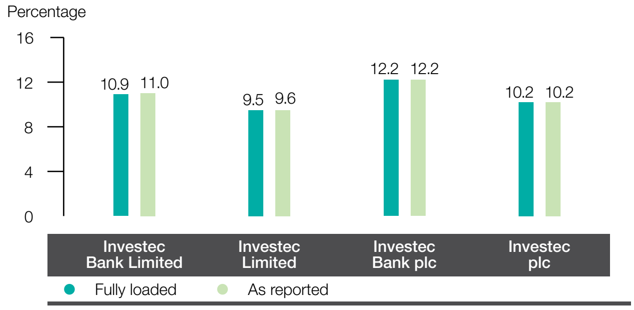
Tier 1



Leverage ratios



Common equity tier 1



Note: Refer to page 181 for detailed definitions and explanations.

Sound capital and liquidity principles maintained

Continue to focus on:

- Maintaining a high level of readily available, high-quality liquid assets targeting a minimum cash to customer deposit ratio of 25.0%
- Diversifying funding sources
- Maintaining an appropriate mix of term funding
- Limiting concentration risk.

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

A well-established liquidity management philosophy remains in place.

The group's loan to deposit ratios are as follows:
– Investec Limited: 78.6% (2014: 72.9%)
– Investec plc: 68.5% (2014: 71.0%)

Liquidity remains strong with cash and near cash balances amounting to £10.0 billion (2014: £9.1 billion).

Capital remained well in excess of current regulatory requirements.

Our banking subsidiaries meet current internal targets.

Investec Limited should achieve a common equity tier 1 ratio above 10% by March 2016, and Investec plc already achieves this target.

We are comfortable with our common equity tier 1 ratio target at a 10% level, as our leverage ratios for both Investec Limited and Investec plc are well above 7%.

The value we've added

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

Contributing to society, macro-economic stability and the environment

For Investec, sustainability is about building our businesses to ensure we have a positive impact on the economic and social progress of communities and on the environment, while growing and preserving clients and stakeholders' wealth based on strong relationships of trust. This commitment to sustainability means integrating social, ethical and environmental considerations into our day-to-day operations. A key element of this is solid corporate governance that ensures sustainable management with a long-term vision.

Value added statement

£'000	31 March 2015	31 March 2014*
Net income generated		
Interest receivable	1 790 867	1 905 383
Other income	1 292 617	1 267 405
Interest payable	(1 155 890)	(1 253 704)
Other operating expenditure and impairments on loans	(422 829)	(476 905)
	1 504 765	**1 442 179**
Distributed as follows:		
Employees	614 363	637 399
Salaries, wages and other benefits		
Government	488 189	409 295
Corporation, deferred payroll and other taxes		
Shareholders	204 913	183 865
Dividends paid to ordinary shareholders	168 486	150 053
Dividends paid to preference shareholders	36 427	33 812
Retention for future expansion and growth	197 301	211 620
Depreciation	26 264	34 750
Retained income for the year	171 037	176 870
	1 504 765	**1 442 179**

* *Restated.*

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

Profit

Our capital light activities contributed 56% to group income and capital intensive activities contributed 44% to group income.

People

Investment in employee learning and development increased 19.1%

2015	2014
£14.1mn	£11.8mn

Total spend on social investment increased 4.1%

2015	2014
£5.4mn	£5.1mn

Planet

Scope 1 emissions (tonnes of CO_2e) decreased 21%

2015	2014
1 986	2 507

Scope 2 emissions (tonnes of CO_2e) decreased 5%

2015	2014
36 548	38 493

Scope 3 (tonnes of CO_2e) emissions increased 17% due to improved data collection processes

2015	2014
31 305	26 734

Committed £1.1 billion to renewable energy

Recognition

Recognition

- Promaths received the *Mail & Guardian's* 2014 Investing in the Future Award
- Investec won the Business Charity Award for Community Impact in the UK for our partnership with the Bromley by Bow Beyond Business incubator
- Investec has been voted one of the most attractive employers in South Africa through the Universum survey. Investec won Best Bank by both professionals and graduates
- Investec Gresham Street was a runner-up in the 2014 Clean City Awards Scheme
- The Gresham Street office was awarded ISO 14001 certification and the Energy Reduction Verification (ERV) Kitemark
- Investec South Africa completed its BEE verification and achieved a level 2 rating.

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

Who we are

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 created a dual listed companies structure (DLC) 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.

We value

1 Distinctive performance	2 Client focus	3 Cast-iron integrity	4 Dedicated partnership
Outstanding talent – empowered, enabled and inspired Meritocracy Passion, energy, stamina and tenacity Entrepreneurial spirit	Distinctive offering Leverage resources Break china for the client	Moral strength Risk consciousness Highest ethical standards	Respect for others Embrace diversity Open and honest dialogue Unselfish contribution to colleagues, clients and society

Our philosophies

Single organisation

Meritocracy

Focused businesses

Differentiated, yet integrated

Material employee ownership

Creating an environment that stimulates extraordinary performance.

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 and Europe, South Africa and Asia/Australia.

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.

The Investec distinction

1 Client-focused approach

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

2 Specialised strategy

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

3 Sustainable business

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

4 Strong culture

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

Our strategic focus

Our strategy

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

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

Our current strategy

- Maintain momentum in Asset Management
  - focus on investment performance; and
  - maintain strong institutional momentum and continue to build our advisor business.
- Continue to internationalise the Wealth & Investment business
  - focus on organic growth within our key markets by enhancing the range of services offered for the benefit of the client; and
  - extend into jurisdictions where the group already has an established business.
- Grow the Specialist Banking businesses
  - continue to build the private client and corporate and institutional client franchise businesses; and
  - focus on improving the returns within the Specialist Banking business.
- Build on the progress made with the digitisation strategy to ensure a superior client service experience that is both high tech and high touch
- Continue to build client franchise businesses that support our entrepreneurial endeavours and provide appropriate returns to shareholders
- Leverage our extensive client base so we can offer them a broad spectrum of services and products.

Our long-term internationalisation strategy

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

Our diversified and balanced business model supporting long-term strategy

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

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

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

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

Capital light activities		Capital intensive activities	
Contribute 56% to group income	- Asset management - Wealth management - Advisory services - Transactional banking services - Property funds	Contribute 44% to group income	- Lending portfolios - Investment portfolios - Trading income — client flows — balance sheet management
Fee and commission income	Types of income		Net interest, investment and trading income

Overview of the year

1

Operating structure

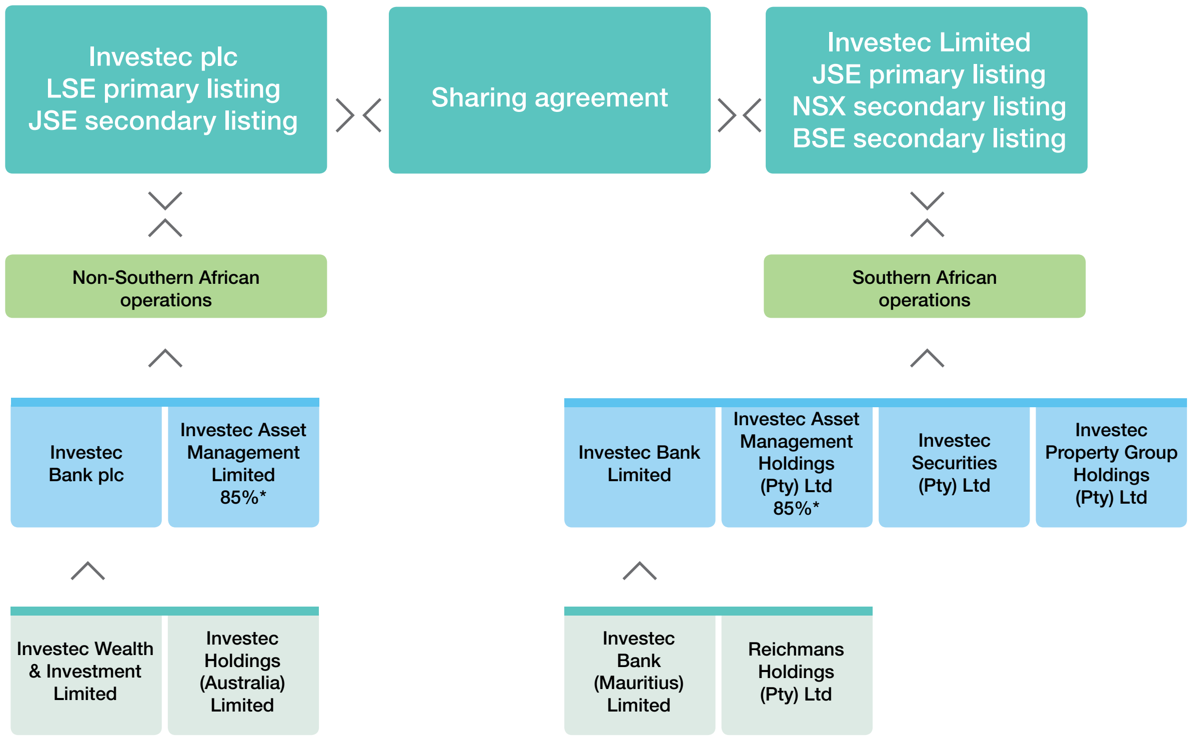
Investec Limited, which houses our Southern African and Mauritius operations, has been listed in South Africa since 1986.

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.

In terms of our DLC structure, Investec Limited is the controlling company of our businesses in Southern Africa and Mauritius, and Investec plc is the controlling company of our non-Southern African businesses.

Our DLC structure and main operating subsidiaries at 31 March 2015



Kensington Group plc was sold on 30 January 2015. Investec Bank (Australia) Limited was sold on 31 July 2014.

* *15% is held by senior management in the company.*

All shareholdings in the ordinary share capital of the subsidiaries are 100%, unless otherwise stated.

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.

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

UK, Europe and Other

- In 1992 we made our first international acquisition, acquiring Allied Trust Bank in London
- Since that date, we have expanded organically and through a number of strategic acquisitions
- Developed capabilities in all three of our core activities
- Listed in London in July 2002 through the implementation of a dual listed companies structure
- Offices supporting the UK and Other businesses include Australia; Beijing; Channel Islands; Hong Kong; India; Ireland; London; Manchester; North America; Switzerland; and Taiwan.

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; and Stellenbosch.

Investec in total

Operating profit*
£493.2 million

Assets
£44 353 million

NAV**
£2 680.0 million

Permanent employees
7 759

COI^
67.6%

ROE^
10.6%

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

** *NAV is tangible shareholders' equity as calculated on page 48.*

^ *COI is cost to income ratio. ROE is the post-tax return on adjusted average shareholders' equity as calculated on page 50 and page 51.*

Operating profit* (statutory) of the UK operations decreased 6.0% to £144.1 million

Operating profit* (ongoing) of the UK operations increased 11.7% to £231.7 million

£10.3bn	£7.1bn	£80.5bn
Total **deposit book**	Total **core loans**	Total funds **under management**

As a % of group

29.2%	Operating profit*
40.5%	Assets
47.6%	NAV**
44.6%	Permanent employees

Actual

79.6%	COI^
4.9%	ROE^
10.0%	ROE ongoing^

Operating profit* (statutory) of the Southern African operations increased 17.4% to £349.0 million, but was up 28.7% in home currency

£12.3bn	£10.1bn	£43.6bn
Total **deposit book**	Total **core loans**	Total funds **under management**

As a % of group

70.8%	Operating profit*
59.5%	Assets
52.4%	NAV**
55.4%	Permanent employees

Actual

51.4%	COI^
18.4%	ROE^

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

Asset Management

Provides investment management services to third party institutions, clients and intermediated savers

Core client base and what we do

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

Market positioning

Funds under management
1991: £0.4 billion ⇨ 2015: £77.5 billion

Net inflows of £3.1 billion
Good long-term performance with growing traction in our distribution channels

Wealth & Investment

Provides investment management services and independent financial planning advice

Core client base and what we do

Provides investment management services and independent financial planning advice to private clients, charities and trusts

Market positioning

Total funds under management
1997: £0.04 billion ⇨ 2015: £46.1 billion
UK: One of the top five players
SA: Largest player

Specialist Banking

Provides a broad range of services:

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

Core client base and what we do

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

Market positioning

Global core loan portfolio: £17.2 billion^^
– Corporate and other clients: £7.1 billion
– Private clients: £10.1 billion^^

Global deposit book: £22.6 billion

* *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.*
** *NAV is tangible shareholders' equity as calculated on page 48.*
^ *COI is cost to income ratio. ROE is the pre-tax return on adjusted average shareholders' equity as calculated on page 52.*
^^ *Including legacy assets of £0.7 billion as explained on pages 88 and 89.*

Operating profit* of Asset Management increased 3.6% to £149.0 million

£77.5bn

Total funds under management

As a % of group	
30.2%	Operating profit*
2.6%	NAV**
18.5%	Permanent employees

Actual	
65.8%	COI^
95.2%	ROE^

Operating profit* of Wealth & Investment increased 19.2% to £78.8 million

£26.6bn — Discretionary and annuity funds under management

£19.5bn — Non-discretionary and other funds under management

£46.1bn — Total funds under management

As a % of group	
16.0%	Operating profit*
1.5%	NAV**
18.8%	Permanent employees

Actual	
74.8%	COI^
25.5%	ROE^

Operating profit* (statutory) of Specialist Banking increased 9.9% to £304.7 million

Operating profit* (ongoing) of Specialist Banking increased 18.4% to £392.3 million

£22.6bn — Total deposit book

£17.2bn — Total core loans^^

As a % of group	
61.8%	Operating profit*
95.9%	NAV**
62.7%	Permanent employees

Actual	
63.1%	COI^
10.7%	ROE^
15.9%	ROE ongoing^

The past year focused largely on the execution of our strategic priorities and our performance reflects the positive progress made

The reshaping of the Specialist Bank was completed with the sale of the Kensington Group plc, Start Mortgage Holdings Limited and Investec Bank (Australia) Limited. Significant headway was made in accelerating the run down of the legacy portfolio in the UK. While at the same time, we continued to grow the core franchises of the Specialist Bank as well as invest in the growth of our Asset Management and Wealth & Investment businesses.

Can you give us an overview of the group's performance for the financial year?

A The group achieved an increase in statutory operating profit of 9.4% to £493.2 million (2014: £450.7 million), an 18.0% increase on a currency neutral basis. Adjusted EPS increased 4.0% from 37.9 pence to 39.4 pence, a 12.4% increase on a currency neutral basis. Distributions to shareholders increased to 20 pence (2014: 19 pence) resulting in a dividend cover of 2.0 times (2014: 2.0 times).

As a result of the strategic sales mentioned above, redemptions, write-offs and transfers to the ongoing book on the back of improved performance in these loans, we were able to reduce the total legacy portfolio to £0.7 billion (2014: £3.4 billion). The consequence of this was a loss before taxation on the legacy business of £107.7 million (2014: £69.1 million).

The ongoing business delivered a solid performance with operating profit up 15.0% to £580.7 million (2014: £504.9 million), a 22.6% increase on a currency neutral basis.

The geographical and operational diversity of our business model continued to support the sound balance of earnings generated between capital light businesses and capital intensive businesses. There was continued growth in key earnings drivers with third party assets under management up 13.7% to £124.1 billion (2014: £109.2 billion). The key banking earnings drivers also enjoyed positive growth with core loans and advances up 15.4% to £16.5 billion (2014: £14.3 billion) and customer deposits up 7.3% to £22.6 billion (2014: £21.1 billion).

This supported growth in total operating income before impairment losses up 5.5% to £1.9 billion (2014: £1.8 billion) and an improvement in recurring income to 71.9% of total operating income (2014: 67.9%). Impairments continued their downward trend and fixed costs were marginally up, given the investment in growth businesses.

How did the operating environment support performance?

A During the period we experienced a favourable operating environment across all areas of operation although the strength of Pounds Sterling on average against other operating currencies negatively affected overall results.

Global environment

The UK economy recorded the firmest pace of growth of all the advanced economies in 2014 and its fastest growth since 2006 at 2.8%. UK monetary policy remained steady throughout the financial year with overall economic fundamentals continuing to improve.

The US saw its fastest growth rate since 2010. As quantitative easing drew to an end in October 2014, we started to see a normalisation in monetary policy from the US Federal Reserve. Growth in the Euro areas has been more modest and with persistent concerns of deflation, there was further monetary policy easing.

Australia experienced moderate economic performance with the pace of growth on a quarterly basis being slower than historical averages. Headwinds to the economy were centred on the resources sector where failing commodity prices contributed further to a decline in mining investment.

South Africa

South Africa faced a difficult year in 2014, with strike action in the platinum belt persisting and electricity supply constraints causing GDP growth to slip to 1.5% year on year. Higher interest rates and indebtedness negatively affected consumer spending and further hikes are expected from the current, still low, levels. On a more positive note, upward social mobility improved largely as a result of the ongoing roll-out of social services, particularly spend on education and health. This is a positive step towards further reducing inequality and transforming our society and economy for the benefit of all.

In this regard, we remain focused on the corrective strategies as set out in our updated Employment Equity Plan for the period 2013 to 2017. During the year, we received a level 2 BBBEE rating from Empowerdex (improving from level 3) and made good progress in meeting our employment equity targets. We also witnessed good momentum in the Enterprise Development programme which was launched in the previous financial year.

While the South African economy is currently underperforming its potential and there are many ongoing challenges, strategic level plans have been adopted and we need to see greater focus on execution of these plans. The effective execution of the National Development Plan is key to dealing with the country's structural problems and its current inability to create adequate jobs. We support active involvement of the private sector in these development plans with government creating an enabling environment. The increase in dialogue between government and the private sector is encouraging, but we need to see the undertakings translate into action.

How did the three core areas of activity perform on an ongoing basis?

A All three key business activities achieved growth during the financial year. Asset Management and Wealth & Investment contributed 39.3% to group operating profit on an ongoing basis.

Asset Management

Asset Management increased operating profit by 3.6% to £149.0 million (2014: £143.8 million), benefiting from higher assets under management and net inflows of £3.1 billion. Total funds under management amounted to £77.5 billion (2014: £68.0 billion). Operating margin has remained consistent at 34.2%.

While momentum is positive, the business remains strategically exposed to emerging markets and management are cautious on the outlook for financial asset prices. Notwithstanding this, the business is in good shape with a strong culture and excellent people who are committed to the long-term strategy.

Wealth & Investment

Wealth & Investment benefited from a rise in equity markets with operating profit increasing 19.2% to £78.8 million (2014: £66.1 million). This performance was supported by higher average funds under management, improved operating margins and net inflows of £2.7 billion. Total funds under management have grown to £46.1 billion (2014: £40.1 billion). The UK and European business has benefited from the investment in platforms and additional talent with operating margins improving to 22.7% (2014: 20.1%). The South African business has continued to successfully leverage off the division's global investment platform and the group's integrated private client offering known as Investec One Place.

This business will continue to focus on organic growth in the group's key markets by enhancing our range of services to benefit clients. At the same time, we continue to perpetuate the strategy to internationalise within jurisdictions where the group already has an established business. We have established a presence in Switzerland and are in the process of commencing operations in Hong Kong. We remain confident in the resilience of the business model and the ability of the current strategy to perform over the medium to longer term.

Specialist Banking

The ongoing business of Specialist Banking increased operating profit 18.4% to £392.3 million (2014: £331.4 million).

The South African business reported operating profit up 36.8% in Rand terms with a good performance from all businesses largely as a result of reasonable activity levels across both the corporate and private client activities franchises. Private Banking launched a number of new products, broadened their client base and leveraged off our global platform, entrenching their position as the leading private bank in SA (Euromoney, 2015). The corporate business benefited from a more focused approach to servicing the corporate market.

The UK and Other business benefited from an improvement in its cost of funding and experienced strong growth in corporate fees, notably in the corporate finance and corporate treasury businesses. Private Banking enhanced its offering through the launch of Voyage and Private Bank account and the development of its online and digital platforms. Loan book growth was solid and impairments declined over the year with the credit loss ratio amounting to 0.20% (2014: 0.50%). The results were negatively affected by the poor performance of the Hong Kong investment portfolio.

The strategic focus in the Specialist Banking business has shifted from reshaping to growth, particularly in the UK where the legacy portfolio has been significantly reduced and the current environment is favourable. We are seeing good levels of activity which should support continued momentum in the corporate and specialist businesses and the new initiatives in the private banking business are gaining traction. We have invested in infrastructure and are rolling out our strategy of targeting the professional market.

The South African business enjoyed strong growth which may be difficult to sustain. We have, however, built a resilient business model and see meaningful opportunities to continue to grow. To this end, we will continue to organically drive the private banking businesses, perpetuate our position in the corporate and institutional market and take advantage of growth in Sub-Saharan Africa through our Africa platform.

We remain focused on delivering our brand promise to be Out of the Ordinary and providing exceptional client experiences

Can you give us a summary of the year in review from a risk perspective?

A strong culture of risk and capital management is embedded into our values and entrenched into daily operations across the group. Our robust risk management processes and systems provide a strong foundation to manage and mitigate risks. The focus over the past few years has been to realign and rebalance our portfolios in line with our risk appetite framework. This is evident in the relative changes in asset classes on our balance sheet showing an increase in private client and corporate and other lending, and a reduction in lending collateralised by property as a proportion of our book. We are pleased with the extent to which the group's balance sheet has been derisked as a result of the strategic sales completed during the financial year. As mentioned above, the legacy portfolio in the UK has been actively managed down and we expect the remaining legacy portfolio to take three to five years to wind down.

We continue to maintain healthy capital and leverage ratios and have a robust liquidity profile. The group's core loan book has grown steadily in home currencies, reflecting an increase of approximately 16% in our UK and South African businesses. Impairments on loans and advances decreased to £128.4 million (2014: £166.2 million) and the percentage of default loans to core loans and advances was 2.07% (2014: 2.30%).

We remain comfortable with the performance of our equity investment portfolios which comprise 4.2% of total assets. Market risk within our trading portfolio remains modest with value at risk and stress testing scenarios remaining at prudent levels.

Operational, reputational, conduct, recovery and resolution risks remain important and we continue to dedicate time and resources to managing these risks. As a result, we enhanced our stress testing framework during the period by developing a repeatable stress testing process which identifies and regularly tests key vulnerabilities under stress. The result is that we are better equipped to identify potential underlying risks and manage them accordingly.

In South Africa, our operations have been tested over the past year by severe disruptions caused by the country's energy constraints. We continue to build and enhance our infrastructure to manage the electricity supply crisis and remain active participants in finding industry solutions.

How do you balance driving profits with corporate responsibility?

A The desire to make a meaningful contribution to the world we live in is at the heart of the Investec values. Not just growing sustainable businesses that contribute to macro-economic stability, but also developing our people and the communities around us and initiatives we support in the natural environment. We are proud of our achievements in this regard and received a number of awards over the past year recognising our efforts to be a better corporate citizen. In the UK, our Gresham Street head office was a runner-up in the 2014 Clean City Awards Scheme and we won the Business Charity Award for our partnership with the Bromley by Bow Beyond Business incubator. With our support, the programme has launched 55 new social enterprise businesses creating over 325 new jobs and generating combined annual turnover of over £4 million. In South Africa, we received the *Mail & Guardian's* 2014 Investing in the Future Award for our Promaths programme which commended Investec for taking a long-term view to social development by improving skills in Maths and Science for the past 10 years.

As a distinctive specialist bank and asset manager, we remain focused on delivering our brand promise to be Out of the Ordinary and providing exceptional client experiences. To do this we need to ensure we employ innovative, proficient and energetic people to best service the needs of all our stakeholders. Hence, we devote time and resources to developing our staff, improving their work environment to ensure that creativity flourishes and appropriately rewarding them for their efforts. We also invest in technology to ensure we have the strong digital platform that complements the skills of our management and staff and ensures we provide our niche client base with the highest level of service.

Part of our responsibility to remain a sustainable business requires a strong board of directors who have the appropriate balance of knowledge, expertise and independence. During the past year, we had several changes to the board. Sir David Prosser decided to retire and hence stepped down as joint chairman of the board. Further, George Alford, Olivia Dickson and Peter Malungani did not seek re-election as directors at the 2014 annual general meeting. Consequently, the board appointed Charles Jacobs, Lord Malloch-Brown, Khumo Shuenyane, Zarina Bassa and Laurel Bowden as independent non-executive directors. While we are sad to say goodbye to those directors leaving the group and thank them for their invaluable contributions, we are pleased to welcome the new board members to the Investec family.

The board will continue with its structured refreshment programme to ensure its composition is the most appropriate to provide effective entrepreneurial leadership and robust oversight. Diversity in terms of a broad range of skills, experience, background and outlook is required to be effective. Recognising that gender is an important aspect of diversity, we have an aspirational target of 25% female representation on the board by the end of 2015 (currently 24%). Succession planning for key management is also a key area of focus and we continually identify talented future leaders and maintain updated management succession plans to ensure Investec's long-term success.

What is your strategic focus and outlook for the coming year?

A We are pleased that the key strategic initiatives embarked upon over the past two years have been successfully executed. Now that the simplification of the business is complete, the strategic focus for the next financial year is primarily on driving growth in our core businesses. We look to continue the momentum in the Asset Management business by focusing on investment performance with the long-term aim of enabling people to retire with dignity. The Wealth & Investment business continues to increase its market share and grow earnings with opportunities to benefit from extending its international reach. With the reshaping of the Specialist Bank behind us, all efforts are now focused on building the private client and corporate and institutional client franchise businesses.

At the same time, we continue the progress made with the digitisation strategy and will look for further collaboration across our businesses.

The resultant simplification enables the group to enhance the operational focus to grow and develop its core businesses, so that the right outcomes can be delivered for clients and stakeholders including acceptable returns for shareholders. Notwithstanding the structural challenges in the South African economy and the intensified regulatory landscape, we believe there are still opportunities in our key markets and hence we feel positive about the outlook for the year ahead.

On behalf of the boards of Investec plc and Investec Limited

Fani Titi	Stephen Koseff	Bernard Kantor
Chairman	*Chief executive officer*	*Managing director*

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

The operating financial review provides an overview of our strategic position, performance during the financial year and outlook for the business. It should be read together with the sections that follow on pages 22 to 180 as well as volume two of our integrated annual report, which elaborate on the aspects highlighted in this review.

Introduction – understanding our results

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

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

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

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

Sale of businesses

During the year the group sold a number of businesses namely, Investec Bank (Australia) Limited, Kensington Group plc and Start Mortgage Holdings Limited as set out below.

Sale of Investec Bank (Australia) Limited

The sale of Investec Bank (Australia) Limited's Professional Finance and Asset Finance and Leasing businesses and its deposit book to Bank of Queensland Limited was effective 31 July 2014 for cash proceeds of £122 million. This has resulted in the derecognition of approximately £1.7 billion of assets and approximately £1.7 billion of liabilities associated with the businesses sold. We continue to have a presence in Australia, focusing on its core activities of Specialised Finance, Corporate Advisory, Property Fund Management and Asset Management. The remaining business will operate as a non-banking subsidiary of the Investec group. As a result, we have decided to no longer report the activities of our Australian businesses separately, with these activities now reported under the 'UK and Other' geographical segment and the 'UK and Other' Specialist Banking segment.

Sales of Kensington Group plc and Start Mortgage Holdings Limited

On 9 September 2014 we announced the sale of our UK intermediated mortgage business Kensington Group plc (Kensington) together with certain other Investec mortgage assets to funds managed by Blackstone Tactical Opportunities Advisors L.L.C. and TPG Special Situations Partners for £180 million in cash based on a tangible net asset value of the business of £165 million at 31 March 2014. This transaction became effective on 30 January 2015.

On 15 September 2014 we announced the sale of our Irish intermediated mortgage business Start Mortgage Holdings Limited (Start) together with certain other Irish mortgage assets to an affiliate of Lone Star Funds. This transaction became effective on 4 December 2014.

This has resulted in the derecognition of approximately £4.1 billion of assets and approximately £2 billion of external liabilities associated with these businesses sold.

Impact of these sales on our operational performance

The sales of these businesses have had a significant effect on the comparability of our financial statutory position and results. As a result, comparison on a statutory basis of the 2015 results with 2014 would be less meaningful.

In order to present a more meaningful view of our performance, additional management information is presented on our ongoing businesses. This information is only set out in volume one of our annual report. The additional information presented on an ongoing basis excludes items, that in management's view, could distort the comparison of performance between periods. Based on this principle, the following items are excluded from underlying statutory profit to derive ongoing operating profit:

- The results of the businesses sold as mentioned above
- The remaining legacy business in the UK (as set out on pages 88 and 89).

A reconciliation between the statutory and ongoing income statement is provided on pages 56 and 57. All information in our annual report comprising volumes one, two and three are based on our statutory accounts, unless otherwise indicated.

Exchange rates

Our reporting currency is Pounds Sterling. Certain of our operations are conducted by entities outside the UK. The results of operations and the financial position of our individual companies are reported in the local currencies of the countries in which they are domiciled, including South African 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 2015		31 March 2014	
Currency per £1.00	Year end	Average	Year end	Average
South African Rand	17.97	17.82	17.56	16.12
Australian Dollar	1.95	1.85	1.80	1.72
Euro	1.38	1.28	1.21	1.19
US Dollar	1.49	1.62	1.67	1.59

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 10.5% and the closing rate has depreciated by 2.3% since 31 March 2014.

The following tables provide an analysis of the impact of the Rand and Australian Dollar depreciation on our reported numbers.

	Results in Pounds Sterling				
	Actual as reported Year to 31 March 2015	Actual as reported Year to 31 March 2014#	Actual as reported % change	Neutral currency^ Year to 31 March 2015	Neutral currency % change
Operating profit before taxation* (million)	£493	£451	9.4%	£532	18.0%
Earnings attributable to shareholders (million)	£246	£331	(25.7%)	£273	(17.5%)
Adjusted earnings attributable to shareholders** (million)	£340	£327	4.0%	£368	12.5%
Adjusted earnings per share**	39.4p	37.9p	4.0%	42.6p	12.4%
Basic earnings per share	24.4p	34.3p	(28.9%)	27.3p	(20.4%)
Dividends per share	20.0	19.0p	5.3%	n/a	n/a

	Results in Pounds Sterling				
	Actual as reported At 31 March 2015	Actual as reported At 31 March 2014#	Actual as reported % change	Neutral currency^^ At 31 March 2015	Neutral currency % change
Net asset value per share	364.9p	376.0p	(3.0%)	365.2p	(2.9%)
Net tangible asset value per share	308.1p	309.0p	(0.3%)	308.4p	(0.2%)
Total equity (million)	£4 040	£4 016	0.6%	£4 087	1.8%
Total assets (million)	£44 353	£47 142	(5.9%)	£44 981	(4.6%)
Core loans and advances (million)	£17 189	£17 157	0.2%	£17 430	1.6%
Cash and near cash balances (million)	£9 975	£9 136	9.2%	£10 090	10.4%
Customer deposits (million)	£22 615	£22 610	< 0.0%	£22 908	1.3%
Third party assets under management (million)	£124 106	£109 189	13.7%	£125 149	14.6%

The following tables provide a comparison of the group's results as reported in Pounds Sterling and the group's results as translated into Rands.

	Results in Pounds Sterling			Results in Rand		
	Year to 31 March 2015	Year to 31 March 2014#	% change	Year to 31 March 2015	Year to 31 March 2014#	% change
Operating profit before taxation* (million)	£493	£451	9.4%	R8 817	R7 309	20.6%
Earnings attributable to shareholders (million)	£246	£331	(25.7%)	R3 970	R5 329	(25.5%)
Adjusted earnings attributable to shareholders** (million)	£340	£327	3.9%	R6 076	R5 293	14.8%
Adjusted earnings per share**	39.4p	37.9p	4.0%	704c	614c	14.7%
Basic earnings per share	24.4p	34.3p	(28.9%)	387c	552c	(29.8%)
Headline earnings per share	35.8p	33.8p	5.9%	640c	548c	16.8%
Dividends per share	20.0p	19.0p	5.3%	362c	327c	10.7%
	At 31 March 2015	At 31 March 2014#	% change	At 31 March 2015	At 31 March 2014#	% change
Net asset value per share	364.9p	376.0p	(3.0%)	6 559c	6 602c	(0.7%)
Net tangible asset value per share	308.1p	309.0p	(0.3%)	5 538c	5 425c	2.1%
Total equity (million)	£4 040	£4 016	0.6%	R72 625	R70 505	3.0%
Total assets (million)	£44 353	£47 142	(5.9%)	R797 218	R827 649	(3.7%)
Core loans and advances (million)	£17 189	£17 157	0.2%	R308 957	R301 224	2.6%
Cash and near cash balances (million)	£9 975	£9 136	9.2%	R179 242	R160 405	11.7%
Customer deposits (million)	£22 615	£22 610	< 0.1%	R406 485	R396 952	2.4%
Third party assets under management (million)	£124 106	£109 189	13.7%	R2 230 197	R1 917 347	16.3%

* *Before goodwill, acquired intangibles, non-operating items and after other non-controlling interests.*
** *Before goodwill, acquired intangibles, non-operating items and after non-controlling interests.*
^ *For income statement items we have used the average Rand: Pounds Sterling and Australian Dollar: Pounds Sterling exchange rates that were applied in the prior year, i.e. 16.12 and 1.72, respectively.*
^^ *For balance sheet items we have assumed that the Rand: Pounds Sterling and the Australian Dollar: Pounds Sterling closing exchange rates have remained neutral since 31 March 2014.*
# *Restated. Refer to note 59 in volume three.*

Ten-year review

Salient features*

For the year ended 31 March	2015	2014	% change 2015 vs 2014
Income statement and selected returns			
Operating profit before goodwill, acquired intangibles, non-operating items and taxation (£'000)ᵠ	493 157	450 676	9.4%
Operating profit: Southern Africa (% of total)ᵠ	70.8%	66.0%	
Operating profit: UK and Other (% of total)ᵠ	29.2%	34.0%	
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	339 532	326 923	3.9%
Headline earnings (£'000)	308 770	291 561	5.9%
Cost to income ratio	67.6%	67.6%	
Staff compensation to operating income ratio	47.4%	46.3%	
Return on average adjusted shareholders' equity (post-tax)	10.6%	10.0%	
Return on average adjusted tangible shareholders' equity (post-tax)	12.7%	12.3%	
Return on average risk-weighted assets	1.25%	1.14%	
Return on average assets (excluding assurance assets)	0.86%	0.75%	
Operating profit per employee (£'000)	59.7	54.9	8.7%
Net interest income as a % of operating income	32.4%	33.6%	
Non-interest income as a % of operating income	67.6%	66.4%	
Recurring income as a % of total operating income	74.2%	70.7%	
Effective operational tax rate	19.6%	17.1%	
Balance sheet			
Total capital resources (including subordinated liabilities) (£'million)	5 219	5 355	(2.5%)
Total shareholders' equity (including preference shares and non-controlling interests) (£'million)	4 040	4 016	0.6%
Shareholders' equity (excluding non-controlling interests) (£'million)	3 501	3 572	(2.0%)
Total assets (£'million)	44 353	47 142	(5.9%)
Net core loans and advances to customers (£'million)	17 189	17 157	0.2%
Core loans and advances to customers as a % of total assets	38.8%	36.4%	
Cash and near cash balances (£'million)	9 975	9 136	9.2%
Customer accounts (deposits) (£'million)	22 615	22 610	–
Third party assets under management (£'million)	124 106	109 189	13.7%
Capital adequacy ratio: Investec plc°	16.7%	15.3%	
Capital adequacy tier 1 ratio: Investec plc°	11.9%	10.5%	
Common equity tier 1 ratio: Investec plc^^°	10.2%	8.8%	
Leverage ratio: Investec plc^^°	7.7%	7.4%	
Capital adequacy ratio: Investec Limited°	14.7%	14.9%	
Capital adequacy tier 1 ratio: Investec Limited°	11.3%	11.0%	
Common equity tier 1 ratio: Investec Limited^^°	9.6%	9.4%	
Leverage ratio: Investec Limited^^°	8.1%	7.8%	
Credit loss ratio (income statement impairment charge as a % of average gross core loans and advances)	0.68%	0.68%	
Defaults (net of impairments and before collateral) as a % of net core loans and advances to customers	2.07%	2.30%	
Gearing ratio (assets excluding assurance assets to total equity)	9.4x	10.3x	
Core loans to equity ratio	4.3x	4.3x	
Loans and advances to customers: customer deposits	74.0%	72.0%	
Salient financial features and key statistics			
Adjusted earnings per share (pence)#	39.4	37.9	4.0%
Headline earnings per share (pence)#	35.8	33.8	5.9%
Basic earnings per share (pence)#	24.4	34.3	(28.9%)
Diluted earnings per share (pence)#	23.1	32.3	(28.5%)
Dividends per share (pence)#	20.0	19.0	5.3%
Dividend cover (times)	2.0	2.0	–
Net asset value per share (pence)#	364.9	376.0	(3.0%)
Net tangible asset value per share (pence)#	308.1	309.0	(0.3%)
Weighted number of ordinary shares in issue (million)#	862.7	862.6	–
Total number of shares in issue (million)#	899.4	891.7	0.9%
Closing share price (pence)#	561	485	15.7%
Market capitalisation (£'million)	5 045	4 325	16.6%
Number of employees in the group (including temps and contractors)	8 254	8 258	–
Closing ZAR:£ exchange rate	17.97	17.56	2.3%
Average ZAR:£ exchange rate	17.82	16.12	10.5%

* *Refer to definitions on page 181.*
^ *Calculation not comparable.*
^^ *The group's expected Basel III 'fully loaded' numbers are provided on page 49.*
° *Capital adequacy figures prior to 2008 are disclosed under Basel I. Investec Limited's numbers have been reported in terms of Basel III since 31 March 2013, and Investec plc has been reporting in terms of Basel III since 31 March 2014.*

Overview of the year

1

2013	2012	2011	2010	2009	2008	2007	2006
426 278	358 625	434 406	432 258	396 766	508 717	466 585	388 767
67.5%	80.7%	69.1%	67.2%	74.0%	66.7%	57.6%	68.3%
32.5%	19.3%	30.9%	32.8%	26.0%	33.3%	42.4%	31.7%
309 310	257 579	327 897	309 710	269 215	344 695	300 704	230 017
265 227	217 253	286 659	275 131	261 627	301 499	294 881	222 805
65.7%	64.7%	61.7%	57.8%	55.9%	56.1%	59.0%	58.7%
43.9%	43.0%	40.7%	36.1%	34.9%	37.2%	40.9%	40.1%
9.4%	7.8%	11.2%	13.5%	14.8%	23.6%	26.1%	25.5%
11.7%	9.6%	13.2%	15.4%	17.4%	28.6%	31.7%	32.7%
1.06%	0.91%	1.23%	1.33%	1.36%	^	^	^
0.67%	0.57%	0.76%	0.83%	0.84%	1.31%	1.46%	1.35%
53.5	47.8	64.4	69.7	62.6	84.4	92.3	91.5
35.2%	36.2%	34.9%	37.0%	46.6%	39.3%	29.2%	26.8%
64.8%	63.8%	65.1%	63.0%	53.4%	60.7%	70.8%	73.2%
68.6%	67.7%	62.3%	60.4%	70.0%	65.1%	58.7%	56.9%
18.4%	18.1%	15.5%	20.6%	21.1%	22.6%	26.3%	27.3%
5 693	5 505	5 249	4 362	3 762	3 275	2 665	2 042
3 942	4 013	3 961	3 292	2 621	2 210	1 820	1 512
3 661	3 716	3 648	2 955	2 297	1 911	1 542	1 226
52 010	51 550	50 941	46 572	37 365	34 224	26 300	23 901
18 415	18 226	18 758	17 891	16 227	12 854	10 095	9 605
35.4%	35.4%	36.8%	38.4%	43.4%	37.7%	38.4%	40.2%
9 828	10 251	9 319	9 117	4 866	5 028	^	^
24 461	25 344	24 441	21 934	14 573	12 133	10 650	8 699
110 678	96 776	88 878	74 081	48 828	52 749	56 121	56 331
16.7%	17.5%	16.8%	15.9%	16.2%	15.3%	24.7%	17.7%
11.0%	11.6%	11.6%	11.3%	10.1%	9.2%	14.8%	11.6%
8.8%	9.3%						
15.5%	16.1%	15.9%	15.6%	14.2%	13.9%	14.7%	16.3%
10.8%	11.6%	11.9%	12.0%	10.8%	10.0%	10.4%	11.5%
8.9%	9.3%						
0.84%	1.12%	1.27%	1.16%	1.08%	0.51%	0.17%	0.11%
2.73%	3.31%	4.66%	3.98%	3.28%	1.29%	0.92%	0.52%
11.6x	11.3x	11.3x	12.5x	13.0x	13.8x	12.2x	12.5x
4.7x	4.5x	4.7x	5.4x	6.2x	5.8x	5.5x	6.4x
71.5%	67.8x	72.4%	76.2%	103.6%	98.4%	89.1%	105.6%
36.1	31.8	43.2	45.1	42.4	56.9	53.3	41.9
31.0	26.8	37.7	40.1	41.2	49.7	52.3	40.6
31.7	25.7	49.7	44.0	38.5	57.7	54.7	53.8
29.8	24.3	46.7	41.5	36.1	54.0	50.4	50.0
18.0	17.0	17.0	16.0	13.0	25.0	23.0	18.2
2.0	1.9	2.5	2.8	3.3	2.3	2.3	2.3
384.2	392.0	416.0	364.0	308.8	260.6	216.0	182.1
310.9	317.0	343.8	324.1	266.3	215.0	178.6	148.9
856.0	809.6	759.8	686.3	634.6	606.2	563.8	548.8
884.8	874.0	810.0	741.0	713.2	657.6	609.3	593.0
459	382	478	539	292	339	658	588
4 061	3 340	3 872	3 993	2 083	2 229	4 009	3 488
8 151	7 781	7 237	6 123	5 951	6 333	5 430	4 453
13.96	12.27	10.88	11.11	13.58	16.17	14.20	10.72
13.44	11.85	11.16	12.38	14.83	14.31	13.38	11.43

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

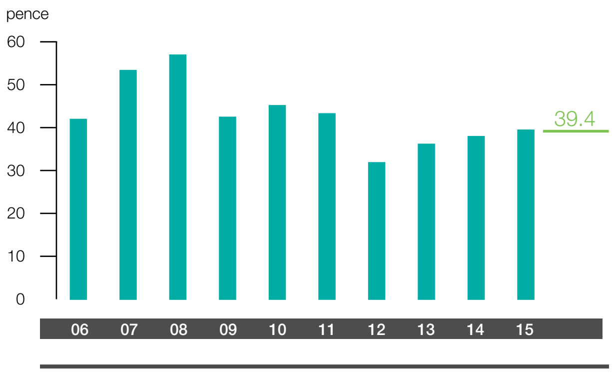
ø *Information prior to 2008 is shown before non-controlling interests and thereafter post other non-controlling interests.*

Track record

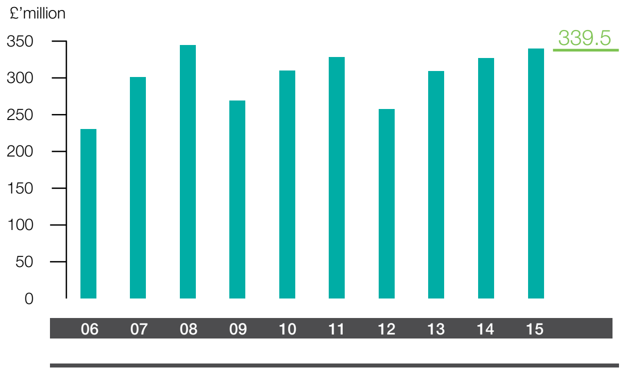
Up 4.0% to 39.4 pence

Up 3.9% £339.5 million

Adjusted earnings per share*#



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

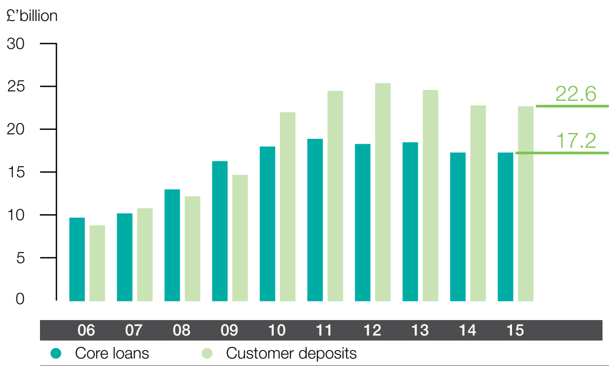


Core loans: flat at £17.2 billion since 31 March 2014
Deposits: flat at £22.6 billion since 31 March 2014

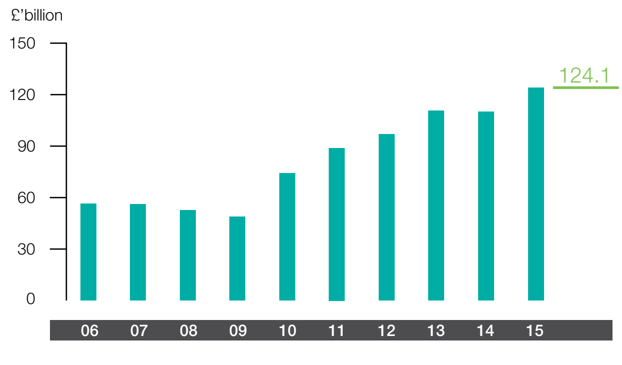
Adjusting for the sale of Investec Bank (Australia) Limited and Kensington (refer to page 22) core loans increased 11.9% and deposits increased 7.3%

Up 13.7% to £124.1 billion since 31 March 2014

Core loans and customer deposits



Third party assets under management



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

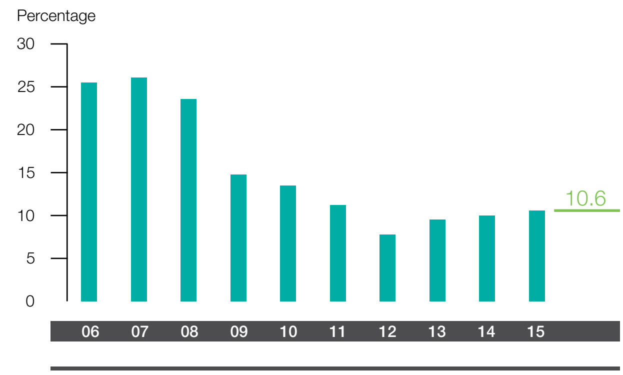
\# *Restated. Refer to note 59 in volume three.*

Financial targets

Target

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

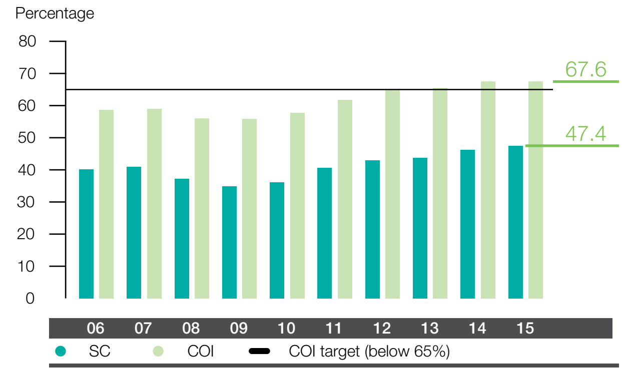
ROE*#



Target

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

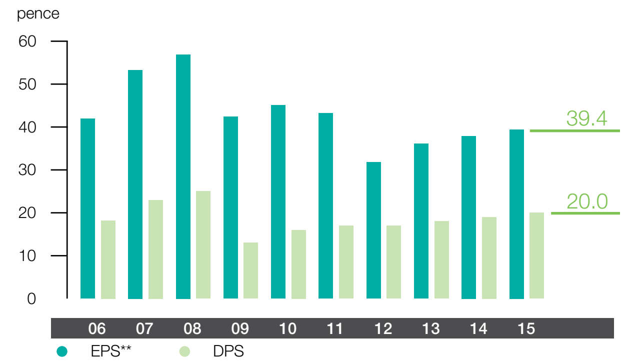
Cost to income ratio (COI) and staff compensation to operating income ratio (SC)#



Target

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

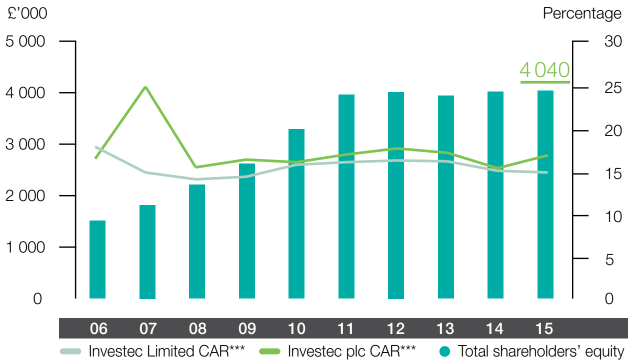
Adjusted earnings per share (EPS) and dividends per share (DPS)#



Target

We intend to maintain a sufficient level of capital to satisfy regulatory requirements, as well as take advantage of opportunities that may arise in the financial services industry focusing on increasing our return on equity in the medium to long term. We target a capital adequacy ratio range of between 14% and 17% on a consolidated basis for Investec plc and Investec Limited, and we target a minimum tier 1 ratio of 11.0% (by March 2016) and a common equity tier 1 ratio above 10.0% (by March 2016)

Total shareholders' equity and capital adequacy ratios (CAR)



* *ROE is post-tax return on adjusted average shareholders' equity as calculated on page 50.*

** *Adjusted EPS before goodwill, acquired intangibles and non-operating items as defined on page 181. The numbers have been adjusted for the 5:1 share split that took place on 4 September 2006.*

*** *Capital adequacy figures prior to 2008 are disclosed under Basel I. Investec Limited's numbers have been reported in terms of Basel III since 31 March 2013, and Investec plc has been reporting in terms of Basel III since 31 March 2014.*

Restated. Refer to note 59 in volume three.

Note:
The numbers shown in the financial targets graphs on this page are for the years ended 31 March, unless otherwise stated.

An overview of the operating environment impacting our business

South Africa

Our views

South Africa faced a difficult year in 2014, with strike action in the platinum belt persisting for close to two quarters and GDP growth consequently slipping to 1.5% year on year as consumer spending, domestic fixed investment and production were all negatively affected. Nevertheless, gains were still made as GDP per capita rose to R56 122 in real terms from R56 044, and real disposable income per capita also lifted.

1.5%	2.2%
2014/15 Economic growth	**2013/14** Economic growth

GDP per capita has risen

2015	2014
R56 122	R56 044

The World Bank evidences that South Africa has established a more equitable society over the past 20 years via social assistance programmes, particularly spend on education and healthcare

Upward social mobility persisted, largely on the ongoing roll-out of social services, which accounted for 68% of government revenue. Redistribution between the rich and poor via direct (personal income) taxation is progressive, and the World Bank shows South Africa achieved the largest reduction in poverty and inequality compared to the other middle income economies studied on the provision of free basic services and direct monetary transfers to households. South Africa's Gini coefficient on income is measured at 0.77 before taxes and social spending and 0.59 after. It is still high, but the fiscal space to spend more to achieve even greater redistribution is extremely limited, with South Africa already receiving a number of credit rating downgrades over the past few years. More needs to be done to reduce inequality, in particular South Africa needs substantially faster economic growth via a tripling in the size of the private corporate sector in order to achieve single digit unemployment, an eradication of poverty and a further reduction in inequality.

South Africa increased its interest rates by 75bps over 2014 and further hikes are expected from current, still low, levels. Electricity supply constraints have proved an inhibitor to economic performance, while higher interest rates and indebtedness impacted household consumption expenditure in 2014.

2014/15 has seen a more conservative budget released than in recent years, detailing reduced projections on government net debt as a percentage of GDP and projected consolidation of the fiscal deficit, with some reduction in government expenditure. If achieved, this should assist South Africa to maintain its credit rating of BBB- from Standard and Poor's on its long-term foreign currency sovereign debt.

United Kingdom

Our views

The UK recorded the firmest pace of growth of all the advanced economies in 2014, and saw its fastest growth pace since 2006.

2.8%	2.1%
2014/15 Economic growth	**2013/14** Economic growth

GDP per capita has risen

2015	2014
£27 770	£26 731

The health of the labour market has also continued to improve markedly with the latest unemployment reading at 5.6% – the lowest level seen since July 2008

UK monetary policy remained steady throughout the financial year, with the bank rate held at 0.5%, marking six years at a record low. Meanwhile the level of the Bank of England's asset purchase scheme was maintained at £375 billion. Over the same period the UK's economic fundamentals continued to strengthen.

Employment growth has also been robust with 617 000 more in work than a year earlier.

The inflation backdrop has been one of very subdued price growth, particularly in the latter part of the fiscal year where CPI inflation fell to a record low of zero in February and March 2015; the main driver has been lower fuel prices, reflecting the sharp decline in the wholesale price of oil. Hence despite the strengthening recovery, there has been little appetite on the MPC for higher interest rates, with the UK Monetary Policy Committee looking to see out the soft price patch and not adjust policy until it gains confidence that inflation is headed back to the 2% target; hence immediate talk of rate hikes has been limited.

The recovery of the UK's housing market stuttered from summer 2014 onwards as the pace of house price growth eased from its 11.9% June 2014 high as activity, particularly mortgage approvals, stumbled after tighter checks on loan affordability and limits on high loan to income ratio mortgage origination were introduced.

Australia

Our views

Australia experienced moderate economic performance over the last calendar year, with GDP growth firming to 2.5%, from the 2.3% that was witnessed over 2013.

2.5%	2.3%
2014/15 Economic growth	**2013/14** Economic growth

GDP per capita has risen

2015	2014
A$68 102	A$67 061

On a quarterly basis the pace of growth was slower than historical averages, with quarter-on-quarter growth averaging just 0.5% over the year.

Headwinds to the economy were centred on the resources sector where falling commodity prices contributed further to a decline in mining investment, weighing on output overall. Outside of mining activity was mixed, with household consumption below trend, dampened by slow income growth and rising unemployment. Additionally, the strength of the Australian Dollar over the first half of the fiscal year also posed a headwind. Subsequently, the Australian Dollar weakened to A$0.76 against the US Dollar by the end of the period under review, having started at A$0.93. The housing market has, however, seen strength, with house prices rising 9.4% over 2014.

Having kept policy stable through almost the whole of the 2014/15 fiscal year the Reserve Bank of Australia cut the cash rate from 2.50% to a new record low of 2.25%, as the economy proceeded at a below trend pace and inflation hit its lowest level since Q2 2012.

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

United States

Our views

The US economy notched up growth of 2.3% in 2014 – the fastest rate since 2010.

The US labour market saw a more substantial improvement over the past financial year with the unemployment rate falling from 6.2% in April 2014 to 5.5% by March 2015 – the lowest level since May 2008

US growth slowed to a near standstill in Q1 2015, recorded at just a 0.2% annualised rate, albeit with several transitory factors, not least adverse weather being a particular drag.

Further, gains in non-farm payrolls averaged 260 000 over the 2014/15 year – the strongest run since the late 1990s.

Reflecting these improvements in the US labour market, the US Federal Reserve's efforts through the first part of the 2014/15 year were focused on bringing its quantitative easing purchases to a close, with the last 'taper' taking place in October 2014 while the Federal funds target rate range was held at 0% – 0.25% throughout the period. From October 2014 onwards the Federal Open Market Committee's (FOMC) communications were focused on adjusting communications to bring the prospect of a near-term rise in interest rates into sight, with the FOMC in its March 2015 communication going as far as removing reference to the committee being 'patient' in beginning its normalisation of monetary policy.

Eurozone

Amidst concerns that deflation was becoming a more serious threat in the Eurozone, the European Central Bank (ECB) eased policy further over the 2014/15 year. It opted to cut the ECB's main lending rates twice, taking the main refinancing rate down to a new record low of 0.05% in September 2014 while the deposit rate reached a low of (0.20%); both rates remained at these levels as the financial year closed. However, ECB policy easing did not stop there as the collapse in oil prices heightened deflation concerns in winter 2014 and culminated in the ECB unveiling a full-scale quantitative easing programme in January 2015, including the purchase of Euro area sovereign bonds. The programme is set to amount to some €1 trillion with purchases of around €60 billion per month running until at least Q3 2016; purchases got underway in March 2015.

The economic background has been one of modest growth with a 0.9% expansion seen in calendar year 2014. Euro area growth has now been mildly positive since Q2 2013 but, with the exception of Q1 2014, has failed to surpass a +0.3% quarterly growth rate in any individual period. However, early indications are that we will see something of a pick-up in growth in 2015.

On the Euro crisis front, Greek troubles reared their head again late in 2014 as the failure of the government to see its presidential candidate elected paved the way for new elections in January 2015. They ushered in a new administration, a coalition between Syriza and the Independent Greeks which has since sought a full-out renegotiation of Greece's existing arrangements with the IMF, ECB and the European Commission. Progress in putting the details to a reform plan which would see Greece granted disbursements of cash under a four-month extension to the existing bailout has stalled. Furthermore, its cash estimates indicate that a third bailout will be needed before the summer. Finally, note that the Euro area expanded geographically over the period as well, with Lithuania becoming the nineteenth member of the currency union.

Operating environment

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

	Period ended 31 March 2015	Period ended 31 March 2014	% change	Average over the period 1 April 2014 to 31 March 2015
Market indicators				
FTSE All share	3 664	3 556	3.0%	3 591
JSE All share	52 182	47 771	9.2%	50 611
Australia All ords	5 862	5 403	8.5%	5 494
S&P	2 068	1 872	10.5%	1 988
Nikkei	19 207	14 828	29.5%	16 256
Dow Jones	17 776	16 458	8.0%	17 180
Rates				
UK overnight	0.42%	0.33%		0.43%
UK 10 year	1.58%	2.74%		2.25%
UK clearing banks base rate	0.50%	0.50%		0.50%
LIBOR – three-month	0.57%	0.52%		0.55%
SA R186	7.80%	8.40%		8.00%
Rand overnight	5.53%	5.33%		5.46%
SA prime overdraft rate	9.25%	9.00%		9.16%
JIBAR – three-month	6.11%	5.73%		6.00%
Reserve Bank of Australia cash target rate	2.25%	2.50%		2.46%
US 10 year	1.93%	2.73%		2.34%
Commodities				
Gold	US$1 188/oz	US$1 289/oz	(7.8%)	US$1 248/oz
Gas Oil	US$526/mt	US$904/mt	(41.8%)	US$746/mt
Platinum	US$1 129/oz	US$1 418/oz	(20.4%)	US$1 236/oz
Macro-economic				
UK GDP (% change over the period)	1.5%	2.1%		
UK per capita GDP (£)	27 770	26 731	3.9%	
South Africa GDP (% real growth over the calendar year in Rands, historical revised)	1.5%	2.2%		
South Africa per capita GDP (real value in Rands, historical revised)	56 122	56 044	0.1%	
Australia GDP (% change over the period)	2.5%	2.3%		
Australia per capita GDP (A$)	68 102	67 061	1.6%	

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

Key income drivers

We provide a wide range of financial products and services to a niche client base in three principal markets – the UK and Europe, South Africa and Asia/Australia. We are organised as a network comprising three principal business divisions: Asset Management, Wealth & Investment and Specialist Banking

There are therefore a number of key income drivers for our business which are discussed below and alongside.

Specialist Banking

Asset Management

Key income drivers

- Fixed fees as a percentage of assets under management
- Variable performance fees.

Income statement – primarily reflected as

- Fees and commissions.

Income impacted primarily by

- Movements in the value of the assets underlying client portfolios
- Performance of portfolios against set benchmarks
- Net flows.

Wealth & Investment

Key income drivers

- Investment management fees levied as a percentage of assets under management
- Commissions earned for executing transactions for clients.

Income statement – primarily reflected as

- Fees and commissions.

Income impacted primarily by

- Movement in the value of assets underlying client portfolios
- The level of investment activity undertaken on behalf of clients, which, in turn, is affected by, among other things, the performance of the global stock markets (which drives investment opportunities), the equity investment risk appetite of our clients, tax considerations and market liquidity.

Key income drivers	Income impacted primarily by	Income statement – primarily reflected as
• Lending activities.	• Size of portfolios • Clients' capital and infrastructural investments • Client activity • Credit spreads • Shape of yield curve.	• Net interest income • Fees and commission • Investment income.
• Cash and near cash balances.	• Capital employed in the business and capital adequacy targets • Asset and liability management policies and risk appetite • Regulatory requirements • Credit spreads.	• Net interest income • Trading income arising from balance sheet management activities.
• Deposit and product structuring and distribution.	• Distribution channels • Ability to create innovative products • Regulatory requirements • Credit spreads.	• Net interest income • Fees and commissions.
• Investments made (including listed and unlisted equities; debt securities; investment properties) • Gains or losses on investments • Dividends received.	• Macro- and micro-economic market conditions • Availability of profitable exit routes • Whether appropriate market conditions exist to maximise gains on sale • Attractive investment opportunities • Credit spreads.	• Net interest income • Investment income.
• Advisory services.	• The demand for our specialised advisory services, which in turn is affected by applicable tax, regulatory and other macro- and micro-economic fundamentals.	• Fees and commissions.
• Derivative sales, trading and hedging.	• Client activity • Market conditions/volatility • Asset and liability creation • Product innovation • Market risk factors, primarily volatility and liquidity.	• Fees and commissions • Trading income arising from customer flow.
• Transactional banking services.	• Levels of activity • Ability to create innovative products • Appropriate systems infrastructure.	• Net interest income • Fees and commissions.

Key risks relating to our operations

In our ordinary course of business we face a number of risks that could affect our business operations

These risks are summarised briefly in the table below with further details provided in volumes one and two of the report.

For additional information pertaining to the management and monitoring of these risks, see the references provided.

12 – 43*

Credit and counterparty risk exposes us to losses caused by financial or other problems experienced by our clients.

72 – 76*

Operational risk may disrupt our business or result in regulatory action.

77*

Legal and regulatory risks are substantial in our businesses.

62 – 71*

Liquidity risk may impair our ability to fund our operations.

22*

We are exposed to **non-traded currency risk** where fluctuations in exchange rates against Pounds Sterling could have an impact on our financial results.

76 and 77*

Reputational, strategic and **business risk.**

59 – 62*

Our net interest earnings and net asset value may be adversely affected by **interest rate risk.**

72 – 76*

We may be **vulnerable to the failure of our systems** and breaches of our security systems.

77*

We may be exposed to **pension risk** in our UK operations.

44 – 58*

Market, business and general economic conditions and fluctuations could adversely affect our businesses in a number of ways.

78 – 83*

We may have insufficient capital in the future and may be unable to secure additional financing when it is required.

72 – 76*

Employee misconduct could cause harm that is difficult to detect.

125 – 129

We may be unable to **recruit, retain and motivate key personnel.**

18 – 21, 28 – 30

The **financial services industry** in which we operate is intensely competitive.

77 and 78*

Retail conduct risk is the risk that we treat our customers unfairly and deliver inappropriate outcomes.
Wholesale conduct risk is the risk of conducting ourselves negatively in the market.

* *Refer to volume two.*

Additional risks and uncertainties not presently known to us or that we currently deem immaterial may in the future also negatively impact our business operations.

Statutory income statement analysis

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

Further details on the key income drivers and significant variances in the various components of our operating income, expenses and profit can be found in the description of our principal businesses on pages 68 to 91.

Total operating income

Total operating income increased by 0.9% to £1 957.5 million (2014: £1 941.0 million). The various components of total operating income are analysed below.

£'000	31 March 2015	% of total income	31 March 2014	% of total income	% change
Net interest income	634 977	32.4%	651 679	33.6%	(2.6%)
Net fee and commission income	1 089 043	55.6%	989 421	51.0%	10.1%
Investment income	128 334	6.6%	166 809	8.6%	(23.1%)
Trading income arising from					
– customer flow	106 313	5.4%	103 914	5.3%	2.3%
– balance sheet management and other trading activities	(13 424)	(0.6%)	10 587	0.5%	(> 100.0%)
Other operating income	12 236	0.6%	18 554	1.0%	(34.1%)
Total operating income before impairments	1 957 479	100.0%	1 940 964	100.0%	0.9%

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

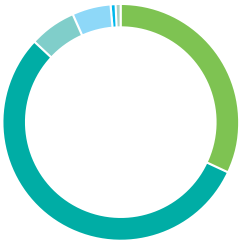
£'000	31 March 2015	% of total income	31 March 2014	% of total income	% change
UK and Other^	1 127 081	57.6%	1 174 152	60.5%	(4.0%)
Southern Africa	830 398	42.4%	766 812	39.5%	8.3%
Total operating income before impairments	1 957 479	100.0%	1 940 964	100.0%	0.9%

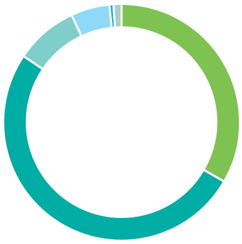
The following table sets out information on total operating income before impairment losses on loans and advances by division for the year under review.

£'000	31 March 2015	% of total income	31 March 2014	% of total income	% change
Asset Management	436 059	22.3%	414 180	21.4%	5.3%
Wealth & Investment	313 217	16.0%	288 033	14.8%	8.7%
Specialist Banking	1 208 203	61.7%	1 238 751	63.8%	(2.5%)
Total operating income before impairments	1 957 479	100.0%	1 940 964	100.0%	0.9%

^ *Includes Australia, which was previously reported separately. Refer to page 22.*

% of total operating income before impairments





31 March 2015
£1 957.5 million total operating income before impairments

Net interest income	32.4%
Net fee and commission income	55.6%
Investment income	6.6%
Trading income arising from customer flow	5.4%
Trading income arising from balance sheet management and other trading activities	(0.6%)
Other operating income	0.6%

31 March 2014
£1 941.0 million total operating income before impairments

Net interest income	33.6%
Net fee and commission income	51.0%
Investment income	8.6%
Trading income arising from customer flow	5.3%
Trading income arising from balance sheet management and other trading activities	0.5%
Other operating income	1.0%

Net interest income

Net interest income decreased by 2.6% to £635.0 million (2014: £651.7 million) largely due to a lower return earned on the legacy portfolios which are running down; the sales of Investec Bank (Australia) Limited, Kensington UK and Start Irish operations; and the depreciation of the Rand against Pounds Sterling. This was partially offset by solid book growth, a lower cost of funding in the UK and a positive endowment impact in South Africa.

£'000	31 March 2015	31 March 2014	Variance	% change
Asset Management	4 307	3 918	389	9.9%
Wealth & Investment	6 556	7 857	(1 301)	(16.6%)
Specialist Banking	624 114	639 904	(15 790)	(2.5%)
Net interest income	634 977	651 679	(16 702)	(2.6%)

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

		UK and Other^		Southern Africa		Total group	
For the year to 31 March 2015 £'000	Notes	Balance sheet value	Interest income	Balance sheet value	Interest income	Balance sheet value	Interest income
Cash, near cash and bank debt and sovereign debt securities	1	5 878 855	48 967	6 214 823	274 165	12 093 678	323 132
Core loans and advances	2	7 061 117	424 071	10 127 793	808 754	17 188 910	1 232 825
Private client		3 341 861	169 272	6 726 853	524 190	10 068 714	693 462
Corporate, institutional and other clients		3 719 256	254 799	3 400 940	284 564	7 120 196	539 363
Other debt securities and other loans and advances		775 651	101 816	426 552	23 758	1 202 203	125 574
Other interest earning assets	3	411 983	94 612	368 613	14 724	780 596	109 336
Total interest earning assets		14 127 606	669 466	17 137 781	1 121 401	31 265 387	1 790 867

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

^ *Includes Australia, which was previously reported separately. Refer to page 22.*

For the year to 31 March 2015 £'000	Notes	UK and Other^ Balance sheet value	UK and Other^ Interest expense	Southern Africa Balance sheet value	Southern Africa Interest expense	Total group Balance sheet value	Total group Interest expense
Deposits by banks and other debt related securities	4	1 997 208	41 869	2 905 400	51 519	4 902 608	93 388
Customer accounts (deposits)		10 298 493	157 813	12 316 375	702 722	22 614 868	860 535
Other interest bearing liabilities	5	330 526	82 421	396 336	16 503	726 862	98 924
Subordinated liabilities		596 923	59 881	581 376	43 162	1 178 299	103 043
Total interest bearing liabilities		13 223 150	341 984	16 199 487	813 906	29 422 637	1 155 890
Net interest income			327 482		307 495		634 977

For the year to 31 March 2014 £'000	Notes	UK and Other^ Balance sheet value	UK and Other^ Interest income	Southern Africa Balance sheet value	Southern Africa Interest income	Total group Balance sheet value	Total group Interest income
Cash, near cash and bank debt and sovereign debt securities	1	5 532 675	61 907	6 515 392	295 811	12 048 067	357 718
Core loans and advances	2	8 222 264	542 480	8 935 103	765 050	17 157 367	1 307 530
Private client		5 146 582	267 408	6 037 359	488 165	11 183 941	755 573
Corporate, institutional and other clients		3 075 682	275 072	2 897 744	276 885	5 973 426	551 957
Other debt securities and other loans and advances		1 642 858	74 598	656 089	31 088	2 298 947	105 686
Other interest earning assets	3	2 798 158	124 783	778 368	9 666	3 576 526	134 449
Total interest earning assets		18 195 955	803 768	16 884 952	1 101 615	35 080 907	1 905 383

For the year to 31 March 2014 £'000	Notes	UK and Other^ Balance sheet value	UK and Other^ Interest expense	Southern Africa Balance sheet value	Southern Africa Interest expense	Total group Balance sheet value	Total group Interest expense
Deposits by banks and other debt related securities	4	3 140 805	76 542	2 493 082	62 435	5 633 887	138 977
Customer accounts (deposits)		10 938 789	222 458	11 670 995	655 969	22 609 784	878 427
Other interest bearing liabilities	5	2 823 683	80 766	947 286	41 531	3 770 969	122 297
Subordinated liabilities		740 949	67 268	597 803	46 735	1 338 752	114 003
Total interest bearing liabilities		17 644 226	447 034	15 709 166	806 670	33 353 392	1 253 704
Net interest income			356 734		294 945		651 679

^ *Includes Australia, which was previously reported separately. Refer to page 22.*

Notes:

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

Net fee and commission income

Net fee and commission income increased by 10.1% to £1 089.0 million (2014: £989.4 million) as a result of higher average funds under management and net inflows in the asset management and wealth management businesses. The Specialist Banking business benefited from a solid performance from the corporate finance and corporate treasury businesses, notably in the UK, and the private banking business in South Africa continued to perform well.

£'000	31 March 2015	31 March 2014	Variance	% change
Asset Management	428 555	409 341	19 214	4.7%
Wealth & Investment	299 663	275 377	24 286	8.8%
Specialist Banking	360 825	304 703	56 122	18.4%
Net fee and commission income	1 089 043	989 421	99 622	10.1%

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

For the year to 31 March 2015 £'000	UK and Other^	Southern Africa	Total group
Asset management and wealth management businesses net fee and commission income	505 772	222 446	728 218
Fund management fees/fees for assets under management	540 050	201 372	741 424
Private client transactional fees	59 566	32 302	91 868
Fee and commission expense	(93 844)	(11 230)	(105 074)
Specialist Banking net fee and commission income	225 325	135 500	360 825
Corporate and institutional transactional and advisory services	219 870	115 220	335 090
Private client transactional fees	25 019	32 856	57 875
Fee and commission expense	(19 564)	(12 576)	(32 140)
Net fee and commission income	731 097	357 946	1 089 043
Annuity fees (net of fees payable)	541 327	276 143	817 470
Deal fees	189 770	81 803	271 573

For the year to 31 March 2014 £'000	UK and Other^	Southern Africa	Total group
Asset management and wealth management businesses net fee and commission income	462 375	222 343	684 718
Fund management fees/fees for assets under management	497 863	191 271	689 134
Private client transactional fees	61 887	33 287	95 174
Fee and commission expense	(97 375)	(2 215)	(99 590)
Specialist Banking net fee and commission income	172 195	132 508	304 703
Corporate and institutional transactional and advisory services	177 053	118 667	295 720
Private client transactional fees	29 871	27 003	56 874
Fee and commission expense	(34 729)	(13 162)	(47 891)
Net fee and commission income	634 570	354 851	989 421
Annuity fees (net of fees payable)	461 427	257 662	719 089
Deal fees	173 143	97 189	270 332

^ *Includes Australia, which was previously reported separately. Refer to page 22.*

Investment income

Investment income decreased by 23.1% to £128.3 million (2014: £166.8 million). Our unlisted investment portfolio in the UK and South Africa delivered a solid performance. This was offset, however, by a poor performance from the Hong Kong portfolio.

£'000	31 March 2015	31 March 2014	Variance	% change
Asset Management	22	28	(6)	(21.4%)
Wealth & Investment	4 123	2 183	1 940	88.9%
Specialist Banking	124 189	164 598	(40 409)	(24.6%)
Investment income	128 334	166 809	(38 475)	(23.1%)

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

For the year to 31 March 2015 £'000	UK and Other^	Southern Africa	Total group
Realised	80 014	65 746	145 760
Unrealised	(90 296)	48 097	(42 199)
Dividend income	5 878	24 808	30 686
Funding and other net related (costs)/income	2 194	(8 107)	(5 913)
Investment (loss)/income	(2 210)	130 544	128 334

For the year to 31 March 2015 £'000	Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
UK and Other^	(7 577)	(14 681)	8 726	11 322	(2 210)
Realised	63 395	8 494	–	8 125	80 014
Unrealised	(76 850)	(23 175)	8 726	1 003	(90 296)
Dividend income	5 878	–	–	–	5 878
Funding and other net related income	–	–	–	2 194	2 194
Southern Africa	83 168	12 055	29 910	5 411	130 544
Realised	42 214	3 814	19 741	(23)	65 746
Unrealised	29 358	8 241	10 169	329	48 097
Dividend income	24 808	–	–	–	24 808
Funding and other net related (costs)/income	(13 212)	–	–	5 105	(8 107)
Total investment income	75 591	(2 626)	38 636	16 733	128 334

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

^ *Includes Australia, which was previously reported separately. Refer to page 22.*

For the year to 31 March 2014 £'000	UK and Other^	Southern Africa	Total group
Realised	53 986	19 534	73 520
Unrealised	34 991	14 899	49 890
Dividend income	10 885	38 569	49 454
Funding and other net related costs	(763)	(5 292)	(6 055)
Investment income	99 099	67 710	166 809

For the year to 31 March 2014 £'000	Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
UK and Other^	100 573	(1 380)	–	(94)	99 099
Realised	37 822	11 457	–	4 707	53 986
Unrealised	52 059	(12 837)	–	(4 231)	34 991
Dividend income	10 692	–	–	193	10 885
Funding and other net related costs	–	–	–	(763)	(763)
Southern Africa	43 092	(2 851)	23 450	4 019	67 710
Realised	12 607	–	8 610	(1 683)	19 534
Unrealised	1 746	(2 851)	16 374	(370)	14 899
Dividend income	38 569	–	–	–	38 569
Funding and other net related (costs)/income	(9 830)	–	(1 534)	6 072	(5 292)
Total investment income	143 665	(4 231)	23 450	3 925	166 809

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

^ *Includes Australia, which was previously reported separately. Refer to page 22.*

Trading income

Trading income arising from customer flow increased by 2.3% to £106.3 million (2014: £103.9 million) while trading income from other trading activities reflected a loss of £13.4 million (2014: profit of £10.6 million) due to foreign currency losses largely offset in non-controlling interests as discussed on page 47.

Arising from customer flow

£'000	31 March 2015	31 March 2014	Variance	% change
Asset Management	–	–	–	–
Wealth & Investment	1 024	1 324	(300)	(22.7%)
Specialist Banking	105 289	102 590	2 699	2.6%
Trading income arising from customer flow	106 313	103 914	2 399	2.3%

Arising from balance sheet management and other trading activities

£'000	31 March 2015	31 March 2014	Variance	% change
Asset Management	1 485	(1 982)	3 467	> 100.0%
Wealth & Investment	574	58	516	> 100.0%
Specialist Banking	(15 483)	12 511	(27 994)	(> 100.0%)
Trading loss arising from balance sheet management and other trading activities	(13 424)	10 587	(24 011)	(> 100.0%)

Other operating income

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

Impairment losses on loans and advances

Impairments on loans and advances decreased from £166.2 million to £128.4 million. Since 31 March 2014, gross defaults have improved from £658.7 million to £608.4 million. The percentage of default loans (net of impairments, but before taking collateral into account) to core loans and advances amounted to 2.07% (2014: 2.30%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.37 times (2014: 1.27 times).

Further information is provided on pages 31 to 33 in volume two.

£'000	31 March 2015	31 March 2014	Variance	% change
UK and Other	(102 707)	(126 911)	24 204	(19.1%)
Southern Africa	(25 674)	(39 241)	13 567	(34.6%)
Total impairment losses on loans and advances	(128 381)	(166 152)	37 771	(22.7%)
Impairment losses on loans and advances in home currency				
Southern Africa (R'million)	(456)	(636)	180	(28.3%)

Operating costs

The ratio of total operating costs to total operating income was 67.6% (2014: 67.6%). Total operating costs grew by 1.2% to £1 322.7 million (2014: £1 307.2 million) reflecting: an increase in headcount in the asset management and wealth management businesses to support growth initiatives; inflationary increases in fixed costs in the Specialist Bank in home currencies; an increase in variable remuneration given increased profitability in certain businesses; and a reduction in costs arising from the sale of certain businesses in Australia.

£'000	31 March 2015	% of total expenses	31 March 2014*	% of total expenses	% change
Staff costs	(927 980)	70.1%	(897 743)	68.4%	3.4%
– fixed	(590 896)	44.6%	(592 192)	45.1%	(0.2%)
– variable	(337 084)	25.5%	(305 551)	23.3%	10.3%
Business expenses	(193 529)	14.6%	(198 008)	15.0%	(2.3%)
Premises expenses (excluding depreciation)	(63 201)	4.8%	(70 477)	5.4%	(10.3%)
Equipment expenses (excluding depreciation)	(54 433)	4.1%	(56 386)	4.3%	(3.5%)
Marketing expenses	(58 833)	4.4%	(55 923)	4.3%	5.2%
Depreciation and impairment of property, plant, equipment and software	(24 729)	1.9%	(28 706)	2.1%	(13.9%)
Total operating expenses	(1 322 705)	99.9%	(1 307 243)	99.5%	1.2%
Depreciation on operating leased assets	(1 535)	0.1%	(6 044)	0.5%	(74.6%)
Total expenses	(1 324 240)	100.0%	(1 313 287)	100.0%	0.8%

* *Restated as per note 59 in volume three.*

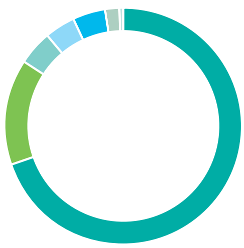
The following table sets out certain information on total expenses by geography for the year under review.

£'000	31 March 2015	% of total expenses	31 March 2014*	% of total expenses	% change
UK and Other	(897 121)	67.7%	(896 706)	68.3%	< 0%
Southern Africa	(427 119)	32.3%	(416 581)	31.7%	2.5%
Total expenses	(1 324 240)	100.0%	(1 313 287)	100.0%	0.8%

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

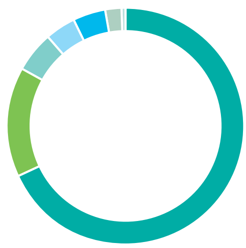
£'000	31 March 2015	% of total expenses	31 March 2014*	% of total expenses	% change
Asset Management	(287 084)	21.7%	(270 361)	20.6%	6.2%
Wealth & Investment	(234 436)	17.7%	(221 934)	16.9%	5.6%
Specialist Banking	(763 408)	57.6%	(784 548)	59.7%	(2.7%)
Group costs	(39 312)	3.0%	(36 444)	2.8%	7.9%
Total expenses	(1 324 240)	100.0%	(1 313 287)	100.0%	0.8%

% of total expenses



31 March 2015
£1 324.2 million total expenses

Staff costs	70.1%
Business expenses	14.6%
Premises expenses	4.8%
Equipment expenses	4.1%
Marketing expenses	4.4%
Depreciation	1.9%
Depreciation on operating leased assets	0.1%



31 March 2014*
£1 313.3 million total expenses

Staff costs	68.4%
Business expenses	15.0%
Premises expenses	5.4%
Equipment expenses	4.3%
Marketing expenses	4.3%
Depreciation	2.1%
Depreciation on operating leased assets	0.5%

* *Restated as per note 59 in volume three.*

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

As a result of the foregoing factors, our operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests increased by 9.4% from £450.7 million to £493.2 million.

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

For the year to 31 March 2015 £'000	UK and Other	Southern Africa	Total group	% change	% of total
Asset Management	75 491	73 484	148 975	3.6%	30.2%
Wealth & Investment	56 871	21 910	78 781	19.2%	16.0%
Specialist Banking	41 795	262 918	304 713	9.9%	61.8%
	174 157	358 312	532 469	18.1%	108.0%
Group costs	(30 048)	(9 264)	(39 312)	7.9%	(8.0%)
Total group	144 109	349 048	493 157	9.4%	100.0%
Other non-controlling interest – equity			11 701		
Operating profit			504 858		
% change	(6.0%)	17.4%	9.4%		
% of total	29.2%	70.8%	100.0%		

For the year to 31 March 2014* £'000	UK and Other	Southern Africa	Total group	% of total
Asset Management	67 585	76 234	143 819	31.9%
Wealth & Investment	46 065	20 034	66 099	14.7%
Specialist Banking	67 277	209 925	277 202	61.4%
	180 927	306 193	487 120	108.0%
Group costs	(27 672)	(8 772)	(36 444)	(8.0%)
Total group	153 255	297 421	450 676	100.0%
Other non-controlling interest – equity			10 849	
Operating profit			461 525	
% of total	34.0%	66.0%	100.0%	

* *Restated as per note 59 in volume three.*

Key income drivers in our core businesses

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

Asset Management

	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Global business (in Pounds Sterling)						
Operating margin	34.2%	34.7%	34.5%	35.7%	37.0%	33.4%
Net inflows in funds under management as a % of opening funds under management	4.6%	3.7%	6.7%	8.8%	16.0%	16.2%
Average income yield earned on funds under management^	0.60%	0.60%	0.62%	0.62%	0.66%	0.67%

Wealth & Investment

	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Global business (in Pounds Sterling)						
Operating margin	25.2%	22.9%	20.3%	19.7%	25.9%	n/a*
Net organic growth in funds under management as a % of opening funds under management	6.6%	3.5%	2.0%	(5.3%)	6.2%	n/a*
Average income yield earned on funds under management^	0.72%	0.71%	0.66%	0.61%	0.55%	n/a*
UK and Other^^ (in Pounds Sterling)						
Operating margin	22.7%	20.1%	17.3%	16.3%	24.5%	n/a*
Net organic growth in funds under management as a % of opening funds under management	7.1%	5.1%	1.3%	(7.4%)	3.5%	n/a*
Average income yield earned on funds under management^	0.89%	0.89%	0.86%	0.80%	0.68%	n/a*
South Africa (in Rands)						
Operating margin	35.1%	33.9%	31.3%	28.5%	28.9%	35.5%
Net organic growth in discretionary and annuity funds under management as a % of opening discretionary funds under management	8.5%	13.6%	13.9%	8.7%	6.0%	3.4%
Average income yield earned on funds under management^**	0.41%	0.41%	0.37%	0.39%	0.41%	0.41%

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

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

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

^^ *Other comprises European Wealth Management, which prior to 1 July 2010 was part of the Private Bank, Investec Wealth & Investment Ireland (formerly NCB), which was acquired on 12 June 2012 and Investec Wealth & Investment Channel Islands.*

Specialist Banking – statutory basis

	31 March 2015	31 March 2014°	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Global business (in Pounds Sterling)						
Cost to income ratio	63.1%	63.2%	63.1%	62.4%	60.1%	56.4%
ROE post-tax^	8.6%	7.9%	6.4%	5.1%	8.2%	11.4%
ROE post-tax (ongoing business)^	12.8%	11.9%	–	–	–	–
Growth in net core loans	0.2%^^	(6.8%)	1.0%	(2.8%)	4.8%	10.3%
Growth in risk-weighted assets	(4.9%)^^	(6.0%)	4.7%	1.5%	13.3%	16.1%
Defaults (net of impairments) as a % of core loans	2.07%	2.30%	2.73%	3.31%	4.66%	3.98%
Credit loss ratio on core loans	0.68%	0.68%	0.84%	1.12%	1.27%	1.16%
UK and Other# (in Pounds Sterling)						
Cost to income ratio	78.9%*	72.5%*	69.0%	68.3%	64.1%	61.4%
ROE post-tax^	2.1%	3.6%	1.7%	(1.8%)	2.6%	6.9%
ROE post-tax (ongoing business)**^	9.6%	10.9%	–	–	–	–
Growth in net core loans	(14.1%)^^	(0.3%)	6.6%	0.3%	6.2%	(1.6%)
Growth in risk-weighted assets	(15.5%)^^	0.4%	7.7%	4.6%	9.6%	5.3%
Defaults (net of impairments) as a % of core loans	3.00%	3.21%	3.75%	4.10%	5.67%	4.94%
Credit loss ratio on core loans	1.16%	0.99%	1.16%	1.65%	2.05%	1.72%
Southern Africa (in Rands)						
Cost to income ratio	47.2%*	51.0%*	55.5%	55.2%	54.7%	49.8%
ROE post-tax^	15.2%	12.5%	10.0%	9.6%	10.7%	13.8%
Growth in net core loans	16.1%	10.6%	10.2%	6.6%	0.3%	1.9%
Growth in risk-weighted assets	8.3%	11.0%	16.5%	11.9%	13.8%	3.6%
Defaults (net of impairments) as a % of core loans	1.43%	1.46%	1.89%	2.73%	3.97%	3.32%
Credit loss ratio on core loans	0.28%	0.42%	0.61%	0.65%	0.71%	0.68%

^ *Divisional ROEs are reported on a pre-tax basis. For the purpose of this calculation, we have applied the group's effective tax rate to derive post-tax numbers. Capital as at 31 March 2015 was c.£1.2 billion in the UK and c.R24.6 billion in South Africa.*

^^ *Impacted by sale of assets.*

* *Excludes group costs.*

** *Further information is provided on page 66.*

Includes UK, Europe, Australia and the legacy businesses.

° *Restated as per note 59 in volume three.*

Impairment of goodwill

The goodwill impairment largely relates to the restructure of the Australian business.

The decrease in goodwill relates to the sale of Investec Bank (Australia) Limited, Kensington UK and Start Irish operations as detailed on page 22.

Goodwill and intangible assets analysis – balance sheet information

£'000	31 March 2015	31 March 2014
UK and Other^	356 090	427 011
Asset Management	88 045	88 045
Wealth & Investment	242 126	242 951
Specialist Banking	25 919	96 015
Southern Africa	5 437	6 560
Asset Management	3 320	4 346
Wealth & Investment	1 877	1 963
Specialist Banking	240	251
Total goodwill	361 527	433 571
Intangible assets	147 227	159 169
Total goodwill and intangible assets	508 754	592 740

Amortisation of acquired intangibles

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

Net loss after tax on sale of subsidiaries

Net loss on sale of subsidiaries comprises a net profit on the sale of Investec Bank (Australia) Limited offset by a net loss on the sale of the Kensington UK and Start Irish operations as detailed on page 22.

Net loss after taxation can be analysed further as follows:

	£'million
Net loss before goodwill and taxation	(28.1)
Goodwill	(64.9)
Net loss on sale of subsidiaries	(93.0)
Related tax expense	(20.7)
Net loss after tax	(113.7)

^ *Includes Australia, which was previously reported separately.*

Taxation

The effective tax rate amounts to 19.6% (2014: 17.1%).

	Effective tax rates		31 March 2015 £'000	31 March 2014* £'000	% change
	2015	2014			
UK and Other	23.0%	18.8%	(28 362)	(30 770)	(7.8%)
Southern Africa	18.7%	15.5%	(70 661)	(48 294)	46.3%
Australia	–	1.1%	–	154	> 100%
Tax	19.6%	17.1%	(99 023)	(78 910)	25.5%

* *Restated as per note 59 in volume three.*

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests mainly comprises:

- £18.2 million profit attributable to non-controlling interests in the Asset Management business
- £31.7 million profit attributable to non-controlling interests in the Investec Property Fund Limited
- A reduction of £20.7 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 £330.8 million to £245.5 million.

Dividends and earnings per share

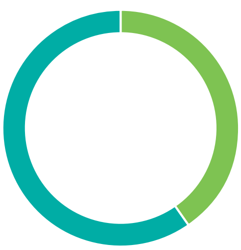
Information with respect to dividends and earnings per share is provided on pages 5, 6 and 53 - 55 in volume three.

Statutory balance sheet analysis

Since 31 March 2014:

- Total shareholders' equity (including non-controlling interests) increased by 0.6% to £4.0 billion
- Net asset value per share decreased 3.0% to 364.9 pence and net tangible asset value per share (which excludes goodwill and intangible assets) decreased by 0.3% to 308.1 pence
- The return on adjusted average shareholders' equity increased from 10.0% to 10.6%.

Assets by geography



31 March 2015
£44 353 million total assets

UK and Other	40.5%
Southern Africa	59.5%

31 March 2014
£47 142 million total assets

UK and Other	46.8%
Southern Africa	53.2%

Statutory net tangible asset value per share

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

£'000	31 March 2015	31 March 2014*
Shareholders' equity	3 500 837	3 572 296
Less: perpetual preference shares issued by holding companies	(326 693)	(330 890)
Less: goodwill and intangible assets (excluding software)	(494 111)	(577 816)
Net tangible asset value	2 680 033	2 663 590
Number of shares in issue (million)	899.4	891.7
Treasury shares (million)	(29.5)	(29.7)
Number of shares in issue in this calculation (million)	869.9	862.0
Net tangible asset value per share (pence)	308.1	309.0
Net asset value per share (pence)	364.9	376.0

* *Restated as per note 59 in volume three.*

Statutory return on risk-weighted assets

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

	31 March 2015	31 March 2014*	Average	31 March 2013	Average
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	339 523	326 923	333 223	309 310	318 117
Investec plc risk-weighted assets (£'million)	11 608	13 711*	12 660	13 705*	12 936
Investec Limited risk-weighted assets^ (£'million)	14 992	14 125	14 559	16 036	15 360
Total risk-weighted assets (£'million)	26 601	27 836	27 219	29 744	28 296
Return on average risk-weighted assets	1.25%	1.14%		1.06%	
^Investec Limited risk-weighted assets (R'million)	269 466	248 040	258 753	223 865	235 953

* *Restated as per note 59 in volume three.*

Capital management and allocation

We held capital in excess of regulatory requirements targeting a minimum tier 1 capital ratio of 10.5% (11.0% by March 2016) and a total capital adequacy ratio range of 14% to 17% on a consolidated basis for each of Investec plc and Investec Limited.

Further information is provided on pages 78 to 83 in volume two.

A summary of capital adequacy and leverage ratios

As at 31 March 2015	Investec plc^*	IBP^*	Investec Limited*	IBL*
Common equity tier 1 (as reported)	10.2%	12.2%	9.6%	11.0%
Common equity tier 1 ('fully loaded')^^	10.2%	12.2%	9.5%	10.9%
Tier 1 (as reported)	11.9%	12.2%	11.3%	11.4%
Total capital adequacy ratio (as reported)	16.7%	17.6%	14.7%	15.4%
Leverage ratio** – permanent capital	8.1%	7.6%	8.5%#	8.5%#
Leverage ratio** – current	7.7%	7.6%	8.1%#	8.3%#
Leverage ratio** – 'fully loaded'^^	6.6%	7.6%	7.2%#	8.0%#

As at 31 March 2014##	Investec plc^*	IBP^*	Investec Limited*	IBL*
Common equity tier 1 (as reported)	8.8%	11.0%	9.4%	10.3%
Common equity tier 1 ('fully loaded')^^	8.9%	11.0%	9.3%	10.2%
Tier 1 (as reported)	10.5%	11.0%	11.0%	10.8%
Total capital adequacy ratio (as reported)	15.3%	16.0%	14.9%	15.3%
Leverage ratio** – permanent capital	7.7%	7.4%	8.1%#	7.9%#
Leverage ratio** – current	7.4%	7.4%	7.8%#	7.9%#
Leverage ratio** – 'fully loaded'^^	6.2%	7.4%	6.7%#	7.5%#

* *Where: IBP is Investec Bank plc consolidated and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.*

^ *The capital adequacy disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the group operates. For Investec plc and Investec Bank plc this does not include the deduction of foreseeable dividends when calculating common equity tier 1 as now required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of the final proposed ordinary and preference dividends totalling £57 million for Investec plc and £15 million for Investec Bank plc would be around 50bps and 10bps, respectively. At 31 March 2014 the impact of the final proposed ordinary and preference dividends totalling £61 million for Investec plc and £32 million for IBP would be around 40bps and 30bps, respectively.*

^^ *Based on the group's understanding of current and draft regulations. 'Fully loaded' is based on Basel III capital requirements as fully phased in by 2022.*

** *The leverage ratios are calculated on an end-quarter basis.*

\# *Based on revised BIS rules.*

\#\# *The 31 March 2014 capital information has been restated to reflect the implementation of IFRIC 21.*

Return on equity by country and business – statutory

£'000	31 March 2015	31 March 2014*	Average	31 March 2013*	Average
Calculation of average shareholders' equity					
Ordinary shareholders' equity	3 174 144	3 241 406	3 207 775	3 287 551	3 264 479
Goodwill and intangible assets (excluding software)	(494 111)	(577 816)	(535 964)	(626 870)	(602 343)
Adjusted tangible shareholders' equity	2 680 033	2 663 590	2 671 811	2 660 681	2 662 136

£'000	31 March 2015	31 March 2014*
Operating profit before goodwill impairment and non-operational items	504 858	461 525
Minority interests	(29 885)	(21 880)
Accrued preference dividends, adjusted for currency hedge	(36 427)	(33 812)
Revised operating profit	438 546	405 833
Tax on ordinary activities	(99 023)	(78 910)
Revised operating profit after tax	339 523	326 923
Pre-tax return on average adjusted shareholders' equity	13.7%	12.4%
Post-tax return on average adjusted shareholders' equity	10.6%	10.0%
Pre-tax return on average adjusted tangible shareholders' equity	16.4%	15.2%
Post-tax return on average adjusted tangible shareholders' equity	12.7%	12.3%

* *Restated as per note 59 in volume three.*

Return on equity on an ongoing basis is provided on page 66.

Return on equity by geography

£'000	UK and Other statutory	Southern Africa	Total group	UK and Other ongoing
Total operating profit	127 253	377 605	504 858	214 799
Tax on profit on ordinary activities	(28 362)	(70 661)	(99 023)	(45 521)
Non-controlling interests	6 803	(36 688)	(29 885)	6 803
Preference dividends paid	(14 884)	(21 543)	(36 427)	(14 884)
Profit on ordinary activities after taxation – 31 March 2015	**90 810**	**248 713**	**339 523**	**161 197**
Profit on ordinary activities after taxation – 31 March 2014*	103 448	223 475	326 923	148 392
Ordinary shareholders' equity – 31 March 2015	**1 764 017**	**1 410 127**	**3 174 144**	**1 675 247**
Goodwill and intangible assets (excluding software)	(488 674)	(5 437)	(494 111)	(488 674)
Tangible ordinary shareholders' equity – 31 March 2015	**1 275 343**	**1 404 690**	**2 680 033**	**1 186 573**
Ordinary shareholders' equity – 31 March 2014*	**1 942 284**	**1 299 122**	**3 241 406**	**1 562 284**
Goodwill and intangible assets (excluding software)	(571 257)	(6 559)	(577 816)	(571 257)
Tangible ordinary shareholders' equity – 31 March 2014*	**1 371 027**	**1 292 563**	**2 663 590**	**991 027**
Ordinary shareholders' equity – 31 March 2013	**1 885 819**	**1 401 732**	**3 287 551**	**1 405 819**
Goodwill and intangible assets (excluding software)	(616 610)	(10 260)	(626 870)	(616 610)
Tangible ordinary shareholders' equity – 31 March 2013	**1 269 209**	**1 391 472**	**2 660 681**	**789 209**
Average ordinary shareholders' equity – 31 March 2015	**1 853 150**	**1 354 625**	**3 207 775**	**1 618 765**
Average ordinary shareholders' equity – 31 March 2014*	1 914 052	1 350 427	3 264 479	1 484 052
Average tangible shareholders' equity – 31 March 2015	**1 323 184**	**1 348 627**	**2 671 811**	**1 088 799**
Average tangible shareholders' equity – 31 March 2014*	1 320 118	1 342 018	2 662 136	890 118
Post-tax return on average ordinary shareholders' equity – 31 March 2015	**4.9%**	**18.4%**	**10.6%**	**10.0%**
Post-tax return on average ordinary shareholders' equity – 31 March 2014*	5.4%	16.5%	10.0%	10.0%
Post-tax return on average tangible shareholders' equity – 31 March 2015	**6.9%**	**18.4%**	**12.7%**	**14.8%**
Post-tax return on adjusted tangible shareholders' equity – 31 March 2014*	7.8%	16.7%	12.3%	16.7%
Pre-tax return on adjusted average ordinary shareholders' equity – 31 March 2015	**6.4%**	**23.6%**	**13.7%**	**12.8%**
Pre-tax return on adjusted average ordinary shareholders' equity – 31 March 2014*	7.0%	20.1%	12.4%	12.1%
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2015	**9.0%**	**23.7%**	**16.4%**	**19.0%**
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2014*	10.2%	20.2%	15.2%	20.1%

* *Restated as per note 59 in volume three.*

Return on equity by business°

£'000	Asset Management	Wealth & Investment^	Specialist Banking statutory	Specialist Banking ongoing
Total operating profit after other non-controlling interests	148 975	78 781	304 713	392 259
Notional return on regulatory capital	2 906	1 306	(4 212)	(4 212)
Notional cost of statutory capital	(3 570)	(9 152)	12 722	12 722
Cost of subordinated debt	(1 165)	(735)	1 900	1 900
Cost of preference shares	(642)	(328)	(35 456)	(35 456)
Adjusted earnings – 31 March 2015	146 504	69 872	279 667	367 213
Adjusted earnings – 31 March 2014*	143 227	54 586	255 495	309 710
Ordinary shareholders' equity – 31 March 2015	160 648	255 318	2 599 130	2 510 360
Goodwill and intangible assets (excluding software)	(91 365)	(216 017)	(27 679)	(27 679)
Tangible ordinary shareholders' equity – 31 March 2015	69 283	39 301	2 571 451	2 482 681
Ordinary shareholders' equity – 31 March 2014*	147 123	292 650	2 642 583	2 098 875
Goodwill and intangible assets (excluding software)	(92 391)	(229 279)	(97 096)	(97 096)
Tangible ordinary shareholders' equity – 31 March 2014*	54 732	63 371	2 545 487	2 001 779
Ordinary shareholders' equity – 31 March 2013	127 955	256 747	2 743 799	2 237 318
Goodwill and intangible assets (excluding software)	(95 495)	(243 313)	(129 012)	(129 012)
Tangible ordinary shareholders' equity – 31 March 2013	32 460	13 434	2 614 787	2 108 306
Average ordinary shareholders' equity – 31 March 2015	153 886	273 984	2 620 856	2 304 617
Average ordinary shareholders' equity – 31 March 2014*	137 539	274 699	2 693 191	2 168 097
Average tangible shareholders' equity – 31 March 2015	62 008	51 336	2 558 469	2 242 229
Average tangible shareholders' equity – 31 March 2014*	43 596	38 403	2 580 137	2 055 043
Pre-tax return on adjusted average ordinary shareholders' equity – 31 March 2015	95.2%	25.5%	10.7%	15.9%
Pre-tax return on adjusted average ordinary shareholders' equity – 31 March 2014*	104.1%	19.9%	9.5%	14.3%
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2015	236.3%	136.1%	10.9%	16.4%
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2014*	328.5%	142.1%	9.9%	15.1%

° *The return on equity by business is based on the level of internal capital required by each business, inclusive of an allocation of any surplus capital held by the group. The operating profit is adjusted to reflect a capital structure that includes common equity, additional tier 1 capital instruments and subordinated debt.*

^ *The Wealth & Investment is consistent with the group computation, except for an adjustment of £159.1 million between ordinary shareholders' funds and goodwill, which represents historical accounting gains with a corresponding effective increase in goodwill. These gains were excluded from group.*

* *Restated as per note 59 in volume three.*

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

By division	Asset Management	Wealth & Investment	Specialist Banking	Total group
Number of employees – 31 March 2015	1 508	1 533	5 213	8 254
Number of employees – 31 March 2014	1 468	1 383	5 407	8 258
Number of employees – 31 March 2013	1 268	1 332	5 551	8 151
Average employees – year to 31 March 2015	1 488	1 458	5 310	8 256
Average employees – year to 31 March 2014	1 368	1 358	5 479	8 205
Operating profit* – year to 31 March 2015 (£'000)	148 975	78 781	304 713	532 469
Operating profit* – year to 31 March 2014º (£'000)	143 819	66 099	277 202	487 120
Operating profit per employee^ – 31 March 2015 (£'000)	100.1^^	54.0	57.4	59.7
Operating profit per employee^ – 31 March 2014º (£'000)	105.1^^	48.7	50.6	54.9

By geography	UK and Other#	Southern Africa	Total group
Number of employees – 31 March 2015	3 729	4 525	8 254
Number of employees – 31 March 2014	3 854	4 404	8 258
Number of employees – 31 March 2013	3 983	4 168	8 151
Average employees – year to 31 March 2015	3 791	4 465	8 256
Average employees – year to 31 March 2014	3 919	4 286	8 205
Operating profit – year to 31 March 2015 (£'000)	144 109	349 048	493 157
Operating profit – year to 31 March 2014º (£'000)	153 255	297 421	450 676
Operating profit per employee^ – 31 March 2015 (£'000)	38.0	78.2	59.7
Operating profit per employee^ – 31 March 2014º (£'000)	39.1	69.4	54.9

* *Operating profit excludes group costs.*

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

^^ *For Investec Asset Management, operating profit per employee includes Silica, its third party administration business.*

\# *Includes Australia, which was previously reported separately. Refer to page 22.*

º *Restated as per note 59 in volume three.*

Total third party assets under management

£'million	31 March 2015	31 March 2014
Asset Management	77 510	68 017
UK and Other	50 622	42 006
Southern Africa	26 888	26 011
Wealth & Investment*	46 076	40 772
UK and Other	29 562	26 574
Southern Africa	16 514	14 198
Property activities	412	272
Southern Africa	244	144
Australia	168	128
Australia other funds	108	128
Total	124 106	109 189

A further analysis of third party assets under management

At 31 March 2015 £'million	UK and Other	Southern Africa	Australia	Total
Asset Management	50 622	26 888	–	77 510
Mutual funds	19 398	11 179	–	30 577
Segregated mandates	31 224	15 709	–	46 933
Wealth & Investment*	29 562	16 514	–	46 076
Discretionary and annuity assets	21 602	4 974	–	26 576
Non-discretionary	7 740	11 540	–	19 280
Other	220	–	–	220
Property activities	–	244	168	412
Australia other funds	–	–	108	108
Total third party assets under management	80 184	43 646	276	124 106

At 31 March 2014 £'million	UK and Other	Southern Africa	Australia	Total
Asset Management	42 006	26 011	–	68 017
Mutual funds	15 386	11 180	–	26 566
Segregated mandates	26 620	14 831	–	41 451
Wealth & Investment*	26 574	14 198	–	40 772
Discretionary and annuity assets	18 513	4 189	–	22 702
Non-discretionary	7 823	10 009	–	17 832
Other	238	–	–	238
Property activities	–	144	128	272
Australia other funds	–	–	128	128
Total third party assets under management	68 580	40 353	256	109 189

* *Restated to reflect internal adjustments to the jurisdiction in which funds under management are recognised.*

Ongoing information

The tables that follow provide information on our ongoing results as explained on page 22.

	Results in Pounds Sterling			Results in Rand		
	Year to 31 March 2015	Year to 31 March 2014	% change	Year to 31 March 2015	Year to 31 March 2014	% change
Operating profit before taxation* (million)	£581	£505	15.0%	R10 377	R8 186	26.8%
Adjusted earnings attributable to shareholders** (million)	£410	£372	10.2%	R7 330	R6 020	21.8%
Adjusted earnings per share**	47.5p	43.1p	10.2%	849.7c	697.9c	21.8%

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

Consolidated summarised ongoing income statement

For the year to £'000	31 March 2015	31 March 2014	Variance	% change
Net interest income	539 041	495 043	43 998	8.9%
Net fee and commission income	1 090 435	969 517	120 918	12.5%
Investment income	151 848	188 366	(36 518)	(19.4%)
Trading income arising from				
– customer flow	106 588	103 514	3 074	3.0%
– balance sheet management and other trading activities	(13 041)	14 158	(27 199)	(192.1%)
Other operating income	12 188	18 464	(6 276)	(34.0%)
Total operating income before impairment losses on loans and advances	1 887 059	1 789 062	97 997	5.5%
Impairment losses on loans and advances	(39 352)	(64 326)	24 974	(38.8%)
Operating income	1 847 707	1 724 736	122 971	7.1%
Operating costs	(1 254 009)	(1 203 551)	(50 458)	4.2%
Depreciation on operating leased assets	(1 294)	(5 446)	4 152	(76.2%)
Operating profit before goodwill and acquired intangibles	592 404	515 739	76 665	14.9%
Profit attributable to other non-controlling interests	(11 701)	(10 849)	(852)	7.9%
Profit attributable to Asset Management non-controlling interests	(18 184)	(11 031)	(7 153)	(64.8%)
Operating profit before taxation	562 519	493 859	68 660	13.9%
Taxation	(116 182)	(88 181)	(28 001)	(31.8%)
Preference dividends accrued	(36 427)	(33 812)	(2 615)	(7.7%)
Adjusted attributable earnings to ordinary shareholders	409 910	371 866	38 044	10.2%
Number of weighted average shares (million)	862.7	862.6		
Adjusted earnings per share (pence)	47.5	43.1		10.2%
Cost to income ratio	66.5%	67.5%		

Reconciliation from statutory summarised income statement to ongoing summarised income statement

For the year to 31 March 2015 £'000	Statutory as disclosed^	Removal of:** UK legacy business excluding sale assets	Sale assets UK	Sale assets Australia	Ongoing business
Net interest income	634 977	12 526	71 143	12 267	539 041
Net fee and commission income	1 089 043	756	(4 876)	2 728	1 090 435
Investment income	128 334	(16 204)	(5 443)	(1 867)	151 848
Trading income arising from					
– customer flow	106 313	350	(415)	(210)	106 588
– balance sheet management and other trading activities	(13 424)	19	(248)	(154)	(13 041)
Other operating income	12 236	–	–	48	12 188
Total operating income before impairment losses on loans and advances	1 957 479	(2 553)	60 161	12 812	1 887 059
Impairment losses on loans and advances	(128 381)	(83 468)	(4 085)	(1 476)	(39 352)
Operating income	1 829 098	(86 021)	56 076	11 336	1 847 707
Operating costs	(1 322 705)	(21 648)	(34 245)	(12 803)	(1 254 009)
Depreciation on operating leased assets	(1 535)	–	(241)	–	(1 294)
Operating profit before goodwill and acquired intangibles	504 858	(107 669)	21 590	(1 467)	592 404
Profit attributable to Asset Management non-controlling interests	(18 184)	–	–	–	(18 184)
Profit attributable to other non-controlling interests	(11 701)	–	–	–	(11 701)
Operating profit before taxation	474 973	(107 669)	21 590	(1 467)	562 519
Taxation*	(99 023)	21 103	(4 232)	288	(116 182)
Preference dividends accrued	(36 427)	–	–	–	(36 427)
Adjusted attributable earnings to ordinary shareholders	339 523	(86 566)	17 358	(1 179)	409 910
Number of weighted average shares (million)	862.7				862.7
Adjusted earnings per share (pence)	39.4				47.5
Cost to income ratio	67.6%				66.5%

* *Applying the group's effective taxation rate of 19.6%.*
^ *Refer to page 16 in volume three.*
** *Where:*
- *The UK legacy business is as described on pages 88 and 89.*
- *Sale assets UK refer to the sale of Kensington and Start as discussed on page 22.*
- *Sale assets Australia refer to the sale of Investec Bank (Australia) Limited as discussed on page 22.*

Reconciliation from statutory summarised income statement to ongoing summarised income statement (continued)

For the year to 31 March 2014 £'000	Statutory as disclosed^	Removal of:** UK legacy business excluding sale assets	Sale assets UK	Sale assets Australia	Ongoing business
Net interest income	651 679	19 355	94 715	42 566	495 043
Net fee and commission income	989 421	8 981	749	10 174	969 517
Investment income	166 809	(11 793)	(9 764)	–	188 366
Trading income arising from					
– customer flow	103 914	695	(625)	330	103 514
– balance sheet management and other trading activities	10 587	(1 762)	(875)	(934)	14 158
Other operating income	18 554	–	–	90	18 464
Total operating income before impairment losses on loans and advances	1 940 964	15 476	84 200	52 226	1 789 062
Impairment losses on loans and advances	(166 152)	(59 157)	(38 898)	(3 771)	(64 326)
Operating income	1 774 812	(43 681)	45 302	48 455	1 724 736
Operating costs	(1 307 243)	(25 370)	(41 136)	(37 186)	(1 203 551)
Depreciation on operating leased assets	(6 044)	–	(598)	–	(5 446)
Operating profit before goodwill and acquired intangibles	461 525	(69 051)	3 568	11 269	515 739
Profit attributable to Asset Management non-controlling interests	(11 031)	–	–	–	(11 031)
Profit attributable to other non-controlling interests	(10 849)	–	–	–	(10 849)
Operating profit before taxation	439 645	(69 051)	3 568	11 269	493 859
Taxation*	(78 910)	11 808	(610)	(1 927)	(88 181)
Preference dividends accrued	(33 812)	–	–	–	(33 812)
Adjusted attributable earnings to ordinary shareholders	326 923	(57 243)	2 958	9 342	371 866
Number of weighted average shares (million)	862.6				862.6
Adjusted earnings per share (pence)	37.9				43.1
Cost to income ratio	67.6%				67.5%

* *Applying the group's effective taxation rate of 17.1%.*
^ *Refer to page 16 in volume three.*
** *Where:*
- *The UK legacy business is as described on pages 88 and 89.*
- *Sale assets UK refer to the sale of Kensington and Start as discussed on page 22.*
- *Sale assets Australia refer to the sale of Investec Bank (Australia) Limited as discussed on page 22.*

Reconciliation from statutory summarised income statement to ongoing summarised income statement for the UK and Other Specialist Banking business

For the year to 31 March 2015 £'000	UK and Other Specialist Banking statutory as disclosed^	Removal of:** UK legacy business excluding sale assets	Sale assets UK	Sales assets Australia	UK and Other Specialist Banking ongoing business
Net interest income	320 973	12 526	71 143	12 267	225 037
Net fee and commission income	225 325	756	(4 876)	2 728	226 717
Investment income	(5 696)	(16 204)	(5 443)	(1 867)	17 818
Trading income arising from					
– customer flow	87 364	350	(415)	(210)	87 639
– balance sheet management and other trading activities	(30 043)	19	(248)	(154)	(29 660)
Other operating income	9 227	–	–	48	9 179
Total operating income before impairment losses on loans and advances	**607 150**	**(2 553)**	**60 161**	**12 812**	**536 730**
Impairment losses on loans and advances	(102 707)	(83 468)	(4 085)	(1 476)	(13 678)
Operating income	**504 443**	**(86 021)**	**56 076**	**11 336**	**523 052**
Operating costs	(477 969)	(21 648)	(34 245)	(12 803)	(409 273)
Depreciation on operating leased assets	(1 535)	–	(241)	–	(1 294)
Operating profit before goodwill and acquired intangibles	**24 939**	**(107 669)**	**21 590**	**(1 467)**	**112 485**
Profit attributable to other non-controlling interests	16 856	–	–	–	16 856
Operating profit before taxation	**41 795**	**(107 669)**	**21 590**	**(1 467)**	**129 341**

For the year to 31 March 2014 £'000	UK and Other Specialist Banking statutory as disclosed^	Removal of:** UK legacy business excluding sale assets	Sale assets UK	Sales assets Australia	UK and Other Specialist Banking ongoing business
Net interest income	348 470	19 355	94 715	42 566	191 834
Net fee and commission income	172 195	8 981	749	10 174	152 291
Investment income	97 224	(11 793)	(9 764)	–	118 781
Trading income arising from					
– customer flow	76 655	695	(625)	330	76 255
– balance sheet management and other trading activities	(6 922)	(1 762)	(875)	(934)	(3 351)
Other operating income	14 910	–	–	90	14 820
Total operating income before impairment losses on loans and advances	**702 532**	**15 476**	**84 200**	**52 226**	**550 630**
Impairment losses on loans and advances	(126 911)	(59 157)	(38 898)	(3 771)	(25 085)
Operating income	**575 621**	**(43 681)**	**45 302**	**48 455**	**525 545**
Operating costs	(505 020)	(25 370)	(41 136)	(37 186)	(401 328)
Depreciation on operating leased assets	(6 044)	–	(598)	–	(5 446)
Operating profit before goodwill and acquired intangibles	**64 557**	**(69 051)**	**3 568**	**11 269**	**118 771**
Profit attributable to other non-controlling interests	2 720	–	–	–	2 720
Operating profit before taxation	**67 277**	**(69 051)**	**3 568**	**11 269**	**121 491**

^ *Refer to pages 39 and 41 in volume three.*

** *Where:*

- *The UK legacy business is as described on pages 88 and 89.*
- *Sale assets UK refer to the sale of Kensington and Start as discussed on page 22.*
- *Sale assets Australia refer to the sale of Investec Bank (Australia) Limited as discussed on page 22.*

Segmental geographical and business analysis of operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests – ongoing business

For the year to 31 March 2015 £'000	UK and Other	Southern Africa	Total group	% change	% of total
Asset Management	75 491	73 484	148 975	3.6%	25.7%
Wealth & Investment	56 871	21 910	78 781	19.2%	13.6%
Specialist Banking	129 341	262 918	392 259	18.4%	67.5%
	261 703	358 312	620 015	14.5%	106.8%
Group costs	(30 048)	(9 264)	(39 312)	7.9%	(6.8%)
Total group	231 655	349 048	580 703	15.0%	100.0%
Other non-controlling interest – equity			11 701		
Operating profit			592 404		
% change	11.7%	17.4%	15.0%		
% of total	39.9%	60.1%	100.0%		

For the year to 31 March 2014 £'000	UK and Other	Southern Africa	Total group	% of total
Asset Management	67 585	76 234	143 819	28.5%
Wealth & Investment	46 065	20 034	66 099	13.1%
Specialist Banking	121 491	209 925	331 416	65.6%
	235 141	306 193	541 334	107.2%
Group costs	(27 672)	(8 772)	(36 444)	(7.2%)
Total group	207 469	297 421	504 890	100%
Other non-controlling interest – equity			10 849	
Operating profit			515 739	
% of total	41.1%	58.9%	100.0%	

A reconciliation of the UK and Other Specialist Banking's operating profit: ongoing vs statutory basis

£'000	31 March 2015	31 March 2014	% change
Total ongoing UK and Other Specialist Banking per above	129 341	121 491	6.5%
UK legacy remaining	(107 669)	(69 051)	55.9%
UK sale assets	21 590	3 568	> 100.0%
Australian sale assets	(1 467)	11 269	> 100.0%
Total UK and Other Specialist Banking per statutory accounts	41 795	67 277	(37.9%)

Ongoing segmental business and geographic analysis – summarised income statement

For the year to 31 March 2015 £'000	Asset Management UK and Other	Asset Management Southern Africa	Asset Management Total	Wealth & Investment UK and Other	Wealth & Investment Southern Africa	Wealth & Investment Total
Net interest income	300	4 007	4 307	6 209	347	6 556
Net fee and commission income	267 111	161 444	428 555	238 661	61 002	299 663
Investment income	–	22	22	3 486	637	4 123
Trading income arising from						
– customer flow	–	–	–	895	129	1 024
– balance sheet management and other trading activities	1 501	(16)	1 485	356	218	574
Other operating income	136	1 554	1 690	1 276	1	1 277
Total operating income before impairment losses on loans and advances	269 048	167 011	436 059	250 883	62 334	313 217
Impairment losses on loans and advances	–	–	–	–	–	–
Operating income	269 048	167 011	436 059	250 883	62 334	313 217
Operating costs	(193 557)	(93 527)	(287 084)	(194 012)	(40 424)	(234 436)
Depreciation on operating leased assets	–	–	–	–	–	–
Operating profit before goodwill and acquired intangibles	75 491	73 484	148 975	56 871	21 910	78 781
Profit attributable to other non-controlling interests	–	–	–	–	–	–
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	75 491	73 484	148 975	56 871	21 910	78 781
Profit attributable to Asset Management non-controlling interests	(10 053)	(8 131)	(18 184)	–	–	–
Operating profit before goodwill, acquired intangibles and after non-controlling interests	65 438	65 353	130 791	56 871	21 910	78 781
Selected returns and key statistic						
Cost to income ratio	71.9%	56.0%	65.8%	77.3%	64.9%	74.8%

Specialist Banking			Group costs			
UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total	Total group
225 037	303 141	528 178	–	–	–	539 041
226 717	135 500	362 217	–	–	–	1 090 435
17 818	129 885	147 703	–	–	–	151 848
87 639	17 925	105 564	–	–	–	106 588
(29 660)	14 560	(15 100)	–	–	–	(13 041)
9 179	42	9 221	–	–	–	12 188
536 730	601 053	1 137 783	–	–	–	1 887 059
(13 678)	(25 674)	(39 352)	–	–	–	(39 352)
523 052	575 379	1 098 431	–	–	–	1 847 707
(409 273)	(283 904)	(693 177)	(30 048)	(9 264)	(39 312)	(1 254 009)
(1 294)	–	(1 294)	–	–	–	(1 294)
112 485	291 475	403 960	(30 048)	(9 264)	(39 312)	592 404
16 856	(28 557)	(11 701)	–	–	–	(11 701)
129 341	262 918	392 259	(30 048)	(9 264)	(39 312)	580 703
–	–	–	–	–	–	(18 184)
129 341	262 918	392 259	(30 048)	(9 264)	(39 312)	562 519
76.4%	47.2%	60.9%	n/a	n/a	n/a	66.5%

Ongoing segmental business and geographic analysis – summarised income statement (continued)

For the year to 31 March 2014 £'000	Asset Management UK and Other	Asset Management Southern Africa	Asset Management Total	Wealth & Investment UK and Other	Wealth & Investment Southern Africa	Wealth & Investment Total
Net interest income	277	3 641	3 918	7 987	(130)	7 857
Net fee and commission income	244 962	164 379	409 341	217 413	57 964	275 377
Investment income	–	28	28	1 875	308	2 183
Trading income arising from						
– customer flow	–	–	–	389	935	1 324
– balance sheet management and other trading activities	(2 314)	332	(1 982)	(72)	130	58
Other operating income	(129)	3 004	2 875	1 232	2	1 234
Total operating income before impairment losses on loans and advances	242 796	171 384	414 180	228 824	59 209	288 033
Impairment losses on loans and advances	–	–	–	–	–	–
Operating income	242 796	171 384	414 180	228 824	59 209	288 033
Operating costs	(175 211)	(95 150)	(270 361)	(182 759)	(39 175)	(221 934)
Depreciation on operating leased assets	–	–	–	–	–	–
Operating profit before goodwill and acquired intangibles	67 585	76 234	143 819	46 065	20 034	66 099
Profit attributable to other non-controlling interests	–	–	–	–	–	–
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	67 585	76 234	143 819	46 065	20 034	66 099
Profit attributable to Asset Management non-controlling interests	(5 535)	(5 496)	(11 031)	–	–	–
Operating profit before goodwill, acquired intangibles and after non-controlling interests	62 050	70 738	132 788	46 065	20 034	66 099
Selected returns and key statistic						
Cost to income ratio	72.2%	55.5%	65.3%	79.9%	66.2%	77.1%

	Specialist Banking			Group costs			
	UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total	Total group
	191 834	291 434	483 268	–	–	–	495 043
	152 291	132 508	284 799	–	–	–	969 517
	118 781	67 374	186 155	–	–	–	188 366
	76 255	25 935	102 190	–	–	–	103 514
	(3 351)	19 433	16 082	–	–	–	14 158
	14 820	(465)	14 355	–	–	–	18 464
	550 630	536 219	1 086 849	–	–	–	1 789 062
	(25 085)	(39 241)	(64 326)	–	–	–	(64 326)
	525 545	496 978	1 022 523	–	–	–	1 724 736
	(401 328)	(273 484)	(674 812)	(27 672)	(8 772)	(36 444)	(1 203 551)
	(5 446)	–	(5 446)	–	–	–	(5 446)
	118 771	223 494	342 265	(27 672)	(8 772)	(36 444)	515 739
	2 720	(13 569)	(10 849)	–	–	–	(10 849)
	121 491	209 925	331 416	(27 672)	(8 772)	(36 444)	504 890
	–	–	–	–	–	–	(11 031)
	121 491	209 925	331 416	(27 672)	(8 772)	(36 444)	493 859
	73.6%	51.0%	62.4%	n/a	n/a	n/a	67.5%

Overview of the year

1

Ongoing segmental geographic analysis – summarised income statement

For the year to £'000	31 March 2015 UK and Other	31 March 2015 Southern Africa	31 March 2015 Total	31 March 2014 UK and Other	31 March 2014 Southern Africa	31 March 2014 Total
Net interest income	231 546	307 495	539 041	200 098	294 945	495 043
Net fee and commission income	732 489	357 946	1 090 435	614 666	354 851	969 517
Investment income	21 304	130 544	151 848	120 656	67 710	188 366
Trading income arising from						
– customer flow	88 534	18 054	106 588	76 644	26 870	103 514
– balance sheet management and other trading activities	(27 803)	14 762	(13 041)	(5 737)	19 895	14 158
Other operating income	10 591	1 597	12 188	15 923	2 541	18 464
Total operating income before impairment losses on loans and advances	1 056 661	830 398	1 887 059	1 022 250	766 812	1 789 062
Impairment losses on loans and advances	(13 678)	(25 674)	(39 352)	(25 085)	(39 241)	(64 326)
Operating income	1 042 983	804 724	1 847 707	997 165	727 571	1 724 736
Operating costs	(826 890)	(427 119)	(1 254 009)	(786 970)	(416 581)	(1 203 551)
Depreciation on operating leased assets	(1 294)	–	(1 294)	(5 446)	–	(5 446)
Operating profit before goodwill and acquired intangibles	214 799	377 605	592 404	204 749	310 990	515 739
Profit attributable to other non-controlling interests	16 856	(28 557)	(11 701)	2 720	(13 569)	(10 849)
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	231 655	349 048	580 703	207 469	297 421	504 890
Profit attributable to Asset Management non-controlling interests	(10 053)	(8 131)	(18 184)	(5 535)	(5 496)	(11 031)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	221 602	340 917	562 519	201 934	291 925	493 859

A reconciliation of core loans and advances: statutory basis and ongoing basis

	Statutory as disclosed^	Removal of:** UK legacy business excluding sale assets	Removal of:** Sale assets UK	Removal of:** Sale assets Australia	Ongoing business
31 March 2015 (£'000)					
Gross core loans and advances to customers	17 440 985	871 491	–	–	16 569 494
Total impairments	(252 075)	(142 871)	–	–	(109 204)
Portfolio impairments	(43 727)	–	–	–	(43 727)
Specific impairments	(208 348)	(142 871)	–	–	(65 477)
Net core loans and advances to customers	17 188 910	728 620	–	–	16 460 290
31 March 2014 (£'000)					
Gross core loans and advances to customers	17 421 930	1 257 077	427 690	1 363 146	14 374 017
Total impairments	(264 563)	(150 636)	(54)	(2 086)	(111 787)
Portfolio impairments	(26 337)	–	–	–	(26 337)
Specific impairments	(238 226)	(150 636)	(54)	(2 086)	(85 450)
Net core loans and advances to customers	17 157 367	1 106 440	427 636	1 361 060	14 262 230

^ *Refer to page 31 in volume two.*

** *Where:*

- *The UK legacy business is as described on pages 88 and 89, adjusted for the transfer of assets to the ongoing business.*
- *Sale assets UK refer to the sale of Kensington and Start as discussed on page 22.*
- *Sale assets Australia refer to the sale of Investec Bank (Australia) Limited as discussed on page 22.*

An analysis of ongoing core loans and advances to customers and asset quality by geography – ongoing business

£'000	UK and Other 31 March 2015	UK and Other 31 March 2014	Southern Africa 31 March 2015	Southern Africa 31 March 2014	Total group 31 March 2015	Total group 31 March 2014
Gross core loans and advances to customers	6 378 070	5 367 654	10 191 424	9 006 363	16 569 494	14 374 017
Total impairments	(45 573)	(40 527)	(63 631)	(71 260)	(109 204)	(111 787)
Portfolio impairments	(34 182)	(16 437)	(9 545)	(9 900)	(43 727)	(26 337)
Specific impairments	(11 391)	(24 090)	(54 086)	(61 360)	(65 477)	(85 450)
Net core loans and advances to customers	6 332 497	5 327 127	10 127 793	8 935 103	16 460 290	14 262 230
Average gross core loans and advances to customers	5 872 862	5 055 817	9 598 894	9 634 116	15 471 756	14 689 933
Current loans and advances to customers	6 237 545	5 153 666	9 916 754	8 724 114	16 154 299	13 877 780
Past due loans and advances to customers (1-60 days)	71 669	92 662	29 343	42 504	101 012	135 166
Special mention loans and advances to customers	30 013	66 595	37 080	38 042	67 093	104 637
Default loans and advances to customers	38 843	54 731	208 247	201 703	247 090	256 434
Gross core loans and advances to customers	6 378 070	5 367 654	10 191 424	9 006 363	16 569 494	14 374 017
Total income statement charge for impairments on core loans and advances	(11 993)	(25 085)	(27 359)	(39 241)	(39 352)	(64 326)
Gross default loans and advances to customers	38 843	54 731	208 247	201 703	247 090	256 434
Portfolio impairments	(34 182)	(16 437)	(9 545)	(9 900)	(43 727)	(26 337)
Specific impairments	(11 391)	(24 090)	(54 086)	(61 360)	(65 477)	(85 450)
Defaults net of impairments before collateral held	(6 730)	14 204	144 616	130 443	137 886	144 647
Collateral and other credit enhancements	12 297	31 401	207 561	202 153	219 858	233 554
Net default loans and advances to customers (limited to zero)	–	–	–	–	–	–
Ratios:						
Total impairments as a % of gross core loans and advances to customers	0.71%	0.76%	0.62%	0.79%	0.66%	0.78%
Total impairments as a % of gross default loans	117.33%	74.05%	30.56%	35.33%	44.20%	43.59%
Gross defaults as a % of gross core loans and advances to customers	0.61%	1.02%	2.04%	2.24%	1.49%	1.78%
Defaults (net of impairments) as a % of net core loans and advances to customers	–	0.27%	1.43%	1.46%	0.84%	1.01%
Net defaults as a % of net core loans and advances to customers	–	–	–	–	–	–
Credit loss ratio (i.e. income statement impairment charge on core loans as a % of average gross core loans and advances)	0.20%	0.50%	0.28%	0.42%	0.25%	0.44%

Return on equity by country and business – ongoing basis

£'000	31 March 2015	31 March 2014	Average	31 March 2013	Average
Calculation of average shareholders' equity					
Ordinary shareholders' equity	3 085 374	2 861 406	2 973 390	2 807 551	2 834 479
Goodwill and intangible assets (excluding software)	(494 111)	(577 816)	(535 964)	(626 870)	(602 343)
Adjusted tangible shareholders' equity	2 591 263	2 283 590	2 437 426	2 180 681	2 232 136

£'000	31 March 2015	31 March 2014
Operating profit before goodwill impairment and non-operational items	592 404	515 739
Minority interests	(29 885)	(21 880)
Accrued preference dividends, adjusted for currency hedge	(36 427)	(33 812)
Revised operating profit	526 092	460 047
Tax on ordinary activities	(116 182)	(88 181)
Revised operating profit after tax	409 910	371 866
Pre-tax return on average adjusted shareholders' equity	17.7%	16.2%
Post-tax return on average adjusted shareholders' equity	13.8%	13.1%
Pre-tax return on average adjusted tangible shareholders' equity	21.6%	20.6%
Post-tax return on average adjusted tangible shareholders' equity	16.8%	16.7%

2

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

What we do

4Factor™ equities
Quality
Frontier and emerging market equities
Value
Commodities and resources
Emerging market fixed income
Multi-Asset

Where we operate

Africa
Americas and Japan
Asia Pacific
Europe
UK

Wealth & Investment

What we do

Portfolio management
Stockbroking
Alternative investments
Investment advisory services
Electronic trading services
Retirement portfolios

Where we operate

Southern Africa
UK and Europe

Specialist Banking

What we do

Property activities
Private Banking activities
Corporate Advisory and Investment activities
Corporate and Institutional Banking activities
Group Services and Other activities

Where we operate

Australia
Canada
Hong Kong
India
Southern Africa
UK and Europe
USA

Integrated global management structure

Global roles

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

Geographical business leaders

South Africa
Andy Leith
Glynn Burger

United Kingdom
David van der Walt
Steve Elliott

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

At Investec Asset Management, we want to assist people around the globe to retire with dignity. We do this by assisting institutional asset owners and financial advisors to meet the investment objectives of their members and clients. Our business is to manage clients' investments to the highest standard possible by exceeding their investment and client service expectations

Global head of Asset Management: Hendrik du Toit (chief executive officer)

Investec Asset Management is a global provider of active investment management services. Established in 1991 in South Africa, we have built a successful global investment management firm from emerging markets. We are still managed by our founding members whose tenure and continuity has balanced stability and growth.

Our investment team of approximately 175 investment professionals applies clear investment philosophies and processes across multiple asset classes. Our client group is organised across five geographically defined units serving our target clients around the globe. These teams are supported by our global investment and operational infrastructure.

Our value proposition

- Organically built an independent global platform from an emerging market base
- Independently managed entity within the Investec group
- Competitive investment performance in chosen specialities
- Global approach:
  – global investing
  – global client base
  – global operations platform
- Institutional and advisor focus
- Unique and clearly understood culture
- Stable and experienced leadership.

Annual highlights

Net inflows of £3.1 billion (2014: £2.6 billion)

Assets under management
£77.5 billion
(2014: £68.0 billion)

Operating profit before non-controlling interests increased by 3.6% to £149.0 million, contributing 25.7% to group profit

Operating margin
34.2%
(2014: 34.7%)

Global executive committee

Chief executive officer
Hendrik du Toit

Chief operating officer
Kim McFarland

Global head of client group
John Green

Co-chief investment officer
Domenico (Mimi) Ferrini

Co-chief investment officer
John McNab

What we do

Capabilities and organisational structure

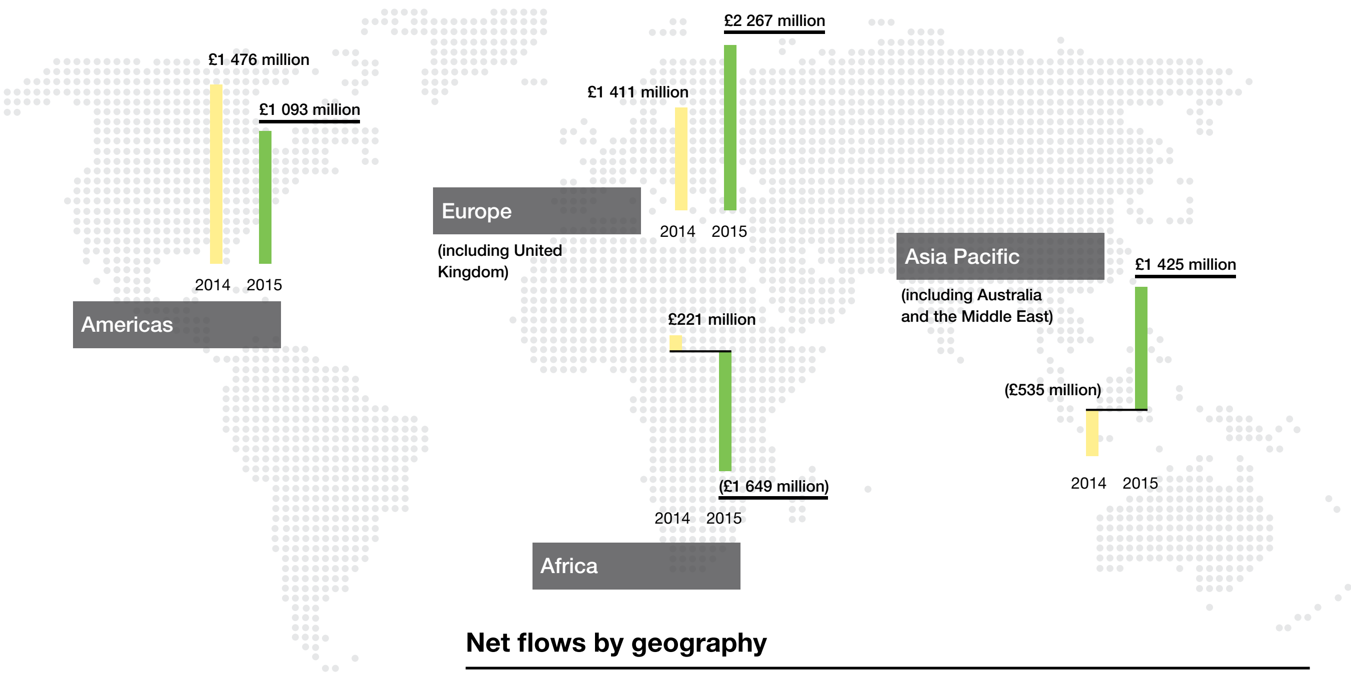
Equity	Fixed Income	Multi-Asset	Alternative
• Global • Regional • Income • Emerging markets • Frontier markets	• Developed markets • Emerging markets • Multi-strategy	• Global growth • Emerging markets • Global income	• Commodities and resources • Private equity • Private debt

Client groups

United Kingdom	Africa	Americas	Asia Pacific	Europe

Global investment and operational infrastructure

Where we operate



Net flows by geography

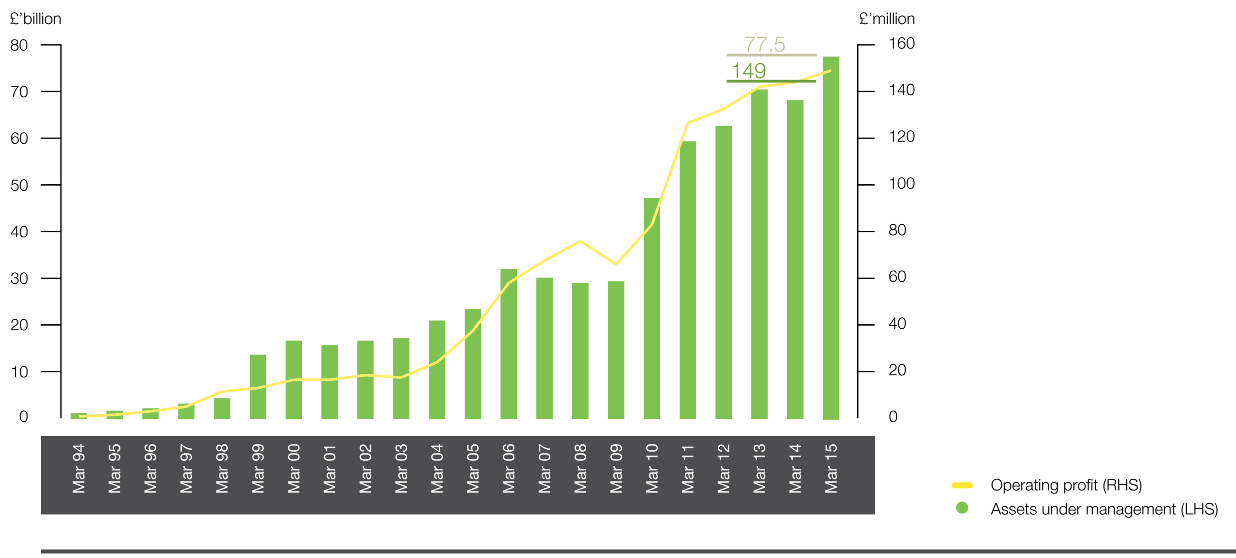
Financial years to 31 March 2014 and 31 March 2015.

Financial analysis

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

** *As calculated on page 52, based on regulatory capital requirements.*

Historical financial performance



Income statement analysis

£'000	31 March 2015	31 March 2014	Variance	% change
Net interest income	4 307	3 918	389	9.9%
Net fee and commission income	428 555	409 341	19 214	4.7%
Investment income	22	28	(6)	(21.4%)
Trading income arising from balance sheet management and other trading activities	1 485	(1 982)	3 467	> 100.0%
Other operating income	1 690	2 875	(1 185)	(41.2%)
Total operating income	436 059	414 180	21 879	5.3%
Operating costs	(287 084)	(270 361)	(16 723)	6.2%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and before non-controlling interests	148 975	143 819	5 156	3.6%
Profit attributable to Asset Management non-controlling interests**	(18 184)	(11 031)	(7 153)	(64.8%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	130 791	132 788	(1 997)	(1.5%)
UK and Other	65 438	62 050	3 388	5.5%
Southern Africa	65 353	70 738	(5 385)	(7.6%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	130 791	132 788	(1 997)	(1.5%)
Selected returns and key statistics				
Ordinary shareholders' equity*	160 648	147 123	13 525	9.2%
ROE (pre-tax)*	95.2%	104.1%		
Return on tangible equity (pre-tax)*	236.3%	328.5%		
Operating margin	34.2%	34.7%		
Operating profit per employee (£'000)*^	169.5	176.5	(7.0)	(4.0%)

* *As calculated on pages 52 and 53, based on regulatory capital requirements.*

** *Earnings after tax attributable to non-controlling interests includes the portion of earnings attributable to the 15% shareholding in the business by employees.*

^ *Operating profit per employee excludes Silica, our third party administration business.*

The variance in operating profit over the year can be explained as follows:

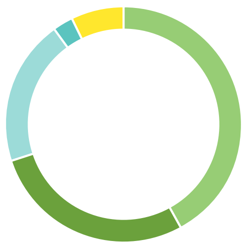
- Rising equity markets and strong fixed income and real estate markets, on the back of quantitative easing, continued to support the performance of asset management firms over the year, including our business. The volatility in emerging markets, specifically emerging market currencies, continued throughout the financial year and has impacted our more recent earnings growth. Performance fees also decreased over the year and impacted our more recent earnings growth.
- Against this backdrop, our operating profit before non-controlling interests, grew by 3.6%. We continue to invest for the longer term and do not focus on short-term earnings.
- Performance fees decreased over the year (£30.5 million) as compared with the prior year (£36.4 million).

Assets under management and flows

£'million	AUM 31 March 2015	Net inflows	AUM 31 March 2014^
Equities	32 494	2 234	26 310
Fixed Income	21 950	1 122	20 193
Multi-Asset	15 122	(444)	14 179
Alternative	2 657	(184)	3 050
Third party funds on advisory platform	5 287	408	4 285
Total	77 510	3 136	68 017

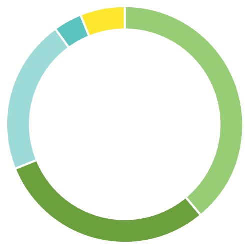
^ *The asset class splits for 31 March 2014 have been restated due to a reclassification of some investment mandates over the financial year.*

Assets under management by asset class



31 March 2015

Equities	42%
Fixed Income	28%
Multi-Asset	20%
Alternative	3%
Third party funds on advisory platform	7%



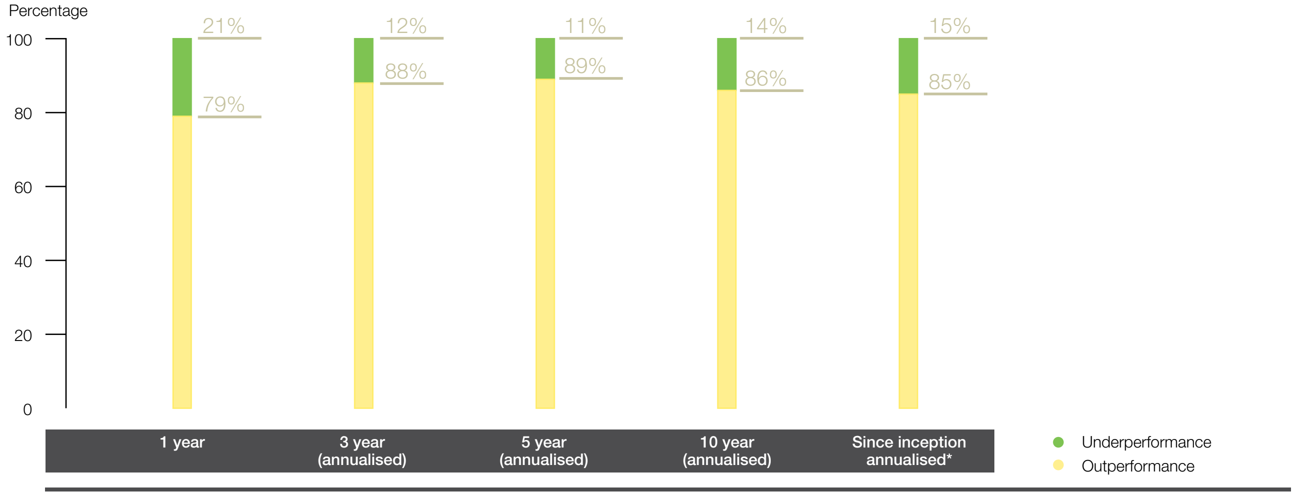
31 March 2014

Equities	39%
Fixed Income	30%
Multi-Asset	21%
Alternative	4%
Third party funds on advisory platform	6%

Investment performance

All of our investment capabilities are managed with the simple aim of delivering performance which meets or exceeds our clients' expectations around agreed, well-defined return and risk parameters. We measure our investment performance relative to peer groups and against benchmarks over one, three, five and 10-year periods, and since inception. Our long-term track record remains competitive.

Segregated mandates performance



* *Since the inception date of each portfolio, only annualised if inception date is older than 12 months.*

Source: Calculated by Investec Asset Management gross of fees, portfolio weighted. Performance to 31 March 2015.

Note: Outperformance (underperformance) is calculated as the sum of the total market values for those portfolios that have positive active returns (negative active returns) expressed as a percentage of total assets under management. Market values for the indicated date are used for all periods shown.

Independent recognition

Financial year 2015

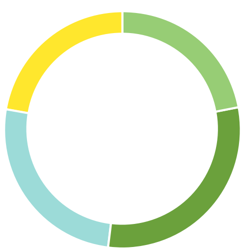
Winner of CIO Industry Innovation Award in the Emerging Markets category

Winner of EMEA Finance's Best Asset Manager in Africa Award for the fourth year running

Winner of Private Equity Africa Award for house recognition

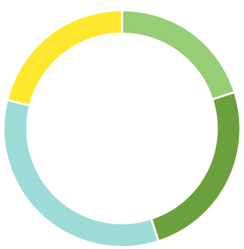
Winner of African Banker Award for Fund of the year

Mutual funds investment performance



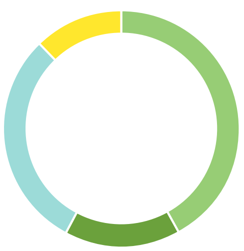
One year

First quartile	22%
Second quartile	30%
Third quartile	26%
Fourth quartile	22%



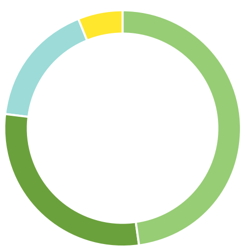
Three year

First quartile	20%
Second quartile	25%
Third quartile	34%
Fourth quartile	21%



Five year

First quartile	42%
Second quartile	16%
Third quartile	30%
Fourth quartile	12%



Ten year

First quartile	48%
Second quartile	29%
Third quartile	17%
Fourth quartile	6%

Source: Calculated from Morningstar data by value; excludes cash, cash plus and liquidity funds. Performance to 31 March 2014.

Questions and answers

Hendrik du Toit

Chief executive officer

Can you give us an overview of the environment in which you operate?

A Superficially rising markets have created a benign environment for investment managers, but this year was not without its challenges. The volatility in emerging markets, specifically emerging market currencies, continued throughout the financial year and has impacted our short-term growth as well as demand for some of our services. Furthermore, we have had some capacity constraints across some of our strategies. These were caused by the extremely low levels of liquidity available in financial markets. Without these constraints our net inflows would have been substantially higher.

Regulatory initiatives continue across geographies and, given the global nature of our business, consume more and more resources and management time. We do not see this changing in the near term for our industry. Our industry remains fiercely competitive thus requiring constant productivity increases to assure margin retention.

What have been the key developments in the business over the financial year?

A This financial year we continued to invest in growth initiatives across the business. We have invested in building out our Equities and Multi-Asset capabilities, expanded our footprint in most of our large markets and continued to invest in our global support functions. Big wins for the past year were the excellent performance of our global equities business, the graduation of our global Multi-Asset offering onto many consultants' buy lists and evidence of significant institutional traction in this important growth area.

Our European and Asia Pacific client groups delivered strong net inflows after years of hard work and investment. Our South African business has experienced outflows but we have simplified and focused the business with a clear plan to turn the momentum decisively over the next few years.

Our firm is well positioned in our target markets around the world and as a result of this we are pleased to report the eighth consecutive year of positive net inflows. We continue to attract top talent into our business while maintaining stability across our firm.

What are your strategic objectives in the coming year?

A Our primary goal is to deliver on our clients' mandates. Our reason for existence is to look after other people's money. If we pursue their interests, we will do well.

With a long-term horizon and through five geographically defined client groups, we serve the largest and most sophisticated institutional investors and asset platforms, irrespective of where they may be based. We are also committed to building a strong presence in the advisor market in select regions.

Our strategic objectives are to invest in and nurture growth opportunities, enhance depth and quality, and position the firm for long-term sustainability.

Furthermore, recognising that this is, above all, a people's business, we continue to do our best to attract, develop and promote talent within a stable environment with a long future.

What is your outlook for the coming year?

A Our business has a long-term horizon and as such we do not manage our business for the short-term. However, we believe that the opportunity for growth over the next five years is significant. Our momentum is positive and we are confident that we are well positioned to face the future.

How do you incorporate environmental, social and governance (ESG) considerations into your business?

A In our role as a global asset manager, our primary goal is to deliver on our clients' mandates. We want to assist our clients to retire with dignity or meet their financial objectives. The essential purpose of which is to preserve and grow the real purchasing power of our clients' assets over the long term. We do this by assuming a stewardship role over our clients' assets, including exercising of their ownership rights. This includes ensuring that our investments adhere to appropriate ESG standards and considers both risk and opportunities stemming from ESG issues. We believe this approach benefits both our clients and the social realms in which we invest and operate.

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

Global head: Steve Elliott
UK head: Jonathan Wragg
South Africa head: Henry Blumenthal
Switzerland head: Peter Gyger
Ireland Wealth Management head: Eddie Clarke

Further detail on the Wealth & Investment management structure is available on our website: www.investec.com

Today the business specialises in wealth management, portfolio management, private office and stockbroking services for individuals, families, trusts and charities. Through the alliance of Investec Private Client Securities in South Africa, Investec Wealth & Investment Limited in the UK, Investec Bank Switzerland, Investec Wealth & Investment Ireland and Investec Wealth & Investment Channel Islands, Investec Wealth & Investment is one of the UK's leading private client investment managers, the largest in South Africa, and has a significant European presence.

Our value proposition

- Investec Wealth & Investment has been built via the acquisition and integration of businesses and organic growth over a long period of time
- Well-established platforms in the UK, South Africa, Switzerland, Ireland and Guernsey
- The business currently has four distinct channels: direct, intermediaries, charities and international, and is progressing developing its online capabilities to form a fifth 'digital' distribution channel
- Strategy to internationalise within jurisdictions where the Investec group already has an established business
- Focus is on organic growth in our key markets and enhancing our range of services for the benefit of our clients.

Annual highlights

Operating profit up 19.2% to £78.8 million, contributing 13.6% to group profit

Assets under management
up 13.0% to
£46.1 billion

Operating margin 25.2% (2014: 22.9%)

Net new flows of £2.7 billion

What we do and where we operate

UK and Europe

Investments and savings

- Discretionary and advisory portfolio management services for private clients
- Specialist investment management services for charities, pension schemes and trusts
- Independent financial planning advice for private clients
- Specialist portfolio management services for international clients.

Pensions and retirement

- Discretionary investment management for company pension and Self Invested Personal Pensions (SIPPs)
- Advice and guidance on pension schemes, life assurance and income protection schemes.

Tax planning

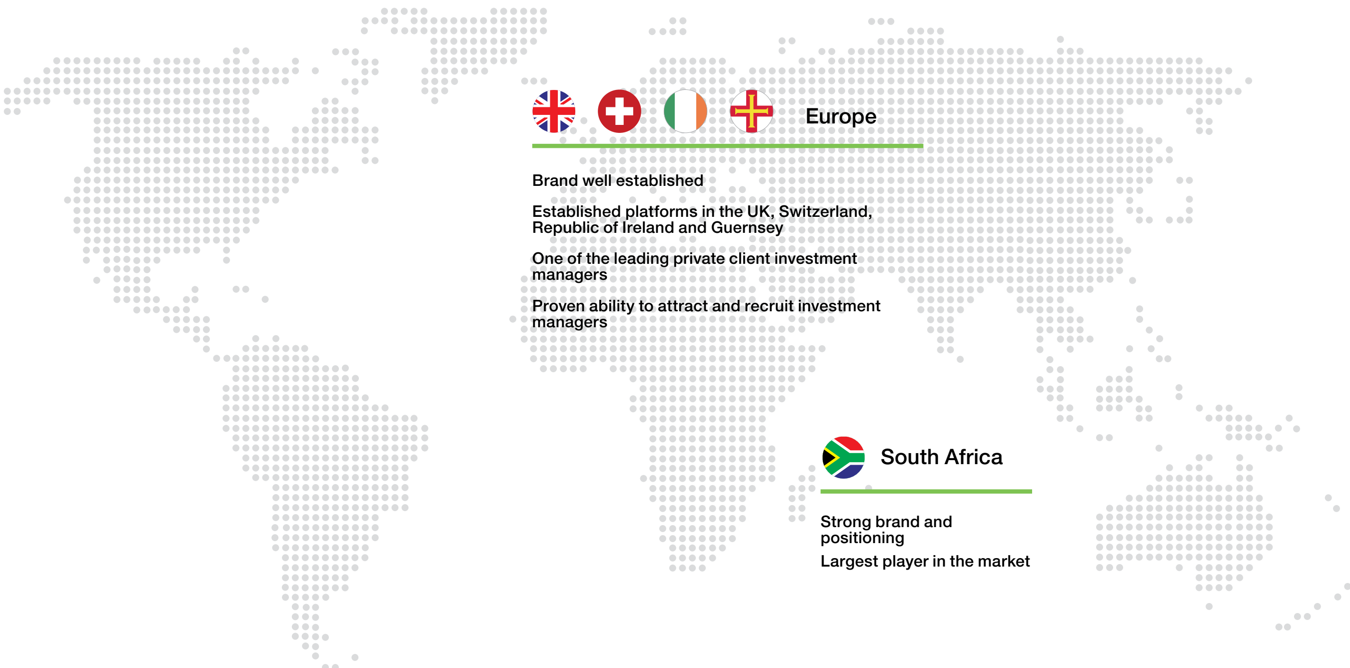
- Succession planning
- ISAs
- Retirement planning
- Venture Capital Trusts (VCT) and Enterprise Investment Schemes (EIS).

The European operations are conducted through Investec Wealth & Investment Limited in the UK, Investec Bank Switzerland, Investec Wealth & Investment Ireland, and in Guernsey through Investec Wealth & Investment Channel Islands.

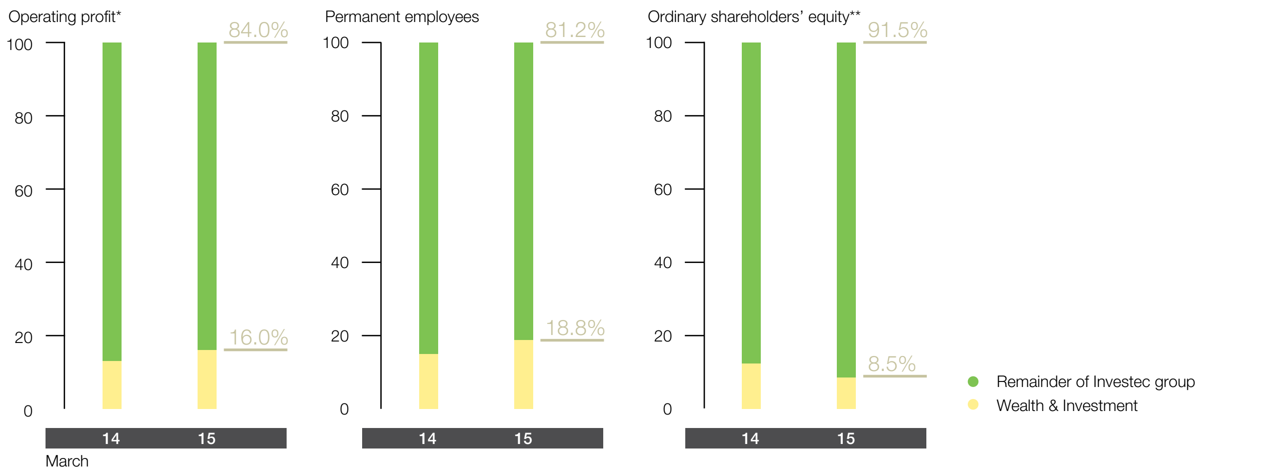
Over 1 150 staff operate from offices located throughout the UK and Europe, with combined funds under management of £29.6 billion. Investec Wealth & Investment is one of the UK's leading providers of private client investment management services.

South Africa

Investec Wealth & Investment South Africa provides portfolio management, wealth management and stockbroking services for private clients, charities, pension funds and trusts, operating from eight offices across South Africa with R89.4 billion of discretionary and annuity managed assets, and a further R207.4 billion of funds under various other forms of administration.



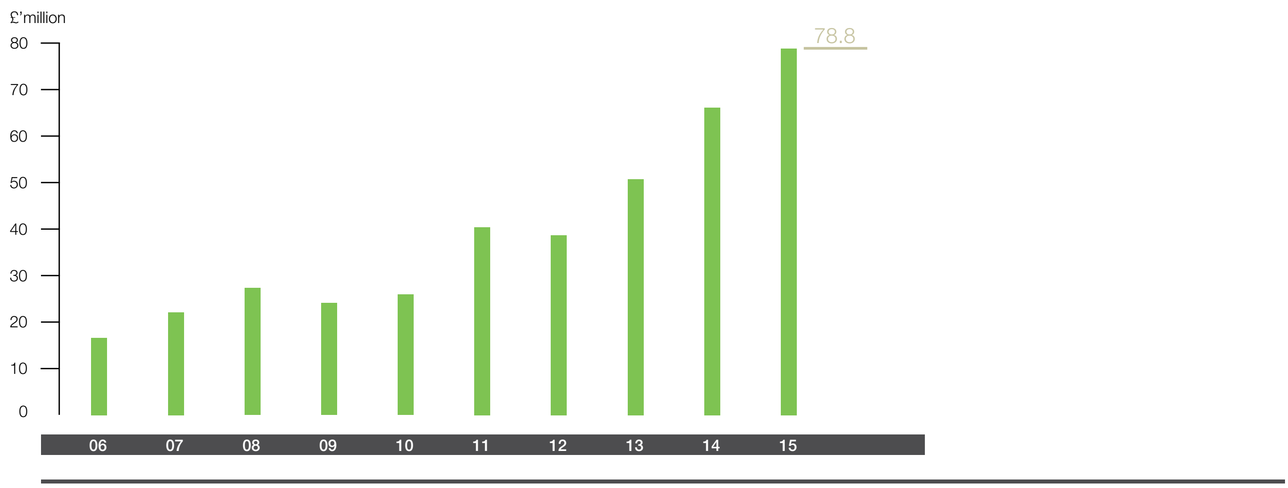
Financial analysis



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

** As calculated on page 52, based on regulatory capital requirements.

Operating profit^ — track record



^ *Trend reflects numbers as at the year ended 31 March. Amounts from 2008 are shown before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests. Prior to 2008, amounts have not been adjusted for non-controlling interests.*

Income statement analysis

£'000	31 March 2015	31 March 2014	Variance	% change
Net interest income	6 556	7 857	(1 301)	(16.6%)
Net fee and commission income	299 663	275 377	24 286	8.8%
Investment income	4 123	2 183	1 940	88.9%
Trading income arising from				
– customer flow	1 024	1 324	(300)	(22.7%)
– balance sheet management and other trading activities	574	58	516	> 100.0%
Other operating income	1 277	1 234	43	3.5%
Total operating income	313 217	288 033	25 184	8.7%
Operating costs	(234 436)	(221 934)	(12 502)	5.6%
Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests	78 781	66 099	12 682	19.2%
UK and Europe	56 871	46 065	10 806	23.5%
South Africa	21 910	20 034	1 876	9.4%
Operating profit before goodwill, acquired intangibles, non-operating items and taxation and after other non-controlling interests	78 781	66 099	12 682	19.2%
Selected returns and key statistics				
Ordinary shareholders' equity*	255 318	292 650	(37 332)	(12.8%)
ROE (pre-tax)*	25.5%	19.9%		
Return on tangible equity (pre-tax)*	136.1%	142.1%		
Operating margin	25.2%	22.9%		
Operating profit per employee (£'000)*	54.0	48.7	5.3	10.9%

* *As calculated on pages 52 and 53, based on regulatory capital requirements.*

The variance in operating profit over the year can be explained as follows:

- The UK and Europe operations have benefited from higher average funds under management in the UK, with a 9% increase in the closing relevant market indices compared to the prior year. Continued investment in the division's platforms and the employment of additional professional investment managers has supported solid net inflows during the year. Operating margins have improved from 20.1% in 2014 to 22.7%
- The South African business posted an operating profit of R390 million, an increase of 20.7% over the prior year, benefiting from higher average funds under management and solid discretionary and annuity asset net inflows. In addition, the business has continued to successfully leverage off the division's global investment platform and the group's integrated Private Client offering (One Place).

Analysis of key earnings drivers (funds under management)

£'million	31 March 2015	31 March 2014*	% change
UK and Europe	29 562	26 574	11.2%
Discretionary	21 602	18 513	16.7%
Non-discretionary and other	7 960	8 061	(1.3%)
South Africa	16 514	14 198	16.3%
Discretionary and annuity assets	4 974	4 189	18.7%
Non-discretionary and other	11 540	10 009	15.3%
Total	46 076	40 772	13.0%

* *Restated to reflect internal adjustments to the jurisdiction in which funds under management are recognised.*

UK and Europe: analysis of key drivers (funds under management and flows)

Funds under management

£'million	31 March 2015	31 March 2014*	% change
Investec Wealth & Investment Limited (UK)	27 319	24 176	13.0%
Discretionary	21 128	18 185	16.2%
Non-discretionary	5 971	5 753	3.8%
Other	220	238	(7.6%)
Rest of Europe	2 243	2 398	(6.5%)
Discretionary	474	328	44.5%
Non-discretionary	1 769	2 070	(14.5%)
Total	29 562	26 574	11.2%

* *Restated as per note on page 79.*

Further analysis of the Investec Wealth & Investment Limited UK business

Funds under management and flows

£'billion	31 March 2015	31 March 2014***	% change
At the beginning of the year	24.18	22.27	
Inflows	2.90	2.48	
Outflows	(1.02)	(1.23)	
Market adjustment^	1.34	0.70	
Transfers*	(0.08)	(0.04)	
At the end of the year	27.32	24.18	13.0%
WMA Private Investors Balanced Index (at year end)	3 684	3 385	8.8%
Annualised underlying rate of net organic growth in total funds under management**	7.8%	5.6%	
% of total funds managed on a discretionary basis	78.1%	76.2%	

^ *Impact of market movement and relative performance.*
* *Reflects the transfer of clients from Investec Bank Switzerland and the reclassification of assets between jurisdictions.*
** *Net organic inflows less outflows (excluding acquired inflows and exceptional outflows) as a percentage of opening funds under management.*
*** *Restated as per note on page 79.*

South Africa: analysis of key earnings drivers (funds under management and flows)

Funds under management

R'million	31 March 2015	31 March 2014*	% change
Discretionary and annuity assets	89 382	73 558	21.5%
Non-discretionary	207 379	175 757	18.0%
Total	296 761	249 315	19.0%

* *Restated as per note on page 79.*

Net inflows/(outflows) at cost over the period

R'million	31 March 2015	31 March 2014*
Discretionary and annuity assets	6 261	4 959
Non-discretionary	8 065	(2 616)^^
Total	14 326	2 343

^^ *Largely relating to clients who have moved their portfolios to another institution to serve as collateral in a transaction they were concluding.*
* *Restated as per note on page 79.*

Questions and answers

Steve Elliott

Global head

Can you give us an overview of the environment in which you operated over the past year?

A UK equity markets saw much greater volatility during the second half of the financial year than the first half. Equity indices had begun the year in a positive mood, but by September 2014 political and economic risks caused the main indices to fall sharply. Despite a period of volatility, equity indices recovered their lost ground and the FTSE 100 reached an all-time high, finally breaking through 7 000 points. While the UK business has benefited from this recovery during the second half, income growth has been pegged back somewhat by the level of transactional volumes, which have remained subdued in reflection of the element of caution which remains in investor sentiment.

The regulatory environment continues to place increasing pressures on UK investment management businesses. This is contributing to consolidation within the UK investment management sector, which remains a continuing feature of the landscape. We continue to pursue opportunities to recruit experienced investment managers who are attracted by the strength of our offering.

Recent events in the Swiss financial markets have given us a chance to examine a wider range of opportunities to grow the business.

The recent positive momentum and growth in the Irish economy continued. With confidence returning, clients are actively seeking investment solutions, particularly in light of the low interest rate environment, and there has been greater demand for portfolio management, diversification, and risk-adjusted returns.

In South Africa, the 12 months to end March 2015 proved to be volatile with the JSE reaching a peak of 53 575 and a low during the period of 46 068. This volatility occurred as a result of global economic conditions with accommodative monetary policy and the downturn in commodity prices. Global growth was modest with two of the world's largest economies, China and the Eurozone, having seen economic growth slow significantly. The spread between US and German 10-year government bond yields widened considerably and Euro quantitative easing weakened the Euro even further. Investors favoured comparatively higher yielding US debt, strengthening the US Dollar with purchases into the safe haven currency.

The Rand has lost significant ground on US Dollar strength although Euro weakness saw the Rand strengthening against the common currency, but not against the UK Pound. The outlook for inflation has been lowered both globally and in South Africa, which has lowered global interest rate expectations. South Africa's benchmark government bond has seen its yield drop below 7.00% after starting the period at 8.39%, with foreign net purchases of South African bonds and equities recorded at R24.6 billion – a figure which obscures the swings in investor sentiment to some degree.

What have been the key developments in the business over the past financial year?

A In the UK, we recognised the increasing need for investment management services to be delivered digitally. Hence we recently announced the development of Investec Click & Invest, which will be one of the first online discretionary investment management services. This new offering will complement our core investment management service and ensure that we are ready to meet the needs of our clients as they change over time, and reach out to individuals who may not otherwise have formed part of our traditional client base. Our business is built on delivering a bespoke service to our clients, which is tailored to the need of each individual, and our digital capability must reflect this. Consequently, we are continuing to enhance those elements of our core offering that can be delivered digitally, in addition to the development of Investec Click & Invest.

The UK business has formally launched its Private Office service during the year, which draws on all of the resources we can offer to meet the needs of higher net worth individuals. Our ability to offer clients a choice of jurisdictions in which to custody their assets, along with access to banking services that the wider Investec group can provide, enables us to meet the more complex needs of these individuals.

While we pursue specific and measured opportunities for growth, our focus on ensuring that we provide our existing clients with the highest possible service will always be fundamental to what we do. Our offices across the UK have achieved rates of net organic growth in funds under management during the year that are ahead of our long-term target. This achievement reflects our continuing focus on the quality of our service and the strength of our investment processes.

In South Africa, we have focused on the expansion of our investment range, the further integration of our global investment forums and the practical application of technology to provide a transparent and cohesive view of the investor's domestic and international investment holdings. Central to this was the roll-out of the One Place strategy which focused strategically on bringing the Private Banking and Wealth & Investment capabilities closer together around the client. We also opened an office in Stellenbosch to service and grow our client base in that region.

During the year, the South African business continued to enhance its range of domestic and international investment mandates for investors and has been able to deliver positive performance across a number of these. This, together with the depth of investment process and stability of experienced staff, allowed for robust growth in assets under management.

The expansion of the South African offshore offering included launching the segregated Global Leaders Portfolio, a high conviction, concentrated portfolio of leading companies listed in the major developed markets. We have also enhanced our digital capabilities to offer our local and international discretionary investment management services through our Online Portfolio Management service at lower minimum investment levels to existing Wealth & Investment clients and soon to all Investec private clients.

What are your strategic objectives in the coming year?

A Serving our existing client base to the best of our ability is central to the strategy of our global Wealth & Investment business, and the foundation on which our future growth and success will be built. We strive to always look forward to predict how our clients' needs will change over time, in order that we can plan to meet those needs into the future. We expect that an increasing portion of our clients will demand more of the service they receive from us to be delivered digitally going forward. With this in mind, we are investing resources to enhance our digital offering to our current and future clients across all geographies.

Serving our existing client base to the best of our ability is central to the strategy of our global Wealth & Investment business and the foundation on which our future growth and success will be built. We strive to always look forward to predict how our clients' needs will change over time, in order that we can plan to meet those needs into the future. We expect that an increasing portion of our clients will demand more of the service they receive from us to be delivered digitally going forward. With this in mind, we are investing resources to enhance our digital offering to our current and future clients across all geographies.

In the UK, a key priority is the development of the Investec Click & Invest service, which we aim to launch during the 2016 financial year. We are also developing digital enhancements to our core service, which are becoming increasingly relevant to our clients. While the digital world brings with it opportunities to enhance the service we provide to our clients, it also brings challenges and risks. The security of our clients' assets is imperative and we continue to invest in our security infrastructure as our digital offering develops.

We remain committed to the continuous development and expansion of our financial planning capability, which is key to our offering and enables clients to access advice in relation to their wider financial position and objectives. Financial planning seems to be growing in importance and the complexity of the personal financial world continues to increase.

We are also seeking to selectively broaden our international presence and build on the opportunities that the geographical spread of our platforms presents. We expect to launch a small operation hosted by the group's Hong Kong office over the coming months, which will enable us to explore the potential for growth in that market.

In Switzerland we will continue to look for opportunities in the domestic market by offering services mainly to external asset managers and expatriates.

In South Africa, we continue to reinforce our leading market position by focusing on our clients' needs and on internationalising the offering. Our strategy of working together with the Private Banking business to offer our private clients an integrated banking and investment solution, both locally and internationally, has proved successful and we will continue to enhance and improve this offering.

We are starting to gain traction with our Independent Financial Advisors' strategy and look to develop it further, investing in dedicated resources to drive and build the business. We are also looking at the Charitable Trust business to manage charitable funds and trusts for our high net worth clients.

What is your outlook for the coming year?

A While UK equity indices have recovered from the low point of the second half of the financial year and the FTSE 100 has reached a record high, there remain significant economic and geopolitical risks which have the potential to cause further volatility.

In South Africa, the JSE entered a more volatile period during the last quarter of the financial year. Nevertheless, our positive outlook remains with many of the global threats slowly receding. Electricity load shedding and general weak demand have dampened a potential recovery in economic growth, and will likely continue to weigh on the economy going forward. Despite its challenges, there is still a case to own South African equities, particularly those with global exposure. The big picture remains the same, 'risk' assets are cheap relative to 'insurance' assets, and the corporate sector that supports these risk assets is healthy.

The proven resilience of our business model and the opportunities which we are pursuing through our strategy means we look forward to the forthcoming financial year with confidence.

Specialist expertise delivered with dedication and energy

Global heads

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

Further information on the Specialist Banking management structure is available on our website: www.investec.com

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

Our value proposition

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

Annual highlights

Operating profit (ongoing)
up 18.4% to
£392.3 million

Operating profit (statutory)
up 9.9% to
£304.7 million

63.1%
cost to income
(2014: 63.2%)

Loans and advances
£17.2 billion

15.9%
ROE (pre-tax) (ongoing business)
(2014: 11.8%)

Customer deposits
£22.6 billion

What we do

High income and high net worth private clients

Private Banking activities

Transactional banking and foreign exchange
Lending
Deposits
Investments

Southern Africa
UK and Europe

Corporates/government/institutional clients

Corporate Advisory and Investment activities

Advisory
Principal investments
Property investment fund management

Australia
Hong Kong
India
Southern Africa
UK and Europe

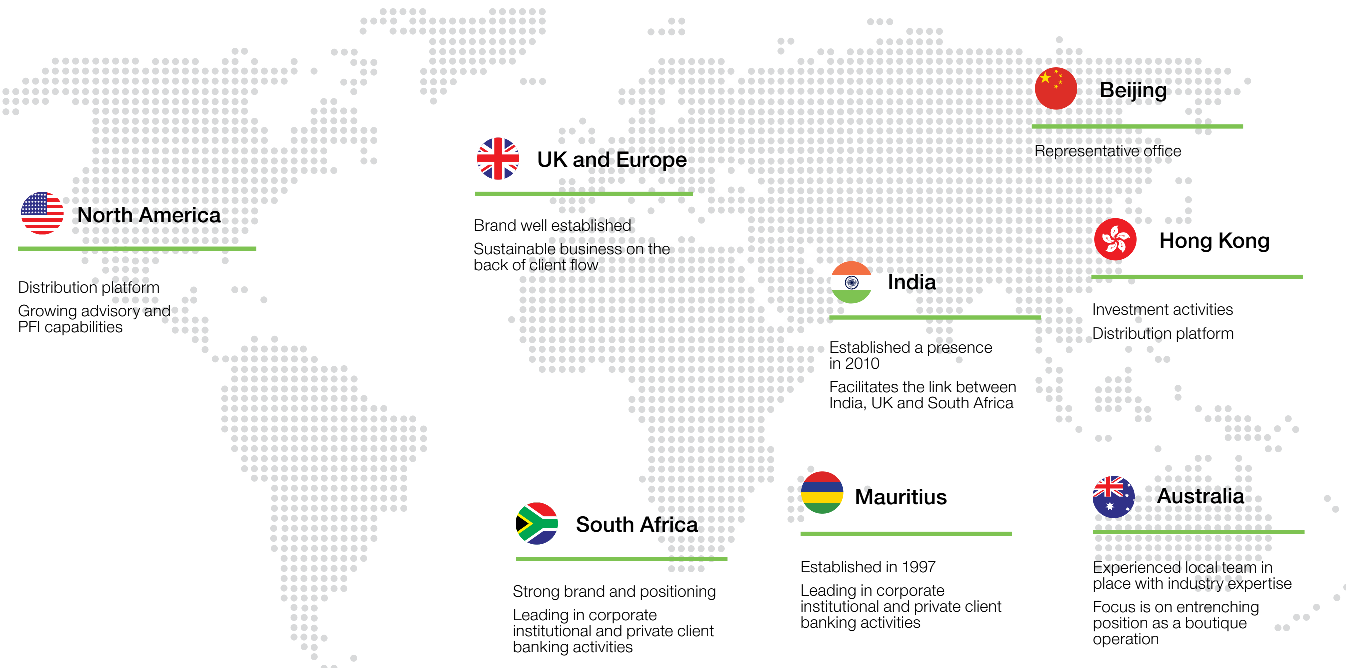
Corporate and Institutional Banking activities

Treasury and trading services
Specialised lending, funds and debt capital markets
Institutional research sales and trading

Australia
Hong Kong
India
Southern Africa
UK and Europe
USA

Integrated systems and infrastructure

Where we operate

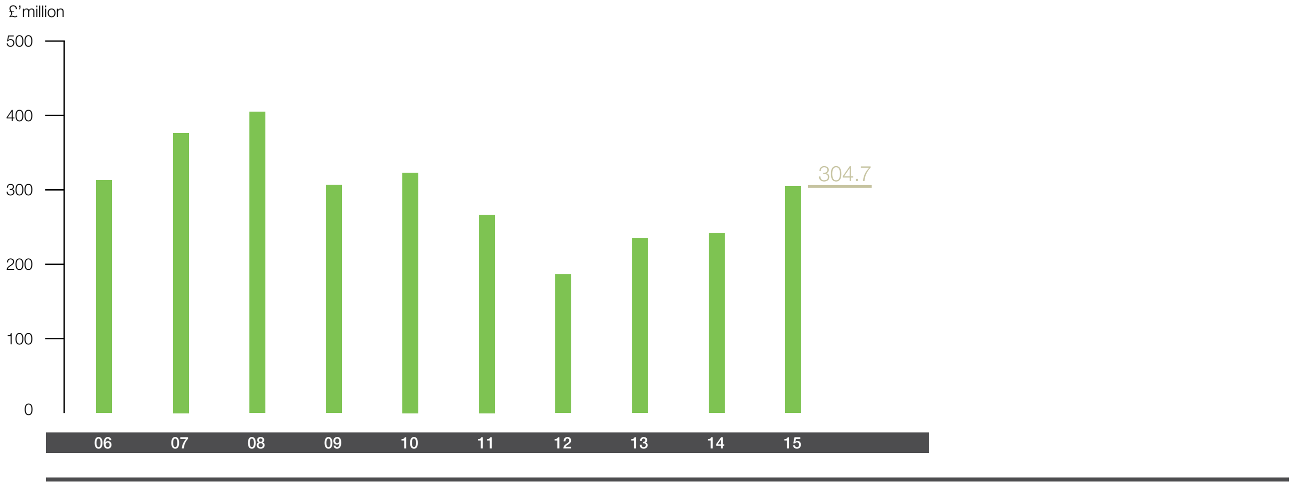


Financial analysis

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

** As calculated on page 52, based on regulatory capital requirements.

Operating profit^ — track record



^ Trend reflects numbers as at the year ended 31 March. Amounts from 2008 are shown before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests. Prior to 2008 amounts have not been adjusted for non-controlling interests.

Income statement analysis

£'000	31 March 2015	31 March 2014*	Variance	% change
Net interest income	624 114	639 904	(15 790)	(2.5%)
Net fee and commission income	360 825	304 703	56 122	18.4%
Investment income	124 189	164 598	(40 409)	(24.6%)
Trading income arising from				
– customer flow	105 289	102 590	2 699	2.6%
– balance sheet management and other trading activities	(15 483)	12 511	(27 994)	(> 100.0%)
Other operating income	9 269	14 445	(5 176)	(35.8%)
Total operating income before impairment on loans and advances	1 208 203	1 238 751	(30 548)	(2.5%)
Impairment losses on loans and advances	(128 381)	(166 152)	(37 771)	(22.7%)
Operating income	1 079 822	1 072 599	7 223	0.7%
Operating costs	(761 873)	(778 504)	(16 631)	(2.1%)
Depreciation on operating leased assets	(1 535)	(6 044)	4 509	74.6%
Operating profit before goodwill, acquired intangibles and non-operating items and taxation	316 414	288 051	28 363	9.8%
Operating losses attributable to non-controlling interests	(11 701)	(10 849)	(852)	(7.9%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	304 713	277 202	27 511	9.9%
UK and Other	41 795	67 277	(25 482)	(37.9%)
Ongoing^	129 341	121 491	7 850	6.5%
Legacy remaining^	(107 669)	(69 051)	(38 618)	55.9%
Sale assets^	20 123	14 837	5 286	35.6%
Southern Africa	262 918	209 925	52 993	25.2%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	304 713	277 202	27 511	9.9%
Selected returns and key statistics				
Ordinary shareholders' equity**	2 599 130	2 642 583	(43 453)	(1.6%)
Southern Africa	1 369 078	1 226 089	142 989	11.7%
Ongoing UK and Other	1 141 282	872 786	268 496	30.8%
Remaining Legacy	88 770	231 000	(142 230)	(61.6%)
Sale assets	–	312 708	(312 708)	(< 100.0%)
Statutory ROE (pre-tax)**	10.7%	9.5%		
Ongoing ROE (pre-tax) **	15.9%	14.3%		
Southern Africa	18.7%	14.8%		
Ongoing UK and Other	12.3%	13.7%		
Cost to income ratio	63.1%	63.2%		
Operating profit per employee (£'000)**	57.4	50.6	6.8	13.4%

* *Restated as per note 59 in volume three.*
** *As calculated on pages 52 and 53, based on regulatory capital requirements.*
^ *Detailed income statement provided on page 58.*

The variance in the operating profit in the UK ongoing business over the year can be explained as follows:

- Net interest income increased as a result of an increase in core loans and advances of 16.4% and an improvement in the cost of funding
- Net fee and commission income increased substantially as a result of a solid performance from the corporate finance, corporate treasury team and aircraft finance business
- Investment income decreased as a result of a lower return generated on the Hong Kong investment portfolio
- Trading income from customer flow improved due to increased corporate treasury activity
- Other trading income includes the impact of accounting for the 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 other trading income and the opposite impact is reflected in earnings attributable to non-controlling interests)
- Other operating income includes associate income and income earned on an operating lease portfolio acquired during December 2010
- Total operating income decreased by 2.5%
- Impairments decreased by 45.5%. Further information is provided on pages 32 and 33 in volume two
- Operating expenses increased largely as a result of higher compensation costs.

The variance in the operating profit in Southern Africa over the year can be explained as follows:

- The analysis and variances described below for the South African Specialist Banking division are based on the Rand numbers reported
- Results in Pounds Sterling have been negatively impacted by the depreciation of the average Rand: Pounds Sterling exchange rate of approximately 11% over the year. The Specialist Banking division reported operating profit before taxation of R4 695 million (2014: R3 431 million)
- Net interest income increased as a result of an increase in core loans and advances of 16.0% and a positive endowment impact
- Net fee and commission income improved as a result of good performances from the private banking professional finance and property businesses, with corporate fees remaining largely in line with the prior year
- Investment income was supported by a solid performance from the unlisted investments and investment property portfolios
- Trading income arising from customer flow declined and other trading activities decreased reflecting less activity on the balance sheet
- Total operating income increased by 23.4%
- Impairments decreased by 28.4%. Further information is provided on pages 32 and 33 in volume two
- Operating expenses increased by 14.7% largely as a result of increased variable remuneration given improved profitability, with fixed costs growing in line with inflation.

Analysis of key earnings drivers

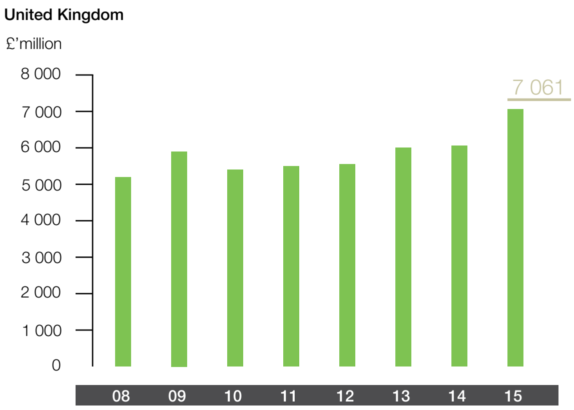
Net core loans and advances

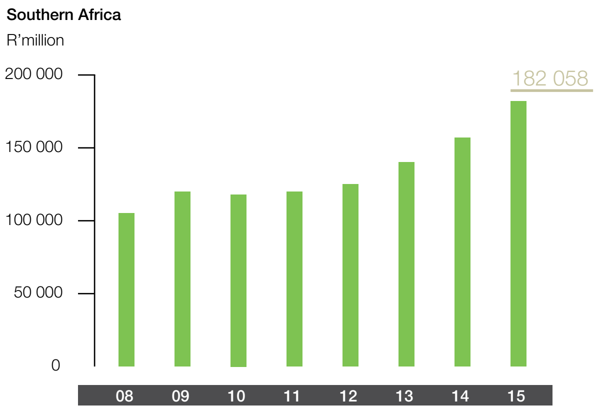
	£'million			Home currency 'million		
	31 March 2015	31 March 2014	% change	31 March 2015	31 March 2014	% change
UK	7 061^	6 064*	16.4%	£7 061	£6 064*	16.4%
Southern Africa	10 128^	8 935	13.4%	R182 058	R156 899	16.0%
Total	17 189	14 999	14.6%			

* *Excluding Kensington sale assets.*

^ *The assets that were not sold as part of the sale of Investec Bank (Australia) Limited were transferred to the UK and South African balance sheets (approximately R1.4 billion in South Africa and approximately £140 million in the UK). The 2015 numbers above include these balances.*

Net core loans and advances





Trend reflects numbers as at the year ended 31 March.

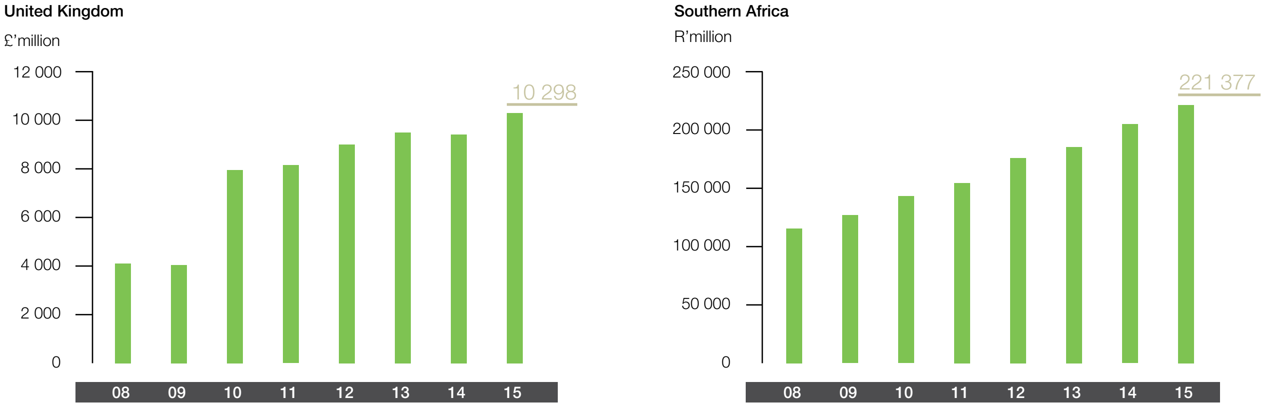
Divisional review

2

Total deposits

	£'million			Home currency 'million		
	31 March 2015	31 March 2014	% change	31 March 2015	31 March 2014	% change
UK	10 298	9 407	9.4%	£10 298	£9 407	9.4%
Southern Africa	12 317	11 671	5.5%	R221 377	R204 943	8.0%
Total	22 615	21 078	7.3%			

Total deposits



Trend reflects numbers as at the year ended 31 March.

Legacy business in the UK Specialist Bank

The legacy business in the UK Specialist Bank comprises:

- Assets put on the bank's books pre-2008 where market conditions post the financial crisis materially impacted the business model
- Assets written prior to 2008 with very low/negative margins
- Assets relating to business we are no longer undertaking.

During the year management performed a comprehensive review of the group's legacy portfolio on the back of improved market performance. As a result, assets of £0.9 billion were transferred to the ongoing book (core loans and other assets) where assets generate yields that support targeted return on equity, are performing and no longer meet the definition of the legacy business.

Legacy business – overview of results

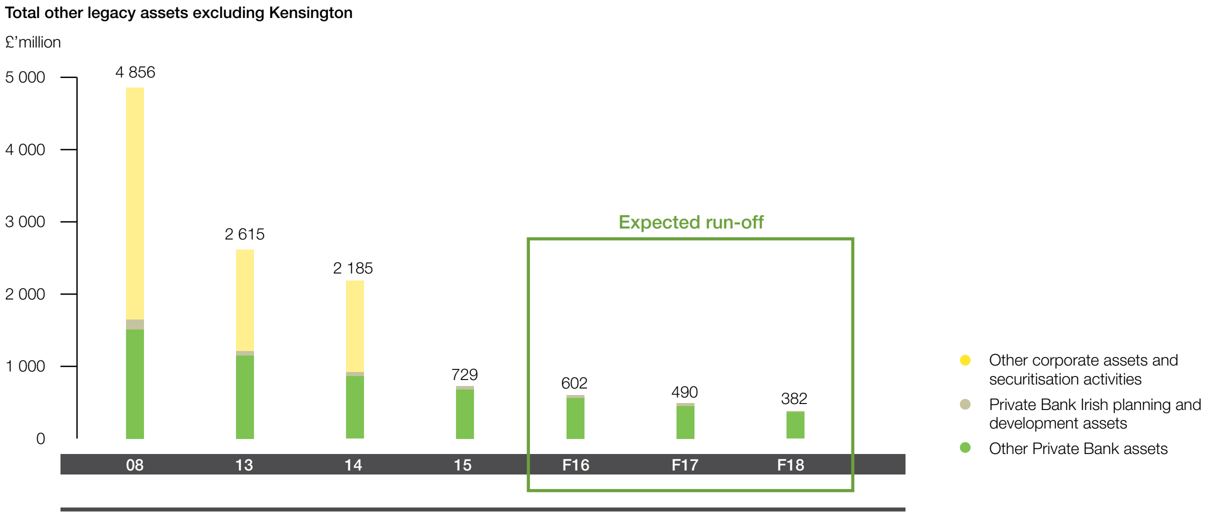
The group's legacy portfolio in the UK has been actively managed down from £3.4 billion at 31 March 2014 to £0.7 billion largely through strategic sales (mentioned on page 22), redemptions, write-offs and transfers (at the end of the period) to the ongoing book on the back of improved performance in these loans. The total legacy business over the period reported a loss before taxation of £107.7 million (2014: £69.1 million) as the group accelerated the clearance of the portfolio, which resulted in an increase in impairments on these assets. The remaining legacy portfolio will continue to be managed down as the group sees opportunities to clear the portfolio. Management believes that the remaining legacy book will still take three to five years to wind down. Total net defaults in the legacy book amount to £218 million.

An analysis of assets within the legacy business

£'million	31 March 2015 Total net assets (after impairments)	31 March 2015 Total balance sheet impairment	31 March 2014 Total net assets (after impairments)	31 March 2014 Total balance sheet impairment
Kensington – UK warehouse assets	–	–	768	4
Kensington – Ireland	–	–	474	138
Total Kensington warehouse assets*	–	–	1 242	142
Performing	–	–	813	1
Non-performing	–	–	429	141
Other corporate assets and securitisation activities	–	–	864	51
Private Bank Irish planning and development assets	47	50	60	59
Other Private Bank assets	682	93	1 261	82
Total other legacy assets	729	143	2 185	192
Performing	511	–	1 798	4
Non-performing	218	143	387	188

* *Assets sold during the year as explained on page 22.*

Expected run-off of legacy assets



Questions and answers

David van der Walt

Geographical business leader United Kingdom

Can you give us an overview of the environment in which you have operated over the past year?

A The UK recorded the firmest pace of growth of all the advanced economies in 2014 and saw its fastest growth pace since 2006. Indeed, at 2.8%, UK growth surpassed that of the United States (2.4%) and our Eurozone neighbours (0.9%). Furthermore, with 2014/15 having been a quieter year for Euro crisis developments, the UK benefited from a more positive risk backdrop. Responding to the solid recovery momentum, the health of the labour market continued to improve markedly over the financial year with the latest unemployment reading at 5.6%, the lowest level seen since July 2008.

The UK inflation background has been one of very subdued price growth, particularly in the latter part of the financial year where CPI inflation fell to a record low of zero in February and March 2015; the main driver has been lower fuel prices, reflecting the sharp decline in the wholesale price of oil. Hence despite the strengthening recovery, there has been little appetite on the UK Monetary Policy Committee (MPC) for higher interest rates, with the MPC not keen to adjust policy until it gains confidence that inflation is headed back to the 2% target. Hence, the bank rate remained at 0.5% through the financial year, marking six years at a record low. Meanwhile the level of the BoE's asset purchase scheme was maintained at £375 billion.

Geopolitical concerns combined with the regulatory effects on liquidity has meant that volatility in markets has increased.

The conditions above translated into a very favourable business environment with good levels of activity.

What have been the key developments in the business over the last financial year?

A The major development during the year has been the effective execution of our strategy to divest ourselves of the Professional Finance business in Australia and the sale of Kensington and Start. This completes the process of simplifying the business and allows us to now focus all our energy on building the core business.

In addition to this we have made substantial progress on reducing our legacy portfolio, which was helped by the sale of Kensington and Start, however, good progress was also made on the other corporate, structured credit and property assets. Impairment losses have been higher than budget mostly as a result of accelerating the tidy up of the legacy portfolio.

Corporate activity was very good. M&A activity was at a high helping a very good performance from the Investment Banking and Securities business. The high levels of activity also drove good underlying lending growth in both the Corporate and Specialist Banking activities.

Good progress was made within the Private Banking business. The Private Bank account was successfully launched and very good progress was made with our online and digital platforms. Particular emphasis has been placed on improving the client experience with improvements in security and functionality. We are now in a position to roll out our offering and we are working closely with the Wealth & Investment teams to ensure our clients have the benefit of our full product offering.

Overall, we have made very good progress with the only disappointment being the underperformance of the Hong Kong investment portfolio.

What are your strategic objectives in the coming year?

A The business is now simplified and focused. We have significant momentum in the corporate and specialist business. Our main objective in the coming year is to grow and increase our core businesses with particular emphasis on growing and gaining traction in the Private Banking business.

To this end we will continue to invest in our private banking infrastructure to ensure our customer experience is the best in the market. In addition, we will roll out our strategy of targeting the professional market with particular emphasis on the accounting, legal and medical professions.

In addition to the client strategy we have a number of projects running to focus on cost efficiencies, reducing the overall cost of funds and the drag from surplus liquidity following the sale of Kensington.

We will continue to actively manage the legacy portfolio and reduce our exposure in the most appropriate manner.

What is your outlook for the coming year?

A Our central view is that we should see another year of good economic growth in the UK with some of the early election uncertainty out of the way. The event of a Grexit may lead to a drop in confidence and business activity. A certain amount of volatility is to be expected given the geopolitical situation and overall reduced liquidity in markets. Overall, we are expecting our growth momentum to continue.

How do you incorporate environmental and sustainability considerations into your business?

A We continue to focus on developing our people and investing in our communities and the environment, receiving a number of awards for our efforts in the past year. We won the Business Charity Award for our partnership with the Bromley by Bow Beyond Business incubator. With our support, the programme has launched 55 new social enterprise businesses creating over 325 new jobs and generating combined annual turnover of over £4 million. We also received recognition for our environmental efforts with the Gresham Street head office placed as a runner-up in the 2014 Clean City Awards Scheme. We continue to raise awareness around environmental concerns with staff through Team Green which was extended to 14 of our other UK offices during the year. Further, volunteerism remains core to our values and community efforts and through employees' ongoing support of the Amherst School initiative we have volunteered over 50 days per year consistently for the past five years.

Questions and answers

Stephen Koseff Glynn Burger Bernard Kantor

Geographical business leaders

South Africa

Can you give us an overview of the environment in which you operated over the past year?

A The South African operating environment has been mixed. On the one hand, the economic and political environments have been fragile. There has been slow economic growth which impacted spending, domestic fixed investment and production. The Rand continues to weaken against major currencies. Furthermore, strike action persisted and electricity supply constraints have proved an inhibitor to economic performance, while high indebtedness impacted consumer spending.

On the other hand, we have had very positive growth in the equity markets with the JSE All Share Index up 9.2% for the period and overall good activity in corporate South Africa.

What have been the key developments in the business over the past financial year?

A Notwithstanding the economic environment, it has been a particularly good year for the specialist bank in South Africa with operating profit up 36.8% in Rand terms. All businesses have done well largely as a result of reasonable activity levels across both corporates and private clients. We have experienced strong growth in our key drivers with underlying lending up some 16% over the past year and a positive endowment impact.

We continued to be recognised for this focus and performance. From a corporate perspective, the Aviation Finance team won the Corporate Jet Investor award again this past year and our Corporate Finance team came out top in both value and volume of transactions in the DealMakers awards. In the private client space, the Retail Funding business has increased its profile and we were once again recognised as the Best Private Bank in South Africa by *Financial Times* and *Euromoney.*

It has been particularly rewarding to see how the collaboration between the Private Bank and Wealth & Investment businesses has benefited the overall business. Furthermore, good progress has been made with rolling out our digitisation strategy as we continually look to enhance this offering to ensure it's the best solution for our clients.

What are your key strategic objectives for the coming year?

A We will continue with the existing strategy of building and developing our client franchises, which remain integral to the growth and development of our business. This is focused on delivering integrated solutions to both our private and corporate clients, extending the quality of our service and products to attract new clients and ensuring we deepen our existing client relationships.

In the private client space, we will continue to organically grow the existing businesses of transactional banking, property and private capital. Our strategy of cross-selling products across different client bases, providing services between the Private Bank and the Wealth & Investment businesses has proved successful and we will continue to leverage these relationships.

What is your outlook for the coming year?

A The South African business has had a particularly good year and this may be hard to sustain going forward. There are structural challenges in the economy and we are cautious about the political uncertainty which can create a difficult environment for our business. However, the recent national budget proposed is more conservative than in recent years and, if achieved, should assist South Africa in maintaining its investment grade rating. Furthermore, South African corporates tend to be more resilient in a disrupted environment and there are potential opportunities to support them both domestically, on the continent and internationally.

How do you incorporate environmental and sustainability considerations into your business?

A Developing the communities and environment in which we operate is critical to the upliftment of our economy. During the year, we received the *Mail & Guardian's* 2014 Investing in the Future Award for our Promaths programme which commended Investec for taking a long-term view to social development by improving skills in Maths and Science for the past 10 years. We also experienced good momentum in the Enterprise Development programme which was launched in the previous financial year and which continues to share valuable strategic, financial and marketing skills to selected entrepreneurs. Our staff remain vital in delivering on our promise to provide exceptional client experiences and hence we continue to focus on attracting, retaining and developing talent. In this regard, Investec was voted one of the most attractive employers in the 2015 Universum Most Attractive Employer awards where Investec was voted Best Bank by both professionals and graduates.

3

Corporate governance and corporate responsibility

Sound corporate governance is implicit in our values, culture, processes, functions and organisational structure

Chairman's introduction

Dear Shareholder

It is pleasing to present the 2015 annual corporate governance report which sets out Investec's approach to corporate governance.

Continuing and embedding our structured board refreshment programme has been a particular area of focus over the past year. It is pleasing that a thorough selection process, overseen by the nominations and directors affairs' committee (NOMDAC) has led to the appointment of five independent non-executive directors, bringing further diversity of background, skills and experience to the board.

The last year also saw Sir David Prosser stepping down as joint chairman of the board. The transition from a joint chairmanship to a sole chairman has been a smooth one due, in no small part, to the invaluable role Sir David played in chairing the board and supporting me during this time.

Our culture and values

Our culture, values and philosophies provide the framework for how we conduct our business and measure behaviour and practices to ensure that we demonstrate the characteristics of good governance. Our values require that directors and employees act with moral strength and integrity, and conduct themselves to the highest ethical standard to promote and maintain trust.

Sound corporate governance is therefore 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.

Regulatory context

The disclosure of our governance practices requires a description of the regulatory context that Investec, as a dual listed company (DLC), operates within.

We operate under a DLC structure, and consider the corporate governance principles and regulations of both the UK and South Africa before adopting the appropriate standard for the group which also complies with requirements in both jurisdictions. All international business units operate in accordance with the above determined corporate governance principles, in addition to those of their jurisdiction, but with clear adherence at all times to group values and culture.

The board, management and employees of Investec are committed to complying with the disclosure, transparency and listing rules of the United Kingdom Listing Authority (UKLA), the JSE Limited (JSE) Listings Requirements the UK Corporate Governance Code (the Code) which was issued by the UK's Financial Reporting Council in 2010, revised in September 2012 with the most recent version being published in September 2014 for reporting periods commencing after 1 October 2014, and the King Code of Governance Principles for South Africa (King III).

Therefore, all stakeholders are assured that we are being managed ethically and in compliance with the latest legislation, regulations and best practices.

The past year in focus

Sir David Prosser

Sir David decided in 2014 that it would be an appropriate time for him to retire and therefore stepped down from the board following the annual general meetings of Investec plc and Investec Limited held on 7 August 2014.

Consequently, I assumed the role of sole chairman of the board, with effect from 8 August 2014.

Composition of the board and board refreshment

The board, on the recommendation of the NOMDAC, implemented a structured refreshment programme so as to ensure that we are recruiting new independent non-executive directors and retiring some of our longer serving non-executive directors. Accordingly, the following changes were made to the composition of the board:

- George Alford, Olivia Dickson and Peter Malungani did not seek re-election as directors at the 2014 annual general meeting, and accordingly stepped down from the board at the conclusion of the 2014 annual general meeting
- The board appointed, with effect from 8 August 2014, Charles Jacobs, Lord Malloch-Brown and Khumo Shuenyane as independent non-executive directors
- Perry Crosthwaite was appointed as the senior independent director in place of George Alford on 8 August 2014

- Zarina Bassa was appointed as an independent non-executive director of the board, with effect from 1 November 2014, and Laurel Bowden was appointed as an independent non-executive director on 1 January 2015.

Additionally, discussions have been concluded with Haruko Fukuda, who has served on the board for a period exceeding nine years, who has agreed that she will not stand for re-election at the August 2015 annual general meeting.

The board continues to monitor the impact of the evolving regulatory landscape in the UK, and consideration is being given to appoint a UK independent non-executive director with specific and recent financial services knowledge to the board.

Composition of the DLC remuneration committee

- Charles Jacobs was appointed as a member of the committee, effective from 8 August 2014
- Bradley Fried stepped down as a member of the committee, with effect from 18 September 2014.

Composition of the audit committees

- Khumo Shuenyane was appointed as a member of the committees with effect from 8 August 2014
- Zarina Bassa became a member of the committees on 1 November 2014
- Laurel Bowden was appointed to the committees with effect from 1 January 2015.

Composition of NOMDAC

- Perry Crosthwaite and David Friedland were appointed as members of NOMDAC on 16 September 2014.

Board and directors' effectiveness review

The 2015 review of the board's effectiveness took the form of a detailed questionnaire and a series of structured interviews between the chairman and each individual director (the 2015 review). All directors completed the questionnaire and were interviewed during the course of the 2015 review.

Key themes to emerge from the effectiveness review included:

- Board composition: bedding down the board refreshment programme
- Management succession planning
- Continuing to improve management information
- Strengthening the structures of the regulated subsidiaries
- Directors ongoing development particularly within the context of the changing regulatory landscape
- Streamlining the working between the group risk and capital committee (GRCC) and the board risk and capital committee (BRCC)
- The number of directors on the board.

An externally facilitated board effectiveness evaluation last took place in 2013.

The board has agreed that the 2016 review of the board's effectiveness will be conducted by an external independent facilitator.

Priorities for the new year

In broad terms, our priorities for 2015, from a corporate governance perspective, are as follows:

Board diversity and effectiveness

The board will continue with its structured refreshment programme to ensure its composition is the most appropriate to provide effective entrepreneurial leadership and robust oversight.

The board believes that diversity in terms of a broad range of skills, experience, background and outlook is required for it to be effective. While non-executive appointments are based on merit and overall suitability for the role, the NOMDAC is mindful of all aspects of diversity when making recommendations for appointments to the board.

Per Lord Davies' report on 'Women on Boards', the board has an aspirational target of 25% female representation on the board by the end of 2015. The board recognises that gender is an important aspect of diversity. The NOMDAC continues to implement the structured refreshment programme referred to above so as to ensure that we are retiring some of our longer serving non-executive directors over a period of years. At the date of this report, the board had adopted a board diversity policy and female directors currently comprise 24% of the board.

Management succession

Succession planning for senior management is also a key area of focus and the identification of talented future leaders is essential for Investec's long-term success.

The NOMDAC received a detailed presentation from the executive management regarding senior management succession, and the NOMDAC is satisfied that there is a formal management succession plan in place. The NOMDAC will continue to focus on ensuring that the management succession plan remains up to date and the respective succession plans in the three core activities continue to be implemented within the respective businesses.

Regulatory and governance best practice

In the United Kingdom, the year ahead will see the group's implementation of the Financial Services (Banking Reform) Act 2013, bringing about a new Senior Managers Regime which will include specific responsibilities for non-executive directors. A revised UK Corporate Governance Code, published in September 2014, effective for reporting periods beginning on or after 1 October 2014, will see changes to its provisions relating to remuneration, engagement with shareholders and risk management.

Conclusion

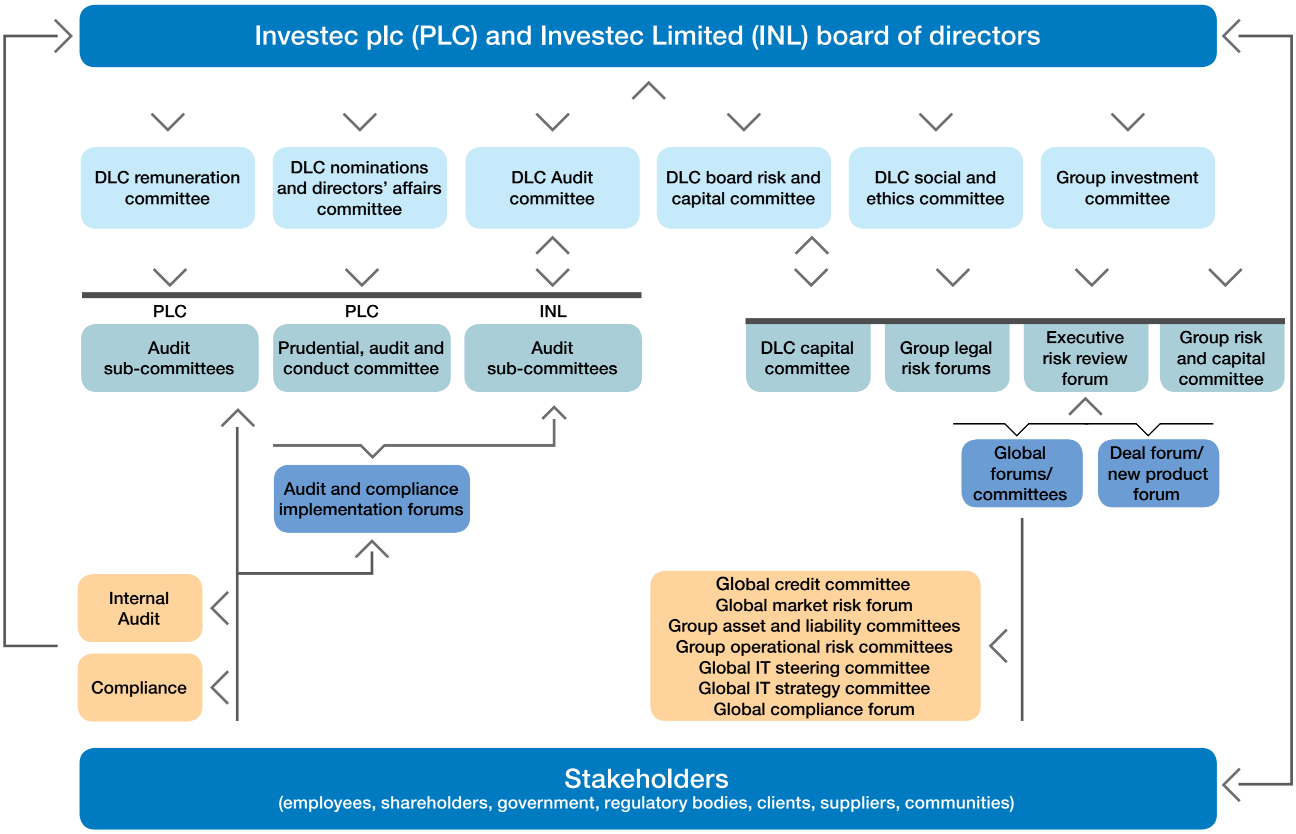
The following pages of this report describe in more detail the governance framework, and the structures that are in place to ensure that Investec is able to maintain the highest standards of corporate governance. However, it is important to emphasise once again that underpinning all of this, and at the core of everything we do, are Investec's culture, values and philosophies.

Increasingly, the importance of organisational culture and its part in ensuring good corporate governance and conduct is understood by other organisations and by our regulators. Our culture and values have always been at the heart of how we operate, and we believe the strength with which these are embedded and lived throughout the organisation distinguishes Investec from others. We believe that these will, as ever, provide the group with a strong foundation to enable it to meet the challenges of the future.

Fani Titi
Chairman

10 June 2015

Governance framework



Statement of compliance

UK Corporate Governance Code

The board is of the opinion that, based on the practices disclosed throughout this report, which were in operation during the year under review, the group has complied with the relevant provisions set out in the UK Corporate Governance Code, save that Bradley Fried, was appointed as a member of the DLC remuneration committee (Remco) on 3 April 2013. Bradley Fried was not considered to be independent as he was employed as Investec Bank plc CEO during the five years prior to his appointment as a director. The board believes that Bradley Fried's knowledge and experience was beneficial to the work of the Remco for the period of his appointment, that he exercised independent judgement, and that the balance of independent non-executive directors on the Remco meant that it was able to effectively discharge its responsibilities. Bradley Fried stepped down as a member of the Remco with effect from 18 September 2014.

King III

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

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

Financial reporting and going concern

The directors have confirmed that they are satisfied that the group, as well as Investec plc and Investec Limited individually, have adequate resources to continue in business for the foreseeable future. The assumptions underlying the going concern statement are discussed at the time of the approval of the annual financial results by the board and these include:

- Budgeting and forecasts
- Profitability
- Capital
- Liquidity
- Solvency.

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

Further information on our liquidity and capital position is provided on pages 62 to 71 and pages 78 to 83 in volume two.

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

The directors are responsible for monitoring and reviewing the preparation, integrity and reliability of the Investec plc and Investec Limited combined consolidated financial statements, accounting policies and the information contained in the integrated annual report, and to ensure that the annual financial statements are fair, balanced and understandable.

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

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

Further information is provided on pages 103 to 112.

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

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

Management and succession planning

Global business unit heads, geographic management and the heads of central and group service functions are appointed by executive management and endorsed by the board, based on the skills and experience deemed necessary to perform the required function. In general, managers do not have fixed-term employment contracts and there are no employment contracts with managers for a term of more than three years.

Our management structure, reporting lines and the division of responsibilities are built around a geographic, divisional and functional network as depicted on page 68.

Each strategic business unit has a management committee and is responsible for implementing operational decisions, managing risk and aligning divisional objectives with the group strategy and vision.

The NOMDAC receives a detailed presentation from the executive regarding senior management succession and the NOMDAC is satisfied that there is a formal management succession plan in place.

The NOMDAC will continue to focus on ensuring that the management succession plan remains up to date. Senior management succession plans are also presented annually to the banking regulators.

Internal control

Risks and controls are reviewed and monitored regularly for relevance and effectiveness. The DLC board risk and capital committee (BRCC), group risk and capital committee (GRCC) and audit committees assist the board in this regard.

Sound risk management practices are promoted by the group risk management function, which is independent of operational management. The board recognises its responsibility for the overall risk and control framework and for reviewing its effectiveness.

Internal control is designed to mitigate, not eliminate, significant risks faced. It is recognised that such a system provides reasonable, but not absolute, assurance against material error, omission, misstatement or loss. This is achieved within the group through a combination of risk identification, evaluation and monitoring processes, appropriate decision as well as oversight forums, and assurance and control functions such as group risk management, internal audit and compliance.

Internal Audit reports any control recommendations to senior management, group risk management and the relevant audit committee. Appropriate processes, including review by the audit committees' support structures, ensure that timely corrective action is taken on matters raised by Internal Audit. Significant risks are regularly considered by the executive risk review forum (ERRF) and by the GRCC and BRCC. Material incidents and losses and significant breaches of systems and controls are reported to the BRCC and the audit committees. Reports from the audit committees, BRCC and risk and control functions are reviewed at each board meeting.

Conflict of interest

Certain statutory duties with respect to directors' conflicts of interest are in force under the UK Companies Act 2006 and the South African Companies Act 2008, as amended. In accordance with these Acts and the Articles of Association (Articles) of Investec plc and the Memorandum of Incorporation (MOI) of Investec Limited, the board may authorise any matter that otherwise may involve the directors breaching their duty to avoid conflicts of interest. The board has adopted a procedure, as set out in the Articles and MOI, that includes a requirement for directors to submit, in writing, disclosures detailing any actual or potential conflict for consideration and, if considered appropriate, approval.

Internal financial controls

Internal financial controls are based on established policies and procedures. Management is responsible for implementing internal financial controls, ensuring that personnel are suitably qualified, that appropriate segregation exists between duties, and that there is suitable independent review. These areas are monitored by the board through the audit committees and are independently assessed by Internal Audit and Compliance. Processes are in place to monitor internal control effectiveness, identify and report material breakdowns, and ensure that timely and appropriate corrective action is taken. Group Finance and Investor Relations coordinate, review and comment on the monthly financial and regulatory reports, and facilitate the interim and annual financial reporting process, including the external audit process.

Directors' dealings

The remuneration report on pages 140 to 180, contains details of Investec shares held by directors.

Directors' dealings in the securities of Investec plc and Investec Limited are subject to a policy based on regulatory requirements and governance best practice. All directors' dealings require the prior approval of the Compliance division and the chairman, the senior independent director or the chairman of the audit committees.

All dealings of persons discharging management responsibilities require approval by line management, the Compliance division and the chairman.

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 allow risks to be assessed and managed.

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

The Investec board:

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

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

Certain matters are specifically reserved for the board. To achieve its objectives, the board may delegate certain of its duties and functions to various board committees, group forums or the chief executive officer, without abdicating its own responsibilities. The board has formally defined and documented, by way of terms of reference, the authority it has delegated to the various board committees, group forums and chief executive officer.

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 committees, the Investec board:

- Has delegated the review of the integrated annual report and annual financial statements to the audit committees. The audit committees recommended that, taken as a whole, the integrated annual report is fair, balanced and understandable and the board is satisfied with the recommendation
- Assesses the quantitative and qualitative aspects of Investec's performance through a comprehensive system of financial and non-financial monitoring involving an annual budget process, detailed monthly reporting, regular review of forecasts and regular management strategic and operational updates
- Approves annual budgets, capital plans, projections and business plans
- Monitors the group's compliance with relevant laws, regulations and codes of business practice
- Assisted by the audit committees' support structures and BRCC, ensures that conduct risk is adequately mitigated, managed and addressed
- Ensures there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders and monitors our communication with all stakeholders and disclosures made to ensure transparent and effective communication
- Identifies and monitors key risk areas and key performance indicators
- Reviews processes and procedures to ensure the effectiveness of the internal systems of control
- Assisted by the Social and Ethics Committee, ensures we adopt sustainable business practices, including our social and environmental activities
- Assisted by the audit committees, 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
- Assisted by the audit committees' support structures and BRCC, monitors cyber risks and mitigating factors to prevent cybercrime
- Monitors and evaluates significant IT investments and expenditure
- Ensures information assets are managed effectively
- Ensures the appropriate risk governance, including IT, is in place including continual risk monitoring by management, determines the levels of risk tolerance and that risk assessments are performed on a continual basis
- Ensures the induction of, and ongoing training and development of, directors
- Evaluates the performance of senior management and considers succession planning.

Membership

At the end of the year under review, the Investec board, including the chairman, comprised four executive directors and 13 non-executive directors.

Biographical details of the directors are set out on pages 114 and 115.

Haruko Fukuda will not offer herself for re-election at the August 2015 annual general meeting. In accordance with the UK Corporate Governance Code, the remainder of the board will offer themselves for re-election at the August 2015 annual general meeting.

The names of the directors at the date of this report, the year of their appointment and their independence status for the year under review are set out below:

	Date of appointment: Investec plc	Investec Limited	Independent
Executive directors			
S Koseff (chief executive officer)	26 Jun 2002	6 Oct 1986	–
B Kantor (managing director)	26 Jun 2002	8 Jun 1987	–
GR Burger (group risk and finance director)	3 Jul 2002	3 Jul 2002	–
HJ du Toit	15 Dec 2010	15 Dec 2010	–
Non-executive directors			
F Titi (chairman)	30 Jan 2004	30 Jan 2004	Yes
ZBM Bassa	1 Nov 2014	1 Nov 2014	Yes
LC Bowden	1 Jan 2015	1 Jan 2015	Yes
CA Carolus	18 Mar 2005	18 Mar 2005	Yes
PKO Crosthwaite (senior independent director)	18 Jun 2010	18 Jun 2010	Yes
B Fried	1 Apr 2010	1 Apr 2010	No
D Friedland	1 Mar 2013	1 Mar 2013	Yes
H Fukuda OBE	21 Jul 2003	21 Jul 2003	Yes
CR Jacobs	8 Aug 2014	8 Aug 2014	Yes
IR Kantor	26 Jun 2002	30 Jul 1980	No
Lord Malloch-Brown KCMG	8 Aug 2014	8 Aug 2014	Yes
KL Shuenyane	8 Aug 2014	8 Aug 2014	Yes
PRS Thomas	26 Jun 2002	29 Jun 1981	Yes

Independence

Chairman | 1

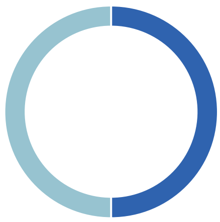
Executives | 4

Non-executives | 13

65% of board independent

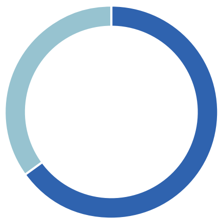
Balance of non-executive and executive directors

Pre-2014 AGM



Independent	50.0%
Non-independent	50.0%

Post-2014 AGM



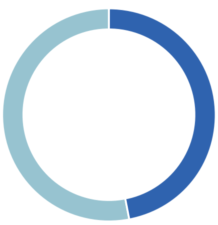
Independent	65.0%
Non-independent	35.0%

Diversity

Aspirational target:

Per the Davies Report: 25% female representation by 2015

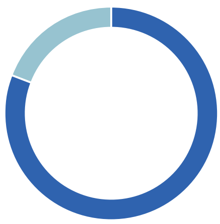
Geographical mix



South Africa	47.0%
UK including Europe	53.0%

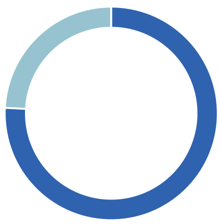
Board gender balance:

Pre-2014 AGM



Male	81.0%
Female	19.0%

Post-2014 AGM



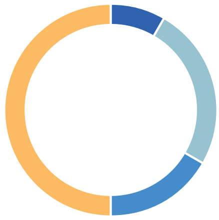
Male	76.0%
Female	24.0%

Tenure

Average length of service:
(Length of service by band) for non-executive directors

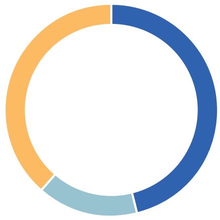
UK Corporate Governance recommendations:
Recommendation that non-executives should not serve longer than nine years from the time of their appointment.

Pre-2014 AGM: **8 years average**



0 — 3 years	1
3 — 6 years	3
6 — 9 years	2
9 years plus	6

Post-2014 AGM: **5 years average**



0 — 3 years	6
3 — 6 years	2
6 — 9 years	–
9 years plus	5

Details of directors' attendance at the six board meetings held during the financial year ended 31 March 2015:

	Number of meetings eligible to attend	Meetings attended
Executive directors		
S Koseff (chief executive officer)	6	6
B Kantor (managing director)	6	6
GR Burger (group risk and finance director)	6	6
HJ du Toit	6	6
Non-executive directors		
Sir David J Prosser* (joint chairman until 7 August 2014)	2	2
F Titi (sole chairman from 8 August 2014)	6	6
GFO Alford (senior independent director to 7 August 2014)*	2	2
ZBM Bassa**	3	3
LC Bowden***	2	2
CA Carolus	6	6
PKO Crosthwaite (senior independent director from 8 August 2014)	6	5
OC Dickson*	2	2
B Fried	6	6
D Friedland	6	6
H Fukuda OBE	6	5
CR Jacobs****	4	4
IR Kantor	6	5
Lord Malloch-Brown KCMG****	4	4
MP Malungani*	2	2
KL Shuenyane****	4	4
PRS Thomas	6	6

* *Sir David J Prosser, GFO Alford, OC Dickson and MP Malungani did not offer themselves for re-election at the annual general meeting held on 7 August 2014, and were therefore only eligible to attend meetings held prior to 7 August 2014.*

** *ZBM Bassa was appointed to the board with effect from 1 November 2014, and was therefore only eligible to attend meetings held after 1 November 2014.*

*** *LC Bowden was appointed to the board with effect from 1 January 2015, and was therefore only eligible to attend meetings held after 1 January 2015.*

**** *CR Jacobs, Lord Malloch-Brown and KL Shuenyane were appointed to the board with effect from 8 August 2014, and were therefore only eligible to attend meetings held after 8 August 2014.*

The number of meetings held during the year excludes the single separate meeting for each of Investec plc and Investec Limited.

Board meetings

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

Furthermore, the boards of Investec plc and Investec Limited held one additional meeting each in the UK and South Africa, respectively. Special (unscheduled) meetings are called as the need arises.

The chairman is responsible for setting the agenda for each meeting, in consultation with the chief executive officer and the company secretaries. Comprehensive information packs on matters to be considered by the board are provided to directors in advance of the meetings.

Board diversity

The board has a broad range of skills and experience. All appointments are made on merit, in the context of the diversity of skills, experience, background and gender required to be effective.

Details of directors' attendance at the one non-regular board meeting held during the financial year ended 31 March 2015:

	Meetings attended
Executive directors	
S Koseff (chief executive officer)	1
B Kantor (managing director)	1
GR Burger (group risk and finance director)	1
HJ du Toit	1
Non-executive directors	
Sir David J Prosser (joint chairman until 7 August 2014)*	–
F Titi (sole chairman from 8 August 2014)	1
GFO Alford (senior independent director until 7 August 2014)*	1
ZBM Bassa**	–
LC Bowden***	–
CA Carolus	–
PKO Crosthwaite (senior independent director from 8 August 2014)	1
OC Dickson*	–
B Fried	1
D Friedland	1
H Fukuda OBE	1
CR Jacobs****	–
IR Kantor	1
Lord Malloch-Brown KCMG****	–
MP Malungani*	–
KL Shuenyane****	–
PRS Thomas	1

* *Sir David J Prosser, GFO Alford, OC Dickson and MP Malungani did not offer themselves for re-election at the annual general meeting held on 7 August 2014, and were therefore only eligible to attend meetings held prior to 7 August 2014.*

** *ZBM Bassa was appointed to the board with effect from 1 November 2014, and was therefore only eligible to attend meetings held after 1 November 2014.*

*** *LC Bowden was appointed to the board with effect from 1 January 2015, and was therefore only eligible to attend meetings held after 1 January 2015.*

**** *CR Jacobs, Lord Malloch-Brown and KL Shuenyane were appointed to the board with effect from 8 August 2014, and were therefore only eligible to attend meetings held after 8 August 2014.*

Independence

- At 31 March 2015, the board is compliant with Principle B.1.2 of the UK Corporate Governance Code in that at least half the board, excluding the chairman, comprises independent non-executive directors
- At 31 March 2015, the board is compliant with Chapter 2, Principle 2.18 of King III in that the majority of non-executive directors are independent.

A summary of the factors the board uses to determine the independence of non-executive directors is detailed below:

Relationships and associations

- Ian Kantor is the brother of Bernard Kantor, Investec's managing director. Ian is also the founder and was previously CEO of Investec. Accordingly, the board concluded that Ian could not be considered independent under the UK Corporate Governance Code and King III
- Bradley Fried was previously CEO of Investec Bank plc and given that role and his ongoing relationship with Grovepoint, the board concluded that Bradley could not be considered independent. Bradley has an interest in Grovepoint, which has entered into various transactions in the ordinary course of business with Investec.
- Prior to joining the board on 1 March 2013, David Friedland was a partner of KPMG. KMPG along with Ernst & Young, are joint auditors of Investec Limited. The board concluded that, notwithstanding his previous association with KPMG, David retains independence of judgement given he was never Investec Limited's designated auditor or relationship partner and was not involved with its Investec account.

Despite the board concluding that Ian and Bradley cannot be considered independent for the reasons explained above, the board is of the view that their skills, knowledge, experience and attributes are nonetheless valuable to the organisation and believe they use their independent judgement when making decisions that affect the organisation and stakeholders.

Tenure

The board is also mindful of its responsibility to ensure that there remains an appropriate balance of skills and experience on the board, and it is therefore of the view that retention of certain members beyond nine years may in certain circumstances be beneficial in ensuring this balance and that orderly succession can take place.

The board follows a thorough process of assessing independence on an annual basis for each director whose tenure exceeds nine years. The board does not believe that tenure of any of the current non-executive directors interferes with their independence of judgement and their ability to act in Investec's best interests.

Accordingly, the board has concluded that Fani Titi, Cheryl Carolus, Peter Thomas and Haruko Fukuda, despite having been directors of Investec for nine years or more, retain both financial independence and independence of character and judgement.

Haruko Fukuda will not, however, offer herself for re-election at the upcoming annual general meeting.

Notwithstanding the guidelines set out in the UK Corporate Governance Code and King III, the board is of the view that these non-executive directors are independent of management and promote the interests of stakeholders. The balance of executive and non-executive directors is such that there is a clear division of responsibility to ensure a balance of power, such that no one individual or group can dominate board processes or have unfettered powers of decision-making. The board believes that it functions effectively and evaluates its performance annually.

Attendance at credit meetings

David Friedland and Peter Thomas regularly attend, by invitation, certain credit committees of the group dealing with large exposures requiring sign off by non-executive directors in terms of the delegation of authority. The board considers their attendance at these committees to be desirable in terms of developing an understanding of the day-to-day issues facing the business. This further allows David to discharge his responsibilities more effectively as chairman of the Investec plc and Investec Limited audit committees and board risk and capital committee. The board concluded that David and Peter retain their independence of character and judgement.

Skills, knowledge, experience, diversity and attributes of directors

The board considers that the skills, knowledge, experience, diversity and attributes of the directors as a whole are appropriate for their responsibilities and the group's activities. The directors bring a range of skills to the board including:

- International business and operational experience
- Understanding of the economics of the sectors in which the group operates
- Knowledge of the regulatory environments in which the group operates
- Financial, accounting, legal and banking experience and knowledge.

The skills and experience profile of the board and its committees are regularly reviewed by the NOMDAC to ensure an appropriate and relevant composition from a governance, succession and effectiveness perspective.

Board and directors' performance evaluation

In 2013, the board commissioned a board effectiveness review conducted by an external independent facilitator, Professor Rob Goffee of the London Business School (the 2013 review).

Professor Goffee has no connection with the group. The detailed outcomes of that review were disclosed in the previous integrated annual report. The 2015 review of the board's effectiveness was accordingly not conducted by an external independent facilitator and took the form of a detailed questionnaire and a series of structured interviews between the chairman and each individual director (the 2015 review).

All directors completed the questionnaire and were interviewed during the course of the 2015 review.

The board was felt to be operating effectively and the key themes, as well as the actions proposed to be taken, were as follows:

- As noted above, the board appointed five new non-executives, and inducting and integrating the new board members has been a key focus during the period under review. The board requested further opportunities for executives and non-executives to meet outside the formal setting of the boardroom and, as a result, informal events were held to facilitate this
- Ensure that the management information strikes an appropriate balance between regulatory, business and strategic issues. The board continues to make refinements to the management information it receives.

Terms of appointment

On appointment, non-executive directors are provided with a letter of appointment. The letter sets out, among other things, duties, responsibilities and expected time commitments, details of our policy on obtaining independent advice and, where appropriate, details of the board committees of which the non-executive director is a member. We have an insurance policy that insures directors against liabilities they may incur in carrying out their duties. On the recommendation of the NOMDAC, non-executive directors will be appointed for an expected term of nine years (three times three-year terms) from the date of their first appointment to the board.

Ongoing development

On appointment, directors are provided with an induction pack and participate in an induction programme tailored to their needs, including meeting with the business unit and central services' heads to ensure they become familiar with business operations, senior management, our business environment and internal controls, policies, processes and systems for managing risks.

Directors' ongoing development is a standing board agenda item, including updates on various training and development initiatives. Board members receive regular formal presentations on regulatory and governance matters as well as on the business and support functions. Regular interactive workshops are arranged between directors and the heads of risk management, control functions and business units. Topics covered during the past year included recovery and resolution planning, cybercrime, twin peaks legislation in South Africa, advanced internal risk-based modelling, senior management regime and customer outcomes.

The company secretaries liaise with directors to source relevant seminars and conferences which directors could attend, funded by Investec.

Following the board's and directors' performance evaluation process, any training needs are communicated to the company secretaries who ensure these needs are addressed.

During the year under review, a number of director workshops were arranged outside of board meetings.

Independent advice

Through the senior independent director or the company secretaries, individual directors are entitled to seek professional independent advice on matters related to the exercise of their duties and responsibilities at the expense of Investec. No such advice was sought during the 2015 financial year.

Remuneration

Details of the directors' remuneration and remuneration processes are set out in the remuneration report on pages 140 to 180.

Chairman and chief executive officer

The roles of the chairman and chief executive officer are distinct and separate. The chairman leads the board and is responsible for ensuring that the board receives accurate, timely and clear information to ensure that the directors can perform their duties effectively.

Details of the chairman's external directorships are set out on page 114.

The board does not consider that the chairman's external commitments interfere with his performance and responsibilities to Investec. The board is satisfied that the chairman makes sufficient time available to serve Investec effectively. There have been no changes to the significant commitments of the chairman during the period under review. The chairman resides in South Africa but spends approximately a week a month in the UK.

The board has not appointed a deputy chairman.

Senior independent director

George Alford was the senior independent director until he stepped down from the board on 7 August 2014. On 8 August 2014, Perry Crosthwaite became the senior independent director. He is available to address any concerns or questions from shareholders and non-executive directors. In addition, he leads the board in the assessment of the effectiveness of the chairman.

Company secretaries

David Miller is the company secretary of Investec plc and Benita Coetsee was the company secretary of Investec Limited until she stepped down on 30 June 2014. From 1 July 2014, Niki van Wyk assumed the role of company secretary of Investec Limited. The company secretaries are professionally qualified and have experience gained over a number of years. Their services are evaluated by board members during the annual board evaluation process. They are responsible for the flow of information to the board and its committees and for ensuring compliance with board procedures. All directors have access to the advice and services of the company secretaries whose appointment and removal are a board matter.

In compliance with the JSE Listings Requirements, the board has considered and is satisfied that each of the company secretaries is competent, has the relevant qualifications and experience and maintains an arm's length relationship with the board. In evaluating these qualities, the board has considered the prescribed role and duties pursuant to the requirements codified in the South African and the UK Companies Acts and the listings and governance requirements as applicable.

In addition, the board confirms that for the period 1 April 2014 to 31 March 2015 neither of the company secretaries served as a director on the board nor did they take part in board deliberations and only advised on matters of governance, form or procedure.

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.

The full terms of reference are available on our website.

The following table indicates non-executive board representation on the board committees as at the date of this report:

Members	Independent	DLC audit	Investec plc audit	Investec Limited audit	DLC remuneration	DLC NOMDAC	DLC BRCC	DLC social and ethics committee
F Titi (chairman)	Yes				√	Chair	√	Chair
ZBM Bassa*	Yes	√	√	√			√	
LC Bowden**	Yes	√	√	√				
CA Carolus	Yes							√
PKO Crosthwaite	Yes				Chair	√		
B Fried***	No						√	
D Friedland	Yes	Chair	Chair	Chair		√	Chair	
H Fukuda OBE	Yes						√	
CR Jacobs****	Yes				√			
Lord Malloch-Brown KCMG*****	Yes							√
KL Shuenyane******	Yes	√	√	√			√	
PRS Thomas	Yes	√	√	√		√	√	√

* *ZBM Bassa was appointed to the audit committees with effect from 1 November 2014.*
** *LC Bowden was appointed to the audit committees with effect from 1 January 2015.*
*** *B Fried stepped down from the DLC remuneration committee with effect from 18 September 2014.*
**** *CR Jacobs was appointed to the DLC remuneration committee with effect from 8 August 2014.*
***** *Lord Malloch-Brown was appointed to the DLC social and ethics committee with effect from 8 August 2014.*
****** *KL Shuenyane was appointed to the audit committees with effect from 8 August 2014.*

Audit committees

Introduction

The audit committee is an essential part of the group's governance framework to which the board has delegated oversight of the group's financial reporting, risk management, compliance, internal and external audit.

This report provides an overview of the work of the committee and details how it has discharged its duties over the year.

Following the annual cycle of work of the committees, we concluded that sound risk management and internal controls have been maintained during the year. The committees were satisfied that the integrated annual report presents fairly and provides a fair, balanced and understandable assessment of the group's financial position at 31 March 2015, and the results of its operations for the year then ended.

Background

In terms of Investec's DLC structure, the board has mandated authority to the Investec plc audit committee and the Investec Limited audit committee to be the audit committees for those respective companies and their subsidiaries with each having their own regulatory requirements to meet. A DLC audit committee – which is the combined audit committee of Investec plc and Investec Limited – has responsibility to the board for matters common to both Investec plc and Investec Limited and, in particular, the combined group annual financial statements and results.

The audit committees comply with all legal and regulatory requirements as necessary under both UK and South African legislation and listings rules, and apply the corporate governance principles for audit committees as required by the UK Disclosure and Transparency Rules (7.1.3R), the UK Corporate Governance Code and King III.

The board recognises the important role of the audit committees as part of the risk management and corporate governance processes and procedures of the Investec group. In this regard, the audit committees have oversight of and monitor:

- Financial reporting process and risks
- Fraud and IT risks as they relate to financial reporting
- The effectiveness of the group's internal controls, internal audit and risk management systems
- The statutory audit and group annual financial statements and the integrated annual report
- The independence and performance of the statutory and internal auditor.

At each audit committee meeting, the group chief executive officer, group managing director and group risk and finance director provide an in-depth assessment of their current risk-related concerns and the procedures introduced by management to control or mitigate these risks.

Following the completion of all group audit committee meetings, a written report is provided to the next meeting of the board of directors highlighting matters of which the audit committee believes the board should be aware.

All responsibilities are covered in the audit committees' terms of reference.

The board has approved the terms of reference for the audit committees which can be found on our website.

The audit committees approve the annual internal audit plan. The heads of Internal Audit for both Investec plc and Investec Limited have free access to the chairman of the audit committees or any member of the audit committees and they attend all audit committee meetings by invitation.

External auditors from both the UK and South Africa attend audit committee meetings.

Membership and attendance

The audit committees are comprised entirely of independent non-executive directors who must meet predetermined skills, competency and experience requirements.

George Alford and Olivia Dickson did not seek re-election as directors of the group and as such resigned from the audit committees with effect from 7 August 2014.

Our sincere thanks for their wise counsel and contribution over the many years they served as valued members of the audit committees.

The committees have been bolstered following the appointments of Khumo Shuenyane, Zarina Bassa and Laurel Bowden during the year.

In aggregate the audit committees meet 12 times per year. The chairman, chief executive officer, managing director, finance and risk director, heads of Compliance, IT, Operational Risk, Internal Audit, Finance and representatives of the external auditors attend meetings by invitation.

A comprehensive meeting pack is prepared with written reports received from the external auditors and each of the above functions. They present on the significant matters included in their reports.

The chairman of the audit committees regularly meets with the heads of Internal Audit as well as the lead external audit partners outside formal committee meetings.

At the final results audit committee meetings, the external auditors and internal auditors meet separately with the committee members to enable them to have a frank and open debate without the executives being present.

Attendance by members at audit committee meetings during the financial year ended 31 March 2015:

Members	DLC audit committee		Investec plc audit committee		Investec Limited audit committee	
	Number of meetings	Number of meetings attended	Number of meetings	Number of meetings attended	Number of meetings	Number of meetings attended
D Friedland (chairman)	4	4	4	4	4	4
GFO Alford*	4	2	4	1	4	1
ZBM Bassa**	4	2	4	2	4	2
LC Bowden***	4	–	4	2	4	2
OC Dickson*	4	2	4	1	4	1
KL Shuenyane****	4	2	4	3	4	3
PRS Thomas	4	4	4	4	4	4
CB Tshili*****	4	2	n/a	n/a	4	1

* *GFO Alford and OC Dickson stepped down from the audit committees with effect from 7 August 2014 and were therefore only eligible to attend meetings held prior to 7 August 2014.*

** *ZBM Bassa was appointed to the audit committees with effect from 1 November 2014 and was therefore only eligible to attend meetings held after 1 November 2014.*

*** *LC Bowden was appointed to the audit committees with effect from 1 January 2015 and was therefore only eligible to attend meetings held after 1 January 2015.*

**** *KL Shuenyane was appointed to the audit committees with effect from 8 August 2014 and was therefore only eligible to attend meetings held after 8 August 2014.*

***** *CB Tshili was a non-executive director of Investec Bank Limited, a major subsidiary of Investec Limited, and represented its interest on this committee. CB Tshili stepped down from the audit committees with effect from 7 August 2014 and was therefore only eligible to attend meetings held prior to 7 August 2014.*

Summary of conclusions reached by the audit committees for the year ended 31 March 2015

The individual and combined audit committees, to the best of our knowledge and belief, are satisfied that:

- The finance functions of both Investec plc and its subsidiaries and Investec Limited and its subsidiaries are adequately skilled, resourced and experienced
- The group risk and finance director, GR Burger, has the appropriate expertise and experience to meet the responsibilities of the position
- The group's internal financial controls are effective and all identified weaknesses in financial control are being addressed
- The external auditors of both Investec plc and Investec Limited are, and remain, independent
- The external auditors perform their functions with the appropriate expertise, competence and experience.

In fulfilling our duties, the audit committees have:

- Considered whether the integrated annual report taken as a whole was fair, balanced and understandable and provided the information necessary for stakeholders to assess the group's performance
- Reviewed and discussed with the external auditors material areas in which significant judgements were applied
- Reviewed the Internal Audit function including the process for evaluating the control environment, approved the internal audit plan and considered internal audit reports
- Reviewed and considered representations by management on the going concern statement for the group and recommended the adoption of the going concern concept to the board
- Discussed with management the process used to identify, measure and oversee tax risks
- Reviewed the risk assessment process and the manner in which significant business risks are managed
- Recommended to the board the reappointment of our external auditors. (See external auditors on the next page)
- Focused on information security, due to the ever increasing threat posed by cybercrime and risks associated with mobile technology and social media
- Confirmed the absence of any indicators of fraud with regard to financial reporting.

The audit committees recommended the adoption of the integrated annual report to the board.

In this regard the audit committees:

- Considered facts and risks that may impact on the integrity of the integrated annual report
- Reviewed and commented on the annual financial statements included in the integrated annual report
- Reviewed the disclosure of sustainability issues in the integrated annual report to ensure they are reliable and do not conflict with the financial information
- Obtained confirmation from the chief executive officer and group risk and finance director that they considered the disclosures to be fair, reasonable and balanced

- Reviewed the annual report to ensure that taken as a whole, it is fair, reasonable and balanced and have advised the board to that effect
- Engaged Grant Thornton to verify all the environmental data included in the report. None of the audit firms engaged in the group's external audit was considered for the project.

The board subsequently approved the integrated annual report, including the annual financial statements, which will be tabled for approval at the forthcoming annual general meeting.

External auditors

Appointment and independence

The committee considers the reappointment of the external auditor each year before making a recommendation to the board and shareholders. It assesses the independence of the external auditor on an ongoing basis. The external auditor is required to rotate the lead audit partner every five years and other senior audit staff every seven years. Partners and senior staff associated with the Investec audit may only be employed by the group after a cooling off period. The lead partner rotated last year so 2015 was the first year of the new lead partner's five-year rotation.

Although Ernst & Young has been the group's auditors since listing on the London Stock Exchange in 2002, we believe that partner rotation, limitations on non-audit services and the confirmation of the independence of both Ernst & Young and the audit team are adequate safeguards to ensure that the audit process is both objective and effective.

Non-audit services

The committees have adopted a policy on the engagement of the external auditors to provide non-audit services. This policy, designed to safeguard auditor objectivity and independence, includes guidelines on permitted and non-permitted services and on services requiring specific approval by the committees.

The committees review whether the level of non-audit fees could impact the independence of the auditors. This is monitored by reference to the level of fees paid for services, excluding services which are required to be provided by the external auditors due to their office, against the fees paid for the audit of the group.

For further details on non-audit services see note 6 on page 48 in volume three.

Internal Audit

The committees are responsible for monitoring and reviewing the scope and the effectiveness of the Internal Audit function. Both the Investec Limited and Investec plc heads of Internal Audit have a direct reporting line to the chairman of the audit committees and they regularly meet to discuss progress with the audit plans, and setting annual objectives. Internal Audit was subject to a 'quality assurance review' in 2014. The areas identified for improving efficiency and streamlining the audit process were implemented during the financial year.

Risks addressed during the year under review

Detailed below are significant audit risks the committees focused on:

- Monitoring of credit quality and the appropriateness of the allowance for credit losses

  We discussed with management and the auditors the specific and collective loan provision process, and considered the reasonableness of the allowance relative to the quality of the book and related collateral
- Valuation of financial instruments and unlisted investments

  Unlisted investments often require a large degree of subjectivity surrounding the various inputs to their valuations. We discussed with management the assumptions used in the valuations of unlisted investments, including embedded derivatives
- Accounting and financial reporting of large or complex transactions

  Discussions were held with management and the external auditors with regard to large and complex transactions to ensure compliance with the Accounting Standards including estimates of levels of taxation expected to be payable

The internal and external auditors provided detailed reporting in respect of these key areas.

In addition, the audit committees considered the following themes:

- Cybercrime

  The group experienced an escalation in attempted IT fraud and other forms of cybercrime. Considerable effort and time have been devoted by management to ensure that IT controls are robust and appropriate solutions are deployed to protect the group from increased threat levels
- Liquidity risk

  The adequacy and appropriateness of liquidity management throughout the group's operations
- Compliance with laws and regulations

  Adherence to key regulatory issues facing the group
- Control weaknesses

  Assessing the internal control weaknesses identified by the assurance providers and ensuring appropriate steps are taken within prescribed and specified time limits to mitigate and remedy such weaknesses.

IFRS 9 Financial Instruments

The new standard includes revised guidance on classification and measurement of financial assets including a new expected credit loss model for calculating impairments.

Although the new standard is only effective from the 2019 financial year, the finance team has commenced addressing a number of challenges and uncertainties inherent in implementing the new standard.

Among the key issues are:

- The need to develop more forward-looking estimates of future credit losses
- The transfer of assets between impairment categories is likely to be highly dependent on judgement and internal management processes
- Interpretation of the terms 'significant increase' in credit risk and of 'default' will also require judgement

The audit committees will use the lead time to challenge management's assessment of the standard's effect and remain abreast of its implementation plans.

We are still in the process of assessing the impact of IFRS 9.

Audit committees' structure

The table below depicts the Investec group audit committees' structure and ambit of activities.

Audit committees of Investec plc and Investec Limited

External auditors • Planning/budget • Conflict/audit independence confirmations • Non-attest services and fees • Reports to regulators • Management letter • Quality of earnings (audit differences schedule) • Appointment/reappointment **Compliance** • Planning • Resources • High level reporting of possible compliance breaches • Monitoring of special projects • Regulatory matters **Tax** • High level only • Tax sub-committee **Prudential audit and conduct committee** • Distil only major issues to the Investec plc audit committee	**Audit sub-committees** • Distil only major issues to audit committees • High level reports **Audit compliance implementations forum (ACIF)** • Reviews higher rated findings from all assurance providers • Monitors mitigation of above risks **Information technology** • Status • Major risks, including cybercrime • Change control • Capacity management • Security and fraud awareness • Staffing • Projects • Governance • Disaster recovery	**Current risk review** • Chief executive officer • Managing director • Financial director **Internal auditors** • Annual audit plan • Adequacy of staffing complement • Succession planning • Internal audit charter • Status of audit work plan • Report of findings and monitoring of outstanding issues • Special ad hoc work • Review of high level reports • Internal controls • Sustainability report **Operational risk** • Fundamental internal controls • Fraud and loss statistics • Insurance coverage	• Corporate governance (South African Banks Act requirements) • Disaster recovery and business continuity • Key staff issues **Finance** • Accounting policies • Annual financial statements – Half-year results – Year-end results • Production of audited annual financial statements of companies and subsidiaries • Accounting for one-off transactions • Accounting updates and conventions – IFRS • Basel • Reconciliations • Regulatory reports • Representation letters

Support structures

Audit sub-committees for Investec plc and Investec Limited, and other regulated subsidiaries, have been established. Reports on the risk and control environment of all business units and principal operating subsidiaries are made to one of the audit sub-committees, with significant issues being escalated to the audit committees. These allow senior managers of the business units, who do not attend the main Investec plc and Investec Limited audit committee meetings, to meet with the risk and control functions and to provide input on the risk and control environment of their business units. Members of the Investec plc and Investec Limited audit committees are entitled to attend these meetings and, as a general rule, at least one non-executive director attends these meetings.

The forums are key to enhancing risk and control consciousness and the associated control environment of the group.

The forums support and provide important insight to the audit committees. Essentially, the forums act as a filter, enabling the audit committees to concentrate their efforts on matters of appropriate materiality.

Audit tendering

In June 2014, European Union (EU) audit legistlation came into force. Among other provisions, it imposes mandatory audit firm rotation. The legislation will take effect in June 2016. Special transition arrangements apply to the provisions on mandatory firm rotation.

In December 2014 the UK Government (Department for Business Innovation and Skills (BIS)) and Financial Reporting Council (FRC), respectively, launched a discussion document and detailed consultation paper. Both explore options for the implementation of the EU's audit legislation. Subject to the responses, BIS is expected to issue a detailed consultation in the last quarter of 2015. Once the FRC has considered the responses to its questions, and decided which options to take forward, it will amend its standards via a further consultation in 2015. BIS will proceed, for the remainder of 2015, drafting amendments to the Companies Act 2006 and the European Communities Act 1972, which will be subject to parliamentary approval, in readiness for June 2016 when the EU legislation takes effect.

The committees will continue to monitor these developments and consider the impact of these regimes on Investec's external audit arrangements as the UK implementation rules become clearer.

David Friedland
Chairman, audit committees

10 June 2015

DLC remuneration committee

The report by the chairman of the DLC remuneration committee, including a summary of the roles and responsibilities, is set out in the remuneration report on pages 140 and 141.

Membership and attendance

Attendance by members at remuneration committee meetings during the financial year ended 31 March 2015:

Members	Number of meetings held during the year	Number of meetings attended during the year
PKO Crosthwaite (chairman)	9	9
OC Dickson*	9	3
B Fried**	9	4
CR Jacobs***	9	5
Sir David J Prosser****	9	3
F Titi	9	8

* *OC Dickson stepped down from the DLC remuneration committee with effect from 7 August 2014.*

** *B Fried stepped down from the DLC remuneration committee with effect from 18 September 2014.*

*** *CR Jacobs was appointed to the DLC remuneration committee with effect from 8 August 2014.*

**** *Sir David J Prosser stepped down from the DLC remuneration committee with effect from 8 August 2014.*

DLC nominations and directors' affairs committee (NOMDAC)

Introduction

This report to the board and shareholders, on how the NOMDAC has discharged its duties, has been prepared in accordance with sound governance principles.

Background

The NOMDAC has combined the duties of a nominations committee as well as that of a directors' affairs committee as required under section 64B of the South African Banks Act.

Major operating subsidiaries in the group are exempt from having their own nominations or directors' affairs committee, as the NOMDAC fulfils the duties for these companies as well.

The NOMDAC complies with all legal and regulatory requirements as necessary under both UK and South African legislation and listings rules and corporate governance principles.

The board has approved terms of reference for the NOMDAC which can be found on our website.

Role and responsibilities

The NOMDAC is responsible for, amongst other things:

- Identifying and nominating candidates to the board to fill board vacancies as and when they arise
- Determining and evaluating the adequacy, efficiency and appropriateness of the corporate governance structure and practices of the group
- Establishing and maintaining a board directorship continuity and refreshment programme
- Regularly reviewing the structure, size and composition (including the skills, knowledge and experience) of the board and board committees compared with their current situations and making recommendations to the board regarding any changes
- Reviewing the succession plan of the key positions in Investec Limited and Investec plc and all their major subsidiaries, in order to ensure that an updated management succession plan remains in place.

Membership and attendance

Attendance by members at NOMDAC meetings during the financial year ended 31 March 2015:

Members	Number of meetings held during the year	Number of meetings attended during the year
F Titi (chairman)	5	5
SE Abrahams*	5	4
GFO Alford**	5	2
PKO Crosthwaite***	5	3
D Friedland***	5	3
Sir David J Prosser**	5	2
KXT Socikwa*	5	4
PRS Thomas	5	5

* *SE Abrahams and KXT Socikwa are non-executive directors of Investec Bank Limited, a major subsidiary of Investec Limited, and represent its interest on this committee.*

** *GFO Alford and Sir David J Prosser stepped down from the NOMDAC on 7 August 2014.*

*** *PKO Crosthwaite and D Friedland were appointed as members of the committee on 30 July 2014 and were only eligible to attend meetings from this date.*

Summary of conclusions reached and key recommendations made to the board during the year under review

Board composition

- Reviewed the structure, size and composition of the board and subsidiary boards and the principal board committees and has carefully reviewed the balance of independent non-executives relating to executive directors
- As noted on page 94, the committee considered that it was appropriate to increase the number of independent non-executive directors on the board while ensuring that there is a sufficient number of non-executive directors with experience and knowledge of the business. Accordingly, the board adopted a structured programme of refreshing the board
- The board acknowledges the value to be derived from bringing together on the board individuals with a broad range of backgrounds, experience and outlooks. Gender is recognised to be an important part of that diversity, and currently the board comprises four women
- While non-executive appointments are based on merit and overall suitability for the role, the NOMDAC will be mindful of the value of diversity as it progresses the structured refreshment programme described above
- The NOMDAC has recommended to the board that going forward, non-executive appointments are made for an expected period of nine years (three times three years) from the date the non-executive director was first appointed.

Board succession

The NOMDAC continued to focus on ensuring that the board has the appropriate balance of skills, experience, independence and knowledge of the group. The board agreed, on the recommendation of the NOMDAC, to implement a structured refreshment programme so as to ensure that we are recruiting new, independent non-executive directors and retiring some of our longer serving non-executive directors over a period of years.

In this regard:

- George Alford and Peter Malungani, both of whom successfully served on the board for a period exceeding nine years, did not stand for re-election at the August 2014 annual general meeting
- Olivia Dickson did not offer herself for re-election at the August 2014 annual general meeting
- The board, on the recommendation of the NOMDAC and following regulatory approval, appointed Charles Jacobs, Lord Malloch-Brown and Khumo Shuenyane as independent non-executive directors with effect from 8 August 2014. Zarina Bassa was appointed with effect from 1 November 2014 and Laurel Bowden, with effect from 1 January 2015.

Process for board appointments

Appointments to the board were made following a thorough and extensive recruitment process. The NOMDAC completed an analysis of the skills, experience and diversity of the current board, and recorded this on a detailed skills matrix. This was used to help identify the core competencies desired from new appointments to the board. The NOMDAC retained the services of Woodburn Mann and Zygos Partnership to identify potential candidates and to assist with the selection process. Neither of the external search consultancies has any connections to the companies. A shortlist of candidates was drawn up and selected candidates were interviewed by the chairman and members of the NOMDAC to assess amongst other things their knowledge, commitment and understanding of the role. Following this the NOMDAC made its recommendations to the board.

Management succession

The NOMDAC received a detailed presentation from the executive regarding senior management succession, and the NOMDAC is satisfied that there is a formal management succession plan in place. The NOMDAC derives comfort from the fact that people development is an integral part of Investec's culture and values creating a deep pool of talent to draw from. The board approved a plan proposed by executive management whereby the chief executive officer and managing director will, in the medium term, delegate more of their operational responsibilities to the executive teams reporting to them. The NOMDAC will continue to focus on ensuring that the management succession plan remains up to date and the respective succession plans in the three pillars continue to be implemented within the respective businesses.

Governance

The NOMDAC:

- Considered changes to the UK Corporate Governance Code published in September 2014
- Monitored the induction programme of new directors
- Ensured that the directors' ongoing development programme remains relevant and appropriate
- Considered the independence of board members and where necessary made recommendations to the board
- Reviewed the expertise of the company secretaries and made recommendations to the board.

Board effectiveness

- In 2013, the board commissioned a board effectiveness review conducted by an external independent facilitator, Professor Rob Goffee of the London Business School (the 2013 review). Professor Goffee has no connection with the group. The detailed outcomes of that review were disclosed in the previous integrated annual report

- The 2015 review of the board's effectiveness was accordingly not conducted by an external independent facilitator and took the form of a detailed questionnaire and a series of structured interviews between the chairman and each individual director (the 2015 review). All directors completed the questionnaire and were interviewed during the course of the 2015 review.

Fani Titi
Chairman, DLC nominations and directors' affairs committee

10 June 2015

DLC social and ethics committee (SEC)

Introduction

This report to the board and shareholders, on how the SEC has discharged its duties, has been prepared in accordance with sound governance principles.

Background

The SEC is mandated by the board to be the social and ethics committee of Investec plc and Investec Limited and their subsidiaries. The South African Companies Act 2008, as amended (the Act), provides that all listed public companies must establish a social and ethics committee. The Act enables the group to appoint a social and ethics committee for the holding company, which will fulfil the required functions on behalf of the subsidiary companies. Due to the required functions of the committee which are universal in nature, the board resolved to constitute the committee to monitor the activities for the group and not just Investec Limited.

Role and responsibilities

The DLC SEC is responsible for monitoring the group's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:

- Social and economic development
- Good corporate citizenship
- Monitoring Investec Limited and its subsidiaries' activities, with regard to matters relating to:
  - the Employment Equity Act;
  - the Broad-Based Black Economic Empowerment Act; and
  - contribution to development of the communities in which its activities are predominantly conducted or within which its products and services are predominantly marketed.
- Talent, retention and attraction of employees
- Culture and ethics.

The committee's terms of reference are available on our website.

Membership and attendance

Attendance by members at SEC meetings during the financial year ended 31 March 2015:

	Number of meetings held during the year	Number of meetings attended during the year
Executive directors		
B Kantor	2	2
S Koseff	2	2
Non-executive directors		
F Titi (chairman)	2	2
CA Carolus	2	2
Lord Malloch-Brown KCMG*	2	1
PRS Thomas	2	2

* *Lord Malloch-Brown was appointed to the committee on 30 July 2014 and was therefore only eligible to attend meetings held after this date.*

Summary of monitoring activities during the year under review

Employment equity

- The committee monitors progress made against Investec Limited's Employment Equity Plan
- The committee engages with the management of Human Resources to discuss challenges around matters such as diversity and employment equity targets
- The committee engages with members of the employment equity forum
- The committee monitors and reviews diversity across the group and considers any regulatory developments in this regard.

Skills development

- The committee monitors the various learning and leadership programmes on offer by the group
- The committee monitors the group's spend on skills development and discusses initiatives with Human Resources in this regard.

Corporate social investment (CSI)

- The committee receives regular reports on the group's CSI initiatives and the CSI strategy and spend.

Transformation

- The committee monitors Investec Limited's empowerment rating and discusses with management how to improve the rating
- The committee received detailed information on the recent developments with respect to the Department of Trade and Industry Codes and the impact on the Financial Sector Charter and scorecards going forward.

Sustainability

- The committee receives regular, detailed reports on all matters relating to sustainability
- The committee monitors the group's initiatives to reduce the carbon footprint.

Conservation

- The committee receives presentations about the group's initiatives around conservation.

Reputational risk

- The committee receives reports regarding matters that could impact the group's reputation.

Fani Titi
Chairman, DLC social and ethics committee

10 June 2015

DLC board risk and capital committee (BRCC)

Introduction

This report to the board and shareholders, on how the BRCC has discharged its duties, has been prepared in accordance with sound governance principles.

Background

The BRCC is the appointed board committee to meet the requirements of the UK and SA regulators for the board of directors of a bank.

The purpose of the BRCC is to determine, under delegated authority from (and as a sub-committee of) the board, the categories of risk, specific risk and the extent of such risks which the group on a consolidated basis, and its banks on a solo basis, should undertake.

Role and responsibilities

The committee will ensure that:

- All decisions of the board on risk management policies and procedures are implemented and monitored throughout Investec
- The risk management structure is adequate, with sufficient resources and budget, and exceptions are reported to the board
- Exposure limits for market, counterparty and credit risk are ratified; liquidity and operational risk are also monitored
- There is an ongoing process of risk and control identification, particularly for any changes to business objectives and the basis of measuring risk
- There is sufficient capital in relation to existing and potential risks to the organisation.

Over the past year the committee has spent a considerable amount of time reviewing and monitoring matters relating to cybercrime and conduct risk across all geographies in which the group operates. The BRCC defines the processes by which internal financial control, risk and capital management are assumed and monitored. The Group Risk Management division provides the expertise, processes and techniques from which the processes can be built and monitored daily.

A number of committees are dedicated to aspects of risk management and report directly to the board and the BRCC. These include the DLC capital committee, ERRF, asset and liability committees, group credit committees, group market risk forum, group deal forum, operational risk committees/forums and group legal risk forum.

The committee's terms of reference are available on our website.

Membership and attendance

Attendance by members at BRCC meetings during the financial year ended 31 March 2015:

	Number of meetings held during the year	Number of meetings attended during the year
Executive directors		
S Koseff	6	6
B Kantor (managing director)	6	6
GR Burger (group risk and finance director)	6	6
Non-executive directors		
SE Abrahams*	6	5
B Fried	6	5
D Friedland (chairman)**	6	6
H Fukuda OBE	6	6
MP Malungani***	6	1
Sir David J Prosser***	6	2
KXT Socikwa*	6	4
PRS Thomas	6	6
F Titi****	6	5
KL Shuenyane	6	2
ZBM Bassa	6	3

* *SE Abrahams and KXT Socikwa are non-executive directors of Investec Bank Limited, a major subsidiary of Investec Limited, and represent its interests on this committee.*
** *D Friedland became the chairman of the BRCC with effect from 12 September 2014.*
*** *MP Malungani and Sir David J Prosser did not offer themselves for re-election at the annual general meeting held on 7 August 2014, and were therefore only eligible to attend meetings held prior to 7 August 2014.*
**** *F Titi represented Investec at the World Economic Forum in Davos and as such could not attend one meeting.*

Additional meetings are held throughout the year when necessary. Material incidents and losses and significant breaches of systems and controls are reported to the BRCC, ERRF, GRCC as well as the audit committees.

For more information on the group's risk management processes, please refer to volume two.

David Friedland
Chairman

Board risk and capital committee

10 June 2015

Group risk and capital committee (GRCC)

The GRCC is mandated by the BRCC to be the group risk and capital committee of Investec Limited and Investec plc and their banking and other subsidiaries, as regards enterprise-wide risk and its measurement, monitoring and mitigation.

The purpose of the GRRC is to supplement the BRCC and ERRF.

Executive risk review forum (ERRF)

The ERRF is mandated by the BRCC to be the ERRF of Investec plc and Investec Limited and their subsidiaries, as regards enterprise-wide risk and its measurement, monitoring and mitigation.

The purpose of the ERRF is to supplement the BRCC. It assists in determining the categories of risk, the specific risks and the extent of such risks which the group should undertake.

Role and responsibilities

The ERRF:

- Evaluates the most significant risks Investec faces in the ordinary course of business
- Reviews the risk models (including, but not limited to, credit models) which need to be incorporated appropriately into the allocation of capital
- Ensures that limits are adhered to and that agreed recommendations to mitigate risk are implemented
- Acts as agent of the board to ensure that all decisions of the board on risk management policies and procedures are implemented and monitored throughout the group
- Ensures the group-wide risk management structure is adequately resourced and has an appropriate budget
- Provides regular reports to the board focusing on effectiveness of the control framework
- Provides regular reports on group-wide adherence to regulatory requirements and advises on how changes to regulatory requirements will affect us
- Ensures that there is an ongoing process of risk and control identification, particularly in line with any changes to business objectives, such as the commencement of a new trading area or product stream.

Meetings take place every Monday except on the BRCC dates.

DLC capital committee

The DLC capital committee is mandated by the BRCC to be the capital committee of Investec plc and Investec Limited and their subsidiaries, as regards capital allocation and structuring, performance measurement, investment decisions and capital-based incentivisation.

Role and responsibilities

The DLC capital committee is responsible for:

- Determining the DLC group's capital requirements
- Reviewing capital adequacy submissions to be made to regulators
- Considering the ongoing requirements and consequences of Basel III and other regulatory requirements and their impacts on regulatory capital requirements
- Reviewing the risk models which need to be incorporated appropriately into the allocation of capital
- Considering, determining and approving capital issues relating to any corporate structuring for acquisitions
- Monitoring the capital positions and returns on internal capital of each business unit
- Submission of capital recommendations to the BRCC.

Stephen Koseff
Chairman

Group risk and capital committee,
Executive risk review forum and
DLC capital committee

10 June 2015

Risk management

The board is responsible for the total process of risk management and the systems of internal control. A number of committees and forums assist in this regard. Senior management is responsible for identifying risks and implementing appropriate mitigation processes and controls within their businesses.

The independent group risk management functions, accountable to the board, are responsible for establishing, reviewing and monitoring the process of risk management. Group Risk Management reports regularly to the BRCC, the GRCC and the ERRF.

Risk management is discussed in more detail in volume two.

Internal Audit

Each significant jurisdiction has an internal audit presence that is appropriate for the size, nature and extent of business conducted. Smaller geographies are supported by the Internal Audit teams of the Investec plc and Investec Limited groups.

A risk-based audit approach is followed and the audit committee approves annual audit plans.

For further details on the Internal Audit, see page 97 in volume two.

External audit

Investec's external auditors are Ernst & Young LLP and Ernst & Young Inc, at a DLC level. Ernst & Young Inc and KPMG Inc are joint auditors of the Investec Limited silo and Ernst & Young LLP are the auditors of the Investec plc silo. The independence of the external auditors is reviewed by the audit committees each year.

The audit committees meet with the external auditors to review the scope of the external audit, budgets, the extent of non-audit services rendered and all other audit matters.

The external auditors are invited to attend audit committee meetings and have access to the chairman of each audit committee. Recommendations on the rotation of auditors, as laid out in the UK Auditing Practices Board Ethical Standard 3 as well as Directive 6/2008 of the South African Banks Act, were adhered to during the year under review.

Non-audit services are dealt with in terms of an agreed policy which states that:

- External audit firms will have internal standards and processes to monitor and maintain their independence and these must be presented to the audit committees on an annual basis. These will be considered based on the explicit exclusions contained in existing rules and guidelines
- Safeguards must be in place to ensure that there is no threat to the objectivity and independence in the conduct of the audit, resulting from the provision of non-audit services by the external auditors.

Total audit fees paid to all auditors for the year ended were £16.4 million (2014: £12 million), of which £3.2 million (2014: £2.1 million) related to the provision of non-audit services.

For further details on non-audit services see note 6 on page 48 *in volume three.*

Compliance

The Compliance function ensures that Investec continuously complies with existing and emerging regulation impacting on its operations. We recognise our responsibility to conduct business in accordance with the laws and regulations in the countries and areas in which we operate. The Compliance function is managed by group Compliance and supported by the compliance officers in the business units.

For further details on the Compliance function, see pages 98 to 100 in volume two.

Regulation and supervision

Investec is subject to external regulation and supervision by various supervisory authorities in each of the jurisdictions in which we operate, the main ones being the UK Prudential Regulation Authority and the Financial Conduct Authority (the UK regulators), the Banking Supervision Department (BSD) of the South African Reserve Bank (SARB), Bank of Mauritius and the Australian Securities and Investment Commission. Some of our businesses are subject to supervision by the South African Financial Services Board, the South African National Credit Regulator and the South African Financial Intelligence Centre.

The SARB is the lead supervisor of the combined Investec group, comprising Investec plc and Investec Limited. The SARB is the supervisor of Investec Limited, while the UK regulators supervise Investec plc. We strive to establish and maintain open and active dialogue with regulators and supervisors. Processes are in place to respond proactively and pragmatically to emerging issues and we report regularly to the regulators and supervisory bodies. Where appropriate, we participate in industry committees and discussion groups to maintain and enhance the regulatory environment in which we operate.

Dealings in securities

Dealings in securities are subject to the personal account dealing policy. The policy is based on regulatory guidance and industry practice and is updated to ensure compliance with applicable regulations and industry best practice.

The policy is designed to discourage speculative trading and highlights the potential conflicts of interest between the interests of employees and the Investec group or any of its clients, shareholders or potential shareholders. The UK's disclosure and transparency rules require us to disclose transactions in shares and related securities by all persons discharging management responsibilities and their 'connected persons'. These include directors and senior executives of the group.

The UK and South African Companies Acts require directors to disclose any direct or indirect material interest they have in contracts, including proposed contracts, which are of significance to the company's business. Directors are required to make these disclosures at board meetings, and all disclosures made are recorded in the minutes of that meeting.

Staff are required to undertake not to use any personal hedging strategies to lessen the impact of a reduction in value of any share award or any vested shares which are subject to a retention period following any vesting date. Any breach of this condition will result in the lapse of any unvested proportion of such award, unless the remuneration committee determines otherwise.

Values and code of conduct

We have a strong organisational culture of entrenched values, which forms the cornerstone of our behaviour towards all stakeholders. These values are embodied in a written statement of values, which serves as our code of ethics and is continually reinforced.

We view all employees as the custodians of ethical behaviour, which is reinforced through internal processes, policies and procedures. As such all new employees are invited, and are strongly encouraged, to attend an induction process at which our philosophies, values, culture, risk management and compliance procedures are explained and discussed.

Our Organisation Development team plays an important role in facilitating the understanding and ongoing practice of our values, philosophies and culture. In addition to our values, acceptable business practices are communicated through the human resources practices manual, available on the intranet.

Approved and authorised for issue by the board of directors on 10 June 2015 and signed on its behalf by:

David Miller	Niki van Wyk
Company secretary	*Company secretary*
Investec plc	*Investec Limited*

Directorate Investec plc and Investec Limited

Executive directors

(details as at 30 June 2015)

Stephen Koseff (63)

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

Board committees: DLC board risk and capital, DLC capital and DLC social and ethics

Appointed to the board in October 1986.

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

Other directorships include: Investec Bank Limited, Investec Bank plc and a number of Investec subsidiaries.

Bernard Kantor (65)

Managing director
CTA

Board committees: DLC board risk and capital, DLC capital and DLC social and ethics

Appointed to the board in June 1987.

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

Other directorships include: Phumelela Gaming and Leisure Limited, Investec Bank Limited, Investec Bank plc and a number of Investec subsidiaries.

Glynn R Burger (58)

Group risk and finance director
BAcc, CA(SA), H Dip BDP, MBL

Board committees: DLC board risk and capital and DLC capital

Appointed to the board in July 2002.

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

Other directorships include: Investec Bank Limited and a number of Investec subsidiaries.

Hendrik J du Toit (53)

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

Appointed to the board in December 2010.

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

Other directorships include: Investec Asset Management Holdings (Pty) Ltd and Investec Asset Management Limited as well as their subsidiaries.

Non-executive directors

(details as at 30 June 2015)

Fani Titi (53)

Chairman
BSc (Hons), MA, MBA

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

Appointed to the board in January 2004. Following the retirement of Sir David Prosser in August 2014, Fani became the sole chairman.

Fani is chairman of Investec Bank Limited, Investec Bank plc and former chairman of Tiso Group Limited and former deputy chairman of the Bidvest Group.

Other directorships include: Investec Bank Limited (chairman), Investec Bank plc (chairman), Investec Employee Benefits Limited and Investec Asset Management Holdings (Pty) Ltd, Investec Asset Management Limited, Kumba Iron Ore Limited (chairman), MTN Group Limited and MRC Media (Pty) Ltd.

Zarina BM Bassa (51)

BAcc, DipAcc, CA(SA)

Board committees: DLC audit, Investec plc audit and Investec Limited group audit and DLC board risk and capital

Appointed to the board in November 2014.

Zarina is the executive chairman of Songhai Capital. A former partner of Ernst & Young Inc., she joined the Absa Group in 2002 and was an executive director and a member of the bank's executive committee, with accountability for private banking. She has previously chaired the Public Accountants' and Auditors' Board and the Auditing Standards Board and has been a member of the JSE GAAP Monitoring Panel.

Other directorships include: Financial Services Board, Investec Bank Limited, Kumba Iron Ore Limited, Lewis Group Limited, Oceana Group Limited, Senwes Limited, Sun International Limited, Vodacom Proprietary Limited and Woolworths Holdings Limited.

Laurel C Bowden (50)

National Higher Diploma Engineering, BSc, MBA

Board committees: DLC audit committee, Investec plc audit and Investec Limited group audit

Appointed to the board in January 2015.

Laurel is a partner at 83 North, where her areas of focus include internet, enterprise software and fintech. Laurel has over 15 years' investment experience and was previously a director at GE Capital in London, where she was responsible for acquisitions in consumer and transport finance in Europe.

Other directorships include: Bluevine Capital Inc., Edbury Partners Limited, 83 North, GE Ventures Limited, iZettle AB, Notonthehighstreet Enterprises Limited, and Wonga Group Limited.

Cheryl A Carolus (57)

BA (Law), BEd, Honorary doctorate in Law

Board committees: DLC social and ethics

Appointed to the board in March 2005.

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

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

Perry KO Crosthwaite (66)

Senior independent director
MA (Hons) in modern languages

Board committees: DLC remuneration and DLC nominations and directors' affairs

Appointed to the board in June 2010.

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

Other directorships include: Investec Bank plc, Jupiter Green Investment Trust plc, Melrose Industries plc, Investec Holdings (Ireland) Limited and Investec Capital and Investments (Ireland) Limited.

Bradley Fried (49)

BCom, CA(SA), MBA

Board committees: DLC board risk and capital

Appointed to the board in April 2010.

Bradley previously held the positions of joint head of investment banking and chief executive of Investec Bank plc. He is the chief executive in residence at Judge Business School.

Other directorships include: Investec Wealth & Investment Limited, Grovepoint Capital LLP and deputy chairman of the Court of Bank of England.

David Friedland (62)

BCom, CA(SA)

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

Appointed to the board in March 2013.

David is a former partner of both Arthur Andersen and KPMG Inc. where he also served as head of audit and risk in KPMG, Cape Town office.

Other directorships include: Investec Bank Limited, Investec Bank plc, The Foschini Group Limited, Pick n Pay Stores Limited and Pres Les (Pty) Ltd.

Haruko Fukuda OBE (68)

MA (Cantab), DSc

Board committees: DLC board risk and capital

Appointed to the board in July 2003.

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

Other directorships include: Investec Bank plc, director of Aberdeen Asian Smaller Companies Investment Trust Plc. She is an adviser to Braj Binani Group of India.

Charles R Jacobs (48)

LLB

Board committees: DLC remuneration

Appointed to the board in August 2014.

Charles Jacobs is a senior partner of Linklaters LLP specialising in public and private M&A, capital raisings and initial public offerings, joint ventures, corporate governance and other corporate work. Charles also heads Linklaters' global mining team and much of his work is in this sector. Charles has been a solicitor at Linklaters for over 20 years and has been a partner since 1999.

Other directorships include: Linklaters LLP and Fresnillo plc (Director and chairman of the remuneration committee)

Ian R Kantor (68)

BSc (Eng), MBA

Appointed to the board in July 1980.

Other directorships include: Insinger de Beaufort Holdings SA (in which Investec Limited indirectly holds an 8.6% interest), Bank Insinger de Beaufort NV (where he is chairman of the management board) Investec Asset Management Holdings (Pty) Ltd and Investec Asset Management Limited.

Lord Malloch-Brown KCMG (61)

BA (Hons) History, MA (Political Science)

Board committees: DLC social and ethics

Appointed to the board in August 2014.

Lord Malloch-Brown is a former chairman of Europe, Middle East and Africa at FTI Consulting.

From 2007 to 2009, Lord Malloch-Brown was a UK government minister. Lord Malloch-Brown was formerly the deputy secretary-general of the United Nations as well as development specialist at the World Bank and United Nations and a communications consultant and journalist with wide ranging experience of boards.

Other directorships include: Gadco Cooperatief U.A., Seplat Petroleum Development Company plc and Smartmatic Limited.

Khumo L Shuenyane (44)

Associate CA (Member of the Institute of Chartered Accountants in England and Wales)

Bachelor in Social Science (International studies with Economics)

Board committees: DLC audit, Investec plc audit and Investec Limited group audit and DLC board risk and capital

Appointed to the board in August 2014.

Khumo is a chartered accountant (England and Wales), BEcon and International Studies and was previously group chief officer (Mergers and Acquisitions and International Business Development) of MTN Group Limited. Until 2007, Khumo was head of Principal Investments at Investec Bank Limited.

Other directorships include: Investec Bank Limited and Famous Brands Limited.

Peter RS Thomas (70)

CA(SA)

Board committees: DLC audit, Investec plc audit, Investec Limited group audit, DLC board risk and capital, DLC nominations and directors' affairs, DLC social and ethics and DLC capital

Appointed to the board in June 1981.

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

Other directorships include: Investec Bank Limited, various Investec subsidiaries, JCI Limited and various unlisted companies.

Footnotes

- George FO Alford, Olivia C Dickson and M Peter Malungani resigned as directors with effect from 7 August 2014
- Charles R Jacobs, Lord Malloch-Brown and Khumo L Shuenyane were appointed as directors with effect from 8 August 2014
- Zarina BM Bassa was appointed as a director with effect from 1 November 2014
- Laurel C Bowden was appointed as a director with effect from 1 January 2015.

Details of the Investec committees can be found on pages 103 to 112.

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

Shareholder analysis

Investec ordinary shares

As at 31 March 2015, Investec plc and Investec Limited had 613.6 million and 285.7 million ordinary shares in issue respectively.

Spread of ordinary shareholders as at 31 March 2015

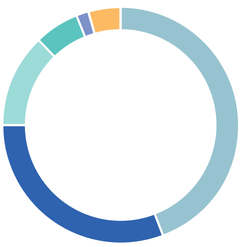
Investec plc ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
13 872	1 – 500	52.9%	2 455 958	0.4%
4 284	501 – 1 000	16.4%	3 306 452	0.5%
5 224	1 001 – 5 000	19.9%	11 904 952	1.9%
960	5 001 – 10 000	3.7%	7 021 993	1.1%
1 013	10 001 – 50 000	3.9%	23 509 064	3.8%
297	50 001 – 100 000	1.1%	21 028 850	3.4%
542	100 001 and over	2.1%	544 382 373	88.9%
26 192		100.0%	613 609 642	100.0%

Investec Limited ordinary shares in issue

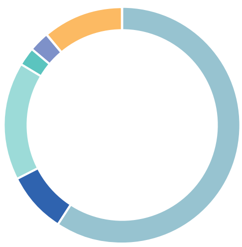
Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
3 018	1 – 500	41.1%	656 916	0.2%
1 320	501 – 1 000	18.0%	1 022 894	0.4%
1 716	1 001 – 5 000	23.4%	3 966 211	1.4%
379	5 001 – 10 000	5.2%	2 821 930	1.0%
517	10 001 – 50 000	7.0%	12 611 455	4.4%
154	50 001 – 100 000	2.1%	11 035 521	3.8%
238	100 001 and over	3.2%	253 633 696	88.8%
7 342		100.0%	285 748 623	100.0%

Geographical holding by beneficial ordinary share owner as at 31 March 2015



Investec plc

South Africa	44.3%
UK	30.9%
USA and Canada	12.7%
Rest of Europe	6.2%
Asia	1.5%
Other countries and unknown	4.4%



Investec Limited

South Africa	59.3%
UK	8.4%
USA and Canada	16.1%
Rest of Europe	2.5%
Asia	2.7%
Other countries and unknown	11.0%

Largest ordinary shareholders as at 31 March 2015

In accordance with the terms provided for in section 793 of the UK Companies Act, 2006 and section 56 of the South African Companies Act, 2008, as amended, the group has conducted investigations into the registered holders of its ordinary shares (including nominee and asset management companies) and the results are as discussed below.

Investec plc

Shareholder analysis by manager group	Number of shares	% holding
1. Public Investment Corporation (ZA)	44 869 699	7.3%
2. Allan Gray (ZA)	40 919 413	6.7%
3. BlackRock Inc (UK and US)	30 602 600	5.0%
4. Sanlam Group (ZA)	23 730 568	3.9%
5. Old Mutual (ZA)	23 168 373	3.8%
6. T Rowe Price Associates (UK)	20 065 100	3.3%
7. Prudential Group (ZA)	19 544 351	3.2%
8. Legal & General Investment Mgt (UK)	15 362 770	2.5%
9. Royal London Mutual Assurance Society (UK)	15 278 506	2.5%
10. State Street Corporation (UK and US)	14 887 417	2.4%
	248 428 797	**40.5%**

The top 10 shareholders account for 40.5% 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)	34 960 421	12.2%
2. Old Mutual (ZA)	21 575 597	7.6%
3. Investec Staff Share Scheme (ZA)	21 172 494	7.4%
4. Sanlam Group (ZA)	15 804 721	5.5%
5. Allan Gray (ZA)	14 322 145	5.0%
6. Entrepreneurial Development Trust (ZA)*	11 793 607	4.1%
7. BlackRock Inc (UK and US)	10 695 017	3.7%
8. Dimensional Fund Advisors (UK)	10 281 382	3.6%
9. Vanguard Group (US and UK)	7 846 243	2.7%
10. MMI Holdings (ZA)	7 178 025	2.5%
	155 629 652	**54.5%**

The top 10 shareholders account for 54.5% of the total shareholding in Investec Limited. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

* *In November 2003, Investec Limited implemented an empowerment transaction in which empowerment partners and an employee share scheme acquired 25.1% of the equity shareholding in Investec Limited.*

Shareholder classification as at 31 March 2015

	Number of Investec plc shares	% holding	Number of Investec Limited shares	% holding
Public*	593 522 426	96.7%	258 209 089	90.4%
Non-public	20 087 216	3.3%	27 539 534	9.6%
Non-executive directors of Investec plc/Investec Limited	3 650 183	0.6%	325	–
Executive directors of Investec plc/Investec Limited	8 111 062	1.3%	6 366 715	2.2%
Investec staff share schemes	8 325 971	1.4%	21 172 494	7.4%
Total	613 609 642	100.0%	285 748 623	100.0%

* *As per the JSE Listings Requirements.*

Share statistics

Investec plc

For the period ended	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Closing market price per share (Pounds)							
– year ended	5.61	4.85	4.59	3.82	4.78	5.39	2.92
– highest	6.06	5.08	5.14	5.22	5.50	5.62	4.21
– lowest	4.91	3.66	3.10	3.18	4.29	2.87	1.69
Number of ordinary shares in issue (million)[1]	613.6	608.8	605.2	598.3	537.2	471.1	444.9
Market capitalisation (£'million)[1]	3 442	2 953	2 778	2 286	2 568	2 539	1 299
Daily average volumes of share traded ('000)	2 170	1 985	1 305	1 683	1 634	1 933	2 604
Price earnings ratio[2]	14.2	12.8	12.7	12.0	11.1	12.0	6.9
Dividend cover (times)[2]	2.0	2.0	2.0	1.9	2.5	2.8	3.3
Dividend yield (%)[2]	3.5	3.9	3.9	4.5	3.6	3.0	4.5
Earnings yield (%)[2]	7.0	7.8	7.9	8.3	9.0	8.4	14.5

Investec Limited

For the period ended	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Closing market price per share (Rands)							
– year ended	100.51	84.84	64.26	47.16	52.80	62.49	38.86
– highest	107.35	85.04	69.89	57.36	65.50	65.40	63.19
– lowest	86.02	59.00	41.31	42.00	49.49	37.51	27.20
Number of ordinary shares in issue (million)[3]	285.7	282.9	279.6	276.0	272.8	269.8	268.4
Market capitalisation (R'million)[3]	90 388	75 652	56 857	41 232	42 768	46 299	27 715
Market capitalisation (£'million)[3]	5 045	4 325	4 061	3 340	3 872	3 378	2 083
Daily average volume of shares traded ('000)	739	810	980	1 033	794	1 068	1 168

1 *The LSE only includes the shares in issue for Investec plc, i.e. currently 613.6 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 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. currently a total of 899.3 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 2015

Investec plc perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
135	1 – 500	12.6%	35 263	0.2%
156	501 – 1 000	14.6%	128 958	0.9%
521	1 001 – 5 000	48.8%	1 108 245	7.3%
79	5 001 – 10 000	7.4%	600 669	4.0%
117	10 001 – 50 000	11.0%	2 556 637	17.0%
30	50 001 – 100 000	2.8%	2 108 240	14.0%
30	100 001 and over	2.8%	8 543 137	56.6%
1 068		100.0%	15 081 149	100.0%

Investec plc (Rand denominated) perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
85	1 – 500	23.0%	23 417	1.0%
71	501 – 1 000	19.2%	55 451	2.4%
150	1 001 – 5 000	40.4%	340 114	15.0%
26	5 001 – 10 000	7.0%	189 132	8.3%
28	10 001 – 50 000	7.6%	543 226	23.9%
5	50 001 – 100 000	1.4%	370 903	16.3%
5	100 001 and over	1.4%	753 697	33.1%
370		100.0%	2 275 940	100.0%

Investec Limited perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
851	1 – 500	15.7%	278 159	0.9%
1291	501 – 1 000	23.8%	1 104 921	3.4%
2445	1 001 – 5 000	45.0%	5 759 366	17.9%
421	5 001 – 10 000	7.8%	3 013 111	9.4%
362	10 001 – 50 000	6.7%	7 040 681	21.9%
22	50 001 – 100 000	0.4%	1 723 855	5.4%
37	100 001 and over	0.7%	13 294 406	41.3%
5 429		100.0%	32 214 499	100.0%

Investec Limited redeemable preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
867	1 – 500	90.0%	121 181	20.4%
60	501 – 1 000	6.3%	41 620	7.0%
27	1 001 – 5 000	2.8%	57 709	9.7%
2	5 001 – 10 000	0.2%	18 000	3.0%
5	10 001 – 50 000	0.5%	77 959	13.1%
1	50 001 – 100 000	0.1%	100 000	16.8%
1	100 001 and over	0.1%	177 493	30.0%
963		100.0%	593 962	100.0%

Investec Bank Limited perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
812	1 – 500	21.2%	235 948	1.5%
1 081	501 – 1 000	28.2%	953 728	6.4%
1 476	1 001 – 5 000	38.5%	3 525 606	22.8%
245	5 001 – 10 000	6.4%	1 810 119	11.7%
180	10 001 – 50 000	4.7%	3 296 473	21.3%
16	50 001 – 100 000	0.4%	1 167 111	7.5%
23	100 001 and over	0.6%	4 458 645	28.8%
3 833		100.0%	15 477 630	100.0%

Largest perpetual preference shareholders as at 31 March 2015

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

Investec plc perpetual preference shares

Pershing Nominees Limited	5.6%
Chase Nominees Limited (Artemis)	10.6%

Investec plc (Rand denominated) perpetual preference shares

NES Investments (Pty) Limited	5.3%
Liberty Active Investment	6.5%
Regent Insurance Company	6.6%
Standard Chartered Bank – Cadiz Absolute Yield fund	9.6%

Investec Limited perpetual preference shares

Standard Chartered Bank – Coronation Capital Plus fund	5.2%
Standard Chartered Bank – Coronation Strategic Income fund	5.2%

Investec Limited redeemable preference shares

Investec Securities (Pty) Limited	8.6%
National Savings and Investment (Pty) Limited	24.5%

Investec Bank Limited perpetual preference shares

There were no shareholders holding beneficial interests in excess of 5% of the issued preference shares in Investec Bank Limited as at 31 March 2015.

Building trust and credibility among our stakeholders is vital to good business

The board recognises that effective communication is integral in building stakeholder value and is committed to providing meaningful, transparent, timely and accurate financial and non-financial information to primary stakeholders, as defined below. The purpose is to help these stakeholders make meaningful assessments and informed investment decisions about the group.

We endeavour to present a balanced and understandable assessment of our position by addressing material matters of significant interest and concern. We seek to highlight the key risks to which we consider ourselves exposed and our responses to minimise the impact of these risks. Another objective is to show a balance between the positive and negative aspects of our activities in order to achieve a comprehensive and fair account of our performance.

As a requirement of our DLC structure, we comply with the disclosure obligations contained in the applicable listing rules of the UKLA and JSE and other exchanges on which our shares are listed and with any public disclosure obligations as required by the UK Regulators and SARB. We also recognise that from time to time we may be required to adhere to public disclosure obligations in other countries where we have operations.

The Investor Relations division has a day-to-day responsibility for ensuring appropriate communication with stakeholders and, together with the Company Secretarial division, ensures that we meet our public disclosure obligations.

We have a board-approved policy statement in place to ensure that we comply with all relevant public disclosure obligations and uphold the board's communication and disclosure philosophy.

Employees

- Communication policy
- Quarterly magazine *(Impact)*
- Comprehensive intranet site
- Staff updates hosted by executive management

Investors and shareholders

- Annual general meeting
- Four investor presentations
- Stock exchange announcements
- Comprehensive investor relations website
- Shareholder roadshows and presentations
- Regular meetings with Investor Relations team and executive management
- Regular email and telephonic communication
- Annual and interim reports

Government and regulatory bodies

- Active participation in policy forums
- Response and engagement on regulatory matters
- Industry consultative bodies

Clients

- Four investor presentations
- Regular email and telephonic communication
- Comprehensive investor relations website
- Regular meetings with Investor Relations team and executive management
- Tailored client presentations
- Annual and interim reports
- Client relationship managers within the business

Suppliers

- Centralised negotiation process

Rating agencies

- Four investor presentations
- Regular email and telephonic communication
- Comprehensive investor relations website
- Regular meetings with Investor Relations team, Group Risk Management and executive management
- Tailored presentations
- Annual and interim reports

Media

- Regular email and telephonic communication
- Stock exchange announcements
- Comprehensive investor relations website
- Regular meetings with Investor Relations team and executive management

Equity and debt analysts

- Four investor presentations
- Stock exchange announcements
- Comprehensive investor relations website
- Regular meetings with Investor Relations team and executive management
- Regular email and telephonic communication
- Annual and interim reports

Sustainable business practices

Our sustainability philosophy

Guided by our purpose to create sustained long-term wealth, we seek to be a positive influence in all our core businesses and in each of the societies in which we operate. We do this by empowering communities through entrepreneurship and education and leveraging the value in our diversity. We recognise the challenges that climate change presents to the global economy and we will consider supporting any meaningful activity that either reduces the negative impact on, or prolongs the life of, our planet.

Investec as a responsible corporate

At Investec we recognise that while our shareholders remain at the forefront, our purpose ultimately is not only about driving profits. We strive to be a distinctive specialist bank and asset manager, demonstrating cast-iron integrity, moral strength and behaviour which promote trust. Our core values include unselfishly contributing to society, valuing diversity and respecting others. Outstanding and empowered talent, entrepreneurial spirit and regard for the planet are other qualities that align with the culture of our organisation and our approach to responsible business.

Our culture and values demonstrate our belief that as an organisation we can and must have a positive impact on the success and well-being of communities local to our offices, the environment, and on overall macro-economic stability.

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 or 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 key drivers behind our activities, in a manner that best makes sense to each.

Please refer to the website for Investec's full Corporate Citizenship statement.

Sustainability at Investec

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

Profit

Financial strength and resilience (of the business and the economy)
- Balanced and resilient business model.

Risk management and compliance
- Strong risk consciousness
- Responsible banking practices
- Responsible lending and investing.

Governance
- Strong culture and values to underpin our processes, functions and structures.

People

Internal employees:
- Strong, diverse and capable workforce
- Provide a progressive work environment.

External CSI initiatives:
- Education
- Entrepreneurship
- Environment.

Planet

Internal
- Reduce operational impacts.

External
- Embed environmental considerations into business activities.

Sustainability at Investec is about:

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

Our approach to sustainability is documented throughout this integrated annual report with further detail in a more extensive sustainability report on our website.

Sustainability initiatives

Investec participates and has maintained its inclusions in the following international initiatives:

- The Dow Jones Sustainability Investment Index
- The JSE Limited Socially Responsible Investment Index
- The FTSE4Good Index
- UN Principles for Responsible Investment (PRI)
- UN Global Compact
- The Carbon Disclosure Project – Investec is a member and Investec Asset Management is a signatory investor.

Responsibility

The social and ethics committee is responsible for monitoring the non-profit elements of sustainability (see page 110).

The mandate of this committee places a strong emphasis on the responsibility of the group towards the communities in which we operate, on social transformation in the workplace, and on preserving the well-being and dignity of our employees.

We also have sustainability representatives in each of the major geographies in which we operate who drive our sustainability objectives as well as 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 annual report with further detail available in a more extensive sustainability report on our website.

Our approach to reporting has followed guidance from the King Code of Governance Principles for South Africa (King III), the Global Reporting Initiative's (GRI) G3.1 sustainability reporting guidelines. 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.

Assurance

Investec Internal Audit performed a limited review of the quantitative and qualitative sustainability information disclosed on pages 124 to 138 of this report. This included the review of corporate social spend, learning and development spend, employee headcount and carbon footprint.

Grant Thornton has provided limited assurance over selected environmental, human resources and corporate social spend key performance indicators, as set out in the corporate responsibility review of this integrated annual report, which have been extracted from the 2015 sustainability report. For a better understanding of the scope of Grant Thornton's assurance process, the extracted environmental, human resources and corporate social key performance indicators in this report should be read in conjunction with the full 2015 sustainability report containing their assurance statement.

Our approach to sustainability is documented throughout this integrated annual report with further detail in a more extensive sustainability report on our website.

Materiality

In identifying material issues for the group, consideration is given to those issues we believe have the potential to significantly influence our ability to have a positive impact on the success and well-being of communities local to our offices, the environment and on overall macro-economic stability. In identifying these issues, we consider Investec's values and philosophies and input obtained from our stakeholders in the context of our three key focus areas of profit, people and planet.

Material issue	Why it is important to us	How we managed in 2015
Profit		
Balanced and resilient business model	The financial strength and resilience of Investec depends on a balanced business model that supports our long-term growth vision through varying economic cycles. We aim to maintain an appropriate balance between revenue earned from operational risk activities and revenue earned from financial risk activities.	Our capital light activities contributed 56% to group income and capital-intensive activities contributed 44% to group income. Please refer to the operational and strategic report on pages 18 to 21 for more information.
Responsible banking practices	We strive to demonstrate cast-iron integrity by displaying moral strength, risk consciousness and holding ourselves to the highest ethical standards. Our robust risk management processes and governance systems provide a strong foundation for responsible banking practices.	The Compliance function ensures that Investec continuously complies with existing and emerging regulation impacting on its operations. Organisation Development (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. Please refer to pages 98 to 100 of volume two for more detail on the Compliance function.
People		
Engaging, developing and retaining our employees	The sustainability of our business depends largely on our people and positioning Investec as an attractive employer in the financial services industry. We focus on building a strong, diverse and capable workforce by providing a workplace that stimulates and rewards distinctive performance.	In 2015, we invested £14.1 million in the learning and development of our employees, compared to £11.8 million in 2014. Investec has been voted one of the most attractive employers in the 2015 Universum Most Attractive Employer awards. Investec was voted Best Bank by both professionals and graduates. Please refer to pages 140 to 180 for our remuneration report.
Making an unselfish contribution to society	Our approach to CSI focuses on education, entrepreneurship and the environment. We believe that to focus on education and entrepreneurship is an effective way to create opportunities for employment, wealth creation and to stimulate socio-economic growth.	We invested £5.4 million in corporate social investment, (2014: £5.1 million). Promaths received *Mail & Guardian's* 2014 Investing in the Future Award. Investec won the 2015 Business Charity Award for community impact in the UK for our partnership with Bromley by Bow Beyond Business incubator. During our period of involvement, the programme has launched 55 new social enterprise businesses, creating 325 new jobs.
Planet		
Sustainable finance and investment	As a niched, specialist financial services organisation with a small physical presence, the direct environmental and social impacts of Investec's daily operations are limited. The area in which Investec can make the most meaningful contribution to the environment is through responsible financing and investing and supporting businesses involved in renewable energy and green developments.	We committed £1.1 billion to renewable energy. Investec, in partnership with Vuselesa Energy, launched a first of its kind co-generation power plant in South Africa, Eternity Power. Our Asset Management business designed an ESG tool that enables databases of ESG information to be built, and will ultimately monitor the ESG performance of investments.
Reducing our operational impacts	While the direct environmental impacts of Investec's daily operations are limited, we seek to reduce our resource consumption and waste generation and thereby limit our environmental impact.	Scope 1 emissions decreased by 21% and scope 2 emissions by 5% as a result of a number of greening initiatives across our offices. Scope 3 emissions increased due to improved data collection processes which resulted in the coverage of our smaller offices. Investec Gresham Street was a runner-up in the 2014 Clean City Awards Scheme.

Our people

Investec employees remain critical to continued business success and to overall sustainability efforts. The expertise and dedication of staff are fundamental in meeting our 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 people we seek to promote sustainability through:

1. Competitive remuneration and reward
2. Bespoke (specialised) learning environment
3. Measures to ensure the health and well-being of employees
4. Performance consulting through regular reviews, pathing and development
5. Leadership development and business continuity
6. Resourcing and recruiting that prioritises a diverse workforce
7. Facilitating an understanding of the Investec culture and people practices

Our internal people activities involve dedicated divisions such as Human Resources (HR) and Organisational Development (OD), which serve to supplement the ongoing people focus of our individual business units. The Investec Careers and HR teams are mandated to enable the attraction, development and retention of 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 in local and international forums to ensure alignment of HR strategy with business strategy. As our operating jurisdictions have different legal and regulatory requirements, our various HR functions operate in a differentiated but integrated way adhering to the group philosophical approach. Senior responsibility for reporting employee-related issues falls under Marc Kahn who heads our Human Resources and Organisational Development.

Our approach to sustainability is documented throughout this integrated annual report with further detail in a more extensive sustainability report on our website.

Number of employees

By division – permanent employees	31 March 2015	31 March 2014
Asset Management		
UK and Other*	457	428
Southern Africa^	977	913
Total	1 434	1 341
Wealth & Investment		
UK and Other*	1 164	1014
Southern Africa	297	286
Total	1 461	1 300
Specialist Banking		
UK and Other*	1 939	2 229
Southern Africa	2 925	2 787
Total	4 864	5 016
Total number of permanent employees	7 759	7 657

* *Includes Australia, which was previously reported separately.*

^ *Includes Silica employees, its third party administration business.*

Audited by Investec Internal Audit and Grant Thornton as part of the sustainability review

By geography – total employees	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
UK and Other*	3 560	3 671	3 827	3 625	3 036	2 142
Southern Africa	4 199	3 986	3 748	3 661	3 680	3 542
Permanent employees	7 759	7 657	7 575	7 286	6 716	5 684
Temporary employees and contractors	495	601	576	495	521	439
Total number of employees	8 254	8 258	8 151	7 781	7 237	6 123

* *Includes Australia, which was previously reported separately.*

Employee strategy

The core areas of emphasis regarding our people strategy are:

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

Our internal resourcing function forms an integral part of our broader talent management as it enables us to source and redeploy talent internally and, where required, to recruit externally to address any skills gaps identified.

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. Our Learning and Development Centre plays a critical role in the development of our employees as well as assisting the business areas to achieve their learning objectives. Such learning objectives are always aligned to the business strategy and market trends. The centre is also involved in group-wide activities such as an induction programme for new employees, providing learning advice to individual employees and facilitating the development of generic programmes in the fields of information technology, banking and finance, compliance, e-learning, talent retention and mentoring.

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.

Further information is provided on pages 140 to 180.

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.

Spend on employee learning and development

Audited by Investec Internal Audit and Grant Thornton as part of the sustainability review

	31 March 2015		31 March 2014	
	£	R	£	R
Southern Africa				
Asset Management	290 966	5 185 006	417 008	6 722 164
Wealth & Investment	247 232	4 405 680	426 252	6 871 175
Specialist Banking	8 618 315	153 578 374*	5 759 135	92 837 252
Total	9 156 513	163 169 060	6 602 395	106 430 591
UK and Other^				
Asset Management	727 241	12 959 426	723 303	11 659 649
Wealth & Investment	927 208	16 522 854	548 596	8 843 364
Specialist Banking	3 308 440	58 956 400	3 978 840	62 212 366
Total	4 962 889	88 438 680	5 250 739	82 715 379
Total group training spend	14 119 402	251 607 740	11 853 134	189 145 970

^ *Includes Australia, which was previously reported separately.*

* *In order to better align our reporting on training spend with the South African Financial Sector Codes, we have included costs incurred for our skills and learning teams as well as our graduate programmes in 2015 spend.*

Working at Investec

The policies and business practices of Investec are outlined in *Becoming Acquainted with Investec* (BAWI) or regional equivalents; 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. We have various processes to encourage debate and dialogue around appreciating diversity and different cultures. Emerging and established leaders are invited to participate in talent discussions with executive management around all issues related to talent management. In addition, our Zebra Crossing initiative, which is aligned to our employment equity plan, aims to raise levels of multi-cultural awareness of staff at Investec and enable them to appreciate and celebrate the richness of our diverse population and to take these insights back into the business. Over 2 500 employees have participated in this programme since its inception in 2009.

Our approach to sustainability is documented throughout this integrated annual report with further detail in a more extensive sustainability report on our website.

Employee gender composition – permanent employees

Audited by Investec Internal Audit and Grant Thornton as part of the sustainability review

	Southern Africa			UK and Other^		
	31 March 2015			31 March 2015		
	Male	Female	Total	Male	Female	Total
Executive directors						
Asset Management	–	–	–	1	–	1
Wealth & Investment	–	–	–	–	–	–
Specialist Banking	2	–	2	1	–	1
Total	2	–	2	2	–	2
Senior managers*						
Asset Management	117	63	180	31	5	36
Wealth & Investment	88	30	118	77	8	85
Specialist Banking	547	336	883	62	14	76
Total	752	429	1 181	170	27	197
Rest of employees						
Asset Management	300	497	797	237	183	420
Wealth & Investment	63	116	179	569	510	1 079
Specialist Banking	766	1 274	2 040	1 144	718	1 862
Total	1 129	1 887	3 016	1 950	1 411	3 361
Total group	1 883	2 316	4 199	2 122	1 438	3 560

^ *Includes Australia, which was previously reported separately.*

* *A senior manager is defined as a person who: (a) has responsibility for planning, directing or controlling the activities of the company, or a strategically significant part of the company, and (b) is an employee of the company.*

Transformation

In South Africa, Investec remains committed to black economic empowerment. Our approach involves:

- Using our entrepreneurial expertise to foster the creation of new black entrepreneurial platforms
- Serving as a leading source of empowerment financing
- Encouraging internal transformation by bringing about greater representivity in our workplace. In this regard, we are focusing on creating black entrepreneurs within the organisation.

During the year we received a level 2 BBBEE rating status from Empowerdex, up from a level 3. We are committed to achieving and sustaining an equitable workplace that encourages and manages diversity and as such remains focused on the corrective strategies as set out in our Employment Equity Plan for the period 2013 to 2017. In terms of numerical targets for 2014 we met the targets for top management, and at the senior management level were just shy of meeting our targets. We did not meet our targets for junior management, however, we exceeded our targets at the middle management level and at the semi-skilled level (due to the implementation of various learnership programmes).

Recognising that enterprise development is vital to South Africa's transformation aspirations, we continue to run an enterprise development programme in partnership with Raizcorp to back entrepreneurs who are managing their own businesses and have potential to grow and create jobs. The entrepreneurs selected for the programme are assigned a dedicated team of trained Raizcorp guides who focus on key areas of strategy, finance and marketing to sales and personal development. The selected entrepreneurs are directly responsible for the creation of over 300 jobs through their businesses.

Further information on the employment equity statistics of our South African business is available on our website.

Discrimination

We endeavour to prevent and/or eliminate any form of discrimination based on gender, race, religion, age and sexual preference (or any other basis as envisaged by the South African Bill of Rights in the Constitution or regional equivalents). Investec has a formal grievance procedure (and a written policy) to deal appropriately with any incident which may occur. Furthermore, there are several informal avenues for employees who wish to discuss concerns, for example, OD, HR, Employee Relations and our independent external consultants.

There are no recorded incidents of discrimination for the period under review.

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. Health and safety is overseen by a health and safety committee that meets quarterly to review health and safety concerns.

This management comprises:

- Craig Gunnel – head of facilities SA
- Tony Grimes – head of facilities UK

In South Africa, Investec's HIV/Aids policy and management forum extends to all permanent employees.

Employee wellness

To enable and develop employee health and well-being, Investec provides employees with a bespoke employee assistance and wellness programme. The comprehensive and integrated health and wellness programme, which expresses our focus of care and concern for the wellness of employees, provides personalised wellness interventions offered in face-to-face counselling and coaching. The wellness interventions are provided by a multi-disciplinary team of select health professionals who are all specialists in their fields of practice. Investec values the physical and psychological health, welfare and safety of our people. Our offices also host wellness days for staff to raise awareness and education around health issues through a unique, fun and interactive approach which focuses on physical and mental health.

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 Investec's retrenchment policy which is more favourable than the local regulatory requirements. We conduct consultation for a period which exceeds the minimum prescribed period during which we attempt to find a suitable alternative position for the affected employee.

Whistle-blowing policy and protected disclosures

One of Investec's values requires employees to 'conduct all internal and external dealings with integrity, consistently and uncompromisingly displaying moral strength and behaviour which promotes trust'. Integrity and confidentiality are critical to our reputation and sustainability. The purpose of our whistle-blowing policy is to encourage employees to raise concerns or disclose information about possible fraudulent, unethical, criminal or other improper behaviour or workplace misconduct in total confidentiality and anonymity and without fear of retribution. We seek to protect all employees who disclose unlawful or irregular conduct by the company, its employees or other stakeholders.

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

Corporate social investment (CSI)

Our CSI endeavours are central to the group's values of making an unselfish contribution to society, valuing diversity and respecting others, and also underpins Investec's aim of being a good corporate citizen. Our approach to CSI focuses on education, entrepreneurship and the environment. We believe that to focus on education and entrepreneurship is an effective way to create opportunities for employment, wealth creation and to stimulate 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.

The active involvement of our people, through volunteering, remains at the core of our social investment strategy. We have many well-established charitable partnerships and volunteering initiatives to support these partners. Further, we make donations to charities in response to requests for assistance across all regions and business areas within the group. This allows us to allocate meaningful grants in areas which might not fall within our main focus areas.

Our approach to sustainability is documented throughout this integrated annual report with further detail in a more extensive sustainability report on our website.

Group CSI spend

Audited by Investec Internal Audit and Grant Thornton as part of the sustainability review

	31 March 2015		31 March 2014	
	£	R	£	R
Southern Africa				
Asset Management	50 129	893 300	10 994	177 221
Wealth & Investment	55 827	994 841	27 047	435 995
Specialist Banking	260 795	4 647 365	196 871	3 173 564
Group Corporate Social Investment division	3 427 900	61 085 174	3 461 272	55 795 709
Total	3 794 651	67 620 680	3 696 184	59 582 489
UK and Other*				
Asset Management	308 044	5 489 339	92 594	1 492 613
Wealth & Investment	21 666	386 081	29 959	482 944
Specialist Banking	249 898	4 453 181	318 915	5 150 476
Group Corporate Social Investment division	989 889	17 639 820	1 014 990	16 363 462
Total	1569 497	27 968 421	1 456 458	23 489 495
Total Investec CSI spend	5 364 148	95 589 101	5 152 642	83 071 984
Total Investec CSI spend as a % of operating profit before tax	1.13%		1.17%	

* *Includes Australia, which was previously reported separately.*

UK and Other

The corporate social investment programme plays a key role in the fulfilment of Investec's core values focusing on making an unselfish contribution to society.

Our approach encompasses the principal elements of:

- **Facilitating employee volunteering with local charitable partners**
- **Granting charitable donations to small local charities**
- **Facilitating and recognising fundraising endeavours of employees through organised events and Employee Charity Funding**
- **Providing a Give-As-You-Earn facility to encourage employee payroll giving.**

We champion sustainable social investment by:

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

We support many causes through sponsorships and charitable donations, but our social investment programme is focused on education, entrepreneurship and the environment – areas identified by employees as best aligned with Investec's culture and core values.

Highlights during the period

- Employees continue to support our partner Amherst School, volunteering over 50 days per year consistently for the past five years. We support the core activities of reading, maths and vocabulary, alongside a variety of annual activities such as the Lihou Island year six camp. We continue to subsidise the breakfast club and funded new tables and chairs at the club, which now runs five mornings a week with our volunteers providing cover each morning
- Investec is a founding partner in Arrival Education's four-year talent development programme. We have indirectly supported 908 Arrival students this year, with approximately 205 students impacted directly through life skills workshops and programme sessions hosted at Investec. Volunteers across our business have dedicated more than 280 hours toward positively impacting Arrival students this year. We have also been shortlisted in the Business Charity awards 2015 for our partnership with Arrival Education in the Community Impact category
- Morpeth School is a mixed comprehensive secondary school situated in east London. The pupils are from diverse backgrounds and ethnic groups and an above average proportion is disabled. Various opportunities provided by Investec in the last year resulted in the attendance of 300 pupils. This year's group was chosen from a variety of backgrounds and some were targeted because they are feared to be at risk of becoming disengaged. Many from this group are going on to take one or two GCSE exams early and 85% of the group are expected to achieve at least one A* – C grade in the coming year, with 30% being predicted an A or A*
- Investec won the Business Charity awards for Community Impact in 2015 for the Beyond Business social enterprise incubation programme we run in partnership with the Bromley by Bow Centre. The programme focuses on economic regeneration in Tower Hamlets. Twenty-two volunteers from 10 different business areas volunteered more than 91 hours in office time to support the programme this year. Over the last financial year, six new social enterprises were launched, 66% of which are Black Minority or Ethnic-led; and 50% are run by women
- We were also shortlisted in The Card & Payments awards 2015 for Best CSR programme (for our London-based programme) and, with the Lord's Taverners, in the Corporate Engagement awards 2014, for best collaboration of a single event for the Investec Ashes Cycle Challenge. This is a bespoke cricket-themed challenge, created in partnership with the Lord's Taverners charity. It successfully engaged employees, partners and clients of several of our offices and raised more than £279 000 for the Lord's Taverners and other local charities
- The Investec Foundation in Australia embodies our philanthropic commitment to the community. This commitment is illustrated primarily through supporting meaningful health, welfare and education programmes. The Australia office contributed A$276 226 (2014: A$253 009) to various programmes.

Southern Africa

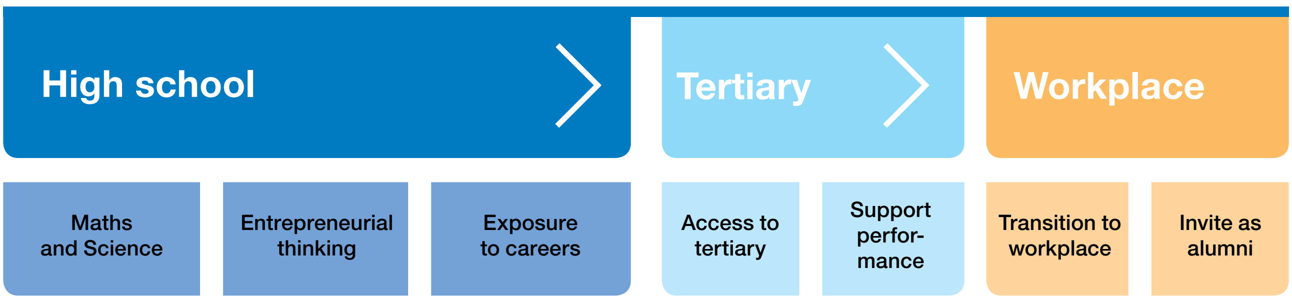
Aligned with the group approach, our CSI endeavours in South Africa focus on education and entrepreneurship. Wherever possible, we seek to collaborate with partners so as to leverage resources and expertise and help ensure enduring impact and long-term sustainability for our projects. In all cases, we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

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. The following two key objectives have been identified:

- To facilitate an increase in the number of entrepreneurially-minded matriculants as well as those with a decent pass in English, Maths and Science who have an aspiration to proceed beyond matric
- To facilitate access to quality tertiary education.

The illustration below shows how various components of our strategy form a pipeline of interventions starting at high school and progressing to the workplace.

Southern African pipelines of interventions



Our approach to sustainability is documented throughout this integrated annual report with further detail in a more extensive sustainability report on our website.

Highlights during the period

- Promaths is a partnership between Investec and Kutlwanong Centre for Maths, Science and Technology that has been giving extra Maths and Science lessons to learners in grades 10 to 12 for almost 10 years. The initiative received *Mail & Guardian's* 2014 Investing in the Future Award. The judges labelled Promaths a winning formula for tomorrow's leaders and commended Investec for taking a long-term view to social development by constantly looking to improve the programme
- In the 2014 academic year, 203 Promaths students obtained greater than 80% in their matric Maths, Physical Science or Maths and Physical Science
- As part of the expansion of the Promaths programme, Investec, Kutlwanong and the Promaths Alumni embarked on starting and running Promaths Kutlwanong Societies on different university campuses. Societies have been launched at Wits University, University of Cape Town, University of Pretoria and University of Johannesburg
- Investec, in partnership with Study Trust, awards young South Africans who have academic potential and financial need with the opportunity to study towards financial sector-related degrees at selected local universities. The programme currently has 89 bursary recipients from first year to honours level. In 2014, 19 of our bursary recipients graduated and entered the world of work, bringing the total number of our ex-bursary holders who are now professionals and part of our alumni to 86
- Investec has continued its partnership with the Independent Schools Association of Southern Africa (ISASA) and the Department of Education. The main objective of the initiative is to develop quality teachers of Maths, Science and English, producing a new breed of teachers. In the 2015 academic year an additional 60 new teacher interns were recruited, bringing the number of interns to over 120. The total number of schools where teacher interns can be placed has grown to over 40 schools across the country
- The Mini Enterprise programme is an entrepreneurship programme, a partnership with Junior Achievement South Africa (JASA), that runs over 11 weeks. The programme covers skills ranging from financial planning to forming management structures and selling company shares. In 2014, 45 finalists spent four days refining their initial concepts and participating in the Junior Innovators Competition. The winner received a R60 000 bursary for her 'Heating Cooling Bottle', a water bottle that can perform the function of a household kettle without the use of electricity
- The Cradle Project, a group of Investec employees who volunteer their time and resources to improving the lives of those less fortunate in our surrounding communities, allocated R570 303 (2014: R628 297) to a variety of worthy causes
- Mandela Day is a campaign driven across the country by the Nelson Mandela Foundation in which Investec participates. In 2014, staff members were encouraged to find ways of giving back during the month of July and entered our Mandela Day competition in which they stood a chance to win a donation for their charity. As a result, R100 000 was distributed to various charities
- Investec Bank Mauritius' CSI strategy focuses on projects and initiatives in education, environment and sports development. The office contributed £64 520 (2014: £58 269) to a number of corporate social investment projects during the financial year.

Please refer to pages 56 to 58 of the Investec Bank (Mauritius) Limited's annual report for more detail.

Our planet

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 and emerging worlds, we can make a meaningful impact in addressing climate change.

As a niched and specialist 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.

Our internal environmental strategy is focused on creating awareness and encouraging behavioural change in recognition of our environmental responsibilities. 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. The Gresham Street office was awarded ISO 14001 certification and the Energy Reduction Verification (ERV) Kitemark.

Sustainability principles are further integrated into our daily operations through the environmental programmes communicated to staff through our team of environmental champions – Team Green.

The teams are made up of representatives from across the business areas and aim to raise awareness around our environmental impact and to encourage positive and sustainable behaviour change amongst our staff through education and engagement.

Externally, we 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.

Direct environmental impact

Our respective carbon footprints have been calculated according to the international Greenhouse Gas (GHG) Protocol's Corporate Accounting and Reporting Standard (revised edition), and data has been gathered to fulfil our requirements under the CRC Energy Efficiency scheme. We use the operational control method to determine what is included in our scope of reporting. Materiality set at a group level was 5% with all facilities estimated to contribute > 1% of total emissions included.

Carbon footprint for the group

Audited by Investec Internal Audit and Grant Thornton as part of the sustainability review

		31 March 2015	31 March 2014
Tonnes of CO_2 equivalent:			
Scope 1			
Energy	Gas consumption	532	718
	Diesel	221	71
Refrigerant	Refrigerant	1 002	1 343
Employee travel	Vehicle fleet	231	375
Total Scope 1		1 986	2 507
Scope 2			
Energy	Electrical energy consumption	36 548	38 493
Scope 3			
Paper	Paper consumption	559	436
Waste	General waste	29	26
	Waste recycled	18	112
Employee travel	Rail travel	106	99
	Road business travel	45	397
	Taxi	406	75
	Commercial airlines*	30 142	25 589
Total Scope 3		31 305	26 734
No Scope			
Water	Water consumption via mains	0	0
Total emissions		69 839	67 734
Emissions per average employee		8.46	8.39
Emissions per m^2 office space		0.43	0.39

* *The increase in commercial airlines is a result of an improved data collection process which has resulted in commercial air flights being recorded for all UK and Other offices.*

Our approach to sustainability is documented throughout this integrated annual report with further detail in a more extensive sustainability report on our website.

Highlights for the UK

- We have smart meters in 70% of our UK offices which help us to monitor and better manage our energy usage; 100% of our Gresham Street energy is monitored via smart meters. We continue to exceed our energy reduction targets, despite a headcount increase of 7% this period. With a base year of 2008/09, in 2014/15 our electricity reduction was 29% against a target reduction of 27%, while our gas reduction was 66% against a target of 27%. Our overall carbon reduction in electricity and gas was 24%
- Where we have direct control over our energy suppliers, we have selected green energy tariffs. This constitutes five of our UK offices. The bulk of the supply to our head office is from wind power, while the bulk of the supply to the other four offices is hydropower
- Our environment programme is communicated to staff through our dedicated team – Team Green – who have run campaigns, primarily in our UK head office and Dublin offices, since 2006. During 2015 the programme was rolled out to 14 of our other UK offices. Each of these offices has their own Team Green groups and communicates directly with their own offices, focusing on local environmental issues. All teams work together to communicate cohesive environmental messages across all offices
- The main campaign run across all offices in this period was the Watch Your Waste campaign. The aim of the campaign was to reduce overall waste across our offices. The campaign demonstrated the connections between creating waste and the unintended consequences on human and planetary health. The two specific focuses of the campaign were paper waste and plastic waste
- Investec Gresham Street was a runner-up in the 2014 Clean City Awards Scheme. The scheme is run by the Corporation of London and promotes best practice with regards to waste minimisation and waste management in the Square Mile, following the waste hierarchy. There are 1 600 participants in the scheme. We continue to operate a zero-to-landfill waste policy, and our current recycling rate is 82%, 30%

Carbon footprint for the UK and Other

Audited by Investec Internal Audit and Grant Thornton as part of the sustainability review

UK and Other^ consumption		Units	31 March 2015	31 March 2014
Scope 1				
Energy	Gas consumption	kWh	2 789 241	3 773 803
	Diesel	l	2 812	1 440
Refrigerant	Refrigerant	kg	55	–
Scope 2				
Energy	Electrical energy	kWh	14 445 398	16 016 326
Scope 3				
Material	Paper*	t	57	39**
Waste	General waste*	t	34	37
	Waste recycled*	t	494	460
	Food waste to anaerobic digestion	t	111	–
	Incinerated waste to energy	t	75	85
Employee travel	Rail	km	2 266 368	2 053 646
	Road business travel	km	1 296 121	1 783 638
	Taxi	km	46 723	63 151
	Hotel nights	night	5 763	–
	Commercial airlines*	km	42 220 111	23 735 658
No scope				
Water	Water consumption	kl	19 060	26 729
Emissions				
Total emissions			25 465	20 363
Total average employees			3 827	3 355
Emissions per average employee			6.65	5.76
m² office space			49 653	51 491
Emissions per m² office space^^			0.51	0.38

* *Due to improved data collection processes, the coverage of paper, general waste, waste recycled and commercial airline business travel increased to include smaller UK and other offices. In the past only the major offices were included.*

^ *Includes Australia, which was previously reported separately.*

^^ *As a result of the business sold, Southampton, Clywd and Dublin NCB have been excluded. Australia office space and headcount decreased.*

** *Restated.*

of which is food waste converted to biofuel/biofertiliser via anaerobic digestion

- In Gresham Street we continue to bottle our own pure drinking water into Investec branded glass bottles for use in our hospitality suite. We refilled 27 282 litre bottles during 2015, helping reduce our delivery footprint, and reducing our glass waste by 7 638 kg
- Investec was one of the first City businesses to sign up to the Air Quality Pledge. The pledge commits us to try to raise the profile of air quality, to reduce gas consumption, to promote walking and cycling, to reduce the number of deliveries servicing our business and to encourage 'no engine idling'. We continue to promote the pledge and participated in the City of London's Cleaner Action Days during this reporting period
- Our commitment to reducing our environmental impact includes promoting sustainable travel. We remain members of a UK car club, and a UK car-sharing social enterprise. Our Cycle2Work scheme continues to grow, with membership rolled out to all UK offices during this period. We ran a series of lunchtime Cycle Safety seminars for our staff in our Gresham Street office in September
- The remaining two of our UK HR teams switched from supplying monthly paper payslips to online payslips. The paper payslip system used to involve the annual distribution of 30 000 paper payslips across our UK offices – travelling 29 458 miles. As well as a more secure means of delivery and reducing our annual travel footprint by over 29 000 miles, moving to paperless payslips will help us reduce our annual paper consumption by at least 195 kg
- In Australia, in order to decrease our electricity usage at our Sydney office, an audit of high-power usage supplementary air-conditioning systems was performed and amenities in the kitchens were consolidated to reduce running time on supplementary fridges.

Highlights for Southern Africa

- Electricity is the largest contributor to our direct environmental impact. With rising electricity costs, energy supply concerns in South Africa and pending carbon tax costs it is becoming more imperative that we reduce our energy consumption. As such Investec Sandton (our largest office, comprising 49% of group floor space) has set an energy reduction target of 10% by 2020, with 2014 as a base year. We have set 2014 as a base year because we spent R4.5 million on energy efficiency initiatives in 2009 and have already seen reductions of 26% from 2008 to 2014. We seek to further increase our efficiencies by 2020
- Our biggest energy consumers are heating, ventilation and air-conditioning systems, lighting and information technology. During 2015 we focused on energy efficiency initiatives such as data centre efficiencies and the use of specialised database appliances
- In order to encourage recycling and simultaneously support surrounding communities, Investec staff partnered with Interwaste, a waste management company, in an initiative called 'Tops and Tags' where companies or individuals collect plastic bottle tops and plastic bread tags to be recycled. When contributors have collected 100 000 tops and tags they exchange these for a wheelchair which is then donated to a charity of their choice. Since inception, staff have collected enough tops and tags to donate 24 wheelchairs to the community
- During the period, we reaffirmed our recycling programme to remind staff of recycling options available at Investec. Staff were made aware that Investec recycles paper, cans, plastic and glass. Food waste that is fit for consumption is distributed to charities. E-waste is sent to an outside organisation to refurbish or dispose of the computers in an environmentally-friendly manner. Refurbished computers are then distributed to selected Investec charities
- Given that travel emissions are a major contributor to overall carbon footprint, we launched a Bike to Work campaign to raise awareness of alternative modes of transport available to staff to reduce their travel footprint. Staff were encouraged to either walk, run, cycle, use the Gautrain or share a lift to work. Investec partnered with Liftshare to offer staff the possibility of car-sharing with fellow Investec employees through a secure online system. Staff were also made aware of the video conferencing rooms in the building which are equipped with state-of-the-art video conferencing facilities and could be used as an alternative to travelling to meetings.

Our approach to sustainability is documented throughout this integrated annual report with further detail in a more extensive sustainability report on our website.

Carbon footprint for Southern Africa

Audited by Investec Internal Audit and Grant Thornton as part of the sustainability review

Southern African consumption		Units	31 March 2015	31 March 2014
Scope 1				
Energy	Gas consumption	kWh	76 083	79 187
	Diesel	l	81 881	25 687
Refrigerant	Refrigerant	kg	507	733
Employee travel	Vehicle fleet	km	1 194 365	1 892 879
Scope 2				
Energy	Electrical energy	kWh	28 493 024	30 654 933
Scope 3				
Material	Paper	t	170	120.10
Waste	General waste	t	62	61
	Waste recycled	t	164	204
Employee travel	Road business travel	km	208 318	308 491
	Commercial airlines	km	37 178 259	37 380 675
No scope				
Water	Water consumption	kl	81 359	118 357
Emissions				
Total emissions			44 802	47 370
Total average employees (including temporary employees)			4 431	4 260
Emissions per average employee			10.11	11.12
m^2 office space			113 374	113 374*
Emissions per m^2 office space			0.40	0.42

* *Restated.*

Sustainable finance and investment

Sustainable risk considerations are considered by the credit committee and investment committee when making lending or investment decisions. In particular the following factors are taken into account when a transaction might be approved or declined based on the outcome of the sustainability considerations:

- Environmental (including animal welfare)
- Social
- Economic.

We require that all projects comply with applicable environmental, planning, labour and procurement law and do not fund or invest in projects which do not have acceptable environmental impact assessments, do not comply with procurement and labour laws, and either do or could reasonably be expected to breach acceptable behavioural, ethical or moral standards. We target transactions in countries with established laws that comply with World Bank Standards and that have due processes that are applied reasonably and effectively. If not, sponsors and suppliers are obliged to give undertakings and compliance with such standards. In addition, we have now designed an internal framework to provide enhanced procedures to evaluate and actively avoid, manage and mitigate the potential social and environmental impacts of the projects proposed. For further information please refer to the detailed sustainability report.

In our role as a global asset manager, our primary goal is to deliver on our clients' mandates. The essential purpose of which is to preserve and grow the real purchasing power of our clients' assets over the long term. We do this by assuming a stewardship role over our clients' assets, including exercising of their ownership rights. Over the years, we have invested in recruiting a number of environmental, social and governance (ESG) investment professionals, as well as developing tools and processes which leverage increasingly available data. The practical end of our stewardship responsibility lies with the different investment teams who aim to incorporate material ESG issues into their analysis and portfolio construction in their aim to fulfil their client mandate. We believe this approach benefits both our clients and the social realms in which we invest and operate.

Further detail on our sustainability considerations is available in a more extensive sustainability report on our website.

Information technology

Our vision is to continuously deliver an efficient and effective information technology (IT) platform that serves the needs of the business to deliver excellent client service.

Key infrastructure-related developments reducing our environmental footprint during the period include:

- The continued collaboration across geographies, ensuring effective leveraging of international teams regarding specific technologies
- Expansion of telepresence implementation into three additional territories across the globe, further improving the global collaboration with an associated reduction in business travel costs
- Data centre efficiencies through virtualisation continues across all geographies. The use of specialised database appliances in South Africa will reduce storage growth and improve processing capacity, while at the same time reducing our technology footprint (cooling and power usage)
- The use of cloud-based services, wherever feasible, continues to be a major consideration across all geographies and businesses in an effort to reduce physical infrastructure and energy requirements. Cloud solutions have been utilised in supplying basic office infrastructure services in Hong Kong, New York, and Australia. The 'Mail in the Cloud' initiative has been completed in the UK with the implementation of Microsoft's Office 365 solution. This initiative will be expanded to South Africa during 2015, effectively reducing on-premise hardware and hosting
- Completion of the UK office's footprint of 'thin' desktops. This is a compact piece of computing technology that accesses data remotely through a connection to a server and brings a virtual desktop to the user, thereby reducing total energy consumption
- Improved power consumption at South Africa's Midrand alternative processing site with the introduction of power-saving initiatives which automate the hibernation of desktop equipment during periods of low usage.

Key infrastructure-related developments improving our IT efficiency during the period include the following:

- The implementation of a Software Asset Management (SAM) toolset has paid dividends in recent licencing negotiations resulting in optimal licencing levels across the group
- We continued the collaboration across geographies ensuring effective leveraging of international teams regarding specific technologies
- Investec in South Africa concluded a co-location of infrastructure agreement with the JSE facilitating a competitive, low latency trading environment
- In South Africa the concerning and ongoing power supply situation has resulted in the start of discussions related to the possible hosting of South Africa infrastructure outside of the country.

Key business application-related developments:

- The strategic focus to become an internationally focused client-centric organisation continues
- The Single Specialist Bank initiative continues to focus on the elimination of duplicate business processes across divisions and geographies to deliver a cost-effective, global client-friendly service through our Client Support Centre in South Africa. A single browser-based dashboard has been launched to accompany the Investec mobile application
- One Place digital manifestation now includes full transactional capability for Wealth & Investment and Private Banking in South Africa and Private Banking in the UK, with read-only capability for Wealth & Investment in the UK and Wealth & Investment in Switzerland

- Our digital platforms have now been launched into the UK banking client base, and we are in the process of migrating Wealth & Investment UK, Switzerland, Mauritius and Channel Islands onto the single global platform
- Investec digital platforms in South Africa have been enhanced to allow clients the ability to incorporate externally held transactional accounts, investments and loyalty programmes to complete a One Place solution. This functionality will be rolled out in the UK later this year
- The first version of our unified digital offering for the intermediary market is in trial with the Mauritius community in the form of an intermediary App
- An online discretionary management service for the South African client base has also been incorporated. Major initiatives now include a unified Online Apply for all Investec accounts, with UK Banking being the first to launch
- Wealth & Investment in South Africa and UK have partnered to provide a single leveraged platform for international trading and investment management to South African clients. Platforms and operations will be run out of the UK business
- In the UK, the drive to move clients into online banking, online processing and electronic statement distribution for our Private Banking, Mortgage and Asset Finance businesses continues
- Continued consolidation and merging of technology and support teams across divisions, and in some cases geographies, is gaining momentum
- This convergence will lead to opportunities to leverage resources, skills and licencing internationally and help the achievement of our four strategic goals to:
  - align architectural principles across all businesses and geographies;
  - reduce the international business applications footprint;
  - commoditise common functionality wherever commercially viable; and
  - simplify the environment.

Security and risk management

We continue to enhance security and risk management functions based on clear strategies supported by specialised and coordinated teams across all geographies. We have increased the team capacity to ensure we meet the ever-growing demands of our threat landscape and continue to place emphasis on collaborative and proactive risk and security management.

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 continue to engineer, within select industries, changed outcomes across economic, social and environmental fronts.

In the UK, additions have been made to our procurement policy to incorporate both green and corporate social responsible aspects. We now incorporate evaluation criteria into all of our procurement documentation to allow us to measure and demonstrate our intent to procure effectively without compromising the environment. We have recently committed to ensuring that 100% of our beverage offering has the Fairtrade label. This includes beverages available in our staff teapoints, our coffee bar and our hospitality suite. A product that carries the Fairtrade Certification Mark has met the rigorous Fairtrade standards, which focus on improving labour and living conditions for farming communities and promoting a way of farming that doesn't harm either people or 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.

Our approach to sustainability is documented throughout this integrated annual report with further detail in a more extensive sustainability report on our website.

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Remuneration report

Chair of remuneration committee statement

This remuneration report was prepared by the board remuneration committee (the committee) and approved by the board.

Overview of the year

Changes were put in place for the 2015 financial year in response to the cap on variable remuneration that can be paid to Prudential Regulation Authority (PRA) Code Staff under the Capital Requirements Directive IV (CRD IV) and the PRA Remuneration Code (PRA Code). These regulations affect the remuneration that we can pay the chief executive, managing director and group risk and finance director, as well as some of our employees in the Specialist Bank in the UK who are classified as PRA Code Staff.

Although shareholders at the 2014 annual general meeting voted overwhelmingly in favour of our remuneration report for the year ended 31 March 2014, the committee was disappointed that only 56% of shareholders supported the executive directors' remuneration policy.

Listening to and acting on shareholders' concerns

The committee has directed much of its time and effort since the 2014 annual general meeting into establishing the reasons behind the significant vote against the directors' remuneration policy and implementing changes to address shareholders' concerns.

The four main areas identified by shareholders as reasons for voting against the directors' remuneration policy were:

- Absence of a Long-Term Incentive Plan (LTIP) with forward-looking performance conditions
- Extent of discretion provided for in the executive directors' recruitment policy
- Lack of transparency over how Hendrik du Toit's compensation is determined
- The quantum of executive directors' remuneration.

We have responded to those issues by:

- Reintroducing annual LTIP awards equal to one times fixed remuneration (while reducing the maximum short-term incentive (STI) sharing percentage by 50%) for the executive directors subject to CRD IV
- Amending the executive directors' recruitment policy so that discretion can only be exercised within clear limits
- Providing more detailed disclosures in respect of the performance assessment and incentive arrangements for Hendrik du Toit
- Undertaking a benchmarking exercise to validate the levels of executive directors' remuneration.

In addition, in view of the forthcoming changes to the PRA Code, we have built flexibility into the directors' remuneration policy to lengthen deferral or holding periods to comply with future regulatory requirements for individuals identified as PRA Code Staff without the need to revert to shareholders for a further binding vote in 2016. We have also extended the current malus provision to all incentives and introduced clawback so that the committee can apply either malus or clawback to all incentives for a period of up to seven years from the date of award (for PRA Code Staff).

These proposals will be put to shareholders for approval at the annual general meeting in August 2015 as part of the directors' remuneration policy and the remuneration report. We have discussed these proposals with a representative group of our largest shareholders both in the UK and South Africa. These shareholders have been broadly supportive of these proposed changes and share the committee's view that Investec has to adopt policies that allow it to remain competitive in attracting and retaining talent and ensuring the long-term success of the business. We would like to thank our shareholders for the open and frank nature of these conversations and for the various suggestions that were made.

Business context and outcomes for the year under review

Investec successfully executed on its key strategic initiatives embarked upon over the past two years. The group continued to grow its core franchises and simplified the Specialist Banking business through restructuring and strategic sales. The resultant simplification enables the group to enhance the operational focus to grow and develop its core businesses, so that the right outcomes can be delivered for clients and stakeholders including acceptable returns for shareholders.

The group's performance against key metrics is shown in the table below.

Group performance metrics	Year ended 31 March 2015	Year ended 31 March 2014	% change
Earnings attributable to shareholder before goodwill, acquired intangibles, non-operating items and after non-controlling interests	£339.5 million	£326.9 million	3.9%
Adjusted earnings per share	39.4 pence	37.9 pence	4.0%
Dividends per share	20.0 pence	19.0 pence	5.3%
Return on equity	10.6%	10.1%	
Recurring income as a % of total operating income	74.2%	70.7%	
Return on average risk-weighted assets	1.25%	1.14%	
Total capital adequacy ratio, Investec plc	16.7%	15.3%	
Core tier 1 capital ratio, Investec plc	10.2%	8.8%	
Leverage ratio, Investec plc	7.7%	7.4%	
Total capital adequacy ratio, Investec Limited	14.7%	14.9%	
Core tier 1 capital ratio, Investec Limited	9.6%	9.4%	
Leverage ratio, Investec Limited	8.1%	7.8%	
Total shareholder return, Investec plc (Pounds Sterling)	19.7%	9.6%	
Total shareholder return, Investec Limited (Rands)	22.5%	36.3%	
Variable remuneration pool	£337 million	£305 million	10.5%

In light of the positive financial performance of the group in 2015 and the resultant progress achieved across a range of financial and non-financial measures (in terms of the executive short-term incentive plan as approved by shareholders and reflected on pages 147 to 149), the remuneration committee approved an annual bonus of £2.5 million each for Stephen Koseff and Bernard Kantor, and £2.25 million for Glynn Burger. Stephen Koseff, Bernard Kantor and Glynn Burger receive 20% of their bonuses in cash with the balance deferred in shares over three years, subject to six months retention. Malus and clawback arrangements apply to these awards.

Hendrik du Toit was awarded a bonus of £4.36 million, determined solely in relation to the performance of Investec Asset Management as set out on page 146. The bonus payable to Hendrik du Toit will not be deferred until such time as the debt taken out by him to fund a substantial investment into Investec Asset Management has been repaid.

The remuneration committee approved inflationary increases in the salary and benefits of the executive directors in line with average salary increases provided to employees across the group.

The board approved a modest increase in fees for the forthcoming year for the non-executive directors, roughly in line with inflation.

Remuneration philosophy remains unchanged

Our overarching remuneration philosophy has remained unchanged from prior years as we maintain focus on employing and retaining the highest calibre individuals through the payment of industry competitive packages and long-term share awards which ensure alignment with key stakeholders in our business.

Our rewards continue to be distributed from pools of realised earnings generated in excess of targeted thresholds which reflect usage of risk-adjusted capital. This economic value-added model has been in operation for about 16 years and ensures that risk and capital management form the basis for key processes at both a group and transaction level thus balancing the rewards between all stakeholders.

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

Looking forward

The 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.

Where appropriate, we will continue to consult shareholders and shareholder bodies on any significant proposed changes in remuneration policy.

We are seeking shareholder approval at the 2015 annual general meeting for:

- Our directors' remuneration policy
- Our 2015 annual report on directors' remuneration
- Our non-executive directors' remuneration.

Signed on behalf of the board

PKOCrosthwaite.

Perry Crosthwaite
Chairman, DLC remuneration committee

10 June 2015

Navigating this report

To help shareholders navigate the remuneration report, a brief summary of key content is set out below.

Executive directors

The executive directors whose remuneration is disclosed in this report are referred to as follows:

- Stephen Koseff – chief executive officer (CEO)
- Bernard Kantor – managing director (MD)
- Glynn Burger – group risk and finance director (GRFD)
- Hendrik du Toit – chief executive officer of Investec Asset Management (CEO of IAM)

Compliance and governance statement

The remuneration report complies with the provisions of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the UK Corporate Governance Code 2012, the UK Companies Act 2006, the Rules of the UK Listing Authority, the UK Financial Conduct Authority rules, the PRA Remuneration Code, the South African King III Code of Corporate Practice and Conduct, the South African Companies Act 2008, the JSE Limited Listings Requirements and the South African Notice on the Governance and Risk Management Framework for Insurers, 2014.

The remuneration report comprises the annual statement from the committee chair, the revised directors' remuneration policy that sets out our remuneration policy for the next three years and the differences between the future policy and the policy operated in the 2015 financial year, and the annual report on remuneration that explains how the policy has been implemented in the 2015 financial year. The report also contains Pillar 3 disclosures as mandated by the UK's PRA and the South African Reserve Bank.

A summary of the remuneration decisions made during the year ended 31 March 2015

Remuneration philosophy

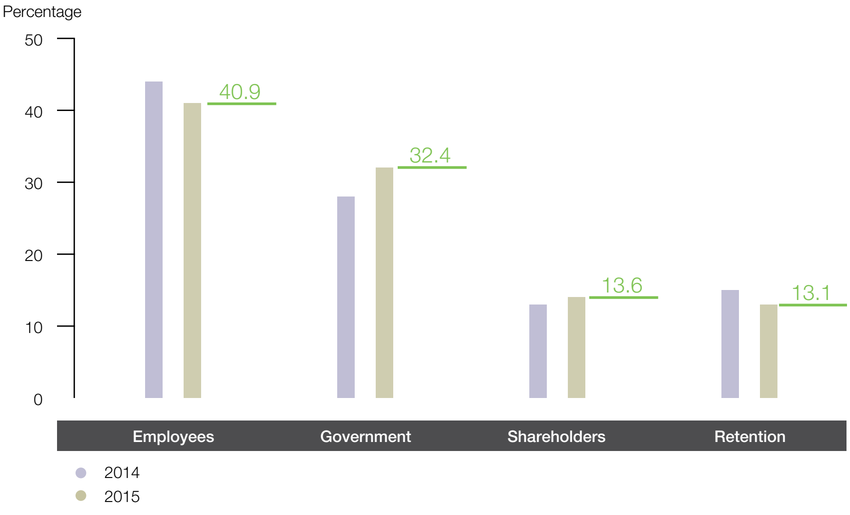
Our philosophy, which remains unchanged from prior years, is to:

- Employ the highest calibre individuals who are characterised by integrity, intellect and innovation and who adhere and subscribe to our culture, values and philosophies
- 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
- Provide staff share ownership through participation in our employee share schemes to align interests with those of our owners
- Continue to acknowledge the importance of the appropriate division of the returns generated by our business between our owners, our workforce and the societies in which we operate.

In summary, we estimate our total economic return has been divided between government through taxation, owners through dividends and employees through total compensation as follows:

The total cost of compensation is managed through staff compensation ratios which are reviewed regularly. The total staff compensation ratios are as follows:

Value add contribution



	Staff compensation ratios Year ended 31 March 2015	Year ended 31 March 2014
Total for the group	47.4%	46.3%
Asset Management	47.6%	47.7%
Wealth & Investment	55.9%	56.1%
Specialist Banking	45.2%	43.5%

Outcomes for executive directors during the year

The following table summarises awards made to executive directors for the year. A further breakdown of these awards can be found on page 151.

£'000	Total cash benefits, salary, bonus 31 March 2015	31 March 2014	Total deferred bonus* 31 March 2015	31 March 2014	Fixed allowance payable in shares subject to retention period^ 31 March 2015	31 March 2014	Total remuneration awarded in current period 31 March 2015	31 March 2014	Value of vested LTIPS** 31 March 2015	31 March 2014
CEO	970	844	2 000	1 576	1 000	^^	3 970	2 420	–	–
MD	970	844	2 000	1 576	1 000	^^	3 970	2 420	–	–
GRFD	773	685	1 800	1 416	1 000	^^	3 573	2 101	–	–
CEO IAM	4 811	4 811	–	–	–	–	4 811	4 811	3 319	799

* *Deferred in shares over a period of three years, subject to six months retention.*

^ *75% released in year four and 25% released in year five.*

^^ *Fixed allowances have been awarded in 2015, in terms of the implementation of the requirements of CRD IV. In 2014 long-term incentive awards were made as these requirements were not yet in place. No long-term incentive award was made in 2015.*

** *LTIPs awarded in prior years which have vested over the financial period. The value represents the number of shares that vested multiplied by the market price of the shares at the date on which they vested.*

Changes to executive remuneration

We are proposing to respond to the issues raised by shareholders by making the following changes to the remuneration arrangements of the executive directors who are subject to CRD IV:

- Providing an inflationary increase in base salary and benefits
- Maintaining fixed allowances at their current levels
- Reducing the level of the short-term incentive sharing percentage by 50%
- Reintroducing annual LTIP awards equal to one times fixed remuneration.

These proposals apply from the 2016 financial year (and subsequent years) and are subject to approval at the 2015 annual general meeting.

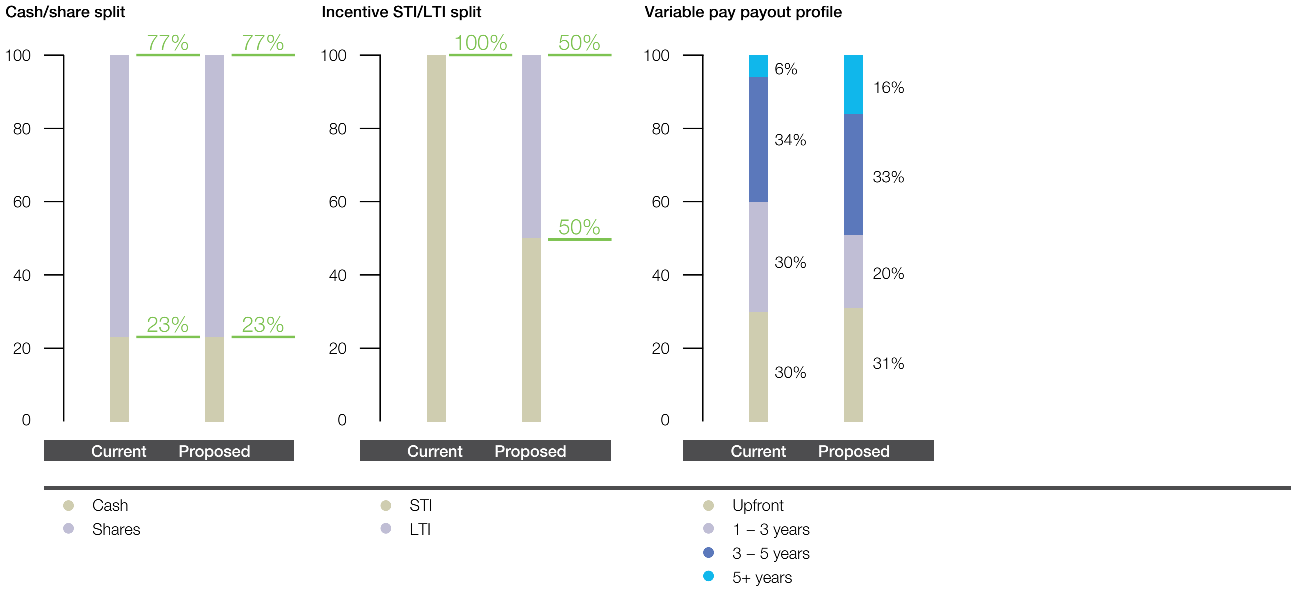
An example of how the changes will impact the remuneration package of the CEO is shown in the table below:

	Year ended 31 March 2015	Year ending 31 March 2016
Salary	£470 000	£480 000
Fixed allowance	£1 million (paid in shares)	£1 million (paid in shares)
Short-term incentive (maximum)	200% of fixed remuneration	100% of fixed remuneration**
Long-term incentive	n/a	100% of fixed remuneration**

** *Valued in line with European Banking Authority (EBA) discounting rules.*

The graphs below compare the current and proposed remuneration structures on a target basis. Specific values shown relate to the CEO although a similar structure would apply to all executive directors subject to the CRD IV bonus cap.

Proposed remuneration structure



- The split between cash and share awards is unchanged
- The LTIP award makes up 50% of variable remuneration whereas previously there was no separate LTIP
- The pay-out profile of variable remuneration is extended with a greater proportion deferred for up to five years.

The remuneration of the CEO of IAM will continue to be determined by reference to the remuneration policy applicable to the IAM business.

Annual report on directors' remuneration

The Investec group aims to apply remuneration policies to executive directors and employees that are largely consistent across the group, but recognises that certain parts of the group are governed by local regulations that may contain more onerous requirements in certain respects.

Composition and role of the committee

Perry Crosthwaite is the chairman of the committee. The other members of the committee are Fani Titi and Charles Jacobs. During the year Olivia Dickson, Bradley Fried and Sir David Prosser stepped down from the committee.

Current members of the committee are deemed to be independent as discussed on page 99.

One of the members of the committee is also a member of the group's board risk and capital committee (as discussed on page 111), thus bringing risk and control mechanisms into the committee's deliberations.

The committee's principal responsibilities and objectives are to:

- Determine, develop and agree with the board, the framework or broad policy for the remuneration of executive directors and executive management (comprising individuals discharging managerial responsibilities, who are the global heads of our core areas of activity and are members of our global operations forum)
- Commission and consider the results of an annual central and internal review of remuneration 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 remuneration 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 persons discharging managerial responsibilities and PRA Code Staff including, where appropriate, bonuses, incentive payments and share scheme awards
- Review and approve, within the terms of the agreed policy, the total individual remuneration packages of members of the internal audit, risk and compliance functions
- Oversee any major changes in our employee benefit structures
- Ensure that the comments, recommendations and rules within the UK and South Africa pertaining to remuneration are respected.

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

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

Meetings

The remuneration committee met nine times during the financial year. An attendance schedule is provided on page 108.

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

Advisers to the committee and the company

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

During the financial year, the committee continued to use the services of its principal advisers, New Bridge Street, which among other things specifically reviewed and provided information on executive remuneration and our remuneration policy in light of CRD IV, industry consultation papers, regulations and developments with respect to remuneration practices and our alignment to them. In addition, they continued to review and provide information on appropriate benchmarks, industry and comparable organisations' remuneration practices. Their recommendations are valued in the ongoing review of our remuneration practices. New Bridge Street is a signatory to the UK Remuneration Consultants Group's Code of Conduct and does not conduct any material work for the company other than for the committee and is part of Aon plc. The committee, on an annual basis, formally evaluates the advice received from New Bridge Street to ensure that it is both objective and independent, and considers whether this service should be retained for the forthcoming year. Total fees paid to New Bridge Street for the year amounted to £31 000, (based on their standard hourly rates).

The company retained the services of PricewaterhouseCoopers to assist with the development of executive director and other PRA Code Staff incentive arrangements in light of CRD IV and to understand industry remuneration developments. This information was also shared with the committee.

Furthermore, we have used the services of Linklaters who have advised this year mainly on a number of issues pertaining to our existing incentive plans. Linklaters is one of Investec plc's legal advisers.

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

Statement of implementation of remuneration policy for the year ending 31 March 2016

Executive directors

Pending approval at the 2015 annual general meeting, the remuneration policy for the executive directors will be implemented as follows:

Base salary and benefits		
	• £480 000 for the CEO • £480 000 for the MD • £340 000 (i.e. R4 500 000 Rand portion and £90 300 Pound portion) for the GRFD • £450 874 for the CEO of IAM	Inflationary increase
Fixed allowance		
	£1 000 000 for each of the three executive directors subject to CRD IV (CEO, MD and GRFD)	• Payable in shares • Vests on award • Retention period: – Released over five years – 20% each year
STI		
	• Incentive pool for CEO, MD, GRFD: – 0.23% each of adjusted operating profit for CEO and MD – 0.20% of adjusted operating profit for GRFD – Subject to a maximum of 100%* of fixed remuneration for each of the three executive directors subject to CRD IV • Incentive pool for CEO of IAM: – 1.85% of the earnings of IAM before variable compensation and tax	• For CEO, MD, GRFD: award subject to performance criteria as set out on pages 147 to 149 – Short-term incentive sharing percentage reduced by 50% to reflect the reintroduction of LTIP – Malus and clawback provisions apply – Deferral period strengthened: 30% upfront in cash; 30% upfront in shares; 40% deferred shares vesting after one and two years, subject to six-month holding period • For CEO of IAM: – There will be no deferral of the short-term incentive until such time as the debt taken out by the CEO of IAM to fund a substantial investment in IAM has been repaid
LTIP		
	• Reinstated – maximum 100% fixed remuneration • Paid entirely in shares • Applicable for each of the three directors subject to CRD IV (CEO, MD and GRFD) • CEO of IAM will no longer receive long-term incentive awards as he is a participant in the IAM equity ownership scheme (as explained on page 175)	• Award subject to performance criteria as set out on pages 149 and 150 • Award of one times fixed remuneration at face value • Deferral period lengthened: equal vesting over years three to five, subject to six-month holding period

* *Cap defined in line with EBA discounting rules which allow, when 25% of variable remuneration is deferred over at least five years, a slightly higher cap than 2x fixed remuneration (typically approximately 2.2x fixed remuneration dependent on interest rates and inflation). These limits will be in line with this EBA cap.*

Further details on the executive directors' short-term incentive plan:

Performance conditions	Weighting	Score range	Achievement levels
Financial metrics	85%	0% – 200%	Threshold (0%) Target (100%) Stretch (200%)
Non-financial metrics	15%	0% – 200%	Threshold (0%) Target (100%) Stretch (200%)

Each financial and non-financial metric has set threshold levels below which no short-term incentive will be earned and stretch levels whereby the pool for short-term incentives earned will be increased, but to a level capped as a percentage of adjusted operating profit. The committee believes that these stretch levels are demanding and will result in an incentive pool which will reflect actual performance and align the interests of the executive directors with the interests of shareholders. Achievement levels for the short-term incentive will be reviewed annually by the committee.

Executive short-term incentive – financial metrics and weightings

The weightings for each financial metric are as follows:

Financial metric	Weighting	
Aggregate	85%	
Return on risk-weighted assets[1]	35%	60% attributable to profitability measures
Return on equity[2]	25%	
Tier 1 capital adequacy[3]	12.5%	25% attributable to prudential measures
Liquidity cover ratio[4]	6.25%	
Net stable funding ratio[4]	6.25%	

[1] *Return on risk-weighted assets is defined as adjusted earnings/average risk-weighted assets, where adjusted earnings are earnings attributable to ordinary shareholders after taxation, non-controlling interests and preference dividends, but before goodwill, acquired intangibles and non-operating items.*

[2] *Return on equity is defined as adjusted earnings/average ordinary shareholders' equity (excluding preference share capital).*

[3] *Tier 1 capital adequacy condition is a blend of the underlying tier 1 capital adequacy ratios for Investec plc and Investec Limited (50% plc: 50% Limited).*

[4] *The liquidity metrics (liquidity cover ratio and net stable funding ratio) are a blend of the underlying liquidity metrics weighted by region (55% South Africa: 45% UK).*

The financial metrics are designed to ensure an appropriate balance between measures which drive profitability (return on risk-weighted assets and return on equity) which comprise 60% of the total weighting of 85% and prudential measures (tier 1 capital adequacy ratios, liquidity cover ratios and the net stable funding ratio) which comprise 25% of the total weighting of 85%.

Executive short-term incentive – financial metrics: achievement levels

Achievement levels for each of the financial metrics, as described above, which determine threshold, target and stretch performance are reviewed and set annually by the committee, following a careful and detailed review of relevant economic and market conditions. The threshold, target and stretch performance levels for the financial metrics set by the committee are outlined on the next page. Achievement levels for the year ended 31 March 2015 are shown on page 152.

	Weighting	Achievement levels		
Financial metric	85%	Threshold (0%)	Target (100%)	Stretch (200%)
Return on risk-weighted assets	35%	0.9%	1.2%	1.6%
Return on equity	25%	9%	12%	15%
Tier 1 capital adequacy	12.5%	9.5%	10.5%	12%
Liquidity cover ratio*	6.25%	115%	132.5%	162.5%
Net stable funding ratio*	6.25%	82%	89.5%	99.5%

* *The liquidity metrics (liquidity cover ratio and net stable funding ratio) are a blend of the underlying liquidity metrics weighted by region (55% South Africa: 45% UK) as set out below:*

Measure	South Africa	UK
Geographical weighting	55%	45%
Liquidity cover ratio		
Threshold	55%	150%
Target	65%	175%
Stretch	75%	225%
Net stable funding ratio		
Threshold	65%	95%
Target	75%	100%
Stretch	85%	110%

Stretch achievement levels for return on risk-weighted assets and return on equity are considered to be demanding:

- The group's adjusted earnings for the year ended 31 March 2015 amounted to £339.5 million
- In order to achieve the stretch achievement level for the return on risk-weighted assets metric, the group's adjusted earnings for the year ended 31 March 2015 would have needed to be 28% larger at £434.5 million *ceteris paribus*
- In order to achieve the stretch achievement level for the return on equity metric, the group's adjusted earnings for the year ended 31 March 2015 would have needed to be 42% larger at £481 million *ceteris paribus*.

Executive short-term incentive – non-financial metrics: achievement levels

The committee believes that it is right to incentivise executive directors to attend to important matters on which the long-term performance of the company depends, but which cannot in any one performance period be directly linked to financial returns. The executive directors have a low level of fixed gross remuneration relative to their peers. Therefore, without a meaningful weighting and target score for non-financial metrics, the executives would not be rewarded in any significant way for activities which the committee and the board regard as essential to the reputation, risk profile, capability and overall long-term sustainability of the company. The committee considers that both the short- and long-term incentive schemes should properly reflect the board's view of the proper balance of responsibilities for the executive directors.

The areas of focus, weightings and objectives for the non-financial metrics are assessed on a four-point scale (these are reviewed and set annually). These are as follows:

	Weighting	Achievement levels				
Non-financial metrics	15%	0%	50%	100%	150%	200%
Culture and values	3.75%	0	1	2	3	4
Franchise development	3.75%	0	1	2	3	4
Governance and regulatory and shareholder relationships	3.75%	0	1	2	3	4
Employee relationship and developments	3.75%	0	1	2	3	4

The committee has set the following areas of focus in respect of the non-financial performance conditions:

- Culture and values
  - Management visible and proactive in demonstrating appropriate behaviour
  - Performance-driven, transparent and risk-conscious organisation
  - Delivering appropriate and sustainable products with high levels of service and responsiveness
  - Acting with integrity, supporting the community, developing people and maintaining good relations with key stakeholders
  - Continual monitoring of the culture of the group
- Franchise development
  - Quality of brand, development of client base, commitment to the community and progress in building the firm
  - Environmental and other sustainability issues
- Governance and regulatory and shareholder relationships
  - Maintaining open and transparent relations with regulators
  - Regulators should have confidence that the firm is being properly governed and managed
  - Shareholders should have confidence that the firm is being properly managed
- Employee relationship and development
  - Succession and the development of the next generation
  - Diversity and black economic empowerment initiatives and results
  - Continued development of people – both on the job and extramurally.

The committee assesses achievement against objectives for the non-financial metrics on a four-point scale and score 0 (0%) and 4 (200%) only in exceptional circumstances, with the typical score range being 1 (50%), 2 (100%) or 3 (150%).

Further details on the executive directors' long-term incentive plan

The vesting of awards for the executive directors will be conditional on performance weighted as to financial and non-financial performance and measured against prescribed achievement levels.

The number of shares awarded will be decreased or increased by a performance multiplier comprising weightings and achievement scores within score ranges for the financial and non-financial metrics, as follows:

	Weighting	Score range	Achievement levels
Financial metrics	75%	0 – 150%	Threshold (0%) Target (100%) Stretch (150%)
Non-financial metrics	25%	0 – 200%	Threshold (0%) Target (100%) Stretch (200%)

The number of shares which vest against both the financial and non-financial performance conditions depend on whether threshold (0%), target (100%) or stretch (150%) levels are achieved, with awards vesting on a linear basis between each level.

If the stretch achievement levels for both the financial and non-financial metrics are satisfied, the number of shares vesting will be increased to a maximum of 135% of the number of shares awarded at the time of grant.

Executive long-term incentive – financial metrics: achievement levels

The achievement levels for each financial metric which determine threshold, target and stretch performance for the three-year performance period applicable to each annual award will be reviewed and set annually by the committee in advance of the award being made after a careful review of relevant economic and market conditions. The weightings for each of the financial metrics are expected to remain constant going forward.

Threshold, target and stretch achievement levels for the financial metrics currently are as follows:

	Weighting	Achievement levels		
Financial metrics	75%	Threshold (0%)	Target (100%)	Stretch (150%)
Growth in tangible net asset value[1]	40%	15%	30%	45%
Return on risk-weighted assets[2]	35%	0.7%	1.2%	1.6%

1 *The growth in tangible net asset value is expressed per share based on neutral currency and after adding back dividends and will be measured over the three financial years preceding the first date of vesting.*

2 *Return on risk-weighted assets is defined as adjusted earnings/average risk-weighted assets, where adjusted earnings are earnings attributable to ordinary shareholders after taxation, non-controlling interests and preference dividends, but before goodwill, acquired intangibles and non-operating items, and will be measured over the three financial years preceding the first date of vesting by averaging the actual return on risk-weighted assets achieved for each of those three financial years.*

The awards will be tested over the three financial years preceding the first date of vesting against the achievement levels set on grant and the number of shares to be received will be determined by reference to the combined total which has been achieved.

Executive long-term incentive – non-financial metrics: achievement levels

The non-financial metrics and associated objectives for the three-year performance period applicable to each annual award will be reviewed and set annually by the committee, in advance of the award being made, taking into account the group's strategic and operational objectives.

The current non-financial metrics are as follows:

	Weighting	Achievement levels				
Non-financial metrics	25%	0%	50%	100%	150%	200%
Culture and values	4%	0	1	2	3	4
Franchise development	13%	0	1	2	3	4
Governance and regulatory and shareholder relationships	4%	0	1	2	3	4
Employee relationship and development	4%	0	1	2	3	4

The committee assesses achievement against objectives for the non-financial metrics on a four-point scale and score 0 (0%) and 4 (200%) only in exceptional circumstances with the typical score range being 1 (50%), 2 (100%) or 3 (150%).

Non-executive directors

The fee structure for non-executive directors for the 2015 and 2016 financial years is shown in the table below:

Non-executive directors' remuneration	Year ended 31 March 2015	As proposed by the board for the year ending 31 March 2016
Chairman's total fee	£400 000 per year	£415 000 per year
Basic non-executive director fee	£68 000 per year	£70 000 per year
Senior independent director	£5 500 per year	£10 000 per year (subject to shareholder approval)
Chairman of the DLC audit committee	£58 000 per year	£60 000 per year
Chairman of the DLC remuneration committee	£42 000 per year	£44 000 per year
Member of the DLC audit committee	£17 000 per year	£17 500 per year
Member of the DLC remuneration committee	£15 500 per year	£16 000 per year
Member of the DLC nominations and directors' affairs committee	£11 000 per year	£11 500 per year
Member of the DLC social and ethics committee	£11 000 per year	£11 500 per year
Chairman of the board risk and capital committee	£42 000 per year	£43 500 per year
Member of the board risk and capital committee	£13 500 per year	£14 000 per year
Investec Bank Limited board member in attendance of the board risk and capital committee	R135 000 per year	R142 000 per year
Member of the Investec Bank plc board	£12 500 per year	£13 000 per year
Member of the Investec Bank Limited board	R275 000 per year	R290 000 per year
Investec Bank Limited board member in attendance at the DLC nominations and directors' affairs committee	R73 500 per year	R77 000 per year
Per diem fee for additional work committed to the group	£2 000/R30 000	£2 000/R30 000

Executive directors' single total figure of remuneration (audited)

The table below provides a single total remuneration figure for each executive director over the financial period.

Executive directors	Salary £	Retirement benefits £	Total other taxable benefits £	Fixed allowance £	Gross remuneration £	STI – upfront cash £	STI – deferred £	Value of vested LTIPs £	Total remuneration £
S Koseff (chief executive officer)									
– 2015	396 524	62 612	10 864	1 000 000	1 470 000	500 000	2 000 000	–	3 970 000
– 2014	372 126	54 685	23 189	–	450 000	394 000	1 576 000	–	2 420 000
B Kantor (managing director)									
– 2015	439 120	24 912	5 968	1 000 000	1 470 000	500 000	2 000 000	–	3 970 000
– 2014	419 224	23 943	6 833	–	450 000	394 000	1 576 000	–	2 420 000
GR Burger (group risk and finance director)									
– 2015	280 892	35 363	7 162	1 000 000	1 323 417	450 000	1 800 000	–	3 573 417
– 2014	283 416	36 832	10 851	–	331 099	354 000	1 416 000	–	2 101 099
HJ du Toit									
– 2015	440 950	–	10 180	–	451 130	4 360 000	–	3 319 059	8 130 189
– 2014	391 378	50 000	9 563	–	450 941	4 360 000	–	798 705	5 609 646

Salary and benefits

- *Gross remuneration comprises base salary, fixed allowance and other benefits.*
- *Gross remuneration of S Koseff and B Kantor (excluding the fixed allowance of £1 million) increased by 4.4% from £450 000 to £470 000. The gross remuneration for HJ du Toit largely remained the same as the prior year. The gross remuneration of GR Burger (excluding the fixed allowance of £1 million) is largely determined in Rands and converted into Pounds Sterling. In Rand terms GR Burger's Rand-based gross remuneration increased by 6.0% from R4 000 000 in March 2014 to R4 240 000 in March 2015 and his Pound-based gross remuneration increased 2.9% from £84 000 to £86 500 in March 2015.*
- *The executive directors receive other benefits which may include pension schemes; life, disability and personal accident insurance; medical cover; and fixed allowances, on similar terms to other senior executives.*
- *As part of the restructuring of the remuneration arrangements last year to ensure compliance with the requirements of CRD IV, the CEO, MD and GRFD have received fixed allowances, payable in shares. The fixed allowance of £1 million each to S Koseff, B Kantor and GR Burger was awarded in the form of 203 418 forfeitable Investec plc shares to each of the directors which vested immediately on award. These shares are, however, subject to a retention period in terms of which 75% of the shares are subject to a retention period of four years and the remaining 25% of the shares are subject to a retention period of five years. The 203 418 Investec plc shares for each of the directors is included in their beneficial and non-beneficial interest holding on page* 156.
- *Retirement benefits: None of the directors belong to a defined benefit pension scheme and all are members of one of our defined contribution pension or provident schemes. The amounts reflected in the table above represent the contribution to these schemes payable by the company.*

STI

- *Notwithstanding that HJ du Toit is currently a director of Investec plc and Investec Limited, he does not perform Investec group-wide executive activities. Accordingly, HJ du Toit and any remuneration benefits due to him are subject to the remuneration policies, rules and regulations applicable to employees of IAM and not the remuneration policies, rules and regulations applicable to other entities within the Investec group. HJ du Toit is the founder and CEO of IAM and is not classified as PRA Code Staff by PRA regulations. As a result, his compensation arrangements are not affected by the cap on variable remuneration. The short-term incentive payable to the CEO of IAM is 1.85% of the earnings of IAM before variable compensation and tax. For the year ended 31 March 2015, a payment of £4.360 million was due and was paid in cash shortly after the year end. There will be no deferral of the short-term incentive until such time as the debt taken out by the CEO of IAM to fund a substantial investment in IAM has been repaid. Further detail on this equity transaction is provided on page 175. IAM reported an increase in adjusted operating profit before tax and non-controlling interests of 3.6% to £149 million. Assets under management amounted to £77.5 billion, with £3.1 billion in net inflows.*
- *S Koseff, B Kantor and GR Burger are classified as PRA Code Staff.*
- *The annual bonus for the year ended 31 March 2015 for S Koseff, B Kantor and GR Burger was determined with reference to performance against financial and non-financial metrics as set out below and described in detail on pages* 147 *to* 149.
- *Further information on the short-term incentives is set out on pages* 147 *to* 149 *and as discussed on page* 146 *a portion of bonuses are paid in cash and a portion is deferred. The portion deferred is deferred in shares.*

The determination of bonuses for the CEO, MD and GRFD are set out below:

- *The short-term incentive pool available for the CEO, MD and GRFD for the year ended 31 March 2015 amounted to 1.3% of the group's adjusted operating profit, defined as operating profit before taxation, goodwill, acquired intangibles and non-operating items and after non-controlling interests. If the target performance conditions are achieved, distribution of the pool will be as follows: 0.45% to the CEO, 0.45% to the MD and 0.40% to the GRFD.*
- *The pool is decreased or increased by a performance multiplier comprising weightings and achievement scores within score ranges for the financial and non-financial performance measures described in the table below. The maximum aggregate pool, if all financial and non-financial stretch levels are achieved, would be 180% of (adjusted operating profit x 1.3%), subject to the remuneration cap as approved by shareholders.*

The determination of the bonus for S Koseff and B Kantor is shown below:

Adjusted operating profit at 31 March 2015 (£'000)	474 973
CEO/MD 'incentive pool' at 0.45% (£'000)	2 137
Maximum leverage at 180%, i.e. maximum potential bonus before application of the remuneration cap (£'000)	3 847

			Achievement levels				
Financial metrics	Weighting	Actual achieve-ment at 31 March 2015	Threshold 0%	Target 100%	Stretch 200%	Actual allocation achieved £'000	Actual weighting achieved % vs target
Return on risk-weighted assets	35%	1.25%	0.9%	1.2%	1.6%	836	111.8%
Return on equity	25%	10.6%	9%	12%	15%	282	52.8%
Tier 1 capital adequacy	12.5 %	11.6%	9.5%	10.5%	12.0%	463	173.3%
LCR	6.25%	222.3%	115%	132.5%	162.5%	267	200.0%
NSFR	6.25%	107.8%	82%	89.5%	99.5%	267	200.0%
Total	85.0%					2 115	116.5%

The portion of the 2014 bonus 'achieved' for financial metrics amounted to £1 640 000 (£612 000 for return on risk-weighted assets; £194 000 for return on equity; £312 000 for tier 1 capital adequacy; £275 000 for the LCR; and £247 000 for the NSFR). The increase in the portion of the bonus for the 2015 financial year attributable to performance against financial metrics is thus largely a result of the improvement in return on risk-weighted assets, return on equity and the tier 1 capital adequacy ratio.

Non-financial metrics

Following an assessment of these metrics (as described on page 149) the remuneration committee decided to allocate an award of approximately £385 000 (2014: £330 000) for performance against non-financial metrics. A score of 2 (i.e. weighting of 100%) was awarded to the 'culture and values' and 'governance and regulator and shareholder relationships' categories and a score of 3 (i.e. weighting of 150%) was awarded to the 'franchise development' and 'employee relationship and development categories'. Further information is provided on the next page.

The determination of the bonus for GR Burger is shown below:

Adjusted operating profit at 31 March 2015 (£'000)	474 973
GRFD 'incentive pool' at 0.40% (£'000)	1 900
Maximum leverage at 180%, i.e. maximum potential bonus before application of the remuneration cap (£'000)	3 420

			Achievement levels				
Financial metrics	Weighting	Actual achieve-ment at 31 March 2015	Threshold 0%	Target 100%	Stretch 200%	Actual allocation achieved £'000	Actual weighting achieved vs % target
Return on risk-weighted assets	35%	1.25%	0.9%	1.2%	1.6%	743	111.8%
Return on equity	25%	10.6%	9%	12%	15%	251	52.8%
Tier 1 capital adequacy	12.50%	11.6%	9.5%	10.5%	12.0%	412	173.3%
LCR	6.25%	222.3%	115%	132.5%	162.5%	237	200.0%
NSFR	6.25%	107.8%	82%	89.5%	99.5%	237	200.0%
Total	85.0%					1 880	116.5%

The portion of the 2014 bonus 'achieved' for financial metrics amounted to £1 475 000 (£550 000 for return on risk-weighted assets; £174 000 for return on equity; £281 000 for tier 1 capital adequacy; £248 000 for the LCR; and £222 000 for the NSFR). The increase in the portion of the bonus for the 2015 financial year attributable to performance against financial metrics is thus largely a result of the improvement in return on risk-weighted assets, return on equity and the tier 1 capital adequacy ratio.

Non-financial metrics

Following an assessment of these metrics (as described on page 149) the remuneration committee decided to allocate an award of approximately £370 000 (2014: £295 000) for performance against non-financial metrics. A score of 2 (i.e. weighting of 100%) was awarded to the 'culture and values' and 'governance and regulator and shareholder relationships' categories and a score of 3 (i.e. weighting of 150%) was awarded to the 'franchise development' and 'employee relationship and development' categories .

An assessment of non-financial metrics

The following aspects were taken into consideration in the assessment of performance against the non-financial metrics for the CEO, MD and GRFD.

Areas of focus as set out on page 149	Achievements during the year
Culture and values:	
• Management visible and proactive in demonstrating appropriate behaviour • Performance-driven, transparent and risk-conscious organisation • Delivering appropriate and sustainable products with high levels of service and responsiveness • Acting with integrity, supporting the community, developing people and maintaining good relations with key stakeholders • Continual monitoring of the culture of the group	• The executive continued to actively engage with employees through, for example, management hosted breakfasts, management panels, induction presentations – facilitating discussions on a number of aspects, including culture and values • The executive hosted a risk appetite forum in which a number of case studies were presented on various aspects of risk. The purpose of these case studies was to foster debate on our risk culture and lessons learnt over the past few years • Our HR and Organisational Development divisions continued to actively work with the executive and our management teams to ensure our values are lived and entrenched into our day-to-day activities
Governance and regulatory and shareholder relationships:	
• Maintaining open and transparent relations with regulators • Regulators should have confidence that the firm is being properly governed and managed • Shareholders should have confidence that the firm is being properly managed	• The chairman and senior independent non-executive director (SID) attended a number of meetings with shareholders during the course of the year. These meetings facilitated debate and feedback between the board and shareholders. A number of topics were discussed, including executive remuneration arrangements, board refreshment, succession planning and overall group strategy. The chairman and the SID received feedback from shareholders that they were generally pleased with the execution of the group's strategy by the executive and the board
Franchise development:	
• Quality of brand, development of client base, commitment to the community and progress in building the firm • Environmental and other sustainability issues	• The past year focused largely on the execution of our planned strategy; we are pleased that the results reflect the positive strategic progress made. The reshaping of the Specialist Bank was completed with the sale of the UK Kensington business, the Start (Irish) mortgage business and part of the Australian business. Further, significant effort was focused on accelerating the run down of the legacy portfolio in the UK • All of these were executed while we continued to grow the core franchises of the Specialist Bank as well as invest in the growth of our Asset Management and Wealth & Investment businesses • Investec maintained its inclusion in a number of international sustainability indices • Our core values include unselfishly contributing to society. During the year we spent £5.4 million on social investment initiatives (2014: £5.1 million) • Our South African Promaths initiative received the *Mail & Guardian's* 2014 Investing in the Future Award • Investec won the Business Charity Award for Community Impact in the UK for our partnership with the Bromley by Bow Beyond Business incubator • Investec Gresham Street (UK) was a runner-up in the 2014 Clean City Awards Scheme • The Gresham Street (UK) office was awarded ISO 14001 certification and the Energy Reduction Verification (ERV) Kitemark • Investec was one of the first UK City businesses to sign up to the Air Quality Pledge • We committed £1.1 billion to renewable energy. Investec, in partnership with Vuselesa Energy, launched a first of its kind co-generation power plant in South Africa, Eternity Power

An assessment of non-financial metrics (continued)

Areas of focus as set out on page 149	Achievements during the year
Employee relationship and development:	
• Succession and the development of the next generation • Diversity and black economic empowerment initiatives and results • Continued development of people – both on the job and extramurally	• Investec has been voted one of the most attractive employers in the 2015 Universum Most Attractive Employer awards. Investec was voted Best Bank by both professionals and graduates • In South Africa, Investec remains committed to black economic empowerment. During the year we received a level 2 BBBEE rating status from Empowerdex (improving from a level 3). We are committed to achieving and sustaining an equitable workplace that encourages and manages diversity and as such remains focused on the corrective strategies as set out in our Employment Equity Plan for the period 2013 to 2017. In terms of numerical targets for 2014 we met the targets for top management, and at the senior management level were just shy of meeting our targets. We did not meet our targets for junior management, however, we exceeded our targets at the middle management level and at the semi-skilled level (due to the implementation of various learnership programmes) • The nomination and directors affairs' committee (NOMDAC) received a detailed presentation from the executive regarding senior management succession, and the NOMDAC is satisfied that there is a formal management succession plan in place • In 2015, we invested £14 million in the learning and development of our employees, compared to £11.8 million in 2014

Long-term incentive awards

- No long-term incentive awards have been granted during the 2015 financial year nor have any LTIPs vested for S Koseff, B Kantor or GR Burger
- LTIPs for HJ du Toit have vested in 2015 and 2014. The values provided in the tables above represent the number of shares that vested multiplied by the market price of the shares at the date on which they vested. Further information is provided on page 157.

Non-executive directors' single total remuneration figure (audited)

The table below provides a single total remuneration figure for each non-executive director over the financial period.

Name	Total remuneration 2015 £	Total remuneration 2014 £
Non-executive directors		
Sir DJ Prosser (former joint chairman)[1]	92 667	255 500
F Titi (chairman)	363 438	255 500
SE Abrahams[2]	–	76 669
GFO Alford[1]	72 473	145 000
ZBM Bassa[3]	41 043	–
LC Bowden[3]	21 250	–
CA Carolus	82 322	72 843
PKO Crosthwaite	184 069	154 049
OC Dickson[1]	35 819	114 402
B Fried	163 550	165 500
D Friedland	289 763	273 484
H Fukuda OBE	94 000	92 500
CR Jacobs[3]	53 971	–
IR Kantor	68 000	73 984
Lord Malloch-Brown KCMG[3]	51 063	–
MP Malungani[1]	34 754	102 579
KL Shuenyane[3]	59 315	–
PRS Thomas	195 633	193 975
Total in Pounds Sterling	1 903 130	1 975 985

[1] *Sir DJ Prosser, GFO Alford, OC Dickson and MP Malungani resigned from the board on 8 August 2014.*

[2] *SE Abrahams resigned from the board on 8 August 2013.*

[3] *CR Jacobs, Lord Malloch-Brown and KL Shuenyane were appointed to the board on 8 August 2014. ZBM Bassa was appointed to the board on 1 November 2014 and LC Bowden on 1 January 2015.*

Payments to past directors and payments for loss of office (audited)

No such payments have been made.

Directors' shareholdings, options and long-term incentive awards (audited)

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 2015.

Directors' shareholdings in Investec plc and Investec Limited shares at 31 March 2015 (audited)

Name	Beneficial and non-beneficial interest Investec plc[1] 1 April 2014	Beneficial and non-beneficial interest Investec plc[1] 31 March 2015	% of shares in issue[1] Investec plc 31 March 2015	Beneficial and non-beneficial interest Investec Limited[1] 1 April 2014	Beneficial and non-beneficial interest Investec Limited[1] 31 March 2015	% of shares in issue[1] Investec Limited 31 March 2015
Executive directors						
S Koseff[2]	4 589 355	4 773 200	0.8%	1 809 399	1 534 399	0.5%
B Kantor[2]	57 980	488 918	0.1%	4 301 000	3 600 500	1.3%
GR Burger[2]	2 402 135	2 848 944	0.5%	737 076	627 076	0.2%
HJ du Toit	–	–	–	604 740	604 740	0.2%
Total number	7 049 470	8 111 062	1.4%	7 452 215	6 366 715	2.2%
Non-executive directors						
F Titi (chairman)	–	–	–	–	–	–
ZBM Bassa	–	–	–	–	–	–
LC Bowden	–	–	–	–	–	–
CA Carolus	–	–	–	–	–	–
PKO Crosthwaite	132 908	115 738	–	–	–	–
B Fried	–	–	–	–	–	–
D Friedland	–	–	–	–	–	–
H Fukuda OBE	5 000	5 000	–	–	–	–
CR Jacobs	–	–	–	–	–	–
IR Kantor	3 509 545	3 509 545	0.6%	325	325	–
Lord Malloch-Brown KCMG	–	–	–	–	–	–
KL Shuenyane	–	19 900	–	–	–	–
PRS Thomas	–	–	–	–	–	–
Total number	3 647 453	3 650 183	0.6%	325	325	–
Total number	10 696 923	11 761 245	2.0%	7 452 540	6 367 040	2.2%

The table above reflects holdings of shares by current directors.

[1] *The number of shares in issue and share prices for Investec plc and Investec Limited over the period is provided on page 159.*

[2] *The beneficial and non-beneficial holdings of S Koseff, B Kantor and GR Burger, include 203 418 Investec plc shares which relate to the award to each of the directors of shares in respect of a £1 million fixed allowance on 8 August 2014 (as explained on page 151). The shares are subject to a retention period of four years in respect of 75% of the shares and the remaining 25% of the shares are subject to a retention period of five years.*

There are no requirements for directors to hold shares in the group.

Directors' interest in preference shares at 31 March 2015 (audited)

Name	Investec plc		Investec Limited		Investec Bank Limited	
	1 April 2014	31 March 2015	1 April 2014	31 March 2015	1 April 2014	31 March 2015
Executive director						
S Koseff	101 198	101 198	3 000	3 000	4 000	4 000

- *The market price of an Investec plc preference share at 31 March 2015 was R73.50 (2014: R87.99).*
- *The market price of an Investec Limited preference share at 31 March 2015 was R83.45 (2014: R84.01).*
- *The market price of an Investec Bank Limited preference share at 31 March 2015 was R90.21 (2014: R90.00).*

Directors' interest in options at 31 March 2015 (audited)

Investec plc shares

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

Investec Limited shares

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

Directors' interest in Investec 1 Limited's long-term incentive plans at 31 March 2015 (audited)

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2014	Exercised during the year	Options granted/ lapsed during the year	Balance at 31 March 2015	Market price at date of exercise	Gross gains made on date of exercise	Period exercisable
HJ du Toit	25 June 2009	Nil	62 500	(62 500)	–	–	£5.23	£326 781	
	1 July 2010	Nil	750 000	(562 500)	–	187 500	162 500 at £5.26 per share, 100 000 at £5.04 per share and 300 000 at £5.45 per share	£2 992 278	The remaining nil cost options are exercisable from 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 Hendrik du Toit becoming an executive director. Hendrik du Toit exercised his options and sold 62 500 Investec plc shares on 25 June 2014 at an average share price of £5.23 per share. Hendrik du Toit exercised his options and sold a further 162 500 Investec plc shares on 1 July 2014 at an average share price of £5.26 per share, 100 000 Investec plc shares on 1 August 2014 at an average price of £5.04 per share, and 300 000 Investec plc shares on 26 August 2014 at an average price of £5.45 per share. There were no performance conditions attached to these awards.

None of the outstanding awards at 31 March 2015 have vested.

Directors' interest in the Investec plc Executive Incentive Plan 2013 at 31 March 2015 (audited)

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2014	Conditional awards made during the year	Balance at 31 March 2015	Performance period	Period exercisable	Retention period
S Koseff	16 September 2013	Nil	600 000	–	600 000	1 April 2013 to 31 March 2016	75% is exercisable on 16 September 2017; and	16 September 2017 to 16 March 2018
							25% on 16 September 2018, subject to performance criteria being met	16 September 2018 to 16 March 2019
B Kantor	16 September 2013	Nil	600 000	–	600 000	1 April 2013 to 31 March 2016	75% is exercisable on 16 September 2017; and	16 September 2017 to 16 March 2018
							25% on 16 September 2018, subject to performance criteria being met	16 September 2018 to 16 March 2019
GR Burger	16 September 2013	Nil	600 000	–	600 000	1 April 2013 to 31 March 2016	75% is exercisable on 16 September 2017; and	16 September 2017 to 16 March 2018
							25% on 16 September 2018, subject to performance criteria being met	16 September 2018 to 16 March 2019

The Executive Incentive Plan and the awards made on 16 September 2013 were approved at the July 2013 annual general meeting in terms of which 600 000 nil cost options each were awarded to S Koseff, B Kantor and GR Burger.

The performance criteria in respect of these awards are detailed on pages 149 and 150. None of these awards have as yet vested. The face value at grant for these awards, assuming 'at target' performance (as described on pages 149 and 150) amounts to £2 652 000 based on an actual share price for Investec plc of £4.42 on 16 September 2013 (date of grant), and 600 000 awards vesting.

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

Summary: Investec plc and Investec Limited share statistics

	31 March 2015	31 March 2014	High over the year	Low over the year
Investec plc share price	£5.61	£4.85	£6.06	£4.91
Investec Limited share price	R100.51	R84.84	R107.35	R86.02
Number of Investec plc shares in issue (million)	613.6	608.8	–	–
Number of Investec Limited shares in issue (million)	285.7	282.9	–	–

Shareholder dilution

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

Eligibility	Maximum award per individual[1]	Vesting period	Options granted during the year[2]	Total issued at 31 March 2014[3/4/5/6]
Investec 1 Limited Share Incentive Plan – 16 March 2005 – Investec plc				
• New and existing full-time employees • Excluding employees in South Africa, Botswana, Namibia and Mauritius • Excluding executive directors	• Cumulative limit of 2 500 000 across all option plans • Excluding EVA awards • In any financial year: 1x remuneration package	• Nil cost options: 75% end of year four and 25% end of year five; and for PRA Code Staff: 75% at the end of three and a half years and 25% at the end of four and half years plus a six-month retention period • EVA share awards: up to three years from date of award	6 523 960	Number: 32 028 999 % of issued share capital of company: 3.56%
		• Market strike options: 25% end of years two, three, four and five	197 250	Number: 277 700 % of issued share capital of company: 0.0%
Investec Limited Share Incentive Plan – 6 March 2005 – Investec Limited				
• New and existing full-time employees in South Africa, Botswana, Namibia and Mauritius • Excluding executive directors	• Cumulative limit of 2 500 000 across all option plans • Excluding EVA awards • In any financial year: 1x remuneration package	• Nil cost options: 75% end of year four and 25% end of year five • EVA share awards: up to three years from date of award	10 719 215	Number: 41 633 223 % of issued share capital of company: 4.63%

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 *This represents the number of awards made to all participants. For further details, see page 49 in volume three. More details on the directors' shareholdings are also provided in tables accompanying this report.*

3 *Dilution limits: Investec is committed to following the Investment Association principles of remuneration: 2014 edition (formerly ABI remuneration principles) 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 2015 was 613.6 million shares and 285.7 million shares, respectively.*

4 *The market price of an Investec plc share at 31 March 2015 was £5.61 (2014: £4.85), ranging from a low of £4.91 to a high of £6.06 during the financial year.*

5 *The market price of an Investec Limited share at 31 March 2015 was R100.51 (2014: R84.84), ranging from a low of R86.02 to a high of R107.35 during the financial year.*

6 *The rules of these long-term incentive plans do not allow awards to be made to executive directors. The table above excludes details of the Investec plc executive incentive plan 2013 on page 158.*

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

Performance graph: total shareholder return

We recognise that remuneration is an area of particular interest to shareholders and that in setting and considering changes to remuneration it is important that we take their views into account. Accordingly, a series of meetings are held each year with our major shareholders and shareholder representative groups. The remuneration committee chairman attends these meetings, accompanied by senior Investec employees and the group chairman. This engagement is meaningful and helpful to the committee in its work and contributes directly to the decisions made by the committee.

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

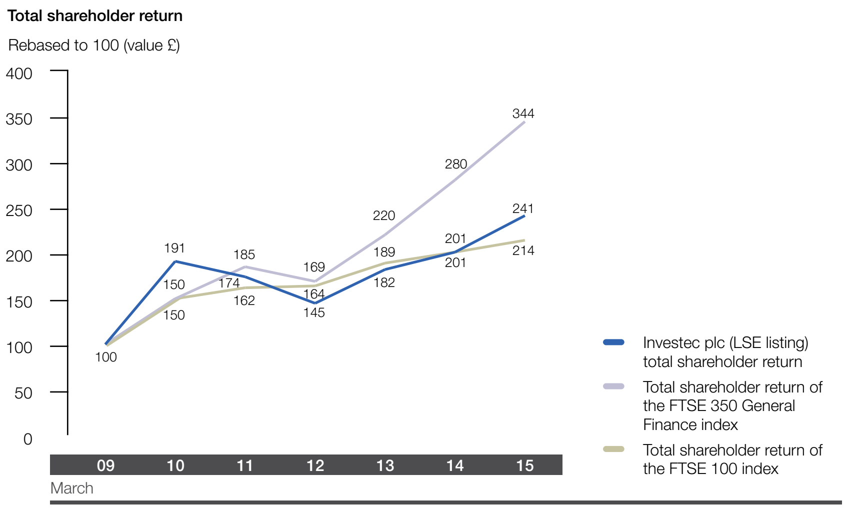
Schedule 8 of the UK Large and Medium-sized Companies and Groups (Accounts and Report) Regulations 2008 (as amended) requires this report to include a performance graph of Investec plc's total shareholder return (TSR) performance against that of a broad market index. A number of companies within the 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. Although we are not currently included in the FTSE 100, we were part of that index between 2010 and 2011 and 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 blue) 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 2015, a hypothetical £100 invested in Investec plc at 31 March 2009 would have generated a total return of £141 compared with a return of £244 if invested in the FTSE 350 General Finance Index and a return of £114 if invested in the FTSE 100 Index. Investec plc has therefore underperformed the FTSE 350 General Finance Index over the period.

During the period from 1 April 2014 to 31 March 2015, the return to shareholders of Investec plc (measured in Pounds Sterling) and Investec Limited (measured in Rands) was 19.7% and 22.5%, respectively. This compares to a 20.9% return for the FTSE 350 General Finance Index, a return of 5.5% for the FTSE 100 Index and a return of 10.0% for the JSE Top 40 Index.

The market price of our shares on the LSE was £5.61 at 31 March 2015, ranging from a low of £4.91 to a high of £6.06 during the financial year. The market price of our shares on the JSE Limited was R100.51 at 31 March 2015, ranging from a low of R86.02 to a high of R107.35 during the financial year.

Performance graph



Source: Datastream

Remuneration report

4

Table of CEO remuneration

In addition, the table below provides a six-year summary of the total remuneration of the CEO. For the purpose of calculating the value of the remuneration of the CEO, data has been collated on a basis consistent with the 'single remuneration figure' methodology as set out on page 151.

Year ended	31 March 2010	31 March 2011	31 March 2012	31 March 2013	31 March 2014	31 March 2015
CEO single figure of total remuneration (£'000)*	4 910	4 291	450	1 950	2 420	3 970
% of maximum of short-term incentive	n/a^	n/a^	n/a^	n/a^	50%	65%

* *Historical long-term incentives did not vest as they did not meet performance conditions in the relevant periods. Current long-term incentives are only due to vest in 2017, subject to performance criteria.*

^ *Historically annual bonuses were not determined in terms of a formulaic approach where maximum and minimum awards could be derived.*

Percentage change in the CEO's remuneration

The table below shows how the percentage change in the CEO's salary and annual bonus between 2014 and 2015 compares with the percentage change in the average of each of those components of remuneration for Investec plc employees and Investec Limited employees.

	Salary and benefits	Annual bonus
CEO (in Pounds Sterling)	4.4%	26.9%
Average based on Investec plc employees (in Pounds Sterling)	0.7%	6.4%
Average based on Investec Limited employees (in Rands)	8.6%	30.3%

Relative importance of spend on remuneration

Our value-added statement is provided on page 9. In summary, the relative importance of remuneration and distributions to shareholders is shown below:

£'000	31 March 2015	31 March 2014	% change
Group compensation costs	(927 980)	(897 743)	3.4%
– Fixed	(590 896)	(592 192)	(0.2%)
– Variable	(337 084)	(305 551)	10.3%
Dividends to shareholders	204 913	183 865	11.4%
– Ordinary shares	168 486	150 053	12.3%
– Preference shares	36 427	33 812	7.7%

Statement of voting at 2014 annual general meeting

At the 2014 annual general meeting, the voting results on the four remuneration resolutions were as follows:

	Number of votes cast 'for' resolution	% of votes 'for' resolution	Number of votes cast 'against' resolution	% of votes 'against' resolution	Number of abstentions
To approve the directors' remuneration report	621 054 783	90%	66 835 396	10%	19 053 045
To approve the directors' remuneration policy	386 306 305	56%	308 140 134	44%	12 496 785
To approve the maximum ratio of variable to fixed remuneration	610 793 641	87%	89 612 263	13%	6 536 721
To approve the non-executive directors' remuneration	693 881 841	99%	10 172 963	1%	2 885 869

Additional remuneration disclosures (unaudited)

South African Companies Act, 2008 disclosures

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

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

- Asset Management
  – Hendrik du Toit
- Wealth & Investment
  – Steve Elliott
- Specialist Banking
  – Stephen Koseff
  – Bernard Kantor
  – Glynn Burger

Hendrik du Toit, Stephen Koseff, Bernard Kantor and Glynn Burger are also the four executive directors of Investec Limited and their remuneration is disclosed on page 151.

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

Directors' remuneration policy for the year ending 31 March 2016 and subsequent years

This directors' remuneration policy will be put to a binding shareholder vote at the annual general meeting in August 2015 and, subject to approval, will be effective from that date. It is anticipated that it will remain in force until the 2018 annual general meeting unless regulatory changes or the business or economic environment necessitate earlier amendment.

Scope of our remuneration policy

The Investec group aims to apply remuneration policies to executive directors and employees that are largely consistent across the group, but recognises that certain parts of the group are governed by local regulations that may contain more onerous requirements in certain respects.

In those cases, the higher requirements are applied to that part of the group. This is relevant to Investec plc and its subsidiary companies that are subject to the PRA Remuneration Code (as a level 2 organisation as defined therein), and in particular in relation to PRA Code Staff. Additionally, where any aspect of our remuneration policy contravenes local laws or regulations, the local laws or regulations shall prevail.

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

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

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

More details of the remuneration policies applying in each of our subsidiary companies can be found on pages 170 to 176.

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.

Remuneration principles

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

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

Given our stance on maintaining a low fixed cost component of remuneration, our commitment to inspiring an entrepreneurial culture, and our risk-adjusted return on capital approach to EVA, we do not apply an upper limit on variable rewards other than in respect of PRA Code Staff (as discussed on page 163).

We reward employees generally for their contribution through:

- An annual gross remuneration package (base salary and benefits) providing an industry competitive package
- A variable short-term incentive related to performance (annual bonus)

- A long-term incentive plan (share awards) providing long-term equity participation
- Certain of our PRA Code Staff receive fixed monthly cash allowances and a commensurate reduction of variable short-term incentive in order to comply with the two times cap in terms of CRD IV.

Benchmarks

The short-term incentive allocated to the CEO and pool (for the year ended 31 March 2015) was arrived at after extensive benchmarking over a five-year period against short-term incentives of: (i) chief executive officers, and (ii) groups of executive directors for a bespoke peer group (and sub-groups of South African and non-South African peers) comprising: Aberdeen Asset Management, Barclays Africa Group, Alliance Bernstein, Close Brothers Group, FirstRand, Invesco, Jefferies, Julius Baer, Macquarie Group, Man Group, Nedbank Group, Rathbone Brothers, Schroders, Standard Bank Group and Tullett Prebon.

The levels of CEO profit share and the pool are more compatible with international reward levels than South African reward levels. The committee believes this is appropriate, given the complexity of Investec and the challenges involved in managing a group operating across three businesses in two core geographies. The pool is decreased or increased by a performance multiplier comprising weightings and achievement scores within score ranges for the financial and non-financial performance measures (as discussed on pages 147 to 149).

The short-term incentive pool and target award levels have been reduced for the year ending 31 March 2016 and subsequent years, due to the reintroduction of the long-term incentive (refer to page 146). The total maximum pool, if all financial and non-financial stretch levels are achieved, would be 180% of (adjusted operating profit x 0.66%)

Impact of CRD IV on executive directors' remuneration arrangements

CRD IV is EU regulation that has been effective from 1 January 2014. The main feature of CRD IV that impacts directors' remuneration at Investec is the application of a cap on variable remuneration that can be awarded to PRA Code Staff (including executive directors). At the 2014 annual general meeting, shareholders approved a maximum variable remuneration: fixed remuneration ratio of 2:1, which applied to variable remuneration awarded in respect of the 2015 performance year.

For the CEO, MD and GRFD, changes were made to our remuneration arrangements for the 2015 financial year to ensure compliance with CRD IV, including the introduction of a fixed allowance payable in shares. The fixed allowance had been intended to replace our long-term incentive for the affected directors but, in response to the concerns expressed by shareholders at and following the 2014 annual general meeting, we have decided to reintroduce an element of long-term incentive and make other changes to the structure of the directors' remuneration packages, as set out below in the remuneration policy table.

Remuneration of the CEO of IAM

Notwithstanding that Hendrik du Toit is currently a director of Investec plc and Investec Limited, he does not perform Investec group-wide executive duties. Accordingly, Hendrik du Toit and any remuneration benefits due to him are subject to the remuneration policies, rules and regulations applicable to employees of IAM and not the remuneration policies, rules and regulations applicable to other entities within the Investec group. Consequently, the structure and quantum of his remuneration differs in many respects from that of the other executive directors. For example, in line with practice in asset management businesses, his short-term incentive is uncapped and no deferral applies.

Hendrik du Toit's remuneration arrangements are not impacted by CRD IV as IAM is not subject to these requirements, and accordingly Hendrik du Toit is not defined as PRA Code Staff. He is entitled to an annual bonus as determined with respect to the performance of IAM only. Hendrik is the founder of IAM and is entitled to 1.85% of the earnings of IAM before tax and variable remuneration. Hendrik du Toit will no longer receive long-term incentive awards as he is a participant in the IAM equity ownership scheme (as explained on page 175).

Executive directors' remuneration policy table

The table below summarises the remuneration policy for executive directors for the year ending 31 March 2016 and subsequent years.

Purpose and link to strategy	Operation	Maximum value and performance targets	Changes from prior year
Fixed remuneration			
Salary			
• To provide an industry competitive package so that we are able to recruit and retain the people that we need to develop our business • Salaries reflect the relative skills and experience of, and contribution made by, the individual	• Salaries of executive directors are reviewed and set annually by the remuneration committee • Salaries are benchmarked against relevant comparator groups	• Targeted at median market levels when compared with relevant comparator groups[1] • Annual increases in salaries are referenced to the average increase awarded to other employees, unless the remuneration committee deems adjustments to be made relating to market factors	• None
Fixed allowances – CEO, MD and GRFD			
• To provide competitive remuneration recognising the breadth and depth of the role	• Fixed allowance reviewed by the remuneration committee every three years or on a change of role • Paid in shares • Deferred over a five-year period with 20% being released each year	• £1 million per annum paid in shares	• Release schedule changed and brought in line with market practice
Benefits			
• To provide a market competitive package	• Benefits are benchmarked against relevant comparator groups[1] • Executive directors may elect to sacrifice a portion of their annual gross remuneration in exchange for benefits such as travel allowances and medical aid	• Benefits include: life, disability and personal accident insurance; medical cover; and other benefits, as dictated by competitive local market practices • There is no maximum value but the value of benefits provided will generally be in line with market comparators	• None
Pension/provident			
• To enable executive directors to provide for their retirement	• Executive directors participate in defined contribution pension/ provident schemes • Only salaries, not fixed allowances or annual bonuses, are pensionable	• The individual can elect what proportion of fixed remuneration is allocated as their pension/provident contribution	• None

Notes:
Refer to page 166.

Executive directors' remuneration policy table (continued)

Purpose and link to strategy	Operation	Maximum value and performance targets	Changes from prior year
Variable remuneration			
Short-term incentive – CEO, MD and GRFD			
• Alignment with key business objectives • Deferral structure provides alignment with shareholders	• Establishment of a short-term incentive pool based on the group's adjusted operating profit (AOP)[2] • Receive 30% in cash immediately; 30% in upfront shares; the remaining 40% is deferred in shares which vest equally after one and two years • Deferred shares must be retained for a period of six months after vesting • The retention period may be extended to one year to meet regulatory requirements • Remuneration committee retains discretion to reduce the amount payable to ensure that incentives truly reflect performance and are not distorted by an unintended formulaic outcome • Malus and clawback may be applied to deferred shares	• Based on a balanced scorecard of financial and non-financial performance measures with achievement levels that correspond with our short-term objectives • 85% based on financial measures including: – Return on risk-weighted assets; – Return on equity; – Tier 1 capital adequacy; – Liquidity coverage ratio; and – Net stable funding ratio. • 15% based on non-financial measures including: – Culture and values; – Franchise development; – Governance and regulatory compliance; and – Employee and shareholder relationships. • If target performance conditions achieved, distribution will be as follows: 0.23% of AOP to CEO; 0.23% of AOP to MD; and 0.20% of AOP to GRFD[2] • If all financial and non-financial stretch levels are met, up to 180% of the target may be awarded, subject to an overall maximum of variable remuneration (including LTIPs) being subject to the remuneration cap[5] • The remuneration committee has discretion to vary the weightings of the performance metrics to improve alignment with business strategy	Under previous arrangements, target award levels were: • CEO/MD: 0.45% of AOP • GRFD: 0.40% of AOP[2] • Previously: – 20% paid in cash immediately – 20% paid in shares vesting immediately but subject to a six-month retention period – 60% paid in shares deferred for three years with a subsequent six-month retention period • The target award levels have been reduced due to the reintroduction of the LTIP
Short-term incentive – CEO of IAM[3]			
• 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	• Any short-term incentive is payable in cash shortly after the end of the financial year • The short-term incentive for the CEO of IAM will not be subject to deferral during the period when the debt to finance his investment in IAM is being repaid • The cash bonus payment to the CEO of IAM is approved by the DLC remuneration committee	• The CEO of IAM is entitled to 1.85% of the earnings of IAM before tax and variable compensation • The IAM remuneration committee reviews the financial results of IAM within the context of the risk appetite of the business and can risk-adjust the cash bonus should they believe this is required given the risk taken and the overall financial results	• No change

Notes:
Refer to page 166.

Executive directors' remuneration policy table (continued)

Long-term incentive – CEO, MD and GRFD			
• Clear link between performance and remuneration • Embeds alignment with shareholder returns • Performance targets aligned with business objectives • Non-financial metrics take into account the group's strategic and operational objectives	• Applies to the CEO, MD and GRFD[4] • Conditional awards of shares subject to performance conditions measured over three financial years • Awards vest in three equal tranches on the third, fourth and fifth anniversary of grant • Vested shares are subject to a further six-month retention period • The retention period may be extended to one year to meet regulatory requirements • Awards are subject to malus of unvested shares and clawback of vested shares • Remuneration committee retains discretion to adjust the level of awards vesting to ensure that incentives truly reflect performance and are not distorted by an unintended formulaic outcome	• Annual award of 100% of aggregate fixed remuneration • Awards are subject to the following performance measures and weightings: – Growth in tangible net asset value (40%); – Return on risk-weighted assets (35%); – Non-financial measures (25%). • Targets for financial performance measures and non-financial metrics will be set annually by the remuneration committee in advance of the award being made • The remuneration committee has discretion, in exceptional circumstances, to amend targets or measures if an event happens that, in the opinion of the committee, caused those targets or measures to no longer be appropriate • The remuneration committee retains the discretion to adjust the weightings of performance measures to best meet the objectives of the business	• No long-term incentive awards made in respect of the year ended 31 March 2015 • Reintroduced in 2016 and future years in response to shareholders' concerns • Vesting structure lengthened to meet new regulatory requirements

Notes to the table above:

1. *Peer group companies include Aberdeen Asset Management, Barclays Africa Group, Alliance Bernstein, Close Brothers Group, FirstRand, Invesco, Jefferies, Julius Baer, Macquarie Group, Man Group, Nedbank Group, Rathbone Brothers, Schroders, Standard Bank Group and Tullett Prebon.*
2. *AOP defined as operating profit before taxation, goodwill, acquired intangibles and non-operating items and after non-controlling interests.*
3. *Notwithstanding that Hendrik du Toit is currently a director of Investec plc and Investec Limited, he does not perform Investec group-wide executive activities. Accordingly, Hendrik du Toit and any remuneration benefits due to him are subject to the remuneration policies, rules and regulations applicable to employees of IAM and not the remuneration policies, rules and regulations applicable to other entities within the Investec group. Hendrik du Toit is not defined as PRA Code Staff and is entitled to an annual bonus as determined with respect to the performance of IAM only as explained in the table above.*
4. *Hendrik du Toit will no longer receive long-term incentive awards as he is a participant in the IAM equity ownership scheme as explained on page 175.*
5. *Cap defined in line with EBA discounting rules which allow, when 25% of variable remuneration is deferred over at least five years, a slightly higher cap than 2x fixed remuneration (typically approximately 2.2x fixed remuneration dependent on interest rates and inflation). These limits will be in line with this EBA cap.*

How will executive directors' performances be assessed?

The short-term and long-term incentives are subject to performance conditions. A detailed explanation of these performance measures is provided on page 147 to 149. The performance measures have been selected taking into account:

- Key stakeholders' requirements (including shareholders and regulators) which were assessed through extensive consultations on the matter
- The preference of the committee and the board is for a range of financial metrics that ensure an appropriate balance between measures which drive profitability and prudential measures. In addition, the remuneration committee believes that it is right to include non-financial measures in determining levels of awards as directors should be incentivised to attend to important matters on which the long-term performance of the company depends, but which cannot in any one performance period be directly linked to financial returns.

Differences between the remuneration policy of the executive directors and the policy for all employees

We apply consistent remuneration principles and philosophies across the whole employee population and are cognisant of these when considering executive directors' remuneration. The quantum of salary and benefits paid to executive directors is benchmarked against appropriate comparator groups (as discussed on page 163), however, the annual increase in such remuneration is referenced to the average increase awarded to employees in South Africa and the UK, respectively. Although this has not been the case of late, the remuneration committee may, under certain circumstances, make adjustments outside these parameters, particularly in cases when there have been large adjustments in the comparator group referenced.

As is the case with other employees, the short-term incentive is performance based, however, there are a number of specific performance criteria that apply in the case of determining the annual bonus for the CEO, MD and GRFD (as set out below). The annual bonus for Hendrik du Toit (CEO of IAM and executive director of the Investec group) is referenced to the performance of IAM only. Short-term incentives for executive directors and the employees, defined as PRA Code Staff, are subject to deferral, malus and clawback requirements. The requirements of CRD IV are only applicable to the CEO, MD and GRFD and to some employees in the UK Specialist Bank who are classified as PRA Code Staff. More details of the approach to employee remuneration can be found on pages 170 to 177.

Policy for the recruitment of new executive directors

It is intended that the approach to the recruitment of new executive directors will be in line with the current remuneration policy for executive directors as outlined above and below. However, the remuneration committee will consider levels of remuneration for new recruits that are competitive for the skills and experience of the individual being recruited. For individuals covered by the bonus cap under CRD IV, the treatment of each element of remuneration on recruitment will be as set out below.

Element	Commentary	Maximum value
Salary	• Determined by market conditions, market practice and ability to recruit • If salary below market level on recruitment or promotion, remuneration committee may realign salary over transitional period with higher than normal increases	In line with policy
Fixed allowance	Determined by similar factors to salary	Currently £1 million
Pension	In line with normal policy	15% of salary
Other benefits	Offered in line with normal policy	In line with policy
STI	In line with normal policy	100%* of fixed remuneration
LTIP	In line with normal policy	100%* of fixed remuneration
Buy-outs	• The remuneration committee can buy out bonus opportunity or incentive awards that the new executive director has forfeited as a result of accepting the appointment, subject to proof of forfeiture where applicable • As required by the PRA Remuneration Code, any award made to compensate for forfeited remuneration should be broadly no more generous than, and should aim to mirror the value timing, and form of delivery of the forfeited remuneration	

* *Cap defined in line with EBA discounting rules which allow, when 25% of variable remuneration is deferred over at least five years, a slightly higher cap than 2x fixed remuneration (typically approximately 2.2x fixed remuneration dependent on interest rates and inflation). These limits will be in line with this EBA cap.*

If the new joiner is not affected by the bonus cap then the remuneration committee may construct a package as set out above, but then may allocate the amount of the fixed allowance into STI or LTI award opportunities as appropriate given market factors and other relevant comparator trends.

Service contracts and terms of employment

The terms of service contracts and provision for compensation for loss of office for the four executive directors is set out below.

CEO, MD and GRFD	CEO IAM
Indefinite service contracts of employment, terminable by either party with six months' written notice	Indefinite contract of employment, terminable by either party with three months' written notice
Salary, fixed allowance, benefits and pension payable for period of notice	Salary, benefits and pension payable for period of notice
No provision for compensation payable on early termination	No provision for compensation payable on early termination
Outstanding deferred bonus EVA shares or LTI awards lapse on resignation or termination for gross misconduct	n/a
Deferred share or LTI awards may be retained if the director is considered a 'good leaver' (e.g. retirement with a minimum of 10 years' service, disability or ill health)	n/a
In the event of a takeover or major corporate event, the remuneration committee has the discretion to determine whether all outstanding awards vest at the time of the event or whether they continue in the same or revised form	n/a
There is no formal shareholding requirement	There is no formal shareholding requirement

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

Copies of the service contracts are available for inspection at the company's registered office.

How does executive directors' remuneration change based on performance?

Illustrative scenarios for executive directors' remuneration

The charts on page 169 show the potential value of the executive directors' remuneration arrangements under this policy in three performance scenarios:

- 'Minimum' – fixed remuneration only
- 'At target' – fixed remuneration and the 'at target' variable short-term annual incentive and 'at target' vesting of any long-term incentives that may be awarded
- 'At stretch' – fixed remuneration and the 'stretch' achievement levels that may be awarded for variable short-term annual incentive and 'stretch' vesting of any long-term incentives that may be awarded.

The scenarios do not reflect share price movement between award and potential vesting, nor are any dividends or dividend equivalents taken into account.

For the CEO, MD and GRFD based on the remuneration policy proposed for the year ending 31 March 2016:

- Fixed remuneration includes salaries, company pension contributions and benefits receivable (i.e. as proposed for the year ending 31 March 2016), and a fixed allowance of £1 million
- Target variable short-term incentive is 0.23% (CEO and MD) and 0.20% for the GRFD of adjusted operating profit based on £475 million as reported for the financial year ended 31 March 2015 and maximum variable short-term incentive is 180% of target (subject to an overriding maximum in terms of the remuneration cap as approved by shareholders)
- Target long-term incentive is equal to one times fixed remuneration.

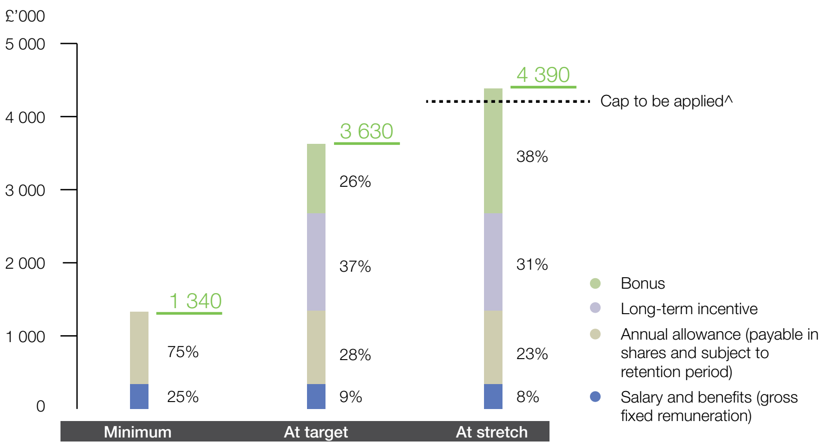
For the CEO of IAM:

- Fixed remuneration includes the latest known salary, company pension contributions and the benefits receivable during the year ended 31 March 2015
- Variable short-term incentive is 1.85% of pre-tax and pre-compensation earnings of IAM, determined on a discretionary and uncapped basis
- Hendrik du Toit will no longer receive long-term incentive awards as he is a participant in the IAM equity ownership scheme
- Forecasted information cannot be provided to determine a stretch or target amount for future years and thus the graph on the next page merely depicts amounts paid in the current and prior financial year.

Illustrative payouts for the CEO and MD

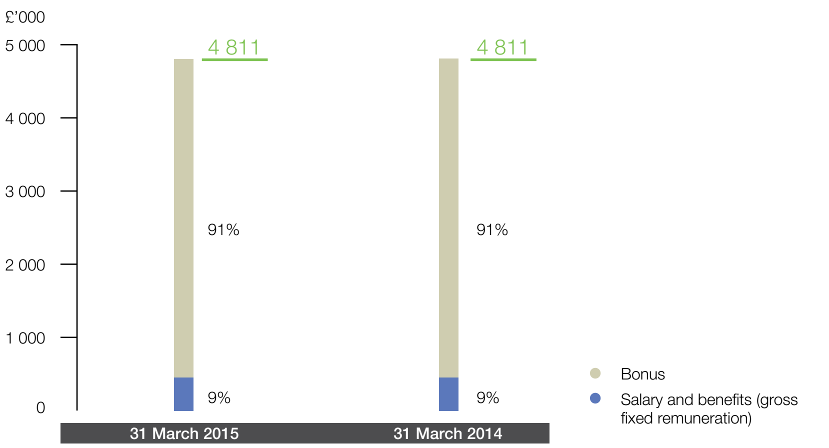
* *The maximum potential bonus as calculated in terms of the formula is £4.926 million. However, this amount will be capped to £4.810 million when one applies the remuneration cap as approved by shareholders.*

Illustrative payouts for the GRFD



^ *The maximum potential bonus as calculated in terms of the formula is £4.390 million. However, this amount will be capped to £4.355 million when one applies the remuneration cap as approved by shareholders.*

Illustrative payouts for the CEO of IAM



Remuneration policy for non-executive directors

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 and are awarded equally between the two companies.

Purpose and link to strategy	Operation	Maximum value and performance targets	Changes from prior year
Non-executive directors' remuneration			
Fees			
To provide industry competitive fees to attract non-executive directors with appropriate skills and experience	• Fees of non-executive directors are reviewed annually by the board taking into account market data and time commitment • The fee structure covers the dual roles that the directors perform for the UK-listed Investec plc and the South African-listed Investec Limited boards • In addition to fees for board membership, fees are payable to the senior independent director, chairmanship and membership of major DLC board committees, membership of the Investec Bank Limited board and for attendance at certain committee meetings	• Fee increases will generally be in line with inflation and market rates • Aggregate fees are subject to an overall maximum of £1 million under the Investec plc Articles • Refer to page 150 for further information	None

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

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

The policy as described above will be taken into account in the recruitment of new non-executive directors.

Copies of the letters of appointment are available for inspection at the company's registered office.

Shareholder and employee views

Shareholder views in the consideration of executive directors' remuneration arrangements

We recognise that remuneration is an area of particular interest to shareholders and shareholder representative bodies, and that in setting and considering changes to remuneration it is important that we take their views into account. Accordingly, a series of meetings are held each year with our major shareholders and shareholder representative groups. The remuneration committee chairman attends these meetings, accompanied by senior Investec employees and the chairman. This engagement is meaningful and helpful to the committee in its work and contributes directly to the decisions made by the committee.

Following the significant vote against our directors' remuneration policy at the 2014 annual general meeting, we have consulted with shareholders to understand the areas in which they had concerns. We have endeavoured to address those concerns by making changes to our directors' remuneration policy as explained above. The remuneration committee and the board believe in effective and transparent communication with key stakeholders, and will continue to engage on matters that may arise and are of importance and/or concern to stakeholders.

Statement of consideration of employment conditions elsewhere in the group

The remuneration policy of executive directors has been drawn up in line with our group-wide remuneration philosophy and principles (refer below), subject to the requirements of CRD IV. The committee is mindful of the remuneration arrangements across the group.

Additional remuneration disclosures (unaudited)

Remuneration policy and principles for employees

Our policy with respect to the remuneration of employees has remained unchanged during the year ending 31 March 2015. Minor changes were made to incorporate the impact of CRD IV (as discussed on page 163). Investec currently has 47 PRA Code Staff, of which approximately three-quarters are impacted by the two times cap on variable remuneration and for whom a fixed monthly cash allowance has been introduced.

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

We reward employees generally for their contribution through:

- An annual gross remuneration package (base salary and benefits) providing an industry competitive package
- A variable short-term incentive related to performance (annual bonus)

- A long-term incentive plan (share awards) providing long-term equity participation
- Certain of our PRA Code Staff receive fixed monthly cash allowances and a commensurate reduction of variable short-term incentive in order to comply with the two times cap.

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

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

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

We target total compensation (base salary, benefits and incentives) to the relevant competitive market at upper quartile levels for superior performance.

Given our stance on maintaining a low fixed cost component of remuneration, our commitment to inspiring an entrepreneurial culture, and our risk-adjusted return on capital approach to EVA, we do not apply an upper limit on variable rewards other than in respect of PRA Code Staff (as discussed on page 163).

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 not contractually (and do not consider ourselves morally) bound to make variable remuneration awards. Investec has the ability to pay no annual bonuses and make no long-term incentive awards should the performance of the group or individual employees require this.

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

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

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

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

Determination of remuneration levels

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

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

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

Factors considered to determine total compensation for each individual include:

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

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

- The most relevant competitive reference points for remuneration levels are based on the scope of responsibility and individual contributions made
- The committee recognises that we operate an international business and compete with both local and international competitors in each of our markets
- Appropriate benchmark, industry and comparable organisations' remuneration practices are reviewed regularly
- For employees generally, combinations of firms from the JSE Financial 15 and the FTSE 350 General Finance sector have offered the most appropriate benchmarks

- In order to avoid disproportionate packages across areas of the group and between executives, adjustments may be made at any extremes to ensure broad internal consistency. Adjustments may also be made to the competitive positioning of remuneration components for individuals, in cases where a higher level of investment is needed in order to build or grow or sustain either a business unit or our capability in a geography.

The following section outlines our remuneration policy in more detail for each element of total compensation as it applies to employees.

Gross remuneration: base salary and benefits

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

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

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

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

Variable short-term incentive: annual bonus

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

Specialist Banking: variable short-term incentive

Risk-weighted returns form basis for variable remuneration levels

In our ordinary course of business we face a number of risks that could affect our business operations, as highlighted on page 34.

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

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

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

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

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

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

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

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

EVA model: allocation of performance-related bonus pool

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

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

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

Our EVA model has been consistently applied for a period of about 16 years and encompasses the following elements:

- The profitability of each operating business unit is determined as if they are a stand-alone business. Gross revenue is determined based on the activity of the business, with arm's length pricing applicable to inter-segment activity. Profits are determined as follows:
  - Realised gross revenue (net margin and other income)
  - Less: Funding costs
  - Less: Impairments for bad debts
  - Add back: Debt coupon or preference share dividends paid out of the business (where applicable)
  - Less: Direct operating costs (personnel, systems, etc)
  - Less: Group-allocated costs and residual charges (certain independent group functions are provided on a centralised basis, with an allocation model applied to charge out costs incurred to business units. Costs allocated are based on the full operational costs for the particular central service area, inclusive of the variable remuneration cost of the central service. Allocation methodologies generally use cost drivers as the basis of allocation)
  - Less: Profits earned on retained earnings and statutory held capital
  - Add: Notional profit paid by centre on internal allocated capital
  - Equals: Net profits
- Capital allocated is a function of both regulatory and internal capital requirements, the risk assumed within the business and our overall business strategy
- The group has always held capital in excess of minimum regulatory requirements, and this principle is perpetuated in our internal capital allocation process. This process ensures that risk and capital discipline is embedded at the level of deal initiation and incorporates independent approval (outside of the business unit) of transactions by the various risk and credit committees.

A detailed explanation of our capital management and allocation process is provided on pages 78 to 93 in volume two.

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

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

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

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

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

- A fixed 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 is complete, line managers in each business unit will make discretionary bonus recommendations for each team member taking into consideration qualitative and quantitative criteria (as mentioned above)
- Bonus recommendations are then subject to an extensive geographic review involving human resources, local management and local remuneration committees
- Thereafter, these recommendations are subject to a global review by executive management before the remuneration committee review and approval process.

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

Deferral of annual bonus awards: other than PRA Code Staff within the Specialist Bank

All annual bonus awards exceeding a predetermined hurdle level are subject to 60% deferral in respect of that portion that exceeds the hurdle level. The 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; or cash released 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 to page 159). The entire amount of the annual bonus that is not deferred is payable up front in cash.

Deferral of annual bonus awards: UK PRA Code Staff within the Specialist Bank

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

IAM: variable incentive

The Investec Asset Management (IAM) remuneration committee is responsible for considering, agreeing and overseeing all elements of remuneration and the overall remuneration philosophy, principles and policy of IAM. The proposals from this committee are subject to final approval by the DLC remuneration committee.

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

- Annual Discretionary Cash Bonus Scheme (ADCBS) (all employees of IAM are currently eligible to be considered for a cash bonus payment under this scheme)

- Deferred Bonus Plan (DBOP) (participation in this scheme is determined on an annual basis at the discretion of IAM based on the roles of individual employees).

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

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

Annual Discretionary Cash Bonus Scheme (ADCBS)

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

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

Deferred Bonus Plan (DBOP)

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

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

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

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

IAM's governance processes, operating within the context of the broader Investec group's processes, ensure robust oversight of reward and effective management of any potential conflicts of interest while 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.

Employee equity ownership

In August 2013, 40 employees of IAM acquired a 15% stake in the IAM business, ultimately through a trust structure in which each employee owns a portion of the underlying trust assets. Each employee funded their portions through a combination of existing deferred compensation (for which vesting was accelerated), personal debt and personal cash. Annual bonuses for these senior employees will not generally be deferred until such time as the debt taken out by these employees to fund their investment has been repaid. This structure locks in key talent and aligns employees' interests with the interests of the firm as a whole, our shareholders and our clients.

Employees' portion holdings are governed by the terms of a trust deed to which all portion holders have agreed. In summary, various pre-emption provisions apply to the transfer of employees' portions. On leaving, an employee is required to offer their portions for sale (save in limited circumstances where part of the portion holding may be retained). Good leaver/bad leaver provisions apply to determine the price at which the portions must be offered for sale.

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

Investec Wealth & Investment (IW&I) recognises Investec's obligation to ensure that all businesses within the group satisfy their obligations under the remuneration code. IW&I recognises that the policy, procedures and practices it has adopted should not conflict with the group's obligations under the 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. The proposals from this committee are subject to final approval by the DLC remuneration committee.

IW&I operates the following performance-related discretionary remuneration plans:

- Core incentive plan – for those in client-facing roles and administrative staff who support them directly
- Bonus plan – for those in non-client-facing, central services and support functions
- Growth plan – for staff primarily in client-facing roles who generate income directly.

Funding is at the discretion of the remuneration committee. Under the core plan, an incentive pool is derived from a formula that is directly related to the profitability of a team or business unit. The pool is distributed to the members of the team or business unit on a discretionary basis.

Funding for bonuses is related to the overall profitability of the IW&I business and is awarded to individuals on a discretionary basis.

The growth plan incentivises growth in revenues, net of the impact of market movements. Awards relate to performance for each year to 28 February, are payable in cash, and are deferred over a three-year period. Payments do not attract employer pension contributions.

Under the core incentive and bonus plans, awards relate to performance for the financial year ending 31 March. An interim payment on account of the annual award is considered at the half-year.

Non-financial performance is reviewed, and where individuals fall below the standards expected, awards may be deferred or forfeited, in part or in full. Payments are made entirely in cash and do not attract employer pension contributions. The award may be paid directly to the individual (subject to the deduction of income tax and national insurance) or, at IW&I's discretion, as an additional employer pension contribution.

IW&I executive directors participate in the bonus plan, and where an individual's role is primarily client-facing, that director will also be eligible to participate in the core incentive and growth plans.

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

As there are no overriding regulatory requirements applicable to the business, the policies applicable to the Specialist Bank are applied to this business unit as set out on pages 172 to 174.

Other information on deferred awards and clawback provisions within the group

Employees who leave the employment of Investec prior to vesting of deferred incentive 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 for PRA Code Staff are subject to malus and clawback adjustments of unpaid EVA. The assessment of whether any malus adjustment should be made to an individual's unvested award will be undertaken within the following framework:

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

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

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

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

Long-term incentive: share awards

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

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

In principle all employees are eligible for long-term incentives. Awards are considered by the remuneration committee and made only in the 42-day period following the release of our interim or final financial results in accordance with the Investment Association principles of remuneration: 2014 edition (formerly ABI remuneration principles). These awards comprise three elements, namely:

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

All proposed long-term incentive plan (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 employees of Investec plc and awards of Investec Limited LTIPs for employees of Investec Limited. At IAM, LTIP awards are only generally considered for employees who do not participate in the DBOP and/or the IAM equity ownership scheme.

LTIP awards for non-PRA Code Staff are subject to 75% vesting at the end of four years and the final 25% at the end of the fifth year, which we believe is appropriate for our business requirements. LTIP awards to PRA Code Staff are subject to performance conditions and 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.

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 group unless they are:

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

The remuneration committee at least annually reviews guaranteed variable remuneration payments and the number of guarantees awarded and approves any exceptions.

Retention awards

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

Severance awards

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

Discretionary extended pension benefits policy

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

PRA Remuneration Code disclosures

In terms of the PRA's Chapter on Disclosure Requirements (BIPRU 11.5.18) the bank in the UK is required to make certain quantitative and qualitative remuneration disclosures on an annual basis with respect to PRA Code Staff.

PRA 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 47 individuals were PRA Code Staff in 2015.

The bank's qualitative remuneration disclosures are provided on pages 140 to 177.

The information contained in the tables below sets out the bank's quantitative disclosures in respect of PRA Code Staff for the year ended 31 March 2015.

Aggregate remuneration by remuneration type

£'million	Senior management	Other Code Staff	Total
Fixed remuneration	6.3	14.3	20.6
Variable remuneration*			
– Cash	1.4	4.6	6.0
– Deferred cash	0.4	1.5	1.9
– Deferred shares	2.3	11.1	13.4
– Deferred shares – long-term incentive awards**	3.3	3.7	7.0
Total aggregate remuneration and deferred incentives	13.7	35.2	48.9
Ratio between fixed and variable pay			

* *Total number of employees receiving variable remuneration was 46.*

** *Value represents the number of shares awarded multiplied by the applicable share price. These awards were made during the period but have not yet vested. These awards are subject to performance conditions and 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, subject to a six-month retention period.*

PRA Code Staff received total remuneration in the following bands:

	Number of PRA Code Staff
£800 000 – £1 200 000	8
£1 200 001 – £1 600 000	6
£1 600 001 – £2 000 000	2
£2 000 001 – £2 400 000	–
£2 400 001 – £2 800 000	1
£2 800 001 – £3 200 000	–
£3 200 001 – £3 600 000	2
£3 600 001 – £4 000 000	2
£4 000 001 – £4 400 000	–
£4 400 001 – £4 800 000	–
£4 800 001 – £5 200 000	–
>£5 200 001	–

Additional disclosure on deferred remuneration

£'million	Senior management	Other Code Staff	Total
Deferred unvested remuneration outstanding at the beginning of the year	15.0	25.7	40.7
Deferred unvested remuneration adjustment – employees no longer Code Staff and reclassifications	2.5	4.3	6.8
Deferred remuneration awarded in year	6.0	16.3	22.3
Deferred remuneration reduced in year through performance adjustments	–	–	–
Deferred remuneration vested in year	(4.6)	(6.6)	(11.2)
Deferred unvested remuneration outstanding at the end of the year^^	18.9	39.7	58.6

^^ *All employees are subject to clawback provisions as discussed on page 176. No remuneration was reduced for ex post implicit adjustments during the year.*

Remuneration report

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£'million	Senior management	Other PRA Code Staff	Total
Deferred unvested remuneration outstanding at the end of the year			
– Equity	15.4	33.0	48.4
– Cash	2.0	4.9	6.9
– Other	1.5	1.8	3.3
	18.9	39.7	58.6

£'million	Senior management	Other Code Staff	Total
Deferred remuneration vested in year			
– For awards made in 2014 financial year	(2.4)	(3.3)	(5.7)
– For awards made in 2013 financial year	(1.3)	(2.0)	(3.3)
– For awards made in 2012 financial year	(0.9)	(1.3)	(2.2)
	(4.6)	(6.6)	(11.2)

Other remuneration disclosures

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

Pillar III remuneration disclosures

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

The bank's qualitative remuneration disclosures are provided on pages 160 to 177.

The information contained in the tables below sets out the bank's quantitative disclosures for the year ended 31 March 2015.

Aggregate remuneration by remuneration type

R'million	Senior management^	Risk takers^	Financial and risk control staff^	Total
Fixed remuneration	47.4	47.6	143.5	238.5
Variable remuneration*				
– Cash	100.1	88.5	57.9	246.5
– Deferred shares	43.5	72.0	3.1	118.6
– Deferred cash	59.4	–	–	59.4
– Deferred shares – long-term incentive awards**	124.9	91.0	87.5	303.4
Total aggregate remuneration and deferred incentives	375.3	299.1	292.0	966.4

^ *See page 180.*
* *Total number of employees receiving variable remuneration was 265.*
** *Value represents the number of shares awarded multiplied by the applicable share price. These awards were made during the period but have not yet vested. These awards are subject to 75% vesting at the end of four years and the final 25% at the end of five years.*

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	377.1	186.1	76.4	639.6
Deferred unvested remuneration adjustment – employees that are no longer employed by the bank and reclassifications	–	39.2	3.5	42.7
Deferred remuneration awarded in year	227.8	163.0	90.6	481.4
Deferred remuneration reduced in year through performance adjustments	–	–	–	–
Deferred remuneration vested in year	(39.4)	(20.0)	(0.9)	(60.3)
Deferred unvested remuneration outstanding at the end of the year	**565.5**	**368.3**	**169.6**	**1 103.4**

R'million	Senior management^	Risk takers^	Financial and risk control staff^	Total
Deferred unvested remuneration outstanding at the end of the year				
– Equity	506.1	368.3	169.6	1 044.0
– Cash	59.4	–	–	59.4
– Other	–	–	–	–
	565.5	368.3	169.6	1 103.4

R'million	Senior management^	Risk takers^	Financial and risk control staff^	Total
Deferred remuneration vested in year				
– For awards made in 2014 financial year	–	–	–	–
– For awards made in 2013 financial year	16.4	9.7	0.3	26.4
– For awards made in 2012 financial year	23.0	10.3	0.6	33.9
	39.4	20.0	0.9	60.3

Other remuneration disclosures

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

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

Definitions

Adjusted shareholders' equity

Refer to calculation on page 50

Cost to income ratio

Operating costs divided by operating income (net of depreciation on leased assets). Depreciation on operating leased assets has been netted off against operating income

Core loans and advances

Net loans and advances to customers plus net own originated securitised assets

Refer to calculation on page 31 in volume two

Dividend cover

Adjusted earnings per ordinary share before goodwill and non-operating items divided by dividends per ordinary share

Earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (i.e. adjusted earnings)

Refer to page 53 in volume three

Adjusted earnings per ordinary share before goodwill, acquired intangibles and non-operating items

Refer to page 53 in volume three

Effective operational tax rate

Tax on profit on ordinary activities (excluding non-operating items) divided by operating profit

Market capitalisation

Total number of shares in issue (including Investec plc and Investec Limited) multiplied by the closing share price of Investec plc on the London Stock Exchange

Net tangible asset value per share

Refer to calculation on page 48

Non-operating items

Reflects profits and/or losses on termination, restructuring or disposal of group operations and acquisitions made

Operating profit

Operating income less administrative expenses, impairments for bad and doubtful debts and depreciation of tangible fixed assets. This amount is before goodwill, acquired intangibles and non-operating items

Operating profit per employee

Refer to calculation on page 53

Recurring income

Net interest income plus net annuity fees and commissions expressed as a percentage of total operating income

Return on average adjusted shareholders' equity

Refer to calculation on page 50

Return on average adjusted tangible shareholders' equity

Refer to calculation on page 50

Return on risk-weighted assets

Adjusted earnings divided by average risk-weighted assets

Risk-weighted assets

Is calculated as the sum of risk-weighted assets for Investec plc and Investec Limited (converted into Pounds Sterling) as reflected on page 89 in volume two

Staff compensation to operating income ratio

All employee-related costs expressed as a percentage of operating income

Third party assets under administration

Includes third party assets under administration managed by the Wealth & Investment, Asset Management and Property businesses

Total capital resources

Includes shareholders' equity, subordinated liabilities and non-controlling interests

Total equity

Total shareholders' equity including non-controlling interests

Weighted number of ordinary shares in issue

The number of ordinary shares in issue at the beginning of the year increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group less treasury shares. Refer to calculation on page 53 in volume three

Notes

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Notes

Corporate information

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www.investec.com

Registration number

Investec plc

Registration number 3633621

Investec Limited

Registration number 1925/002833/06

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Ernst & Young Inc.

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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

Fani Titi (chairman)
Zarina BM Bassa^
Laurel C Bowden°
Cheryl A Carolus
Perry KO Crosthwaite (senior independent director)
Bradley Fried
David Friedland
Haruko Fukuda OBE
Charles R Jacobs*
Ian R Kantor
Lord Malloch-Brown KCMG*
Khumo L Shuenyane*
Peter RS Thomas

George FO Alford, Olivia C Dickson and M Peter Malungani resigned with effect 7 August 2014.

Sir David Prosser resigned with effect 8 August 2014.

^ *Appointed with effect 1 November 2014.*
° *Appointed with effect 1 January 2015.*
* *Appointed with effect 8 August 2014.*

For contact details for Investec offices internationally refer to pages 135 and 136 in volume three.