Annual report 2015

Investec integrated annual review
and summary financial statements

Out of the Ordinary®

Investec

Get the most out of our report

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

About this abridged report

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

The summary annual financial statements have been approved by the board of directors of the group and were signed on its behalf by the chief executive officer, Mr S Koseff. This document provides a summary of the information contained in the Investec's 2015 integrated annual report (annual report). It it not the group's statutory accounts and does not contain sufficient information to allow for a complete understanding of the results and state of affairs of the group as would be provided by the full annual report. For further information consult the full annual financial statements, the unqualified auditor's report on those annual financial statements and the directors' report. The auditors' report did not contain a statement under section 23(2) or section 273(2) of the UK Companies Act 2006.

Contents

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 set out on pages 51 to 54. 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 page 55).

A reconciliation between the statutory and ongoing income statement is provided on pages 52 and 53. All information in our abridged report is 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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(44) 20 7597 5546
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Investec in perspective

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

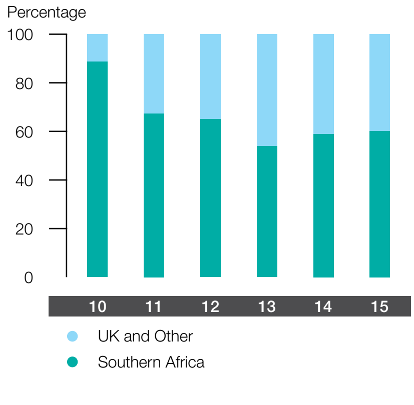
2015	2014
71.9%	67.9%

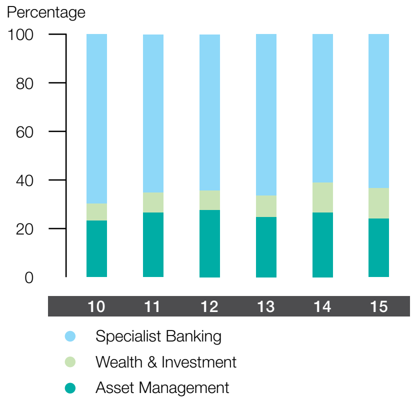
Credit loss charge as a % of average gross loans and advances

2015	2014
0.25%	0.44%

We have a diversified business model…

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

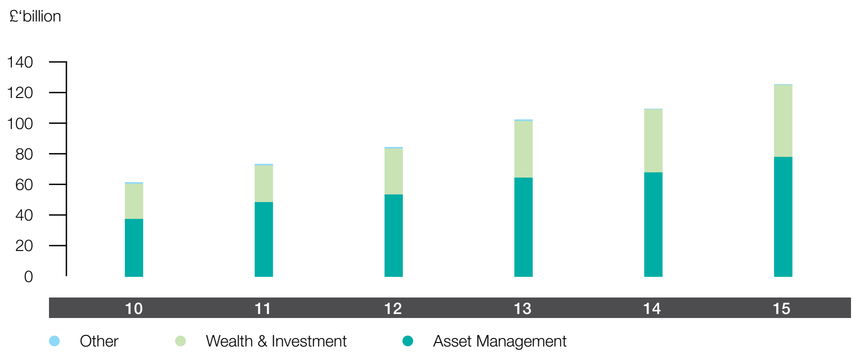




We continued to grow our key earnings drivers…

Funds under management up 13.7% to £124.1 billion

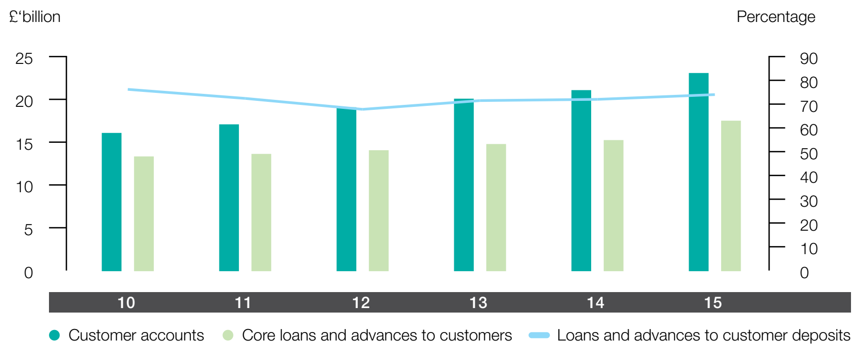
Funds under management ongoing business**



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**



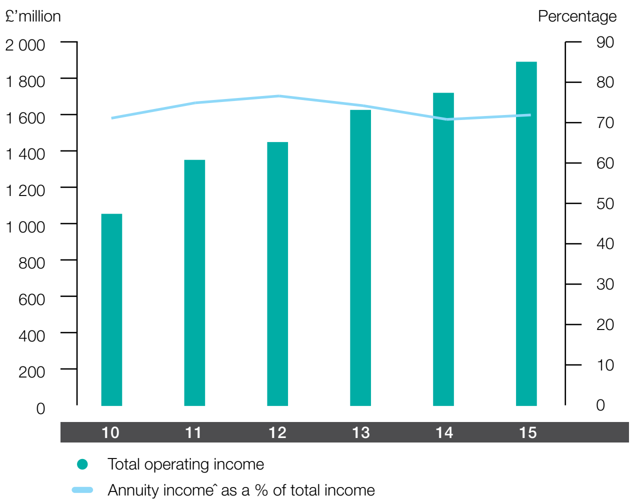
* *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.*

^ *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…

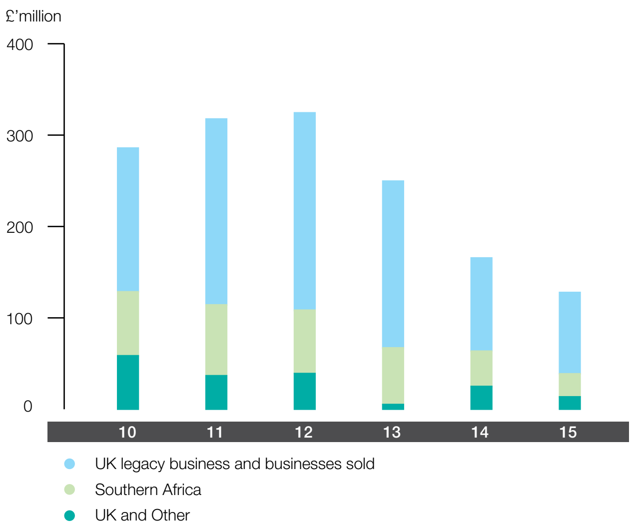
Total operating income ongoing business**



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

Impairments continue downward trend…

Impairments



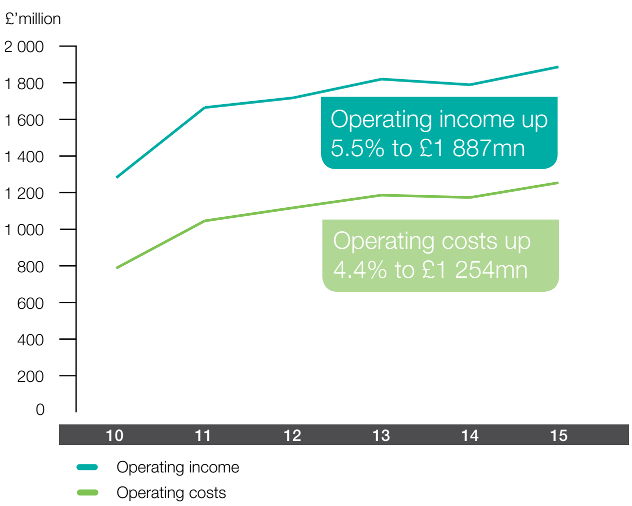
Fixed costs marginally up…

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*

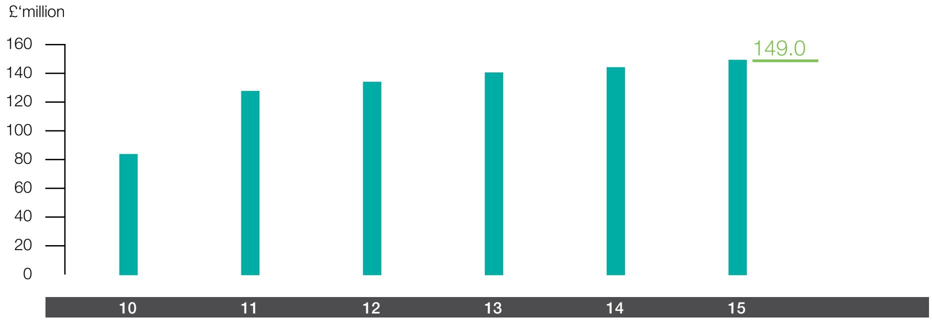
* *Permanent headcount and includes acquisitions.*
** *Trends in these graphs are done on a currency neutral basis using the Rand: Pounds Sterling exchange rate applicable at 31 March 2015.*

Investec in perspective

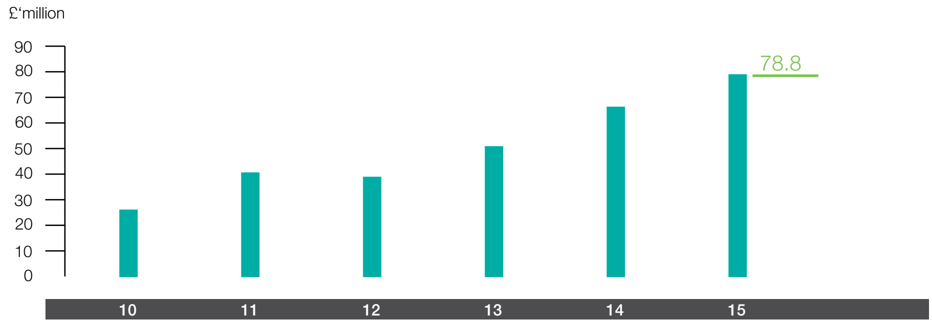
1

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

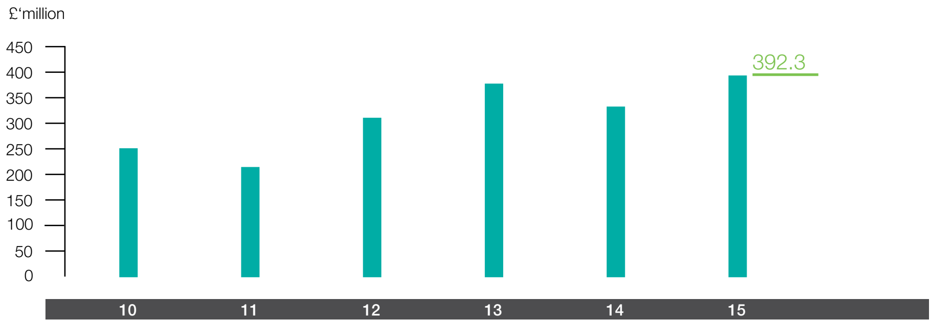
Operating profit – Asset Management**



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

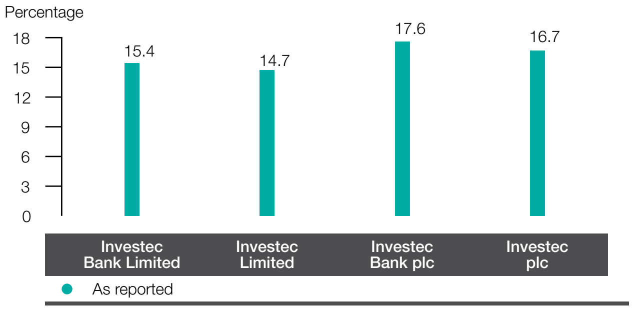
* *Before goodwill, acquired intangibles, non-operating items, taxation, group costs and after other non-controlling interests.*
** *Trends in these graphs are done on a currency neutral basis using the Rand: Pounds Sterling exchange rate applicable at 31 March 2015.*

Maintained a sound balance sheet…

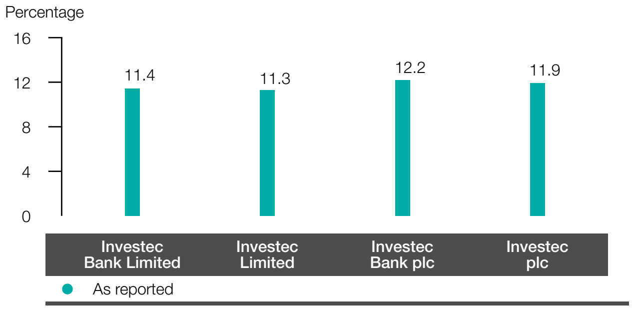
Target

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%

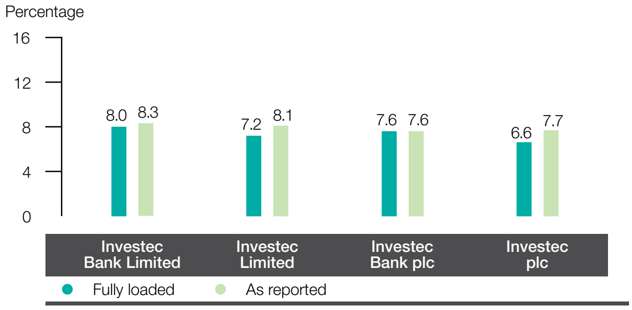
Capital adequacy



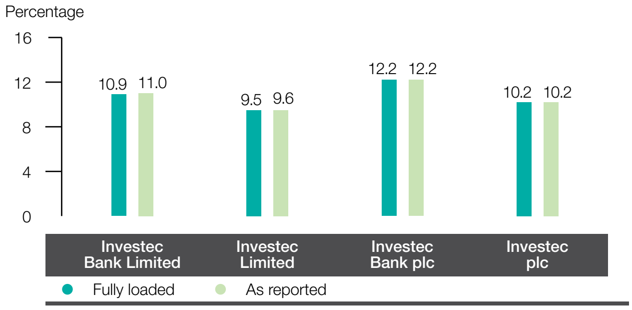
Tier 1



Leverage ratios



Common equity tier 1



Note: Refer to page 180 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.*

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.

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

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	2	3	4
Distinctive performance	**Client focus**	**Cast-iron integrity**	**Dedicated partnership**
Outstanding talent – empowered, enabled and inspired	Distinctive offering	Moral strength	Respect for others
Meritocracy	Leverage resources	Risk consciousness	Embrace diversity
Passion, energy, stamina and tenacity	Break china for the client	Highest ethical standards	Open and honest dialogue
Entrepreneurial spirit			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	Corporate/institutional/government; Private client (high net worth/high income)/ charities/trusts	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	**Contribute 44% to group income**
• Asset management • Wealth management • Advisory services • Transactional banking services • Property funds	• Lending portfolios • Investment portfolios • Trading income — client flows — balance sheet management
Fee and commission income	Net interest, investment and trading income

Types of income

Our operational structure

Operating structure

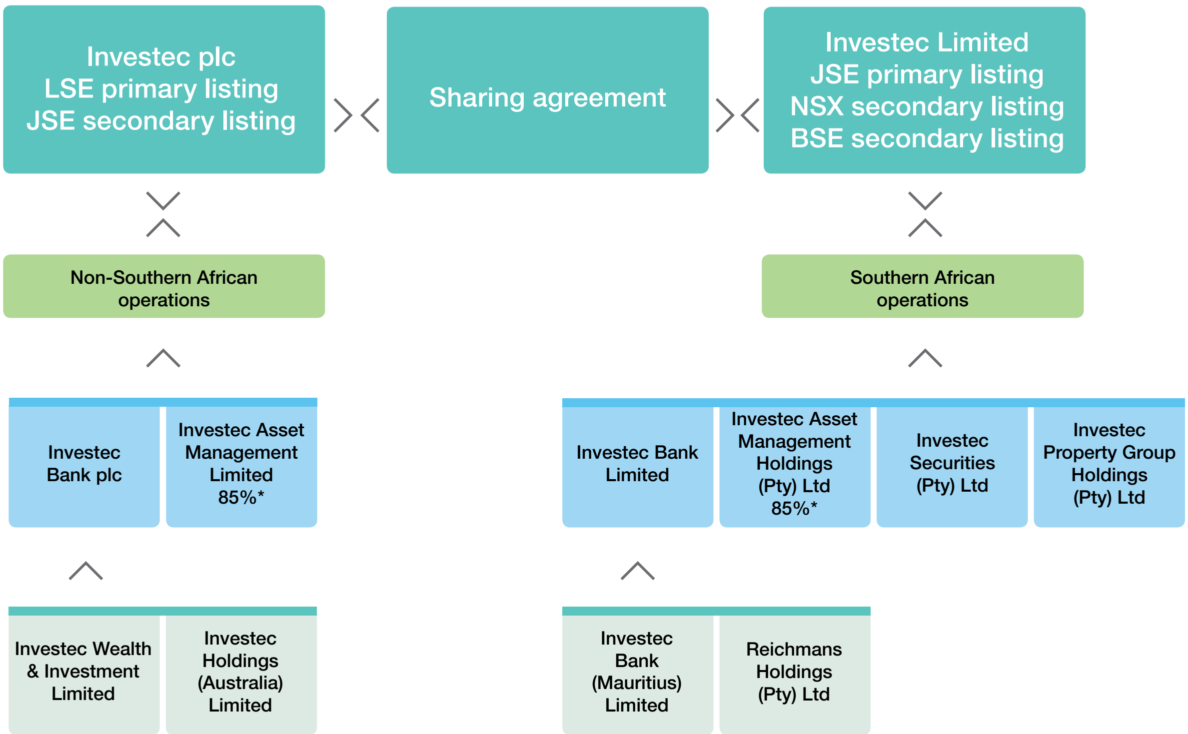
Investec Limited, which houses our Southern African and Mauritius operations, has been listed in South Africa since 1986.

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 45.*

^ *COI is cost to income ratio. ROE is the post-tax return on adjusted average shareholders' equity as calculated on page 47 and page 48.*

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 45.*
^ *COI is cost to income ratio. ROE is the pre-tax return on adjusted average shareholders' equity as calculated on page 49.*
^^ *Including legacy assets of £0.7 billion as explained on page 55.*

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

£77.5bn
Total funds under management

As a % of group		Actual	
30.2%	Operating profit*		
2.6%	NAV**	65.8%	COI^
18.5%	Permanent employees	95.2%	ROE^

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

£26.6bn	£19.5bn	£46.1bn
Discretionary and annuity funds under management	Non-discretionary and other funds under management	Total funds under management

As a % of group		Actual	
16.0%	Operating profit*		
1.5%	NAV**	74.8%	COI^
18.8%	Permanent employees	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	£17.2bn
Total deposit book	Total core loans^^

As a % of group		Actual	
61.8%	Operating profit*	63.1%	COI^
95.9%	NAV**	10.7%	ROE^
62.7%	Permanent employees	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.

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. 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 page 55).

A reconciliation between the statutory and ongoing income statement is provided on pages 52 and 53. All information in our abridged report is 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.*

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)ᵒ	493 157	450 676	9.4%
Operating profit: Southern Africa (% of total)ᵒ	70.8%	66.0%	
Operating profit: UK and Other (% of total)ᵒ	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 plcᵒ	16.7%	15.3%	
Capital adequacy tier 1 ratio: Investec plcᵒ	11.9%	10.5%	
Common equity tier 1 ratio: Investec plc^^ᵒ	10.2%	8.8%	
Leverage ratio: Investec plc^^ᵒ	7.7%	7.4%	
Capital adequacy ratio: Investec Limitedᵒ	14.7%	14.9%	
Capital adequacy tier 1 ratio: Investec Limitedᵒ	11.3%	11.0%	
Common equity tier 1 ratio: Investec Limited^^ᵒ	9.6%	9.4%	
Leverage ratio: Investec Limited^^ᵒ	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 180.*
^ *Calculation not comparable.*
^^ *The group's expected Basel III 'fully loaded' numbers are provided on page 46.*
ᵒ *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.*

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.*

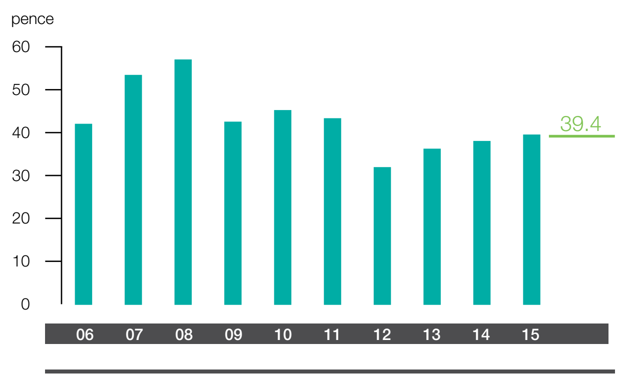
[ø] *Information prior to 2008 is shown before non-controlling interests and thereafter post other non-controlling interests.*

Track record

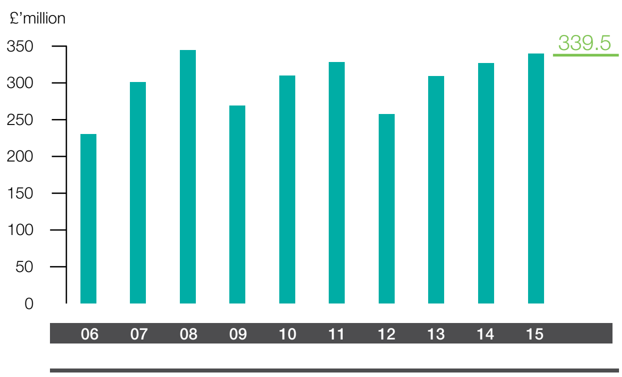
Up 4.0% to 39.4 pence

Up 3.9% £339.5 million

Adjusted earnings per share*#



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

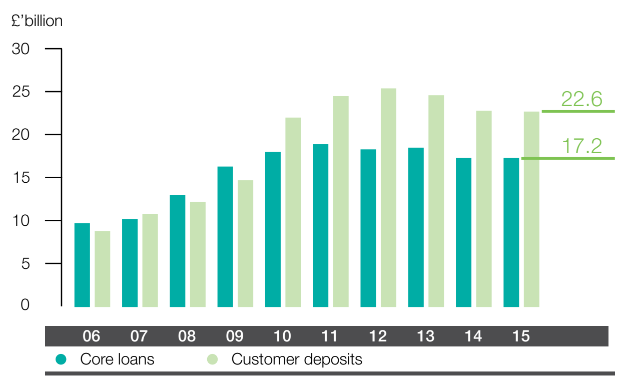


Core loans: flat at £17.2 billion since 31 March 2014
Deposits: flat at £22.6 billion since 31 March 2014

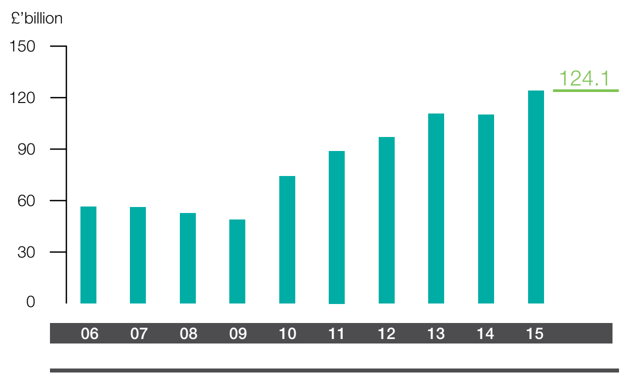
Adjusting for the sale of Investec Bank (Australia) Limited and Kensington (refer to page 22) core loans increased 11.9% and deposits increased 7.3%

Up 13.7% to £124.1 billion since 31 March 2014

Core loans and customer deposits



Third party assets under management



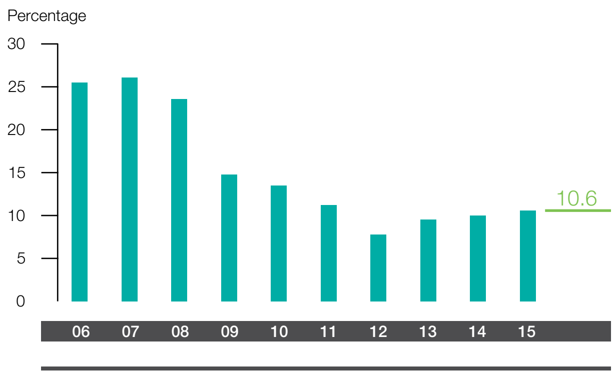
* *Historical EPS numbers have been adjusted for the 5:1 share split that took place on 4 September 2006.*
\# *Restated.*

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

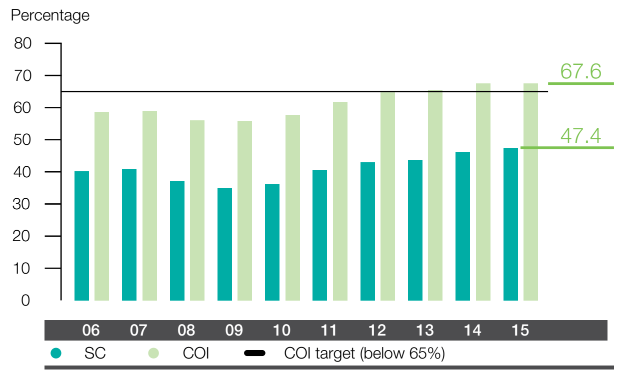
ROE*#



Target

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

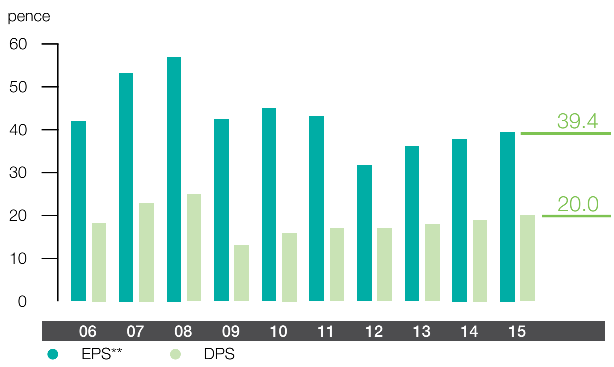
Cost to income ratio (COI) and staff compensation to operating income ratio (SC)#



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

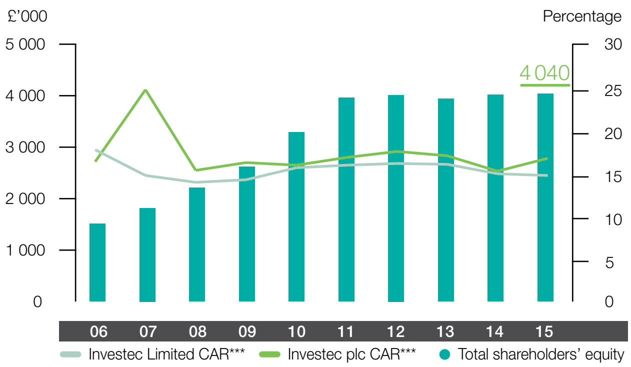
Adjusted earnings per share (EPS) and dividends per share (DPS)#



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 47.

** Adjusted EPS before goodwill, acquired intangibles and non-operating items as defined on page 180. 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.

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.

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 57 to 63.

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.

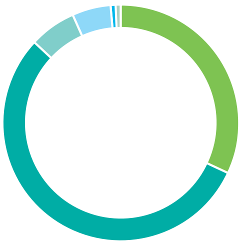
£'000	31 March 2015	% of total income	31 March 2014	% of total income	% change
UK and Other^	1 127 081	57.6%	1 174 152	60.5%	(4.0%)
Southern Africa	830 398	42.4%	766 812	39.5%	8.3%
Total operating income before impairments	1 957 479	100.0%	1 940 964	100.0%	0.9%

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%

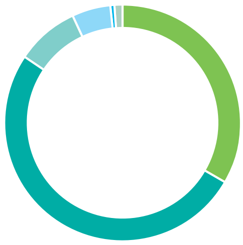
^ *Includes Australia, which was previously reported separately. Refer to page 22.*

% 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.

For the year to 31 March 2015 £'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	5 878 855	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.*

Investec in perspective

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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 *44*.

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).

£'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.*

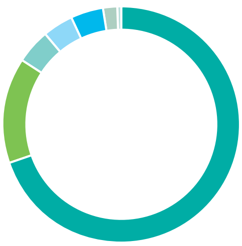
The following table sets out certain information on total expenses by geography for the year under review.

£'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.

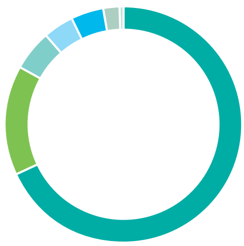
£'000	31 March 2015	% of total expenses	31 March 2014*	% of total expenses	% change
Asset Management	(287 084)	21.7%	(270 361)	20.6%	6.2%
Wealth & Investment	(234 436)	17.7%	(221 934)	16.9%	5.6%
Specialist Banking	(763 408)	57.6%	(784 548)	59.7%	(2.7%)
Group costs	(39 312)	3.0%	(36 444)	2.8%	7.9%
Total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

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.*

\# *Includes UK, Europe, Australia and the legacy businesses.*

° *Restated.*

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.*

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	31 March 2014*	
	2015	2014	£'000	£'000	% change
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.*

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 127, 128 and 156 to 159.

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.*

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.*

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.

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.*

Return on equity on an ongoing basis is provided on page 54.

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.*

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.*

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 134.*

** *Where:*

- *The UK legacy business is as described on page 55.*
- *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 134.*

** *Where:*

- *The UK legacy business is as described on page 55.*
- *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%	

Return on equity – 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%

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

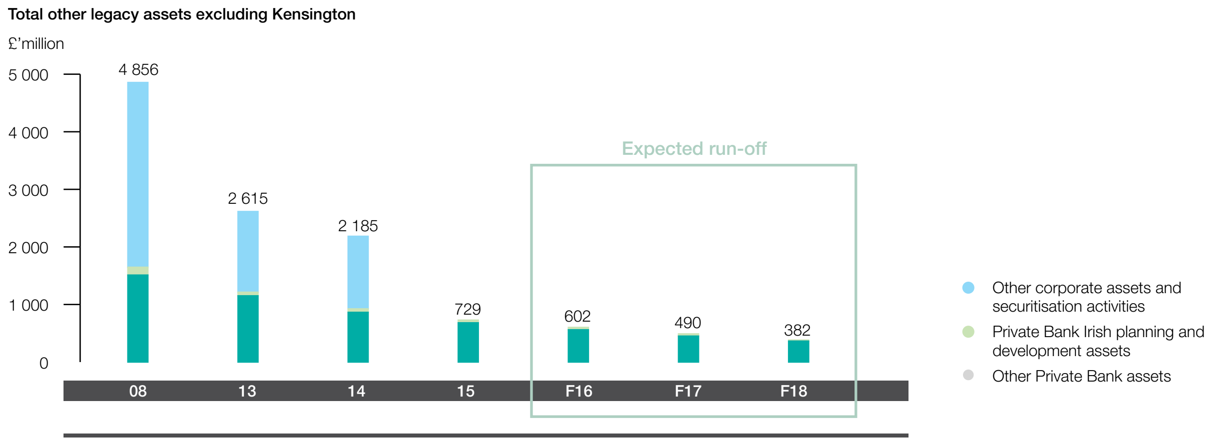
The group's legacy portfolio in the UK has been actively managed down from £3.4 billion at 31 March 2014 to £0.7 billion largely through strategic sales (mentioned on page 22), redemptions, write-offs and transfers (at the end of the period) to the ongoing book on the back of improved performance in 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



Investec in perspective

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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

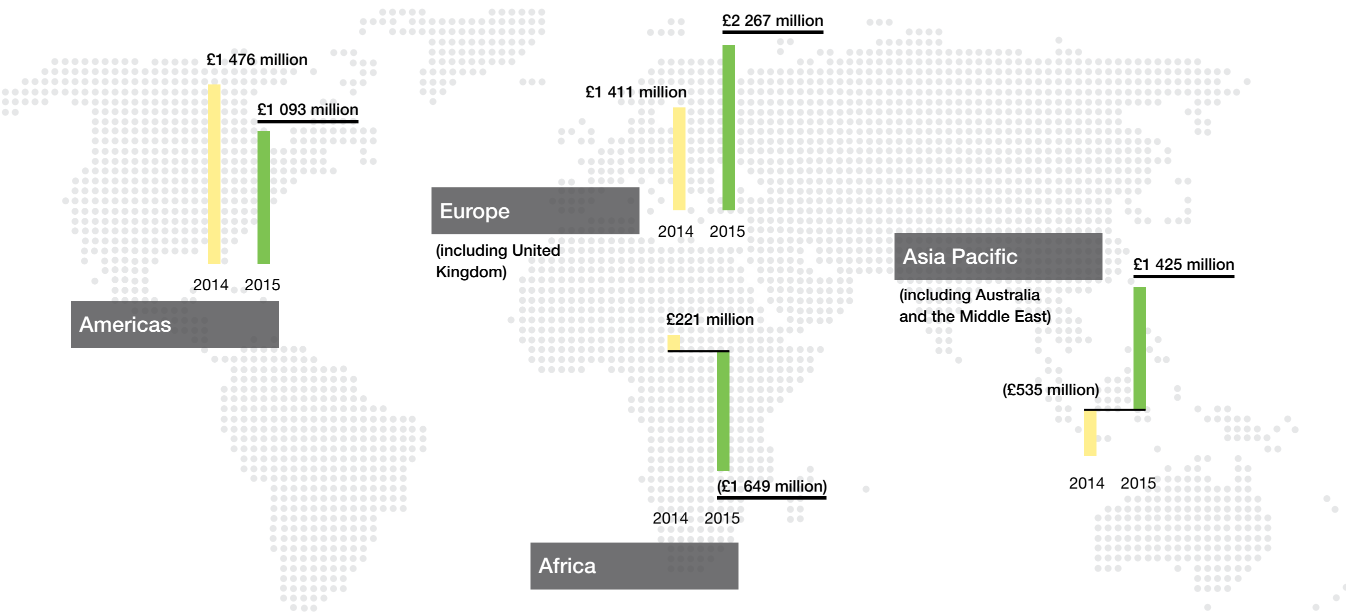
Equity	Fixed Income	Multi-Asset	Alternative
• Global • Regional • Income • Emerging markets • Frontier markets	• Developed markets • Emerging markets • Multi-strategy	• Global growth • Emerging markets • Global income	• Commodities and resources • Private equity • Private debt

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.

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

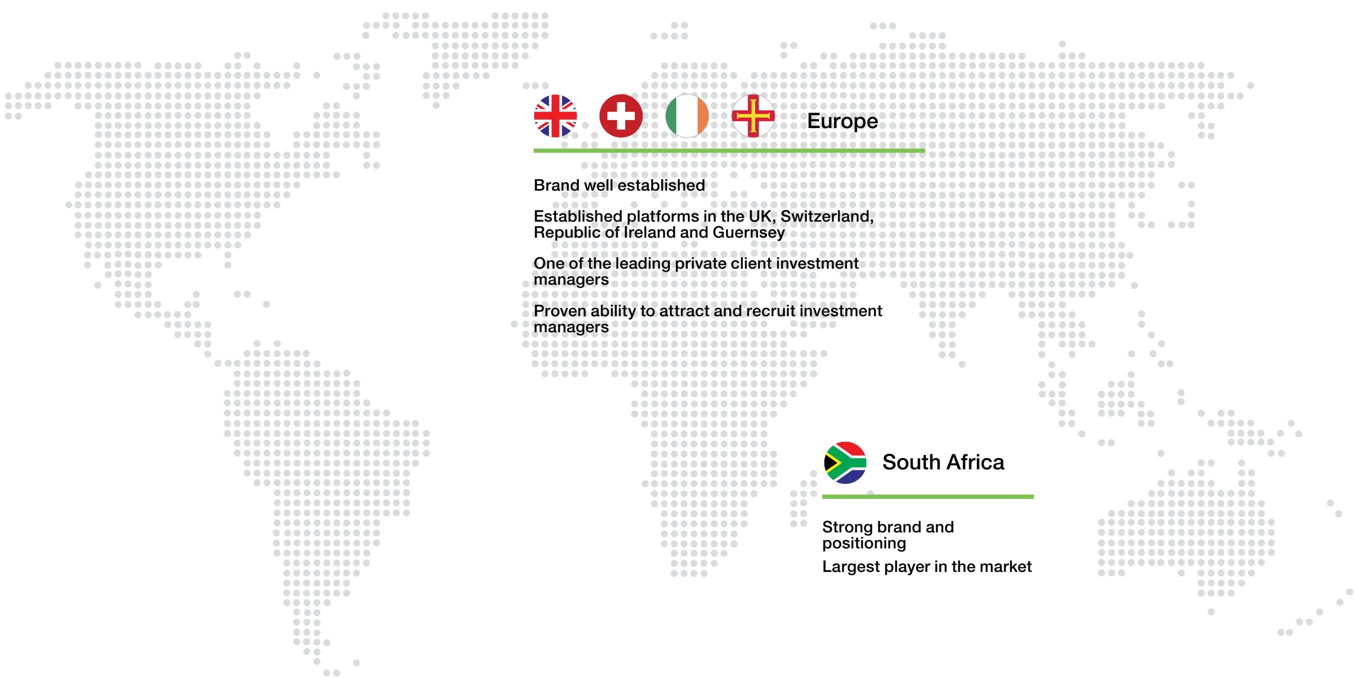
- Succession planning
- ISAs
- Retirement planning
- Venture Capital Trusts (VCT) and Enterprise Investment Schemes (EIS).

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.



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

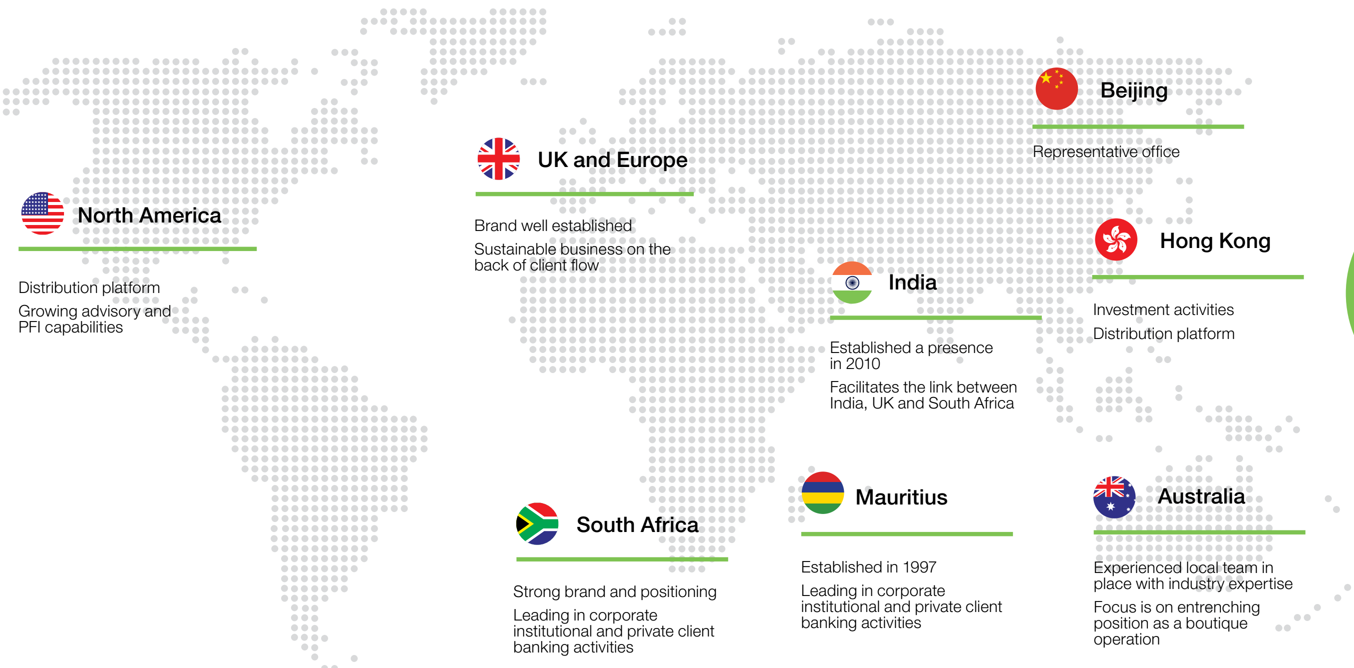
Corporate and Institutional Banking activities

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



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Risk management and corporate governance

Statement from the chairman of the group risk and capital committee

Philosophy and approach to risk management

The board risk and capital committee (comprising both executive and non-executive directors) meets six times per annum and approves the overall risk appetite for the Investec group. The group's risk appetite statement sets broad parameters relating to the board's expectations around performance, business stability and risk management. The board ensures that there are appropriate resources to manage the risk arising from running our businesses.

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

Risk awareness, control and compliance are embedded in all our day-to-day activities. We seek to achieve an appropriate balance between risk and reward, taking cognisance of all stakeholders' interests. A strong risk and capital management culture is embedded into our values.

Group Risk Management monitors, manages and reports on our risks to ensure that they are within the stated risk appetite mandated by the board of directors through the board risk and capital committee.

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

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

Risk Management units are locally responsive yet globally aware. This helps to ensure that all initiatives and businesses operate within our defined risk parameters and objectives, continually seeking new ways to enhance techniques.

We believe that the risk management systems and processes we have in place are adequate to support the group's strategy (as explained on page 12) and allow the group to operate within its risk appetite tolerance as set out on page 70.

A summary of the year in review from a risk perspective

Executive management is intimately involved in ensuring stringent management of risk, liquidity, capital and conduct. We continue to seek to achieve an appropriate balance between risk and reward in our business, taking cognisance of all stakeholders' interests. The group predominantly remained within its risk appetite limits/targets across the various risk disciplines. Our risk appetite framework as set out on page 70 continues to be assessed in light of prevailing market conditions and group strategy.

The group has significantly derisked its balance sheet through a number of strategic sales completed during the financial year (as discussed in detail on page 22) which resulted in a reduction in legacy assets of approximately £1.5 billion and total assets of approximately £6 billion.

Our core loan book (excluding strategic sales) has grown steadily over the year in home currencies, reflecting an increase of approximately 16% in both our UK and South African businesses. This has been supported by solid growth in our residential owner-occupied mortgage portfolios and private client lending, and steady growth in our UK Asset Finance business and other

Group Risk Management objectives are to:

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

diversified corporate lending activities.

Credit and counterparty exposures are to a select target market and our risk appetite continues to favour lower risk, income-based lending, with credit risk taken over a short to medium term. We expect our target clients to demonstrate sound financial strength and integrity, a core competency and an established track record.

Our core loan book remains well diversified with commercial rent producing property loans comprising approximately 17% of the book, other lending collateralised by property 8%, HNW and private client lending 34% and corporate lending 41% (with most industry concentrations well below 5%). We anticipate that future growth in our core loan portfolios will largely come from professional mortgages, asset finance, fund finance and power and infrastructure finance. These asset classes have historically reported low default ratios with satisfactory net margins.

Our focus over the past few years to realign and rebalance our portfolios in line with our risk appetite framework is reflected 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.

Our 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, 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 remaining legacy portfolio will continue to be managed down as we see opportunities to clear this portfolio. Management believes that the remaining legacy book will still take three to five years to wind down as explained in detail on page 55.

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).

The credit loss ratio on core loans in our South African business has continued to decline to the current level of 0.28%. The credit loss ratio in our UK and other businesses increased during the year to 1.16% as we divested assets and increased impairments on the legacy portfolio. Our credit losses on our core 'ongoing' UK and Other book remain low at 0.20% (2014: 0.50%).

Our investment portfolios in the UK and South Africa continued to perform well. However, our investment portfolio in Hong Kong unfortunately generated a loss during the period as a result of a poor performance from some of the underlying investments. Overall, 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. Potential losses that could arise in our trading book portfolio when stress tested under extreme market conditions (i.e. per extreme value theory) amount to approximately 0.1% of total operating income.

Investec has continued to maintain a sound balance sheet with a low gearing ratio of 9.4 times and a core loans to equity ratio of 4.3 times. We have always held capital in excess of regulatory requirements and we intend to perpetuate this philosophy. All our banking subsidiaries meet current internal targets. Investec Limited should achieve a common equity tier 1 ratio target of 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%. We believe that we have sufficient capital to support our growth initiatives.

Holding a high level of readily available, high-quality liquid assets remains paramount in the management of our balance sheet. We continue to maintain a low reliance on interbank wholesale funding to fund lending growth. Cash and near cash balances amounted to £10 billion at year end, representing 38.2% of our liability base.

We have significant surplus cash in our UK business following the sale of Kensington and we are actively focusing on reducing both cash and liquidity back to normalised levels through asset growth and further liability management, while maintaining our overall conservative approach to liquidity risk management. Our weighted average cost of funding continued to decrease in our UK business and we comfortably exceed Basel liquidity requirements for the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

In South Africa, we continued to build our structural liquidity cash resources to improve our Basel III LCR in light of regulations which were implemented from 1 January 2015. Investec Bank Limited (solo basis) ended the year with the three-month average of its LCR at 100.3%, which is well ahead of the minimum levels required. The cost of funding continued to increase for local banks, including Investec, as competition for 'Basel III friendly' deposits increased.

We continue to spend much time and effort focusing on operational, reputational, conduct, recovery and resolution risks.

During the year, Investec enhanced its stress testing framework by developing a repeatable stress testing process designed to identify and regularly test the bank's key 'vulnerabilities under stress'. The key is to understand these potential threats to our sustainability and profitability and thus a number of risk scenarios have been developed and assessed. These Investec-specific stress scenarios form an integral part of our capital planning process. The stress testing process also informs the risk appetite review process and the management of risk appetite limits, and is a key risk management tool of the bank. This process allows the bank to identify underlying risks and manage them accordingly.

Conclusion

The current regulatory and economic environment continues to prove challenging to our business, however, we are comfortable that we have robust risk management processes and systems in place which provide a strong foundation to the board and the business to manage and mitigate risks within our risk appetite tolerance framework.

Signed on behalf of the board

Stephen Koseff

Chairman of the group risk and capital committee

12 June 2015

The group maintained a strong liquidity position well in excess of regulatory and internal policy requirements throughout the year

Geographic summary of the year in review from a risk perspective

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

UK and Other

Credit risk

We continue to realign and rebalance our portfolio in line with our stated risk appetite, which is reflected in the growth in corporate client exposures and the decline in lending collateralised by property exposures. Material progress has been made during the year in our strategic portfolio rebalancing, in part through strategic divestments but also through active portfolio management and the consistent application of our risk appetite statement.

Net core loans and advances decreased by 14.1% from £8.2 billion at 31 March 2014 to £7.1 billion at 31 March 2015 due to the strategic divestments of Investec Bank (Australia) Limited and Kensington new mortgages. Excluding these sales net core loans increased by approximately 16%, largely as a result of solid growth in our diversified corporate lending activities.

Default loans (net of impairments) have decreased from 3.2% to 3.0% of core loans and advances. The credit loss ratio is at 1.16% (2014: 0.99%), impacted by the divestment of assets and increased impairments on the legacy portfolio.

Traded market risk

We continue to manage to a very low level of market risk with VaR at £0.7 million as at 31 March 2015.

There has been ongoing growth in client activity across the interest rate and foreign exchange corporate sales desks. The structured equity desk's retail product sales have remained strong and they continue to develop both their product range and distribution capacity.

Balance sheet risk

The bank entered the year with a strong surplus liquidity position. Funding rates continued to be driven down throughout the year as market liquidity and improved funding conditions persisted. This cost reduction was complemented by strategic initiatives including amendment to retail product terms. The overall impact led to a reduction in the bank's cost of funds. Cash surpluses increased further at the end of January 2015 following the strategic sale of Kensington. This is being managed in the context of the overall treasury funding plan to bring cash levels back to our normal levels of cash surpluses. Cash and near cash balances at 31 March 2015 amounted to £5.0 billion (2014: £4.3 billion) with total UK customer deposits increasing by 9.5% to £10.3 billion (2014: £9.4 billion). We continue to comfortably exceed Basel liquidity requirements.

Southern Africa

Credit risk

Net core loans and advances grew by 16% to R182.1 billion with residential owner-occupied, private client lending and corporate portfolios representing the majority of the growth for the financial year in review.

Default loans (net of impairments) as a percentage of core loans and advances reduced from 1.46% to 1.43% with an improvement in the lending collateralised by property portfolio.

The credit loss ratio improved to 0.28% from 0.42% as we saw stability in the number of new defaulted loans and sufficient collateral available for these transactions.

Our legacy default portfolio which largely relates to lending collateralised by property, notably residential land transactions earmarked for developments, continues to be managed down.

Traded market risk

Trading conditions have remained difficult. Traders have had to contend with very uncertain markets as well as declining market liquidity. While client flow has been under pressure, Investec remains committed to trading on client flow and not proprietary trading. The equity derivatives business has continued to grow both their product offering and the diversity of their client base. Currency markets have generally been illiquid and volatile. Corporate foreign exchange volumes are up leading to increased revenue, however, profit margins have tightened. The trend of low discretionary risk taking in local rates continued in the past year. Little uncertainty and stable interest rates in the local rate environment has not encouraged corporate hedging activity.

Balance sheet risk

Investec continued to build its structural liquidity cash resources over the course of the year as part of its drive to improve the Basel III LCR in order to adhere to regulations which were implemented from 1 January 2015. We ended the year with the three-month average of Investec Bank Limited's (solo basis) LCR at 100.3% which is well ahead of the minimum level required.

The cost of funding continued to increase for local banks, including Investec, as competition for 'Basel III friendly' deposits increased.

Total customer deposits increased by 8% from 1 April 2014 to R221.4 billion at 31 March 2015 (Private Bank deposits amounted to R89.8 billion and other external deposits amounted to R131.6 billion). Cash and near cash balances increased by 5% from 1 April 2014 to R88.7 billion at 31 March 2015.

Salient features

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

	UK and Other		Southern Africa		Investec group	
	2015	2014	2015	2014	2015	2014^^
Year to 31 March	£	£	R	R	£	£
Net core loans and advances (million)	7 061	8 222	182 058	156 870	17 189	17 157
Total assets (excluding assurance assets) (million)	17 970	22 061	359 728	327 157	38 016	41 279
Total risk-weighted assets (million)	11 608	13 711	269 466	248 040	26 601^	27 836^
Total equity (million)	2 074	2 269	35 526	31 127	4 040	4 016
Cash and near cash (million)	5 039	4 324	88 691	84 476	9 975	9 135
Customer accounts (deposits) (million)	10 298	10 939	221 377	204 903	22 615	22 610
Gross defaults as a % of gross core loans and advances	5.52%	5.43%	2.04%	2.24%	3.49%	3.78%
Defaults (net of impairments) as a % of net core loans and advances	3.00%	3.21%	1.43%	1.46%	2.07%	2.30%
Net defaults (after collateral and impairments) as a % of net core loans and advances	–	–	–	–	–	–
Credit loss ratio*	1.16%	0.99%	0.28%	0.42%	0.68%	0.68%
Structured credit as a % of total assets**	1.92%	1.94%	0.44%	1.17%	1.15%	1.77%
Banking book investment and equity risk exposures as a % of total assets**	3.44%	2.46%	4.88%	5.02%	4.19%	3.59%
Level 3 (fair value assets) as a % of total assets**	4.32%	4.57%	2.32%	2.33%	3.87%	5.00%
Traded market risk: one-day value at risk (million)	0.7	0.9	3.5	2.8	n/a	n/a
Core loans to equity ratio	3.4x	3.6x	5.1x	5.0x	4.3x	4.3x
Total gearing ratio**	8.8x	10.0x	10.1x	10.5x	9.4x	10.3x
Loans and advances to customers to customer deposits	68.5%	71.0%	78.6%	72.9%	74.0%	72.0%
Capital adequacy ratio	16.7%	15.3%	14.7%	14.9%	n/a	n/a
Tier 1 ratio	11.9%	10.5%	11.3%	11.0%	n/a	n/a
Common equity tier 1 ratio	10.2%	8.8%	9.6%	9.4%	n/a	n/a
Leverage ratio	7.7%	7.4%	8.1%	7.8%	n/a	n/a
Return on average assets#	0.44%	0.43%	1.20%	1.11%	0.86%	0.75%
Return on average risk-weighted assets#	0.72%	0.75%	1.59%	1.47%	1.25%	1.14%

* *Income statement impairment charge on core loans as a percentage of average advances.*
** *Total assets excluding assurance assets to total equity.*
^^ *Restated.*
^ *The group numbers have been 'derived' by adding Investec plc and Investec Limited (Rand converted into Pounds Sterling) numbers together.*
\# *Where return represents operating profit after taxation and non-controlling interests and after deducting preference dividends, but before goodwill, acquired intangibles and non-operating items. Average balances are calculated on a straight-line average.*
• *Certain information is denoted as n/a as these statistics are not applicable at a consolidated group level and are best reflected per banking entity or jurisdiction in line with regulatory and other requirements; or were not previously disclosed.*

Overall group risk appetite

The group has a number of board-approved risk appetite statements and policy documents covering our risk tolerance and approach to all aspects of risk. In addition, a number of committees and forums identify and manage risk at a group level. The group risk appetite statement and framework sets out the board's mandated risk appetite. The group risk appetite framework acts as a guide to determine the acceptable risk profile of the group by the owners of the group's capital. The group risk appetite statement ensures that limits/targets are applied and monitored across all key operating jurisdictions and legal entities. The group risk appetite statement is a high-level, strategic framework that supplements and does not replace the detailed risk policy documents at each entity and geographic level. The group risk appetite framework is a function of business strategy, budget process and the regulatory and economic environment in which the group is operating. The group risk appetite framework is reviewed (in light of the above aspects) and approved at least annually or as business needs dictate. A documented process exists where our risk profile is measured against our risk appetite and this positioning is presented to the group risk and capital committee and the board risk and capital committee.

The table below provides a high-level summary of the group's overall risk tolerance framework.

Risk appetite and tolerance metrics	Positioning at 31 March 2015
• We seek to maintain an appropriate balance between revenue earned from capital light and capital intensive activities. Ideally the split in revenue should be 50:50, dependent on prevailing market conditions	Capital light activities contributed 56% to total operating income and capital intensive activities contributed 44%
• We have a solid recurring income base supported by diversified revenue streams, and target a recurring income ratio in excess of 65%	Recurring income amounted to 74.2% of total operating income.
• We seek to maintain strict control over fixed costs and target a group cost to income ratio of below 65%	The cost to income ratio amounted to 67.6%.
• We aim to build a sustainable business generating sufficient return to shareholders over the longer-term, and target a long-term return on equity ratio range of between 12% and 16%, and a return on risk-weighted assets in excess of 1.2%	The return on equity amounted to 10.6% and our return on risk-weighted assets amounted to 1.25%. Refer to pages 45 and 47 for further information
• We are a lowly leveraged firm and target a leverage ratio in all our banking subsidiaries in excess of 6%	We achieved this internal target; refer to page 46 for further information
• We intend to maintain a sufficient level of capital to satisfy regulatory requirements and our internal target ratios. We target a capital adequacy ratio range of between 14% and 17% on a consolidated basis for Investec plc and Investec Limited and we target a minimum tier 1 ratio of 10.5% (11.0% by March 2016) and a common equity tier 1 ratio above 10.0% (by March 2016)	We meet current capital targets; refer to page 46 for further information
• We target a diversified loan portfolio, lending to clients we know and understand. We limit our exposure to a single/connected individual or company to 5% of tier 1 capital (up to 10% if approved by the relevant board committee). We also have a number of risk tolerance limits and targets for specific asset classes	We maintained this risk tolerance level in place throughout the year
• There is a preference for primary exposure in the group's main operating geographies (i.e. South Africa and UK). The group will accept exposures where we have a branch/banking business. The group will also tolerate exposures to other countries where it has core capabilities	Refer to pages 22 and 23 for further information
• The level of defaults and impairments continues to improve and we target a credit loss charge on core loans of less than 0.5% of average core advances (less than 1.25% under a weak economic environment/stressed scenario), and we target defaults net of impairments less than 1.5% of total core loans (less than 4% under a weak economic environment/ stressed scenario)	The credit loss charge on core loans amounted to 0.68% and defaults net of impairments amounted to 2.07% of total core loans. Refer to the Investec 2015 integrated annual report
• We carry a high level of liquidity in all our banking subsidiaries in order to be able to cope with shocks to the system, targeting a minimum cash to customer deposit ratio of 25%	Total cash and near cash balances amounted to £10 billion, representing 38.2% of our liability base.
• We have modest market risk as our trading activities primarily focus on supporting client activity and our appetite for proprietary trading is limited. We set an overall tolerance level of a one-day 95% VaR of less than R15 million for Investec Limited and less than £5 million for Investec plc	We meet these internal limits; refer to the Investec 2015 integrated annual report
• We have moderate appetite for investment risk, and set a risk tolerance of less than 30% of tier 1 capital for our unlisted principal investment portfolio	Our unlisted investment portfolio is £810 million, representing 26.3% of total tier 1 capital. Refer to the Investec 2015 integrated annual report
• Our Operational Risk Management team focuses on improving business performance and compliance with regulatory requirements through review, challenge and escalation	Refer to the Investec 2015 integrated annual report
• We have a number of policies and practices in place to mitigate reputational, legal and conduct risks.	Refer to the Investec 2015 integrated annual report

Corporate governance

Introduction

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

This section provides a summary of our corporate governance philosophy practices and key developments for the year ended 31 March 2015. A more detailed review is provided in the Investec 2015 integrated annual report.

Board statement

The board, management and employees of Investec are committed to complying with the disclosure and transparency rules and listing rules of the United Kingdom Listing Authority (UKLA), the JSE Limited (JSE) listings requirements, regulatory requirements in the countries in which we operate, the UK Corporate Governance Code (the Code) which was issued by the UK's Financial Reporting Council in 2010 and revised in September 2012, 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.

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

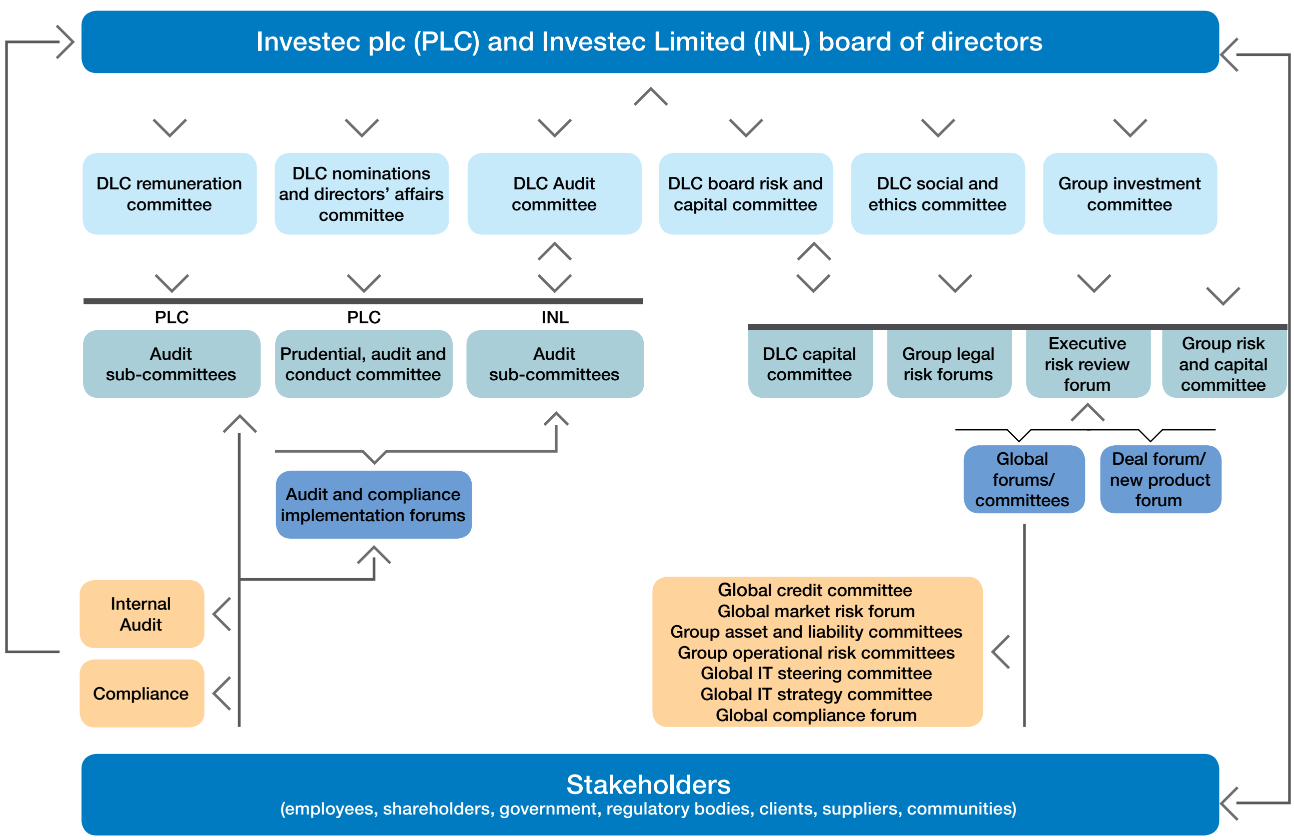
The board is of the opinion that, based on the practices disclosed throughout this report, which were in operation throughout the year under review, Investec has applied the King III principles.

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

Governance framework



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.

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.

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.

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.

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

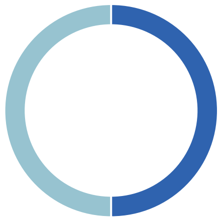
Independence

Chairman	1
Executives	4
Non-executives	13

65% of board independent

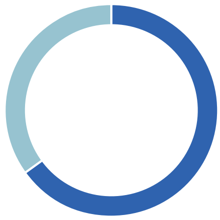
Balance of non-executive and executive directors

Pre-2014 AGM



Independent	50.0%
Non-independent	50.0%

Post-2014 AGM

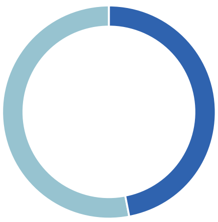


Independent	65.0%
Non-independent	35.0%

Diversity

Aspirational target:
Per the Davies Report: 25% female representation by 2015

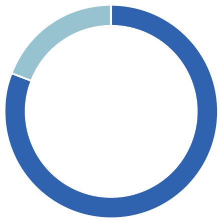
Geographical mix



South Africa	47.0%
UK including Europe	53.0%

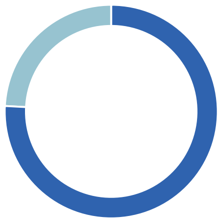
Board gender balance:

Pre-2014 AGM



Male	81.0%
Female	19.0%

Post-2014 AGM



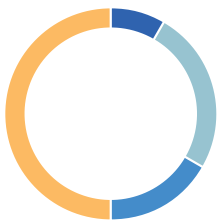
Male	76.0%
Female	24.0%

Tenure

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

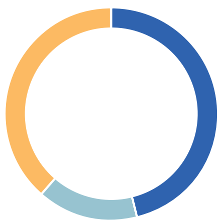
UK Corporate Governance recommendations:
Recommendation that non-executives should not serve longer than nine years from the time of their appointment.

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

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 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

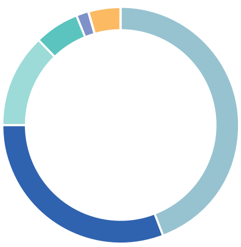
Investec plc ordinary shares in issue

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

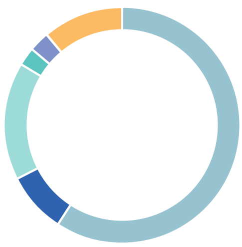
Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
3 018	1 – 500	41.1%	656 916	0.2%
1 320	501 – 1 000	18.0%	1 022 894	0.4%
1 716	1 001 – 5 000	23.4%	3 966 211	1.4%
379	5 001 – 10 000	5.2%	2 821 930	1.0%
517	10 001 – 50 000	7.0%	12 611 455	4.4%
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.

Corporate responsibility

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.

4

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 91 to 93), 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 90. 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

Perry Crosthwaite
Chairman, DLC remuneration committee

12 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

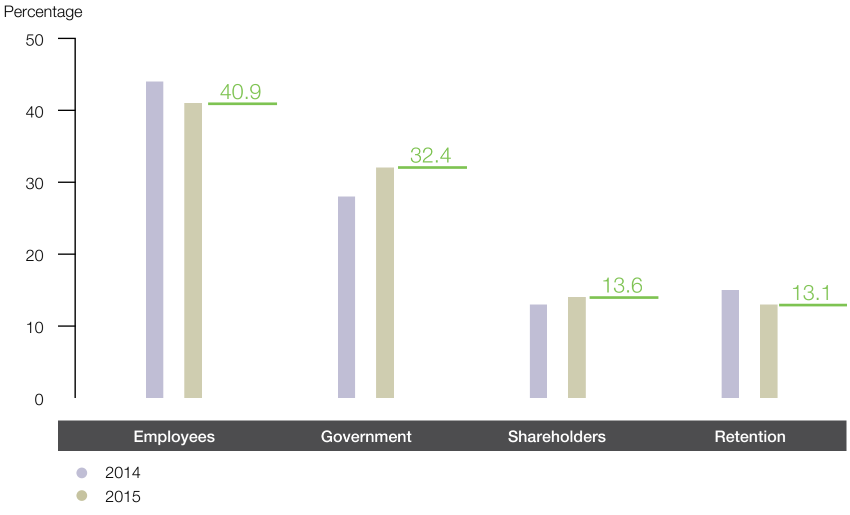
Our philosophy, which remains unchanged from prior years, is to:

- 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 95.

£'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.*
^^ *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.*
^ *75% released in year four and 25% released in year five.*
** *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.

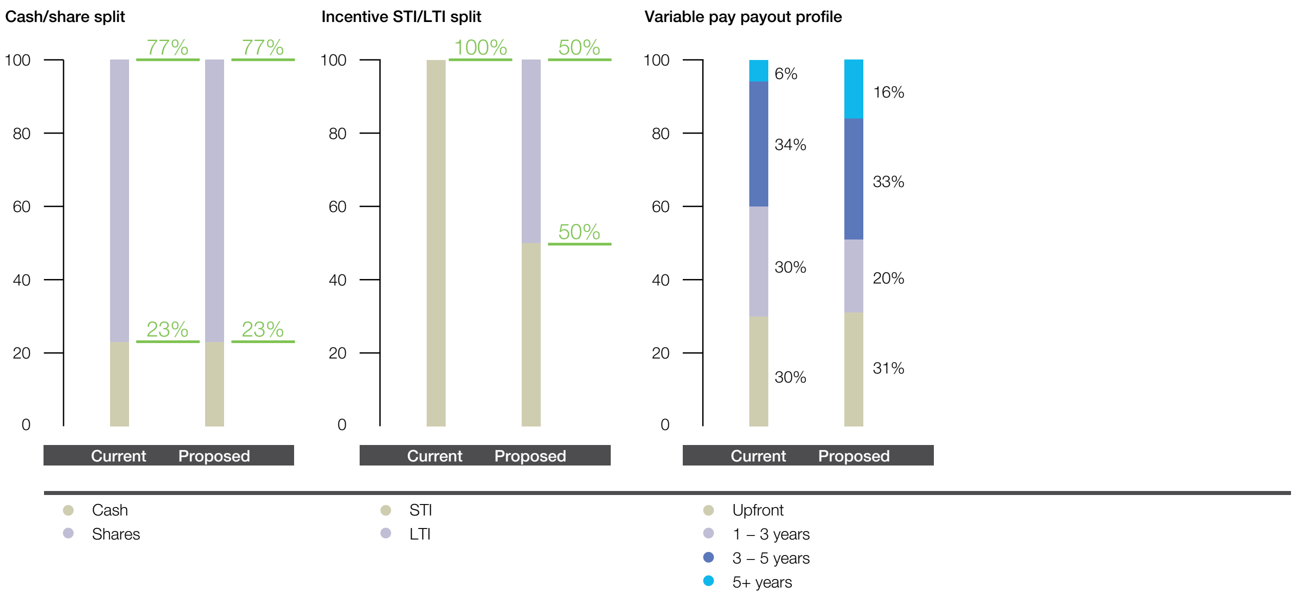
An example of how the changes will impact the remuneration package of the CEO is shown in the table below:

	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 73.

One of the members of the committee is also a member of the group's board risk and capital committee, 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.

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 91 to 93 – 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 119)	• Award subject to performance criteria as set out on pages 93 and 94 • 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 96.

	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 100.*
- *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 119. 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 91 to 93.*
- *Further information on the short-term incentives is set out on pages 91 to 93 and as discussed on page 90 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

Financial metrics	Weighting	Actual achievement at 31 March 2015	Achievement levels 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 93) 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

Financial metrics	Weighting	Actual achievement at 31 March 2015	Achievement levels 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 93) 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 93	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 93	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 101.

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 103.*
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 95). 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 93 and 94. None of these awards have as yet vested. The face value at grant for these awards, assuming 'at target' performance (as described on pages 93 and 94) 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 154. 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 102.*

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.

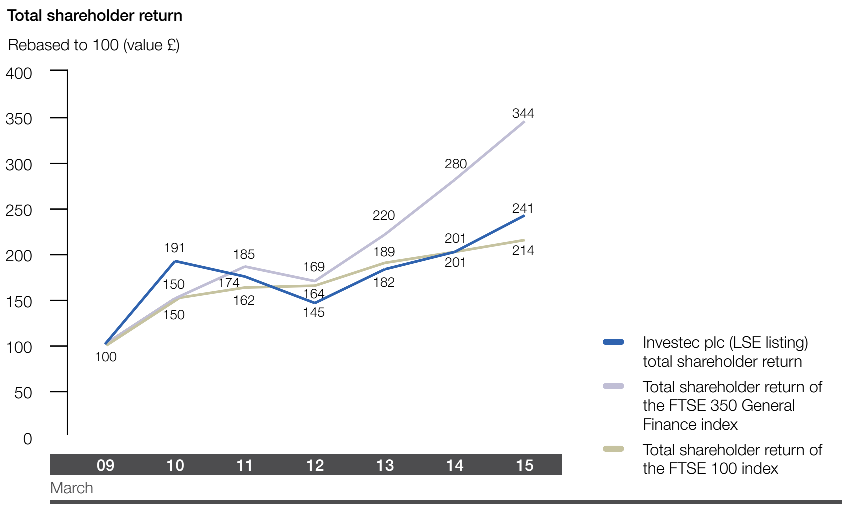
Schedule 8 of the UK Large and Medium-sized Companies and Groups (Accounts and Report) Regulations 2008 (as amended) requires this report to include a performance graph of Investec plc's total shareholder return (TSR) performance against that of a broad market index. A number of companies within the 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 95.

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 95.

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 114 to 120.

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 107).

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 91 to 93).

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 90). 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 119).

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 110.

Executive directors' remuneration policy table (continued)

<table>
<tr><th>Purpose and link to strategy</th><th>Operation</th><th>Maximum value and performance targets</th><th>Changes from prior year</th></tr>
<tr><td colspan="4">Variable remuneration</td></tr>
<tr><td colspan="4">Short-term incentive – CEO, MD and GRFD</td></tr>
<tr><td>• Alignment with key business objectives
• Deferral structure provides alignment with shareholders</td><td>• 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</td><td>• 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</td><td>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</td></tr>
<tr><td colspan="4">Short-term incentive – CEO of IAM[3]</td></tr>
<tr><td>• 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</td><td>• 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</td><td>• 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</td><td>• No change</td></tr>
</table>

Notes:
Refer to page 110.

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 119.*

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 91 to 93. 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 107), 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 114 to 120.

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 113 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.

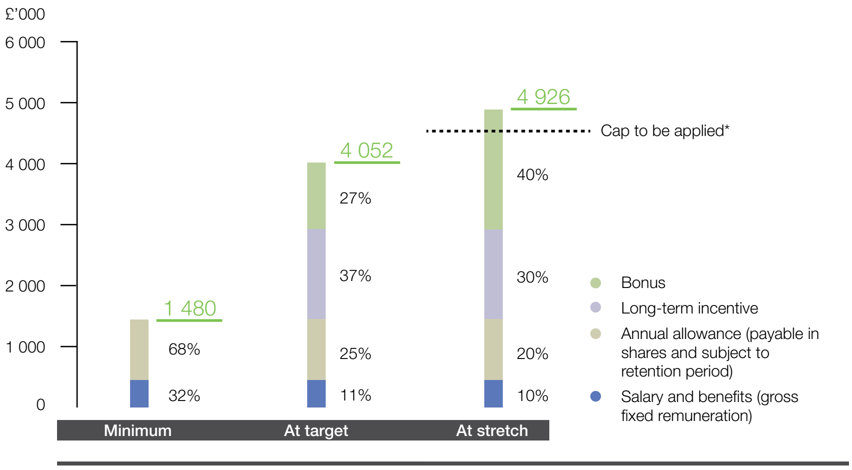
For the CEO, MD and GRFD based on the remuneration policy proposed for the year ending 31 March 2016:

- 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:

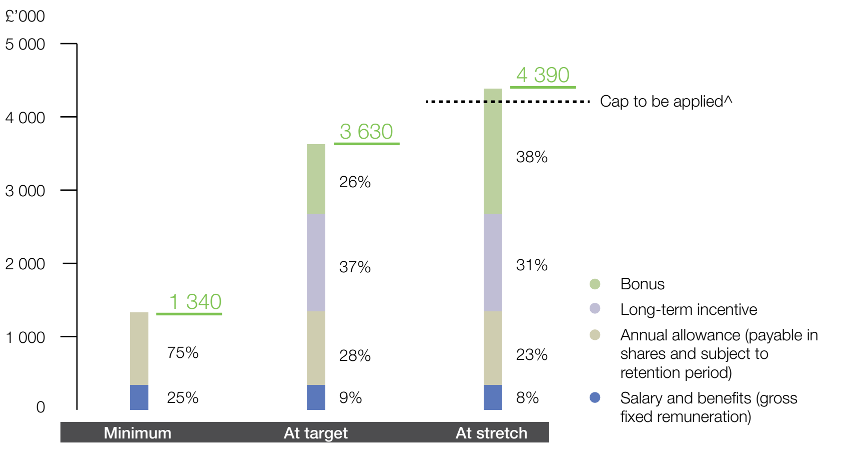
- Fixed remuneration includes the latest known salary, company pension contributions and the benefits receivable during the year ended 31 March 2015
- Variable short-term incentive is 1.85% of pre-tax and pre-compensation earnings of IAM, determined on a discretionary and uncapped basis
- Hendrik du 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



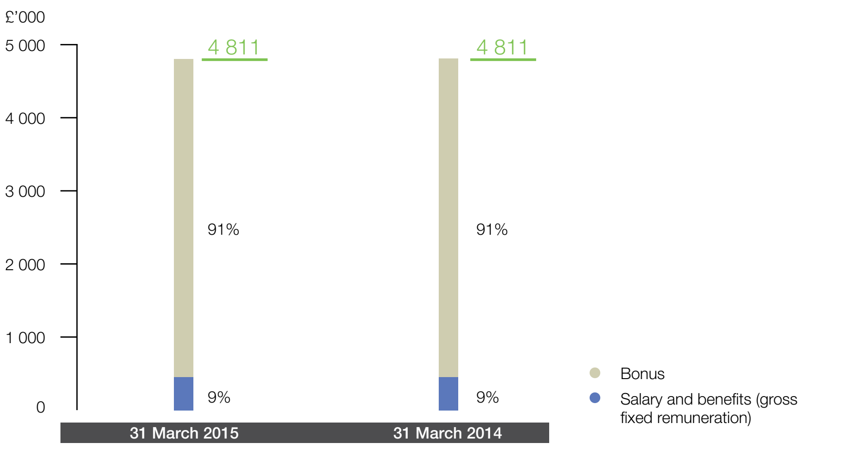
* *The maximum potential bonus as calculated in terms of the formula is £4.926 million. However, this amount will be capped to £4.810 million when one applies the remuneration cap as approved by shareholders.*

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 99 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 107). 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 107).

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.

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 in our 2015 integrated annual report.

- Internal capital comprises the regulatory capital requirement taking into account a number of specified risks plus a capital buffer which caters, inter alia, for any unspecified or future risks not specifically identified in the capital planning process. The Investec group then ensures that it actually holds capital in excess of this level of internal capital
- Internal capital is allocated to each business unit via a comprehensive analysis of the risks inherent within that business and an assessment of the costs of those risks
- Hurdle rates or targeted returns are determined for each business unit based on the weighted average cost of capital (plus a buffer for trading businesses to take into account additional risks not identified in the capital allocation process) applied to internal capital
- Targeted returns differ by business unit reflecting the competitive economics and shareholder expectation for the specific area of the business, and are set with reference to the degree of risk and the competitive benchmarks for each product line
- In essence, varying levels of return are required for each business unit reflecting the state of market maturity, country of operation, risk, capital invested (capital intensive businesses) or expected expense base (fee-based businesses)
- Growth in profitability over time will result in an increasing 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 103). 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 116 to 119.

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 84 to 121.

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 120. No remuneration was reduced for ex post implicit adjustments during the year.*

£'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 84 to 121.

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 124.*
* *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.

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Summary annual financial statements

Directors' responsibility statement

The following statement, which should be read in conjunction with the auditors' reports set out on page 133, is made with a view to distinguishing for stakeholders the respective responsibilities of the directors and of the external auditors in relation to the combined consolidated annual financial statements.

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

To enable the directors to meet these responsibilities:

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

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

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

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

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

It is the responsibility of the external auditors to report on the combined consolidated annual financial statements. Their reports to the members of the companies are set out on page 133. As far as the directors are aware, there is no relevant audit information of which the external auditors are unaware.

Approval of annual financial statements

The directors' report and the annual financial statements of the companies and the group, which appear on pages 127 to 129 and pages 134 to 179, were approved by the board of directors on 10 June 2015.

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

Signed on behalf of the board

Stephen Koseff	Bernard Kantor
Chief executive officer	Managing director

12 June 2015

Declaration by the company secretary

In terms of section 88(2)(e) of the South African Companies Act, No 71 of 2008, as amended (the Act), I hereby certify that, to the best of my knowledge and belief, Investec Limited has lodged with the Companies and Intellectual Property Commission, for the financial year ended 31 March 2015, all such returns and notices as are required in terms of the Act and that all such returns and notices are true, correct and up to date.

Niki van Wyk

Company secretary, Investec Limited
12 June 2015

Extended business review

We are an international specialist bank and asset manager that provides a diverse range of financial products and services to a niche client base in three principal markets, the United Kingdom, South Africa and Australia as well as certain other countries. Investec focuses on delivering distinctive profitable solutions for its clients in three core areas of activity namely, Asset Management, Wealth & Investment and Specialist Banking.

The strategic report on pages 18 to 21 provides an overview of our strategic position, performance during the financial year and outlook for the business. It should be read in conjunction with the sections on pages 22 to 124 which elaborate on the aspects highlighted in this review.

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

Authorised and issued share capital

Investec plc and Investec Limited

Details of the share capital are set out in note 42 to the annual financial statements.

Investec plc

During the year, the following shares were issued:

- 4 243 045 ordinary shares on 19 June 2014 at 516.00 pence per share
- 2 814 094 special converting shares on 23 June 2014 of £0.0002 each at par
- 610 254 ordinary shares on 15 August 2014 at 492.60 pence per share

Investec plc did not repurchase any of its ordinary shares during the financial year ended 31 March 2015.

Investec Limited

During the year, the following shares were issued:

- 2 814 094 ordinary shares on 25 June 2014 at R89.81 (R0.0002 par and premium of R89.8098 per share)
- 4 243 045 special convertible redeemable preference shares on 25 June 2014 of R0.0002 each at par
- 610 254 special convertible redeemable preference shares on 15 August 2014 of R0.0002 each at par
- 185 643 class ILRP2 redeemable non-participating preference shares at R1 000.00 per share (R0.01 par and premium of R999.99 per share).

On 23 June 2014, Investec Limited redeemed 81 variable rate redeemable cumulative preference shares at R1 million per share (R0.60 par and premium of R999 999.40 per share).

Investec Limited did not repurchase any of its ordinary shares during the financial year ended 31 March 2015.

At 31 March 2015, Investec Limited held 21 162 694 shares in treasury (2014: 19.0 million). Investec plc held 8 325 971 million shares in treasury (2014: 10.6 million). The maximum number of shares held in treasury by Investec Limited during the period under review was 24 708 870.

Financial results

The combined results of Investec plc and Investec Limited are set out in the annual financial statements and accompanying notes for the year ended 31 March 2015. The preparation of these combined results was supervised by the group risk and finance director, Glynn Burger.

Ordinary dividends

Investec plc

An interim dividend was declared to shareholders as follows:

- 8.5 pence per ordinary share to non-South African resident shareholders and South African resident shareholders (2013: 8.0 pence) registered on 12 December 2014 and was paid on 29 December 2014

The dividends were paid on 29 December 2014.

The directors have proposed a final dividend to shareholders registered on 31 July 2015, of 11.5 pence (2014: 11.0 pence) per ordinary share, which is subject to the approval of the members of Investec plc at the annual general meeting which is scheduled to take place on 6 August 2015 and, if approved, will be paid on 14 August 2015, as follows:

11.5 pence per ordinary share to non-South African resident shareholders (2014: 11.0 pence) registered on 31 July 2015.

- To South African resident shareholders registered on 31 July 2015, through a dividend paid by Investec Limited on the SA DAS share, of 9.0 pence per ordinary share and 2.5 pence per ordinary share paid by Investec plc.

Investec Limited

An interim dividend of 146.0 cents per ordinary share (2013: 131.0 cents) was declared to shareholders registered on 12 December 2014 and was paid on 29 December 2014.

The directors have proposed a final dividend of 216 cents per ordinary share (2014: 196.0 cents) to shareholders registered on 31 July 2015 to be paid on 14 August 2015. The final dividend is subject to the approval of members of Investec Limited at the annual general meeting scheduled to take place on 6 August 2015.

Preference dividends

Investec plc

Non-redeemable, non-cumulative, non-participating p reference shares

Preference dividend number 17 for the period 1 April 2014 to 30 September 2014, amounting to 7.52055 pence per share, was declared to members holding preference shares registered on 5 December 2014 and was paid on 15 December 2014.

Preference dividend number 18 for the period 1 October 2014 to 31 March 2015, amounting to 7.47945 pence per share, was declared to members holding preference shares registered on 12 June 2015 and will be paid on 22 June 2015.

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

Preference dividend number 7 for the period 1 April 2014 to 30 September 2014, amounting to 433.55137 cents per share, was declared to members holding Rand-denominated non-redeemable, non-cumulative, non-participating preference shares registered on 5 December 2014 and was paid on 15 December 2014.

Preference dividend number 8 for the period 1 October 2014 to 31 March 2015, amounting to 438.17123 cents per share, was declared to members holding preference shares registered on 12 June 2015 and will be paid on 22 June 2015.

Preferred securities

The seventh annual distribution, fixed at 7.075%, on the €200 million fixed/floating rate, guaranteed, non-voting, non-cumulative perpetual preferred callable securities issued by Investec Tier 1 (UK) LP on 24 June 2005, is due and will be paid on 24 June 2014.

Investec Limited

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

Preference dividend number 20 for the period 1 April 2014 to 30 September 2014, amounting to 354.91885 cents per share, was declared to shareholders holding preference shares registered on 5 December 2014 and was paid on 15 December 2014.

Preference dividend number 21 for the period 1 October 2014 to 31 March 2015, amounting to 358.70081 cents per share, was declared to shareholders holding preference shares registered on 12 June 2015 and will be paid on 22 June 2015.

Class ILRP1 redeemable non-participating preference shares

Preference dividend number 4 for the period 1 April 2014 to 30 June 2014, amounting to 1256.38415 cents per share, was declared to shareholders holding preference shares on 25 July 2014 and was paid on 28 July 2014.

Preference dividend number 5 for the period 1 July 2014 to 30 September 2014, amounting to 1298.95394 cents per share, was declared to shareholders holding preference shares on 24 October 2014 and was paid on 27 October 2014.

Preference dividend number 6 for the period 1 October 2014 to 31 December 2014, amounting to 1303.46388 cents per share, was declared to shareholders holding preference shares on 23 January 2015 and was paid on 26 January 2015.

Preference dividend number 7 for the period 1 January 2015 to 31 March 2015, amounting to 1275.12771 cents per share, was declared to shareholders holding preference shares on 24 April 2015 and was paid on 28 April 2015.

Redeemable cumulative preference shares

Dividends amounting to R19 970 856 (2014: R23 731 999.98) were paid on the redeemable cumulative preference shares.

Directors and secretaries

Details of directors and secretaries of Investec plc and Investec Limited are reflected on pages 75 and 76.

In accordance with the UK Corporate Governance Code, the entire board will offer itself for re-election at the 2015 annual general meeting.

OC Dickson, GFO Alford and MP Malungani did not offer themselves for re-election at the annual general meeting held on 7 August 2014.

Sir David Prosser retired from the board on 8 August 2014.

CR Jacobs, Lord Malloch-Brown and KL Shuenyane were appointed as directors on 8 August 2014. On 1 November 2014 and 1 January 2015 respectively, ZBM Bassa and LC Bowden were appointed as directors.

The appointments of CR Jacobs, Lord Malloch-Brown, KL Shuenyane, ZBM Bassa and LC Bowden terminate at the end of the annual general meeting on 6 August 2015, but being eligible will offer themselves for election.

The company secretary of Investec plc is David Miller.

As from 1 July 2014, the company secretary of Investec Limited is Niki van Wyk. Benita Coetsee resigned with effect from 30 June 2014.

Directors and their interests

Directors' shareholdings and options to acquire shares are set out on pages 74 to 75.

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

Corporate governance

The group's corporate governance board statement and governance framework are set out on pages 71 and 72.

Share incentives

Details regarding options granted during the year are set out on pages 154 and 155.

Audit committees

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

Further details on the role and responsibility of the audit committee can be found in the Investec 2015 integrated annual report.

Auditors

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

A resolution to reappoint them as auditors will be proposed at the annual general meeting scheduled to take place on 6 August 2015.

Contracts

Refer to page 112 for details of contracts with directors.

Subsidiary and associated companies

Details of principal subsidiary and associated companies can be found in the Investec 2015 integrated annual report.

Major shareholders

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

Special resolutions

Investec plc

At the annual general meeting held on 7 August 2014, special resolutions were passed in terms of which:

- A renewable authority was granted to Investec plc to acquire its own ordinary shares in accordance with the terms of section 701 of the Companies Act 2006
- A renewable authority was granted to Investec plc to acquire its own preference shares in accordance with the terms of section 701 of the Companies Act 2006

Investec Limited

At the annual general meeting held on 7 August 2014, the following special resolutions were passed in terms of which:

- A renewable authority was granted to Investec Limited and any of its subsidiaries to acquire its own ordinary in terms of the provisions of the South African Companies Act, No 71 of 2008
- A renewable authority was granted to Investec Limited to provide financial assistance in order to comply with the provisions of sections 44 and 45 of the South African Companies Act, No 71 of 2008
- A renewable authority was granted to Investec Limited to approve directors' remuneration in order to comply with the provisions of sections 65(11)(h), 66(8) and 66(9) of the South African Companies Act, No 71 of 2008

Accounting policies and disclosure

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

The parent company accounts of Investec plc continue to be prepared under UK Generally Accepted Accounting Practice (UK GAAP).

The accounting policies adopted in this abridged report are consistent with the Investec 2015 integrated annual report.

Financial instruments

Detailed information on the group's risk management process and policy can be found in the Investec 2015 integrated annual report.

Information on the group's hedge accounting policy and the use of derivatives and hedges can be found in the Investec 2015 integrated annual report.

Employees

Our policy is to recruit and promote on the basis of aptitude and ability, without discrimination of any kind. Applications for employment by disabled people are always considered bearing in mind the qualifications and abilities of the applicants.

In the event of employees becoming disabled, every effort is made to ensure their continued employment. Our policy is to adopt an open management style, thereby encouraging informal consultation at all levels about aspects of our operations, and motivating staff involvement in our performance by means of employee share schemes.

We are committed to ensuring the health, safety and welfare of our employees and to providing and maintaining safe working conditions. We have health and safety policies in all regions of operation that cover all legislated requirements and additional benefits are provided for staff where possible. We constantly seek to improve both policies and the execution of health and safety standards in all our offices.

This takes the form of staff education, regular fire drills and maintenance of an open door policy with regard to dialogue on the issue. Where appropriate, the appointment of individuals responsible for various areas of health and safety is made.

Political donations and expenditure

Investec plc did not make any donations for political purposes in the UK or the rest of the EU, nor did it make any political donations to political parties or other political organisations, or to any independent election candidates, or incur any political expenditure during the year. Invested Limited made political donations totalling R1 million in 2015 (2014: R2.5 million).

Environment, including greenhouse gas emissions

We are committed to pursuing sound environmental policies in all aspects of our business and seek to encourage and promote good environmental practice among our employees and within the community in which we operate.

Further information can be found in the Investec 2015 integrated annual report.

Going concern

Refer to pages 71 and 72 in for the directors' statement in relation to going concern.

Research and development

In the ordinary course of business, Investec develops new products and services in each of its business divisions.

Additional information for shareholders

Schedule A to the directors' report is a summary of certain provisions of Investec plc's current Articles of Association and applicable English law concerning companies (the UK Companies Act 2006).

The board considers that this integrated annual report and annual financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy.

On behalf of the boards of Investec plc and Investec Limited

Fani Titi	Stephen Koseff
Chairman	Chief executive officer

12 June 2015

Schedule A to the directors' report

Additional information for shareholders

Set out below is a summary of certain provisions of Investec plc's current Articles of Association (the Articles) and applicable English law concerning companies (the UK Companies Act 2006). This is a summary only and the relevant provisions of the Articles or the Companies Act 2006 should be consulted if further information is required.

Share capital

The issued share capital of Investec plc at 31 March 2015 consists of 613 609 642 ordinary shares of £0.0002 each, 15 081 149 non-redeemable, non-cumulative, non-participating preference shares of £0.01 each, 2 275 940 ZAR non-redeemable, non-cumulative, non-participating preference shares of R0.001 each, 285 748 623 special converting shares of £0.0002 each, the special voting share of £0.001, the UK DAN share of £0.001 and the UK DAS share of £0.001 (each class as defined in the Articles).

Purchase of own shares

Subject to the provisions of the Articles, the Companies Act 2006, the uncertificated securities regulations 2001 and every other statute for the time being in force concerning companies and affecting Investec plc, the approval of shareholders as provided in the Investec plc Articles, and without prejudice to any relevant special rights attached to any class of shares, Investec plc may purchase, or may enter into a contract under which it will or may purchase, any of its own shares of any class, including without limitation any redeemable shares, in any way and at any price (whether at par or above or below par).

Dividends and distributions

Subject to the provisions of the Companies Act 2006, Investec plc may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the board. The board may pay interim dividends whenever the financial position of Investec plc, in the opinion of the board, justifies such payment.

The board may withhold payment of all or any part of any dividends or other monies payable in respect of Investec plc's shares from a person with a 0.25% or more interest in nominal value of the issued shares if such a person has been served with a notice after failure to provide Investec plc with information concerning interests in those shares required to be provided under the Companies Act 2006.

Voting rights

Subject to any special rights or restrictions attaching to any class of shares, at a general meeting, every member present in person has, upon a show of hands, one vote and on a poll every member who is present in person or by proxy has one vote for each share. In the case of joint holders of a share, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the share. Under the Companies Act 2006 members are entitled to appoint a proxy, who need not be a member of Investec plc, to exercise all or any of their rights to attend and vote on their behalf at a general meeting or class meeting. A member may appoint more than one proxy in relation to a general meeting or class meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member that is a corporation may appoint an individual to act on its behalf at a general meeting or class meeting as a corporate representative. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of Investec plc.

Restrictions on voting

No member shall be entitled to vote either in person or by proxy at any general meeting or class meeting in respect of any shares held by him if any call or other sum then payable by him in respect of that share remains unpaid. In addition, no member shall be entitled to vote if he has been served with a notice after failure to provide Investec plc with information concerning interests in those shares required to be provided under the Companies Act.

Deadlines for exercising voting rights

Votes are exercisable at a general meeting of Investec plc in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representatives. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Variation of rights

Subject to the Companies Act 2006, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting the quorum shall be two persons or, if there is only one holder, that holder at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares). The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them. Where, under the company's share incentive plan, participants are the beneficial owners of the shares, but not the registered owners, the participants are not entitled to exercise any voting rights until the shares are released to the participants. Under the company's employee trust, the trustee does not vote in respect of unallocated shares.

Transfer of shares

All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. Transfers of shares which are in uncertificated form are effected by means of the CREST system.

The directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason, refuse to register any transfer of shares (not being fully paid shares), provided that such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The directors may also refuse to register an allotment or transfer of shares (whether fully paid or not) in favour of more than four persons jointly. If the directors refuse to register an allotment or transfer they shall within two months after the date on which the letter of allotment or transfer was lodged with Investec plc send to the allottee or transferee a notice of the refusal.

The directors may decline to recognise any instrument of transfer unless the instrument of transfer is in respect of only one class of share and, when submitted for registration, is accompanied by the relevant share certificates and such other evidence as the directors may reasonably require. Subject to the Companies Act and regulations and applicable CREST rules, the directors may determine that any class of shares may be held in uncertificated form and that title to such shares may be transferred by means of the CREST system or that shares of any class should cease to be so held and transferred.

A number of the company's employee share plans include restrictions on transfer of shares while the shares are subject to the plans, in particular, the share incentive plan.

Plc preference shares

The following are the rights and privileges which attach to the plc preference shares:

- On a return of capital, whether or not on a winding up (but not on a redemption or purchase of any shares by Investec plc) or otherwise, the plc preference shares will rank, *pari passu interse* and with the most senior ranking preference shares of Investec plc in issue (if any) from time to time and with any other shares of Investec plc that are expressed to rank *pari passu* therewith as regards participation in the capital, and otherwise in priority to any other class of shares of Investec plc
- Investec plc may, at its option, redeem all or any of the plc preference shares for the time being issued and outstanding on the first call date or any dividend payment date thereafter
- Holders of plc preference shares will not be entitled to attend and vote at general meetings of Investec plc. Holders will be entitled to attend and vote at a class meeting of holders of plc preference shares.

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

The following are the rights and privileges which attach to the perpetual preference shares:

- Each perpetual preference share will rank as regards dividends and a repayment of capital on the winding up of Investec plc prior to the ordinary shares, the plc special converting shares, the UK DAN share, the UK DAS share, but *pari passu* with the plc preference shares. The perpetual preference shares shall confer on the holders, on a per perpetual preference shares and equal basis, the right on a return of capital on the winding-up of Investec plc of an amount equal to the aggregate of the nominal value and premiums in respect of perpetual preference shares issued, divided by the number of perpetual preference shares in issue
- Each perpetual preference share may confer upon the holder thereof the right to receive out of the profits of Investec plc which it shall determine to distribute, in priority to the ordinary shares, the plc special converting shares, the UK DAN share and the UK DAS share, but *pari passu* with the plc preference shares, the preference dividend calculated in accordance with the Articles
- The holders of the perpetual preference shares shall be entitled to receive notice of and be present but not to vote, either in person or by proxy, at any meeting of Investec plc, by virtue of or in respect of the perpetual preference shares, unless either or both of the following circumstances prevail at the date of the meeting:
  - The preference dividend or any part thereof remains in arrears and unpaid as determined in accordance with Article 150.2(e)(ii) after six months from the due date thereof; and/or
  - A resolution of Investec plc is proposed which resolution directly affects the rights attached to the perpetual preference shares or the interests of the holders thereof, or a resolution of Investec plc is proposed to wind up or in relation to the winding-up of Investec plc or for the reduction of its capital, in which event the preference shareholders shall be entitled to vote only on such resolution.

Rand-denominated non-redeemable, non-cumulative, non-participating perpetual preference shares (the ZAR perpetual preference shares)

The ZAR perpetual preference shares are subject to substantially similar terms and conditions as the existing Pounds Sterling non-redeemable, non-cumulative, non-participating preference shares, as outlined above, save that they are denominated in South African Rand.

Shares required for the DLC structure

Investec SSC (UK) Limited, a UK trust company, specially formed for the purpose of the DLC structure, holds the plc special voting share, the plc special converting shares, the UK DAN share and the UK DAS share. These shares can only be transferred to another UK trust company, in limited circumstances.

The plc special voting shares are specially created shares so that shareholders of both Investec plc and Investec Limited effectively vote together as a single decision-making body on matters affecting shareholders of both companies in similar ways, as set out in the Articles.

Prior to a change of control, approval of termination of the sharing agreement (which regulates the DLC), liquidation or insolvency of Investec plc, the plc special converting shares have no voting rights, except in relation to a resolution proposing the: (i) variation of the rights attaching to the shares or (ii) winding-up, and they have no rights to dividends. The special converting shares are held on trust for the Investec Limited ordinary shareholders. Investec plc and Investec Limited have established dividend access trust arrangements as part of the DLC.

Investec plc has issued two dividend access shares, the UK DAS share and UK DAN share which enables Investec plc to pay dividends to the shareholders of Investec Limited. This facility may be used by the board to address imbalances in the distributable reserves of Investec plc and Investec Limited and/or to address the effects of South African exchange controls and/or if they otherwise consider it necessary or desirable.

Appointment and replacement of directors

Directors shall be no less than four and no more than 20 in number. A director is not required to hold any shares of Investec plc by way of qualification. Investec plc may by special resolution increase or reduce the maximum or minimum number of directors.

Powers of directors

Subject to the Articles, the Companies Act 2006, the CREST regulations and every other statute for the time being in force concerning companies and affecting Investec plc, and any directions given by ordinary or special resolution, the business of Investec plc will be managed by the board who may exercise all the powers of Investec plc.

The board may exercise all the powers of Investec plc to borrow money and to mortgage or charge any of its undertaking, property, assets and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of Investec plc or of any third party.

Significant agreements: change of control

The Articles of Association of both Investec plc and the Memorandum of Incorporation of Investec Limited ensure that a person cannot make an offer for one company without having made an equivalent offer to the shareholders of both companies on equivalent terms.

Pursuant to the terms of the agreements establishing the DLC structure, if either Investec plc or Investec Limited serves written notice on the other at any time after either party becomes a subsidiary of the other party or after both Investec plc and Investec Limited become subsidiaries of a third party the agreements establishing the DLC structure will terminate.

All of Investec plc's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control and, where applicable, subject to the satisfaction of any performance conditions at that time.

Independent auditor's statement to the members of Investec plc

We have examined the summary financial information for the year ended 31 March 2015 which comprises the Combined Consolidated Income Statement, the Combined Consolidated Statement of Comprehensive Income, the Combined Consolidated Balance Sheet, the Combined Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, the accounting policies set out on page 140 and the related notes

This report is made solely to the Members, of the Investec plc (the 'Group'), as a body, in accordance with the terms of our engagement letter. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members as a body, for our work, for this report, or the opinion we have formed.

Respective responsibilities of the Directors and the auditor

The Directors are responsible for preparing the summary financial information so that it is consistent with the full annual financial statements of the Group.

Our responsibility is to report to you our opinion on the consistency of the summary financial information with the full annual financial statements and the Remuneration Report.

We also read the other information contained in the integrated annual review and summary financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial information.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report is on the Group's full annual financial statements describes the basis of our opinion on those financial statements and on the Remuneration Report.

Opinion

In our opinion the summary financial information is consistent with the full financial statements and Remuneration Report of the Group for the year ended 31 March 2015.

Ernst & Young LLP

Ernst & Young LLP
Statutory Auditor
1 More London Place, London, SE1 2AF

12 June 2015

Directors' statement

The auditor has issued unqualified reports on the full annual financial statements, the auditable part of the directors' remuneration report and on the consistency of the strategic directors' report with those annual financial statements. Their report on the full Annual Financial Statements and the auditable part of the directors' remuneration report can be found on the Investec plc website www.investec.com/en_za/#home/investor_relations.html.

Combined consolidated income statement

£'000	Year to 31 March 2015	Year to 31 March 2014*
Interest income	1 790 867	1 905 383
Interest expense	(1 155 890)	(1 253 704)
Net interest income	**634 977**	**651 679**
Fee and commission income	1 226 257	1 136 902
Fee and commission expense	(137 214)	(147 481)
Investment income	128 334	166 809
Trading income arising from		
– customer flow	106 313	103 914
– balance sheet management and other trading activities	(13 424)	10 587
Other operating income	12 236	18 554
Total operating income before impairment losses on loans and advances	**1 957 479**	**1 940 964**
Impairment losses on loans and advances	(128 381)	(166 152)
Operating income	**1 829 098**	**1 774 812**
Operating costs	(1 322 705)	(1 307 243)
Depreciation on operating leased assets	(1 535)	(6 044)
Operating profit before goodwill and acquired intangibles	**504 858**	**461 525**
Impairment of goodwill	(5 337)	(12 797)
Amortisation of acquired intangibles	(14 497)	(13 393)
Operating costs arising from integration, restructuring and partial disposal of subsidiaries	–	(20 890)
Operating profit	**485 024**	**414 445**
Net (loss)/gain on disposal of subsidiaries	(93 033)	9 821
Profit before taxation	**391 991**	**424 266**
Taxation on operating profit before goodwill and acquired intangibles	(99 023)	(78 910)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	(17 574)	7 289
Profit after taxation	**275 394**	**352 645**
Profit attributable to Asset Management non-controlling interests	(18 184)	(11 031)
Profit attributable to other non-controlling interests	(11 701)	(10 849)
Earnings attributable to shareholders	**245 509**	**330 765**
Earnings per share (pence)		
– Basic	24.4	34.3
– Diluted	23.1	32.3

* *As restated for restatements detailed in note 59 in the Investec 2015 integrated annual report.*

Combined consolidated statement of comprehensive income

£'000	Year to 31 March 2015	Year to 31 March 2014*
Profit after taxation	275 394	352 645
Other comprehensive income/(loss):		
Items that may be reclassified to the income statement		
Fair value movements on cash flow hedges taken directly to other comprehensive income	(32 816)	(3 582)
Gains on realisation of available-for-sale assets recycled through the income statement	(4 660)	(2 972)
Fair value movements on available-for-sale assets taken directly to other comprehensive income	1 037	347
Foreign currency adjustments on translating foreign operations	(58 318)	(407 479)
Items that will never be reclassified to the income statement		
Remeasurement of net defined pension asset	6 340	(5 870)
Total comprehensive income/(loss)	**186 977**	**(66 911)**
Total comprehensive income/(loss) attributable to non-controlling interests	32 050	(12 724)
Total comprehensive income/(loss) attributable to ordinary shareholders	120 124	(89 455)
Total comprehensive income attributable to perpetual preferred securities	34 803	35 268
Total comprehensive income/(loss)	**186 977**	**(66 911)**

* *As restated for restatements detailed in note 59 in the Investec 2015 integrated annual report.*

Combined consolidated balance sheet

£'000	31 March 2015	31 March 2014*
Assets		
Cash and balances at central banks	2 529 562	2 080 190
Loans and advances to banks	3 045 864	3 280 179
Non-sovereign and non-bank cash placements	586 400	515 189
Reverse repurchase agreements and cash collateral on securities borrowed	1 812 156	1 388 980
Sovereign debt securities	2 958 641	3 215 432
Bank debt securities	1 161 055	1 568 097
Other debt securities	627 373	605 378
Derivative financial instruments	1 580 681	1 619 415
Securities arising from trading activities	1 086 349	870 088
Investment portfolio	947 846	825 745
Loans and advances to customers	16 740 263	16 281 612
Own originated loans and advances to customers securitised	448 647	875 755
Other loans and advances	574 830	1 693 569
Other securitised assets	780 596	3 576 526
Interests in associated undertakings	25 244	24 316
Deferred taxation assets	99 301	131 142
Other assets	1 741 713	1 474 992
Property and equipment	102 354	108 738
Investment properties	617 898	509 228
Goodwill	361 527	433 571
Intangible assets	147 227	159 169
Non-current assets classified as held for sale	40 726	41 637
	38 016 253	41 278 948
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	6 337 149	5 862 959
	44 353 402	47 141 907
Liabilities		
Deposits by banks	1 908 294	2 721 170
Derivative financial instruments	1 544 168	1 170 232
Other trading liabilities	885 003	861 412
Repurchase agreements and cash collateral on securities lent	1 284 945	1 316 087
Customer accounts (deposits)	22 614 868	22 609 784
Debt securities in issue	1 709 369	1 596 630
Liabilities arising on securitisation of own originated loans and advances	109 953	729 534
Liabilities arising on securitisation of other assets	616 909	3 041 435
Current taxation liabilities	201 790	208 041
Deferred taxation liabilities	76 481	97 116
Other liabilities	1 845 679	1 572 877
	32 797 459	35 924 318
Liabilities to customers under investment contracts	6 335 326	5 861 389
Insurance liabilities, including unit-linked liabilities	1 823	1 570
	39 134 608	41 787 277
Subordinated liabilities	1 178 299	1 338 752
	40 312 907	43 126 029
Equity		
Ordinary share capital	226	224
Perpetual preference share capital	153	153
Share premium	2 258 148	2 473 131
Treasury shares	(68 065)	(85 981)
Other reserves	(563 985)	(467 247)
Retained income	1 874 360	1 652 016
Shareholders' equity excluding non-controlling interests	3 500 837	3 572 296
Other Additional Tier 1 securities in issue	30 599	–
Non-controlling interests	509 059	443 582
– Perpetual preferred securities issued by subsidiaries	229 957	252 713
– Non-controlling interests in partially held subsidiaries	279 102	190 869
Total equity	4 040 495	4 015 878
Total liabilities and equity	44 353 402	47 141 907

* *As restated for restatements detailed in note 59 in the Investec 2015 integrated annual report.*

Combined consolidated cash flow statement

For the year to 31 March £'000	2015	2014*
Profit before taxation adjusted for non-cash items	722 593	704 233
Taxation paid	(105 230)	(35 508)
Increase in operating assets	(2 312 292)	(979 947)
Increase in operating liabilities	2 291 132	1 290 173
Net cash inflow from operating activities	**596 203**	**978 951**
Cash flow on acquisition of group operations	(6 503)	(270)
Cash flow on disposal of group operations	226 291	38 232
Cash flow on net disposal of associates	131	6 231
Cash flow on acquisition of property, equipment and intangible assets	(45 775)	(42 487)
Cash flow on disposal of property, equipment and intangible assets	19 593	22 607
Net cash inflow from investing activities	**193 737**	**24 313**
Dividends paid to ordinary shareholders	(168 486)	(150 053)
Dividends paid to other equity holders	(64 269)	(43 319)
Proceeds on issue of shares, net of related costs	38 896	31 650
Proceeds on issue of Other Additional Tier 1 securities	30 599	–
Cash flow on acquisition of treasury shares, net of related costs	(122 637)	(98 688)
Proceeds on issue of other equity instruments**	19 764	35 477
Proceeds from partial disposal of subsidiaries	40 914	122 716
Proceeds from subordinated debt raised	–	82 930
Repayment of subordinated debt	(33 793)	(215 314)
Net cash outflow from financing activities	**(259 012)**	**(234 601)**
Effects of exchange rates on cash and cash equivalents	**(17 091)**	**(281 225)**
Net increase in cash and cash equivalents	**513 837**	**487 438**
Cash and cash equivalents at the beginning of the year	4 049 011	3 561 573
Cash and cash equivalents at the end of the year	**4 562 848**	**4 049 011**
Cash and cash equivalents is defined as including:		
Cash and balances at central banks	2 529 562	2 080 190
On demand loans and advances to banks	1 446 886	1 453 632
Non-sovereign and non-bank cash placements	586 400	515 189
Cash and cash equivalents at the end of the year	**4 562 848**	**4 049 011**

* *As restated for restatements detailed in note 59 in the Investec 2015 integrated annual report.*
** *Includes equity instruments issued by subsidiaries.*

Cash and cash equivalents have a maturity profile of less than three months.

Combined consolidated statement of changes in equity

£'000	Ordinary share capital	Perpetual preference share capital	Share premium	Treasury shares
At 1 April 2013 – as previously reported	223	153	2 494 618	(89 545)
Restatements on adoption of IFRIC 21	–	–	–	–
At 1 April 2013 – as restated	223	153	2 494 618	(89 545)
Movement in reserves 1 April 2013 – 31 March 2014				
Profit after taxation	–	–	–	–
Fair value movements on cash flow hedges	–	–	–	–
Gains on available-for-sale assets recycled to the income statement	–	–	–	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	–	–
Remeasurement of net defined pension asset	–	–	–	–
Total comprehensive loss for the year	–	–	–	–
Share-based payments adjustments	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends declared to perpetual preference shareholders	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Issue of ordinary shares	1	–	31 649	–
Issue of equity by subsidiaries	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–
Non-controlling interest relating to partial disposal of subsidiaries	–	–	–	–
Capital conversion of subsidiary	–	–	–	–
Movement of treasury shares	–	–	(53 136)	(45 552)
Transfer to capital reserve account	–	–	–	–
Transfer to regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	49 116
At 31 March 2014	224	153	2 473 131	(85 981)
Movement in reserves 1 April 2014 – 31 March 2015				
Profit after taxation	–	–	–	–
Fair value movements on cash flow hedges	–	–	–	–
Gains on available-for-sale assets recycled to the income statement	–	–	–	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	(4 212)	–
Remeasurement of net defined pension asset	–	–	–	–
Total comprehensive income for the year	–	–	(4 212)	–
Share-based payments adjustments	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends declared to perpetual preference shareholders	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Issue of ordinary shares	2	–	38 894	–
Issue of Other Additional Tier 1 securities in issue	–	–	–	–
Issue of equity by subsidiaries	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–
Partial sale of subsidiary	–	–	–	–
Movement of treasury shares	–	–	(74 034)	(48 603)
Transfer from share premium	–	–	(175 631)	–
Transfer from regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	66 519
At 31 March 2015	226	153	2 258 148	(68 065)

Other reserves									
Capital reserve account	Available-for-sale reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Retained income	Shareholders' equity excluding non-controlling interests	Other Additional Tier 1 securities in issue	Non-controlling interests	Total equity
10 968	10 754	37 322	(48 384)	(104 197)	1 349 560	3 661 472	–	280 043	3 941 515
–	–	–	–	–	3 738	3 738	–	–	3 738
10 968	10 754	37 322	(48 384)	(104 197)	1 353 298	3 665 210	–	280 043	3 945 253
–	–	–	–	–	330 765	330 765	–	21 880	352 645
–	–	–	(3 582)	–	–	(3 582)	–	–	(3 582)
–	(2 972)	–	–	–	–	(2 972)	–	–	(2 972)
–	347	–	–	–	–	347	–	–	347
–	(271)	(3 254)	2 190	(371 096)	(444)	(372 875)	–	(34 604)	(407 479)
–	–	–	–	–	(5 870)	(5 870)	–	–	(5 870)
–	(2 896)	(3 254)	(1 392)	(371 096)	324 451	(54 187)	–	(12 724)	(66 911)
–	–	–	–	–	66 905	66 905	–	–	66 905
–	–	–	–	–	(150 053)	(150 053)	–	–	(150 053)
–	–	–	–	–	(35 268)	(35 268)	–	18 702	(16 566)
–	–	–	–	–	–	–	–	(18 702)	(18 702)
–	–	–	–	–	–	–	–	(5 838)	(5 838)
–	–	–	–	–	–	31 650	–	–	31 650
–	–	–	–	–	–	–	–	35 477	35 477
–	–	–	–	–	–	–	–	(270)	(270)
–	–	–	–	–	146 727	146 727	–	20 213	166 940
–	–	–	–	–	–	–	–	126 681	126 681
–	–	–	–	–	–	(98 688)	–	–	(98 688)
5	–	–	–	–	(5)	–	–	–	–
–	–	4 923	–	–	(4 923)	–	–	–	–
–	–	–	–	–	(49 116)	–	–	–	–
10 973	7 858	38 991	(49 776)	(475 293)	1 652 016	3 572 296	–	443 582	4 015 878
–	–	–	–	–	245 509	245 509	–	29 885	275 394
–	–	–	(32 816)	–	–	(32 816)	–	–	(32 816)
–	(4 660)	–	–	–	–	(4 660)	–	–	(4 660)
–	1 037	–	–	–	–	1 037	–	–	1 037
–	–	(138)	6 051	(56 782)	(5 989)	(61 070)	587	2 165	(58 318)
–	–	–	–	–	6 340	6 340	–	–	6 340
–	(3 623)	(138)	(26 765)	(56 782)	245 860	154 340	587	32 050	186 977
–	–	–	–	–	63 475	63 475	–	–	63 475
–	–	–	–	–	(168 486)	(168 486)	–	–	(168 486)
–	–	–	–	–	(34 803)	(34 803)	–	18 702	(16 101)
–	–	–	–	–	–	–	–	(18 702)	(18 702)
–	–	–	–	–	–	–	–	(29 466)	(29 466)
–	–	–	–	–	–	38 896	–	–	38 896
–	–	–	–	–	–	–	30 012	–	30 012
–	–	–	–	–	–	–	–	19 725	19 725
–	–	–	–	–	–	–	–	39	39
–	–	–	–	–	(2 244)	(2 244)	–	43 129	40 885
–	–	–	–	–	–	(122 637)	–	–	(122 637)
–	–	–	–	–	175 631	–	–	–	–
–	–	(9 430)	–	–	9 430	–	–	–	–
–	–	–	–	–	(66 519)	–	–	–	–
10 973	4 235	29 423	(76 541)	(532 075)	1 874 360	3 500 837	30 599	509 059	4 040 495

Basis of presentation

The group annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) which comply with IFRSs as issued by the International Accounting Standards Board (IASB). At 31 March 2015, IFRS as endorsed by the EU are identical in all material respects to current IFRS applicable to the group, with differences only in the effective dates of certain standards. However, the group has early adopted these relevant standards to ensure compliance with both frameworks.

The group annual financial statements have been prepared on a historical cost basis, except for investment properties, available-for-sale investments, derivative financial instruments, financial assets and financial liabilities held at fair value through profit or loss or, subject to hedge accounting and liabilities for pension fund surpluses and deficits that have been measured at fair value.

Presentation of information

Disclosure under IFRS 7 Financial Instruments: Disclosures and IAS 1 Presentation of Financial Statements: Capital Disclosures relating to the nature and extent of risks have been included in sections marked as audited in the risk management report in Investec's 2015 integrated annual report.

Certain disclosures required under IAS 24 Related Party Disclosures have been included in the section marked as audited in the remuneration report on pages 84 to 124.

Restatements and presentation of information

The group has adopted the following new or revised standard from 1 April 2014:

IFRIC 21 Levies

The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy and an entity does not have a constructive obligation to pay a levy that will be triggered in a future period as a result of being economically compelled to continue to operate in that future period. The new interpretation has been applied retrospectively and its application has caused the recognition date for the Financial Services Compensation Scheme (FSCS) levy to be changed from 31 December prior to the beginning of the relevant levy year to the following 1 April. The group has accordingly restated the prior periods to reflect this change and additional details are shown in note 59.

Other standards became effective during the year which did not have an impact on the group.

Basis of consolidation

Investec consists of two separate legal entities, being Investec plc and Investec Limited that operate under a dual listed company (DLC) structure. The effect of the DLC structure is that Investec plc and its subsidiaries and Investec Limited and its subsidiaries operate together as a single economic entity, with neither assuming a dominant role and accordingly are reported as a single reporting entity under IFRS.

All subsidiaries or structured entities are consolidated when the group controls an investee. The group controls an investee if it is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial results of subsidiaries are included in the consolidated annual financial statements of the group from the date on which control is obtained until the date the group can no longer demonstrate control.

Investec performs a reassessment of consolidation whenever there is a change in the substance of the relationship between Investec and an investee. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Investec also holds investments, for example private equity investments, which give rise to significant, but not majority, voting rights. Assessing these voting rights and whether Investec controls these entities requires judgement that affects the date at which subsidiaries are consolidated or deconsolidated.

Entities, other than subsidiary undertakings, in which the group exercises significant influence over operating and financial policies, are treated as interests in associated undertakings. Interests in associated undertakings are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. In circumstances where interests in associated undertakings or joint venture holdings arise in which the group has no strategic intention, these investments are classified as 'venture capital' holdings and are designated as held at fair value through profit or loss.

For equity accounted associates, the combined consolidated annual financial statements include the attributable share of the results and reserves of associated undertakings. The group's interests in associated undertakings are included in the consolidated balance sheet at cost plus the post-acquisition changes in the group's share of the net assets of the associate.

The consolidated balance sheet reflects the associated undertakings net of accumulated impairment losses.

All intergroup balances, transactions and unrealised gains and losses within the group that do not reflect an impairment to the asset, are eliminated in full regarding subsidiaries and to the extent of the interest in an associate.

Audit conclusion

These abridged annual financial statements have been extracted from the audited annual financial statements on which Ernst & Young LLP and Ernst & Young Inc. have issued an unmodified audit report. The auditor's report on the annual combined consolidated and separate annual financial statements is available for inspection at the companies registered office.

Notes to the summary annual financial statements

For the year to 31 March 2015 £'000	Asset Management	Wealth & Investment	Specialist Banking	Group costs	Total group
Combined consolidated segmental analysis					
2015					
Segmental business analysis – income statement					
Net interest income	4 307	6 556	624 114	–	634 977
Net fee and commission income	428 555	299 663	360 825	–	1 089 043
Investment income	22	4 123	124 189	–	128 334
Trading income arising from					
– customer flow	–	1 024	105 289	–	106 313
– balance sheet management and other trading activities	1 485	574	(15 483)	–	(13 424)
Other operating income	1 690	1 277	9 269	–	12 236
Total operating income before impairment on loans and advances	**436 059**	**313 217**	**1 208 203**	–	**1 957 479**
Impairment losses on loans and advances	–	–	(128 381)	–	(128 381)
Operating income	**436 059**	**313 217**	**1 079 822**	–	**1 829 098**
Operating costs	(287 084)	(234 436)	(761 873)	(39 312)	(1 322 705)
Depreciation on operating leased assets	–	–	(1 535)	–	(1 535)
Operating profit/(loss) before goodwill and acquired intangibles	**148 975**	**78 781**	**316 414**	**(39 312)**	**504 858**
Profit attributable to other non-controlling interests	–	–	(11 701)	–	(11 701)
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	**148 975**	**78 781**	**304 713**	**(39 312)**	**493 157**
Profit attributable to Asset Management non-controlling interests	(18 184)	–	–	–	(18 184)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	**130 791**	**78 781**	**304 713**	**(39 312)**	**474 973**
Selected returns and key statistics					
Return on equity (pre-tax)*	95.2%	25.5%	10.7%		13.7%
Return on tangible equity (pre-tax)*	236.3%	136.1%	10.9%		16.4%
Cost to income ratio	65.8%	74.8%	63.1%		67.6%
Staff compensation to operating income	47.6%	55.9%	45.2%		47.4%
Operating profit per employee (£'000)	100.1	54.0	57.4		59.7
Total assets (£'million)	626	1 655	42 072		44 353

* *Refer to calculation on page 49.*

For the year to 31 March 2014 £'000	Asset Management	Wealth & Investment	Specialist Banking	Group costs	Total group
Combined consolidated segmental analysis (continued)					
2014					
Segmental business analysis – income statement					
Net interest income	3 918	7 857	639 904	–	651 679
Net fee and commission income	409 341	275 377	304 703	–	989 421
Investment income	28	2 183	164 598	–	166 809
Trading income arising from					
– customer flow	–	1 324	102 590	–	103 914
– balance sheet management and other trading activities	(1 982)	58	12 511	–	10 587
Other operating income	2 875	1 234	14 445	–	18 554
Total operating income before impairment on loans and advances	**414 180**	**288 033**	**1 238 751**	**–**	**1 940 964**
Impairment losses on loans and advances	–	–	(166 152)	–	(166 152)
Operating income	**414 180**	**288 033**	**1 072 599**	**–**	**1 774 812**
Operating costs	(270 361)	(221 934)	(778 504)	(36 444)	(1 307 243)
Depreciation on operating leased assets	–	–	(6 044)	–	(6 044)
Operating profit before goodwill and acquired intangibles	**143 819**	**66 099**	**288 051**	**(36 444)**	**461 525**
Profit attributable to other non-controlling interests	–	–	(10 849)	–	(10 849)
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	**143 819**	**66 099**	**277 202**	**(36 444)**	**450 676**
Profit attributable to Asset Management non-controlling interests	(11 031)	–	–	–	(11 031)
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	**132 788**	**66 099**	**277 202**	**(36 444)**	**439 645**
Selected returns and key statistics					
Return on equity (pre-tax)*	104.1%	19.9%	9.5%		12.4%
Return on tangible equity (pre-tax)*	328.5%	142.1%	9.9%		15.2%
Cost to income ratio	65.3%	77.1%	63.2%		67.6%
Staff compensation to operating income	47.7%	56.1%	43.5%		46.3%
Operating profit per employee (£'000)	105.1	48.7	50.6		54.9
Total assets (£'million)	555	1 919	44 668		47 142

* *Refer to calculation on page 49.*

For the year to 31 March 2014 £'000	UK and Other	Southern Africa	Total group
Combined consolidated segmental analysis (continued)			
2015			
Segmental geographic analysis – income statement			
Net interest income	327 482	307 495	634 977
Net fee and commission income	731 097	357 946	1 089 043
Investment income	(2 210)	130 544	128 334
Trading income arising from			
– customer flow	88 259	18 054	106 313
– balance sheet management and other trading activities	(28 186)	14 762	(13 424)
Other operating income	10 639	1 597	12 236
Total operating income before impairment on loans and advances	1 127 081	830 398	1 957 479
Impairment losses on loans and advances	(102 707)	(25 674)	(128 381)
Operating income	1 024 374	804 724	1 829 098
Operating costs	(895 586)	(427 119)	(1 322 705)
Depreciation on operating leased assets	(1 535)	–	(1 535)
Operating profit before goodwill and acquired intangibles	127 253	377 605	504 858
Loss/(profit) attributable to other non-controlling interests	16 856	(28 557)	(11 701)
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	144 109	349 048	493 157
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	134 056	340 917	474 973
Impairment of goodwill	(4 376)	(961)	(5 337)
Amortisation of acquired intangibles	(14 497)	–	(14 497)
Net (loss)/gain on disposal of subsidiaries	(93 060)	27	(93 033)
Earnings attributable to shareholders before taxation	22 123	339 983	362 106
Taxation on operating profit before goodwill and acquired intangibles	(28 362)	(70 661)	(99 023)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	(17 574)	–	(17 574)
Earnings attributable to shareholders	(23 813)	269 322	245 509
Selected returns and key statistics			
Return on equity (post-tax)*	4.9%	18.4%	10.6%
Return on tangible equity (post-tax)*	6.9%	18.4%	12.7%
Cost to income ratio	79.6%	51.4%	67.6%
Staff compensation to operating income	56.1%	35.5%	47.4%
Operating profit per employee (£'000)	38.0	78.2	59.7
Effective operational tax rate	22.3%	18.7%	19.6%
Total assets (£'million)	17 969	26 384	44 353

* *Refer to calculation on page 48.*

For the year to 31 March 2014 £'000	UK and Other	Southern Africa	Total group
Combined consolidated segmental analysis (continued)			
2014			
Segmental geographic analysis – income statement			
Net interest income	356 734	294 945	651 679
Net fee and commission income	634 570	354 851	989 421
Investment income	99 099	67 710	166 809
Trading income arising from			
– customer flow	77 044	26 870	103 914
– balance sheet management and other trading activities	(9 308)	19 895	10 587
Other operating income	16 013	2 541	18 554
Total operating income before impairment on loans and advances	1 174 152	766 812	1 940 964
Impairment losses on loans and advances	(126 911)	(39 241)	(166 152)
Operating income	1 047 241	727 571	1 774 812
Operating costs	(890 662)	(416 581)	(1 307 243)
Depreciation on operating leased assets	(6 044)	–	(6 044)
Operating profit before goodwill and acquired intangibles	150 535	310 990	461 525
Loss/(profit) attributable to other non-controlling interests	2 720	(13 569)	(10 849)
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	153 255	297 421	450 676
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	147 720	291 925	439 645
Impairment of goodwill	(11 233)	(1 564)	(12 797)
Amortisation of acquired intangibles	(13 393)	–	(13 393)
Operating costs arising from integration, restructuring and partial disposal of subsidiaries	(18 919)	(1 971)	(20 890)
Net gain on disposal of subsidiaries	9 653	168	9 821
Earnings attributable to shareholders before taxation	113 828	288 558	402 386
Taxation on operating profit before goodwill and acquired intangibles	(30 770)	(48 140)	(78 910)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	7 289	–	7 289
Earnings attributable to shareholders	90 347	240 418	330 765
Selected returns and key statistics			
Return on equity (post-tax)*	5.4%	16.5%	10.0%
Return on tangible equity (post-tax)*	7.8%	16.7%	12.3%
Cost to income ratio	76.2%	54.3%	67.6%
Staff compensation to operating income	51.5%	36.6%	46.3%
Operating profit per employee (£'000)	39.1	69.4	54.9
Effective operational tax rate	20.4%	15.5%	17.1%
Total assets (£'million)	22 061	25 081	47 142

* *Refer to calculation on page 48.*

For the year to 31 March 2014 £'000	UK and Other	Southern Africa	Total group
Combined consolidated segmental analysis (continued)			
Segmental geographic and business analysis of operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests			
2015			
Asset Management	75 491	73 484	148 975
Wealth & Investment	56 871	21 910	78 781
Specialist Banking	41 795	262 918	304 713
	174 157	358 312	532 469
Group costs	(30 048)	(9 264)	(39 312)
Total group	144 109	349 048	493 157
Other non-controlling interest – equity			11 701
Operating profit			504 858
2014			
Asset Management	67 585	76 234	143 819
Wealth & Investment	46 065	20 034	66 099
Specialist Banking	67 277	209 925	277 202
	180 927	306 193	487 120
Group costs	(27 672)	(8 772)	(36 444)
Total group	153 255	297 421	450 676
Other non-controlling interest – equity			10 849
Operating profit			461 525

For the year to 31 March 2014 £'000	UK and Other	Southern Africa	Total group
Combined consolidated segmental analysis (continued)			
2015			
Segmental geographic analysis – balance sheet assets and liabilities			
Assets			
Cash and balances at central banks	2 181 242	348 320	2 529 562
Loans and advances to banks	1 050 412	1 995 452	3 045 864
Non-sovereign and non-bank cash placements	–	586 400	586 400
Reverse repurchase agreements and cash collateral on securities borrowed	1 214 949	597 207	1 812 156
Sovereign debt securities	1 212 910	1 745 731	2 958 641
Bank debt securities	219 342	941 713	1 161 055
Other debt securities	222 485	404 888	627 373
Derivative financial instruments	736 297	844 384	1 580 681
Securities arising from trading activities	670 298	416 051	1 086 349
Investment portfolio	400 941	546 905	947 846
Loans and advances to customers	7 061 117	9 679 146	16 740 263
Own originated loans and advances to customers securitised	–	448 647	448 647
Other loans and advances	553 166	21 664	574 830
Other securitised assets	411 983	368 613	780 596
Interests in associated undertakings	21 931	3 313	25 244
Deferred taxation assets	73 618	25 683	99 301
Other assets	1 317 392	424 321	1 741 713
Property and equipment	63 069	39 285	102 354
Investment properties	65 736	552 162	617 898
Goodwill	356 090	5 437	361 527
Intangible assets	136 655	10 572	147 227
Non-current assets classified as held for sale	–	40 726	40 726
	17 969 633	20 046 620	38 016 253
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	6 337 149	6 337 149
	17 969 633	26 383 769	44 353 402
Liabilities			
Deposits by banks	207 963	1 700 331	1 908 294
Derivative financial instruments	854 247	689 921	1 544 168
Other trading liabilities	251 879	633 124	885 003
Repurchase agreements and cash collateral on securities lent	597 259	687 686	1 284 945
Customer accounts (deposits)	10 298 493	12 316 375	22 614 868
Debt securities in issue	1 191 986	517 383	1 709 369
Liabilities arising on securitisation of own originated loans and advances	–	109 953	109 953
Liabilities arising on securitisation of other assets	330 526	286 383	616 909
Current taxation liabilities	104 605	97 185	201 790
Deferred taxation liabilities	45 403	31 078	76 481
Other liabilities	1 411 727	433 952	1 845 679
	15 294 088	17 503 371	32 797 459
Liabilities to customers under investment contracts	–	6 335 326	6 335 326
Insurance liabilities, including unit-linked liabilities	–	1 823	1 823
	15 294 088	23 840 520	39 134 608
Subordinated liabilities	596 923	581 376	1 178 299
	15 891 011	24 421 896	40 312 907

For the year to 31 March 2014 £'000	UK and Other	Southern Africa	Australia	Total group
Combined consolidated segmental analysis (continued)				
2014				
Segmental geographic analysis – balance sheet assets and liabilities				
Assets				
Cash and balances at central banks	1 706 423	337 572	36 195	2 080 190
Loans and advances to banks	1 213 531	2 003 156	63 492	3 280 179
Non-sovereign and non-bank cash placements	–	515 189	–	515 189
Reverse repurchase agreements and cash collateral on securities borrowed	909 437	479 543	–	1 388 980
Sovereign debt securities	946 004	1 983 017	286 411	3 215 432
Bank debt securities	234 728	1 196 915	136 454	1 568 097
Other debt securities	221 063	376 150	8 165	605 378
Derivative financial instruments	868 270	700 545	50 600	1 619 415
Securities arising from trading activities	586 706	283 382	–	870 088
Investment portfolio	336 148	483 148	6 449	825 745
Loans and advances to customers	6 492 335	8 506 986	1 282 291	16 281 612
Own originated loans and advances to customers securitised	–	428 117	447 638	875 755
Other loans and advances	1 413 630	279 939	–	1 693 569
Other securitised assets	2 798 158	778 368	–	3 576 526
Interests in associated undertakings	17 947	2 950	3 419	24 316
Deferred taxation assets	65 971	26 033	39 138	131 142
Other assets	1 140 024	292 204	42 764	1 474 992
Property and equipment	59 377	42 815	6 546	108 738
Investment properties	61 715	447 513	–	509 228
Goodwill	397 756	6 560	29 255	433 571
Intangible assets	149 121	5 821	4 227	159 169
Non-current assets classified as held for sale	–	41 637	–	41 637
	19 618 344	19 217 560	2 443 044	41 278 948
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	5 862 959	–	5 862 959
	19 618 344	25 080 519	2 443 044	47 141 907
Liabilities				
Deposits by banks	1 416 696	1 304 474	–	2 721 170
Derivative financial instruments	598 218	527 362	44 652	1 170 232
Other trading liabilities	391 650	469 762	–	861 412
Repurchase agreements and cash collateral on securities lent	614 733	701 354	–	1 316 087
Customer accounts (deposits)	9 406 909	11 670 995	1 531 880	22 609 784
Debt securities in issue	1 003 759	487 254	105 617	1 596 630
Liabilities arising on securitisation of own originated loans and advances	–	280 450	449 084	729 534
Liabilities arising on securitisation of other assets	2 374 599	666 836	–	3 041 435
Current taxation liabilities	107 142	100 770	129	208 041
Deferred taxation liabilities	69 255	27 861	–	97 116
Other liabilities	1 153 598	384 062	35 217	1 572 877
	17 136 559	16 621 180	2 166 579	35 924 318
Liabilities to customers under investment contracts	–	5 861 389	–	5 861 389
Insurance liabilities, including unit-linked liabilities	–	1 570	–	1 570
	17 136 559	22 484 139	2 166 579	41 787 277
Subordinated liabilities	668 007	597 803	72 942	1 338 752
	17 804 566	23 081 942	2 239 521	43 126 029

Combined consolidated segmental analysis
(continued)

Segmental business and geographic analysis – 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
2015						
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)/loss 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 statistics						
Cost to income ratio	71.9%	56.0%	65.8%	77.3%	64.9%	74.8%
Staff compensation to operating income	55.4%	34.9%	47.6%	58.5%	45.3%	55.9%

	Specialist Banking			Group costs			
	UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total	Total group
	320 973	303 141	624 114	–	–	–	634 977
	225 325	135 500	360 825	–	–	–	1 089 043
	(5 696)	129 885	124 189	–	–	–	128 334
	87 364	17 925	105 289	–	–	–	106 313
	(30 043)	14 560	(15 483)	–	–	–	(13 424)
	9 227	42	9 269	–	–	–	12 236
	607 150	601 053	1 208 203	–	–	–	1 957 479
	(102 707)	(25 674)	(128 381)	–	–	–	(128 381)
	504 443	575 379	1 079 822	–	–	–	1 829 098
	(477 969)	(283 904)	(761 873)	(30 048)	(9 264)	(39 312)	(1 322 705)
	(1 535)	–	(1 535)	–	–	–	(1 535)
	24 939	291 475	316 414	(30 048)	(9 264)	(39 312)	504 858
	16 856	(28 557)	(11 701)	–	–	–	(11 701)
	41 795	262 918	304 713	(30 048)	(9 264)	(39 312)	493 157
	–	–	–	–	–	–	(18 184)
	41 795	262 918	304 713	(30 048)	(9 264)	(39 312)	474 973
	78.9%	47.2%	63.1%				67.6%
	55.6%	34.6%	45.2%				47.4%

Combined consolidated segmental analysis
(continued)

Segmental business and geographic analysis – income statement

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
2014						
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)/loss 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 statistics						
Cost to income ratio	72.2%	55.5%	65.3%	79.9%	66.2%	77.1%
Staff compensation to operating income	54.7%	37.8%	47.7%	58.4%	47.2%	56.1%

Specialist Banking			Group costs			
UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total	Total group
348 470	291 434	639 904	–	–	–	651 679
172 195	132 508	304 703	–	–	–	989 421
97 224	67 374	164 598	–	–	–	166 809
76 655	25 935	102 590	–	–	–	103 914
(6 922)	19 433	12 511	–	–	–	10 587
14 910	(465)	14 445	–	–	–	18 554
702 532	536 219	1 238 751	–	–	–	1 940 964
(126 911)	(39 241)	(166 152)	–	–	–	(166 152)
575 621	496 978	1 072 599	–	–	–	1 774 812
(505 020)	(273 484)	(778 504)	(27 672)	(8 772)	(36 444)	(1 307 243)
(6 044)	–	(6 044)	–	–	–	(6 044)
64 557	223 494	288 051	(27 672)	(8 772)	(36 444)	461 525
2 720	(13 569)	(10 849)	–	–	–	(10 849)
67 277	209 925	277 202	(27 672)	(8 772)	(36 444)	450 676
–	–	–	–	–	–	(11 031)
67 277	209 925	277 202	(27 672)	(8 772)	(36 444)	439 645
72.5%	51.0%	63.2%				67.6%
49.9%	35.1%	43.5%				46.3%

Combined consolidated segmental analysis
(continued)

For the year to 31 March 2015 £'000	UK Specialist Banking UK and Other	 Australia	 Total
Additional detail on UK and other Specialist Banking			
2015			
Net interest income	295 956	25 017	320 973
Net fee and commission income	187 201	38 124	225 325
Investment income	(7 685)	1 989	(5 696)
Trading income arising from			
– customer flow	85 399	1 965	87 364
– balance sheet management and other trading activities	(30 662)	619	(30 043)
Other operating income	9 065	162	9 227
Total operating income before impairment on loans and advances	539 274	67 876	607 150
Impairment losses on loans and advances	(94 925)	(7 782)	(102 707)
Operating income	444 349	60 094	504 443
Operating costs	(421 815)	(56 154)	(477 969)
Depreciation on operating leased assets	(1 535)	–	(1 535)
Operating profit before goodwill and acquired intangibles	20 999	3 940	24 939
Loss attributable to other non-controlling interests	16 856	–	16 856
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	37 855	3 940	41 795
Selected returns and key statistics			
Cost to income ratio	78.4%	82.7%	78.9%
Staff compensation to operating income	55.4%	57.5%	55.6%

For the year to 31 March 2015 £'000	UK Specialist Banking: UK and Other	Australia	Total
Combined consolidated segmental analysis (continued)			
Additional detail on UK and other Specialist Banking			
2014			
Net interest income	276 955	71 515	348 470
Net fee and commission income	144 944	27 251	172 195
Investment income	97 665	(441)	97 224
Trading income arising from			
– customer flow	65 989	10 666	76 655
– balance sheet management and other trading activities	(4 143)	(2 779)	(6 922)
Other operating income	14 642	268	14 910
Total operating income before impairment on loans and advances	**596 052**	**106 480**	**702 532**
Impairment losses on loans and advances	(104 792)	(22 119)	(126 911)
Operating income	**491 260**	**84 361**	**575 621**
Operating costs	(406 803)	(98 217)	(505 020)
Depreciation on operating leased assets	(6 044)	–	(6 044)
Operating profit before goodwill and acquired intangibles	**78 413**	**(13 856)**	**64 557**
Loss attributable to other non-controlling interests	2 720	–	2 720
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	**81 133**	**(13 856)**	**67 277**
Selected returns and key statistics			
Cost to income ratio	68.9%	92.2%	72.5%
Staff compensation to operating income	47.5%	63.2%	49.9%

Share-based payments

The group operates share option and long-term share incentive plans for employees, the majority of which are on an equity-settled basis. The purpose of the staff share schemes is to promote an *esprit de corps* within the organisation, create an awareness of Investec's performance and provide an incentive to maximise individual and group performance by allowing all staff to share in the risks and rewards of the group.

Further information on the group share options and long-term incentive plans is provided on pages 103 of the remuneration report and on our website.

For the year to 31 March £'000	Asset Management	Wealth & Investment	Specialist Banking	Total group
Share-based payment expense				
2015				
Equity-settled	3 786	9 133	46 966	59 885
Total income statement charge	3 786	9 133	46 966	59 885*
2014				
Equity-settled	10 027	8 554	48 324	66 905
Total income statement charge	10 027	8 554	48 324	66 905*

* *Of the £59.9 million charge (2014: £66.9 million), £56.0 million (2014: £62.2 million) is included in operating costs and £3.9 million (2014: £4.7 million) is an accelerated share-based payments charge that is included in the income statement in net loss on disposal of subsidiaries and operating costs arising from integration, restructuring and partial disposal of subsidiaries respectively.*

Included in the above income statement charge is as an accelerated share-based payment charge as a result of modifications to certain options granted. This expense for the year was £0.01 million (2014: £0.3 million).

For the year to 31 March £'000	2015	2014
Fair value of options granted in the year		
UK schemes	24 943	30 054
South African schemes	41 904	45 287

	UK schemes				South African schemes			
	2015		2014		2015		2014	
Details of options outstanding during the year	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at the beginning of the year	42 877 067	0.04	50 514 354	0.05	44 475 185	–	44 300 546	–
Granted during the year	6 721 210	0.16	9 200 128	0.05	10 719 215	–	13 549 614	–
Exercised during the year^	(15 562 258)	0.02	(12 249 975)	0.01	(12 306 518)	–	(11 643 554)	–
Expired during the year	–	–	–	–	(1 253 909)	–	(1 731 421)	–
Options forfeited during the year	(1 605 255)	0.28	(4 587 440)	0.19	–	–	–	–
Outstanding at the end of the year	32 430 764	0.06	42 877 067	0.04	41 633 973	–	44 475 185	–
Exercisable at the end of the year	137 197	–	561 720	0.11	87 083	–	5 332	–

^ *The weighted average share price at date of exercise was £5.41 (2014: £4.35) for the UK schemes and R96.84 (2014: R68.06) for the South African schemes.*

Share-based payments (continued)

Additional information relating to options	UK schemes 2015	UK schemes 2014	South African schemes 2015	South African schemes 2014
Options with strike prices				
Exercise price range	£3.20 – £5.72	£3.20 – £5.00	n/a	n/a
Weighted average remaining contractual life	2.07 years	2.79 years	n/a	n/a
Long-term incentive option with no strike price				
Exercise price range	£nil	£nil	Rnil	Rnil
Weighted average remaining contractual life	1.80 years	2.58 years	2.15 years	2.72 years
Weighted average fair value of options and long-term grants at measurement date	£3.71	£3.27	R69.52	R51.73
The fair values of options granted were calculated using a Black-Scholes option pricing model. For options granted during the year, the inputs into the model were as follows:				
– Share price at date of grant	£5.16 – £5.72	£4.26 – £4.59	R90 – R100.57	R66.84 – R71.20
– Exercise price	£nil, £5.16 – £5.72	£nil, £4.26 – £4.59	Rnil	Rnil
– Expected volatility	25.24% – 30%	30%	25.24% – 30%	30%
– Option life	4.5 – 5.25 years	4.5 – 5.25 years	1 – 5 Years	3 – 6 years
– Expected dividend yields	4.86% – 5.04%	4.42% – 5.90%	4.45% – 4.62%	3.89% – 5.08%
– Risk-free rate	1.36% – 1.70%	0.98% – 1.44%	6.78 % – 7.18%	6.04 % –7.08%

Expected volatility was determined based on the implied volatility levels quoted by the equity derivatives trading desk. The expected volatility is based on the respective share price movement over the last six months but also includes an element of forward expectation.

The expected attrition rates used were determined based on historical group data with an adjustment to actual attrition on final vesting.

For the year to 31 March	2015	2014
Earnings per share		
Earnings	£'000	£'000
Earnings attributable to shareholders	245 509	330 765
Preference dividends paid	(34 803)	(35 268)
Earnings and diluted earnings attributable to ordinary shareholders	210 706	295 497
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	897 466 433	890 019 394
Weighted average number of treasury shares	(34 815 248)	(27 467 498)
Weighted average number of shares in issue during the year	862 651 185	862 551 896
Weighted average number of shares resulting from future dilutive potential shares	47 937 173	51 847 815
Adjusted weighted number of shares potentially in issue	910 588 358	914 399 711
Earnings per share – pence	24.4	34.3
Basic earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders in Investec plc and Investec Limited by the weighted average number of ordinary shares in issue during the year.		
Diluted earnings per share – pence	23.1	32.3
Diluted earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders of Investec plc and Investec Limited, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the during the period plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the year.		
Adjusted earnings per share – pence	39.4	37.9
Adjusted earnings per share is calculated by dividing the earnings before deducting goodwill impairment and non-operating items attributable to the ordinary shareholders, after taking into account earnings attributable to perpetual preference shareholders, by the weighted average number of ordinary shares in issue during the year.		
	£'000	£'000
Earnings attributable to shareholders	245 509	330 765
Impairment of goodwill	5 337	12 797
Amortisation of acquired intangibles, net of taxation	14 497	13 393
Operating cost arising from integration, restructuring and partial disposals of subsidiaries	–	20 890
Net loss/(profit) on disposal of subsidiaries and restructuring costs	93 033	(9 821)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	17 574	(7 289)
Preference dividends paid	(34 803)	(35 268)
Accrual adjustment on earnings attributable to other equity holders*	(1 211)	(386)
Currency hedge attributable to perpetual equity instruments*	(413)	1 842
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	339 523	326 923

* *In accordance with IFRS, dividends attributable to equity holders are accounted for when a constructive liability arises i.e. on declaration by the board of directors and approval by the shareholders where required. Investec is of the view that EPS is best reflected by adjusting for earnings that are attributed to equity instruments (other than ordinary shares) on an accrual basis and therefore adjusts the paid dividend on such instruments to accrued in arriving at adjusted EPS.*

For the year to 31 March	2015	2014
Earnings per share (continued)		
Headline earnings per share - pence		
Headline earnings per share has been calculated and is disclosed in accordance with the JSE Listings Requirements, and in terms of circular 2/2013 issued by the South African Institute of Chartered Accountants.	35.8	33.8
	£'000	£'000
Earnings attributable to shareholders	245 509	330 765
Impairment of goodwill	5 337	12 797
Net loss on disposal of subsidiaries	93 033	–
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	20 666	–
Preference dividends paid	(34 803)	(35 268)
Property revaluation, net of taxation**	(16 312)	(13 761)
Gains on available-for-sale instruments recycled through the income statement**	(4 660)	(2 972)
Headline earnings attributable to ordinary shareholders**	308 770	291 561

** *Taxation on headline earnings adjustments amounted to £7.2 million (2014: £4.3 million) with an impact of £7.4 million (2014: £6.3 million) on earnings attributable to non-controlling interests.*

For the year to 31 March	2015 Pence per share	2015 Total £'000	2014 Pence per share	2014 Total £'000
Dividends				
Ordinary dividend				
Final dividend for prior year	11.0	95 637	10.0	81 906
Interim dividend for current year	8.5	72 849	8.0	68 147
Total dividend attributable to ordinary shareholders recognised in current financial year	19.5	168 486	18.0	150 053

The directors have proposed a final dividend in respect of the financial year ended 31 March 2015 of 11.5 pence per ordinary share.

This will be paid as follows:

- For Investec Limited shareholders, through a dividend payment by Investec Limited of 216 cents per ordinary share
- For Investec plc non-South African shareholders, through a dividend paid by Investec plc of 11.5 pence per ordinary share
- For Investec plc South African shareholders, through a dividend payment by Investec plc of 2.5 pence per ordinary share and through a dividend payment on the SA DAS share of 9 pence per ordinary share.

The final dividend will be payable on Friday, 14 August 2015 to shareholders on the register at the close of business on Friday, 31 July 2015.

For the year to 31 March	2015 Pence per share*	2015 Cents per share*	2015 Total £'000	2014 Pence per share*	2014 Cents per share*	2014 Total £'000
Dividends (continued)						
Perpetual preference dividend						
Final dividend for prior year	7.48	410.58	9 081	7.48	402.64	11 942
Interim dividend for current year	7.52	433.55	9 596	7.52	404.86	11 305
Total dividend attributable to perpetual preference shareholders recognised in current financial year	15.00	844.13	18 677	15.00	807.50	23 247

* *Perpetual preference share dividends from Investec Limited, Investec Bank Limited and Investec plc.*

The directors have declared a final dividend in respect of the financial year ended 31 March 2015 of 7.47945 pence (Investec plc shares traded on the JSE Limited) and 7.47945 pence (Investec plc shares traded on the Channel Island Stock Exchange), 358.70081 cents (Investec Limited) and 384.34536 cents (Investec Bank Limited) per perpetual preference share. The final dividend will be payable on Monday, 22 June 2015 to shareholders on the register at the close of business on Friday, 12 June 2015.

For the year to 31 March £'000	2015	2014
Dividends attributable to perpetual preferred securities	14 528	12 021

The €200 000 000 fixed/floating rate guaranteed, non-voting, non-cumulative perpetual preferred securities paid dividends of 7.075% in both years as set out in note 47.

Dividends attributable to Other Additional Tier 1 securities in issue	1 598	–

The R550 000 000 Other Additional Tier 1 floating rate notes pay dividends at a rate equal to the three-month JIBAR plus 4.25% on a quarterly basis as set out in note 46.

Total perpetual preference dividend and Other Additional Tier 1 dividend	34 803	35 268

13. Analysis of financial assets and liabilities by category of financial instruments

At 31 March £'000	At fair value through profit or loss: Trading	At fair value through profit or loss: Designated at inception	Available-for-sale	Total instruments at fair value
2015				
Assets				
Cash and balances at central banks	1 302	–	–	1 302
Loans and advances to banks	–	178 907	–	178 907
Non-sovereign and non-bank cash placements	160	–	–	160
Reverse repurchase agreements and cash collateral on securities borrowed	959 361	–	–	959 361
Sovereign debt securities	–	1 298 338	1 462 560	2 760 898
Bank debt securities	–	298 650	186 880	485 530
Other debt securities	12	26 692	468 823	495 527
Derivative financial instruments*	1 580 681	–	–	1 580 681
Securities arising from trading activities	867 010	219 339	–	1 086 349
Investment portfolio	–	893 056	54 790	947 846
Loans and advances to customers	–	707 376	–	707 376
Own originated loans and advances to customers securitised	–	–	–	–
Other loans and advances	–	–	–	–
Other securitised assets	–	627 928	–	627 928
Interests in associated undertakings	–	–	–	–
Deferred taxation assets	–	–	–	–
Other assets	46 214	35 763	–	81 977
Property and equipment	–	–	–	–
Investment properties	–	–	–	–
Goodwill	–	–	–	–
Intangible assets	–	–	–	–
Non-current assets classified as held for sale**	–	–	–	–
	3 454 740	4 286 049	2 173 053	9 913 842
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	–	–	–
	3 454 740	4 286 049	2 173 053	9 913 842
Liabilities				
Deposits by banks	–	–	–	–
Derivative financial instruments*	1 544 168	–	–	1 544 168
Other trading liabilities	885 003	–	–	885 003
Repurchase agreements and cash collateral on securities lent	553 730	–	–	553 730
Customer accounts (deposits)	–	924 083	–	924 083
Debt securities in issue	–	473 037	–	473 037
Liabilities arising on securitisation of own originated loans and advances	–	–	–	–
Liabilities arising on securitisation of other assets	–	616 909	–	616 909
Current taxation liabilities	–	–	–	–
Deferred taxation liabilities	–	–	–	–
Other liabilities	99 572	35 696	–	135 268
	3 082 473	2 049 725	–	5 132 198
Liabilities to customers under investment contracts	–	–	–	–
Insurance liabilities, including unit-linked liabilities	–	–	–	–
	3 082 473	2 049 725	–	5 132 198
Subordinated liabilities	–	–	–	–
	3 082 473	2 049 725	–	5 132 198

* *Derivative financial instruments have been classified as held-for-trading and include derivatives held as hedges.*

** *Non-current assets classified as held for sale relates to an acquisition of a 100% interest in an entity. Management have entered into negotiations to dispose of a controlling interest in the entity.*

During the year ended 31 March 2009, the group reclassified certain financial instruments out of fair value through profit or loss. These assets were originally classified as held-for-trading but the group's intentions in regard to these assets changed and the

Held-to-maturity	Loans and receivables	Financial liabilities at amortised cost	Total instruments at amortised cost	Insurance-related at fair value	Non-financial instruments	Total
–	2 528 260	–	2 528 260	–	–	2 529 562
–	2 866 957	–	2 866 957	–	–	3 045 864
–	586 240	–	586 240	–	–	586 400
–	852 795	–	852 795	–	–	1 812 156
197 743	–	–	197 743	–	–	2 958 641
468 804	206 721	–	675 525	–	–	1 161 055
30 728	101 118	–	131 846	–	–	627 373
–	–	–	–	–	–	1 580 681
–	–	–	–	–	–	1 086 349
–	–	–	–	–	–	947 846
–	16 032 887	–	16 032 887	–	–	16 740 263
–	448 647	–	448 647	–	–	448 647
–	574 830	–	574 830	–	–	574 830
–	152 668	–	152 668	–	–	780 596
–	–	–	–	–	25 244	25 244
–	–	–	–	–	99 301	99 301
–	1 305 644	–	1 305 644	–	354 092	1 741 713
–	–	–	–	–	102 354	102 354
–	–	–	–	–	617 898	617 898
–	–	–	–	–	361 527	361 527
–	–	–	–	–	147 227	147 227
–	–	–	–	–	40 726	40 726
697 275	25 656 767	–	26 354 042	–	1 748 369	38 016 253
–	–	–	–	6 337 149	–	6 337 149
697 275	25 656 767	–	26 354 042	6 337 149	1 748 369	44 353 402
–	–	1 908 294	1 908 294	–	–	1 908 294
–	–	–	–	–	–	1 544 168
–	–	–	–	–	–	885 003
–	–	731 215	731 215	–	–	1 284 945
–	–	21 690 785	21 690 785	–	–	22 614 868
–	–	1 236 332	1 236 332	–	–	1 709 369
–	–	109 953	109 953	–	–	109 953
–	–	–	–	–	–	616 909
–	–	–	–	–	201 790	201 790
–	–	–	–	–	76 481	76 481
–	–	1 239 985	1 239 985	–	470 426	1 845 679
–	–	26 916 564	26 916 564	–	748 697	32 797 459
–	–	–	–	6 335 326	–	6 335 326
–	–	–	–	1 823	–	1 823
–	–	26 916 564	26 916 564	6 337 149	748 697	39 134 608
–	–	1 178 299	1 178 299	–	–	1 178 299
–	–	28 094 863	28 094 863	6 337 149	748 697	40 312 907

group reclassified £112.3 million and £7.8 million to the loans and receivables and available-for-sale classifications, respectively. The amount reclassified reflected the fair value of the financial assets at the date of reclassification.

As the majority of these assets have been written down by the current year end, the group does not deem it material to undertake any further disclosure in the annual financial statements for the current year and the prior year.

The carrying value of the assets reclassified is £21.2 million (2014: £31.7 million) and the fair value is £21.1 million (2014: 16.4 million).

At 31 March £'000	At fair value through profit or loss Trading	 Designated at inception	Available-for-sale	Total instruments at fair value
Analysis of financial assets and liabilities by category of financial instruments (continued)				
2014				
Assets				
Cash and balances at central banks	7 143	–	–	7 143
Loans and advances to banks	1	112 147	–	112 148
Non-sovereign and non-bank cash placements	1 561	–	–	1 561
Reverse repurchase agreements and cash collateral on securities borrowed	645 449	–	–	645 449
Sovereign debt securities	–	1 526 633	1 495 333	3 021 966
Bank debt securities	46 530	348 507	292 942	687 979
Other debt securities	40 534	72 247	432 967	545 748
Derivative financial instruments*	1 619 415	–	–	1 619 415
Securities arising from trading activities	787 200	82 888	–	870 088
Investment portfolio	–	754 654	71 091	825 745
Loans and advances to customers	–	788 963	–	788 963
Own originated loans and advances to customers securitised	–	–	–	–
Other loans and advances	–	–	–	–
Other securitised assets	–	1 230 452	–	1 230 452
Interests in associated undertakings	–	–	–	–
Deferred taxation assets	–	–	–	–
Other assets	529	34 150	–	34 679
Property and equipment	–	–	–	–
Investment properties	–	–	–	–
Goodwill	–	–	–	–
Intangible assets	–	–	–	–
Non-current assets classified as held for sale **	–	–	–	–
	3 148 362	4 950 641	2 292 333	10 391 336
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	–	–	–
	3 148 362	4 950 641	2 292 333	10 391 336
Liabilities				
Deposits by banks	–	60	–	60
Derivative financial instruments*	1 170 232	–	–	1 170 232
Other trading liabilities	861 412	–	–	861 412
Repurchase agreements and cash collateral on securities lent	525 335	–	–	525 335
Customer accounts (deposits)	–	1 109 161	–	1 109 161
Debt securities in issue	–	501 634	–	501 634
Liabilities arising on securitisation of own originated loans and advances	–	–	–	–
Liabilities arising on securitisation of other assets	–	1 182 147	–	1 182 147
Current taxation liabilities	–	–	–	–
Deferred taxation liabilities	–	–	–	–
Other liabilities	29 479	31 662	–	61 141
	2 586 458	2 824 664	–	5 411 122
Liabilities to customers under investment contracts	–	–	–	–
Insurance liabilities, including unit-linked liabilities	–	–	–	–
	2 586 458	2 824 664	–	5 411 122
Subordinated liabilities	–	–	–	–
	2 586 458	2 824 664	–	5 411 122

* *Derivative financial instruments have been classified as held-for-trading and include derivatives held as hedges.*

** *Non-current assets classified as held for sale relates to an acquisition of a 100% interest in an entity. Management have entered into negotiations to dispose of a controlling interest in the entity.*

Held-to-maturity	Loans and receivables	Financial liabilities at amortised cost	Total instruments at amortised cost	Insurance-related at fair value	Non-financial instruments	Total
–	2 073 047	–	2 073 047	–	–	2 080 190
–	3 168 031	–	3 168 031	–	–	3 280 179
–	513 628	–	513 628	–	–	515 189
–	743 531	–	743 531	–	–	1 388 980
193 466	–	–	193 466	–	–	3 215 432
678 144	201 974	–	880 118	–	–	1 568 097
30 585	29 045	–	59 630	–	–	605 378
–	–	–	–	–	–	1 619 415
–	–	–	–	–	–	870 088
–	–	–	–	–	–	825 745
40 234	15 452 415	–	15 492 649	–	–	16 281 612
–	875 755	–	875 755	–	–	875 755
–	1 693 569	–	1 693 569	–	–	1 693 569
–	2 346 074	–	2 346 074	–	–	3 576 526
–	–	–	–	–	24 316	24 316
–	–	–	–	–	131 142	131 142
–	1 149 019	–	1 149 019	–	291 294	1 474 992
–	–	–	–	–	108 738	108 738
–	–	–	–	–	509 228	509 228
–	–	–	–	–	433 571	433 571
–	–	–	–	–	159 169	159 169
–	–	–	–	–	41 637	41 637
942 429	28 246 088	–	29 188 517	–	1 699 095	41 278 948
–	–	–	–	5 862 959	–	5 862 959
942 429	28 246 088	–	29 188 517	5 862 959	1 699 095	47 141 907
–	–	2 721 110	2 721 110	–	–	2 721 170
–	–	–	–	–	–	1 170 232
–	–	–	–	–	–	861 412
–	–	790 752	790 752	–	–	1 316 087
–	–	21 500 623	21 500 623	–	–	22 609 784
–	–	1 094 996	1 094 996	–	–	1 596 630
–	–	729 534	729 534	–	–	729 534
–	–	1 859 288	1 859 288	–	–	3 041 435
–	–	–	–	–	208 041	208 041
–	–	–	–	–	97 116	97 116
–	–	1 062 371	1 062 371	–	449 365	1 572 877
–	–	29 758 674	29 758 674	–	754 522	35 924 318
–	–	–	–	5 861 389	–	5 861 389
–	–	–	–	1 570	–	1 570
–	–	29 758 674	29 758 674	5 862 959	754 522	41 787 277
–	–	1 338 752	1 338 752	–	–	1 338 752
–	–	31 097 426	31 097 426	5 862 959	754 522	43 126 029

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation technique used. The different levels are identified as follows:

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Assets and liabilities related to the long-term assurance business attributable to policyholders have been excluded from the analysis as the change in fair value of related assets is attributable to policyholders.

Fair value disclosures on investment properties are included in the investment properties note 32 in the Investec 2015 integrated annual report.

At 31 March £'000	Total investments at fair value	Fair value category Level 1	Level 2	Level 3
2015				
Assets				
Cash and balances at central banks	1 302	1 302	–	–
Loans and advances to banks	178 907	178 907	–	–
Non-sovereign and non-bank cash placements	160	–	160	–
Reverse repurchase agreements and cash collateral on securities borrowed	959 361	–	959 361	–
Sovereign debt securities	2 760 898	2 759 792	1 106	–
Bank debt securities	485 530	192 469	293 061	–
Other debt securities	495 527	379 690	97 793	18 044
Derivative financial instruments	1 580 681	204 626	1 332 534	43 521
Securities arising from trading activities	1 086 349	1 083 956	2 393	–
Investment portfolio	947 846	131 782	70 279	745 785
Loans and advances to customers	707 376	–	671 376	36 000
Other securitised assets	627 928	–	–	627 928
Other assets	81 977	81 910	67	–
	9 913 842	5 014 434	3 428 130	1 471 278
Liabilities				
Derivative financial instruments	1 544 168	328 214	1 213 288	2 666
Other trading liabilities	885 003	840 647	44 356	–
Repurchase agreements and cash collateral on securities lent	553 730	–	553 730	–
Customer accounts (deposits)	924 083	–	924 083	–
Debt securities in issue	473 037	–	473 037	–
Liabilities arising on securitisation of other assets	616 909	–	–	616 909
Other liabilities	135 268	96 865	38 403	–
	5 132 198	1 265 726	3 246 897	619 575
Net assets	4 781 644	3 748 708	181 233	851 703

At 31 March £'000	Total instruments at fair value	Fair value category		
		Level 1	Level 2	Level 3
Fair value hierarchy (continued)				
2014				
Assets				
Cash and balances at central banks	7 143	7 143	–	–
Loans and advances to banks	112 148	110 650	1 498	–
Non-sovereign and non-bank cash placements	1 561	–	1 561	–
Reverse repurchase agreements and cash collateral on securities borrowed	645 449	–	645 449	–
Sovereign debt securities	3 021 966	3 021 966	–	–
Bank debt securities	687 979	203 016	484 963	–
Other debt securities	545 748	302 417	171 222	72 109
Derivative financial instruments	1 619 415	163 639	1 347 463	108 313
Securities arising from trading activities	870 088	870 088	–	–
Investment portfolio	825 745	109 922	107 456	608 367
Loans and advances to customers	788 963	–	745 810	43 153
Other securitised assets	1 230 452	1	–	1 230 451
Other assets	34 679	33 406	426	847
	10 391 336	4 822 248	3 505 848	2 063 240
Liabilities				
Deposits by banks	60	–	60	–
Derivative financial instruments	1 170 232	242 043	916 884	11 305
Other trading liabilities	861 412	823 368	38 044	–
Repurchase agreements and cash collateral on securities lent	525 335	–	525 335	–
Customer accounts (deposits)	1 109 161	–	1 109 161	–
Debt securities in issue	501 634	–	501 018	616
Liabilities arising on securitisation of other assets	1 182 147	–	–	1 182 147
Other liabilities	61 141	31 662	29 479	
	5 411 122	1 097 073	3 119 981	1 194 068
Net assets	4 980 214	3 725 175	385 867	869 172

Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 in the current and the prior year.

Fair value hierarchy (continued)

Level 3 instruments

The following table is a reconciliation of the opening balances to the closing balances for fair value measurements in level 3 of the fair value hierarchy:

For the year to 31 March £'000	Total level 3 financial instruments	Fair value through profit and loss instruments	Available-for-sale instruments
Balance as at 1 April 2013	489 762	460 838	28 924
Transfers due to application of IFRS 13	533 098	533 098	–
Total gains or losses	66 317	67 634	(1 317)
– In the income statement	67 533	67 533	–
– In the statement of comprehensive income	(1 216)	101	(1 317)
Purchases	124 005	124 005	–
Sales	(91 555)	(88 478)	(3 077)
Issues	(10 343)	(10 343)	–
Settlements	(22 380)	(22 374)	(6)
Transfers into level 3	46 227	46 227	–
Transfers out of level 3	(87 103)	(27 631)	(59 472)
Transfers into non-current assets held for sale	(41 637)	(41 637)	–
Foreign exchange adjustments	(137 219)	(137 250)	31
Balance as at 31 March 2014	869 172	904 089	(34 917)
Total gains or losses	122 239	120 412	1 827
– In the income statement	121 813	120 412	1 401
– In the statement of comprehensive income	426	–	426
Purchases	152 975	123 092	29 883
Sales	(290 650)	(253 447)	(37 203)
Issues	(6 996)	(6 996)	–
Settlements	(68 982)	(52 553)	(16 429)
Transfers into level 3	63 545	21 416	42 129
Transfers out of level 3	545	545	–
Foreign exchange adjustments	9 855	4 437	5 418
Balance as at 31 March 2015	851 703	860 995	(9 292)

For the year ended 31 March 2015, there were transfers from the level 2 to the level 3 category to the value of £62.7 million because the significance of the unobservable inputs used to determine the fair value increased sufficiently to warrant a transfer. For the remaining transfers, the group transfers between levels within the fair value hierarchy when the observability of inputs change or if the valuation methods change.

Fair value hierarchy (continued)

The following table quantifies the gains or (losses) included in the income statement and other comprehensive income recognised on level 3 financial instruments:

For the year to 31 March £'000	Total	Realised	Unrealised
2015			
Total gains or (losses) on fair value through profit and loss instrument			
Fee and commission (expense)/income	7 859	(51)	7 910
Investment income	101 304	81 979	19 325
Trading income arising from customer flow	13 999	–	13 999
Trading income arising from balance sheet management and other trading activities	(97)	877	(974)
Other operating income	(1 252)	–	(1 252)
	121 813	82 805	39 008
Total gains on available-for-sale instruments			
Gains on realisation of available-for-sale assets recycled through the income statement	1 401	1 401	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	426	–	426
	1 827	1 401	426
2014			
Total gains or (losses) included in the income statement for the year			
Net interest income	14 896	–	14 896
Fee and commission expense	(485)	–	(485)
Investment income	55 712	54 658	1 054
Trading income arising from customer flow	2 294	–	2 294
Trading income arising from balance sheet management and other trading activities	(5 731)	–	(5 731)
Other operating income	847	–	847
	67 533	54 658	12 875
Total gains or (losses) on available-for-sale instruments			
Gains on realisation of available-for-sale assets recycled through the income statement	101	101	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	(1 317)	–	(1 317)
	(1 216)	101	(1 317)

Fair value hierarchy (continued)

Level 2 financial assets and financial liabilities

The following table sets out the group's principal valuation techniques as at 31 March 2015 used in determining the fair value of its financial assets and financial liabilities that are classified within level 2 of the fair value hierarchy.

	Valuation basis/techniques	Main assumptions
Assets		
Non-sovereign and non-bank cash placements	Discounted cash flow model	Discount rates
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flow model, Hermite interpolation, Black-Scholes	Discount rates, yield curves and volatilities
Sovereign debt securities	Discounted cash flow model	Discount rates
Bank debt securities	Black-Scholes Discounted cash flow model	Volatilities Discount rates, swap curves and NCD curves
Other debt securities	Discounted cash flow model	Discount rates, swap curves and NCD curves, external prices, broker quotes
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, standard industry derivative pricing models including Black-Scholes	Discount rate, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Securities arising from trading activities	Standard industry derivative pricing model	Interest rate curves, implied bond spreads, equity volatilities
Investment portfolio	Discounted cash flow model, net asset value model	Discount rate and fund unit price
	Comparable quoted inputs	Net assets
Loans and advances to customers	Discounted cash flow model	Swap curves and discount rates
Other assets	Discounted cash flow model	Discount rates
Liabilities		
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes	Discount rate, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Other trading liabilities	Discounted cash flow model	Discount rates
Repurchase agreements and cash collateral on securities lent	Discounted cash flow model, Hermite interpolation	Discount rates
Customer accounts (deposits)	Discounted cash flow model	Swap curves and discount rates
Debt securities in issue	Discounted cash flow model	Swap curves and discount rates
Other liabilities	Discounted cash flow model	Discount rates

Fair value hierarchy (continued)

Sensitivity of fair values to reasonably possible alternative assumptions by level 3 instrument type

The fair value of financial instruments in level 3 are measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable market data. The following table shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

At 31 March 2015	Balance sheet value £'000	Significant unobservable input changed	Range which unobservable input has been stressed	Reflected in the income statement: Favourable changes £'000	Reflected in the income statement: Unfavourable changes £'000
Assets					
Other debt securities	18 044			156	(205)
		Discount rates	(5%) – 5%	14	(60)
		Credit spreads	(2%) – 3%	114	(128)
		Other	(6%) – 5%	28	(17)
Derivative financial instruments	43 521			16 685	(11 121)
		Discount rates	(5%) – 5%	358	(283)
		Volatilities	(4%) – 3%	626	(1 536)
		Volatilities	(25%)/40%	3 227	(1 363)
		Credit spreads	(50bps)/50bps	1 279	(692)
		Cash flow adjustments	(3%) – 8%	7	(6)
		Price-earnings multiple	**	3 816	(4 074)
		Other	^	2 505	(457)
		Other	(11%) – 10%	4 867	(2 710)
Investment portfolio	706 843			173 264	(85 332)
		Price-earnings multiple	(10%) – 10% or	1 517	(1 210)
		Price-earnings multiple	**	100 880	(54 829)
		EBITDA	5x EBITDA	6 958	(2 640)
		Other	^	18 296	(17 988)
		Other	(10%) – 10%	45 613	(8 665)
Loans and advances to customers	36 000		(5%) – 5%	6 500	(1 347)
		Cash flows	(9%) – 3%	5 407	–
		Other		1 093	(1 347)
Other securitised assets*	627 928			16 556	(11 495)
		Credit spreads	-6 months/+12 month adjustment to CDR curve	5 228	(167)
		Other		11 328	(11 328)
Liabilities					
Derivative financial instruments	(2 666)			1 830	(1 442)
		Cash flow adjustments	(2%) – 1%	1 830	(1 442)
Liabilities arising on securitisation of other assets*	(616 909)			19 021	(13 749)
		Credit default rates,# Loss severity, prepayment rates	(5%) – 5%	5 228	(167)
		Other		13 793	(13 582)
	812 761			234 012	(124 691)

* *The sensitivity of the fair value of liabilities arising on securitisation of other assets has been considered together with other securitised assets.*

** *The price-earnings multiple has been stressed on an investment by investment basis in order to obtain the aggressive and conservative valuations.*

^ *These valuation sensitivities have been stressed individually using varying scenario-based techniques to obtain the aggressive and conservative valuations.*

\# *The variation techniques applied have changed from the previous year due to the sale and deconsolidation of various liabilities held in the previous year.*

Fair value hierarchy (continued)

At 31 March 2015	Balance sheet value £'000	Significant unobservable input changed	Range which unobservable input has been stressed	Reflected in other comprehensive income Favourable changes £'000	 Unfavourable changes £'000
2015					
Assets					
Investment portfolio	38 942	EBITDA		2 658	(2 058)
			(10%) – 10% or 5x EBITDA	2 658	(2 058)
Total Level 3	851 703			236 670	(126 749)

At 31 March 2014	Balance sheet value £'000	Significant unobservable input changed	Range which unobservable input has been stressed	Reflected in the income statement Favourable changes £'000	 Unfavourable changes £'000
Assets					
Other debt securities	72 109			6 227	(4 770)
		Discount rates	(5%) – 5%	670	(3 829)
		Credit spreads	(5%) – 5%	4 693	(310)
		Other	(5%) – 5%	864	(631)
Derivative financial instruments	108 313			12 354	(6 430)
		Volatilities	(2%) – 2%	601	(698)
		Credit spreads	(6.5bps) – 6.5bps	256	(684)
		Volatilities	20%/50%	4 204	(2 307)
		Other^	^	3 182	(1 344)
		Other	(11%) – 10%	4 111	(1 397)
Investment portfolio	583 221			105 995	(59 688)
		Volatilities	(10%) – 10%	4	(4)
		EBITDA	(10%) – 10% or 5x EBITDA	606	(9 665)
		Other^	^	88 849	(48 503)
		Other	(10%) – 10%	16 536	(1 516)
Loans and advances to customers	43 153			2 439	(5 615)
		Cash flows	(9%) – 3%	1 337	(4 076)
		Other		1 102	(1 539)
Other securitised assets*	1 230 451			38 432	(39 120)
		Underlying market price adjustments	(5%)/5%	30 310	(30 310)
		Credit spreads	-6 months/+12 month adjustment to CDR curve	8 122	(8 810)
Other assets	847	Discount rates	(5%) – 5%	30	(28)
Liabilities					
Derivative financial instruments	(11 305)	Volatilities	(4%) – 4%	648	(438)
Debt securities in issue	(616)	Volatilities	(2%) – 4%	15	(8)
Liabilities arising on securitisation of other assets*	(1 182 147)			40 225	(39 600)
		Credit spreads	(6.5bps) – 6.5bps	6 078	(6 120)
		Underlying market price adjustments	(5%) – 5%	34 147	(33 480)
	844 026			206 365	(155 697)

Fair value hierarchy (continued)

At 31 March 2014	Balance sheet value £'000	Significant unobservable input changed	Range which unobservable input has been stressed	Reflected in other comprehensive income: Favourable changes £'000	Reflected in other comprehensive income: Unfavourable changes £'000
Assets				13 001	(1 007)
Investment portfolio			(10%) – 10% or		
	25 146	EBITDA	5x EBITDA	12 769	(891)
		Other	(10%) – 10%	232	(116)
Total Level 3	869 172			219 366	(156 704)

* *The sensitivity of the fair value of liabilities arising on securitisation of other assets has been considered together with other securitised assets.*

^ *Other – The valuation sensitivity for the private equity and embedded derivatives (profit share) portfolios has been assessed by adjusting various inputs such as expected cash flows, discount rates, earnings multiples rather than a single input. It is deemed appropriate to reflect the outcome on a portfolio basis for the purposes of this analysis as the sensitivity of the investments cannot be determined through the adjustment of a single input.*

In determining the value of level 3 financial instruments, the following are the principal inputs that can require judgement:

Credit spreads

Credit spreads reflect the additional yield that a market participant would demand for taking exposure to the credit risk of an instrument.

The credit spread for an instrument forms part of the yield used in a discounted cash flow calculation. In general, a significant increase in a credit spread in isolation will result in a movement in fair value that is unfavourable for the holder of a financial instrument. It is an unobservable input into a discounted cash flow valuation.

Discount rates

Discount rates are the interest rates used to discount future cash flows in a discounted cash flow valuation method. The discount rate takes into account time value of money and uncertainty of cash flows.

Volatilities

Volatility is a key input in the valuation of derivative products containing optionality. Volatility is a measure of the variability or uncertainty in returns for a given derivative underlying. It represents an estimate of how much a particular underlying instrument, parameter or index will change in value over time. Volatilities are a key input into the Black-Scholes valuation method.

Cash flows

Cash flows relate to the future cash flows which can be expected from the instrument and requires judgement. Cash flows are inputs into a discounted cash flow valuation.

EBITDA

A company's earnings before interest, taxes, depreciation and amortisation. This is the main input into a price-earnings multiple valuation method.

Price earnings multiple

The price-to-earnings ratio is an equity valuation multiple used in the adjustment of underlying market prices. It is a key driver in the valuation of unlisted investments.

Derivative financial instruments

The group enters into various contracts for derivatives both as principal for trading purposes and as customer for hedging foreign exchange and interest rate exposures. These include financial futures, options, swaps and forward rate agreements. The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations.

In the tables that follow, notional principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The fair value of a derivative financial instrument represents the present value of future positive or negative cash flows which would have occurred had the rights and obligations arising from that instrument been closed out by the group in an orderly market transaction at balance sheet date.

	2015			2014		
At 31 March £'000	Notional principal amounts	Positive fair value	Negative fair value	Notional principal amounts	Positive fair value	Negative fair value
Foreign exchange derivatives						
Forward foreign exchange contracts	10 241 995	162 200	208 358	14 364 519	97 616	86 600
Currency swaps	7 103 760	403 966	736 887	7 683 969	436 114	597 503
OTC options bought and sold	5 593 003	115 279	107 165	3 763 267	46 543	44 649
Other foreign exchange contracts	234 362	3 640	4 840	910 011	2 268	3 887
OTC derivatives	23 173 120	685 085	1 057 250	26 721 766	582 541	732 639
Interest rate derivatives						
Caps and floors	1 412 395	30 072	1 930	1 119 741	5 770	8 280
Swaps	30 312 219	304 384	410 884	41 657 236	380 023	339 182
Forward rate agreements	17 341 257	9 332	8 866	47 152 374	24 744	24 906
OTC options bought and sold	89 016	1 502	1 502	627	1 706	1 533
Other interest rate contracts	27 815	9 761	5 094	27 340	11 857	7 279
OTC derivatives	49 182 702	355 051	428 276	89 957 318	424 100	381 180
Exchange traded futures	–	–	–	28 636	87	66
	49 182 702	355 051	428 276	89 985 954	424 187	381 246
Equity and stock index derivatives						
OTC options bought and sold	3 370 609	265 829	105 923	4 742 951	230 074	115 430
Equity swaps and forwards	867 835	4 959	14 200	346 576	5 092	847
OTC derivatives	4 238 444	270 788	120 123	5 089 527	235 166	116 277
Exchange traded futures	1 055 609	4 433	4 076	2 112 370	38 504	75 909
Exchange traded options	6 360 209	177 541	289 916	6 557 965	119 296	158 046
Warrants	101 076	965	139 677	15 445	1 018	78 312
	11 755 338	453 727	553 792	13 775 307	393 984	428 544
Commodity derivatives						
OTC options bought and sold	111 234	485	485	74 435	4 160	2 766
Commodity swaps and forwards	1 110 144	58 975	44 441	749 686	108 930	112 486
OTC derivatives	1 221 378	59 460	44 926	824 121	113 090	115 252
Credit derivatives	735 070	15 332	6 249	778 067	15 577	8 033
Embedded derivatives*		51 754	–		135 341	–
Cash collateral		(39 728)	(546 325)		(45 305)	(495 482)
Derivatives per balance sheet		1 580 681	1 544 168		1 619 415	1 170 232

* *Mainly includes profit shares received as part of lending transactions.*

Summary annual financial statements

5

Acquisitions and disposals

2015

Acquisitions

On 8 April 2014 the group acquired the entire share capital of Robert Smith Group (Automotive) Limited (the parent of Mann Island Finance group (MIF)), a vehicle finance brokerage business.

£'000	Book value of assets and liabilities	Fair value of assets and liabilities
Loans and advances to banks	559	559
Deferred taxation assets	332	332
Other assets	2 484	2 484
Property and equipment	74	74
Intangible assets	–	5 824
Goodwill	–	180
	3 449	9 453
Current taxation liabilities	530	530
Other liabilities	2 396	2 396
	2 926	2 926
Net assets/(liabilities) fair value of net assets acquired	523	6 527
Fair value of cash consideration		7 062
		7 062
Loans and advances to banks at acquisition		559
Fair value of cash consideration		(7 062)
Net cash outflow		(6 503)

For the post-acquisition period of 8 April 2014 to 31 March 2015, the operating income of MIF totalled £7.5 million and profit before taxation totalled £0.9 million. There is no material difference between this and the operating income and profit if the acquisition had been on 1 April 2014 as opposed to 8 April 2014.

Disposals

The net loss on sale of subsidiaries of £93 million in the income statement arises from the sale of Investec Bank (Australia) Limited and the sale of the Start Mortgage Holdings and Kensington Group plc companies and subsidiaries as described below. The net cash inflow on these items amount to £226 million. Cash and cash equivalents in the subsidiaries disposed of was £75 million.

The sale of Investec Bank (Australia) Limited's (IBAL) 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.

The sale of the group's Irish intermediated mortgage business, Start Mortgage Holdings Limited, together with certain other Irish mortgage assets to an affiliate of Lone Star Funds was effective on 4 December 2014. The sale of the 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 was effective on 30 January 2015 for cash proceeds of £170 million. This has resulted in the derecognition of approximately £4.1 billion of assets and approximately £2 billion of external liabilities associated with these businesses.

£'000	Book value of assets and liabilities IBAL	Book value of assets and liabilities Kensington and Start	Book value of assets and liabilities Total
Acquisitions and disposals (continued)			
The breakdown of significant balance sheet line items derecognised are shown below:			
Loans and advances to banks	–	47 540	47 540
Debt securities	299 904	42 141	342 045
Derivatives	–	95 565	95 565
Loans and advances to customers	1 009 199	755 270	1 764 469
Own originated loans and advances securitised	372 094	–	372 094
Other loans and advances	–	1 185 465	1 185 465
Other securitised assets	–	1 981 729	1 981 729
Combined other asset lines	44 377	7 087	51 464
Total assets	1 725 574	4 114 797	5 840 371
Deposits by banks	–	311 660	311 660
Customer accounts	1 212 467	–	1 212 467
Debt securities in issue	68 488	–	68 488
Liabilities arising on securitisation of own originated loans and advances	367 531	(128 979)	238 552
Liabilities arising on securitisation of other assets	–	1 616 003	1 616 003
Subordinated debt	42 291	71 173	113 464
Combined other liability lines	4 343	171 435	175 778
Total liabilities	1 695 120	2 041 292	3 736 412
Net assets and liabilities sold			2 103 959
Cash received in settlement of pre-existing relationships*			1 914 167
Proceeds on sale of subsidiaries			226 291
Goodwill and other adjustments on sale			(129 532)
Loss on disposal of subsidiaries			(93 033)

* *Reflected as movements in operating assets and operating liabilities within the cash flow (note 49).*

During the year the group had a net cash inflow of £42.2 million due to transactions with the non-controlling interests of Investec Property Fund Limited.

2014

Acquisitions

There were no significant acquisitions of subsidiaries during the year ended 31 March 2014.

Disposals

The net gain on the sale of subsidiaries of £9.8 million in the income statement arises from the sale of Lease Direct Finance Limited and the sale of Investec Trust (Switzerland) SA, Investec Trust (Jersey) Limited and Investec Trust Mauritius Limited.

The net cash inflow on these items amounted to £38.2 million.

On 31 July 2013, Investec completed the sale of 15% of its Asset Management business, owned by Investec plc and Investec Limited, for a consideration of £180 million in cash to the senior management of the business who have also been granted options to acquire, over a period of seven years beginning on 1 April 2013, a further 5% interest. As part of this transaction Investec plc has realised a gain of £61.6 million on the disposal of a non-controlling interest in its subsidiary, Investec Asset Management Limited, which is reflected in equity together with an increase in non-controlling interests of £11.0 million. Investec Limited has realised a gain of £82.2 million on the disposal of a non-controlling interest in its subsidiary, Investec Asset Management Holdings (Pty) Ltd, which is reflected in equity together with an increase in non-controlling interests of £12.1 million. The group has funded £44.2 million of this acquisition, resulting in net proceeds of £122.7 million.

At 31 March £'000	2015	2014
Debt securities in issue		
Bonds and medium-term notes repayable:		
Less than three months	49 809	9 210
Three months to one year	160 366	136 499
One to five years	521 735	112 186
Greater than five years	69 167	34 427
	801 077	292 322
Other unlisted debt securities in issue repayable:		
Less than three months	18 458	16 911
Three months to one year	100 394	106 025
One to five years	475 833	630 977
Greater than five years	313 607	550 395
	908 292	1 304 308
	1 709 369	1 596 630

At 31 March	2015	2014
Ordinary share capital		
Investec plc		
Issued, allotted and fully paid		
Number of ordinary shares	Number	Number
At the beginning of the year	608 756 343	605 196 771
Issued during the year	4 853 299	3 559 572
At the end of the year	613 609 642	608 756 343
Nominal value of ordinary shares	£'000	£'000
At the beginning of the year	122	121
Issued during the year	1	1
At the end of the year	123	122
Number of special converting shares	Number	Number
At the beginning of the year	282 934 529	279 639 164
Issued during the year	2 814 094	3 295 365
At the end of the year	285 748 623	282 934 529
Nominal value of special converting shares	£'000	£'000
At the beginning of the year	56	56
Issued during the year	1	–
At the end of the year	57	56
Number of UK DAN shares	Number	Number
At the beginning and end of the year	1	1
Nominal value of UK DAN share	£'000	£'000
At the beginning and end of the year	*	*
Number of UK DAS shares	Number	Number
At the beginning and end of the year	1	1
Nominal value of UK DAS share	£'000	£'000
At the beginning and end of the year	*	*
Number of special voting shares	Number	Number
At the beginning and end of the year	1	1
Nominal value of special voting share	£'000	£'000
At the beginning and end of the year	*	*

* *Less than £1 000.*

At 31 March	2015	2014

Ordinary share capital (continued)

Investec Limited

Authorised

The authorised share capital of Investec Limited is R1 960 002 (2014: R1 960 002), comprising 450 000 000 (2014: 450 000 000) ordinary shares of R0.0002 each, 47 000 000 (2014: 47 000 000) redeemable, non-participating preference shares with a par value of R0.01 each, 1 500 000 (2014: 1 500 000) Class ILRP1 redeemable, non-participating preference shares of R0.01 each, 1 500 000 (2014: nil) Class ILRP2 redeemable, non-participating preference shares of R0.01 each, 20 000 000 (2014: 20 000 000) non-redeemable, non-participating preference shares of R0.01 each, 50 000 (2014: 50 000) variable rate cumulative redeemable preference shares of R0.60 each, 100 000 000 (2014: 100 000 000) non-redeemable, non-cumulative, non-participating preference shares of R0.01 each, 1 (2014: 1) Dividend Access (South African Resident) redeemable preference share of R1, 1 (2014: 1) Dividend Access (Non-South African Resident) redeemable preference share of R1, 700 000 000 (2014: 700 000 000) special convertible redeemable preference shares of R0.0002 each (special converting shares).

Issued, allotted and fully paid

Number of ordinary shares	Number	Number
At the beginning of the year	282 934 529	279 639 164
Issued during the year	2 814 094	3 295 365
At the end of the year	285 748 623	282 934 529

Nominal value of ordinary shares	£'000	£'000
At the beginning of the year	46	46
Issued during the year	*	*
At the end of the year	46	46

Number of special converting shares	Number	Number
At the beginning of the year	608 756 343	605 196 771
Issued during the year	4 853 299	3 559 572
At the end of the year	613 609 642	608 756 343

Nominal value of special converting shares	£'000	£'000
At the beginning of the year	5	5
Issued during the year	*	*
At the end of the year	5	5

Number of SA DAN shares	Number	Number
At the beginning and end of the year	1	1

Nominal value of SA DAN share	£'000	£'000
At the beginning and end of the year	*	*

* *Less than £1 000.*

At 31 March	2015	2014
Ordinary share capital (continued)		
Number of SA DAS shares	Number	Number
At the beginning and end of the year	1	1
Nominal value of SA DAS share	£'000	£'000
At the beginning and end of the year	*	*
Nominal value of issued, allotted and fully paid called up share capital of Investec plc and Investec Limited:		
Total called up share capital	231	229
Less: held by Investec Limited	(2)	(2)
Less: held by Investec plc	(3)	(3)
Total called up share capital	226	224

* *Less than £1 000.*

The Investec Limited shares were issued in South African Rand. The amounts recorded above were calculated by reference to historic Pounds Sterling/Rand exchange rates.

In terms of the DLC structure, shareholders have common economic and voting rights as if Investec Limited and Investec plc were a single company. These include equivalent dividends on a per share basis, joint electorate and class right variations. The UK DAS share, UK DAN share, SA DAS share, the SA DAN share and the special converting shares have been issued to achieve this.

The unissued shares are under the control of the directors until the next annual general meeting.

Staff share scheme

The group operates a share option and a share purchase scheme for employees. The number of ordinary shares conditionally allocated to employees is disclosed in note 7.

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

For the year to 31 March	Number 2015	Number 2014
Opening balance	87 352 252	94 814 900
Granted during the year	17 440 425	22 749 742
Exercised	(27 868 776)	(23 893 529)
Forfeited	(2 859 164)	(6 318 861)
Closing balance	74 064 737	87 352 252

The purpose of the staff share scheme is to promote an *esprit de corps* within the organisation, create an awareness of Investec's performance and provide an incentive to maximise individual and group performance by allowing all staff to share in the risks and rewards of the group.

The group makes awards available to staff members via the underlying share trusts. The particular instrument used varies from time to time depending on taxation legislation and factors affecting the group structure. Nevertheless, whatever the instrument chosen, its underlying value depends solely on the performance of the group's share price.

At present, the practice of the group is to give all permanent staff members a share allocation based on their annual package after completing six months of employment. In line with the objective of providing a long-term incentive for staff, these share awards vest over periods varying from four to five years.

After the initial allocation referred to above, additional allocations are made to staff members at the discretion of group management and depending on the individual performance and contribution made by the respective staff members.

The extent of the directors' and staff interests in the incentive schemes is detailed on pages 103 and 121 to 124.

For the year to 31 March £'000	2015	2014
Related party transactions		
Transactions, arrangements and agreements involving directors and others:		
Transactions, arrangements and agreements involving directors with directors and connected persons and companies controlled by them, and with officers of the company, were as follows:		
Directors, key management and connected persons and companies controlled by them		
Loans		
At the beginning of the year	33 472	43 463
Increase in loans	14 461	5 666
Repayment of loans	(10 024)	(11 026)
Exchange adjustment	(694)	(4 631)
At the end of the year	37 215	33 472
Guarantees		
At the beginning of the year	4 409	4 757
Additional guarantees granted	6 062	4 409
Guarantees cancelled	(1 876)	(4 591)
Exchange adjustment	(83)	(166)
At the end of the year	8 512	4 409
Deposits		
At the beginning of the year	(27 668)	(53 544)
Increase in deposits	(27 261)	(20 463)
Decrease in deposits	19 245	26 089
Exchange adjustment	147	20 250
At the end of the year	(35 537)	(27 668)

The above transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing or where applicable, with other employees. The transactions did not involve more than the normal risk of repayment. None of these loans have been impaired.

For the year to 31 March £'000	2015	2014
Transactions with other related parties		
Loan from Investec Bank (Mauritius) Limited to Forty Two Point Two	25 734	42 737
The loan arises from Investec's portion of funding in relation to the 15% acquisition of Investec Asset Management by senior management of the business		
Transactions with associates		
Amounts due from associates	9 069	16 409
Interest income from loans to associates	1 218	959
Fees and commission income from associates	202	108

The above outstanding balances arose from the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with third party counterparties.

Restatements

The group has adopted the following new or revised standards from 1 April 2014:

IFRIC 21 Levies

The group has adopted IFRIC 21 Levies from 1 April 2014.

The cumulative impact of the restatement as at March 2013 is a decrease in operating costs and other liabilities of £4.7 million and an increase in taxation on operating profit before goodwill and deferred taxation liabilities of £1.0 million. The net impact on retained income at 31 March 2014 is an increase of £2.8 million.

Definitions

Adjusted shareholders' equity

Refer to calculation on page 47

Cost to income ratio

Operating costs divided by operating income (net of depreciation on leased assets). Depreciation on operating leased assets has been netted off against operating income

Dividend cover

Adjusted earnings per ordinary share before goodwill and non-operating items divided by dividends per ordinary share

Effective operational tax rate

Tax on profit on ordinary activities (excluding non-operating items) divided by operating profit

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 45

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

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 47

Return on average adjusted tangible shareholders' equity

Refer to calculation on page 47

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)

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

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

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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*
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 181 and 182.

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