2016

ANNUAL REPORT

Investec integrated annual review and summary financial statements

Out of the Ordinary®

Investec

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 2016 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 498(2) or section 498(2) of the UK Companies Act 2006.

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
Telephone (27) 11 286 7070
(44) 20 7597 5546
e-mail: investorrelations@investec.com
Internet address: www.investec.com/en_za/#home/investor_relations.html

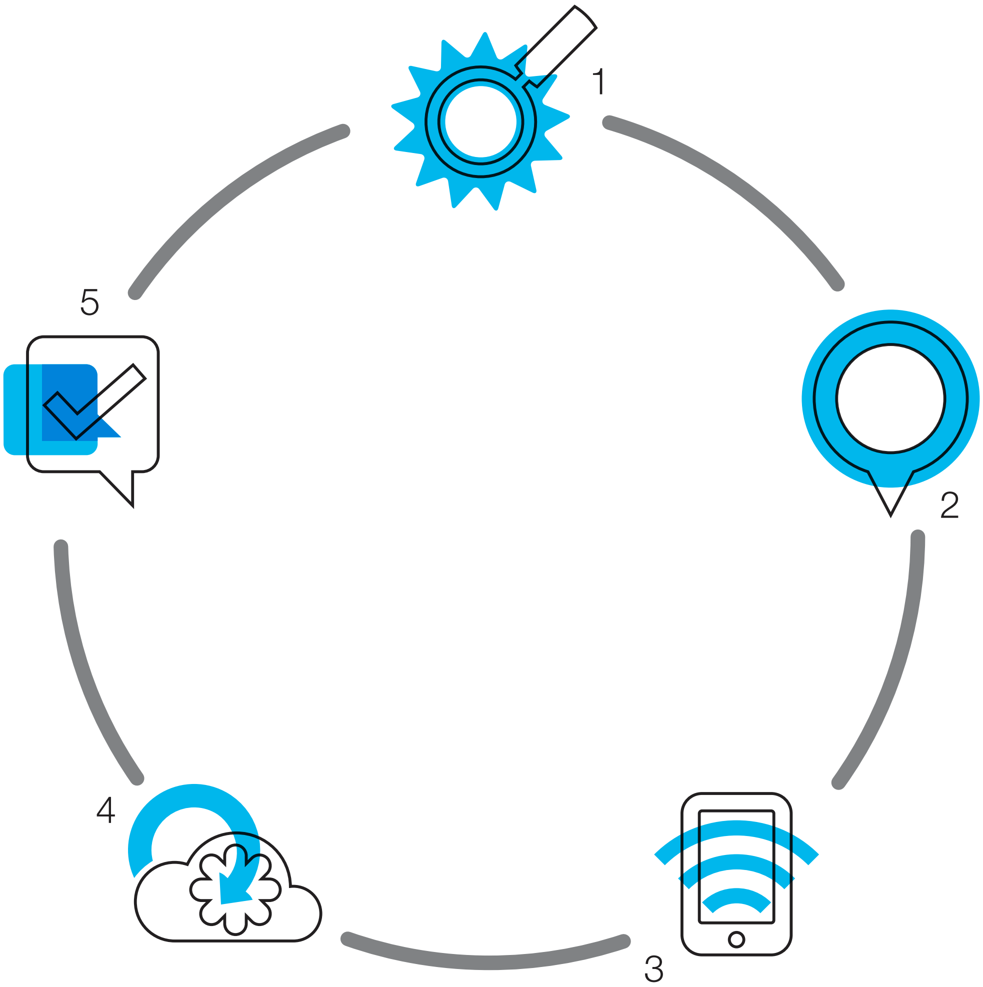
Ongoing and statutory information

Statutory information is set out in section five of this report. The sale of businesses during the previous financial year (as explained on page 26) has had a significant effect on the comparability of the group's financial position and results. Consequently, comparison on a statutory basis of these full year results with the prior year would be less meaningful.

In order to present a more meaningful view of our performance, the results are presented on an ongoing basis. This information is only set out on pages 58 to 64. 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 in the prior year, i.e. Investec Bank (Australia) Limited, the UK Kensington business and the Start (Irish) mortgage business; and
- The remaining legacy business in the UK.

A reconciliation between the statutory and ongoing income statement is provided on pages 59 and 60. All information in our abridged report is based on our statutory accounts unless otherwise indicated.



CROSS REFERENCE TOOLS

1. Audited information

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

2. Page references

Refers readers to information elsewhere in this report

3. Website

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

4. Sustainability

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

5. Reporting standard

Denotes our consideration of a reporting standard

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1 Investec in perspective

2 Divisional review

3 Risk management and corporate governance

4 Remuneration report

5 Summary annual financial statements

One

Investec in perspective

Sound performance notwithstanding challenging operating environments

- Macro uncertainty and volatility in the group's key operating geographies during the financial year impacted overall results.
- Net new fund inflows and reasonable levels of activity in the group's banking businesses supported sound performance.
- The Specialist Banking business reported results ahead of the prior year.
- Strong loan growth was supported by client activity in both the corporate and private banking businesses and the investment and debt securities portfolios delivered good results.
- The Asset Management and Wealth & Investment businesses reported solid net inflows of £5.3 billion.
- The group has successfully leveraged its ability to provide clients an international offering, increasing its client base and deepening its core franchise.
- Continued investment in infrastructure, digital platforms and increased headcount are supporting growth initiatives in the overall business.
- Geographical and operational diversity continues to support a stable recurring income base and earnings through varying market conditions.

STATUTORY FINANCIAL PERFORMANCE

Operating profit* increased 2.5% (increase of 13.5% on a currency neutral basis)

2016	2015
£505.6mn	£493.2mn

Adjusted attributable earnings^ increased 6.0% (increase of 16.8% on a currency neutral basis)

2016	2015
£359.7mn	£339.5mn

Adjusted earnings per share^ increased 4.8% (increase of 15.7% on a currency neutral basis)

2016	2015
41.3p	39.4p

We continued to actively manage down the UK legacy portfolio…

- The legacy portfolio reduced from £695 million at 31 March 2015 to £583 million through redemptions and write-offs.
- The legacy business reported a loss before taxation of £78.3 million (2015: £107.7 million) with impairments on the legacy portfolio reducing 18.4% from £83.5 million to £68.1 million.

Dividends per share increased 5.0%

2016	2015
21.0p	20.0p

* *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.*

SATISFACTORY PERFORMANCE FROM THE ONGOING BUSINESS

Operating profit* increased 0.6% (increase of 9.9% on a currency neutral basis)

2016	2015
£583.9mn	£580.7mn

Adjusted attributable earnings^ increased 3.2% (increase of 12.4% on a currency neutral basis)

2016	2015
£423.1mn	£409.9mn

Adjusted earnings per share^ increased 2.3% (increase of 11.4% on a currency neutral basis)

2016	2015
48.6p	47.5p

Recurring income as a % of total operating income

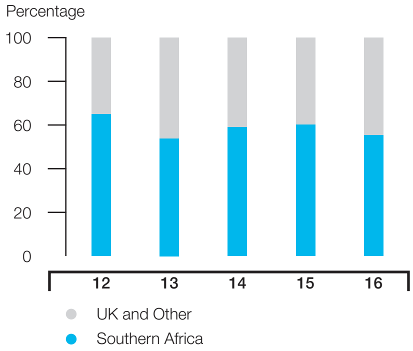
2016	2015
71.8%	71.9%

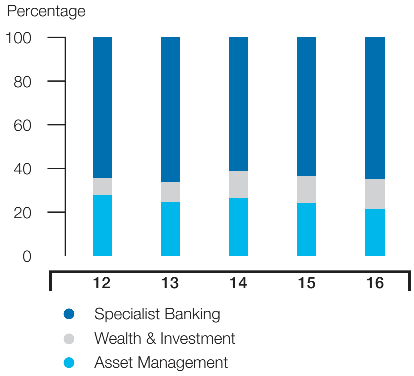
Credit loss charge as a % of average gross core loans and advances

2016	2015
0.26%	0.22%

We have a diversified business model…

% CONTRIBUTION OF OPERATING PROFIT BEFORE TAXATION OF THE ONGOING BUSINESS (excluding group costs)*

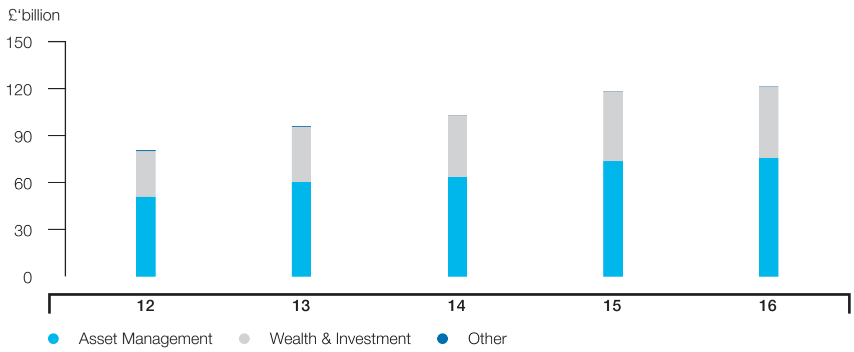




We continued to grow our key earnings drivers…

Funds under management decreased 2.0% to £121.7 billion – an increase of 3.8% on a currency neutral basis

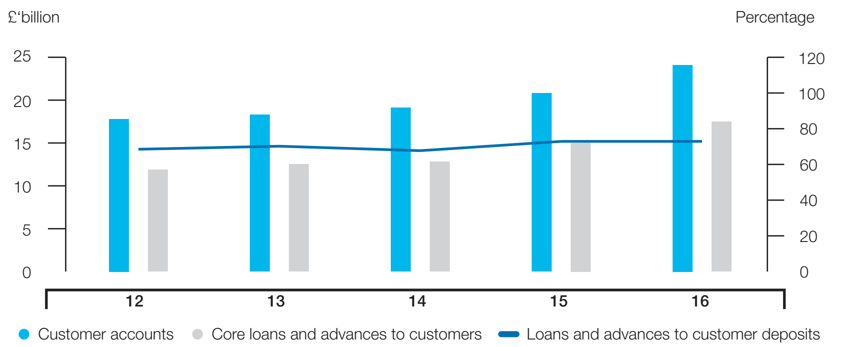
FUNDS UNDER MANAGEMENT ONGOING BUSINESS**



Customer accounts (deposits) increased 6.3% to £24.0 billion – an increase of 16.6% on a currency neutral basis

Core loans and advances increased 6.3% to £17.5 billion – an increase of 17.3% on a currency neutral basis

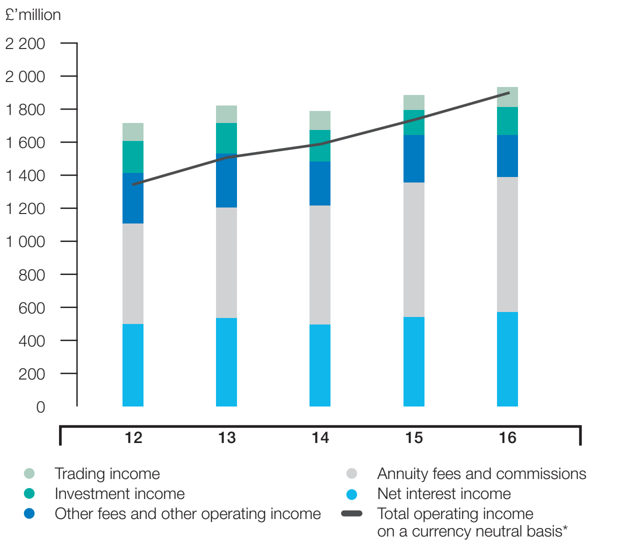
CUSTOMER ACCOUNTS (DEPOSITS) AND LOANS ONGOING BUSINESS**



* *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 2016.*

Supporting growth in operating income...

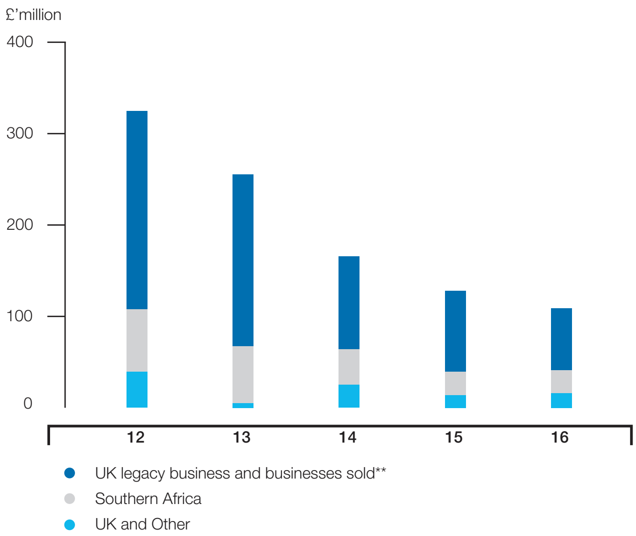
TOTAL OPERATING INCOME ONGOING BUSINESS



* *The trend for this line is done on a currency neutral basis using the Rand: Pounds Sterling exchange rate applicable at 31 March 2016.*

Impairments continued to decline...

IMPAIRMENTS



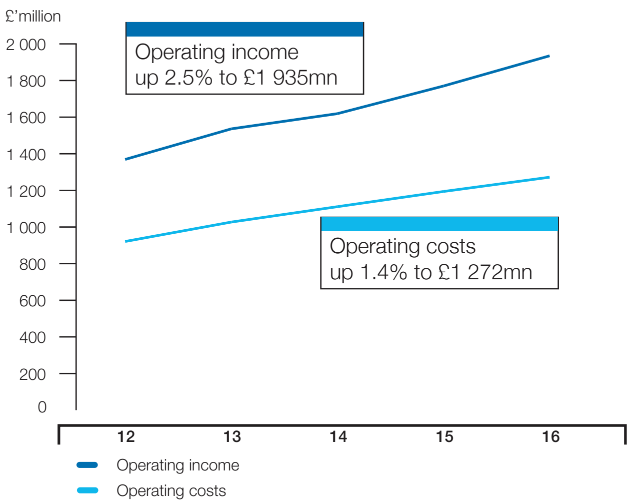
** *Refers to the remaining UK legacy business and group assets that were sold in the 2015 financial year.*

Fixed costs marginally up...

Headcount increased across all businesses in line with growth aspirations

The acquisition of Blue Strata (rebranded as Investec Import Solutions) added 176 to the Specialist Banking headcount

JAWS RATIO FOR THE GROUP^



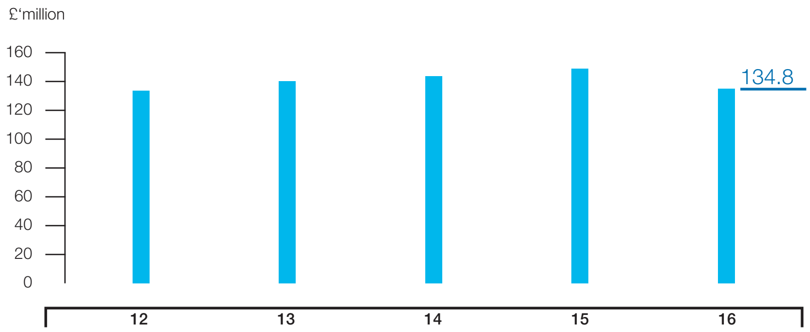
^ *Trends in this graph are done on a currency neutral basis using the Rand: Pounds Sterling exchange rate applicable at 31 March 2016.*

HEADCOUNT^^

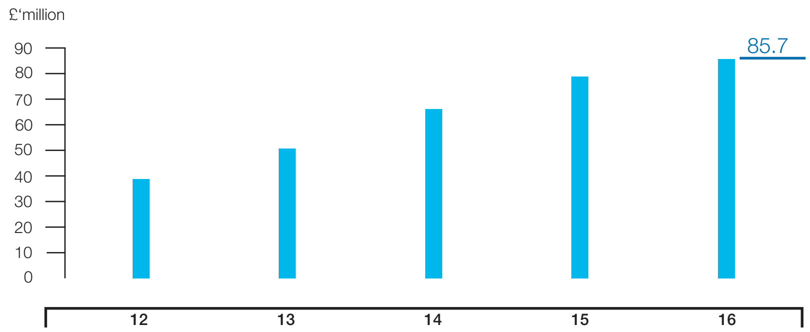
^^ *Permanent headcount and includes acquisitions.*

Resulting in a satisfactory performance from our ongoing business...

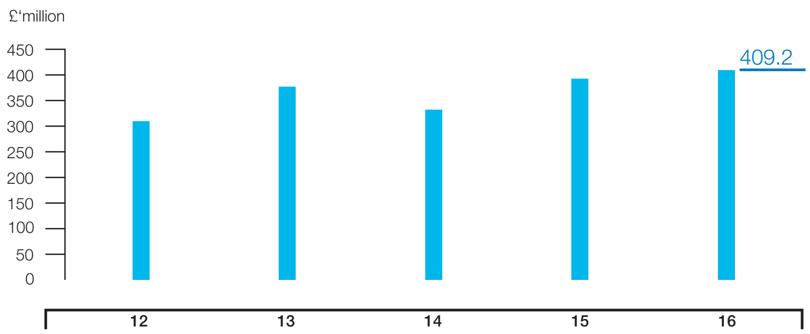
OPERATING PROFIT* – ASSET MANAGEMENT



OPERATING PROFIT* – WEALTH & INVESTMENT



OPERATING PROFIT* – SPECIALIST BANKING ONGOING BUSINESS



Progress made on our financial targets...

		Ongoing		Statutory	
	Target	March 2016	March 2015	March 2016	March 2015
ROE (post tax)	12% – 16% over a rolling five-year period	13.9%	13.8%	11.5%	10.6%
Adjusted^ EPS growth	Target: 10% > UKPRI	2.3%	10.2%	4.8%	4.0%
Cost to income	Target: < 65%	65.8%	66.5%	66.4%	67.6%
Dividend cover (times)	Target: 1.7x – 3.5x	n/a	n/a	2.0x	2.0x

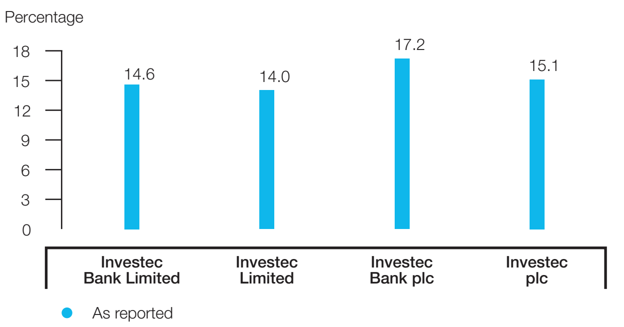
* *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.*
^ *Before goodwill, acquired intangibles, non-operating items and after non-controlling interests and deduction of preference dividends.*

Maintained a sound balance sheet...

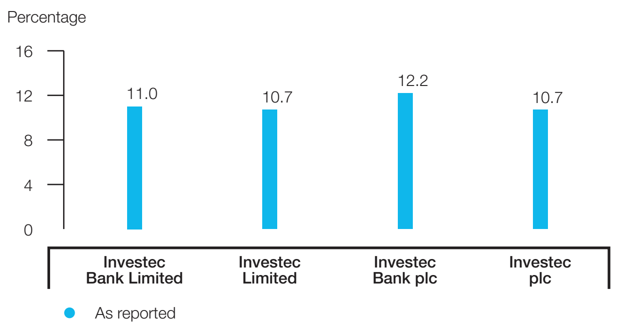
Target

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

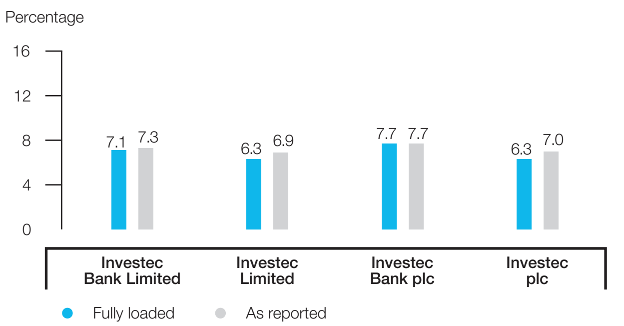
CAPITAL ADEQUACY



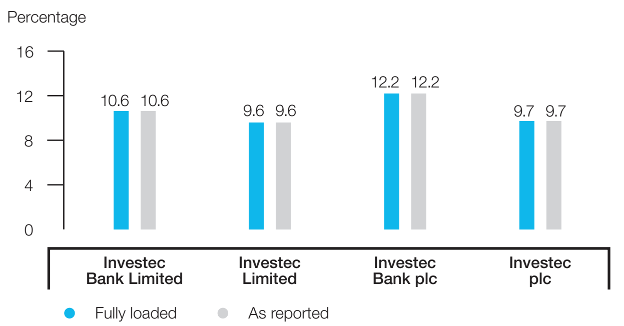
TIER 1



LEVERAGE RATIOS



COMMON EQUITY TIER 1



***Note:** Refer to page 52 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: 74.6% (2015: 78.6%)
- Investec plc: 72.2% (2015: 68.5%)

Liquidity remains strong with cash and near cash balances amounting to £11.0 billion (2015: £10.0 billion).

Capital remained well in excess of current regulatory requirements.

We are comfortable with our common equity tier 1 ratio target at a 10% level as our leverage ratios for Investec Limited and Investec plc are at 6.9% and 7.0% respectively.

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 2016	31 March 2015
Net income generated		
Interest receivable	1 705 640	1 790 867
Other income	1 313 997	1 292 617
Interest payable	(1 131 871)	(1 155 890)
Other operating expenditure and impairments on loans	(383 059)	(422 829)
	1 504 707	**1 504 765**
Distributed as follows:		
Employees	588 759	614 362
Salaries, wages and other benefits		
Government	507 341	488 189
Corporation, deferred payroll and other taxes		
Shareholders	206 139	204 913
Dividends paid to ordinary shareholders	180 009	168 486
Dividends paid to preference shareholders	26 130	36 427
Retention for future expansion and growth	202 468	197 301
Depreciation	22 745	26 264
Retained income for the year	179 723	171 037
	1 504 707	1 504 765

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

Profit

Our capital light activities contributed 55% to group income and capital intensive activities contributed 45% to group income.

People

Investment in employee learning and development increased 3.9%

2016	2015
£14.7mn	£14.1mn

Total spend on social investment as a percentage of operating profit is at 1.0% (2015: 1.1%)

Planet

Scope 1 emissions (tonnes of CO_2e) decreased 8.7%

2016	2015
1 813	1 986

Scope 2 emissions (tonnes of CO_2e) remained flat

2016	2015
36 683	36 548

Scope 3 emissions (tonnes of CO_2e) remained flat

2016	2015
31 400	31 111

We arranged funding for the renewable energy sector of £884 million.

RECOGNITION

Awards

- Investec is a finalist in the Business Charity Awards 2016 for community impact in the UK for our partnership with the Bromley by Bow Beyond Business incubator
- Investec has been voted third most attractive employer in South Africa through the Universum survey
- Investec in South Africa has been awarded a level 2 rating in terms of the Financial Sector Code, as independently verified by Empowerdex
- Our Gresham Street office won their ninth platinum award in the city of London Corporation's Clean City Awards Scheme
- The Gresham Street office retained the ISO 14001 certification and the Energy Reduction Verification (ERV) Kitemark in December 2015
- Investec Limited was one of five companies in South Africa and 113 companies globally to make the CDP 2015 climate A list. This includes companies that received an A grade for their actions to mitigate climate change
- Investec Bank Limited has been voted by the members of the Investment Analyst Society as a leader in corporate reporting in the sector Financial Services
- Investec is a finalist in the Lord Mayor's Dragon Awards 2016 for our project Beyond Business in the enterprise and employment award category.

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

WHO we are

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

Founded as a leasing company in Johannesburg in 1974.

We acquired a banking licence in 1980 and were listed on the JSE Limited South Africa in 1986.

In July 2002, we 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.

OUR PHILOSOPHIES

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

WE value

DISTINCTIVE PERFORMANCE

- Outstanding talent – empowered, enabled and inspired
- Meritocracy
- Passion, energy, stamina, tenacity
- Entrepreneurial spirit

CLIENT FOCUS

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

CAST-IRON INTEGRITY

- Moral strength
- Risk consciousness
- Highest ethical standards

DEDICATED PARTNERSHIP

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

WHAT we do

We are an international specialist bank and asset manager that provides a diverse range of financial products and services to a select client base in three principal markets, the UK and Europe, South Africa and Asia/Australia as well as certain other countries.

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

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

OUR STRATEGIC GOALS and objectives are based on our aspiration to be recognised as a distinctive specialist bank and asset manager

THE INVESTEC DISTINCTION

Client focused approach

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

Specialised strategy

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

Sustainable business

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

Strong culture

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

OUR STRATEGY

Our strategy for 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 long-term internationalisation strategy

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

We have a very deliberate and focused client strategy:

- to leverage our unique client profile
- to provide the best integrated solution supported by our comprehensive digital offering.

Asset Management

- Maintain a balance between emerging markets and developed world income
- Continue to invest in the business and add capacity to improve competitiveness in the future.

Wealth & Investment

- Build and leverage the private office offering
- Strong collaboration with the private banking offering
- Digitisation of the offering.

Specialist Banking

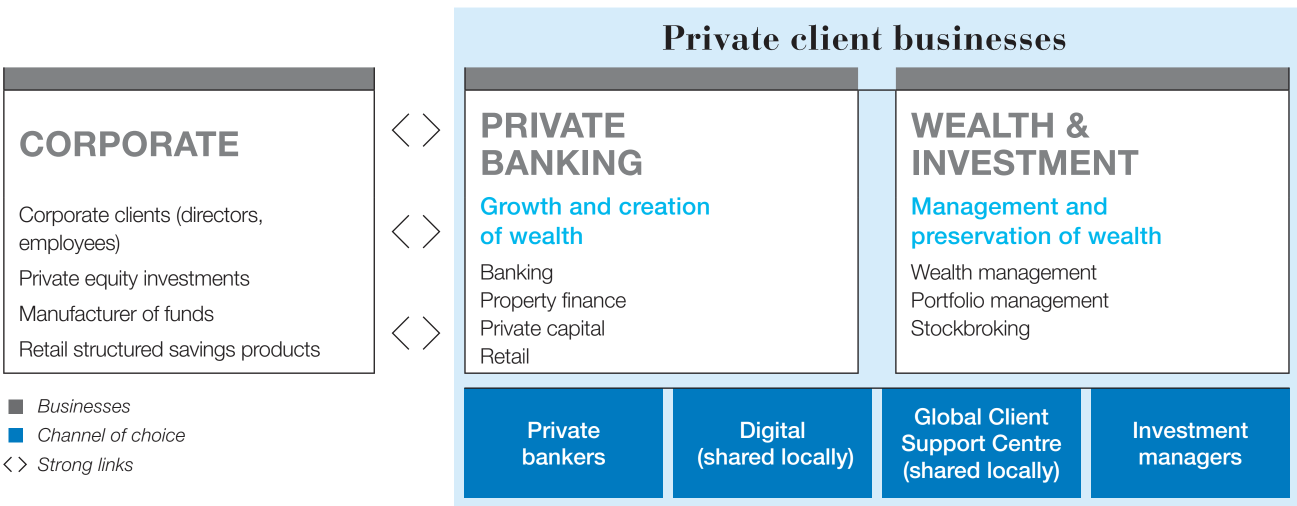
- Continue to build the private client and corporate and institutional client franchise businesses
- Leverage the integration with the Wealth & Investment business.

Strategic review of 2016 – performance vs objectives

Objective	Comment
• From a business perspective we focused on growth	Ongoing operating profit up 9.9% on currency neutral basis
– Focus on investment performance in the Asset Management business	90% outperformance over a 10-year period
– Building and leveraging our Wealth & Investment business	Established a presence in Asia and Mauritius
– Grow the Specialist Banking business by building the private client and corporate and institutional client franchise businesses	Strong growth in core drivers
• Taking advantage of investment opportunities	Created Investec Equity Partners (IEP)
• Positioning for a new generation of leadership	Announced several management appointments in the November results
• Digitalisation strategy	Several new services launched

Integrated client strategy

There are natural linkages within the private client businesses and between the private client and corporate banking businesses, which are all centred around the client.



Integrated client strategy

THE DIGITALISATION STRATEGY INTEGRATES SERVICES ACROSS BUSINESS AND GEOGRAPHY

2014 – 2015		2016
• South Africa and UK transactional banking capability off same platform • Consolidated view of Private Bank, Wealth & Investment, Investec Asset Management, Corporate accounts • **1 million logins per month on online platform – up 20% year on year** • **400 000 logins to Investec App every month – up 50% year on year**	One Place – global platform	• Launched **Digital Briefcase** which includes self-service documents (Visa letters, stamped bank statements) • Completed and launched the redesign of the platform • The inclusion of Channel Islands, Mauritius and Switzerland is in progress • Developing One Place for Independent Financial Advisers (IFAs)
• Incorporated the ability to add services from any other institution • Launched **Banking Analysis** tools in 2014 • Made available to UK clients in 2015 • **24 000 clients actively** using the personal portfolio	Personal portfolio	• Launching **Investments** which incorporates a consolidated view of all investments (not just investments with Investec)
• Launched in 2014 with a minimum of R250 000 • Targeted at Private Banking and Wealth & Investment clients • Promoted to a further **90 000 clients** towards the end of 2015	South African online portfolio manager	
	UK Online portfolio manager	• Launching **Click & Invest** – complete digital offering providing advice online • Targeted at public • £10 000 minimum investment

Summary:

- The past two years were focused on collaborating, merging and aligning to create one digital solution for clients
- We have a number of new initiatives we are launching in 2016
- With over 1.4 million touch points every month, we are delivering on our promise of a High Touch and High Tech engagement model
- This is a journey in which we continually transform the way we engage with clients to ensure we are consistently providing a seamless, integrated service experience through the channel they choose
- We continue to look for opportunities to build new digitally led businesses in line with our client needs.

Our diversified and balanced business model supports our long-term strategy

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

ASSET MANAGEMENT

Operating completely independently

SPECIALIST BANKING

WEALTH & INVESTMENT

Corporate/institutional/government

Private client (high net worth/high income)/ charities/trusts

Asset Management:

- Investment management services to external clients

Specialist Banking:

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

Wealth & Investment:

- 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

55%

Contributed to group income

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

CAPITAL INTENSIVE ACTIVITIES

45%

Contributed to group income

- Lending portfolios
- Investment portfolios
- Trading income
  - client flows
  - balance sheet management

Fee and commission income ← Types of income → Net interest, investment and trading income

Operating structure

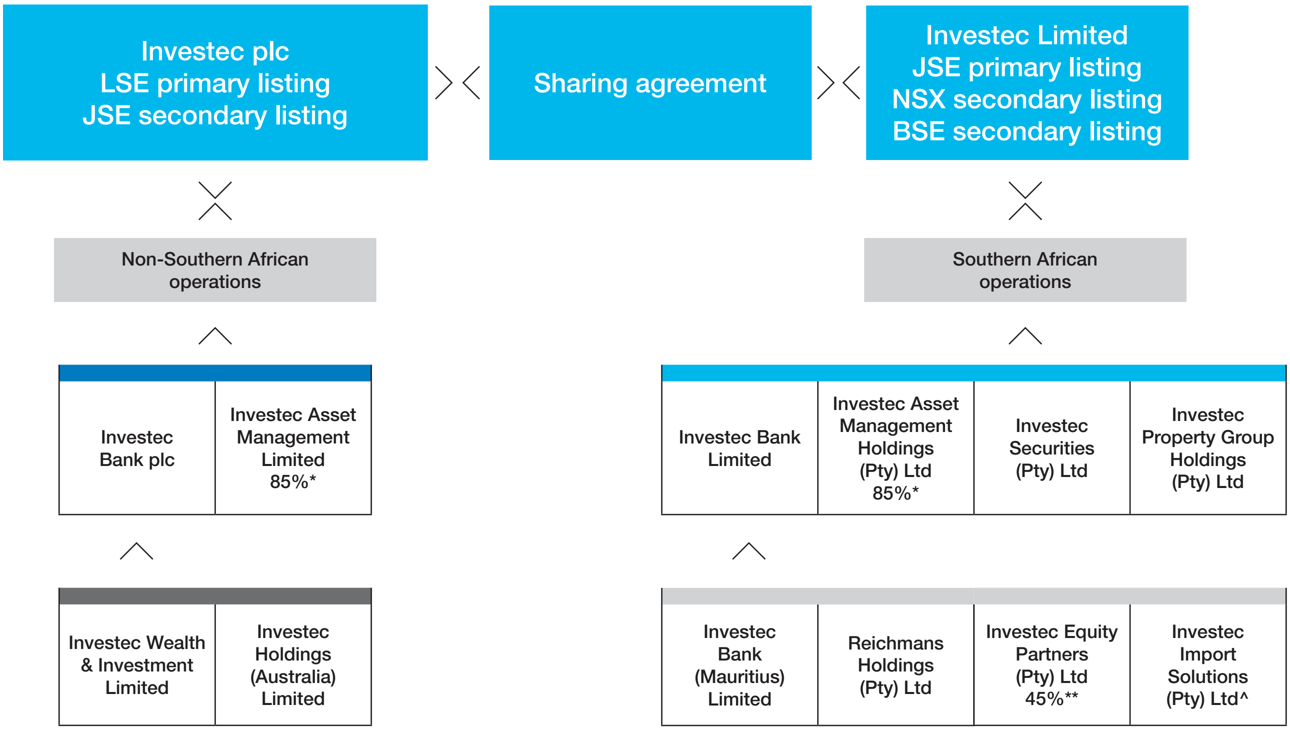
Investec Limited, which houses our Southern African and Mauritius operations, has been listed in South Africa since 1986.

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 AS AT 31 MARCH 2016



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

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

** *55% held by third party investors in the company together with senior management of the business.*

^ *Previously Blue Strata Trading (Pty) Ltd.*

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

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; Pietermaritzburg; Port Elizabeth; Pretoria; and Stellenbosch.

Operating profit* of the Southern African operations decreased 7.5% to £323 million, but was up 8.0% in Rands

£13.2bn

Total **deposit book**

£10.3bn

Total **core loans**

£40.5bn

Total **funds under management**

As a % of the group

63.8%	Operating profit*
59.2%	Assets
51.4%	NAV**
56.1%	Permanent employees

Actual

52.2%	COI^
16.6%	ROE^

INVESTEC IN TOTAL

Operating profit*
£505.6mn

Assets
£45 352mn

NAV**
£2 556mn

Permanent employees
8 421

COI^	ROE^
66.4%	11.5%

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

** *NAV is tangible shareholders' equity as calculated on page 51.*

^ *COI is cost to income ratio. ROE is the post-tax return on adjusted average shareholders' equity as calculated on pages 53 and 54.*

UK AND OTHER

- In 1992 we made our first international acquisition, acquiring Allied Trust Bank in London
- Since that date, we have expanded organically and through a number of strategic acquisitions
- Solid positioning 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; North America; Singapore; Switzerland; and Taiwan.

Operating profit* (statutory) of the UK operations increased 26.9% to £182.9 million

Operating profit* (ongoing) of the UK operations increased 12.8% to £261.2 million

£10.8bn

Total **deposit book**

£7.8bn

Total **core loans** (ongoing business)

£81.2bn

Total **funds under management**

As a % of the group

36.2%	Operating profit*
40.8%	Assets
48.6%	NAV**
43.9%	Permanent employees

Actual

76.7%	COI^
7.6%	ROE^
11.7%	ROE^ ongoing

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 → 2016: £75.7 billion

Net inflows of £3.2 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 → 2016: £45.5 billion
UK: One of the top five players
SA: Largest player

SPECIALIST BANKING

Provides a broad range of services:

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

Core client base and what we do

We offer a broad range of services from lending, transactional banking, treasury and trading, advisory 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: £18.1 billion^^
– Corporate and other clients: £7.8 billion
– Private clients: £10.3 billion^^

Global deposit book: £24.0 billion

* *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.*
** *NAV is tangible shareholders' equity as calculated on page 51.*
^ *COI is cost to income ratio. ROE is the pre-tax return on adjusted average shareholders' equity as calculated on page 55.*
^^ *Including legacy assets of £0.6 billion as explained on page 65.*
° *Contributions are larger than 100% due to group costs amounting to £45.8 million which are included in operating profit.*

Operating profit* of Asset Management decreased 9.5% to £134.8 million

£75.7bn
Total funds under management

As a % of group		Actual	
26.7%	Operating profit*°		
3.3%	NAV**	68.0%	COI^
17.4%	Permanent employees	79.1%	ROE^

Operating profit* of Wealth & Investment increased 8.8% to £85.7 million

£26.7bn	£18.8bn	£45.5bn
Discretionary and annuity funds under management	Non-discretionary and other funds under management	Total funds under management

As a % of group		Actual	
17.0%	Operating profit*°		
1.7%	NAV**	73.6%	COI^
18.2%	Permanent employees	30.7%	ROE^

Operating profit* (statutory) of Specialist Banking increased 8.6% to £330.9 million

Operating profit* (ongoing) of Specialist Banking increased 4.3% to £409.2 million

£24.0bn	£18.1bn
Total deposit book	Total core loans^^

As a % of group		Actual	
65.4%	Operating profit*°	60.1%	COI^
95.0%	NAV**	12.5%	ROE^
64.4%	Permanent employees	16.1%	ROE ongoing^

The group delivered a sound performance despite the challenging global environment. This reinforces our strategy of building and growing a diversified business model

Performance was supported by reasonable levels of activity and solid net inflows. We enhanced our client offering by deepening our core franchise and growing our client base. Internally, we made progress on a number of fronts, particularly with regards to bringing in the next generation of leadership to position the group for success into the future.

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

The group achieved an increase in statutory operating profit of 2.5% to £505.6 million (2015: £493.2 million), a 13.5% increase on a currency neutral basis. Adjusted EPS increased 4.8% from 39.4 pence to 41.3 pence, a 15.7% increase on a currency neutral basis. Distributions to shareholders increased to 21 pence (2015: 20 pence) resulting in a dividend cover of 2.0 times (2015: 2.0 times).

The total legacy portfolio reduced from £695 million to £583 million through redemptions and write-offs. This resulted in a loss before taxation on the legacy business of £78.3 million (2015: £107.7 million).

The ongoing business delivered a sound performance with operating profit up 0.6% to £583.9 million (2015: £580.7 million). This is a 9.9% 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 down 2.0% to £121.7 billion (2015: £124.1 billion) but up 3.8% on a currency neutral basis. The key banking earnings' drivers also enjoyed positive growth with ongoing core loans and advances up 6.3% to £17.5 billion (2015: £16.5 billion) and customer deposits up 6.3% to £24.0 billion (2015: £22.6 billion).

This supported growth in total ongoing operating income before impairment losses of 2.5% to £1 935 million (2015: £1 887 million with the percentage of recurring income stable at 71.8% of total operating income (2015: 71.9%). Impairments continued their downward trend and ongoing operating costs were well controlled with the cost to income ratio improving to 65.8% (2015: 66.5%) despite the increase in headcount and business infrastructure expense to support the future growth of our businesses.

How did the operating environment support performance?

During the period, we experienced a difficult and volatile operating environment across all areas of operation which, together with the strength of the Pounds against the Rand, negatively affected overall results. Further, the optimism that characterised the start of the year, with buoyant equity markets, was short lived and it turned out to be a challenging year as a whole for financial markets.

The global recovery continued but at a temperate pace and the elevated risks dampened the outlook. Advanced economies experienced low productivity growth and the legacies from the global financial crisis continue to hinder recovery with weak demand and low potential growth. The US economy continued to see growth, driven by household consumption, but after seven years of record low interest rates, the Federal Reserve began tightening policy in December 2015. Following a year of policy easing, the European Central Bank provided even further monetary stimulus, driven by weak inflation and rising deflationary risks and the Euro area recorded its third consecutive year of expansion.

Despite the sluggish global economy, the UK economy continued its path of recovery with quarter one 2016 seeing its thirteenth consecutive quarter of expansion driven largely by household consumption and investment. Inflation has been subdued but is expected to trend back to the 2% target over the medium term. As the financial year ended, the biggest point of uncertainty is the UK's referendum on EU membership which represents the primary risk to the UK outlook. By the time this report is published, the vote will be over which should hopefully bring some certainty to the market.

Emerging market and developing economies endured slow trade growth, declining investment levels and continuing currency depreciation. This affected inflationary pressures and further exacerbated already tight financial conditions.

We cannot underrate the difficulty of the South African economic and political environment during 2015. The slump in the commodity cycle intensified and the slower growth of key trading partners, like China, dampened economic growth. The country also experienced the most severe drought in 25 years which added inflationary pressures through rising food prices and increased fiscal pressures. The financial market upheaval in mid-December 2015, known as 'Nenegate', significantly weakened the domestic currency and equity markets. This resulted in fears that the credit rating agencies would downgrade the country's credit-worthiness to non-investment grade although fortunately this did not materialise. The positive outcome was a greater commitment between government and business to work more closely together to ensure structural improvements and a more rapid progression of upward social mobility. In addition, it is encouraging that South Africa has retained a strong financial sector, an independent national treasury and a disciplined central bank differentiating it from most developing economies.

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

There was a consistent contribution from all business activities during the period under review with Asset Management and Wealth & Investment contributing a combined 38% to group operating profit on an ongoing basis.

ASSET MANAGEMENT

Operating profit in Asset Management declined by 9.5% to £134.8 million (2015: £149.0 million) as earnings were impacted by market declines and emerging market currency weaknesses, particularly the Rand. The business benefited from solid net inflows of £3.2 billion with a torque ratio of 4.1%. Total funds under management amounted to £75.7 billion (2015: £77.5 billion). Operating margin was slightly down with both operating income and operating costs declining although investment in new initiatives continued.

The business remains strategically exposed to emerging markets and management are cautious on the outlook for financial asset prices. Increased regulatory initiatives globally are requiring attention and investment. Nevertheless, momentum is positive and there are clear strategic priorities in place to capture and manage growth and we are confident about the long-term future of the business.

WEALTH & INVESTMENT

Wealth & Investment experienced a solid overall performance with operating profit increasing 8.8% to £85.7 million (2015: £78.8 million). This performance was supported by higher average funds under management and solid net inflows of £2.1 billion. Total funds under management were down slightly to £45.5 billion (2015: £46.1 billion) due to negative sentiment in the UK equity markets and the weaker Rand.

The UK and European business performed well, with operating profit up 11.0%, benefiting from positive net organic growth and investment gains. Our drive to enhance the digital aspects of our offering remained a key feature as we focused on the substantial task of building our digital channel (Investec Click & Invest). This will provide a discretionary investment management service based on simplified advice and is expected to be launched towards the end of 2016.

The operating profit for the South African business was up 19.2% in Rands as we continued to successfully leverage off the division's global investment platform and the group's integrated private client offering. In South Africa, the roll out of the self-directed investment platform, Online Portfolio Manager, to all our private clients in South Africa was completed and is gaining traction. We partnered on an exclusive basis in South Africa with The Carlyle Group, to offer private equity to our high net worth private clients to enhance and diversify their offshore assets. Furthermore, we identified an opportunity to help our clients with strategic philanthropy and launched Investec Philanthropy Services.

Our primary purpose is to service our clients and, hence, we remain focused on our strategy to invest for the long-term sustainability of the business. We continue to internationalise the investment offering and leverage our international capabilities particularly in jurisdictions where the group already has an established business. We also continue to invest in our online offering and management remain confident in our strategy to invest for the future success of the wealth management business.

SPECIALIST BANKING

The ongoing business of Specialist Banking increased operating profit 4.3% to £409.2 million (2015: £392.3 million).

The South African business reported operating profit in Rands up 12.7% driven by strong loan book growth in the corporate and private banking businesses. Good client activity supported the strong positive business momentum. The unlisted investment portfolio also performed well during the period. We continue to benefit from the collaboration between the Private Bank and Wealth & Investment businesses, with international recognition from the Financial Times as the Best Private Bank and Wealth Manager in South Africa for the third year running. We have made good progress with our digitisation strategy which focuses on ensuring that we create a client experience that is 'Out of the Ordinary', 'high tech' and 'high touch'. This is part of our strategy to deepen our strong relationships with our core client base, and offer them a broad spectrum of services and products.

It was particularly pleasing to see the hard efforts of the past few years come through in a strong performance from the ongoing UK and Other business which was up

20.9%. The business benefited from high levels of activity and a solid performance across all areas. Although M&A activity was down on a relative basis, we were ranked number one in the mid-cap market for the number of deals done, and number four by value. We also received a number of awards recognising our performance in the forex, structured products, asset finance and corporate lending businesses. The Private Banking division continued to make progress in building its franchise and developing its client base. We have narrowed our focus to include high net worth and high income earners rather than a more general focus on professionals. We strengthened our direct and intermediary business channels, which resulted in record levels of new mortgage originations and acquisition of high net worth private clients. The structured property finance business continued to support selected high net worth seasoned property investors.

Looking forward, we continue with our existing strategy in the UK of building and developing our client franchises while ensuring continued high levels of service to existing clients across our offering. We will continue investing in the infrastructure required to ensure our technology and digital offering matches the high standards of service we are targeting.

In Southern Africa, our strategic focus is to build sustainability through a diversified portfolio of businesses. We continue to organically grow the transactional banking, property and private capital businesses and diversify our revenue streams in the corporate and institutional market. Despite the current structural challenges in the South African economy, corporate activity continues to present opportunities. We have a strong financial sector and an active private sector, which continue to support momentum in the specialist banking businesses.

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

A strong and vigorous risk culture is essential for success in the current highly complex operating environment. Our robust risk management processes and systems provide a strong foundation to manage and mitigate risks. Our risk tolerance framework combines all the important elements of our risk conscious culture and is reviewed at least annually to reflect on the business strategy, budget process and the regulatory and economic environment in which the group operates.

Despite the challenging environment, the group was able to maintain sound risk metrics throughout the year, remaining within the majority of its risk appetite limits/targets across the various risk disciplines. Our core loan book has grown steadily over the year in home currencies, reflecting an increase of 19.7% in South Africa, and 10.5% in the UK. Growth in our books has been diversified across our business lines, with loan to values at conservative levels and margins broadly in line with the prior year.

Our credit exposures are to a select target market comprising high income and high net worth individuals, established corporates, and medium sized enterprises. These target clients have remained active during the financial year, and have displayed a level of resilience, seeking out opportunities, despite the market volatility.

Our core loan book remains well diversified. This reflects the shift in asset classes on our balance sheet as we have realigned and rebalanced our portfolios in line with our risk appetite framework. We have increased private client and corporate and other lending and reduced lending collateralised by property as a proportion of our book. The legacy portfolio in the UK has been actively managed down and we expect the remaining legacy portfolio to take a further two to four years to wind down.

We continue to maintain healthy capital and leverage ratios and have a robust liquidity profile. We have always held capital in excess of regulatory requirements and all our banking subsidiaries meet current internal targets for total capital adequacy. We did not meet our internal target for our common equity tier 1 ratio to be in excess of 10%, as a result of solid growth in credit risk-weighted assets during the year. Capital continued to grow and we are comfortable that credit growth is in line with our risk appetite framework supported by sound risk metrics. The strategy in the UK to normalise balance sheet liquidity levels, following the strategic sales in the last quarter of the previous financial year, was achieved by mid-year through a combination of asset growth and liability management.

We continue to spend much time and effort focusing on operational, reputational, conduct, recovery and resolution risks. Customer and market conduct committees were established in South Africa and the UK, with the objective of ensuring that Investec maintains a client-focused and fair outcomes-based culture. Financial and cybercrime also remain high priorities and we are continually strengthening our systems and controls to meet regulatory obligations.

Investec continued to enhance its stress testing framework to incorporate a number of new stress scenarios such as the events that unfolded in South Africa in December 2015 (Nenegate), a sovereign rating downgrade of South Africa to below investment grade, and 'Brexit'. Despite these looming risks, we were pleased to receive a number of credit rating upgrades which are a reflection of the progress made in simplifying and derisking our business, maintaining sound capital and high liquidity ratios, and managing credit risk metrics at tolerable levels.

What have been the key areas of focus for the board of directors?

Succession planning has remained a key area of focus for the board and the group's leadership. Investec has always maintained a policy of growing talent from within, and the majority of the group' s leaders have an extensive history with the group and are valued for their institutional knowledge and expertise. At our interim results in November 2015, we announced the restructure of certain operating responsibilities. The changes included the appointment of Ciaran Whelan and David van der Walt as joint global heads of the Specialist Bank, and the appointment of Richard Wainwright as chief executive officer of Investec Bank Limited in South Africa. The changes implemented have positioned Investec for sustained growth with an enhanced operational focus.

In recognition that diversity, experience and gender are vital to the effectiveness of the board, the nominations and directors' affairs committee (NOMDAC) continued to implement its structured refreshment programme which was started in 2014. It has been challenging for this committee to ensure new and diverse perspectives are brought onto the board, while retaining the knowledge and experience necessary for the success of the group. During the course of the year, both Haruko Fukuda and Bradley Fried stepped down from the board. We thank them both for their valuable contributions and the role they played to ensure the effective steering and supervision of the group.

The board recognises that effective communication is integral in building stakeholder value and continues to dialogue with a variety of stakeholders on a regular basis. During the course of 2015, the primary focus of the board's stakeholder consultations was the revised executive incentive arrangements put to shareholders at the 2015 annual general meeting. This provided an opportunity to discuss governance more broadly with shareholders and, specifically, the composition of the board, remuneration, and the appropriate relation between pay and performance.

How do you balance driving profits with corporate responsibility?

We have had a number of non-financial successes over the past year. Our responsibility to society starts with the Investec family and during the year we invested £14.7 million on the learning and development of our people. Our staff remain crucial in delivering on our promise to provide exceptional client experiences and hence we continue to focus on attracting, retaining and developing talent. In this regard, Investec was recognised as the third most attractive employer in South Africa in the Universum Most Attractive Employer Awards.

Our sustainability efforts continue to be recognised with Investec Limited now ranked as one of three industry leaders on the DJSI Emerging Markets index, and Investec plc one of 12 industry leaders on the DJSI World and DJSI Europe indices. Investec Limited was also one of the five companies in South Africa, and 113 companies globally, to make the Carbon Disclosure Project's 2015 Climate A List which recognises efforts to mitigate climate change.

We also received recognition for our environmental efforts in the UK with the Gresham Street head office winning our ninth platinum award for our waste management in the City of London Corporation's Clean City Awards Scheme. In South Africa we continue to build and enhance our infrastructure to manage the electricity supply crisis and remain active participants in finding industry solutions, particularly in renewable energy. During the year we arranged funding of £844 million in the renewable energy sector and we are in the process of creating a clean energy fund which we expect to launch by the end of 2016.

An integral part of our corporate responsibility is how we care for our communities. We have a strong programme of activities in South Africa which focus on education and entrepreneurship as the most effective ways of creating opportunities for employment and supporting long-term economic growth. Our flagship ProMaths programme has been running for 11 years and we now support eight centres across the country. In the UK, we continue to receive recognition for our contribution to society. We were a finalist in the Business Charity Awards 2016 for our partnership with Bromley by Bow Beyond Business incubator which launched 60 new social enterprise businesses, creating 330 new jobs. We are also shortlisted in the Lord Mayor's Dragon Awards for the same project in the enterprise and employment category. Something that is particularly rewarding for us to see is how staff volunteerism increases every year across all regions of the group. Not only have the number of staff-initiated projects increased but also the number of staff that give of their time, money or goods to improve the lives of those less fortunate around them.

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

We have strong businesses and are well positioned for sustained growth. Our unique client profile provides us with opportunities to deliver the best and most integrated solution which is supported by a comprehensive and continually developing digital offering. We have domestically relevant businesses in our key geographies that are also internationally networked. The balance between our client franchise offering and our specialist niches enables us to switch between markets and take advantage of opportunities as they arise.

Investec has a distinctive culture that naturally attracts diverse talent and allows innovation to thrive. We have built up a depth of leadership who have a strong history of working in the group. Their strong management teams are diligently driving growth while maintaining a strong client and operational focus.

At the time of writing this report, the macro environment remains volatile due to uncertainty in global markets and the pending EU membership referendum in the UK. Political and social challenges in South Africa remain, with the fear of credit rating downgrades continuing to weigh on sentiment. Current levels of activity are, nevertheless, supporting group performance and we remain committed to providing shareholder value and exceptional client experience.

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

SALE OF BUSINESSES

During the 2015 financial 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 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 our core activities of Specialised Finance, Corporate Advisory, Property Fund Management and Asset Management. The remaining business operates as a non-banking subsidiary of the Investec group. As a result, we no longer report the activities of our Australian businesses separately, with these activities 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 resulted in the derecognition of approximately £4.1 billion of assets and approximately £2 billion of external liabilities associated with these businesses sold.

As part of the sale of Kensington, a final net settlement amount was paid after the 31 March 2015 year end. As a result of this payment, a further loss before tax of £4.8 million was recognised during the current period.

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 2016 year-end results with the 2015 year-end results 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 65).

This basis of presentation is consistent with the approach adopted for the year ended 31 March 2015.

A reconciliation between the statutory and ongoing income statement is provided on page 59.

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 year.

	31 March 2016		31 March 2015	
Currency per £1.00	**Year end**	**Average**	**Year end**	**Average**
South African Rand	21.13	20.72	17.97	17.82
Australian Dollar	1.87	2.04	1.95	1.85
Euro	1.26	1.37	1.38	1.28
US Dollar	1.44	1.50	1.49	1.62

Exchange rates between local currencies and Pounds Sterling have fluctuated over the year. The most significant impact arises from the volatility of the Rand. The average Rand: Pounds Sterling exchange rate over the year has depreciated by 16.3% and the closing rate has depreciated by 17.6% since 31 March 2015.

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

	Results in Pounds Sterling				
	Actual as reported Year to 31 March 2016	Actual as reported Year to 31 March 2015	Actual as reported % change	Neutral currency^ Year to 31 March 2016	Neutral currency % change
Operating profit before taxation* (million)	£506	£493	2.5%	£560	13.6%
Earnings attributable to shareholders (million)	£368	£246	50.0%	£409	66.3%
Adjusted earnings attributable to shareholders** (million)	£360	£340	6.0%	£397	16.8%
Adjusted earnings per share**	41.3p	39.4p	4.8%	45.6p	15.7%
Basic earnings per share	38.5p	24.4p	57.8%	42.8p	75.4%
Dividends per share	21.0p	20.0p	5.0%	n/a	n/a

	Results in Pounds Sterling				
	Actual as reported At 31 March 2016	Actual as reported At 31 March 2015	Actual as reported % change	Neutral currency^^ At 31 March 2016	Neutral currency % change
Net asset value per share	352.3p	364.9p	(3.5%)	370.6p	1.6%
Net tangible asset value per share	294.3p	308.1p	(4.5%)	312.1p	1.3%
Total equity (million)	£3 859	£4 040	(4.5%)	£4 217	4.4%
Total assets (million)	£45 352	£44 353	2.3%	£50 066	12.9%
Core loans and advances (million)	£18 119	£17 189	5.4%	£19 929	15.9%
Cash and near cash balances (million)	£10 994	£9 975	10.2%	£12 033	20.6%
Customer deposits (million)	£24 044	£22 615	6.3%	£26 369	16.6%
Third party assets under management (million)	£121 683	£124 106	(2.0%)	£128 791	3.8%

The following table provides 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 Rands		
	Year to 31 March 2016	Year to 31 March 2015	% change	Year to 31 March 2016	Year to 31 March 2015	% change
Operating profit before taxation* (million)	£506	£493	2.5%	R10 494	R8 817	19.0%
Earnings attributable to shareholders (million)	£368	£246	50.0%	R7 635	R3 970	92.3%
Adjusted earnings attributable to shareholders** (million)	£360	£340	6.0%	R7 459	R6 076	22.8%
Adjusted earnings per share**	41.3p	39.4p	4.8%	857c	704c	21.7%
Basic earnings per share	38.5p	24.4p	57.8%	798c	387c	> 100.0%
Headline earnings per share	38.5p	35.8p	7.5%	796c	640c	24.4%
Dividends per share	21.0p	20.0p	5.0%	473c	362c	30.7%

	At 31 March 2016	At 31 March 2015	% change	At 31 March 2016	At 31 March 2015	% change
Net asset value per share	352.3p	364.9p	(3.5%)	7 444c	6 559c	13.5%
Net tangible asset value per share	294.3p	308.1p	(4.5%)	6 218c	5 538c	12.3%
Total equity (million)	£3 859	£4 040	(4.5%)	R81 543	R72 625	12.3%
Total assets (million)	£45 352	£44 353	2.3%	R958 221	R797 218	20.2%
Core loans and advances (million)	£18 119	£17 189	5.4%	R382 826	R308 957	23.9%
Cash and near cash balances (million)	£10 994	£9 975	10.2%	R232 290	R179 242	29.6%
Customer deposits (million)	£24 044	£22 615	6.3%	R508 024	R406 485	25.0%
Third party assets under management (million)	£121 683	£124 106	(2.0%)	R2 571 141	R2 230 197	15.3%

* *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 exchange rate that was applied in the prior year, i.e. 17.82.*
^^ *For balance sheet items we have assumed that the Rand: Pounds Sterling closing exchange rate has remained neutral since 31 March 2015.*

Ten-year review

SALIENT FEATURES*

For the year ended 31 March	2016	2015	% change 2016 vs 2015
Income statement and selected returns			
Operating profit before goodwill, acquired intangibles, non-operating items and taxation (£'000)ø	505 593	493 157	2.5%
Operating profit: Southern Africa (% of total)ø	63.8%	70.8%	
Operating profit: UK and Other (% of total)ø	36.2%	29.2%	
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	359 732	339 532	6.0%
Headline earnings (£'000)	334 720	308 770	8.4%
Cost to income ratio	66.4%	67.6%	
Staff compensation to operating income ratio	47.0%	47.4%	
Return on average adjusted shareholders' equity (post-tax)	11.5%	10.6%	
Return on average adjusted tangible shareholders' equity (post-tax)	13.7%	12.7%	
Return on average risk-weighted assets	1.34%	1.25%	
Return on average assets (excluding assurance assets)	0.93%	0.86%	
Operating profit per employee (£'000)	58.7	59.7	(1.7%)
Net interest income as a % of operating income	29.6%	32.4%	
Non-interest income as a % of operating income	70.4%	67.6%	
Recurring income as a % of total operating income	71.7%	74.2%	
Effective operational tax rate	19.1%	19.6%	
Balance sheet			
Total capital resources (including subordinated liabilities) (£'million)	4 994	5 219	(4.3%)
Total shareholders' equity (including preference shares and non-controlling interests) (£'million)	3 859	4 040	(4.5%)
Shareholders' equity (excluding non-controlling interests) (£'million)	3 360	3 501	(4.0%)
Total assets (£'million)	45 352	44 353	2.3%
Net core loans and advances to customers (£'million)	18 119	17 189	5.4%
Core loans and advances to customers as a % of total assets	40.0%	38.8%	
Cash and near cash balances (£'million)	10 994	9 975	10.2%
Customer accounts (deposits) (£'million)	24 044	22 615	6.3%
Third party assets under management (£'million)	121 683	124 106	(2.0%)
Capital adequacy ratio: Investec plc°	15.1%	16.7%	
Capital adequacy tier 1 ratio: Investec plc°	10.7%	11.9%	
Common equity tier 1 ratio: Investec plc^^°	9.7%	10.2%	
Leverage ratio: Investec plc – current^^°	7.0%	7.7%	
Capital adequacy ratio: Investec Limited°	14.0%	14.7%	
Capital adequacy tier 1 ratio: Investec Limited°	10.7%	11.3%	
Common equity tier 1 ratio: Investec Limited^^°	9.6%	9.6%	
Leverage ratio: Investec Limited – current^^°	6.9%	8.1%	
Credit loss ratio (income statement impairment charge as a % of average gross core loans and advances)	0.62%	0.68%	
Defaults (net of impairments and before collateral) as a % of net core loans and advances to customers	1.54%	2.07%	
Gearing ratio (assets excluding assurance assets to total equity)	10.2x	9.4x	
Core loans to equity ratio	4.7x	4.3x	
Loans and advances to customers: customer deposits	73.6%	74.0%	
Salient financial features and key statistics			
Adjusted earnings per share (pence)#	41.3	39.4	4.8%
Headline earnings per share (pence)#	38.5	35.8	7.5%
Basic earnings per share (pence)#	38.5	24.4	57.8%
Diluted earnings per share (pence)#	36.7	23.1	58.9%
Dividends per share (pence)#	21.0	20.0	5.0%
Dividend cover (times)	2.0	2.0	–
Net asset value per share (pence)#	352.3	364.9	(3.5%)
Net tangible asset value per share (pence)#	294.3	308.1	(4.5%)
Weighted number of ordinary shares in issue (million)#	870.5	862.7	0.9%
Total number of shares in issue (million)#	908.8	899.4	1.0%
Closing share price (pence)#	513	561	(8.6%)
Market capitalisation (£'million)	4 662	5 045	(7.6%)
Number of employees in the group (including temps and contractors)	8 966	8 254	8.6%
Closing ZAR:£ exchange rate	21.13	17.97	17.6%
Average ZAR:£ exchange rate	20.72	17.82	16.3%

* *Refer to definitions on page 193.*
^ *Calculation not comparable.*
^^ *The group's expected Basel III 'fully loaded' numbers are provided on page 52.*

2014	2013	2012	2011	2010	2009	2008	2007
450 676	426 278	358 625	434 406	432 258	396 766	508 717	466 585
66.0%	67.5%	80.7%	69.1%	67.2%	74.0%	66.7%	57.6%
34.0%	32.5%	19.3%	30.9%	32.8%	26.0%	33.3%	42.4%
326 923	309 310	257 579	327 897	309 710	269 215	344 695	300 704
291 561	265 227	217 253	286 659	275 131	261 627	301 499	294 881
67.6%	65.7%	64.7%	61.7%	57.8%	55.9%	56.1%	59.0%
46.3%	43.9%	43.0%	40.7%	36.1%	34.9%	37.2%	40.9%
10.0%	9.4%	7.8%	11.2%	13.5%	14.8%	23.6%	26.1%
12.3%	11.7%	9.6%	13.2%	15.4%	17.4%	28.6%	31.7%
1.14%	1.06%	0.91%	1.23%	1.33%	1.36%	^	^
0.75%	0.67%	0.57%	0.76%	0.83%	0.84%	1.31%	1.46%
54.9	53.5	47.8	64.4	69.7	62.6	84.4	92.3
33.6%	35.2%	36.2%	34.9%	37.0%	46.6%	39.3%	29.2%
66.4%	64.8%	63.8%	65.1%	63.0%	53.4%	60.7%	70.8%
70.7%	68.6%	67.7%	62.3%	60.4%	70.0%	65.1%	58.7%
17.1%	18.4%	18.1%	15.5%	20.6%	21.1%	22.6%	26.3%
5 355	5 693	5 505	5 249	4 362	3 762	3 275	2 665
4 016	3 942	4 013	3 961	3 292	2 621	2 210	1 820
3 572	3 661	3 716	3 648	2 955	2 297	1 911	1 542
47 142	52 010	51 550	50 941	46 572	37 365	34 224	26 300
17 157	18 415	18 226	18 758	17 891	16 227	12 854	10 095
36.4%	35.4%	35.4%	36.8%	38.4%	43.4%	37.7%	38.4%
9 136	9 828	10 251	9 319	9 117	4 866	5 028	^
22 610	24 461	25 344	24 441	21 934	14 573	12 133	10 650
109 189	110 678	96 776	88 878	74 081	48 828	52 749	56 121
15.3%	16.7%	17.5%	16.8%	15.9%	16.2%	15.3%	24.7%
10.5%	11.0%	11.6%	11.6%	11.3%	10.1%	9.2%	14.8%
8.8%	8.8%	9.3%					
7.4%							
14.9%	15.5%	16.1%	15.9%	15.6%	14.2%	13.9%	14.7%
11.0%	10.8%	11.6%	11.9%	12.0%	10.8%	10.0%	10.4%
9.4%	8.9%	9.3%					
7.8%							
0.68%	0.84%	1.12%	1.27%	1.16%	1.08%	0.51%	0.17%
2.30%	2.73%	3.31%	4.66%	3.98%	3.28%	1.29%	0.92%
10.3x	11.6x	11.3x	11.3x	12.5x	13.0x	13.8x	12.2x
4.3x	4.7x	4.5x	4.7x	5.4x	6.2x	5.8x	5.5x
72.0%	71.5%	67.8x	72.4%	76.2%	103.6%	98.4%	89.1%
37.9	36.1	31.8	43.2	45.1	42.4	56.9	53.3
33.8	31.0	26.8	37.7	40.1	41.2	49.7	52.3
34.3	31.7	25.7	49.7	44.0	38.5	57.7	54.7
32.3	29.8	24.3	46.7	41.5	36.1	54.0	50.4
19.0	18.0	17.0	17.0	16.0	13.0	25.0	23.0
2.0	2.0	1.9	2.5	2.8	3.3	2.3	2.3
376.0	384.2	392.0	416.0	364.0	308.8	260.6	216.0
309.0	310.9	317.0	343.8	324.1	266.3	215.0	178.6
862.6	856.0	809.6	759.8	686.3	634.6	606.2	563.8
891.7	884.8	874.0	810.0	741.0	713.2	657.6	609.3
485	459	382	478	539	292	339	658
4 325	4 061	3 340	3 872	3 993	2 083	2 229	4 009
8 258	8 151	7 781	7 237	6 123	5 951	6 333	5 430
17.56	13.96	12.27	10.88	11.11	13.58	16.17	14.20
16.12	13.44	11.85	11.16	12.38	14.83	14.31	13.38

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.

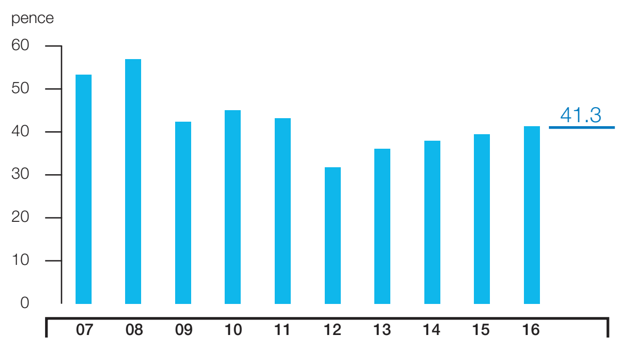
For comparative purposes historical information has been adjusted for the 5:1 share split that took place on 4 September 2006.

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

Track record

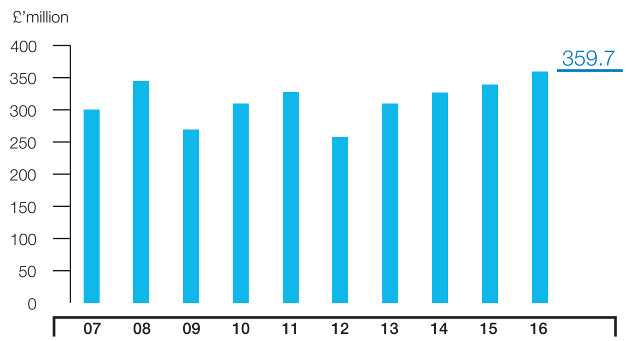
Up 4.8% to 41.3 pence

ADJUSTED EARNINGS PER SHARE



Up 6.0% to £359.7 million

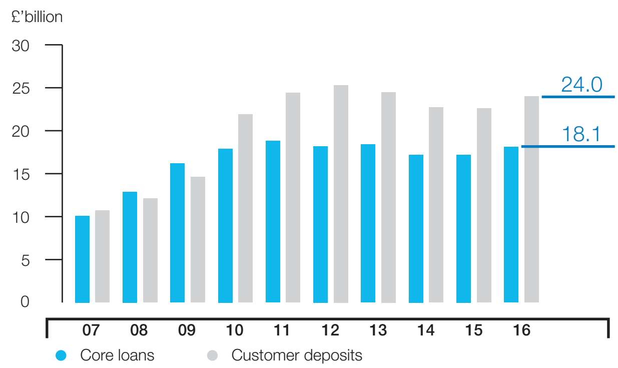
ADJUSTED EARNINGS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS BEFORE GOODWILL, ACQUIRED INTANGIBLES AND NON-OPERATING ITEMS



Core loans: up 5.4% to £18.1 billion since 31 March 2015 – an increase of 15.9% on a currency neutral basis*

Deposits: up 6.3% to £24.0 billion since 31 March 2015 – an increase of 16.6% on a currency neutral basis*

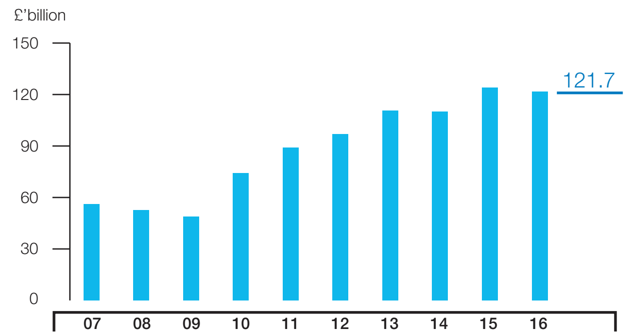
CORE LOANS AND CUSTOMER DEPOSITS



Down 2.0% to £121.7 billion since 31 March 2015 – an increase of 3.8% on a currency neutral basis*

Net inflows of £5.3 billion

THIRD-PARTY ASSETS UNDER MANAGEMENT



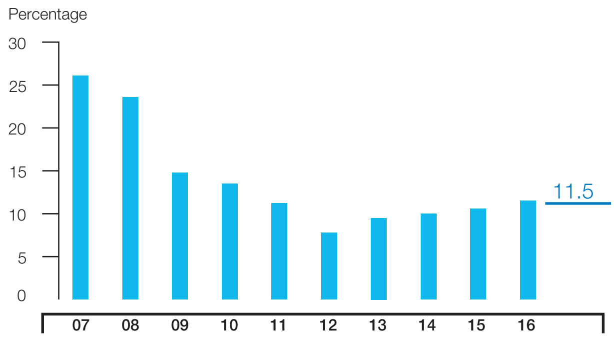
* *Currency neutral basis: calculation assumes that the closing exchange rates of the group's relevant exchange rates, as reflected on page 26, remain the same at 31 March 2016 when compared to 31 March 2015.*

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

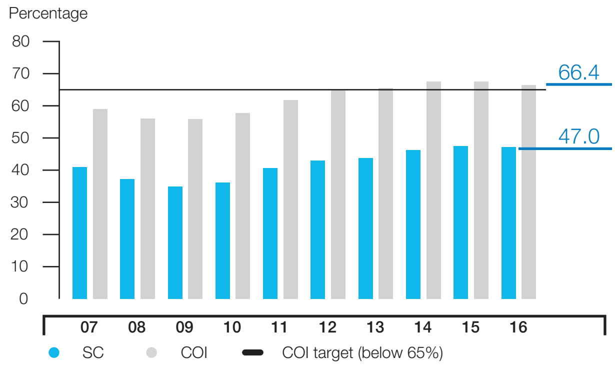
ROE*



Target

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

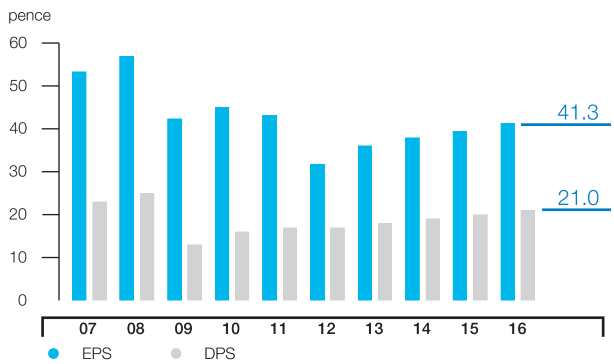
COST TO INCOME RATIO (COI) AND STAFF COMPENSATION TO OPERATING INCOME RATIO (SC)



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

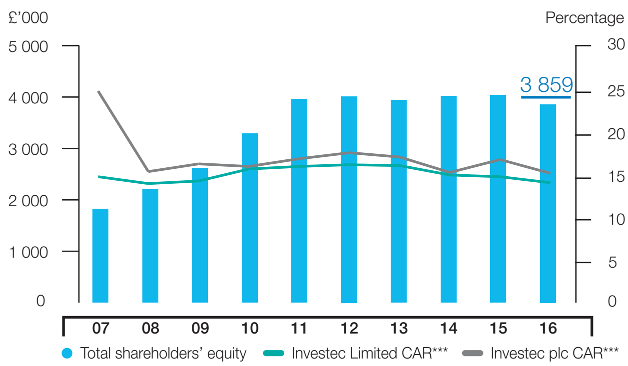
ADJUSTED EARNINGS PER SHARE (EPS) AND DIVIDENDS PER SHARE (DPS)



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% and a common equity tier 1 ratio above 10.0%

TOTAL SHAREHOLDERS' EQUITY AND CAPITAL ADEQUACY RATIOS (CAR)



* *ROE is post-tax return on adjusted average shareholders' equity as calculated on page 53.*

*** *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.*

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 remains institutionally sound, with solid ratings from the World Economic Forum's Global Competitiveness Survey, as the strength of its auditing and reporting standards are ranked first, and the regulation of its securities exchange (JSE) second, in the world

South Africa faced another difficult year in 2015, as the slump in the commodity cycle intensified, along with the slower growth of key trading partners (notably China), while domestically the most severe drought in 25 years occurred. The commodity and manufacturing sectors saw an industrial sector recession, and GDP growth consequently slipped further to 1.3% year on year from last year's 1.5% year on year. GDP per capita fell for the first time since the 2009 recession, dropping to R56 169 in real terms from R56 198 and gross national income per capita continued its declining trend which began in 2013.

1.3%	1.5%
2015/16 Economic growth	2014/15 Economic growth
2016 R56 169	2015 R56 198

GDP per capita has fallen

Furthermore, South Africa is placed third in terms of the efficacy of its corporate boards, and has incubated a large number of companies to international level, with protection of minority shareholder interests also third globally. South Africa's banking sector is ranked eighth with deep, liquid, sophisticated markets and consistent, sound budgetary policies which allow South Africa to be a key contributor in the global bond market. The International Budget Partnership's latest Open Budget Index ranks South Africa third among 88 countries, after only New Zealand and Sweden. However, from 2011 South Africa has seen credit rating downgrades from S&P on the deterioration in economic growth, and some fiscal slippage as the ratios deteriorated, although very recently a more conservative Budget was presented under the new Finance Minister, Pravin Gordhan.

The financial market upheaval in mid-December 2015 impacted by the abrupt replacement of previous Finance Minister Nhlanhla Nene by temporary Finance Minister van Rooyen drove the domestic currency, JSE and bond yields to elevated risk-aversion levels. Despite the appointment soon thereafter of Pravin Gordhan to the Finance Minister role, the Rand went into the mid-January global debt, commodities and equities market rout severely weakened, reaching a historic low of close to R17.00/USD, with the JSE dropping to 45 493. The mid-January rout occurred on growing fears of global recession as the commodity cycle, global trade volumes and world economic growth slumped lower. Foreigners have proved net sellers of South Africa's portfolio assets from mid-December to end March 2016 on domestic economic growth concerns, fears of credit rating downgrades and expectations of higher interest rates in the US. In particular, the credit rating agencies are reassessing South Africa's creditworthiness in terms of its downward economic growth trajectory and rising government debt ratios.

Indeed, the unsupportive global environment for a commodity exporter risks the South African economy stalling this year, if not entering a technical recession, along with the global economic slowdown. Besides the global headwinds, the domestic economy also faces some real constraints in terms of skills shortages, a restrictive labour market and infrastructure, although meaningful progress has begun on alleviating electricity supply constraints. South Africa has seen its World Bank ranking on the ease of doing business slip, but structural improvements could see an improved ability to reduce unemployment and inequality, and eliminate poverty. The advent of 2016 heralded a closer working relationship between government and business, which if successful will allow a more rapid progression of upward social mobility, as occurred in the earlier years of the country's democracy.

United Kingdom

OUR VIEWS

GDP now stands above its pre-crisis peak.

2.2%	2.8%
2015/16 Economic growth	2014/15 Economic growth
2016 £28 644	2015 £28 132

GDP per capita has risen

The fiscal year witnessed a continued recovery in the UK economy, with the first quarter of 2016 seeing the thirteenth consecutive quarter of expansion. Once again, the last year has seen household consumption as the driving factor behind the recovery, although investment also contributed positively.

1.7 million people are now unemployed in the UK, down one million from the peak of 2.7 million seen in 2011. Employment has been firm through the year, although the pace of employment growth slowed somewhat over the second half of 2015.

The inflation backdrop has been subdued, with headline CPI inflation falling into negative territory, troughing at -0.1%, and averaging just +0.1% across the fiscal year as a whole. There are two primary reasons for the softness in the inflation readings, one being the significant fall in energy prices since quarter four 2014, the other being the strength in the Pound Sterling over much of 2015. Given the temporary nature of these factors, inflation should gradually trend back to the Bank of England's target of 2% over the medium term.

The continued recovery has also been evident in the labour market where the unemployment rate has fallen to 5.1%

UK monetary policy remained on hold throughout the period, with the Bank rate steady at 0.50%, marking the seventh year of record low interest rates. At the same time the level of outstanding asset purchases was maintained at £375 billion. Given the current subdued nature of inflation, as well as rising downside risks to the global outlook there has been little appetite for raising interest rates among the Monetary Policy Committee, with any future tightening dependent on the committee's confidence that inflation is returning to target in the medium term.

Activity in the housing market continued to recover over the course of the year with transactions and mortgage approvals rising to within 10% of their long-run averages, underpinned by easing credit conditions and households' confidence in the outlook. Meanwhile, prices continued to trend upwards, standing 4.8% higher on year on year levels as the fundamental backdrop of a supply and demand imbalance supported prices.

As the financial year closed the biggest point of uncertainty hanging over the economy was the UK's referendum on EU membership, with the vote set to take place on 23 June 2016. Uncertainty over the vote outcome and the potential ramifications of a leave vote represents the primary risk to the UK outlook.

Australia

OUR VIEWS

Australian GDP continued to grow at an annual pace, slightly below trend at 2.5% in 2015 (2.6% over the financial year).

On a quarterly basis the year witnessed a degree of variation as swings in GDP were driven by weather-related export volatility.

The Australian Dollar fell to its lowest level since 2009 during the year, reaching $0.68 versus the US Dollar, as it continued to be correlated to movements in commodity prices, which for much of 2015/16 witnessed significant falls. Despite the fall in the Australian Dollar providing support to the export sector, headwinds to the economy remain, primarily from the decline in commodity prices. Certainly the low commodity price environment is hurting investment, with the latest official estimates suggesting that 2015/16 capital expenditure in the mining sector may be 30% lower than in 2014/15.

Rebalancing in the economy has continued over the year. Outside of the mining sector services have continued to see expansion, while household consumption has also witnessed positive growth, albeit at below trend levels. The labour market has also seen improvements with the unemployment rate falling to 5.7%, its lowest level since July 2013. Meanwhile the upward trend in house prices seen in recent years continued in 2015, with national prices rising over 9%.

Amidst headwinds to the economy, below trend growth and subdued inflation the Reserve Bank of Australia cut the official policy rate (Cash rate) to a new record low of 2.00% in May 2015.

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

United States

OUR VIEWS

A range of indicators continued to show the labour market witnessing sustained strength as non-farm payrolls growth averaged US$233 000 a month over the last year and unemployment fell to 5.0% from 5.4% at the end of the last fiscal year

The US economy grew by 2.4% in the calendar year 2015, equalling the expansion seen in 2014.

Growth in the first quarter of 2016 had been disappointing at an annualised rate of 0.5%, reflecting the continued drag from net trade, inventories and also business investment. In terms of the overall recovery, household consumption remains the predominant driver of growth and remains relatively robust.

Following more than seven years of record low interest rates, the Federal Reserve began tightening policy in December 2015, raising the Federal Funds Target range by 0.25% to 0.25% – 0.50%. However, as the financial year closed, the Federal Reserve had refrained from taking further action, citing potential downside risks from global economic and financial developments. Further policy tightening over the forthcoming period will be very much driven by the evolution of the economy and, in particular, inflation.

Given the tightening in labour market conditions wage growth has begun to firm, although it remains below historical trends.

Inflation has remained below the Federal Reserve's 2% goal over the year, with the targeted measure of inflation currently standing at just 0.8%. However, there are tentative signs that previous disinflationary pressures from a strong US Dollar over 2015 and falling energy prices are beginning to fade. Meanwhile domestic factors, including a strengthening labour market point to a background of inflationary pressures.

Eurozone

OUR VIEWS

Following a year of policy easing, 2015/16 witnessed the European Central Bank (ECB) going even further in providing monetary stimulus, driven by weak inflation and rising deflationary risks.

Over the fiscal year, headline CPI inflation averaged just +0.1%, a considerable margin below the ECB's target of 'below, but close to 2%' as the collapse in wholesale energy prices weighed and the still gradual recovery meant the inflation outlook remained subdued.

Having taken the historic step of introducing a negative deposit rate in June 2014, the ECB cut the key policy rates further, with the deposit rate ending the fiscal year at -0.40% and the main refinancing rate at 0.0%. Non-standard policy measures were also expanded with the central bank increasing the size of its asset purchase programme to €80 billion per month, which is now set to run until March 2017. The ECB also expanded the universe of eligible assets for purchase to corporate bonds, resulting in a significant rally in Euro-denominated corporate debt. Additionally, a new four-year secured lending facility (TLTRO II) was introduced, providing cheap funding to Eurozone banks.

The economic background has been one of gradual growth, with the Euro area registering its third consecutive year of expansion: calendar 2015 recorded GDP growth of 1.5%. Household consumption has been positive, helped by improving confidence and the level of unemployment gradually coming down, although the latter remains elevated at 10.2%. Meanwhile investment has also returned to growth. Credit growth has been encouraging over the year, with lending to both households and corporates firming to multi-year highs, supported by improving credit conditions.

Greece remained a point of concern over the year, as the introduction of capital controls, a referendum on a third bailout and the re-election of the leftist party Syriza in a coalition all contributed to a period of uncertainty. Ultimately a third (€86 billion) bailout package was agreed between the Greek government and its creditors. In a departure from previous Euro crisis episodes, while local Greek markets were impacted, contagion to the rest of the Eurozone was limited, with yields in peripheral Euro area markets contained. Away from Greece there was better news as Cyprus became the latest country to exit its assistance programme, following Ireland, Portugal and Spain which exited in prior years.

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

Global stock markets

OUR VIEWS

Equity markets began the financial year in a buoyant mood, with the UK's FTSE 100 breaking through the significant 7 000 point milestone to set a new high during April 2015. These gains reflected the belief that global economic growth was set to accelerate and Europe and emerging economies were managing their challenges.

But that early optimism turned into a challenging year as a whole for financial markets, with the price of risky assets lower, in general, than when the year began. After a surge in the middle of 2015, the Shanghai share index in China was 20% lower by financial year end. In the Eurozone, the Euro Stoxx 50 index slid 19%. The UK's FTSE All Share declined 7%. In the US, the S&P 500 was more resilient, ending the year 0.4% lower. Commodity prices slid too, especially the oil price, where declines were driven partly by Saudi Arabia's continued bid to maintain market share by keeping output high and prices low.

This pattern of declines (oil supply issues notwithstanding) reflects two major global economic risks. The first relates to China, where issues came to a head last August. A depreciation of the Chinese Yuan triggered a sell-off in equity markets worldwide as investors fretted about a Chinese 'hard landing'. However, after a volatile few weeks, markets recovered as it turned out that global economic fundamentals appeared to remain relatively sound.

The second risk, of a broader, deflationary global slowdown, particularly in the Euro area, sharpened in January and February 2016. The immediate trigger for a downward lurch in global markets was a sell-off in Eurozone banking stocks. In part, this could have been driven by fears about the impact of the ECB's negative interest rate policy on banks' profitability. More generally, a worry emerged that central banks and other policymakers are running out of scope to combat economic stagnation and deflation.

Over and above these two global worries, the removal of Finance Minister Nene in South Africa in December 2015 caused the JSE All Share and Banking indices to fall by over 20% in a matter of days, with little recovery experienced over the month that followed, although the JSE All Share ended March 2016 in line with the prior year's level.

Partly as a result of last year's market gyrations, our view is that risks to the global outlook have become more tilted to the downside. Various organisations, such as the OECD, IMF and World Bank, appear to concur. But our view is that economic fundamentals remain on a steady, if unspectacular, footing – a view borne out by the 'hard' data, which have continued to point to sustained economic growth. Consistent with, and in part because of, the data remaining broadly on track, the last few weeks of the financial year saw equity markets recover most of their January and February losses.

INVESTEC IN PERSPECTIVE

Operating environment

THE TABLE BELOW PROVIDES AN OVERVIEW OF SOME KEY STATISTICS THAT SHOULD BE CONSIDERED WHEN REVIEWING OUR OPERATIONAL PERFORMANCE

	Year ended 31 March 2016	Year ended 31 March 2015	% change	Average over the year 1 April 2015 to 31 March 2016
Market indicators				
FTSE All share	3 395	3 664	(7.3%)	3 500
JSE All share	52 250	52 182	0.1%	51 705
S&P	2 060	2 068	(0.4%)	2 033
Nikkei	16 759	19 207	(12.7%)	18 844
Dow Jones	17 685	17 776	(0.5%)	17 306
Rates				
UK overnight	0.41%	0.42%		0.46%
UK 10 year	1.42%	1.58%		1.81%
UK clearing banks base rate	0.50%	0.50%		0.50%
LIBOR – three month	0.59%	0.57%		0.59%
SA R186	9.10%	7.80%		8.17%
Rand overnight	6.92%	6.30%		6.45%
SA prime overdraft rate	10.50%	9.25%		9.61%
JIBAR – three month	7.23%	6.11%		6.43%
US 10 year	1.79%	1.93%		2.12%
Commodities				
Gold	US$1 233/oz	US$1 188/oz	3.8%	US$1 151/oz
Brent crude oil	US$40/bbl	US$56/bbl	(28.6%)	US$49/bbl
Platinum	US$976/oz	US$1 129/oz	(13.6%)	US$983/oz
Macro-economic				
UK GDP (% change over the period)	2.2%	2.8%		
UK per capita GDP (£, calendar year)	28 644	28 132	1.8%	
South Africa GDP (% change over the period)	1.3%	1.5%		
South Africa per capita GDP (real value in Rands, historical revised)	56 169	56 198	(0.1%)	

Sources: Datastream, Bloomberg, Office for National Statistics, SARB Quarterly Bulletin.

An overview of the principal risks relating to our operations

The most material and significant risks we face, which the board and senior management believe could have an impact on our operations, financial performance, viability and prospects are summarised briefly below with further details provided in Investec's 2016 integrated annual report. The board, through its various sub-committees, has performed a robust assessment of these principal risks. For additional information pertaining to the management and monitoring of these principal risks, see the references provided. Regular reporting of these risks is made to senior management, the executives and the board at the group risk and capital committee (GRCC) and board risk and capital committee (BRCC).

The group's board approved risk appetite framework is provided on page 80. The board recognises even with sound appetite and judgement that extreme events can happen that are completely outside of the board's control. It is however, necessary to assess these events and their impact and how they may be mitigated by changing the risk appetite framework if necessary. It is policy to regularly carry out multiple stress testing scenarios which in theory test extreme, but plausible events and from that assess and plan what can be done to mitigate the potential outcome. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may in the future also negatively impact our business operations.

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

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

We may be exposed to **country risk** i.e. the risk inherent in sovereign exposure and events in other countries.

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

Unintended **environmental, social and economic risks** could arise in our lending and investment activities.

We may be exposed to **investment risk** largely in our unlisted investment portfolio.

Market risk arising in our trading book could affect our operational performance.

Liquidity risk may impair our ability to fund our operations.

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

Operational risk (including financial crime and process failure) may disrupt our business or result in regulatory action.

We may be **vulnerable to the failure of our systems** and breaches of our security systems (including cyber and information security).

Employee misconduct could cause harm that is difficult to detect.

Reputational, strategic and **business risk** could impact our operational performance.

Compliance, legal and regulatory risks may have an impact on our business.

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

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

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

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 67 to 73.

TOTAL OPERATING INCOME

Total operating income before impairment losses on loans and advances declined by 0.9% to £1 939.5 million (2015: £1 957.5 million).

£'000	31 March 2016	% of total income	31 March 2015	% of total income	% change
Net interest income	573 769	29.6%	634 977	32.4%	(9.6%)
Net fee and commission income	1 061 625	54.7%	1 089 043	55.6%	(2.5%)
Investment income	170 408	8.8%	128 334	6.6%	32.8%
Trading income arising from					
– customer flow	110 227	5.7%	106 313	5.4%	3.7%
– balance sheet management and other trading activities	11 377	0.6%	(13 424)	(0.6%)	> 100.0%
Other operating income	12 090	0.6%	12 236	0.6%	(1.2%)
Total operating income before impairments	**1 939 496**	**100.0%**	**1 957 479**	**100.0%**	**(0.9%)**

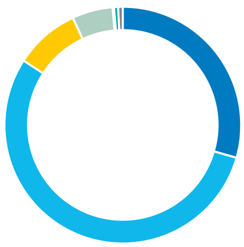
The following table sets out information on total operating income before impairment losses on loans and advances by geography for the year under review.

£'000	31 March 2016	% of total income	31 March 2015	% of total income	% change
UK and Other	1 128 374	58.2%	1 127 081	57.6%	0.1%
Southern Africa	811 122	41.8%	830 398	42.4%	(2.3%)
Total operating income before impairments	**1 939 496**	**100.0%**	**1 957 479**	**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.

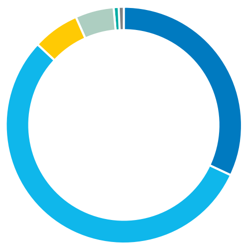
£'000	31 March 2016	% of total income	31 March 2015	% of total income	% change
Asset Management	421 615	21.7%	436 059	22.3%	(3.3%)
Wealth & Investment	324 500	16.7%	313 217	16.0%	3.6%
Specialist Banking	1 193 381	61.6%	1 208 203	61.7%	(1.2%)
Total operating income before impairments	**1 939 496**	**100.0%**	**1 957 479**	**100.0%**	**(0.9%)**

% OF TOTAL OPERATING INCOME BEFORE IMPAIRMENTS



31 March 2016
£1 939.5 million total operating income before impairments

29.6%	Net interest income
54.7%	Net fee and commission income
8.8%	Investment income
5.7%	Trading income arising from customer flow
0.6%	Trading income arising from balance sheet management and other trading activities
0.6%	Other operating income



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

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

NET INTEREST INCOME

Net interest income decreased by 9.6% to £573.8 million (2015: £635.0 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 strong book growth and an increase in margin earned on early redemption of loans, reflecting higher activity levels.

£'000	31 March 2016	31 March 2015	Variance	% change
Asset Management	3 904	4 307	(403)	(9.4%)
Wealth & Investment	7 330	6 556	774	11.8%
Specialist Banking	562 535	624 114	(61 579)	(9.9%)
Net interest income	**573 769**	**634 977**	**(61 208)**	**(9.6%)**

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

For the year to 31 March 2016 £'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	5 622 577	47 481	6 952 692	292 563	12 575 269	340 044
Core loans and advances	2	7 803 602	427 601	10 315 213	826 999	18 118 815	1 254 600
Private client		3 510 327	150 060	6 856 533	550 044	10 366 860	700 104
Corporate, institutional and other clients		4 293 275	277 541	3 458 680	276 955	7 751 955	554 496
Other debt securities and other loans and advances		697 875	74 010	573 692	29 445	1 271 567	103 455
Other interest-earning assets	3	–	–	9 730	7 541	9 730	7 541
Total interest-earning assets		**14 124 054**	**549 092**	**17 851 327**	**1 156 548**	**31 975 381**	**1 705 640**

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. In the current year no securitised assets are held at amortised cost in UK and Other.*

For the year to 31 March 2016 £'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	2 484 617	(106 707)	3 184 183	(85 888)	5 668 800	(192 595)
Customer accounts (deposits)		10 800 668	(124 569)	13 243 613	(703 399)	24 044 281	(827 968)
Other interest-bearing liabilities	5	–	–	85 884	(15 494)	85 884	(15 494)
Subordinated liabilities		597 309	(56 871)	537 574	(38 943)	1 134 883	(95 814)
Total interest-bearing liabilities		**13 882 594**	**(288 147)**	**17 051 254**	**(843 724)**	**30 933 848**	**(1 131 871)**
Net interest income			**260 945**		**312 824**		**573 769**
Net interest margin (local currency)			**1.8%***		**1.9%**		

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**

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**
Net interest margin (local currency)			**2.0%**		**1.9%**		

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. In the current year no securitised assets are held at amortised cost outside of Southern Africa.*
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. In the current year no liabilities on securitisation are held at amortised cost in UK and other.*

* *Impacted by sales of businesses as discussed on page 26.*

NET FEE AND COMMISSION INCOME

Net fee and commission income decreased by 2.5% to £1 061.6 million (2015: £1 089.0 million) largely as a result of lower fees earned in the UK corporate business following a strong prior year. The deal pipeline has, however, remained sound. This was partially offset by a good performance from the corporate treasury, corporate structuring and property fund management businesses in South Africa as well as the acquisition of Blue Strata (rebranded Investec Import Solutions). In addition, growth in fees in the global private banking business was supported by increased client activity.

£'000	31 March 2016	31 March 2015	Variance	% change
Asset Management	415 528	428 555	(13 027)	(3.0%)
Wealth & Investment	309 080	299 663	9 417	3.1%
Specialist Banking	337 017	360 825	(23 808)	(6.6%)
Net fee and commission income	**1 061 625**	**1 089 043**	**27 418**	**(2.5%)**

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

For the year to 31 March 2016 £'000	UK and Other	Southern Africa	Total group
Asset management and wealth management businesses net fee and commission income	**520 245**	**204 363**	**724 608**
Fund management fees/fees for assets under management	567 257	178 549	745 806
Private client transactional fees	54 258	34 664	88 922
Fee and commission expense	(101 270)	(8 850)	(110 120)
Specialist Banking net fee and commission income	**189 513**	**147 504**	**337 017**
Corporate and institutional transactional and advisory services	164 088	130 089	294 177
Private client transactional fees	28 141	30 966	59 107
Fee and commission expense	(2 716)	(13 551)	(16 267)
Net fee and commission income	**709 758**	**351 867**	**1 061 625**
Annuity fees (net of fees payable)	542 128	275 058	817 186
Deal fees	167 630	76 809	244 439

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

INVESTMENT INCOME

Investment income increased by 32.8% to £170.4 million (2015: £128.3 million) as a result of higher earnings from the UK debt securities portfolio, improved results from the Hong Kong portfolio and a sound performance from the group's unlisted investment portfolio.

£'000	31 March 2016	31 March 2015	Variance	% change
Asset Management	44	22	22	100.0%
Wealth & Investment	6 072	4 123	1 949	47.3%
Specialist Banking	164 292	124 189	40 103	32.3%
Investment income	**170 408**	**128 334**	**42 074**	**32.8%**

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

For the year to 31 March 2016 £'000	UK and Other	Southern Africa	Total group
Realised	44 135	240 167	284 302
Unrealised	(2 311)	(131 813)	(134 124)
Dividend income	15 419	13 037	28 456
Funding and other net related income/(costs)	4 877	(13 103)	(8 226)
Investment income	**62 120**	**108 288**	**170 408**

For the year to 31 March 2016 £'000	Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	Total
UK and Other	**41 300**	**23 675**	**1 282**	**(4 137)**	**62 120**
Realised	10 319	31 143	–	2 673	44 135
Unrealised	15 562	(7 468)	1 282	(11 687)	(2 311)
Dividend income	15 419	–	–	–	15 419
Funding and other net related income	–	–	–	4 877	4 877
Southern Africa	**76 824**	**9 166**	**20 628**	**1 670**	**108 288**
Realised	227 043	3 052	9 121	951	240 167
Unrealised	(149 102)	6 114	11 507	(332)	(131 813)
Dividend income	12 977	–	–	60	13 037
Funding and other net related income	(14 094)	–	–	991	(13 103)
Total investment income/(loss)	**118 124**	**32 841**	**21 910**	**(2 467)**	**170 408**

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

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	2 194	(8 107)	(5 913)
Investment income/(loss)	**(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 costs	–	–	–	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 income	(13 212)	–	–	5 105	(8 107)
Total investment income/(loss)	**75 591**	**(2 626)**	**38 636**	**16 733**	**128 334**

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

TRADING INCOME

Trading income arising from customer flow increased by 3.7% to £110.2 million (2015: £106.3 million) while trading income arising from balance sheet management and other trading activities reflected a profit of £11.4 million (2015: loss of £13.4 million) largely due to foreign currency gains (these are largely offset in non-controlling interests as discussed on page 50).

Arising from customer flow

£'000	31 March 2016	31 March 2015	Variance	% change
Wealth & Investment	316	1 024	(708)	(69.1%)
Specialist Banking	109 911	105 289	4 622	4.4%
Trading income arising from customer flow	**110 227**	**106 313**	**3 914**	**3.7%**

Arising from balance sheet management and other trading activities

£'000	31 March 2016	31 March 2015	Variance	% change
Asset Management	1 668	1 485	183	12.3%
Wealth & Investment	509	574	(65)	(11.3%)
Specialist Banking	9 200	(15 483)	24 683	> 100.0%
Trading profit/(loss) arising from balance sheet management and other trading activities	**11 377**	**(13 424)**	**24 801**	**> 100.0%**

OTHER OPERATING INCOME

Other operating income includes associate income and income earned on operating lease rentals.

IMPAIRMENT LOSSES ON LOANS AND ADVANCES

Impairments on loans and advances decreased from £128.4 million to £109.5 million, with the credit loss ratio on core loans and advances amounting to 0.62% (2015: 0.68%). Since 31 March 2015, gross defaults have improved from £608.4 million to £466.1 million due to redemptions and write-offs. The percentage of default loans (net of impairments, but before taking collateral into account) to core loans and advances amounted to 1.54% (2015: 2.07%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.35 times (2015: 1.37 times).

£'000	31 March 2016	31 March 2015	Variance	% change
UK and Other	(84 217)	(102 707)	18 490	(18.0%)
Southern Africa	(25 299)	(25 674)	375	(1.5%)
Total impairment losses on loans and advances	**(109 516)**	**(128 381)**	**18 865**	**(14.7%)**
Impairment losses on loans and advances in home currency				
Southern Africa (R'million)	(520)	(456)	(64)	14.0%

OPERATING COSTS

The ratio of total operating costs to total operating income was 66.4% (2015: 67.6%). Total operating costs declined by 2.7% to £1 287.0 million (2015: £1 322.7 million) reflecting a reduction in costs arising from the sale of certain businesses, partially offset by an increase in headcount and business infrastructure expenses across divisions to support increased activity and growth initiatives and an increase in variable remuneration given increased profitability in certain businesses.

£'000	31 March 2016	% of total expenses	31 March 2015	% of total expenses	% change
Staff costs	(912 435)	70.8%	(927 980)	70.1%	(1.7%)
– fixed	(581 847)	45.1%	(590 896)	44.6%	(1.5%)
– variable	(330 588)	25.7%	(337 084)	25.5%	(1.9%)
Business expenses	(177 642)	13.8%	(193 529)	14.6%	(8.2%)
Premises expenses (excluding depreciation)	(58 847)	4.6%	(63 201)	4.8%	(6.9%)
Equipment expenses (excluding depreciation)	(57 780)	4.5%	(54 433)	4.1%	6.1%
Marketing expenses	(59 737)	4.6%	(58 833)	4.4%	1.5%
Depreciation and impairment of property, plant, equipment and software	(20 580)	1.6%	(24 729)	1.9%	(16.8%)
Total operating costs	**(1 287 021)**	**99.9%**	**(1 322 705)**	**99.9%**	**(2.7%)**
Depreciation on operating leased assets	(2 165)	0.1%	(1 535)	0.1%	41.0%
Total expenses	**(1 289 186)**	**100.0%**	**(1 324 240)**	**100.0%**	**(2.6%)**

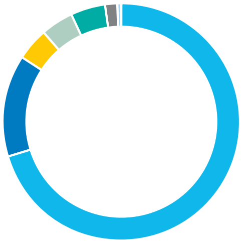
The following table sets out certain information on total expenses by geography for the year under review.

£'000	31 March 2016	% of total expenses	31 March 2015	% of total expenses	% change
UK and Other	(865 797)	67.2%	(897 121)	67.7%	(3.5%)
Southern Africa	(423 389)	32.8%	(427 119)	32.3%	(0.9%)
Total expenses	**(1 289 186)**	**100.0%**	**(1 324 240)**	**100.0%**	**(2.6%)**

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

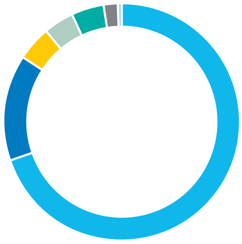
£'000	31 March 2016	% of total expenses	31 March 2015	% of total expenses	% change
Asset Management	(286 832)	22.2%	(287 084)	21.7%	(0.1%)
Wealth & Investment	(238 765)	18.5%	(234 436)	17.7%	1.8%
Specialist Banking	(717 784)	55.7%	(763 408)	57.6%	(6.0%)
Group costs	(45 805)	3.6%	(39 312)	3.0%	16.5%
Total expenses	**(1 289 186)**	**100.0%**	**(1 324 240)**	**100.0%**	**2.6%**

% OF TOTAL EXPENSES



31 March 2016
£1 289.2 million total expenses

- 70.8% Staff costs
- 13.8% Business expenses
- 4.6% Premises expenses
- 4.5% Equipment expenses
- 4.6% Marketing expenses
- 1.6% Depreciation
- 0.1% Depreciation on operating leased assets



31 March 2015
£1 324.2 million total expenses

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

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 2.5% from £493.2 million to £505.6 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 2016 **£'000**	**UK and Other**	**Southern Africa**	**Total group**	**% change**	**% of total**
Asset Management	76 853	57 930	134 783	(9.5%)	26.7%
Wealth & Investment	63 127	22 608	85 735	8.8%	17.0%
Specialist Banking	78 043	252 837	330 880	8.6%	65.4%
	218 023	**333 375**	**551 398**	**3.6%**	**109.1%**
Group costs	(35 160)	(10 645)	(45 805)	16.5%	(9.1%)
Total group	**182 863**	**322 730**	**505 593**	**2.5%**	**100.0%**
Other non-controlling interest – equity			35 201		
Operating profit			**540 794**		
% change	**26.9%**	**(7.5%)**	**2.5%**		
% of total	**36.2%**	**63.8%**	**100.0%**		

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

Key income drivers in our core businesses

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

ASSET MANAGEMENT

Global business (in Pounds Sterling)	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Operating margin	32.0%	34.2%	34.7%	34.5%	35.7%	37.0%
Net inflows in funds under management as a % of opening funds under management	4.1%	4.6%	3.7%	6.7%	8.8%	16.0%
Average income yield earned on funds under management^	0.55%	0.60%	0.60%	0.62%	0.62%	0.66%

WEALTH & INVESTMENT

Global business (in Pounds Sterling)	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Operating margin	26.4%	25.2%	22.9%	20.3%	19.7%	25.9%
Net organic growth in funds under management as a % of opening funds under management	4.5%	6.6%	3.5%	2.0%	(5.3%)	6.2%
Average income yield earned on funds under management^	0.71%	0.72%	0.71%	0.66%	0.61%	0.55%
UK and Other^^ (in Pounds Sterling)						
Operating margin	24.6%	22.7%	20.1%	17.3%	16.3%	24.5%
Net organic growth in funds under management as a % of opening funds under management	4.5%	7.1%	5.1%	1.3%	(7.4%)	3.5%
Average income yield earned on funds under management^	0.87%	0.89%	0.89%	0.86%	0.80%	0.68%
South Africa (in Rands)						
Operating margin	33.1%	35.1%	33.9%	31.3%	28.5%	28.9%
Net organic growth in discretionary funds under management as a % of opening discretionary funds under management	10.4%	8.5%	13.6%	13.9%	8.7%	6.0%
Average income yield earned on funds under management^*	0.45%	0.41%	0.41%	0.37%	0.39%	0.41%

* *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, Investec Wealth & Investment Ireland (formerly NCB), which was acquired on 12 June 2012 and Investec Wealth & Investment Channel Islands.*

SPECIALIST BANKING – STATUTORY BASIS

Global business (in Pounds Sterling)	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Cost to income ratio	60.1%*	63.1%*	63.2%*	63.1%	62.4%	60.1%
ROE post-tax^	10.1%	8.6%	7.9%	6.4%	5.1%	8.2%
ROE post-tax (ongoing business)^	13.0%	12.8%	11.9%	–	–	–
Growth in net core loans	5.4%	0.2%^^	(6.8%)	1.0%	(2.8%)	4.8%
Growth in risk-weighted assets	2.2%	(4.9%)^^	(6.0%)	4.7%	1.5%	13.3%
Defaults (net of impairments as a % of core loans)	1.54%	2.07%	2.30%	2.73%	3.31%	4.66%
Credit loss ratio on core loans	0.62%	0.68%	0.68%	0.84%	1.12%	1.27%
UK and Other# (in Pounds Sterling)						
Cost to income ratio	73.4%*	78.9%*	72.5%*	69.0%	68.3%	64.1%
ROE post-tax^	5.5%	2.1%	3.6%	1.7%	(1.8%)	2.6%
ROE post-tax (ongoing business)^	11.4%	9.6%	10.9%	–	–	–
Growth in net core loans	10.5%	(14.1%)^^	(0.3%)	6.6%	0.3%	6.2%
Growth in risk-weighted assets	6.7%	(15.5%)^^	0.4%	7.7%	4.6%	9.6%
Defaults (net of impairments as a % of core loans)	2.19%	3.00%	3.21%	3.75%	4.10%	5.67%
Credit loss ratio on core loans	1.13%	1.16%	0.99%	1.16%	1.65%	2.05%
Southern Africa (in Rands)						
Cost to income ratio	46.8%*	47.2%*	51.0%*	55.5%	55.2%	54.7%
ROE post-tax^	15.1%*	15.2%*	12.5%*	10.0%	9.6%	10.7%
Growth in net core loans	19.7%	16.1%	10.6%	10.2%	6.6%	0.3%
Growth in risk-weighted assets	15.1%	8.3%	11.0%	16.5%	11.9%	13.8%
Defaults (net of impairments as a % of core loans)	1.05%	1.43%	1.46%	1.89%	2.73%	3.97%
Credit loss ratio on core loans	0.26%	0.28%	0.42%	0.61%	0.65%	0.71%

^ *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 2016 was c.£1.1 billion in the UK and c.R27.4 billion in South Africa.*

^^ *Impacted by sale of assets.*

* *Excludes group costs.*

Includes UK, Europe, Australia and the legacy businesses.

IMPAIRMENT OF GOODWILL

The current year's goodwill impairment relates to certain asset management businesses acquired in prior years.

Goodwill and intangible assets analysis – balance sheet information

£'000	31 March 2016	31 March 2015
UK and Other	**356 994**	**356 090**
Asset Management	88 045	88 045
Wealth & Investment	242 672	242 126
Specialist Banking	26 277	25 919
Southern Africa	**11 045**	**5 437**
Asset Management	1 149	3 320
Wealth & Investment	1 616	1 877
Specialist Banking	8 280	240
Total goodwill	**368 039**	**361 527**
Intangible assets	**148 280**	**147 227**
Total goodwill and intangible assets	**516 319**	**508 754**

AMORTISATION OF ACQUIRED INTANGIBLES

Amortisation of acquired intangibles of £16.2 million largely relates to the Wealth & Investment business and mainly comprises amortisation of amounts attributable to client relationships.

NET LOSS ON DISPOSAL OF SUBSIDIARIES

As part of the sale of Kensington (as discussed on page 26) a final net settlement amount was paid after the 31 March 2015 year end. As a result of this payment, a further loss before taxation of £4.8 million was recognised during the 2016 financial year.

TAXATION

The effective tax rate amounts to 19.1% (2015: 19.6%).

	Effective tax rates				
	2016	2015	31 March 2016 £'000	31 March 2015 £'000	% change
UK and Other	19.8%	22.3%	(35 335)	(28 362)	24.6%
Southern Africa	18.7%	18.7%	(67 867)	(70 661)	(4.0%)
Tax	**19.1%**	**19.6%**	**(103 202)**	**(99 023)**	**4.2%**

PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Profit attributable to non-controlling interests mainly comprises:

- £16.5 million profit attributable to non-controlling interests in the Asset Management business
- £37.6 million profit attributable to non-controlling interests in the Investec Property Fund Limited
- A reduction of £2.5 million relating to Euro-denominated preferred securities issued by a subsidiary of Investec plc which were reflected on the balance sheet as part of non-controlling interests. The transaction was 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. These securities were redeemed on 24 June 2015.

EARNINGS ATTRIBUTABLE TO SHAREHOLDERS

As a result of the foregoing factors, earnings attributable to shareholders increased from £245.5 million to £368.5 million.

DIVIDENDS AND EARNINGS PER SHARE

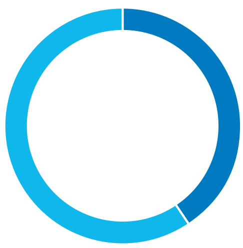
Information with respect to dividends and earnings per share is provided on pages 140, 141, 168 to 171.

Statutory balance sheet analysis

Since 31 March 2015:

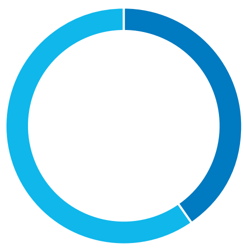
- Total shareholders' equity (including non-controlling interests) decreased by 4.5% to £3.9 billion largely due to the depreciation of the Rand against Pounds Sterling.
- Net asset value per share decreased 3.4% to 352.3 pence and net tangible asset value per share (which excludes goodwill and intangible assets) decreased by 4.5% to 294.3 pence
- The return on adjusted average shareholders' equity increased from 10.6% to 11.5%.

ASSETS BY GEOGRAPHY



31 March 2016
£45 352 million total assets

- 40.8% UK and Other
- 59.2% Southern Africa



31 March 2015
£44 353 million total assets

- 40.5% UK and Other
- 59.5% Southern Africa

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 2016	31 March 2015
Shareholders' equity	3 360 287	3 500 837
Less: perpetual preference shares issued by holding companies	(300 258)	(326 693)
Less: goodwill and intangible assets (excluding software)	(503 996)	(494 111)
Net tangible asset value	**2 556 033**	**2 680 033**
Number of shares in issue (million)	908.8	899.4
Treasury shares (million)	(40.3)	(29.5)
Number of shares in issue in this calculation (million)	**868.5**	**869.9**
Net tangible asset value per share (pence)	**294.3**	**308.1**
Net asset value per share (pence)	**352.3**	**364.9**

Statutory return on risk-weighted assets

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

	31 March 2016	31 March 2015	Average	31 March 2014	Average
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items (£'000)	**359 732**	**339 523**		**326 923**	
Investec plc risk-weighted assets (£'million)	12 297	11 608	11 953	13 711	12 660
Investec Limited risk-weighted assets^ (£'million)	14 626	14 992	14 809	14 125	14 559
Total risk-weighted assets (£'million)	**26 923**	**26 600**	**26 762**	**27 836**	**27 219**
Return on average risk-weighted assets	**1.34%**	**1.25%**		**1.14%**	
^Investec Limited risk-weighted assets (R'million)	**309 052**	**269 466**	**289 259**	**248 040**	**258 753**

Capital management and allocation

We hold capital in excess of regulatory requirements targeting a minimum common equity tier 1 capital ratio of 10% 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 2016	Investec plc°*	IBP°*	Investec Limited*^	IBL*
Common equity tier 1 (as reported)	9.7%	12.2%	9.6%	10.6%
Common equity tier 1 ('fully loaded')^^	9.7%	12.2%	9.6%	10.6%
Tier 1 (as reported)	10.7%	12.2%	10.7%	11.0%
Total capital adequacy ratio (as reported)	15.1%	17.2%	14.0%	14.6%
Leverage ratio** – permanent capital	7.0%	7.7%	7.4%#	7.5%#
Leverage ratio** – current	7.0%	7.7%	6.9%#	7.3%#
Leverage ratio** – 'fully loaded'^^	6.3%	7.7%	6.3%#	7.1%#

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%#

* *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 £46 million for Investec plc and £34 million for Investec Bank plc would be 40bps and 30bps lower, respectively. At 31 March 2015 the impact of the final proposed ordinary and preference dividends totalling £57 million for Investec plc and £15 million for IBP was 50bps and 10bps lower, 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.

^ *Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's common equity tier 1 ratio would be 16bps lower.*

Return on equity by country and business – statutory

£'000	31 March 2016	31 March 2015	Average	31 March 2014	Average
Calculation of average shareholders' equity					
Ordinary shareholders' equity	3 060 029	3 174 144	3 117 087	3 241 406	3 207 775
Goodwill and intangible assets (excluding software)	(503 996)	(494 111)	(499 054)	(577 816)	(535 964)
Adjusted tangible shareholders' equity	**2 556 033**	**2 680 033**	**2 618 033**	**2 663 590**	**2 671 811**

£'000	31 March 2016	31 March 2015
Operating profit*	540 794	504 858
Non-controlling interests	(51 730)	(29 885)
Accrued preference dividends, adjusted for currency hedge	(26 130)	(36 427)
Revised operating profit	**462 934**	**438 546**
Taxation on operating profit before goodwill and acquired intangibles	(103 202)	(99 023)
Adjusted attributable earnings to ordinary shareholders*	**359 732**	**339 523**
Pre-tax return on average adjusted shareholders' equity	14.9%	13.7%
Post-tax return on average adjusted shareholders' equity	11.5%	10.6%
Pre-tax return on average adjusted tangible shareholders' equity	17.7%	16.4%
Post-tax return on average adjusted tangible shareholders' equity	13.7%	12.7%

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

Return on equity on an ongoing basis is provided on page 63.

Return on equity by geography

£'000	UK and Other	Southern Africa	Total group	UK and Other ongoing**
Operating profit*	178 360	362 434	540 794	256 695
Taxation on operating profit before goodwill and acquired intangibles	(35 335)	(67 867)	(103 202)	(50 284)
Non-controlling interests	(5 760)	(45 970)	(51 730)	(5 760)
Accrued preference dividend adjusted for currency hedge	(5 663)	(20 467)	(26 130)	(5 663)
Adjusted attributable earnings to ordinary shareholders – 31 March 2016	**131 602**	**228 130**	**359 732**	**194 988**
Adjusted attributable earnings to ordinary shareholders – 31 March 2015	90 810	248 713	339 523	161 197
Ordinary shareholders' equity – 31 March 2016	**1 717 892**	**1 342 137**	**3 060 029**	**1 647 872**
Goodwill and intangible assets (excluding software)	(475 300)	(28 696)	(503 996)	(475 300)
Tangible ordinary shareholders' equity – 31 March 2016	**1 242 592**	**1 313 441**	**2 556 033**	**1 172 572**
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**
Average ordinary shareholders' equity – 31 March 2016	**1 740 955**	**1 376 132**	**3 117 087**	**1 661 559**
Average ordinary shareholders' equity – 31 March 2015	1 853 151	1 354 624	3 207 775	1 618 766
Average tangible shareholders' equity – 31 March 2016	**1 258 967**	**1 359 066**	**2 618 033**	**1 179 572**
Average tangible shareholders' equity – 31 March 2015	**1 323 184**	**1 348 627**	**2 671 811**	**1 088 799**
Post-tax return on average ordinary shareholders' equity – 31 March 2016	**7.6%**	**16.6%**	**11.5%**	**11.7%**
Post-tax return on average ordinary shareholders' equity – 31 March 2015	**4.9%**	**18.4%**	**10.6%**	**10.0%**
Post-tax return on average tangible shareholders' equity – 31 March 2016	**10.5%**	**16.8%**	**13.7%**	**16.5%**
Post-tax return on adjusted tangible shareholders' equity – 31 March 2015	**6.9%**	**18.4%**	**12.7%**	**14.8%**
Pre-tax return on adjusted average ordinary shareholders' equity – 31 March 2016	**9.6%**	**21.5%**	**14.9%**	**14.8%**
Pre-tax return on adjusted average ordinary shareholders' equity – 31 March 2015	**6.4%**	**23.6%**	**13.7%**	**12.8%**
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2016	**13.3%**	**21.8%**	**17.7%**	**20.8%**
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2015	**9.0%**	**23.7%**	**16.4%**	**19.0%**

* *Before goodwill, acquired intangibles and non-operating items.*
** *Excluding the remaining UK legacy business as shown on page 65.*

Return on equity by business*

£'000	Asset Management	Wealth & Investment^	Specialist Banking	Specialist Banking ongoing**
Operating profit#	**134 783**	**85 735**	**330 880**	**409 215**
Notional return on regulatory capital	3 202	1 587	(4 789)	(4 789)
Notional cost of statutory capital	(4 887)	(9 139)	14 026	14 026
Cost of subordinated debt	(1 262)	(822)	2 084	2 084
Cost of preference shares	(499)	(237)	(25 394)	(25 394)
Adjusted earnings – 31 March 2016	**131 337**	**77 124**	**316 807**	**395 142**
Adjusted earnings – 31 March 2015	**146 504**	**69 872**	**279 667**	**367 213**
Ordinary shareholders' equity – 31 March 2016	**171 629**	**246 302**	**2 483 048**	**2 413 028**
Goodwill and intangible assets (excluding software)	(89 194)	(203 534)	(52 220)	(52 220)
Tangible ordinary shareholders' equity – 31 March 2016	**82 435**	**42 768**	**2 430 828**	**2 360 808**
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**
Average ordinary shareholders' equity – 31 March 2016	**166 139**	**250 810**	**2 541 088**	**2 461 693**
Average ordinary shareholders' equity – 31 March 2015	153 886	273 984	2 620 856	2 304 617
Average tangible shareholders' equity – 31 March 2016	**75 859**	**41 035**	**2 501 139**	**2 421 744**
Average tangible shareholders' equity – 31 March 2015	62 008	51 336	2 558 469	2 242 229
Pre-tax return on adjusted average ordinary shareholders' equity – 31 March 2016	**79.1%**	**30.7%**	**12.5%**	**16.1%**
Pre-tax return on adjusted average ordinary shareholders' equity – 31 March 2015	95.2%	25.5%	10.7%	15.9%
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2016	**173.1%**	**187.9%**	**12.7%**	**16.3%**
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2015	236.3%	136.1%	10.9%	16.4%

* *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.*

^ *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 and intangible assets. These gains were excluded from group adjusted earnings.*

** *Excluding the remaining UK legacy business as shown on page 65.*

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

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

By division	Asset Management	Wealth & Investment	Specialist Banking	Total group
Number of employees – 31 March 2016	**1 543**	**1 597**	**5 826**	**8 966**
Number of employees – 31 March 2015	1 508	1 533	5 213	8 254
Number of employees – 31 March 2014	1 468	1 383	5 407	8 258
Average employees – year to 31 March 2016	**1 525**	**1 565**	**5 520**	**8 610**
Average employees – year to 31 March 2015	1 488	1 458	5 310	8 256
Operating profit* – year to 31 March 2016 (£'000)	**134 783**	**85 735**	**330 880**	**551 398**
Operating profit* – year to 31 March 2015 (£'000)	148 975	78 781	304 713	532 469
Operating profit per employee^ – 31 March 2016 (£'000)	**88.4^^**	**54.8**	**59.9**	**58.7**
Operating profit per employee^ – 31 March 2015 (£'000)	100.1^^	54.0	57.4	59.7

By geography	UK and Other	Southern Africa	Total group
Number of employees – 31 March 2016	**3 869**	**5 097**	**8 966**
Number of employees – 31 March 2015	3 729	4 525	8 254
Number of employees – 31 March 2014	3 854	4 404	8 258
Average employees – year to 31 March 2016	**3 799**	**4 811**	**8 610**
Average employees – year to 31 March 2015	3 791	4 465	8 256
Operating profit – year to 31 March 2016 (£'000)	**182 863**	**322 730**	**505 593**
Operating profit – year to 31 March 2015 (£'000)	144 109	349 048	493 157
Operating profit per employee^ – 31 March 2016 (£'000)	**48.1**	**67.1**	**58.7**
Operating profit per employee^ – 31 March 2015 (£'000)	38.0	78.2	59.7

* *Operating profit excludes group costs.*
^ *Based on average number of employees over the year.*
^^ *For Investec Asset Management, operating profit per employee includes Silica, its third party administration business.*

Total third party assets under management

£'million	31 March 2016	31 March 2015
Asset Management	**75 679**	**77 510**
UK and Other	51 076	50 622
Southern Africa	24 603	26 888
Wealth & Investment	**45 459**	**46 076**
UK and Other	29 769	29 562
Southern Africa	15 690	16 514
Property activities	**436**	**412**
Southern Africa	210	244
Australia	226	168
UK and other funds	**109**	**108**
	121 683	124 106

A FURTHER ANALYSIS OF THIRD PARTY ASSETS UNDER MANAGEMENT

At 31 March 2016 £'million	UK and Other	Southern Africa	Total
Asset Management	**51 076**	**24 603**	**75 679**
Mutual funds	18 289	11 388	29 677
Segregated mandates	32 787	13 215	46 002
Wealth & Investment	**29 769**	**15 690**	**45 459**
Discretionary	21 747	4 945	26 692
Non-discretionary	8 022	10 745	18 767
Property activities	**226**	**210**	**436**
UK and other funds	**109**	**–**	**109**
	81 180	40 503	121 683

At 31 March 2015 £'million	UK and Other	Southern Africa	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	21 602	4 974	26 576
Non-discretionary	7 960	11 540	19 500
Property activities	**168**	**244**	**412**
UK and other funds	**108**	**–**	**108**
	80 460	43 646	124 106

Ongoing information

The tables that follow provide information on our ongoing results.

	Results in Pounds Sterling			Results in Rand		
	Year to 31 March 2016	Year to 31 March 2015	% change	Year to 31 March 2016	Year to 31 March 2015	% change
Operating profit before taxation* (million)	£583.9	£580.7	0.6%	R12 114	R10 374	16.8%
Adjusted earnings attributable to shareholders** (million)	£423.1	£409.9	3.2%	R8 773	R7 325	19.8%
Adjusted earnings per share**	48.6p	47.5p	2.3%	1 008c	849c	18.7%

* 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 2016	31 March 2015	Variance	% change
Net interest income	571 929	539 041	32 888	6.1%
Net fee and commission income	1 058 340	1 090 435	(32 095)	(2.9%)
Investment income	169 915	151 848	18 067	11.9%
Trading income arising from				
– customer flow	110 879	106 588	4 291	4.0%
– balance sheet management and other trading activities	11 617	(13 041)	24 658	> 100.0%
Other operating income	12 090	12 188	(98)	(0.8%)
Total operating income before impairment losses on loans and advances	**1 934 770**	**1 887 059**	**47 711**	**2.5%**
Impairment losses on loans and advances	(41 368)	(39 352)	(2 016)	5.1%
Operating income	**1 893 402**	**1 847 707**	**45 695**	**2.5%**
Operating costs	(1 272 108)	(1 254 009)	(18 099)	1.4%
Depreciation on operating leased assets	(2 165)	(1 294)	(871)	67.3%
Operating profit before goodwill, acquired intangibles and non-operating items	**619 129**	**592 404**	**26 725**	**4.5%**
Profit attributable to Asset Management non-controlling interests	(16 529)	(18 184)	1 655	(9.1%)
Profit attributable to other non-controlling interests	(35 201)	(11 701)	(23 500)	> 100.0%
Operating profit before taxation	**567 399**	**562 519**	**4 880**	**0.9%**
Taxation on operating profit before goodwill and acquired intangibles	(118 151)	(116 182)	(1 969)	1.7%
Preference dividends accrued	(26 130)	(36 427)	10 297	(28.3%)
Adjusted attributable earnings to ordinary shareholders	**423 118**	**409 910**	**13 208**	**3.2%**
Adjusted earnings per share (pence)	48.6	47.5		2.3%
Cost to income ratio	65.8%	66.5%		
Number of weighted average shares (million)	870.5	862.7		

RECONCILIATION FROM STATUTORY SUMMARISED INCOME STATEMENT TO ONGOING SUMMARISED INCOME STATEMENT

For the year to 31 March 2016 £'000	Statutory as disclosed^	Removal of:** UK legacy business excluding sale assets	Removal of:** Sale assets UK	Removal of:** Sale assets Australia	Ongoing business
Net interest income	573 769	1 840	–	–	571 929
Net fee and commission income	1 061 625	3 285	–	–	1 058 340
Investment income	170 408	493	–	–	169 915
Trading income arising from					
– customer flow	110 227	(652)	–	–	110 879
– balance sheet management and other trading activities	11 377	(240)	–	–	11 617
Other operating income	12 090	–	–	–	12 090
Total operating income before impairment losses on loans and advances	**1 939 496**	**4 726**	**–**	**–**	**1 934 770**
Impairment losses on loans and advances	(109 516)	(68 148)			(41 368)
Operating income	**1 829 980**	**(63 422)**	**–**	**–**	**1 893 402**
Operating costs	(1 287 021)	(14 913)	–	–	(1 272 108)
Depreciation on operating leased assets	(2 165)	–	–	–	(2 165)
Operating profit before goodwill, acquired intangibles and non-operating items	**540 794**	**(78 335)**	**–**	**–**	**619 129**
Profit attributable to Asset Management non-controlling interests	(16 529)	–	–	–	(16 529)
Profit attributable to other non-controlling interests	(35 201)	–	–	–	(35 201)
Operating profit before taxation	**489 064**	**(78 335)**	**–**	**–**	**567 399**
Taxation on operating profit before goodwill and acquired intangibles*	(103 202)	14 949	–	–	(118 151)
Preference dividends accrued	(26 130)	–	–	–	(26 130)
Adjusted attributable earnings to ordinary shareholders	**359 732**	**(63 386)**	**–**	**–**	**423 118**
Adjusted earnings per share (pence)	41.3				48.6
Cost to income ratio	66.4%				65.8%
Number of weighted average shares (million)	870.5				870.5

* *Applying the group's effective statutory taxation rate of 19.1%.*
^ *Refer to page 148.*
** • *The results of the businesses sold, i.e. Investec Bank (Australia) Limited, the UK Kensington business and the Start (Irish) mortgage business.*
• *The remaining legacy business in the UK.*

RECONCILIATION FROM STATUTORY SUMMARISED INCOME STATEMENT TO ONGOING SUMMARISED INCOME STATEMENT *(continued)*

For the year to 31 March 2015 £'000	Statutory as disclosed^	Removal of:** UK legacy business excluding sale assets	Removal of:** Sale assets UK	Removal of:** 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, acquired intangibles and non-operating items	**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 on operating profit before goodwill and acquired intangibles*	(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**
Adjusted earnings per share (pence)	39.4				47.5
Cost to income ratio	67.6%				66.5%
Number of weighted average shares (million)	862.7				862.7

* *Applying the group's effective taxation rate of 19.6%.*
^ *Refer to page 148.*
**
- *The results of the businesses sold, i.e. Investec Bank (Australia) Limited, the UK Kensington business and the Start (Irish) mortgage business.*
- *The remaining legacy business in the UK.*

RECONCILIATION FROM STATUTORY SUMMARISED INCOME STATEMENT TO ONGOING SUMMARISED INCOME STATEMENT FOR THE UK AND OTHER SPECIALIST BANKING BUSINESS

For the year to 31 March 2016 £'000	UK and Other Specialist Banking statutory as disclosed^	Removal of:** UK legacy business excluding sale assets	Removal of:** Sale assets UK	Removal of:** Sales assets Australia	UK and Other Specialist Banking ongoing business
Net interest income	256 591	1 840	–	–	254 751
Net fee and commission income	189 513	3 285	–	–	186 228
Investment income	56 303	493	–	–	55 810
Trading income arising from					
– customer flow	92 348	(652)	–	–	93 000
– balance sheet management and other trading activities	(9 875)	(240)	–	–	(9 635)
Other operating income	10 797	–	–	–	10 797
Total operating income before impairment losses on loans and advances	**595 677**	**4 726**	**–**	**–**	**590 951**
Impairment losses on loans and advances	(84 217)	(68 148)	–	–	(16 069)
Operating income	**511 460**	**(63 422)**	**–**	**–**	**574 882**
Operating costs	(435 771)	(14 913)	–	–	(420 858)
Depreciation on operating leased assets	(2 149)	–	–	–	(2 149)
Operating profit before goodwill, acquired intangibles and non-operating items	**73 540**	**(78 335)**	**–**	**–**	**151 875**
Profit attributable to other non-controlling interests	4 503	–	–	–	4 503
Operating profit before taxation	**78 043**	**(78 335)**	**–**	**–**	**156 378**

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

^ *Refer to pages 163 and 165.*

**
- *The results of the businesses sold, i.e. Investec Bank (Australia) Limited, the UK Kensington business and the Start (Irish) mortgage business.*
- *The remaining legacy business in the UK.*

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 2016 £'000	UK and Other	Southern Africa	Total group	% change	% of total
Asset Management	76 853	57 930	134 783	(9.5%)	23.1%
Wealth & Investment	63 127	22 608	85 735	8.8%	14.7%
Specialist Banking	156 378	252 837	409 215	4.3%	70.1%
	296 358	**333 375**	**629 733**	**1.6%**	**107.9%**
Group costs	(35 160)	(10 645)	(45 805)	16.5%	(7.9%)
Total group	**261 198**	**322 730**	**583 928**	**0.6%**	**100.0%**
Other non-controlling interest – equity			35 201		
Operating profit			**619 129**		
% change	**12.8%**	**(7.5%)**	**0.6%**		
% of total	**44.7%**	**55.3%**	**100.0%**		

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

A RECONCILIATION OF THE UK AND OTHER SPECIALIST BANKING'S OPERATING PROFIT: ONGOING VS STATUTORY BASIS

£'000	31 March 2016	31 March 2015	% change
Total ongoing UK and Other Specialist Banking per above	**156 378**	**129 341**	**20.9%**
UK legacy remaining	(78 335)	(107 669)	27.2%
UK sale assets	–	21 590	(> 100.0%)
Australian sale assets	–	(1 467)	> 100.0%
Total UK and Other Specialist Banking per statutory accounts	**78 043**	**41 795**	**86.7%**

RETURN ON EQUITY – ONGOING BASIS

£'000	31 March 2016	31 March 2015	Average	31 March 2014	Average
Calculation of average shareholders' equity					
Ordinary shareholders' equity	2 990 009	3 085 374	3 037 692	2 861 406	2 973 390
Goodwill and intangible assets (excluding software)	(503 996)	(494 111)	(499 054)	(577 816)	(535 964)
Adjusted tangible shareholders' equity	**2 486 013**	**2 591 263**	**2 538 638**	**2 283 590**	**2 437 426**

£'000	31 March 2016	31 March 2015
Operating profit*	619 129	592 404
Non-controlling interests	(51 730)	(29 885)
Accrued preference dividends, adjusted for currency hedge	(26 130)	(36 427)
Revised operating profit	**541 269**	**526 092**
Taxation on operating profit before goodwill and acquired intangibles	(118 151)	(116 182)
Adjusted attributable earnings to ordinary shareholders*	**423 118**	**409 910**
Pre-taxation return on average adjusted shareholders' equity	17.8%	17.7%
Post-taxation return on average adjusted shareholders' equity	13.9%	13.8%
Pre-taxation return on average adjusted tangible shareholders' equity	21.3%	21.6%
Post-taxation return on average adjusted tangible shareholders' equity	16.7%	16.8%

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

A RECONCILIATION OF CORE LOANS AND ADVANCES: STATUTORY BASIS AND ONGOING BASIS

		Removal of:**	
£'000	Statutory as disclosed	UK Legacy business excluding sale assets	Ongoing business
31 March 2016			
Gross core loans and advances to customers	**18 305 365**	**704 448**	**17 600 917**
Total impairments	(186 550)	(121 353)	(65 197)
Specific impairments	(154 031)	(100 953)	(53 078)
Portfolio impairments	(32 519)	(20 400)	(12 119)
Net core loans and advances to customers	**18 118 815**	**583 095**	**17 535 720**
31 March 2015			
Gross core loans and advances to customers	**17 440 985**	**871 491**	**16 569 494**
Total impairments	(252 075)	(176 053)	(76 022)
Specific impairments	(208 348)	(142 871)	(65 477)
Portfolio impairments	(43 727)	(33 182)	(10 545)
Net core loans and advances to customers	**17 188 910**	**695 438**	**16 493 472**

** *The remaining legacy business in the UK.*

AN ANALYSIS OF CORE LOANS AND ADVANCES TO CUSTOMERS AND ASSET QUALITY BY GEOGRAPHY – ONGOING BUSINESS

	UK and Other		Southern Africa		Total group	
£'000	31 March 2016	31 March 2015*	31 March 2016	31 March 2015*	31 March 2016	31 March 2015*
Gross core loans and advances to customers	**7 242 345**	**6 378 070**	**10 358 572**	**10 191 424**	**17 600 917**	**16 569 494**
Total impairments	**(21 838)**	**(12 391)**	**(43 359)**	**(63 631)**	**(65 197)**	**(76 022)**
Specific impairments	(20 838)	(11 391)	(32 240)	(54 086)	(53 078)	(65 477)
Portfolio impairments	(1 000)	(1 000)	(11 119)	(9 545)	(12 119)	(10 545)
Net core loans and advances to customers	**7 220 507**	**6 365 679**	**10 315 213**	**10 127 793**	**17 535 720**	**16 493 472**
Average gross core loans and advances to customers	6 810 208	5 872 862	10 274 998	9 598 894	17 085 206	15 471 756
Total income statement charge for impairments on core loans and advances	**(17 806)**	**(7 241)**	**(25 538)**	**(27 359)**	**(43 344)**	**(34 600)**
Gross default loans and advances to customers	49 795	38 843	152 135	208 247	201 930	247 090
Specific impairments	(20 838)	(11 391)	(32 240)	(54 086)	(53 078)	(65 477)
Portfolio impairments	(1 000)	(1 000)	(11 119)	(9 545)	(12 119)	(10 545)
Defaults net of impairments before collateral held	**27 957**	**26 452**	**108 776**	**144 616**	**136 733**	**171 068**
Collateral and other credit enhancements	34 777	28 736	175 051	207 561	209 828	236 297
Net default loans and advances to customers (limited to zero)	**–**	**–**	**–**	**–**	**–**	**–**
Ratios						
Total impairments as a % of gross core loans and advances to customers	0.30%	0.19%	0.42%	0.62%	0.37%	0.46%
Total impairments as a % of gross default loans	43.86%	31.90%	28.50%	30.56%	32.29%	30.77%
Gross defaults as a % of gross core loans and advances to customers	0.69%	0.61%	1.47%	2.04%	1.15%	1.49%
Defaults (net of impairments) as a % of net core loans and advances to customers	0.39%	0.42%	1.05%	1.43%	0.78%	1.04%
Net defaults as a % of net core loans and advances to customers	–	–	–	–	–	–
Credit loss ratio (i.e. income statement impairment charge on core loans as a % of average gross core loans and advances)	0.26%	0.12%	0.26%	0.28%	0.26%	0.22%

* *The 31 March 2015 disclosures have been adjusted to reflect the allocation of the portfolio impairment to the legacy portfolio in the UK.*

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.

LEGACY BUSINESS – OVERVIEW OF RESULTS

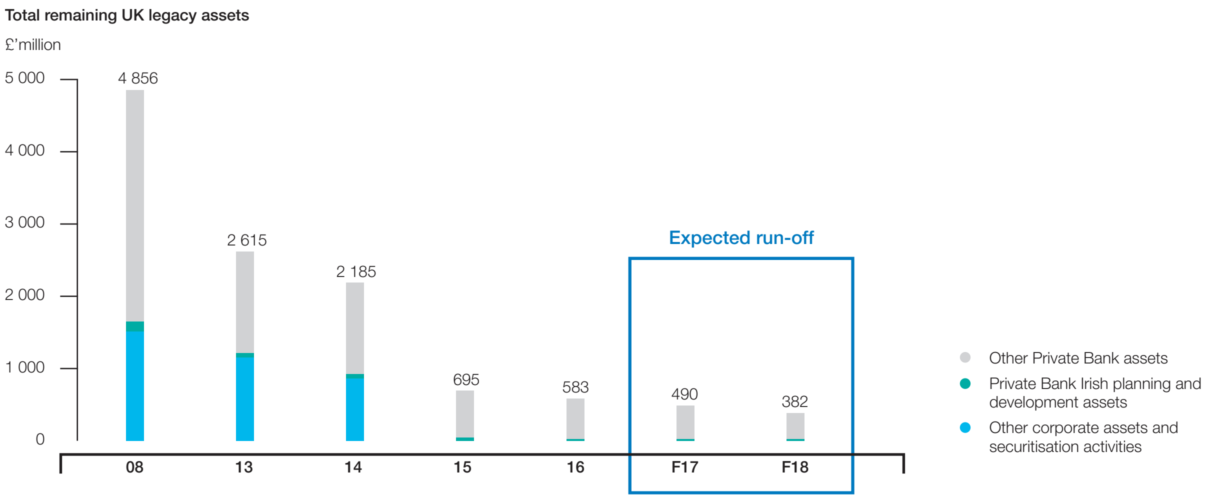
Since 31 March 2015 the group's legacy portfolio in the UK has continued to be actively managed down from £695 million to £583 million largely through redemptions and write-offs. The total legacy business over the year reported a loss before taxation of £78.3 million (2015: £107.7 million). The remaining 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 take a further two to four years to clear. Total net defaults in the legacy book amount to £143 million (31 March 2015: £185 million).

AN ANALYSIS OF ASSETS WITHIN THE LEGACY BUSINESS

£'million	31 March 2016 Total net assets (after impairments)	31 March 2016 Total balance sheet impairment	31 March 2015 Total net assets (after impairments)	31 March 2015 Total balance sheet impairment
Private Bank Irish planning and development assets	23	14	47	50
Other Private Bank assets	560	107	648	126
Total other legacy assets	**583**	**121**	**695**	**176**
Performing	440	–	510	–
Non-performing	143	121*	185	176*

* *Included in balance sheet impairments is a group portfolio impairment of £20.4 million (31 March 2015: £33.2 million). The 31 March 2015 disclosures have been adjusted to reflect the allocation of this portfolio impairment to the legacy portfolio.*

EXPECTED RUN-OFF OF LEGACY ASSETS



Two

Divisional
review

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

Equities
Fixed Income
Multi Asset
Alternative

Where we operate

Africa
Americas
Asia Pacific
Europe
UK

WEALTH & INVESTMENT

What we do

Portfolio management
Stockbroking
Alternative investments
Investment advisory services
Electronic trading services
Retirement and succession planning

Where we operate

Southern Africa
Hong Kong
UK and Europe

SPECIALIST BANKING

What we do

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

Where we operate

Australia
Hong Kong
India
Southern Africa
UK and Europe
USA

Integrated global management structure

GLOBAL EXECUTIVE

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

Global Roles

GEOGRAPHICAL BUSINESS LEADERS

South Africa
Glynn Burger
Richard Wainwright

United Kingdom
David van der Walt
Steve Elliott

Specialist Banking	Asset Management
Ciaran Whelan	Hendrik du Toit
David van der Walt	

Wealth & Investment
Steve Elliott

SUPPORT STRUCTURES

Human resources and organisational development
Marc Kahn

Corporate governance and compliance
Bradley Tapnack

Finance and risk management
Glynn Burger

Share schemes and secretarial
Les Penfold

DIVISIONAL REVIEW

At Investec ASSET MANAGEMENT, we want to assist people around the globe to retire with dignity or to meet their financial objectives by offering specialist, active investment expertise. Our clients include some of the world's largest private and public sector pension funds, insurers and corporates, and range from foundations and central banks to intermediaries serving individual investors. Our business is to manage our clients' investments to the highest standard possible by exceeding their investment and client service expectations

Global head: Hendrik du Toit

Established in South Africa in 1991, 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 over 180 investment professionals applies clear investment philosophies and processes across multiple asset classes. Our client group is organised across five geographically defined units serving our clients around the globe. These teams are supported by our global operations platform.

ANNUAL HIGHLIGHTS

Net inflows of £3.2bn (2015: £3.1bn)	Assets under management £75.7bn (2015: £77.5bn)
Operating profit before non-controlling interests decreased by 9.5% to £134.8 million, contributing 26.7% to group profit	Operating margin 32.0% (2015: 34.2%)

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 to:
  - Investing
  - Client base
  - Operations platform
- Institutional and advisor focus
- Unique and clearly understood culture
- Stable and experienced leadership.

WHAT we do

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

Capabilities and organisational structure

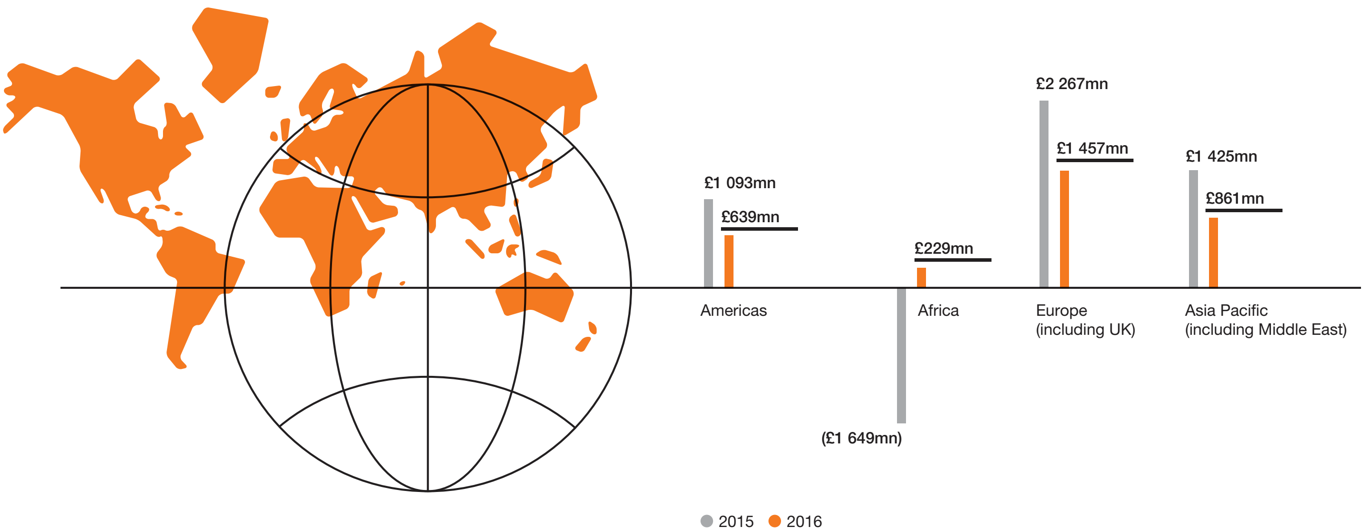
EQUITIES	FIXED INCOME	MULTI ASSET	ALTERNATIVES
– Global – Regional – Emerging – Frontier	– Developed – Emerging – Multi-strategy – Absolute return	– Global solutions – Emerging market solutions – Income solutions	– Commodities – Private equity – Private debt – Real estate – Infrastructure debt

Client groups

United Kingdom	Africa	Americas	Asia Pacific	Europe

Global operations platform

WHERE we operate



NET FLOWS BY GEOGRAPHY

Financial years to 31 March 2015 and 31 March 2016.

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 head: Eddie Clarke

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

The business specialises in wealth management, portfolio management, private office and stockbroking services for individuals, families, trusts and charities.

Investec Wealth & Investment is one of the UK's leading private client investment managers, the largest in South Africa, has a significant European presence and is developing its operations internationally.

ANNUAL HIGHLIGHTS

Operating profit up 8.8% to £85.7mn, contributing 17.0% to group profit	Assets under management down only 1.3% since March 2015 to £45.5bn, despite falls in the UK equity markets and the impact of the weaker Rand
Operating margin 26.4% (2015: 25.2%) positively impacted by investment gains	Net new flows of £2.1bn (2015: £2.7bn)

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 with the development of 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.

WHAT we do

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.

Financial planning

- Succession planning
- ISAs
- Retirement planning.

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 1 200 staff operate from offices located throughout the UK and Europe, with combined funds under management of £29.8 billion. Investec Wealth & Investment is one of the UK's leading providers of private client investment management services.

Southern 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 R104.5 billion of discretionary and annuity managed assets and a further R227.0 billion of funds under various other forms of administration.

WHERE we operate

UK and Europe

Brand well recognised

Established platforms in the UK, Switzerland, Republic of Ireland and Guernsey

One of the UK's leading private client investment managers

Proven ability to attract and recruit investment managers

Asia

Developing Wealth & Investment capability in Hong Kong

South Africa and Mauritius

Strong brand and positioning

Largest player in the South African market

Newly launched Wealth & Investment capability in Mauritius

Specialist expertise delivered with dedication and energy

Global heads:

David van der Walt
Ciaran Whelan

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, Corporate and Institutional Banking, Investment and Property activities.

ANNUAL HIGHLIGHTS

Operating profit (ongoing) up 4.3% to £409.2mn	Operating profit (statutory) up 8.6% to £330.9mn
12.5% ROE (pre-tax) (statutory) (2015: 10.7%)	Loans and advances (statutory) £18.1bn
16.1% ROE (pre-tax) (ongoing) (2015: 15.9%)	Customer deposits (statutory) £24.0bn

OUR value proposition

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

WHAT we do

Focus on helping our clients create and preserve wealth	A highly valued partner and advisor to our clients	
High-income and high net worth private clients	**Corporates/government/institutional clients**	
Private Banking activities	**Investment activities**	**Corporate and Institutional Banking activities**
Transactional banking and foreign exchange Lending Deposits Investments	Principal investments Property investment fund management	Treasury and trading services Specialised lending, funds and debt capital markets Institutional research sales and trading Advisory
– Southern Africa – UK and Europe	– Australia – Hong Kong – Southern Africa – UK and Europe	– Australia – Hong Kong – India – Southern Africa – UK and Europe – USA

Natural linkages between the private client and corporate businesses

WHERE we operate

North America

Distribution platform

Growing advisory and PFI capabilities

UK and Europe

Brand well established

Sustainable business on the back of client activity

Hong Kong

Investment activities

Distribution platform

India

Established a presence in 2010

Facilitates the link between India, UK and South Africa

Mauritius

Established in 1997

Leading in corporate institutional and private client banking activities

South Africa

Strong brand and positioning

Leading in corporate institutional and private client banking activities

Australia

Experienced local teams in place with industry expertise

Focus is on entrenching position as a boutique operation

Three

Risk management and
corporate governance

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.

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 pages 13 to 16) and allow the group to operate within its risk appetite tolerance as set out on page 80.

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.

Notwithstanding, a challenging and uncertain environment experienced in the group's core geographies, the group was able to maintain sound risk metrics throughout the year in review. The group remained within the majority of its risk appetite limits/targets across the various risk disciplines with any exceptions noted and approved by the board. Our risk appetite framework as set out on page 80 continues to be assessed in light of prevailing market conditions and group strategy.

Our core loan book has grown steadily over the year in home currencies, reflecting an increase of 19.7% in South Africa, and 10.5% in the UK. This has been supported by solid growth in our residential owner-occupied mortgage portfolios, private client and corporate client lending portfolios. Growth in our books has been diversified across our business lines, with loan to values at conservative levels and margins broadly in line with the prior year.

Our credit exposures are to a select target market comprising high income and high net worth individuals, established corporates, and medium-sized enterprises. Our risk appetite continues to favour lower risk, income-based lending, with exposures well collateralised and credit risk taken over a short to medium term. These target clients have remained active during the financial year, and have displayed a level of resilience, seeking out opportunities, despite the volatility in the markets.

Our core loan book remains well diversified with commercial rent producing property loans comprising approximately 15% of the book, other lending collateralised by property 10%, high net worth and private client lending 35% and corporate lending 40% (with most industry concentrations well below 5%). 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 £695 million at 31 March 2015 to £583 million largely through redemptions and write-offs (notably on the Irish portfolio).

We will continue to manage this portfolio down, although we remain cautiously optimistic in this regard and our view is that the remaining legacy book will still take two to four years to clear as explained in detail on page 65.

Impairments on loans and advances decreased from £128.4 million to £109.5 million. Since 31 March 2015 gross defaults have improved from £608.4 million to £466.1 million. The percentage of default loans (net of impairments but before taking collateral into account) to core loans and advances amounted to 1.54% (2015: 2.07%). The ratio of collateral to default loans (net of impairments) remains satisfactory at 1.35 times (2015: 1.37 times).

We reported an increase in the level of impairments taken on our South African portfolio, but remain comfortable with the overall performance of the book, as the credit loss ratio amounts to 0.26% and defaults (net of impairments but before collateral) are 1.05% of our book. The increase in interest rates in South Africa has had little impact on the performance of our book to date, as our target market is less sensitive to the moderate interest rate moves incurred to date. We will however, monitor our portfolio in light of the increasing interest rate environment. Given the weaker growth outlook in South Africa, it is likely that defaults could increase, although we would still expect our credit loss ratio to remain within our long-term trend of 30bps to 40bps. The credit loss ratio in our UK and Other businesses improved during the year to 1.13%, with the bulk of impairments taken on the legacy portfolio. Our credit losses on our core 'ongoing' UK and Other book remain low at 0.26%.

The group has minimal exposure to the agriculture sector in South Africa, and our overall group exposure to mining and resources amounts to 2.6% of our credit and counterparty exposures. Overall net defaults of the group are at a manageable level, amounting to 9.7% of our tier 1 equity, with total impairments amounting to 17.8% of our pre-provision income.

Our investment portfolios in the UK and South Africa delivered a sound performance. During the year we transferred a sizeable portion of our South African unlisted investments portfolio to an investment vehicle called Investec Equity Partners (IEP), in which we retain a 45% interest. With the backing of external strategic investors, we believe that IEP is better positioned to deliver value from, and grow this portfolio. Overall, we remain comfortable with the performance of our equity investment portfolios which comprise 3.88% of total assets.

Proprietary 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 less than 0.2% of total operating income.

Investec has continued to maintain a sound balance sheet with a low gearing ratio of 10.2 times and a core loans to equity ratio of 4.7 times. Our current leverage ratios for Investec Limited and Investec plc are at 6.9% and 7.0% respectively.

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 for total capital adequacy. We did not meet our internal target for our common equity tier 1 ratio to be in excess of 10% at our holding companies, as a result of solid growth in credit risk-weighted assets during the year. Capital continued to grow and we are comfortable that credit growth is in line with our risk appetite framework and supported by sound risk metrics. We believe that a common equity tier 1 ratio in excess of 10% is appropriate for our business, given our high leverage ratios and we will continue to build our business in a manner that achieves this target.

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 core lending asset growth. Cash and near cash balances amounted to £11.0 billion at year-end, representing 38.8% of our liability base.

The strategy in the UK to normalise balance sheet liquidity levels following the strategic sales in the last quarter of the previous financial year was achieved by mid-year through a combination of asset growth and liability management. Our loan to deposit ratio is at 72.2%. Our weighted average cost of funding over the year continued to decrease and we comfortably meet Basel liquidity requirements for the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

In South Africa surplus cash balances increased significantly as we remained conservative given the volatility in the markets. We ended the year with the three-month average of Investec Bank Limited's (solo) LCR at 117.3%, which is well ahead of the minimum levels required. We were successful in raising two to three year term US Dollar (USD) funding at levels last witnessed over five years ago. The bank's long-term USD liquidity position is very positive and places us in a strong position ahead of any concern over South Africa's heightened risk of a credit rating downgrade. Our USD funding merely augments our surplus cash balances, and core loans and advances are fully funded from domestic deposits, with our loan to deposit ratio (excluding USD funding) at 74.6%.

We continue to spend much time and effort focusing on operational, reputational, conduct, recovery and resolution risks. During the year customer and market conduct committees were established in South Africa and the UK, with the objective of ensuring that Investec maintains a client-focused and fair outcomes-based culture.

Financial and cybercrime remain high priorities, and Investec continually aims to strengthen its systems and controls in order to meet its regulatory obligations to combat money laundering, bribery and corruption.

Investec's stress testing framework is well embedded in its operations and is designed to identify and regularly test the group's key 'vulnerabilities under stress'. A fundamental part of the stress testing process is a full and comprehensive analysis of all the group's material business activities, incorporating views from risk, the business and the executive – a process called the 'bottom-up' analysis. Resulting from the 'bottom-up' analysis, the Investec-specific stress scenarios are designed to specifically test the unique attributes of the group's portfolio. The key is to understand the 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 group. This process allows the group to identify underlying risks and manage them accordingly.

During the year, Investec continued to enhance its stress testing framework. Given the volatility and uncertainty in the market, a number of new stress scenarios were incorporated into our processes, these included for example, the events that unfolded in South Africa in December 2015 with the removal of Finance Minister Nene; a sovereign rating downgrade of South Africa to below investment grade; and 'Brexit'.

The board, through its various risk and capital committees, continued to assess the impact of its principal risks and the above mentioned stress scenarios on its business. The board has concluded that the group has robust systems and processes in place to manage these risks, and that while under a severe stress scenario, business activity would be very subdued, the group would continue to maintain adequate liquidity and capital balances to support the continued operation of the group.

Our viability statement is provided on pages 82 to 84.

We were very pleased to receive a number of credit rating upgrades during the period, with upward adjustments made to our ratings both in South Africa and the UK. We believe these rating upgrades are a reflection of the progress we have made over the past few years in simplifying and derisking our business, maintaining sound capital and high liquidity ratios, and managing credit risk metrics at tolerable levels.

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

10 June 2016

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

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 private client mortgages and the decline in lending collateralised by property exposures. Continued progress has been made during the year in our strategic portfolio rebalancing through active portfolio management and the consistent application of our risk appetite statement.

Net core loans and advances increased by 10.5% from £7.1 billion at 31 March 2015 to £7.8 billion at 31 March 2016, largely as a result of solid growth in our diversified corporate lending and high net worth and other private client lending activities.

Default loans (net of impairments) have decreased from 3.00% to 2.19% of core loans and advances. The credit loss ratio is at 1.13% (2015: 1.16%), impacted by further impairments on the legacy portfolio.

Traded market risk

We continue to manage to a very low level of market risk with VaR at £0.5 million at 31 March 2016. There was strong growth in client activity across the interest rate and foreign exchange corporate sales desks within Treasury Products and Distribution.

Increased volatility in the forex markets resulted in more active client activity and interest rate hedging activity was driven by strong internal deal flow. Market risk exposures across all asset classes have remained low throughout the year.

Balance sheet risk

Cash and near cash balances at 31 March 2016 amounted to £5.1 billion (2015: £5.0 billion) with total UK customer deposits increasing by 4.9% to £10.8 billion (2015: £10.3 billion). We continue to comfortably exceed Basel liquidity requirements for the LCR and NSFR.

Southern Africa

Credit risk

Net core loans and advances grew by 19.7% to R218.0 billion at 31 March 2016 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 improved from 1.43% to 1.05% as a result of write-offs and settlements. The credit loss ratio improved to 0.26% from 0.28%.

Traded market risk

We continue to manage to a very low level of market risk with VaR at R4.8 million at 31 March 2016. Trading conditions have remained challenging. Markets have been very volatile while the lack of liquidity has continued. Investec remains focused on facilitating the near-term demand of our clients. The equity derivatives business has continued to grow their synthetic product offering to a diversified client base. All trading areas have kept market risk exposures at low levels throughout the year.

Balance sheet risk

Total customer deposits increased by 26.4% from 1 April 2015 to R280 billion at 31 March 2016. Cash and near cash balances increased by 40.8% from 1 April 2015 to R125 billion at 31 March 2016. Investec Bank Limited (solo basis) ended the financial year with the three-month average of its LCR at 117.3%, which is well ahead of the minimum regulatory level of 70% required.

Salient features

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

Year to 31 March	UK and Other 2016 £	UK and Other 2015 £	Southern Africa 2016 R	Southern Africa 2015 R	Investec group 2016 £	Investec group 2015 £
Net core loans and advances (million)	7 804	7 061	217 958	182 058	18 119	17 189
Total assets (excluding assurance assets) (million)	18 489	17 970	445 239	359 728	39 505	38 016
Total risk-weighted assets (million)	12 297	11 608	309 052	269 466	26 923^	26 601^
Total equity (million)	1 881	2 074	41 851	35 526	3 859	4 040
Cash and near cash (million)	5 082	5 039	124 907	88 691	10 994	9 975
Customer accounts (deposits) (million)	10 801	10 298	279 820	221 377	24 044	22 615
Gross defaults as a % of gross core loans and advances	3.95%	5.52%	1.47%	2.04%	2.55%	3.49%
Defaults (net of impairments) as a % of net core loans and advances	2.19%	3.00%	1.05%	1.43%	1.54%	2.07%
Net defaults (after collateral and impairments) as a % of net core loans and advances	–	–	–	–	–	–
Credit loss ratio*	1.13%	1.16%	0.26%	0.28%	0.62%	0.68%
Structured credit as a % of total assets**	1.92%	1.92%	0.17%	0.44%	0.99%	1.15%
Banking book investment and equity risk exposures as a % of total assets**	3.56%	3.44%	4.16%	4.88%	3.88%	4.19%
Level 3 (fair value assets) as a % of total assets**	3.63%	4.32%	0.63%	2.32%	2.06%	3.87%
Traded market risk: one-day value at risk (million)	0.5	0.7	4.8	3.5	n/a	n/a
Core loans to equity ratio	4.1x	3.4x	5.2x	5.1x	4.7x	4.3x
Total gearing ratio^^	9.8x	8.8x	10.6x	10.1x	10.2x	9.4x
Loans and advances to customers to customer deposits	72.2%	68.5%	74.6%	78.6%	73.5%	74.0%
Capital adequacy ratio	15.1%	16.7%	14.0%	14.7%	n/a	n/a
Tier 1 ratio	10.7%	11.9%	10.7%	11.3%	n/a	n/a
Common equity tier 1 ratio	9.7%	10.2%	9.6%	9.6%	n/a	n/a
Leverage ratio – current	7.0%	7.7%	6.9%	8.1%	n/a	n/a
Return on average assets#	0.71%	0.44%	1.15%	1.20%	0.93%	0.86%
Return on average risk-weighted assets#	1.10%	0.72%	1.61%	1.59%	1.34%	1.25%

* *Income statement impairment charge on core loans as a percentage of average advances.*
** *Total assets excluding assurance assets.*
^ *The group numbers have been 'derived' by adding Investec plc and Investec Limited (Rand converted into Pounds Sterling) numbers together.*
^^ *Total assets excluding assurance assets to total equity.*
\# *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 our principal 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 and capital processes, our stress testing reviews 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 2016
• 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 55% to total operating income and capital intensive activities contributed 45%
• 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 71.7% 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 66.4%.
• 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 11.5% and our return on risk-weighted assets amounted to 1.34%. Refer to pages 52 and 53 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 52 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 11.0% and a common equity tier 1 ratio above 10.0%	We meet total capital targets; however, we have not met our common equity targets due to strong growth in credit risk-weighted assets; refer to page 52 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 or local banking subsidiary and tolerate exposures to other countries where we have developed a local understanding and capability or we are facilitating a transaction for a client who requires facilities in a foreign geography	Refer to the Investec 2016 integrated annual report
• 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 0.62% and defaults net of impairments amounted to 1.54% of total core loans. Refer to the Investec 2016 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 £11.0 billion representing 45.7% of customer deposits. Refer to the Investec 2016 integrated annual report
• 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 2016 integrated annual report
• We have moderate appetite for investment risk, and set a risk tolerance of less than 20% of tier 1 capital for our unlisted principal investment portfolio (excluding IEP)	Our unlisted investment portfolio is £500 million, representing 17.4% of total tier 1 capital. Refer to the Investec 2016 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 2016 integrated annual report
• We have a number of policies and practices in place to mitigate reputational, legal and conduct risks	Refer to the Investec 2016 integrated annual report

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 2016. A more detailed review is provided in the Investec 2016 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

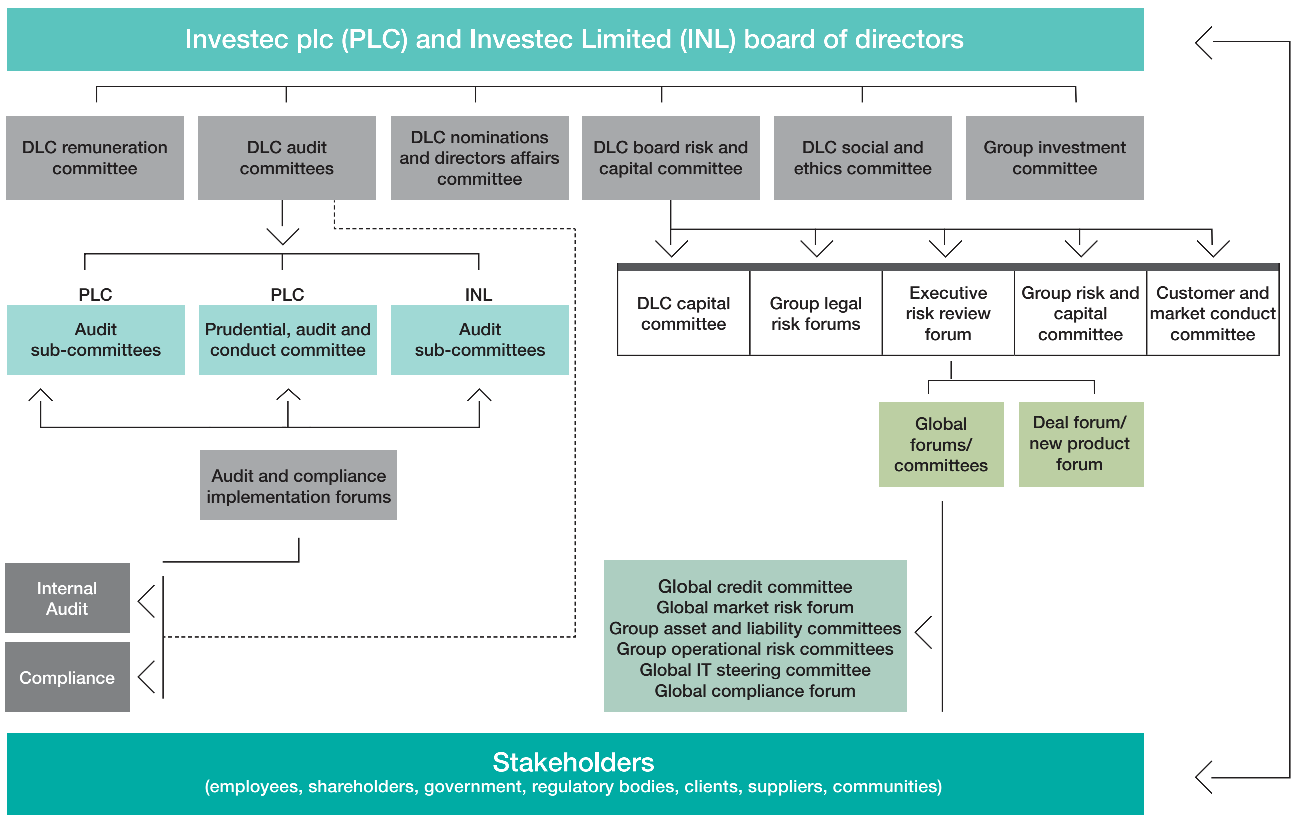
UK CORPORATE GOVERNANCE CODE

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, except as disclosed below:

- D1.1 states that performance-related remuneration schemes for executive directors should include provisions that would enable the company to recover sums paid or withhold the payment of any sum, and specify the circumstances in which it would be appropriate to do so. The current remuneration arrangements for Hendrik du Toit do not include provisions to recover sums that have already been paid or to withhold the payment of any sums. The remuneration of Hendrik du Toit continues to be determined by reference to the remuneration policy of the Investec Asset Management (IAM) business. This is deemed appropriate by the remuneration committee for the following reasons:
  - Hendrik du Toit is the chief executive officer of IAM and is not classified as a material risk taker for the purpose of the PRA regulations applicable to Investec Bank plc
  - The management of IAM, including Hendrik du Toit, undertook a substantial investment in IAM, resulting in alignment with shareholder interests and, as previously disclosed, there will be no deferral of any short-term incentive until such time as the debt taken out by Hendrik du Toit to fund his investment in IAM has been repaid.

The directors' remuneration report on pages 96 to 137 provides details of the remuneration policy and the implementation of that policy for all directors.

Governance framework



KING III

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

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

Financial reporting and going concern

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

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

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

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.

Viability statement

In addition to providing a going concern statement, the board is required, in terms of the UK Corporate Governance Code, to make a statement with respect to the group's viability (i.e. its ability to continue in operation and meet its liabilities) taking into account the current position of the group, the board's assessment of the group's prospects and the principal risks it faces. Following confirmation by the BRCC (comprising a majority of non-executive directors, which includes members of the audit committees) the audit committees recommended the viability statement for board approval.

The board has identified the principal and emerging risks facing the group and these are highlighted on page 38 with detailed information provided in the Investec 2016 integrated annual report.

Through its various sub-committees, notably the audit committees, the group risk and capital committee (GRCC), the BRCC and the capital committees, the board regularly carries out a robust assessment of these risks, and their potential impact on the performance, liquidity and solvency of the group. The activities of these board sub-committees and the issues considered by them are described in this governance section of this report.

Taking these risks into account, together with the group's strategic objectives and the prevailing market environment, the board approved 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 considers that prudential risk management is paramount in all it does. Protection of depositors, customers' interests, capital adequacy and shareholder returns are key drivers. To manage the group's risk appetite there are a number of detailed policy statements and governance structures in place. The board ensures that there are appropriate resources in place to manage the risks arising from running our business by having independent Risk Management, Compliance, and Financial Control functions. These are supplemented by an Internal Audit function that reports independently to a non-executive Audit committee chairman.

The board believes that the risk management systems and processes we have in place are adequate to support the group's strategy and allow the group to operate within its risk appetite framework. A review of the group's performance/measurement against its risk appetite framework is provided at each BRCC meeting and at the main board meetings.

In terms of the South African Reserve Bank (SARB), the UK Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) requirements, the group is also required to meet regulatory standards with respect to capital and liquidity. In terms of these requirements, the group is required to stress its capital and liquidity positions under a number of severe stress conditions.

Investec's stress testing framework is well embedded in its operations and is designed to identify and regularly test the group's key 'vulnerabilities under stress'.

Scenario modelling and rigorous daily liquidity stress tests are performed to measure and manage the group's respective banking entities' liquidity positions such that payment obligations can be met under a wide range of company-specific and market-driven stress scenarios. The objective is to have sufficient liquidity, in an acute stress scenario, to continue to operate for a minimum period as detailed in the board-approved risk appetite and as required by the regulators. The group's risk appetite also requires each banking entity to maintain a minimum cash to customer deposit ratio of 25%, and ensure that the respective banking entities are not reliant on wholesale funding to fund core asset growth. Each banking entity is required to be fully self-funded. Our banking businesses in both the UK and South Africa exceed the regulatory requirements for the net stable funding ratio and liquidity coverage ratio. The group currently has £11 billion in cash and near cash assets, representing 45.7% of customer deposits.

The group develops annual capital plans that look forward over a three-year period. These plans are designed to assess the capital adequacy of the group's respective banking entities under a range of economic and internal conditions, with the impact on earnings, asset growth, risk appetite and liquidity considered. The output of capital planning allows senior management and the board to make decisions to ensure that the group continues to hold sufficient capital to meet internal and regulatory capital targets over the medium term (i.e. three years). The group targets a minimum capital adequacy ratio of 14% to 17%, a common equity tier 1 ratio in excess of 10% and a leverage ratio in excess of 6% for each of its banking entities.

The parameters used in the capital and liquidity stresses are reviewed regularly, taking into account changes in the business environments and inputs from business units. A detailed 'bottom-up' analysis is performed in designing Investec's specific stress scenarios. The group also incorporates the SARB and Bank of England (BOE) 'anchor stresses' into its capital and liquidity processes. As the group's banking entities are regulated separately and ring-fenced from one another, different stress scenarios apply across the respective banking entities and jurisdictions.

The group's current down case stress scenario in Investec Limited takes into account a number of factors, which are briefly highlighted below:

- A substantial global and domestic recession (with GDP growth in South Africa falling to negative territory)
- A further commodity slump
- Domestic and global rapid, sharp interest rate hikes
- Substantial Rand weakness (where the Rand falls below 20 to the US Dollar and then to over 25 to the US Dollar)
- The unemployment rate moves to over 30%
- South Africa's sovereign credit rating is dropped to speculative grade
- Persistent schedule three electricity load shedding ensues

Investec plc runs a number of stress scenarios, some of which are briefly highlighted below:

- The BOE 'Anchor Scenario': this scenario incorporates a UK slowdown in GDP growth, a slump in Pounds Sterling, a significant increase in inflation and interest rates in the UK
- A scenario where there is an oil price shock with prices increasing substantially. This would result in a significant deterioration in global risk sentiment. UK inflation rises and spirals to a CPI peak of 5%. The UK economy undergoes a severe recession with GDP falling from peak to trough by over 4%. National house prices fall over 20% (and in London by over 45%), and the FTSE falls close to 30%
- A scenario where global growth disappoints and there is a collapse in the oil price which pushes down inflation and leads to a deflationary mindset. There is a period of stagnation which moderately impacts UK GDP. UK interest rates are cut into negative territory. National house prices in the UK are negatively impacted as is the FTSE.

In addition, during the year, the group incorporated a number of new stress scenarios into its liquidity and capital plans, for example, the events that unfolded in South Africa in December 2015, a sovereign rating downgrade of South Africa to below investment grade and 'Brexit'. We also carry out 'reverse stress tests' i.e. those scenarios that would cause the group to breach its capital and liquidity requirements. These scenarios are considered highly unlikely, given the group's strong liquidity position and sound capital and leverage parameters.

Furthermore, the group is required to have a recovery and resolution plan for both Investec Limited and Investec plc. The purpose of the recovery plans are to document how the board and senior management will ensure that the group recovers from extreme financial stress to avoid liquidity and capital difficulties in its separately regulated companies.

The capital and liquidity plans, stress scenarios, recovery and resolution plans and the risk appetite statement are reviewed at least annually. In addition, senior management hosts an annual three-day risk appetite process at which the group's risk appetite framework is reviewed and modified to take into account risk experience and changes in the environment. Furthermore, strategic budget processes which focus on, amongst other things, the business and competitive landscape; opportunities and challenges; financial projections – take place within each business division at least annually. A summary of these divisional budgets, together with a consolidated group budget, is presented to the board during its strategic review process early in the year.

In assessing the group's viability, the board has taken all of the abovementioned factors, documents and processes into consideration. The directors can confirm that they have a reasonable expectation that Investec will continue to operate and meet its liabilities as they fall due over the next three years. The board has used a three-year assessment period as this is aligned to the group's medium-term capital plans which incorporate profitability, liquidity, leverage and capital adequacy projections and include impact assessments from a number of stress scenarios. The board has assessed the group's viability in its 'base case' and 'down case' scenarios. Detailed management information therefore exists to provide senior management and the board sufficient and realistic visibility of the group's viability over the next three years to 31 March 2019 under these various scenarios.

In assessing the group's viability, a number of assumptions are built into its capital and liquidity plans. In the 'down case' scenario these include, for example, dividend payments being reduced and asset growth being curtailed.

The viability statement should be read in conjunction with the following sections in the Investec 2016 integrated annual report, all of which have informed the board's assessment of the group's viability:

- The strategic and financial overview of the business
- Detail on the principal and emerging risks the group faces
- The overview of the group's approach to risk management, and the processes in place to assist the group in mitigating its principal risks
- Information on the group's various stress testing processes
- The group's philosophy and approach to liquidity management
- The group's capital management framework.

This forward-looking viability statement made by the board is based on information and knowledge of the group at 10 June 2016. There could be a number of risks and uncertainties arising from (but not limited to) domestic and global economic and business conditions beyond the group's control that could cause the group's actual results, performance or achievements in the markets in which it operates to differ from those anticipated.

Board of directors

In terms of the DLC arrangement, the boards of Investec plc and Investec Limited are identical and the group is managed as a unified economic enterprise. The board is responsible for creating and delivering sustainable shareholder value by providing overall strategic direction within a framework of risk appetite and controls.

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 board risk and capital committee (BRCC), ensures that conduct risk is adequately mitigated, managed and addressed
- Assisted by the audit committees, BRCC and capital committees, regularly carries out a robust assessment of its principal risks and their impact on the performance, liquidity and solvency of the group
- 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 thereby determining the nature and extent of principal risks it is willing to take in achieving its strategic objectives
- 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
- Ensures the induction of, and ongoing training and development of, directors
- Evaluates the performance of senior management and considers succession planning.

Haruko Fukuda did not seek re-election as a director at the 2015 annual general meeting, and accordingly stepped down from the board at the conclusion of the 2015 annual general meeting held on 6 August 2015. Bradley Fried stepped down from the board with effect from 1 April 2016. In accordance with the UK Corporate Governance Code, the remainder of the board will offer themselves for re-election at the August 2016 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:

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 (group chief executive officer)	26 Jun 2002	6 Oct 1986	–
B Kantor (group 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	On appointment
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
D Friedland	1 Mar 2013	1 Mar 2013	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

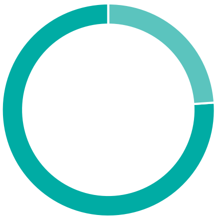
Chairman	1
Executives	4
Non-executives	10

64%

OF BOARD INDEPENDENT

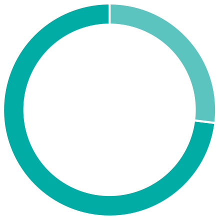
BALANCE OF NON-EXECUTIVE AND EXECUTIVE DIRECTORS:

Pre-2015 AGM



- 24.0% Executive
- 76.0% Non-executive

Post-2015 AGM



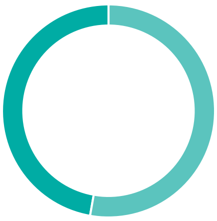
- 27.0% Executive
- 73.0% Non-executive

DIVERSITY

Aspirational target:

Per the Davies Report: 25% female representation by 2015

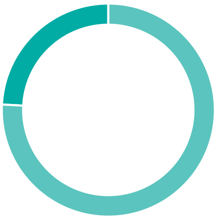
GEOGRAPHICAL MIX



- 53.0% South Africa
- 47.0% UK including Europe

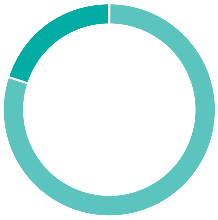
BOARD GENDER BALANCE:

Pre-2015 AGM



- 76.0% Male
- 24.0% Female

Post-2015 AGM



- 80.0% Male
- 20.0% Female

TENURE

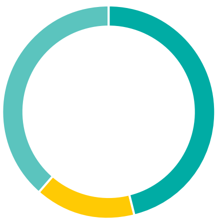
Average length of service:

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

UK CORPORATE GOVERNANCE RECOMMENDATION:

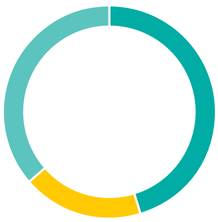
Recommendation that non-executives should not serve longer than nine years from the time of their appointment.

Pre-2015 AGM: **5 years average**



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

Post-2015 AGM: **5 years average**



- 5 0 – 3 years
- 2 3 – 6 years
- – 6 – 9 years
- 4 9 years plus

Executive directors

(details as at 30 June 2016)

STEPHEN KOSEFF (64)

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 (66)

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 (59)

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 (54)

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, Investec Asset Management Limited as well as their subsidiaries and Naspers Limited.

Non-executive directors

(details as at 30 June 2016)

FANI TITI (54)

Chairman
BSc (Hons), MA, MBA

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

Appointed to the board in January 2004.

Fani is chairman of Investec Bank Limited, 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) and MRC Media (Pty) Ltd.

ZARINA BM BASSA (52)

BAcc, DipAcc, CA(SA)

Board committees: DLC audit, Investec plc and Investec Bank plc audit, Investec Limited and Investec Bank Limited audit, DLC board risk and capital and DLC remuneration

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, the Auditing Standards Board and the Accounting 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, Oceana Group Limited, Sun International Limited and Woolworths Holdings Limited.

LAUREL C BOWDEN (51)

National Higher Diploma Engineering, BSc, MBA

Board committees: DLC audit, Investec plc and Investec Bank plc audit, Investec Limited and Investec Bank Limited 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., Ebury Partners Limited, 83 North, G&T Ventures Limited, iZettle AB, Notonthehighstreet Enterprises Limited and Wonga Group Limited.

CHERYL A CAROLUS (58)

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, IQ Business (Pty) Ltd, Ponahalo Capital (Pty) Ltd, executive chairperson of Peotona Group Holdings (Pty) Ltd, director of a number of the Peotona group companies and International Crisis Group.

PERRY KO CROSTHWAITE (67)

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, Melrose Industries plc, Investec Holdings (Ireland) Limited and Investec Capital and Investments (Ireland) Limited.

DAVID FRIEDLAND (63)

BCom, CA(SA)

Board committees: DLC audit, Investec plc and Investec Bank plc audit, Investec Limited and Investec Bank Limited 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.

Other directorships include: Investec Bank Limited, Investec Bank plc, The Foschini Group Limited, Pick n Pay Stores Limited and Pres Les (Pty) Ltd.

CHARLES R JACOBS (49)

LLB

Board committees: DLC remuneration

Appointed to the board in August 2014.

Charles is a 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 has been a solicitor at Linklaters for over 24 years and has been a partner since 1999.

Other directorships include: Fresnillo plc (non-executive director, senior independent director and chairman of the remuneration committee).

IAN R KANTOR (69)

BSc (Eng), MBA

Appointed to the board in July 1980.

Ian is a co-founder of Investec, served as the chief executive of Investec Bank Limited until 1985 and was the former chairman of Investec Holdings Limited.

Other directorships include: IdB Holdings SA (in which Investec Limited indirectly holds an 8.3% 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 (62)

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 (45)

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 and Investec Bank plc audit, Investec Limited and Investec Bank Limited 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, Investec Employee Benefits Limited and Investec Property Fund Limited.

PETER RS THOMAS (71)

CA(SA)

Board committees: DLC audit, Investec plc and Investec Bank plc audit, Investec Limited and Investec Bank Limited audit, DLC board risk and capital, DLC nominations and directors' affairs and DLC social and ethics

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

- *Bradley Fried resigned as a director with effect from 1 April 2016.*
- *Haruko Fukuda OBE resigned as a director with effect from 6 August 2015.*

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

Investec ordinary shares

As at 31 March 2016, Investec plc and Investec Limited had 617.4 million and 291.4 million ordinary shares in issue respectively.

SPREAD OF ORDINARY SHAREHOLDERS AS AT 31 MARCH 2016

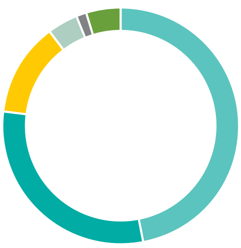
Investec plc ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
15 391	1 – 500	54.0%	2 831 046	0.4%
4 666	501 – 1 000	16.4%	3 579 883	0.6%
5 445	1 001 – 5 000	19.1%	12 289 439	2.0%
995	5 001 – 10 000	3.5%	7 249 498	1.2%
1 146	10 001 – 50 000	4.0%	27 647 593	4.5%
309	50 001 – 100 000	1.1%	21 977 520	3.5%
554	100 001 and over	1.9%	541 843 885	87.8%
28 506		**100.0%**	**617 418 864**	**100.0%**

Investec Limited ordinary shares in issue

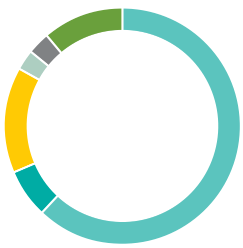
Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
3 383	1 – 500	42.1%	703 530	0.2%
1 382	501 – 1 000	17.2%	1 065 453	0.4%
1 724	1 001 – 5 000	21.5%	3 992 596	1.4%
418	5 001 – 10 000	5.2%	3 094 108	1.1%
690	10 001 – 50 000	8.6%	16 711 411	5.7%
162	50 001 – 100 000	2.0%	11 493 717	3.9%
270	100 001 and over	3.4%	254 302 891	87.3%
8 029		**100.0%**	**291 363 706**	**100.0%**

GEOGRAPHICAL HOLDING BY BENEFICIAL ORDINARY SHARE OWNER AS AT 31 MARCH 2016



Investec plc

47.0%	South Africa
30.0%	UK
12.8%	USA and Canada
4.1%	Rest of Europe
1.5%	Asia
4.6%	Other countries and unknown



Investec Limited

62.0%	South Africa
6.7%	UK
14.5%	USA and Canada
2.9%	Rest of Europe
2.8%	Asia
11.1%	Other countries and unknown

Largest ordinary shareholders as at 31 March 2016

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, 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)	47 208 864	7.6%
2. BlackRock Inc (UK & US)	31 339 094	5.1%
3. Allan Gray (ZA)	31 199 907	5.1%
4. Old Mutual (ZA)	25 291 526	4.1%
5. Prudential Group (ZA)	22 287 014	3.6%
6. T Rowe Price Associates (UK)	21 301 483	3.5%
7. Royal London Mutual Assurance Society (UK)	17 606 939	2.9%
8. Investec Staff Share Schemes (UK)	16 141 177	2.6%
9. State Street Corporation (UK and US)	15 671 161	2.5%
10. Legal & General Investment Mgt (UK)	15 555 721	2.5%
	243 602 886	**39.5%**

The top 10 shareholders account for 39.5% 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)	34 648 763	11.9%
2. Investec Staff Share Schemes (ZA)	24 168 089	8.3%
3. Old Mutual (ZA)	20 128 341	6.9%
4. Allan Gray (ZA)	13 565 085	4.7%
5. Sanlam Group (ZA)	13 180 460	4.5%
6. Dimensional Fund Advisors (UK and US)	10 185 439	3.5%
7. Coronation Fund Mgrs (ZA)	8 827 801	3.0%
8. MMI Holdings (ZA)	8 462 492	2.9%
9. BlackRock Inc (UK and US)	8 343 386	2.9%
10. Vanguard Group (UK and US)	8 174 947	2.8%
	149 684 803	**51.4%**

The top 10 shareholders account for 51.4% 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.

Shareholder classification as at 31 March 2016

	Number of Investec plc shares	% holding	Number of Investec Limited shares	% holding
Public*	588 209 422	95.3%	262 228 577	90.0%
Non-public	29 209 442	4.7%	29 135 129	10.0%
Non-executive directors of Investec plc/Investec Limited	3 645 183	0.6%	325	0.0%
Executive directors of Investec plc/Investec Limited	9 423 082	1.5%	4 966 715	1.7%
Investec staff share schemes	16 141 177	2.6%	24 168 089	8.3%
Total	**617 418 864**	**100.0%**	**291 363 706**	**100.0%**

* *As per the JSE Listings Requirements.*

Share statistics

INVESTEC PLC

For the year ended	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Closing market price per share (Pounds Sterling)							
– year ended	5.13	5.61	4.85	4.59	3.82	4.78	5.39
– highest	6.47	6.06	5.08	5.14	5.22	5.50	5.62
– lowest	4.03	4.91	3.66	3.10	3.18	4.29	2.87
Number of ordinary shares in issue (million)[1]	617.4	613.6	608.8	605.2	598.3	537.2	471.1
Market capitalisation (£'million)[1]	3 167	3 442	2 953	2 778	2 286	2 568	2 539
Daily average volumes of share traded ('000)	1 474	2 170	1 985	1 305	1 683	1 634	1 933
Price earnings ratio[2]	12.4	14.2	12.8	12.7	12.0	11.1	12.0
Dividend cover (times)[2]	2.0	2.0	2.0	2.0	1.9	2.5	2.8
Dividend yield (%)[2]	4.1	3.5	3.9	3.9	4.5	3.6	3.0
Earnings yield (%)[2]	8.1	7.0	7.8	7.9	8.3	9.0	8.4

INVESTEC LIMITED

For the year ended	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Closing market price per share (Rands)							
– year ended	109.91	100.51	84.84	64.26	47.16	52.80	62.49
– highest	121.90	107.35	85.04	69.89	57.36	65.50	65.40
– lowest	93.91	86.02	59.00	41.31	42.00	49.49	37.51
Number of ordinary shares in issue (million)[3]	291.4	285.7	282.9	279.6	276.0	272.8	269.8
Market capitalisation (R'million)[3]	99 886	90 388	75 652	56 857	41 232	42 768	46 299
Market capitalisation (£'million)[3]	4 662	5 045	4 325	4 061	3 340	3 872	3 378
Daily average volume of shares traded ('000)	963	739	810	980	1 033	794	1 068

[1] *The LSE only includes the shares in issue for Investec plc, i.e. currently 617.4 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 908.8 million shares in issue.*

Investec perpetual preference shares

Investec plc, Investec Limited and Investec Bank Limited have issued perpetual preference shares.

SPREAD OF PERPETUAL PREFERENCE SHAREHOLDERS AS AT 31 MARCH 2016

Investec plc perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
110	1 – 500	11.3%	29 252	0.2%
144	501 – 1 000	14.7%	118 700	0.8%
478	1 001 – 5 000	48.9%	1 016 526	6.7%
80	5 001 – 10 000	8.2%	610 432	4.0%
106	10 001 – 50 000	10.8%	2 306 340	15.3%
29	50 001 – 100 000	3.0%	1 969 828	13.1%
30	100 001 and over	3.1%	9 030 071	59.9%
977		**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
90	1 – 500	21.5%	25 015	1.1%
81	501 – 1 000	19.4%	63 148	2.8%
169	1 001 – 5 000	40.4%	383 494	16.8%
33	5 001 – 10 000	7.9%	253 326	11.1%
37	10 001 – 50 000	8.8%	747 193	32.8%
4	50 001 – 100 000	1.0%	237 910	10.5%
4	100 001 and over	1.0%	565 854	24.9%
418		**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
919	1 – 500	17.0%	295 199	0.9%
1 297	501 – 1 000	24.0%	1 090 380	3.4%
2 374	1 001 – 5 000	44.0%	5 552 526	17.2%
393	5 001 – 10 000	7.4%	2 830 926	8.8%
350	10 001 – 50 000	6.5%	6 874 433	21.4%
22	50 001 – 100 000	0.4%	1 687 642	5.2%
38	100 001 and over	0.7%	13 883 393	43.1%
5 393		**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
975	1 – 500	87.4%	136 044	22.8%
69	501 – 1 000	6.2%	49 962	8.4%
49	1 001 – 5 000	4.4%	106 338	17.8%
11	5 001 – 10 000	1.0%	74 460	12.5%
10	10 001 – 50 000	0.9%	177 011	29.7%
1	50 001 – 100 000	0.1%	52 930	8.8%
–	100 001 and over	–	–	–
1 115		**100.0%**	**596 745**	**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
749	1 – 500	20.4%	223 248	1.4%
1 051	501 – 1 000	28.7%	910 981	5.9%
1 412	1 001 – 5 000	38.5%	3 354 204	21.7%
228	5 001 – 10 000	6.2%	1 692 785	11.0%
187	10 001 – 50 000	5.1%	3 558 715	23.0%
19	50 001 – 100 000	0.5%	1 354 996	8.8%
21	100 001 and over	0.6%	4 352 701	28.2%
3 667		**100.0%**	**15 447 630**	**100.0%**

LARGEST PERPETUAL PREFERENCE SHAREHOLDERS AS AT 31 MARCH 2016

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

Investec plc perpetual preference shares
Pershing Nominees Limited (6.1%)
Chase Nominees Limited (Artemis) (6.6%)

Investec plc (Rand denominated) perpetual preference shares
NES Investments (Pty) Ltd (5.3%)
Regent Insurance Company Limited (6.6%)
Old Mutual Foundation Trust (8.1%)

Investec Limited perpetual preference shares
Standard Chartered Bank – Coronation Strategic Income fund (5.2%)
Standard Chartered Bank – Coronation Capital Plus fund (5.4%)

Investec Limited redeemable preference shares
Febros Nominees (Pty) Ltd (14.6%)

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 2016.

SUSTAINABILITY 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

- 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

SUPPORTING OUR EMPLOYEES

- Strong, diverse and capable workforce
- Provide a progressive work environment
- Respect and uphold human rights.

SUPPORTING OUR COMMUNITIES

- Education
- Entrepreneurship
- Environment.

PLANET

DIRECT IMPACT

- Reduce the operational impacts of our physical business.

INDIRECT IMPACT

- Embed environmental considerations into business activities
- Responsible financing and investing
- Funding renewable energy projects and green developments.

Sustainability at Investec is about:

- Building a sustainable business model to position the group for the long-term so that Investec can make a valuable contribution to society and to macro-economic stability
- Attracting and developing a strong, diverse and capable workforce
- Unselfishly contributing to society and to the well-being of our communities, largely through education and entrepreneurship
- Understanding and managing our environmental footprint so we can make a positive impact through our operations and business activities
- Growing and preserving clients' and stakeholders' wealth based on 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.

Four

Remuneration report

Statement by the chair of the remuneration committee

This remuneration report was compiled by the board remuneration committee (the committee) and approved by the board.

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 17 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.

REMUNERATION OUTCOMES FOR 2015

We received a 75% vote in favour of the executive directors' remuneration policy at the 2015 annual general meeting. The policy incorporated a number of changes, which reflected the outcomes of engagement with shareholders at the time. It is anticipated that this policy will remain in force until the 2018 annual general meeting unless regulatory changes or the business or economic environment necessitate earlier amendment.

The volume and pace of regulatory change continued during 2015 and the committee spent much of its time during the period monitoring and analysing these developments against the group's current remuneration arrangements. The committee is comfortable that our current remuneration policy appropriately reflects our remuneration philosophy, is robust and fit for purpose and complies with applicable regulations. As a result, we have not made any significant changes to the current executive and group remuneration policy.

Malus adjustments on unvested share awards are applicable to all employees across the group. Furthermore, Material Risk Takers are also subject to clawback adjustments.

Further guidance on remuneration practices has been published by the European Banking Authority (EBA) which will be considered by the committee when reviewing policy in calendar year 2016.

BUSINESS CONTEXT AND OUTCOMES FOR THE YEAR UNDER REVIEW

The committee continues to place great importance on ensuring that there is clear alignment between remuneration and delivery of the group's key strategic objectives.

During the 2016 financial year the group benefited from positive business momentum across its operations and delivered a sound performance, notwithstanding challenging operating conditions.

The group's performance against key metrics is shown in the table below.

In light of the positive financial performance of the group during the 2016 financial year and the resultant progress achieved across a range of financial, non-financial and strategic measures (in terms of the executive short-term incentive plan as approved by shareholders and reflected on pages 103 to 105), the remuneration committee approved an annual bonus of £1.4 million each for Stephen Koseff and Bernard Kantor, and £1.2 million for Glynn Burger. Stephen Koseff, Bernard Kantor and Glynn Burger receive 30% of their bonuses in cash, 30% in shares upfront, with the balance deferred in shares. Malus and clawback arrangements apply to these awards.

GROUP PERFORMANCE METRICS	Year ended 31 March 2016	Year ended 31 March 2015	% change
Earnings attributable to shareholder before goodwill, acquired intangibles, non-operating items and after non-controlling interests	£359.7 million	£339.5 million	6.0%
Adjusted earnings per share	41.3 pence	39.4 pence	4.8%
Dividends per share	21.0 pence	20.0 pence	5.0%
Return on equity	11.5%	10.6%	
Recurring income as a % of total operating income	71.7%	74.2%	
Return on average risk-weighted assets	1.34%	1.25%	
Total capital adequacy ratio, Investec plc	15.1%	16.7%	
Core tier 1 capital ratio, Investec plc	9.7%	10.2%	
Leverage ratio, Investec plc	7.0%	7.7%	
Total capital adequacy ratio, Investec Limited	14.0%	14.7%	
Core tier 1 capital ratio, Investec Limited	9.6%	9.6%	
Leverage ratio, Investec Limited	7.0%	8.1%	
Total shareholder return, Investec plc (Pounds Sterling)	(4.8%)	19.7%	
Total shareholder return, Investec Limited (Rands)	13.6%	22.5%	
Variable remuneration pool	£331 million	£337 million	(1.9%)

Hendrik du Toit was awarded a bonus of £3.9 million, determined solely in relation to the performance of Investec Asset Management as set out on page 102. 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.

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.

We remain committed to engaging with our shareholders and shareholder representative organisations to ensure that their views are taken into consideration when determining our remuneration practices. We continue to receive positive feedback in this regard.

We are seeking shareholder approval at the 2016 annual general meeting for:

- Our directors' remuneration report for the year ended 31 March 2016
- Our non-executive directors' remuneration.

Signed on behalf of the board

PKO Crosthwaite.

Perry Crosthwaite
Chairman, DLC remuneration committee

10 June 2016

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 2014, the UK Companies Act 2006, the Rules of the UK Listing Authority, the UK Financial Conduct Authority rules, the PRA and FCA 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 directors' remuneration policy that sets out our remuneration policy for the next two years and the differences between the future policy and the policy operated in the 2016 financial year, and the annual report on remuneration that explains how the policy has been implemented in the 2016 financial year. The report also contains Pillar III 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 2016

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:

	Staff compensation ratios	
	Year ended 31 March 2016	Year ended 31 March 2015
Total for the group	47.0%	47.4%
Asset Management	48.2%	47.6%
Wealth & Investment	53.8%	55.9%
Specialist Banking	44.8%	45.2%

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 107.

	Total cash benefits, salary, bonus		Total deferred bonus*		Fixed allowance payable in shares subject to retention^		Value of LTIPs – not vested and still subject to performance conditions^^		Total remuneration awarded in current period		Value of exercised LTIPs**	
£'000	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015
CEO	1 322	970	562	2 000	1 000	1 000	1 480	–	4 364	3 970	–	–
MD	1 322	970	562	2 000	1 000	1 000	1 480	–	4 364	3 970	–	–
GRFD	1 041	773	488	1 800	1 000	1 000	1 308	–	3 837	3 573	–	–
CEO IAM	4 375	4 811	–	–	–	–	–	–	4 375	4 811	1 089	3 319

* 40% of the bonus is deferred in shares which vest equally after one and two years, subject to six months retention.
^ 20% released each year for a period of five years.
^^ As discussed on page 115, the awards were made on 2 June 2016 and the amount reflected in the table represents the number of awards made multiplied by the share price on the date of award. These awards have not vested and are still subject to performance conditions being met.
** LTIPs awarded in prior years which have been exercised during the financial period. The value represents the number of shares that were exercised multiplied by the market price of the shares at the date on which they were exercised.

The payment and deferral profile of the remuneration awarded to S Koseff (CEO) and B Kantor (MD) during the 2016 financial year is as follows:

		Received in				
£'000	Awarded in 2016	Year 1 (2016)	Year 2	Year 3	Year 4	Year 5
Remuneration awarded in 2016 not subject to future performance conditions	**2 884**	**1 522**	**481**	**481**	**200**	**200**
Salary and benefits	480	480	–	–	–	–
Fixed allowance payable in shares	1 000	200	200	200	200	200
Short-term incentive	1 404	842	281	281	–	–
Long-term incentive awarded in 2016 still subject to future performance conditions	1 480	–	–	493	493	494
Total remuneration	**4 364**	**1 522**	**481**	**974**	**693**	**694**

The payment and deferral profile of the remuneration awarded to GR Burger (GRFD) during the 2016 financial year is as follows:

		Received in				
£'000	Awarded in 2016	Year 1 (2016)	Year 2	Year 3	Year 4	Year 5
Remuneration awarded in 2016 not subject to future performance conditions	**2 529**	**1 241**	**444**	**444**	**200**	**200**
Salary and benefits	308	308	–	–	–	–
Fixed allowance payable in shares	1 000	200	200	200	200	200
Short-term incentive	1 221	733	244	244	–	–
Long-term incentive awarded in 2016 still subject to future performance conditions	1 308	–	–	436	436	436
Total remuneration	**3 837**	**1 241**	**444**	**880**	**636**	**636**

The remuneration awarded to HJ du Toit (CEO IAM) will not be deferred until such time as the debt taken out by him to fund a substantial investment in IAM has been repaid.

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, Charles Jacobs and Zarina Bassa.

Current members of the committee are deemed to be independent as discussed on page 85.

Two members of the committee are also members 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 Material Risk Takers 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 reviewed and provided information on 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 £7 318 (based on their standard hourly rates).

The company retained the services of PricewaterhouseCoopers to assist with the development of remuneration arrangements in light of evolving European Banking Authority guidelines and 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 2017

EXECUTIVE DIRECTORS

As approved at the 2015 annual general meeting, the remuneration policy for the executive directors will be implemented for the year ending 31 March 2017 as follows:

BASE SALARY AND BENEFITS		
	• £480 000 for the CEO • £480 000 for the MD • £308 445 (i.e. R4 500 000 Rand portion and £90 300 Pound portion) for the GRFD • £450 874 for the CEO of IAM	No 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 103 to 105 – Malus and clawback provisions apply – Deferral period: 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
LTI		
	• 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 pages 132 and 133)	• Award subject to performance criteria as set out on pages 105 and 106 • Award of one times fixed remuneration at face value • Deferral period: 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 regularly 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 regularly 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 2016 are shown on page 108.

	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 2016 amounted to £359.7 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 2016 would have needed to be 18.6% larger at £426.6 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 2016 would have needed to be 30.0% larger at £467.5 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. 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 regularly). 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 and capped at 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 regularly 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 regularly 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 2016 and 2017 financial years is shown in the table below:

NON-EXECUTIVE DIRECTORS' REMUNERATION	YEAR ENDED 31 MARCH 2016	AS PROPOSED BY THE BOARD FOR THE PERIOD ENDING 31 AUGUST 2017
Chairman's total fee	£415 000 per year	£425 000 per year
Basic non-executive director fee	£70 000 per year	£72 000 per year
Senior independent director	£10 000 per year	£10 000 per year
Chairman of the DLC audit committee	£60 000 per year	£62 000 per year
Chairman of the DLC remuneration committee	£44 000 per year	£45 000 per year
Member of the DLC audit committee	£17 500 per year	£18 000 per year
Member of the DLC remuneration committee	£16 000 per year	£16 500 per year
Member of the DLC nominations and directors' affairs committee	£11 500 per year	£12 000 per year
Member of the DLC social and ethics committee	£11 500 per year	£12 000 per year
Chairman of the board risk and capital committee	£43 500 per year	£44 000 per year
Member of the board risk and capital committee	£14 000 per year	£14 500 per year
Investec Bank Limited board member in attendance of the board risk and capital committee	R142 000 per year	R142 000 per year
Member of the Investec Bank plc board (also member of main board)	£13 000 per year	£13 500 per year
Member of the Investec Bank plc board	–	£55 000
Member of the Investec Bank Limited board (also member of main board)	R290 000 per year	R305 000 per year
Member of the Investec Bank Limited board	–	R450 000
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 £	Retire-ment benefits £	Total other taxable benefits £	Fixed allowance £	Gross remunera-tion £	STI – upfront cash and upfront shares £	STI – deferred £	Value of LTIP– not vested and still subject to perfor-mance conditions £	Value of exercised LTIPs £	Total remunera-tion £
S Koseff (chief executive officer)										
– 2016	**409 015**	**60 883**	**10 102**	**1 000 000**	**1 480 000**	**842 400**	**561 600**	**1 480 000**	**–**	**4 364 000**
– 2015	396 524	62 612	10 864	1 000 000	1 470 000	500 000	2 000 000	–	–	3 970 000
B Kantor (managing director)										
– 2016	**445 128**	**25 379**	**9 493**	**1 000 000**	**1 480 000**	**842 400**	**561 600**	**1 480 000**	**–**	**4 364 000**
– 2015	439 120	24 912	5 968	1 000 000	1 470 000	500 000	2 000 000	–	–	3 970 000
GR Burger (group risk and finance director)										
– 2016	**272 098**	**30 688**	**5 659**	**1 000 000**	**1 308 445**	**732 600**	**488 400**	**1 308 445**	**–**	**3 837 890**
– 2015	280 892	35 363	7 162	1 000 000	1 323 417	450 000	1 800 000	–	–	3 573 417
HJ du Toit (CEO IAM)										
– 2016	**440 950**	**–**	**9 924**	**–**	**450 874**	**3 924 000**	**–**	**–**	**1 089 150**	**5 464 024**
– 2015	440 950	–	10 180	–	451 130	4 360 000	–	–	3 319 059	8 130 189

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 2.1% from £470 000 to £480 000. 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 6.1% from R4 240 000 in March 2015 to R4 500 000 in March 2016 and his Pounds Sterling-based gross remuneration increased 4.4% from £86 500 to £90 300 in March 2016.*
- *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 in 2014/15 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 166 945 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 20% of the shares are released each year over a period of five years. The 166 945 Investec plc shares for each of the directors is included in their beneficial and non-beneficial interest holding on page 112.*
- *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 Material Risk Takers 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 2016, a payment of £3.9 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 pages 132 and 133. IAM reported a decrease in adjusted operating profit before tax and non-controlling interests of 9.5% to £134.8 million. Assets under management amounted to £75.7 billion, with £3.2 billion in net inflows.*
- *S Koseff, B Kantor and GR Burger are classified as Material Risk Takers.*
- *The annual bonus for the year ended 31 March 2016 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 103 to 105. The short-term incentive is subject to 100% of fixed remuneration as explained on page 102.*
- *Further information on the short-term incentives is set out on pages 103 to 105 and as discussed on page 102 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 2016 amounted to 0.66% 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: 0.23% to the CEO, 0.23% to the MD and 0.20% 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 0.66%), subject to the remuneration cap as approved by shareholders. Furthermore, the short-term incentive is subject to 100% of fixed remuneration as explained on page 102.*

The determination of the bonus for S Koseff and B Kantor is shown below:

Adjusted operating profit at 31 March 2016 (£'000)	489 064
CEO/MD 'incentive pool' at 0.23% (£'000)	1 125
Maximum leverage at 180%, i.e. maximum potential bonus before application of the remuneration cap (£'000)	2 025
Maximum bonus subject to remuneration cap and 100% of fixed remuneration (£'000)	1 480

			Achievement levels				
Financial metrics	Weighting	Actual achievement at 31 March 2016	Threshold 0%	Target 100%	Stretch 200%	Actual allocation achieved £'000	Actual weighting achieved % vs target
Return on risk-weighted assets	35%	1.34%	0.9%	1.2%	1.6%	536	136.0%
Return on equity	25%	11.5%	9%	12%	15%	238	84.7%
Tier 1 capital adequacy	12.5 %	10.7%	9.5%	10.5%	12.0%	158	113.3%
LCR	6.25%	403.9%	115%	132.5%	162.5%	141	200.0%
NSFR	6.25%	118.3%	82%	89.5%	99.5%	141	200.0%
Total	**85.0%**					**1 214**	**127.0%**

The short-term incentive sharing percentage was reduced by 50% to reflect the reintroduction of the long-term incentive. The portion of the 2015 bonus 'achieved' for financial metrics amounted to £2 115 000 (£836 000 for return on risk-weighted assets; £282 000 for return on equity; £463 000 for tier 1 capital adequacy; £267 000 for the LCR; and £267 000 for the NSFR). The portion of the bonus for the 2016 financial year attributable to performance against financial metrics is thus largely as a result of a strong improvement in most of the metrics. Year-on-year comparisons are impacted by the fact that the maximum short-term incentive that could potentially be awarded has halved.

Non-financial metrics

Following an assessment of these metrics (as described on pages 104 and 105) the remuneration committee decided to allocate an award of £190 000 (2015: £385 000) for performance against non-financial metrics. A score of 2 (i.e. weighting of 100%) was awarded to the 'culture and values', 'governance and regulator and shareholder relationships' and 'employee relationship and development' categories and a score of 3 (i.e. weighting of 150%) was awarded to the 'franchise development' category. Year-on-year comparisons are impacted by the fact that the maximum short-term incentive that could potentially be awarded has halved. Further information is provided on page 102.

Final bonus awarded to S Koseff and B Kantor

The results of the performance assessment against financial and non-financial metrics (reflected above) yield a bonus of £1 404 000. The short-term incentive is subject to a maximum of 100% of fixed remuneration, and the bonus awarded to S Koseff and B Kantor falls within that cap.

The determination of the bonus for GR Burger is shown below:

Adjusted operating profit at 31 March 2016 (£'000)	489 064
GRFD 'incentive pool' at 0.20% (£'000)	978
Maximum leverage at 180%, i.e. maximum potential bonus before application of the remuneration cap (£'000)	1 761
Maximum bonus subject to remuneration cap and 100% of fixed remuneration (£'000)	1 308

			Achievement levels				
Financial metrics	Weighting	Actual achievement at 31 March 2016	Threshold 0%	Target 100%	Stretch 200%	Actual allocation achieved £'000	Actual weighting achieved vs % target
Return on risk-weighted assets	35%	1.34%	0.9%	1.2%	1.6%	466	136.0%
Return on equity	25%	11.5%	9%	12%	15%	207	84.7%
Tier 1 capital adequacy	12.50%	10.7%	9.5%	10.5%	12.0%	139	113.3%
LCR	6.25%	403.9%	115%	132.5%	162.5%	122	200.0%
NSFR	6.25%	118.3%	82%	89.5%	99.5%	122	200.0%
Total	**85.0%**					**1 056**	**127.0%**

The short-term incentive sharing percentage was reduced by 50% to reflect the reintroduction of the long-term incentive. The portion of the 2015 bonus 'achieved' for financial metrics amounted to £1 880 000 (£743 000 for return on risk-weighted assets; £251 000 for return on equity; £412 000 for tier 1 capital adequacy; £237 000 for the LCR; and £237 000 for the NSFR). The portion of the bonus for the 2016 financial year attributable to performance against financial metrics is thus largely as a result of a strong improvement in most of the metrics. Year-on-year comparisons are impacted by the fact that the maximum short-term incentive that could potentially be awarded has halved.

Non-financial metrics

Following an assessment of these metrics (as described on pages 104 and 105) the remuneration committee decided to allocate an award of £165 000 (2015: £370 000) for performance against non-financial metrics. A score of 2 (i.e. weighting of 100%) was awarded to the 'culture and values', 'governance and regulator and shareholder relationships' and 'employee relationship and development' categories and a score of 3 (i.e. weighting of 150%) was awarded to the 'franchise development' category. Year-on-year comparisons are impacted by the fact that the maximum short-term incentive that could potentially be awarded has halved. Further information is provided below and on page 102.

Final bonus awarded to GR Burger

The results of the performance assessment against financial and non-financial metrics (reflected above) yield a bonus of £1 221 000. The short-term incentive is subject to a maximum of 100% of fixed remuneration, and the bonus awarded to GR Burger falls within that cap.

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 104	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 and analyses were presented on various aspects of risk. The purpose of these analyses was to foster debate on our risk culture and determine our risk appetite framework • Our Human Resources 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. • During the year Customer and Market Conduct Committees were established in the UK and South Africa, with the objective of ensuring that Investec maintains a client-focused and fair outcomes-based culture.
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 executive together with senior employees, the group chairman and the chairman of the remuneration committee meet regularly with shareholders and shareholder representative organisations. These engagements are important and contribute directly to decisions made by the remuneration committee • Members of the Investment Analyst Society in South Africa voted Investec as the leader in corporate reporting in the financial services sector.

Areas of focus as set out on page 104	Achievements during the year
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 continued to grow the private client, corporate and institutional franchises of the Specialist Bank and invested in the growth of our Asset Management and Wealth & Investment businesses. Our digitisation strategy remains a key focus area. Furthermore, significant effort was made on managing down the legacy portfolio in the UK • Investec maintained its inclusion in a number of international sustainability indices • Our core values include unselfishly contributing to society. During the year we spent £4.9 million on social investment initiatives (2015: £5.4 million) • Our flagship educational initiative in South Africa, Promaths, continues to outpace the national average for Mathematics and Science • Investec has been short listed in the Business Charity Award for Community Impact in the UK for our partnership with the Bromley by Bow Beyond Business incubator • Investec is a finalist in the Lord Mayor's Dragon awards for 2016 for our project, Beyond Business, in the enterprise and employment award category • Investec Gresham Street (UK) won their ninth Platinum award in the City of London Corporation's 2015 Clean City Awards Scheme • The Gresham Street (UK) office retained the ISO 14001 certification and the Energy Reduction Verification (ERV) Kitemark in December 2015 • Investec Limited was one of the five companies in South Africa and 113 companies globally to make the 2015 CDP Climate A list. This includes companies that received an A-grade for their actions to mitigate climate change • We arranged funding for the renewable energy sector of £884 million.
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 was voted third most attractive employer in South Africa in the 2016 Universum Most Attractive Employer awards • In South Africa, Investec remains committed to black economic empowerment. During the year we received a level 2 BBBEE rating status from Empowerdex. 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 the numerical targets for 2015, we marginally missed our targets (by an average of 3.5%) for African, Coloured and Indian headcount at top, senior, middle and junior management. However, we exceeded targets at the semi-skilled level by 24%. This is due to the implementation of several learnership programmes in line with our strategy of employing individuals at a 'grass roots' level and developing them into skilled leaders over time. Strong emphasis was placed on recruiting black and disabled candidates into these programmes. We delivered on all our non-numerical goals including a continued focus on diversity awareness and, leadership development and retention of black and female talent • 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. The group further made an announcement in this regard in November 2015 • In 2016, we invested £14.7 million in the learning and development of our employees, compared to £14.1 million in the prior year.

Long-term incentive awards

- Long-term incentive awards were granted during the 2016 financial year to S Koseff, B Kantor and GR Burger. The number of long-term incentive awards are shown on page 115. The long-term incentive awards represents 100% of fixed remuneration as explained on page 102. These awards have not yet vested and are still subject to future testing against performance conditions.
- LTIPs for HJ du Toit were exercised in 2016 and 2015. The values provided in the table on page 100 represent the number of shares that were exercised multiplied by the market price of the shares at the date on which they were exercised. Further information is provided on page 113.

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 2016 £	Total remuneration 2015 £
Non-executive directors (current)		
F Titi (chairman)	415 000	363 438
ZBM Bassa[1]	123 814	41 043
LC Bowden[1]	87 500	21 250
CA Carolus	84 989	82 322
PKO Crosthwaite	196 015	184 069
B Fried	115 666	163 550
D Friedland	294 590	289 763
CR Jacobs[1]	85 988	53 971
IR Kantor	81 500	68 000
Lord Malloch-Brown KCMG[1]	81 500	51 063
KL Shuenyane[1]	121 132	59 315
PRS Thomas	205 510	195 633
Non-executive directors (no longer on the board)		
Sir DJ Prosser (former joint chairman)[2]	–	92 667
GFO Alford[2]	–	72 473
OC Dickson[2]	–	35 819
MP Malungani[2]	–	34 754
H Fukuda[3]	36 900	94 000
Total in Pounds Sterling	**1 930 104**	**1 903 130**

1 *CR Jacobs, Lord Malloch-Brown KCMG 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.*
2 *Sir DJ Prosser, GFO Alford, OC Dickson and MP Malungani resigned from the board on 8 August 2014.*
3 *H Fukuda resigned from the board on 6 August 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 2016.

Directors' shareholdings in Investec plc and Investec Limited shares at 31 March 2016 (audited)

	Beneficial and non-beneficial interest Investec plc[1]		% of shares in issue[1] Investec plc	Beneficial and non-beneficial interest Investec Limited[1]		% of shares in issue[1] Investec Limited
Name	**1 April 2015**	**31 March 2016**	**31 March 2016**	**1 April 2015**	**31 March 2016**	**31 March 2016**
Executive directors						
S Koseff[2]	4 773 200	5 274 035	0.9%	1 534 399	1 234 399	0.4%
B Kantor[2]	488 918	832 657	0.1%	3 600 500	2 800 500	1.0%
GR Burger[2]	2 848 944	3 316 390	0.5%	627 076	327 076	0.1%
HJ du Toit	–	–	–	604 740	604 740	0.2%
Total number	**8 111 062**	**9 423 082**	**1.5%**	**6 366 715**	**4 966 715**	**1.7%**
Non-executive directors						
F Titi (chairman)	–	–	–	–	–	–
ZBM Bassa	–	–	–	–	–	–
LC Bowden	–	–	–	–	–	–
CA Carolus	–	–	–	–	–	–
PKO Crosthwaite	115 738	115 738	–	–	–	–
D Friedland	–	–	–	–	–	–
CR Jacobs	–	–	–	–	–	–
IR Kantor	3 509 545	3 509 545	0.6%	325	325	0.0%
Lord Malloch-Brown KCMG	–	–	–	–	–	–
KL Shuenyane	19 900	19 900	–	–	–	–
PRS Thomas	–	–	–	–	–	–
Total number	**3 645 183**	**3 645 183**	**0.6%**	**325**	**325**	**0.0%**
Total number	**11 756 245**	**13 068 265**	**2.1%**	**6 367 040**	**4 967 040**	**1.7%**

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 116.*

2 *The beneficial and non-beneficial holdings of S Koseff, B Kantor and GR Burger, include 166 945 Investec plc shares which relate to the award to each of the directors of shares in respect of a £1 million fixed allowance on 1 June 2015 (as explained on page 107). The shares are subject to a retention period in term of which 20% of the shares are released each year over a period of five years.*

There are no requirements for directors to hold shares in the group.

Directors' interest in preference shares at 31 March 2016 (audited)

Name	Investec plc 1 April 2015	Investec plc 31 March 2016	Investec Limited 1 April 2015	Investec Limited 31 March 2016	Investec Bank Limited 1 April 2015	Investec Bank Limited 31 March 2016
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 2016 was R104.00 (2015: R90.21).*
- *The market price of an Investec Limited preference share at 31 March 2016 was R73.20 (2015: R73.50).*
- *The market price of an Investec Bank Limited preference share at 31 March 2016 was R79.00 (2015: R83.45).*

Directors' interest in options at 31 March 2016 (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 2016 (audited)

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2015	Exercised during the year	Options granted/ lapsed during the year	Balance at 31 March 2016	Market price at date of exercise	Gross gains made on date of exercise	Period exercisable
HJ du Toit	1 July 2010	Nil	187 500	(187 500)	–	–	£5.80	£1 089 150	–

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 187 500 Investec plc shares on 1 July 2015 at an average share price of £5.80 per share. There were no performance conditions attached to these awards.

Directors’ interest in the Investec plc Executive Incentive Plan 2013 at 31 March 2016 (audited)

Awards made in respect of the financial year ending 31 March 2013

Name	Number of Investec plc shares awarded on 16 September 2013	Exercise price	Performance period	Performance conditions met (Y/N)	Shares awarded for performance conditions being met	Total shares	Period exercisable	Retention period
S Koseff	600 000	Nil	1 April 2013 to 31 March 2016	Yes*	204 617	804 617	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	600 000	Nil	1 April 2013 to 31 March 2016	Yes*	204 617	804 617	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	600 000	Nil	1 April 2013 to 31 March 2016	Yes*	204 617	804 617	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 105 and 106. The performance period for these awards made in 2013 has now been tested and the results are indicated on page 115. In terms of this assessment a total number of 804 617 shares have been awarded to S Koseff, B Kantor and GR Burger. These awards are only exercisable in 2017 and 2018 as shown above.*

Original number of LTIPs awarded on 16 September 2013	600 000
Maximum leverage at 135%, i.e. maximum potential LTIPs if stretch targets obtained	810 000

Financial metrics	Weighting	Result over three-year period. Commencing 1 April 2013 to 31 March 2016	Achievement levels Threshold 0%	Target 100%	Stretch 200%	Actual allocation achieved: number of shares	Actual weighting achieved % vs target
Growth in currency neutral net tangible asset value per share including dividends, over the three-year period	40%	39.7%	15.0%	30.0%	45.0%	383 377	159.7%
Return on risk-weighted assets (average over the three-year period)	35%	1.24%	0.7%	1.2%	1.6%	232 240	110.6%
Total	**75.0%**					**615 617**	**136.8%**

The number of long-term incentive shares 'achieved' for financial metrics amounts to 615 617.

Non-financial metrics

These metrics are assessed over the three-year period. The assessment for 2016 was described on pages 108 and 109 and the assessment for prior periods in those respective annual reports. Following these assessments, the committee decided to allocate an award of 189 000 shares for performance against non-financial metrics. A score of 2 (i.e. weighting of 100%) was awarded to the 'culture and values', 'governance and regulator and shareholder relationships' and 'employee relationship and development' categories and a score of 3 (i.e. weighting of 150%) was awarded to the 'franchise development' category.

Awards made in respect of the financial year ending 31 March 2016

Name	Date of grant	Exercise price	Number of Investec plc shares at 1 April 2015	Conditional awards made during the year	Balance at 31 March 2016	Performance period	Period exercisable	Retention period
S Koseff	2 June 2016	Nil	–	314 225	314 225	1 April 2016 to 31 March 2019	One third is exercisable on 2 June 2019; one third on 2 June 2020; and one third on 2 June 2021, subject to performance criteria being met	A further six-month retention after vesting date
B Kantor	2 June 2016	Nil	–	314 225	314 225	1 April 2016 to 31 March 2019	One third is exercisable on 2 June 2019; one third on 2 June 2020; and one third on 2 June 2021, subject to performance criteria being met	A further six-month retention after vesting date
GR Burger	2 June 2016	Nil	–	277 801	277 801	1 April 2016 to 31 March 2019	One third is exercisable on 2 June 2019; one third on 2 June 2020; and one third on 2 June 2021, subject to performance criteria being met	A further six-month retention after vesting date

On 2 June 2016, 314 225 nil cost options were awarded to S Koseff and B Kantor and 277 801 to GR Burger. These awards form part of their variable remuneration as approved at the 2015 annual general meeting, in respect of the financial year ending 31 March 2016. The value of these awards is reflected in the table on page 100.

The performance criteria in respect of these awards are detailed on pages 105 and 106. None of these awards have as yet vested. The face value at grant for these awards amounts to £1 480 000 for S Koseff and B Kantor and £1 308 000 for GR Burger based on an actual share price for Investec plc of £4.71 on 2 June 2016 (date of grant). The awards are subject to 100% of fixed remuneration at face value as explained on page 102.

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 2016	31 March 2015	High over the year	Low over the year
Investec plc share price	£5.13	£5.61	£6.47	£4.03
Investec Limited share price	R109.91	R100.51	R121.90	R93.91
Number of Investec plc shares in issue (million)	617.4	613.6	–	–
Number of Investec Limited shares in issue (million)	291.4	285.7	–	–

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 2016[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	• Long-term share awards: one-third at the end of years three, four and five; and for Material Risk Takers: nil cost options: one-third at the end of two and a half years, three and a half years and four and a half years plus a six-month retention period • Short-term share awards: equally over three years from date of award • Market strike options: 25% end of years two, three, four and five	6 664 976 1 450 950	Number: 28 364 499 % of issued share capital of company: 3.12% Number: 344 026 % 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	• Long-term share awards: one-third at the end of years three, four and five • Short-term share awards: equally over three years from date of award	8 431 958	Number: 37 773 545 % of issued share capital of company: 4.16%

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 pages 166 and 167. 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 year guideline for discretionary awards. The committee regularly monitors the utilisation of dilution limits and available headroom to ensure that these guidelines are complied with. Shares issued in terms of the group's EVA scheme are paid for by the respective division at the time of the award and are not included in these dilution calculations as they have been issued for full value. The issued share capital of Investec plc and Investec Limited at 31 March 2016 was 617.4 million shares and 291.4 million shares, respectively.*

4 *The market price of an Investec plc share at 31 March 2016 was £5.13 (2015: £5.61), ranging from a low of £4.03 to a high of £6.47 during the financial year.*

5 *The market price of an Investec Limited share at 31 March 2016 was R109.91 (2015: R100.51), ranging from a low of R93.91 to a high of R121.90 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 pages 114 and 115.*

REMUNERATION REPORT

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.

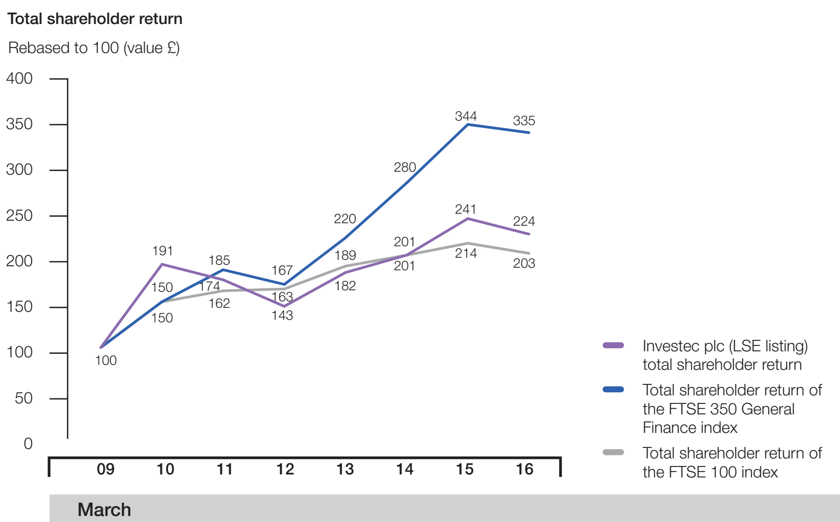
Schedule 8 of the UK Large and Medium-sized Companies and Groups (Accounts and Report) Regulations 2008 (as amended) requires this report to include a performance graph of Investec plc's total shareholder return (TSR) performance against that of a broad market index. A number of companies within the 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 purple) 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 2016, a hypothetical £100 invested in Investec plc at 31 March 2009 would have generated a total return of £124 compared with a return of £235 if invested in the FTSE 350 General Finance Index and a return of £103 if invested in the FTSE 100 Index.

During the period from 1 April 2015 to 31 March 2016, the return to shareholders of Investec plc (measured in Pounds Sterling) and Investec Limited (measured in Rands) was -4.8% and 13.6%, respectively. This compares to a -2.6% return for the FTSE 350 General Finance Index, a return of -5.3% for the FTSE 100 Index and a return of 3.3% for the JSE Top 40 Index.

The market price of our shares on the LSE was £5.13 at 31 March 2016, ranging from a low of £4.03 to a high of £6.47 during the financial year. The market price of our shares on the JSE Limited was R109.91 at 31 March 2016, ranging from a low of R93.91 to a high of R121.90 during the financial year.

PERFORMANCE GRAPH



Source: Datastream

TABLE OF CEO REMUNERATION

In addition, the table below provides a seven-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 107.

Year ended 31 March	2010	2011	2012	2013	2014	2015	2016
CEO single figure of total remuneration (£'000)	**2 660**	**3 425**	**450**	**4 602**	**2 420**	**3 970**	**4 364**
Salary, benefits, fixed allowance and bonus (£'000)	2 660	3 425	450	1 950	2 420	3 970	2 884
Long-term incentives granted (value reflects share price multiplied by number of shares awarded at date of award)* (£'000)	–	–	–	2 652	–	–	1 480
% maximum of short-term incentive	n/a^	n/a^	n/a^	n/a^	50%	65%	95%

* *Historical long-term incentives did not vest as they did not meet performance conditions in the relevant periods. Incentives awarded on 16 September 2013 have been tested against performance criteria, as shown on page 115, and are now due to vest in 2017 and 2018. Incentives awarded on 2 June 2016 (as reflected in the March 2016 information) are still subject to performance conditions and have not yet vested.*

^ *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 2015 and 2016 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)	2.1%	(43.8%)*
Average based on Investec plc employees (in Pounds Sterling)	2.3%	(1.8%)
Average based on Investec Limited employees (in Rands)	16.9%	13.4%

* *The short-term incentive sharing percentage was reduced by 50% to reflect the reintroduction of the long-term incentive*

RELATIVE IMPORTANCE OF SPEND ON REMUNERATION

Our value-added statement is provided on page 10. In summary, the relative importance of remuneration and distributions to shareholders is shown below:

£'000	31 March 2016	31 March 2015	% change
Group compensation costs	912 435	927 980	(1.7%)
– Fixed	581 847	590 896	(1.5%)
– Variable	330 588	337 084	(1.9%)
Dividends to shareholders	206 139	204 913	0.6%
– Ordinary shares	180 009	168 486	6.8%
– Preference shares	26 130	36 427	(28.3%)

Statement of voting at 2015 annual general meeting

At the 2015 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	567 427 567	84%	105 021 932	16%	2 843 336
To approve the directors' remuneration policy	505 159 546	75%	167 830 111	25%	2 303 178
To approve the non-executive directors' remuneration	516 480 504	77%	154 581 743	23%	4 171 858

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 heads of the group's three distinct business activities:

- Asset Management
  - Hendrik du Toit
- Wealth & Investment
  - Steve Elliott
- Specialist Banking
  - David van der Walt
  - Ciaran Whelan

Hendrik du Toit is one of the executive directors of Investec Limited and his remuneration is disclosed on page 107.

Steve Elliott is remunerated by Investec Wealth & Investment Limited (a UK domiciled company and subsidiary of Investec plc), and David van der Walt and Ciaran Whelan are employed by Investec Bank plc (a UK domiciled company and a subsidiary of Investec plc). As a result, they are not required to disclose their remuneration under the South African Companies Act.

Directors' remuneration policy for the year ending 31 March 2017 and subsequent years

Shareholders voted in favour of our directors' remuneration policy at the August 2015 annual general meeting and the policy was 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 and FCA Remuneration Code (as a level 2 organisation as defined therein), and in particular in relation to Material Risk Takers. 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 and FCA 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 and FCA Remuneration Code.

More details of the remuneration policies applied in each of our subsidiary companies can be found on pages 127 to 134.

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 Material Risk Takers (as discussed hereunder).

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 (share awards) providing long-term equity participation
- Certain of our Material Risk Takers receive fixed monthly cash allowances (where appropriate for the role) and a commensurate reduction of variable short-term incentive.

BENCHMARKS

The short-term incentive initially allocated to the CEO and pool (as reflected in our policy) in 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 short-term incentive sharing percentage has been reduced by 50% in 2016 to reflect the reintroduction of the long-term incentive.

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 103 to 105).

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 Material Risk Takers (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 and thereafter.

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.

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 a Material Risk Taker. 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 pages 132 and 133.

EXECUTIVE DIRECTORS' REMUNERATION POLICY TABLE

The table below summarises the remuneration policy for executive directors for the year ending 31 March 2017 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	• None
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 123.

EXECUTIVE DIRECTORS' REMUNERATION POLICY TABLE *(continued)*

Purpose and link to strategy	Operation	Maximum value and performance targets	Changes from prior year
VARIABLE REMUNERATION			
SHORT-TERM INCENTIVE – CEO, MD AND GRFD			
• Alignment with key business objectives • Deferral structure provides alignment with shareholders	• Establishment of a short-term incentive pool based on the group's adjusted operating profit (AOP)[2] • Receive 30% in cash immediately; 30% in upfront shares; the remaining 40% is deferred in shares which vest equally after one and two years • Deferred shares must be retained for a period of six months after vesting • The retention period may be extended to one year to meet regulatory requirements • Remuneration committee retains discretion to reduce the amount payable to ensure that incentives truly reflect performance and are not distorted by an unintended formulaic outcome • Malus and clawback may be applied to deferred shares	• Based on a balanced scorecard of financial and non-financial performance measures with achievement levels that correspond with our short-term objectives • 85% based on financial measures including: – Return on risk-weighted assets; – Return on equity; – Tier 1 capital adequacy; – Liquidity coverage ratio; and – Net stable funding ratio. • 15% based on non-financial measures including: – Culture and values; – Franchise development; – Governance and regulatory compliance; and – Employee and shareholder relationships. • If target performance conditions achieved, distribution will be as follows: 0.23% of AOP to CEO; 0.23% of AOP to MD; and 0.20% of AOP to GRFD[2] • If all financial and non-financial stretch levels are met, up to 180% of the target may be awarded, subject to an overall maximum of variable remuneration (including LTIPs) being subject to the remuneration cap[5] • The remuneration committee has discretion to vary the weightings of the performance metrics to improve alignment with business strategy	• None
SHORT-TERM INCENTIVE – CEO OF IAM[3]			
• To reward behaviour and effort against objectives and values and retain key employees • The cash bonus pool determination is based on the profitability of IAM only	• Any short-term incentive is payable in cash shortly after the end of the financial year • The short-term incentive for the CEO of IAM will not be subject to deferral during the period when the debt to finance his investment in IAM is being repaid • The cash bonus payment to the CEO of IAM is approved by the DLC remuneration committee	• The CEO of IAM is entitled to 1.85% of the earnings of IAM before tax and variable compensation • The IAM remuneration committee reviews the financial results of IAM within the context of the risk appetite of the business and can risk-adjust the cash bonus should they believe this is required given the risk taken and the overall financial results	• None

Notes:
Refer to page 123.

EXECUTIVE DIRECTORS' REMUNERATION POLICY TABLE *(continued)*

Purpose and link to strategy	Operation	Maximum value and performance targets	Changes from prior year
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	• None

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 a Material Risk Taker 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 pages 132 and 133.*

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 pages 103 to 105. 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 120), 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 Material Risk Takers, 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 Material Risk Takers.

More details of the approach to employee remuneration can be found on pages 127 to 134.

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 a bonus 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 and FCA 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 126 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.

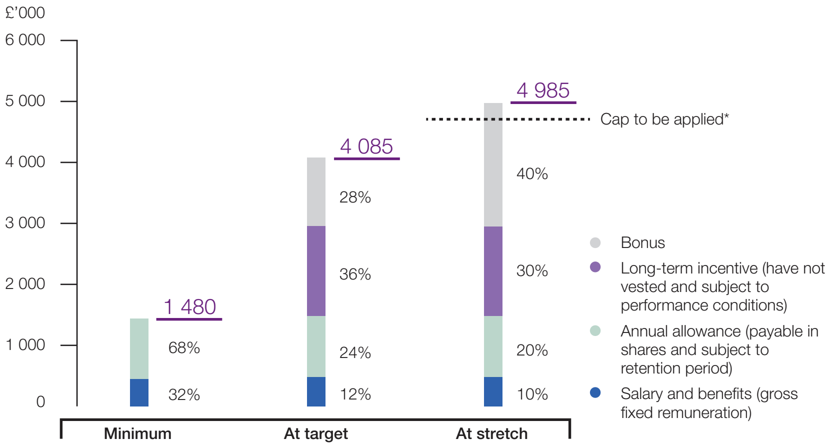
For the CEO, MD and GRFD based on the remuneration policy proposed for the year ending 31 March 2017:

- Fixed remuneration includes salaries, company pension contributions and benefits receivable (i.e. as proposed for the year ending 31 March 2017), 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 (after total non-controlling interests) based on £489.1 million as reported for the financial year ended 31 March 2016 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:

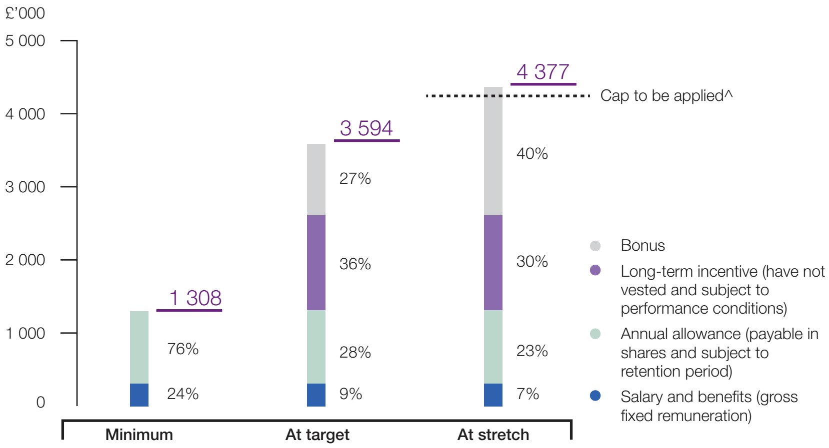
- Fixed remuneration includes the latest known salary, company pension contributions and the benefits receivable during the year ended 31 March 2016
- Variable short-term incentive is 1.85% of pre-tax and pre-compensation earnings of IAM, determined on a discretionary and uncapped basis
- Hendrik du 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



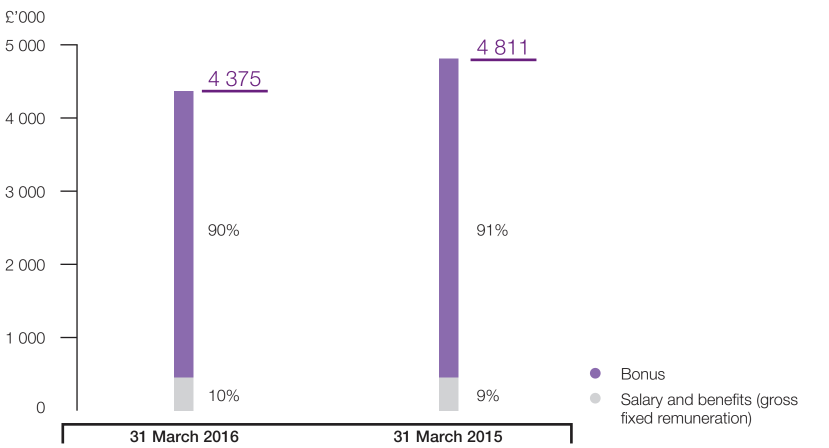
* *The maximum potential remuneration as calculated in terms of the formula is £4.985 million. However, this amount will be capped to £4.810 million when one applies the remuneration cap as approved by shareholders.*

ILLUSTRATIVE PAYOUTS FOR THE GRFD



^ *The maximum potential remuneration as calculated in terms of the formula is £4.377 million. However, this amount will be capped to £4.251 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 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 and Investec Bank plc boards 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 106 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, we meet regularly 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.

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 2016. Investec currently has 45 Material Risk Takers, of which a number receive a fixed monthly cash allowance where appropriate for the role.

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 (share awards) providing long-term equity participation
- Certain of our Material Risk Takers receive fixed monthly cash allowances (where appropriate for the role) and a commensurate reduction of variable short-term incentive.

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 Material Risk Takers (as discussed on page 120).

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 Material Risk Takers allowances, are pensionable.

VARIABLE SHORT-TERM INCENTIVE: ANNUAL BONUS

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

Specialist Banking: variable short-term incentive

Risk-weighted returns form basis for variable remuneration levels

In our ordinary course of business we face a number of risks that could affect our business operations, as highlighted on page 38.

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 17 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 2016 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's 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 Material Risk Takers. 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 MATERIAL RISK TAKERS 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 short-term EVA shares. These awards are made in terms of our existing long-term incentive plans (refer to page 116). The entire amount of the annual bonus that is not deferred is payable upfront in cash.

DEFERRAL OF VARIABLE REMUNERATION AWARDS: UK MATERIAL RISK TAKERS WITHIN THE SPECIALIST BANK

- Material Risk Takers 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 Material Risk Takers 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 Material Risk Takers 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
- Variable remuneration awards for Material Risk Takers 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 share awards 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 Material Risk Takers will, at the election of the staff member, be made either entirely in the form of short-term share awards, or 50% in short-term share awards and 50% in cash
- All deferrals in the form of 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. IAM HR and Compliance are responsible for ensuring that remuneration processes are compliant with applicable regulations.

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

Wealth & Investment 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 Wealth & Investment 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 Wealth & Investment 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 on pages 129 to 131.

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 Material Risk Takers are subject to malus and clawback adjustments. 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.

The deferred share awards of non-Material Risk Takers are subject to malus adjustments.

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 forfeitable share awards other than for countries where the taxation of such awards is penal. In these cases awards are made in the form of 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 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 forfeitable shares are made to employees of Investec plc and awards of Investec Limited forfeitable shares for employees of Investec Limited. At IAM, long-term awards are only generally considered for employees who do not participate in the DBOP and/or the IAM equity ownership scheme.

Forfeitable shares for non-Material Risk Takers are subject to one-third vesting at the end of the third, fourth and fifth year, which we believe is appropriate for our business requirements. LTIP awards to Material Risk Takers are subject to performance conditions and to one-third vesting at the end of two and a half years, three and a half years and 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 Material Risk Takers, the remuneration committee shall review all proposed awards. Circumstances where the group will consider making retention awards include 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 Material Risk Takers, 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 Material Risk Takers 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 will be reviewed by the remuneration committee for alignment with appropriate laws, policy and regulation.

PRA and FCA 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 Material Risk Takers.

Material Risk Takers are defined as those employees (including directors) whose professional activities could have a material impact on the bank's risk profile. A total of 45 individuals were Material Risk Takers in 2016.

The bank's qualitative remuneration disclosures are provided on pages 96 to 134.

The information contained in the tables below sets out the bank's quantitative disclosures in respect of Material Risk Takers for the year ended 31 March 2016.

Aggregate remuneration by remuneration type

£'million	Senior management	Other Material Risk Takers	Total
Fixed remuneration	11.4	10.5	21.9
Variable remuneration*			
– Cash	3.2	2.9	6.1
– Deferred cash	0.7	1.6	2.3
– Deferred shares	3.5	1.9	5.4
– Deferred shares – long-term incentive awards**	6.9	2.2	9.1
Total aggregate remuneration and deferred incentives	**25.7**	**19.1**	**44.8**
Ratio between fixed and variable pay	0.8:1	1.2:1	1:1

* *Total number of employees receiving variable remuneration was 45.*

** *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.*

Material Risk Takers received total remuneration in the following bands:

	Number of Material Risk Takers
£800 000 – £1 200 000	9
£1 200 001 – £1 600 000	2
£1 600 001 – £2 000 000	1
£2 000 001 – £2 400 000	1
£2 400 001 – £2 800 000	1
£2 800 001 – £3 200 000	1
£3 200 001 – £3 600 000	–
£3 600 001 – £4 000 000	3
£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 Material Risk Takers	Total
Deferred unvested remuneration outstanding at the beginning of the year	18.9	39.7	58.6
Deferred unvested remuneration adjustment – employees no longer Material Risk Takers and reclassifications	(9.5)	(5.0)	(14.5)
Deferred remuneration awarded in year	11.1	5.7	16.8
Deferred remuneration reduced in year through performance adjustments	–	–	–
Deferred remuneration vested in year	(4.9)	(5.3)	(10.2)
Deferred unvested remuneration outstanding at the end of the year^^	**15.6**	**35.1**	**50.7**

^^ *All employees are subject to clawback provisions as discussed on page 133. No remuneration was reduced for ex post implicit adjustments during the year.*

£'million	Senior management	Other Material Risk Takers	Total
Deferred unvested remuneration outstanding at the end of the year			
– Equity	12.1	31.3	43.4
– Cash	2.5	2.9	5.4
– Other	1.0	0.9	1.9
	15.6	**35.1**	**50.7**

£'million	Senior management	Other Material Risk Takers	Total
Deferred remuneration vested in year			
– For awards made in 2015 financial year	(1.1)	(2.0)	(3.1)
– For awards made in 2014 financial year	(1.9)	(1.9)	(3.8)
– For awards made in 2013 financial year	(1.9)	(1.4)	(3.3)
	(4.9)	**(5.3)**	**(10.2)**

Other remuneration disclosures

£'million	Senior management	Other Material Risk Takers	Total
Sign-on payments			
Made during the year (£'million)	–	–	–
Number of beneficiaries	–	–	–
Severance payments			
Made during the year (£'million)	0.8	–	0.8
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 96 to 134.

The information contained in the tables below sets out the bank's quantitative disclosures for the year ended 31 March 2016.

Aggregate remuneration by remuneration type

R'million	Senior management^	Risk takers^	Financial and risk control staff^	Total
Fixed remuneration	42.5	49.1	164.9	256.5
Variable remuneration*				
– Cash	85.8	85.7	74.2	245.7
– Deferred shares	40.1	42.9	1.0	84.0
– Deferred cash	29.7	–	–	29.7
– Deferred shares – long-term incentive awards**	100.4	70.2	63.9	234.5
Total aggregate remuneration and deferred incentives	**298.5**	**247.9**	**304.0**	**850.4**

^ *See page 137.*
* *Total number of employees receiving variable remuneration was 258.*
** *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	565.5	368.3	169.6	1 103.4
Deferred unvested remuneration adjustment – employees that are no longer employed by the bank and reclassifications	(205.4)	(103.4)	(8.0)	(316.8)
Deferred remuneration awarded in year	170.2	113.1	64.9	348.2
Deferred remuneration reduced in year through performance adjustments	–	–	–	–
Deferred remuneration vested in year	(46.6)	(25.0)	(1.6)	(73.2)
Deferred unvested remuneration outstanding at the end of the year	**483.7**	**353.0**	**224.9**	**1 061.6**

R'million	Senior management^	Risk takers^	Financial and risk control staff^	Total
Deferred unvested remuneration outstanding at the end of the year				
– Equity	434.8	284.7	193.7	913.2
– Cash	48.9	–	–	48.9
– Other	–	–	–	–
	483.7	**284.7**	**193.7**	**962.1**

R'million	Senior management^	Risk takers^	Financial and risk control staff^	Total
Deferred remuneration vested in year				
– For awards made in 2015 financial year	(18.2)	(11.0)	(0.7)	(29.9)
– For awards made in 2014 financial year	(15.0)	(6.8)	(0.6)	(22.4)
– For awards made in 2013 financial year	(13.4)	(7.2)	(0.3)	(20.9)
	(46.6)	**(25.0)**	**(1.6)**	**(73.2)**

Other remuneration disclosures

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

^ ***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.*

Five

Summary annual
financial statements

The following statement, which should be read in conjunction with the auditors' report set out on page 147, 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, play 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 provide 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 FRS 101 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 report to the members of the companies are set out on page 147. 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 140 to 143 and pages 148 to 192, were approved by the board of directors on 9 June 2016.

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
Chief executive officer

Bernard Kantor
Managing director

10 June 2016

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 2016, 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

10 June 2016

Extended business review

We are an international specialist bank and asset manager that provides a diverse range of financial products and services to a select client base in three principal markets, UK and Europe, South Africa and Asia/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.

Section 414A of the UK Companies Act 2006 requires the directors to present a strategic report in the annual report and accounts. The company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include certain matters in its strategic report that would otherwise be disclosed in this directors' report. The strategic report on pages 22 to 25 provides an overview of our strategic position, performance during the financial year and details of likely future developments in the business. It should be read in conjunction with the sections on pages 26 to 137 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:

- 3 308 387 ordinary shares on 25 June 2015 at 599.00 pence per share
- 2 222 356 special converting shares on 25 June 2015 of £0.0002 each at par
- 3 392 727 special converting shares on 26 June 2015 of £0.0002 each at par
- 500 835 ordinary shares on 14 August 2015 at 599.00 pence per share.

Investec plc did not repurchase any of its ordinary shares during the financial year ended 31 March 2016.

Investec Limited

During the year, the following shares were issued:

- 128 670 Class ILRP2 redeemable non-participating preference shares on 29 May 2015 at R1 010.35 per share (R0.01 par and premium of R1 010.34 per share)
- 2 222 356 ordinary shares on 25 June 2015 at R109.98 per share (R0.0002 par and premium of R109.9798 per share)
- 3 308 387 special convertible redeemable preference shares on 25 June 2015 of R0.0002 each at par
- 3 392 727 ordinary shares on 26 June 2015 at R108.23 per share (R0.0002 par and premium of R108.2298 per share)
- 500 835 special convertible redeemable preference shares on 14 August 2015 of R0.0002 each at par.

On 11 September 2015, a partial early redemption of 54 456 Class ILRP1 redeemable non-participating preference shares at R1 000.00 per share, took place (R0.01 par and premium of R999.99 per share).

On 29 January 2016, a partial early redemption of 20 000 Class ILRP1 redeemable non-participating preference shares at R1 000.00 per share, took place (R0.01 par and premium of R999.99 per share).

On 29 January 2016, a partial early redemption of 31 431 Class ILRP2 redeemable non-participating preference shares at R1 000.00 per share, took place (R0.01 par and premium of R999.99 per share).

On 23 February 2016, a partial early redemption of 20 000 Class ILRP2 redeemable non-participating preference shares at R1 000.00 per share, took place (R0.01 par and premium of R999.99 per share).

Investec Limited did not repurchase any of its ordinary shares during the financial year ended 31 March 2016.

At 31 March 2016, Investec Limited held 24 158 289 shares in treasury (2015: 21 162 694). Investec plc held 16 141 177 shares in treasury (2015: 8 325 971). The maximum number of shares held in treasury by Investec Limited during the period under review was 25 775 322.

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 2016. 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:

- 9.5 pence per ordinary share to non-South African resident shareholders and South African resident shareholders (2014: 8.5 pence) registered on 11 December 2015 and was paid on 23 December 2015.

The directors have proposed a final dividend to shareholders registered on 29 July 2016, of 11.5 pence (2015: 11.5 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 4 August 2016 and, if approved, will be paid on 10 August 2016, as follows:

- 11.5 pence per ordinary share to non-South African resident shareholders (2015: 11.5 pence) registered on 29 July 2016.
- To South African resident shareholders registered on 29 July 2016, through a dividend paid by Investec Limited on the SA DAS share, of 9.5 pence per ordinary share and 2.0 pence per ordinary share paid by Investec plc.

INVESTEC LIMITED

An interim dividend of 207.0 cents per ordinary share (2014: 146.0 cents) was declared to shareholders registered on 11 December 2015 and was paid on 23 December 2015.

The directors have proposed a final dividend in respect of the financial year ended 31 March 2016 of 266 cents (2015: 216 cents) per ordinary share. The final dividend will be payable on Wednesday, 10 August 2016 to shareholders on the register at the close of business on Friday, 29 July 2016. The annual general meeting at which the proposed dividend will be considered for approval is scheduled to take place on Thursday, 4 August 2016.

Preference dividends

INVESTEC PLC

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

Preference dividend number 19 for the period 1 April 2015 to 30 September 2015, amounting to 7.52055 pence per share, was declared to members holding preference shares registered on 4 December 2015 and was paid on 14 December 2015.

Preference dividend number 20 for the period 1 October 2015 to 31 March 2016, amounting to 7.52055 pence per share, was declared to members holding preference shares registered on 10 June 2016 and will be paid on 20 June 2016.

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

Preference dividend number 9 for the period 1 April 2015 to 30 September 2015, amounting to 445.06849 cents per share, was declared to members holding rand-denominated non-redeemable, non-cumulative, non-participating preference shares registered on 4 December 2015 and was paid on 14 December 2015.

Preference dividend number 10 for the period 1 October 2015 to 31 March 2016, amounting to 470.25000 cents per share, was declared to members holding preference shares registered on 10 June 2016 and will be paid on 20 June 2016.

INVESTEC LIMITED

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

Preference dividend number 22 for the period 1 April 2015 to 30 September 2015, amounting to 364.34712 cents per share, was declared to shareholders holding preference shares registered on 4 December 2015 and was paid on 14 December 2015.

Preference dividend number 23 for the period 1 October 2015 to 31 March 2016, amounting to 384.96150 cents per share, was declared to shareholders holding preference shares registered on 10 June 2016 and will be paid on 20 June 2016.

Class ILRP1 redeemable non-participating preference shares

Preference dividend number 8 for the period 1 April 2015 to 30 June 2015, amounting to 1 289.29579 cents per share, was declared to shareholders holding preference shares on 24 July 2015 and was paid on 27 July 2015.

Preference dividend number 9 for the period 1 July 2015 to 30 September 2015, amounting to 1 329.37002 cents per share, was declared to shareholders holding preference shares on 23 October 2015 and was paid on 26 October 2015.

Preference dividend number 10 for the period 1 October 2015 to 31 December 2015, amounting to 1 353.75897 cents per share, was declared to shareholders holding preference shares on 22 January 2016 and was paid on 25 January 2016.

Preference dividend number 11 for the period 1 January 2016 to 31 March 2016, amounting to 1 410.01817 cents per share, was declared to shareholders holding preference shares on 22 April 2016 and was paid on 25 April 2016.

Class ILRP2 redeemable non-participating preference shares

Preference dividend number 1 for the period 25 March 2015 to 30 June 2015, amounting to 1388.47239 cents per share, was declared to shareholders holding preference shares on 24 July 2015 and was paid on 27 July 2015.

Preference dividend number 2 for the period 1 July 2015 to 30 September 2015, amounting to 1 329.37002 cents per share, was declared to shareholders holding preference shares on 23 October 2015 and was paid on 26 October 2015.

Preference dividend number 3 for the period 1 October 2015 to 31 December 2015, amounting to 1 353.75897 cents per share, was declared to shareholders holding preference shares on 22 January 2016 and was paid on 25 January 2016.

Preference dividend number 4 for the period 1 January 2016 to 31 March 2016, amounting to 1 410.01817 cents per share, was declared to shareholders holding preference shares on 22 April 2016 and was paid on 25 April 2016.

Redeemable cumulative preference shares

Dividends amounting to R21 453 331 (2015: R19 970 856) were paid on the redeemable cumulative preference shares.

Directors and secretaries

Details of directors and company secretaries of Investec plc and Investec Limited are reflected on pages 87 and 88.

In accordance with the UK Corporate Governance Code, the entire board will offer itself for re-election at the 2016 annual general meeting.

H Fukuda, OBE did not offer herself for re-election at the annual general meeting held on 6 August 2015.

B Fried resigned from the board with effect from 1 April 2016.

The company secretary of Investec plc is David Miller and Niki van Wyk is the company secretary of Investec Limited.

Directors and their interests

Directors' shareholdings and options to 112 to 115.

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 81 to 86.

Share incentives

Details regarding options granted during the year are set out on page 115.

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 committees can be found in the Investec 2016 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 4 August 2016.

Contracts

Refer to page 125 for details of contracts with directors.

Subsidiary and associated companies

Details of principal subsidiary and associated companies are can be found in the Investec 2016 integrated annual report.

Major shareholders

The largest shareholders of Investec plc and Investec Limited are reflected on page 90.

Special resolutions

INVESTEC PLC

At the annual general meeting held on 6 August 2015, 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 6 August 2015, 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 shares in terms of the provisions of the South African Companies Act, No 71 of 2008
- A renewable authority was granted to Investec Limited and any of its subsidiaries to acquire its own Class ILRP1 redeemable, non-participating preference shares, Class ILRP2 redeemable, non-participating preference shares, any other redeemable, non-participating preference shares and non-redeemable, non-cumulative, non-participating preference shares in terms of the provisions of the South African Companies Act, No 71 of 2008
- A renewable authority was granted to Investec Limited to provide financial assistance in order to comply with the provisions of sections 44 and 45 of the South African Companies Act, No 71 of 2008
- A renewable authority was granted to Investec Limited to approve directors' remuneration in order to comply with the provisions of sections 65(11)(h), 66(8) and 66(9) of the South African Companies Act, No 71 of 2008
- The authorised share capital of Investec Limited was amended by the conversion of 1 091 681 authorised but unissued Class ILRP1 redeemable, non-participating preference shares to 1 091 681 authorised but unissued redeemable, non-participating preference shares
- Annexure A to the Memorandum of Incorporation was amended to correctly reflect the authorised share capital of Investec Limited by reducing the number of authorised Class ILRP1 redeemable, non-participating preference shares from 1 500 000 to 408 319 and increasing the number of redeemable, non-participating preference shares from 47 000 000 to 48 091 681
- Annexure B1 of the Memorandum of Incorporation was amended by the deletion of the current paragraphs 46 and 47 and the substitution thereof with new paragraphs 46 and 47.

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 are prepared under FRS 101.

The accounting policies adopted in this abridged report are consistent with the Investec 2016 integrated annual report.

Financial instruments

Detailed information on the group's risk management process and policy can be found in the Investec 2016 integrated annual report.

Information on the group's hedge accounting policy and the use of derivatives and hedges can be found in the Investec 2016 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 through its subsidiaries, made political donations totalling R1.5 million in 2016 (2015: R1.0 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 2016 integrated annual report.

Going concern

Refer to page 82 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.

Viability statement

Refer to pages 82 to 84 for the directors' viability statement.

Risk management policies

The group's policies for managing the financial risk to which it is exposed and exposure to price, credit, liquidity and cash flow risk are set out in the risk management section in the Investec 2016 integrated annual report.

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
Chairman

Stephen Koseff
Chief executive officer

10 June 2016

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 2016 consists of 617 418 864 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, 291 363 706 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* herewith 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 the Articles 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 Rands.

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 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.

We have examined the summary financial information for the year ended 31 March 2016 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 154 and the related notes.

This report is made solely to the Members, of 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 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 2016.

We have not considered the effects of any events between the date on which we signed our report on the full annual financial statements dated 9 June 2016 and the date of this statement.

Ernst & Young LLP

Ernst & Young LLP
1 More London Place
London
SE1 2AF
10 June 2016

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 and 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

For the year to 31 March £'000	2016	2015
Interest income	1 705 640	1 790 867
Interest expense	(1 131 871)	(1 155 890)
Net interest income	**573 769**	**634 977**
Fee and commission income	1 188 012	1 226 257
Fee and commission expense	(126 387)	(137 214)
Investment income	170 408	128 334
Trading income arising from		
– customer flow	110 227	106 313
– balance sheet management and other trading activities	11 377	(13 424)
Other operating income	12 090	12 236
Total operating income before impairment losses on loans and advances	**1 939 496**	**1 957 479**
Impairment losses on loans and advances	(109 516)	(128 381)
Operating income	**1 829 980**	**1 829 098**
Operating costs	(1 287 021)	(1 322 705)
Depreciation on operating leased assets	(2 165)	(1 535)
Operating profit before goodwill and acquired intangibles	**540 794**	**504 858**
Impairment of goodwill	(1 577)	(5 337)
Amortisation of acquired intangibles	(16 248)	(14 497)
Operating profit	**522 969**	**485 024**
Net loss on disposal of subsidiaries	(4 778)	(93 033)
Profit before taxation	**518 191**	**391 991**
Taxation on operating profit before goodwill and acquired intangibles	(103 202)	(99 023)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	5 197	(17 574)
Profit after taxation	**420 186**	**275 394**
Profit attributable to Asset Management non-controlling interests	(16 529)	(18 184)
Profit attributable to other non-controlling interests	(35 201)	(11 701)
Earnings attributable to shareholders	**368 456**	**245 509**
Earnings per share (pence)		
– Basic	38.5	24.4
– Diluted	36.7	23.1

Combined consolidated statement of comprehensive income

For the year to 31 March £'000	2016	2015
Profit after tax	420 186	275 394
Other comprehensive income		
Items that may be reclassified to the income statement		
Fair value movements on cash flow hedges taken directly to other comprehensive income	(31 934)	(32 816)
Gains on realisation of available-for-sale assets recycled through the income statement	(1 961)	(4 660)
Fair value movements on available-for-sale assets taken directly to other comprehensive income	(37 153)	1 037
Foreign currency adjustments on translating foreign operations	(240 875)	(58 318)
Items that will never be reclassified to the income statement		
Remeasurement of net defined pension asset	4 738	6 340
Total comprehensive income	**113 001**	**186 977**
Total comprehensive income attributable to ordinary shareholders	84 932	120 124
Total comprehensive (loss)/income attributable to non-controlling interests	(5 123)	32 050
Total comprehensive income attributable to perpetual preferred securities	33 192	34 803
Total comprehensive income	**113 001**	**186 977**

Combined consolidated balance sheet

At 31 March £'000	2016	2015
Assets		
Cash and balances at central banks	3 007 269	2 529 562
Loans and advances to banks	2 498 585	3 045 864
Non-sovereign and non-bank cash placements	466 573	586 400
Reverse repurchase agreements and cash collateral on securities borrowed	2 497 125	1 812 156
Sovereign debt securities	3 208 862	2 958 641
Bank debt securities	896 855	1 161 055
Other debt securities	949 950	627 373
Derivative financial instruments	1 580 949	1 580 681
Securities arising from trading activities	1 119 074	1 086 349
Investment portfolio	660 795	947 846
Loans and advances to customers	17 681 572	16 740 263
Own originated loans and advances to customers securitised	437 243	448 647
Other loans and advances	321 617	574 830
Other securitised assets	160 295	780 596
Interests in associated undertakings	267 099	25 244
Deferred taxation assets	112 135	99 301
Other assets	2 092 661	1 741 713
Property and equipment	90 888	102 354
Investment properties	938 879	617 898
Goodwill	368 039	361 527
Intangible assets	148 280	147 227
Non-current assets classified as held for sale	–	40 726
	39 504 745	**38 016 253**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	5 847 036	6 337 149
	45 351 781	**44 353 402**
Liabilities		
Deposits by banks	2 397 403	1 908 294
Derivative financial instruments	1 582 847	1 544 168
Other trading liabilities	957 418	885 003
Repurchase agreements and cash collateral on securities lent	971 646	1 284 945
Customer accounts (deposits)	24 044 281	22 614 868
Debt securities in issue	2 299 751	1 709 369
Liabilities arising on securitisation of own originated loans and advances	85 650	109 953
Liabilities arising on securitisation of other assets	120 851	616 909
Current taxation liabilities	192 255	201 790
Deferred taxation liabilities	55 486	76 481
Other liabilities	1 802 967	1 845 679
	34 510 555	**32 797 459**
Liabilities to customers under investment contracts	5 845 503	6 335 326
Insurance liabilities, including unit-linked liabilities	1 533	1 823
	40 357 591	**39 134 608**
Subordinated liabilities	1 134 883	1 178 299
	41 492 474	**40 312 907**
Equity		
Ordinary share capital	228	226
Perpetual preference share capital	153	153
Share premium	2 239 364	2 258 148
Treasury shares	(125 717)	(68 065)
Other reserves	(784 051)	(563 985)
Retained income	2 030 310	1 874 360
Shareholders' equity excluding non-controlling interests	**3 360 287**	**3 500 837**
Other Additional Tier 1 securities in issue	26 031	30 599
Non-controlling interests	472 989	509 059
– Perpetual preferred securities issued by subsidiaries	72 615	229 957
– Non-controlling interests in partially held subsidiaries	400 374	279 102
Total equity	**3 859 307**	**4 040 495**
Total liabilities and equity	**45 351 781**	**44 353 402**

For the year to 31 March £'000	2016	2015
Profit before taxation adjusted for non–cash and non-operating items	730 920	722 593
Taxation paid	(132 134)	(105 230)
Increase in operating assets	(4 580 570)	(2 312 292)
Increase in operating liabilities	4 602 620	2 291 132
Net cash inflow from operating activities	**620 836**	**596 203**
Cash flow on acquisition of group operations	–	(6 503)
Cash flow on disposal of group operations	–	226 291
Cash flow on net (acquisition)/disposal of associates	(969)	131
Cash flow on acquisition of property, equipment and intangible assets	(24 314)	(45 775)
Cash flow on disposal of property, equipment and intangible assets	11 358	19 593
Net cash (outflow)/inflow from investing activities	**(13 925)**	**193 737**
Dividends paid to ordinary shareholders	(180 009)	(168 486)
Dividends paid to other equity holders	(73 027)	(64 269)
Proceeds on issue of shares, net of related costs	35 480	38 896
Proceeds on issue of Other Additional Tier 1 securities	–	30 599
Cash flow on acquisition of treasury shares, net of related costs	(163 277)	(122 637)
Proceeds on issue of other equity instruments*	153 299	19 764
Proceeds from partial disposal of subsidiaries	–	40 914
Redemption of non-controlling interests	(142 111)	–
Proceeds from subordinated debt raised	81 422	–
Repayment of subordinated debt	(59 518)	(33 793)
Net cash outflow from financing activities	**(347 741)**	**(259 012)**
Effects of exchange rates on cash and cash equivalents	**(171 718)**	**(17 091)**
Net increase in cash and cash equivalents	**87 452**	**513 837**
Cash and cash equivalents at the beginning of the year	4 562 848	4 049 011
Cash and cash equivalents at the end of the year	**4 650 300**	**4 562 848**
Cash and cash equivalents is defined as including:		
Cash and balances at central banks	3 007 269	2 529 562
On demand loans and advances to banks	1 176 458	1 446 886
Non-sovereign and non-bank cash placements	466 573	586 400
Cash and cash equivalents at the end of the year	**4 650 300**	**4 562 848**

* *Includes equity instruments issued by subsidiaries.*

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

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Combined consolidated statement of changes in equity

£'000	Ordinary share capital	Perpetual preference share capital	Share premium	Treasury shares
At 1 April 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 taken directly to other comprehensive income	–	–	–	–
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	**–**	**–**	**(4 212)**	**–**
Share-based payments adjustments	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends declared to perpetual preference shareholders and Other Additional Tier 1 security holders	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests and Other Additional Tier 1 security holders	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Issue of ordinary shares	2	–	38 894	–
Issue of Other Additional Tier 1 securities in issue	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–
Non-controlling interest relating to partial disposal of subsidiaries	–	–	–	–
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)**
Movement in reserves 1 April 2015 – 31 March 2016				
Profit after taxation	–	–	–	–
Fair value movements on cash flow hedges taken directly to other comprehensive income	–	–	–	–
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	–	–	(26 438)	–
Remeasurement of net defined pension asset	–	–	–	–
Total comprehensive income	**–**	**–**	**(26 438)**	**–**
Share-based payments adjustments	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends declared to perpetual preference shareholders and Other Additional Tier 1 security holders	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests and Other Additional Tier 1 security holders	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Issue of ordinary shares	2	–	54 718	–
Issue of equity by subsidiaries	–	–	–	–
Redemption of non-controlling interests	–	–	–	–
Non-controlling interest relating to partial disposal of subsidiaries	–	–	–	–
Partial sale of subsidiary	–	–	–	–
Movement of treasury shares	–	–	(47 519)	(115 758)
Transfer to capital reserve	–	–	455	–
Transfer to regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	58 106
At 31 March 2016	**228**	**153**	**2 239 364**	**(125 717)**

	Other reserves								
Capital reserve account	Available-for–sale reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Retained income	Share-holders' equity excluding non-controlling interests	Other Additional Tier 1 securities in issue	Non-controlling interests	Total equity
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**
–	–	–	–	–	368 456	368 456	–	51 730	420 186
–	–	–	(31 934)	–	–	(31 934)	–	–	(31 934)
–	(1 961)	–	–	–	–	(1 961)	–	–	(1 961)
–	(37 153)	–	–	–	–	(37 153)	–	–	(37 153)
–	–	333	–	(158 673)	5 324	(179 454)	(4 568)	(56 853)	(240 875)
–	–	–	–	–	4 738	4 738	–	–	4 738
–	**(39 114)**	**333**	**(31 934)**	**(158 673)**	**378 518**	**122 692**	**(4 568)**	**(5 123)**	**113 001**
–	–	–	–	–	56 216	56 216	–	–	56 216
–	–	–	–	–	(180 009)	(180 009)	–	–	(180 009)
–	–	–	–	–	(33 192)	(33 192)	2 801	15 872	(14 519)
–	–	–	–	–	–	–	(2 801)	(15 872)	(18 673)
–	–	–	–	–	–	–	–	(39 835)	(39 835)
–	–	–	–	–	–	54 720	–	–	54 720
–	–	–	–	–	–	–	–	153 299	153 299
–	–	–	–	–	–	–	–	(142 111)	(142 111)
–	–	–	–	–	778	778	–	(778)	–
–	–	–	–	–	1 522	1 522	–	(1 522)	–
–	–	–	–	–	–	(163 277)	–	–	(163 277)
–	–	–	–	–	(455)	–	–	–	–
–	–	9 322	–	–	(9 322)	–	–	–	–
–	–	–	–	–	(58 106)	–	–	–	–
10 973	**(34 879)**	**39 078**	**(108 475)**	**(690 748)**	**2 030 310**	**3 360 287**	**26 031**	**472 989**	**3 859 307**

Investec plc and Investec Limited – significant accounting policies

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 2016, 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.

The accounting policies adopted by the group are consistent with the prior year. Standards which became effective during the year did not have an impact on the group.

Presentation of information

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 2016 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 96 to 137.

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 ('group'). 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.

The group performs a reassessment of control 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. The group also holds investments, in 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 or losses within the group, 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.

Combined consolidated segmental analysis

2016

For the year to 31 March £'000	Asset Management	Wealth & Investment	Specialist Banking	Group costs	Total group
Segmental business analysis – income statement					
Net interest income	3 904	7 330	562 535	–	573 769
Net fee and commission income	415 528	309 080	337 017	–	1 061 625
Investment income	44	6 072	164 292	–	170 408
Trading income arising from					
– customer flow	–	316	109 911	–	110 227
– balance sheet management and other trading activities	1 668	509	9 200	–	11 377
Other operating income	471	1 193	10 426	–	12 090
Total operating income before impairment on loans and advances	**421 615**	**324 500**	**1 193 381**	**–**	**1 939 496**
Impairment losses on loans and advances	–	–	(109 516)	–	(109 516)
Operating income	**421 615**	**324 500**	**1 083 865**	**–**	**1 829 980**
Operating costs	(286 832)	(238 765)	(715 619)	(45 805)	(1 287 021)
Depreciation on operating leased assets	–	–	(2 165)	–	(2 165)
Operating profit/(loss) before goodwill and acquired intangibles	**134 783**	**85 735**	**366 081**	**(45 805)**	**540 794**
Profit attributable to other non-controlling interests	–	–	(35 201)	–	(35 201)
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	**134 783**	**85 735**	**330 880**	**(45 805)**	**505 593**
Profit attributable to Asset Management non-controlling interests	(16 529)	–	–	–	(16 529)
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	**118 254**	**85 735**	**330 880**	**(45 805)**	**489 064**
Selected returns and key statistics					
ROE (pre-tax)*	79.1%	30.7%	12.5%	n/a	14.9%
Return on tangible equity (pre-tax)*	173.1%	187.9%	12.7%	n/a	17.7%
Cost to income ratio	68.0%	73.6%	60.1%	n/a	66.4%
Staff compensation to operating income	48.2%	53.8%	44.8%	n/a	47.0%
Operating profit per employee (£'000)	88.3	54.8	59.9	n/a	58.7
Total assets (£'million)	579	1 794	42 979	n/a	45 352

* *Refer to calculation on page 55.*

Combined consolidated segmental analysis *(continued)*

For the year to 31 March £'000	Asset Management	Wealth & Investment	Specialist Banking	Group costs	Total group
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/(loss) 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%	n/a	13.7%
Return on tangible equity (pre-tax)*	236.3%	136.1%	10.9%	n/a	16.4%
Cost to income ratio	65.8%	74.8%	63.1%	n/a	67.6%
Staff compensation to operating income	47.6%	55.9%	45.2%	n/a	47.4%
Operating profit per employee (£'000)	100.1	54.0	57.4	n/a	59.7
Total assets (£'million)	626	1 655	42 072	n/a	44 353

* *Refer to calculation on page 55.*

Combined consolidated segmental analysis *(continued)*

For the year to 31 March £'000	UK and Other	Southern Africa	Total group
2016			
Segmental geographic analysis – income statement			
Net interest income	260 945	312 824	573 769
Net fee and commission income	709 758	351 867	1 061 625
Investment income	62 120	108 288	170 408
Trading income arising from			
– customer flow	92 681	17 546	110 227
– balance sheet management and other trading activities	(7 983)	19 360	11 377
Other operating income	10 853	1 237	12 090
Total operating income before impairment on loans and advances	**1 128 374**	**811 122**	**1 939 496**
Impairment losses on loans and advances	(84 217)	(25 299)	(109 516)
Operating income	**1 044 157**	**785 823**	**1 829 980**
Operating costs	(863 648)	(423 373)	(1 287 021)
Depreciation on operating leased assets	(2 149)	(16)	(2 165)
Operating profit before goodwill and acquired intangibles	**178 360**	**362 434**	**540 794**
Loss/(profit) attributable to other non-controlling interests	4 503	(39 704)	(35 201)
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	**182 863**	**322 730**	**505 593**
Profit attributable to Asset Management non-controlling interests	(10 263)	(6 266)	(16 529)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	**172 600**	**316 464**	**489 064**
Impairment of goodwill	–	(1 577)	(1 577)
Amortisation of acquired intangibles	(14 477)	(1 771)	(16 248)
Net (loss)/gain on disposal of subsidiaries	(4 805)	27	(4 778)
Earnings attributable to shareholders before taxation	**153 318**	**313 143**	**466 461**
Taxation on operating profit before goodwill and acquired intangibles	(35 335)	(67 867)	(103 202)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	4 701	496	5 197
Earnings attributable to shareholders	**122 684**	**245 772**	**368 456**
Selected returns and key statistics			
ROE (post-tax)*	7.6%	16.6%	11.5%
Return on tangible equity (post-tax)*	10.5%	16.8%	13.7%
Cost to income ratio	76.7%	52.2%	66.4%
Staff compensation to operating income	54.8%	36.2%	47.0%
Operating profit per employee (£'000)	48.1	67.1	58.7
Effective operational tax rate	19.8%	18.7%	19.1%
Total assets (£'million)	18 489	26 863	45 352

* *Refer to calculation on page 54.*

For the year to 31 March £'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			
ROE (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 54.*

For the year to 31 March £'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			
2016			
Asset Management	76 853	57 930	134 783
Wealth & Investment	63 127	22 608	85 735
Specialist Banking	78 043	252 837	330 880
	218 023	**333 375**	**551 398**
Group costs	(35 160)	(10 645)	(45 805)
Total group	**182 863**	**322 730**	**505 593**
Other non-controlling interest – equity			35 201
Operating profit			**540 794**
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**

Combined consolidated segmental analysis *(continued)*

At 31 March £'000	UK and Other	Southern Africa	Total group
2016			
Segmental geographic analysis – balance sheet assets and liabilities			
Assets			
Cash and balances at central banks	2 638 069	369 200	3 007 269
Loans and advances to banks	1 103 198	1 395 387	2 498 585
Non-sovereign and non-bank cash placements	–	466 573	466 573
Reverse repurchase agreements and cash collateral on securities borrowed	446 954	2 050 171	2 497 125
Sovereign debt securities	1 252 991	1 955 871	3 208 862
Bank debt securities	181 365	715 490	896 855
Other debt securities	393 652	556 298	949 950
Derivative financial instruments	831 295	749 654	1 580 949
Securities arising from trading activities	524 344	594 730	1 119 074
Investment portfolio	451 000	209 795	660 795
Loans and advances to customers	7 803 602	9 877 970	17 681 572
Own originated loans and advances to customers securitised	–	437 243	437 243
Other loans and advances	304 223	17 394	321 617
Other securitised assets	150 565	9 730	160 295
Interests in associated undertakings	23 587	243 512	267 099
Deferred taxation assets	85 050	27 085	112 135
Other assets	1 683 290	409 371	2 092 661
Property and equipment	56 374	34 514	90 888
Investment properties	79 051	859 828	938 879
Goodwill	356 994	11 045	368 039
Intangible assets	123 480	24 800	148 280
	18 489 084	**21 015 661**	**39 504 745**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	5 847 036	5 847 036
	18 489 084	**26 862 697**	**45 351 781**
Liabilities			
Deposits by banks	501 259	1 896 144	2 397 403
Derivative financial instruments	947 502	635 345	1 582 847
Other trading liabilities	226 598	730 820	957 418
Repurchase agreements and cash collateral on securities lent	281 260	690 386	971 646
Customer accounts (deposits)	10 800 668	13 243 613	24 044 281
Debt securities in issue	1 702 098	597 653	2 299 751
Liabilities arising on securitisation of own originated loans and advances	–	85 650	85 650
Liabilities arising on securitisation of other assets	120 617	234	120 851
Current taxation liabilities	140 959	51 296	192 255
Deferred taxation liabilities	33 834	21 652	55 486
Other liabilities	1 318 156	484 811	1 802 967
	16 072 951	**18 437 604**	**34 510 555**
Liabilities to customers under investment contracts	–	5 845 503	5 845 503
Insurance liabilities, including unit-linked liabilities	–	1 533	1 533
	16 072 951	**24 284 640**	**40 357 591**
Subordinated liabilities	597 309	537 574	1 134 883
	16 670 260	**24 822 214**	**41 492 474**

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Combined consolidated segmental analysis *(continued)*

2015

Segmental geographic analysis – balance sheet assets and liabilities

At 31 March £'000	UK and Other	Southern Africa	Total group
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**

Combined consolidated segmental analysis

(continued)

Segmental business and geographic analysis – income statement

For the year to 31 March £'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
2016						
Net interest income	290	3 614	3 904	4 064	3 266	7 330
Net fee and commission income	275 252	140 276	415 528	244 993	64 087	309 080
Investment income	–	44	44	5 817	255	6 072
Trading income arising from						
– customer flow	–	–	–	333	(17)	316
– balance sheet management and other trading activities	1 656	12	1 668	236	273	509
Other operating income	(1 135)	1 606	471	1 191	2	1 193
Total operating income before impairment losses on loans and advances	**276 063**	**145 552**	**421 615**	**256 634**	**67 866**	**324 500**
Impairment losses on loans and advances	–	–	–	–	–	–
Operating income	**276 063**	**145 552**	**421 615**	**256 634**	**67 866**	**324 500**
Operating costs	(199 210)	(87 622)	(286 832)	(193 507)	(45 258)	(238 765)
Depreciation on operating leased assets	–	–	–	–	–	–
Operating profit/(loss) before goodwill and acquired intangibles	**76 853**	**57 930**	**134 783**	**63 127**	**22 608**	**85 735**
(Profit)/loss attributable to other non-controlling interests	–	–	–	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	**76 853**	**57 930**	**134 783**	**63 127**	**22 608**	**85 735**
Profit attributable to Asset Management non-controlling interests	(10 263)	(6 266)	(16 529)	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	**66 590**	**51 664**	**118 254**	**63 127**	**22 608**	**85 735**
Selected returns and key statistics						
Cost to income ratio	72.2%	60.2%	68.0%	75.4%	66.7%	73.6%
Staff compensation to operating income	54.3%	36.5%	48.2%	55.8%	46.3%	53.8%

Specialist Banking			Group costs			
UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total	Total group
256 591	305 944	562 535	–	–	–	573 769
189 513	147 504	337 017	–	–	–	1 061 625
56 303	107 989	164 292	–	–	–	170 408
92 348	17 563	109 911	–	–	–	110 227
(9 875)	19 075	9 200	–	–	–	11 377
10 797	(371)	10 426	–	–	–	12 090
595 677	**597 704**	**1 193 381**	**–**	**–**	**–**	**1 939 496**
(84 217)	(25 299)	(109 516)	–	–	–	(109 516)
511 460	**572 405**	**1 083 865**	**–**	**–**	**–**	**1 829 980**
(435 771)	(279 848)	(715 619)	(35 160)	(10 645)	(45 805)	(1 287 021)
(2 149)	(16)	(2 165)	–	–	–	(2 165)
73 540	**292 541**	**366 081**	**(35 160)**	**(10 645)**	**(45 805)**	**540 794**
4 503	(39 704)	(35 201)	–	–	–	(35 201)
78 043	**252 837**	**330 880**	**(35 160)**	**(10 645)**	**(45 805)**	**505 593**
–	–	–	–	–	–	(16 529)
78 043	**252 837**	**330 880**	**(35 160)**	**(10 645)**	**(45 805)**	**489 064**
73.4%	46.8%	60.1%	n/a	n/a	n/a	66.4%
54.6%	35.0%	44.8%	n/a	n/a	n/a	47.0%

Combined consolidated segmental analysis

(continued)

For the year to 31 March £'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
Segmental business and geographic analysis – income statement						
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%	n/a	n/a	n/a	67.6%
55.6%	34.6%	45.2%	n/a	n/a	n/a	47.4%

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 in the remuneration report on page 116 and on our website.

For the year to 31 March £'000	Asset Management	Wealth & Investment	Specialist Banking	Group costs	Total group
Share-based payment expense					
2016					
Equity-settled	3 248	9 964	35 403	2 446	51 061
Total income statement charge	**3 248**	**9 964**	**35 403**	**2 446**	**51 061**
2015					
Equity-settled	3 786	9 133	45 122	1 844	59 885
Total income statement charge	**3 786**	**9 133**	**45 122**	**1 844**	**59 885***

* *Of the £59.9 million charge in 2015, £56.0 million is included in operating costs and £3.9 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 an accelerated share-based payment charge as a result of modifications to certain options granted. This expense for the year was £0.02 million (2015: £0.01 million).

For the year to 31 March £'000	2016	2015
Weighted average fair value of options granted in the year		
UK schemes	29 344	24 943
South African schemes	36 634	41 904

	UK schemes				South African schemes			
	2016		2015		2016		2015	
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	32 430 764	0.06	42 877 067	0.04	41 633 973	–	44 475 185	–
Granted during the year	6 810 928	0.12	6 721 210	0.16	8 431 958	–	10 719 215	–
Exercised during the year^	(9 203 122)	0.01	(15 562 258)	0.02	(10 977 407)	–	(12 306 518)	–
Expired during the year	–	–	–	–	(1 314 979)	–	(1 253 909)	–
Options forfeited during the year	(1 278 091)	0.44	(1 605 255)	0.28	–	–	–	–
Outstanding at the end of the year	**28 760 479**	**0.07**	**32 430 764**	**0.06**	**37 773 545**	**–**	**41 633 973**	**–**
Vested and exercisable at the end of the year	**70 987**	**–**	**137 197**	**–**	**10 878**	**–**	**87 083**	**–**

^ *The weighted average share price for options exercised during the year was £5.34 (2015: £5.41) for the UK schemes and R108.32 (2015: R96.84) for the South African schemes.*

Share-based payments *(continued)*

Additional information relating to options	UK schemes 2016	UK schemes 2015	South African schemes 2016	South African schemes 2015
Options with strike prices				
Exercise price range	£3.29 – £6.00	£3.20 – £5.72	n/a	n/a
Weighted average remaining contractual life	2.09 years	2.07 years	n/a	n/a
Long-term incentive grants with no strike price				
Exercise price range	£nil	£nil	Rnil	Rnil
Weighted average remaining contractual life	1.77 years	1.80 years	2.04 years	2.15 years
Weighted average fair value of options and long-term grants at measurement date	£4.31	£3.71	R84.62	R69.52
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	£5.68 – £6.00	£5.16 – £5.72	R109.98 – R120.88	R90.00 – R100.57
– Exercise price	£nil, £5.68 – £6.00	£nil, £5.16 – £5.72	Rnil	Rnil
– Expected volatility	30%	25.24% – 30%	30%	25.24% – 30%
– Option life	3 – 5.5 years	4.5 – 5.25 years	4 – 5 years	1 – 5 years
– Expected dividend yields	4.50% – 4.67%	4.86% – 5.04%	4.02% – 4.19%	4.45% – 4.62%
– Risk-free rate	1.28% – 1.31%	1.36% – 1.70%	7.49 % – 7.66%	6.78 % – 7.18%

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	31 March 2016	31 March 2015
Earnings per share		
Earnings	**£'000**	**£'000**
Earnings attributable to shareholders	368 456	245 509
Preference dividends paid	(33 192)	(34 803)
Earnings and diluted earnings attributable to ordinary shareholders	**335 264**	**210 706**
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	906 490 426	897 466 433
Weighted average number of treasury shares	(35 964 483)	(34 815 248)
Weighted average number of shares in issue during the year	870 525 943	862 651 185
Weighted average number of shares resulting from future dilutive potential shares	42 748 491	47 937 173
Adjusted weighted number of shares potentially in issue	**913 274 434**	**910 588 358**
Earnings per share – pence		
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	**38.5**	**24.4**
Diluted earnings per share – pence		
Diluted earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders of Investec plc and Investec Limited, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the year plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the year	**36.7**	**23.1**
Adjusted earnings per share – pence		
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	**41.3**	**39.4**
	£'000	**£'000**
Earnings attributable to shareholders	368 456	245 509
Impairment of goodwill	1 577	5 337
Amortisation of acquired intangibles	16 248	14 497
Net loss on disposal of subsidiaries	4 778	93 033
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	(5 197)	17 574
Preference dividends paid	(33 192)	(34 803)
Accrual adjustment on earnings attributable to other equity holders*	7 062	(1 211)
Currency hedge attributable to perpetual equity instruments*	–	(413)
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	**359 732**	**339 523**

* *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	2016	2015
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	38.5	35.8
	£'000	**£'000**
Earnings attributable to shareholders	368 456	245 509
Impairment of goodwill	1 577	5 337
Net loss on disposal of subsidiaries	4 778	93 033
Taxation on acquisition/disposal/integration of subsidiaries	–	20 666
Preference dividends paid	(33 192)	(34 803)
Property revaluation, net of taxation and non-controlling interests**	(10 030)	(16 312)
Gains on available-for-sale instruments recycled through the income statement**	(1 961)	(4 660)
Loss on write down of non-current assets classified as held for sale**	5 092	–
Headline earnings attributable to ordinary shareholders**	**334 720**	**308 770**

** *Taxation on headline earnings adjustments amounted to £1.9 million (2015: £7.2 million) with an impact of £9.4 million (2015: £7.4 million) on earnings attributable to non-controlling interests.*

For the year to 31 March	2016 Pence per share	2016 Total £'000	2015 Pence per share	2015 Total £'000
Dividends				
Ordinary dividend				
Final dividend for prior year	11.5	97 896	11.0	95 637
Interim dividend for current year	9.5	82 113	8.5	72 849
Total dividend attributable to ordinary shareholders recognised in current financial year	**21.0**	**180 009**	**19.5**	**168 486**

The directors have proposed a final dividend in respect of the financial year ended 31 March 2016 of 11.5 pence per ordinary share (31 March 2015: 11.5 pence).

This will be paid as follows:

- For Investec Limited shareholders, through a dividend payment by Investec Limited of 266 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 2.0 pence per ordinary share and through a dividend payment on the SA DAS share of 9.5 pence per ordinary share.

The final dividend to shareholders registered on 29 July 2016 is subject to the approval of the members of Investec plc and Investec Limited at the general meeting which is scheduled to take place on 4 August 2016 and, if approved, will be paid on 10 August 2016.

For the year to 31 March	2016 Total £'000	2015 Total £'000
Dividends *(continued)*		
Perpetual preference dividend		
Final dividend for prior year	10 910	9 081
Interim dividend for current year	9 424	9 596
Total dividend attributable to perpetual preference shareholders recognised in current financial year	**20 334**	**18 677**

* *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 2016 of 7.52055 pence (Investec plc shares traded on the JSE Limited) and 7.52055 pence (Investec plc shares traded on the Channel Island Stock Exchange), 470.250000 cents (Investec plc Rand-denominated shares), 384.96150 cents (Investec Limited) and 412.48350 cents (Investec Bank Limited) per perpetual preference share. The final dividend will be payable to shareholders on the register at the close of business on Friday, 10 June 2016.

For the year to 31 March		
Dividend attributable to perpetual preferred securities	**10 057**	**14 528**

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 Additional Tier 1 securities in issue	**2 801**	**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 securities	**33 192**	**34 803**

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
2016				
Assets				
Cash and balances at central banks	1 123	–	–	1 123
Loans and advances to banks	–	149 478	–	149 478
Non-sovereign and non-bank cash placements	158	–	–	158
Reverse repurchase agreements and cash collateral on securities borrowed	1 438 209	–	–	1 438 209
Sovereign debt securities	–	1 368 739	1 664 170	3 032 909
Bank debt securities	–	107 113	241 205	348 318
Other debt securities	11	141 476	550 168	691 655
Derivative financial instruments*	1 580 949	–	–	1 580 949
Securities arising from trading activities	915 981	203 093	–	1 119 074
Investment portfolio	–	599 667	61 128	660 795
Loans and advances to customers	–	666 610	–	666 610
Own originated loans and advances to customers securitised	–	–	–	–
Other loans and advances	–	–	–	–
Other securitised assets	–	147 590	–	147 590
Interests in associated undertakings	–	–	–	–
Deferred taxation assets	–	–	–	–
Other assets	331 860	49 350	–	381 210
Property and equipment	–	–	–	–
Investment properties	–	–	–	–
Goodwill	–	–	–	–
Intangible assets	–	–	–	–
	4 268 291	**3 433 116**	**2 516 671**	**10 218 078**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	–	–	–
	4 268 291	**3 433 116**	**2 516 671**	**10 218 078**
Liabilities				
Deposits by banks	–	–	–	–
Derivative financial instruments*	1 582 847	–	–	1 582 847
Other trading liabilities	957 418	–	–	957 418
Repurchase agreements and cash collateral on securities lent	272 908	–	–	272 908
Customer accounts (deposits)	–	570 751	–	570 751
Debt securities in issue	–	591 925	–	591 925
Liabilities arising on securitisation of own originated loans and advances	–	–	–	–
Liabilities arising on securitisation of other assets	–	120 851	–	120 851
Current taxation liabilities	–	–	–	–
Deferred taxation liabilities	–	–	–	–
Other liabilities	32 194	–	–	32 194
	2 845 367	**1 283 527**	**–**	**4 128 894**
Liabilities to customers under investment contracts	–	–	–	–
Insurance liabilities, including unit-linked liabilities	–	–	–	–
	2 845 367	**1 283 527**		**4 128 894**
Subordinated liabilities	–	–	–	–
	2 845 367	**1 283 527**	**–**	**4 128 894**

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

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

	Held-to-maturity	Loans and receivables	Financial liabilities at amortised cost	Total instruments at amortised cost	Insurance-related linked instruments at fair value	Non-financial instruments or scoped out of IAS 39	Total
	–	3 006 146	–	3 006 146	–	–	3 007 269
	–	2 349 107	–	2 349 107	–	–	2 498 585
	–	466 415	–	466 415	–	–	466 573
	–	1 058 916	–	1 058 916	–	–	2 497 125
	175 953	–	–	175 953	–	–	3 208 862
	296 857	251 680	–	548 537	–	–	896 855
	12 486	245 809	–	258 295	–	–	949 950
	–	–	–	–	–	–	1 580 949
	–	–	–	–	–	–	1 119 074
	–	–	–	–	–	–	660 795
	–	17 014 962	–	17 014 962	–	–	17 681 572
	–	437 243	–	437 243	–	–	437 243
	–	321 617	–	321 617	–	–	321 617
	–	12 705	–	12 705	–	–	160 295
	–	–	–	–	–	267 099	267 099
	–	–	–	–	–	112 135	112 135
	–	1 215 965	–	1 215 965	–	495 486	2 092 661
	–	–	–	–	–	90 888	90 888
	–	–	–	–	–	938 879	938 879
	–	–	–	–	–	368 039	368 039
	–	–	–	–	–	148 280	148 280
	485 296	**26 380 565**	**–**	**26 865 861**	**–**	**2 420 806**	**39 504 745**
	–	–	–	–	5 847 036	–	5 847 036
	485 296	**26 380 565**	**–**	**26 865 861**	**5 847 036**	**2 420 806**	**45 351 781**
	–	–	2 397 403	2 397 403	–	–	2 397 403
	–	–	–	–	–	–	1 582 847
	–	–	–	–	–	–	957 418
	–	–	698 738	698 738	–	–	971 646
	–	–	23 473 530	23 473 530	–	–	24 044 281
	–	–	1 707 826	1 707 826	–	–	2 299 751
	–	–	85 650	85 650	–	–	85 650
	–	–	–	–	–	–	120 851
	–	–	–	–	–	192 255	192 255
	–	–	–	–	–	55 486	55 486
	–	–	1 199 976	1 199 976	–	570 797	1 802 967
	–	**–**	**29 563 123**	**29 563 123**	**–**	**818 538**	**34 510 555**
	–	–	–	–	5 845 503	–	5 845 503
	–	–	–	–	1 533	–	1 533
	–	**–**	**29 563 123**	**29 563 123**	**5 847 036**	**818 538**	**40 357 591**
	–	–	1 134 883	1 134 883	–	–	1 134 883
	–	**–**	**30 698 006**	**30 698 006**	**5 847 036**	**818 538**	**41 492 474**

classified as held-for-trading but the group's intentions in regard to these assets changed and the 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 £9.3 million (2015: £21.2 million) and the fair value is £5.9 million (2015: 21.1 million).

Analysis of financial assets and liabilities by category of financial instruments

(continued)

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.*

Held-to-maturity	Loans and receivables	Financial liabilities at amortised cost	Total instruments at amortised cost	Insurance-related linked instruments at fair value	Non-financial instruments or scoped out of IAS 39	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**

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. These are all classified as level 1.

Fair value disclosures on investment properties are included in the investment properties note 32 in the Investec 2016 integrated annual report.

		Fair value category		
At 31 March £'000	**Total investments at fair value**	**Level 1**	**Level 2**	**Level 3**
2016				
Assets				
Cash and balances at central banks	1 123	1 123	–	–
Loans and advances to banks	149 478	149 478	–	–
Non-sovereign and non-bank cash placements	158	–	158	–
Reverse repurchase agreements and cash collateral on securities borrowed	1 438 209	137 409	1 300 800	–
Sovereign debt securities	3 032 909	3 032 909	–	–
Bank debt securities	348 318	214 665	133 653	–
Other debt securities	691 655	500 583	180 142	10 930
Derivative financial instruments	1 580 949	–	1 530 790	50 159
Securities arising from trading activities	1 119 074	1 088 384	23 234	7 456
Investment portfolio	660 795	120 075	31 250	509 470
Loans and advances to customers	666 610	–	579 340	87 270
Other securitised assets	147 590	–	–	147 590
Other assets	381 210	381 210	–	–
	10 218 078	**5 625 836**	**3 779 367**	**812 875**
Liabilities				
Derivative financial instruments	1 582 847	–	1 581 492	1 355
Other trading liabilities	957 418	918 165	39 253	–
Repurchase agreements and cash collateral on securities lent	272 908	–	272 908	–
Customer accounts (deposits)	570 751	–	570 751	–
Debt securities in issue	591 925	–	591 925	–
Liabilities arising on securitisation of other assets	120 851	234	–	120 617
Other liabilities	32 194	–	32 194	–
	4 128 894	**918 399**	**3 088 523**	**121 972**
Net financial assets at fair value	**6 089 184**	**4 707 437**	**690 844**	**690 903**

Fair value hierarchy *(continued)*

At 31 March £'000	Total instruments 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 financial assets at fair value	**4 781 644**	**3 748 708**	**181 233**	**851 703**

TRANSFERS BETWEEN LEVEL 1 AND LEVEL 2

During the year derivative financial assets and liabilities to the value of £116.9 million and £210.3 million respectively were transferred from level 1 to level 2 to reflect the level of modelling which is now being used to arrive at the fair value.

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 2016 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	Yield curves
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flow model, Hermite interpolation	Yield curves
Bank debt securities	Black-Scholes Discounted cash flow model	Volatilities Yield curves NCD curves
Other debt securities	Discounted cash flow model	Yield curves and NCD curves, external prices, broker quotes
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes	Yield curves, 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, relative valuation model Comparable quoted inputs	Discount rate and fund unit price, net assets
Loans and advances to customers	Discounted cash flow model	Yield curves
LIABILITIES		
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes	Yield curves, risk free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Other trading liabilities	Discounted cash flow model	Yield curves
Repurchase agreements and cash collateral on securities lent	Discounted cash flow model, Hermite interpolation	Yield curves
Customer accounts (deposits)	Discounted cash flow model	Yield curves
Debt securities in issue	Discounted cash flow model	Yield curves
Other liabilities	Discounted cash flow model	Yield curves

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 at 1 April 2014*	**869 172**	**844 027**	**25 145**
Transfers due to application of IFRS 13			
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 at 31 March 2015	**851 703**	**800 933**	**50 770**
Total gains or losses	26 006	22 841	3 165
– In the income statement	26 278	22 841	3 437
– In the statement of comprehensive income	(272)	–	(272)
Purchases	172 555	163 611	8 944
Sales	(863 789)	(861 332)	(2 457)
Issues	3 475	3 475	–
Settlements	505 707	516 570	(10 863)
Transfers into level 3	31 362	28 626	2 736
Transfers out of level 3	11 520	11 520	–
Foreign exchange adjustments	(47 636)	(50 860)	3 224
Balance at 31 March 2016	**690 903**	**635 384**	**55 519**

* *Balance at 1 April 2014 for fair value through profit or loss instruments and available-for-sale instruments have been adjusted by (£60) million and £60 million respectively.*

For the year ended 31 March 2016, £16.1 million of assets were transferred from level 3 into level 2. The valuation methodologies were reviewed and observable inputs are used to determine the fair value. In addition, (£4.6) million has been transferred into level 2 as a result of the inputs to the valuation methods becoming more observable. There were transfers from level 2 to the level 3 category to the value of £31.3 million because the significance of the unobservable inputs used to determine the fair value increased significantly to warrant a transfer.

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 transfer. For the remaining transfers, the group transfers between levels within the fair value hierarchy when the significance of the unobservable 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
2016			
Total gains or (losses) included in the income statement for the year			
Net interest income	238	238	–
Fee and commission income	4 938	4 938	–
Investment income/(loss)	30 261	158 002	(127 741)
Trading (loss)/income arising from customer flow	(9 159)	(9 863)	704
	26 278	**153 315**	**(127 037)**
Total gains or (losses) on available-for-sale instruments			
Gains on realisation of available-for-sale assets recycled through the income statement	3 437	3 437	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income	(272)	–	(272)
	3 165	**3 437**	**(272)**
2015			
Total gains or (losses) included in the income statement for the year			
Fee and commission income/(expense)	7 859	(51)	7 910
Investment income	101 304	81 979	19 325
Trading income arising from customer flow	13 999	–	13 999
Trading (loss)/income arising from balance sheet management and other trading activities	(97)	877	(974)
Other operating loss	(1 252)	–	(1 252)
	121 813	**82 805**	**39 008**
Total gains or (losses) 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**

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 2016	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	10 930			**525**	**(796)**
		Cash flow adjustments	(1%) – 1%	525	(472)
		Other	(5%) – 5%	–	(324)
Derivative financial instruments	50 159			**8 305**	**(5 501)**
		Volatilities	(2%) – 2%	2 471	(1 015)
		Cash flow adjustments	(1%) – 1%	834	(1 701)
		Net asset value	(10%) – 10%	47	(47)
		Other	(10%) – 10%	4 953	(2 738)
Securities arising from trading activities	7 456	Cash flow adjustments	(1%) – 1%	1 380	(1 050)
Investment portfolio	477 854			**64 695**	**(49 344)**
		Price earnings multiple	(10%) – 10%	232	(355)
		Price earnings multiple	^^	5 084	(4 006)
		EBITDA	(10%) – 10%	3 971	(3 917)
		Other^	^	55 408	(41 066)
Loans and advances to customers	87 270			**1 550**	**(9 400)**
		Discount rates	(5%) – 5%	1 550	(987)
		Other	(5%) – 5%	–	(8 413)
Other securitised assets*	147 590			**2 825**	**(2 876)**
		Cash flow adjustments	(1%) – 1%	1 569	(1 727)
		Other	(1%) – 1%	1 256	(1 149)
Liabilities					
Derivative financial instruments	1 355			**1 667**	**(797)**
		Cash flow adjustments	(1%) – 1%	1 661	(790)
		Volatilities	(2%) – 2%	6	(7)
Liabilities arising on securitisation of other assets*	120 617	Cash flow adjustments	(1%) – 1%	1 356	(1 254)
Net level 3 fair value through profit or loss assets	**659 287**			**82 303**	**(71 018)**

* *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.*

^^ *The price earnings multiple has been determined on an investment by investment basis in order to obtain a favourable and unfavourable valuation.*

Fair value hierarchy *(continued)*

At 31 March 2016	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
Available-for-sale level 3 assets				**5 668**	**(2 300)**
Investment portfolio	31 616	EBITDA	(10%) – 10%	2 418	(1 340)
		Other	(10%) – 10%	3 250	(960)
Total net level 3 assets	**690 903**			**87 971**	**(73 318)**

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)
Net level 3 fair value through profit or loss assets	**812 761**			**234 012**	**(124 691)**

SUMMARY ANNUAL FINANCIAL STATEMENTS

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	Reflected in other comprehensive income Unfavourable changes £'000
2015					
Available-for-sale level 3 assets					
Investment portfolio	38 942	EBITDA		**2 658**	**(2 058)**
			(10%) – 10% or 5x EBITDA	2 658	(2 058)
Total net level 3 assets	**851 703**			**236 670**	**(126 749)**

* *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

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 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.

	2016			2015		
At 31 March £'000	Notional principal amounts	Positive fair value	Negative fair value	Notional principal amounts	Positive fair value	Negative fair value
Derivative financial instruments *(continued)*						
Foreign exchange derivatives						
Forward foreign exchange contracts	21 265 914	449 114	535 334	10 241 995	162 200	208 358
Currency swaps	2 384 726	222 163	532 032	7 103 760	403 966	736 887
OTC options bought and sold	5 742 300	83 591	55 517	5 593 003	115 279	107 165
Other foreign exchange contracts	16 413	230	–	234 362	3 640	4 840
OTC derivatives	29 409 363	755 098	1 122 883	23 173 120	685 085	1 057 250
Interest rate derivatives						
Caps and floors	2 979 226	40 059	8 981	1 412 395	30 072	1 930
Swaps	25 958 666	263 982	337 819	30 312 219	304 384	410 884
Forward rate agreements	470 038	3 525	3 466	17 341 257	9 332	8 866
OTC options bought and sold	4 733	879	726	89 016	1 502	1 502
Other interest rate contracts	6 153	5 456	1 413	27 815	9 761	5 094
OTC derivatives	29 418 816	313 901	352 405	49 182 702	355 051	428 276
Equity and stock index derivatives						
OTC options bought and sold	4 268 192	287 510	93 361	3 370 609	265 829	105 923
Equity swaps and forwards	1 501 432	18 894	34 126	867 835	4 959	14 200
OTC derivatives	5 769 624	306 404	127 487	4 238 444	270 788	120 123
Exchange traded futures	364 936	1 869	1 271	1 055 609	4 433	4 076
Exchange traded options	6 095 067	169 788	352 743	6 360 209	177 541	289 916
Warrants	199 574	321	196 454	101 076	965	139 677
	12 429 201	478 382	677 955	11 755 338	453 727	553 792
Commodity derivatives						
OTC options bought and sold	13 497	680	680	111 234	485	485
Commodity swaps and forwards	683 279	44 698	41 587	1 110 144	58 975	44 441
OTC derivatives	696 776	45 378	42 267	1 221 378	59 460	44 926
Credit derivatives	993 176	17 188	20 071	735 070	15 332	6 249
Embedded derivatives*		43 802	–		51 754	–
Cash collateral		(72 800)	(632 734)		(39 728)	(546 325)
Derivatives per balance sheet		1 580 949	1 582 847		1 580 681	1 544 168

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

Acquisitions and disposals

2016

ACQUISITIONS

On 1 July 2015, Investec Bank Limited concluded transaction agreements with the management and shareholders of the Investec Import Solutions group, previously Blue Strata group, for the acquisition of the remaining 51.5% of the Blue Strata group, not already owned by it. Investec and Blue Strata have had a fruitful partnership over the past 13 years since Blue Strata's founding in 2002.

As import regulations and complexities increase, Investec Import Solutions offers a compelling value proposition to clients by simplifying the import process, and Investec foresees exciting benefits unfolding in offering Investec Import Solution's services to more of Investec's existing client base. The group believes that the full integration of the business into Investec offers the opportunity to unlock substantial benefits and will allow Investec Import Solutions to accelerate its growth.

The assets and liabilities at the date of acquisition, goodwill arising and total consideration paid are shown below:

£'000	Fair value of assets and liabilities
Loans and advances to banks	3 690
Investment portfolio	2 241
Deferred taxation assets	338
Other assets	75 288
Property and equipment	1 330
Intangible assets	21 562
Current taxation assets	14
Assets	**104 463**
Deferred taxation liabilities	6 332
Other liabilities	13 431
Liabilities	**19 763**
Net fair value of assets acquired	**84 700**
Fair value of existing 48.5% equity interest held in Investec Import Solutions	18 648
Issue of Investec Limited shares	19 240
Loan eliminated on consolidation	55 001
Fair value of consideration	**92 889**
Goodwill	**8 189**

For the post-acquisition period of 1 July 2015 to 31 March 2016, the operating income of Investec Import Solutions was £9.5 million and the profit before taxation amounted to £3.2 million. At 31 March 2016, goodwill has not been impaired.

During the year, the group acquired an interest in associated undertakings. For further information on the associate refer to note 28.

DISPOSALS

There were no significant disposals of subsidiaries during the year ended 31 March 2016. As part of the sale of Kensington Group plc, a final net settlement was paid after the 31 March 2015 year-end. As a result of this payment, a further loss before taxation of £4.8 million was recognised during the 2016 financial year.

Acquisitions and disposals *(continued)*

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**
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 amounted to £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 (Kensington) 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 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 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 2015 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.

At 31 March £'000	2016	2015
Debt securities in issue		
Bonds and medium-term notes repayable:		
Less than three months	229 272	68 267
Three months to one year	151 758	260 760
One to five years	1 176 639	997 568
Greater than five years	742 082	382 774
	2 299 751	**1 709 369**

At 31 March	2016	2015
Ordinary share capital		
Investec plc		
Issued, allotted and fully paid		
Number of ordinary shares	**Number**	**Number**
At the beginning of the year	613 609 642	608 756 343
Issued during the year	3 809 222	4 853 299
At the end of the year	**617 418 864**	**613 609 642**
Nominal value of ordinary shares	**£'000**	**£'000**
At the beginning of the year	123	122
Issued during the year	1	1
At the end of the year	**124**	**123**
Number of special converting shares	**Number**	**Number**
At the beginning of the year	285 748 623	282 934 529
Issued during the year	5 615 083	2 814 094
At the end of the year	**291 363 706**	**285 748 623**
Nominal value of special converting shares	**£'000**	**£'000**
At the beginning of the year	57	56
Issued during the year	1	1
At the end of the year	**58**	**57**
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	2016	2015

Ordinary share capital *(continued)*

Investec Limited

Authorised

The authorised share capital of Investec Limited is R1 960 002 (2015: R1 960 002), comprising 450 000 000 (2015: 450 000 000) ordinary shares of R0.0002 each, 48 091 681 (2015: 47 000 000) redeemable, non-participating preference shares with a par value of R0.01 each, 408 319 (2015: 408 319) class ILRP1 redeemable, non-participating preference shares of R0.01 each, 1 500 000 (2015: 1 500 000) Class ILRP 2 redeemable, non-participating preference shares of R0.01 each, 20 000 000 (2015: 20 000 000) non-redeemable, non-participating preference shares of R0.01 each, 50 000 (2015: 50 000) variable rate redeemable cumulative preference shares of R0.60 each, 100 000 000
(2015: 100 000 000) non-redeemable, non-cumulative, non-participating preference shares of R0.01 each, 1 (2015: 1) Dividend Access (South African resident) redeemable preference share of R1.1 (2015: 1) Dividend Access (non-South African resident) redeemable preference share of R1 700 000 000 (2015: 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	285 748 623	282 934 529
Issued during the year	5 615 083	2 814 094
At the end of the year	**291 363 706**	**285 748 623**
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	613 609 642	608 756 343
Issued during the year	3 809 222	4 853 299
At the end of the year	**617 418 864**	**613 609 642**
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	2016	2015
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	233	231
Less: held by Investec Limited	(2)	(2)
Less: held by Investec plc	(3)	(3)
Total called up share capital	**228**	**226**

* *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 are 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 2016	Number 2015
Opening balance	74 064 737	87 352 252
Issued during the year	15 242 886	17 440 425
Exercised	(20 180 529)	(27 868 776)
Lapsed	(2 593 070)	(2 859 164)
Closing balance	**66 534 024**	**74 064 737**

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 groups' share price.

At present, the practice of the group is to grant 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 scheme is detailed on pages 116 and 134 to 137.

At 31 March £'000	2016	2015
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	37 215	33 472
Increase in loans	3 870	14 461
Repayment of loans	(6 775)	(10 024)
Exchange adjustment	(248)	(694)
At the end of the year	**34 062**	**37 215**
Guarantees		
At the beginning of the year	8 512	4 409
Additional guarantees granted	3 748	6 062
Guarantees cancelled	(449)	(1 876)
Exchange adjustment	(481)	(83)
At the end of the year	**11 330**	**8 512**
Deposits		
At the beginning of the year	(35 537)	(27 668)
Increase in deposits	(12 189)	(27 261)
Decrease in deposits	21 317	19 245
Exchange adjustment	698	147
At the end of the year	**(25 711)**	**(35 537)**

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	2016	2015
Transactions with other related parties		
Loan from Investec Bank (Mauritius) Limited to Forty Two Point Two	**29 450**	**25 734**
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.		
During the period the group made an investment in a private equity vehicle in which one of the Investec Directors has significant influence. The group made an investment of £30.5 million during the year and have committed further funding of £69.5 million to the vehicle. The terms and conditions of the transaction were no more favourable than those available, or which might be expected to be available on similar transactions to non-related entities on an arm's length basis.		
Transactions with associates		
Amounts due from associates	**8 401**	**9 069**
Interest income from loans to associates	**1 024**	**1 218**
Fees and commission income from associates	**262**	**202**

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.

ADJUSTED SHAREHOLDERS' EQUITY

Refer to calculation on page 53

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 51

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 53

RETURN ON AVERAGE ADJUSTED TANGIBLE SHAREHOLDERS' EQUITY

Refer to calculation on page 53

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

FIVE

Contact details

AUSTRALIA, BRISBANE

Level 36 Riparian Plaza
71 Eagle Street Brisbane
QLD 4001 Australia
Telephone (61) 7 3106 8970
Facsimile (61) 2 9293 6301
e-mail australia@investec.com.au

AUSTRALIA, MELBOURNE

Level 13 120 Collins Street
Melbourne
GPO Box 2280
VIC 3001
Telephone (61) 3 8660 1000
Facsimile (61) 3 8660 1010
e-mail australia@investec.com.au

AUSTRALIA, SYDNEY

Level 23, The Chifley Tower
2 Chifley Square
Phillip Street Sydney
GPO Box 4411 NSW 2000 Australia
Telephone (61) 2 9293 6300
Facsimile (61) 2 9293 6301
e-mail australia@investec.com.au

BOTSWANA, GABORONE

Plot 64511, Unit 5
Fairgrounds Gaborone
Telephone (267) 318 0112
Facsimile (267) 318 0114
e-mail info@investec.com

CHINA, BEIJING

Room 11 5/F West Tower
World Finance Centre
No. 1 East 3rd Ring Middle Road
Chaoyang District
Beijing 10 002 P.R. China
Telephone (86 10) 8535 6200
Facsimile (86 10) 8535 6299

GUERNSEY

Glategny Court
Glategny Esplanade, GY1 1WR
Channel Islands
Telephone +(44) 1481 723 506
Facsimile +(44) 1481 741 147
e-mail enquiries@investec-ci.com

HONG KONG

Suite 3609 36/F
Two International Finance Centre
8 Finance Street
Central Hong Kong
Telephone (852) 3187 5000
Facsimile (852) 2524 3360
e-mail investec.asia@investecmail.com

Suites 2602 – 06 Tower 2 The Gateway
Harbour City Tsimshatsui Kowloon
Hong Kong
Telephone (852) 2861 6888
Facsimile (852) 2861 6861

INDIA, MUMBAI

902, The Capital
Plot No. C-70 Block
Bandra Kurla Complex Bandra (East)
Mumbai 400051
India
Telephone (91) 226 136 7410

IRELAND, DUBLIN

The Harcourt Building
Harcourt Street, 2
Dublin Ireland
Telephone (353 1) 421 0000
Facsimile (353 1) 421 0500
e-mail info@investec.ie

IRELAND, CORK

One Albert Quay
Cork
Ireland
Telephone (353 21) 237 3800
e-mail corkinfo@investec.ie

JERSEY

One The Esplanade, St Helier
Jersey
JE2 3QA Channel Islands
Telephone (44) 1534 512 650
Facsimile (44) 1534 285 174
e-mail enquiries@investec-ci.com

LUXEMBOURG

32/36 Boulevard d'Avranche
L-1160
Luxembourg
Telephone (352 264) 979 8000
Facsimile (352 264) 979 8888

MAURITIUS, PORT LOUIS

6th Floor Dias Pier Building
Le Caudan Waterfront Caudan
Port Louis
Telephone (230) 207 4000
Facsimile (230) 207 4002
e-mail info@investec.com

NAMIBIA, WINDHOEK

Office 1 Ground floor
Heritage Square Building
100 Robert Mugabe Avenue Windhoek
Telephone (264 61) 389 500
Facsimile (264 61) 249 689
e-mail info@investec.com

SINGAPORE

25 Duxton Hill #03-01
Singapore 089608
Telephone (65) 6653 5550
Facsimile (65) 6653 5551
e-mail investec.sg@investecmail.com

SOUTH AFRICA, CAPE TOWN

36 Hans Strijdom Avenue
Foreshore Cape Town 8001
PO Box 1826 Cape Town 8000
Telephone (27 21) 416 1000
Facsimile (27 21) 416 1001

SOUTH AFRICA, DURBAN

5 Richefond Circle
Ridgeside Office Park
Umhlanga Durban 4319
PO Box 25278 Gateway Durban 4321
Telephone (27 31) 575 4000
Facsimile (27 865) 009 901

SOUTH AFRICA, EAST LONDON

Cube 1
Cedar Square
Bonza Bay Road
Beacon Bay
East London 5241
Telephone (27 43) 709 5700
Facsimile (27 43) 748 1548

SOUTH AFRICA, JOHANNESBURG

100 Grayston Drive
Sandown Sandton 2196
PO Box 785700
Sandton 2146
Telephone (27 11) 286 7000
Facsimile (27 11) 286 7777
e-mail, South African offices

- Recruitment queries:
  recruitment@investec.co.za
- Client queries:
  - Asset management:
    comcentre@investecmail.com
  - Institutional Securities:
    securities@investec.co.za
  - Private Client Securities:
    iso@investec.co.za
  - Property Group:
    ipg@investec.co.za
  - Private Bank:
    privatebank@investec.co.za
  - Capital Markets:
    info-tsf@investec.co.za

SOUTH AFRICA, KNYSNA

TH24/TH25 Long Street Ext
Thesen Harbour Town Knysna 6571
Telephone (27 44) 302 1800
Facsimile (27 44) 382 4954

SOUTH AFRICA, PIETERMARITZBURG

Acacia House Redlands Estate
1 George MacFarlane Lane
Pietermaritzburg 3201
PO Box 594 Pietermaritzburg 3200
Telephone (27 33) 264 5800
Facsimile (27 33) 342 1561

SOUTH AFRICA, PORT ELIZABETH

Waterfront Business Park, Pommern Street
Humerail, Port Elizabeth, 6045
PO Box 13434
Humewood, Port Elizabeth 6057
Telephone (27 41) 396 6700
Facsimile (27 41) 363 1667

SOUTH AFRICA, PRETORIA

Cnr Atterbury and Klarinet Streets
Menlo Park Pretoria 0081
PO Box 35209 Menlo Park 0102
Telephone (27 12) 427 8300
Facsimile (27 12) 427 8310

SOUTH AFRICA, STELLENBOSCH

Office 401, Mill Square
12 Plein Street, Stellenbosch 7600
PO Box 516 Stellenbosch 7599
Telephone (27 21) 809 0700
Facsimile (27 21) 809 0730

SWITZERLAND, GENEVA

3 Place des Bergues
Geneva 1201 Switzerland
Telephone (41) 22 807 2000
Facsimile (41) 22 807 2005
e-mail enquiries@investectrust.ch

TAIWAN

Unit B 20F Taipei 101 Tower
7 Xin Yi Rd Sec 5 Taipei 110 Taiwan
Telephone (886 2) 8101 0800
Facsimile (886 2) 8101 0900

UNITED KINGDOM, BATH

Royal Mead, Railway Place
Bath, BA1 1SR, UK
Telephone (44122) 534 1580
Facsimile (44122) 534 1581

NORTHERN IRELAND, BELFAST

5th Floor Centrepoint
58-60 Bedford Street, Belfast
BT2 7DR, Northern Ireland
Telephone (44 2890) 321 002
Facsimile (44 2890) 244 852

UNITED KINGDOM, BIRMINGHAM

Colmore Plaza, Colmore Circus
Birmingham, B4 6AT, UK
Telephone (44121) 232 0700
Facsimile (44121) 232 0701

UNITED KINGDOM, BOURNEMOUTH

Midland House, 2 Poole Road
Bournemouth, BH2 5QY, UK
Telephone (44120) 220 8100
Facsimile (44120) 220 8101

UNITED KINGDOM, CHELTENHAM

Festival House
Jessop Avenue Cheltenham
GL50 3SH, UK
Telephone (44 1242) 514 756
Facsimile (44 1242) 583 936

UNITED KINGDOM, EDINBURGH

Quartermile One, 15 Lauriston Place
Edinburgh
EH3 9EN, UK
Telephone (44 131) 226 5000
Facsimile (44 131) 226 5700

UNITED KINGDOM, EXETER

Keble House, Southernhay Gardens
Exeter, EX1 1NT, UK
Telephone (44139) 220 4404
Facsimile (44139) 242 6176

UNITED KINGDOM, GLASGOW

4th Floor, 5 George Square
Glasgow, G2 1DY, UK
Telephone: (44141) 333 9323
Facsimile (44141) 332 9920

UNITED KINGDOM, GUILDFORD

Unit 4, The Billings, 3 Walnut Tree Close
Guildford, GU1 4UL, UK
Telephone (44148) 330 4707
Facsimile (44148) 345 5271

UNITED KINGDOM, LEEDS

Quayside House, Canal Wharf
Leeds, LS11 5PU, UK
Telephone (44113) 245 4488
Facsimile (44113) 245 1188

UNITED KINGDOM, LIVERPOOL

100 Old Hall Street Liverpool
L3 9AB, UK
Telephone (44 151) 227 2030
Facsimile (44 151) 227 2444

UNITED KINGDOM, LONDON

2 Gresham Street, London
EC2V 7QP, UK
Telephone (44 207) 597 4000
Facsimile (44 207) 597 4070

30 Gresham Street, London
EC2V 7QN, UK
Telephone (44 207) 597 1234
Facsimile (44 207) 597 1000

25 Basinghall Street, London
EC2V 5HA, UK
Telephone (44 207) 597 1900
Facsimile (44 207) 597 1919

Contact details

(continued)

UNITED KINGDOM, MANCHESTER

3 Hardman Street Spinningfields
Manchester M3 3HF UK
Telephone (44 161) 832 6868
Facsimile (44 161) 832 1233

UNITED KINGDOM, READING

Investec Asset Finance plc
Reading International Business Park
RG2 6AA, UK
Telephone (0844) 243 4111

UNITED KINGDOM, REIGATE

43 London Road Reigate, Surrey
RH2 9PW, UK
Telephone (44 173) 722 4223
Facsimile (44 173) 722 4197

UNITED KINGDOM, SHEFFIELD

Beech House
61 Napier Street Sheffield
S11 8HA, UK
Telephone (44 114) 275 5100
Facsimile (44 114) 270 1109

UNITED STATES, NEW YORK

1270 Avenue of the Americas
29th Floor
New York, NY 10020
United States of America
Telephone (212) 259 5610
Facsimile (917) 206 5103

Corporate information

Investec plc and Investec Limited

SECRETARY AND REGISTERED OFFICE

Investec plc

David Miller
2 Gresham Street
London EC2V 7QP
United Kingdom
Telephone (44) 20 7597 4000
Facsimile (44) 20 7597 4491

Investec Limited

Niki van Wyk
100 Grayston Drive
Sandown Sandton 2196
PO Box 785700 Sandton 2196
Telephone (27) 11 286 7000
Facsimile (27) 11 286 7966

INTERNET ADDRESS

www.investec.com

REGISTRATION NUMBER

Investec plc

Registration number 3633621

Investec Limited

Registration number 1925/002833/06

AUDITORS

Ernst & Young LLP
Ernst & Young Inc.

REGISTRARS IN THE UK

Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
United Kingdom
Telephone (44) 370 707 1077

TRANSFER SECRETARIES IN SOUTH AFRICA

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

DIRECTORATE

Executive directors

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

Non-executive directors

Fani Titi (chairman)
Zarina BM Bassa
Laurel C Bowden
Cheryl A Carolus
Perry KO Crosthwaite (senior independent director)
David Friedland
Charles R Jacobs
Ian R Kantor
Lord Malloch-Brown KCMG
Khumo L Shuenyane
Peter RS Thomas

Bradley Fried resigned effective 31 March 2016 and Haruko Fukuda OBE resigned effective 6 August 2015.

For contact details for Investec offices internationally refer to pages 194 to 196.