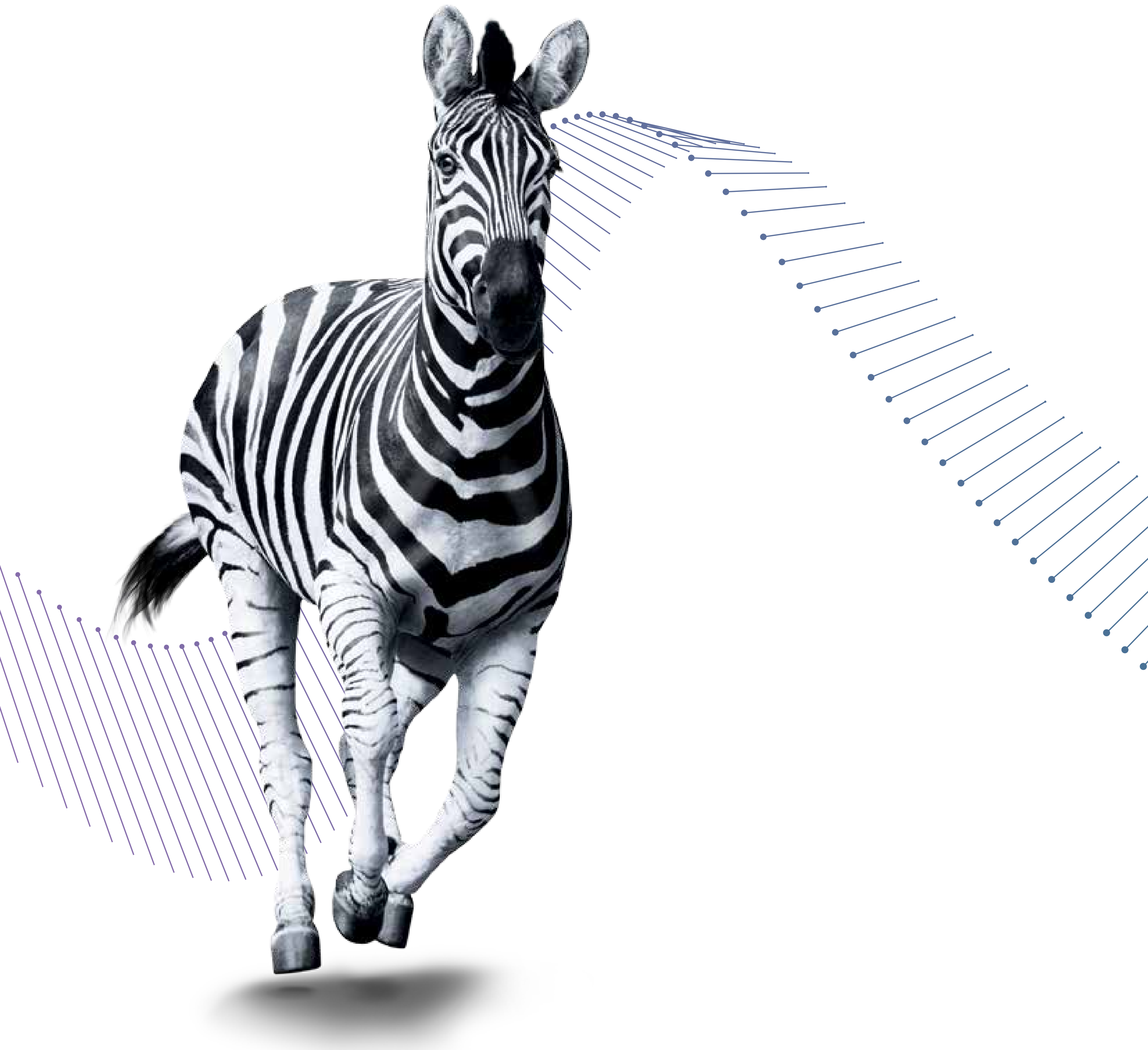
ANNUAL REPORT | 2019

Investec integrated annual review and summary financial statements

Investec



2019 About this abridged report

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 joint chief executive officers, Mr Fani Titi and Mr Hendrik du Toit. This document provides a summary of the information contained in the Investec group's 2019 integrated annual report (annual report). It is not the group's statutory accounts and does not contain sufficient information to allow for a complete understanding of the results and state of affairs of the group as would be provided by the full annual report. For further information consult the full annual financial statements, the unqualified auditor's 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.

Strategic Report

This report includes the Strategic Report and supplementary materials, provided in accordance with the UK Companies Act 2006 in place of the full accounts and reports. The Strategic report provides an overview of the group's strategic position, performance during the financial year and outlook for the business. This should be read in conjunction with the group's integrated annual report which elaborates on some of the aspects highlighted in the strategic report.

Electronic copies of the full Investec group's 2019 integrated annual report can be found on the group's website (www.investec.com).

Report of the Auditor

The Auditor's report on the full accounts for the year ended 31 March 2019 was unqualified, and their statement under section 496 of the Companies Act 2006 (whether the Strategic Report and the Directors' report are consistent with the accounts) was unqualified.

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).

Cross reference tools

AUDITED INFORMATION
Denotes information in the risk and remuneration reports that forms part of the group's audited annual financial statements

PAGE REFERENCES
Refers readers to information elsewhere in this report

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

CORPORATE SUSTAINABILITY
Refers readers to further information in our 2019 Corporate sustainability and ESG supplementary report available on our website: www.investec.com

REPORTING STANDARD
Denotes our consideration of a reporting standard

CONTENTS

1

OUR BUSINESS

Our purpose

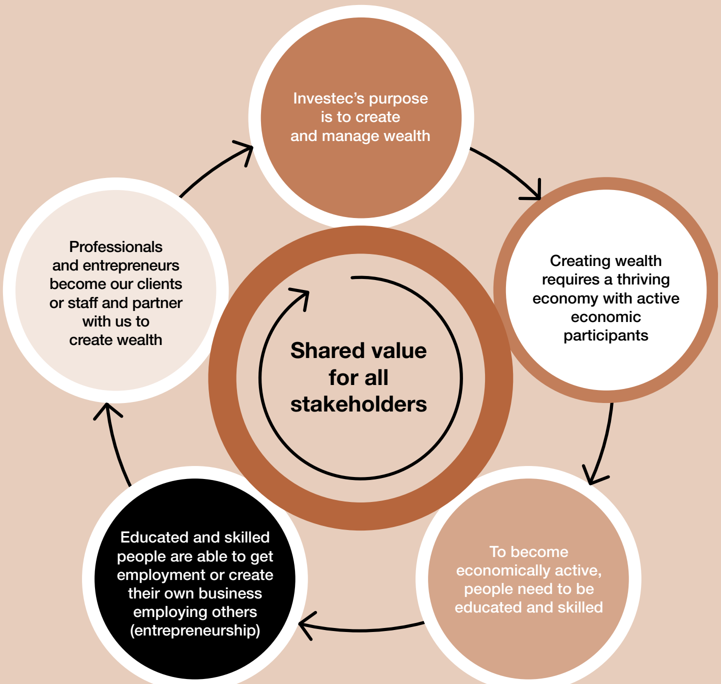
Investec's purpose is to create and manage wealth for all stakeholders. Guided by our vision to create and preserve sustained long-term wealth, we seek to build resilient profitable businesses that support our clients to grow their businesses while contributing in a positive and responsible way to the health of our economy, our people, our communities and the environment to ensure a prosperous future for all.

Our mission

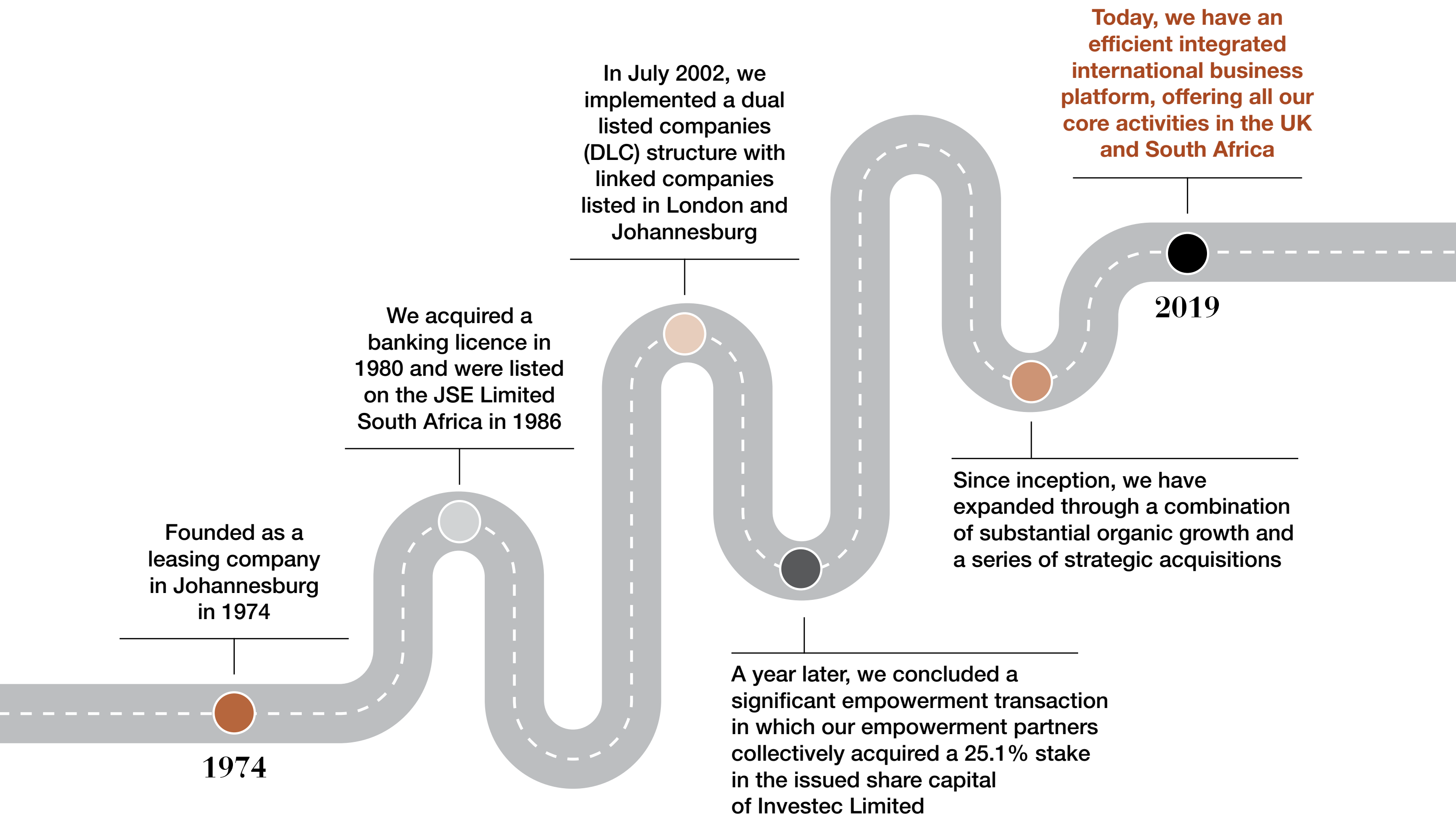
We strive to be a distinctive specialist bank and asset manager, driven by commitment to our core philosophies and values.

Investec (comprising Investec Limited and Investec plc) is 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.

We focus on delivering distinctive profitable solutions to our clients in three core areas of activity namely, Asset Management, Wealth & Investment and Specialist Banking.



Our journey



Our values and philosophies

Distinctive performance

- We employ talented people with passion, energy and stamina, who exercise common sense in achieving effective performance in a high pressure, multi-task environment
- We promote innovation and entrepreneurial freedom to operate within the context of risk consciousness, sound judgement and an obligation to do things properly
- We show concern for people, support our colleagues and encourage growth and development.

Client focus

- We break china for the client, having the tenacity and confidence to challenge convention
- We thrive on change, continually challenging the status quo and recognising that success depends on flexibility, innovation and enthusiasm in meeting the needs of our changing environment.

Cast-iron integrity

- We demand cast-iron integrity in all internal and external dealings, consistently and uncompromisingly displaying moral strength and behaviour which promotes trust.

Dedicated partnership

- We believe that open and honest dialogue is the appropriate process to test decisions, seek consensus and accept responsibility
- We are creative individuals who co-operate and collaborate unselfishly in pursuit of group performance
- We respect the dignity and worth of the individual through encouraging openness and embracing difference and by the sincere, consistent and considerate manner in which we interact.

1

Our strategy

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 long-term strategy is 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.

Group strategic focus

- Simplify, focus and grow with discipline
- Leverage our unique client profile and provide our clients with an integrated holistic offering
- Support our high-touch client approach with a comprehensive digital offering
- Ensure domestic relevance and critical mass in our chosen geographies
- Facilitate our clients with cross-border transactions and flow across our chosen geographies.

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-tech, high-touch approach
- 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 revenue earned from capital light activities and capital intensive activities
- 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.

Strategic review and demerger of the Investec Asset Management business

As announced on 14 September 2018 following a strategic review, the group made a decision to demerge and separately list the Investec Asset Management business. The demerger and the listing of Investec Asset Management is subject to regulatory and shareholder approvals, and is expected to be completed during the second half of calendar year 2019.

Divisional strategic focus

Asset Management

- Grow our advisor business
- Grow our North America institutional business
- Continue to invest across our investment platforms, especially Multi-asset and China
- Ensure sustainability is at the core of our business
- Achieve a successful demerger and listing.

Bank and Wealth

- Focused on enhancing effectiveness of operating platform to better serve clients and deliver long-term shareholder returns
- Increase discipline in capital allocation
- Manage the cost base for greater efficiencies
- Accelerate revenue growth
- Expanding connectivity across the organisation to more fully serve client needs
- Bolster digital capabilities.

Our diversified and balanced business model supporting long-term strategy

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

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

We aim to maintain an **appropriate balance** between revenue earned from capital light activities and revenue earned from capital intensive 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

56%

Contributed to group income

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

CAPITAL INTENSIVE ACTIVITIES

44%

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, associate and trading income**

Technology is both a business enabler and a catalyst for continuous improvement in executing our strategies in a digital era.

Digital strategy

Clients are at the core of our business and we strive to provide them with a high quality of service by being nimble, flexible and innovative.

Our digitalisation strategy is centred on optimisation and transformation of our existing businesses, whilst ensuring we maintain a strong client centric focus.

We aim to achieve this through a multi-pronged strategy, focusing on visible client facing digital capability, end-to-end internal digitalisation, and strong connectivity into the external business ecosystem.

OBJECTIVES AND FOCUS AREAS

Digital transformation

- Channel engagement
- Digitising products and services through the value chain
- Integration around client groupings
- Learning initiatives
- Productivity optimisation

Fintech and external ecosystem engagement

- **Partnerships:**
  - Open banking
- **Investment:**
  - Emerging companies
- Acquisitions
- Outsourced capability

New digital ventures

- **New ventures aligned with Investec strategy**
  - Banking for Business
  - Investec Life

KEY RESULTS

Exploiting existing business capability

Exploring new business models

A high-touch, high-tech experience for our clients

Continuous improvement in our ability to execute strategy in a digital era

In the past few years, we have created an international high-tech, high-touch digital platform for clients with global access to products and services. Our integrated client centric strategy leverages off the natural linkages within the private client businesses and with the corporate banking businesses. We are continually enhancing and evolving our client digital platforms to ensure a seamless, integrated client service experience, now including a dedicated Investec for Intermediaries, and a business banking experience.

We are focused on optimising the internal value chain, and improving productivity. We have executed on a number of core platform improvements, and a dedicated digital workplace strategy is underway to support this initiative. Our technology strategy is well positioned to leverage off the developing technology landscape, illustrated by our growing robotic process automation practice and our utilisation of data and artificial intelligence.

Whilst pursuing new digital ventures of our own, we are also partnering with the growing fintech ecosystem. These initiatives have allowed us to deliver value to our clients and the organisation, and develop new business models to help shape our future strategy. Relationships formed through our Investec Emerging Companies teams across the world, and a dedicated fintech partnership team has built a strong pipeline of innovation.

Going forward, we believe a partnership model will form the basis for a number of our new ventures, in order to assist in rapidly transforming our core business capabilities. This will be a strategic shift in how we have historically built channels, products and new business lines.

Our continued technology investment to support our digitalisation strategy has allowed us to move forward to deliver on the core promise of our overall value proposition.

Highlights for the year ended 31 March 2019:

- Refreshed Private Client web and app experience globally
- Launch of Investec for Intermediaries (unified digital interface) in South Africa
- Launch of Business Banking platforms in both the UK and South Africa
- Launch of Investec Open API which brings Investec into the Open Banking arena and provides Investec a new channel to distribute and service our products in the UK
- Launch of a High Net Worth (HNW) mortgage lending platform in the UK
- Launch of a dedicated Advisor platform for Intermediaries to our UK Financial Products business.

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

South Africa and Other

- 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
- Offices supporting the Southern African businesses include Botswana; Cape Town; Durban; East London; Johannesburg; Knysna; Mauritius; Namibia; Pietermaritzburg; Port Elizabeth; Pretoria; and Stellenbosch.

Investec in total

Adjusted operating profit⊙
£664.5mn

Assets
£57 724mn

NAV**
£3 666mn

Permanent employees
9 884

Cost to income ratio^⊙
69.9%

ROE^
12.9%

Adjusted operating profit*⊙ of the Southern African operations decreased by 3.6% to £393.3 million

£18.2bn
Total deposit book

£14.4bn
Total net core loans

£51.7bn
Total funds under management

As a % of the group

59.2%	Adjusted operating profit*⊙
60.9%	Assets
57.4%	TNAV**
55.5%	Permanent employees

Actual

56.5%	Cost to income ratio^⊙
14.9%	ROE^

⊙Alternative performance measures

We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers of the financial statements. These measures are highlighted with the symbol⊙.

The definition of alternative performance measures is provided in the definitions section of this report.

1

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; Channel Islands; Hong Kong; India; Ireland; Luxembourg; North America; Singapore; Switzerland and 18 offices across the UK.

Adjusted operating profit*⊙ of the UK operations increased 36.1% to £271.2 million

£13.1bn
Total deposit book

£10.5bn
Total net core loans

£115.5bn
Total funds under management

As a % of the group

40.8%	Adjusted operating profit*⊙
39.1%	Assets
42.6%	TNAV**
44.5%	Permanent employees

Actual

79.3%	**Cost to income ratio^⊙**
10.5%	**ROE^**

* *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.*
** *TNAV is tangible shareholders' equity as calculated on page 52.*
^ *ROE is the post-tax return on adjusted average shareholders' equity as calculated on pages 52 to 55.*

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

Asset Management

Core client base and what we do

Operates independently from Investec's other businesses. Our sole focus is the provision of investment management services to our predominantly global institutional client base

MARKET POSITIONING

Total funds under management#
1991: £0.4 billion → 2019: £111.4 billion

Good long-term investment performance with growing traction in our distribution channels

Wealth & Investment

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 → 2019: £55.1 billion

A leading wealth manager in both our core geographies; UK and South Africa

Specialist Banking

Core client base and what we do

We offer a broad range of services including 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:
1981: £4.2 million → 2019: £24.9 billion

- Corporate and other clients: £10.9 billion
- Private clients: £14.0 billion

Global deposit book: £31.3 billion

Adjusted operating profit*⊙ of Asset Management increased 1% to £179.4 million

£64.7bn
Segregated mandates

£46.7bn
Mutual funds

£111.4bn#
Total funds under management

As a % of group

27.0%	Adjusted operating profit*°⊙
3.2%	TNAV**
15.7%	Permanent employees

31.3%	operating margin⊙
87.3%	ROE^

Adjusted operating profit*⊙ of Wealth & Investment decreased 16.2% to £82.6 million

£37.8bn
Discretionary funds under management

£17.3bn
Non-discretionary funds under management

£55.1bn#
Total funds under management

As a % of group

12.4%	Adjusted operating profit*°⊙
2.0%	TNAV**
17.9%	Permanent employees

20.6%	operating margin⊙
32.9%	ROE^

Adjusted operating profit*⊙ of Specialist Banking increased 18.0% to £448.9 million

£31.3bn
Total deposit book

£24.9bn
Total core loans

As a % of group

67.6%	Adjusted operating profit*°⊙
94.8%	TNAV**
66.4%	Permanent employees

64.5%	Cost to income ratio^⊙
12.1%	ROE^

* *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.*
** *TNAV is tangible shareholders' equity as calculated on page 52.*
^ *ROE is the pre-tax return on adjusted average shareholders' equity as calculated on page 52.*
° *Contributions are larger than 100% due to group costs amounting to £46.3 million which are included in operating profit.*
Refer to page 57 for further detail on funds under management.

⊙Alternative performance measures

We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers of the financial statements. These measures are highlighted with the symbol⊙. The definition of alternative performance measures is provided in the definitions section of this report.

Operating structure

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

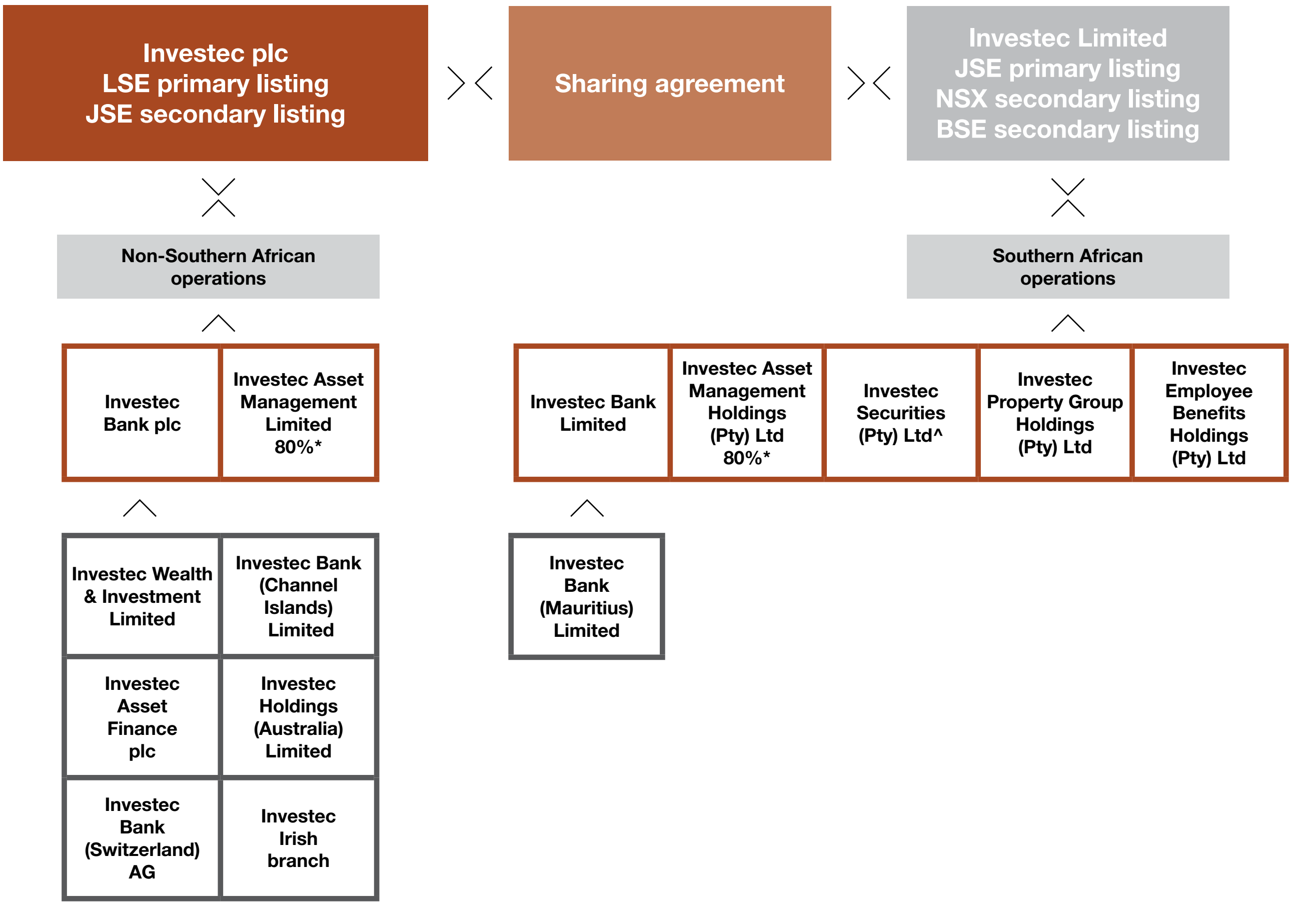
During July 2002 Investec Group Limited (since renamed Investec Limited) implemented a dual listed companies (DLC) structure and listed its offshore business on the London Stock Exchange (LSE).

In terms of our DLC structure, Investec Limited is the holding company of our businesses in Southern Africa and Mauritius, and Investec plc is the holding company of our non-Southern African businesses. Investec Limited is listed on the Johannesburg Stock Exchange Limited (JSE) South Africa (since 1986) and Investec plc on the LSE (since 2002).

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

www ***A circular on the establishment of our DLC structure was issued on 20 June 2002 and is available on our website.***

Our DLC structure and main operating subsidiaries at 31 March 2019



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

* *Senior management in the company hold 20% minus one share (31 March 2018: 17%).*

^ *Houses the Wealth & Investment business.*

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.

OUR PERFORMANCE 2

Over the past year we have transitioned from founder-led to the next generation of leadership. We are confident that we have strong and diverse leadership teams who are well-equipped to steer the businesses to achieve their long term strategic objectives

We are implementing our strategy to simplify, focus and grow with discipline. We are committed to the demerger and listing of the Asset Management business and the positioning of the Bank and Wealth business for long-term growth. In spite of a challenging operating environment, our results speak to strong support from our clients.

Overview of financial performance

The group achieved an increase in adjusted operating profit of 9.4% to £664.5 million (2018: £607.5 million) and an increase in adjusted EPS of 3.6% from 53.2 pence to 55.1 pence. Distributions to shareholders increased to 24.5 pence (2018: 24.0 pence) resulting in a dividend cover of 2.2 times (2018: 2.2 times).

Revenue was supported by our client franchises with the group generating substantial net inflows of £6.5 billion and good loan book origination. Third party assets under management increased 4.1% to £167.2 billion (2018: £160.6 billion), an increase of 8.3% on a currency neutral basis. Core loans and advances decreased 0.8% to £24.9 billion (31 March 2018: £24.8 billion), an increase of 6.8% on a currency neutral basis. This was against a challenging operating environment with weak economic growth in both South Africa and the UK, the group's two core banking markets, as well as mixed equity market performance over the year. Earnings were offset by weaker investment income in the banking businesses and certain non-recurring items in the Wealth & Investment business as explained in the business performance overview.

Overall, this resulted in a 1.8% increase in operating income before expected credit loss impairment charges to £2 486.3 million (2018: £2 443.5 million) with the percentage of annuity income increasing to 76.9% of total operating income (2018: 76.2%).

Operating costs increased 3.8% to £1 695.0 million (2018: £1 632.7 million). Premises costs were up due to the prior-year rental provision release following the acquisition of the South African head office building. Costs were also driven by headcount growth to support business activity, regulatory requirements and information technology development. The cost to income ratio (net of non-controlling interests) amounted to 69.9% (2018: 68.3%). While our operating costs were up ahead of revenue for the full year, we have committed ourselves to cost containment and revenue growth as key priorities.

Operating environment

The operating environment remained challenging over the period. Global equity markets were volatile, impacted by trade disputes, reduced monetary stimulus and global growth concerns. Economic growth was weak in both South Africa and the UK, the group's two core banking markets.

Business performance

The core business units performed well in these challenging conditions over the reporting period. The Specialist Bank and Wealth & Investment business contributed a combined 74.8% (2018: 72.9%) and Asset Management contributed 25.2% (2018:27.1%) to adjusted group operating profit (excluding group costs).

Bank and Wealth

Adjusted operating profit from the combined Bank and Wealth business increased by 13.0% to £485.2 million (2018: £429.5 million).

Specialist Banking

Adjusted operating profit increased by 18.0% to £485.2 million (2018: £429.5 million).

The South African business reported an increase in adjusted operating profit in Rands of 2.3%. Earnings were supported by growth in private client interest and fee income reflecting the consistent strategy to penetrate our existing client base and grow market share. A realisation in the IEP Group also positively impacted earnings. This was partially offset by subdued corporate activity levels and lower investment income; impacted by a weak domestic economy. Overall net core loans grew 5.6% to R271.2 billion at 31 March 2019.

With our clients always front of mind, during the year we successfully launched Investec for Business (an integration of our import solutions, trade finance and specialised lending offerings) to provide a more cohesive offering to smaller to mid-tier companies. This will be complemented by a corporate and business transactional banking offering which will be rolled out over the coming year. With a focus on capital allocation to optimise returns, we have implemented a strategic shift in our approach to private equity investments, moving away from large direct investments to a more client centric approach. We have established a team to oversee our principal investments with a clearly defined strategy that is within our new risk appetite framework.

The UK and Other business reported a significant increase in adjusted operating profit. A strong increase in net interest income was supported by loan book growth of 8.5% (to £10.5 billion) driven by both corporate client lending and Private Bank mortgage origination. This was largely offset by a decrease in non-interest revenue with a weaker performance from the investment portfolio and subdued levels of client trading. Impairments decreased with no repeat of substantial legacy portfolio losses. Costs increased 2.0%, broadly in line with inflation, as the investment phase in the Private Bank is now largely complete.

Cost containment and revenue growth remain key priorities and we anticipate an improving cost to income ratio going forward. Deepening and growing our client base remains fundamental. In our Corporate and Investment Banking business we have positioned ourselves with a more cohesive, client-centric approach. This, and a focus on growing our credit distribution and off balance sheet funds under management will support our relevance to clients and help optimise our capital for improved returns. In the Private Banking business, the focus is now on retention and acquisition of target market clients, further collaboration across the businesses, and using the new mortgage lending platform to drive growth and efficiency.

Wealth & Investment

Adjusted operating profit decreased by 16.2% to £82.6 million (2018: £98.6 million). The core global Wealth & Investment business performed in line with the prior year, generating growth in annuity revenue but impacted by lower transaction based fees. Positive discretionary net inflows of £1.0 billion were partly offset by non-discretionary outflows resulting in net inflows of £0.4 billion. Assets under management decreased by 1.7% to £55.1 billion (2018: £56.0 billion) impacted by market and currency movements. Reported earnings were impacted by a £10.0 million non-recurring investment gain realised in the prior year and a circa £6 million write-off of capitalised software in the Click & Invest business. After reviewing the Click & Invest online investment platform we have decided to discontinue the service in line with the group's commitment to cost management and optimal capital allocation. The underlying operating loss of Click & Invest was circa £12.8 million (2018: £13.5 million). The group remains committed to developing its digital initiatives and will look to incorporate the technology into its offering.

Within the Wealth & Investment business, we continue to focus on growing our discretionary funds under management and ensuring we are well positioned to service our clients. In this regard, expanding our financial planning capability remains a key strategy, together with increased collaboration across the wealth business as well as with the broader group to provide a holistic Investec offering.

Asset Management

Assets under management increased by 7.3% to £111.4 billion (31 March 2018: £103.9 billion). Substantial net inflows of £6.1 billion supported higher average assets under management, together with favourable market and currency movements. Adjusted operating profit increased by 0.7% to £179.4 million (2018: £178.0 million). Earnings were impacted by lower performance fees in South Africa and higher costs in the UK, including ongoing investment in the business, Markets in Financial Instruments Directive II (MiFID II) and new premises costs.

Looking forward, we will continue to focus on delivering competitive investment performance, scaling our Multi-asset and Quality capabilities and growing our presence in large markets with relevant strategies and products. We will also aim to grow in the Advisor space and continue to develop all of our investment capabilities for the future. While fundamental challenges to the industry persist, momentum remains positive and the business is well positioned to move forward as an independent, pure-play asset manager.

Review of risks

Despite the prevailing macro-economic conditions, the group was able to maintain sound asset performance and risk metrics throughout the year in review. Growth in the core loan book was moderate in home currencies and was diversified across select target markets with loan to values at conservative levels and asset margins broadly in line with the prior year. 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. Our loan books remain well diversified and reflect our focus over the past few years to realign and rebalance our portfolios in line with our risk appetite framework showing an increase in private client lending, mortgages and corporate and other lending, and a reduction in lending collateralised by property as a proportion of net core loans. With no repeat of substantial legacy portfolio losses, the group's credit loss ratio of 0.31% is at the lower end of our long-term average trend of 30bps to 40bps. We continue to stress our loan books against a number of macro-economic scenarios, and manage these risks accordingly. We are closely monitoring political developments with respect to Brexit and are equipped to adapt to a rapidly changing environment. IFRS 9 became effective from 1 April 2018. IFRS 9 replaced IAS 39 and sets out the new requirements for the recognition and measurement of financial instruments. The measurement of expected credit losses (ECL) under IFRS 9 has increased complexity and reliance on expert credit judgements and we have established robust governance processes to aid this.

We continue to maintain appropriate capital and leverage ratios and ensure we have a high level of readily available, high quality liquid assets. The group has always held capital in excess of regulatory requirements and all our banking subsidiaries meet current internal targets for total capital adequacy with leverage ratios remaining comfortably above our 6% minimum target. During the year Investec Limited received regulatory permission to adopt the FIRB approach, effective 1 April 2019, resulting in a 1.1% pro-forma increase to Investec Limited's CET 1 ratio. Cash and near cash balances remain strong at £13.3 billion, amounting to 42.4% of our customer deposits. Following the UK's decision to leave the European Union, the UK bank will no longer be able to access deposits from European clients sourced through its Irish branch. The strong liquidity position supports asset growth as well as facilitating the repayment of the Irish deposits ahead of the UK's expected departure. The group comfortably exceeds the Liquidity Coverage Ratio and Net Stable Funding Ratio requirements in both the UK and South Africa.

Meeting regulatory obligations and ensuring the safety of our clients' wealth are key priorities for the group. We therefore continue to spend much time and effort managing our operational, reputational, conduct, recovery and resolution risks. Financial crime and cybercrime remain high priorities and we are continually strengthening our systems and controls in order to manage cyber risk and combat money laundering, fraud and corruption.

Strategic review

Following the groups management succession announcement in February 2018, a comprehensive strategic review was conducted to ensure that the group remains well positioned to serve the long-term interests of all stakeholders. After considering a full range of options, the group announced in September 2018, its intention to simplify and focus the business in pursuit of disciplined growth over the long-term.

In this regard, the board concluded that a demerger and separate listing of Investec Asset Management would simplify the group and allow both businesses to have a sharper focus on their respective growth trajectories. This should result in improved resource allocation, better operational performance and higher long-term growth.

Since then, the group has articulated a clear set of strategic priorities for both the Asset Management and the Bank and Wealth businesses.

The Bank and Wealth business is focused on a plan to enhance the effectiveness of its operating platform to better serve clients and deliver long-term shareholder returns. There are five key priorities: increasing discipline in capital allocation; managing the cost base for greater efficiencies; accelerating revenue growth; expanding connectivity across the organisation to more fully serve client needs; and bolstering digital capabilities. With this in mind, a number of actions have already been taken including the disposal of the Irish Wealth business, the decision to discontinue Click & Invest and the winding down of the Hong Kong non-core investment portfolio. In addition, to ensure we have the right leadership in place to support our goals, a number of key leadership appointments were made to establish a Bank and Wealth management team.

The Asset Management business is concentrating efforts on its existing offering: deepening and strengthening investment and client capabilities for the long-term; scaling the offering through its global distribution model; and positioning for growth. The business has been particularly focused on areas displaying strong potential and future client demand.

Board focus areas

During the year, the board continued to engage with stakeholders on a number of issues including succession, board composition, culture, and governance.

Succession of the group's long-serving executive management has been an ongoing focus area for the board with the group's initial announcement in this regard made in November 2015 and a number of subsequent announcements over the past 18 months. Since the previous annual report, the following changes have been effected in respect of the executive board directors:

- Stephen Koseff and Bernard Kantor stepped down from their roles of chief executive officer (CEO) and managing director (MD) of Investec group, respectively, on 1 October 2018. They will not stand for re-election at the 2019 annual general meeting (AGM). They will continue to actively oversee the proposed demerger and separate listing of Investec Asset Management until its completion.
- Fani Titi and Hendrik du Toit assumed their roles as joint CEOs on 1 October 2018
- Glynn Burger stepped down from the board on 31 March 2019. We thank Glynn for his exemplary service, dedication and commitment to the group over the last 38 years
- Nishlan Samujh, formerly the chief finance officer of the Investec group, was appointed as group finance director (FD) and an executive director of the board with effect from 1 April 2019
- Kim McFarland, finance director of Investec Asset Management, was appointed as an executive director of the Investec group board on 1 October 2018
- Subsequent to the demerger Hendrik and Kim will step down from the board of the Investec group and focus their efforts on the Asset Management business.

In considering the composition of the board, we aim to ensure that the board comprises of a talented and diverse range of people, aligned with the Investec culture and values, with the collective skills and experience that are necessary for the group to meet its objectives and strategic goals. We are focused on maintaining the necessary banking experience, appropriate regional balance between South African and non-South African board members and reaching our gender diversity target of 33% females on the board by 2020. In this regard, we are cognisant of the progress that still needs to be made and are committed to improving this in line with our targets. The board has continued to play an integral role in encouraging and participating in diversity initiatives and dialogue across the group.

With the transformation from founder-led to the next generation of management, of paramount importance has been preserving the culture of the organisation. Our culture is a reflection of who we are and what we care about and it guides how we conduct ourselves as a responsible corporate. Investec's founders instilled a strongly embedded culture of uncompromising integrity, moral strength and behaviour which promotes trust. At the heart of our values, is the belief that our sustainability as an organisation is dependent on our ability to have a positive impact on the success and wellbeing of communities, the environment and on overall macro-economic stability. A strong culture provides a competitive advantage in a business environment where products, technology and communications are increasingly replicable. The core tenets of our culture are embedded in our DNA and we will continue to encourage an energetic, relationship-focused environment that attracts driven individuals who consistently seek to go the extra mile for the client. The shift from founder-led to next generation leadership has been a journey over a period of time. We are comfortable that we have a strong and diverse leadership team who are embedded in the group's culture and values, and are well-equipped to take the group from strength to strength.

During the year under review, work was done to further develop the governance processes of the group, with the enhancement of the independent governance structures for the banking subsidiaries, namely Investec Bank Limited and Investec Bank plc, with the establishment of a standalone Audit Committee and Board Risk and Capital Committee (BRCC) for Investec Bank Limited and the creation of a standalone, BRCC and Remuneration Committee for Investec Bank plc.

In the coming year, a key focus for the board will be the proposed demerger of Investec Asset Management, a consequent review of the composition of the board to ensure that it remains appropriate for the group, the consideration of the governance structure of the restructured group and its core subsidiaries and an increased focus on enhancing returns in the group's banking and wealth businesses. Front of mind will also be a continued focus on integrating social, ethical and environmental considerations into everything we do.

Living in society, not off it

Our vision to create and preserve sustained long-term wealth cannot be done in isolation of our responsibility to the world around us. Our commitment to sustainability recognises the interconnected nature of our business, the economy, the environment and society. Over the past year, we continued to integrate environmental, social and governance (ESG) considerations into our daily operations to ensure sustainable management with a long-term vision.

This extends to our business activities where we play a critical role in funding a sustainable economy that is cognisant of the world's limited natural resources. We believe that the group can make the greatest socio-economic and environmental contribution by partnering with our clients and stakeholders to have a tangible impact on reducing inequality.

In this regard, we are committed to playing our role in terms of the Sustainable Development Goals (SDGs) and to finding opportunities within our businesses to build a more resilient and inclusive world. After extensive stakeholder engagement over the past 18 months, we prioritised our goals to ensure that they are globally aligned, yet locally relevant, to our core geographies and reflect our current business model and growth strategy. The aim for the year ahead is to raise awareness and maximise impact by coordinating activities and opportunities across our operations, businesses and communities.

Other areas that received board attention this year included our progress regarding our diversity targets and post year-end, we were proud to announce the appointment of Ruth Leas as Chief Executive Officer (CEO) of Investec Bank plc and head of the UK specialist Bank (subject to regulatory approval). We also signed the CEO statement of support for the United Nations Women's empowerment principles demonstrating the commitment from our leadership teams to improving representation across the organisation. Our investment in communities continued to focus on the core areas of education, learnerships, entrepreneurship and job creation with community spend comprising 1.5% of operating profit (2018: 1.4%).

From an environmental perspective, there were a number of substantive achievements in our ambition to transition to a low-carbon global economy. The group strengthened its climate change statement and policy on funding coal projects. Investec Asset Management held their third internal Investment Sustainability Forum on climate change and launched a number of dedicated investment funds for investors who want to support and benefit from the transition to a more sustainable economic model. The power and infrastructure finance team launched a renewable energy investment vehicle called Revego Africa Energy. Lastly, both Investec Asset Management and the group signed up to the United for Wildlife financial taskforce to leverage existing global financial crime architecture and combat illegal wildlife trade.

As part of our commitment to transparency and reporting, we participate in a number of sustainability indices and were recognised as one of 15 industry leaders on the Dow Jones Sustainability Investment World indices and one of nine on the DJSI Europe indices. We were also a finalist in the 2018 Thomson Reuters Southern Africa Excellence Awards in the Most Impactful Business: Doing Good and Doing Well category. While it makes us proud to receive this recognition, we are mindful that this is a journey and we continually need to strive for more when it comes to our ESG performance and socio-economic impact.

Outlook

The past year has seen a smooth leadership transition combined with a strategic review of the group. We are on track with the proposed demerger and separate listing of Investec Asset Management which should enhance the long-term prospects of both businesses. We are confident that we have positioned the businesses to ensure they meet their growth objectives and deliver long-term shareholder returns.

On behalf of the boards of Investec plc and Investec Limited.

Perry Crosthwaite
Chairman

Fani Titi
Joint Chief executive officer

Hendrik du Toit
Joint Chief executive officer

(References to 'adjusted 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 report provides an overview of our strategic position, performance during the financial year and outlook for the business. It should be read together with the sections that follow on pages 21 to 218 of volume one as well as volume two of the Investec group's 2019 integrated annual report, which elaborate on the aspects highlighted in this review.

Building trust and credibility among our stakeholders is vital to good business

The board recognises that effective communication is integral in building stakeholder value and is committed to providing meaningful, transparent, timely and accurate financial and non-financial information to primary stakeholders as highlighted below. The purpose is to help these stakeholders make meaningful assessments and informed investment decisions about the group.

We endeavour to present a balanced and understandable assessment of our position by addressing material matters of significant interest and concern.

We seek to highlight the key risks to which we consider ourselves exposed and our responses to minimise the impact of these risks.

Another objective is to show a balance between the positive and negative aspects of our activities in order to achieve a comprehensive and fair account of our performance.

As a requirement of our DLC structure, we comply with the disclosure obligations contained in the applicable listing rules of the UK Listing Authority (UKLA), the Johannesburg Stock Exchange (JSE) and other exchanges, on which our shares are listed, and with any public disclosure obligations as required by the UK regulators and the South African Prudential Authority.

We also recognise that from time to time we may be required to adhere to public disclosure obligations in other countries where we have operations.

The Investor Relations division has a day-to-day responsibility for ensuring appropriate communication with stakeholders and, together with the Group Finance and Company Secretarial divisions, ensures that we meet our public disclosure obligations.

We have a board-approved policy statement in place to ensure that we comply with all relevant public disclosure obligations and uphold the board's communication and disclosure philosophy.

The board appreciates the importance of ensuring an appropriate balance in meeting the diverse needs and expectations of all the group's stakeholders and building lasting relationships with them.

We engage regularly with our stakeholders:

Employees	**Investors and shareholders**	**Clients**	**Rating agencies**
• Quarterly magazine • Staff updates hosted by executive management • Group and subsidiary fact sheets • Tailored internal investor relations presentations • Induction training for new employees • Regular staff communications • Dedicated comprehensive intranet • Senior management engagement breakfasts.	• Annual general meeting • Four investor presentations • Stock exchange announcements • Comprehensive investor relations website • Shareholder roadshows and presentations • Regular meetings with investor relations team and executive management • Annual meeting with investor relations, group company secretarial, the chairman of the board, senior independent director and chairman of the remuneration committee • Regular email and telephone communication • Annual and interim reports.	• Client relationship managers in each business • Regular face-to-face, telephone and email communications • Meetings with senior management • Comprehensive website and app • Industry relevant events • Client marketing events.	• Meetings with investor relations team, group risk management and executive management • Tailored rating agency booklet • Tailored presentations • Regular email and telephone communications • Annual and interim reports • Four investor presentations • Comprehensive investor relations website.
Government and regulatory bodies	**Equity and debt analysts**	**Media**	**Suppliers**
• Active participation in a number of policy forums • Response and engagement with all relevant bodies on regulatory matters • Industry consultative bodies.	• Four investor presentations • Stock exchange announcements • Comprehensive investor relations website • Regular meetings with investor relations and executive management • Regular email and telephone communications • Annual and interim reports.	• Regular email and telephone communications • Stock exchange announcements • Comprehensive website • Meetings with executive management, economists and industry spokespersons • Dedicated third party public relations teams.	• Centralised negotiation process • Ad hoc procurement questionnaires requesting information on suppliers' environmental, social and ethical policies.

Topical discussions with our stakeholders

Impact of the political and economic environment

It's been a challenging operating environment in both South Africa and the UK with some volatility expected to continue. Key for stakeholders is the resilience of our business model through varied economic cycles.

Notwithstanding the challenging backdrop, the group delivered a sound operational performance and was able to maintain healthy asset quality and risk metrics. Our risk appetite framework as set out on page 11 in volume two of our Investec group's 2019 integrated annual report is assessed regularly in light of market conditions and group strategy, our stress testing framework regularly tests our key vulnerabilities under stress and we are comfortable that we have robust risk management processes and systems in place. The group has always had a long-term strategy of building a diversified portfolio of businesses and geographies to support clients through varying markets and economic cycles and we remain confident with the resilience of our businesses. The group's viability statement can be found on pages 106 to 108.

Succession

Succession of the group's long-serving executive management has been an ongoing focus area for stakeholders over the past few years. The announcement of our succession plan in February 2018 was well received. Since then a number of additional management changes have been announced as outlined on page 60. As we transition from a founder-led business, we are confident that we have strong and diverse leadership teams in place, who are embedded in the group's culture and values, and well-equipped to steer the businesses to achieve their long term strategic objectives.

Strategic review and proposed demerger

Following the group's management succession announcement, a comprehensive strategic review was conducted to ensure that the group remains well positioned to serve the long-term interests of all stakeholders. After considering a full range of options, the group announced in September 2018 its intention to simplify and focus the business, in pursuit of disciplined growth over the long term. In this regard, the board concluded that a demerger and separate listing of Investec Asset Management would simplify the group and allow both businesses to have a sharper focus on their respective growth trajectories. This should result in improved resource allocation, better operational performance and higher long-term growth. The proposed demerger is still subject to regulatory and shareholder approvals, and is expected to be completed during the second half of 2019.

Improving and sustainable returns

The group hosted Capital Markets Days (CMDs) for the Asset Management business and the Bank and Wealth business in November 2018 and February 2019 respectively. Both CMDs were successful in reaffirming the businesses' positioning and communicating the respective strategies. The Bank and Wealth CMD also provided an opportunity to highlight some of the key initiatives underway to enhance returns and to set out the new short- to medium-term ROE and cost-to-income targets for the Bank and Wealth business.

Shareholder dilution

The resolutions granting directors' authority to allot shares were passed with a majority of less than 80% at our annual general meeting in August 2018. The board has taken shareholder concerns into account in relation to the dilutive effect of the issuance of ordinary shares and these resolutions will not be proposed at the group's 2019 AGM.

Executive remuneration

The resolution to approve the updated executive remuneration policy was passed with a majority of less than 80% at our annual general meeting in August 2018. The revised remuneration policy incorporated feedback from extensive engagement with shareholders addressing a number of matters, notably; a reduction in total executive director compensation, better alignment between pay awards and performance, simplification in pay structures and the assessment of executive director performance, pro-rating of unvested long-term incentive plan awards for departing executive directors and the introduction of a minimum shareholding requirement for executive directors.

Overall, shareholders provided positive feedback on the changes made and on the level of detail and clarity of the disclosure. However, some of the group's shareholders, whilst acknowledging these positive aspects, believed that the overall quantum of pay is too high relative to South African peers. The Investec group is an international business, and as such the Remuneration Committee believes it is appropriate to benchmark executive remuneration against a set of international peers, including South African competitors. Despite the group's active engagement on these matters, certain of the group's shareholders decided to vote against the remuneration policy.

With the announcement of the proposed demerger of Investec Asset Management, the group used the opportunity to re-engage with its largest shareholders on the current policy as well as on technical amendments to the policy which will be implemented following the proposed demerger. Based on the discussions held to date, the board believes that a new remuneration policy is not required at this time. Further information on our remuneration policy can be found in our remuneration report on pages 125 to 174.

Auditor independence

In light of increased corporate and audit firm scandals, audit quality and auditor independence has been under heightened scrutiny by stakeholders. This was particularly pertinent in relation to challenges experienced by KPMG Inc. in South Africa. The Audit Committee spent time during the year on matters pertaining to audit quality and auditor independence and these matters are explained in detail on pages 132 to 141 in volume one of the Investec group's 2019 integrated annual report in the corporate governance section of this report. With respect to KPMG Inc. specifically, several processes were initiated to ensure and confirm audit quality as detailed on page 141 in volume one of the Investec group's 2019 integrated annual report. The Audit Committee chairman engaged extensively with shareholders on the considerations and processes carried out in this regard.

Gender, diversity and transformation

Stakeholders remain interested in the progress made by Investec on a number of diversity issues, including workplace representation, board diversity and transformation in South Africa. During the year, the board approved a board diversity policy, setting out the targets for board composition in terms of gender and race. As at 31 March 2019, we are pleased to report that there was a 25% representation of women on the board – good progress towards our target of 33% by 2020. There was also an increase in female senior leadership who now represent 35% of total senior leadership. Additionally, the group signed the CEO statement of support for the United Nations Women's Empowerment Principles demonstrating a commitment by executive management to advancing and empowering women, not only in the workplace, but also in the marketplace and our communities.

In terms of transformation in South Africa, Investec remains committed to black economic empowerment and reporting in terms of the Financial Sector Code where we were rated a level 1 as at the end of the financial year. We were one of the first signatories to the Youth Employment Service (YES) initiative to address the unemployment issue among young people, providing fundamental support for the initial launch in March 2018. In the past year we placed in excess of 1 200 youth with 11 partners. The first cohort have completed their year of work experience and a significant number were able to secure permanent employment.

Operational and conduct risks

We remain focused on conduct, reputational, operational, recovery and resolution risks. Financial crime and cybercrime are priorities, and the group aims to strengthen its systems and controls in order to manage cyber risk as well as meet its regulatory obligations to combat money laundering, fraud and corruption.

Non-financial reporting

Stakeholders are increasingly expecting greater non-financial disclosures. This includes disclosure on environmental and social impacts as well as benchmarking against our peers.

The Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFDs) has gained more traction as the Prudential Regulation Authority has issued an updated supervisory statement clarifying expectations around climate-related disclosure requirements. We recognise and support the recommendations of the TCFD disclosures to report clear and consistent information and have expanded on our previous disclosure as seen on pages 75 to 76 in volume two of the Investec group's 2019 integrated annual report. This is the start of a long-term process to build a better understanding of environmental, social and governance (ESG) reporting and climate-related risks and opportunities and we will enhance our disclosure over time in line with industry guidelines and best practice.

Interest from stakeholders in advancing the Sustainable Development Goals (SDGs) has increased. Investec remains committed to building a more resilient and inclusive world, and finding opportunities within our businesses to maximise our impact. We prioritised six goals that are globally aligned, yet locally relevant to our core geographies and which reflect our current business model and growth strategy. We continue to report on our performance with detail available on our six priority goals and their targets in our corporate sustainability and ESG supplementary report on our website.

Corporate sustainability

Corporate sustainability at Investec is about contributing in a positive and responsible way to the health of our economy, the well-being of our staff and communities, while safeguarding our natural resources to build a more resilient and inclusive world.

Over the past year we have:

- **prioritised six core Sustainable Development Goals (SDGs)**
- **continued to integrate environmental, social and governance (ESG) considerations into our daily operations**
- **created value through our commitment to the six capitals.**

www *For detailed information download our 2019 corporate sustainability and ESG supplementary report from our website.*

Funding a sustainable economy

We play a critical role in funding a sustainable economy that is cognisant of the world's limited natural resources.

- We signed up as full participants of the United Nations Global Compact's 10 principles on human rights, labour, environment and anti-corruption
- We signed the CEO statement of support for the United Nations Women's Empowerment Principles
- We have strengthened our climate change statement that supports the transition to a low-carbon economy. Together with UK Climate Investments, Investec committed R1 billion to a dedicated renewable energy investment vehicle called Revego Africa Energy
- As one of the first signatories to the Youth Employment Service (YES) initiative in South Africa, we placed in excess of 1 200 youth with 11 partners during the year
- We signed up to the United for Wildlife Financial Taskforce which leverages existing global financial crime architecture to combat illegal wildlife trade.

We participate and have maintained inclusion in several globally recognised sustainability indices.

- Investec plc ranked in the Dow Jones Sustainability Investment (DJSI) Index as one of 15 industry leaders on the DJSI World and one of nine in the DJSI Europe indices
- Investec Limited ranked as one of four industry leaders on the DJSI Emerging Markets Index
- Constituent of the FTSE4Good Index
- Constituent of the ECPI Index
- Constituent of the FTSE/JSE Responsible Investment Index Series
- Rated AAA on the MSCI Global Sustainability Index Series
- Member of the STOXX Global ESG Leaders Indices.

SDGs

We have committed to support delivery of the United Nations SDGs in building a more resilient and inclusive world.

Our business model is best positioned to contribute to the SDGs by facilitating strong institutions (SDG 16) and partnering with our clients and stakeholders (SDG 17) to have a tangible impact on reducing inequality (SDG 10).

After extensive stakeholder engagement over the past 18 months, we prioritised our goals to ensure that they are globally aligned yet locally relevant to our core geographies and reflect our current business model and growth strategy. The aim is to maximise socio-economic and environmental impact by coordinating and integrating activities across our operations, businesses and communities. Financing innovative solutions that enable access to clean water (SDG 6) and affordable energy (SDG 7) as well as providing access to quality education (SDG 4) are all vital for economic growth and job creation (SDG 8). At the same time, our business has established expertise in building and supporting infrastructure solutions (SDG 9) and funding sustainable cities and stronger communities (SDG 11). As a result, we prioritised these six core SDGs which, given the interconnected nature of the goals, will help maximise our contribution to all 17 goals. We will continue to test these priorities for relevance and impact as our SDG journey progresses.

Refer to page 115 for more information.

www *Refer to our 2019 corporate sustainability and ESG supplementary report on our website for more details on our impact through the SDGs.*

www *Refer to our 2019 corporate sustainability and ESG supplementary report for the limited assurance statement on the corporate sustainability information.*

Value creation through the six capitals

Human capital

We depend on the experience and proficiency of our people to perform and deliver superior client services.

Purpose and priorities	*Impact*
Providing a safe and healthy work environment that values physical as well as psychosocial well-being	20% of employees in the UK Bank and Wealth business have attended employee well-being interventions in the first month since the launch in February 2019 70% of employees in South Africa participated in employee well-being initiatives (2018: 72%)
Investing in our people and growing talent and leadership	Learning and development spend as a % of staff costs is 1.5% (2018: 1.9%) for the group (target of >1.5% for the group) Learning and development spend of £17.8 million (2018: £22.5 million). The decrease is due to the realignment of current programmes to ensure efficiency and relevance 22 CAs graduated from the CA programme in the past year and 17 were retained in our business (2018: 21 of 21 graduates retained)
Retaining and motivating staff through appropriate remuneration and rewards structures	Staff turnover rate in South Africa is 9.6% (2018: 9.2%) and 11.5% (2018: 11.3%) in the UK 5% of the Investec group's shares are held by staff (excluding non-executive directors' holdings)
Respecting and upholding human rights by entrenching a value-driven culture through the organisation that is supported by strong ethics and integrity	Signed up as a full participant to the United Nations Global Compact and remain committed to the 10 principles on human rights, labour, environment and anti-corruption
Promoting diversity and equality at all levels of the group	49% female employees (2018: 49%) and 25% females on the board (target of at least 33% by 2020) (2018: 20%) Senior female managers increased to 35% (2018: 33%) Recognised by Equileap in the UK for best maternity and paternity leave We compiled a document which is publicly available called *The way we do business* Appointed our first female CEO in May 2019 as CEO of Investec Bank plc subject to regulatory approval Signed the CEO statement of support for the United Nations Women's Empowerment Principles

Intellectual capital

We use our specialist financial skills and expertise to provide efficient solutions for clients and have a robust risk management process in place.

Purpose and priorities	*Impact*
Maintaining a diversified portfolio of businesses that supports performance through varying economic cycles	Our capital light activities contributed 56% to group income (target > 50% of our income from capital light activities (2018: 56%) Annuity income as a percentage of operating income is 76.9% (2018: 76.2%)
Leveraging our expertise in risk management to protect value	Credit loss ratio within long-term average range at 0.31% (2018: 0.61%)
Ensuring solid and responsible lending and investing activities	Trained a further 43 frontline consultants on environmental, social and governance (ESG) practices in South Africa and the UK (2018:195)

Social and relationship capital

We leverage key stakeholder relationships to enhance our impact on society and the macro-economy.

Purpose and priorities	*Impact*
Building deep durable relationships with our clients and creating new client relationships	Customer accounts (deposits) up 4.1% (2018: 6.5%) Customer complaints in Private Bank South Africa were down 7.2% to 2 202 complaints (2018: 2 373)
Investing in our distinctive brand and providing a high level of service by being nimble, flexible and innovative	Voted South Africa's eighth most valuable brand in 2019 by Brand Finance South Africa
Unselfishly contributing to society through our community programmes	1.5% community spend as a % of operating profit (2018*: 1.4%) (target of >1% for the group). Community spend of £9.8 million (2018*: £8.2 million) * *Restated to include external learnerships and job creation (YES initiative)*
Committed to transformation and youth employment in South Africa	Currently rated a level 1 under the Financial Sector Code. We are one of the first signatories to the Youth Employment Service (YES) initiative in South Africa, and placed in excess of 1 200 youth with 11 partners during the year ***For more information on our commitment to transformation in South Africa refer to page 121.***

Natural capital

We support the transition to a low-carbon economy and believe we can make a meaningful impact in addressing climate change. We look for opportunities to either reduce the negative impact or prolong the life on our planet.

Purpose and priorities	*Impact*
Funding and participating in renewable energy	86% of our energy lending portfolio relates to clean energy (2018: 88%) Together with UK Climate Investments, we committed R1 billion to a dedicated renewable energy investment vehicle called Revego Africa Energy
Limiting our direct operational carbon impact	Carbon emissions reduced by 2.8% (2018: 6.1%) despite headcount increasing by 4.7% In the UK, we have incorporated a number of environmental initiatives into the design of our new premises in London to manage and reduce our carbon footprint www ***Refer to our 2019 corporate sustainability and ESG supplementary report on our website for emission reduction targets.***
Protecting biodiversity through various conservation activities	Signed up to the United for Wildlife Financial Taskforce which leverages existing global financial crime architecture to combat illegal wildlife trade 5 812 increase in number of children reached through our Coaching for Conservation programme in the past year (17 373 reached since 2013) Investec Rhino Lifeline has supported the rescue of 80 rhino since 2012 (2018:70 rhino) 11 rural villages in South Africa received access to water as a result of our collaboration with the Entrepreneurship Development Trust and Innovation Africa

Technological capital

We deliver efficient and effective information technology to support our businesses and facilitate our digital strategy.

Purpose and priorities	*Impact*
Creating an international platform for clients with global access to products and services which is both high-tech and high-touch	We are continually enhancing and evolving our client digital platforms to ensure a seamless, integrated client service experience, now including a dedicated Investec for Intermediaries, and a business banking experience
We are focused on optimising the internal value chain, and improving productivity	We executed on a number of core platform improvements, and a dedicated digital workplace strategy is underway to support this initiative We closed our Click & Invest Service as the appetite for this type of investment service remains low and the market is growing at a much slower rate than expected
Partnering with the growing fintech ecosystem	Relationships formed through our Investec Emerging Companies team across the world, and a dedicated Fintech partnership team has built a strong pipeline of innovation We partnered with a late-stage technology venture capital fund with a first investment focusing on low-cost 3D imaging sensors enabling cancer detection, people-tracking, vehicle automation and radiation level testing amongst others Through a collaboration with Bankserv Africa and uPort, we have revealed a blockchain based identity system We have launched Samsung-pay which facilitates secure and convenient mobile payments

(Refer to our digital strategy on page 9).

Financial capital

We create sustained long-term wealth by growing our core businesses.

(Refer to pages 30 to 35 for our financial highlights).

Value added statement

£'000	**31 March 2019**	**31 March 2018**
Net income generated		
Interest receivable	2 641 920	2 491 009
Other income	1 587 063	1 607 007
Interest payable	(1 826 493)	(1 730 611)
Other operating expenditure and impairments on loans	(374 839)	(467 982)
	2 027 651	**1 899 423**
Distributed as follows:		
Employees: Salaries, wages and other benefits	816 253	795 420
Communities: Spend on community initiatives	9 862	8 238*
Government: Corporation, deferred payroll and other taxes	609 927	550 610
Shareholders:	279 389	261 435
Dividends to ordinary shareholders	238 072	227 908
Dividends to perpetual preference and Other Additional Tier 1 security holders	41 317	33 527
Retention for future expansion and growth	312 220	283 720
Depreciation	40 812	28 804
Retained income for the year	271 408	254 916
Total	**2 027 651**	**1 899 423**

External recognition and group memberships

Although we are not driven by awards and recognition, Investec participates and has maintained its inclusion in the following world-leading indices. These indices have been designed objectively to measure the performance of companies that meet globally recognised corporate responsibility standards.

- Voted third most attractive employer by professionals in South Africa in the 2019 Universum awards in the business/ commerce sector
- Ranked 27th in the world and fourth in the UK for progress in gender equality and reporting by Equileap in 2018
- Recognised by Equileap in the UK for best maternity and paternity leave
- Signatory to the 30% Club in South Africa and the UK and to the HM Treasury Women in Finance Charter
- Finalist in the 2018 Refinitiv (formerly Thomson Reuters) Southern Africa Excellence Awards in the Most Impactful Business: Doing Good and Doing Well category
- Received gold in the Global Good Awards for Best Education Project for the partnership with Arrival Education (UK) in 2018
- Winners of the Charity Investment Team of the Year by the City of London Wealth Management Awards 2019
- UK head office won the Chairman's Cup for waste management processes in the City of London's Clean City Awards in 2018 for the third time
- Operationally, we have a very low carbon footprint compared to our peers and were awarded a B rating by the Carbon Disclosure Project (CDP).

***DANIEL WILD,** PhD, Co-CEO RobecoSAM:*

"We congratulate Investec for achieving a place in The Sustainability Yearbook 2019, a showcase of the world's best performing companies among industry peers and in terms of financially material ESG metrics. Launched this year under the SAM brand and now with increased public access to the percentile rankings of all companies, the Yearbook remains a highly credible source of corporate sustainability insights."

Sustainability indices

	2019	2018	2017
Carbon Disclosure Project (CDP) (Investec is a member and Investec Asset Management is a signatory investor)	B	B	A-
Code for Responsible Investing in South Africa (CRISA)	Signatory	Signatory	Signatory
Dow Jones Sustainability Investment Index* (score out of 100)	64	68**	69
ECPI Index	Constituent	Constituent	n/a
FTSE4Good Index	Included	Included	Included
FTSE/JSE Responsible Investment Index series	Constituent	Constituent	Constituent
MSCI Global Sustainability Index Series (Investec plc) – Intangible value assessment (IVA) rating	AAA	AAA	AAA
STOXX Global ESG Leaders Indices	Member	Member	Member
United Nations Global Compact	Participant	Participant	Active
United Nations Principles for Responsible Investment (UNPRI)	Signatory	Signatory	Signatory

* *Investec Limited ranked as one of four industry leaders on the DJSI Emerging Markets Index; Investec plc ranked as one of 15 industry leaders on the DJSI World and one of nine in the DJSI Europe indices.*

** *As of 2018, results reflect a major scoring methodology update.*

www ***For detailed information download our 2019 corporate sustainability and ESG supplementary report from our website.***

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 volumes one and two of the Investec group's 2019 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 DLC BRCC.

The board approved risk appetite frameworks are provided on page 84. The board recognises that, even with sound appetite and judgement, extreme events can happen which 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 considering 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.

The group has policies and processes in place to address principal risks set out below. The due diligence on these processes is also monitored by Internal Audit as set out on page 81 in volume two of the Investec group's 2019 integrated annual report.

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

Market, business and general economic conditions and fluctuations could adversely affect our business 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 (including climate risk), social and economic risks** could arise in our lending and investment activities.

We may be exposed to **investment risk** in our unlisted and listed investment portfolios.

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

Liquidity risk may impair our ability to meet our payment obligations as they fall due.

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.**

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

OPERATING ENVIRONMENT INDICATORS

2

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

	As at 31 March 2019	As at 31 March 2018	% change	Average over the year 1 April 2018 to 31 March 2019
Market indicators				
FTSE All share	3 978	3 894	2.2%	4 003
JSE All share	56 463	55 475	1.8%	55 348
S&P	2 834	2 641	7.3%	2 740
Nikkei	21 206	21 454	(1.2%)	21 968
Dow Jones	25 929	24 103	7.6%	25 038
Rates				
UK overnight	0.70%	0.44%		0.62%
UK 10 year	0.97%	1.35%		1.37%
UK Clearing Banks Base Rate	0.75%	0.50%		0.67%
LIBOR – three month	0.85%	0.71%		0.80%
SA R186	8.60%	7.99%		8.80%
Rand overnight	6.73%	6.76%		6.57%
SA prime overdraft rate	10.25%	10.00%		10.09%
JIBAR – three month	7.15%	6.87%		7.03%
US 10 year	2.41%	2.74%		2.89%
Commodities				
Gold	US$1 295/oz	US$1 324/oz	(2.2%)	US$1 263/oz
Brent Crude Oil	US$68/oz	US$70/bbl	(2.9%)	US$71/bbl
Platinum	US$841/oz	US$936/oz	(10.1%)	US$841/oz
Macro-economic				
UK GDP (% change over the calendar year)	1.4%	1.8%		
UK per capita GDP (calendar year, real value in Pounds at constant 2016 prices)*	30 594	30 367	0.7%	
South Africa GDP (% change over the calendar year)	0.8%	1.3%		
South Africa per capita GDP (real value in Rands for calendar year 2018 and 2017)	55 595	55 930	(0.6%)	

Sources: Bureau For Economic Research, Bloomberg, IRESS, Johannesburg Stock Exchange, Macrobond, SARB Quarterly Bulletin, World Economic Forum.

* *Population used in 2018 per capita GDP reflects estimated population as per the Office for National Statistics.*

In terms of the DLC structure as discussed on page 14, Investec plc and Investec Limited present the year-end results and financial position of the combined DLC group under International Financial Reporting Standards (IFRS), denominated in Pounds Sterling.

Sound financial performance

Adjusted operating profit*⊙ increased 9.4% (increase of 12.6% on a currency neutral basis)	**2019** **£664.5mn**	**2018** **£607.5mn**
Adjusted attributable earnings^ increased 5.8% (increase of 9.2% on a currency neutral basis)	**2019** **£519.3mn**	**2018** **£491.1mn**
Adjusted earnings^ per share increased 3.6% (increase of 7.0% on a currency neutral basis)	**2019** **55.1p**	**2018** **53.2p**
Dividends per share increased 2.1%	**2019** **24.5p**	**2018** **24.0p**

* *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.*

⊙Alternative performance measures

We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers of the financial statements. These measures are highlighted with the symbol⊙.

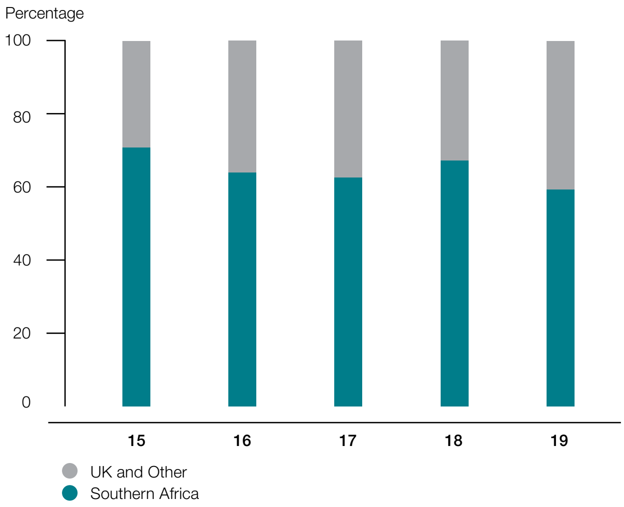
The definition of alternative performance measures is provided in the definitions section of this report.

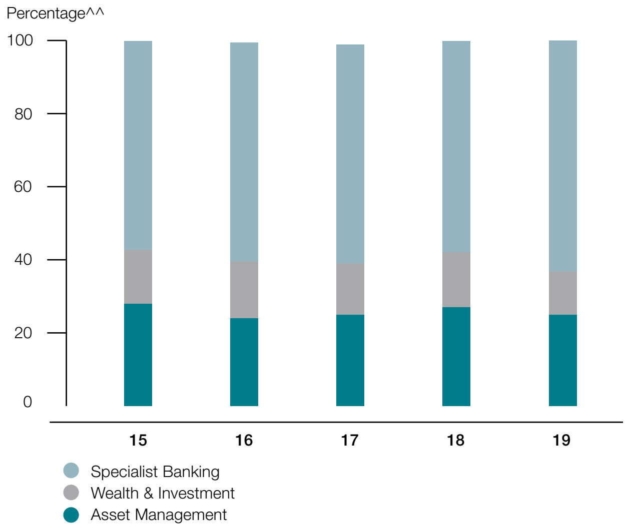
Group operational performance supported by our client franchises

- The group has delivered a sound operational performance supported by substantial net inflows, good loan book growth in home currency, and a significantly improved performance from the UK Specialist Banking business.
- This is against a challenging operating environment with weak economic growth in both South Africa and the UK, the group's two core banking markets, as well as mixed equity market performance over the year.
- The Asset Management business generated substantial net inflows supporting higher average funds under management and annuity fees.
- The Bank and Wealth business benefitted from client acquisition and growth in key earnings drivers.
- The Specialist Banking business performance was supported by loan book growth. A reduction in impairments was partly offset by a weak performance from the investment portfolio.
- The Wealth & Investment business generated positive discretionary net inflows. Reported results were affected by certain non-recurring items.
- Operating costs grew faster than revenue. Revenue growth and cost containment remain priorities as outlined over the past year.

We have a diversified business model

*% contribution of adjusted operating profit**⊙ *before taxation*



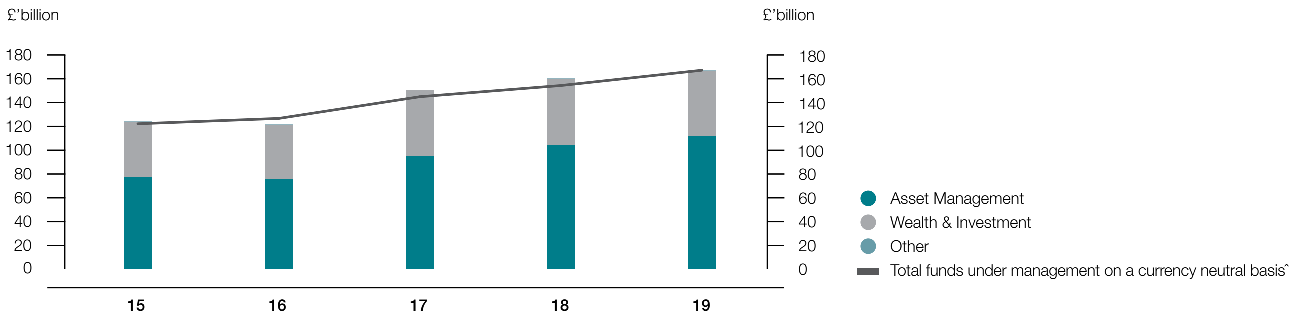


^^ *Excluding group costs.*

We continued to grow our key earnings drivers

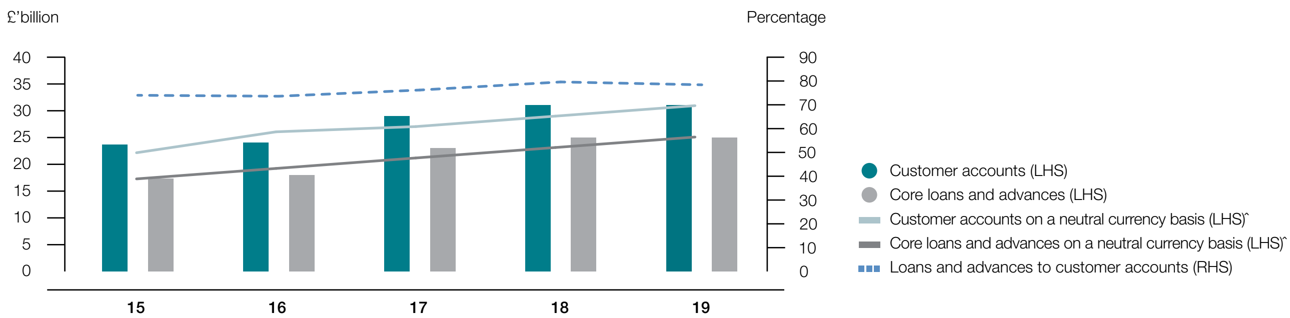
Funds under management increased 4.1% to £167.2 billion – an increase of 8.3% on a currency neutral basis
Net inflows of £6.5 billion

Funds under management



Customer accounts (deposits) increased 1.0% to £31.3 billion – an increase of 8.7% on a currency neutral basis
Core loans and advances decreased 0.8% to £24.9 billion –an increase of 6.8% on a currency neutral basis

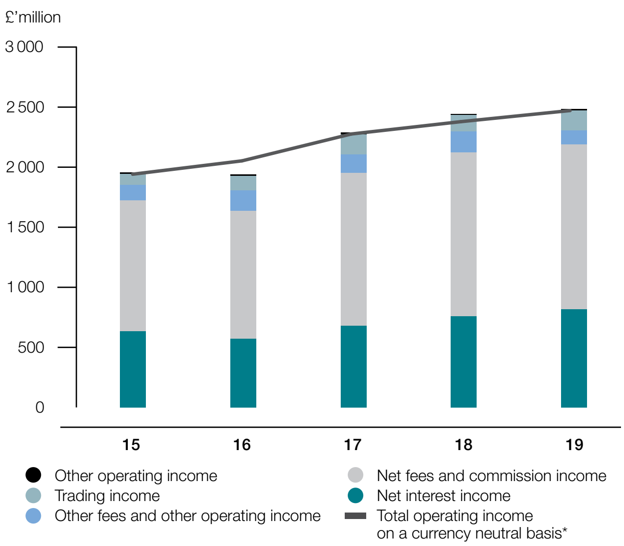
Core loans and customer deposits



* *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.*
^ *This trend line is shown on a currency neutral basis using the closing Rand: Pound Sterling exchange rate applicable at 31 March 2019.*

Supporting growth in operating income

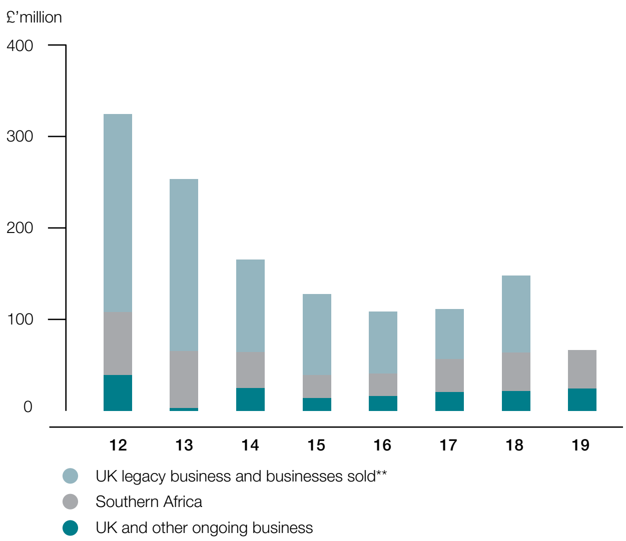
Total operating income



* The trend for this line is shown on a currency neutral basis using the average Rand: Pound Sterling exchange rate applicable at 31 March 2019.

Decrease in impairments largely driven by no repeat of substantial legacy losses

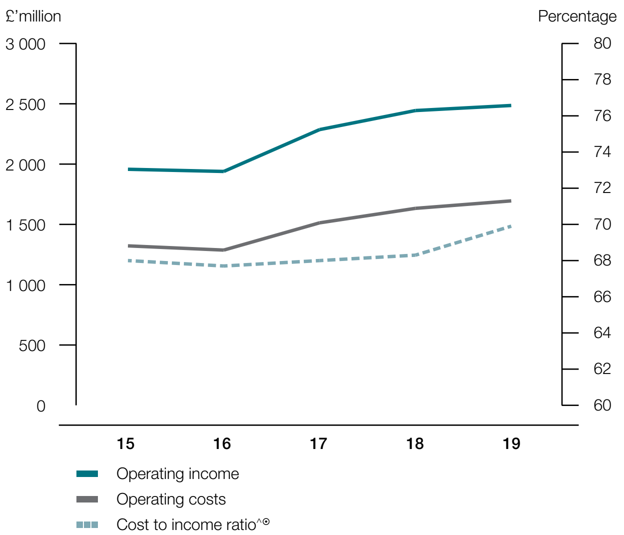
Impairments



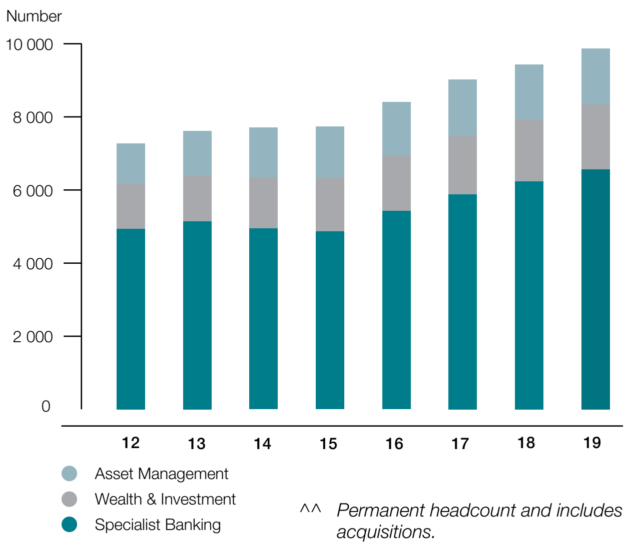
** Refers to the remaining UK legacy business as well as group assets that were sold in the 2015 financial year.

Operating costs increased impacted by a lower premises charge in the prior year (from the rental provision release in South Africa) and headcount growth to support business activity, regulatory requirements and information technology development.

Jaws ratio⊙ for the group



*Headcount^^*



^^ *Permanent headcount and includes acquisitions.*

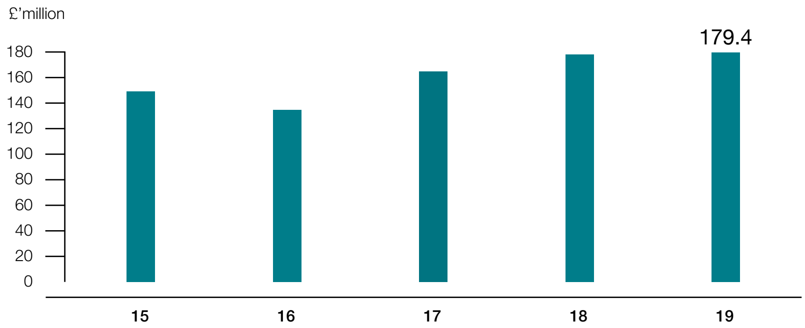
^ *The group changed its cost to income definition to exclude profits and losses attributable to other non-controlling interests. Refer to definitions page.*

⊙Alternative performance measures

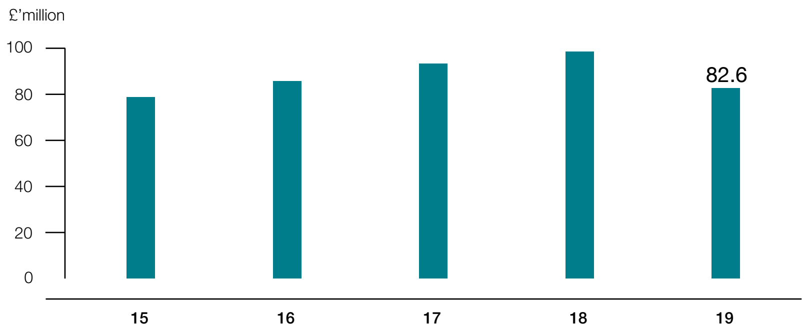
We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers of the financial statements. These measures are highlighted with the symbol⊙. The definition of alternative performance measures is provided in the definitions section of this report.

Resulting in a sound performance from our businesses

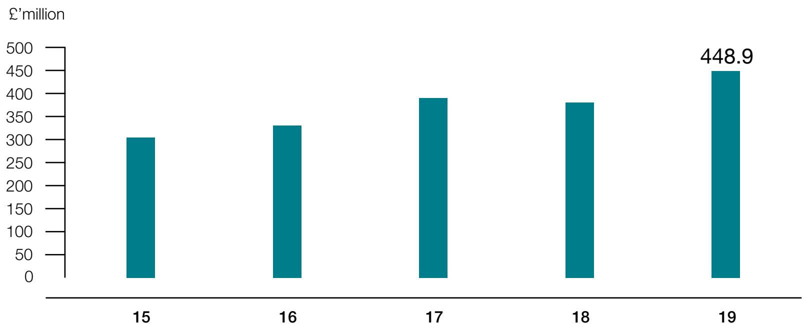
Adjusted operating profit⊙ – Asset Management*



Adjusted operating profit⊙ – Wealth & Investment*



Adjusted operating profit⊙ – Specialist Banking*



* *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests and before group costs of £46.3 million which are included in the group's operating profit.*

⊙Alternative performance measures

We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers of the financial statements. These measures are highlighted with the symbol⊙. The definition of alternative performance measures is provided in the definitions section of this report.

Sound capital and liquidity

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%, with the year-end ratio at 42.4%
- 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 loans and advances to customers to customer deposits ratios® are as follows:

- Investec Limited: 77.2% (2018: 77.4%)
- Investec plc: 80.0% (2018: 83.2%).

Liquidity remains strong with cash and near cash balances amounting to £13.3 billion (2018: 12.8 billion).

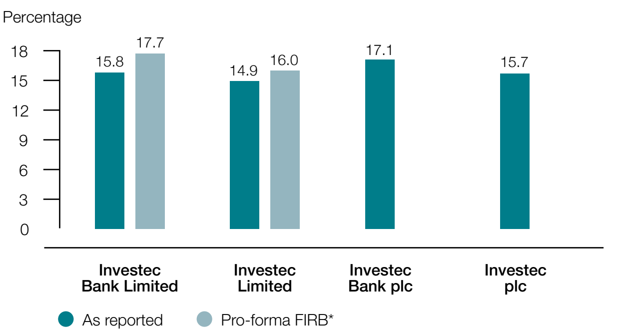
The banking entities exceed the minimum regulatory requirements for the liquidity coverage ratio and the net stable funding ratio.

Capital remained in excess of current regulatory requirements.

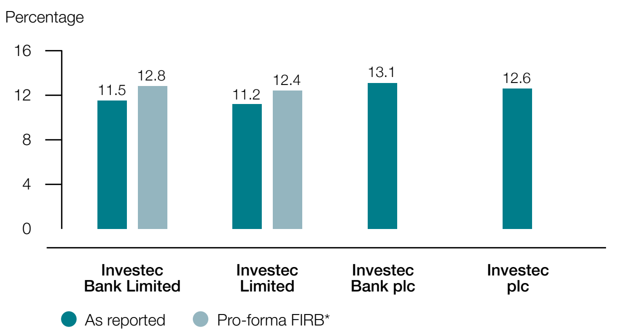
We are comfortable with our common equity tier 1 ratio target at a 10.0% level given the group's significant capital light revenues, and leverage ratios for Investec Limited and Investec plc of 10.8% and 10.5% respectively.

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

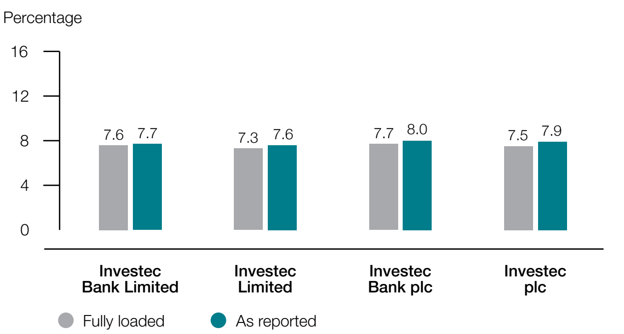
Capital adequacy ratios



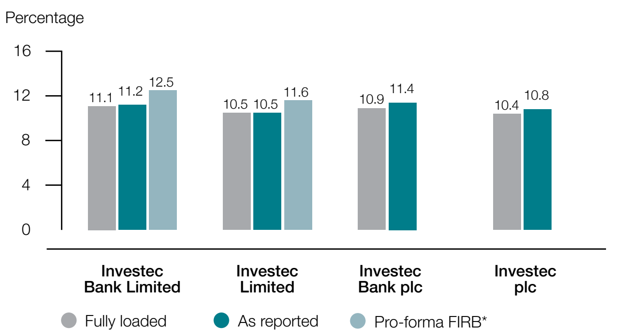
Tier 1 ratios



Leverage ratios



Common equity tier 1 ratios



* *Investec Limited and Investec Bank Limited have received regulatory permission to adopt the Foundation Internal Ratings Based (FIRB) approach, effective 1 April 2019, this represents pro-forma capital ratios had the FIRB approach been applied as of 31 March 2019.*

Investec group existing targets

ROE TARGET

We have set the following target over the medium to long term:

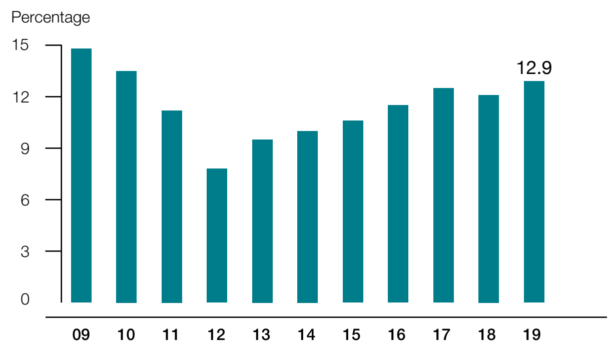
Group ROE: 12% to 16% in Pounds Sterling

COST TO INCOME TARGET

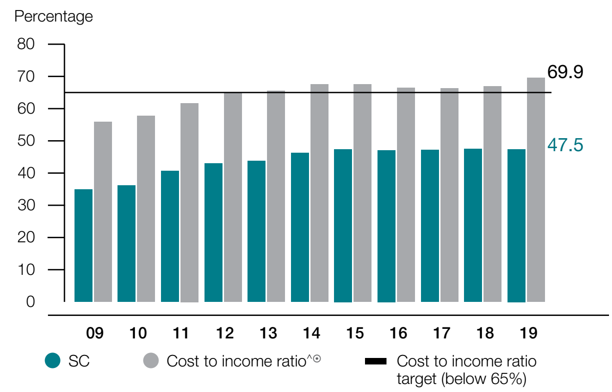
We have set the following target over the medium to long term:

Group cost to income ratio⊙: less than 65% in Pounds Sterling

*ROE**



Cost to income ratio^⊙ and staff compensation to operating income ratio (SC)



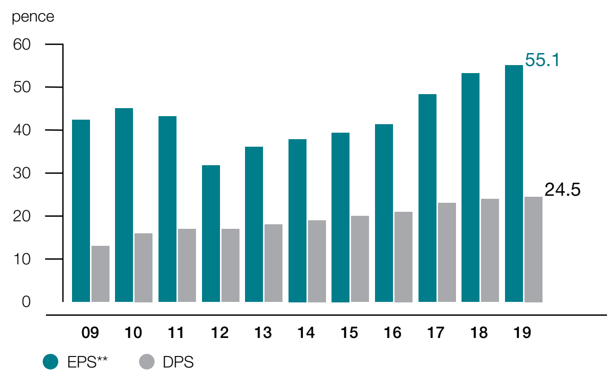
DIVIDEND COVER TARGET

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

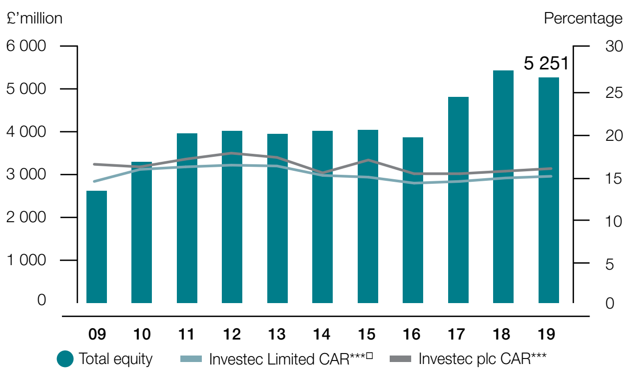
CAPITAL ADEQUACY TARGETS

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% and a common equity tier 1 ratio above 10%. We also target a leverage ratio above 6.0%

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



Total equity and capital adequacy ratios (CAR)



* *ROE is post-tax return on adjusted average shareholders' equity as calculated on page 52.*

** *Adjusted EPS before goodwill, acquired intangibles and non-operating items as per the definitions page.*

*** *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.*

□ *Investec Limited has received regulatory permission to adopt the Foundation Internal Ratings Based (FIRB) approach, effective 1 April 2019, resulting in a pro-forma capital adequacy ratio of 16.0%.*

^ *The group changed its cost to income ratio definition to exclude operating profits or losses attributable to other non-controlling interests. Refer to definitions page.*

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

⊙Alternative performance measures

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Ten-year review

*Salient features**

For the year ended 31 March	2019□	2018	% change 2019 vs 2018
Income statement and selected returns			
Adjusted earnings attributable to ordinary shareholders (£'000)	519 342	491 062	5.8%
Headline earnings (£'000)⊙	495 616	449 647	10.2%
Adjusted operating profit (£'000)ø	664 527	607 505	9.4%
Adjusted operating profit: Southern Africa (% of total)ø	59.2%	67.2%	
Adjusted operating profit: UK and Other (% of total)ø	40.8%	32.8%	
Cost to income ratio^^^⊙	69.9%	68.3%	
Staff compensation to operating income ratio#	47.5%	47.5%	
Return on average ordinary shareholders' equity (post-tax)⊙	12.9%	12.1%	
Return on average ordinary tangible shareholders' equity (post-tax)⊙	14.5%	13.7%	
Return on average risk-weighted assets	1.50%	1.45%	
Operating margin of the combined Asset Management and Wealth & Investment businesses⊙	26.9%	29.3%	
Adjusted operating profit per employee (£'000)⊙	64.1	61.2	
Net interest income as a % of operating income⊙	32.8%	31.1%	
Non-interest income as a % of operating income⊙	67.2%	68.9%	
Annuity income as a % of total operating income⊙	76.9%	76.2%	
Effective operational tax rate	12.0%	9.6%	
Balance sheet			
Total capital resources (including subordinated liabilities) (£'million)	6 898	6 911	(0.2%)
Total equity (£'million)	5 251	5 428	(3.3%)
Shareholders' equity (excluding non-controlling interests) (£'million)	4 316	4 442	(2.8%)
Total assets (£'million)	57 724	57 617	0.2%
Net core loans and advances to customers (£'million)	24 941	25 132	(0.8%)
Core loans and advances to customers as a % of total assets	43.2%	43.6%	3.6%
Cash and near cash balances (£'million)	13 288	12 825	1.0%
Customer accounts (deposits) (£'million)	31 307	30 987	4.1%
Third party assets under management (£'million)	167 172	160 576	
Gearing ratio (assets excluding assurance assets to total equity)⊙	9.4x	9.1x	
Core loans to equity ratio	4.8x	4.6x	
Loans and advances to customers to customer deposits ratio⊙	78.4%	79.6%	
Salient financial features and key statistics			
Adjusted earnings per share (pence)⊙	55.1	53.2	3.6%
Headline earnings per share (pence)	52.6	48.7	8.0%
Basic earnings per share (pence)	52.0	51.2	1.6%
Diluted earnings per share (pence)	50.9	49.8	2.3%
Dividends per share (pence)	24.5	24.0	2.1%
Dividend cover (times)	2.2	2.2	–
Net asset value per share (pence)	434.1	452.5	(4.1%)
Net tangible asset value per share (pence)	386.0	401.5	(3.9%)
Weighted number of ordinary shares in issue (million)	942.2	923.5	2.0%
Total number of shares in issue (million)	1 001.0	980.6	2.1%
Closing share price (pence)	442	550	(19.6%)
Market capitalisation (£'million)	4 424	5 393	(18.0%)
Number of employees in the group (including temps and contractors)	10 573	10 146	4.2%
Closing ZAR:£ exchange rate	18.80	16.62	(13.1%)
Average ZAR:£ exchange rate	18.04	17.21	(4.8%)
Capital adequacy ratio: Investec plcº	15.7%	15.4%	
Tier 1 ratio: Investec plcº	12.6%	12.9%	
Common equity tier 1 ratio: Investec plc^^º	10.8%	11.0%	
Leverage ratio: Investec plc – current^^º	7.9%	8.5%	
Capital adequacy ratio: Investec Limitedº	14.8%	14.6%	
Tier 1 ratio: Investec Limitedº	11.2%	11.0%	
Common equity tier 1 ratio: Investec Limited^^º	10.5%	10.2%	
Leverage ratio: Investec Limited – current^^º	7.6%	7.5%	
Credit loss ratio***⊙	0.31%	0.61%	
Stage 3 net of ECL/defaults (net of impairments and before collateral) as a % of net core loans and advances to subject to ECL	1.3%	1.17%	

* *Refer to the definitions page for definitions.*
** *Where nc is not comparable.*
^ *Where nd is not previously disclosed.*
^^ *The group's expected Basel III 'fully loaded' numbers are provided on page 90 in volume two of the Investec group's 2019 annual integrated report.*
º *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.*
ø *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.*

⊙ **Alternative performance measures**
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2017	2016	2015	2014	2013	2012	2011	2010
434 504	359 732	339 532	326 923	309 310	257 579	327 897	309 710
434 425	334 720	308 770	291 561	265 227	217 253	286 659	275 131
599 121	505 593	493 157	450 676	426 278	358 625	434 406	432 258
62.5%	63.8%	70.8%	66.0%	67.5%	80.7%	69.1%	67.2%
37.5%	36.2%	29.2%	34.0%	32.5%	19.3%	30.9%	32.8%
68.0%	67.7%	68.0%	67.9%	65.8%	64.3%	61.4%	57.1%
46.1%	47.0%	47.4%	46.3%	43.9%	43.0%	40.7%	36.1%
12.5%	11.5%	10.6%	10.0%	9.4%	7.8%	11.2%	13.5%
14.5%	13.7%	12.7%	12.3%	11.7%	9.6%	13.2%	15.4%
1.45%	1.34%	1.25%	1.14%	1.06%	0.91%	1.23%	1.33%
30.1%	29.6%	30.4%	29.9%	29.1%	30.2%	33.6%	nc**
64.1	58.7	59.7	54.9	53.5	47.8	64.4	69.7
29.7%	29.6%	32.4%	33.6%	35.2%	36.2%	34.9%	37.0%
70.3%	70.4%	67.6%	66.4%	64.8%	63.8%	65.1%	63.0%
72.0%	71.7%	74.2%	70.7%	68.6%	67.7%	62.3%	60.4%
18.5%	19.1%	19.6%	17.1%	18.4%	18.1%	15.5%	20.6%
6 211	4 994	5 219	5 355	5 693	5 505	5 249	4 362
4 809	3 859	4 040	4 016	3 942	4 013	3 961	3 292
4 131	3 360	3 501	3 572	3 661	3 716	3 648	2 955
53 535	45 352	44 353	47 142	52 010	51 550	50 941	46 572
22 707	18 119	17 189	17 157	18 415	18 226	18 758	17 891
42.4%	40.0%	38.8%	36.4%	35.4%	35.4%	36.8%	38.4%
12 038	10 962	9 975	9 136	9 828	10 251	9 319	9 117
29 109	24 044	22 615	22 610	24 461	25 344	24 441	21 934
150 735	121 683	124 106	109 189	110 678	96 776	88 878	74 081
9.5x	10.2x	9.4x	10.3x	11.6x	11.3x	11.3x	12.5x
4.7x	4.7x	4.3x	4.3x	4.7x	4.5x	4.7x	5.4x
76.2%	73.6%	74.0%	72.0%	71.5%	67.8x	72.4%	76.2%
48.3	41.3	39.4	37.9	36.1	31.8	43.2	45.1
48.2	38.5	35.8	33.8	31.0	26.8	37.7	40.1
50.8	38.5	24.4	34.3	31.7	25.7	49.7	44.0
48.8	36.7	23.1	32.3	29.8	24.3	46.7	41.5
23.0	21.0	20.0	19.0	18.0	17.0	17.0	16.0
2.1	2.0	2.0	2.0	2.0	1.9	2.5	2.8
431.0	352.3	364.9	376.0	384.2	392.0	416.0	364.0
377.0	294.3	308.1	309.0	310.9	317.0	343.8	324.1
900.4	870.5	862.7	862.6	856.0	809.6	759.8	686.3
958.3	908.8	899.4	891.7	884.8	874.0	810.0	741.0
544	513	561	485	459	382	478	539
5 213	4 662	5 045	4 325	4 061	3 340	3 872	3 993
9 716	8 966	8 254	8 258	8 151	7 781	7 237	6 123
16.77	21.13	17.97	17.56	13.96	12.27	10.88	11.11
18.42	20.72	17.82	16.12	13.44	11.85	11.16	12.38
15.1%	15.1%	16.7%	15.3%	16.7%	17.5%	16.8%	15.9%
11.5%	10.7%	11.9%	10.5%	11.0%	11.6%	11.6%	11.3%
11.3%	9.7%	10.2%	8.8%	8.8%	9.3%	nd^	nd^
7.8%	7.0%	7.7%	7.4%	nd^	nd^	nd^	nd^
14.1%	14.0%	14.7%	14.9%	15.5%	16.1%	15.9%	15.6%
10.7%	10.7%	11.3%	11.0%	10.8%	11.6%	11.9%	12.0%
9.9%	9.6%	9.6%	9.4%	8.9%	9.3%	nd^	nd^
7.3%	6.9%	8.1%	7.8%	nd^	nd^	nd^	nd^
0.54%	0.62%	0.68%	0.68%	0.84%	1.12%	1.27%	1.16%
1.22%	1.54%	2.07%	2.30%	2.73%	3.31%	4.66%	3.98%

Staff compensation ratio has been calculated based on revised definition on the definitions page for financial years 2018 and 2019. Prior year numbers have not been recalculated on this basis.

□ The 2019 balance sheet has been presented on an IFRS 9 basis, comparative years have been presented on an IAS 39 basis.

*** In 2019: Expected credit loss impairment charges on gross core loans and advances subject to ECL as a % of average gross core loans and advances subject to ECL. In prior years: income statement impairment charge as a % of average gross core loans and advances.

^^^ The group has changed its cost to income ratio definition to exclude profits and losses attributable to other non-controlling interests. Refer to definitions page.

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.

Constant currency

Constant currency information constitutes pro forma financial information. The constant currency pro forma information presented below and elsewhere in this report is to illustrate the impact of changes in the group's major foreign currencies. Amounts represented on a neutral currency basis for income statement items assume that the relevant average exchange rates for the year to 31 March 2019 remain the same as those in the prior year. Amounts represented on a neutral currency basis for balance sheet items assume that the relevant closing exchange rates at 31 March 2019 remain the same as those at 31 March 2018.

The constant currency pro forma information, which is the responsibility of the group's directors, has been presented for illustrative purposes and because of its nature may not fairly present the group's financial position, changes in equity or results of operations.

Investec's external auditor, Ernst & Young Inc., issued a limited assurance report in respect of the constant currency information. The limited assurance report is available for inspection at Investec's registered address.

The following table sets out the movements in certain relevant exchange rates against Pounds Sterling over the year.

	31 March 2019		31 March 2018	
Currency per £1.00	**Year end**	**Average**	Year end	Average
South African Rand	18.80	18.04	16.62	17.21
Australian Dollar	1.83	1.80	1.83	1.72
Euro	1.16	1.13	1.14	1.14
US Dollar	1.30	1.31	1.40	1.33

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: Pound Sterling exchange rate over the year has depreciated by 4.8% and the closing rate has depreciated by 13.1% since 31 March 2018.

Salient features

The following tables provide a summary of the group's key financial performance metrics for the year. The tables are presented in Pounds Sterling, Rands, and Neutral currency to reflect the impact of the Rand depreciation on our reported numbers.

	Results in Pounds Sterling				
	Actual as reported Year to 31 March 2019	Actual as reported Year to 31 March 2018	Actual as reported % change	**Neutral currency^ Year to 31 March 2019**	Neutral currency % change
Adjusted operating profit before taxation* (million)⊙	**£665**	£608	9.4%	**£684**	12.6%
Earnings attributable to shareholders (million)	**£531**	£506	5.1%	**£549**	8.6%
Adjusted earnings attributable to ordinary shareholders** (million)⊙	**£519**	£491	5.8%	**£536**	9.2%
Adjusted earnings per share**⊙	**55.1p**	53.2p	3.6%	**56.9p**	7.0%
Basic earnings per share	**52.0p**	51.2p	1.6%	**53.7p**	4.9%
Dividends per share	**24.5p**	24.0p	2.1%	**n/a**	n/a

* *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: Pound Sterling exchange rate that was applied in the prior year, i.e. 17.21.*

⊙Alternative performance measures

We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers of the financial statements. These measures are highlighted with the symbol⊙. The definition of alternative performance measures is provided in the definitions section of this report.

	Results in Pounds Sterling				
	Actual as reported at 31 March 2019	Actual as reported at 31 March 2018	Actual as reported % change	**Neutral currency^^ at 31 March 2019**	Neutral currency % change
Net asset value per share	**434.1p**	452.5p	(4.1%)	**456.5p**	1.0%
Net tangible asset value per share	**386.0p**	401.5p	(3.9%)	**408.1p**	1.6%
Total equity (million)	**£5 251**	£5 428	(3.3%)	**£5 554**	2.3%
Total assets (million)	**£57 724**	£57 617	0.2%	**£62 331**	8.2%
Core loans and advances (million)	**£24 941**	£25 132	(0.8%)	**£26 833**	6.8%
Cash and near cash balances (million)	**£13 288**	£12 825	3.6%	**£14 113**	10.0%
Customer deposits (million)	**£31 307**	£30 987	1.0%	**£33 688**	8.7%
Third party assets under management (million)	**£167 172**	£160 576	4.1%	**£173 950**	8.3%

^^ *For balance sheet items we have assumed that the Rand: Pounds Sterling closing exchange rate has remained neutral since 31 March 2018.*

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 2019	Year to 31 March 2018	% change	**Year to 31 March 2019**	Year to 31 March 2018	% change
Adjusted operating profit before taxation* (million)⊙	**£665**	£608	9.4%	**R11 994**	R10 412	15.2%
Earnings attributable to shareholders (million)	**£531**	£506	5.1%	**R9 599**	R8 648	11.0%
Adjusted earnings attributable to ordinary shareholders** (million)⊙	**£519**	£491	5.8%	**R9 388**	R8 395	11.8%
Adjusted earnings per share**	**55.1p**	53.2p	3.6%	**996c**	909c	9.6%
Basic earnings per share	**52.0p**	51.2p	1.6%	**940c**	875c	7.4%
Headline earnings per share	**52.6p**	48.7p	8.0%	**951c**	833c	14.2%
Dividends per share	**24.5p**	24.0p	2.1%	**457c**	432c	5.8%

	At 31 March 2019	At 31 March 2018	% change	**At 31 March 2019**	At 31 March 2018	% change
Net asset value per share	**434.1p**	452.5p	(4.1%)	**8 159c**	7 521c	8.5%
Net tangible asset value per share	**386.0p**	401.5p	(3.9%)	**7 256c**	6 674c	8.7%
Total equity (million)	**£5 251**	£5 428	(3.3%)	**R98 911**	R90 218	9.6%
Total assets (million)	**£57 724**	£57 617	0.2%	**R1 085 125**	R957 592	13.3%
Core loans and advances (million)	**£24 941**	£25 132	(0.8%)	**R468 882**	R417 695	12.3%
Cash and near cash balances (million)	**£13 288**	£12 825	3.6%	**R249 793**	R213 155	17.2%
Customer deposits (million)	**£31 307**	£30 987	1.0%	**R588 525**	R515 007	14.3%
Third party assets under management (million)	**£167 172**	£160 576	4.1%	**R3 142 833**	R2 661 492	18.1%

* *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.*

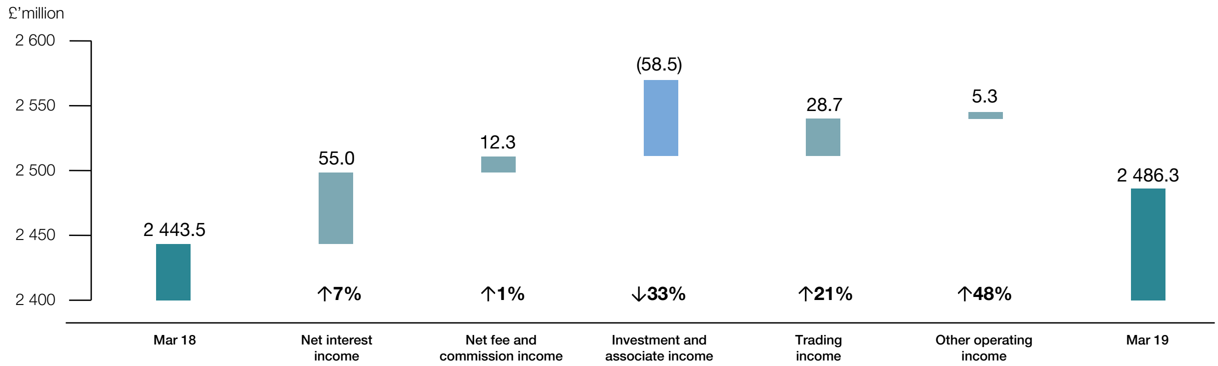
Income statement analysis

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

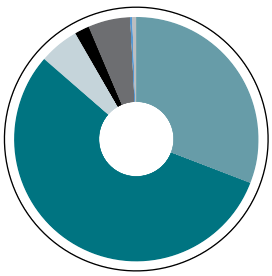
Total operating income

Total operating income before expected credit losses/impairment losses increased by 1.8% to £2 486.3 million (2018: £2 443.5 million).

A breakdown of total operating income before expected credit losses/impairment losses by geography and division for the year under review can be found in our segmental disclosures on pages 191 to 201.

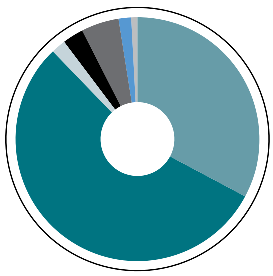


% of total operating income before expected credit losses / impairment losses



31 MARCH 2018
£2 443.5 million total operating income before impairment losses

31.1%	Net interest income
55.7%	Net fee and commission income
5.3%	Investment income
1.9%	Share of post taxation operating profit of associates
5.7%	Trading income arising from customer flow
(0.2%)	Trading income arising from balance sheet management and other trading activities
0.5%	Other operating income



31 MARCH 2019
£2 486.3 million total operating income before expected credit losses

32.8%	Net interest income
55.2%	Net fee and commission income
2.0%	Investment income
2.7%	Share of post taxation operating profit of associates
4.9%	Trading income arising from customer flow
1.7%	Trading income arising from balance sheet management and other trading activities
0.7%	Other operating income

Net interest income

Net interest income increased by 7.2% to £815.4 million (2018: £760.4 million) driven by lending activity and endowment impact from rate rises in the UK.

£'000	31 March 2019	31 March 2018	Variance	% change
Asset Management	5 683	5 471	212	3.9%
Wealth & Investment	14 216	10 744	3 472	32.3%
Specialist Banking	795 528	744 183	51 345	6.9%
Net interest income	**815 427**	**760 398**	**55 029**	**7.2%**

A further analysis of interest income and interest expense is provided in the tables below.

For the year to 31 March 2019 £'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	7 575 683	62 445	7 412 789	432 162	14 988 472	494 607
Core loans and advances	2	10 515 665	586 608	14 426 957	1 377 226	24 942 622	1 963 834
Private client		4 197 181	169 702	9 837 641	953 296	14 034 822	1 122 998
Corporate, institutional and other clients		6 318 484	416 906	4 589 316	423 930	10 907 800	840 836
Other debt securities and other loans and advances		676 461	78 950	739 883	49 559	1 416 344	128 509
Other interest-earning assets	3	–	–	155 053	54 970	155 053	54 970
Total interest-earning assets		**18 767 809**	**728 003**	**22 734 682**	**1 913 917**	**41 502 491**	**2 641 920**

For the year to 31 March 2019 £'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	4 040 397	(138 306)	3 154 292	(141 581)	7 194 689	(279 887)
Customer accounts (deposits)		13 136 539	(159 157)	18 170 568	(1 242 208)	31 307 107	(1 401 365)
Other interest-bearing liabilities	5	–	–	91 522	(23 365)	91 522	(23 365)
Subordinated liabilities		803 699	(51 051)	843 572	(70 825)	1 647 271	(121 876)
Total interest-bearing liabilities		**17 980 635**	**(348 514)**	**22 259 954**	**(1 477 979)**	**40 240 589**	**(1 826 493)**
Net interest income			**379 489**		**435 938**		**815 427**
Net interest margin (local currency)			**2.13%**		**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 and Investec Import Solutions debtors. 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. No liabilities on securitisation are held at amortised cost outside of Southern Africa.*

** *Impacted by debt funding issued by the Investec Property Fund in which the group has a 26.57% interest (2018: 26.75%). Excluding this debt funding cost, the net interest margin amounted to 2.05% (2018: 1.99%).*

		UK and Other		Southern Africa		Total group	
For the year to 31 March 2018 £'000	Notes	Balance sheet value	Interest income	Balance sheet value	Interest income	**Balance sheet value**	**Interest income**
Cash, near cash and bank debt and sovereign debt securities	1	6 486 676	26 413	8 025 280	425 715	14 511 956	452 128
Core loans and advances	2	9 687 224	518 070	15 444 873	1 366 945	25 132 097	1 885 015
Private client		3 785 828	161 107	10 426 762	916 099	14 212 590	1 077 206
Corporate, institutional and other clients		5 901 396	356 963	5 018 111	450 846	10 919 507	807 809
Other debt securities and other loans and advances		610 316	54 927	641 096	43 794	1 251 412	98 721
Other interest-earning assets	3	–	–	17 999	55 145	17 999	55 145
Total interest-earning assets		**16 784 216**	**599 410**	**24 129 248**	**1 891 599**	**40 913 464**	**2 491 009**

		UK and Other		Southern Africa		Total group	
For the year to 31 March 2018 £'000	Notes	Balance sheet value	Interest expense	Balance sheet value	Interest expense	**Balance sheet value**	**Interest expense**
Deposits by banks and other debt-related securities	4	3 712 857	(92 513)	2 591 437	(123 500)	6 304 294	(216 013)
Customer accounts (deposits)		11 624 157	(113 972)	19 363 016	(1 247 509)	30 987 173	(1 361 481)
Other interest-bearing liabilities	5	–	–	136 812	(24 389)	136 812	(24 389)
Subordinated liabilities		579 673	(55 345)	903 314	(73 383)	1 482 987	(128 728)
Total interest-bearing liabilities		**15 916 687**	**(261 830)**	**22 994 579**	**(1 468 781)**	**38 911 266**	**(1 730 611)**
Net interest income			**337 580**		**422 818**		**760 398**
Net interest margin (local currency)			**2.11%**		**1.84%****		

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. 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. No liabilities on securitisation are held at amortised cost outside of Southern Africa.*

** *Impacted by debt funding issued by the Investec Property Fund in which the group has a 26.75% interest (2018: 27.86%). Excluding this debt funding cost, the net interest margin amounted to 2.05% (2018: 1.99%).*

Net fee and commission income

Net fee and commission income increased by 0.9% to £1 373.6 million (2018: £1 361.2 million). Strong annuity fees from the asset and wealth management businesses, as well as a good performance from the UK investment banking business was offset by lower performance, brokerage and deal fees in the South African businesses.

£'000	31 March 2019	31 March 2018	Variance	% change
Asset Management	556 901	537 134	19 767	3.7%
Wealth & Investment	384 456	382 463	1 993	0.5%
Specialist Banking	432 195	441 610	(9 415)	(2.1%)
Net fee and commission income	**1 373 552**	**1 361 207**	**12 345**	**0.9%**

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

For the year to 31 March 2019 **£'000**	UK and Other	Southern Africa	**Total group**
Asset management and wealth management net fee and commission income	**683 621**	**257 736**	**941 357**
Fund management fees/fees for assets under management	807 507	226 705	1 034 212
Private client transactional fees	47 771	36 612	84 383
Fee and commission expense	(171 657)	(5 581)	(177 238)
Specialist Banking net fee and commission income	**205 610**	**226 585**	**432 195**
Corporate and institutional transactional and advisory services	206 798	191 786	398 584
Private client transactional fees	10 691	62 134	72 825
Fee and commission expense	(11 879)	(27 335)	(39 214)
Net fee and commission income	**889 231**	**484 321**	**1 373 552**
Annuity fees (net of fees payable)	675 619	422 176	1 097 795
Deal fees	213 612	62 145	275 757

For the year to 31 March 2018 **£'000**	UK and Other	Southern Africa	**Total group**
Asset management and Wealth management net fee and commission income	**652 137**	**267 460**	**919 597**
Fund management fees/fees for assets under management	743 670	232 550	976 220
Private client transactional fees	54 629	42 348	96 977
Fee and commission expense	(146 162)	(7 438)	(153 600)
Specialist Banking net fee and commission income	**197 797**	**243 813**	**441 610**
Corporate and institutional transactional and advisory services	192 579	216 216	408 795
Private client transactional fees	14 757	46 698	61 455
Fee and commission expense	(9 539)	(19 101)	(28 640)
Net fee and commission income	**849 934**	**511 273**	**1 361 207**
Annuity fees (net of fees payable)	662 924	439 834	1 102 758
Deal fees	187 010	71 439	258 449

Included in Specialist Banking corporate and institutional and advisory services is net fee income of £92 million (2018: £105 million) for operating lease income which is out of the scope of IFRS 15 – Revenue from contracts with customers.

Investment income

Investment income decreased to £50.0 million (2018: £130.0 million) reflecting a weak performance from the group's listed and unlisted investment portfolio, as well as the investment property portfolio in South Africa.

£'000	**31 March 2019**	31 March 2018	Variance	% change
Asset Management	25	(15)	40	>100.0%
Wealth & Investment	1 490	10 551	(9 061)	(85.9%)
Specialist Banking	48 470	119 512	(71 042)	(59.4%)
Investment income	**49 985**	**130 048**	**(80 063)**	**(61.6%)**

For the year to 31 March 2019 £'000	Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	**Total**
UK and Other	**34 331**	**8 843**	**–**	**(10 500)**	**32 674**
Realised	36 201	7 313	–	(21 115)	22 399
Unrealised^	(6 126)	1 530	–	3 905	(691)
Dividend income	4 256	–	–	–	4 256
Funding and other net related income	–	–	–	6 710	6 710
Southern Africa	**16 654**	**9 688**	**(2 439)**	**(6 592)**	**17 311**
Realised	55 439	7 235	29 841	698	93 213
Unrealised^	(75 842)	2 453	(32 280)	(5 306)	(110 975)
Dividend income	39 279	–	–	(39)	39 240
Funding and other net related costs	(2 222)	–	–	(1 945)	(4 167)
Total investment income	**50 985**	**18 531**	**(2 439)**	**(17 092)**	**49 985**

* *Including warrants and profit shares.*
^ *In a year of realisation, any prior period mark-to-market gains/(losses) recognised are reversed in the unrealised line item.*

For the year to 31 March 2018 £'000	Investment portfolio (listed and unlisted equities)*	Debt securities (sovereign, bank and other)	Investment properties	Other asset categories	**Total**
UK and Other	**62 106**	**8 509**	**(86)**	**(2 014)**	**68 515**
Realised	38 516	5 779	(86)	(705)	43 504
Unrealised^	13 419	2 730	–	(9 714)	6 435
Dividend income	10 171	–	–	–	10 171
Funding and other net related income	–	–	–	8 405	8 405
Southern Africa	**11 832**	**7 338**	**39 499**	**2 864**	**61 533**
Realised	41 070	7 338	12 580	1 132	62 120
Unrealised^	(42 529)	–	26 919	(159)	(15 769)
Dividend income	17 986	–	–	121	18 107
Funding and other net related (costs)/income	(4 695)	–	–	1 770	(2 925)
Total investment income	**73 938**	**15 847**	**39 413**	**850**	**130 048**

* *Including embedded derivatives (warrants and profit shares).*
^ *In a year of realisation, any prior period mark-to-market gains/(losses) recognised are reversed in the unrealised line item.*

Share of post taxation profit of associates

Share of post taxation profit of associates of £68.3 million (2018: £46.8 million) reflects earnings in relation to the group's investment in the IEP Group. The increase is largely driven by a realisation within the IEP Group.

Trading income

Trading income arising from customer flow decreased by 12.7% to £120.7 million (2018: £138.2 million) reflecting subdued client flow trading levels given the uncertainty in both geographies.

Trading income from balance sheet management and other trading activities increased to £42.0 million (2018: £4.3 million loss). The increase is largely reflective of translation gains on foreign currency equity investments in South Africa (partially offsetting the related weaker investment income performance) as well as the unwind of the UK subordinated debt fair value adjustment (recognised on the adoption of IFRS 9) as the instrument pulls to par over its remaining term.

Arising from customer flow

£'000	31 March 2019	31 March 2018	Variance	% change
Wealth & Investment	851	537	314	58.5%
Specialist Banking	119 811	137 689	(17 878)	(13.0%)
Trading income arising from customer flow	**120 662**	**138 226**	**(17 564)**	**(12.7%)**

Arising from balance sheet management and other trading activities

£'000	31 March 2019	31 March 2018	Variance	% change
Asset Management	5 058	(5 077)	10 135	>100.0%
Wealth & Investment	69	(150)	219	>100.0%
Specialist Banking	36 839	920	35 919	>100.0%
Trading profit/(loss) arising from balance sheet management and other trading activities	**41 966**	**(4 307)**	**46 273**	**>100.0%**

Expected credit loss (ECL) impairment charges

The total ECL impairment charges amounted to £66.5 million, a substantial reduction from £148.6 million (under the IAS 39 incurred loss model) in the prior year, primarily reflecting a reduction in legacy impairments. The group's credit loss ratio® is within its long term average range at 0.31% (2018: 0.61%). Since 1 April 2018 gross core loan Stage 3 assets have reduced by 29% to £521 million driven by a reduction in legacy exposures. Stage 3 assets (net of ECL impairment charges) as a percentage of net core loans subject to ECL was 1.3% (1 April 2018: 2.0%).

£'000	31 March 2019	31 March 2018	Variance	% change
UK and Other	(24 553)	(106 085)	81 532	(76.9%)
Southern Africa	(41 899)	(42 471)	572	(1.3%)
Expected credit losses/impairment losses	**(66 452)**	**(148 556)**	**82 104**	**(55.3%)**
Expected credit losses/impairment losses in home currency				
Southern Africa (R'million)	(761)	(726)	(35)	4.8%

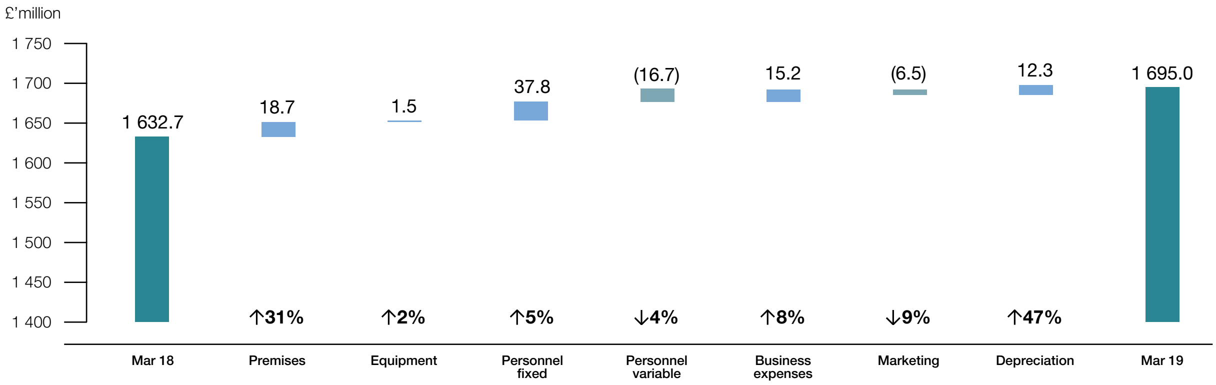
Further information on asset quality is provided on pages 33 to 37 in volume two of the Investec group's 2019 integrated annual report.

Further information on the breakdown of expected credit loss impairment charges is provided on pages 66 of volume three of the Investec group's 2019 integrated annual report.

Operating costs

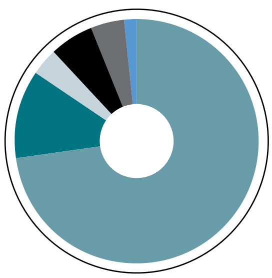
Operating costs increased 3.8% to £1 695.0 million (2018: £1 632.7 million), impacted by a lower premises charge in the prior year (from the rental provision release in South Africa) and headcount growth to support business activity, regulatory requirements and IT development. The cost to income ratio⊙* amounted to 69.9% (2018: 68.3%).

Operating costs



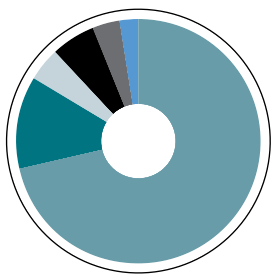
A breakdown of operating costs by geography and division for the year under review can be found in our segmental disclosures on pages 191 to 201, with a breakdown by cost type on page 67 in volume three of the 2019 Investec integrated report.

% of operating costs



31 MARCH 2018
£1 632.7 million operating costs

73.0%	Staff costs
11.7%	Business expenses
3.6%	Premises
5.8%	Equipment
4.3%	Marketing
1.6%	Depreciation



31 MARCH 2019
£1 695.0 million operating costs

71.6%	Staff costs
12.1%	Business expenses
4.6%	Premises
5.6%	Equipment
3.8%	Marketing
2.3%	Depreciation

⊙Alternative performance measures

We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers of the financial statements. These measures are highlighted with the symbol⊙. The definition of alternative performance measures is provided in the definitions section of this report.

** The group changed its cost to income ratio to exclude operating profits and losses attributable to other non-controlling interests. Refer to the definitions page for the definition.*

Adjusted operating profit⊙*

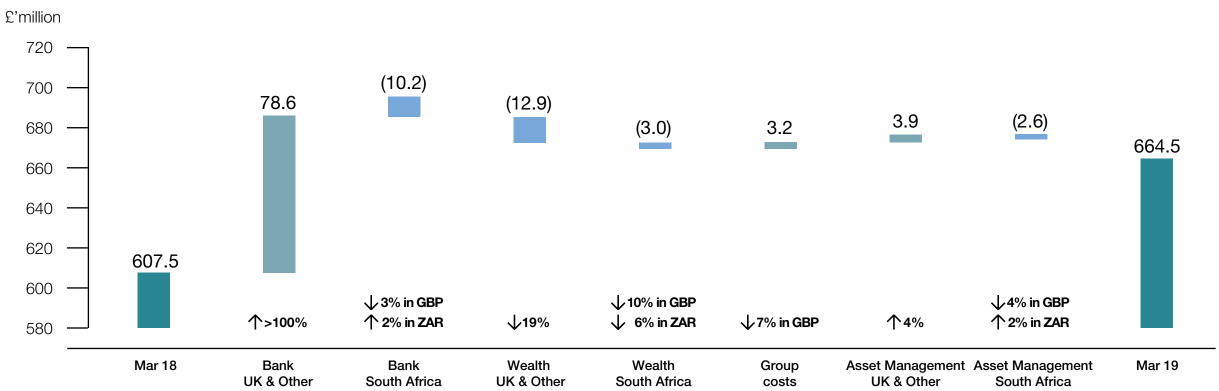
As a result of the foregoing factors, our adjusted operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests increased by 9.4% from £607.5 million to £664.5 million.

The following tables set out information on adjusted 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 2019 £'000	UK and Other	Southern Africa	**Total group**	**% change**	**% of total**
Wealth & Investment	56 363	26 250	82 613	(16.2%)	12.4%
Specialist Banking	138 566	310 329	448 895	18.0%	67.6%
Group costs	(31 518)	(14 825)	(46 343)	6.6%	(7.0%)
Bank and Wealth	**163 411**	**321 754**	**485 165**	**12.8%**	**73.0%**
Asset Management	107 835	71 527	179 362	0.7%	27.0%
Adjusted operating profit⊙	**271 246**	**393 281**	**664 527**	**9.4%**	**100.0%**
Other non-controlling interest			58 192		
Operating profit before non-controlling interests			**722 719**		
% change	**36.1%**	**(3.6%)**	**9.4%**		
% of total	**40.8%**	**59.2%**	**100.0%**		

For the year to 31 March 2018 £'000	UK and Other	Southern Africa	**Total group**	**% of total**
Wealth & Investment	69 269	29 296	98 565	16.2%
Specialist Banking	59 958	320 535	380 493	62.6%
Group costs	(33 789)	(15 809)	(49 598)	(8.2%)
Bank and Wealth	**95 438**	**334 022**	**429 460**	**70.7%**
Asset Management	103 918	74 127	178 045	29.3%
Adjusted operating profit⊙	**199 356**	**408 149**	**607 505**	**100.0%**
Other non-controlling interest			52 288	
Operating profit before non-controlling interests			**659 793**	
% of total	**32.8%**	**67.2%**	**100.0%**	

Growth in adjusted operating profit⊙*



⊙Alternative performance measures

We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers of the financial statements. These measures are highlighted with the symbol⊙. The definition of alternative performance measures is provided in the definitions section of this report.

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

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 2019**	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Operating margin⊙	31.3%	33.0%	33.1%	32.0%	34.2%	34.7%	34.5%
Net flows in funds under management as a % of opening funds under management	5.9%	5.6%	(0.8%)	4.1%	4.6%	3.7%	6.7%
Average income yield earned on funds under management^	0.53%	0.54%	0.58%	0.55%	0.60%	0.60%	0.62%

Wealth & Investment

Global business (in Pounds Sterling)	**31 March 2019**	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Operating margin⊙	20.6%	24.3%	25.9%	26.4%	25.2%	22.9%	20.3%
Net organic growth in funds under management as a % of opening funds under management	0.7%	3.6%	2.7%	4.5%	6.6%	3.5%	2.0%
Average income yield earned on funds under management^	0.72%	0.73%	0.72%	0.71%	0.72%	0.71%	0.66%
UK and Other^^ (in Pounds Sterling)							
Operating margin^^⊙	17.8%	22.0%	23.5%	24.6%	22.7%	20.1%	17.3%
Net organic growth in funds under management as a % of opening funds under management	0.4%	5.0%	4.2%	4.5%	7.1%	5.1%	1.3%
Average income yield earned on funds under management^	0.83%	0.87%	0.85%	0.87%	0.89%	0.89%	0.86%
South Africa (in Rands)							
Operating margin⊙	31.1%	32.3%	33.8%	33.1%	35.1%	33.9%	31.3%
Net organic growth in discretionary funds under management as a % of opening discretionary funds under management	4.0%	4.6%	8.1%	10.4%	8.5%	13.6%	13.9%
Average income yield earned on funds under management^*	0.49%	0.49%	0.47%	0.45%	0.41%	0.41%	0.37%

* *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 the Wealth operations in Switzerland, the Republic of Ireland, the Channel Islands, and Hong Kong. Excluding 'Other' as well as Click & Invest, Investec Wealth & Investment UK has an operating margin of 26.3% (2018: 28.0%).*

⊙Alternative performance measures

We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers of the financial statements. These measures are highlighted with the symbol⊙. The definition of alternative performance measures is provided in the definitions section of this report.

Specialist Banking

Global business (in Pounds Sterling)	**31 March 2019**	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Cost to income ratio⊙**	64.5%	63.4%	63.3%	61.9%	63.8%	63.7%	63.3%
ROE post-tax^	9.9%	9.2%	10.5%	10.1%	8.6%	7.9%	6.4%
ROE post-tax (ongoing business)^	n/a	11.7%	12.6%	13.0%	12.8%	11.9%	–
Growth in net core loans	(0.8%)	10.7%	25.3%	5.4%	0.2%^^	(6.8%)	1.0%
Currency neutral growth in net core loans	6.8%	5.3%	7.6%	–	–	–	–
Growth in risk-weighted assets	(0.7%)	5.6%	22.2%	2.2%	(4.9%)^^	(6.0%)	4.7%
Stage 3/defaults net of ECL as a % of net core loans and advances subject to ECL*	1.3%	1.17%	1.22%	1.54%	2.07%	2.30%	2.73%
Credit loss ratio on core loans⊙	0.31%	0.61%	0.54%	0.62%	0.68%	0.68%	0.84%
UK and Other (in Pounds Sterling)							
Cost to income ratio⊙**	77.4%	76.7%	74.8%	72.9%	76.8%	72.2%	69.0%
ROE post-tax^	8.1%	3.2%	7.0%	5.5%	2.1%	3.6%	1.7%
ROE post-tax (ongoing business)^	n/a	8.5%	11.5%	11.4%	9.6%	10.9%	–
Growth in net core loans	8.5%	12.4%	10.5%	10.5%	(14.1%)^^	(0.3%)	6.6%
Growth in risk-weighted assets	6.2%	8.2%	8.4%	6.7%	(15.5%)^^	0.4%	7.7%
Stage 3/defaults net of ECL as a % of net core loans and advances subject to ECL*	2.2%	2.16%	1.55%	2.19%	3.00%	3.21%	3.75%
Credit loss ratio on core loans⊙	0.38%	1.14%	0.90%	1.13%	1.16%	0.99%	1.16%
Southern Africa (in Rands)							
Cost to income ratio⊙**	51.7%	50.6%	51.1%	49.9%	49.7%	52.9%	55.5%
ROE post-tax^	12.8%	14.6%	12.7%	15.1%	15.2%	12.5%	10.0%
ROE post-tax (excluding investment activities)#	14.2%	14.1%	15.3%	15.2%	14.8%	–	–
Growth in net core loans	5.6%	8.7%	8.4%	19.7%	16.1%	10.6%	10.2%
Growth in risk-weighted assets	7.2%	3.0%	6.2%	15.1%	8.3%	11.0%	16.5%
Stage 3/defaults net of ECL as a % of net core loans and advances subject to ECL*	0.8%	0.56%	1.02%	1.05%	1.43%	1.46%	1.89%
Credit loss ratio on core loans⊙	0.28%	0.28%	0.29%	0.26%	0.28%	0.42%	0.61%

^ *Divisional ROEs are reported on a pre-tax basis. For the purpose of this calculation we have applied the group's effective tax rate in its respective geographies as disclosed on page 50 to derive post-tax numbers. Capital as at 31 March 2019 was c.£1.5 billion in the UK and c.R39 billion in South Africa.*

^^ *Impacted by sale of assets.*

* *31 March 2019 information has been presented on an IFRS 9 basis. Comparative information has been presented on an IAS basis. On adoption of IFRS 9 there is a move from incurred loss model to an expected credit loss methodology.*

** *The group has changed its cost to income ratio definition to exclude operating profits or losses attributable to other non-controlling interests. Refer to the the definitions page for the definitions.*

\# *Refer to page 73 for further information on the group's investment activities in South Africa.*

Impairment of goodwill and amortisation of acquired intangibles

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

Goodwill and intangible assets analysis – balance sheet information

£'000	31 March 2019	31 March 2018
UK and Other	**356 048**	**356 265**
Asset Management	88 045	88 045
Wealth & Investment	243 228	243 343
Specialist Banking	24 775	24 877
Southern Africa	**10 822**	**12 538**
Wealth & Investment	1 922	2 174
Specialist Banking	8 900	10 364
Intangible assets	**107 237**	**125 389**
Total group	**474 107**	**494 192**

Financial impact of group restructures and acquisitions of subsidiaries

Non-operational costs amounted to £19.5 million and relate primarily to the restructure of the Irish branch as a consequence of Brexit and costs incurred as part of the proposed demerger and separate listing of the Investec Asset Management business.

	31 March 2019	31 March 2018
UK and Other	19 044	–
Southern Africa	499	6 039
Total group	**19 543**	**6 039**

Taxation on operating profit before goodwill and acquired intangibles

The effective operational tax rate of 12.0% was higher than the prior year rate of 9.6% due to the release of provisions in the prior year. The effective tax rate has remained below the group's historical effective tax rate primarily due to the utilisation of tax losses in the current period.

	Effective operational tax rates				
	2019	2018	31 March 2019 £'000	31 March 2018 £'000	% change
UK and Other	14.8%	19.6%	(39 102)	(38 509)	(1.5%)
Southern Africa	10.0%	4.9%	(39 108)	(20 590)	(89.9%)
Taxation on operating profit before goodwill and acquired intangibles	**12.0%**	**9.6%**	**(78 210)**	**(59 099)**	**(32.3%)**

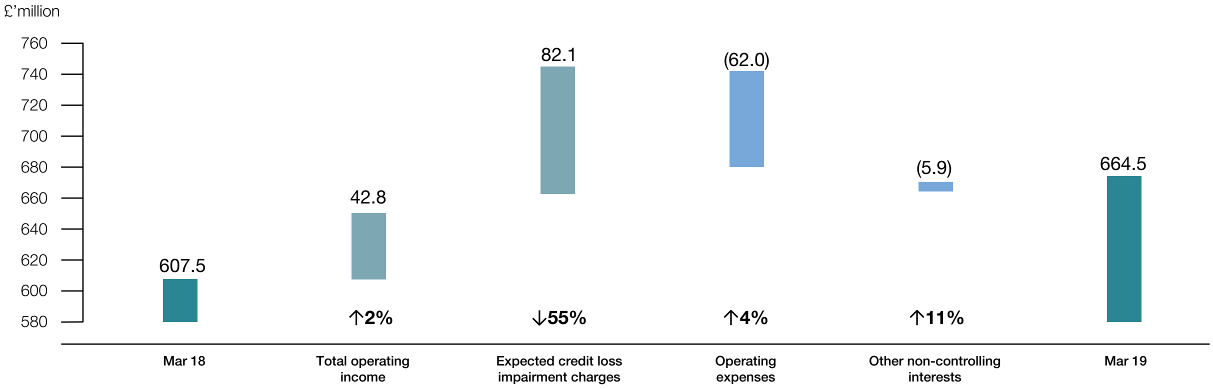
Profit attributable to non-controlling interests

Profit attributable to non-controlling interests mainly comprises:

- £25.7 million (2018: £23.8 million) profit attributable to non-controlling interests in the Asset Management business
- £58.0 million (2018: £52.6 million) profit attributable to non-controlling interests in the Investec Property Fund Limited.

In summary

Adjusted operating profit*⊙ has increased by 9.4% to £664.5 million.



Earnings attributable to shareholders

As a result of the foregoing factors, earnings attributable to shareholders increased from £505.5 million to £531.1 million.

Dividends and earnings per share

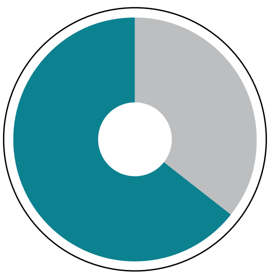
Information with respect to dividends and earnings per share is provided on pages 203 to 205.

Balance sheet analysis

Since 31 March 2018:

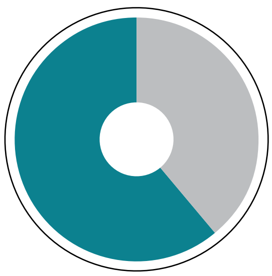
- Shareholders equity decreased by 2.8% to £4.3 billion primarily as a result of the adoption of IFRS 9 as well as from the depreciation of the closing Rand: Pounds Sterling exchange rate.
- Net asset value per share decreased 4.1% to 434.1 pence and net tangible asset value per share (which excludes goodwill and intangible assets) decreased 3.9% to 386.0 pence, primarily as a result of the adoption of IFRS 9 as well as from the depreciation of the closing Rand: Pound Sterling exchange rate.
- The return on adjusted average ordinary shareholders' equity increased from 12.1% to 12.9%.

Assets by geography



31 MARCH 2018
£57 617 million total assets

35.7%	UK and Other
64.3%	Southern Africa



31 MARCH 2019
£57 724 million total assets

39.1%	UK and Other
60.9%	Southern Africa

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

⊙Alternative performance measures

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Net tangible asset value per share

£'000	31 March 2019	31 March 2018
Shareholders' equity	4 316 413	4 442 094
Less: perpetual preference shares issued by holding companies	(194 156)	(216 343)
Ordinary shareholders' equity/net asset value	**4 122 257**	**4 225 751**
Less: goodwill and intangible assets (excluding software)	(456 397)	(475 922)
Tangible ordinary shareholders' equity/net tangible asset value	**3 665 860**	**3 749 829**
Number of shares in issue (million)	1001.0	980.6
Treasury shares (million)	(51.3)	(46.7)
Number of shares in issue in this calculation (million)	**949.7**	**933.9**
Net tangible asset value per share (pence)	**386.0**	**401.5**
Net asset value per share (pence)	**434.1**	**452.5**

Return on risk-weighted assets

	31 March 2019	31 March 2018	Average	31 March 2017	Average
Adjusted earnings attributable to ordinary shareholders* £'000)	**519 342**	**491 062**		**434 504**	
Investec plc risk-weighted assets (£'million)	15 313	14 411	14 862	13 312	13 862
Investec Limited risk-weighted assets^ (£'million)	19 244	20 366	19 805	19 667	20 016
Total risk-weighted assets (£'million)	**34 557**	**34 777**	**34 667**	**32 979**	**33 878**
Return on average risk-weighted assets	**1.50%**	**1.45%**		**1.45%**	
^Investec Limited risk-weighted assets (R'million)	361 750	338 484	350 117	329 808	334 146

Return on equity

£'000	31 March 2019	1 April 2018	Average	31 March 2018	31 March 2017	Average
Ordinary shareholders' equity	**4 122 257**	**3 960 026**	**4 041 142**	**4 225 751**	**3 916 448**	**4 071 100**
Goodwill and intangible assets (excluding software)	(456 397)	(475 922)	(466 160)	(475 922)	(490 841)	(483 382)
Tangible ordinary shareholders' equity	**3 665 860**	**3 484 104**	**3 574 982**	**3 749 829**	**3 425 607**	**3 587 718**

£'000	31 March 2019	31 March 2018
Operating profit*	722 719	659 793
Non-controlling interests	(83 850)	(76 105)
Earnings attributable to perpetual preference and Other Additional Tier 1 security holders	(41 317)	(33 527)
Adjusted earnings (pre-tax)	**597 552**	**550 161**
Taxation on operating profit before goodwill and acquired intangibles	(78 210)	(59 099)
Adjusted earnings attributable to ordinary shareholders*	**519 342**	**491 062**
Pre-tax return on average ordinary shareholders' equity	14.8%	13.5%
Post-tax return on average ordinary shareholders' equity	12.9%	12.1%
Pre-tax return on average tangible ordinary shareholders' equity	16.7%	15.3%
Post-tax return on average tangible ordinary shareholders' equity	14.5%	13.7%

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

Return on equity by geography

£'000	UK and Other	Southern Africa	Total group
Operating profit*	266 767	455 952	722 719
Non-controlling interests	(11 463)	(72 387)	(83 850)
Earnings attributable to perpetual preference and Other Additional Tier 1 security holders	(14 201)	(27 116)	(41 317)
Adjusted earnings (pre-tax)	**241 103**	**356 449**	**597 552**
Taxation on operating profit before goodwill and acquired intangibles	(39 102)	(39 108)	(78 210)
Adjusted earnings attributable to ordinary shareholders – 31 March 2019	**202 001**	**317 341**	**519 342**
Adjusted earnings attributable to ordinary shareholders – 31 March 2018	138 955	352 107	491 062
Ordinary shareholders' equity – 31 March 2019	**1 997 415**	**2 124 842**	**4 122 257**
Goodwill and intangible assets (excluding software)	(433 946)	(22 451)	(456 397)
Tangible ordinary shareholders' equity – 31 March 2019	**1 563 469**	**2 102 391**	**3 665 860**
Ordinary shareholders' equity – 1 April 2018	**1 838 196**	**2 121 830**	**3 960 026**
Goodwill and intangible assets (excluding software)	(447 135)	(28 787)	(475 922)
Tangible ordinary shareholders' equity – 1 April 2018	**1 391 061**	**2 093 043**	**3 484 104**
Ordinary shareholders' equity – 31 March 2018	2 050 127	2 175 624	4 225 751
Goodwill and intangible assets (excluding software)	(447 135)	(28 787)	(475 922)
Tangible ordinary shareholders' equity – 31 March 2018	1 602 992	2 146 837	3 749 829
Average ordinary shareholders' equity – 31 March 2019**	**1 917 806**	**2 123 336**	**4 041 142**
Average tangible ordinary shareholders' equity – 31 March 2019**	**1 477 265**	**2 097 717**	**3 574 982**
Post-tax return on average ordinary shareholders' equity – 31 March 2019	**10.5%**	**14.9%**	**12.9%**
Post-tax return on average ordinary shareholders' equity – 31 March 2018	6.9%	17.2%	12.1%
Post-tax return on average tangible ordinary shareholders' equity – 31 March 2019	**13.7%**	**15.1%**	**14.5%**
Post-tax return on average tangible ordinary shareholders' equity – 31 March 2018	8.9%	17.4%	13.7%
Pre-tax return on average ordinary shareholders' equity – 31 March 2019	**12.6%**	**16.8%**	**14.8%**
Pre-tax return on average ordinary shareholders' equity – 31 March 2018	8.8%	18.2%	13.5%
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2019	**16.3%**	**17.0%**	**16.7%**
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2018	11.3%	18.5%	15.3%

* *Before goodwill, acquired intangibles, non-operating items and non-controlling interests.*
** *Using 1 April 2018 opening equity.*

Return on equity by business and geography*

£'000	Asset Management UK & Other	Asset Management SA	Asset Management Total	Wealth & Investment^ UK & Other	Wealth & Investment^ SA	Wealth & Investment^ Total
Adjusted operating profit*	**107 835**	**71 527**	**179 362**	**56 363**	**26 250**	**82 613**
Notional return on regulatory capital	662	2 380	3 042	594	1 528	2 122
Notional cost of statutory capital	(954)	(2 789)	(3 743)	(4 362)	–	(4 362)
Cost of subordinated debt	(822)	(687)	(1 509)	(737)	(441)	(1 178)
Earnings attributable to perpetual preference and Other Additional Tier 1 security holders	(532)	(444)	(976)	(478)	(284)	(762)
Adjusted earnings before Asset Management non-controlling interests (pre-tax)	**106 189**	**69 987**	**176 176**	**51 380**	**27 053**	**78 433**
Profit attributable to Asset Management non-controlling interests	(15 942)	(9 716)	(25 658)	–	–	–
Adjusted earnings (pre-tax) – 31 March 2019	**90 247**	**60 271**	**150 518**	**51 380**	**27 053**	**78 433**
Tax on operating profit before goodwill and acquired intangibles						
Adjusted earnings attributable to ordinary shareholders* –(post-tax) 31 March 2019						
Ordinary shareholders' equity – 31 March 2019	**154 319**	**49 978**	**204 297**	**220 998**	**20 663**	**241 661**
Goodwill and intangible assets (excluding software)	(88 045)	–	(88 045)	(164 410)	(1 922)	(166 332)
Tangible ordinary shareholders' equity – 31 March 2019	**66 274**	**49 978**	**116 252**	**56 588**	**18 741**	**75 329**
Ordinary shareholders' equity – 1 April 2018	**158 661**	**40 755**	**199 416**	**214 004**	**21 177**	**235 181**
Goodwill and intangible assets (excluding software)	(88 045)	–	(88 045)	(177 048)	(2 175)	(179 223)
Tangible ordinary shareholders' equity – 1 April 2018	**70 616**	**40 755**	**111 371**	**36 956**	**19 002**	**55 958**
Ordinary shareholders' equity – 31 March 2018	158 661	40 755	199 416	214 004	21 177	235 181
Goodwill and intangible assets (excluding software)	(88 045)	–	(88 045)	(177 048)	(2 175)	(179 223)
Tangible ordinary shareholders' equity – 31 March 2018	70 616	40 755	111 371	36 956	19 002	55 958
Average ordinary shareholders' equity – 31 March 2019**	**156 490**	**45 367**	**201 857**	**217 501**	**20 920**	**238 421**
Average tangible ordinary shareholders' equity – 31 March 2019**	**68 445**	**45 367**	**113 812**	**46 772**	**18 872**	**65 644**
Pre-tax return on adjusted average ordinary shareholders' equity – 31 March 2019	67.9%	154.3%	87.3%	23.6%	129.3%	32.9%
Post-tax return on adjusted average ordinary shareholders' equity – 31 March 2019						
Pre-tax return on average tangible ordinary shareholders' equity – 31 March 2019	155.1%	154.3%	154.8%	109.9%	143.3%	119.5%
Post-tax return on average tangible ordinary shareholders' equity – 31 March 2019						

\# *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 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.*

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

** *Using 1 April 2018 opening equity.*

Refer to page 49 for post-tax ROEs for the Specialist Banking division.

Specialist Bank			Group costs			Wealth & Investment goodwill adjustment^			Total group		
UK & Other	**SA**	**Total**	**UK & Other**	**SA**	**Total**	**UK & Other**	**SA**	**Total**	**UK & Other**	**SA**	**Total**
138 566	**310 329**	**448 895**	**(31 518)**	**(14 825)**	**(46 343)**	**–**	**–**	**–**	**271 246**	**393 281**	**664 527**
(1 256)	(3 908)	(5 164)	–	–	–	–	–	–	–	–	–
5 316	2 789	8 105	–	–	–	–	–	–	–	–	–
1 559	1 128	2 687	–	–	–	–	–	–	–	–	–
(13 192)	(26 387)	(39 579)	–	–	–	–	–	–	(14 202)	(27 115)	(41 317)
130 993	**283 951**	**414 944**	**(31 518)**	**(14 825)**	**(46 343)**	**–**	**–**	**–**	**257 044**	**366 166**	**623 210**
–	–		–	–		–	–		(15 942)	(9 716)	(25 658)
130 993	**283 951**	**414 944**	**(31 518)**	**(14 825)**	**(46 343)**	**–**	**–**	**–**	**241 102**	**356 450**	**597 552**
									(39 102)	(39 108)	(78 210)
									202 000	**317 342**	**519 342**
1 463 049	**2 054 200**	**3 517 249**	**–**	**–**	**–**	**159 050**	**–**	**159 050**	**1 997 416**	**2 124 841**	**4 122 257**
(22 441)	(20 529)	(42 970)	–	–	–	(159 050)	–	(159 050)	(433 946)	(22 451)	(456 397)
1 440 608	**2 033 671**	**3 474 279**	**–**	**–**	**–**	**–**	**–**	**–**	**1 563 470**	**2 102 390**	**3 665 860**
1 306 481	**2 059 898**	**3 366 379**	**–**	**–**	**–**	**159 050**	**–**	**159 050**	**1 838 196**	**2 121 830**	**3 960 026**
(22 992)	(26 612)	(49 604)	–	–	–	(159 050)	–	(159 050)	(447 135)	(28 787)	(475 922)
1 283 489	**2 033 286**	**3 316 775**	**–**	**–**	**–**	**–**	**–**	**–**	**1 391 061**	**2 093 043**	**3 484 104**
1 518 412	2 113 692	3 632 104	–	–	–	159 050	–	159 050	2 050 127	2 175 624	4 225 751
(22 992)	(26 612)	(49 604)	–	–	–	(159 050)	–	(159 050)	(447 135)	(28 787)	(475 922)
1 495 420	2 087 080	3 582 500	–	–	–	–	–	–	1 602 992	2 146 837	3 749 829
1 384 766	**2 057 049**	**3 441 814**	**–**	**–**	**–**	**159 050**	**–**	**159 050**	**1 917 807**	**2 123 335**	**4 041 142**
1 362 049	**2 033 478**	**3 395 527**	**–**	**–**	**–**	**–**	**–**	**–**	**1 477 266**	**2 097 716**	**3 574 982**
9.5%	13.8%	12.1%							12.6%	16.8%	14.8%
									10.5%	14.9%	12.9%
9.6%	14.0%	12.2%							16.3%	17.0%	16.7%
									13.7%	15.1%	14.5%

Number of employees

By division – permanent employees	**31 March 2019**	31 March 2018
Asset Management		
UK and international	543	497
Southern Africa^	1 005	1 024
Total	**1 548**	**1 521**
Wealth & Investment		
UK and Other	1 411	1 345
South Africa	359	340
Total	**1 770**	**1 685**
Specialist Banking		
UK and Other	2 445	2 320
Southern Africa	4 121	3 918
Total	**6 566**	**6 238**
Temporary employees and contractors	689	702
Total number of employees	**10 573**	**10 146**

^ *Includes 459 and 510 Silica (its third party administration business) employees, as at 31 March 2019 and 31 March 2018 respectively.*

Adjusted operating profit*⊙ per employee

By division	Asset Management	Wealth & Investment	Specialist Banking
Number of total employees – 31 March 2019	**1 629**	**1 931**	**7 013**
Number of total employees – 31 March 2018	**1 592**	**1 821**	**6 733**
Number of total employees – 31 March 2017	1 654	1 697	6 365
Average total employees – year to 31 March 2019	**1 611**	**1 876**	**6 873**
Average total employees – year to 31 March 2018	1 623	1 759	6 549
Adjusted operating profit*⊙ – year to 31 March 2019 (£'000)	**179 362**	**82 613**	**448 895**
Adjusted operating profit*⊙ – year to 31 March 2018 (£'000)	178 045	98 565	380 493
Adjusted operating profit per employee^⊙ – year to 31 March 2019 (£'000)	**111.3**	**44.0**	**65.3**
Adjusted operating profit per employee^⊙ – year to 31 March 2018 (£'000)	109.7^^	56.0	58.1

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

By geography	UK and Other	Southern Africa	**Total group**
Number of total employees – 31 March 2019	**4 658**	**5 915**	**10 573**
Number of total employees – 31 March 2018	**4 472**	**5 674**	**10 146**
Number of total employees – 31 March 2017	4 165	5 551	9 716
Average total employees – year to 31 March 2019	**4 565**	**5 795**	**10 360**
Average total employees – year to 31 March 2018	4 318	5 613	9 931
Adjusted operating profit⊙ – year to 31 March 2019 (£'000)	**271 246**	**393 281**	**664 527**
Adjusted operating profit⊙ – year to 31 March 2018 (£'000)	199 356	408 149	607 505
Adjusted operating profit per employee^⊙ – year to 31 March 2019 (£'000)	**59.4**	**67.9**	**64.1**
Adjusted operating profit per employee^⊙ – year to 31 March 2018 (£'000)	46.2	72.7	61.2

^ *Based on average number of employees over the year.*
* *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.*

⊙Alternative performance measures

We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers of the financial statements. These measures are highlighted with the symbol⊙. The definition of alternative performance measures is provided in the definitions section of this report.

Total third party assets under management

£'million	31 March 2019	31 March 2018
Asset Management	**111 418**	**103 862**
UK and Other	75 968	69 371
Southern Africa	35 450	34 491
Wealth & Investment	**55 121**	**56 048**
UK and Other	39 118	36 923
Southern Africa	16 003	19 125
Specialist Banking	**633**	**666**
UK and Other	364	353
Southern Africa	269	313
	167 172	**160 576**

A further analysis of third party assets under management

At 31 March 2019 £'million	UK and Other	Southern Africa	Total
Asset Management	**75 968**	**35 450**	**111 418**
Mutual funds	30 374	16 337	46 711
Segregated mandates	45 594	19 113	64 707
Wealth & Investment	**39 118**	**16 003**	**55 121**
Discretionary	30 810	6 999	37 809
Non-discretionary	8 308	9 004	17 312
Specialist Banking	**364**	**269**	**633**
	115 450	**51 722**	**167 172**

At 31 March 2018 £'million	UK and Other	Southern Africa	Total
Asset Management	**69 371**	**34 491**	**103 862**
Mutual funds	29 615	15 126	44 741
Segregated mandates	39 756	19 365	59 121
Wealth & Investment	**36 923**	**19 125**	**56 048**
Discretionary	28 638	6 936	35 574
Non-discretionary	8 285	12 189	20 474
Specialist Banking	**353**	**313**	**666**
	106 647	**53 929**	**160 576**

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% – 17% on a consolidated basis for each of Investec plc and Investec Limited.

A summary of capital adequacy and leverage ratios

	Investec plc°*	IBP°*	**Investec Limited*^**	IBL*^
As at 31 March 2019				
Common equity tier 1 (as reported)□	10.8%	11.4%	10.5%	11.2%
Common equity tier 1 ('fully loaded')^^	10.4%	10.9%	10.5%	11.1%
Tier 1 (as reported)□	12.6%	13.1%	11.2%	11.5%
Total capital adequacy ratio (as reported)°	15.7%	17.1%	14.9%	15.8%
Leverage ratio** – current	7.9%	8.0%	7.6%#	7.7%#
Leverage ratio** – 'fully loaded'^^	7.5%	7.7%	7.3%#	7.6%#
As at 1 April 2018				
Common equity tier 1 (as reported)□	10.5%	11.4%	10.0%	10.7%
Common equity tier 1 (fully loaded)^^	10.3%	11.2%	9.8%	10.6%
Tier 1 (as reported)□	12.4%	12.9%	10.8%	11.0%
Total capital adequacy ratio (as reported)°	15.0%	16.1%	14.5%	15.4%
Leverage ratio – current	8.3%	8.3%	7.4%#	7.6%#
Leverage ratio – 'fully loaded'^^	8.0%	8.2%	6.9%#	7.3%#
As at 31 March 2018				
Common equity tier 1 (as reported)	11.0%	11.9%	10.2%	10.9%
Common equity tier 1 ('fully loaded')^^^	11.0%	11.9%	10.2%	10.9%
Tier 1 (as reported)	12.9%	13.4%	11.0%	11.2%
Total capital adequacy ratio (as reported)	15.4%	16.6%	14.6%	15.5%
Leverage ratio** – current	8.5%	8.6%	7.5%#	7.7%#
Leverage ratio** – 'fully loaded'^^^	8.4%	8.6%	7.1%#	7.5%#

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

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

° *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 charges and dividends when calculating the CET 1 ratio as required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of this deduction totalling £63 million (31 March 2018: £65 million) for Investec plc and £19 million (31 March 2018: £18 million) for IBP would lower the CET 1 ratio by 41bps (31 March 2018: 45bps) and 13bps (31 March 2018: 13bps) respectively.*

^ *Investec Limited's and IBL's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's and IBL's common equity tier 1 ratio would be 27bps and 14bps lower. At 31 March 2018, Investec Limited's and IBL's common equity tier 1 ratio would be 25bps and 13bps lower*

□ *The reported CET 1, T1 and total capital adequacy ratios are calculated applying the IFRS 9 transitional arrangements.*

^^ *The CET 1 fully loaded ratio and the fully loaded leverage ratio assumes full adoption of IFRS 9 and full adoption of all CRD IV rules of South African Prudential Authority regulations. As a result of the adoption of IFRS 9 Investec plc elected to designate its subordinated fixed rate medium-term notes due in 2022 at fair value. By the time of full adoption of IFRS 9 in 2023, these subordinated liabilities will have reached final maturity and will be redeemed at par value. The remaining interest rate portion of the fair value adjustment at 31 March 2019 of £17.7 million (post-taxation), has therefore been excluded from the fully loaded ratios as it will be released into profit and loss over the remaining life of the investment.*

^^^ *The fully loaded CET 1 ratio and leverage ratio assumes full adoption of all CRD IV rules or South African Prudential Authority regulations.*

\# *Based on revised BIS rules.*

3

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 is 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 capital light activities and revenue earned from capital intensive activities. 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.

Integrated global management structure

Global roles as at 31 March 2019

Joint chief executive officers	Fani Titi Hendrik du Toit	**Group risk and finance director**	Glynn Burger
		Executive directors	Kim McFarland Stephen Koseff Bernard Kantor

DIVISIONAL BUSINESS LEADERS

GEOGRAPHICAL BUSINESS LEADERS	Specialist Banking	Asset Management
South Africa Glynn Burger Richard Wainwright	Richard Wainwright David van der Walt	John Green Domenico (Mimi) Ferrini
United Kingdom David van der Walt Steve Elliott		**Wealth & Investment** Steve Elliott

SUPPORT STRUCTURES

Human resources and organisational development
Marc Kahn

Corporate governance and compliance
Bradley Tapnack

Group finance
Nishlan Samujh

Share schemes and secretarial
Les Penfold

Group marketing
Malcolm Fried

Group investor relations
Ursula Nobrega

Key leadership changes

Since the group's succession announcement in February 2018 a number of senior leadership changes have been announced. These are either effective or will become effective in stages over the coming months, subject to regulatory approvals where relevant. Key changes have been detailed below in chronological order.

- Fani Titi (formerly the group chairman) and Hendrik du Toit (formerly CEO of Investec Asset Management) were appointed as joint CEO designates effective 1 April 2018, and assumed the role as joint CEOs of the group on 1 October 2018
- John Green and Mimi Ferrini became deputy CEOs of Investec Asset Management on 1 April 2018 and from 1 October 2018, assumed the role of co-CEOs of the business
- Stephen Koseff and Bernard Kantor stepped down from the roles of CEO and MD of the group, respectively, on 1 October 2018. They will not stand for re-election at the 2019 AGM. They will continue to actively oversee the proposed demerger and separate listing of Investec Asset Management until its completion.
- Kim McFarland (formerly COO and CFO of Investec Asset Management) was appointed as an executive director on 1 October 2018, and FD of Investec Asset Management on 1 April 2019
- Glynn Burger retired on 31 March 2019, stepping down from his role as group risk and finance director on this date
- Nishlan Samujh (formerly the CFO of the group) assumed the role of group FD and was appointed an executive director of the board with effect from 1 April 2019
- Ciaran Whelan assumed the role of group head of risk in an acting capacity following Glynn's retirement. In May 2019 the group announced that Ciaran will become the group COO
- David van der Walt (formerly the CEO of Investec Bank plc (IBP)) and joint global head of the Specialist Bank, will replace Ciaran as group chief risk officer (CRO)
- Ruth Leas (formerly the CRO of IBP) will replace David van der Walt as CEO of IBP and head of the UK Specialist Bank
- Carly Newton has assumed the role as head of group investor relations following Ursula Nobrega's resignation
- Steve Elliott will be retiring as the global head of Investec Wealth & Investment on 1 October 2019; Henry Blumenthal and Jonathan Wragg will jointly assume this role on this date.

Asset Management

What we do

Active investment management for third parties

Where we operate

- Africa
- Americas
- Asia Pacific
- UK
- Europe

Bank and Wealth

Wealth & Investment

What we do

Discretionary wealth management

Investment advisory services

Financial planning

Stockbroking/execution only

Where we operate

- South Africa
- UK
- Europe
- Hong Kong
- Mauritius

Specialist Banking

What we do

Private Banking

Corporate, Business and Institutional Banking

Investment activities

Where we operate

- South Africa
- UK
- Europe
- Australia
- Mauritius
- Hong Kong
- India
- USA

At Investec Asset Management, we believe in investing in a better tomorrow. We want to assist people around the globe to retire with dignity or meet their financial objectives by offering specialist, active investment management. We take a patient, long-term approach to organically develop our capabilities. We offer a combination of outcomes-based and alpha-seeking investment strategies. Our clients include some of the world's largest private and public sector pension funds, financial institutions, corporates, foundations, central banks and intermediaries serving individual investors

At 31 March 2019

Executive committee

Co-chief executive officers*
John Green
Domenico (Mimi) Ferrini

Chief operating officer
Kim McFarland^

Co-chief investment officers
Domenico (Mimi) Ferrini
John McNab

Managing director, South Africa
Thabo Khojane

Managing director, North America
Philip Anker

Global head of product management
Khadeeja Bassier

Global head of human capital
Duncan Coombe

Founded in 1991 with roots in emerging markets, we have grown to be a well established and trusted global investment manager. Driven by our founder culture, we are building an enduring inter-generational business, which offers stability and a long-term investment outlook for our clients. To achieve this, we believe diversity of thought, perspective, background and life experience is essential.

Our investment team of over 200 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 investment and operational structure.

* *Hendrik du Toit became Joint CEO of Investec group on 1 October 2018, following which John Green and Domenico (Mimi) Ferrini assumed their roles as co-chief executive officers.*
^ *On 1 April 2019 Kim McFarland assumed the role of Finance Director.*
** *Operating profit before goodwill, intangibles, non-operating items, taxation and non-controlling interests.*

⊙Alternative performance measures

We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers of the financial statements. These measures are highlighted with the symbol⊙. The definition of alternative performance measures is provided in the definitions section of this report.

Annual highlights

Net inflows of
£6.1 billion
(2018: £5.4 billion)

Assets under management
up 7.3% to
£111.4 billion

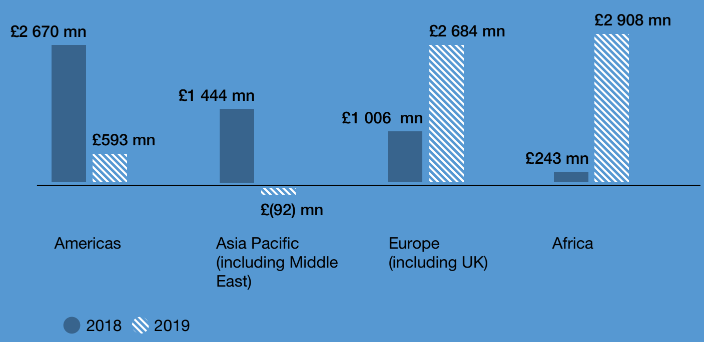
Operating margin
31.3%
(2018: 33.0%)

Adjusted operating profit**⊙ increased by 1% to
£179.4 million
contributing 27.0% to group profit

Our value proposition

- An organically built global investment manager with emerging market origins
- Competitive investment performance in chosen specialities
- Institutional and advisor focus
- Unique and clearly understood culture
- Stable and experienced leadership
- A commitment to investing for a sustainable future
- Independently managed entity within the Investec group

Where we operate



Net flows by geography

Financial years to 31 March 2018 and 31 March 2019
Note: The net flows exclude a historic low value cash plus account which is subject to volatile net flows.

What we do

Organisational structure

Investments

Equities	Fixed Income	Multi-asset	Alternatives
– Long-only equity	– Credit – Sovereign – Money market	– Global solutions – Income solutions	– Commodities – Private equity – Real estate – Infrastructure debt

Client groups

United Kingdom | Africa | Americas | Asia Pacific | Europe

Global operations platform

Q&A

John Green and Mimi Ferrini

Co-chief executive officers

Q How has the operating environment impacted your business over the past financial year?

The global geopolitical and economic environment continues to be uncertain. Asset markets were volatile over the period and the risk of an ongoing market correction remains.

Notwithstanding markets, the long-term growth prospects for competitive active asset managers remain compelling and the fundamentals are strong. However, the industry faces headwinds including the shift to passive products, downward fee pressure, and an evolving technology landscape resulting in a more competitive environment where only quality and excellence are rewarded.

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

Net inflows of £6.1 billion for the last 12 months proved a highlight of our year. This was the result of broad support from our clients, proving relevance of our investment offering.

We have continued to invest meaningfully in our capabilities with strong talent added across our investment teams. We were particularly focused in areas where we see strong potential and future client demand. These include China, Multi-asset and Sustainability. We have been proactive in developing our presence in North America and both our client and investment teams in the region saw growth. This is translating into further relevance and heightened attention from the market. Similarly, we continued to grow our Advisor business.

In September 2018, we announced that Investec Asset Management would demerge from Investec group. Upon completion of the demerger, Hendrik du Toit will return to his role as CEO, and we will form a team of Deputy CEOs, dedicated to shaping an exciting future for this business.

Investec Asset Management has remained focused during this period of transition and this is largely attributable to the continuity of leadership that will remain after the demerger..

Q What are your strategic objectives in the coming financial year?

Our fundamental strategic objectives and principles remain unchanged: we want to assist people around the globe to retire with dignity or to meet their financial objectives. We engage our investors through five geographically defined client groups. We operate in both the Institutional and Advisor channels. Our ultimate aim is to manage our clients' money to the highest possible standards and in line with their expectations and product and strategy specifications.

We will continue to focus on delivering competitive investment performance, scaling our Multi-asset and Quality capabilities and growing our presence in large markets with relevant strategies and products. We will also aim to grow in the Advisor space and continue to ensure that we are evolving all of our investment capabilities for the future.

Within the coming year, we will be completing the demerger of Investec Asset Management from Investec Group. This will enable even better alignment with our clients. We look forward to continuing to create long-term value for our clients and shareholders alike.

Q How do you incorporate climate, environmental and social risk considerations into your business?

We are a long-term focused business allocating capital on a global basis to meet the future needs of society. The single greatest challenge for humanity is sustainable development, which means the simultaneous achievement of economic growth, social inclusion and environmental sustainability. We arrange our sustainability efforts into three distinct categories: Invest, Engage, Inhabit. This speaks to our purpose statement of investing for a better tomorrow.

Q What is your outlook for the coming financial year?

At Investec Asset Management, we always think about the long term. Our outlook continues to be focused on building a long-term intergenerational business. Notwithstanding the industry challenges and the risk of further market corrections, we believe that the opportunity for growth in our industry over the next five to ten years is substantial. Our momentum is positive and we are excited about the future as an independent, pure-play asset manager.

Bank and wealth is a domestically relevant, internationally connected specialist banking and wealth management group

2
principal geographies

2
core areas of activity

8 000+
employees

£24.9 billion
core loans and advances

£31.3 billion
customer deposits

£55.8 billion
assets under management

Corporate / Institutional / Government / Intermediary	Private client (HNW / high income) / charities / trusts
Specialist Banking	**Wealth & Investment**
Lending	Discretionary wealth management
Transactional banking	Investment advisory services
Treasury solutions	Financial planning
Advisory	Stockbroking / execution only
Investment activities	
Deposit raising activities	

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

At 31 March 2019

Global head
Steve Elliott

UK head
Jonathan Wragg

South Africa head
Henry Blumenthal

Switzerland head
Peter Gyger

Ireland head
Eddie Clarke

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.

* *Operating profit before goodwill, intangibles, non-operating items, taxation non-controlling interest.*

⊙Alternative performance measures

We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers of the financial statements. These measures are highlighted with the symbol⊙. The definition of alternative performance measures is provided in the definitions section of this report.

Annual highlights

Net inflows of
£0.4 billion
(2018: £2.0 billion)

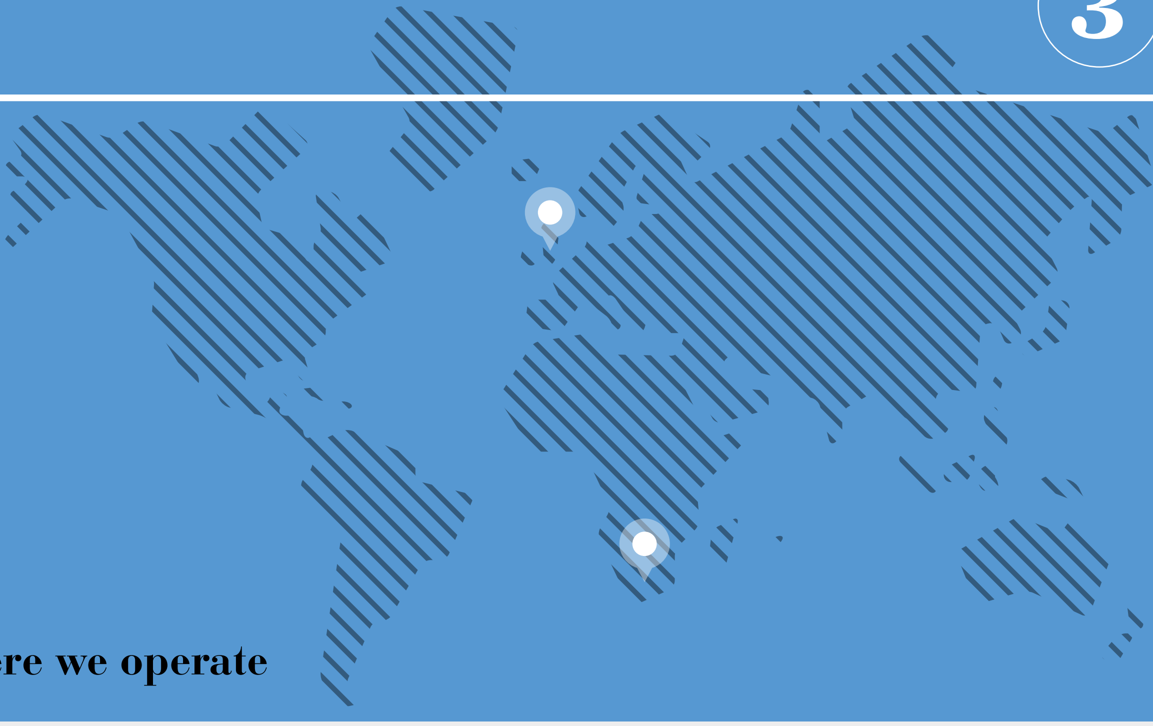
Assets under management
£55.1 billion
(2018: £56.0 billion)

Operating margin
20.6%
(2018: 24.3%)

Adjusted operating profit*⊙ decreased by 16.2% to
£82.6 million
contributing 12.4% to group profit

Our value proposition

- 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, Republic of Ireland and Guernsey
- The business has five distinct channels: direct, intermediaries, charities, international and digital
- 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.



Where we operate

UK and Other

One of the UK's leading private client investment managers

Brand well recognised

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

Proven ability to attract and recruit investment managers

£39.1 billion fund under management

South Africa and Mauritius

Strong brand and positioning

Leading player in the South African market

Developing Wealth & Investment capability in Mauritius

R300.8 billion fund under management

* *Post year end we announced the sale of the Irish business.*

What we do

UK and Europe

Investment 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.

Financial planning

- Retirement planning
- Succession planning
- Bespoke advice and independent financial reviews.

South Africa

Investec Wealth & Investment operates from eight offices across South Africa and provides portfolio management, wealth management and stockbroking services for private clients, charities, pension funds and trusts.

Q&A

Steve Elliott

Global head

Q *How has the operating environment impacted your business over the past financial year?*

The year has been characterised by a number of challenges. Internationally, despite strong economic conditions in the US, concerns around tariff negotiations, the rise of populism and political uncertainty, amongst other factors, dampened the outlook for global growth.

In the UK, equity markets had a strong start but fell significantly during the final quarter of 2018, before stabilising as the financial year drew to a close. Brexit was the largest single factor on the minds of UK investors, but global investors were more focused on the risks outlined above.

All of these factors contributed to greater caution, especially amongst direct private clients. Inflows across the industry fell and consistent with our peers, we have experienced lower rates of growth in net new funds than in recent years. In particular, given the uncertain political situation in the last quarter of the financial year in the UK, this continued to have a dampening effect on net flows. Our business has nevertheless achieved positive net organic growth in funds under management in the UK for the year.

The impact of additional regulation remains prevalent. Over the year we have been focused on implementing and bedding down the substantial regulatory changes whilst preparing for future regulatory developments, including the Senior Managers and Certification Regime (SM&CR), which will be implemented in December 2019 for firms in our sector.

The South African equity markets were marked by considerable volatility in the current year, predominantly driven by concerns over the stability of State-Owned Enterprises, which suppressed economic growth and in turn dented business confidence. This has translated into low levels of activity and reduced investment flows. Investors remain cautious and continue to seek international investment opportunities.

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

In the UK we are accelerating the reshaping of the strategic positioning of the business. Core discretionary managed services now account for over 80% of funds under management and we have been attracting high calibre investment managers from other firms to join us.

We have given particular focus to the further development of our technology platforms and the integration of our digital capabilities into the core business. Enhanced client communications and new look valuations have been launched and we continue to address the need to reduce paper and digitise wherever possible.

We have reviewed the Click & Invest online investment platform and decided to discontinue the service in line with the group's commitment to manage costs and allocate capital effectively. The underlying operating loss of Click & Invest was circa £12.8 million (2018: £13.5 million). In addition a circa £6 million write-off of capitalised software was taken in the current year. The group remains committed to developing its digital initiatives and will look to incorporate the technology into its offering.

In light of changes in the group's Irish business model brought about by Brexit planning and as part of consolidation taking place in wealth management in Ireland, we have sold our Republic of Ireland Wealth Management business to Brewin Dolphin, subject to regulatory approval. The wealth management business was acquired by Investec as part of its acquisition of NCB in 2012 and has grown significantly since then. The business in the Republic of Ireland is independent of other wealth management businesses in the Investec group and hence its sale will not impact the wealth management offering in other jurisdictions.

In South Africa, our clients' need for seamless reporting, digital access and an international investment offering continues to be the driver for key developments within our business. As such, we continue to increase collaboration with the Private Bank and develop our international investment offering by investing in technology and our digital platform.

We continue to explore the inclusion of alternative assets in our clients' portfolios which have provided enhanced returns during challenging economic conditions. We believe in delivering a holistic service to our clients which goes beyond traditional investments and is inclusive of inter-generational wealth planning, tax structuring and assisting our clients to navigate the increasingly complex local and global regulatory and tax environments.

Q *What are your strategic objectives in the coming financial year?*

In the UK our strategic focus is to maintain our emphasis on delivering organic growth through expanding the discretionary managed business. This will be further supported by the recruitment of high quality investment managers.

As we expect the demand for wider financial advice to continue to grow and become a more general need across our client base, we will further expand our financial planning capability and develop ways to deliver this advice as a central component of our core offering.

In South Africa, our key strategic drivers include optimising our international footprint and global investment offering as our clients continue to seek opportunities offshore, and ensuring our resources are utilised effectively to deliver an exceptional client experience.

Deepening our client relationships through high-touch engagements while achieving efficiencies and bolstering investment opportunities through our digital platform remains a priority. We recognise the diversity of our clients' needs and adapting our value proposition to include focusing on intergenerational wealth planning supported by enhanced tax and fiduciary services.

Collaboration across the Wealth & Investment business, as well as with the broader group, remains a strategic focus in order to provide a holistic Investec offering. In South Africa in particular, we aim to uniquely position ourselves as the number one choice for private clients by furthering our strategic partnership with the Private Bank to advance our One Place offering.

To ensure the sustainability of our business, we continue to focus on culture development and investing in our people and leadership of the business.

Q *How do you incorporate climate, environmental, and social risk considerations into your business?*

As part of our commitment to responsible investment, we incorporate a variety of ESG factors along with other material investment factors and ethical guidelines into our wealth management and investment decision making process. More importantly, we believe that the greatest social impact we can have as a manager of wealth is to support our clients in attaining their socio-economic and environmental aspirations.

In the UK, we manage more than £3.3 billion of assets for nearly 1 200 charities. We work closely with each charity client to create an investment portfolio that is tailored to their own needs, aims and ethical considerations. During the year, our specialist Charities team were recognised as the winners of the Charity Investment Team of the Year by the City of London Wealth Management Awards 2019.

In South Africa, our recently established philanthropy services offering supports long-term sustainable solutions where clients are able to live out their values by creating and leaving a legacy in society. Investec manages philanthropy foundation investments to the value of R580 million which over the past year derived an income distribution to charities on behalf of clients to the value of R31 million. We also exposed clients to the opportunity of investing into funds to grow qualifying privately-owned SMME's. These funds aim to improve South Africa's economic growth and contribute towards SDG 8 of the Sustainable Development Goals regarding decent work and economic growth.

Our 2019 corporate sustainability and ESG supplementary report provides further detail on the Sustainable Development Goals and the many initiatives we are supporting or funding.

Q *What is your outlook for the coming financial year?*

We maintain a positive view on the outlook for growth in the global economy but are also cognisant of potential geo-political risks. These factors, which have unsettled investors over the past financial year, are likely to play out during the next 12 months and in light of this, we are expecting continued uncertainty in the near term. Equally, this provides a real opportunity for us to demonstrate that we are well prepared to navigate through these various challenges, using our research and investment expertise, on behalf of our clients.

Uncertainty and volatility are also likely to characterise the next year in South Africa. Our clients remain at the centre of our business and we are committed to delivering on exceptional client service and achieving investment returns. Heightened client engagement will be important to ensure our clients expectations are managed and that they remain invested through the cycle. Alternative investments will play an increasingly important role, providing non-correlated return profiles that diversify portfolios and manage risk. We will continue to provide opportunities that limit downside risk and enhance returns to suit our client needs.

Specialist expertise delivered with dedication and energy

At 31 March 2019

UK head
David van der Walt

South Africa head
Richard Wainwright

The specialist teams are well positioned to provide solutions to meet private, business, corporate and institutional clients' needs.

Our value proposition

- High-quality specialist banking solution to corporate and private clients with leading positions in select areas
- 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.

Annual highlights

Loans and advances
£24.9 billion

Adjusted operating profit*⊙ up 18.0%
£448.9 million

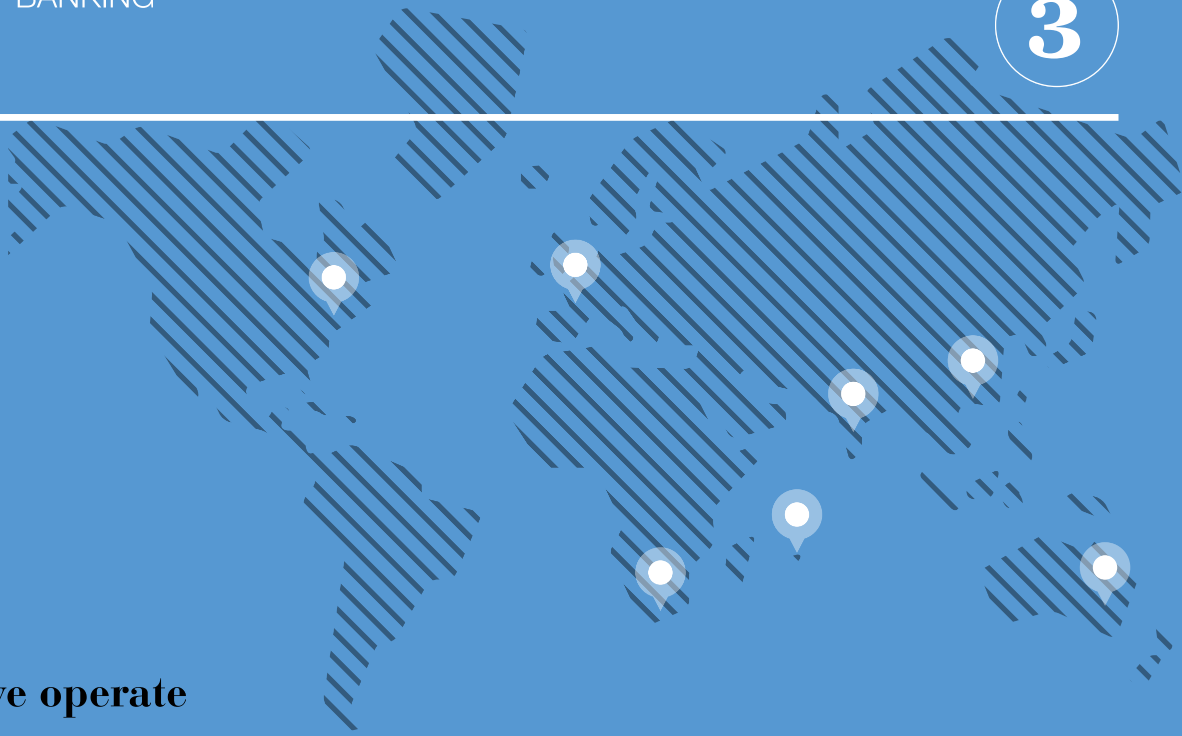
ROE (post-tax)
9.9%
(2018: 9.2%)

Customer deposits
£31.3 billion

* *Operating profit before goodwill, intangibles, non-operating items, taxation non-controlling interest.*

⊙Alternative performance measures

We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers of the financial statements. These measures are highlighted with the symbol⊙. The definition of alternative performance measures is provided in the definitions section of this report.



Where we operate

USA	India	UK and Europe	Hong Kong	South Africa	Mauritius	Australia
Experienced local teams in place with industry expertise	Established a presence in 2010 Facilitates the link between India, UK and South Africa	Brand well established Sustainable business on the back of client activity	Investment banking and principal investment activities	Strong brand and positioning Leading in corporate institutional and private client banking activities	Established in 1997 Leading in corporate institutional and private client banking activities	Experienced local teams in place with industry expertise Focus is on entrenching position as a boutique operation

What we do

High income and high net worth private clients

Private Banking

Lending

Transactional banking

Savings

Foreign exchange

Southern Africa
UK and Europe

Corporates / government / institutional clients

Corporate, Business and Institutional Banking

Lending

Treasury and trading solutions

Advisory

Institutional research, sales and trading

Australia
Hong Kong
India
Southern Africa
UK and Europe
USA

Investment activities

Principal investments

Property investment and fund management

Australia
Hong Kong
Southern Africa
UK and Europe

An analysis of net core loans over the period

Net core loans – Southern Africa

R'million	31 March 2019*	31 March 2018*	% change
Lending collateralised by property	**46 321**	**40 297**	**14.9%**
Commercial real estate	42 876	36 512	17.4%
Commercial real estate – investment	37 419	32 694	14.5%
Commercial real estate – development	4 873	3 043	60.1%
Commercial vacant land and planning	584	775	(24.6%)
Residential real estate	3 445	3 785	(9.0%)
Residential real estate – development	2 822	2 995	(5.8%)
Residential real estate – vacant land and planning	623	790	(21.1%)
High net worth and other private client lending	**138 612**	**133 238**	**4.0%**
Mortgages	73 321	67 966	7.9%
High net worth and specialised lending	65 291	65 272	–
Corporate and other lending	**86 271**	**83 806**	**2.9%**
Corporate and acquisition finance	13 157	13 982	(5.9%)
Asset-based lending	5 748	7 057	(18.5%)
Fund finance	5 082	4 909	3.5%
Other corporates and financial institutions and governments	51 018	47 884	6.5%
Asset finance	3 864	2 678	44.3%
Small ticket asset finance	1 986	2 225	(10.7%)
Large ticket asset finance	1 878	453	>100.0%
Project finance	6 848	6 641	3.1%
Resource finance	554	655	(15.4%)
Portfolio impairments	**–**	**(639)**	**(100.0%)**
Total net core loans	**271 204**	**256 702**	**5.6%**

Net core loans – UK and Other

£'million	31 March 2019	31 March 2018	% change
Lending collateralised by property	**1 871**	**1 934**	**(3.3%)**
Commercial real estate	1 149	1 118	2.8%
Commercial real estate – investment	1 020	940	8.5%
Commercial real estate – development	122	140	(12.9%)
Commercial vacant land and planning	7	38	(81.6%)
Residential real estate	722	816	(11.5%)
Residential real estate – investment	392	238	64.7%
Residential real estate – development	306	514	(40.5%)
Residential real estate – vacant land and planning	24	64	(62.5%)
High net worth and other private client lending	**2 326**	**1 913**	**21.6%**
Mortgages	1 823	1 479	23.3%
High net worth and specialised lending	503	434	15.9%
Corporate and other lending	**6 317**	**5 900**	**7.1%**
Corporate and acquisition finance	1 657	1 531	8.2%
Asset-based lending	393	355	10.7%
Fund finance	1 210	1 030	17.5%
Other corporates and financial institutions and governments	640	650	(1.5%)
Asset finance	1 894	1 846	2.6%
Small ticket asset finance	1 538	1 378	11.6%
Large ticket asset finance	356	468	(23.9%)
Project finance	498	483	3.1%
Resource finance	25	5	>100.0%
Portfolio impairments	**–**	**(62)**	**(100.0%)**
Total net core loans	**10 514**	**9 687**	**8.5%**

* *The 31 March 2019 balance sheet has been presented on an IFRS 9 basis and the comparative as at 31 March 2018 on a IAS 39 basis.*

Additional information on the group's South African investment portfolio

31 March 2019	Asset analysis £'million	Income analysis £'million	Asset analysis R'million	Income analysis R'million
Investec Equity Partners (IEP)	329	67	6 184	1 193
Equity investments^	82	(47)	1 535	(881)
Property investments*	237	35	4 458	631
Total equity exposures	648	55	12 177	943
Associated loans and other assets	3	1	65	15
Total exposures on balance sheet	**651**	**56**	**12 242**	**958**
Debt funded	311	(27)	5 842	(477)
Equity	340		6 400	
Total capital resources and funding	**651**		**12 242**	
Operating profit before taxation**		**29**		**481**
Taxation		3		61
Operating profit after taxation		**32**		**542**
Risk-weighted assets	**2 422**		**45 539**	
Ordinary shareholders' equity held on investment portfolio – 31 March 2019	340		6 400	
Ordinary shareholders' equity held on investment portfolio – 31 March 2018	416		6 909	
Average ordinary shareholders' equity held on investment portfolio – 31 March 2019	378		6 655	
Post-tax return on adjusted average ordinary shareholders' equity – 31 March 2019		**8.4%**		

* *The group's investment holding of 26.57% in the Investec Property Fund and 20.6% in the Investec Australia Property Fund.*
^ *Does not include equity investments residing in our corporate and private client businesses.*
** *Further analysis of operating profit before taxation:*

£'million	Total
Net interest expense	(60)
Net fee and commission income	80
Investment income	(6)
Share of post taxation profit of associates	67
Trading and other operating losses	9
Total operating income before impairment losses on loans and advances	**90**
Expected credit loss impairment charges	(2)
Operating income	**88**
Operating costs	(1)
Operating profit before goodwill, acquired intangibles and non-operating items	**87**
Profit attributable to other non-controlling interests	(58)
Operating profit before taxation	**29**

Q&A

David van der Walt

Geographical business leader **United Kingdom**

How has the operating environment impacted your business over the past financial year?

The Specialist Bank delivered a resilient financial performance, despite the heightened Brexit and political uncertainty and consequential impact on confidence levels. In the second half, we have seen reduced levels of mid-market M&A and equity capital markets activity and a reluctance from clients to commit to longer term decisions. The corporate market experienced increased competition for yield due to low rates and high levels of liquidity, as well as an increase in demand for deposits. The high demand for yield resulted in credit spread pressure and high levels of refinancing.

Notwithstanding these factors, the Specialist Bank focused on preserving its credit spreads whilst maintaining a disciplined approach to deploying capital. In the Private Banking space, we have seen strong levels of lending to our high net worth client base despite a subdued UK housing market. The Corporate and Investment Bank also saw solid activity levels across its core lending franchises. Our credit portfolios have remained robust with limited direct exposure to high street retail or discretionary consumer spending.

Regulation has continued to impact the finance industry and open banking has become an increasing feature of this competitive environment. We continually evolve in response to these developments and have successfully implemented our own offering in the open banking market in order to compete effectively.

We have been a beneficiary of the increase in UK base rates during the year given our prudent levels of cash and near cash balances.

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

The Corporate and Investment bank has restructured and simplified its operations to focus on two defined client segments, resulting in two key businesses: Corporate Banking and Investment Banking. The business saw strong activity levels; with diversified loan growth including, in particular, across Fund Finance and Power and Infrastructure Finance, as well as a few notable transactions from our corporate advisory team in the first half of the year.

Within our investment activities, we have shifted our investment risk appetite towards focusing on co-investment alongside clients to fund investment opportunities and will manage our equity investment portfolio accordingly thereby reducing volatility in our earnings going forward. There has been good performance in the UK investment portfolio, however this has been offset by a weaker performance in the Hong Kong portfolio which we are in the process of exiting.

The Private Bank has completed its formal investment programme with a clear market opportunity set to realise benefits of increased scale. As part of its investment programme, we have successfully implemented an integrated Customer Relationship Management system, which has allowed us to be more effective in our client engagement. In order to support the targeted growth of the Private Bank, we have dedicated significant time to the development of our people and the hiring of the right talent. We have met both our client acquisition and funding targets, which we set at the start of the year.

The recent launch of the Private Capital offering within the Private Bank has proved successful in providing an investment banking service for high net worth clients looking to grow their wealth in commercial business activities. This is a key area of growth that supports our strategic objective to enhance connectivity across the businesses. This offering will allow small- to medium-sized businesses to be cultivated in the Private Bank and then moved successfully into the Corporate and Investment Bank where the relationship can develop further.

We have successfully dealt with the bulk of the remaining legacy portfolio through increased impairments recognised in the prior financial year. We have continued to exit exposures, reducing overall net Legacy exposure to £130.9 million (1.2% of the net core loan book) as at 31 March 2019. We no longer have the substantial Legacy drag on profitability that has held back performance over the last several years.

In July we successfully executed a liability management exercise, repurchasing a portion of our 9.625% subordinated debt (due to mature in 2022) and issuing new subordinated debt at 4.25%.

Brexit related regulations have resulted in the need to restructure the bank's Irish business where we will no longer be able to conduct operations under a branch structure. There were approximately £13 million costs incurred relating to the consequential unwinding of Irish deposits, closing the Prime Brokerage business and redundancies.

Q *What are your strategic objectives in the coming financial year?*

The Corporate and Investment Bank will continue to focus on deepening and growing its client franchises and improving our ability to provide a more cohesive client experience. One of our key strategic focus areas is to grow our off balance sheet funds under management which will support our relevance to clients and our growth and help optimise our capital for improved returns and long-term success. Our ambition is to develop a specialist funds platform across our credit asset classes that will complement our existing specialist asset activities.

With the completion of the investment phase in the Private Bank, there will be an increased focus on both retention and acquisition of target market clients and further collaboration and connectivity across the businesses, including with the wealth business in attempting to bring the full suite of our services to our clients. Other key objectives within the Private Bank include using the new mortgage lending platform to drive growth and efficiency and to grow our retail funding franchise by leveraging our digital capabilities.

The UK Specialist Bank is aligned to the group's five key initiatives in order to improve shareholder returns. We will continue to focus on a disciplined approach to capital allocation. We are fully invested, focused on cost control and anticipate an improving cost to income ratio going forward. A key focus is greater collaboration across our businesses and geographies and we will to continue to drive our high tech, high touch offering.

Q *How do you incorporate climate, environmental, and social risk considerations into your business?*

Within our own operations, the move of our head office in London to new premises gave us the opportunity to incorporate a number of environmental initiatives to manage and reduce our footprint. We also implemented an agile working environment and added various well-being offerings for our staff. We continue to make progress with our diversity and gender targets and post year-end, we were proud to announce the appointment of our first female CEO of Investec Bank plc and head of the UK specialist Bank (subject to regulatory approval). From a community perspective, we continued to invest in core projects, supporting an additional 113 Arrival Education learners and advising 119 entrepreneurs through our partnership with Bromley by Bow through their Beyond Business programme.

During the year, we strengthened our climate change statement to support the transition to a low-carbon economy. Furthermore, our businesses are continually looking for innovative opportunities to impact society and the environment. At the beginning of 2019, we co-hosted a seminar with Engenie and Renewable UK to discuss the challenges and opportunities around electric vehicles and the opportunity to reduce air pollution in the city. As part of our commitment, the bank has provided capital investment to Engenie to reach their target of 1 500 rapid chargers across the UK.

Our 2019 corporate sustainability and ESG supplementary report provides further detail on the Sustainable Development Goals and the many initiatives we are supporting or funding.

Q *What is your outlook for the coming financial year?*

We expect market volatility to persist and confidence to remain subdued as Brexit uncertainty continues into the coming financial year. We will remain cautious in the current economic environment and disciplined when deploying capital. With legacy losses largely behind us, our focus is on building further scale in our core franchises and growing our recurring income. We are confident that we can deliver solid growth and achieve our financial targets in the short- to medium-term.

Q&A

Richard Wainwright

Geographical business leader **Southern Africa**

How has the operating environment impacted your business over the past financial year?

The South African operating environment has been challenging in the period under review. Growth in lending activities has slowed given the subdued business and economic outlook, putting pressure on certain sectors. High levels of volatility, subdued credit extension, low market volumes and clients facing a difficult trading environment all impacted the business. The transactional banking environment is more competitive with new and potential new entrants and continued innovation by traditional competitors.

Despite these factors, business has shown good growth largely due to lending book growth in the prior year, a greater number of clients seeking international exposure which remains a strategic advantage for us and clients holding on to cash in these uncertain times.

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

We continued to focus on diversifying revenues, expanding our value proposition, deepening client relationships and engagement. Key developments over the year include:

- Team established to oversee our principal investments with a clearly defined strategy that is within our risk appetite framework
- Integrating our import solutions and trade finance businesses and launching Investec for Business as a specific segment to target smaller to mid-tier companies;
- Launching a corporate transactional business banking platform, aimed largely at mid-tier companies;
- Implementing a targeted Young Professionals strategy to expand our client base
- Gaining traction in our Life business as we continue to build out the platform
- Building on our investment and funds platforms
- Growing the Investec retail deposit funding channels
- Received regulatory approval to adopt the Foundation Internal Ratings Based (FIRB) approach to calculating regulatory capital, effective 1 April 2019
- We were recognised by the Financial Times of London as the best Private Bank and Wealth Manager in South Africa for the sixth year running.

What are your strategic objectives in the coming financial year?

Our strategic priorities over the next two to three years are aligned to the group's stated objectives at our recent Capital Markets Day;

- Continued focus on capital allocation in order to optimise returns. We have implemented a strategic shift in our approach to private equity investments, moving away from large direct investments to a more disciplined client centric approach
- Further diversification of our revenue base by building new sources of revenue through a number of initiated growth strategies including Investec Life, Investec for Business, corporate and business transactional banking, fund platforms and targeted Private Banking Young Professionals strategy
- Continue to optimise our funding by growing our retail deposit channels
- Improved management of the cost base, with increased focus and benefits to be gained through simplicity, automation, operational leverage and containing headcount growth
- Throughout the business model, we will continue to invest in our digital and technology platforms in order to remain competitive and to deliver on our high-touch, high-tech value proposition to both corporate and private clients.
- Continue to enhance collaboration with the rest of the group.

How do you incorporate climate, environmental, and social risk considerations into your business?

We have a long history of supporting our communities and transforming our society in South Africa with a specific focus on education and learnership opportunities. Our flagship programme Promaths contributed 5% of South Africa's total national distinctions in both mathematics and science in the past year and we funded 173 high school and university bursaries (2018: 157). We were also one of the first signatories to the Youth Empowerment Services (YES) initiative in South Africa and placed more than 1 200 youth with 11 partners during the year. In line with our commitment to transform our society, diversity and inclusion remains a core focus internally and by the end of the financial year, females made up 55.0% of our workforce in Southern Africa (2018: 54.9%).

Operationally, we have implemented a number of initiatives to reduce our own carbon footprint by 1.7% in Southern Africa despite a headcount increase of 3.2% for the same period. We also strengthened our policies around ESG and our commitment to support the transition to a clean and energy-efficient global economy. We were proud to have participated in the launch of Kathu Solar Plant which is the largest concentrated solar power plant in South Africa. The plant created 1 700 employment opportunities, provides 179 000 households with electricity and will save six million tonnes of CO_2 emissions over a 20 year period. We were also proud to partner with UK Climate Investments committing a combined R1 billion to a dedicated renewable energy investment vehicle, Revego Africa Energy. Revego Fund Managers (RFM), a newly incorporated black-owned and managed fund manager, will be responsible for managing Revego's investments in operating renewable energy projects in South Africa and other sub-Saharan African countries.

Our 2019 corporate sustainability and ESG supplementary report provides further detail on the Sustainable Development Goals and the many initiatives we are supporting or funding.

What is your outlook for the coming financial year?

The interplay between South Africa's political dynamics and the economy has fostered an operating environment marked by low business and consumer confidence. Going forward, the challenge for the Ramaphosa administration will be striking the optimal balance between reforms and fiscal consolidation. The focus on business-friendly policies is likely to be reinforced in order to stimulate the economy, however we remain cautious as the operating environment could remain challenging for business.

Notwithstanding the backdrop, we remain committed to maintaining discipline around the allocation of our capital and generating increased returns to shareholders. We will continue to roll out new initiatives as we diversify our revenue streams. Our sustainable level of recurring income, together with our resilient client base, will continue to support reasonable levels of client activity.

4

RISK MANAGEMENT AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Group risk management objectives are to:

- Ensure adherence to our risk management culture
- Ensure the business operates within the board-approved risk appetite
- Support the long-term sustainability of the group by providing an established, independent framework for identifying, evaluating, monitoring and mitigating risk with good customer outcomes
- 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.
- Maintain compliance in relation to regulatory requirements

Overview of disclosure requirements

Risk disclosures provided in line with the requirements of International Financial Reporting Standard 7 Financial Instruments: Disclosures (IFRS 7) and disclosures on capital required by International Accounting Standard 1 Presentation of Financial Statements (IAS 1) are included on pages 10 to 91 of volume two of the Investec group's 2019 integrated annual report, with further disclosures provided in volume three of the Investec group's 2019 integrated annual report. Where applicable, throughout the risk disclosures, comparative information is reported under IFRS 9 at 1 April 2018. 31 March 2018 information can be found on pages 151 to 157 of volume three of the Investec group's 2019 integrated annual report, where it has been presented on a IAS 39 basis and not restated as permitted under IFRS 9.

All sections, paragraphs, tables and graphs on which an audit opinion is expressed are marked as audited.

We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers of the financial statements. Where applicable, definitions can be found in the definitions section of this report.

Information provided in this section of the integrated annual report is prepared on an Investec DLC consolidated basis (i.e. incorporating the results of Investec plc and Investec Limited), unless otherwise stated.

The group also publishes risk information for its 'silo' entity holding companies and its significant banking subsidiaries on a consolidated basis. This information is contained in the respective annual financial statements for those respective entities.

Furthermore, the group publishes separate Pillar III disclosure reports for Investec Limited, Investec plc, Investec Bank Limited and Investec Bank plc as required in terms of Regulation 43 of the regulations relating to banks in Southern Africa and Part 8 of the Capital Requirements Regulation pertaining to banks in the UK.

Statement from the joint CEOs

Philosophy and approach to risk management

The DLC board risk and capital committee (DLC BRCC) (comprising both executive and non-executive directors) meet at least six times per annum and approve the overall risk appetite for the Investec group. The group's risk appetite statements set 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, monitoring, mitigating and reporting the risks associated with each of our businesses to ensure the risk remain within the stated risk appetite.

Risk awareness, control and compliance are embedded in all our day-to-day activities. As fundamental to our values, we have a strong and embedded risk and capital management culture.

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 Southern Africa and smaller risk divisions in other regions tasked with promoting sound risk management practices.

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

We believe that the risk management systems and processes we have in place are adequate to support the group's strategy (as explained on page 7) and allow the group to operate within its risk appetite tolerance as set out on page 84.

This volume of our integrated annual report explains in detail our approach to managing our business within our risk appetite tolerance, across all principal aspects of risk.

A summary of the year in review from a risk perspective

Our executive management are integrally involved in ensuring stringent management of risk, liquidity, capital and conduct through our risk appetite framework which continues to be assessed in light of prevailing market conditions and group strategy. The primary aim is to achieve a suitable balance between risk and reward in our business. Although the macro-environment continues to present challenges, the group was able to maintain sound asset performance and risk metrics throughout the year in review. Our risk appetite framework is set out on page 84.

As announced on 14 September 2018 following a strategic review, the group made a decision to demerge and separately list the Investec Asset Management business. The demerger and separate listing of Investec Asset Management is subject to regulatory and shareholder approvals, and is expected to be completed in the second half of 2019.

Succession of the group's executive management team has been an ongoing focus area for the board where a number of processes have been implemented to ensure an orderly management succession process. Leadership and talent development remain high priority areas for the board and management of the group.

As part of the group's orderly succession plan to move from founding members to the next generation of leadership, a number of board and management changes have been announced. The process has been well managed and there has been no negative impact on the group's operations.

IFRS 9 became effective from 1 April 2018. IFRS 9 replaced IAS 39 and sets out the new requirements for the recognition and measurement of financial instruments. These requirements focus primarily on the classification and measurement of financial instruments and measurement of impairment losses based on an expected credit loss (ECL) model. The measurement of ECL under IFRS 9 has increased complexity and reliance on expert credit judgements. Key judgemental areas under the implementation of IFRS 9 are highlighted in this document and are subject to robust governance processes. Investec plc confirmed to the Prudential Regulatory Authority (PRA) and Investec Limited confirmed to the South African Prudential Authority that each will use the transitional arrangements to absorb the full impact permissible of IFRS 9 in regulatory capital calculations.

In the year under review, the UK continued to negotiate the terms under which it would leave the European Union (EU). Certain areas of the UK economy are signalling signs of pressure, particularly in sectors reliant on discretionary spend. In the second half, Brexit uncertainty has dominated and we have seen reduced levels of mid-market M&A and equity capital markets activity and a reluctance from clients to commit to longer term decisions. We are able to adjust our risk appetite and closely monitor any new lending in areas that may come under pressure in the medium-term. We are closely monitoring political developments with respect to Brexit and have continued to evaluate any changes we may need to make to adapt to the new legal and regulatory landscape that emerges.

In February 2019, Investec Bank plc's long-term deposit rating was upgraded by Moody's to A1 (stable outlook) and Investec plc's ratings were affirmed at Baa1 (stable outlook) while taking into account the proposed Investec Asset Management demerger. In August 2018, Investec Bank plc's long-term deposit rating was affirmed by Fitch at BBB+ however in March 2019 Fitch placed Investec Bank plc along with nineteen other UK banks Rating outlooks on Rating Watch Negative following Fitch's decision to place the UK sovereign (AA) on Rating Watch Negative, as a result of heightened uncertainty over the outcome of the Brexit process, and an increased risk of a disruptive 'no-deal' Brexit.

In South Africa, there was continued uncertainty in the economic environment for the better part of 2018, following the initial optimism following the ascension of Cyril Ramaphosa to the African National Congress (ANC) Presidency. The challenges facing state owned enterprises (SOEs) and the realities of state capture came to the fore. Risks to the fiscus emanating from SOEs continued to pose major risks. On the global front, trade tensions, slowing economic growth and Brexit uncertainty started becoming a prominent feature of the local economic environment which transitioned us from risk-on sentiment.

Investec Limited and Investec Bank Limited's ratings continued to track rating adjustments to the South African sovereign rating during the course of the year. The bank's national long-term ratings remain sound at Aa1.za from Moody's, AA(zaf) from Fitch and za.AA+ from Standard & Poor's.

The group's net core loan growth since 1 April 2018 in home currencies was 6.6% in South Africa and 10.0% in the UK. Growth in net core loans has been well diversified across the residential owner-occupied mortgage portfolio, private client and corporate client lending portfolios as well as selective lending collateralised by property, with loan to values at conservative levels.

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 with credit risk taken over a short to medium term.

Our focus over the past few years to realign and rebalance our portfolios in line with our risk appetite framework is reflected in the movements in asset classes on our balance sheet; showing an increase in private client lending, mortgages and corporate and other lending, and a reduction in lending collateralised by property as a proportion of net core loans. Our net core loan exposures remain well diversified with commercial rent producing property loans comprising approximately 12% of net core loans, other lending collateralised by property 5%, high net worth and private client lending 39% and corporate lending 44% (with most industry concentrations well below 5%).

In South Africa, underlying core assets continue to perform well. There was growth in net core loans of 6.6% to R271.2 billion (1 April 2018: R254.4 billion) with high net worth and specialised lending and corporate portfolios representing the majority of the growth for the financial year in review. We have observed a small percentage increase in our Stage 2 and Stage 3 exposures. Stage 2 exposure amounted to R10.8 billion or 4.0% of gross core loan and advances subject to ECL as at 31 March 2019 (1 April 2018: R9.5 billion or 3.7%). Stage 3 exposure amounted to R3.8 billion or 1.4% of gross core loan and advances subject to ECL as at 31 March 2019 (1 April 2018: R2.9 billion or 1.1%). The credit loss ratio amounted to 0.28% (31 March 2018: 0.28%) remaining at the lower end of its long term average range.

In the UK, asset quality continues to reflect the solid performance of net core loans. The credit loss ratio reduced to a normalised level of 0.38% (31 March 2018: 1.14%) following the removal of the legacy drag. Stage 3 in the ongoing book (excluding Legacy) totalled £149 million or 1.5% of gross core loans subject to ECL at 31 March 2019 reduced from 2.6% at 1 April 2018. Stage 3 (including Legacy and Ongoing) totalled £319 million at 31 March 2019 (3.2% of gross core loans subject to ECL) significantly reduced from £564 million at 1 April 2018 (6.3% of gross core loans subject to ECL) largely due to a number of exits in the legacy portfolio. Stage 3 exposures are well covered by ECLs. Legacy exposures have reduced by 49% since 1 April 2018 to £131 million (net of ECL) at 31 March 2019. These assets are substantially impaired and are largely reported under Stage 3.

Overall Stage 3 net of ECL remains at a manageable level, amounting to 5.4% and 12.8% of our common equity tier 1 capital in Investec Limited and Investec plc respectively, with total ECL impairment charges amounting to 9.1% of the group's pre-provision operating profit. The percentage of Stage 3 loans (net of ECL but before taking collateral into account) to net core loans and advances subject to ECL amounted to 1.3% (1 April 2018: 2.0%). The ratio of collateral to Stage 3 loans (net of ECL) remains satisfactory at 1.22 times (1 April 2018: 1.32 times).

There has been a good performance in the UK investment portfolio, however this has been offset by a weaker performance in Hong Kong portfolio which we are in the process of exiting. South Africa delivered a sound performance. Overall, we remain comfortable with the performance of our investment and equity risk exposures which comprise 3.89% of total assets.

Market risk within our trading portfolio remains modest with value at risk and stress testing scenarios remaining at prudent levels. Proprietary risk is limited. During the year in review, customer-flow sales and trade revenues were impacted by lower client activity in the UK due to uncertainty around Brexit and range-bound foreign exchange markets.

We remain highly focused on conduct, reputational, operational, recovery and resolution risks. Financial and cyber crime are high priorities, and the group continually aims to strengthen its systems and controls in order to manage cyber risk as well as meet its regulatory obligations to combat money laundering, fraud and corruption.

The group has continued to maintain a sound balance sheet with a low gearing ratio of 9.4 times and a core loans to equity ratio of 4.8 times. Our current leverage ratios for Investec Limited and Investec plc are at 7.6% and 7.9% respectively, ahead of the group's minimum 6% target level.

We have always held capital well in excess of regulatory requirements and we intend to perpetuate this philosophy. There was positive capital generation and risk-weighted assets (RWA) remained measured. We maintain a group target common equity tier 1 ratio in excess of 10% which is currently considered appropriate for our businesses and given our sound leverage ratios and significant capital light revenues. Investec plc's common equity tier 1 ratio is at 10.8% at 31 March 2019 and Investec Limited's improved to 10.5%, both ahead of our group CET 1 target and in excess of regulatory minimums.

In South Africa, the bank has received regulatory permission to adopt the Foundation Internal Ratings Based (FIRB) approach, effective 1 April 2019, resulting in a pro-forma CET 1 ratio of 12.5% had the FIRB approach been applied as of 31 March 2019.

In January 2019, the Bank of England (BoE) re-confirmed the preferred resolution strategy for Investec Bank plc as the bank insolvency (special administration) procedure under the Investment Bank Special Administration Regulations 2011 – otherwise known as 'modified insolvency'. As the resolution strategy is 'modified insolvency', the BoE has therefore set Investec Bank plc's minimum requirement for own funds and eligible liabilities (MREL) requirement as equal to its regulatory capital requirements.

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 £13.3 billion at year end, representing 42.4% of customer deposits.

In the UK, a strong liquidity position has continued to be maintained throughout the year primarily supported by growth in fixed term and notice retail customer deposits. Cash and near cash balances amounted to £7.0 billion at 31 March 2019 up from £5.8 billion at 31 March 2018. Following the UK's decision to leave the European Union, the UK bank will no longer be able to access deposits from European clients sourced through its Irish branch. The strong liquidity position supports asset growth as well as facilitating the repayment of the Irish deposits ahead of the UK's expected departure. Overall funding costs have continued to decline. For Investec plc and Investec Bank plc (solo basis) the Liquidity Coverage Ratio (LCR) is calculated using our own interpretations of the EU Delegated Act. The LCR reported to the PRA at 31 March 2019 was 313% for Investec plc and 291% for Investec Bank plc (solo basis). Ahead of the implementation of the final Net Stable Funding Ratio (NSFR) rules, the group has applied its own interpretations of regulatory guidance and definitions from the BCBS final guidelines to calculate the NSFR which was 128% for Investec plc and 126% for Investec Bank plc (solo basis). The reported NSFR and LCR may change over time with regulatory developments and guidance.

In South Africa, the bank comfortably exceeds regulatory liquidity requirements for the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). Investec Bank Limited (solo basis) ended the period to 31 March 2019 with the three-month average of its LCR at 135.6% (31 March 2018: 133.9%). The structural funding ratio represented by the NSFR was adopted officially as a regulatory measure from 1 January 2019 with a minimum of 100%. Investec Bank Limited delivered an NSFR of 115.6% for the period under review. We continue to improve balance sheet efficiency by improving our wholesale and retail funding channels and mix. Our funding channels are characterised by their well-diversified structures and we believe we are able to deal with any disruptions the economy may encounter throughout the year.

The appointment of Mr Cyril Ramaphosa as president along with his cabinet, is seen as a positive development for South Africa, following on from the recent African National Congress (ANC) ruling party majority win in the 2019 Elections.

The group'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 are developed and assessed. These Investec specific stress scenarios form an integral part of our capital planning process and IFRS 9 macro-economic scenarios. 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 proactively identify underlying risks and manage them accordingly.

During the year, a number of stress scenarios were considered and incorporated into our processes. These included, for example, the impact of a global shock resulting in an asset price correction and corporate stress; and a potential UK domestic shock with a prolonged period of weak investment and growth.

The board, through its respective 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 106 to 108.

Conclusion

The group has achieved a good operating performance, supported by low levels of impairments, sound levels of client activity and a solid recurring income base. We are comfortable that we have well established risk management processes and systems in place. Whilst Brexit and political uncertainty remain, the underlying book continues to perform well and in line with our risk appetite tolerance.

Signed on behalf of the board

Fani Titi **Hendrik du Toit**
Joint CEOs

13 June 2019

Salient features

A summary of key risk indicators are provided in the tables below.

	UK and Other		Southern Africa		Investec group	
Year to 31 March	**2019 £**	2018 £	**2019 R**	2018 R	**2019 £**	2018 £
Net core loans and advances (million)	10 514	9 687	271 204	256 702	24 941	25 132
Total assets (excluding assurance assets) (million)	22 565	20 547	507 192	476 639	49 507	49 129
Total risk-weighted assets (million)	15 313	14 411	361 750	338 484	34 557^	34 777^
Total equity (million)	2 285	2 341	55 616	51 279	5 251	5 428
Cash and near cash (million)	6 991	5 813	118 365	116 533	13 288	12 825
Customer accounts (deposits) (million)	13 137	11 624	341 578	321 823	31 307	30 987
Loans and advances to customers to customer deposits	80.0%	83.2%	77.2%	77.4%	78.4%	79.6%
Structured credit as a % of total assets*	2.08%	1.34%	0.32%	0.24%	1.12%	0.70%
Banking book investment and equity risk exposures as a % of total assets*	2.58%	2.98%	4.99%	4.87%	3.89%	4.07%
Traded market risk: one-day value at risk (million)	0.4	0.5	3.8	3.4	n/a	n/a
Core loans to equity ratio	4.6x	4.1x	4.9x	5.0x	4.8x	4.6x
Total gearing ratio^^	9.9x	8.8x	9.1x	9.3x	9.4x	9.1x
Return on average assets#	0.93%	0.71%	1.16%	1.28%	1.05%	1.03%
Return on average risk-weighted assets#	1.36%	1.00%	1.64%	1.79%	1.50%	1.45%

	31 March 2019 £	1 April 2018 £	**31 March 2019 R**	1 April 2018 R	**31 March 2019 £**	1 April 2018 £
Stage 3 exposure as a % of gross core loans and advances subject to ECL	3.2%	6.3%	1.4%	1.1%	2.1%	3.0%
Stage 3 exposure net of ECL as a % of net core loans and advances subject to ECL	2.2%	4.3%	0.8%	0.7%	1.3%	2.0%
Credit loss ratio**	0.38%	1.14%	0.28%	0.28%	0.31%	0.61%
Level 3 (fair value assets) as a % of total assets*	8.37%	9.74%	1.49%	0.96%	4.63%	4.64%
Total capital adequacy ratio##	15.7%	15.0%	14.9%	14.5%	n/a	n/a
Tier 1 ratio##	12.6%	12.4%	11.2%	10.8%	n/a	n/a
Common equity tier 1 ratio##	10.8%	10.5%	10.5%	10.0%	n/a	n/a
Leverage ratio – current##	7.9%	8.3%	7.6%	7.4%	n/a	n/a

* *Total assets excluding assurance assets.*
** *ECL impairment charges on gross core loans and advances as a % of average gross core loans and advances subject to ECL. Credit loss ratio comparatives are as at 31 March 2018 (under IAS 39)*
^ *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 adjusted earnings attributable to ordinary shareholders, as defined on the definitions page. Average balances are calculated on a straight-line average.*
\## *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 charges and dividends when calculating the CET 1 ratio as required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of this deduction totalling £63 million for Investec plc and £19 million for Investec Bank plc would lower the CET 1 ratio by 41bps and 13bps respectively. The reported ratios are calculated applying the IFRS 9 transitional arrangements.*

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.

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 risk appetite statements and frameworks for Investec plc and Investec Limited set out the board's mandated risk appetite. The risk appetite frameworks act as a guide to determine the acceptable risk profile of the group. The risk appetite statements ensure that limits/targets are applied and monitored across all key operating jurisdictions and legal entities. The risk appetite statements are high-level, strategic frameworks that supplement and do not replace the detailed risk policy documents at each entity and geographic level. The risk appetite frameworks are 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 risk appetite frameworks are 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 DLC BRCC and the board.

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

Risk appetite and tolerance metrics	*Positioning at 31 March 2019*
We seek to maintain an appropriate balance between revenue earned from capital light and capital intensive activities. Ideally capital light revenue should exceed 50% of total operating income, dependent on prevailing market conditions	Capital light activities contributed 56% to total operating income and capital intensive activities contributed 44%
We have a solid annuity income base supported by diversified revenue streams, and target an annuity income ratio in excess of 65%	Annuity income amounted to 76.9% of total operating income.
We seek to maintain strict control over fixed costs. For the 2019 financial year the group had a cost income ratio target of below 65%	The cost to income ratio amounted to 69.9%. Refer to page 35 for further information
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 12.9% and our return on risk-weighted assets amounted to 1.50%. Refer to page 52 for further information
We are a lowly leveraged firm and target a leverage ratio in all our banking subsidiaries in excess of 6%	The current leverage ratios were 7.9% and 7.6% for Investec plc and Investec Limited respectively; refer to page 58 for further information
We intend to maintain a sufficient level of capital to satisfy regulatory requirements and our internal target ratios. We target a total 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% and a common equity tier 1 ratio above 10%	Investec plc and Investec Limited met all these targets. Capital has grown over the period. Refer to page 58 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 £120 million or 7.3% of CET 1 (unless specifically supported by the relevant board committee) for Investec plc and 5% of tier 1 capital for Investec Limited (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. Southern 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	Refer to page 17 of volume two of the Investec group's 2019 integrated annual report for further information
We target a credit loss ratio of less than 0.5% for both Investec plc and Investec Limited. Stage 3 net of ECL as a % of net core loans and advances subject to ECL to be less than 2% (excluding legacy) and less than 2% for Investec plc and Investec Limited respectively. Investec plc targets Stage 3 net of ECL as a % of CET1 less than 25%	We currently remain within all tolerance levels. The group credit loss ratio amounted to 0.31%. Stage 3 net of ECL as a % net core loans and advances subject to ECL was 1.2% for Investec plc (excluding the legacy portfolio) and 0.8% for Investec Limited. Stage 3 net of ECL as a % of CET 1 is 12.8% for Investec plc. Refer to page 34 of volume two of the Investec group's 2019 integrated annual report for further information
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 £13.3 billion at year end representing 42.4% of customer deposits. Refer to page 61 of volume two of the Investec group's 2019 integrated annual report for further information
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 met these internal limits; one-day 95% VaR was £0.4 million for Investec plc and R3.8 million for Investec Limited at 31 March 2019; refer to page 53 of volume two of the Investec group's 2019 integrated annual report for further information
We have moderate appetite for investment risk, and set a risk tolerance of less than 32.5% of common equity tier 1 capital for our unlisted principal investment portfolio for Investec plc. For Investec Limited, a risk tolerance of less than 12.5% has been set, excluding the group's holding in the IEP Group Proprietary Limited (IEP Group)	Our unlisted investment portfolios amounted to R4 144 million and £472 million for Investec Limited (excluding the IEP group) and Investec plc respectively, representing 10.2% of total tier 1 for Investec Limited and 28.6% of common equity tier 1 for Investec plc. Refer to page 49 of volume two of the Investec group's 2019 integrated annual report for further information
Our operational risk management teams focus on appropriately identifying and managing operational risk within acceptable levels by adopting sound operational risk practices that are fit for purpose. We have heightened focus on financial and cyber crime	Refer to pages 69 to 73 of volume two of the Investec group's 2019 integrated annual report for further information
We have a number of policies and practices in place to mitigate reputational, legal and conduct risks	Refer to pages 73 and 75 of volume two of the Investec group's 2019 integrated annual report for further information

We are not all things to all people: we serve select niches where we can compete effectively

Chairman's introduction

Dear Shareholder

I am pleased to present the annual corporate governance report for the year ended 31 March 2019. The report details our approach to corporate governance in practice, how we operate and our key activities during the year, together with information on the annual board evaluation process. For the purpose of this report, the boards of Investec plc and Investec Limited will be referred to as the board.

The operating environment remained challenging over the period. Against this backdrop, the group's adjusted operating profit is ahead of the prior year. The combined Bank and Wealth business and the Asset Management business have reported results ahead of the prior year.

The group has built a diversified portfolio of businesses over many years creating a solid platform, and is well positioned in its core markets. During the current year the group has seen a smooth transition in management succession from a founder led business to the next generation of leadership.

As part of management succession, the board, with the support of the executive team, conducted a comprehensive strategic review of the group to ensure that it remains well positioned to serve the long-term interests of all stakeholders. Through the strategic review, the board concluded that while there are compelling current and potential linkages between the Banking business and the Wealth business, which operate in common geographic and client segments, there are limited synergies between the Asset Management business and the rest of the group. After considering a full range of options, the board concluded that a demerger and separate listing of Investec Asset Management would create simplicity and allow the businesses to have a sharper focus on their respective growth trajectories which should result in improved resource allocation, better operational performance and higher long-term growth.

Before looking in more detail at the key aspects of our governance, I would like to reflect on the board's achievements and the challenges encountered over the past year, in addition to the key focus areas for the year ahead.

The past year in focus

Strategy

The group remains driven by our founders' entrepreneurial spirit and commercial integrity, we have built a reputation for forging strong, open and long-standing partnerships with our clients. Investec's culture and values continue to underpin the organisation in achieving its strategic objectives. The board remains committed to long term stakeholder value creation. The group's priorities which arose from the board's comprehensive strategic review are to simplify, focus and grow with discipline. We are confident that focus on these strategic objectives will lead to sustainable enhanced stakeholder returns.

Board composition

The board, working closely with the DLC Nominations and Directors' Affairs Committee (DLC Nomdac), continues to drive and monitor succession planning. The succession of the group's long-serving executive management has been a key focus area for the board with the group's initial announcement in this regard made in November 2015. Since the previous annual report, the following changes have been affected in respect of the board:

- Stephen Koseff and Bernard Kantor stepped down from their roles of chief executive officer (CEO) and managing director (MD) of the group, respectively, on 1 October 2018. Stephen and Bernard will not stand for re-election at the 2019 annual general meeting. They will continue to actively oversee the proposed demerger and separate listing of Investec Asset Management until its completion.
- Fani Titi and Hendrik du Toit were appointed as designated joint group chief executive officers (CEOs) from 15 May 2018 until 30 September 2018. Fani and Hendrik assumed their roles as joint CEOs of the group on 1 October 2018. Following the demerger of Investec Asset Management from the group, Hendrik will step down from the board to focus his efforts on the demerged Asset Management business.
- Glynn Burger stepped down from the board on 31 March 2019. The board would like to thank Glynn for his exemplary service, dedication and commitment to the group over the last 38 years and wish him well with his future endeavours.
- Nishlan Samujh, formerly the chief finance officer (CFO) of the group, was appointed as group finance director (FD) and an executive director of the board with effect from 1 April 2019.
- Kim McFarland, FD of Investec Asset Management was appointed as an executive director on 1 October 2018. Subsequent to the demerger of Investec Asset Management from the group, Kim will step down from the board to focus her efforts on the demerged Asset Management business.

- Cheryl Carolus, a non-executive director of the group since 18 March 2005, will not stand for re-election at the annual general meeting in August 2019. The board is grateful to Cheryl for her commitment and contribution to the board over the past fourteen years and wish her well with her future endeavours.
- Laurel Bowden, a non-executive director of the group since 1 January 2015 will also not stand for re-election at the annual general meeting in August 2019. The board would like to thank Laurel for her dedication and contributions to the group over the years.

Diversity

The group strives to prevent and eliminate any form of discrimination based on gender, race, ethnicity, religion, age, disability, sexual preference, political opinion, sensitive medical conditions, nationality or country of origin. We are committed to attracting, developing and retaining a diverse team of talented people and our recruitment strategies prioritise previously disadvantaged candidates, where possible. A diverse workforce is vital to our ability to continue to be an innovative organisation that can adapt and prosper in a fast-changing world. We have various formal and informal processes to encourage debate and dialogue valuing diversity and difference across the group.

During the year the board approved a board diversity policy, setting out the targets for board composition in terms of gender and race. The board, cognisant of the Hampton-Alexander Review, set a target of 33% female representation on the board by 2020, and as at 31 March 2019, we are pleased to report that there was a 25% representation of women on the board. The group has also signed up to the Women in Finance Charter in the UK, pledging to promote gender diversity by having a senior executive team member responsible and accountable for gender diversity and inclusion, setting internal targets for gender diversity at senior management levels, publishing progress annually against these targets, and linking the pay of senior executives to delivery against these gender diversity targets. We are also a member of the 30% club in South Africa and the UK.

The board was mindful of all aspects of diversity when considering the recruitment of two additional independent non-executive directors to the board. Following a comprehensive search, the DLC Nomdac recommended the appointment of two additional female independent non-executive directors. The appointments are subject to finalisation.

In addition, during the year, the group reported on its gender pay gap. We are confident that across our organisation men and women are paid equally for doing the same job. Our gender pay gap occurs primarily because there is a lower proportion of women in senior leadership and revenue-generating roles which attract higher market levels of pay. We are dedicated to improving our position in line with our commitment to further promote diversity.

Corporate governance

Sound corporate governance is implicit in Investec's values, culture, processes, functions and organisational structure. Our values require that directors and employees behave with integrity, displaying consistent and uncompromised moral strength in order to promote and maintain trust. We demand cast-iron integrity in all internal and external dealings and an uncompromising display of moral strength and behaviour. We believe that open and honest dialogue is the appropriate process to test decisions, reach consensus and accept responsibility. We have adopted a multi-dimensional approach involving everyone in the organisation which incorporates challenge at every level as a defence mechanism against corruption and fraud. Creating fraud and ethics awareness throughout the organisation assists in influencing ethical behaviour.

During the year under review, in line with discussions with our regulators, work was done to further develop the governance processes of the group, with the enhancement of the independent governance structures for Investec Bank Limited (IBL) and Investec Bank plc (IBP), including the establishment of a standalone Audit Committee and Board Risk and Capital Committee for IBL and the creation of a standalone Board Risk and Capital Committee and Remuneration Committee for IBP.

For the financial year ended 31 March 2019, the group applied and was compliant with the UK Corporate Governance Code 2016 and King IV Code. The board, in preparation for the group's adoption of the UK Corporate Governance Code 2018, has reviewed its corporate governance framework and considered our approach to workforce engagement. We will report on our application of the UK Corporate Governance Code 2018 in next year's annual report.

Board effectiveness

The board regularly reviews its own effectiveness and therefore undertakes an evaluation of its performance and that of its committees and individual directors annually. In accordance with the three-year cycle, the 2018 board effectiveness review was conducted by an external independent facilitator, Professor Robert Goffee, from the London School of Business.

Overall the board members were found to be satisfied with various aspects of board governance and functioning. The board effectiveness review identified that there had been an improvement to board governance and functioning, in comparison with the previous externally facilitated effectiveness review, which had been conducted by Professor Robert Goffee in 2015. Further details regarding the 2018 board effectiveness review may be found in the DLC Nomdac report on page 128 of volume one of Investec group's 2019 integrated annual report.

Stakeholder engagement

The board oversees and monitors, on an ongoing basis, how the consequences of our organisation's activities and outputs affect its status as a responsible corporate citizen. This oversight and monitoring are performed against measures and targets agreed with management regarding the workplace, economy, society and environment. Our groupwide philosophy seeks to maintain an appropriate balance between the interests of all 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.

During the past year, the board has continued its shareholder consultations. The primary focus of these consultations was the outcome of the group's strategic review and management succession planning. These consultations also provided an opportunity to discuss governance and business strategy more broadly with shareholders, with the dialogue centred on the composition of the board and the proposed demerger and separate listing of Investec Asset Management.

The group hosted Capital Markets Days (CMDs) for the Asset Management business and the Bank and Wealth business in November 2018 and February 2019 respectively. Both CMDs were successful in reaffirming the businesses' positioning and communicating the respective strategies. The Bank and Wealth CMD also provided an opportunity to highlight some of the key initiatives underway to enhance returns and to set out the new short- to medium-term targets for the Bank and Wealth business. Asset Management will host a further CMD in the coming months to provide further insight into its strategic focus and growth potential as a standalone business.

The year ahead

In the coming year, a key focus for the board will be the proposed demerger and separate listing of Investec Asset Management, which is expected to occur during the 2020 financial year. Following the demerger, the board, with the assistance of the DLC Nomdac, will undertake a review of the composition of the board, to ensure that it remains appropriate for the group, and that the members of the board have the necessary skills, knowledge and experience required to conduct the affairs of the group. This will be in addition to the consideration of the governance structure of the refreshed group, and the governance structures of the group's core Bank and Wealth subsidiaries.

As per the CMD in February 2019 there will be an increased focus on performance and improvement on the return on equity (ROE) of the group's Bank and Wealth business.

Conclusion

The careful selection of people, their ongoing development and uncompromising commitment to our stated values will continue to be a distinctive characteristic of Investec's culture and drive.

We will continue to integrate social, ethical and environmental considerations into day-to-day operations and our sustainability approach is based on the integration of people, planet and profit.

Over the following pages, you will find more detail on the group's governance framework, including who the board and management are, how they make decisions and what they have done over the past year in terms of their leadership, strategic direction, and oversight of the organisation. We trust that this report, together with the group's 2019 integrated report and financial statements, will provide you with an overview of how we are managing the group and promoting the interests of all our stakeholders.

Perry Crosthwaite
Chairman

13 June 2019

Who we are

Director biographies

Biographies of our current and former directors during the year are outlined below, including their relevant skills and experience, other principal appointments and any appointments to board committees for the year under review.

Zarina BM Bassa

Senior independent non-executive director (SID)

Age: 55

Qualifications: *BAcc, DipAcc, CA(SA)*

Relevant skills and experience
Zarina is a former partner of Ernst & Young Inc. She joined the Absa Group in 2002 and was an executive director of Absa Bank, a member of the group's executive committee, and Head of the Private Bank. She has previously chaired the South African Public Accountants' and Auditors' Board and the South African Auditing Standards Board and has been a member of the Accounting Standards Board and the JSE GAAP Monitoring Panel. Zarina has previously served as a non-executive director at several companies including Kumba Iron Ore Limited, Sun International Limited, Vodacom South Africa and the Financial Services Board. Zarina was appointed as the senior independent non-executive director of Investec plc and Investec Limited on 1 April 2018

Other principal appointments
Oceana Group Limited, YeboYethu Limited, Woolworths Holdings Limited, the JSE Limited, IBL, IBP, Investec Life Limited and Investec Bank (Mauritius) Limited

Committees
DLC Audit Committee (chair), DLC BRCC, DLC Nomdac and DLC Remco

Date of appointment
Investec Limited 1 November 2014
Investec plc 1 November 2014

*Laurel C Bowden**

Independent non-executive director

Age: 54

Qualifications: *MBA (INSEAD), BSc Electronic Engineering, HND Eng*

Relevant skills and experience
Laurel is a founding partner at 83 North, (a private equity business), where her areas of focus include e-commerce, enterprise software and fintech. Laurel has over 15 years of investment experience and has led investments in many leading European technology companies, including Just Eat, iZettle (acquired by PayPal), Qliktech and Hybris (acquired by SAP). She was previously a director at GE Capital in London

Other principal appointments
83 North UK LLP, Bluevine Capital Inc, Wolt Oy, Ebury Partners Ltd, Celonis SE, Mirakl SAS, Treasury Intelligence Solutions GmbH, MotorK Ltd and Workable Technology Ltd (in relation to the majority of these companies, Laurel serves on the board as a representative of 83 North)

Committees
DLC Audit Committee

Date of appointment
Investec Limited 1 January 2015
Investec plc 1 January 2015

* *LC Bowden will not stand for re-election at the 2019 annual general meeting.*

Glynn R Burger*

Former group risk and finance director

Age: 62
Qualifications: *BAcc, CA(SA), H Dip BDP, MBL*

Relevant skills and experience
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 principal appointments
IBL**, IEP Group Proprietary Limited, BUD Group Proprietary Limited and Corobrik Proprietary Limited

Committees
DLC BRCC***

Date of appointment
Investec Limited 3 July 2002
Investec plc 3 July 2002

* *Retired from the board on 31 March 2019*
** *Retired from the IBL board on 12 December 2018*
*** *Retired from the DLC BRCC on 31 March 2019*

Cheryl A Carolus*

Independent non-executive director

Age: 61
Qualifications: *BA (Law), Honorary doctorate in Law*

Relevant skills and experience
Cheryl was the South African High Commissioner in London between 1998 and 2001 and was chief executive officer of South African Tourism

Other principal appointments
De Beers Consolidated Mines Limited, Gold Fields Limited (chair), The IQ Business Proprietary Limited, Ponahalo Capital Proprietary Limited, executive chairperson of Peotona Group Holdings Proprietary Limited (chair) and director of several of the Peotona group companies and International Crisis Group. Constitution Hill Education Trust (chair), Soul City Institute and British Museum Trustee

Committees
DLC SEC

Date of appointment
Investec Limited 18 March 2005
Investec plc 18 March 2005

* *CA Carolus will not stand for re-election at the 2019 annual general meeting.*

Perry KO Crosthwaite*

Investec plc and Investec Limited chairman

Age: 70
Qualifications: *MA (Hons) (Oxon) in modern languages*

Relevant skills and experience
Perry was appointed chairman of Investec plc and Investec Limited on 15 May 2018. Perry was previously senior independent director of Investec plc and Investec Limited, a position he held from August 2014 to March 2018, having joined the boards of Investec plc and Investec Limited in June 2010. Perry is a former chairman of Investec Investment Banking and Securities and left the group on 31 March 2004. Perry has financial experience gained through a career in investment banking with over 30 years of experience. Perry has served as a non-executive director of Melrose Industries plc from July 2005 to May 2016, and was a founding member of Henderson Crosthwaite Institutional Brokers Limited, serving as its director from 1986 to 1998

Other principal appointments
Jupiter Green Investment Trust (chairman) and Nordoff-Robbins Music Therapy

Committees
DLC Nomdac (chairman) and DLC BRCC

Date of appointment
Investec Limited 18 June 2010
Investec plc 18 June 2010

* *Appointed as chairman of the board on 15 May 2018*

Hendrik J du Toit

Joint group chief executive officer

Age: 57
Qualifications: *BCom Law, BCom (Hons) (cum laude), MCom (cum laude), MPhil (Cambridge)*

Relevant skills and experience
After lecturing economics at the University of Stellenbosch, Hendrik joined the Investment division of Old Mutual from where he moved to Investec in 1991 to establish Investec Asset Management. Hendrik has served on the Leadership Council of the Sustainable Development Solutions Network, a United Nations based initiative since 2014. In 2016 he became a Commissioner of the Business and Sustainable Development Commission. In May 2018, Hendrik also became a member of HM Treasury's Belt and Road Initiative Expert Board. Hendrik became group joint chief executive officer of Investec group on 1 October 2018

Other principal appointments
Naspers Limited, Investec Asset Management Holdings Proprietary Limited and Investec Asset Management Limited as well as their subsidiaries.

Committees
DLC SEC*

Date of appointment
Investec Limited 15 December 2010
Investec plc 15 December 2010

* *Appointed to DLC SEC on 12 March 2019*

David Friedland

Independent non-executive director

Age: 65
Qualifications: *BCom, CA(SA)*

Relevant skills and experience
David is a former partner of both Arthur Andersen and KPMG Inc. where he also served as head of audit and risk in the KPMG Cape Town office before leaving in March 2013

Other principal appointments
IBL, IBP, Investec Fund Managers (RF) Limited, The Foschini Group Limited, Pick n Pay Stores Limited and Pres Les Proprietary Limited

Committees
DLC BRCC (chairman) and DLC Nomdac

Date of appointment
Investec Limited 1 March 2013
Investec plc 1 March 2013

Philip A Hourquebie

Independent non-executive director

Age: 65
Qualifications: *BAcc, BCom (Hons), CA(SA)*

Relevant skills and experience
Philip has been a Regional Managing Partner of two regions of Ernst & Young (Africa and Central and South East Europe, including Turkey). Philip left Ernst & Young in 2014. As a senior partner at Ernst & Young Inc., Philip's background is in the advisory services in both the private and public sector. As an advisory partner and senior client service partner, he has worked, *inter alia*, with clients in financial services, mining, telecommunications, consumer products and retail, state-owned enterprises, government agencies and government departments at all three levels. Philip has also been a past chairman of the board of South African Institute of Chartered Accountants (SAICA)

Other principal appointments
IBL*, Aveng Limited and Investec Property Fund Limited

Committees
DLC Audit Committee, DLC BRCC, DLC Nomdac** and DLC Remco (chairman)

Date of appointment
Investec Limited 14 August 2017
Investec plc 14 August 2017

* *Appointed to the IBL board on 12 December 2018*
** *Appointed to the DLC Nomdac on 15 May 2018*

Charles R Jacobs

Independent non-executive director

Age: 52
Qualifications: *LLB*

Relevant skills and experience
Charles brings to the board a valuable combination of knowledge of the UK regulatory and corporate governance standards, global capital markets and M&A. Charles sits on the board of Fresnillo plc, a FTSE 100 company. Charles has over 27 years of experience of advising companies around the world, including in relation to their compliance, regulatory and legal requirements. Charles chairs Linklaters and holds an LLB from Leicester University

Other principal appointments
Fresnillo plc (senior independent non-executive director and chairman of the Remuneration Committee)

Committees
DLC Remco

Date of appointment
Investec Limited 8 August 2014
Investec plc 8 August 2014

*Bernard Kantor**

Former group managing director **and executive director

Age: 69
Qualifications: *CTA*

Relevant skills and experience
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 principal appointments
IBL***, IBP****, Phumelela Gaming and Leisure Limited (chairman) and IEP Group Proprietary Limited

Committees
DLC BRCC and DLC SEC

Date of appointment
Investec Limited 8 June 1987
Investec plc 19 March 2002

* *B Kantor will not stand for re-election at the 2019 annual general meeting*
** *Resigned as group MD of Investec plc and Investec Limited on 1 October 2018*
*** *Resigned from the board of IBL on 30 January 2019*
**** *Resigned from the board of IBP on 30 January 2019*

Ian R Kantor

Non-executive director

Age: 72
Qualifications: *BSc. Eng (Elec.), MBA*

Relevant skills and experience
Ian is a co-founder of Investec, served as the chief executive of IBL until 1985 and was the chairman of Investec Holdings Limited. Ian is currently a non-executive director on the boards of Investec Asset Management Holdings Proprietary Limited and Investec Asset Management Limited.

Other principal appointments
Chairman of Blue Marlin Holdings South Africa (formerly Insinger de Beaufort Holdings South Africa, in which Investec Limited indirectly holds an 8.3% interest)

Date of appointment
Investec Limited 30 July 1980
Investec plc 26 June 2002

*Stephen Koseff**

Former group chief executive officer** and executive director

Age: 67
Qualifications: *BCom, CA(SA), H Dip BDP, MBA*

Relevant skills and experience
Stephen joined Investec in 1980. He has diverse experience within Investec as chief accounting officer and general manager of banking, treasury and merchant banking. Stephen is the co-chair of the Youth Employment Services (YES) initiative in South Africa

Other principal appointments
IBL***, IBP****, Bid Corporation Limited (chairman) and IEP Group Proprietary Limited

Committees
DLC BRCC and DLC SEC

Date of appointment
Investec Limited 6 October 1986
Investec plc 26 June 2002

* *S Koseff will not stand for re-election at the 2019 annual general meeting*
** *Resigned as CEO of Investec plc and Investec Limited on 1 October 2018*
*** *Resigned from the IBL board on 30 January 2019*
**** *Resigned from the IBP board on 30 January 2019*

Lord Malloch-Brown KCMG

Independent non-executive director

Age: 65
Qualifications: *BA (Hons) (History), MA (Political Science)*

Relevant skills and experience
Lord Malloch-Brown is chairman of SGO Corporation Limited and Senior Advisor to the Eurasia Group. He was a UK government minister and member of the cabinet. Lord Malloch-Brown was formerly the deputy secretary-general of the United Nations as well as a vice president at the World Bank and head of United Nations Development Programme and a journalist at the Economist with wide ranging experience of boards. He is also the chairman of the Business and Sustainable Development Commission (BSDC)

Other principal appointments
Seplat Petroleum Development Company plc, Kerogen Capital, Kerogen Capital (UK) Limited, SGO Corporation Limited and Grupo T-Solar Global SA

Committees
DLC Nomdac and DLC SEC (chairman)*

Date of appointment
Investec Limited 8 August 2014
Investec plc 8 August 2014

* *Appointed as chairman of the DLC SEC effective from 1 April 2018*

Kim McFarland

Executive director

Age: 54
Qualifications: *Bachelor of Accountancy and Bachelor of Commerce, CA(SA), MBA, Introduction to Securities and Investment (Securities Institute), UK Regulations and Markets (IMC)*

Relevant skills and experience
Kim graduated from the University of the Witwatersrand (Johannesburg) with degrees in Commerce and Accounting and subsequently qualified as a Chartered Accountant with PricewaterhouseCoopers in 1987. She also holds an MBA degree from the University of Cape Town. Kim served as Financial and Operations Manager at two South African life insurance companies. She joined Investec Asset Management in 1993 as its Chief Financial Officer to manage the operational and financial growth of the business. Kim is currently the finance director of Investec Asset Management and was appointed as an executive director of Investec plc and Investec Ltd in October 2018. Kim has been a non-executive director of the Investment Association (UK) since September 2015

Date of appointment
Investec Limited 1 October 2018
Investec plc 1 October 2018

Nishlan Samujh

Group finance director

Age: 45
Qualifications: *BAcc; Dip Acc, CA(SA) HDip Tax*

Relevant skills and experience
Nishlan started his career in 1996 at KPMG Inc. In 1999, he proceeded to join Sasol Chemical Industries for a short period before joining Investec in January 2000. Nishlan started his career at Investec in financial reporting team as a technical accountant. In 2010 he took on the full responsibility for the finance function in South Africa. This role developed into the Global Head of Finance. Nishlan was appointed as finance director of Investec plc and Investec Limited on 1 April 2019

Other principal appointments
IBL*

Committees
DLC BRCC

Date of appointment
Investec Limited 1 April 2019
Investec plc 1 April 2019
* *Resigned from IBL on 14 May 2019*

Khumo L Shuenyane

Independent non-executive director

Age: 48
Qualifications: *BEcon, CA (England and Wales)*

Relevant skills and experience
Khumo serves on the boards of several companies in the Investec group. He is also a partner at Delta Partners, a global advisory firm headquartered in Dubai focused on the telecoms, media and technology sectors. Between 2007 and 2013 Khumo served as group chief mergers and acquisitions officer for MTN Group Limited and was a member of its group executive committee. Khumo was previously head of Principal Investments at Investec and was a member of Investec's Corporate Finance division for a total of nine years. Prior to joining Investec in 1998, Khumo worked for Arthur Andersen in Birmingham (UK) and Johannesburg for six years from 1992. He qualified as a member of the Institute of Chartered Accountants in England and Wales in 1995

Other principal appointments
IBL (chairman)*, Investec Life Limited, Investec Specialist Investments (RF) Limited, Investec Asset Management Holdings Proprietary Limited, Investec Asset Management, Investec Life and Investec Property Fund.

Committees
DLC Audit Committee**, DLC BRCC and DLC Nomdac

Date of appointment
Investec Limited 8 August 2014
Investec plc 8 August 2014

* *Appointed as chairman of IBL effective from 15 May 2018*
** *Resigned from the DLC Audit Committee on 12 January 2019*

Fani Titi

Joint group chief executive officer

Age: 56
Qualifications: *BSc (cum laude), BSc Hons (cum laude) in Mathematics, MA in Mathematics, MBA*

Relevant skills and experience
Fani Titi has been a member of the boards of Investec Limited and Investec plc since January 2004 and was non-executive chairman of Investec Limited and Investec plc from November 2011 until 15 May 2018. He has also been a member of the IBL board from July 2002. He has been a member of the IBP board from August 2011. He has served on the board of Investec Asset Management from November 2013. Fani was a founding member of the private investment group Kagiso Trust Investments Limited (now Kagiso Tiso Holdings), and later cofounded and led the public offering of Kagiso Media Limited on the JSE Limited as its CEO. Fani was subsequently the founding executive chairman of the private investment firm the Tiso Group, which subsequently merged with Kagiso Trust Investments to form Kagiso Tiso Holdings. Fani stepped down from the Tiso Group in 2008 to concentrate his time on his duties at the Investec group, while also looking after his private investment portfolio. Fani has over two decades of investment banking experience and has sat on the boards of different investee companies and JSE listed companies. Fani has also joined the Secretary General of the United Nations CEO Alliance on Global Investors for Sustainable Development (GISD). Fani became joint group chief executive officer of Investec group on 1 October 2018

Other principal appointments
IBP, IBL, IEP Group Proprietary Limited, Investec Asset Management Holdings Proprietary Limited and Investec Asset Management Limited

Committees
DLC BRCC, DLC Nomdac (chairman)* and DLC SEC**

Date of appointment
Investec Limited 30 January 2004
Investec plc 30 January 2004
* *Resigned as chairman of the DLC Nomdac on 15 May 2018*
** *Appointed to DLC SEC on 12 March 2019*

Governance framework

Investec operates under a dual listed companies (DLC) structure and considers the corporate governance principles and regulations of both the UK and South Africa before adopting the appropriate standard for the group, which also complies with requirements in both jurisdictions.

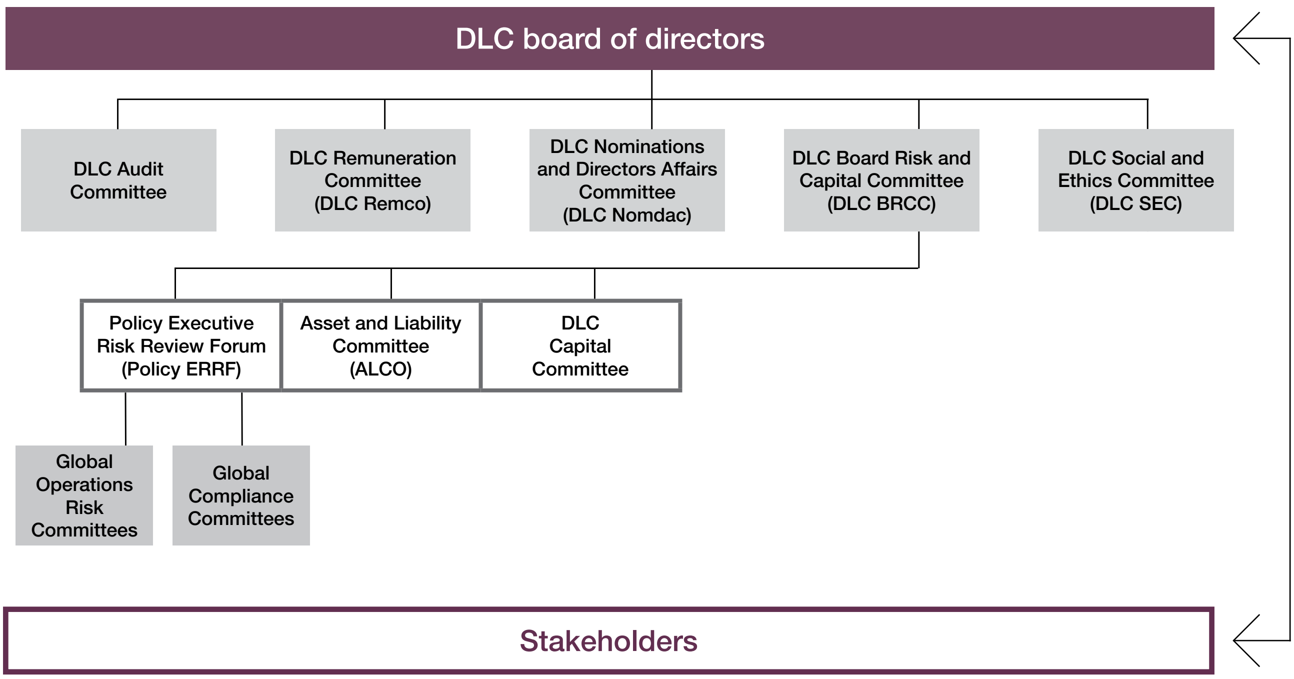
From a legal perspective, the DLC is comprised of:

- Investec plc – a public company incorporated in the UK and listed on the London Stock Exchange (LSE), with a secondary listing on the Johannesburg Stock Exchange (JSE); and
- Investec Limited – a public company incorporated in South Africa and listed on the JSE, with secondary listings on the Namibia Stock Exchange and the Botswana Stock Exchange.

The boards of Investec plc and Investec Limited are identical in terms of their composition and board meetings are held jointly. The committee structure has been derived from the requirements of the UK Corporate Governance Code and the King IV Code, as well as the activities of the group.

Our 2019 governance activities are aligned with the South African Companies Act, No 71 of 2008, as amended (the South African Companies Act) the JSE Listings Requirements, the King IV Code, the South African Banks Act 94 of 1990 (South African Banks Act), the UK Companies Act 2006 (UK Companies Act) the UK Corporate Governance Code.

The governance framework from a group perspective is detailed below:



Board and executive roles

The key governance roles and responsibilities of the board are outlined below:

Chairman	*Chief executive officer*	*Finance director*
• Set the board agenda and ensure that there is sufficient time available for the discussion of all items • Encourage open and honest dialogue between all board members • Lead and manage the dynamics of the board, providing direction and focus • Ensure that the board sets the strategy of the group and assist in monitoring the progress towards achieving the strategy • Perform director performance evaluations • Serve as the primary interface with regulators and other stakeholders on behalf of the board • Oversee the integrity and effectiveness of the governance processes of the board • Maintain regular dialogue with the chief executive officer in respect of all operational matters and consult with the remainder of the board promptly on matters that raise major concern • Act as facilitator at board meetings to ensure that no director, whether executive or non-executive, dominates the discussion, ensure that the discussion is appropriate and the discussions result in logical and understandable outcomes	• Lead and manage the group within the authorities delegated by the board • Ensures the group's unique culture is embedded and perpetuated • Develop and support the growth of all the groups' businesses • Ensure the group achieves the strategic and financial objectives approved by the board • Monitor and manage the day-to-day operational requirements and administration of the group • Develop and recommend business plans, policies and objectives for consideration by the board, taking into consideration business, economic and political trends that may affect the operations of the group • Implement plans, policies and programmes approved by the board	• Lead and manage the group finance functions • Provide the board with updates on the group's financial performance • Submit reports, financial statements and consolidated budgets for consideration by the board • Oversee the financial management of the group including financial planning, cash flow and management reporting

Senior Independent Director (SID)	*Non-Executive Directors*	*Company Secretary*
• Provide a sounding board to the chairman • Remain available to address any concerns or questions from shareholders and non-executive directors • Lead the board in the assessment of the effectiveness of the chairman, and the relationship between the chairman and the chief executive officer • Act as a trusted intermediary for non-executive directors, if required, to assist them in challenging and contributing effectively to the board	• Provide unique perspectives to the boardroom to facilitate constructive dialogue on proposals • Constructively challenge and contribute to assist in developing the group's strategy • Monitor the performance of management against their agreed strategic goals • Ensure the effectiveness of internal controls and the integrity of financial reporting • Review succession planning • Oversee risk management frameworks • Contribute to board effectiveness through diverse experience and backgrounds	• Maintain the flow of information to the board and its committees and ensure compliance with board procedures • Minute all board and committee meetings to record the deliberations and decisions taken therein • Provide expertise to effect board compliance with relevant legislation and regulations • Ensure good corporate governance is implemented and advises the chairman and board in that regard • Guide the directors collectively and individually on their duties, responsibilities and powers • Report any failure on the part of the group or any individual director to comply with the articles or the relevant legislation • Ensure board procedures are followed and reviewed regularly • Ensure applicable rules and regulations for conducting the affairs of the board are complied with • Facilitate a programme for the induction and ongoing development of directors • Maintain statutory records in accordance with legal requirements • Guide the board on how its responsibilities should be properly discharged in the best interests of the organisation • Keep abreast of, and inform, the board of current and new developments regarding corporate governance thinking and best practice • Fulfil all other functions assigned to the position by the UK and South African Companies Act and by any other legislation

Membership

At the date of this annual report, the board comprised of six executive directors and ten non-executive directors, including the chairman. The changes to the composition of the board, which have occurred during the financial year ended 31 March 2019, are detailed below.

Investec Ltd and Investec plc

The following changes were made to the board during the year:

- Stephen Koseff and Bernard Kantor stepped down from the roles of CEO and MD of the group respectively, on 1 October 2018. Stephen and Bernard will not stand for re-election at the 2019 annual general meeting. They will continue to actively oversee the proposed demerger and separate listing of Investec Asset Management until its completion.
- Fani Titi who was a non-executive director of the group board since January 2004 and chairman of the group since November 2011, and Hendrik du Toit, the founding CEO of Investec Asset Management and an executive director of the group since December 2010, were appointed as joint group CEO designates from 1 April 2018 to 30 September 2018. Fani and Hendrik assumed the role of joint group CEOs of the group on 1 October 2018. Following the demerger of Investec Asset Management from the group Fani Titi will remain as CEO of the group, whilst Hendrik du Toit will step down as joint group CEO and executive director of the group, and assume the role of CEO of Investec Asset Management.
- As reported in the 2018 annual report Fani Titi stepped down as group chairman on 15 May 2018 and Perry Crosthwaite, who had been group's SID, assumed the position of chairman of the group on that date.
- Glynn Burger stepped down from the board and his role as risk and finance director of the group on 31 March 2019.
- Nishlan Samujh, formerly the CFO of the group, was appointed as group FD and an executive director of the board with effect from 1 April 2019.
- Kim McFarland, FD of Investec Asset Management was appointed as an executive director on 1 October 2018. Subsequent to the demerger of Investec Asset Management from group, Kim will step down from the board of the group, maintaining the role of finance director of Investec Asset Management.
- Perry Crosthwaite stepped down as chairman of the DLC Remco on 1 April 2018 with Philip Hourquebie, who was appointed as non-executive director of the group in August 2017, assuming the position on that date.
- Zarina Bassa, who was appointed as a non-executive director of the board in November 2014, was appointed as the group's SID on 1 April 2018.
- Cheryl Carolus will not stand for re-election at the annual general meeting in August 2019.
- Lauren Bowden will also not stand for re-election at the annual general meeting in August 2019.

Investec Bank Limited

The following changes took place with regard to the board of IBL:

- Fani Titi stepped down as chairman of IBL with Khumo Shuenyane assuming this position on 15 May 2018. Khumo has been a director of IBL since August 2014.
- Bradley Tapnack resigned from the IBL board as an executive director on 15 May 2018.
- Sam Abrahams retired from the IBL board on 8 August 2018.
- Glynn Burger stepped down from the board of IBL on the 12 December 2018 with Phillip Hourquebie being appointed to the board on that date. Philip has been a director of Investec Limited and Investec plc from 14 August 2017.
- Stephen Koseff and Bernard Kantor stepped down as executive directors of IBL on 30 January 2019.
- Stuart Spencer replaced Nishlan Samujh as FD of IBL on 14 May 2019.

Investec Bank plc

The following changes were effected in respect of the board of IBP:

- Brian Stevenson, a director of IBP since September 2016 assumed the position of chairman of IBP replacing Fani Titi who stepped down from the position on 15 May 2018.
- Lesley Watkins was appointed as a non-executive director on the IBP board on 13 November 2018. Lesley was also appointed as chair of the IBP Audit Committee on 21 January 2019.
- Stephen Koseff and Bernard Kantor stepped down as executive directors of IBP on 30 January 2019.
- Paul Seward was appointed as a non-executive director of IBP and as chairman of the IBP BRCC on 1 April 2019.
- Haruko Fukuda, a non-executive director of Investec Bank plc since 3 December 2012, will step down from the board in August 2019.
- Subject to regulatory and shareholder approvals for the proposed demerger and separate listing of Investec Asset Management, David van der Walt will become the group Chief Risk Officer (CRO), leaving his role as CEO of IBP. Subject to regulatory approvals, Ruth Leas will become CEO of IBP. Chris Meyer, head of Corporate and Investment Bank, and Ryan Tholet, head of Private Bank, will join the board of IBP as managing directors, whilst maintaining their current roles. Kevin McKenna will replace Ruth as the CRO of IBP, and Alistair Stuart will replace Kevin as COO of IBP and join the board.
- Ian Wohlman has expressed a wish to step back from an executive role but to remain involved in a different capacity, so he will be standing down from the board and, going forward, chairing a number of subsidiary boards and audit committees.

The names of the directors during the year and at the date of this annual report, and the dates of their appointments are set out in the table on page 101.

Further information regarding Investec group's management and board succession plan may be found in the DLC Nomdac report on pages 125 to 128 of volume one of Investec group's 2019 integrated annual report.

Independence

The board considers the guidance set out in the UK Corporate Governance Code and the King IV Code when considering the independence of the non-executive directors. The policy in respect of board independence was expanded in line with directive 4/2018, issued by the South African Prudential Authority, with regard to corporate governance, which requires the chairs of all board committees to be independent. This would mean that a past CEO or former executive director would only be deemed independent after a sufficient cooling off period and cannot chair board committees upon first re-joining the board.

As at 31 March 2019, the board was compliant with the UK Corporate Governance Code and the King IV Code, in that the majority of the board, excluding the chairman, comprise of independent non-executive directors.

Open and honest dialogue is part of Investec's culture, and robust, independent challenge is a fundamental component of how the board operates. The DLC Nomdac, which has been delegated the responsibility of reviewing the directors' independence by the board, considers all relevant circumstances, in undertaking its obligation to ensure that the directors demonstrate independence of character and judgement, and exhibit this in the boardroom by providing challenge to the executive board members.

The DLC Nomdac believes that the board functions effectively and that the non-executive directors are independent of management and promote the interests of stakeholders. The proportion of executive and non-executive directors is such that there is a clear division of responsibility to ensure a balance of power, such that no individual or group can dominate the board's processes or have unfettered powers of decision-making.

The board is of the view that the chairman, Perry Crosthwaite, was independent on appointment. Prior to becoming chairman, Perry was the senior independent director of the board.

The deliberation on the independence of the non-executive directors by the board, and DLC Nomdac, included the consideration of the following relationships and associations in regard to specific directors:

- Ian Kantor is the brother of Bernard Kantor, an executive director of the group. Ian is also the founder and former CEO of group. Accordingly, the board concluded that Ian could not be considered independent under the UK Corporate Governance Code and the King IV Code.
- Charles Jacobs is the chairman of Linklaters LLP (Linklaters). Linklaters is currently one of Investec's UK legal advisors. The board concluded that, notwithstanding this link, Charles retains independence of judgement. Charles does not form part of the Linklaters team that provides advice to Investec and he has not provided advice to Investec for over a decade. In addition, the selection of legal advisors is not a board matter and is decided at a management level. If any decision were to be made at the board level regarding Linklaters, which has not happened to date, Charles would recuse himself in accordance with the provisions of the relevant Companies Act relating to directors' interests. The legal fees paid to Linklaters have not been material either to Linklaters or to Investec.
- Philip Hourquebie was a Regional Managing Partner of two regions of Ernst & Young (Africa and Central South East Europe including Turkey) up to 2014. The board concluded that notwithstanding his previous association with Ernst & Young, Philip retains independence of judgement as he was never the group's designated auditor.

Tenure

The DLC Nomdac considers tenure when examining independence, and when considering the composition of the board. The board and the DLC Nomdac are mindful that there needs to be a balance resulting from the benefits brought by new independent directors, versus retaining individuals with valuable skills, knowledge and an understanding of Investec's unique culture.

As identified, the DLC Nomdac considers the guidance set out in the UK Corporate Governance Code and the King IV Code when considering the independence of the non-executive directors, and follows a thorough process of assessing independence on an annual basis for each director. In accordance with directive 4/2018, as issued by the South African Prudential Authority, any director serving for more than nine years will not be deemed to be independent.

Cheryl Carolus will not stand for re-election at the annual general meeting in August 2019. Cheryl has been a non-executive director of the group since 2005.

The board does not believe that the tenure of any of the identified independent non-executive directors standing for election or re-election at the annual general meeting in August 2019 interferes with their independence of judgement and their ability to act in the group's best interest.

Diversity

In considering the composition of the board, the board is mindful of all aspects of diversity, including gender, race, skills, experience and knowledge.

Investec embraces differences as a strength within the group. Having a diverse board is a clear benefit, bringing with it distinct and alternative viewpoints, and mind-sets able to challenge the status quo.

The board is committed to ensuring that the group meets its governance, social and regulatory obligations regarding diversity. In accordance with our board diversity policy, the board intends to ensure a minimum female representation of 33% on the board by 2020.

The board also intends to ensure that a minimum of 25% of the board members of Investec Limited and Investec plc who are ordinarily resident in South Africa (and having been naturalised prior to 1994) are black women as defined in South African legislation, and that 50% of the board members of Investec Limited and Investec plc who are ordinarily resident in South Africa (and having been naturalised prior to 1994) are black people as defined in the Financial Sector Code or similar legislation that may be in force in South Africa from time to time.

Skills, knowledge and experience

The board considers that the skills, knowledge and experience of the directors as a whole are appropriate for their responsibilities.

The board has skills and experience in the areas of banking, risk and capital management, commercial, financial, auditing, accounting and legal.

Induction, training and development

On appointment to the board, all directors receive a comprehensive induction which is tailored to the new director's individual requirements. The induction schedule is designed to provide the new director with an understanding of how the group works and the key issues that it faces. The company secretaries consult the chairman when designing an induction schedule, giving consideration to the particular needs of the new director. When a director is joining a board committee, the schedule includes an induction to the operations of that committee.

On completion of the induction programme, the director should have sufficient knowledge and understanding of the nature of the business, and the opportunities and challenges facing the group, to enable them to effectively contribute to strategic discussions and oversight of the group.

The chairman leads the training and development of directors and the board generally.

A comprehensive development programme is in place throughout the year, and comprises both formal and informal training and information sessions.

Terms of appointment

On appointment, non-executive directors are provided with a letter of appointment. The letter sets out, among other things, duties, responsibilities and expected time commitments, details of the group's policy on obtaining independent advice and, where appropriate, details of the board committees of which the non-executive director will be a member.

The group has an insurance policy that insures directors against liabilities they may incur in carrying out their duties.

On the recommendation of the DLC Nomdac, non-executive directors will be appointed for an expected term of nine years (three terms of three years each) from the date of their first appointment to the board.

All executive directors are engaged on standalone employment contracts, subject to six month notice periods.

In accordance with the UK Corporate Governance Code, all of the directors retire and those willing to serve again submit themselves for election or re-election at the annual general meeting.

Independent advice

Through the chairman, the senior independent director (SID) or the company secretaries, individual directors are entitled to seek professional independent advice on matters related to the exercise of their duties and responsibilities at the expense of the group. No such advice was sought during the 2019 financial year.

Conflicts of Interest

Directors have a responsibility to avoid situations that put, or may be perceived to put, their personal interest in conflict with their duties to the group. The conflicts of interest policy and the board charter require directors to declare any actual or potential conflict of interest immediately when they become aware of such situations. Each director must submit a "declaration of interest" form outlining other directorships and personal financial interests, including those of related parties. Where actual or potential conflicts are declared, the recusal procedure is implemented, and affected directors are excluded from those specific discussions and any decisions on the subject matter of the declared conflict.

Actual and potential conflicts of interests are considered in the annual assessment of director independence.

Related parties

The group has processes and policies in place to govern the review, approval and disclosure of related party transactions entered into with directors, management and staff. The DLC Nomdac updated the policy and reviewed key related party transactions during the year ensuring that the appropriate policies had been complied with.

Conduct and Ethics

The board is committed to the highest standards of integrity and ethical behaviour. The board appreciates the importance of ethics and its contribution to value creation and is dedicated to instilling ethical values throughout the group. The board recognises that ethics begin with each individual director's conduct, which if appropriate, will in turn have a positive impact on conduct in the group. Management is responsible for embedding ethical conduct in the organisation which is overseen by the DLC SEC.

Company secretaries

David Miller is the company secretary of Investec plc and Niki van Wyk is the company secretary of Investec Limited. The company secretaries are professionally qualified and have gained experience over many years. Their services are evaluated by board members during the annual board evaluation process. They are responsible for the flow of information to the board and its committees and for ensuring compliance with board procedures. All directors have access to the advice and services of the company secretaries whose appointment and removal are a board matter.

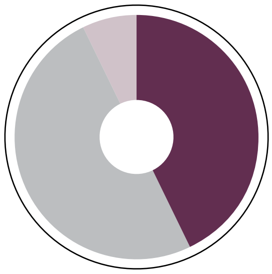
In compliance with the UK Corporate Governance Code, the King IV Code, the South African Companies Act and the JSE Listings Requirements, the board has considered and is satisfied that each of the company secretaries is competent, has the relevant qualifications and experience.

Diversity as at 31 March 2019

Age:

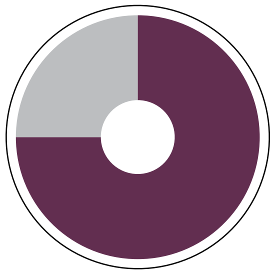
40 – 50	**6%**
51 – 60	**38%**
61 and above	**56%**

Board geographical mix:



43%	South Africa
50%	UK
7%	Other

Board gender balance:



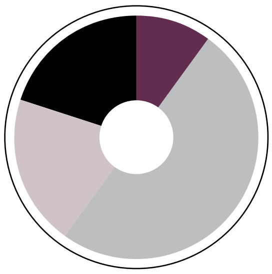
75%	Male
25%	Female

Tenure as at 31 March 2019

Average length of service for non-executive directors (years):

6

Average tenure for the non-executive directors:



10%	0 – 3 years
50%	3 – 6 years
20%	6 – 9 years
20%	9 years plus

What we did

Board report

Role and responsibilities

The board seeks to exercise leadership, integrity and judgement in pursuit of the group's strategic goals and objectives to achieve long-term sustainability and growth. The board is accountable for the performance and affairs of the group. It provides leadership for the group within a framework of prudent and effective controls which allows risks to be assessed and managed.

In fulfilling this objective, the board is responsible for:

- approving the group's strategy
- acting as a focal point for, and as custodian of corporate governance
- providing effective leadership with an ethical foundation
- ensuring the group is a responsible corporate citizen
- being responsible for the governance of risk, including risks associated with information technology
- ensuring the group complies with the applicable laws and considers adherence to non-binding rules and standards
- monitoring performance
- ensuring succession planning is in place.

Certain matters are specifically reserved for the board. To achieve its objectives, the board may delegate certain duties to various board committees, group forums or the chief executive officer, without abdicating its own responsibilities. The board has developed a board charter, which serves as the foundation for Investec's governance principles and practices. The charter:

- outlines the board committees' mandates and specifies which matters are reserved for the board
- defines separate roles for the group chairman and joint CEOs
- dictates the board's expectations of the directors, chairmen of the respective board committees and the senior independent director
- sets out how the corporate governance provisions in the UK Corporate Governance Code, UK Companies Act, King IV Code, the South African Companies Act, the South African Banks Act and the JSE Listings Requirements will be put in place.

Composition and meetings

The board meets at least six times annually, excluding the annual two-day board strategy session. A separate Investec Limited board meeting was held in South Africa and a separate Investec plc board meeting was held in the UK. A special meeting was held in September 2018 in respect of the demerger of Investec Asset Management. For the period 1 April 2018 to 31 March 2019, four board meetings were held in the UK and four in South Africa, in line with the requirements of Investec's DLC structure. Unscheduled meetings are called as the need arises. Comprehensive information packs, on matters to be considered by the board, are provided to directors in advance of the meetings.

The board recognises that a balanced board is vital for sustainable value creation. The board composition is both qualitatively and quantitatively balanced in terms of skills, demographics, gender, nationality, experience, tenure and independence.

Attendance is an important factor in the board's ability to discharge its duties and responsibilities and care is taken in preparing the board calendar to enable meeting attendance. If a director is unable to attend a meeting, an apology is recorded, and if possible, the director makes a written or oral contribution ahead of the meeting.

Composition and meetings *(continued)*

		Board member since		Investec plc (9 meetings in the year)		Investec Limited (9 meetings in the year)	
Members	**Independent**	**Investec plc**	**Investec Limited**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**
PKO Crosthwaite (chairman)*	On appointment	18 Jun 2010	18 Jun 2010	9	9	9	9
F Titi (joint group CEO)**	Executive	30 Jan 2004	30 Jan 2004	9	9	9	9
HJ du Toit (joint group CEO)***	Executive	15 Dec 2010	15 Dec 2010	9	9	9	9
ZBM Bassa	Yes	1 Nov 2014	1 Nov 2014	9	9	9	9
LC Bowden	Yes	1 Jan 2015	1 Jan 2015	9	9	9	9
GR Burger****	Executive	3 Jul 2002	3 Jul 2002	9	9	9	9
CA Carolus^	Yes	18 Mar 2005	18 Mar 2005	9	8	9	8
D Friedland	Yes	1 Mar 2013	1 Mar 2013	9	9	9	9
PA Hourquebie	Yes	14 Aug 2017	14 Aug 2017	9	9	9	9
CR Jacobs^	Yes	8 Aug 2014	8 Aug 2014	9	8	9	8
B Kantor*****	Executive	19 Mar 2002	8 Jun 1987	9	9	9	9
IR Kantor	No	26 Jun 2002	30 Jul 1980	9	9	9	9
S Koseff******	Executive	26 Jun 2002	6 Oct 1986	9	9	9	9
Lord Malloch-Brown KCMG	Yes	8 Aug 2014	8 Aug 2014	9	9	9	9
KM McFarland	Executive	1 Oct 2018	1 Oct 2018	4	4	4	4
NA Samujh*******	Executive	1 April 2019	1 April 2019	–	–	–	–
KL Shuenyane	Yes	8 Aug 2014	8 Aug 2014	9	9	9	9

* *PKO Crosthwaite was appointed as chairman of the board on 15 May 2018.*
** *F Titi stepped down as chairman of the board on 15 May 2018, F Titi was appointed as joint group CEO on 1 October 2018.*
*** *HJ du Toit was appointed as joint group CEO on 1 October 2018.*
**** *GR Burger retired from the board on 31 March 2019.*
***** *B Kantor stepped down as MD on 1 October 2018.*
****** *S Koseff stepped down as group CEO on 1 October 2018.*
******* *NA Samujh was appointed as group finance director on 1 April 2019.*
^ *Where a director is unable to attend a meeting, they receive papers in advance and have the opportunity to provide comments to the chairman of the board.*

How the board spent its time

Strategy formulation and monitoring of implementation	Finance and operations (including monitoring performance, capital and liquidity)	Governance, compliance and risk	Other
35%	30%	30%	5%

Key matters deliberated by our board

In addition to the standard and regular agenda items, such as report-backs from each board committee and comprehensive reports from the joint group CEOs, the following specific matters of importance were tabled and deliberated at board meetings and directors' development sessions during the year ended 31 March 2019:

BOARD AND COMMITTEE ACTIVITIES

Areas of focus	*What we did*
Group strategy	• deliberated and approved the strategy to demerge Investec Asset Management from the group • formulated and monitored the implementation of strategy • provided constructive challenge to management • monitored progress made with regard to agreed strategic initiatives • considered global trends shaping the financial industry • discussed the political environment in the UK and South Africa • oversight of the changes in management as announced in the preceding and current financial year.
Group compliance, risk and corporate governance and audit committees	• received and reviewed compliance reports in order to confirm that the group meets all internal and regulatory requirements • discussed and approved the 2018/2019 risk appetite framework • regularly assessed the group's overall risk profile and emerging risk themes, receiving reports directly from the group risk manager and the chairman of the DLC BRCC • received reports on the group's operational and technological capability, including specific updates on cyber risk capability and the strategy for technology and infrastructure services • received reports in respect of specific risks monitored within the group including updates in respect of General Data Protection Regulation (GDPR), the Advanced Internal Rating Based (AIRB) approach, the Foundation Internal Rating Based (FIRB) approach and International Financial Reporting Standards (IFRS) 9, 15, 16 and 17 • considered the impact of the King IV Code, the JSE Listings Requirements and the UK Corporate Governance Code • adopted the group Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF) Policy • approved the Recovery and Resolution Plans for the UK and South Africa • considered and approved the conflicts of interest policy • reviewed the IBP and IBL revised corporate governance structures • considered auditor independence, monitoring of audit quality and related parties' activities, appointment of auditors and mandatory rotation of auditors • considered matters pertaining to service providers implicated in state capture • reviewed the group's exposure to state-owned entities and related risk appetite • considered the implications of Brexit on the group and specifically on Investec plc • received reports on conduct • oversight of integrity of annual financial statement • reviewed and discussed assumptions underlying the recoverability of key exposures and investments including the impacts of IFRS 9.
Leadership	• considered regular updates by the various committees including the DLC Remco, DLC Nomdac, DLC Audit Committee, DLC SEC and DLC BRCC • received and considered comprehensive reports from the joint group chief executive officers (including strategy execution and performance of the group within the operating environment and competitor landscape) and the FD • ensured that policies and behaviours set at board level were effectively communicated and implemented across the group.
Effectiveness	• considered the process for the 2018 board effectiveness review which took the form of an independent review conducted by Professor Robert Goffee • discussed the recommendations of the board effectiveness review • implemented the recommendations of the board effectiveness review • finalised topics for directors' development sessions.

BOARD AND COMMITTEE ACTIVITIES *(continued)*

Areas of focus	What we did
Remuneration	• received a report from the DLC Remco chairman at each meeting including regulatory developments pertaining to remuneration • considered a communication plan for business to communicate their compliance with the UK Gender Pay Gap Reporting Requirements • approved the remuneration policy • further to the transition of leadership, considered remuneration arrangements for both the incoming and outgoing executive directors.
Relations with stakeholders	• in order to ensure satisfactory dialogue with stakeholders, and to foster strong and open relationships with regulators, the board noted and discussed the key areas of feedback from these stakeholders, including feedback relating to: – board refreshment and succession – succession planning for the executive directors and senior management – remuneration of executive directors and non-executive directors – regular meetings and open dialogue with regulators – engagement with the Registrar of Banks, UK Prudential Regulatory Authority and the South African Prudential Authority – the group's contribution to the political economy – reports on allegations of widespread public and private sector corruption in South Africa, and its impact on the group's clients and service providers – improving returns across the business – auditors and audit quality.
Corporate citizenship	• discussed and monitored the various elements of good corporate citizenship including: – the promotion of equality, the prevention of unfair discrimination and the reduction of corruption – consideration of sponsorships, charitable donations and charitable giving – environmental, health and public safety, including the impact of the group's activities and of its products and services – consumer relationships including the group's advertising, public relations and compliance with consumer protection laws – labour and employment including the group's standing in terms of the international labour organisation protocol on decent work and working conditions, employment relationships and its contribution towards the educational development of its employees – gained comfort that the group's standing and commitment to the various elements of good corporate citizenship remained in place and was actively enforced – promoted the role Investec played in society – considered and enhanced the board's oversight of the group's culture – material concerns raised by employees or former employees.
Board committee composition and succession planning	• considered and confirmed the independence of the non-executive directors having regard to factors that might impact their independence • discussed succession planning including an update on senior management succession • received reports on the composition of the boards of key subsidiaries of Investec plc and Investec Limited • received reports on suggested changes to the group's governance arrangements • received reports on suggested changes to IBP's governance arrangements • received reports on suggested changes to IBL's governance arrangements • received reports from the DLC Nomdac at each meeting covering the matters within its delegated authority for review and consideration • noted changes made to subsidiary boards on the recommendation of DLC Nomdac.

BOARD AND COMMITTEE ACTIVITIES *(continued)*

Areas of focus	*What we did*
Financial results, liquidity, solvency and viability statement	• considered, reviewed and approved the financial results for the year ended 31 March 2019 for Investec plc and Investec Limited • considered, reviewed and approved the financial results for the half year ended 30 September 2018 • assessed, confirmed and satisfied itself of the group's viability (i.e. its ability to continue in operation and meet its liabilities considering the current position of the group, the board's assessment of the group's prospects and the principal risks it faces) • approved the group's viability statement • assessed, confirmed and satisfied itself, on the recommendation of the DLC Audit Committee, that it was appropriate for the financial statements to be prepared on a going concern basis • considered, reviewed and approved, on the recommendation of the DLC Audit Committee, that the annual report and the financial statements for the financial year ended 31 March 2019 were fair, balanced and understandable • confirmed that the group was liquid and that the solvency and liquidity test has been satisfied (i.e. a company satisfies the solvency and liquidity test at a particular time if, considering all reasonably foreseeable financial circumstances at that time: the assets of the company, as fairly valued, equal or exceed the liabilities of the company, as fairly valued; and it appears that the company will be able to pay its debts as they become due in the ordinary course of business for a period of: – 12 months after date on which the test is considered; or – in the case of a dividend, 12 months following the distribution) • confirmed that adequate resources existed to support the group on a going concern basis and accordingly adopted the going concern basis • considered and approved capital plans.
Management succession	• considered matters relating to board succession and approved appointments to the board and board committees • began the orderly transition from the founding members to the new generation in accordance with the agreed management succession plan.
Terms of reference and policies	• reviewed and received regular updates in respect of the various committees' terms and references and policies within the group.

How we comply

Regulatory context

Investec operates under a dual listed companies (DLC) structure which requires compliance with the principles contained in the South African King IV Code of Corporate Governance Principle (available at www.iodsa.co.za) and the UK Corporate Governance Code (available at www.frc.org.uk).

We believe that sound corporate governance depends on much more than mere compliance with regulations. Good conduct and ethical practice is embedded in everything that we do at Investec. By acting in accordance with our values and principles, we believe that good governance is ensured.

Please refer to pages 176 to 183, for the directors' responsibility statement and directors' report.

Statement of compliance

King IV

The board has applied the King IV Code throughout the group and is satisfied that King IV has been complied with.

UK Corporate Governance Code

The UK Corporate Governance Code 2016 (the code) applied to the Investec group for the financial year ended 31 March 2019. The Investec group confirms that it applied the main principles and complied with all the provisions of the code throughout the year. The Investec group has been subject to the provisions of the UK Corporate Governance Code 2018 since 1 April 2019, and will report on this next year. The following pages explain how we have applied the main principles and the provisions of the code during the year.

Leadership

A1 The role of the board

The group is led by an effective, committed board, which is collectively responsible for the long-term success of the group. Please refer to page 93 for the details of the group's governance framework, and pages 88 to 92 for the directors' biographies.

A2 Division of responsibilities

There is a clear division of responsibility at the head of the company. There is a clear separation between the role of the chairman and the joint CEOs. Please refer to page 94 for the details of the respective board roles.

A3 The chairman

The chairman, Perry Crosthwaite, has the overall responsibility for the leadership of the board and for ensuring its effectiveness. Perry was considered to be independent on appointment. The responsibilities of the chairman are set on page 94.

A4 Non-executive directors

The senior independent director, Zarina Bassa, acts as a sounding board for the chairman, and is available to shareholders and non-executive directors as required. Zarina also leads the board in the annual assessment of the effectiveness of the chairman.

The non-executive directors constructively challenge and contribute to the development of the group's strategy, and monitor the performance of management against their strategic goals.

Effectiveness

B1 The composition of the board

The DLC Nomdac reviews the balance of skills, experience, independence, and knowledge on the board and board committees on an annual basis, or whenever appointments are considered. Having the right balance on the board and board committees helps to ensure that those bodies discharge their respective duties and responsibilities effectively. For the financial year ended 31 March 2019, the board, at the recommendation of the DLC Nomdac, concluded that the skills, knowledge and experience of the directors as a whole was appropriate for their responsibilities and the group's activities, as shown on page 97.

The DLC Nomdac monitors, in particular, whether there are any relationships or circumstances which may impact a director's independence. For the financial year ended 31 March 2019, the board, at the recommendation of the DLC Nomdac, concluded that the majority of the non-executive directors are independent in character and judgement, as shown on pages 96 and 97. As identified on page 97, the board concluded that Ian Kantor, founder, former CEO of the group, and brother of executive director Bernard Kantor, could not be considered to be independent under the code.

B2 Appointments to the board

The process for appointments to the board are led by the DLC Nomdac, which makes a recommendation to the board.

B3 Time commitments

Non-executive directors are advised of time commitments prior to their appointment and they are required to devote such time as necessary to discharge their duties effectively. The time commitments of the directors are considered by the board on appointment and the board is satisfied that there are no directors whose time commitments are considered to be a matter for concern. External appointments, which may affect existing time commitments for the board's business, must be agreed with the chairman, and prior approval must be obtained before taking on any new external appointments. More information on directors' attendance at board and committee meetings can be found on page 101.

B4 Training and development

The chairman leads the training and development of directors and the board generally.

Ample opportunities, support and resources for learning are provided through a comprehensive programme, which is in place throughout the year and comprises both formal and informal training and information sessions.

The company secretary maintains a training and development log for each director.

B5 Provision of information and support

The chairman, supported by the company secretaries, ensures that board members receive appropriate and timely information. The Investec group provides access, at its expense, to the services of independent professional advisers in order to assist directors in their role. Board committees are also provided with sufficient resources to discharge their duties. All directors have access to the services of the company secretaries in relation to the discharge of their duties.

B6 Board and committee performance and evaluation

The evaluation of the board is externally facilitated at least every three years. An externally facilitated performance evaluation was completed in 2018, with internally facilitated evaluations having taken place in 2016 and 2017. Further information can be found on page 128 of volume one of Investec group's 2019 integrated annual report.

B7 Re-election of directors

At the 2019 AGM all directors that intend to remain on the board will seek re-election or election. Being the first AGM following their appointment, Kim McFarland and Nishlan Samujh will stand for election, with all other Directors standing for re-election. The board believes that all directors continue to be effective and committed to their roles.

Accountability

C1 Financial and business reporting

The code requirement that the annual report is fair, balanced and understandable is considered throughout the drafting and reviewing process and the board has concluded that the 2019 annual report is fair, balanced and understandable. The directors' and auditors' statements of responsibility can be found on pages 9 and 23 of volume 3 of Investec group's 2019 integrated annual report respectively. Information on the group's business model and strategy can be found on pages 3 to 14.

C2 Risk management and internal control systems

The board is responsible for the group's risk management and internal controls systems.

The audit committee is responsible for the effectiveness of internal controls and the Risk Management Framework. Further information can be found on pages 132 to 141 of volume one of Investec group's 2019 integrated annual report.

The DLC BRCC is responsible for the review of the risk culture of the group, setting the tone from the top in respect of risk management. Further information can be found on pages 142 to 146 of volume one of Investec group's 2019 integrated annual report.

The directors' viability statement and confirmation that the business is a going concern can be found on pages 106 to 108.

C3 Role and responsibilities of the audit committee

The board has delegated a number of responsibilities to the audit committee, including oversight of financial reporting processes, the effectiveness of internal controls and the risk management framework, and the work undertaken by the external and internal auditors. The audit committee report which can be found on pages 132 to 141 of volume one of Investec group's 2019 integrated annual report, sets out how the committee has discharged its duties and areas of focus during the year.

Responsibility for whistleblowing arrangements sits with the subsidiary audit committee of the group, in accordance with their regulatory obligations.

Remuneration

D1 Level and elements of remuneration

The Investec group is committed to offering all employees a reward package that is competitive, performance-driven and fair and the group's remuneration policy statement is designed to promote the long-term success of Investec. The directors' remuneration report on pages 125 to 174 provides full details regarding the remuneration of directors.

D2 Procedure

The work of the DLC Remuneration Committee and its focus during the year can be found on page 133.

Relations with shareholders

E1 Shareholder engagement

The board actively engages with all stakeholders, including shareholders, and more information on our approach to relations with shareholders can be found on page 20.

E2 Use of general meetings

The board values the annual general meeting (AGM) as a key opportunity to meet with shareholders. The 2019 AGM will be held on 8 August 2019. The majority of the board are expected to attend and will be available to answer shareholders' questions.

To facilitate shareholder participation, electronic proxy voting and voting through the CREST proxy appointment service are available. All votes are taken by way of a poll to include all shareholder votes cast.

Other statutory information

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 DLC BRCC (comprising a majority of non-executive directors, which includes members of the audit committees) the DLC 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 pages 29 to 36 of volume one of the Investec group's 2019 integrated annual report.

Through its various sub-committees, notably the audit committees, the DLC BRCC and the capital committees, the board regularly carries out a robust assessment of these risks, and their potential impact on the performance, liquidity, solvency and operational resilience of the group. The activities of these board sub-committees and the issues considered by them are described in the 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 Prudential Authority, the FCA and 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 Southern Africa exceed the regulatory requirements for the net stable funding ratio and liquidity coverage ratio. The group currently has £13.3 billion in cash and near cash assets, representing 42.4% 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 tier 1 ratio greater than 11%, 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 South African Prudential Authority and Bank of England (BOE) annual cyclical stress scenarios 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.

Both Investec Limited and Investec plc run a number of stress scenarios including the ones briefly highlighted below which were applied in the current financial year.

Investec Limited:

- A scenario which incorporates a global economic slowdown, possibility of further South African sovereign credit rating downgrades, Rand weakness, depressed confidence and investment measures and where South Africa experiences a V-shaped recession and a commodity price slump
- A scenario where there is a sovereign crisis, persistent government service outages, sub-investment grade South African sovereign credit ratings, partial loss of private sector property rights under state custodianship and a lengthy global recession.

Investec plc:

- The BOE's annual cyclical stress scenario: this scenario incorporates a UK slowdown in GDP growth, a significant house price fall, a material slump in Pound Sterling, increasing inflationary pressure which is counteracted by an increase in UK interest rates to 4.5%
- A global scenario where there is a material stress on corporates and protracted weak global growth with low interest rates
- A domestic scenario where there is a prolonged period of weak investment and growth in the UK, increased political uncertainty and a domestic household shock incorporating a UK downturn and a UK housing market slump. In this scenario we assume that the international backdrop is benign with some slight negative spill over from the UK through various linkages to the Euro area.

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 Group also maintains an operational resilience framework for building organisational resilience to respond effectively to operationally disruptive events. This not only ensures continuity of business but also safeguards the interests of key stakeholders, reputation, brand and value-creating activities.

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 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, 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. 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 2022 under these various scenarios. The board has assessed the group's viability in its 'base case' and stress scenarios. In assessing the group's viability, a number of assumptions are built into its capital and liquidity plans. In the stress scenarios these include, for example, dividend payments being reduced and asset growth being curtailed. In reviewing the three year capital plans the board has also tested the group's viability in relation to the proposed demerger and separate public listing of the Investec Asset Management business.

The viability statement should be read in conjunction with the following sections in the Investec group's 2019 integrated annual report, all of which have informed the board's assessment of the group's viability:

- a strategic and financial overview of the business
- detail on the principal and emerging risks the group faces
- information on the group's risk appetite framework
- an 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 12 June 2019. 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.

Conflicts of interest

Certain statutory duties with respect to directors' conflict of interest are in force under the UK Companies Act and the South African Companies Act. In accordance with these Acts and the Articles of Association (Articles) of Investec plc and the Memorandum of Incorporation (MOI) of Investec Limited, the board may authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a director to avoid a situation in which he or she has, or can have, a direct interest that conflicts, or possibly may conflict, with the interest of the company. The board has adopted a procedure, as set out in the Articles and MOI that includes a requirement for directors to submit, in writing, disclosures detailing any actual or potential conflict for consideration, and if considered appropriate, approval.

External directorships

Outside business interests of directors are closely monitored and we are satisfied that all of the directors have sufficient time to effectively discharge their duties.

Dealings in securities

Dealings in securities are subject to the personal account dealing policy. The policy is based on regulatory guidance and industry practice and is updated to ensure compliance with applicable regulations and industry best practice.

The policy is designed to discourage speculative trading and highlight potential conflicts of interest between the interest of employees and the Investec group or any of its clients, shareholders or potential shareholders. The UKLA's Disclosure Guidance and Transparency Rules require us to disclose transactions in shares and related securities by all persons discharging management responsibilities and their "connected persons". These include directors and senior executives of the group. Staff are prohibited from dealing in all listed Investec securities during closed periods. Trading is restricted in respect of all Investec Limited, Investec plc, Investec Property Fund Limited (IPF) and Investec Australia Property Fund Limited (IAPF) securities as well as any warrants, OTC and exchange traded derivatives on the said securities. Staff are restricted from exercising options through Investec Staff Share Schemes during closed periods.

The UK and South African Companies Acts require directors to disclose any direct or indirect material interest they have in contracts, including proposed contracts, which are of significance to the company's business. Directors are required to make these disclosures at board meetings, and all disclosures made are recorded in the minutes of that meeting.

Staff are required to undertake not to use any personal hedging strategies to lessen the impact of a reduction in value of any share award or any vested shares which are subject to a retention period following any vesting date. Any breach of this condition will result in the lapse of any unvested proportion of such reward, unless the DLC Remco determines otherwise.

Directors' dealings

Directors dealings in the securities of Investec plc and Investec Limited are subject to a policy based on the Disclosure Guidance and Transparency Rules of the UKLA and the JSE Listings Requirements.

All directors' and company secretaries' dealings require the prior approval of the compliance division and the chairman, the senior independent director or the chairman of the audit committee.

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

Related parties

Investec has processes and policies in place to govern the review, approval and disclosure of related party transactions entered into with directors, management and staff. DLC Nomdac reviewed key related party transactions during the year and ensured that the appropriate policies had been complied with. The DLC Nomdac also conducted a comprehensive review of the respective policies.

Time commitment

All potential new directors are asked to disclose their significant commitments, and to give an indication of the time spent on those commitments. The Nomdac will then take this into account when considering a proposed appointment on the basis that all directors are expected to allocate sufficient time to their role on the board in order to discharge their responsibilities effectively. This includes attending, and being well-prepared for, all board and board committee meetings, as well as making time to understand the business, meet with executives and regulators, and complete ongoing training. All significant new commitments require prior approval.

Stakeholder engagement

The board recognise that effective communication is integral in building stakeholder value and are committed to providing meaningful, transparent, timely and accurate financial and non-financial information to our stakeholders. As part of our stakeholder engagement philosophy and process, the chairman, SID and DLC Remuneration Committee chairman actively engage with UK shareholder representative organisations and our largest shareholders on an annual basis.

At the August 2018 annual general meeting, less than 80% of the vote was received for the resolutions in regards to:

- the approval of the group's remuneration policy
- the directors' authority to issue up to 5% of the unissued ordinary share capital in Investec Limited
- the directors' authority to allot shares and other securities in Investec plc.

The board provided comments in the 2018 annual general meeting results announcement, in relation to the resolutions identified above, which passed with a less than 80% majority.

The board has also published an update statement, which can be found on the corporate governance section of our website.

Refer to our remuneration report on pages 125 to 174 for further details on the group's remuneration policy.

Report to shareholders

This report to shareholders has been approved and authorised for issue to the shareholders of Investec plc and Investec Limited on 13 June 2019 and signed on its behalf by:

David Miller
Company secretary

Investec plc

Niki van Wyk
Company secretary

Investec Limited

Investec ordinary shares

As at 31 March 2019 Investec plc and Investec Limited had 682.1 million and 318.9 million ordinary shares in issue respectively.

Spread of ordinary shareholders as at 31 March 2019

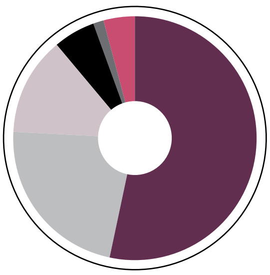
Investec plc ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
16 890	1 – 500	53.0%	3 228 612	0.5%
5 756	501 – 1 000	18.1%	4 369 314	0.6%
6 401	1 001 – 5 000	20.1%	14 087 876	2.1%
942	5 001 – 10 000	3.0%	6 795 051	1.0%
1 028	10 001 – 50 000	3.2%	23 454 273	3.4%
265	50 001 – 100 000	0.8%	18 922 470	2.8%
561	100 001 and over	1.8%	611 263 615	89.6%
31 843		**100.0%**	**682 121 211**	**100.0%**

Investec Limited ordinary shares in issue

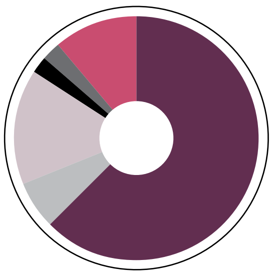
Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
4 171	1 – 500	48.1%	738 361	0.2%
1 265	501 – 1 000	14.6%	971 062	0.3%
1 745	1 001 – 5 000	20.1%	3 963 611	1.2%
409	5 001 – 10 000	4.7%	3 022 667	0.9%
594	10 001 – 50 000	6.8%	14 612 215	4.6%
186	50 001 – 100 000	2.1%	12 920 885	4.1%
310	100 001 and over	3.6%	282 675 908	88.7%
8 680		**100.0%**	**318 904 709**	**100.0%**

Geographical holding by beneficial ordinary shareholder as at 31 March 2019



Investec plc

53.4%	South Africa
22.6%	UK
13.0%	USA and Canada
5.6%	Rest of Europe
1.5%	Asia
3.9%	Other countries and unknown



Investec Limited

62.7%	South Africa
6.3%	UK
15.2%	USA and Canada
2.3%	Rest of Europe
2.4%	Asia
11.1%	Other countries and unknown

Largest ordinary shareholders as at 31 March 2019

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 disclosed below.

Investec plc

Shareholder analysis by manager group	Number of shares	% holding
1. Allan Gray (ZA)	93 089 815	13.6%
2. Public Investment Corporation (ZA)	48 111 995	7.5%
3. BlackRock Inc (UK & US)	43 582 569	6.4%
4. Prudential Group (ZA)	39 613 716	5.8%
5. The Vanguard Group Inc (UK & US)	23 959 963	3.5%
6. Old Mutual Investment Group (ZA)	22 967 140	3.4%
7. State Street Corporation (US & UK)	21 166 758	3.1%
8. T Rowe Price Associates (UK)	19 361 353	2.8%
9. Legal & General Group (UK)	15 880 395	2.3%
10. Norges Bank Investment Management (OSLO)	13 620 238	2.0%
Cumulative total	**341 353 942**	**50.4%**

The top 10 shareholders account for 50.4% 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)	40 179 999	13.4%
2. Allan Gray (ZA)	39 789 816	12.5%
3. Old Mutual Investment Group (ZA)	17 301 495	5.4%
4. BlackRock Inc (UK & US)	13 895 976	4.4%
5. Sanlam Group (ZA)	13 431 628	4.2%
6. Investec Staff Share Scheme (ZA)	12 521 294	3.9%
7. The Vanguard Group Inc (UK & US)	11 704 039	3.7%
8. Dimensional Fund Advisors (UK)	8 521 205	2.7%
9. Coronation Fund Managers (ZA)	6 919 064	2.2%
10. Laurium Capital (ZA)	6 132 737	1.9%
Cumulative total	**170 397 253**	**54.3%**

The top 10 shareholders account for 54.3% of the total shareholding in Investec Limited. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

Shareholder classification as at 31 March 2019

	Number of Investec plc shares	% holding	Number of Investec Limited shares	% holding
Public*	659 768 565	96.7%	303 295 339	95.1%
Non-public	22 352 646	3.3%	15 609 370	4.9%
Non executive directors of Investec plc/Investec Limited	549 683	0.1%	60 331	0.0%
Executive directors of Investec plc/Investec Limited	10 617 216	1.6%	3 027 745	1.0%
Investec staff share schemes	11 185 702	1.6%	12 521 294	3.9%
Total	**682 121 211**	**100.0%**	**318 904 709**	**100.0%**

* *As per the JSE listings requirements.*

Share statistics

Investec plc

For the year ended	**31 March 2019**	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Closing market price per share (Pounds Sterling)							
– year ended	4.42	5.50	5.44	5.13	5.61	4.85	4.59
– highest	5.95	6.49	6.19	6.47	5.75	5.08	5.14
– lowest	4.23	4.61	4.19	4.03	5.61	3.66	3.10
Number of ordinary shares in issue (million)[1]	682.1	669.8	657.1	617.4	613.6	608.8	605.2
Market capitalisation (£'million)[1]	3 015	3 681	3 575	3 167	3 442	2 953	2 778
Daily average volume of shares traded ('000)	1 904	1 807	1 618	1 474	2 170	1 985	1 305
Price earnings ratio[2]	8.0	10.3	11.3	12.4	14.2	12.8	12.4
Dividend cover (times)[2]	2.2	2.2	2.1	2.0	2.0	2.0	2.1
Dividend yield (%)[2]	5.5	4.4	4.2	4.1	3.5	3.9	3.9
Earnings yield (%)[2]	12.5	9.7	8.9	8.1	7.0	7.8	8.1

Investec Limited

For the year ended	**31 March 2019**	31 March 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Closing market price per share (Rands)							
– year ended	84.34	92.28	91.46	109.91	100.51	84.84	64.26
– highest	105.31	105.62	112.11	121.90	107.35	85.04	69.89
– lowest	76.92	85.00	81.46	93.91	86.02	59.00	41.31
Number of ordinary shares in issue (million)[3]	318.9	310.7	301.2	291.4	285.7	282.9	279.6
Market capitalisation (R'million)[3]	84 424	90 481	87 646	99 886	90 388	75 652	56 857
Market capitalisation (£'million)[3]	4 424	5 389	5 213	4 662	5 045	4 325	4 061
Daily average volume of shares traded ('000)	860	1 031	1 149	963	739	810	980

1 *The LSE only include the shares in issue for Investec plc, i.e. currently 682.1 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 have agreed to use the total number of shares in issue for the combined group, comprising Investec plc and Investec Limited, in calculating market capitalisation, i.e. currently a total of 1001.0 million shares in issue.*

Investec preference shares

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

Spread of preference shareholders as at 31 March 2019

Investec plc preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
52	1 – 500	15.6%	10 618	0.4%
39	501 – 1 000	11.7%	30 700	1.1%
159	1 001 – 5 000	47.8%	307 334	11.2%
28	5 001 – 10 000	8.4%	214 331	7.8%
44	10 001 – 50 000	13.2%	962 102	34.9%
11	50 001 – 100 000	3.3%	1 229 502	44.6%
–	100 001 and over	0.0%	–	0.0%
333		**100.0%**	**2 754 587**	**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
47	1 – 500	51.1%	9 630	7.3%
16	501 – 1 000	17.4%	12 573	9.6%
22	1 001 – 5 000	23.9%	52 523	39.9%
5	5 001 – 10 000	5.4%	30 721	23.4%
2	10 001 – 50 000	2.2%	26 000	19.8%
–	50 001 – 100 000	0.0%	–	0.0%
–	100 001 and over	0.0%	–	0.0%
92		**100.0%**	**131 447**	**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
1 036	1 – 500	17.6%	319 703	1.0%
1 254	501 – 1 000	21.3%	1 032 665	3.2%
2 592	1 001 – 5 000	44.1%	6 127 441	19.0%
491	5 001 – 10 000	8.4%	3 536 035	11.0%
432	10 001 – 50 000	7.3%	8 343 657	25.9%
76	50 001 – 100 000	1.3%	12 854 998	39.9%
–	100 001 and over	0.0%	–	0.0%
5 881		**100.0%**	**32 214 499**	**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
768	1 – 500	20.9%	208 118	1.3%
876	501 – 1 000	23.9%	755 233	4.9%
1 481	1 001 – 5 000	40.4%	3 558 887	23.0%
291	5 001 – 10 000	7.9%	2 116 632	13.7%
213	10 001 – 50 000	5.8%	4 227 184	27.4%
24	50 001 – 100 000	0.7%	1 562 119	10.1%
13	100 001 and over	0.4%	3 019 457	19.6%
3 666		**100.0%**	**15 447 630**	**100.0%**

Largest preference shareholders as at 31 March 2019

Shareholders holding beneficial interests in excess of 5.0% of the issued preference shares are as follows:

Investec plc perpetual preference shares
Hargreave Hale Nominees Limited 11.9%
Pershing International nominees 5.2%

Investec plc (Rand-denominated) perpetual preference shares
Private individual 9.9%
Private individual 9.9%
Private individual 5.8%

Investec Limited perpetual preference shares
There were no shareholders holding beneficial interests in excess of 5.0% of the issued preference share in Investec Limited, as at 31 March 2019.

Investec Bank Limited perpetual preference shares
There were no shareholders holding beneficial interests in excess of 5.0% of the issued preference shares in Investec Bank Limited, as at 31 March 2019.

Introduction to our social and environmental impact

Our vision is to create and preserve sustained long-term wealth and help our clients grow their businesses. This cannot be done in isolation of our responsibility to the world around us.

Our approach is to contribute in a positive and responsible way to the health of our economy, the well-being of our staff and communities, while safeguarding our natural resources, to build a more resilient and inclusive world.

We believe that the United Nations Sustainable Development Goals (SDGs) provide a solid framework for us to assess, align and prioritise our activities. We recognise the pivotal role that the private sector, and in particular, the financial sector, will have in their achievement. Our strategy is to harness the expertise in our various businesses and identify opportunities to maximise impact by partnering with our clients, investors and various stakeholders to support delivery of the SDGs.

Over the past 18 months, we have been through an extensive engagement process with both internal and external stakeholders, to prioritise six SDGs. In selecting these priorities we looked at where we can maximise the socio-economic and environmental impact by coordinating and integrating activities across our businesses, our operations and our communities.

As a result, we believe that our most significant contribution to the SDGs will be achieved through financing innovative solutions that will address socio-economic issues and investing responsibly for a more sustainable future. We can achieve this through enabling access to clean water (SDG 6) and affordable energy (SDG 7) as well as providing access to quality education (SDG 4). These are all vital for economic growth and job creation (SDG 8). At the same time, our business has established expertise in building and supporting infrastructure solutions (SDG 9) and funding sustainable cities and stronger communities (SDG 11).

Highlights for the year

- Made good progress with our diversity targets
- Appointed our first female CEO in May 2019 as CEO of Investec Bank plc subject to regulatory approval
- Exceeded our target on community spend relative to operating profit (target of >1.0% of adjusted operating profit)
- Engaged extensively with internal and external stakeholders to prioritise six SDGs relevant for our business, operations and communities
- Finalist in the 2018 Refinitiv (formerly Thomson Reuters) Southern Africa Excellence Awards in the Most Impactful Business: Doing Good and Doing Well category

Our commitment to our people and communities

Refer to pages 116 to 121.

Our commitment to the environment

Refer to page 122.

Our business impact

Refer to our 2019 corporate sustainability and ESG supplementary report on our website.

Our six priority SDGs are aligned with:

- ***Our purpose (refer to page 5)***
- ***Our business model and growth strategy (refer to pages 7 and 8)***
- ***Our global operations, to ensure local relevance (refer to pages 12 to 14)***

Refer to our 2019 corporate sustainability and ESG supplementary report on our website for more detail on our SDG priority goals and our specific SDG targets.

Our commitment to our people

Investec's culture is positioned as our strategic differentiator. We have a flat structure and meritocratic approach and uphold an environment that encourages self-starters to drive their careers in line with business objectives. We employ passionate and talented people who are empowered and able to perform extraordinarily.

Our people strategy

Our people are at the heart of our business and we invest significantly in opportunities for the development of our employees and in leadership programmes to enable current and future leaders of the group.

We seek to create an organisation in which all people feel valued for what they contribute and are celebrated for who they are. Our culture of open and honest dialogue promotes immediate and direct performance-related feedback between the leader and the team to support individuals in their personal, professional and leadership development needs. We reward people meaningfully for performance and contribution within their teams.

Highlights for the year

- Staff headcount increased 4.7% to support business activity, increased regulation and IT development
- Learning and development spend as a % of staff costs is 1.5% for the group (target of >1.5%)
- 5% of Investec shares continue to be held by staff (excluding directors' holdings)
- Total staff turnover rate:
  - South Africa: 9.6% (2018: 9.2%)
  - UK: 11.5% (2018: 11.3%)

Working at Investec

Investec's policies and business practices are outlined in our internal documents which are easily accessible to employees in all of Investec's locations. These are intended to guide conduct and ensure our actions and attitude reflect the group's values and philosophies at all times. We also have a publicly available document, *The way we do business*, which highlights our positioning on various elements of how we conduct ourselves as a business.

10
principles of the UN Global Compact

Human rights

We remain committed to the 10 principles of the United Nations (UN) Global Compact and support the international agenda to abolish human trafficking, slavery, forced and child labour. We continue to support the UK Modern Slavery Act 2015.

Freedom of association

We fully support employees' rights to freedom of association. We uphold the constitutional rights of the individual to freedom of association, the right to collective bargaining and the right to be a member of a union of choice. We adhere to the relevant International Labour Organisation (ILO) conventions.

3
reported incidents (2018: 0)

Whistle-blowing policy and protected disclosures

We require employees to conduct all internal and external dealings with integrity, consistently and uncompromisingly displaying moral strength and behaviour which promotes trust. Due to improved monitoring there were three reported incidents of whistle-blowing in the past year.

70%
of employees in South Africa participated in one or more employee well-being initiatives (2018: 72%)

Employee well-being

Our approach to well-being is all-encompassing and forms part of the greater employee value proposition strategy. Investec values the physical, financial and psychosocial health, welfare and safety of our people. In both major geographies, employees have access to a comprehensive employee well-being programme, which is an expression of our focus on the care and concern for our employees, and provides personalised interventions including face-to-face counselling and life-coaching sessions.

£17.8mn
learning and development spend (2018: £22.5mn)

Learning and development

We invest significantly in a number of opportunities for the development and upskilling of our employees as well as leadership programmes to enable current and future leaders of the group. The decrease in the past year is due to the realignment of current programmes to ensure efficiency and relevance.

www *For more information refer to our 2019 corporate sustainability and ESG supplementary report available on our website.*

Promoting equity and inclusion

A diverse and inclusive workforce is essential to our ability to be an innovative organisation that is able to adapt and prosper in a fast-changing world.

The group's approach is to recruit and develop based on aptitude and attitude, with the deliberate intention to build a diverse workforce and to foster an inclusive workplace, which represents the population of the relevant jurisdiction. Our recruitment strategies actively seek to engage minority groups, female and disabled candidates. We do not tolerate any form of discrimination based on gender, race, ethnicity, religion, age, disability, marital status, political opinion, sensitive medical conditions, sexual orientation or gender reassignment. People with different abilities are an essential part of a diverse talent pool and every effort is made to facilitate an accessible environment for all.

Our diversity principles

- We believe in the importance and benefits of diversity and we strive to foster a culture that is supportive and inclusive of different perspectives and experiences
- As a global specialist bank and asset manager our workforce should reflect the diversity of our global client base
- We are progressing towards a working environment that is more agile and responsive to the needs of all individuals, for example flexible work arrangements are encouraged where appropriate
- We work proactively to rebalance our organisation in line with the communities in which we operate through entrepreneurship and education, and leveraging the value in our diversity
- We will continue to measure and track progress annually and strive to achieve our targets through concrete actions.

Refer to page 170.

Highlights for the year

- Appointed our first female CEO in May 2019 as CEO of Investec Bank plc subject to regulatory approval
- 49% female employees (2018: 49%)
- 25% females on our board (2018: 20%)
- Increase in female senior managers to 35% (2018: 33%)
- Signed the CEO statement of support for the United Nations Women's Empowerment Principles
- Recognised by Equileap in the UK for best maternity and paternity leave

www

The official UK gender pay gap results, required under the UK gender pay gap legislation are published on our website.

Our diversity commitment

- Investec is a member of the 30% Club in both the UK and South Africa
- In the UK, we are making good progress towards closing the gender pay gap and the 33% target for women in leadership positions in the FTSE350 by 2020, in line with the recommendations of the Hampton-Alexander Review
- Investec Bank plc and Investec Wealth & Investment UK have signed up to the UK HM Treasury Women in Finance Charter, committing to achieving a target of 30% women in senior leadership roles by 2022
- Investec Asset Management is a signatory to the Diversity Project that aims to accelerate progress towards an inclusive culture in the investment profession.

Employee gender composition – permanent employees

	Southern Africa			UK and Other			Total		
31 March 2019	Male	Female	**Total**	Male	Female	**Total**	Male	Female	**Total**
Executive directors on Investec DLC board	**3**	**–**	**3**	**2**	**1**	**3**	**5**	**1**	**6**
Senior managers*									
Asset Management	150	106	256	110	27	137	260	133	393
Wealth & Investment	105	39	144	151	23	174	256	62	318
Specialist Banking	780	609	1 389	358	100	458	1 138	709	1 847
Total senior management	**1 035**	**754**	**1 789**	**619**	**150**	**769**	**1 654**	**904**	**2 558**
Rest of employees									
Asset Management	270	479	749	221	183	404	491	662	1 153
Wealth & Investment	64	152	216	633	604	1 237	697	756	1 453
Specialist Banking	1 094	1 634	2 728	1 118	868	1 986	2 212	2 502	4 714
Total rest of employees	**1 428**	**2 265**	**3 693**	**1 972**	**1 655**	**3 627**	**3 400**	**3 920**	**7 320**
Total	**2 466**	**3 019**	**5 485**	**2 593**	**1 806**	**4 399**	**5 059**	**4 825**	**9 884**

* *The definition of senior management is different for Southern Africa and the UK and Other due to different regulatory guidelines of the respective geographies. The definition for senior management in the UK was reclassified according to our commitment to the Women in Finance Charter. Southern Africa use the definition required by the Department of Labour and the Department of Trade and Industry as per our employment equity reporting.*

Our commitment to our communities

Our community initiatives are central to the group's values of making an unselfish contribution to society, nurturing an entrepreneurial spirit, valuing diversity and respecting others, and underpin Investec's aim of being a responsible corporate citizen.

In line with our vision to create sustained long-term wealth, we need a thriving economy with active economic participants. To become economically active, people need to be educated and skilled in order to be employed or create employment themselves as entrepreneurs. Those professionals and entrepreneurs become our clients and staff and partner with us to create more wealth. In this way, we are able to address financial inclusion, creating active economic participants and engaging with communities in a meaningful way.

Our approach focuses on three categories of impact:

- education and learnerships (aligned to priority SDG 4: quality education)
- entrepreneurship and job creation (aligned to priority SDG 8: decent work and economic growth)
- environment and other philanthropy (aligned to priority SDG 6, SDG 7, SDG 9 and SDG 11)

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

Highlights for the year

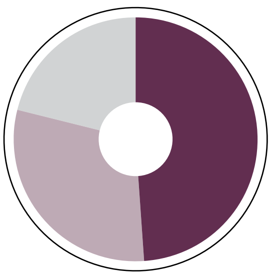
- Total community spend £9.8 million (2018*: £8.2 million)
- 1.5% community spend as a % of operating profit (2018*: 1.4% and a target of >1.0%)
- One of the first signatories to the Youth Employment Service (YES) initiative in South Africa, and placed in excess of 1 200 youth with 11 partners
- Finalist in the 2018 Refinitiv (formerly Thomson Reuters) Southern Africa Excellence Awards in the Most Impactful Business: Doing Good and Doing Well category
- Received gold in the Global Good Awards for Best Education Project for the partnership with Arrival Education in 2018 in the UK
- Winner of the Innovation in Sustainability or Social Responsibility Award at the Financial Innovation Awards for its Invest for Success programme in the UK

* *31 March 2018 numbers were restated to include external learnerships and job creation (YES initiative).*

We have adjusted our spend on community initiatives for 2018 and 2019 to include external learnerships and job creation which were previously excluded.

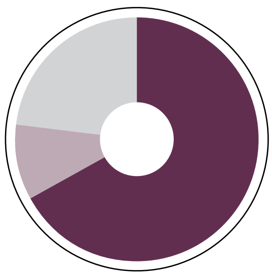
In the past year, the entrepreneurship and job creation category has increased significantly as a result of our commitment to the Youth Employment Services (YES) initiative in community spend. Combined, the education and learnerships, and entrepreneurship and job creation spend was 79% of total community spend.

Spend on community initiatives by impact category (%)



31 MARCH 2019
£9.8 million

49%	●	Education and learnerships
30%	●	Entrepreneurship and job creation
21%	●	Environment and other



31 MARCH 2018
£8.2 million

67%	●	Education and learnerships
10%	●	Entrepreneurship and job creation
23%	●	Environment and other

Education and learnerships

Within our communities, our strategy focuses on creating education and leadership opportunities, that equip and enable young people to become active economic participants in society.

Through our many education and learnership initiatives we are contributing to SDG 4 (quality education)

In South Africa, we support and empower talented individuals within a defined continuum of interactions through school and university to the workplace.

Our flagship programme, **Promaths**, aims to support the education system by providing extra tuition in mathematics and science to learners in grades 10-12 at selected schools across the country. We currently fund 3 960 learners across nine centres. In 2018* there were 409 distinctions in mathematics from 1 176 learners and 651 distinctions in science from 1 173 learners writing their final examinations, both of which contributed 7% of the country's distinctions in the two subjects. Our other key programmes in the education sector include high school and university bursaries, teacher development, work readiness, mentorship and learnerships.

Investec supports two learnership programmes, the **Umuzi Academy** and **Afrika Tikkun**. The Umuzi Academy offers a one-year learnership that produces high calibre, entry-level designers, copywriters, digital and multimedia professionals. Afrika Tikkun offers learners skills in business administration, end-user computing and systems development.

In the UK, we partner with **Arrival Education**, a social enterprise that focuses on supporting young people from challenging backgrounds and minority ethnic groups through programmes which encourage social mobility. We have supported over 1 600 learners on the Arrival Education programme in the last ten years. Our other programmes in the UK include primary and secondary school support as well as college support, with Investec staff involved in all programmes through volunteering.

Highlights for the year

- 5% of South Africa's national distinctions in both mathematics and science came from Promaths learners
- 173 high school and university bursaries awarded (2017*: 157)
- >R14.7 million invested in Umuzi Academy and Afrika Tikkun learnerships in 2018*
- Supported 113 Arrival Education students in the UK

Business impact on SDG 4

The Investec Africa Frontier Private Equity Fund 2, a private-equity fund managed by Investec Asset Management, has acquired a controlling stake in private-college operator Richfield Holdings. Richfield operates more than 40 campuses in South Africa with more than 20 000 students. It offers a wide range of accredited Higher Education degrees, diplomas, and certificates as well as technical and vocational training courses. Richfield is designed for high-quality degrees in useful subjects. 96% of its students are black South Africans, of whom 85% come from households with an annual household income of less than R120 000. On average, a Richfield graduate increases his/her household income four-fold within five years of graduating, highlighting how transformational the investment is.

Our lending business is actively financing a number of educational and vocational businesses to enhance quality education and skills development in South Africa.

The Wealth & Investment philanthropy business in South Africa allocated 55% of the R31 million worth of charitable income distribution to educational initiatives.

www ***For more examples, please see our 2019 corporate sustainability and ESG supplementary report on our website.***

* *Academic year: January to December*

Entrepreneurship and job creation

Investec's roots are based in the spirit of entrepreneurship and we strive to nurture an entrepreneurial spirit from school-going age to working entrepreneurs. We aim to provide job creation for youth through quality work experience placements.

Through our various initiatives in entrepreneurship and job creation we are contributing to SDG 8 (decent work and economic growth)

In South Africa, our **Global Exposure Programme** provides young South African entrepreneurs access to global opportunities in order to access new markets, innovations, technology, thought leaders, expertise and networks. In the last year, 43 entrepreneurs were given global exposure through four sector-specific trips abroad. We also support the **Junior Achievement South Africa** (JASA) 23-week long entrepreneurship academy programme for 290 grade 11 learners that culminates in the Investec Junior Innovators Competition.

The **Youth Employment Service (YES)** initiative, a collaboration between the South African government and the private sector, was launched by President Cyril Ramaphosa in March 2018 to try and create one million quality work experiences for youth (between the ages of 18-34) over the next three years. Stephen Koseff, former CEO of the Investec group is a co-convenor of YES with Investec one of the first companies to sign up to the initiative. Our initial cohort of interns graduated from the programme on 31 March 2019. Our first 20 interns were employed in Mpumalanga by the Sabi Sands Pfunani Trust. They held a variety of positions ranging from office administrators, data collectors, eco-monitors and artisans to trainers. Out of the first cohort, 85% received permanent employment post the one year internship.

In the UK, we partner with the **Bromley by Bow Centre** which focuses on the economic regeneration in the London Borough of Tower Hamlets. 85% of launched enterprises on the Bromley by Bow programme continue to trade beyond their third year.

Highlights for the year

- In South Africa, 43 entrepreneurs given global exposure through four sector-specific trips abroad
- Placed >1 200 youth in jobs with 11 of our partners during the year through the YES initiative
- Donated R2 million towards the establishment of the first YES hub in Tembisa, South Africa
- Through the Bromley by Bow Centre in the UK, we provided professional advice to 119 entrepreneurs looking to start their own social enterprise business

Business impact on SDG 8

Investec partnered with Goldman Sachs on an equity trading co-operation agreement to capitalise on faster economic growth across Africa. We recognise the opportunities to better serve local and global clients investing in South Africa and the wider region. The partnership allows both companies to extend their trading operations from Johannesburg to the rest of Africa and help support more sustained economic growth and employment.

Investec has also partnered, through a public/private partnership, with Wesgro, to help secure direct routes into Cape Town International Airport. Wesgro is the official tourism and trade investment promotion agency for Cape Town and the Western Cape. The initiative has supported tourism, an important growth sector for South Africa, by creating direct access to Cape Town which is an important route for the rest of Africa. Non-stop connections to Cape Town increased from three to 13 non-stop connections, allowing 18 airlines to expand, creating an aviation hub in Cape Town.

The Wealth & Investment philanthropy business in South Africa exposed clients to the opportunity of investing into funds to grow qualifying privately-owned SMMEs. These funds aim to improve South Africa's economic growth and contribute towards SDG 8 regarding decent work and economic growth.

www *For more examples, please see our 2019 corporate sustainability and ESG supplementary report.*

Environment and other

Investec recognises that communities require a clean, resource-rich natural environment that supports the growth of business and the economy.

Highlights for the year

- Sponsored 4 227 grade 4 students through the Open Learning Academy at Good Work Foundation
- Reached 5 812 children through our Coaching for Conservation programme through Investec Rhino Lifeline (17 373 reached since inception in 2013)
- 11 community villages received water in rural South Africa
- Signed up to the United for Wildlife Financial Taskforce which leverages existing global financial crime architecture to combat illegal wildlife trade
- Staff in the UK helped to plant > 2 500 trees and deliver 14 urban community greening projects

Given our African heritage, we are passionate about ensuring the continued existence of a number of African species. We fund a number of biodiversity projects which help to ensure the sustainable existence of South Africa's rich wildlife.

In the UK we focus on improving the environment for communities local to our offices.

Through our environmental initiatives, we are preserving our communities, supporting the economy of wildlife and contributing to SDG 11 (sustainable cities and communities)

Our initiatives include:

- Sponsorship of Investec Rhino Lifeline that focuses on youth education and rhino rescue, supported the rescue of 80 rhino since 2012
- Support of BirdLife South Africa's research of the environmental impact of renewable energy on the local bird life in South Africa
- Support of the Endangered Wildlife Trust's Carnivore Conservation Programme and its research and monitoring of critically endangered African wild dogs in the Northern Kruger National Park
- Sponsorship by Investec Asset Management of the Tusk Conservation Awards for the past seven years
- Support of Trees for Cities that engages local communities and schools to plant trees in the UK
- Collaborated with the Entrepreneurship Development Trust and Innovation Africa to bring water to 11 rural villages in Limpopo and Mpumalanga in South Africa.

We recognise that there are many other needs and related causes that fall outside of our key focus areas and therefore allocate a small portion of our budget to philanthropic initiatives and *ad hoc* donations.

Staff volunteering

Through our staff volunteerism programme we support and encourage staff participation and engagement as we believe that far more can be achieved through our collective knowledge, expertise and influence than through cash donations alone.

Highlights for the year

- >7 130 hours spent on volunteering (2018: >9 000 hours)
- South Africa >2 930 hours (2018: >4 700 hours)
- UK >4 200 hours (2018: >4 400 hours)

Our people play a pivotal role in our community initiatives giving selflessly of their time, money, goods and skills to support our communities. We foster a culture of participation by offering a number of opportunities for staff to get involved that include facilitated staff volunteering events and a payroll giving programme in our South African, UK and other regional offices.

Transformation in our communities

At Investec we recognise that economic growth and societal transformation are vital to creating a sustainable future for all the communities in which we operate, and that as a financial services provider, we play a critical role in enabling this.

Our community initiatives are aimed towards broader societal transformation through supporting programmes that enable individuals to be included in the economy.

We remain committed to black economic empowerment (BEE) and the Financial Sector Code (FSC) which commits its participants to actively promote a transformed, vibrant and globally competitive financial sector that reflects the demographics of South Africa.

The Entrepreneurship Development Trust (EDT) was one of the original partners in Investec's BEE ownership transaction concluded in 2003. It is a broad-based charitable trust that focuses on educational and entrepreneurial activities.

Khulasande Capital, a broad-based black owned and controlled private equity and investment vehicle, is a partnership between Investec and the EDT. Khulasande's aim is to participate in empowerment opportunities that are of benefit to the EDT and that will create value for its beneficiaries. Khulasande Capital Partnership III will be launched during the course of 2019.

The Izandla Property Fund, launched in 2017, is a majority black-owned property company supported by Investec Property and Investec Property Fund. It aims to create value to fund the initiatives of the EDT, the majority shareholder, by accessing quality real estate assets and providing our property clients with BEE partners who will own, manage and develop their property assets. Investec Property supports Izandla Property with skills, expertise and knowledge while Investec Property Fund serves as the capital partner of Izandla Property.

Our commitment to the environment

We support the transition to a low-carbon economy and believe we can make a meaningful impact in addressing climate change. Investec's environmental policy takes into account the challenges that climate change presents to the global economy and we consider any meaningful activity that either reduces the negative impact or prolongs the life on our planet.

Direct operational impact

We believe that as a financial services organisation, with our position in the first world and emerging world, we can make a meaningful impact in addressing climate change.

In recognising that we have a responsibility to understand and manage our wider carbon footprint, our approach is focused on limiting our direct operational impact and creating awareness to encourage positive sustainable behaviour.

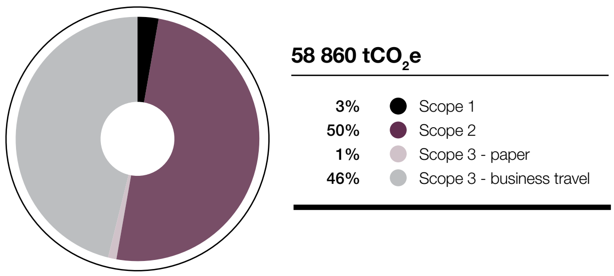
Acknowledging that we cannot continue consuming natural resources at the current rate, we focus on ways to ensure the security of natural resources in all our operations.

The key focus areas to reduce our carbon footprint include:
- reducing energy consumption
- reducing overall waste
- reducing water usage
- reducing single use plastic
- increasing waste recycling rates
- promoting sustainable travel
- promoting sustainable procurement.

Highlights for the year

- Group carbon emissions reduced by 2.8% despite a headcount increase of 4.7% in permanent employees (2018: 6.1%)
- Reduction of 8.6% in scope 2 emissions (2018: 7.9%)
- Emissions per average employee reduced from 6.23 tonnes of CO_2 to 5.74 tonnes of CO_2

*Group carbon footprint %**

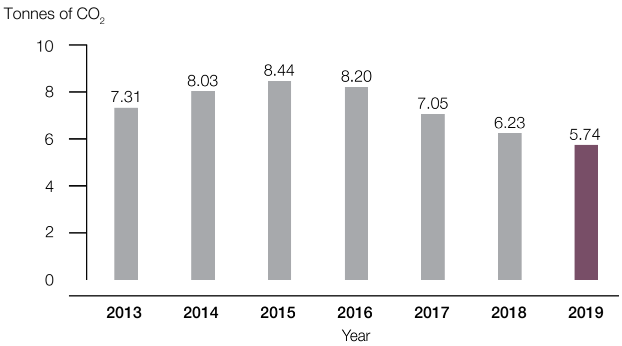


**Resource consumption not reflected above includes water consumption of 103 450kℓ (2018: 108 108kℓ), 47 tonnes (2018: 53 tonnes) of waste sent to landfill, and 960 tonnes (2018: 869 tonnes) of waste recycled.*

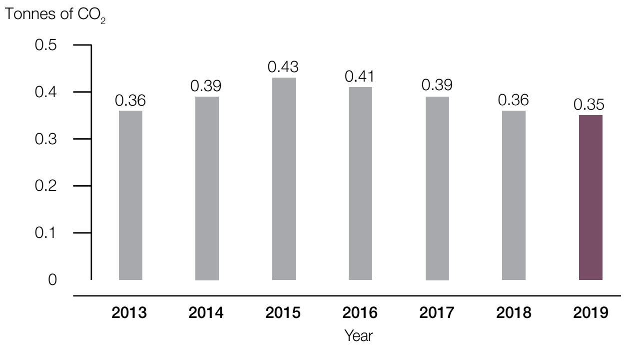
Breakdown of group emissions

Over the past seven years our intensity indicators have remained relatively constant. In 2015 we enhanced our data collection processes to cover a broader scope of our operations. Since then, the group has reduced electricity consumption as a result of electricity reduction initiatives, even though our headcount increased.

Emissions per average employee for the group



Emissions per m^2 office space for the group



Our commitment to sustainable green finance

Environmental sustainability is not just our operational responsibility, it also presents various commercial opportunities.

Our green business impact recognises the opportunities for our clients and businesses in cleaner and renewable energy sources, energy efficiency, protecting natural resources, responsible lending and investing and responsible property management. Our expertise in these areas allows us to contribute to the SDGs through various business opportunities.

Investec recognises the risks of climate change and is committed to support the transition to a clean and energy-efficient global economy. We believe that the widest and most positive influence Investec can have is to support our clients and stakeholders as they move as quickly and smoothly as possible towards a low-carbon economy.

An important aspect of our approach is a deliberate focus on financing infrastructure solutions that promote renewable energy and we have developed strong expertise in this sector, contributing to SDG 7 (affordable and clean energy).

Recognising the opportunity to play a role in funding and transforming the energy sector, Investec created an energy fund, Revego Africa Energy, to invest in and acquire equity instruments in private unlisted companies that are undertaking renewable energy projects in sub-Saharan Africa with an initial focus on operating assets in South Africa. In January 2019, Investec and UK Climate Investments (UKCI), in equal proportions, jointly committed R1 billion to the fund.

Investec Property Fund (IPF), managed by Investec Property and 26.57% owned by Investec Limited, actively explores sustainable business development. IPF tracks and benchmarks consumption across the portfolio in order to identify energy efficiency opportunities as well as monitoring improvements.

Investec Asset Management launched a number of dedicated investment funds for investors who want to support the transition to a more sustainable economic model. The Emerging Africa Infrastructure Fund (EAIF) was launched and is now fully integrated into the African Investment platform.

Highlights for the year

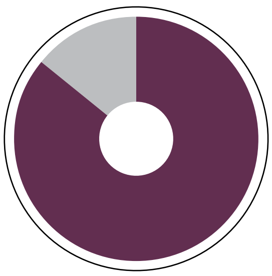
- Participated in £1.59 billion of renewable energy projects around the world (which features biomass, wind, waste, solar and hydro projects)
- Financed 14 projects, with an installed capacity of approximately 1 863MW of clean energy
- Clean energy makes up 86% of our total energy lending portfolio
- Investec and UK Climate Investments (UKCI) jointly committed R1 billion to the Revego Africa Energy fund
- Investec Property Fund implemented Solar Photovoltaic projects on six of their building's rooftops totalling 5.4MW

We recognise that water is a scarce resource and thus partner with our clients to finance innovative solutions to enable access to clean water and water efficiency, thereby contributing to SDG 6 (clean water and sanitation).

Recognising the need for enabling cleaner transport and cleaner cities, we have invested in a UK-based company specialising in electric vehicle (EV) rapid charging. Through our investment, 1 500 rapid chargers are being installed across London and thereby contributing to SDG 11 (sustainable cities and communities).

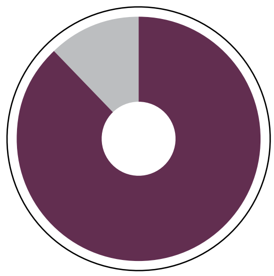
Through a joint venture, Investec Property launched a second FutureSpace office initiative, allowing entrepreneurs and small businesses to have access to collaborate and co-work. This facilitates smarter cities and economic development.

Energy portfolio split



2019

86%	●	Clean energy (including natural gas)
14%	●	Other energy sources



2018

88%	●	Clean energy (including natural gas)
12%	●	Other energy sources

5

REMUNERATION REPORT

Annual statement from the remuneration committee chair

Dear shareholders

I am pleased to introduce the Directors' Remuneration Report for the year. We are thankful for the engagement we have received from our shareholders during the year. This report is split into the following sections:

- **At a glance summarises the key remuneration outcomes and decisions for the year (pages 128 to 132)**
- **The remuneration committee (page 133)**
- **Implementation of the policy in the 2020 financial year (pages 134 to 144)**
- **The annual report on remuneration (pages 145 to 170)**
- **Remuneration Code and Pillar 3 disclosures (pages 171 to 174)**

Performance in the year

The group delivered a sound operational performance supported by substantial net inflows, good loan book growth in home currency, and a significantly improved performance from the UK Specialist Banking business. This was against a challenging operating environment with weak economic growth in both South Africa and the UK, the group's two core banking markets, as well as mixed equity market performance over the year. The Asset Management business generated substantial net inflows supporting higher average funds under management and annuity fees. The Bank and Wealth business benefitted from client acquisition and growth in key earnings drivers. The Specialist Banking business performance was supported by loan book growth. A reduction in impairments was partly offset by a weak performance from the investment portfolio. The core Wealth & Investment business performed in line with the prior year however reported results were affected by certain non-recurring items. Revenue growth and cost containment remain priorities for the group as outlined over the past year.

Group adjusted operating profit increased 9.4% year-on-year to £664.5 million. The combined South African businesses reported adjusted operating profit 1.8% ahead of the prior period in Rands, whilst the combined UK and other businesses posted a 36.1% increase in adjusted operating profit in Pounds Sterling.

Executive Director outcomes

Short-term incentive 2019

Return on equity improved from 12.1% to 12.9%, below on-target performance in the short-term incentive for the year of 14.0%. The return on risk-weighted assets was 1.50% (2018: 1.45%), coming in slightly below on-target performance in the short-term incentive scheme of 1.60%. The operating margin of 26.9% fell below the metric for threshold performance of 28.0%, this was primarily due to the performance of Click & Invest services. The board remuneration committee (the committee) assessed achievement against the non-financial objectives at 125% of target for culture and values, 100% of target for ESG related measures and 100% of target for prudential and risk management related measures, resulting in a short-term incentive of 55.3% of target.

Long-term incentive 2016 – 2019

The growth in net tangible asset value over the three year period was 37.4%, being approximately midway between on-target and stretch performance. The average return on risk weighted assets of 1.47% over the three year performance period exceeded on-target performance of 1.20%, while falling short of stretch performance of 1.60%. The committee assessed culture and values at 150% of target, both franchise development and employee relationship at 100% (on target), while it assessed governance and regulatory relationships as falling below target, at 50%. Achievements against both financial and non-financial measures resulted in vesting of the 2016 long-term incentive of 121.7% (against a target of 100% and a maximum of 150%).

Exercise of discretion

The Committee duly and carefully considered whether any discretion permitted in the remuneration policy should be exercised. It determined that no discretion was required to be exercised in relation to the short-term and long-term incentives, with the outcomes against the measures in the schemes fairly reflecting the business performance over the relevant one-and three-year performance periods.

In addition, the remuneration for the joint incoming CEOs was down by 38.8% on a single figure basis when compared to the outgoing CEO and MD for the prior year. This included a reduction of 59.9% in the short-term incentives for the joint CEOs compared to the outgoing CEO and MD for the prior year. This is against the backdrop of a 9.4% increase in adjusted operating profit for the year, and an increase in return on equity from 12.1% to 12.9% for the year. The Committee feels that this shows that the new remuneration policy approved by shareholders in August 2018, and which included significantly more stretching targets, is operating as desired.

In addition the Committee considered whether any adjustment should be made for the long-term incentive vesting this year. It felt that the outcome fairly reflected performance over the three year performance period from 2016 with adjusted operating profit increasing from £505.6 million to £664.5 million, return on equity increasing from 11.5% to 12.9%, and return on risk weighted assets increasing from 1.34% to 1.50% over the three year period.

Malus and clawback

The Committee also duly and carefully considered whether malus and/or clawback should be applied to any unvested or vested variable remuneration awards, respectively. The Committee did consider all significant credit losses and write-downs made during the year but concluded that in all cases due governance and process had been adhered to and as none of the malus and clawback thresholds were triggered, no application of these mechanisms were made.

Group-wide employee remuneration

Our remuneration approach is designed to foster a high performance culture that enables an entrepreneurial spirit as well as a strong sense of ownership. We reward people for the contribution that they make through payment of a fixed package, variable performance bonus, and ownership through a share incentive scheme. We strive to provide a working environment that stimulates extraordinary performance so that executive directors and employees may be positive contributors to our clients, our communities and the group.

The fixed pay comprises salary, role based allowances in certain circumstances, and benefits. The fixed pay is generally aligned with local market practice. The pension contributions for executive directors, when considered as part of the overall fixed pay, do not exceed the relative pension contributions for employees. This is because where local market practice means the employee contribution rate is lower than for the Executive Directors (EDs), the general employee pension contribution is funded by the company in addition to the salary and allowances. However, for the EDs, the pension contribution is deducted from the fixed pay. Therefore on a net basis the EDs are not in a preferential remuneration position when compared to the general employee population.

All employees are generally eligible for an annual bonus/short-term incentive. For employees in revenue generating roles these are determined based on a mix of financial and non-financial measures, for example the Specialist Bank operates an Economic Value Added (EVA) model to determine the funding of the bonuses each year. Employees in non-revenue generating roles are eligible for bonuses based on both financial and non-financial performance; financial performance is determined at a business unit and pillar level, and non-financial performance is more heavily weighted for non-revenue generating employees.

In principle all employees are eligible for long-term share incentives; this is designed to give our people a sense of material ownership, so they feel invested in the organisation. Further details are provided on page 143.

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 2008 (as amended), the UK Corporate Governance Code, 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 IV Code of Corporate Practice and Conduct, the South African Companies Act 2008, the JSE Limited Listings Requirements, the South African Notice on the Governance and Risk Management Framework for Insurers, 2014 and Pillar III remuneration disclosure requirements.

The report also contains Pillar III disclosures as mandated by the UK's PRA and the South African Prudential Authority (previously known as the Banking Supervision Department of the South African Reserve Bank).

Proposed key changes for 2020

Given the proposed demerger of Investec Asset Management, the structure of the group and the executive is changing significantly. We are not proposing a new remuneration policy at this time, however we are proposing some changes to the implementation of the directors' remuneration policy (which was approved by shareholders in August 2018). These technical adjustments will apply to Investec's executive remuneration arrangements post the demerger of Investec Asset Management, that is for the 2020 financial year, subject to the demerger being implemented. The key changes are as indicated below.

Component	*Technical adjustment applicable to the March 2020 performance period*
Components of remuneration and remuneration principles	• Unchanged
Long-Term Incentive scheme design, measures and achievement levels	• Scheme design unchanged • Achievement levels technically adjusted to exclude Investec Asset Management
Short-Term Incentive scheme design, measures and achievement levels	• Scheme design largely unchanged • One amendment only: operating margin for Investec Wealth & Asset Management measure changed to cost to income ratio for total Bank and Wealth group • Recalibrating of other metrics to reflect the demerger of Investec Asset Management
Total executive pay	• Decreasing: this is approximately 50% less than 2018 • Fewer executives post demerger • Lower total "at target" and "at stretch" remuneration for the CEO (and other executive directors) of the remaining Investec business at roughly 10% less than the current remuneration scheme

These are outlined in more detail on pages 134 to 137.

Remuneration arrangements are summarised as follows, with more details on pages 134 to 137.

The current policy refers to the executive remuneration policy as set out in our 2018 annual report and as approved by shareholders in August 2018.

Remuneration arrangements for 2019 and 2020	
Current executive directors	• Pay for the 2019 financial year will be in accordance with the current policy
Remaining and incoming Investec executive directors of the Bank and Wealth business	• Pay in accordance with the current policy subject to the technical adjustments as set out on pages 167 to 168. • Will be applicable for the 2020 financial year
Retiring executive directors, (Stephen Koseff, Bernard Kantor and Glynn Burger)	• Stephen Koseff and Bernard Kantor stepped down from their roles of chief executive officer (CEO) and managing director (MD) of Investec group, respectively, on 1 October 2018. They will not stand for re-election at the 2019 annual general meeting (AGM). They will continue to actively oversee the proposed demerger and separate listing of Investec Asset Management until its completion • They will not be eligible for a short-term incentive or a long-term incentive award for the 2020 financial year • Glynn Burger retired at the end of March 2019 and his pay is in accordance with the current policy
Investec Asset Management executive directors who will be leaving the Group, that is Hendrik du Toit and Kim MacFarland	• They are subject to the existing policy to the date of demerger and payments will be made in accordance with Investec policy. Thereafter they will be subject to the Investec Asset Management remuneration arrangements, as per the circular and prospects • Will be paid by Investec Asset Management post demerger
New Group Finance Director, that is Nishlan Samujh	• Commenced on 1 April 2019 • His fixed and variable remuneration has been set at 50% of the current CEOs • His remuneration arrangements are in line with the current policy

Response to shareholder feedback

In 2018 we engaged in an extensive consultation exercise with our key shareholders, to assist us in designing our new remuneration policy. We, by and large, have received positive feedback. We implemented a significant number of changes requested by our shareholders, including reducing the like-for-like target remuneration opportunity by approximately 30% by, *inter alia* increasing the target metrics. We were disappointed to receive a vote for our revised remuneration policy of 79.47%, marginally short of 80%. We believe that our new policy effectively links performance and reward, as evidenced by the 38.8% reduction in the total remuneration awarded to the incoming joint CEOs this year, on a single figure basis when compared to the prior CEO and MD against an increase in operating profit of 9.4%. In response to this, we have held extensive consultations with key shareholders this year. As outlined above we have also made some technical adjustments given the proposed Investec Asset Management demerger and these will result in lower total "at target" and "at stretch" remuneration for the CEO (and other executive directors) of the remaining Investec business at roughly 10% less than the current remuneration scheme. The response we received from shareholders during our consultation exercise was very supportive. The existing directors remuneration policy that was approved at the AGM in August 2018 can be found in the 2018 Investec integrated annual report in the investor relations section of our website.

Looking ahead

We believe our proposed approach to executive remuneration is designed to incentivise exceptional performance from our executives and employees, and ensure that all stakeholders, including shareholders and executives are rewarded appropriately for performance.

We are also committed to ensuring that the group continues to deliver strong performance following the proposed demerger.

We are also focused on ensuring that our approach to reward is fair in all aspects, and that we are mindful of all of our stakeholders when determining how we reward our executives and employees.

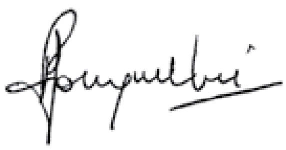
The committee and I look forward to the 2019 AGM as an opportunity to answer any questions that you may have on the reward outcomes for the year.

Approvals

We are seeking shareholder approval at the 2019 annual general meeting for:

- Our directors' remuneration report for the year ended 31 March 2019 (pages 145 to 170).
- Our non-executive directors' remuneration (page 166).

Signed on behalf of the board



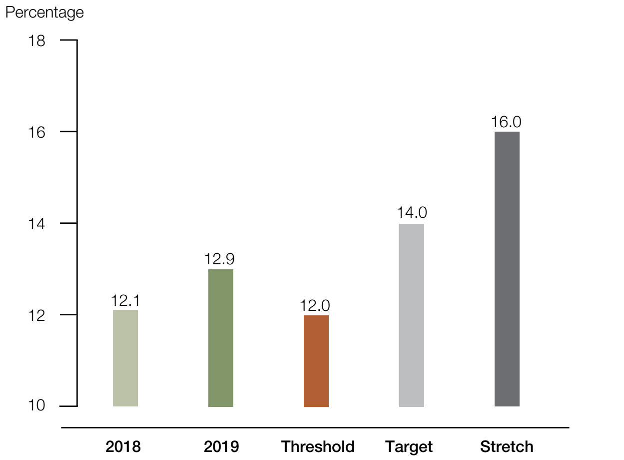
Philip Hourquebie

13 June 2019

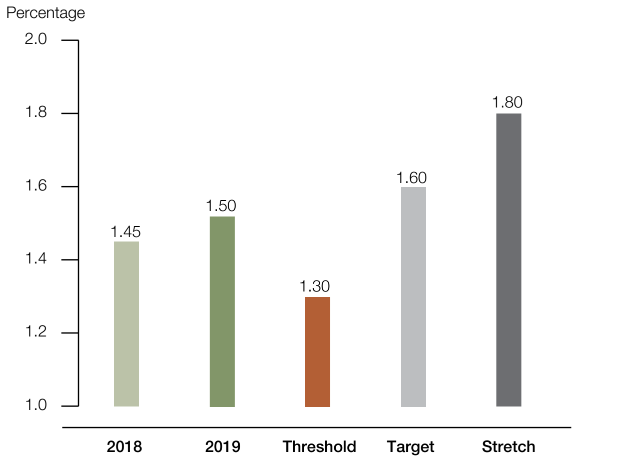
Remuneration at a glance

Key factors in assessing variable remuneration outcomes for the year

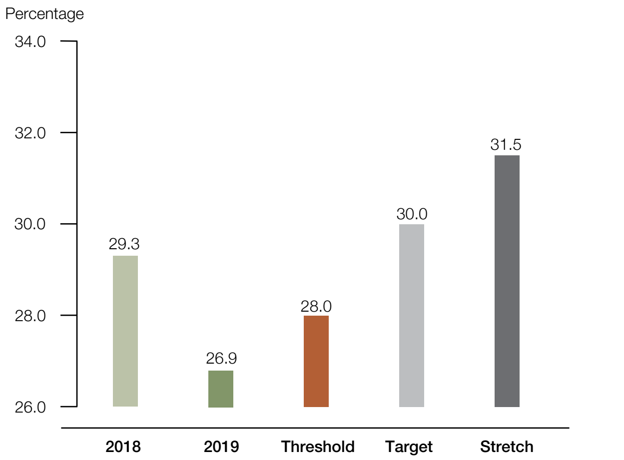
Return on equity – short term incentive



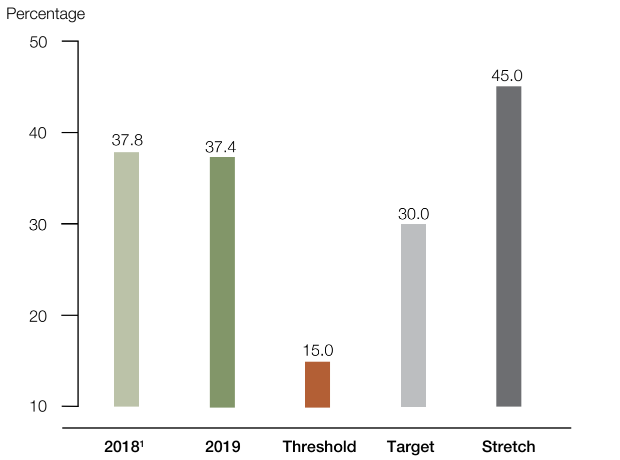
Return on risk-weighted assets – short term incentive



Operating margin – short term incentive

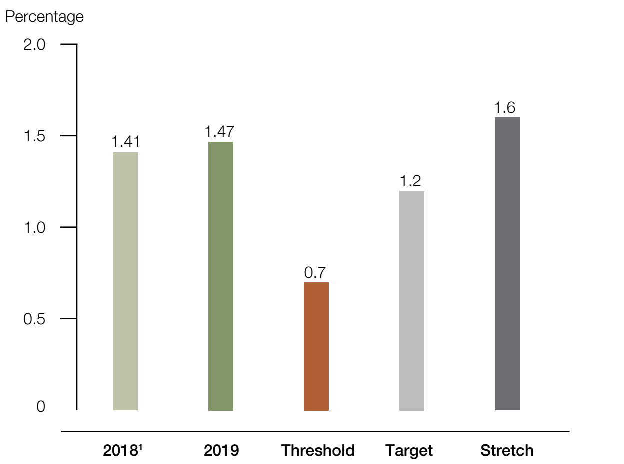


Growth in net tangible asset value – long term incentive



1. *No award was tested for performance conditions in 2018, as no award had a performance period ending in that year.*

Return on risk-weighted assets – long term incentive

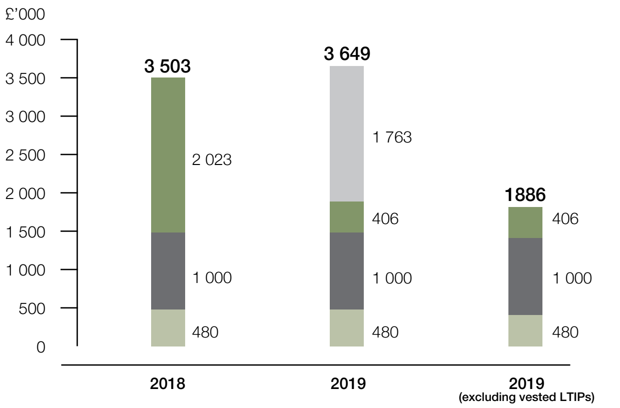


1. *No award was tested for performance conditions in 2018, as no award had a performance period ending in that year.*

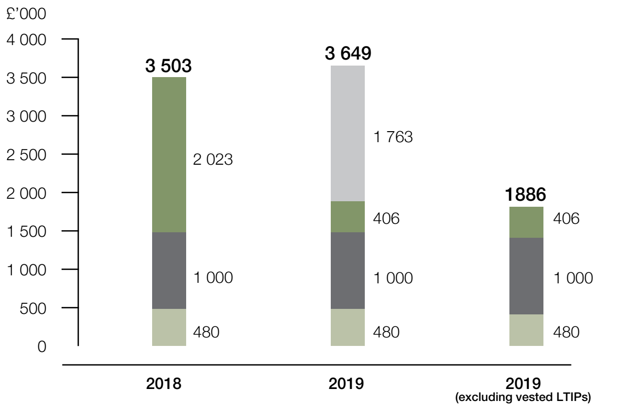
Remuneration outcomes for the year

Single figures of remuneration, calculated based on the value of long-term incentives where the performance conditions were assessed during the year. We have shown the figures including vested long-term incentives, and also excluding vested long-term incentives for 2019. This is to enable a clearer comparison of the remuneration at award for the outgoing and incoming executives.

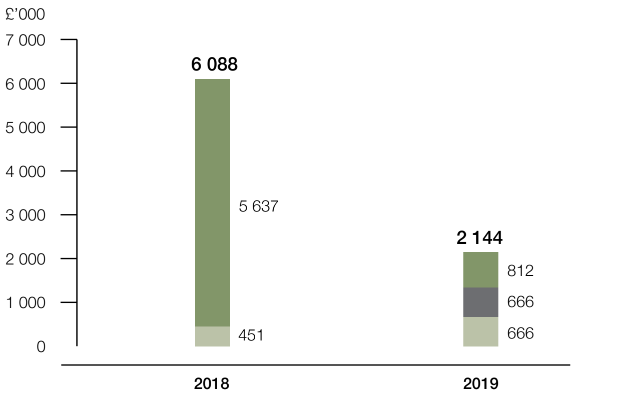
Stephen Koseff



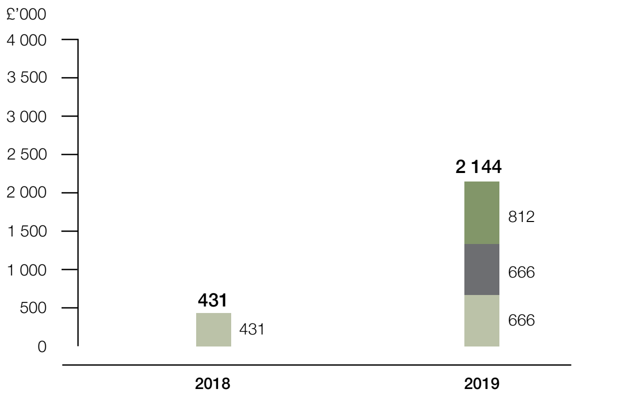
Bernard Kantor



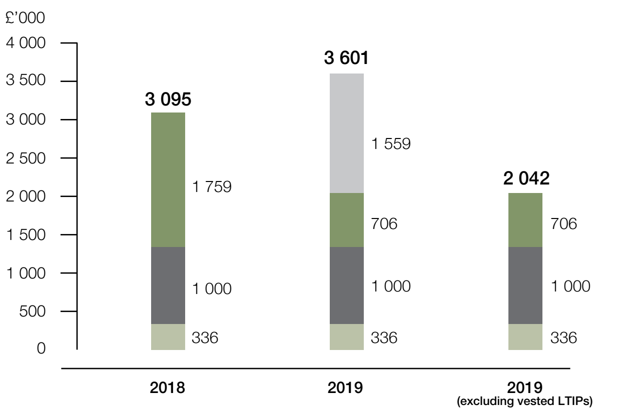
Hendrik du Toit



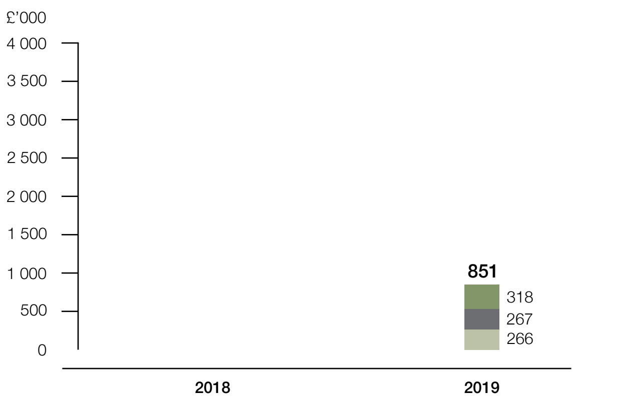
Fani Titi[1]



Glynn Burger



Kim McFarland[2]



Fixed pay — cash Fixed pay — shares Short-term incentive Long-term incentive (vested)

1. *Remuneration for 2018 was fees paid for service as Chairman of the group.*
2. *2018 remuneration not disclosed for Kim McFarland as she was not an executive director in 2018. The 2019 remuneration disclosed is for six months as an executive director.*

Achievement against Short-Term Incentive Metrics – Executive directors 2019

Measures		Weighting	Actual performance against targets set: Below	Threshold	Target	Stretch	Threshold for 2019 (0%)	Target for 2019 (100%)	Stretch for 2019 (150%)	**Actual performance**	Weighting achieved
Financial	Return on risk-weighted assets	30%					1.3%	1.6%	1.8%	**1.50%**	66.7%
	Return on equity	30%					12.0%	14.0%	16.0%	**12.9%**	45.0%
	Operating margin	20%					28.0%	30.0%	31.5%	**26.9%**	0.0%
Non-financial	Culture and values	7%					0	4	6	**5**	125.0%
	ESG related measures	5%					0	4	6	**4**	100.0%
	Prudential and risk measures	8%					0	4	6	**4**	100.0%
Total		100%									55.3%

Achievement against Long-Term Incentive Metrics – Executive directors (2016 awards)

Measures		Weighting	Actual performance against targets set: Below	Threshold	Target	Stretch	Threshold for 2019 (0%)	Target for 2019 (100%)	Stretch for 2019[1] (150%)	**Actual performance[2]**	Weighting achieved
Financial	Growth in net tangible asset value	40%					15%	30%	45%	**37.4%**	124.7%
	Return on risk-weighted assets	35%					0.7%	1.2%	1.6%	**1.47%**	133.8%
Non-financial	Culture and values	4%					0	2	4	**3**	150.0%
	Franchise development	13%					0	2	4	**2**	100.0%
	Governance and regulatory	4%					0	2	4	**1**	50.0%
	Employee relationship	4%					0	2	4	**2**	100.0%
Total		100%									121.7%

1 *200% at stretch for non-financial measures.*
2 *Assessed over the performance period from 1 April 2016 to 31 March 2019.*

Summary of Policy and Proposed Amendments

Shareholders approved the current Remuneration Policy at the AGM in August 2018. However, the proposed demerger of Investec Asset Management from the group means there will be a change to the structure and directorship of the group and as such it is appropriate that we make a number of technical amendments within the policy to reflect the new group structure. We firmly believe that this policy is strongly aligned with the new strategy of the remaining Bank and Wealth group.

Fixed pay – cash	Fixed pay – shares	Pension and benefits	Short-Term Incentive	Long-Term incentive	Shareholding requirements	Non-executive directors
Main features of current policy						
• 50% of fixed pay paid in cash monthly	• 50% of fixed pay delivered in shares • Released equally after one and two years	• Benefits funded by sacrificing a portion of fixed pay	• Incentive pool of 0.23% of adjusted operating profit for Joint CEOs • Incentive pool of up to 0.18% of adjusted operating profit for other executive directors • Subject to a maximum of 143.3% of fixed remuneration • Performance measures are: – Return on risk-weighted assets – Return on equity – Operating margin of asset manage-ment and wealth manage-ment busi-nesses – Non-financial and prudential measures • Delivered in a mix of deferred and non-deferred cash and shares • Clawback and malus provisions apply	• Annual award of 100% of fixed remuneration • Conditional awards of shares subject to performance conditions • Vesting is subject to performance measures assessed over a three year performance period • Performance measures are: – Growth in net tangible asset value – Return on risk-weighted assets – Non-financial measures • Clawback and malus provisions apply	• 200% of the cash element of fixed pay, over a reasonable timeframe	• Fees reviewed annually • Comprise basic fees plus additional fees for extra responsibility of board or committee chairman, or senior NED • Additional fees payable for membership of subsidiary boards

Fixed pay – cash	Fixed pay – shares	Pension and benefits	Short-Term Incentive	Long-Term incentive	Shareholding requirements	Non-executive directors
Key changes to be implemented after the proposed demerger						
• No change	• No change	• No change	• Operating margin performance measure replaced with cost/income ratio excluding Investec Asset Management; the demerger of Investec Asset Management means that this is a more appropriate measure • Performance targets amended to reflect a group without Asset Management	• Performance targets amended to reflect a group without Investec Asset Management	• Added a post-termination requirement of the lower of 200% of the cash element of fixed pay or the holding on termination of employment, for two years post-termination • No change during employment	• No change

The remuneration committee

Composition and role of the committee

Philip Hourquebie served as chairman of the committee throughout the year. The other members of the committee for the year were Zarina Bassa, Peregrine Crosthwaite and Charles Jacobs.

www ***The committee's terms of reference are subject to annual review and available on our website.***

Advice to the committee

The Committee was assisted in its considerations by Korn Ferry. Korn Ferry 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. The committee appointed Korn Ferry, on an annual basis evaluates the advice received from Korn Ferry to ensure that it is both objective and independent, and considers whether this service should be retained for the forthcoming year. The committee considered Korn Ferry's role as an advisor to the group, and determined that there was no conflict or potential conflict arising. The committee is satisfied that the advice the committee received is objective and independent. Total fees paid to Korn Ferry for the year amounted to £13 878 (based on their standard hourly rates).

In addition the company retained the services of PricewaterhouseCoopers LLP (PWC) to assist with amending the remuneration policy for executive directors, to account for the impact of the demerger of Investec Asset Management.

The Committee also received advice, supporting documentation and information from specialist areas in the business including human resources, reward, staff share schemes, finance and legal. The individuals providing support to the Committee in these divisions are not board directors and are not appointed by the committee. The committee recognises and manages any conflicts of interest when receiving views from executive directors or senior management on executive remuneration proposals and no individual is involved in deciding his or her own remuneration.

Priorities for the Committee in 2019

The key priorities for the committee in 2019 were finalising the revised executive directors' policy for approval from shareholders at the AGM, and amending the executive directors' policy to account for the demerger of Investec Asset Management, expected to be in the second half of the calendar year. The demerger is subject to regulatory and shareholder approval.

Shareholder voting and shareholder engagement

The chairs of both the group board and the remuneration committee undertook extensive consultation exercises with our key shareholders on the proposed revised remuneration policy in early 2018. As outlined in the 2018 annual report we made a number of significant changes to the remuneration policy, to incorporate feedback from our shareholders and to reflect the significant board changes implemented during 2018. Despite the changes made, including a significant drop in the potential quantum of remuneration for the executive directors we were extremely disappointed to receive a vote FOR of 79.47%. We have undergone additional consultations with our shareholders in early 2019, to source their views on our proposed technical amendments required due to the demerger of Investec Asset Management. The feedback from shareholders following these consultation was very positive.

Activities in the year

Activities in the year	14 May	30 May	23 Jul	3 Sep	12 Nov	5 Dec	21 Jan	11 Mar
Executive directors' remuneration policy	√	√			√	√	√	√
Directors' Remuneration Report	√	√			√		√	√
Variable remuneration for EDs for 2017/2018	√	√						
Annual reward review for senior management, material risk takers, control function employees and other employees	√	√						
Consideration of shareholder feedback from roadshows			√					√
Remuneration impact of Investec Asset Management demerger					√	√	√	√
Authorised firm remuneration reports to the committee	√		√	√	√		√	√
Regulatory developments	√	√	√	√	√	√	√	√
Share awards to employees		√				√		
Share Schemes rules		√						
Investec Asset Management Marathon Trust considerations			√	√	√			
Review of Material Risk Takers				√				√
Share dilution					√			
Mid-year bonus review for Investec Wealth & Investment						√		

Implementation of Policy in the 2020 financial year

Directors' Remuneration Policy Table

The Directors' remuneration policy was approved by shareholders at the AGM in August 2018, and is intended to remain in place for three years. This can be viewed in the 2018 Investec Integrated annual report on the Investor Relations Section of our website.

Due to the proposed demerger of Investec Asset Management expected during the second half of the calendar year and under the discretion afforded in the current policy for corporate events, we are replacing the operating margin for the Asset Management and Wealth & Investment businesses measure in the short-term incentive with the cost/income ratio measure for the remaining Bank and Wealth & Investment group. We are also changing some metrics that are impacted by Investec Asset Management. In addition, we are introducing a post-termination shareholding requirement.

Purpose and link to strategy	Operation	Maximum value and performance targets	Changes from prior year
Fixed remuneration			
• To provide an industry competitive package so that we are able to recruit and retain the people that we need to develop our business • The fixed remuneration reflects the relative skills and experience of, and contribution made by, the individual • Delivery of half in shares to ensure alignment with shareholders	• Fixed pay award • 50% delivered in cash, paid monthly • 50% delivered in shares, which vest immediately but only release equally after one year and two years • These share awards are made annually in early June each year • Fixed remuneration is benchmarked against relevant comparator groups[1] • Bernard Kantor and Stephen Koseff receive a fixed allowance in shares in addition to their salary. This is deferred over a five year period with 20% being released each year	• Targeted at market median 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 • The fixed remuneration for the CEOs is £1 332 000 per annum • The fixed remuneration for the Group Finance Director is £666 000 per annum • Bernard Kantor and Stephen Koseff will receive fixed salary at an annualised amount of £480 000. They will not stand for re-election at the 2019 annual general meeting (AGM). They will continue to actively oversee the proposed demerger and separate listing of Investec Asset Management until its completion. • In addition Bernard Kantor and Stephen Koseff received a fixed allowance at an annualised amount of £1 million paid in shares over five years • Executive directors other than the CEOs can earn a maximum of 80% of the CEO fixed remuneration, £1 066 000 per annum	• The new Group Finance Director has fixed remuneration equivalent to 50% of the CEOs
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

Purpose and link to strategy	Operation	Maximum value and performance targets	Changes from prior year
Pension/provident			
• To enable executive directors to provide for their retirement	• Executive directors participate in defined contribution pension/provident schemes • Only the cash element of fixed remuneration, not annual bonuses, is pensionable • Pension/provident contributions are deducted from the cash element of fixed remuneration • As pension contributions are deducted from gross pay the executive directors are not in a preferential net position relative to the general employee population	• The individual can elect what proportion of fixed remuneration is allocated as their pension/provident contribution	• None
Short-term incentive			
• Alignment with key business objectives • The Short-term incentive supports the key business objectives over its 12 month performance period by having measures and metrics that are based on the key business targets, which were disclosed externally at the Capital Markets Day in February 2019 • 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; of this portion, an amount that ensures 60% of total variable remuneration (short-term incentive plus long-term incentive) is deferred over three to seven years, vests 20% per annum commencing on the third anniversary • The remaining portion vests equally after one and two years • Shares must be retained for a period of 12 months after vesting • Dividends and dividend equivalents are not earned on the unvested deferred share portion • Dividends are earned once the shares have vested • The remuneration committee retains discretion to amend the amount payable to ensure that incentives truly reflect performance and are not distorted by an unintended formulaic outcome • Awards are subject to malus of unvested shares and clawback on the entire award • Malus can be applied for up to seven years and clawback for up to 10 years after award	• Based on a balanced scorecard of financial and non-financial performance measures with achievement levels that correspond with our short-term objectives[3] • 80% based on financial measures comprising: – Return on risk-weighted assets (30%); – Return on equity (30%); and – Cost/income ratio (20%) • 20% based on non-financial measures comprising: – Culture and values and cooperation related measures (7%); – ESG related measures (5%); and – Prudential and risk management related measures (8%) • If target performance conditions are achieved, distribution will be as follows: 0.23% of AOP to the CEO; up to 0.18% to each of the other executive directors[2] • The performance achievement level is 0% for threshold performance, 100% for target performance and 150% for stretch performance • The targets are reviewed annually	• Replacement of the operating margin on the combined Asset Management and Wealth & Investment business with a cost/income ratio for the Bank and Wealth & Investment Group • Technical amendments made to the performance targets • These changes are to account for the proposed demerger of Investec Asset Management in the second half of the 2019 calendar year • We acknowledge the ISS guidance released in November 2018 that the annual bonus should not pay out more than 50% of the maximum bonus potential for on target performance. We will incorporate this into our next proposed remuneration policy that will be presented to shareholders for approval, due in 2021.

Purpose and link to strategy	Operation	Maximum value and performance targets	Changes from prior year
Short-term incentive *(continued)*			
		• If all financial and non-financial stretch levels are met, up to 150% of the target may be awarded, subject to an overall maximum of variable remuneration (including LTIPs) being within the remuneration cap[4] • The remuneration committee will review the achievement levels for the short-term incentive on an annual basis	• Hendrik du Toit and Kim McFarland will receive a short-term incentive pro-rated to the date of the Investec Asset Management listing • Bernard Kantor and Stephen Koseff are not eligible for a short-term incentive for the 2020 financial year
Long-term incentive			
• Clear link between performance and remuneration • Embeds alignment with shareholder returns • The long-term incentive supports the key business objectives over its three year performance period by having measures and metrics that encourage sustainable growth • Non-financial measures take into account the group's strategic and operational objectives	• Conditional awards of shares subject to performance conditions measured over three financial years • Awards vest 20% per annum commencing on the third anniversary and ending on the seventh anniversary of award • Vested shares are subject to a further 12 month retention period • Dividends and dividend equivalents are not earned on unvested shares • Dividends are earned once the shares have vested • Awards are subject to malus on unvested shares and clawback on vested shares • Malus can be applied for up to seven years, and clawback for up to 10 years after award • The 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 • These long-term incentive awards are made annually following the completion of the financial year • Bernard Kantor and Stephen Koseff will not be eligible for a long-term incentive • Awards will be pro-rated based on time served relative to the performance period on termination of employment	• Annual award of 100% of aggregate fixed remuneration • The number of shares is determined relative to the share price at the time of award • Awards are subject to the following performance measures and weightings[3]: – Growth in net tangible asset value per share (40%); – Return on risk-weighted assets (35%); – Non-financial measures (25%) • Targets for financial performance measures and non-financial measures will be reviewed and set annually by the remuneration committee in advance • The performance achievement level is 0% for threshold performance, 100% for target performance and 150% for stretch performance • If the stretch achievement levels for both the financial and non-financial measures 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 award	• Technical amendments made to the performance targets, to account for the announced demerger of Investec Asset Management expected to be in the second half of the 2019 calendar year

Purpose and link to strategy	Operation	Maximum value and performance targets	Changes from prior year
Shareholding requirements			
• To ensure the alignment of the financial interests of executives with those of shareholders • Focus on long term performance	• Shareholding requirement during employment of 200% of the cash element of fixed pay • Shareholding requirement to be met over a reasonable timeframe • Post-termination shareholding requirement of the lower of 200% of the cash element of fixed pay, or the holding on termination of employment, for two years post-termination	• None	• None • The addition of the post-termination shareholding requirement

Notes to the preceding table:

1. *Peer group companies include Absa Group, formally known as Barclays Africa Group, Alliance Bernstein, Close Brothers Group, FirstRand, Julius Baer, Macquarie Group, Nedbank Group, Schroders, Standard Bank Group and Standard Life Aberdeen plc.*
2. *AOP defined as operating profit before taxation, goodwill, acquired intangibles and non-operating items and after non-controlling interests.*
3. *The performance measures have been selected based on our business strategy and goals, taking into account regulations and our risk appetite framework. Targets will be set by the committee based on a range of internal and external factors including public financial and non-financial targets, internal benchmarks and hurdles, and economic and market conditions. These targets will be set in advance by the committee and reported in the annual report.*
4. *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 (currently 243.3% fixed remuneration dependent on interest rates and inflation). These limits will be in line with this EBA cap.*

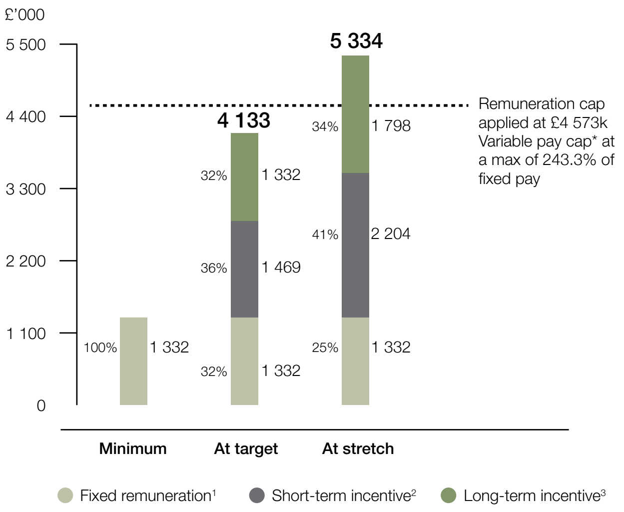
Approach to recruitment remuneration

It is intended that the approach to the recruitment of new executive and non-executive directors will be in line with the remuneration policy outlined in the table above. This includes both internal and external hires. 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.

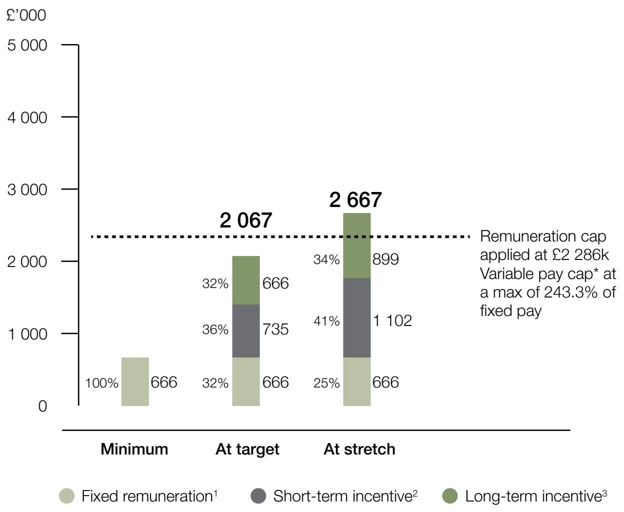
The remuneration committee retains the discretion to buy out bonus or incentive awards that the new executive director has forfeited as a result of accepting the appointment, subject to proof of forfeiture where applicable. Any award made to compensate for forfeited remuneration should be broadly no more generous than, and should aim to mirror the value, timing, form of delivery and performance adjustment (malus and clawback) conditions of the forfeited remuneration.

Illustrations of application of remuneration policy

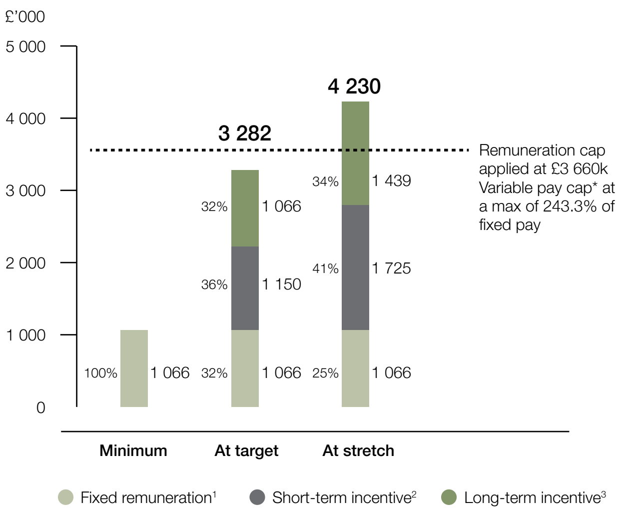
Illustrative payouts for the remaining CEO



Illustrative payouts for the Group Finance Director



Illustrative payouts for the other executive directors



* *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, depending on the length of deferral, inflation and interest rates. This is currently 243.3% of fixed remuneration. These limits will be in line with this cap.*

1. *Fixed remuneration comprises fixed remuneration delivered in cash and shares, less any benefits and pension contribution.*
2. *The short-term incentive is determined with reference to performance for the financial year and is delivered in a combination of deferred and non-deferred cash and shares.*
3. *The long-term incentive is subject to performance measures assessed over a three-year period.*

The graphs illustrate the total remuneration at threshold, target and stretch achievement levels for the executive directors. The scenarios are based on adjusted operating profit earned at 31 March 2019.

In addition, assuming that the share price increases by 50% from the point of award over the three year performance period, the total remuneration at stretch achievement levels would increase from £4,573,00 to £6,233,000 for the CEO and from £3,660,000 to £4,450,000 for the other executive directors. This exceeds the stated remuneration caps as the caps apply on award, not vesting.

The figures to demonstrate potential payout assuming a 50% share price are based on the following assumptions:

1. At stretch achievement levels
2. One year of short-term incentive
3. 60% of the short-term incentive is deferred into shares
4. Awards on target vesting of the long-term incentive
5. The full long-term incentive is deferred in shares
6. The starting share price is the share price at the date of award
7. The share price appreciation is 50% over the three year performance period.

Remuneration policy for non-executive directors

The board's policy is that fees should reflect individual responsibilities and membership of board committees. 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 and are awarded equally between the two companies.

Purpose and link to strategy	Operation	Maximum value and performance targets	Changes from prior year
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 committee taking into account market data and time commitment • In addition to fees for board membership, fees are payable to the senior independent director, and for chairmanship and membership of major DLC board committees, membership of the Investec Bank Limited and Investec Bank plc and other subsidiary company boards and for attendance at other relevant committee meetings • South Africa Value-Added Tax (VAT), at the prevailing rate, where applicable, will be added to the fees payable by Investec Limited	• Fee increases will generally be in line with inflation and market rates • Aggregate fees payable by Investec plc are subject to an overall maximum of £1 million under the Investec plc articles unless specifically approved by shareholders	• None
Shareholding requirement			
	• There is no requirement for non-executive directors to hold shares in the company; this choice is left to the discretion of each non-executive director	• None	• None

The policy as described above will be taken into account in the recruitment of new non-executive directors.

Service contracts and policy on payment for loss of office

The terms of service contracts and provision for compensation for loss of office for executive directors is set out below. Contractual entitlements will be honoured.

Standard provision	*Policy*	*Details*
Contracts of employment	• Indefinite service contracts	• Copies are available for inspection at the company's registered office
Notice period	• Terminable by either party with six months' written notice	• Fixed pay, adjusted for benefits and pension payable, for period of notice
Compensation for loss of office in service contracts	• No provision for compensation payable on early termination • There are no contractual provisions agreed prior to 27 June 2012 that could impact the quantum of payment	
Outstanding deferred short-term incentive shares	• Lapse on resignation or termination for misconduct • May be retained if the director is considered a "good leaver"	• "Good leaver" status may be conferred in cases such as retirement with a minimum of 10 years' service, disability or ill health
Outstanding long-term incentive awards	• Lapse on resignation or termination for misconduct • May be retained if the director is considered a "good leaver"	• "Good leaver" status may be conferred in cases such as retirement with a minimum of 10 years' service, disability or ill health • In good leaver cases, will be pro-rated based on time served relative to the performance period of the award
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	
Outside appointments	• Executive directors are permitted to accept outside appointments on external boards or committees • These are required to be pre-approved by the group chairman and the DLC nominations and directors' affairs committee	• Subject to being deemed not to interfere with the business of the company • Fees earned in this regard are forfeited to Investec
Other notable provisions in service contracts	• There are no other notable provisions in the service contracts.	

The terms of appointment for non-executive directors are set out below.

On appointment non-executive directors are provided with a letter of appointment. On the recommendation of the Nominations and Directors' Affairs Committee (Nomdac), non-executive directors will be appointed for an expected term of nine years (three times three-year terms) from the date of their first appointment to the board. All are subject to annual shareholder re-election. No compensation is payable on termination of directorship. Copies of their letters of appointment are available for inspection at the company's registered office.

Remuneration philosophy and approach for all employees

Our remuneration approach is designed to foster an exceptional performance culture that enables an entrepreneurial spirit as well as a strong sense of ownership. We use remuneration to help attract and retain culturally aligned, smart, innovative and talented people who adhere and subscribe to our culture, values and philosophies, and to recognise and drive out of the ordinary performance.

At Investec our remuneration levers work to:

- provide a sense of security, so people feel free to innovate, challenge and influence;
- motivate people to deliver exceptional performance, and
- give people a sense of material ownership, so they feel invested in the organisation.

Our remuneration approach reflects our culture; it is an honest and challenging process that is highly individualised, acknowledging personal and team contributions. We reward people for the contribution they make through payment of a fixed package, variable performance bonus, and ownership through a share incentive scheme. We strive to provide a working environment that stimulates extraordinary performance so that executive directors and employees may be positive contributors to our clients, our communities and the group.

Remuneration structure for all employees, excluding executive directors

Salary	• Reflect the skills, technical knowledge, experience and contribution made by the individual, and the scope, complexity and responsibility of the role • Increases may occur where there is a role change, increased responsibility, to ensure market competitiveness or a cost of living adjustment required		
Role Based Allowance/ Fixed Pay	• None	• None	• Role Based Allowances may be awarded to certain Material Risk Takers to ensure an appropriate balance between fixed and variable remuneration • These are paid monthly in cash
Benefits and pension/ provident	• Benefits are provided, with the details depending on local market practice. • Employees have access to country-specific, company-funded benefits such as pension schemes, private medical insurance, permanent health insurance and life insurance and cash allowances • Pension and benefit levels differ globally to be competitive in different markets, and there is no single pension level across the Group • Group Executive Directors have access to the same benefits, as outlined in the policy table. Pension contributions for the EDs are funded from their fixed pay, up to a maximum of 15%. Where the maximum is contributed, this may be a higher rate than the broad employee population in certain jurisdictions, however in those cases the employee contributions are contributed by the company not the employee, unlike the case for EDs where the contribution is deducted from gross fixed pay. Therefore, on a net relative basis the EDs are not in a preferential position when compared to general employee population.		

Element	Operation – Asset Management	Operation – Wealth & Investment	Operation – Specialist Banking
Short-term incentive	**Annual Discretionary Cash Bonus Scheme (ADCBS)** • All employees of Investec Asset Management eligible • Payable in cash • Bonus pool based on the profitability of Investec Asset Management • Investec Asset Management remuneration committee is able to risk-adjust the bonus pool should they believe that this is required given current and future potential risks and the overall financial results **Deferred Bonus Plan (DBOP)** • Participation determined on an annual basis at the discretion of Investec Asset Management based on the roles and performance of the individual employees • The purpose is to retain key employees and provide better alignment of the interests with clients and to manage potential, currently unknown, future risks • DBOP awards are made in the form of investments into various funds managed by Investec Asset Management with specific allocations into their own funds for portfolio managers • Deferral period is just over three years and awards are only paid out under specific listed conditions	**United Kingdom and other:** **Core incentive plan** • Employees in client-facing roles and administrative staff who support them directly are eligible • The 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 **Bonus plan** • Employees in non-client-facing, central services and support functions are eligible • Funding is related to the overall profitability of the Wealth & Investment business and is awarded to individuals on a discretionary basis **Growth plan** • Employees primarily in client-facing roles who generate income directly • 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 • Funding for all plans is at the discretion of the remuneration committee. **Southern Africa:** • Discretionary remuneration is in the form of a cash bonus and a deferred bonus • The deferred bonus is awarded in the form of investments into various funds managed by Investec Wealth & Investment and vest after approximately four years • Cash bonus awards exceeding a pre-determined threshold are also subject to a deferral -60% of the amount exceeding the threshold is awarded in the form of Investec shares in three equal tranches over a period of approximately three years	• Discretionary performance bonuses based on business and individual performance • The amounts available to be distributed are based on the Group-wide Risk adjusted Economic Value Added (EVA) model which is, at a high level, based on revenue less risk-adjusted costs, and overall affordability • At an individual level the bonus allocations are determined based on performance against qualitative and quantitative factors. Qualitative measures include adherence to culture, market context, contribution to performance and brand building, attitude displayed towards risk consciousness and effective risk management **Non Material Risk Takers:** • For employees that are not MRTs all bonus awards exceeding a pre-determined threshold are subject to 60% deferral in respect of the portion exceeding the threshold. • The deferred amount is awarded in the form of: short term share awards vesting in three equal tranches over a period of approximately three years; or cash released in three equal tranches over a period of approximately three years • Deferred bonuses are subject to malus conditions **Material Risk Takers (MRTs):** Bonus awards are subject to deferral as follows: • where Variable Remuneration (VR), comprising bonus and LTIP, exceeds £500,000, 60% of VR is deferred; • Where VR is less than £500,000 40% is deferred, unless the de minimis concession is met in which case there is no deferral • A minimum of 50% of both the deferred and non-deferred elements are delivered in shares, with the balance in cash • The deferred elements vest over periods from three up to seven years and are subject to an appropriate retention period, generally twelve months, after vesting • All bonuses are subject to clawback • Deferred bonus awards are subject to malus • MRTs are subject to the 2:1 maximum ratio of variable to fixed remuneration

<table>
<tr><th>Element</th><th>Operation – Asset Management</th><th>Operation – Wealth & Investment</th><th>Operation – Specialist Banking</th></tr>
<tr><td>Long-term incentive</td><td colspan="3">• In principle all employees are eligible for long-term share incentives.
• 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.
• At Investec Asset Management, long-term awards are only generally considered for employees who do not participate in the DBOP and/or the Investec Asset Management equity ownership scheme
• In light of the pending Investec Asset Management demerger Investec Asset Management employees no longer receive allocations under the group LTIP with the exception of a very small number of contractual commitments
• Long-term incentive shares for non-Material Risk Takers are subject to one-third vesting after approximately three, four and five years
• Long-term incentive awards to Material Risk Takers are subject to performance conditions and to vesting over a period of two and a half to five years, or three to seven years, determined by regulatory requirements, and are then subject to a 12 month retention period, with the exception of Risk Managers, for which it is six months.</td></tr>
<tr><td>Other</td><td>• In August 2013, key senior employees of Investec Asset Management acquired a 15% stake in the Investec Asset Management business, ultimately through a trust structure in which each employee owns a portion of the underlying trust assets.
• This stake has since increased to 20% less one share
• Each employee funded their portions through a combination of existing deferred compensation (for which vesting was accelerated), personal debt and personal cash. This structure locks in key talent and aligns employees' interests with the interests of the firm as a whole, our shareholders and our clients.
• Variable remuneration of employees in audit, risk and compliance functions is set independently of the business they oversee</td><td>• Variable remuneration of employees in audit, risk and compliance functions is set independently of the business they oversee</td><td>• Variable remuneration of employees in audit, risk and compliance functions is set independently of the business they oversee</td></tr>
</table>

When determining levels of variable remuneration, the group considers the overall level of performance, culture and risk events in the year. The proportion of variable to fixed remuneration is carefully monitored to ensure compliance with regulatory requirements. All incentives are subject to the group's performance adjustment policy. This provides the group with the ability to reduce or revoke variable remuneration in respect of a risk, control or conduct issue, event or behaviour.

Given executive director and some senior bank executives incentives are deferred for up to seven years, the group does not believe that the incentive structures inadvertently motivate irresponsible or short-term behaviour.

Consideration of all employee remuneration

The Committee reviews changes in remuneration arrangements in the workforce generally as we recognise that all our people play an important role in the success of the group. Investec is committed to creating an inclusive working environment and to rewarding our employees throughout the organisation in a fair manner, and the committee reviews our practices around creating a fair, diverse and inclusive working environment.

In making decisions on executive pay, the Committee considers wider workforce remuneration and conditions to ensure that they are aligned on an ongoing basis. With effect from 2019 we have agreed to appoint a designated non-executive director from each of the boards of Investec Wealth & Investment, Investec Bank plc and Investec plc in the UK to represent employees in the boardroom. Investec Asset Management will confirm its arrangements following the demerger of that business. This is in line with one of the suggested methods recommended within the UK Corporate Governance Code. These will act as an engagement mechanism between our employees and the Board and some of their key objectives will be to:

- ensure the reward, incentives and conditions available to the company's workforce are taken into account when deciding the pay of executive directors and senior management
- enable the remuneration committee to explain to the workforce each year how decisions on executive pay reflect wider company pay policy
- assist the remuneration committee to provide feedback to the board on workforce reward, incentives and conditions, and support the latter's monitoring of whether company policies and practices support culture and strategy.

We believe that employees throughout the Company should be able to share in the success of the Company. As such, as outlined in the table on the prior pages, in addition to the fixed pay element, all of our employees have access to market relevant benefits, and all employees are eligible to be considered for annual bonuses after a short initial qualifying period. We believe strongly in material share ownership among our employees and therefore all employees are, in principle, eligible to participate in our long-term incentive scheme.

Statement of consideration of shareholder views

The Committee engages proactively with the Company's major shareholders and is committed to maintaining an open dialogue. Accordingly, we meet regularly with our major shareholders and shareholder representative bodies. 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. 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. We held two separate non-executive engagements with key shareholders during the year.

Annual Report on Remuneration

Single total figure of remuneration (Audited)

Executive Directors	Year	Fixed remuneration-cash £'000	Taxable benefits £'000	Retirement benefits £'000	Fixed remuneration shares £'000	Total fixed remuneration £'000	Short-term incentive £'000	Long-term incentive vested[1] £'000	Value of long-term incentive vested due to share price appreciation[2] £'000	Total remuneration £'000
Stephen Koseff	2019	398	11	71	1 000	1 480	406	1 763	0	3 649
	2018	396	10	74	1 000	1 480	2 023	0	0	3 503
Hendrik du Toit	2019	652	14	0	666	1 332	812	0	0	2 144
	2018	441	10	0	–	451	5 637	0	0	6 088
Fani Titi	2019	616	12	38	666	1 332	812	0	0	2 144
	2018[3]	431	0	0	–	431	0	0	0	431
Glynn Burger	2019	291	8	37	1 000	1 336	706	1 559	0	3 601
	2018	291	6	39	1 000	1 336	1 759	0	0	3 095
Bernard Kantor	2019	429	12	39	1 000	1 480	406	1 763	0	3 649
	2018	426	16	38	1 000	1 480	2 023	0	0	3 503
Kim McFarland	2019	260	6	0	267	533	318	0	0	851
	2018	–	–	–	–			0	0	–

Salary and fixed allowance

This represents the value of salary earned and paid during the financial year. Kim McFarland received a salary for six months in her prior role as COO of Investec Asset Management and fixed remuneration for the six months in her role as an Executive Director of Investec DLC. The values shown are those earned in respect of her role as an executive director for Investec DLC.

Taxable benefits

The executive directors receive other benefits which may include; life, disability and personal accident insurance; and medical cover. These amounts are funded out of gross remuneration.

Retirement benefits

The executive directors receive pension benefits. None of the directors belong to a defined benefit pension scheme and all are members of one of the defined contribution pension or provident schemes. The amounts reflected in the table above represent the contribution to these schemes payable by the company. These amounts are funded out of gross remuneration, and there is no additional company contribution for the executive directors.

Short-term incentive

Represents the total value of the short-term incentives awarded for the 2018/2019 performance year. Page 146 details the basis on which the awards were determined and page 147 shows the breakdown of the awards in cash, up-front shares and deferred shares. Bernard Kantor and Stephen Koseff received a bonus for the first six months of the year, and waived their bonus entitlement for the second half of the year. Kim McFarland received a bonus for the second six months of the year.

Long-term incentive vested

Represents the value of long-term incentive awards that were subject to performance conditions and vested on 2 June 2019. These awards were awarded on 2 June 2016 and were subject to a performance period from 1 April 2016 to 31 March 2019. The determination of the vesting of these awards is outlined on page 151. We have re-stated the single figure of remuneration for the 2018 year to reflect the methodology employed here, that is the long-term incentive award value on vesting rather than award. We have also included the value of the share price appreciation on the vested shares. No dividends or dividend equivalents are earned on unvested long-term incentive awards.

1. *The long-term incentive vested includes LTIP awards granted in 2016. These LTIPs were previously disclosed in the 2016 annual report, being the year they were awarded.*
2. *There is no value due to share price value appreciation for the 2016 long-term incentive: the share price on award was £4.71 and the share price on the first vesting date of 2 June 2019 was £4.61.*
3. *Fees earned as Group Chairman in 2018.*

Assessment of the Short-term incentives for executives for the 2019 financial year (Audited)

The following table shows the achievements against the preset financial and non-financial measures and metrics for the 2019 financial year.

Measures		Weight (as a percentage of target)	Targets for 2019: Threshold (0%)	Targets for 2019: Target (100%)	Targets for 2019: Stretch (150%)	**Actual performance**	**Weighting achieved**
Financial	Return on risk-weighted assets	30%	1.3%	1.6%	1.8%	1.50%	66.7%
	Return on equity	30%	12.0%	14.0%	16.0%	12.9%	45.0%
	Operating margin of the combined Asset Management and Wealth & Investment business	20%	28.0%	30.0%	31.5%	26.9%	0.0%
Non-financial[1]	Culture, values and co-operation related measures	7%	0	4	6	5	125.0%
	"ESG" related measures	5%	0	4	6	4	100.0%
	Prudential and risk management related measures	8%	0	4	6	4	100.0%
Total Achieved		100%					**55.3%**

1. *Please see the table entitled "Assessment of Short-term incentive non-financial performance measures" on pages 148 to 150 for the details of these assessments*

The following table shows how the bonuses for each individual executive director were calculated, based on the adjusted operating profit for remuneration purposes of £638,869k for the year, and the 55.3% performance achievement outlined above.

Name	On target percentage pool of adjusted operating profit	On target Short-term incentive based on percentage pool (£'000)	Actual performance outcome against target	Annualised Short-term incentive outcome (£'000)	**Actual Short-term incentive outcome (£'000)**	Notes
Stephen Koseff	0.23%	1 469	55.3%	812	406	Waived entitlement to STI for the second half of the year
Hendrik du Toit	0.23%	1 469	55.3%	812	812	
Fani Titi	0.23%	1 469	55.3%	812	812	
Bernard Kantor	0.23%	1 469	55.3%	812	406	Waived entitlement to STI for the second half of the year
Glynn Burger	0.20%	1 278	55.3%	706	706	
Kim McFarland	0.18%	1 150	55.3%	635	318	Earned STI as an executive director for her tenure as an executive director, from 1 October 2018

All Short-term incentives for the executive directors fall within the variable remuneration cap of 243.3% of fixed remuneration and so no adjustments were required for that reason. In addition, the Committee considered whether any further performance adjustments were required for events that occurred during the year, and whether any malus or clawback would be appropriate. The Committee determined that no additional performance adjustment or malus and clawback were appropriate.

Short-term incentive and long-term incentive payment and delivery profile

Names	Award	Total Value (£'000)	May/June 2019	May/June 2020	May/June 2021	May/June 2022	May/June 2023	May/June 2024	May/June 2025	May/June 2026
			Vesting schedule (all figures in £'000s)							
Fani Titi and Hendrik du Toit	**Total Short-term incentive**	**£812**								
	– delivered in cash		£244	–	–	–	–	–	–	–
	– delivered in shares[1,2]		£244	£162	£162	–	–	–	–	–
	LTIPS awarded still subject to future performance conditions[1]	**£1 332**	–	–	–	£266	£266	£266	£267	£267
Stephen Koseff and Bernard Kantor	**Total Short-term incentive**	**£406**								
	– delivered in cash		£81	–	–	–	–	–	–	–
	– delivered in shares[1,2]		£81	–	–	£49	£49	£49	£49	£48
	LTIPS awarded still subject to future performance conditions[1]	**£0**	–	–	–	–	–	–	–	–
Glynn Burger	**Total Short-term incentive**	**£706**								
	– delivered in cash		£141	–	–	–	–	–	–	–
	– delivered in shares[1,2]		£141	–	–	£85	£85	£85	£85	£84
	LTIPS awarded still subject to future performance conditions[1]	**£0**	–	–	–	–	–	–	–	–
Kim McFarland	**Total Short-term incentive**	**£318**								
	– delivered in cash		£95	–	–	–	–	–	–	–
	– delivered in shares[1,2]		£95	£64	£64	–	–	–	–	–
	LTIPS awarded still subject to future performance conditions[1]	**£533**	–	–	–	£107	£107	£107	£107	£105

1. *The elements of the short-term incentive and long-term incentive delivered in shares are subject to a further twelve month post-vesting retention period under the remuneration code.*
2. *Unvested deferred share awards are not eligible to receive dividends. Once they have vested they become entitled to receive dividends.*

DLC Executive Directors STI – Non-financial assessment for the 2018/2019 financial year (Audited)

The committee assesses achievement against objectives for the non-financial measures on a seven-point scale and will award scores of 0 (0%) and 6 (150%) only in exceptional circumstances. The non-financial measures for the year ending 31 March 2019 are as follows:

	Weighting	Achievement levels						
Non-financial measures	20%	0%	25%	50%	75%	100%	125%	150%
Culture, values and co-operation related measures	7%	0	1	2	3	4	5	6
"ESG" related measures	5%	0	1	2	3	4	5	6
Prudential and risk management related measures	8%	0	1	2	3	4	5	6

Non-financial measure	*Factors to be assessed*	*Assessment*	*Rating (0 – 6)*
Culture, values and co-operation related measures	• Management visible and proactive in demonstrating appropriate behaviour • Monitoring of the culture of the group • Management driving co-operation between the various geographic and business sectors of the group • Management driving co-operation between the executive director team and other senior management teams in the group • Quality of brand, development of client base and progress in building the firm • Acting with integrity, supporting the community, developing people and maintaining good relations with key stakeholders.	• During a year of significant change and challenge the incoming and outgoing executive directors have worked very successfully at the leadership transition, formulating a refreshed strategy for board approval and preparing and implementing this strategy while building new leadership teams and focusing on the business, its culture and values. • The executive have engaged in activities with employees at all levels through, for example, management hosted breakfasts, management panels, induction presentations, and facilitating discussions on a number of aspects, including culture and values. The executive hosted and attended multiple functions with new and future leaders during the year • 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	**5**
"ESG" related measures	**Human capital** We depend on the experience and proficiency of our people to perform and deliver superior client service. • Priorities include:	• Continued focus on our CSI and green economy initiatives. Our diversity and inclusiveness strategies, including transformation and gender balance continue to produce improvements in our pipelines albeit we still have work to do, particularly at senior levels. • Learning and development spend as a % of staff costs is 1.5% for the group, in line with our target	**4**

Non-financial measure	*Factors to be assessed*	*Assessment*	*Rating (0 – 6)*
"ESG" related measures *(continued)*	– Providing a safe and healthy work environment that values physical as well as psychological well-being – Investing in employee learning and development and growing talent and leadership. We target 1.5% of total staff costs to be spent on learning and development of our employees – Retaining and motivating staff through appropriate remuneration and reward structures – Respecting and upholding human rights by entrenching a values-driven culture through the organisation that is supported by strong ethics and integrity – Focusing on diversity and promoting equality. We have set a number of targets in this regard. In addition, we would over time aim to achieve the employment equity targets as set out in the South African Financial Sector Code **Intellectual capital** We use our specialist financial skills and expertise to provide efficient solutions for clients and have a robust risk management process in place. • Priorities include: – Leveraging our expertise in risk management to protect value – Ensuring solid and responsible lending and investing activities. **Social and relationship capital** We leverage key stakeholder relationships to enhance our impact on society and the macro-economy. • Priorities include: – Building deep durable relationships with our clients and creating new client relationships – Investing in our distinctive brand and providing a high level of service by being nimble, flexible and innovative – Unselfishly contributing to society through our corporate social investment (CSI) programmes. We target to spend at least 1% of our pre-tax operating profit on CSI programmes – Focusing on diversity and inclusiveness (particularly with respect to gender) and promoting equality – Contributing to the transformation of the financial sector in South Africa.	• 49% of our employees are female and we have 25% female representation on our board, up from 20% in 2018 • The percentage of senior managers that are female has increased to 35% from 33% • Our gender pay gap figures have reduced significantly in both Investec plc and Investec Limited • We spent 1.5% of operating profit on community initiatives, against a target of 1.0% • We currently fund 3,960 learners across nine centres in our flagship programme, Promaths • We placed in excess of 1,200 youth in jobs with 11 of our partners during the year through our Youth Employment Service Initiative • Our group carbon emissions reduced by 2.8% compared to the prior year • Our emissions per average employee reduced from 6.23 tonnes of CO_2 to 5.74 tonnes of CO_2	

Non-financial measure	*Factors to be assessed*	*Assessment*	*Rating (0 – 6)*
	Natural capital We support the transition to a low-carbon economy and believe we can make a meaningful impact in addressing climate change. We consider any meaningful activity that either reduces the negative impact on, or prolongs the life of, our planet. • Priorities include: – Limiting our direct operational carbon impact – Protecting biodiversity through various conservation activities – Funding and/or participating in renewable energy – Ensuring the security of natural resources in all our operations		
Prudential and risk management related measures	• Performance driven, transparent and risk conscious organisation • Maintain an appropriate balance between revenue earned from capital light and capital intensive activities: building a balanced, diversified and resilient business model. • Managing key risk metrics within the context of our balanced risk appetite framework as published • These include for example: – We are a lowly leveraged firm and target a leverage ratio in all our banking subsidiaries in excess of 6% – 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 target a credit loss ratio on core loans of less than 0.5% of average core advances, and we target defaults net of impairments less than 2% and 1.5% of total net core loans for Investec plc and Investec Limited, respectively – 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% – We intend to maintain a sufficient level of liquidity to satisfy regulatory requirements and our internal target ratios	• Our risk management structures and processes remain robust and support the business appropriately. We have largely remained within our internal risk management appetites and well within all regulatory limits. • Our leverage ratios exceeded our target of 6.0% in both Investec Bank Limited and Investec Bank plc • Our capital adequacy ratio for Investec Bank Limited was 15.8% while it was 17.1% for Investec Bank plc • Our global credit loss ratio on core loans was 0.31%, down from 0.61% in the prior year • Our year-end cash to customer deposit ratio was 42.4%, well in excess of our minimum target of 25%	**4**

Assessment of the Long-term incentive awards awarded in June 2016 (Audited)

The following table shows the achievements against the preset financial and non-financial measures and metrics for the long-term incentive awards awarded in June 2016. The vesting of these awards is subject to the achievement against performance conditions covering the period from 1 April 2016 to 31 March 2019.

			Targets to 31 March 2019				
Measures		Weight (as a percentage of target)	Threshold (0%)	Target (100%)	Stretch[1] (150%)	**Actual[2] performance**	**Weighting achieved**
Financial	Growth in net tangible asset value[3]	40%	15.0%	30.0%	45.0%	37.4%	124.7%
	Return on risk-weighted assets[4]	35%	0.7%	1.2%	1.6%	1.47%	133.8%
Non-financial[1]	Culture and values	4%	0	2	3	3	150.0%
	Franchise development	13%	0	2	3	2	100.0%
	Governance and regulatory	4%	0	2	3	1	50.0%
	Employee relationship	4%	0	2	3	2	100.0%
Total Achieved		100%					**121.7%**

1. *200% stretch for non-financial measures.*
2. *Please see the table entitled "Non-financial assessment for the 2016 LTIP award vesting in June 2019" on the following page for the details of these assessments.*
3. *The growth in net tangible asset value is expressed per share, based on neutral currency and after adding back dividends and will be measured over three financial years preceding the first date of vesting.*
4. *Return on risk weighted assets is defined as adjusted earnings/average risk-weighted asset, 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.*

As outlined in the table above, these awards will vest at 121.7%. This is within the overall cap of 135%. Stephen Koseff and Bernard Kantor were awarded 314 225 shares each on 2 June 2016. Given the vesting at 121.7%, the final number of shares to vest for each will be 382 346. Glynn Burger was awarded 277 801 shares on 2 June 2016. Given the vesting at 121.7%, the final number of shares to vest for Glynn Burger will be 338 026. The Committee considered whether any malus or clawback would be appropriate for any events that occurred prior to vesting. The Committee determined that no malus and clawback adjustments would be appropriate.

These long-term incentive shares will vest one third per annum commencing on 2 June 2019 through to 2 June 2021. They are subject to a further six month retention period following each vesting date. No dividends or dividend equivalents are earned on these awards prior to vesting.

DLC Executive Directors LTI – Non-financial assessment for the 2016 LTIP award vesting in June 2019 (Audited)

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. 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 award.

The committee assesses achievement against objectives for the non-financial measures on a five-point scale and will award scores of 0 (0%) and 4 (200%) only in exceptional circumstances. The awards are to be tested over the three financial years preceding the date of vesting. The awards vesting in June 2019 were awarded in June 2016. The performance period is 1 April 2016 to 31 March 2019.

	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 set the following areas of focus in respect of the non-financial performance conditions:

Non-financial measure	*Factors to be assessed*	*Assessment*	*Rating (0 – 4)*
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	• Over the three financial years of 2017 to 2019 the group was preparing for and implemented the leadership succession from the group founders. This has been successfully achieved while focusing on the business, its culture and values and performance. • Over the past 18 months we have been through an extensive engagement process with both internal and external stakeholders, to prioritise six sustainable Development Goals. • We have exceeded our target on community spend relative to operating profit (target of 1.0% of adjusted operating profit) for each year over the past three years • We achieved or exceeded our target of spend on learning and development as a percentage of staff costs being equal to 1.5% over the past two years	**3**

Non-financial measure	*Factors to be assessed*	*Assessment*	*Rating (0 – 4)*
Franchise development	• Quality of brand, development of client base, commitment to the community and progress in building the firm • Environmental and other sustainability issues	• Ongoing consolidation of the brand through its focused products, services and client franchises. Continued progress with our CSI and environmental sustainability initiatives. • We have a very strong brand in South Africa and were voted South Africa's eighth most valuable brand in 2018 and 2019 by Brand Finance South Africa • We have made strong progress over the last three years on our energy lending portfolio, with 86% of our energy lending portfolio in 2019 relating to clean energy • Our carbon emissions per employee reduced steadily over the three year period	2
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	• Relationships with regulators and shareholders are open and transparent and while we have been responding appropriately to the changing expectations we recognise that shareholders' expectations have not always been met. • We have regular engagement with our Government and regulatory bodies and actively participate in a number of policy forums and industry consultative bodies	1
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	• Leadership succession was planned and successfully executed and there has been ongoing development of our people. • We remain committed to black economic empowerment (BEE) and the Financial Sector Code (FSC) which commits its participants to actively promote a transformed, vibrant and globally competitive financial sector that reflects the demographics of South Africa. Investec is currently rated a level 1 under the Financial Sector Code. • We have made a number of diversity commitments over the past three years, including becoming a member of the 30% club in the UK and SA and the signing up to the Women in Finance Charter in the UK, and we are making good progress towards our targets, and on other diversity measures • We have consistently been voted in the top three most attractive employers in South Africa by professionals and university students in the Universum Most Attractive Employer Awards	2

Scheme interests awarded, exercised and lapsed during the year (audited)

Name	Award name and date	Balance as at 1 April 2018 – shares	Awarded during the year – shares	Awarded – face value £'000	Exercised
S Koseff					
	EIP 2013 – 2013 16 September 2013	201 155	–	–	201 155
	EIP 2013 – 2018 31 May 2018	–	264 759	1 480	–
B Kantor	EIP 2103 – 2013 16 September 2013	201 155	–	–	201 155
	EIP 2013 – 2018 31 May 2018	–	264 759	1 480	–
GR Burger	EIP 2103 – 2013 16 September 2013	201 155	–	–	201 155
	EIP 2013 – 2018 31 May 2018	–	239 066	1 336	–

Notes

EIP 2013 – awarded 2013

600,000 nil cost options were originally awarded. An additional 204,617 shares were awarded at the end of the performance period in 2016 to each of Stephen Koseff, Bernard Kantor and Glynn Burger for the achievement of the performance conditions. The performance conditions were outlined in the 2016 integrated annual report. 603 462 shares were exercised, by each of S Koseff, B Kantor and G Burger during the 2018 year, leaving the balance of 201 155.

EIP 2013 – awarded 2018

These awards formed part of their variable remuneration for the financial year ending 31 March 2018. These are conditional shares and the face value at grant of awards was equivalent to 100% of fixed remuneration. The share price used to calculate the number of shares awarded was based on the closing market share price on 30 May 2018, which was £5.59. The performance measures and metrics are as follows:

Financial measures (75%)

Measure	Weighting	Achievement Levels		
Financial measures	**75%**	**Threshold (0%)**	**Target (100%)**	**Stretch (150%)**
Growth in net tangible asset value[1]	40%	15.0%	30.0%	45.0%
Return on risk-weighted assets[2]	35%	0.7%	1.2%	1.6%

1. *The growth in net tangible asset value is expressed per share, based on neutral currency and after adding back dividends and will be measured cumulatively 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*

Lapsed	As at 31 March 2019	Performance period	Vesting date and retention period
–	–	1 April 2013 – 31 March 2016	Vested on 16 September 2018 Retention period end date on 16 March 2019 Price at exercise £5.06
–	264 759	1 April 2018 – 31 March 2021	20% is exercisable on 31 May each year commencing on 31 May 2021 until 31 May 2025 subject to performance criteria being met A further twelve-month retention period after each vesting date
–	–	1 April 2013 – 31 March 2016	Vested on 16 September 2018 Retention period end date on 16 March 2019 Price at exercise £5.14
–	264 759	1 April 2018 – 31 March 2021	20% is exercisable on 31 May each year, commencing on 31 May 2021 until 31 May 2025, subject to performance criteria being met A further twelve-month retention period after each vesting date
–	–	1 April 2013 – 31 March 2016	Vested on 16 September 2018 Retention period end date on 16 March 2019 Price at exercise £5.14
–	239 066	1 April 2018 – 31 March 2021	20% is exercisable on 31 May each year, commencing on 31 May 2021 until 31 May 2025, subject to performance criteria being met A further twelve-month retention period after each vesting date

Non-financial measures (25%)

The committee assesses achievement against objectives for the non-financial measures on a five-point scale and will award scores of 0 (0%) and 4 (200%) only in exceptional circumstances. The non-financial measures for the award in respect of the year ending 31 March 2018 are as follows:

Measure	Weighting	Achievement Levels				
Non-financial measures	**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

Directors' interest in preference shares as at 31 March 2019 (audited)

	Investec plc		Investec Limited		Investec Bank Limited	
Name	**31 March 2019**	1 April 2018	**31 March 2019**	1 April 2018	**31 March 2019**	1 April 2018
Executive directors						
S Koseff	12 139	12 139	3 000	3 000	4 000	4 000
HJ du Toit					2 266	2 266

The market price of an Investec plc preference share at 31 March 2019 was R98.00 (2018: R88.00)
The market price of an Investec Limited preference share at 31 March 2019 was R72.60 (2018: R67.50)
The market price of an Investec Bank Limited preference share at 31 March 2019 was R80.65 (2018: R71.56)

The number of shares in issue and share prices for Investec plc and Investec Limited

	31 March 2019	31 March 2018	High over the year	Low over the year
Investec plc share price	£4.42	£5.50	£5.95	£4.23
Investec Limited share price	R 84.34	R 92.28	R 105.31	R 76.92
Number of Investec plc shares in issue (million)	682.1	669.8		
Number of Investec Limited shares in issue (million)	318.9	310.7		

Scheme interests awarded in respect of the financial year ended 31 March 2019

Name	Award	As at 1 April – shares	Award date	Awarded – shares	Awarded – face value £'000	Perform-ance period	Vesting date	Retention period end date
HJ Du Toit								
	EIP 2013 – 2019	–	29 May 2019	278 080	1 332	1 April 2019 – 31 March 2022	20% is exercisable on 29 May each year, commencing on 29 May 2022 until 29 May 2026, subject to performance criteria being met	A further twelve-month retention period after each vesting date
F Titi								
	EIP 2013 – 2019	–	29 May 2019	278 080	1 332	1 April 2019 – 31 March 2022	20% is exercisable on 29 May each year, commencing on 29 May 2022 until 29 May 2026, subject to performance criteria being met	A further twelve-month retention period after each vesting date
K McFarland								
	EIP 2013 – 2019	–	29 May 2019	111 274	533	1 April 2019 – 31 March 2022	20% is exercisable on 29 May each year, commencing on 29 May 2022 until 29 May 2026, subject to performance criteria being met	A further twelve-month retention period after each vesting date

These are conditional shares and the awards formed part of their variable remuneration for the financial year ending 31 March 2019. The face value at awarded of these awards was equivalent to 100% of fixed remuneration. The share price used to calculate the number of shares was based on the five day average closing market price from 20 to 24 May 2019, which was £4.79. Vesting is subject to achievement against performance conditions. The performance measures and metrics are as follows:

Financial measures (75%)

Measure	Weighting	Achievement Levels		
Financial measures	**75%**	**Threshold (0%)**	**Target (100%)**	**Stretch (150%)**
Growth in net tangible asset value[1]	40%	15.0%	30.0%	45.0%
Return on risk-weighted assets[2]	35%	1.4%	1.7%	1.9%

1. *The growth in net tangible asset value is expressed per share, based on neutral currency and after adding back dividends and will be measured cumulatively 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.*

Non-financial measures (25%)

The committee assesses achievement against objectives for the non-financial measures on a seven-point scale and will award scores of 0 (0%) and 6 (150%) only in exceptional circumstances. The non-financial measures for awards made in respect of the year ending 31 March 2019 are as follows:

Measure	Weighting	Achievement Levels						
Non-financial measures	**25%**	**0%**	**25%**	**50%**	**75%**	**100%**	**125%**	**150%**
Culture and values	4%	0	1	2	3	4	5	6
Franchise development	13%	0	1	2	3	4	5	6
Governance and regulatory and shareholder relationships	4%	0	1	2	3	4	5	6
Employee relationship and development	4%	0	1	2	3	4	5	6

Payments to past directors and payments for loss of office (audited)

No such payments have been made in the year ending 31 March 2019.

Statement of directors' shareholding and share interests (audited)

Executive Directors

	Beneficial and non-beneficial interest Investec plc[1]		% of shares in issue Investec plc[1]	Beneficial and non-beneficial interest Investec Limited[1]		% of shares in issue Investec Limited[1]	Share-holdings requirements met?[2]
Name	**31 March 2019**	1 April 2018	**31 March 2019**	**31 March 2019**	1 April 2018	**31 March 2019**	
S Koseff[3]	6 236 822	5 936 212	0.9%	787 841	962 841	0.2%	Yes
HJ du Toit[4]	106 000	–	–	604 740	604 740	0.2%	Yes[4]
F Titi[5]	–	–	–	–	–	–	No[5]
GR Burger[3]	2 558 451	3 208 064	0.4%	627 120	327 076	0.2%	Yes
B Kantor[3,7]	1 703 141	1 507 271	0.2%	1 000 500	1 600 500	0.5%	Yes
K McFarland[6]	12 847	12 847	–	7 544	7 544	–	No[6]
Total	**10 617 261**	**10 664 394**	**1.5%**	**3 027 745**	**3 502 701**	**1.1%**	
Non-executive directors							
PKO Crosthwaite (Chairman)	115 738	115 738	–	–	–	–	
ZBM Bassa	–	–	–	–	–	–	
LC Bowden	–	–	–	–	–	–	
CA Carolus	–	–	–	–	–	–	
PA Hourquebie	–	–	–	–	–	–	
D Friedland	–	–	–	–	–	–	
CR Jacobs	–	–	–	–	–	–	
IR Kantor	409 045	1 009 045	0.1%	325	325	–	
Lord Malloch-Brown KCMG	–	–	–	–	–	–	
KL Shuenyane	19 900	19 900	–	60 006	60 006	–	
Total number	**544 683**	**1 144 683**	**0.1%**	**60 331**	**60 331**	**–**	
Total number	**11 161 944**	**11 809 077**	**1.6%**	**3 088 076**	**3 563 032**	**1.1%**	

The table above reflects the holdings of shares by current directors of 31 March 2019. There was no movement in share interests between 31 March 2019 and 19 May 2019.

1. *The number of shares in issue and share prices for Investec plc and Investec Limited over the period is provided on page 155.*
2. *The executive directors have a shareholding requirement of 200% of the cash element of fixed remuneration during employment, based on fully vested shares.*
3. *The beneficial and non-beneficial holdings of S Koseff, G Burger and B Kantor include Investec plc shares which relate to the awards to each of them in respect of £1 million fixed allowances awarded on 2 June 2016, 6 June 2017 and 31 May 2018. These shares are, however, subject to a retention period in terms of which 20% of shares will be free from retention restrictions each year over a period of five years.*
4. *Following the announcement of the demerger of Investec Asset Management expected to occur during 2019, HJ du Toit will cease to be a director of Investec, and as such will not be expected to build up a shareholding in Investec.*
5. *F Titi was appointed an executive director on 1 April 2018 and will be allowed to build up his shareholdings over a reasonable period of time, particularly taking into account the vesting schedule of shares awarded through the short-term incentive and long-term incentive.*
6. *K McFarland was appointed a director on 1 October 2018. Following the announcement of the demerger of Investec Asset Management, expected to occur during 2019, K McFarland will cease to be a director of Investec, and as such will not be expected to build up a shareholding in Investec.*
7. *B Kantor entered into a zero cost collar on 6 July 2017 over 600 000 Investec Limited shares by purchasing a put option arrangement at a strike price of R100.00 per share and sold call options at a strike price of R120.00 per share. These options sold on 1 December 2018 at a strike price of R100.00.*

Directors' interests in the Investec plc Executive Incentive Plan 2013 at 31 March 2019 (audited)

Long-Term Share Awards

The Executive Incentive Plan and the awards made thereunder were approved at the August 2015 annual general meeting

Name	Date of award	Exercise price	Number of Investec plc shares at 1 April 2018	Conditional awards made during the year	Balance at 31 March 2019	Performance period	Period exercisable	Retention period	Treatment on termination of employment
S Koseff	2 June 2016[1]	Nil	314 225	–	314 225	1 April 2016 to 31 March 2019. See pages 151 to 153 for performance assessment	One third is exercisable on 2 June 2019; one third on 2 June 2020 and the final third on 2 June 2021 subject to performance criteria being met	A further six-month retention after vesting date.	Will be pro-rated based on service over the performance period
	6 June 2017[2]	Nil	252 130	–	252 130	1 April 2017 to 31 March 2020	Twenty per cent is exercisable on 8 June each year, commencing on 8 June 2020 until 8 June 2024, subject to performance criteria being met	A further six-month retention after vesting date.	Will be pro-rated based on service over the performance period
	31 May 2018[3]	Nil	–	264 759	264 759	1 April 2018 to 31 March 2021	Twenty per cent is exercisable on 31 May each year, commencing on 31 May 2021 until 31 May 2025, subject to performance criteria being met	A further twelve-month retention after vesting date.	Will be pro-rated based on service over the performance period

Name	Date of award	Exercise price	Number of Investec plc shares at 1 April 2018	Conditional awards made during the year	Balance at 31 March 2019	Performance period	Period exercisable	Retention period	Treatment on termination of employment
B Kantor	2 June 2016[1]	Nil	314 225	–	314 225	1 April 2016 to 31 March 2019. See pages 151 to 153 for performance assessment	One third is exercisable on 2 June 2019; one third on 2 June 2020 and the final third on 2 June 2021 subject to performance criteria being met	A further six-month retention after vesting date.	Will be pro-rated based on service over the performance period
	6 June 2017[2]	Nil	252 130	–	252 130	1 April 2017 to 31 March 2020	Twenty per cent is exercisable on 8 June each year, commencing on 8 June 2020 until 8 June 2024, subject to performance criteria being met	A further six-month retention after vesting date.	Will be pro-rated based on service over the performance period
	31 May 2018[3]	Nil	–	264 759	264 759	1 April 2018 to 31 March 2021	Twenty per cent is exercisable on 31 May each year, commencing on 31 May 2021 until 31 May 2025, subject to performance criteria being met	A further twelve-month retention after vesting date.	Will be pro-rated based on service over the performance period

Name	Date of award	Exercise price	Number of Investec plc shares at 1 April 2018	Conditional awards made during the year	Balance at 31 March 2019	Performance period	Period exercisable	Retention period	Treatment on termination of employment
GR Burger	2 June 2016[1]	Nil	277 801	–	277 801	1 April 2016 to 31 March 2019. See pages 194 to 197 for performance assessment	One third is exercisable on 2 June 2019; one third on 2 June 2020 and the final third on 2 June 2021 subject to performance criteria being met	A further six-month retention after vesting date.	Will be pro-rated based on service over the performance period
	6 June 2017[2]	Nil	227 651	–	227 651	1 April 2017 to 31 March 2020	Twenty per cent is exercisable on 8 June each year, commencing on 8 June 2020 until 8 June 2024, subject to performance criteria being met	A further six-month retention after vesting date.	Will be pro-rated based on service over the performance period
	31 May 2018[3]	Nil	–	239 066	239 066	1 April 2018 to 31 March 2021	Twenty per cent is exercisable on 31 May each year, commencing on 31 May 2021 until 31 May 2025, subject to performance criteria being met	A further twelve-month retention after vesting date.	Will be pro-rated based on service over the performance period

1. *These awards formed part of their variable remuneration in respect of the year ending 31 March 2016. The performance assessment of these awards are detailed on pages 151 to 153.*
2. *These awards formed part of their variable remuneration in respect of the year ending 31 March 2017. The performance criteria in respect of these awards are the same as those for the 2016 award, detailed on pages 151 to 153 These awards have not yet vested.*
3. *These awards formed part of their variable remuneration in respect of the year ending 31 March 2018. The performance criteria in respect of these awards are detailed on pages 151 to 153 These awards have not yet vested. The face value at grant for these awards amounted to £1 480 003 for S Koseff and B Kantor, and £1 336 378 for GR Burger based on the closing market share price on 30 May 2018, which was £5.59.*

Outstanding unvested deferred share awards not subject to performance conditions

Name	Award type	Performance conditions	Eligible for dividends	Vesting period	Total number outstanding at 31 March 2019
S Koseff	Conditional shares	None	No	From 1 to 7 years	222 054
B Kantor	Conditional shares	None	No	From 1 to 7 years	222 054
G Burger	Conditional shares	None	No	From 1 to 7 years	191 754

These awards are all unvested shares that were deferred as part of prior year remuneration. They lapse on resignation or termination for misconduct, although they may be retained if the director is considered a "good leaver"

Summary of Investec's share option and long-term incentive plans

Investec 1 Limited Share Incentive Plan – 16 March 2005 – Investec plc				
• New and existing full-time employees	Cumulative limit of 1 500 000 across all option plans	• Long-term incentive awards - nil cost options: • Non-Material Risk Takers: Vesting seventy five percent at the end of year four and twenty five percent at the end of year five • Material Risk Takers: Vesting seventy five percent end of three and a half years and twenty five percent at the end of four and a half years with twelve month retention • Long-term share awards: Forfeitable shares and conditional shares • One third vesting at the end of years three, four and five for non-material risk takers • Market strike options: Twenty five percent vesting end of years two, three, four and five	–	2 922 779 0.29% of issued share capital of company
• New and existing full-time employees	Excluding deferred bonus share awards		5 771 139	13 140 964 1.31% of issued share capital of company
• New and existing full-time employees	In any financial year: 1x remuneration package		–	190 264 0.02% of issued share capital of company
Investec plc Executive Incentive Plan – 2013				
• Executive management and material risk takers	• Cumulative limit of 2 500 000 across all option plans	• Long-term share awards: • Junior Material Risk Takers: Vest one third at the end of two, three and four years • Risk Managers and FCA Designated Senior Managers: Vest one third at the end of two and a half, three and a half and five years • PRA Designated Senior Managers: Vest twenty per cent per annum from three to seven years • All have a twelve month retention period thereafter, with the exception of risk managers who have a six month retention period	1 338 714	3 578 842 0.36% of issued share capital of company
	• Excluding deferred bonus share awards			
	• In any financial year: 1x remuneration package[1]			

Eligibility	Maximum award per individual[1]	Vesting period	Options/ shares awarded during the year[2]	Total issued at 31 March 2019 [3/4/5/6/7]
Investec Limited Share Incentive Plan – 16 March 2005 – Investec Limited				
• New and existing full-time employees	• Cumulative limit of 2 500 000 across all option plans	• Long-term incentive awards: nil cost options • Vesting seventy five percent at the end of year four and twenty five percent at the end of year five	–	4 888 067 0.49% of issued share capital of company
		• Long-term share awards: forfeitable shares and conditional shares • Vesting one third at the end of years three, four and five.	6 487 699	19 135 559
• New and existing full-time employees	• Excluding deferred bonus share awards • In any financial year: 1x remuneration package[1]			1.91% of issued share capital of company

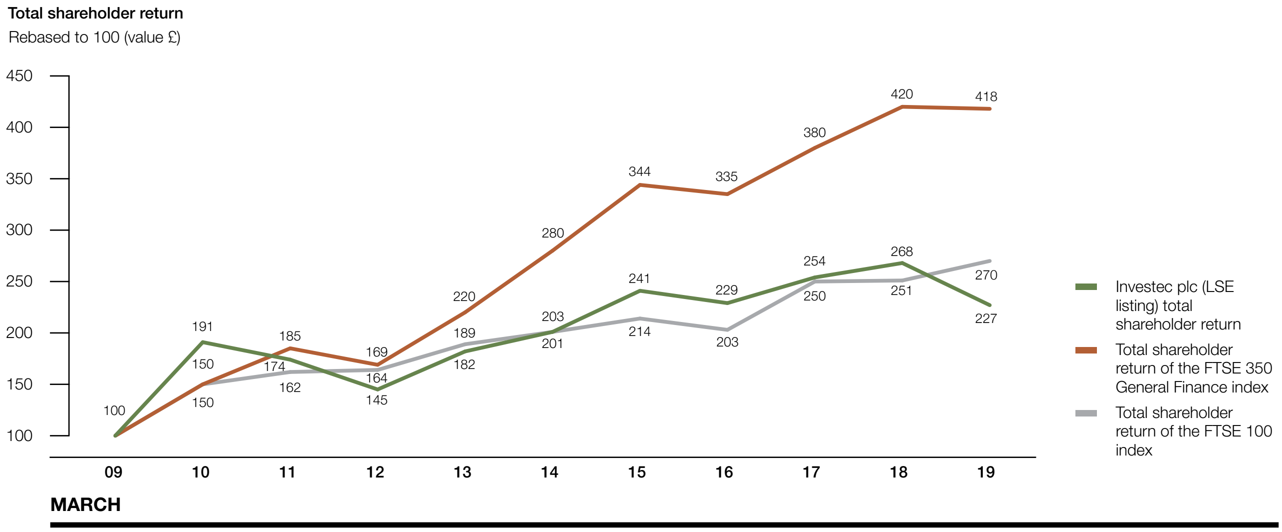
1. *The limits for allocations to employees and executive management during a financial year may be exceeded if the directors determine that exceptional circumstances make it desirable that awards should be awarded in excess of that limit.*
2. *This represents the number of awards made to all participants. For further details, see pages 68 and 69 in volume three of the Investec group's 2019 integrated annual report. 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 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 awards 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 deferred bonus 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 2019 was 1 001.02 million shares and (2018: 980.56 million shares).*
4. *As announced as part of the capital markets update in February 2019, Investec Limited will no longer issue any shares for short or long term incentives with immediate effect and Investec plc will no longer issue any shares for short or long term incentives after June 2019. Accordingly, the resolution to place unissued shares under the control of the directors will not be put to shareholders at the August 2019 AGM.*
5. *The market price of an Investec plc share at 31 March 2019 was £4.42 (2018: £5.50), ranging from a low of £4.23 to a high of £5.95 during the financial year.*
6. *The market price of an Investec Limited share at 31 March 2019 was R84.34 (2018: R92.28), ranging from a low of R76.92 to a high of R105.31 during the financial year.*
7. *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 158 to 160.*

Performance graph and table (unaudited)

The graph below shows a comparison of the TSR for the company's shares for the ten years beginning on 31 March 2009 against the TSR for the companies comprising the FTSE 350 General Financial Index and the FTSE 100 Index.

We have selected the FTSE 350 General Finance Index because a number of companies in that 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 FTSE. Although we are not currently included in the FTSE 100, we were part of the index between 2010 and 2011 and we have included the total shareholder return of that index for illustrative purposes.

Total Shareholder Return



Note:
The graph shows the cumulative shareholder return for a holding of our shares (in green) 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 2019, a hypothetical £100 invested in Investec plc at 31 March 2009 would have generated a total return of £127 compared with a return of £318 if invested in the FTSE 350 General Finance Index and a return of £170 if invested in the FTSE 100 Index.

During the period from 1 April 2018 to 31 March 2019, the return to shareholders of Investec plc (measured in Pounds Sterling) and Investec Limited (measured in Rands) was (15.4%) and (3.9%), respectively. This compares to a (0.4%) return for the FTSE 350 General Finance Index, a return of 7.7% for the FTSE 100 Index and a return of 6.1% for the JSE Top 40 Index.

The market price of our shares on the LSE was £4.42 at 31 March 2019, ranging from a low of £4.23 to a high of £5.95 during the financial year. The market price of our shares on the JSE Limited was R84.34 at 31 March 2019, ranging from a low of R76.92 to a high of R105.31 during the financial year.

Table of CEO remuneration

Year ended 31 March	2010	2011	2012	2013[1]	2014	2015	2016[2]	2017[3]	2018[3]	**2019**[4]
CEO single figure of remuneration (£'000)	2 660	3 425	450	1 950	2 420	3 970	7 325	3 417	3 503	**2 144**
Salary, benefits, fixed allowance and bonus (£'000)	2 660	3 425	450	1 950	2 420	3 970	2 884	3 417	3 503	**2 144**
Long-term incentives	–	–	–	–	–	–	4 441	–	–	**–**
Annual Short-Term Incentive as a percentage of maximum opportunity	n/a[5]	n/a[5]	n/a[5]	n/a[5]	50%	65%	95%	92%	95%	**43%**
Vesting of Long-Term Incentive Awards as a percentage of maximum	n/a[3]	n/a[3]	–	n/a[3]	n/a[3]	n/a[3]	100%	n/a[3]	n/a[3]	**n/a**[3]

1. *The 2013 award was reported on award in prior years. This has now been included in the year it vested, 2016, as per item 2 below.*
2. *The single figure remuneration for 2016 has been restated to include the 2013 LTIP award. This vested subject to performance conditions for the three year period ended 31 March 2016. These vested at 135% and there 804 617 shares vested, with a share price of £5.52 on the first vesting date. These LTIPs had previously been disclosed on award in 2013 with a value of £2,652k.*
3. *No LTIP awards had performance conditions ending in the 2017 and 2018 financial years.*
4. *Figures reported for 2019 are for Fani Titi and Hendrik du Toit. They did not have long-term incentive awards vesting with reference to the 2019 financial year. Figures prior to 2019 are for Stephen Koseff.*
5. *Historically annual bonuses were not determined in terms of a formulaic approach where maximum and minimum awards could be derived.*

Percentage change in CEO's remuneration

The table below shows how the percentage change in the CEO's salary and annual bonus between 2018 and 2019 compares with the percentage change in each of those components of remuneration for Investec plc employees and Investec Limited employees

	Total remuneration	**Fixed remuneration**	**Annual bonus**[1]
CEO (in pounds sterling)[1]	(38.8%)	(10.0%)	(59.9%)
Increase in total costs for Investec employees (in Pounds Sterling)	1.7%	4.4%	(5.6%)

1. *The annual bonus for 2018 for the CEO is that paid to Stephen Koseff. The annual bonus for 2019 for the CEO for 2019 is that of Fani Titi/Hendrik du Toit, as Stephen Koseff only received a bonus for six months of the 2019 financial year.*

CEO pay ratio

The ratios of CEO remuneration to employee remuneration are shown below.

Year	Calculation method used	25th percentile pay ratio	Median pay ratio 2019	75th percentile pay ratio
2019 – UK	Method A – calculated the pay and benefits of all UK employees to identify the employees at the 25th, 50th and 75th percentiles, and then calculated the ratio of CEO pay to the pay of each of those employees. The pay for the CEO single figure is based on the single figure for Stephen Koseff for six months and the pay for Fani Titi/Hendrik du Toit for six months.	**70.4**	**36.5**	19.7
Global		**122.5**	**61.0**	28.5

We selected method A because we believe it provides the most accurate reflection of the ratio of the CEO pay to the pay of all employees. The calculations were based on 31 March 2019. We have not annualised salaries and other remuneration elements for employees, in line with the single figure calculation. The total pay and benefits for the 25th, 50th and 75th quartiles for the UK is £41 148, £79 364 and £146 875 respectively. The salaries for the 25th, 50th and 75th quartiles for the UK are £30 000, £55 000 and £88 000 respectively.

Non-executive directors

The fee structure for non-executive directors for the period ending 31 August 2019 and as proposed for 2020 are shown in the table below (no increases have been proposed for 2020):

Non-executive directors' remuneration	Period ending 31 August 2019	As proposed by the board for the period from 1 September 2019 to 31 August 2020
Chairman's total fee	£450 000 per year	£450 000 per year
Basic non-executive director fee	£75 000 per year	£75 000 per year
Senior independent director	£10 000 per year	£10 000 per year
Chairman of the DLC audit committee	£80 000 per year	£80 000 per year
Chairman of the DLC remuneration committee	£47 000 per year	£47 000 per year
Chairman of the DLC social and ethics committee	£30 000 per year	£30 000 per year
Chairman of the board risk and capital committee	£46 000 per year	£46 000 per year
Member of the DLC audit committee	£25 000 per year	£25 000 per year
Member of the DLC remuneration committee	£17 500 per year	£17 500 per year
Member of the DLC nominations and directors' affairs committee	£13 000 per year	£13 000 per year
Member of the DLC social and ethics committee	£13 000 per year	£13 000 per year
Member of the board risk and capital committee	£15 500 per year	£15 500 per year
Member of the Investec Bank plc board (also member of main board)	£14 500 per year	£14 500 per year
Member of the Investec Bank plc board	£58 000 per year	£58 000 per year
Independent director of Investec Capital and Investments (Ireland) Limited	€65 000 per year	€65 000 per year
Member of the Investec Bank Limited board (also member of main board)	R340 000 per year	R340 000 per year
Member of the Investec Bank Limited board	R500 000	R500 000
Per diem fee for additional work committed to the group	£2 000/R30 000	£2 000/R30 000

Note: Value-Added Tax (VAT), at the prevailing rate, where applicable, will be added to the above-mentioned fees to the extent they are paid in South Africa. Two binding general rulings were issued by the South African Revenue Service (SARS) in early 2017 confirming the South African Value-Added Tax (VAT) law that requires non-executive directors of companies to register for and charge VAT in respect of any directors' fees earned for services rendered as a non-executive director that exceed the prescribed threshold. These rulings were effective 1 June 2017.

Non-executive directors' single total remuneration figure (audited)

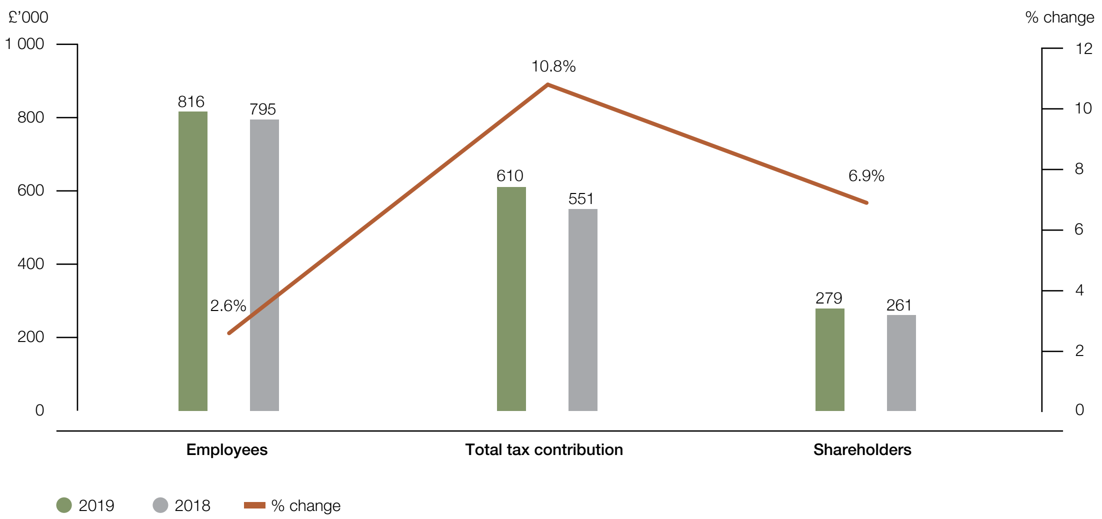
The table below provides a single total remuneration figure for each non-executive director over the financial period.

Name	**Total remuneration 2019 £**	Total remuneration 2018 £
Non-executive directors		
F Titi (chairman)[1,2,3]	–	430 850
PKO Crosthwaite (chairman)[4]	409 521	242 133
ZBM Bassa	264 994	206 105
LC Bowden	77 292	79 000
CA Carolus	86 958	84 877
D Friedland	198 481	226 913
PA Hourquebie[5]	175 829	75 299
CR Jacobs	91 458	89 377
IR Kantor	97 367	89 415
Lord Malloch-Brown KCMG	112 375	84 876
KL Shuenyane	279 682	123 337
Total in Pounds Sterling	**1 793 957**	**1 732 182**

1. *F Titi was appointed CEO designate on 1 April 2018.*
2. *F Titi stepped down as Chairman and became an Executive Director on 15 May 2018.*
3. *F Titi was appointed joint CEO on 1 October 2018.*
4. *PKO Crosthwaite was appointed Chairman on 15 May 2018.*
5. *PA Hourquebie was appointed on 14 August 2017.*
6. *PRS Thomas resigned on 10 August 2017.*

Non-executive directors do not receive any additional taxable benefits.

Relative importance of spend on pay



We 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. The graph above shows our distribution to our employees, our contributions to government through taxation and our owners through dividends.

Statement of implementation of remuneration policy in the following financial year

The remuneration policy, as outlined on pages 134 to 137, will be in operation for the 2019/2020 financial year. The Directors' remuneration policy was approved by shareholders at the AGM in August 2018, and is intended to remain in place for three years. Due to the proposed demerger of Investec Asset Management, expected to be in the second half of the 2019 calendar year, using the discretion afforded under the current policy for corporate events, we are replacing the operating margin for the Asset Management and Wealth & Investment business measure in the short term incentive with the cost/income ratio measure for the Bank and Wealth & Investment group. In addition, in line with changes to the Financial Reporting Council's Corporate Governance Code we are introducing a post-termination shareholding requirement.

Stephen Koseff and Bernard Kantor stepped down from their roles of chief executive officer (CEO) and managing director (MD) of Investec group, respectively, on 1 October 2018. They will not stand for re-election at the 2019 annual general meeting (AGM). They will continue to actively oversee the proposed demerger and separate listing of Investec Asset Management until its completion. However they will not be eligible for a short-term incentive, and have waived their eligibility for a long-term incentive. Hendrik du Toit and Kim McFarland will be leaving the business when Investec Asset Management demerges. They will receive fixed pay until that time, and will receive a short-term incentive for the period from 1 April 2019 to the date of demerger. This will be determined in line with the remaining executive directors following the end of the financial year. This will be assessed on the performance measures and metrics shown below. They will also be eligible for a long-term incentive. This will be pro-rated by time served prior to the demerger.

Fani Titi and the remaining executive directors will be eligible for a short-term and long-term incentive to be determined subject to the measures and metrics outlined below.

Short-Term Incentive

The measures and metrics for the annual short-term incentive for the 2020 year (post the Investec Asset Management demerger) will be as follows:

Financial measures

	Weighting	Achievement Levels			
Financial measures	**80%**	**Threshold (0%)**	**Target (100%)**	**Stretch (150%)**	**Notes**
Return on risk-weighted assets[1] – post demerger	30%	1.3%	1.5%	1.7%	Investec Asset Management historically contributed approximately 0.35%
– pre demerger		1.3%	1.6%	1.8%	
Return on equity[2] – post demerger	30%	12.0%	13.0%	14.5%	Investec Asset Management historically contributed approximately 2.5%
– pre demerger		12.0%	14.0%	16.0%	
Cost/income ratio	20%	66.0%	64.0%	62.0%	

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. *The financial measures for the period prior to the demerger will be in line with those used for the 2019 financial year.*

Non-financial measures:

The committee assesses achievement against objectives for the non-financial measures on a seven-point scale and will award scores of 0 (0%) and 6 (150%) only in exceptional circumstances. The non-financial measures for the year ending 31 March 2020 are unchanged, as follows:

Measure	Weighting	Achievement Levels						
	20%	**0%**	**25%**	**50%**	**75%**	**100%**	**125%**	**150%**
Culture, values and cooperation related measures	7%	0	1	2	3	4	5	6
"ESG" related measures	5%	0	1	2	3	4	5	6
Prudential and Risk Management related measures	8%	0	1	2	3	4	5	6

Long-Term Incentive

The measures and metrics for the annual long-term incentive for the 2020 year will be as follows. The measures remain unchanged, while there has been a technical adjustment to the metrics for the return on risk-weighted assets, to reflect the proposed Investec Asset Management demerger.

Measure	Weighting	Achievement Levels		
Financial measures	**75%**	**Threshold (0%)**	**Target (100%)**	**Stretch (150%)**
Growth in net tangible asset value[1]	40%	15.0%	30.0%	45.0%
Return on risk-weighted assets[2]	35%	1.4%	1.6%	1.8%

1. *The growth in net tangible asset value is expressed per share, based on neutral currency and after adding back dividends and will be measured cumulatively 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.*

Non-financial measures:

The committee assesses achievement against objectives for the non-financial measures on a seven-point scale and will award scores of 0 (0%) and 6 (150%) only in exceptional circumstances. The non-financial measures for the year ending 31 March 2020 are unchanged, as follows:

Measure	Weighting	Achievement Levels						
	25%	**0%**	**25%**	**50%**	**75%**	**100%**	**125%**	**150%**
Culture and values	4%	0	1	2	3	4	5	6
Franchise development	13%	0	1	2	3	4	5	6
Governance and regulatory and shareholder relationships	4%	0	1	2	3	4	5	6
Employee relationship and development	4%	0	1	2	3	4	5	6

Statement of voting at general meeting

The combined results on each of the remuneration resolutions passed at the 2018 annual general meetings of Investec plc and Investec Limited were as follows:

	Number of votes cast "for" resolution	% of votes "for" resolution	Number of votes cast "against" resolution	% of votes "against resolution	Number of abstentions
To approve the directors' remuneration report	621 469 080	81.11%	144 739 822	18.89%	5 896 625
To approve the non-executive directors' remuneration	761 798 511	99.72%	2 131 599	0.28%	8 175 657
To approve the directors' remuneration policy	608 897 115	79.47%	157 300 121	20.53%	5 908 576

The Board notes that the vote to approve the directors' remuneration policy passed with less than 80%. As noted earlier in the report, the Group Chairman and Remuneration Committee Chairman have extensively engaged with UK shareholder representative organisations and the group's largest shareholders on remuneration related matters over a number of years. The group's revised remuneration policy that was presented to shareholders incorporated certain amendments which address the feedback previously received from shareholders.

The Remuneration Committee believes that the proposals it included in its revised remuneration policy addressed a number of matters previously raised by shareholders, notably:

- Reduction in total compensation levels for executive directors:
  - An approximate 30% reduction in total compensation levels was achieved using the proposed new fixed pay and short- and long-term measures and metrics applied to 31 March 2018 performance
- Better alignment between pay awards and the performance of Investec:
  - Changes made to the short-term incentive measures and implemented tougher performance levels
  - Financial measures performance weightings were increased to 80% of the total in the determination of the short-term incentive
  - In the long-term incentive tougher performance levels were introduced for certain measures
  - The remuneration committee will review the performance measures on an annual basis.
- Simplification in pay structures and the assessment of executive director performance:
  - Replaced role based allowances for new executive directors with a single fixed pay award of cash and shares
  - The short-term measures were simplified and reduced from nine to six.
- Treatment of unvested long-term incentive plan awards for departing executive directors:
  - The departing CEO, managing director and group risk and finance director will have their unvested long-term incentive awards pro-rated to reflect their period of service relative to the performance periods of such awards
  - The new policy clarified that unvested long-term incentive awards will be pro-rated going forward.
- Introduction of a minimum shareholding requirement:
  - Executive directors are required to build and maintain a shareholding of 200% of the cash element of fixed remuneration over a reasonable timeframe.
  - They will also have a requirement to maintain a shareholding of the lower of 200% of the cash element of fixed remuneration or the holding on termination of employment for two years after their employment terminates.

Overall, shareholders have provided the group chairman and remuneration committee chairman positive feedback on the changes made above and believe that the level of disclosure explaining the implementation of the group's remuneration policy is detailed and clear. However, some of the group's shareholders, notably in South Africa, whilst acknowledging these positive aspects, believe that the overall quantum of pay is too high relative to South African peers. The Investec Group is an international business, and as such the Remuneration Committee believes it is appropriate to benchmark executive remuneration against a set of international peers, including South African competitors. Despite the group's active engagement on these matters certain of the group's shareholders decided to vote against the remuneration policy.

In addition the group chairman and committee chairman have undertaken further consultations with key shareholders this year, in July 2018 and February 2019, on the approach proposed for the Investec Asset Management demerger and the approach after that point. These changes include some technical adjustments outlined on pages 167 and 168. Feedback from key shareholders was very positive about the adjustments.

Equity and inclusion, including gender pay gap reporting

While we have actively tried to increase the diversity of our senior leadership, we recognise that across our organisation we have more work to do. That is why we have put together our own set of diversity principles to help define the framework for that journey. These apply across the global business and apply to all our efforts, including transformation in South Africa.

- We believe in the importance and benefits of diversity and foster a culture that is supportive and inclusive of different perspectives and experiences.
- As a global specialist bank and asset manager, our workforce should reflect the diversity of our global client base.
- We are progressing towards a working environment that is more agile and responsive to the needs of all individuals, for example with flexible work arrangements encouraged where appropriate.
- We work proactively to rebalance our organisation in line with the communities in which we operate through entrepreneurship and education, and leveraging the value in our diversity.
- We will continue to measure and track progress annually and strive to achieve our targets through concrete actions.

Investec UK gender pay gap results

The official UK gender pay gap results, required under the UK gender pay gap legislation are published on our website.

Additional remuneration disclosures (unaudited)

South African Companies Act, 2008 disclosures

In compliance with 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 for the year ended 31 March 2019, 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
  - Richard Wainwright

Hendrik du Toit is one of the executive directors of Investec Limited and his remuneration is disclosed on page 145.

Steve Elliott is remunerated by Investec Wealth & Investment Limited (a UK domiciled company and subsidiary of Investec plc), and David van der Walt is 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. The remuneration for Richard Wainwright is disclosed in the Investec Limited Annual Report.

Gender pay gap figures

Hourly and bonus gap

		Investec plc		Investec Limited	
		Mean %	Median %	Mean %	Median %
Hourly gap	**2019**	**38.0%**	**38.8%**	**32.0%**	**26.6%**
	2018	40.3%	41.2%	34.4%	29.3%
Bonus gap	**2019**	**72.5%**	**73.4%**	**72.8%**	**33.3%**
	2018	73.9%	74.1%	73.3%	34.1%

Mean – The mean figure represents the difference between the average of men's and women's pay expressed as a percentage of the average male pay.
Median – The median represents the difference between the midpoints in the ranges of men's and women's pay expressed as a percentage of the male midpoint

Proportion receiving a bonus

		Investec plc	Investec Limited
		Percentage	Percentage
Male	**2019**	**83.1%**	**77.9%**
	2018	82.3%	78.1%
Female	**2019**	**82.6%**	**77.6%**
	2018	83.8%	78.3%

PRA and FCA Remuneration Code and Pillar III disclosures

In terms of the PRA's Chapter on Disclosure Requirements and Part 8 of the Capital Requirements Regulation 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 62 individuals were Material Risk Takers in 2019.

The bank's qualitative remuneration disclosures are provided on pages 125 to 170.

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 2019.

Aggregate remuneration by remuneration type awarded during the financial year

	Senior management	Other Material Risk Takers	**Total**
Fixed remuneration			
– Cash	10.4	15.8	26.2
– Shares	4.6	–	4.6
Variable remuneration*			
– Upfront cash	2.7	3.2	5.9
– Deferred cash	0.8	2.2	3.0
– Upfront shares	2.6	3.0	5.6
– Deferred shares	3.9	2.5	6.4
– Deferred shares – long-term incentive awards**	5.6	3.3	8.9
Total aggregate remuneration and deferred incentives (£'million)	**30.6**	**30.0**	**60.6**
Number of employees***	18	39	57
Ratio between fixed and variable pay	1.0	1.1	1.0

* *Total number of employees receiving variable remuneration was 50.*

** *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 vest over a period of two and a half to four and a half years, up to three to seven years, determined by regulatory requirements. They are also subject to a six or 12 month retention period after vesting.*

*** *This excludes non-executive directors.*

Material Risk Takers received total remuneration in the following bands:

	Number of Material Risk Takers
£800 000 – £1 200 000	14
£1 200 001 – £1 600 000	7
£1 600 001 – £2 000 000	4
£2 000 001 – £2 400 000	1
£2 400 001 – £2 800 000	1
£2 800 001 – £3 200 000	2
£3 200 001 – £3 600 000	2
£3 600 001 – £4 000 000	–
£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	32.3	29.0	61.3
Deferred unvested remuneration adjustment – employees no longer Material Risk Takers and reclassifications	10.0	(10.8)	(0.8)
Deferred remuneration awarded in year	12.5	5.8	18.3
Deferred remuneration reduced in year through performance adjustments	–	–	–
Deferred remuneration reduced in year through malus and clawback adjustments^^	–	–	–
Deferred remuneration vested in year	(7.6)	(4.9)	(12.5)
Deferred unvested remuneration outstanding at the end of the year	**47.2**	**19.1**	**66.3**

^^ *All employees are subject to malus and clawback provisions as discussed on page 142. 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	43.2	14.4	57.6
– Cash	4.0	4.7	8.7
	47.2	**19.1**	**66.3**

£'million	Senior management	Other Material Risk Takers	Total
Deferred remuneration vested in year			
– For awards made in 2017 financial year	0.5	1.1	1.6
– For awards made in 2016 financial year	4.0	1.4	5.4
– For awards made in 2015 financial year	3.1	0.9	4.0
– For awards made in 2014 financial year	–	1.5	1.5
	7.6	**4.9**	**12.5**

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)	–	0.4	0.4
Number of beneficiaries	–	2.0	2.0
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 Prudential Authority's Basel Pillar III disclosure requirements.

The bank's qualitative remuneration disclosures are provided on pages 125 to 170.

The information contained in the tables below sets out the bank's quantitative disclosures for the year ended 31 March 2019.

In the tables below senior management are defined as members of our South African general management forum, excluding executive directors. Material risk takers are defined as 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. Furthermore, financial and risk control staff are defined as everyone in central group finance and central group risk as well as employees responsible for Risk and Finance functions within the operating business units.

Aggregate remuneration by remuneration type awarded during the financial year

£'million	Senior management	Material risk takers	Financial and risk control staff	Total
Fixed remuneration (all cash based and no portion is deferred)	55.1	54.7	217.0	326.8
Variable remuneration*	214.9	160.4	106.5	481.8
– Cash	82.3	85.3	70.0	237.6
– Deferred shares	64.3	42.8	1.8	108.9
– Deferred cash	–	–	–	–
– Deferred shares – long-term incentive awards**	68.3	32.3	34.7	135.3
Total aggregate remuneration and deferred incentives (R'million)	**270.0**	**215.1**	**323.5**	**808.6**
Number of employees	19	23	269	311
Ratio of fixed and variable pay	0.26	0.34	2.04	0.68

* *Total number of employees receiving variable remuneration was 311.*

** *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 vest one third at the end of years three, four and five.*

Additional disclosure on deferred remuneration

R'million	Senior management	Material risk takers	Financial and risk control staff	Total
Deferred unvested remuneration outstanding at the beginning of the year	510.1	325.0	286.7	1 121.8
Deferred unvested remuneration adjustment – employees that are no longer employed by the bank and reclassifications	34.6	(15.1)	(89.3)	(69.8)
Deferred remuneration awarded in year	132.6	75.1	36.5	244.2
Deferred remuneration reduced in year through performance adjustments	–	–	–	–
Deferred remuneration reduced in year through malus adjustments	–	–	–	–
Deferred remuneration vested in year	(218.1)	(110.2)	(78.8)	(407.1)
Deferred unvested remuneration outstanding at the end of the year				

R'million	Senior management	Material risk takers	Financial and risk control staff	Total
Deferred unvested remuneration outstanding at the end of the year				
– Equity	420.8	274.7	155.2	850.7
– Cash	38.4	–	–	38.4
	459.2	**274.7**	**155.2**	**889.1**

R'million	Senior management	Material risk takers	Financial and risk control staff	Total
Deferred remuneration vested in year				
– For awards made in 2018 financial year	24.4	10.0	0.2	34.6
– For awards made in 2017 financial year	37.5	17.0	3.6	58.1
– For awards made in 2016 financial year	78.5	29.8	21.6	129.9
– For awards made in 2015 financial year	60.9	43.2	45.7	149.8
– For awards made in 2014 financial year	16.8	10.2	7.7	34.7
	218.1	**110.2**	**78.8**	**407.1**

Other remuneration disclosures: special payments

R'million	Senior management	Material 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)	–	–	0.1	0.1
Number of beneficiaries	–	–	–	–
Guaranteed bonuses				
Made during the year (R'million)	–	1.0	–	1.0
Number of beneficiaries	–	1.0	–	1.0

Key Management Personnel

Details of Directors' remuneration and interest in shares are disclosed on pages 145 to 162. IAS "Related party disclosures" requires the following additional information for key management compensation.

Compensation of key management personnel	2019 £'000	2018 £'000
Short-term employee benefits	27 413	31 885
Other long-term employee benefits	6 936	8 323
Share-based payments	8 826	6 365
Total	**43 175**	**46 572**

Shareholdings, options and other securities of key management personnel

	2019 £'000	2018 £'000
Number of options held over Investc plc or Investec Limited ordinary shares under employee share schemes	5 640	5 116

	2019 £'000	2018 £'000
Number of Investec plc or Investec Limited Ordinary shares held beneficially and non-beneficially	16 646	17 163

We have defined key management personnel as the directors of Investec plc and Investec Limited plus those classified as persons discharging managerial responsibility. In addition to the directors listed in the report, those are Henry Blumenthal, Steve Elliott, Malcolm Fried, Marc Kahn, Nishlan Samujh, David van der Walt, Richard Wainwright, Ciaran Whelan and Jonathan Wragg.

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The directors present their strategic and directors' report and financial statements for the year ended 31 March 2019.

Strategic report

The strategic report for the year ended 31 March 2019 was approved by the board of directors on 13 June 2019.

Section 414A of the UK Companies Act 2006 (the UK Companies Act) 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 UK Companies Act, to include certain matters in its strategic report that would otherwise be disclosed in the directors' report.

Sections one, two, three and four of Volume 1 of the integrated annual report (together the strategic report) provide an overview of our strategic position, performance during the financial year and outlook for the business. This should be read in conjunction with Volume 2 of Investec group's 2019 integrated annual report which elaborates on some of the aspects highlighted in the strategic report.

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

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.

Authorised and issued share capital

Investec plc and Investec Limited

Details of the share capital are set out on pages 224 to 226.

Investec plc

During the year, the following shares were issued:

- 10 609 172 ordinary shares on 22 June 2018 at 544.00 pence per share
- 8 181 965 special converting shares on 22 June 2018 of £0.0002 each at par
- 603 645 ordinary shares on 26 September 2018 at 436.00 pence per share
- 1 069 699 ordinary shares on 28 November 2018 at 493.00 pence per share.

Investec plc did not repurchase any of its ordinary shares during the financial year ended 31 March 2019.

At 31 March 2019, Investec plc held 21 638 673 shares in treasury (2018: 19 722 086). The maximum number of shares held in treasury by Investec plc during the period under review was 26 770 816 shares.

Investec Limited

During the year, the following shares were issued:

- 10 609 172 special convertible redeemable preference shares of R0.0002 each on 22 June 2018 at par
- 8 181 965 ordinary shares on 22 June 2018 at R92.55 per share (R0.0002 par and premium of R92.5498 per share)
- 603 645 special convertible redeemable preference shares of R0.0002 each on 26 September 2018 at par
- 1 069 699 special convertible redeemable preference shares of R0.0002 each on 28 November 2018 at par.

On 22 October 2018, the partial early redemption of 21 293 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 25 March 2019, the final redemption of the remaining 191 642 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 2019.

At 31 March 2019, Investec Limited held 29 686 599 shares in treasury (2018: 27 013 057). The maximum number of shares held in treasury by Investec Limited during the period under review was 31 663 785 shares.

Financial results

The combined consolidated results of Investec plc and Investec Limited are set out in the annual financial statements and accompanying notes for the year ended 31 March 2019.

The preparation of these combined results was supervised by the group finance director, Nishlan Samujh.

Ordinary dividends

Investec plc

An interim dividend of 11.0 pence per ordinary share (2018: 10.5 pence) was paid on 19 December 2018, as follows:

- 11.0 pence per ordinary share to non-South African resident shareholders registered on 4 December 2018
- To South African resident shareholders registered on 4 December 2018, through a dividend paid by Investec Limited on the SA DAS share, of 8 pence per ordinary share and 3.0 pence per ordinary share paid by Investec plc.

The directors have proposed a final dividend to shareholders registered on 26 July 2019, of 13.5 pence (2018: 13.5 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 8 August 2019 and, if approved, will be paid on 12 August 2019, as follows:

- 13.5 pence per ordinary share to non-South African resident shareholders (2018: 13.5 pence) registered on 26 July 2019
- To South African resident shareholders registered on 26 July 2019, through a dividend paid by Investec Limited on the SA DAS share, of 8.0 pence per ordinary share and 5.5 pence per ordinary share paid by Investec plc.

Investec Limited

An interim dividend of 206 cents per ordinary share (2018: 200 cents) was declared to shareholders registered on 7 December 2018 and was paid on 19 December 2018.

The directors have proposed a final dividend in respect of the financial year ended 31 March 2019 of 251 cents (2018: 232 cents) per ordinary share. The final dividend will be payable on 12 August 2019 to shareholders on the register at the close of business on 26 July 2019. The annual general meeting at which the proposed dividend will be considered for approval is scheduled to take place on 8 August 2019.

Preference dividends

Investec plc

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

Preference dividend number 25 for the period 1 April 2018 to 30 September 2018, amounting to 7.9 pence per share, was declared to members holding preference shares registered on 4 December 2018 and was paid on 18 December 2018.

Preference dividend number 26 for the period 1 October 2018 to 31 March 2019, amounting to 8.7 pence per share, was declared to members holding preference shares registered on 4 June 2019 and will be paid on 18 June 2019.

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

Preference dividend number 14 for the period 1 April 2018 to 30 September 2018, amounting to 476.3 cents per share, was declared to members holding rand-denominated non-redeemable, non-cumulative, non-participating preference shares registered on 4 December 2018 and was paid on 18 December 2018.

Preference dividend number 15 for the period 1 October 2018 to 31 March 2019, amounting to 482.09 cents per share, was declared to members holding preference shares registered on 4 June 2019 and will be paid on 18 June 2019.

Investec Limited

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

Preference dividend number 28 for the period 1 April 2018 to 30 September 2018, amounting to 389.91534 cents per share, was declared to shareholders holding preference shares registered on 14 December 2018 and was paid on 18 December 2018.

Preference dividend number 29 for the period 1 October 2018 to 31 March 2019, amounting to 394.65612 cents per share, was declared to shareholders holding preference shares registered on 7 June 2019 and will be paid on 18 June 2019.

Class ILRP2 redeemable non-participating preference shares

Preference dividend number 13 for the period 1 April 2018 to 30 June 2018, amounting to 13961.69167 cents per share, was declared to shareholders holding preference shares on 20 July 2018 and was paid on 23 July 2018.

Preference dividend number 14 for the period 1 July 2018 to 30 September 2018, amounting to 1406.98499 cents per share, was declared to shareholders holding preference shares on 19 October 2018 and was paid on 22 October 2018.

Preference dividend number 15 for the period 1 October 2018 to 31 December 2018, amounting to 1421.58383 cents per share, was declared to shareholders holding preference shares on 18 January 2019 and was paid on 21 January 2019.

Final preference dividend after redemption for the period 1 January 2019 to and including 24 March 2019, amounting to 1300.41450 cents per share, was declared to shareholders holding preference shares on 22 March 2019 and was paid on 25 March 2019.

Redeemable cumulative preference shares

Dividends amounting to R22 462 935.60 (2018: R22 987 563) 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 page 101 and 98.

The names of the current directors of Investec plc and Investec Limited, along with their biographical details, are set out on pages 88 to 92, and are incorporated into this report by reference. Changes to the composition of the board since 1 April 2018 up to date of this report are shown in the table below:

	Appointed to the board	Retired from the board
Glynn Burger		31 March 2019
Kim McFarland	1 October 2018	
Nishlan Samujh	1 April 2019	

In accordance with the UK Corporate Governance Code, all of the directors will retire and those willing to serve again will submit themselves for re-election at the annual general meeting. Laurel Bowden, Cheryl Carolus, Bernard Kantor and Stephen Koseff will not stand for re-election at the 2019 annual general meeting.

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 acquire shares are set out on pages 125 to 174.

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 100 to 104 and 93.

Share incentives

Details regarding options granted during the year are set out on pages 154 to 160.

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 internal and external audit reviews and the effectiveness of our risk and control systems. Taking note of the key deliberations of the subsidiary audit committees as part of the process.

Further details on the role and responsibility of the audit committees are set out on pages 132 to 141 in volume one of Investec group's 2019 integrated annual report.

Independent auditor and audit information

Each person who is a director at the date of approval of this report, confirm that, so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware and each director has taken all steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given pursuant to section 418 the UK Companies Act and should be interpreted in accordance with and subject to those provisions.

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 re-appoint them as auditors will be proposed at the annual general meeting scheduled to take place on 8 August 2019.

Contracts

Refer to page 109 for details of contracts with directors.

Subsidiary and associated companies

Details of principal subsidiary and associated companies are reflected on pages 163 to 167 in volume three of Investec group's 2019 integrated annual report.

Major shareholders

The largest shareholders of Investec plc and Investec Limited are reflected on page 111.

Special resolutions

Investec plc

At the annual general meeting held on 8 August 2018, 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 UK Companies Act
- A renewable authority was granted to Investec plc to acquire its own preference shares in accordance with the terms of section 701 of the UK Companies Act.

Investec Limited

At the annual general meeting held on 8 August 2018, 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, as amended (the South African Companies Act)
- A renewable authority was granted to Investec Limited to acquire its own 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
- 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
- A renewable authority was granted to Investec Limited to approve the 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.

Accounting policies and disclosure

Accounting policies are set having regard to commercial practice and comply with applicable UK and South African law and International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). The parent company accounts of Investec plc are prepared under FRS 101.

These policies are set out on pages 40 to 50 in volume three of Investec group's 2019 integrated annual report.

Employees

The group's approach is to recruit and promote on the basis of aptitude and attitude, with the deliberate intent to build a diverse workforce and promote an inclusive workplace, appropriately and fully representative of the jurisdictions population. The group's policy is to adopt an open management style, thereby encouraging informal consultation at all levels about aspects of the group's operations, and motivating staff involvement in the group's performance by means of employee share schemes.

Further information is provided on pages 115 to 123.

Political donations and expenditure

Investec Bank Limited made political donations in 2019 in the amount of R1.5 million (2018: Nil). No further political donations were made by the group in the financial year ended 31 March 2019 (2018: Nil).

Empowerment and transformation

The group's approach is to recruit and promote on the basis of aptitude and attitude, with the deliberate intent to build a diverse workforce and promote and inclusive workplace, appropriately and fully representative of the jurisdiction's population. We endeavour to prevent and/or eliminate any form of discrimination based on gender, race, ethnicity, religion, age, disability, nationality and sexual preferences. People with disabilities are an essential part of a diverse talent pool and are always considered, with every effort made to accommodate and facilitate an accessible environment. In the event of employees becoming disabled while in our employ, we are committed to ensuring their continued employment. We have various processes to encourage debate and dialogue around valuing diversity and differences. Emerging and established leaders are invited to participate in discussions with the executive leadership around all issues related to talent management and diversity.

Financial instruments

Detailed information on the group's risk management process and policy can be found in the risk management report on pages 6 to 90 in volume two of Investec group's 2019 integrated annual report.

Information on the group's hedge accounting policy and the use of derivatives and hedges can be found on pages 45 and 46 and in note 54 in volume three of Investec group's 2019 integrated annual report.

Going concern

Refer to page 104 for the directors' statement in relation to going concern.

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 on pages 115 to 123.

Research and development

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

Viability statement

Refer to pages 106 to 108 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 on pages 6 to 90 in volume two of Investec group's 2019 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). 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.

Post 2019 financial year events

On 10 May 2019 Investec Bank plc agreed to sell its Irish Wealth Management business to Brewin Dolphin for proceeds of circa EUR44 million, subject to regulatory approval.

As announced on 14 September 2018 following a strategic review, the group made a decision to demerge and separately list the Investec Asset Management business. The demerger and the listing of Investec Asset Management is subject to regulatory and shareholder approvals, and is expected to be completed during the second half of the calendar year.

Directors' responsibilities

The following statement, which should be read in conjunction with the auditor's report set out on pages 13 to 33 in volume three of Investec group's 2019 integrated annual report, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

The directors are required by the UK Companies Act and South African Companies Act to prepare group and company accounts for each financial year and, with regards to group accounts, in accordance with Article 4 of the International Accounting Standards (IAS) Regulation. The directors have prepared group and company accounts in accordance with IFRS, as adopted by the EU. Under the UK Companies Act, the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of their profit or loss for that period.

The directors consider that, in preparing the financial statements the group and company have used appropriate accounting policies, supported by reasonable judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

Having taken all the matters considered by the board and brought to the attention of the board during the year into account, the directors are satisfied that the annual report and financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the group and company's position and performance, business model and strategy.

Directors are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Directors' responsibility statement

The directors have a responsibility for ensuring that the company and the group keep accounting records which disclose with reasonable accuracy the financial position of the company and the group and which enable them to ensure that the accounts comply with the UK Companies Act and South African Companies Act.

The directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement in accordance with applicable law and regulations.

The directors are responsible for the maintenance and integrity of the annual report and financial statements as they appear on the group's website.

The directors have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors, whose names and functions are set out on pages 88 to 92, confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the management report, on pages 5 to 58, which is incorporated in the directors' report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approval of annual financial statements

The directors' report and the annual financial statements of the companies and the group, which appear on pages 5 to 9 and pages 34 to 163 in volume three of Investec group's 2019 integrated annual report, were approved by the board of directors on 13 June 2019.

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

Signed on behalf of the boards of Investec plc and Investec Limited

PKO Crosthwaite		
Perry Crosthwaite	**Fani Titi**	**Hendrik du Toit**
Chairman	Joint chief executive officer	Joint chief executive officer
13 June 2019	13 June 2019	13 June 2019

Declaration by the company secretary

In terms of section 88(2)(e) of the South African Companies 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 2019, 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

13 June 2019

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

Share capital

The issued share capital of Investec plc at 31 March 2019 consists of 682 121 211 ordinary shares of £0.0002 each, 2 754 587 non-redeemable, non-cumulative, non-participating preference shares of £0.01 each, 131 447 ZAR non-redeemable, non-cumulative, non-participating preference shares of R0.001 each, 318 904 706 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 UK Companies Act, the UK 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 UK Companies Act, Investec plc may by ordinary resolution from time-to-time declare dividends not exceeding the amount recommended by the board. The board may pay interim dividends whenever the financial position of Investec plc, in the opinion of the board, justifies such payment.

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

Voting rights

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

Restrictions on voting

No member shall be entitled to vote either in person or by proxy at any general meeting or class meeting in respect of any shares held by him if any call or other sum then payable by him in respect of that share remains unpaid. In addition, no member shall be entitled to vote if he has been served with a notice after failure to provide Investec plc with information concerning interests in those shares required to be provided under the UK 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 UK Companies Act, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting the quorum shall be two persons or, if there is only one holder, that holder at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares). The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them. Where, under the company's share incentive plan, participants are the beneficial owners of the shares, but not the registered owners, the participants are not entitled to exercise any voting rights until the shares are released to the participants. Under the company's employee trust, the trustee does not vote in respect of unallocated shares.

Transfer of shares

All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. Transfers of shares which are in uncertificated form are effected by means of the CREST system. The directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason, refuse to register any transfer of shares (not being fully paid shares), provided that such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The directors may also refuse to register an allotment or transfer of shares (whether fully paid or not) in favour of more than four persons jointly. If the directors refuse to register an allotment or transfer they shall within two months after the date on which the letter of allotment or transfer was lodged with Investec plc send to the allottee or transferee a notice of the refusal. The directors may decline to recognise any instrument of transfer unless the instrument of transfer is in respect of only one class of share and, when submitted for registration, is accompanied by the relevant share certificates and such other evidence as the directors may reasonably require. Subject to the UK 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 inter se* and with the most senior ranking preference shares of Investec plc in issue (if any) from time-to-time and with any other shares of Investec plc that are expressed to rank *pari passu* herewith as regards to 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 to 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 to 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 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. Investec plc may by special resolution increase or reduce the maximum or minimum number of directors. For details regarding the shareholding requirements for executive directors of Investec plc, once appointed, please refer to the page 137 of the remuneration report.

Powers of directors

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

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

Significant agreements: change of control

The Articles of 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.

A director is not required to hold any shares of Investec plc by way of qualification.

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.

COMBINED CONSOLIDATED INCOME STATEMENT

£'000	Notes	Year to 31 March 2019	Year to 31 March 2018
Interest income		2 641 920	2 491 009
Interest income calculated using effective interest rate		2 393 106	^
Other interest income		248 814	^
Interest expense		(1 826 493)	(1 730 611)
Net interest income	**2**	**815 427**	**760 398**
Fee and commission income	3	1 590 004	1 543 447
Fee and commission expense	3	(216 452)	(182 240)
Investment income	4	49 985	130 048
Share of post taxation profit of associates and joint venture holdings		68 317	46 823
Trading income/(loss) arising from			
– customer flow		120 662	138 226
– balance sheet management and other trading activities		41 966	(4 307)
Other operating income	5	16 431	11 115
Total operating income before expected credit losses/impairment losses		**2 486 340**	**2 443 510**
Expected credit loss impairment charges*	6	(66 452)	–
Impairment losses on loans and advances*	6	–	(148 556)
Operating income		**2 419 888**	**2 294 954**
Operating costs	7	(1 695 012)	(1 632 740)
Depreciation on operating leased assets	7	(2 157)	(2 421)
Operating profit before goodwill and acquired intangibles		**722 719**	**659 793**
Impairment of goodwill	34	(155)	–
Amortisation of acquired intangibles	35	(15 816)	(16 255)
Operating profit after goodwill and acquired intangibles		**706 748**	**643 538**
Financial impact of group restructures and acquisitions of subsidiaries	7	(19 543)	(6 039)
Profit before taxation		**687 205**	**637 499**
Taxation on operating profit before goodwill and acquired intangibles	9	(78 210)	(59 099)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries restructurings	9	5 979	3 253
Profit after taxation		**614 974**	**581 653**
Profit attributable to other non-controlling interests		(58 192)	(52 288)
Profit attributable to Asset Management non-controlling interests		(25 658)	(23 817)
Earnings attributable to shareholders		**531 124**	**505 548**
Earnings per share (pence)			
– Basic	10	52.0	51.2
– Diluted	10	50.9	49.8

* *On adoption of IFRS 9 there is a move from an incurred loss model to an expected credit loss methodology.*
^ *As permitted by IFRS 9, the group has elected not to restate comparative annual financial statements.*

COMBINED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

£'000	Notes	Year to 31 March 2019	Year to 31 March 2018
Profit after taxation		614 974	581 653
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*	9	1 797	(5 746)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income^*	9	(12 918)	–
Gains on realisation debt instruments at FVOCI recycled to the income statement^*	9	(7 116)	–
Gains on realisation of available-for-sale assets recycled to the income statement^*	9	–	(6 676)
Fair value movements on available-for-sale assets taken directly to other comprehensive income^*	9	–	20 051
Foreign currency adjustments on translating foreign operations		(302 598)	(25 300)
Items that will never be reclassified to the income statement			
Effect of rate change on deferred taxation relating to adjustment for IFRS 9*		(1 572)	–
Net gain attributable to own credit risk*		8 887	–
Remeasurement of net defined pension asset		(1 924)	3 938
Total comprehensive income		**299 530**	**567 920**
Total comprehensive income attributable to ordinary shareholders		252 677	451 913
Total comprehensive income attributable to non-controlling interests		5 293	83 027
Total comprehensive income attributable to perpetual preference shareholders and Other Additional Tier 1 security holders		41 560	32 980
Total comprehensive income		**299 530**	**567 920**

^ *On adoption of IFRS 9 on 1 April 2018, the fair value reserve was introduced, replacing the available-for-sale reserve.*
* *Net of taxation except for the impact of rate changes on deferred taxation as separately show above.*

COMBINED CONSOLIDATED BALANCE SHEET

At £'000	Notes	31 March 2019	1 April 2018*	31 March 2018*
Assets				
Cash and balances at central banks	18	4 992 820	4 040 010	4 040 512
Loans and advances to banks	19	2 322 821	2 164 598	2 165 533
Non-sovereign and non-bank cash placements		648 547	599 982	601 243
Reverse repurchase agreements and cash collateral on securities borrowed	20	1 768 748	2 207 137	2 207 477
Sovereign debt securities	21	4 538 223	4 907 624	4 910 027
Bank debt securities	22	717 313	591 428	587 164
Other debt securities	23	1 220 651	898 122	903 603
Derivative financial instruments	24	1 034 166	1 345 744	1 352 408
Securities arising from trading activities	25	1 859 254	1 434 391	1 434 391
Investment portfolio	26	1 028 976	956 560	885 499
Loans and advances to customers	27	24 534 753	24 410 334	24 673 009
Own originated loans and advances to customers securitised	28	407 869	458 814	459 088
Other loans and advances	27	195 693	345 742	347 809
Other securitised assets	28	133 804	148 387	148 387
Interests in associated undertakings and joint venture holdings	29	387 750	467 852	467 852
Deferred taxation assets	30	248 893	242 239	157 321
Other assets	31	1 735 956	1 875 357	1 876 116
Property and equipment	32	261 650	233 340	233 340
Investment properties	33	994 645	1 184 097	1 184 097
Goodwill	34	366 870	368 803	368 803
Intangible assets	35	107 237	125 389	125 389
		49 506 639	**49 005 950**	**49 129 068**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	37	8 217 573	8 487 776	8 487 776
		57 724 212	**57 493 726**	**57 616 844**
Liabilities				
Deposits by banks		3 016 306	2 931 267	2 931 267
Derivative financial instruments	24	1 277 233	1 471 563	1 471 563
Other trading liabilities	38	672 405	960 166	960 166
Repurchase agreements and cash collateral on securities lent	20	1 105 063	655 840	655 840
Customer accounts (deposits)		31 307 107	30 985 251	30 987 173
Debt securities in issue	39	3 073 320	2 717 187	2 717 187
Liabilities arising on securitisation of own originated loans and advances		91 522	136 812	136 812
Liabilities arising on securitisation of other assets	28	113 711	127 853	127 853
Current taxation liabilities		162 448	185 486	185 486
Deferred taxation liabilities	30	23 590	32 158	32 158
Other liabilities	40	1 765 649	2 019 906	2 012 268
		42 608 354	**42 223 489**	**42 217 773**
Liabilities to customers under investment contracts	37	8 214 634	8 484 296	8 484 296
Insurance liabilities, including unit-linked liabilities	37	2 939	3 480	3 480
		50 825 927	**50 711 265**	**50 705 549**
Subordinated liabilities	42	1 647 271	1 619 878	1 482 987
		52 473 198	**52 331 143**	**52 188 536**
Equity				
Ordinary share capital	43	245	240	240
Perpetual preference share capital	44	31	31	31
Share premium	45	2 471 506	2 416 736	2 416 736
Treasury shares	46	(189 134)	(160 132)	(160 132)
Other reserves		(577 491)	(406 718)	(345 606)
Retained income		2 611 256	2 326 212	2 530 825
Shareholders' equity excluding non-controlling interests		**4 316 413**	**4 176 369**	**4 442 094**
Other Additional Tier 1 securities in issue	47	303 728	304 150	304 150
Non-controlling interests	48	630 873	682 064	682 064
– Perpetual preferred securities issued by subsidiaries		81 616	92 312	92 312
– Non-controlling interests in partially held subsidiaries		549 257	589 752	589 752
Total equity		**5 251 014**	**5 162 583**	**5 428 308**
Total liabilities and equity		**57 724 212**	**57 493 726**	**57 616 844**

* *The 1 April 2018 balance sheet has been presented on an IFRS 9 basis and the comparative as at 31 March 2018 on an IAS 39 basis.*

£'000	Notes	Year to 31 March 2019	Year to 31 March 2018
Profit before taxation adjusted for non-cash and non-operating items	50	814 089	859 745
Taxation paid		(116 212)	(127 503)
Increase in operating assets	50	(3 283 153)	(3 352 869)
Increase in operating liabilities	50	3 990 382	3 075 779
Net cash inflow from operating activities		**1 405 106**	**455 152**
Cash flow on acquisition of group operations	36	–	(6 888)
Cash flow on net disposal/(acquisition) of associates and joint venture holdings		25 159	(13 643)
Cash flow on acquisition of property, equipment and intangible assets		(95 819)	(24 604)
Cash flow on disposal of property, equipment and intangible assets		5 235	7 336
Net cash outflow from investing activities		**(65 425)**	**(37 799)**
Dividends paid to ordinary shareholders		(238 072)	(227 908)
Dividends paid to other equity holders		(105 457)	(96 668)
Proceeds on issue of shares, net of related costs		108 414	125 240
Proceeds on issue of Other Additional Tier 1 securities		5 852	271 058
Cash flow on acquisition of treasury shares, net of related costs		(103 841)	(121 933)
Proceeds on issue of other equity instruments and transactions with non-controlling interests		54 962	32 752
Proceeds from subordinated debt raised	42	462 734	190 940
Repayment of subordinated debt	42	(402 619)	(128 098)
Net cash (outflow)/inflow from financing activities		**(218 027)**	**45 383**
Effects of exchange rates on cash and cash equivalents		**(136 927)**	**(54 085)**
Net increase in cash and cash equivalents		**984 727**	**408 651**
Cash and cash equivalents at the beginning of the year		6 130 379	5 721 728
Cash and cash equivalents at the end of the year		**7 115 106**	**6 130 379**
Cash and cash equivalents is defined as including:			
Cash and balances at central banks		4 992 820	4 040 512
On demand loans and advances to banks		1 472 360	1 488 624
Non-sovereign and non-bank cash placements		648 547	601 243
Expected credit loss on cash and cash equivalents		1 379	–
Cash and cash equivalents at the end of the year		**7 115 106**	**6 130 379**

Cash and cash equivalents is defined as including cash and balances at central banks, on-demand loans and advances to banks and non-sovereign and non-bank cash placements (all of which have a maturity profile of less than three months).

£000	Ordinary share capital	Perpetual preference share capital	Share premium	Treasury shares
At 1 April 2017	**237**	**31**	**2 341 228**	**(126 879)**
Movement in reserves 1 April 2017 – 31 March 2018				
Profit after taxation	–	–	–	–
Fair value movements on cash flow hedges	–	–	–	–
Gains on realisation of available-for-sale assets recycled through the income statement	–	–	–	–
Fair value movements on available-for-sale assets	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	1 701	–
Remeasurement of net defined pension asset	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**1 701**	**–**
Share-based payment 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	3	–	125 237	–
Issue of Other Additional Tier 1 security instruments	–	–	–	–
Issue of equity by subsidiaries	–	–	–	–
Net equity impact of non-controlling interest	–	–	–	–
Movement of treasury shares	–	–	(51 430)	(70 503)
Transfer to capital reserve account	–	–	–	–
Transfer to regulatory general risk reserve	–	–	–	–
Transfer from share based payment reserve to treasury shares	–	–	–	37 250
At 31 March 2018	**240**	**31**	**2 416 736**	**(160 132)**
Adoption of IFRS 9	–	–	–	–
At 1 April 2018	**240**	**31**	**2 416 736**	**(160 132)**
Movement in reserves 1 April 2018 – 31 March 2019				
Profit after taxation	–	–	–	–
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	–	–	–	–
Fair value movements on cash flow hedges	–	–	–	–
Gains on realisation of debt instruments at FVOCI recycled to the income statement	–	–	–	–
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	(22 187)	–
Net gain attributable to own credit risk	–	–	–	–
Remeasurement of net defined pension asset	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**(22 187)**	**–**
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	5	–	108 409	–
Issue of Other Additional Tier 1 security instruments	–	–	–	–
Issue of equity by subsidiaries	–	–	–	–
Net equity impact of non-controlling interest	–	–	–	–
Transfer from retained income to non-controlling interest	–	–	–	–
Movement of treasury shares	–	–	(31 452)	(72 389)
Net equity movements of interests in associated undertakings	–	–	–	–
Transfer to regulatory general risk reserve	–	–	–	–
Transfer from share-based payment reserve to treasury shares	–	–	–	43 387
Transfer own credit reserve on sale of subordinated liabilities	–	–	–	–
At 31 March 2019	**245**	**31**	**2 471 506**	**(189 134)**

* *On adoption of IFRS 9 on 1 April 2018, the fair value reserve was introduced replacing the available-for-sale reserve.*

Capital reserve account	Other reserves: Available-for-sale reserve/ Fair value reserve*	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Own credit risk reserve	Retained income	**Shareholder's equity excluding non-controlling interests**	Other Additional Tier 1 securities in issue	Non-controlling interests	**Total equity**
10 973	**12 203**	**39 807**	**(54 891)**	**(318 367)**	**–**	**2 226 751**	**4 131 093**	**32 798**	**644 738**	**4 808 629**
–	–	–	–	–	–	505 548	505 548	–	76 105	581 653
–	–	–	(5 746)	–	–	–	(5 746)	–	–	(5 746)
–	(6 676)	–	–	–	–	–	(6 676)	–	–	(6 676)
–	20 051	–	–	–	–	–	20 051	–	–	20 051
–	–	56	–	(34 273)	–	–	(32 516)	294	6 922	(25 300)
–	–	–	–	–	–	3 938	3 938	–	–	3 938
–	**13 375**	**56**	**(5 746)**	**(34 273)**	**–**	**509 486**	**484 599**	**294**	**83 027**	**567 920**
–	–	–	–	–	–	69 218	69 218	–	–	69 218
–	–	–	–	–	–	(227 908)	(227 908)	–	–	(227 908)
–	–	–	–	–	–	(32 980)	(32 980)	9 335	7 909	(15 736)
–	–	–	–	–	–	–	–	(9 335)	(7 909)	(17 244)
–	–	–	–	–	–	–	–	–	(63 688)	(63 688)
–	–	–	–	–	–	–	125 240	–	–	125 240
–	–	–	–	–	–	–	–	271 058	–	271 058
–	–	–	–	–	–	–	–	–	12 695	12 695
–	–	–	–	–	–	14 765	14 765	–	5 292	20 057
–	–	–	–	–	–	–	(121 933)	–	–	(121 933)
(526)	–	–	–	(6 222)	–	6 748	–	–	–	–
–	–	(1 995)	–	–	–	1 995	–	–	–	–
–	–	–	–	–	–	(37 250)	–	–	–	–
10 447	**25 578**	**37 868**	**(60 637)**	**(358 862)**	**–**	**2 530 825**	**4 442 094**	**304 150**	**682 064**	**5 428 308**
–	(7 455)	–	–	–	(53 657)	(204 613)	(265 725)	–	–	(265 725)
10 447	**18 123**	**37 868**	**(60 637)**	**(358 862)**	**(53 657)**	**2 326 212**	**4 176 369**	**304 150**	**682 064**	**5 162 583**
–	–	–	–	–	–	531 124	531 124	–	83 850	614 974
–	(47)	–	–	–	(817)	(708)	(1 572)	–	–	(1 572)
–	–	–	1 797	–	–	–	1 797	–	–	1 797
–	(7 116)	–	–	–	–	–	(7 116)	–	–	(7 116)
–	(12 918)	–	–	–	–	–	(12 918)	–	–	(12 918)
–	1	–	–	(193 848)	–	(1 733)	(217 767)	(6 274)	(78 557)	(302 598)
–	–	–	–	–	8 887	–	8 887	–	–	8 887
–	–	–	–	–	–	(1 924)	(1 924)	–	–	(1 924)
–	**(20 080)**	**–**	**1 797**	**(193 848)**	**8 070**	**526 759**	**300 511**	**(6 274)**	**5 293**	**299 530**
–	–	–	–	–	–	72 714	72 714	–	–	72 714
–	–	–	–	–	–	(238 072)	(238 072)	–	–	(238 072)
–	–	–	–	–	–	(41 560)	(41 560)	19 520	7 298	(14 742)
–	–	–	–	–	–	–	–	(19 520)	(7 298)	(26 818)
–	–	–	–	–	–	–	–	–	(63 897)	(63 897)
–	–	–	–	–	–	–	108 414	–	–	108 414
–	–	–	–	–	–	–	–	5 852	–	5 852
–	–	–	–	–	–	–	–	–	4 319	4 319
–	–	–	–	–	–	48 239	48 239	–	2 404	50 643
–	–	–	–	–	–	(690)	(690)	–	690	–
–	–	–	–	–	–	–	(103 841)	–	–	(103 841)
–	–	–	–	–	–	(5 671)	(5 671)	–	–	(5 671)
–	–	7 564	–	–	–	(7 564)	–	–	–	–
–	–	–	–	–	–	(43 387)	–	–	–	–
–	–	–	–	–	25 724	(25 724)	–	–	–	–
10 447	**(1 957)**	**45 432**	**(58 840)**	**(552 710)**	**(19 863)**	**2 611 256**	**4 316 413**	**303 728**	**630 873**	**5 251 014**

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 2019, 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.

The group annual financial statements have been prepared on a historical cost basis, except otherwise indicated.

On 1 April 2018 the group adopted IFRS 9 Financial instruments which replaced IAS 39 Financial Instruments Recognition and Measurement and sets out the new requirements for the recognition and measurement of financial instruments. These requirements focus primarily on the classification and measurement of financial instruments and measurement of impairment losses based on an expected credit loss (ECL) model as opposed to an incurred loss methodology under IAS 39. IFRS 9 includes an accounting policy choice to remain with IAS 39 hedge accounting, which the group has exercised.

Disclosure related to the initial application and the impact of the transition from IAS 39 to IFRS 9 were included in the group's transition disclosures published on 15 June 2018 which can be accessed via the Investec website at www.investec.com.

The accounting policies related to financial instruments have significantly changed and the disclosure of the impact of IFRS 9 is included in note 60.

Additionally, on 1 April 2018 the group adopted IFRS 15 Revenue from contracts with customers which replaced IAS 18 Revenue. IFRS 15 provides a principles-based approach for revenue recognition and introduces the concept of recognising revenue for obligations as they are satisfied. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The group's measurement and recognition principles were aligned to the new standard and hence there has been no material impact on measurement and recognition principles or on disclosure requirements from the adoption of IFRS 15.

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 on pages 82 to 91 in volume two of the Investec group's 2019 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 145 to 160.

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 and joint venture holdings. Interests in associated undertakings and joint venture holdings 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 and joint venture holdings, the combined consolidated annual financial statements include the attributable share of the results and reserves of associated undertakings and joint venture holdings. The group's interests in associated undertakings and joint venture holdings 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 and joint venture holdings 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 and joint venture holdings.

Audit conclusion

These abridge 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 auditors report on the annual combined consolidated and separate annual financial statements is available for inspection at the companies registered office.

For the year to 31 March £'000	Asset Management	Wealth & Investment	Specialist Banking	Group costs	Total group
Combined consolidated segmental analysis					
Segmental business analysis – income statement					
2019					
Net interest income	5 683	14 216	795 528	–	815 427
Net fee and commission income	556 901	384 456	432 195	–	1 373 552
Investment income	25	1 490	48 470	–	49 985
Share of post taxation profit of associates and joint venture holdings	–	–	68 317	–	68 317
Trading income arising from					
– customer flow	–	851	119 811	–	120 662
– balance sheet management and other trading activities	5 058	69	36 839	–	41 966
Other operating income	5 395	343	10 693	–	16 431
Total operating income before expected credit losses	**573 062**	**401 425**	**1 511 853**	**–**	**2 486 340**
Expected credit loss impairment release/(charges)	6	(24)	(66 434)	–	(66 452)
Operating income	**573 068**	**401 401**	**1 445 419**	**–**	**2 419 888**
Operating costs	(393 706)	(318 788)	(936 175)	(46 343)	(1 695 012)
Depreciation on operating leased assets	–	–	(2 157)	–	(2 157)
Operating profit/(loss) before goodwill and acquired intangibles	**179 362**	**82 613**	**507 087**	**(46 343)**	**722 719**
Profit attributable to other non-controlling interests	–	–	(58 192)	–	(58 192)
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	**179 362**	**82 613**	**448 895**	**(46 343)**	**664 527**
Profit attributable to Asset Management non-controlling interests	(25 658)	–	–	–	(25 658)
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	**153 704**	**82 613**	**448 895**	**(46 343)**	**638 869**
Selected returns and key statistics					
ROE (pre-tax)*	87.3%	32.9%	12.1%	n/a	14.8%
Return on average ordinary tangible equity (pre-tax)*	154.8%	119.5%	12.2%	n/a	16.7%
Cost to income ratio	68.7%	79.4%	64.5%	n/a	69.9%
Staff compensation to operating income	45.3%	55.3%	44.9%	n/a	47.5%
Operating profit per employee (£'000)	111.3	44.0	65.3	n/a	64.1
Total assets (£'million)	8 850	1 365	47 510	n/a	57 724

* *Refer to calculation on pages 54 and 55.*

Combined consolidated segmental analysis *(continued)*

For the year to 31 March £'000	Asset Management	Wealth & Investment	Specialist Banking	Group costs	Total group
Segmental business analysis – income statement					
2018					
Net interest income	5 471	10 744	744 183	–	760 398
Net fee and commission income	537 134	382 463	441 610	–	1 361 207
Investment income/(loss)	(15)	10 551	119 512	–	130 048
Share of post taxation profit of associates and joint venture holdings	–	416	46 407	–	46 823
Trading income/(loss) arising from					
– customer flow	–	537	137 689	–	138 226
– balance sheet management and other trading activities	(5 077)	(150)	920	–	(4 307)
Other operating income	2 165	236	8 714	–	11 115
Total operating income before impairment on loans and advances	**539 678**	**404 797**	**1 499 035**	**–**	**2 443 510**
Impairment losses on loans and advances	–	–	(148 556)	–	(148 556)
Operating income	**539 678**	**404 797**	**1 350 479**	**–**	**2 294 954**
Operating costs	(361 633)	(306 232)	(915 277)	(49 598)	(1 632 740)
Depreciation on operating leased assets	–	–	(2 421)	–	(2 421)
Operating profit/(loss) before goodwill, acquired intangibles	**178 045**	**98 565**	**432 781**	**(49 598)**	**659 793**
Profit attributable to other non-controlling interests	–	–	(52 288)	–	(52 288)
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	**178 045**	**98 565**	**380 493**	**(49 598)**	**607 505**
Profit attributable to Asset Management non-controlling interests	(23 817)	–	–	–	(23 817)
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	**154 228**	**98 565**	**380 493**	**(49 598)**	**583 688**
Selected returns and key statistics					
ROE (pre-tax)*	91.0%	38.7%	10.2%	n/a	13.5%
Return on average ordinary tangible equity (pre-tax)*	167.4%	162.7%	10.3%	n/a	15.3%
Cost to income ratio**	67.0%	75.7%	63.4%	n/a	68.3%
Staff compensation to operating income	46.3%	53.7%	45.1%	n/a	47.5%
Operating profit per employee (£'000)	109.7	56.0	58.1	n/a	61.2
Total assets (£'million)	9 114	1 871	46 632	n/a	57 617

* *Refer to calculation on page 54 and 55.*

** *The group has changed its cost to income ratio definition to exclude operating profits or losses attributable to other non-controlling interests. As such, the cost to income ratio is calculated as: operating costs divided by operating income (net depreciation on operating leased assets and net of operating profits or losses attributable to other non-controlling interests).*

For the year to 31 March £'000	UK and Other	Southern Africa	Total group
Combined consolidated segmental analysis *(continued)*			
2019			
Segmental geographic analysis – income statement			
Net interest income	379 489	435 938	815 427
Net fee and commission income	889 231	484 321	1 373 552
Investment income	32 674	17 311	49 985
Share of post taxation profit of associates and joint venture holdings	3 100	65 217	68 317
Trading income arising from			
– customer flow	86 766	33 896	120 662
– balance sheet management and other trading activities	17 924	24 042	41 966
Other operating income	14 249	2 182	16 431
Total operating income before expected credit loss impairment charges	**1 423 433**	**1 062 907**	**2 486 340**
Expected credit loss impairment charges	(24 553)	(41 899)	(66 452)
Operating income	**1 398 880**	**1 021 008**	**2 419 888**
Operating costs	(1 129 976)	(565 036)	(1 695 012)
Depreciation on operating leased assets	(2 137)	(20)	(2 157)
Operating profit before goodwill and acquired intangibles	**266 767**	**455 952**	**722 719**
(Profit)/loss attributable to other non-controlling interests	4 479	(62 671)	(58 192)
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	**271 246**	**393 281**	**664 527**
Profit attributable to Asset Management non-controlling interests	(15 942)	(9 716)	(25 658)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	**255 304**	**383 565**	**638 869**
Impairment of goodwill	–	(155)	(155)
Amortisation of acquired intangibles	(12 958)	(2 858)	(15 816)
Financial impact of group restructures and acquisition of subsidiaries	(19 044)	(499)	(19 543)
Earnings attributable to shareholders before taxation	**223 302**	**380 053**	**603 355**
Taxation on operating profit before goodwill and acquired intangibles	(39 102)	(39 108)	(78 210)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries/restructurings	4 983	996	5 979
Earnings attributable to shareholders	**189 183**	**341 941**	**531 124**
Selected returns and key statistics			
ROE (post-tax)*	10.5%	14.9%	12.9%
Return on average ordinary tangible equity (post-tax)*	13.7%	15.1%	14.5%
Cost to income ratio	79.3%	56.5%	69.9%
Staff compensation to operating income	58.8%	36.7%	47.5%
Operating profit per employee (£'000)	59.4	67.9	64.1
Effective operational tax rate	14.8%	10.0%	12.0%
Total assets (£'million)	22 565	35 159	57 724

* *Refer to calculation on page 53.*

For the year to 31 March £'000	UK and Other	Southern Africa	Total group
Combined consolidated segmental analysis *(continued)*			
2018			
Segmental geographic analysis – income statement			
Net interest income	337 580	422 818	760 398
Net fee and commission income	849 934	511 273	1 361 207
Investment income	68 515	61 533	130 048
Share of post taxation profit of associates and joint venture holdings	1 436	45 387	46 823
Trading income/(loss) arising from			
– customer flow	114 402	23 824	138 226
– balance sheet management and other trading activities	(2 069)	(2 238)	(4 307)
Other operating income	10 421	694	11 115
Total operating income before impairment on loans and advances	**1 380 219**	**1 063 291**	**2 443 510**
Impairment losses on loans and advances	(106 085)	(42 471)	(148 556)
Operating income	**1 274 134**	**1 020 820**	**2 294 954**
Operating costs	(1 074 112)	(558 628)	(1 632 740)
Depreciation on operating leased assets	(2 350)	(71)	(2 421)
Operating profit before goodwill and acquired intangibles	**197 672**	**462 121**	**659 793**
(Profit)/loss attributable to other non-controlling interests	1 684	(53 972)	(52 288)
Operating profit before goodwill, acquired intangibles and after other non-controlling interests	**199 356**	**408 149**	**607 505**
Profit attributable to Asset Management non-controlling interests	(14 763)	(9 054)	(23 817)
Operating profit before goodwill, acquired intangibles and after non-controlling interests	**184 593**	**399 095**	**583 688**
Amortisation of acquired intangibles	(13 273)	(2 982)	(16 255)
Financial impact of group restructures and acquisition of subsidiaries	–	(6 039)	(6 039)
Earnings attributable to shareholders before taxation	**171 320**	**390 074**	**561 394**
Taxation on operating profit before goodwill	(38 509)	(20 590)	(59 099)
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries/restructurings	2 418	835	3 253
Earnings attributable to shareholders	**135 229**	**370 319**	**505 548**
Selected returns and key statistics			
ROE (post-tax)*	6.9%	17.2%	12.1%
Return on average ordinary tangible equity (post-tax)*	8.9%	17.4%	13.7%
Cost to income ratio**	77.9%	55.4%	68.3%
Staff compensation to operating income	55.1%	37.6%	47.5%
Operating profit per employee (£'000)	46.2	72.7	61.2
Effective operational tax rate	19.6%	4.9%	9.6%
Total assets (£'million)	20 547	37 070	57 617

* *Refer to calculation on page 53.*

** *The group has changed its cost to income ratio definition to exclude operating profits or losses attributable to other non-controlling interests. As such, the cost to income ratio is calculated as: operating costs divided by operating income (net depreciation on operating leased assets and net of operating profits or losses attributable to other non-controlling interests).*

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			
2019			
Wealth & Investment	56 363	26 250	82 613
Specialist Banking	138 566	310 329	448 895
Asset Management	107 835	71 527	179 362
	302 764	**408 106**	**710 870**
Group costs	(31 518)	(14 825)	(46 343)
Operating profit	**271 246**	**393 281**	**664 527**
Other non-controlling interest			58 192
Operating profit before non-controlling interests			**722 719**

For the year to 31 March £'000	UK and Other	Southern Africa	Total group
2018			
Wealth & Investment	69 269	29 296	98 565
Specialist Banking	59 958	320 535	380 493
Asset Management	103 918	74 127	178 045
	233 145	**423 958**	**657 103**
Group costs	(33 789)	(15 809)	(49 598)
Operating profit	**199 356**	**408 149**	**607 505**
Other non-controlling interest			52 288
Operating profit before non-controlling interests			**659 793**

For the year to 31 March £'000	UK and Other	Southern Africa	**Total group**
Combined consolidated segmental analysis *(continued)*			
2019			
Segmental geographic analysis – balance sheet assets and liabilities			
Assets			
Cash and balances at central banks	4 445 431	547 389	4 992 820
Loans and advances to banks	1 145 838	1 176 983	2 322 821
Non-sovereign and non-bank cash placements	–	648 547	648 547
Reverse repurchase agreements and cash collateral on securities borrowed	633 202	1 135 546	1 768 748
Sovereign debt securities	1 298 947	3 239 276	4 538 223
Bank debt securities	52 265	665 048	717 313
Other debt securities	498 265	722 386	1 220 651
Derivative financial instruments	622 397	411 769	1 034 166
Securities arising from trading activities	791 107	1 068 147	1 859 254
Investment portfolio	493 268	535 708	1 028 976
Loans and advances to customers	10 515 665	14 019 088	24 534 753
Own originated loans and advances to customers securitised	–	407 869	407 869
Other loans and advances	178 196	17 497	195 693
Other securitised assets	118 169	15 635	133 804
Interests in associated undertakings and joint venture holdings	53 451	334 299	387 750
Deferred taxation assets	148 351	100 542	248 893
Other assets	1 014 659	721 297	1 735 956
Property and equipment	99 796	161 854	261 650
Investment properties	14 500	980 145	994 645
Goodwill	356 048	10 822	366 870
Intangible assets	85 022	22 215	107 237
	22 564 577	**26 942 062**	**49 506 639**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	8 217 573	8 217 573
	22 564 577	**35 159 635**	**57 724 212**
Liabilities			
Deposits by banks	1 328 120	1 688 186	3 016 306
Derivative financial instruments	686 160	591 073	1 277 233
Other trading liabilities	80 217	592 188	672 405
Repurchase agreements and cash collateral on securities lent	294 675	810 388	1 105 063
Customer accounts (deposits)	13 136 539	18 170 568	31 307 107
Debt securities in issue	2 417 602	655 718	3 073 320
Liabilities arising on securitisation of own originated loans and advances	–	91 522	91 522
Liabilities arising on securitisation of other assets	113 711	–	113 711
Current taxation liabilities	131 896	30 552	162 448
Deferred taxation liabilities	20 706	2 884	23 590
Other liabilities	1 220 643	545 006	1 765 649
	19 430 269	**23 178 085**	**42 608 354**
Liabilities to customers under investment contracts	–	8 214 634	8 214 634
Insurance liabilities, including unit-linked liabilities	–	2 939	2 939
	19 430 269	**31 395 658**	**50 825 927**
Subordinated liabilities	803 699	843 572	1 647 271
	20 233 968	**32 239 230**	**52 473 198**

For the year to 31 March £'000	UK and Other	Southern Africa	Total group
Combined consolidated segmental analysis *(continued)*			
2018			
Segmental geographic analysis – balance sheet assets and liabilities			
Assets			
Cash and balances at central banks	3 487 769	552 743	4 040 512
Loans and advances to banks	985 069	1 180 464	2 165 533
Non-sovereign and non-bank cash placements	–	601 243	601 243
Reverse repurchase agreements and cash collateral on securities borrowed	750 428	1 457 049	2 207 477
Sovereign debt securities	1 155 472	3 754 555	4 910 027
Bank debt securities	107 938	479 226	587 164
Other debt securities	278 474	625 129	903 603
Derivative financial instruments	596 506	755 902	1 352 408
Securities arising from trading activities	694 974	739 417	1 434 391
Investment portfolio	477 919	407 580	885 499
Loans and advances to customers	9 687 224	14 985 785	24 673 009
Own originated loans and advances to customers securitised	–	459 088	459 088
Other loans and advances	331 842	15 967	347 809
Other securitised assets	130 388	17 999	148 387
Interests in associated undertakings and joint venture holdings	77 059	390 793	467 852
Deferred taxation assets	98 156	59 165	157 321
Other assets	1 161 631	714 485	1 876 116
Property and equipment	54 493	178 847	233 340
Investment properties	14 500	1 169 597	1 184 097
Goodwill	356 265	12 538	368 803
Intangible assets	100 585	24 804	125 389
	20 546 692	**28 582 376**	**49 129 068**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	8 487 776	8 487 776
	20 546 692	**37 070 152**	**57 616 844**
Liabilities			
Deposits by banks	1 259 073	1 672 194	2 931 267
Derivative financial instruments	514 499	957 064	1 471 563
Other trading liabilities	103 496	856 670	960 166
Repurchase agreements and cash collateral on securities lent	150 757	505 083	655 840
Customer accounts (deposits)	11 624 157	19 363 016	30 987 173
Debt securities in issue	2 303 027	414 160	2 717 187
Liabilities arising on securitisation of own originated loans and advances	–	136 812	136 812
Liabilities arising on securitisation of other assets	127 853	–	127 853
Current taxation liabilities	152 355	33 131	185 486
Deferred taxation liabilities	21 892	10 266	32 158
Other liabilities	1 270 738	741 530	2 012 268
	17 527 847	**24 689 926**	**42 217 773**
Liabilities to customers under investment contracts	–	8 484 296	8 484 296
Insurance liabilities, including unit-linked liabilities	–	3 480	3 480
	17 527 847	**33 177 702**	**50 705 549**
Subordinated liabilities	579 673	903 314	1 482 987
	18 107 520	**34 081 016**	**52 188 536**

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
2019						
Net interest income	568	5 115	5 683	9 189	5 027	14 216
Net fee and commission income	378 180	178 721	556 901	305 441	79 015	384 456
Investment income	–	25	25	1 185	305	1 490
Share of post taxation profit of associates and joint venture holdings	–	–	–	–	–	–
Trading income/(loss) arising from						
– customer flow	–	–	–	793	58	851
– balance sheet management and other trading activities	5 120	(62)	5 058	(1)	70	69
Other operating income	3 773	1 622	5 395	342	1	343
Total operating income before expected credit loss impairment charges	**387 641**	**185 421**	**573 062**	**316 949**	**84 476**	**401 425**
Expected credit loss impairment charges/(release)	7	(1)	6	(24)	–	(24)
Operating income	**387 648**	**185 420**	**573 068**	**316 925**	**84 476**	**401 401**
Operating costs	(279 813)	(113 893)	(393 706)	(260 562)	(58 226)	(318 788)
Depreciation on operating leased assets	–	–	–	–	–	–
Operating profit/(loss) before goodwill and acquired intangibles	**107 835**	**71 527**	**179 362**	**56 363**	**26 250**	**82 613**
(Profit)/loss attributable to other non-controlling interests	–	–	–	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	**107 835**	**71 527**	**179 362**	**56 363**	**26 250**	**82 613**
Profit attributable to Asset Management non-controlling interests	(15 942)	(9 716)	(25 658)	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	**91 893**	**61 811**	**153 704**	**56 363**	**26 250**	**82 613**
Selected returns and key statistics						
Cost to income ratio	72.2%	61.4%	68.7%	82.2%	68.9%	79.4%
Staff compensation to operating income	49.8%	36.1%	45.3%	58.6%	42.9%	55.3%

Specialist Banking			**Group costs**			
UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**	**Total group**
369 732	425 796	795 528	–	–	–	815 427
205 610	226 585	432 195	–	–	–	1 373 552
31 489	16 981	48 470	–	–	–	49 985
3 100	65 217	68 317	–	–	–	68 317
					–	
85 973	33 838	119 811	–	–	–	120 662
12 805	24 034	36 839	–	–	–	41 966
10 134	559	10 693	–	–	–	16 431
718 843	**793 010**	**1 511 853**	**–**	**–**	**–**	**2 486 340**
(24 536)	(41 898)	(66 434)	–	–	–	(66 452)
694 307	**751 112**	**1 445 419**	**–**	**–**	**–**	**2 419 888**
(558 083)	(378 092)	(936 175)	(31 518)	(14 825)	(46 343)	(1 695 012)
(2 137)	(20)	(2 157)	–	–	–	(2 157)
134 087	**373 000**	**507 087**	**(31 518)**	**(14 825)**	**(46 343)**	**722 719**
4 479	(62 671)	(58 192)	–	–	–	(58 192)
138 566	**310 329**	**448 895**	**(31 518)**	**(14 825)**	**(46 343)**	**664 527**
–	–	–	–	–	–	(25 658)
138 566	**310 329**	**448 895**	**(31 518)**	**(14 825)**	**(46 343)**	**638 869**
77.4%	51.8%	64.5%	n/a	n/a	n/a	69.9%
54.5%	36.2%	44.9%	n/a	n/a	n/a	47.5%

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
2018						
Net interest income	242	5 229	5 471	5 181	5 563	10 744
Net fee and commission income	355 230	181 904	537 134	296 907	85 556	382 463
Investment income/(loss)	(47)	32	(15)	10 446	105	10 551
Share of post taxation profit of associates and joint venture holdings	–	–	–	415	1	416
Trading income/(loss) arising from						
– customer flow	–	–	–	1 032	(495)	537
– balance sheet management and other trading activities	(5 189)	112	(5 077)	(7)	(143)	(150)
Other operating income	2 131	34	2 165	235	1	236
Total operating income before impairment losses on loans and advances	**352 367**	**187 311**	**539 678**	**314 209**	**90 588**	**404 797**
Impairment losses on loans and advances	–	–	–	–	–	–
Operating income	**352 367**	**187 311**	**539 678**	**314 209**	**90 588**	**404 797**
Operating costs	(248 449)	(113 184)	(361 633)	(244 940)	(61 292)	(306 232)
Depreciation on operating leased assets	–	–	–	–	–	–
Operating profit/(loss) before goodwill and acquired intangibles	**103 918**	**74 127**	**178 045**	**69 269**	**29 296**	**98 565**
(Profit)/loss attributable to other non-controlling interests	–	–	–	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and after other non-controlling interests	**103 918**	**74 127**	**178 045**	**69 269**	**29 296**	**98 565**
Profit attributable to Asset Management non-controlling interests	(14 763)	(9 054)	(23 817)	–	–	–
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	**89 155**	**65 073**	**154 228**	**69 269**	**29 296**	**98 565**
Selected returns and key statistics						
Cost to income ratio**	70.5%	60.4%	67.0%	78.0%	67.7%	75.7%
Staff compensation to operating income	52.1%	35.4%	46.3%	56.5%	43.8%	53.7%

** The group has changed its cost to income ratio definition to exclude operating profits or losses attributable to other non-controlling interests. As such, the cost to income ratio is calculated as: operating costs divided by operating income (net depreciation on operating leased assets and net of operating profits or losses attributable to other non-controlling interests).

Specialist Banking			Group costs			
UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**	**Total group**
332 157	412 026	744 183	–	–	–	760 398
197 797	243 813	441 610	–	–	–	1 361 207
58 116	61 396	119 512	–	–	–	130 048
1 021	45 386	46 407	–	–	–	46 823
					–	
113 370	24 319	137 689	–	–	–	138 226
3 127	(2 207)	920	–	–	–	(4 307)
8 055	659	8 714	–	–	–	11 115
713 643	**785 392**	**1 499 035**	**–**	**–**	**–**	**2 443 510**
(106 085)	(42 471)	(148 556)	–	–	–	(148 556)
607 558	**742 921**	**1 350 479**	**–**	**–**	**–**	**2 294 954**
(546 934)	(368 343)	(915 277)	(33 789)	(15 809)	(49 598)	(1 632 740)
(2 350)	(71)	(2 421)	–	–	–	(2 421)
58 274	**374 507**	**432 781**	**(33 789)**	**(15 809)**	**(49 598)**	**659 793**
1 684	(53 972)	(52 288)	–	–	–	(52 288)
59 958	**320 535**	**380 493**	**(33 789)**	**(15 809)**	**(49 598)**	**607 505**
–	–	–	–	–	–	(23 817)
59 958	**320 535**	**380 493**	**(33 789)**	**(15 809)**	**(49 598)**	**583 688**
76.7%	50.4%	63.4%	n/a	n/a	n/a	68.3%
53.7%	37.4%	45.1%	n/a	n/a	n/a	47.5%

Share-based payments

The group operates share option and long-term share incentive plans for employees, 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 205 and 206 in volume one of the Investec group's 2019 integrated annual report 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					
2019					
Equity-settled	2 343	6 586	56 460	3 765	69 154
Total income statement charge	**2 343**	**6 586**	**56 460**	**3 765**	**69 154**
2018					
Equity-settled	2 036	8 451	56 340	7 934	74 761
Total income statement charge	**2 036**	**8 451**	**56 340**	**7 934**	**74 761**

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 £nil (2018: £8.3 million).

For the year to 31 March £'000	**2019**	2018
Weighted average fair value of options granted in the year		
UK schemes	40 055	42 444
South African schemes	35 206	39 734

	UK schemes				**South African schemes**			
	2019		**2018**		**2019**		**2018**	
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	22 465 788	0.07	25 991 607	0.06	26 816 217	–	35 944 931	–
Granted during the year	7 878 437	–	7 684 921	0.07	6 487 699	–	7 087 012	–
Exercised during the year^	(7 386 412)	0.02	(10 566 097)	0.04	(9 829 653)	–	(14 784 164)	–
Options forfeited during the year	(718 218)	0.52	(644 643)	0.22	(772 757)	–	(1 431 562)	–
Outstanding at the end of the year	**22 239 595**	**0.05**	**22 465 788**	**0.07**	**22 701 506**	**–**	**26 816 217**	**–**
Vested and exercisable at the end of the year	**578 910**	**–**	**160 252**	**–**	**452 729**	**–**	**359 963**	**–**

^ *The weighted average share price for options exercised during the year was £5.11 (2018: £5.64) for the UK schemes and R91.85 (2018: R96.49) for the South African schemes.*

	UK schemes		South African schemes	
Additional information relating to options	**2019**	2018	**2019**	2018
Share-based payments *(continued)*				
Additional information relating to options				
Options with strike prices				
Exercise price range	£5.03 – £6.00	£4.31 – £6.00	n/a	n/a
Weighted average remaining contractual life		1.75 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	2.19 years	1.94 years	2.00 years	1.84 years
Weighted average fair value of options and long-term grants at measurement date	£5.08	£5.52	R91.77	R96.61
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	£4.93 – £5.59	£5.03– £5.87	R90.96 – R92.55	R94.94 – R97.45
– Exercise price	£nil	£nil, £5.03 – £5.87	Rnil	Rnil
– Expected volatility	n/a	27.44% – 28.54%	n/a	n/a
– Option life	3 years – 7 years	1.5 years – 7 years	4.75 years	4.75 years
– Expected dividend yields	n/a	5.59% – 6.56%	n/a	n/a
– Risk-free rate	n/a	0.62% – 0.99%	n/a	n/a

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.

	31 March 2019	31 March 2018
Earnings per share		
Earnings	**£'000**	£'000
Earnings attributable to shareholders	531 124	505 548
Dividends paid to perpetual preference shareholders and Other Additional Tier 1 security holders (other equity holders)	(41 560)	(32 980)
Earnings and diluted earnings attributable to ordinary shareholders	**489 564**	**472 568**
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	995 747 608	973 676 967
Weighted average number of treasury shares	(53 541 700)	(50 193 338)
Weighted average number of shares in issue during the year	942 205 908	923 483 629
Weighted average number of shares resulting from future dilutive potential shares	19 859 140	25 800 034
Adjusted weighted number of shares potentially in issue	**962 065 048**	**949 283 663**

Earnings per share *(continued)*

	31 March 2019	31 March 2018
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	**52.0**	**51.2**
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 period plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the year	**50.9**	**49.8**
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	**55.1**	**53.2**
Diluted adjusted earnings per share-pence	**54.0**	**51.7**
	£'000	£'000
Earnings attributable to shareholders	531 124	505 548
Impairment of goodwill	155	–
Amortisation of acquired intangibles	15 816	16 255
Financial impact of group restructures and acquisition of subsidiaries	19 543	6 039
Taxation on acquired intangibles and acquisition/disposal/integration of subsidiaries	(5 979)	(3 253)
Dividends paid to perpetual preference shareholders and Other Additional Tier 1 security holders	(41 560)	(32 980)
Accrual adjustment on earnings attributable to other equity holders*	243	(547)
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	**519 342**	**491 062**
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 4/2018 issued by the South African Institute of Chartered Accountants	**52.6**	**48.7**
Diluted headline earnings per share-pence	**51.5**	**47.4**
	£'000	£'000
Earnings attributable to shareholders	531 124	505 548
Impairment of goodwill	155	–
Dividends paid to perpetual preference shareholders and Other Additional Tier 1 security holders	(41 560)	(32 980)
Property revaluation, net of taxation and non-controlling interests**	1 020	(15 409)
Gains on available-for-sale instruments recycled to the income statement**	–	(6 676)
Impairment of intangible assets	4 877	–
Profit on realisation of associate company	–	(836)
Headline earnings attributable to ordinary shareholders**	**495 616**	**449 647**

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

** *Taxation on headline earnings adjustments amounted to £1.1 million (2018: £5.3 million) with an impact of (£1.4 million) (2018: £20.9 million) on earnings attributable to non-controlling interests.*

	2019		2018	
For the year to 31 March	**Pence per share**	**Total £'000**	Pence per share	Total £'000
Dividends				
Ordinary dividend				
Final dividend for prior year	13.5	127 944	13.0	123 230
Interim dividend for current year	11.0	110 128	10.5	104 678
Total dividend attributable to ordinary shareholders recognised in current financial year	**24.5**	**238 072**	**23.5**	**227 908**

The directors have proposed a final dividend in respect of the financial year ended 31 March 2019 of 13.5 pence per ordinary share (31 March 2018: 13.5 pence).

This will be paid as follows:

- For Investec Limited shareholders, through a dividend payment by Investec Limited of 251 cents per ordinary share
- For Investec plc non-South African shareholders, through a dividend paid by Investec plc of 13.5 pence per ordinary share
- For Investec plc South African shareholders, through a dividend payment by Investec plc of 5.5 pence per ordinary share and through a dividend payment by Investec Limited on the SA DAS share of 8.0 pence per ordinary share.
- The final dividend to shareholders registered on 26 July 2019 is subject to the approval of the members of Investec plc and Investec Limited at the annual general meeting which is scheduled to take place on 8 August 2019 and, if approved, will be paid on 12 August 2019.

For the year to 31 March £'000	2019	2018
Perpetual preference dividend*		
Final dividend for prior year	11 200	12 246
Interim dividend for current year	10 840	11 399
Total dividend attributable to perpetual preference shareholders recognised in current financial year	**22 040**	**23 645**

* *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 2019 of 8.72603 pence (Investec plc shares traded on the JSE Limited) and 8.72603 pence (Investec plc shares traded on the International Stock Exchange), 482.09247 cents (Investec plc Rand-denominated shares), 394.65612 cents (Investec Limited) and 422.87121 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 7 June 2019.

	2019	2018
Dividends attributable to Other Additional Tier 1 securities in issue	**19 520**	**9 335**

The R550 000 000, R350 000 000 and R110 000 000 Other Additional Tier 1 floating rate notes pay dividends at a rate equal to the three-month JIBAR plus 4.25%, 5.15% and 4.55% respectively on a quarterly basis as set out in note 47.

The £250 000 000 Other Additional Tier 1 fixed rate securities pay a distribution at a rate of 6.75% as set out in note 47.

	2019	2018
Total perpetual preference dividends and Other Additional Tier 1 securities distributions	**41 560**	**32 980**

For the year to 31 March £'000	At fair value through profit or loss IFRS 9 mandatory Trading*	Non-trading*	Designated at initial recognition
Analysis of financial assets and liabilities by category of financial instruments			
2019			
Assets			
Cash and balances at central banks	–	1	–
Loans and advances to banks	–	–	–
Non-sovereign and non–bank cash placements	–	32 471	–
Reverse repurchase agreements and cash collateral on securities borrowed	462 544	87 370	–
Sovereign debt securities	–	800 355	–
Bank debt securities	–	67 020	–
Other debt securities	–	412 988	–
Derivative financial instruments**	1 034 166	–	–
Securities arising from trading activities	1 347 573	10 763	500 918
Investment portfolio	–	1 028 976	–
Loans and advances to customers	–	880 901	747 710
Own originated loans and advances to customers securitised	–	–	–
Other loans and advances	–	–	–
Other securitised assets	–	–	118 169
Interests in associated undertakings and joint venture holdings	–	–	–
Deferred taxation assets	–	–	–
Other assets	46 188	85 665	–
Property and equipment	–	–	–
Investment properties	–	–	–
Goodwill	–	–	–
Intangible assets	–	–	–
	2 890 471	**3 406 510**	**1 366 797**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	–	–
	2 890 471	**3 406 510**	**1 366 797**
Liabilities			
Deposits by banks	–	–	–
Derivative financial instruments**	1 277 233	–	–
Other trading liabilities	672 405	–	–
Repurchase agreements and cash collateral on securities lent	433 790	–	–
Customer accounts (deposits)	–	–	2 372 841
Debt securities in issue	–	–	520 806
Liabilities arising on securitisation of own originated loans and advances	–	–	–
Liabilities arising on securitisation of other assets	–	–	113 711
Current taxation liabilities	–	–	–
Deferred taxation liabilities	–	–	–
Other liabilities	44 071	3 605	–
	2 427 499	**3 605**	**3 007 358**
Liabilities to customers under investment contracts	–	–	–
Insurance liabilities, including unit–linked liabilities	–	–	–
	2 427 499	**3 605**	**3 007 358**
Subordinated liabilities	–	–	367 707
	2 427 499	**3 605**	**3 375 065**

* *Fair value through profit and loss balance sheet positions have been split as trading and non-trading, as defined by regulatory rules for the trading book and banking book requirements respectively. Trading consists of positions held for trading intent or to hedge elements of the trading book.*

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

At fair value through other comprehensive income	At fair value through profit or loss				
Debt instrument with dual business model	Financial assets linked to investment contract liabilities	**Total instruments at fair value**	**Amortised cost**	Non-financial instruments or scoped out of IFRS 9	**Total**
–	–	1	4 992 819	–	4 992 820
–	–	–	2 322 821	–	2 322 821
–	–	32 471	616 076	–	648 547
–	–	549 914	1 218 834	–	1 768 748
3 456 456	–	4 256 811	281 412	–	4 538 223
283 114	–	350 134	367 179	–	717 313
328 846	–	741 834	478 817	–	1 220 651
–	–	1 034 166	–	–	1 034 166
–	–	1 859 254	–	–	1 859 254
–	–	1 028 976	–	–	1 028 976
397 068	–	2 025 679	22 509 074	–	24 534 753
–	–	–	407 869	–	407 869
–	–	–	195 693	–	195 693
–	–	118 169	15 635	–	133 804
–	–	–	–	387 750	387 750
–	–	–	–	248 893	248 893
–	–	131 853	1 041 116	562 987	1 735 956
–	–	–	–	261 650	261 650
–	–	–	–	994 645	994 645
–	–	–	–	366 870	366 870
–	–	–	–	107 237	107 237
4 465 484	**–**	**12 129 262**	**34 447 345**	**2 930 032**	**49 506 639**
–	8 217 573	8 217 573	–	–	8 217 573
4 465 484	**8 217 573**	**20 346 835**	**34 447 345**	**2 930 032**	**57 724 212**
–	–	–	3 016 306	–	3 016 306
–	–	1 277 233	–	–	1 277 233
–	–	672 405	–	–	672 405
–	–	433 790	671 273	–	1 105 063
–	–	2 372 841	28 934 266	–	31 307 107
–	–	520 806	2 552 514	–	3 073 320
–	–	–	91 522	–	91 522
–	–	113 711	–	–	113 711
–	–	–	–	162 448	162 448
–	–	–	–	23 590	23 590
		47 676	1 029 239	688 734	1 765 649
–	**–**	**5 438 462**	**36 295 120**	**874 772**	**42 608 354**
–	8 214 634	8 214 634	–	–	8 214 634
–	2 939	2 939	–	–	2 939
–	**8 217 573**	**13 656 035**	**36 295 120**	**874 772**	**50 825 927**
–	–	367 707	1 279 564	–	1 647 271
–	**8 217 573**	**14 023 742**	**37 574 684**	**874 772**	**52 473 198**

For more information on hedges, please refer to note 54 on pages 130 and 131 in volume three of the Investec group's 2019 integrated annual report.

At 31 March £'000	At fair value through profit or loss: Trading	At fair value through profit or loss: Designated at inception	At fair value through other comprehensive income: Available-for-sale	Total instruments at fair value
Analysis of financial assets and liabilities by category of financial instruments *(continued)*				
2018				
Assets				
Cash and balances at central banks	7 784	–	–	7 784
Loans and advances to banks	–	236 077	–	236 077
Non-sovereign and non-bank cash placements	34 544	–	–	34 544
Reverse repurchase agreements and cash collateral on securities borrowed	787 905	–	–	787 905
Sovereign debt securities	165 090	2 469 826	2 066 727	4 701 643
Bank debt securities	–	–	369 172	369 172
Other debt securities	–	63 400	566 880	630 280
Derivative financial instruments*	1 352 408	–	–	1 352 408
Securities arising from trading activities	983 751	450 640	–	1 434 391
Investment portfolio	–	849 490	36 009	885 499
Loans and advances to customers	–	1 171 628	–	1 171 628
Own originated loans and advances to customers securitised	–	–	–	–
Other loans and advances	–	–	–	–
Other securitised assets	–	130 388	–	130 388
Interests in associated undertakings and joint venture holdings	–	–	–	–
Deferred taxation assets	–	–	–	–
Other assets	114 211	76 529	–	190 740
Property and equipment	–	–	–	–
Investment properties	–	–	–	–
Goodwill	–	–	–	–
Intangible assets	–	–	–	–
	3 445 693	**5 447 978**	**3 038 788**	**11 932 459**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	–	–	–
	3 445 693	**5 447 978**	**3 038 788**	**11 932 459**
Liabilities				
Deposits by banks	–	–	–	–
Derivative financial instruments*	1 471 563	–	–	1 471 563
Other trading liabilities	960 166	–	–	960 166
Repurchase agreements and cash collateral on securities lent	90 049	–	–	90 049
Customer accounts (deposits)	–	2 375 704	–	2 375 704
Debt securities in issue	–	471 886	–	471 886
Liabilities arising on securitisation of own originated loans and advances	–	–	–	–
Liabilities arising on securitisation of other assets	–	127 853	–	127 853
Current taxation liabilities	–	–	–	–
Deferred taxation liabilities	–	–	–	–
Other liabilities	17 533	–	–	17 533
	2 539 311	**2 975 443**	**–**	**5 514 754**
Liabilities to customers under investment contracts	–	–	–	–
Insurance liabilities, including unit-linked liabilities	–	–	–	–
	2 539 311	**2 975 443**	**–**	**5 514 754**
Subordinated liabilities	–	–	–	–
	2 539 311	**2 975 443**	**–**	**5 514 754**

* *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**	Financial assets linked to investment contract liabilities	Non-financial instruments or scoped out of IAS 39	**Total**
–	4 032 728	–	4 032 728	–	–	4 040 512
–	1 929 456	–	1 929 456	–	–	2 165 533
–	566 699	–	566 699	–	–	601 243
–	1 419 572	–	1 419 572	–	–	2 207 477
208 384	–	–	208 384	–	–	4 910 027
80 199	137 793	–	217 992	–	–	587 164
5 055	268 268	–	273 323	–	–	903 603
–	–	–	–	–	–	1 352 408
–	–	–	–	–	–	1 434 391
–	–	–	–	–	–	885 499
–	23 501 381	–	23 501 381	–	–	24 673 009
–	459 088	–	459 088	–	–	459 088
–	347 809	–	347 809	–	–	347 809
–	17 999	–	17 999	–	–	148 387
–	11 371	–	11 371	–	456 481	467 852
–	–	–	–	–	157 321	157 321
–	1 239 331	–	1 239 331	–	446 045	1 876 116
–	–	–	–	–	233 340	233 340
–	–	–	–	–	1 184 097	1 184 097
–	–	–	–	–	368 803	368 803
–	–	–	–	–	125 389	125 389
293 638	**33 931 495**	**–**	**34 225 133**	**–**	**2 971 476**	**49 129 068**
–	–	–	–	8 487 776	–	8 487 776
293 638	**33 931 495**	**–**	**34 225 133**	**8 487 776**	**2 971 476**	**57 616 844**
–	–	2 931 267	2 931 267	–	–	2 931 267
–	–	–	–	–	–	1 471 563
–	–	–	–	–	–	960 166
–	–	565 791	565 791	–	–	655 840
–	–	28 611 469	28 611 469	–	–	30 987 173
–	–	2 245 301	2 245 301	–	–	2 717 187
–	–	136 812	136 812	–	–	136 812
–	–	–	–	–	–	127 853
–	–	–	–	–	185 486	185 486
–	–	–	–	–	32 158	32 158
		1 245 016	1 245 016		749 719	2 012 268
–	**–**	**35 735 656**	**35 735 656**	**–**	**967 363**	**42 217 773**
–	–	–	–	8 484 296	–	8 484 296
–	–	–	–	3 480	–	3 480
–	**–**	**35 735 656**	**35 735 656**	**8 487 776**	**967 363**	**50 705 549**
–	–	1 482 987	1 482 987	–	–	1 482 987
–	**–**	**37 218 643**	**37 218 643**	**8 487 776**	**967 363**	**52 188 536**

Financial instruments at fair value

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)

		Fair value category		
At 31 March £'000	**Total instruments at fair value**	Level 1	Level 2	Level 3
2019				
Assets				
Cash and balances at central banks	1	1	–	–
Non-sovereign and non-bank cash placements	32 471	–	32 471	–
Reverse repurchase agreements and cash collateral on securities borrowed	549 914	–	549 914	–
Sovereign debt securities	4 256 811	4 256 811	–	–
Bank debt securities	350 134	148 918	201 216	–
Other debt securities	741 834	222 689	429 850	89 295
Derivative financial instruments	1 034 166	–	995 531	38 635
Securities arising from trading activities	1 859 254	1 827 306	24 830	7 118
Investment portfolio	1 028 976	173 587	25 418	829 971
Loans and advances to customers	2 025 679	–	816 099	1 209 580
Other securitised assets	118 169	–	–	118 169
Other assets	131 853	131 853	–	–
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	8 217 573	8 217 573	–	–
	20 346 835	**14 978 738**	**3 075 329**	**2 292 768**
Liabilities				
Derivative financial instruments	1 277 233	5 857	1 254 750	16 626
Other trading liabilities	672 405	556 125	116 280	–
Repurchase agreements and cash collateral on securities lent	433 790	–	433 790	–
Customer accounts (deposits)	2 372 841	–	2 372 841	–
Debt securities in issue	520 806	–	520 806	–
Liabilities arising on securitisation of other assets	113 711	–	–	113 711
Other liabilities	47 676	–	44 071	3 605
Liabilities to customers under investment contracts	8 214 634	–	8 214 634	–
Insurance liabilities, including unit-linked liabilities	2 939	–	2 939	–
Subordinated liabilities	367 707	367 707	–	–
	14 023 742	**929 689**	**12 960 111**	**133 942**
Net financial assets/(liabilities) at fair value	**6 323 093**	**14 049 049**	**(9 884 782)**	**2 158 826**

At 31 March £'000	Total investments at fair value	Fair value category Level 1	Level 2	Level 3
Financial instruments at fair value *(continued)*				
2018				
Assets				
Cash and balances at central banks	7 784	7 784	–	–
Loans and advances to banks	236 077	236 077	–	–
Non-sovereign and non-bank cash placements	34 544	–	34 544	–
Reverse repurchase agreements and cash collateral on securities borrowed	787 905	196 170	591 735	–
Sovereign debt securities	4 701 643	4 701 643	–	–
Bank debt securities	369 172	293 830	75 342	–
Other debt securities	630 280	256 255	357 256	16 769
Derivative financial instruments	1 352 408	–	1 308 208	44 200
Securities arising from trading activities	1 434 391	1 405 197	22 440	6 754
Investment portfolio	885 499	190 395	107 285	587 819
Loans and advances to customers	1 171 628	–	1 037 888	133 740
Other securitised assets	130 388	–	–	130 388
Other assets	190 740	190 740	–	–
	11 932 459	**7 478 091**	**3 534 698**	**919 670**
Liabilities				
Derivative financial instruments	1 471 563	–	1 470 121	1 442
Other trading liabilities	960 166	863 123	97 043	–
Repurchase agreements and cash collateral on securities lent	90 049	–	90 049	–
Customer accounts (deposits)	2 375 704	–	2 375 704	–
Debt securities in issue	471 886	–	457 687	14 199
Liabilities arising on securitisation of other assets	127 853	–	–	127 853
Other liabilities	17 533	–	17 533	–
	5 514 754	**863 123**	**4 508 137**	**143 494**
Net financial assets/(liabilities) at fair value	**6 417 705**	**6 614 968**	**(973 439)**	**776 176**

Transfers between level 1 and level 2

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

Financial instruments at fair value *(continued)*

The following table sets out the group's principal valuation techniques as at 31 March 2019 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, Black-Scholes	Yield curves, discount rates,volatilities
Bank debt securities	Discounted cash flow model	Yield curves, NCD curves
Other debt securities	Discounted cash flow model	Yield curves, NCD curves and swap curves, discount rates, 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, discount rates
Securities arising from trading activities	Standard industry derivative pricing model Discounted cash flow model	Interest rate curves, implied bond spreads, equity volatilities, yield curves
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, discount rates, 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, discount rates
Customer accounts (deposits)	Discounted cash flow model	Yield curves, discount rates
Debt securities in issue	Discounted cash flow model	Yield curves
Other liabilities	Discounted cash flow model	Yield curves

Financial instruments at fair value *(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	Investment portfolio	Loans and advances to customers	Other securitised assets	Other level 3 assets	**Total level 3 financial assets**
Assets					
Balance as at 1 April 2017	**586 327**	**86 482**	**138 628**	**101 817**	**913 254**
Total gains	29 980	6 275	10 961	15 109	62 325
In the income statement	27 244	6 275	10 961	15 109	59 589
In the statement of comprehensive income	2 736	–	–	–	2 736
Purchases	147 863	54 789	(1 784)	7 663	208 531
Sales	(129 858)	(3 170)	–	(7 288)	(140 316)
Settlements	(3 874)	(2 635)	(17 417)	(2 749)	(26 675)
Transfers into level 3	7 165	–	–	–	7 165
Transfers out of level 3	(29 284)	–	–	(43 909)	(73 193)
Foreign exchange adjustments	(20 500)	(8 001)	–	(2 920)	(31 421)
Balance as at 31 March 2018	**587 819**	**133 740**	**130 388**	**67 723**	**919 670**
Adoption of IFRS 9	74 768	1 203 939	–	74 381	1 353 088
Balance as at 1 April 2018	**662 587**	**1 337 679**	**130 388**	**142 104**	**2 272 758**
Total gains	(175)	69 261	(2 834)	16 865	83 117
In the income statement	(175)	69 056	(2 834)	16 865	82 912
In the statement of comprehensive income	–	205	–	–	205
Purchases	338 782*	1 268 572	–	6 909	1 614 263
Sales	(95 646)	(889 145)	–	(8 404)	(993 195)
Settlements	(60 095)	(624 061)	(9 385)	(29 456)	(722 997)
Transfers into level 3	12 211	3 499	–	–	15 710
Foreign exchange adjustments	(27 693)	43 775	–	7 030	23 112
Balance as at 31 March 2019	**829 971**	**1 209 580**	**118 169**	**135 048**	**2 292 768**

* *Includes investments acquired by Investec Property Fund, a subsidiary of Investec Limited.*

For the year ended 31 March 2019 £15.7 million of assets has been transferred from level 2 into level 3 as a result of a credit adjustment to the discount rate becoming a significant input. There were no transfers of assets from level 3 to level 2.

For the year ended 31 March 2018, there were transfers of £73.2 million of assets from level 3 into level 2 as the prices used to value certain derivatives were able to be externally validated against market consensus. There were no transfers of assets from level 2 into 3.

The group transfers between levels within the fair value hierarchy when the significance of the unobservable inputs change or if the valuation methods change.

Financial instruments at fair value *(continued)*

Level 3 instruments *(continued)*

For the year to 31 March **£'000**	Liabilities arising on securitisation of other assets	Other level 3 liabilities	**Total level 3 financial liabilities**
Liabilities			
Balance as at 1 April 2017	**128 838**	**13 730**	**142 568**
Total gains	8 188	1 911	10 099
In the income statement	8 188	1 911	10 099
In the statement of comprehensive income	–	–	–
Sales	3 711	–	3 711
Settlements	(12 884)	–	(12 884)
Balance as at 31 March 2018	**127 853**	**15 641**	**143 494**
Adoption of IFRS 9	–	–	–
Balance as at 1 April 2018	**127 853**	**15 641**	**143 494**
Total gains	(5 084)	(12 653)	(17 737)
In the income statement	(5 084)	(12 653)	(17 737)
In the statement of comprehensive income	–	–	–
Purchases	–	27 561	27 561
Sales	–	(11 800)	(11 800)
Settlements	(9 058)	–	(9 058)
Transfers into level 3	–	2 854	2 854
Foreign exchange adjustments	–	(1 372)	(1 372)
Balance as at 31 March 2019	**113 711**	**20 231**	**133 942**

For the year ended 31 March 2019, there were transfers of £2.9 million liabilities from level 2 to level 3. There were no liabilities transferred from level 3 to level 2.

For the year ended 31 March 2018, there were no transfers of liabilities between level 3 and level 2.

The group transfers between levels within the fair value hierarchy when the significance of the unobservable inputs change or if the valuation methods changes.

Financial instruments at fair value *(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
2019			
Total gains or (losses) included in the income statement for the year			
Net interest income	100 041	86 118	13 923
Investment (loss)/income	(11 000)	9 675	(20 675)
Trading (loss)/income arising from customer flow	(3 272)	1 348	(4 620)
Trading income arising from balance sheet management and other trading activities	14 880	–	14 880
	100 649	**97 141**	**3 508**
Total gains or losses recognised in other comprehensive income for the year			
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income^	205	–	205
	205	**–**	**205**
2018			
Total gains or (losses) included in the income statement for the year			
Net interest income	1 613	1 613	–
Fee and commission income	93	–	93
Investment income/(loss)	49 759	54 119	(4 360)
Trading loss arising from customer flow	(3 598)	(488)	(3 110)
Trading income arising from balance sheet management and other trading activities	1 623	40	1 583
	49 490	**55 284**	**(5 794)**
Total gains or (losses) recognised in other comprehensive income for the year			
Gains on realisation of available-for-sale assets recycled through the income statement^	8 092	8 092	–
Fair value movements on available-for-sale assets taken directly to other comprehensive income^	2 736	–	2 736
	10 828	**8 092**	**2 736**

^ *On adoption of IFRS 9 on 1 April 2018, the fair value reserve was introduced, replacing the available-for-sale reserve.*

Financial instruments at fair value *(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:

31 March 2019	Balance sheet value £'000	Significant unobservable input	Range of unobservable input used	Favourable changes £'000	Unfavourable changes £'000
Assets					
Other debt securities	89 295	Potential impact on income statement		8 047	(7 849)
		Credit spreads	5.8%	117	(114)
		EBITDA	(5%)/5%	306	(306)
		Other^	^	7 624	(7 429)
Derivative financial instruments	38 635	Potential impact on income statement		22 720	(5 882)
		Volatilities	4.0% – 9.0%	129	(129)
		Credit spreads	7.1%	6	(9)
		Cash flow adjustments	CPR 6.2% – 10.2%	134	(124)
		Underlying asset value	^^	7 731	(3 731)
		Other^	^	14 720	(1 889)
Securities arising from trading activities	7 118	Potential impact on income statement			
		Cash flow adjustments	CPR 9.2%	1 119	(1 480)
Investment portfolio	829 971	Potential impact on income statement		158 957	(134 600)
		Price earnings multiple	3.2 x – 9.0 x	8 852	(8 563)
		Underlying asset value^^	^^	17 229	(11 739)
		Other^	^	83 729	(60 072)
		EBITDA	*	21 470	(21 043)
		Precious and industrial metals prices	(10%)/6%	2 186	(2 186)
		Cash flows	(50%)/50%	10 568	(9 552)
		Property values	(5%)/5%	10 151	(10 151)
		Various	**	4 772	(11 294)
Loans and advances to customers	1 209 580	Potential impact on income statement		75 262	(91 448)
		Credit spreads	0.1% – 6.2%	6 327	(9 089)
		Price earnings multiple	4.9 x	703	(493)
		Underlying asset value^^	^^	2 778	(2 347)
		Cash flows	(50%)/50%	16 053	(16 053)
		EBITDA	*	335	(335)
		Property values	(5%)/5%	100	(100)
		Other^	^	48 966	(63 031)
		Potential impact on other comprehensive income			
		Credit spreads	0.03% – 2.1%	1 673	(2 933)
Other securitised assets#	118 169	Potential impact on income statement			
		Cash flow adjustments	CPR 6.2%	496	(473)
Total level 3 assets	**2 292 768**			**268 274**	**(244 665)**
Liabilities					
Derivative financial instruments	(16 626)	Potential impact on income statement		(8 035)	8 045
		Cash flow adjustments	CPR 6.2% – 10.2%	(107)	116
		Volatilities	5.0% – 9.0%	(174)	174
		Underlying asset value^^	^^	(7 754)	7 755
Liabilities arising on securitisation of other assets#	(113 711)	Potential impact on income statement			
		Cash flow adjustments	CPR 6.2%	(365)	344
Other liabilities	(3 605)	Potential impact on income statement			
		Property values	(5%)/5%	(505)	505
Total level 3 liabilities	**(133 942)**			**(8 905)**	**8 894**
Net level 3 assets	**2 158 826**				

* *The EBITDA and cash flows has been stressed on an investment-by-investment basis in order to obtain favourable and unfavourable valuations*

** *The valuation sensitivity for certain equity investments and fair value loans have 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 purpose of this analysis as the sensitivity of the investments cannot be determined through the adjustment of a single input.*

\# *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 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 assets cannot be determined through the adjustment of a single input.*

^^ *Underlying asset values are calculated by reference to a tangible asset, for example property, aircraft or shares.*

Within the Hong Kong portfolio there is a connected exposure across the investment portfolio, loans and advances to customers and derivatives financial instruments lines with a balance sheet value of £69 million. The consideration of reasonably possible alternative assumptions with respect to the fair value of this exposure results in a favourable change of £95 million and a unfavourable change of £69 million, included within the above table.

Financial instruments at fair value *(continued)*

31 March 2018	Balance sheet value £'000	Significant unobservable input	Range of unobservable input used	Favourable changes £'000	Unfavourable changes £'000
Assets					
Other debt securities	16 769	Potential impact on income statement		729	(840)
		Cash flow adjustments	CPR 8.3% – 10%	254	(363)
		EBITDA	(5%)/5%	327	(327)
		Other^	^	148	(150)
Derivative financial instruments	44 200	Potential impact on income statement		6 507	(8 729)
		Volatilities	4% – 9%	356	(356)
		Cash flow adjustments	CPR 8% – 10%	154	(140)
		EBITDA	(10%)/10%	131	(131)
		WACC	19.5% – 48.5%	4 049	(5 750)
		Other^	^	1 817	(2 352)
Securities arising from trading activities	6 754	Potential impact on income statement			
		Cash flow adjustments	CPR 8%	1 180	(1 080)
Investment portfolio	587 819	Potential impact on income statement		125 231	(138 497)
		Price earnings multiple	5.0 x – 10 x	6 159	(6 120)
		EBITDA	**	50 197	(43 893)
		Precious and industrial metals prices	(10%)/6%	2 420	(4 081)
		Property prices	(10%)/10%	2 046	(2 046)
		WACC	19.5% – 48.5%	12 799	(23 769)
		Cash flows	*	2 301	(2 483)
		Other^	^	49 309	(56 105)
		Potential impact on other comprehensive income		2 138	(2 113)
		Price earnings multiple	4.0 x – 5.5 x	175	(246)
		Other^	^	1 963	(1 867)
Loans and advances to customers	133 740	Potential impact on income statement		15 490	(16 771)
		EBITDA	10%	10 349	(10 349)
		Other^	^	5 141	(6 422)
Other securitised assets#	130 388	Potential impact on income statement			
		Cash flow adjustments	CPR 8%	875	(733)
Total level 3 assets	**919 670**			152 150	(168 763)
Liabilities					
Derivative financial instruments	(1 442)	Potential impact on income statement		(110)	122
		Cash flow adjustments	CPR 10%	(107)	119
		Volatilities	8%	(3)	3
Debt securities in issue	(14 199)	Potential impact on income statement			
		Volatilities	6%	(157)	157
Liabilities arising on securitisation of other assets#	(127 853)	Potential impact on income statement			
		Cash flow adjustments	CPR 8%	(236)	231
Total level 3 liabilities	**(143 494)**			**(503)**	**510**
Net level 3 assets	**776 176**				

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, other equity investments 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 EBITDA and cash flows have been stressed on an investment-by-investment basis in order to obtain favourable and unfavourable valuations.*

Financial instruments at fair value *(continued)*

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.

Discount rates

Discount rates (including WACC) are used to adjust for the time value of money when using a discounted cash flow valuation method. Where relevant, the discount rate also accounts for illiquidity, market conditions and uncertainty of future 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.

Cash flows

Cash flows relate to the future cash flows which can be expected from the instrument and requires judgement.

EBITDA

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

Price earnings multiple

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

Property value and precious and industrial metals

The property value and price of precious and industrial metals is a key driver of future cash flows on these investments.

Underlying asset value

In instances where cash flows have links to referenced assets, the underlying asset value is used to determine the fair value. The underlying asset valuation is derived using observable market prices sourced from broker quotes, specialist valuers or other reliable pricing sources.

At 31 March £'000	Carrying amount	Fair value	Fair value category Level 1	Level 2	Level 3
Fair value of financial instruments at amortised cost					
The following table sets out the fair value of financial instruments held at amortised cost when the carrying value is not a reasonable approximation of fair value:					
2019					
Assets					
Loans and advances to banks	2 322 821	2 322 798	1 902 222	412 225	8 351
Reverse repurchase agreements and cash collateral on securities borrowed	1 218 834	1 218 958	578 897	640 061	–
Sovereign debt securities	281 412	271 125	271 125	–	–
Bank debt securities	367 179	366 845	215 336	151 509	–
Other debt securities	478 817	467 820	148 322	249 969	69 529
Loans and advances to customers	22 509 074	22 561 179	–	13 019 540	9 541 639
Other loans and advances	195 693	197 587	337	194 795	2 455
Other assets	1 041 116	1 041 759	595 913	283 767	162 079
Liabilities					
Deposits by banks	3 016 306	3 049 306	257 193	2 792 113	–
Repurchase agreements and cash collateral on securities lent	671 273	668 870	497 354	171 516	–
Customer accounts (deposits)	28 934 266	28 934 451	12 849 161	16 085 221	69
Debt securities in issue	2 552 514	2 588 218	739 787	1 845 370	3 061
Other liabilities	1 029 239	1 027 905	603 317	367 810	56 778
Subordinated liabilities	1 279 564	1 361 823	1 361 784	39	–
2018					
Assets					
Loans and advances to banks	1 929 456	1 929 497	1 537 083	383 186	9 228
Reverse repurchase agreements and cash collateral on securities borrowed	1 419 572	1 419 659	634 367	785 292	–
Sovereign debt securities	208 384	208 034	208 034	–	–
Bank debt securities	217 992	229 095	103 424	125 671	–
Other debt securities	273 323	270 801	28 468	125 466	116 867
Loans and advances to customers	23 501 381	23 496 971	391 526	13 396 602	9 708 843
Other loans and advances	347 809	344 894	–	220 288	124 606
Other assets	1 239 331	1 235 276	733 526	298 342	203 408
Liabilities					
Deposits by banks	2 931 267	2 937 012	335 931	2 601 081	–
Repurchase agreements and cash collateral on securities lent	565 791	565 629	361 965	203 664	–
Customer accounts (deposits)	28 611 469	28 646 834	13 883 362	14 763 472	–
Debt securities in issue	2 245 301	2 334 351	612 346	1 717 769	4 236
Other liabilities	1 245 016	1 240 548	872 348	303 960	64 240
Subordinated liabilities	1 482 987	1 696 778	1 696 739	39	–

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value and have been reflected in level 1. This assumption also applies to demand deposits and savings accounts without a specific maturity which are included in customer accounts (deposits) and variable rate financial instruments.

Fair value of financial instruments at amortised cost *(continued)*

Financial instruments for which fair value does not approximate carrying value

Differences in amortised cost and fair value occur in fixed rate instruments. The fair value of fixed-rate financial assets and financial liabilities carried at amortised cost are estimated by comparing spreads earned on the transactions with spreads earned on similar new transactions entered into by the group. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows, using prevailing money market interest rates for debts with similar credit risk and maturity. For quoted sub-debt issued, the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

The table below sets out information about the valuation techniques used at the end of the reporting period in measuring level 2 and level 3 financial instruments not held at fair value:

Loans and advances to banks	Calculation of the present value of future cash flows, discounted as appropriate.
Reverse repurchase agreements and cash collateral on securities borrowed	Calculation of the present value of future cash flows, discounted as appropriate.
Bank debt securities	Valued using a cash flow model of the bonds, discounted by an observable market credit curve.
Other debt securities	Priced with reference to similar trades in an observable market as well as calculation of the present value of future cash flows, discounted as appropriate.
Loans and advances to customers	Calculation of the present value of future cash flows, discounted as appropriate.
Other loans and advances	Calculation of the present value of future cash flows, discounted as appropriate.
Other assets	Calculation of the present value of future cash flows, discounted as appropriate.
Deposits by banks	Calculation of fair value using appropriate funding rates. Calculation of the present value of future cash flows, discounted as appropriate.
Repurchase agreements and cash collateral on securities lent	Calculation of the present value of future cash flows, discounted as appropriate.
Short-term customer accounts (deposits)	Where the deposits are short-term in nature, carrying amounts are assumed to approximate fair value. Where deposits are of longer-term maturities, they are valued using a cash flow model, discounted as appropriate.
Debt securities in issue	Where the debt securities are fully collateralised, fair value is equal to the carrying value. Other debt securities are valued using a cash flow model, discounted as appropriate to the securities for funding and interest rates.
Other liabilities	Where the other liabilities are short-term in nature, carrying amounts are assumed to approximate fair value.
Subordinated liabilities	Valued with reference to market prices.

24. 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.

	2019			2018		
At 31 March £'000	**Notional principal amounts**	**Positive fair value**	**Negative fair value**	Notional principal amounts	Positive fair value	Negative fair value
Foreign exchange derivatives						
Forward foreign exchange contracts	21 662 129	282 801	190 187	20 660 781	378 011	256 556
Currency swaps	3 278 785	150 124	297 125	2 969 822	152 162	198 904
OTC options bought and sold	7 942 122	54 995	56 352	3 836 718	110 655	91 644
Other foreign exchange contracts	263 900	1 062	1 369	112	22	24
	33 146 936	**488 982**	**545 033**	**27 467 433**	**640 850**	**547 128**
Interest rate derivatives						
Caps and floors	8 006 384	13 715	5 951	6 472 519	18 276	5 534
Swaps	85 205 078	257 836	258 131	37 378 697	239 592	299 246
Forward rate agreements	648 991	6 058	6 161	96 267	3 150	861
OTC options bought and sold	49 206	21	55	63 104	2 079	1 851
Other interest rate contracts	371 164	16 167	1 397	397 361	13	23 836
OTC derivatives	**94 280 823**	**293 797**	**271 695**	**44 407 948**	**263 110**	**331 328**
Exchange traded futures	**798**	**2 771**	**–**	**17 409**	**–**	**4**
	94 281 621	**296 568**	**271 695**	**44 425 357**	**263 110**	**331 332**
Equity and stock index derivatives						
OTC options bought and sold	8 898 683	190 274	252 593	9 205 748	413 132	304 067
Equity swaps and forwards	2 068 096	5 318	45 943	3 700 016	63 107	86 918
OTC derivatives	**10 966 779**	**195 592**	**298 536**	**12 905 764**	**476 239**	**390 985**
Exchange traded futures	606 478	114	–	357 508	(1 391)	–
Exchange traded options	10 726 463	1 987	153 046	7 481 444	(68)	56 322
Warrants	(313 965)	7 660	291 106	136 338	–	355 255
	21 985 755	**205 353**	**742 688**	**20 881 054**	**474 780**	**802 562**
Commodity derivatives						
OTC options bought and sold	257 538	8 512	15 031	32 411	4 228	1 976
Commodity swaps and forwards	769 709	46 080	39 128	1 139 019	50 738	40 150
	1 027 247	**54 592**	**54 159**	**1 171 430**	**54 966**	**42 126**
Credit derivatives	**1 725 980**	**10 640**	**40 572**	**1 607 611**	**15 195**	**23 878**
Other derivatives*		**20 114**			**–**	
Embedded derivatives*		**–**			**34 400**	
Cash collateral		**(42 083)**	**(376 914)**		**(130 893)**	**(275 463)**
Derivatives per balance sheet		**1 034 166**	**1 277 233**		**1 352 408**	**1 471 563**

* *In 2018 embedded derivatives mainly included profit shares received as part of lending transactions. Following the adoption of IFRS 9 these are either accounted for as stand-alone derivatives or no longer separated from the host contract so form part of the fair value of loans accounted for at fair value.*

As at 31 March **£'000**	**2019**	2018
Interests in associated undertakings and joint venture holdings		
Analysis of the movement in interests in associated undertakings and joint venture holdings:		
At the beginning of the year	467 852	392 213
Exchange adjustments	(44 673)	3 310
Disposals	(27 430)	(12 784)
Acquisitions	2 271	1 142
Increase in investment	–	31 000
Return of capital	–	(4 651)
Profits or losses recognised in other comprehensive income and equity	(6 879)	–
Advance of loan	–	10 996
Settlement of loan	(10 495)	–
Share of post taxation profit of associates and joint venture holdings	68 317	46 823
Dividends declared by associates and joint venture holdings	(61 213)	(197)
At the end of the year	**387 750**	**467 852**

£'000	**2019**	2018
Details of material associated companies		
IEP Group Proprietary Limited		
Summarised financial information (£'000):		
For the year to 31 March		
Revenue	811 414	679 542
Profit after taxation	166 973	111 929
Total comprehensive income	161 595	110 530
At 31 March		
Assets		
Non-current assets	1 086 739	1 255 174
Current assets	334 390	372 064
Liabilities		
Non-current liabilities	297 897	577 757
Current liabilities	348 380	184 908
Net asset value	**774 852**	**864 573**
Non-controlling interest	136 926	140 915
Shareholders' equity	637 926	723 658
Effective interest in issued share capital	45.9%	45.7%
Net asset value	292 680	330 856
Goodwill	36 283	40 953
Carrying value of interest – equity method	**328 963**	**371 810**

As at 31 March £'000	2019	2018
Other trading liabilities		
Deposits	116 281	97 042
Short positions		
– Equities	414 357	802 531
– Gilts	141 767	60 593
	672 405	**960 166**

As at 31 March £'000	2019	2018
Debt securities in issue		
Bonds and medium-term notes repayable:		
Less than three months	79 710	29 392
Three months to one year	240 305	227 861
One to five years	2 100 073	1 616 276
Greater than five years	653 232	843 658
	3 073 320	**2 717 187**

As at 31 March £'000	2019	2018
Other liabilities		
Settlement liabilities	707 477	828 960
Other creditors and accruals	731 271	752 335
Other non-interest-bearing liabilities	289 783	397 034
Dividend Rewards Programme Liability^	33 154	33 939
Expected credit loss on off-balance sheet commitments and guarantees	3 964	–
	1 765 649	**2 012 268**

^ *Dividends Rewards Programme liability has been included in other creditors and accruals in prior years.*

At 31 March	2019	2018
Ordinary share capital		
Investec plc		
Issued, allotted and fully paid		
Number of ordinary shares	**Number**	**Number**
At the beginning of the year	669 838 695	657 105 625
Issued during the year	12 282 516	12 733 070
At the end of the year	**682 121 211**	**669 838 695**
Nominal value of ordinary shares	**£'000**	**£'000**
At the beginning of the year	134	132
Issued during the year	2	2
At the end of the year	**136**	**134**
Number of special converting shares	**Number**	**Number**
At the beginning of the year	310 722 744	301 165 174
Issued during the year	8 181 965	9 557 570
At the end of the year	**318 904 709**	**310 722 744**
Nominal value of special converting shares	**£'000**	**£'000**
At the beginning of the year	61	59
Issued during the year	3	2
At the end of the year	**64**	**61**
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	2019	2018

Ordinary share capital *(continued)*

Investec Limited

Authorised

The authorised share capital of Investec Limited is R1 960 002 (2018: R1 960 002), comprising 450 000 000 (2018: 450 000 000) ordinary shares of R0.0002 each, 48 091 681 (2018: 48 091 681) redeemable, non-participating preference shares with a par value of R0.01 each, 408 319 (2018: 408 319) class ILRP1 redeemable, non-participating preference shares of R0.01 each, 1 500 000 (2018: 1 500 000) Class ILRP2 redeemable, non-participating preference shares of R0.01 each, 20 000 000 (2018: 20 000 000) non-redeemable, non-participating preference shares of R0.01 each, 50 000 (2018: 50 000) variable rate redeemable cumulative preference shares of R0.60 each, 100 000 000 (2018: 100 000 000) non-redeemable, non-cumulative, non-participating preference shares of R0.01 each, 1 (2018: 1) Dividend Access (South African resident) redeemable preference share of R1.00, 1 (2018: 1) Dividend Access (non-South African resident) redeemable preference share of R1.00, 700 000 000 (2018: 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	310 722 744	301 165 174
Issued during the year	8 181 965	9 557 570
At the end of the year	**318 904 709**	**310 722 744**

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	669 838 695	657 105 625
Issued during the year	12 282 516	12 733 070
At the end of the year	**682 121 211**	**669 838 695**

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	2019	2018
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	251	246
Less: held by Investec Limited	(2)	(2)
Less: held by Investec plc	(4)	(4)
Total called up share capital	**245**	**240**

* *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 8.

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

	Number	Number
For the year to 31 March	**2019**	2018
Opening balance	49 282 005	61 936 538
Issued during the year	14 366 136	14 771 933
Exercised	(17 216 065)	(25 350 261)
Lapsed	(1 490 975)	(2 076 205)
Closing balance	**44 941 101**	**49 282 005**

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 three 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 154 to 160 and 174.

As at 31 March £'000	2019	2018
Related party transactions		
Compensation of key management personnel		
Details of Directors remuneration and interest in shares, including the disclosures required by IAS 24 Related party transactions for the compensation of key management personnel, are disclosed in the remuneration report on pages 145 to 160 and 174.		
Transactions, arrangements and agreements with directors and others:		
Transactions, arrangements and agreements 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	37 327	26 715
Increase in loans	7 886	15 311
Repayment of loans	(430)	(4 831)
Exchange adjustment	154	132
At the end of the year	**44 937**	**37 327**
Guarantees		
At the beginning of the year	402	6 092
Additional guarantees granted	13 367	309
Guarantees cancelled	(6)	(6 010)
Exchange adjustment	(403)	11
At the end of the year	**13 360**	**402**
Deposits		
At the beginning of the year	(28 604)	(36 238)
Increase in deposits	(10 297)	(12 223)
Decrease in deposits	2 786	19 610
Exchange adjustment	78	247
At the end of the year	**(36 037)**	**(28 604)**

The above transactions were made in the ordinary course of business and are on the same terms, including interest rates and security, as for comparable arms length 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.

Where related parties have investment products (that may be included in funds under management) offered to clients on terms and conditions in the ordinary course of business, these have not been included above as the group does not carry any exposure relating to these transactions (they are at client risk).

For the year to 31 March £'000	2019	2018
Transactions with other related parties		
The group has an investment in Grove Point (UK) Limited in which a previous Investec director has significant influence. The group has made an investment of £44.3 million (2018: £70.6 million) with no further committed funding. The terms and conditions of the transaction were no more favourable than those available, on similar transactions to non-related entities on an arm's length basis.		
Transactions with associates and joint venture holdings		
Amounts due from associates and joint venture holdings and their subsidiaries	**194 094**	**11 371**
Interest income from loans to associates and joint venture holdings	**6 787**	**652**
Interest expense from loans to associates and joint venture holdings	**5 022**	**–**

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

IFRS 9 transition information

Overview of the group's IFRS 9 transition impact

The adoption of IFRS 9 has resulted in the following day one impact for the group.

Investec plc

Balance sheet impairment allowance and provisions

Total balance sheet impairment allowance and provisions increased by £106 million from £158 million as at 31 March 2018 to £264 million as at 1 April 2018. This is driven by an increase in legacy impairments of £58 million and an increase in ongoing impairments of £69 million, partially offset by a reduction of £21 million as a result of changes in classification and measurement of certain of the group's financial assets to fair value. The increase in impairment allowance and provisions reduced the group's common equity tier 1 (CET 1) ratio by approximately 66bps on full adoption of IFRS 9, or approximately 3bps on a day one impact transitional basis.

Changes in classification and measurement of certain financial assets

Changes in classification and measurement to fair value of certain of the group's other financial assets resulted in a decrease to equity of £11 million (post taxation), with an approximate 7bps impact on the group CET 1 ratio.

Reclassification of subordinated liabilities to fair value

Following the adoption of IFRS 9 the group has elected to designate its subordinated liabilities to fair value. From this designation, the interest rate portion of the subordinated debt reduced equity by £48 million (post taxation) with an approximate 37bps impact on the day one transitional CET 1 ratio which will come back into retained earnings over the duration of the remaining term of the instrument (maturing February 2022). In addition, an amount of £55 million (post taxation) has been transferred to an own credit reserve which does not have an impact on capital ratios.

Taken together, the adoption of IFRS 9 resulted in a decrease in the group's transitional CET 1 ratio of approximately 37bps from 11.0% to 10.5%, ahead of the group target and in excess of minimum regulatory requirements. The group confirmed to the PRA that it would use the transitional arrangements to absorb the full impact permissible of IFRS 9 in regulatory capital calculations.

Investec Limited

Balance sheet impairment allowance and provisions

Total balance sheet impairment allowance and provisions increased by R655 million from R1.5 billion as at 31 March 2018 to R2.2 billion as at 1 April 2018. This is driven by an increase in stage 1, stage 2 and stage 3 impairments of R809 million, partially offset by a reduction of R154 million as a result of the changes in classification and measurement of certain of the group's financial assets to fair value. The increase in impairment allowance and provisions reduced the CET 1 ratio by 15bps on a fully loaded basis, or 4bps on a day one impact transitional basis.

Changes in classification and measurement of certain financial assets

In addition, changes in classification and measurement of certain of the group's other financial assets resulted in a decrease to equity of R423 million (post taxation), with a 16bps impact on the CET 1 ratio.

Taken together, the adoption of IFRS 9 resulted in a decrease in Investec Limited's transitional CET 1 ratio of 20bps from 10.2% to 10.0%, in line with the group's target and in excess of minimum regulatory requirements. Investec Limited confirmed to the SARB that it will use the transitional arrangements to absorb the full impact permissible by IFRS 9 in regulatory capital calculations.

All references to the impact on capital as a result of the IFRS 9 transition contained on this page are unaudited.

IFRS 9 transition information *(continued)*

Reconciliation of movements and revaluation

The table below reflects the impact of IFRS 9 implementation on the balance sheet lines and shows movements between amortised cost and fair value:

Only assets and liabilities which have changed are shown.

£'000	IAS 39 carrying amount 31 March 2018	Reclassifications (in)	Reclassifications (out)	Remeasurements and ECLs	IFRS 9 carrying amount 1 April 2018
Financial assets at amortised cost (previously loans and receivables and held-to-maturity)					
Cash and balances at central banks	4 032 728	–	–	(502)	4 032 226
Loans and advances to banks	1 929 456	236 081	–	(939)	2 164 598
Non-sovereign and non-bank cash placements	566 699	–	–	(1 261)	565 438
Reverse repurchase agreements and cash collateral on securities borrowed	1 419 572	–	–	(340)	1 419 232
Sovereign debt securities	208 384	68 817	–	(2 404)	274 797
Bank debt securities	217 992	103 909	(49 301)	(1 120)	271 480
Other debt securities	273 323	164 799	(87 887)	(4 245)	345 990
Loans and advances to customers	23 501 381	–	(1 409 048)	(149 494)	21 942 839
Own originated loans and advances to customers securitised	459 088	–	–	(274)	458 814
Other loans and advances	347 809	–	(2 454)	(2 064)	343 291
Other assets	1 239 331	–	–	(760)	1 238 571
Financial assets at fair value (previously trading and designated at inception and available-for-sale)					
Loans and advances to banks	236 077	–	(236 077)	–	–
Sovereign debt securities	4 701 643	1 765 614	(1 834 430)	–	4 632 827
Bank debt securities	369 172	69 958	(121 823)	2 641	319 948
Other debt securities	630 280	145 227	(222 133)	(1 242)	552 132
Derivative financial instruments	1 352 408	–	(6 664)	–	1 345 744
Investment portfolio	885 499	98 760	–	(27 699)	956 560
Loans and advances to customers	1 171 628	1 314 245	–	(18 378)	2 467 495
Other loans and advances	–	2 454	–	(3)	2 451
Other securitised assets	130 388	–	–	–	130 388
Other assets	190 740	–	–	–	190 740
Financial liabilities at amortised cost					
Other liabilities	1 245 016	–	–	7 638	1 252 654
Subordinated liabilities	1 482 987	–	(579 673)	–	903 314
Financial liabilities at fair value					
Customer accounts (deposits)	2 375 704	–	–	(1 921)	2 373 783
Subordinated liabilities	–	579 673	–	136 891	716 564
Off balance sheet exposures[1]					
Guarantees	–	–	–	434	434
Committed facilities (core loans)	–	–	–	7 204	7 204

1 *ECL on off balance sheet exposures is booked as a provision in other liabilities.*

IFRS 9 transition information *(continued)*

Reconciliation of impairment allowance balance from IAS 39 to IFRS 9

The following table reconciles prior year's closing impairment allowance measured in accordance with the IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 April 2018:

At 1 April 2018 **£'000**	Loan loss allowance and provision IAS 39 and IAS 37 at 31 March 2018	Reclassification	Remeasurement	**ECL under IFRS 9 at 1 April 2018**	**Total increase in impairment allowances**
Loans and receivables (IAS 39)/Financial assets at amortised cost (IFRS 9)					
Cash and balances at central banks	–	–	(502)	(502)	(502)
Loans and advances to banks	–	–	(936)	(936)	(936)
Non-sovereign and non-bank cash placements	–	–	(1 261)	(1 261)	(1 261)
Reverse repurchase agreements and cash collateral on securities borrowed	–	–	(326)	(326)	(326)
Sovereign debt securities	–	–	(181)	(181)	(181)
Bank debt securities	–	–	(229)	(229)	(229)
Other debt securities	(5 087)	4 803	(5 392)	(5 676)	(589)
Loans and advances to customers	(237 767)	25 289	(151 788)	(364 266)	(126 499)
Own originated loans and advances to customers securitised	(385)	–	(274)	(659)	(274)
Other loans and advances	(2 349)	–	(2 064)	(4 413)	(2 064)
Other assets	(3 211)	–	(758)	(3 969)	(758)
	(248 799)	**30 092**	**(163 711)**	**(382 418)**	**(133 619)**
Available-for-sale/Financial assets FVOCI (IFRS 9)					
Sovereign debt securities	–	–	(1 618)	(1 618)	(1 618)
Bank debt securities	–	–	(416)	(416)	(416)
Other debt securities	–	–	(207)	(207)	(207)
Loans and advances to customers	–	–	(1 687)	(1 687)	(1 687)
	–	**–**	**(3 928)**	**(3 928)**	**(3 928)**
Off-balance sheet exposures					
Guarantees	–	–	(434)	(434)	(434)
Committed facilities (core loans)	–	–	(7 204)	(7 204)	(7 204)
	–	**–**	**(7 638)**	**(7 638)**	**(7 638)**
Total	**(248 799)**	**30 092**	**(175 277)**	**(393 984)**	**(145 185)**

IFRS 9 transition information *(continued)*

The impact of transition to IFRS 9 on equity

Only components of equity which have changed are shown.

£'000	Other reserves	Retained income	Total
Closing balance under IAS 39 at 31 March 2018	**(345 606)**	**2 530 825**	**2 185 219**
	(61 112)	(204 613)	(265 725)
Recognition of ECL including those measured at FVOCI	3 088	(165 151)	(162 063)
Remeasurement impact of reclassifying financial assets held at amortised cost to FVPL	–	(49 788)	(49 788)
Remeasurement of financial liabilities designated at FVPL	–	1 005	1 005
Impact of recognising credit risk for financial liabilities designated at FVPL in own credit reserve	(72 095)	(1 005)	(73 100)
Remeasurement impact of the reclassification of financial liabilities at amortised cost reclassified to FVPL	–	(63 791)	(63 791)
Reclassification of investment securities from AFS to FVPL	(9 004)	9 004	–
Reclassification of debt securities from AFS to amortised cost	(1 235)	244	(991)
Reclassification of debt securities from FVPL to FVOCI	913	(1 693)	(780)
Reclassification of debt securities from OCI to FVPL	752	(1 394)	(642)
Deferred taxation	16 469	67 956	84 425
Opening balance under IFRS 9 at 1 April 2018	**(406 718)**	**2 326 212**	**1 919 494**

GLOSSARY

The following abbreviations have been used throughout this report:

AFS	Available for sale
ALCO	Asset and Liability Committee
AGM	Annual general meeting
ANC	African National Congress
AT1	Additional Tier 1
BCBS	Basel Committee of Banking Supervision
BIS	Bank for International Settlements
BoE	Bank of England
BOM	Bank of Mauritius
BSE	Botswana Stock Exchange
CA	Chartered Accountant
CDO	Collateralised debt obligation
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CLF	Committed liquidity facility
CLO	Collateralised loan obligation
CMD	Capital Markets Day
CMI	Continuous Mortality Investigation
COO	Chief Operating Officer
CPI	Consumer Price Index
CPR	Conditional prepayment rate
CRDIV (BASEL III)	Capital Requirements Directive IV
CRO	Chief Risk Officer
CVA	Credit value adjustment
DCF	Discounted cash flow
DLC	Dual listed company
DLC BRCC	DLC Board Risk and Capital Committee
DLC Nomdac	DLC Nominations and Directors Affairs Committee
DLC Remco	DLC Remuneration Committee
DLC SEC	DLC Social and Ethics Committee
EAD	Exposure at default
EBA	European Banking Authority
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECB	European Central Bank
ECL	Expected credit losses
EPS	Earnings per share
ESG	Environmental, social and governance
ERV	Expected rental value
ESMA	European Securities and Markets Authority
EU	European Union
FCA	Financial Conduct Authority
FINMA	Swiss Financial Market Supervisory Authority
FIRB	Foundation Internal Ratings-Based
FRC	Financial Reporting Council
FSB	Financial Services Board
FSC	Financial Sector Code
FSCS	Financial Services Compensation Scheme
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit and loss
GDP	Gross Domestic Product
GFSC	Guernsey Financial Services Commission
GM	Guinness Mahon
HNW	High net worth
IASB	International Accounting Standards Board
IASs	International Accounting Standards
IBL	Investec Bank Limited
IBL BRCC	IBL Board Risk and Capital Committee
IBL ERC	IBL Executive Risk Committee
IBP	Investec Bank plc
IBP BRCC	IBP Board Risk and Capital Committee
IBP ERC	IBP Executive Risk Committee
IFRS	International Financial Reporting Standard
ISAs (UK)	International Standards on Auditing (UK)
JSE	Johannesburg Stock Exchange
LCR	Liquidity Coverage Ratio
LGD	Loss given default
LIBOR	London Inter-Bank Offered Rate
LSE	London Stock Exchange
MD	Managing Director
MiFID	Markets in Financial Instruments Directive
NCI	Non-controlling interests
NSFR	Net Stable Funding Ratio
NSX	Namibian Stock Exchange
OCI	Other comprehensive income
OECD	Organisation for Economic Co-operation and Development
OTC	Over the counter
PACCC	Prudential assurance conduct and controls committee
PCCC	Prudential Conduct and Controls Committee
PD	Probability of default
Policy ERRF	Policy Executive Risk Review Forum
PRA	Prudential Regulation Authority
PRASA	Passenger Rail Agency of South Africa
ROE	Return on equity
ROU	Right use of asset
RPI	Retail Price Index
S&P	Standard & Poor's
SAA	South African Airways
SARS	South African Revenue Service
SDGs	Sustainable Development Goals
SME	Small and Medium-sized Enterprises
SMMEs	Small, Medium & Micro Enterprises
South African PA	South African Prudential Authority (previously known as the Banking Supervision Department of the South African Reserve Bank)
SOE	State-Owned Enterprise
SPPI	Solely payments of principal and interest
UKLA	United Kingdom Listing Authority
WACC	Weighted average cost of capital
YES	Youth Employment Service

Adjusted earnings attributable to ordinary shareholders

Earnings attributable to shareholders adjusted to remove impairment of goodwill, amortisation of acquired intangibles, non-operating items, and earnings attributable to perpetual preference shareholders and Other Additional Tier 1 security holders

Refer to page 204

Adjusted earnings per share

Adjusted earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year

Adjusted operating profit

Operating income less operating costs and depreciation on operating leased assets. This amount is before impairment of goodwill, amortisation of acquired intangibles, and non-operating items, but after other non-controlling interests

Adjusted operating profit per employee

Refer to calculation on page 56

Alternative performance measures

We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers of the financial statements. The definitions and basis for calculation of these measures are provided on these definitions pages.

Alternative performance measures constitute pro forma financial information. The pro forma financial information, is the responsibility of the board of directors and is presented for illustrative purposes only and because of its nature may not fairly present the group's financial position, changes in equity, and results in operations or cash flows.

Investec's external auditor, Ernst & Young Inc., issued a limited assurance report in respect of the alternative performance measures. The limited assurance report is available for inspection at Investec's registered address.

Annuity income

Net interest income plus net annuity fees and commissions

Cash and near cash

Includes cash, near cash (other 'monetisable assets') and Central Bank cash placements and guaranteed liquidity

Core loans and advances

Net loans and advances to customers plus net own originated securitised assets

Refer to calculation on page 33 in volume two of the Investec group's 2019 integrated annual report

Cost to income ratio

Operating costs divided by operating income before ECL (net of depreciation on operating leased assets and net of operating profits or losses attributable to other non-controlling interests)

Coverage ratio

ECL divided by gross core loans and advances subject to ECL

Credit loss ratio

Expected credit loss impairment charges (ECL) on gross core loans and advances as a percentage of average gross core loans and advances subject to ECL

Diluted earnings per share

Diluted earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders of Investec plc and Investec Limited, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the period plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the year

Refer to page 204

Dividend cover

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

Earnings per share

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

Refer to page 204

Effective operational tax rate

Tax on profit on ordinary activities (excluding non-operating items) divided by operating profit before goodwill and acquired intangibles and excluding share of post taxation profit of associates and joint venture holdings

Gearing ratio

Total assets excluding assurance assets to total equity

Legacy business in the UK Specialist Bank ('Legacy')

Legacy, as separately disclosed from 2014 to 2018, comprises pre-2008 assets held on the UK bank's balance sheet, that had very low/negative margins and assets relating to business we are no longer undertaking

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 52

Non-operating items

Reflects profits and/or losses on termination, restructuring or disposal of group operations and acquisitions made

Ongoing basis

Ongoing information, as separately disclosed from 2014 to 2018, excludes Legacy assets (refer to definition), as well as the following businesses sold in previous years: Investec Bank (Australia) Limited, Kensington Group plc and Start Mortgage Holdings Limited

Return on average ordinary shareholders' equity (ROE)

Refer to calculation on page 52

Return on average tangible ordinary shareholders' equity

Refer to calculation on page 52

Return on risk-weighted assets

Adjusted earnings attributable to ordinary shareholders divided by average risk-weighted assets, where risk-weighted assets is calculated as the sum of risk-weighted assets for Investec plc and Investec Limited (converted into Pounds Sterling) as reflected on page 52

*Staff compensation to operating income ratio**

All staff compensation costs expressed as a percentage of operating income before ECL (net of operating profits or losses attributable to other non-controlling interests)

Third party assets under administration

Includes third party assets under administration managed by the Wealth & Investment, Asset Management and Property businesses

Total capital resources

Total equity plus subordinated liabilities

Weighted number of ordinary shares in issue

The number of ordinary shares in issue at the beginning of the year increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group less treasury shares. Refer to calculation on page 203

* *Investec Asset Management operates schemes for staff whose bonuses are deferred into collective investment schemes that are managed by Investec Asset Management. Any resulting profit or loss arising from these schemes is attributable to the employee in respect of whom the investment was made. As such, any rise or fall in the value of the assets held is offset to an equal but opposite degree by the change in the liability (expense) to the employee. Therefore the profit or loss on these investments and the corresponding expense to employees are offset in arriving at the staff compensation ratio for Investec Asset Management and hence for the group as a whole.*

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