

CORPORATE
PROFILE | 2019



 Investec

Cross reference tools



PAGE REFERENCES

Refers readers to information elsewhere in this report or to the Investec group's 2019 integrated annual 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

Feedback

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

For queries regarding information in this document

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ABOUT THIS CORPORATE PROFILE

This corporate profile serves as a reference for the investment community and other interested parties. It provides an introduction to Investec and offers a simple yet comprehensive handbook of relevant information to assist anyone wishing to know more about us. This report is based on our latest available year-end financial figures (31 March 2019) and is updated annually.

Additional information

The corporate profile should be read together with other information we publish, including the full 2019 integrated annual report and the 2019 integrated annual review and summary annual financial statements.

Our investor relations website contains a wide range of information on us, including financial information, corporate information, share price data, a calendar, dividend information, announcements and presentations.

To ensure the information is comprehensive, we have included the URL addresses for our web pages where readers are able to access or download additional information.



https://www.investec.com/en_za/welcome-to-investec/about-us/investor-relations.html

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

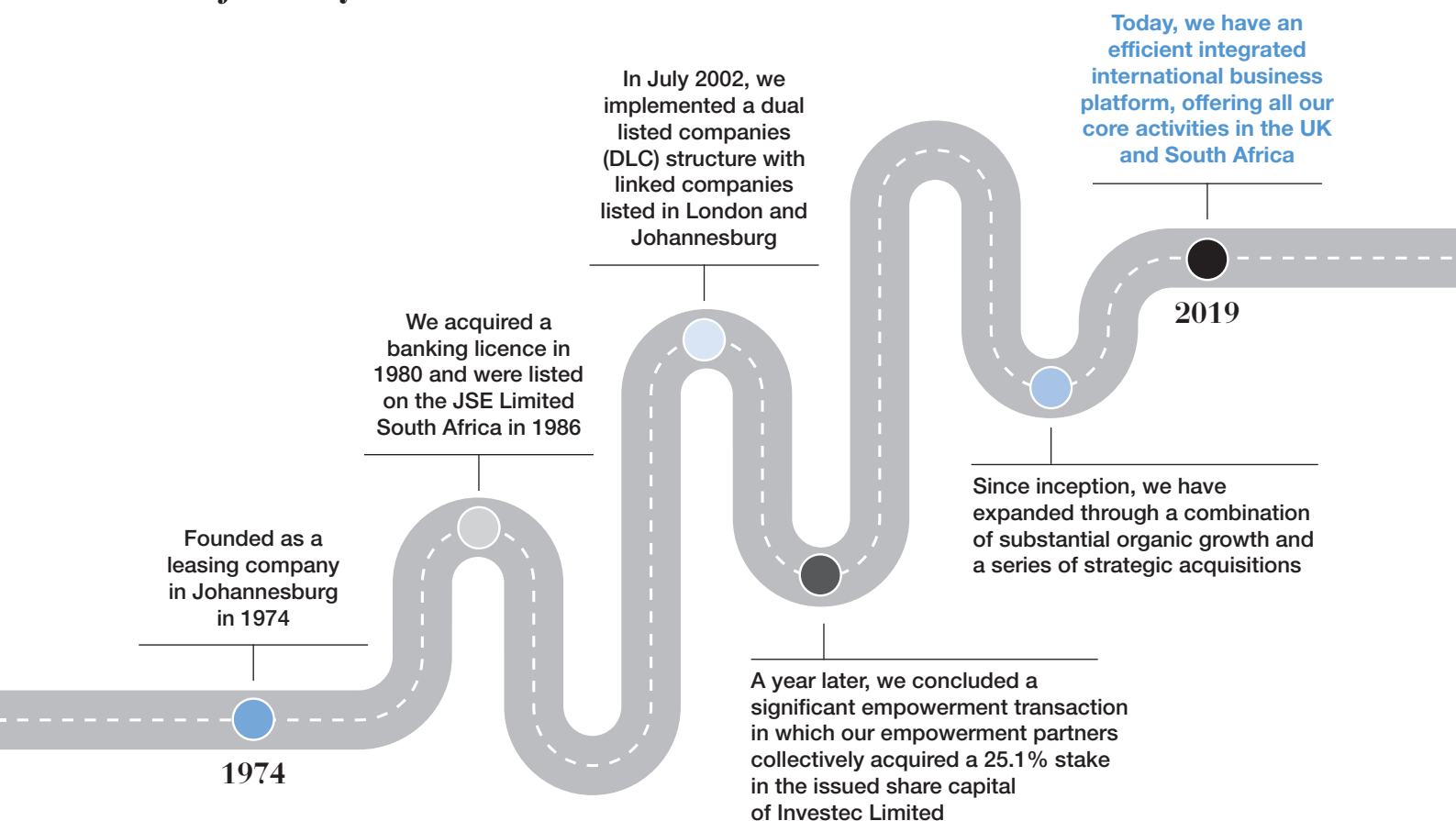
We strive to be a distinctive specialist bank and asset manager, driven by commitment to our core philosophies and values.

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.

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

Operating completely independently

Specialist Banking

Wealth & Investment

Corporate / institutional / government

- Investment management services to external clients.

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

- 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%

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

Contributed to group income

CAPITAL INTENSIVE ACTIVITIES

44%

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

Contributed to group income

Fee and commission income



Types of income



Net interest, investment, associate and trading income

OUR STRATEGIC FOCUS

(continued)

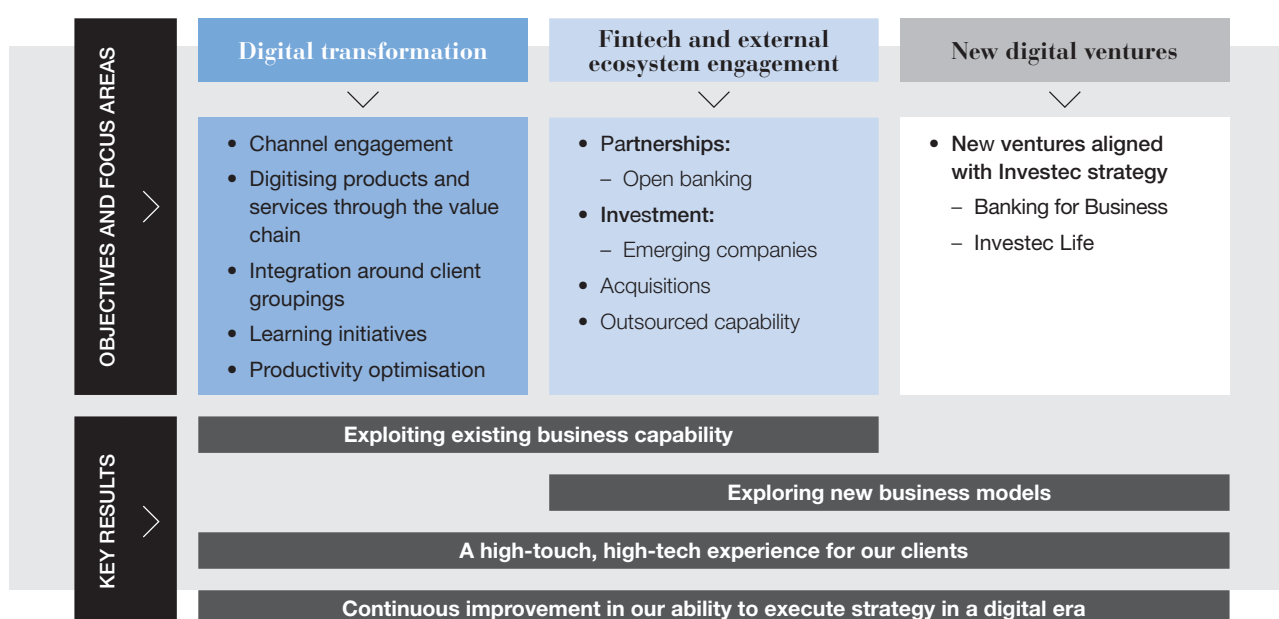
Technology is both a business enabler and a catalyst for continuous improvement in executing our strategies in a digital era.

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.



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.

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).

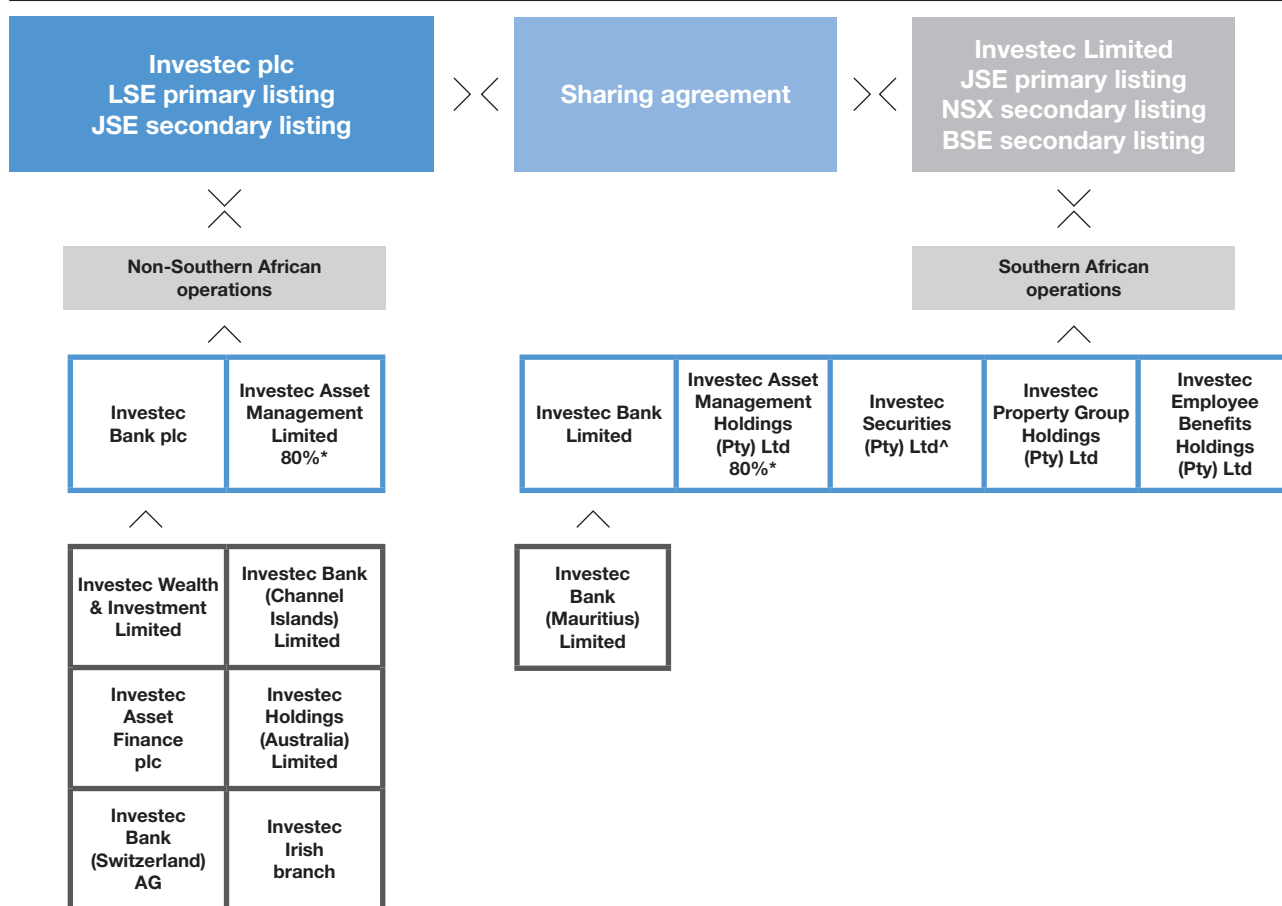
In terms of our DLC structure, Investec Limited is the holding company of our businesses in Southern Africa and Mauritius, and Investec plc is the holding company of our non-Southern African businesses. Investec Limited is listed on the Johannesburg Stock Exchange Limited (JSE) South Africa (since 1986)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



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.

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%

©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.

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*[©]

55.5%

Permanent employees

60.9%

Assets

Actual

56.5%

Cost to income ratio^{^©}

57.4%

TNAV**

14.9%

ROE[^]



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*[⊙]

44.5% | Permanent employees

39.1% | Assets

Actual

79.3% | Cost to income ratio^{^⊙}

42.6% | TNAV**

10.5% | ROE[^]

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

** TNAV is tangible shareholders' equity.

^ ROE is the post-tax return on adjusted average shareholders' equity.

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

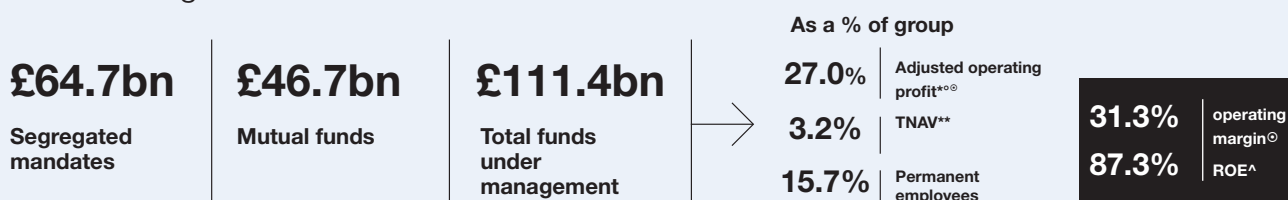
Global deposit book: £31.3 billion

OUR OPERATIONAL FOOTPRINT

(continued)

1

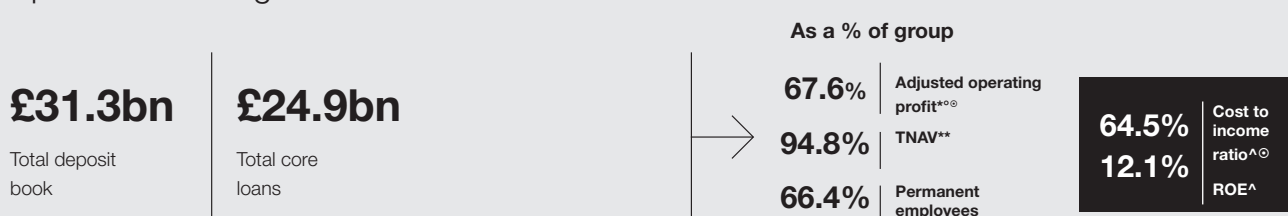
Adjusted operating profit*[⊙] of
Asset Management increased 1% to £179.4 million



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



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



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

** TNAV is tangible shareholders' equity.

^ ROE is the pre-tax return on adjusted average shareholders' equity.

⊙ Contributions are larger than 100% due to group costs amounting to £46.3 million which are included in 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.

2

OUR
PERFORMANCE



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 50. 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.

In terms of the DLC structure as discussed on page 8, 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©.

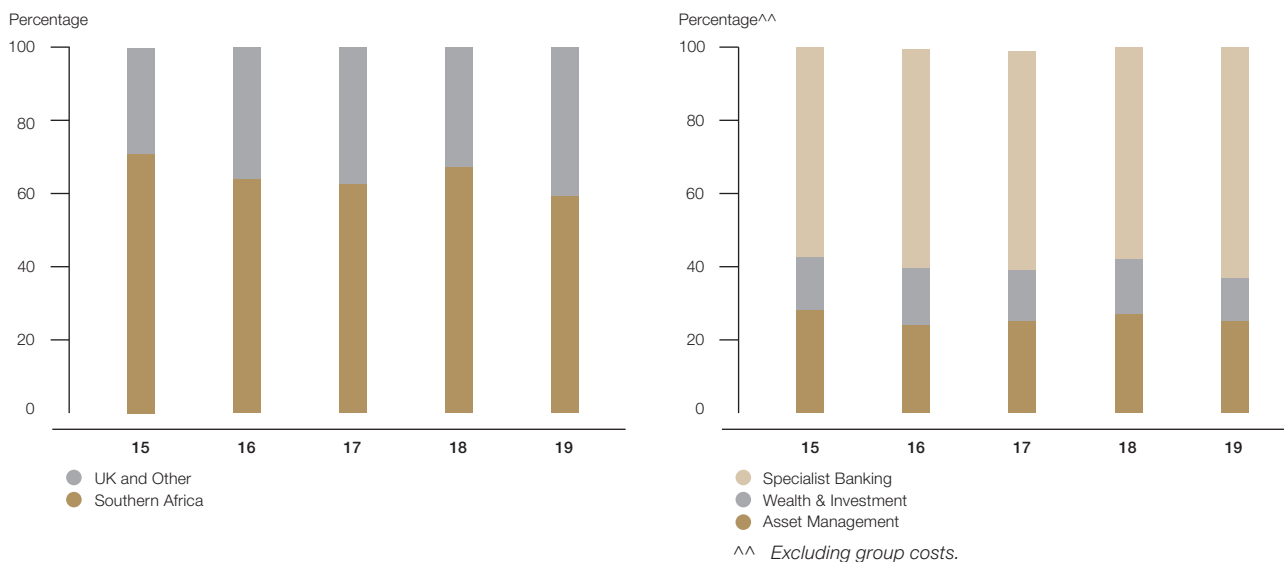
The definition of alternative performance measures is provided in the definitions section of this report.

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

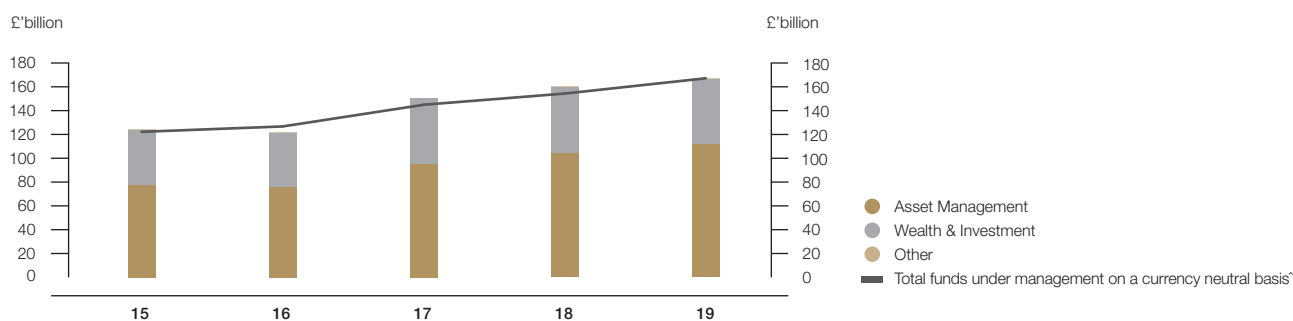
% contribution of adjusted operating profit*[⊙] before taxation



We continued to grow our key earnings drivers

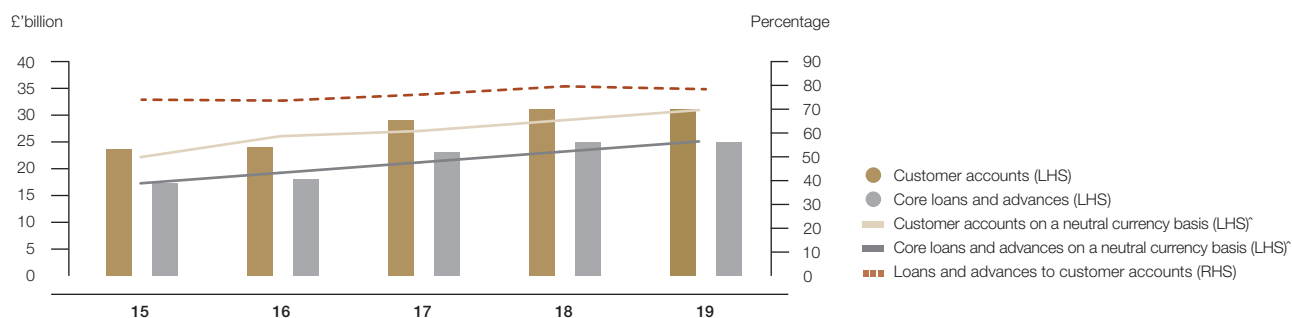
→ Funds under management increased 4.1% to £167.2 billion – an increase of 8.3% on a currency neutral basis
Net inflows of £6.5 billion

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

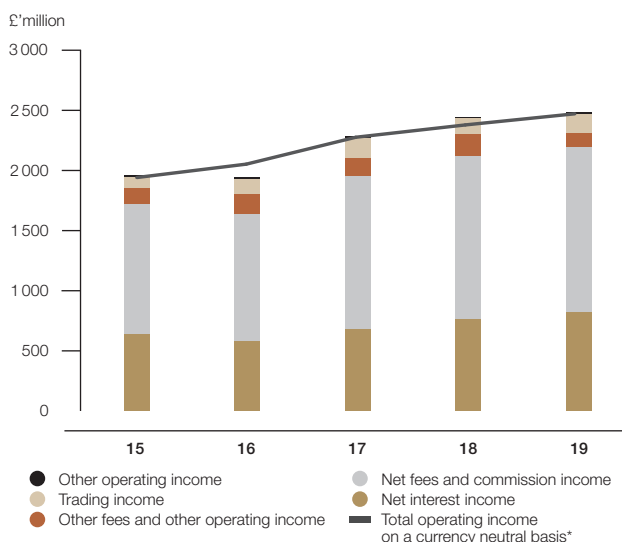


* Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.

^ 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

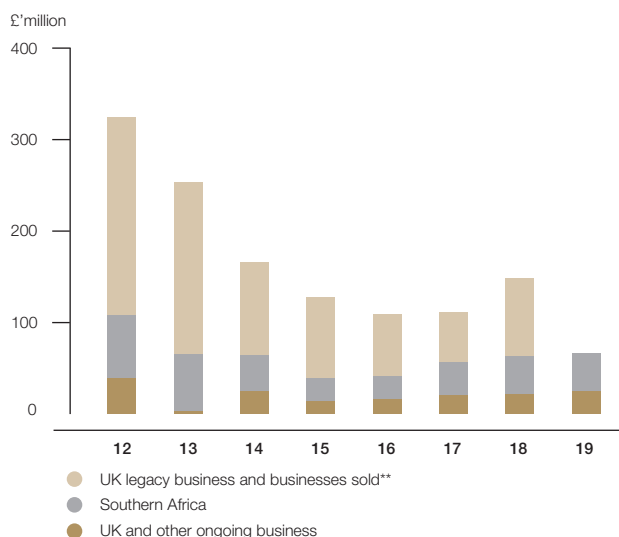
Total operating income



* 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.

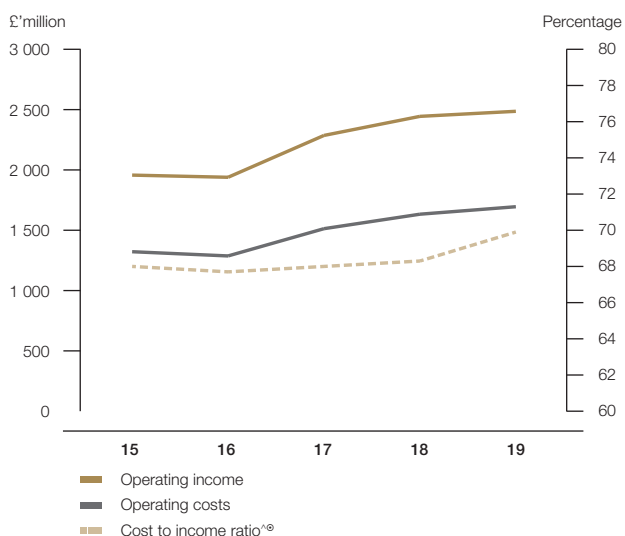
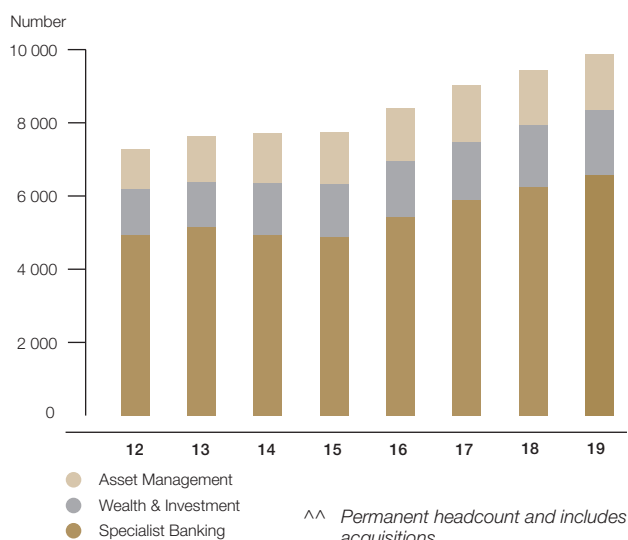
Decrease in impairments largely driven by no repeat of substantial legacy losses

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 groupHeadcount^{^^}

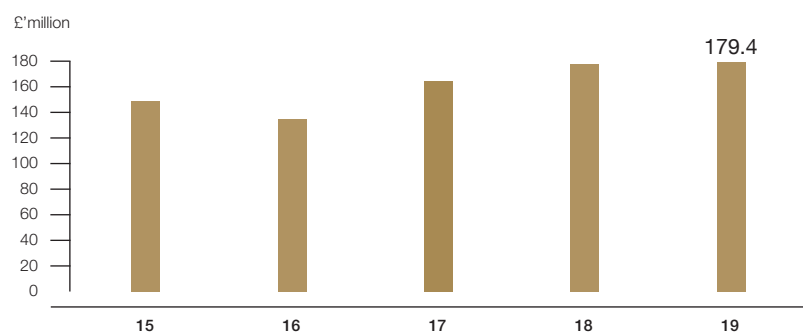
^ The group changed its cost to income definition to exclude profits and losses attributable to other non-controlling interests. Refer to definitions page.

Alternative performance measures

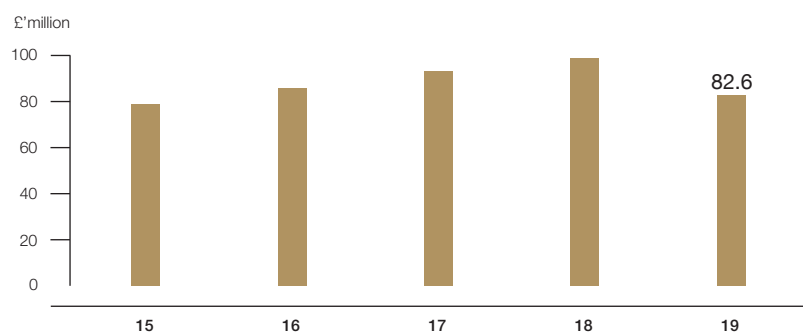
We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers of the financial statements. These measures are highlighted with the symbol[®]. The definition of alternative performance measures is provided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

Resulting in a sound performance from our businesses

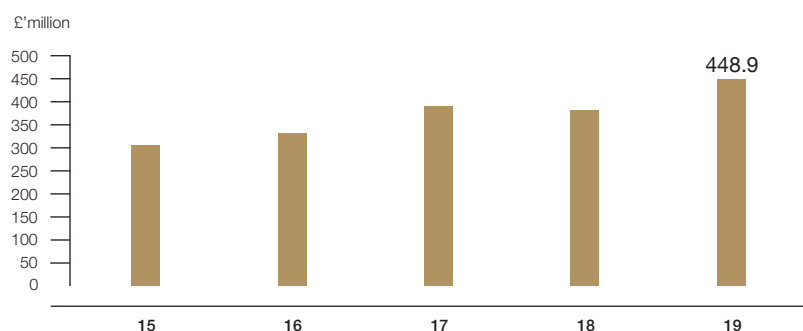
Adjusted operating profit[⊗] – Asset Management



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.

FINANCIAL REVIEW

(continued)

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^o 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^o 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.

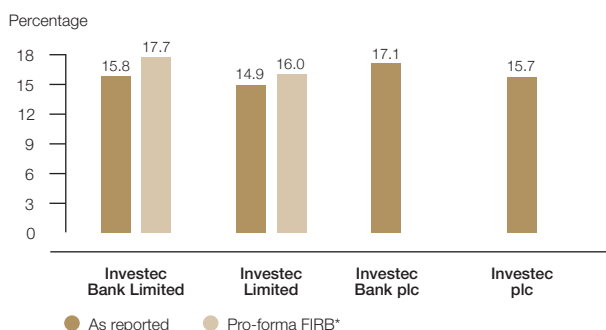
Capital remained in excess of current regulatory requirements.

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.

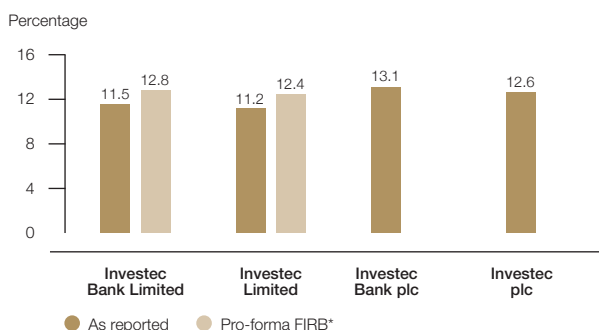
TARGET

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

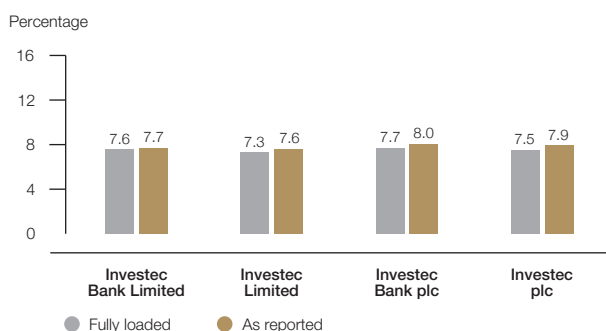
Capital adequacy ratios



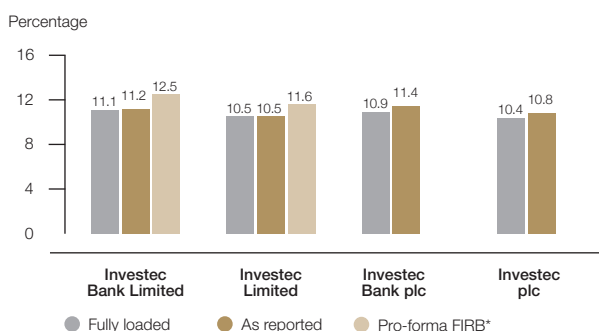
Tier 1 ratios



Leverage ratios



Common equity tier 1 ratios

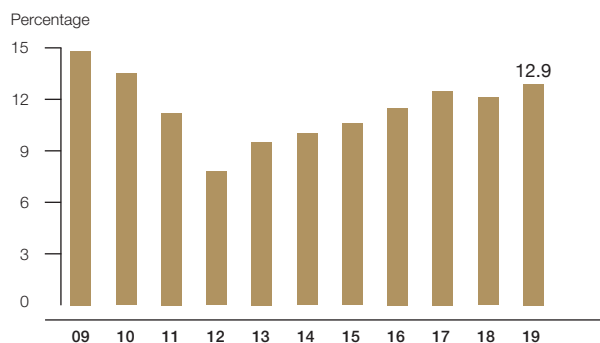


* Investec Limited and Investec Bank Limited have received regulatory permission to adopt the Foundation Internal Ratings Based (FIRB) approach, effective 1 April 2019, this represents pro-forma capital ratios had the FIRB approach been applied as of 31 March 2019.

Investec group existing targets

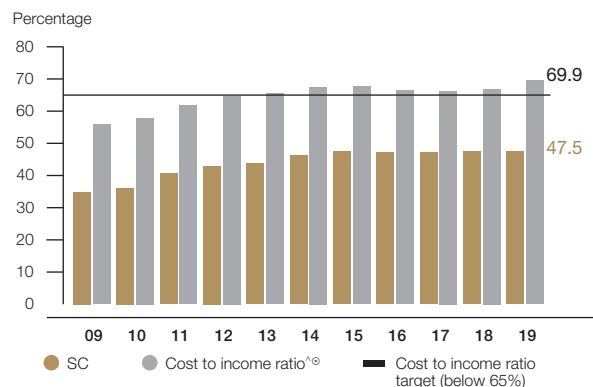
ROE TARGET

We have set the following target over the medium to long term:
Group ROE: 12% to 16% in Pounds Sterling

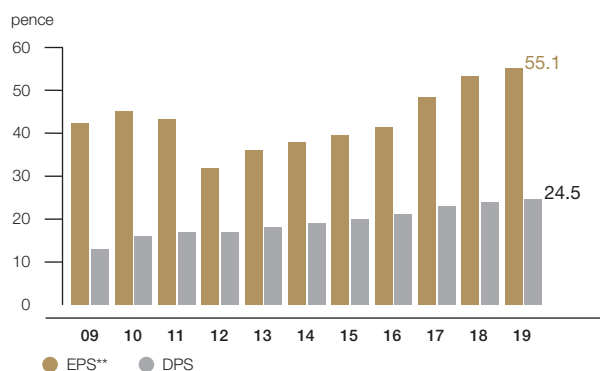
ROE***COST TO INCOME TARGET**

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

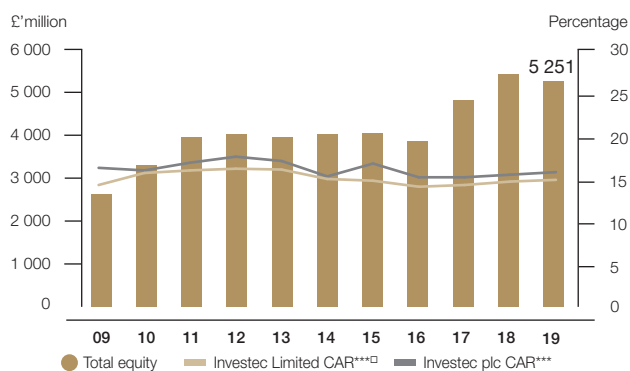
Group cost to income ratio[⊙]: less than 65% in Pounds Sterling

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

Adjusted earnings per share[⊙] (EPS) and dividends per share (DPS)**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%

Total equity and capital adequacy ratios (CAR)

* ROE is post-tax return on adjusted average shareholders' equity.

** 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

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.

FINANCIAL REVIEW

(continued)

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) ^o	£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) ^o	£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.

FINANCIAL REVIEW

(continued)

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) [⊖]	664 527	607 505	9.4%
Adjusted operating profit: Southern Africa (% of total) [⊖]	59.2%	67.2%	
Adjusted operating profit: UK and Other (% of total) [⊖]	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 plc [⊖]	15.7%	15.4%	
Tier 1 ratio: Investec plc [⊖]	12.6%	12.9%	
Common equity tier 1 ratio: Investec plc ^{^^⊖}	10.8%	11.0%	
Leverage ratio: Investec plc – current ^{^^⊖}	7.9%	8.5%	
Capital adequacy ratio: Investec Limited [⊖]	14.8%	14.6%	
Tier 1 ratio: Investec Limited [⊖]	11.2%	11.0%	
Common equity tier 1 ratio: Investec Limited ^{^^⊖}	10.5%	10.2%	
Leverage ratio: Investec Limited – current ^{^^⊖}	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 definitions on the definitions page.

** 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.

⊖ 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.

⊖ 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.

FINANCIAL REVIEW

(continued)



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.

FINANCIAL REVIEW

(continued)

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 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 definitions page for the definitions.

[#] Refer to pages 96 and 97 in volume one of the Investec group's 2019 integrated annual report for further information on the group's investment activities in South Africa.

FINANCIAL REVIEW

(continued)

Adjusted operating profit*[⊙]

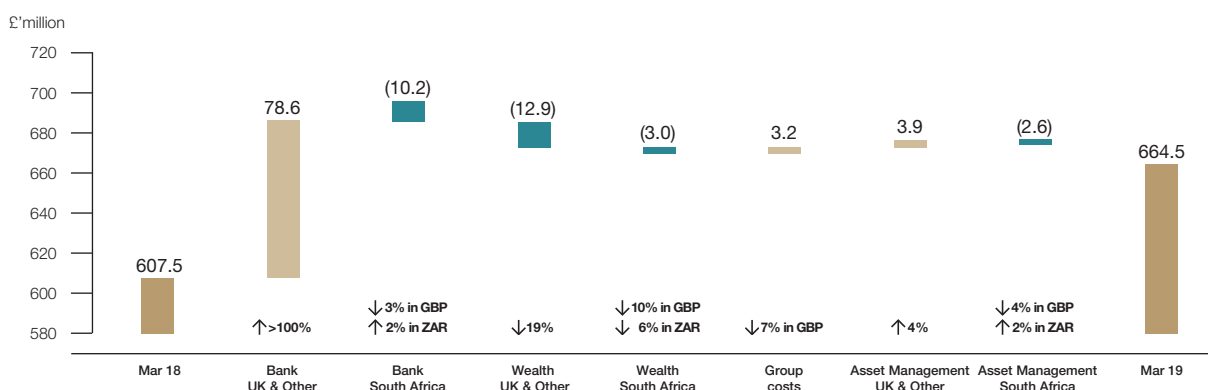
As a result of the foregoing factors, our adjusted operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests increased by 9.4% from £607.5 million to £664.5 million.

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

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.

[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 <i>The way we do business</i> Appointed Ruth Leas as CEO of Investec Bank plc and head of the UK Specialist Bank (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
4 QUALITY EDUCATION	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)
8 DECENT WORK AND ECONOMIC GROWTH	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
10 REDUCED INEQUALITIES	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 £9.9 million (2018*: £8.2 million) * Restated to include external learnerships and job creation (YES initiative)
17 PARTNERSHIPS FOR THE GOALS	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  Refer to our 2019 corporate sustainability and ESG supplementary report on our website for more information on our commitment to transformation.



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 life, on our planet.

	Purpose and priorities	Impact
6 CLEAN WATER AND SANITATION	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
7 AFFORDABLE AND CLEAN 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  Refer to our 2019 corporate sustainability and ESG supplementary report on our website for emission reduction targets.
11 SUSTAINABLE CITIES AND COMMUNITIES	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 tumour 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 10 in volume one of the Investec group's 2019 integrated annual report).



Financial capital

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



(Refer to pages 15 to 20 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

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

ECPI Sense in sustainability

FTSE4Good

PRI Principles for Responsible Investment

CDP DISCLOSURE INSIGHT ACTION

WE SUPPORT
UN GLOBAL COMPACT

* 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.



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

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	DIVISIONAL BUSINESS LEADERS		SUPPORT STRUCTURES
	Specialist Banking	Asset Management	
South Africa Glynn Burger Richard Wainwright	Richard Wainwright David van der Walt	John Green Domenico (Mimi) Ferrini	Human resources and organisational development Marc Kahn
United Kingdom David van der Walt Steve Elliott		Wealth & Investment Steve Elliott	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 of Investec Asset Management.

** 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

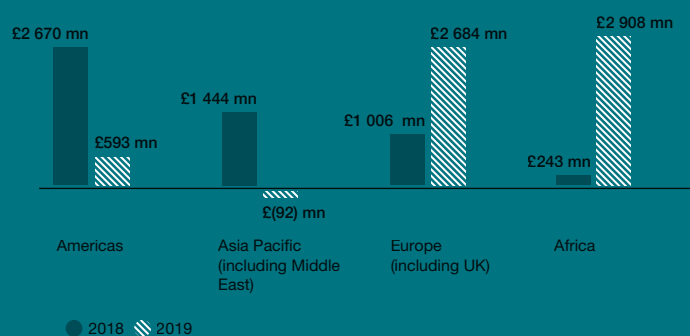
- An organically built global investment manager with emerging market origins
- Competitive investment performance in chosen specialities
- Institutional and advisor focus
- Unique and clearly understood culture
- Stable and experienced leadership
- A commitment to investing for a sustainable future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

ASSET MANAGEMENT

(continued)



Where we operate



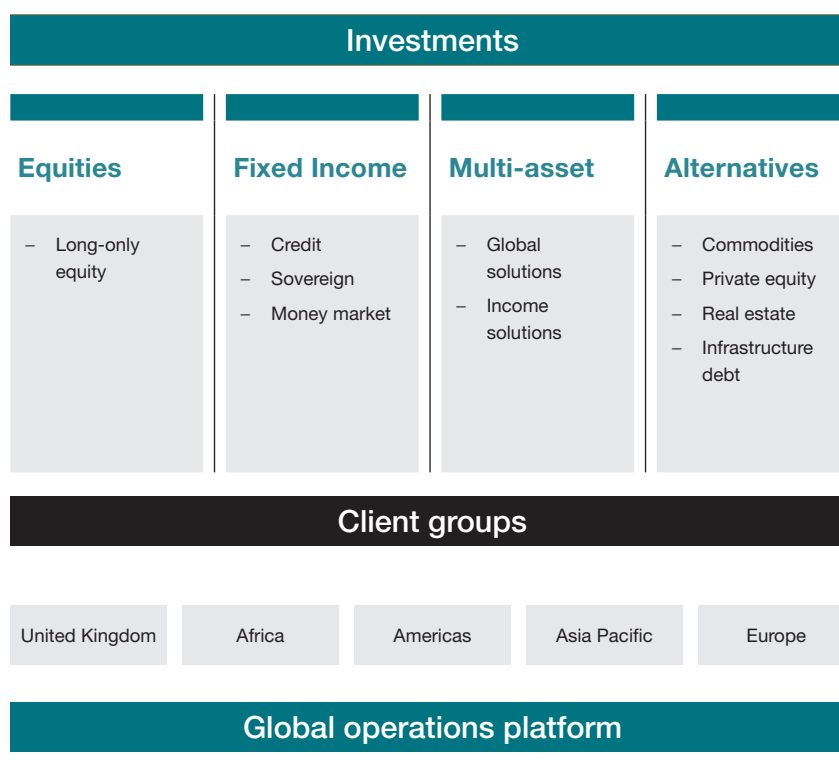
Net flows by geography

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



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

Lending

Transactional banking

Treasury solutions

Advisory

Investment activities

Deposit raising activities

Wealth & Investment

Discretionary wealth management

Investment advisory services

Financial planning

Stockbroking / execution only

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 funds 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 funds 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.

South Africa

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.

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.

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**

[©]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 profit before goodwill, intangibles, non-operating items, taxation non-controlling interest.

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.

4

ADDITIONAL
INFORMATION



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

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 pages 3 to 8) and allow the group to operate within its risk appetite tolerance as set out on page 50.

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 50.

As announced on 14 September 2018 following a strategic review, the group made a decision to demerge and separately list the Investec Asset Management (IAM) 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

RISK MANAGEMENT

(continued)

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 149 to 151 in volume one of the Investec group's 2019 integrated annual report.

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
Joint CEOs

Hendrik du Toit



Additional information:

Refer to volume two of the Investec group's 2019 integrated annual report for detailed information on risk management, internal audit and compliance.

https://www.investec.com/en_int/welcome-to-investec/about-us/investor-relations/financial-information.html

RISK MANAGEMENT

(continued)

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.

<i>Risk appetite and tolerance metrics</i>	<i>Positioning at 31 March 2019</i>
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%
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%
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
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
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
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
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
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

RISK MANAGEMENT

(continued)

Credit ratings

In terms of our dual listed companies structure, creditors are ring-fenced to either Investec Limited or Investec plc as there are no cross-guarantees between the companies. Capital and liquidity are prohibited from flowing between the two entities and thus capital and liquidity are not fungible. As a result the ratings agencies have assigned separate ratings to the significant banking entities within the group, namely Investec Bank plc and Investec Bank Limited. Rating agencies have also assigned ratings to the holding companies, namely, Investec plc and Investec Limited. Our ratings at 13 June 2019 are as follows:

Rating agency	Investec Limited	Investec Bank Limited – a subsidiary of Investec Limited	Investec plc	Investec Bank plc – a subsidiary of Investec plc
Fitch				
Long-term ratings				
Foreign currency	BB+	BB+		BBB+
National		AA(zaf)		
Short-term ratings				
Foreign currency	B	B		F2
National		F1+(zaf)		
Viability rating	bb+	bb+		bbb+
Support rating	5	3		5
Moody's				
Long-term ratings				
Foreign currency		Baa3	Baa1	A1
National		Aa1.za		
Short-term ratings				
Foreign currency		P-3	P-2	P-1
National		P-1(za)		
Baseline Credit Assessment (BCA) and adjusted BCA		baa3		baa1
S&P				
Long-term ratings				
Foreign currency		BB		
National		za.AA+		
Short-term ratings				
Foreign currency		B		
National		za.A-1+		
Global Credit Ratings				
Local currency				
Long-term rating		AA(za)		BBB+
Short-term rating		A1+(za)		A2

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

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

Sound corporate governance is therefore implicit in our values, culture, processes, functions and organisational structure. Structures are designed to ensure that our values remain embedded in all businesses and processes. We continually refine these structures and a written statement of values serves as our code of ethics.

We operate under a DLC structure, and consider the corporate governance principles and regulations of both the UK and South Africa before adopting the appropriate standard for the group which also complies with requirements in both jurisdictions.

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

Directorate of Investec plc and Investec Limited

details as at 13 June 2019

Zarina BM Bassa (55)

Senior independent non-executive director
BAcc, DipAcc, CA(SA)

Laurel C Bowden (54)

Independent non-executive director
MBA (INSEAD), BSc Electronic Engineering,
HND Eng

*Glynn R Burger (62)***

Former group risk and finance director
BAcc, CA(SA), H Dip BDP, MBL

Cheryl A Carolus (61)

Independent non-executive director
BA (Law), Honorary doctorate in Law

*Perry KO Crosthwaite (70)**

Chairman
MA (Hons) (Oxon) in modern languages

Hendrik J du Toit (57)

Joint group chief executive officer
BCom Law, BCom (Hons) (cum laude),
MCom (cum laude), MPhil (Cambridge)

David Friedland (65)

Independent non-executive director
BCom, CA(SA)

Philip A Hourquebie (65)

Independent non-executive director
BAcc, BCom (Hons), CA(SA)

Charles R Jacobs (52)

Independent non-executive director
LLB

Bernard Kantor (69)^

Former group managing director and
executive director
CTA

Ian R Kantor (72)

Non-executive director
BSc. Eng (Elec.), MBA

Stephen Koseff (67)^^

Former group chief executive officer and
executive director
BCom, CA(SA), H Dip BDP, MBA

Lord Malloch-Brown KCMG (65)

Independent non-executive director
BA (Hons) (History), MA (Political Science)

Kim McFarland (54)

Executive director
Bachelor of Accountancy and Bachelor of
Commerce, CA(SA), MBA, Introduction
to Securities and Investment (Securities
Institute), UK Regulations and Markets (IMC)

Nishlan Samujh (45)

Group finance director
BAcc, Dip Acc, CA(SA) HDip Tax

Khumo L Shuenyane (48)

Independent non-executive director
BEcon, CA (England and Wales)

Fani Titi (56)

Joint group chief executive officer
BSc (cum laude), BSc Hons (cum laude) in
Mathematics, MA in Mathematics, MBA

* P Crosthwaite was appointed as chairman of the board on 15 May 2018

** G Burger retired from the board on 31 March 2019

^ B Kantor resigned as group MD of Investec plc and Investec Limited on 1 October 2018

^^ S Koseff resigned as group CEO of Investec plc and Investec Limited on 1 October 2018

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.

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

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

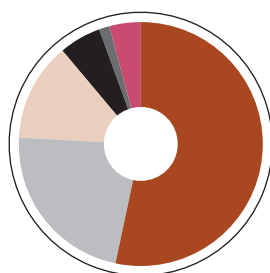
Investec plc ordinary shares in issue

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

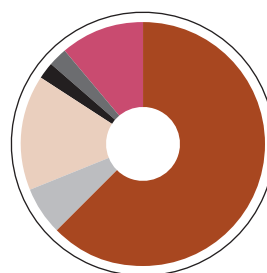
Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
4 171	1 – 500	48.1%	738 361	0.2%
1 265	501 – 1 000	14.6%	971 062	0.3%
1 745	1 001 – 5 000	20.1%	3 963 611	1.2%
409	5 001 – 10 000	4.7%	3 022 667	0.9%
594	10 001 – 50 000	6.8%	14 612 215	4.6%
186	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

SHAREHOLDER ANALYSIS

(continued)

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.

GLOSSARY

AGM	Annual general meeting
BCBS	Basel Committee of Banking Supervision
BoE	Bank of England
BSE	Botswana Stock Exchange
CA	Chartered Accountant
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CMD	Capital Markets Day
COO	Chief Operating Officer
CRO	Chief Risk Officer
DLC	Dual listed company
DLC BRCC	DLC Board Risk and Capital Committee
DLC Nomdac	DLC Nominations and Directors Affairs Committee
ECL	Expected credit losses
EPS	Earnings per share
ESG	Environmental, social and governance
EU	European Union
FIRB	Foundation Internal Ratings-Based
HNW	High net worth
IAM	Investec Asset Management
IASs	International Accounting Standards
IBL	Investec Bank Limited
IBP	Investec Bank plc
IFRS	International Financial Reporting Standard
IW&I	Investec Wealth & Investment
JSE	Johannesburg Stock Exchange
LCR	Liquidity Coverage Ratio
LSE	London Stock Exchange
MD	Managing Director
NCI	Non-controlling interests
NSFR	Net Stable Funding Ratio
NSX	Namibian Stock Exchange
PRA	Prudential Regulation Authority
ROE	Return on equity
S&P	Standard & Poor's
SDGs	Sustainable Development Goals
SOE	State-Owned Enterprise
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 62 in volume one of the Investec group's 2019 integrated annual report

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 66 in volume one of the Investec group's 2019 integrated annual report

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 72 in volume three of the Investec group's 2019 integrated annual report

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 72 in volume three of the Investec group's 2019 integrated annual report

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

DEFINITIONS

(continued)

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 62 in volume one of the Investec group's 2019 integrated annual report

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 62 in volume one of the Investec group's 2019 integrated annual report

Return on average tangible ordinary shareholders' equity

Refer to calculation on page 62 in volume one of the Investec group's 2019 integrated annual report

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 62 in volume one of the Investec group's 2019 integrated annual report

*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 72 in volume three of the Investec group's 2019 integrated annual report

* 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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This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There is a thick red vertical margin line on the left side, creating a narrow left margin. The paper appears to be from a notebook or a set of legal pads.

