ANNUAL REPORT | 2019

VOL 1

Investec strategic report incorporating environmental, social and governance (ESG), and the remuneration report

Investec

VOL. 1

Strategic report incorporating environmental, social and governance (ESG) and the remuneration report

VOL. 2

Risk disclosures

VOL. 3

Annual financial statements

THE 2019 INTEGRATED ANNUAL REPORT COVERS THE PERIOD 1 APRIL 2018 TO 31 MARCH 2019 AND PROVIDES AN OVERVIEW OF THE INVESTEC GROUP

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

Cross reference tools

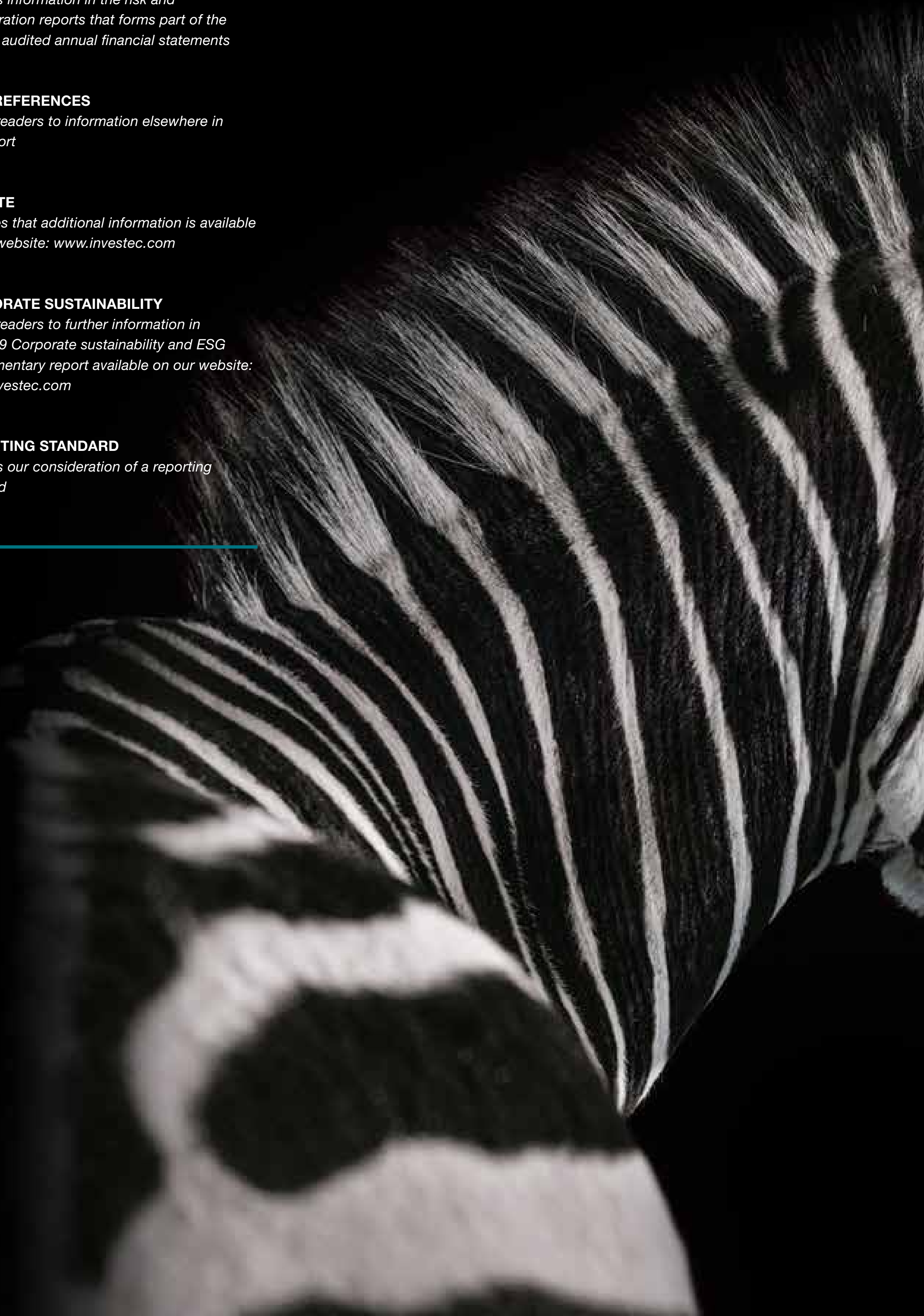
AUDITED INFORMATION
Denotes information in the risk and remuneration reports that forms part of the group's audited annual financial statements

PAGE REFERENCES
Refers readers to information elsewhere in this report

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

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

REPORTING STANDARD
Denotes our consideration of a reporting standard



CONTENTS

We produce a full suite of reports to cater for the diverse needs of our stakeholders.

As a requirement of our Dual Listed Company (DLC) structure, we comply with the disclosure obligations contained in the applicable listing rules of the UK Listing Authority (UKLA), the JSE Limited (JSE) and other exchanges on which our shares are listed, and with any public disclosure obligations as required by the UK regulators and the South African Prudential Authority (previously known as the Banking Supervision Department of the South African Reserve Bank).

Annual Integrated Report

This report covers the period 1 April 2018 to 31 March 2019 and includes material issues up to the date of board approval on 13 June 2019.

This report covers all our operations across the various geographies in which we operate and has been structured to provide stakeholders with relevant financial and non-financial information.

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

Volume 1 – Strategic report incorporating environmental, social and governance (ESG), and the remuneration report

Governance report

- Sets out the governance practices of the group

Social and environmental report

- Sets out our corporate sustainability and environmental, social, and governance (ESG) practices

Remuneration report

- Sets out our remuneration policies and implementation thereof

Volume 2 – Risk disclosures

Sets out the management of risks relating to the Investec group's operations

Volume 3 – Annual financial statements

Sets out the full DLC audited annual financial statements, including the report of the group audit committee

www ***The following reports can be found in separate documents available on our website.***

Corporate sustainability and ESG supplementary report

This report provides a holistic view of Investec group's social and environmental impact within our operations including our contribution to the Sustainable Development Goals (SDGs). We incorporate material information from the main geographies in which we operate.

Pillar III disclosure report

This report provides disclosures that allow market participants to assess the scope of application by banks of the Basel committee's framework and the rules in their jurisdiction – their capital condition, risk exposure, risk management process and their capital adequacy.

Corporate profile

This report serves as a reference for the investment community and other interested parties. It provides an introduction to Investec.

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OUR BUSINESS

Our purpose

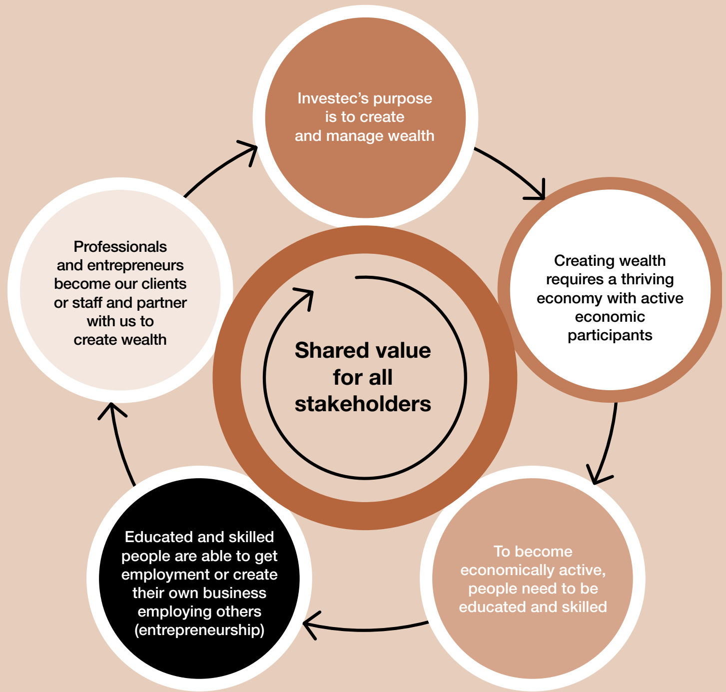
Investec's purpose is to create and manage wealth for all stakeholders. Guided by our vision to create and preserve sustained long-term wealth, we seek to build resilient profitable businesses that support our clients to grow their businesses while contributing in a positive and responsible way to the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

Our mission

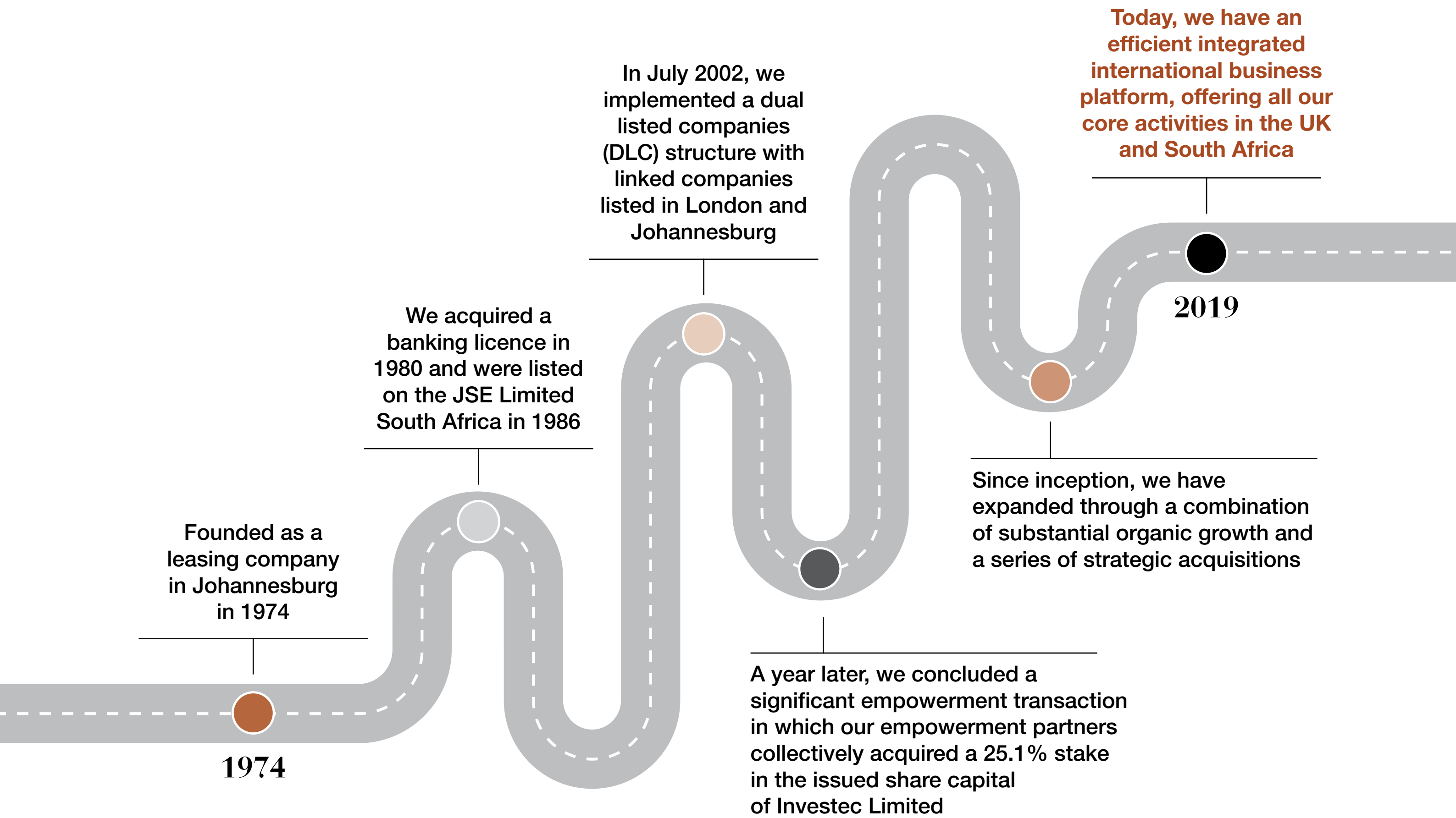
We strive to be a distinctive specialist bank and asset manager, driven by commitment to our core philosophies and values.

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

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



Our journey



Our values and philosophies

Distinctive performance

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

Client focus

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

Cast-iron integrity

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

Dedicated partnership

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

1

Our strategy

Our strategic goals and objectives are based on the aspiration to be recognised as a distinctive specialist bank and asset manager

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

Our long-term strategy is to build a diversified portfolio of businesses and geographies to support clients through varying markets and economic cycles. Since inception we have expanded through a combination of organic growth and strategic acquisitions.

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

Group strategic focus

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

The Investec distinction

CLIENT FOCUSED APPROACH

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

SPECIALISED STRATEGY

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

SUSTAINABLE BUSINESS

- Contributing to society, macro-economic stability and the environment
- Well-established brand
- Managing and positioning the group for the long term
- Balancing revenue earned from capital light activities and capital intensive activities
- Cost and risk conscious.

STRONG CULTURE

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

Strategic review and demerger of the Investec Asset Management business

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

Divisional strategic focus

Asset Management

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

Bank and Wealth

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

Our diversified and balanced business model supporting long-term strategy

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

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

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

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

CAPITAL LIGHT ACTIVITIES

56%

Contributed to group income

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

CAPITAL INTENSIVE ACTIVITIES

44%

Contributed to group income

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

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

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

Digital strategy

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

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

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

OBJECTIVES AND FOCUS AREAS

Digital transformation

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

Fintech and external ecosystem engagement

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

New digital ventures

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

KEY RESULTS

Exploiting existing business capability

Exploring new business models

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

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

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

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

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

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

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

Highlights for the year ended 31 March 2019:

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

Operating structure

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

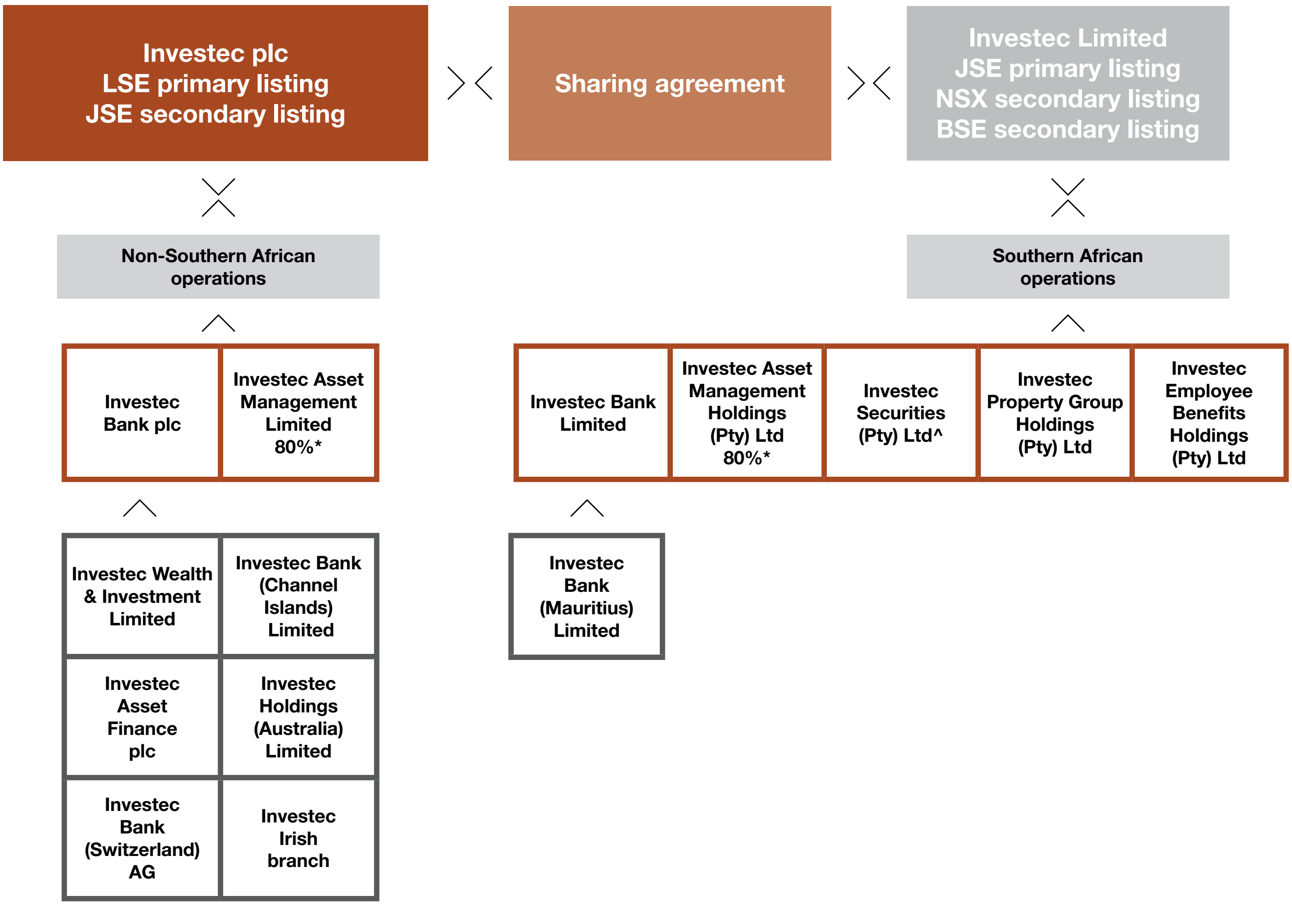
During July 2002 Investec Group Limited (since renamed Investec Limited) implemented a dual listed companies (DLC) structure and listed its offshore business on the London Stock Exchange (LSE).

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).

As noted on page 4, all references in this document to Investec, the Investec group or the group relate to the combined Investec DLC group comprising Investec plc and Investec Limited.

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

Our DLC structure and main operating subsidiaries at 31 March 2019



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

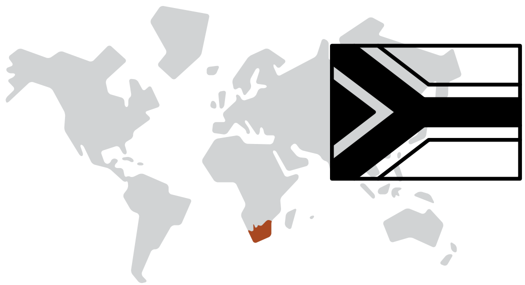
* *Senior management in the company hold 20% minus one share (31 March 2018: 17%).*

^ *Houses the Wealth & Investment business.*

Salient features of the DLC structure

- Investec plc and Investec Limited are separate legal entities and listings, but are bound together by contractual agreements and mechanisms
- Investec operates as if it is a single unified economic enterprise
- Shareholders have common economic and voting interests as if Investec plc and Investec Limited were a single company
- Creditors, however, are ring-fenced to either Investec plc or Investec Limited as there are no cross-guarantees between the companies.

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		
57.4%	TNAV**		

Actual

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

1

UK and Other

- In 1992 we made our first international acquisition, acquiring Allied Trust Bank in London
- Since that date, we have expanded organically and through a number of strategic acquisitions
- Solid positioning in all three of our core activities
- Listed in London in July 2002 through the implementation of a dual listed companies structure
- Offices supporting the UK and Other businesses include Australia; Channel Islands; Hong Kong; India; Ireland; Luxembourg; North America; Singapore; Switzerland and 18 offices across the UK.

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

£13.1bn
Total deposit book

£10.5bn
Total net core loans

£115.5bn
Total funds under management

As a % of the group

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

Actual

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

* *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.*
** *TNAV is tangible shareholders' equity as calculated on page 62.*
^ *ROE is the post-tax return on adjusted average shareholders' equity as calculated on pages 62 and 63.*

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

Asset Management

Core client base and what we do

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

MARKET POSITIONING

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

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

Wealth & Investment

Core client base and what we do

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

MARKET POSITIONING

Total funds under management#
1997: £0.04 billion → 2019: £55.1 billion

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

Specialist Banking

Core client base and what we do

We offer a broad range of services including lending, transactional banking, treasury and trading, advisory and investment activities. These services are aimed at government, institutional, corporate and high net worth and high-income clients

MARKET POSITIONING

Global core loan portfolio:
1981: £4.2 million → 2019: £24.9 billion

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

Global deposit book: £31.3 billion

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

£64.7bn
Segregated mandates

£46.7bn
Mutual funds

£111.4bn#
Total funds under management

As a % of group

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

31.3%	operating margin⊙
87.3%	ROE^

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

£37.8bn
Discretionary funds under management

£17.3bn
Non-discretionary funds under management

£55.1bn#
Total funds under management

As a % of group

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

20.6%	operating margin⊙
32.9%	ROE^

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

£31.3bn
Total deposit book

£24.9bn
Total core loans

As a % of group

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

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

* *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.*
** *TNAV is tangible shareholders' equity as calculated on page 62.*
^ *ROE is the pre-tax return on adjusted average shareholders' equity as calculated on page 62.*
° *Contributions are larger than 100% due to group costs amounting to £46.3 million which are included in operating profit.*
Refer to page 67 for further detail on funds under management.

⊙Alternative performance measures

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

OUR PERFORMANCE

2

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

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

Overview of financial performance

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

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

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

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

Operating environment

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

Business performance

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

Bank and Wealth

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

Specialist Banking

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

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

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

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

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

Wealth & Investment

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

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

Asset Management

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

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

Review of risks

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

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

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

Strategic review

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

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

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

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

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

Board focus areas

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

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

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

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

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

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

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

Living in society, not off it

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

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

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

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

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

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

Outlook

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

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

Perry Crosthwaite	**Fani Titi**	**Hendrik du Toit**
Chairman	Joint Chief executive officer	Joint Chief executive officer

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

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

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

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

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

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

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

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

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

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

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

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

We engage regularly with our stakeholders:

Employees	Investors and shareholders	Clients	Rating agencies
• Quarterly magazine • Staff updates hosted by executive management • Group and subsidiary fact sheets • Tailored internal investor relations presentations • Induction training for new employees • Regular staff communications • Dedicated comprehensive intranet • Senior management engagement breakfasts.	• Annual general meeting • Four investor presentations • Stock exchange announcements • Comprehensive investor relations website • Shareholder roadshows and presentations • Regular meetings with investor relations team and executive management • Annual meeting with investor relations, group company secretarial, the chairman of the board, senior independent director and chairman of the remuneration committee • Regular email and telephone communication • Annual and interim reports.	• Client relationship managers in each business • Regular face-to-face, telephone and email communications • Meetings with senior management • Comprehensive website and app • Industry relevant events • Client marketing events.	• Meetings with investor relations team, group risk management and executive management • Tailored rating agency booklet • Tailored presentations • Regular email and telephone communications • Annual and interim reports • Four investor presentations • Comprehensive investor relations website.

Government and regulatory bodies	Equity and debt analysts	Media	Suppliers
• Active participation in a number of policy forums • Response and engagement with all relevant bodies on regulatory matters • Industry consultative bodies.	• Four investor presentations • Stock exchange announcements • Comprehensive investor relations website • Regular meetings with investor relations and executive management • Regular email and telephone communications • Annual and interim reports.	• Regular email and telephone communications • Stock exchange announcements • Comprehensive website • Meetings with executive management, economists and industry spokespersons • Dedicated third party public relations teams.	• Centralised negotiation process • Ad hoc procurement questionnaires requesting information on suppliers' environmental, social and ethical policies.

Topical discussions with our stakeholders

Impact of the political and economic environment

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

Notwithstanding the challenging backdrop, the group delivered a sound operational performance and was able to maintain healthy asset quality and risk metrics. Our risk appetite framework as set out on page 11 in volume two is assessed regularly in light of market conditions and group strategy, our stress testing framework regularly tests our key vulnerabilities under stress and we are comfortable that we have robust risk management processes and systems in place. The group has always had a long-term strategy of building a diversified portfolio of businesses and geographies to support clients through varying markets and economic cycles and we remain confident with the resilience of our businesses. The group's viability statement can be found on pages 149 to 151.

Succession

Succession of the group's long-serving executive management has been an ongoing focus area for stakeholders over the past few years. The announcement of our succession plan in February 2018 was well received. Since then a number of additional management changes have been announced as outlined on page 70. As we transition from a founder-led business, we are confident that we have strong and diverse leadership teams in place, who are embedded in the group's culture and values, and well-equipped to steer the businesses to achieve their long term strategic objectives.

Strategic review and proposed demerger

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

Improving and sustainable returns

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

Shareholder dilution

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

Executive remuneration

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

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

With the announcement of the proposed demerger of Investec Asset Management, the group used the opportunity to re-engage with its largest shareholders on the current policy as well as on technical amendments to the policy which will be implemented following the proposed demerger. Based on the discussions held to date, the board believes that a new remuneration policy is not required at this time. Further information on our remuneration policy can be found in our remuneration report on pages 168 to 218.

Auditor independence

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

Gender, diversity and transformation

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

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

Operational and conduct risks

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

Non-financial reporting

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

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

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

Corporate sustainability

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

Over the past year we have:

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

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

Funding a sustainable economy

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

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

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

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

SDGs

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

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

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

Refer to page 158 for more information.

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

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

Value creation through the six capitals

Human capital

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

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

Intellectual capital

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

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

Social and relationship capital

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

Purpose and priorities	*Impact*
Building deep durable relationships with our clients and creating new client relationships	Customer accounts (deposits) up 4.1% (2018: 6.5%) Customer complaints in Private Bank South Africa were down 7.2% to 2 202 complaints (2018: 2 373)
Investing in our distinctive brand and providing a high level of service by being nimble, flexible and innovative	Voted South Africa's eighth most valuable brand in 2019 by Brand Finance South Africa
Unselfishly contributing to society through our community programmes	1.5% community spend as a % of operating profit (2018*: 1.4%) (target of >1% for the group). Community spend of £9.8 million (2018*: £8.2 million) * *Restated to include external learnerships and job creation (YES initiative)*
Committed to transformation and youth employment in South Africa	Currently rated a level 1 under the Financial Sector Code. We are one of the first signatories to the Youth Employment Service (YES) initiative in South Africa, and placed in excess of 1 200 youth with 11 partners during the year ***For more information on our commitment to transformation in South Africa refer to page 164.***

Natural capital

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

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

Technological capital

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

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

(Refer to our digital strategy on page 10).

Financial capital

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

(Refer to pages 38 to 43 for our financial highlights).

Value added statement

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

External recognition and group memberships

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

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

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

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

Sustainability indices

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

* *Investec Limited ranked as one of four industry leaders on the DJSI Emerging Markets Index; Investec plc ranked as one of 15 industry leaders on the DJSI World and one of nine in the DJSI Europe indices.*
** *As of 2018, results reflect a major scoring methodology update.*

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

An overview of the principal risks relating to our operations

The most material and significant risks we face, which the board and senior management believe could have an impact on our operations, financial performance, viability and prospects are summarised briefly below with further details provided in volumes one and two of the 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 11 in volume two. 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.

PRINCIPAL RISKS	KEY MITIGATING ACTIONS	FURTHER INFORMATION PROVIDED
Credit and counterparty risk		
Credit and counterparty risk is defined as the risk arising from an obligor's (typically a client or counterparty) failure to meet the terms of any agreement thereby resulting in a loss to the group.	• Independent credit committees exist in each geography where we assume credit risk. These committees operate under board-approved delegated limits, policies and procedures. • There is a high level of executive involvement and non-executive review and oversight in the credit decision-making forums. • Our credit exposures are to a select target market comprising high-income and/or high net worth individuals, established corporates, small and medium enterprises, financial institutions and sovereigns. • Our risk appetite continues to favour lower risk, income-based lending, with exposures well collateralised and credit risk taken over a short to medium term. • Investec has a limited appetite for unsecured debt, thus the credit risk mitigation technique most commonly used is the taking of collateral, with a strong preference for tangible assets. • Portfolio reviews (including stress testing analyses) are undertaken on all material businesses, where the portfolios are analysed to assess any migration in portfolio quality, highlight any vulnerabilities, identify portfolio concentrations and make appropriate recommendations, such as a reduction in risk appetite limits or specific exposures.	Pages 16 to 23 in volume two.
Country risk		
Country risk refers to the risk of lending to a counterparty operating in a particular country or the risk inherent in sovereign exposure, i.e. the risk of exposure to loss caused by events in other countries. Country risk covers all forms of lending or investment activity whether to/with individuals, corporates, banks or governments.	• Exposures are only to politically stable jurisdictions that we understand and have preferably operated in before. • There is no specific appetite for exposures outside of the group's pre-existing core geographies or target markets. • The legal environment should be tested, have legal precedent in line with OECD standards and have good corporate governance. • In certain cases, we may make use of political risk insurance to mitigate exposure where deemed necessary.	Page 17 in volume two.

PRINCIPAL RISKS	KEY MITIGATING ACTIONS	FURTHER INFORMATION PROVIDED
Investment risk		
Investment risk in the banking book arises primarily from the group's principal investments (private equity) and property investment activities, where the group invests in largely unlisted companies and select property investments, with risk taken directly on the group's balance sheet.	• Independent credit and investment committees exist in each geography where we assume investment risk. • Risk appetite limits and targets are set to limit our exposure to equity and investment risk. • As a matter of course, concentration risk is avoided and investments are well spread across geographies and industries.	Pages 47 to 49 in volume two.
Market risk in the trading book		
Traded market risk is the risk of potential changes in the value of the trading book as a result of changes in market risk factors such as interest rates, equity prices, commodity prices, exchange rates, credit spreads and the underlying volatilities where derivatives are traded.	• To identify, measure, monitor and manage market risk, we have independent market risk management teams in our core geographies where we assume market risk. • The focus of our trading activities is primarily on supporting client activity. Our strategic intent is that proprietary trading should be limited and that trading should be conducted largely to facilitate client flow. • Within our trading activities, we act as principal with clients or the market. Market risk exists where we have taken on principal positions resulting from market making, underwriting and facilitation of client business in the foreign exchange, interest rate, equity, credit and commodity markets. • Measurement techniques used to quantify market risk arising from our trading activities include sensitivity analysis, value at risk (VaR), stressed VaR (sVaR), expected shortfall (ES) and extreme value theory (EVT). Stress and scenario analysis are used to add insight to possible outcomes under severe market disruptions.	Pages 52 to 58 in volume two.

PRINCIPAL RISKS	KEY MITIGATING ACTIONS	FURTHER INFORMATION PROVIDED
Liquidity risk		
Liquidity risk refers to the possibility that, despite being solvent, we have insufficient capacity to fund increases in assets or are unable to meet our payment obligations as they fall due, in normal and stressed conditions. This includes repaying depositors or maturing wholesale debt. This risk arises from mismatches in the timing of cash-flows, and is inherent in all banking operations and can be impacted by a range of institution-specific and market-wide events.	• Each geographic entity must be self-sufficient from a funding and liquidity standpoint. • Our banking entities in South Africa and the UK are ring-fenced from one another and are required to meet the regulatory liquidity requirements in the jurisdictions in which they operate. • We maintain a liquidity buffer in the form of unencumbered cash, government or rated securities (typically eligible for repurchase with the central bank), and near cash well in excess of the statutory requirements as protection against unexpected disruptions in cash flows. • The maintenance of sustainable prudent liquidity resources takes precedence over profitability. • We target a diversified funding base, avoiding undue concentrations by investor type, maturity, market source, instrument and currency. • Stable customer deposits must fully fund our core loan book, with little reliance therefore placed on wholesale funding. • The group does not rely on committed funding lines for protection against unforeseen interruptions to cash flow. • The asset and liability teams independently monitor key daily funding metrics and liquidity ratios to assess potential risks to the liquidity position, which further act as early warning indicators of potential normal market disruptions. • Daily liquidity stress tests are carried out.	Pages 58 to 66 in volume two.
Capital risk		
The risk that we do not have sufficient capital to meet regulatory requirements or that capital is inefficiently deployed across the group.	• Both the Investec Limited and Investec plc groups undertake an approach to capital management that utilises both regulatory capital as appropriate to that jurisdiction and internal capital, which is an internal risk-based assessment of capital requirements. • The determination of target capital is driven by our risk profile, strategy and risk appetite, taking into account the regulatory and market factors applicable to the group. • At the most fundamental level, we seek to balance our capital consumption between prudent capitalisation in the context of the group's risk profile and optimisation of shareholder returns. • Our internal capital framework is designed to manage and achieve this balance. • The framework has been approved by the board and is managed by the DLC Capital Committee, which is responsible for oversight of the management of capital on a regulatory and an internal capital basis.	Pages 76 to 90 in volume two.

PRINCIPAL RISKS	KEY MITIGATING ACTIONS	FURTHER INFORMATION PROVIDED
Non-trading interest rate risk		
Non-trading interest rate risk, otherwise known as interest rate risk in the banking book, arises from the impact of adverse movements in interest rates on both net interest earnings and economic value of equity. Non-trading interest rate risk in the banking book is an inherent consequence of conducting banking activities, and arises from the provision of retail and wholesale (non-trading) banking products and services.	• The daily management of interest rate risk in the banking book is centralised within the Treasury of each geographic entity and is subject to local independent risk and Asset and Liability Committee (ALCO) review. • Together with the business, the treasurer develops strategies regarding changes in the volume, composition, pricing and interest rate characteristics of assets and liabilities to mitigate the interest rate risk and ensure a high degree of net interest margin stability over an interest rate cycle. These are presented, debated and challenged in the liability product and pricing forum and the ALCO. • Each geographic entity has its own board approved non-trading interest rate risk policy and risk appetite, which is clearly defined in relation to both income risk and economic value risk. The policy dictates that long-term (>1 year) non-trading interest rate risk is materially eliminated. Where natural hedges between banking book items do not suffice to reduce the exposure within defined limits, interest rate swaps are used to transform fixed rate assets and liabilities into variable rate items. • Non-trading interest rate risk is measured and analysed by utilising standard tools of traditional interest rate repricing mismatch and NPV sensitivity to changes in interest rate risk factors.	Pages 66 to 69 in volume two.
Operational risk		
Operational risk is defined as the potential or actual impact to the group as a result of failures relating to internal processes, people, systems or from external events. The impacts can be financial as well as non-financial such as customer detriment, reputational or regulatory consequences. Operational risk includes key aspects such as: business resilience; cyber security; anti-money laundering, terrorist financing and sanctions; fraud; information security; financial crime; outsourcing and third party reliance; process failure; regulatory compliance; technology.	• The operational risk management framework is embedded at all levels of the group, supported by the risk culture and enhanced on a continual basis in line with regulatory developments. Included in the framework are policies, practices and processes which facilitate the identification, assessment, mitigation, monitoring and reporting of operational risk. • The group's approach to manage operational risk operates in terms of a levels of defence model which reinforces accountability by setting roles and responsibilities for managing operational risk. This includes: – Business line management: responsible for identifying and managing risks inherent in the products, activities, processes and systems for which it is accountable – Independent operational risk function: responsible for building and embedding the operational risk framework, challenging the business lines' inputs to, and outputs from, the group's risk management, risk measurement and reporting activities – Independent review and challenge: responsible for reviewing and testing the application and effectiveness of operational risk management procedures and practices. • Business unit management, supported by operational risk managers who operate at a business unit level, are responsible for embedding and implementing operational risk practices and policies. • Ensuring that personnel are adequately skilled at both a business unit and a group level. • We have established independent model validation teams who review the models and provide feedback on accuracy and operation of the model and note items for further development.	Pages 16 and 69 to 73 in volume 2 and page 49 of volume 3.

PRINCIPAL RISKS	KEY MITIGATING ACTIONS	FURTHER INFORMATION PROVIDED
Reputational and strategic risk		
Reputational risk is damage to our reputation, name or brand. Reputational risk is often associated with strategic decisions made and also arises as a result of other risks manifesting and not being appropriately mitigated.	• We have various policies and practices to mitigate reputational risk, including strong values that are regularly and proactively reinforced. • Strategic and reputational risk is mitigated as much as possible through detailed processes and governance/escalation procedures from business units to the board, and from regular, clear communication with shareholders, customers and all stakeholders. • A disclosure and public communications policy has been approved by the board.	Page 73 in volume two.
Conduct risk		
Conduct risk means the risk that detriment is caused to the group, its customers, its counterparties or the market, as a result of inappropriate execution of business activities.	• Investec's approach to conduct risk is driven by our values and philosophies, ensuring that Investec operates with integrity and puts the well-being of its clients at the heart of how the business is run. • Investec ensures that its products and services are scrutinised and regularly reviewed to identify any issues early on and to make sure they are escalated for appropriate resolution and, where necessary, remedial action. • Investec's conduct risk policy aims to create an environment for consumer protection and market integrity within the business, supported with the right conduct risk management framework. • Customer and market conduct committees exist in South Africa and the UK, with the objective of ensuring that Investec maintains a client-focused and fair outcomes-based culture. • Efforts are focused on increasing system capability, developing and implementing effective controls and ensuring adequate resourcing to improve efficiency and manage and mitigate money laundering, terrorist financing and bribery and corruption risk.	Page 74 in volume two as well as page 129 in volume one.
Compliance, governance and regulatory risk		
The risks of changing legislation, regulation, policies, voluntary codes of practice and their interpretation in the markets in which we operate can have a significant impact on the group's operations, business prospects, costs, liquidity and capital requirements.	• Investec remains focused on complying with the highest levels of compliance to professional standards and integrity in each of our jurisdictions. Our culture is a major component of our compliance framework and is supported by robust policies, processes and talented professionals who ensure that the interests of our customers and shareholders remain at the forefront of everything we do. • We have independent compliance functions in each of our core operating jurisdictions, which ensure that the group implements the required processes, practices and policies to adhere to applicable regulations and legislation. • A global compliance forum exists which establishes and standardises group standards where applicable.	Pages 93 and 94 in volume two as well as our 2019 corporate sustainability and ESG supplementary report on our website.

PRINCIPAL RISKS	KEY MITIGATING ACTIONS	FURTHER INFORMATION PROVIDED
Legal risk		
Legal risk is the risk of loss resulting from any of our rights not being fully enforceable or from our obligations not being properly performed. This includes our rights and obligations under contracts entered into with counterparties.	• A Legal Risk Forum is constituted in each significant legal entity within the group to ensure we keep abreast of developments and changes in the nature and extent of our activities, and to benchmark our processes against best practice. • We have a central independent in-house legal team with embedded business unit legal officers where business volumes or needs dictate. • This is supplemented by a pre-approved panel of third party firms to be utilised where necessary.	Page 74 in volume two.
Business risk		
Business risk means the risk that external market factors create income volatility.	• The risk of loss caused by income volatility is mitigated through diversification of income sources, reducing concentration of income from any one type of business or geography and maintaining a flexible cost base. • Group strategy is directed towards generating and sustaining a diversified income base for the group. • In the instance where income falls we retain the flexibility to reduce costs (particularly variable remuneration), thereby maintaining a competitive cost to income ratio.	Pages 8 to 15 and pages 70 to 102.
Environmental (including climate risk), social and economic risk		
The risk that our lending and investment activities give rise to unintended environmental (including climate change), social and economic consequences.	• Investec has a holistic approach to corporate sustainability, which runs beyond recognising our own footprint on the environment, includes our many community activities and is based on a broader responsibility to our environment and society. • Accordingly, corporate sustainability risk considerations are considered by the relevant credit committee or investment committee when making lending or investment decisions. • There is also oversight by the social and ethics committee on social and environmental issues, including climate-related impact considerations.	Pages 158 to 166 and refer to our 2019 corporate sustainability and ESG supplementary report on our website.
People risk		
The risk that we may be unable to recruit, retain and motivate key personnel.	• We focus on building a strong, diverse and capable workforce by providing a workplace that stimulates and rewards distinctive performance. • We invest significantly in a number of opportunities for developing and upskilling employees, and in leadership programmes to develop current and future leaders of the group. • Our internal people activities involve dedicated divisions such as Human Resources (HR) and Organisation Development (OD), which serve to supplement the ongoing people focus of our individual business units. • The Investec careers and HR teams are mandated to enable the attraction, development and retention of talent who can perform in a manner consistent with our culture and values. OD acts to strengthen the culture of the business, ensure its values are lived, build capability and contribute to the long-term sustainability of the organisation.	Pages 158 to 166 and refer to our 2019 corporate sustainability and ESG supplementary report on our website.

Emerging and other risks

In addition to the principal risks outlined above, the risks below may have the potential to impact and/or influence our principal risks and consequently the operations, financial performance, viability and prospects of the group. A number of these risks are beyond the group's control and are considered in our capital plans, stress testing analyses and budget processes, where applicable. These emerging risks are briefly highlighted below and should be read in the context of our approach to risk management and our overall group risk appetite framework (refer to volume two of the integrated annual report).

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

- **Macro-economic and geopolitical risks:** The group is subject to inherent risks arising from general macro-economic and geopolitical conditions in the countries in which it operates, including in particular the UK and South Africa, as well as global economic and geopolitical conditions.

Macro-economic indicators are provided on page 37, and the impact of changes in the external environment during our financial year is discussed in the respective divisional sections on pages 78, 87 to 88 and 99 to 102.

- **Fluctuations in exchange rates could have an adverse impact on the group's results of operations:** The group's 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 individual companies are reported in the local currencies of the countries in which they are domiciled, including Rand, Australian Dollars, Euros and US Dollars. These results are then translated into Pounds Sterling at the applicable foreign currency exchange rates for inclusion in the group's financial statements. 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. Exchange rates between local currencies and Pounds Sterling have fluctuated substantially over the financial year.

Further information is provided on pages 46 to 47.

- **The group's borrowing costs and its access to debt capital markets depend significantly on its credit ratings**: Rating agencies have, in the past, altered their ratings of all or a majority of the participants in a given industry as a result of the risks affecting that industry. A reduction in the group's respective banking entities long- or short-term credit ratings could increase their borrowing costs, limit their access to capital markets and trigger additional collateral requirements in derivative contracts and other secured funding arrangements.

Information on our credit ratings is provided on page 7 and page 91 of volume two.

- **The financial services industry in which the group operates is intensely competitive:** The financial services industry is competitive and the group faces substantial competition in all aspects of its business. The group has developed leading positions in many of its core areas of activity, but does not take competition lightly, and our strategic objectives continue to focus on building business depth; providing the best integrated solution to our clients; and leveraging our digitalisation strategy in order to remain competitive.

Refer to pages 8 to 10 for further information.

- **The group may be exposed to pension risk in relation to its UK operations:** Pension risk arises from obligations arising from defined benefit pension schemes where the group is required to fund any deficit in the schemes. There is one remaining defined benefit pension scheme within the group at 31 March 2019, which is closed to new business.

Refer to pages 74 in volume two and pages 111 to 113 in volume three for further information.

Emerging risks which have continued to unfold and develop during the year, and which are included in our stress tests include:

- **The UK's exit from the European Union:** In March 2017, the UK gave notice of its intention to leave the EU under Article 50 of the Treaty on European Union. Negotiations over the terms of the UK's departure from the EU formally concluded in late-November 2018.

  The two sides agreed a 585-page Withdrawal Agreement in addition to a non-binding political declaration on the future relationship. However, the British Prime Minister failed to secure parliament's approval for the deal. Unless the UK revokes the notice of its intention to leave the EU, gets parliament to approve the deal, or the exit date is postponed with unanimous agreement from the remaining EU member states, the UK will leave the EU on 31 October 2019 with no transitional period.

  Investec Bank plc, Investec Asset Management UK and Investec Wealth & Investment UK have each carried out a Brexit impact assessment, identified key risks and have implemented measures to mitigate them which will allow the group to continue to service EU clients when the UK leaves the EU.

- **South Africa's political environment and outlook for Sovereign's ratings:** Moody's retained South Africa's investment grade long-term sovereign debt credit rating at Baa3 on a dual currency basis over the period on a stable outlook. The other two key credit rating agencies maintained South Africa's sub-investment grade rating over the period. Moody's noted that South Africa's economic growth would likely remain weak and some fiscal slippage may occur, but that South Africa's credit profile would likely stay aligned to those of other Baa3-rated countries. In particular, Moody's recognised that South Africa's depressed business confidence readings have contributed to weak economic growth, following political and policy uncertainty, and weak governance in many state areas. The agency also recognised that while a number of these items are now undergoing improvements, it will likely take time for the effects to come through.

A key risk for South Africa remains the extreme deterioration in many state-owned enterprises' finances with the debt of some of the largest, particularly the state power utility Eskom, guaranteed by the state. Eskom has put a drag on the economy, with its high debt levels adding to the risk of South Africa receiving a credit rating downgrade, and load shedding continuing to weaken economic growth. The group runs a number of stress scenarios which consider the impact of further sovereign rating downgrades on our business. While the chance of further credit rating downgrades has diminished somewhat due to the perceived halt in the deterioration of South Africa's institutional framework, there is still some risk particularly from the contingent liabilities of state-owned institutions, weak economic growth and the size of the sovereign debt itself. No credit rating upgrades are expected in the coming year.

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

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

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

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

In terms of the DLC structure as discussed on page 11, Investec plc and Investec Limited present the year-end results and financial position of the combined DLC group under International Financial Reporting Standards (IFRS), denominated in Pounds Sterling.

Sound financial performance

Adjusted operating profit*⊙ increased 9.4% (increase of 12.6% on a currency neutral basis)

2019
£664.5mn
2018
£607.5mn

Adjusted attributable earnings^ increased 5.8% (increase of 9.2% on a currency neutral basis)

2019
£519.3mn
2018
£491.1mn

Adjusted earnings^ per share increased 3.6% (increase of 7.0% on a currency neutral basis)

2019
55.1p
2018
53.2p

Dividends per share increased 2.1%

2019
24.5p
2018
24.0p

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

⊙Alternative performance measures

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

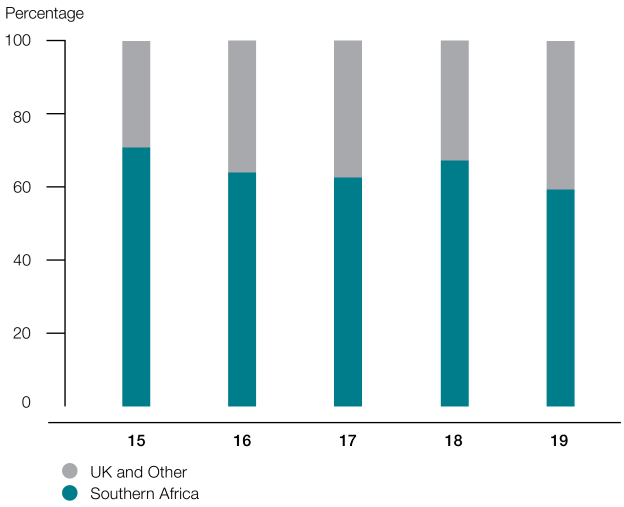
The definition of alternative performance measures is provided in the definitions section of this report.

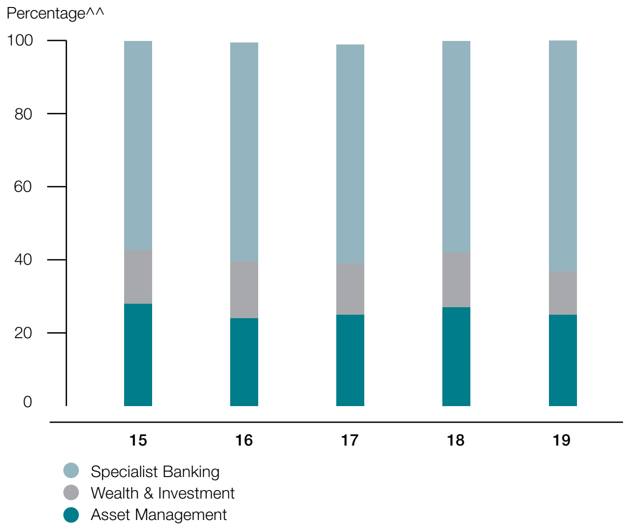
Group operational performance supported by our client franchises

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

We have a diversified business model

% contribution of adjusted operating profit⊙ before taxation*



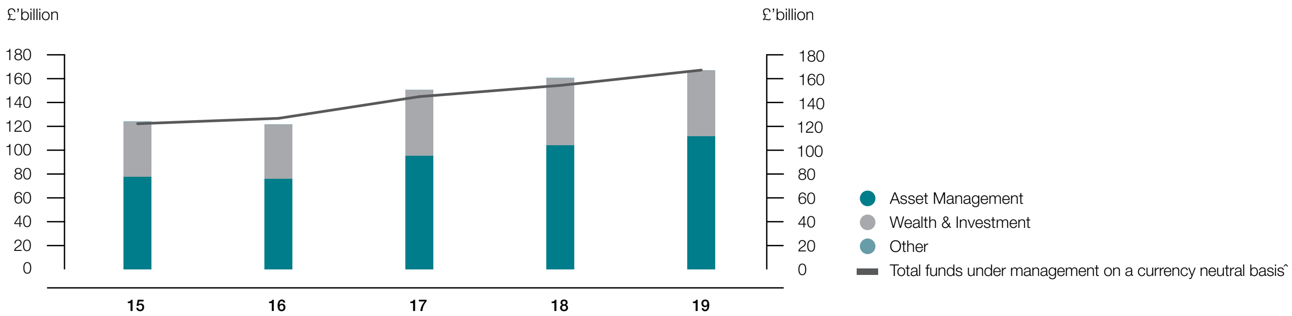


^^ *Excluding group costs.*

We continued to grow our key earnings drivers

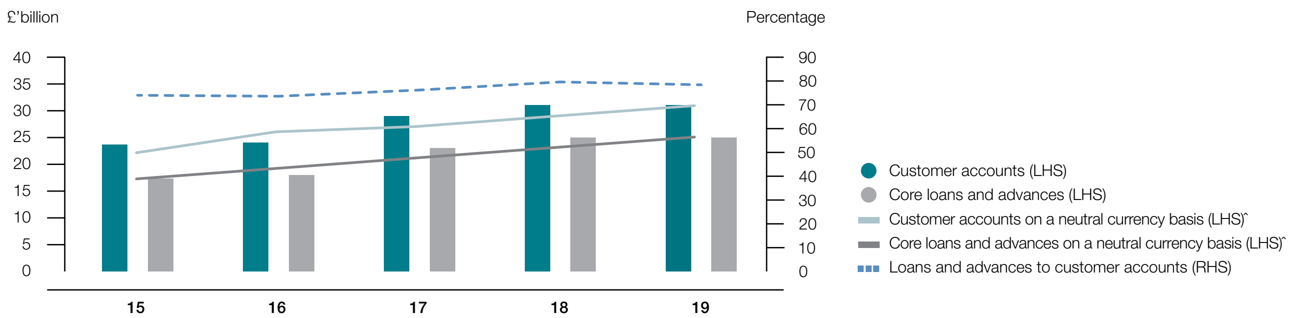
Funds under management increased 4.1% to £167.2 billion – an increase of 8.3% on a currency neutral basis
Net inflows of £6.5 billion

Funds under management



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

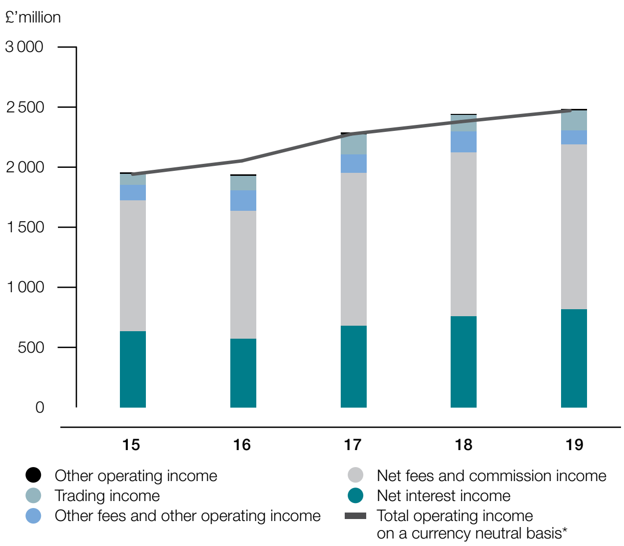
Core loans and customer deposits



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

Supporting growth in operating income

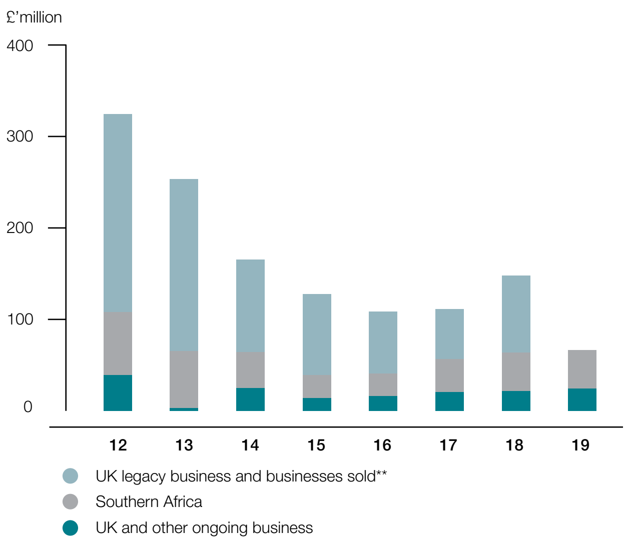
Total operating income



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

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

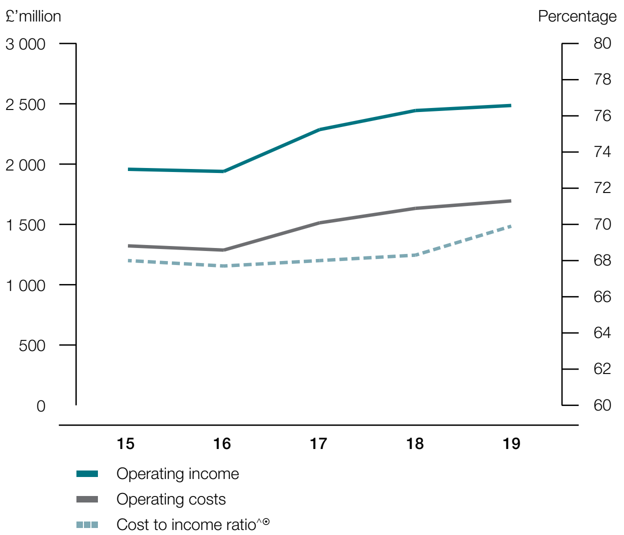
Impairments



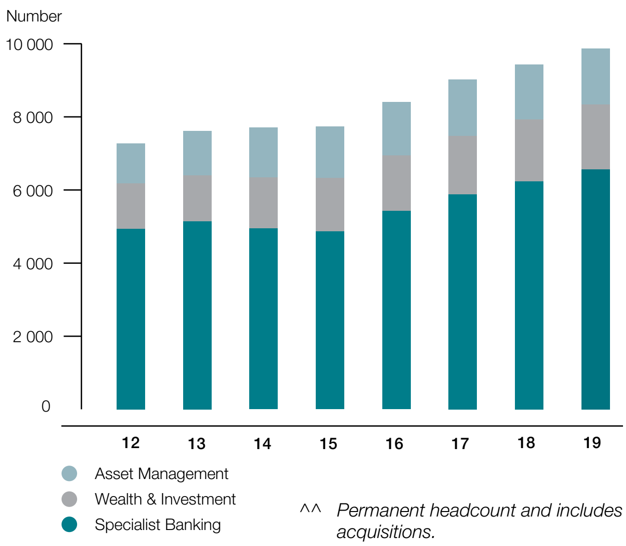
** *Refers to the remaining UK legacy business as well as group assets that were sold in the 2015 financial year.*

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

Jaws ratio® for the group



Headcount^^



^^ *Permanent headcount and includes acquisitions.*

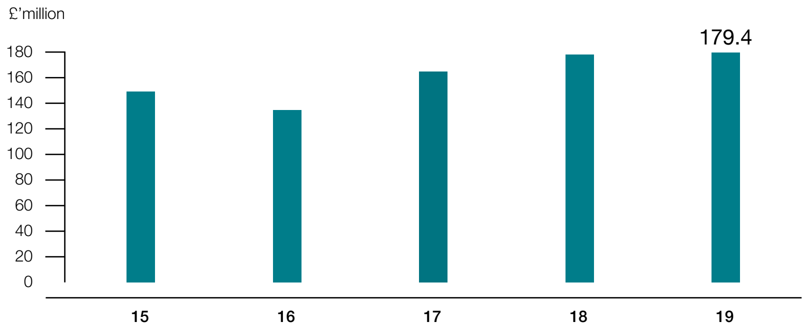
^ *The group changed its cost to income definition to exclude profits and losses attributable to other non-controlling interests. Refer to definitions page.*

®Alternative performance measures

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

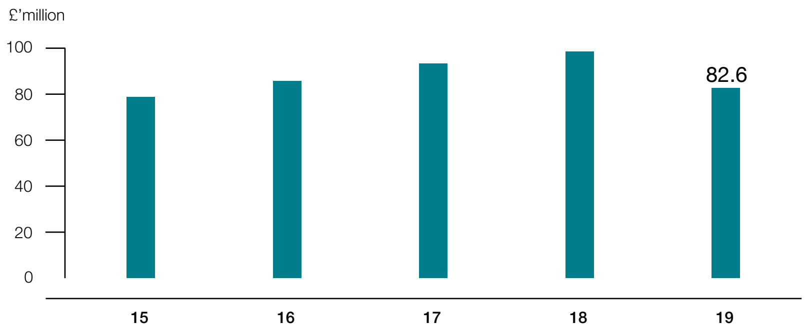
Resulting in a sound performance from our businesses

Adjusted operating profit® – Asset Management*



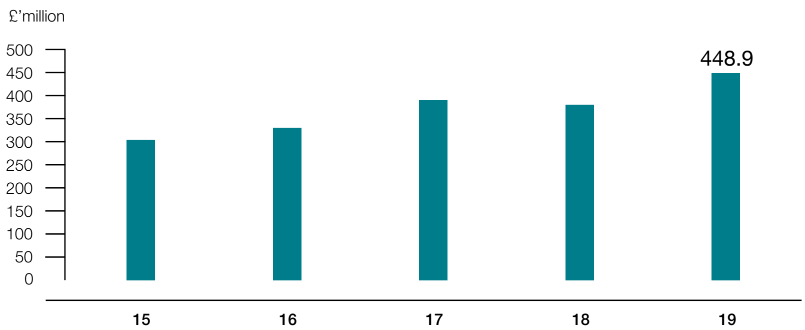
Refer to pages 72 – 78 for a divisional review of the Asset Management business performance.

Adjusted operating profit® – Wealth & Investment*



Refer to pages 81 – 88 for a divisional review of the Wealth & Investment business performance.

Adjusted operating profit® – Specialist Banking*



Refer to pages 89 – 100 for a divisional review of the Specialist Banking business performance.

* *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

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Sound capital and liquidity

Continue to focus on:

- Maintaining a high level of readily available, high-quality liquid assets targeting a minimum cash to customer deposit ratio® of 25%, with the year-end ratio at 42.4%
- Diversifying funding sources
- Maintaining an appropriate mix of term funding
- Limiting concentration risk.

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

A well-established liquidity management philosophy remains in place.

The group's loans and advances to customers to customer deposits ratios® are as follows:

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

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

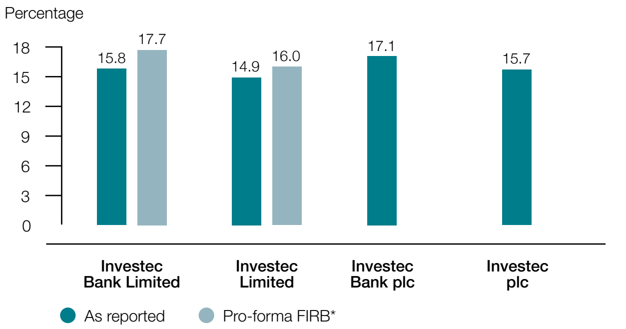
The banking entities exceed the minimum regulatory requirements for the liquidity coverage ratio and the net stable funding ratio.

Capital remained in excess of current regulatory requirements.

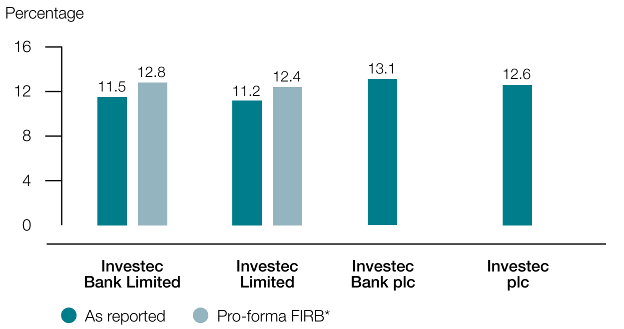
We are comfortable with our common equity tier 1 ratio target at a 10.0% level given the group's significant capital light revenues, and leverage ratios for Investec Limited and Investec plc of 10.8% and 10.5% respectively.

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

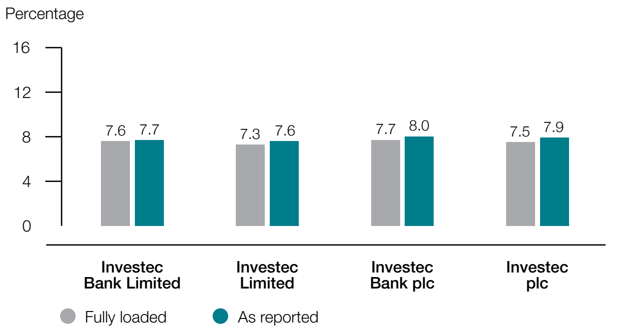
Capital adequacy ratios



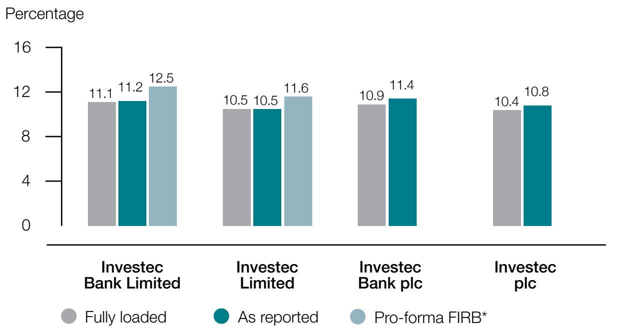
Tier 1 ratios



Leverage ratios



Common equity tier 1 ratios



Note: *Refer to page 68 for detailed definitions and explanations.*

* *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.*

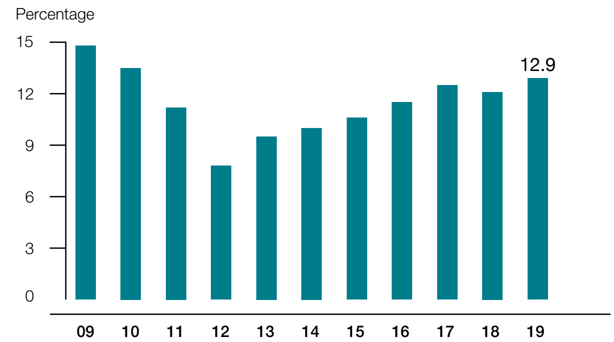
Investec group existing targets

ROE TARGET

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

Group ROE: 12% to 16% in Pounds Sterling

ROE*

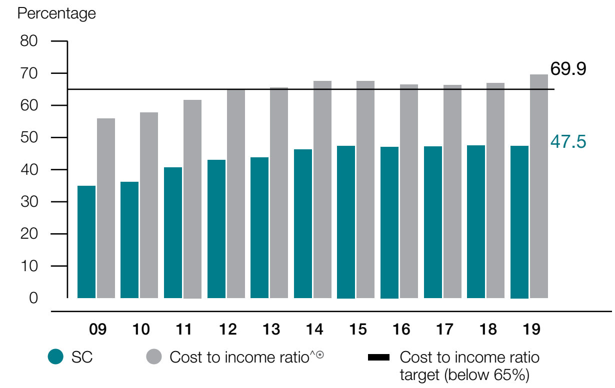


COST TO INCOME TARGET

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

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

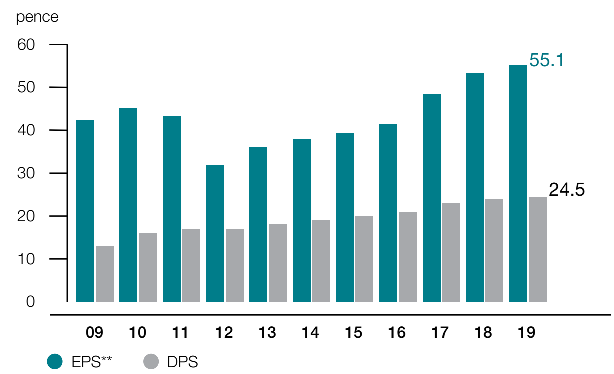
Cost to income ratio^⊙ and staff compensation to operating income ratio (SC)



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

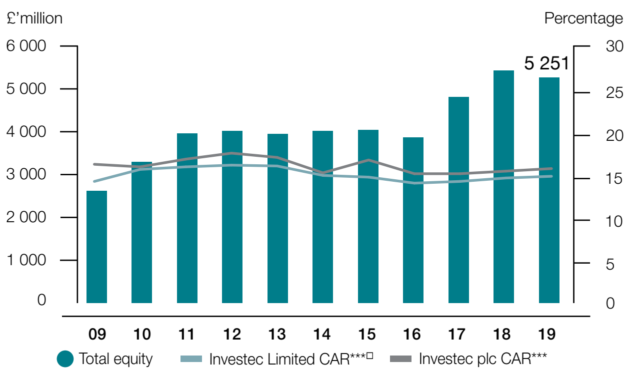
Adjusted earnings per share⊙ (EPS) and dividends per share (DPS)



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 as calculated on page 62.*

** *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.

Ten-year review

*Salient features**

For the year ended 31 March	2019□	2018	% change 2019 vs 2018
Income statement and selected returns			
Adjusted earnings attributable to ordinary shareholders (£'000)	519 342	491 062	5.8%
Headline earnings (£'000)⊙	495 616	449 647	10.2%
Adjusted operating profit (£'000)ø	664 527	607 505	9.4%
Adjusted operating profit: Southern Africa (% of total)ø	59.2%	67.2%	
Adjusted operating profit: UK and Other (% of total)ø	40.8%	32.8%	
Cost to income ratio^^^⊙	69.9%	68.3%	
Staff compensation to operating income ratio#	47.5%	47.5%	
Return on average ordinary shareholders' equity (post-tax)⊙	12.9%	12.1%	
Return on average ordinary tangible shareholders' equity (post-tax)⊙	14.5%	13.7%	
Return on average risk-weighted assets	1.50%	1.45%	
Operating margin of the combined Asset Management and Wealth & Investment businesses⊙	26.9%	29.3%	
Adjusted operating profit per employee (£'000)⊙	64.1	61.2	
Net interest income as a % of operating income⊙	32.8%	31.1%	
Non-interest income as a % of operating income⊙	67.2%	68.9%	
Annuity income as a % of total operating income⊙	76.9%	76.2%	
Effective operational tax rate	12.0%	9.6%	
Balance sheet			
Total capital resources (including subordinated liabilities) (£'million)	6 898	6 911	(0.2%)
Total equity (£'million)	5 251	5 428	(3.3%)
Shareholders' equity (excluding non-controlling interests) (£'million)	4 316	4 442	(2.8%)
Total assets (£'million)	57 724	57 617	0.2%
Net core loans and advances to customers (£'million)	24 941	25 132	(0.8%)
Core loans and advances to customers as a % of total assets	43.2%	43.6%	3.6%
Cash and near cash balances (£'million)	13 288	12 825	1.0%
Customer accounts (deposits) (£'million)	31 307	30 987	4.1%
Third party assets under management (£'million)	167 172	160 576	
Gearing ratio (assets excluding assurance assets to total equity)⊙	9.4x	9.1x	
Core loans to equity ratio	4.8x	4.6x	
Loans and advances to customers to customer deposits ratio⊙	78.4%	79.6%	
Salient financial features and key statistics			
Adjusted earnings per share (pence)⊙	55.1	53.2	3.6%
Headline earnings per share (pence)	52.6	48.7	8.0%
Basic earnings per share (pence)	52.0	51.2	1.6%
Diluted earnings per share (pence)	50.9	49.8	2.3%
Dividends per share (pence)	24.5	24.0	2.1%
Dividend cover (times)	2.2	2.2	–
Net asset value per share (pence)	434.1	452.5	(4.1%)
Net tangible asset value per share (pence)	386.0	401.5	(3.9%)
Weighted number of ordinary shares in issue (million)	942.2	923.5	2.0%
Total number of shares in issue (million)	1 001.0	980.6	2.1%
Closing share price (pence)	442	550	(19.6%)
Market capitalisation (£'million)	4 424	5 393	(18.0%)
Number of employees in the group (including temps and contractors)	10 573	10 146	4.2%
Closing ZAR:£ exchange rate	18.80	16.62	(13.1%)
Average ZAR:£ exchange rate	18.04	17.21	(4.8%)
Capital adequacy ratio: Investec 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 page 220.
** 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.
° Investec Limited's numbers have been reported in terms of Basel III since 31 March 2013, and Investec plc has been reporting in terms of Basel III since 31 March 2014.
ø Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.

⊙ **Alternative performance measures**
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.

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

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

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

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

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

Exchange rates

Our reporting currency is Pounds Sterling. Certain of our operations are conducted by entities outside the UK. The results of operations and the financial position of our individual companies are reported in the local currencies of the countries in which they are domiciled, including South African Rands, Australian Dollars, Euros and US Dollars. These results are then translated into Pounds Sterling at the applicable foreign currency exchange rates for inclusion in our combined consolidated financial results. In the case of the income statement, the weighted average rate for the relevant period is applied and, in the case of the balance sheet, the relevant closing rate is used.

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

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

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

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

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

Exchange rates between local currencies and Pounds Sterling have fluctuated over the year. The most significant impact arises from the volatility of the Rand. The average Rand: Pound Sterling exchange rate over the year has depreciated by 4.8% and the closing rate has depreciated by 13.1% since 31 March 2018.

Salient features

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

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

* *Before goodwill, acquired intangibles, non-operating items and after other non-controlling interests.*
** *Before goodwill, acquired intangibles, non-operating items and after non-controlling interests.*
^ *For income statement items we have used the average Rand: Pound Sterling exchange rate that was applied in the prior year, i.e. 17.21.*

⊙Alternative performance measures

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

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

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

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

	Results in Pounds Sterling			Results in Rands		
	Year to 31 March 2019	Year to 31 March 2018	% change	**Year to 31 March 2019**	Year to 31 March 2018	% change
Adjusted operating profit before taxation* (million)⦿	**£665**	£608	9.4%	**R11 994**	R10 412	15.2%
Earnings attributable to shareholders (million)	**£531**	£506	5.1%	**R9 599**	R8 648	11.0%
Adjusted earnings attributable to ordinary shareholders** (million)⦿	**£519**	£491	5.8%	**R9 388**	R8 395	11.8%
Adjusted earnings per share**	**55.1p**	53.2p	3.6%	**996c**	909c	9.6%
Basic earnings per share	**52.0p**	51.2p	1.6%	**940c**	875c	7.4%
Headline earnings per share	**52.6p**	48.7p	8.0%	**951c**	833c	14.2%
Dividends per share	**24.5p**	24.0p	2.1%	**457c**	432c	5.8%
	At 31 March 2019	At 31 March 2018	% change	**At 31 March 2019**	At 31 March 2018	% change
Net asset value per share	**434.1p**	452.5p	(4.1%)	**8 159c**	7 521c	8.5%
Net tangible asset value per share	**386.0p**	401.5p	(3.9%)	**7 256c**	6 674c	8.7%
Total equity (million)	**£5 251**	£5 428	(3.3%)	**R98 911**	R90 218	9.6%
Total assets (million)	**£57 724**	£57 617	0.2%	**R1 085 125**	R957 592	13.3%
Core loans and advances (million)	**£24 941**	£25 132	(0.8%)	**R468 882**	R417 695	12.3%
Cash and near cash balances (million)	**£13 288**	£12 825	3.6%	**R249 793**	R213 155	17.2%
Customer deposits (million)	**£31 307**	£30 987	1.0%	**R588 525**	R515 007	14.3%
Third party assets under management (million)	**£167 172**	£160 576	4.1%	**R3 142 833**	R2 661 492	18.1%

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

We provide a wide range of financial products and services to a select client base in three principal markets, the UK and Europe, South Africa and Asia/Australia. We operate across three principal business divisions: Asset Management, Wealth & Investment and Specialist Banking

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

Asset Management

Key income drivers	Income impacted primarily by	Income statement – primarily reflected as
• Fixed fees as a percentage of assets under management • Variable performance fees.	• Movements in the value of the assets underlying client portfolios • Performance of portfolios against set benchmarks • Net flows.	• Fees and commissions.

Wealth & Investment

Key income drivers	Income impacted primarily by	Income statement – primarily reflected as
• Investment management fees levied as a percentage of assets under management • Commissions earned for executing transactions for clients.	• Movement in the value of assets underlying client portfolios • The level of investment activity undertaken on behalf of clients, which, in turn, is affected by, among other things, the performance of the global stock markets (which drives investment opportunities), the equity investment risk appetite of our clients, tax considerations and market liquidity.	• Fees and commissions.

Specialist Banking

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

Income statement analysis

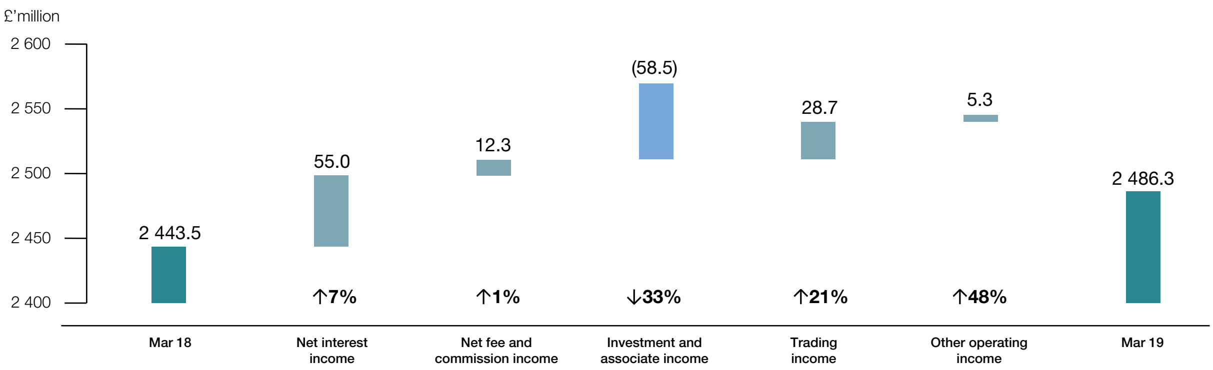
The overview that follows will highlight the main reasons for the variance in the major category line items on the face of the income statement during the year under review.

Further details on the key income drivers and significant variances in the various components of our operating income, expenses and profit can be found in the description of our principal businesses on pages 70 to 102.

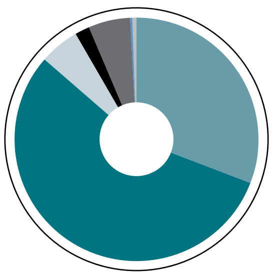
Total operating income

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

A breakdown of total operating income before expected credit losses/impairment losses by geography and division for the year under review can be found in our segmental disclosures on pages 51 to 61 in volume three.

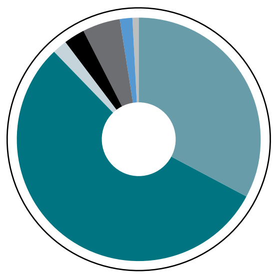


% of total operating income before expected credit losses / impairment losses



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

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



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

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

Net interest income

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

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

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

		UK and Other		Southern Africa		Total group	
For the year to 31 March 2019 £'000	Notes	Balance sheet value	Interest income	Balance sheet value	Interest income	**Balance sheet value**	**Interest income**
Cash, near cash and bank debt and sovereign debt securities	1	7 575 683	62 445	7 412 789	432 162	14 988 472	494 607
Core loans and advances	2	10 515 665	586 608	14 426 957	1 377 226	24 942 622	1 963 834
Private client		4 197 181	169 702	9 837 641	953 296	14 034 822	1 122 998
Corporate, institutional and other clients		6 318 484	416 906	4 589 316	423 930	10 907 800	840 836
Other debt securities and other loans and advances		676 461	78 950	739 883	49 559	1 416 344	128 509
Other interest-earning assets	3	–	–	155 053	54 970	155 053	54 970
Total interest-earning assets		**18 767 809**	**728 003**	**22 734 682**	**1 913 917**	**41 502 491**	**2 641 920**

		UK and Other		Southern Africa		Total group	
For the year to 31 March 2019 £'000	Notes	Balance sheet value	Interest expense	Balance sheet value	Interest expense	**Balance sheet value**	**Interest expense**
Deposits by banks and other debt related securities	4	4 040 397	(138 306)	3 154 292	(141 581)	7 194 689	(279 887)
Customer accounts (deposits)		13 136 539	(159 157)	18 170 568	(1 242 208)	31 307 107	(1 401 365)
Other interest-bearing liabilities	5	–	–	91 522	(23 365)	91 522	(23 365)
Subordinated liabilities		803 699	(51 051)	843 572	(70 825)	1 647 271	(121 876)
Total interest-bearing liabilities		**17 980 635**	**(348 514)**	**22 259 954**	**(1 477 979)**	**40 240 589**	**(1 826 493)**
Net interest income			**379 489**		**435 938**		**815 427**
Net interest margin (local currency)			**2.13%**		**1.9%****		

Notes:
1. *Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; and bank debt securities.*
2. *Comprises (as per the balance sheet) loans and advances to customers; and own originated loans and advances to customers securitised.*
3. *Comprises (as per the balance sheet) other securitised assets and Investec Import Solutions debtors. No securitised assets are held at amortised cost outside of Southern Africa.*
4. *Comprises (as per the balance sheet) deposits by banks; debt securities in issue; repurchase agreements and cash collateral on securities lent.*
5. *Comprises (as per the balance sheet) liabilities arising on securitisation of own originated assets; and liabilities arising on securitisation. No liabilities on securitisation are held at amortised cost outside of Southern Africa.*

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

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

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

Notes:

1. *Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; and bank debt securities.*
2. *Comprises (as per the balance sheet) loans and advances to customers; and own originated loans and advances to customers securitised.*
3. *Comprises (as per the balance sheet) other securitised assets. No securitised assets are held at amortised cost outside of Southern Africa.*
4. *Comprises (as per the balance sheet) deposits by banks; debt securities in issue; repurchase agreements and cash collateral on securities lent.*
5. *Comprises (as per the balance sheet) liabilities arising on securitisation of own originated assets; and liabilities arising on securitisation. No liabilities on securitisation are held at amortised cost outside of Southern Africa.*

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

Net fee and commission income

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

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

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

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

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

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

Investment income

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

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

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

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

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

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

Share of post taxation profit of associates

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

Trading income

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

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

Arising from customer flow

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

Arising from balance sheet management and other trading activities

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

Expected credit loss (ECL) impairment charges

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

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

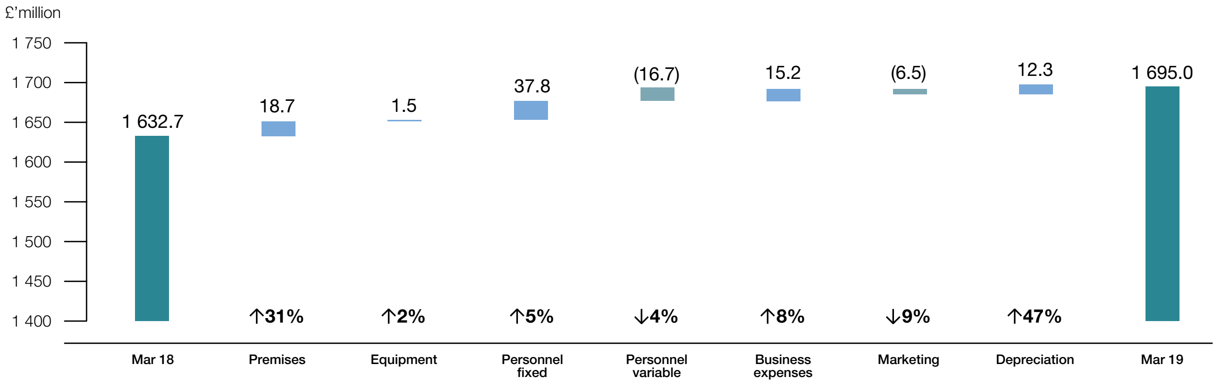
Further information on asset quality is provided on pages 33 to 37 in volume two.

Further information on the breakdown of expected credit loss impairment charges is provided on pages 66 of volume three.

Operating costs

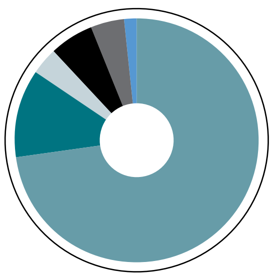
Operating costs increased 3.8% to £1 695.0 million (2018: £1 632.7 million), impacted by a lower premises charge in the prior year (from the rental provision release in South Africa) and headcount growth to support business activity, regulatory requirements and IT development. The cost to income ratio⦿*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

Operating costs



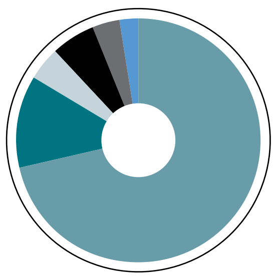
A breakdown of operating costs by geography and division for the year under review can be found in our segmental disclosures on pages 58 to 61 in volume three, with a breakdown by cost type on page 67 in volume three.

% of operating costs



31 MARCH 2018
£1 632.7 million operating costs

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



31 MARCH 2019
£1 695.0 million operating costs

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

⦿Alternative performance measures

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

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

Adjusted operating profit⊙

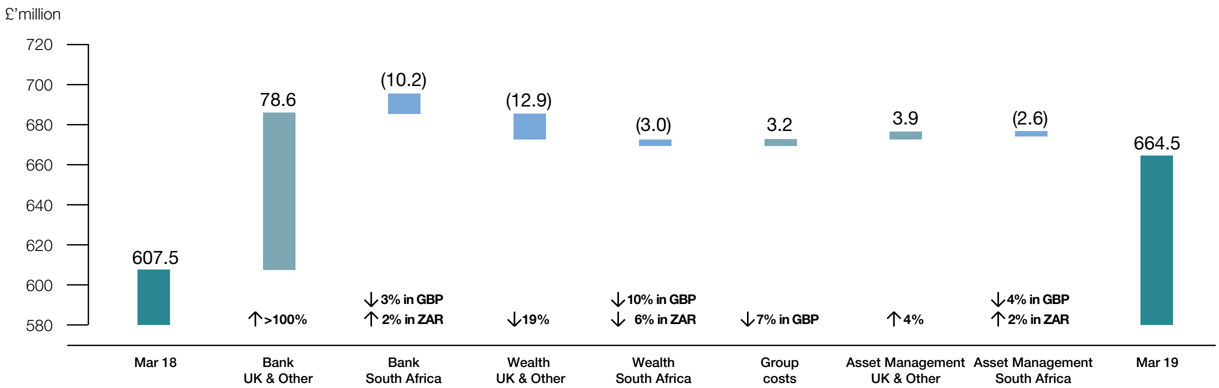
As a result of the foregoing factors, our adjusted operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests increased by 9.4% from £607.5 million to £664.5 million.

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

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

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

Growth in adjusted operating profit⊙



⊙Alternative performance measures

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

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

Key income drivers in our core businesses

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

Asset Management

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

Wealth & Investment

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

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

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

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

⊙Alternative performance measures

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

Specialist Banking

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

^ *Divisional ROEs are reported on a pre-tax basis. For the purpose of this calculation we have applied the group's effective tax rate in its respective geographies as disclosed on page 60 to derive post-tax numbers. Capital as at 31 March 2019 was c.£1.5 billion in the UK and c.R39 billion in South Africa.*

^^ *Impacted by sale of assets.*

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

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

Refer pages 96 to 97 for further information on the group's investment activities in South Africa.

Impairment of goodwill and amortisation of acquired intangibles

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

Goodwill and intangible assets analysis – balance sheet information

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

Financial impact of group restructures and acquisitions of subsidiaries

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

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

Taxation on operating profit before goodwill and acquired intangibles

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

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

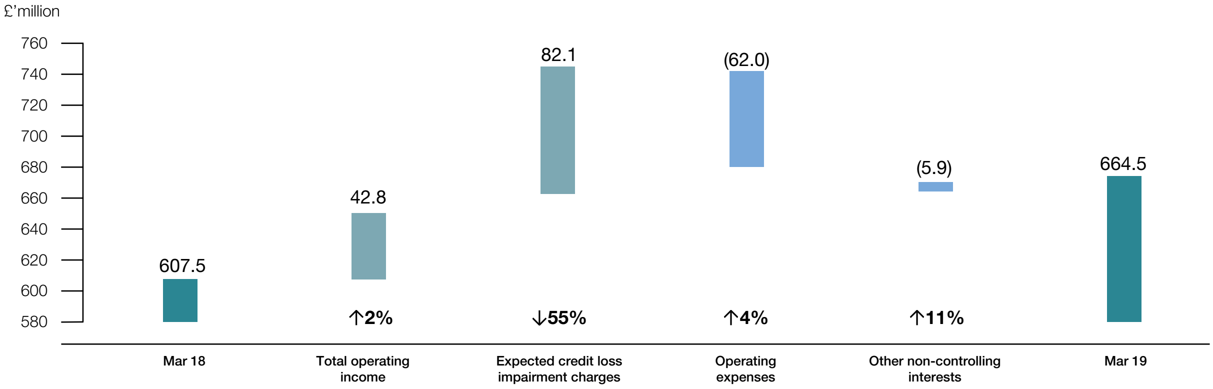
Profit attributable to non-controlling interests

Profit attributable to non-controlling interests mainly comprises:

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

In summary

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



Earnings attributable to shareholders

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

Dividends and earnings per share

Information with respect to dividends and earnings per share is provided on pages 72 to 74 in volume three.

Balance sheet analysis

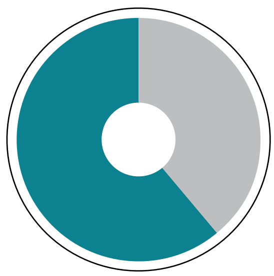
Since 31 March 2018:

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

Assets by geography

31 MARCH 2018
£57 617 million total assets

35.7%	UK and Other
64.3%	Southern Africa



31 MARCH 2019
£57 724 million total assets

39.1%	UK and Other
60.9%	Southern Africa

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

⊙Alternative performance measures

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.

Net tangible asset value per share

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

Return on risk-weighted assets

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

Return on equity

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

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

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

Return on equity by geography

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

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

Return on equity by business and geography*

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

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

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

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

** *Using 1 April 2018 opening equity.*

Refer to page 59 for post-tax ROEs for the Specialist Banking division.

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

Number of employees

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

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

Adjusted operating profit*⊙ per employee

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

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

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

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

⊙Alternative performance measures

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

Total third party assets under management

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

A further analysis of third party assets under management

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

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

Capital management and allocation

We hold capital in excess of regulatory requirements targeting a minimum common equity tier 1 capital ratio of 10% and a total capital adequacy ratio range of 14% – 17% on a consolidated basis for each of Investec plc and Investec Limited.

Further information is provided on pages 76 to 90 in volume two.

A summary of capital adequacy and leverage ratios

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

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

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

° *The capital adequacy disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the group operates. For Investec plc and Investec Bank plc this does not include the deduction of foreseeable charges and dividends when calculating the CET 1 ratio as required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of this deduction totalling £63 million (31 March 2018: £65 million) for Investec plc and £19 million (31 March 2018: £18 million) for IBP would lower the CET 1 ratio by 41bps (31 March 2018: 45bps) and 13bps (31 March 2018: 13bps) respectively.*

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

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

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

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

Based on revised BIS rules.

3 DIVISIONAL REVIEW

Investec is a focused specialist bank and asset manager striving to be distinctive in all that it does

Our strategic goals and objectives are motivated by the desire to develop an efficient and integrated business on an international scale through the active pursuit of clearly established core competencies in our principal business areas. Our core philosophy is to build well-defined, value-added businesses focused on serving the needs of select market niches where we can compete effectively.

We seek to maintain an appropriate balance between revenue earned from capital light activities and revenue earned from capital intensive activities. This ensures that we are not over reliant on any one part of our business to sustain our activities and that we have a large recurring revenue base that enables us to navigate through varying cycles and to support our long-term growth objectives.

Integrated global management structure

Global roles as at 31 March 2019

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

DIVISIONAL BUSINESS LEADERS

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

SUPPORT STRUCTURES

Human resources and organisational development
Marc Kahn

Corporate governance and compliance
Bradley Tapnack

Group finance
Nishlan Samujh

Share schemes and secretarial
Les Penfold

Group marketing
Malcolm Fried

Group investor relations
Ursula Nobrega

Key leadership changes

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

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

Asset Management

What we do

Active investment management for third parties

Where we operate

- Africa
- Americas
- Asia Pacific
- UK
- Europe

Bank and Wealth

Wealth & Investment

What we do

Discretionary wealth management

Investment advisory services

Financial planning

Stockbroking/execution only

Where we operate

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

Specialist Banking

What we do

Private Banking

Corporate, Business and Institutional Banking

Investment activities

Where we operate

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

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

At 31 March 2019

Executive committee

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

Chief operating officer
Kim McFarland^

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

Managing director, South Africa
Thabo Khojane

Managing director, North America
Philip Anker

Global head of product management
Khadeeja Bassier

Global head of human capital
Duncan Coombe

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

Our investment team of over 200 investment professionals applies clear investment philosophies and processes across multiple asset classes. Our client group is organised across five geographically defined units serving our clients around the globe. These teams are supported by our global investment and operational structure.

* *Hendrik du Toit became Joint CEO of Investec group on 1 October 2018, following which John Green and Domenico (Mimi) Ferrini assumed their roles as co-chief executive officers.*

^ *On 1 April 2019 Kim McFarland assumed the role of Finance Director.*

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

⊙Alternative performance measures

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

Annual highlights

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

Assets under management
up 7.3% to
£111.4 billion

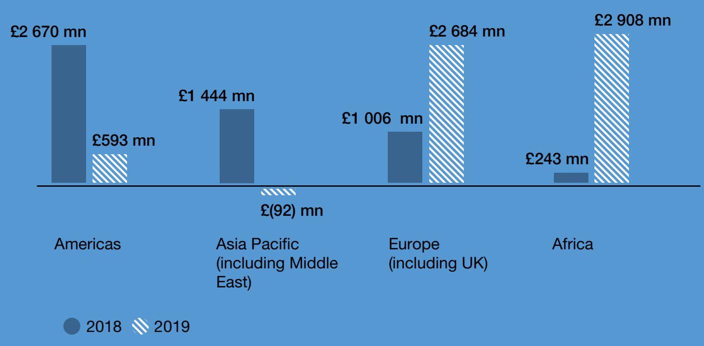
Operating margin
31.3%
(2018: 33.0%)

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

Our value proposition

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

Where we operate



Net flows by geography

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

What we do

Organisational structure

Investments

Equities
- Long-only equity

Fixed Income
- Credit
- Sovereign
- Money market

Multi-asset
- Global solutions
- Income solutions

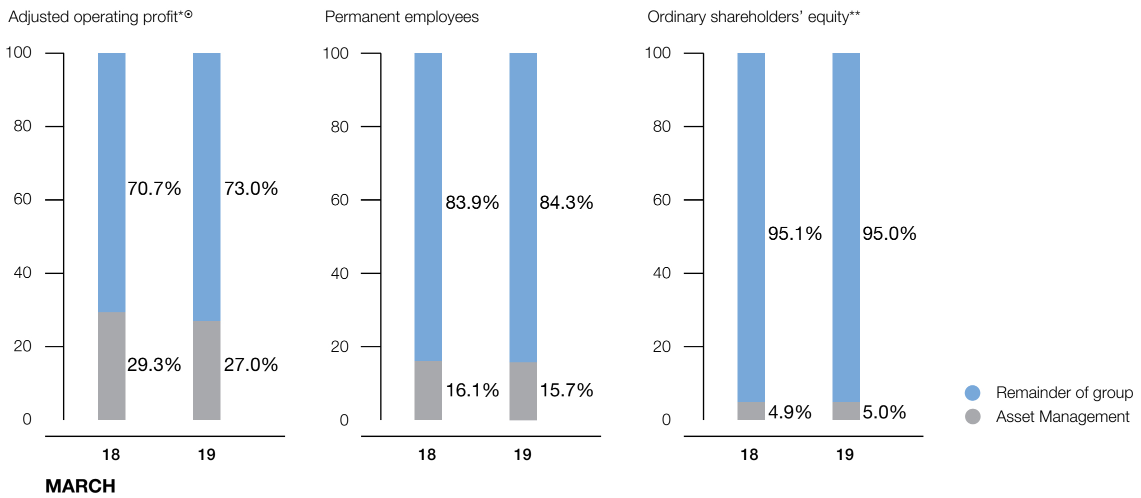
Alternatives
- Commodities
- Private equity
- Real estate
- Infrastructure debt

Client groups

United Kingdom | Africa | Americas | Asia Pacific | Europe

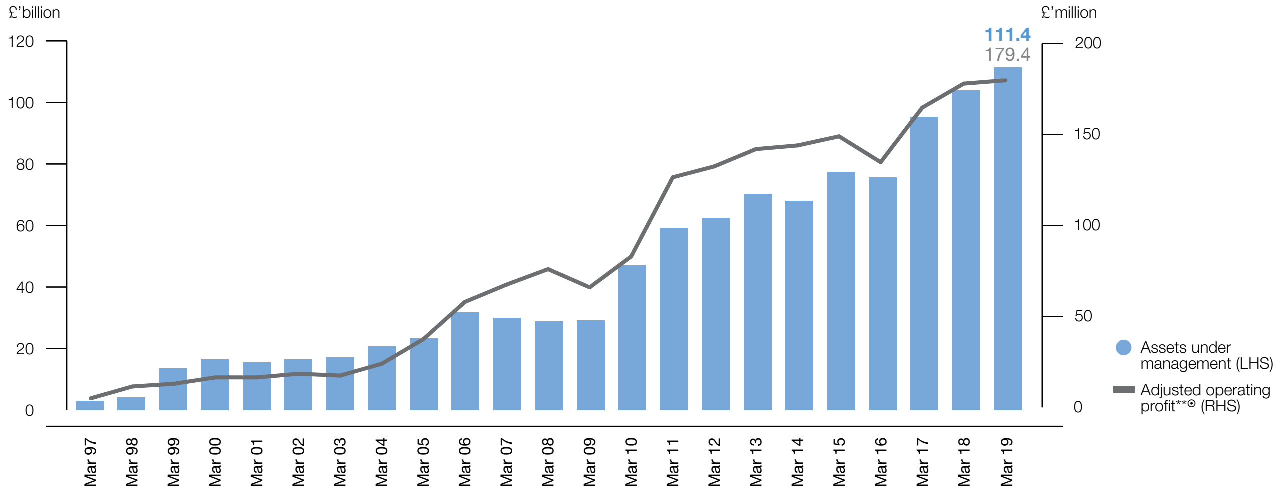
Global operations platform

Financial analysis



* Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.
** As calculated on pages 64 to 65, based on regulatory capital requirements.

Historical financial performance



⊙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.

Income statement analysis

£'000	31 March 2019	31 March 2018	Variance	% change
Net interest income	5 683	5 471	212	3.9%
Net fee and commission income	556 901	537 134	19 767	3.7%
Investment income/(loss)	25	(15)	40	>100.0%
Trading income/(loss) arising from balance sheet management and other trading activities	5 058	(5 077)	10 135	>100.0%
Other operating income	5 395	2 165	3 230	>100.0%
Total operating income before expected credit losses	**573 062**	**539 678**	**33 384**	**6.2%**
Expected credit loss impairment release	6	–	6	100.0%
Operating income	**573 068**	**539 678**	**33 390**	**6.2%**
Operating costs	(393 706)	(361 633)	(32 073)	(8.9%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and other non-controlling interests	**179 362**	**178 045**	**1 317**	**0.7%**
Profit attributable to Asset Management non-controlling interests**	(25 658)	(23 817)	(1 841)	7.7%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	**153 704**	**154 228**	**(524)**	**(0.3%)**
UK and Other	91 893	89 155	2 738	3.1%
Southern Africa	61 811	65 073	(3 262)	(5.0%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after non-controlling interests	**153 704**	**154 228**	**(524)**	**(0.3%)**
Selected returns and key statistics				
Ordinary shareholders' equity*	204 297	199 416	4 881	2.4%
ROE (pre-tax)*	87.3%	91.0%		
Return on tangible equity (pre-tax)*	154.8%	167.4%		
Operating margin⦿	31.3%	33.0%		
Adjusted operating profit per employee (£'000)*^⦿	161.9	172.3		

* *As calculated on pages 64 to 66, based on regulatory capital requirements.*

** *Earnings after tax attributable to non-controlling interests includes the portion of earnings attributable to the 20% (minus one share) shareholding in the business by employees (31 March 2018: 17%).*

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

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

- Income was supported by substantial net inflows, higher average assets under management, and favourable market movements, partially offset by lower performance fees.
- Performance fees decreased over the period under review from £18.4 million to £11.0 million.
- Costs have increased ahead of revenue impacted by MiFID II and new premises costs.
- Against this backdrop, our operating profit before non-controlling interests increased by 0.7%.

During the period, the management of Investec Asset Management exercised their remaining options to acquire an additional 3% holding in the business.

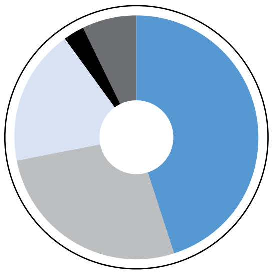
⦿Alternative performance measures

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.

Assets under management (AUM) and flows

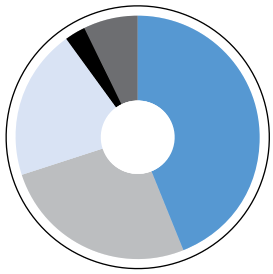
£'million	AUM 31 March 2019	Net flows	Markets/ foreign exchange movements	AUM 31 March 2018
Equities	50 534	2 391	2 647	45 496
Fixed Income	29 782	2 748	(273)	27 307
Multi-asset	20 504	447	(753)	20 810
Alternatives	3 272	280	116	2 876
Third party funds on advisory platform	7 327	227	(273)	7 373
Total	**111 419**	**6 093**	**1 464**	**103 862**

Assets under management by asset class



31 MARCH 2019

45%	Equities
27%	Fixed Income
18%	Multi-Asset
3%	Alternatives
7%	Third party funds on advisory platform



31 MARCH 2018

44%	Equities
26%	Fixed Income
20%	Multi-Asset
3%	Alternatives
7%	Third party funds on advisory platform

Note: The assets under management and flows exclude a historic low value cash plus account that is subject to volatile flows.

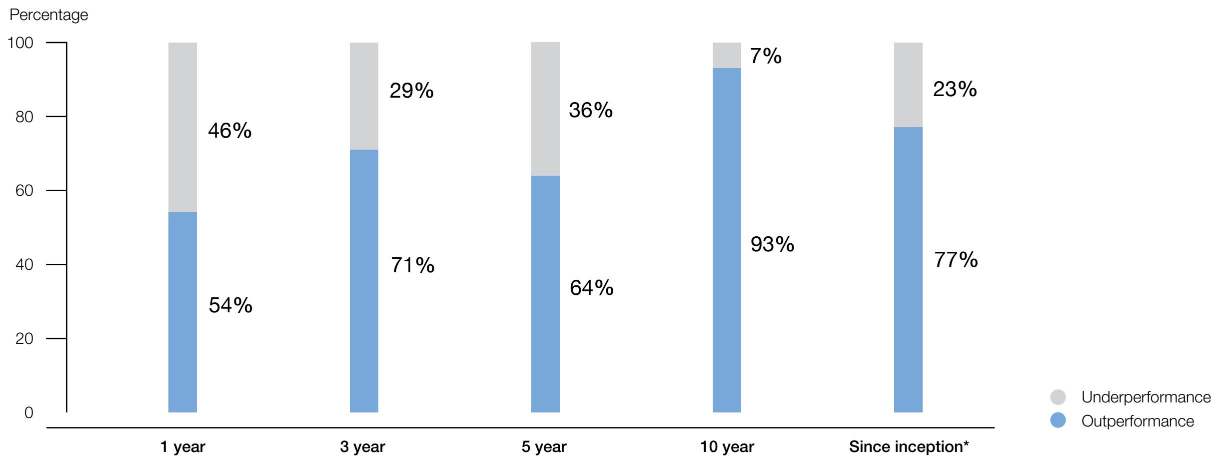
Investment performance

All of our investment capabilities are managed with the simple aim of delivering performance which meets or exceeds our clients' expectations around agreed, well defined return and risk parameters.

We measure our investment performance relative to peer groups and against benchmarks over one, three, five and ten-year periods, and since inception.

Our long-term track record remains competitive.

Overall firm investment performance

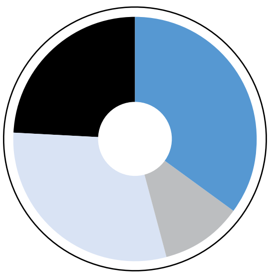


Source: Calculated by Investec Asset Management, returns from StatPro. Performance to 31 March 2019.

Note: *Outperformance (underperformance) is calculated as the sum of the total market values for individual portfolios that have positive active returns (negative active returns) expressed as a percentage of total assets under management. Total assets under management exclude double counting of pooled products and third party assets administered on our South African platform. Benchmarks used for the above analysis include cash, peer group averages, inflation and market indices as specified in client mandates or fund prospectuses. For all periods shown, market values are as at the period end date.*

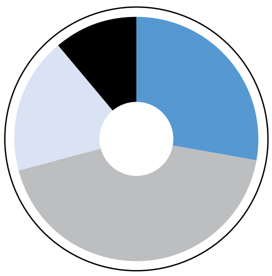
* *Since inception date of each portfolio, only includes portfolios older than 12 months.*

Mutual funds investment performance



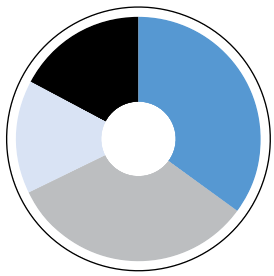
ONE YEAR

35%	First quartile
11%	Second quartile
30%	Third quartile
24%	Fourth quartile



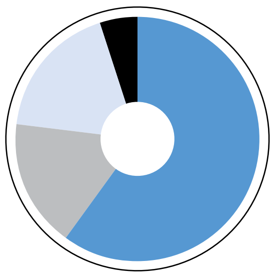
THREE YEAR

28%	First quartile
43%	Second quartile
18%	Third quartile
11%	Fourth quartile



FIVE YEAR

35%	First quartile
33%	Second quartile
15%	Third quartile
17%	Fourth quartile



TEN YEAR

60%	First quartile
17%	Second quartile
18%	Third quartile
5%	Fourth quartile

Independent recognition

- Winner of Africa Private Equity's Credit House of the Year and Philanthropy Award
- Raging Bull Awards for Best Offshore Global Asset Allocation Fund on a Risk-Adjusted Basis
- Winner of Professional Pensions Investment Awards 2018 Emerging Market Debt Manager of the Year.

Q&A

John Green and Mimi Ferrini

Co-chief executive officers

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Q What is your outlook for the coming financial year?

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

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

2 *principal geographies*

2 *core areas of activity*

8 000+ *employees*

£24.9 billion *core loans and advances*

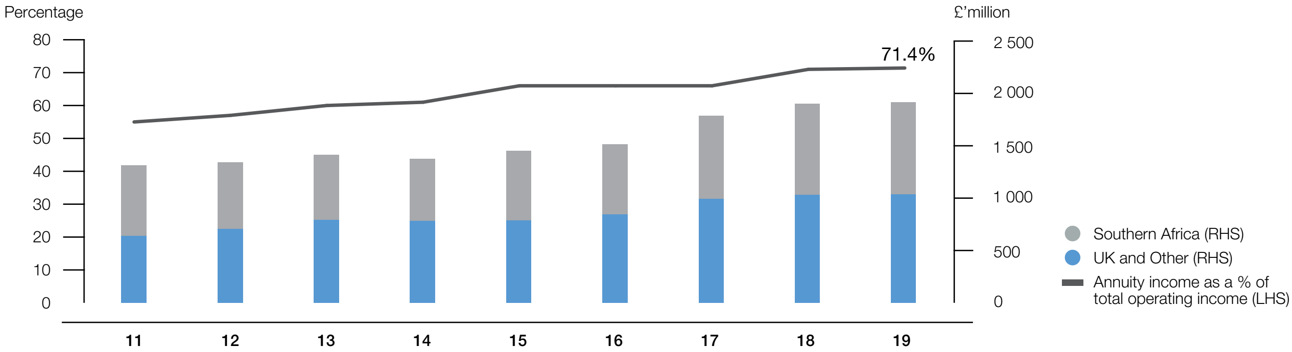
£31.3 billion *customer deposits*

£55.8 billion *assets under management*

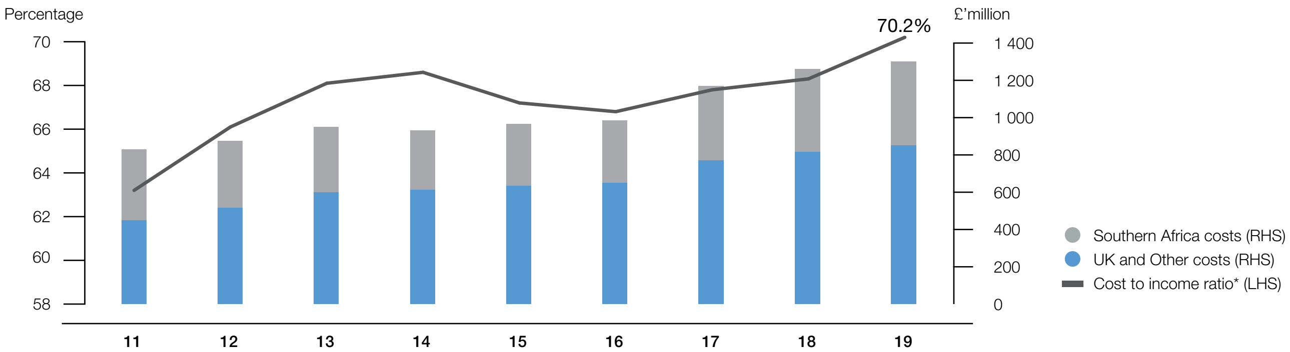
Corporate / Institutional / Government / Intermediary	Private client (HNW / high income) / charities / trusts
Specialist Banking	**Wealth & Investment**
Lending	Discretionary wealth management
Transactional banking	Investment advisory services
Treasury solutions	Financial planning
Advisory	Stockbroking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

Bank and Wealth ongoing trends over time

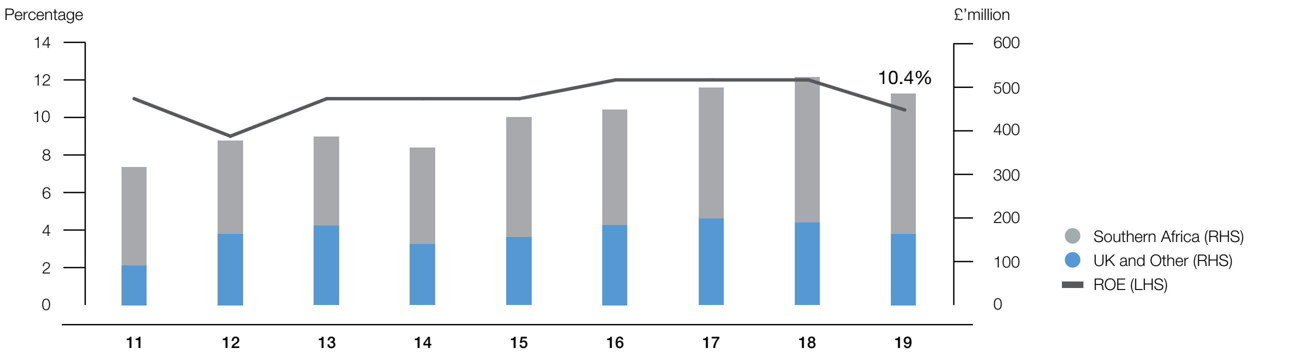
Operating income and annuity income⊙ %



Costs and cost to income %⊙



Net profit before tax and ROE



Information on this slide is based on the results of the ongoing Bank and Wealth business (excluding UK specialist Bank legacy assets and businesses sold) and excluding Investec Asset Management, unless otherwise stated. March 2019 is based on statutory results of the Bank and Wealth business.

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

⊙Alternative performance measures

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

At 31 March 2019

Global head
Steve Elliott

UK head
Jonathan Wragg

South Africa head
Henry Blumenthal

Switzerland head
Peter Gyger

Ireland head
Eddie Clarke

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

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

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

⊙Alternative performance measures

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

Annual highlights

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

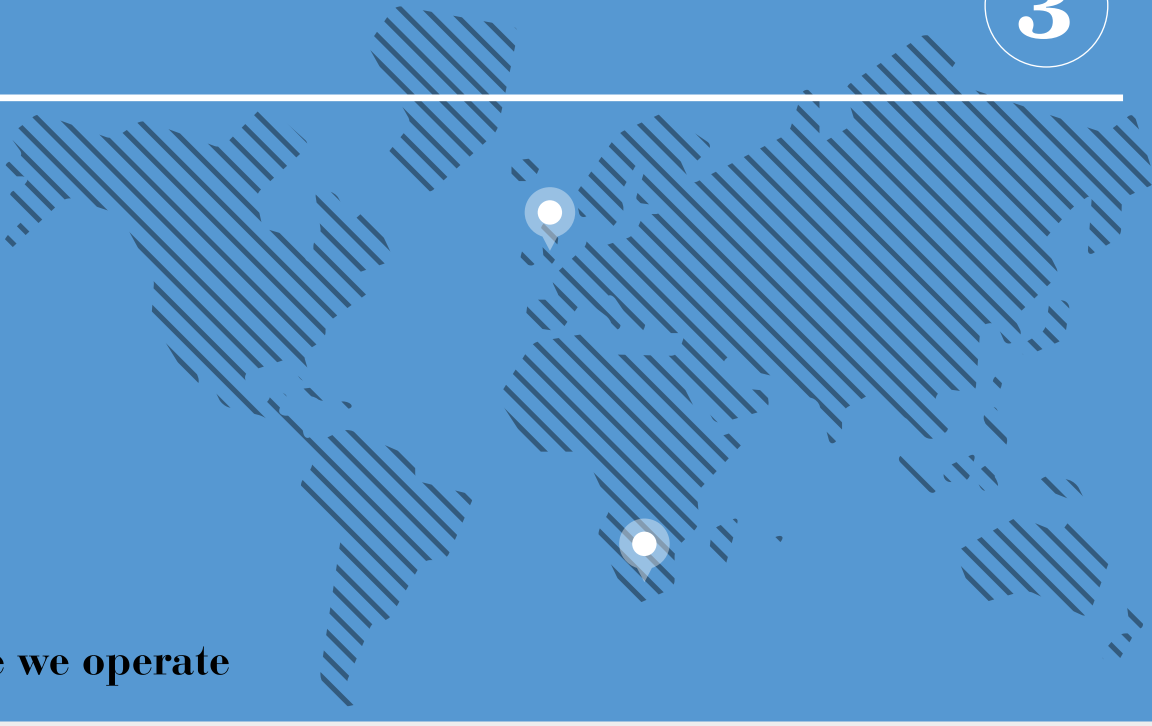
Assets under management
£55.1 billion
(2018: £56.0 billion)

Operating margin
20.6%
(2018: 24.3%)

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

Our value proposition

- Built via the acquisition and integration of businesses and organic growth over a long period of time
- Well-established platforms in the UK, South Africa, Switzerland, Republic of Ireland and Guernsey
- The business has five distinct channels: direct, intermediaries, charities, international and digital
- Strategy to internationalise within jurisdictions where the Investec group already has an established business
- Focus is on organic growth in our key markets and enhancing our range of services for the benefit of our clients.



Where we operate

UK and Other

One of the UK's leading private client investment managers

Brand well recognised

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

Proven ability to attract and recruit investment managers

£39.1 billion fund under management

South Africa and Mauritius

Strong brand and positioning

Leading player in the South African market

Developing Wealth & Investment capability in Mauritius

R300.8 billion fund under management

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

What we do

UK and Europe

Investment and savings

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

Pensions and retirement

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

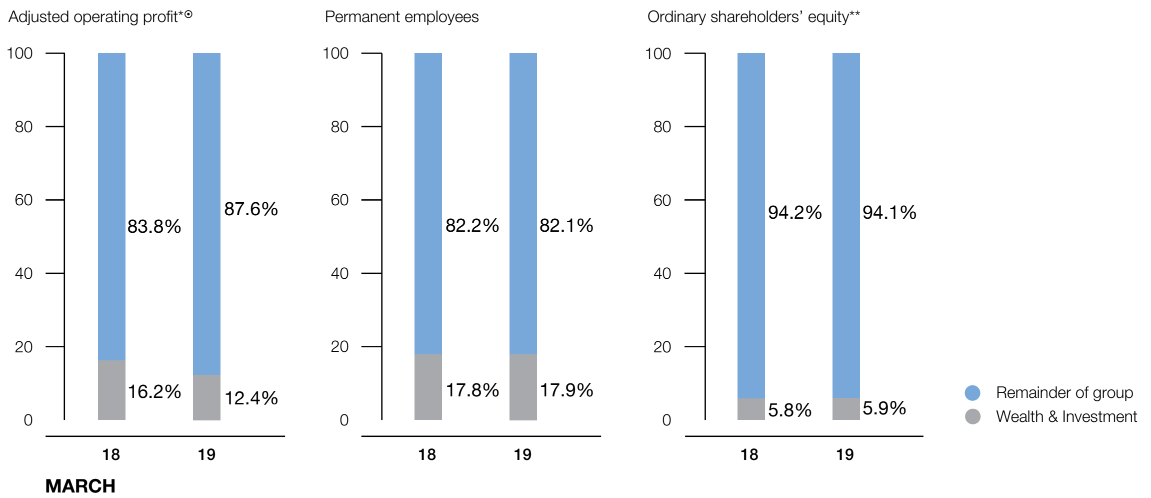
Financial planning

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

South Africa

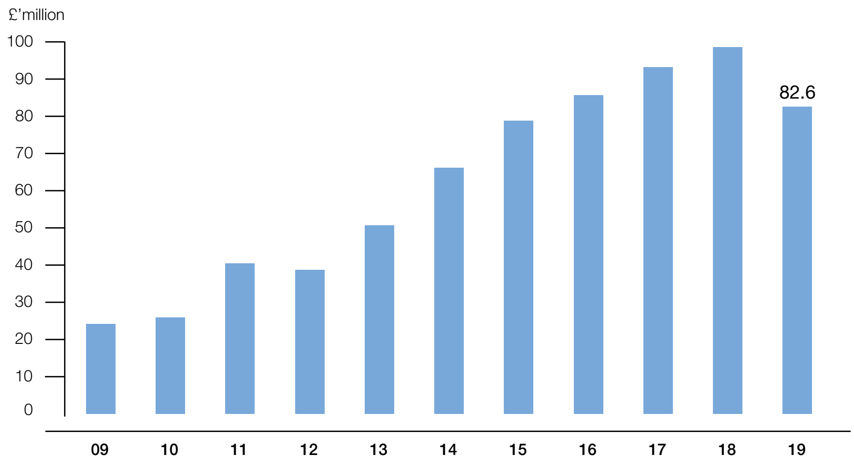
Investec Wealth & Investment operates from eight offices across South Africa and provides portfolio management, wealth management and stockbroking services for private clients, charities, pension funds and trusts.

Financial analysis



* Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.
** As calculated on pages 64 to 65, based on regulatory capital requirements.

Adjusted operating profit^⊙ – track record



^ Trend reflects numbers as at the year ended 31 March. Amounts are shown 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.

Income statement analysis

£'000	31 March 2019	31 March 2018	Variance	% change
Net interest income	14 216	10 744	3 472	32.3%
Net fee and commission income	384 456	382 463	1 993	0.5%
Investment income	1 490	10 551	(9 061)	(85.9%)
Share of post taxation profit of associates	–	416	(416)	(100.0%)
Trading income/(loss) arising from				
– customer flow	851	537	314	58.5%
– balance sheet management and other trading activities	69	(150)	219	>100.0%
Other operating income	343	236	107	45.3%
Total operating income before expected credit losses	**401 425**	**404 797**	**(3 372)**	**(0.8%)**
Expected credit loss impairment charges	(24)	–	(24)	(100.0)
Operating income	**401 401**	**404 797**	**(3 396)**	**(0.8%)**
Operating costs	(318 788)	(306 232)	(12 556)	4.1%
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	**82 613**	**98 565**	**(15 952)**	**(16.2%)**
UK and Other	56 363	69 269	(12 906)	(18.6%)
Southern Africa	26 250	29 296	(3 046)	(10.4%)
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	**82 613**	**98 565**	**(15 952)**	**(16.2%)**
Selected returns and key statistics				
Ordinary shareholders' equity*	241 661	235 181	6 480	2.8%
ROE (pre-tax)*	32.9%	38.7%		
Return on tangible equity (pre-tax)*	119.5%	162.7%		
Operating margin⊙	20.6%	24.3%		
Adjusted operating profit per employee (£'000)*⊙	44.0	56.0		

* *As calculated on pages 64 to 66, based on regulatory capital requirements.*

⊙Alternative performance measures

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

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

- The Wealth & Investment business globally has been impacted by both an increase in costs and lower reported revenues. Whist total operating income has reduced, when excluding the benefit of a £10.0 million non-recurring investment gain realised in the prior year, the business has experienced positive revenue growth. The business globally has continued to invest in technology development, headcount and systems to ensure compliance with regulatory changes, and in new business growth with the recruitment of experienced investment managers and financial planners.
- The UK & Other business benefited from positive net inflows and higher funds under management. Earnings were impacted by the non-recurring investment gain noted above and the write-off of capitalised software in the Click & Invest business following the decision to discontinue the service (refer to page 87 for further information).
- The South African business posted an operating profit of R474 million, a decrease of 6.0% (in Rand terms) over the prior year. Earnings were impacted by lower brokerage volumes and weak markets affecting the level of funds under management. Progress continued to be made in attracting discretionary net inflows amounting to R4.7 billion in the current year.

Analysis of key earnings drivers (funds under management)

£'million	31 March 2019	31 March 2018	% change
UK and Other	**39 118**	**36 923**	**5.9%**
Discretionary	30 810	28 638	7.6%
Non-discretionary and other	8 308	8 285	0.3%
South Africa	**16 003**	**19 125**	**(16.3%)**
Discretionary and annuity assets	6 999	6 936	0.9%
Non-discretionary and other	9 004	12 189	(26.1%)
Total	**55 121**	**56 048**	**(1.7%)**

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

Funds under management

£'million	31 March 2019	31 March 2018	% change
Investec Wealth & Investment Limited (UK)	**35 300**	**33 206**	**6.3%**
Discretionary	29 415	27 346	7.6%
Non-discretionary	5 885	5 860	0.4%
Other	**3 818**	**3 717**	**2.7%**
Discretionary	1 395	1 292	8.0%
Non-discretionary	2 423	2 425	(0.1%)
Total	**39 118**	**36 923**	**5.9%**

Net inflows at cost over the year

£'million	31 March 2019	31 March 2018
Discretionary	731	1 926
Non-discretionary	(593)	(154)
Total	**138**	**1 772**

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

Funds under management

R'million	31 March 2019	31 March 2018	% change
Discretionary and annuity assets	131 564	115 287	14.1%
Non-discretionary	169 263	202 589	(16.5%)
Total	**300 827**	**317 876**	**(5.4%)**

Net inflows at cost over the year

R'million	31 March 2019	31 March 2018
Discretionary and annuity assets	4 659	5 020
Non-discretionary	(550)	(1 640)
Total	**4 109**	**3 380**

Q&A

Steve Elliott

Global head

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Specialist expertise delivered with dedication and energy

At 31 March 2019

UK head
David van der Walt

South Africa head
Richard Wainwright

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

Our value proposition

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

Annual highlights

Loans and advances
£24.9 billion

Adjusted operating profit*⊙ up 18.0%
£448.9 million

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

Customer deposits
£31.3 billion

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

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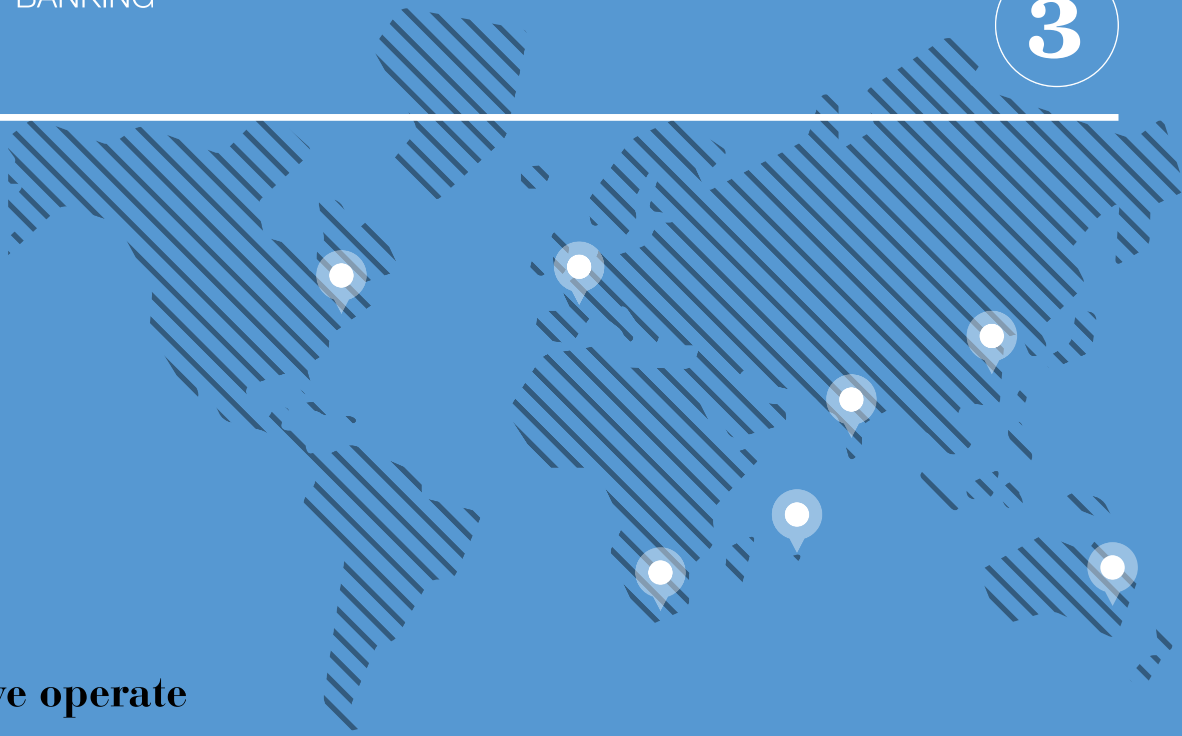


Where we operate

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

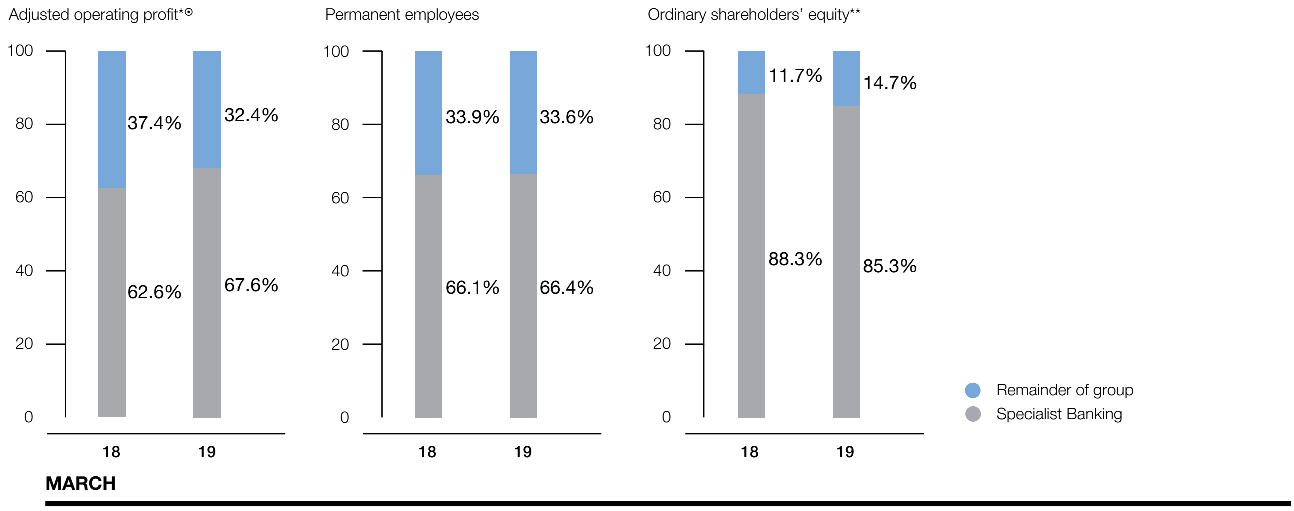
Investment activities

Principal investments

Property investment and fund management

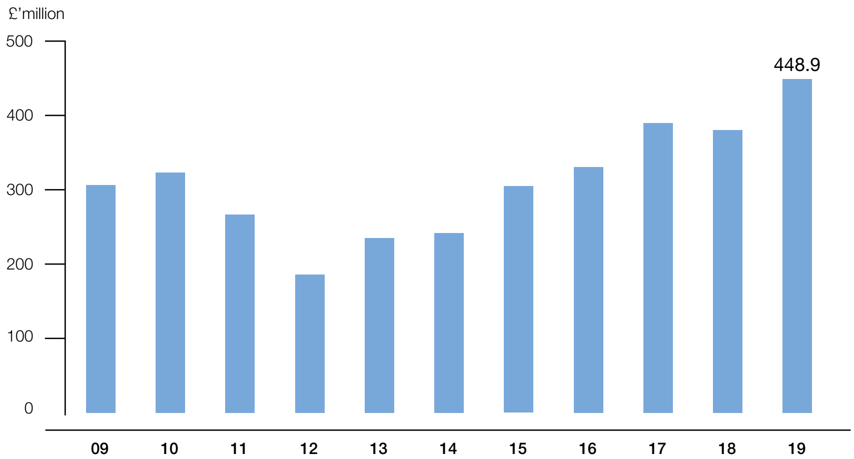
Australia
Hong Kong
Southern Africa
UK and Europe

Financial analysis



*	*Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.*
**	*As calculated on pages 64 to 65, based on regulatory capital requirements.*

Adjusted operating profit^⊙ – track record (statutory)



^	*Trend reflects numbers as at the year ended 31 March. Amounts are shown 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.

Income statement analysis

£'000	31 March 2019	31 March 2018	Variance	% change	1 April 2018
Net interest income	795 528	744 183	51 345	6.9%	
Net fee and commission income	432 195	441 610	(9 415)	(2.1%)	
Investment income	48 470	119 512	(71 042)	(59.4%)	
Share of post taxation profit of associates	68 317	46 407	21 910	47.2%	
Trading income arising from					
– customer flow	119 811	137 689	(17 878)	(13.0%)	
– balance sheet management and other trading activities	36 839	920	35 919	>100.0%	
Other operating income	10 693	8 714	1 979	22.7%	
Total operating income before expected credit losses	**1 511 853**	**1 499 035**	**12 818**	**0.9%**	
Expected credit loss impairment charges	(66 434)	(148 556)	82 122	55.3%	
Operating income	**1 445 419**	**1 350 479**	**94 940**	**7.0%**	
Operating costs	(936 175)	(915 277)	(20 898)	2.3%	
Depreciation on operating leased assets	(2 157)	(2 421)	264	(10.9%)	
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and before non-controlling interests	**507 087**	**432 781**	**74 306**	**17.2%**	
Profit attributable to non-controlling interests	(58 192)	(52 288)	(5 904)	11.3%	
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	**448 895**	**380 493**	**68 402**	**18.0%**	
UK and Other	138 566	59 958	78 608	>100.0%	
Southern Africa	310 329	320 535	(10 206)	(3.2%)	
Operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests	**448 895**	**380 493**	**68 402**	**18.0%**	
Selected returns and key statistics					
Ordinary shareholders' equity*	3 517 250	3 632 104	(265 725)	(3.2%)	3 366 379
Southern Africa	2 054 201	2 113 691	(59 490)	(2.8%)	2 059 897
UK & Other	1 463 049	1 518 413	(55 364)	(3.6%)	1 306 482
ROE (pre-tax)*	12.1%	10.2%			
Southern Africa	13.8%	15.6%			
UK & Other	9.5%	4.0%			
Cost to income ratio⦿	64.5%	63.4%			
Adjusted operating profit per employee (£'000)*⦿	65.3	58.1			

* *As calculated on pages 64 and 66 based on regulatory capital requirements.*

⦿Alternative performance measures

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

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

- Net interest income increased by 11.3% driven by loan book growth of 8.5% and an increase in base rates
- Net fee and commission income increased by 4.0% supported by a strong performance from the investment banking and specialist lending businesses
- Investment income decreased to £31.5 million (2018: £58.1 million). A strong performance from the UK investment portfolio was offset by a weak performance from the Hong Kong portfolio
- Trading income from customer flow amounted to £86.0 million (2018: £113.4 million) reflecting subdued client flow trading levels
- Trading income from balance sheet management and other trading activities increased to £12.8 million (2018: £3.1 million) largely as a result of the unwind of the UK subordinated debt fair value adjustment (recognised on the adoption of IFRS 9) as the instrument pulls to par over its remaining term
- Operating costs increased in line with inflation. With the investment phase in the Private Bank largely complete, management is committed to an increased focus on cost discipline.

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

Note: The analysis and variances described below for the South African Specialist Banking division are based on the Rand numbers reported.

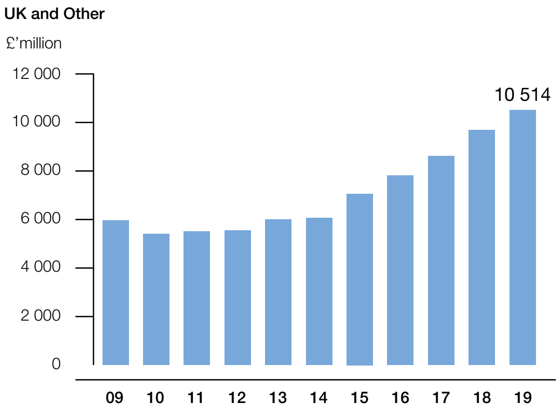
- The Specialist Banking division reported operating profit before taxation of R5 596 million (2018: R5 466 million)
- Net interest income increased by 8.5% supported by higher net margins and private client lending activity
- Net fee and commission income decreased by 2.4%. Good growth and activity levels from our private client base and Investec For Business was offset by lower investment banking and corporate client activity levels
- Investment income decreased reflecting a weaker performance from the listed and unlisted investment portfolio, as well as from the investment property portfolio
- Share of post-taxation profit of associates reflects earnings in relation to the group's investment in the IEP Group. The increase is largely driven by a realisation within the IEP Group
- Total trading income increased significantly, primarily reflecting translation gains on foreign currency equity investments (partially offsetting the related weaker investment income performance)
- As a result of the foregoing factors, total operating income increased by 6.2%
- Expected credit loss (ECL) impairment charges increased by 4.5% to R761 million (2018: R720 million under the IAS 39 incurred loss model), however, the credit loss ratio⊙ amounted to 0.28% (2018: 0.28%), remaining at the lower end of its long term average trend. Stage 3 assets (net of ECL impairment charges) as a percentage of net core loans subject to ECL remained 0.8% (1 April 2018: 0.7%)
- Costs increased 7.4% primarily due to the prior-year rental provision release. Excluding this, costs increased 1.7% reflecting increased focus on cost containment.

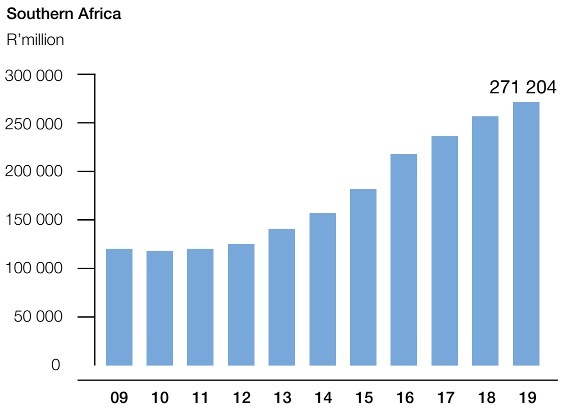
Analysis of key earnings drivers

Net core loans and advances

	£'million			Home currency (million)		
	31 March 2019	31 March 2018	% change	**31 March 2019**	31 March 2018	% change
UK & Other	10 514	9 687	8.5%	£10 514	£9 687	8.5%
Southern Africa	14 427	15 445	(6.6%)	R271 204	R256 702	5.6%
Total	**24 941**	**25 132**	**(0.8%)**			

Net core loans and advances



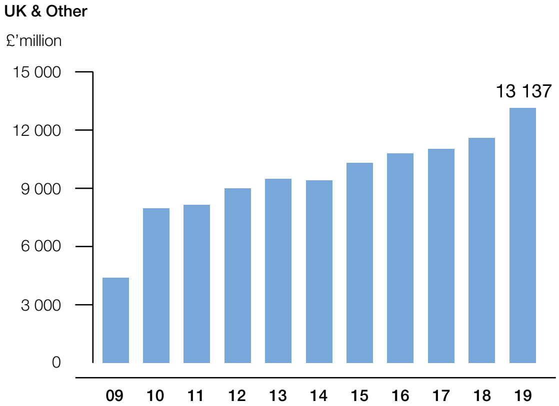


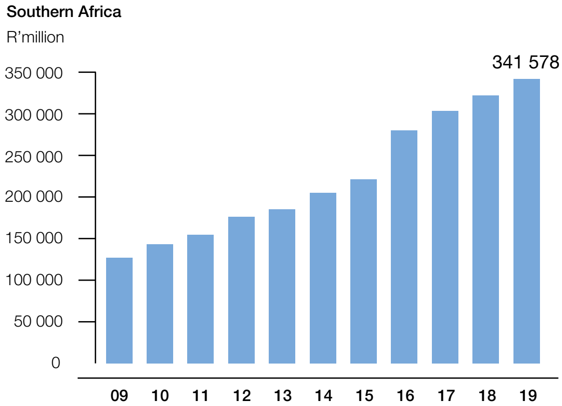
Trend reflects numbers as at the year ended 31 March.

Total deposits

	£'million			Home currency (million)		
	31 March 2019	31 March 2018	% change	**31 March 2019**	31 March 2018	% change
UK & Other	13 137	11 624	13.0%	£13 137	£11 624	13.0%
Southern Africa	18 170	19 363	(6.2%)	R341 578	R321 823	6.1%
Total	**31 307**	**30 987**	**1.0%**			

Total deposits





An analysis of net core loans over the period

Refer to further information on pages 38 to 41.

Net core loans – Southern Africa

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

Net core loans – UK and Other

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

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

Additional information on the group's South African investment portfolio

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

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

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

Additional information on the group's South African investment portfolio

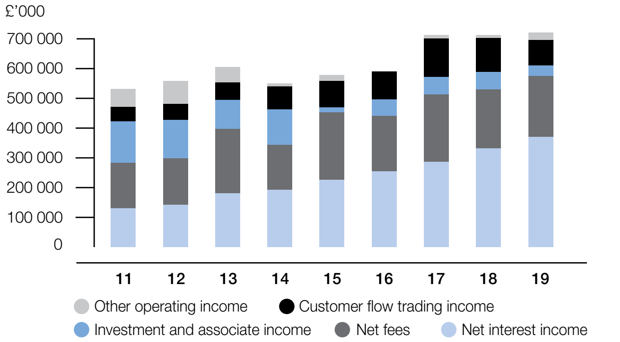
31 March 2018	Asset analysis £'million	Income analysis £'million	Asset analysis R'million	Income analysis R'million
IEP Group	372	45	6 180	766
Equity investments^	127	1	2 103	16
Property investments*	252	14	4 186	245
Total equity exposures	751	60	12 469	1 027
Associated loans and other assets	33	1	545	21
Total exposures on balance sheet	**784**	**61**	**13 014**	**1 048**
Debt funded	368	(28)	6 105	(486)
Equity	416	–	6 909	–
Total capital resources and funding	**784**		**13 014**	
Operating profit before taxation**		**33**		**562**
Taxation		(2)		(33)
Operating profit after taxation		**31**		**529**
Risk-weighted assets	**2 828**		**47 003**	
Ordinary shareholders' equity held on investment portfolio – 31 March 2017	416		6 909	
Ordinary shareholders' equity held on investment portfolio – 31 March 2016	398		6 670	
Average ordinary shareholders' equity held on investment portfolio – 31 March 2017	407		6 790	
Post-tax return on adjusted average ordinary shareholders' equity – 31 March 2018		**7.6%**		
Post-tax return on adjusted average ordinary shareholders' equity – 31 March 2017		3.7%		
Post-tax return on adjusted average ordinary shareholders' equity – 31 March 2016		14.7%		

* *The group's investment holding of 26.75% in the Investec Property Fund and 15.70% in the Investec Australia Property Fund.*
^ *Does not include equity investments residing in our corporate and private client businesses.*
** *Further analysis of operating profit before taxation:*

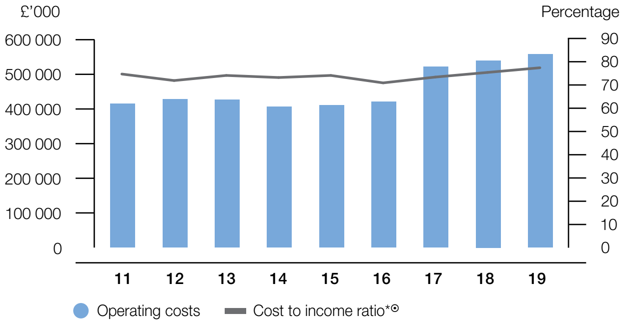
£'million	Total
Net interest expense	(62)
Net fee and commission income	87
Investment income	18
Share of post taxation profit of associates	45
Trading and other operating losses	(1)
Total operating income before impairment losses on loans and advances	**87**
Impairment losses on loans and advances	–
Operating income	**87**
Operating costs	(1)
Operating profit before goodwill, acquired intangibles and non-operating items	**86**
Profit attributable to other non-controlling interests	(53)
Operating profit before taxation	**33**

UK Specialist Bank ongoing

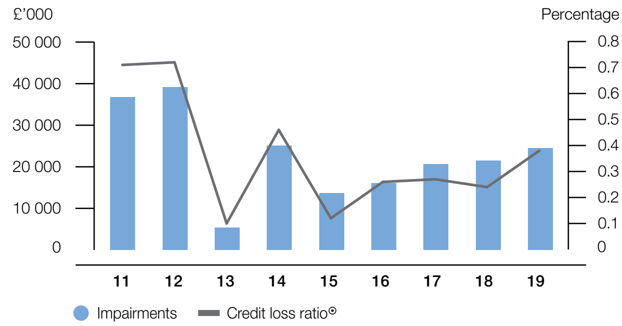
Operating income



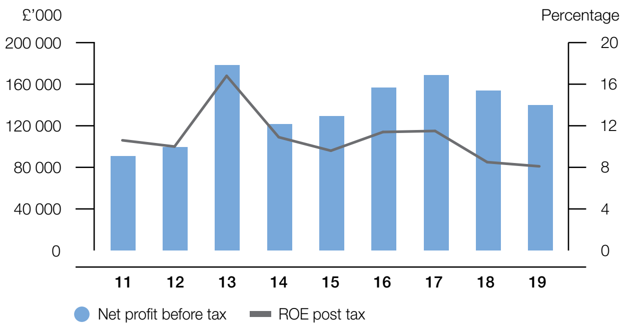
Operating costs



*Expected credit losses/impairment losses^*

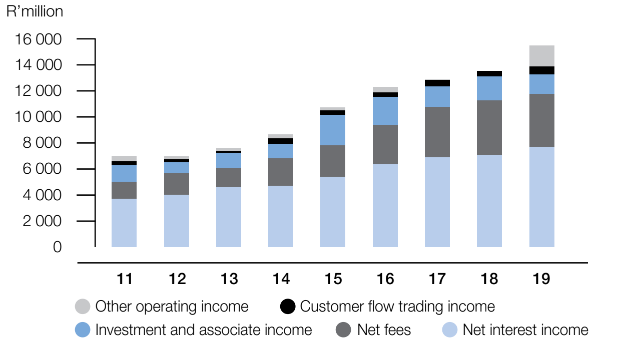


Net profit before tax and ROE

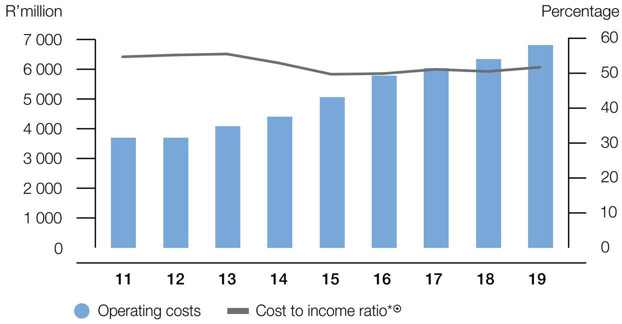


Southern Africa Specialist Bank

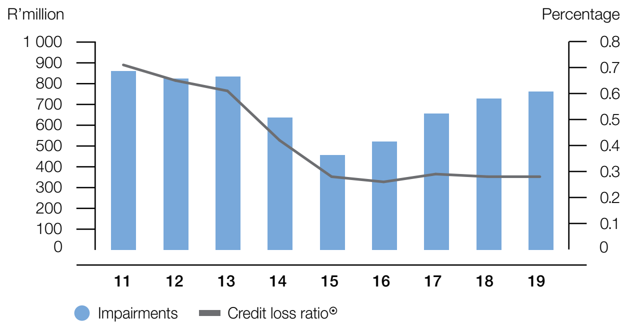
Operating income



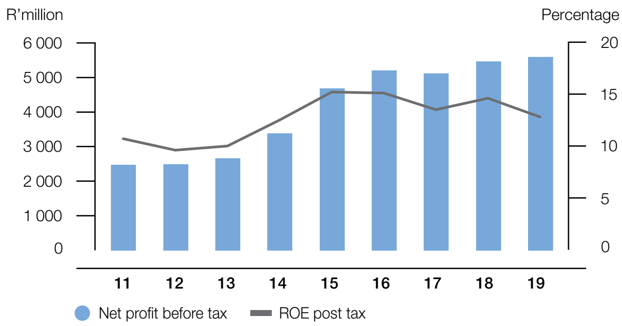
Operating costs



*Expected credit losses/impairment losses^*



Net profit before tax and ROE



Trends in the above graphs are for the year ended 31 March, and reflect the Ongoing specialist banking business. March 2019 reflects specialist banking statutory results.

* *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 definition.*

^ *On adoption of IFRS 9 there is a move from an incurred loss model to an expected credit loss methodology. Expected credit loss impairment charges for the year ended 31 March 2019 have been calculated on an IFRS 9 basis, comparative years have been calculated on an IAS 39 basis.*

⊙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.

Q&A

David van der Walt

Geographical business leader **United Kingdom**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Q&A

Richard Wainwright

Geographical business leader **Southern Africa**

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

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

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

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

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

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

What are your strategic objectives in the coming financial year?

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

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

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

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

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

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

What is your outlook for the coming financial year?

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

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

4

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

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.

PKO Crosthwaite.

Perry Crosthwaite
Chairman

13 June 2019

Within this report you will find:

Who we are

Director biographies

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

Zarina BM Bassa

Senior independent non-executive director (SID)

Age: 55

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

Relevant skills and experience

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

Other principal appointments

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

Committees

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

Date of appointment

Investec Limited 1 November 2014
Investec plc 1 November 2014

*Laurel C Bowden**

Independent non-executive director

Age: 54

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

Relevant skills and experience

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

Other principal appointments

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

Committees

DLC Audit Committee

Date of appointment

Investec Limited 1 January 2015
Investec plc 1 January 2015

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

*Glynn R Burger**

Former group risk and finance director

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

Relevant skills and experience
Glynn joined Investec in 1980. His positions within Investec have included chief accounting officer, group risk manager and joint managing director for South Africa

Other principal appointments
IBL**, IEP Group Proprietary Limited, BUD Group Proprietary Limited and Corobrik Proprietary Limited

Committees
DLC BRCC***

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

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

*Cheryl A Carolus**

Independent non-executive director

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

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

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

Committees
DLC SEC

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

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

*Perry KO Crosthwaite**

Investec plc and Investec Limited chairman

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

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

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

Committees
DLC Nomdac (chairman) and DLC BRCC

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

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

Hendrik J du Toit

Joint group chief executive officer

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

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

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

Committees
DLC SEC*

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

* *Appointed to DLC SEC on 12 March 2019*

David Friedland

Independent non-executive director

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

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

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

Committees
DLC BRCC (chairman) and DLC Nomdac

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

Philip A Hourquebie

Independent non-executive director

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

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

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

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

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

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

Charles R Jacobs

Independent non-executive director

Age: 52
Qualifications: *LLB*

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

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

Committees
DLC Remco

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

*Bernard Kantor**

Former group managing director **and executive director

Age: 69
Qualifications: *CTA*

Relevant skills and experience
Bernard joined Investec in 1980. He has had varied experience within Investec as a manager of the trading division, marketing manager and chief operating officer

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

Committees
DLC BRCC and DLC SEC

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

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

Ian R Kantor

Non-executive director

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

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

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

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

Stephen Koseff*

Former group chief executive officer** and executive director

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

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

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

Committees
DLC BRCC and DLC SEC

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

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

Lord Malloch-Brown KCMG

Independent non-executive director

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

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

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

Committees
DLC Nomdac and DLC SEC (chairman)*

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

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

Kim McFarland

Executive director

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

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

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

Nishlan Samujh

Group finance director

Age: 45

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

Relevant skills and experience

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

Other principal appointments

IBL*

Committees

DLC BRCC

Date of appointment

Investec Limited 1 April 2019
Investec plc 1 April 2019

* *Resigned from IBL on 14 May 2019*

Khumo L Shuenyane

Independent non-executive director

Age: 48

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

Relevant skills and experience

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

Other principal appointments

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

Committees

DLC Audit Committee**, DLC BRCC and DLC Nomdac

Date of appointment

Investec Limited 8 August 2014
Investec plc 8 August 2014

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

Fani Titi

Joint group chief executive officer

Age: 56

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

Relevant skills and experience

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

Other principal appointments

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

Committees

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

Date of appointment

Investec Limited 30 January 2004
Investec plc 30 January 2004

* *Resigned as chairman of the DLC Nomdac on 15 May 2018*
** *Appointed to DLC SEC on 12 March 2019*

Governance framework

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

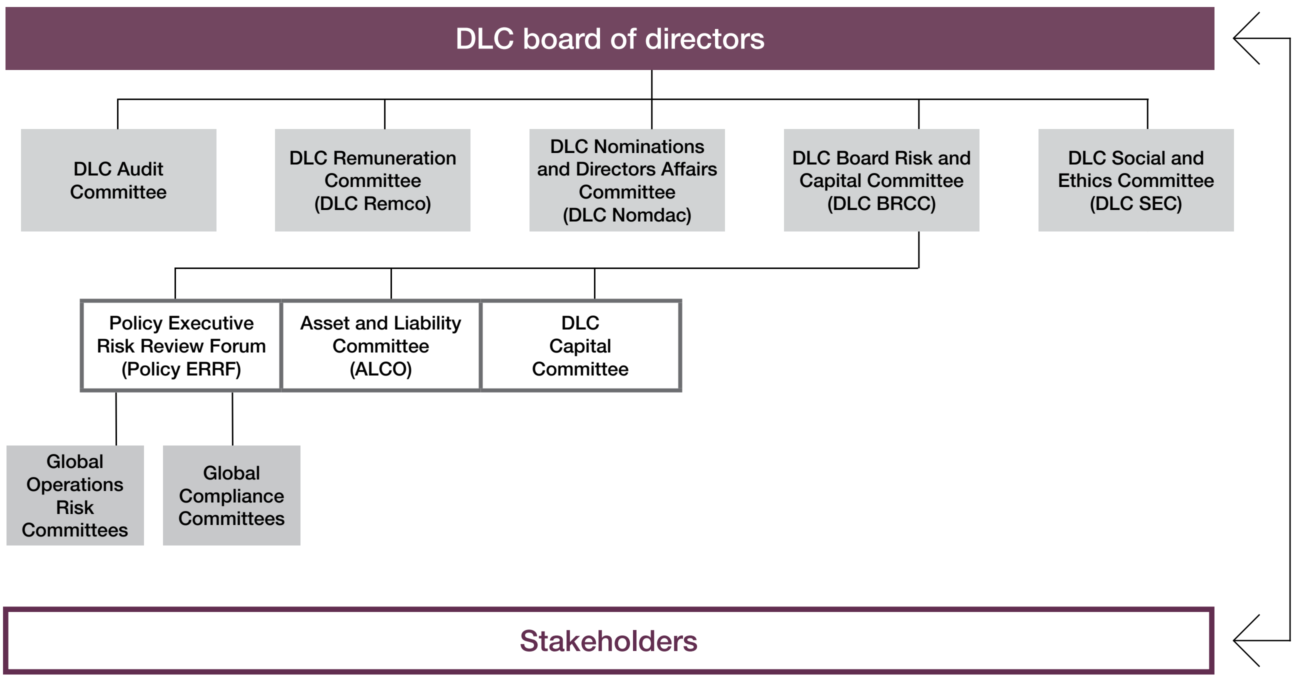
From a legal perspective, the DLC is comprised of:

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

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

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

The governance framework from a group perspective is detailed below:



Board and executive roles

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

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

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

Board composition

Membership

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

Investec Ltd and Investec plc
The following changes were made to the board during the year:

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

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

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

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

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

The names of the directors during the year and at the date of this annual report, and the dates of their appointments are set out in the table on page 121.

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

Independence

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

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

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

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

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

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

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

Tenure

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

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

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

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

Diversity

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

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

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

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

Skills, knowledge and experience

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

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

Induction, training and development

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

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

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

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

Terms of appointment

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

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

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

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

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

Independent advice

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

Conflicts of Interest

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

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

Related parties

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

Conduct and Ethics

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

Company secretaries

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

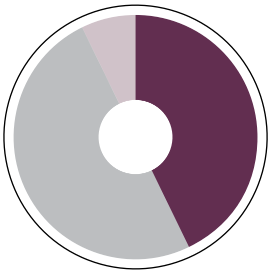
In compliance with the UK Corporate Governance Code, the King IV Code, the South African Companies Act and the JSE Listings Requirements, the board has considered and is satisfied that each of the company secretaries is competent, has the relevant qualifications and experience.

Diversity as at 31 March 2019

Age:

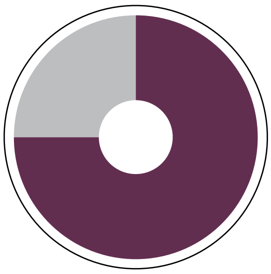
40 – 50	**6%**
51 – 60	**38%**
61 and above	**56%**

Board geographical mix



43%	South Africa
50%	UK
7%	Other

Board gender balance



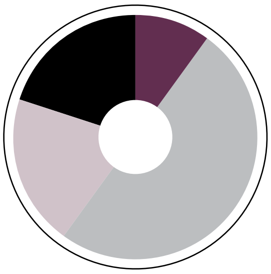
75%	Male
25%	Female

Tenure as at 31 March 2019

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

6

Average tenure for the non-executive directors



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

What we did

Board report

Role and responsibilities

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

In fulfilling this objective, the board is responsible for:

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

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

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

Composition and meetings

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

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

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

Composition and meetings *(continued)*

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

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

How the board spent its time

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

Key matters deliberated by our board

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

BOARD AND COMMITTEE ACTIVITIES

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

BOARD AND COMMITTEE ACTIVITIES *(continued)*

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

BOARD AND COMMITTEE ACTIVITIES *(continued)*

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

DLC Nominations and Directors' Affairs Committee report

I am pleased to present you with the report for the DLC Nomdac for the financial year ended 31 March 2019.

The major processes of the committee are designed to ensure that the board and senior management of the group, and the group's key subsidiaries, are comprised of a talented and diverse range of people, who are aligned with the Investec culture and values, with the collective skills and experience that are necessary for the group to meet its objectives and strategic goals. This is essential for the effective governance of the group and the successful running of our businesses.

The key areas of focus for the committee in the year in question, have been the enhancement of the governance processes of the group, and the group's key subsidiaries, including the consideration of the succession plans for the board and senior management. The committee considered the fact that Cheryl Carolus and Lauren Bowden would not stand for re-election at the 2019 annual general meeting and subsequently discussed the recruitment of two independent non-executive directors. The committee also discussed the effectiveness of the work performed by the board through the committee's consideration of the annual effectiveness review, which was conducted by Professor Robert Goffee, an independent external corporate governance consultant.

Please refer to the report on the following pages for details of all the material matters considered by the committee in the last year.

Committee performance

The performance of the committee was assessed by Professor Robert Goffee as part of the annual effectiveness review of the board. The results showed that the committee was functioning well, with the overall standards of corporate governance in the group considered to be a particular strength. It was determined, however, that there was still some scope for development in the board's consideration of the succession plans of the board and senior management. It was, therefore, agreed that this would be a point of focus for the committee in the coming year. You can read more about the outcomes of the board effectiveness review on page 128.

Looking ahead

In 2019/2020, as the structure of the group continues to evolve, specifically following the proposed demerger and separate listing of Investec Asset Management, the committee will continue to focus on the composition of the board and the board committees, including consideration of the composition of the boards and the board committees of the group's key subsidiaries, with a view to ensure the progressive refreshment of the members of the board. In considering the composition of the board, and the boards of the group's key subsidiaries, the committee is mindful of all aspects of diversity, including gender, race, skills, experience and knowledge. The committee will also continue to evaluate the Investec culture and values, in light of the changes to the board, resulting from the proposed demerger of Investec Asset Management.

PKO Crosthwaite

Perry Crosthwaite
Chairman DLC Nomdac
13 June 2019

We aim to ensure that the board comprises of a talented and diverse range of people, aligned with the Investec culture and values, with the collective skills and experience that are necessary for the group to meet its objectives and strategic goals

DLC Nomdac

Perry Crosthwaite
Chairman DLC Nomdac

Key achievements in FY 2019

- Appointment of Nishlan Samujh as an executive director
- Recruitment of two additional female independent non-executive directors, subject to finalisation of their appointments
- Consideration of the succession plans for the board and senior management
- Consideration of the annual effectiveness review.

Areas of focus in FY 2020

- Review of the composition of the board and the principal board committees
- Evaluation of the Investec culture and values
- Review of the board experience/skills matrix
- Consideration of the succession plans for the board and senior management.

Role and responsibilities

The DLC Nomdac is an essential part of the group's governance framework to which the board has delegated the following key functions:

- supporting and advising the board in ensuring that it is composed of individuals who are best able to discharge the duties and responsibilities of directors
- evaluating the balance of skills, experience, independence, knowledge and diversity on the board
- ensuring that appointments and succession plans are based on merit and with regard to objective criteria and, within this context, promoting diversity in its broadest sense, including diversity of gender, social and ethnic background, cognitive and personal strengths
- maintaining the board directorship continuity programme, including the consideration of the annual board performance evaluation process

Composition and meetings

The committee is comprised of a majority of independent non-executive directors of the board, with membership designed to provide the breadth of experience necessary for the members to consider the issues that are presented to the committee. Peter Thomas, an independent non-executive director of the IBL board, is a member of the DLC Nomdac, as the IBL representative.

The board has agreed, in principle, that the chairman of the group's key governance committees (Audit, Board Risk and Capital, Remuneration and Social and Ethics) be appointed to the DLC Nomdac, to ensure that their input is considered, when the committee discusses the composition of the group's key governance committees, and the proposed appointments to these committees. As a result, Phillip Hourquebie was appointed as a member of DLC Nomdac, on his appointment as chairman of the DLC Remco and Lord Malloch-Brown following his appointment as chairman of the DLC SEC. IBL does not have an independent Nominations and Directors Affairs Committee and to this end, Khumo Shuenyane, the chairman of IBL was also appointed to the DLC Nomdac during the year under review.

During the financial year ended 31 March 2019, the DLC Nomdac met six times and the chart below shows how it allocated its time. Attendance by members at committee meetings is shown below

		DLC Nomdac (6 meetings in the year)	
Members	**Committee member since**	**Eligible to attend**	**Attended**
PKO Crosthwaite (chairman)*	16 Sept 2014	6	6
ZBM Bassa	1 April 2017	6	6
D Friedland	16 Sept 2014	6	6
PA Hourquebie**	15 May 2018	6	6
Lord Malloch-Brown**	15 May 2018	6	6
KL Shuenyane**	15 May 2018	6	6
PRS Thomas***	9 Sept 2010	6	6
F Titi****	9 Sept 2010	–	–

* *PKO Crosthwaite was appointed as chairman of the committee on 15 May 2018.*
** *PA Hourquebie, Lord Malloch-Brown and KL Shuenyane were appointed to the committee on 15 May 2018.*
*** *PRS Thomas is the representative of IBL.*
**** *F Titi stepped down as chairman of committee on 15 May 2018. There were no committee meetings held between 1 April 2018 and 15 May 2018. F Titi recused himself from all discussions in relation to the appointment of the chief executive officer of the group.*

How the committee spent its time

Succession planning/composition of boards and committees	Board effectiveness	Corporate governance and directors' disclosures	Training and develop-ment
60%	15%	20%	5%

How the DLC Nomdac works

The significant matters addressed by the committee during the financial year ended 31 March 2019 are described on the following pages.

COMMITTEE ACTIVITIES

Areas of focus	*What we did*
Board and board committee composition	• discussed the key skills and experience needed on the board in the context of future strategic direction and structural reform, including any areas requiring strengthening • concluded that the skills, knowledge and experience of the directors were appropriate for their responsibilities and activities • conducted the search for independent non-executive directors with the relevant skills and experience • agreed on the following matters: – Stephen Koseff and Bernard Kantor stepping down as group CEO and group MD respectively – Glynn Burger stepping down from the board • considered the board suitability policy • agreed on the appointment of Nishlan Samujh as FD of Investec Limited and Investec plc • considered the appointment of potential new directors to the board
Succession planning	• considered the succession plans for the board and senior management • conducted formal succession appraisals for all key positions • reviewed the succession pipeline for executive management, with a view to ensuring that the group was continuing and will continue to increase the internal pool of talented and skilled individuals by providing opportunities for individuals to develop and grow within the organisation.
Subsidiary board and board committee composition	• received reports on the composition of the group's key subsidiaries including: – IBP – IBL – Investec Wealth & Investment – Investec Securities Proprietary Limited – Investec Asset Management – Investec Life Limited • reviewed the composition of the boards and board committees of each of the group's key subsidiaries • considered any vacancies, new appointments or changes that would enhance the effectiveness of the boards, with regard to group oversight and governance of subsidiary companies with due regard to local regulatory or legal requirements and best practice, and ensured an appropriate level of independent scrutiny at subsidiary level • agreed on the following matters: – appointment of Philip Hourquebie as a non-executive director of IBL – appointment of Lesley Watkins as a non-executive director and chair of the IBP Audit Committee – appointment of Paul Seward as a non-executive director and chairman of the IBP BRCC.
Independence	• considered the independence of the non-executive directors, with regard to: – directors who had served on the boards for a period longer than nine years – other factors that might impact their independence – the director's contribution at board meetings and whether they in fact demonstrated independent challenge • specifically considered the independence of Ian Kantor, founder, former CEO of the group, and brother of executive director Bernard Kantor, and concluded that Ian could not be considered to be independent under the UK Corporate Governance Code and the King IV Code • specifically considered the independence of Charles Jacobs, who is the chairman of Linklaters LLP, a legal advisor to Investec UK, and concluded that it was satisfied that he retained independence of judgement and should be regarded as an independent non-executive director • specifically considered the independence of Philip Hourquebie, who was a Regional Managing Partner of Ernst & Young until 2014, and concluded that it was satisfied that he retained independence of judgement and should be regarded as an independent non-executive director • specifically considered the independence of Cheryl Carolus who had served on the boards for a period exceeding nine years. The board agreed that Cheryl would not stand for re-election at the 2019 annual general meeting.

COMMITTEE ACTIVITIES *(continued)*

Areas of focus	*What we did*
Diversity and inclusion	• considered the diversity of the board and senior management, including the individuals noted as potential successors • discussed the potential impact to the diversity of the board when considering potential candidates for appointment to the board • approved the board diversity policy, in which the board outlines its intention to ensure a minimum female representation of 33% on the board by 2020, a minimum of 25% of the board members who are ordinarily resident in South Africa to be black women and a minimum of 50% of the board members who are ordinarily resident in South Africa to be black people.
Related parties	• investigated potential conflicts in respect of specific directors transactions • considered and approved the director's disclosure conflicts of interest policy • reviewed the register of directors' interests.
Directors' development	• considered dates and topics for future directors' development training and identified the key topics affecting the business.

Board effectiveness review

The board and individual director's performance are formally evaluated annually based on recognised codes of corporate governance; the annual effectiveness review covers areas of the board's processes and responsibilities, according to leading practice. This year the board effectiveness review was externally facilitated, by Professor Robert Goffee, of the London Business School. The directors each completed a questionnaire, prior to meeting individually with Professor Robert Goffee. The interviews were broad ranging and designed to provide context to the questionnaire responses. The questionnaire comprised of eight sections, including role and organisation, agenda, corporate governance, non-executive directors, executive directors, information, monitoring group performance, board leadership and culture. The findings were collated and presented at the January 2019 board meeting. 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. The review identified the strengths of the board to be the functioning of the board committees, the separation of the chairman and chief executive roles, access to external advice and the overall standards of corporate governance. It further identified that the induction process for non-executive directors and the definition of the role and the scope of the board's authority were considered to have improved from the previous externally facilitated effectiveness review. Notwithstanding the strengths, there were a number of suggested areas for improvement. The suggested areas for improvement included the provision of the opportunity for the non-executive directors to monitor the performance of the executive directors, the focus of agendas on the relevant issues and succession planning.

The board determined that further action was required in relation to the suggested areas for improvement, and agreed that the non-executive directors, principally through the DLC Remuneration Committee, would be provided a greater opportunity to monitor the performance of the executive directors. It was further agreed that the succession plans for the board and senior management would continue to be a key area of focus for the DLC Nomdac in 2019/2020, and that a review of the agendas for the board and the board committees would be undertaken. The committee will continue to monitor the actions resulting from the board effectiveness review as the year progresses.

DLC Social and Ethics Committee report

I am pleased to present you with the report of the DLC SEC for the financial year ended 31 March 2019.

The DLC SEC is responsible for monitoring the non-financial elements of corporate sustainability, specifically the group's performance in terms of social, environmental and governance (ESG) indicators.

The group plays a critical role in funding a sustainable economy that is cognisant of the world's limited natural resources. The DLC SEC plays a fundamental role in monitoring our progress to create value and contribute to the health of our economy, our people, our communities and the environment.

The key areas of focus for the committee have been the oversight and coordination of group social, environmental and ethical matters, and oversight of the improved communication of these matters, in addition to increasing our engagement in South African society to support socio-economic development.

Please refer to the report on the following pages for details of all the material matters considered by the committee in the last year. For further information in regard to the group's approach to corporate sustainability, please refer to page 24.

Committee performance

The performance of the committee was assessed by Professor Robert Goffee, an independent external corporate governance consultant, as part of the annual effectiveness review of the board. The results show that the committee was functioning well.

Looking ahead

In the year ahead, the committee will consider the South African Prudential Authority topic of the year, which is the creation and institutionalisation of a culture of ethics and awareness. The committee will also continue to monitor the economic, social and governance aspects of the organisation in accordance with best practice and statutory requirements in the jurisdictions the group operates in. A key focus for the committee in 2019/2020, will be regarding the consideration of the way the board will engage with the our employees, in accordance with the revised UK Corporate Governance Code. The committee will also continue to oversee the group's progress in relation to the United Nations (UN) Sustainable Development Goals (SDGs), which provide the blueprint to achieve a better and more sustainable future for all.

Mark Malloch. Brown

Lord Malloch-Brown
Chairman, DLC SEC

13 June 2019

As a corporate, we have a significant role to play in addressing socio-economic challenges like climate change, education and job creation

DLC SEC

Lord Malloch-Brown
Chairman of the DLC SEC

Key achievements in FY 2019

- Signed up as a full participant of the UN Global Compact's 10 principles on human rights, labour, environment and anti-corruption
- Signed the CEO statement of support for the UN Women's Empowerment Principles
- Signed up to the United for Wildlife Financial Taskforce which leverages existing global financial crime architecture to combat illegal wildlife trade
- Continued to integrate ESG considerations into our daily operations, including a policy on funding coal projects which was reviewed by the DLC SEC committee
- Consolidated our positioning in terms of a variety of ethical and ESG issues into a public document called The Way We Do Business
- Reviewed the process taken by the group on the SDGs to prioritise six core SDGs.

Areas of focus in FY 2020

- Maximise our socio-economic and environmental impact in core geographies
- Improve our reporting on relevant climate-related disclosures
- Monitor our progress on gender and diversity targets and performance
- Raise awareness internally and externally on the SDGs and the group's six core priority goals.

Role and responsibilities

The DLC SEC is an essential part of the group's governance framework to which the board has delegated the following key functions:

- ensuring that the group promotes social and economic development, including the application of the United Nations (UN) Global Compact Principles and the recommendations of the Organisation of Economic Co-operation and Development (OECD) regarding corruption
- monitoring the group's behaviour as a corporate citizen, including the consideration of the group's promotion of equality, prevention of unfair discrimination and reduction of corruption
- monitoring the group's application of the South African Employment Equity Act and the South African Broad-Based Black Economic Empowerment Act
- overseeing ethical business practices
- improving our environmental, social and governance (ESG) policies and practices.

Composition and meetings

The committee comprises of independent non-executive directors and executive directors, with membership designed to provide the breadth of experience necessary, for the members to consider the issues that are presented to the committee. The composition of the committee is in accordance with the requirements of section 72(8) of the South African Companies Act, and its associated regulations.

During the financial year ended 31 March 2019, the DLC SEC met four times and the chart below shows how it allocated its time. Attendance by members at committee meetings is shown below.

		DLC SEC (4 meetings in the year)	
Members	**Committee member since**	**Eligible to attend**	**Attended**
Lord Malloch-Brown KCMG (chairman)*	8 Aug 2014	4	4
CA Carolus	17 May 2012	4	4
HJ du Toit**	12 Mar 2019	1	1
B Kantor^	17 May 2012	4	3
S Koseff	17 May 2012	4	4
PRS Thomas***	17 May 2012	4	4
F Titi**	12 Mar 2019	1	1

* *Lord Malloch-Brown KCMG was appointed as chairman of the committee 1 April 2018.*
** *HJ du Toit and F Titi were appointed to the committee on 12 March 2019.*
*** *PRS Thomas is a representative of IBL.*
^ *Where a director is unable to attend a meeting, they receive papers in advance and have the opportunity to provide comments to the chairman of the committee.*

Other regular attendees

- Head of sustainability
- Head of organisational development
- Head of human resources
- Head of investor relations
- Head of company secretarial and staff share schemes
- Head of Wealth & Investment
- Head of Investec Asset Management

How the committee spent its time

Corporate sustainability	Policy matters	Employment matters	Reputational risk
35%	25%	20%	20%

How the DLC SEC works

The significant matters addressed by the committee during the financial year ended 31 March 2019 are described below.

COMMITTEE ACTIVITIES

Areas of focus	*What we did*
Social and economic development, including human rights	• monitored the group's standing in terms of the goals and purposes of the UN Global Compact Principles, with respect to human rights, labour, the environment and anti-corruption • gained comfort that the group and its subsidiaries adhere to the relevant laws in all its jurisdictions and strive to advance the UN Principles within its sphere of influence • reviewed the communication of progress to the UN on the group's adherence to the UN Global Compact Principles • monitored the group's adherence to the recommendations of the Organisation of Economic Co-operation and Development (OECD) regarding corruption • reviewed the group's progress in relation to the Youth Employment Services (YES) initiative, noting that as part of our commitment to job creation and transformation in South Africa, 1 270 youths had been placed with 11 partners.
Good corporate citizenship	• discussed the key elements of good corporate citizenship • reviewed the group's record of sponsorship, donations and charitable giving • satisfied itself that the group's standing and commitment to the various elements of good corporate citizenship remained in place and was actively enforced • participated in a number of sustainability indices and were recognised as one of 15 industry members on the Dow Jones Sustainability Investment (DJSI) World Indices and of nine in the DJSI Europe Indices • noted that Investec Limited had been recognised as one of four industry members in the DJSI Emerging Markets Indices.
The South African Employment Equity Act	• monitored compliance with the relevant legislation • monitored progress made towards the group's employment equity plans • engaged with the management of human resources to address challenges around matters such as diversity and employment equity targets • engaged with members of the employment equity forum • monitored and reviewed diversity across the group and considered any regulatory developments in this regard • satisfied itself that the group did take the appropriate measures in order to comply with the relevant legislation.
The South African Broad-Based Black Economic Empowerment Act	• monitored compliance with the relevant legislation • considered the group's empowerment rating • gained comfort that the group had taken the appropriate measures in order to comply with the legislation.
Contribution to the development of communities	• monitored the groups activities in contributing to the development of communities • received regular reports on the group's community investment initiatives • satisfied itself that the Investec group contributed to the development of communities.
Talent retention and attraction of employees	• received regular reports on the learning opportunities and development of employees and others outside of the workplace • agreed on investment in learning and development opportunities for employees.
Culture and ethics	• received regular reports on the group's activities in respect of programmes offered to enhance its core values which included unselfishly contributing to society, valuing diversity and respecting others • satisfied itself that the group's core values had a positive impact on the success and well-being of local communities, the environment and on overall macro-economic stability.

DLC Audit Committee report

I am pleased to present you with the report of the DLC Audit Committee which also incorporates the activities and functions of the Investec Limited and Investec plc Audit Committees for the financial year ended 31 March 2019. For more detail with regard to the operations and functions of the respective bank audit committees please refer to the audit committee reports as contained in the respective annual reports.

Over the following pages key information about the role and functioning of the DLC Audit Committee will be covered. In addition to outlining the structure of the group's Audit Committees, we have included some insight into how decisions are made and where judgement was applied to the significant issues addressed by the DLC Audit Committee during the financial year.

Role of the chair

The role of the chair of the DLC Audit Committee requires regular meetings with the heads of internal audit, compliance, legal, tax, operational and IT risk, credit, finance, the group head of corporate governance as well as the lead external audit partner and senior management outside of formal committee meetings. These interactions are essential in providing an additional layer of assurance to gain comfort that these control functions are aligned in terms of their understanding of the risks and mitigations thereof.

The DLC Audit Committee and the DLC BRCC are chaired by different independent non-executive directors. David Friedland chairs the DLC BRCC. The DLC Audit Committee and the DLC BRCC continue to capture all significant issues effectively while minimising any overlap. These committees have met all legal and regulatory requirements from a composition and independence perspective, and by so doing, provide an additional layer of independence between the said committees. Given the synergies and nature of matters considered by the committees, their membership is such that an element of commonality persists. The DLC Audit Committee chair is a member of the DLC BRCC.

Committee performance

The DLC Audit Committee's performance was considered as part of the overall board effectiveness process conducted during the financial year, through an independent effectiveness review conducted by Professor Robert Goffee from the London Business School. This process identified the functioning of the DLC Audit Committee as a particular strength. In order to address regulatory compliance Khumo Shuenyane, as the new chairman of IBL, had to step down from the DLC Audit Committee on 11 December 2018. Laurel Bowden was re-appointed to the DLC Audit Committee on 11 December 2018.

We see honest and transparent disclosure as a cornerstone for the long-term success and sustainability of our business

DLC Audit Committee

Zarina Bassa
Chair of the DLC Audit Committee

Key achievements in FY 2019

- The impact, oversight, governance and disclosures in relation to IFRS 9
- Monitoring of audit quality, external audit and audit partner accreditation and results of quality reviews
- Reviewing additional local and international cross reviews to ensure both actual and perceived audit quality
- Assessment of the overall effectiveness of the group's governance, risk management and control processes/ framework
- Consideration of the auditor's independence
- Monitoring and close out of internal and external audit findings
- Reviewing related party governance processes and disclosures
- Held joint DLC Audit Committee and DLC BRCC meetings to cover changes to the IFRS 9 scenarios and probabilities for 2019
- Reviewed internal audit succession
- Oversight over regulatory compliance and the compliance programme
- Review of the policy on non-audit services
- Concluding on the proposed approach on mandatory audit firm rotation for IBL and Investec Limited.

Key areas of focus in 2020

- Assessing conduct risk
- Monitoring of group's business continuity plan
- IT Risk and cybersecurity.

Role and responsibilities

The DLC Audit Committee is an essential part of the group's governance framework to which the board has delegated the following key functions:

- overseeing the group's financial reporting process and risks, ensuring the integrity thereof and satisfying itself that any significant judgements made by management are sound
- managing and overseeing the relationship with the group's external auditors
- reviewing the group's internal controls and assurance processes, including those of internal audit and the combined assurance model
- scrutinising the activities and performance of the internal and external auditors, including monitoring their independence and objectivity.

Composition and meetings

The DLC Audit Committee is comprised entirely of independent non-executive directors who must meet predetermined skill, competency and experience requirements. The members' continuing independence is assessed annually by the DLC Nomdac, which in turn makes a recommendation on the members' independence to the board. The DLC Nomdac and board have formed the opinion that the DLC Audit Committee has the appropriate balance of knowledge and skills for them to discharge their duties. In particular, a majority of the members are chartered accountants and by virtue of their experience in the banking, financial services and audit sectors, members collectively have competence relevant to the sector in which the group operates. Further details of the experience of the members can be found in their biographies on pages 108 to 112.

Structure of the group's audit committees

In terms of the DLC structure, the Investec plc board has mandated authority to the Investec plc Audit Committee, and the Investec Limited board has mandated authority to the Investec Limited Audit Committee to be the audit committees for the respective companies and their subsidiaries. The IBP and IBL Audit Committees report to the Investec plc and Investec Limited Audit Committee respectively.

Investec Asset Management and Investec Wealth & Investment host independently conducted audit committee meetings and report into the Investec plc and Investec Limited Audit Committees. The DLC audit chair attends both the Investec Asset Management and Investec Wealth & Investment Audit Committee meetings.

This DLC Audit Committee report incorporates the activities and functions of the Investec plc and Investec Limited Audit Committees. The DLC Audit Committee has responsibility for audit-related matters that are common to Investec plc and Investec Limited. In particular, the combined group annual financial statements and year-end and interim results are considered and recommended for approval to the board by the DLC Audit Committee.

Looking ahead

In advancing the DLC Audit Committee efforts of the prior year, focus will continue to be centred on the embedding of IFRS 9 and the implementation of IFRS 16.

The DLC Audit Committee will continue to monitor IT controls and cybersecurity and the group's internal control environment.

In addition, there will be continued consideration of the independence of the internal auditor, the external auditor and audit quality measures, including the tender process to supplement the mandatory audit firm rotation for the 2021 financial year for Investec Limited and IBL.

Meeting schedule and attendance

During the financial year ended 31 March 2019, the DLC Audit Committee, Investec plc Audit Committee and Investec Limited Audit Committee met four times during the year.

		DLC Audit Committee (4 meetings in the year)		Investec plc Audit Committee (4 meetings in the year)		Investec Limited Audit Committee (4 meetings in the year)	
Members	**Committee member since**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**
ZBM Bassa	1 Nov 2014	4	4	4	4	4	4
LC Bowden*	11 Dec 2018	n/a	n/a	2	2	2	2
PA Hourquebie	14 Aug 2017	4	4	4	4	4	4
KL Shuenyane**	8 Aug 2014	4	4	2	2	2	2

* *LC Bowden was appointed to the DLC Audit Committee with effect from 11 December 2018 and attended the DLC Audit Committee results meeting post the financial year end.*

** *KL Shuenyane stepped down from the committee with effect from 11 December 2018.*

OTHER REGULAR ATTENDEES

- Joint chief executive officers of the group
- Managing director of the group
- Group risk and finance director of the group
- Heads of compliance
- Head of operational risk
- Heads of internal audit – Investec Limited and Investec plc
- Head of finance
- External auditors
- Head of company secretarial and share schemes
- Head of corporate governance
- Head of tax
- Global Head of Investec Wealth & Investment
- CEO of IBL
- CEO of IBP

Investec plc and Investec Limited board of directors

Investec plc Audit Committee

Responsible for all legal and regulatory requirements as necessary under the UK legislation and listing rules, including the UK Disclosure Guidance and Transparency Rules and the UK Corporate Governance Code, including the three pillars of Specialist Bank, Investec Asset Management and Investec Wealth & Investment.

The Investec Asset Management Audit Committee, IBP Audit Committee and Investec Wealth & Investment Audit Committee report to the Investec plc Audit Committee.

DLC Audit Committee

Responsible for matters that are common to the Investec plc and Investec Limited audit committees, including the combined group financial statements and results announcements, appointments, independence and effectiveness of the external audit function, review of the going concern concept, group viability statement, review of the finance function and finance director, oversight and effectiveness of the group internal audit function.

Investec Limited Audit Committee

Responsible for all legal and regulatory requirements as necessary under South African legislation, listing rules and corporate governance codes including the South African Companies Act, South African Banks Act, JSE Listings Requirements and King IV Code.

The IBL Audit Committee reports to the Investec Limited Audit Committee.

Audit Committees

How the committee spent its time

The agenda and meeting schedule for the audit committees' meetings was such that the Investec plc and Investec Limited Audit Committees spent more of their time throughout the annual cycle obtaining the required assurance of control and compliance functions, which in turn allows the DLC Audit Committee to focus on items which are within its mandate, including consideration of the annual financial statements and assessment of the external auditor.

DLC

Financial reporting	External audit matters	Risk management and internal controls	Other (including governance matters)
50%	**35%**	**10%**	**5%**

Investec plc

Financial reporting	External audit matters	Internal audit matters	Risk management and internal controls (including BCP, IT risk and cyber security)	Other (including macro issues and reports from subsidiary committees)
25%	**25%**	**25%**	**15%**	**10%**

Investec Limited

Financial reporting	External audit matters	Internal audit matters	Risk management and internal controls (including BCP, IT risk and cyber security)	Other (including macro issues and reports from subsidiary committees)
20%	**30%**	**25%**	**15%**	**5%**

How the DLC Audit Committee works

The significant matters addressed by the committee during the financial year ended 31 March 2019, and in evaluating the annual report and financial statements are described on the following pages.

Financial reporting

The DLC Audit Committee's primary responsibility in relation to the group's financial reporting is to review with both management and the external auditor the appropriateness of the group's financial statements, with its primary focus being on:

- assessing whether the annual report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for stakeholders to assess the group's position and performance, business model and strategy
- material areas where significant judgements have been made, along with any significant assumptions or estimates, or where significant issues have been discussed with or challenged by the external auditor
- the appropriateness of accounting policies and practices.

Accounting policies and practices

The committee discussed reports from management in relation to the identification of critical accounting judgements and key sources of estimation uncertainty, significant accounting policies and the proposed disclosure of these in the 2019 annual report.

Following discussions with both management and the external auditors, the committee approved the critical accounting judgements, significant accounting policies and disclosures, which are set out in the accounting policies on pages 40 to 50 in volume three.

Key audit matters

The following key audit matters were deliberated by the DLC Audit Committee during the year:

Key audit matters are in the view of the DLC Audit Committee those matters that required significant focus from the committee, were considered to be significant or material in nature requiring assumptions and the exercise of judgement, or those matters which were otherwise considered to be subjective from an accounting or auditing perspective.

IFRS 9

- the implementation of IFRS 9 including model assumptions, appropriateness and governance, reasonableness of multiple economic scenarios, weighting's and probabilities, EAD and LGD assumptions, ECL and fair value, management overlays applied to model outputs and the overall IFRS 9 disclosure.
- exposures to distressed sectors and to state owned entities in Investec Limited.

Valuation of level 3 financial instruments

Challenged and debated significant subjective exposures and assumptions including:

- the valuation of level 3 investments and fair value loans
- exposures in respect of Southern African mining loans and investments. Assessed whether there had been a significant increase in credit risk (SICR). Considered management's plans for work out of such exposures, client history, geographical and sectoral exposure and assumptions around collateral valuation and debt restructures
- Certain investment and loan exposures in the Hong Kong portfolio which required significant assumptions to be deliberated given the lack of verifiable corroborative market information.

Provision for uncertain tax positions

The committee considered and concluded on the level and disclosure of tax provisions in the group, which have not changed materially from the previous year and will remain until the resolution of negotiations with the respective tax authorities.

Applicability of IFRS 5 to the demerger of Investec Asset Management from the Investec group

The committee concluded that IFRS 5 was not yet applicable to the accounting for the investment in Investec Asset Management given that the demerger is still subject to regulatory and shareholder approval and hence cannot be considered to be highly probable in terms of IFRS 5.

Contingent Liabilities

The committee considered whether the disclosure in respect of contingent liabilities, including legal proceedings, if any, was complete and appropriate.

Other areas of audit committee focus

- Monitoring and follow up of external and internal audit control findings, including IT, and ensuring appropriate mitigation and timeous close out
- The implementation of IFRS 15
- Review of unlisted and private equity investments including investments in associates and the overall valuations and recognition of revenue
- Reviewing related party governance processes and disclosures
- Review of regulatory compliance reports and oversight over the compliance programme
- Monitoring of Audit Quality, both internal and external
- Determination of the plan and process for future Mandatory Audit Firm Rotation (MAFR) as required by the Independent Regulatory Board for Auditors in respect of Investec Limited
- Review of the need for post balance sheet disclosure, if any.

Significant judgements and estimates

The significant judgements and estimates and actions taken by the committee in relation to the 2019 annual report and financial statements are outlined below. Each of these matters was discussed with the external auditor during the year and, where appropriate, has been addressed in the auditor's report on pages 13 to 33 in volume three.

Detail of committee activities

Area of focus	*What we did*
Impairments • the group has implemented IFRS 9 by developing models to calculate expected credit losses in a range of economic scenarios. The key areas of judgement include setting modelling assumptions, developing methodologies for the weighting of economic scenarios, establishing criteria to determine significant deterioration in credit quality and the application of management adjustments to the model output	• challenged the level of provisions and the assumptions used to calculate the expected credit loss provisions held by the group • assessed expected credit losses experienced against forecast, and considered whether credit loss provisions were appropriate. Particular focus was given to the legacy portfolio and exposures which are affected by the current macro-economic environment • monitored the group's expected credit losses, model changes, scenario updates, post-model adjustments, and volatility • evaluated the IFRS 9 disclosures • a dedicated combined audit and risk committee meeting was convened to consider the changes to the models, economic scenarios and weightings over the period of the financial year end.
Valuations • the group exercises judgement in the valuation and disclosure of financial instruments, derivative assets and certain portfolios including unlisted and private equity investments	• challenged and debated material individual positions, in particular unlisted and private equity investments • received presentations on the material investments across the group including an analysis of the key judgements and assumptions used • the committee approved the valuation adjustments proposed by management for the financial year ended 31 March 2019.
Tax • there are certain legacy structured transactions within the group, where there is uncertainty over the outcome of the tax positions and judgement is required over the calculation of the provision	• received regular updates on this topic from tax, group finance and legal to enable it to evaluate the appropriateness of the tax provision • analysed the judgements and estimates made and discussed the potential range of outcomes that might arise • evaluated the appropriateness of tax risk provisions to cover existing tax risk • the committee confirmed the tax provisions and disclosures for the financial year ended 31 March 2019.

Area of focus	*What we did*
Going concern • the directors are required to confirm that they are satisfied that the group has adequate resources to continue in business for the foreseeable future	• the committee undertakes an assessment on behalf of the board, in order to provide the board with assurance that it can make the statement • considered reports on the group's budgets and forecasts, profitability, capital, liquidity and solvency and the impact of legal proceedings; if any • the committee concluded that it was satisfied that the group had adequate resources to continue in business for the foreseeable future • the committee concluded that following the intended demerger of Investec Asset Management from the group, the group would have adequate resources to continue business for the foreseeable future • the committee recommended to the board that it was appropriate for the financial statements to be prepared on a going concern basis.
Fair, balanced and understandable reporting • the group is required to ensure that its external reporting is fair, balanced and understandable, and whether it provides the information necessary for stakeholders to assess the group's position and performance, business model and strategy	• the committee undertakes an assessment on behalf of the board, in order to provide the board with assurance that it can make the statement • met with senior management to gain assurance that the processes underlying the compilation of the annual financial statements were appropriate • conducted an in-depth, critical review of the annual financial statements and, where necessary, requested amendments to disclosure • assessed disclosure controls and procedures • confirmed that management had reported on and evidenced the basis on which representations to the external auditors were made • obtained input and assurance from the external auditors • the committee concluded that the processes underlying the preparation of the annual report and financial statements for the financial year ended 31 March 2019 were appropriate in ensuring that those statements were fair, balanced and understandable • the committee recommended to the board that the 2019 annual report and financial statements were fair, balanced and understandable.

Other significant matters

Apart from financial reporting matters, the committee has responsibility for the oversight of the effectiveness of the group's internal controls, the performance and effectiveness of internal audit, and the performance, objectivity and independence of the external auditor. In addition to the standard and regular agenda items, such as reports from the prudential assurance, conduct and controls committee, the most significant matters considered during the financial year ended 31 March 2019 are described in the table below.

Area of focus	*What we did*
Internal controls • the effectiveness of the overall control environment, including the IT environment, the status of any material control issues with emphasis on the progress of specific remediation plans	• evaluated and tracked the status of the most material control issues identified by internal and external audit and tracked the progress of the associated remediation plans against agreed time frames • received regular reports from the DLC BRCC and the IBL Audit Committee (chaired by the DLC Audit chair) and the IBP Audit Committee of which the DLC Audit Committee chair is a member • reviewed reports from the Independent Audit Committees of Investec Asset Management and Investec Wealth & Investment both of which are attended by the DLC Audit Committee chair • considered the second line of defence role in the oversight of operational risk controls • evaluated reports on the internal control environment from the internal and external auditors • the committee requested confirmation from management regarding the remediation of the issues identified including the time frames and accountability for remediation • reviewed and approved the combined assurance model ensuring completeness of risks assured and adequacy of assurance coverage.

Area of focus	*What we did*
Business control environment • the effectiveness of the control environment in each individual business, including the status of any material control issues and the progress of specific remediation plans	• received regular reports from the IBP PACCC, IBL PCCC and audit sub-committees • assessed reports on individual businesses and functions on their control environment, and scrutinised any identified control failures and closely monitored the status of remediation plans • received updates from senior management, and scrutinsed action plans following unsatisfactory audit findings • the committee requested confirmation from management regarding the remediation of any issues identified including the time frames and accountability for remediation.
Internal audit • the performance of internal audit and delivery of the internal audit plan, including scope of work performed, the level of resources, and the methodology and coverage of the internal audit plan	• scrutinised and agreed internal audit plans, methodology and deliverables • received regular reports from internal audit of all significant issues identified by the internal audit function • monitored delivery of the agreed audit plans, including assessing the adequacy of internal audit resources and succession plans for key roles • tracked the levels of high risk audits, and monitored related remediation plans • met with the head of internal audit, without management being present, to discuss the remit and scope of internal audit and any issues arising from the internal audits conducted • the committee approved the internal audit plans, methodology and deliverables • the committee confirmed that it was satisfied with the performance of the internal audit function • an external evaluation of the internal audit function is to be conducted during the 2020 financial year.
External audit • the performance and work of the group's external auditors, Ernst & Young	• met with key members of Ernst & Young LLP (auditors of Investec plc) to discuss the 2018/2019 audit plan to discuss key areas of focus, audit plans, findings and conclusions • met with Ernst & Young Inc. and KPMG Inc., the joint auditors of Investec Limited, prior to every Audit Committee to discuss audit plans, findings, scope and conclusions • met with the leadership of Ernst & Young Inc. and KPMG Inc. and Ernst & Young LLP to discuss auditor accreditation, firm quality control and audit quality • assessed regular reports from Ernst & Young on the progress of the 2018/2019 audit and any material accounting and control issues identified • discussed Ernst & Young's feedback on the group's critical accounting estimates and judgements • discussed Ernst & Young's draft report on certain control areas and the control environment ahead of the 2019 financial year end • the committee approved the external audit plan and the main areas of focus.
Finance function	• held a closed session of the DLC Audit Committee to discuss and conclude on the effectiveness of: – the finance function – the finance director.

Zarina Bassa
Chair, DLC Audit Committee

13 June 2019

External audit

The DLC Audit Committee has responsibility for reviewing the group's relationship with its external auditors, including appointment,considering audit fees, all non-audit services provided by the external auditors and the independence and objectivity of the external auditors. In line with the conditions set out in section 94(8) of the South African Companies Act, and based on its assessment, using the criteria set out by the King IV Code, the DLC Audit Committee confirms its satisfaction with the performance and quality of external audit, the external auditors and lead partners.

Auditor appointment

Investec plc

The company has complied with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the Order), which relates to the frequency and governance of tenders for the appointment of the external auditors. The external auditors of Investec plc are Ernst & Young LLP. Ernst & Young LLP have been Investec plc's auditors since 2000 and are subject to a mandatory rotation by the end of 2024 at the latest. A competitive tender process will be conducted in advance of this time.

Investec Limited

Investec Limited is subject to joint audit requirements. The regulations regarding mandatory audit firm rotation (MAFR) will become effective on 01 April 2023 and are applicable to the group's 2024 financial year-end. The Investec Limited Audit Committee has considered the implications of mandatory audit firm rotation, the requirements of the South African Companies Act, the views expressed by shareholders and the implications of having joint auditors, managing audit quality and the risks inherent during a transition and has agreed to commence the process of mandatory audit firm rotation by rotating off one of the joint auditors effective from the March 2021 year-end at the earliest, with the remaining firm rotating off within an approximate two year period thereafter. A competitive tender process will be put in place in advance of the rotations.

See further information on re-election of auditors on page 141.

Non-audit services

The DLC Audit Committee has adopted a policy on the engagement of the external auditors to provide non-audit services. This policy, designed to safeguard auditor objectivity and independence, includes guidelines on permitted and non-permitted services and on services requiring specific approval by DLC the Audit Committee. The policy was reviewed and revised during the current year.

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

Total audit fees paid to all auditors for the year ended 31 March 2019 were £15.1 million (2018: £13.6 million), of which £3.9 million (2018: £1.6 million) related to the provision of non-audit services.

Total non-audit fees for each of the auditing firms were pre-approved by the chair of the DLC Audit Committee prior to every assignment.

The level of fees related to non-audit services for the 2019 year were at a higher level than usual. This was carefully monitored and considered by the DLC Audit Committee which was comfortable that the services were those typically provided by the auditor, such as circulars and pre-listings regulatory requirements in the run-up to the demerger of Investec Asset Management from the group.

Based on the abovementioned policy and reviews, the DLC Audit Committee was satisfied that the level and type of non-audit work undertaken throughout the year did not impair the independence of Ernst & Young LLP (Investec plc) or Ernst & Young Inc. and KPMG Inc. (Investec Limited).

Working with the external auditor

The DLC Audit Committee met with the external auditors to review the scope of the external audit plan, budgets, the extent of non-audit services rendered and all other audit matters. The external auditors are invited to attend DLC Audit Committee meetings and have access to the DLC Audit Committee chair on an ongoing basis formally before each DLC Audit Committee meeting.

Partner accreditation and audit quality

In terms of the amended JSE Listings Requirements external audit Partner Accreditation, which was previously done by the Independent Regulatory Board for Auditors (IRBA), is now the responsibility of the DLC Audit Committee, together with specific responsibilities around audit quality. In this regard discussions in respect of audit quality continued between the DLC Audit Committee and both Ernst & Young LLP (Investec plc) and Ernst & Young Inc. and KPMG Inc. (Investec Limited), both from a South African and UK perspective.

The following was covered during these discussions:

- transparency reports and reviews by each of the two firms covering their client base, client acceptance and continuance processes, and the approach to clients, if any, that did not meet the client continuance criteria;
- the independence processes of the firm, including partner reward and remuneration criteria;
- interrogation of international and local firm audit quality control processes;
- detailed profiles of all partners and managers on the Investec assignment, including their relevant audit experience, were reviewed;
- details in relation to each firm's respective succession plans in order to provide assurance as to the partner rotation, transition and continuity process;
- results of the last firm-wide reviews carried out by regulatory bodies, both IRBA in South Africa and AQRT in the UK;
- the results of the last individual partner quality reviews carried out by the regulator and internal firm-wide quality control reviews carried out in respect of each partner; and

- the completion of an audit quality questionnaire by each member of the audit committee and management, the results of which were that a robust audit is in place.

Regarding the challenges experienced during 2017 by KPMG Inc. in South Africa, and the resultant external independent investigation by SAICA (Ntsebeza Enquiry), and the subsequent issues emanating from the VBS audit in 2018, several processes were initiated to ensure and confirm audit quality. KMPG Inc. and Ernst & Young Inc. collaborated on their audit processes and additional audit quality control reviews were introduced with additional cross reviews by KPMG International. Individual sessions with management, the internal auditors and each of the external auditors were undertaken separately to consider audit quality As part of the considerations for the current year, certain areas of work were rotated between Ernst & Young Inc. and KPMG Inc. The DLC Audit Committee concluded that it was satisfied that a robust audit process was in place with deep levels of enhanced cross reviews by KPMG Inc., Ernst & Young Inc., KPMG International and Ernst & Young LLP.

Auditor independence and objectivity

The DLC Audit Committee considers the independence of the external auditors on an ongoing basis. The external auditors are required to rotate the lead audit partner every five years and other key audit partners every five years. Partners and senior staff associated with the Investec audit may only be employed by the group after a cooling off period. The lead partners commenced their respective five-year rotation periods in 2014 and 2018 (Ernst & Young LLP: 1 July 2014 and Ernst & Young Inc: 31 January 2018).

Andy Bates as the lead Ernst & Young LLP partner will thus rotate off on conclusion of the 2019 audit process. Manprit Dosanjh who has been involved in a transition capacity over the past year, will take over as the lead Ernst & Young LLP partner for the 2020 audit.

The external auditors have confirmed their independence and were requested to review and confirm the level of staff transactions with Investec, if any, to ensure that all auditors on the Investec audit meet the independence criteria.

Following due consideration, we continue to believe that the extent of audit cross reviews, both between the joint auditors of Investec Limited, of the additional cross reviews by the DLC auditors across the group supported by partner rotation, limitations on non-audit services including pre-approval of non-audit work and the confirmation of the independence of the firms and auditors involved as well as are adequate safeguards to ensure that the audit process is both objective and effective.

Mandatory audit firm rotation

Investec Limited and Investec Bank Limited are subject to joint audit requirements as required by the South African Prudential Authority. The regulations regarding mandatory audit firm rotation will become effective on 1 April 2023 and are applicable to the group's 2024 financial year end. The Investec Limited Audit Committee has considered the implications of mandatory audit firm rotation, the views expressed by shareholders and the implications of having joint auditors, managing audit quality and the risks inherent during a transition and has agreed to commence the process of mandatory audit firm rotation by rotating off one of the joint auditors effective from the 2021 financial year end, with the remaining firm rotating off within an approximate two-year period thereafter. A complete tender process will be put in place in advance of the rotations.

Re-election of auditors

In making the recommendation for the re-election of Investec Limited's and IBL's auditors, the board and the DLC Audit Committee have taken into consideration the South African Companies Act and the South African Prudential Authority requirements with respect to joint auditors and mandatory firm rotation.

The board and DLC Audit Committee is recommending the re-election of Ernst & Young Inc. and KPMG Inc. as joint auditors of Investec Limited and IBL at its annual general meeting in August 2019.

In addition, the board and the DLC Audit Committee is recommending the re-election of Ernst & Young LLP as auditors of Investec plc at its annual general meeting in August 2019.

DLC Board Risk and Capital Committee report

As the chairman of the DLC BRCC, during the financial year ended 31 March 2019, I am pleased to present our report.

The role of the committee is to review, on behalf of the board, management recommendations on a range of risks facing the business. We perform this function by considering the risk reports presented and question whether no management action is required or whether existing actions taken by management following discussion are appropriate.

During the year under review, all risk and capital measures remained within the board-approved risk appetite despite a number of emerging economic and political risks which presented themselves. The committee reviewed and approved the capital plans for IBL and IBP under various stress scenarios. The committee was also actively involved in reviewing the various IBL models for Foundation Internal Rating Based (FIRB). Special meetings were held where the various models were presented to the committee for approval. The South African Prudential Authority approved the IBL application to calculate its minimum capital requirements in respect of credit risk for the wholesale portfolios using FIRB and retail portfolios using AIRB, effective April 2019.

As a committee, we gained comfort from the fact that a detailed review of the risk appetite limits was conducted by the executives in the Policy ERRF, who recommended the risk appetite limits to the committee for approval. We reviewed the risk appetite limits and challenged the assumptions contained therein.

Reports to the committee focus on the key risk disciplines of credit, operational, legal, conduct, reputational, capital, liquidity, market and investment risk and cybersecurity. However, due to the dynamic nature of the business environment in which Investec operates, the committee is flexible in considering other matters of relevance as they arise. For example, the committee requested several ad hoc reports in order to adequately assess risks that are due to once off events.

At each board meeting, a report is presented on the key matters discussed at the committee with a focus on any new risks identified.

Committee performance

Evaluation of the committee's performance as part of the overall board effectiveness review was conducted by Professor Goffee, from the London School of Business and no areas of concern in respect of the functioning of the committee were identified.

We believe that robust risk management systems and processes are in place to support the group strategy

DLC board risk and capital committee

David Friedland
Chairman of the DLC BRCC

Key achievements in FY 2019

- Review of the targeted attack simulations exercise to mitigate cybercrime risk which was conducted by external consultants. Ensured remedial action, if any, was being taken in respect of identified weakness
- Brexit: Consideration of risks that could be faced and management actions to mitigate the impact thereof
- Monitoring of progress of the AIRB project
- Monitoring of the effectiveness of the Risk Data Aggregation and Risk Reporting (RDARR) Project
- Understanding and challenging the implementation of IFRS 9
- Monitoring the implementation of the General Data Protection Regulation (GDPR)

Areas of focus in FY 2020

- Monitoring and continued mitigation of risks related to cybercrime and information security
- Monitoring of effective RDARR
- Continued focus on further embedding of IFRS 9
- Monitoring of Regulatory Developments
- Brexit: continued consideration of the risks that could be faced and the monitoring of management actions to mitigate the impact thereof
- Review of model changes to AIRB activities

Role of the chair

During the year, meetings were held regularly with the heads of business, as well as heads of the risk disciplines outside of formal committee meetings in order to maintain and develop an understanding of the group's operations and risks facing the business. These interactions are an essential part of the role of the chairman, as it provides an additional layer of assurance to help gain comfort that risks that are reported to the committee accurately reflect the risks facing the business. The audit committee has the primary role in providing assurance to the board that enterprise wide risks have been correctly identified and appropriate controls are in place. Therefore, the audit committee will rely on the output of the DLC BRCC to give assurance as regards enterprise wide risk. As it is essential that there are some synergies in membership of the DLC Audit Committee and DLC BRCC, common membership will be retained by Zarina Bassa, as the chair of the DLC Audit Committee, and Philip Hourquebie, a member of the DLC Audit Committee.

Looking forward

In the year ahead, the committee will continue to focus on matters related to the impact of economic conditions on Investec, effective risk data aggregation, the implementation of regulatory requirements, Financial Intelligence Centre Act (FICA) and the King IV Code, information security, cybercrime and risks associated with the fast pace of regulatory change faced by the business, assessing the impact of external factors on the group's risk profile and review of model changes to AIRB activities.

The committee will continue to focus on the requirements in relation to the General Data Protection Regulation (GDPR) and the further embedding of IFRS 9.

David Friedland
Chairman, DLC BRCC

13 June 2019

Role

The DLC BRCC is an essential part of the group's governance framework. The board has delegated the monitoring of the group's activities in relation to a number of risks and capital management. The DLC BRCC is the most senior risk management committee of the group and comprises executive and non-executive membership (the majority of whom are non-executive directors). It covers each material banking, wealth management and asset management subsidiary company within the wider group.

The DLC BRCC has to ensure that all risks are identified and properly mitigated and managed. Good client and market conduct are paramount in all the group does and the DLC BRCC ensures a robust culture supported by oversight and management information to evidence good practice.

The DLC BRCC is also the appointed board committee to meet the requirements of the South African Banks Act and the Capital Requirements Regulation and Directive (CRR/CRD IV), adopted by the European Commission and implemented in the UK. This requires the board of directors of a bank and a holding company to appoint a risk and capital committee.

The DLC Nomdac and the board have formed the opinion that the DLC BRCC has the appropriate balance of knowledge and skills in order to discharge its duties. In particular, the majority of members are independent non-executive directors, as required in terms of King IV, and all members have the relevant knowledge and experience for them to be able to consider the issues that are presented to the committee.

Composition and meetings

DLC BRCC meets at least six times every year. During the year ended 31 March 2019, the DLC BRCC met six times.

		(6 meetings in the year)	
Members	**Committee member since**	**Eligible to attend**	**Attended**
D Friedland (Chairman)	13 Sep 2013	6	6
ZBM Bassa	14 Nov 2014	6	6
GR Burger*	11 Mar 2011	4	3
PKO Crosthwaite	9 Nov 2018	2	2
B Kantor	11 Mar 2011	6	6
S Koseff	11 Mar 2011	6	6
PA Hourquebie	17 Aug 2017	6	6
KL Shuenyane	16 Jan 2015	6	6
F Titi	11 Mar 2011	6	6

* *GR Burger stepped down from the committee on 31 March 2019.*
^ *Where a director is unable to attend a meeting, they receive papers in advance and have the opportunity to provide comments to the chairman of the committee.*

OTHER REGULAR ATTENDEES

- Operational risk
- Head of IT security
- Investec Wealth & Investment Global Head
- Chief risk officer – Investec Limited
- Chief risk officer – Investec plc
- Investec Asset Management COO
- Investor relations representative
- Global head of governance and compliance
- CFO Specialist Bank – Investec Limited (for AIRB meetings)
- AIRB project representative (for AIRB meetings)
- Head of risk – Investec Wealth & Investment

How the committee spent its time

Capital	Balance sheet risk	Credit risk	Market risk	Other (Including legal, operational, group insurance, conduct risk, business continuity, cybercrime and IT)
25%	20%	20%	10%	25%

How the DLC BRCC works

The significant matters addressed by the committee during the financial year ended 31 March 2019 are described on the following pages.

The standard and regular agenda items of the committee include comprehensive reports in regards to liquidity risk, capital adequacy, credit risk, investment risk, market risk, operational risk, reputational and legal risk, conduct risk, financial crime, fraud and IT and cyber risk.

COMMITTEE ACTIVITIES

Areas of focus	*What we did*
Capital management • The progress/plan to achieving required regulatory and internal targets and capital and leverage ratios	• reviewed and challenged Brexit stress tests • measured key capital ratios against the internal and regulatory limits and what actions management planned to meet these ratios/limits • reviewed impending regulations on the management of capital – IFRS 9, AIRB, change in classification of IEP Group Proprietary Limited for capital purposes • satisfied itself that Investec plc and Investec Limited were adequately capitalised and that progress was being made towards achieving impending regulatory amendments to capital ratios
Liquidity risk • Liquidity risk refers to the possibility that, despite being solvent, we have insufficient capacity to fund increases in assets or are unable to meet our payment obligations as they fall due, in normal and stressed conditions. This includes repaying depositors or maturing wholesale debt. This risk arises from mismatches in the timing of cash flows and is inherent in all banking operations and can be impacted by a range of institution-specific and market-wide events	• reviewed regular reports which highlights group activity, liquidity balances and key measures against thresholds and limits • implemented an investment measure to ensure sufficient liquidity to absorb repayment of the Irish deposits pursuant to Brexit • challenged the effectiveness of the management of such risk within the business • considered the impact of external events, such as Brexit
Balance sheet risk • Balance sheet risk encompasses the financial risks relating to our asset and liability portfolios, comprising liquidity, funding, concentration, encumbrance and non-trading interest rate risk	• reviewed regular reports highlighting group activity, liquidity balances and key measures against thresholds and limits
Recovery and resolution plan • To document how the board and management will recover from extreme financial stress to avoid liquidity and capital difficulties in Investec plc and Investec Limited	• reviewed the recovery and resolution plans for both Investec plc and Investec Limited in line with the mandated annual review • questioned the contents of the recovery and resolution plans which address how the board and management will recover from extreme financial stress to avoid liquidity and capital difficulties in Investec plc and Investec Limited • gained comfort that adequate plans had been put in place for scenarios where Investec plc or Investec Limited was required to recover from extreme financial stress

COMMITTEE ACTIVITIES *(continued)*

Areas of focus	What we did
Market risk • Traded market risk is the risk of potential changes in the value of the trading book as a result of changes in market risk factors such as interest rates, equity prices, commodity prices, exchange rates, credit spreads and the underlying volatilities in the derivatives market	• monitored risk appetite breaches and challenged management action which addressed these breaches • gained comfort that the group had addressed breaches to limits appropriately
Credit and counterparty risk • Credit and counterparty risk are defined as the risk arising from an obligor's (typically a client or counterparty) failure to meet the terms of any agreement thereby resulting in a loss to the group	• monitored the risk appetite limit and queried management action taken in respect of breaches • challenged the effectiveness of the management of such risks within the business
Investment risk • The probability or likelihood of occurrence of losses relative to the expected return of any particular investment	• received regular reports regarding investment risk • reviewed and questioned the investment risk reports submitted to the committee
Operational risk • The potential or actual impact as a result of failures relating to internal processes, people, systems, or from external events. The impacts can be financial as well as non-financial such as customer detriment, reputational or regulatory consequences	• monitored operational losses to ensure no further risk events • reviewed the overall risk rating for the group • considered and reviewed the risk appetite limits for the group • monitored and reviewed regulatory compliance risk, information security risk, access risk and regulatory developments
Reputational risk • Reputational risk is damage to our reputation, name or brand. Reputational risk is often associated with strategic decisions made and also arises as a result of other risks manifesting and not being appropriately mitigated	• monitored events which could potentially create reputational risk • gained comfort that reputational risk was mitigated as much as possible through detailed processes and governance escalation procedures from business units to the board, and from regular, clear communication with all stakeholders
Conduct risk • Conduct risk means the risk that detriment is caused to the group, its customers, its counterparties or the market, as a result of inappropriate execution of business activities	• reviewed and questioned the conduct risk report which is discussed at each meeting • challenged the effectiveness of the management of such risks within the business
Business continuity risk • Risk associated with disruptive incidents which can impact premises, staff, equipment, systems and key business areas	• reviewed, challenged and debated reports which highlight processes in place to manage business continuity risk • challenged the effectiveness of the management of such risk within the business
Cybercrime risk • Risk associated with cyberattacks, which can interrupt client services or business processes, or result in financial losses	• received regular reports regarding the cybercrime landscape, including lessons learnt from external cyberattacks • received the targeted attack simulation results and ensured that any remediation required was completed • gained comfort that the management of cybercrime was given the necessary priority

DLC Remuneration Committee report

For information on the decisions taken by the DLC Remuneration Committee, refer to the remuneration report contained on pages 167 to 218.

		(9 meetings in the year)	
Members during the year	**Committee member since**	**Number of meetings held**	**Eligible to attend**
PA Hourquebie (chairman)*	14 Aug 2017	9	9
ZBM Bassa	10 Sep 2015	9	9
PKO Crosthwaite	18 Sep 2013	9	9
CR Jacobs	8 Aug 2014	9	9

* *PA Hourquebie was appointed to the DLC Remco with effect from 14 August 2017 and was appointed chairman with effect from 1 April 2018. PA Hourquebie recused himself from any discussions in relation to the remuneration of the chairman of the DLC Remco.*

Management committees

Several management committees have been established to support management in their governance of the group. Three key committees have been established to assist with the management and monitoring of the risks facing the group. These are the:

- Global Asset and Liability Committee (Global ALCO)
- Policy ERRF
- DLC Capital Committee.

Each of these committees have been established by the DLC BRCC and the reporting line back into the board is outlined below, as well as the division of responsibilities.

Investec plc and Investec Limited boards

DLC BRCC

Global ALCO

Mandated by the DLC BRCC and reporting into the DLC BRCC to recommend and monitor the funding and liquidity policy and non-trading interest rate risk policy which translates into a suite of limits that define our risk appetite. Global ALCO also directs the implementation of the methodology, techniques, models and risk measures for liquidity and non-trading interest rate risk management (in the banking book) and reviews the structure of our balance sheet and business strategies, taking into account market conditions, including stress tests

Policy ERRF

Mandated by the DLC BRCC and reporting into the DLC BRCC to assist with the review of risk management policies and practices to ensure the organisation remains in line with the group risk appetite

DLC Capital Committee

Mandated by the DLC BRCC and reporting into the DLC BRCC to assist with the management of capital allocation and structuring, capital planning and models, performance measurement and capital-based incentivisation

Global forums/committees
Including global credit committee and group investment committee

How we comply

Regulatory context

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

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

Please refer to pages 5 to 12 of volume 3 of the annual report, for the directors' responsibility statement and directors' report.

Statement of compliance

King IV

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

UK Corporate Governance Code

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

Leadership

A1 The role of the board
The group is led by an effective, committed board, which is collectively responsible for the long-term success of the group. Please refer to page 113 for the details of the group's governance framework, and pages 108 to 112 for the directors' biographies.

A2 Division of responsibilities
There is a clear division of responsibility at the head of the company. There is a clear separation between the role of the chairman and the joint CEOs. Please refer to page 114 for the details of the respective board roles.

A3 The chairman
The chairman, Perry Crosthwaite, has the overall responsibility for the leadership of the board and for ensuring its effectiveness. Perry was considered to be independent on appointment. The responsibilities of the chairman are set on page 114.

A4 Non-executive directors
The senior independent director, Zarina Bassa, acts as a sounding board for the chairman, and is available to shareholders and non-executive directors as required. Zarina also leads the board in the annual assessment of the effectiveness of the chairman.

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

Effectiveness

B1 The composition of the board
The DLC Nomdac reviews the balance of skills, experience, independence, and knowledge on the board and board committees on an annual basis, or whenever appointments are considered. Having the right balance on the board and board committees helps to ensure that those bodies discharge their respective duties and responsibilities effectively. For the financial year ended 31 March 2019, the board, at the recommendation of the DLC Nomdac, concluded that the skills, knowledge and experience of the directors as a whole was appropriate for their responsibilities and the group's activities, as shown on page 117.

The DLC Nomdac monitors, in particular, whether there are any relationships or circumstances which may impact a director's independence. For the financial year ended 31 March 2019, the board, at the recommendation of the DLC Nomdac, concluded that the majority of the non-executive directors are independent in character and judgement, as shown on pages 116 to 117. As identified on page 117, the board concluded that Ian Kantor, founder, former CEO of the group, and brother of executive director Bernard Kantor, could not be considered to be independent under the code.

B2 Appointments to the board
The process for appointments to the board are led by the DLC Nomdac, which makes a recommendation to the board.

B3 Time commitments
Non-executive directors are advised of time commitments prior to their appointment and they are required to devote such time as necessary to discharge their duties effectively. The time commitments of the directors are considered by the board on appointment and the board is satisfied that there are no directors whose time commitments are considered to be a matter for concern. External appointments, which may affect existing time commitments for the board's business, must be agreed with the chairman, and prior approval must be obtained before taking on any new external appointments. More information on directors' attendance at board and committee meetings can be found on page 121.

B4 Training and development
The chairman leads the training and development of directors and the board generally.

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

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

B5 Provision of information and support
The chairman, supported by the company secretaries, ensures that board members receive appropriate and timely information. The Investec group provides access, at its expense, to the services of independent professional advisers in order to assist directors in their role. Board committees are also provided with sufficient resources to discharge their duties. All directors have access to the services of the company secretaries in relation to the discharge of their duties.

B6 Board and committee performance and evaluation
The evaluation of the board is externally facilitated at least every three years. An externally facilitated performance evaluation was completed in 2018, with internally facilitated evaluations having taken place in 2016 and 2017. Further information can be found on page 128.

B7 Re-election of directors
At the 2019 AGM all directors that intend to remain on the board will seek re-election or election. Being the first AGM following their appointment, Kim McFarland and Nishlan Samujh will stand for election, with all other Directors standing for re-election. The board believes that all directors continue to be effective and committed to their roles.

Accountability

C1 Financial and business reporting
The code requirement that the annual report is fair, balanced and understandable is considered throughout the drafting and reviewing process and the board has concluded that the 2019 annual report is fair, balanced and understandable. The directors' and auditors' statements of responsibility can be found on pages 9 and 23 of volume 3 respectively. Information on the group's business model and strategy can be found on pages 4 to 15.

C2 Risk management and internal control systems
The board is responsible for the group's risk management and internal controls systems; see page 138 for more detail regarding internal control.

The audit committee is responsible for the effectiveness of internal controls and the Risk Management Framework. Further information can be found on pages 132 to 141.

The DLC BRCC is responsible for the review of the risk culture of the group, setting the tone from the top in respect of risk management. Further information can be found on pages 142 to 146.

The directors' viability statement and confirmation that the business is a going concern can be found on page 149.

C3 Role and responsibilities of the audit committee
The board has delegated a number of responsibilities to the audit committee, including oversight of financial reporting processes, the effectiveness of internal controls and the risk management framework, and the work undertaken by the external and internal auditors. The audit committee report which can be found on pages 132 to 141, sets out how the committee has discharged its duties and areas of focus during the year.

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

Remuneration

D1 Level and elements of remuneration
The Investec group is committed to offering all employees a reward package that is competitive, performance-driven and fair and the group's remuneration policy statement is designed to promote the long-term success of Investec. The directors' remuneration report on pages 167 to 218 provides full details regarding the remuneration of directors.

D2 Procedure
The work of the DLC Remuneration Committee and its focus during the year can be found on pages 174 to 175.

Relations with shareholders

E1 Shareholder engagement
The board actively engages with all stakeholders, including shareholders, and more information on our approach to relations with shareholders can be found on page 152.

E2 Use of general meetings
The board values the annual general meeting (AGM) as a key opportunity to meet with shareholders. The 2019 AGM will be held on 8 August 2019. The majority of the board are expected to attend and will be available to answer shareholders' questions.

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

Other statutory information

Viability statement

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

The board has identified the principal and emerging risks facing the group and these are highlighted on pages 29 to 36.

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

Taking these risks into account, together with the group's strategic objectives and the prevailing market environment, the board approved the overall risk appetite for the Investec group. The group's risk appetite statement sets broad parameters relating to the board's expectations around performance, business stability and risk management.

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

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

In terms of the South African Prudential Authority, the FCA and PRA requirements, the group is also required to meet regulatory standards with respect to capital and liquidity. In terms of these requirements, the group is required to stress its capital and liquidity positions under a number of severe stress conditions. Investec's stress testing framework is well embedded in its operations and is designed to identify and regularly test the group's key 'vulnerabilities under stress'.

Scenario modelling and rigorous daily liquidity stress tests are performed to measure and manage the group's respective banking entities' liquidity positions such that payment obligations can be met under a wide range of company specific and market-driven stress scenarios. The objective is to have sufficient liquidity, in an acute stress scenario, to continue to operate for a minimum period as detailed in the board-approved risk appetite and as required by the regulators. The group's risk appetite also requires each banking entity to maintain a minimum cash to customer deposit ratio of 25%, and ensure that the respective banking entities are not reliant on wholesale funding to fund core asset growth. Each banking entity is required to be fully self-funded. Our banking businesses in both the UK and Southern Africa exceed the regulatory requirements for the net stable funding ratio and liquidity coverage ratio. The group currently has £13.3 billion in cash and near cash assets, representing 42.4% of customer deposits.

The group develops annual capital plans that look forward over a three-year period. These plans are designed to assess the capital adequacy of the group's respective banking entities under a range of economic and internal conditions, with the impact on earnings, asset growth, risk appetite and liquidity considered. The output of capital planning allows senior management and the board to make decisions to ensure that the group continues to hold sufficient capital to meet internal and regulatory capital targets over the medium term (i.e. three years). The group targets a minimum capital adequacy ratio of 14% to 17%, a tier 1 ratio greater than 11%, a common equity tier 1 ratio in excess of 10% and a leverage ratio in excess of 6% for each of its banking entities.

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

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

Investec Limited:

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

Investec plc:

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

We also carry out 'reverse stress tests', i.e. those scenarios that would cause the group to breach its capital and liquidity requirements. These scenarios are considered highly unlikely, given the group's strong liquidity position and sound capital and leverage parameters.

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

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

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

In assessing the group's viability, the board has taken all of the abovementioned factors, documents and processes into consideration. The directors can confirm that they have a reasonable expectation that Investec will continue to operate and meet its liabilities as they fall due over the next three years. The board has used a three-year assessment period as this is aligned to the group's medium term capital plans which incorporate profitability, liquidity, leverage and capital adequacy projections and include impact assessments from a number of stress scenarios. Detailed management information therefore exists to provide senior management and the board sufficient and realistic visibility of the group's viability over the next three years to 31 March 2022 under these various scenarios. The board has assessed the group's viability in its 'base case' and stress scenarios. In assessing the group's viability, a number of assumptions are built into its capital and liquidity plans. In the stress scenarios these include, for example, dividend payments being reduced and asset growth being curtailed. In reviewing the three year capital plans the board has also tested the group's viability in relation to the proposed demerger and separate public listing of the Investec Asset Management business.

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

- Pages 6 to 102, which provide a strategic and financial overview of the business
- Pages 29 to 36, which provide detail on the principal and emerging risks the group faces
- Page 11 in volume two, which highlights information on the group's risk appetite framework
- Pages 6 to 9 and 12 to 24 in volume two, which provide an overview of the group's approach to risk management, and the processes in place to assist the group in mitigating its principal risks
- Pages 9, 17, 20, 21, 49, 52, 56, 59 and 80 in volume two which highlight information on the group's various stress testing processes
- Pages 58 to 62 in volume two, which specifically focus on the group's philosophy and approach to liquidity management
- Pages 76 to 81 in volume two which explain the group's capital management framework.

This forward-looking viability statement made by the board is based on information and knowledge of the group at 12 June 2019. There could be a number of risks and uncertainties arising from (but not limited to) domestic and global economic and business conditions beyond the group's control that could cause the group's actual results, performance or achievements in the markets in which it operates to differ from those anticipated.

Conflicts of interest

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

External directorships

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

Dealings in securities

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

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

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

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

Directors' dealings

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

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

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

Related parties

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

Time commitment

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

Stakeholder engagement

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

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

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

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

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

Refer to our remuneration report on pages 168 to 218 for further details on the group's remuneration policy.

Report to shareholders

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

David Miller
Company secretary

Investec plc

Niki van Wyk
Company secretary

Investec Limited

Investec ordinary shares

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

Spread of ordinary shareholders as at 31 March 2019

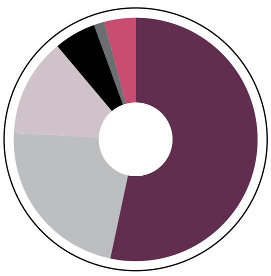
Investec plc ordinary shares in issue

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

Investec Limited ordinary shares in issue

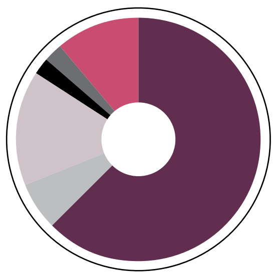
Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
4 171	1 – 500	48.1%	738 361	0.2%
1 265	501 – 1 000	14.6%	971 062	0.3%
1 745	1 001 – 5 000	20.1%	3 963 611	1.2%
409	5 001 – 10 000	4.7%	3 022 667	0.9%
594	10 001 – 50 000	6.8%	14 612 215	4.6%
186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

Geographical holding by beneficial ordinary shareholder as at 31 March 2019



Investec plc

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



Investec Limited

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

Largest ordinary shareholders as at 31 March 2019

In accordance with the terms provided for in Section 793 of the UK Companies Act, 2006 and Section 56 of the South African Companies Act, 2008, the group has conducted investigations into the registered holders of its ordinary shares (including nominee and asset management companies) and the results are as disclosed below.

Investec plc

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

The top 10 shareholders account for 50.4% of the total shareholding in Investec plc. This information is based on a threshold of 20,000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

Investec Limited

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

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

Shareholder classification as at 31 March 2019

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

* *As per the JSE listings requirements.*

Share statistics

Investec plc

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

Investec Limited

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

1 *The LSE only include the shares in issue for Investec plc, i.e. currently 682.1 million, in calculating market capitalisation, as Investec Limited is not incorporated in the UK.*

2 *Calculations are based on the group's consolidated earnings per share before goodwill, acquired intangibles and non-operating items; and dividends per share as prepared in accordance with IFRS and denominated in Pounds Sterling.*

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

Investec preference shares

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

Spread of preference shareholders as at 31 March 2019

Investec plc preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
52	1 – 500	15.6%	10 618	0.4%
39	501 – 1 000	11.7%	30 700	1.1%
159	1 001 – 5 000	47.8%	307 334	11.2%
28	5 001 – 10 000	8.4%	214 331	7.8%
44	10 001 – 50 000	13.2%	962 102	34.9%
11	50 001 – 100 000	3.3%	1 229 502	44.6%
–	100 001 and over	0.0%	–	0.0%
333		**100.0%**	**2 754 587**	**100.0%**

Investec plc (Rand-denominated) perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
47	1 – 500	51.1%	9 630	7.3%
16	501 – 1 000	17.4%	12 573	9.6%
22	1 001 – 5 000	23.9%	52 523	39.9%
5	5 001 – 10 000	5.4%	30 721	23.4%
2	10 001 – 50 000	2.2%	26 000	19.8%
–	50 001 – 100 000	0.0%	–	0.0%
–	100 001 and over	0.0%	–	0.0%
92		**100.0%**	**131 447**	**100.0%**

Investec Limited perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
1 036	1 – 500	17.6%	319 703	1.0%
1 254	501 – 1 000	21.3%	1 032 665	3.2%
2 592	1 001 – 5 000	44.1%	6 127 441	19.0%
491	5 001 – 10 000	8.4%	3 536 035	11.0%
432	10 001 – 50 000	7.3%	8 343 657	25.9%
76	50 001 – 100 000	1.3%	12 854 998	39.9%
–	100 001 and over	0.0%	–	0.0%
5 881		**100.0%**	**32 214 499**	**100.0%**

Investec Bank Limited perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
768	1 – 500	20.9%	208 118	1.3%
876	501 – 1 000	23.9%	755 233	4.9%
1 481	1 001 – 5 000	40.4%	3 558 887	23.0%
291	5 001 – 10 000	7.9%	2 116 632	13.7%
213	10 001 – 50 000	5.8%	4 227 184	27.4%
24	50 001 – 100 000	0.7%	1 562 119	10.1%
13	100 001 and over	0.4%	3 019 457	19.6%
3 666		**100.0%**	**15 447 630**	**100.0%**

Largest preference shareholders as at 31 March 2019

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

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

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

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

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

Introduction to our social and environmental impact

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

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

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

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

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

Highlights for the year

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

Our six priority SDGs are aligned with:

- ***Our purpose (refer to page 6)***
- ***Our business model and growth strategy (refer to pages 8 and 9)***
- ***Our global operations, to ensure local relevance (refer to pages 13 to 15)***

Our commitment to our people and communities

Refer to pages 159 to 164.

Our commitment to the environment

Refer to page 165.

Our business impact

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

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

Our commitment to our people

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

Our people strategy

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

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

Highlights for the year

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

Working at Investec

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

10
principles of the UN Global Compact

Human rights

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

Freedom of association

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

3
reported incidents (2018: 0)

Whistle-blowing policy and protected disclosures

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

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

Employee well-being

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

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

Learning and development

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

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

Promoting equity and inclusion

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

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

Our diversity principles

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

Refer to page 214.

Highlights for the year

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

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

Our diversity commitment

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

Employee gender composition – permanent employees

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

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

Our commitment to our communities

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

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

Our approach focuses on three categories of impact:

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

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

Highlights for the year

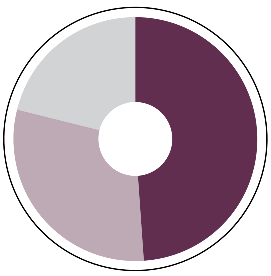
- Total community spend £9.8 million (2018*: £8.2 million)
- 1.5% community spend as a % of operating profit (2018*: 1.4% and a target of >1.0%)
- One of the first signatories to the Youth Employment Service (YES) initiative in South Africa, and placed in excess of 1 200 youth with 11 partners
- Finalist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

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

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

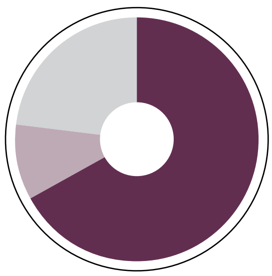
In the past year, the entrepreneurship and job creation category has increased significantly as a result of our commitment to the Youth Employment Services (YES) initiative in community spend. Combined, the education and learnerships, and entrepreneurship and job creation spend was 79% of total community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

Spend on community initiatives by impact category (%)



31 MARCH 2019
£9.8 million

49%	Education and learnerships
30%	Entrepreneurship and job creation
21%	Environment and other



31 MARCH 2018
£8.2 million

67%	Education and learnerships
10%	Entrepreneurship and job creation
23%	Environment and other

Education and learnerships

Within our communities, our strategy focuses on creating education and leadership opportunities, that equip and enable young people to become active economic participants in society.

Through our many education and learnership initiatives we are contributing to SDG 4 (quality education)

In South Africa, we support and empower talented individuals within a defined continuum of interactions through school and university to the workplace.

Our flagship programme, **Promaths**, aims to support the education system by providing extra tuition in mathematics and science to learners in grades 10-12 at selected schools across the country. We currently fund 3 960 learners across nine centres. In 2018* there were 409 distinctions in mathematics from 1 176 learners and 651 distinctions in science from 1 173 learners writing their final examinations, both of which contributed 7% of the country's distinctions in the two subjects. Our other key programmes in the education sector include high school and university bursaries, teacher development, work readiness, mentorship and learnerships.

Investec supports two learnership programmes, the **Umuzi Academy** and **Afrika Tikkun**. The Umuzi Academy offers a one-year learnership that produces high calibre, entry-level designers, copywriters, digital and multimedia professionals. Afrika Tikkun offers learners skills in business administration, end-user computing and systems development.

In the UK, we partner with **Arrival Education**, a social enterprise that focuses on supporting young people from challenging backgrounds and minority ethnic groups through programmes which encourage social mobility. We have supported over 1 600 learners on the Arrival Education programme in the last ten years. Our other programmes in the UK include primary and secondary school support as well as college support, with Investec staff involved in all programmes through volunteering.

Highlights for the year

- 5% of South Africa's national distinctions in both mathematics and science came from Promaths learners
- 173 high school and university bursaries awarded (2017*: 157)
- >R14.7 million invested in Umuzi Academy and Afrika Tikkun learnerships in 2018*
- Supported 113 Arrival Education students in the UK

Business impact on SDG 4

The Investec Africa Frontier Private Equity Fund 2, a private-equity fund managed by Investec Asset Management, has acquired a controlling stake in private-college operator Richfield Holdings. Richfield operates more than 40 campuses in South Africa with more than 20 000 students. It offers a wide range of accredited Higher Education degrees, diplomas, and certificates as well as technical and vocational training courses. Richfield is designed for high-quality degrees in useful subjects. 96% of its students are black South Africans, of whom 85% come from households with an annual household income of less than R120 000. On average, a Richfield graduate increases his/her household income four-fold within five years of graduating, highlighting how transformational the investment is.

Our lending business is actively financing a number of educational and vocational businesses to enhance quality education and skills development in South Africa.

The Wealth & Investment philanthropy business in South Africa allocated 55% of the R31 million worth of charitable income distribution to educational initiatives.

www ***For more examples, please see our 2019 corporate sustainability and ESG supplementary report on our website.***

* *Academic year: January to December*

Entrepreneurship and job creation

Investec's roots are based in the spirit of entrepreneurship and we strive to nurture an entrepreneurial spirit from school-going age to working entrepreneurs. We aim to provide job creation for youth through quality work experience placements.

Through our various initiatives in entrepreneurship and job creation we are contributing to SDG 8 (decent work and economic growth)

In South Africa, our **Global Exposure Programme** provides young South African entrepreneurs access to global opportunities in order to access new markets, innovations, technology, thought leaders, expertise and networks. In the last year, 43 entrepreneurs were given global exposure through four sector-specific trips abroad. We also support the **Junior Achievement South Africa** (JASA) 23-week long entrepreneurship academy programme for 290 grade 11 learners that culminates in the Investec Junior Innovators Competition.

The **Youth Employment Service (YES)** initiative, a collaboration between the South African government and the private sector, was launched by President Cyril Ramaphosa in March 2018 to try and create one million quality work experiences for youth (between the ages of 18-34) over the next three years. Stephen Koseff, former CEO of the Investec group is a co-convenor of YES with Investec one of the first companies to sign up to the initiative. Our initial cohort of interns graduated from the programme on 31 March 2019. Our first 20 interns were employed in Mpumalanga by the Sabi Sands Pfunani Trust. They held a variety of positions ranging from office administrators, data collectors, eco-monitors and artisans to trainers. Out of the first cohort, 85% received permanent employment post the one year internship.

In the UK, we partner with the **Bromley by Bow Centre** which focuses on the economic regeneration in the London Borough of Tower Hamlets. 85% of launched enterprises on the Bromley by Bow programme continue to trade beyond their third year.

Highlights for the year

- In South Africa, 43 entrepreneurs given global exposure through four sector-specific trips abroad
- Placed >1 200 youth in jobs with 11 of our partners during the year through the YES initiative
- Donated R2 million towards the establishment of the first YES hub in Tembisa, South Africa
- Through the Bromley by Bow Centre in the UK, we provided professional advice to 119 entrepreneurs looking to start their own social enterprise business

Business impact on SDG 8

Investec partnered with Goldman Sachs on an equity trading co-operation agreement to capitalise on faster economic growth across Africa. We recognise the opportunities to better serve local and global clients investing in South Africa and the wider region. The partnership allows both companies to extend their trading operations from Johannesburg to the rest of Africa and help support more sustained economic growth and employment.

Investec has also partnered, through a public/private partnership, with Wesgro, to help secure direct routes into Cape Town International Airport. Wesgro is the official tourism and trade investment promotion agency for Cape Town and the Western Cape. The initiative has supported tourism, an important growth sector for South Africa, by creating direct access to Cape Town which is an important route for the rest of Africa. Non-stop connections to Cape Town increased from three to 13 non-stop connections, allowing 18 airlines to expand, creating an aviation hub in Cape Town.

The Wealth & Investment philanthropy business in South Africa exposed clients to the opportunity of investing into funds to grow qualifying privately-owned SMMEs. These funds aim to improve South Africa's economic growth and contribute towards SDG 8 regarding decent work and economic growth.

www **For more examples, please see our 2019 corporate sustainability and ESG supplementary report.**

Environment and other

Investec recognises that communities require a clean, resource-rich natural environment that supports the growth of business and the economy.

Highlights for the year

- Sponsored 4 227 grade 4 students through the Open Learning Academy at Good Work Foundation
- Reached 5 812 children through our Coaching for Conservation programme through Investec Rhino Lifeline (17 373 reached since inception in 2013)
- 11 community villages received water in rural South Africa
- Signed up to the United for Wildlife Financial Taskforce which leverages existing global financial crime architecture to combat illegal wildlife trade
- Staff in the UK helped to plant > 2 500 trees and deliver 14 urban community greening projects

Given our African heritage, we are passionate about ensuring the continued existence of a number of African species. We fund a number of biodiversity projects which help to ensure the sustainable existence of South Africa's rich wildlife.

In the UK we focus on improving the environment for communities local to our offices.

Through our environmental initiatives, we are preserving our communities, supporting the economy of wildlife and contributing to SDG 11 (sustainable cities and communities)

Our initiatives include:

- Sponsorship of Investec Rhino Lifeline that focuses on youth education and rhino rescue, supported the rescue of 80 rhino since 2012
- Support of BirdLife South Africa's research of the environmental impact of renewable energy on the local bird life in South Africa
- Support of the Endangered Wildlife Trust's Carnivore Conservation Programme and its research and monitoring of critically endangered African wild dogs in the Northern Kruger National Park
- Sponsorship by Investec Asset Management of the Tusk Conservation Awards for the past seven years
- Support of Trees for Cities that engages local communities and schools to plant trees in the UK
- Collaborated with the Entrepreneurship Development Trust and Innovation Africa to bring water to 11 rural villages in Limpopo and Mpumalanga in South Africa.

We recognise that there are many other needs and related causes that fall outside of our key focus areas and therefore allocate a small portion of our budget to philanthropic initiatives and *ad hoc* donations.

Staff volunteering

Through our staff volunteerism programme we support and encourage staff participation and engagement as we believe that far more can be achieved through our collective knowledge, expertise and influence than through cash donations alone.

Highlights for the year

- >7 130 hours spent on volunteering (2018: >9 000 hours)
- South Africa >2 930 hours (2018: >4 700 hours)
- UK >4 200 hours (2018: >4 400 hours)

Our people play a pivotal role in our community initiatives giving selflessly of their time, money, goods and skills to support our communities. We foster a culture of participation by offering a number of opportunities for staff to get involved that include facilitated staff volunteering events and a payroll giving programme in our South African, UK and other regional offices.

Transformation in our communities

At Investec we recognise that economic growth and societal transformation are vital to creating a sustainable future for all the communities in which we operate, and that as a financial services provider, we play a critical role in enabling this.

Our community initiatives are aimed towards broader societal transformation through supporting programmes that enable individuals to be included in the economy.

We remain committed to black economic empowerment (BEE) and the Financial Sector Code (FSC) which commits its participants to actively promote a transformed, vibrant and globally competitive financial sector that reflects the demographics of South Africa.

The Entrepreneurship Development Trust (EDT) was one of the original partners in Investec's BEE ownership transaction concluded in 2003. It is a broad-based charitable trust that focuses on educational and entrepreneurial activities.

Khulasande Capital, a broad-based black owned and controlled private equity and investment vehicle, is a partnership between Investec and the EDT. Khulasande's aim is to participate in empowerment opportunities that are of benefit to the EDT and that will create value for its beneficiaries. Khulasande Capital Partnership III will be launched during the course of 2019.

The Izandla Property Fund, launched in 2017, is a majority black-owned property company supported by Investec Property and Investec Property Fund. It aims to create value to fund the initiatives of the EDT, the majority shareholder, by accessing quality real estate assets and providing our property clients with BEE partners who will own, manage and develop their property assets. Investec Property supports Izandla Property with skills, expertise and knowledge while Investec Property Fund serves as the capital partner of Izandla Property.

Our commitment to the environment

We support the transition to a low-carbon economy and believe we can make a meaningful impact in addressing climate change. Investec's environmental policy takes into account the challenges that climate change presents to the global economy and we consider any meaningful activity that either reduces the negative impact or prolongs the life on our planet.

Direct operational impact

We believe that as a financial services organisation, with our position in the first world and emerging world, we can make a meaningful impact in addressing climate change.

In recognising that we have a responsibility to understand and manage our wider carbon footprint, our approach is focused on limiting our direct operational impact and creating awareness to encourage positive sustainable behaviour.

Acknowledging that we cannot continue consuming natural resources at the current rate, we focus on ways to ensure the security of natural resources in all our operations.

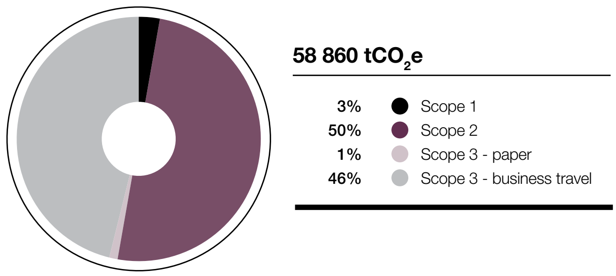
The key focus areas to reduce our carbon footprint include:

- reducing energy consumption
- reducing overall waste
- reducing water usage
- reducing single use plastic
- increasing waste recycling rates
- promoting sustainable travel
- promoting sustainable procurement.

Highlights for the year

- Group carbon emissions reduced by 2.8% despite a headcount increase of 4.7% in permanent employees (2018: 6.1%)
- Reduction of 8.6% in scope 2 emissions (2018: 7.9%)
- Emissions per average employee reduced from 6.23 tonnes of CO_2 to 5.74 tonnes of CO_2

*Group carbon footprint %**

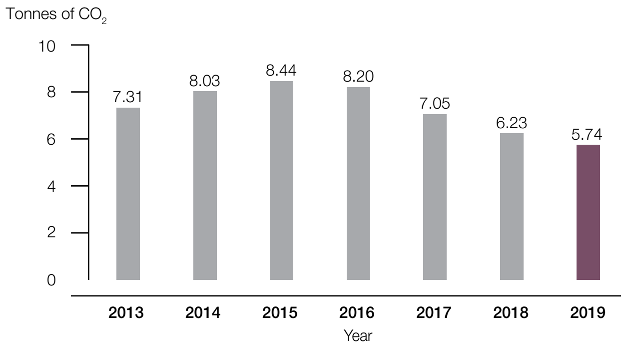


**Resource consumption not reflected above includes water consumption of 103 450kℓ (2018: 108 108kℓ), 47 tonnes (2018: 53 tonnes) of waste sent to landfill, and 960 tonnes (2018: 869 tonnes) of waste recycled.*

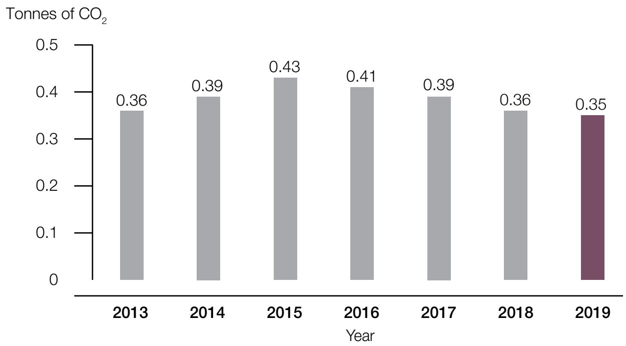
Breakdown of group emissions

Over the past seven years our intensity indicators have remained relatively constant. In 2015 we enhanced our data collection processes to cover a broader scope of our operations. Since then, the group has reduced electricity consumption as a result of electricity reduction initiatives, even though our headcount increased.

Emissions per average employee for the group



Emissions per m² office space for the group



Our commitment to sustainable green finance

Environmental sustainability is not just our operational responsibility, it also presents various commercial opportunities.

Our green business impact recognises the opportunities for our clients and businesses in cleaner and renewable energy sources, energy efficiency, protecting natural resources, responsible lending and investing and responsible property management. Our expertise in these areas allows us to contribute to the SDGs through various business opportunities.

Investec recognises the risks of climate change and is committed to support the transition to a clean and energy-efficient global economy. We believe that the widest and most positive influence Investec can have is to support our clients and stakeholders as they move as quickly and smoothly as possible towards a low-carbon economy.

An important aspect of our approach is a deliberate focus on financing infrastructure solutions that promote renewable energy and we have developed strong expertise in this sector, contributing to SDG 7 (affordable and clean energy).

Recognising the opportunity to play a role in funding and transforming the energy sector, Investec created an energy fund, Revego Africa Energy, to invest in and acquire equity instruments in private unlisted companies that are undertaking renewable energy projects in sub-Saharan Africa with an initial focus on operating assets in South Africa. In January 2019, Investec and UK Climate Investments (UKCI), in equal proportions, jointly committed R1 billion to the fund.

Investec Property Fund (IPF), managed by Investec Property and 26.57% owned by Investec Limited, actively explores sustainable business development. IPF tracks and benchmarks consumption across the portfolio in order to identify energy efficiency opportunities as well as monitoring improvements.

Investec Asset Management launched a number of dedicated investment funds for investors who want to support the transition to a more sustainable economic model. The Emerging Africa Infrastructure Fund (EAIF) was launched and is now fully integrated into the African Investment platform.

Highlights for the year

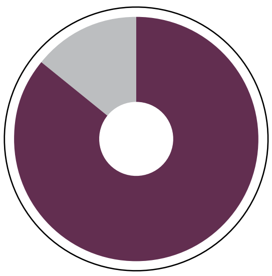
- Participated in £1.59 billion of renewable energy projects around the world (which features biomass, wind, waste, solar and hydro projects)
- Financed 14 projects, with an installed capacity of approximately 1 863MW of clean energy
- Clean energy makes up 86% of our total energy lending portfolio
- Investec and UK Climate Investments (UKCI) jointly committed R1 billion to the Revego Africa Energy fund
- Investec Property Fund implemented Solar Photovoltaic projects on six of their building's rooftops totalling 5.4MW

We recognise that water is a scarce resource and thus partner with our clients to finance innovative solutions to enable access to clean water and water efficiency, thereby contributing to SDG 6 (clean water and sanitation).

Recognising the need for enabling cleaner transport and cleaner cities, we have invested in a UK-based company specialising in electric vehicle (EV) rapid charging. Through our investment, 1 500 rapid chargers are being installed across London and thereby contributing to SDG 11 (sustainable cities and communities).

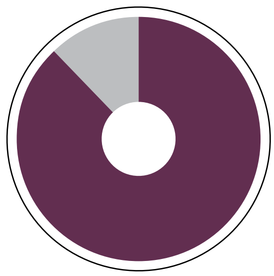
Through a joint venture, Investec Property launched a second FutureSpace office initiative, allowing entrepreneurs and small businesses to have access to collaborate and co-work. This facilitates smarter cities and economic development.

Energy portfolio split



2019

86%	Clean energy (including natural gas)
14%	Other energy sources



2018

88%	Clean energy (including natural gas)
12%	Other energy sources

5

DIRECTORS' REMUNERATION REPORT

Annual statement from the remuneration committee chair

Dear shareholders

I am pleased to introduce the Directors' Remuneration Report for the year. We are thankful for the engagement we have received from our shareholders during the year. This report is split into the following sections:

- **At a glance summarises the key remuneration outcomes and decisions for the year (pages 171 to 175)**
- **The remuneration committee (page 176)**
- **Implementation of the policy in the 2020 financial year (pages 177 to 187)**
- **The annual report on remuneration (pages 188 to 214)**
- **Remuneration Code and Pillar 3 disclosures (pages 215 to 218)**

Performance in the year

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

Group adjusted operating profit increased 9.4% year-on-year to £664.5 million. The combined South African businesses reported adjusted operating profit 1.8% ahead of the prior period in Rands, whilst the combined UK and other businesses posted a 36.1% increase in adjusted operating profit in Pounds Sterling.

Executive Director outcomes

Short-term incentive 2019

Return on equity improved from 12.1% to 12.9%, below on-target performance in the short-term incentive for the year of 14.0%. The return on risk-weighted assets was 1.50% (2018: 1.45%), coming in slightly below on-target performance in the short-term incentive scheme of 1.60%. The operating margin of 26.9% fell below the metric for threshold performance of 28.0%, this was primarily due to the performance of Click & Invest services. The board remuneration committee (the committee) assessed achievement against the non-financial objectives at 125% of target for culture and values, 100% of target for ESG related measures and 100% of target for prudential and risk management related measures, resulting in a short-term incentive of 55.3% of target.

Long-term incentive 2016 – 2019

The growth in net tangible asset value over the three year period was 37.4%, being approximately midway between on-target and stretch performance. The average return on risk weighted assets of 1.47% over the three year performance period exceeded on-target performance of 1.20%, while falling short of stretch performance of 1.60%. The committee assessed culture and values at 150% of target, both franchise development and employee relationship at 100% (on target), while it assessed governance and regulatory relationships as falling below target, at 50%. Achievements against both financial and non-financial measures resulted in vesting of the 2016 long-term incentive of 121.7% (against a target of 100% and a maximum of 150%).

Exercise of discretion

The Committee duly and carefully considered whether any discretion permitted in the remuneration policy should be exercised. It determined that no discretion was required to be exercised in relation to the short-term and long-term incentives, with the outcomes against the measures in the schemes fairly reflecting the business performance over the relevant one-and three-year performance periods.

In addition, the remuneration for the joint incoming CEOs was down by 38.8% on a single figure basis when compared to the outgoing CEO and MD for the prior year. This included a reduction of 59.9% in the short-term incentives for the joint CEOs compared to the outgoing CEO and MD for the prior year. This is against the backdrop of a 9.4% increase in adjusted operating profit for the year, and an increase in return on equity from 12.1% to 12.9% for the year. The Committee feels that this shows that the new remuneration policy approved by shareholders in August 2018, and which included significantly more stretching targets, is operating as desired.

In addition the Committee considered whether any adjustment should be made for the long-term incentive vesting this year. It felt that the outcome fairly reflected performance over the three year performance period from 2016 with adjusted operating profit increasing from £505.6 million to £664.5 million, return on equity increasing from 11.5% to 12.9%, and return on risk weighted assets increasing from 1.34% to 1.50% over the three year period.

Malus and clawback

The Committee also duly and carefully considered whether malus and/or clawback should be applied to any unvested or vested variable remuneration awards, respectively. The Committee did consider all significant credit losses and write-downs made during the year but concluded that in all cases due governance and process had been adhered to and as none of the malus and clawback thresholds were triggered, no application of these mechanisms were made.

Group-wide employee remuneration

Our remuneration approach is designed to foster a high performance culture that enables an entrepreneurial spirit as well as a strong sense of ownership. We reward people for the contribution that they make through payment of a fixed package, variable performance bonus, and ownership through a share incentive scheme. We strive to provide a working environment that stimulates extraordinary performance so that executive directors and employees may be positive contributors to our clients, our communities and the group.

The fixed pay comprises salary, role based allowances in certain circumstances, and benefits. The fixed pay is generally aligned with local market practice. The pension contributions for executive directors, when considered as part of the overall fixed pay, do not exceed the relative pension contributions for employees. This is because where local market practice means the employee contribution rate is lower than for the Executive Directors (EDs), the general employee pension contribution is funded by the company in addition to the salary and allowances. However, for the EDs, the pension contribution is deducted from the fixed pay. Therefore on a net basis the EDs are not in a preferential remuneration position when compared to the general employee population.

All employees are generally eligible for an annual bonus/short-term incentive. For employees in revenue generating roles these are determined based on a mix of financial and non-financial measures, for example the Specialist Bank operates an Economic Value Added (EVA) model to determine the funding of the bonuses each year. Employees in non-revenue generating roles are eligible for bonuses based on both financial and non-financial performance; financial performance is determined at a business unit and pillar level, and non-financial performance is more heavily weighted for non-revenue generating employees.

In principle all employees are eligible for long-term share incentives; this is designed to give our people a sense of material ownership, so they feel invested in the organisation. Further details are provided on page 186.

Compliance and governance statement

The remuneration report complies with the provisions of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2008 (as amended), the UK Corporate Governance Code, the UK Companies Act 2006, the Rules of the UK Listing Authority, the UK Financial Conduct Authority rules, the PRA and FCA Remuneration Code, the South African King IV Code of Corporate Practice and Conduct, the South African Companies Act 2008, the JSE Limited Listings Requirements, the South African Notice on the Governance and Risk Management Framework for Insurers, 2014 and Pillar III remuneration disclosure requirements.

The report also contains Pillar III disclosures as mandated by the UK's PRA and the South African Prudential Authority (previously known as the Banking Supervision Department of the South African Reserve Bank).

Proposed key changes for 2020

Given the proposed demerger of Investec Asset Management, the structure of the group and the executive is changing significantly. We are not proposing a new remuneration policy at this time, however we are proposing some changes to the implementation of the directors' remuneration policy (which was approved by shareholders in August 2018). These technical adjustments will apply to Investec's executive remuneration arrangements post the demerger of Investec Asset Management, that is for the 2020 financial year, subject to the demerger being implemented. The key changes are as indicated below.

Component	*Technical adjustment applicable to the March 2020 performance period*
Components of remuneration and remuneration principles	• Unchanged
Long-Term Incentive scheme design, measures and achievement levels	• Scheme design unchanged • Achievement levels technically adjusted to exclude Investec Asset Management
Short-Term Incentive scheme design, measures and achievement levels	• Scheme design largely unchanged • One amendment only: operating margin for Investec Wealth & Asset Management measure changed to cost to income ratio for total Bank and Wealth group • Recalibrating of other metrics to reflect the demerger of Investec Asset Management
Total executive pay	• Decreasing: this is approximately 50% less than 2018 • Fewer executives post demerger • Lower total "at target" and "at stretch" remuneration for the CEO (and other executive directors) of the remaining Investec business at roughly 10% less than the current remuneration scheme

These are outlined in more detail on pages 177 to 180.

Remuneration arrangements are summarised as follows, with more details on pages 177 to 180.

The current policy refers to the executive remuneration policy as set out in our 2018 annual report and as approved by shareholders in August 2018.

Remuneration arrangements for 2019 and 2020	
Current executive directors	• Pay for the 2019 financial year will be in accordance with the current policy
Remaining and incoming Investec executive directors of the Bank and Wealth business	• Pay in accordance with the current policy subject to the technical adjustments as set out on pages 211 to 212. • Will be applicable for the 2020 financial year
Retiring executive directors, (Stephen Koseff, Bernard Kantor and Glynn Burger)	• Stephen Koseff and Bernard Kantor stepped down from their roles of chief executive officer (CEO) and managing director (MD) of Investec group, respectively, on 1 October 2018. They will not stand for re-election at the 2019 annual general meeting (AGM). They will continue to actively oversee the proposed demerger and separate listing of Investec Asset Management until its completion • They will not be eligible for a short-term incentive or a long-term incentive award for the 2020 financial year • Glynn Burger retired at the end of March 2019 and his pay is in accordance with the current policy
Investec Asset Management executive directors who will be leaving the Group, that is Hendrik du Toit and Kim MacFarland	• They are subject to the existing policy to the date of demerger and payments will be made in accordance with Investec policy. Thereafter they will be subject to the Investec Asset Management remuneration arrangements, as per the circular and prospects • Will be paid by Investec Asset Management post demerger
New Group Finance Director, that is Nishlan Samujh	• Commenced on 1 April 2019 • His fixed and variable remuneration has been set at 50% of the current CEOs • His remuneration arrangements are in line with the current policy

Response to shareholder feedback

In 2018 we engaged in an extensive consultation exercise with our key shareholders, to assist us in designing our new remuneration policy. We, by and large, have received positive feedback. We implemented a significant number of changes requested by our shareholders, including reducing the like-for-like target remuneration opportunity by approximately 30% by, *inter alia* increasing the target metrics. We were disappointed to receive a vote for our revised remuneration policy of 79.47%, marginally short of 80%. We believe that our new policy effectively links performance and reward, as evidenced by the 38.8% reduction in the total remuneration awarded to the incoming joint CEOs this year, on a single figure basis when compared to the prior CEO and MD against an increase in operating profit of 9.4%. In response to this, we have held extensive consultations with key shareholders this year. As outlined above we have also made some technical adjustments given the proposed Investec Asset Management demerger and these will result in lower total "at target" and "at stretch" remuneration for the CEO (and other executive directors) of the remaining Investec business at roughly 10% less than the current remuneration scheme. The response we received from shareholders during our consultation exercise was very supportive. The existing directors remuneration policy that was approved at the AGM in August 2018 can be found in the 2018 Investec integrated annual report in the investor relations section of our website.

Looking ahead

We believe our proposed approach to executive remuneration is designed to incentivise exceptional performance from our executives and employees, and ensure that all stakeholders, including shareholders and executives are rewarded appropriately for performance.

We are also committed to ensuring that the group continues to deliver strong performance following the proposed demerger.

We are also focused on ensuring that our approach to reward is fair in all aspects, and that we are mindful of all of our stakeholders when determining how we reward our executives and employees.

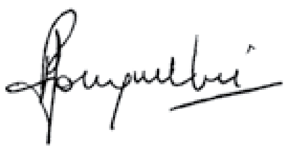
The committee and I look forward to the 2019 AGM as an opportunity to answer any questions that you may have on the reward outcomes for the year.

Approvals

We are seeking shareholder approval at the 2019 annual general meeting for:

- Our directors' remuneration report for the year ended 31 March 2019 (pages 188 to 214).
- Our non-executive directors' remuneration (page 210).

Signed on behalf of the board



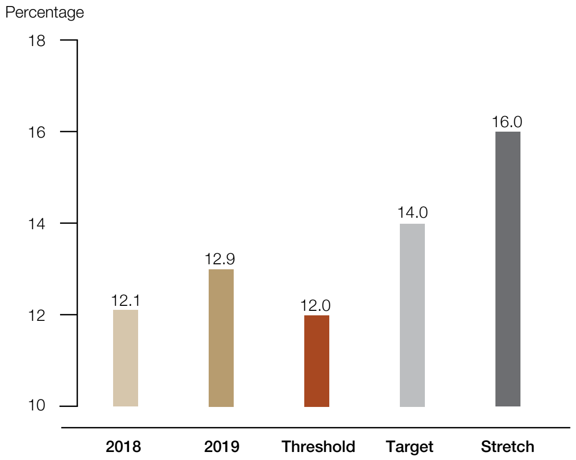
Philip Hourquebie

13 June 2019

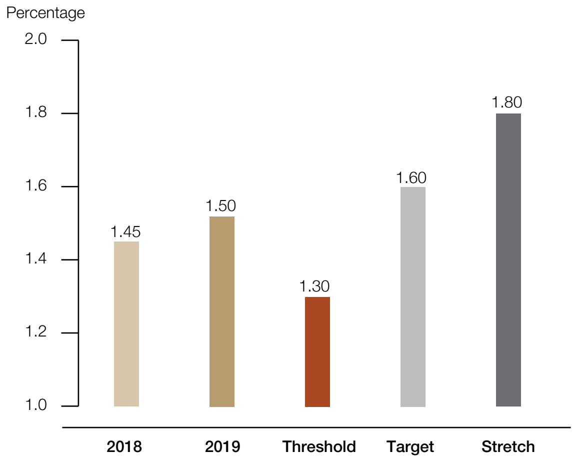
Remuneration at a glance

Key factors in assessing variable remuneration outcomes for the year

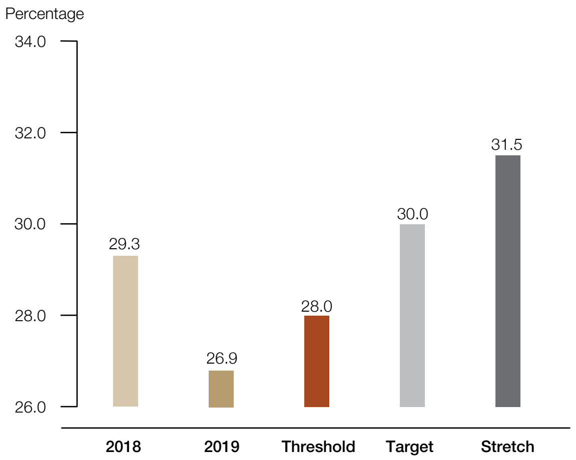
Return on equity – short term incentive



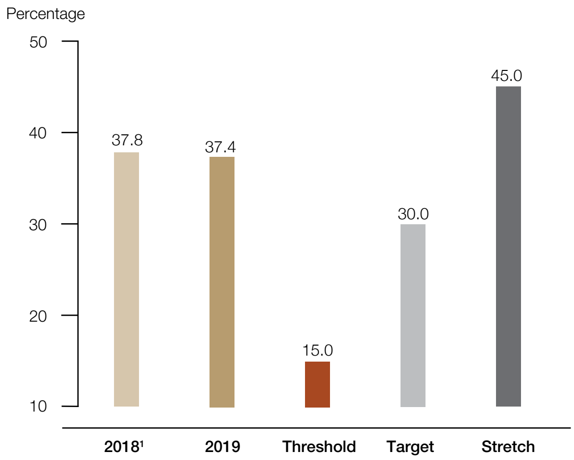
Return on risk-weighted assets – short term incentive



Operating margin – short term incentive

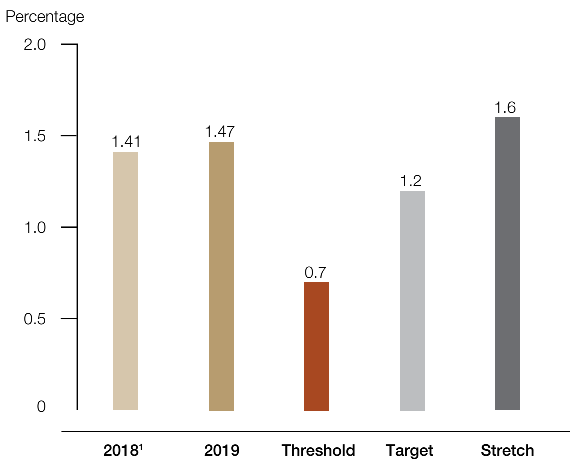


Growth in net tangible asset value – long term incentive



1. *No award was tested for performance conditions in 2018, as no award had a performance period ending in that year.*

Return on risk-weighted assets – long term incentive

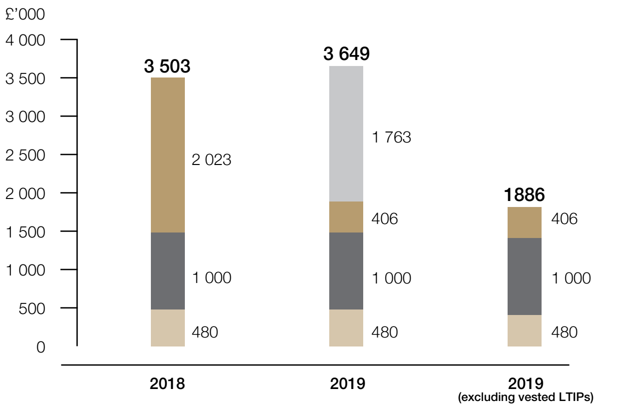


1. *No award was tested for performance conditions in 2018, as no award had a performance period ending in that year.*

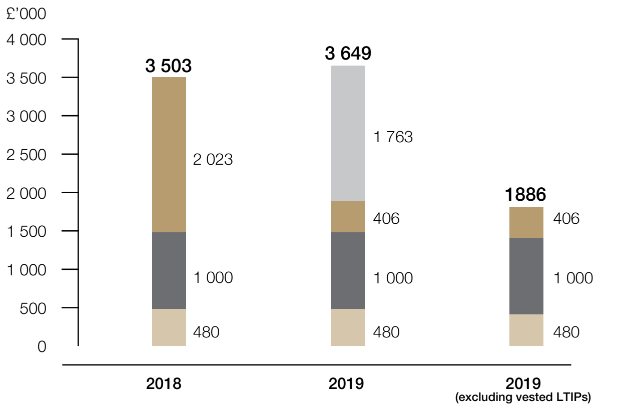
Remuneration outcomes for the year

Single figures of remuneration, calculated based on the value of long-term incentives where the performance conditions were assessed during the year. We have shown the figures including vested long-term incentives, and also excluding vested long-term incentives for 2019. This is to enable a clearer comparison of the remuneration at award for the outgoing and incoming executives.

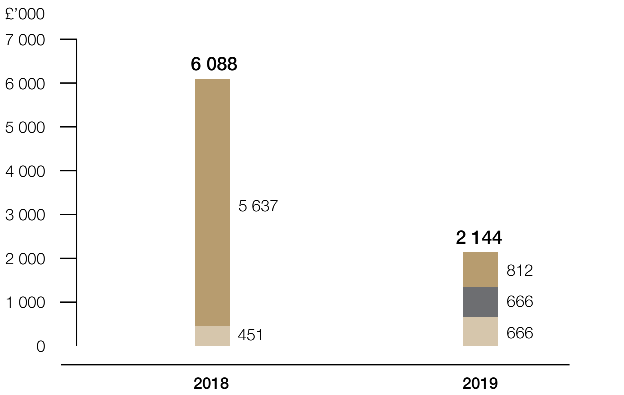
Stephen Koseff



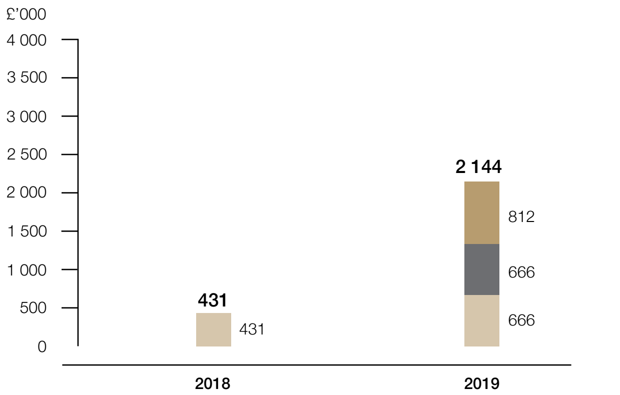
Bernard Kantor



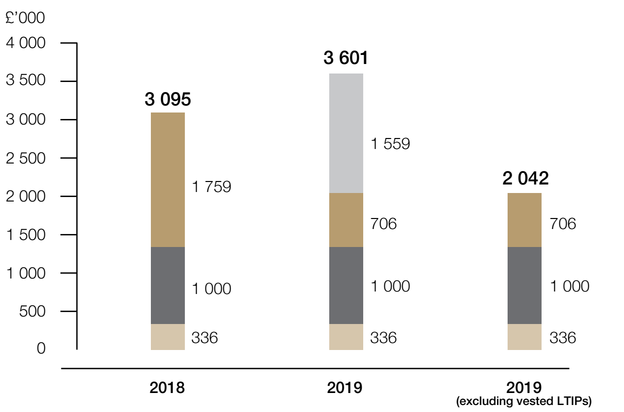
Hendrik du Toit



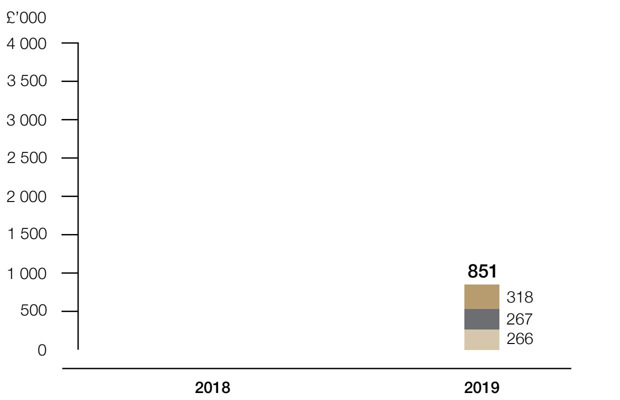
Fani Titi[1]



Glynn Burger



Kim McFarland[2]



Fixed pay — cash | Fixed pay — shares | Short-term incentive | Long-term incentive (vested)

1. *Remuneration for 2018 was fees paid for service as Chairman of the group.*
2. *2018 remuneration not disclosed for Kim McFarland as she was not an executive director in 2018. The 2019 remuneration disclosed is for six months as an executive director.*

Achievement against Short-Term Incentive Metrics – Executive directors 2019

Measures		Weighting	Actual performance against targets set: Below	Threshold	Target	Stretch	Threshold for 2019 (0%)	Target for 2019 (100%)	Stretch for 2019 (150%)	**Actual performance**	Weighting achieved
Financial	Return on risk-weighted assets	30%					1.3%	1.6%	1.8%	**1.50%**	66.7%
	Return on equity	30%					12.0%	14.0%	16.0%	**12.9%**	45.0%
	Operating margin	20%					28.0%	30.0%	31.5%	**26.9%**	0.0%
Non-financial	Culture and values	7%					0	4	6	**5**	125.0%
	ESG related measures	5%					0	4	6	**4**	100.0%
	Prudential and risk measures	8%					0	4	6	**4**	100.0%
Total		100%									55.3%

Achievement against Long-Term Incentive Metrics – Executive directors (2016 awards)

Measures		Weighting	Actual performance against targets set: Below	Threshold	Target	Stretch	Threshold for 2019 (0%)	Target for 2019 (100%)	Stretch for 2019[1] (150%)	**Actual performance[2]**	Weighting achieved
Financial	Growth in net tangible asset value	40%					15%	30%	45%	**37.4%**	124.7%
	Return on risk-weighted assets	35%					0.7%	1.2%	1.6%	**1.47%**	133.8%
Non-financial	Culture and values	4%					0	2	4	**3**	150.0%
	Franchise development	13%					0	2	4	**2**	100.0%
	Governance and regulatory	4%					0	2	4	**1**	50.0%
	Employee relationship	4%					0	2	4	**2**	100.0%
Total		100%									121.7%

1 *200% at stretch for non-financial measures.*
2 *Assessed over the performance period from 1 April 2016 to 31 March 2019.*

Summary of Policy and Proposed Amendments

Shareholders approved the current Remuneration Policy at the AGM in August 2018. However, the proposed demerger of Investec Asset Management from the group means there will be a change to the structure and directorship of the group and as such it is appropriate that we make a number of technical amendments within the policy to reflect the new group structure. We firmly believe that this policy is strongly aligned with the new strategy of the remaining Bank and Wealth group.

Fixed pay – cash	Fixed pay – shares	Pension and benefits	Short-Term Incentive	Long-Term incentive	Shareholding requirements	Non-executive directors
Main features of current policy						
• 50% of fixed pay paid in cash monthly	• 50% of fixed pay delivered in shares • Released equally after one and two years	• Benefits funded by sacrificing a portion of fixed pay	• Incentive pool of 0.23% of adjusted operating profit for Joint CEOs • Incentive pool of up to 0.18% of adjusted operating profit for other executive directors • Subject to a maximum of 143.3% of fixed remuneration • Performance measures are: – Return on risk-weighted assets – Return on equity – Operating margin of asset manage-ment and wealth manage-ment busi-nesses – Non-financial and prudential measures • Delivered in a mix of deferred and non-deferred cash and shares • Clawback and malus provisions apply	• Annual award of 100% of fixed remuneration • Conditional awards of shares subject to performance conditions • Vesting is subject to performance measures assessed over a three year performance period • Performance measures are: – Growth in net tangible asset value – Return on risk-weighted assets – Non-financial measures • Clawback and malus provisions apply	• 200% of the cash element of fixed pay, over a reasonable timeframe	• Fees reviewed annually • Comprise basic fees plus additional fees for extra responsibility of board or committee chairman, or senior NED • Additional fees payable for membership of subsidiary boards

Fixed pay – cash	Fixed pay – shares	Pension and benefits	Short-Term Incentive	Long-Term incentive	Shareholding requirements	Non-executive directors
Key changes to be implemented after the proposed demerger						
• No change	• No change	• No change	• Operating margin performance measure replaced with cost/income ratio excluding Investec Asset Management; the demerger of Investec Asset Management means that this is a more appropriate measure • Performance targets amended to reflect a group without Asset Management	• Performance targets amended to reflect a group without Investec Asset Management	• Added a post-termination requirement of the lower of 200% of the cash element of fixed pay or the holding on termination of employment, for two years post-termination • No change during employment	• No change

The remuneration committee

Composition and role of the committee

Philip Hourquebie served as chairman of the committee throughout the year. The other members of the committee for the year were Zarina Bassa, Peregrine Crosthwaite and Charles Jacobs.

www ***The committee's terms of reference are subject to annual review and available on our website.***

Advice to the committee

The Committee was assisted in its considerations by Korn Ferry. Korn Ferry is a signatory to the UK Remuneration Consultants Group's Code of Conduct and does not conduct any material work for the company other than for the committee. The committee appointed Korn Ferry, on an annual basis evaluates the advice received from Korn Ferry to ensure that it is both objective and independent, and considers whether this service should be retained for the forthcoming year. The committee considered Korn Ferry's role as an advisor to the group, and determined that there was no conflict or potential conflict arising. The committee is satisfied that the advice the committee received is objective and independent. Total fees paid to Korn Ferry for the year amounted to £13 878 (based on their standard hourly rates).

In addition the company retained the services of PricewaterhouseCoopers LLP (PWC) to assist with amending the remuneration policy for executive directors, to account for the impact of the demerger of Investec Asset Management.

The Committee also received advice, supporting documentation and information from specialist areas in the business including human resources, reward, staff share schemes, finance and legal. The individuals providing support to the Committee in these divisions are not board directors and are not appointed by the committee. The committee recognises and manages any conflicts of interest when receiving views from executive directors or senior management on executive remuneration proposals and no individual is involved in deciding his or her own remuneration.

Priorities for the Committee in 2019

The key priorities for the committee in 2019 were finalising the revised executive directors' policy for approval from shareholders at the AGM, and amending the executive directors' policy to account for the demerger of Investec Asset Management, expected to be in the second half of the calendar year. The demerger is subject to regulatory and shareholder approval.

Shareholder voting and shareholder engagement

The chairs of both the group board and the remuneration committee undertook extensive consultation exercises with our key shareholders on the proposed revised remuneration policy in early 2018. As outlined in the 2018 annual report we made a number of significant changes to the remuneration policy, to incorporate feedback from our shareholders and to reflect the significant board changes implemented during 2018. Despite the changes made, including a significant drop in the potential quantum of remuneration for the executive directors we were extremely disappointed to receive a vote FOR of 79.47%. We have undergone additional consultations with our shareholders in early 2019, to source their views on our proposed technical amendments required due to the demerger of Investec Asset Management. The feedback from shareholders following these consultation was very positive.

Activities in the year

Activities in the year	14 May	30 May	23 Jul	3 Sep	12 Nov	5 Dec	21 Jan	11 Mar
Executive directors' remuneration policy	√	√			√	√	√	√
Directors' Remuneration Report	√	√			√		√	√
Variable remuneration for EDs for 2017/2018	√	√						
Annual reward review for senior management, material risk takers, control function employees and other employees	√	√						
Consideration of shareholder feedback from roadshows			√					√
Remuneration impact of Investec Asset Management demerger					√	√	√	√
Authorised firm remuneration reports to the committee	√		√	√	√		√	√
Regulatory developments	√	√	√	√	√	√	√	√
Share awards to employees		√				√		
Share Schemes rules		√						
Investec Asset Management Marathon Trust considerations			√	√	√			
Review of Material Risk Takers				√				√
Share dilution					√			
Mid-year bonus review for Investec Wealth & Investment						√		

Implementation of Policy in the 2020 financial year

Directors' Remuneration Policy Table

The Directors' remuneration policy was approved by shareholders at the AGM in August 2018, and is intended to remain in place for three years. This can be viewed in the 2018 Investec Integrated annual report on the Investor Relations Section of our website. Due to the proposed demerger of Investec Asset Management expected during the second half of the calendar year and under the discretion afforded in the current policy for corporate events, we are replacing the operating margin for the Asset Management and Wealth and Investment businesses measure in the short-term incentive with the cost/income ratio measure for the remaining Bank and Wealth and Investment group. We are also changing some metrics that are impacted by Investec Asset Management. In addition, we are introducing a post-termination shareholding requirement.

Purpose and link to strategy	Operation	Maximum value and performance targets	Changes from prior year
Fixed remuneration			
• To provide an industry competitive package so that we are able to recruit and retain the people that we need to develop our business • The fixed remuneration reflects the relative skills and experience of, and contribution made by, the individual • Delivery of half in shares to ensure alignment with shareholders	• Fixed pay award • 50% delivered in cash, paid monthly • 50% delivered in shares, which vest immediately but only release equally after one year and two years • These share awards are made annually in early June each year • Fixed remuneration is benchmarked against relevant comparator groups[1] • Bernard Kantor and Stephen Koseff receive a fixed allowance in shares in addition to their salary. This is deferred over a five year period with 20% being released each year	• Targeted at market median levels when compared with relevant comparator groups[1] • Annual increases in salaries are referenced to the average increase awarded to other employees, unless the remuneration committee deems adjustments to be made relating to market factors • The fixed remuneration for the CEOs is £1 332 000 per annum • The fixed remuneration for the Group Finance Director is £666 000 per annum • Bernard Kantor and Stephen Koseff will receive fixed salary at an annualised amount of £480 000. They will not stand for re-election at the 2019 annual general meeting (AGM). They will continue to actively oversee the proposed demerger and separate listing of Investec Asset Management until its completion. • In addition Bernard Kantor and Stephen Koseff received a fixed allowance at an annualised amount of £1 million paid in shares over five years • Executive directors other than the CEOs can earn a maximum of 80% of the CEO fixed remuneration, £1 066 000 per annum	• The new Group Finance Director has fixed remuneration equivalent to 50% of the CEOs
Benefits			
• To provide a market competitive package	• Benefits are benchmarked against relevant comparator groups[1] • Executive directors may elect to sacrifice a portion of their annual gross remuneration in exchange for benefits such as travel allowances and medical aid	• Benefits include: life, disability and personal accident insurance; medical cover; and other benefits, as dictated by competitive local market practices • There is no maximum value but the value of benefits provided will generally be in line with market comparators	• None

Purpose and link to strategy	Operation	Maximum value and performance targets	Changes from prior year
Pension/provident			
• To enable executive directors to provide for their retirement	• Executive directors participate in defined contribution pension/ provident schemes • Only the cash element of fixed remuneration, not annual bonuses, is pensionable • Pension/provident contributions are deducted from the cash element of fixed remuneration • As pension contributions are deducted from gross pay the executive directors are not in a preferential net position relative to the general employee population	• The individual can elect what proportion of fixed remuneration is allocated as their pension/provident contribution	• None
Short-term incentive			
• Alignment with key business objectives • The Short-term incentive supports the key business objectives over its 12 month performance period by having measures and metrics that are based on the key business targets, which were disclosed externally at the Capital Markets Day in February 2019 • Deferral structure provides alignment with shareholders	• Establishment of a short-term incentive pool based on the group's adjusted operating profit (AOP)[2] • Receive 30% in cash immediately; 30% in upfront shares; • The remaining 40% is deferred; of this portion, an amount that ensures 60% of total variable remuneration (short-term incentive plus long-term incentive) is deferred over three to seven years, vests 20% per annum commencing on the third anniversary • The remaining portion vests equally after one and two years • Shares must be retained for a period of 12 months after vesting • Dividends and dividend equivalents are not earned on the unvested deferred share portion • Dividends are earned once the shares have vested • The remuneration committee retains discretion to amend the amount payable to ensure that incentives truly reflect performance and are not distorted by an unintended formulaic outcome • Awards are subject to malus of unvested shares and clawback on the entire award • Malus can be applied for up to seven years and clawback for up to 10 years after award	• Based on a balanced scorecard of financial and non-financial performance measures with achievement levels that correspond with our short-term objectives[3] • 80% based on financial measures comprising: – Return on risk-weighted assets (30%); – Return on equity (30%); and – Cost/income ratio (20%) • 20% based on non-financial measures comprising: – Culture and values and cooperation related measures (7%); – ESG related measures (5%); and – Prudential and risk management related measures (8%) • If target performance conditions are achieved, distribution will be as follows: 0.23% of AOP to the CEO; up to 0.18% to each of the other executive directors[2] • The performance achievement level is 0% for threshold performance, 100% for target performance and 150% for stretch performance • The targets are reviewed annually	• Replacement of the operating margin on the combined Asset Management and Wealth & Investment business with a cost/income ratio for the Bank and Wealth and Investment Group • Technical amendments made to the performance targets • These changes are to account for the proposed demerger of Investec Asset Management in the second half of the 2019 calendar year • We acknowledge the ISS guidance released in November 2018 that the annual bonus should not pay out more than 50% of the maximum bonus potential for on target performance. We will incorporate this into our next proposed remuneration policy that will be presented to shareholders for approval, due in 2021.

Purpose and link to strategy	Operation	Maximum value and performance targets	Changes from prior year
Short-term incentive *(continued)*			
		• If all financial and non-financial stretch levels are met, up to 150% of the target may be awarded, subject to an overall maximum of variable remuneration (including LTIPs) being within the remuneration cap[4] • The remuneration committee will review the achievement levels for the short-term incentive on an annual basis	• Hendrik du Toit and Kim McFarland will receive a short-term incentive pro-rated to the date of the Investec Asset Management listing • Bernard Kantor and Stephen Koseff are not eligible for a short-term incentive for the 2020 financial year
Long-term incentive			
• Clear link between performance and remuneration • Embeds alignment with shareholder returns • The long-term incentive supports the key business objectives over its three year performance period by having measures and metrics that encourage sustainable growth • Non-financial measures take into account the group's strategic and operational objectives	• Conditional awards of shares subject to performance conditions measured over three financial years • Awards vest 20% per annum commencing on the third anniversary and ending on the seventh anniversary of award • Vested shares are subject to a further 12 month retention period • Dividends and dividend equivalents are not earned on unvested shares • Dividends are earned once the shares have vested • Awards are subject to malus on unvested shares and clawback on vested shares • Malus can be applied for up to seven years, and clawback for up to 10 years after award • The remuneration committee retains discretion to adjust the level of awards vesting to ensure that incentives truly reflect performance and are not distorted by an unintended formulaic outcome • These long-term incentive awards are made annually following the completion of the financial year • Bernard Kantor and Stephen Koseff will not be eligible for a long-term incentive • Awards will be pro-rated based on time served relative to the performance period on termination of employment	• Annual award of 100% of aggregate fixed remuneration • The number of shares is determined relative to the share price at the time of award • Awards are subject to the following performance measures and weightings[3]: – Growth in net tangible asset value per share (40%); – Return on risk-weighted assets (35%); – Non-financial measures (25%) • Targets for financial performance measures and non-financial measures will be reviewed and set annually by the remuneration committee in advance • The performance achievement level is 0% for threshold performance, 100% for target performance and 150% for stretch performance • If the stretch achievement levels for both the financial and non-financial measures are satisfied, the number of shares vesting will be increased and capped at a maximum of 135% of the number of shares awarded at the time of award	• Technical amendments made to the performance targets, to account for the announced demerger of Investec Asset Management expected to be in the second half of the 2019 calendar year

Purpose and link to strategy	Operation	Maximum value and performance targets	Changes from prior year
Shareholding requirements			
• To ensure the alignment of the financial interests of executives with those of shareholders • Focus on long term performance	• Shareholding requirement during employment of 200% of the cash element of fixed pay • Shareholding requirement to be met over a reasonable timeframe • Post-termination shareholding requirement of the lower of 200% of the cash element of fixed pay, or the holding on termination of employment, for two years post-termination	• None	• None • The addition of the post-termination shareholding requirement

Notes to the preceding table:

1. *Peer group companies include Absa Group, formally known as Barclays Africa Group, Alliance Bernstein, Close Brothers Group, FirstRand, Julius Baer, Macquarie Group, Nedbank Group, Schroders, Standard Bank Group and Standard Life Aberdeen plc.*
2. *AOP defined as operating profit before taxation, goodwill, acquired intangibles and non-operating items and after non-controlling interests.*
3. *The performance measures have been selected based on our business strategy and goals, taking into account regulations and our risk appetite framework. Targets will be set by the committee based on a range of internal and external factors including public financial and non-financial targets, internal benchmarks and hurdles, and economic and market conditions. These targets will be set in advance by the committee and reported in the annual report.*
4. *Cap defined in line with EBA discounting rules which allow, when 25% of variable remuneration is deferred over at least five years, a slightly higher cap than 2x fixed remuneration (currently 243.3% fixed remuneration dependent on interest rates and inflation). These limits will be in line with this EBA cap.*

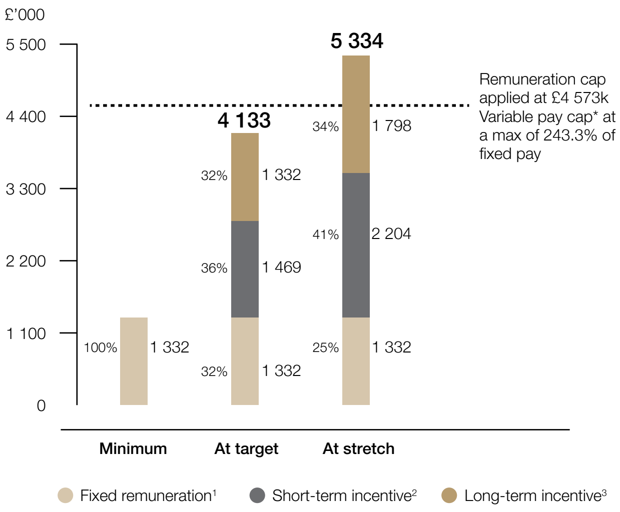
Approach to recruitment remuneration

It is intended that the approach to the recruitment of new executive and non-executive directors will be in line with the remuneration policy outlined in the table above. This includes both internal and external hires. However the remuneration committee will consider levels of remuneration for new recruits that are competitive for the skills and experience of the individual being recruited.

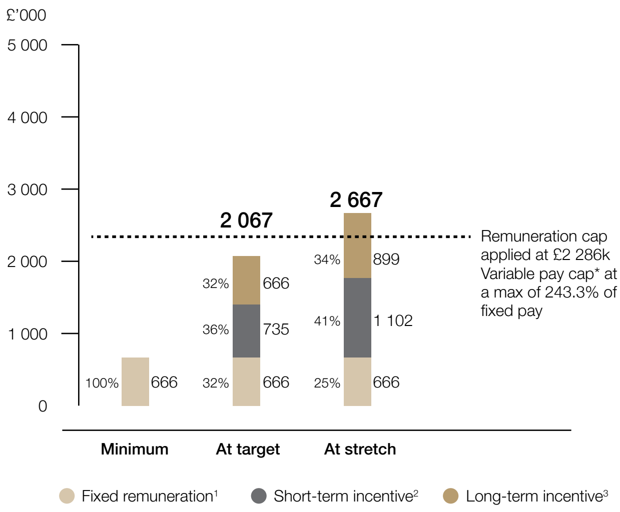
The remuneration committee retains the discretion to buy out bonus or incentive awards that the new executive director has forfeited as a result of accepting the appointment, subject to proof of forfeiture where applicable. Any award made to compensate for forfeited remuneration should be broadly no more generous than, and should aim to mirror the value, timing, form of delivery and performance adjustment (malus and clawback) conditions of the forfeited remuneration.

Illustrations of application of remuneration policy

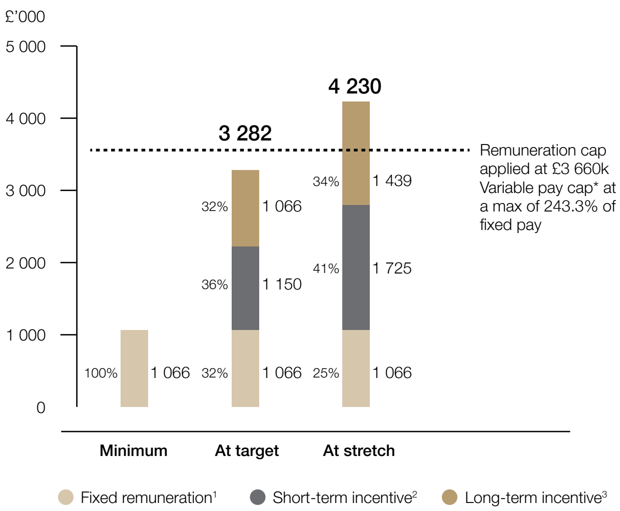
Illustrative payouts for the remaining CEO



Illustrative payouts for the Group Finance Director



Illustrative payouts for the other executive directors



* *Cap defined in line with EBA discounting rules which allow, when 25% of variable remuneration is deferred over at least five years a slightly higher cap than 2x fixed remuneration, depending on the length of deferral, inflation and interest rates. This is currently 243.3% of fixed remuneration. These limits will be in line with this cap.*

1. *Fixed remuneration comprises fixed remuneration delivered in cash and shares, less any benefits and pension contribution.*
2. *The short-term incentive is determined with reference to performance for the financial year and is delivered in a combination of deferred and non-deferred cash and shares.*
3. *The long-term incentive is subject to performance measures assessed over a three-year period.*

The graphs illustrate the total remuneration at threshold, target and stretch achievement levels for the executive directors. The scenarios are based on adjusted operating profit earned at 31 March 2019.

In addition, assuming that the share price increases by 50% from the point of award over the three year performance period, the total remuneration at stretch achievement levels would increase from £4,573,00 to £6,233,000 for the CEO and from £3,660,000 to £4,450,000 for the other executive directors. This exceeds the stated remuneration caps as the caps apply on award, not vesting.

The figures to demonstrate potential payout assuming a 50% share price are based on the following assumptions:

1. At stretch achievement levels
2. One year of short-term incentive
3. 60% of the short-term incentive is deferred into shares
4. Awards on target vesting of the long-term incentive
5. The full long-term incentive is deferred in shares
6. The starting share price is the share price at the date of award
7. The share price appreciation is 50% over the three year performance period.

Remuneration policy for non-executive directors

The board's policy is that fees should reflect individual responsibilities and membership of board committees. The fee structure covers the dual roles that the directors perform for the UK-listed Investec plc and the South African-listed Investec Limited boards and are awarded equally between the two companies.

Purpose and link to strategy	Operation	Maximum value and performance targets	Changes from prior year
Fees			
• To provide industry competitive fees to attract non-executive directors with appropriate skills and experience	• Fees of non-executive directors are reviewed annually by the committee taking into account market data and time commitment • In addition to fees for board membership, fees are payable to the senior independent director, and for chairmanship and membership of major DLC board committees, membership of the Investec Bank Limited and Investec Bank plc and other subsidiary company boards and for attendance at other relevant committee meetings • South Africa Value-Added Tax (VAT), at the prevailing rate, where applicable, will be added to the fees payable by Investec Limited	• Fee increases will generally be in line with inflation and market rates • Aggregate fees payable by Investec plc are subject to an overall maximum of £1 million under the Investec plc articles unless specifically approved by shareholders	• None
Shareholding requirement			
	• There is no requirement for non-executive directors to hold shares in the company; this choice is left to the discretion of each non-executive director	• None	• None

The policy as described above will be taken into account in the recruitment of new non-executive directors.

Service contracts and policy on payment for loss of office

The terms of service contracts and provision for compensation for loss of office for executive directors is set out below. Contractual entitlements will be honoured.

Standard provision	*Policy*	*Details*
Contracts of employment	• Indefinite service contracts	• Copies are available for inspection at the company's registered office
Notice period	• Terminable by either party with six months' written notice	• Fixed pay, adjusted for benefits and pension payable, for period of notice
Compensation for loss of office in service contracts	• No provision for compensation payable on early termination • There are no contractual provisions agreed prior to 27 June 2012 that could impact the quantum of payment	
Outstanding deferred short-term incentive shares	• Lapse on resignation or termination for misconduct • May be retained if the director is considered a "good leaver"	• "Good leaver" status may be conferred in cases such as retirement with a minimum of 10 years' service, disability or ill health
Outstanding long-term incentive awards	• Lapse on resignation or termination for misconduct • May be retained if the director is considered a "good leaver"	• "Good leaver" status may be conferred in cases such as retirement with a minimum of 10 years' service, disability or ill health • In good leaver cases, will be pro-rated based on time served relative to the performance period of the award
Takeover or major corporate event	• The remuneration committee has the discretion to determine whether all outstanding awards vest at the time of the event or whether they continue in the same or revised form	
Outside appointments	• Executive directors are permitted to accept outside appointments on external boards or committees • These are required to be pre-approved by the group chairman and the DLC nominations and directors' affairs committee	• Subject to being deemed not to interfere with the business of the company • Fees earned in this regard are forfeited to Investec
Other notable provisions in service contracts	• There are no other notable provisions in the service contracts.	

The terms of appointment for non-executive directors are set out below.

On appointment non-executive directors are provided with a letter of appointment. On the recommendation of the Nominations and Directors' Affairs Committee (Nomdac), non-executive directors will be appointed for an expected term of nine years (three times three-year terms) from the date of their first appointment to the board. All are subject to annual shareholder re-election. No compensation is payable on termination of directorship. Copies of their letters of appointment are available for inspection at the company's registered office.

Remuneration philosophy and approach for all employees

Our remuneration approach is designed to foster an exceptional performance culture that enables an entrepreneurial spirit as well as a strong sense of ownership. We use remuneration to help attract and retain culturally aligned, smart, innovative and talented people who adhere and subscribe to our culture, values and philosophies, and to recognise and drive out of the ordinary performance.

At Investec our remuneration levers work to:

- provide a sense of security, so people feel free to innovate, challenge and influence;
- motivate people to deliver exceptional performance, and
- give people a sense of material ownership, so they feel invested in the organisation.

Our remuneration approach reflects our culture; it is an honest and challenging process that is highly individualised, acknowledging personal and team contributions. We reward people for the contribution they make through payment of a fixed package, variable performance bonus, and ownership through a share incentive scheme. We strive to provide a working environment that stimulates extraordinary performance so that executive directors and employees may be positive contributors to our clients, our communities and the group.

Remuneration structure for all employees, excluding executive directors

Element	*Operation – Asset Management*	*Operation – Wealth & Investment*	*Operation – Specialist Banking*
Salary	• Reflect the skills, technical knowledge, experience and contribution made by the individual, and the scope, complexity and responsibility of the role • Increases may occur where there is a role change, increased responsibility, to ensure market competitiveness or a cost of living adjustment required		
Role Based Allowance/ Fixed Pay	• None	• None	• Role Based Allowances may be awarded to certain Material Risk Takers to ensure an appropriate balance between fixed and variable remuneration • These are paid monthly in cash
Benefits and pension/ provident	• Benefits are provided, with the details depending on local market practice. • Employees have access to country-specific, company-funded benefits such as pension schemes, private medical insurance, permanent health insurance and life insurance and cash allowances • Pension and benefit levels differ globally to be competitive in different markets, and there is no single pension level across the Group • Group Executive Directors have access to the same benefits, as outlined in the policy table. Pension contributions for the EDs are funded from their fixed pay, up to a maximum of 15%. Where the maximum is contributed, this may be a higher rate than the broad employee population in certain jurisdictions, however in those cases the employee contributions are contributed by the company not the employee, unlike the case for EDs where the contribution is deducted from gross fixed pay. Therefore, on a net relative basis the EDs are not in a preferential position when compared to general employee population.		

Element	*Operation – Asset Management*	*Operation – Wealth & Investment*	*Operation – Specialist Banking*
Short-term incentive	**Annual Discretionary Cash Bonus Scheme (ADCBS)** • All employees of Investec Asset Management eligible • Payable in cash • Bonus pool based on the profitability of Investec Asset Management • Investec Asset Management remuneration committee is able to risk-adjust the bonus pool should they believe that this is required given current and future potential risks and the overall financial results **Deferred Bonus Plan (DBOP)** • Participation determined on an annual basis at the discretion of Investec Asset Management based on the roles and performance of the individual employees • The purpose is to retain key employees and provide better alignment of the interests with clients and to manage potential, currently unknown, future risks • DBOP awards are made in the form of investments into various funds managed by Investec Asset Management with specific allocations into their own funds for portfolio managers • Deferral period is just over three years and awards are only paid out under specific listed conditions	**United Kingdom and other:** **Core incentive plan** • Employees in client-facing roles and administrative staff who support them directly are eligible • The incentive pool is derived from a formula that is directly related to the profitability of a team or business unit. The pool is distributed to the members of the team or business unit on a discretionary basis **Bonus plan** • Employees in non-client-facing, central services and support functions are eligible • Funding is related to the overall profitability of the Wealth & Investment business and is awarded to individuals on a discretionary basis **Growth plan** • Employees primarily in client-facing roles who generate income directly • The growth plan incentivises growth in revenues, net of the impact of market movements. Awards relate to performance for each year to 28 February, are payable in cash, and are deferred over a three-year period • Funding for all plans is at the discretion of the remuneration committee. **Southern Africa:** • Discretionary remuneration is in the form of a cash bonus and a deferred bonus • The deferred bonus is awarded in the form of investments into various funds managed by Investec Wealth & Investment and vest after approximately four years • Cash bonus awards exceeding a pre-determined threshold are also subject to a deferral -60% of the amount exceeding the threshold is awarded in the form of Investec shares in three equal tranches over a period of approximately three years	• Discretionary performance bonuses based on business and individual performance • The amounts available to be distributed are based on the Group-wide Risk adjusted Economic Value Added (EVA) model which is, at a high level, based on revenue less risk-adjusted costs, and overall affordability • At an individual level the bonus allocations are determined based on performance against qualitative and quantitative factors. Qualitative measures include adherence to culture, market context, contribution to performance and brand building, attitude displayed towards risk consciousness and effective risk management **Non Material Risk Takers:** • For employees that are not MRTs all bonus awards exceeding a pre-determined threshold are subject to 60% deferral in respect of the portion exceeding the threshold. • The deferred amount is awarded in the form of: short term share awards vesting in three equal tranches over a period of approximately three years; or cash released in three equal tranches over a period of approximately three years • Deferred bonuses are subject to malus conditions **Material Risk Takers (MRTs):** Bonus awards are subject to deferral as follows: • where Variable Remuneration (VR), comprising bonus and LTIP, exceeds £500,000, 60% of VR is deferred; • Where VR is less than £500,000 40% is deferred, unless the de minimis concession is met in which case there is no deferral • A minimum of 50% of both the deferred and non-deferred elements are delivered in shares, with the balance in cash • The deferred elements vest over periods from three up to seven years and are subject to an appropriate retention period, generally twelve months, after vesting • All bonuses are subject to clawback • Deferred bonus awards are subject to malus • MRTs are subject to the 2:1 maximum ratio of variable to fixed remuneration

Element	*Operation – Asset Management*	*Operation – Wealth & Investment*	*Operation – Specialist Banking*

Long-term incentive	• In principle all employees are eligible for long-term share incentives.
	• These awards comprise three elements, namely:
	  – 'New starter' awards are made based on a de facto non-discretionary basis using an allocation table linked to salary levels
	  – 'General allocation' awards are also de facto non-discretionary awards of the same quantum as new starter awards and are made to employees who have not had any other share award in a three-year period
	  – 'Top up' awards are made at the discretion of line management primarily to ensure multi-year performance and long-term value generation.
	• At Investec Asset Management, long-term awards are only generally considered for employees who do not participate in the DBOP and/or the Investec Asset Management equity ownership scheme
	• In light of the pending Investec Asset Management demerger Investec Asset Management employees no longer receive allocations under the group LTIP with the exception of a very small number of contractual commitments
	• Long-term incentive shares for non-Material Risk Takers are subject to one-third vesting after approximately three, four and five years
	• Long-term incentive awards to Material Risk Takers are subject to performance conditions and to vesting over a period of two and a half to five years, or three to seven years, determined by regulatory requirements, and are then subject to a 12 month retention period, with the exception of Risk Managers, for which it is six months.		

Other	• In August 2013, key senior employees of Investec Asset Management acquired a 15% stake in the Investec Asset Management business, ultimately through a trust structure in which each employee owns a portion of the underlying trust assets. • This stake has since increased to 20% less one share • Each employee funded their portions through a combination of existing deferred compensation (for which vesting was accelerated), personal debt and personal cash. This structure locks in key talent and aligns employees' interests with the interests of the firm as a whole, our shareholders and our clients. • Variable remuneration of employees in audit, risk and compliance functions is set independently of the business they oversee	• Variable remuneration of employees in audit, risk and compliance functions is set independently of the business they oversee	• Variable remuneration of employees in audit, risk and compliance functions is set independently of the business they oversee

When determining levels of variable remuneration, the group considers the overall level of performance, culture and risk events in the year. The proportion of variable to fixed remuneration is carefully monitored to ensure compliance with regulatory requirements. All incentives are subject to the group's performance adjustment policy. This provides the group with the ability to reduce or revoke variable remuneration in respect of a risk, control or conduct issue, event or behaviour.

Given executive director and some senior bank executives incentives are deferred for up to seven years, the group does not believe that the incentive structures inadvertently motivate irresponsible or short-term behaviour.

Consideration of all employee remuneration

The Committee reviews changes in remuneration arrangements in the workforce generally as we recognise that all our people play an important role in the success of the group. Investec is committed to creating an inclusive working environment and to rewarding our employees throughout the organisation in a fair manner, and the committee reviews our practices around creating a fair, diverse and inclusive working environment.

In making decisions on executive pay, the Committee considers wider workforce remuneration and conditions to ensure that they are aligned on an ongoing basis. With effect from 2019 we have agreed to appoint a designated non-executive director from each of the boards of Investec Wealth & Investment, Investec Bank plc and Investec plc in the UK to represent employees in the boardroom. Investec Asset Management will confirm its arrangements following the demerger of that business. This is in line with one of the suggested methods recommended within the UK Corporate Governance Code. These will act as an engagement mechanism between our employees and the Board and some of their key objectives will be to:

- ensure the reward, incentives and conditions available to the company's workforce are taken into account when deciding the pay of executive directors and senior management
- enable the remuneration committee to explain to the workforce each year how decisions on executive pay reflect wider company pay policy
- assist the remuneration committee to provide feedback to the board on workforce reward, incentives and conditions, and support the latter's monitoring of whether company policies and practices support culture and strategy.

We believe that employees throughout the Company should be able to share in the success of the Company. As such, as outlined in the table on the prior pages, in addition to the fixed pay element, all of our employees have access to market relevant benefits, and all employees are eligible to be considered for annual bonuses after a short initial qualifying period. We believe strongly in material share ownership among our employees and therefore all employees are, in principle, eligible to participate in our long-term incentive scheme.

Statement of consideration of shareholder views

The Committee engages proactively with the Company's major shareholders and is committed to maintaining an open dialogue. Accordingly, we meet regularly with our major shareholders and shareholder representative bodies. The remuneration committee chairman attends these meetings, accompanied by senior Investec employees and the group chairman. This engagement is meaningful and helpful to the committee in its work and contributes directly to the decisions made by the committee. The remuneration committee and the board believe in effective and transparent communication with key stakeholders, and will continue to engage on matters that may arise and are of importance and/or concern to stakeholders. We held two separate non-executive engagements with key shareholders during the year.

Annual Report on Remuneration

Single total figure of remuneration (Audited)

Executive Directors	Year	Fixed remuneration-cash £'000	Taxable benefits £'000	Retirement benefits £'000	Fixed remuneration shares £'000	Total fixed remuneration £'000	Short-term incentive £'000	Long-term incentive vested[1] £'000	Value of long-term incentive vested due to share price appreciation[2] £'000	Total remuneration £'000
Stephen Koseff	2019	398	11	71	1 000	1 480	406	1 763	0	3 649
	2018	396	10	74	1 000	1 480	2 023	0	0	3 503
Hendrik du Toit	2019	652	14	0	666	1 332	812	0	0	2 144
	2018	441	10	0	–	451	5 637	0	0	6 088
Fani Titi	2019	616	12	38	666	1 332	812	0	0	2 144
	2018[3]	431	0	0	–	431	0	0	0	431
Glynn Burger	2019	291	8	37	1 000	1 336	706	1 559	0	3 601
	2018	291	6	39	1 000	1 336	1 759	0	0	3 095
Bernard Kantor	2019	429	12	39	1 000	1 480	406	1 763	0	3 649
	2018	426	16	38	1 000	1 480	2 023	0	0	3 503
Kim McFarland	2019	260	6	0	267	533	318	0	0	851
	2018	–	–	–	–			0	0	–

Salary and fixed allowance

This represents the value of salary earned and paid during the financial year. Kim McFarland received a salary for six months in her prior role as COO of Investec Asset Management and fixed remuneration for the six months in her role as an Executive Director of Investec DLC. The values shown are those earned in respect of her role as an executive director for Investec DLC.

Taxable benefits

The executive directors receive other benefits which may include; life, disability and personal accident insurance; and medical cover. These amounts are funded out of gross remuneration.

Retirement benefits

The executive directors receive pension benefits. None of the directors belong to a defined benefit pension scheme and all are members of one of the defined contribution pension or provident schemes. The amounts reflected in the table above represent the contribution to these schemes payable by the company. These amounts are funded out of gross remuneration, and there is no additional company contribution for the executive directors.

Short-term incentive

Represents the total value of the short-term incentives awarded for the 2018/2019 performance year. Page 189 details the basis on which the awards were determined and page 190 shows the breakdown of the awards in cash, up-front shares and deferred shares. Bernard Kantor and Stephen Koseff received a bonus for the first six months of the year, and waived their bonus entitlement for the second half of the year. Kim McFarland received a bonus for the second six months of the year.

Long-term incentive vested

Represents the value of long-term incentive awards that were subject to performance conditions and vested on 2 June 2019. These awards were awarded on 2 June 2016 and were subject to a performance period from 1 April 2016 to 31 March 2019. The determination of the vesting of these awards is outlined on page 194. We have re-stated the single figure of remuneration for the 2018 year to reflect the methodology employed here, that is the long-term incentive award value on vesting rather than award. We have also included the value of the share price appreciation on the vested shares. No dividends or dividend equivalents are earned on unvested long-term incentive awards.

1. *The long-term incentive vested includes LTIP awards granted in 2016. These LTIPs were previously disclosed in the 2016 annual report, being the year they were awarded.*
2. *There is no value due to share price value appreciation for the 2016 long-term incentive: the share price on award was £4.71 and the share price on the first vesting date of 2 June 2019 was £4.61.*
3. *Fees earned as Group Chairman in 2018.*

Assessment of the Short-term incentives for executives for the 2019 financial year (Audited)

The following table shows the achievements against the preset financial and non-financial measures and metrics for the 2019 financial year.

Measures		Weight (as a percentage of target)	Targets for 2019 Threshold (0%)	Target (100%)	Stretch (150%)	Actual performance	Weighting achieved
Financial	Return on risk-weighted assets	30%	1.3%	1.6%	1.8%	1.50%	66.7%
	Return on equity	30%	12.0%	14.0%	16.0%	12.9%	45.0%
	Operating margin of the combined Asset Management and Wealth & Investment business	20%	28.0%	30.0%	31.5%	26.9%	0.0%
Non-financial[1]	Culture, values and co-operation related measures	7%	0	4	6	5	125.0%
	"ESG" related measures	5%	0	4	6	4	100.0%
	Prudential and risk management related measures	8%	0	4	6	4	100.0%
Total Achieved		100%					**55.3%**

1. *Please see the table entitled "Assessment of Short-term incentive non-financial performance measures" on pages 191 to 193 for the details of these assessments*

The following table shows how the bonuses for each individual executive director were calculated, based on the adjusted operating profit for remuneration purposes of £638,869k for the year, and the 55.3% performance achievement outlined above.

Name	On target percentage pool of adjusted operating profit	On target Short-term incentive based on percentage pool (£'000)	Actual performance outcome against target	Annualised Short-term incentive outcome (£'000)	**Actual Short-term incentive outcome (£'000)**	Notes
Stephen Koseff	0.23%	1 469	55.3%	812	406	Waived entitlement to STI for the second half of the year
Hendrik du Toit	0.23%	1 469	55.3%	812	812	
Fani Titi	0.23%	1 469	55.3%	812	812	
Bernard Kantor	0.23%	1 469	55.3%	812	406	Waived entitlement to STI for the second half of the year
Glynn Burger	0.20%	1 278	55.3%	706	706	
Kim McFarland	0.18%	1 150	55.3%	635	318	Earned STI as an executive director for her tenure as an executive director, from 1 October 2018

All Short-term incentives for the executive directors fall within the variable remuneration cap of 243.3% of fixed remuneration and so no adjustments were required for that reason. In addition, the Committee considered whether any further performance adjustments were required for events that occurred during the year, and whether any malus or clawback would be appropriate. The Committee determined that no additional performance adjustment or malus and clawback were appropriate.

Short-term incentive and long-term incentive payment and delivery profile

			Vesting schedule (all figures in £'000s)							
Names	**Award**	**Total Value (£'000)**	May/ June 2019	May/ June 2020	May/ June 2021	May/ June 2022	May/ June 2023	May/ June 2024	May/ June 2025	May/ June 2026
Fani Titi and Hendrik du Toit	**Total Short-term incentive**	**£812**								
	– delivered in cash		£244	–	–	–	–	–	–	–
	– delivered in shares[1,2]		£244	£162	£162	–	–	–	–	–
	LTIPS awarded still subject to future performance conditions[1]	**£1 332**	–	–	–	£266	£266	£266	£267	£267
Stephen Koseff and Bernard Kantor	**Total Short-term incentive**	**£406**								
	– delivered in cash		£81	–	–	–	–	–	–	–
	– delivered in shares[1,2]		£81	–	–	£49	£49	£49	£49	£48
	LTIPS awarded still subject to future performance conditions[1]	**£0**	–	–	–	–	–	–	–	–
Glynn Burger	**Total Short-term incentive**	**£706**								
	– delivered in cash		£141	–	–	–	–	–	–	–
	– delivered in shares[1,2]		£141	–	–	£85	£85	£85	£85	£84
	LTIPS awarded still subject to future performance conditions[1]	**£0**	–	–	–	–	–	–	–	–
Kim McFarland	**Total Short-term incentive**	**£318**								
	– delivered in cash		£95	–	–	–	–	–	–	–
	– delivered in shares[1,2]		£95	£64	£64	–	–	–	–	–
	LTIPS awarded still subject to future performance conditions[1]	**£533**	–	–	–	£107	£107	£107	£107	£105

1. *The elements of the short-term incentive and long-term incentive delivered in shares are subject to a further twelve month post-vesting retention period under the remuneration code.*
2. *Unvested deferred share awards are not eligible to receive dividends. Once they have vested they become entitled to receive dividends.*

DLC Executive Directors STI – Non-financial assessment for the 2018/2019 financial year (Audited)

The committee assesses achievement against objectives for the non-financial measures on a seven-point scale and will award scores of 0 (0%) and 6 (150%) only in exceptional circumstances. The non-financial measures for the year ending 31 March 2019 are as follows:

	Weighting	Achievement levels						
Non-financial measures	20%	0%	25%	50%	75%	100%	125%	150%
Culture, values and co-operation related measures	7%	0	1	2	3	4	5	6
"ESG" related measures	5%	0	1	2	3	4	5	6
Prudential and risk management related measures	8%	0	1	2	3	4	5	6

Non-financial measure	*Factors to be assessed*	*Assessment*	*Rating (0 – 6)*
Culture, values and co-operation related measures	• Management visible and proactive in demonstrating appropriate behaviour • Monitoring of the culture of the group • Management driving co-operation between the various geographic and business sectors of the group • Management driving co-operation between the executive director team and other senior management teams in the group • Quality of brand, development of client base and progress in building the firm • Acting with integrity, supporting the community, developing people and maintaining good relations with key stakeholders.	• During a year of significant change and challenge the incoming and outgoing executive directors have worked very successfully at the leadership transition, formulating a refreshed strategy for board approval and preparing and implementing this strategy while building new leadership teams and focusing on the business, its culture and values. • The executive have engaged in activities with employees at all levels through, for example, management hosted breakfasts, management panels, induction presentations, and facilitating discussions on a number of aspects, including culture and values. The executive hosted and attended multiple functions with new and future leaders during the year • Our Human Resources and Organisational Development divisions continued to actively work with the executive and our management teams to ensure our values are lived and entrenched into our day-to-day activities	**5**
"ESG" related measures	**Human capital** We depend on the experience and proficiency of our people to perform and deliver superior client service. • Priorities include:	• Continued focus on our CSI and green economy initiatives. Our diversity and inclusiveness strategies, including transformation and gender balance continue to produce improvements in our pipelines albeit we still have work to do, particularly at senior levels. • Learning and development spend as a % of staff costs is 1.5% for the group, in line with our target	**4**

Non-financial measure	*Factors to be assessed*	*Assessment*	*Rating (0 – 6)*
"ESG" related measures *(continued)*	– Providing a safe and healthy work environment that values physical as well as psychological well-being – Investing in employee learning and development and growing talent and leadership. We target 1.5% of total staff costs to be spent on learning and development of our employees – Retaining and motivating staff through appropriate remuneration and reward structures – Respecting and upholding human rights by entrenching a values-driven culture through the organisation that is supported by strong ethics and integrity – Focusing on diversity and promoting equality. We have set a number of targets in this regard. In addition, we would over time aim to achieve the employment equity targets as set out in the South African Financial Sector Code **Intellectual capital** We use our specialist financial skills and expertise to provide efficient solutions for clients and have a robust risk management process in place. • Priorities include: – Leveraging our expertise in risk management to protect value – Ensuring solid and responsible lending and investing activities. **Social and relationship capital** We leverage key stakeholder relationships to enhance our impact on society and the macro-economy. • Priorities include: – Building deep durable relationships with our clients and creating new client relationships – Investing in our distinctive brand and providing a high level of service by being nimble, flexible and innovative – Unselfishly contributing to society through our corporate social investment (CSI) programmes. We target to spend at least 1% of our pre-tax operating profit on CSI programmes – Focusing on diversity and inclusiveness (particularly with respect to gender) and promoting equality – Contributing to the transformation of the financial sector in South Africa.	• 49% of our employees are female and we have 25% female representation on our board, up from 20% in 2018 • The percentage of senior managers that are female has increased to 35% from 33% • Our gender pay gap figures have reduced significantly in both Investec plc and Investec Limited • We spent 1.5% of operating profit on community initiatives, against a target of 1.0% • We currently fund 3,960 learners across nine centres in our flagship programme, Promaths • We placed in excess of 1,200 youth in jobs with 11 of our partners during the year through our Youth Employment Service Initiative • Our group carbon emissions reduced by 2.8% compared to the prior year • Our emissions per average employee reduced from 6.23 tonnes of CO_2 to 5.74 tonnes of CO_2	

Non-financial measure	Factors to be assessed	Assessment	Rating (0 – 6)
	Natural capital We support the transition to a low-carbon economy and believe we can make a meaningful impact in addressing climate change. We consider any meaningful activity that either reduces the negative impact on, or prolongs the life of, our planet. • Priorities include: – Limiting our direct operational carbon impact – Protecting biodiversity through various conservation activities – Funding and/or participating in renewable energy – Ensuring the security of natural resources in all our operations		
Prudential and risk management related measures	• Performance driven, transparent and risk conscious organisation • Maintain an appropriate balance between revenue earned from capital light and capital intensive activities: building a balanced, diversified and resilient business model. • Managing key risk metrics within the context of our balanced risk appetite framework as published • These include for example: – We are a lowly leveraged firm and target a leverage ratio in all our banking subsidiaries in excess of 6% – We intend to maintain a sufficient level of capital to satisfy regulatory requirements and our internal target ratios. We target a capital adequacy ratio range of between 14% and 17% on a consolidated basis for Investec plc and Investec Limited and we target a minimum tier 1 ratio of 11.0% and a common equity tier 1 ratio above 10.0% – We target a credit loss ratio on core loans of less than 0.5% of average core advances, and we target defaults net of impairments less than 2% and 1.5% of total net core loans for Investec plc and Investec Limited, respectively – We carry a high level of liquidity in all our banking subsidiaries in order to be able to cope with shocks to the system, targeting a minimum cash to customer deposit ratio of 25% – We intend to maintain a sufficient level of liquidity to satisfy regulatory requirements and our internal target ratios	• Our risk management structures and processes remain robust and support the business appropriately. We have largely remained within our internal risk management appetites and well within all regulatory limits. • Our leverage ratios exceeded our target of 6.0% in both Investec Bank Limited and Investec Bank plc • Our capital adequacy ratio for Investec Bank Limited was 15.8% while it was 17.1% for Investec Bank plc • Our global credit loss ratio on core loans was 0.31%, down from 0.61% in the prior year • Our year-end cash to customer deposit ratio was 42.4%, well in excess of our minimum target of 25%	4

Assessment of the Long-term incentive awards awarded in June 2016 (Audited)

The following table shows the achievements against the preset financial and non-financial measures and metrics for the long-term incentive awards awarded in June 2016. The vesting of these awards is subject to the achievement against performance conditions covering the period from 1 April 2016 to 31 March 2019.

			Targets to 31 March 2019				
Measures		Weight (as a percentage of target)	Threshold (0%)	Target (100%)	Stretch[1] (150%)	**Actual[2] performance**	**Weighting achieved**
Financial	Growth in net tangible asset value[3]	40%	15.0%	30.0%	45.0%	37.4%	124.7%
	Return on risk-weighted assets[4]	35%	0.7%	1.2%	1.6%	1.47%	133.8%
Non-financial[1]	Culture and values	4%	0	2	3	3	150.0%
	Franchise development	13%	0	2	3	2	100.0%
	Governance and regulatory	4%	0	2	3	1	50.0%
	Employee relationship	4%	0	2	3	2	100.0%
Total Achieved		100%					**121.7%**

1. *200% stretch for non-financial measures.*
2. *Please see the table entitled "Non-financial assessment for the 2016 LTIP award vesting in June 2019" on the following page for the details of these assessments.*
3. *The growth in net tangible asset value is expressed per share, based on neutral currency and after adding back dividends and will be measured over three financial years preceding the first date of vesting.*
4. *Return on risk weighted assets is defined as adjusted earnings/average risk-weighted asset, where adjusted earnings are earnings attributable to ordinary shareholders after taxation, non-controlling interests and preference dividends, but before goodwill, acquired intangibles and non-operating items, and will be measured over the three financial years preceding the first date of vesting by averaging the actual return on risk-weighted assets achieved for each of those three financial years.*

As outlined in the table above, these awards will vest at 121.7%. This is within the overall cap of 135%. Stephen Koseff and Bernard Kantor were awarded 314 225 shares each on 2 June 2016. Given the vesting at 121.7%, the final number of shares to vest for each will be 382 346. Glynn Burger was awarded 277 801 shares on 2 June 2016. Given the vesting at 121.7%, the final number of shares to vest for Glynn Burger will be 338 026. The Committee considered whether any malus or clawback would be appropriate for any events that occurred prior to vesting. The Committee determined that no malus and clawback adjustments would be appropriate.

These long-term incentive shares will vest one third per annum commencing on 2 June 2019 through to 2 June 2021. They are subject to a further six month retention period following each vesting date. No dividends or dividend equivalents are earned on these awards prior to vesting.

DLC Executive Directors LTI – Non-financial assessment for the 2016 LTIP award vesting in June 2019 (Audited)

The vesting of awards for the executive directors will be conditional on performance weighted as to financial and non-financial performance and measured against prescribed achievement levels. If the stretch achievement levels for both the financial and non-financial metrics are satisfied, the number of shares vesting will be increased and capped at a maximum of 135% of the number of shares awarded at the time of award.

The committee assesses achievement against objectives for the non-financial measures on a five-point scale and will award scores of 0 (0%) and 4 (200%) only in exceptional circumstances. The awards are to be tested over the three financial years preceding the date of vesting. The awards vesting in June 2019 were awarded in June 2016. The performance period is 1 April 2016 to 31 March 2019.

	Weighting	Achievement levels				
Non-financial metrics	25%	0%	50%	100%	150%	200%
Culture and values	4%	0	1	2	3	4
Franchise development	13%	0	1	2	3	4
Governance and regulatory and shareholder relationships	4%	0	1	2	3	4
Employee relationship and development	4%	0	1	2	3	4

The committee set the following areas of focus in respect of the non-financial performance conditions:

Non-financial measure	*Factors to be assessed*	*Assessment*	*Rating (0 – 4)*
Culture and values	• Management visible and proactive in demonstrating appropriate behaviour • Performance-driven, transparent and risk conscious organisation • Delivering appropriate and sustainable products with high levels of service and responsiveness • Acting with integrity, supporting the community, developing people and maintaining good relations with key stakeholders • Continual monitoring of the culture of the group	• Over the three financial years of 2017 to 2019 the group was preparing for and implemented the leadership succession from the group founders. This has been successfully achieved while focusing on the business, its culture and values and performance. • Over the past 18 months we have been through an extensive engagement process with both internal and external stakeholders, to prioritise six sustainable Development Goals. • We have exceeded our target on community spend relative to operating profit (target of 1.0% of adjusted operating profit) for each year over the past three years • We achieved or exceeded our target of spend on learning and development as a percentage of staff costs being equal to 1.5% over the past two years	**3**

Non-financial measure	*Factors to be assessed*	*Assessment*	*Rating (0 – 4)*
Franchise development	• Quality of brand, development of client base, commitment to the community and progress in building the firm • Environmental and other sustainability issues	• Ongoing consolidation of the brand through its focused products, services and client franchises. Continued progress with our CSI and environmental sustainability initiatives. • We have a very strong brand in South Africa and were voted South Africa's eighth most valuable brand in 2018 and 2019 by Brand Finance South Africa • We have made strong progress over the last three years on our energy lending portfolio, with 86% of our energy lending portfolio in 2019 relating to clean energy • Our carbon emissions per employee reduced steadily over the three year period	2
Governance and regulatory and shareholder relationships	• Maintaining open and transparent relations with regulators • Regulators should have confidence that the firm is being properly governed and managed • Shareholders should have confidence that the firm is being properly managed	• Relationships with regulators and shareholders are open and transparent and while we have been responding appropriately to the changing expectations we recognise that shareholders' expectations have not always been met. • We have regular engagement with our Government and regulatory bodies and actively participate in a number of policy forums and industry consultative bodies	1

Non-financial measure	Factors to be assessed	Assessment	Rating (0 – 4)
Employee relationship and development	• Succession and the development of the next generation • Diversity and black economic empowerment initiatives and results • Continued development of people – both on the job and extramurally	• Leadership succession was planned and successfully executed and there has been ongoing development of our people. • We remain committed to black economic empowerment (BEE) and the Financial Sector Code (FSC) which commits its participants to actively promote a transformed, vibrant and globally competitive financial sector that reflects the demographics of South Africa. Investec is currently rated a level 1 under the Financial Sector Code. • We have made a number of diversity commitments over the past three years, including becoming a member of the 30% club in the UK and SA and the signing up to the Women in Finance Charter in the UK, and we are making good progress towards our targets, and on other diversity measures • We have consistently been voted in the top three most attractive employers in South Africa by professionals and university students in the Universum Most Attractive Employer Awards	**2**

Scheme interests awarded, exercised and lapsed during the year (audited)

Name	Award name and date	Balance as at 1 April 2018 – shares	Awarded during the year – shares	Awarded – face value £'000	Exercised
S Koseff					
	EIP 2013 – 2013 16 September 2013	201 155	–	–	201 155
	EIP 2013 – 2018 31 May 2018	–	264 759	1 480	–
B Kantor	EIP 2103 – 2013 16 September 2013	201 155	–	–	201 155
	EIP 2013 – 2018 31 May 2018	–	264 759	1 480	–
GR Burger	EIP 2103 – 2013 16 September 2013	201 155	–	–	201 155
	EIP 2013 – 2018 31 May 2018	–	239 066	1 336	–

Notes

EIP 2013 – awarded 2013

600,000 nil cost options were originally awarded. An additional 204,617 shares were awarded at the end of the performance period in 2016 to each of Stephen Koseff, Bernard Kantor and Glynn Burger for the achievement of the performance conditions. The performance conditions were outlined in the 2016 integrated annual report. 603 462 shares were exercised, by each of S Koseff, B Kantor and G Burger during the 2018 year, leaving the balance of 201 155.

EIP 2013 – awarded 2018

These awards formed part of their variable remuneration for the financial year ending 31 March 2018. These are conditional shares and the face value at grant of awards was equivalent to 100% of fixed remuneration. The share price used to calculate the number of shares awarded was based on the closing market share price on 30 May 2018, which was £5.59. The performance measures and metrics are as follows:

Financial measures (75%)

Measure	Weighting	Achievement Levels		
Financial measures	**75%**	**Threshold (0%)**	**Target (100%)**	**Stretch (150%)**
Growth in net tangible asset value[1]	40%	15.0%	30.0%	45.0%
Return on risk-weighted assets[2]	35%	0.7%	1.2%	1.6%

1. *The growth in net tangible asset value is expressed per share, based on neutral currency and after adding back dividends and will be measured cumulatively over the three financial years preceding the first date of vesting.*
2. *Return on risk-weighted assets is defined as adjusted earnings/average risk-weighted assets, where adjusted earnings are earnings attributable to ordinary shareholders after taxation, non-controlling interests and preference dividends, but before goodwill, acquired intangibles and non-operating items, and will be measured over the three financial years preceding the first date of vesting by averaging the actual return on risk-weighted assets achieved for each of those three financial years*

Lapsed	As at 31 March 2019	Performance period	Vesting date and retention period
–	–	1 April 2013 – 31 March 2016	Vested on 16 September 2018 Retention period end date on 16 March 2019 Price at exercise £5.06
–	264 759	1 April 2018 – 31 March 2021	20% is exercisable on 31 May each year commencing on 31 May 2021 until 31 May 2025 subject to performance criteria being met A further twelve-month retention period after each vesting date
–	–	1 April 2013 – 31 March 2016	Vested on 16 September 2018 Retention period end date on 16 March 2019 Price at exercise £5.14
–	264 759	1 April 2018 – 31 March 2021	20% is exercisable on 31 May each year, commencing on 31 May 2021 until 31 May 2025, subject to performance criteria being met A further twelve-month retention period after each vesting date
–	–	1 April 2013 – 31 March 2016	Vested on 16 September 2018 Retention period end date on 16 March 2019 Price at exercise £5.14
–	239 066	1 April 2018 – 31 March 2021	20% is exercisable on 31 May each year, commencing on 31 May 2021 until 31 May 2025, subject to performance criteria being met A further twelve-month retention period after each vesting date

Non-financial measures (25%)

The committee assesses achievement against objectives for the non-financial measures on a five-point scale and will award scores of 0 (0%) and 4 (200%) only in exceptional circumstances. The non-financial measures for the award in respect of the year ending 31 March 2018 are as follows:

Measure	Weighting	Achievement Levels				
Non-financial measures	**25%**	**0%**	**50%**	**100%**	**150%**	**200%**
Culture and values	4%	0	1	2	3	4
Franchise development	13%	0	1	2	3	4
Governance and regulatory and shareholder relationships	4%	0	1	2	3	4
Employee relationship and development	4%	0	1	2	3	4

Directors' interest in preference shares as at 31 March 2019 (audited)

	Investec plc		Investec Limited		Investec Bank Limited	
Name	**31 March 2019**	1 April 2018	**31 March 2019**	1 April 2018	**31 March 2019**	1 April 2018
Executive directors						
S Koseff	12 139	12 139	3 000	3 000	4 000	4 000
HJ du Toit					2 266	2 266

The market price of an Investec plc preference share at 31 March 2019 was R98.00 (2018: R88.00)
The market price of an Investec Limited preference share at 31 March 2019 was R72.60 (2018: R67.50)
The market price of an Investec Bank Limited preference share at 31 March 2019 was R80.65 (2018: R71.56)

The number of shares in issue and share prices for Investec plc and Investec Limited

	31 March 2019	31 March 2018	High over the year	Low over the year
Investec plc share price	£4.42	£5.50	£5.95	£4.23
Investec Limited share price	R 84.34	R 92.28	R 105.31	R 76.92
Number of Investec plc shares in issue (million)	682.1	669.8		
Number of Investec Limited shares in issue (million)	318.9	310.7		

Scheme interests awarded in respect of the financial year ended 31 March 2019

Name	Award	As at 1 April – shares	Award date	Awarded – shares	Awarded – face value £'000	Perform-ance period	Vesting date	Retention period end date
HJ Du Toit								
	EIP 2013 – 2019	–	29 May 2019	278 080	1 332	1 April 2019 – 31 March 2022	20% is exercisable on 29 May each year, commencing on 29 May 2022 until 29 May 2026, subject to performance criteria being met	A further twelve-month retention period after each vesting date
F Titi								
	EIP 2013 – 2019	–	29 May 2019	278 080	1 332	1 April 2019 – 31 March 2022	20% is exercisable on 29 May each year, commencing on 29 May 2022 until 29 May 2026, subject to performance criteria being met	A further twelve-month retention period after each vesting date
K McFarland								
	EIP 2013 – 2019	–	29 May 2019	111 274	533	1 April 2019 – 31 March 2022	20% is exercisable on 29 May each year, commencing on 29 May 2022 until 29 May 2026, subject to performance criteria being met	A further twelve-month retention period after each vesting date

These are conditional shares and the awards formed part of their variable remuneration for the financial year ending 31 March 2019. The face value at awarded of these awards was equivalent to 100% of fixed remuneration. The share price used to calculate the number of shares was based on the five day average closing market price from 20 to 24 May 2019, which was £4.79. Vesting is subject to achievement against performance conditions. The performance measures and metrics are as follows:

Financial measures (75%)

Measure	Weighting	Achievement Levels		
Financial measures	**75%**	**Threshold (0%)**	**Target (100%)**	**Stretch (150%)**
Growth in net tangible asset value[1]	40%	15.0%	30.0%	45.0%
Return on risk-weighted assets[2]	35%	1.4%	1.7%	1.9%

1. *The growth in net tangible asset value is expressed per share, based on neutral currency and after adding back dividends and will be measured cumulatively over the three financial years preceding the first date of vesting.*
2. *Return on risk-weighted assets is defined as adjusted earnings/average risk-weighted assets, where adjusted earnings are earnings attributable to ordinary shareholders after taxation, non-controlling interests and preference dividends, but before goodwill, acquired intangibles and non-operating items, and will be measured over the three financial years preceding the first date of vesting by averaging the actual return on risk-weighted assets achieved for each of those three financial years.*

Non-financial measures (25%)

The committee assesses achievement against objectives for the non-financial measures on a seven-point scale and will award scores of 0 (0%) and 6 (150%) only in exceptional circumstances. The non-financial measures for awards made in respect of the year ending 31 March 2019 are as follows:

Measure	Weighting	Achievement Levels						
Non-financial measures	**25%**	**0%**	**25%**	**50%**	**75%**	**100%**	**125%**	**150%**
Culture and values	4%	0	1	2	3	4	5	6
Franchise development	13%	0	1	2	3	4	5	6
Governance and regulatory and shareholder relationships	4%	0	1	2	3	4	5	6
Employee relationship and development	4%	0	1	2	3	4	5	6

Payments to past directors and payments for loss of office (audited)

No such payments have been made in the year ending 31 March 2019.

Statement of directors' shareholding and share interests (audited)

Executive Directors

	Beneficial and non-beneficial interest Investec plc[1]		% of shares in issue Investec plc[1]	Beneficial and non-beneficial interest Investec Limited[1]		% of shares in issue Investec Limited[1]	Share-holdings requirements met?[2]
Name	**31 March 2019**	1 April 2018	**31 March 2019**	**31 March 2019**	1 April 2018	**31 March 2019**	
S Koseff[3]	6 236 822	5 936 212	0.9%	787 841	962 841	0.2%	Yes
HJ du Toit[4]	106 000	–	–	604 740	604 740	0.2%	Yes[4]
F Titi[5]	–	–	–	–	–	–	No[5]
GR Burger[3]	2 558 451	3 208 064	0.4%	627 120	327 076	0.2%	Yes
B Kantor[3,7]	1 703 141	1 507 271	0.2%	1 000 500	1 600 500	0.5%	Yes
K McFarland[6]	12 847	12 847	–	7 544	7 544	–	No[6]
Total	**10 617 261**	**10 664 394**	**1.5%**	**3 027 745**	**3 502 701**	**1.1%**	
Non-executive directors							
PKO Crosthwaite (Chairman)	115 738	115 738	–	–	–	–	
ZBM Bassa	–	–	–	–	–	–	
LC Bowden	–	–	–	–	–	–	
CA Carolus	–	–	–	–	–	–	
PA Hourquebie	–	–	–	–	–	–	
D Friedland	–	–	–	–	–	–	
CR Jacobs	–	–	–	–	–	–	
IR Kantor	409 045	1 009 045	0.1%	325	325	–	
Lord Malloch-Brown KCMG	–	–	–	–	–	–	
KL Shuenyane	19 900	19 900	–	60 006	60 006	–	
Total number	**544 683**	**1 144 683**	**0.1%**	**60 331**	**60 331**	**–**	
Total number	**11 161 944**	**11 809 077**	**1.6%**	**3 088 076**	**3 563 032**	**1.1%**	

The table above reflects the holdings of shares by current directors of 31 March 2019. There was no movement in share interests between 31 March 2019 and 19 May 2019.

1. *The number of shares in issue and share prices for Investec plc and Investec Limited over the period is provided on pages 199.*
2. *The executive directors have a shareholding requirement of 200% of the cash element of fixed remuneration during employment, based on fully vested shares.*
3. *The beneficial and non-beneficial holdings of S Koseff, G Burger and B Kantor include Investec plc shares which relate to the awards to each of them in respect of £1 million fixed allowances awarded on 2 June 2016, 6 June 2017 and 31 May 2018. These shares are, however, subject to a retention period in terms of which 20% of shares will be free from retention restrictions each year over a period of five years.*
4. *Following the announcement of the demerger of Investec Asset Management expected to occur during 2019, HJ du Toit will cease to be a director of Investec, and as such will not be expected to build up a shareholding in Investec.*
5. *F Titi was appointed an executive director on 1 April 2018 and will be allowed to build up his shareholdings over a reasonable period of time, particularly taking into account the vesting schedule of shares awarded through the short-term incentive and long-term incentive.*
6. *K McFarland was appointed a director on 1 October 2018. Following the announcement of the demerger of Investec Asset Management, expected to occur during 2019, K McFarland will cease to be a director of Investec, and as such will not be expected to build up a shareholding in Investec.*
7. *B Kantor entered into a zero cost collar on 6 July 2017 over 600 000 Investec Limited shares by purchasing a put option arrangement at a strike price of R100.00 per share and sold call options at a strike price of R120.00 per share. These options sold on 1 December 2018 at a strike price of R100.00.*

Directors' interests in the Investec plc Executive Incentive Plan 2013 at 31 March 2019 (audited)

Long-Term Share Awards

The Executive Incentive Plan and the awards made thereunder were approved at the August 2015 annual general meeting

Name	Date of award	Exercise price	Number of Investec plc shares at 1 April 2018	Conditional awards made during the year	Balance at 31 March 2019	Performance period	Period exercisable	Retention period	Treatment on termination of employment
S Koseff	2 June 2016[1]	Nil	314 225	–	314 225	1 April 2016 to 31 March 2019. See pages 194 to 197 for performance assessment	One third is exercisable on 2 June 2019; one third on 2 June 2020 and the final third on 2 June 2021 subject to performance criteria being met	A further six-month retention after vesting date.	Will be pro-rated based on service over the performance period
	6 June 2017[2]	Nil	252 130	–	252 130	1 April 2017 to 31 March 2020	Twenty per cent is exercisable on 8 June each year, commencing on 8 June 2020 until 8 June 2024, subject to performance criteria being met	A further six-month retention after vesting date.	Will be pro-rated based on service over the performance period
	31 May 2018[3]	Nil	–	264 759	264 759	1 April 2018 to 31 March 2021	Twenty per cent is exercisable on 31 May each year, commencing on 31 May 2021 until 31 May 2025, subject to performance criteria being met	A further twelve-month retention after vesting date.	Will be pro-rated based on service over the performance period

Name	Date of award	Exercise price	Number of Investec plc shares at 1 April 2018	Conditional awards made during the year	Balance at 31 March 2019	Performance period	Period exercisable	Retention period	Treatment on termination of employment
B Kantor	2 June 2016[1]	Nil	314 225	–	314 225	1 April 2016 to 31 March 2019. See pages 194 to 197 for performance assessment	One third is exercisable on 2 June 2019; one third on 2 June 2020 and the final third on 2 June 2021 subject to performance criteria being met	A further six-month retention after vesting date.	Will be pro-rated based on service over the performance period
	6 June 2017[2]	Nil	252 130	–	252 130	1 April 2017 to 31 March 2020	Twenty per cent is exercisable on 8 June each year, commencing on 8 June 2020 until 8 June 2024, subject to performance criteria being met	A further six-month retention after vesting date.	Will be pro-rated based on service over the performance period
	31 May 2018[3]	Nil	–	264 759	264 759	1 April 2018 to 31 March 2021	Twenty per cent is exercisable on 31 May each year, commencing on 31 May 2021 until 31 May 2025, subject to performance criteria being met	A further twelve-month retention after vesting date.	Will be pro-rated based on service over the performance period

Name	Date of award	Exercise price	Number of Investec plc shares at 1 April 2018	Conditional awards made during the year	Balance at 31 March 2019	Performance period	Period exercisable	Retention period	Treatment on termination of employment
GR Burger	2 June 2016[1]	Nil	277 801	–	277 801	1 April 2016 to 31 March 2019. See pages 194 to 197 for performance assessment	One third is exercisable on 2 June 2019; one third on 2 June 2020 and the final third on 2 June 2021 subject to performance criteria being met	A further six-month retention after vesting date.	Will be pro-rated based on service over the performance period
	6 June 2017[2]	Nil	227 651	–	227 651	1 April 2017 to 31 March 2020	Twenty per cent is exercisable on 8 June each year, commencing on 8 June 2020 until 8 June 2024, subject to performance criteria being met	A further six-month retention after vesting date.	Will be pro-rated based on service over the performance period
	31 May 2018[3]	Nil	–	239 066	239 066	1 April 2018 to 31 March 2021	Twenty per cent is exercisable on 31 May each year, commencing on 31 May 2021 until 31 May 2025, subject to performance criteria being met	A further twelve-month retention after vesting date.	Will be pro-rated based on service over the performance period

1. *These awards formed part of their variable remuneration in respect of the year ending 31 March 2016. The performance assessment of these awards are detailed on pages 194 to 197.*
2. *These awards formed part of their variable remuneration in respect of the year ending 31 March 2017. The performance criteria in respect of these awards are the same as those for the 2016 award, detailed on pages 194 to 197 These awards have not yet vested.*
3. *These awards formed part of their variable remuneration in respect of the year ending 31 March 2018. The performance criteria in respect of these awards are detailed on pages 194 to 197 These awards have not yet vested. The face value at grant for these awards amounted to £1 480 003 for S Koseff and B Kantor, and £1 336 378 for GR Burger based on the closing market share price on 30 May 2018, which was £5.59.*

Outstanding unvested deferred share awards not subject to performance conditions

Name	Award type	Performance conditions	Eligible for dividends	Vesting period	Total number outstanding at 31 March 2019
S Koseff	Conditional shares	None	No	From 1 to 7 years	222 054
B Kantor	Conditional shares	None	No	From 1 to 7 years	222 054
G Burger	Conditional shares	None	No	From 1 to 7 years	191 754

These awards are all unvested shares that were deferred as part of prior year remuneration. They lapse on resignation or termination for misconduct, although they may be retained if the director is considered a "good leaver"

Summary of Investec's share option and long-term incentive plans

Eligibility	Maximum award per individual[1]	Vesting period	Options/ shares awarded during the year[2]	Total issued at 31 March 2019 [3/4/5/6/7]
Investec 1 Limited Share Incentive Plan – 16 March 2005 – Investec plc				
• New and existing full-time employees	Cumulative limit of 1 500 000 across all option plans	• Long-term incentive awards - nil cost options: • Non-Material Risk Takers: Vesting seventy five percent at the end of year four and twenty five percent at the end of year five • Material Risk Takers: Vesting seventy five percent end of three and a half years and twenty five percent at the end of four and a half years with twelve month retention • Long-term share awards: Forfeitable shares and conditional shares • One third vesting at the end of years three, four and five for non-material risk takers • Market strike options: Twenty five percent vesting end of years two, three, four and five	–	2 922 779 0.29% of issued share capital of company
• New and existing full-time employees	Excluding deferred bonus share awards		5 771 139	13 140 964 1.31% of issued share capital of company
• New and existing full-time employees	In any financial year: 1x remuneration package		–	190 264 0.02% of issued share capital of company
Investec plc Executive Incentive Plan – 2013				
• Executive management and material risk takers	• Cumulative limit of 2 500 000 across all option plans	• Long-term share awards: • Junior Material Risk Takers: Vest one third at the end of two, three and four years • Risk Managers and FCA Designated Senior Managers: Vest one third at the end of two and a half, three and a half and five years • PRA Designated Senior Managers: Vest twenty per cent per annum from three to seven years • All have a twelve month retention period thereafter, with the exception of risk managers who have a six month retention period	1 338 714	3 578 842 0.36% of issued share capital of company
	• Excluding deferred bonus share awards			
	• In any financial year: 1x remuneration package[1]			

Eligibility	Maximum award per individual[1]	Vesting period	Options/ shares awarded during the year[2]	Total issued at 31 March 2019 [3/4/5/6/7]
Investec Limited Share Incentive Plan – 16 March 2005 – Investec Limited				
• New and existing full-time employees	• Cumulative limit of 2 500 000 across all option plans	• Long-term incentive awards: nil cost options • Vesting seventy five percent at the end of year four and twenty five percent at the end of year five	–	4 888 067 0.49% of issued share capital of company
		• Long-term share awards: forfeitable shares and conditional shares • Vesting one third at the end of years three, four and five.	6 487 699	19 135 559
• New and existing full-time employees	• Excluding deferred bonus share awards • In any financial year: 1x remuneration package[1]			1.91% of issued share capital of company

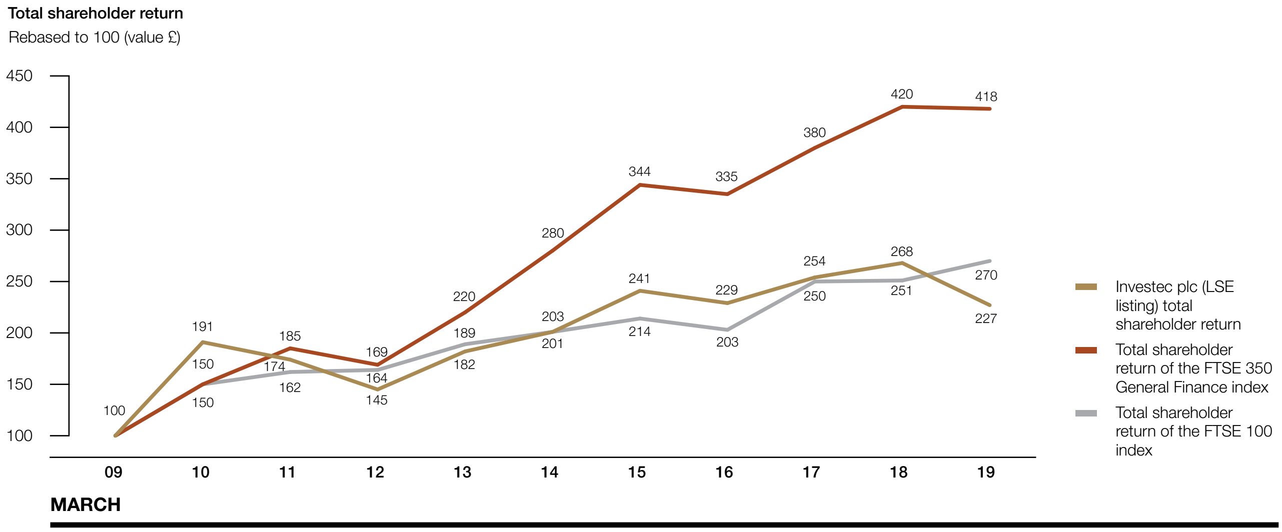
1. *The limits for allocations to employees and executive management during a financial year may be exceeded if the directors determine that exceptional circumstances make it desirable that awards should be awarded in excess of that limit.*
2. *This represents the number of awards made to all participants. For further details, see pages 68 and 69 in volume three. More details on the directors' shareholdings are also provided in tables accompanying this report.*
3. *Dilution limits: Investec is committed to following the Investment Association principles of remuneration and accordingly, as from the date of the implementation of our DLC structure (29 July 2002), the maximum number of new shares which may be issued by the company under all of the share plans (in respect of awards made after July 2002) may not exceed 10% of the issued share capital of the company over a rolling 10-year period. We have, since our listing date, complied with both the 10% in 10 years guideline for discretionary and non-discretionary awards in aggregate as well as the 5% in 10 year guideline for discretionary awards. The committee regularly monitors the utilisation of dilution limits and available headroom to ensure that these guidelines are complied with. Shares issued in terms of the group's deferred bonus scheme are paid for by the respective division at the time of the award and are not included in these dilution calculations as they have been issued for full value. The issued share capital of Investec plc and Investec Limited at 31 March 2019 was 1 001.02 million shares and (2018: 980.56 million shares).*
4. *As announced as part of the capital markets update in February 2019, Investec Limited will no longer issue any shares for short or long term incentives with immediate effect and Investec plc will no longer issue any shares for short or long term incentives after June 2019. Accordingly, the resolution to place unissued shares under the control of the directors will not be put to shareholders at the August 2019 AGM.*
5. *The market price of an Investec plc share at 31 March 2019 was £4.42 (2018: £5.50), ranging from a low of £4.23 to a high of £5.95 during the financial year.*
6. *The market price of an Investec Limited share at 31 March 2019 was R84.34 (2018: R92.28), ranging from a low of R76.92 to a high of R105.31 during the financial year.*
7. *The rules of these long-term incentive plans do not allow awards to be made to executive directors. The table above excludes details of the Investec plc Executive Incentive Plan 2013 on pages 202 to 204.*

Performance graph and table (unaudited)

The graph below shows a comparison of the TSR for the company's shares for the ten years beginning on 31 March 2009 against the TSR for the companies comprising the FTSE 350 General Financial Index and the FTSE 100 Index.

We have selected the FTSE 350 General Finance Index because a number of companies in that index conduct similar activities to us, although they do not necessarily have the same geographical profile. Nevertheless, to date this has been the most appropriate index against which to measure our performance on the FTSE. Although we are not currently included in the FTSE 100, we were part of the index between 2010 and 2011 and we have included the total shareholder return of that index for illustrative purposes.

Total Shareholder Return



Note:
The graph shows the cumulative shareholder return for a holding of our shares (in gold) in Pounds Sterling on the LSE, compared with the average total shareholder return of other members of the FTSE 350 General Finance Index and the FTSE 100 Index. It shows that, at 31 March 2019, a hypothetical £100 invested in Investec plc at 31 March 2009 would have generated a total return of £127 compared with a return of £318 if invested in the FTSE 350 General Finance Index and a return of £170 if invested in the FTSE 100 Index.

During the period from 1 April 2018 to 31 March 2019, the return to shareholders of Investec plc (measured in Pounds Sterling) and Investec Limited (measured in Rands) was (15.4%) and (3.9%), respectively. This compares to a (0.4%) return for the FTSE 350 General Finance Index, a return of 7.7% for the FTSE 100 Index and a return of 6.1% for the JSE Top 40 Index.

The market price of our shares on the LSE was £4.42 at 31 March 2019, ranging from a low of £4.23 to a high of £5.95 during the financial year. The market price of our shares on the JSE Limited was R84.34 at 31 March 2019, ranging from a low of R76.92 to a high of R105.31 during the financial year.

Table of CEO remuneration

Year ended 31 March	2010	2011	2012	2013[1]	2014	2015	2016[2]	2017[3]	2018[3]	**2019[4]**
CEO single figure of remuneration (£'000)	2 660	3 425	450	1 950	2 420	3 970	7 325	3 417	3 503	**2 144**
Salary, benefits, fixed allowance and bonus (£'000)	2 660	3 425	450	1 950	2 420	3 970	2 884	3 417	3 503	**2 144**
Long-term incentives	–	–	–	–	–	–	4 441	–	–	**–**
Annual Short-Term Incentive as a percentage of maximum opportunity	n/a[5]	n/a[5]	n/a[5]	n/a[5]	50%	65%	95%	92%	95%	**43%**
Vesting of Long-Term Incentive Awards as a percentage of maximum	n/a[3]	n/a[3]	–	n/a[3]	n/a[3]	n/a[3]	100%	n/a[3]	n/a[3]	**n/a[3]**

1. *The 2013 award was reported on award in prior years. This has now been included in the year it vested, 2016, as per item 2 below.*
2. *The single figure remuneration for 2016 has been restated to include the 2013 LTIP award. This vested subject to performance conditions for the three year period ended 31 March 2016. These vested at 135% and there 804 617 shares vested, with a share price of £5.52 on the first vesting date. These LTIPs had previously been disclosed on award in 2013 with a value of £2,652k.*
3. *No LTIP awards had performance conditions ending in the 2017 and 2018 financial years.*
4. *Figures reported for 2019 are for Fani Titi and Hendrik du Toit. They did not have long-term incentive awards vesting with reference to the 2019 financial year. Figures prior to 2019 are for Stephen Koseff.*
5. *Historically annual bonuses were not determined in terms of a formulaic approach where maximum and minimum awards could be derived.*

Percentage change in CEO's remuneration

The table below shows how the percentage change in the CEO's salary and annual bonus between 2018 and 2019 compares with the percentage change in each of those components of remuneration for Investec plc employees and Investec Limited employees

	Total remuneration	**Fixed remuneration**	**Annual bonus[1]**
CEO (in pounds sterling)[1]	(38.8%)	(10.0%)	(59.9%)
Increase in total costs for Investec employees (in Pounds Sterling)	1.7%	4.4%	(5.6%)

1. *The annual bonus for 2018 for the CEO is that paid to Stephen Koseff. The annual bonus for 2019 for the CEO for 2019 is that of Fani Titi/Hendrik du Toit, as Stephen Koseff only received a bonus for six months of the 2019 financial year.*

CEO pay ratio

The ratios of CEO remuneration to employee remuneration are shown below.

Year	Calculation method used	25th percentile pay ratio	**Median pay ratio 2019**	75th percentile pay ratio
2019 – UK	Method A – calculated the pay and benefits of all UK employees to identify the employees at the 25th, 50th and 75th percentiles, and then calculated the ratio of CEO pay to the pay of each of those employees. The pay for the CEO single figure is based on the single figure for Stephen Koseff for six months and the pay for Fani Titi/Hendrik du Toit for six months.	70.4	**36.5**	19.7
Global		122.5	**61.0**	28.5

We selected method A because we believe it provides the most accurate reflection of the ratio of the CEO pay to the pay of all employees. The calculations were based on 31 March 2019. We have not annualised salaries and other remuneration elements for employees, in line with the single figure calculation. The total pay and benefits for the 25th, 50th and 75th quartiles for the UK is £41 148, £79 364 and £146 875 respectively. The salaries for the 25th, 50th and 75th quartiles for the UK are £30 000, £55 000 and £88 000 respectively.

Non-executive directors

The fee structure for non-executive directors for the period ending 31 August 2019 and as proposed for 2020 are shown in the table below (no increases have been proposed for 2020):

Non-executive directors' remuneration	**Period ending 31 August 2019**	**As proposed by the board for the period from 1 September 2019 to 31 August 2020**
Chairman's total fee	£450 000 per year	£450 000 per year
Basic non-executive director fee	£75 000 per year	£75 000 per year
Senior independent director	£10 000 per year	£10 000 per year
Chairman of the DLC audit committee	£80 000 per year	£80 000 per year
Chairman of the DLC remuneration committee	£47 000 per year	£47 000 per year
Chairman of the DLC social and ethics committee	£30 000 per year	£30 000 per year
Chairman of the board risk and capital committee	£46 000 per year	£46 000 per year
Member of the DLC audit committee	£25 000 per year	£25 000 per year
Member of the DLC remuneration committee	£17 500 per year	£17 500 per year
Member of the DLC nominations and directors' affairs committee	£13 000 per year	£13 000 per year
Member of the DLC social and ethics committee	£13 000 per year	£13 000 per year
Member of the board risk and capital committee	£15 500 per year	£15 500 per year
Member of the Investec Bank plc board (also member of main board)	£14 500 per year	£14 500 per year
Member of the Investec Bank plc board	£58 000 per year	£58 000 per year
Independent director of Investec Capital and Investments (Ireland) Limited	€65 000 per year	€65 000 per year
Member of the Investec Bank Limited board (also member of main board)	R340 000 per year	R340 000 per year
Member of the Investec Bank Limited board	R500 000	R500 000
Per diem fee for additional work committed to the group	£2 000/R30 000	£2 000/R30 000

Note: Value-Added Tax (VAT), at the prevailing rate, where applicable, will be added to the above-mentioned fees to the extent they are paid in South Africa. Two binding general rulings were issued by the South African Revenue Service (SARS) in early 2017 confirming the South African Value-Added Tax (VAT) law that requires non-executive directors of companies to register for and charge VAT in respect of any directors' fees earned for services rendered as a non-executive director that exceed the prescribed threshold. These rulings were effective 1 June 2017.

Non-executive directors' single total remuneration figure (audited)

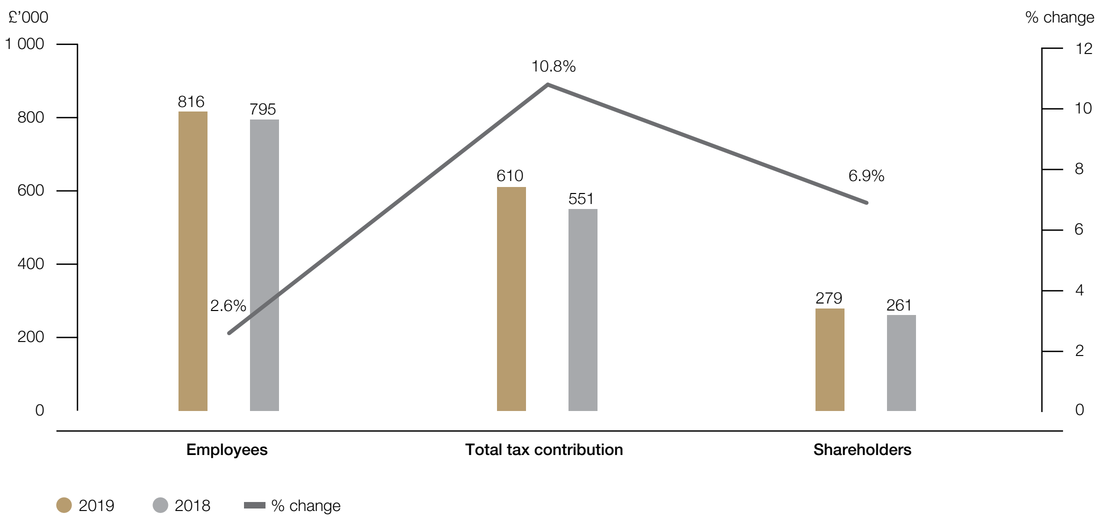
The table below provides a single total remuneration figure for each non-executive director over the financial period.

Name	**Total remuneration 2019 £**	Total remuneration 2018 £
Non-executive directors		
F Titi (chairman)[1,2,3]	–	430 850
PKO Crosthwaite (chairman)[4]	409 521	242 133
ZBM Bassa	264 994	206 105
LC Bowden	77 292	79 000
CA Carolus	86 958	84 877
D Friedland	198 481	226 913
PA Hourquebie[5]	175 829	75 299
CR Jacobs	91 458	89 377
IR Kantor	97 367	89 415
Lord Malloch-Brown KCMG	112 375	84 876
KL Shuenyane	279 682	123 337
Total in Pounds Sterling	**1 793 957**	**1 732 182**

1. *F Titi was appointed CEO designate on 1 April 2018.*
2. *F Titi stepped down as Chairman and became an Executive Director on 15 May 2018.*
3. *F Titi was appointed joint CEO on 1 October 2018.*
4. *PKO Crosthwaite was appointed Chairman on 15 May 2018.*
5. *PA Hourquebie was appointed on 14 August 2017.*
6. *PRS Thomas resigned on 10 August 2017.*

Non-executive directors do not receive any additional taxable benefits.

Relative importance of spend on pay



We continue to acknowledge the importance of the appropriate division of the returns generated by our business between our owners, our workforce and the societies in which we operate. The graph above shows our distribution to our employees, our contributions to government through taxation and our owners through dividends.

Statement of implementation of remuneration policy in the following financial year

The remuneration policy, as outlined on pages 177 to 180, will be in operation for the 2019/2020 financial year. The Directors' remuneration policy was approved by shareholders at the AGM in August 2018, and is intended to remain in place for three years. Due to the proposed demerger of Investec Asset Management, expected to be in the second half of the 2019 calendar year, using the discretion afforded under the current policy for corporate events, we are replacing the operating margin for the Asset Management and Wealth & Investment business measure in the short term incentive with the cost/income ratio measure for the Bank and Wealth group. In addition, in line with changes to the Financial Reporting Council's Corporate Governance Code we are introducing a post-termination shareholding requirement.

Stephen Koseff and Bernard Kantor stepped down from their roles of chief executive officer (CEO) and managing director (MD) of Investec group, respectively, on 1 October 2018. They will not stand for re-election at the 2019 annual general meeting (AGM). They will continue to actively oversee the proposed demerger and separate listing of Investec Asset Management until its completion. However they will not be eligible for a short-term incentive, and have waived their eligibility for a long-term incentive. Hendrik du Toit and Kim McFarland will be leaving the business when Investec Asset Management demerges. They will receive fixed pay until that time, and will receive a short-term incentive for the period from 1 April 2019 to the date of demerger. This will be determined in line with the remaining executive directors following the end of the financial year. This will be assessed on the performance measures and metrics shown below. They will also be eligible for a long-term incentive. This will be pro-rated by time served prior to the demerger.

Fani Titi and the remaining executive directors will be eligible for a short-term and long-term incentive to be determined subject to the measures and metrics outlined below.

Short-Term Incentive

The measures and metrics for the annual short-term incentive for the 2020 year (post the Investec Asset Management demerger) will be as follows:

Financial measures

	Weighting	Achievement Levels			
Financial measures	**80%**	**Threshold (0%)**	**Target (100%)**	**Stretch (150%)**	**Notes**
Return on risk-weighted assets[1] – post demerger	30%	1.3%	1.5%	1.7%	Investec Asset Management historically contributed approximately 0.35%
– pre demerger		1.3%	1.6%	1.8%	
Return on equity[2] – post demerger	30%	12.0%	13.0%	14.5%	Investec Asset Management historically contributed approximately 2.5%
– pre demerger		12.0%	14.0%	16.0%	
Cost/income ratio	20%	66.0%	64.0%	62.0%	

1. *Return on risk-weighted assets is defined as adjusted earnings/average risk-weighted assets, where adjusted earnings are earnings attributable to ordinary shareholders after taxation, non-controlling interests and preference dividends, but before goodwill, acquired intangibles and non-operating items.*
2. *Return on equity is defined as adjusted earnings/average ordinary shareholders' equity (excluding preference share capital).*
3. *The financial measures for the period prior to the demerger will be in line with those used for the 2019 financial year.*

Non-financial measures:

The committee assesses achievement against objectives for the non-financial measures on a seven-point scale and will award scores of 0 (0%) and 6 (150%) only in exceptional circumstances. The non-financial measures for the year ending 31 March 2020 are unchanged, as follows:

Measure	Weighting	Achievement Levels						
	20%	0%	25%	50%	75%	100%	125%	150%
Culture, values and cooperation related measures	7%	0	1	2	3	4	5	6
"ESG" related measures	5%	0	1	2	3	4	5	6
Prudential and Risk Management related measures	8%	0	1	2	3	4	5	6

Long-Term Incentive

The measures and metrics for the annual long-term incentive for the 2020 year will be as follows. The measures remain unchanged, while there has been a technical adjustment to the metrics for the return on risk-weighted assets, to reflect the proposed Investec Asset Management demerger.

Measure	Weighting	Achievement Levels		
Financial measures	**75%**	**Threshold (0%)**	**Target (100%)**	**Stretch (150%)**
Growth in net tangible asset value[1]	40%	15.0%	30.0%	45.0%
Return on risk-weighted assets[2]	35%	1.4%	1.6%	1.8%

1. *The growth in net tangible asset value is expressed per share, based on neutral currency and after adding back dividends and will be measured cumulatively over the three financial years preceding the first date of vesting.*
2. *Return on risk-weighted assets is defined as adjusted earnings/average risk-weighted assets, where adjusted earnings are earnings attributable to ordinary shareholders after taxation, non-controlling interests and preference dividends, but before goodwill, acquired intangibles and non-operating items, and will be measured over the three financial years preceding the first date of vesting by averaging the actual return on risk-weighted assets achieved for each of those three financial years.*

Non-financial measures:

The committee assesses achievement against objectives for the non-financial measures on a seven-point scale and will award scores of 0 (0%) and 6 (150%) only in exceptional circumstances. The non-financial measures for the year ending 31 March 2020 are unchanged, as follows:

Measure	Weighting	Achievement Levels						
	25%	0%	25%	50%	75%	100%	125%	150%
Culture and values	4%	0	1	2	3	4	5	6
Franchise development	13%	0	1	2	3	4	5	6
Governance and regulatory and shareholder relationships	4%	0	1	2	3	4	5	6
Employee relationship and development	4%	0	1	2	3	4	5	6

Statement of voting at general meeting

The combined results on each of the remuneration resolutions passed at the 2018 annual general meetings of Investec plc and Investec Limited were as follows:

	Number of votes cast "for" resolution	% of votes "for" resolution	Number of votes cast "against" resolution	% of votes "against resolution	Number of abstentions
To approve the directors' remuneration report	621 469 080	81.11%	144 739 822	18.89%	5 896 625
To approve the non-executive directors' remuneration	761 798 511	99.72%	2 131 599	0.28%	8 175 657
To approve the directors' remuneration policy	608 897 115	79.47%	157 300 121	20.53%	5 908 576

The Board notes that the vote to approve the directors' remuneration policy passed with less than 80%. As noted earlier in the report, the Group Chairman and Remuneration Committee Chairman have extensively engaged with UK shareholder representative organisations and the group's largest shareholders on remuneration related matters over a number of years. The group's revised remuneration policy that was presented to shareholders incorporated certain amendments which address the feedback previously received from shareholders.

The Remuneration Committee believes that the proposals it included in its revised remuneration policy addressed a number of matters previously raised by shareholders, notably:

- Reduction in total compensation levels for executive directors:
  - An approximate 30% reduction in total compensation levels was achieved using the proposed new fixed pay and short- and long-term measures and metrics applied to 31 March 2018 performance
- Better alignment between pay awards and the performance of Investec:
  - Changes made to the short-term incentive measures and implemented tougher performance levels
  - Financial measures performance weightings were increased to 80% of the total in the determination of the short-term incentive
  - In the long-term incentive tougher performance levels were introduced for certain measures
  - The remuneration committee will review the performance measures on an annual basis.
- Simplification in pay structures and the assessment of executive director performance:
  - Replaced role based allowances for new executive directors with a single fixed pay award of cash and shares
  - The short-term measures were simplified and reduced from nine to six.
- Treatment of unvested long-term incentive plan awards for departing executive directors:
  - The departing CEO, managing director and group risk and finance director will have their unvested long-term incentive awards pro-rated to reflect their period of service relative to the performance periods of such awards
  - The new policy clarified that unvested long-term incentive awards will be pro-rated going forward.
- Introduction of a minimum shareholding requirement:
  - Executive directors are required to build and maintain a shareholding of 200% of the cash element of fixed remuneration over a reasonable timeframe.
  - They will also have a requirement to maintain a shareholding of the lower of 200% of the cash element of fixed remuneration or the holding on termination of employment for two years after their employment terminates.

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

In addition the group chairman and committee chairman have undertaken further consultations with key shareholders this year, in July 2018 and February 2019, on the approach proposed for the Investec Asset Management demerger and the approach after that point. These changes include some technical adjustments outlined on pages 211 and 212. Feedback from key shareholders was very positive about the adjustments.

Equity and inclusion, including gender pay gap reporting

While we have actively tried to increase the diversity of our senior leadership, we recognise that across our organisation we have more work to do. That is why we have put together our own set of diversity principles to help define the framework for that journey. These apply across the global business and apply to all our efforts, including transformation in South Africa.

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

Investec UK gender pay gap results

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

Additional remuneration disclosures (unaudited)

South African Companies Act, 2008 disclosures

In compliance with regulatory developments in South Africa, Investec Limited is required to disclose the remuneration of those individuals that are defined by the South African Companies Act, No 71 of 2008 (as amended), read together with the Companies Regulations 2011 (together the Act), as prescribed officers.

In keeping with the group's integrated global management structure as well as the three distinct business activities of the group, i.e. Asset Management, Wealth & Investment and Specialist Banking, the prescribed officers for Investec Limited for the year ended 31 March 2019, as per the Act, are the following heads of the group's three distinct business activities.

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

Hendrik du Toit is one of the executive directors of Investec Limited and his remuneration is disclosed on page 188.

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

Gender pay gap figures

Hourly and bonus gap

		Investec plc		Investec Limited	
		Mean %	Median %	Mean %	Median %
Hourly gap	**2019**	**38.0%**	**38.8%**	**32.0%**	**26.6%**
	2018	40.3%	41.2%	34.4%	29.3%
Bonus gap	**2019**	**72.5%**	**73.4%**	**72.8%**	**33.3%**
	2018	73.9%	74.1%	73.3%	34.1%

Mean – The mean figure represents the difference between the average of men's and women's pay expressed as a percentage of the average male pay.
Median – The median represents the difference between the midpoints in the ranges of men's and women's pay expressed as a percentage of the male midpoint

Proportion receiving a bonus

		Investec plc	Investec Limited
		Percentage	Percentage
Male	**2019**	**83.1%**	**77.9%**
	2018	82.3%	78.1%
Female	**2019**	**82.6%**	**77.6%**
	2018	83.8%	78.3%

PRA and FCA Remuneration Code and Pillar III disclosures

In terms of the PRA's Chapter on Disclosure Requirements and Part 8 of the Capital Requirements Regulation the bank in the UK is required to make certain quantitative and qualitative remuneration disclosures on an annual basis with respect to Material Risk Takers.

Material Risk Takers are defined as those employees (including directors) whose professional activities could have a material impact on the bank's risk profile. A total of 62 individuals were Material Risk Takers in 2019.

The bank's qualitative remuneration disclosures are provided on pages 168 to 214.

The information contained in the tables below sets out the bank's quantitative disclosures in respect of Material Risk Takers for the year ended 31 March 2019.

Aggregate remuneration by remuneration type awarded during the financial year

	Senior management	Other Material Risk Takers	**Total**
Fixed remuneration			
– Cash	10.4	15.8	26.2
– Shares	4.6	–	4.6
Variable remuneration*			
– Upfront cash	2.7	3.2	5.9
– Deferred cash	0.8	2.2	3.0
– Upfront shares	2.6	3.0	5.6
– Deferred shares	3.9	2.5	6.4
– Deferred shares – long-term incentive awards**	5.6	3.3	8.9
Total aggregate remuneration and deferred incentives (£'million)	**30.6**	**30.0**	**60.6**
Number of employees***	18	39	57
Ratio between fixed and variable pay	1.0	1.1	1.0

* *Total number of employees receiving variable remuneration was 50.*

** *Value represents the number of shares awarded multiplied by the applicable share price. These awards were made during the period but have not yet vested. These awards are subject to performance conditions and vest over a period of two and a half to four and a half years, up to three to seven years, determined by regulatory requirements. They are also subject to a six or 12 month retention period after vesting.*

*** *This excludes non-executive directors.*

Material Risk Takers received total remuneration in the following bands:

	Number of Material Risk Takers
£800 000 – £1 200 000	14
£1 200 001 – £1 600 000	7
£1 600 001 – £2 000 000	4
£2 000 001 – £2 400 000	1
£2 400 001 – £2 800 000	1
£2 800 001 – £3 200 000	2
£3 200 001 – £3 600 000	2
£3 600 001 – £4 000 000	–
£4 000 001 – £4 400 000	–
£4 400 001 – £4 800 000	–
£4 800 001 – £5 200 000	–
> £5 200 001	–

Additional disclosure on deferred remuneration

£'million	Senior management	Other Material Risk Takers	Total
Deferred unvested remuneration outstanding at the beginning of the year	32.3	29.0	61.3
Deferred unvested remuneration adjustment – employees no longer Material Risk Takers and reclassifications	10.0	(10.8)	(0.8)
Deferred remuneration awarded in year	12.5	5.8	18.3
Deferred remuneration reduced in year through performance adjustments	–	–	–
Deferred remuneration reduced in year through malus and clawback adjustments^^	–	–	–
Deferred remuneration vested in year	(7.6)	(4.9)	(12.5)
Deferred unvested remuneration outstanding at the end of the year	**47.2**	**19.1**	**66.3**

^^ *All employees are subject to malus and clawback provisions as discussed on page 185. No remuneration was reduced for ex post implicit adjustments during the year.*

£'million	Senior management	Other Material Risk Takers	Total
Deferred unvested remuneration outstanding at the end of the year			
– Equity	43.2	14.4	57.6
– Cash	4.0	4.7	8.7
	47.2	**19.1**	**66.3**

£'million	Senior management	Other Material Risk Takers	Total
Deferred remuneration vested in year			
– For awards made in 2017 financial year	0.5	1.1	1.6
– For awards made in 2016 financial year	4.0	1.4	5.4
– For awards made in 2015 financial year	3.1	0.9	4.0
– For awards made in 2014 financial year	–	1.5	1.5
	7.6	**4.9**	**12.5**

Other remuneration disclosures

£'million	Senior management	Other Material Risk Takers	Total
Sign-on payments			
Made during the year (£'million)	–	–	–
Number of beneficiaries	–	–	–
Severance payments			
Made during the year (£'million)	–	0.4	0.4
Number of beneficiaries	–	2.0	2.0
Guaranteed bonuses			
Made during the year (£'million)	–	–	–
Number of beneficiaries	–	–	–

Pillar III remuneration disclosures

The bank in South Africa is required to make certain quantitative and qualitative remuneration disclosures on an annual basis in terms of the South African Prudential Authority's Basel Pillar III disclosure requirements.

The bank's qualitative remuneration disclosures are provided on pages 168 to 214.

The information contained in the tables below sets out the bank's quantitative disclosures for the year ended 31 March 2019.

In the tables below senior management are defined as members of our South African general management forum, excluding executive directors. Material risk takers are defined as anyone (not categorised above) who is deemed to be responsible for a division/function (e.g. lending, balance sheet management, advisory and transactional banking activities) which could be incurring risk on behalf of the bank. Furthermore, financial and risk control staff are defined as everyone in central group finance and central group risk as well as employees responsible for Risk and Finance functions within the operating business units.

Aggregate remuneration by remuneration type awarded during the financial year

£'million	Senior management	Material risk takers	Financial and risk control staff	**Total**
Fixed remuneration (all cash based and no portion is deferred)	55.1	54.7	217.0	326.8
Variable remuneration*	214.9	160.4	106.5	481.8
– Cash	82.3	85.3	70.0	237.6
– Deferred shares	64.3	42.8	1.8	108.9
– Deferred cash	–	–	–	–
– Deferred shares – long-term incentive awards**	68.3	32.3	34.7	135.3
Total aggregate remuneration and deferred incentives (R'million)	**270.0**	**215.1**	**323.5**	**808.6**
Number of employees	19	23	269	311
Ratio of fixed and variable pay	0.26	0.34	2.04	0.68

* *Total number of employees receiving variable remuneration was 311.*

** *Value represents the number of shares awarded multiplied by the applicable share price. These awards were made during the period but have not yet vested. These vest one third at the end of years three, four and five.*

Additional disclosure on deferred remuneration

R'million	Senior management	Material risk takers	Financial and risk control staff	**Total**
Deferred unvested remuneration outstanding at the beginning of the year	510.1	325.0	286.7	1 121.8
Deferred unvested remuneration adjustment – employees that are no longer employed by the bank and reclassifications	34.6	(15.1)	(89.3)	(69.8)
Deferred remuneration awarded in year	132.6	75.1	36.5	244.2
Deferred remuneration reduced in year through performance adjustments	–	–	–	–
Deferred remuneration reduced in year through malus adjustments	–	–	–	–
Deferred remuneration vested in year	(218.1)	(110.2)	(78.8)	(407.1)
Deferred unvested remuneration outstanding at the end of the year				

R'million	Senior management	Material risk takers	Financial and risk control staff	**Total**
Deferred unvested remuneration outstanding at the end of the year				
– Equity	420.8	274.7	155.2	850.7
– Cash	38.4	–	–	38.4
	459.2	**274.7**	**155.2**	**889.1**

R'million	Senior management	Material risk takers	Financial and risk control staff	Total
Deferred remuneration vested in year				
– For awards made in 2018 financial year	24.4	10.0	0.2	34.6
– For awards made in 2017 financial year	37.5	17.0	3.6	58.1
– For awards made in 2016 financial year	78.5	29.8	21.6	129.9
– For awards made in 2015 financial year	60.9	43.2	45.7	149.8
– For awards made in 2014 financial year	16.8	10.2	7.7	34.7
	218.1	**110.2**	**78.8**	**407.1**

Other remuneration disclosures: special payments

R'million	Senior management	Material risk takers	Financial and risk control staff	Total
Sign-on payments				
Made during the year (R'million)	–	–	–	–
Number of beneficiaries	–	–	–	–
Severance payments				
Made during the year (R'million)	–	–	0.1	0.1
Number of beneficiaries	–	–	–	–
Guaranteed bonuses				
Made during the year (R'million)	–	1.0	–	1.0
Number of beneficiaries	–	1.0	–	1.0

Key Management Personnel

Details of Directors' remuneration and interest in shares are disclosed on pages 188 to 206. IAS "Related party disclosures" requires the following additional information for key management compensation.

Compensation of key management personnel	2019 £'000	2018 £'000
Short-term employee benefits	27 413	31 885
Other long-term employee benefits	6 936	8 323
Share-based payments	8 826	6 365
Total	**43 175**	**46 572**

Shareholdings, options and other securities of key management personnel

	2019 £'000	2018 £'000
Number of options held over Investc plc or Investec Limited ordinary shares under employee share schemes	5 640	5 116

	2019 £'000	2018 £'000
Number of Investec plc or Investec Limited Ordinary shares held beneficially and non-beneficially	16 646	17 163

We have defined key management personnel as the directors of Investec plc and Investec Limited plus those classified as persons discharging managerial responsibility. In addition to the directors listed in the report, those are Henry Blumenthal, Steve Elliott, Malcolm Fried, Marc Kahn, Nishlan Samujh, David van der Walt, Richard Wainwright, Ciaran Whelan and Jonathan Wragg.

GLOSSARY

The following abbreviations have been used throughout this report:

AFS	Available for sale
ALCO	Asset and Liability Committee
AGM	Annual general meeting
ANC	African National Congress
AT1	Additional Tier 1
BCBS	Basel Committee of Banking Supervision
BIS	Bank for International Settlements
BoE	Bank of England
BOM	Bank of Mauritius
BSE	Botswana Stock Exchange
CA	Chartered Accountant
CDO	Collateralised debt obligation
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CLF	Committed liquidity facility
CLO	Collateralised loan obligation
CMD	Capital Markets Day
CMI	Continuous Mortality Investigation
COO	Chief Operating Officer
CPI	Consumer Price Index
CPR	Conditional prepayment rate
CRDIV (BASEL III)	Capital Requirements Directive IV
CRO	Chief Risk Officer
CVA	Credit value adjustment
DCF	Discounted cash flow
DLC	Dual listed company
DLC BRCC	DLC Board Risk and Capital Committee
DLC Nomdac	DLC Nominations and Directors Affairs Committee
DLC Remco	DLC Remuneration Committee
DLC SEC	DLC Social and Ethics Committee
EAD	Exposure at default
EBA	European Banking Authority
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECB	European Central Bank
ECL	Expected credit losses
EPS	Earnings per share
ESG	Environmental, social and governance
ERV	Expected rental value
ESMA	European Securities and Markets Authority
EU	European Union
FCA	Financial Conduct Authority
FINMA	Swiss Financial Market Supervisory Authority
FIRB	Foundation Internal Ratings-Based
FRC	Financial Reporting Council
FSB	Financial Services Board
FSC	Financial Sector Code
FSCS	Financial Services Compensation Scheme
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit and loss
GDP	Gross Domestic Product
GFSC	Guernsey Financial Services Commission
GM	Guinness Mahon
HNW	High net worth
IASB	International Accounting Standards Board
IASs	International Accounting Standards
IBL	Investec Bank Limited
IBL BRCC	IBL Board Risk and Capital Committee
IBL ERC	IBL Executive Risk Committee
IBP	Investec Bank plc
IBP BRCC	IBP Board Risk and Capital Committee
IBP ERC	IBP Executive Risk Committee
IFRS	International Financial Reporting Standard
ISAs (UK)	International Standards on Auditing (UK)
JSE	Johannesburg Stock Exchange
LCR	Liquidity Coverage Ratio
LGD	Loss given default
LIBOR	London Inter-Bank Offered Rate
LSE	London Stock Exchange
MD	Managing Director
MiFID	Markets in Financial Instruments Directive
NCI	Non-controlling interests
NSFR	Net Stable Funding Ratio
NSX	Namibian Stock Exchange
OCI	Other comprehensive income
OECD	Organisation for Economic Co-operation and Development
OTC	Over the counter
PACCC	Prudential assurance conduct and controls committee
PCCC	Prudential Conduct and Controls Committee
PD	Probability of default
Policy ERRF	Policy Executive Risk Review Forum
PRA	Prudential Regulation Authority
PRASA	Passenger Rail Agency of South Africa
ROE	Return on equity
ROU	Right use of asset
RPI	Retail Price Index
S&P	Standard & Poor's
SAA	South African Airways
SARS	South African Revenue Service
SDGs	Sustainable Development Goals
SME	Small and Medium-sized Enterprises
SMMEs	Small, Medium & Micro Enterprises
South African PA	South African Prudential Authority (previously known as the Banking Supervision Department of the South African Reserve Bank)
SOE	State-Owned Enterprise
SPPI	Solely payments of principal and interest
UKLA	United Kingdom Listing Authority
WACC	Weighted average cost of capital
YES	Youth Employment Service

Adjusted earnings attributable to ordinary shareholders

Earnings attributable to shareholders adjusted to remove impairment of goodwill, amortisation of acquired intangibles, non-operating items, and earnings attributable to perpetual preference shareholders and Other Additional Tier 1 security holders

Refer to page 62

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

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

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

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

Effective operational tax rate

Tax on profit on ordinary activities (excluding non-operating items) divided by operating profit before goodwill and acquired intangibles and excluding share of post taxation profit of associates and joint venture holdings

Gearing ratio

Total assets excluding assurance assets to total equity

Legacy business in the UK Specialist Bank ('Legacy')

Legacy, as separately disclosed from 2014 to 2018, comprises pre-2008 assets held on the UK bank's balance sheet, that had very low/negative margins and assets relating to business we are no longer undertaking

Market capitalisation

Total number of shares in issue (including Investec plc and Investec Limited) multiplied by the closing share price of Investec plc on the London Stock Exchange

Net tangible asset value per share

Refer to calculation on page 62

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

Return on average tangible ordinary shareholders' equity

Refer to calculation on page 62

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

*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

* *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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Refer to the directors biographies, on pages 108 to 112.

Contact details

For contact details for Investec offices internationally refer to pages 171 to 174 in volume three.

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.

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