ANNUAL REPORT 2020

VOL 1

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

START HERE ⟶

Investec

VOL. 1

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

VOL. 2

Risk disclosures

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Annual financial statements

THE 2020 INTEGRATED ANNUAL REPORT COVERS THE PERIOD 1 APRIL 2019 TO 31 MARCH 2020 AND PROVIDES AN OVERVIEW OF THE INVESTEC GROUP

MAIN MENU ⟶

Feedback

We value feedback and invite questions and comments on our reporting. To give feedback please contact our Investor Relations division.

For queries regarding information in this document

Investor Relations

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(44) 20 7597 5546

E-mail: investorrelations@investec.com

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

Cross reference tools

Alternative performance measures
We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information. These measures are highlighted with the symbol
The description of alternative performance measures and their calculation is provided in the alternative performance measures section.

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

GROUP SUSTAINABILITY
Refers readers to further information in our 2020 group sustainability and ESG supplementary report available on our website: www.investec.com

REPORTING STANDARD
Denotes our consideration of a reporting standard

UNAUDITED INFORMATION
Indicates information which has not been audited

STRATEGIC REPORT

STRATEGIC REPORT
Section 414A of the UK Companies Act 2006 (the UK Companies Act) requires the directors to present a strategic report in the annual report and accounts.

Sections one, two, three and four of this Volume 1 of the integrated annual report (together the strategic report) provide an overview of our strategic position, performance during the financial year and outlook for the business.

This should be read in conjunction with Volume 2 of the integrated annual report which elaborates on some of the aspects highlighted in the strategic report.

CONTENTS

OUR REPORTING SUITE

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.

Annual Integrated Report

This report covers the period 1 April 2019 to 31 March 2020 and includes material issues up to the date of board approval on 16 June 2020.

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 group 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

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

Group sustainability and ESG supplementary reports

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 reports

These reports provide 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.

1

STRATEGIC FOCUS

WHO WE ARE

Our purpose

Investec's purpose is to create and manage wealth for all our 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 bank and investment manager, driven by commitment to our core philosophies and values.

We focus on delivering profitable, impactful and sustainable solutions to our clients in two core areas of activity, Banking and Wealth & Investment.

The Investec 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 values and philosophies

Distinctive performance

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

Client focus

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

Cast-iron integrity

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

Dedicated partnership

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

OUR STRATEGIC DIRECTION

1

One Investec

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

Our long-term commitment is to One Investec; a client-focused strategy where, irrespective of specialisation or geography, we commit to offering our clients the full breadth and scale of our products and services.

We are focused on delivering profitable, impactful and sustainable solutions to our clients.

To deliver on One Investec, we will focus on imperative collaboration between the Banking and Wealth & Investment businesses and continue to invest in and support these franchises. This will position Investec for sustainable long-term growth.

Our long-term strategic focus:

- We are committed to delivering exceptional service to our clients, creating long-term value for our shareholders and contributing meaningfully to our people, communities and the planet
- All relevant Investec resources and services are on offer in every single client transaction
- Sustain our distinctive, out of the ordinary culture, entrepreneurial spirit and freedom to operate, with the discipline and obligation to do things properly for the whole of Investec.

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 operational risk with financial risk while creating value for shareholders
- Cost and risk conscious.

STRONG CULTURE

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

STRATEGIC OBJECTIVES

In order to deliver on our strategy we have identified five key strategic objectives outlined below:

THESE WILL ENABLE US TO SIMPLIFY, FOCUS AND GROW THE BUSINESS WITH DISCIPLINE.

Capital discipline	A more disciplined approach to capital allocation, particularly where businesses are non-core to overall long-term growth and capital strategy
Growth initiatives	Focus on growing our client base and building new sources of revenue
Improved cost management	Heightened rigour in identifying efficiencies in all areas of the business
Digitalisation	Enhancing digital capabilities to continue delivering an advanced high-tech, high-touch proposition
Greater Connectivity	Enhancing links among and between the Banking and Wealth & Investment businesses, across geographies

OUR BUSINESS MODEL

1

We are a domestically relevant, internationally connected banking and wealth & investment group

2
principal geographies

2
core areas of activity

8 700+
employees

£24.9 billion
Core loans

£32.2 billion
Customer deposits

£45.0 billion
Third party FUM

Corporate / Institutional / Government / Intermediary

Specialist Banking

- Lending
- Transactional banking
- Treasury solutions
- Advisory
- Investment activities
- Deposit raising activities

Private client (HNW / high income) / charities / trusts

Wealth & Investment

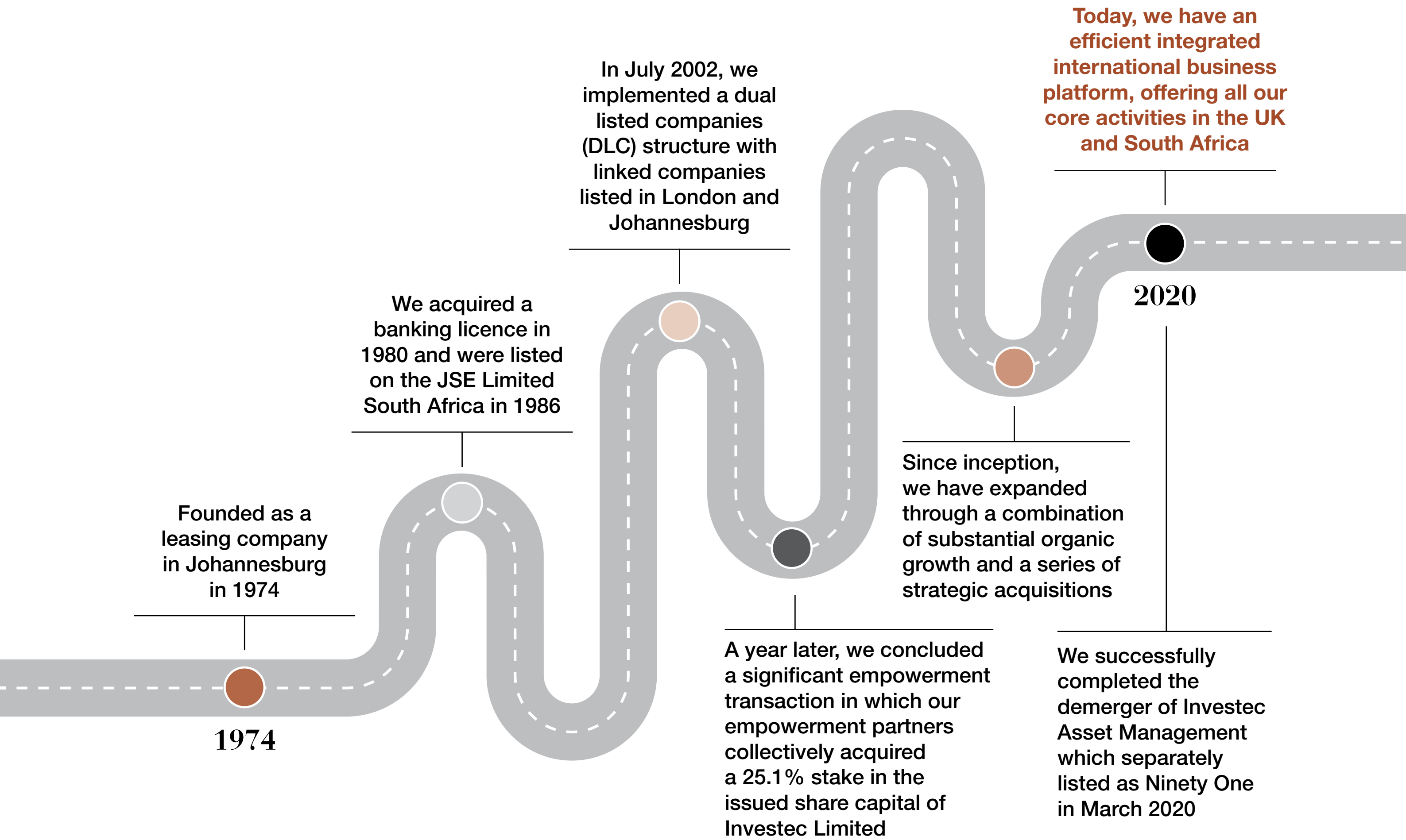
- Discretionary wealth management
- Investment advisory services
- Financial planning
- Stockbroking / execution only

We have market-leading distinctive client franchises

We provide a high level of client service enabled by advanced digital platforms

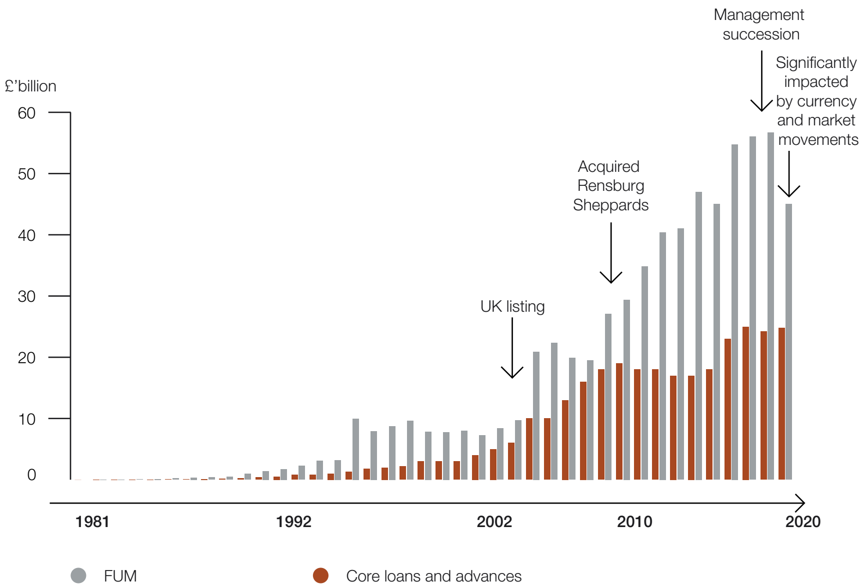
We are a people business backed by our out of the ordinary culture, and entrepreneurial spirit

OUR JOURNEY



A bank and investment manager with nearly 40 years of heritage

FUM and core loans and advances



- Focused on core markets
- Leading specialist client franchises
- Growing connectivity between the specialist bank and wealth business
- Well capitalised, lowly leveraged balance sheet
- Diversified mix of business by geography, income and business
- Highly scalable platform

Note: All figures on this page relate to continuing operations.

OUR OPERATIONAL STRUCTURE

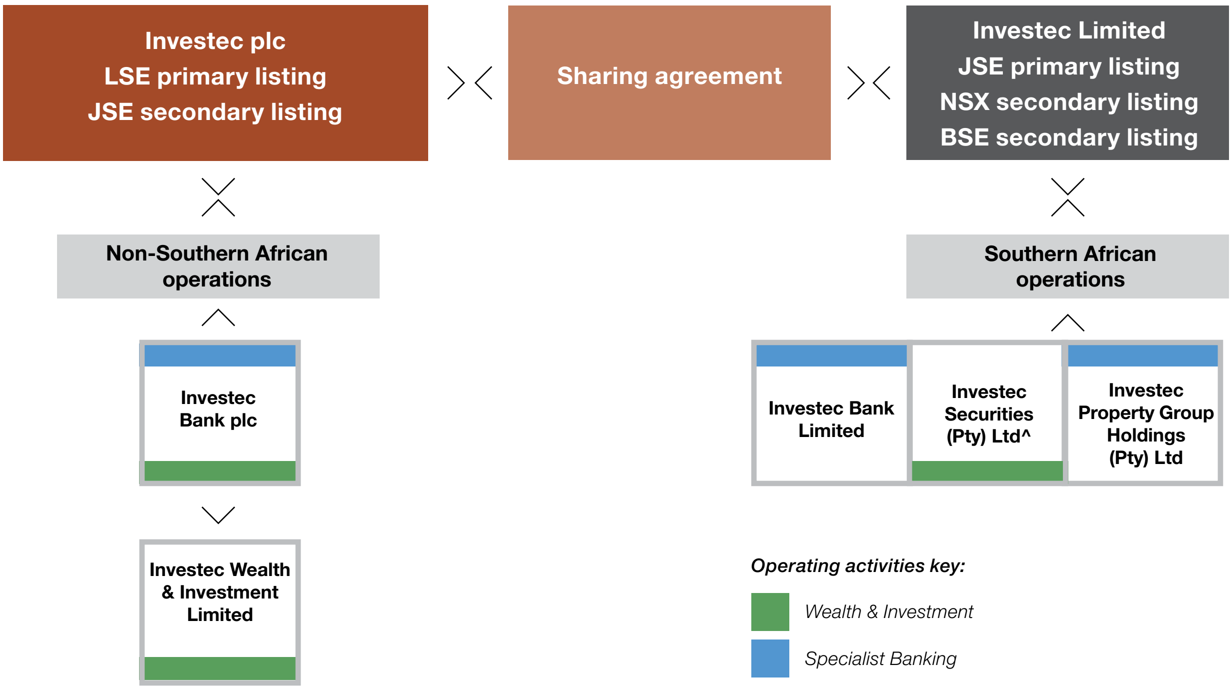
1

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 South 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).

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 2020



All shareholdings in the ordinary share capital of the subsidiaries shown are 100%.

In March 2020, Investec completed the demerger and separate listing of Ninety One (formerly known as Investec Asset Management). Investec retained a 25% shareholding in the Ninety One group, with 16% held through Investec plc and 9% held through Investec Limited.

^ *Houses the Wealth & Investment business.*

www ***Further information on the demerger can be found on our website.***

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.

SUMMARY OF THE DEMERGER OF INVESTEC ASSET MANAGEMENT

Following the group's management succession announcement in February 2018, the Investec board, together with the executive team, conducted a comprehensive strategic review to ensure that the **group is well positioned to serve the long-term interests of its stakeholders.**

Conclusions from the strategic review

- Investec comprises a number of successful businesses operating across two core geographies, with different capital requirements and growth trajectories
- Compelling current and potential linkages between the Specialist Banking and Wealth & Investment businesses (clear geographic and client overlap)
- Limited synergies between these businesses and Investec Asset Management.

The board concluded that a demerger and separate listing of Investec Asset Management would **simplify the group** and allow both businesses to **focus on their respective growth trajectories;** resulting in **improved resource allocation, better operational performance and higher long-term growth.**

On 13 March 2020, Investec **successfully completed the demerger of its asset management business (Investec Asset Management),** which became separately listed as Ninety One on 16 March 2020.

The effect of the demerger is to unbundle the asset management business from the Investec group and have two separately listed entitles.

- Prior to the demerger, the Investec group had an 80% shareholding in Investec Asset Management
- Pursuant to the demerger transaction, Investec distributed 55% of Ninety One to existing Investec shareholders. **Shareholders received one Ninety One share for every two Investec shares held**
- Investec decided not to proceed with its intended sell down of a 10% stake in Ninety One given market volatility at the time of Ninety One's listing
- Therefore, Investec **retained a 25% shareholding in Ninety One**. As a founding shareholder of Ninety One, the Boards of both Investec and Ninety One believe that it is appropriate for Investec to retain a modest shareholding in Ninety One. Investec believes Ninety One is an attractive business with meaningful intrinsic value. Retaining an equity stake allows Investec to participate in future value creation by Ninety One
- Investec's entire holding of Ninety One shares is subject to a lock up period of 180 days from the date of Ninety One's listing
- Approximately 20% of Ninety One continues to be held by Ninety One staff through Forty Two Point Two (the investment vehicle through which management and directors of Ninety One participate in the business), as well as Ninety One's employee benefit trusts.

SUMMARY OF THE DEMERGER OF INVESTEC ASSET MANAGEMENT

(continued)

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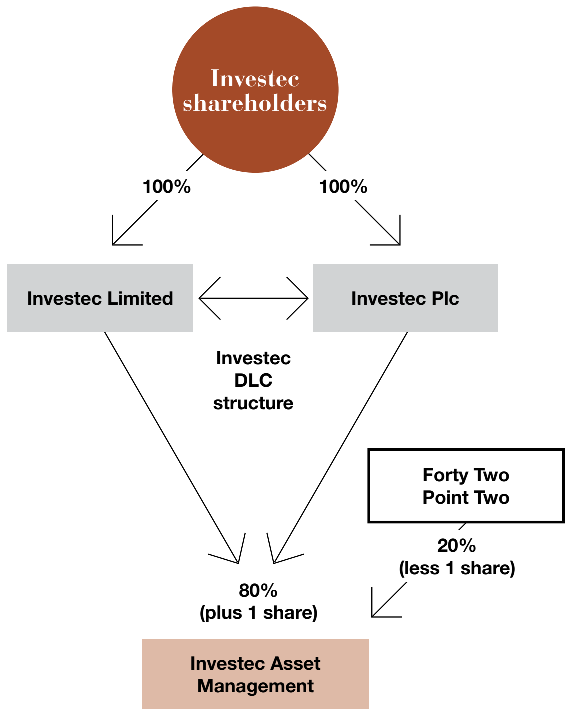
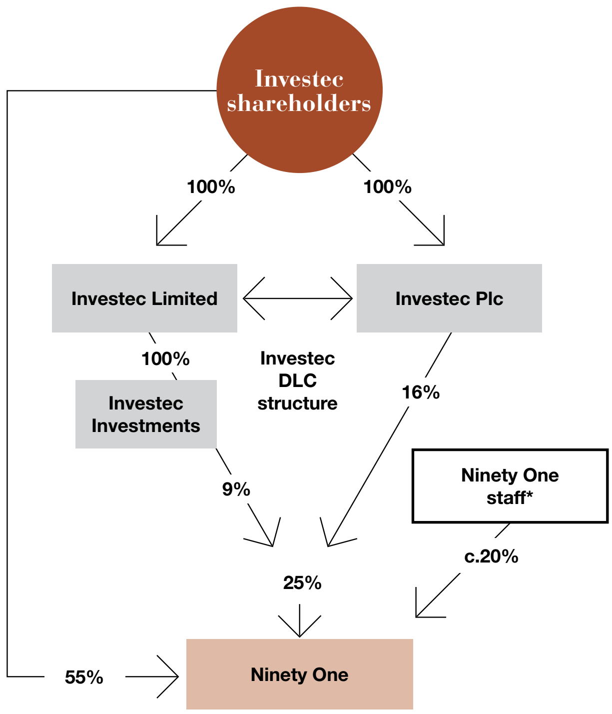
PRE DEMERGER STRUCTURE:



POST DEMERGER STRUCTURE:



* Consisting of Forty Two Point Two and Ninety One's employee benefit trusts

Summary of financial impact

- Positive CET1 impact: Investec plc CET1 uplift of 0.59% and Investec Limited CET1 uplift of 0.40%
- Combined dividend capacity of Investec and Ninety One is unchanged as a result of the demerger
- The transaction resulted in a net gain for Investec of £806.4 million post taxation and transaction costs
- Accounting treatment: In FY2020, the results of the Ninety One group have been consolidated up to the effective date of the demerger (13 March 2020) and presented as discontinued operations. Thereafter, the retained 25% stake in the Ninety One group has been accounted for as an investment in associate and equity accounted within the earnings from continuing operations.

Further financial information on discontinued operations is provided on pages 57 to 58.

Demerger transaction documents

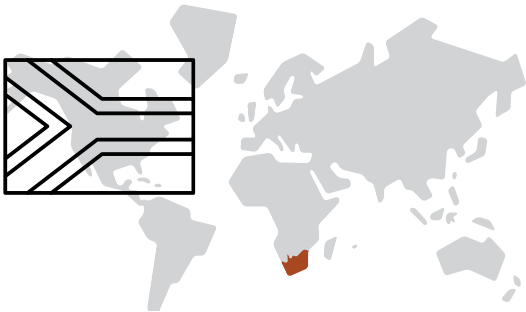
www The **Demerger Circular** as well as all published documents and announcements related to the demerger can be found on the group's website.

Demerger timeline of events:

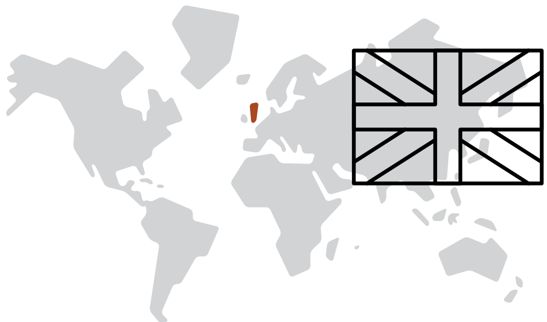
- Announcement of demerger: 14 September 2018
- Publication of Shareholder Circular: 29 November 2019
- Publication of Ninety One Registration Document: 31 January 2020
- General and Court Meetings: 10 February 2020 (resolutions passed with a 98% majority)
- Publication of Ninety One Prospectus: 2 March 2020
- Effective date of the demerger: 13 March 2020
- Admission of Ninety One Shares to LSE and JSE: 16 March 2020.

OUR BUSINESS AT A GLANCE

Southern Africa



UK and Other



Southern Africa	Group	UK and Other
£285.7 mn	°Adjusted operating profit **£419.2 million**	£133.5 mn
£25.9 bn	Assets **£50.7 billion**	£24.7 bn
£16.9 bn	Total deposit book **£32.2 billion**	£15.3 bn
£13.0 bn	°Total net core loans **£24.9 billion**	£11.9 bn
£11.5 bn	Total assets under management **£45.0 billion**	£ 33.5 bn
4 483	Permanent employees **8 355**	3 872
56.4%	°Cost to income ratio **68.2%**	78.0%
10.7%	°ROE **8.3%**	6.0%

Note: All figures on this page relate to continuing operations.

OUR BUSINESS AT A GLANCE
(continued)

1

Wealth & Investment

Core client base and what we do

We provide investment management services and financial planning advice to private clients, charities and trusts

MARKET POSITIONING

Total funds under management
1997: £0.04 billion → 2020: £44.5 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 → 2020: £24.9 billion

- Corporate and other clients: £11.0 billion
- Private clients: £13.9 billion

Global deposit book: £32.2 billion

°Adjusted operating profit (excluding group costs)
£473.0 million

£89.9 mn | £383.1 mn

Permanent employees
8 355

1 751 | 6 604

Assets under management

Discretionary	Non-discretionary
£33.6 bn	£10.9 bn

°Total net core loans
£24.9 bn

Total customer deposits
£32.2 bn

°Operating margin
22.2%

°ROE
26.7%

°Cost to income
61.2%

°ROE
8.6%

Note: All figures on this page relate to continuing operations.

OUR PERFORMANCE

2

Over the past year we have navigated through a challenging backdrop of weak economic fundamentals and extreme market dislocation in the final quarter. Our client franchises showed resilience and we maintained robust capital and liquidity levels.

We are pleased with the progress made on the strategic initiatives during the financial year, including the successful demerger and listing of the Asset Management business. As we move forward, despite the environment, we are focused on building our business for the long-term, managing risks prudently and are committed to supporting our clients and colleagues

Overview of financial performance

The financial year was characterised by weak economic fundamentals (Brexit-related uncertainties in the UK, geo-political tensions and persistent economic weaknesses in South Africa); exacerbated by the sudden and extreme COVID-19 related dislocation in global markets during the last quarter of the financial year.

Against this backdrop, the group reported adjusted operating profit of £608.9 million, 16.8% behind the prior year (2019: £731.9 million), and adjusted operating profit from continuing operations of £419.2 million, 24.1% behind the prior year (2019: £552.5 million). The impact of COVID-19 across operating income and expected credit losses, net of variable remuneration, was approximately £105 million (£50 million in the South African Specialist Bank and £55 million in the UK Specialist Bank).

The group navigated this challenging backdrop with its client franchises showing resilience. Core loans and advances were broadly flat at £24.9 billion but increased 9.2% in neutral currency. Customer deposits increased 2.9% to £32.2 billion (31 March 2019: £31.3 billion), up 12.6% in neutral currency. Funds under management recorded net inflows of £599 million.

Total operating income (before impairments) decreased 7.5% to £1,806.8 million (2019: £1,953.8 million). Growth in client-related revenues was offset by significantly lower investment and trading revenues impacted by the challenging economic environment.

Operating costs decreased 7.0% to £1,185.0 million (2019: £1,274.5 million) driven by cost containment across the business (fixed costs and variable remuneration) and normalised premises costs. The cost to income ratio from continuing operations of 68.2% (2019: 67.3%) was impacted by lower operating income. The credit loss ratio increased to 0.52% (2019: 0.31%), primarily driven by COVID-19 related expected credit losses.

CEO AND CHAIRMAN'S REPORT

(continued)

COVID-19 impact

The effects of the ongoing COVID-19 pandemic on human life have been devastating. It has scarred our sense of personal safety, our national security and mental wellbeing. Its impact on the world economy has been unprecedented in both scale and speed.

First and foremost, we focused on the safety and wellbeing of our colleagues, providing them a safe environment to work from and providing support online in terms of physical, mental, emotional, social and financial wellbeing. We have transitioned into an agile and a digitally enabled workforce, with c.95% of our staff across the world able to work from home. We remain fully operational at all times and are able to provide an uninterrupted service to our clients.

To meet the challenges faced by our clients, we mobilised our balance sheet and expertise to assist in finding the financial solutions or restructuring advice to help them through this period.

We have been supportive of government initiatives to bolster the economies in which we operate. In the UK, we have been approved for accreditation under the UK's Coronavirus Business Interruption Loan Scheme (CBILS) with an 80% government guarantee. In South Africa, we are involved in the South African Future Trust (SAFT) extending direct financial support to the employees of SMMEs with turnover of over R25 million and the COVID-19 Loan Scheme offered to South African clients who have an annual turnover of over R300 million.

We have moved swiftly to support those communities hardest hit by the pandemic, providing support ranging from food relief to education. In total we have committed over £3.2 million (R70 million) in relief, supporting hundreds of thousands of our fellow citizens in desperate need. Our global executive team and board have heeded the call to make a solidarity contribution of 30% of salary for three months to charity.

Business performance

Specialist Banking

Southern Africa

The South African business generated adjusted operating profit of £276.4 million (2019: £310.3 million), a decline of 10.9% (8.5% in Rands) against the prior year. The core client franchises reported revenue growth with private client interest and overall fee income up year on year. This, together with well-contained costs (flat year on year), supported earnings. This was offset by the base effects of a large realisation in an associate entity in the prior year, as well as the impact of the COVID-19 pandemic. COVID-19 resulted in a reduction in net operating income of £56 million (through higher impairment charges and negative fair value adjustments on certain portfolios) partially offset by a reduction in variable remuneration of £6 million; resulting in an overall decrease in adjusted operating profit of £50 million due to COVID-19. The credit loss ratio increased to 0.38% (2019: 0.28%), with the increase primarily due to the deterioration of the macroeconomic scenarios (which were adjusted for COVID-19 and the South African sovereign downgrades). Pre COVID-19, the credit loss ratio was calculated at 0.21% for 31 March 2020. Net core loans increased by 6.5% to R288.9 billion (31 March 2019: R271.2 billion), with growth in private client lending partially offset by subdued corporate client activity. During the year, the business made progress in executing previously identified growth initiatives, including the launch of a transactional business banking offering and expansion of the private client base through our Young Professionals strategy. In addition, we are seeing client traction in the Investec Life and Investec for Business propositions. The transition to the FIRB approach at the start of the financial year enhanced our ability to price competitively. Our application to the South African Prudential Authority to implement the AIRB approach remains under review. Whilst strategies to reduce the equity investment portfolio are underway, the current environment is not conducive for asset realisations that optimise the value of these investments.

UK & Other

The UK business reported adjusted operating profit of £106.7 million (2019: £191.6 million), 44.3% behind the prior year, impacted by lower equity capital markets fees due to persistent market uncertainty throughout the year under review as well as the impact of the COVID-19 pandemic. The sudden and extreme market dislocation in March 2020, triggered by COVID-19, resulted in a reduction in net operating income of £99 million (through higher impairment charges, hedging losses from structured products of approximately £29 million, and negative fair value adjustments on certain portfolios) partially offset by a reduction in variable remuneration of £44 million; resulting in an overall decrease in adjusted operating profit of £55 million due to COVID-19. Operating costs excluding variable remuneration reduced by £31.6 million (a 6.9% decrease) year-on-year, reflecting a strong focus on cost discipline and normalised premises charges. In addition, variable remuneration was reduced as a consequence of a weaker performance, including the impact on performance from the COVID-19 pandemic. The credit loss ratio increased to 0.69% (2019: 0.38%), driven primarily by the impact of the COVID-19 pandemic (in the form of a provision overlay reflecting a deterioration in the macro-economic scenarios applied and a specific impairment provision). Pre COVID-19, the credit loss ratio was calculated at 0.34% for 31 March 2020. The lending franchises performed well, despite the challenging macroeconomic backdrop that prevailed throughout the year under review. Net core loans increased by 12.9% to £11.9 billion (31 March 2019: £10.5 billion). The Corporate and Investment Banking and Specialist International Lending franchises saw reasonable levels of origination and sell-down activity with good fee generation. The Private Banking business had good traction in target client acquisition, retail funding and mortgage book growth (up 36.1% since 31 March 2019).

Wealth & Investment

Overall assets under management for the year decreased by 19.2% to £44.5 billion (31 March 2019: £55.1 billion) impacted by the extreme market volatility in the last quarter of the financial year as well as the sale of the Irish wealth management business in October 2019. The business achieved net inflows of £599 million.

Southern Africa

The South African business performed well against a tough backdrop, with adjusted operating profit of £26.8 million (2019: £26.3 million) up 2.3% (5.7% in Rands). Revenue was supported by higher average assets under management and by our offshore offering, as clients continued to seek international investment opportunities. The operating cost increase of 8.9% was above inflation due to certain once-off personnel costs.

CEO AND CHAIRMAN'S REPORT

(continued)

UK & Other

The UK & Other business achieved positive net organic growth in assets under management in the prior and current year, particularly in our core discretionary managed services, underpinning steady operating income. This is despite challenging industry trading conditions where clients remained cautious, resulting in lower growth rates in net new funds across the industry. Overall fee income was impacted by the sale of the Irish Wealth business in October 2019. Higher discretionary technology investment costs and regulatory levies were the notable drivers of the operating cost increase of 3.5%. Overall, the UK & Other businesses reported a 10.8% decrease in adjusted operating profit to £63.0 million (2019: £70.6 million), but with a marked improvement in the second half where adjusted operating profit decreased by 5.0% year on year, compared to the 16.2% decrease reported in the first half. The current operating environment requires the business to strike a balance between effective cost management and investing for the future. The business is committed to maintaining this balance and has put programmes in place to deliver on both objectives.

Review of risks

The group was able to maintain sound asset performance and risk metrics throughout the year in review despite the challenging macro backdrop in the UK and South Africa which was exacerbated by the impact of COVID-19 in the final quarter. The group's net core loan book remained broadly flat at £24.9 billion but increased 9.2% in neutral currency. Our risk appetite is unchanged and favours lower risk, income-based lending with exposures well collateralised and credit risk taken over a short to medium term. Our focus over the past few years to realign and rebalance our portfolios in line with our risk appetite framework is reflected in the mix between asset classes on our balance sheet; showing an increase in private client, mortgages and corporate and other lending, and reducing lending collateralised by property as a proportion of net core loans.

Asset quality metrics before the on-set of the COVID-19 pandemic reflected the solid performance of core loans. Pre-COVID-19, the group's credit loss ratio was calculated at 0.28% for 31 March 2020 (31 March 2019: 0.31%) however after incorporating the impact of COVID-19, the group reported an overall credit loss ratio of 0.52%. In the year under review, we have taken additional expected credit loss provisions due to COVID-19 in the form of a provision overlay reflecting a deterioration in the macro-economic scenario forecasts applied and a specific impairment provision in the UK, and a deterioration of the macro-economic scenarios in South Africa (which were adjusted for COVID-19 and the South African sovereign downgrades).

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 we are ahead of our own internal capital and leverage ratio targets. Completion of the demerger and listing of Ninety One resulted in an increase in the CET1 ratio of 40bps for Investec Limited and 59bps for Investec plc. Investec Limited adopted the FIRB approach effective 1 April 2019. Investec Limited's application for the conversion to AIRB is under review and if successful is expected to result in a circa 2% uplift to the CET1 ratio. Investec Limited's CET1 ratio includes a reduction of 85bps in the current year associated with our High Quality Liquid Assets and credit investment portfolios held at fair value through equity. This was a consequence of the sudden movement in credit spreads in March 2020, impacting valuations at 31 March 2020. More than half of this impact reversed post year end. In South Africa, on 6 April 2020, the South African Prudential Authority reduced the Pillar 2A capital requirement by 1% (0.5% in CET1), thereby increasing our surplus to regulatory requirements. As part of the Prudential Regulation Authority's (PRA) most recent Individual Capital Adequacy Assessment Process (ICAAP), the Investec plc Pillar 2A capital requirement was reduced from 1.51% to 1.12%. This together with the reduction in the UK Countercyclical Capital Buffer (CCYB) (which was reduced by the Financial Policy Committee in light of the current economic environment) has resulted in a lower CET1 regulatory minimum for Investec plc, substantially increasing our regulatory capital surplus.

We have always managed our balance sheet with a high level of readily available, high quality liquid assets. We have maintained a strong liquidity position throughout the year, primarily supported by growth in fixed term and notice retail customer deposits. Cash and near cash balances totalled £12.7 billion at 31 March 2020, amounting to 39.4% of customer deposits. 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.

We expect the year ahead to be challenging as the economic recovery from the devastating effects of COVID-19 is likely to be protracted. Continuous and close management oversight of the loan portfolio with ongoing stress testing, scenario modelling and client engagement to mitigate emerging risk will be key. We entered this crisis with a robust balance sheet, characterised by a strong capital position, low gearing (strong leverage ratio) and good levels of liquidity which we continue to maintain.

Strategic execution

The group continued to make progress in its stated strategy to simplify and focus the business to create value over the long term:

- We completed the demerger and listing of Ninety One (previously Investec Asset Management)
- Decisive action was taken to restructure, close and sell non-core and subscale businesses. Material actions during the year included the closure of the Click & Invest operations, sale of the Irish Wealth & Investment business, restructure of the Irish branch, and the closure and rundown of the Hong Kong direct investments business
- These strategic actions, as well as the gain and costs incurred in relation to the demerger, resulted in an after-tax gain of £711.3 million (2019: £71.5 million loss) (refer to page 59 for detailed breakdown)
- Operating costs from continuing operations reduced by 7.0%. In the UK Specialist Bank, operating costs reduced by £95.9 million, of which fixed operating costs reduced by £31.6 million (6.9%) year on year

CEO AND CHAIRMAN'S REPORT

(continued)

- We delivered loan book growth and client acquisition ahead of budget in the UK Private Banking business, with the mortgage book growing 36% year on year
- Whilst strategies to reduce the equity investment portfolio are underway, the current environment is not conducive for asset realisations as the group seeks to optimise the value of these investments.

Despite the environment we find ourselves in, we remain focused on delivering our strategy, achieving a sustained improvement in our key financial metrics and outcomes for all our stakeholders.

Board focus areas

The board focused on a number of areas during the year, including in particular; the execution of the strategy to simplify the business, overseeing the successful demerger and listing of the asset management business as detailed on pages 12 to 13, the board's composition, succession planning and recommendations from the board effectiveness review, as well as the board's oversight role on the implementation of the group's stated objectives such as ESG, diversity and simplification.

Since the previous annual report, the following board membership changes took place:

- Through the demerger, the departure of Hendrik du Toit and Kim McFarland, as joint chief executive officer and executive director respectively. The board offers its sincere thanks to Hendrik and Kim for their exemplary service, dedication and commitment to the group. They go with our very best wishes for their roles at an independent Ninety One, where Hendrik has become CEO and Kim chief financial officer (CFO), and we wish them every success
- Stephen Koseff and Bernard Kantor, who served as executive directors of the board, did not stand for re-election at the 2019 AGM. The board is grateful to Stephen and Bernard for their exemplary service, commitment and contribution to the group since the 1980s
- Ciaran Whelan was appointed as an executive director. The board announced its intention, subject to regulatory approval, to appoint Richard Wainwright as an executive director
- David van der Walt was appointed an executive director with effect from 1 April 2020. David stepped down as a director on 4 June 2020, ahead of his retirement from the group in December 2020. The board offers its sincere thanks to David for his long service, dedication and contribution to the group
- Cheryl Carolus and Laurel Bowden, who served as non-executive directors of the board, did not stand for re-election at the 2019 AGM. The board is grateful to Cheryl and Laurel for their dedication and contribution to the group, and wishes them well with their future endeavours
- Henrietta Baldock and Philisiwe Sibiya were appointed as independent non-executive directors.

These changes were delivered through planned and structured succession in order to bring new skills to the board, but to also provide continuity and retain knowledge within the organisation.

The preservation of the group's culture and values, and the monitoring of management performance against agreed measures and targets are part of the board's oversight. Our group-wide philosophy seeks to maintain an appropriate balance between the interests of all stakeholders, and thus this oversight is carried out mindful of our employees, society, our shareholders, the economy, and the environment. The details of the directors' engagement with our stakeholders can be found in the section 172 statement on pages 22 to 26.

The board regularly reviews its own effectiveness and undertakes a formal evaluation of its performance, its various committees and the individual directors on an annual basis. The board effectiveness review for 2019, which was internally facilitated, identified that there had been an improvement to the overall effectiveness of the board, in particular, within the context of the changes to the executive leadership team and the governance framework.

In preparation for the group's adoption of the UK Corporate Governance Code 2018, the board reviewed its corporate governance framework and considered our approach to workforce engagement, which resulted in the specific designation of a non-executive director to oversee workforce engagement. We have also continued to oversee the further enhancement of the independent governance structures of IBL and IBP.

In the coming year, a key focus for the board will be the consideration of the governance structure of the group following the demerger and separate listing of Ninety One. The board will also undertake a review of its composition to ensure that it remains appropriate for the group; that its members have the necessary skills, knowledge, experience and diversity required to conduct the affairs of the group.

We have seen a continued strong focus by the board and the DLC Social and Ethics Committee (SEC) on staff development particularly in respect of equality, belonging and inclusion. The board recognises that more needs to be done to increase the representation of women on the board. Female representation declined in the year, following Kim McFarland stepping down and onto the board of Ninety One (as a result of the demerger of Investec Asset Management).

A key focus area of the board most recently has been the impact of the COVID-19 pandemic on all our stakeholders, in particular our employees, our clients and our communities, as further detailed earlier in this report. The board will continue to meet regularly to ensure that responsibilities are fulfilled, appropriate support is provided, risks are carefully managed and potential opportunities are assessed as the group navigates these turbulent times.

Sustainability

The COVID-19 pandemic has highlighted the fragility of our economic systems and revealed the underlying inequality gaps evident between countries and within societies. At the same time, the pandemic has sparked a renewed consciousness and a willingness to respond to societal challenges. Sustainability matters were high on the corporate agenda before the pandemic but now the 2030 Agenda for sustainable development is more relevant than ever before.

Investec has been on this sustainability journey since inception. We are constantly building on our deeply held belief that we live in society, not off it. The success of our business requires a significantly more focused and deliberate approach to all sustainability considerations. Sustainability, including our solid and active participation in the UN Sustainable Development Goals (SDGs), is now embedded in our business strategy.

CEO AND CHAIRMAN'S REPORT

(continued)

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Over the past year, the executive and the board have taken a deeper role in actively engaging on various sustainability activities and opportunities. Marc Kahn, the global head of People, assumed executive responsibility for driving sustainability across the organisation. Our group CEO has been appointed to the UN Global Investors for Sustainable Development alliance, made up of 30 leading corporates and financial institutions across the world. The alliance aims to accelerate action to better integrate the SDGs into core business; to scale up sustainable investments globally, especially to countries most in need; and to align investment with sustainable development objectives.

Over the past year, good progress was made in terms of Investec Limited's transformation initiatives and we were voted one of South Africa's Top Empowered Companies by Impumelelo. Furthermore, group female senior leadership, an area we have been focusing on for some time, increased to 36.9% (2019: 35.6%) of total senior leadership. Gender and diversity remain a priority across all regions.

On environment and climate change, as part of our commitment to accelerate the transition to a low-carbon world, we took the decision to purchase carbon credits to neutralise the direct carbon impact of our operations and agreed to ongoing carbon neutrality. The board and DLC SEC were also pleased to approve a public group fossil fuel policy, addressing a key stakeholder concern. In terms of this policy, we will only consider funding fossil fuels under the strictest criteria. We agreed to disclose our fossil fuel exposures, which are currently 1.3% of group credit and counterparty exposures, and enhanced our reporting in terms of the TCFDs. In addition to limiting fossil fuel exposures, Investec's climate strategy is focused on working with clients and stakeholders to transition to a cleaner world. We deliberately fund and promote renewable and clean energy solutions.

Our investment in communities continued to focus on the core areas of education, entrepreneurship and job creation with community spend comprising 2.3% of operating profit (2019: 2.0%). Towards the end of the period, the group's leadership took swift action to respond to the COVID-19 crisis with care shown for employees and communities around the world. We committed £3.2 million (R70 million) to supporting COVID-19 relief for communities, particularly focusing on food security, healthcare, economic continuity and education.

In terms of overall sustainability performance, we remain in the top 15% in our industry in the Dow Jones Sustainability Investment World indices and top 6% in the financial services sector for the MSCI ESG rankings. We were also the winner of the Sustainability Award in the 17th Annual National Business Awards for 2019 and the Best Investment Bank for Sustainable Finance in Africa in the 2020 Global Finance Awards. 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.

In the year ahead, we expect to see further action taken to shift the sustainability focus from policies and process to action on business opportunities. As part of our business strategy to create long-term value for stakeholders, we focus on offering profitable, impactful and sustainable products and services. During the past year, our asset finance business in the UK launched a sustainable energy finance arm to fund renewable energy assets, and in South Africa we launched the first structured product issued in the country over an Environmental World Index and are piloting a solar solution for our private bank clients. This is how we will continue to be a responsible corporate and create financial value that also delivers social value in a sustainable and inclusive way.

The material information relating to our sustainability efforts is included throughout volume one of the DLC integrated annual report. Further information is detailed in our group sustainability and ESG supplementary report which is available on our website.

Dividends

In light of regulatory guidance provided to banks in both South Africa and the UK, the board decided not to declare a final ordinary dividend, resulting in a full year dividend of 11.0 pence per ordinary share (2019: 24.5 pence with a dividend cover based on the group's adjusted EPS of 2.5 times).

Outlook

The outlook remains fluid and difficult to forecast with any reasonable degree of certainty in the light of the COVID-19 pandemic. We expect the year ahead to be challenging as the economic recovery from the devastating effects of COVID-19 is likely to be protracted. Client activity is likely to be muted, interest income impacted by lower interest rates and impairments are likely to be elevated. As revenue pressures are likely to mount considering the prevailing economic backdrop, we remain focused on controlling costs and improving efficiencies. The longer-term impacts of this crisis are hard to judge at present, and may necessitate a review of the performance targets that were set for achievement in 2022. We are strategising for a "new normal" and will communicate further when in a position to do so.

The board will continue to meet regularly to ensure that all aspects of the challenges posed by COVID-19 are given our full attention. In the meantime, we remain focused on delivering our strategy and maintaining the integrity of our balance sheet; we are steadfast in our commitment to supporting our people, our clients and communities.

On behalf of the board of Investec plc and Investec Limited

PKO Crosthwaite.

Perry Crosthwaite
Chairman

Fani Titi
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 22 to 237 as well as volume two of our integrated annual report, which elaborate on the aspects highlighted in this review.

STAKEHOLDER ENGAGEMENT AND VALUE CREATION

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

Section 172(1) statement

This section of the Strategic Report describes how the directors have had regard to the matters set out in section 172(1) (a) to (f), and forms the directors' statement required under the Companies Act 2006 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018). This statement also provides details of how the directors have engaged with and had regard to the interests of our key stakeholders, as required under the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) regulations 2018).

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.

The board recognises that effective communication and stakeholder engagement are integral in building stakeholder value and the board is committed to providing meaningful, transparent, timely and accurate financial and nonfinancial information to primary stakeholders as highlighted below.

The purpose is to help these stakeholders make meaningful assessments and informed investment decisions about the group.

In order to achieve these outcomes, the board promotes the presentation of a balanced and understandable assessment of the group's position by addressing material matters of significant interest and concern, highlighting key risks to which the group is exposed and responses to mitigate these risks.

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

The group's DLC structure, requires compliance 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 the group's shares are listed, and with any public disclosure obligations as required by the UK regulators and the South African Prudential Authority. From time to time, the group may be required to adhere to public disclosure obligations in other countries where it has 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.

The board-approved policy statement is in place to ensure compliance with all relevant public disclosure obligations and uphold the board's communication and disclosure philosophy.

The board of directors oversees the following engagement with our stakeholders:

Employees*

- Designated non-executive director overseeing workforce engagement
- Staff updates and discussions hosted by CEO, executive directors and /or senior management
- Regular CEO staff communication including via email and other digital channels
- Induction training for new employees including a welcome from the CEO and senior management
- Group and subsidiary fact sheets
- Particular focus on employee well-being via regular digital communication in light of the COVID-19 impact
- Tailored internal investor relations presentations
- Dedicated comprehensive intranet
- Quarterly magazine

For further detail on employee engagement refer to pages 163 to 166.

Investors and shareholders

- Regular meetings with executive directors, senior management and investor relations
- Annual meeting with the chairman of the board, chairman of the remuneration committee, senior independent director (SID), investor relations, and group company secretarial
- Annual general meeting hosted by the chairman of the board with board attendance
- Two investor presentations and two pre-close investor briefing calls presented by the CEO and CFO
- Stock exchange announcements approved by relevant board representation
- Comprehensive investor relations website
- Investor roadshows and presentations
- Regular email and telephone communication
- Annual and interim reports.

Clients

- Meetings with senior management
- Client relationship managers in each business
- Regular face-to-face, telephone and email communications
- Comprehensive website and app
- Industry relevant events
- Client marketing events.

Rating agencies

- Meetings with executive management, group risk management and investor relations
- Tailored rating agency booklet
- Tailored presentations
- Regular email and telephone communications
- Annual and interim reports
- Comprehensive investor relations website
- Two results presentations and two pre-close briefing calls presented by the CEO and CFO

** Employees consists of permanent employees, temporary employees and contractors.*

STAKEHOLDER ENGAGEMENT AND VALUE CREATION

(continued)

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Government and regulatory bodies

- Ongoing engagement with regulators, regular meetings are held between the chairman of the board, CEO, executive directors and the board with both the South African Prudential Authority and the UK Prudential Regulation Authority
- Active participation in a number of policy forums
- Engagement with industry consultative bodies.

Equity and debt analysts

- Two results presentations and two pre-close briefing calls presented by CEO and CFO
- Stock exchange Announcements approved by relevant board representation
- Comprehensive investor relations website
- Regular meetings with investor relations and executive management including the CFO
- Regular email and telephone communications
- Annual and interim reports.

Communities and NGOs

- Engage regularly with our community partners via in-person meetings, telephone/conference calls and emails
- Comprehensive community website and social media platforms to encourage participation
- Community partners and NGOs invited to collaborate at conferences and events.

Suppliers

- Centralised negotiation process
- Procurement questionnaires requesting information on suppliers' environmental, social and ethical policies
- The board has a zero tolerance approach towards any form of slavery in our supply chain. Our modern slavery policy can be found on our website.

ESG analysts and climate activists

- Regular communications on ad-hoc topics
- Annual sustainability report
- Comprehensive sustainability website
- Comprehensive ESG disclosures
- Sustainability factsheets.

ESG and Climate related focused industry bodies

- CEO is a member of the UN Global Investors for sustainable development alliance
- Regular and active participation in a number of ESG and climate forums
- Commitment to industry standards including TCFDs and PCAF
- Regular knowledge sharing on ESG industry standards.

Topical discussions with our stakeholders

Impact of the political and economic environment and the COVID-19 pandemic

Key for stakeholders is the resilience of our business model through varied economic cycles and through a crisis. Consequently stakeholders have wanted to understand the impact of the COVID-19 pandemic and the economic environment on the group. The 2020 financial year was characterised by challenging operating environments in both South Africa and the UK, ending with the sudden and extreme market dislocation resulting from COVID-19. Brexit, heightened UK political uncertainty, geopolitical tensions sparked by US trade wars, a technical recession in South Africa as well as sovereign credit rating downgrades, and finally the recent ongoing public health and economic effects of COVID-19, adversely impacted activity levels and financial performance over the past year.

Our businesses displayed resilience, delivering loan book growth, deposit growth and net inflows of funds under management; all underpinning client-driven revenues. However, this was offset by significantly lower investment and trading revenues, and higher than expected credit loss charges given the economic backdrop. We have disclosed the impact on our loan book and the changes to our macro-economic scenarios on pages 17 to 22 in volume two; and have also provided a summary of the financial impact from COVID-19 on page 56.

The COVID-19 pandemic has had wide reaching impacts affecting our colleagues, our clients and our communities in various ways.

Our people have adapted quickly to the challenges and changes that have arisen from the prevailing conditions. The operational response of our business to the disruptions caused by COVID-19 was a robust, agile transition into remote working, enabling a seamless continuation of service to our clients. At the close of the financial year, approximately 95% of our employees across the world were working from home. An extensive wellbeing offering was implemented providing online support for staff across physical, mental, emotional, social and financial wellbeing. Weekly engagement with staff was conducted to measure productivity, ability to cope and extent of feeling supported. Refer to page 170 for further information on how we engaged with our people.

Our focus has also been on engaging with clients to ensure they receive the support they need and have come to expect from Investec. To meet the challenges faced by our clients, we mobilised our balance sheet and expertise to assist in finding the financial solutions or restructuring advice to help them through this period. At the time of reporting our results, we had provided COVID-19 relief to approximately 16 000 client cases in the UK and 3 500 client cases in South Africa.

From a community support perspective, the Global Executive Team and board members donated a portion of their salaries to charitable initiatives, including the Solidarity Fund in South Africa. Additionally, senior leaders and staff donated via salary deductions to various community initiatives focused on food security, economic continuity, healthcare and education. Refer to page 170 for further information on how we have supported our communities.

STAKEHOLDER ENGAGEMENT AND VALUE CREATION

(continued)

As a group, we acted decisively to support our employees, clients and communities through this crisis, reaffirming Investec's position that "we live in society, not off it".

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 151 to 152.

The declaration of dividends in light of the current economic backdrop has also been an area of interest to shareholders, potential investors, and staff. In light of regulatory guidance provided to banks in both South Africa and the UK, the board decided not to declare a final ordinary dividend, resulting in a full year dividend of 11.0 pence per ordinary share (2019: 24.5 pence). This has been effectively communicated and well understood by all key stakeholders.

Demerger and separate listing of Investec Asset Management

Numerous discussions and communications in relation to the demerger transaction were held with various stakeholders including regulators, investors, rating agencies and clients. The transaction was also put to shareholder vote and passed with a 98% majority.

On 13 March 2020, the group successfully completed the demerger of Ninety One (formerly known as Investec Asset Management), which became separately listed on 16 March 2020. This followed the group's initial announcement in September 2018 of its intention to simplify and focus the business, in pursuit of disciplined growth over the long term. The board is confident that the demerger and separate listing of Investec Asset Management will 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. For further detail on the demerger and separate listing of Investec Asset Management refer to pages 12 to 13.

Strategy execution

Shareholders have been particularly focused on the progress the group is making in respect of the strategic objectives presented at our capital markets day in February 2019. As such this has been a key focus area of the board over the past year. The board has overseen various strategic decisions taken by the group to make progress with its stated strategy to simplify and focus the business in pursuit of disciplined growth in the long term. Over the past year, the group completed the demerger of the Asset Management business as noted above, executed various actions relating to the closure, sale and restructure of certain non-core and subscale businesses (refer to page 59 for a detailed breakdown), reduced operating costs and delivered loan book growth and client acquisition ahead of budget in the UK Private Banking business. These strategic objectives and our ability to execute on them has been a key topic of discussion with stakeholders since the group presented them at our capital markets day in February 2019.

In this regard it has also been communicated to stakeholders that in light of the COVID-19 pandemic, the longer-term impacts of which are hard to judge at present, a review of the performance targets that were set for achievement in 2022 may be necessary. The board and senior management are strategising for a "new normal" and will communicate further with stakeholders when in a position to do so. In the meantime, we remain focused on delivering our strategy and achieving a sustained improvement in our key financial metrics and outcomes for all our stakeholders.

For further detail on the group's strategic focus and objectives refer to pages 7 to 8.

Shareholder dilution

The board consulted with major shareholders after the 2018 AGM where the resolutions granting directors' authority to allot shares were passed with a majority of less than 80%, given the concerns around the dilutive effect of the issuance of ordinary shares. Accordingly, these resolutions were not proposed at the group's 2019 AGM held on 8 August 2019. The last share issuance took place in July 2019. However, at the group's 2020 AGM, in light of the regulatory guidance issued in response to the COVID-19 pandemic which advises banks to conserve regulatory capital, suspend share buybacks and restrict the payment of cash bonuses to senior staff (including all material risk takers), the board will be seeking authority to allot 15 million ordinary Investec plc shares (around two percent of Investec plc's currently issued ordinary share capital), for the purposes of satisfying employee share awards. Any allotment using this authority will only be for the purposes of satisfying future employee share awards, and only to the extent that the company does not otherwise receive regulatory authority to purchase such ordinary shares from the market. Further detail on this resolution can be found in Investec's notices of AGMs.

Mandatory audit firm rotation

At the 2019 AGM, the resolution to re-appoint KPMG Inc. as joint auditors of Investec Limited passed with just below an 80% majority. The Investec Limited Audit Committee considered the views expressed by shareholders, the implications of mandatory audit firm rotation, the requirements of the South African Companies Act, and the implications of having joint auditors, managing audit quality and the risks inherent during a transition. Consequently, the Investec Limited audit committee has decided to commence the process by rotating one of the joint auditors effective from the financial year commencing 1 April 2023, with the remaining firm rotating two years thereafter in compliance with the IRBA requirements. A competitive tender process has commenced to appoint the audit firm to be rotated for the financial year commencing 1 April 2023. The conclusion of the tender process will be communicated publicly as soon as it is concluded.

General ESG engagement

We engage regularly with a range of stakeholders including shareholders, ESG analysts and rating agencies on a number of ESG topics that are relevant for our business.

STAKEHOLDER ENGAGEMENT AND VALUE CREATION

(continued)

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In the past year:

- There was a specific interest in our approach to climate change and climate disclosures, as detailed below
- Fani Titi was appointed to the UN Global Investors for sustainable development alliance, made up of 30 leading corporates and financial institutions across the world. The alliance aims to accelerate action to better integrate the SDGs into core business; to scale up sustainable investments globally, especially to countries most in need; and to align investment with sustainable development objectives
- We increased our participation and collaboration in a number of industry-led bodies. For example, we participate in the Bankers Association of South Africa (BASA), of which Richard Wainwright is the chairman, Sustainable Finance Forum and Positive Impact Forum, and have representation in the climate risk working group with National Treasury
- In addition, we have signed up to support the Partnership for Carbon Accounting Financials (PCAF) and will have access to international best practice and be actively involved in the formulation of financial carbon reporting methodology.

www ***Further information on our ESG initiatives and progress can be found in the group's corporate sustainability and ESG supplementary report available on our website.***

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. In this regard a number of actions have been taken by the group.

We have 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 the end of 2020, and as at 31 March 2020, there was a 25% representation of women on the board. In terms of ethnic diversity, as at 31 March 2020, there were 5 (36%) persons of colour (as defined by the Parker Review) on the board. The group 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 recognises that more still needs to be done, in particular, in regards to the representation of women on the board, which has declined in the year. We remain committed to improving the diversity of the board, for a diverse board is and remains essential to the group, bringing indisputable benefits, including distinct and different outlooks, alternative points of view, and mind-sets able to challenge the status quo.

In addition, 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.

Further information on our gender, diversity and transformation initiatives and progress can be found on pages 163 to 166 as well as in the group's corporate sustainability and ESG supplementary report available on our website.

Non-financial reporting

The recommendations of the Financial Stability Board's TCFDs continue to gain traction with the UK PRA releasing a supervisory statement requesting banks and insurers to enhance their climate disclosures. The BOE published a discussion paper with proposals to test the resilience of the largest banks, insurers and the financial system to different possible climate pathways. The Australian Prudential Regulation Authority (APRA) is also developing a climate change financial risk prudential practice guide and will be seeking to undertake a climate change financial risk vulnerability assessment.

As a signatory of the TCFDs, we have included a summary of our climate risk position on page 76 in volume two of this integrated annual report and detailed TCFD disclosure is available on our website. This is a long-term process; we will continue to enhance our disclosure over time in line with industry guidelines, and best practice.

We have seen a heightened awareness of the SDGs with various internal and external stakeholders. Investec remains committed to building a more resilient and inclusive world and finding opportunities within our businesses to maximise our impact. We are actively involved in many industry initiatives including the Positive Impact Finance committee through BASA where we are developing a standardised approach to disclose the banking sectors' contribution to the SDGs. The group CEO, Fani Titi, signed up to the United Nations (UN) CEO Alliance on Global Investment for Sustainable Development (GISD) in April 2019. The GISD, convened by the UN, aims to secure investment from the private sector to finance the goals. We report on our progress and performance in terms of the global goals in our group sustainability and ESG supplementary report on our website.

Climate engagement

Stakeholders have been increasingly concerned as to how banks are managing and mitigating climate consequences and if those risks are quantified within their disclosures. We have also seen pressure from many regulatory authorities including the South African National Treasury, the UK PRA and the BOE to move climate disclosures from voluntary to mandatory reporting. Investec proactively engaged with over 50 stakeholders across all jurisdictions to ascertain expectations and views on climate issues. The broad concerns were around board responsibility, climate related policies, transparency of climate disclosures and the impact of transitioning to a low carbon economy. This feedback was consolidated and a number of actions taken:

STAKEHOLDER ENGAGEMENT AND VALUE CREATION

(continued)

- The DLC board takes ultimate responsibility for climate related issues, supported by a board approved SEC. This structure has been in place for many years and was strengthened to include senior executive responsibility for identifying and managing climate-related risks
- Tanya dos Santos was appointed as Investec's Global Head of Sustainability on 4 June 2020. Tanya has been leading our efforts with regard to climate change for many years and brings extensive expertise and experience to this area
- We strengthened our climate change statement to make it clear that we align with the Paris Agreement goals and acknowledge the urgency and need to accelerate action.
- After extensive process, we made our group fossil fuel policy public, the first bank in South Africa to do so
- We disclose our fossil fuel exposures on pages 176 and 177 as well as in the 2020 group sustainability and ESG supplementary report on our website. We also include an analysis of project finance related transactions in terms of the Equator Principles for the first time in our 2020 group sustainability and ESG supplementary report. In addition, our position in terms of ESG classifications is disclosed in the Investec group's TCFD report available on our website.
- Within our businesses, we are actively engaging with our clients to assist in transitioning to a low carbon economy
- Looking forward, our risk teams are analysing our climate positions across portfolios and will be assessing our exposure as the relevant climate scenarios and methodologies become available.

Executive remuneration

In 2018 we engaged in an extensive consultation exercise with our key shareholders, to assist us in designing our new remuneration policy. Following positive and constructive engagement with our key shareholders 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. In addition, the fixed remuneration for the incoming CEO was reduced by 10%.

We consulted again with shareholders in February and July 2019, where we received support to technically amend the performance measures and metrics due to the pending demerger of Investec Asset Management. Through that process, we further reduced total "at target" and "at stretch" remuneration for the CEO (and other executive directors) of the remaining Investec business at roughly 10% lower than the current remuneration scheme. 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 report at the AGM in 2019.

We will again be engaging with our key shareholders ahead of our AGM in August 2020 where we will discuss key remuneration issues for the financial year ended 31 March 2020, and the expected approach for the next financial year as detailed in the remuneration report. We will also engage in an extensive consultation exercise with our key shareholders over the next 12 months as we develop our revised remuneration policy, which is scheduled to be presented to shareholders for approval at the AGM in August 2021. Further information on our remuneration policy can be found in our remuneration report on pages 179 to 237.

Value added statement

£'000	31 March 2020	31 March 2019^
Net income generated – total group		
Interest receivable	2 700 147	2 637 505
Other income	1 445 508	1 620 700
Interest payable	(1 845 416)	(1 815 173)
Other operating expenditure and impairments on loans	(394 729)	(452 667)
Financial impact of group restructures (pre-tax)	(114 982)	(80 184)
Gain on distribution of Ninety One shares (pre-tax)	820 233	(6 690)
	2 610 761	**1 903 491**
Distributed as follows:		
Employees: Salaries, wages and other benefits	722 085	718 607
Communities: Spend on community initiatives	10 789	9 862
Government: Corporation, deferred payroll and other taxes	657 815	604 176
Shareholders:	985 996	282 596
Dividends to ordinary shareholders	244 323	238 072
Dividends to perpetual preference and Other Additional Tier 1 security holders	43 819	44 524
Distribution to shareholders	697 854	–
Retention for future expansion and growth:	234 076	288 250
Depreciation	35 886	33 782
Retained income	198 190	254 468
Total	**2 610 761**	**1 903 491**

^ *Restated as detailed on page 60.*

Ratings and rankings in the sustainability indices

We have maintained our inclusion in a number of world-leading indices.

Dow Jones Sustainability Indices: **Top 15%** in the global diversified financial services sector

JSE: **Top 30** in the FTSE/JSE Responsible Investment Index

FTSE Russell: **Included** in the **FTSE UK 100 ESG** Select Index (out of 641 companies)

STOXX Global ESG Leaders: **1 of 43** banks and financial services in the Global ESG Leaders (total of 439 components)

MSCI: **Top 6%** scoring AAA in the financial services sector in the MSCI ESG Research

CDP: **Score B** against an industry average of C

Sustainalytics: **Top 20%** of globally assessed companies in the Global Sustainability Leaders Index

ISS ESG: **Top 20%** of the ISS ESG Global Universe and **Top 14%** of diversified financial services

Awards

Best Investment Bank for Sustainable Finance in Africa in the 2020 Global Finance Awards

Winner of the Sustainability Award in the 17th Annual National Business Awards 2019

Winner of the Trialogue Strategic CSI Award 2019 for the Promaths programme

VALUE CREATION THROUGH THE SIX CAPITALS

Inputs

Human capital

We invest significantly in our people to grow talent and leadership. We provide a safe and healthy work environment that values physical as well as psychosocial well-being.

Intellectual capital

We leverage our expertise and specialist financial skills to provide bespoke solutions for clients. We maintain a diversified portfolio of businesses to support performance through varying economic cycles.

Social and relationship capital

We leverage key stakeholder relationships to enhance our impact on society and the macro-economy. We contribute to society through our community programmes and are committed to transformation and youth employment in South Africa.

Natural capital

We support the transition to a low-carbon economy. We recognise the complexity and urgency of climate change and actively seek opportunities that have a meaningful impact in addressing climate change.

Technological capital

We leverage technology to modernise the business and create a digital, connected workplace. We have digitalised client platforms and drive innovation by partnering with fintechs.

Financial capital

We create sustained long-term wealth by building resilience in earnings and growing our core businesses.

Process

Business model and strategy

- **We strive to be a distinctive bank and investment manager, driven by commitment to our core philosophies and values**
- **We aim to create long-term value for all stakeholders**
- ***Doing well and doing good* by delivering profitable, impactful and sustainable solutions.**

Our long-term commitment is to One Investec; a client-focused strategy where, irrespective of specialisation or geography, we commit to offering our clients the full breadth and scale of our products and services.

Corporate / Institutional / Government / Intermediary

Private client (HNW / high income) / charities / trusts

Specialist Banking

Wealth & Investment

We have market-leading specialist client franchises

We provide a high level of client service enabled by leading digital platforms

We are a people business backed by our out of the ordinary culture, entrepreneurial spirit and freedom to operate

Strategic focus for the next year

- **Managing liquidity, capital and balance sheet risk**
- **Cost control**
- **Monitoring credit exposures**
- **Continued support of staff, clients and society**
- **Integrating sustainability throughout our business**
- **Building for the long term.**

In the short term, our objective is to simplify, focus and grow the business with discipline.

Informed by regular stakeholder engagement

Refer to pages 22 to 26

Supported by strong risk management and governance culture

Refer to DLC Vol 2 pages 11 and 12

VALUE CREATION THROUGH THE SIX CAPITALS

(continued)

2

Outputs	Outcomes	SDGs

Human capital
• Staff participating in employee wellness initiatives
  • SA: 3 529 (79% of permanent employees) (2019: 70%)
  • UK: In excess of 1 650 (2019: 785)
• Learning and development as a % of staff cost is 1.7% (2019: 1.7%) (target: >1.5%)
• Total staff turnover
  • Southern Africa: 10.6% (2019: 9.4%)
  • UK: 13.7% (2019: 11.7%)
• All employees participate in culture and values dialogues
• 48% female employees and 37% females in senior management positions
	• Safe and healthy work environment that values physical as well as psychosocial well-being
	• Growth in talent and leadership
	• Retained and motivated staff through appropriate remuneration and rewards structures
	• A values-driven culture supported by strong ethics and integrity
	• Diversity, equity, inclusion and belonging at all levels
		4, 10, 16

Intellectual capital • Annuity income as a percentage of operating income is 77.2% (2019: 69.1%) • Credit loss ratio of 0.52% due to COVID-19 related expected credit losses • Enhanced our ESG policies, processes and reporting	• Diversified revenue streams that support long-term performance • Risk management expertise leveraged to protect value • Solid and responsible lending and investing activities	16
Social and relationship capital • Customer accounts up 2.9% (up 12.6% in neutral currency) • Wealth & Investment net inflows of £599 million • 2.3% community spend as a % of operating profit of which 77% was on education, entrepreneurship and job creation • Voted one of South Africa's Top Empowered Companies by Impumelelo	• Deep durable relationships with our clients and created new client relationships • Invested in our distinctive brand and provided a high level of service by being nimble, flexible and innovative • Contributed to society through our numerous community programmes and through our SDG activities • Committed to transformation and youth employment in South Africa	4, 8, 10, 17
Natural capital • 1.3% exposure to fossil fuels as a % of gross credit and counterparty exposures • Achieved carbon neutral status in all our operations and committed to ongoing carbon neutrality • Reached 12.1 million people through four Rhino Lifeline campaigns and raised R2 million in third party donations • Enhanced reporting on TCFDs and Equator Principles	• Transition to a low-carbon economy through funding and participating in renewable energy • Limit our direct operational carbon impact • Protect biodiversity through various conservation activities • Aligned with the Paris Agreement	11, 13, 15, 17
Technological capital • 18.9% of total operating costs relates to IT spend • One in every four staff members is an IT specialist • >95% of staff working from home during COVID-19 • Made targeted investments in AI capabilities • New RPA technologies embedded to optimise operations • Launched a programmable bank account for developers in South Africa • Launched Investec IX, a corporate digital platform in the UK	• International platform for clients with global access to products and services which is both high-tech and high-touch • Optimise our value chain and drive efficiencies • Build an open banking platform as a channel to seamlessly integrate with fintechs	9, 11, 17
Financial capital • Operating income down 7.5% to £1 806 million and adjusted earnings per share down 30.4% to 33.9p • Core loans up 9.2% in neutral currency, customer deposits up 2.9% and net inflows of £599 million • Common equity tier 1 ratio of 10.7% for Investec plc and 10.9% for Investec Limited • Credit loss ratio increased to 0.52% from 0.31% to cater for COVID-19 • Completed demerger and executed various actions relating to the closure, sale and restructure of certain non-core and subscale businesses	• Client franchises have shown resilience • Strong balance sheet with robust capital and liquidity levels • Increased provisioning levels and continue to monitor credit exposures • Progress made on strategic initiatives	16

www *For more information on the SDGs refer to our 2020 group sustainability and ESG supplementary report.*

OUR PRINCIPAL RISKS

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 92 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 high net worth individuals, established corporates, 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 13 to 24 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 that country. 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 14 in volume two.

OUR PRINCIPAL RISKS
(continued)

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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 48 and 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 our clients. 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.
Cyber risk		
Risk associated with cyberattacks which can result in data compromise, interruption to business processes or client services, material financial losses, or reputational harm.	• Implement a risk-based strategy integrating prediction, prevention, detection and response capabilities • Maintain an adaptive security architecture which leverages best-practice frameworks, research and threat intelligence to protect against evolving threats and advanced attacks • Mature cyber resilience through coordinated incident response and crisis management processes • Stress-test cyber controls through security assessments, red team exercises and attack simulations, run both internally and in conjunction with independent specialists • Embed secure software development and testing practices to ensure IT systems are secure by design • Provide ongoing security training to staff to ensure high levels of awareness and vigilance • Continually monitor the cyber threat landscape to identify, evaluate, prioritise, and respond to risk • Review internal controls to ensure they remain effective and fit-for-purpose.	Pages 69 to 73 in volume two.

OUR PRINCIPAL RISKS

(continued)

PRINCIPAL RISKS	KEY MITIGATING ACTIONS	FURTHER INFORMATION PROVIDED
Financial crime		
Financial crime is any kind of criminal conduct relating to money, financial services or markets. It includes any offence involving fraud or dishonesty, misconduct in or misuse of information relating to a financial market, handling the proceeds of crime or the financing of terrorism. The offense is committed by internal or external agents to steal, defraud, manipulate, or circumvent established rules or legislation. This includes money laundering, terrorist financing, bribery, fraud, tax evasion, embezzlement, forgery, counterfeiting, and identity theft.	• Continuous monitoring and assimilation of local and international legislative and best practice developments • Appropriate risk-based policies and standards to mitigate the risk of exposure to financial crime • Continuous enhancement and automation of our transaction monitoring capabilities, increasing detection of financial crime activity • Assurance over the effectiveness of financial crime policies and processes by internal audit and compliance monitoring • Mandatory AML and fraud awareness training for all staff • External reviews and benchmarking of financial crime policies and processes, which could be in conjunction with financial crime, fraud, compliance monitoring and internal audit • Ongoing collaboration with industry and law-enforcement and regulators • Maintaining independent and confidential integrity where staff can report regulatory breaches, allegations of fraud, bribery and corruption, and non-compliance with policies • 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.	Pages 69 to 73 in volume two.
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 64 and 67 and 68 in volume two.

OUR PRINCIPAL RISKS

(continued)

2

PRINCIPAL RISKS	KEY MITIGATING ACTIONS	FURTHER INFORMATION PROVIDED
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 77 to 90 in volume two.
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 65 to 69 in volume two.

OUR PRINCIPAL RISKS

(continued)

PRINCIPAL RISKS	KEY MITIGATING ACTIONS	FURTHER INFORMATION PROVIDED
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; third party reliance; process failure; regulatory compliance; data management; 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 allocating roles and responsibilities. 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. • 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 13 and 69 to 72 in volume two.
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 74 in volume two.
Conduct risk		
Conduct risk is the risk that inappropriate behaviours or business activities may lead to client counterparty or market detriment, erosion of Investec values, culture and ethical standards expected of its staff, or reputational and/or financial damage to the group.	• 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.	Page 75 in volume two as well as page 128 in volume one.

OUR PRINCIPAL RISKS

(continued)

2

PRINCIPAL RISKS	KEY MITIGATING ACTIONS	FURTHER INFORMATION PROVIDED
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 95 in volume two as well as our 2020 group sustainability and ESG supplementary report on our website.
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 legal 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 7 to 15 and pages 69 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 159 to 177 and refer to our 2020 group sustainability and ESG supplementary report on our website.

OUR PRINCIPAL RISKS

(continued)

PRINCIPAL RISKS	KEY MITIGATING ACTIONS	FURTHER INFORMATION PROVIDED
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 opportunities for the development of all our employees, and in leadership programmes to enable current and future leaders of the group • We have a number of graduate programmes operating across our organisation sourcing and developing our talent pipeline. • Internal mobility is a valued mechanism for the development and retention of people • Our human resources (HR) and organisation development (OD) teams play a critical role in assisting the business to achieve its strategic objectives, which are matched to learning strategies and market trends • 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 163 to 166 and refer to our 2020 group 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.

The impact of changes in the external environment during our financial year is discussed in the respective divisional sections on pages 78 to 82 and pages 94 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 38 to 39.

- **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. The 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 91 of volume two.

OUR PRINCIPAL RISKS

(continued)

2

- **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 7 to 9 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:** Majority of the uncertainties relating to Brexit have been lifted following the 2019 December General Election and the UK's exit from the EU on 31 January 2020. There is a transition period for the UK's exit which expires on 31 December 2020.

  Investec Bank plc 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.

- **Pandemics and widespread public health crises:** Including the recent COVID-19 pandemic, the impact of which will depend on future developments which are highly unpredictable and uncertain may cause significant volatility in global financial markets, disruptions to commerce and reduced economic activity which could have a significant adverse effect on Investec's results or operations, reputation and financial condition.

  There is currently unprecedented uncertainty resulting from the COVID-19 pandemic, including to the depth of the potential downturn in activity, the duration of restrictive measures and the lockdown exit plans within the geographies in which we operate. At the present time it is difficult to predict the full impact that the pandemic will have on the group. The board and management will continue to meet regularly, on a virtual basis, to ensure that all aspects of the challenges posed by COVID-19 are given full attention.

For further commentary on the impact of the COVID-19 pandemic on the group in the current financial year refer to pages 18 to 21 and page 56.

South Africa's political environment and outlook for sovereign's ratings: On 27 March 2020, Moody's downgraded South Africa's sovereign rating to Ba1 from Baa3, outlook remains negative. On 3 April 2020 Fitch downgraded South Africa's rating further, to BB from BB+, outlook remains negative. On 29 April 2020 S&P downgraded South Africa's credit rating one notch to BB-, with a stable outlook. The key driver behind the rating downgrades is the continuing deterioration in fiscal strength and structurally very weak growth, which all three rating agencies do not expect current government policy to address effectively. The negative outlook by Moody's and Fitch reflects the risk that economic growth will prove even weaker and the debt burden will rise even faster and further than currently expected, weakening debt affordability and potentially, access to funding.

S&P fear that South Africa's already contracting economy will face a further sharp COVID-19-related downturn in 2020. This is rooted in the risk that the COVID-19 health crisis will create additional and even more substantial headwinds to GDP growth, owing to a strict domestic lockdown, the markedly weaker external demand outlook, and tighter credit conditions. Fitch believe the South African operating environment is particularly exposed to the COVID-19 pandemic because of its highly dense and vulnerable communities, and heightened macro-economic risk from falling commodity prices, disruption to tourism, mining activity and manufacturing, as well as pressure on the country's public finances.

Given that the South African sovereign ratings act as a ceiling such that the ratings of South African banks cannot be higher than that of the sovereign, following the abovementioned sovereign downgrades, similar rating actions were taken on Investec Limited and IBL along with the Big 4 South African banks and their respective bank holding companies. The downgrades, taken in isolation of any other matters, had an immaterial impact on Investec's risk-weighted assets and therefore, the impact on regulatory capital was also relatively immaterial. In addition, the downgrades are expected to have a small impact on IBL's cost of funds over time, as a result of IBL being predominantly domiciled in South Africa and raising most of its deposits and funding in the closed rand system, with very little mismatch between foreign denominated funding and foreign denominated assets.

A key risk for South Africa is that COVID-19-related pressures will have significant adverse implications for its already ailing economy and for tax revenues. The group runs a number forecast macro-economic scenarios, capital planning, stress testing and ECL calculations that consider the impact of further sovereign rating downgrades. No credit rating upgrades are expected in the coming year.

Refer to pages 17 to 23 in volume two for more information on forward looking macro-economic scenarios.

FINANCIAL REVIEW

Basis of presentation

In light of the group's DLC structure as outlined on page 11, the directors of Investec Limited and Investec plc consider that for financial reporting purposes, the fairest presentation is achieved by combining the results and financial position of both Investec Limited and Investec plc. Accordingly, these year-end results reflect the results and financial position of the combined DLC group under International Financial Reporting Standards (IFRS), denominated in Pounds Sterling.

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

Exchange rates

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

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

	31 March 2020		31 March 2019	
Currency per £1.00	**Closing**	**Average**	Closing	Average
South African Rand	22.15	18.78	18.80	18.04
Australian Dollar	2.03	1.87	1.83	1.80
Euro	1.13	1.15	1.16	1.13
US Dollar	1.24	1.27	1.30	1.31

Exchange rates between local currencies and Pounds Sterling have fluctuated over the period. The most significant impact arises from the volatility of the Rand. The average Rand: Pound Sterling exchange rate over the period has depreciated by 4.1% against the comparative twelve month period ended 31 March 2019, and the closing rate has depreciated by 17.8% since 31 March 2019.

FINANCIAL REVIEW

(continued)

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

	Results in Pounds Sterling					Results in Rands		
Total group	**Year to 31 March 2020**	Year to 31 March 2019*	% change	**Neutral currency^ Year to 31 March 2020**	Neutral currency % change	**Year to 31 March 2020**	Year to 31 March 2019*	% change
Adjusted operating profit before taxation (million)	£609	£732	(16.8%)	£616	(15.8%)	R11 307	R13 208	(14.4%)
Earnings attributable to shareholders (million)	£1135	£534	112.5%	£1189	122.7%	R21 938	R9 653	127.3%
Adjusted earnings attributable to shareholders (million)	£440	£574	(23.3%)	£443	(22.8%)	R8 198	R10 344	(20.7%)
Adjusted earnings per share	46.5p	60.9p	(23.6%)	46.9p	(23.0%)	867c	1098c	(21.0%)
Basic earnings per share	115.3p	52.0p	121.7%	121p	132.7%	2232c	939c	137.7%
Headline earnings per share	29.2p	52.6p	(44.5%)	31.2p	(40.7%)	536c	950c	(43.6%)
Interim dividend per share	11.0p	11.0p	0.0%	n/a	n/a	211c	206c	2.4%
Final dividend per share	**	13.5p	**	n/a	n/a	**	245c	**

	Results in Pounds Sterling					Results in Rands		
Continuing operations	**Year to 31 March 2020**	Year to 31 March 2019*	% change	**Neutral currency^ Year to 31 March 2020**	Neutral currency % change	**Year to 31 March 2020**	Year to 31 March 2019*	% change
Adjusted operating profit before taxation (million)	£419	£552	(24.1%)	£425	(23.0%)	R7 779	R9 970	(22.0%)
Earnings attributable to shareholders (million)	£210	£426	(50.7%)	£209	(50.9%)	R3 783	R7 596	(50.2%)
Adjusted earnings attributable to shareholders (million)	£321	£459	(30.1%)	£325	(29.2%)	R5 949	R8 287	(28.2%)
Adjusted earnings per share	33.9p	48.7p	(30.4%)	34.4p	(29.4%)	629c	880c	(28.5%)
Basic earnings per share	17.5p	40.4p	(56.7%)	17.3p	(57.2%)	312c	721c	(56.7%)
Headline earnings per share	21.5p	41.1p	(47.7%)	22.2p	(46.0%)	399c	732c	(45.5%)

	Results in Pounds Sterling					Results in Rands		
	At 31 March 2020	At 31 March 2019	% change	**Neutral currency^^ At 31 March 2020**	Neutral currency % change	**At 31 March 2020**	At 31 March 2019	% change
Net asset value per share	414.3p	434.1p	(4.6%)	436.8p	0.6%	9 178c	8 159c	12.5%
Net tangible asset value per share	377.6p	386.0p	(2.2%)	400.3p	3.7%	8 365c	7 256c	15.3%
Total equity (million)	£4 898	£5 251	(6.7%)	£5 343	1.8%	R108 495	R98 911	9.7%
Total assets (million)	£50 656	£57 724	(12.2%)	£55 279	(4.2%)	R1 122 162	R1 085 125	3.4%
Core loans and advances (million)	£24 911	£24 941	(0.1%)	£27 051	8.5%	R551 878	R468 882	17.7%
Cash and near cash balances (million)	£12 683	£13 288	(4.6%)	£13 869	4.4%	R280 960	R249 793	12.5%
Customer deposits (million)	£32 221	£31 307	2.9%	£35 260	12.6%	R713 774	R588 525	21.3%
Third party assets under management (million)#	£45 018	£55 754	(19.3%)	£47 116	(15.5%)	R997 149	R1 048 088	(4.9%)

* Restated as detailed on page 60.

^ For income statement items we have used the average Rand: Pound Sterling exchange rate that was applied in the prior period, i.e. 18.04.

^^ For balance sheet items we have assumed that the Rand: Pound Sterling closing exchange rate has remained neutral since 31 March 2019.

** In light of regulatory guidance provided to banks in both South Africa and the UK, the board has decided not to declare a final ordinary dividend, resulting in a full year dividend of 11.0 pence per ordinary share (2019: 24.5 pence with a dividend cover based on the group's adjusted EPS of 2.5 times).

In order to be comparable with the 2020 financial year, the 2019 third party assets under management figure above reflects that of Continuing operations only (i.e. excludes third party assets under management related to the asset management business as at 31 March 2019).

FINANCIAL REVIEW – CONTINUING OPERATIONS

continued

Financial performance

Adjusted operating profit**	**2020** **£419.2mn** **2019*** **£552.5mn**
Adjusted earnings attributable to shareholders^	**2020** **£320.7mn** **2019*** **£458.8mn**
Adjusted earnings^ per share	**2020** **33.9p** **2019*** **48.7p**
Return on equity (post tax)	**2020** **8.3%** **2019*** **12.0%**

* *Restated as on page 60.*
** *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.*

The group navigated a challenging economic backdrop with resilient client franchises

- The group's client franchises showed resilience over the year evidenced by strong loan book and customer deposit growth in neutral currency, and net inflows from the Wealth & Investment business
- This was attained in a financial year characterised by weak economic fundamentals (Brexit-related uncertainties in the UK, geo-political tensions and persistent economic weakness in South Africa); exacerbated by the sudden and extreme COVID-19 related dislocation in global markets during the last quarter of the financial year
- The Specialist Banking business delivered a satisfactory performance from lending franchises which supported growth in net interest income. This was offset by weak equity capital markets activity, lower associate income and the effects of COVID-19 which negatively impacted investment income, trading income and impairments. Operating costs reduced reflecting a strong focus on cost discipline
- The Wealth & Investment business achieved net inflows and higher average assets under management supporting stable revenue. Results were impacted by increased costs primarily from higher regulatory levies and discretionary technology spend to support growth over the long term
- Overall adjusted operating profit from continuing operations decreased to £419.2 million (2019*: £552.5 million)
- Earnings attributable to shareholders decreased to £320.7 million (2019*: £458.8 million), impacted by the costs associated with strategic actions taken to restructure, close and sell non-core and subscale businesses (as detailed on page 59).

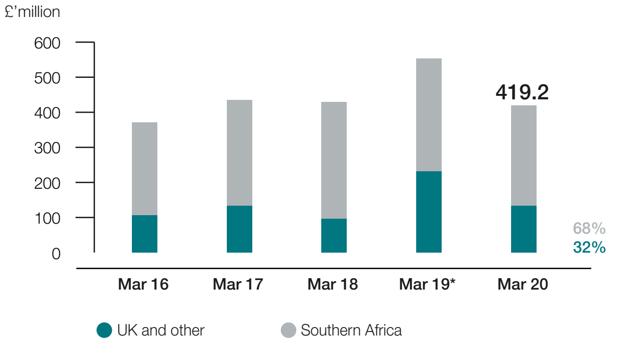
FINANCIAL REVIEW – CONTINUING OPERATIONS

(continued)

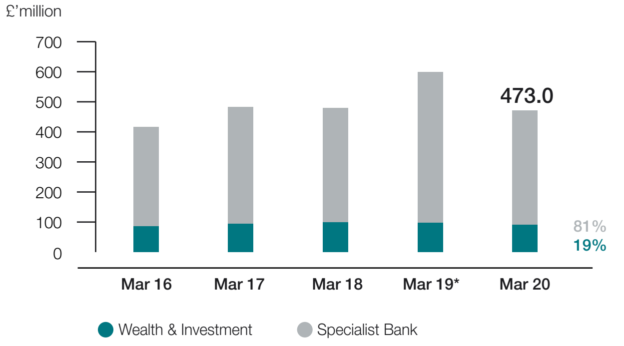
We have a diversified business model

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

Adjusted operating profit (including group costs)

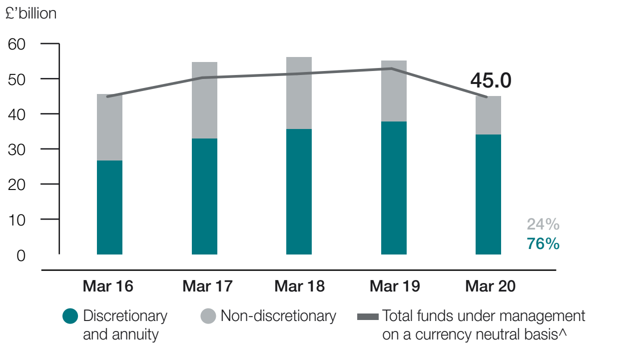


Adjusted operating profit (excluding group costs)

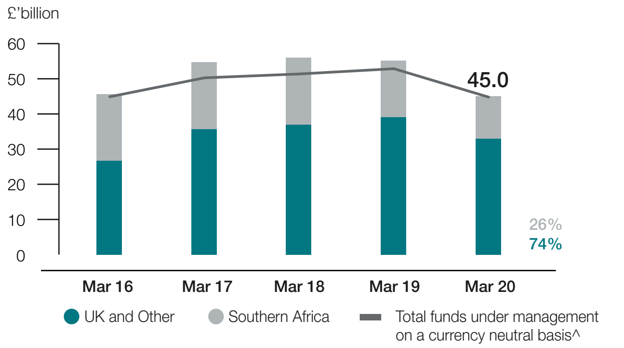


We continue to grow our key earnings drivers; overall levels impacted by currency and market movements

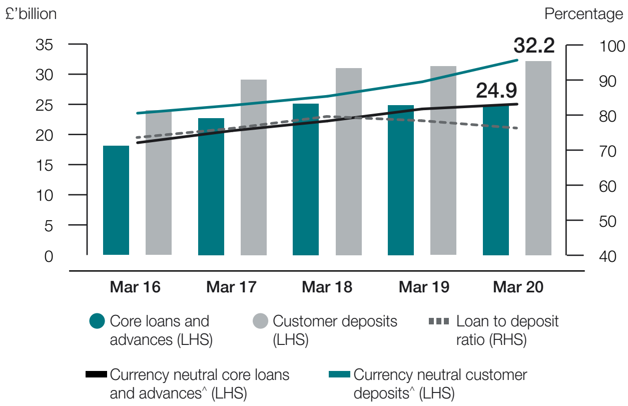
Funds under management



Funds under management by geography



Core loans and customer deposits



^ *This trend line is shown on a currency neutral basis using the closing Rand: Pound Sterling exchange rate applicable at 31 March 2020.*

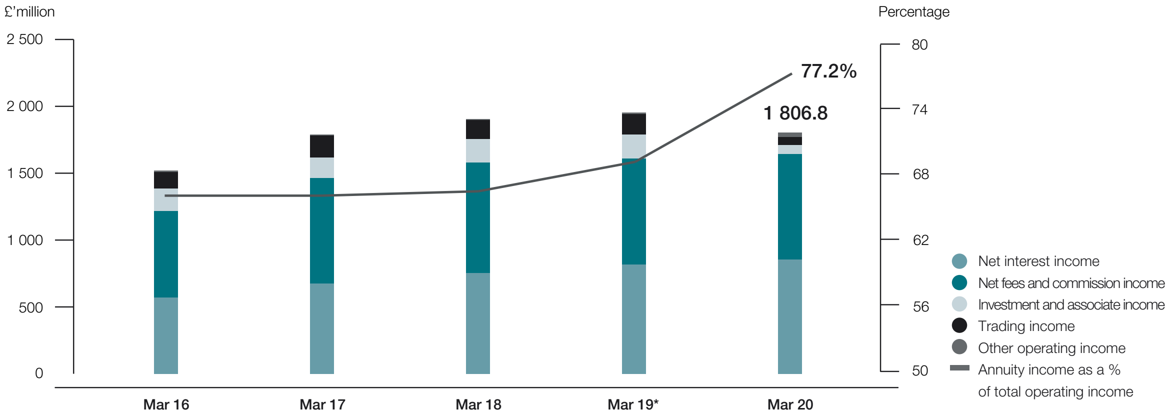
* *The 2019 financial year information has been restated to exclude the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures (as detailed on pages 59 to 60) in order to ensure a like-for-like basis with the 2020 financial year information. All other prior years have not been restated.*

FINANCIAL REVIEW – CONTINUING OPERATIONS

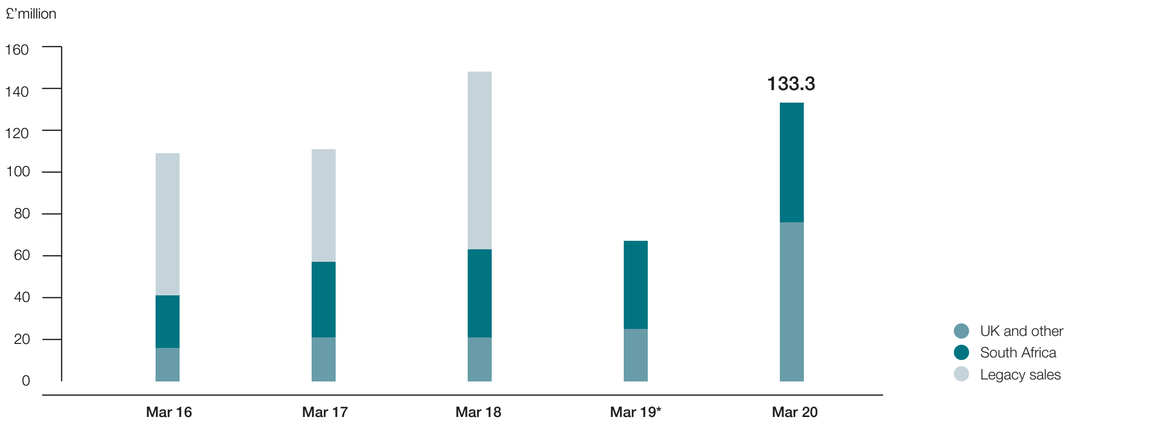
(continued)

Revenue and credit losses impacted in current year by tough economic backdrop exacerbated by COVID-19

Total operating income

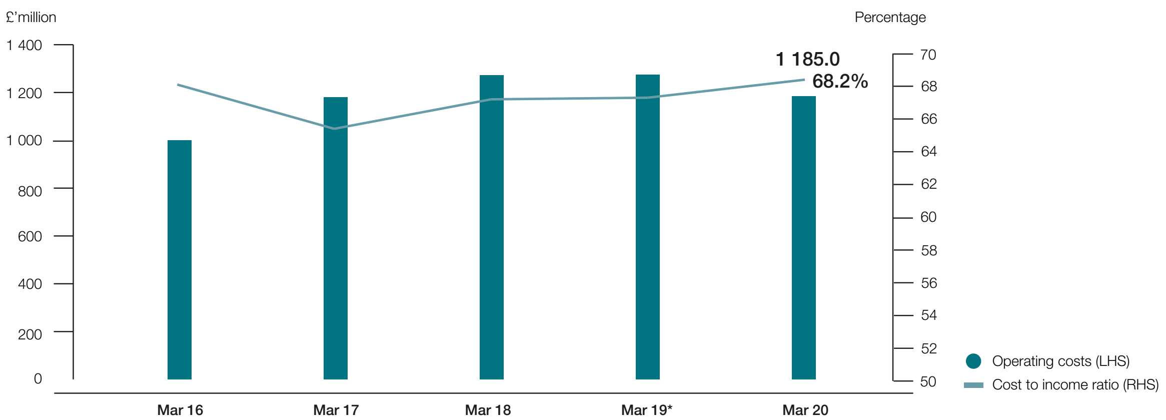


Credit loss impairment charges



Progress has been made in reducing operating costs in line with our strategic priority

Operating costs and cost to income ratio



* *The 2019 financial year information has been restated to exclude the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures (as detailed on pages 59 to 60) in order to ensure a like-for-like basis with the 2020 financial year information. All other prior years have not been restated.*

FINANCIAL REVIEW – CONTINUING OPERATIONS

(continued)

2

Maintained a sound balance sheet

The intimate involvement of executive management ensures stringent management of risk, capital and liquidity as set out below

Capital management

Capital and leverage ratios remain sound, ahead of internal targets and regulatory requirements.

We are comfortable with our common equity tier 1 ratio target at 10.0% given our solid capital light revenues, and with our current leverage ratios for Investec Limited and Investec plc at 6.4% and 7.8% respectively.

Capital ratios

	31 March 2020	31 March 2019
Investec plc- Standardised		
Total capital ratio – as reported*	14.9%	15.7%
Tier 1 ratio – as reported*	12.4%	12.6%
Common equity tier 1 ratio – as reported*	10.7%	10.8%
Common equity tier 1 ratio – 'fully loaded'	10.3%	10.4%
Leverage ratio – current	7.8%	7.9%
Leverage ratio – 'fully loaded'	7.4%	7.5%
Leverage ratio – current UK leverage ratio framework**	8.9%	10.%
Investec Limited^- FIRB		
Total capital ratio – as reported	15.0%	16.0%
Tier 1 ratio – as reported	11.5%	12.4%
Common equity tier 1 ratio – as reported	10.9%	11.6%
Common equity tier 1 ratio – 'fully loaded'	10.9%	11.6%
Leverage ratio – current^^	6.4%	7.4%
Leverage ratio – 'fully loaded'	6.3%	7.2%

Where FIRB is Foundation Internal Ratings Based approach

* *The reported CET1, tier 1 and total capital adequacy ratios are calculated applying the IFRS 9 transitional arrangements.*

** *Investec plc is not subject to the UK leverage ratio framework, however, for comparative purposes this ratio has been disclosed. This framework excludes qualifying central bank balances from the calculation of the leverage exposure measure.*

^ *We received approval to adopt the FIRB approach, effective 1 April 2019. We therefore also presented numbers on a proforma FIRB basis for 31 March 2019.*

^^ *Investec Limited's CET1 ratio includes a reduction of 85bps associated with our High Quality Liquid Assets and credit investment portfolios held at fair value through equity. This was a consequence of the sudden movement in credit spreads impacting valuations at 31 March 2020. More than half of this impact reversed post year end.*

Note: Refer to page 67 for further details.

A well-established liquidity management philosophy remains in place

Continued to focus on:

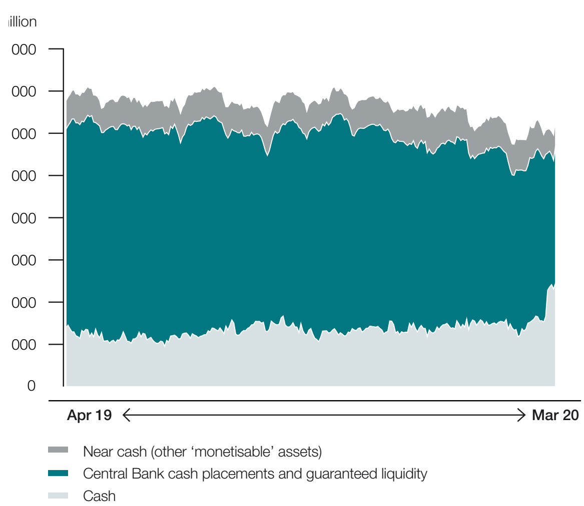
- Maintaining a high level of readily available, high-quality liquid assets targeting a minimum cash to customer deposit ratio of 25%, with the year-end ratio° at 39.4%
- Diversifying funding sources
- Maintaining an appropriate mix of term funding
- Limiting concentration risk
- Maintaining low reliance on wholesale funding
- Continuing to benefit from a growing retail deposit franchise and recorded an increase in customer deposits.

Liquidity remains strong with cash and near cash balances amounting to £12.7 billion (2019: £13.3 billion).

We exceed the minimum regulatory requirements for the liquidity coverage ratio and net stable funding ratio.

The group's loan to deposit ratio° was: 76.3% (2019: 78.4%)

ısh and near cash trend



FINANCIAL REVIEW

(continued)

Salient features

All income statement related items shown below have been reflected on a Continuing operations basis, unless otherwise specified.

	31 March 2020	31 March 2019*	% change
Income statement and selected returns			
Adjusted earnings attributable to ordinary shareholders (£'000)-Total group	439 862	573 896	(23.4%)
Adjusted earnings attributable to ordinary shareholders (£'000)	320 650	458 844	(30.1%)
Headline earnings (£'000)-Total group	276 118	495 616	(44.3%)
Headline earnings (£'000)	203 490	386 897	(47.4%)
Adjusted operating profit (£'000)-Total group	608 918	731 858	(16.8%)
Adjusted operating profit (£'000)	419 159	552 496	(24.1%)
Cost to income ratio	68.2%	67.3%	
Staff compensation to operating income ratio	45.5%	46.6%	
Return on average shareholders' equity (post-tax)-Total group	11.0%	14.2%	
Return on average shareholders' equity (post-tax)	8.3%	12.0%	
Return on average tangible shareholders' equity (post-tax)-Total group	12.2%	16.1%	
Return on average tangible shareholders' equity (post-tax)	9.2%	13.3%	
Return on average risk-weighted assets-Total group	1.38%	1.71%	
Return on average risk-weighted assets	1.01%	1.37%	
Net interest income as a % of operating income	47.2%	41.8%	
Non-interest income as a % of operating income	52.8%	58.2%	
Annuity income as a % of total operating income	77.2%	69.1%	
Effective operational tax rate-Total group	14.8%	12.2%	
Effective operational tax rate	11.9%	9.1%	
Balance sheet			
Total assets (£'million)	50 656	57 724	(12.2%)
Net core loans and advances (£'million)	24 911	24 941	(0.1%)
Cash and near cash balances (£'million)	12 683	13 288	(4.6%)
Customer accounts (deposits) (£'million)	32 221	31 307	2.9%
Third party assets under management (£'million)#	45 018	55 754	(19.3%)
Gearing ratio (assets excluding assurance assets to total equity)	10.3x	9.4x	
Core loans to equity ratio	5.1x	4.8x	
Loans and advances to customers as a % of customer deposits	76.3%	78.4%	
Credit loss ratio	0.52%	0.3%	
Stage 3 net of ECL as a % of net core loans and advances subject to ECL	1.6%	1.3%	
Share statistics			
Adjusted earnings per share (pence)-Total group	46.5	60.9	(23.6%)
Adjusted earnings per share (pence)	33.9	48.7	(30.4%)
Headline earnings per share (pence)-Total group	29.2	52.6	(44.5%)
Headline earnings per share (pence)	21.5	41.1	(47.7%)
Basic earnings per share (pence)-Total group	115.3	52.0	121.7%
Basic earnings per share (pence)	17.5	40.4	(56.8%)
Diluted earnings per share (pence)-Total group	114.4	50.9	124.9%
Diluted earnings per share (pence)	17.3	39.6	(56.2%)
Interim Dividends per share (pence)	11.0	11.0	0.0%
Final Dividends per share (pence)	**	13.5	
Dividend cover (times)	**	2.5	
Net asset value per share (pence)	414.3	434.1	(4.6%)
Net tangible asset value per share (pence)	377.6	386.0	(2.2%)
Weighted number of ordinary shares in issue (million)	945.8	942.2	0.4%
Total number of shares in issue (million)	1015.0	1001.0	1.4%
Capital ratios^			
Investec plc			
Total capital ratio	14.9%	15.7%	
Common equity tier 1 ratio	10.7%	10.8%	
Leverage ratio	7.8%	7.9%	
Investec Limited##			
Total capital adequacy ratio	15.0%	14.9%	
Common equity tier 1 ratio^^	10.9%	10.5%	
Leverage ratio^^	6.4%	7.6%	

Refer to alternative performance measures and definitions sections found on pages 239 to 241.

* *Restated as detailed on page 60.*

^ *The group's expected Basel III 'fully loaded' numbers are provided on page 67.*

In order to be comparable with the 2020 financial year, the 2019 third party assets under management figure above reflects that of Continuing operations only (i.e. excludes third party assets under management related to the asset management business as at 31 March 2019)

** *In light of regulatory guidance provided to banks in both South Africa and the UK, the board has decided not to declare a final ordinary dividend, resulting in a full year dividend of 11.0 pence per ordinary share (2019: 24.5 pence with a dividend cover based on the group's adjusted EPS of 2.5 times).*

^^ *Investec Limited's CET1 ratio includes a reduction of 85bps associated with our High Quality Liquid Assets and credit investment portfolios held at fair value through equity. This was a consequence of the sudden movement in credit spreads impacting valuations at 31 March 2020. More than half of this impact reversed post year end.*

Investec Limited adopted the Foundation Internal Ratings Based (FIRB) approach, effective 1 April 2019, resulting in pro-forma total capital ratio of 16.0%, pro-forma CET1 ratio of 11.6% and pro-forma leverage ratio of 7.4% had the FIRB approach been applied as at 31 March 2019.

FINANCIAL REVIEW – CONTINUING OPERATIONS

(continued)

2

Five year review

For the year to 31 March £'000	2020	2019*	2018	2017	2016
Income statement and selected returns					
Adjusted earnings attributable to ordinary shareholders (£'000)	320 650	458 845	374 691	327 162	270 032
Adjusted operating profit (£'000)	419 159	552 496	429 460	434 297	370 810
Cost to income ratio	68.2%	67.3%	68.7%	68.4%	67.6%
Return on average shareholders' equity (post-tax)	8.3%	12%	9.8%	10%	9.3%
Return on average tangible shareholders' equity (post-tax)	9.2%	13.3%	10.9%	11.5%	10.9%
Return on average risk-weighted assets	1.0%	1.7%	1.5%	1.5%	1.3%
Net interest income as a % of operating income	47.2%	41.8%	39.7%	37.7%	37.5%
Non-interest income as a % of operating income	52.8%	58.2%	60.3%	62.3%	62.5%
Annuity income as a % of total operating income	77.2%	69.1%	66.0%	66.4%	70.6%
Effective operational tax rate	11.9%	9.1%	4.9%	17.4%	18.9%
Balance sheet					
Total assets (£'million)	50 656	57 724	57 617	53 535	45 352
Net core loans and advances (£'million)	24 911	24 941	25 132	22 707	18 119
Cash and near cash balances (£'million)	12 683	13 288	12 825	12 038	10 962
Customer accounts (deposits) (£'million)	32 221	31 307	30 987	29 109	24 044
Third party assets under management (£'million)	45 018	55 754	56 714	55 447	46 003
Gearing ratio (assets excluding assurance assets to total equity)	10.3x	9.4x	9.1x	9.5x	10.2x
Core loans to equity ratio	5.1x	4.8x	4.6x	4.7x	4.7x
Loans and advances to customers as a % of customer deposits	76.3%	78.4%	79.6%	76.2%	73.6%
Credit loss ratio**	0.52%	0.31%	0.61%	0.54%	0.62%
Stage 3 net of ECL as a % of net core loans and advances subject to ECL	1.6%	1.3%	1.17%	1.22%	1.54%
Share statistics					
Adjusted earnings per share (pence)	33.9	48.7	40.6	36.3	31.0
Basic earnings per share (pence)	17.5	40.4	38.6	38.9	28.2
Net asset value per share (pence)	414.3	434.1	452.5	431.00	352.3
Net tangible asset value per share (pence)	377.6	386.00	401.5	377.00	294.3
Weighted number of ordinary shares in issue (million)	945.8	942.2	923.5	900.4	870.5
Total number of shares in issue (million)	1 015.00	1 001.00	980.6	958.3	908.8
Capital ratios					
Investec plc					
Total capital ratio	14.9%	15.7%	15.4%	15.1%	15.1%
Common equity tier 1 ratio	10.7%	10.8%	11%	11.3%	9.7%
Leverage ratio	7.8%	7.9%	8.5%	7.8%	7%
Investec Limited					
Total capital adequacy ratio	15%	14.9%	14.6%	14.1%	14%
Common equity tier 1 ratio#	10.9%	10.5%	10.2%	9.9%	9.6%
Leverage ratio#	6.4%	7.6%	7.5%	7.3%	6.9%

Note: Refer to alternative performance measures and definitions sections found on pages 238 to 241.

* *The 2019 financial year information has been restated to exclude the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures (as detailed on pages 59 to 60) in order to ensure a like-for-like basis with the 2020 financial year information. All other prior years have not been restated*

** *In 2020 and 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.*

Investec Limited's CET1 ratio includes a reduction of 85bps associated with our High Quality Liquid Assets and credit investment portfolios held at fair value through equity. This was a consequence of the sudden movement in credit spreads impacting valuations at 31 March 2020. More than half of this impact reversed post year end.

FINANCIAL REVIEW – CONTINUING OPERATIONS

(continued)

Income statement analysis – continuing operations

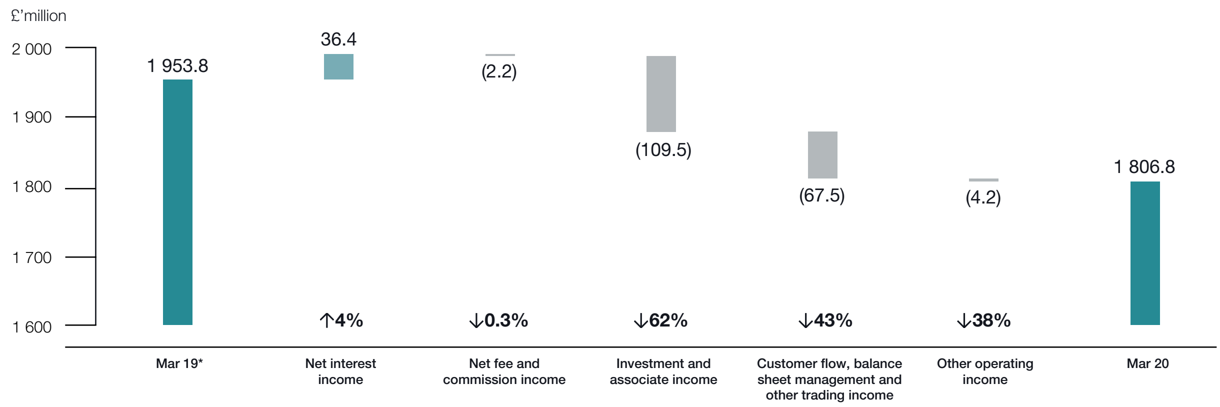
The overview that follows will highlight the main reasons for the variance in the major category line items on the face of the income statement during the year under review.

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 69 to 102.

1. Total operating income before expected credit loss impairment charges

Total operating income before expected credit loss impairment charges decreased 7.5% to £1 806.8 million (2019*: £1 953.8 million).

A breakdown of total operating income before expected credit loss impairment charges by geography and division for the year under review can be found in our segmental disclosures on pages 53 to 62 in volume three.



% of total operating income before expected credit losses

31 MARCH 2019
£1 953.8 million total operating income before expected credit losses

41.8%	Net interest income
40.6%	Net fee and commission income
5.5%	Investment income
3.5%	Share of post taxation profit of associates and joint venture holdings
6.2%	Trading income arising from customer flow
1.9%	Trading income arising from balance sheet management and other trading activities
0.5%	Other operating income

31 MARCH 2020
£1 806.8 million total operating income before expected credit losses

47.2%	Net interest income
43.7%	Net fee and commission income
2.2%	Investment income
1.5%	Share of post taxation profit of associates and joint venture holdings
3.5%	Trading income arising from customer flow
1.5%	Trading income arising from balance sheet management and other trading activities
0.4%	Other operating income

* *Restated as detailed on page 60.*

FINANCIAL REVIEW – CONTINUING OPERATIONS

(continued)

2

2. Net interest income

Net interest income increased by 4.5% to £853.0 million (2019^: £816.6 million) supported by private client activity and loan book growth.

Refer to pages 85 to 86 for further information on net interest income.

		UK and Other		Southern Africa		Total group	
For the year to 31 March 2020 £'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	7 429 443	73 916	7 965 483	423 688	15 394 926	497 604
Loans and advances	2	11 871 849	591 615	13 040 863	1 418 686	24 912 712	2 010 301
Private Client		5 075 380	191 210	8 850 611	987 203	13 925 991	1 178 413
Corporate, institutional and other clients		6 796 469	400 405	4 190 252	431 483	10 986 721	831 888
Other debt securities and other loans and advances*		769 337	101 721	793 568	43 239	1 562 905	144 960
Other interest-earning assets	3	–	–	22 425	28 411	22 425	28 411
Finance lease receivables^		322 211	17 144	–	–	322 211	17 144
Total interest-earning assets		**20 392 840**	**784 396**	**21 822 339**	**1 914 024**	**42 215 179**	**2 698 420**

		UK and Other		Southern Africa		Total group	
For the year to 31 March 2020 £'000	Notes	Balance sheet value	Interest expense	Balance sheet value	Interest expense	**Balance sheet value**	**Interest expense**
Deposits by banks and other debt related securities*	4	3 152 136	(137 594)	3 660 655	(133 749)	6 812 791	(271 343)
Customer accounts (deposits)#		15 272 245	(184 747)	16 948 731	(1 242 248)	32 220 976	(1 426 995)
Other interest-bearing liabilities	5	–	–	76 696	(18 358)	76 696	(18 358)
Subordinated liabilities		787 030	(48 319)	649 331	(62 343)	1 436 361	(110 662)
Lease liabilities^		476 141	(16 351)	12 708	(1 707)	488 849	(18 058)
Total interest-bearing liabilities		**19 687 552**	**(387 011)**	**21 348 121**	**(1 458 405)**	**41 035 673**	**(1 845 416)**
Net interest income			**397 385**		**455 619**		**853 004**
Net interest margin			**2.02%**		**1.88% ****		

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; bank debt securities.

2 Comprises (as per the balance sheet) loans and advances to customers; own originated loans and advances to customers securitised.

3 Comprises (as per the balance sheet) other securitised assets

4 Comprises (as per the balance sheet) deposits by banks; debt securities in issue; repurchase agreements and cash collateral on securities lent.

5 Comprises (as per the balance sheet) liabilities arising on securitisation of own originated loans and advance.

^ The group has adopted IFRS 16 from 1 April 2019. The impact has been to recognise interest income and interest expense on the unwind of finance lease receivables and lease liabilities respectively. The prior period comparatives have not been restated.

* Includes interest income and interest expense on derivative assets and liabilities used for hedging purposes. This results in interest income and interest expense being recognised with no associated balance sheet value.

** Impacted by debt funding issued by the Investec Property Fund in which the group has a 24.31% (2019: 26.57%) interest. Excluding this debt funding cost, the net interest margin amounted to 2.00% (2019: 2.02%).

\# As at 31 March 2020, certain Investec structured products amounting to £823 million have been reclassified from Debt securities in issue to Customer deposits in order to better reflect the underlying characteristics, contractual terms and liquidity of these products. The prior year has not been restated.

^ Restated as detailed on page 60.

FINANCIAL REVIEW – CONTINUING OPERATIONS

(continued)

For the year to 31 March 2019^ £'000	Notes	UK and Other Balance sheet value	UK and Other Interest income	Southern Africa Balance sheet value	Southern Africa Interest income	Total group Balance sheet value	Total group Interest income
Cash, near cash and bank debt and sovereign debt securities	1	7 575 683	61 873	7 412 789	427 364	14 988 472	489 237
Loans and advances	2	10 515 665	582 298	14 426 957	1 377 226	24 942 622	1 959 524
Private Client		4 197 181	165 397	9 837 641	953 296	14 034 822	1 118 693
Corporate, institutional and other clients		6 318 484	416 901	4 589 316	423 930	10 907 800	840 831
Other debt securities and other loans and advances*		676 461	78 843	739 883	49 559	1 416 344	128 402
Other interest-earning assets	3	–	–	15 635	54 659	15 635	54 659
Total interest-earning assets		**18 767 809**	**723 014**	**22 595 264**	**1 908 808**	**41 363 073**	**2 631 822**

For the year to 31 March 2019^ £'000	Notes	UK and Other Balance sheet value	UK and Other Interest expense	Southern Africa Balance sheet value	Southern Africa Interest expense	Total group Balance sheet value	Total group Interest expense
Deposits by banks and other debt related securities*	4	4 040 397	(131 404)	3 154 292	(141 581)	7 194 689	(272 985)
Customer accounts (deposits)		13 136 539	(154 733)	18 170 568	(1 242 208)	31 307 107	(1 396 941)
Other interest-bearing liabilities	5	–	–	91 522	(23 371)	91 522	(23 371)
Subordinated liabilities		803 699	(51 051)	843 572	(70 825)	1 647 271	(121 876)
Total interest-bearing liabilities		**17 980 635**	**(337 188)**	**22 259 954**	**(1 477 985)**	**40 240 589**	**(1 815 173)**
Net interest income			**385 826**		**430 823**		**816 649**
Net interest margin			**2.16%**		**1.88%****		

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; bank debt securities.

2 Comprises (as per the balance sheet) loans and advances to customers; own originated loans and advances to customers securitised.

3 Comprises (as per the balance sheet) other securitised assets Investec Import Solutions debtors.

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 loans and advance.

^ Restated as detailed on page 60.

* Includes interest income and interest expense on derivative assets and liabilities used for hedging purposes. This results in interest income and interest expense being recognised with no associated balance sheet value.

** Impacted by debt funding issued by the Investec Property Fund in which the group had a 26.57% interest as at 31 March 2019, excluding this debt funding cost, the net interest margin amounted to 2.02%.

FINANCIAL REVIEW – CONTINUING OPERATIONS

(continued)

2

3. Net fee and commission income

Net fee and commission income remained broadly flat at £790.5 million (2019^: £792.7 million). The South African and UK Wealth & Investment businesses reported an increase in annuity fees. Overall fees from the Wealth & Investment business were impacted by the sale of the Irish Wealth business in October 2019. The Specialist Bank reported lower fees impacted by the challenging macroeconomic environment in both South Africa and the UK.

Refer to pages 75, 85 and 86 for further information on net fee and commission income.

For the year to 31 March 2020 **£'000**	UK and Other	Southern Africa	**Total Group**
Wealth & Investment net fee and commission income	**304 412**	**84 173**	**388 585**
Fund management fees/fees for assets under management	261 093	45 188	306 281
Private client transactional fees	43 997	40 884	84 881
Fee and commission expense	(678)	(1 899)	(2 577)
Specialist Banking net fee and commission income	**177 788**	**224 099**	**401 887**
Corporate and institutional transactional and advisory services	179 296	179 751	359 047
Private client transactional fees	11 650	75 731	87 381
Fee and commission expense	(13 158)	(31 383)	(44 541)
Net fee and commission income	**482 200**	**308 272**	**790 472**
Annuity fees (net of fees payable)	280 214	261 793	542 007
Deal fees	201 986	46 479	248 465

For the year to 31 March 2019^ **£'000**	UK and Other	Southern Africa	**Total Group**
Wealth & Investment net fee and commission income	**305 346**	**79 015**	**384 361**
Fund management fees/fees for assets under management	258 299	44 417	302 716
Private client transactional fees	47 771	36 612	84 383
Fee and commission expense	(724)	(2 014)	(2 738)
Specialist Banking net fee and commission income	**181 712**	**226 585**	**408 297**
Corporate and institutional transactional and advisory services	179 998	191 786	371 784
Private client transactional fees	10 646	62 134	72 780
Fee and commission expense	(8 932)	(27 335)	(36 267)
Net fee and commission income	**487 058**	**305 600**	**792 658**
Annuity fees (net of fees payable)	275 966	257 120	533 086
Deal fees	211 092	48 480	259 572

^ *Restated as detailed on page 60.*

FINANCIAL REVIEW – CONTINUING OPERATIONS

(continued)

4. Investment income

Investment income decreased to £39.3 million (2019^: £107.8 million) reflecting the challenging macroeconomic backdrop during the year under review and the sudden extreme market dislocation in March 2020.

Refer to pages 85 and 86 for further information on investment income.

For the year to 31 March 2020 £'000	Listed equities	Unlisted equities	Fair value loan investments	Warrants and profit shares	**Investment Portfolio**	Debt securities (sovereign, bank and other)	Investment and trading properties	Other	**Total**
The following table analyses investment income generated by the asset portfolio shown on the balance sheet									
UK and Other									
Realised	(765)	51 161	–	15 558	65 954	4 274	(3 616)	(257)	66 355
Unrealised*	(8 446)	(39 918)	–	(7 329)	(55 693)	(3 743)	1 814	(8 011)	(65 633)
Dividend income	7	2 892	–	–	2 899	–	–	–	2 899
Funding and other net related costs	–	–	–	–	–	–	2 754	–	2 754
	(9 204)	**14 135**	**–**	**8 229**	**13 160**	**531**	**952**	**(8 268)**	**6 375**
Southern Africa									
Realised	1 505	6 238	–	8 385	16 128	5 738	(313)	(53)	21 500
Unrealised*	(5 019)	(10 523)	59 967	(32)	44 393	5 899	(43 750)	(12 169)	(5 627)
Dividend income	9 957	12 015	–	–	21 972	–	–	50	22 022
Funding and other net related costs	–	(1 935)	–	–	(1 935)	–	(3 067)	–	(5 002)
	6 443	**5 795**	**59 967**	**8 353**	**80 558**	**11 637**	**(47 130)**	**(12 172)**	**32 893**
Investment income	**(2 761)**	**19 930**	**59 967**	**16 582**	**93 718**	**12 168**	**(46 178)**	**(20 440)**	**39 268**

For the year to 31 March 2019^ £'000	Listed equities	Unlisted equities	Fair value loan investments	Warrants and profit shares	**Investment Portfolio**	Debt securities (sovereign, bank and other)	Investment and trading properties	Other	**Total**
The following table analyses investment income generated by the asset portfolio shown on the balance sheet									
UK and Other									
Realised	(7 566)	22 251	–	18 373	33 058	7 313	(7 231)	(13 884)	19 256
Unrealised*	(9 771)	45 416	–	(769)	34 876	1 530	13 267	10 638	60 311
Dividend income	72	4 161	–	–	4 233	–	–	–	4 233
Funding and other net related costs	23	–	–	–	23	–	6 710	–	6 733
	(17 242)	**71 828**	**–**	**17 604**	**72 190**	**8 843**	**12 746**	**(3 246)**	**90 533**
Southern Africa									
Realised	20 681	22 669	–	12 089	55 439	7 235	30 609	(70)	93 213
Unrealised*	(18 069)	(62 656)	5 778	(914)	(75 861)	2 453	(43 875)	6 289	(110 994)
Dividend income	10 514	28 765	–	–	39 279	–	–	(45)	39 234
Funding and other net related costs	–	(2 222)	–	–	(2 222)	–	(1 945)	–	(4 167)
	13 126	**(13 444)**	**5 778**	**11 175**	**16 635**	**9 688**	**(15 211)**	**6 174**	**17 286**
Investment income	**(4 116)**	**58 384**	**5 778**	**28 779**	**88 825**	**18 531**	**(2 465)**	**2 928**	**107 819**

^ *Restated as detailed on page 60.*

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

FINANCIAL REVIEW – CONTINUING OPERATIONS

(continued)

2

5. Interests in associated undertakings and joint venture holdings

Share of post taxation profit of associates of £27.2 million (2019*: £68.2 million) primarily reflects earnings in relation to the group's investment in the IEP Group. The year-on-year decline is a result of a large realisation in the prior year. As of 16 March 2020 earnings from the group's 25% holding in Ninety One have been equity accounted and included in Share of post taxation profit of associates.

Management critically evaluated the equity accounted value of the group's investment in the IEP Group (IEP) and resultantly recognised an impairment of £45.4 million in the current year. The recoverable amount of the investment in IEP was determined by calculating Investec's stake of the sum of the fair values of the underlying investments held by IEP. This was done by determining the best estimates of the cash flows to be generated from the ultimate realisation of the underlying investments considering management's strategy with the investments, returns generated by the underlying investments, the nature of the assets and market considerations.

6. Trading income

Trading income arising from customer flow amounted to £63.3 million (2019*: £120.7 million). Reasonable activity levels were offset by losses arising from hedging of structured products in the UK (approximately £29 million) driven by the sudden and sharp fall in global markets in March 2020 and the impact of market movements on Investec Property Fund's hedging instruments (largely offset in non-controlling interests).

Trading income from balance sheet management and other trading activities decreased 27.4% to £26.7 million (2019*: £36.8 million). The decrease in the UK was primarily due to prior year asset sales and COVID-19 related market volatility in the current year. The year on year variance in South Africa was driven by currency translation gains on Investec Property Fund's UK and European investments (largely offset in non-controlling interests). This was partially offset by COVID-19 related losses on certain trading portfolios and prior year translation gains on foreign currency assets which did not repeat in the current year.

7. Expected credit loss (ECL) impairment charges

The total ECL impairment charges amounted to £133.3 million (2019*: £66.5 million). The main contributors to the increase in impairment charges were: book growth and the impact of the COVID-19 pandemic; in the form of a provision overlay reflecting a deterioration in the macro-economic scenario forecasts applied and a specific impairment provision in the UK, and a deterioration of the macro-economic scenarios in South Africa (which were adjusted for COVID-19 and the South African sovereign downgrades). The increase in the UK charge was also impacted by the prior year release of provisions on non-core assets sold. The credit loss ratio increased to 0.52% (2019: 0.31%), with the ECL coverage ratio of our Stage 1 loan book also increasing to 0.4% from 0.2% in the prior year. Pre COVID-19, the credit loss ratio was calculated at 0.28% for 31 March 2020. Refer to pages 17 to 22 in volume two for further information on the macro-economic scenarios underpinning the group's ECL impairment charges.

Since 31 March 2019 gross core loan Stage 3 assets have increased to £580 million from £521 million. Net Stage 3 exposures as a percentage of net core loans subject to ECL was 1.6% (31 March 2019: 1.3%).

£'000	**31 March 2020**	31 March 2019	Variance	% change
UK and Other	75 813	24 560	51 253	208.7%
Southern Africa	57 488	41 898	15 590	37.2%
ECL impairment charges	**133 301**	**66 458**	**66 843**	**100.6%**
ECL impairment charges in home currency				
Southern Africa (R'million)	**1 109**	**761**	**348**	**45.7%**

£'000	**31 March 2020**	31 March 2019
ECL impairment charges are recognised on the following assets:		
Loans and advances to customers	126 301	76 360
Own originated loans and advances to customers securitised	317	(55)
Core loans and advances	**126 618**	**76 305**
Other loans and advances	(33)	(2 882)
Other balance sheet assets	3 696	(6 111)
Off balance sheet commitments and guarantees	3 020	(854)
Total ECL impairment charges	**133 301**	**66 458**

FINANCIAL REVIEW – CONTINUING OPERATIONS

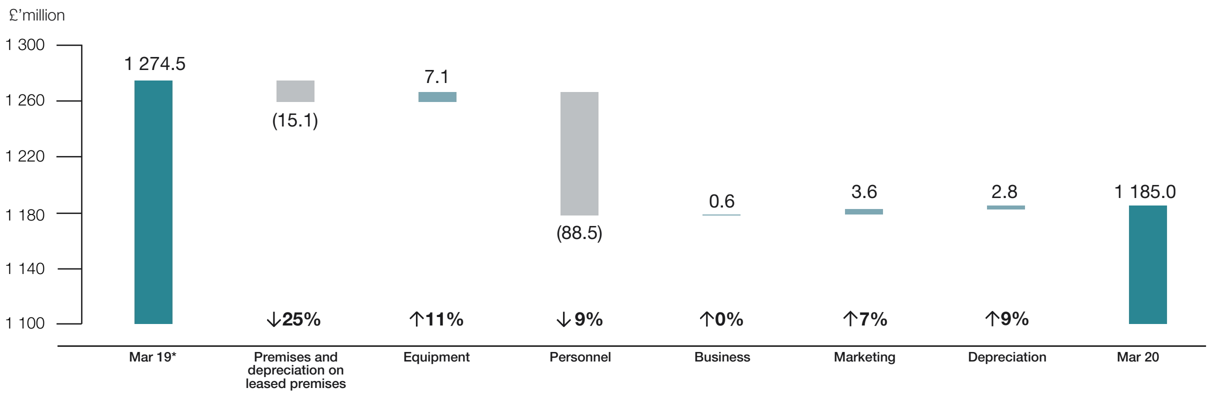
(continued)

8. Operating costs

Total operating costs decreased 7.0% to £1 185.0 million (2019*: £1 274.5 million) driven by cost containment across the business (fixed costs and variable remuneration) and normalised premises costs. The cost to income ratio (net of non-controlling interests) is slightly ahead of the prior year at 68.2% (2019*: 67.3%) despite the decrease in operating costs as a result of the aforementioned pressures on revenue.

Group costs increased by 16.1% to £53.8 million (2019: £46.3 million), driven primarily by a one-off cost relating to the exit of a contract, which will result in overall future cost savings in relation to the contract. Prior to this cost Group costs would have reduced year on year.

Operating costs



£'000	31 March 2020	31 March 2019*	Variance	% change
Wealth & Investment	(315 616)	(304 428)	(11 188)	3.7%
Specialist Banking	(815 600)	(923 746)	108 146	(11.7%)
Group costs	(53 804)	(46 343)	(7 461)	16.1%
Total operating costs	**(1 185 020)**	**(1 274 517)**	**89 497**	**(7.0%)**

The following tables set out information on total operating costs by business and geography for the period under review.

£'000	31 March 2020	31 March 2019*	Variance	% change
UK and Other	(740 792)	(823 374)	82 582	(10.0%)
Southern Africa	(444 228)	(451 143)	6 915	(1.5%)
Total operating costs	**(1 185 020)**	**(1 274 517)**	**89 497**	**(7.0%)**

£'000	31 March 2020	% of total operating costs	31 March 2019*	% of total operating costs	% change
Staff costs	(846 397)	71.4%	(934 895)	73.4%	(9.5%)
– fixed	(670 531)	56.6%	(729 815)	57.3%	(8.1%)
– variable	(175 866)	14.8%	(205 080)	16.1%	(14.2%)
Business expenses	(137 535)	11.6%	(136 907)	10.7%	0.5%
Equipment expenses (excluding depreciation)	(72 833)	6.2%	(65 708)	5.2%	10.8%
Premises expenses^	(44 600)	3.8%	(59 683)	4.7%	(25.3%)
Premises expenses (excluding depreciation)^	(25 556)	2.2%	(59 683)	4.7%	(57.2%)
Premises depreciation^	(19 044)	1.6%	–	0.0%	>100.0%
Marketing expenses	(51 285)	4.3%	(47 729)	3.7%	7.5%
Depreciation, amortisation and impairment on property, equipment and intangibles	(32 370)	2.7%	(29 595)	2.3%	9.4%
Total operating costs	**(1 185 020)**	**100.0%**	**(1 274 517)**	**100.0%**	**(7.0%)**

* *Restated as detailed on page 60.*

^ *The group adopted IFRS 16 from 1 April 2019. The impact has been an increase in the depreciation charge by £19 million as a result of recognising a right-of-use asset and a reduction in the premises expense in the year to 31 March 2020. The prior period comparatives have not been restated. Depreciation on premises is now being shown next to other premises expenses to aid comparability.*

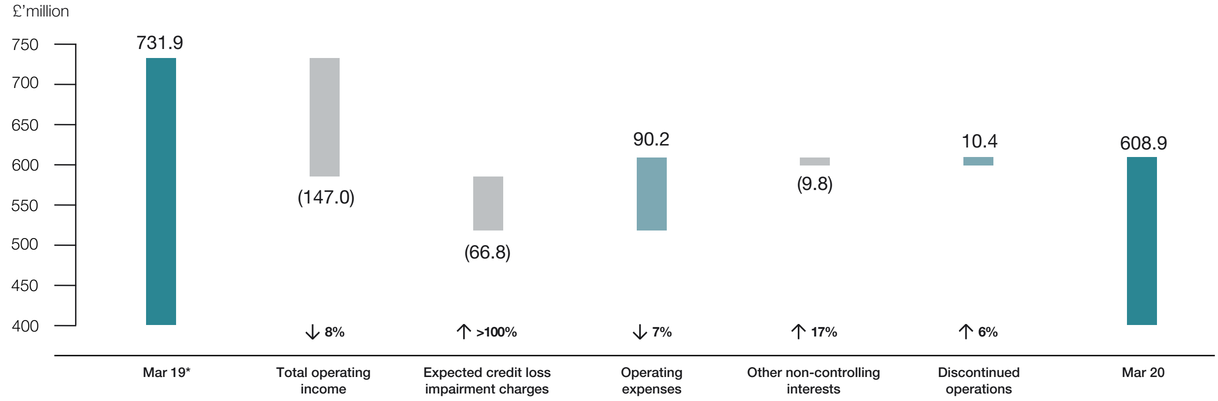
FINANCIAL REVIEW – CONTINUING OPERATIONS

(continued)

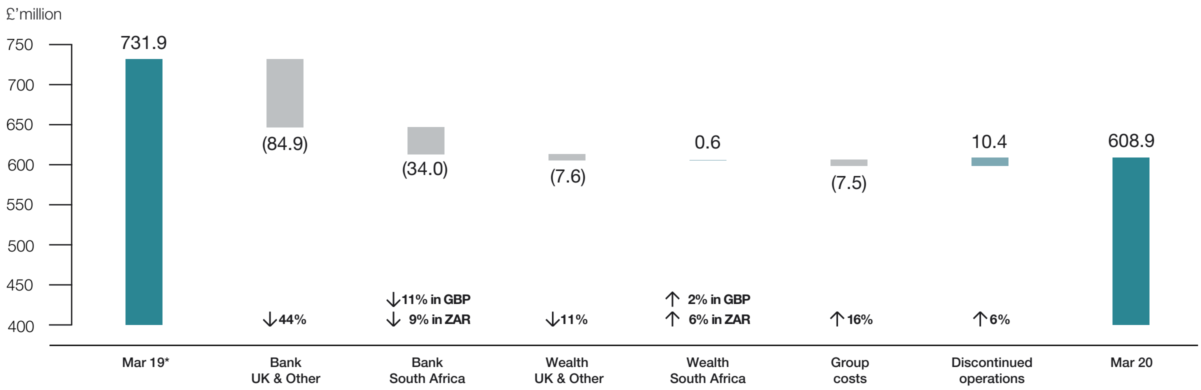
Adjusted operating profit

As a result of the foregoing factors, adjusted operating profit from Continuing operations decreased by 24.1% from £552.5 million to £419.2 million.

Adjusted operating profit for the Total group including discontinued operations decreased by 16.8% from £731.9 million to £608.9 million.



Adjusted operating profit by business and geography



* *Restated as detailed on page 60.*

FINANCIAL REVIEW – CONTINUING OPERATIONS
(continued)

Adjusted operating profit

The following tables set out information on adjusted operating profit by geography and by division for the year under review.

For the year to 31 March £'000	UK and Other	Southern Africa	Total group	% change	% of total
2020					
Wealth & Investment	63 018	26 848	89 866	(7.2%)	14.8%
Specialist Banking	106 735	276 362	383 097	(23.7%)	62.9%
Specialist Banking excluding Group investments	102 644	263 729	366 373	(22.8%)	60.2%
Group Investments	4 091	12 633	16 724	(38.7%)	2.7%
Group costs	(36 288)	(17 516)	(53 804)	16.1%	(8.8%)
Continuing operations adjusted operating profit	**133 465**	**285 694**	**419 159**	**(24.1%)**	**68.8%**
Discontinued operations	109 103	80 656	189 759	5.8%	31.2%
Total group adjusted operating profit	**242 568**	**366 350**	**608 918**	**(16.8%)**	**100.0%**
Other non-controlling interests^			67 952		
Operating profit before non-controlling interests			**676 870**		
% change	**(28.4%)**	**(6.8%)**	**(16.8%)**		
% of total	**39.8%**	**60.2%**	**100.0%**		
2019*					
Wealth & Investment	70 628	26 250	96 878		13.2%
Specialist Banking	191 632	310 329	501 961		68.6%
Specialist Banking excluding Group investments	191 632	283 040	474 672		64.9%
Group Investments	–	27 289	27 289		3.7%
Group costs	(31 518)	(14 825)	(46 343)		(6.3%)
Continuing operations adjusted operating profit	**230 742**	**321 754**	**552 496**		**75.5%**
Discontinued operations	107 835	71 527	179 362		24.5%
Total group adjusted operating profit	**338 577**	**393 281**	**731 858**		**100.0%**
Other non-controlling interests^			58 192		
Operating profit before non-controlling interests			**790 050**		
% of total	**46.3%**	**53.7%**	**100.0%**		

* *Restated as detailed on page 60.*

^ *Profit attributable to other non-controlling interests predominantly relates to the Investec Property Fund Limited.*

FINANCIAL REVIEW – CONTINUING OPERATIONS

(continued)

2

Number of employees

By division – permanent employees	31 March 2020	31 March 2019
Wealth & Investment		
UK and Other	1 380	1 411
Southern Africa	371	359
Total	**1 751**	**1 770**
Specialist Banking		
UK and Other	2 492	2 445
Southern Africa	4 112	4 121
Total	**6 604**	**6 566**
Temporary employees and contractors	387	608
Total number of employees	**8 742**	**8 944**

Adjusted operating profit per employee

By division	Wealth & Investment	Specialist Banking
Number of total employees – 31 March 2020	**1 844**	**6 898**
Number of total employees – 31 March 2019	1 931	7 013
Number of total employees – 31 March 2018	1 821	6 733
Average total employees – year to 31 March 2020	**1 888**	**6 956**
Average total employees – year to 31 March 2019	1 876	6 873
Adjusted operating profit# – year to 31 March 2020	**89 866**	**383 097**
Adjusted operating profit# – year to 31 March 2019*	96 878	501 961
Adjusted operating profit per employee^ – year to 31 March 2020 (£'000)	**47.6**	**55.1**
Adjusted operating profit per employee^ – year to 31 March 2019* (£'000)	51.6	73.0

Adjusted operating profit excluding group costs.

^ *Based on average number of employees over the year.*

By geography	UK and Other	Southern Africa	Total group
Number of total employees – 31 March 2020	3 942	4 800	**8 742**
Number of total employees – 31 March 2019	4 099	4 845	8 944
Number of total employees – 31 March 2018	3 962	4 592	8 554
Average total employees – year to 31 March 2020	4 021	4 823	**8 843**
Average total employees – year to 31 March 2019	4 031	4 719	8 749
Adjusted operating profit – year to 31 March 2020	133 465	285 694	**419 159**
Adjusted operating profit – year to 31 March 2019	230 742	321 754	552 496
Adjusted operating profit per employee^ – year to 31 March 2020 (£'000)	33.2	59.2	**47.4**
Adjusted operating profit per employee^ – year to 31 March 2019 (£'000)	57.2	68.2	63.1

^ *Based on average number of employees over the year.*

* *Restated as detailed on page 60.*

FINANCIAL REVIEW – CONTINUING OPERATIONS

(continued)

9. Goodwill and intangible assets

Amortisation of acquired intangibles of £16.1 million (2019: £15.8 million) largely relates to the Wealth & Investment business and mainly comprises amortisation of amounts attributable to client relationships.

Key balance sheet movements in goodwill and acquired intangibles since 31 March 2019 relate to the demerger and separate listing of Investec Asset Management which took place in March 2020 and the sale of the Irish Wealth & Investment business in October 2019. Other decreases are predominantly due to the depreciation of the Rand.

Goodwill and intangible assets analysis by geography and line of business

£'000	31 March 2020	31 March 2019
UK and Other	**261 183**	**356 048**
Asset Management	–	88 045
Wealth & Investment	236 318	243 228
Specialist Banking	24 865	24 775
South Africa	**9 442**	**10 822**
Wealth & Investment	1 631	1 922
Specialist Banking	7 811	8 900
Intangible assets	**86 300**	**107 237**
Wealth & Investment	69 331	82 306
Specialist Banking	16 969	24 931
Total group	**356 925**	**474 107**

10. Taxation

The tax charge on adjusted operating profit from continuing operations was £54.7 million (2019*: £49.1 million), resulting in an effective tax rate of 11.9% (2019*: 9.1%). The year-on-year increase was due to the normalisation of the effective tax rate in South Africa, partially offset by the release of provisions associated with settlements in the UK.

	Effective tax rates				
	31 March 2020	31 March 2019*	31 March 2020 £'000	31 March 2019* £'000	% change
UK and Other	(0.6%)	13.4%	706	(29 877)	(102.4%)
Southern Africa	16.5%	6.0%	(55 396)	(19 251)	>100%
Tax	**11.9%**	**9.1%**	**(54 690)**	**(49 128)**	**11.3%**

* Restated as detailed on page 60.

COVID-19 financial impact

In summary COVID-19 had the following impact on the group's profit after tax: in the South African Specialist Bank COVID-19 resulted in a reduction in after tax operating profit of £41 million (through higher impairment charges and negative fair value adjustments on certain portfolios partially offset by a reduction in variable remuneration and related taxation). In the UK Specialist Bank COVID-19 resulted in a reduction in after tax operating profit of £45 million (through higher impairment charges, hedging losses from structured products, and negative fair value adjustments on certain portfolios partially offset by a reduction in variable remuneration and related taxation).

31 March 2020 £'million	UK & Other	Southern Africa	Total Specialist Bank
Investment and trading income	61	36	97
Increase in ECL	38	20	58
Operating costs	(44)	(6)	(50)
Adjusted operating profit	**55**	**50**	**105**
Related taxation	(10)	(9)	(19)
Net reduction on after tax operating profits	**45**	**41**	**86**

FINANCIAL REVIEW – DISCONTINUED OPERATIONS

2

Asset Management business

On 13 March 2020, the group successfully completed the demerger of Ninety One (formerly known as Investec Asset Management), which became separately listed on 16 March 2020. The loss of control of Investec Asset Management was effected through the distribution of Ninety One shares to shareholders. Further details relating to the demerger are provided on pages 12 to 13.

Gain on loss of control of Ninety One	£'000
The gain is calculated as follows:	
Fair value of the distributions	697 854
Investment in associate measured at fair value (including holdings by Investec staff share schemes)	383 535
Net asset value of Asset Management derecognised previously consolidated at 13 March 2020 (including Goodwill)	(228 710)
Non-controlling interest derecognised previously included in the consolidation of Ninety One at 13 March 2020	28 708
Foreign currency translation reserve recycled to the income statement at 13 March 2020	(13 980)
Gain on the distribution of Ninety One shares (before tax)	**867 407**
Implementation costs	(47 174)
Gain on the distribution of Ninety One shares (before tax)	**820 233**
Taxation on gain	(14 405)
Related taxation	592
Gain on the distribution of Ninety One shares net of taxation and implementation costs	**806 420**
Major classes of assets and liabilities	
Insurance related assets	7 806 250
Loans and advances to banks	264 604
Remaining assets (including goodwill)	499 078
Remaining liabilities	(8 341 222)
	228 710

FINANCIAL REVIEW – DISCONTINUED OPERATIONS
(continued)

The table below presents the income statement from discontinued operations for the period to 13 March 2020 included in the total group income statement for the year to 31 March 2020 and the year to 31 March 2019.

11. Combined consolidated income statement of discontinued operations

	Year to 31 March 2020			Year to 31 March 2019		
£'000	**UK and Other**	**Southern Africa**	**Total**	**UK and Other**	**Southern Africa**	**Total**
Net interest income	(2 235)	3 962	1 727	568	5 115	5 683
Net fee and commission income	392 591	191 388	583 979	378 180	178 721	556 901
Investment income	(2 042)	35	(2 007)	–	25	25
Trading income/(loss) arising from						
– balance sheet management and other trading activities	1 634	(76)	1 558	5 120	(62)	5 058
Other operating income	4 697	745	5 442	3 773	1 622	5 395
Total operating income before expected credit loss impairment charges	**394 645**	**196 054**	**590 699**	**387 641**	**185 421**	**573 062**
Expected credit loss impairment charges	–	–	–	7	(1)	6
Operating income	**394 645**	**196 054**	**590 699**	**387 648**	**185 420**	**573 068**
Operating costs	(285 542)	(115 398)	(400 940)	(279 813)	(113 893)	(393 706)
Operating profit before strategic actions and non-controlling interests	**109 103**	**80 656**	**189 759**	**107 835**	**71 527**	**179 362**
Profit attributable to non-controlling interests from discontinued operations	(18 106)	(11 241)	(29 347)	(15 942)	(9 716)	(25 658)
Operating profit	**90 997**	**69 415**	**160 412**	**91 893**	**61 811**	**153 704**
Gain on distribution net of implementation costs	549 263	270 970	820 233	(6 190)	(500)	(6 690)
Profit before taxation	**640 260**	**340 385**	**980 645**	**85 703**	**61 311**	**147 014**
Taxation on operating profit before strategic actions	(19 112)	(22 088)	(41 200)	(18 796)	(19 856)	(38 652)
Taxation on strategic actions	1 253	(15 066)	(13 813)	161	196	357
Earnings attributable to shareholders from discontinued operations	**622 401**	**303 231**	**925 632**	**67 068**	**41 651**	**108 719**

FINANCIAL REVIEW – RESTATEMENTS

2

The group remains committed to its objective to simplify and focus the business in pursuit of disciplined growth over the long-term.

In this regard the following strategic actions have been effected:

- Demerger of the asset management business
- Closure of Click & Invest which formed part of the UK wealth management business
- Sale of the Irish Wealth & Investment business
- Restructure of the Irish branch
- Closure and rundown of the Hong Kong direct investments business.

We have elected to separately disclose the financial impact of these strategic actions as the financial impact from group restructures and the rundown of portfolios where operations have ceased. Due to the significant change in the nature of the entity's operations, we consider it appropriate to present the information on a like-for-like basis, resulting in reclassifications for related items which were previously included in operating income and operating costs in the income statement.

In addition, from 1 April 2019, as a result of amendments to IAS 12 Income Taxes, tax relief on payments in relation to Other Additional Tier 1 securities has been recognised as a reduction in taxation on operating profit before goodwill, acquired intangibles and strategic actions, whereas it was previously recorded directly in retained income. Prior period comparatives have been restated, increasing the profit after taxation for the year to 31 March 2019 by £3.2 million.

These reclassifications in the income statement for the prior reported period have been shown on page 60.

The net effect on restated earnings attributable to shareholders relates solely to the tax previously included directly in equity which is now being reported in the income statement.

The net effect on restated adjusted earnings per share relates to:

- the inclusion of the tax relief previously recorded directly in equity which is now being recognised in the income statement; and
- the exclusion of the financial impact of the strategic actions which were included in adjusted operating profit in prior periods. Refer to page 54 for the calculation of adjusted operating profit and pages 75 to 77 in volume three for the calculation of adjusted earnings attributable to ordinary shareholders.

There has been no impact to Earnings per share or Headline earnings per share.

The effective date of the Asset Management business demerger was 13 March 2020 and admission of the Ninety One Limited shares and the Ninety One plc shares to the Johannesburg Stock Exchange and London Stock Exchange was effected on 16 March 2020. The global asset management business has been disclosed as a discontinued operation and the income statement for the prior period has been appropriately re-presented. Refer to pages 57 to 58 for discontinued operations.

12. Financial impact of strategic actions

£'000	Year to 31 March 2020	Year to 31 March 2019
Closure and rundown of the Hong Kong direct investments business*	(89 257)	(65 593)
Financial impact of group restructures	(25 725)	(14 591)
Closure of Click & Invest	(4 309)	(14 265)
Sale of the Irish Wealth & Investment business	19 741	–
Restructure of the Irish branch	(41 110)	(326)
Other	(47)	–
Financial impact of strategic actions – continuing operations	**(114 982)**	**(80 184)**
Taxation on financial impact of strategic actions from continuing operations	19 856	15 023
Net financial impact of strategic actions - continuing operations	**(95 126)**	**(65 161)**
Gain on distribution of Ninety One shares net of taxation and implementation costs	806 420	(6 333)
Net financial impact of strategic actions - Total group	**711 294**	**(71 494)**

* *Included within the balance are fair value adjustments of £83.2 million (March 2019: £57.8 million).*

FINANCIAL REVIEW – RESTATEMENTS

(continued)

£'000	Year to 31 March 2019 as previously reported	Re-presentation as a discontinued operation	Reclassification	**Year to 31 March 2019 restated**
Interest income	2 641 920	(5 677)	(4 421)	2 631 822
Interest expense	(1 826 493)	(6)	11 326	(1 815 173)
Net interest income	**815 427**	**(5 683)**	**6 905**	**816 649**
Fee and commission income	1 590 004	(731 401)	(26 940)	831 663
Fee and commission expense	(216 452)	174 500	2 947	(39 005)
Investment income	49 985	(25)	57 859	107 819
Share of post taxation profit of associates and joint venture holdings	68 317	–	(150)	68 167
Trading income arising from				
– customer flow	120 662	–	–	120 662
– balance sheet management and other trading activities	41 966	(5 058)	(79)	36 829
Other operating income	16 431	(5 395)	–	11 036
Total operating income before expected credit loss impairment charges	**2 486 340**	**(573 062)**	**40 542**	**1 953 820**
Expected credit loss impairment charges	(66 452)	(6)	–	(66 458)
Operating income	**2 419 888**	**(573 068)**	**40 542**	**1 887 362**
Operating costs	(1 695 012)	393 706	26 789	(1 274 517)
Depreciation on operating leased assets	(2 157)	–	–	(2 157)
Operating profit before goodwill, acquired intangibles and strategic actions	**722 719**	**(179 362)**	**67 331**	**610 688**
Impairment of goodwill	(155)	–	–	(155)
Amortisation of acquired intangibles	(15 816)	–	–	(15 816)
Closure and rundown of the Hong Kong direct investments business	–	–	(65 593)	(65 593)
Operating profit	**706 748**	**(179 362)**	**1 738**	**529 124**
Financial impact of group restructures	(19 543)	6 690	(1 738)	(14 591)
Profit before taxation	**687 205**	**(172 672)**	**–**	**514 533**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(78 210)	38 652	(9 570)	(49 128)
Taxation on goodwill, acquired intangibles and strategic actions	5 979	(357)	12 777	18 399
Profit after taxation from continuing operations	**614 974**	**(134 377)**	**3 207**	**483 804**
Profit after taxation from discontinued operations	**–**	**134 377**	**–**	**134 377**
Profit after taxation	**614 974**	**–**	**3 207**	**618 181**
Profit attributable to other non-controlling interests	(58 192)	–	–	(58 192)
Profit attributable to Asset Management non-controlling interests	(25 658)	–	–	(25 658)
Earnings attributable to shareholders	**531 124**	**–**	**3 207**	**534 331**
Earnings per share (pence)				
– Basic	52.0			52.0
– Diluted	50.9			50.9
– Basic for continuing operations	n/a			40.4
– Diluted for continuing operations	n/a			39.6
Adjusted earnings per share (pence)				
– Basic	55.1			60.9
– Diluted	54.0			59.7
– Basic for continuing operations	n/a			48.7
– Diluted for continuing operations	n/a			47.7
Headline earnings per share (pence)				
– Basic	52.6			52.6
– Diluted	51.5			51.5
– Basic for continuing operations	n/a			41.1
– Diluted for continuing operations	n/a			40.2

FINANCIAL REVIEW

(continued)

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Net asset value per share

Net asset value per share amounted to 414.3 pence and net tangible asset value per share (which excludes goodwill and intangible assets) amounted to 377.6 pence. Net asset value was positively impacted by profitability and the demerger but negatively impacted by the 17.8% depreciation of the Rand year on year. The group's net asset value per share and net tangible asset value per share is reflected in the table below.

£'000	31 March 2020	31 March 2019
Shareholders' equity	4 030 823	4 316 413
Less: perpetual preference shares issued by holding companies	(168 518)	(194 156)
Ordinary shareholders' equity/net asset value	**3 862 305**	**4 122 257**
Less: goodwill and intangible assets (excluding software)	(342 282)	(456 397)
Tangible ordinary shareholders' equity/net tangible asset value	**3 520 023**	**3 665 860**
Number of shares in issue (million)	1 015.0	1 001.0
Treasury shares (million)	(82.8)	(51.3)
Number of shares in issue in this calculation (million)	**932.2**	**949.7**
Net asset value per share (pence)	**414.3**	**434.1**
Net tangible asset value per share (pence)	**377.6**	**386.0**

Return on equity

Total group £'000	31 March 2020	31 March 2019	Average	1 April 2018	Average
Ordinary shareholders' equity	**3 862 305**	**4 122 257**	**3 992 281**	**3 960 026**	**4 041 142**
Goodwill and intangible assets (excluding software)	(342 282)	(456 397)	(399 340)	(475 922)	(466 160)
Tangible ordinary shareholders' equity	**3 520 023**	**3 665 860**	**3 592 941**	**3 484 104**	**3 574 982**

Total group £'000	31 March 2020	31 March 2019*
Operating profit before goodwill, acquired intangibles and strategic actions	676 870	790 050
Non-controlling interests	(97 299)	(83 850)
Earnings attributable to perpetual preference and Other Additional Tier 1 security holders (other equity holders)	(43 819)	(44 524)
Adjusted earnings (pre-tax)	**535 752**	**661 676**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(95 890)	(87 780)
Adjusted earnings attributable to ordinary shareholders	**439 862**	**573 896**
Pre-tax return on average shareholders' equity (Pre-tax ROE)	13.4%	16.4%
Post-tax return on average shareholders' equity (Post-tax ROE)	11.0%	14.2%
Pre-tax return on average tangible shareholders' equity (Pre-tax ROTE)	14.9%	18.5%
Post-tax return on average tangible shareholders' equity (Pre-tax ROTE)	12.2%	16.1%

Continuing operations £'000	31 March 2020	31 March 2019	Average	1 April 2018	Average
Ordinary shareholders' equity	**3 862 305**	**3 917 960**	**3 871 201**	**3 760 610**	**3 839 285**
Goodwill and intangible assets (excluding software)	(342 282)	(368 352)	(392 949)	(387 877)	(378 115)
Tangible ordinary shareholders' equity	**3 520 023**	**3 549 608**	**3 478 252**	**3 372 733**	**3 461 170**

Continuing operations £'000	31 March 2020	31 March 2019*
Operating profit before goodwill, acquired intangibles and strategic actions	487 111	610 688
Non-controlling interests	(67 952)	(58 192)
Earnings attributable to perpetual preference and Other Additional Tier 1 security holders (other equity holders)	(43 819)	(44 524)
Adjusted earnings (pre-tax)	**375 340**	**507 972**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(54 690)	(49 128)
Adjusted earnings attributable to ordinary shareholders	**320 650**	**458 844**
Pre-tax return on average shareholders' equity (Pre-tax ROE)	9.7%	13.2%
Post-tax return on average shareholders' equity (Post-tax ROE)	8.3%	12.0%
Pre-tax return on average tangible shareholders' equity (Pre-tax ROTE)	10.8%	14.7%
Post-tax return on average tangible shareholders' equity (Pre-tax ROTE)	9.2%	13.3%

* *Restated as detailed on page 60.*

FINANCIAL REVIEW

(continued)

Return on equity by geography

£'000	UK and Other Continuing operations	UK and Other Discontinued operations	UK and Other Total group
Operating profit before goodwill, acquired intangibles and strategic actions	134 329	109 103	243 432
Non-controlling interests	(864)	(18 106)	(18 970)
Earnings attributable to other equity holders	(17 419)	–	(17 419)
Adjusted earnings (pre-tax)	**116 046**	**90 997**	**207 043**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	706	(19 112)	(18 406)
Adjusted earnings attributable to ordinary shareholders – 31 March 2020	**116 752**	**71 885**	**188 637**
Adjusted earnings attributable to ordinary shareholders – 31 March 2019*	183 457	73 097	256 554
Ordinary shareholders' equity – 31 March 2020	**2 076 961**	**–**	**2 076 961**
Goodwill and intangible assets (excluding software)	(325 294)	–	(325 294)
Tangible ordinary shareholders' equity– 31 March 2020	**1 751 667**	**–**	**1 751 667**
Ordinary shareholders' equity – 31 March 2019	**1 843 096**	**154 319**	**1 997 415**
Goodwill and intangible assets (excluding software)	(345 901)	(88 045)	(433 946)
Tangible ordinary shareholders' equity – 31 March 2019	**1 497 195**	**66 274**	**1 563 469**
Average ordinary shareholders' equity – 31 March 2020	**1 960 029**	**77 160**	**2 037 189**
Average ordinary shareholders' equity – 31 March 2019	1 761 316	156 491	1 917 807
Average tangible ordinary shareholders' equity – 31 March 2020	1 586 799	70 769	**1 657 568**
Average tangible ordinary shareholders' equity – 31 March 2019	1 408 820	68 445	1 477 265
Post-tax ROE – 31 March 2020	**6.0%**	**93.2%**	**9.3%**
Post-tax ROE – 31 March 2019*	10.4%	46.7%	13.4%
Post-tax ROTE – 31 March 2020	**7.4%**	**101.6%**	**11.4%**
Post-tax ROTE – 31 March 2019*	13.0%	106.8%	17.4%
Pre-tax ROE– 31 March 2020	**5.9%**	**117.9%**	**10.2%**
Pre-tax ROE – 31 March 2019*	12.1%	58.7%	15.9%
Pre-tax ROTE – 31 March 2020	**7.3%**	**128.6%**	**12.5%**
Pre-tax ROTE – 31 March 2019*	15.1%	134.3%	20.7%

* *Restated as detailed on page 60.*

FINANCIAL REVIEW
(continued)

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Southern Africa			Total Group		
Continuing operations	Discontinued operations	**Total group**	Continuing operations	Discontinued operations	**Total group**
352 782	80 656	433 438	487 111	189 759	676 870
(67 088)	(11 241)	(78 329)	(67 952)	(29 347)	(97 299)
(26 400)	–	(26 400)	(43 819)	–	(43 819)
259 294	**69 415**	**328 709**	**375 340**	**160 412**	**535 752**
(55 396)	(22 088)	(77 484)	(54 690)	(41 200)	(95 890)
203 898	**47 327**	**251 225**	**320 650**	**119 212**	**439 862**
275 387	41 955	317 342	458 844	115 052	573 896
1 785 344	**–**	**1 785 344**	**3 862 305**	**–**	**3 862 305**
(16 988)	–	(16 988)	(342 282)	–	(342 282)
1 768 356	**–**	**1 768 356**	**3 520 023**	**–**	**3 520 023**
2 074 864	**49 978**	**2 124 842**	**3 917 960**	**204 297**	**4 122 257**
(22 451)	–	(22 451)	(368 352)	(88 045)	(456 397)
2 052 413	**49 978**	**2 102 391**	**3 549 608**	**116 252**	**3 665 860**
1 911 171	**43 921**	**1 955 092**	**3 871 200**	**121 081**	**3 992 281**
2 077 967	45 368	2 123 335	3 839 283	201 859	4 041 142
1 891 453	**43 920**	**1 935 373**	**3 478 252**	**114 689**	**3 592 941**
2 052 349	45 368	2 097 717	3 461 169	113 813	3 574 982
10.7%	**107.8%**	**12.8%**	**8.3%**	**98.5%**	**11.0%**
13.3%	92.5%	14.9%	12.0%	57.0%	14.2%
10.8%	**107.8%**	**13.0%**	**9.2%**	**103.9%**	**12.2%**
13.4%	92.5%	15.1%	13.3%	101.1%	16.1%
13.6%	**158.0%**	**16.8%**	**9.7%**	**132.5%**	**13.4%**
14.2%	136.2%	16.8%	13.2%	76.1%	16.4%
13.7%	**158.0%**	**17.0%**	**10.8%**	**139.9%**	**14.9%**
14.4%	136.2%	17.0%	14.7%	135.0%	18.5%

FINANCIAL REVIEW

(continued)

Return on equity by business and geography

	Specialist Bank						
£'000	UK excluding Group Investments	UK Group Investments	UK and Other	SA excluding Group Investments	SA Group Investments	Southern Africa	**Total**
Adjusted operating profit	**102 644**	**4 091**	**106 735**	**263 729**	**12 633**	**276 362**	**383 097**
Notional return on regulatory capital	(4 206)	–	(4 206)	(1 634)	–	(1 634)	(5 840)
Notional cost of statutory capital	4 967	–	4 967	–	–	–	4 967
Cost of subordinated debt	734	–	734	344	–	344	1 078
Earnings attributable to other equity holders	(16 943)	–	(16 943)	(26 113)	–	(26 113)	(43 056)
Adjusted earnings (pre-tax) - 2020	**87 196**	**4 091**	**91 287**	**236 326**	**12 633**	**248 959**	**340 246**
Tax on operating profit before goodwill, acquired intangibles and strategic actions	7 776	–	7 776	(47 886)	(3 425)	(51 311)	(43 535)
Adjusted earnings attributable to ordinary shareholders – 2020	**94 972**	**4 091**	**99 063**	**188 440**	**9 208**	**197 648**	**296 711**
Adjusted earnings (pre-tax) – 2019**	**179 206**	**–**	**179 206**	**255 123**	**27 289**	**282 412**	**461 618**
Adjusted earnings attributable to ordinary shareholders – 2019**	**155 498**	**–**	**155 498**	**232 211**	**30 608**	**262 818**	**418 317**
Ordinary shareholders' equity – 2020	**1 578 704**	**97 640**	**1 676 344**	**1 469 690**	**291 085**	**1 760 775**	**3 437 119**
Goodwill and intangible assets (excluding software)	(24 866)	–	(24 866)	(15 357)	–	(15 357)	(40 223)
Tangible ordinary shareholders' equity – 2020	**1 553 838**	**97 640**	**1 651 478**	**1 454 333**	**291 085**	**1 745 418**	**3 396 896**
Ordinary shareholders' equity – 2019	1 463 048	–	1 463 048	1 713 771	340 430	2 054 201	3 517 249
Goodwill and intangible assets (excluding software)	(22 441)	–	(22 441)	(20 529)	–	(20 529)	(42 970)
Tangible ordinary shareholders' equity – 2019	1 440 607	–	1 440 607	1 693 242	340 430	2 033 672	3 474 279
Average ordinary shareholders' equity – 2020	**1 520 876**	**48 820**	**1 569 696**	**1 572 798**	**315 758**	**1 888 556**	**3 458 252**
Average ordinary shareholders' equity – 2019	1 384 765	–	1 384 765	1 703 058	353 989	2 057 047	3 441 812
Average tangible ordinary shareholders' equity – 2020	**1 459 590**	**48 820**	**1 508 410**	**1 554 855**	**315 758**	**1 870 613**	**3 379 023**
Average tangible ordinary shareholders' equity – 2019	1 182 679	–	1 182 679	1 676 720	353 989	2 030 709	3 213 388
Pre-tax ROE– 31 March 2020	**5.7%**	**8.4%**	**5.8%**	**15.0%**	**4.0%**	**13.2%**	**9.8%**
Pre-tax ROE – 31 March 2019**	12.9%	n/a	12.9%	15.0%	7.7%	13.7%	13.4%
Post-tax ROE – 31 March 2020	**6.2%**	**8.4%**	**6.3%**	**12.0%**	**2.9%**	**10.5%**	**8.6%**
Post-tax ROE – 31 March 2019**	11.2%	–	11.2%	13.6%	8.6%	12.8%	12.2%
Pre-tax ROTE – 31 March 2020	**6.0%**	**8.4%**	**6.1%**	**15.2%**	**4.0%**	**13.3%**	**10.1%**
Pre-tax ROTE – 31 March 2019**	15.2%	–	15.2%	15.2%	7.7%	13.9%	14.4%
Post-tax ROTE – 31 March 2020	**6.5%**	**8.4%**	**6.6%**	**12.1%**	**2.9%**	**10.6%**	**8.8%**
Post-tax ROTE – 31 March 2019**	13.1%	–	13.1%	13.8%	8.6%	12.9%	13%

\# *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.*

** *Restated as detailed on page 60.*

FINANCIAL REVIEW

(continued)

2

Wealth & Investment			Group costs			Wealth & Investment goodwill adjustment^			Total group		
UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total	**UK and Other**	**Southern Africa**	**Total**
63 018	**26 848**	**89 866**	**(36 288)**	**(17 516)**	**(53 804)**	**–**	**–**	**–**	**133 465**	**285 694**	**419 159**
4 206	1 634	5 840	–	–	–	–	–	–	–	–	–
(4 967)	–	(4 967)	–	–	–	–	–	–	–	–	–
(734)	(344)	(1 078)	–	–	–	–	–	–	–	–	–
(476)	(287)	(763)	–	–	–	–	–	–	(17 419)	(26 400)	(43 819)
61 047	**27 851**	**88 898**	**(36 288)**	**(17 516)**	**(53 804)**	**–**	**–**	**–**	**116 046**	**259 294**	**375 340**
(13 965)	(7 238)	(21 203)	6 895	3 153	10 048	–	–	–	706	(55 396)	(54 690)
47 082	**20 613**	**67 695**	**(29 393)**	**(14 363)**	**(43 756)**	**–**	**–**	**–**	**116 752**	**203 898**	**320 650**
65 645	**27 052**	**92 697**	**(31 518)**	**(14 825)**	**(46 343)**	**–**	**–**	**–**	**213 333**	**294 639**	**507 972**
53 489	**24 726**	**78 214**	**(25 530)**	**(12 157)**	**(37 686)**	**–**	**–**	**–**	**183 457**	**275 387**	**458 844**
241 567	**24 569**	**266 136**	**–**	**–**	**–**	**159 050**	**–**	**159 050**	**2 076 961**	**1 785 344**	**3 862 305**
(141 378)	(1 631)	(143 009)	–	–	–	(159 050)	–	(159 050)	(325 294)	(16 988)	(342 282)
100 189	**22 938**	**123 127**	**–**	**–**	**–**	**–**	**–**	**–**	**1 751 667**	**1 768 356**	**3 520 023**
220 998	20 663	241 661	–	–	–	159 050	–	159 050	1 843 096	2 074 864	3 917 960
(164 410)	(1 922)	(166 332)	–	–	–	(159 050)	–	(159 050)	(345 901)	(22 451)	(368 352)
56 588	18 741	75 329	–	–	–	–	–	–	1 497 195	2 052 413	3 549 608
231 283	**22 615**	**253 898**	**–**	**–**	**–**	**159 050**	**–**	**159 050**	**1 960 029**	**1 911 171**	**3 871 200**
217 501	20 920	238 421	–	–	–	159 050	–	159 050	1 761 316	2 077 967	3 839 283
78 389	**20 840**	**99 229**	**–**	**–**	**–**	**–**	**–**	**–**	**1 586 799**	**1 891 453**	**3 478 252**
226 141	21 640	247 781	–	–	–	–	–	–	1 408 820	2 052 349	3 461 169
26.4%	**123.1%**	**35.0%**	**–**	**–**	**–**	**–**	**–**	**–**	**5.9%**	**13.6%**	**9.7%**
30.2%	129.3%	38.9%	–	–	–	–	–	–	12.1%	14.2%	13.2%
20.4%	**91.1%**	**26.7%**	**–**	**–**	**–**	**–**	**–**	**–**	**6%**	**10.7%**	**8.3%**
24.6%	118.2%	32.8%							10.4%	13.3%	12%
77.9%	**133.6%**	**89.6%**							**7.3%**	**13.7%**	**10.8%**
29.0%	125%	37.4%							15.1%	14.4%	14.7%
60.1%	**98.9%**	**68.2%**							**7.4%**	**10.8%**	**9.2%**
23.7%	114.3%	31.6%	–	–	–	–	–	–	13%	13.4%	13.3%

FINANCIAL REVIEW
(continued)

Return on risk-weighted assets

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

	31 March 2020	31 March 2019*	Average risk-weighted assets	31 March 2018	Average risk-weighted assets
Adjusted earnings attributable to ordinary shareholders (£'000) – Total group	**439 862**	**573 896**		**491 062**	
Adjusted earnings attributable to ordinary shareholders (£'000) – Continuing operations	**320 650**	**458 844**		**374 691**	
Investec plc risk-weighted assets (£'million)	16 285	15 313	15 799	14 411	14 862
Investec Limited risk-weighted assets (£'million)	15 247	16 945	16 096	20 366	18 655
Total risk-weighted assets (£'million)	**31 532**	**32 258**	**31 895**	**34 777**	**33 517**
Return on risk-weighted assets – Total group	**1.38%**	**1.71%**		**1.45%**	
Return on risk-weighted assets – Continuing operations	**1.01%**	**1.37%**		**1.11%**	
Investec Limited risk-weighted assets (R'million)	337 755	318 533	328 144	338 484	328 509

* *Restated as detailed on page 60.*

Total third party assets under management

£'million	**31 March 2020**	31 March 2019	% change
Wealth & Investment	**44 510**	**55 121**	**(19.3%)**
UK and Other	**33 117**	**36 671**	**(9.7%)**
Discretionary	27 599	29 966	(7.9%)
Non-discretionary	5 518	6 705	(17.7%)
Southern Africa	**11 393**	**16 003**	**(28.8%)**
Discretionary and annuity assets	5 982	6 999	(14.5%)
Non-discretionary	5 411	9 004	(39.9%)
Ireland*	**–**	**2 447**	**(100.0%)**
Specialist Bank	**508**	**633**	**(19.7%)**
	45 018	**55 754**	**(19.3%)**

* *The Irish Wealth & Investment business, which was sold during the year included funds under management totalling £2.4 billion (£0.8 billion discretionary and £1.6 billion non-discretionary) as at 31 March 2019.*

FINANCIAL REVIEW
(continued)

2

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 77 to 90 in volume two.

A summary of capital adequacy and leverage ratios

	Standardised^^^		FIRB			
	Investec plc°*	IBP°*	**Investec Limited*^**	IBL*^	**Investec Limited*^**	IBL*^
As at 30 March 2020						
Common equity tier 1 (as reported)	10.7%	11.5%	10.9%	12.1%		
Common equity tier 1 ('fully loaded')^^	10.3%	11.1%	10.9%	12.1%		
Tier 1 (as reported)	12.4%	13.1%	11.5%	12.3%		
Total capital ratio (as reported)	14.9%	16.5%	15.0%	16.4%		
Leverage ratio** – current	7.8%	8.0%	6.4%	6.9%		
Leverage ratio** – 'fully loaded'^^	7.4%	7.7%	6.3%	6.8%		
Leverage ratio** – current UK leverage ratio framework##	8.9%	9.1%	n/a	n/a		

	Standardised^^^		Pro forma FIRB***		Standardised^^^	
	Investec plc°*	IBP°*	**Investec Limited*^**	IBL*^	**Investec Limited*^**	IBL*^
As at 31 March 2019						
Common equity tier 1 (as reported)	10.8%	11.4%	11.6%	12.5%	10.5%	11.2%
Common equity tier 1 ('fully loaded')^^	10.4%	10.9%	11.6%	12.5%	10.5%	11.1%
Tier 1 (as reported)	12.6%	13.1%	12.4%	12.8%	11.2%	11.5%
Total capital ratio (as reported)	15.7%	17.1%	16.0%	17.7%	14.9%	15.8%
Leverage ratio** – current	7.9%	8.0%	7.4%	7.6%	7.6%	7.7%
Leverage ratio** – 'fully loaded'^^	7.5%	7.7%	7.2%	7.5%	7.3%	7.6%
Leverage ratio** – current UK leverage ratio framework##	10.0%	10.1%	n/a	n/a	n/a	n/a

* *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.*

*** *We have approval to adopt the Foundation Internal Ratings Based (FIRB) approach, affective 1 April 2019. We present numbers on a pro forma basis for 31 March 2019.*

° *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 £0 million (31 March 2019: £63 million) for Investec plc and £0 million (31 March 2019: £19 million) for IBP would lower the CET1 ratio by 0bps (31 March 2019: 41bps) and 0bps (31 March 2019: 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 CET1 ratio would be 24bps and 15bps lower. At 31 March 2019, Investec Limited's and IBL's CET1 ratio would be 27bps and 14bps lower*

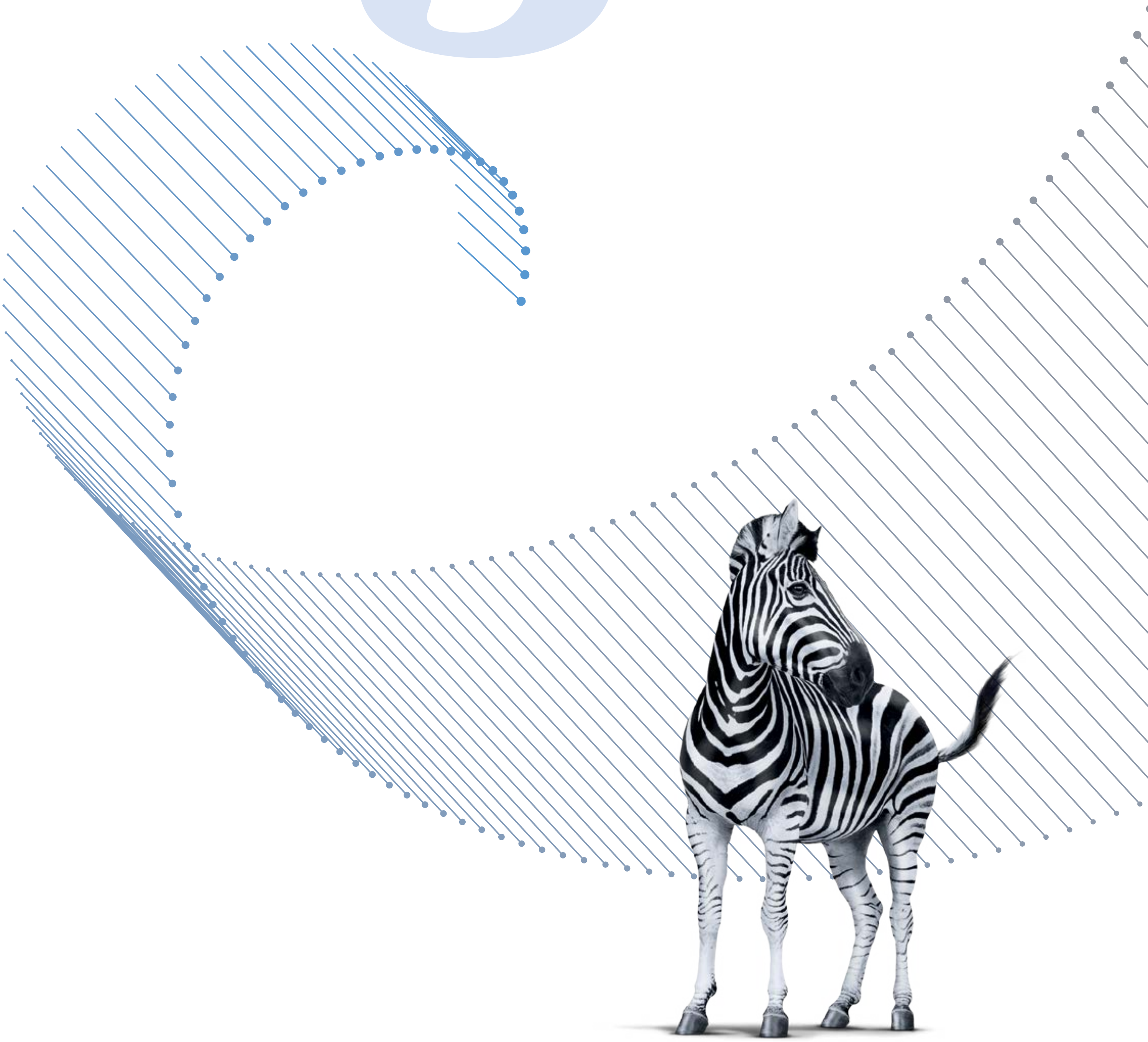
^^ *The CET1 fully loaded ratio and the fully loaded leverage ratio assumes full adoption of IFRS 9 and full adoption of all CRDIV rules of South African Prudential Authority regulations. As a result of the adoption of IFRS 9 Investec plc elected to designate its subordinated fixed rate medium-term notes 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 2020 of £9 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 reported CET1, T1 and total capital adequacy ratios are calculated applying the IFRS 9 transitional arrangements.*

Investec plc is not subject to the UK leverage ratio framework, however, for comparative purposes this ratio has been disclosed. This framework excludes qualifying central bank balances from the calculation of the leverage exposure measure.

3

DIVISIONAL REVIEW



DIVISIONAL KEY INCOME DRIVERS

3

We partner with private, institutional and corporate clients to offer international banking, investment and wealth management services in two principal markets, South Africa and the UK as well as certain other countries.

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

Wealth & Investment

Key income drivers

- Investment management fees levied as a percentage of assets under management
- Commissions earned for executing transactions for clients.

Income impacted primarily by

- 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.

Income statement – primarily reflected as

- Fees and commissions.

DIVISIONAL KEY INCOME DRIVERS

(continued)

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 • Client numbers • 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 • Client numbers • 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.

DIVISIONAL KEY INCOME DRIVERS

(continued)

3

Key income drivers in our core businesses

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

Wealth & Investment

Global business (in Pounds Sterling)	**31 March 2020**	31 March 2019**	31 March 2018	31 March 2017	31 March 2016
Operating margin	22.2%	24.1%	24.3%	25.9%	26.4%
Net flows in funds under management as a % of opening funds under management	1.1%	0.7%	3.6%	2.7%	4.5%
Average income yield earned on funds under management^	0.81%	0.72%	0.73%	0.72%	0.71%
UK and Other^^ (in Pounds Sterling)					
Operating margin	19.8%	22.3%	22.0%	23.5%	24.6%
Net flows in funds under management as a % of opening funds under management	1.2%	0.4%	5.0%	4.2%	4.5%
Average income yield earned on funds under management^	0.88%	0.83%	0.87%	0.85%	0.87%
Southern Africa (in Rands)					
Operating margin	30.4%	31.1%	32.3%	33.8%	33.1%
Net organic growth in discretionary and annuity funds under management as a % of opening funds under management	6.1%	4.0%	4.6%	8.1%	10.4%
Average income yield earned on funds under management^*	0.60%	0.49%	0.49%	0.47%	0.45%

^ *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 adjust for 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, Channel Islands, Ireland (up until its sale in October 2019) and Hong Kong (up until closure in July 2019). Excluding 'Other' Investec Wealth & Investment UK has an operating margin of 22.4% (31 March 2019: 26.3%) and achieved net organic growth in discretionary funds under management as a % of opening discretionary funds under management of 1.9%.*

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

** *Restated as detailed on page 60.*

DIVISIONAL KEY INCOME DRIVERS

(continued)

Specialist Banking

Global business (in Pounds Sterling)	31 March 2020	31 March 2019**	31 March 2018	31 March 2017	31 March 2016
Cost to income ratio	61.2%	61.9%	63.4%	63.3%	61.9%
ROE post-tax^	8.6%	12.2%	9.2%	10.5%	10.1%
ROE post-tax^ (ongoing business)	n/a	n/a	11.7%	12.6%	13.0%
Growth in net core loans	(0.1%)	(0.8%)	10.7%	25.3%	5.4%
Currency neutral growth in net core loans	9.2%	6.8%	5.3%	7.6%	–
Growth in risk-weighted assets	(6.6%)°	(0.7%)	5.6%	22.2%	2.2%
Stage 3/defaults net of ECL as a % of net core loans and advances subject to ECL*	1.6%	1.3%	1.2%	1.2%	1.5%
Credit loss ratio on core loans	0.52%	0.31%	0.61%	0.54%	0.62%
UK and Other^^ (in Pounds Sterling)					
Cost to income ratio	71.1%	71.6%	76.7%	74.8%	72.9%
ROE post-tax^	6.3%	11.2%	3.2%	7.0%	5.5%
ROE post-tax^ (ongoing business)	n/a	n/a	8.5%	11.5%	11.4%
ROE post tax excluding Group investments#	6.2%	11.2%	n/d	n/d	n/d
Growth in net core loans	12.9%	8.5%	12.4%	10.5%	10.5%
Growth in risk-weighted assets	10.8%	6.2%	8.2%	8.4%	6.7%
Stage 3/defaults net of ECL as a % of net core loans and advances subject to ECL*	2.4%	2.2%	2.2%	1.6%	2.2%
Credit loss ratio on core loans	0.69%	0.38%	1.14%	0.90%	1.13%
Southern Africa (in Rands)					
Cost to income ratio	52.3%	51.7%	50.6%	51.1%	49.9%
ROE post-tax^	10.5%	12.8%	14.6%	12.7%	15.1%
ROE post tax excluding Group investments#	12.0%	13.6%	n/d	n/d	n/d
Growth in net core loans	6.5%	5.6%	8.7%	8.4%	19.7%
Growth in risk-weighted assets	(5.4%)°	7.2%	3.0%	6.2%	15.1%
Stage 3/defaults net of ECL as a % of net core loans and advances subject to ECL*	0.9%	0.8%	0.6%	1.0%	1.1%
Credit loss ratio on core loans	0.36%	0.28%	0.28%	0.29%	0.26%

^ *Refer to pages 64 to 65 for the calculation of divisional ROEs.*
* *All information post 1 April 2018 has been presented on an IFRS 9 basis. Adoption of IFRS 9 required a move from an incurred loss model to an expected credit loss methodology. Comparative information has been presented on an IAS 39 basis.*
\# *Refer to pages 89 to 92 for further information on Group's investments.*
** *Restated as detailed on page 60.*
° *Investec Limited adopted the Foundation Internal Ratings Based (FIRB) approach for the measurement of credit capital effective 1 April 2019. Risk-weighted assets in prior periods were calculated using the Standardised approach.*
Where n/a is not applicable.
Where n/d is not disclosed.

WEALTH & INVESTMENT

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 one of the largest managers of private wealth in South Africa.

At 31 March 2020

UK head
Jonathan Wragg^

South Africa head
Henry Blumenthal

Net inflows of
£0.6bn
(2019: £0.4bn)

Assets under management
£44.5 bn
(2019: £55.1bn)

Operating margin
22.2%
(2019*: 24.1%)

Adjusted operating profit amounted to
£89.9mn
(2019*: £96.9mn)

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, and one of the largest managers of private wealth in South Africa.

* *Restated as detailed on page 60.*
^ *Jonathan Wragg stepped down from his role as UK Head on 1 April 2020 and will be succeeded subject to regulatory approval by Ciaran Whelan.*

Our value proposition

- Investec Wealth & Investment has been built via the acquisition and integration of businesses and organic growth over a long period of time
- Well-established platforms in the UK, South Africa, Switzerland, and Guernsey
- The business has four distinct channels: direct, intermediaries, charities, and international
- Strategy to enhance our range of services for the benefit of our clients
- Focus is on organic growth in our key markets, and by acquisition where there is a good strategic and cultural fit.

WEALTH & INVESTMENT
(continued)

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, and Guernsey

Proven ability to attract and recruit investment managers

£33.1 billion FUM

South Africa and Mauritius

Strong brand and positioning

One of the largest managers of private wealth in South Africa

Further developing Wealth & Investment capability in Mauritius

R252.4 billion FUM

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.

Southern 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.

WEALTH & INVESTMENT

(continued)

3

Income statement analysis

£'000	31 March 2020	31 March 2019^	Variance	% change
Net interest income	16 544	14 216	2 328	16.4%
Net fee and commission income	388 585	384 361	4 224	1.1%
Investment (loss)/ income	(584)	1 490	(2 074)	(>100.0%)
Trading income arising from				
– customer flow	676	851	(175)	(20.6%)
– balance sheet management and other trading activities	79	69	10	14.5%
Other operating income	181	343	(162)	(47.2%)
Total operating income before expected credit losses	**405 481**	**401 330**	**4 151**	**1.0%**
Expected credit loss impairment charges	1	(24)	25	(>100.0%)
Operating income	**405 482**	**401 306**	**4 176**	**1.0%**
Operating costs	(315 616)	(304 428)	(11 188)	3.7%
Adjusted operating profit	**89 866**	**96 878**	**(7 012)**	**(7.2%)**
UK and Other	63 018	70 628	(7 610)	(10.8%)
Southern Africa	26 848	26 250	598	2.3%
Adjusted operating profit	**89 866**	**96 878**	**(7 012)**	**(7.2%)**
Selected returns and key statistics				
Ordinary shareholders' equity*	266 136	241 661	24 475	10.1%
ROE (post tax)*	26.7%	32.8%		
Return on tangible equity (post tax) *	68.2%	31.6%		
Operating margin	22.2%	24.1%		
Operating profit per employee (£'000)*	47.6	51.6		

* *As calculated on pages 64 and 65, based on regulatory capital requirements.*
^ *Restated as detailed on page 60.*

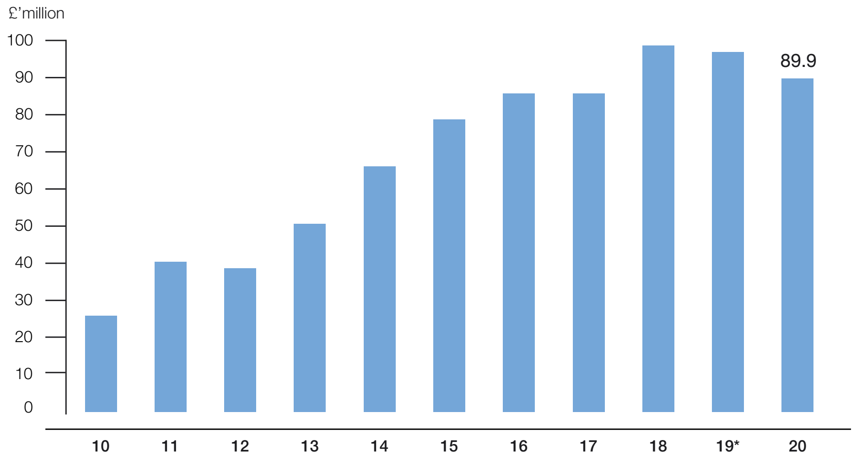
The variance in operating profit over the year can be explained as follows:

- The UK & Other business achieved positive net organic growth in assets under management in the prior and current year, particularly in our core discretionary managed services, resulting in steady operating income. This is despite challenging trading conditions in the UK where clients remained cautious, evident in lower growth rates in net new funds across the industry. Overall fees from the Wealth & Investment business were impacted by the sale of the Irish Wealth business in October 2019. Higher discretionary technology investment costs and regulatory levies were the notable drivers of the 3.5% increase in operating costs. Overall, adjusted operating profit decreased 10.8% to £63.0 million, but with a marked improvement in the second half where adjusted operating profit decreased by 5% year on year, compared to the 16.2% decrease reported in the first half of the 2020 financial year.
- The South African business performed well against a tough backdrop, with adjusted operating profit up 5.7% in Rands. Revenue was supported by our offshore offering, as clients continued to seek international investment opportunities. The operating costs increase of 8.9% was above inflation due to certain once-off personnel costs.

WEALTH & INVESTMENT

(continued)

*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.*

WEALTH & INVESTMENT

(continued)

3

Analysis of key earnings drivers (funds under management)

£'million	31 March 2020	31 March 2019	% change
UK and Other	**33 117**	**36 671**	**(9.7%)**
Discretionary	27 599	29 966	(7.9%)
Non-discretionary and other	5 518	6 705	(17.7%)
Southern Africa	**11 393**	**16 003**	**(28.8%)**
Discretionary and annuity assets	5 982	6 999	(14.5%)
Non-discretionary and other	5 411	9 004	(39.9%)
Ireland*	**–**	**2 447**	**(100.0%)**
Total	**44 510**	**55 121**	**(19.3%)**

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

Funds under management

£'million	31 March 2020	31 March 2019	% change
Investec Wealth & Investment Limited (UK)	**31 892**	**35 300**	**(9.7%)**
Discretionary	27 137	29 415	(7.7%)
Non-discretionary	4 755	5 885	(19.2%)
Other*	**1 225**	**3 818**	**(67.9%)**
Discretionary	462	1 395	(66.9%)
Non-discretionary	763	2 423	(68.5%)
Total	**33 117**	**39 118**	**(15.3%)**

* *The comparatives at 31 March 2019 included funds under management totalling £2.4 billion (£0.8 billion discretionary and £1.6 billion non-discretionary) in respect of the Irish Wealth & Investment business, which was sold during the year.*

Net inflows at cost over the year

£'million	31 March 2020	31 March 2019
Discretionary	546	731
Non-discretionary	(62)	(593)
Total	**484**	**138**

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

Funds under management

R'million	31 March 2020	31 March 2019	% change
Discretionary and annuity assets	132 515	131 564	0.7%
Non-discretionary	119 869	169 263	(29.2%)
Total	**252 384**	**300 827**	**(16.1%)**

Net inflows at cost over the year

R'million	31 March 2020	31 March 2019
Discretionary and annuity assets	8 015	4 659
Non-discretionary	(5 850)^	(550)
Total	**2 165**	**4 109**

^ *Includes an outflow of R7.5 billion of assets transferred to our specialised securities division not included in Wealth & Investment assets.*

WEALTH & INVESTMENT

(continued)

Q&A

Jonathan Wragg *Ciaran Whelan*

UK and Other business leaders

Q How did the operating environment impact your business over the past financial year?

The events of the last quarter and the sudden market contraction in March, as a result of growing concerns regarding COVID-19, continue to dominate the current operating environment and did somewhat impact business performance in the last part of the year.

In the UK, prior to the onset of COVID-19, equity indices had already exhibited a degree of volatility during the period. Most of the year was characterised by uncertainty over the outcome of Brexit discussions and the heightened level of geo-political risks. Given this backdrop, UK private clients and intermediaries exercised caution, resulting in lower rates of growth in net new funds across the industry.

Following the conclusive election result in the UK in December, markets rose in anticipation of a future trade agreement and with greater confidence in the outcome. This resulted in a short-term increase in private client activity prior to the onset of COVID-19. It is notable that our business continued to achieve positive net organic growth in funds under management in the UK for the financial year.

We have long-standing relationships with the majority of our clients who have been with us through previous periods of extreme market volatility and who have shown considerable trust, resilience and understanding, with net inflows being experienced in the month of March. Our key focus has been on providing the advice and expertise which they expect and deserve, especially at times like these.

Q What progress was made in the past financial year in respect of the group's key strategic objectives?

Over the past year, we focused on the group's key strategic commitments to ensure progress and delivery of our 2022 targets, while continuing to focus on maintaining and building the resilience of the business.

Capital allocation

We retained our disciplined approach to capital allocation – the decision to close the UK Click & Invest digital service in May 2019 demonstrated our commitment to this objective. In addition, and in light of changes to Investec's Irish business model brought about by Brexit planning, we sold our Irish wealth management business during the period.

With the onset of COVID-19, we reinforced this focus on capital stewardship. We have always maintained a high degree of liquidity and balance sheet strength, which stand us in good stead for the current, and any future, stress.

Growth initiatives

During the year, we established a new strategic transformation team to drive growth and implement our initiatives at speed. A key priority was the development of a new service offering to address future wealth planning needs of both existing and new clients. A pilot launch will commence in May 2020.

At a regional level, we have continued the strategy of hiring individuals to support growth and we have established a new office in Bristol, a strategic location in the South West, migrating the existing office in Bath.

Within our intermediaries division, a key source of growth, we took the decision to expand our offering and are launching a new Managed Portfolio Service for IFAs, available on leading platforms, to complement our successful and award winning Discretionary Fund Management (DFM) service.

Cost management

We faced upward cost pressures in the industry and specifically an unanticipated significant increase in the Financial Services Compensation Scheme (FSCS) levy, of almost double the prior year. In light of this and the current operating environment, management has had to strike a balance between effective cost management and the need to invest in the business for the future.

The latter included the recruitment of additional client facing staff in pursuit of long-term growth and expansion of our advice capability. In addition, planned increases in technology headcount peaked in the first half of the year to support specific regulatory and business driven projects, however, this has since been managed down, with this trend expected to continue into the next financial year.

On a company wide basis, in the second half of the year we launched a targeted programme to realise savings across a number of business areas.

Connectivity

Connectivity between the Specialist Banking and Wealth & Investment businesses remains a key focus and we identified specific client segments as priority for collaboration.

We have strengthened our international wealth proposition which will be led out of the UK, but will draw together all the relevant services of Investec across Specialist Banking and Wealth & Investment businesses internationally.

WEALTH & INVESTMENT

(continued)

Between the UK and South African businesses, our Global Investment Strategy integrates our investment process across the regions, thus leveraging our expertise in South Africa and the UK. In addition, during the course of the year we strengthened our ESG research process, in line with a greater consciousness for ethical, sustainable and sound governance-based investments.

Digitalisation

We have accelerated our investment in our critical technology and digital programmes.

In September, we launched a new platform to streamline and enhance client documentation and investment proposals. A further development was to reduce the amount of paperwork for clients, with an increased number of clients subscribing to our online services. We also completed the migration to the new Investec online portal and the roll out of our upgraded electronic filing systems.

As a result of COVID-19, the vast majority of our staff have been working from home and keeping in regular contact with clients remotely. Our systems have proven robust and the transition to remote working has been relatively seamless.

Q What were the key challenges in your business over the past year?

In the first part of the year we navigated a challenging operating environment; managing the uncertainty caused by Brexit and the US/China trade tensions. Clients were naturally unsettled during that period and our priority was to ensure that they were well serviced and well prepared.

Clearly the most significant challenge has come at the end of the financial year and has been the impact on clients, staff and other stakeholders from COVID-19. We are extremely proud of the way that our people have risen to this challenge and the flexibility shown in finding ways to engage clients and to meet their responsibilities.

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

Our purpose is to help relieve clients from the burden (and potential anxiety) of looking after their financial affairs and we believe this role will be even more important in the recovery period following COVID-19.

Whilst it is not possible to predict exactly how we may need to navigate the post-COVID-19 environment, our fundamental objectives remain unchanged:

- Commitment to delivering 'One Investec', through enhanced collaboration across the global Wealth & Investment business as well as with the wider Investec group
- Acceleration of our Financial Planning and Advice capabilities as the demand for wider advice continues to grow
- Delivering excellent client service and increasing the scope of our offering for intermediary clients, which should accelerate our growth in this segment
- Continued enhancements to our digital and technology platforms in order to ensure that we are fit for the future, not just the present
- Vigilance regarding cost control.

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

Investec Wealth & Investment is committed to managing its portfolios in a prudent and responsible manner to ensure the long-term health and stability of the market as a whole. Our investment process has long taken into consideration a number of key factors such as financial and non-financial performance and risk, capital structure and corporate governance metrics. We believe that failing to adhere to sound business practices will harm a company from a financial point of view, or in terms of reputation, with a consequent negative impact on investment returns. This is bolstered by input from third party service providers who score each of the companies in our core research universe on a variety of ESG metrics including environmental credentials, business ethics and human rights issues. This allows us to add a quantitative ESG overlay to our normal assessment of a company's investment appeal in the broadest sense.

Further to this, the charities business has always had a key focus on responsible investing. ESG factors are incorporated into our standard investment process, from which all clients benefit. We also have the ability to add specific additional restrictions on a client-by-client basis, which is a key benefit of our bespoke approach. We have been working with charities in the UK for more than 80 years and currently manage £2.9 billion on behalf of nearly 1 169 charities. We work closely with each charity client to create an investment portfolio that is tailored to their needs, aims and ethical considerations.

WEALTH & INVESTMENT

(continued)

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

Much of the future outlook is clearly dependent on the development of the COVID-19 virus and progress in controlling the pandemic. The outcome of this effort and the consequent impact on financial markets, will be the largest determinant of the impact on performance of the business in the coming financial year.

Nevertheless, we approach the future confident that we have the skills and experience to navigate these unprecedented circumstances. The business has strong foundations, honed over many years and the support of a very loyal client franchise, both direct and via intermediaries. The balance sheet is resilient and liquidity robust.

We also expect that there will be opportunities emerging from the pandemic – increasing demand for advice and more rapid digitalisation, for example – and we are positioning ourselves to capitalise on those.

The new financial year has started with a leadership transition; after more than 20 years with Investec, including the past decade as chief executive officer (CEO) of the UK Wealth & Investment business, Jonathan Wragg stepped down from his position as CEO on 1 April 2020. He is succeeded by Ciaran Whelan (acting Investec group head of risk) subject to regulatory approval. Jonathan and Ciaran will be working together through a handover period to 30 June 2020. The group thanks Jonathan for his many years of dedication, commitment, and the work that he has done in helping to build the UK Wealth & Investment business.

To conclude, most importantly, our prime objective remains to support and stay close to our clients, to ensure we continue to deliver the excellence of service that they expect and value.

Q&A

Henry Blumenthal

Southern Africa business leader

Q How did the operating environment impact your business over the past financial year?

The operating environment in South Africa has been characterised by persistent market volatility, structural challenges, and weak growth. Notwithstanding this, we have generated significant inflows from our discretionary and annuity client base during the year. Clients continued to internationalise their investment portfolios leveraging off our unique offering which allows clients to invest and bank locally and in the UK, all in One Place™.

The immediate reaction of financial markets to the COVID-19 pandemic and consequent action taken across the globe to "flatten the curve" resulted in a contraction of equity markets globally as well as a weakening of the Rand. This impacted overall levels of assets under management at financial year-end.

The operational response of our business has been a robust, agile transition into remote working, enabling a seamless continuation of service to our clients.

Q What progress was made in the past financial year in respect of the group's key strategic objectives?

Over the course of the year, we expanded our fiduciary and estate planning offering and continued with the development of our High Net Worth private client value proposition in conjunction with the Private Banking business. This, together with our increased focus on alternative assets, contributed to further developing our strategic offering. Furthermore, segmenting our client base has created space to enhance the efficiency and effectiveness of our business.

Our international offering has gained further traction, providing clients access to global investment opportunities across a broad investment universe. We expect this trend to continue.

We have continued to invest in our people, by actively focusing on learning and development, transformation, diversity and inclusion as well as culture and team development aimed at creating a culture of belonging, excellence, and personal growth.

Enhancement of our IT and digital capabilities across online reporting, data and client management have focused on improving client service and encouraging growth.

Q What were the key challenges in your business over the past year?

Global market volatility, as well as structural challenges and weak growth in South Africa persisted through the year. The COVID-19 pandemic in the last quarter of the financial year led to unprecedented market volatility, exacerbated by rating agency downgrades of the South African sovereign. Almost all asset classes have come under pressure, providing little room to achieve the desired level of investment returns.

Our frequent, personal engagement with our clients has helped navigate the continued low levels of investor and business confidence. These factors emphasise the importance of ensuring we maintain and enhance our solid underlying investment philosophy as well as strong client relationships.

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

As long-term investors, we acknowledge that we have the responsibility to invest in a way that promotes sustainability. Sustainability considerations, including material issues of an environmental, social and governance (ESG) nature, form part of our investment analysis and related activities. We subscribe to the Code for Responsible Investing in South Africa (CRISA) which is incorporated in our stewardship code. This code sets out how we approach our governance and stewardship responsibilities with respect to our investment activities.

Within our philanthropy offering, we enable our clients to build a legacy by uplifting the societies in which we live and maximising social impact through their donations. This offering has become more strategic in nature due to the move towards supporting more long-term sustainable solutions. At 31 March 2020, Investec managed philanthropy foundation investments to the market value of R988 million. These funds have derived income for distribution to charities on behalf of our clients to the value of approximately R29.8 million in the past year. This income is distributed by Investec charitable trusts in accordance with the decisions made by the respective foundation trustees. Of the funds allocated, 55% went to education, 29% to welfare and humanitarian, 12% to social justice initiatives and 4% to healthcare.

WEALTH & INVESTMENT

(continued)

In December 2019, we achieved carbon neutral status by offsetting the operational emissions generated from our wealth and investment activities through the purchase of carbon credits with Climate Neutral Group. This enabled us to offset our carbon footprint and contribute to the SDGs by supporting the Joburg Energy to Waste offset project, which captures methane from landfills and turns it into electricity solving two important issues facing the country: clean waste removal and access to energy.

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

Our immediate focus in these unprecedented times, is the wellbeing and safety of our staff and clients. This is paramount.

The development and global integration of our Wealth & Investment businesses remains a strategic objective within our business capabilities and our investment process. The continued development of our ESG investment strategy and alternative investment management capability will further enable clients to diversify their wealth.

Focusing and leveraging our existing resources and skills across our business will enhance the scope and scale of opportunities for growth.

We remain cost conscious and digitally driven, focusing on evolving our infrastructure and capabilities to more seamlessly service clients. Targeted marketing, a commitment to diversity, strengthening relationships and collaboration across Investec will further provide opportunities to grow and finesse our high-touch, high-tech offering.

Q What is your outlook for the coming financial year?

A record number of both fiscal and monetary stimulus packages have been provided by the South African Government and the private sector to support the economy in response to the COVID-19 pandemic, the full effects of which are unknown at this stage. The pandemic and the consequent heightened levels of uncertainty, will likely result in persistent market volatility and pressure on asset values and revenue generation.

As with any crisis, we are actively seeking out new investment opportunities for our clients in the listed space as well as across alternative asset classes.

We remain confident in the fundamentals of our business and in our long-established client relationships. As Investec, our ability to offer our clients both local and international investment management and banking services, underpinned by a high level of client service, differentiates us in the market.

SPECIALIST BANKING

Specialist expertise delivered with dedication and energy

At 31 March 2020

UK head
Ruth Leas

Southern Africa head
Richard Wainwright

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

Net core loans and advances
£24.9bn
(2019: £24.9bn)

ROE (post-tax)
8.6%
(2019*: 12.2%)

Adjusted operating profit amounted to
£383.1mn
(2019*: £502.0mn)

Customer deposits
£32.2bn
2019: £31.3bn

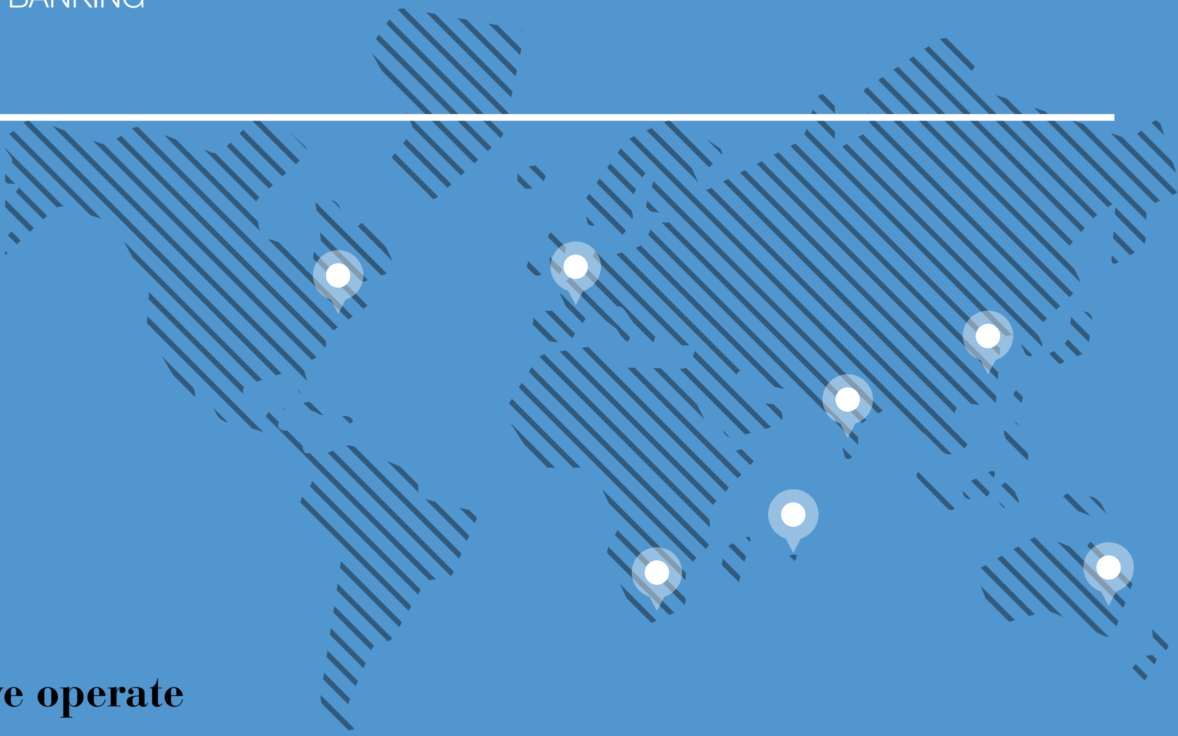
Our value proposition

- Provision of 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
- Strong ability to originate, manufacture and distribute
- Balanced business model with good business depth and breadth
- Provision of high-quality solutions to corporate and private clients, with leading positions in select areas.

* *Restated as detailed on page 60.*

SPECIALIST BANKING

(continued)



Where we operate

USA	India	UK and Europe	Hong Kong	South Africa	Mauritius	Australia
Established a presence in 1998	Established a presence in 2010	Established a presence in 1992	Established a presence in 1997	Established a presence in 1974	Established a presence in 1997	Established a presence in 1997
US Power and Infrastructure Finance, Fund Solutions and Securities	Institutional equities business providing research, sales and trading activities	Brand well established	Private equity fund solutions	Strong brand and positioning	Leading in corporate, institutional and private client banking activities	Lending, treasury solutions, capital and advisory to target market clients, also manages third party funds in Property
	Merchant banking business connecting Indian companies with domestic and international investors	Sustainable diversified business focused on banking activities for corporate, institutional and private clients		Leading in corporate, institutional and private client banking activities		

What we do

High income and high net worth private clients

Private Banking

Lending

Private capital

Transactional banking

Savings

Foreign exchange

Southern Africa
UK and Europe

Corporates / government / institutional clients

Corporate, Business and Institutional Banking

Lending

Treasury and risk management solutions

Advisory

Institutional research, sales and trading

Southern Africa
UK and Europe
Australia
Hong Kong
India
USA

Investment activities

Principal investments

Property investment and fund management

Southern Africa
UK and Europe
Australia
Hong Kong

SPECIALIST BANKING

(continued)

3

Income statement analysis

£'000	31 March 2020	31 March 2019*	Variance	% change
Net interest income	836 460	802 433	34 027	4.2%
Net fee and commission income	401 887	408 297	(6 410)	(1.6%)
Investment income	39 852	106 329	(66 477)	(62.5%)
Share of post taxation profit of associates and joint venture holdings	27 244	68 167	(40 923)	(60.0%)
Trading income arising from				
– customer flow	62 578	119 811	(57 233)	(47.8%)
– balance sheet management and other trading activities	26 641	36 760	(10 119)	(27.5%)
Other operating income	6 696	10 693	(3 997)	(37.4%)
Total operating income before expected credit losses	**1 401 358**	**1 552 490**	**(151 132)**	**(9.7%)**
Expected credit loss impairment charges	(133 302)	(66 434)	(66 868)	100.7%
Operating income	**1 268 056**	**1 486 056**	**(218 000)**	**(14.7%)**
Operating costs	(815 600)	(923 746)	108 146	(11.7%)
Depreciation on operating leased assets	(1 407)	(2 157)	750	(34.8%)
Operating profit before goodwill, acquired intangibles and strategic actions	**451 049**	**560 153**	**(109 104)**	**(19.5%)**
Profit attributable to non-controlling interests	(67 952)	(58 192)	(9 760)	16.8%
Adjusted operating profit	**383 097**	**501 961**	**(118 864)**	**(23.7%)**
UK and Other	106 735	191 632	(84 897)	(44.3%)
Southern Africa	276 362	310 329	(33 967)	(10.9%)
Adjusted operating profit	**383 097**	**501 961**	**(118 864)**	**(23.7%)**
Selected returns and key statistics				
Ordinary shareholders' equity ^	3 437 119	3 517 249	(80 130)	(2.3%)
UK and Other	1 676 344	1 463 048	213 296	14.6%
Southern Africa	1 760 775	2 054 201	(293 426)	(14.3%)
ROE (post tax) Specialist Bank ^	8.6%	12.2%		
UK and Other	6.3%	11.2%		
Southern Africa	10.5%	12.8%		
ROE (post tax) Specialist Bank excluding Group Investments ^				
UK and Other	6.2%	11.2%		
Southern Africa	12.0%	13.6%		
Cost to income ratio	61.2%	61.9%		
Operating profit per employee (£'000)*	55.1	73.0		

^ *As calculated on pages 64 and 65 based on regulatory capital requirements.*
* *Restated as detailed on page 60.*

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

- Strong loan book growth of 12.9% comprising well diversified growth across the corporate loan book as well as significant targeted growth in the High Net Worth mortgage book, is not fully reflected in a 2.2% increase in net interest income largely as a result of back-ended loan book growth.
- Net fee and commission income decreased 2.2%. The Corporate and Investment Banking and Specialist International Lending franchises saw reasonable levels of origination and sell-down activity with good fee generation. This was offset by lower equity capital markets fees resulting from persistent market uncertainty.
- Investment income decreased to £6.8 million (2019*: £89.3 million) reflecting the challenging macroeconomic backdrop during the year under review which was exacerbated by the sudden extreme market dislocation in March 2020.
- Trading income from customer flow decreased to £50.1 million (2019*: £86.0 million). Reasonable activity levels were offset by losses arising from hedging of structured products driven by the COVID-19 related sudden and sharp fall in global markets in March 2020.
- Trading income from balance sheet management and other trading activities decreased primarily due to prior year asset sales and COVID-19 related market volatility in the current year.
- As a result of the foregoing factors, total operating income before ECL decreased 16.4% to £634.6 million.
- ECL impairment charges for the period increased to £75.8 million (2019: £24.5 million), the resultant credit loss ratio amounted to 0.69% (2019: 0.38%) with the increase resulting primarily from the impact of the COVID-19 pandemic (in the form of a provision overlay reflecting a deterioration in the macro-economic scenario forecasts applied and a specific provision). Pre COVID-19, the credit loss ratio was calculated at 0.34% for 31 March 2020. Net Stage 3 exposures as a percentage of net core loans subject to ECL was 2.4% (31 March 2019: 2.2%).
- Operating costs decreased 17.6% reflecting normalised premises charges and a strong focus on cost discipline, particularly in light of tougher trading conditions. The cost to income ratio of 71.1% (2019*: 71.6%) was impacted by lower revenues.
- The overall financial impact of COVID-19 on the adjusted operating profit of the UK Specialist Bank was £55 million. Refer to page 56 for a further breakdown.

SPECIALIST BANKING

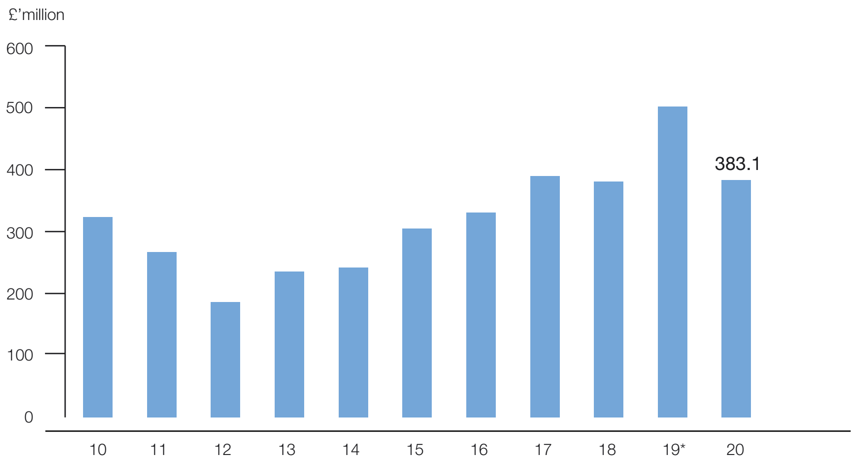
(continued)

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 Southern African Specialist Banking division are based on the Rand numbers reported.

- The Specialist Banking division reported adjusted operating profit before taxation of R 5 120 million (2019: R 5 596 million).
- Net interest income increased by 10.3% supported primarily by private client activity.
- Net fee and commission income increased by 3.6%. Good growth and activity levels from our private client base was partially offset by lower fees from the Investec Property Fund.
- Investment income increased significantly, reflecting the upward revaluation of the Investec Property Fund's European investment (largely offset by non-controlling interests) and the non-repeat of certain investment write downs in the prior year. This was partially offset by higher negative fair value adjustments on the listed equity portfolio and lower realisations given the prevailing economic backdrop in the year under review.
- Share of post-taxation profit of associates reflects earnings in relation to the group's investment in the IEP Group. The decrease year on year is as a result of a large realisation in the prior year.
- Trading income arising from customer flow decreased significantly; reasonable activity levels were offset by market movements on Investec Property Fund's hedging instruments (largely offset in non-controlling interests).
- Trading income from balance sheet management and other trading activities increased. The year on year variance was driven by COVID-19 related losses on certain trading portfolios, prior year translation gains on foreign currency assets which did not repeat in the current year, offset by currency translation gains in the current year on Investec Property Fund's UK and European investments (largely offset in non-controlling interests).
- As a result of the foregoing factors, total operating income before ECL remained flat.
- ECL impairment charges for the year increased to R1 109 million (2019: R761 million). The credit loss ratio increased to 0.36% (2019: 0.28%) due to deterioration of the macroeconomic scenarios applied (which were adjusted for COVID-19 and the South African sovereign downgrades). Pre COVID-19, the credit loss ratio was calculated at 0.21% for 31 March 2020. Since 31 March 2019 gross core loan Stage 3 assets have increased by R666 million to R4 460 million. Net Stage 3 exposures as a percentage of net core loans subject to ECL was 0.9% (31 March 2019: 0.8%).
- Operating costs were well contained, remaining flat year on year. Taken together with broadly flat revenue, the cost to income ratio increased to 52.3% (2019: 51.7%).
- The overall financial impact of COVID-19 on the adjusted operating profit of the South African Specialist Bank was approximately R1.2 billion (£50 million). Refer to page 56 for a further breakdown.

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.*

* *The 2019 financial year information has been restated to exclude the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures (as detailed on pages 59 to 60) in order to ensure a like-for-like basis with the 2020 financial year information. All other prior years have not been restated.*

SPECIALIST BANKING

(continued)

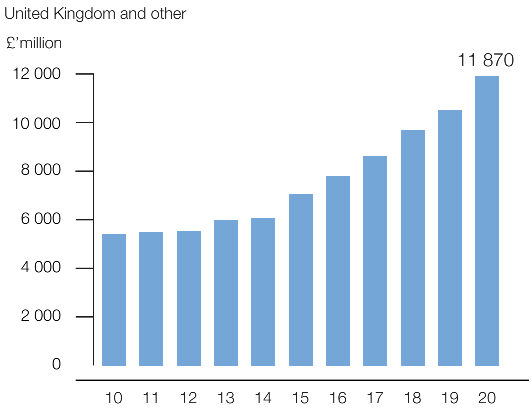
3

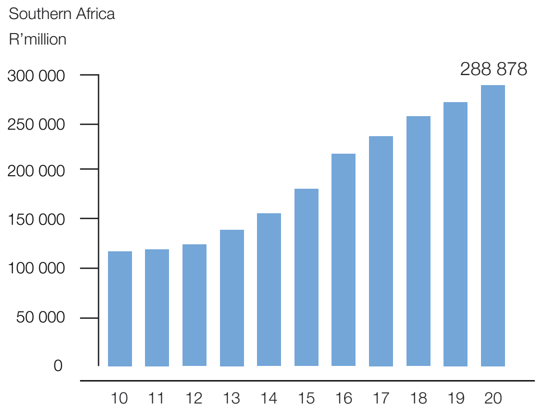
Analysis of key earnings drivers

Net core loans and advances

	£'million			Home currency (million)		
	31 March 2020	31 March 2019	% change	**31 March 2020**	31 March 2019	% change
UK and Other	11 870	10 514	12.9%	11 870	10 514	12.9%
Southern Africa	13 041	14 427	(9.6%)	288 878	271 204	6.5%
Total	**24 911**	**24 941**	**(0.1%)**			

Net core loans and advances



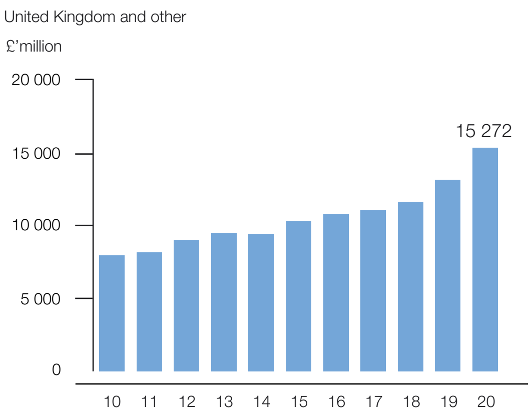


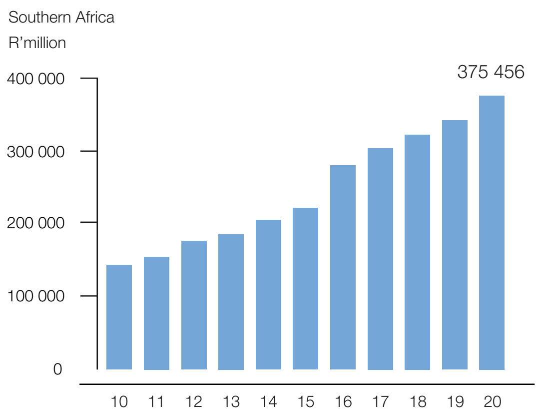
Trend reflects numbers as at the year ended 31 March.

Total deposits

	£'million			Home currency (million)		
	31 March 2020	31 March 2019	% change	**31 March 2020**	31 March 2019	% change
UK and Other^	15 272	13 137	16.3%	15 272	13 137	16.3%
Southern Africa	16 949	18 171	(6.7%)	375 456	341 578	9.9%
Total	**32 221**	**31 308**	**2.9%**			

Total deposits





Trend reflects numbers as at the year ended 31 March.

^ *As at 31 March 2020, certain Investec structured products amounting to £823 million have been reclassified from Debt securities in issue to Customer deposits in order to better reflect the underlying characteristics, contractual terms and liquidity of these products. The prior year has not been restated. The increase in customer deposits would have been 10.0% excluding this reclassification.*

SPECIALIST BANKING

(continued)

An analysis of net core loans and advances over the year

Refer to further information on pages 34 to 37 in volume two.

Net core loans and advances – Southern Africa

R'million	31 March 2020	31 March 2019	% change
Lending collateralised by property	**48 913**	**46 321**	**5.6%**
Commercial real estate	**44 913**	**42 876**	**4.8%**
Commercial real estate – investment	39 713	37 419	6.1%
Commercial real estate – development	4 348	4 873	(10.8%)
Commercial vacant land and planning	852	584	45.9%
Residential real estate	**4 000**	**3 445**	**16.1%**
Residential real estate – development	3 360	2 822	19.1%
Residential real estate – vacant land and planning	640	623	2.7%
High net worth and other private client lending	**147 126**	**138 612**	**6.1%**
Mortgages	79 692	73 321	8.7%
High net worth and specialised lending	67 434	65 291	3.3%
Corporate and other lending	**92 839**	**86 271**	**7.6%**
Corporate and acquisition finance	11 928	13 157	(9.3%)
Asset-based lending	7 038	5 748	22.4%
Fund finance	8 382	5 082	64.9%
Other corporates and financial institutions and governments	54 815	51 018	7.4%
Asset finance	3 652	3 864	(5.5%)
Small ticket asset finance	1 993	1 986	0.4%
Large ticket asset finance	1 659	1 878	(11.7%)
Power and infrastructure finance	6 886	6 848	0.6%
Resource finance	138	554	(75.1%)
Total net core loans	**288 878**	**271 204**	**6.5%**

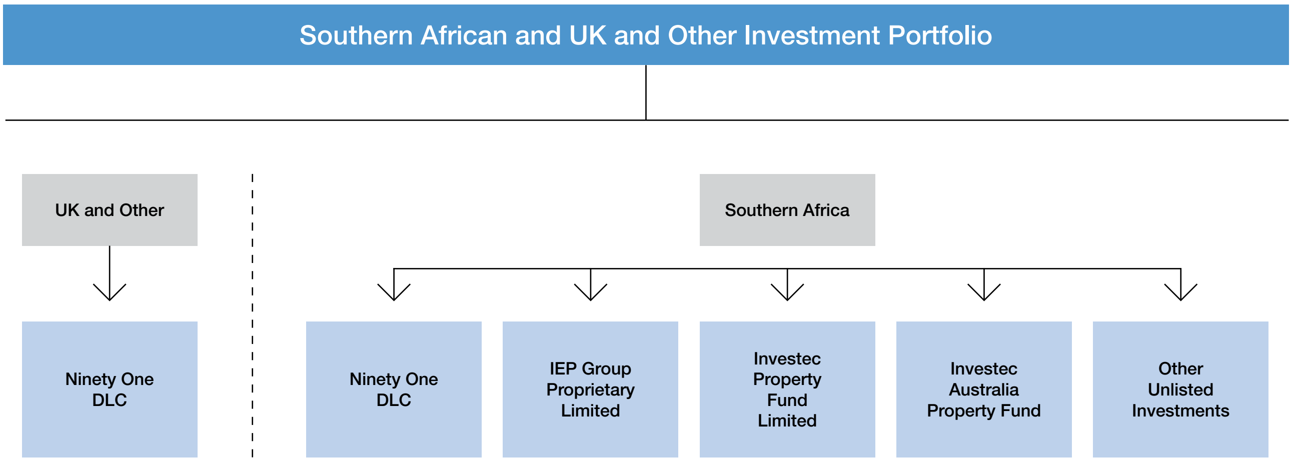
Net core loans and advances – UK and Other

£'million	31 March 2020	31 March 2019	% change
Lending collateralised by property	**1 949**	**1 871**	**4.2%**
Commercial real estate	**1 231**	**1 149**	**7.1%**
Commercial real estate – investment	1 039	1 020	1.9%
Commercial real estate – development	187	122	53.3%
Commercial vacant land and planning	5	7	(28.6%)
Residential real estate	**718**	**722**	**(0.6%)**
Residential real estate – investment	313	392	(20.2%)
Residential real estate – development	387	306	26.5%
Residential real estate – vacant land and planning	18	24	(25.0%)
High net worth and other private client lending	**3 126**	**2 326**	**34.4%**
Mortgages	2 482	1 823	36.1%
High net worth and specialised lending	644	503	28.0%
Corporate and other lending	**6 795**	**6 317**	**7.6%**
Corporate and acquisition finance	1 758	1 657	6.1%
Asset-based lending	458	393	16.5%
Fund finance	1 312	1 210	8.4%
Other corporates and financial institutions and governments	758	640	18.4%
Asset finance	1 957	1 894	3.3%
Small ticket asset finance	1 716	1 538	11.6%
Large ticket asset finance	241	356	(32.3%)
Power and infrastructure finance	501	498	0.6%
Resource finance	51	25	>100%
Total net core loans	**11 870**	**10 514**	**12.9%**

SPECIALIST BANKING

(continued)

Group Investment Portfolio



Ninety One DLC (Ninety One)

On 13 March 2020, Investec successfully completed the demerger of its asset management business (Investec Asset Management), which became separately listed as Ninety One on 16 March 2020. Investec maintained a 25% stake in Ninety One, with 16.3% held in Investec plc and the remaining 8.7% held in Investec Limited.

Investec accounts for its combined 25% investment in Ninety One by applying equity accounting and the value of the associate investment was £334 million at 31 March 2020. The market value of the stake held in Investec plc was £259.5 million and £126.4 million (R2.8 billion) in Investec Limited.

IEP Group Proprietary Limited (IEP)

IEP is an investment holding company that was born out of the Investec Private Equity portfolio which was sold to IEP in January 2016. Investec retained an interest in IEP as the major shareholder. Following the realisation of several investments, IEP now holds a controlling stake in the Bud Group. The Bud Group is an operational services, manufacturing and distribution group. As an integrated group, Bud's scale, relevance, and efficient diversified business model positions it as leaders in its markets.

BUD has diversified growth businesses across four chosen platforms:

- **Chemicals and Minerals**

  By combining the strengths of a number of focused group companies, Bud Chemicals and Minerals has established itself as a major operator in the industries of mining, manufacturing, importing, stock and distribution of raw chemicals and minerals.

- **Industrial Services**

  By bringing together a number of South Africa's oldest and most established industrial brands including Concord Cranes, Goscor, Uni-span, Prowalco Tatsuno, Augusta Steel and Afrit, Bud Industrial Services was born.

- **Building Materials**

  Corobrik has evolved into the major South African manufacturer of clay masonry products, paving, and concrete earth retaining systems in the building materials industry.

- **Financial Services**

  Assupol is a proudly South African insurance company in the financial services industry with a history that dates back to 1913.

SPECIALIST BANKING

(continued)

Investec holds a 47.4% stake in IEP and the investment is equity accounted with a value of £253.3 million (R5.6 billion) at 31 March 2020. During the current financial year, Investec recognised equity accounted earnings of £18.6 million (R343 million) in relation to this investment. Management critically evaluated the equity accounted value of the investment and consequently recognised an impairment of £45.4 million.

Investec Property Fund Limited (IPF)

Investec Property Fund Limited (IPF) is a South African Real Estate Investment Trust (REIT) which listed on the Johannesburg Stock Exchange (JSE) in 2011. The investment portfolio is made up of direct and indirect real estate investments in South Africa, Australia, the UK and Europe. The direct investments comprise 98 properties in South Africa, with a total gross lettable area (GLA) of 1,158,249m² valued at £762.9 million (R16.9 billion).

In 2016 IPF embarked on an offshore investment strategy to introduce geographic diversification and exposure to quality real estate in developed markets. IPF's offshore investments now include a 9.2% interest in Investec Australia Property Fund (IAPF) of R0.7 billion, a 38% interest in a UK portfolio of properties of R1.1 billion, a 75% interest in a Pan-European logistics portfolio of £293.4.6mn (R6.5 billion) and a recent investment into a Pan-European light industrial portfolio of £9 million (R0.2 billion).

Investec has a 24.31% shareholding in IPF and consolidates the fund with a net asset value of £663.6 million (R14.7 billion). The portion that relates to Investec is £161.5 million (R3.6 billion).

Investec Property (Pty) Ltd, a wholly owned subsidiary of Investec, and is the appointed asset manager of IPF.

Investec Australia Property Fund (IAPF)

Investec Australia Property Fund (IAPF) is a listed Australian domiciled real estate investment trust that is registered in Australia under the Corporations Act 2001 as a managed investment scheme and regulated by the Australia Securities and Investments Commission.

The Fund has been established to invest in quality commercial real estate (office, industrial and retail) that is well located in major metropolitan cities or established commercial precincts in Australia and New Zealand. The fund currently holds 30 properties with a portfolio value of AUD 1 085mn, an occupancy rate of 99.0%, a gross leasable area of 333 889m² and a weighted average lease expiry of 4.5 years.

Investec holds a direct interest of 9.2% and an indirect shareholding through IPF of 2.2% in IAPF. The direct interest is measured at a fair value of £30.3 million (R672 million) and the indirect holding at a fair value of £7.3 million (R161 million).

Other unlisted investments

Investec holds certain other historical unlisted equity investments to the value of £57.7 million (R1.2 billion).

SPECIALIST BANKING

(continued)

3

Additional information on the group's Southern African investment portfolio

31 March 2020	Asset analysis £'000	Income analysis £'000	Asset analysis R'million	Income analysis R'million
Ninety One**	109 014	775	2 415	16
Investec Equity Partners (IEP)	253 290	18 364	5 611	343
Equity investments^	55 585	(11 043)	1 232	(207)
Property investments*	194 831	29 288	4 306	520
Total equity exposures	**612 720**	**37 654**	**13 564**	**672**
Associated loans and other assets	2 313	173	51	3
Total exposures on balance sheet	**615 033**	**37 827**	**13 615**	**675**
Debt funded	323 948	(25 194)	7 167	(516)
Equity	291 085		6 448	
Total capital resources and funding	**615 033**		**13 615**	
Adjusted operating profit		**12 633**		**159**
Taxation		(3 425)		(52)
Operating profit after taxation		**9 208**		**107**
Risk-weighted assets	**2 531 176**		**56 072**	
Ordinary shareholders' equity held on investment portfolio – 31 March 2020	291 085		6 448	
Ordinary shareholders' equity held on investment portfolio – 31 March 2019	340 430		6 400	
Average ordinary shareholders' equity held on investment portfolio – 31 March 2020	315 758		6 424	
Post-tax return on adjusted average ordinary shareholders' equity – 31 March 2020		**2.9%**		

* *The group's investment holding of 24.3% in the Investec Property Fund and 11.4% (9.2% held directly and 2.2% held indirectly via IPF) in the Investec Australia Property Fund.*

^ *Does not include equity investments residing in our corporate and private client businesses.*

** *Investec Limited's holding of 8.7% in the Ninety One group.*

Additional information on the group's UK and Other investment portfolio

31 March 2020	Asset analysis £'million	Income analysis £'000
Ninety One^^	225 343	4 091
Risk-weighted assets		
Ordinary shareholders' equity held on investment portfolio – 31 March 2020	97 640	
Ordinary shareholders' equity held on investment portfolio – 31 March 2019	–	
Average ordinary shareholders' equity held on investment portfolio – 31 March 2020	48 820	
Post-tax return on adjusted average ordinary shareholders' equity – 31 March 2020		**8.4%**

^^ *Investec plc's 16.3% holding in the Ninety One group.*

Further analysis of adjusted operating profit

31 March 2020 £'000	UK and Other	Southern Africa	Total group
Net interest expense	–	(54 288)	(54 288)
Net fee and commission income	–	72 666	72 666
Investment income	–	39 194	39 194
Share of post taxation profit of associates and joint venture holdings	4 091	18 985	23 076
Trading and other operating profits	–	14 135	14 135
Total operating income before expected credit loss impairment charges	**4 091**	**90 692**	**94 783**
Expected credit loss impairment charges	–	(8 154)	(8 154)
Operating income	**4 091**	**82 538**	**86 629**
Operating costs	–	(2 815)	(2 815)
Operating profit before goodwill, acquired intangibles and strategic actions	**4 091**	**79 723**	**83 814**
Profit attributable to other non-controlling interests	–	(67 090)	(67 090)
Adjusted operating profit	**4 091**	**12 633**	**16 724**

SPECIALIST BANKING

(continued)

Additional information on the group's Southern African investment portfolio

31 March 2019	Asset analysis £'000	Income analysis £'000	Asset analysis R'million	Income analysis R'million
Investec Equity Partners (IEP)	328 963	66 757	6 184	1 193
Equity investments^	81 614	(47 860)	1 535	(881)
Property investments*	237 386	34 594	4 458	631
Total equity exposures	**647 963**	53 491	**12 177**	**943**
Associated loans and other assets	3 471	863	65	15
Total exposures on balance sheet	**651 434**	54 354	**12 242**	**958**
Debt funded	310 766	(27 066)	5 842	(477)
Equity	340 668		6 400	
Total capital resources and funding	**651 434**		**12 242**	
Adjusted operating profit		**27 288**		**481**
Taxation		3 319		61
Operating profit after taxation		**30 607**		**542**
Risk-weighted assets	**2 422 287**		**45 539**	
Ordinary shareholders' equity held on investment portfolio – 31 March 2019	340 668		6 400	
Ordinary shareholders' equity held on investment portfolio – 31 March 2018	367 310		6 909	
Average ordinary shareholders' equity held on investment portfolio – 31 March 2019	353 989		6 655	
Post-tax return on adjusted average ordinary shareholders' equity – 31 March 2019		**8.6%**		

* *The group's investment holding of 26.6% in the Investec Property Fund and 20.6% (15.1% held directly and 5.5% held indirectly via IPF) in the Investec Australia Property Fund.*

^ *Does not include equity investments residing in our corporate and private client businesses.*

Further analysis of adjusted operating profit

31 March 2019 £'000	UK and Other	Southern Africa	Total
Net interest expense	–	(60 008)	(60 008)
Net fee and commission income	–	79 388	79 388
Investment loss	–	(7 043)	(7 043)
Share of post taxation profit of associates and joint venture holdings	–	66 762	66 762
Trading and other operating losses	–	8 829	8 829
Total operating income before expected credit loss impairment charges	**–**	**87 929**	**87 929**
Expected credit loss impairment charges	–	(1 584)	(1 584)
Operating income	**–**	**86 345**	**86 345**
Operating costs	–	(1 065)	(1 065)
Operating profit before goodwill, acquired intangibles and non-operating items	**–**	**85 280**	**85 280**
Profit attributable to other non-controlling interests	–	(57 992)	(57 992)
Adjusted operating profit	**–**	**27 288**	**27 288**

SPECIALIST BANKING

(continued)

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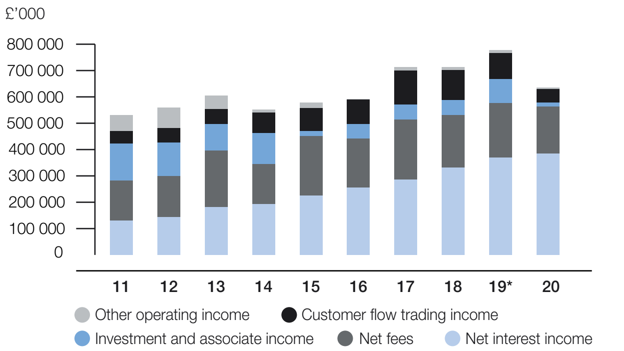
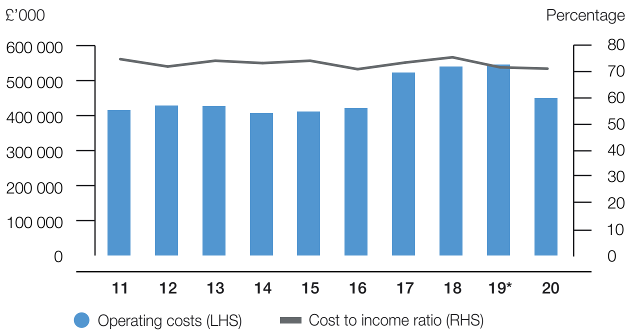
UK and Other Specialist Bank ongoing

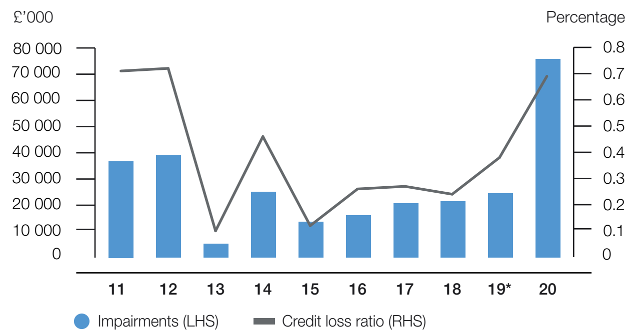
Operating income



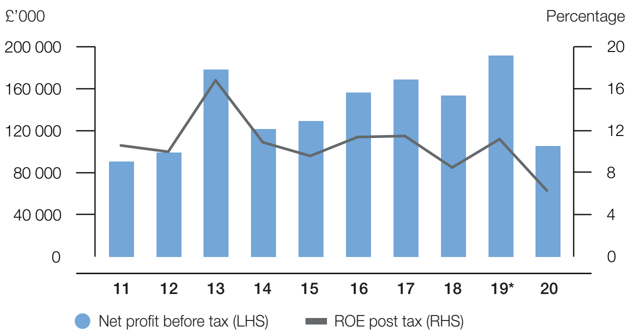
Operating costs



*Expected credit losses/impairment losses^*

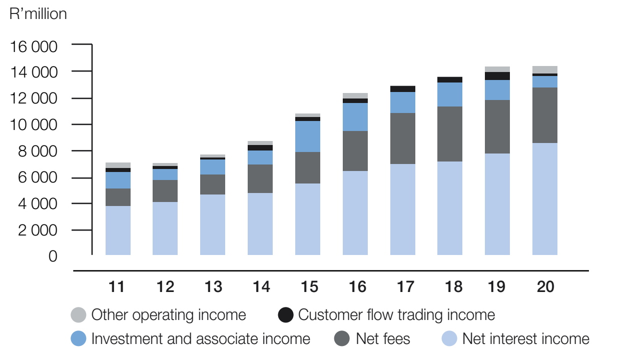


Net profit before tax and ROE

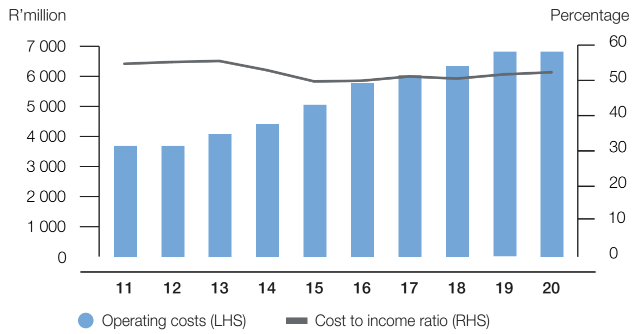


Southern Africa Specialist Bank

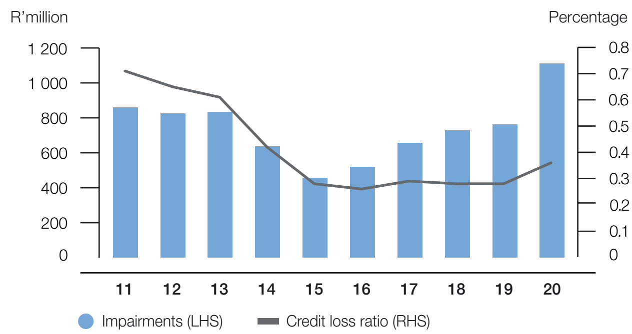
Operating income



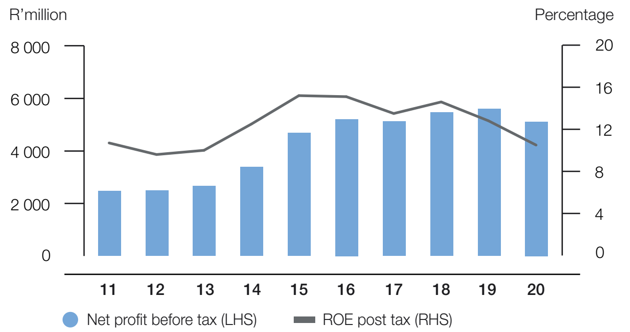
Operating costs



*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 and March 2020 reflect specialist banking statutory results.

^ *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 from the year ended 31 March 2019 have been calculated on an IFRS 9 basis, comparative years have been calculated on an IAS 39 basis.*

* *The 2019 financial year information has been restated to exclude the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures (as detailed on pages 59 to 60) in order to ensure a like-for-like basis with the 2020 financial year information. All other prior years have not been restated.*

SPECIALIST BANKING

(continued)

Q&A

Ruth Leas

UK and Other business leader

Q *How did the operating environment impact your business over the past financial year?*

Brexit, heightened UK political uncertainty, and geopolitical tensions sparked by US trade wars adversely impacted activity levels in the UK over the past year, making the UK operating environment very challenging. Against this backdrop, the UK Specialist Bank delivered a good performance from our core client franchise businesses; our private banking activities, corporate and investment banking lending activities as well as our international specialist sector client franchises. The COVID-19 global pandemic combined with an oil price shock struck global markets with material impacts during late February and March of our financial year. The sudden imposition of lockdown in the UK as well as many countries across the world, together with the unprecedented speed and magnitude of market movements following the COVID-19 outbreak, heavily impacted full year performance of the UK Specialist Bank.

Prior to the COVID-19 and oil price shock, the UK Specialist Bank was on track to deliver a performance similar to that of the first half of the financial year. Costs were managed very tightly and significantly reduced over the financial year while the business focused on growing scale in our client franchises, with a firm strategic focus on meeting the bank's medium term targets. Loan book growth was strong at 13% comprising well diversified growth across the corporate loan book as well as significant targeted growth in our High Net Worth mortgage book.

As in the first half of the financial year, business confidence in the UK continued to be materially impacted by Brexit and political uncertainty, and even post the December 2019 UK election, there was still limited appetite for equity capital market activities which resulted in significantly lower fees and commissions from this business, continuing the trend we had seen in the first half of the financial year. The Corporate and Investment Banking lending franchises and International Specialist franchises delivered strong fees and loan growth, demonstrating Investec's well established client franchises and relationships developed over many years in these areas. We continued to apply strong credit discipline while selectively growing the loan book. Our Corporate Banking business saw reasonable activity across all business areas, including corporate hedging and risk management solutions which benefited from the volatility in exchange rates during the year.

The Private Banking business delivered a strong operating performance evidenced by robust loan book growth and client acquisition ahead of budget. Productivity remained high with the Private Banking business able to increase scale whilst simultaneously managing costs.

The sharp economic shock from the COVID-19 pandemic and oil price plunge towards the end of the financial year, where we experienced the fastest market setback on record, significantly impacted full year results.

The impact is a combination of increased COVID-19 related specific and general credit impairment provisions, negative fair value adjustments across various exposures and certain investments, as well as losses arising from the hedging of structured products due to the extraordinary market dislocation. We have actively taken steps to reduce variable costs to reflect the impact of this exceptional change in environment on our business.

The pandemic has had a substantial impact on people, economies and markets across the globe and the full impact remains to be seen and understood. We entered this period of extreme uncertainty and very low interest rates with strong financial and operational resilience and continue to maintain elevated levels of liquidity and a strong capital position, while being lowly geared (maintaining a high leverage ratio). We successfully and rapidly transitioned our operations to working from home and our focus has been on supporting our people, our clients and our communities through the unexpected uncertainty and disruption. We have put in place a number of client support measures over this time, staying close to our clients as they adjust to rapidly changing circumstances. We remain focused on balancing our commitment to support clients whilst carefully managing portfolio risks and remaining alert to potential opportunities as and when they arise.

Q *What progress was made in the past financial year in respect of the group's key strategic objectives?*

Capital discipline

The Corporate and Investment Banking business remained focused on disciplined capital allocation and delivering appropriate returns on capital at a client level. Our institutional sales syndication strategy remains a key part of optimising our capital and balance sheet, enabling us to reduce capital commitment and to enhance returns via syndication fees, as well as creating a capital-light fee stream.

SPECIALIST BANKING

(continued)

We have reduced our investment portfolio exposure substantially (excluding our investment in Ninety One plc), in line with our objective of reducing income volatility, optimising capital allocation, and redirecting capital to our core client franchises.

During the year we implemented a branch structure in Australia that has driven some capital, cost and funding efficiencies.

We continue to meet the group's capital and leverage ratio targets. In addition, as part of the PRA's most recent Internal Capital Adequacy Assessment Process (ICAAP), the Investec plc Pillar 2A capital requirement was reduced from 1.51% to 1.12%. This, together with the reduction in the UK Countercyclical Capital Buffer (CCyB) (which was reduced by the PRA in light of the current economic environment), has resulted in a lower CET1 regulatory minimum for Investec plc, substantially increasing our regulatory capital surplus.

Growth initiatives

We continued to gain good traction in Private Banking in growing our loan book, retail funding and client base in line with targets. Our mortgage book grew 36% since 31 March 2019 and we are ahead of our targets in respect of client acquisition in our banking proposition, having on-boarded approximately 1 100 new high net worth (HNW) clients over the period (to c.5000 clients at 31 March 2020) moving us closer to our target of at least 6 500 HNW clients by March 2022. We have also successfully grown our client base in our Private Capital business.

Our Corporate and Investment Banking business implemented a number of growth initiatives over the past year in pursuit of our strategic objectives:

- Created a single relationship management coverage team across Corporate Banking, which has considerably improved our ability to engage with and deliver our full 'One Investec' offering to existing and target clients
- Continued to invest in our Corporate Banking franchise to enhance our offering to corporates and larger SMEs, following the £15 million award in July 2019 from the Banking Competition Remedies Limited (BCR) Capability and Innovation Fund
- Grew our corporate lending book by 7.6% since 31 March 2019
- Acquired a market-leading specialist closed-end fund team to complement our advisory business, and delivered a top ranking in the Investment Companies small-to-mid cap space
- The Power and Infrastructure Finance teams focused on expanding into new sectors and adding additional products where we can leverage our existing expertise and clients and connect to new clients
- Expanded our Fund Solutions (formerly named Fund Finance) business to include offerings which will boost overall returns without tying up excessive capital.

Cost management

There has been an ongoing strategic review of our cost infrastructure with a view to effecting cost efficiencies.

There was a substantial reduction in costs year on year, driven by no repeat of double premises charges as well as a strong focus on cost discipline, particularly in light of tougher market conditions. We have contained costs by focusing on productivity and automation across the businesses without impacting on activity levels. We are focused on building smart systems to support growth and we have delivered significant improvements in a number of areas such as client lifecycle optimisation over the past year.

In addition to the substantial reduction in the overall fixed cost base, we have also significantly reduced variable remuneration to adjust for the impact on our business from the severely disrupted economic and market conditions surrounding the COVID-19 pandemic.

Connectivity

The Private Banking and Wealth & Investment businesses have identified areas of overlap both in clients and cost synergies. Collaboration has been enhanced through the implementation of an integrated Client Relationship Management (CRM) system as well as a dedicated team focusing on collaboration. Specific client segments have been identified as key common areas and as such prioritised, each requiring a different strategy and each providing an opportunity to increase connectivity and reduce costs over time.

We now have a fully embedded client-centric operating model, joining up our existing franchises to deliver a 'One Investec' offering. For example, the creation of Corporate Banking and Private Banking sales teams. This is helping to increase the level of referrals to the Wealth & investment business.

We have also created a Funds client group, encompassing the Fund Solutions lending business, Fund Solutions Hedging team and the Private Banking team focused on offering mortgages, bank accounts and other products to the funds community to enhance our ability to serve this important client group.

SPECIALIST BANKING

(continued)

There are also ongoing efforts across the private banking ecosystem to continue offering South African clients a unique international proposition.

Digitalisation

We continue to invest in the modernisation of our businesses leveraging new technologies to enable flexibility, improve efficiencies and accelerate the launch of innovative products and services.

From a client perspective, during the year we launched Investec IX, our corporate digital platform. This included the launch of an online Business Savings account which enables seamless account opening and the ability to self-service reinvestment of our fixed term product online. The launch of these platforms has greatly enhanced our corporate retail deposits capability.

We made good progress in modernising our internal technology. The build out of our open banking platform as a channel has enabled seamless integration with Fintechs, other banks and investment managers. Clients of Monzo, Flagstone, MoneyBox and others are now benefiting from our high quality cash savings suite through this new channel. This new collaborative method of distributing our retail deposit-taking capability is allowing Investec to access new clients and introduce the Investec brand to additional markets.

We are making targeted investments into our Artificial Intelligence (AI) capability, and ensuring we are using analytics and data capabilities to deliver differentiated and personalised solutions. Security and the protection of our clients' data remains a top priority. Progress made in this regard includes enhancements of security features on Investec's online and mobile app, such as multi-factor authentication, face bio-metrics, and 3D secure payments technology.

We have delivered efficiencies and cost savings through a simplification of our operating model, leveraging shared platforms and capabilities across our infrastructure globally. This includes embedding new robotic process automation technologies (RPA) to optimise some of our core operations, reducing operational risk and containing costs.

For our colleagues, our digital workplace initiatives allowed our people to increase connectivity and productivity with new communication and collaboration tools, leading to new ways of agile working and innovation. The focus on our digital workplace strategy enabled us to rapidly respond to the COVID-19 crisis, allowing us to transition to remote working whilst still being able to meet our operational needs and best serve our clients.

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

The integration of environmental and social considerations into daily business operations and strategy is continually evolving. Climate-related shareholder resolutions are increasing across the banking sector, which together with the increased focus from the PRA in the UK, has brought climate issues to the fore of many stakeholder discussions.

Recognising our responsibility to help finance a cleaner world, we were the eighth bank in the UK to publicly announce our support for the Task Force on Climate-related Financial Disclosures (TCFD). In the past year, we have evaluated our balance sheet to better understand the physical and transitional climate risks we may have in our portfolios and enhanced our disclosures in our 2020 group sustainability and ESG supplementary information report. We look forward to the proposals due to be released by the UK Financial Conduct Authority (FCA) with further clarity on climate scenarios.

In line with our international peers, we have published a fossil fuel policy affirming our commitment to working with our clients and stakeholders to reduce and limit our exposures to fossil fuels and continue our deliberate focus on promoting renewable and clean energy solutions. For example, our power and infrastructure business plays a leading role in financing clean energy and our asset finance business has launched a sustainable energy finance arm to fund renewable energy assets.

We continue to advocate responsible behaviour to manage our own operational footprint by avoiding, minimising and limiting our emissions. We attained net-zero carbon emissions status in February 2020, committing to ongoing carbon neutrality. We won our 16th Platinum Award in the City of London's Clean City Award Scheme for best practice in waste management.

SPECIALIST BANKING

(continued)

3

What were the key challenges in your business over the past year?

The key challenges were presented predominantly by markets; with market uncertainty impacting deal volumes, equity capital market fees, valuations and trading revenue. In addition, the impact of COVID-19 has been very challenging given the extremely fast and sharp movements in markets witnessed towards the end of our financial year. At this stage, it is unclear how long these effects will continue for.

The pandemic and related social containment measures posed challenges across our supply-chain, clients and our staff, all of whom have had to adapt to a new way of operating in a short space of time. Keeping our people focused and positive has been crucial.

The real economy impacts of COVID-19 and the oil price shock remain to be seen and understood, meaning uncertainty remains a challenge.

What are your strategic objectives in the coming financial year?

At the time of writing, the UK and other economies are experiencing a sharp contraction in growth together with sharply increasing levels of unemployment. The highly uncertain outlook ahead and very low interest rate environment, is further exacerbated by the elevated geopolitical tension between the US and China, particularly ahead of the US presidential election in November. The ability to execute and deliver on all our strategic objectives will be challenging during 2020. Nevertheless, we remain committed to our strategy which is to focus on building scale in our core client franchises, which have delivered good performance even under difficult conditions, and to reduce activities causing income volatility. We are also keenly focused on simplifying our operating model and effecting cost efficiencies following an ongoing strategic review of our cost infrastructure.

The Private Banking business continues to focus on four key objectives namely; growing clients, growing lending to these clients, driving down the cost-of-funds in our retail savings channel and improving productivity through scale and reducing costs. In the coming year, supporting our existing clients, preserving our loan book, as well as actively looking to further reduce our cost-base will be key.

An overarching key ambition is to improve connectivity between the Specialist Bank and Wealth & Investment by developing a clear client approach to enhance the client's 'One Investec' experience and drive bottom line growth.

Our Corporate and Investment Banking business remains focused on its key strategies:

- Continuing to develop a Corporate Banking business that offers small to mid-sized companies the breadth of products and level of service that reflects their importance to the UK economy. We have a clear investment programme to achieve an enhancement of our offering, supported in part by the £15 million funding from the BCR Capability and Innovation Fund. We remain on track to deliver this plan, which includes enhancements to existing business areas (motor finance, asset finance, foreign exchange), diversification in income (renewables finance and wider strategic opportunities) and significant development of our digital capability
- Converting our unique Investment Banking proposition, a full-service UK Investment Bank with international reach and a client-partnership model, into pre-eminence in the mid-market. This includes meaningfully increasing our corporate client base and growing our business sustainably in the listed space, and making Investec the "first call" for those operating in the Private Equity mid-market
- Strengthening the reputation of our International Specialist Franchises by being at the cutting edge of constantly changing industries.

We will also continue to drive our high-tech, high touch offering by building smart digital systems to support growth.

We embrace the role that the financial sector must play in achieving the United Nations Sustainable Development Goals (SDGs). We have established a working group tasked with identifying commercial opportunities to enhance socio-economic and environmental impacts and to incorporate sustainability into our specialist banking franchise.

Our export and agency finance team play a leading role in the fast-developing impact and SDG finance market. They were a founder member and deputy chair of the International Chamber of Commerce (ICC) Export Finance Sustainability Working Group of banks to engage with stakeholders on the role of sustainability in export finance. The team is also working with a new Impact Debt Fund, Acre Capital, which is grant supported by The Rockefeller Foundation. This US$300 million initial fund is due to launch in the second quarter of 2020 and is focused on co-financing projects which meet SDG objectives alongside export credit agencies.

SPECIALIST BANKING

(continued)

Our 2020 group sustainability and ESG supplementary information report provides further detail on the many initiatives we support and fund as part of our commitment to the SDGs.

At Investec we know that diversity of thought is critical to increasing our ability to innovate, adapt and perform, and therefore we are focused on attracting, developing and retaining a diverse and representative workforce. We believe that more diverse groups will give rise to a more inclusive environment where we value the differences in who we all are, encourage challenge and welcome the unique perspective that each individual brings. At Investec our vision for Belonging, Inclusion and Diversity (BID) is for everyone to find it easy to be themselves, and to feel they belong. Our commitment to BID builds on our diversity principles, which include specific strategic objectives to increase our female representation in general and in senior leadership in particular.

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

In light of significant dislocation in the external market due to the COVID-19 pandemic it is unclear how the economy and our clients will adjust over the coming months and years, and we therefore cannot provide specific forward looking guidance at this stage. We are focused on taking care of our employees, ensuring business continuity and support for our clients, and backing our CSI partners and helping the communities around us particularly regarding food security. We have responded quickly to the operational and client impacts resulting from COVID-19 and our intention is to leverage this wherever possible to improve our business for the long term. At the moment we are working through a range of different scenarios to position ourselves to both manage the risks and take advantage of opportunities. Given the uncertainty around the evolving economic downturn, and the very low interest rate environment, the year ahead will be challenging. We entered this crisis with experience from the Global Financial Crisis to navigate through challenging circumstances, as well as considerable strength with respect to our high levels of liquidity, strong capital and low level of gearing (maintaining a high leverage ratio).

We have clear strategic focus areas, well established client franchises which have been developed over many years, and we continue to see scope to develop opportunities with both existing and new clients.

SPECIALIST BANKING

(continued)

Q&A

Richard Wainwright

Southern Africa business leader

Q How did the operating environment impact your business over the past financial year?

The tough operating environment in the first six months of the financial year continued through the second half, exacerbated in quick succession by a technical recession, South African sovereign credit rating downgrades by Moody's and Fitch, a rising public sector debt trajectory and the recent ongoing public health and economic effects of COVID-19. Notwithstanding this environment, the results of the Specialist Bank in South Africa reflect a good performance from our core franchise businesses, namely the Corporate and Institutional Bank, Private Bank and the Investment Bank. This was offset by a weak performance across our investment portfolio.

The Corporate and Institutional Bank's lending activities were impacted by low levels of business confidence, weak domestic demand and tighter margins. Muted GDP growth and slow deal activity led to more competitive pricing between banks resulting in core loans and advances across corporate and specialist lending activities remaining fairly flat year on year. The deposit book grew, with a significant portion of the increase occurring during March 2020, as large financial institutions and asset managers placed more deposits with us, as they become more defensive in the current economic climate. Overall, performance was broadly in line with the prior year despite the negative impact increased market volatility had on the trading book.

Within the Private Bank, growth in lending activities accelerated in the second half of the year, after a slow start due to a subdued business and economic outlook and pressure on private sector activities. The transactional banking environment has been more competitive with new entrants and continued innovation by traditional competitors. Despite these factors, the business delivered a solid performance with growth in market share, new accounts opened and point of sale activity. In addition, foreign exchange volumes were considerably higher year on year, as private clients sought diversified international exposure.

Corporate driven activity within Investment Banking and Principal Investments was negatively impacted by a reluctance by large corporates and private equity investors to pursue both organic and inorganic growth opportunities. This impacted the level of fee generation within M&A advisory and equity capital markets, notwithstanding the increase in corporate finance fee income year on year. The decline in global equity markets and deteriorating economic conditions in South Africa negatively impacted the valuations of our direct equity and direct property investments. Whilst the environment is not conducive to asset realisations, the dislocation may create attractive opportunities for our clients.

Investec for Business experienced a downward trend in levels of utilisation (particularly in the trade finance book) and margin pressure amid increased competition. A level of market resilience did however exist, which saw the business grow its core loans and advances.

The impact of COVID-19 is reflected in our impairment provisions which are forward-looking, however, the full effects on business activity and asset valuations may only manifest in the next financial year. As expected, in the context of the current environment, our credit loss ratio increased to 0.38% yet remains within our through-the-cycle range of 30bps – 40bps and well below industry averages. The bank is well capitalised and Rand and US dollar liquidity remain very strong.

Q What progress was made in the past financial year in respect of the group's key strategic objectives?

Our commitment to the group's key strategic objectives remains unchanged.

Capital discipline

We continue to operate with a capital disciplined mindset.

The transition to the Foundation Internal Ratings-Based ('FIRB') approach at the start of the financial year enhanced our ability to price competitively and utilise our capital more efficiently. Our application to the SARB to implement the Advanced ('AIRB') approach was submitted during the first half of the year and remains under review. Successful implementation is expected to result in a material reduction to our capital requirements with an estimated c.2% uplift to our CET1 ratio.

We aim to reduce the capital allocated to our investment portfolio in the medium term and rather direct it to our core franchise businesses.

SPECIALIST BANKING

(continued)

Growth initiatives

During the year we continued to invest in our businesses for future growth and sustainability. To this end within the Private Bank:

- The execution of our targeted Young Professionals strategy, which broadened our target market into new professional segments is increasing our market share and contributing to book growth in retail mortgages and instalment sales
- In December 2019, Investec, in partnership with Fintech company OfferZen, launched programmable online Investec bank accounts for software developers – another niche target professional segment. While the beta testing is aimed at software developers, we believe that in the long term working closely with the developer community will lead to innovative solutions that will benefit all our customers
- We continued to build out 'My Investments': a digital investment platform accessed through Investec Online, providing private clients access to trade shares and invest in selected investments.

Investec for Business, which offers trade and import finance, borrowing base and cash flow lending along with asset and rental finance, is a key growth area for the bank. Over the past year, we onboarded 111 new clients, an increase of 11%, and granted 20% more facilities compared to the prior year.

In the Corporate and Institutional Bank:

- The strategic corporate arrangement entered into in July 2019 with Goldman Sachs to extend our cash equity trading capabilities has been positive and continues to gain momentum
- Through Investec Life and in collaboration with the Private Bank, new policy sales are up c.40% compared to the prior year
- Investec Specialist Investments, an alternative asset class fund manager offering within the bank, is increasing its assets under management (AUM) as its first two specialist funds have recently passed their three-year track record milestone
- We launched Investec Business Online, a single platform transactional banking capability for corporate and business clients. The Investec for Business client base will also be a key driver of growth on this platform.

Investec Property (IP), the fund manager for the Investec Property Fund (IPF), successfully doubled the AUM for IPF and its new co-investors in the European logistics platform to c.R40 billion at year end. IP has been growing AUM locally and internationally for several years. We will continue to look for opportunities across this platform in the UK, Europe and South Africa which may also provide investment opportunities for both our private and institutional clients.

Cost management

Our results demonstrate good cost control with cost growth remaining below inflation. This has been achieved through headcount containment and ongoing simplification of our operating model.

Connectivity

Driving greater connectivity, collaboration and linkages across business divisions locally and globally has been a key focus area.

- 'My Investments' is an initiative across the Private Bank and Wealth & Investment businesses to provide an online investment management solution to our entire private client base
- We have focused on leveraging the UK and South African Private Banking ecosystem by providing our South African client base offshore access, while at the same time introducing retail deposits and lending opportunities for the UK Banking business
- There has been ongoing integration and collaboration between Investec Life and the Private Bank to encourage broader product suite offerings to all our clients
- We have continued to work on simplifying our operating model by leveraging shared platforms and capabilities across our infrastructure to create operational efficiencies.

Digitalisation

We invest continually in our IT infrastructure in order to deliver high-tech, enhanced digital capabilities for an improved client experience.

- The build out of Investec Business Online, a transactional business banking platform within the Corporate and Institutional Bank, is gaining momentum with an increasing number of clients. Full functionality and roll out is expected to be completed towards the end of the first half of financial year 2021
- We have broadened the Investec for Intermediaries offering which seeks to create a unified digital capability for our intermediary client segment
- Automation and digitisation of client management processes has been a key focus this year, particularly around onboarding and account opening
- Security and the protection of our clients' data remains a top priority, with enhancements made to security features on Investec Online and the mobile app, such as multi-factor authentication, face biometrics, and 3D secure payments technology.

SPECIALIST BANKING

(continued)

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In addition to the above stakeholder capitalism, climate change and sustainability rose to the top of the corporate banking agenda in the past year. In South Africa, the role of corporates and fiduciary responsibilities of directors has always been important to the company and hence to all stakeholders, not just shareholders. One of Investec's most cherished values is that we strive to live in society, not off it. This is a mantra that we live by inside the bank.

We are active participants in the SDGs and welcome the work they are doing to shine a spotlight on some of the crucial interconnected elements of sustainable development in South Africa. In February 2020, in partnership with the Johannesburg Stock Exchange, we hosted members of 30 international banks and financial institutions who are driving the UN Global Investment for Sustainable Development (GISD) agenda. Investec's approach is to partner with our clients and stakeholders to focus on those SDGs where we can maximise positive socio-economic impact and reduce inequality.

A particularly memorable event from the past year was the title deeds initiative whereby Investec wrote off the mortgage debt of 3 600 households in 15 Gauteng townships. Staff assisted in handing over title deeds to a severely vulnerable population ensuring debt-free home ownership and contributing to SDG 10 (by reducing inequality) and SDG 11 (by enabling people to keep their homes).

Our 2020 group sustainability and ESG supplementary report provides further detail on the many initiatives we support and fund as part of our commitment to the SDGs.

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

We have a number of policies and processes in place to incorporate environmental and social considerations into our business activities and strategy. Over the past year, we have seen increased interest from stakeholders on climate-related issues. After an extensive engagement process, Investec Bank was the first bank in South Africa to make a comprehensive fossil fuel policy public (including oil and gas). In addition, we were the first bank in South Africa to commit to the Task Force on Climate-related Financial Disclosures (TCFD). We have disclosed our fossil fuel exposures and other ESG exposures in our 2020 group sustainability and ESG supplementary report.

We recognise the opportunities to finance the transition to a low carbon economy. Our power and infrastructure business is at the forefront of many of these initiatives. For example, Investec is providing funding for black-owned energy and development company Pele Energy Group for the construction of wind and solar projects. We also launched the first structured product issued in South Africa over an Environmental World Index, giving investors access to world equity markets whilst considering their environmental impact. Furthermore, we are piloting a solar solution for our private bank clients.

Within our operations, we were pleased to achieve net-zero carbon emissions in February 2020 and received a four-star rating through the Green Building Council of South Africa for our Sandton head office. Our sustainability efforts were recognised with a number of awards: Best Investment Bank for Sustainable Finance in Africa in the 2020 Global Finance Awards; winner of the Sustainability Award in the 17th Annual National Business Awards 2019; winner of the Trialogue Strategic CSI Award 2019 for the Promaths programme; and voted one of South Africa's Top Empowered Companies by Impumelelo.

Q What were the key challenges in your business over the past year?

The most significant factors were the synchronised global economic slowdown and weak domestic economic growth which resulted in subdued investor confidence due to policy uncertainty and structural challenges within the South African environment. This led to reluctance by South African businesses and individuals to invest for growth.

In our lending businesses, we experienced pricing pressure from competitor funders, impacting both new business and refinancing of existing loans.

The economic backdrop also impacted our ability to reduce the investment portfolio and resulted in the reduction in value of certain listed, unlisted and property investments. We remain committed to rationalising and optimising the value of the investment portfolio as previously communicated, however, the impact from the current COVID-19 pandemic is likely to slow progress on this front until markets, corporate M&A and asset owners and managers' risk appetite normalises.

SPECIALIST BANKING

(continued)

What are your strategic objectives in the coming financial year?

Our strategic objectives in the coming year remain largely the same as we outlined at the half year, however, these will be tempered against a COVID-19 backdrop.

- In these unprecedented times, our primary objectives are to ensure the wellbeing and safety of our staff and to support our clients and communities. By doing this we will in the long term retain and attract talent, gain client market share and deliver to the triple bottom line while balancing shareholder and societal returns
- Client acquisition remains a focus across all our businesses by expanding our value proposition and deepening client entrenchment and engagement
- Growing our capital light revenue aligns with our capital optimisation objective. This will be achieved by diversifying revenue streams through 'My Investments', Investec Life and Investec Specialist Investments
- Enlarging our retail deposit base and foreign currency and multicurrency accounts across all client segments including corporates, private clients and intermediaries
- Increased cooperation between the Specialist Bank and Wealth & Investment businesses
- Continued cost containment measures by leveraging operational efficiencies and scale and containing headcount
- While ROE enhancement remains front of mind, considering COVID-19, capital preservation is equally important. Risks do not manifest themselves immediately and therefore we continue to be conservative in both our liquidity and capital management.

What is your outlook for the coming financial year?

Global social containment measures in the face of COVID-19 have caused unprecedented turmoil in financial markets, businesses and the economy. The length and depth of the pandemic is not yet known; however, it is expected to further reduce corporate activity, increase business failures and materially depress capital markets and asset values.

We will continue to do our part to support South African businesses and the communities around us, and as a member of the Banking Association of South Africa, we are proud to partner with government and other South African banks to provide COVID-19 relief measures as we attempt to safeguard the sustainability of our economy and do right by society.

As with the Global Financial Crisis, we remain confident that the value of our brand, market positioning and client base will sustain us. Our clients have a track record of resilience in difficult operating environments. Together with the diversified international opportunities we can offer them, a continued focus on asset quality and capital preservation, our business is well positioned to weather the storm.

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

CORPORATE GOVERNANCE

We are facing a challenging global economic environment with resilient client franchises

Chairman's introduction

Dear Shareholder

It is my pleasure to present the corporate governance report for the year ended 31 March 2020. 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.

Investec plc and Investec Limited, together with their subsidiaries, are managed as a single economic enterprise as a result of the dual listed company (DLC) structure. The board is responsible for statutory matters and corporate governance for the group, and sets the standards for the subsidiaries of the group. The boards of Investec Bank plc (IBP) and Investec Bank Limited (IBL), the UK and South African regulated banking subsidiaries of the group respectively, are responsible for the statutory matters and corporate governance for the respective banks, and ensure compliance with the applicable legislation and governance requirements of the jurisdictions within which they operate. Stakeholders are therefore encouraged to also read the corporate governance reports as contained in the IBP 2020 annual report and IBL 2020 annual report.

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, and to consider the key areas of focus for the board in the year ahead.

The past year in focus

A year of change

Change has been an evident theme of the past year, in particular, with regards to the demerger and separate listing of the Asset Management business, which was successfully completed in March 2020, with the formation of Ninety One, a global asset manager with an emerging market heritage. The demerger has simplified the group, allowing the banking and wealth businesses to focus on their growth plans, and to build on the current and potential linkages between our businesses.

The operating environment remained challenging over the year, with confidence impacted by the uncertainty around global trade tensions, muted economic growth in South Africa and Brexit in the UK. Economies experienced further volatility in the fourth quarter of the financial year as a result of the global outbreak of COVID-19. Against this backdrop, the group reported a decrease in adjusted operating profit of 16.8% from £731.9mn to £608.9mn. Earnings were characterised by growth in client-related revenues and much tighter cost containment. However, this was more than offset by significantly lower investment and trading revenues, and higher expected credit loss charges given the economic backdrop.

The board and leadership team has also seen significant change during the financial year and continuing into the new year, including the departures of Hendrik du Toit as joint chief executive officer (CEO) and Kim McFarland as an executive director and the appointment of Ciaran Whelan as an executive director. The board announced its intention to appoint Richard Wainwright, subject to regulatory approval, as an executive director. Changes to the board and leadership team have been delivered through planned and structured succession in order to bring new skills to the board, but to also provide continuity and retain knowledge within the organisation, with both Ciaran and Richard being internal appointments.

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 group continued to make progress in its stated strategy to simplify and focus the business in pursuit of disciplined growth in the long term. The group completed the demerger of the asset management business, executed various actions relating to the closure, sale and restructure of certain non-core and subscale businesses, reduced operating costs and delivered loan book growth and client acquisition ahead of budget in the UK Private Banking business. In addition, the group has continued to focus on its long-term commitment to One Investec; a client-focused strategy where, irrespective of specialisation or geography, there is a commitment to offer clients the full breadth and scale of Investec's products and services.

To deliver on One Investec, there is a focus on imperative collaboration between the banking and wealth businesses; together with continued investment and support into these franchises. This will position Investec for sustainable long-term growth.

Board composition

As identified above, the composition of the board and the leadership team has further evolved. 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 executive management, in particular, has been a key focus area for the board. Since the previous annual report, the following changes have been effected in respect of the composition of the board:

- Stephen Koseff and Bernard Kantor, who served as executive directors of the board, did not stand for re-election at the 2019 Annual General Meeting (AGM), and therefore stood down from the board with effect from 8 August 2019. Stephen continued to oversee the demerger and separate listing of Ninety One. The board is grateful to Stephen and Bernard for their exemplary service, commitment and contribution to the group since the 1980s
- Cheryl Carolus and Laurel Bowden, who served as non-executive directors of the board, did not stand for re-election at the 2019 AGM, and therefore stood down from the board with effect from 8 August 2019. The board is grateful to Cheryl and Laurel for their dedication and contribution to the group, and wishes them well with their future endeavours
- Henrietta Baldock and Philisiwe Sibiya were appointed as non-executive directors of the board with effect from 9 August 2019. Henrietta was appointed a member of the DLC Board Risk and Capital Committee (BRCC), and Philisiwe was appointed a member of the DLC Audit Committee and DLC BRCC

CORPORATE GOVERNANCE

(continued)

- Subsequent to the demerger of the Asset Management business, Hendrik du Toit and Kim McFarland, stepped down from the board, with effect from 16 March 2020, to focus their efforts on Ninety One. The board offers its sincere thanks to Hendrik and Kim for their exemplary service, dedication and commitment to the group. They go with our very best wishes for their roles at an independent Ninety One, where Hendrik has become CEO and Kim chief financial officer (CFO), and we wish them every success
- Fani Titi continues on the board, as sole CEO, and Nishlan Samujh continues as Finance Director of the group
- Ciaran Whelan, who has been acting as group head of risk, was appointed as an executive director with effect from 1 April 2020
- David van der Walt was appointed as an executive director with effect from 1 April 2020. David stepped down as a director on 4 June 2020, ahead of his retirement from the group in December 2020. The board offers its sincere thanks to David for his long service, dedication and contribution to the group
- The board announced its intention, subject to regulatory approval, to appoint Richard Wainwright, CEO of IBL and head of the South African Specialist Banking business, as an executive director
- Ian Kantor, co-founder and former CEO of the group, who currently serves as a non-executive director, will not stand for re-election at the 2020 AGM. The board is grateful to Ian for his exemplary service, commitment and contribution to the group, and wishes him well with his future endeavours

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 or any other form of discrimination. 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.

We have 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 the end of the 2020 calendar year, and as at the date of this report, there was a 23% representation of women on the board. In terms of ethnic diversity, as at 31 March 2020, there were five persons of colour, as defined by the Parker Review, who are board members. The group is also a signatory 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 recognises that more still needs to be done, in particular, in regards to the representation of women on the board. We also acknowledge and are very conscious of the fact that this has declined in the year, following Kim McFarland stepping down from the board of Investec group and onto the board of Ninety One (as a result of the demerger of the Asset Management business). Our target for female board representation remains 33% and we are committed to achieving this target. We are committed to improving the diversity of the board, for a diverse board remains essential to the group, bringing indisputable benefits, including distinct and different outlooks, alternative points of view, and mindsets able to challenge the status quo.

In addition, 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.

Following the enhancement of the independent governance structures of IBL and IBP in the previous year, during the year under review we focused on embedding these structures and processes across the group.

For the financial year ended 31 March 2020, the group applied and was compliant with the UK Corporate Governance Code 2018 and King IV Code. The board, in preparation for the group's adoption of the UK Corporate Governance Code 2018, reviewed its corporate governance framework and considered our approach to workforce engagement. For further information regarding the group's application of the UK Corporate Governance Code refer to page 149 and in relation to the group's application of the King IV Code refer to page 149. Further details regarding the group's approach to workforce engagement may be found on page 150.

Board effectiveness

The board regularly reviews its own effectiveness and therefore undertakes a formal evaluation of its performance and that of its committees and individual directors annually. In accordance with recognised codes of corporate governance, the evaluation of the board is externally facilitated at least every three years. As the 2018 board effectiveness review was externally facilitated by Professor Robert Goffee, the DLC Nomdac and the board agreed that the board effectiveness review for 2019 would be internally facilitated, and take the form of a self-assessment questionnaire, followed by one to one meetings with the chairman.

CORPORATE GOVERNANCE

(continued)

The findings were collated and presented to the DLC Nomdac at the January 2020 meeting, prior to presentation to the board at the February 2020 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 the overall effectiveness of the board, in particular, within the context of the significant changes to the executive leadership team and the governance framework. Further details regarding the 2019 board effectiveness review may be found in the DLC Nomdac report on page 127.

Stakeholder engagement

The board oversees and monitors, on an ongoing basis, how the consequences of our organisation's activities and outputs impact its status as a responsible corporate citizen. This oversight and monitoring is performed against measures and targets agreed with management regarding the workplace, economy, society and environment. Our group-wide 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. These consultations included discussions on the progress made on the group's strategic initiatives, the impact of the changes in the economic environment on the group as well as various other key governance topics.

For further information regarding the group's engagement with our stakeholders and the group's section 172 statement refer to pages 22 to 26.

The year ahead

As the year drew to a close, we faced the challenges resulting from the COVID-19 pandemic. Similar to other organisations, we have taken decisive action to help ensure the welfare of our people, to assist our clients, to support our community, to work with the initiatives put forward by the governments in the jurisdictions in which we operate, and to manage the heightened risk environment. There remains uncertainty, as to the depth of the potential downturn in activity, the duration of restrictive measures and the exit plans within the geographies in which we operate. At the present time it is difficult to predict the full impact that the pandemic will have on the group. The board will continue to meet regularly, on a virtual basis, to ensure that our responsibilities are fulfilled, appropriate support is provided, risks are carefully managed and potential opportunities assessed as the group navigates these turbulent times.

In the coming year, a key focus for the board will be the consideration of the governance structure of the group, and the governance structures of the group's core banking and wealth subsidiaries, following the demerger and separate listing of Ninety One. The board, with the assistance of the DLC Nomdac, will also 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, experience and diversity, required to conduct the affairs of the group.

The board will continue to focus on those matters that will support our strategic priorities, enabling growth with discipline and enhancing both the service we are able to provide to our clients and the returns for our shareholders. There will be increased connectivity between our banking and wealth businesses, and across our geographies, together with the further development of our digital capabilities. Heightened cost management rigour remains a key priority, particularly in the current economic environment. Whilst overseeing the delivery of our strategic priorities, the board will ensure adherence to good corporate governance and sound decision making that includes full and proper regard to the environmental impact of our activities, and the interests of all our stakeholders.

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.

Most importantly, our immediate focus in these unprecedented times, is the wellbeing and safety of our employees and clients. We will continue to support and stay close to clients, and ensure we deliver the excellence of service that they expect and value.

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 2020 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

16 June 2020

CORPORATE GOVERNANCE

(continued)

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Within this report you will find:

CORPORATE GOVERNANCE
(continued)

Who we are

Director biographies

Biographies of our current directors are outlined below, including their relevant skills and experience, key external appointments and any appointments to board committees.

Perry KO Crosthwaite

Investec plc and Investec Limited chairman

Age: 71

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 previously served as a non-executive director of Melrose Industries plc and Toluna plc, chairman of Jupiter of Green Investment Trust and was a founding member of Henderson Crosthwaite Institutional Brokers Limited.

External appointments
None

Committee membership
DLC BRCC, DLC Nomdac (chairman) and DLC Remuneration Committee

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

Zarina BM Bassa

Senior independent non-executive director

Age: 56

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 board member of the Accounting Standards Board and a member of the JSE GAAP Monitoring Panel. Zarina has previously served as a non-executive director at several companies including the South African Institute of Chartered Accountants, Kumba Iron Ore Limited, Sun International Limited, Vodacom South Africa Proprietary Limited, Mercedes SA 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.

External appointments
Oceana Group Limited, YeboYethu Limited, Woolworths Holdings Limited and JSE Limited

Committee membership
DLC Audit Committee (chair), DLC BRCC, DLC Nomdac and DLC Remuneration Committee

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

CORPORATE GOVERNANCE
(continued)

Henrietta C Baldock

Independent non-executive director

Age: 49

Qualifications: BSc Hons in Economics and Accounting

Relevant skills and experience
Henrietta has extensive knowledge of the financial services sector, through her 25 years' experience in investment banking, most recently as chairman of the European Financial Institutions team at Bank of America Merrill Lynch. Henrietta joined Bank of America Merrill Lynch in 2000 and served as its Vice President of the Financial Institutions Group, Managing Director and Head of European Financial Institutions Investment Banking. She started her career as a generalist adviser and has focused on financial institutions since 1995.

External appointments
Hydro Industries Limited, Legal and General Assurance Society Limited and Legal and General Group plc

Committee membership
DLC BRCC

Date of appointment
Investec Limited 9 August 2019
Investec plc 9 August 2019

Philip A Hourquebie

Independent non-executive director

Age: 66

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 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).

External appointments
Aveng Limited

Committee membership
DLC Audit Committee, DLC BRCC, DLC Nomdac and DLC Remuneration Committee (chairman)

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

David Friedland

Independent non-executive director

Age: 66

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.

External appointments
The Foschini Group Limited, Pick n Pay Stores Limited and Pres Les Proprietary Limited

Committee membership
DLC BRCC (chairman) and DLC Nomdac

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

Charles R Jacobs

Independent non-executive director

Age: 53

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 company. He was appointed a member of the Shanghai International Financial Advisory Council in 2019. 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.

External appointments
Fresnillo plc

Committee membership
DLC Remuneration Committee

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

CORPORATE GOVERNANCE

(continued)

Rt. Hon. Lord Malloch-Brown KCMG

Independent non-executive director

Age: 66

Qualifications: BA (Hons) (History), MA (Political Science)

Relevant skills and experience
Lord Malloch-Brown chairs or is on the board of several commercial entities, as well as Not for Profits, and is 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 also chaired the Business and Sustainable Development Commission (BSDC).

External appointments
Seplat Petroleum Development Company plc, SGO Corporation Limited, I Squared Capital and Grupo T-Solar Global SA

Committee membership
DLC Nomdac and DLC SEC (chairman)

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

Ian R Kantor

Non-executive director

Age: 73

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 until 2002. Ian started his career at IBM, before joining Lease Plan International. Immediately prior to Investec, Ian taught business finance at the University of the Witwatersrand. Ian moved to the Netherlands in 1988, to develop the Insinger de Beaufort Group, a private bank, which had been established in 1779. He later resigned as CEO of the bank, to be appointed Deputy Vice Chairman of the group, following the formation of a partnership between Insinger de Beaufort and BNP Paribas.

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

Committee membership
None

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

Khumo L Shuenyane

Independent non-executive director

Age: 49

Qualifications: BEcon, CA (England and Wales)

Relevant skills and experience
Khumo has served as an independent non-executive director of Investec Limited and Investec Plc since 2014. He also serves on the boards of a number of other companies within the Investec Group, including Investec Bank Limited, Investec Life Limited and Investec Property Fund Limited. He was appointed Chairman of Investec Bank Limited in 2018.

Khumo has been appointed as an independent non-executive director of Vodacom Group Limited with effect from 1 July 2020. He previously worked with Delta Partners, a global advisory firm headquartered in Dubai and focused on the telecoms, media and technology sectors, in various capacities for six years from 2014. Between 2007 and 2013 Khumo served as Group Chief Mergers & Acquisitions Officer for MTN Group Limited and a member of its Group Executive Committee.

Khumo previously worked for Investec Bank for nine years, serving as head of Principal Investments for three years and a member of Investec's corporate finance team before that. Prior to joining Investec in 1998, Khumo worked for Arthur Andersen in Birmingham, UK and in Johannesburg for six years from 1992. He qualified as a member of the Institute of Chartered Accountants in England & Wales in 1995.

External appointments
None

Committee membership
DLC BRCC and DLC Nomdac

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

Philisiwe G Sibiya

Independent non-executive director

Age: 43

Qualifications: BAcc, Dip Acc, CA(SA)

Relevant skills and experience
Philisiwe spent 15 years in the Telecommunications and Media sector. She spent 12 years at MTN Group where she held various roles including as Group Finance Executive of MTN Group, CFO MTN South Africa and the last three years as CEO MTN Cameroon. Prior to this she spent three years with Arthur Andersen Johannesburg. Philisiwe is the founder and chief executive officer of Shingai Group.

External appointments
AECI Limited and Shingai Group (Pty) Limited

Committee membership
DLC Audit Committee and DLC BRCC

Date of appointment
Investec Limited 9 August 2019
Investec plc 9 August 2019

CORPORATE GOVERNANCE

(continued)

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Fani Titi

Group chief executive officer

Age: 57

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

Relevant skills and experience
Fani 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, and the IBP board from August 2011. He has served on the board of Investec Asset Management from November 2013 and remains on the board of the newly listed Ninety One as a non-executive director. 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 was appointed joint group chief executive officer of Investec group on 01 October 2018 and following the demerger and separate listing of Ninety One, became the sole chief executive officer of the group.

External appointments
Ninety One plc

Committee membership
DLC BRCC and DLC SEC

Date of appointment
Investec Limited 30 January 2004
Investec plc 30 January 2004

Nishlan Samujh

Group finance director

Age: 46

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 the 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

External appointments
None

Committee membership
DLC BRCC

Date of appointment
Investec Limited 1 April 2019
Investec plc 1 April 2019

James KC Whelan

Executive Director

Age: 57

Qualifications: FCA (Irish), HDip Tax (South Africa)

Relevant skills and experience
James, known as Ciaran, joined Investec in 1988. He has had varied experience within Investec, including chief executive officer of Investec Bank Australia Limited and the global head of Investec Private Bank. Prior to joining Investec, Ciaran was an audit manager at KPMG Inc., having completed his articles at Coopers & Lybrand in Ireland. Ciaran was appointed as an executive director of Investec plc and Investec Limited on 1 April 2020 and as CEO of Wealth & Investment (UK), subject to regulatory approval.

External appointments
None

Committee membership
None

Date of appointment
Investec Limited 1 April 2020
Investec plc 1 April 2020

CORPORATE GOVERNANCE

(continued)

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, and complies with the requirements in both jurisdictions.

From a legal perspective, the DLC comprises:

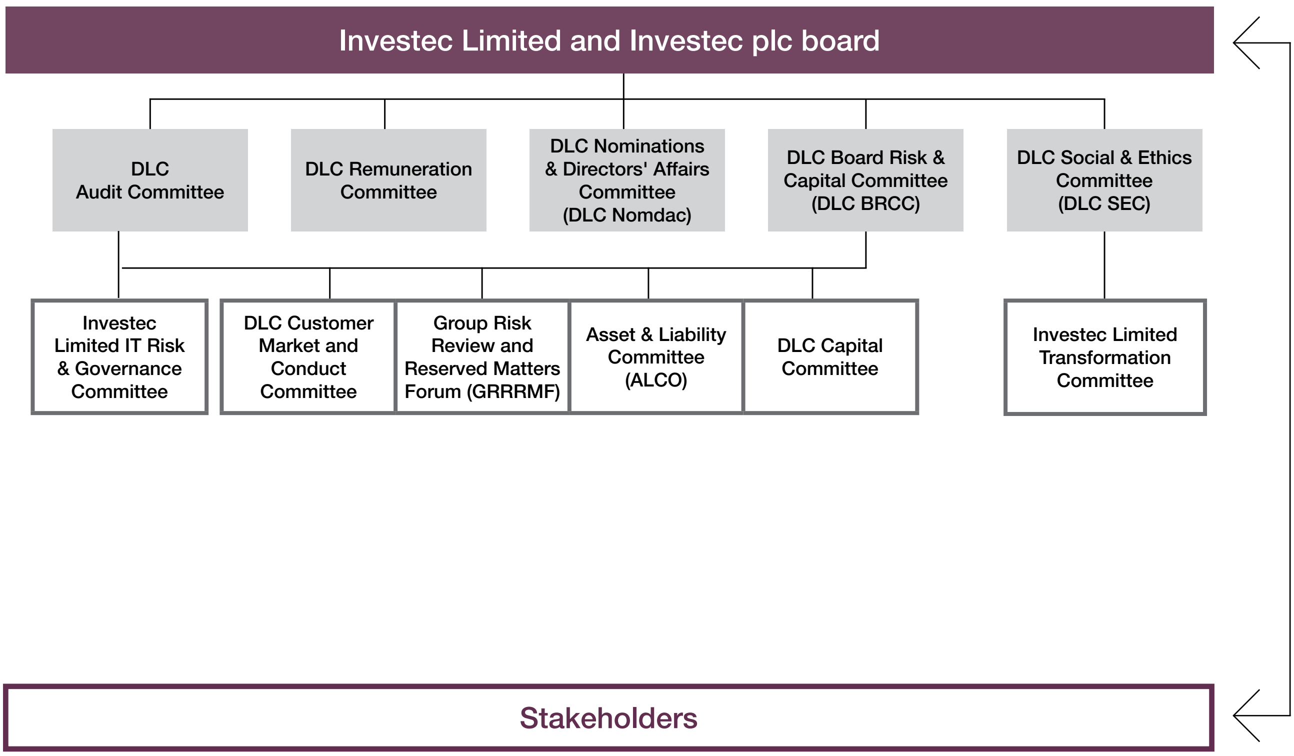
- Investec plc – a public company incorporated in the UK and listed on the London Stock Exchange (LSE), with a secondary listing on the Johannesburg Stock Exchange (JSE); and
- Investec Limited – a public company incorporated in South Africa and listed on the JSE, with secondary listings on the Namibia 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 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) and the UK Corporate Governance Code 2018.

The boards of IBP and IBL, the UK and South African regulated banking subsidiaries of the group respectively, and the board of IW&I, our regulated wealth subsidiary, are responsible for the statutory matters and corporate governance for the respective entities and ensure compliance with the applicable legislation and governance requirements of the jurisdictions within which they operate. The boards and board committees of IBP, IBL and IW&I report to the board and the board committees of the group, with the interconnection between the respective board committees, supported by the membership or attendance of the chairman of the group board committee at the respective subsidiary board committee.

The governance framework from a group perspective is detailed below:



CORPORATE GOVERNANCE

(continued)

Board and executive roles

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

Chairman	*Chief executive officer*	*Finance director*
• Responsible for the leadership of the board and ensuring its overall effectiveness • Sets the board agenda, ensuring that there is sufficient time available for the discussion of all items, and that the board meets with appropriate frequency • Acts as facilitator at board meetings to ensure that no director, whether executive or non-executive, dominates the discussion, ensures that the discussion is appropriate and that the discussions result in logical and understandable outcomes • Demonstrates objective judgement and encourages open and honest dialogue between all board members • Leads and manages the dynamics of the board, providing direction and focus • Ensures that the board sets the strategy of the group and assists in monitoring the progress towards achieving the strategy • Oversees the integrity and effectiveness of the governance processes of the board • Leads the development of and monitors the effective implementation of policies and procedures for the induction, training and professional development of all board members • Responsible for the evaluation of the performance of the board collectively, non-executive board members individually and contributes to the evaluation of the performance of the executive directors • Maintains regular dialogue with the CEO in respect of all operational matters and consults with the remainder of the board promptly on any relevant matter • Ensures that the board sets the tone from the top, in regard to culture • Serves as the primary interface with regulators and other stakeholders on behalf of the board	• Leads and manages the group within the authorities delegated by the board • Develops and recommends 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 • Develops strategic proposals for consideration and recommendation to the board • Implements the decisions of the board and delivers the agreed strategic objectives • Ensures the group's unique culture is embedded and perpetuated • Develops and supports the growth of all the groups' businesses • Monitors and manages the day-to-day operational requirements and administration of the group	• Leads and manages the group finance functions • Provides the board with updates on the group's financial performance • Provides strategic and financial guidance to ensure that the group's financial commitments are met • Submits reports, financial statements and consolidated budgets for consideration by the board • Oversees the financial management of the group including financial planning, capital, cash flow and management reporting • Develops all necessary policies and procedures to ensure the sound financial management and control of the group's business

CORPORATE GOVERNANCE

(continued)

Senior independent director	Non-executive director	Company secretary
• Addresses any concerns or questions from shareholders and non-executive directors • Provides a sounding board to the chairman • Leads the board in the assessment of the effectiveness of the chairman, and the relationship between the chairman and the CEO • Acts as a trusted intermediary for non-executive directors, if required, to assist them in challenging and contributing effectively to the board	• Brings unique perspectives to the boardroom to facilitate constructive dialogue on proposals • Constructively challenges and contributes to assist in developing the group's strategy • Monitors the performance of management against their agreed strategic goals • Oversees the effectiveness of internal controls and the integrity of financial reporting • Reviews succession planning for the board and management • Oversees the risk management framework • Oversees the remuneration of the executive directors and the group's employees	• Maintains the flow of information to the board and its committees and ensures compliance with board procedures • Minutes all board and committee meetings to record the deliberations and decisions taken therein • Provides expertise to effect board compliance with relevant legislation and regulations • Ensures good corporate governance is implemented and advises the chairman and board in that regard • Guides the directors collectively and individually on their duties, responsibilities and powers • Reports any failure on the part of the group or any individual director to comply with the articles or the relevant legislation • Ensures board procedures are followed and reviewed regularly • Ensures applicable rules and regulations for conducting the affairs of the board are complied with • Facilitates a programme for the induction and ongoing development of directors • Maintains statutory records in accordance with legal requirements • Guides the board on how its responsibilities should be properly discharged in the best interests of the organisation • Keeps abreast of, and informs, the board of current and new developments regarding corporate governance thinking and best practice

CORPORATE GOVERNANCE
(continued)

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Board composition

Membership

At the date of this annual report, the board comprised three executive directors and ten non-executive directors, including the chairman. The changes to the composition of the board, which occurred during the year are as follows:

- Stephen Koseff and Bernard Kantor, who served as executive directors of the board, did not stand for re-election at the 2019 AGM, and accordingly stood down from the board with effect from 8 August 2019. Stephen continued to oversee the demerger and separate listing of Ninety One
- Subsequent to the demerger of Ninety One, Hendrik du Toit and Kim McFarland, joint CEO and executive director respectively, stepped down from the board of the group, with effect from 16 March 2020, to focus their efforts on Ninety One
- Fani Titi remains on the board, as sole CEO, and Nishlan Samujh continues as Finance Director of the group
- Ciaran Whelan, who has been acting as group head of risk, and David van der Walt, who was formerly the CEO of IBP, were appointed as executive directors with effect from 1 April 2020
- The board announced its intention to appoint Richard Wainwright, subject to regulatory approval, as an executive director
- David van der Walt stepped down as an executive director with effect from 4 June 2020
- Laurel Bowden and Cheryl Carolus, who served as non-executive directors of the board, did not stand for re-election at the 2019 AGM, and accordingly stood down from the board with effect from 8 August 2019
- Henrietta Baldock and Philisiwe Sibiya were appointed as non-executive directors of the board with effect from 9 August 2019. Henrietta was appointed a member of the DLC BRCC, and Philisiwe was appointed a member of the DLC Audit Committee and DLC BRCC
- Philip Hourquebie, an independent non-executive director of the group, was designated as the non-executive director for workforce engagement. Further information in respect of this role, and the board's engagement with our workforce may be found on pages 150 and 151.

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 120.

Further information regarding the DLC Nomdac's responsibilities in respect of succession planning may be found in the DLC Nomdac report on pages 124 to 127.

Independence

The board considers the guidance set out in the UK Corporate Governance Code, the King IV Code, and directive 4/2018 as issued by the South African Prudential Authority, when considering the independence of members of the board.

Throughout the year ended 31 March 2020, 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 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, 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 board, at the recommendation of the DLC Nomdac, believes that it 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. In accordance with the South African Prudential Authority's Directive 4/2018, the board, noting that Perry, who has served on the board for a period of greater than nine years, would not meet the Prudential Authority's definition of independence, sought permission from the Prudential Authority for Perry to remain as the chairman of the board. This is because the board believes that Perry continues to demonstrate objective judgement and promotes constructive challenge amongst the members of the board in addition to supporting the succession plan for the board and the leadership team, following the recent management transition from a founder led organisation to an era of professional management. The Prudential Authority, recognising the justification provided by the board and acknowledging the additional layer of independence provided by the senior independent director (SID), Zarina Bassa, provided approval for Perry to continue to serve as chairman of the board and the DLC Nomdac until 31 August 2022. The board also notes provision 15 of the UK Corporate Governance Code, which provides that the chair should not remain in post beyond nine years from the date of their first appointment. As identified, the board believes that the continued appointment of the chairman, Perry, who was appointed to the board in June 2010, will support the succession plan for the board and the leadership team. The board will continue to review his appointment, with an assessment of the chairman's independence to be conducted on an annual basis.

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 regards to these specific directors:

- Ian Kantor is the brother of Bernard Kantor, a former executive director of the group. Ian is also a co-founder and former CEO of the group. Accordingly, the board concluded that Ian could not be considered independent. Ian will not stand for re-election at the 2020 AGM
- 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.

CORPORATE GOVERNANCE

(continued)

Tenure

As identified, the DLC Nomdac considers the guidance set out in the UK Corporate Governance Code, the King IV Code and directive 4/2018, as issued by the South African Prudential Authority, when considering the independence of the non-executive directors, and follows a thorough process of assessing independence on an annual basis for each director. The DLC Nomdac considers tenure when examining independence, and when discussing the composition of the board as a whole. 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 the appropriate skills, knowledge and experience, and an understanding of Investec's unique culture.

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 2020 interferes with their independence of judgement or 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, ethnicity, religion, age, disability, nationality, political opinion, sensitive medical conditions or sexual preference.

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 mindsets able to challenge the status quo. The board is committed to ensuring that the group meets its governance, social and regulatory obligations regarding diversity. We have 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 the end of the 2020 calendar year. As at the date of this report, there was a 23% representation of women on the board. The board remains committed to the target of 33%. The board recognises that more needs to be done to increase the representation of women on the board. Female representation declined in the year, following Kim McFarland stepping down and onto the board of Ninety One (as a result of the demerger of Investec Asset Management). The group has been through significant change over recent years, with the succession of its founder members in October 2018 and the demerger and separate listing of Ninety One in March 2020. As such the DLC Nomdac, to which the board has delegated responsibility for the consideration of the succession plan of the board and the appointment process for the board, believes the new appointments ensure a strong level of continuity and significant internal experience on the board. The DLC Nomdac continues to ensure that appointments and the board's succession plan is based on merit and with regard to objective criteria and, within this context, promote diversity in its broadest sense, including diversity of gender, social and ethnic background, and diversity of thought.

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, and the objectives of the group.

The members of the board have a broad range of skills and experience, including in the areas of banking, risk and capital management, commercial, financial, auditing, accounting, legal and technology.

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 is equipped with sufficient knowledge and understanding of the nature of the business, and the opportunities and challenges facing the group, including the key risks, 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 a directors' and officers' liability insurance policy that insures directors against liabilities they may incur in the proper performance of 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 on an annual basis and those willing to serve again submit themselves for election or re-election at the annual general meeting.

Independent advice

Through the chairman, the 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 2020 financial year.

CORPORATE GOVERNANCE

(continued)

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 interest 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 UK Companies Act, 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, and has the relevant qualifications and experience.

CORPORATE GOVERNANCE

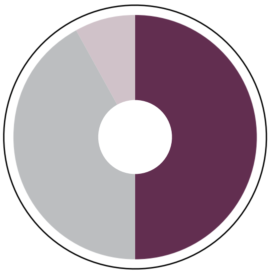
(continued)

Diversity as at 31 March 2020

Age:

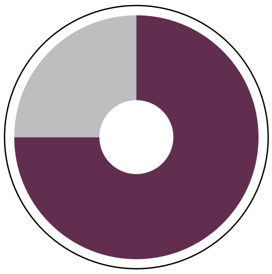
40 – 50	**33%**
51 – 60	**25%**
61 and above	**42%**

Board geographical mix



50%	South Africa
42%	UK
8%	Other

Board gender balance



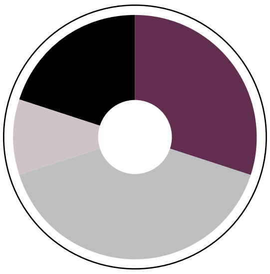
75%	Male
25%	Female

Tenure as at 31 March 2020

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

5

Average tenure for the non-executive directors



30%	0 – 3 years
40%	3 – 6 years
10%	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 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 CEO
- 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 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. For the period 1 April 2019 to 31 March 2020, three board meetings were held in the UK and three in South Africa, in line with the requirements of Investec's DLC structure. Unscheduled meetings are called as the need arises. Further to the additional meetings held to address the demerger of the Asset Management business, the board had additional unscheduled meetings where it received regular updates and deliberated on the impact of COVID-19. 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.

CORPORATE GOVERNANCE

(continued)

Board composition as at 31 March 2020

		Board member since		Investec plc (10 meetings in the year)		Investec Limited (10 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-10	18-Jun-10	10	10	10	10
F Titi (CEO)	Executive	30-Jan-04	30-Jan-04	10	10	10	10
HC Baldock*	Yes	9-Aug-19	9-Aug-19	7	7	7	7
ZBM Bassa	Yes	1-Nov-14	1-Nov-14	10	10	10	10
D Friedland	Yes	1-Mar-13	1-Mar-13	10	10	10	10
PA Hourquebie	Yes	14-Aug-17	14-Aug-17	10	10	10	10
CR Jacobs	Yes	8-Aug-14	8-Aug-14	10	9	10	9
IR Kantor	No	26-Jun-02	30-Jul-80	10	9	10	9
Lord Malloch- Brown KCMG	Yes	8-Aug-14	8-Aug-14	10	10	10	10
NA Samujh**	Executive	1-Apr-19	1-Apr-19	10	10	10	10
PG Sibiya*	Yes	9-Aug-19	9-Aug-19	7	7	7	7
KL Shuenyane	Yes	8-Aug-14	8-Aug-14	10	10	10	10
Former directors							
LC Bowden***	Yes	1-Jan-15	1-Jan-15	3	3	3	3
CA Carolus***	Yes	18-Mar-05	18-Mar-05	3	3	3	3
B Kantor***	Executive	19-Mar-02	8-Jun-87	3	2	3	2
S Koseff***	Executive	26-Jun-02	6-Oct-86	3	3	3	3
KM McFarland****	Executive	1-Oct-18	1-Oct-18	9	9	9	9
HJ du Toit*****	Executive	15-Dec-10	15-Dec-10	9	9	9	9

* *HC Baldock and PG Sibiya were appointed to the board on 9 August 2019*

** *NA Samujh was appointed as group finance director on 1 April 2019*

*** *LC Bowden, CA Carolus, B Kantor and S Koseff stepped down from the board on 8 August 2019*

**** *KM McFarland stepped down from the board on 16 March 2020*

***** *HJ du Toit stepped down as joint group CEO on 16 March 2020*

^ *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.*

CORPORATE GOVERNANCE

(continued)

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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 CEO, the following specific matters of importance were tabled and deliberated at board meetings and directors' development sessions during the year ended 31 March 2020:

BOARD AND COMMITTEE ACTIVITIES

Areas of focus	*What we did*
Group strategy	• considered and approved the strategy to demerge the Asset Management business, now Ninety One plc, from the group • formulated and monitored the implementation of strategy, including progress made with regard to agreed strategic initiatives • considered climate related issues when reviewing and guiding strategy • provided constructive challenge to management • considered global trends shaping the financial industry • considered the impact of economic and political developments in the UK and South Africa • oversaw the changes in management as announced in the preceding and current financial year • deliberated on the impact of the COVID-19 pandemic
Risk and capital, audit, corporate governance and compliance	• received and reviewed compliance reports in order to confirm that the group meets all internal and regulatory requirements • discussed and approved the risk appetite framework • regularly assessed the group's overall risk profile and emerging risk themes, receiving reports directly from management and the chairman of the DLC BRCC • received and reviewed 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 Ratings Based (AIRB) approach, the Foundation Internal Ratings Based (FIRB) approach and International Financial Reporting Standards (IFRS) 9, 15 and 16 • deliberated on the risks associated with the COVID-19 pandemic • considered the impact of the King IV Code, the JSE Listings Requirements and the UK Corporate Governance Code, and changes thereto • adopted the group Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF) Policy • received an update from the company sponsor on changes to the JSE Listings Requirements • 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 in South Africa • 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 • oversaw the integrity of the annual financial statements • reviewed and discussed assumptions underlying the recoverability of key exposures and investments including the impacts of IFRS 9 scenarios, probabilities and weightings
Leadership	• considered regular updates by the various committees including the DLC Remuneration Committee, DLC Nomdac, DLC Audit Committee, DLC SEC and DLC BRCC • received and considered comprehensive reports from the executive directors (including strategy execution and performance of the group within the operating environment and competitor landscape) • ensured that policies and behaviours/tone set at board level were effectively communicated and implemented across the group

CORPORATE GOVERNANCE

(continued)

Areas of focus	What we did
Effectiveness	• considered the process for the 2019/2020 board effectiveness review • discussed the recommendations of the board effectiveness review • implemented the recommendations of the board effectiveness review • finalised topics for directors' development sessions
Remuneration	• received a report from the DLC Remuneration Committee chairman at each meeting including regulatory developments pertaining to remuneration • further to the transition of leadership, considered remuneration arrangements for both the incoming and outgoing executive directors • received updates from the DLC Remuneration Committee, in respect of the evolving response to executive and non-executive remuneration, in light of COVID-19 • oversaw the implementation of the remuneration policy • considered the UK Gender Pay Gap report
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 – the extensive processes to monitor the external auditors and audit quality, and plans in respect of Mandatory Auditor Firm Rotation
Corporate citizenship	• discussed and monitored the various elements of good corporate citizenship including: – climate related risk and opportunities – environmental, social and governance (ESG) issues within our operations and within our business – the promotion of equality, the prevention of unfair discrimination and the reduction of corruption – 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 – the group's standing and commitment to the various elements of good corporate citizenship remained in place and was actively enforced – the promotion of the role Investec plays in society, including contributions by directors and staff to the Solidarity Fund in South Africa, in response to the COVID-19 pandemic – the board's oversight of the group's culture – material concerns, if any, raised by employees or former employees

CORPORATE GOVERNANCE

(continued)

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Areas of focus	*What we did*
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 the group's key subsidiaries • deliberated on reports on suggested changes to the group's governance arrangements • considered reports on suggested changes to IBP's governance arrangements • considered 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
Financial results, liquidity, solvency and viability statement	• considered, reviewed and approved the financial results for the year ended 31 March 2020 for Investec plc and Investec Limited • considered, reviewed and approved the financial results for the half year ended 30 September 2019 for Investec plc and Investec Limited • 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 2020 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 the impact of COVID-19 • considered and approved the capital plans
Management succession	• considered matters relating to board succession and approved appointments to the board and board committees • maintained oversight of the continued orderly transition from the founding members to the new management in accordance with the approved 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

CORPORATE GOVERNANCE
(continued)

DLC Nominations and Directors' Affairs Committee report

I am pleased to present you with the report for the DLC Nomdac (the committee) for the financial year ended 31 March 2020.

As set out in my introduction to the Corporate Governance report on page 104, there have been a number of changes to the board during the year, all of which have been overseen by the committee.

The committee undertook a thorough recruitment process to identify and assess candidates, which resulted in the appointment of two new non-executive directors: Henrietta Baldock and Philisiwe Sibiya, who were appointed to the board on 9 August 2019. While selected on the basis of their strong financial services experience and skills, these two appointments help meet our continuing commitment to a diverse board.

The committee oversaw the planned transitions within our leadership team, with the appointment of Nishlan Samujh as group finance director, the departures of Hendrik du Toit and Kim McFarland, following the demerger of the Asset Management business, the appointments of David van der Walt and Ciaran Whelan as executive directors, the proposed appointment of Richard Wainwright (subject to regulatory approval) and the retirement of David from the group.

As can be seen from these changes, the committee continued to focus on succession planning for the board and senior management, including that of the group's key subsidiaries, building on the work undertaken in previous years.

The committee oversaw the internal board effectiveness review, which took the form of a self-assessment questionnaire, followed by one to one meetings. We also considered, and recommended to the board, actions arising from the previous externally facilitated review undertaken by Professor Robert Goffee.

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 effectiveness of the committee was assessed as part of the annual effectiveness review of the board. The findings of this review, which were considered by the committee, found that the committee had met its key objectives and carried out its responsibilities effectively.

Looking ahead

In 2020 / 2021, the committee will continue to review the composition of the board and the board committees, with a view to ensuring the progressive refreshment of the members of the board. In considering the composition of the board, the committee is mindful of all aspects of diversity, including gender, race, skills, experience and knowledge.

PKO Crosthwaite

Perry Crosthwaite
Chairman of the DLC Nomdac

16 June 2020

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

DLC Nomdac

Perry Crosthwaite
Chairman of the DLC Nomdac

Key achievements in FY 2020

- Oversaw the recruitment and appointments of Henrietta Baldock and Philisiwe Sibiya as non-executive directors
- Considered the succession plans for the board and senior management
- Considered the annual effectiveness review, and the actions arising from the previous externally facilitated review.

Areas of focus in FY 2021

- Review the composition of the board and the principal board committees
- Review the knowledge, skills and experience, and diversity of the board
- Consider the succession plans for the board and senior management

CORPORATE GOVERNANCE

(continued)

Role and responsibilities

The committee 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 thought, gender, social and ethnic background, and personal strengths
- maintaining the board directorship continuity programme, including the consideration of the annual board performance evaluation process

Composition and meetings

The committee comprises 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.

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 IBL does not have an independent Nominations and Directors' Affairs Committee, it was agreed that Khumo Shuenyane, the chairman of IBL, and Peter Thomas, a non-executive director of the IBL board, be appointed members of the DLC Nomdac. Peter Thomas will not stand for re-election as a non-executive director of IBL at the 2020 AGM of IBL, and as a result, will step down as a member of the committee with effect from 6 August 2020.

During the financial year ended 31 March 2020, the DLC Nomdac met six times. 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-Sep-14	6	6
ZBM Bassa	1-Apr-17	6	6
D Friedland	16-Sep-14	6	6
PA Hourquebie	15-May-18	6	6
Lord Malloch-Brown	15-May-18	6	6
KL Shuenyane	15-May-18	6	6
PRS Thomas*	9-Sep-10	6	6

* *PRS Thomas is the 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.*

CORPORATE GOVERNANCE
(continued)

How the DLC Nomdac works

The significant matters addressed by the committee during the financial year ended 31 March 2020 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 • engaged our independent external search firms Russell Reynolds and Woodburn Mann, neither of which has any connection to the group or any of the directors other than to assist with searches for executive and non-executive talent, to assist in the search for independent non-executive directors with the relevant skills and experience • agreed on the following matters: – Laurel Bowden stepping down from the board at the 2019 AGM – Cheryl Carolus stepping down from the board at the 2019 AGM – Stephen Koseff stepping down from the board at the 2019 AGM – Bernard Kantor stepping down from the board at the 2019 AGM – the appointment of Nishlan Samujh as group finance director – the appointment of Henrietta Baldock as a non-executive director – the appointment of Philisiwe Sibiya as a non-executive director – Kim McFarland stepping down from the board, following the demerger of the Asset Management business – Hendrik du Toit stepping down from the board, following the demerger of the Asset Management business – the appointment of David van der Walt as an executive director – the appointment of Ciaran Whelan as an executive director – the proposed appointment of Richard Wainwright as an executive director (subject to regulatory approval) – David van der Walt stepping down from the board, and retiring from the group – Ian Kantor stepping down from the board at the 2020 AGM • considered the board suitability policy • 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 board composition of the group's key subsidiaries including: – Investec Bank plc – Investec Bank Limited – Investec Wealth & Investment Limited – Investec Securities Proprietary Limited – Investec Life Limited • reviewed the composition of the boards and board committees of each of the group's key subsidiaries, including consideration of any vacancies, new appointments or changes that would enhance the effectiveness of the respective boards, with regard to group oversight, governance, local regulatory or legal requirements, and best practice, with a view to ensuring that there was an appropriate level of independent scrutiny at subsidiary level. The following matters were accordingly agreed: – appointment of Ruth Leas as CEO of IBP – appointment of Kevin McKenna as chief risk officer (CRO) of IBP – appointment of Alistair Stuart as chief operating officer (COO) of IBP – appointment of Chris Meyer as an executive director of IBP – appointment of Ryan Tholet as an executive director of IBP – appointment of Morris Mthombeni as a non-executive director of IBL – appointment of Geoffrey Qhena as a non-executive director of IBL

CORPORATE GOVERNANCE

(continued)

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Areas of focus	*What we did*
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 and confirmed that Ian Kantor can not be considered independent as co-founder, former CEO of the group, and brother of former executive director Bernard Kantor. Ian will not stand for re-election at the 2020 AGM • 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
Diversity and inclusion	• considered the diversity of the board and senior management, including the individuals noted as potential successors • discussed the potential impact on the diversity of the board when considering potential candidates for appointment to the board • reviewed the board diversity policy
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 regularly reviews its own effectiveness and therefore undertakes a formal evaluation of its performance and that of its committees and individual directors annually. In accordance with recognised codes of corporate governance, the evaluation of the board is externally facilitated at least every three years. As the 2018 board effectiveness review was externally facilitated by Professor Robert Goffee, the DLC Nomdac and the board agreed that the board effectiveness review for 2019 would be internally facilitated, and take the form of a self-assessment questionnaire, followed by one on one meetings with the Chairman.

The directors each completed the questionnaire, prior to meeting individually with the Chairman. The questionnaire covered a range of topics, including board effectiveness, the balance of skills and experience, board and board committee composition, governance, information availability and culture. The interviews that followed, were broad-ranging, and designed to provide additional context to the questionnaire responses.

The findings were collated and presented to the committee at the January 2020 meeting, prior to presentation to the board at the February 2020 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 the overall effectiveness of the board, in particular, within the context of the significant changes to the executive leadership team and the governance framework.

The review identified the particular strengths of the board to be the composition of the board, including the balance of non-executive to executive directors and the differentiation of the chairman and chief executive roles, and the role of the non-executive directors.

Notwithstanding the strengths, the committee discussed the areas for potential improvement. These included an increased focus on culture, strategy and succession planning at the board, and further consideration of the knowledge, skills, experience and diversity of the board.

The committee will continue to monitor the actions resulting from the board effectiveness review as the year progresses.

CORPORATE GOVERNANCE

(continued)

DLC Social and Ethics Committee report

I am pleased to present the report of the DLC Social and Ethics Committee (DLC SEC or the committee) for the financial year ended 31 March 2020. We consider the views of a wide range of stakeholders on a variety of environmental, social and governance (ESG) matters. It is this committee's responsibility, along with the board, to ensure the group is operating in an ethical, compassionate and sustainable manner.

Over the past year, there was a continued strong focus by the committee on staff developments and, in particular, on equity and inclusion. The group made good progress in terms of our transformation initiatives and employment equity targets and diversity remains a priority across all regions. Towards the end of the period, we were proud of how the group's leaders took swift action to respond to the COVID-19 pandemic and the care that was shown for employees and communities around the world.

Another key topic of focus in the past year was the environment and climate change. We were pleased to see the group achieve carbon neutral status and the committee was able to approve a public group fossil fuel policy, addressing a key stakeholder concern. The group continued to demonstrate commitment to the United Nations (UN) Sustainable Development Goals (SDGs), reinforced by Fani Titi's personal commitment to the UN Global Investors for Sustainable Development (GISD).

The following pages detail the material matters considered by the committee in the last year. For further information concerning the group's approach to sustainability, please refer to page 159.

Committee performance

The performance of the committee was assessed as part of the annual effectiveness review of the board. The results show that the committee has continued to function well.

Looking ahead

The committee will continue to monitor the key sustainability aspects of the group in accordance with best practice. We expect to see progress in a number of areas including the integration of sustainability into business strategy, climate-related and general ESG disclosures including the Task Force on Climate related Financial Disclosures (TCFD), and reporting on our priorities in terms of the UN SDGs. In addition, emphasis will be placed on business resilience and those activities that contribute to a more sustainable, low-carbon world.

Mar Malloch . Brown

Lord Malloch-Brown
Chairman of the DLC SEC

16 June 2020

It is our duty and care to ensure that the group is behaving responsibly from a commercial, social and environmental perspective so we remain a sustainable and ethical organisation

DLC SEC

Lord Malloch-Brown
Chairman of the DLC SEC

Key achievements in FY 2020

The chairman of the committee, Lord Malloch-Brown, presented on the South African Prudential Authority's Flavour of the Year Topic, namely the Creation and Institutionalisation of a culture of Ethics and Awareness

- Fani Titi, group CEO, joined the Secretary General of the UN CEO Alliance on GISD
- Reconstituted the committee with new members bringing relevant ESG experience
- Supported members of the group executive team assuming executive responsibility for driving sustainability across the organisation
- Strengthened the committee terms of reference to include greater focus on environment and climate-related issues

Areas of focus in FY 2021

Review and monitor progress:

- to integrate sustainability into group strategy and business
- in respect of climate and general ESG-related policies and disclosures
- on our priorities in terms of the UN SDGs, which are to enable access to clean water and affordable energy, to provide access to quality education, to support economic growth and job creation, to build and support infrastructure solutions and to fund sustainable cities and stronger communities
- with sustainability products and services offered
- with gender and diversity targets and performance
- in terms of business resilience and COVID-19 impacts on our people, clients and communities

CORPORATE GOVERNANCE
(continued)

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:

- overseeing the group's climate policies, processes and response to climate related matters
- ensuring that the group promotes social and economic development, including the application of the 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 discrimination and reduction of corruption
- monitoring the group's application of the South African Employment Equity Act, the South African Broad-Based Black Economic Empowerment Act and the Financial Sector Cide, and adherence to the requirements of the South African Companies Act, through the committee's terms of reference
- overseeing ethical business practices
- improving our 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 2020, the DLC SEC met three times and attendance by members at committee meetings is shown below.

		DLC SEC (3 meetings in the year)	
Members	**Committee member since**	**Eligible to attend**	**Attended**
Lord Malloch-Brown KCMG (chairman)	08-Aug-14	3	3
CA Carolus*	17-May-12	1	1
HJ du Toit**	12-Mar-19	3	3
B Kantor*	17-May-12	1	0
S Koseff*	17-May-12	1	1
KL Shuenyane***	09-Aug-19	2	2
PRS Thomas****	17-May-12	3	3
F Titi	12-Mar-19	3	3

* *CA Carolus, B Kantor and S Koseff stepped down from the committee with effect from 8 August 2019.*

** *HJ du Toit stepped down from the committee with effect from 16 March 2020.*

*** *KL Shuenyane was appointed to the committee with effect from 9 August 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 invited attendees

- Head of group sustainability
- Head of organisational development
- Head of human resources
- Head of investor relations
- Head of Asset Management#
- Head of Specialist Bank SA
- Head of Specialist Bank UK
- Head of Wealth & Investment SA
- Head of Wealth & Investment UK

Attended until the January 2020 meeting.

CORPORATE GOVERNANCE
(continued)

How the DLC SEC works

The significant matters addressed by the committee during the financial year ended 31 March 2020 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 the jurisdictions in which they operate and strive to advance the UN Global Compact 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, over 1400 youths were placed with 11 partners as part of our commitment to the YES programme
Climate risks and opportunities	• considered the impact of climate change and the importance for various stakeholders • monitored the groups adherence to the relevant climate-related disclosures (including the TCFDs) • supported the climate neutral status that the group achieved in 2020 • approved a public group fossil fuel policy
Sustainable Development Goals (SDGs)	• challenged the core priorities with regards to the UN SDGs, assessed their relevance and monitored the performance in terms of the goals for the group • supported Fani Titi's invitation to join the Secretary General of the UN CEO Alliance on the Global Investors for Sustainable Development (GISD)
Good corporate citizenship	• discussed the key elements of good corporate citizenship • reviewed the group's record of sponsorship, community donations, political 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 the industry members on the Dow Jones Sustainability Investment (DJSI) World Indices and 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

CORPORATE GOVERNANCE

(continued)

Areas of focus	*What we did*
The South African Broad-Based Black Economic Empowerment Act and the Financial Sector Code	• 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 group's activities in contributing to the development of communities • received regular reports on the group's community investment initiatives • satisfied itself that the group contributed to the development of communities
Talent retention and attraction of employees	• received regular reports and updates from the careers team on our talent management strategy including internal mobility • monitored the performance of a number of our graduate, internship and exposure programmes and continued to support the investment in developing and upskilling our employees
Culture and ethics	• received regular reports on the group's activities in respect of programmes offered to enhance its core values which include 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 wellbeing of local communities, the environment and on overall macro-economic stability, as well as the long term success of the company
Other	• supported the appointment of members of the group executive team, with responsibility for integrating sustainability into business strategy • monitored the work done to assess our ESG exposures • reviewed the products and services offered with a sustainability impact (for example, clean energy private equity fund and the Investec Environmental World Index Autocall) • supported the swift business resilience response to COVID-19 and its impacts on our people, clients and communities

CORPORATE GOVERNANCE
(continued)

DLC Audit Committee report

I am pleased to present the report of the DLC Audit Committee (the committee) which incorporates the activities and functions of the Investec Limited and Investec plc Audit Committees for the financial year ended 31 March 2020.

The report will address the role and the key areas of focus of the DLC Audit Committee. In addition to outlining the structure of the group's Audit committees, some insights are included on how decisions are made and where judgement was applied to conclude on significant matters during the financial period.

DLC Audit Committee and the DLC BRCC

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. 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 and members are also members of the DLC BRCC.

The DLC Audit Committee and the DLC BRCC work closely together in fulfilling their objectives.

Committee performance

The performance of the DLC Audit Committee was assessed as part of an internal board effectiveness evaluation process and it was concluded that the committee continues to function effectively.

Looking ahead

In advancing the DLC Audit Committee efforts of the prior year, focus will continue to be centred on the impact, oversight, governance and disclosure in relation to IFRS 9.

In addition, there will be continued consideration of the independence of the internal auditor, the external auditor and audit quality measures.

The DLC Audit Committee will furthermore continue to focus on the combined assessment of the impact of COVID-19 on the economy and the consequent impact on financial systems and reporting, including viability, results of operations and financial position.

Transparent disclosure is the cornerstone for the long-term success and sustainability of our business

DLC Audit Committee

Zarina Bassa

Chair of the DLC Audit Committee

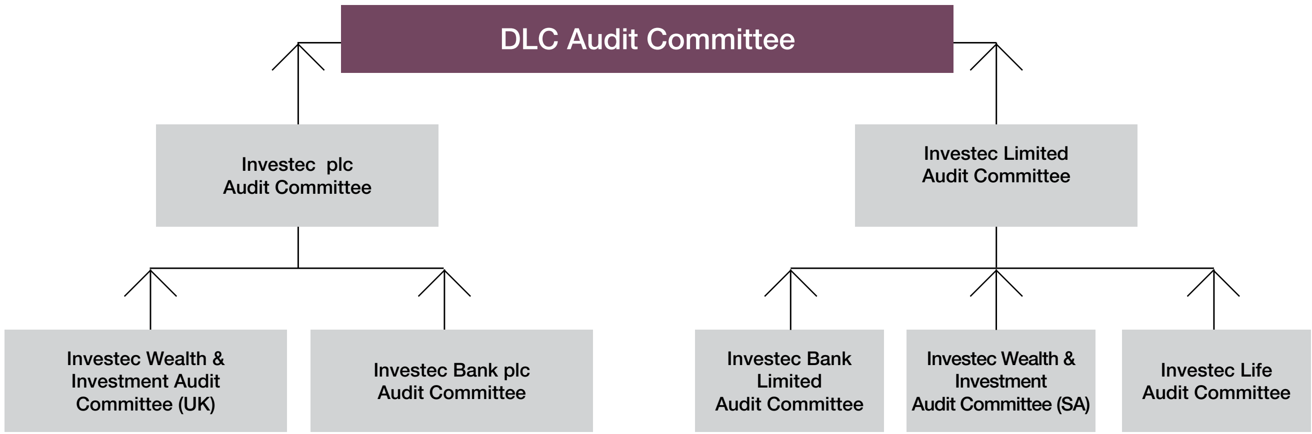
Key areas addressed in FY 2020

- Considered the accounting and operational impact of COVID-19 and mitigating steps taken, including going concern, liquidity and viability
- Oversaw the impact, governance and disclosure as it relates to IFRS 9. A specific focus was placed on the impact COVID-19 had on the application of IFRS 9
- Oversaw the regulatory compliance and the resulting accounting of the demerger of Asset Management
- Monitored audit quality and audit partner accreditation looking at results of firm and engagement partner regulator reviews and/or internal quality control
- Considered the external auditor's independence
- Monitored close out of internal and external audit findings
- Held joint DLC Audit Committee and DLC BRCC meetings to cover changes to the IFRS 9 macro economic scenarios and probabilities for 2020 and the impact of COVID-19
- Reviewed succession for key internal audit members
- Oversight over regulatory compliance and the compliance programme
- Conducted an External Quality Assurance Review (EQAR) of internal audit
- Revised the policy on non-audit services
- Considered key risk and reporting exposures faced by the group
- Concluded on the proposed approach to Mandatory Audit Firm Rotation (MAFR) for Investec Bank Limited and Investec Limited

Key focus areas for FY 2021

- Consider the impact of COVID-19 and mitigating steps taken in this regard, including impacts on business resilience, liquidity and credit loss provisioning
- Initiate tender and appointment process to facilitate MAFR
- Consider the appointment of external auditors
- Monitor external audit quality and independence
- Continue to focus on the judgements, oversight, governance and disclosure of the consequences of IFRS 9
- Continue to effectively communicate with the chairs of audit committees of subsidiaries including attendance at sub-committees
- Evaluate the effectiveness of the internal audit function
- Oversee, together with the DLC BRCC, the management of IT Risk and cyber-security through the IT Risk and Governance Committee
- Focus on ensuring that the group's financial systems, processes and controls are operating effectively and evolve with the changes in the industry
- Consider the implication of changes in accounting standards and regulatory requirements and how management intends to implement
- Continue to exercise oversight over subsidiary audit committees in remote locations

CORPORATE GOVERNANCE
(continued)



Structure of the Investec group's Audit Committees

In terms of the DLC structure, the DLC board has mandated authority to the DLC Audit Committee to be the Audit Committee of the Investec group. The DLC Audit committee oversees and considers group audit-related matters and has responsibility for audit-related matters that are common to Investec plc and Investec Limited, and works in conjunction with these two committees to address all group reporting.

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 IW&I (UK) Audit Committees and the IAM Global Audit Committee, up to the point of the demerger, reported to the Investec plc Audit Committee and the IBL and IW&I (SA) Audit Committees report to the Investec Limited Audit Committee. The DLC audit committee chairman chairs each of the Investec plc, Investec Limited and Investec Bank Limited Audit Committees.

The committee receives regular reports from the group's subsidiary Audit Committees as part of the oversight of subsidiary Audit Committees. The DLC Audit Committee chair is also the chairman of the Investec Bank Mauritius (IBM) and Investec Bank Limited (IBL) Audit Committees and a member of the Investec Bank plc and the Investec Life Audit Committee.

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
- appointing, managing and overseeing the relationship with the group's external auditors, including the quality control, effectiveness and independence of the external audit function
- reviewing the group's internal controls and assurance processes, including those of internal audit
- manage and oversee the performance, conduct,quality and effectiveness of the group's internal audit functions
- oversight of group compliance
- overseeing the group's subsidiary Audit Committees, including in remote locations
- the DLC Audit Committee is supported by the Investec plc and Investec Limited Audit Committees
- determining the fees to be paid to external auditors
- managing the level and nature of non-audit services provided by the auditors
- dealing with any concerns from outside and inside Investec regarding accounting, reporting and financial control

CORPORATE GOVERNANCE

(continued)

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 concluded that the DLC Audit Committee has the appropriate balance of knowledge and skills for them to discharge their duties. In particular, all of the members are chartered accountants and by virtue of their experience in the banking, financial services, financial management and audit sectors, the members collectively have the 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 111.

Meeting schedule and attendance

- During the financial year ended 31 March 2020, the DLC Audit Committee, Investec plc Audit Committee and Investec Limited Audit Committee each met four times during the year.
- The Committee further met during the year to sign off on the Annual Financial Statements of Investec plc and Investec Limited.
- The Committee met twice in June 2019 to sign off the 2019 Annual Report for the group.
- A Special Combined IBL Audit Committee and DLC Audit Committee meeting was held in May 2019. The meeting was convened to discuss the mining and Hong Kong exposures of the group.
- A regulatory and accounting update session was held by the committee with Ernst & Young to ensure that the committee keeps abreast of all current and impending developments.
- A Combined DLC Audit Committee and DLC BRCC meeting was held in February 2020 to discuss changes to the IFRS 9 scenarios and probabilities for 2020 with a further update to scenarios in April 2020 to cover the impact of COVID-19.
- Audit quality meetings were held with the DLC auditors, Ernst & Young LLP and Ernst & Young Inc. and the joint auditors of Investec Limited, Ernst & Young Inc. and KPMG Inc. to consider and conclude on Audit quality and JSE partner accreditation.
- A Trilateral meeting was attended with the South African Prudential Authority to discuss internal and external audit findings.

		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 (chair)	1-Nov-14	4	4	4	4	4	4
LC Bowden*	11-Dec-18	1	1	1	1	1	1
PA Hourquebie	14-Aug-17	3	3	3	3	3	3
PG Sibiya**	9-Aug-19	3	3	3	3	3	3

* *LC Bowden stepped down from the DLC Audit Committee, the Investec plc Audit Committee and the Investec Limited Audit Committee with effect from 8 August 2019.*

** *PG Sibiya was appointed as a member of the DLC Audit Committee, the Investec plc Audit Committee and the Investec Limited Audit Committee with effect from 9 August 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

- Joint chief executive offers of the group#
- Group finance director
- Head of risk
- Heads of internal audit – Investec Limited and Investec plc
- Heads of finance
- External auditors
- Group company secretaries
- Heads of IBL, IBP and IW&I
- Head of corporate governance
- Head of tax

Fani Titi became the sole chief executive officer on 16 March 2020 following the demerger of the Asset Management business from the group

Areas covered by the DLC Audit Committee

The significant matters addressed by the committee during the financial year ended 31 March 2020, and in evaluating the annual report and financial statements are described on the following pages.

Key audit matters

Key audit matters, are those matters in the view of the DLC Audit Committee that:

- required significant focus from the committee
- were considered to be significant or material in nature requiring exercise of judgement; or
- matters which were otherwise considered to be subjective from an accounting or auditing perspective.

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

Key Audit Matters	*What we did*
Impact of COVID-19 • The COVID-19 pandemic is of an unprecedented scale and has severely impacted the global economy and businesses across all industries. There is a significant degree of uncertainty about the further spread of the virus and the impact it will have on the world economy	• considered the known impact of Covid-19 on the economy in both geographies and the resulting impact on the applicability of the scenarios, the judgements and estimates used by management to prepare the annual financial statements • The areas most impacted by COVID-19 include: – going concern and the viability statement including liquidity – expected credit loss (ECL) assessment (IFRS 9 macro-economic scenarios, probabilities and staging) – impact on quality of earnings – fair value measurement and the resulting IFRS 13 Fair Value Measurement disclosures steps taken by the committee to consider these are specifically addressed below
Compliance with COVID-19 guidance provided by regulators and standard setters in the UK and SA • As part of the response to the COVID-19 global crisis, banking regulators in the UK and South Africa issued guidance and revised regulations regarding the application of accounting principles, liquidity and capital management	• received and reviewed a memorandum prepared by Investec management summarising the guidance issued in all jurisdictions and how management intends to comply with this guidance • through the review of the ECL process, confirmed the application of the guidance on the accounting principles to be applied • through participation of audit committee members on the remuneration committee and the board of directors, confirmed that there will be no cash bonus payments to executive management and that a dividend will not be declared
Accounting for the demerger of Investec Asset Management • In September 2018, the directors announced their intention to demerge the Asset Management (rebranded Ninety One) business and on 16 March 2020 the demerger was completed. Subsequent to the demerger the group holds a 25% investment in Ninety One which is accounted for at the group level as an associate	• reviewed the initial impact valuation of Investec Asset Management as performed by a professional external valuation specialist • received regular updates on the demerger from group finance, group tax and legal to enable it to evaluate the appropriateness of the accounting and the regulatory and legal compliance of the demerger • considered the appropriateness of accounting principles applied to account for the demerger and of the disclosures of the transaction • reviewed the technical accounting memorandum prepared by group finance • convened a special audit committee meeting to approve the accounting principles applied in the preparation of the circular and the content of the circular issued • reviewed and confirmed the appropriateness of the accounting treatment of the demerger and the gain thereon, and the accounting treatment of the remaining holding as an associate at a group level

CORPORATE GOVERNANCE

(continued)

<table>
<tr><th>Key Audit Matters</th><th>What we did</th></tr>
<tr><td>Fair value of level 3 instruments and the resulting IFRS 13 Fair Value Measurement (IFRS 13) disclosure
• For level 3 instruments, such as unlisted investments in private equity businesses, investment properties, fair value loans and large bespoke derivative structures, there is necessarily a large degree of subjectivity surrounding the inputs to the valuations. With the lack of observable liquid market inputs, determining appropriate valuations continues to be highly judgemental</td><td>• received presentations on the material investments across the group including an analysis of the key judgements and assumptions applied and approved the valuation adjustments proposed by management for the year ended 31 March 2020
• challenged and debated significant subjective exposures and assumptions including:
– the valuation principles applied with the valuation of level 3 investments (unlisted and private equity investments) and fair value loans. Particular focus was given to the impact of COVID-19 on these valuation principles
– fair value of exposures in industries highly affected by COVID-19
– exposures in respect of Southern African mining loans and investments
– management's plans for work out of such exposures, client history, geographical and sectoral exposure and assumptions around collateral valuation and debt restructures
– the appropriateness of the IFRS 13 disclosures on fair value</td></tr>
<tr><td>Uncertain tax and other legal matters
• considered potential legal and uncertain tax matters with a view to ensuring appropriate accounting treatment in the financial statements, including in respect of historical German dividend tax arbitrage transactions</td><td>• received regular updates from group tax, group finance and legal on uncertain tax and legal matters to enable it to probe and consider the matters and evaluate the basis and appropriateness of the accounting treatment
• analysed the judgements and estimates made and discussed the potential range of outcomes that might arise to determine the liability, if any, for uncertain tax provisions as required by International Financial Reporting Interpretations Committee (IFRIC) 23
• concluded on the appropriateness of the IAS37 accounting treatment, the scenarios and sensitivities, and any overall disclosure in the financial statements. Conferred with and received confirmation from the external auditors on the overall treatment</td></tr>
<tr><td>Impairment of investments in associates
• evaluated the appropriateness of the carrying amount of investments in associates measured at amortised cost</td><td>• received and reviewed technical accounting memoranda prepared by group finance on the material investments in associates across the group addressing the appropriateness of the carrying value of the investments and the impairment assessment performed by management. This included an analysis of the key judgements and assumptions applied
• evaluated the appropriateness of the accounting and disclosure relating to significant judgements and estimates, valuation methods and assumptions applied</td></tr>
<tr><td>Going concern and the viability statement
• the directors are required to confirm that they are satisfied that the group has adequate resources to continue in business for the foreseeable future</td><td>• undertook an assessment on behalf of the board, and recommended to the board that it was appropriate for the financial statements to be prepared on a going concern basis
• in this process considered reports on the group's budgets and forecasts, profitability, capital, liquidity and solvency, scenario stress testing and the impact of legal proceedings; if any
• considered the results of various stress testing based on different COVID-19 economic scenarios and the possible impact of COVID-19 on the ability of Investec to continue as a going concern
• specifically, as part of the demerger approval process, concluded that following the demerger of the Asset Management business from the Investec group, the group would have adequate resources to continue as a going concern for the foreseeable future
• jointly with the DLC BRCC, assessed the reasonableness of and approved the viability statement based on three-year capital plans produced by management</td></tr>
</table>

CORPORATE GOVERNANCE

(continued)

4

Key Audit Matters	What we did
Expected credit loss (ECL) assessment • The appropriateness of the allowance for expected credit losses is highly subjective and judgemental. The impact of COVID-19 and the resultant economic impacts in South Africa and the UK have resulted in additional key judgements and assumptions being made during the current year	• challenged the level of ECL and the assumptions used to calculate the ECL provisions held by the group • reviewed and monitored the group's calculation of expected credit losses, trends in staging changes, model changes, scenario updates, post-model adjustments, and volatility. Specific review and consideration was given to the macroeconomic scenarios used to calculate the COVID-19 ECL overlays and the staging applied for COVID-19 restructured positions • convened a dedicated combined audit and risk committee meeting to consider economic scenarios adjusted for the forecasted potential impact of COVID-19, probabilities and weightings, principles applied, changes to governance over models and ECL principles applied • assessed ECL experienced against forecast, and considered whether the level of ECL was appropriate. Particular focus was given to COVID-19 restructured positions (payment holidays) and sectors' highly impacted by COVID-19, the legacy portfolio and exposures which are specifically affected by the negative current macro-economic environment • evaluated the IFRS 9 disclosures for relevance and compliance with IFRS • assessed the appropriateness of the ECL provision raised by the group for large exposures in entities publicly perceived to be in financial distress • reviewed the appropriateness of the management overlay recognised in the UK. The overlay was calculated by applying a weighted consideration of two macro-economic scenarios to account for the impact of COVID-19. The committee specifically scrutinised the assumptions applied in the COVID-19 short and the COVID-19 long scenario • reviewed the appropriateness of the forward looking macro-economic scenarios used in the measurement of ECL in South Africa. The macro-economic scenarios were updated to capture the wide-reaching impacts of the sovereign downgrade to sub investment grade as well as the impact of COVID-19. The committee further evaluated the appropriateness of the management ECL overlay to capture the anticipated impact of South Africa's national lockdown on the commercial real estate portfolio
Accounting for equity linked notes and deposit products issued by the Structured Products Desk in the UK • Investec issues equity linked notes and deposit products through the Structured Products Desk in the UK. These products require complex accounting principles to be applied and involve a degree of subjectivity surrounding the inputs to their valuations	• received and reviewed a technical accounting memorandum prepared by group finance on the accounting treatment of the equity linked notes and deposits. This included an analysis of the key judgements and assumptions applied • evaluated the appropriateness of the disclosure provided relating to significant judgements and estimates, valuation methods and assumptions applied • received confirmation from external audit on the appropriateness of the accounting treatment

CORPORATE GOVERNANCE

(continued)

<table>
<tr><th>Key Audit Matters</th><th>What we did</th></tr>
<tr><td>Accounting for strategic actions completed by the Group
• Investec elected to separately disclose the financial impact of certain strategic actions including the financial impact from group restructures and the rundown of portfolios where operations have ceased. Due to the significant change in the nature of the entity’s operations, it was considered appropriate to present the information on a like-for-like basis, resulting in reclassifications for related items which were previously included in operating income and operating costs in the income statement</td><td>• received and reviewed a technical accounting memorandum prepared by group finance on the appropriateness of the classification and measurement of the strategic actions. This included an analysis of the key judgements and assumptions applied
• evaluated the appropriateness of the disclosure provided relating to significant judgements and estimates, valuation methods and assumptions applied
• considered the impact of such items on the quality of earnings</td></tr>
<tr><td>External audit, audit quality and mandatory audit firm rotation (MAFR)</td><td>• managed the relationship with the external auditors including their re-appointment
• considered and approved a revised policy in respect of non-audit services rendered by external audit
• pre-approved all non-audit services provided by external audit and confirmed the services to be within the approved non-audit services policy
• assessed the independence and objectivity of the external auditors
• met with key members of Ernst & Young LLP and Ernst & Young Inc. (auditors of DLC) and Ernst & Young Inc. and KPMG Inc. (auditors of Investec Limited) prior to every Audit Committee, to discuss the 2019/2020 audit plan, key areas of focus, findings, scope and conclusions
• met separately with the leadership of Ernst & Young Inc., KPMG Inc., and Ernst & Young LLP to discuss auditor accreditation, independence, firm quality control, results of internal and external inspections and audit quality
• discussed external audit feedback on the group’s critical accounting estimates and judgements. Noted the increased involvement of specialists from the audit firms in the more complex matters in the current year
• discussed external auditors' draft report on specific control areas and the control environment ahead of the 2020 financial year end. The committee considered and discussed with the auditors accounting in respect of significant accounting transactions such as the IAM demerger, structured products and the run down of the Hong Kong branch.
• the committee approved the external audit plan, audit fee and the main areas of focus
• had a closed session with the auditors without management

In line with the conditions set out in section 94(8) of the South African Companies Act, and based on its assessment documented above, using the criteria set out by the King IV Code and the JSE Listings Requirements, the DLC Audit Committee confirms its satisfaction with the performance and quality of external audit, the external auditors and lead partners

The Committee evaluated the legal and regulatory MAFR requirements to rotate external auditors. An audit rotation plan was developed and approved by the Committee that stipulates the timing of the audit tender process, the transition and the effective date of the rotation in each of the jurisdictions Investec operates in. According to the plan, Investec initiated the audit tender process to rotate one of the joint external audit firms of Investec Bank Limited and Investec Limited

Additional information regarding the procedures performed by the Committee on external audit and the audit rotation plan is provided on page 142</td></tr>
</table>

CORPORATE GOVERNANCE

(continued)

Other matters considered by the DLC Audit Committee:

Apart from financial reporting matters, the committee has responsibility for oversight of the effectiveness of the group's internal controls, the appointment, performance and effectiveness of internal audit, and the performance, objectivity and independence of the external auditors. The committee considered the following matters during the financial year ended 31 March 2020:

Area of focus	*What we did*
IFRS	• reviewed the impact of the first-time adoption of IFRS16 and IFRIC 23 and the related disclosures • The 2019 annual financial statements of the Investec group were subject to a JSE pro-active monitoring review. The 2018 annual financial statements of the Investec group were subject to a review by the FRC. The outcome of the reviews confirmed compliance with IFRS and regulatory disclosure requirements
Related Party Disclosures	• considered and reviewed related party disclosures in relation to the group • DLC Nomdac reviewed key related party transactions during the year and ensured that policies are being complied with
Regulatory Compliance and Reporting	• received regular reports from the group regulatory compliance function and reviewed the adequacy of the scope and the effectiveness of the regulatory compliance processes applied. This included the evaluation of the quality of regulatory reporting, the regulatory compliance universe, the scope and the integrity of the regulatory compliance process, the adequacy of internal regulatory compliance systems and processes, and the consideration and remediation of any findings by the external auditors and regulator
Post-balance sheet disclosure	• considered the need for post-balance sheet disclosures. Specifically considered the impact of COVID-19 in the affected jurisdictions that Investec operates in
Viability Statement	• assessed the reasonableness of and approved the viability statement in a specifically convened combined DLC Audit and BRCC
Fair, balanced and understandable reporting • the group is required to ensure that its external reporting is fair, balanced and understandable, and consider 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 2020 were appropriate in ensuring that those statements were fair, balanced and understandable • the committee recommended to the board that the 2020 annual report and financial statements were fair, balanced and understandable.
Combined Assurance Model	• satisfied itself with the appropriateness of the design and effectiveness of the combined assurance model applied which incorporates the various disciplines of risk management, legal and regulatory compliance. Satisfied itself with the levels of assurance and mitigants so that, taken as a whole, there is sufficient and appropriate assurance regarding mitigants for the key risks
Internal controls • the effectiveness of the overall control environment, the status of any material control issues with emphasis on the progress of specific remediation plans	• attended and received regular reports from the DLC BRCC. Based on this reporting, evaluated the impact of an evolving risk environment, including operational risk, on the internal control environment • 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 • reviewed reports from the Independent Audit Committees of the Asset Management business (up until the demerger) and Investec Wealth & Investment, both of which are attended by the DLC Audit committee chair • evaluated reports on the internal control environment from the internal and external auditors • attended and received regular reports from the IT Risk and Governance Committee regarding the monitoring and effectiveness of the group's IT controls. Considered updates on key internal and external audit findings in relation to the IT control environment • reviewed and approved the Combined Assurance Model, ensuring completeness of risks and adequacy and effectiveness of assurance coverage

CORPORATE GOVERNANCE

(continued)

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 subsidiary audit sub-committees • assessed reports on individual businesses and functions on their control environment, scrutinised any identified control failures and closely monitored the status of remediation plans • received updates from senior management, and scrutinised action plans following internal audit findings • 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, the risk assessment methodology and coverage of the internal audit plan • the committee is responsible for assessing audit quality in relation to Internal Audit	• scrutinised and reviewed internal audit plans, risk assessment, methodology, staffing and approved the annual plan. Assumed responsibility for the monitoring and following up of internal audit control findings, including IT, and ensured appropriate mitigation and timeous close out • received regular reports from internal audit on all significant issues identified • monitored audit quality in relation to internal audit • monitored delivery of the agreed audit plans, including assessing internal audit resources • reviewed succession for key internal audit roles • tracked in parallel the levels of high and moderate risk audits, and monitored related remediations plans • met with the heads of internal audit prior to each audit committee meeting, without management being present, to discuss the remit of internal audit and any issues arising from the internal audits conducted • approved the internal audit plans, methodology and deliverables • confirmed that it was satisfied with the performance of the internal audit function • approved the risk assessments and rotational audit plan • reviewed the EQAR conducted by an external provider during 2020, with no material issues impacting the DLC internal audit function • received an opinion from internal audit on internal controls and the integrated risk management framework as part of the year-end sign-off process • considered the succession, skills matrix and the Continuous Professional Development (CPD) of Internal Audit • had a closed session of the audit committee with internal audit without management present • the internal audit quality assurance program is designed in line with the Institute of Internal Auditors (IIA) International Professional Practices Framework (which includes the International Standards for the Professional Practice of Internal Auditing and the Code of Professional Conduct, including the Code of Ethics) • the quality assurance program is multi-faceted, and includes the attraction, development and retention of adequately skilled staff that exercise proficiency and due professional care, adherence to the global internal audit governance framework and audit methodology, oversight and detailed review of every audit engagement and a quarterly post engagement quality assurance program • the results of the post engagement quality assurance program inform any training interventions required within the team and the results are consolidated and presented to the Audit Committee on an annual basis
Finance function	• discussed and concluded that the finance director has the appropriate expertise and experience and the finance function has sufficient resources and skills to perform the financial reporting for the group

CORPORATE GOVERNANCE

(continued)

External audit

The DLC Audit Committee has the following responsibilities:

- To nominate a registered auditor for the group who, in the opinion of the audit committee, is independent
- To consider the audit fees to be paid to the auditors and the scope of the engagement
- To determine the nature and extent of any non-audit services that the auditor may provide
- To satisfy itself of the independence and objectivity of the external auditors
- To satisfy itself of the experience and the capacity of the audit teams

Auditor appointment

In terms of Section 90 of the South African Companies Act an auditor is prohibited from providing certain specified services for a client on which a statutory audit is performed.

The Audit Committee has considered the following in determining the appointment of external auditors:

- The regulatory need for joint auditors
- The state of the audit profession in South Africa
- The level of specialisation, footprint, capacity and experience required by a firm in performing a joint audit of a bank or financial services group which is of systemic importance
- Level of quality control within the audit firms as evidenced by the results of internal and external regulatory reviews performed on audit firms and engagement partners
- The level of inherent risk in auditing a Financial Services group and the consequent audit risk
- Independence of the External Auditor
- The fundamental demands on audit quality, the level of audit risk given the turmoil in the audit profession, balanced against shareholder views on firm rotation

Non-audit services

The Investec group has adopted a new 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 the DLC Audit Committee. The policy was reviewed and revised during the current year.

Total audit fees paid to all auditors for the year ended 31 March 2020 were £15.4 million (2019: £15.1 million), of which £4.3 million (2019: £4 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.

Included in non-audit services in the current year are assurance services typically provided by the external auditor in respect of circulars and prospectuses as part of the demerger of the Investec Asset Management business.

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).

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 Ernst & Young LLP (Investec plc), Ernst & Young Inc. and KPMG Inc. (Investec Limited), both from a UK and South African 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;
- any reputational, legal or impending legal issues impacting the firm
- 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;
- the results of the last firm-wide reviews carried out by the regulatory body, IRBA in South Africa; FRC 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.

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 2019 and 2018 (Ernst & Young LLP: 1 April 2019 and Ernst & Young Inc: 31 January 2018)
- Manprit Dosanjh has replaced Andy Bates 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.

CORPORATE GOVERNANCE

(continued)

Following due consideration, we continue to believe that the following are adequate safeguards to ensure that the audit process is both objective and effective:

- the extent of audit cross reviews, both between the joint auditors of Investec Limited and the additional reviews by KMPG International
- the additional cross reviews by the DLC auditors across the group supported by partner rotation
- limitations on non-audit services including pre-approval on non-audit work
- the confirmation of the independence of the firms and auditors involved
- formal audit quality process undertaken by the Audit Committee

Mandatory Firm Rotation

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 March 2024 at the latest. A competitive tender process will be conducted in advance of this time.

Investec Limited

In terms of the Banks Act in South Africa, Investec Limited is required to appoint joint auditors.

The rule on MAFR as issued by the Independent Regulatory Board for Auditors (IRBA) requires that an audit firm shall not serve as the appointed auditor of a public interest entity for more than 10 consecutive financial years. Thereafter, the audit firm will only be eligible for reappointment as the auditor after the expiry of at least five financial years. The requirement is effective for financial years commencing on or after 1 April 2023. If, at the effective date, the entity has appointed joint auditors and both have had audit tenure of 10 years or more, then only one audit firm is required to rotate at the effective date and the remaining audit firm will be granted an additional two years before rotation is required.

The Investec Limited Audit Committee considered the implications of the mandatory audit firm rotation rule as issued by IRBA, the requirements of the South African Companies Act and the state of the audit profession in South Africa including reputational or apparent audit failure perceptions. The views expressed by shareholders have been a key consideration balanced with the implications of having joint auditors and the risks inherent to an audit transition. Based on this assessment, the audit committee deemed it prudent to commence the process by rotating one of the joint auditors effective from the financial year commencing 1 April 2023, with the remaining firm rotating two years thereafter. A competitive tender process has commenced to appoint the audit firm to be rotated for the financial year commencing 1 April 2023. The conclusion of the tender process will be communicated publicly as soon as it is concluded.

Re-election of 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 JSE, and considering the guidance provided in the FRC guide on Audit Committees, the DLC Audit Committee confirms its satisfaction with the performance and quality of external audit, the external auditors and lead partners.

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 together with the results of the Audit Committees' extensive, formalised process to satisfy itself as to auditor independence and audit quality.

The board and DLC Audit Committee is recommending the re-election of KPMG Inc. and Ernst & Young as joint auditors of Investec Limited at the annual general meeting in August 2020.

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 AGM in August 2020.

Zarina Bassa
Chair of the DLC Audit Committee

16 June 2020

CORPORATE GOVERNANCE
(continued)

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DLC Board Risk and Capital Committee report

As the chairman of the DLC BRCC, during the financial year ended 31 March 2020, I am pleased to present our report.

The role of the committee is to review, on behalf of the board, the range of risks facing the business. We perform this function by considering the risk reports presented and question whether existing actions taken by management are appropriate.

The DLC Audit Committee has the primary role in providing assurance to the board that adequate controls are in place to mitigate the enterprise wide risks identified and that the controls may be relied upon. Therefore, the audit committee relies on the output of the committee to give assurance on the completeness of enterprise wide risks. As it is essential that there are some synergies in membership of the DLC Audit Committee and DLC BRCC, common membership is retained by Zarina Bassa, as the chair of the DLC Audit Committee, and Philip Hourquebie and Philisiwe Sibiya, as members of the DLC Audit Committee.

Capital ratios have remained sound throughout COVID-19. With respect to Market Risk ,we remained within risk limits through the period, except for the UK equity structured products business which was significantly impacted by a sharp fall in equity markets pursuant to the COVID-19 pandemic, and resultant changes in assumed dividend yields. 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 models for the Foundation Internal Ratings Based (FIRB) approach. 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 the FIRB approach and retail portfolios using the Advanced Internal Ratings Based (AIRB) approach, effective April 2019.

Reports to the committee focus on the key risk disciplines of credit, operational, legal, conduct, reputational, capital, liquidity, climate change risk, financial crime, business resilience, market, investment risk, information technology and cyber security. 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 one off events, including deep dives on certain significant risk exposures such as business resilience and cyber crime.

At each board meeting, a report is presented on the key matters discussed at the committee with particular focus on any new risks identified.

In the latter part of the financial year, the committee focused on the rapidly evolving impact of COVID-19 and the potential introduction of a broad range of risks across the business: people risk, operational resilience and financial risks including market risk, credit risk and liquidity risk. We focused on deposit origination through our funding channels in anticipation of increased levels of notice given by corporates to shore up their liquidity needs. We actively monitored our liquidity position and risk metrics and various market scenarios. The committee was provided with assurance that due attention and appropriate action was being taken and the committee was regularly kept abreast of the risks given the fluidity of the situation.

We believe that robust risk management systems and processes are in place to support the group strategy

DLC Board Risk and Capital Committee report

David Friedland
Chairman of the DLC BRCC

Key achievements in FY 2020

- Reviewed the targeted attack simulation (TAS) exercise conducted by external consultants in order to mitigate cybercrime risk. Ensured remedial action was being taken in respect of identified weaknesses
- Brexit: Consideration of risks that could be faced and management actions to mitigate the impact thereof
- Monitored progress of converting the IBL wholesale book from the Foundation Internal Ratings Based (FIRB) to the Advanced Internal Ratings Based (AIRB) approach
- Monitored the effectiveness of Risk Data Aggregation and Risk Reporting (RDARR)
- Monitored the implementation of the General Data Protection Regulation (GDPR)
- Continued focus on the further embedding of International Financial Reporting Standards (IFRS 9)
- Reviewed strengthening our Economic, Social and Governance (ESG) assessments and monitoring processes
- Discussed climate-related risks and opportunities for enhanced Task Force on Climate related Financial Disclosures (TCFD) disclosures
- Ensured that any risks associated with the demerger of the Asset Management (Ninety One) business were adequately addressed
- Reviewed the results of IBP's liquidity stress test simulation exercise, including consideration of actions resulting therefrom
- Monitored the group's Internal Capital Adequacy Assessment Process (ICAAPs), the group's Internal Liquidity Adequacy Assessment Process (ILAAP)
- Monitored the impact and measures taken to manage COVID-19

Areas of focus in FY 2021

- Monitor the impact and measures taken to manage COVID-19 including the impact on staff, the workplace, financial, client services, risk and compliance
- Monitor the continued mitigation of risks related to cybercrime and information security
- Monitor the effectiveness of RDARR
- Continued focus on the further embedding of IFRS 9
- Monitor regulatory developments
- Continuing to strengthen our ESG processes
- Strengthening disclosure according to TCFD recommendations
- Review business resilience
- Monitor the conversion of the IBL wholesale book from FIRB to AIRB
- Approve the group's ICAAPs and IBP's ILAAP
- Brexit: continued consideration of the risks that could be faced and the monitoring of management actions to mitigate the impact thereof

CORPORATE GOVERNANCE

(continued)

Committee performance

The performance of the committee was evaluated over the year and it was concluded that it was to be operating effectively.

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.

Looking forward

There is currently unprecedented uncertainty resulting from the COVID-19 pandemic, including the depth of the potential downturn in activity, the duration of restrictive measures and the lockdown exit plans within the geographies in which we operate.

It is presently difficult to predict the full impact that the pandemic will have on the group.

We will regularly review and, where necessary, question management's ongoing responses so as to ensure that the challenges posed by COVID-19 are given its full attention.

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, business resilience, financial crime, 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 and assessing the impact of external factors on the group's risk profile.

The committee will continue to dedicate time either within scheduled meetings or with ad-hoc meetings to receive in-depth reporting on specific risks or business lines from subject matter experts to facilitate better understanding of the risks and to allow for debate and challenge.

David Friedland
Chairman, DLC BRCC

16 June 2020

CORPORATE GOVERNANCE

(continued)

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Role

The committee is an essential part of the group's governance framework to which the board has delegated the monitoring of the group's activities in relation to a number of risks and capital management. The committee is the most senior risk management committee of the group and comprises executive and non-executive membership. It covers each material banking and wealth management subsidiary company within the wider group.

The committee 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 committee ensures a robust culture supported by oversight and management of information to evidence good practice.

The committee also considers whether the resources allocated to the risk management functions are adequate for effectively managing the group's risk exposures.

The committee 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.

Composition and meetings

The DLC Nomdac and the board have formed the opinion that the committee has the appropriate balance of knowledge and skills in order to discharge its duties. All members have the relevant knowledge and experience for them to be able to consider the issues that are presented to the committee.

The committee meets at least six times every year. During the year ended 31 March 2020, the committee met six times.

A Combined DLC Audit Committee and DLC BRCC meeting was held in February 2020 to review Macro Economic Scenarios, Weightings and the impact on Expected Credit Losses (ECL) and IFRS 9, to jointly sign off on these matters.

		DLC BRCC (6 meetings in the year)	
Members	**Committee member since**	**Eligible to attend**	**Attended**
D Friedland (Chairman)	13-Sep-13	6	6
ZBM Bassa	14-Nov-14	6	6
PKO Crosthwaite	9-Nov-18	6	3
B Kantor*	11-Mar-11	2	1
S Koseff**	11-Mar-11	2	1
NA Samujh***	8-Aug-19	4	4
PA Hourquebie	17-Aug-17	6	6
KL Shuenyane	16-Jan-15	6	6
HC Baldock****	9-Aug-19	4	4
PG Sibiya*****	9-Aug-19	4	4
F Titi	11-Mar-11	6	6

* *B Kantor stepped down from the committee with effect from 8 August 2019.*

** *S Koseff stepped down from the committee with effect from 8 August 2019.*

*** *NA Samujh was appointed to the committee with effect from 9 August 2019*

**** *HC Baldock was appointed to the committee with effect from 9 August 2019.*

***** *PG Sibiya was appointed to the committee with effect from 9 August 2019.*

^ *Where a director is unable to attend a meeting they review their meeting papers in advance and have the opportunity to provide comments to the chairman of the committee.*

Other regular attendees

- Operational risk
- Internal Audit
- Head of IT security
- Investec Wealth & Investment (SA) representative
- Investec Wealth & Investment (UK) representative
- Chief risk officer – Investec Limited
- Chief risk officer – Investec plc
- Investec Asset Management Head of legal risk and compliance#
- Global head of governance and compliance
- AIRB / FIRB project representative for AIRB / FIRB
- Head of Legal

\# *Attended until the January 2020 meeting*

CORPORATE GOVERNANCE
(continued)

How the DLC BRCC works

The significant matters addressed by the committee during the financial year ended 31 March 2020 are described on the following pages.

The standard and regular agenda items of the committee include comprehensive reports pertaining 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 • We may have insufficient capital to meet regulatory requirements and may deploy capital inefficiently across the group. • The progress/plan to achieving required regulatory and internal targets and capital and leverage ratios	• measured key capital ratios against the internal and regulatory limits and what actions management planned to meet these ratios/limits • reviewed regulations on the management of capital – IFRS 9 and AIRB • considered and assessed the implications of capital relaxation requirements in respect of COVID-19 • satisfied itself that Investec plc and Investec Limited and their subsidiaries 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 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 highlighting group activity, liquidity balances and key measures against thresholds and limits and challenged the effective management thereof • considered the impact and measures taken to manage COVID-19 • challenged the effectiveness of the management of liquidity risk within the business • reviewed an investment measure to ensure sufficient liquidity to absorb repayment of the Irish deposits pursuant to Brexit • reviewed management's plans to address liquidity challenges caused by COVID-19, including focused deposit origination and revised funding plans
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	• regularly reviewed reports highlighting group activity, liquidity balances and key measures against thresholds and limits and challenged the effective management thereof
Recovery and resolution plan • Documents how the group 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 the group in line with the mandated annual review • challenged the recovery and resolution plans addressing how the group will recover from extreme financial stress and avoid liquidity and capital difficulties in the group • gained comfort that adequate plans had been put in place for scenarios where the group was required to recover from extreme financial stress • considered the impact and measures taken to manage COVID-19
Market risk • Market risk arising in our trading book could affect our operational performance • 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 • considered the initial impact of COVID-19 • received and interrogated a report on the losses suffered in equity UK Structured Products • reviewed the impact of new market risk capital regulations including the Fundamental Review of the Trading Book, and gained comfort that the project in place was progressing with appropriate management focus • reviewed the initial impact of COVID-19 and mitigating actions
Credit and counterparty risk • Credit and counterparty risk exposes us to losses caused by an obligor's failure to meet the terms of any agreement	• monitored the risk appetite limits and questioned management action taken in respect of breaches • challenged the effectiveness of the management of such risks within the business
Investment risk • We may be exposed to investment risk in our unlisted and listed investment portfolios and property investment activities. The probability or likelihood of occurrence of losses relative to the expected return of any particular investment	• reviewed and challenged the governance processes in place to manage the risk • reviewed and questioned the investment risk reports submitted to the committee

CORPORATE GOVERNANCE

(continued)

Areas of focus	*What we did*
Operational risk • Operational risk from failures relating to internal processes, people, systems or from external events may disrupt our business or result in regulatory action. 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 and received detailed explanations for significant losses • 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 • considered the impact of risk and regulatory developments on the business
Reputational risk • Reputational, strategic and business risks could impact our operational performance. 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 is 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 • gained comfort that conduct related matters were appropriately managed and where required, reporting was made to the Regulators in a timely manner • challenged the effectiveness of the management of such risks within the business
Business Resilience • 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 resilience • reviewed results of business resilience tests • challenged the effectiveness of the management of such risk within the business • considered the impact of COVID-19 on the continuation of the business in the current environment
Cyber crime risk • Cyber risk can result in data compromise, interruption to business processes or client services, material financial losses, or reputational harm	• received and assessed regular reports regarding the cyber crime landscape, including lessons learnt from external cyber attacks • received the targeted attack simulation (TAS) results and ensured that any remediation required was completed • gained comfort that the management of cyber crime was given the necessary priority
Climate Change • Unintended environmental (including climate risk), social and economic risks could arise in our lending and investment activities	• received and considered reports regarding environment and climate change • considered management's actions to strengthen financial risks from climate change
IT Security & Technology • We may be vulnerable to the failure of our systems and breaches of our security systems (including cyber and information security)	• received and reviewed reports from the chair of the INL IT Risk & Governance Committee • interrogated reports on the remedial actions taken in respect of TAS
Financial Crime • We may be exposed to financial crime, including money laundering, terrorist financing, bribery, fraud, tax evasion, embezzlement, forgery, counterfeiting, and identity theft	• regular reports were presented and interrogated with regard to financial crime events • reviewed and considered the annual money laundering report officer's report

CORPORATE GOVERNANCE

(continued)

DLC Remuneration Committee report

For information on the decisions taken by the DLC Remuneration Committee, refer to the remuneration report contained on pages 178 to 237 in volume one of the Investec group's 2020 integrated annual report.

During the financial year ended 31 March 2020, the DLC Remuneration Committee met ten times. This comprised eight scheduled meetings and two additional meetings called at short notice. Attendance at committee meetings is shown below.

		DLC Remuneration Committee (10 meetings in the year)	
Members	Committee member since	Eligible to attend	Attended
PA Hourquebie (chairman)	14-Aug-17	10	10
ZBM Bassa	10-Sep-15	10	9
PKO Crosthwaite	18-Sep-13	10	8
CR Jacobs	8-Aug-14	10	10

^ *Where a member is unable to attend a meeting, they receive papers in advance and have the opportunity to provide comments to the chairman of the committee*

How we comply

Regulatory context

The group 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 2018 (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.

Details of our compliance with certain corporate governance principles and regulatory matters are provided below. For further information in this regards, please refer to pages 05 to 09 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 2018 (the code) applied to the group for the financial year ended 31 March 2020. The group confirms that it applied the principles and complied with all the provisions of the code throughout the year, except in relation to provision 19 that provides that the chair should not remain in post beyond nine years from the date of their first appointment to the board. The board believe that the continued appointment of the chairman, Perry Crosthwaite, who was appointed to the board in June 2010, will support the succession plan for the board and the leadership team. Please refer to page 115 for a more detailed explanation of the board's view as to the independence of the chairman.

This page and the [following page] explain how we have applied the principles and the related provisions of the code during the year. The alphabetical references in the paragraphs below correspond to the principles, and related provisions, of the code.

1. Board leadership and company purpose

A.

The group is led by an effective, entrepreneurial board, which is collectively responsible for the long-term sustainable success of the group, ensuring due regard is paid to the interests of the group's stakeholders . Please refer to page 112 for the details of the group's governance framework, and pages 108 to 111 for the directors' biographies.

B.

The board assumes responsibility for establishing the purpose of the group, setting its strategy, establishing its culture and determining the values to be observed in achieving the strategy. Please refer to pages 119 to 123 for further details.

C.

The board retains ultimate responsibility for ensuring adequate resources are available to meet agreed objectives and strategy, and ensures such resources are responsibly and effectively deployed. The board has established a risk management framework, as detailed on pages 12 to 90.

D.

The board recognises that engaging with and acting on the needs of the group's stakeholders is key to achieving the strategy and long-term objectives of the group. Engagement with stakeholders, across the organisation, including that of the board, is discussed further on pages 22 to 26, and in the directors' statement of compliance with their duties under section 172 of the UK Companies Act 2006 on pages 22 to 26

E.

All policy and practice relating to our people is developed and implemented in a manner which is consistent with the group's purpose and values, with the board receiving regular updates on matters relevant to our people. Responsibility for whistleblowing arrangements sits with the subsidiary audit committees of the group, in accordance with their regulatory obligations.

2. Division of responsibilities

F.

The chairman has overall responsibility for the leadership of the board and for ensuring its effectiveness in all aspects of its operations. The chairman, Perry Crosthwaite, was considered to be independent on appointment. The responsibilities of the chairman are set out on page 113.

G.

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 CEO. Please refer to page 113 for the details of the respective board roles.

H.

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 120.

I.

The chairman, supported by the company secretaries, ensures that board members receive appropriate and timely information. The 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.

3. Composition, succession and evaluation

J.

The process for appointments to the board are led by the DLC Nomdac, which makes recommendations to the board. More details about succession planning and the work of the DLC Nomdac can be found on pages 124 to 127.

CORPORATE GOVERNANCE

(continued)

K.

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 2020, 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 126.

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 2020, 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 page 115. As identified on page 115, the board concluded that Ian Kantor, founder, former CEO of the group, and brother of former executive director Bernard Kantor, could not be considered to be independent under the code.

L.

The evaluation of the board is externally facilitated at least every three years. An internally facilitated board evaluation was completed in 2019, with an externally facilitated evaluation having taken place in 2018. Individual evaluation is carried out by the chairman on behalf of the board. Performance evaluation of the chairman is carried out by the non-executive directors, led by the SID. Further information can be found on the board effectiveness review can be found on page 127.

4. Audit, risk and internal control

M.

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 142, sets out how the committee has discharged its duties and areas of focus during the year.

N.

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 2020 annual report is fair, balanced and understandable. The directors' and auditors' statements of responsibility can be found on pages 09 and 34 of volume 3 respectively. Information on the group's business model and strategy can be found on pages 7 to 10.

O.

The board is responsible for the group's risk management and internal controls systems; see page 139 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 12 to 90.

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 143 to 147.

The directors' viability statement and confirmation that the business is a going concern can be found on page 151.

5. Remuneration

P.

The 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 179 to 237 provides full details regarding the remuneration of directors.

Q.

The DLC remuneration committee seeks to ensure all remuneration policy, including that relevant to executive remuneration, is fair and transparent. The work of the DLC remuneration committee during the year, including its review of the Remuneration Policy, is discussed further in its report on pages 179 to 237.

R.

The Remuneration Policy seeks to ensure all remuneration decisions made by directors fully consider the wider circumstances as relevant to that decision, including, but not limited to, individual performance. The DLC remuneration committee's decision making in respect of remuneration outcomes is discussed further in the directors' remuneration report on pages 179 to 237 which includes additional confirmation of the use of remuneration consultants, including where any such consultant has another connection to the group.

Other statutory information

Workforce engagement

The DLC Nomdac considered how the board would further engage with our people, following the publication of the Companies (Miscellaneous Reporting) Regulations 2018, and made a recommendation to the board as to the appropriate method. The board agreed, noting the recommended methods for workforce engagement provided by the UK Corporate Governance Code, that a designated non-executive director be appointed to support the directors' engagement with our people.

Recognising the independent governance structures within the group, it was determined that a designated non-executive director be appointed from the Investec group board, Philip Hourquebie, the IBP board, Moni Mannings, and the Wealth & Investment board, Cath Thorpe, to ensure that each of the respective boards were made aware of the views expressed by our people.

The board identified the current engagement activities, which include culture dialogues, diversity and inclusion programmes, well-being programmes, talent programmes, country and site visits, town halls, and question and answer sessions. Enhancements to these existing engagement activities were agreed to provide the opportunity for feedback, themes and viewpoints to be brought to the attention of the board for discussion and to encourage dialogue between the board and our people.

A quarterly workforce engagement synthesis meeting was established, with management and the designated non-executive directors in attendance, to process in detail the quantitative and qualitative data relevant to workforce engagement. Management subsequently report to their respective boards on the engagement activities, with the designated non-executive director highlighting the matters of interest from our people to support the key decision making of their respective boards.

CORPORATE GOVERNANCE

(continued)

The board utilised the matters of interest to our people to inform its discussions and decision making, in particular, in respect of the decisions taken as to office working conditions, flexible working and our working from home policy. The board, recognising the changes required as a result of COVID-19, also adapted the manner in which it engaged with the workforce, to provide for increased virtual engagement opportunities, to ensure that the board remained connected and engaged with our people whilst the majority of the workforce worked from home.

Viability statement

In accordance with the UK Corporate Governance Code, in addition to providing a going concern statement, the board is required 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 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 30 to 37.

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 mandated risk appetite frameworks for Investec plc and Investec Limited. The risk appetite frameworks set 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 DLC BRCC meeting and at the main board meetings.

In terms of the South African Prudential Authority (South African PA), 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'.

Liquidity stress testing is performed for a range of scenarios, each representing a different set of assumptions. These include market wide, firm specific, and combined scenarios (combination of the market wide and firm specific stresses). The group manages its liquidity risk appetite in relation to combined stress parameters which represent extreme but plausible circumstances. The objective is to have sufficient liquidity under a combined stress scenario to continue to operate for a minimum period as detailed in the board-approved risk appetite. In addition to these stress scenarios, the group's risk appetite also requires it to maintain specified minimum levels for both the liquidity coverage ratio and net stable funding ratio, greater than those required by the regulators; a minimum cash and near cash to customer deposit ratio of 25%; and to maintain low reliance on wholesale funding to fund core asset growth. Each banking entity within the group is required to be fully self-funded. The group currently has £12.7 billion in cash and near cash assets, representing 39.4% 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 paired with macro-economic downside risks to design Investec-specific stress scenarios.

For 2020, given the developments in relation to the COVID-19 pandemic, specific consideration was given to the potential risks associated with COVID-19 and scenarios were developed in order to incorporate the potential impact.

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.

Investec Limited:

- Base case: The base case scenario incorporates a temporary sharp global recession from the COVID-19 pandemic, low interest rates and severe depreciation of the Rand. Eventually sufficient global and domestic monetary and other policy measures support growth and risk sentiment stabilises, with no further South African sovereign credit rating downgrades.
- Down case: A scenario which incorporates a temporary sharp global recession from the COVID-19 pandemic, but with a more severe recession in the South African economy than incorporated in the base case following a prolonged COVID-19 impact, depressed business confidence and further credit rating downgrades from all three rating agencies to a B credit rating.
- Severe down case: A scenario where there is a lengthy global recession due to COVID-19, a global financial crisis and South Africa's credit rating is downgraded by all three rating agencies towards C credit ratings.

CORPORATE GOVERNANCE

(continued)

Investec plc:

- Base case: The base case COVID-19 narrative assumes a short, sharp shock to the UK economy resulting from the social containment measures as both demand and supply are severely curtailed. By the third quarter the UK begins to emerge from the shutdowns with facilities reopening in a staggered manner, and by the fourth quarter a degree of normality returns to the UK.
- Down case: The down case narrative assumes an L-shaped scenario, which encompasses a weaker economic recovery compared to the base case, as the easing of the lockdown happens at a slower pace. A more durable long-term economic recovery is undermined by more permanent scarring on the economy, with elevated unemployment and weak investment as firms attempt to rebuild depleted cash reserves.

The group also typically incorporates the South African PA biennial and Bank of England (BoE) annual cyclical stress scenarios into its capital processes. The South African PA scenarios were not required to be run in the 2020 year and the BoE cancelled the 2020 Annual Cyclical Stress (ACS) scenario. Accordingly the group has not run these scenarios for the 2020 capital stress testing process.

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, foregoing or reducing dividend payments and asset growth being curtailed. As noted on page 21, in light of regulatory guidance provided to banks in both South Africa and the UK, the board decided not to declare a final ordinary dividend. This is a clear demonstration of actions that can be taken in periods of severe stress and uncertainty.

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 unlikely, given the group's strong liquidity position and sound capital and leverage parameters.

Furthermore, the group is required to have a recovery plan for both Investec Limited and Investec plc as well as a resolution pack for 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 plans, resolution pack and the risk appetite statement are reviewed at least annually. In times of severe economic distress, stress scenarios are reviewed more regularly for example as is the case with COVID-19. In addition, senior management host an annual risk appetite process at which the group's risk appetite frameworks are reviewed and modified to take into account risk experience and changes in the environment. Furthermore, strategic budget processes which focus on, amongst other things, the business and competitive landscape; opportunities and challenges; financial projections – take place within each business division at least annually. A summary of these divisional budgets, together with a consolidated group budget, is presented to the board during its strategic review process early in the year.

In assessing the group's viability, the board has taken all of the abovementioned factors, documents and processes into consideration. The directors can confirm that they have a reasonable expectation that Investec will continue to operate and meet its liabilities as they fall due over the next three years. The board has used a three-year assessment period as this is aligned to the group's medium term capital plans which incorporate profitability, liquidity, leverage and capital adequacy projections and include impact assessments from a number of stress scenarios. 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 2023.

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 07 to 102, which shows a strategic and financial overview of the business
- Pages 30 to 37, which provide detail on the principal and emerging risks the group faces
- Page 11 in volume two, which highlights information on the overall group's risk appetite
- Pages 12 to 25 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 09, 15, 59, 56 and 57 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 73 in volume two, which provide detail on the recovery plans for Investec plc and Investec Limited
- Pages 77 to 82 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 16 June 2020. 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.

CORPORATE GOVERNANCE

(continued)

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 Remuneration Committee 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 DLC 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 nonfinancial 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 2019 annual general meeting a less than 80% vote was received for the resolution in regards to:

- the re-appointment of KPMG Inc. as joint auditors of Investec Limited

The DLC Audit Committee identified audit quality as a Key Audit Matter as defined by auditing standards and accordingly spent considerable time gaining assurance in this regard and included specific additional procedures to satisfy itself regarding audit quality, audit firm transparency processes, auditor independence and objectivity and auditor rotation planning, where Investec Limited is and intends to remain compliant with the mandated requirements around Mandatory Audit Firm Rotation ("MAFR"). Regarding KPMG Inc., a number of specific additional processes both at a local and international level were implemented to ensure and confirm audit quality.

The DLC Audit Committee considered the implications of the mandatory audit firm rotation rule as issued by IRBA, the requirements of the South African Companies Act, the views expressed by shareholders, the implications of having joint auditors and the risks inherent to an audit transition. Based on this assessment, the audit Committee decided to commence the process by rotating one of the joint auditors of Investec Limited effective from the financial year commencing 1 April 2023, with the remaining firm rotating two years thereafter. A competitive tender process has commenced to appoint the audit firm to be rotated for the financial year commencing 1 April 2023.

Refer to pages 141 to 142 for further details in regards to the DLC Audit Committee's review of the external auditors, and an update on the MAFR process.

Report to shareholders

This report to shareholders has been approved and authorised for issue to the shareholders of Investec plc and Investec Limited on 16 June 2020 and signed on its behalf by:

David Miller
Company Secretary

Investec plc

Niki van Wyk
Company Secretary

Investec Limited

SHAREHOLDER ANALYSIS

Investec ordinary shares

As at 31 March 2020 Investec plc and Investec Limited had 696.1 million and 318.9 million ordinary shares in issue respectively.

Spread of ordinary shareholders as at 31 March 2020

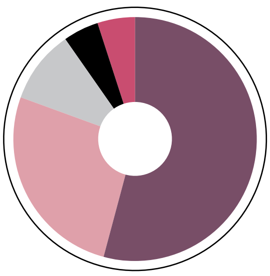
Investec plc ordinary shares in issue

Number of shareholders	**Holdings**	% of total shareholders	Number of shares in issue	% of issued share capital
16 908	1 – 500	53.1%	3 217 856	0.5%
5 936	501 – 1 000	18.6%	4 502 079	0.6%
6 504	1 001 – 5 000	20.4%	14 315 620	2.1%
884	5 001 – 10 000	2.8%	6 384 874	0.9%
873	10 001 – 50 000	2.7%	19 476 489	2.8%
218	50 001 – 100 000	0.7%	15 545 064	2.2%
527	100 001 and over	1.7%	632 640 636	90.9%
31 850		**100.0%**	**696 082 618**	**100.0%**

Investec Limited ordinary shares in issue

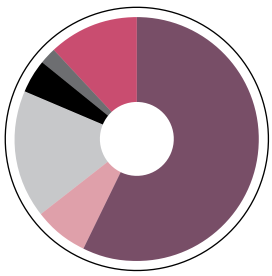
Number of shareholders	**Holdings**	% of total shareholders	Number of shares in issue	% of issued share capital
4 542	1 – 500	50.6%	765 022	0.2%
1 289	501 – 1 000	14.4%	984 118	0.3%
1 747	1 001 – 5 000	19.4%	3 960 714	1.2%
389	5 001 – 10 000	4.3%	2 858 726	0.9%
571	10 001 – 50 000	6.4%	13 561 448	4.3%
146	50 001 – 100 000	1.6%	10 359 094	3.3%
294	100 001 and over	3.3%	286 415 587	89.8%
8 978		**100.0%**	**318 904 709**	**100.0%**

Geographical holding by beneficial ordinary shareholder as at 31 March 2020



Investec plc

54.3%	South Africa
26.3%	UK
9.8%	USA and Canada
4.8%	Rest of Europe
0.0%	Asia
4.8%	Other countries and unknown



Investec Limited

57.3%	South Africa
7.3%	UK
16.9%	USA and Canada
4.5%	Rest of Europe
2.3%	Asia
11.7%	Other countries and unknown

SHAREHOLDER ANALYSIS

(continued)

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Largest ordinary shareholders as at 31 March 2020

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)	95 219 274	13.7%
2. Prudential Portfolio Managers (ZA)	63 466 790	9.1%
3. Public Investment Corporation (ZA)	54 079 594	7.8%
4. BlackRock Inc (UK & US)	33 566 165	4.8%
5. The Vanguard Group, Inc (UK & US)	29 283 918	4.2%
6. T Rowe Price Associates (UK)	20 449 514	2.9%
7. Investec staff share scheme (UK)	20 011 416	2.9%
8. Legal & General Investment Management (UK)	15 929 479	2.3%
9. Norges Bank Investment Management (OSLO)	15 017 319	2.2%
10. Fairtree Capital (ZA)	14 822 956	2.1%
Cumulative total	**361 846 425**	**52.0%**

The top 10 shareholders account for 52.0% 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)	43 483 055	13.6%
2. Allan Gray (ZA)	32 596 675	10.2%
3. Investec Staff Share Scheme (ZA)	31 771 254	10.0%
4. BlackRock Inc (UK & US)	12 960 260	4.1%
5. Sanlam Group (ZA)	12 685 303	4.0%
6. The Vanguard Group, Inc (UK & US)	11 501 794	3.6%
7. AQR Capital Management (US)	8 946 529	2.8%
8. Laurium Capital (ZA)	6 821 535	2.1%
9. Old Mutual Investment Group (ZA)	6 550 511	2.1%
10. Dimensional Fund Advisors (UK)	6 105 115	1.9%
Cumulative total	**173 422 031**	**54.4%**

The top 10 shareholders account for 54.4% of the total shareholding in Investec Limited. This information is based on a threshold of 20,000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

Shareholder classification as at 31 March 2020

	Number of Investec plc shares	% holding	Number of Investec Limited shares	% holding
Public*	667 224 207	95.8%	284 881 850	89.3%
Non-public	28 858 411	4.2%	34 022 859	10.7%
Non-executive directors of Investec plc/Investec Limited	144 683	0.0%	325	0.0%
Executive directors of Investec plc/Investec Limited	8 702 312	1.3%	2 251 280	0.7%
Investec staff share schemes	20 011 416	2.9%	31 771 254	10.0%
Total	**696 082 618**	**100.0%**	**318 904 709**	**100.0%**

* *As per the JSE Listings Requirements.*

SHAREHOLDER ANALYSIS

(continued)

Share statistics

For the year ended	31 March 2020	31 March 2019
Price earnings ratio[1]	4.5	7.1
Dividend cover (times)[5]	**	2.2
Dividend yield (%)[5]	**	5.5
Earnings yield (%)[1]	22.3	14.2

Investec plc

For the year ended	31 March 2020	31 March 2019
Daily average volumes of share traded (‘000)	2 631	1 904
Closing market price per share (Pounds)[2]	1.52	3.44
Number of ordinary shares in issue (million)[2, 3]	696.1	682.1
Market capitalisation (£’million)[3]	1 058	2 346

Investec Limited

For the year ended	31 March 2020	31 March 2019
Daily average volumes of share traded (‘000)	1 344	860
Closing market price per share (Rands)[2]	33.99	51.90
Number of ordinary shares in issue (million)[4]	318.9	318.9
Market capitalisation (R’million)[2, 4]	34 500	51 952
Market capitalisation (£’million)[2,4]	1 543	3 443

1 *Calculations are based on the adjusted earnings per share from continuing operations and the closing share price (adjusted for the demerger in the prior year).*

2 *As detailed on pages 12 and 13, on 13 March 2020 Investec successfully completed the demerger of Investec Asset Management, which became separately listed as Ninety One on 16 March 2020. The closing share price and market capitalisation for Investec plc and Investec Limited as at 31 March 2019 have been disclosed on an adjusted basis as calculated by Factset, to account for the aforementioned demerger.*

3 *The LSE only include the shares in issue for Investec plc, i.e. currently 696.1 million, in calculating market capitalisation, as Investec Limited is not incorporated in the UK.*

4 *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 1015.0 million shares in issue.*

5 *The dividend cover and dividend yield in the prior year have been calculated using the group's consolidated adjusted earnings per share and group's closing share price as reported in the prior year respectively. rior year*

** *In light of regulatory guidance provided to banks in both South Africa and the UK, the board has decided not to declare a final ordinary dividend, resulting in a full year dividend of 11.0 pence per ordinary share (2019: 24.5 pence with a dividend cover based on the group’s adjusted EPS of 2.5 times).*

SHAREHOLDER ANALYSIS

(continued)

4

Investec preference shares

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

Spread of preference shareholders as at 31 March 2020

Investec plc preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
47	1 – 500	15.6%	8 766	0.3%
36	501 – 1 000	11.9%	27 447	1.0%
139	1 001 – 5 000	46.0%	266 774	9.7%
29	5 001 – 10 000	9.6%	222 020	8.1%
39	10 001 – 50 000	12.9%	851 160	30.9%
7	50 001 – 100 000	2.3%	521 865	18.9%
5	100 001 and over	1.7%	856 555	31.1%
302		**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
34	1 – 500	44.1%	7 030	5.3%
15	501 – 1 000	19.5%	11 943	9.1%
20	1 001 – 5 000	26.0%	47 277	36.0%
5	5 001 – 10 000	6.5%	28 197	21.5%
3	10 001 – 50 000	3.9%	37 000	28.1%
–	50 001 – 100 000	0.0%	–	0.0%
–	100 001 and over	0.0%	–	0.0%
77		**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
1 053	1 – 500	17.9%	317 978	1.0%
1 229	501 – 1 000	20.9%	1 009 490	3.1%
2 539	1 001 – 5 000	43.2%	6 114 672	19.0%
513	5 001 – 10 000	8.8%	3 683 744	11.4%
457	10 001 – 50 000	7.8%	8 776 716	27.3%
40	50 001 – 100 000	0.7%	2 909 940	9.0%
41	100 001 and over	0.7%	9 402 684	29.2%
5 872		**100.0%**	**32 215 224**	**100.0%**

SHAREHOLDER ANALYSIS

(continued)

Investec Bank Limited perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
259	1 – 500	8.6%	179 973	1.2%
836	501 – 1 000	27.8%	721 397	4.7%
1 365	1 001 – 5 000	45.5%	3 274 776	21.2%
293	5 001 – 10 000	9.8%	2 120 246	13.7%
209	10 001 – 50 000	7.0%	4 036 862	26.1%
24	50 001 – 100 000	0.8%	1 592 629	10.3%
16	100 001 and over	0.5%	3 521 747	22.8%
3 002		**100.0%**	**15 447 630**	**100.0%**

Largest preference shareholders as at 31 March 2020

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

Investec plc perpetual preference shares
Pershing International nominees 6.1%
CGWL Nominees Limited 12.8%

Investec plc (Rand-denominated) perpetual preference shares
Private individual 8.4%
Private individual 9.9%
Private individual 9.9%

Investec Limited perpetual preference shares
There were no shareholders holding beneficial interests in excess of 5.0% of the issued preference shares in Investec Limited, as at 31 March 2020

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 2020

SOCIAL AND ENVIRONMENTAL REPORT

4

Introduction to our social and environmental impact

Our commitment to sustainability recognises the interconnected nature of our business, the economy, the environment and society. We live in society, not off it. 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.

We integrate sustainability throughout our business strategy

Deliver exceptional client service

→ **Ethical conduct** and do no harm through **responsible** lending, investing and risk management

› **Committed to the ten principles of the United Nations Global Compact**

Create long-term value for all our stakeholders

→ **Doing well and doing good** by offering profitable, impactful and sustainable solutions

› **Committed to contribution to the United Nations Sustainable Development Goals**

Contribute meaningfully to our people, our clients and our communities

→ Healthy, **engaged employees** who are inspired to learn and enjoy a diverse and inclusive workplace

› Achieved **learning and development spend of 1.7%** (2019: 1.7%) as a % of staff costs for the group (target of >1.5%)

→ **Positive community upliftment** through education, entrepreneurship and job creation

› Achieved **community spend of 2.3%** (2019: 2.0%) as a % of operating profit for the group (target of >1.0%)

→ Support the transition to a **low-carbon world** starting with carbon neutrality in our own operations

› Achieved **net-zero emissions** in our global operations and committed to ongoing carbon neutrality

All numbers in the social and environmental report exclude Investec Asset Management (now Ninety One) unless otherwise stated.

SOCIAL AND ENVIRONMENTAL REPORT

(continued)

Ratings and rankings in the sustainability indices

We have maintained our inclusion in a number of world-leading indices.

Dow Jones Sustainability Indices: **Top 15%** in the global diversified financial services sector

JSE: **Top 30** in the FTSE/JSE Responsible Investment Index

FTSE Russell: **Included** in the **FTSE UK 100 ESG** Select Index (out of 641 companies)

STOXX Global ESG Leaders: **1 of 43** banks and financial services in the Global ESG Leaders (total of 439 components)

MSCI: **Top 6%** scoring AAA in the financial services sector in the MSCI ESG Research

CDP: **Score B** against an industry average of C

Sustainalytics: **Top 20%** of globally assessed companies in the Global Sustainability Leaders Index

ISS ESG: **Top 20%** of the ISS ESG Global Universe and **Top 14%** of diversified financial services

Awards

Voted one of South Africa's Top Empowered Companies by Impumelelo

Winner of the Sustainability Award in the 17th Annual National Business Awards 2019

Winner of the 16th Platinum Award in the City of London's Clean City Award Scheme in 2019

Best Investment Bank for Sustainable Finance in Africa in the 2020 Global Finance Awards

Winner of the Trialogue Strategic CSI Award 2019 for the Promaths programme

Winner of the Top Graduate Employers Association Employer Awards in 2019

SOCIAL AND ENVIRONMENTAL REPORT

(continued)

4

Commitment to the Sustainable Development Goals

The UN SDGs provide a solid framework for us to assess, align and prioritise business activities. The private sector, and in particular, the financial sector, have a pivotal role to play in their achievement. Our strategy is to harness the expertise in our various businesses and identify opportunities to maximise impact. We partner with our clients, investors and various stakeholders to support delivery of the SDGs and build a more resilient, inclusive and sustainable world.

Our six priority SDGs

We have **six priority SDGs** that are globally aligned yet locally relevant to our core geographies and which reflect our current business model and growth strategy.

8 DECENT WORK AND ECONOMIC GROWTH

Focusing on the five SDGs below is vital for economic growth, skills development and job creation (SDG 8), which is also embedded in our business strategy to finance profitable, impactful and sustainable solutions. Investec plays a critical role in providing capital to fund a stable and sustainable economy. We have a strong focus on financing entrepreneurs who are critical in accelerating job creation and supporting sustained economic growth.

6 CLEAN WATER AND SANITATION

Water is the source of all life. We fund water and sanitation infrastructure and storage solutions that are critical to help communities and businesses grow.

7 AFFORDABLE AND CLEAN ENERGY

Access to clean energy is vital for economic growth and the transition to a low-carbon economy. We finance and develop solutions to promote clean and renewable energy.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

SDG 9 is critical in addressing socio-economic challenges. We have strong infrastructure expertise and we finance industry, innovation and communication technologies.

11 SUSTAINABLE CITIES AND COMMUNITIES

We fund and develop businesses, properties and infrastructure solutions that help build sustainable cities and promote resilient communities.

4 QUALITY EDUCATION

By supporting quality, inclusive education and skills development; we contribute to a greater pool of talent for our own workforce and for the economy in general.

Our approach to climate change supports the transition to a cleaner, more energy-efficient and sustainable global economy that is conscious of its use of limited natural resources.

15 LIFE ON LAND

13 CLIMATE ACTION

The greatest impact we can have on climate change and life on land is through our business contributions to SDG 6, SDG 7, SDG 9 and SDG 11.

17 PARTNERSHIPS FOR THE GOALS

We regularly engage with a range of stakeholders including shareholders, ESG analysts and rating agencies on topics relating to the relevance of ESG issues for our business. We participate and collaborate actively in multiple industry-led bodies such as the Bankers Association of South Africa (BASA), UN GISD, UN Global Compact, PCAF and others.

SOCIAL AND ENVIRONMENTAL REPORT

(continued)

SDG framework

We have a three-pronged approach for coordinating, assessing and reporting on the group's progress in terms of our six SDG priorities. We evaluate each SDG with respect to how we are performing within our own operations; how we are supporting and promoting in terms of our business activities; and how we are contributing in terms of our communities. Below is a high-level summary of this framework with references to the relevant detail elsewhere in this report.

	Within our operations	*Within our business*	*Within our communities*
4 QUALITY EDUCATION	• Provide staff bursaries • Offer L&D programmes to staff • Provide CA programme • Provide IT Grad programme • Offer education benefits to staff's family members	• Contribute to a greater pool of talent and create economic participants • Allocate 55% of Wealth & Investment philanthropy funds to education • Fund educational solutions	• Fund educational programmes in SA (Promaths and bursaries) • Fund Arrival Education in the UK • Support external learnership programmes
6 CLEAN WATER AND SANITATION	• Responsible sourcing of water in all Investec offices • Innovative technology to reduce consumption and limit waste • Encourage behaviour that ensures conscious water usage	• Established expertise in, and fund water infrastructure • Finance innovative water saving solutions • Finance safe water storage	• Fund the installation of water storage that provides clean water to rural communities • Donate to assist water scarce communities in times of drought
7 AFFORDABLE AND CLEAN ENERGY	• Minimise and manage energy consumption in all offices through innovative technologies • Draw from renewable sources where possible • Encourage behaviour to ensure responsible energy use	• Finance and develop renewable energy generation and transmission • Participate in renewable energy projects globally • Finance energy solutions for corporates and households	• Assist communities with renewable energy options • Ensure renewable energy projects funded are able to supply local communities where required
8 DECENT WORK AND ECONOMIC GROWTH	• Publish HR, compliance and ESG policies, including a code of conduct • Provide economic opportunities for 8 355 people • Enable internal mobility	• Finance and advise clients, including entrepreneurs and SMMEs, enabling them to grow their businesses, employ more people and contribute to overall economic growth	• Support youth employment through YES initiative • Support community entrepreneurship programmes (Nextwork Global Exposure Programme in SA; Bromley by Bow in the UK)
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Use of modern, resilient and efficient IT infrastructure across all offices • Targeted investments in our AI capability • Provide digital workplace support	• Provide sophisticated digital platforms for corporate and private clients • Fund critical infrastructure projects • Finance innovative technologies and fintech businesses	• Provide financial and other support for digital learning in rural and disadvantaged communities
11 SUSTAINABLE CITIES AND COMMUNITIES	• Minimise and manage our carbon impact across all offices, including waste and air quality • Encourage alternatives to reduce transport emissions	• Fund sustainable transport systems • Fund sustainable and resilient property developments • Fund affordable housing projects	• Work with rural communities to conserve biodiversity and support the economy of wildlife to limit urbanisation • Support local municipalities to become more waste and energy efficient

www ***Please refer to our 2020 group sustainability and ESG supplementary report on our website for more information.***

SOCIAL AND ENVIRONMENTAL REPORT

(continued)

4

Commitment to our people

8 DECENT WORK AND ECONOMIC GROWTH

4 QUALITY EDUCATION

Investec's culture is positioned as a strategic differentiator. We have a flat organisational structure, a respect for the individual 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 enabled to perform extraordinarily.

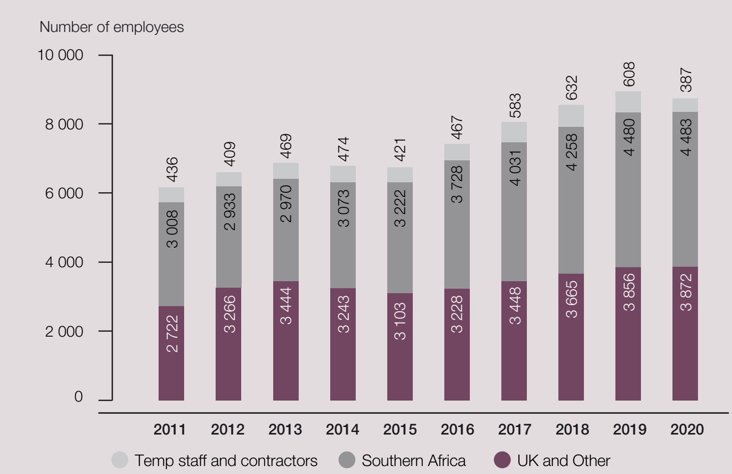
Our people strategy

Our people are at the heart of our business. We invest significantly in opportunities for their development and to enable current and future leaders across the group. Our strategy is to attract the right people, inspire growth and learning, and create an organisation in which all our people feel valued for what they contribute and are celebrated for who they are.

Headcount

We have been a consistent employer in South Africa for over 45 years and in the UK for almost 30 years.

Headcount



Permanent headcount

remained stable due to cost containment

Talent attraction, development and retention

Internal mobility

SA: 8.5%
(2019: 8.5%)

UK: 4.2%
(2019: 2.1%)

Voluntary staff turnover

SA: 8.6%
(2019: 8.4%)

UK: 8.9%
(2019: 7.8%)

Participation in graduate programmes

119 graduates
(2019: 107)

SOCIAL AND ENVIRONMENTAL REPORT

(continued)

Employee value proposition and workforce engagement

Investec's employee value proposition communicates Investec's culture through artefacts and tools that demonstrate how we live in the organisation as well as the reciprocity required by the organisation of its employees. We have various mechanisms to monitor, gain a felt sense of, and evaluate how people in the culture thrive, as well as employees' alignment and adherence to our system of beliefs.

Cultural dialogues

Assess alignment of behaviours and practices with perception

Organisation climate reviews

Provide an important indicator of employee sentiment

Pulse checks

Real time snapshot of the feel within the organisation

Employee well-being

Our approach to well-being is all-encompassing and forms part of the greater employee value proposition strategy.

In response to the social containment protocols enacted as a result of the COVID-19 pandemic, Investec launched a virtual well-being platform which is available to all employees.

Family-friendly policies

We provide an environment supportive of combining parenthood with a career.

Our maternity scheme provides enhanced benefits to parents irrespective of their length of service.

Flexible working practices

We endeavour to create a working environment which encourages high performance and innovation.

We believe that it is important to see flexibility in the context of the work itself, the team's purpose and performance commitments, the needs of clients, and the lives of every individual in the team.

Wellness participation by staff

SA: 79%
(2019: 70%)

UK: 1 650 staff
(2019: 785 staff)

UK: launched an improved family leave policy

SA: parental leave exceeds minimum prescribed by regulations

Launched 'dressing for your day'

Empowering employees to choose what they wear while still maintaining a professional image

Recognising and rewarding people

Our remuneration practices comply with local regulations. Investec is supportive of a minimum living wage and ensures that all its employees globally are paid above the relevant minimum statutory wage.

Performance management

Our performance practice has moved beyond the annual individual review process to being centred on the individual, the team and the organisation on an ongoing basis.

Staff shares

7% of shares held by staff (excluding non-executive director's holdings) (2019: 5%)

Continuous performance review process

Greater sense of shared accountability, meaning and value creation

SOCIAL AND ENVIRONMENTAL REPORT

(continued)

4

Belonging, inclusion and diversity

5 GENDER EQUALITY

10 REDUCED INEQUALITIES

Our diversity and inclusion framework has a sense of belonging for all our people, irrespective of difference, as its goal.

Our diversity commitment

We aim to make Investec a place where it is easy to be yourself. It is a responsibility we all share and is integral to our purpose and values as an organisation. Continually mindful of our biases and consciously inclusive, we encourage each other to embrace opportunities for growth. A diverse and inclusive workforce is essential to our ability to be an innovative organisation that can 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 of building a diverse workforce.

30% club
Member in the UK and South Africa

CEO statement of support for the UN Women's Empowerment Principles
Signatory

UK HM Treasury Women in Finance Charter
Signatory

Our diversity principles

- We believe in the importance and benefits of diversity and strive to foster a culture that is supportive and inclusive of different perspectives and experiences
- Our workforce aims to reflect the diversity of our client base and the society within which we operate
- We are progressing towards a working environment that is more inclusive, agile and responsive to the needs of all individuals, for example flexible work arrangements
- We work proactively to rebalance our organisation in line with the communities in which we operate through education and entrepreneurship, 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.

37% (2019: 36%) — **Female senior management in the group**

43% (2019: 42%) — **Female senior management in South Africa**

22% (2019: 19%) — **Female senior management in the UK**

SOCIAL AND ENVIRONMENTAL REPORT

(continued)

Learning and development (L&D)

Employees are encouraged to be the driving force behind their own development and should be proactive in identifying and addressing development needs, allowing them to maximise learning opportunities most relevant to their unique requirements.

L&D spend as a % of staff costs

1.7%; £14.2mn (2019: 1.7%; £16mn) against our minimum target of 1.5%

Transformation in South Africa

Investec recognises that economic growth and societal transformation is vital to creating a sustainable future for all the communities in which it operates. Investec Limited was voted one of South Africa's Top Empowered Companies by Impumelelo.

Financial Sector Code rating

Level 1

Policies and business practices

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

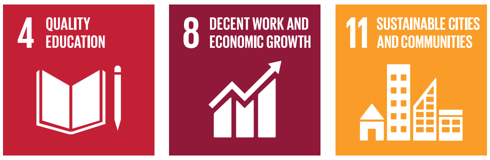
Investec's policies and business practices are outlined in our internal documents which are easily accessible to all employees in all of Investec's locations. These are intended to guide conduct and ensure our actions and attitude reflect the group's values and philosophies at all times. We also have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

www *For further and more comprehensive information regarding our policies refer to our 2020 group sustainability and ESG supplementary report on our website.*

SOCIAL AND ENVIRONMENTAL REPORT

(continued)

Commitment to our communities

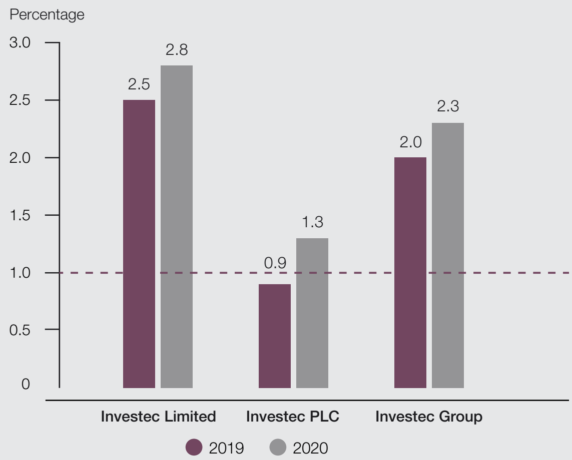


Our community initiatives are central to the group's values of making an unselfish contribution to society, nurturing an entrepreneurial spirit, valuing diversity and respecting others, which all underpin Investec's aim to be a responsible corporate citizen.

Our approach

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.

*Spend on community initiatives as a % of operating profit**



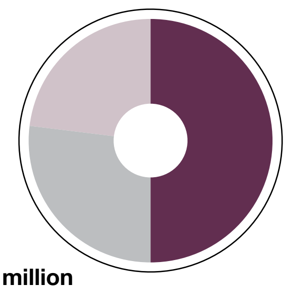
Achieved 2.3% (£9.8mn) group community spend as a % of operating profit* against our target: >1.0% (2019: 2.0%, £9.5mn)

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

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).

Spend on community initiatives by category (%)



£9.8 million

50%	Education and learnerships
27%	Entrepreneurship and job creation
23%	Environment and other philanthropy

SOCIAL AND ENVIRONMENTAL REPORT

(continued)

Education and learnerships

4 QUALITY EDUCATION

Within our communities, our strategy focuses on creating education and learnership opportunities that equip and enable young people to become active economic participants in society. Through these opportunities we contribute to SDG 4 (quality education).

Promaths and bursaries

In the past year*, our flagship Promaths programme in South Africa, contributed 5% and 6% of national distinctions in mathematics and science respectively.
We awarded 171 high school and university bursaries (2018*: 173 bursaries).

Arrival Education

Arrival Education, one of our partners in the UK, is a social enterprise that focuses on supporting young people from challenging backgrounds through programmes which encourage social mobility.

Learnerships

We support three external learnership programmes in South Africa:
Umuzi Academy – digital and multi-media professionals
Afrika Tikkun – business administration
ORT SA CAPE – qualified teachers assistants.

Over 8 000
disadvantaged learners funded through Promaths since inception in 2015

1 780
Arrival Education learners supported in the UK in the past 12 years

R11.2mn
invested in learnerships (2019: R14.7mn)

*Academic year: January to December

Entrepreneurship and job creation

8 DECENT WORK AND ECONOMIC GROWTH

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).

The YES initiative

In South Africa, we support youth employment through the Youth Employment Service (YES). Of the 1 440 interns placed in the last two years, 50% have found permanent employment.

Bromley by Bow Centre

We partner with the Bromley by Bow Centre in the UK which focuses on economic regeneration in London by assisting entrepreneurs to launch their businesses. Many of the entrepreneurs are female, and of black or ethnic minority.

Global Exposure Programme

The Nextwork programme in South Africa, funded by Investec, takes aspiring entrepreneurs from different sectors on overseas trips to expose them to countries that are sector leaders.

1 440 youth
placed in jobs through the YES programme

154 entrepreneurs
provided professional advice over the past year

50 entrepreneurs
given a global exposure experience (2019: 43)

SOCIAL AND ENVIRONMENTAL REPORT

(continued)

Environment and other philanthropy

11 SUSTAINABLE CITIES AND COMMUNITIES

Investec recognises that communities require a clean, resource-rich natural environment that supports the growth of business and the economy. Through our environmental initiatives, we are preserving our communities, supporting the economy of wildlife and contributing to SDG 11 (sustainable cities and communities).

Given our African heritage we are passionate about ensuring the continued existence of a number of African wildlife species. In South Africa, we fund 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.

Investec Rhino Lifeline (IRL)

Since inception in 2013, 28 900 children have been through our conservation programmes and 85 rescued rhino cared for by our partners. Of these, 35 have been released back into the wild. Through four awareness campaigns, we reached 12.1 million people raising funds for IRL partners.

Philanthropic donations

We donated R300 000 to Gift of the Givers Foundation in South Africa to support drought-stricken communities in the Eastern Cape. The funds were used to install two boreholes in local communities, one of which was erected at a school.

Trees for Cities

In the UK, we support the charity, Trees for Cities, that engages local schools and communities to plant trees and shrubs, and grow food, reconnecting urban areas with nature. In the past year our staff volunteered more than 1 300 hours to plant trees.

R2mn

raised in third party donations for IRL partners in the past year

R300 000 donated

to drought-stricken communities in the past year

1 500 trees

planted by staff in the UK (2019: >2 500)

Staff volunteering

Through our staff volunteer 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. 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 staff involvement opportunities that include facilitated staff volunteering events and a payroll giving programme in our South African, UK and other regional offices. In the past year, our staff spent 6 095 hours volunteering (2019: 7 130 hours).

www ***For more information on our commitment to our communities, please refer to our 2020 group sustainability and ESG supplementary report on our website.***

SOCIAL AND ENVIRONMENTAL REPORT

(continued)

Commitment to COVID-19 response

Continue to pay all staff full salaries during lockdown

Enabled >95% of staff to work from home

Committed £3.2mn to COVID-19 relief for communities

Reaffirming Investec's position that we exist within society, not off it, we acted decisively to support employees, suppliers, clients and communities through the COVID-19 pandemic.

Priorities

- Prioritise employees
- Ensure business continuity and support our clients. The support given to clients and business is detailed throughout this report
- Support existing CSI partners where we already have an investment
- Focus on food security, education, healthcare and economic continuity
- Partner with staff and clients to maximise impact and help those most vulnerable.

Employees

- Fully remunerate all staff during lockdown
- Swiftly enabled >95% of staff across the world to work from home
- Increased health and safety across all buildings including appropriate PPE and screening
- Extensive well-being offering providing online support for staff in terms of physical, mental, emotional, social and financial well-being
- Investec Pulse conducts weekly monitoring of productivity, ability to cope and extent of feeling supported
- Financial support for employees where required (salary advances, payment holidays, debt consolidation).

Community

- The group has committed £3.2 million to COVID-19 relief for communities in our jurisdictions around the world
- The Global Executive Team and board members have donated from their salaries with a portion going to the Solidarity Fund in South Africa
- Senior leaders and staff across the world have donated to local initiatives via salary deductions.

Food security

Through our support of local credible NGOs in food security, our offices are feeding hundreds of thousands of people across South Africa, the UK, India and New York.

Economic continuity

Investec donated R5.6 million to the Solidarity Fund (excluding executive and board member personal donations) and continued to pay all youth interns in learnerships in South Africa. We are also supporting a number of community SMME initiatives.

Healthcare

We are funding screening, PPE, capacity building and support for healthcare workers and doctors around the world.

Education

Investec, in partnership with Kutlwanong and Tuta-Me, launched Promaths Online to ensure continued learning for thousands of students despite the crisis. Investec is carrying the cost of the data usage through a reverse billing arrangement with South Africa's major network providers.

www ***Please refer to our website for details on our group COVID-19 response to helping communities.***

SOCIAL AND ENVIRONMENTAL REPORT

(continued)

4

Commitment to the environment and climate change

Our approach to climate change supports the transition to a cleaner, more energy-efficient and sustainable global economy that is conscious of its use of limited natural resources. The greatest impact we can have on climate change (SDG 13) and life on land (SDG 15) is through our business contributions to SDG 6, SDG 7, SDG 9 and SDG 11.

Achieved net-zero carbon emissions for the 2018/2019 financial year through the purchase of carbon credits and committed to ongoing carbon neutrality

Published our group fossil fuel policy. Our banking book exposure to fossil fuels is 1.3% of gross credit and counterparty exposures

Launched our first ESG-linked autocall product in South Africa and are piloting a solar energy platform offering for private clients

Climate change position statement

We recognise the complexity and urgency of climate change. Investec's environmental policy considers the risks and opportunities that climate change presents to the global economy. As a specialised financial services organisation, we have the opportunity to make a meaningful impact in addressing climate change.

We acknowledge the science behind climate change and support the Paris Agreement's aim of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and of pursuing efforts towards limiting it to 1.5°C.

As such, we support the transition to a low-carbon economy whilst realising that this might take time due to socio-economic constraints. We have a global business and operate in both the developed and developing world with varying economic, social and environmental contexts. Our businesses use their specialist skills in advisory, lending and investing to support clients and stakeholders to move as quickly and smoothly as possible towards a low-carbon economy. The transition cannot be done in isolation of the realities of the communities in which we, and our clients, operate and we welcome the voice of all stakeholders as we make the move together to a cleaner, low-carbon world that is most responsible for all participants.

We also have an important role to play in terms of advocacy and collaboration and participate in a number of workshops and taskforce groups internationally which share learnings and promote a cohesive approach for the financial sector.

We are mindful of the potential climate risks when the economy restarts after COVID-19 and therefore stand firm in our commitment to clean energy investments as they will make the new economy a more sustainable one.

www ***Refer to our 2020 group sustainability and supplementary ESG report on our website for more information.***

SOCIAL AND ENVIRONMENTAL REPORT

(continued)

Climate change framework: Transitioning to a low-carbon economy

Strategy

We see climate change as both a business opportunity and a risk and therefore our strategy is based on the following:

- Support the Paris Climate Agreement and acknowledge the urgency of climate change
- Minimise our direct negative carbon impacts and commit to ongoing carbon neutrality
- Invest in products, services and businesses that help accelerate the transition
- Support our clients as they transition their business operations and offering
- Engage with stakeholders to inform our climate strategy as it evolves
- Actively participate in industry discussions to ensure an aligned and comprehensive approach.

Governance

Board of directors

- At the highest governance level, the board has the ultimate responsibility to monitor that the group is operating as a responsible organisation
- This includes considerations around climate related risks and opportunities when reviewing the group strategy
- The board is supported by the DLC SEC who are responsible for monitoring all the non-financial elements of sustainability.

Senior leadership

- We have a newly constituted Group ESG Policy and Strategy Committee, a sub-committee, which reports to the board and the DLC SEC on various ESG and climate-specific matters.

Publicly available policies and statements

- Environmental policy and climate change statement
- Fossil fuel policy
- Operational resilience statement.

Refer to page 112 for our government framework and our TCFD report on our website.

Management

Compliance and screening

- We identify climate risks by integrating ESG considerations into our day-to-day operations
- We assess climate risks and follow the 'do no harm' principle through screening to ensure responsible lending and investing.

Risk management

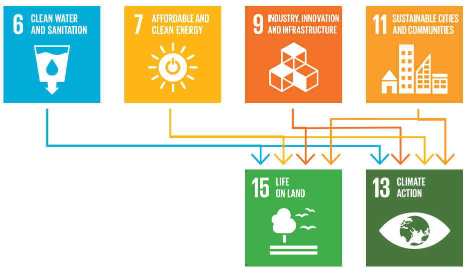
- We see climate risk as a material risk associated with rapidly changing weather events (physical risk) or market shifts as a result of regulatory and policy changes (transitional risk).

Environmental management

- We have an environmental management system to manage and limit our direct carbon impact
- We ensure responsible sourcing of natural resources and encourage behaviour that supports our carbon neutral focus.

Business opportunities

- We use our specialist skills in advisory, lending and investing to support clients' sustainability ambitions
- We have a deliberate focus on financing infrastructure solutions that promote renewable and clean energy
- Through our approach to the SDGs, we can accelerate sustainable finance that supports a low-carbon transition.



Measurement

- We have set emissions reduction targets
- We have committed to an ongoing net zero direct carbon footprint
- We follow the recommendations set out by the TCFDs
- We disclose our full energy lending portfolio including fossil fuel exposures across the group
- We include non-financial and ESG related targets within executive remuneration with a total weighting of 20% of short-term incentives and 25% of long-term incentives.

SOCIAL AND ENVIRONMENTAL REPORT
(continued)

Direct operational impact

Highlights

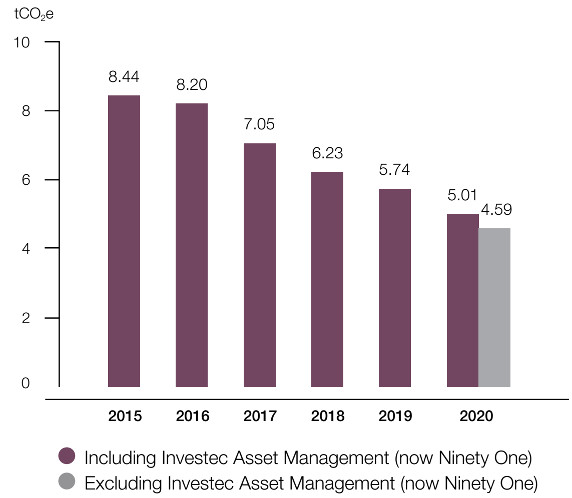
- Achieved net-zero carbon emissions through the purchase of carbon credits and committed to ongoing carbon neutrality
- Emissions per average employee reduced by 13% from 5.74 tCO_2 to 5.01 tCO_2
- Received a 4 Star Green Star Rating (best practice) through the Green Building Council of South Africa (GBCSA) for the Sandton head office, which is 15.2% more energy efficient than industry average, according to the GBCSA.

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.

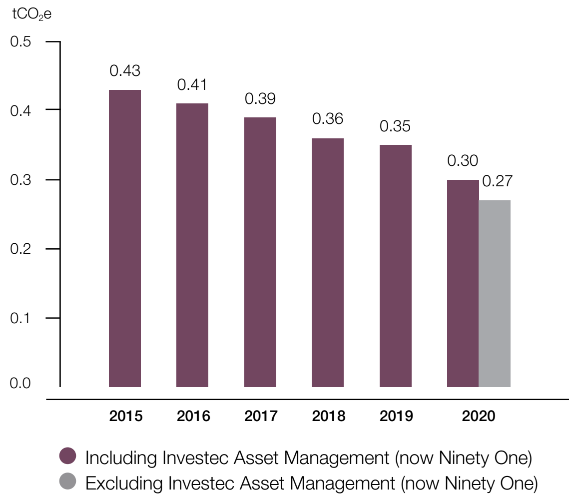
Breakdown of group emissions

Over the past six years, our intensity indicators have steadily declined. In particular, the group has reduced electricity consumption because of energy reduction initiatives, even though our average headcount increased by 27.4% over the same period.

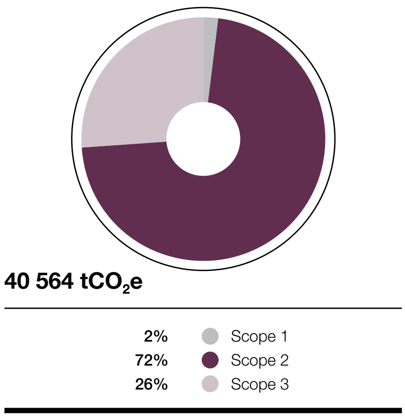
Emissions per average headcount



Emissions per m² office space



*Carbon footprint for the year ended 31 March 2020**



Scope 1 (993 tCO_2 emissions): There was a 41% reduction in our Scope 1 emissions due to the relocation of our UK head office in 2018 to more energy efficient offices as well as the removal of all refrigerants that have ozone depletion potential.

Scope 2 (29 151 tCO_2 emissions): There was a 10% increase in emissions due to the inclusion of our South African alternative disaster site energy consumption and the increase in the South African energy emission factor.

Scope 3 (10 420 tCO_2 emissions): There was a reduction in business travel due to the efforts to reduce the need to travel in our offices. These efforts have been further accelerated by the need to work remotely due to COVID-19.

* *Resource consumption not reflected includes water of 91 346 kl (2019: 90 872 kl) and 600 tonnes of waste recycled (2019: 565 tonnes).*

SOCIAL AND ENVIRONMENTAL REPORT

(continued)

Business contribution to the SDGs

We have six priority SDGs that are globally aligned yet locally relevant to our core geographies and which reflect our current business model and growth strategy to fund a stable and sustainable economy. We also have a strong focus on financing entrepreneurs who are critical in accelerating job creation and supporting sustained economic growth.

Group CEO, Fani Titi, joined the UN GISD Alliance in April 2019

Hosted the GISD in South Africa to promote the need for sustainable development

Investec's Young SDG Innovators chosen to present at the UN virtual leadership summit in June 2020

7 AFFORDABLE AND CLEAN ENERGY

Highlights

- Participated in £1.0 billion of renewable energy projects of which 40% is in solar energy (2019: £1.6 billion)
- Financed 11 projects (2019: 14 projects) with an installed capacity of 3 924MW of clean energy (2019: 1 863MW)
- Asset Finance launched a new sustainable energy finance business in the UK, helping companies fund renewable energy assets
- Created revego Africa Energy Limited (RAEL) energy fund which is expected to list on the Johannesburg Stock Exchange later in 2020
- Piloting a solar energy platform offering for private clients in South Africa.

6 CLEAN WATER AND SANITATION

Highlights

- Participated in various funding and structuring projects with two overarching objectives: providing safe and affordable drinking water and ensuring water use efficiency
- Participated in funding for Trans-Caledon Tunnel Authority (TCTA) who also act as an agency of the National Department of Water and Sanitation, which is responsible for the country's water resources in respect of usage, equitable allocation and distribution. TCTA assist the government to ensure water security for all citizens. South Africa is a water-scarce country, requiring a dedicated focus on ensuring adequate water storage and transfer capacity
- Through our collaboration with the Entrepreneurship Development Trust (EDT), Innovation Africa provide solar water pumping systems to 11 communities in rural South Africa. Approximately 20 000 litres per day of clean drinking water are distributed to at least 8 000 people per village.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Highlights

- Structured the financing of $22.5 million for an infrastructure company in Ghana creating significant employment and contributing to the development of communities and access to education and healthcare
- Partnered with Crossfin to fund early-stage African fintech start-ups. This year the investment extended to BxChange iMali who developed an eWallet App called My-iMali that provides approximately 5 000 lower-income consumers with the ability to transact anywhere in the world without paying monthly fees
- Investec Life's partnership with UK-based genetics company DNAfit Life Sciences, empowers our clients with personalised information as a means to make better decisions regarding personal health and wellness
- Our Export and Agency Finance team is working with a new impact debt fund, Acre Capital, which is grant-supported by The Rockefeller Foundation. This $300 million initial fund will launch in the second quarter of 2020 and is focused on co-financing projects which meet SDG objectives alongside export credit agencies.

SOCIAL AND ENVIRONMENTAL REPORT

(continued)

4

Business contribution to the SDGs

11 SUSTAINABLE CITIES AND COMMUNITIES

Highlights

- Investec Property Fund (IPF), managed by Investec Property and 24.3% 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 monitor improvements
- In South Africa, we contributed to economic empowerment through the distribution of 3 600 title deeds to homeowners in 15 townships around Gauteng. This enabled debt-free home ownership to a severely vulnerable population
- In Australia, we continued to fund affordable housing and affordable student accommodation.

4 QUALITY EDUCATION

Highlights

- We are an equity partner in Invictus Education Group who continually reinvest in education systems, processes and technology as a key strategy
- Private Capital in the UK fund Explore Learning, an online tutoring and learning platform helping children to meet their educational goals from home. Since 2001, they have tutored over 300 000 children
- Investec Wealth & Investment's philanthropy offering manages foundation investments to the market value of R988 million. Of the funds allocated, 55% went to education.

8 DECENT WORK AND ECONOMIC GROWTH

Highlights

- Investec was awarded £15 million from Banking Competition Remedies Ltd to support the development of its SME banking proposition. We focus on asset finance, invoice finance and treasury services, directly supporting more than 60 000 UK SMEs over the past five years
- The cash investments business in South Africa provides flexible cash management for small to medium sized businesses. Over the last 12 months we have partnered with Sme.Africa to deliver a podcast series called Making SMEs Matter, which is freely available. The aim is to deliver content that allows an SME to thrive and not just survive
- Investec Property Fund supports an enterprise and supplier development initiative known as AMP. Total contracts awarded to AMP tenants are in excess of R21 million, since inception of the programme in November 2016.

17 PARTNERSHIPS FOR THE GOALS

Highlights

- Within the finance sector in South Africa, there is a collaborative effort to build a sector dashboard showcasing the collective action and contribution to the SDGs
- To complement the efforts of the GISD, we are actively involved in supporting working groups and hosted members of 30 international banks and financial institutions for a two-day workshop to focus on driving the UN GISD agenda
- Chris Mitman, founder and head of Export and Agency Finance, is the co-chair of the ICC Sustainability Working Group focused on growing the sustainable funding activities of the export credit market
- We hosted a number of events with industry and NGOs on financing the economy of wildlife. In the UK, we co-hosted a seminar focused on the impact of species extinction in the stakeholder value chain. In South Africa, we hosted a workshop on financing the economy of wildlife and a roundtable discussion for the World Bank on the biodiversity economy and inclusive business around protected areas
- As members of the United for Wildlife's Financial Taskforce, we hosted the first South Africa workshop to encourage cooperation between law enforcement and banks to use their financial AML architecture to stop wildlife crime
- Three of our employees are presenting at the UN SDG Young Innovators programme and were chosen to showcase their innovation at the UN Global Leaders Summit in June 2020
- Investec was chosen to feature as a case study in South Africa's 2019 Voluntary National Review
- We are supporting Partnership for Carbon Accounting Financials (PCAF) and will be actively involved in the formulation of financial carbon reporting methodology.

SOCIAL AND ENVIRONMENTAL REPORT

(continued)

Fossil fuel exposure and Equator Principles

Fossil fuel exposures

The transition to a low-carbon world cannot be done in isolation from the realities of the communities in which we, and our clients, operate. When assessing our participation in fossil fuel activities, we consider a variety of financial, socio-economic and environmental factors relevant to a local context (for example poverty, growth, unemployment and carbon impact). We apply prudent due diligence to all fossil fuel activities (including extraction, power generation, infrastructure and industrial processes) which go through rigorous process and require senior decision-making approval. Investec's appetite for this sector is reviewed annually at the executive risk appetite forum and the DLC social and ethics committee.

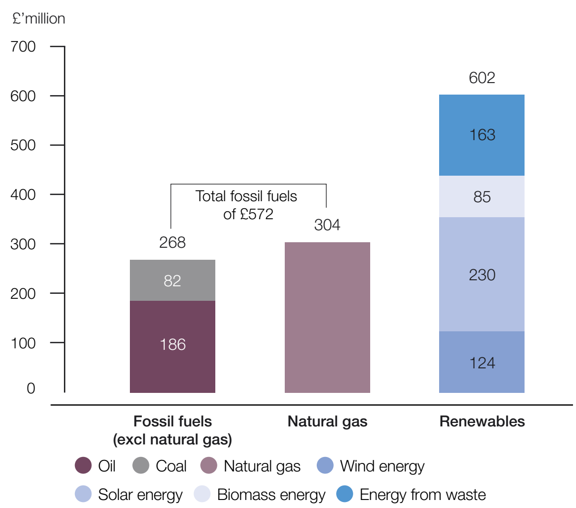
1.3%

Fossil fuel exposure as a % of GCCE*

7.0%

Coal exposure as a % of total energy lending portfolio

Energy portfolio in our banking book



* *Gross credit and counterparty exposure*

SOCIAL AND ENVIRONMENTAL REPORT

(continued)

Investec plc banking book

The mix of the energy portfolio in our Investec plc banking book reflects the trajectory of the energy transition in developed countries. We have a global power and infrastructure business operating across the UK, Europe, US and Australia with a deliberate focus on financing solutions that promote renewable and clean energy.

Breakdown of total Investec plc energy portfolio:

- Coal 2%
- Oil and gas 4%
- Natural gas 24%
- Renewables 70%.

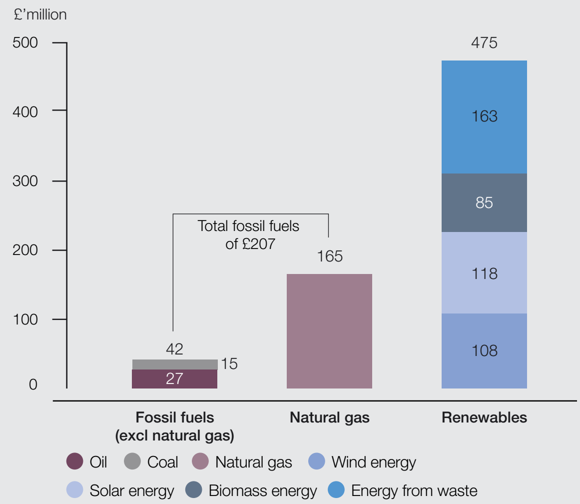
Investec Limited banking book

South Africa is significantly dependent on coal for its energy requirements, which makes it challenging to find a balance between the need for increasing energy access and economic growth in the country and the urgency to reduce carbon emissions. The mix of our energy portfolio in South Africa reflects the trajectory of the country's energy transition. We see natural gas as part of this transition in the short-to-medium term as the country shifts away from coal and builds up renewable sources.

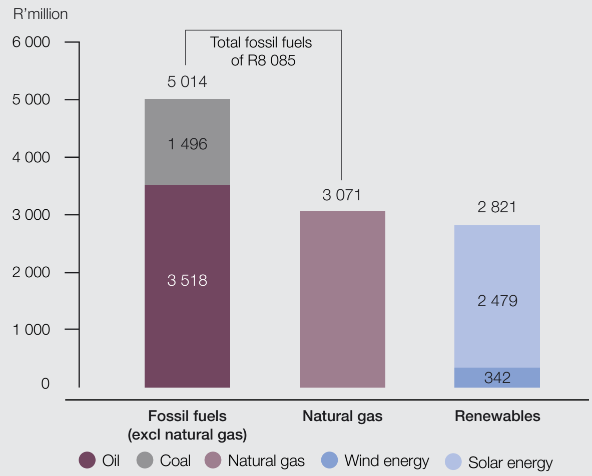
Breakdown of total Investec Limited energy portfolio:

- Coal 14%
- Oil and gas 32%
- Natural gas 28%
- Renewables 26%.

Energy lending portfolio for Investec plc



Energy lending portfolio for Investec Limited



Equator Principles

We fully apply the key provisions of the Equator Principles (EP). We are not currently a signatory due to the low number of transactions that Investec performed in non-designated countries. All transactions in non-designated countries are EP monitored and compliant.

www ***A full breakdown is available in our 2020 group sustainability and supplementary ESG report on our website.***

5

DIRECTORS' REMUNERATION REPORT

DIRECTORS' REMUNERATION REPORT

5

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:

- **Remuneration at a glance summarises the key remuneration outcomes and decisions for the year (pages 183 to 186)**
- **The DLC Remuneration Committee (page 187)**
- **The proposed Directors' Remuneration Policy, subject to binding shareholder vote (pages 188 to 197)**
- **Proposed allotment of Investec plc shares (page 197)**
- **The annual report on remuneration, subject to an advisory shareholder vote (pages 198 to 233)**
- **Remuneration Code and Pillar 3 disclosures (pages 234 to 237)**

Performance in the year

Over the past year the group navigated through a challenging backdrop of weak economic fundamentals and extreme market dislocation in the final quarter. The group's client franchises showed resilience over the year evidenced by strong loan book and customer deposit growth in neutral currency, and net inflows from the Wealth & Investment business.

The Specialist Banking business delivered a satisfactory performance from lending franchises which supported growth in net interest income. This was offset by weak equity capital markets activity, lower associated income and the effects of COVID-19 which negatively impacted investment income, trading income and impairments. Operating costs reduced reflecting a strong focus on cost discipline.

The Wealth & Investment business achieved net inflows and higher average assets under management supporting stable revenue. Results were impacted by increased costs primarily from higher regulatory levies and discretionary technology spend to support growth over the long-term.

The group's adjusted operating profit of £608.9 million was 16.8% behind the prior year (2019: £731.9 million), while adjusted operating profit from continuing operations of £419.2 million was 24.1% behind the prior year (2019: £552.5 million). For remuneration purposes an adjusted operating profit of £579.6 million has been used, which is the group's adjusted operating profit as reported but after the deduction of profit attributable to non-controlling interests of discontinuing operations. This is in line with the calculation of adjusted operating profit for remuneration purposes in prior years which is after the deduction of profit attributable to Asset Management non-controlling interests. The impact of COVID-19 across operating income and expected credit losses, net of variable remuneration and before tax was approximately £105 million (£50 million in the South African Specialist Bank and £55 million in the UK Specialist Bank).

Executive director outcomes

Short-term incentive 2020

The DLC Remuneration Committee (the committee) exercised its discretion to make certain adjustments to the outcomes of the financial performance measures which resulted in a lower formulaic vesting, these are fully outlined on page 199. As all three financial metrics came in below threshold the overall vesting for the financial elements was 0.0%.

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 75% of target for prudential and risk management related measures, resulting in the overall vesting of non-financial elements at 19.8%. The overall short-term incentive vested at 19.8% of target. However the short-term incentive awards were rescinded by the remaining executive directors (Fani Titi and Nishlan Samujh) at their own request to recognise the experience of their colleagues and our shareholders. The executive directors that departed (Hendrik du Toit and Kim McFarland) as part of the Ninety One demerger (formerly known as Investec Asset Management) received their pro-rated awards.

Long-term incentive 2017 – 2020

The growth in tangible net asset value over the three year period was 27.8%, coming in slightly below on-target performance of 30%. The average return on risk weighted assets of 1.36% 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, franchise development, employee relationship and governance and regulatory relationships all at 100%. Achievements against both financial and non-financial measures resulted in the 2017 long-term incentive vesting at 101.3% (against a target of 100% and a maximum of 135%).

Exercise of discretion

As in all years the committee considered exercising its discretion and did so in three schemes this year.

The committee exercised its discretion to make certain adjustments to the outcomes of the short-term incentive financial performance measures which resulted in a lower formulaic vesting, these are fully outlined on page 199.

The committee exercised its discretion and discounted the vesting outcome of the 2017 long-term incentive awards by 25% to reflect the market environment, current macroeconomic uncertainty and to recognise the experience of our employees and shareholders.

The committee also exercised its discretion in reducing the long-term incentive grants in relation to the 2020 year by 10% to reflect the significant reduction in share price after adjusting for the demerger.

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 considered 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.

DIRECTORS' REMUNERATION REPORT

(continued)

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 within our risk appetite and prudential limits 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 general employee pension contribution is funded by the company in addition to the salary and allowances. For the executive directors, the pension contribution is deducted from the fixed pay. Therefore on a net basis the executive directors are not in a preferential position in relation to pension contributions when compared to the general employee population.

All employees are generally eligible for an annual bonus and/or short-term incentive based on a mix of financial and non-financial measures and non-financial performance is more heavily weighted for non-revenue generating employees when determining their bonus.

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.

The impact of COVID-19 on our remuneration for the year is outlined in more detail within both the Investec Bank Limited and Investec Bank plc reports

Proposed key changes for 2021

To reflect the revised structure and complexity of the group following the demerger of Ninety One we are proposing a new remuneration policy, effective 1 April 2020, in which executive director fixed remuneration, will reduce by 25%, with the effect of reducing total remuneration by 25% and that all fixed remuneration is paid in cash and all variable remuneration in shares. The proposed policy will remain in place for one year as a full policy review will take place for the financial year ending 31 March 2022. The principles behind the proposed policy are:

- Simplifies pay with fixed delivered in cash and variable in shares
- Reduces the fixed pay by 25% and also the variable opportunity by 25%
- Reduces the amount of bonus available for target performance
- Increases the value of shareholding requirements

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.

Demerger of Ninety One (formerly known as Investec Asset Management)

Investec group's executive director remuneration policy, as approved by Investec Shareholders in August 2018, has remained in force. The remuneration of the executive directors, including those remaining with Investec and those becoming executive directors of Ninety One, has been treated as outlined in this report for the financial year that commenced on 1 April 2019. Unvested share awards were not crystallised in line with normal good leaver treatment given the ongoing link between Ninety One and Investec.

Fixed pay shares

The share component of the annual fixed pay of the executive directors that departed as part of the Ninety One demerger was granted to them on 28 February 2020.

Short-term incentive (STI)

The STI awards were determined using the final audited results of Investec. For the executive directors that departed as part of the Ninety One demerger, these STI awards were prorated to 29 February 2020 and granted at the usual time.

Long-term incentive (LTI)

The 2020 LTI awards for the executive directors that departed as part of the Ninety One demerger were granted to them on 28 February 2020.

The performance conditions applicable to the 2020 LTI awards for the executive directors that departed as part of the Ninety One demerger are based on the three-year forward-looking performance of Ninety One, and were set by the Ninety One DLC Human Capital and Remuneration Committee after consultation with the Investec DLC Remuneration Committee Chair.

Unvested LTI

For any unvested LTI granted prior to the Demerger, the existing financial measures, growth in tangible net asset value per share and return on risk-weighted assets, will continue but the performance targets will be adjusted prospectively, on a neutral basis, from the date of the Demerger to reflect the financial impact of Ninety One no longer forming part of Investec.

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) 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.

DIRECTORS' REMUNERATION REPORT
(continued)

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Proposed remuneration arrangements for 2021	
Current executive directors	• Pay for the 2021 financial year will be in accordance with the proposed remuneration policy outlined below and on pages 188 to 197 • Subject to shareholder approval the policy will be effective from 1 April 2020
New Group executive directors	• All remuneration arrangements are in line with the proposed policy, and changes outlined in this table.
Fixed remuneration	• Fixed remuneration will reduce by 25% for all executive directors, therefore: – Fixed Remuneration for the CEO will reduce from £1,332,000 to £1,000,000 – Fixed Remuneration for other executive directors, excluding the Finance Director will reduce from £1,066,000 to £800,000 – Fixed Remuneration for the Finance Director will reduce from £666,000 to £500,000 • All fixed remuneration will be delivered in cash (all variable remuneration to be delivered in shares) • All benefits including pension contributions will be funded from gross fixed pay
Short-term incentive	• In line with the reduction in fixed remuneration outlined above the on target short-term incentive will also reduce by a similar percentage as a result of the demerger. The on target short-term incentive pool is calculated on a specific percentage of the group's adjusted operating profit and Ninety One has historically contributed approximately a quarter of group profit, therefore the on target pool will reduce by approximately a quarter. • Additionally the maximum opportunity for variable remuneration is capped at 241.8% of fixed remuneration, therefore the maximum opportunity for variable remuneration will reduce by 25%, in line with the fixed remuneration reduction outlined above • There will be no change to the approach for setting performance measures and metrics for the Short-term Incentive; the measures will remain the same and we will confirm the performance targets for this year's awards in advance of the AGM • All variable remuneration to be delivered in shares and will vest over 1-7 years
Long-term incentive	• Long-term incentive awards will reduce by 25% in line with the fixed remuneration reduction outlined above as they are set at 100% of fixed remuneration • There will be no change to the approach for setting performance measures and metrics for the Long-term incentive; the measures will remain and we will confirm the performance targets for this year's awards in advance of the AGM
Shareholding requirements	• Shareholding and post-termination shareholding requirements remain at 200% of fixed remuneration, the value of shareholding requirement will increase by 50%, given that this is determined based on the cash element of fixed pay
Non-executive directors	• Proposed reductions to the non-executive director fees across the group of between 10% and 20% dependent upon role, further details are found on page 227.
Other	• In line with the intent of the remuneration committee historically, we would like to confirm that where new directors join, both from within and outside the company, the terms and conditions of any prior awards will be grandfathered • The group will pay legal, training and other reasonable and appropriate fees, incurred by the executive directors as a result of performing their duties

DIRECTORS' REMUNERATION REPORT

(continued)

Response to shareholder feedback

In 2018 we engaged in an extensive consultation exercise with our key shareholders to obtain input into the designing of our 2018 remuneration policy. We, by and large, received positive feedback. We implemented a significant number of changes requested by our shareholders which have aligned business performance more tightly to reward and reduced overall executive director remuneration.

We undertook consultation exercises in 2019 with our key shareholders which focused on the technical adjustments in relation to the demerger of Ninety One. These adjustments were supported at the 2019 AGM.

Further limited consultation took place in 2020 with our key shareholders focused on our one year proposed remuneration policy which will be voted on at the 2020 AGM. We look forward to consulting further in the run up to the AGM, as we normally do.

The proposed directors remuneration policy can be found on pages 188 to 197.

Allotment of shares

The board previously indicated that, in recognition of the views expressed by shareholders around dilution, it would no longer seek authority to allot shares, and accordingly, these resolutions were not proposed at the group's 2019 AGM held on 8 August 2019. However, in light of the regulatory guidance issued in response to the COVID-19 pandemic which advises banks to conserve regulatory capital, suspend share buybacks and restrict the payment of cash bonuses to senior staff (including all material risk takers), the board is seeking authority to allot up to 15 million ordinary Investec plc shares (around two percent of Investec plc's currently issued ordinary share capital). Any allotment using this authority will only be for the purposes of satisfying employee share awards in 2021, and only to the extent that the company does not otherwise receive regulatory authority to purchase such ordinary shares from the market.

Looking ahead

Our proposed approach to executive remuneration is designed to incentivise exceptional performance from our executives, and ensure that all stakeholders, including shareholders and executives are rewarded appropriately for performance.

We are committed to ensuring that the group delivers strong performance and makes further progress in aligning performance and reward.

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.

Executive and non-executive directors have donated a portion of their remuneration/fees to COVID-19 causes including the Solidarity Fund in South Africa.

The committee and I look forward to consulting further in the run up to the 2020 AGM, at which we can answer any questions that you may have on the reward outcomes for the year and the proposed new remuneration policy.

Approvals

We are seeking shareholder approval at the 2020 annual general meeting for:

- Proposed Remuneration Policy reflecting the new structure and complexity of the group (pages 188 to 197)
- Proposed directors' authority to allot shares and other securities (page 197).
- Our directors' remuneration report for the year ended 31 March 2020 (pages 198 to 233)
- Our non-executive directors' remuneration (pages 227 to 228)

Signed on behalf of the board

Philip Hourquebie

16 June 2020

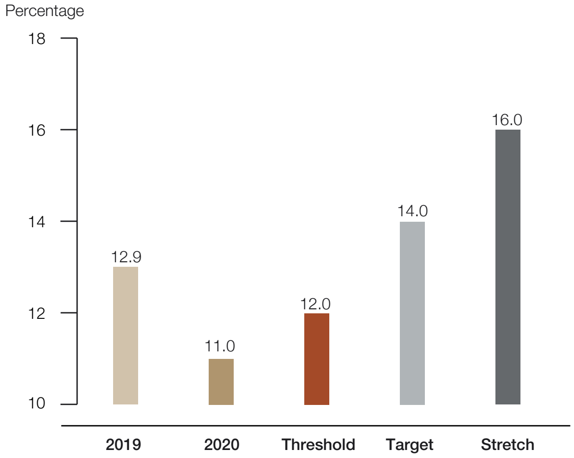
DIRECTORS' REMUNERATION REPORT
(continued)

5

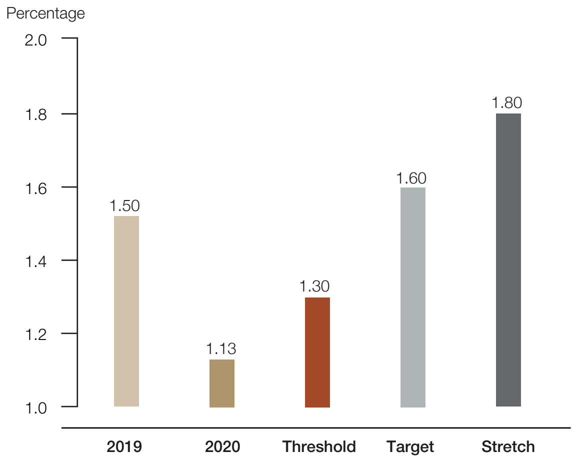
Remuneration at a glance

Key factors in assessing variable remuneration outcomes for the year

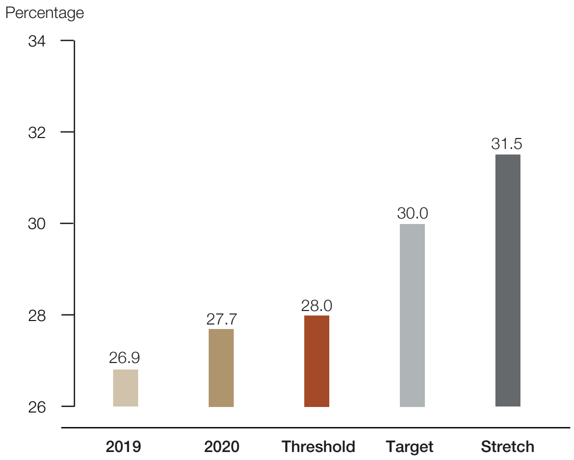
Return on equity – short term incentive



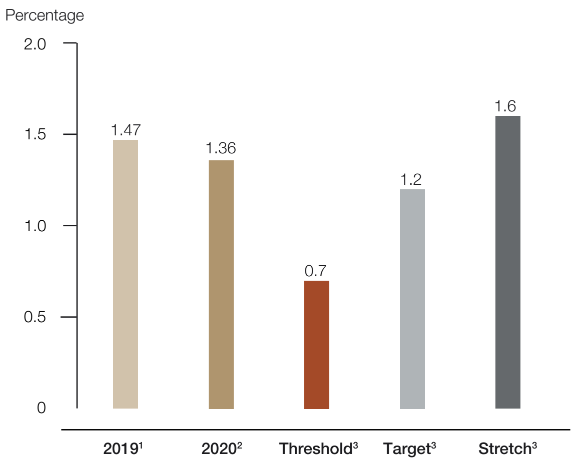
Return on risk-weighted assets – short term incentive



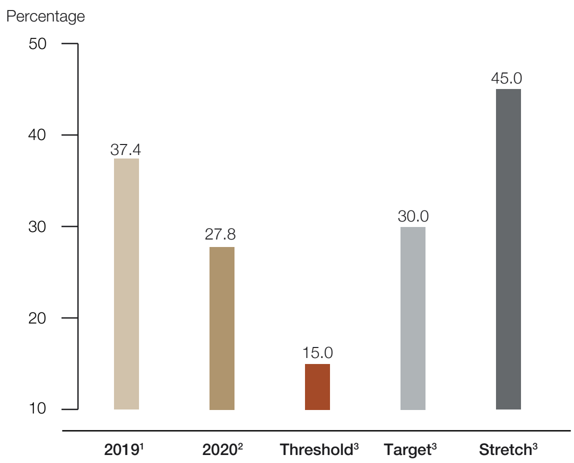
Operating margin – short term incentive



Return on risk-weighted assets – 2017 long term incentive



Growth in tangible net asset value – 2017 long term incentive



[1] Average 3 year performance for years ending 31 March 2017, 31 March 2018 and 31 March 2019
[2] Average 3 year performance for years ending 31 March 2018, 31 March 2019 and 31 March 2020
[3] Targets were set for the award in 2017

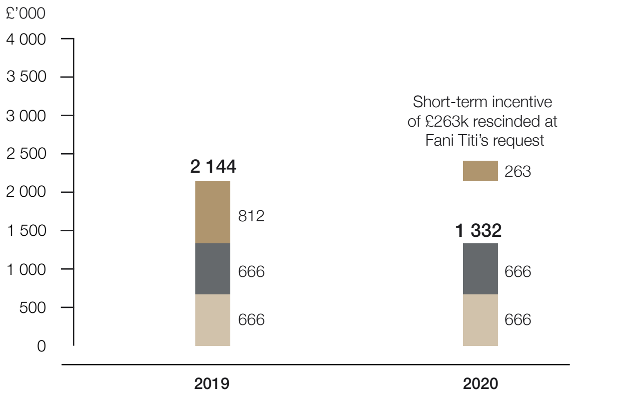
DIRECTORS’ REMUNERATION REPORT

(continued)

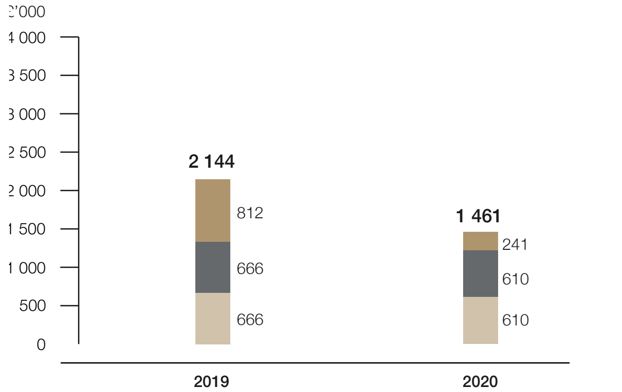
Remuneration outcomes for the year

Single figures of remuneration, calculated based on the value of long-term incentives where the performance conditions were assessed during the year.

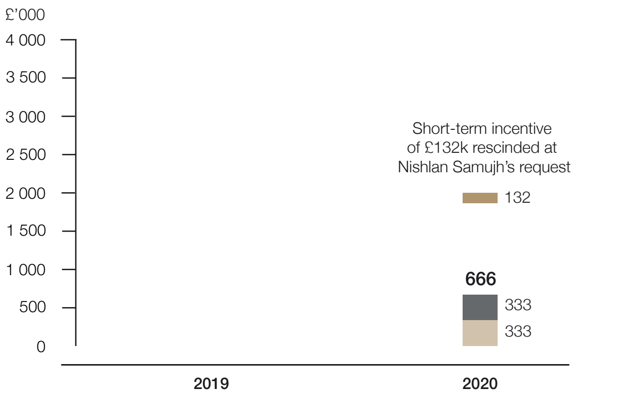
Fani Titi



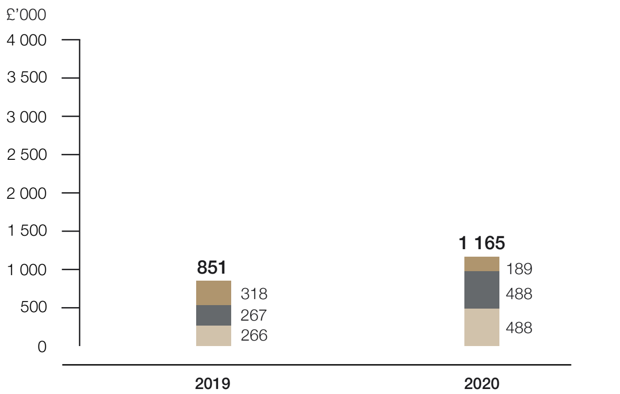
Hendrik du Toit[1]



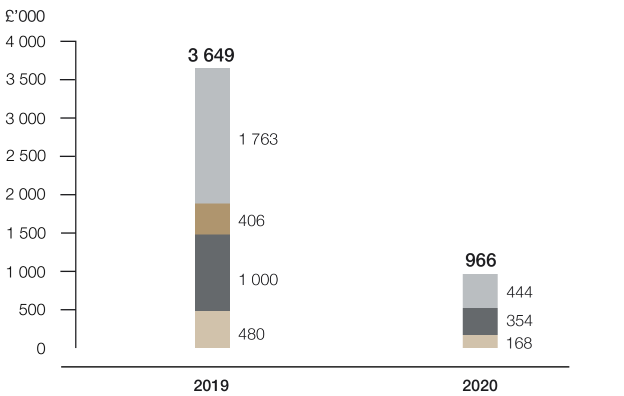
Nishlan Samujh[2]



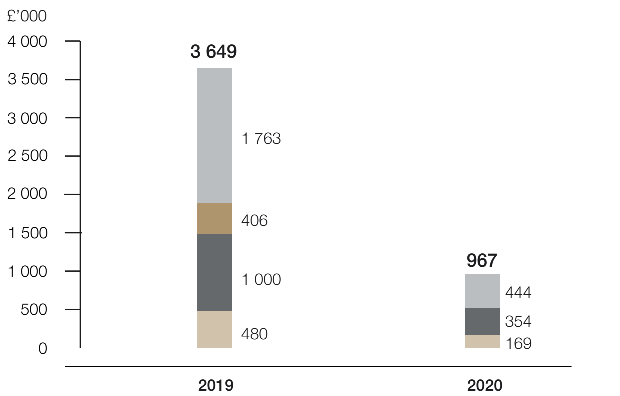
Kim McFarland[3]



Stephen Koseff[4]



Bernard Kantor[4]



Fixed pay — cash   Fixed pay — shares   Short-term incentive   Long-term incentive (vested)

1. *Pro rata 2020 Remuneration disclosed for Hendrik du Toit to reflect period before de-merger of eleven months.*
2. *2019 remuneration not disclosed for Nishlan Samujh as he was not an executive director in 2019.*
3. *Pro rata 2020 Remuneration disclosed for Kim McFarland to reflect period before de-merger of eleven months. The 2019 remuneration disclosed is for six months as an executive director.*
4. *2020 Remuneration disclosed consists of fixed pay until 8 August 2019*

DIRECTORS' REMUNERATION REPORT

(continued)

Achievement against Short-Term Incentive Metrics – Executive Directors 2020

Measures		Weighting	Actual performance against targets set: Below	Threshold	Target	Stretch	Threshold for 2020 (0%)	Target for 2020 (100%)	Stretch for 2020 (150%)	**Actual performance**	Achievement against target
Financial	Return on risk-weighted assets	30%					1.3%	1.6%	1.8%	**1.13%**	0.0%
	Return on equity	30%					12.0%	14.0%	16.0%	**11.0%**	0.0%
	Operating margin	20%					28.0%	30.0%	31.5%	**27.7%**	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	**3**	75.0%
Total		100%									19.8%

Although the formulaic assessment of the short-term incentive resulted in an outcome of 19.8% of target, the awards were rescinded by the remaining executive directors at their own request to recognise the experience of their colleagues and our shareholders. The executive directors that departed as part of the Ninety One demerger received their pro rata awards.

Achievement against Long-Term Incentive Metrics – Executive Directors (2017 awards)

Measures		Weighting	Actual performance against targets set: Below	Threshold	Target	Stretch	Threshold for 2020 (0%)	Target for 2020 (100%)	Stretch for 2020[1] (150%)	**Actual performance[2]**	Achievement against target
Financial	Growth in tangible net asset value	40%					15%	30%	45%	**27.8%**	85.3%
	Return on risk-weighted assets	35%					0.7%	1.2%	1.6%	**1.36%**	120.6%
Non-financial	Culture and values	4%					0	2	4	**2**	100.0%
	Franchise development	13%					0	2	4	**2**	100.0%
	Governance and regulatory	4%					0	2	4	**2**	100.0%
	Employee relationship	4%					0	2	4	**2**	100.0%
Total		100%									101.3%
Discretionary reduction applied											(25.0%)
Final vesting %											76.3%

1. *200% at stretch for non-financial measures.*
2. *Assessed over the performance period from 1 April 2017 to 31 March 2020.*

Although the formulaic assessment of the long-term incentive resulted in an outcome of 101.3% of target, the committee has exercised its discretion and discounted the vesting outcome of the 2017 long-term incentive awards by 25% to reflect the market environment, current macroeconomic uncertainty and the experience of our employees and shareholders.

DIRECTORS' REMUNERATION REPORT

(continued)

The remuneration for the executive directors that departed as part of the Ninety One demerger, Hendrik du Toit and Kim McFarland, was treated as outlined below. We adopted this approach and honoured the 2020 LTI grant on a pro rated basis as the grant is part of 2020 executive director pay, and to not crystallise the share awards in line with normal leaver treatment given the ongoing link between Ninety One and Investec.

Fixed pay shares	Short-term Incentive (STI)-	Long-term Incentive (LTI)	Unvested Long-term Incentives
• Granted on 28 February 2020 in Investec shares • Share grant made on a pro-rata basis (1 April 19 – 29 February 2020) as the full year was not worked as an Investec executive director	• Determined based on the financial and non-financial performance measures and metrics disclosed in the 2019 annual report. Financial measures are Return on Equity, Return on Risk-Weighted Assets and the Operating Margin of the combined Asset Management and Wealth businesses. The STI results were determined using the final audited results of Investec, but prorated to 29 February. The STI share awards were granted on 05 June 2020 and as an award in Investec shares (granted by Investec) and an award of Ninety One Shares (granted by Ninety One); relative value distributed in the same ratio as that received by the holders of Investec Ordinary Shares under the demerger (1 Ninety One share for every 2 Investec shares)	• Performance conditions applicable to the 2020 LTI awards shall be based on the three-year forward-looking performance of Ninety One, and were set by the Ninety One DLC Human Capital and Remuneration Committee after consultation with the Investec DLC Remuneration Committee Chair. The 2020 LTI awards were granted on 28 February 2020, in respect of Investec shares • Share grant made on a pro-rata basis (1 April 19 – 29 February 2020) as the full year was not worked as an Investec executive director	• Existing financial performance measures will continue but the metrics will be adjusted prospectively to reflect the financial impact of Ninety One no longer forming part of Investec; future vesting will be based on a combined assessment of pre- and post-demerger performance targets

DIRECTORS' REMUNERATION REPORT

(continued)

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 appoints Korn Ferry on an annual basis and 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 were no conflicts or potential conflicts 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 £20,795 (based on their standard hourly rates).

Having satisfied all governance requirements Linklaters were appointed as advisors for matters in relation to the demerger of Ninety One and therefore assisted with remuneration arrangements for the executive directors who departed with the demerger.

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 2020

The key priorities for the committee in 2020 were reviewing and agreeing the remuneration arrangements for the executive directors that departed with the Ninety One demerger. In addition the committee agreed a new remuneration approach for the executives immediately below the board, in line with the requirements of the Corporate Governance Code. The committee also devoted considerable time to determining the appropriate actions relating to remuneration as a result of the COVID-19 pandemic.

Shareholder voting and shareholder engagement

The chair of the remuneration committee undertook consultation exercises in 2019 with our key shareholders focused on the technical adjustments in relation the demerger of Ninety One. These adjustments were supported at the 2019 AGM.

Limited consultation took place in 2020 with our key shareholders, focused on our proposed remuneration policy for 2021 which will be voted on at the 2020 AGM. We look forward to consulting further in the run up to the AGM, as we usually do.

Activities in the year

Activities in the year	14 May	29 May	22 Jul	16 Sep	18 Nov	4 Dec	29 Jan	11 Mar
Directors' Remuneration Report	√	√						
Variable remuneration for executive directors for 2018/2019	√	√						
Annual reward review for senior management, material risk takers, control function employees and other employees	√	√						
Consideration of shareholder feedback from roadshows			√					
Remuneration impact of Ninety One demerger					√			√
Group Executive Team remuneration approach	√			√	√			√
Authorised firm remuneration reports to the committee	√	√	√	√	√		√	√
Regulatory developments	√	√	√	√	√		√	√
Share awards to employees		√	√					√
Investec Asset Management Marathon Trust considerations				√	√			
Mid-year bonus review for Investec Wealth & Investment						√		
Reward governance			√					√
Workforce engagement	√		√					
Feedback from AGM voting results				√	√			
NED fees						√	√	√
Gender pay gap reporting							√	√

DIRECTORS' REMUNERATION REPORT

(continued)

Proposed Director's Remuneration Policy

We are proposing a new remuneration policy effective 1 April 2020 to reflect the reduced group size and complexity following the demerger of Ninety One.

The group has reduced in size and complexity following the demerger and it is appropriate therefore for the quantum of remuneration to reduce. The current approach where fixed remuneration is delivered in a combination of cash and shares differs from general market practice. The proposal to deliver fixed remuneration in cash and variable remuneration in shares is simpler, but still provides alignment with shareholders. This will also increase the shareholding and post-termination shareholding requirements, providing further alignment with shareholders. The policy will be voted on at the AGM in August 2020. Please note the June 2020 LTIP grant will operate under the existing remuneration policy. The key features of the proposed policy and changes from the previous policy are detailed in the table below. The technical adjustments approved at the 2019 AGM are also included in the proposed policy.

Purpose and link to strategy	Operation	Maximum value and performance targets	Proposed changes from current policy
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	• Fixed pay award delivered 100% in cash, paid monthly • Fixed remuneration is benchmarked against relevant comparator groups[1]	• Targeted at market median levels when compared with relevant comparator groups[1] • It is not anticipated that fixed remuneration will increase during the life of the policy, unless the remuneration committee deems that there are exceptional circumstances which may require adjustments • The fixed remuneration for the CEO is £1 000 000 per annum • The fixed remuneration for the Group Finance Director is £500 000 per annum • Executive directors other than the CEO can earn a maximum of 80% of the CEO fixed remuneration, £800 000 per annum	• The fixed pay award will be reduced by 25% for all executive directors • The fixed pay award is to be delivered 100% in cash, paid monthly (all variable remuneration will be delivered in shares)
Benefits			
• To provide a market competitive package	• The cost of any benefits provided are deducted from fixed pay • Benefits are benchmarked against relevant comparator groups[1] • Executive directors may elect to sacrifice a portion of their annual gross remuneration in exchange for benefits such as travel allowances and medical aid	• Benefits include: life, disability and personal accident insurance; medical cover; and other benefits, as dictated by competitive local market practices • There is no maximum value but the value of benefits provided will generally be in line with market comparators	• None
Pension/provident			
• To enable executive directors to provide for their retirement	• Executive directors participate in defined contribution pension/ provident schemes • Only 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

DIRECTORS' REMUNERATION REPORT

(continued)

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Purpose and link to strategy	Operation	Maximum value and performance targets	Proposed changes from current policy
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 • Awarded in shares therefore provides alignment with shareholders	• Establishment of a short-term incentive pool based on the group's adjusted operating profit (AOP)[2] • Receive 60% upfront in 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. Any remaining portion not deferred over three to seven years 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 on 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 • These short-term incentive awards are made annually following the completion of the financial year	• 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, with 0.12% to the Finance Director[2] • The performance achievement level is 0% for threshold performance, 100% for target performance and 150% for stretch performance • The targets are reviewed annually • 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	• The on target bonus pool will reduce by approximately a quarter as the Ninety One business has historically contributed approximately a quarter of group profit • To be delivered 100% in shares, 60% in upfront shares (30% with a one year retention period and the remaining 30% a two year retention period) and the remaining 40% deferred up to seven years • Previously 30% of the award was delivered in upfront cash • Conscious of the ISS guidance relating to ontarget performance, we will reduce on-target performance to half the potential maximum in the 2021 full policy review. This has not been addressed in the proposed policy as we have not fundamentally changed the policy structure. When we develop a new three year policy in 2021 we will address this matter

DIRECTORS' REMUNERATION REPORT

(continued)

Purpose and link to strategy	Operation	Maximum value and performance targets	Proposed changes from current policy
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 • 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 tangible net 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, with the exception of the non-financial metrics for which stretch performance is 200% • 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	• Awards will reduce by 25% in line with the fixed remuneration reduction as they are set at 100% of fixed remuneration
• Other	• The group will pay legal, training and other reasonable and appropriate fees, incurred by the executive directors as a result of performing their duties • In limited circumstances, such as to offset double taxation or cash flow disadvantages due to our dual listing, the group may provide financial and non financial assistance. Any such assistance will align with any approach we may use for other employees who are not executives		• This has been added to allow reimbursement for reasonable fee and liabilities incurred as a result of performing their duties • This has been added to reduce the burden on executives that may arise from our dual listing

DIRECTORS' REMUNERATION REPORT

(continued)

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Purpose and link to strategy	Operation	Maximum value and performance targets	Proposed changes from current policy
• Legacy	• Any remuneration commitment made prior to an individual becoming a Director and not in anticipation of their appointment to the Board will be honoured, even where it is not consistent with the directors remuneration policy in place at the time it is fulfilled • Awards made upon becoming an executive director will be treated in line with the directors remuneration policy		
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 fixed pay • Shareholding requirement to be met over a reasonable timeframe • Post-termination shareholding requirement of the lower of 200% of fixed pay, or the holding on termination of employment, for two years post-termination	• None	• The value of shareholding requirement will increase by 50%, given that this is determined based on the cash element of fixed pay

Notes to the preceding table:

1. *Peer group companies include Absa Group, formerly known as Barclays Africa Group, Brewin Dolphin, Close Brothers Group, FirstRand, Julius Baer, Nedbank Group, Quilter, Rathbone Brothers, Standard Bank Group and Virgin Money (formerly CYBG).*
2. *AOP defined as operating profit before taxation, goodwill, acquired intangibles and non-operating items and after non-controlling interests. The Remco retains discretion to adjust the AOP figure used to calculate the short-term incentive pool where appropriate, to fully reflect performance and the experience of our key stakeholders, including shareholders.*
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, internal benchmarks and hurdles, and economic and market conditions. These targets are being adjusted due to COVID-19 and in line with the Investment Association guidance targets will be published ahead of the 2020 AGM*
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, depending on the length of deferral, inflation and interest rates. This is currently 241.8% of fixed remuneration.*

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.

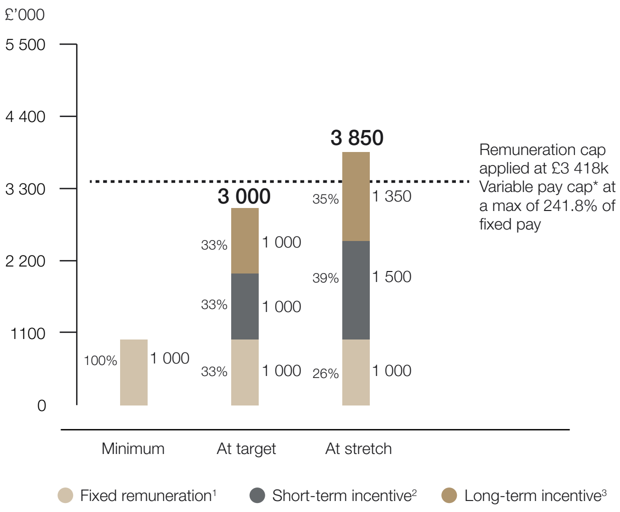
The remuneration committee retains the discretion to buy out bonus or incentive awards that a potential new executive director has forfeited as a result of accepting the appointment, subject to proof of forfeiture where applicable. Any award made to compensate for forfeited remuneration will be broadly 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.

DIRECTORS' REMUNERATION REPORT

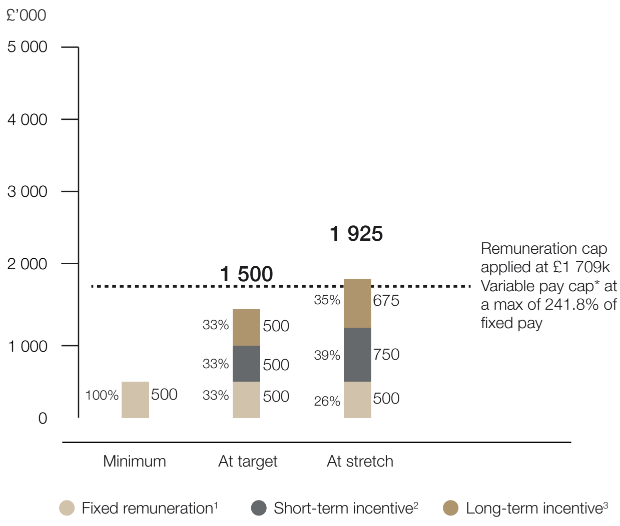
(continued)

Illustrations of application of remuneration policy

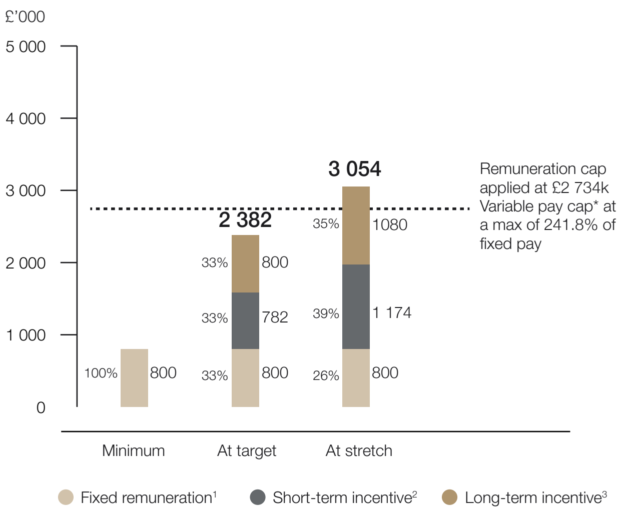
Illustrative payouts for Fani Titi



Illustrative payouts for Nishlan Samujh



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 241.8% of fixed remuneration. These limits will be in line with this cap.*

1. *Fixed remuneration comprises fixed remuneration delivered in cash, 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 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 based on the proposed remuneration policy.

The scenarios are based on 75% of adjusted operating profit earned at 31 March 2020, to reflect the new group structure as Ninety One has historically contributed approximately a quarter of group profit.

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 £3,850k to £4,525k for the CEO from £1,925k to £2,262k for the group finance director and from £3,054k to £3,594k 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 increase are based on the following assumptions:

1. At stretch achievement levels
2. One year of short-term incentive
3. The full long-term incentive is deferred in shares
4. The starting share price is the share price at the date of award
5. The share price appreciation is 50% over the three year performance period.

DIRECTORS' REMUNERATION REPORT

(continued)

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 African 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	• Fees to reduce by 10% to 20% dependent upon role
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.

DIRECTORS' REMUNERATION REPORT

(continued)

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. Prior 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 providing they are in line with our related parties and private work interests policies • 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.	
Other	• The group will pay legal, training and other reasonable and appropriate fees, incurred by the executive directors as a result of performing their duties • In limited circumstances, such as to offset double taxation or cash flow disadvantages due to our dual listing, the group may provide financial and non financial assistance. Any such assistance will align with any approach we may use for other employees who are not executives	• This has been added to allow reimbursement for reasonable fee and liabilities incurred as a result of performing their duties • This has been added to reduce the burden on executives that may arise from our dual listing
Legacy	• Any remuneration commitment made prior to an individual becoming a Director and not in anticipation of their appointment to the Board will be honoured, even where it is not consistent with the directors remuneration policy in place at the time it is fulfilled Awards made upon becoming an executive director will be treated in line with the directors remuneration policy	• Awards made upon becoming an executive director will be treated in line with the directors' remuneration policy

DIRECTORS' REMUNERATION REPORT

(continued)

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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, within our risk appetite 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 – Wealth & Investment*	*Operation – Specialist Banking –Global*
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 when a cost of living adjustment is required	
Role Based Allowance/ Fixed Pay	• None	• Role Based Allowances may be awarded to certain Material Risk Takers in Investec Bank plc 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 on page 188. Pension and/or provident funds 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 the general employee population.	

DIRECTORS' REMUNERATION REPORT

(continued)

Element	*Operation – Wealth & Investment*	*Operation – Specialist Banking –Global*
Short-term incentive	**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 vests 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 vesting 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 in Investec Bank plc:** • For employees who 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) in Investec Bank plc:** 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, however this year full award will be delivered in shares as requested by the PRA • 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
Other	• 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 directors 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.

DIRECTORS' REMUNERATION REPORT

(continued)

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Consideration of all employee remuneration

The committee reviews changes in remuneration arrangements in the workforce generally and 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 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. Effective from 2019 we have designated a 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. This is in line with one of the suggested methods recommended within the UK Corporate Governance Code. NEDs 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. As is usual we consulted with our key shareholders during the year.

For Resolution

Ordinary resolution: Directors' authority to allot shares and other securities.

Proposed that:

- In accordance with section 551 of the UK Companies Act, the directors be and are hereby generally and unconditionally authorised to allot, or
- grant rights to subscribe for, or convert any security into shares up to an aggregate nominal amount

of:

(i) £3,000 in respect of Investec plc ordinary shares of £0.0002 each (ordinary shares); and

(ii) £26,219 in respect of Investec plc special converting shares of £0.0002 each (special converting shares). The special converting shares are required by the dual listed companies' structure and agreements and any issue of same would be non-dilutive to ordinary shareholders. Such authority will expire at the conclusion of the annual general meeting of Investec plc to be held in 2021 or, if earlier, 15 months after the passing of this ordinary resolution, but so that in each case, the company may enter into agreements to exercise the authority granted by this resolution where such agreements would or might require shares to be allotted or to convert any security into shares after the date the authority expires, and the directors may allot shares or grant such rights under any such agreements as if the authority had not expired.

Explanatory note to resolution No 33:

The Articles of Association of Investec plc permit the directors of Investec plc to allot shares and other securities in accordance with section 551 of the UK Companies Act, up to an amount authorised by the shareholders in general meeting.

The Investment Association's share capital management guidelines allow for allotments of up to two-thirds of the company's issued ordinary share capital, provided that any amount over one-third is applied to fully pre-emptive rights issues only.

The board previously indicated that, in recognition of the views expressed by shareholders around dilution, it would not seek authority to make such allotments.

However, in light of the regulatory guidance issued in response to the COVID-19 pandemic which advises banks to conserve regulatory capital, suspend share buybacks and restrict the payment of cash bonuses to senior staff (including all material risk takers), the board is seeking authority to allot up to 15 million ordinary shares (around two percent of the company's currently issued ordinary share capital).

Any allotment using this authority will only be for the purposes of satisfying employee share awards in 2021, and only to the extent that the company does not otherwise receive regulatory authority to purchase such ordinary shares from the market.

The resolution also authorises the directors to allot special converting shares to reflect the number of ordinary shares issued by Investec Limited at any time and from time-to-time up to a nominal value of £0.0002, per the requirements of the dual listed companies' structure and agreements.

DIRECTORS' REMUNERATION REPORT

(continued)

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 £'000	Value of long-term incentive vested due to share price appreciation £'000	Total remuneration £'000
Fani Titi	2020	612	12	42	666	1 332	0[1]	–	–	1 332
	2019	616	12	38	666	1 332	812	–	–	2 144
Hendrik du Toit	2020	597	13	–	610	1 220	241	–	–	1 461
	2019	652	14	–	666	1 332	812	–	–	2 144
Nishlan Samujh	2020	272	11	50	333	666	0[1]	–	–	666
	2019	–	–	–	–	–	–	–	–	–
Kim McFarland	2020	477	11	–	488	976	189	–	–	1 165
	2019	260	6	–	267	533	318	–	–	851
Stephen Koseff	2020	140	5	23	354	522	0	444[2]	0[3]	966
	2019	398	11	71	1 000	1 480	406	1 763	0	3 649
Bernard Kantor	2020	166	3	–	354	523	0	444[2]	0[3]	967
	2019	429	12	39	1 000	1 480	406	1 763	0	3 649

Salary and Fixed remuneration

This represents the value of salary earned and paid during the financial year. Hendrik du Toit and Kim McFarland received fixed remuneration up until the demerger of Ninety One. The 2020 values shown are those earned prior to the demerger and in respect of their roles as executive directors for Investec DLC. Nishlan Samujh became a DLC executive director on 1 April 2019, therefore no remuneration values are shown for 2019. Stephen Koseff and Bernard Kantor fixed remuneration accounts for the period until 8 August 2019 at which point they ceased to be DLC executive directors.

Taxable benefits

The executive directors pay for 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 2019/2020 performance year. Page 199 details the basis on which the awards were determined and page 200 shows the breakdown of the awards in up-front and deferred shares. 2020 Short-term incentive for both Fani Titi and Nishlan Samujh of £263k and £132k respectively were rescinded at their own request to align with their colleagues and our shareholders experience. The short-term incentive for Hendrik du Toit and Kim McFarland is pro rata up until the demerger of Ninety One. The 2020 values shown are those earned prior to the demerger and in respect of their roles as executive directors for Investec DLC. Nishlan Samujh became a DLC executive director on 1 April 2019, therefore no short-term incentive value is shown for 2019. Bernard Kantor and Stephen Koseff waived their bonus entitlement for the portion of the 2020 year that they were DLC executive directors.

Long-term incentive vested

Represents the value of long-term incentive awards that were subject to performance conditions and vested on 8 June 2020. These awards were awarded on 6 June 2017 and were subject to a performance period from 1 April 2017 to 31 March 2020. The determination of the vesting of these awards is outlined on page 202. The committee also considered the market environment, current macroeconomic uncertainty and the experience of our employees and shareholders (final dividend was passed), which resulted in the committee exercising its discretion in reducing the vested long-term incentive award by 25%. 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. *Short-term incentive awards were rescinded at the recipient's request to align with their colleagues and our shareholders experience.*
2. *The long-term incentive vested relates to LTIP awards granted in 2017. These LTIPs were previously disclosed in the 2017 annual report, being the year they were awarded.*
3. *There is no value due to share price value appreciation for the 2017 long-term incentive: the share price on award was £5.87 and the share price on the first vesting date of 8 June 2020 was £1.83 for Investec plc and £2.25 for the Ninety One plc shares.*

DIRECTORS' REMUNERATION REPORT

(continued)

Assessment of the Short-term incentives for executives for the 2020 financial year (Audited)

The following table shows the achievements against the preset financial and non-financial measures and metrics for the 2020 financial year.

Measures		Weight (as a percentage of target)	Targets for 2020 Threshold (0%)	Target (100%)	Stretch (150%)	Actual perform-ance	Achieve-ment against target	Weighting achieved
Financial	Return on risk-weighted assets	30%	1.3%	1.6%	1.8%	1.13%	0%	0.0%
	Return on equity	30%	12.0%	14.0%	16.0%	11.0%	0%	0.0%
	Operating margin of the combined Asset Management and Wealth & Investment business	20%	28.0%	30.0%	31.5%	27.7%	0%	0.0%
Non-financial[1]	Culture, values and co-operation related measures	7%	0	4	6	5	125%	8.8%
	"ESG" related measures	5%	0	4	6	4	100%	5.0%
	Prudential and risk management related measures	8%	0	4	6	3	75%	6.0%
Total Achieved								**19.8%**

1. *Please see the table entitled "DLC executive directors STI – Non-financial assessment for the 2020 financial year" on page 201 for the details of these assessments*

The outcomes of the short-term incentive metrics detailed above may not align with the same metrics found within the financial statements of this report, as the committee made certain adjustments from a remuneration perspective. Consideration was also given by the committee as to whether, from a remuneration perspective, certain significant non-operating items should be added back to arrive at adjusted earnings/ adjusted operating profit for the purposes of determining the calculation of return on equity, return on risk weighted assets and operating margin; the committee determined that certain costs will be added back in this year.

The following table shows how the bonuses for each individual executive director were calculated, based on the adjusted operating profit for remuneration purposes of £579.6 million for the year, and the 19.8% performance achievement outlined above. Although the formulaic assessment of the short-term incentive resulted in an outcome of 19.8% of target, the awards were rescinded by the remaining executive directors at their own request to recognise the experience of their colleagues and our shareholders. The executive directors that departed as part of the Ninety One demerger still received their pro-rated awards.

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
Fani Titi	0.23%	1 333	19.8%	263	0	Award rescinded at recipient's request
Hendrik du Toit	0.23%	1 333	19.8%	263	241	Pro rata award
Nishlan Samujh	0.12%	667	19.8%	132	0	Award rescinded at recipient's request
Kim McFarland	0.18%	1 043	19.8%	206	189	Pro rata award

DIRECTORS' REMUNERATION REPORT

(continued)

All Short-term incentives for the executive directors fall within the variable remuneration cap of 241.8% 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 delivery profile

The committee exercised its discretion in reducing the long-term incentive grants for the 2020 year by 10% to reflect the significant reduction in share price as detailed below.

Names	Award	Total Value (£'000)	June 2020	June 2021	June 2022	June 2023	June 2024	June 2025	June 2026	June 2027
Fani Titi	**Total Short-term incentive**	**0**								
	LTIPS awarded still subject to future performance conditions[1]	**1 200**	–	–	–	240	240	240	240	240
Hendrik du Toit	**Total Short-term incentive, all delivered in shares**	**241**	145	48	48					
	LTIPS awarded still subject to future performance conditions[1]	**1 219**	–	–	–	243	244	244	244	244
Nishlan Samujh	**Total Short-term incentive**	**0**								
	LTIPS awarded still subject to future performance conditions[1]	**600**	–	–	–	120	120	120	120	120
Kim McFarland	**Total Short-term incentive, all delivered in shares**	**189**	113	38	38					
	LTIPS awarded still subject to future performance conditions[1]	**976**	–	–	–	195	195	195	195	196

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*
2. *Unvested deferred share awards are not eligible to receive dividends or dividend equivalents. Once they have vested they become entitled to receive dividends.*

DIRECTORS' REMUNERATION REPORT

(continued)

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DLC executive directors STI – Non-financial assessment for the 2020 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 2020 were 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	*Assessment*	*Rating (0 – 6)*
Culture, values and co-operation related measures	The leadership succession was successfully completed during the course of the year culminating at the end of the year with a single CEO, a DLC Executive Committee and a Global Executive Team. The demerger was also successfully completed while staying focussed on the operations of both businesses. In the last month of the year the leadership began the accelerated response to COVID-19 which culminated in the majority of people working from home while ensuring the health and safety of all our people. In spite of these significant developments the distinctive culture, underpinned by our values, continues to drive our performance.	5
"ESG" related measures	We continue to be recognised for our work around sustainability. Particular achievements during the course of the year were the publishing of our policy on coal and achieving a carbon neutral footprint across the group.	4
Prudential and risk management related measures	Our prudential and risk tolerance processes continue to be well managed. Underlying franchises have done well. The sovereign downgrade in SA and the impact of COVID-19 towards the end of the year challenged the business while confirming it is robust and can comfortably withstand sudden and sharp market disruptions. The reported hedging losses from structured products was a disappointment.	3

DIRECTORS' REMUNERATION REPORT

(continued)

Assessment of the Long-term incentive awards awarded in June 2017 (Audited)

The following table shows the achievements against the preset financial and non-financial measures and metrics for the long-term incentive awards which were awarded in June 2017. The vesting of these awards is subject to achievement against performance conditions covering the period from 1 April 2017 to 31 March 2020.

			Targets to 31 March 2020					
Measures		Weight (as a percentage of target)	Threshold (0%)	Target (100%)	Stretch[1] (150%)	**Actual[2] perfor-mance**	**Achieve-ment against target**	**Weighting achieved**
Financial	Growth in tangible net asset value[3]	40%	15.0%	30.0%	45.0%	27.8%	85.3%	34.1%
	Return on risk-weighted assets[4]	35%	0.7%	1.2%	1.6%	1.36%	120.6%	42.2%
Non-financial[1]	Culture and values	4%	0	2	3	2	100.0%	4.0%
	Franchise development	13%	0	2	3	2	100.0%	13.0%
	Governance and regulatory	4%	0	2	3	2	100.0%	4.0%
	Employee relationship	4%	0	2	3	2	100.0%	4.0%
Total achieved								**101.3%**
Discretionary reduction applied								**(25%)**
Final vesting %								**76.3%**

1. *200% stretch for non-financial measures.*
2. *Please see the table entitled "Non-financial assessment for the 2017 LTIP award vesting in June 2020" on the following page for the details of these assessments.*
3. *The growth in tangible net asset value is expressed per share, based on neutral currency and after adding back dividends and is 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 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 is 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 vested at 101.3%, however the committee considered the market environment, current macroeconomic uncertainty, our employees and shareholders experience (final dividend was passed), which resulted in the committee exercising its discretion in reducing the vested long-term incentive award by 25%. Stephen Koseff and Bernard Kantor were awarded 252 130 shares each on 6 June 2017. Given the vesting at 101.3%, *pro-rata* for length of service (both retired as executive directors on 8 August 2019) and the 25% reduction determined by the committee (to reflect the significant reduction in share price) the final number of Investec shares that vested for each was 150 296. A further 75 148 Ninety One plc shares also vested, in line with the treatment of Investec shares at the demerger. Glynn Burger was awarded 227 651 shares on 6 June 2017. Given the vesting at 101.3%, *pro-rata* for length of service (resigned as an executive director on 31 March 2019) and the 25% reduction determined by the committee (to reflect the significant reduction in share price) the final number of Investec shares that vested for Glynn Burger was 115 325. A further 57 662 Ninety One plc shares also vested, in line with the treatment of Investec shares at the demerger. The committee considered whether 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 twenty per cent per annum commencing on 8 June 2020 through to 8 June 2024. 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.

The grant price per share at date of award was £5.87, and £1.83 for the Investec plc shares, and £2.25 for the Ninety One shares on the date of first vesting (8 June 2020), please see details on page 209 for the share prices pre and post the demerger

DIRECTORS' REMUNERATION REPORT

(continued)

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DLC executive directors LTI – Non-financial assessment for the 2017 LTIP award vesting in June 2020 (Audited)

The vesting of awards for the executive directors is 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 assessed achievement against objectives for the non-financial measures on a five-point scale. The awards tested over the three financial years preceding the date of vesting. The awards that vested in June 2020 were awarded in June 2017. The performance period was 1 April 2017 to 31 March 2020.

	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	*Assessment*	*Rating (0 – 4)*
Culture and values	The retiring directors to whom this LTIP vests successfully began and completed their succession during this period, focusing on the handover to the new leadership while ensuring the culture, values and performance of the business remained the focus of both incoming and outgoing executives.	2
Franchise development	Our franchise businesses remain strong and good progress has been made in executing the strategy for the private bank in the UK.	2
Governance and regulatory and shareholder relationships	Stakeholder relationships have been an important focus during the leadership succession, ensuring all stakeholders are kept informed not just about the business but also the changing roles and responsibilities in the business as well as the refreshed strategy and its execution.	2
Employee relationship and development	Significant time has been spent by both the incoming and outgoing leadership in communicating with our people about the leadership changes and refreshed strategy as well as reinforcing our values and culture. Diversity and inclusiveness and strengthening the sense of belonging has been an important focus. The focus on mandatory training and personal development programmes remains a central pillar for the development of our people.	2

DIRECTORS' REMUNERATION REPORT

(continued)

Scheme interests awarded, exercised and lapsed during the year (audited)

Investec plc shares*

Name	Award name and date	Balance as at 1 April 2019 – shares	Awarded during the year – shares	Awarded – face value £'000	Exercised
F Titi					
	EIP 2013 June 2019	–	278 080	£1 332	–
HJ du Toit	EIP 2013 June 2019	–	278 080	£1 332	–
	EIP 2013 February 2020		278 352	£1 219	–
N Samujh*	SA Con LTSA June 2016	66 667	–	–	33 333
	SA Con LTSA June 2017	75 000	–	–	25 000
K McFarland	EIP 2013 June 2019	–	111 274	£533	–
	EIP 2013 February 2020	–	222 765	£976	–
S Koseff	EIP 2013 June 2016	314 225	–	–	104 741
	EIP 2013 June 2016	68 121	–	–	22 707
	EIP 2013 June 2017	252 130	–	–	–
	EIP 2013 June 2018	264 759	–	–	–
B Kantor	EIP 2013 June 2016	314 225	–	–	104 741
	EIP 2013 June 2016	68 121	–	–	22 707
	EIP 2013 June 2017	252 130	–	–	–
	EIP 2013 June 2018	264 759	–	–	–

* *N Samujh has not received awards under the executive incentive plans but has received awards under the South Africa Conditional Long Term Share Award Plan therefore Investec ltd awards rather than Investec plc.*

1. *Award recipients retired on 8th August 2019 therefore 54 340 awards were lapsed to reflect length of service during the performance period*
2. *Award recipients retired on 8th August 2019 therefore 145 315 awards were lapsed to reflect length of service during the performance period*

DIRECTORS' REMUNERATION REPORT

(continued)

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Lapsed	As at 31 March 2020	Performance period	Vesting date and retention period
–	278 080	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
–	278 080	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
–	278 352	–	20% is exercisable on 8 June each year commencing on 8 June 2023 until 8 June 2027, subject to performance criteria being met A further twelve-month retention period after each vesting date
–	33 334	–	One third was exercisable on 19 February 2019 and one third on 5 March 2020, the final third is exercisable on 5 March 2021, subject to performance criteria being met No retention period
–	50 000	8 June 2017 – 6 February 2020	20% is exercisable on 8 June each year commencing on 8 June 2023 until 8 June 2027, subject to performance criteria being met A further twelve-month retention period after each vesting date
–	111 274	1 April 2019 – 31 March 2022	20% is exercisable on 8 June each year commencing on 8 June 2022 until 8 June 2026 subject to performance criteria being met A further twelve-month retention period after each vesting date
–	222 765	1 April 2020 – 31 March 2023	20% is exercisable on 28 May each year commencing on 28 May 2023 until 28 May 2027, subject to performance criteria being met A further twelve-month retention period after each vesting date
–	209 484	1 April 2016 – 31 March 2019	One third was exercisable on 2 June 2019 and one third on 2 June 2020, the final third will be exercisable on 2 June 2021 subject to performance criteria being met. A further six-month retention period after each vesting date
–	45 414	1 April 2016 – 31 March 2019	One third was exercisable on 2 June 2019 and one third on 2 June 2020, the final third will be exercisable on 2 June 2021 subject to performance criteria being met. A further six-month retention period after each vesting date
54 340[1]	197 790	1 April 2017 – 31 March 2020	20% was exercisable on 8 June 2020 and a further 20% will be exercisable each year until 8 June 2024 subject to performance criteria being met A further six-month retention period after each vesting date
145 315[2]	119 444	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
–	209 484	1 April 2016 – 31 March 2019	One third was exercisable on 2 June 2019 and one third on 2 June 2020, the final third will be exercisable on 2 June 2021 subject to performance criteria being met A further six-month retention period after each vesting date
–	45 414	1 April 2016 – 31 March 2019	One third was exercisable on 2 June 2019 and one third on 2 June 2020, the final third will be exercisable on 2 June 2021 subject to performance criteria being met A further six-month retention period after each vesting date
54 340[1]	197 790	1 April 2017 – 31 March 2020	20% was exercisable on 8 June 2020 and a further 20% will be exercisable each year on 8 June 2020 until 8 June 2024 subject to performance criteria being met. A further six-month retention period after each vesting date
145 315[2]	119 444	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

DIRECTORS' REMUNERATION REPORT
(continued)

Scheme interests awarded, exercised and lapsed during the year (audited)

Ninety One plc shares

As a result of the demerger, in respect of the awards detailed on pages 204 to 205, the following Ninety One shares were distributed, in line with the treatment of all Investec shareholders.

Name	Award name and date	Balance as at 1 April 2019 – shares	Awarded during the year – shares	Awarded – face value £'000[1]	Exercised
F Titi					
	EIP 2013 March 2020	–	139 040	–	–
HJ du Toit	EIP 2013 March 2020	–	139 040	–	–
	EIP 2013 March 2020	–	139 176	–	–
N Samujh	SA Con LTSA March 2020	–	33 334	–	16 667
	SA Con LTSA March 2020	–	37 500	–	12 500
K McFarland	EIP 2013 March 2020	–	55 637	–	–
	EIP 2013 March 2020	–	111 383	–	–
S Koseff	EIP 2013 March 2020	–	104 742	–	–
	EIP 2013 March 2020	–	22 707	–	–
	EIP 2013 March 2020	–	98 895	–	–
	EIP 2013 March 2020	–	59 722	–	–
B Kantor	EIP 2013 March 2020	–	104 742	–	–
	EIP 2013 March 2020	–	22 707	£0	–
	EIP 2013 March 2020	–	98 895	£0	–
	EIP 2013 March 2020	–	59 722	£0	–

1. There is no value shown, as the value is included in the original awards granted, shown in the table on pages 204 to 205. At the time of the demerger one Ninety One share was distributed for every two Investec shares held (vested or unvested).

DIRECTORS' REMUNERATION REPORT

(continued)

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Lapsed	As at 31 March 2020	Performance period	Vesting date and retention period
	139 040	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
	139 040	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
	139 176	1 April 2020 to 31 March 2023	20% is exercisable on 8 June each year commencing on 8 June 2023 until 8 June 2027, subject to performance criteria being met A further twelve-month retention period after each vesting date
	16 667	–	50% was exercisable on 5 March 2020 and the remaining 50% is exercisable on 5 March 2021, subject to performance criteria being met. No retention period
	25 000	–	One third was exercisable on 6 February 2020, and the final two thirds on 6 February 2021 and 10 March 2022, subject to performance criteria being met No retention period
	55 637	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
	111 383	1 April 2020 to 31 March 2023	20% is exercisable on 8 June each year commencing on 8 June 2023 until 8 June 2027, subject to performance criteria being met A further twelve-month retention period after each vesting date
	104 742	1 April 2016 – 31 March 2019	50% was exercisable on 2 June 2020 and the remaining 50% on 2 June 2021, subject to performance criteria being met A further six-month retention period after each vesting date
	22 707	1 April 2016 – 31 March 2019	50% was exercisable on 2 June 2020 and the remaining 50% on 2 June 2021, subject to performance criteria being met A further six-month retention period after each vesting date
	98 895	1 April 2017 – 31 March 2020	20% was exercisable on 8 June 2020 and a further 20% will be exercisable each year on 8 June until 8 June 2024 subject to performance criteria being met A further six-month retention period after each vesting date
	59 722	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
	104 742	1 April 2016 – 31 March 2019	50% was exercisable on 2 June 2020 and the remaining 50% on 2 June 2021, subject to performance criteria being met A further six-month retention period after each vesting date
	22 707	1 April 2016 – 31 March 2019	50% was exercisable on 2 June 2020 and the remaining 50% on 2 June 2021, subject to performance criteria being met A further six-month retention period after each vesting date
	98 895	1 April 2017 – 31 March 2020	20% was exercisable on 8 June 2020 and a further 20% will be exercisable each year on 8 June until 8 June 2024 subject to performance criteria being met A further six-month retention period after each vesting date
	59 722	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

DIRECTORS' REMUNERATION REPORT

(continued)

Notes

EIP 2013 – awarded 2019

These awards formed part of the variable remuneration for the financial year ending 31 March 2019. They 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 five day average closing market share price from 20 to 24 May 2019, which was £4.79. 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 tangible net asset value[1]	40%	15.0%	30.0%	45.0%
Return on risk-weighted assets[2] – pre-demerger[2]	35%	1.4%	1.7%	1.9%
Return on risk-weighted assets[2] – post-demerger[2]	35%	1.4%	1.6%	1.8%

1. *The growth in tangible net asset value is expressed per share, based on neutral currency and after adding back dividends and will be measured 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 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 2019 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 2020 (audited)

	Investec plc		Investec Limited		Investec Bank Limited	
Name	**31 March 2020**	1 April 2019	**31 March 2020**	1 April 2019	**31 March 2020**	1 April 2019
HJ du Toit					2 266	2 266
S Koseff	12 139	12 139	3 000	3 000	4 000	4 000

The market price of an Investec Limited preference share at 31 March 2020 was R49.97 (2019: R72.60)
The market price of an Investec Bank Limited preference share at 31 March 2020 was R50.00 (2019: R80.65)
The market price of an Investec plc preference share at 31 March 2020 was R90.00 (2019: R98.00)

DIRECTORS' REMUNERATION REPORT

(continued)

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The number of shares in issue and share prices for Investec plc and Investec Limited[1]

Pre Demerger	13 March 2020	31 March 2019	High over the period	Low over the period
Investec plc share price	£3.04	£4.42	£5.19	£2.98
Investec Limited share price	R64.99	R84.34	R94.60	R64.09
Number of Investec plc shares in issue (million)	696.1	682.1		
Number of Investec Limited shares in issue (million)	318.9	318.9		

Investec Share price pre demerger 1 April 2019 to 13 March 2020

Post Demerger	31 March 2020	High over the period	Low over the period
Investec plc share price	£1.52	£1.88	£1.29
Investec Limited share price	R33.99	R37.66	R27.11
Number of Investec plc shares in issue (million)	696.1		
Number of Investec Limited shares in issue (million)	318.9		

1. *As a result of the demerger one Ninety One share was distributed to shareholders for every two Investec shares, the opening share price of Ninety One plc on 16 March 2020 was £1.51 and the closing price on 31 March 2020 was £1.73*

Scheme interests awarded in respect of the financial year ended 31 March 2020 (audited)

Investec plc shares

Name	Award	As at 1 April – shares	Award date	Awarded – shares	Awarded – face value £'000	Performance period	Vesting date	Retention period end date
F Titi								
	EIP 2013 – 2020	–	05 June 2020	769 231	1 200	1 April 2020 – 31 March 2023	20% is exercisable on 8 June each year, commencing on 8 June 2023 until 8 June 2027, subject to performance criteria being met	A further twelve-month retention period after each vesting date
HJ du Toit								
	EIP 2013 – 2020	–	28 February 2020	278 352	1 219	1 April 2020 – 31 March 2023	20% is exercisable on 8 June each year, commencing on 8 June 2023 until 8 June 2027, subject to performance criteria being met	A further twelve-month retention period after each vesting date
N Samujh								
	EIP 2013 – 2020	–	05 June 2020	384 616	600	1 April 2020 – 31 March 2023	20% is exercisable on 8 June each year, commencing on 8 June 2023 until 8 June 2027, subject to performance criteria being met	A further twelve-month retention period after each vesting date
K McFarland								
	EIP 2013 – 2020	–	28 February 2020	222 765	976	1 April 2020 – 31 March 2023	20% is exercisable on 8 June each year, commencing on 8 June 2023 until 8 June 2027 to performance criteria being met	A further twelve-month retention period after each vesting date

DIRECTORS' REMUNERATION REPORT

(continued)

Scheme interests distributed in respect of the financial year ended 31 March 2020 continued (audited)
Ninety One shares[1]

As a result of the demerger, in respect of the above awards, the following Ninety One shares were distributed, in line with the treatment of all Investec shareholders.

Name	Award	As at 1 April – shares	Award date	Awarded – shares	Awarded – face value £'000[1]	Performance period	Vesting date	Retention period end date
HJ du Toit								
	EIP 2013 February 2020	–	28 February 2020	139 176	–	1 April 2020 – 31 March 2023	Twenty percent is exercisable on 8 June each year commencing on 8 June 2023 until 8 June 2027, subject to performance criteria being met	A further twelve-month retention period after each vesting date
K McFarland								
	EIP 2013 February 2020	–	28 February 2020	111 383	–	1 April 2020 – 31 March 2023	Twenty percent is exercisable on 8 June each year commencing on 8 June 2023 until 8 June 2027, subject to performance criteria being met	A further twelve-month retention period after each vesting date

1. *There is no value shown, as the value is included in the original awards granted, shown in the table on page 209. At the time of the demerger one Ninety One share was distributed for every two Investec shares held (vested or unvested).*

These are conditional shares and the awards formed part of their variable remuneration for the financial year ending 31 March 2020. The face value at award of these awards was equivalent to 100% of fixed remuneration. *Pro rata* awards were made to Hendrik du Toit and Kim McFarland to reflect the period up until the de-merger of Investec Asset Management. The share price used to calculate the number of shares granted to Fani Titi and Nishlan Samujh was based on the five day average closing market price from 27 May to 4 June 2020, which was £1.56, the awards granted to Hendrik du Toit and Kim McFarland were based on the five-day average closing market share price from 20 to 26 February 2020, which was £4.38. The significant share price reduction between grants was largely due to the demerger, in which one Ninety One share was granted for every two Investec shares held and the effects of COVID-19. Vesting is subject to achievement against performance conditions. In addition, as outlined on page 179, the committee reduced the face value of the grant by 10% to reflect some impact of the share price reduction. Fani Titi and Nishlan Samujh did not also receive the additional Ninety One plc shares on demerger that Hendrik du Toit and Kim McFarland did. 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 tangible net asset value[1] Return on risk-weighted assets[2]	Targets were due to be set at the beginning of the year however due to the onset of COVID-19 budgets and targets are being adjusted. In line with the Investment Association guidance targets will be published ahead of the 2020 AGM			

1. *The growth in tangible net asset value is expressed per share, based on neutral currency and after adding back dividends and will be measured 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.*

DIRECTORS' REMUNERATION REPORT

(continued)

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 (200%) only in exceptional circumstances. The non-financial measures for awards made in respect of the year ending 31 March 2020 are as follows:

Measure	Weighting	Achievement Levels						
Non-financial measures	**25%**	**0%**	**25%**	**50%**	**75%**	**100%**	**150%**	**200%**
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 2020.

DIRECTORS' REMUNERATION REPORT

(continued)

Statement of directors' shareholding and share interests (audited)

Executive directors

Name	Beneficial and non-beneficial interest Investec plc		% of shares in issue Investec plc	Beneficial and non-beneficial interest Investec Limited		% of shares in issue Investec Limited	Share-holdings requirements met?[1]
	31 March 2020	1 April 2019	**31 March 2020**	**31 March 2020**	1 April 2019	**31 March 2020**	
F Titi[2]	145 481	–	0.0%	–	–	0.0%	No
HJ du Toit[3]	345 635	106 000	0.0%	604 740	604 740	0.2%	Yes
N Samujh[4]	625	625	0.0%	201 080	74 531	0.1%	No
K McFarland[3]	164 190	12 847	0.0%	7 544	7 544	0.0%	No
S Koseff	6 327 759	6 236 822	0.9%	537 416	787 841	0.2%	Yes
B Kantor	1 731 469	1 703 141	0.2%	900 500	1 000 500	0.3%	Yes
Total	**8 715 159**	**8 059 435**	**1.1%**	**2 251 280**	**2 475 156**	0.8%	
Non-executive directors							
PKO Crosthwaite (Chairman)	115 738	115 738	0.0%			0.0%	
H Baldock[5]	–	–	0.0%	–	–	0.0%	
ZBM Bassa	–	–	0.0%	–	–	0.0%	
LC Bowden[6]	–	–	0.0%	–	–	0.0%	
CA Carolus[7]	–	–	0.0%	–	–	0.0%	
PA Hourquebie	–	–	0.0%	–	–	0.0%	
D Friedland	–	–	0.0%	–	–	0.0%	
CR Jacobs	–	–	0.0%	–	–	0.0%	
IR Kantor	9 045	409 045	0.0%	325	325	0.0%	
Lord Malloch-Brown KCMG	–	–	0.0%	–	–	0.0%	
KL Shuenyane	19 900	19 900	0.0%	–	–	0.0%	
P Sibiya[8]	–	–	0.0%	–	–	0.0%	
Total number	**144 683**	**544 683**	**0.0%**	**325**	**325**	**0.0%**	
Total number	**8 859 842**	**8 604 118**	**1.1%**	**2 251 605**	**2 475 481**	**0.8%**	

The number of shares in issue and share prices for Investec plc and Investec Limited over the period is provided on page 209.

1. *The executive directors have a shareholding requirement of 200% of the cash element of fixed remuneration during employment and post termination shareholding requirement is also 200%, for 2 years post termination, both are based on fully vested shares.*
2. *F Titi was appointed as 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.*
3. *HJ du Toit and K McFarland have ceased to be directors of Investec. They will not be required to meet the post termination shareholding requirements as they are already invested in Ninety One.*
4. *N Samujh was appointed a director on 1 April 2019 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.*
5. *H Baldock was appointed a director on 9 August 2019.*
6. *L Bowden stood down as director on 8 August 2019.*
7. *C Carolous stood down as director on 8 August 2019.*
8. *P Sibiya was appointed a director on 9 August 2019.*

DIRECTORS' REMUNERATION REPORT

(continued)

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Directors' interests in the Investec plc Executive Incentive Plan 2013 at 31 March 2020 (audited))

Investec shares

The Executive Incentive Plan and the awards made thereunder were approved at the August 2018 annual general meeting

Name	Date of award	Exercise price	Number of Investec plc shares at 1 April 2019	Conditional awards made during the year	Balance at 31 March 2020	Performance period	Period exercisable	Retention period	Treatment on termination of employment
F Titi	29 May 2019	Nil	–	278 080[1]	278 080	1 April 2019 to 31 March 2022	20% 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	Will be pro-rated based on service over the performance period
HJ du Toit	28 February 2020	Nil	–	278 352	278 352	1 April 2020 to 31 March 2023	20% exercisable on 8 June each year commencing on 8 June 2023 until 8 June 2027, subject to performance criteria being met	A further twelve-month retention period after each vesting date	Will be pro-rated based on service over the performance period
	29 May 2019	Nil	–	278 080[1]	278 080	1 April 2019 to 31 March 2022	20% 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	Will be pro-rated based on service over the performance period

DIRECTORS' REMUNERATION REPORT

(continued)

Directors' interests in the Investec plc Executive Incentive Plan 2013 at 31 March 2020 (audited)

Investec shares

The Executive Incentive Plan and the awards made thereunder were approved at the August 2018 annual general meeting.

Name	Date of award	Exercise price	Number of Investec plc shares at 1 April 2019	Conditional awards made during the year	Balance at 31 March 2020	Performance period	Period exercisable	Retention period	Treatment on termination of employment
N Samujh[2]	2 June 2016	Nil	66 667		33 334		One third exercisable on 19 February 2019, there after 5 March each year commencing on 19 February 2019 until 5 March 2021	No retention period	
	8 June 2017	Nil	75 000		50 000		One third exercisable on 6 February each year commencing on 6 February 2020 until 10 March 2022	No retention period	
	31 May 2018	Nil	75 000		75 000		One third exercisable on 30 June 2021, 30 June 2022 and 2 March 2023	No retention period	
	29 May 2019	Nil	–	53 410	53 410		One third exercisable on 25 July 2022, 25 July 2023 and 26 February 2024	No retention period	
	1 July 2015	Nil	20 000	–	–			No retention period	

DIRECTORS' REMUNERATION REPORT

(continued)

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Directors' interests in the Investec plc Executive Incentive Plan 2013 at 31 March 2020 continued (audited)

Investec shares

The Executive Incentive Plan and the awards made thereunder were approved at the August 2018 annual general meeting.

Name	Date of award	Exercise price	Number of Investec plc shares at 1 April 2019	Conditional awards made during the year	Balance at 31 March 2020	Performance period	Period exercisable	Retention period	Treatment on termination of employment
K McFarland	28 February 2020	Nil	–	222 765	222 765	1 April 2020 to 31 March 2023	20% exercisable on 8 June each year commencing on 8 June 2023 until 8 June 2027, subject to performance criteria being met	A further twelve-month retention period after each vesting date	Will be pro-rated based on service over the performance period
	29 May 2019	Nil	–	111 274	111 274	1 April 2019 to 31 March 2022	20% 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	Will be pro-rated based on service over the performance period

DIRECTORS' REMUNERATION REPORT

(continued)

Directors' interests in the Investec plc Executive Incentive Plan 2013 at 31 March 2020 continued (audited)

Investec shares

The Executive Incentive Plan and the awards made thereunder were approved at the August 2018 annual general meeting.

Name	Date of award	Exercise price	Number of Investec plc shares at 1 April 2019	Conditional awards made during the year	Balance at 31 March 2020	Performance period	Period exercisable	Retention period	Treatment on termination of employment
S Koseff	2 June 2016	Nil	314 225	–	209 484	1 April 2016 to 31 March 2019	One third exercisable on 2 June each year commenced on 2 June 2019 until 2 June 2021 subject to performance criteria being met	A further six-month retention period after each vesting date	Will be pro-rated based on service over the performance period
	8 June 2017	Nil	252 130	–	197 790	1 April 2017 to 31 March 2020	20% exercisable on 8 June each year commenced on 8 June 2020 until 8 June 2024 subject to performance criteria being met	A further six-month retention period after each vesting date	Will be pro-rated based on service over the performance period
	31 May 2018	Nil	264 759[4]	–	119 444	1 April 2018 – 31 March 2021	20% 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	Will be pro-rated based on service over the performance period

DIRECTORS' REMUNERATION REPORT

(continued)

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Directors' interests in the Investec plc Executive Incentive Plan 2013 at 31 March 2020 continued (audited)

Investec shares

The Executive Incentive Plan and the awards made thereunder were approved at the August 2018 annual general meeting.

Name	Date of award	Exercise price	Number of Investec plc shares at 1 April 2019	Conditional awards made during the year	Balance at 31 March 2020	Performance period	Period exercisable	Retention period	Treatment on termination of employment
B Kantor	2 June 2016	Nil	314 225	–	209 484	1 April 2016 to 31 March 2019	One third exercisable on 2 June each year commenced on 2 June 2019 until 2 June 2021 subject to performance criteria being met	A further six-month retention period after each vesting date	Will be pro-rated based on service over the performance period
	8 June 2017	Nil	252 130[3]	–	197 790	1 April 2017 to 31 March 2020	20% exercisable on 8 June each year commenced on 8 June 2020 until 8 June 2024 subject to performance criteria being met	A further six-month retention period after each vesting date	Will be pro-rated based on service over the performance period
	31 May 2018	Nil	264 759	–	119 444	1 April 2018 – 31 March 2021	20% 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	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 2019. The performance criteria in respect of these awards are detailed on page 231. These awards have not yet vested.*
2. *N Samujh has not received awards under the executive incentive plans but has received awards under the South Africa Conditional Long Term Share plan.*

DIRECTORS' REMUNERATION REPORT

(continued)

Directors' interests in Ninety One shares received as a result of participation in the Investec plc Executive Incentive Plan 2013 at 31 March 2020 (audited)

Ninety One shares

As a result of the demerger, in respect of the above awards, the following Ninety One shares were received, in line with the treatment of all Investec shareholders.

The Executive Incentive Plan and the awards made thereunder were approved at the August 2018 annual general meeting.

Name	Date of distribution	Exercise price	Number of Ninety One shares at 1 April 2019	Conditional distribution made during the year	Balance at 31 March 2020	Performance period	Period exercisable	Retention period	Treatment on termination of employment
F Titi	16 March 2020	Nil	–	139 040	139 040	1 April 2019 to 31 March 2022	20% 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	Will be pro-rated based on service over the performance period
HJ du Toit	16 March 2020	Nil	–	139 176	139 176	1 April 2019 to 31 March 2022	20% exercisable on 28 May each year commencing on 28 May 2023 until 28 May 2027, subject to performance criteria being met	A further twelve-month retention period after each vesting date	Will be pro-rated based on service over the performance period
	16 March 2020	Nil	–	139 040	139 040	1 April 2020 to 31 March 2023	20% 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	Will be pro-rated based on service over the performance period

DIRECTORS' REMUNERATION REPORT

(continued)

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Directors' interests in Ninety One shares received as a result of participation in the Investec plc Executive Incentive Plan at 31 March continued (audited)

Ninety One shares

As a result of the demerger, in respect of the above awards, the following Ninety One shares were received, in line with the treatment of all Investec shareholders.

The Executive Incentive Plan and the awards made thereunder were approved at the August 2018 annual general meeting.

Name	Date of distribution	Exercise price	Number of Ninety One shares at 1 April 2019	Conditional distribution made during the year	Balance at 31 March 2020	Performance period	Period exercisable	Retention period	Treatment on termination of employment
N Samujh	16 March 2020	Nil	–	33 334	16 667		50% exercisable on 5 March 2020 and 5 March 2021, subject to performance criteria being met	No retention period	
	16 March 2020	Nil	–	37 500	25 000		One third exercisable on 6 February 2020, 6 February 2021 and the final third on 10 March 2022, subject to performance criteria being met	No retention period	
	16 March 2020	Nil	–	37 500	37 500		One third exercisable on 30 June 2021, 30 June 2022 and 2 March 2023	No retention period	
	16 March 2020	Nil	–	26 705	26 705		One third exercisable on 25 July 2022, 25 July 2023 and 26 February 2024	No retention period	
S Koseff	16 March 2020	Nil	–	104 742	104 742	1 April 2016 to 31 March 2019	50% was exercisable on 2 June 2020 and the remaining 50% on 2 June 2021, subject to performance criteria being met	A further six-month retention period after each vesting date	Will be pro-rated based on service over the performance period

DIRECTORS' REMUNERATION REPORT

(continued)

Directors' interests in Ninety One shares received as a result of participation in the Investec plc Executive Incentive Plan 2013 at 31 March 2020 continued (audited)

Ninety One shares

As a result of the demerger, in respect of the above awards, the following Ninety One shares were received, in line with the treatment of all Investec shareholders.

The Executive Incentive Plan and the awards made thereunder were approved at the August 2018 annual general meeting.

Name	Date of distribution	Exercise price	Number of Ninety One shares at 1 April 2019	Conditional distribution made during the year	Balance at 31 March 2020	Performance period	Period exercisable	Retention period	Treatment on termination of employment
S Koseff	16 March 2020	Nil	–	98 895	98 895	1 April 2017 to 31 March 2020	20% was exercisable on 8 June 2020 and a further 20% will be exercisable on 8 June each year until 2024 subject to performance criteria being met	A further six-month retention period after each vesting date	Will be pro-rated based on service over the performance period
	16 March 2020	Nil	–	59 722	59 722	1 April 2018 – 31 March 2021	20% 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	Will be pro-rated based on service over the performance period
B Kantor	16 March 2020	Nil	–	104 742	104 742	1 April 2016 to 31 March 2019	50% was exercisable on 2 June 2020 and the remaining 50% on 2 June 2021, subject to performance criteria being met	A further six-month retention period after each vesting date	Will be pro-rated based on service over the performance period
	16 March 2020	Nil	–	98 895	98 895	1 April 2017 to 31 March 2020	20% was exercisable on 8 June 2020 and a further 20% will be exercisable on 8 June each year until 2024 subject to performance criteria being met	A further six-month retention period after each vesting date	Will be pro-rated based on service over the performance period

DIRECTORS' REMUNERATION REPORT

(continued)

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Directors' interests in Ninety One shares received as a result of participation in the Investec plc Executive Incentive Plan 2013 at 31 March 2020 continued (audited)

Ninety One shares

As a result of the demerger, in respect of the above awards, the following Ninety One shares were received, in line with the treatment of all Investec shareholders.

The Executive Incentive Plan and the awards made thereunder were approved at the August 2018 annual general meeting.

Name	Date of distribu-tion	Exercise price	Number of Ninety One shares at 1 April 2019	Conditional distribution made during the year	Balance at 31 March 2020	Performance period	Period exercisable	Retention period	Treatment on termination of employment
B Kantor	16 March 2020	Nil	–	59 722	59 722	1 April 2018 – 31 March 2021	20% 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	Will be pro-rated based on service over the performance period
K McFarland	16 March 2020	Nil	–	111 383	111 383	1 April 2019 to 31 March 2022	20% exercisable on 28 May each year commencing on 28 May 2023 until 28 May 2027, subject to performance criteria being met	A further twelve-month retention period after each vesting date	Will be pro-rated based on service over the performance period
	16 March 2020	Nil	–	55 637	55 637	1 April 2020 to 31 March 2023	20% 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	Will be pro-rated based on service over the performance period

DIRECTORS' REMUNERATION REPORT

(continued)

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 2020
F Titi	INVP Conditional shares	None	No	From 1 to 7 years	73 804
HJ du Toit	INVP Conditional shares	None	No	From 1 to 7 years	73 804
K McFarland	INVP Conditional shares	None	No	From 1 to 7 years	28 880
S Koseff	INVP Conditional shares	None	No	From 1 to 7 years	275 294
B Kantor	INVP Conditional shares	None	No	From 1 to 7 years	275 294

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".

Ninety One shares

As a result of the demerger, in respect of the above awards, the following Ninety One shares were distributed in line with the treatment of all Investec shareholders.

Name	Award type	Performance conditions	Eligible for dividends	Vesting period	Total number outstanding at 31 March 2020
F Titi	N91 Conditional shares	None	No	From 1 to 7 years	36 902
HJ du Toit	N91 Conditional shares	None	No	From 1 to 7 years	36 902
K McFarland	N91 Conditional shares	None	No	From 1 to 7 years	14 440
S Koseff	N91 Conditional shares	None	No	From 1 to 7 years	137 648
B Kantor	N91 Conditional shares	None	No	From 1 to 7 years	137 648

DIRECTORS' REMUNERATION REPORT

(continued)

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Summary of Investec's share option and long-term incentive plans

Eligibility	Maximum award per individual	Instrument	Vesting period	Options/shares awarded during the year[2]	Total in issue at 31 March 2020
Investec 1 Limited Share Incentive Plan – 16 March 2005 – Investec plc					
• New and existing full-time employees	• Cumulative limit of 2 500 000 across all plans	INVP	• Long-term incentive awards - nil cost options:	3 099	266 791
	• Excluding deferred bonus share awards		• Non-Material Risk Takers: Vesting seventy five percent at the end of year four and twenty five percent at the end of year five	0.03% of issued share capital of company	
	• In any financial year: 1x remuneration package	N91	• 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	128 727	128 226
• New and existing full-time employees	• Cumulative limit of 2 500 000 across all plans	INVP	• Long-term share awards: Forfeitable shares and conditional shares	4 999 423	14 665 213
	• Excluding deferred bonus share awards		• One third vesting at the in years three, four and five for non-material risk takers	1.44% of issued share capital of company	
	• In any financial year: 1x remuneration package	N91		6 449 595	6 215 500
• New and existing full-time employees	• Cumulative limit of 2 500 000 across all plans	INVP	Market strike options: Twenty five percent vesting end of years two, three, four and five	–	91 594
	• Excluding deferred bonus share awards				0.01% of issued share capital of company
	• In any financial year: 1x remuneration package	N91		45 813	45 813
Investec plc Executive Incentive Plan – 2013					
• Executive management and material risk takers	• Cumulative limit of 2 500 000 across all plans	INVP	• Long-term share awards: • Junior Material Risk Takers: Vest one third at the end of two, three and four years	1 818 213	4 554 943
	• Excluding deferred bonus share awards		• 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	0.45% of issued share capital of company	
	• In any financial year: 1x remuneration package		• All have a twelve month retention period thereafter, with the exception of risk managers who have a six month retention period		
		N91		1 898 871	1 898 871

DIRECTORS' REMUNERATION REPORT

(continued)

Eligibility	Maximum award per individual	Instrument	Vesting period	Options/ shares awarded during the year[2]	Total in issue at 31 March 2020
Investec Limited Share Incentive Plan – 16 March 2005 – Investec Limited					
• New and existing full-time employees	• Cumulative limit of 2 500 000 across all plans	INL	• long-term incentive awards: nil cost options • vesting seventy five percent in year four and twenty five percent in year five	–	581 162
	• Excluding deferred bonus share awards			0.06% of issued share capital of company	
	• In any financial year: 1x remuneration package	N91		290 980	290 692
• New and existing full-time employees	• Cumulative limit of 2 500 000 across all plans	INL	• long-term share awards: forfeitable shares and conditional shares • vesting on third in years three, four and five	5 801 274	20 028 972
	• Excluding deferred bonus share awards			1.97% of issued share capital of company	
	• In any financial year: 1x remuneration package	N91		10 312 859	10 020 187

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 granted in excess of that limit.*
2. *This represents the number of awards made to all participants. For further details, see pages 69 to 71 in volume three of the Investec group's 2020 integrated annual report. More details on the directors' shareholdings are also provided in tables accompanying this report.*
3. *Dilution limits: Investec is committed to following the Investment Association principles of remuneration and accordingly, as from the date of the implementation of our DLC structure (29 July 2002), the maximum number of new shares which may be issued by the company under all of the share plans (in respect of grants made after July 2002) may not exceed 10% of the issued share capital of the company over a rolling 10-year period. We have, since our listing date, complied with both the 10% in 10 years guideline for discretionary and non-discretionary awards in aggregate as well as the 5% in 10 year guideline for discretionary awards. The committee regularly monitors the utilisation of dilution limits and available headroom to ensure that these guidelines are complied with. Shares issued in terms of the group's 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 2020 and 31 March 2019 was 1 014.98 million shares and 1 001.02 million shares, respectively.*
4. *The market price of an Investec plc share at 31 March 2020 was £1.52 (2019: £4.42), ranging from a low of £2.98 to a high of £5.19 pre demerger and a low of £1.29 to a high of £1.88 post demerger.*
5. *The market price of an Investec Limited share at 31 March 2020 was R33.99 (2019: R84.34), ranging from a low of R64.09 to a high of R94.60 pre demerger and a low of R27.11 to a high of R37.66 post demerger.*
6. *The rules of these long-term incentive plans do not allow awards to be made to executive directors, with the exception of the Executive Incentive Plan 2013. The table above excludes details of the Investec plc Executive Incentive Plan 2013 on pages 213 to 221.*

DIRECTORS' REMUNERATION REPORT

(continued)

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Performance graph and table (unaudited)

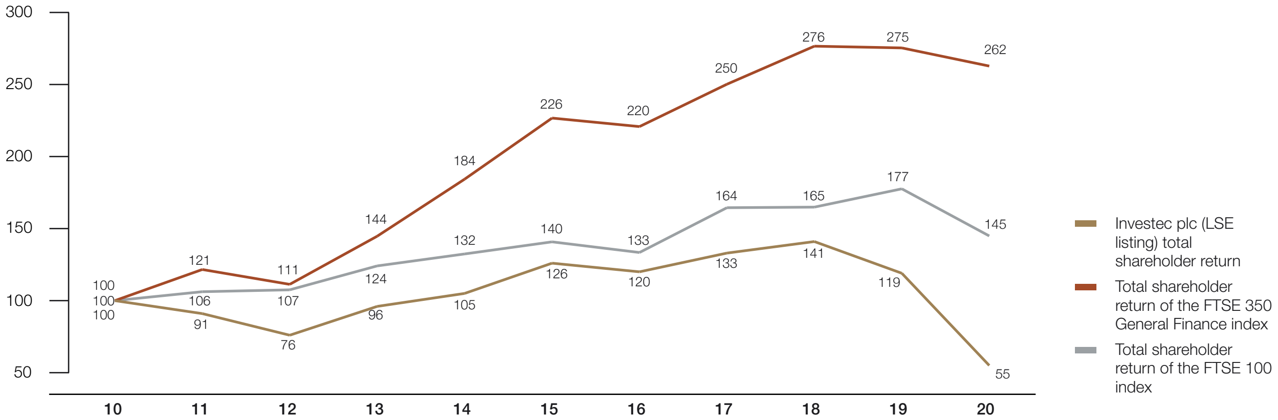
The graph below shows a comparison of the TSR for the company's shares for the ten years beginning on 31 March 2010 against the TSR for the companies comprising the FTSE 350 General Financial Index, the FTSE 100 Index and JSE Top 40 index.

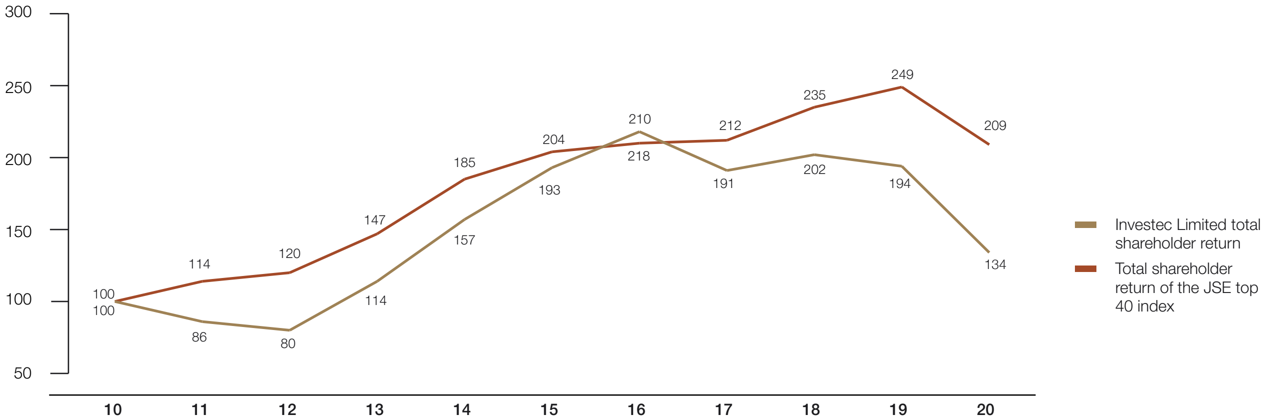
We have selected the FTSE 350 General Finance Index because a number of companies in that index conduct similar activities to us, although they do not necessarily have the same geographical profile. Nevertheless, to date this has been the most appropriate index against which to measure our performance 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

Total shareholder return

Rebased to 100 (value £)





Note:

The graphs show the cumulative shareholder return for a holding of our shares in Pounds Sterling on the LSE and Rand on the JSE, compared with the average total shareholder return of other members of the FTSE 350 General Finance Index, the FTSE 100 Index and the JSE Top 40 Index. The first graph shows that, at 31 March 2020, a hypothetical £100 invested in Investec plc at 31 March 2010 would have generated a total return of (£45) compared with a return of £162 if invested in the FTSE 350 General Finance Index and a return of £45 if invested in the FTSE 100 Index. The second graph shows that, at 31 March 2020 a hypothetical £100 invested in Investec Ltd at 31 March 2010 would have generated a total return of £34 compared with a return of £109 if invested in the JSE Top 40 Index.

As a result of the demerger, an adjustment factor has been used to adjust the Investec historical share price and associated returns. This allows comparability between the Investec current and historical share price. The inputs to the adjustment factor calculation are the opening share price of Investec on effective date of demerger, the opening share price of Ninety One on effective date of demerger and the number of shares offered in Ninety One over the number of existing shares of Investec.

During the period from 1 April 2019 to 31 March 2020, the return to shareholders of Investec plc (measured in Pounds Sterling) and Investec Limited (measured in Rands) was (53%) and (31%), respectively. This compares to a (5%) return for the FTSE 350 General Finance Index, a return of (18%) for the FTSE 100 Index and a return of (16%) for the JSE Top 40 Index.

The market price of our shares on the LSE was £1.52 at 31 March 2020, ranging from a low of £1.29 to a high of £5.19 during the financial year. The market price of our shares on the JSE Limited was R33.99 at 31 March 2020, ranging from a low of R27.11 to a high of R96.40 during the financial year. See full details of share price high and low pre and post demerger on page 209.

DIRECTORS' REMUNERATION REPORT

(continued)

Table of CEO remuneration

Year ended 31 March	2011	2012	2013	2014	2015	2016	2017[1]	2018[1]	2019[2]	**2020[4]**
CEO single figure of remuneration (£'000)	3 425	450	1 950	2 420	3 970	7 325	3 417	3 503	2 144	**1 332**
Salary, benefits, fixed allowance and bonus (£'000)	3 425	450	1 950	2 420	3 970	2 884	3 417	3 503	2 144	**1 332**
Long-term incentives	–	–	–	–	–	4 441	–	–	–	**–**
Annual Short-Term Incentive as a percentage of maximum opportunity	n/a[3]	n/a[3]	n/a[3]	50%	65%	95%	92%	95%	43%	**0%[5]**
Vesting of Long-Term Incentive Awards as a percentage of maximum	n/a	–	n/a	n/a	n/a	100%	n/a[1]	n/a[1]	n/a	**n/a**

1. No LTIP awards had performance conditions ending in the 2017 and 2018 financial years.
2. Figures reported for 2019 are for each of 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.
3. Prior to 2014 annual bonuses were not determined in terms of a formulaic approach where maximum and minimum awards could be derived.
4. Figures reported for 2020 are for Fani Titi.
5. Award rescinded at the request of Fani Titi.

Percentage change in CEO's remuneration

The table below shows how the percentage change in the CEO's salary and annual bonus between 2019 and 2020 compares with the percentage change in each of those components of remuneration for Investec plc employees and Investec Limited employees, these figures exclude Ninety One in both prior and current year.

	Total remuneration	**Fixed remuneration**	**Annual bonus[1]**
CEO (in pounds sterling)[1]	(37.9%)	0%	(100.0%)
Increase in total costs for Investec employees (in Pounds Sterling)	(9.5%)	(8.1%)	(53.7%)

1. The annual bonus for the CEO is that of Fani Titi.

DIRECTORS' REMUNERATION REPORT

(continued)

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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 2020**	75th percentile pay ratio
2020	The pay for the CEO single figure is based on the single figure for Fani Titi			
UK		34.3	**18.4**	10.8
Global		58.3	**31.0**	15.6
2019	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.			
UK		70.4	**36.5**	19.7
Global		122.5	**61.0**	28.5

We selected method A which calculates the pay and benefits of all employees to identify the employees at the 25th, 50th and 75th percentiles, and then calculates the ratio of CEO pay to the pay of each of those employees, 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 2020. 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 £38,784, £72,337 and £123,282 respectively. The salaries for the 25th, 50th and 75th quartiles for the UK are £36,875, £61,500 and £90,000 respectively.

Non-executive directors

The fee structure for non-executive directors for the period ending 31 August 2020 and as proposed for 2021 are shown in the table below (10-20% reduction in fees proposed, depending on role, as a result of the COVID-19 pandemic):

Non-executive directors' remuneration	Period ending 31 August 2020	As proposed by the board for the period from 1 September 2020 to 31 August 2021	% change
Chairman's total fee	£450,000 per year	£360,000 per year	(20%)
Basic non-executive director fee	£75,000 per year	£67,500 per year	(10%)
Senior independent director	£10,000 per year	£9,000 per year	(10%)
Chairman of the DLC audit committee	£80,000 per year	£68,000 per year	(15%)
Chairman of the DLC remuneration committee	£47,000 per year	£39,950 per year	(15%)
Chairman of the DLC social and ethics committee	£30,000 per year	£25,500 per year	(15%)
Chairman of the board risk and capital committee	£46,000 per year	£39,100 per year	(15%)
Member of the DLC audit committee	£25,000 per year	£22,500 per year	(10%)
Member of the DLC remuneration committee	£17,500 per year	£15,750 per year	(10%)
Member of the DLC nominations and directors' affairs committee	£13,000 per year	£11,700 per year	(10%)
Member of the DLC social and ethics committee	£13,000 per year	£11,700 per year	(10%)
Member of the board risk and capital committee	£15,500 per year	£13,950 per year	(10%)
Per diem fee for additional work committed to the group	£2,000/R30 000	£1,800/R27,000	(10%)

DIRECTORS' REMUNERATION REPORT

(continued)

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 2020 £	Total remuneration 2019 £
Non-executive directors		
PKO Crosthwaite (chairman)	450 000	409 521
H Baldock[1]	58 319	–
ZBM Bassa	286 101	264 994
LC Bowden[2]	13 365	77 292
CA Carolus[3]	31 349	86 958
D Friedland	214 214	198 481
PA Hourquebie	205 185	175 829
CR Jacobs	80 941	91 458
IR Kantor	80 801	97 367
Lord Malloch-Brown KCMG	118 000	112 375
KL Shuenyane	252 961	279 682
P Sibiya[4]	74 429	–
Total in Pounds Sterling	**1 865 665**	**1 793 957**

1. *H Baldock was appointed as non-executive director on 9 August 2019.*
2. *L Bowden Stepped down as non-executive director on 8 August 2019.*
3. *C Carolous Stepped down as non-executive director on 8 August 2019.*
4. *P Sibiya was appointed as non-executive director on 9 August 2019.*

Non-executive directors do not receive any additional taxable benefits.

DIRECTORS' REMUNERATION REPORT

(continued)

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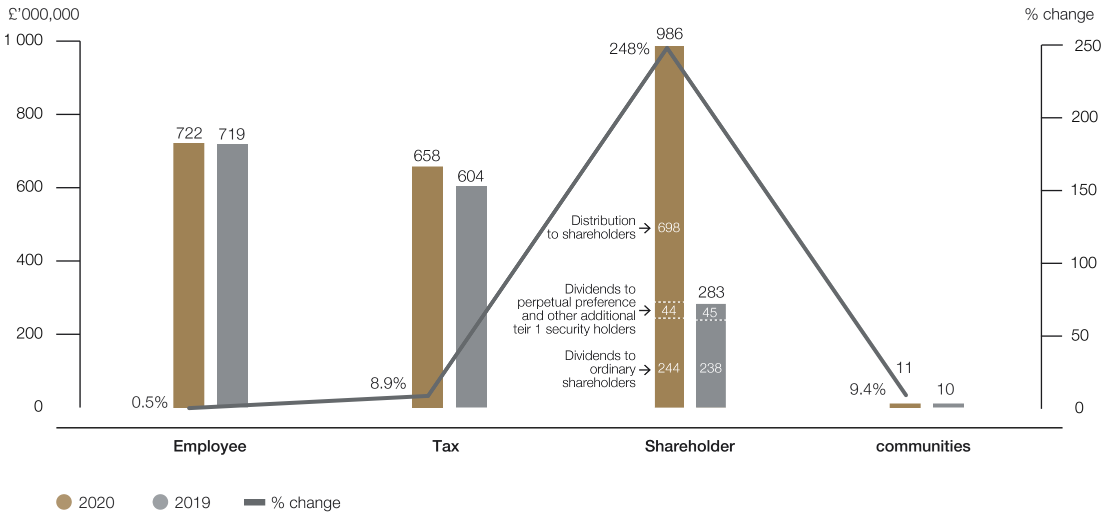
Relative importance of spend on pay



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, which includes Ninety One, shows our distribution to our employees, our contributions to government through taxation and our owners through dividends and the distribution of Ninety One shares.

DIRECTORS' REMUNERATION REPORT

(continued)

Statement of implementation of remuneration policy in the following financial year

The proposed remuneration policy, as outlined on pages 188 to 197, will be in operation for the 2020/2021 financial year, subject to shareholder approval. The group has reduced in size and complexity following the demerger and it is appropriate therefore for the quantum to reduce. The current approach where fixed remuneration is delivered in a combination of cash and shares differs from general market practice. The proposal to deliver fixed remuneration in cash and variable remuneration in shares is simpler, but still provides alignment with shareholders. This will also increase the shareholding and post-termination shareholding requirements, providing further alignment with shareholders. The policy will be voted on at the AGM in August 2020. The key features of the proposed policy and changes from the previous policy are detailed on pages 188 to 191. The technical adjustments approved at the 2019 AGM are also included in the proposed policy.

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 for the annual short-term incentive for the 2021 year will be as follows:

Financial measures

	Weighting	Achievement Levels		
Financial measures	**80%**	**Threshold (0%)**	**Target (100%)**	**Stretch (150%)**
Return on risk-weighted assets[1]	30%	Targets were due to be set at the beginning of the year however due to the onset of COVID-19 budgets and targets are being adjusted. In line with the Investment Association guidance targets will be published ahead of the 2020 AGM		
Return on equity[2]	30%			
Cost/income ratio	20%			

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).*

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 2021 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

DIRECTORS' REMUNERATION REPORT

(continued)

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Long-Term Incentive

The measures for the annual long-term incentive for the 2021 year will be as follows. The measures remain unchanged.

Measure	Weighting	Achievement Levels		
Financial measures	**75%**	**Threshold (0%)**	**Target (100%)**	**Stretch (150%)**
Growth in net tangible asset value[1]	40%	Targets were due to be set at the beginning of the year however due to the onset of COVID-19 budgets and targets are being adjusted. In line with the Investment Association guidance targets will be published ahead of the 2020 AGM		
Return on risk-weighted assets[2]	35%			

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 (200%) only in exceptional circumstances. The non-financial measures for the year ending 31 March 2021 are unchanged, as follows:

Measure	Weighting	Achievement Levels						
	25%	**0%**	**25%**	**50%**	**75%**	**100%**	**150%**	**200%**
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

DIRECTORS' REMUNERATION REPORT
(continued)

Statement of voting at general meeting

The combined results on each of the remuneration resolutions passed at the 2019 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	645 542 952	81.32%	148 331 577	18.68%	1 956 604
To approve the non-executive directors' remuneration	787 928 061	99.67%	2 626 595	0.33%	5 276 478
To approve the directors' remuneration policy	647 824 159	81.58%	146 303 581	18.42%	1 703 393

The group chairman and the committee chairman have undertaken further consultation this year and the proposed policy on page 188 to 197 is aiming to deal with shareholder feedback relating to the quantum of remuneration.

In 2018 we engaged in an extensive consultation exercise with our key shareholders, to assist us in designing our new remuneration policy. 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. In addition, the fixed remuneration for the incoming CEO was reduced by 10% at that time.

We consulted again with shareholders in 2019, where we received support from our shareholders to technically amend the performance measures and metrics due to the pending demerger of Investec Asset Management.

Through that process, we further reduced total "threshold, "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.

In March of this year Investec demerged the Asset Management business from the group which, due to the materiality of the change, no longer makes the existing metrics relevant to the measurement of the performance of executive management. Subsequent to this and as a result of the current crisis arising from COVID-19, we feel it is appropriate to reduce the fixed remuneration and overall potential remuneration opportunity for the executive directors, allied to an adjustment in the fixed and variable remuneration delivery mechanisms

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. We have thus 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 Wealth 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 reporting

The official UK gender pay gap results, required under the UK gender pay gap legislation are published on our website and are shown on page 233.

Additional remuneration disclosures (audited)

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.

A prescribed officer is a person who "Exercises general executive control over and management of the whole, or a significant portion, of the business and activities of the company" this is the CEO's executive committee (The DLC executive). For the 2020 year that was:

- Fani Titi
- Nishlan Samujh
- Ciaran Whelan and
- David van der Walt.

David van der Walt and Ciaran Whelan were not remunerated out of SA in the 2020 financial year, their remuneration will not be disclosed.

Disclosure in the 2020 annual report is therefore made for the executive directors of Investec DLC:

- Fani Titi
- Nishlan Samujh
- Hendrik du Toit
- Kim McFarland

DIRECTORS' REMUNERATION REPORT
(continued)

Gender pay gap figures

Hourly and bonus gap

		Investec plc		Investec Limited	
		Mean %	**Median %**	**Mean %**	**Median %**
Hourly gap	**2020**	36.0%	37.4%	31.7%	26.0%
	2019	38.0%	38.3%	32.0%	26.6%
Bonus gap	**2020**	74.2%	71.0%	68.8%	26.3%
	2019	72.5%	73.4%	72.8%	33.3%

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	**2020**	81.7%	70.5%
	2019	83.1%	77.9%
Female	**2020**	81.0%	71.9%
	2019	82.6%	77.6%

DIRECTORS' REMUNERATION REPORT

(continued)

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 59 individuals were Material Risk Takers at 31 March 2020.

The bank's qualitative remuneration disclosures are provided on pages 179 to 233.

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 2020.

Aggregate remuneration by remuneration type awarded during the financial year

	Senior management	Other Material Risk Takers	**Total**
Fixed remuneration			
– Cash	11.1	14.0	25.1
– Shares	1.7	–	1.7
Variable remuneration*			
– Upfront cash	–	–	–
– Deferred cash	–	–	–
– Upfront shares	–	–	–
– Deferred shares	–	–	–
– Deferred shares – long-term incentive awards**	3.5	3.6	7.1
Total aggregate remuneration and deferred incentives (£'million)	**16.3**	**17.6**	**33.9**
Number of employees***	21	33	54
Ratio between fixed and variable pay	0.3	0.3	0.3

* *Total number of employees receiving variable remuneration was 30.*

** *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	7
£1 200 001 – £1 600 000	2
£1 600 001 – £2 000 000	1
£2 000 001 – £2 400 000	–
£2 400 001 – £2 800 000	1
£2 800 001 – £3 200 000	–
£3 200 001 – £3 600 000	–
£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	–

DIRECTORS' REMUNERATION REPORT

(continued)

Additional disclosure on deferred remuneration

£'million	Senior management	Other Material Risk Takers	Total
Deferred unvested remuneration outstanding at the beginning of the year	47.2	19.0	66.2
Deferred unvested remuneration adjustment – employees no longer Material Risk Takers and reclassifications	(21.5)	5.9	(15.6)
Deferred remuneration awarded in year	3.5	3.6	7.1
Deferred remuneration reduced in year through performance adjustments	–	–	–
Deferred remuneration reduced in year through malus and clawback adjustments^^	–	–	–
Deferred remuneration vested in year	(4.9)	(5.5)	(10.4)
Deferred unvested remuneration outstanding at the end of the year	**24.3**	**23.0**	**47.3**

^^ *All employees are subject to malus and clawback provisions as discussed on page 196. 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	22.3	18.6	40.9
– Cash	2.0	4.4	6.4
	24.3	**23.0**	**47.3**

£'million	Senior management	Other Material Risk Takers	Total
Deferred remuneration vested in year			
– For awards made in 2018 financial year	0.8	1.5	2.3
– For awards made in 2017 financial year	1.2	2.2	3.4
– For awards made in 2016 financial year	2.9	1.8	4.7
	4.9	**5.5**	**10.4**

Other remuneration disclosures

£'million	Senior management	Other Material Risk Takers	Total
Sign-on payments			
Made during the year (£'million)	–	–	–
Number of beneficiaries	–	–	–
Severance payments			
Made during the year (£'million)	–	0.8	0.8
Number of beneficiaries	–	4.0	4.0
Guaranteed bonuses			
Made during the year (£'million)	–	–	–
Number of beneficiaries	–	–	–

DIRECTORS' REMUNERATION REPORT

(continued)

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 179 to 233.

The information contained in the tables below sets out the bank's quantitative disclosures for the year ended 31 March 2020.

In the tables below senior management are defined as members of our South African general management forum, excluding DLC 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. We further did not pay cash bonuses to certain senior managers in line with the Prudential Authority request.

Aggregate remuneration during the year by remuneration type

R'million	Senior management	Risk takers	Financial and risk control staff	Total
Fixed remuneration – Cash	48.3	50.5	209.1	307.9
Fixed remuneration – Shares	–	–	–	–
Variable remuneration*				
– Cash	41.1	45.8	38.2	125.1
– Deferred shares	34.3	1.3	–	35.6
– Deferred cash	–	–		–
– Deferred shares – long-term incentive awards**	39.8	43.7	37.2	120.7
Total	**163.5**	**141.3**	**284.5**	**589.3**
Number of employees	16	21	263	300
Ratio between fixed and variable pay	2.4	1.8	0.4	0.9

* *Total number of employees receiving variable remuneration was 284.*

** *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	459.2	274.7	155.2	889.1
Deferred unvested remuneration adjustment – employees that are no longer employed by the bank and reclassifications	(20.7)	(6.6)	13.3	(14.0)
Deferred remuneration awarded in year	74.1	45.0	37.2	156.3
Deferred remuneration reduced in year through malus adjustments	–	–		–
Deferred remuneration vested in year	(143.0)	(84.9)	(49.6)	(277.5)
Deferred unvested remuneration outstanding at the end of the year	**369.6**	**228.2**	**156.1**	**753.9**

R'million	Senior management	Material risk takers	Financial and risk control staff	Total
Deferred unvested remuneration outstanding at the end of the year				
– Equity	350.1	228.2	156.1	734.4
– Cash	19.5			19.5
– Other				–
	369.6	**228.2**	**156.1**	**753.9**

DIRECTORS' REMUNERATION REPORT

(continued)

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R'million	Senior management	Risk takers	Financial and risk control staff	Total
Deferred remuneration vested in year				
– For awards made in 2019 financial year	23.0	11.4	0.8	35.3
– For awards made in 2018 financial year	43.7	19.7	4.6	68.0
– For awards made in 2017 financial year	41.5	22.7	11.7	75.9
– For awards made in 2016 financial year	19.8	19.0	18.2	57.0
– For awards made in 2015 financial year	15.0	12.1	14.2	41.3
	143.0	**84.9**	**49.5**	**277.5**

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)	–	–	0.7	0.7
Number of beneficiaries	–	–	3.0	3.0
Guaranteed bonuses				
Made during the year (R'million)	–	–	–	–
Number of beneficiaries	–	–	–	–
Number of beneficiaries	–	–	–	–

Key Management Personnel

Details of Directors' remuneration and interest in shares are disclosed on pages 198 to 224. IAS "Related party disclosures" requires the following additional information for key management compensation.

Compensation of key management personnel	2020 £'000	2019 £'000
Short-term employee benefits	12 912	27 413
Other long-term employee benefits	6 693	6 936
Share-based payments	6 697	8 826
Total	**26 302**	**43 175**

Shareholdings, options and other securities of key management personnel

	2020 £'000	2019 £'000
Number of options held over Investec plc or Investec Limited ordinary shares under employee share schemes	4 914	5 640

	2020 £'000	2019 £'000
Number of Investec plc or Investec Limited Ordinary shares held beneficially and non-beneficially	4 659	16 646

We have defined key management personnel as the executive directors of Investec DLC plus those classified as persons discharging managerial responsibility. In addition to the directors listed in the report, those are Henry Blumenthal, Steve Elliot, Malcolm Fried, Marc Kahn, Ruth Leas, Lyndon Subroyen, David van der Walt, Richard Wainwright, Ciaran Whelan and Jonathan Wragg.

GLOSSARY

AGM	Annual general meeting
AI	Artificial Intelligence
ALCO	Asset and Liability Committee
APRA	Australian Prudential Regulation Authority
AT1	Additional Tier 1
BASA	Banking Association of South Africa
BCR	Banking Competition Remedies Limited
BID	Belonging, Inclusion and Diversity
BoE	Bank of England
BSE	Botswana Stock Exchange
CA	Chartered Accountant
CCyB	Countercyclical capital buffer
CEO	Chief Executive Officer
CET1	Common equity tier 1
CMD	Capital Markets Day
CO2 emissions	Carbon Dioxide emissions
COO	Chief Operating Officer
COVID-19	Corona Virus Disease
CRDIV	Capital Requirements Directive IV
CRO	Chief Risk Officer
CSI	Corporate Social Investment
DFM	Discretionary Fund Management
DLC	Dual listed company
DLC BRCC	DLC Board Risk and Capital Committee
DLC Nomdac	DLC Nominations and Directors Affairs Committee
DLC SEC	DLC Social and Ethics Committee
EBA	European Banking Authority
ECAs	Export Credit Agencies
ECL	Expected credit loss
EDT	Entrepreneurship Development Trust
EP	Equator Principals
EPS	Earnings per share
ES	Expected shortfall
ESG	Environmental, social and governance
EU	European Union
EVT	Extreme value theory
FCA	Financial Conduct Authority
FIRB	Foundation Internal Ratings-Based
FPC	Financial Policy Committee
FRC	Financial Reporting Council
FSCS	Financial Services Compensation Scheme
FUM	Funds under management
GBCSA	Green Building Council South Africa
GDP	Gross domestic product
GRRRMF	Group Risk Review and Reserves Matters Forum
HNW	High net worth
HR	Human resources
IAM	Investec Asset Management
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
ICAAP	Internal Capital Adequacy Assessment Process
ICC	International Chamber of Commerce
IFRS	International Financial Reporting Standard
IPF	Investec Property Fund
IRL	Investec Rhino Lifeline
IW&I	Investec Wealth & Investment
JSE	Johannesburg Stock Exchange
L&D	Learning and development
LCR	Liquidity coverage ratio
LHS	Left hand side
LSE	London Stock Exchange
NCI	Non-controlling interests
NGO	Non-Governmental organisation
NSFR	Net stable funding ratio
NSX	Namibian Stock Exchange
OD	Organisation development
OECD	Organisation for Economic Co-operation and Development
PCAF	Partnership for Carbon Accounting Financials
PPE	Personal Protective Equipment
PRA	Prudential Regulation Authority
RHS	Right hand side
ROE	Return on equity
RPA	Robotic Process Automation technologies
RWA	Risk-weighted asset
S&P	Standard & Poor's
SA	South Africa
SDGs	Sustainable Development Goals
SIPP	Self Invested Personal Pension
SME	Small and Medium-sized Enterprises
SMMEs	Small, Medium & Micro Enterprises
SOE	State-owned Enterprise
South African PA	South African Prudential Authority (previously known as the Banking Supervision Division of the South African Reserve Bank)
TCFD	Task Force on Climate-related Financial Disclosures
tCO2e	Tonnes of CO2 emissions
TCTA	Trans-Caledon Tunnel Authority
UK	United Kingdom
UKLA	United Kingdom Listing Authority
UN	United Nations
UN GISD	United Nations Global Investment for Sustainable Development
VaR	Value at Risk
YES	Youth Employment Service

ALTERNATIVE PERFORMANCE MEASURES

5

We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers. These measures are used to align internal and external reporting, identify items management believes are not representative of the underlying performance of the business and provide insight into how management assesses period-on-period performance. These have been indicated with a ✪ symbol throughout this document. A description of the group's alternative performance measures and their calculation, where relevant, is set out below.

Alternative performance measures are not measures within the scope of IFRS and are not a substitute for IFRS financial measures. 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.

Adjusted earnings attributable to ordinary shareholders

Earnings attributable to shareholders adjusted to remove goodwill, acquired intangibles, strategic actions, and earnings attributable to perpetual preference shareholders and Other Additional tier 1 security holders.
Refer to pages 75 to 77 of volume three for the reconciliation of earnings attributable to shareholders to adjusted earnings attributable to ordinary shareholders

Adjusted earnings per share

Adjusted earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year
Refer to pages 75 to 77 of volume three for calculation

Adjusted operating profit

Refer to the calculation in the table below:

£'000	31 March 2020	31 March 2019
Operating profit before goodwill, acquired intangibles and strategic actions	676 870	790 050
Less: Profit attributable to other non-controlling interests	(67 952)	(58 192)
Adjusted operating profit	***608 918***	***731 858***

Adjusted operating profit per employee

Adjusted operating profit divided by average total employees including permanent and temporary employees.
Refer to page 55 for calculation

Annuity income

Net interest income (refer to page 47) plus net annuity fees and commissions (refer to page 49)

Core loans to equity

Net core loans and advances divided by total shareholder's equity per the balance sheet

Cost to income ratio

Operating costs divided by operating income before ECL impairment charges (net of depreciation on operating leased assets and net of operating profits or losses attributable to other non-controlling interests)

Refer to calculation in the table below:

£'000	31 March 2020	31 March 2019
Operating costs (A)	1 185 020	1 274 517
Total operating income before expected credit losses	1 806 839	1 953 820
Less: Depreciation on operating leased assets	(1 407)	(2 157)
Less: Profit attributable to other non-controlling interests	(67 952)	(58 192)
Total (B)	1 737 480	1 893 471
Cost to income ratio (A/B)	**68.2%**	**67.3%**

Coverage ratio

ECL as a percentage of gross core loans and advances subject to ECL

Credit loss ratio

ECL impairment charges on core loans and advances as a percentage of average gross core loans and advances subject to ECL

Dividend cover

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

Gearing ratio

Total assets excluding assurance assets divided by total equity

Gross core loans and advances

Refer to calculation on page 34 of volume two

Loans and advances to customers as a % of customer accounts

Loans and advances to customers as a percentage of customer accounts (deposits)

ALTERNATIVE PERFORMANCE MEASURES

(continued)

Net tangible asset value per share	Refer to calculation on page 61
Net core loans and advances	Refer to calculation on page 34 of volume two
Net interest margin	Interest income net of interest expense, divided by average interest-earning assets. Refer to calculation on page 47
Return on average ordinary shareholders' equity (ROE)	Refer to calculation on pages 61 to 65
Return on average tangible ordinary shareholders' equity	Refer to calculation on pages 61 to 65
Return on average assets	Adjusted earnings attributable to ordinary shareholders divided by average total assets excluding assurance assets
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 66
Staffing 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)

DEFINITIONS

5

Cash and near cash

Includes cash, near cash (other 'monetisable assets') and Central Bank cash placements and guaranteed liquidity.

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 pages 75 to 77 in volume three for the calculation of diluted earnings per 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 pages 75 to 77 in volume three for the calculation of earnings per share.

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.

Interest bearing liabilities

Deposits by banks, debt securities in issue, repurchase agreements, and cash collateral on securities lent, customer accounts (deposits), liabilities arising on securitisation of own originated loans and advances and liabilities arising on securitisation of other assets. Refer to page 47 for calculation.

Interest-earning assets

Cash and near cash, bank debt securities, sovereign debt securities, core loans and advances, other debt securities, other loans and advances and other securitised assets. Refer to page 47 for calculation.

Headline earnings per share

Headline earnings is calculated in accordance with the JSE listing requirements and in terms of circular 1/2019 issued by the South African Institute of Chartered Accountants.

Headline earnings per share calculated by dividing the group's headline earnings by the average number of shares which it had in issue during the accounting period.

Refer to pages 75 to 77 in volume three for the calculation of headline earnings per share.

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.

Ninety One and Ninety One group

All references to Ninety One and Ninety One group refer to Ninety One plc and its subsidiaries plus Ninety One Limited and its subsidiaries.

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.

Strategic actions

Comprises the closure and rundown of the Hong Kong direct investments business, the demerger of the asset management business and the financial impact of group restructures.

Subject to ECL

Includes financial assets held at amortised cost and FVOCI. Also includes FVPL portfolios for which ECL is not required for IFRS purposes but for which management evaluates on this basis. Refer to 34 in volume two for core loans and advances subject to ECL.

Third party assets under management

Consists of third party assets managed by the Wealth & Investment business and by the Property business (which forms part of the Specialist Bank).

Total group

Total group represents the group's results including the results of discontinued operations.

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 pages 75 to 77 in volume three.

CORPORATE INFORMATION

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Directorate as at 16 June 2020

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Nishlan A Samujh (group finance director)
James Kieran C Whelan (executive director)

Non-executive directors

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Zarina BM Bassa (senior independent director)
Henrietta Baldock
David Friedland
Philip A Hourquebie
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