CORPORATE PROFILE | 2020

Investec

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.

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

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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Contents

About this corporate profile

This corporate profile serves as a reference for the investment community and other interested parties. It provides an introduction to Investec and offers a simple yet comprehensive handbook of relevant information to assist anyone wishing to know more about us. This report is based on our latest available year-end financial figures (31 March 2020) and is updated annually.

Additional information

The corporate profile should be read together with other information we publish, including the full 2020 integrated annual report and the 2020 integrated annual review and summary annual financial statements.

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

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

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

1

OUR BUSINESS

Our purpose

Investec's purpose is to create and manage wealth for all 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.

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

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

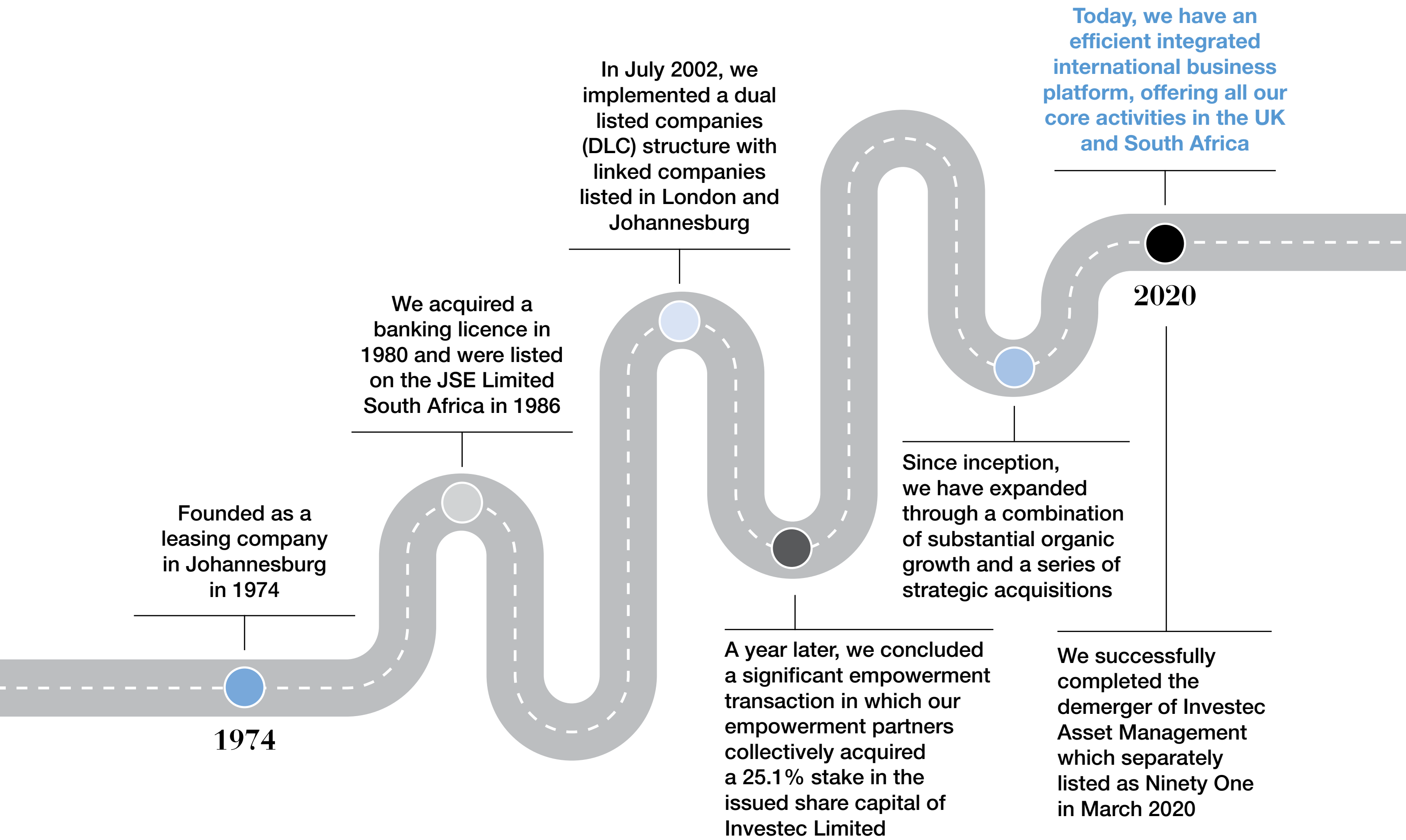
£45.0 billion
Third party FUM

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

We have market-leading distinctive client franchises

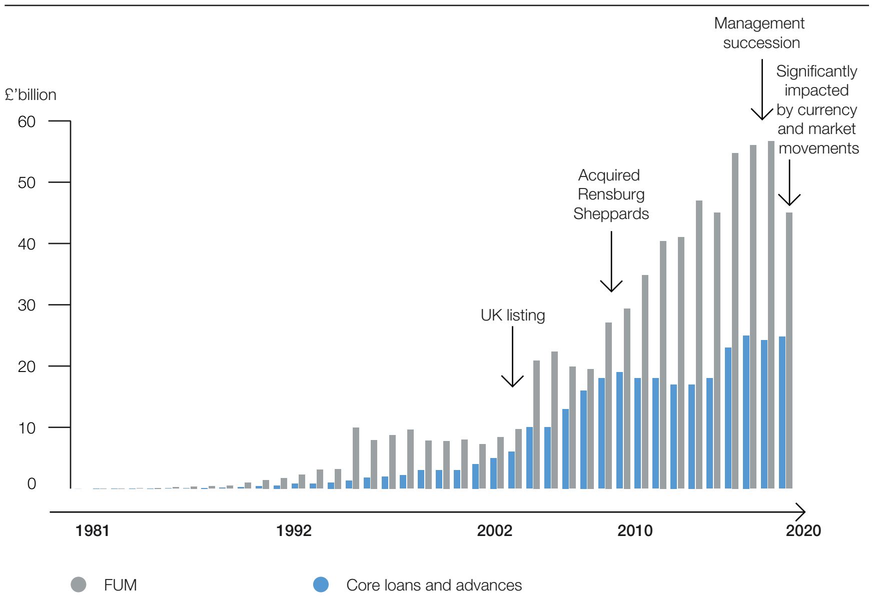
We provide a high level of client service enabled by advanced digital platforms

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



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

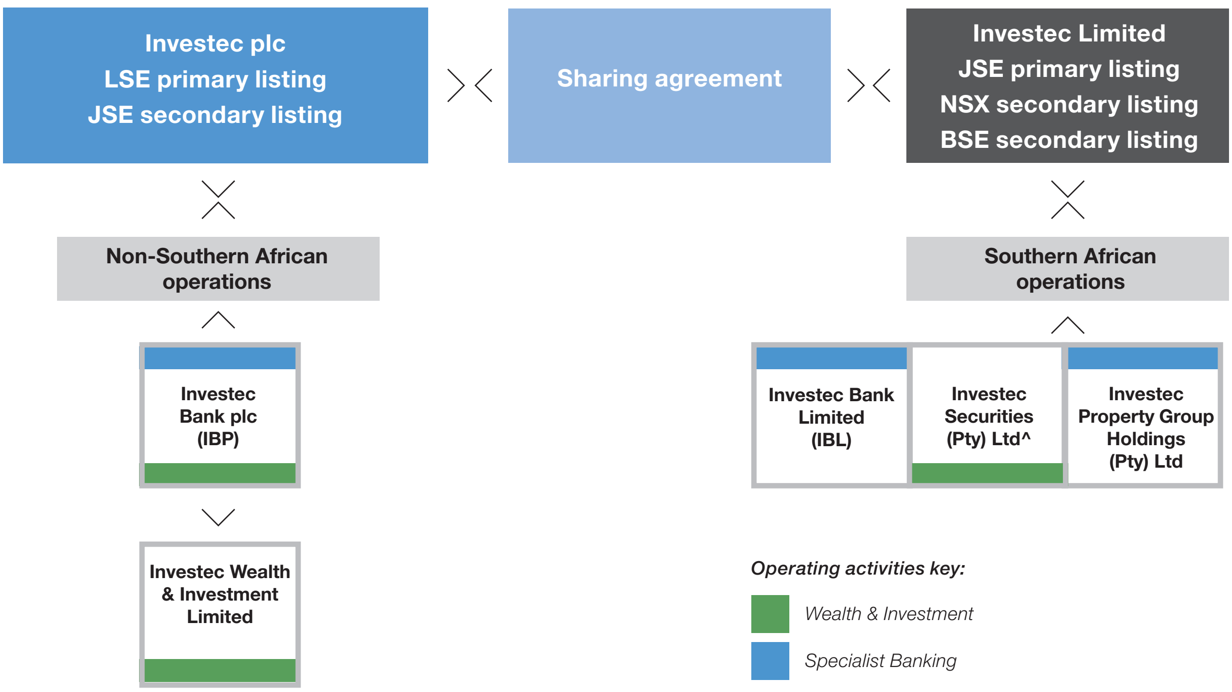
During July 2002, Investec Group Limited (since renamed Investec Limited) implemented a dual listed companies (DLC) structure and listed its offshore business on the London Stock Exchange (LSE).

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).

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.

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



^ *Houses the Wealth & Investment business.*

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.

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.

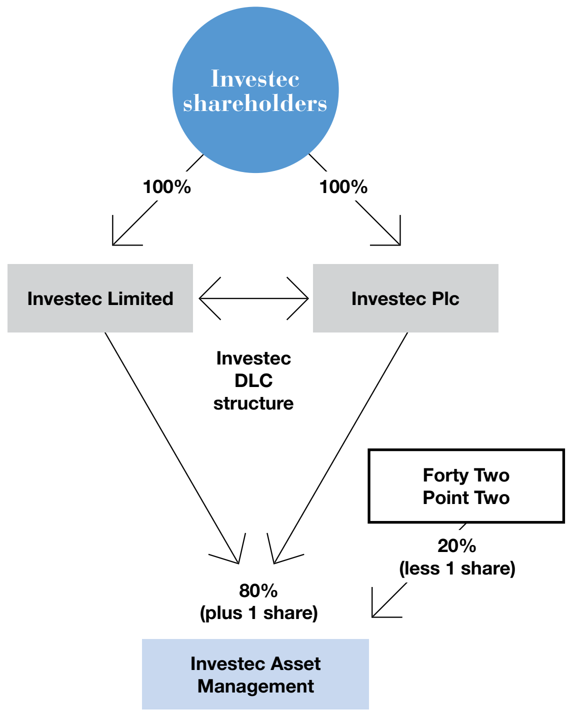
The board concluded that a demerger and separate listing of Investec Asset Management would **simplify the group** and allow both businesses to **focus on their respective growth trajectories;** resulting in **improved resource allocation, better operational performance and higher long-term growth.**

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.

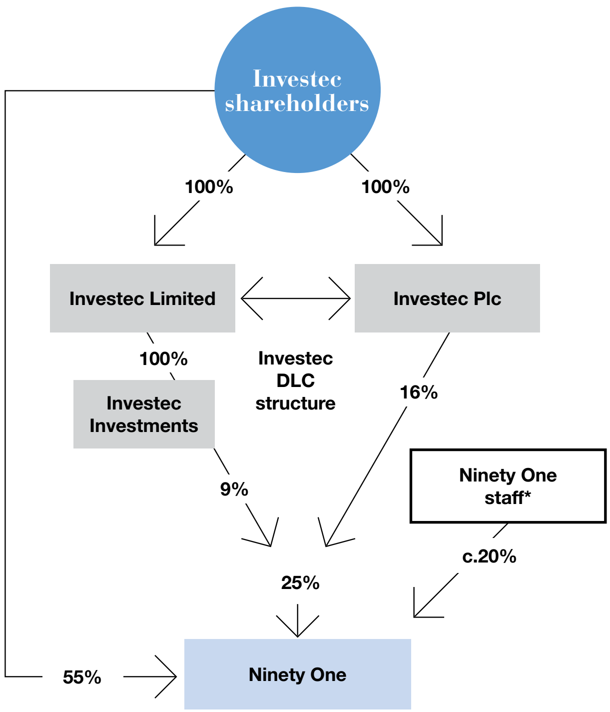
The effect of the demerger is to unbundle the asset management business from the Investec group and have two separately listed entitles.

- 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.

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 57 to 58 of volume one of the Investec group's 2020 integrated annual report.

Demerger transaction documents

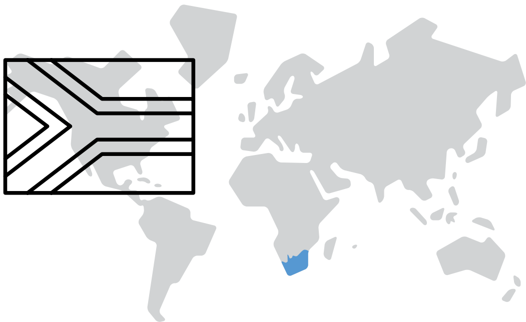
www The **Demerger Circular** as well as all published documents and announcements related to the demerger can be found on the group's website.

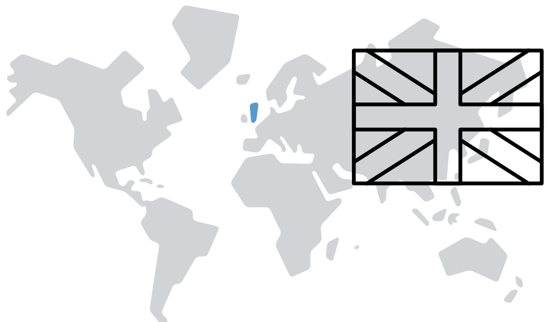
Demerger timeline of events:

- 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.

Southern Africa

UK and Other





Southern Africa	Total	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.

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

Wealth & Investment	Specialist Banking
£89.9 mn	£383.1 mn

Permanent employees
8 355

Wealth & Investment	Specialist Banking
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.

2

OUR PERFORMANCE

An overview of the principal risks relating to our operations

The most material and significant risks we face, which the board and senior management believe could have an impact on our operations, financial performance, viability and prospects are summarised briefly below with further details provided in volumes one and two of the Investec group's 2020 integrated annual report. The board, through its various sub-committees, has performed a robust assessment of these principal risks. 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 47. 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 the 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 of the Investec group's 2020 integrated annual report.

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

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

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

Credit and counterparty risk exposes us to losses caused by an obligor's failure to meet the terms of any agreement.

Unintended **environmental (including climate risk), social and economic risks** could arise in our lending and investment activities.

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

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

Liquidity risk may impair our ability to fund increases in assets or to meet our payment obligations as they fall due.

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

Operational risk from failures relating to internal processes, people, systems or from external events may disrupt our business or result in regulatory action.

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

We may be exposed to **financial crime**, including money laundering, terrorist financing, bribery, fraud, tax evasion, embezzlement, forgery, counterfeiting, and identity theft.

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

Compliance, legal and regulatory risks may have an impact on our operations, business prospects, costs, liquidity and capital requirements.

Conduct risk is the risk that inappropriate behaviours or business activities may be detrimental to our values, culture and ethical standards, or lead to reputational and/or financial damage.

We may have insufficient capital to meet regulatory requirements and may deploy capital inefficiently across the group.

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

Cyber risk can result in data compromise, interruption to business processes or client services, material financial losses, or reputational harm.

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 26.*

** *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.*

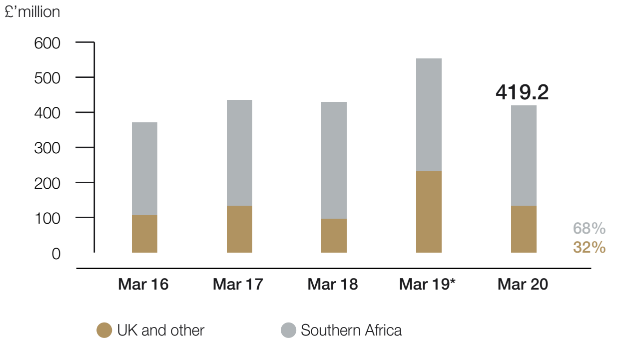
The group navigated a challenging economic backdrop with resilient client franchises

- 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 26).

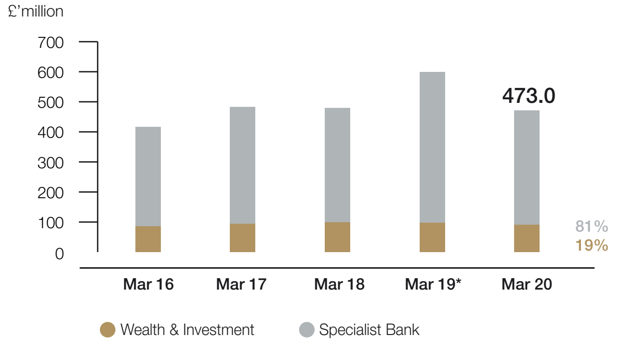
We have a diversified business model

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

Adjusted operating profit (including group costs)

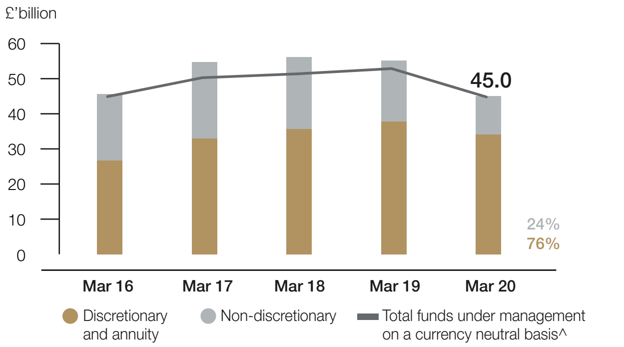


Adjusted operating profit (excluding group costs)

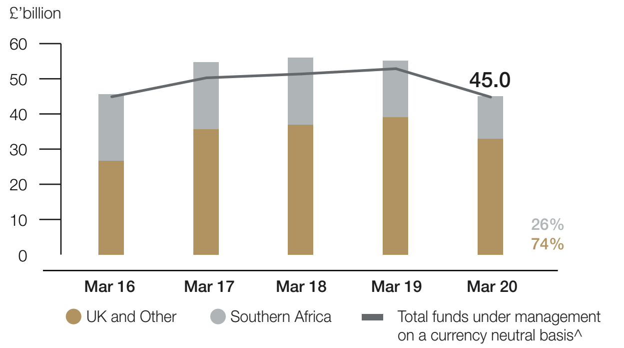


We continue to grow our key earnings drivers; overall levels impacted by currency and market movements

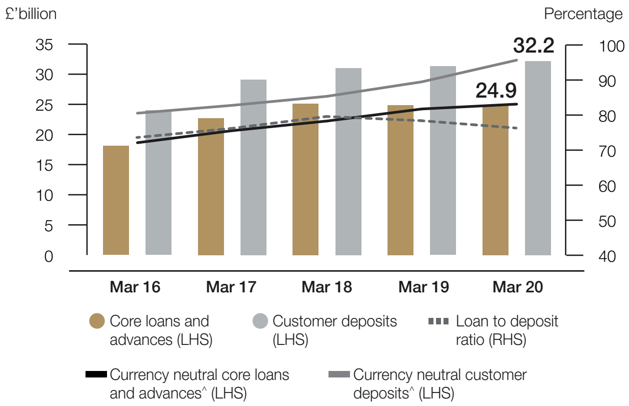
Funds under management



Funds under management by geography



Core loans and customer deposits

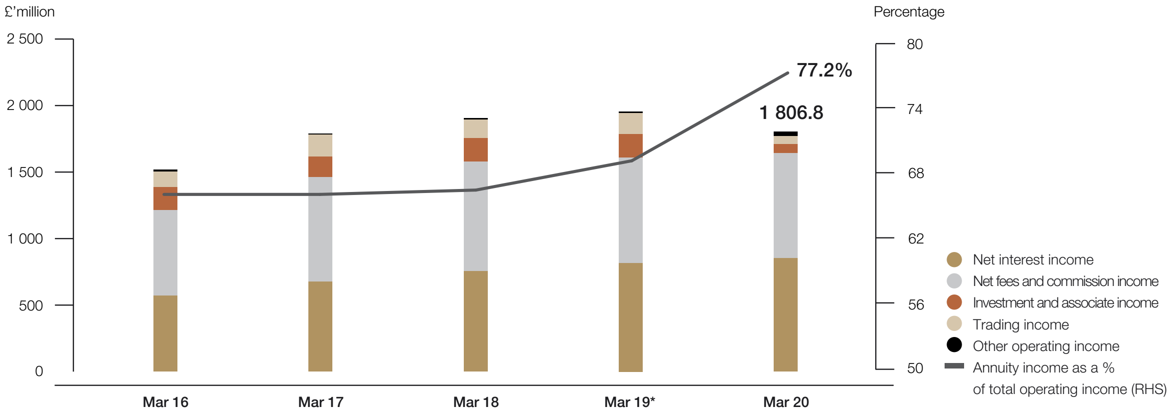


^ *This trend line is shown on a currency neutral basis using the closing Rand: Pound Sterling exchange rate applicable at 31 March 2020.*

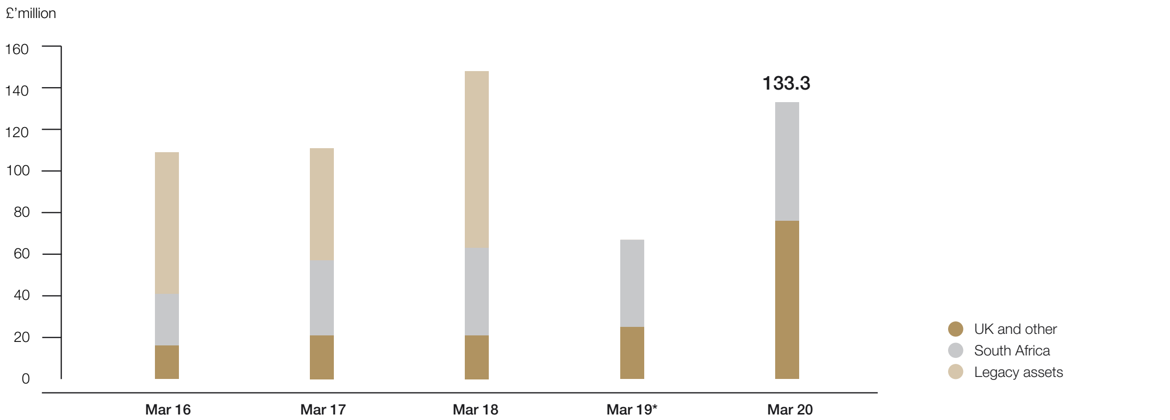
* *The 2019 financial year information has been restated to exclude the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures (as detailed on pages 26 to 27) in order to ensure a like-for-like basis with the 2020 financial year information. All other prior years have not been restated.*

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

Total operating income

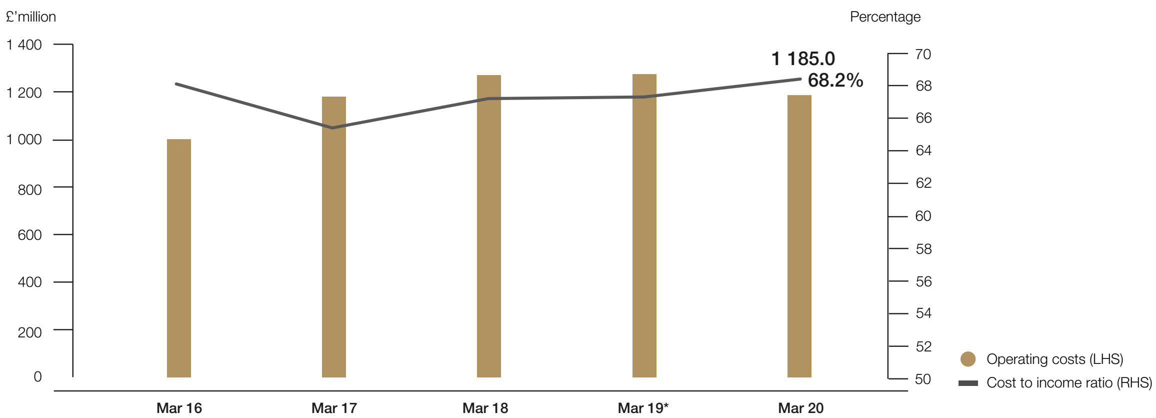


Credit loss impairment charges



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 26 to 27) in order to ensure a like-for-like basis with the 2020 financial year information. All other prior years have not been restated.*

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 of volume one of the Investec group's 2020 integrated annual report for further details.

A well-established liquidity management philosophy remains in place

Continued to focus on:

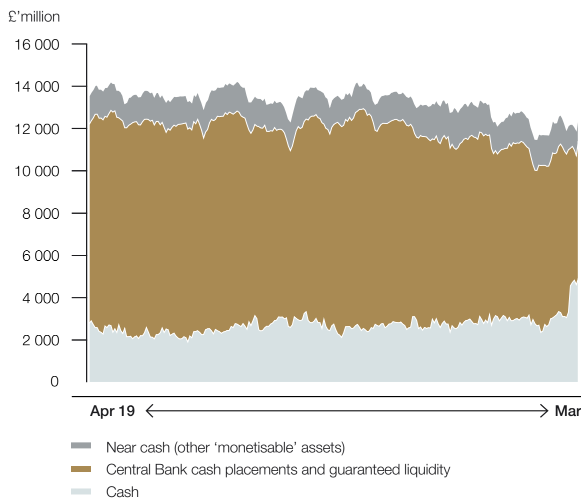
- Maintaining a high level of readily available, high-quality liquid assets targeting a minimum cash to customer deposit ratio of 25%, with the year-end ratio° at 39.4%
- Diversifying funding sources
- Maintaining an appropriate mix of term funding
- Limiting concentration risk
- Maintaining low reliance 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 (LCR) and net stable funding ratio (NSFR).

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

Cash and near cash trend



Basis of presentation

In light of the group's DLC structure as outlined on page 9, 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.

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 26.*
^ *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).*

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 57 to 59.

* *Restated as detailed on page 26.*

^ *The group's expected Basel III 'fully loaded' numbers are provided on page 67 of volume one of the Investec group's 2020 integrated annual report.*

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.

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 57 to 59.

* *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 26 to 27) in order to ensure a like-for-like basis with the 2020 financial year information. All other prior years have not been restated*

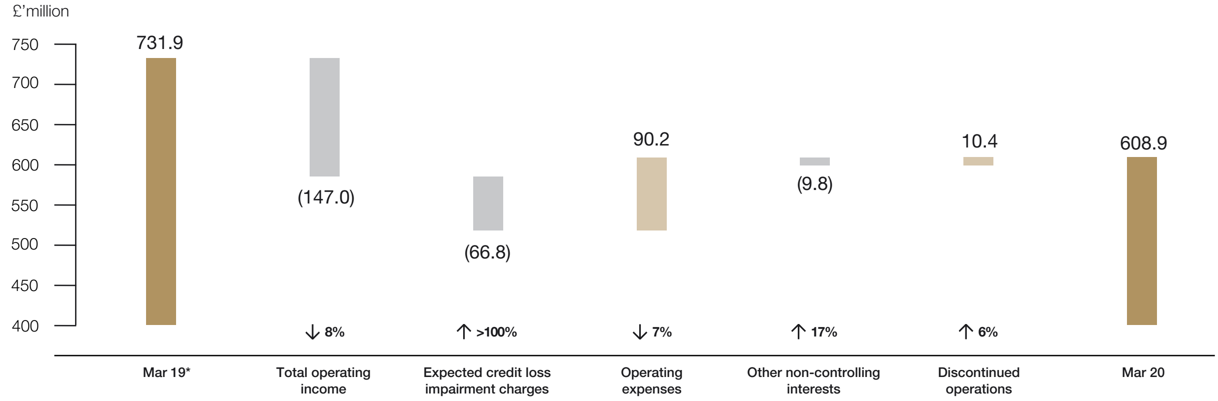
** *In 2020 and 2019: Expected credit loss impairment charges on gross core loans and advances subject to ECL as a % of average gross core loans and advances subject to ECL. In prior years: income statement impairment charge as a % of average gross core loans and advances.*

\# *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.*

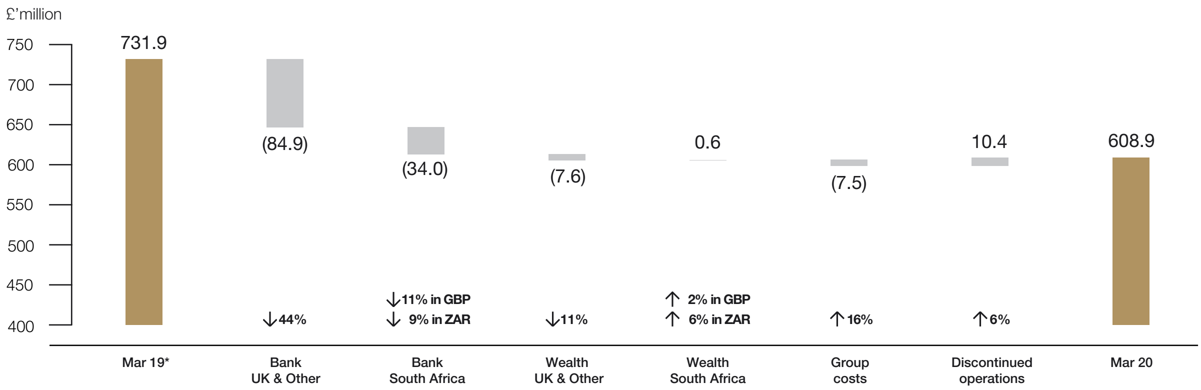
Adjusted operating profit

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 26.

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 26.*

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

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 27.

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 25 for the calculation of adjusted operating profit and pages 75 to 77 in volume three of the Investec group's 2020 integrated annual report 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 in volume one of the Investec group's 2020 integrated annual report for discontinued operations.

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).*

£'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

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

Specialist Banking

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

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 DLC Vol 1 pages 22 to 26

Supported by strong risk management and governance culture

Refer to DLC Vol 2 pages 11 and 12

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.***

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 26.*

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

3

DIVISIONAL
REVIEW

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.

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.

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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 26.*

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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 62 to 63 of volume one of the Investec group's 2020 integrated annual report 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 of volume one of the Investec group's 2020 integrated annual report for further information on Group's investments.

** *Restated as detailed on page 26.*

° *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.

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 26.*

^ *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.

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.

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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 26.*

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

An analysis of net core loans and advances over the year

Refer to further information on pages 34 to 37 in volume two of the Investec group's 2020 integrated annual report.

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%**

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ADDITIONAL INFORMATION

Group risk management objectives are to:

- Ensure adherence to our risk management culture
- Ensure the business operates within the board-approved risk appetite
- Support the long-term sustainability of the group by providing an established, independent framework for identifying, evaluating, monitoring and mitigating risk with good customer outcomes
- Set, approve and monitor adherence to risk parameters and limits across the group and ensure they are implemented and adhered to consistently
- Aggregate and monitor our exposure across risk classes
- Coordinate risk management activities across the organisation, covering all legal entities and jurisdictions
- Give the boards reasonable assurance that the risks we are exposed to are identified and appropriately managed and controlled
- Run appropriate risk committees, as mandated by the board.
- Maintain compliance in relation to regulatory requirements

Statement from the CEO

Philosophy and approach to risk management

The DLC Board Risk and Capital Committee (DLC BRCC) (comprising both executive and non-executive directors) meets at least six times per annum and recommends the overall risk appetite for the Investec group to the board for approval. The group's risk appetite statements set broad parameters relating to the board's expectations around performance, business stability and risk management. The board ensures that there are appropriate resources to manage the risks arising from running our business.

The board has closely monitored developments as a result of the COVID-19 pandemic and receives regular updates. There has been enhanced governance and additional oversight on areas that have been most exposed to the pandemic to date.

Our comprehensive risk management process involves identifying, quantifying, managing, monitoring, mitigating and reporting the risks associated with each of our businesses to ensure the risks remain within the stated risk appetite.

The group has a strong and embedded risk and capital management culture. Risk awareness, control and compliance are embedded in all our day-to-day activities through a levels of defence model.

We monitor and control risk exposure through independent credit, market, liquidity, operational, legal risk, internal audit, capital and compliance teams. This approach is core to assuming a tolerable risk and reward profile, helping us to pursue controlled growth across our business.

Group risk management operates within an integrated geographical and divisional structure, in line with our management approach, ensuring that the appropriate processes are used to address all risks across the group. There are specialist divisions in the UK and Southern Africa and smaller risk divisions in other regions tasked with promoting sound risk management practices.

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

We believe that the risk management systems and processes we have in place are adequate to support the group's strategy (as explained on pages 4 to 13) and allow the group to operate within its risk appetite tolerance as set out on page 47.

Volume two of the Investec group's 2020 integrated annual report explains in detail our approach to managing our business within our risk appetite tolerance, across all principal aspects of risk.

A summary of the year in review from a risk perspective

The executive management is integrally involved in ensuring stringent management of risk, liquidity, capital and conduct through our risk appetite framework which continues to be assessed in light of prevailing market conditions and overall Investec group strategy. The primary aim is to achieve a suitable balance between risk and reward in our business. Although the current macro-environment due to the COVID-19 pandemic continues to present significant challenges, the group was able to maintain generally sound asset performance and risk metrics throughout the year in review. Our risk appetite framework is set out on page 47.

In the UK, Brexit heightened political uncertainty and geopolitical tensions sparked by US trade wars adversely impacted activity levels over the past year, making the operating environment very challenging. In South Africa, the financial year was characterised by persistent weak economic fundamentals. Against this backdrop, in the first quarter of 2020, the COVID-19 pandemic combined with an oil price shock stunned global markets resulting in unprecedented market dislocations. The sudden imposition of social containment measures in the UK, South Africa, as well as many countries across the world led to a synchronised slowdown of economic activity, mounting financial pressure on our clients. We are closely monitoring political developments with respect to Brexit and have continued to evaluate any changes we may need to make to adapt to the new legal and regulatory landscape that emerges.

On 27 March 2020, Moody's downgraded South Africa's sovereign credit rating by one notch from Baa3 (investment grade) to Ba1, maintaining a negative outlook. Fitch downgraded South Africa's rating further, to BB from BB+. The outlook remains negative. On 29 April 2020, Standard & Poor's (S&P) also downgraded South Africa's sovereign credit outlook by one notch, to BB- with a stable outlook. The downgrades, taken in isolation of any other matters, are expected to have an immaterial impact on Investec's risk-weighted assets (RWAs) and therefore the impact on regulatory capital is also expected to be 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. The bank's ratings continued to track rating adjustments to the South African sovereign rating during the course of the year. IBL's national long-term ratings remain sound at Aa1.za from Moody's, AA(zaf) from Fitch and za.AA from S&P.

IBP's ratings are in line with the prior year. IBP's long-term Moody's deposit rating is A1 (stable outlook) and Investec plc's rating is Baa1 (stable outlook). IBP's long-term Fitch rating is BBB+ on Rating Watch Negative. Fitch took a number of negative rating actions on 18 UK banking groups in April 2020 to reflect the heightened risk from the global COVID-19 pandemic. IBP's outlook was changed from Stable to Rating Watch Negative but the rating was maintained at BBB+. At 31 March 2019, IBP had been on Rating Watch Negative by Fitch along with a number of other UK banks due to Brexit uncertainty.

The group's net core loan book remained broadly flat at £24.9 billion but increased 9.2% in neutral currency. In the UK, growth in net core loans was driven by the residential owner-occupied mortgage portfolio as we gained good traction in our Private Banking strategy, as well as diversified growth in other private client and corporate client lending portfolios together with selective lending collateralised by property, with loan to values at conservative levels. In South Africa, growth in the net core loans was driven by growth in the high net worth and specialised lending portfolio partially offset by subdued corporate client activity. Credit exposures are focused on secured lending to a select target market, comprising high-income and high net worth individuals, established corporates, and medium-sized enterprises. Our risk appetite continued to favour lower risk, income-based lending, with exposures well collateralised with credit risk taken over a short to medium term. Our focus over the past few years to realign and rebalance our portfolios in line with our risk appetite framework is reflected in the movements in asset classes on our balance sheet; showing an increase in private client, mortgages and corporate and other lending, and maintaining lending collateralised by property as a smaller proportion of net core loans. The group's net core loan exposures remain well diversified with commercial rent producing property loans comprising approximately 11.4% of net core loans, other lending collateralised by property 5.3%, high net worth and private client lending 39.2% and corporate and other lending 44.1% (with most industry concentrations well below 5%). At 31 March 2020 our exposure to sectors considered vulnerable to COVID-19 in the UK totalled £1.8 billion or 14.6% of gross core loans and advances. This was predominantly through our aviation finance (4.0%) and small ticket asset finance (5.6%) businesses. In South Africa, at 31 March 2020, our exposure to sectors considered vulnerable to COVID-19 excluding property totalled R19.7 billion or 6.7% of gross core loans and advances and include our aviation and trade finance businesses. We, however, remain confident that we have a well-diversified portfolio across sectors. Government stimulus and support measures are expected to mitigate the impact on vulnerable sectors but it remains too early to assess the full impact of this.

Asset quality metrics before 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 taking into account the impacts of COVID-19 the overall credit loss ratio was 0.52%. This largely reflecting a deterioration in macro-economic scenario forecasts modelled by applying a £19 million expected credit loss (ECL) overlay in the UK as well as an amount that relates to a single name transaction impacted by the COVID-19 pandemic and the deterioration of the macro-economic scenarios in South Africa adjusting for COVID-19 and the South African sovereign downgrades.

The measurement of ECL under IFRS 9 has increased complexity and reliance on expert credit judgements. Key judgemental areas under the implementation of IFRS 9 are highlighted in this document and are subject to robust governance processes. Investec plc applies the IFRS 9 transitional arrangements to regulatory capital calculations to absorb the full impact permissible of IFRS 9. Investec Limited absorbed the full impact of IFRS 9 on 1 April 2019, on adoption of the Foundation Internal Rating-Based Approach (FIRB) for credit risk.

Assessing the expected impact from COVID-19 as well as the offsetting effect of the unprecedented levels of government measures required significant judgement. Regulatory bodies have provided guidance on expectations around provisioning and staging treatment of exposures. The basis for the management overlay in the UK was a weighted consideration of two macro-economic scenarios, which were developed by Investec's economists to take account of the COVID-19 pandemic as at 31 March 2020, a COVID-19 short scenario and a COVID-19 long scenario characterised by a 9.4% contraction in gross domestic product (GDP). In addition, management considered the extent of the expected impact from government measures not captured in the scenarios as well as the expected trajectory of the recovery in applying the £19 million ECL overlay across the performing portfolio to capture risks not yet identified in the models. In South Africa, the expected impact from COVID-19 as well as the offsetting effect of government relief measures, required significant judgement. Regulatory bodies provided guidance on expectations around provisioning and staging treatment of exposures. The forward looking macro-economic scenarios used in the measurement of ECL were updated to capture the wide-reaching impacts of the sovereign downgrade by Moody's to sub-investment grade as well as the initial impact of COVID-19. A further management ECL overlay of R190 million was introduced as at 31 March 2020 to capture the anticipated impact of South Africa's national lockdown on the commercial real estate portfolio as the calculated model-driven Stage 1 ECL for this portfolio was not considered sufficient. The management ECL overlay was estimated after stressing the probability of default (PD) and loss given default (LGD) for the commercial real estate portfolio. In line with our previous approach Stage 3 ECLs continued to be assessed using expert credit judgement.

Stage 2 exposures totalled £1.3 billion and remained low as a proportion of gross core loans subject to ECL at 5.2% at 31 March 2020, slightly increased from 4.7% at 31 March 2019. Stage 3 totalled £581 million at 31 March 2020 or 2.4% of gross core loans subject to ECL (31 March 2019: 2.1%). Stage 3 exposures are well covered by ECLs. The percentage of Stage 3 loans (net of ECL but before taking collateral into account) to net core loans and advances subject to ECL amounted to 1.6% (31 March 2019: 1.3%). In the UK, Stage 3 in the Ongoing book (excluding Legacy) totalled £249 million or 2.2% of gross core loans subject to ECL at 31 March 2020 (31 March 2019: 1.5%) driven by a small number of idiosyncratic movements into Stage 3. These exposures are adequately provisioned. Legacy exposures have reduced by 15% since 31 March 2019 to £111 million (net of ECL) at 31 March 2020 and now comprised only 0.9% of UK net core loans and advances. These assets were substantially impaired and are largely reported under Stage 3.

In line with regulatory and accounting bodies guidance, exposures that have been granted COVID-19 relief measures such as payment holidays are not automatically considered to have been subject to a significant increase in credit risk and therefore do not alone result in a transfer across stages. £442 million or 1.8% of gross core loans and advances had been granted some form of relief measures at 31 March 2020, of which £425 million are assets reported in Stage 1.

Globally, the onset of the COVID-19 pandemic triggered extreme market movements, along with a lack of trading liquidity in certain markets. This resulted in a challenging risk management environment across the trading businesses. Trading revenue was adversely affected by the losses arising from the hedging of structured products due to the extraordinary market dislocation, increased hedging cost and dividend cancellation. At 31 March 2020, the 95% one-day value at risk (VaR) measure was £1.5 million (31 March 2019: £0.4 million) and R6.9 million (31 March 2019: R3.8 million) in the UK and South Africa respectively, as a result of the increased market volatility.

We have reduced our investment portfolio exposure in line with our objective of optimising capital allocation, reducing income volatility, and aligning the business with our client franchises. The investment portfolio, per the balance sheet, reduced by 2.9% over the year under review to £1.0 billion at 31 March 2020.

In the UK, the connected exposure in the Hong Kong direct investments portfolio (as disclosed on page 155 in volume three of the Investec group's 2020 integrated annual report) was fully written off to £nil at 31 March 2020. As part of a strategic associate investment, Investec retained a 25.0% shareholding in Ninety One (previously known as Investec Asset Management) post the demerger. As a founding shareholder of Ninety One, the boards of both Investec and Ninety One believe that it is appropriate for the 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.

The group continued to maintain a sound balance sheet with a low gearing ratio of 10.3 times and a core loans to equity ratio of 5.1 times at 31 March 2020. Our current leverage ratios for Investec Limited and Investec plc were 6.4% and 7.8% respectively, ahead of the group's minimum 6% target level.

The group maintained a sound capital position with a common equity tier 1 (CET1) ratio of 10.7% for Investec plc (standardised approach) and 10.9% for Investec Limited (FIRB approach) at 31 March 2020. The group is targeting a minimum CET1 ratio above 10%, a tier 1 ratio above 11% and a total capital adequacy ratio range of 14% to 17% on a consolidated basis for Investec plc and Investec Limited respectively. We remain ahead of our group targets and in excess of regulatory minimums.

Completion of the demerger and listing of Ninety One (previously Investec Asset Management) resulted in an increase in the CET1 ratio of 40bps for Investec Limited and 59bps for Investec plc. Investec decided not to proceed with the sell down of a 10% stake in Ninety One given market volatility. The lower than guided capital impact is as a result of retaining this 10% stake.

In January 2020, the Bank of England (BoE) re-confirmed the preferred resolution strategy for the bank as the bank insolvency (special administration) procedure under the Investment Bank Special Administration Regulations 2011 – otherwise known as 'modified insolvency'. As the resolution strategy is 'modified insolvency', the BoE has therefore set IBP's minimum requirement for own funds and eligible liabilities (MREL) requirement as equal to its total regulatory capital requirements. In addition, as part of the Prudential Regulation Authority (PRA)'s most recent Internal Capital Adequacy Assessment Process (ICAAP), the Investec plc Pillar IIA 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 (FPC) in light of the current economic environment) has resulted in a lower CET1 regulatory minimum for Investec plc and IBP, substantially increasing our regulatory capital surplus.

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 c. 2.0% 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 (South African PA) reduced the Pillar IIA capital requirement by 1.0% (0.5% in CET1), thereby increasing our surplus to regulatory requirements

Holding a high level of readily available, high quality liquid assets remains paramount in the management of our balance sheet. We continued to maintain a low reliance on interbank wholesale funding to fund core lending asset growth. A strong liquidity position continued to be maintained throughout the year primarily supported by growth in fixed term and notice retail customer deposits. Cash and near cash balances amounted to £12.7 billion at 31 March 2020 (31 March 2019: £13.3 billion). In the UK, average cash balances were significantly surplus to usual levels, largely driven by prefunding ahead of the closure of our Irish deposit raising business as a result of Brexit, as well as the decision to hold higher levels of group cash balances due to the onset of the COVID-19 pandemic. Customer accounts (deposits) totalled £32.2 billion at 31 March 2020 (31 March 2019: £31.3 billion).

Loans and advances to customers as a percentage of customer deposits ratio remained conservative at 76.3%. The group comfortably exceeds Basel liquidity requirements for the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). IBL (solo basis) ended the period to 31 March 2020 with the three-month average of its LCR at 133.2% and NSFR of 116.2%. For Investec plc and IBP (solo basis) the LCR and NSFR are calculated using the relevant EU regulation, applying our own interpretations where required. The LCR reported to the PRA at 31 March 2020 was 396% for Investec plc and 411% for IBP (solo basis). The internally calculated NSFR was 122% for Investec plc and 120% for IBP (solo basis) at 31 March 2020. These may change over time with regulatory developments and guidance.

Looking forward, the focus remains on maintaining a strong liquidity position in light of the impact of the COVID-19 pandemic. Funding continues to be actively raised, particularly in the retail market, in line with the bank's strategic objectives and to insulate the group from further ongoing market uncertainty. We expect to participate in the BoE Term Funding Scheme with additional incentives for Small and Medium Enterprises (TFSME).

We remain highly focused on managing conduct, reputational, operational, recovery and resolution risks. Financial and cyber crime are high priorities, and the group continually aims to strengthen systems and controls in order to manage cyber risk as well as meet regulatory obligations to combat money laundering, fraud and corruption. The operational response of our business to the disruptions caused by COVID-19 has been a robust, agile transition into remote working, enabling a seamless continuation of service to our clients. The group operates in a legal and regulatory environment that exposes it to litigation risks. As a result, the group is involved in disputes and legal proceedings which arise in the ordinary course of business. The group evaluates all facts, the probability of the outcome of legal proceedings and advice from internal and external legal counsel when considering the accounting implications.

The group's stress testing framework is well embedded in its operations and is designed to identify and regularly test the group's key vulnerabilities under stress. A fundamental part of the stress testing process is a full and comprehensive analysis of all the group's material business activities, incorporating views from risk, the business units and the executive – a process called the 'bottom-up' analysis. Resulting from the 'bottom-up' analysis, the Investec-specific stress scenarios are designed to specifically test the unique attributes of the group's portfolio. The key is to understand the potential threats to our sustainability and profitability and thus a number of risk scenarios are developed and assessed. These Investec-specific stress scenarios form an integral part of our capital planning process and IFRS 9 reporting.

The stress testing process also informs the risk appetite review process and the management of risk appetite limits and is a key risk management tool of the group. This process allows the group to proactively identify underlying risks and manage them accordingly. During the year, a number of stress scenarios were considered and incorporated into our processes including for assessing the impact of COVID-19. We continue to assess the potential impact from the current uncertain environment and its potential impacts on the group.

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

Our viability statement is provided in volume one of the Investec group's 2020 integrated annual report on pages 151 and 152.

Conclusion

Given the unusual and unprecedented economic and market conditions as a result of the COVID-19 pandemic, the risk outlook remains uncertain and it is unclear how our clients will adjust over the coming months. As the pandemic evolves, management is focused on maintaining the integrity of our balance sheet through continuous oversight of credit, liquidity and capital risk with ongoing stress testing, scenario modelling and client engagement, ensuring the business remains operational through resilience strategies implemented, as we continue to support our clients during this period. We are comfortable that we have a strong balance sheet with regard to the high levels of liquidity, strong capital and low leverage as well as established risk management processes and systems in place to navigate through this period of uncertainty.

Signed on behalf of the board

Fani Titi
CEO

16 June 2020

www

Additional information:
Refer to volume two of the Investec group's 2020 integrated annual report for detailed information on risk management, internal audit and compliance.
https://www.investec.com/en_int/welcome-to-investec/about-us/investor-relations/financial-information.html

Salient features

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

	UK and Other^^		Southern Africa^^^			Investec group	
Year to 31 March	**2020 £**	**2019 £**	**2020 R**	**2019 R**		**2020 £**	**2019 £**
Net core loans and advances (million)	11 870	10 514	288 878	271 204		24 911	24 941
Total assets (excluding assurance assets) (million)	24 745	22 565	574 607	507 192		50 621	49 507
Total risk-weighted assets (million)	16 285	15 313	337 755	318 533	***	31 532 ^	32 258 ^
Total equity (million)	2 389	2 285	56 675	55 616		4 898	5 251
Cash and near cash (million)	6 040	6 991	147 169	118 365		12 683	13 288
Customer accounts (deposits) (million)	15 272	13 137	375 456	341 578		32 221	31 307
Loans and advances to customers to customer deposits	77.7%	80.0%	75.0%	77.2%		76.3%	78.4%
Structured credit as a % of total assets*	2.1%	2.1%	0.6%	0.3%		1.3%	1.1%
Banking book investment and equity risk exposures as a % of total assets*	2.6%	2.6%	4.2%	4.7%		3.4%	3.9%
Traded market risk: 95% one-day value at risk (million)	1.5	0.4	6.9	3.8		n/a	n/a
Core loans to equity ratio	5.0 x	4.6 x	5.1 x	4.9 x		5.1 x	4.8 x
Total gearing ratio**	10.4 x	9.9 x	10.1 x	9.1 x		10.3 x	9.4 x
Return on average assets#	0.79%	1.19%	0.95%	1.14%		0.88%	1.16%
Return on average risk-weighted assets#	1.19%	1.73%	1.56%	1.70%		1.38%	1.71%
Stage 3 exposure as a % of gross core loans and advances subject to ECL	3.3%	3.2%	1.5%	1.4%		2.4%	2.1%
Stage 3 exposure net of ECL as a % of net core loans and advances subject to ECL	2.4%	2.2%	0.9%	0.8%		1.6%	1.3%
Credit loss ratio	0.69%	0.38%	0.36%	0.28%		0.52%	0.31%
Level 3 (fair value assets) as a % of total assets	6.9%	8.4%	2.1%	1.5%		4.4%	4.6%
Total capital ratio	14.9%	15.7%	15.0%	16.0%	***	n/a	n/a
Tier 1 ratio	12.4% ##	12.6%	11.5%	12.4%	***	n/a	n/a
Common equity tier 1 ratio	10.7% ##	10.8%	10.9%	11.6%	***	n/a	n/a
Leverage ratio - current	7.8%	7.9%	6.4%	7.4%	***	n/a	n/a

* *Total assets excluding assurance assets.*

^ *The group numbers have been 'derived' by adding Investec plc and Investec Limited (Rand converted into Pounds Sterling) numbers together.*

Where return represents adjusted earnings attributable to ordinary shareholders, as defined on page 57. Average balances are calculated on a straight-line average.

** *Total assets excluding assurance assets to total equity.*

^^ *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 IBP this does not include the deduction of foreseeable charges and dividends when calculating the CET1 ratio as required under the Capital Requirements Regulation (CRR) and European Banking Authority (EBA) technical standards. The impact of this deduction totalling £0 million for Investec plc and £0 million for IBP would lower the CET1 ratio by 0 bps and nil bps respectively.*

^^^ *Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's CET1 ratio would be 24bps lower (31 March 2019: 27bps lower).*

*** *We received approval to adopt the FIRB approach, effective 1 April 2019. The numbers presented are on a pro forma basis.*

The CET1, tier 1 (T1), total capital ratio and RWAs are calculated using IFRS 9 transitional arrangements.

Certain information is denoted as n/a as these statistics are not possible at a consolidated group level and are best reflected per banking entity.

Overall group risk appetite

The group has a number of board-approved risk appetite statements and policy documents covering our risk tolerance and approach to our principal aspects of risk. In addition, a number of committees and forums identify and manage risk at a group level. The risk appetite statements and frameworks for Investec plc and Investec Limited set out the board's mandated risk appetite. The risk appetite frameworks act as a guide to determine the acceptable risk profile of the group. The risk appetite statements ensure that limits/targets are applied and monitored across all key operating jurisdictions and legal entities. The risk appetite statements are high-level, strategic frameworks that supplement and do not replace the detailed risk policy documents at each entity and geographic level. The risk appetite frameworks are a function of business strategy, budget and capital processes, our stress testing reviews and the regulatory and economic environment in which the group is operating. The risk appetite frameworks are reviewed (in light of the above aspects) and approved at least annually or as business needs dictate. A documented process exists where our risk profile is measured against our risk appetite and this positioning is presented to the DLC BRCC and the board.

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

Risk appetite and tolerance metrics	Positioning at 31 March 2020
We seek to maintain an appropriate balance between revenue earned from capital light and balance sheet driven activities. Ideally capital light revenue should exceed 50% of total operating income, dependent on prevailing market conditions	For our continuing operations, capital light activities contributed 44.1% to total operating income and balance sheet driven activities contributed 55.9%
We have a solid annuity income base supported by diversified revenue streams, and target an annuity income ratio in excess of 65%	Annuity income for our continuing operations amounted to 77.2% of total operating income.
We seek to maintain strict control over fixed costs. For the 2020 financial year the group had a cost to income ratio target of below 63%*	The cost to income ratio amounted to 68.2%
We aim to build a sustainable business generating sufficient return to shareholders over the longer term, and target a long-term return on equity ratio range of between 12% and 16%, and a return on RWAs in excess of 1.2%	The return on equity amounted to 11.0% and our return on RWAs amounted to 1.38%
We are a lowly leveraged firm and target a leverage ratio in all our banking subsidiaries in excess of 6%	The current leverage ratios were 7.8% and 6.4% for Investec plc and Investec Limited respectively
We intend to maintain a sufficient level of capital to satisfy regulatory requirements and our internal target ratios. We target a total capital adequacy ratio range of between 14% and 17% on a consolidated basis for Investec plc and Investec Limited and we target a minimum tier 1 ratio of 11% and a CET1 ratio above 10%	Investec plc and Investec Limited met all these targets. Capital has grown over the period
We target a diversified loan portfolio, lending to clients we know and understand. We limit our exposure to a single/connected individual or company to £120 million for Investec plc and 7.5% of tier 1 capital for Investec Limited. We also have a number of risk tolerance limits and targets for specific asset classes	We maintained this risk tolerance level in place throughout the year
We have a preference for primary exposure in the group's main operating geographies (i.e. South Africa and UK). We will accept exposures where we have a branch or local banking subsidiary and tolerate exposures to other countries where we have developed a local understanding and capability or we are facilitating a transaction for a client	Refer to page 14 of volume two of the Investec group's 2020 integrated annual report for further information
We take a cautious approach with respect to industries that are known to damage the environment. Financial risk from climate change is a highly important topic which helps to inform decisions. We acknowledge that our approach is still work in progress and will continue to develop this over time	Refer to pages 14 and 76 of volume two of the Investec group's 2020 integrated annual report for more information
We target a credit loss ratio of less than 0.5% for both Investec Limited and Investec plc (less than 1.25% and 1.75% under a weak economic environment/stressed scenario for Investec Limited and Investec plc respectively). Stage 3 net of ECL as a % of net core loans and advances subject to ECL to be less than 2% for Investec plc (excluding the legacy portfolio; less than 4% under a weak economic environment / stressed scenario) and less than 2% for Investec Limited. Investec plc targets Stage 3 net of ECL as a % of CET 1 less than 25%	We currently remain within all tolerance levels given the current weakened economic environment. Pre COVID-19, the group credit loss ratio was calculated at 0.28% for 31 March 2020 (31 March 2019: 0.31%), however taking into account the impacts from COVID-19 the overall credit loss ratio was 0.52%. Stage 3 net of ECL as a % of net core loans and advances subject to ECL was 1.7% for Investec plc (excluding the legacy portfolio) and 0.9% for Investec Limited. Stage 3 net of ECL as a % of CET 1 is 15.6% for Investec plc
We carry a high level of liquidity in all our banking subsidiaries in order to be able to cope with shocks to the system, targeting a minimum cash to customer deposit ratio of 25%	Total cash and near cash balances amounted to £12.7 billion at year end representing 39.4% of customer deposits
We have modest market risk as our trading activities primarily focus on supporting client activity and our appetite for proprietary trading is limited. We set an overall tolerance level of a one-day 95% VaR of less than R15 million for Investec Limited and less than £2.5 million for Investec plc	We met these internal limits; one-day 95% VaR was R6.9 million for Investec Limited and £1.5 million for Investec plc at 31 March 2020
We have moderate appetite for investment risk, and set a risk tolerance of less than 30.0% of CET1 capital for our unlisted principal investment portfolio for Investec plc and 12.5% for Investec Limited	Our unlisted investment portfolios amounted to R3.8 billion and £348 million for Investec Limited and Investec plc respectively, representing 9.8% of total tier 1 for Investec Limited and 19.9% of CET1 for Investec plc. Refer to page 49 of volume two of the Investec group's 2020 integrated annual report for further information on investment risk
We maintain sound operational risk practises to identify and manage operational risk. The group has no appetite for failures in meeting our legal and ethical obligations to combat financial crime and for failures to meet regulatory rules or guidance.	Refer to pages 69 to 72 of volume two of the Investec group's 2020 integrated annual report for further information
We have a number of policies and practices in place to mitigate reputational, legal, tax and conduct risks	Refer to pages 74 and 75 of volume two of the Investec group's 2020 integrated annual report for further information

* *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.*

CREDIT RATINGS

In terms of our dual listed companies structure, creditors are ring-fenced to either Investec Limited or Investec plc as there are no cross-guarantees between the companies. Capital and liquidity are prohibited from flowing between the two entities and thus capital and liquidity are not fungible. As a result the ratings agencies have assigned separate ratings to the significant banking entities within the group, namely IBP and IBL. Rating agencies have also assigned ratings to the holding companies, namely, Investec plc and Investec Limited. Our ratings at 16 June 2020 were as follows:

Rating agency	Investec Limited	IBL – a subsidiary of Investec Limited	Investec plc	IBP – a subsidiary of Investec plc
Fitch				
Long-term ratings				
Foreign currency	BB	BB		BBB+
National		AA(zaf)		
Short-term ratings				
Foreign currency	B	B		F2
National		F1+(zaf)		
Viability rating	bb	bb		bbb+
Support rating	5	3		5
Moody's				
Long-term ratings				
Foreign currency		Ba1	Baa1	A1
National		Aa1.za		
Short-term ratings				
Foreign currency		NP	P-2	P-1
National		P-1(za)		
Baseline Credit Assessment (BCA) and adjusted BCA		ba1		baa1
S&P				
Long-term ratings				
Foreign currency		BB-		
National		za.AA		
Short-term ratings				
Foreign currency		B		
National		za.A-1+		
Global Credit Ratings				
Local currency				
Long-term rating		AA(za)		BBB+
Short-term rating		A1+(za)		A2

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

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

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

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

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

Directorate of Investec plc and Investec Limited

details as at 16 June 2020

Zarina BM Bassa (56)

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

Henrietta C Baldock (49)

Independent non-executive director
BSc Hons in Economics and Accounting

Perry KO Crosthwaite (71)

Chairman
MA (Hons) (Oxon) in modern languages

David Friedland (66)

Independent non-executive director
BCom, CA(SA)

Philip A Hourquebie (66)

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

Charles R Jacobs (53)

Independent non-executive director
LLB

Ian R Kantor (73)

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

Rt. Hon. Lord Malloch-Brown KCMG (66)

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

Nishlan Samujh (46)

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

Khumo L Shuenyane (49)

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

Philisiwe G Sibiya (43)

Independent non-executive director
BAcc, Dip Acc, CA(SA)

Fani Titi (57)

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

James KC Whelan (57)

Executive director
FCA (Irish), HDip Tax (South Africa)

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

- 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 of volume one of the Investec group's 2020 integrated annual report and in relation to the group's application of the King IV Code refer to page 149 of volume one of the Investec group's 2020 integrated annual report. Further details regarding the group's approach to workforce engagement may be found on page 150 of volume one of the Investec group's 2020 integrated annual report.

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.

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 of volume one of the Investec group's 2020 integrated annual report.

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 of volume one of the Investec group's 2020 integrated annual report.

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

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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

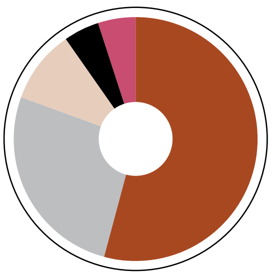
Investec plc ordinary shares in issue

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

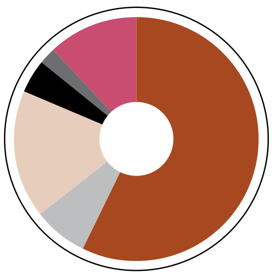
Number of shareholders	**Holdings**	% of total shareholders	Number of shares in issue	% of issued share capital
4 542	1 – 500	50.6%	765 022	0.2%
1 289	501 – 1 000	14.4%	984 118	0.3%
1 747	1 001 – 5 000	19.4%	3 960 714	1.2%
389	5 001 – 10 000	4.3%	2 858 726	0.9%
571	10 001 – 50 000	6.4%	13 561 448	4.3%
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

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.*

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 10 and 11, 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).*

GLOSSARY

AGM	Annual general meeting
AT1	Additional Tier 1
BoE	Bank of England
BSE	Botswana Stock Exchange
CA	Chartered Accountant
CCyB	Countercyclical capital buffer
CEO	Chief Executive Officer
CET1	Common equity tier 1
COO	Chief Operating Officer
COVID-19	Corona Virus Disease
CRDIV	Capital Requirements Directive IV
CRO	Chief Risk Officer
CSI	Corporate Social Investment
DLC	Dual listed company
DLC BRCC	DLC Board Risk and Capital Committee
DLC Nomdac	DLC Nominations and Directors Affairs Committee
EBA	European Banking Authority
ECL	Expected credit loss
EP	Equator Principals
EPS	Earnings per share
ESG	Environmental, social and governance
EU	European Union
FCA	Financial Conduct Authority
FIRB	Foundation Internal Ratings-Based
FPC	Financial Policy Committee
FUM	Funds under management
GDP	Gross domestic product
HNW	High net worth
IAM	Investec Asset Management
IASs	International Accounting Standards
IBL	Investec Bank Limited
IBP	Investec Bank plc
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standard
IW&I	Investec Wealth & Investment
JSE	Johannesburg Stock Exchange
LCR	Liquidity coverage ratio
LHS	Left hand side
LSE	London Stock Exchange
NCI	Non-controlling interests
NSFR	Net stable funding ratio
NSX	Namibian Stock Exchange
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
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
UK	United Kingdom
VaR	Value at Risk

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 of the Investec group's 2020 integrated annual report 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 of the Investec group's 2020 integrated annual report 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***

Annuity income	Net interest income (refer to page 47 of volume one of the Investec group's 2020 integrated annual report) plus net annuity fees and commissions (refer to page 49 of volume one of the Investec group's 2020 integrated annual report)
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%**

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 of the Investec group's 2020 integrated annual report
Loans and advances to customers as a % of customer accounts	Loans and advances to customers as a percentage of customer accounts (deposits)

Net tangible asset value per share	Refer to calculation on page 61 of volume one of the Investec group's 2020 integrated annual report
Net core loans and advances	Refer to calculation on page 34 of volume two of the Investec group's 2020 integrated annual report
Return on average ordinary shareholders' equity (ROE)	Refer to calculation on pages 61 to 65 of volume one of the Investec group's 2020 integrated annual report
Return on average tangible ordinary shareholders' equity	Refer to calculation on pages 61 to 65 of volume one of the Investec group's 2020 integrated annual report
Return on average assets	Adjusted earnings attributable to ordinary shareholders divided by average total assets excluding assurance assets
Staff compensation to operating income ratio	All staff compensation costs expressed as a percentage of operating income before ECL (net of operating profits or losses attributable to other non-controlling interests)

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 of the Investec group's 2020 integrated annual report 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 of the Investec group's 2020 integrated annual report 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.

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 of the Investec group's 2020 integrated annual report 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 page 34 in volume two of the Investec group's 2020 integrated annual report 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 of the Investec group's 2020 integrated annual report.

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James Kieran C Whelan (executive director)

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Zarina BM Bassa (senior independent director)
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