OUT OF THE ORDINARY

Investec

Distinct Agile Resilient

Annual report 2021

Investec integrated annual review and summary financial statements

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 shown here. The description of alternative performance measures and their calculation is provided in the alternative performance measures section.

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

Page references
Refers readers to information elsewhere in this report

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

Group sustainability
Refers readers to further information in our 2021 group sustainability and ESG supplementary report available on our website: www.investec.com

Reporting standard
Denotes our consideration of a reporting standard

Unaudited information
Indicates information which has not been audited

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

Sections one, two, three and four of Volume 1 of the Investec group's 2021 integrated annual report (together the strategic report) provide an overview of our strategic position, performance during the financial year and outlook for the business.

This should be read in conjunction with Volume 2 of the Investec group's 2021 integrated annual report which elaborates on some of the aspects highlighted in the strategic report.

2021
About this abridged report

The integrated annual review and summary financial statements has been compiled in accordance with the integrated reporting principles contained in the code of corporate practices and conduct set out in the King report on corporate governance for South African (King code).

This report covers all our operations across the various geographies in which we operate and has been structured to provide stakeholders with relevant financial and non-financial information. The summary annual financial statements have been approved by the board of directors of the group and were signed on its behalf by the Chief Executive, Mr Fani Titi. This document provides a summary of the information contained in the Investec group's 2021 integrated annual report (annual report). It is not the group's statutory accounts and does not contain sufficient information to allow for a complete understanding of the results and state of affairs of the group as would be provided by the full annual report. For further information consult the full annual financial statements, the unqualified auditor's report on those annual financial statements and the directors' report. The auditors' report did not contain a statement under section 498(2) or section 498(2) of the UK Companies Act 2006.

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

Electronic copies of the full Investec group's 2021 integrated annual report can be found on the group's website (www.investec.com).

Report of the Auditor
The Auditor's report on the full accounts for the year ended 31 March 2021 was unqualified, and their statement under section 496 of the Companies Act 2006 (whether the strategic report and the Directors' report are consistent with the accounts) was unqualified.

CONTENTS

01

Our business

WHO WE ARE

"May you live in interesting times," goes the traditional curse. The "interesting times" of the past year go far beyond the experience of most of us. At Investec we've responded as only we know how: with our clients' needs first and foremost in our mind. We hold that the ordinary ways of yesterday are not enough to progress. Now, more than ever, our determination to be out of the ordinary is critical to the future success of our business.

This attitude is seen in the way our people have pulled together to overcome unforeseen challenges, and the resources we've invested in our community response to the COVID-19 pandemic in South Africa and the UK.

WHO WE ARE
CONTINUED

WHO WE ARE
CONTINUED

WHO WE ARE
CONTINUED

Investec's commitment to our clients has been unwavering, and we take pride in having provided assistance to those who needed it most: be they individuals whose income was disrupted or businesses who found themselves suddenly unable to pay suppliers or staff.

This response was possible only because of our disciplined approach to managing risk and maintaining a balance sheet robust enough to see us through times like these – a resilience that is reflected in this year's creditable performance and return to shareholders.

Investec. Out of the Ordinary.

OUR BUSINESS AT A GLANCE

One Investec

Our purpose

Our purpose is to create enduring worth, living in, not off, society.

Our mission

Investec is a distinctive bank and wealth manager, driven by commitment to our core philosophies and values. We deliver exceptional service to our clients in the areas of banking and wealth management, striving to create long-term value for all of our stakeholders and contributing meaningfully to our people, communities and planet.

Our distinction

The Investec distinction is embodied in our entrepreneurial culture, supported 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. Our aim is to build well-defined, value-adding businesses focused on serving the needs of select market niches where we can compete effectively and build scale and relevance.

Our unique positioning is reflected in our iconic brand, our high-tech and high-touch approach and our positive contribution to society, macro-economic stability and the environment. Ours is a culture that values innovative thinking and stimulates extraordinary performance. We take pride in the strength of our leadership team and we employ passionate, talented people who are empowered and committed to our mission and values.

Our strategic direction

The One Investec strategy is, first and foremost, a commitment to drawing on the full breadth and depth of relevant capabilities to meet the needs of each and every client, regardless of specialisation or geography.

One Investec is also about improving internal operating efficiencies; ensuring that investments in infrastructure and technology support our differentiated service offering across the entire group, not just within specific operating units or geographies.

And in our allocation of capital, the One Investec strategy demands a disciplined approach to optimising returns, not merely for one region or business area but for the group as a whole.

Our values

Investec exists to create enduring worth for all of our stakeholders: our clients, our people and the communities in which we operate. This purpose is expressed in five key values that shape the way that we work and live within society.

1 Cast-iron integrity

We believe in long-term relationships built on mutual trust, open and honest dialogue and cast-iron integrity.

2 Distinctive performance

We thrive on energy, ambition and outstanding talent. We are open to fresh thinking. We believe in diversity and respect for others.

3 Client focus

We are committed to genuine collaboration and unwavering dedication to our clients' needs and goals.

4 Entrepreneurial spirit

We are pioneers at heart. Shaped by our non-traditional origin and evolution, we share with our clients a willingness to challenge the status quo in pursuit of a better, more sustainable tomorrow.

5 Dedicated partnership

We collaborate unselfishly in pursuit of group performance, through open and honest dialogue – using process to test decisions, seek challenge and accept responsibility.

OUR BUSINESS AT A GLANCE
CONTINUED

Since inception, we have expanded through a combination of substantial organic growth and a series of strategic acquisitions. Our focus today is on growth in our chosen markets.

Our journey so far

1974
Founded as a leasing company in Johannesburg

1980
We acquired a banking licence

1986
We were listed on the JSE Limited South Africa

2002
In July 2002, we implemented a dual listed companies (DLC) structure with linked companies listed in London and Johannesburg

2003
We concluded a significant empowerment transaction in which our empowerment partners collectively acquired a 25.1% stake in the issued share capital of Investec Limited

2020
We successfully completed the demerger of Investec Asset Management which separately listed as Ninety One in March 2020

2021
Today, we have an efficient, integrated international business platform, offering all our core activities in the UK and South Africa

Refer to the Divisional Review section for more information on where we operate

Investment proposition
Well positioned to pursue long-term growth

- Well capitalised and highly liquid balance sheet
- Diversified mix of business by geography, income and business
- Rightsized the cost structure of the business
- Improved capital allocation – anticipate excess capital
- Our clients have historically shown resilience through difficult macro environments

OUR BUSINESS AT A GLANCE
CONTINUED

Our operational structure

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

In terms of our DLC structure, Investec Limited is the holding company of our businesses in Southern Africa, and 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).

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

^ 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). The Investec group retained a 25% shareholding in the Ninety One group, with 16.3% held through Investec plc and 8.7% held through Investec Limited.

Salient features of the DLC structure

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

OUR BUSINESS AT A GLANCE
CONTINUED

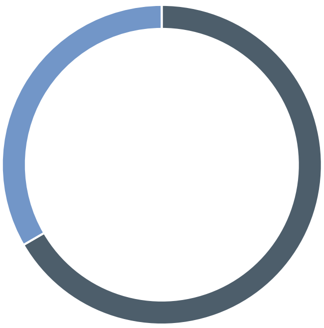
40+ years of heritage. Two core geographies. One Investec.

Whether you are an individual, a business, or an intermediary acting for clients, our aim is to create and manage your wealth and fuel your business growth.

Our group

Adjusted operating profit

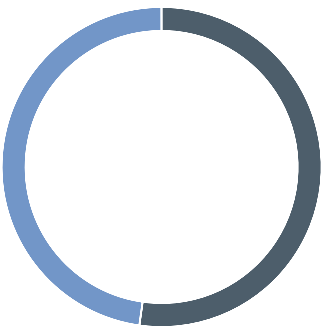
£377.6mn



Southern Africa	£251.6mn
UK and Other	£126.0mn

Total assets

£51.5bn



Southern Africa	£26.9bn
UK and Other	£24.6bn

	1 Southern Africa	2 UK and Other	Total group
Net core loans	£14.1bn	£12.3bn	£26.4bn
Customer deposits	£18.4bn	£16.0bn	£34.4bn
Funds under management	£16.7bn	£41.7bn	£58.4bn
Total employees	4 700+	3 500+	8 200+
ROE	9.4%	4.0%	6.6%
Cost to income ratio	58.7%	79.5%	70.9%

A key competitive advantage is our ability to service clients seamlessly across all business areas and geographies. This approach is embodied in our 'One Investec' philosophy, which places the client at the centre of our operating model.

64%

of SA Wealth & Investment's top clients are clients of the SA Private Bank

c.10%

of SA Private Banking clients have a UK Private Banking transactional account

OUR STRATEGIC OBJECTIVES

Driving sustainable long-term growth

Our strategic direction
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 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**
- **We aim to 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.**

Medium-term strategic objectives

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

Capital discipline
A more disciplined approach to capital allocation, particularly where businesses are non-core to overall long-term growth and capital strategy

Read more in our Divisional Review section on pages 48 to 71

OUR BUSINESS MODEL

Creating sustainable, long-term value

Key highlights

Principal geographies	Core areas of activity	Total employees	Core loans	Customer deposits	Funds under management
2	2	8 200+	£26.4bn	£34.4bn	£58.4bn

Our clients and offering

Corporate / Institutional / Government / Intermediary

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

Specialist Banking

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

Wealth & Investment

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

Our approach

We have market-leading, distinctive client franchises

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

We are a people business backed by our Out of the Ordinary culture and entrepreneurial spirit

Our stakeholders

To see a full list of our stakeholders, read more on pages 21 to 28

Our clients

We support our clients to grow their businesses by leveraging our financial expertise to provide bespoke solutions that are profitable, impactful and sustainable.

Our people

We employ people who are passionate and empowered to perform extraordinarily while building a diverse and representative workforce.

Our communities

We unselfishly contribute to communities by helping people become active economic participants, focusing on education and economic inclusion.

Our planet

We aim to operate sustainably, within our planetary boundaries and funding activities that support biodiversity and a zero-carbon world.

02

Our performance

CHIEF EXECUTIVE'S REPORT

A sound performance in a challenging year

The past year was among the most turbulent in living history. Shock waves from the global pandemic and efforts to contain it rippled through every facet of our lives, with few among us not directly affected – be it by illness, loss of loved ones or disruption of livelihoods.

It was a year in which inequality, political polarisation and racial injustice were cast into stark relief, testing our prevailing social and economic systems and frequently finding them wanting. But it was also a year marked by scientific triumphs, unprecedented measures by both the private and public sectors to support the vulnerable, and by the courage of those on the front lines in the fight against COVID-19, all reminding us that a more tolerant, equal and just society is indeed possible.

Fani Titi
Chief Executive

CHIEF EXECUTIVE'S REPORT
CONTINUED

"Nature uses disorder to grow stronger. It's like going to the gym. You get stronger because you subject your body to stressors and gain from them."
Nassim Nicholas Taleb

As an international company deeply embedded in the communities in which we operate, Investec faced extraordinary circumstances at every turn. I am tremendously proud of the way that my colleagues responded, exemplifying our culture of resourcefulness, resilience and care.

Despite their own personal and family challenges, our people never wavered in delivering matchless levels of service and support to our clients at a time when it was most needed. I am equally proud of the speed with which we were able to draw on our resources and partnerships to assist those in need within our communities. Our response included funds for COVID-19 testing and personal protective equipment, direct support for healthcare workers, and food distribution in some of the hardest-hit areas of South Africa and the UK. We also accelerated the digitalisation of Promaths, our flagship mathematics and science tuition programme, which enabled thousands of South Africa's least privileged school children to carry on learning remotely despite school closures.

The past year also ushered in significant and far-reaching change within our company. As we navigated successfully through several key strategic milestones, it was critical that we remained true to the values upon which Investec was built and the kind of organisation we wish to be. So we undertook a process of collective reflection with the aim of articulating our purpose as a company. Following dozens of townhall meetings and animated debates involving thousands of colleagues, we arrived at the statement in the opening pages of this report:

We exist to create enduring worth, living in, not off, society.

This statement of intent requires us to act in the long-term interests of all of our stakeholders – our clients, our people and our shareholders, as well as the communities in which we operate and the fragile planet we all inhabit. Our purpose isn't a bolted-on adjunct to our business strategy, but an integral part of it. While the formulation may be new, its underlying sentiment has been part of Investec's DNA since we first opened our doors over 40 years ago, and its relevance has never been greater.

It is clear that the pandemic and economic lockdowns have widened economic and social inequality, disproportionately impacting those among us with the least access to capital, technology, education and healthcare. The actions we take today, as we look to recover from the ravages of the pandemic, will determine whether we further entrench this inequality, or whether we actively work towards a more inclusive and sustainable tomorrow.

Operating environment
As echoed in my comments on financial performance below, the 2021 financial year was a tale of two halves. The difficult and volatile market and economic conditions in the first half were attributable primarily to the COVID-19 pandemic, while the second half saw a rebound in economic activity and a greater sense of optimism spurred on by global vaccination campaigns.

The pace of global economic recovery is closely tethered to the speed and efficacy of the vaccine rollout. As a recent IMF report stated, "pandemic policy is also economic policy as there is no durable end to the economic crisis without an end to the health crisis." [1] While developed countries, including the UK, have made rapid strides towards vaccinating their populations, slower progress in the developing world remains a concern. South Africa is currently experiencing the beginnings of a third wave of infections, and the alarming surge of COVID-19 cases on the Indian sub-continent is a sobering reminder that the risk of new and possibly more infectious variants will remain high until the lag in emerging market vaccinations is addressed. The stockpiling of vaccines by the wealthy at the expense of developing nations is but one example of narrow, self-interested policies that are not only unjust but short-sighted. We are encouraged by recent initiatives to put an end to vaccine hoarding by the wealthy at the expense of developing nations. Until all of us, rich and poor alike, are protected, the risk remains that we undo the tremendous gains made in developing and rolling out vaccines.

Global interest rates fell sharply in response to the pandemic, as central banks sought to limit economic contraction. However, yields began to stabilise and rise from August 2020 as economies began to recover from the initial waves of infections. We expect interest rates to gradually rise further in the medium term as economic recoveries become entrenched and central banks begin slowly to tighten monetary policy.

1. https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2021/05/19/A-Proposal-to-End-the-COVID-19-Pandemic-460263

CHIEF EXECUTIVE'S REPORT
CONTINUED

UK

The pandemic has taken a harsh toll on the people and economy of the UK. At the time of writing, the nation's COVID-19 death toll was the highest in Europe, and the attendant restrictions – particularly the severe initial lockdown in late March 2020 – led to a 9.8% contraction in GDP in 2020. However, the recovery has been much quicker than expected.

The data suggests that consumers were more adaptive to subsequent lockdowns in November 2020 and March 2021, making extensive use of online retailers and remotely delivered services. Another factor in the surprising pace of recovery is the admirable speed and efficiency of the vaccine rollout, thanks to which the government is now targeting a full re-opening of the economy in the summer.

A partial re-opening in April revealed the extent of pent-up demand: consumer confidence is now back to where it was before the pandemic, retail sales are 10% above pre-COVID levels and new manufacturing orders are running at two-year highs. Mortgage approvals also hit new post-financial crisis records towards the end of 2020.

Perhaps the most heartening data point is the Bank of England's estimate that unemployment will peak at 5.4%, rather than 7.8% as previously predicted. This notwithstanding, the impact of the COVID-19 pandemic on the poor has been disproportionately severe. Apart from their greater vulnerability to income disruptions, poorer communities have suffered higher mortality rates and display greater vaccine hesitancy. Unless this problem is addressed, there is a risk that COVID-19 becomes a disease of poverty, exacerbating inequality in British society.

A notable exception to the positive data surprises was the impact of Brexit. Despite the fact that a free trade agreement was struck between the two parties last December, evidence suggests that the high cost of checks and compliance is having a negative impact on both exports and imports. There was also a sharp fall in exports to the EU at the start of 2021, although this could reflect firms shipping their goods early, ahead of the expiry of the EU transition period at the end of 2020. In addition, the longer-term operating regime for financial services between the UK and the EU remains unclear.

Nevertheless, we are growing increasingly confident that the economy will have recovered to pre-COVID activity levels by end of calendar year 2021. At 31 March our base case model forecasts GDP growth of 7.3% but there is a strong possibility of upward revision to 8% or higher.

We expect inflation to tick higher in the short term, but the Bank of England is not likely to raise rates until it believes that inflation will exceed the 2% target in the longer term. The central bank is also gradually reducing the pace of bond purchases, and will likely continue to do so as the economic rebound takes hold.

South Africa

The South African economy was already in recession at the outset of the pandemic. The country had experienced a decade of moribund growth characterised by inaction on needed policy reforms, low investor confidence and sharply deteriorating government finances, which resulted in successive downgrades by the major global rating agencies.

When the pandemic struck, the government introduced one of the world's most stringent lockdowns to give the public health system space to prepare for the inevitable influx of COVID-19 cases. Consequently, GDP contracted by an unprecedented 7% in 2020. By the second quarter of the year, business confidence had reached its lowest level in 45 years.

July 2020 marked the start of a strong rebound as lockdown restrictions eased, and the country officially exited recession in the third quarter. The recovery accelerated in the last quarter, thanks in part to a rise in the value of exports on stronger global demand and higher commodity prices. But major sectors, notably travel and tourism, remain depressed, and total economic output is only forecast to reach pre-pandemic levels in 2023/4. We expect economic growth to be in the region of 4% in the current calendar year, with electricity supply shortages remaining a key downside risk.

We were encouraged by several developments in the second half of the year which, if followed through, promise to steer the economy on a path towards more sustainable and inclusive economic growth.

The government debt trajectory improved, thanks to higher-than-expected tax revenues and a commitment by National Treasury to work towards fiscal consolidation through measures including containment of the public sector wage bill. However, markets and ratings agencies will be watching intently to see if these goals are realised.

The attention of the capital markets will also be trained on efforts to bring to book corrupt, high ranking political figures who, until recently, were deemed untouchable. The unconscionable graft of the recent past robbed the country not only of billions in public funds, but also a decade of economic and infrastructural development. Until those responsible are brought to book, anti-corruption rhetoric will continue to ring hollow. Investors and entrepreneurs are also looking for more policy certainty and less unwieldy bureaucracy before committing their capital to the fixed investment projects so desperately needed for development and job creation.

CHIEF EXECUTIVE'S REPORT
CONTINUED

South Africa currently retains a Ba2 (BB equivalent) category rating from Moody's with a negative outlook, and we do not expect a further downgrade in the near term. It remains our view that expropriation of private sector property without compensation may negatively affect business confidence, but its practical impact on the economy is expected to be limited. However, the negative outlook gives the country a limited window of 12-24 months to address key structural obstacles to fiscal consolidation and the economic recovery.

We welcomed the publication in October of the government's Economic Reconstruction and Recovery Plan (ERRP), to which Investec and other banks contributed. The plan lays out a clear blueprint for inclusive economic growth, including far-reaching structural reforms and an ambitious R1tn infrastructure build programme. However, it is critical for government to demonstrate from the outset that key projects, particularly those involving state-owned enterprises, will not become vehicles for the corruption that has dogged so many government-led initiatives in the past.

Many of the projects outlined in the plan will require significant private sector capital investment in the form of private-public partnerships, and we are well positioned to play a key role in supporting the rollout of the plan together with our clients. We also believe that the programme represents a golden opportunity for South Africa to take advantage of its ample natural advantages in the renewable energy sector and make strides towards a just transition from fossil fuels. This should also go some way towards removing the supply-side power shortages that have proved to be a binding constraint on economic growth in recent years.

It is telling that South Africa, together with India, Australia and South Korea, has been invited to attend the G7 summit in June: an indication that the country is gradually regaining its place as a key player on the global stage.

We regard this as a strong international endorsement of President Ramaphosa's leadership.

In the context of South Africa's tragic history of racial discrimination, which has resulted in one of the world's most unequal economies, we remain convinced that the only viable path to a more equal and just society is through sustainable economic growth. While there are reasons for optimism, key policy and structural issues must be addressed and business confidence restored if the country is to avoid sliding back towards a financial and economic precipice.

Progress on strategy execution

Notwithstanding subsequent global shocks that could not have been predicted at the time, our strategic framework has remained largely unchanged since we first presented it to shareholders in early 2019. We continue to develop as a domestically relevant, internationally connected banking and wealth management group, with 40 years of heritage, operating in two core geographies of South Africa and the United Kingdom.

Two years ago, we set out to simplify our structure, heighten our focus and improve our growth trajectory. We organised our strategy into five key areas, which have evolved as illustrated below:

Growth initiatives

Clear set of opportunities to deliver revenue growth

Cost management

Improved management of the cost base through operational leverage

Underpinned by

Capital discipline

Growth initiatives and cost containment are supported by a disciplined approach to capital allocation

And delivered through

Digitalisation | **Connectivity**

Continued investments drive a digitally connected ecosystem to leverage efficiencies and deliver enhanced value to clients and staff

CHIEF EXECUTIVE'S REPORT
CONTINUED

The demerger of Investec Asset Management, successfully listed as Ninety One in March 2020, represented the first major milestone on this journey. Despite the tumultuous market conditions under which the listing of Ninety One took place, it's clear that the demerger has delivered significant value to shareholders while achieving its intended purpose of enabling each business to concentrate on its own growth path.

We have further simplified the group structure in the past year, exiting businesses that were subscale, non-core or fell outside our refined risk appetite. This included the difficult but necessary decision to wind down our Australian operations.

Following a substantial and disappointing loss in our structured products book, and factoring in the unpredictable nature of the COVID-19 pandemic, our adjusted risk appetite led us to discontinue issuing these products in the UK going forward.

We sharpened our focus with a refreshed statement of purpose, as referenced earlier in this note, and entrenched the One Investec strategy. These developments have enhanced our ability to provide a wider offering to clients while improving our operational leverage through shared support functions and technology platforms. In the UK, we refocused the banking business on the core domestic market and rightsized its cost base. Unfortunately, this required significant headcount reduction in our London office.

These actions, underpinned by a disciplined approach to capital allocation and risk management, position Investec to be more competitive in our chosen markets and provide a springboard for growth.

Growth initiatives

Our disciplined growth philosophy is premised on identifying scalable revenue opportunities within well-defined risk parameters. This approach has delivered around £273 million of revenue from new growth initiatives over the past two years.

We remain focused on increasing the proportion of revenue contributed by capital-light businesses. It is thus gratifying to report record funds under management and operating profit in our Wealth businesses.

We have also identified new revenue opportunities that build on existing client franchises and other areas of sustainable competitive advantage, including our market-leading technology platforms.

Cost management

Our disciplined approach to cost management has enabled us to reduce fixed costs by £109 million over the past two years. Around £56 million of this saving was achieved through the rightsizing of the UK Specialist Bank. The South African fixed cost base remains well contained, growing at sub-inflationary levels. We have also managed to reduce group costs by 28% since 2019, and these are expected to remain stable for the foreseeable future.

Our cost management strategy is premised on the principle of operational leverage, realised by sharing functional and technology platforms across the group, switching to low-cost jurisdictions where possible and upgrading legacy platforms to improve cost efficiencies. Looking ahead, we have identified several additional opportunities for global platforms that service the entire group, thereby benefiting from economies of scale.

Capital discipline

In addition to exiting non-core and sub-scale businesses, we successfully reduced our South African investment portfolio by around R3 billion since the Capital Markets Day in 2019. We will look to take advantage of improving market conditions in the near term to realise some of the remaining investments.

Another key milestone to further enhance our capital was the transition to AIRB in our South African business, which was approved by the SARB for our SME and Corporate models on 1 April 2021. This resulted in a 60bps capital uplift to our CET1 ratio. We expect the transition to AIRB across the remaining portfolios to be completed this year, which will see a further uplift in capital ratios. We are pleased to report that the CET1 ratio of the UK business now sits at 11.2%, well above its 10% target.

As a result of these initiatives and progress made, the business remains well-capitalised and above its Board-guided target ranges.

Connectivity

A central tenet of the One Investec strategy is that we expose clients to the full depth and breadth of Investec's offerings. Since its introduction at the Capital Markets Day in 2019, the strategy has delivered significant gains in the number of clients making use of services across multiple business units and geographies. The close collaboration between our South African Private Banking and Wealth & Investment businesses is a key example of the One Investec strategy in action. We are proud to have been recognised by both the Financial Times of London and Euromoney for the eighth year running as the best private bank and wealth manager in this market. 64% of Investec Wealth & Investment's top clients now also hold products with the South African Private Bank, up from 42% in 2019.

Looking ahead, we'll continue to develop successful ecosystems across the length and breadth of our business, delivering the best of One Investec to our clients.

CHIEF EXECUTIVE'S REPORT
CONTINUED

65%

of IW&I SA annuity FUM invested offshore with an average yield of 71bps

CMD 2019: 51%

3

average number of UK bank products used by SA HNW clients

CMD 2019: 2.4

75%

of referrals from IW&I UK to UK bank were converted

FY2020: 77%

Digitalisation

Alongside our client ecosystem, digitalisation sits at the foundation of our strategy. We have long understood that world-class digital client channels and efficient back-end systems are essential to our competitiveness. Extensive investment in this aspect of our business has enabled us to differentiate our service offering with a client experience that is both high-touch and high-tech.

By leveraging common platforms across businesses and geographies and concentrating spend in low-cost jurisdictions, we have managed over the past three years to reduce our technology spend without compromising the quality of our systems and channels. Having now stabilised the running costs of core operational platforms, we are in the process of embarking on a new, transformative phase in our digital evolution. This means directing a higher proportion of our technology investments at innovative applications – including extensive use of cloud computing and AI – that actively support our growth ambitions. We are confident that we can achieve this without significantly increasing our overall technology cost base.

Sustainability

In the process of articulating our purpose, we paid particular attention to our impact on the environment, social responsibility and governance. Investec's culture of care has always placed a high value on business practices that create enduring worth for all stakeholders. But there are many areas which we can and must improve, and it remains our firm belief that the best way to do this is to weave ESG into our business strategy and our day-to-day activities. To this end, we've established an ESG Executive Committee to align sustainability activities across the organisation and deepened the ESG skills on the board. We also created a framework to link the remuneration of executive directors to ESG KPIs.

Our commitment to the communities in which we operate was evident in our swift response to the sudden and devastating loss of income suffered by so many as a result of lockdown. Our contribution to COVID-19 relief included food banks, medical equipment and remote learning facilities. Overall, we contributed 2.6% of operating profit to communities, up from 2.3% in the previous year. It was gratifying to receive recognition in the Wall Street Journal's 100 Most Sustainable Companies ratings, which ranked Investec 9th (out of 5 500 companies) in the Social category.

We continue to play a meaningful role in the fight for racial and gender equality in both of our core geographies. In South Africa, we retained our credentials as a Level 1 contributor to broad-based black economic empowerment, and in the UK we signed up to the Race at Work Charter – a laudable commitment to ethnic minority representation at all levels of our organisation. And we were able to increase the representation of women in senior leadership roles to 38%, from 37% in 2020. We remain committed to being one of the most racially diverse and gender-equal companies in the global financial services sector. Given the importance we place on a workplace culture that reflects our commitment to equality, we were particularly pleased to be recognised as the Best Company in Workplace Practices at the SERAS CSR Awards.

On the environmental front, we are proud to have achieved net-zero direct emissions for the third consecutive year. We source almost 100% of our electricity consumption from renewable energy through the purchase of Renewable Energy Certificates, and offset the remaining 10% of emissions through the purchase of verified and high quality carbon credits. We remain a meaningful player in financing renewable and clean energy: last year we invested £582 million in a number of projects around the world and we're extending this expertise to other areas of our business. We are also particularly excited to have launched several ESG-linked products and services, including arranging one of the first European mid-market ESG-linked subscription lines – a €600 million facility for a leading investment group.

Investec is an active participant in the United Nations Sustainable Development Goals (SDGs). We have chosen to focus on specific goals where we can have the most impact, namely reducing inequality and climate action – issues that are also particularly close to my own heart.

I am firmly of the view that the SDGs provide a framework and a call to action for any company that is serious about contributing towards a more equitable and sustainable future. At Investec, we're determined to play our part. Our ethos of living in society, not off it, will keep these critical goals top of mind in all we do, ensuring that we continue to go far beyond the requirements of regulations and corporate governance codes.

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

CHIEF EXECUTIVE'S REPORT
CONTINUED

Financial performance
Investec's performance in the 2021 financial year, like the operating environment in which we found ourselves, was a tale of two halves. First-half earnings were severely constrained by the outbreak of the pandemic and the economic impact of hard lockdowns in our core markets. The second half saw earnings recover strongly as economic activity resumed and markets responded positively to the development and rollout of vaccines.

Adjusted earnings per share from continuing operations of 28.9p was 14.7% behind the prior year. However, our second-half earnings, 58.1% ahead of the first half, point to a favourable forward trajectory. Tangible net asset value per share increased by 12.2% to 423.6p. A final dividend of 7.5p has been proposed, bringing the full year dividend to 13p.

Buoyed by the rapid market recovery, solid investment performance and continued net inflows of £1.1 billion, the Wealth & Investment businesses delivered particularly strong results. Funds under management increased by 30.4% to £58 billion and operating profits were up 11.8%.

Lending franchises reported positive book growth in the second half, ending the year with core loans of £26.4 billion, a 6.1% increase on the prior year. The Private Banking franchise reported higher core loans, supported by strong lending book growth in the second half. Though the corporate lending book improved in the second half, it ended lower overall. Good client acquisition in SA and UK supported a 6.9% increase in deposits.

Demonstrating the quality of our client franchises and our commitment to outstanding client service, the South African specialist bank reported flat profits in Rands under exceptionally difficult circumstances. The UK Specialist Bank client acquisition strategy continued to show traction, with client franchises reporting loan book growth of 8.7%.

The investment in our UK Private Banking business is bearing fruit and performing ahead of expectations.

Implementation of the board's strategy to improve capital allocation and reduce complexity of the business, as discussed earlier in this note, is largely complete, and the associated costs have been absorbed in these results.

Please refer to Nishlan Samujh's CFO report on pages 32 to 46 for more details on financial performance.

In conclusion...
I am encouraged by the momentum evident across the entire business. The group is well-capitalised and lowly leveraged, adequately provisioned and has strong liquidity.

While the short-term outlook depends on progress in containing the pandemic and the extent and pace of economic recovery in our core geographies, we remain committed to achieving a 12% to 16% ROE in the medium term. The strategic framework to get us there is clear: a focus on growth, within disciplined cost and risk parameters, underpinned by connected client ecosystems and transformative digital platforms.

My sincere thanks to our outgoing Chair, Perry Crosthwaite, for his astute leadership and guidance over the past 12 years on the board, and in particular his three-year term as Chair, during which he oversaw Investec's transition from a founder-led to a professional management team. Perry was instrumental in unbundling the asset management business, refocusing the group on our two core geographies, evolving the board and, most recently, navigating the choppy waters of the COVID-19 pandemic.

The past year has been a proving ground for the resilience of our business. We have taken actions, often difficult ones, that have left the group stronger and more stable, with a galvanising sense of purpose. I am confident that we are well-positioned to pursue our identified growth objectives and reap the benefits of improved operating conditions in the year ahead.

On behalf of the board of Investec plc and Investec Limited

Fani Titi
Chief Executive

STAKEHOLDER ENGAGEMENT AND VALUE CREATION

Listening and engaging with our stakeholders

The board appreciates the importance of meeting the diverse needs and expectations of all the group's stakeholders and building lasting relationships with them. Effective communication and stakeholder engagement are integral in building stakeholder value. The board is committed to providing meaningful, transparent, timely and accurate financial and non-financial information to primary stakeholders, enabling them to make meaningful assessments and informed investment decisions about the group.

In order to achieve these outcomes, the board addresses material matters of significant interest and concern, highlighting key risks to which the group is exposed and responses to mitigate these risks.

The group's DLC structure requires compliance with the disclosure obligations contained in the applicable listing rules of the UK Listing Authority (UKLA), the Johannesburg Stock Exchange (JSE) and other exchanges on which the group's shares are listed, and with any public disclosure obligations as required by the UK regulators and the South African Prudential Authority. From time to time, the group may be required to adhere to public disclosure obligations in other countries where it has operations.

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

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

Section 172(1) statement
This section of the Strategic Report describes how the directors have had regard to the matters set out in section 172(1), and forms the directors' statement required under the Companies Act 2006. This statement also provides details of how the directors have engaged with and had regard to the interests of our key stakeholders.

Refer to page 102 for additional information on how the board engages with our stakeholders.

Strong partnerships and understanding are essential to the creation of enduring worth. To be the best we can be, and to understand stakeholders' needs, we work hard to establish the most effective ways of engaging with them.

Engagement is important to us because it means we can understand stakeholder views and are able to respond in a meaningful and impactful way.

We gather feedback through continuous dialogue with our stakeholders throughout the year to gain an intimate understanding of their needs. It's only through this varied dialogue that we can improve as a business, consider our strategy and deliver on our purpose.

As detailed on the pages that follow, the board's oversight of engagement with our stakeholders informs their principal decisions during the year.

STAKEHOLDER ENGAGEMENT AND VALUE CREATION
CONTINUED

Clients

At the heart of Investec, we are all about partnership, striving to build deep and long-lasting relationships with our clients.

What matters to them
- A dependable banking, wealth creation and wealth management partner
- Innovative and creative solutions
- Financial support, particularly during the COVID-19 pandemic
- Cyber security
- Competitive pricing
- Assurance as to the security of their funds.

How we engage
- The board discharges its oversight of client engagement to senior management and client relationship managers, receiving regular updates in board meetings about matters including Investec's support for clients during the COVID-19 pandemic
- Client engagement methods have evolved during the COVID-19 pandemic, with face-to-face meetings becoming less frequent and a greater reliance on digital platforms and services
- Comprehensive website and app
- Regular telephone and email communications
- Industry relevant events and client marketing events, both of which have moved to online platforms while most people continue to work from home.

FY2021 highlights
- Supported our clients during the COVID-19 pandemic by granting payment holidays and extending loans under government lending schemes
- Continued success in HNW client acquisition, growing our client base by 7% and 21% in South Africa and the UK, respectively
- Recognised by the Financial Times of London as the best Private Bank and Wealth Manager in South Africa for the eighth consecutive year.

£3.5bn

in equity capital raised across 30 corporate clients in the UK

Our people*

Our more than 8 200 people are at the heart of our business. We aim to be an organisation that values all of its people for their contributions and celebrates them for who they are.

What matters to them
- Learning and development
- Belonging, Inclusion and Diversity (BID), particularly in a year that witnessed the tragic killing of George Floyd and the subsequent worldwide protests. Our response continues focusing on building an inclusive working environment, improving representation, and enhancing access to progression opportunities
- Wellbeing, especially during this year of COVID-19 lockdowns and extended periods of working from home
- Fair remuneration
- Flexible working conditions and expectations around the future of work.

How we engage
- Regular staff updates and discussions hosted by the Chief Executive, executive directors and senior management, conducted more frequently via digital channels during the COVID-19 pandemic
- Regular Chief Executive staff communication including email updates, staff intranet and other digital channels
- Induction training for new employees including a welcome from the Chief Executive and senior management
- Group and subsidiary fact sheets
- Tailored internal investor relations presentations on group results, strategy updates and market feedback
- Dedicated, comprehensive intranet including a platform full of resources to support the health and wellbeing of our people
- In the UK, a designated non-executive director overseeing workforce engagement.

FY2021 highlights
- Launched Investec Employee Wellbeing Helpline to support staff through the COVID-19 pandemic
- Created a One Investec Young Leaders Council and reverse mentoring programme
- Reduced gender pay gap for the third consecutive year in the UK and South Africa.

* 'Our people' includes permanent employees, temporary employees and contractors.

STAKEHOLDER ENGAGEMENT AND VALUE CREATION
CONTINUED

Investors

Our shareholders (largely institutional) are primarily based in South Africa and the UK given our group DLC structure. We also engage with debt investors who hold instruments issued by our subsidiary entities.

What matters to them
- Progress against strategic objectives
- Financial performance
- Business sustainability and response to climate change
- Management expectations and guidance on future business performance
- Balance sheet resilience
- Executive remuneration.

How we engage
- Regular meetings with executive directors, senior management and investor relations
- Annual meetings for largest shareholders with the Chair of the board, Chair of the Remuneration Committee, senior independent director (SID), investor relations, and group company secretarial
- Annual general meeting hosted by the Chair of the board with board members in attendance
- Two investor presentations and two pre-close investor briefing calls presented by the Chief Executive and CFO
- Stock exchange announcements
- Comprehensive investor relations website
- Investor roadshows and presentations
- Regular telephone and email communications
- Annual and interim reports.

FY2021 highlights
- Organised a non-executive director roadshow to discuss the group's proposed new remuneration policy (refer to the Principal Decision on pages 26 and 27)
- Organised two debt roadshows in South Africa and the UK/Europe which raised R1.6bn and €300mn, respectively.

164

meetings with existing and prospective investors

Communities

Our values of making an unselfish contribution to society, valuing diversity and nurturing an entrepreneurial spirit drive our commitment to support the communities in which we exist. Our focus is on education, entrepreneurship and the environment.

What matters to them
- Financial and non-financial support
- Time volunteered by our staff
- Education and learnership opportunities
- Skills training and job creation
- Protecting the environment.

How we engage
- Regular in-person meetings, telephone/conference calls and emails with our community partners
- Comprehensive community website and social media platforms to encourage participation
- Staff volunteering
- Community partners and NGOs invited to collaborate at conferences and events.

FY2021 highlights
- We spent £2.1 million on COVID-19 relief for communities in our jurisdictions around the world
- The Global Executive Team and board members have donated from their salaries with a portion going to the Solidarity Fund in South Africa
- Senior leaders and staff across the world have donated to local initiatives via salary deductions
- Responding to COVID-19 restrictions in South Africa, Promaths launched an online offering to 1 948 Matric learners with 75 teachers joining them as facilitators
- In the UK, Arrival Education swiftly adapted to ensure that young people and volunteers could participate in the programme remotely. We have supported 1 876 Arrival Education learners in the UK over the past 13 years.

£9.8mn

spent on community initiatives (2020: £9.8mn)

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

STAKEHOLDER ENGAGEMENT AND VALUE CREATION
CONTINUED

Government and regulators

As a dual-listed group, we are regulated by the South African Prudential Authority, the South African Financial Conduct Authority, the UK Financial Conduct Authority and the UK Prudential Regulation Authority. We maintain continuous engagement with governments and regulators in our key markets to ensure our business adapts to evolving regulatory environments.

What matters to them
- Compliance with existing and evolving regulatory requirements
- Our declaration of dividends in FY2021 followed engagement with the regulators and consideration of regulatory guidance provided to banks in both South Africa and the UK
- Assurance that we have robust prudential standards and supervision in place
- Fair treatment of our clients and employees
- Financial and operational resilience in the face of changing market conditions
- Risk appetite and risk management
- Capital and liquidity stress testing
- Group tax strategy.

How we engage
- Our Chair, Chief Executive, executive directors and the board hold regular meetings with the South African Prudential Authority and with the UK Prudential Regulation Authority
- Active participation in a number of policy forums
- Engagement with industry consultative bodies.

FY2021 highlights
- Accredited lender for government guaranteed COVID-19 lending schemes in both the UK and South Africa.

>£240mn

total loans approved under COVID-19 government lending schemes in South Africa and the UK

ESG analysts and climate focused industry bodies

We are committed to supporting the transition to a clean and energy efficient economy and regularly engage with climate focused industry bodies and analysts to discuss our evolving sustainability strategy.

What matters to them
- Our climate change position statement and climate change framework
- Managing and mitigating climate change impact within our operations (direct impact)
- Indirect climate change impact through our loan book and investment portfolio
- Addressing ESG risks within our business
- Our commitment to net-zero carbon emissions
- Reporting in line with industry standards.

How we engage
- Regular communications on ad-hoc topics
- Annual sustainability report
- Comprehensive sustainability website
- Comprehensive ESG disclosures, including a standalone TCFD report
- Sustainability factsheets
- Our Chief Executive is a member of the UN Global Investors for sustainable development alliance
- Regular and active participation in a number of ESG and climate forums relating to the TCFDs, e.g. PCAF
- Regular knowledge sharing on ESG industry standards.

FY2021 highlights
- Executives and non-executives attended board training on climate-related risks and opportunities
- Created a framework to link executive directors' remuneration to ESG KPIs.

Net-zero

direct emissions, carbon neutrality in Scope 1 and 2 mainly through renewable electricity consumption with remaining 10% offset through purchasing carbon credits

STAKEHOLDER ENGAGEMENT AND VALUE CREATION
CONTINUED

Suppliers

We collaborate with suppliers and sub-contractors securely who we expect to be resilient and to operate and behave in an environmentally and socially responsible manner.

What matters to them
- Compliance with applicable environmental, labour and anti-corruption laws and regulations
- Prompt payment practices
- Fair and transparent tender and negotiation practices
- Clear guidance on policies and procedures, such as due diligence and onboarding.

How we engage
- Centralised negotiation process
- Procurement questionnaires requesting information on suppliers' environmental, social and ethical policies
- Conduct due diligence on cyber security and business continuity.

FY2021 highlights
- Strengthened our group procurement policy to incorporate standards on human rights, labour rights and environmental and anti-corruption principles as set out in the UN Global Compact
- Implemented a global online supplier assessment tool and commenced screening new suppliers in February 2021. This strengthened our screening for any human rights, labour rights, modern slavery, corruption and environmental violations within our procurement practices
- Re-evaluated existing suppliers for environmental and social criteria according to our procurement policy.

All of our suppliers screened against ethical supply chain practices

STAKEHOLDER ENGAGEMENT AND VALUE CREATION
CONTINUED

Principal decisions

Here we outline how board engagement with stakeholders has informed principal decisions during the year.

Supporting our stakeholders through the COVID-19 pandemic

Given the far-reaching impact of the COVID-19 pandemic, the board focused on protecting the health and wellbeing of our people, and supporting our clients, communities, and other stakeholders. The board also ensured that the group remained secure and resilient, both financially and operationally.

- The board supported the decision to commit 1% of the group's pre-tax profit to COVID-19 relief efforts. Support for our communities amounted to £2.1 million, providing financial assistance across an extensive range of causes, particularly in support of healthcare, economic continuity, education, gender-based violence and food security. Please refer to our website for details on our group COVID-19 response to helping communities.
- For our clients, the board supported the decisive action taken by the group to leverage our resources to provide help. Through continuous engagement with our clients, industry bodies and regulators, we have structured different types of support to suit diverse client needs. We also collaborated with governments in both our core geographies to roll out relief schemes. By 31 March 2021, under the various government lending schemes, we had approved loans totalling £213 million in the UK and R690 million in South Africa. At the same time, the board conducted comprehensive risk reviews to understand emerging risks associated with support provided, to ensure the integrity of the balance sheet. For further details of relief measures, please refer to the risk section in volume two.
- For our people, given the global resurgence of waves of COVID-19 infections, the closure of offices and, in some jurisdictions, schools, as well as the implementation of stricter lockdown regulations, the board was heavily focused on the wellbeing of employees. The support we provided to employees was well organised and continually communicated. Through continuous engagement mechanisms with our colleagues, we were able to respond to their emerging needs during this period of uncertainty.
- For the organisation, the board considered what the future world of work means for Investec. As the pandemic evolves, the board is continuously monitoring people challenges, including assessing the implications of flexible working arrangements and the consequent impact on culture, talent management and morale.

Strategy in execution

Shareholders have been focused on the progress the group is making in respect of the strategic objectives – with a particular interest in the performance of the UK Specialist Banking business following the losses incurred in the structured products book.

On our journey to improve shareholder returns, the board approved the decision to refocus the UK bank on its core domestic market and rightsize the cost base. This resulted in 194 roles being made redundant as part of the restructure programme and a complete exit from Australia (as explained in the Chief Executive's report on pages 14 to 20). Through a variety of workforce engagement mechanisms, we processed the reasons for the decision and informed our workforce about the impending redundancies. The board recognises that this is Investec's first major redundancy programme on this scale. The board will monitor the impact of this decision on the culture of the company, specifically focusing on adverse effects on talent retention. Management initiated a series of engagement activities with the remainder of the workforce to deal with concerns related to the decision. Following the engagements, work is ongoing to ensure employees are given a clear sense of purpose and understanding as to how they fit into the vision for the bank.

Our UK Specialist Banking business endured losses on the structured products book due to financial market dislocation at the onset of the COVID-19 pandemic. As the Chief Executive explains in his report, the board supported the decision to discontinue the issuance of retail structured products in the UK market.

Finally, the board approved the group's refreshed purpose statement. In 2018 we set out to rediscover what truly inspires us as an organisation. Through multiple engagement channels across the business over a period of 18 months, our purpose, "To create enduring worth, living in, not off, society", emerged. This expresses how we view our responsibility as a business to be a good corporate citizen.

New remuneration policy

To enable the DLC Remuneration Committee to develop the group's proposed new remuneration policy, a number of meetings were held with our key shareholders during the year.

To reflect the revised structure and complexity of the group following the demerger of Ninety One in March 2020, we presented a revised remuneration policy for approval to shareholders at the AGM in August 2020. The key changes to the policy were as follows:

- Simplified the remuneration structure with all fixed remuneration delivered in cash and all variable remuneration in shares
- Reduced the fixed remuneration by 25% and the variable opportunity by 25%
- Reduced the amount of bonus available for target performance
- Increased the value of shareholding requirements.

The Chair of the DLC Remuneration Committee and the Chair of the board consulted with our key shareholders regarding the proposed policy changes in July 2020. The feedback was generally supportive, particularly in respect of the simplification of the policy and the reduction in remuneration opportunity.

However, some shareholders, whilst acknowledging these positive aspects, believed that the overall quantum of pay is too high relative to South African peers. The Investec group is an international business, and as such the Remuneration Committee believes it is appropriate to benchmark executive remuneration against a set of international peers, including South African competitors. In addition, regulatory constraints in the UK mean we are required to have a different remuneration structure to the other

STAKEHOLDER ENGAGEMENT AND VALUE CREATION
CONTINUED

South African banks with a higher proportion, and therefore quantum, in fixed remuneration. Despite the group's active engagement on these matters, certain shareholders decided to vote against the remuneration report at the AGM in 2020, and we were disappointed to receive a vote in favour of the policy of just below 80%.

Due to the uncertainty caused by the COVID-19 pandemic, setting of performance targets for the 2020 Long-term incentive (LTI) and the 2021 Short-term incentive (STI) were delayed. Shareholder consultation took place where possible, and targets were confirmed in November 2020.

In February 2021, the Chair of the DLC Remuneration Committee and the Chair of the board consulted with our key shareholders and the Investment Association regarding the development of our proposed remuneration policy. The shareholders welcomed the engagement, appreciated the time taken, and were generally supportive of the overall proposed framework. In particular, they generally expressed appreciation of the improving alignment of management remuneration structures with their interests. They were also very supportive of the simplification of the policy, the removal of the sharing pool in the STI and the introduction of the risk modifier. A number expressed concerns around the proposed high percentage of vesting for threshold performance for the Relative TSR measure in the LTI and that the ESG weighting in the LTI was somewhat low. We have responded to those concerns by reducing the percentage of vesting for threshold performance in the TSR measure to 25%, and increasing the weighting of the ESG measure to 10% in the LTI in the proposed policy.

The group remains committed to its remuneration principles which include:

- Setting stretched but realistic targets prospectively
- Ensuring remuneration outcomes reflect business performance.

The Chair of the Remuneration Committee and the Chair of the board look forward to engaging with our key shareholders again in July, ahead of the AGMs in August.

Details of the proposed policy (which is to be tabled at the 2021 AGMs) can be found on pages 160 to 169 in volume one of the Investec group's 2021 integrated annual report, and details of the remuneration outcomes for the year can be found on pages 156 to 158 in volume one of the Investec group's 2021 integrated annual report.

Tabling a climate risk-related resolution at the 2020 AGMs

The board regularly engages with a range of stakeholders (including shareholders, ESG analysts and rating agencies) on a number of ESG and climate topics that are relevant for the business. As the first bank in South Africa to release a separate report aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), we have shown that sustainability is central to our strategic direction.

The board also acknowledges that climate change represents a material financial risk, and continues to oversee the evaluation of our exposure to understand and mitigate potential risks. The board takes ultimate accountability for climate-related issues, supported by a board-approved Social and Ethics Committee. This structure has been in place for many years and was strengthened to include senior executive responsibility for identifying and managing climate-related risks.

Through the stewardship of the global sustainability team, we engaged with the following stakeholders regarding their expectations and views on fossil fuels, climate-related issues and the need for transparent disclosure on climate-related risks and opportunities.

- Workforce engagement included conversations around implementing the group's fossil fuel policy and its impact on lending and investing activities
- We actively engaged with clients to assist in transitioning to a low carbon economy, leading to the issuance of certain ESG-linked lending and investment products
- We met with ESG analysts, rating agencies, climate-related industry bodies, and shareholder activist organisations to ensure we remained up to date on industry trends and best practice
- We gave shareholders the opportunity to discuss any climate-related concerns with members of the board during roadshows, and also through our Investor Relations function which received ad hoc requests for further information.

Through these engagement channels, the board gathered that concerns were focused on board responsibility and experience around climate-related topics, transparency of climate disclosures and the impact of transitioning to a low carbon economy. The engagement activities also highlighted the importance of the issue of climate change for a number of our stakeholder groups.

Taking into account the aforementioned feedback and considering market trends, the board decided to voluntarily table a climate risk-related resolution at the group's 2020 AGMs, seeking shareholder support for our continued commitment to climate change. The resolution specifically included the following commitments:

- To continue Investec's commitment to carbon neutrality with respect to the Scope 1 and 2 emissions of direct operations
- To report annually on progress made on climate-related exposures, including disclosure of the group's exposure to fossil fuels and high-risk industries.

Independent governance agencies, Glass Lewis and ISS, evaluated the proposed climate risk-related resolution ahead of the AGMs and commended us for our proactive approach to establishing climate-related commitments and reporting.

Shareholders voted overwhelmingly in favour of the resolution, which passed with 99.95%, further highlighting the importance investors are placing on issues of environmental, social, and governance metrics. Just Share reported that we had set the new benchmark for climate risk disclosure.

The board's decision to table a climate risk-related resolution at the 2020 AGMs demonstrates our commitment to addressing climate issues, and aligns with our purpose of living in, not off, society.

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

STAKEHOLDER ENGAGEMENT AND VALUE CREATION
CONTINUED

Belonging, Inclusion and Diversity initiatives
The board's commitment to Belonging, Inclusion and Diversity (BID) at Investec continues to be a key strategic objective, with a particular focus on diversity of gender, ethnicity and age. Stakeholders such as our employees, shareholders, ESG analysts, and clients remain interested in our progress.

During this year in particular, where the world witnessed the tragic killing of George Floyd and the subsequent worldwide protests, organisations across the globe were challenged to address racial inequality. The board charged members of management with the responsibility of curating our own response.

Our first response was to engage in a series of organisation-wide conversations about ethnicity. These included team-level discussions, thought leadership pieces from the group's Multicultural Network and Zebra Crossing Initiative, and panel discussions titled, 'Let's talk about race.' Some of these sessions included Q&As with members of the board and senior management, and others involved representatives from the People & Organisation team. These conversations informed the commitments made by the board to address racial equality.

Secondly, we engaged with clients through round-table discussions about diversity. One such discussion was hosted on International Women's Day by the Chief Executive of Investec Bank plc, Ruth Leas, and the Chief Commercial Officer of Investec Wealth & Investment UK, Barbara-Ann King. Clients were asked to share what they had learnt about gender equality – and diversity more broadly – during the global COVID-19 pandemic. In South Africa, clients were invited to participate in Women in Leadership conversations with members of our staff. Once again, feedback from these conversations was shared with the board.

As a result of the above engagement with staff and clients, the board decided to:

- Launch a group-wide project to collect ethnicity data to determine our racial composition
- Propose appropriate internal targets to address under-representation, particularly at leadership levels
- Sign up to the Race at Work Charter in the UK
- Update the group's Bullying and Harassment Policy and commit to zero tolerance of bullying and harassment
- Establish a Young Leaders Council and a reverse mentoring programme (to provide additional learning for ethnic minority colleagues) to leverage intergenerational wisdom, identify strategic projects and challenge our traditional ways of working
- Focus on the United Nations Sustainable Development Goals, as they pertain to our employees, our communities and other stakeholders, with a specific emphasis on equality.

The board recognises that more has to be done to increase both gender and racial diversity, particularly at the leadership levels, in client facing roles and in decision-making forums. In addition to committing to the initiatives and actions outlined here, the board is establishing internal targets which will enable us to measure our progress.

Further information on our gender, diversity and transformation initiatives and progress can be found on pages 113 to 115 as well as in the group's 2021 sustainability and ESG supplementary report available on our website.

Mandatory Audit Firm Rotation (MAFR)
At the 2020 AGMs, the resolution to re-appoint KPMG Inc. as joint auditors of Investec Limited passed with just below an 80% majority. In light of the views expressed by shareholders, the Investec Limited Audit Committee considered the implications of mandatory audit firm rotation, the requirements of the South African Companies Act, and the implications of having joint auditors, managing audit quality and the risks inherent during a transition.

Consequently, following a comprehensive tender process, PricewaterhouseCoopers Incorporated (PwC) was nominated as one of the new joint external auditors effective 1 April 2023. The appointment of the firm and the designated audit partner is subject to regulatory approval from the Prudential Authority of South Africa. The appointment of PwC will be recommended to shareholders at the AGMs to be held in August 2022.

A formal transition process will commence during 2022 whereby the appointed firm will observe the full audit cycle performed by the incumbent joint external auditors. The appointment will be for the reporting period commencing 1 April 2023. The second rotation of the joint external auditors of Investec Limited will take place within two years from 1 April 2023, in accordance with the Mandatory Audit Firm Rotation rules as published by the Independent Regulatory Board for Auditors.

Further information on the decisions around audit firm rotation can be found on pages 102 and 109 to 110 in volume one of the Investec group's 2021 integrated annual report.

STAKEHOLDER ENGAGEMENT AND VALUE CREATION
CONTINUED

Sustainability highlights

During the year, we continued to embed ESG into our business strategy

Environmental
- Achieved net-zero direct emissions and sourced almost 100% of our Scope 2 emissions from renewables
- Invested £593 million in renewable and clean energy (2020: £610 million)
- Launched several ESG products and services.

Social
- Contributed 2.6% (2020: 2.3%) of operating profit to communities including £2.1 million to COVID-19 relief
- Maintained our Level 1 BBBEE status in South Africa
- Joined the Race at Work Charter in the UK.

Governance and regulatory
- Established an ESG Executive Committee to align sustainability activities across the organisation
- Deepened the ESG skills of the board
- Created a framework to link executive directors' remuneration to ESG KPIs.

Employees
- Enhanced our efforts on BID
- Increased the representation of females in senior leadership roles to 38% (2020: 37%)
- Achieved a seamless transition to working-from-home.

We actively participate in the UN Sustainable Development Goals

Ratings and rankings in the sustainability indices

We are proud to continue to be included in a number of world-leading indices.

Sustainability Yearbook
Member 2021
S&P Global

Top 15% in the global financial services sector of the CSA (Corporate Sustainability Assessment) Dow Jones

JSE

Top 30 in the FTSE/ JSE Responsible Investment Index

FTSE4Good

Included in the FTSE4Good Index

STOXX | QONTIGO

Included in the STOXX Emerging Markets 1500 ESG-X and the STOXX Emerging Markets Total Market Mid ESG-X

MSCI ESG RATINGS AAA
CCC | B | BB | BBB | A | AA | AAA

Top 2% scoring AAA in the financial services sector in the MSCI Global Sustainability Index

CDP
DISCLOSURE INSIGHT ACTION

Maintained a B rating against an industry average of B

SUSTAINALYTICS
a Morningstar company
RATED

Top 20% of globally assessed companies in the Global Sustainability Index

ISS ESG

Top 20% of the ISS ESG global Universe and Top 14% of diversified finance services

Awards

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

Winner of the Most Responsible Business in Africa 2020 Award in the SERAS CSR Awards Africa 2020

Ranked 55th (out of 5 500) in the Wall Street Journal Top 100 Most Sustainable Companies and 9th in the Social Category

STAKEHOLDER ENGAGEMENT AND VALUE CREATION
CONTINUED

Value creation through the Six Capitals

Inputs

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

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

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

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

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

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

Process

Our purpose
- Our purpose is to create enduring worth, living in, not off, society.

Our mission
- Investec is a distinctive bank and wealth manager, driven by commitment to our core philosophies and values
- We deliver exceptional service to our clients in the areas of banking and wealth management, striving to create long-term value for all of our stakeholders and contributing meaningfully to our people, communities and planet.

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

Corporate / Institutional / Government / Intermediary

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

Specialist Banking

Wealth & Investment

We have market-leading specialist client franchises

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

We are a people business backed by our Out of the Ordinary culture, entrepreneurial spirit

Strategic focus for the next year
- Growth initiatives: Focus on growing our client base and building new sources of revenue
- Improved cost management: Heightening the rigour with which we identify 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 business, across geographies
- Capital discipline: Adopting a more disciplined approach to capital allocation, particularly where businesses are non-core to overall long-term growth and capital strategy.

Informed by regular stakeholder engagement
Refer to pages 21 to 28

Supported by strong risk management, ESG screening and governance culture
Refer to pages 22 and 23 in volume two of the Investec group's 2021 integrated annual report

STAKEHOLDER ENGAGEMENT AND VALUE CREATION
CONTINUED

Outputs → Outcomes → SDGs

Human capital

Outputs

- Staff participating in employee wellness initiatives
  - Southern Africa: 3 390 staff participated in well-being initiatives
  - UK: 6 730 visits to the well-being hub
- Learning and development as a % of staff cost down to 1.3% due to COVID-19 (2020: 1.7%) (target: >1.5%)
- Total staff turnover:
  - Southern Africa: 5.9% (2020: 10.6%)
  - UK: 12.0% due to a restructure in the UK and Australia (2020: 13.7%)
- All employees participate in culture and values dialogues
- 48.8% female employees and 37.5% females in senior management positions.

Outcomes

- A 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.

Intellectual capital

Outputs

- Annuity income as a percentage of operating income is 77.6% (2020: 76.4%)
- Credit loss ratio of 0.35% (March 2020: 0.52%)
- Enhanced our ESG policies, processes and reporting.

Outcomes

- Diversified revenue streams that support long-term performance
- Risk management expertise leveraged to protect value
- Solid and responsible lending and investing activities.

Social and relationship capital

Outputs

- Customer accounts up 6.9% (up 2.3% in neutral currency)
- Spent £2.1 million on COVID-19 relief for communities in our jurisdictions around the world
- 2.6% community spend as a % of operating profit of which 65% was on education, entrepreneurship and job creation
- Financed more than £348 million towards student accommodation in South Africa, the UK and Europe.

Outcomes

- 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.

Natural capital

Outputs

- Our banking book fossil fuel exposures reduced to 1.13% of gross credit and counterparty exposures at March 2021 (March 2020: 1.30%)
- We are sourcing almost 100% of our Scope 2 energy from renewable sources through renewable energy certificates
- We report according to the TCFDs and Equator Principles.

Outcomes

- 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.

Technological capital

Outputs

- 17.4% of total operating costs relates to IT spend
- 20% of staff have IT specialist skills
- Swiftly enabled >95% of staff across the world to work from home during COVID-19
- Made targeted investments in AI capabilities
- Embedded new RPA technologies to optimise operations.

Outcomes

- 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.

Financial capital

Outputs

- Operating income down 9.2% to £1 641 million and adjusted earnings per share down 14.7% to 28.9p
- Core loans up 6.1% (up 1.6% in neutral currency), customer deposits up 6.9% and net inflows of £1.1 billion
- Common equity tier 1 ratio of 11.2% for Investec plc and 12.2% for Investec Limited
- Credit loss ratio decreased to 0.35% from 0.52%.

Outcomes

- Client franchises have shown resilience
- Strong balance sheet with robust capital and liquidity levels
- Increased provisioning levels and continued monitoring of credit exposures
- Made progress on strategic initiatives.

For more information on the SDGs refer to our 2021 group sustainability and ESG supplementary report
For more information on our climate disclosures refer to our TCFD report

CFO REPORT

The year in review

In unprecedented times, the group displayed unwavering resilience by proactively servicing our clients and focusing on core business fundamentals.

The first half performance, continuing from the last quarter of the prior year, was characterised by difficult and volatile market and economic conditions attributable primarily to COVID-19.

The second half showed strong earnings recovery, supported by our resilient client base, a rebound in economic activity and a greater sense of optimism spurred on by global vaccination campaigns.

Nishlan Samujh
CFO

CFO REPORT
CONTINUED

Our client engagement has been consistent and proactive, leveraging off the various digital platforms at our disposal.

The balance sheet is well provided, with stage one provisions remaining elevated relative to pre-COVID levels, with overall asset quality remaining resilient. The group credit loss ratio peaked in the second half of the 2020 financial year, followed by a stabilisation, as the macro-economic outlook improved in addition to the sound credit performance in our loan books.

Capital and liquidity ratios are strong and above respective targets, positioning the group well to benefit from sustained economic recovery.

Financial performance

Adjusted earnings per share from continuing operations for FY2021 of 28.9p was 14.7% behind the prior year, with second half earnings 58.1% ahead of the first half.

Total operating income (before impairments) declined by 9.2%, boosted by the positive impact of higher average interest earning assets, growth in FUM and the first-time inclusion of the equity accounted earnings of the group's share of Ninety One, but offset by lower interest rates, reduced client activity and elevated risk management and risk reduction costs related to our UK structured products book.

Total operating costs reduced by 1.8% year on year with fixed costs decreasing by 6.6% driven by headcount reduction and lower discretionary spending. These savings were partially offset by an increase in variable remuneration reflecting improved business momentum and continued investment in technology. The group incurred approximately £26 million in one-off restructuring costs in the period.

The group generated a return on equity (ROE) of 6.6% (FY2020: 8.3%) and a return on tangible equity (ROTE) of 7.2% (FY2020: 9.2%). An analysis of the allocation of capital and the return on equity per business and geography can be obtained on pages 41 to 43.

Net lower expected credit loss (ECL) impairment charges of £99.4 million (FY2020: £133.3 million) resulted in a credit loss ratio (CLR) of 35bps (H1 2021: 47bps, FY2020: 52bps) indicative of sound credit quality and higher recoveries.

Net asset value (NAV) per share increased by 10.5% to 458.0p (31 March 2020: 414.3p) and tangible NAV (TNAV) per share increased by 12.2% to 423.6p (31 March 2020: 377.6p).

Capital, leverage and liquidity ratios remain sound and ahead of internal board-approved minimum targets and regulatory requirements. The common equity tier (CET) 1 and leverage ratio were 12.2% and 7.6% for Investec Limited (FIRB approach), respectively, and 11.2% and 7.9% for Investec plc (standardised approach), respectively. Cash and near cash was £13.2 billion at 31 March 2021, representing 38.4% of customer deposits.

The board proposed a final dividend of 7.5p, resulting in a total dividend of 13.0p for FY2021 with a net payout ratio of 45%. The dividend has been arrived at after taking current regulatory guidance into consideration.

Segmental highlights

- The Wealth & Investment business reported growth in funds under management (FUM) of 30.4% to £58 billion (FY2020: £45 billion) reflecting market recovery, good investment performance and continued net inflows of £1.1 billion.
- Lending franchises reported positive book growth in the second half, ending the year with a 6.1% increase in core loans to £26.4 billion (FY2020: £24.9 billion). The Private Banking franchise reported higher core loans year on year supported by strong lending book growth in 2H2021. Although the corporate lending book saw improvement in the second half, overall the book ended lower than the prior year. Good client acquisition in SA and UK supported a 6.9% increase in deposits.
- Client activity within the Specialist Banking business increased since December 2020, with strong equity capital markets performance in the UK Corporate and Investment Bank.
- Group Investments include a positive impact from the inclusion of the equity accounted earnings from the group's 25% stake in Ninety One. Profit on disposal of certain investments was partly offset by the impact of COVID-19 related lockdowns on the profitability of IEP and IPF, including the impact of negative FX revaluations on Euro-denominated investments in IPF.
- Group Costs decreased by 37.7% to £33.5 million (FY2020: £53.8 million) positively impacted by the non-repeat of expenses associated with the exit of a marketing contract in the UK in the prior year.

Looking forward

We remain encouraged by the momentum we are seeing across the business. The short-term outlook is dependent on progress in containing the pandemic and the extent of economic recovery in the geographies in which we operate. While the vaccine rollout programmes in the UK and other advanced economies are pleasing, the slow progress in South Africa leaves the country vulnerable to the third wave.

Should the economic recovery currently underway persist throughout FY2022, we expect the revenue momentum experienced in the second half to continue; supported by growth in client activity and recovery of non-interest income revenue streams which were negatively impacted by COVID-19 in 1H2021. Operating costs are expected to be well managed and will also benefit from significant restructurings effected in the prior year. ECL is expected to remain within the through-the-cycle range of 30bps – 40bps. The group expects FY2022 adjusted earnings per share to improve from the reported 28.9p to between 36p and 41p.

The group remains committed to achieving a 12% to 16% ROE (Investec Limited: 15% to 18% and Investec plc: 11% to 15%) in the medium term.

Capital allocation efforts are expected to result in excess capital as we optimise the investment portfolio and complete our migration to AIRB in the South African business.

At the start of the 2021 financial year, we embarked on an extensive process to simplify our external reporting. This initiative was driven by requests from key Investec stakeholders to provide simplified and more transparent disclosure. During the current year, efforts were focused on the simplicity and relevance of the information provided in the analyst book and to improve the general clarity of the annual report. This is however a multi-year process that will require ongoing consultation with stakeholders. Management remains committed to improving this process.

On behalf of the board of Investec plc and Investec Limited

Nishlan Samujh
Group Finance Director

CFO REPORT
CONTINUED

Financial highlights	**FY2021**	FY2020	Variance	% change	Neutral currency % change
Total operating income before expected credit losses (£'m)	1 641.1	1 806.8	(166.0)	(9.2%)	(4.4%)
Operating costs (£'m)	(1 164.5)	(1 186.4)	22.0	(1.8%)	2.4%
Adjusted operating profit (£'m)	377.6	419.2	(41.6)	(9.9%)	(2.4%)
Adjusted earnings attributable to shareholders (£'m)	268.3	320.7	(52.4)	(16.3%)	(8.7%)
Adjusted basic earnings per share (pence)	28.9	33.9	(5.0)	(14.7%)	(7.1%)
Basic earnings per share (pence)	25.2	17.5	7.7	44.0%	58.9%
Headline earnings per share (pence)	26.6	21.5	5.1	23.7%	37.2%
Dividend per share (pence)[1]	13.0	11.0	2.0	18.2%	n/a
Dividend payout ratio[1]	45.0%	38.0%			
CLR (credit loss ratio)	0.35%	0.52%			
Cost to income ratio	70.9%	68.2%			
ROE (return on equity)	6.6%	8.3%			
ROTE (return on tangible equity)	7.2%	9.2%			

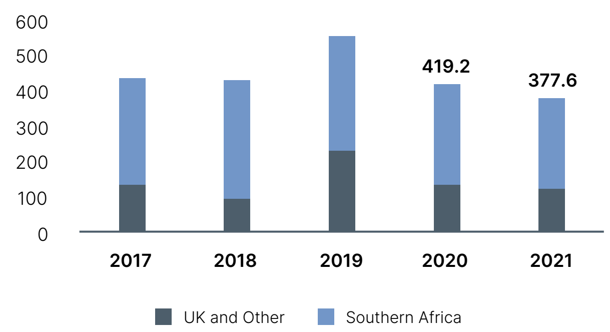
1. The FY2020 dividend per share and dividend payout ratio reflected above were prior to the demerger of the asset management business (Ninety One) and reflect the interim dividend per share; the board did not declare a final 2020 ordinary dividend in light of regulatory guidance provided to banks in both South Africa and the UK.

We have a diversified business model

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

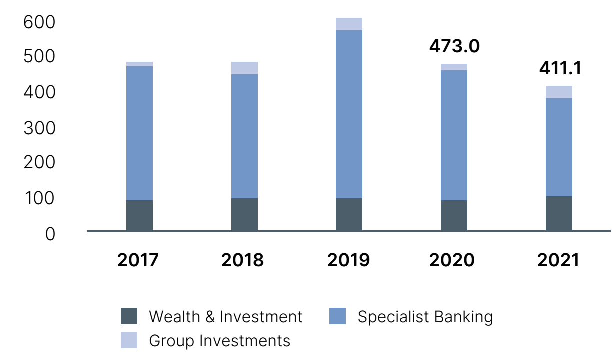
Adjusted operating profit (including group costs)

£'million



Adjusted operating profit (excluding group costs)

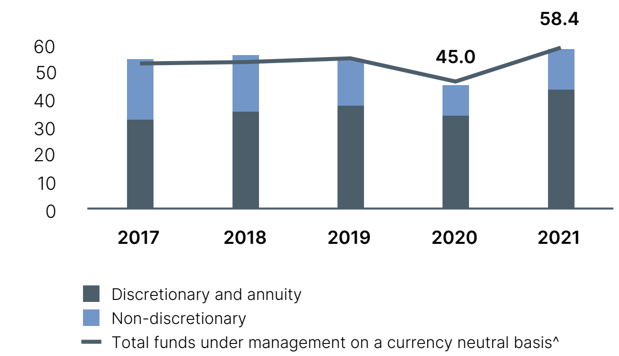
£'million



We continue to grow our key earnings drivers, underpinned by our resilient client franchises

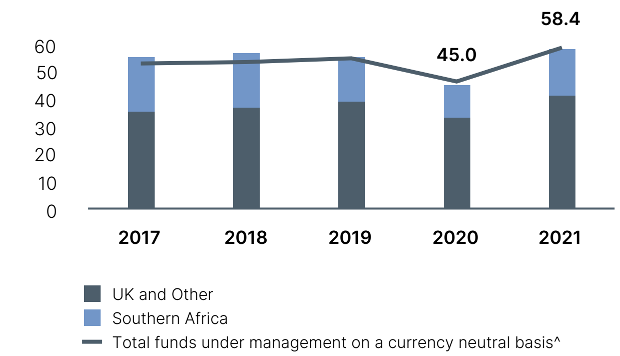
Funds under management

£'billion



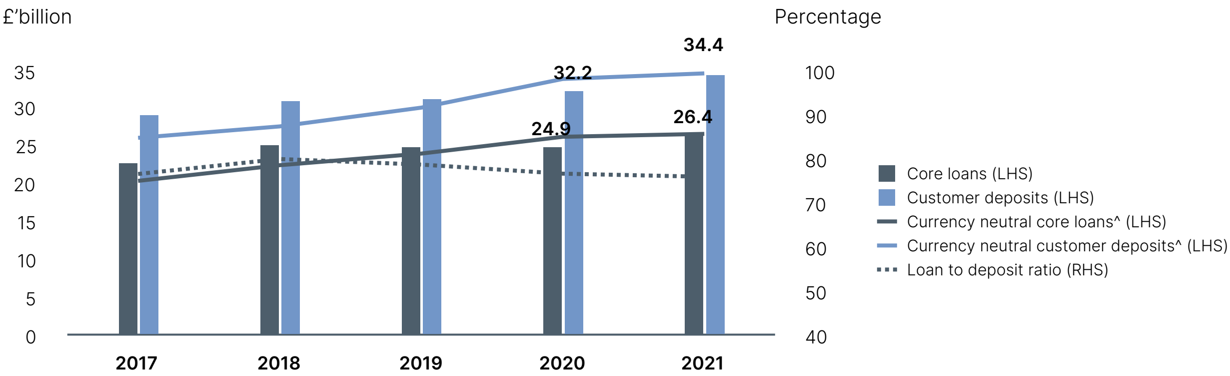
Funds under management by geography

£'billion



CFO REPORT
CONTINUED

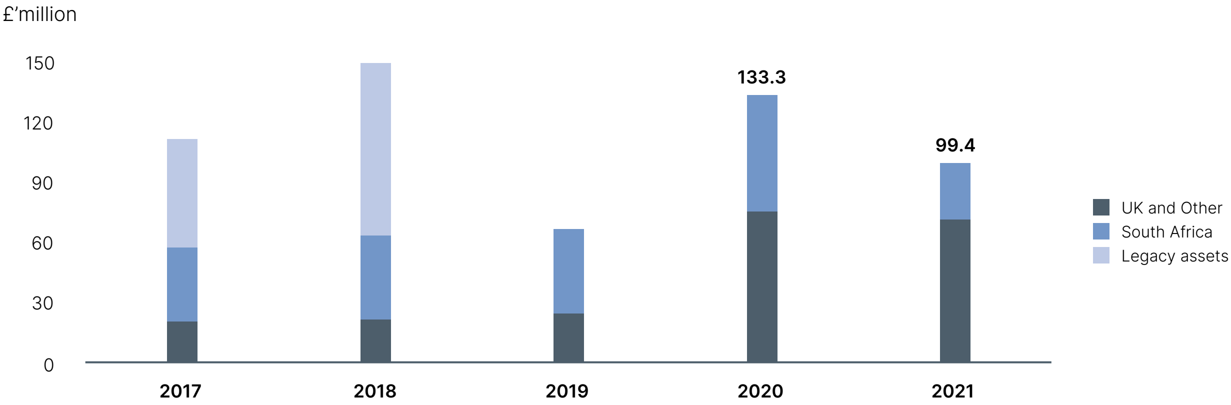
Core loans and customer deposits



^ This trend line is shown on a currency neutral basis using the closing Rand: Pound Sterling exchange rate applicable at 31 March 2021.

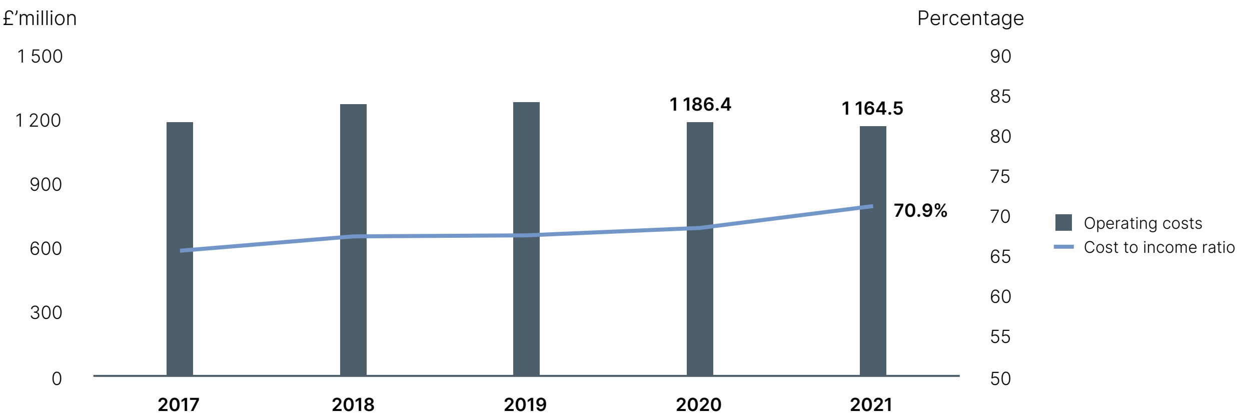
Lower credit losses reflect robust credit quality and higher recoveries in the current period

Expected credit loss impairment charges



Costs were well managed, in line with our strategic priority; lower revenue impacting cost to income ratio

Operating costs and cost to income ratio



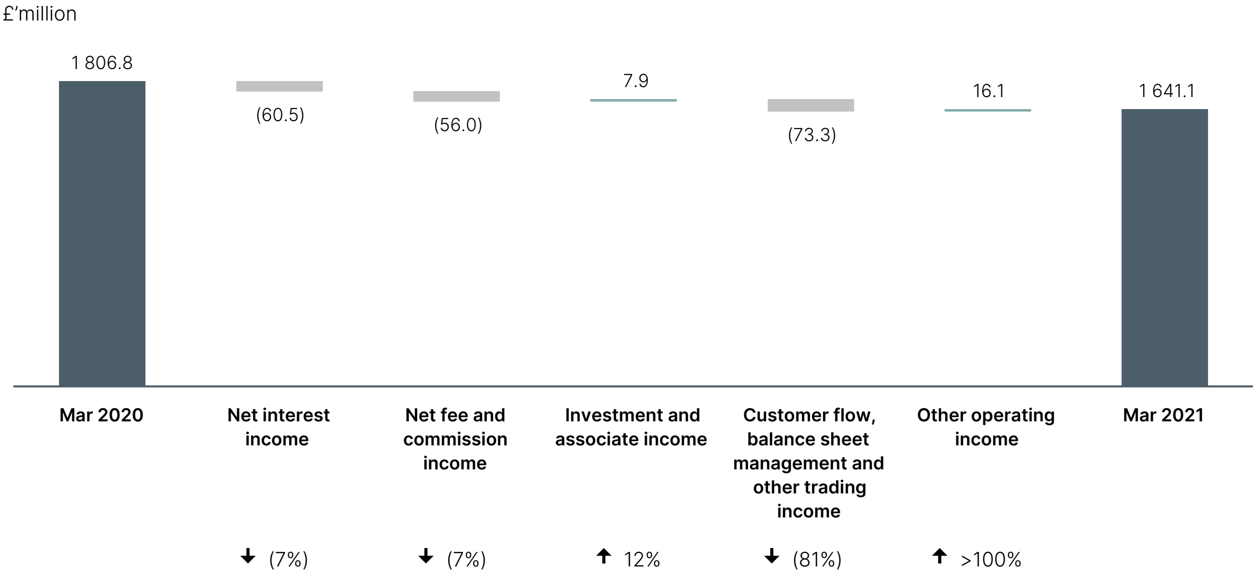
CFO REPORT
CONTINUED

Income statement analysis

The overview that follows highlights the main reasons for the variance in the major category line items on the face of the income statement for the year under review. The analysis is performed on the continuing operations (excluding the consolidated results of Ninety One for the period 1 April 2019 to 13 March 2020; but including the equity accounted earnings from 13 March 2020 (date of demerger)). Unless stated otherwise, comparatives relate to the group's continuing operations for the year ended 31 March 2020 (FY2020).

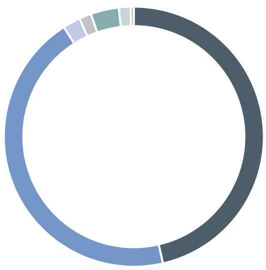
Total operating income before expected credit loss impairment charges

Total operating income before expected credit loss impairment charges decreased 9.2% to £1 641.1 million (2020: £1 806.8 million).



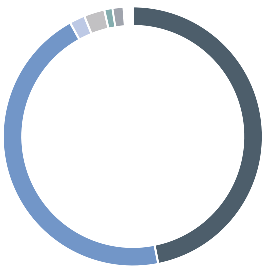
Percentage of total operating income before expected credit losses

31 March 2020
£1 806.8 million total operating income before expected credit loss impairment charges



Net interest income	46.4%
Net fee and commission income	44.5%
Investment income	2.2%
Share of post-taxation profit of associates and joint venture holdings	1.5%
Trading income arising from customer flow	3.5%
Trading income arising from balance sheet management and other trading activities	1.5%
Other operating income	0.4%

31 March 2021
£1 641.1 million total operating income before expected credit loss impairment charges



Net interest income	47.4%
Net fee and commission income	45.6%
Investment income	2.0%
Share of post-taxation profit of associates and joint venture holdings	2.6%
Trading income arising from customer flow	2.2%
Trading income arising from balance sheet management and other trading activities	(1.2%)
Other operating income	1.4%

CFO REPORT
CONTINUED

- Net interest income decreased by 7.2% to £778.1 million (FY2020: £838.6 million) favourably impacted by higher average interest earning assets relative to prior year and negatively impacted by lower interest rates and increased liquidity levels at the height of COVID-19. Net interest margin was 1.71% (FY 2020: 1.93%) in the South African business and 1.90% (FY 2020: 2.02%) for the UK business.
- Net fee and commission income declined by 7.0% to £748.9 million (FY2020: £804.9 million). Fees in the Wealth & Investment business increased by 1.6% driven by organic growth in FUM in the current and prior year, increased transaction volumes and the associated repositioning of client portfolios, partially offset by lower interest rates. Fees in the Specialist Banking business were impacted primarily by lower lending and transactional activity relative to the prior year, while Group Investment fees reflected lower rental income from IPF and significant non-repeat fees in the UK in the prior year.
- Investment income decreased by 18.5% to £32.0 million (FY2020: £39.3 million) primarily reflecting the negative impact of COVID-19 on investment property valuations in IPF and higher realisation gains, dividend income and unrealised equity revaluations in the prior year (within the South African Private Bank) which did not repeat.
- Share of post-taxation profit of associates and joint venture holdings increased by 55.8% to £42.5 million (FY2020: £27.2 million) positively impacted by the inclusion of associate earnings from the group's 25% holding in Ninety One and negatively impacted by lower earnings from the IEP Group due to lockdown and the non-repeat of a realisation in the prior year.
- Trading income arising from customer flow declined by 43.8% to £35.6 million (FY2020: £63.3 million) driven by elevated risk management and risk reduction costs related to the UK structured products book. The base effect from fair value losses in the prior year and positive fair value adjustments in the current year on certain portfolios had a favourable effect.
- Trading income arising from balance sheet management and other trading activities netted a loss of £18.9 million from a profit of £26.7 million in FY2020. The loss was driven primarily by the mark-to-market movement on interest rate and foreign exchange swaps.
- Other operating income of £23.0 million (FY2020: £6.9 million) reflects the fair value movements of the Ninety One shares held in the group's staff share scheme. These shares are reflected on the group's balance sheet in other assets. The corresponding liability is reflected in other liabilities with changes in the value of the liability expensed through staff costs in operating costs.

Expected credit loss impairment charges

Impairments declined by 25.4% to £99.4 million (FY2020: £133.3 million) and the CLR reduced from 52bps at FY2020 to 35bps at FY2021 driven primarily by the impact of muted book growth on Stage 1 and 2 ECLs and higher recoveries in South Africa.

In South Africa, the Stage 1 coverage ratio remained relatively flat at 0.38% (31 March 2020: 0.39%). The Stage 2 coverage ratio declined to 2.7% (31 March 2020: 2.8%) driven by the positive impact of the updated macro-economic assumptions applied in our models. Despite an increase in Stage 3 specific impairments, the coverage ratio declined to 17.8% (31 March 2020: 42.1%) due to some highly collateralised deals migrating from Stage 2 and specific exposures with higher provision coverage written off in the current year.

In the UK, the Stage 1 coverage ratio reduced to 0.26% (31 March 2020: 0.35%). The Stage 2 coverage ratio decreased from 5.4% at FY2020 to 3.4% as a significant proportion of the exposures that migrated into Stage 2 were from lower risk exposures, transferred into Stage 2 based on the deteriorating forward-looking view on their credit performance under current macro-economic expectations rather than specific credit concerns. The Stage 3 coverage ratio increased to 30.4% (31 March 2020: 28.2%) notwithstanding a decrease in overall Stage 3 exposure.

£'000	**31 March 2021**	31 March 2020	Variance	% change
UK and Other	(71 202)	(75 813)	4 611	(6.1%)
Southern Africa	(28 236)	(57 488)	29 252	(50.9%)
ECL impairment charges	**(99 438)**	**(133 301)**	**33 863**	**(25.4%)**
ECL impairment charges in home currency				
Southern Africa (R'million)	**(621)**	**(1 109)**	**488**	**(44.0%)**

£'000	**31 March 2021**	31 March 2020
ECL impairment charges are recognised on the following assets:		
Loans and advances to customers	88 470	126 301
Own originated loans and advances to customers securitised	407	317
Core loans	**88 877**	**126 618**
Other loans and advances	(70)	(33)
Other balance sheet assets	4 780	3 696
Off-balance sheet commitments and guarantees	5 851	3 020
ECL impairment charges	**99 438**	**133 301**

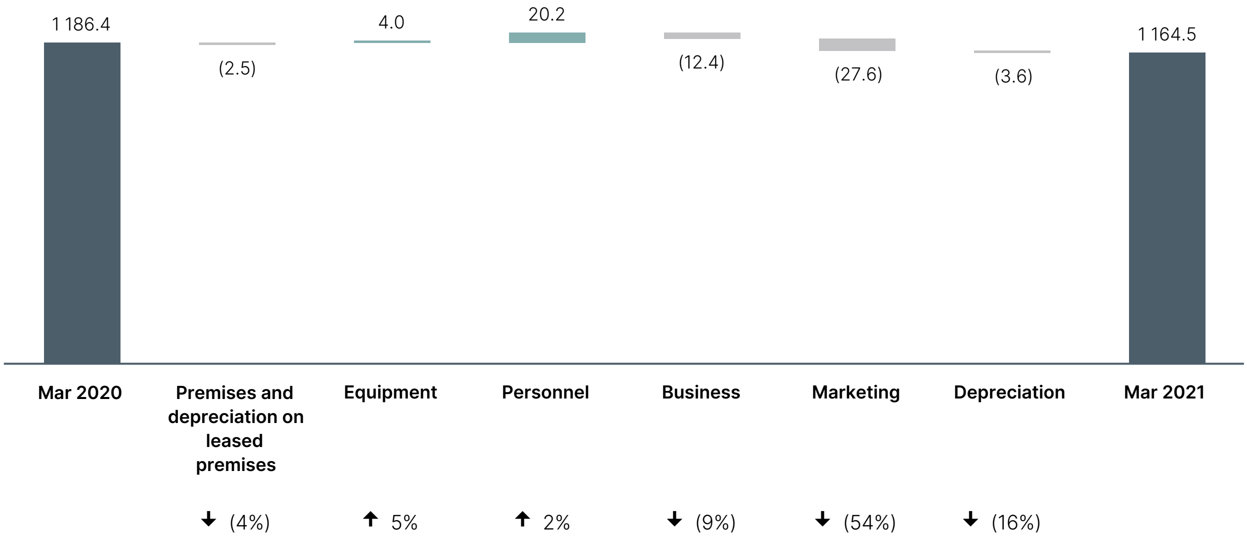
CFO REPORT
CONTINUED

Operating costs

Operating costs decreased by 1.8% to £1 164.5 million (2020: £1 186.4 million), driven by a reduction in headcount and discretionary expenditure, partially offset by higher variable remuneration due to positive business momentum, employee benefit costs related to Ninety One shares held in the group's staff share scheme and the first-time consolidation of a European logistics property asset management company acquired in the last quarter of FY2020. The group incurred approximately £26 million of one-off restructuring costs in the period. Fixed costs reduced by 6.6%, while variable costs increased by 25.5%, reflecting a level of normalisation in line with improving revenue trends. Despite the decrease in operating costs, the cost to income ratio is above the prior period at 70.9% (2020: 68.2%) as a result of the aforementioned pressures on revenue.

Operating costs

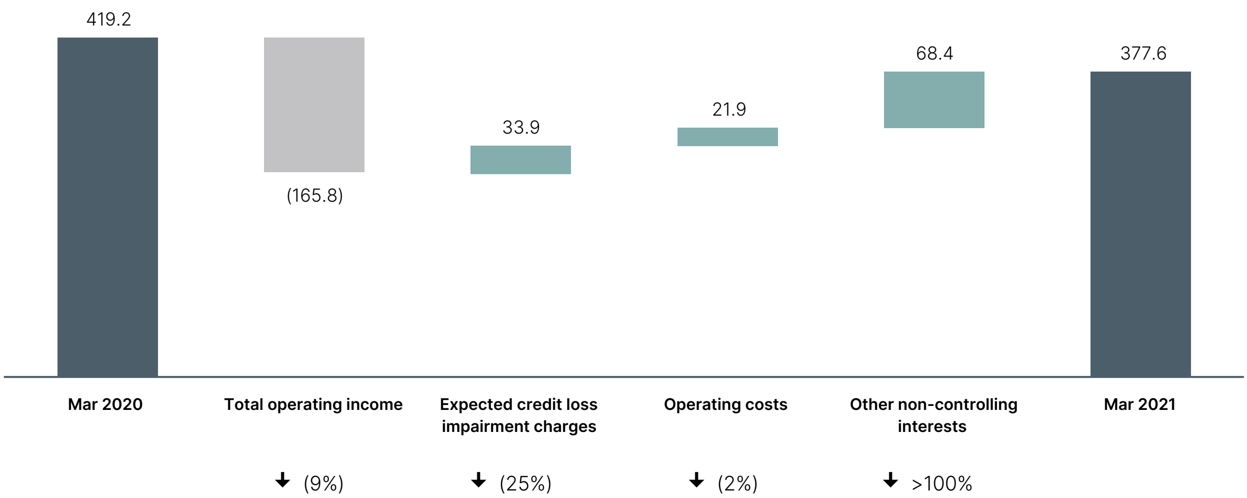
£'million



Adjusted operating profit

As a result of the foregoing factors, adjusted operating profit from continuing operations decreased by 9.9% from £419.2 million to £377.6 million.

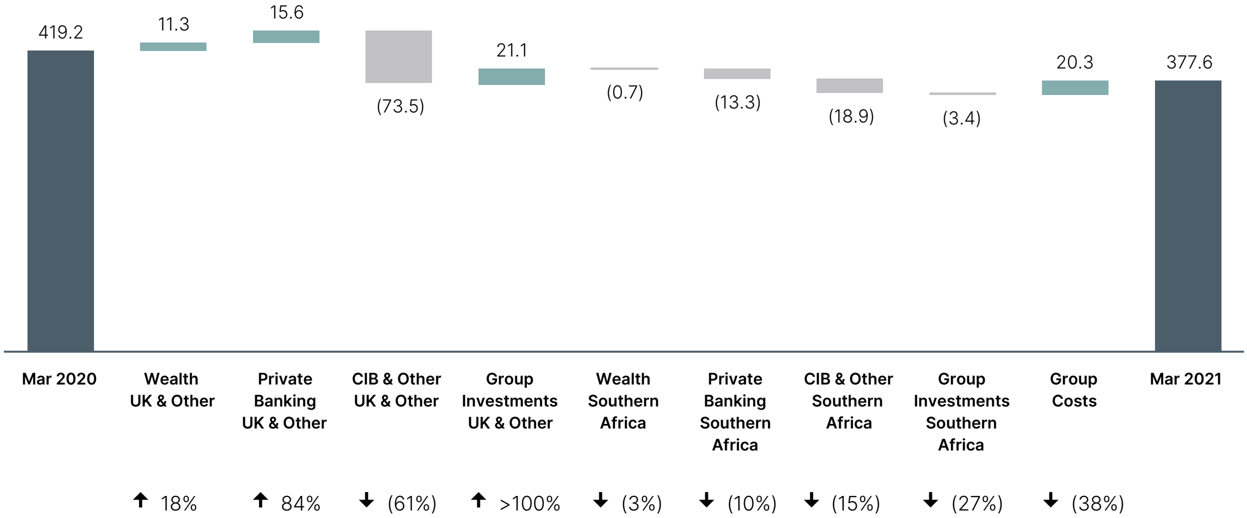
£'million



CFO REPORT
CONTINUED

Adjusted operating profit by business and geography

£'million



Goodwill and intangible assets
Impairment of goodwill of £11.6 million (2020: £0.1 million) relates to Investec Ireland. Goodwill has been written off as a result of the change in business following the Brexit impact and as such there is limited linkage remaining between the business acquisition which gave rise to the goodwill and the ongoing business in Ireland.

Impairment of associates and joint venture holdings of £16.8 million relates to an impairment of IPF's investment in a UK property fund prior to its sale in March, as well as an impairment of the group's investment in the IEP Group. The prior year amount of £45.4 million related to an impairment of the group's investment in the IEP Group.

Amortisation of acquired intangibles of £15.3 million (2020: £15.7 million) relates mainly to the amortisation of amounts attributable to client relationships in the Wealth & Investment business, while amortisation of acquired intangibles of associates of £9.3 million (2020: £0.4 million) predominantly relates to the amortisation of amounts attributable to client relationships included in the carrying value of the Ninety One investment in associate on the balance sheet.

Other balance sheet movements in goodwill and acquired intangibles since 31 March 2020 are predominantly due to the appreciation of the Rand.

Taxation
The taxation charge on adjusted operating profit from continuing operations was £74.5 million (2020: £54.7 million), resulting in an effective tax rate of 22.3% (2020: 11.9%). The increase was due to normalisation of the effective tax rate in South Africa and the non-repeat of losses incurred in the UK in FY2020 related to certain strategic actions.

Profit or loss attributable to other non-controlling interests and non-controlling interests share of associate impairment
The (loss)/profit attributable to other non-controlling interests of £0.5 million (FY2020: profit of £68.0 million) relates to the (loss)/profit attributable to non-controlling interests in IPF. The non-controlling interests share of associate impairment of £9.1 million relates to the impairment to transaction price for the sale of IPF's associate investment in the UK.

Discontinued operations
There were no discontinued operations for FY2021. Discontinued operations in the comparative period reflect the asset management business which was demerged and separately listed as Ninety One in March 2020.

Factoring in the significant gain from the demerger in the prior year, basic EPS from continuing and discontinued operations reduced to 25.2p (FY2020: 115.3p).

Earnings from the group's 25% holding in Ninety One have been equity accounted and included in share of post-taxation profit of associates and joint venture holdings within continuing operations for FY2021.

CFO REPORT
CONTINUED

Balance sheet analysis
Since 31 March 2020:

- Ordinary shareholders’ equity increased by 9.6% to £4.2 billion driven by an increase in net retained earnings.
- NAV per share increased by 10.5% to 458.0p and TNAV per share (which excludes goodwill, software, and other intangible assets) increased by 12.2% to 423.6p.
- The group generated an ROE and ROTE of 6.6% (FY2020: 8.3%) and 7.2% (FY2020: 9.2%).
- Net core loans increased by 6.1% to £26.4 billion year on year. The South African book was marginally down in Rands at R287.3 billion, while in the UK, net core loans grew by 3.9% to £12.3 billion (or 8.7% excluding Australia).

Funding and liquidity
Customer deposits grew by 6.9% to £34.4 billion (31 March 2020: £32.2 billion). Cash and near cash of £13.2 billion (£6.9 billion in Investec plc and R129.8 billion in Investec Limited) at 31 March 2021 represents approximately 38.4% of customer deposits. Loans and advances to customers as a percentage of customer deposits was 75.6%.

The group comfortably exceeds Basel liquidity requirements for the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

- Investec Bank Limited (consolidated group) ended the period to 31 March 2021 with the three-month average of its LCR at 164.0% and an NSFR of 113.3%.
- For Investec plc 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 2021 was 440% and the internally calculated NSFR was 129% at 31 March 2021. Excluding the sale of the Australian business, the LCR and NSFR were 335% and 126%.

Capital adequacy and leverage ratios
The group maintained capital and leverage ratios ahead of both internal board-approved minimum targets and regulatory requirements. At 31 March 2021, the common equity tier 1 (CET1) ratio and leverage ratio for Investec Limited (FIRB approach) were 12.2% and 7.6%, respectively. The CET1 ratio and leverage ratio for Investec plc (standardised approach) were 11.2% and 7.9%, respectively.

The group targets 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 each of Investec plc and Investec Limited, respectively.

Investec Limited has received approval from the Prudential Authority to adopt the Advanced Internal Ratings Based (AIRB) approach for the SME and Corporate models, effective 1 April 2021. As a result, the pro-forma AIRB CET1 ratio was 12.8% at 31 March 2021, an approximate 60bps uplift on FIRB. We are working towards further adoption of AIRB on certain remaining portfolios and expect a further 100bps to 150bps uplift to the CET1 ratio.

CFO REPORT
CONTINUED

Additional financial information

Return on equity

Continuing operations £'000	31 March 2021	31 March 2020	Average	31 March 2019	Average
Ordinary shareholders' equity	**4 234 997**	**3 862 305**	**4 048 651**	**3 917 960**	**3 871 201**
Goodwill and intangible assets (excluding software)	(318 773)	(342 282)	(330 528)	(368 352)	(392 949)
Tangible ordinary shareholders' equity	**3 916 224**	**3 520 023**	**3 718 123**	**3 549 608**	**3 478 252**

Continuing operations £'000	31 March 2021	31 March 2020
Operating profit before goodwill, acquired intangibles and strategic actions	377 110	487 111
Non-controlling interests	472	(67 952)
Earnings attributable to perpetual preference and Other Additional Tier 1 security holders (other equity holders)	(34 774)	(43 819)
Adjusted earnings (pre-tax)	**342 808**	**375 340**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(74 539)	(54 690)
Adjusted earnings attributable to ordinary shareholders	**268 269**	**320 650**
Pre-tax return on average shareholders' equity (pre-tax ROE)	8.5%	9.7%
Post-tax return on average shareholders' equity (post-tax ROE)	**6.6%**	**8.3%**
Pre-tax return on average tangible shareholders' equity (pre-tax ROTE)	9.2%	10.8%
Post-tax return on average tangible shareholders' equity (post-tax ROTE)	**7.2%**	**9.2%**

Return on equity by geography

£'000	UK and Other	Southern Africa	Total
Operating profit before goodwill, acquired intangibles and strategic actions	125 122	251 988	377 110
Non-controlling interests	861	(389)	472
Earnings attributable to other equity holders	(17 226)	(17 548)	(34 774)
Adjusted earnings (pre-tax)	**108 757**	**234 051**	**342 808**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(24 243)	(50 296)	(74 539)
Adjusted earnings attributable to ordinary shareholders – 31 March 2021	**84 514**	**183 755**	**268 269**
Adjusted earnings attributable to ordinary shareholders – 31 March 2020	116 752	203 898	320 650
Ordinary shareholders' equity – 31 March 2021	**2 109 588**	**2 125 409**	**4 234 997**
Goodwill and intangible assets (excluding software)	(303 117)	(15 656)	(318 773)
Tangible ordinary shareholders' equity – 31 March 2021	**1 806 471**	**2 109 753**	**3 916 224**
Ordinary shareholders' equity – 31 March 2020	**2 076 961**	**1 785 344**	**3 862 305**
Goodwill and intangible assets (excluding software)	(325 294)	(16 988)	(342 282)
Tangible ordinary shareholders' equity – 31 March 2020	**1 751 667**	**1 768 356**	**3 520 023**
Average ordinary shareholders' equity – 31 March 2021	**2 093 275**	**1 955 376**	**4 048 650**
Average ordinary shareholders' equity – 31 March 2020	1 960 029	1 911 171	3 871 200
Average tangible ordinary shareholders' equity – 31 March 2021	**1 779 068**	**1 939 055**	**3 718 123**
Average tangible ordinary shareholders' equity – 31 March 2020	1 586 799	1 891 453	3 478 252
Post-tax ROE – 31 March 2021	**4.0%**	**9.4%**	**6.6%**
Post-tax ROE – 31 March 2020	6.0%	10.7%	8.3%
Post-tax ROTE – 31 March 2021	**4.8%**	**9.5%**	**7.2%**
Post-tax ROTE – 31 March 2020	7.4%	10.8%	9.2%
Pre-tax ROE – 31 March 2021	**5.2%**	**12.0%**	**8.5%**
Pre-tax ROE – 31 March 2020	5.9%	13.6%	9.7%
Pre-tax ROTE – 31 March 2021	**6.1%**	**12.1%**	**9.2%**
Pre-tax ROTE – 31 March 2020	7.3%	13.7%	10.8%

CFO REPORT
CONTINUED

Return on equity by business and geography

£'000	Specialist Bank UK and Other: Private Banking	Specialist Bank UK and Other: Corporate, Investment Banking & Other	Specialist Bank UK and Other: Total	Specialist Bank Southern Africa: Private Banking	Specialist Bank Southern Africa: Corporate, Investment Banking & Other	Specialist Bank Southern Africa: Total	Group Investments: UK and Other	Group Investments: Southern Africa	Group Investments: Total
Adjusted operating profit	**(3 012)**	**47 799**	**44 787**	**123 434**	**108 049**	**231 483**	**25 142**	**9 243**	**34 385**
Notional return on regulatory capital	8 015	(14 986)	(6 971)	14 986	(16 310)	(1 324)	—	—	—
Notional cost of statutory capital	—	8 623	8 623	(2 747)	2 747	—	—	—	—
Cost of subordinated debt	(5 133)	5 900	767	(7 696)	8 175	479	—	—	—
Earnings attributable to other equity holders	(3 325)	(13 404)	(16 729)	(4 985)	(12 358)	(17 343)	—	—	—
Adjusted earnings (pre-tax) – 2021	**(3 455)**	**33 932**	**30 477**	**122 992**	**90 303**	**213 295**	**25 142**	**9 243**	**34 385**
Tax on operating profit before goodwill, acquired intangibles and strategic actions	656	(12 947)	(12 291)	(24 598)	(20 846)	(45 444)	—	(676)	(676)
Adjusted earnings attributable to ordinary shareholders – 2021	**(2 799)**	**20 985**	**18 186**	**98 394**	**69 457**	**167 851**	**25 142**	**8 567**	**33 709**
Adjusted earnings (pre-tax) – 2020	**(19 099)**	**106 295**	**87 196**	**136 304**	**100 022**	**236 326**	**4 091**	**12 633**	**16 724**
Adjusted earnings attributable to ordinary shareholders – 2020	**(15 470)**	**110 442**	**94 972**	**110 406**	**78 034**	**188 440**	**4 091**	**9 208**	**13 299**
Ordinary shareholders' equity – 31 March 2021	**445 261**	**1 049 852**	**1 495 113**	**801 171**	**997 112**	**1 798 283**	**227 194**	**290 773**	**517 967**
Goodwill and intangible assets (excluding software)	—	(13 518)	(13 518)	—	(13 882)	(13 882)	—	—	—
Tangible ordinary shareholders' equity – 31 March 2021	**445 261**	**1 036 334**	**1 481 595**	**801 171**	**983 230**	**1 784 401**	**227 194**	**290 773**	**517 967**
Ordinary shareholders' equity – 31 March 2020	**391 830**	**1 186 874**	**1 578 704**	**729 066**	**740 624**	**1 469 690**	**97 640**	**291 085**	**388 725**
Goodwill and intangible assets (excluding software)	—	(24 866)	(24 866)	—	(15 357)	(15 357)	—	—	—
Tangible ordinary shareholders' equity – 31 March 2020	**391 830**	**1 162 008**	**1 553 838**	**729 066**	**725 267**	**1 454 333**	**97 640**	**291 085**	**388 725**
Average ordinary shareholders' equity – 2021	**418 546**	**1 118 363**	**1 536 909**	**765 118**	**868 868**	**1 633 986**	**162 417**	**290 929**	**453 346**
Average ordinary shareholders' equity – 2020	**370 279**	**1 150 597**	**1 520 876**	**700 997**	**871 801**	**1 572 798**	**48 820**	**315 758**	**364 578**
Average tangible ordinary shareholders' equity – 2021	**418 544**	**1 099 171**	**1 517 715**	**765 118**	**854 249**	**1 619 367**	**162 417**	**290 929**	**453 346**
Average tangible ordinary shareholders' equity – 2020	**370 279**	**1 089 311**	**1 459 590**	**700 997**	**853 858**	**1 554 855**	**48 820**	**315 758**	**364 578**
Pre-tax ROE – 31 March 2021	**(0.8%)**	**3.0%**	**2.0%**	**16.1%**	**10.4%**	**13.1%**	**15.5%**	**3.2%**	**7.6%**
Pre-tax ROE – 31 March 2020	(5.2%)	9.2%	5.7%	19.4%	11.5%	15.0%	8.4%	4.0%	4.6%
Post-tax ROE – 31 March 2021	**(0.7%)**	**1.9%**	**1.2%**	**12.9%**	**8.0%**	**10.3%**	**15.5%**	**2.9%**	**7.4%**
Post-tax ROE – 31 March 2020	(4.2%)	9.6%	6.2%	15.7%	9.0%	12.0%	8.4%	2.9%	3.6%
Pre-tax ROTE – 31 March 2021	**(0.8%)**	**3.1%**	**2.0%**	**16.1%**	**10.6%**	**13.2%**	**15.5%**	**3.2%**	**7.6%**
Pre-tax ROTE – 31 March 2020	(5.2%)	9.8%	6.0%	19.4%	11.7%	15.2%	8.4%	4.0%	4.6%
Post-tax ROTE – 31 March 2021	**(0.7%)**	**1.9%**	**1.2%**	**12.9%**	**8.1%**	**10.4%**	**15.5%**	**2.9%**	**7.4%**
Post-tax ROTE – 31 March 2020	(4.2%)	10.1%	6.5%	15.7%	9.1%	12.1%	8.4%	2.9%	3.6%

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

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

CFO REPORT
CONTINUED

Wealth & Investment			Group costs			Wealth & Investment goodwill adjustment^			Total group		
UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total
74 340	26 119	100 459	(18 286)	(15 246)	(33 532)	—	—	—	125 983	251 599	377 582
6 971	1 324	8 295	—	—	—	—	—	—	—	—	—
(8 623)	—	(8 623)	—	—	—	—	—	—	—	—	—
(767)	(479)	(1 246)	—	—	—	—	—	—	—	—	—
(497)	(205)	(702)	—	—	—	—	—	—	(17 226)	(17 548)	(34 774)
71 424	26 759	98 183	(18 286)	(15 246)	(33 532)	—	—	—	108 757	234 051	342 808
(15 426)	(7 225)	(22 651)	3 474	3 049	6 523	—	—	—	(24 243)	(50 296)	(74 539)
55 998	19 534	75 532	(14 812)	(12 197)	(27 009)	—	—	—	84 514	183 755	268 269
61 047	27 851	88 898	(36 288)	(17 516)	(53 804)	—	—	—	116 046	259 294	375 340
47 082	20 613	67 695	(29 393)	(14 363)	(43 756)	—	—	—	116 752	203 898	320 650
228 231	36 353	264 584	—	—	—	159 050	—	159 050	2 109 588	2 125 409	4 234 997
(130 549)	(1 774)	(132 323)	—	—	—	(159 050)	—	(159 050)	(303 117)	(15 656)	(318 773)
97 682	34 579	132 261	—	—	—	—	—	—	1 806 471	2 109 753	3 916 224
241 567	24 569	266 136	—	—	—	159 050	—	159 050	2 076 961	1 785 344	3 862 305
(141 378)	(1 631)	(143 009)	—	—	—	(159 050)	—	(159 050)	(325 294)	(16 988)	(342 282)
100 189	22 938	123 127	—	—	—	—	—	—	1 751 667	1 768 356	3 520 023
234 899	30 461	265 360	—	—	—	159 050	—	159 050	2 093 275	1 955 376	4 048 651
231 283	22 615	253 898	—	—	—	159 050	—	159 050	1 960 029	1 911 171	3 871 200
98 936	28 759	127 695	—	—	—	—	—	—	1 779 068	1 939 055	3 718 123
78 389	20 840	99 228	—	—	—	—	—	—	1 586 799	1 891 453	3 478 252
30.4%	87.8%	37.0%	—	—	—	—	—	—	5.2%	12.0%	8.5%
26.4%	123.2%	35.0%	—	—	—	—	—	—	5.9%	13.6%	9.7%
23.8%	64.1%	28.5%	—	—	—	—	—	—	4.0%	9.4%	6.6%
20.4%	91.1%	26.7%	—	—	—	—	—	—	6.0%	10.7%	8.3%
72.2%	93.0%	76.9%	—	—	—	—	—	—	6.1%	12.1%	9.2%
77.9%	133.6%	89.6%	—	—	—	—	—	—	7.3%	13.7%	10.8%
56.6%	67.9%	59.2%	—	—	—	—	—	—	4.8%	9.5%	7.2%
60.1%	98.9%	68.2%	—	—	—	—	—	—	7.4%	10.8%	9.2%

CFO REPORT
CONTINUED

Exchange rates

Our reporting currency is Pound 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 Pound 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 Pound Sterling over the period.

	31 March 2021		31 March 2020	
Currency per £1.00	**Closing**	**Average**	Closing	Average
South African Rand	20.36	21.33	22.15	18.78
Australian Dollar	1.81	1.82	2.03	1.87
Euro	1.17	1.12	1.13	1.15
US Dollar	1.38	1.31	1.24	1.27

Exchange rates between local currencies and Pound 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 13.6% against the comparative 12-month period ended 31 March 2020, and the closing rate has appreciated by 8.1% since 31 March 2020. The following tables provide an analysis of the impact of the Rand on our reported numbers.

	Results in Pound Sterling					Results in Rands		
Total group excluding discontinued operations	**Year to 31 March 2021**	Year to 31 March 2020	% change	**Neutral currency^ Year to 31 March 2021**	Neutral currency % change	**Year to 31 March 2021**	Year to 31 March 2020	% change
Adjusted operating profit before taxation (million)	£378	£419	(9.9%)	£409	(2.4%)	R8 202	R7 779	5.4%
Earnings attributable to shareholders (million)	£268	£210	27.6%	£294	40.0%	R5 715	R3 783	51.1%
Adjusted earnings attributable to shareholders (million)	£268	£321	(16.3%)	£293	(8.7%)	R5 710	R5 949	(4.0%)
Adjusted earnings per share	28.9p	33.9p	(14.7%)	31.5p	(7.1%)	614c	629c	(2.4%)
Basic earnings per share	25.2p	17.5p	44.0%	27.8p	58.9%	538c	312c	70.2%
Headline earnings per share	26.6p	21.5p	23.7%	29.5p	37.2%	568c	399c	42.4%

	Results in Pound Sterling					Results in Rands		
Total group including discontinued operations	**Year to 31 March 2021**	Year to 31 March 2020	% change	**Neutral currency^ Year to 31 March 2021**	Neutral currency % change	**Year to 31 March 2021**	Year to 31 March 2020	% change
Adjusted operating profit before taxation (million)	£378	£609	(38.0%)	£409	(32.8%)	R8 202	R11 307	(27.5%)
Earnings attributable to shareholders (million)	£268	R1 135	(76.4%)	£294	(74.1%)	R5 715	R21 938	(73.9%)
Adjusted earnings attributable to shareholders (million)	£268	£440	(39.1%)	£293	(33.4%)	R5 710	R8 198	(30.3%)
Adjusted earnings per share	28.9p	46.5p	(37.8%)	31.5p	(32.3%)	614c	867c	(29.2%)
Basic earnings per share	25.2p	115.3p	(78.1%)	27.8p	(75.9%)	538c	2 232c	(75.9%)
Headline earnings per share	26.6p	29.2p	(8.9%)	29.5p	1.0%	568c	536c	6.0%
Dividend per share**	13.0p	11.0p	18.2%	n/a	n/a	262c	211c	24.2%

^ For income statement items we have used the average Rand: Pound Sterling exchange rate that was applied in the prior period, i.e. 18.78.
** In light of regulatory guidance provided to banks in both South Africa and the UK, the board decided not to declare a final ordinary dividend for the 2020 financial year, resulting in a full year dividend of 11.0 pence per ordinary share.

CFO REPORT
CONTINUED

	Results in Pound Sterling					Results in Rands		
	At 31 March 2021	At 31 March 2020	% change	**Neutral currency^^ At 31 March 2021**	Neutral currency % change	**At 31 March 2021**	At 31 March 2020	% change
Net asset value per share	458.0p	414.3p	10.5%	452.9p	9.3%	9 326c	9 178c	1.6%
Net tangible asset value per share	423.6p	377.6p	12.2%	418.5p	10.8%	8 625c	8 365c	3.1%
Total equity (million)	£5 312	£4 898	8.5%	£5 237	6.9%	R108 171	R108 495	(0.3%)
Total assets (million)	£51 512	£50 558	1.9%	£50 814	0.5%	R1 048 875	R1 122 162	(6.5%)
Core loans (million)	£26 438	£24 911	6.1%	£25 300	1.6%	R538 320	R551 878	(2.5%)
Cash and near cash balances (million)	£13 229	£12 683	4.3%	£12 715	0.3%	R269 364	R280 960	(4.1%)
Customer deposits (million)	£34 449	£32 221	6.9%	£32 945	2.2%	R701 446	R713 774	(1.7%)
Funds under management (million)	£58 436	£45 018	29.8%	£57 107	26.9%	R1 189 872	R997 149	19.3%

^^ For balance sheet items we have assumed that the Rand: Pound Sterling closing exchange rate has remained neutral since 31 March 2020.

Neutral currency information is considered as pro-forma financial information as per the JSE Listings Requirements and is therefore the responsibility of the group's board of directors. Pro-forma financial information was prepared for illustrative purposes and because of its nature may not fairly present the issuer's financial position, changes in equity, or results of operations. The external auditors issued a limited assurance report in respect of the neutral currency information. The report is available for inspection at the registered office of Investec upon request.

Total funds under management

£'million	**31 March 2021**	31 March 2020	% change
Wealth & Investment	**58 039**	**44 510**	**30.4%**
UK and Other	**41 684**	**33 117**	**25.9%**
Discretionary	35 207	27 599	27.6%
Non-discretionary	6 477	5 518	17.4%
Southern Africa	**16 355**	**11 393**	**43.6%**
Discretionary and annuity assets	8 587	5 982	43.6%
Non-discretionary	7 768	5 411	43.6%
Specialist Banking	397	508	(21.8%)
	58 436	**45 018**	**29.8%**

Number of employees

By division – permanent employees	**31 March 2021**	31 March 2020
Wealth & Investment		
UK and Other	1 330	1 380
Southern Africa	389	371
Total	**1 719**	**1 751**
Specialist Banking		
UK and Other	2 157	2 492
Southern Africa	4 013	4 112
Total	**6 170**	**6 604**
Temporary employees and contractors	355	387
Total number of employees	**8 244**	**8 742**

CFO REPORT
CONTINUED

Adjusted operating profit per employee

By division	Wealth & Investment	Specialist Banking
Number of total employees – 31 March 2021	**1 770**	**6 474**
Number of total employees – 31 March 2020	1 844	6 898
Number of total employees – 31 March 2019	1 931	7 013
Average total employees – year to 31 March 2021	**1 807**	**6 686**
Average total employees – year to 31 March 2020	1 888	6 956
Adjusted operating profit# – year to 31 March 2021	**100 459**	**276 270**
Adjusted operating profit# – year to 31 March 2020	89 866	366 373
Adjusted operating profit per employee^ – year to 31 March 2021 (£'000)	**55.6**	**41.3**
Adjusted operating profit per employee^ – year to 31 March 2020 (£'000)	47.6	52.7

Adjusted operating profit excluding group costs.
^ Based on average number of employees over the year.

By geography	UK and Other	Southern Africa	Total
Number of total employees – 31 March 2021	**3 504**	**4 740**	**8 244**
Number of total employees – 31 March 2020	3 942	4 800	8 742
Number of total employees – 31 March 2019	4 099	4 845	8 944
Average total employees – year to 31 March 2021	**3 723**	**4 770**	**8 493**
Average total employees – year to 31 March 2020	4 021	4 823	8 843
Adjusted operating profit – year to 31 March 2021	**125 983**	**251 599**	**377 582**
Adjusted operating profit – year to 31 March 2020	133 465	285 694	419 159
Adjusted operating profit per employee^ – year to 31 March 2021 (£'000)	**33.8**	**52.7**	**44.5**
Adjusted operating profit per employee^ – year to 31 March 2020 (£'000)	33.2	59.2	47.4

^ Based on average number of employees over the year.

Net asset value per share

£'000	31 March 2021	31 March 2020
Ordinary shareholders' equity/net asset value	**4 234 997**	**3 862 305**
Less: goodwill and intangible assets (excluding software)	(318 773)	(342 282)
Tangible ordinary shareholders' equity/net tangible asset value	**3 916 224**	**3 520 023**
Number of shares in issue (million)	1 015.0	1 015.0
Treasury shares (million)	(90.4)	(82.8)
Number of shares in issue in this calculation (million)	**924.6**	**932.2**
Net asset value per share (pence)	**458.0**	**414.3**
Tangible net asset value per share (pence)	**423.6**	**377.6**

Return on risk-weighted assets – continuing operations

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

	31 March 2021	31 March 2020	Average risk-weighted assets	31 March 2019	Average risk-weighted assets
Adjusted earnings attributable to ordinary shareholders (£'000)	**268 269**	**320 650**		**458 844**	
Investec plc risk-weighted assets* (£'million)	16 332	16 285	16 308	14 679	15 482
Investec Limited risk-weighted assets* (£'million)	17 244	15 247	16 246	16 606	15 926
Total risk-weighted assets* (£'million)	**33 576**	**31 532**	**32 554**	**31 285**	**31 408**
Return on risk-weighted assets	**0.82%**	**1.01%**		**1.41%**	
Investec Limited risk-weighted assets* (R'million)	351 125	337 755	344 440	312 170	324 963

* Risk-weighted assets reflected above exclude the risk-weighted assets relating to the asset management business which was demerged in March 2020, and therefore differ to the risk-weighted assets as reported.

03

Divisional review

DIVISIONAL KEY INCOME DRIVERS

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

Wealth & Investment

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

Group Investments

Key income drivers	Income impacted primarily by:	Income statement – primarily reflected as:
• Investments (including listed and unlisted equities) • Gains or losses on investments • Dividends received.	• Macro- and micro-economic market conditions • Nature of the industry invested in • Availability of profitable exit routes • Attractive investment opportunities • Interest rate environment.	• Investment income • Share of post-taxation profit of associates • Through consolidation of IPF: – Net interest income – Fees and commissions – Trading income – Earnings attributable to non-controlling interests.

DIVISIONAL KEY INCOME DRIVERS
CONTINUED

Specialist Banking

Key income drivers	Income impacted primarily by:	Income statement – primarily reflected as:
• Lending activities.	• Size of loan portfolio • Clients' capital and infrastructural investments • Client activity • Credit spreads • Interest rate environment.	• Net interest income • Fees and commissions • Investment income.
• Cash and near cash balances.	• Capital employed in the business and capital adequacy targets • Asset and liability management policies and risk appetite • Regulatory requirements • Credit spreads • Interest rate environment.	• Net interest income • Trading income arising from balance sheet management activities.
• Deposit and product structuring and distribution.	• Distribution channels • Client numbers • Ability to create innovative products • Regulatory requirements • Credit spreads • Interest rate environment.	• Net interest income • Fees and commissions.
• Investments (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 • The existence of appropriate market conditions 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.

UK AND OTHER

We provide our clients with a diversified, combined and integrated banking and wealth management offering in the UK with extensive depth and breadth of products and services.

We've built our business by working in partnership with our clients, taking the time to understand their unique needs and aspirations. This approach allows us to deliver Out of the Ordinary service to private, institutional and corporate clients alike.

Highlights

Funds under management
£41.7bn
(2020: £33.5bn)

Net core loans
£12.3bn
(2020: £11.9bn)

Customer deposits
£16.1bn
(2020: £15.3bn)

Adjusted operating profit
£126.0mn
(2020: £133.5mn)

ROE post-tax
4.0%
(2020: 6.0%)

Cost to income
79.5%
(2020: 78.0%)

What we do

Private client offering

Wealth & Investment

Investment and savings

Pensions and retirement

Financial planning

Private Banking

Lending

Private Capital

Transactional banking

Savings

Foreign exchange

Corporate client offering

Corporate and Investment Banking

Lending

Advice

Hedging

Cash – deposits and savings

Equity placement

Target market

Private client offering

- Individuals with > £250k minimum investable amount
- Charities
- Trusts

- High net worth active wealth creators (with > £300k annual income and > £3mn NAV)

Corporate client offering

- Corporates
- Private equity
- Institutions
- Intermediaries
- Government

WEALTH & INVESTMENT

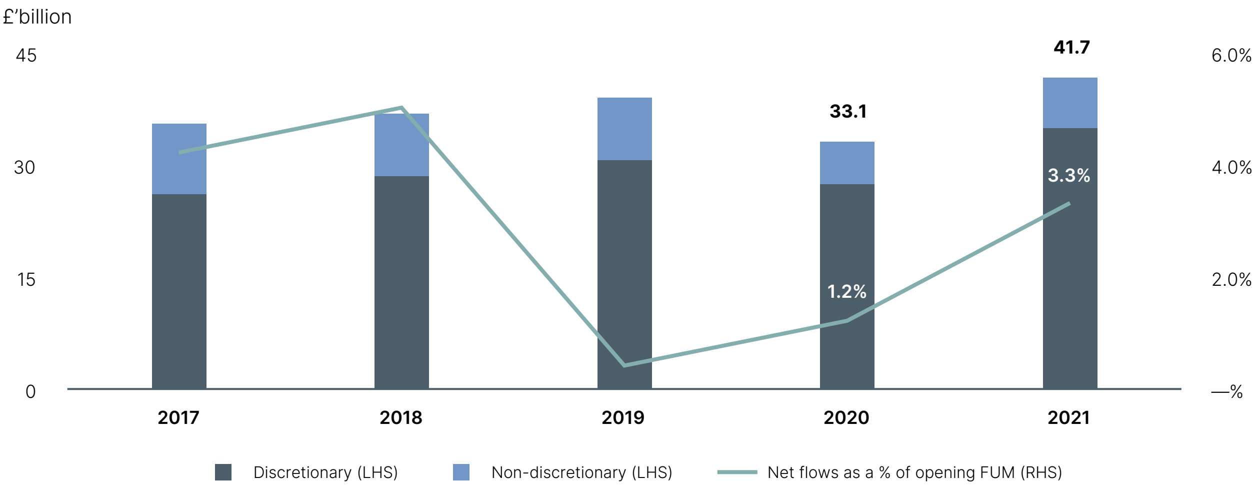
Business head
Ciaran Whelan

With over £40bn of FUM, we are one of the UK's largest wealth and investment managers. We work with individual clients to plan and manage their wealth, and with charities, trusts and clients of professional advisers to help deliver optimal returns on their investments and to bring financial peace of mind.

Performance highlights

- A strong performance has resulted in a record operating profit of £74.3mn (18.0% above the prior year)
- Record FUM of £41.7bn reflects market recovery, continued net inflows and good investment performance
- Our focus during this period of heightened uncertainty and market volatility has been to deliver the expertise and high standards of service that our clients need and expect, whilst supporting our colleagues as they transitioned to working remotely.

Funds under management and net flows



Reasons for the variance in FUM since 31 March 2020:

- Favourable market movements (MSCI PIMFA Balanced index up 19.7%) and investment outperformance
- Net inflows of £1.1 billion resulting in net organic growth in funds under management of 3.3%.

Funds under management

£'million	31 March 2021	31 March 2020	% change
UK domestic (including Channel Islands)	**40 474**	**32 068**	**26.2%**
Discretionary	34 812	27 276	27.6%
Non-discretionary*	5 662	4 792	18.2%
Switzerland^	**1 210**	**1 049**	**15.3%**
Discretionary	395	323	22.3%
Non-discretionary	815	726	12.3%
Total	**41 684**	**33 117**	**25.9%**

* Non-discretionary includes advisory-managed FUM of £1 829mn (2020: £1 766mn). Managed funds therefore represent 91% of the UK domestic total FUM at 31 March 2021 (2020: 91%).

^ An explanation for separating the Switzerland business from the UK domestic business is provided on the next page.

Net inflows at cost over the year

£'million	31 March 2021	31 March 2020º
Discretionary	959	614
Non-discretionary	150	(130)
Total	**1 109**	**484**

º Composition of prior year total net inflows has been re-presented. This was previously disclosed as Discretionary: 546 and Non-discretionary: (62).

WEALTH & INVESTMENT
CONTINUED

Income statement analysis and key income drivers

£'000	31 March 2021	31 March 2020	Variance	% change
Net interest income	2 296	12 604	(10 308)	(81.8%)
Net fee and commission income	316 040	304 412	11 628	3.8%
Investment income/(loss)	272	(436)	708	(>100%)
Trading income arising from				
– customer flow	920	862	58	6.7%
– balance sheet management and other trading activities	(9)	108	(117)	(>100%)
Other operating income	—	181	(181)	(100.0%)
Total operating income before expected credit loss impairment charges	**319 519**	**317 731**	**1 788**	**0.6%**
Of which: UK domestic	311 576	302 257	9 319	3.1%
Of which: Switzerland* and Other**	7 943	15 474	(7 531)	(48.7%)
Expected credit loss impairment charges	(4)	1	(5)	(>100%)
Operating income	**319 515**	**317 732**	**1 783**	**0.6%**
Operating costs	(245 175)	(254 714)	9 539	(3.7%)
Of which: UK domestic	(233 100)	(234 596)	1 496	(0.6%)
Of which: Switzerland* and Other**	(12 075)	(20 118)	8 043	(40.0%)
Adjusted operating profit/(loss)	**74 340**	**63 018**	**11 322**	**18.0%**
Of which: UK domestic	78 476	67 661	10 815	16.0%
Of which: Switzerland* and Other**	(4 136)	(4 643)	507	(10.9%)
Key income drivers				
Operating margin	23.3%	19.8%		
Of which: UK domestic	25.2%	22.4%		
Net flows in FUM as a % of opening FUM	3.3%	1.2%		
Average income yield earned on funds under management^	0.85%	0.88%		
Of which: UK domestic	0.86%	0.90%		

* The results of the Switzerland business have been reported separately for the first time to demonstrate the value of the UK domestic business. Following a strategic review, our Swiss operations will be restructured in 2021 to play a key role in the group's strategic expansion of its international banking and wealth services.

** Where 'Other' comprises the Wealth & Investment operations in Ireland (up until its sale in October 2019) and Hong Kong (up until closure in July 2019).

^ 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 and investment performance throughout the period on funds under management or the timing of acquisitions and disposals (where applicable) during the respective periods.

Other factors driving the performance in the period under review included:

- Revenue was broadly flat compared to the prior year, positively impacted by organic growth in FUM in the current and prior year, increased transaction volumes and the associated repositioning of client portfolios, and negatively impacted by lower interest rates
- Operating costs decreased by £9.5 million or 3.7% due to lower discretionary expenditure and continued focus on cost containment. The cost saving was despite incurring one-off headcount reduction related costs of c.£6 million and a c.£2 million increase in the Financial Services Compensation Scheme (FSCS) levy in the UK domestic business, now costing the business c.£6.1 million a year. The cost to income ratio for the UK domestic business improved to 74.8% (2020: 77.6%).

Strategy execution:

- **BID**: Belonging, inclusion and diversity has been at the forefront of our strategy and a key focus as we strive to improve representation. We launched a diversity data project to better understand the composition of our business and allow us to hone in on areas where more focus is needed. We have captured over 76% of ethnicity and 72% of sexual orientation data across our population of employees. We are in the process of finalising our internal targets for both gender and ethnicity, accompanied by comprehensive action plans to make sure we achieve them. As part of our drive to improve progression opportunities, particularly for women who have had career breaks, we are very excited to shortly be welcoming our new hires on our Return to Work Programme. Our newly created BID champion network comprises a group of trained colleagues committed to supporting and building an inclusive working environment.
- **Advice**: We have launched a new offering that brings together our advice and investment management solutions into a single service for both existing and new clients. This has included investment in our technology infrastructure in order to build on our existing expertise in a cost-effective and scalable way.
- **Intermediaries**: We continue to focus on serving the adviser market. The expansion of our offering to intermediaries with the launch of our platform-based Managed Portfolio Service offering has been well received.
- **Sustainability**: 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 in line with our core principles. Environmental, Social and Governance (ESG) considerations have long been embedded into our investment processes, as has our active engagement with the businesses that we include in client portfolios. A key step in bolstering our

WEALTH & INVESTMENT
CONTINUED

approach to responsible investing is our commitment to the Stewardship Code, for which our submission is awaiting approval. In addition, our people are upskilling and members of the team are engaged in specialist qualifications in this arena to improve our service to clients and increase our intellectual capital. We also have a strong organisational focus on sustainability and are making strides in reducing our carbon footprint by reducing our reliance on paper and communicating with clients electronically.

- **Client focus**: The new Investment Management team focused on the Bank's HNW client sectors is in place and making inroads into addressing the wealth management needs of HNW clients who are existing clients of the Bank.
- **Engagement**: This year has seen material changes in our senior management team, allowing us to unlock our next level of talent, including new appointments into senior roles. In times of uncertainty, engagement with our workforce is more critical than ever. We've conducted significant engagement and listening programmes across the organisation, culminating in a review of our culture.

Growth opportunities and outlook:

- Further expanding our advice capability is key to our growth strategy and will allow us to meet the growing need for more holistic, advice-led services. Our investment in technology will ensure that we do this in a cost-effective and scalable way.
- The enhancement of our ESG offering is a significant focus for the year ahead. ESG is increasingly important for clients, particularly those in the next generation.
- We are maintaining our disciplined approach to cost control and believe the business is well placed to capitalise on growth opportunities as the operating environment improves.

SPECIALIST BANKING OVERVIEW

Following a review of the group's segmental disclosure, the Specialist Banking business segment has been disaggregated to reflect the underlying client franchises residing within the Specialist Bank, namely: (1) Private Banking, and (2) Corporate, Investment Banking and Other. Refer to page 48 in volume three of the Investec group's 2021 integrated annual report for more information.

Commentary on these segments is provided on the following pages. The information below is an overview of the Specialist Banking business as a whole.

Business head
Ruth Leas

Awards

"Lender of the Year" at the 2020 Private Equity Awards

"Large Loans Mortgage Lender of the Year" at the 2021 Mortgage Awards for the third consecutive year

Note: Specialist Banking no longer includes Group Investments which is now shown as a separate segment. The prior period has been restated to reflect the same basis.

Highlights

Adjusted operating profit

£44.8mn
(2020: £102.6mn)

ROE post-tax

1.2%
(2020: 6.2%)

Cost to income

81.3%
(2020: 71.7%)

Credit loss ratio

0.56%
(2020: 0.69%)

Diversified loan book by risk category: Core loans

£12.3 billion

Corporate and other lending	**50%**
Asset finance	16%
Corporate and acquisition finance	11%
Fund finance	10%
Other corporate and financial institutions and governments	6%
Power and infrastructure finance	4%
Asset-based lending	3%
Resource finance	0.2%
Lending collateralised by property	**17%**
Commercial real estate	11%
Residential real estate	6%
High net worth and other private client lending	**33%**
Mortgages	26%
HNW and specialised lending	7%

Highlights: Sustainability
- Maintained our net-zero direct (Scope 1 and 2) carbon emissions status for the third consecutive year
- Launched one of the first European mid-market ESG-linked subscription lines to the value of €600 million to a leading European investment group
- Continued to play a key role in supporting the carbon transition by financing a number of significant renewable energy transactions.

Highlights: Belonging, Inclusion and Diversity (BID)
- Reduced our gender pay gap for the third consecutive year, with planned strategies and actions to drive the increase of female representation at senior levels
- Signed up to the UK Race at Work Charter
- Established a Young Leaders Council
- Launched a group-wide project to collect ethnicity data to determine our racial composition and set appropriate targets to address under-representation and to track progress.

PRIVATE BANKING

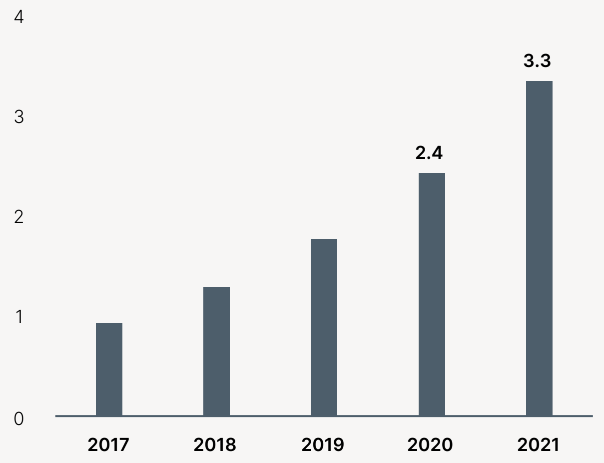
Our Private Banking business focuses on providing bespoke solutions underpinned by in-depth knowledge and understanding of our clients' aspirations and goals, supported by a broad private banking offering. We understand that every client is an individual, and that they are often active wealth creators with complex financial needs. This segment predominantly comprises lending to HNW clients; primarily residential mortgages.

Performance in the period under review

- The business had a very successful trading period in terms of loan origination, FX flows and client acquisition, and we remain ahead of original growth and scale plans despite the COVID-19 environment and associated challenges.
- Higher net interest income supported a year-on-year revenue increase of £11.3 million (44.9%). Strong loan book growth offset the impact of lower interest rates.

Loans and advances to customers

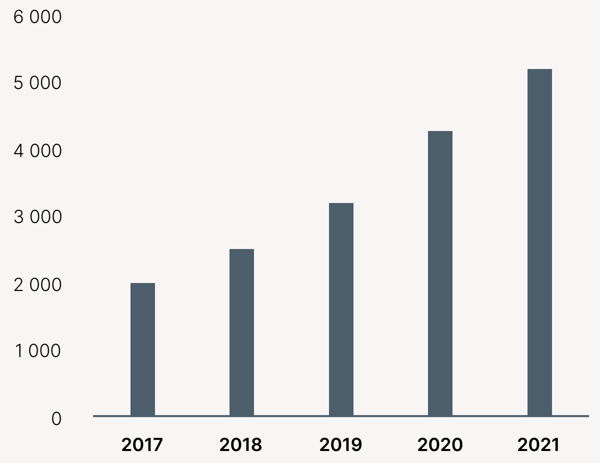
£'billion



Strong loan book growth:

- Strong growth in the loan book (up 37.2% since 31 March 2020) was supported by client acquisition (in line with strategy) and new lending turnover
- The business also capitalised on a marked pick-up in demand for residential mortgages, driven by the COVID-19 related Stamp Duty relief in the UK
- In line with our strategic objective to grow the Private Banking business, the loan book has grown at a compound annual growth rate of 35.2% over the past four years.

HNW client acquisition



Continued success in client acquisition:

- Despite the challenges of the COVID-19 environment, the Private Banking business reported net client acquisition, growing the client base by c.21% (acquiring an additional c.900 clients)
- Our clients have an average income of £700 000+ and average NAV of £11.5mn – well above our quantitative criteria
- HNW mortgage lending is focused on target clients with lending in established areas (London and the South East) with recourse to the individual and high level of cash equity contributions into transactions.

Note: In addition to these client figures, our Channel Islands business has c.800 HNW clients. In aggregate, we are trending towards our target of at least 6 500 HNW clients by March 2022.

Strategy execution:

- We are successfully executing on our HNW client acquisition strategy, and this is translating into strong growth in HNW mortgage lending. This HNW client activity also connects to the rest of the client ecosystem, with close and positive relationships enabling us to win mandates in other areas.
- During the period, over 300 referrals were made to the other UK businesses, with 40% conversion resulting in over £100mn in incremental FUM and loans.
- We continue to collaborate with our Wealth & Investment business to integrate and provide a new HNW Wealth proposition – areas of overlap have been identified, bringing opportunities to realise both client revenue and cost synergies. There are also ongoing efforts across the private banking ecosystem to continue offering South African clients a unique international proposition.

PRIVATE BANKING
CONTINUED

Income statement analysis and key income drivers

£'000	31 March 2021	31 March 2020	Variance	% change
Net interest income	34 664	23 441	11 223	47.9%
Net fee and commission income	644	333	311	93.4%
Investment income	19	—	19	100.0%
Trading income arising from				
– customer flow	1 196	1 433	(237)	(16.5%)
– balance sheet management and other trading activities	13	1	12	>100%
Total operating income before expected credit loss impairment charges	**36 536**	**25 208**	**11 328**	**44.9%**
Expected credit loss impairment charges	(1 515)	(643)	(872)	>100%
Operating income	**35 021**	**24 565**	**10 456**	**42.6%**
Operating costs	(38 033)	(43 221)	5 188	(12.0%)
Adjusted operating loss	**(3 012)**	**(18 656)**	**15 644**	**83.9%**
Key income drivers				
ROE post-tax	(0.7%)	(4.2%)		
Cost to income ratio	104.1%	171.5%		
Growth in loans and advances to customers	37.2%	37.7%		
Growth in risk-weighted assets	41.9%	40.8%		

Other factors driving the performance in the period under review included:

- The business reduced its adjusted operating loss by £15.6 million compared to the prior year. The net loss reduced to £3.0 million (2020: £18.7 million) as we scaled up and leveraged the investment in the business, bringing us closer to breaking even.
- ECL impairment charges for the period increased to £1.5 million (2020: £0.6 million) as a result of loan book growth. The credit loss ratio on this book is c.5bps, indicative of the quality of the underlying franchise. Refer to page 28 in volume two of the Investec group's 2021 integrated annual report for further information on the group's asset quality.
- Operating costs decreased by £5.2 million or 12.0%, reflecting lower discretionary spending during the COVID-19 environment and heightened focus on cost control. The prior period also included higher investment spend related to scaling the business.

Growth opportunities and outlook:

- Despite the constraints brought by the COVID-19 pandemic, our HNW mortgage lending is on track to achieve the milestones set at the Capital Markets Day in February 2019 (£3 billion in mortgage book turnover by March 2022)
- The Private Banking business is expected to break even in FY2022 as we continue to build scale and relevance, and generate increased annuity income for the group
- We continue to focus on providing our clients with an integrated banking and wealth management offering – a holistic proposition for our HNW clients' growth journeys.

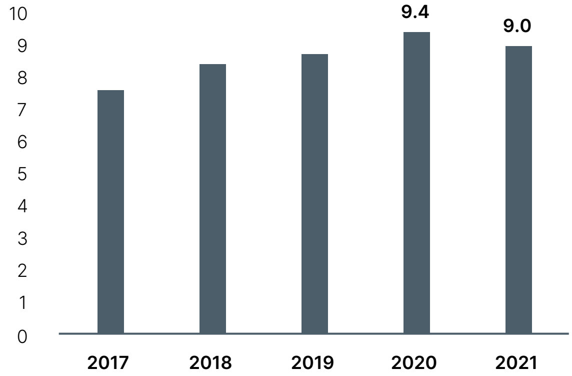
CORPORATE, INVESTMENT BANKING AND OTHER

This segment comprises businesses that provide capital, advisory and risk management services to growth-orientated corporate clients in the private companies, private equity and listed companies arenas, including specialist sector-focused expertise. This segment also comprises our central treasury and liability management channels.

Performance in the period under review
- Resilient performance demonstrates the strength of our underlying client franchises
- A greater proportion of capital light income was earned, supported by strong equity capital markets fees
- Subdued client activity impacted income from certain lending activities, as corporates were cautious during the first half of the financial year
- Trading income continued to be negatively impacted by elevated risk management and risk reduction costs on hedging the structured products book.

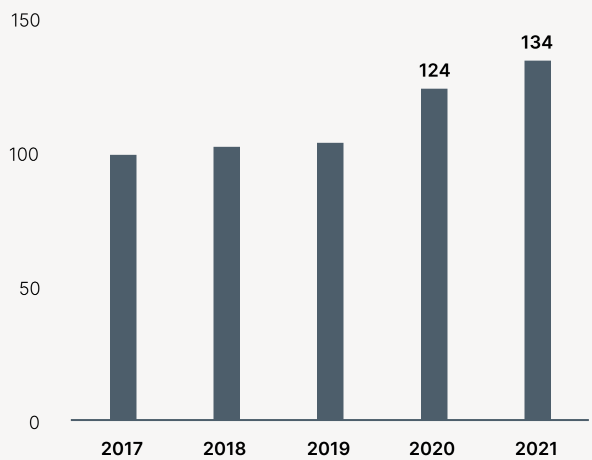
Loans and advances to customers

£'billion



Subdued corporate lending activity:
- While there was good client activity in certain corporate lending areas, particularly in Fund Solutions, Asset finance, and Power and Infrastructure finance, this was largely offset by redemptions and lower originations year on year due to the uncertain economic backdrop
- In March 2021, as a result of the group's strategic decision to exit its Australian operations and focus on the UK, the c.£400mn Australian corporate lending portfolio was sold, reducing the closing loan book
- There was marginal book growth excluding the Australian loan book.

Growth in listed corporate clients



Strong franchise for listed corporate clients:
- Top-ranked UK broker
- Differentiated by breadth of capabilities
- c.40% are multi-product Investec clients.

Extel 2020 research rank
#1
in 7 out of 14 sectors covered

Winner
Best Leasing and Asset Finance Provider

Best Business FX provider*

Winner
Corporate Broker of the Year**

UK public takeovers rank
#2
for 10 years to Dec 2020^

Net increase in broking clients
+24
since 1 April 2020

13 years in asset finance lending £5.8bn to
70 000+
UK customers

340
real estate deals closed in last 5 years with £6bn value

£3.5bn
equity raised for clients since March 2020

* Business MoneyFacts Awards 2021
** GlobalCapital Awards 2020 and 2019
^ Equity value of transactions up to £1bn

CORPORATE, INVESTMENT BANKING AND OTHER
CONTINUED

Income statement analysis and key income drivers

£'000	31 March 2021	31 March 2020	Variance	% change
Net interest income	362 754	361 340	1 414	0.4%
Net fee and commission income	171 839	177 455	(5 616)	(3.2%)
Investment income	22 123	6 811	15 312	>100%
Share of post-taxation profit of associates and joint venture holdings	10 830	5 383	5 447	>100%
Trading income arising from				
– customer flow	(13 141)	48 685	(61 826)	(>100%)
– balance sheet management and other trading activities	11 258	(646)	11 904	(>100%)
Other operating income	15 831	6 283	9 548	>100%
Total operating income before expected credit loss impairment charges	**581 494**	**605 311**	**(23 817)**	**(3.9%)**
Expected credit loss impairment charges	(69 683)	(75 171)	5 488	(7.3%)
Operating income	**511 811**	**530 140**	**(18 329)**	**(3.5%)**
Operating costs	(464 873)	(407 976)	(56 897)	13.9%
Operating profit before goodwill, acquired intangibles and strategic actions	**46 938**	**122 164**	**(75 226)**	**(61.6%)**
Profit attributable to non-controlling interests	861	(864)	1 725	(>100%)
Adjusted operating profit	**47 799**	**121 300**	**(73 501)**	**(60.6%)**
Key income drivers				
ROE post-tax	1.9%	9.6%		
Cost to income ratio	79.8%	67.5%		
Growth in loans and advances to customers	(4.8%)*	7.9%		
Growth in risk-weighted assets	(0.4%)	2.6%		

* Growth in loans and advances to customers for FY2021 was negatively impacted by the sale of the c.£400mn Australian loan book in March 2021.

Other factors driving the performance in the period under review included:

- Net interest income was slightly up, benefiting from a higher average loan book. This was offset by a lower net interest margin due to lower interest rates and assets repricing ahead of liabilities post rate cuts
- Despite strong equity capital markets fees, net fees and commission income decreased due to the non-repeat of significant deal fees in Aviation and Power and Infrastructure Finance in the prior period
- Investment income was significantly higher than the prior period, largely driven by: fair value gains on listed and unlisted equities, the profit on sale of the IAPF management company, and a gain of £13 million recognised from the formation of a joint venture with State Bank of India
- Trading income from customer flow was impacted by £93 million of risk management and risk reduction costs related to the structured products book (2020: £29 million). These losses significantly impacted profitability, resulting in FY2021 ROE being c.4% lower than it would otherwise have been. As guided in the group's results announcement, we expect these costs to be approximately £30 million in FY2022
- Trading income from balance sheet management and other trading activities was up £11.9 million mainly due to improved asset values following the extreme COVID-19 related volatility in the fourth quarter of the prior year
- The increase in other operating income of £9.5 million primarily reflects the fair value movements of the Ninety One shares held in the group's staff share scheme as a result of the demerger and separate listing of Ninety One. The impact is reduced by a corresponding increase in personnel costs
- ECL impairment charges were £5.5 million lower than the prior period, mainly driven by the non-repeat of an ECL impairment charge related to a single name transaction impacted by the COVID-19 pandemic in the prior year. Refer to page 28 in volume two of the Investec group's 2021 integrated annual report for further information on the group's asset quality
- The 13.9% increase in operating costs includes one-off costs associated with restructures implemented in the period and increased variable remuneration reflecting improved business momentum. Fixed costs were lower than the prior period, driven by reduced discretionary spend and continued focus on cost discipline.

CORPORATE, INVESTMENT BANKING AND OTHER
CONTINUED

Strategy execution:

- Significant operational change was effected during the period to simplify and focus the business, with a new 'go-to-market' strategy centred on a One Investec proposition for clients. This has led to a significant increase in the number of clients using multiple Investec products
- We established a leaner cost base through integrating business enablement functions and leveraging lower-cost jurisdictions
- Internationally, we implemented a joint venture with the State Bank of India to leverage their scale and effect cost efficiencies. Our exit from Australia enhances focus on building scale and relevance in our core market of the UK
- We supported our clients through the crisis as an accredited lender of the government lending schemes (CBILS, CLBILS, and BBLS) and raising £3.5bn in equity capital
- To facilitate off-balance sheet growth and generate capital light earnings, we launched our inaugural debt fund (a discretionary direct lending fund with capital commitments of €165mn)
- We launched digital retail savings to reduce the cost of funding and broaden our retail funding base.

Growth opportunities and outlook:

- A rebound in economic and client activity has supported steady deal flow and a strong pipeline in certain lending areas
- We expect a significant increase in private equity activity as the UK enters a phase of economic growth that is expected to be the strongest in over 70 years
- We continue to focus on growing capital light earnings through advisory fees in public and private markets, as well as growing the corporate brokerships and research client base
- We continue to leverage opportunities arising from the increased focus on ESG/Sustainability, through renewable energy financing and innovative debt structuring
- We will fund off-balance sheet growth and generate further capital light revenue by raising additional third party capital through funds and syndications
- Our breadth of products that are relevant across our clients' growth journeys will lead to an ever-increasing number of clients utilising multiple Investec products
- We have entered into international partnerships in Continental Europe and the USA to expand our cross-border M&A advisory services.

GROUP INVESTMENTS

Group Investments is now shown as a separate segment. We have separated these assets from our core banking activities in order to make a more meaningful assessment of the underlying performance and value of the franchise businesses, and at the same time provide transparency of the standalone values of the assets classified as Group Investments.

In the UK, Group Investments comprises Investec plc's 16.3% investment in Ninety One (formerly Investec Asset Management). At a DLC group level, Investec has a 25% shareholding in Ninety One (remaining 8.7% held in Investec Limited). Investec accounts for its combined 25% investment in Ninety One by applying equity accounting. The table below reflects the equity-accounted valuation of the investment in Ninety One plc: £236.7 million at 31 March 2021. This differs to the market value of the 16.3% stake held by Investec plc which was £358.0 million at 31 March 2021.

Portfolio breakdown and ROE

31 March 2021	**Asset analysis £'000**	Income analysis £'000
Ninety One plc	236 655	25 142
Ordinary shareholders' equity held on investment portfolio – 31 March 2021	227 190	
Ordinary shareholders' equity held on investment portfolio – 31 March 2020	97 640	
Average ordinary shareholders' equity held on investment portfolio – 31 March 2021	162 415	
Post-tax return on adjusted average ordinary shareholders' equity – 31 March 2021		**15.5%**

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

Income statement analysis

£'000	**31 March 2021**	31 March 2020	Variance	% change
Share of post-taxation profit of associates and joint venture holdings	25 142	4 091	21 051	>100%
Total operating income before expected credit loss impairment charges	**25 142**	**4 091**	**21 051**	**>100%**
Expected credit loss impairment charges	—	—	—	—
Operating costs	—	—	—	—
Operating income before goodwill, acquired intangibles and strategic actions	**25 142**	**4 091**	**21 051**	**>100%**
Loss/(profit) attributable to other non-controlling interests	—	—	—	—
Adjusted operating profit	**25 142**	**4 091**	**21 051**	**>100%**
ROE post-tax	15.5%	8.4%		

Factors driving the performance in the period under review included:

- Share of post-taxation profit of associates reflects the earnings from the group's retained investment in Ninety One following the demerger of the asset management business in March 2020. The significant increase year-on-year is due to the timing of the demerger, whereby less than one month of earnings was included in the prior period.

SOUTHERN AFRICA

We have remained true to our entrepreneurial spirit and refreshingly human client relationships since our founding in Johannesburg in 1974. We are committed to understanding and responding to the unique and individual needs and aspirations of our private, institutional, and corporate clients alike. Our distinctive offering is built on the premise of Out of the Ordinary service, combining personal client relationships with world-class technology platforms.

Best Private Bank and Wealth Manager in South Africa for eight consecutive years

Recognised by the Financial Times of London.

Highlights

Funds under management

£16.7bn

(2020: £11.6bn)

Net core loans

£14.1bn

(2020: £13.0bn)

Customer deposits

£18.4bn

(2020: £16.9bn)

Adjusted operating profit

£251.6mn

(2020: £285.7mn)

ROE post-tax

9.4%

(2020: 10.7%)

Cost to income

58.7%

(2020: 56.4%)

What we do

Private client offering

Wealth & Investment

Portfolio management

Wealth management

Stockbroking

Private Banking

Transactional banking

Lending

Property Finance

Private Capital

Savings

Foreign exchange

Corporate client offering

Corporate and Investment Banking

Specialised lending

Import and trade finance lending

Treasury and trading solutions

Institutional research, sales and trading

Advisory

Debt and Equity Capital Markets

Life assurance products

Target market

Private client offering

- Individuals
- Charities and trusts
- Financial advisers and intermediaries
- High net worth individuals
- Entrepreneurs
- High-income professionals
- Sophisticated investors
- Owner managers in mid-market companies

Corporate client offering

- Mid to large size corporates
- Intermediaries
- Institutions
- Government bodies

WEALTH & INVESTMENT

Business head
Henry Blumenthal

Awards

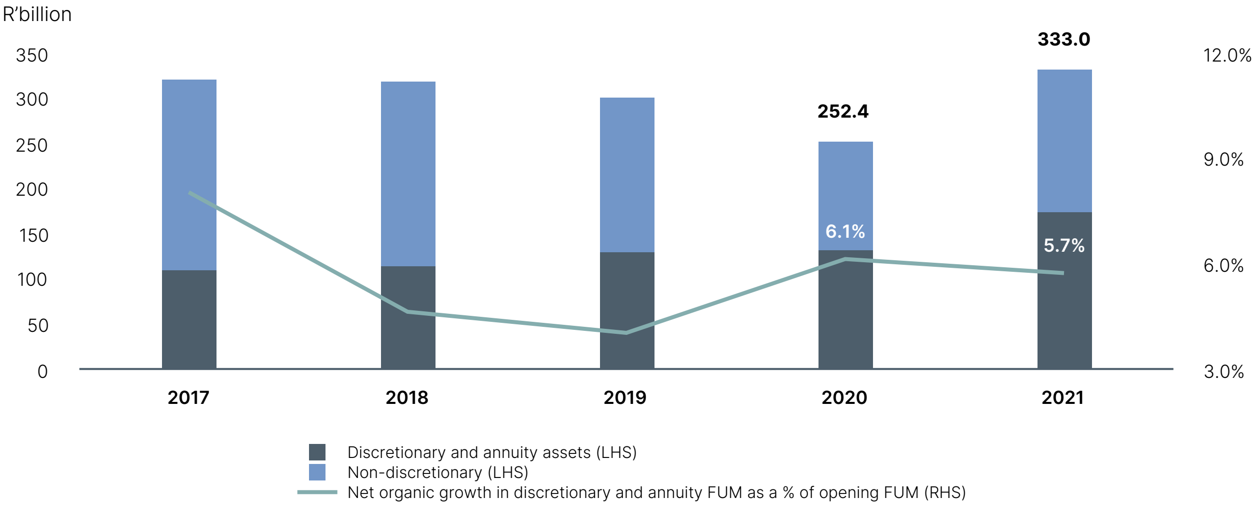
Voted 'Best Private Bank & Wealth Manager' by London's Financial Times – eight years in a row

Our award-winning Wealth & Investment offering manages the wealth of many leading private investors and families in South Africa, as well as charities and trusts. With a global approach to wealth management, portfolio management and stockbroking, we manage the complexities of being a global citizen, enabling us to deliver against our clients' wealth and planning goals.

Performance highlights:

- The South African business performed well against a tough economic backdrop, with adjusted operating profit up 10.6% in Rands. Revenue was supported by a 25% increase in brokerage fees driven by higher trading volumes (given market volatility) and increased discretionary and annuity fees supported by improved market performance and a weakening ZAR exchange rate. FUM increased by 32% to R333.0 billion (FY2020: of R252.4 billion) and clients continued to leverage off our unique offering which allows clients to invest and bank locally and in the UK, all in One Place™.

Funds under management and net flows



FUM variance drivers since 31 March 2020:

- Favourable market movements and investment performance
- Net organic growth in discretionary and annuity funds of 5.7% largely driven by fund inflows to our offshore offering
- Outflows of non-discretionary funds, mainly from conversion of clients into discretionary and annuity products, as well as from clients externalising their funds.

Funds under management

R'million	31 March 2021	31 March 2020	% change
Discretionary and annuity assets	174 852	132 515	31.9%
Non-discretionary	158 172	119 869	32.0%
Total	**333 024**	**252 384**	**32.0%**

Net flows at cost over the year

R'million	31 March 2021	31 March 2020
Discretionary and annuity assets	7 600	8 015
Non-discretionary	(8 500)	(5 850)
Total	**(900)**	**2 165**

WEALTH & INVESTMENT
CONTINUED

Income statement analysis and key income drivers

£'000	31 March 2021	31 March 2020	Variance	% change	% change in Rands
Net interest income	3 552	3 940	(388)	(9.8%)	(0.2%)
Net fee and commission income	78 589	84 173	(5 584)	(6.6%)	5.6%
Investment income	1 461	(148)	1 609	>100%	(>100.0%)
Trading income/(loss) arising from					
– customer flow	7	(186)	193	(>100%)	>100.0%
– balance sheet management and other trading activities	39	(29)	68	>100%	>100.0%
Other operating income	1	—	1	100%	100.0%
Total operating income before expected credit loss impairment charges	**83 649**	**87 750**	**(4 101)**	**(4.7%)**	**7.8%**
Operating costs	(57 530)	(60 902)	3 372	(5.5%)	6.6%
Adjusted operating profit	**26 119**	**26 848**	**(729)**	**(2.7%)**	**10.6%**
Key income drivers					
Operating margin	31.2%	30.6%			
Net organic growth in discretionary and annuity funds under management as a % of opening funds under management	5.7%	6.1%			
Average income yield earned on total funds under management^*	0.61%	0.60%			
Average income yield earned on discretionary and annuity funds under managementº	0.90%	0.99%			

^ The average income yield on total FUM represents the total operating income for the period as a percentage of the average of opening and closing FUM. This calculation does not adjust for the impact of market movements and investment performance throughout the period on FUM or the timing of acquisitions and disposals (where applicable) during the respective periods.
* A significant portion of the FUM is non-discretionary funds.
º The average income yield on discretionary and annuity FUM represents the operating income earned on discretionary and annuity FUM for the year as a percentage of the 12-month average FUM.

Overview of financial performance (in Rands):

- Revenue grew by 7.8%, supported by increased levels of trading activity (given market volatility that prevailed in the first half), higher average discretionary and annuity FUM and investment performance.
- Operating costs increased by 6.6% due to inflationary increases and higher information technology spend.
- The South African business achieved an operating margin of 31.2% (FY2020: 30.4%).

Strategy execution:

- Operationally, we have continued to seamlessly service and actively engage with our clients through digital channels enabled by robust, agile remote working capabilities.
- Our international investment universe has expanded, providing clients with access to a broad range of global investment opportunities together with proximity to our globally integrated investment process.
- The integration of ESG considerations into our investment process and decision making continues, together with the UK, including becoming a signatory of the UN PRI.
- Integration and development of the Tolerance and Diversity Institute (TDI)/BID initiatives across leadership representation, fostering a culture of belonging and the development of 'Next Gen' (an initiative focusing on the mentorship, support and development of a group of diverse, young IW&I investment managers).
- Living up to our purpose of "living in, not off, society" through our Philanthropy offering and by supporting the societies we live in through donations towards food security, healthcare, humanitarian aid, welfare, and anti-gender-based violence programmes.

Growth opportunities:

- Transforming our business from having an international offering to being an international business (using Investec Switzerland as a platform for future growth offshore) is a key strategic objective.
- The strong connectivity with the Private Bank and the strategic focus on our unique One Place™ value proposition, provides a platform for continued client acquisition and growth.
- Our commitment to sustainability is central to our Investment Process and as such, the further development of the scope and scale of ESG considerations and sustainable investment opportunities is a strategic imperative.
- Providing alternative investment opportunities to our clients and the expansion of our Tax & Fiduciary team enhances our value proposition and is expected to grow our client base.

SPECIALIST BANKING OVERVIEW

Following a review of the group's segmental disclosure, the Specialist Banking business segment has been disaggregated to reflect the underlying client franchises residing within the Specialist Bank, namely: (1) Private Banking, and (2) Corporate, Investment Banking and Other. Refer to page 48 in volume three of the Investec group's 2021 integrated annual report for more information.

Commentary on these segments is provided on the following pages. The information below is an overview of the Specialist Banking business as a whole.

Business head
Richard Wainwright

Awards

Ranked 'Best Private Bank and Wealth Manager 2020' – for the eighth consecutive year (FT London)	**Winner 'Euromoney Private Banking 2020' – for the eighth consecutive year**	**Recognised by The Banker as 'South Africa's Bank of the Year 2020'**

Note: Specialist Banking no longer includes Group Investments which is now disclosed as a separate segment. The prior year has been restated to reflect the same basis.

Highlights

Adjusted operating profit
£231.5mn
(2020: £263.7mn)

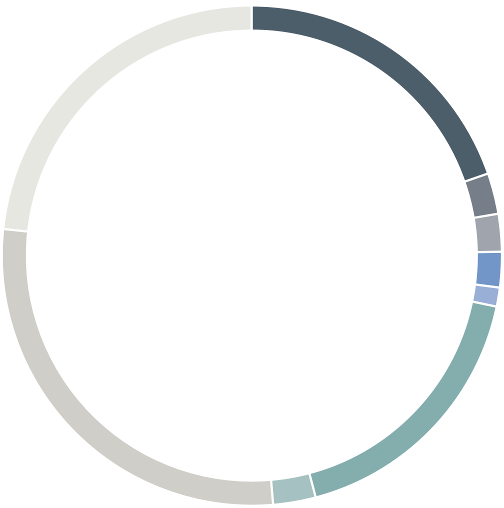
ROE post-tax
10.3%
(2020: 12.0%)

Cost to income
55.7%
(2020: 53.7%)

Credit loss ratio
0.18%
(2020: 0.38%)

Diversified loan book by risk category: Core loans

£14.1 billion



Corporate and other lending	**28%**
Corporate and acquisition finance	20%
Fund finance	3%
Asset finance	2%
Power and infrastructure finance	2%
Other corporate and financial institutions and governments	1%
Lending collateralised by property	**21%**
Commercial real estate	18%
Residential real estate	3%
High net worth and other private client lending	**51%**
Mortgages	28%
HNW and specialised lending	23%

Highlights: ESG

- Maintained our net-zero direct (i.e. for Scope 1 and 2) carbon emissions status for the third consecutive year.
- Won the Most Responsible Business in Africa 2020 award (overall winner category in The SERAS CSR Awards).
- Provided funding to take our Promaths programme online, enabling the class of 2020 to contribute 5% of the country's national distinctions in maths and 6% in science.
- Actively participated in the COVID-19 government loan guarantee scheme, approving total loans of R690 million for FY2021.
- 1.3% of SA's core loan exposure is under some form of COVID-19 relief (23% at the peak).

Highlights: Belonging, Inclusion and Diversity (BID)

- Building a Young Leaders Council and reverse mentorship programme to create spaces for young, aspirational talent to connect and learn with leaders.
- Running a pilot directorship programme designed to enable women to take up non-executive director positions on boards.
- Launching our 'Zebra Crossing' initiative which aims to raise levels of multi-cultural awareness among our people, enabling them to appreciate and celebrate the richness of our diverse population and take these insights back into the business.

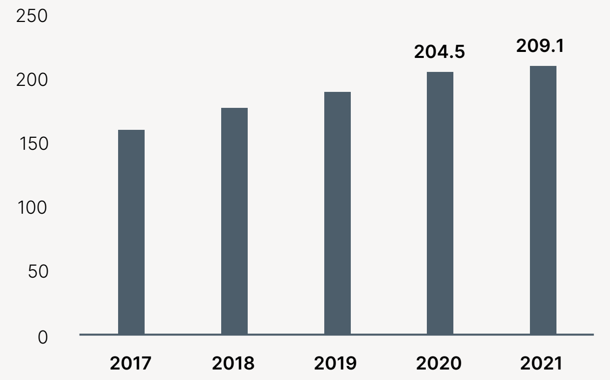
PRIVATE BANKING

We believe in forming life-long partnerships with our clients, ensuring that each client experience is personal and Out of the Ordinary. We pride ourselves on going above and beyond when it comes to service. Through our digital channels, our 24/7 global Client Support Centre and our specialist private bankers, we set the banking benchmark on service.

Performance highlights:
- Adjusted operating profit remained broadly flat at R2 607 million (FY2020: R2 583 million). Well contained costs were offset by the impact of lower interest rates and subdued client activity.
- We have seen good momentum since December 2020, with stronger activity levels and growth in lending books, good client acquisition and point-of-sale activity. Our clients have a track record of resilience in difficult operating conditions which is reflected in our strong asset quality and low impairments.

Loans and advances to customers*

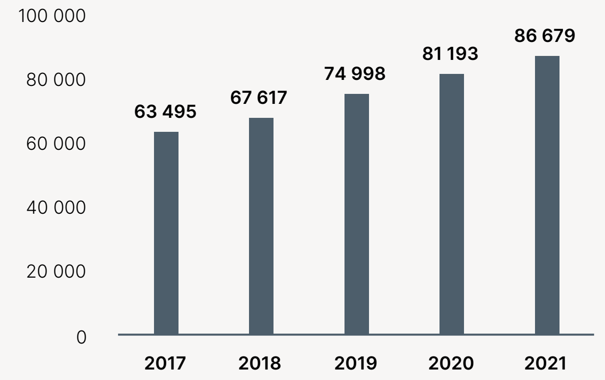
R'billion



Loan book growth impacted by national lockdown:
- The loan book grew by 2.2% year on year.
- This relatively low book growth is largely attributable to the impact of the hard lockdown in the first quarter of the financial year. The loan book contracted by approximately R3 billion during this period.
- The property and mortgage book pipeline remains strong.

Client acquisition

Number



Good client acquisition:
- Client acquisition remained resilient, increasing by 6.8% year on year.
- We are focused on client acquisition growth strategies across all niches and on international diversification and collaboration with the UK private bank.

* Including own originated securitised assets.

Strategy execution:
- **Client acquisition**: Client acquisition and retention remains a key priority supported by a client-centric approach, the expansion of our value proposition and by deepening client entrenchment and engagement via multiple channels.
- **Capital light initiatives**: Focused on client uptake for My Investments to grow capital light revenues for the private bank and the group.
- **Funding**: Reducing cost of funding by growing retail deposits, including foreign currency and multi-currency accounts across all client segments.
- **Cost containment**: Continued cost containment by leveraging operational efficiencies and scale, containing headcount, automating key processes and enhancing overall digital capability.

PRIVATE BANKING
CONTINUED

Income statement analysis and key income drivers

£'000	31 March 2021	31 March 2020	Variance	% change	% change in Rands
Net interest income	218 806	259 979	(41 173)	(15.8%)	(5.0%)
Net fee and commission income	45 377	55 433	(10 056)	(18.1%)	(8.2%)
Investment income	933	13 564	(12 631)	(93.1%)	(92.9%)
Share of post-taxation profit of associates and joint venture holdings	(372)	(1 230)	858	(69.8%)	(65.2%)
Trading income/(loss) arising from					
– customer flow	(43)	75	(118)	(157.3%)	(>100%)
– balance sheet management and other trading activities	32	374	(342)	(91.4%)	(92.4%)
Other operating income	7	16	(9)	(56.3%)	(57.1%)
Total operating income before expected credit losses	**264 740**	**328 211**	**(63 471)**	**(19.3%)**	**(9.2%)**
Expected credit loss impairment charges	(915)	(19 388)	18 473	(95.3%)	(91.1%)
Operating income	**263 825**	**308 823**	**(44 998)**	**(14.6%)**	**(3.8%)**
Operating costs	(140 391)	(172 077)	31 686	(18.4%)	(7.6%)
Adjusted operating profit	**123 434**	**136 746**	**(13 312)**	**(9.7%)**	**0.9%**
Key income drivers					
ROE post-tax	12.9%	15.7%			
Cost to income ratio	53.0%	52.4%			
Growth in loans and advances to customers*	2.2%	8.3%			
Growth in risk-weighted assets^	10.6%	8.3%			

* Including own originated securitised assets.
^ 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.

Overview of financial performance (in Rands):

- Net interest income decreased 5.0%. The decrease is mainly as a result of margin reduction in private client deposits due to a 300bps drop in the repo rate since January 2020.
- Net fees were 8.2% lower year on year. Net lending fees decreased in line with lower lending turnover and the non-repeat of certain large fees received in the prior year. Despite a 6.8% increase in the number of clients, lower point of sale activity resulted in overall reduced private client transactional fees.
- Investment income decreased by 92.9% due to lower realisations of investments and profit participations, and negative fair value adjustments.
- Impairments were 91.1% lower than the prior year due to a negligible portfolio impairments charge driven by stable lending books and increased recoveries which were 83% higher than last year. Refer to page 28 in volume two of the Investec group's 2021 integrated annual report for further information on the group's asset quality.
- Operating costs decreased by 7.6% driven by headcount containment and reduced discretionary expenditure during the pandemic.

Growth opportunities:

- **Client acquisition**: broadening our target market into new professional segments.
- **Programmable banking**: our partnership with FinTech company OfferZen targets the niche software developer community and should lead to innovative solutions that will benefit all our clients in the long term.
- **Digital investment platform**: the build out of 'My Investments' accessible through Investec Online continues. This digital platform provides private clients (not serviced by IW&I) with the ability to trade shares and invest in selected investments, and will help us grow our capital light revenues over time. There are currently 3 467 clients on the platform.

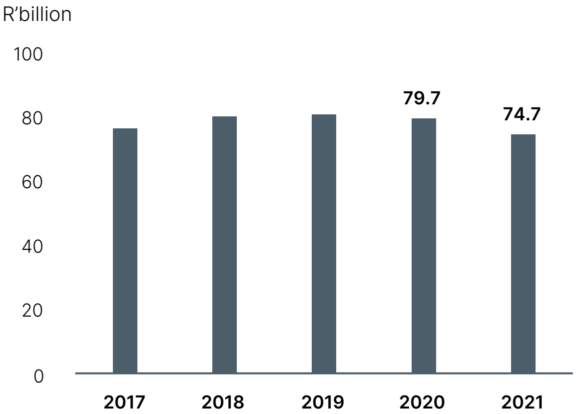
CORPORATE, INVESTMENT BANKING AND OTHER

Our Corporate and Investment Banking businesses have built powerful franchises among South Africa's leading corporates, SOEs, government, institutions, and intermediaries. Our broad and international offering of financing, advice and structuring is built on enduring relationships, expertise and collaboration between teams. This pillar comprises: the Corporate and Institutional Bank including Investec Life, Investec for Business, the Investment Bank, Principal Investments, Investec Property (IPF management company) and certain centrally managed activities.

Performance highlights:

- Adjusted operating profit decreased by 3.6% to R2 290 million (FY2020: R2 375 million) driven by clients remaining largely cautious, particularly in the first half of the financial year.
- Low levels of activity, lower corporate lending books and lower interest rates impacted interest and fee revenue. Client flow trading increased year on year supported by an improved commodities environment and increased interest rate derivatives trading activity. The COVID-19 pandemic had a noticeable impact on the trade finance business with significantly lower utilisation than in the prior year. Industry wide reductions in M&A and equity underwriting activity has negatively impacted fee generation, with the South African market seeing subdued equity capital market activity. The property sector was particularly affected by the pandemic with muted rental collections at the onset of the crisis (since recovered) and depressed property valuations.
- The decline in the impairment charge was influenced by lower book growth and an improved macro-economic outlook.

Loans and advances to customers



Subdued lending activity:

- Corporate lending declined by 6.2% year on year due to higher repayments and lower net new originations.
- Renewed opportunities in infrastructure finance are promising.

Growth initiatives:

Total policies issued to date
+6 231
Investec Life

Participated in renewable energy projects of
R6.2bn
and financed 50MW of clean energy during 2021

539
Number of clients on Investec Business Online

R34bn
Investec Property Fund – FUM

Awards:

M&A^ Financial Advisors
1st & 3rd
Deal Flow and Value
Sponsors
2nd & 4th
Deal Flow and Value

General Corporate Finance^ Financial Advisors
1st* & 2nd
Transaction Flow and Value
Sponsors
1st* & 3rd
Transaction Flow and Value

International Equities – Brokerage
#1
JSE

International Equities – Brokerage
#2
Mclagan

* Tied for 1st place.
^ Ansarada DealMakers Annual Awards 2020

CORPORATE, INVESTMENT BANKING AND OTHER
CONTINUED

Income statement analysis and key income drivers

£'000	31 March 2021	31 March 2020	Variance	% change	% change in Rands
Net interest income	199 329	231 553	(32 224)	(13.9%)	(3.3%)
Net fee and commission income	91 049	110 435	(19 386)	(17.6%)	(8.0%)
Investment income	(9 761)	(19 717)	9 956	50.5%	50.6%
Share of post-taxation profit of associates and joint venture holdings	(1 097)	15	(1 112)	(>100%)	(>100%)
Trading income/(loss) arising from					
– customer flow	36 659	28 199	8 460	30.0%	47.7%
– balance sheet management and other trading activities	(7 728)	(3 033)	(4 695)	(>100%)	(>100%)
Other operating income	7 114	393	6 721	>100%	>100%
Total operating income before expected credit losses	**315 565**	**347 845**	**(32 280)**	**(9.3%)**	**2.9%**
Expected credit loss impairment charges	(24 942)	(29 946)	5 004	(16.7%)	(6.0%)
Operating income	**290 623**	**317 899**	**(27 276)**	**(8.6)%**	**3.7%**
Operating costs	(182 883)	(190 918)	8 035	(4.2%)	8.8%
Operating profit before goodwill, acquired intangibles and strategic actions	**107 740**	**126 981**	**(19 241)**	**(15.2%)**	(3.9%)
Profit attributable to non-controlling interests	309	2	307	>100%	>100%
Adjusted operating profit	**108 049**	**126 983**	**(18 934)**	**(14.9%)**	**(3.6%)**
Key income drivers					
ROE post-tax	8.0%	9.0%			
Cost to income ratio	62.9%	60.1%			
Growth in loans and advances to customers	(6.2%)	(1.2%)			
Growth in risk-weighted assets^	(5.4%)	8.9%			

^ 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.

Overview of financial performance (in Rands):

- Net interest income is 3.3% lower than the prior year due to a reduction in interest rates, lower lending activity and significant loan repayments.
- Net fees are 8.0% lower than the prior year driven by lower lending and subdued equity capital markets activity.
- Investment income and share of post-taxation profit from associates improved by 45.3% due to reduced property write-downs in the current year, offset by the non-repeat of higher dividend income and realisation gains on bonds in the prior year.
- Total trading income is up 35.2% driven by increased commodity and interest rate derivatives trading activity. This was partially offset by the mark-to-market on certain derivatives hedging fixed deposits and foreign exchange currency exposures.
- Expected credit loss impairment charges decreased by 6.0%. Lower book growth and improved macro-economic factors were partly offset by an increase in specific impairments. Refer to page 28 in volume two of the Investec group's 2021 integrated annual report for further information on the group's asset quality.
- Costs increased by 8.8% year on year driven primarily by the first-time consolidation of the European logistics property asset management company acquired in the prior year, and a share-based accounting charge following the demerger of Ninety One. Headcount was well contained and discretionary spend was lower year on year. Excluding the impact of the Ninety One share liability and the European logistics property asset management company consolidation, operating costs were flat year on year.

Strategy execution and growth opportunities:

- **Capital optimisation**: Approval was received from the Prudential Authority to adopt the AIRB approach for the SME and Corporate models effective 1 April 2021. We expect an approximate 60bps uplift to CET1.
- **Infrastructure**: We are actively supporting the Department of Mineral Resources and Energy's (DMRE) Risk Mitigation Independent Power Producers Procurement Program (RMIPPP), which aims to add up to 2000MW of power generation to the grid by mid-2022. We are also pursuing project funding opportunities for the Sustainable Infrastructure Development Symposium under Infrastructure South Africa (SIDSSA).
- **Transactional business banking**: We launched Investec Business Online, a single platform transactional banking capability targeting our corporate and business clients. It includes a mobile app as well as an Investec corporate credit card with overdraft facility, enhancing our service offering for this client segment.
- **Mid-market segment**: We're focused on growing the Investec for Business client base and a successful roll out of Investec Business Online will further enhance our offering.
- **Investec Property (IP)**: The fund manager for IPF will continue to recycle and deploy capital into property investment opportunities which deliver long-term capital and income growth to IPF's shareholder base. Specifically, IP continues to look to scale IPF's European logistics platform, which may also provide investment opportunities for both private and institutional clients.

GROUP INVESTMENTS

Group Investments is now shown as a separate segment. We have separated these assets from our core banking activities in order to make a more meaningful assessment of the underlying performance and value of the franchise businesses, and at the same time provide transparency of the standalone values of the assets classified as Group Investments.

South African Investment Portfolio			
Ninety One DLC	IEP Group Proprietary Limited	Investec Property Fund Limited	Other unlisted investments
8.7% shareholding	47.4% shareholding	24.3% shareholding	

Ninety One DLC (Ninety One)
In South Africa, Group Investments comprises Investec Limited's 8.7% investment in Ninety One (formerly Investec Asset Management). At a DLC group level, Investec has a 25% shareholding in Ninety One (remaining 16.3% held in Investec plc – refer to page 60). We account for our combined 25% investment in Ninety One by applying equity accounting.

The table on the following page reflects the equity-accounted valuation of the investment in Ninety One Limited: £125.9 million at 31 March 2021. This differs to the market value of the 8.7% stake held by Investec Limited which was £190.1 million (R3.9 billion) at 31 March 2021.

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

Bud has diversified growth businesses across four chosen platforms:

- **Chemicals and Minerals**

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

- **Industrial Services**

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

- **Building Materials**

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

- **Financial Services**

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

Investec holds a 47.4% stake in IEP and the investment is equity accounted with a value of £251.3 million (R5.1 billion) at 31 March 2021. During the current financial year, Investec recognised equity accounted earnings of £4.2 million (R89.0 million) in relation to this investment.

Management critically evaluated the equity accounted value of the group's investment in IEP and resultantly recognised an impairment of £4.7 million in the current year (2020: £45.4 million).

Investec Property Fund Limited (IPF)
IPF is a South African Real Estate Investment Trust (REIT) which listed on the Johannesburg Stock Exchange (JSE) in 2011. The R23.6 billion investment portfolio comprises direct and indirect real estate investments in South Africa and Europe.

In South Africa, IPF directly owns a sizeable portfolio of 90 properties in the retail, industrial and office sectors valued at R15.2 billion and a 35% interest in Izandla valued at R0.3 billion. 44% of IPF's balance sheet and 43% of earnings are derived from offshore investments. This comprises strategic property investments in Europe (R8.1 billion) where the manager has a presence on-the-ground with in-country expertise.

Investec has a 24.31% shareholding in IPF and consolidates the fund with a net asset value of £658.1 million (R13.4 billion).

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

Other unlisted investments
Investec holds certain other historical unlisted equity investments to the value of £53.5 million (R1.1 billion).

Investec Australia Property Fund (IAPF)
Investec disposed of its 9.1% holding in IAPF in the current year.

GROUP INVESTMENTS
CONTINUED

Portfolio breakdown and ROE

31 March 2021	**Asset analysis £'000**	Income analysis £'000	**Asset analysis R'million**	Income analysis R'million
Ninety One Limited	125 920	13 508	2 564	284
IEP Group Proprietary Limited (IEP)	251 319	4 247	5 117	89
Equity investments^	53 521	(1 732)	1 090	(36)
Investec Property Fund*	159 469	(1 597)	3 242	(35)
Investec Australia Property Fund**	—	10 688	—	228
Total equity exposures	**590 229**	**25 114**	**12 013**	**530**
Associated loans and other assets	—	—	—	—
Total exposures on balance sheet	**590 229**	**25 114**	**12 013**	**530**
Debt funded	299 456	(15 871)	5 763	(337)
Equity	290 773		6 250	
Total capital resources and funding	**590 229**		**12 013**	
Adjusted operating profit		**9 243**		**193**
Taxation		(676)		(15)
Operating profit after taxation		**8 567**		**178**
Risk-weighted assets	**2 705 752**		**58 382**	
Ordinary shareholders' equity held on investment portfolio – 31 March 2021	290 773		6 250	
Ordinary shareholders' equity held on investment portfolio – 31 March 2020	291 085		6 448	
Average ordinary shareholders' equity held on investment portfolio – 31 March 2021	290 929		6 349	
Post-tax return on adjusted average ordinary shareholders' equity 31 March 2021		**2.9%**		

31 March 2020	**Asset analysis £'000**	Income analysis £'000	**Asset analysis R'million**	Income analysis R'million
Ninety One Limited	109 014	775	2 415	16
IEP Group Proprietary Limited (IEP)	253 290	18 634	5 611	343
Equity investments^	55 585	(11 043)	1 232	(207)
Investec Property Fund*	164 452	25 241	3 633	466
Investec Australia Property Fund**	30 379	4 047	673	54
Total equity exposures	**612 720**	**37 654**	**13 564**	**672**
Associated loans and other assets	2 313	173	51	3
Total exposures on balance sheet	**615 033**	**37 827**	**13 615**	**675**
Debt funded	323 948	(25 194)	7 167	(516)
Equity	291 085		6 448	
Total capital resources and funding	**615 033**		**13 615**	
Adjusted operating profit		**12 633**		**159**
Taxation		(3 425)		(52)
Operating profit after taxation		**9 208**		**107**
Risk-weighted assets	**2 531 176**		**47 753**	
Ordinary shareholders' equity held on investment portfolio – 31 March 2020	291 085		6 448	
Ordinary shareholders' equity held on investment portfolio – 31 March 2019	340 430		6 400	
Average ordinary shareholders' equity held on investment portfolio – 31 March 2020	315 758		6 424	
Post-tax return on adjusted average ordinary shareholders' equity 31 March 2020		**2.9%**		

^ Does not include equity investments residing in our corporate and private client businesses.
* The proportionate NAV consolidated for the group's investment holding of 24.3% in the Investec Property Fund.
** The group's holding in the Investec Australia Property Fund was disposed of in the current year. The prior year reflects the proportionate NAV consolidated for the group's investment holding of 11.4% (9.2% held directly and 2.2% held indirectly via IPF) in the Investec Australia Property Fund.

GROUP INVESTMENTS
CONTINUED

Income statement analysis

£'000	31 March 2021	31 March 2020	Variance	% change	% change in Rands
Net interest expense	(43 295)	(54 288)	10 993	(20.2%)	(13.1%)
Net fee and commission income	45 340	72 666	(27 326)	(37.6%)	(29.2%)
Investment income	16 955	39 194	(22 239)	(56.7%)	(45.7%)
Share of post-taxation profit of associates and joint venture holdings	7 956	18 985	(11 029)	(58.1%)	(51.6%)
Trading (loss)/income arising from					
– customer flow	9 968	(15 814)	25 782	(>100.0%)	(>100.0%)
– balance sheet management and other trading activities	(22 508)	29 945	(52 453)	(>100.0%)	(>100.0%)
Other operating income	—	4	(4)	(100.0%)	(100.0%)
Total operating loss before expected credit loss impairment charges	**14 416**	**90 692**	**(76 276)**	**(84.1%)**	**(81.8%)**
Expected credit loss impairment charges	(2 379)	(8 154)	5 775	(70.8%)	(100.0%)
Operating income	**12 037**	**82 538**	**(70 501)**	**(85.4%)**	**(83.4%)**
Operating costs	(2 096)	(2 815)	719	(25.5%)	72.0%
Operating profit before goodwill, acquired intangibles and strategic actions	**9 941**	**79 723**	**(69 782)**	**(87.5%)**	**(86.1%)**
Loss/(profit) attributable to other non-controlling interests	(698)	(67 090)	66 392	(99.0%)	(99.7%)
Adjusted operating profit	**9 243**	**12 633**	**(3 390)**	**(26.8%)**	**20.1%**
ROE post-tax	2.9%	2.9%			

Factors driving the performance in the period under review:
- Net interest expense was lower than the prior period, driven by IPF's reduced funding costs in the lower interest rate environment
- Net fee and commission income was behind the prior period due to lower rental income earned by IPF as a result of COVID-19 related increased vacancies, rental concessions granted as well as renegotiated lease terms with some major clients
- Investment income was impacted by negative revaluation adjustments on IPF's investment properties, partly offset by the gain on sale of the group's 9.1% holding in IAPF as well as positive revaluation adjustments on IPF's European Logistics and European Light Industrial portfolios
- Share of post-taxation profit of associates and joint venture holdings was positively impacted by the inclusion of associate earnings from the group's retained investment in Ninety One (following the demerger of the asset management business in March 2020). This was offset by lower earnings from the IEP Group as some of its subsidiaries were unable to trade during the hard lockdown and the non-repeat of a realisation in the prior period
- The net trading loss arising from customer flow, balance sheet management and other trading activities is primarily due to negative FX revaluations on Euro-denominated investments in IPF, partly offset by fair value gains on derivative instruments in IPF
- ECL impairment charges declined, reflecting a lower Stage 3 ECL charge in the current year
- Other non-controlling interests comprises the 75.69% shareholding in IPF that is not held by the Investec group.

Strategy execution:
- On the capital discipline objective, the group made further progress in the year under review, mainly through asset realisations of c.R1.2 billion in the South African investment portfolio.

04

Risk management and environmental, social and governance (ESG)

STATEMENT FROM THE GROUP CHIEF RISK OFFICER

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 is assessed with consideration 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 macro-environment during the year continued to present challenges due to the COVID-19 pandemic, the group was able to maintain sound asset performance and risk metrics throughout the year in review.

We are comfortable that we have strong balance sheets with 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.

In the first quarter of 2020, the COVID-19 pandemic combined with an oil price shock stunned global markets resulting in extreme market dislocations. Since then we have seen multiple social containment measures in the UK, South Africa, as well as in many countries across the world and significant levels of uncertainty. Offset against this, there have been unprecedented levels of government support provided and a number of vaccines developed late in 2020 that are now being rolled out worldwide.

Additionally in the UK, the conclusion of Brexit late in December 2020 provided some certainty and we have sought to adapt to the new legal and regulatory landscape. Activity levels as a result have picked up, particularly in the second half of the financial year as clients have been in a position to make investment decisions given the greater macro-economic certainty that exists, albeit maintaining a cautious approach.

In the UK, IBP's long-term Moody's deposit rating is A1 (stable outlook) and Investec plc's rating is Baa1 (stable outlook), in line with the prior year. IBP's long-term Fitch rating is BBB+ (negative outlook). The negative outlook is improved from a Rating Watch Negative assigned by Fitch in April 2020 as a result of the heightened risk from the global COVID-19 pandemic. Following review by Fitch, the Rating Watch was removed and the BBB+ rating affirmed reflecting Fitch's view that IBP's ratings are not immediately at risk from the impact of the economic downturn given IBP's sound underlying metrics.

On 20 November 2020, Fitch Ratings downgraded South Africa's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'BB-' from 'BB' with a Negative outlook. On the same day, Moody's downgraded the Government of South Africa's long-term foreign-currency and local-currency issuer ratings to Ba2 from Ba1 and maintained the negative outlook in place since 1 November 2019. Also on 20 November 2020, S&P affirmed its 'BB-/B' long- and short-term foreign currency sovereign credit ratings and its 'BB/B' long- and short-term local currency sovereign credit ratings on South Africa with a stable outlook. Further, on 21 May 2021, both S&P and Fitch affirmed their long-term sovereign credit ratings and outlooks for South Africa. 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 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.

IBL'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.

The group's net core loan book increased to £26.4 billion or 1.6% in neutral currency.

In the UK, growth in net core loans was driven by the residential mortgage portfolio and other high net worth lending as we gained good traction in our Private Banking strategy as well as selective lending collateralised by property. Corporate client lending portfolios saw good activity albeit limited net book growth and were impacted by the exit from Australia. On 8 December 2020 the group announced its exit from Australia to focus on building scale and relevance in its core market in the UK. The wind down of this business is underway and the sale of c. £400 million of the corporate lending portfolio took place in March 2021, which has substantially reduced the group's remaining exposure to this geography. Further exits are anticipated in the coming months and all remaining exposures will form part of the UK managed portfolio going forward upon closure of the Australian branch.

In South Africa, the decline in net core loans was due to lower originations during the year under review coupled with repayments, mainly in the corporate portfolio.

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 and 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 proportion of net core loans.

At 31 March 2021 our exposure to sectors considered vulnerable to COVID-19 in the UK totalled £1.2 billion or 9.6% of gross core loans. This is predominantly through our global aviation finance business (3.1% of UK gross core loans) and the UK focused high volume small ticket asset finance business lending to SMEs and corporates (2.6% of UK gross core loans). These businesses have performed well to date considering the substantial economic disruption caused by the pandemic. In South Africa, at 31 March 2021, our exposure to sectors considered vulnerable to COVID-19 totalled R11.9 billion or 4.1% of gross core loans and include our aviation, trade finance, hotels, gaming and leisure businesses. We remain confident that we have a well-diversified portfolio across sectors. Government stimulus and support measures have mitigated the impact on vulnerable sectors to date but we continue to monitor these sectors closely for signs of stress.

Asset quality metrics reflect the solid performance of core loans to date. The group's credit loss ratio was calculated at 0.35% at 31 March 2021 down from 0.52% at 31 March 2020 which took into account the initial impacts of COVID-19. The UK credit loss ratio was 0.56% at 31 March 2021, which remains elevated relative to pre-pandemic levels. The South African credit loss ratio improved to 0.18% at 31 March 2021 (31 March 2020: 0.38%) as the portfolio benefited from better than expected recoveries.

Stage 3 exposures totalled £697 million at 31 March 2021 or 2.7% of gross core loans subject to ECL (31 March 2020:

STATEMENT FROM THE GROUP CHIEF RISK OFFICER
CONTINUED

2.4%). Stage 3 exposures are well covered by ECL provisions. 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 2.1% (31 March 2020: 1.6%). In the UK, Stage 3 exposures in the Ongoing book (excluding Legacy) reduced to £231 million or 1.9% of gross core loans subject to ECL at 31 March 2021 (31 March 2020: 2.2%) due to a number of successful exits from existing Stage 3 positions offset by limited new defaults. These exposures are adequately provisioned. Legacy exposures have reduced by 24% since 31 March 2020 to £84 million (net of ECL) at 31 March 2021 and now comprise only 0.7% of UK net core loans and advances. These assets were substantially impaired and are largely reported under Stage 3.

In South Africa Stage 3 exposures increased to R7.4 billion or 2.6% of gross core loans subject to ECL (31 March 2020: 1.5%). The increase was mainly attributable to a few single name exposures that are adequately provided for.

In the UK, Stage 2 exposures increased to £1.2 billion or 10.4% as a proportion of gross core loans subject to ECL at 31 March 2021 (31 March 2020: 5.1%), as a result of the worsened economic environment resulting in an increased proportion of the portfolio that has been subject to a significant increase in credit risk since origination. There are currently no significant underlying credit concerns related to this increase and we continue to monitor these Stage 2 exposures closely. We anticipate that an improvement in economic conditions and increased certainty with respect to the pandemic would result in a reduction in Stage 2 exposures.

In South Africa Stage 2 exposures remain relatively flat at 5.2% of gross core loans subject to ECL at 31 March 2021 (31 March 2020: 5.3%), albeit reduced from 6.4% at 30 September 2020. For the first half of the year the increase was due to single name exposures particularly affected by COVID-19 and model-driven migrations from updated macro-economic scenarios, mainly in the residential mortgage portfolio. In the second half of the year, the decrease is predominantly due to certain transfers into Stage 3 as well as a limited number of exposures improving and, as a result, moving back into Stage 1.

The measurement of ECL under IFRS 9 has increased complexity and reliance on expert credit judgements. Key judgemental areas under IFRS 9 are highlighted in this document and are subject to robust governance processes. Investec plc applies the IFRS 9 transitional arrangements (including COVID-19 ECL add-backs) to regulatory capital calculations to absorb the impact permissible of IFRS 9 over time. Investec Limited absorbed the full impact of IFRS 9 on 1 April 2019, on adoption of the Foundation Internal Ratings-Based approach (FIRB) for credit risk.

Assessing the forward-looking impact of COVID-19 as well as the offsetting effect of the unprecedented levels of government measures, particularly in the UK, required significant judgement. Management performed extensive benchmarking of credit loss ratios, macro-economic scenarios applied and the coverage ratios against UK and South African banks. It was concluded that the ECL position appeared reasonable in comparison to industry peers. In the UK, the extreme and unprecedented economic conditions identified limitations in aspects of our model design and calibration. The model methodology itself was therefore reviewed and adjusted to ensure the output of the models reflected the ongoing uncertainty in the economic environment whilst we continued to rely on the bank's internal models where relevant. A £16 million ECL overlay was applied to the Stage 2 portfolio to capture latent risk in the portfolio not yet identified in the models. In South Africa, the forward-looking macro-economic scenarios used in the measurement of ECL were updated to capture the impacts of the sovereign downgrade by Moody's to sub-investment grade as well as the impact of COVID-19. A management ECL overlay of R290 million (31 March 2020: R190 million) was raised for the Private Bank portfolio to account for the unique nature of the COVID-19 pandemic and the impact on the South African economy. Specifically, the management ECL overlay accounts for emerging risks identified for certain categories of borrowers within the commercial real estate and mortgage portfolios. Management believes that these risks are not adequately represented by the historic data used to populate the ECL models. In line with our previous approach Stage 3 ECLs continued to be assessed using expert credit judgement.

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. We have structured different types of support to most appropriately suit diverse client needs. In the UK, COVID-19 relief measures currently in place have reduced substantially from a peak of 13.7% of gross core loans at end June 2020 to £342 million or 2.7% at 31 March 2021, of which £251 million are assets reported in Stage 1. In South Africa, COVID-19 relief measures currently in place have reduced from a cumulative relief of 23.0% of gross core loans since the onset of COVID-19 to 1.3% or R3.8 billion at 31 March 2021 of which R2.0 billion are reported in Stage 1.

Trading income continued to be negatively impacted by risk management and risk reduction costs in our structured product book of £93 million in the year to 31 March 2021. Extreme market movements, dividend cancellations and a lack of trading liquidity were the primary causes of these costs. Risk reduction trades combined with a reduction in the size of the structured products book substantially reduced risk management costs in the last quarter of the financial year. Furthermore, the implementation of a macro hedge has provided downside protection in the event of another extreme market dislocation. For the 2022 financial year we expect these costs to be approximately £30 million. This guidance is subject to various assumptions which, if altered, may result in a different outcome to management expectations. At 31 March 2021, the 95% one-day Value at Risk (VaR) measure has reduced to £0.5 million (31 March 2020: £1.5 million) and R5.5 million (31 March 2020: R6.9 million) in the UK and South Africa respectively.

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 on the balance sheet reduced by 9.0% over the year under review to £909 million at 31 March 2021.

Investec continues to retain a 25.0% shareholding in Ninety One (previously known as Investec Asset Management) as a strategic investment.

The group continued to maintain a sound balance sheet with a low gearing ratio of 9.7 times and a core loans to equity ratio of 5.0 times at 31 March 2021. Our leverage ratios for Investec Limited and Investec plc were 7.6% and

STATEMENT FROM THE GROUP CHIEF RISK OFFICER
CONTINUED

7.9% 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 11.2% for Investec plc (standardised approach) and 12.2% for Investec Limited (FIRB approach) at 31 March 2021. 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 well in excess of regulatory minimums.

In March 2021, the Bank of England (BoE) re-confirmed the preferred resolution strategy for the UK bank as 'modified insolvency'. As the resolution strategy is 'modified insolvency', the BoE has set IBP's minimum requirement for own funds and eligible liabilities (MREL) requirement as equal to its total regulatory capital requirements.

Investec plc's Pillar 2A requirement expressed as a percentage of RWAs at 31 March 2021 reduced to 0.83% of RWAs (of which 0.47% has to be met with CET1 capital) down from 1.12% at 31 March 2020 as a result of a number of regulatory changes. The changes have resulted in a lower CET1 regulatory minimum for Investec plc and IBP, increasing our regulatory capital surplus.

Investec Limited received approval to report its corporate and SME portfolios from 1 April 2021 on the AIRB approach with a c. 60bps uplift to the CET1 ratio. Investec is working on migrating additional portfolios to the AIRB approach and if successful, is expected to result in a further 1.00%-1.50% uplift to the CET1 ratio. The negative impact on CET1 at 31 March 2020, as a result of the sudden movement in credit spreads on our High Quality Liquid Assets and credit investment portfolios held at fair value through equity, reversed during the financial year in review. The South African Prudential Authority (South African PA) indicated that the reduction in the Pillar 2a requirements effective 6 April 2020, will potentially be reinstated in 2022.

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 retail customer deposits. Cash and near cash balances amounted to £13.2 billion at 31 March 2021 (31 March 2020: £12.7 billion). Average cash balances remained high as we maintained a conservative position holding higher levels of group cash balances due to the onset of the COVID-19 pandemic.

Customer accounts (deposits) totalled £34.4 billion at 31 March 2021 (31 March 2020: £32.2 billion). In the UK, a new digital offering was successfully launched during the year with strong uptake from retail clients, which substantially reduces the operational cost of deposit raising for these products.

Loans and advances to customers as a percentage of customer deposits remained conservative at 75.6%. The group comfortably exceeds Basel liquidity requirements for the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). IBL (solo basis) ended the year to 31 March 2021 with the three-month average of its LCR at 150.2% and NSFR of 112.8%. For Investec plc and IBP (solo basis) the LCR and NSFR are calculated using the relevant European Union (EU) regulation, applying our own interpretations where required. The LCR reported to the Prudential Regulatory Authority (PRA) at 31 March 2021 was 440% for Investec plc and 475% for IBP (solo basis). The UK LCR ratios reported at 31 March 2021 were elevated by the sale of the Australian corporate loans. Excluding the sale the LCR for IBP (solo basis) would be 330%. The internally calculated NSFR was 129% for Investec plc and 126% for IBP (solo basis) at 31 March 2021. These may change over time with regulatory developments and guidance.

Looking forward, the focus remains on having an optimised funding mix through the retail market, in line with the group's strategic objectives as well as selectively using wholesale funding to lengthen the book. In the UK, we have access to 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 across our banking and Wealth & Investment businesses. Countering financial and cyber crime are high priorities, and the group continually aims to strengthen and test 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 remote working continues to be effective and has enabled 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 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 the assessment of the impact of COVID-19 and negative interest rates.

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

Our viability statement is provided on pages 137 to 139

Conclusion
Supported by a strong capital base and high levels of liquidity, the group has navigated the unusual and unprecedented economic and market conditions as a result of the COVID-19

STATEMENT FROM THE GROUP CHIEF RISK OFFICER
CONTINUED

pandemic well. Profitability has been impacted; however, the fundamental risk performance remains strong, reflecting the sound underlying balance sheet going into the pandemic. The risk outlook remains uncertain, although we are comfortable that we are well placed to progress in the next financial year given the current levels of provisioning and management actions taken to reduce risks across the group in the year to 31 March 2021.

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. We continue to support our clients during this ongoing period of uncertainty and, going forward, as the economic environment improves.

Signed on behalf of the board

Mark Currie
Group chief risk officer
22 June 2021

SALIENT FEATURES

Salient features

A summary of the key risk indicators are provided in the table below:

	UK and Other^^		Southern Africa^^^		Total group	
Year to 31 March	**2021 £**	**2020*** £**	**2021 R**	**2020 R**	**2021 £**	**2020*** £**
Net core loans (million)	12 331	11 870	287 315	288 878	26 438	24 911
Total assets (excluding assurance assets) (million)	24 604	24 647	548 673	574 607	51 460	50 523
Total risk-weighted assets (million)	16 332	16 285	351 125	337 755	33 576^	31 532^
Total equity (million)	2 506	2 389	60 628	56 675	5 312	4 898
Cash and near cash (million)	6 857	6 040	129 759	147 169	13 229	12 683
Customer accounts (deposits) (million)	16 070	15 272	374 228	375 456	34 449	32 221
Loans and advances to customers as a % of customer deposits	76.8%	77.7%	74.6%	75.0%	75.6%	76.3%
Structured credit as a % of total assets*	2.3%	2.1%	0.5%	0.6%	1.4%	1.3%
Banking book investment and equity risk exposures as a % of total assets*	2.5%	2.6%	3.8%	4.2%	3.2%	3.4%
Traded market risk: 95% one-day value at risk (million)	0.5	1.5	5.5	6.9	n/a	n/a
Core loans to equity ratio	4.9x	5.0x	4.7x	5.1x	5.0x	5.1x
Total gearing ratio**	9.8x	10.3x	9.0x	10.1x	9.7x	10.3x
Return on average assets[#]	0.34%	0.79%	0.70%	0.95%	0.53%	0.88%
Return on average risk-weighted assets[#]	0.52%	1.19%	1.13%	1.56%	0.82%	1.38%
Stage 3 exposures as a % of gross core loans subject to ECL Stage 3	2.8%	3.3%	2.6%	1.5%	2.7%	2.4%
exposure net of ECL as a % of net core loans subject to ECL Credit	2.0%	2.4%	2.1%	0.8%	2.1%	1.6%
loss ratio	0.56%	0.69%	0.18%	0.36%	0.35%	0.52%
Level 3 (fair value assets) as a % of total assets	6.6%	6.9%	2.1%	2.1%	4.3%	4.4%
Common Equity Tier 1 ratio[##]	11.2%	10.7%	12.2%	10.9%	n/a	n/a
Tier 1 ratio[##]	12.8%	12.4%	12.8%	11.5%	n/a	n/a
Total capital adequacy ratio[##]	15.1%	14.9%	16.0%	15.0%	n/a	n/a
Leverage ratio	7.9%	7.8%	7.6%	6.4%	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 Pound Sterling) numbers together.
\# Where return represents adjusted earnings attributable to ordinary shareholders, as defined on page 204. Average balances are calculated on a straight-line average.
\## The CET1, tier 1, total capital ratio and RWAs are calculated using IFRS 9 transitional arrangements.
** 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. The impact of this deduction totalling £25 million for Investec plc and £25 million for IBP would lower the CET 1 ratio by 17bps and 16bps respectively.
^^^ Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's CET1 ratio would be 39bps lower (31 March 2020: 24bps lower).
*** Restated as detailed on page 141 in volume three of the Investec group's 2021 integrated annual report.

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

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 below with further information pertaining to the management and monitoring of these principal risks shown in the references provided.

The board, through its various sub-committees, has performed a robust assessment of these principal risks and regular reporting of these risks is made to the board.

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. It is the group's 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 a strong and embedded risk and capital management culture and policies and processes in place to address these principal risks. Risk awareness, control and compliance are embedded in all our day-to-day activities through a levels of defence model.

The levels of defence model is applied as follows:

- **Level 1** – Business line management: responsible for identifying and managing risks inherent in the products, activities, processes and systems for which it is accountable and escalating risk events where necessary
- **Level 2** – Independent risk and compliance functions: responsible for building and embedding risk frameworks, challenging the business lines' inputs to, and outputs from, the group's risk management, risk measurement and reporting activities
- **Level 3** – Independent internal audit: responsible for reviewing and testing the application and effectiveness of risk management procedures and practices.

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. 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 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 by the board 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 board. In the section that follows, the group's high-level summary of overall risk tolerance and positioning has been detailed against the respective principal risks.

PRINCIPAL RISKS
CONTINUED

Credit and counterparty risk

Principal risk description	Risk management and key mitigating actions	
Credit and counterparty risk is defined as the risk arising from an obligor's (typically a client or counterparty) failure to meet the terms of any agreement thereby resulting in a loss to the group, arising when funds are extended, committed, invested, or otherwise exposed through contractual agreements, whether reflected on- or off-balance sheet **Link to strategy** Capital discipline Growth initiatives	• Independent credit committees exist in the group's main operating jurisdictions which also have oversight of regions where we assume credit risk. These committees operate under board-approved delegated limits, policies and procedures • There is a high level of executive involvement in decision-making with non-executive review and oversight • Our credit exposures are to a select target market comprising high-income and high net worth individuals, established corporates, small and medium-sized enterprises, financial institutions and sovereigns • Our risk appetite continues to favour lower risk, income-based lending, with exposures well collateralised and credit risk taken over a short to medium term • Investec has a limited appetite for unsecured debt, thus the credit risk mitigation technique most commonly used is the taking of collateral, with a strong preference for tangible assets • Portfolio reviews (including stress testing analyses) are undertaken on all material businesses, where the portfolios are analysed to assess any migration in portfolio quality, highlight any vulnerabilities, identify portfolio concentrations and make appropriate recommendations, such as a reduction in risk appetite limits or specific exposures.	
Further information	**Risk appetite and tolerance metric**	**Positioning at 31 March 2021**
Read more on pages 24 to 51 in volume two of the Investec group's 2021 integrated annual report	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 throughout the year.
	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). We target Stage 3 net of ECL as a % of net core loans 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.	We currently remain within all tolerance levels given the current weakened economic environment. The group credit loss ratio was calculated at 0.35% for 31 March 2021 (31 March 2020: 0.52%). Stage 3 net of ECL as a % of net core loans subject to ECL was 1.4% for Investec plc (excluding the Legacy portfolio) and 2.1% for Investec Limited.

PRINCIPAL RISKS
CONTINUED

Country risk

Principal risk description

Country risk refers to the risk of lending to a counterparty operating in a particular country or the risk inherent in a sovereign exposure, i.e. the risk of exposure to loss caused by events in that country. Country risk covers all forms of lending or investment activity whether to/with individuals, corporates, banks or governments

Risk management and key mitigating actions

- Exposures are only to politically stable jurisdictions that we understand and have preferably operated in before
- The legal environment should be tested, have legal precedent in line with Organisation for Economic Co-operation and Development (OECD) standards and have good corporate governance
- In certain cases, we may make use of political risk insurance to mitigate exposure where deemed necessary.

Link to strategy

Growth initiatives

Further information

Read more on page 25 in volume two of the Investec group's 2021 integrated annual report

Risk appetite and tolerance metric

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.

Positioning at 31 March 2021

We maintained this risk tolerance level in place throughout the year.

Environmental, social and governance (ESG) risk and climate risk

Principal risk description

The risk that our lending and investment activities give rise to unintended environmental (including climate change), social and economic consequences

Risk management and key mitigating actions

- Investec has a holistic approach to sustainability, which runs beyond recognising our own footprint on the environment, includes our many community activities and is based on a broader responsibility to our environment and society
- Accordingly, sustainability risk considerations are considered by the relevant credit committee or investment committee when making lending or investment decisions
- There is also oversight by the group ESG Executive Committee and the Social and Ethics Committee on general ESG issues, including climate-related impacts
- The group ESG Executive Committee coordinates general ESG efforts, including climate-related risks and opportunities across geographies and businesses from both a strategy and policy perspective.

Link to strategy

Growth initiatives
Greater connectivity

Further information

Read more on pages 25 and 56 in volume two of the Investec group's 2021 integrated annual report, pages 131 to 150 in volume one of the Investec group's 2021 integrated annual report and refer to our 2021 group sustainability and ESG supplementary report on our website

Risk appetite and tolerance metric

We take a cautious approach with respect to industries that are known to damage the environment. We made our group fossil fuel policy public on 31 March 2020. 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.

Positioning at 31 March 2021

We maintained this risk tolerance level in place throughout the year.

PRINCIPAL RISKS
CONTINUED

Investment risk

Principal risk description	Risk management and key mitigating actions
Investment risk in the banking book arises primarily from the group's investment (private equity) and property investment activities, where the group invests in largely unlisted companies and select property investments, with risk taken directly on the group's balance sheet	• Independent credit and investment committees in the UK and South Africa provide oversight of regions where we assume investment risk • Risk appetite limits and targets are set to limit our exposure to equity and investment risk • As a matter of course, concentration risk is avoided and investments are well spread across geographies and industries.

Link to strategy	Risk appetite and tolerance metric	Positioning at 31 March 2021
Capital discipline Growth initiatives **Further information** Read more on pages 57 and 58 in volume two of the Investec group's 2021 integrated annual report and pages 73 to 75 in volume one of the Investec group's 2021 integrated annual report	We have moderate appetite for investment risk, and set a risk tolerance of less than 30% of CET1 capital for our unlisted principal investment portfolio for Investec plc and 12.5% of total tier 1 capital for Investec Limited. Investec Limited has set a risk tolerance of 17.5% of total Tier 1 capital for the exposure to the IEP Group.	Our unlisted investment portfolios amounted to R3.2 billion and £346 million for Investec Limited and Investec plc respectively, representing 7.1% of total Tier 1 capital for Investec Limited and 19.3% of CET1 capital for Investec plc. Exposure to the IEP Group totalled R5.1 billion representing 11.3% of total tier 1 capital.

Market risk in the trading book

Principal risk description	Risk management and key mitigating actions
Traded market risk is the risk of potential changes in the value of the trading book as a result of changes in market factors such as interest rates, equity prices, commodity prices, exchange rates, credit spreads and the underlying volatilities where derivatives are traded. The trading book is defined as positions in financial instruments and commodities, including derivative products and other off-balance sheet instruments that are held within the trading businesses	• To identify, measure, monitor and manage market risk, we have independent market risk management teams in our core geographies where we assume market risk • The focus of our trading activities is primarily on supporting our clients. Our strategic intent is that proprietary trading should be limited and that trading should be conducted largely to facilitate client flow • Within our trading activities, we act as principal with clients or the market. Market risk exists where we have taken on principal positions resulting from market making, underwriting and facilitation of client business in the foreign exchange, interest rate, equity, credit and commodity markets • Measurement techniques used to quantify market risk arising from our trading activities include sensitivity analysis, Value at Risk (VaR), stressed VaR (sVaR), expected shortfall (ES) and extreme value theory (EVT). Stress and scenario analyses are used to add insight to possible outcomes under severe market disruptions.

Link to strategy	Risk appetite and tolerance metric	Positioning at 31 March 2021
Capital discipline **Further information** Read more on pages 61 to 66 in volume two of the Investec group's 2021 integrated annual report	Market risk arises through our trading activities primarily focused on supporting client activity. Appetite for proprietary trading is limited. We set an overall tolerance level of a one-day 95% VaR of less than R15 million for Investec Limited and less than £5 million for Investec plc. Additionally, we have reduced stress scenario loss limits as a result of the effects of the extreme market volatility experienced in March 2020 on the structured products book.	We met these internal limits; one-day 95% VaR was R5.5 million for Investec Limited and £0.5 million for Investec plc at 31 March 2021.

PRINCIPAL RISKS
CONTINUED

Liquidity risk

Principal risk description	Risk management and key mitigating actions
Liquidity risk refers to the possibility that, despite being solvent, we have insufficient capacity to fund increases in assets or are unable to meet our payment obligations as they fall due, in normal and stressed conditions. This includes repaying depositors or maturing wholesale debt. This risk arises from mismatches in the timing of cash flows, and is inherent in all banking operations and can be impacted by a range of institution-specific and market-wide events	• Each geographic entity must be self-sufficient from a funding and liquidity standpoint • Our banking entities in South Africa and the UK are ring-fenced from one another and are required to meet the regulatory liquidity requirements in the jurisdictions in which they operate • Investec plc undertakes an annual Internal Liquidity Adequacy Assessment Process (ILAAP) which documents the approach to liquidity management across the firm, including IBP (solo basis). This document is reviewed and approved by IBP BRCC, DLC BRCC and by the IBP and DLC boards • We maintain a liquidity buffer in the form of unencumbered cash, government or rated securities (typically eligible for repurchase with the central bank), and near cash well in excess of the statutory requirements as protection against unexpected disruptions in cash flows • The maintenance of sustainable prudent liquidity resources takes precedence over profitability • We target a diversified funding base, avoiding undue concentrations by investor type, maturity, market source, instrument and currency • Our core loans must be fully funded by stable funding • The group does not rely on committed funding lines for protection against unforeseen interruptions to cash flow • The balance sheet risk management teams independently monitor key daily funding metrics and liquidity ratios to assess potential risks to the liquidity position, which further act as early warning indicators of potential normal market disruptions • Daily liquidity stress tests are carried out.

Link to strategy	Risk appetite and tolerance metric	Positioning at 31 March 2021
Capital discipline **Further information** Read more on pages 67 to 78 in volume two of the Investec group's 2021 integrated annual report	We carry a high level of liquidity in all our banking subsidiaries in order to be able to cope with shocks to the system, targeting a minimum cash to customer deposit ratio of 25%.	Total cash and near cash balances amounted to £13.2 billion at year end representing 38.4% of customer deposits.

Non-trading interest rate risk

Principal risk description	Risk management and key mitigating actions
Non-trading interest rate risk, otherwise known as interest rate risk in the banking book, arises from the impact of adverse movements in interest rates on both net interest earnings and economic value of equity. Non-trading interest rate risk in the banking book is an inherent consequence of conducting banking activities, and arises from the provision of retail and wholesale (non-trading) banking products and services	• The daily management of interest rate risk in the banking book is centralised within the Treasury of each geographic entity and is subject to local independent risk and Asset and Liability Committee (ALCO) review • Together with the business, the treasurers develop strategies regarding changes in the volume, composition, pricing and interest rate characteristics of assets and liabilities to mitigate the interest rate risk and ensure a high degree of net interest margin stability over an interest rate cycle. These are presented, debated and challenged in the liability product and pricing forum and ALCO • Each banking entity has its own board-approved non-trading interest rate risk policy and risk appetite, which is clearly defined in relation to both income risk and economic value risk. The policy dictates that long-term (>one year) non-trading interest rate risk is materially eliminated. Where natural hedges between banking book items do not suffice to reduce the exposure within defined limits, interest rate swaps are used to transform fixed rate assets and liabilities into variable rate items • Non-trading interest rate risk is measured and analysed by utilising standard tools of traditional interest rate repricing mismatch and NPV sensitivity to changes in interest rate risk factors.

Link to strategy	Risk appetite and tolerance metric	Positioning at 31 March 2021
Capital discipline **Further information** Read more on pages 73 to 78 in volume two of the Investec group's 2021 integrated annual report	A movement in rates can result in a negative impact on revenues across the banking industry. This risk is managed within the group's risk appetite framework as a proportion of capital in order to limit volatility.	Both Investec Limited and Investec plc are within these tolerance metrics. In the UK, we have undertaken analysis detailing the potential impact of negative rates. Firm wide review of systems and processes concluded that Investec is broadly equipped to manage negative interest rates from an operational perspective.

PRINCIPAL RISKS
CONTINUED

Capital risk

Principal risk description	Risk management and key mitigating actions	
The risk that we do not have sufficient capital to meet regulatory requirements or that capital is inefficiently deployed across the group	• Both the Investec Limited and Investec plc groups undertake an approach to capital management that utilises both regulatory capital as appropriate to that jurisdiction and internal capital, which is an internal risk-based assessment of capital requirements • A detailed assessment of the regulatory and internal capital position of each group is undertaken on an annual basis and is documented in the Internal Capital Assessment Process (ICAAP). The ICAAP is reviewed and approved by DLC BRCC and the board • The determination of target capital is driven by our risk profile, strategy and risk appetite, taking into account the regulatory and market factors applicable to the group • At the most fundamental level, we seek to balance our capital consumption between prudent capitalisation in the context of the group's risk profile and optimisation of shareholder returns • Our internal capital framework is designed to manage and achieve this balance • The framework has been approved by the board and is managed by the DLC Capital Committee, which is responsible for oversight of the management of capital on a regulatory and an internal capital basis.	
Link to strategy	**Risk appetite and tolerance metric**	**Positioning at 31 March 2021**
Capital discipline	We are a lowly leveraged firm and target a leverage ratio in all our banking subsidiaries in excess of 6%.	The leverage ratios were 7.9% and 7.6% for Investec plc and Investec Limited respectively.
Further information Read more on pages 88 to 96 in volume two of the Investec group's 2021 integrated annual report	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.

PRINCIPAL RISKS
CONTINUED

Business risk

Principal risk description	Risk management and key mitigating actions	
Business risk relates to external market factors that can create income volatility	• The risk of loss caused by income volatility is mitigated through diversification of income sources, reducing concentration of income from any one type of business or geography and maintaining a flexible cost base • Group strategy is directed towards generating and sustaining a diversified income base for the group • In the instance where income falls, we retain the flexibility to reduce costs (particularly variable remuneration), thereby maintaining a competitive cost to income ratio.	
Link to strategy	**Risk appetite and tolerance metric**	**Positioning at 31 March 2021**
Improved cost management Growth initiatives Greater connectivity	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 47.0% to total operating income and balance sheet driven activities contributed 53.0%.
Further information Read more on pages 8 to 75 in volume one of the Investec group's 2021 integrated annual report	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 77.6% of total operating income.
	We seek to maintain strict control over fixed costs. For the 2021 financial year the group had a cost to income ratio target of below 63%*.	The cost to income ratio amounted to 70.9%*.
	We aim to build a sustainable business generating sufficient return to shareholders over the longer term, and target a long-term return on equity ratio range of between 12% and 16%, and a return on RWAs in excess of 1.2%*.	The return on equity amounted to 6.6% and our return on RWAs amounted to 0.82%*.

* These targets were initially set to be achieved by financial year 2022; however, in light of the prevailing macro-economic environment, the timeline for these targets to be met is currently under review.

Reputational and strategic risk

Principal risk description	Risk management and key mitigating actions	
Reputational risk is damage to our reputation, name or brand. Reputational risk is often associated with strategic decisions made and also arises as a result of other risks manifesting and not being appropriately mitigated	• We have various policies and practices to mitigate reputational risk, including strong values that are regularly and proactively reinforced • Strategic and reputational risk is mitigated as much as possible through detailed processes and governance/escalation procedures from business units to the board, and from regular, clear communication with shareholders, customers and all stakeholders • The group has a disclosure and public communications policy which is reviewed annually by the board.	
Link to strategy	**Risk appetite and tolerance metric**	**Positioning at 31 March 2021**
Greater connectivity **Further information** Read more on page 83 in volume two of the Investec group's 2021 integrated annual report	We have a number of policies and practices in place to mitigate reputational risks.	We have continued to mitigate these risks where possible throughout the year.

PRINCIPAL RISKS
CONTINUED

Operational risk

Principal risk description	Risk management and key mitigating actions

Operational risk is defined as the potential or actual impact to the group as a result of failures relating to internal processes, people, systems or from external events. The impacts can be financial as well as non-financial such as customer detriment, reputational or regulatory consequences	• The operational risk management framework is embedded at all levels of the group, supported by the risk culture and enhanced on a continual basis in line with regulatory developments. Included in the framework are policies, practices and processes which facilitate the identification, assessment, mitigation, monitoring and reporting of operational risk
	• The group's approach to manage operational risk operates a three levels of defence model which reinforces accountability by allocating clear roles and responsibilities and first line ownership
	• There are operational risk sub-types which are significant in nature and are managed by dedicated specialist teams within the group. These operational risk sub-types have individual detailed risk policies and procedures, but are included within the operational risk management framework and are reported and monitored within the operational risk appetite tolerance. These sub-types include:
	  • Business disruption and operational resilience
	  • Conduct risk
	  • Cyber risk
	  • Data risk
	  • Financial crime risk
	  • Fraud risk
	  • Model risk
	  • Physical security and safety risk
	  • Process failure risk
	  • Regulatory compliance risk
	  • Tax risk
	  • Technology risk
	  • Third party risk.

Link to strategy	Risk appetite and tolerance metric	Positioning at 31 March 2021
Digitalisation Greater connectivity	We maintain sound operational risk practices to identify and manage operational risk. We monitor the level of acceptable operational risk exposure/loss through qualitative and quantitative measures.	We maintained operational risk losses within risk tolerance levels throughout the year.

Further information

Read more on pages 79 to 82 in volume two of the Investec group's 2021 integrated annual report

PRINCIPAL RISKS
CONTINUED

Conduct risk

Principal risk description	Risk management and key mitigating actions
Conduct risk is the risk that inappropriate behaviours or business activities may lead to client, counterparty or market detriment, erosion of Investec values, culture and ethical standards expected of its staff, or reputational and/or financial damage to the group **Link to strategy** Greater connectivity **Further information** Read more on page 84 in volume two of the Investec group's 2021 integrated annual report	• Our approach to conduct risk is driven by our values and philosophies, ensuring that Investec operates with integrity and puts the wellbeing of its clients at the heart of how the business is run • Products and services are scrutinised and regularly reviewed to identify any issues early on and to make sure they are escalated for appropriate resolution and, where necessary, remedial action • Investec's conduct risk policy aims to create an environment for consumer protection and market integrity within the business, supported with the right conduct risk management framework • Customer and Market Conduct Committees exist in South Africa and the UK, with the objective of ensuring that Investec maintains a client-focused and fair outcomes-based culture.

Cyber risk

Principal risk description	Risk management and key mitigating actions
Risk associated with cyber-attacks which can result in data compromise, interruption to business processes or client services, material financial losses, or reputational harm **Link to strategy** Digitalisation Greater connectivity **Further information** Read more on pages 79 to 82 in volume two of the Investec group's 2021 integrated annual report	• Investec manages cyber risk through robust controls that are in place and regularly validated • The group has a risk-based cyber strategy integrating prediction, prevention, detection and response • Investec maintains security architecture, which is continually enhanced using advanced technology • There are cyber controls which are regularly stress tested by internal teams and external specialists • Coordinated security incident response and crisis management processes are in place • Ongoing security training takes place to ensure high levels of staff awareness and vigilance • Investec has cyber insurance cover which includes incident response management, third party liability (including data protection, transmission liabilities, intellectual property infringement, impaired client access), income loss from business disruption and cover for expenses incurred.

PRINCIPAL RISKS
CONTINUED

Financial crime risk

Principal risk description	Risk management and key mitigating actions

Financial crime is any kind of criminal conduct relating to money, financial services or markets. It includes any offence involving fraud or dishonesty, misconduct in or misuse of information relating to a financial market, handling the proceeds of crime or the financing of terrorism. The offence is committed by internal or external agents to steal, defraud, manipulate, or circumvent established rules or legislation. This includes money laundering, terrorist financing, bribery, fraud, tax evasion, embezzlement, forgery, counterfeiting, and identity theft
 	
Link to strategy
Digitalisation
Greater connectivity
 	
Further information
Read more on pages 79 to 82 in volume two of the Investec group's 2021 integrated annual report
	• Investec has established policies and procedures to promote business with clients in such a manner that minimises the risk of Investec's products being used for money laundering and terrorist financing
	• A risk-based approach is in place to comply with the money laundering regulations and applicable legislation, by ensuring that:
	  • Sufficient information about customers is obtained
	  • All customers' identities are appropriately verified
	  • Staff are appropriately trained
	  • Suspicious transactions and terrorist financing are recognised and reported
	  • Client relationships are not entered into or maintained where there is a significant risk of financial crime through suspicious activity or the failure to provide 'Know Your Customer' information.

Legal risk

Principal risk description	Risk management and key mitigating actions
Legal risk is the risk of loss resulting from any of our rights not being fully enforceable or from our obligations not being properly performed. This includes our rights and obligations under contracts entered into with counterparties. Such risk is especially applicable where the counterparty defaults and the relevant documentation may not support the anticipated rights and remedies in the transaction **Link to strategy** Greater connectivity **Further information** Read more on page 83 in volume two of the Investec group's 2021 integrated annual report	• A Legal Risk Forum is constituted in each significant legal entity within the group to ensure we keep abreast of developments and changes in the nature and extent of our activities, and to benchmark our processes against best practice • There is a central independent in-house legal team with embedded business unit legal officers where business volumes or needs dictate • The group maintains adequate insurance to cover key insurable risks • This is supplemented by a pre-approved panel of third party legal firms to be utilised where necessary.

PRINCIPAL RISKS
CONTINUED

Business disruption and operational resilience

Principal risk description	Risk management and key mitigating actions
Risk associated with disruptive incidents which can impact premises, staff, equipment, systems, and key business processes **Link to strategy** Growth initiatives Digitalisation Greater connectivity **Further information** Read more on pages 79 to 82 in volume two of the Investec group's 2021 integrated annual report	• Resilience strategies are continuously monitored and enhanced, including relocating impacted businesses to alternate processing sites where appropriate as well as working from home strategies; in addition to leveraging high availability technology solutions • Implementation and execution of crisis management and crisis communication processes at group as well as business unit level • Work is underway to analyse new regulatory operational resilience requirements to ensure existing strategies are further enhanced and aligned to regulatory expectations.

People risk

Principal risk description	Risk management and key mitigating actions
The risk that we may be unable to recruit, retain and engage diverse talent across the organisation **Link to strategy** Growth initiatives Greater connectivity **Further information** Read more on pages 134 to 136 in volume one of the Investec group's 2021 integrated annual report and refer to our 2021 group sustainability and ESG supplementary report on our website	• We focus on building a strong, diverse and capable workforce by providing a workplace that stimulates and rewards distinctive performance • Investec invests significantly in opportunities for the development of all our employees, and in leadership programmes to enable current and future leaders of the group • There are a number of graduate programmes operating across our organisation sourcing and developing our talent pipeline • Internal mobility is a valued mechanism for the development and retention of people • Our people and organisation team plays a critical role in assisting the business to achieve its strategic objectives, which are matched to learning strategies and market trends • The people and organisation team is mandated to enable the attraction, development and retention of talent who can perform in a manner consistent with our culture and values. The people and organisation team also works with leadership to strengthen the culture of the business, ensure its values are lived, build capability and contribute to the long-term sustainability of the organisation.

Regulatory compliance risk

Principal risk description	Risk management and key mitigating actions
The risks of changing legislation, regulation, policies, voluntary codes of practice and their interpretation in the markets in which we operate can have a significant impact on the group's operations, business prospects, costs, liquidity and capital requirements **Link to strategy** Greater connectivity **Further information** Read more on pages 82 and 84 to 86 in volume two of the Investec group's 2021 integrated annual report	• Investec remains focused on achieving the highest levels of compliance to professional standards and integrity in each of our jurisdictions. Our culture is a major component of our compliance framework and is supported by robust policies, processes and talented professionals who ensure that the interests of our stakeholders remain at the forefront of everything we do • There are independent compliance, legal and risk management functions in each of our core operating jurisdictions, which ensure that the group implements the required processes, practices and policies to adhere to applicable regulations and legislation.

PRINCIPAL RISKS
CONTINUED

Emerging and other risks

In addition to the principal risks outlined above, the risks below may have the potential to impact and/or influence our principal risks and consequently the operations, financial performance, viability and prospects of the group.

A number of these risks are beyond the group's control and are considered in our capital plans, stress testing analyses and budget processes, where applicable.

These emerging risks are briefly highlighted below and should be read in the context of our approach to risk management and our overall group risk appetite framework.

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

Emerging and other risks as factored into the board's viability assessment. Refer to our viability statement on pages 137 to 139

Near-term	Read more
Pandemics and widespread public health crises: Pandemics and widespread public health crises, may cause significant volatility in global financial markets, disruptions to commerce and reduced economic activity which could have a significant adverse effect on Investec's results or operations, reputation and financial condition. There continues to be significant uncertainty resulting from the COVID-19 pandemic, including the depth of the downturn in activity as well as the duration and type of restrictive measures in place within the geographies in which we operate. At the present time it remains difficult to predict the full impact that the pandemic will have on the group. The board and management continue to meet regularly, on a virtual basis, to ensure that all aspects of the challenges posed by COVID-19 are given full attention.	pages 16 to 22 and page 140 in volume one of the Investec group's 2021 integrated annual report
Fluctuations in exchange rates could have an adverse impact on the group's results of operations: The group's reporting currency is Pound Sterling. Certain of our operations are conducted by entities outside the UK. The results of operations and the financial position of individual companies are reported in the local currencies of the countries in which they are domiciled, including Rand, Australian Dollars, Euros and US Dollars. These results are then translated into Pound Sterling at the applicable foreign currency exchange rates for inclusion in the group's financial statements. In the case of the income statement, the weighted average rate for the relevant period is applied and, in the case of the balance sheet, the relevant closing rate is used. Exchange rates between local currencies and Pound Sterling have fluctuated substantially over the financial year.	pages 46 and 47 in volume one of the Investec group's 2021 integrated annual report
IBOR reform: Following the decision by global regulators to phase out IBORs and replace them with alternative reference rates, the group has established a project team to manage the transition of all contracts that could be affected. The group has in place detailed plans, processes and procedures to support the transition in line with both the milestones set by the IBOR working groups in each jurisdiction and the timelines set out in the pre-cessation announcement of the IBOR benchmarks by the Financial Conduct Authority (FCA) in March 2021. During the financial year, the group has already successfully transitioned a portion of new business away from referencing IBOR to referencing alternative rates. Following the progress made to date, the group is confident that it has the operational capability to complete the transition to risk free or other alternative rates. IBOR reform exposes the group to various risks, which the project team is managing and monitoring closely.	pages 75 and 76 in volume two of the Investec group's 2021 integrated annual report

Medium-term	Read more
Macro-economic and geopolitical risks: The group is subject to inherent risks arising from general macro-economic and geopolitical conditions in the countries in which it operates, including in particular the UK and South Africa, as well as global economic and geopolitical conditions.	pages 16 to 22 in volume one of the Investec group's 2021 integrated annual report
The group's borrowing costs and its access to debt capital markets depend significantly on its credit ratings: Rating agencies have, in the past, altered their ratings of all or a majority of the participants in a given industry as a result of the risks affecting that industry. The reduction in the group's respective banking entities long- or short-term credit ratings could increase their borrowing costs and limit their access to capital markets.	page 14 in volume one of the Investec group's 2021 integrated annual report

Long-term	Read more
The financial services industry in which the group operates is intensely competitive: The financial services industry is competitive and the group faces substantial competition in all aspects of its business. The group has developed leading positions in many of its core areas of activity, but does not take competition lightly, and our strategic objectives continue to focus on building business depth; providing the best integrated solution to our clients; and leveraging our digitalisation strategy in order to remain competitive.	pages 8 to 13 and pages 16 to 22 in volume one of the Investec group's 2021 integrated annual report
South Africa's political environment and outlook for sovereign's ratings: On 20 November 2020, Moody's downgraded South Africa's sovereign rating to Ba2 from Ba1, and maintained the negative outlook. Fitch also downgraded South Africa's rating, to BB- from BB, and also retained a negative outlook and on the same date S&P confirmed South Africa's credit rating at BB-, with a stable outlook. Further, on 21 May 2021, both S&P and Fitch affirmed their long-term sovereign credit ratings and outlooks for South Africa. Further, on 21 May 2021, both S&P and Fitch affirmed their long-term sovereign credit ratings and outlooks for South Africa. While South Africa is not alone in having been severely affected by the pandemic, its capacity to mitigate the shock is lower given significant fiscal, economic and social constraints and rising borrowing costs.	pages 54 and 55 in volume two of the Investec group's 2021 integrated annual report for more information on forward-looking macro-economic scenarios

CHAIR'S INTRODUCTION

Our client franchises remained resilient despite a challenging global economic environment

As I write my introduction to the corporate governance report, the COVID-19 pandemic, which formed the backdrop to the previous financial year, continues to have a significant impact on society, and on the manner in which companies operate.

In these times, we believe that good governance and stakeholder engagement are more important than ever, and key to the successful delivery of the group's strategy.

Below, I set out my reflections on the key areas of focus for the boards of Investec Limited and Investec plc (together the board) over the past year, and thoughts on the year ahead.

The past year in focus

Responding to the pandemic

The board has extensively monitored the impact of the pandemic on the group's businesses and its stakeholders. We have supervised the group's response as the situation evolved, seeking to ensure that the risks posed by the pandemic were mitigated.

We placed significant focus on the provision of support to our clients, as we continued to deliver the high level of client engagement and service for which Investec is well known. Our efforts were strengthened by the implementation of certain initiatives, including a number of government support schemes.

The well-being of our employees has also been a major focus for the board, given the profound effect the pandemic has had on the way we live and work. The switch from a predominantly office led work environment to a principally work from home arrangement was implemented both smoothly and rapidly. Our employee well-being programme has adapted to the new normal, with an increase in the number of digital resources and the introduction of a greater number of virtual events, to enable the continued connectivity of our colleagues. The board is grateful for the outstanding efforts of our colleagues. Details of the group's approach to workforce engagement can be found on page 102.

Strategy

The board has continued to oversee and monitor progress on the group's strategy to position itself for sustainable long-term growth through its commitment to One Investec. This client-focused strategy commits us to offering our clients the full breadth and scale of our products and services, irrespective of geography. Further information about the group's strategy can be found on pages 11 and 12.

Stakeholder engagement

Our group-wide philosophy seeks to maintain an appropriate balance between the interests of all our stakeholders, and is closely aligned to our culture and values, purpose and vision. The board recognises that in order for the group to be the best we can be, we have to understand the needs of our stakeholders, and establish the most effective way to engage with them. Details of how the board engages with our stakeholders, including our consideration of shareholder and wider stakeholder interests in the board's decision-making processes are set out in the section 172(1) statement on pages 21 to 28.

Culture

The board supports the group's aim to sustain our distinctive, entrepreneurial culture. During the year, the board assessed and monitored the group's culture, to determine whether it remains aligned with our strategic objectives. We also undertook a process of collective reflection with the aim of articulating our purpose, to ensure that we remained true to the values upon which Investec was built. As identified in the chief executive report, we arrived at the following purpose statement: We exist to create enduring worth, living in, not off, society. Further information on our culture, purpose and values can be found on page 7.

Belonging, Inclusion and Diversity

The board recognises the benefits of diverse, representative teams, working within inclusive environments. Diversity of thought is necessary to provide the range of perspectives, insight and challenge to support good decision-making. The group is taking a progressive approach to promoting diversity throughout our organisation and is actively considering diversity when attracting and securing talent to help the group deliver its objectives. Further information about our Board Governance and Diversity Policy can be found on page 97.

Climate change

The board is conscious of the impact of climate change on our business and how the group's activities affect the environment. These topics have been discussed by the board and a number of its committees. We were pleased to receive shareholder support at the 2020 annual general meeting (AGM) to continue the group's commitment to carbon neutrality with respect to Scope 1 and 2 emissions of our direct operations, and to report annually on the progress made on our climate related exposures. We will be proposing a further resolution at 2021 AGM, in respect of our Scope 3 emissions. Further information about the group's commitment to supporting the transition to a clean and energy-efficient economy can be found in our 2021 Investec group sustainability and ESG supplementary report.

CHAIR'S INTRODUCTION
CONTINUED

Succession planning
Succession planning, both in respect of non-executive directors and the executive, is a key component of good governance. As illustrated by the changes to the composition of the board outlined below, this was again a focus during the past year, with particular attention given to identifying my successor as Chair of the board. Further information on succession planning can be found on pages 94 and 95 of volume one of the Investec group's 2021 integrated annual report.

Board composition and committee changes
There have been a number of changes to the board and its committees during the year.

- Ciaran Whelan joined the board in April 2020 as an executive director
- David van der Walt stepped down as an executive director in June 2020. The board offers its sincere thanks to David for his long service, dedication and contribution to the group
- Ian Kantor, a non-executive director, co-founder and former chief executive of the group, did not stand for re-election at the 2020 AGM, and therefore stood down from the board in August 2020. The board is grateful to Ian for his exemplary service, commitment and contribution to the group, and wishes him well with his future endeavours
- Stephen Koseff joined the board in September 2020, as a non-independent non-executive director. Stephen was also appointed as a member of the DLC Board Risk and Capital Committee (BRCC)
- Richard Wainwright joined the board as an executive director in September 2020
- Charles Jacobs will step down from the board with effect from 30 June 2021, and accordingly will not stand for re-election at the 2021 AGM. The board is grateful to Charles for his dedication and contribution to the group, and wishes him well for his forthcoming appointment as co-head of UK investment banking at JP Morgan
- Lord Malloch-Brown will also not stand for re-election at the 2021 AGM, and will accordingly step down from the board with effect from 5 August 2021. The board offers its sincere thanks to Lord Malloch-Brown for his exemplary service and commitment to the group. The board wishes him well in his role as President of the Open Society Foundations
- As announced in March 2021, I will not stand for re-election as Chair of the board at the AGM in August 2021, and will accordingly step down from the board with effect from 5 August 2021.

Since 31 March 2021, we have also announced the following changes to the board and its committees.

- Nicky Newton-King joined the board in May 2021, as an independent non-executive director. Nicky was also appointed as a member of the DLC BRCC and DLC Social and Ethics Committee (SEC)
- Jasandra Nyker joined the board in May 2021, as an independent non-executive director. Jasandra was also appointed as a member of the DLC BRCC and DLC SEC
- Brian Stevenson joined the board in June 2021, as an independent non-executive director. Brian was also appointed a member of the DLC BRCC and DLC Nomdac
- As announced in June 2021, we confirmed that Philip Hourquebie would succeed me as Chair of the board. Philip will accordingly assume the role of Chair at the conclusion of the AGM in August 2021.

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. This year's review was an internal evaluation overseen by the DLC Nominations and Directors' Affairs Committee (Nomdac). The evaluation concluded that the performance of the board, its committees and each of the directors continues to be effective. Details of the board effectiveness process and review can be found on page 93 of volume one of the Investec group's 2021 integrated annual report.

The senior independent director, Zarina Bassa, led my effectiveness review, and an assessment of my continued independence, supported by an independent third party, Board Practice. The reviews confirmed that I continued to be effective in my role as Chair and that I continued to demonstrate independence of character and judgement respectively. Further details can be found on page 98.

Corporate governance
For the financial year ended 31 March 2021, the group complied with the principles of the UK Corporate Governance Code 2018 and King IV Code. Our statement of compliance with the UK Corporate Governance Code can be found on page 103. Our statement of compliance with the King IV Code can be found on page 104.

The year ahead
We strive to be a distinctive bank and investment manager, driven by a commitment to create enduring worth, living in, not off, society. Our core philosophies and values have resulted in profitable, impactful and sustainable solutions to our clients. While the group is well positioned with strong foundations the successful implementation of the One Investec strategy will enable us to deliver sustainable long-term growth for shareholders.

Key priorities for the year

- Our long-term commitment to One Investec
- The continued focus on the well-being of our people.

I offer my congratulations to Philip Hourquebie, who will succeed me as Chair at the conclusion of the AGM in August 2021. Philip has a good knowledge of our business, and significant experience of engaging with our stakeholders, through his role as Chair of the DLC Remuneration Committee. I believe Philip will excel in his new role, and wish him every success for his forthcoming appointment.

I would like to end by once again thanking our colleagues for their significant contribution in the past year. It is the dedication and innovation from all of them that enables us to deliver for our clients and shareholders. While this has been a challenging year, Investec has proved remarkably resilient. Doubtless, further challenges lie ahead, but I am confident that the business will continue to live up to the promise of our purpose, as we work hard together to fulfil our role in society.

PKO Crosthwaite.

Perry Crosthwaite
Chair
22 June 2021

DIRECTOR BIOGRAPHIES

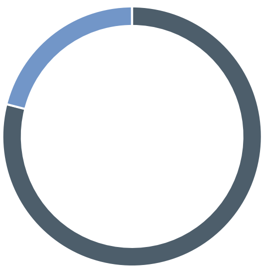
Who we are

Director biographies
Biographies of our directors as at 31 March 2021 are outlined on the following pages, including their relevant skills and experience, key external appointments and any appointments to board committees.

Committee membership key

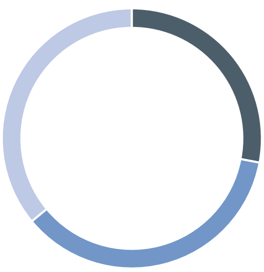
- B DLC BRCC
- N DLC Nomdac
- R DLC Remuneration Committee
- A DLC Audit Committee
- S DLC SEC
- ● Denotes Committee Chair

Gender diversity



Male	11
Female	3

Age



44-53	28%
54-63	36%
64-73	36%

Perry Crosthwaite

Chair

B N R

Appointed: June 2010 (board), May 2018 (chair)

Nationality: British

Age: 72

Qualifications: MA (Hons) (Oxon)

Relevant skills and experience:
During his 30-year career in investment banking, Perry gained extensive financial services and banking experience. He was a founding member of Henderson Crosthwaite Institutional Brokers Limited, and following their acquisition by Investec, he ran the investment banking division in London for six years. Subsequently, he was on the boards of Toluna plc and Melrose Industries plc, and chair of Jupiter Green Investment Trust. Perry also brings strong governance and strategic development skills, in addition to stakeholder management experience.

External appointments: None

Zarina Bassa

Senior independent director

B N R A

Appointed: November 2014 (board), April 2018 (SID)

Nationality: South African

Age: 57

Qualifications: BAcc, DipAcc, CA (SA)

Relevant skills and experience:
Zarina's previous appointments include partner of Ernst & Young, executive director of Absa Bank and head of Absa Private Bank, chair of the South African Public Accountants' and Auditors' Board and the South African Auditing Standards Board. She has also been a member of the Accounting Standard Board, and a non-executive director of the Financial Services Board, the South African Institute of Chartered Accountants, Kumba Iron Ore Limited, Sun International Limited, Mercedes South Africa and Vodacom South Africa Proprietary Limited. This background affords significant audit and risk experience, and financial, leadership, banking, and regulatory reporting skills.

External appointments: JSE Limited, Oceana Group Limited, YeboYethu Limited (until 27 July 2021) and Woolworths Holdings Limited

Henrietta Baldock

Independent non-executive director

B R

Appointed: August 2019

Nationality: British

Age: 50

Qualifications: BSC (Hons)

Relevant skills and experience:
Henrietta has extensive knowledge of the financial services sector, through her 25 years' experience in investment banking, most recently as chair of the European Financial Institutions team at Bank of America Merrill Lynch, where she advised many boards in the sector on a number of significant transactions. This industry experience demonstrates her valuable strategic and transformation advisory skills.

External appointments: Legal and General Assurance Society Limited and Legal and General Group plc

David Friedland

Independent non-executive director

B N

Appointed: March 2013

Nationality: South African

Age: 67

Qualifications: BCom, CA (SA)

Relevant skills and experience:
David's previous appointments include international partner of Arthur Anderson and partner of KPMG, where he was head of audit and risk, and the lead audit partner for several listed companies. Through this experience and his non-executive board activities, he brings extensive risk and audit experience, and regulatory reporting skills.

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

DIRECTOR BIOGRAPHIES
CONTINUED

Philip Hourquebie

Independent non-executive director

B N A R

Appointed: August 2017

Nationality: British

Age: 67

Qualifications: BAcc, BCom (Hons), CA (SA)

Relevant skills and experience:
Philip has substantial international and advisory experience, gained through a long career at Ernst & Young, where he held various positions, including managing partner for the Africa and, Central and South East Europe regions. This career experience, in conjunction with his time as chair of the South African Institute of Chartered Accountants, brings deep finance, strategic and operational experience.

External appointments: Aveng Limited

Charles Jacobs

Independent non-executive director

R

Appointed: August 2014

Nationality: Irish

Age: 54

Qualifications: LLB

Relevant skills and experience:
Charles has over 28 years of experience of advising companies around the world, including in relation to their compliance, regulatory and legal requirements, through his experience as a senior partner and chair of global law firm Linklaters LLP. He brings to the board a valuable combination of knowledge of UK regulatory requirements and corporate governance standards, global capital markets, mergers and acquisitions.

External appointments: Fresnillo plc

Stephen Koseff

Non-executive director

B

Appointed: September 2020

Nationality: South African

Age: 69

Qualifications: BComm, CA (SA), MBA, H Dip BDP, Hon DCom

Relevant skills and experience:
Stephen was with Investec for 39 years in various capacities and the chief executive of the group from 1996 to 2018. He is a former board member of the South African Banking Association, the Bidvest Group Limited, the JSE Limited, the Business Leadership South Africa, the South African Banking Association, the Financial Markets Advisory Board and the Independent Bankers Association. His significant experience with Investec makes him an excellent source of knowledge for the board, as does his experience of stakeholder engagement. Stephen also brings strong commercial, finance, risk and industry expertise to the board.

External appointments: Bid Corporation Limited, Bud Group (Pty) Limited and Bravo Transport Holdings Limited

Lord Malloch-Brown

Independent non-executive director

N S

Appointed: August 2014

Nationality: British

Age: 67

Qualifications: BA (Hons), MA

Relevant skills and experience:
Lord Malloch-Brown was a UK government minister and member of the cabinet. He was formerly the deputy secretary general of the UN, as well as a vice president at the World Bank, head of UN Development Programme and a journalist at the Economist, with wide ranging experience of boards. He also chaired the Business and Sustainable Development Commission. The board benefits from Lord Malloch-Brown's regulatory insight, and extensive knowledge of ESG matters.

External appointments: Open Society Foundations

Khumo Shuenyane

Independent non-executive director

B N S

Appointed: August 2014

Nationality: South African

Age: 50

Qualifications: BEcon, CA (England and Wales)

Relevant skills and experience:
Khumo's previous experience includes audit manager at Arthur Anderson, almost a decade at Investec in corporate finance and principal investments and head of mergers and acquisitions at MTN Group Limited. In 2018, he was appointed chair of IBL. Khumo brings strong industry experience to the board, as well as exemplary knowledge of investment banking, telecoms, media and technology issues.

External appointments: Vodacom Group Limited

Philisiwe Sibiya

Independent non-executive director

B A

Appointed: August 2019

Nationality: South African

Age: 44

Qualifications: BAcc, Dip Acc, CA (SA)

Relevant skills and experience:
Philisiwe is the founder and chief executive of the Shingai Group. She was also involved in the telecommunications and media sector for 15 years, with 12 years spent at MTN group where she held various roles including as group finance executive of MTN group, chief financial officer of MTN South Africa and the chief executive of MTN Cameroon. Prior to this she was with Arthur Andersen. Philisiwe has strong commercial and finance experience, further supporting the board with her audit and risk management skills.

External appointments: AECI Limited, Goldfields Limited and Shingai Group (Pty) Limited

DIRECTOR BIOGRAPHIES
CONTINUED

Fani Titi

Chief Executive

B S

Appointed: January 2004 (board), November 2011 (chair), May 2018 (chief executive)

Nationality: South African

Age: 58

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

Relevant skills and experience:
Fani was the founding member of the Kagiso Trust Investments Limited, and later cofounded and led the public offering of Kagiso Media Limited. He was subsequently the founding executive chair of the Tiso Group, which later merged with Kagiso Trust Investments Limited, to form Kagiso Tiso Holdings. Fani has been a member of the IBL board from July 2002. He has also been a member of the board since January 2004, and was non-executive chair from November 2011 until May 2018. He has served on a number of boards and joined the Secretary General of the United Nations CEO Alliance on Global Investors for Sustainable Development (GISD). Fani brings strong banking and commercial expertise to the board.

External appointments: Ninety One plc

Nishlan Samujh

Group Finance Director

B

Appointed: April 2019

Nationality: South African

Age: 47

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

Relevant skills and experience
Nishlan started his career at KPMG Inc. He joined Investec in 2000 as a technical accountant, in the financial reporting team. In 2010 he took on the full responsibility for the finance function in South Africa, which later developed into the global head of finance. This background affords significant financial expertise, and regulatory reporting skills.

External appointments: None

Richard Wainwright

Executive director

Appointed: September 2020

Nationality: South African

Age: 58

Qualifications: BCom (Hons), CTA, CA (SA)

Relevant skills and experience:
Richard has been with Investec since 1995 in various capacities, and the chief executive of IBL since 2016, responsible for our operations in South Africa. Richard started the structured products and project finance divisions in 2003 in the group's corporate and institutional banking division. He brings investment banking, tax, risk and industry expertise to the board.

External appointments: Banking Association of South Africa (BASA)

Ciaran Whelan

Executive director

Appointed: April 2020

Nationality: Irish

Age: 57

Qualifications: FCA (Irish), HDip Tax (SA)

Relevant skills and experience:
Ciaran joined Investec in 1988. He has had varied experience within Investec, including chief executive of Investec Bank Australia Limited and the global head of Investec Private Bank. Ciaran was appointed as chief executive of Investec Wealth & Investment (UK) in 2020. Ciaran brings hands-on experience in managing business risks to the board.

External appointments: None

GOVERNANCE FRAMEWORK

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

From a legal perspective, the DLC comprises:

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

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

Our governance activities are aligned with, and we accordingly comply with, the South African Companies Act, No 71 of 2008, as amended (the South African Companies Act), the JSE Listings Requirements, the King IV Code, the South African Banks Act 94 of 1990 (South African Banks Act), the Investec Limited Memorandum of Incorporation, the UK Companies Act 2006 (UK Companies Act), the listing rules of the UK Listing Authority (UKLA), the UK Corporate Governance Code 2018 and the Investec plc Articles of Association.

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

The governance framework from a group perspective is detailed below:

Investec Limited and Investec plc board

Our strategy page 11	Our principal risks pages 78 to 89	s172(1) statement pages 21 to 28	Board activities pages 100 to 102

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The board delegates certain matters to its five principal committees

DLC Audit Committee

- Monitors the integrity of the group financial statements
- Evaluates the effectiveness of the group's internal controls
- Scrutinises the activities and performance of the internal and external auditors.

Read more on pages 100 to 110 of volume one of the Investec group's 2021 integrated annual report

DLC Remuneration Committee

- Sets overarching principles and parameters of remuneration across the group
- Considers and approves remuneration for the executive directors, other senior executives and certain group employees
- Oversees remuneration matters.

Read more on pages 153 to 155 of volume one of the Investec group's 2021 integrated annual report

DLC Nominations and Directors' Affairs Committee

- Reviews the composition of the board
- Recommends the appointments of new directors
- Considers succession plans for the board and senior management
- Oversees the board effectiveness review.

Read more on pages 94 to 96 of volume one of the Investec group's 2021 integrated annual report

DLC Board Risk and Capital Committee

- Monitors and recommends the group's risk appetite
- Monitors the group's risk profile
- Considers and reports on key financial and non-financial risk issues.

Read more on pages 111 to 116 of volume one of the Investec group's 2021 integrated annual report

DLC Social and Ethics Committee

- Monitors the group's behaviour as a corporate citizen
- Oversees the group's ESG policies and processes
- Monitors the group's application of the South African Employment Equity Act and the South African Broad-Based Black Empowerment Act.

Read more on pages 97 to 99 of volume one of the Investec group's 2021 integrated annual report

↓

Executive committees

The executive committees are accountable to the board for the implementation of the agreed strategy. This is achieved through the management of the group's businesses, oversight of group-wide performance and operational governance on a day-to-day basis. It is in turn supported by an executive/management committee structure.

↓

Supporting committees

BOARD AND EXECUTIVE ROLES

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

Chair

- Leads the effective operation and governance of the board
- Sets agendas which support efficient and balanced decision-making
- Ensures effective board relationships and a culture that supports constructive discussion, challenge and debate
- Leads the development of and monitors the effective implementation of policies and procedures for the induction, training and professional development of all board members
- Oversees the evaluation of the performance of the board collectively, non-executive board members individually and contributes to the evaluation of the performance of the executive directors
- Ensures that the board sets the tone from the top, in regard to culture
- Serves as the primary interface with regulators and other stakeholders on behalf of the board.

Chief executive

- Leads and manages the group within the authorities delegated by the board
- Proposes and directs the delivery of strategy as agreed by the board
- Develops and recommends business plans, policies, strategies and objectives for consideration by the board, taking into consideration business, economic and political trends that may affect the operations of the group
- Develops and supports the growth of all the group's businesses
- Monitors and manages the day-to-day operational requirements and administration of the group.

Finance director

- Leads and manages the group finance functions
- Provides the board with updates on the group's financial performance
- Provides strategic and financial guidance to ensure that the group's financial commitments are met
- Oversees the financial management of the group including financial planning, capital, cash flow and management reporting
- Develops all necessary policies and procedures to ensure the sound financial management and control of the group's business.

Senior independent director

- Acts as a sounding board for the Chair
- Leads the board in the assessment of the effectiveness of the Chair
- Acts as a trusted intermediary for non-executive directors, if required, to assist them in challenging and contributing effectively to the board
- Addresses any concerns of shareholders and other stakeholders that are unable to be resolved through normal channels, or if contact through these channels is deemed inappropriate.

Non-executive director

- Brings unique perspectives to the boardroom to facilitate constructive dialogue on proposals
- Constructively challenges and contributes to assist in developing the group's strategy
- Monitors the performance of management against their agreed strategic goals
- Oversees the effectiveness of internal controls and the integrity of financial reporting
- Reviews succession planning for the board and management
- Oversees the risk management framework
- Oversees the remuneration of the executive directors and the group's employees.

Company secretary

- Maintains the flow of information to the board and its committees and ensures compliance with board procedures
- Ensures and keeps the board updated on corporate governance developments
- Facilitates a programme for the induction and ongoing development of directors
- Provides advice, services and support to all directors as and when required.

BOARD COMPOSITION

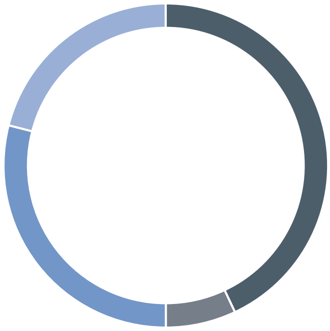
An experienced and diverse team

We have designed the composition of the board to ensure that we have the appropriate mix of knowledge, skills, experience, independence and diversity to provide the range of perspectives, insights and challenge needed to support good decision-making in order to support the delivery of the group's strategic objectives.

We consider the collective skills and experience of the directors when assessing the overall composition and suitability of the board. The current collective skills and sector experience of the board include the following areas: banking, wealth management, risk, regulatory, strategic thinking, digital and ESG. The key skills and experience of specific directors are detailed in their respective biographies on pages 92 to 94.

Further information on board composition can be found on pages 98 and 99, whilst the details of our Board Governance and Diversity Policy are set out below.

Board tenure



0-2 years	43%
2-4 years	7%
4-6 years	—%
6-8 years	29%
8+ years	21%

Board Governance and Diversity Policy

The Board Governance and Diversity Policy sets out the approach to the gender, diversity and governance of the board. It underpins the board's approach to diversity for senior leadership roles, which is governed in greater detail through the group's policies.

The board places great emphasis on ensuring that its membership reflects diversity in its broadest sense. Consideration is given to the combination of demographics, skills, experience, race, ethnicity, religion, age, gender, educational and professional background and other relevant personal attributes. The aim is to provide the range of perspectives, insights and challenge needed to support good decision-making by the board.

New appointments are made on merit, taking into account the specific skills, experience, independence and knowledge needed to ensure a well-rounded board and the diverse benefits each candidate can bring to the overall board composition.

In March 2021, the board considered and approved updates to the Board Governance and Diversity Policy to reflect the JSE Debt Listings Requirements and the Race at Work Charter.

Mindful of the recommendation of the Hampton-Alexander Review, the board set a target of 33% female representation on the board. As at 31 March 2021, we had achieved 21% female representation.

Following the appointments of Nicky Newton-King, Jasandra Nyker and Brian Stevenson to the board, and as at the date of this report, there is currently a 29% female representation on the board.

The gender balance of those in senior management and their direct reports is set out in the 2021 Investec group sustainability and ESG supplementary report.

Cognisant of the recommendation of the Parker Review and in accordance with the requirements of the South African Financial Sector Code, the board set two further objectives. Firstly, a minimum of 25% of the board members who are ordinarily resident in South Africa (and having been naturalised prior to 1994) should be black women. Secondly, a minimum of 50% of the board members who are ordinarily resident in South Africa (and having been naturalised prior to 1994) should be black people. As at the 31 March 2021, there were five board members who were persons of colour, as defined by the Parker Review.

Following the appointments of Nicky, Jasandra and Brian to the board, and as at the date of this report, there are currently six board members who are persons of colour, as defined by the Parker Review.

Further information on the group's broader approach to Belonging, Inclusion and Diversity can be found in the 2021 Investec group sustainability and ESG supplementary report.

BOARD COMPOSITION
CONTINUED

Board composition

Membership

At the date of this annual report, the board comprised four executive directors and 12 non-executive directors, including the Chair.

The changes to the composition of the board which occurred during the year, following the year-end, and those that are forthcoming, are as follows:

- Ciaran Whelan joined the board as an executive director in April 2020
- David van der Walt stepped down from the board in June 2020
- Ian Kantor stepped down from the board at the AGM in August 2020
- Stephen Koseff joined the board as a non-independent non-executive director in September 2020
- Richard Wainwright joined the board as an executive director in September 2020
- Charles Jacobs will step down from the board in June 2021
- Perry Crosthwaite and Lord Malloch-Brown will not stand for re-election at the AGM in August 2021
- Nicky Newton-King joined the board as an independent non-executive director in May 2021
- Jasandra Nyker joined the board as an independent non-executive director in May 2021
- Brian Stevenson joined the board as an independent non-executive director in June 2021
- Philip Hourquebie will succeed Perry Crosthwaite as Chair at the conclusion of the AGM in August 2021.

The names of the directors during the year, and the dates of their appointments are set out on page 99.

Further information regarding the DLC Nomdac's responsibilities in respect of succession planning can be found on pages 94 and 95 of volume one of the Investec group's 2021 integrated annual report.

Independence

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

Throughout the year ended 31 March 2021, the board was compliant with the UK Corporate Governance Code and the King IV Code, in that the majority of the board, excluding the chair, comprised independent non-executive directors.

The board considers all relevant circumstances, in ensuring that the directors demonstrate independence of character and judgement, and provide challenge to the executive board members in the boardroom.

The board believes that it functions effectively and that the non-executive directors are independent of management and promote the interests of stakeholders.

The board is of the view that the chair, Perry Crosthwaite, was independent on appointment. As indicated in last year's report, in accordance with the South African Prudential Authority's Directive 4/2018, the board had obtained permission for Perry to remain as chair of the board and DLC Nomdac until 31 March 2022, given that Perry had served on the board for a period of greater than nine years. During the year, the senior independent director, Zarina Bassa, led an assessment of the Chair's independence, supported by an independent third party, Board Practice. This assessment concluded that Perry continues to demonstrate objective judgement and promote constructive challenge amongst the members of the board. The board also notes provision 15 of the UK Corporate Governance Code, and further to its consideration of Perry's independence, also identified that Perry's continued appointment supported the succession plan for the board and the leadership team. In line with the succession plan for the board, Perry Crosthwaite will not stand for re-election at the AGM in August 2021.

The board's deliberation on the independence of the non-executive directors included the consideration of the following relationships and associations in regards to specific directors:

- Philip Hourquebie was a regional managing partner of Ernst & Young, joint auditors of the group. The board concluded that, notwithstanding his previous association with Ernst & Young, Philip retains independence of judgement given he was never the group's designated auditor or relationship partner and was not involved with the Investec account. He also served a three-year cooling off period prior to appointment
- Ian Kantor was a co-founder and former chief executive of the group. The board concluded that Ian could not be considered independent
- Stephen Koseff was a former chief executive of the group. The board concluded that Stephen could not be considered independent
- Charles Jacobs was the chair of Linklaters LLP (Linklaters) until 30 June 2021. Linklaters is one of Investec's UK legal advisors. The board concluded that, notwithstanding this link, Charles retains independence of judgement. Charles does not form part of the Linklaters team that provides advice to Investec and he has not provided advice to Investec for over a decade. In addition, the selection of legal advisors is not a board matter and is decided at a management level. If any decision were to be made at the board level regarding Linklaters, which has not happened to date, Charles would recuse himself in accordance with the provisions of the relevant Companies Act relating to directors' interests.

Tenure

The board also considers tenure when examining independence, and when discussing the composition of the board as a whole. The board is mindful that there needs to be a balance resulting from the benefits brought by new independent directors, versus retaining individuals with the appropriate skills, knowledge and experience, and an understanding of Investec's unique culture.

The board does not believe that the tenure of any of the identified independent non-executive directors standing for election or re-election at the AGM in August 2021 interferes with their independence of judgement or their ability to act in the group's best interest.

BOARD COMPOSITION
CONTINUED

Board composition as at 31 March 2021

			Investec plc (9 meetings in the year)[3]		Investec Limited (9 meetings in the year)[3]	
Members	**Independent**	**Board member since**	Attended	Eligible to attend	Attended	Eligible to attend
Perry Crosthwaite (Chair)	On appointment	18 Jun 2010	9	9	9	9
Fani Titi (Chief Executive)	Executive	30 Jan 2004	9	9	9	9
Henrietta Baldock	Yes	9 Aug 2019	9	9	9	9
Zarina Bassa	Yes	1 Nov 2014	9	9	9	9
David Friedland	Yes	1 Mar 2013	9	9	9	9
Philip Hourquebie	Yes	14 Aug 2017	9	9	9	9
Charles Jacobs	Yes	8 Aug 2014	9	9	9	9
Ian Kantor[1]	No	30 Jul 1980 (INL) 26 Jun 2002 (PLC)	4	4	3	3
Stephen Koseff	No	17 Sep 2020	5	5	6	6
Lord Malloch-Brown	Yes	8 Aug 2014	9	9	9	9
Nishlan Samujh	Executive	1 Apr 2019	9	9	9	9
Philisiwe Sibiya	Yes	9 Aug 2019	9	9	9	9
Khumo Shuenyane	Yes	8 Aug 2014	9	9	9	9
David van der Walt[2]	Executive	1 Apr 2020	2	2	2	2
Richard Wainwright	Executive	17 Sep 2020	5	5	6	6
Ciaran Whelan	Executive	1 Apr 2020	9	9	9	9

1. Ian Kantor stepped down from the board on 6 August 2020.
2. David van der Walt stepped down from the board on 4 June 2020.
3. During the year, there were six meetings of the board, an ad hoc meeting called at short notice, a board strategy session, a separate Investec plc board meeting and a separate Investec Limited board meeting.

Summary board activities

	24 Apr[1]	20 May	23 Jul[2]	17 Sep[3]	18 Nov	04 Dec[4]	12 Feb	17 Mar
Strategy	●		●	●		●	●	●
Financial management and performance	●	●		●	●	●	●	●
Operating context	●			●		●		●
Risk and assurance	●	●		●	●	●	●	●
People strategy, leadership and succession			●	●			●	●
Remuneration		●		●				●
Corporate governance and reporting		●		●	●	●	●	
Shareholders and key stakeholders	●	●		●	●	●		●
Culture, purpose and values	●			●		●	●	●
ESG	●			●	●		●	

1. Ad hoc meeting called at short notice to consider an update in respect of the initial impact of the COVID-19 impact.
2. An Investec group board and separate Investec plc board meeting were held.
3. An Investec group board and separate Investec Limited board meeting were held.
4. Board strategy session.

BOARD ACTIVITIES

What we did in 2020/21

2020

April

- Reviewed the initial impact of COVID-19 on the group, in terms of any customer issues, operational resilience and other risk matters
- Considered an update on the well-being of employees, and the switch to staff predominantly working from home
- Discussed the guidance issued by the South African and UK regulators in respect of COVID-19.

May

- Reviewed and approved the going concern and the viability statement
- Received a detailed update from the DLC Audit Committee in respect of the impact of COVID-19, structured products, going concern considerations and issues raised by assurance providers
- Assessed the performance of the UK structured products book
- Approved the financial results for the year ended 31 March 2020
- Discussed and recommended the re-appointment of the external auditors.

July

- Gained comfort with respect to the ongoing risk management of the UK structured products book
- Reviewed detailed updates on the performance of IW&I (UK), IW&I (SA), Specialist Bank (SA) and Specialist Bank (UK)
- Considered and approved a repurchase of up to 20% of Investec Limited perpetual preference shares in issue
- Discussed feedback from shareholder roadshows
- Approved the Investec Limited Recovery and Resolution Plan
- Approved the appointment of PwC as joint auditor for Investec Limited from 1 April 2023, subject to regulatory approval.

September

- Approved the appointments of Stephen Koseff and Richard Wainwright to the board
- Received an update on the group's performance and operating environment
- Discussed progress against the group's key strategic initiatives
- Reviewed and approved the pre-close briefing statement
- Debated the potential impact of Brexit
- Approved the COVID-19 liquidity stress impact and contingency funding plan
- Considered the composition of the board and the board committees
- Discussed the review of the Chair's effectiveness
- Reviewed a detailed presentation on workforce engagement, including key themes and actions
- Considered the AGM results.

BOARD ACTIVITIES
CONTINUED

2020

November

- Considered an update on the impact of the COVID-19 pandemic, and the actions taken in respect of our employees, clients and communities
- Interrogated an update received on the UK structured products book
- Approved the financial results for the half year ended 30 September 2020
- Approved an interim dividend
- Approved the Investec plc recovery and resolution plan
- Approved the Investec plc ICAAP and ILAAP
- Discussed the review of the Chair's independence
- Considered the succession plan for the board
- Approved the Conflicts of Interest Policy
- Approved the appointment of a Debt Officer.

December

- Discussed progress against the group's strategic objectives
- Reviewed the group's key strategic initiatives
- Analysed an update on the group's financial outlook
- Considered proposals in regards to the strategies for the group's principal operating subsidiaries
- Evaluated potential strategic options for the group
- Considered cultural transformation initiatives
- Received an update in respect of the group's governance framework
- Discussed shareholder and stakeholder matters.

2021

February

- Received an update on the group's performance and operating environment
- Interrogated an update received on risk and operations
- Discussed an update from management on the restructure of IBP, including the impact of the redundancy programme on employees
- Considered the succession plan for the leadership team
- Received an update from the board sub-committee on the succession process for the Chair
- Discussed the outcome of the annual board effectiveness review and agreed actions arising from it
- Discussed an update from management on the group's conduct, culture and values
- Approved the Investec plc and IBP risk appetite and policies.

March

- Received an update on the group's performance and operating environment
- Discussed progress against the group's key strategic initiatives
- Interrogated an update received on the UK structured products book
- Approved the 2021/22 budget and operating plan
- Considered the appropriateness of the pre-close briefing statement
- Considered the succession plan for the board
- Approved the Board Governance and Diversity Policy.

BOARD ACTIVITIES
CONTINUED

How the board engages with our stakeholders

Purpose-led considerations
We believe that effective governance enables us to deliver our purpose, vision and strategy.

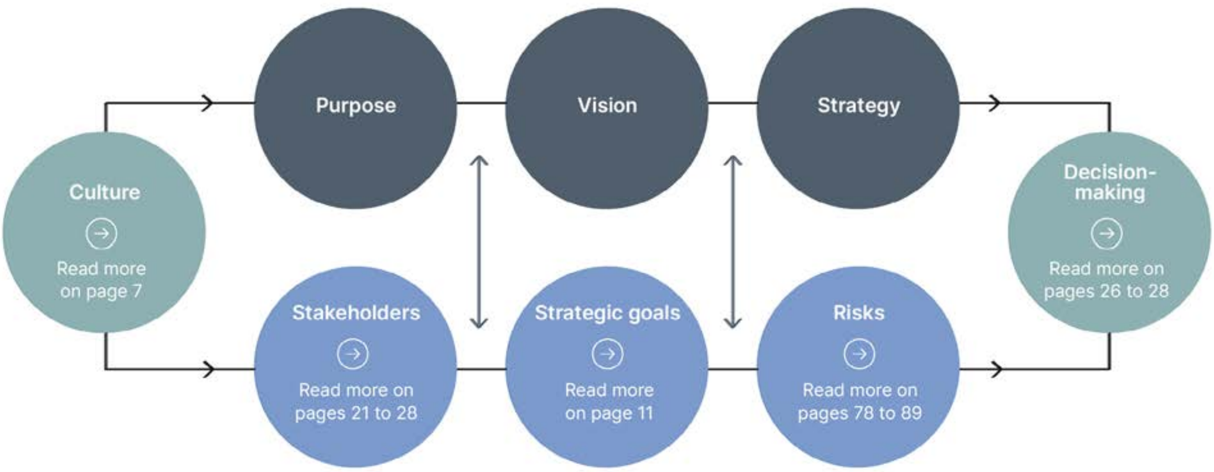
During the year, given the impact of the COVID-19 pandemic, the board has focused on protecting the health and well-being of our people, and supporting our clients, communities, and other stakeholders. At the same time, it has ensured that the group remains secure and resilient, both financially and operationally.

The challenges posed by the COVID-19 pandemic required us to consider how to balance decisions in a way that optimises our strategy, accounts for the interests of all our stakeholders, and supports the promotion of our purpose and unique culture.

Achieving this balance demands a board that prizes constructive challenge, openness and diversity and is committed to act fairly and in the interests of all our stakeholders.

The views, perspectives and insights of our key stakeholder groups are influential factors that are considered whenever we make key operational, investment and business decisions.

Further information about our key stakeholder groups, including our consideration of shareholder and wider stakeholder interests in the board's decision-making processes are set out in the section 172(1) statement on pages 21 to 28.



Workforce engagement
The recognition that our people are vital to the delivery of the group's strategy is reflected by the board's extensive engagement with employees during the year.

The board agreed its approach to workforce engagement in 2019, as detailed in last year's annual report, and this has remained unchanged.

Philip Hourquebie, our designated non-executive director responsible for workforce engagement for the group, continues to meet with the designated non-executive directors for IBP (Moni Mannings) and IW&I UK (Cath Thorpe) on a quarterly basis.

A workforce engagement report is prepared, comprising a summary of the board and management's employee engagement activity, the key issues raised by employees, and the actions undertaken to address those issues.

During the year, our workforce engagement reports covered all matters related to employee engagement, including strategy, culture, remuneration and our response to the COVID-19 pandemic.

Our employee engagement activity across our geographies, has intensified in the past year, despite face-to-face contact being severely limited by COVID-19. With the addition of further communication sessions with management, and increased distribution of our online employee magazine, Inside Track.

Management subsequently report the engagement activities to their respective boards, with the designated non-executive director highlighting the matters of interest from our people to support the key decision-making of their respective boards.

A number of issues identified by workforce engagement activities were invaluable in informing board discussions and decisions. These included decisions taken regarding the future of work, such as our workplace solutions and working practices going forward, belonging, inclusion and diversity, our Employment Equity Plan, and the progress of key strategic initiatives, including One Investec and our client-led strategy for IBP.

The board also agreed various measures of support for employees in response to the COVID-19 pandemic, including the prioritisation of employee well-being, with additional digital resources being made available to support our people.

Further information on the board's engagement with our workforce can be found on page 22.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The UK Corporate Governance Code 2018 (the code) applied to the group for the financial year ended 31 March 2021. The board confirms that the group has complied with the principles, the application of which are evidenced throughout this report. The table below is designed to help shareholders evaluate how this has been achieved. The board considers that compliance has been achieved throughout the year, with the exception of provision 19 in respect of the tenure of the chair. An explanation of the board's position in this regard can be found on page 98.

Board leadership and company purpose

A. An effective entrepreneurial board, which is collectively responsible for the long-term sustainable success of the group, generating value for shareholders and contributing to the wider society (read more on page 97).
B. Purpose, values and strategy are aligned with culture, which is promoted by the board (read more on page 7).
C. Resources allow the group to meet its objectives and measure performance. A framework of controls enables assessment and management of risk (read more on pages 73 and 89).
D. Engagement with the group's stakeholders is effective and encourages their participation (read more on pages 21 to 28).
E. Workforce policies and practices are consistent with the group's purpose and values, and overseen by the board (read more on page 102). The workforce is able to raise matters of concern, with the responsibility for whistleblowing arrangements being assigned to the subsidiary Audit Committees of the group, in accordance with their regulatory obligations.

Division of responsibilities

F. The Chair has overall responsibility for the leadership of the board and for ensuring its effectiveness in all aspects of its operations (read more on page 96).
G. The board comprises an appropriate combination of non-executive and executive directors (read more on pages 96 to 99).
H. Non-executive directors are advised of time commitments prior to appointment. The time commitments of the directors are considered by the board on appointment, and annually thereafter. External appointments, which may affect existing time commitments, must be agreed with the Chair, and prior approval must be obtained before taking on any new external appointments.
I. The company secretaries and the correct policies, processes, information, time and resources support the functioning of the board.

Composition, succession and evaluation

J. There is a procedure for board appointments and succession plans for board and senior management which recognise merit and promote diversity (read more on pages 92 to 94 of volume one of the Investec group's 2021 integrated annual report).
K. There is a combination of skills, experience and knowledge across the board and the board committees. Independence, tenure and membership are regularly considered (read more on pages 92 to 95 of volume one of the Investec group's 2021 integrated annual report).
L. The annual effectiveness review of the board and the individual directors considers overall composition, diversity, effectiveness and contribution (read more on page 93 of volume one of the Investec group's 2021 integrated annual report).

Audit, risks and internal controls

M. Policies and procedures have been established to ensure the independence and effectiveness of the internal and external audit functions. The board satisfies itself of the integrity of the group's financial and narrative statements (read more on pages 100 to 110 of volume one of the Investec group's 2021 integrated annual report).
N. The board presents a fair, balanced and understandable assessment of the group's position and prospects (read more on page 106 of volume one of the Investec group's 2021 integrated annual report).
O. Procedures are in place to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the group is willing to take in order to achieve its long-term strategic objectives (read more on pages 111 to 116 of volume one of the Investec group's 2021 integrated annual report).

Remuneration

P. The group is committed to offering all employees a reward package that is competitive, performance-driven and fair. Our policies are designed to support the group's strategy and to promote its long-term sustainable success, with executive remuneration aligned to our purpose, values and strategic delivery (read more on pages 151 to 195 of volume one of the Investec group's 2021 integrated annual report).
Q. A transparent and formal procedure is used to develop policy and agree executive and senior management remuneration (read more on pages 151 to 195 of volume one of the Investec group's 2021 integrated annual report).
R. The remuneration policy seeks to ensure all remuneration decisions made by directors, fully consider the wider circumstances as appropriate, including, but not limited to, individual performance (read more on pages 151 to 195 of volume one of the Investec group's 2021 integrated annual report).

COMPLIANCE WITH THE KING IV CODE

The King IV Corporate Governance Code (King IV code) applied to the group for the financial year ended 31 March 2021. The board confirms that the group has complied with the principles, the application of which are evidenced throughout this report. The table below is designed to help shareholders evaluate how this has been achieved. The board considers compliance has been achieved throughout the year.

Leadership, Ethics and Corporate Citizenship

A. Investec's values are embodied in a written statement of values, which serves as our code of ethics. The Becoming Acquainted with Investec (BAWI) policy is the overarching reference which governs or guides management in implementing Investec's overall core values, ethics and standards.

B. Refer to the Corporate governance report and the DLC Nomdac report as contained in this report, and the 2021 group sustainability and ESG supplementary report (read more on pages 94 to 96 of volume one of the Investec group's 2021 integrated annual report).

Strategy, Performance and Reporting

C. This report covers all our activities across the various geographies in which we operate and has been structured to provide stakeholders with relevant financial and non-financial information (read more on pages 3 to 129).

Governance Structures and Delegation

D. The board sets the tone from the top in the way it conducts itself and oversees the structures and the framework for corporate governance. The Board Charter details the board's role, matters specifically reserved for the board, designation to the chief executive, membership requirements and procedural conduct at board meetings, amongst other matters.

E. The composition of the board and its committees are in line with King IV and there is a clear balance of power to ensure that no individual has undue decision-making powers.

F. Specific matters reserved for decision-making by the board are disclosed in the Board Charter. The terms of reference of the various board committees are in place and are covered by the formal board evaluation process. The meeting schedule for boards and committees is confirmed more than a year in advance and several board members serve on more than one committee to ensure collaboration. Sufficient independent chairs and members sit on all committees. The DLC Nomdac reviews the knowledge, skills, experience and capacity of all committee members on an ongoing basis.

G. The board continues to be committed to regularly evaluating its own effectiveness and that of its committees. To this end, the board undertakes an annual evaluation of its performance and that of its committees and individual directors, and is independently lead by an external specialist every third year.

H. The board appoints the chief executive and has specifically authorised him to have the necessary powers and mandate to manage the group and conduct the affairs of the group in his discretion and as he deems fit, save for matters reserved for the board.

Governance Functional Areas

I. The board assumes responsibility through the Information and Technology Management Charter (Charter) and the Technology Governance framework. This includes, at an executive level, the DLC IT Risk and Governance Committee, which is a sub-committee of the board and enables the setting of direction for technology and information. A set of IT and Information Risk policies are defined for the group. The board delegates responsibility to management as defined in the Charter and monitors progress through the DLC IT Risk & Governance Committee.

J. The board ensures that the group complies with applicable laws and regulations, as well as adopted non-binding rules, codes and standards. The group has identified the laws, codes and standards that impact its operations.

K. The DLC Audit Committee is the delegated governing body which meets eight times a year. It includes a representative from external audit, internal audit, compliance, and operational risk. A detailed report covers the group in each of the above mentioned representatives' respective areas of speciality.

L. The directors' remuneration report sets out our remuneration policies and implementation thereof.

M. Refer to DLC Audit Committee report as contained in this report (refer to pages 100 to 110 of volume one of the Investec group's 2021 integrated annual report).

Stakeholder Relationships

N. This report covers the period 1 April 2020 to 31 March 2021 and includes material issues up to the date of board approval on 22 June 2021. The report covers all our activities across the various geographies in which we operate and has been structured to provide stakeholders with relevant financial and non-financial information.

SHAREHOLDER ANALYSIS

Investec ordinary shares

As at 31 March 2021, 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 2021

Investec plc ordinary shares in issue

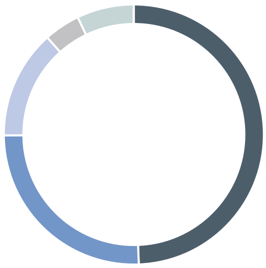
Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
15 022	1 - 500	53.5%	2 494 271	0.4%
4 727	501 - 1 000	16.8%	3 593 762	0.5%
5 796	1 001 - 5 000	20.6%	12 771 853	1.8%
920	5 001 -10 000	3.3%	6 666 777	1.0%
907	10 001 - 50 000	3.2%	20 074 784	2.9%
222	50 001 - 100 000	0.8%	15 309 197	2.2%
481	100 001 and over	1.8%	635 171 974	91.2%
28 075		**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
6 470	1 - 500	58.5%	778 216	0.2%
1 318	501 - 1 000	11.9%	1 002 479	0.3%
1 910	1 001 - 5 000	17.3%	4 339 220	1.4%
382	5 001 - 10 000	3.5%	2 847 961	0.9%
557	10 001 - 50 000	5.0%	12 845 838	4.0%
155	50 001 - 100 000	1.4%	11 168 855	3.5%
266	100 001 and over	2.4%	285 922 140	89.7%
11 058		**100.0%**	**318 904 709**	**100.0%**

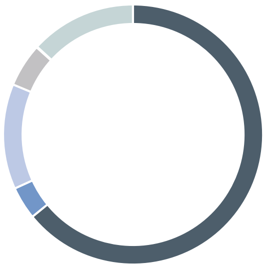
Geographical holding by beneficial ordinary shareholder as at 31 March 2021

Investec plc



South Africa	49.4%
UK	25.5%
USA and Canada	13.5%
Rest of Europe	4.5%
Asia	—%
Other countries and unknown	7.1%

Investec Limited



South Africa	64.1%
UK	4.1%
USA and Canada	13.1%
Rest of Europe	5.4%
Asia	0.1%
Other countries and unknown	13.2%

SHAREHOLDER ANALYSIS
CONTINUED

Largest ordinary shareholders as at 31 March 2021

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. Public Investment Corporation (ZA)	83 457 484	12.0%
2. Prudential Portfolio Mgrs (ZA)	71 241 361	10.3%
3. Allan Gray (ZA)	52 144 500	7.5%
4. The Vanguard Group, Inc (US & UK)	30 662 160	4.4%
5. BlackRock Inc (US & UK)	30 066 281	4.3%
6. Investec Staff Share Scheme (UK)	28 883 926	4.2%
7. BrightSphere Investment Group (US & UK)	18 167 610	2.6%
8. Schroder Investment Mgt (US & UK)	16 777 780	2.4%
9. Norges Bank Investment Mgt (EU)	14 749 919	2.1%
10. Old Mutual Investment Group (ZA)	14 073 094	2.0%
Cumulative total	**360 224 115**	**51.8%**

The top 10 shareholders account for 51.8% 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)	42 895 324	13.5%
2. Allan Gray (ZA)	29 164 629	9.2%
3. Investec Staff Share Scheme (ZA)	24 973 434	7.8%
4. Sanlam Group (ZA)	11 569 125	3.6%
5. BlackRock Inc (US & UK)	10 938 965	3.4%
6. The Vanguard Group, Inc (US)	8 831 140	2.8%
7. Westwood Global Investments (US)	8 219 098	2.6%
8. Prudential Portfolio Mgrs (ZA)	8 010 749	2.5%
9. Absa Group Limited (ZA)	7 106 361	2.2%
10. Old Mutual Investment Group (ZA)	7 027 649	2.2%
Cumulative total	**158 736 474**	**49.8%**

The top 10 shareholders account for 49.8% 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 2021

	Number of Investec plc shares	% holding	Number of Investec Limited shares	% holding
Public*	661 803 831	95.1%	294 264 410	92.3%
Non-public	34 278 787	4.9%	24 640 299	7.7%
Non-executive directors of Investec plc/Investec	3 415 006	0.5%	221 540	0.1%
Executive directors of Investec plc/Investec Limited	1 979 855	0.3%	1 587 983	0.5%
Investec staff share schemes	28 883 926	4.1%	22 830 776	7.1%
Total	**696 082 618**	**100.0%**	**318 904 709**	**100.0%**

* As per the JSE Listings Requirements.

SHAREHOLDER ANALYSIS
CONTINUED

Share statistics

For the year ended	31 March 2021	31 March 2020
Price earnings ratio[1]	7.6	4.5
Dividend payout ratio (%)	45.0	38.1*
Dividend yield (%)	5.9	5.3*
Earnings yield (%)[1]	13.2	22.3

Investec plc

For the year ended	31 March 2021	31 March 2020
Daily average volumes of shares traded ('000)	2 802	2 631
Closing market price per share (Pound Sterling)	2.19	1.52
Number of ordinary shares in issue (million)	696.1	696.1
Market capitalisation (£'million)[2]	1 433	1 010

Investec Limited

For the year ended	31 March 2021	31 March 2020
Daily average volumes of shares traded ('000)	2 089	1 344
Closing market price per share (Rands)	43.27	33.99
Number of ordinary shares in issue (million)	318.9	318.9
Market capitalisation (R'million)[2]	40 007	31 686
Market capitalisation (£'million)[2]	2 025	1 417

1. Calculations are based on the adjusted earnings per share from continuing operations and the closing share price.
2. This calculation of market capitalisation excludes the group's treasury shares. For the market capitalisation of Investec plc, the LSE only includes the shares in issue for Investec plc, as Investec Limited is not incorporated in the UK. For the market capitalisation of Investec Limited, the JSE has agreed to use the total number of shares in issue for the combined group, comprising Investec plc and Investec Limited.

* In light of regulatory guidance provided to banks in both South Africa and the UK, the board decided not to declare a final ordinary dividend for the 2020 financial year. The 11.0 pence in FY2020 reflects the interim dividend per share which was prior to the demerger of the asset management business (Ninety One). The dividend payout ratio and dividend yield are therefore calculated with reference to the corresponding adjusted earnings and closing share price, respectively, for the six months ended 30 September 2019.

SHAREHOLDER ANALYSIS
CONTINUED

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

Spread of preference shareholders as at 31 March 2021
Investec plc preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
46	1 – 500	16.5%	8 698	0.3%
29	501 – 1 000	10.4%	22 767	0.8%
129	1 001 – 5 000	46.2%	251 940	9.1%
24	5 001 – 10 000	8.6%	183 941	6.7%
39	10 001 – 50 000	14.0%	837 077	30.4%
8	50 001 – 100 000	2.9%	566 026	20.6%
4	100 001 and over	1.4%	884 138	32.1%
279		**100.0%**	**2 754 587**	**100.0%**

Investec plc (Rand-denominated) perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
28	1 – 500	38.4%	5 008	3.8%
18	501 – 1 000	24.7%	14 279	10.9%
19	1 001 – 5 000	26.0%	47 369	36.0%
5	5 001 – 10 000	6.8%	27 791	21.1%
3	10 001 – 50 000	4.1%	37 000	28.2%
—	50 001 – 100 000	—%	—	—%
—	100 001 and over	—%	—	—%
73		**100.0%**	**131 447**	**100.0%**

Investec Limited perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
880	1 – 500	16.7%	250 655	0.8%
1 039	501 – 1 000	19.7%	859 409	2.8%
2 306	1 001 – 5 000	43.8%	5 595 657	18.2%
510	5 001 – 10 000	9.7%	3 697 938	12.0%
454	10 001 – 50 000	8.6%	8 713 248	28.3%
39	50 001 – 100 000	0.8%	1 310 554	4.3%
37	100 001 and over	0.7%	10 329 000	33.6%
5 265		**100.0%**	**30 756 461**	**100.0%**

SHAREHOLDER ANALYSIS
CONTINUED

Investec Bank Limited perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
735	1 – 500	22.0%	165 503	1.1%
756	501 – 1 000	22.6%	655 633	4.4%
1 291	1 001 – 5 000	38.6%	3 164 269	21.2%
313	5 001 – 10 000	9.4%	2 310 559	15.5%
212	10 001 – 50 000	6.3%	3 946 468	26.5%
21	50 001 – 100 000	0.6%	897 998	6.0%
16	100 001 and over	0.5%	3 777 129	25.3%
3 344		**100.0%**	**14 917 559**	**100.0%**

Largest preference shareholders as at 31 March 2021
Shareholders holding beneficial interests in excess of 5.0% of the issued preference shares are as follows:

Investec plc perpetual preference shares
Rock (Nominees) Limited 17.8%

CGWL Nominees Limited 6.1%

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

Private individual 9.9%

Private individual 8.4%

Investec Limited perpetual preference shares
There were no shareholders holding beneficial interests in excess of 5.0% of the issued preference shares in Investec Limited, as at 31 March 2021.

Investec Bank Limited perpetual preference shares
There were no shareholders holding beneficial interests in excess of 5.0% of the issued preference shares in Investec Bank Limited, as at 31 March 2021.

SOCIAL AND ENVIRONMENTAL REPORT

Our social and environmental impact

Our commitment to sustainability recognises the interconnected nature of our business, the economy, the environment and society. We live in, not off, society. Our vision is to create and preserve sustained long-term wealth and help our clients grow their businesses. This cannot be done in isolation of our responsibility to the world around us.

Ratings and rankings in the sustainability indices

Sustainability Yearbook
Member 2021
S&P Global

Top 15% in the global financial services sector of the CSA (Corporate Sustainability Assessment) Dow Jones

JSE

Top 30 in the FTSE/ JSE Responsible Investment Index

FTSE4Good

Included in the FTSE4Good Index

STOXX | QONTIGO

Included in the STOXX Emerging Markets 1500 ESG-X and the STOXX Emerging Markets Total Market Mid ESG-X

MSCI ESG RATINGS AAA

Top 2% scoring AAA in the financial services sector in the MSCI Global Sustainability Index

CDP DISCLOSURE INSIGHT ACTION

Maintained a B rating against an industry average of B

SUSTAINALYTICS a Morningstar company RATED

Top 20% of globally assessed companies in the Global Sustainability Index

ISS ESG

Top 20% of the ISS ESG global Universe and Top 14% of diversified finance services

Awards

Winner of the Most Responsible Business in Africa 2020 Award in the SERAS CSR Awards

Winner of the City of London Corporation's 2020 Clean City Awards Scheme's Plastic Free City category Award

Awarded South Africa's Bank of the Year 2020 at The Banker Awards

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

Ranked 55th (out of 5 500) in the Wall Street Journal Top 100 Most Sustainable Companies and 9th in the Social Category

Highly commended for innovation in the SME Finance Sector in the 2021 Business MoneyFacts Awards

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Integrating sustainability into business strategy

Creating enduring worth, living in, not off, society.

Sustainability principles

1

Creating **long-term value** for all our stakeholders: contributing to the SDGs

2

Do no harm through ethical conduct and ESG screening; committed to the 10 principles of the UN Global Compact

3

Committed to **a clean carbon transition** by achieving carbon neutral status in all our operations

4

Providing **profitable, impactful and sustainable** products and services and launched innovative sustainability linked offerings

5

Maximising impact through a focus on the SDGs: Financed more than £348 million towards student accommodation in South Africa, the UK and Europe

Our sustainability framework is based on the UN SDGs

Our two core SDG priorities

Addressing climate and inequality issues is fundamental to the success of our business.

Our secondary SDG priorities

Our sustainability framework is based on:

- **Living sustainably** within our operations, through our policies, processes, risk practices and reporting
- **Partnering with clients** and offering sustainability products and services particularly in water, renewables, infrastructure, job creation, clean cities and education
- **Aligning our community initiatives** to our SDG priorities to maximise impact in education, entrepreneurship and the environment.

Advocacy and industry participation

- **Active participation** in UNGC, UN GISD, UN PRI, UNEP FI, BASA, PCAF and others
- **Working with industry** in the UK and South Africa to ensure policy coherence
- Using the strength of our brand to **educate and promote sustainable thinking.**

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Our SDG impact

Our three-pronged approach coordinates, assesses and reports on the group's progress in terms of our six secondary SDGs. We evaluate each SDG with respect to how we are performing within our own operations; how we are supporting and promoting in terms of our business activities; and how we are contributing to our communities. Below is a high-level summary of this framework.

	Within our operations	Within our business	Within our communities
4 QUALITY EDUCATION	• Provide staff bursaries • Offer learning and development programmes to staff • Provide CA programme • Provide IT Grad programme • Offer education benefits to staff and their families	• Contribute to a greater pool of talent and create active economic participants • Financed student accommodation, with >£348 million provided to date • Fund businesses that provide educational solutions	• Fund educational programmes in SA (Promaths and bursaries) • Fund Arrival Education in the UK • Support external learnership programmes
6 CLEAN WATER AND SANITATION	• Aim to source all water responsibly in our offices • Support innovative technology to reduce consumption and limit waste • Encourage behaviour that ensures conscious water usage	• Established expertise in, and fund water infrastructure • Finance innovative water saving solutions • Finance safe water storage	• Fund the installation of water storage that provides clean water to rural communities • Donate to assist water scarce communities in times of drought
7 AFFORDABLE AND CLEAN ENERGY	• Minimise and manage energy consumption in all offices through innovative technologies • Draw from renewable sources where possible • Encourage behaviour to ensure responsible energy use	• Finance and develop renewable energy generation and transmission • Participate in renewable energy projects globally • Finance energy solutions for corporates and households	• Assist communities with renewable energy options • Look for opportunities where the renewable energy projects we fund are able to supply local communities where required
8 DECENT WORK AND ECONOMIC GROWTH	• Publish HR, compliance and ESG policies, including a code of conduct • Provide economic opportunities for 7 889 people • Enable internal mobility • Offer employee wellness initiatives	• Finance and advise clients, including entrepreneurs and SMMEs, enabling them to grow their businesses, employ more people and contribute to overall economic growth	• Support youth employment through the YES initiative • Support community entrepreneurship programmes (Startup School in SA; Investec Beyond Business in the UK)
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Use modern, resilient and efficient IT infrastructure across all offices • Target investments in our AI capability • Provide digital workplace support	• Provide sophisticated digital platforms for corporate and private clients • Fund critical infrastructure projects • Finance innovative technologies and FinTech businesses	• Provide financial and other support for digital learning in rural and disadvantaged communities
11 SUSTAINABLE CITIES AND COMMUNITIES	• Minimise and manage our carbon impact across all offices, including waste and air quality • Encourage alternatives to reduce transport emissions	• Fund sustainable transport systems • Fund sustainable and resilient property developments • Fund affordable housing projects	• Work with rural communities to conserve biodiversity and support the economy of wildlife to limit urbanisation

For more information on the SDGs refer to our 2021 group sustainability and ESG supplementary report

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

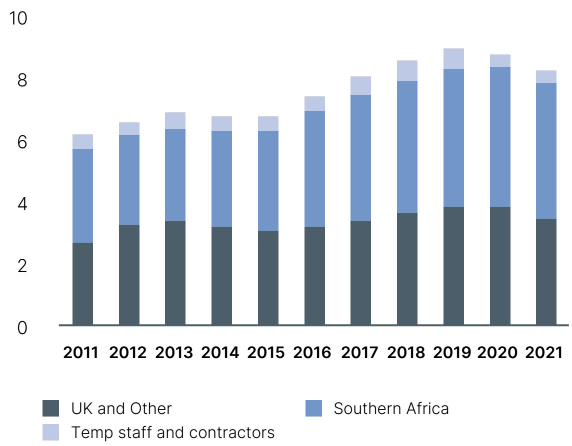
Commitment to our people

Our culture is positioned as a strategic differentiator. We are a culture-strong organisation, and our values and beliefs underpin our people's conduct and behaviour on the job. We have a flat structure organisation design, show deep respect for individualism and uphold an environment that encourages self-starters to drive their careers in line with business objectives.

Our people strategy
Our people are at the heart of our business. We invest significantly in opportunities for their development and to enable current and future leaders across the group. Our strategy is to attract the right people, inspire growth and learning, and create an organisation in which all our people feel valued for what they contribute and are celebrated for who they are.

Headcount

Number of employees
'000



Permanent employees

7 889

(2020: 8 355)

Permanent headcount declined due to natural attrition in South Africa and a restructure in the UK and Australia

Talent attraction, development and retention

Internal mobility	Voluntary staff turnover	Participation in graduate programmes
SA: 5.9% (2020: 8.5%)	SA: 4.8% (2020: 8.6%)	120 graduates (2020: 119)
UK: 4.2% (2020: 4.2%)	UK: 4.3% (2020: 8.9%)	

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

The Investec Experience
Our employee value proposition, the Investec Experience, positions our culture as the overarching, significant differentiator that guides behaviour, conduct and relatedness. We further enable this proposition through our physical and technological workplaces, the ways in which we hold internal communications and placement of the brand, our prioritisation of diversity and inclusion and creating meaning at work, specifically focused on our purpose and sustainability agenda.

Employee engagement We have various mechanisms to monitor, gain a 'felt sense of', and evaluate how people thrive in the culture, as well as employee alignment and adherence to our system of beliefs.	→	**Cultural dialogues** Assess alignment of behaviours and practices against how they are perceived by our employees **Organisation climate reviews** Provide an important indicator of employee sentiment **Pulse checks** Real time snapshot of the feeling within the organisation **Executive communication and team check-in sessions** Global, regional and division-specific sessions for staff to engage with the executive
Employee well-being Our approach to well-being is all-encompassing and forms part of the greater Investec Experience for our employees. We value the physical, financial and psychosocial health, welfare and safety of our people. Our well-being strategy is informed by our culture and recalls our values of freedom to operate, respect for others and personal ownership.	→	**Well-being participation by staff** SA: 3 390 permanent staff participated in well-being initiatives UK: 6 730 visits to the well-being hub
Family-friendly policies We provide an environment supportive of combining parenthood with a career. Our parental scheme provides enhanced benefits to parents, irrespective of their length of service.	→	**Parental leave** SA: parental leave exceeds minimum prescribed by regulations UK: launched a new family leave support programme and also offer paid parental leave of up to 26 weeks which can be shared between parents
Flexible working practices We endeavour to create a working environment which encourages high performance and innovation. We believe that it is important to see flexibility in the context of the work itself, the team's purpose and performance commitments, the needs of clients, and the lives of every individual in the team.	→	**Flexible leave** SA: 39% of staff have taken up the flexible leave option since inception in 2019 UK: Flexible working arrangements for staff
Recognising and rewarding people Our remuneration practices comply with local regulations and reward people meaningfully for performance and contribution. Investec is supportive of a minimum living wage and ensures that all its employees globally are paid above the relevant minimum statutory wage.	→	**Staff shares** 6% of shares are held by staff (excluding non-executive directors' holdings) (2020: 7%)
Performance management Our performance practice has moved beyond the annual individual review process to being centred on the individual, the team and the organisation on an ongoing basis.	→	**Continuous performance review process** Greater sense of shared accountability, meaning and value creation
Learning and development (L&D) Employees are encouraged to be the driving force behind their own development and should be proactive in identifying and addressing development needs, allowing them to maximise learning opportunities most relevant to their unique requirements.	→	**L&D spend as a % of staff costs** 1.3%; £11.0 million (2020: 1.7%; £14.2 million) against our minimum target of 1.5%* * Target was not reached due to the impact of COVID-19 and training programmes moving online.
Transformation within our operations We seek to ensure greater representation in our workplace. We continually strive to achieve greater representation at all levels of the business through the effective implementation of our employment equity (EE) plan in South Africa.	→	**Internal transformation structures** EE Forum, Transformation Committee and DLC Social and Ethics Committee Level 1 rating under the Financial Sector Code in South Africa Signed the Race at Work Charter in the UK and established a Race Representation Working Group in support of this

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Belonging, Inclusion and Diversity

Our diversity and inclusion framework has a sense of belonging for all our people, irrespective of difference, as its goal.

Our diversity commitment
We aim to make Investec a place where it is easy to be yourself. It is a responsibility we all share and is integral to our purpose and values as an organisation. Continually mindful of our biases and consciously inclusive, we encourage each other to embrace opportunities for growth. We recognise that a diverse and inclusive workforce is essential to our ability to be an innovative organisation that can adapt and prosper in a fast-changing world. The group's approach is to recruit and develop based on aptitude and attitude, with the deliberate intention of building a diverse workforce.

30% Club
Member in the UK and South Africa

CEO statement of support for the UN Women's Empowerment Principles
Signatory

Race at Work Charter
Signatory in the UK

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

Female senior management in the group
37.5%
(2020: 36.9%)

Female senior management in South Africa
43.8%
(2020: 43.4%)

Female senior management in the UK
22.5%
(2020: 21.9%)

Policies and business practices

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

For further information regarding our policies refer to our 2021 group sustainability and ESG supplementary report on our website

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Commitment to our communities

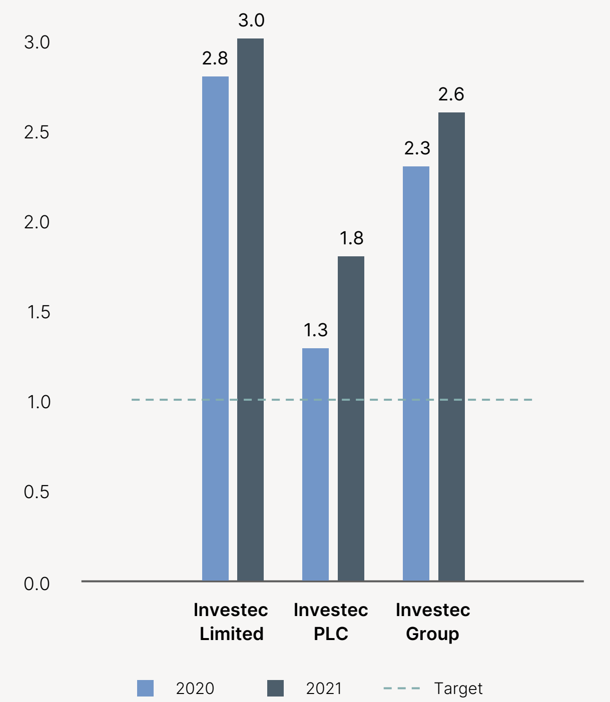
Our community initiatives are central to our values of making an unselfish contribution to society, nurturing an entrepreneurial spirit, valuing diversity and respecting others – all of which underpin our aim to be a responsible corporate organisation.

Our approach

Our vision of creating sustained long-term wealth depends on a thriving economy with active economic participants. To become economically active, people need to be educated and skilled in order to be employed or create employment themselves as entrepreneurs. Those professionals and entrepreneurs become our clients and staff, and partner with us to create more wealth. In this way, we are able to address financial inclusion, creating active economic participants and engaging with communities in a meaningful way. We also cannot do this in isolation from our climate responsibilities. We have a strong commitment to ensure we live sustainably, within our planetary boundaries. We do this by preserving biodiversity, promoting a clean environment and supporting credible carbon-reducing initiatives.

Spend on community initiatives as a % of operating profit*

Percentage



Achieved 2.6% (£9.8mn) group community spend as a % of operating profit* against our target: >1.0%

(2020: 2.3%, £9.8mn)

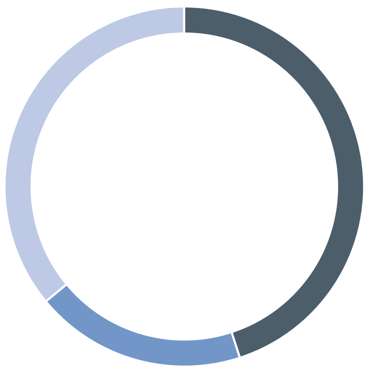
* Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interest.

Our approach focuses on three categories of impact:
- Education and learnerships (aligned to priority SDG 4: quality education)
- Entrepreneurship and job creation (aligned to priority SDG 8: decent work and economic growth)
- Environment and other philanthropy (aligned to priority SDG 6, SDG 7, SDG 9 and SDG 11).

Spend on community initiatives by category (%)

£9.8mn

(includes £2.1mn of COVID-19 relief spend)



Education and learnerships	45%	(2020: 50%)
Entrepreneurship and job creation	19%	(2020: 27%)
Environment and other philanthropy	36%	(2020: 23%)

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Education and learnerships

Our strategy focuses on creating education and learnership opportunities within our communities, equipping and enabling young people to become active economic participants in society. By providing these opportunities, we are contributing to SDG 4 (quality education).

Promaths programme
In the past year*, our flagship education programme in South Africa, Promaths, contributed 5% and 6% of national distinctions in mathematics and science respectively. Promaths provides extra tuition in mathematics and science to disadvantaged learners.

* Academic year: January to December.

Disadvantaged learners funded through Promaths since inception in 2005

> 9 200

Arrival Education
One of our partners in the UK, Arrival Education, is a social enterprise that focuses on supporting young people from minority ethnic groups through programmes which encourage social mobility.

Learners supported through Arrival Education in the UK in the past 13 years

1 876

Learnerships
We support three external learnership programmes in South Africa:

Umuzi Academy – digital and multi-media professionals
Artisan Development Academy – artisans
ORT SA CAPE – qualified teachers assistants.

Invested in learnerships in the past three years

R31.3mn

Entrepreneurship and job creation

Our roots are based in the spirit of entrepreneurship and we strive to nurture an entrepreneurial spirit from school-going age to working entrepreneurs. We aim to create jobs for young people through quality work experience placements. Through our various initiatives in entrepreneurship and job creation, we are contributing to SDG 8 (decent work and economic growth).

The YES initiative
In South Africa, we support youth employment through the Youth Employment Service (YES). Since January 2020, we placed 138 YES graduates at two of our partner organisations – ORT SA Cape and the Artisan Development Academy.

Placed in jobs through the YES programme since inception in 2018

1 900 youth
(2020: 1 440 since inception)

Bromley by Bow Centre
in the UK, we partner with the Bromley by Bow Centre which focuses on economic regeneration in London by helping entrepreneurs to launch their businesses. Many of the entrepreneurs are female, and/or of ethnic minority.

Provided professional advice over the past year

243 entrepreneurs
(2020: 154)

Startup School
Startup School in South Africa provides an online entrepreneurial learning programme for start-up and scale-up entrepreneurs across the African continent. The course aims to close the gap between entrepreneurs who succeed and those who do not.

Completed the entrepreneurship programme

224 entrepreneurs
(2020: 202)

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Environment and other philanthropy

We recognise that communities require a clean, resource-rich natural environment that supports the growth of businesses and the economy. Through our environmental initiatives, we are preserving our communities, supporting the economy of wildlife and contributing to SDG 11 (sustainable cities and communities).

Given our African heritage, we are passionate about ensuring the continued existence of a number of African wildlife species. In South Africa, we fund biodiversity projects which help to ensure the sustainable existence of the country's rich wildlife. In the UK, we focus on improving the environment for communities local to our offices.

Investec Rhino Lifeline
We played a leading role in disrupting illegal wildlife trade though collaboration between financial institutions, regulators, law enforcement and conservation NPOs. Our most successful awareness campaign in the past year was the support for a specialised pangolin veterinary treatment ward.

Number of people reached through our pangolin veterinary treatment ward awareness campaign

6.6mn

Philanthropic donations
In South Africa we make funds available for quarterly donations to charities and/or organisations that fall outside our current strategic focus areas. In the last financial year, we made 65 ad hoc philanthropic donations across South Africa, to the value of R1.3 million.

Philanthropic donations across South Africa to the value of

R1.3mn

Food banks
We committed to fully funding and stocking essential items for 18 food banks in the UK in response to the impact of the COVID-19 pandemic on the most vulnerable communities. The challenge was more around the procurement of food than the cost, and we leveraged our client relationships in the food supply chain to provide a solution.

Supplied 18 food banks in the UK with >1.4 million items reaching

230 000 people

Staff volunteering
Through our staff volunteer programme, we support and encourage staff participation and engagement – underlying our belief that far more can be achieved through our collective knowledge, expertise and influence than through cash donations alone. Our people play a pivotal role in our community initiatives, selflessly giving their time, money, goods and skills to support our communities. We foster a culture of participation by offering staff involvement opportunities that include facilitated staff volunteering events and a payroll giving programme in our South African, UK and other regional offices whereby staff are able to donate money to a charity of their choice. As the COVID-19 pandemic meant we were unable to hold our traditional volunteering and community events, we launched new online volunteering opportunities for staff such as the Good4Good challenge in South Africa and trustee training in the UK.

Total volunteering hours for the group

9 468

(2020: 6 095)

Volunteering hours in South Africa

6 433

(2020: 2 878)

Volunteering hours for the UK

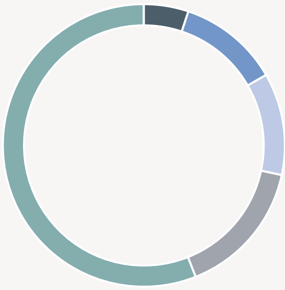
3 035

(2020: 3 217)

For more information on our commitment to our communities, please refer to our 2021 group sustainability and ESG supplementary report on our website

Our COVID-19 response

Breakdown of COVID-19 relief spend for communities



	£
Gender-based violence	107 986
Education	243 827
Healthcare	246 104
Economic continuity	329 695
Food security	1 179 395
Total	**2 107 007**

Contributed

£2.1mn

to COVID-19 relief for communities

Reaffirming our purpose of living in, not off, society, we acted decisively to support employees, suppliers, clients and communities through the COVID-19 pandemic.

Priorities

- Support employees
- Ensure business continuity and support our clients. We highlight the help provided to clients and business throughout this report
- Support existing community partners where we already have an investment
- Focus on food security, education, healthcare, economic continuity and gender-based violence
- Partner with staff and clients to maximise impact and help those most vulnerable.

Employees

- Fully remunerated all staff during lockdown
- Swiftly enabled >95% of staff across the world to work from home
- Increased health and safety across all buildings including appropriate PPE and screening
- Offered extensive well-being offering including online support for staff in terms of physical, mental, emotional, social and financial well-being
- Ensured financial support for employees where required (salary advances, payment holidays, debt consolidation).

Please refer to our website for details on our group COVID-19 response to helping communities

Community

- We spent £2.1 million on COVID-19 relief for communities in our jurisdictions around the world
- The Global Executive team and board members have donated from their salaries with a portion going to the Solidarity Fund in South Africa
- Senior leaders and staff across the world have donated to local initiatives via salary deductions.

Food security
By supporting trusted local NGOs in food security, our offices have fed hundreds of thousands of people across South Africa, the UK, India and New York.

Economic continuity
We donated R5.7 million (£416 225) to the Solidarity Fund (excluding executive and board member personal donations) and continued to pay all youth interns in learnerships in South Africa. We also supported a number of community SMME initiatives.

Healthcare
We funded screening, PPE, capacity building and support for healthcare workers and doctors in our areas of operation.

Education
In partnership with Kutlwanong and Tuta-Me, we launched Promaths Online to ensure continued learning for thousands of students through the pandemic. We are also carrying the cost of the data usage through a reverse billing arrangement with South Africa's major network providers.

Gender-based violence (GBV)
In South Africa, we spent R2.3 million (£107 986) supporting GBV organisations whose social workers are operating on the frontline to address GBV.

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Commitment to the environment and climate change

Our approach to climate change supports the transition to a cleaner, more energy-efficient and sustainable global economy – one that is conscious of its use of limited natural resources. The greatest impact we can have on climate change (SDG 13) and life on land (SDG 15) is through our business contributions to SDG 6, SDG 7, SDG 9 and SDG 11.

Climate change position statement
We recognise the complexity and urgency of climate change. Investec's environmental policy considers the risks and opportunities that climate change presents to the global economy. We believe that as a specialised financial services organisation and given our positioning in the developed and emerging worlds, we have the opportunity to make a meaningful impact in addressing climate change. We support the Paris Agreement's aim of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and of pursuing efforts towards limiting it to 1.5°C. We also recognise the urgency and need to accelerate action which has been incorporated into our approach.

As such, we support the transition to a zero-carbon economy whilst realising that this might take time due to socio-economic constraints. We have a global business and operate in both the developed and developing world with varying economic, social and environmental contexts. Our businesses use their specialist skills in advisory, lending and investing to support clients and stakeholders to move as quickly and smoothly as possible towards a low-carbon economy. The transition cannot be done in isolation of the realities of the communities in which we, and our clients, operate and we welcome the voice of all stakeholders as we make the move together to a cleaner, zero-carbon world that is responsible for all participants.

We also have an important role to play in terms of advocacy and collaboration and participate in a number of workshops and taskforce groups internationally which share learnings and promote a cohesive approach for the financial sector.

Maintained our

net-zero

direct (Scope 1, 2 and operational Scope 3) carbon emissions status for the past three financial years

Sourcing almost

100%*

of our Scope 2 energy from renewable sources through renewable energy certificates

* 1% of our smaller offices are not using renewable energy certificates.

Our banking book fossil fuel exposures reduced to

1.13%

of gross credit and counterparty exposures as at March 2021 (March 2020: 1.30%)

Arranged and participated in one of the first European mid-market ESG-linked loans to the value of

€600mn

to a leading European investment group

Continued to play a key role in supporting the

carbon transition

by financing a number of significant renewable energy transactions

Refer to our 2021 group sustainability and supplementary ESG report on our website for more information

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Climate change framework: Transitioning to a zero-carbon economy

Strategy

We see climate change as both a business opportunity and a risk, and therefore our strategy is based on the following:

- Supporting the Paris Climate Agreement and acknowledging the urgency of climate change
- Minimising our direct negative carbon impacts and committing to ongoing carbon neutrality
- Investing in products, services and businesses that help accelerate the transition
- Supporting our clients as they transition their business operations and offering
- Engaging with stakeholders to inform our climate strategy as it evolves
- Actively participating in industry discussions to ensure an aligned and comprehensive approach.

Governance

Board of directors

- At the highest governance level, the board has the ultimate responsibility to monitor how well the group is operating as a responsible organisation
- This includes considerations around climate-related risks and opportunities when reviewing the group strategy
- The board is supported by the DLC SEC which is responsible for monitoring all the non-financial elements of sustainability.

Senior leadership

- We have a Group ESG Executive Committee, mandated by the group's executive directors, which reports any relevant matters to DLC SEC and Group ERC.

Publicly available policies and statements

- Environmental policy and climate change statement
- Fossil fuel policy
- Operational resilience statement.

Refer to page 23 in volume two of the Investec group's 2021 integrated annual report for our governance framework. Our TCFD report is available on our website

Management

Compliance and screening

- We identify climate risks by integrating ESG considerations into our day-to-day operations
- We assess climate risks and follow the 'do no harm' principle through screening to ensure responsible lending and investing.

Risk management

- We see climate risk as a material risk associated with rapidly changing weather events (physical risk) or market shifts as a result of regulatory and policy changes (transitional risk).

Environmental management

- We have an environmental management system to manage and limit our direct carbon impact
- We ensure responsible sourcing of natural resources and encourage behaviour that supports our carbon neutral focus.

Business opportunities

- We use our specialist skills in advisory, lending and investing to support clients' sustainability ambitions
- We have expertise and focus on financing infrastructure solutions that promote renewable and clean energy, and green buildings
- Through our approach to the SDGs, we can accelerate sustainable finance that supports a low-carbon transition.

Measurement

- We have committed to an ongoing net-zero direct carbon footprint
- We follow the recommendations set out by the TCFDs and the regulatory guidance in our two core jurisdictions
- We disclose our full energy lending portfolio including fossil fuel exposures across the group
- We include non-financial and ESG related targets within executive remuneration with a total weighting of 20% of Short-term incentives and 25% of Long-term incentives.

Refer to our 2021 group sustainability and supplementary ESG report and our TCFD report on our website for more information

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Direct operational impact

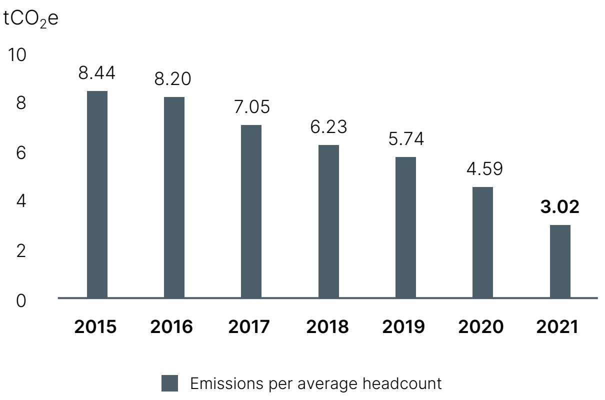
Highlights

- Maintained net-zero direct operational carbon emissions status for the third consecutive year and committed to ongoing carbon neutrality
- Sourced almost 100% of our electricity consumption from renewable energy through the purchase of Renewable Energy Certificates
- The remaining 10% of emissions were offset through the purchase of verified and high quality carbon credits.

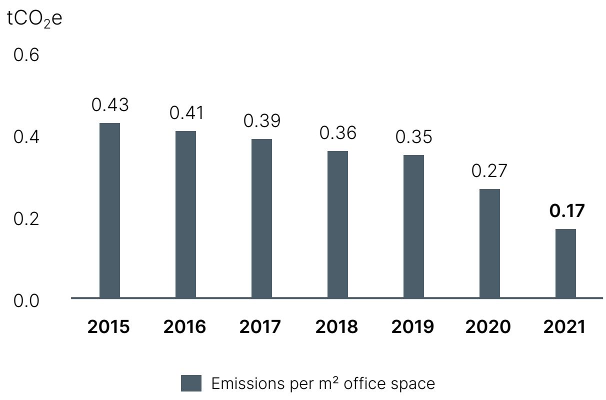
We have a responsibility to understand and manage our wider carbon footprint. Our approach is focused on limiting our direct operational impact and creating awareness to encourage positive sustainable behaviour. Acknowledging that we cannot continue consuming natural resources at the current rate, we focus on ways to ensure the security of natural resources in all our operations.

Breakdown of group emissions
Over the past seven years, our intensity indicators have steadily declined. We continue to find ways to reduce our environmental impact, and offset what remains, with verified and high quality carbon credits.

Emissions per average headcount

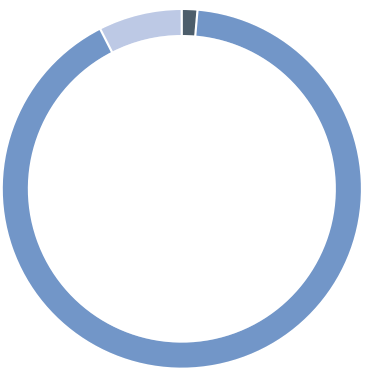


Emissions per m^2 office space



Carbon footprint for the year ended 31 March 2021*

25 649 **tCO$_2$e (2020: 40 564 tCO$_2$e)**
before renewable energy certificates and carbon offset



Scope 1: 349 tCO$_2$ emissions[1]	1.4%
Scope 2: 23 365 tCO$_2$ emissions[2]	91.1%
Scope 3: 1 935 tCO$_2$ emissions[3]	7.5%

While operational efficiencies have been made over the course of the year, we acknowledge that our 37% decrease is largely due to the impact of COVID-19.

Total after carbon offsets and renewable energy certificates:
0 tCO$_2$ emissions

- Due to the COVID-19 pandemic and working from home, there has been a significant decrease in emissions
- Work-from-home emissions have been included in our Scope 3 emissions
- Renewable Energy Certificates (zaRECs for Limited and REGOs for our UK offices) were used as we source renewable energy options to meet our operational electricity needs
- Carbon credits were used to offset our remaining carbon footprint to ensure we maintain our net-zero commitment

Refer to our group sustainability and ESG supplementary report on our website for more information

1. Scope 1 emissions are direct greenhouse gas (GHG) emissions (sources controlled or owned by us for example, fuel and gas).
2. Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling.
3. Scope 3 emissions are the result of activities from assets not owned or controlled by us (for example business travel and emissions). For more information on emissions in our lending and investing activities refer to our TCFD report on our website.

* Resource consumption not reflected includes water of 51 148 kl (2020: 91 346 kl) and 121.5 tonnes of waste recycled (2020: 600 tonnes).

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Fossil fuel exposures and Equator Principles

Fossil fuel exposures
The transition to a zero-carbon world cannot be achieved in isolation from the realities of the communities in which we, and our clients, operate. When assessing our participation in fossil fuel activities, we consider a variety of financial, socio-economic and environmental factors relevant to a local context (for example poverty, growth, unemployment and carbon impact).

We apply prudent due diligence to all fossil fuel activities (including extraction, power generation, infrastructure and industrial processes) which go through rigorous process and require senior decision-making approval. Our appetite for this sector is reviewed annually at the executive risk appetite forum and the DLC SEC.

Coal as a % of GCCE*
0.10%
(2020: 0.20%**)

Fossil fuels as a % of GCCE*
1.13%
(2020: 1.30%**)

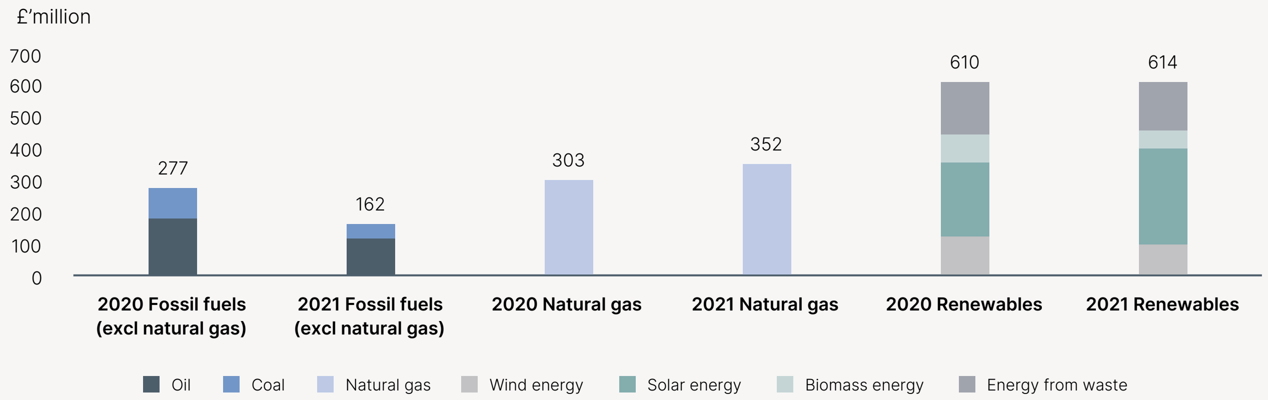
Coal as a % of core loans and advances
0.17%
(2020: 0.36%**)

Fossil fuels as a % of core loans and advances
1.92%
(2020: 2.30%**)

Coal exposure as a % of total energy lending portfolio
4.0%
(2020: 7.6%**)

* Gross credit and counterparty exposure.
** March 2020 restated to include a coal exposure that was not accounted for at the time of reporting.

Energy lending portfolio in our banking book



An important aspect of our approach is a deliberate focus on financing infrastructure solutions that promote renewable and clean energy, stimulate economic growth and provide access to essential services. A transition away from fossil fuels needs to be done in a just and orderly way whilst at the same time protecting the socio-economic considerations, especially in the developing economies where we have a presence. We focus on climate resilience as a priority for our businesses including within the communities where we operate. Over the past year, we screened 39 potential fossil fuel transactions and rigorously implemented our fossil fuel policy to ensure deliberate and stringent adherence to our guidelines.

While our overall fossil fuel exposures decreased, we are conscious that we operate on the African continent which severely lacks access to clean and renewable energy, in addition to a myriad of socio-economic needs. We are therefore aware that we may face fluctuations in our fossil fuel exposures from one year to the next as we navigate through this transition. These exposures are managed through a full due diligence process and adherence to our fossil fuel policy. We acknowledge the many opportunities within sustainable climate action and have strong expertise in this sector, especially in renewable infrastructure where we will act on these opportunities where possible.

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Investec plc banking book
The mix of the energy portfolio in our Investec plc banking book reflects the trajectory of the energy transition in developed countries.

We have a global power and infrastructure business operating across the UK, Europe, US and Australia, with a deliberate focus on financing solutions that promote renewable and clean energy.

Coal as a % of GCCE*
0.08%
(2020: 0.11%**)

Coal as a % of core loans and advances
0.13%
(2020: 0.19%**)

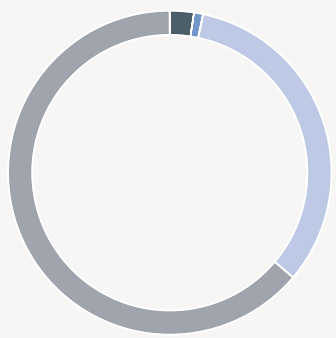
Coal exposure as a % of energy lending portfolio
2.40%
(2020: 3.40%**)

Fossil fuels as a % of GCCE*
1.12%
(2020: 1.15%)

Fossil fuels as a % of core loans and advances
1.98%^
(2020: 1.79%**)

* Gross credit and counterparty exposure.
** March 2020 restated to include a coal exposure that was not accounted for at the time of reporting.

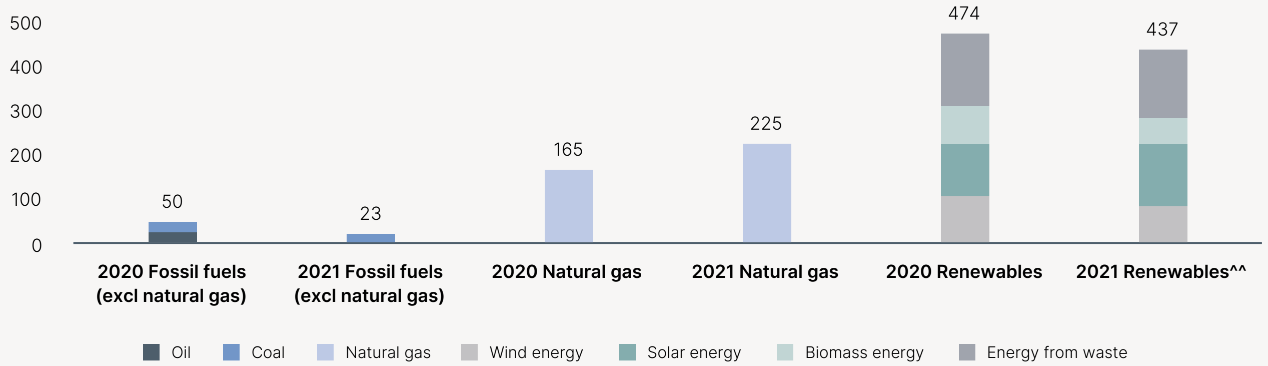
2021 Breakdown of Investec plc energy portfolio
Percentage



	2020	2021
Coal	3.4%*	2.4%
Oil and gas	3.9%	0.9%
Natural gas	23.9%	32.9%
Renewables	68.8%	63.8%

* March 2020 restated to include a coal exposure that was not accounted for at the time of reporting.

Energy lending portfolio for Investec plc
£'million



^ Fossil fuels as a % of core loans and advances increased from 1.79% in March 2020 to 1.98% in March 2021, due to an increase in natural gas. As natural gas is seen as a transition fuel, we may see an increase in these exposures as we transition to a zero-carbon world.

Over the past year we have seen a decrease in our oil and gas exposures in accordance with our fossil fuel policy, with a deliberate focus on minimising these exposures where possible. Where opportunities exist, we focus on financing infrastructure solutions that promote renewable and clean energy, as we leverage our international expertise in this sector.

^^ The decrease in renewables relates to a decrease in wind and biomass energy in Investec plc.

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Investec Limited banking book
South Africa is significantly dependent on coal for its energy requirements, which makes it challenging to find a balance between the need for increasing energy access and economic growth in the country and the urgency to reduce carbon emissions.

The mix of our energy portfolio in South Africa reflects the trajectory of the country's energy transition. We see natural gas as part of this transition in the short-to-medium term as the country shifts away from coal and builds up renewable sources.

Coal as a % of GCCE*
0.12%
(2020: 0.30%)

Coal as a % of core loans and advances
0.20%
(2020: 0.51%)

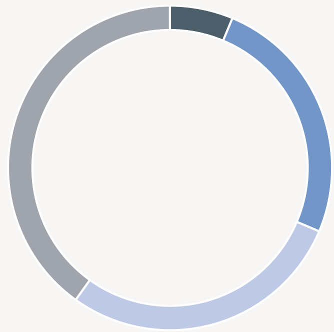
Coal exposure as a % of energy lending portfolio
6.30%
(2020: 13.50%)

Fossil fuels as a % of GCCE*
1.14%
(2020: 1.60%)

Fossil fuels as a % of core loans and advances
1.86%
(2020: 2.77%)

* Gross credit and counterparty exposure.

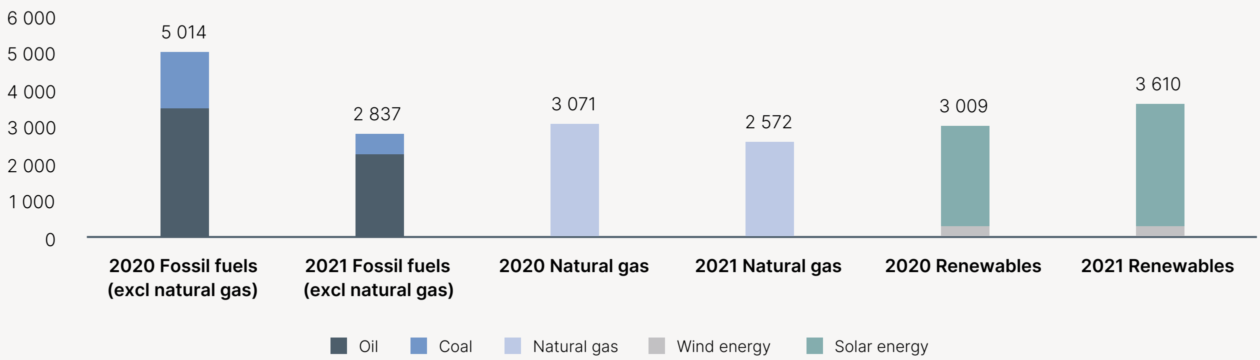
2021 Breakdown of Investec Limited energy portfolio
Percentage



	2020	2021
Coal	13.5%	6.3%
Oil and gas	31.7%	25.1%
Natural gas	27.7%	28.5%
Renewables	27.1%**	40.1%

** March 2020 restated to include a renewable exposure that was not accounted for at the time of reporting.

Energy lending portfolio for Investec Limited
R'million



We have seen a decrease in our coal exposure over the past year but are taking a cautious approach due to the needs and dependency of developing economies on fossil fuels. Where possible we will manage this exposure against our stringent fossil fuel policy while taking into consideration socio-economic factors and the countries' ambitions towards a net-zero future.

Where opportunities exist, we will focus on financing infrastructure solutions that promote renewable and clean energy as we leverage our international expertise in this sector.

Equator Principles
We fully apply the key provisions of the Equator Principles (EP). We are not currently a signatory due to the low number of transactions that we performed in non-designated countries. All transactions in non-designated countries are EP monitored and compliant.

During the past year we had no transactions in non-designated countries.

0 **(2020: 0)**

A full breakdown is available in our 2021 group sustainability and ESG supplementary report on our website

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

We partner with our clients to provide sustainable products

In the past year we launched the following sustainability products and services to our clients

UK Specialist Bank
- Arranged and participated in one of the first European mid-market ESG-linked loans to the value of €600 million to a leading European investment group
- Launched the UK's first retail ESG-linked deposit plan
- Launched a sustainable energy finance business to fund renewable assets such as solar panels, biomass boilers and onshore wind farms
- Acted as financial advisor to KKR Global Impact on its investment in GreenCollar, a leading environmental markets platform in Australia and the largest project developer in the Australian carbon market
- Participated in £639 million renewable energy projects and financed 7 916 MW (installed capacity) of clean energy.

Southern Africa Specialist Bank
- Anchor investor in Revego Africa Energy Fund: Africa's first YieldCo focused on operating renewable energy projects in sub-Saharan Africa
- Launched a funding product for private clients to install solar power at home and link the cost to their mortgages as a repayment option
- Participated in R6.2 billion renewable energy projects and financed 50 MW (installed capacity) of clean energy
- Winner of the Most Responsible Business in Africa 2020 award (overall winner category in The SERAS CSR Awards).

Investec Wealth & Investment
- Investec Wealth & Investment did a soft launch of the Investec Global Sustainable Equity Fund to charities, staff and family offices in mid-February 2021 and will be extending this offering to a broader client base.

Best Investment Bank for Sustainable Finance in Africa

2020 Global Finance Awards

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Business contribution to the SDGs

Addressing climate (SDG 13) and inequality (SDG 10) is fundamental to the success of our business. We address these core SDGs through six secondary SDGs that are globally aligned yet locally relevant to our core geographies. These secondary SDGs also reflect our current business model and growth strategy to fund a stable and sustainable economy. In addition, we have a strong focus on financing entrepreneurs who are critical in accelerating job creation and supporting sustained economic growth. Below we show some examples of how we are impacting on our chosen SDG priorities.

Group Chief Executive, Fani Titi, joined 30 other CEOs in making a commitment to join the UN GISD Alliance

Investec signed the Fintech Pledge, supported by HM Treasury and powered by Tech Nation

Maxine Gray announced as the UN Global Compact South Africa's 2020 SDG Pioneer

Highlights
- We are an equity partner in the Invictus Education Group, which continually reinvests in education systems, processes and technology as a key strategy. The Invictus Education Group has educated and trained over 50 000 students and corporate learners, including 30 000 in the last five years
- Investec Wealth & Investment's philanthropy offering manages foundation investments to the market value of R1.2 billion. Since 2018, the market value of this offering has grown by 52% and income allocated has grown by 30.3%.

Highlights
- Participated in various funding and structuring projects with two overarching objectives: providing safe and affordable drinking water and ensuring water use efficiency
- Private Capital in South Africa is an equity partner in Abeco Tanks. To date, 60 water reservoirs in rural areas totalling R42.9 million and 29 water reservoirs at schools, colleges or universities totalling R13.8 million have been installed. In addition, Abeco Tanks supported municipalities across South Africa during the COVID-19 pandemic through 55 projects at clinics or hospitals, totalling R15.2 million
- Through our collaboration with the Entrepreneurship Development Trust (EDT), Innovation Africa provide solar water pumping systems to 11 communities in rural South Africa. Approximately 20 000 litres per day of clean drinking water are distributed to at least 8 000 people per village.

Highlights
- Participated in £0.9 billion of renewable and clean energy projects of which 75% is in solar energy (2020: £1.0 billion)
- Financed 12 projects (2020: 11 projects) with an installed capacity of 7 966 MW of clean energy (2020: 3 924 MW)
- Our Asset Finance Sustainable Energy Finance business in the UK, is helping companies fund renewable energy assets
- We are an anchor investor in Revego Africa Energy Fund – Africa's first YieldCo focused on operating renewable energy projects in sub-Saharan Africa.

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Business contribution to the SDGs

8 DECENT WORK AND ECONOMIC GROWTH

Highlights

- In the UK, our Asset Finance business currently supports over 50 000 SME clients, which is just over 50% of our client population. With a current value of £996 million, this makes up most of the book at just over 55%
- Investec Property Fund (IPF) supports an enterprise and supplier development initiative known as AMP. Total contracts awarded to AMP tenants are in excess of R25 million, since inception of the programme in November 2016
- As part of the CEO Initiative, we committed R20 million to the SA SME Fund. We also supported small and medium-sized businesses impacted by the COVID-19 pandemic through our involvement in the South African Future Trust and R200 billion COVID-19 loan guarantee scheme.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Highlights

- We are applying our experience and expertise in this innovative technology ecosystem to build digital asset custody capabilities, in close collaboration with regulators. The Investec Digital Asset Vault is currently in testing with the Intergovernmental Fintech Working Group's (IFWG) Regulatory Sandbox
- We have signed the Fintech Pledge, which is supported by HM Treasury and powered by Tech Nation
- The COVID-19 pandemic has provided opportunities for investment into technology in South Africa to leapfrog service delivery to the majority of the citizens. We have committed funding to several telecommunications and ICT specialists to increase our involvement in the development of fibre broadband infrastructure in South Africa.

11 SUSTAINABLE CITIES AND COMMUNITIES

Highlights

- IPF, managed by Investec Property and 24.3% owned by Investec Limited, actively explores sustainable business development. IPF tracks and benchmarks consumption across the portfolio in order to identify energy efficiency opportunities as well as monitor improvements
- We financed the Maina Soko Hospital in Lusaka. This state-of-the-art medical facility has 260 beds and serves the whole region of Lusaka and the surrounding cities and villages
- Investec Real Estate provided £82.52 million of facilities to a joint venture to fund the development of four student accommodation properties.

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

17 PARTNERSHIPS FOR THE GOALS

Highlights

- Within the finance sector in South Africa, there is a collaborative effort to support and encourage sustainable finance. We participate in various climate initiatives in South Africa including:
  - The National Treasury green finance taxonomy beta testing
  - The Climate Risk Forum Steering Committee of BASA
  - The TCFD and sustainable finance working groups supporting the implementations released on Financing a Sustainable Economy by National Treasury
- Our Chief Executive, Fani Titi, has personally committed as one of 30 CEOs from financial institutions around the world who was invited to join the UN GISD Alliance, and we are actively involved in supporting working groups focussing on driving the UN GISD agenda
- Chris Mitman, founder and head of Export and Agency Finance, is the co-chair of the International Chamber of Commerce Sustainability Working Group focused on growing the sustainable funding activities of the export credit market
- One of our employees, Maxine Gray, was announced as the UN Global Compact South Africa's 2020 SDG Pioneer
- We are supporting Partnership for Carbon Accounting Financials (PCAF) and are actively involved in the formulation of financial carbon reporting methodology
- We are a member of the United for Wildlife Financial Taskforce to combat illegal wildlife trade (IWT), and lead the SAMLIT expert working group in South Africa. Our aim is to understand the financial flows related to IWT, and we work closely with other South African banks, the Financial Intelligence Centre and the Directorate for Priority Crime Investigation
- We participate in the IIF working group which is focused on providing a standardised template for TCFD disclosures. The core objective of this work is to advance an industry consensus view on how climate-related disclosures should be conveyed to the market, and how different types of metrics relevant for banks should be applied in disclosures. The core desired outcome of this project is to materially improve consistency in the structure, format, and coverage of disclosures by banks.

Value added statement

£'000	31 March 2021	%	31 March 2020	%
Net income generated – total group				
Interest receivable	1 922 299		2 700 147	
Other income	863 427		1 445 508	
Interest payable	(1 144 193)		(1 845 416)	
Other operating expenditure and impairments on loans	(251 133)		(394 729)	
Financial impact of group restructures (pre-tax)	7 386		(114 982)	
Gain on distribution of Ninety One shares (pre-tax)	—		820 233	
	1 397 786	**100%**	**2 610 761**	**100%**
Distributed as follows:				
Employees: Salaries, wages and other benefits	616 476	44.1%	722 085	27.6%
Communities: Spend on community initiatives	9 852	0.7%	10 789	0.4%
Government: Corporation, deferred payroll and other taxes	450 414	32.2%	657 815	25.2%
Shareholders:	88 120	6.3%	985 996	37.8%
Dividends to ordinary shareholders	53 346		244 323	
Dividends to perpetual preference and Other Additional Tier 1 security holders	34 774		43 819	
Distribution to shareholders	—		697 854	
Retention for future expansion and growth:	232 924	16.7%	234 076	9.0%
Depreciation	18 755		35 886	
Retained income	214 169		198 190	
Total	**1 397 786**	**100%**	**2 610 761**	**100%**

Note: The figures presented for the prior year (31 March 2020) include contributions from Investec Asset Management up until its demerger from the Investec group in March 2020.

05

Extract of the directors' remuneration report

Annual report on remuneration

Please refer to pages 152 to 195 of volume one of the Investec group's 2021 integated annual report to view the full directors' remuneration report. This is available on the Investec website.

Remuneration overview for the year

Shareholders approved a revised Directors' Remuneration Policy in August 2020. Key features of that revised policy included:

- a 25% reduction in fixed remuneration, paid in cash;
- a similar percentage reduction in on-target and maximum remuneration potential;
- delivering all variable remuneration in shares; and
- a 50% increase in the shareholding and post-termination shareholding requirements for executive directors.

In addition, the fees for non-executive directors were reduced by between 10% and 20%.

For the financial year ending 31 March 2021, these policy changes resulted in a 25% reduction in fixed remuneration for the executive directors. The 2021 remuneration single figure increased by 41.1% from 2020, however it reduced by 12.3% from the 2019 financial year, being the last financial year not impacted by the COVID-19 pandemic. In addition, the following actions impacted the 2020 remuneration outcomes:

- the two executive directors who remained following the demerger of Ninety One (Fani Titi and Nishlan Samujh) rescinded their 2020 Short-term incentive (STI), at their own request, to recognise the experience of their colleagues and our shareholders; and
- the Remuneration Committee exercised downward discretion to remuneration outcomes in three places.

Note that the 2021 STI "pool of profit" automatically adjusted downwards in line with the adjusted operating profit for the financial year. Adjusted operating profit from continuing operations of £377.6 million is 9.9% behind the prior year (2020: £419.2 million). The overall 2021 STI "pool of profit" has reduced 35% compared to 2020 predominantly due to the demerger of the Ninety One business.

Our executive and non-executive directors donated a portion of their remuneration/fees via salary sacrifice during the year to COVID-19 causes, including the Solidarity Fund in South Africa.

The Remuneration Committee believes that the executive directors have performed very well in what has been an extremely challenging year, and therefore that the remuneration outcomes are reflective of the overall financial and non-financial performance for the year.

The following page shows the single total figure of remuneration table for the 2021 financial year.

ANNUAL REPORT ON REMUNERATION
CONTINUED

Single total figure of remuneration (Audited)

Executive directors	Year	Fixed remuneration cash £'000	Taxable benefits £'000	Retirement benefits £'000	Fixed remuneration shares £'000	**Total fixed remuneration £'000**	Short-term incentive £'000	Long-term incentive vested £'000	Value of long-term incentive vested due to share price appreciation £'000	**Total variable remuneration £'000**	**Total remuneration £'000**
Fani Titi	**2021**	930	12	33	–	975	905	–	–	905	1 880
	2020	612	12	42	666	1 332	–[1]	–	–	–	1 332
Nishlan Samujh	**2021**	411	9	61	–	481	452	–	–	452	933
	2020	272	11	50	333	666	–[1]	–	–	–	666
David van der Walt[2,3]	**2021**	86	3	8	95	192	–	–	–	–	192
	2020	–	–	–	–	–	–	–	–	–	–
Richard Wainwright[2,3]	**2021**	406	5	18	–	429	380	–	–	380	809
	2020	–	–	–	–	–	–	–	–	–	–
Ciaran Whelan[2]	**2021**	678	23	63	–	764	708	–	–	708	1 472
	2020	–	–	–	–	–	–	–	–	–	–

1. Short-term incentive awards for 2020 for Fani Titi and Nishlan Samujh were rescinded at the recipients' request to align with their colleagues and our shareholders' experience.
2. 2020 remuneration not disclosed for David van der Walt, Richard Wainwright and Ciaran Whelan as they were not executive directors in 2020.
3. Pro rata 2021 remuneration disclosed for David van der Walt and Richard Wainwright to reflect the period of the year they were executive directors.

Salary and fixed remuneration
This represents the value of salary earned and paid during the financial year. The fixed pay detailed above may appear lower than that contained within the Directors' Remuneration Policy as any amounts of fixed remuneration that were donated via salary sacrifice directly to COVID-19 causes have been removed from the fixed pay totals detailed above. Fixed pay was reduced by 25% for all executive directors in the 2021 year.

Taxable benefits
The executive directors pay for benefits which may include; life, disability and personal accident insurance; and medical cover. These amounts are funded out of gross remuneration and are as elected by each director.

Retirement benefits
The executive directors receive pension benefits. None of the directors belong to a defined benefit pension scheme and all are members of one of the defined contribution pension or provident schemes. The amounts reflected in the table above represent the contribution to these schemes payable by the company. These amounts are funded out of gross remuneration, and there is no additional company contribution for the executive directors.

Short-term incentive
Represents the total value of the short-term incentives awarded for the 2020/2021 performance year. Pages 178 and 179 of the Investec group's 2021 integrated annual report outline in detail the basis on which the awards were determined, and the breakdown of the awards in up-front and deferred shares.

Long-term incentive vested
Represents the value of long-term incentive awards that were subject to performance conditions and vested during the year. No executive directors had awards granted in respect of service as an executive director vesting to them during the year.

06

Summary annual financial statements

DIRECTORS' REPORT

The directors' report for the year ended 31 March 2021 comprises pages 134 to 144 of this report, together with the sections of the annual report incorporated by reference.

The directors' report deals with the requirements of the combined consolidated Investec group, comprising the legal entities Investec plc and Investec Limited.

As permitted by Section 414C(11) of the UK Companies Act, some of the matters required to be included in the directors' report have instead been included in the strategic report on pages 3 to 129, as the board considers them to be of strategic importance. Specifically, these are:

- Future business developments (throughout the strategic report)
- Risk management on pages 73 to 89
- Information on how the directors have had regard to the group's stakeholders, and the effect of that regard, on pages 21 to 28.

The strategic report and the directors' report together form the management report for the purposes of Disclosure Guidance and Transparency Rules (DTR) 4.1.8R.

Information relating to financial instruments can be found on pages 172 to 188 and is incorporated by reference.

For information on our approach to social, environmental and ethical matters, please refer to the 2021 Investec group sustainability and ESG supplementary report.

Additional information for shareholders of Investec plc is detailed in schedule A to the directors' report on pages 143 and 144.

Other information to be disclosed in the directors' report is given in this section.

The directors' report fulfils the requirements of the corporate governance statement for the purposes of DTR 7.2.3R.

Directors

The membership of the board and biographical details of the directors are provided on pages 92 to 94

Changes to the composition of the board during the year and up to the date of this report are shown in the table below:

	Role	Effective date of departure/ appointment
Departures		
David van der Walt	Executive director	4 June 2020
Ian Kantor	Non-executive director	6 August 2020
Appointments		
Ciaran Whelan	Executive director	1 April 2020
Stephen Koseff	Non-executive director	17 September 2020
Richard Wainwright	Executive director	17 September 2020
Nicky Newton-King	Non-executive director	21 May 2021
Jasandra Nyker	Non-executive director	21 May 2021
Brian Stevenson	Non-executive director	22 June 2021

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

Company secretaries

The company secretary of Investec plc is David Miller and the company secretary of Investec Limited is Niki van Wyk.

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

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

Induction, training and development

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

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

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

Directors and their interests

Details of the directors' shareholdings and options to acquire shares are set out on pages 151 to 195 of volume one of the Investec group's 2021 integrated annual report

Directors' conflicts of interest

The group has procedures in place for managing conflicts of interest. Should a director become aware that they, or any of their connected parties, have an interest or a potential interest in an existing or proposed transaction with the group, they are required to notify the board in writing or at the next board meeting. Internal controls are in place to ensure that any related party transactions involving directors, or their connected parties, are conducted on an arm's length basis. Directors have a continuing duty to update any changes to these conflicts.

Directors' and officers' liability insurance

The group maintains directors' and officers' liability insurance which provides appropriate cover for legal action brought against its directors.

Change of control

The Articles of Association of Investec plc and the Memorandum of Incorporation of Investec Limited ensure that a person cannot make an offer for one company without having made an equivalent offer to the shareholders of both companies on equivalent terms.

DIRECTORS' REPORT
CONTINUED

Pursuant to the terms of the agreements establishing the DLC structure, if either Investec plc or Investec Limited serves written notice on the other at any time after either party becomes a subsidiary of the other party or after both Investec plc and Investec Limited become subsidiaries of a third party, the agreements establishing the DLC structure will terminate.

All of the group's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control and, where applicable, subject to the satisfaction of any performance conditions at that time.

Powers of directors
The board manages the business of the group under the powers set out in the Articles of Association of Investec plc and the Memorandum of Incorporation of Investec Limited, which include the directors' ability to issue or buyback shares. The directors were granted authorities to issue and allot shares and to buyback shares at the 2020 AGM. Shareholders will be asked to renew these authorities at the 2021 AGM.

Contracts

Details of contracts with directors can be found on pages 167 and 168 of volume one of the Investec group's 2021 integrated annual report

Authorised and issued share capital
Investec plc and Investec Limited
Details of the share capital are set out on pages 195 to 197 of volume three in note 45 to the annual financial statements.

Investec plc
Investec plc did not issue any ordinary shares during the financial year ended 31 March 2021.

Investec plc did not repurchase any of its ordinary shares during the financial year ended 31 March 2021.

At 31 March 2021, Investec plc held 41 576 257 shares in treasury (2020: 31 744 014). The maximum number of shares held in treasury by Investec plc during the period under review was 42 882 092 shares.

Investec Limited
Investec Limited did not repurchase any of its ordinary shares during the financial year ended 31 March 2021.

Investec Limited repurchased 1 458 038 non-redeemable non-cumulative non-participating preference shares, representing 4.53% of the issued share capital. Repurchases of the preference shares were pursuant to, and in accordance with, the general authority granted to Investec Limited by its shareholders at the AGM held on 6 August 2020 and approved by the Prudential Authority. The preference shares remaining in issue following these repurchases amounts to 30 756 461 shares.

At 31 March 2021 Investec Limited held 48 832 795 shares in treasury (2020: 51 026 675). The maximum number of shares held in treasury by Investec Limited during the period under review was 53 901 853 shares.

Ordinary dividends
The group endorses the objectives of guidance note G4/2020 from the South African Prudential Authority and the recommendations of the UK Prudential Regulation Authority in relation to the preservation of capital. The group did not declare a final dividend in relation to the March 2020 financial year.

Investec plc
An interim dividend of 5.5p per ordinary share (2020: 11.0p) was paid on 4 January 2021, as follows:

- 5.5p per ordinary share to non-South African resident shareholders registered on 11 December 2020
- To South African resident shareholders registered on 11 December 2020, through a dividend paid by Investec Limited on the SA DAS share, of 5.5p per ordinary share.

The directors have proposed a final dividend to shareholders registered on 23 July 2021, of 7.5p (2020: nil) per ordinary share, subject to the approval of the members of Investec plc at the AGM which is scheduled to take place on 5 August 2021. If approved this will be paid on 10 August 2021, as follows:

- 7.5p per ordinary share to non-South African resident shareholders registered on 23 July 2021
- To South African resident shareholders registered on 23 July 2021, through a dividend paid by Investec Limited on the SA DAS share, of 7.5p per ordinary share.

Investec Limited
An interim dividend of 112 cents per ordinary share (2020: 211 cents) was declared to shareholders registered on 11 December 2020 and was paid on 4 January 2021.

The directors have proposed a final dividend to shareholders registered on 23 July 2021, of 150 cents (2020: nil) per ordinary share, subject to the approval of the members of Investec Limited at the AGM which is scheduled to take place on 5 August 2021. If approved this will be paid on 10 August 2021.

Preference dividends
Investec plc
Non-redeemable, non-cumulative, non-participating preference shares
Preference dividend number 29 for the period 1 April 2020 to 30 September 2020, amounting to 5.51508p per share, was declared to members holding preference shares registered on 11 December 2020 and was paid on 23 December 2020.

Preference dividend number 30 for the period 1 October 2020 to 31 March 2021, amounting to 5.48495p per share, was declared to members holding preference shares registered on 4 June 2021 and was paid on 21 June 2021.

Rand-denominated non-redeemable, non-cumulative, non-participating preference shares
Preference dividend number 19 for the period 1 April 2020 to 30 September 2020, amounting to 350.65412 cents per share, was declared to members holding rand-denominated non-redeemable, non-cumulative, non-participating preference shares registered on 11 December 2020 and was paid on 23 December 2020.

Preference dividend number 20 for the period 1 October 2020 to 31 March 2021, amounting to 331.58906 cents per share, was declared to members holding preference shares registered on 11 June 2021 and was paid on 14 June 2021.

Investec Limited
Non-redeemable, non-cumulative, non-participating preference shares
Preference dividend number 32 for the period 1 April 2020 to 30 September 2020, amounting to 287.42940 cents per share, was declared to shareholders holding preference shares registered on 11 December 2020 and was paid on 14 December 2020.Preference dividend number 33 for the period 1 October 2020 to 31 March 2021, amounting to 271.44926 cents per share, was declared to shareholders holding preference shares registered on 11 June 2021 and was paid on 14 June 2021.

Redeemable cumulative preference shares
Dividends amounting to R17 448 522 (2020: R22 568 166) were paid on the redeemable cumulative preference shares.

DIRECTORS' REPORT
CONTINUED

Group carbon footprint
Our carbon footprint has been calculated according to the international Greenhouse Gas (GHG) Protocol's Corporate Accounting and Reporting Standard (revised edition). Our environmental data collection system allows us to track and manage our direct operational impact. This tool imports data from various sources, consolidates the information and calculates our carbon footprint. The implementation of this tool allows us to produce reliable emissions data, accurately build a history of our carbon footprint and assists in setting targets for future emissions. Every year, we endeavour to improve the thoroughness of our data collection processes. Within each geography, the environmental manager is responsible for monitoring the GHG emissions.

Assessment parameters
Consolidation approach
- Operational control

Emission factor data source
- DEFRA (2020), IEA, eGRID (for New York electricity) and Eskom (for South Africa electricity)

Intensity ratio
- Emissions per average headcount
- Emissions per office space m^2

Independent assurance
- Limited assurance provided by KPMG for the years ended: 31 March 2020 and 31 March 2021

Coverage
- Coverage of environmental information covers >95% of our business operations. Materiality set at 5%

			31 March 2021		31 March 2020	
		Units	**Consumption in unit of measure**	**Tonnes of CO_2 equivalent**	Consumption in unit of measure	Tonnes of CO2 equivalent
Scope 1				**349**		**175**
Energy	Natural gas	kWh	291 400	54	949 625	175
	LPG stationary	L	1 166	2	25 746	39
	CO_2 purchased	kg	37	–	281	–
	Diesel	L	47 986	122	137 934	358
Refrigerant	Refrigerant	kg	74	111	186	287
Employee travel	Vehicle fleet	km	346 341	60	745 502	135
Scope 2				**23 365**		29 151
Energy	Electrical energy consumption	kWh	25 991 259	23 365	33 207 457	29 151
Scope 3				**1 935**		10 420
Paper	Paper consumption	t	39	38	283	272
Waste	General waste	t	81	36	330	178
Employee travel	Rail travel	km	84 164	3	2 992 773	122
	Road business travel	km	613 189	105	2 653 807	470
	Taxi	km	17 042	3	121 168	18
	Commercial airlines	km	918 662	241	30 209 739	9 359
Work-from-home emissions	Electrical energy consumption	kWh	1 438 012	941	–	–
	Natural gas	kWh	1 626 111	299	–	–
	LPG stationary	L	173 373	270	–	–
Total emissions				**25 649**		**40 564**
No scope						
Water		kl	51 148		91 346	
Recycled waste		t	122		600	
Intensity						
Emissions per average headcount				3.02*		4.59*
Emissions per m^2 office space				0.17		0.27
Water consumption per average headcount		kl		6.02*		10.33*
Intensity excl Scope 2						
Emissions per average headcount				0.3*		4.59
Emissions per m^2 office space				0.02		0.27
Climate change commitments						
Scope 2 zaRECs		MWh	21 838	22 192	–	–
Scope 2 REGOs in the UK		MWh	3 650	885	–	–
Carbon credits				2 572		40 564
Total emissions after mitigation				**–**		**–**

1. Due to the COVID-19 pandemic and working from home, there has been a significant decrease in emissions
2. In our efforts to present a complete picture, we have included work-from-home emissions, based on assumptions of energy used during working hours by all full time employees (FTE). A methodology was developed using the EcoAct whitepaper as guidance
3. Renewable energy certificates (zaRECs for Limited and REGOs for our UK offices) were used as we source renewable energy options to meet our operational electricity needs
4. Carbon credits were used to offset our remaining carbon footprint
5. While operational efficiencies have been made over the course of the year, we acknowledge that our 37% decrease is largely due to the impact of COVID-19

• Includes permanent and temporary employees.

DIRECTORS' REPORT
CONTINUED

Viability statement
In accordance with the UK Corporate Governance Code, in addition to providing a going concern statement, the board is required to make a statement with respect to the group's viability (i.e. its ability to continue in operation and meet its liabilities), taking into account the current position of the group, the board's assessment of the group's prospects and the principal risks it faces. Following confirmation by the DLC BRCC (comprising a majority of non-executive directors, which includes certain members of the Audit Committees), the Audit Committees recommended the viability statement for board approval.

The board has identified the principal and emerging risks facing the group and these are highlighted on pages 10 to 21 in volume two of the Investec group's 2021 integrated annual report.

Through its various sub-committees, notably the Audit Committees, the DLC BRCC and the capital committees, the board regularly carries out a robust assessment of these risks and their potential impact on the performance, liquidity, solvency and operational resilience of the group. The activities of these board sub-committees and the issues considered by them are described in the governance section of this report.

Taking these risks into account, together with the group's strategic objectives and the prevailing market environment, the board approved the overall mandated risk appetite frameworks for Investec plc and Investec Limited. The risk appetite frameworks set broad parameters relating to the board's expectations around performance, business stability and risk management.

The board considers that prudential risk management is paramount in all it does. Protection of depositors, customers' interests, capital adequacy and shareholder returns are key drivers. To manage the group's risk appetite, there are a number of detailed policy statements and governance structures in place. The board ensures that there are appropriate resources in place to manage the risks arising from running the business by having independent Risk Management, Compliance, and Financial Control functions. These are supplemented by an Internal Audit function that reports independently to a non-executive Audit Committee Chair.

The board believes that the risk management systems and processes, supported by the conclusions of the Internal Audit function, are adequate to support the group's strategy and allow the group to operate within its risk appetite framework. A review of the group's performance/measurement against its risk appetite framework is provided at each DLC BRCC meeting and at the main board meetings.

In terms of the South African Prudential Authority (South African PA), the FCA and PRA requirements, the group is also required to meet regulatory standards with respect to capital and liquidity. In terms of these requirements, the group is required to stress its capital and liquidity positions under a number of severe stress conditions. Investec's stress testing framework is well embedded in its operations and is designed to identify and regularly test the group's key 'vulnerabilities under stress'.

Liquidity stress testing is performed for a range of scenarios, each representing a different set of assumptions. These include market-wide, firm specific, and combined scenarios (combination of the market-wide and firm specific stresses). The group manages its liquidity risk appetite in relation to combined stress parameters which represent extreme but plausible circumstances. The objective is to have sufficient liquidity under a combined stress scenario to continue to operate for a minimum period as detailed in the board-approved risk appetite. In addition to these stress scenarios, the group's risk appetite also requires it to maintain specified minimum levels for both the liquidity coverage ratio and net stable funding ratio, greater than those required by the regulators; a minimum cash and near cash to customer deposit ratio of 25%; and to maintain low reliance on wholesale funding to fund core asset growth. Each banking entity within the group is required to be fully self-funded. The group currently has £13.2 billion in cash and near cash assets, representing 38.4% of customer deposits.

The group develops annual capital plans (refreshed after six months, if required) that look forward over a three-year period. These plans are designed to assess the capital adequacy of the group's respective banking entities under a range of economic and internal conditions, with the impact on earnings, asset growth, risk appetite and liquidity considered. The output of capital planning allows senior management and the board to make decisions to ensure that the group continues to hold sufficient capital to meet internal and regulatory capital targets over the medium term (i.e. three years). The group targets a minimum capital adequacy ratio of 14% to 17%, a tier 1 ratio greater than 11%, a common equity tier 1 ratio in excess of 10% and a leverage ratio in excess of 6% for each of its banking entities.

The parameters used in the capital and liquidity stresses are reviewed regularly, taking into account changes in the business environments and inputs from business units. Scenarios are designed considering macro-economic downside risks, portfolio-specific risk factors and business model vulnerabilities.

As the group's banking entities are regulated separately and ring-fenced from one another, different stress scenarios apply across the respective banking entities and jurisdictions.

Investec Limited:
- Base case: The base case is characterised by the view that South Africa's economic recovery continues out to 2024 (in real terms) in order to reach pre-pandemic levels of production, as COVID-19 is overcome at a modest pace. Underpinning this view is that the global economic recovery continues over the period, supported by sufficient monetary and other policy supports in key advanced economies and market risk sentiment is neutral to somewhat risk on. However, the sharp deterioration last year in South Africa's government finances has resulted in further credit rating downgrades, although a degree of fiscal consolidation is expected over the medium term. As a consequence, the base case sees South Africa retain a country rating from Moody's that is one of the three grades in the BB (Ba) category - currently Moody's rates South Africa Ba2 (BB-). Expropriation of private sector property without compensation is expected to be limited and not have a negative impact on the economy or on market sentiment.
- Lite down case: A scenario where the international environment (including risk sentiment) is that of the base case, but the domestic environment differs. Under this scenario, South Africa fails to stabilise its debt and falls into the single B credit ratings bracket from all three agencies while the effects from COVID-19 are slow to overcome. Expropriation of some private sector property without compensation occurs, with a moderate, negative impact on the economy. Business confidence is depressed with weak investment growth, while significant load shedding occurs, and the country falls into recession. A substantial degree of fiscal consolidation ultimately occurs, preventing South Africa's credit

DIRECTORS' REPORT
CONTINUED

ratings from falling through the C credit rating grades.

- Severe down case: A scenario characterised by a lengthy global recession and/or global financial crisis (which could be caused or exacerbated by the failure to overcome the COVID-19 pandemic but is not limited to this), with insufficient monetary and other policy supports. A depression occurs in the South African economy, with extreme Rand weakness. South Africa's credit ratings from all three key agencies drop below the single B categories, then fall through the C grade categories eventually to D grade (default) as government borrows from increasingly wider sources and sinks deeper into a debt trap, and then defaults. Eventually widespread load shedding and civil unrest occur. Nationalisation of private sector property under expropriation without compensation occurs with severe negative impacts for the economy.

Investec plc:

- Base case: The base case narrative assumes that the UK's third national lockdown depresses first quarter 2021 growth, but as restrictions ease and a greater proportion of the population becomes inoculated, economic activity starts to accelerate from the second quarter and beyond. Globally, the scenario assumes a robust recovery by the end of the year, compensating for the impact of the third wave of COVID-19 infections experienced in many nations limiting economic activity in the first quarter. In light of this, monetary policy is expected to remain accommodative across the major central banks.
- L-shaped recovery: The L-shaped scenario sees the UK experience a much more restrained economic recovery than in the base case scenario, following the contraction in economic activity in the first quarter due to the third lockdown. Beyond this weak initial rebound, the narrative envisions that there will be some permanent economic scarring from the COVID-19 pandemic, with weak productivity growth restricting economic activity and employment opportunities across the forecast horizon. Global prospects paint a similar picture, with subdued growth expected throughout the time period. Under such a situation, central banks ease policy further; domestically that sees the Bank of England (BoE) lower the Bank rate to -0.40%, whilst the Federal Reserve and European Central Bank (ECB) rely on asset purchases.
- Fiscal stress: The fiscal scenario builds on the L-shaped scenario with the narrative centred on the weaker than expected economic recovery prompting a deterioration in the public finances, causing concerns regarding debt sustainability. In this scenario, to reassure markets, the UK Government tightens fiscal policy via spending cuts and tax rises, which ultimately leads to a crisis in business and consumer confidence. This limits investment and hiring opportunities, and triggers a recession midway through the scenario horizon. Globally, a number of Eurozone countries face similar situations, whereas the United States is less affected. Meanwhile, central banks such as the BoE and the ECB react to this scenario by cutting rates even further than in the L-shaped scenario: BoE Bank rate reaches a low of -0.90% and the ECB deposit rate -1.00%.

The group also typically incorporates the South African PA biennial and the BoE regulatory scenario into its capital processes. The South African PA scenarios are required to be run by the end of June 2021 and will be run as a separate cycle of stress testing for 2021. The BoE published its regulatory scenario in January 2021 and this scenario will be implemented alongside the Investec-specific scenarios for Investec plc:

- BoE regulatory scenario (solvency stress): Under the BoE's solvency stress scenario, the UK experiences a 'W-shaped' recovery in which economic activity plummets by close to 10% in Q2 2021, only to recover very strongly in subsequent quarters. In response to this, the scenario assumes that the UK bank rate dips into negative territory, reaching -0.10% in Q3 2022. Internationally, a parallel story plays out, in which a strong economic rebound in the latter quarters of the year compensates for a sharp contraction in Q1.

The board has assessed the group's viability in its 'base case' and stress scenarios. In assessing the group's viability, a number of assumptions are built into its capital and liquidity plans. In the stress scenarios these include, for example, foregoing or reducing dividend payments and asset growth being curtailed.

We also carry out 'reverse stress tests', i.e. those scenarios that would cause the group to breach its capital and liquidity requirements. These scenarios are considered unlikely, given the group's strong liquidity position and sound capital and leverage parameters.

Furthermore, the group is required to have a recovery plan for both Investec Limited and Investec plc as well as a resolution pack for Investec plc. The purpose of the recovery plans are to document how the board and senior management will ensure that the group recovers from extreme financial stress to avoid liquidity and capital difficulties in its separately regulated companies.

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

The capital and liquidity plans, stress scenarios, recovery plans, resolution pack and the risk appetite statement are reviewed at least annually. In times of severe economic distress and if applicable, stress scenarios are reviewed more regularly; for example, as is the case with the COVID-19 pandemic. In addition, senior management hosts an annual risk appetite process at which the group's risk appetite frameworks are reviewed and modified to take into account risk experience and changes in the environment. Furthermore, strategic budget processes take place within each business division at least annually. These focus on, amongst other things: the business and competitive landscape; opportunities and challenges; and financial projections. A summary of these divisional budgets, together with a consolidated group budget, is presented to the board during its strategic review process early in the year.

In assessing the group's viability, the board has taken all of the above-mentioned factors, documents and processes into consideration. The directors can confirm that they have a reasonable expectation that Investec will continue to operate and meet its liabilities as they fall due over the next three years. The board has used a three-year assessment period as this is aligned to the group's medium term capital plans which incorporate profitability, liquidity, leverage and capital adequacy projections and include impact assessments from a number of stress scenarios. Detailed management information therefore exists to provide senior management and the board sufficient and realistic visibility of the group's viability over the three years to 31 March 2024.

DIRECTORS' REPORT
CONTINUED

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

- Pages 3 to 71, which show a strategic and financial overview of the business
- Pages 10 to 21 in volume two of the Investec group's 2021 integrated annual report, which provide detail on the principal and emerging risks the group faces
- Pages 10 to 17 in volume two of the Investec group's 2021 integrated annual report, which provide information on the overall group's risk appetite
- Pages 22 to 27 in volume two of the Investec group's 2021 integrated annual report, which provide an overview of the group's approach to risk management, and the processes in place to assist the group in mitigating its principal risks
- Pages 7, 25, 58, and 64 in volume two of the Investec group's 2021 integrated annual report which highlight information on the group's various stress testing processes
- Pages 67 to 71 in volume two of the Investec group's 2021 integrated annual report, which specifically focus on the group's philosophy and approach to liquidity management
- Page 87 in volume two of the Investec group's 2021 integrated annual report, which provides detail on the recovery plans for Investec plc and Investec Limited
- Pages 88 to 91 in volume two of the Investec group's 2021 integrated annual report which explain the group's capital management framework.

This forward-looking viability statement made by the board is based on information and knowledge of the group at 22 June 2021. There could be a number of risks and uncertainties arising from (but not limited to) domestic and global economic and business conditions beyond the group's control that could cause the group's actual results, performance or achievements in the markets in which it operates to differ from those anticipated.

Going concern
In adopting the going concern basis for preparing the consolidated financial statements, the directors have considered the group's business activities, objectives and strategy, principal risks and uncertainties in achieving its objectives, and performance that are set out on pages 7 to 12, and pages 78 to 89. The directors have performed a robust assessment of the group's financial forecasts across a range of scenarios over a 12 months period from the date the financial statements are authorised for issue. The assessment specifically incorporated analysis of the COVID-19 pandemic impact implications on the group's projected performance, capital, liquidity and funding positions, including the impact of scheduled repayment of borrowings and other liabilities. Based on these, the directors confirm that they have a reasonable expectation that the company and the group, as a whole, have adequate resources to continue in operational existence for the 12 months from the date the financial statements are authorised for issue. Therefore, the directors consider it appropriate to adopt the going concern basis of accounting in preparing the accompanying consolidated financial statements.

Audit Committees
The Audit Committees comprising independent non-executive directors meet regularly with senior management, the external auditors, operational risk, internal audit, compliance and the finance division to consider the nature and scope of the internal and external audit reviews and the effectiveness of our risk and control systems, taking note of the key deliberations of the subsidiary Audit Committees as part of the process.

Further details on the role and responsibility of the Audit Committees are set out on pages 100 to 110 of volume one of the Investec group's 2021 integrated annual report

Independent auditor and audit information
Each director at the date of approval of this report confirms that, so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware and that each director has taken all steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given pursuant to Section 418 of the UK Companies Act and should be interpreted in accordance with and subject to those provisions.

Ernst & Young LLP have indicated their willingness to continue in office as auditors of Investec plc and Ernst & Young Inc. and KPMG Inc. have indicated their willingness to continue in office as joint auditors of Investec Limited.

A resolution to re-appoint them as auditors will be proposed at the AGM scheduled to take place on 5 August 2021.

Major shareholders

The largest shareholders of Investec plc and Investec Limited are shown on page 106

Special resolutions
Investec plc
At the AGM held on 6 August 2020, special resolutions were passed in terms of which:

- A renewable authority was granted to Investec plc to acquire its own ordinary shares in accordance with the terms of Section 701 of the UK Companies Act
- A renewable authority was granted to Investec plc to acquire its own preference shares in accordance with the terms of Section 701 of the UK Companies Act.

Investec Limited
At the AGM held on 6 August 2020, the following special resolutions were passed in terms of which:

- A renewable authority was granted to Investec Limited and any of its subsidiaries to acquire its own ordinary shares in terms of the provisions of the South African Companies Act No. 71 of 2008, as amended (the South African Companies Act)
- A renewable authority was granted to Investec Limited and any of its subsidiaries to acquire its own preference shares in terms of the provisions of the South African Companies Act
- A renewable authority was granted to Investec Limited to provide financial assistance in order to comply with the provisions of Sections 44 and 45 of the South African Companies Act
- A renewable authority was granted to Investec Limited to approve the directors' remuneration in order to comply with the provisions of Sections 65(11)(h), 66(8) and 66(9) of the South African Companies Act.

DIRECTORS' REPORT
CONTINUED

AGM update statement
At the AGM on 6 August 2020, resolution 13 (approval of the DLC directors' remuneration report for the year ended 31 March 2020), resolution 14 (approval of the DLC Directors' Remuneration Policy), and resolution 21 (re-appointment of KPMG Inc. as joint auditors of Investec Limited), passed with a less than 80% majority.

The board recognises that effective communication is integral to building stakeholder value and is committed to providing meaningful, transparent, timely and accurate financial and non-financial information to our stakeholders. In addition to formal, written communication, executive management and non-executive board members continue to engage with our shareholders on a regular basis.

Commenting on the less than 80% vote received for the re-appointment of KPMG Inc. as joint auditors of Investec Limited
Following a comprehensive tender process, PricewaterhouseCoopers Incorporated (PwC) was nominated as one of the new joint external auditors effective 1 April 2023. The appointment of the firm and the designated audit partner is subject to regulatory approval from the Prudential Authority of South Africa. The appointment of PwC will be recommended to shareholders at the AGM to be held in August 2022.

A formal transition process will commence during 1 April 2022 whereby the appointed firm will observe the full audit cycle performed by the incumbent joint external auditors. The appointment will be for the reporting period commencing 1 April 2023. The second rotation of the joint external auditors will take place within two years from 1 April 2023, in accordance with the MAFR rules as published by the Independent Regulatory Board of Auditors.

Refer to pages 109 and 110 of volume one of the Investec group's 2021 integrated annual report for further details in regards to the DLC Audit Committee's review of the external auditors, and the MAFR process.

Commenting on the less than 80% vote received for the group's Remuneration Report and Remuneration Policy
The group engaged extensively with shareholders on the implementation of its Remuneration Report and the proposed Remuneration Policy in the months preceding the AGM, and the board and DLC Remuneration Committee welcomed the broad shareholder support for the Remuneration Report and Remuneration Policy.

Following the AGM, the group has continued to consult with shareholders on remuneration matters, including the remuneration targets for the 2020 Long-Term Incentive award and 2021 Short-Term Incentive award, and the proposed Remuneration Policy, which will be put to a shareholder vote at the AGM on 5 August 2021.

Refer to pages 160 to 171 of volume one of the Investec group's 2021 integrated annual report for a summary of the revised Remuneration Policy.

Employees
The group's approach is to recruit and promote on the basis of aptitude and attitude, with the deliberate intent to build a diverse workforce and promote an inclusive workplace fully representative of each jurisdictions population. The group's policy is to adopt an open management style, thereby encouraging informal consultation at all levels about aspects of the group's operations, and to incentivise staff to take an interest in the group's performance by means of employee share schemes.

Further information is provided in the 2021 Investec group sustainability and ESG supplementary report

Empowerment and transformation
The group endeavours to prevent and/or eliminate any form of discrimination based on gender, race, ethnicity, religion, age, disability, nationality or sexual preferences. People with disabilities are an essential part of a diverse talent pool and are always considered, with every effort made to accommodate and facilitate an accessible environment. In the event of employees becoming disabled while in our employ, we are committed to ensuring their continued employment to the extent that this is possible. We have various processes to encourage debate and dialogue around valuing diversity and differences. Emerging and established leaders are invited to participate in discussions with the executive leadership around all issues related to talent management and diversity.

Research and development
In the ordinary course of business, the group develops new products and services in each of its business divisions.

Political donations and expenditure
The group did not make any political donations in the financial year ended 31 March 2021 (2020: Nil).

Subsidiary and associated companies

Details of principal subsidiary and associated companies are reflected on pages 132 to 137 in volume three of the Investec group's 2021 integrated annual report

Signed on behalf of the boards of Investec plc and Investec Limited

Niki van Wyk
Company secretary, Investec Limited
22 June 2021

David Miller
Company secretary, Investec plc
22 June 2021

DIRECTORS' RESPONSIBILITIES

Directors' responsibilities

The following statement, which should be read in conjunction with the auditor's report set out on pages 6 to 24 in volume three of the Investec group's 2021 integrated annual report, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

The directors are required by the UK Companies Act and South African Companies Act to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with IFRSs in conformity with the UK Companies Act and South African Companies Act, and the parent company financial statements in accordance with the UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). Under company law the directors must not approve the group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

Under the FCA's Disclosure Guidance and Transparency Rules (DTR), group financial statements are required to be prepared in accordance with IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU.

In preparing the financial statements the directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs, or in respect of the parent company financial statements, FRS 101, is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance;
- In respect of the group financial statements, state whether IFRSs in conformity with the UK Companies Act and South African Companies Act and IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU have been followed, subject to any material departures disclosed and explained in the financial statements;
- In respect of the parent company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the company and/or the group will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the company and the group financial statements comply with the UK Companies Act and South African Companies Act. They are also responsible for safeguarding the assets of the group and parent company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Investec website.

Directors' responsibility statement

The directors, whose names and functions are set out on pages 92 to 94, confirm to the best of their knowledge:

- That the consolidated financial statements, prepared in accordance with IFRSs in conformity with the UK Companies Act and South African Companies Act, and IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- That the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- That they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

DIRECTORS' RESPONSIBILITIES
CONTINUED

Chief Executive and Group Finance Director responsibility statement
The directors, whose names are stated below, hereby confirm that:

- The annual financial statements set out on pages 145 to 201, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King IV Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors and have taken the necessary remedial action.

Fani Titi
Chief Executive
22 June 2021

Nishlan Samujh
Group Finance Director
22 June 2021

Financial results
The combined consolidated results of Investec plc and Investec Limited are set out in the annual financial statements and accompanying notes for the year ended 31 March 2021.

The preparation of these combined results was supervised by the Group Finance Director, Nishlan Samujh.

Approval of annual financial statements
The directors' report and the annual financial statements of the companies and the group, which appear on pages 134 to 144 and pages 145 to 201 respectively, were approved by the board of directors on 22 June 2021.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the companies' website. Legislation in the UK governing the preparation and dissemination of the annual financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the boards of Investec plc and Investec Limited

PKO Crosthwaite.

Perry Crosthwaite
Chair
22 June 2021

Fani Titi
Chief Executive
22 June 2021

Declaration by the company secretary
In terms of Section 88(2)(e) of the South African Companies Act, I hereby certify that, to the best of my knowledge and belief, Investec Limited has lodged with the Companies and Intellectual Property Commission, for the financial year ended 31 March 2021, all such returns and notices as are required in terms of the Act and that all such returns and notices are true, correct and up to date.

Niki van Wyk
Company secretary, Investec Limited
22 June 2021

SCHEDULE A TO THE DIRECTORS' REPORT

Additional information for shareholders
Set out below is a summary of certain provisions of Investec plc's current Articles of Association (the Articles) and applicable English law concerning companies (the UK Companies Act). This is a summary only and the relevant provisions of the Articles or the UK Companies Act should be consulted if further information is required.

Share capital
The issued share capital of Investec plc at 31 March 2021 consists of 696 082 618 ordinary shares of £0.0002 each, 2 754 587 non-redeemable, non-cumulative, non-participating preference shares of £0.01 each, 131 447 ZAR non-redeemable, non-cumulative, non-participating preference shares of R0.001 each, 318 904 709 special converting shares of £0.0002 each, the special voting share of £0.001, the UK DAN share of £0.001 and the UK DAS share of £0.001 (each class as defined in the Articles).

Purchase of own shares
Subject to the provisions of the Articles, the UK Companies Act, the UK Uncertificated Securities Regulations 2001 and every other statute for the time being in force concerning companies and affecting Investec plc, the approval of shareholders as provided in the Investec plc Articles, and without prejudice to any relevant special rights attached to any class of shares, Investec plc may purchase, or may enter into a contract under which it will or may purchase any of its own shares of any class, including without limitation any redeemable shares, in any way and at any price (whether at par or above or below par).

Dividends and distributions
Subject to the provisions of the UK Companies Act, Investec plc may by ordinary resolution from time-to-time declare dividends not exceeding the amount recommended by the board. The board may pay interim dividends whenever the financial position of Investec plc, in the opinion of the board, justifies such payment.

The board may withhold payment of all or any part of any dividends or other monies payable in respect of Investec plc's shares from a person with a 0.25% or more interest in the nominal value of the issued shares if such a person has been served with a notice after failure to provide Investec plc with information concerning interests in those shares required to be provided under the UK Companies Act.

Voting rights
Subject to any special rights or restrictions attaching to any class of shares, at a general meeting, every member present in person has, upon a show of hands, one vote and, on a poll, every member who is present in person or by proxy has one vote for each share. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the share. Under the UK Companies Act, members are entitled to appoint a proxy, who need not be a member of Investec plc, to exercise all or any of their rights to attend and vote on their behalf at a general meeting or class meeting. A member may appoint more than one proxy in relation to a general meeting or class meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member that is a corporation may appoint an individual to act on its behalf at a general meeting or class meeting as a corporate representative. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of Investec plc.

Restrictions on voting
No member shall be entitled to vote either in person or by proxy at any general meeting or class meeting in respect of any shares held by them if any call or other sum then payable by them in respect of that share remains unpaid. In addition, no member shall be entitled to vote if they have been served with a notice after failure to provide Investec plc with information concerning interests in those shares required to be provided under the UK Companies Act.

Deadlines for exercising voting rights
Votes are exercisable at a general meeting of Investec plc in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representatives. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Variation of rights
Subject to the UK Companies Act, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking pari passu with them. Where, under the company's share incentive plan, participants are the beneficial owners of the shares, but not the registered owners, the participants are not entitled to exercise any voting rights until the shares are released to the participants. Under the company's employee trust, the trustee does not vote in respect of unallocated shares.

Transfer of shares
All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. Transfers of shares which are in uncertificated form are effected by means of the CREST system. The directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason, refuse to register any transfer of shares (not being fully paid shares), provided that such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The directors may also refuse to register an allotment or transfer of shares (whether fully paid or not) in favour of more than four persons jointly. The directors may decline to recognise any instrument of transfer unless the instrument of transfer is in respect of only one class of share and, when submitted for registration, is accompanied by the relevant share certificates and such other evidence as the directors may reasonably require. Subject to the UK Companies Act and regulations and applicable CREST rules, the directors may determine that any class of shares may be held in uncertificated form and that title to such shares may be transferred by means of the CREST system or that shares of any class should cease to be so held and transferred.

SCHEDULE A TO THE DIRECTORS' REPORT
CONTINUED

A number of the company's employee share plans include restrictions on transfer of shares while the shares are subject to the plans, in particular, the share incentive plan.

Plc preference shares
The following are the rights and privileges which attach to the plc preference shares:

- On a return of capital, whether or not on a winding up (but not on a redemption or purchase of any shares by Investec plc) or otherwise, the plc preference shares will rank, pari passu inter se and with the most senior ranking preference shares of Investec plc in issue (if any) from time-to-time and with any other shares of Investec plc that are expressed to rank pari passu herewith as regards to participation in the capital, and otherwise in priority to any other class of shares of Investec plc
- Investec plc may, at its option, redeem all or any of the plc preference shares for the time being issued and outstanding on the first call date or any dividend payment date thereafter
- Holders of plc preference shares will not be entitled to attend and vote at general meetings of Investec plc. Holders will be entitled to attend and vote at a class meeting of holders of plc preference shares.

Non-redeemable, non-cumulative, non-participating preference shares
The following are the rights and privileges which attach to the perpetual preference shares:

- Each perpetual preference share will rank as regards to dividends and a repayment of capital on the winding up of Investec plc prior to the ordinary shares, the plc special converting shares, the UK DAN share, the UK DAS share, but pari passu with the plc preference shares. The perpetual preference shares shall confer on the holders, on a per perpetual preference share and equal basis, the right to a return of capital on the winding up of Investec plc of an amount equal to the aggregate of the nominal value and premiums in respect of perpetual preference shares issued, divided by the number of perpetual preference shares in issue
- Each perpetual preference share may confer upon the holder thereof the right to receive out of the profits of Investec plc which it shall determine to distribute, in priority to the ordinary shares, the plc special converting shares, the UK DAN share and the UK DAS share, but pari passu with the plc preference shares, the preference dividend calculated in accordance with the Articles
- The holders of the perpetual preference shares shall be entitled to receive notice of and be present but not to vote, either in person or by proxy, at any meeting of Investec plc, by virtue of or in respect of the perpetual preference shares, unless either or both of the following circumstances prevail at the date of the meeting:
  - The preference dividend or any part thereof remains in arrears and unpaid as determined in accordance with the Articles after six months from the due date thereof; and/or
  - A resolution of Investec plc is proposed which directly affects the rights attached to the perpetual preference shares or the interests of the holders thereof, or a resolution of Investec plc is proposed to wind up or in relation to the winding up of Investec plc or for the reduction of its capital;

in which event the preference shareholders shall be entitled to vote only on such resolution.

Rand-denominated non-redeemable, non-cumulative, non-participating perpetual preference shares (the ZAR perpetual preference shares)
The ZAR perpetual preference shares are subject to substantially similar terms and conditions as the existing Pound Sterling non-redeemable, non-cumulative, non-participating preference shares, as outlined above, save that they are denominated in South African Rands.

Shares required for the DLC structure
Investec SSC (UK) Limited, a UK trust company, specially formed for the purpose of the DLC structure, holds the plc special voting share, the plc special converting shares, the UK DAN share and the UK DAS share. These shares can only be transferred to another UK trust company, in limited circumstances.

The plc special voting shares are specially created shares so that shareholders of both Investec plc and Investec Limited effectively vote together as a single decision-making body on matters affecting shareholders of both companies in similar ways, as set out in the Articles.

Prior to a change of control, approval of termination of the sharing agreement (which regulates the DLC), liquidation or insolvency of Investec plc, the plc special converting shares have no voting rights, except in relation to a resolution proposing the:

(i) Variation of the rights attaching to the shares or
(ii) Winding up, and they have no rights to dividends. The special converting shares are held on trust for the Investec Limited ordinary shareholders. Investec plc and Investec Limited have established dividend access trust arrangements as part of the DLC.

Investec plc has issued two dividend access shares, the UK DAS share and UK DAN share which enables Investec plc to pay dividends to the shareholders of Investec Limited. This facility may be used by the board to address imbalances in the distributable reserves of Investec plc and Investec Limited and/or to address the effects of South African exchange controls and/or if they otherwise consider it necessary or desirable.

COMBINED CONSOLIDATED INCOME STATEMENT

For the year to 31 March £'000	2021	2020^
Interest income	1 922 299	2 683 985
Interest income calculated using the effective interest method	1 695 811	2 353 373
Other interest income	226 487	330 612
Interest expense	(1 144 193)	(1 845 416)
Net interest income	**778 106**	**838 569**
Fee and commission income	791 153	852 025
Fee and commission expense	(42 275)	(47 118)
Investment income	32 002	39 268
Share of post-taxation profit of associates and joint venture holdings	42 459	27 244
Trading income/(loss) arising from		
– customer flow	35 566	63 254
– balance sheet management and other trading activities	(18 903)	26 720
Other operating income	22 953	6 877
Total operating income before expected credit loss impairment charges	**1 641 061**	**1 806 839**
Expected credit loss impairment charges	(99 438)	(133 301)
Operating income	**1 541 623**	**1 673 538**
Operating costs	(1 164 513)	(1 186 427)
Operating profit before goodwill, acquired intangibles and strategic actions	**377 110**	**487 111**
Impairment of goodwill	(11 599)	(145)
Impairment of associates and joint venture holdings	(16 773)	(45 400)
Amortisation of acquired intangibles	(15 287)	(15 656)
Amortisation of acquired intangibles of associates	(9 268)	(448)
Closure and rundown of the Hong Kong direct investments business	7 386	(89 257)
Operating profit	**331 569**	**336 205**
Financial impact of group restructures	—	(25 725)
Profit before taxation from continuing operations	**331 569**	**310 480**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(74 539)	(54 690)
Taxation on acquired intangibles and strategic actions	1 712	21 693
Profit after taxation from continuing operations	**258 742**	**277 483**
Profit after taxation from discontinued operations	—	954 979
Profit after taxation	**258 742**	**1 232 462**
Loss/(profit) attributable to other non-controlling interests	472	(67 952)
Loss attributable to other non-controlling interests relating to impairments of associates	9 126	—
Profit attributable to non-controlling interests of discontinued operations	—	(29 347)
Earnings attributable to shareholders	**268 340**	**1 135 163**

^ Restated as detailed in restatement note on pages 200 and 201.

COMBINED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year to 31 March £'000	2021	2020
Profit after taxation from continuing operations	258 742	277 483
Other comprehensive income/(loss) from continuing operations:		
Items that may be reclassified to the income statement:		
Fair value movements on cash flow hedges taken directly to other comprehensive income	242	(40 304)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	152 355	(139 977)
Gain on realisation of debt instruments at FVOCI recycled through the income statement	(717)	(5 503)
Foreign currency adjustments on translating foreign operations	111 779	(314 078)
Items that will never be reclassified to the income statement:		
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	380	(1 761)
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	1 778	(3 931)
Remeasurement of net defined benefit pension liability	(39)	(1 217)
Movement in post-retirement benefit liabilities	—	51
Net (loss)/gain attributable to own credit risk	(850)	9 515
Total comprehensive income/(loss) from continuing operations	**523 670**	**(219 722)**
Total comprehensive income/(loss) attributable to ordinary shareholders from continuing operations	448 637	(235 960)
Total comprehensive income/(loss) attributable to non-controlling interests from continuing operations	37 846	(28 022)
Total comprehensive income attributable to perpetual preferred securities from continuing operations	37 187	44 260
Total comprehensive income/(loss) from continuing operations	**523 670**	**(219 722)**
Profit after taxation from discontinued operations	—	954 979
Other comprehensive loss from discontinued operations:		
Items that will never be reclassified to the income statement:		
Foreign currency adjustments on translating foreign operations	—	(13 980)
Total comprehensive income from discontinued operations	**—**	**940 999**
Total comprehensive income attributable to ordinary shareholders from discontinued operations	—	914 448
Total comprehensive income attributable to non-controlling interests from discontinued operations	—	26 551
Total comprehensive income from discontinued operations	**—**	**940 999**
Profit after taxation from the total group	258 742	1 232 462
Other comprehensive income from the total group:		
Items that may be reclassified to the income statement:		
Fair value movements on cash flow hedges taken directly to other comprehensive income	242	(40 304)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	152 355	(139 977)
Gain on realisation of debt instruments at FVOCI recycled through the income statement	(717)	(5 503)
Foreign currency adjustments on translating foreign operations	111 779	(328 058)
Items that will never be reclassified to the income statement:		
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	380	(1 761)
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	1 778	(3 931)
Re-measurement of net defined benefit pension asset	(39)	(1 217)
Movement in post-retirement benefit liabilities	—	51
Net (loss)/gain attributable to own credit risk	(850)	9 515
Total comprehensive income	**523 670**	**721 277**
Total comprehensive income attributable to ordinary shareholders	448 637	678 488
Total comprehensive income/(loss) attributable to non-controlling interests	37 846	(1 471)
Total comprehensive income attributable to perpetual preferred securities	37 187	44 260
Total comprehensive income from the total group	**523 670**	**721 277**

COMBINED CONSOLIDATED BALANCE SHEET

At 31 March £'000	2021	2020^
Assets		
Cash and balances at central banks	3 517 100	3 932 048
Loans and advances to banks	2 699 317	2 666 851
Non-sovereign and non-bank cash placements	439 841	632 610
Reverse repurchase agreements and cash collateral on securities borrowed	3 575 713	3 796 179
Sovereign debt securities	3 711 623	3 990 181
Bank debt securities	1 121 730	604 921
Other debt securities	1 364 235	1 430 419
Derivative financial instruments	1 714 743	2 033 999
Securities arising from trading activities	1 024 671	718 397
Investment portfolio	909 050	998 935
Loans and advances to customers	26 041 087	24 588 074
Own originated loans and advances to customers securitised	401 912	324 638
Other loans and advances	102 135	132 486
Other securitised assets	140 087	134 865
Interests in associated undertakings and joint venture holdings	679 157	701 311
Current taxation assets	60 325	6 612
Deferred taxation assets	246 622	265 896
Other assets	2 165 438	1 927 816
Property and equipment	329 972	356 573
Investment properties	832 061	863 864
Goodwill	259 805	270 625
Software	12 574	14 643
Other acquired intangible assets	58 968	71 657
Non-current assets classified as held for sale	51 783	58 905
	51 459 949	**50 522 505**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	52 405	35 227
	51 512 354	**50 557 732**
Liabilities		
Deposits by banks	2 403 712	3 498 254
Derivative financial instruments	2 190 487	2 150 265
Other trading liabilities	326 189	509 522
Repurchase agreements and cash collateral on securities lent	1 003 312	1 577 346
Customer accounts (deposits)	34 449 430	32 220 976
Debt securities in issue	1 892 319	1 737 191
Liabilities arising on securitisation of own originated loans and advances	160 646	76 696
Liabilities arising on securitisation of other assets	108 281	110 679
Current taxation liabilities	78 790	51 308
Deferred taxation liabilities	40 333	44 788
Other liabilities	2 013 003	2 211 487
	44 666 502	**44 188 512**
Liabilities to customers under investment contracts	49 798	32 845
Insurance liabilities, including unit-linked liabilities	2 607	2 382
	44 718 907	**44 223 739**
Subordinated liabilities	1 480 951	1 436 361
	46 199 858	**45 660 100**
Equity		
Ordinary share capital	247	247
Ordinary share premium	1 517 852	1 517 852
Treasury shares	(267 508)	(272 881)
Other reserves	(788 222)	(976 297)
Retained income	3 772 628	3 593 384
Ordinary shareholders' equity	**4 234 997**	**3 862 305**
Perpetual preference share capital and premium	174 053	168 518
Shareholders' equity excluding non-controlling interests	**4 409 050**	**4 030 823**
Other Additional Tier 1 securities in issue	335 111	295 593
Non-controlling interests	568 335	571 216
– Perpetual preferred securities issued by subsidiaries	72 750	69 259
– Non-controlling interests in partially held subsidiaries	495 585	501 957
Total equity	**5 312 496**	**4 897 632**
Total liabilities and equity	**51 512 354**	**50 557 732**

^ Restated as detailed in restatement note on pages 200 and 201.

COMBINED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

£'000	Ordinary share capital	Ordinary share premium^	Treasury shares
At 1 April 2019	**245**	**2 277 381**	**(189 134)**
Movement in reserves 1 April 2019 – 31 March 2020			
Profit after taxation	—	—	—
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	—	—	—
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	—
Gain on realisation of debt instruments at FVOCI recycled through the income statement	—	—	—
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Net gain attributable to own credit risk	—	—	—
Remeasurement of net defined benefit pension liability	—	—	—
Movement in post-retirement benefit liabilities	—	—	—
Total comprehensive income for the year	**—**	**—**	**—**
Issue of ordinary shares	2	64 645	—
Net equity movements in interests in associated undertakings	—	—	—
Movement of treasury shares	—	—	(102 446)
Share-based payments adjustments	—	—	—
Transfer from regulatory risk reserve	—	—	—
Transfer from share-based payments reserve to treasury shares	—	—	18 699
Capital reduction	—	(615 797)	—
Non-controlling interest relating to disposal of subsidiaries	—	—	—
Movement in non-controlling interests due to share issues in subsidiary	—	—	—
Employee benefit liability recognised	—	—	—
Dividends declared to other equity holders including other Additional Tier 1 securities	—	—	—
Dividends paid to perpetual preference shareholders included in non-controlling interests and other Additional Tier 1 securities	—	—	—
Dividends paid to ordinary shareholders	—	—	—
Dividends paid to non-controlling interests	—	—	—
Distribution to shareholders	—	(208 377)	—
At 31 March 2020	**247**	**1 517 852**	**(272 881)**

^ Restated as detailed in restatement note on pages 200 and 201.

COMBINED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

Other reserves												
Capital reserve account	Fair value reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Own credit risk reserve	Retained income	**Ordinary shareholders' equity**	Perpetual preference share capital^	**Shareholders' equity excluding non-controlling interests**	Other Additional Tier 1 securities in issue	Non-controlling interests	**Total equity**
10 447	**(1 957)**	**45 432**	**(58 840)**	**(552 710)**	**(19 863)**	**2 611 256**	**4 122 257**	**194 156**	**4 316 413**	**303 728**	**630 873**	**5 251 014**
—	—	—	—	—	—	1 135 163	1 135 163	—	1 135 163	—	97 299	1 232 462
—	(1 514)	—	—	—	(247)	—	(1 761)	—	(1 761)	—	—	(1 761)
—	—	—	(40 304)	—	—	—	(40 304)	—	(40 304)	—	—	(40 304)
—	(139 977)	—	—	—	—	—	(139 977)	—	(139 977)	—	—	(139 977)
—	(5 503)	—	—	—	—	—	(5 503)	—	(5 503)	—	—	(5 503)
—	(3 931)	—	—	—	—	—	(3 931)	—	(3 931)	—	—	(3 931)
—	—	—	—	(195 515)	—	—	(195 515)	(25 638)	(221 153)	(8 135)	(98 770)	(328 058)
—	—	—	—	—	9 515	—	9 515	—	9 515	—	—	9 515
—	—	—	—	—	—	(1 217)	(1 217)	—	(1 217)	—	—	(1 217)
—	—	—	—	—	—	51	51		51	—	—	51
—	**(150 925)**	**—**	**(40 304)**	**(195 515)**	**9 268**	**1 133 997**	**756 521**	**(25 638)**	**730 883**	**(8 135)**	**(1 471)**	**721 277**
—	—	—	—	—	—	—	64 647	—	64 647	—	—	64 647
—	—	—	—	—	—	(2 387)	(2 387)	—	(2 387)	—	—	(2 387)
(18 852)	—	—	—	—	—	—	(121 298)	—	(121 298)	—	—	(121 298)
—	—	—	—	—	—	46 599	46 599	—	46 599	—	—	46 599
—	—	(4 086)	—	—	—	4 086	—	—	—	—	—	—
—	—	—	—	—	—	(18 699)	—	—	—	—	—	—
—	—	—	—	—	—	615 797	—	—	—	—	—	—
1 608	—	—	—	—	—	—	1 608	—	1 608	—	(28 708)	(27 100)
—	—	—	—	—	—	(4 372)	(4 372)	—	(4 372)	—	49 628	45 256
—	—	—	—	—	—	(14 833)	(14 833)	—	(14 833)	—	—	(14 833)
—	—	—	—	—	—	(44 260)	(44 260)	14 857	(29 403)	22 394	7 009	—
—	—	—	—	—	—	—	—	(14 857)	(14 857)	(22 394)	(7 009)	(44 260)
—	—	—	—	—	—	(244 323)	(244 323)	—	(244 323)	—	—	(244 323)
—	—	—	—	—	—	—	—	—	—	—	(79 106)	(79 106)
—	—	—	—	—	—	(489 477)	(697 854)	—	(697 854)	—	—	(697 854)
(6 797)	**(152 882)**	**41 346**	**(99 144)**	**(748 225)**	**(10 595)**	**3 593 384**	**3 862 305**	**168 518**	**4 030 823**	**295 593**	**571 216**	**4 897 632**

COMBINED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

£'000	Ordinary share capital	Ordinary share premium	Treasury shares
At 31 March 2020	**247**	**1 517 852**	**(272 881)**
Movement in reserves 1 April 2020 – 31 March 2021			
Profit after taxation	—	—	—
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	—	—	—
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	—
Gain on realisation of debt instruments at FVOCI recycled through the income statement	—	—	—
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Net loss attributable to own credit risk	—	—	—
Remeasurement of net defined benefit pension liability	—	—	—
Total comprehensive income for the year	**—**	**—**	**—**
Issue of other Additional Tier 1 security instruments	—	—	—
Redemption of perpetual preference share capital	—	—	—
Net equity movements in interests in associated undertakings	—	—	—
Movement of treasury shares	—	—	4 323
Share-based payments adjustments	—	—	—
Transfer from share-based payments reserve to treasury shares	—	—	1 050
Transfer to regulatory general risk reserves	—	—	—
Transfer to foreign currency reserve	—	—	—
Transfer from capital reserve	—	—	—
Net equity impact of non-controlling interest movements	—	—	—
Dividends declared to other equity holders including other Additional Tier 1 securities	—	—	—
Dividends paid to perpetual preference shareholders included in non-controlling interests and other Additional Tier 1 securities	—	—	—
Dividends paid to ordinary shareholders	—	—	—
Dividends paid to non-controlling interests	—	—	—
At 31 March 2021	**247**	**1 517 852**	**(267 508)**

^ Restated as detailed in restatement note on pages 200 and 201.

COMBINED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

Other reserves												
Capital reserve account	Fair value reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Own credit risk reserve	Retained income	**Ordinary shareholders' equity**	Perpetual preference share capital	**Shareholders' equity excluding non-controlling interests**	Other Additional Tier 1 securities in issue	Non-controlling interests	**Total equity**
(6 797)	**(152 882)**	**41 346**	**(99 144)**	**(748 225)**	**(10 595)**	**3 593 384**	**3 862 305**	**168 518**	**4 030 823**	**295 593**	**571 216**	**4 897 632**
—	—	—	—	—	—	268 340	268 340	—	268 340	—	(9 598)	258 742
—	(19)	—	—	—	399	—	380	—	380	—	—	380
—	—	—	242	—	—	—	242	—	242	—	—	242
—	152 355	—	—	—	—	—	152 355	—	152 355	—	—	152 355
—	(717)	—	—	—	—	—	(717)	—	(717)	—	—	(717)
—	1 778	—	—	—	—	—	1 778	—	1 778	—	—	1 778
—	—	—	—	47 687	—	—	47 687	12 638	60 325	4 010	47 444	111 779
—	—	—	—	—	(850)	—	(850)	—	(850)	—	—	(850)
—	—	—	—	—	—	(39)	(39)	—	(39)	—	—	(39)
—	**153 397**	**—**	**242**	**47 687**	**(451)**	**268 301**	**469 176**	**12 638**	**481 814**	**4 010**	**37 846**	**523 670**
—	—	—	—	—	—	—	—	—	—	35 508	—	35 508
—	—	—	—	—	—	3 311	3 311	(7 103)	(3 792)	—	(2 482)	(6 274)
—	—	—	—	—	—	(17 954)	(17 954)	—	(17 954)	—	—	(17 954)
(14 484)	—	—	—	—	—	—	(10 161)	—	(10 161)	—	—	(10 161)
—	—	—	—	—	—	19 121	19 121	—	19 121	—	—	19 121
—	—	—	—	—	—	(1 050)	—	—	—	—	—	—
—	—	786	—	—	—	(786)	—	—	—	—	—	—
—	—	—	—	980	—	(980)	—	—	—	—	—	—
(82)	—	—	—	—	—	82	—	—	—	—	—	—
—	—	—	—	—	—	(268)	(268)	—	(268)	—	(5 860)	(6 128)
—	—	—	—	—	—	(37 187)	(37 187)	10 603	(26 584)	21 299	5 285	—
—	—	—	—	—	—	—	—	(10 603)	(10 603)	(21 299)	(5 285)	(37 187)
—	—	—	—	—	—	(53 346)	(53 346)	—	(53 346)	—	—	(53 346)
—	—	—	—	—	—	—	—	—	—	—	(32 385)	(32 385)
(21 363)	**515**	**42 132**	**(98 902)**	**(699 558)**	**(11 046)**	**3 772 628**	**4 234 997**	**174 053**	**4 409 050**	**335 111**	**568 335**	**5 312 496**

COMBINED CONSOLIDATED CASH FLOW STATEMENT

£'000	Year to 31 March 2021	Year to 31 March 2020^
Cash inflow from operating activities		
Operating profit adjusted for non-cash and non-operating items	519 452	775 394
Taxation paid	(108 395)	(93 955)
Decrease/(increase) in operating assets	436 469	(5 738 435)
(Decrease)/increase in operating liabilities	(1 405 363)	5 645 524
Net cash (outflow)/ inflow from operating activities	**(557 837)**	**588 528**
Cash flows from investing activities		
Cash outflow on disposal of group operations	—	(46 582)
Cash inflow on disposal of group operations	20 388	43 858
Derecognition of cash on disposal of subsidiaries and demerger of business	(7 799)	(267 863)
Cash outflow on acquisition of associates and joint venture holdings	—	(48 477)
Cash flow on disposal of associates and joint venture holdings	—	652
Cash flow on acquisition of property, equipment, software and other intangible assets	(13 338)	(38 847)
Cash flow on disposal of property, equipment, software and other intangible assets	2 163	6 404
Net cash inflow/(outflow) from investing activities	**1 414**	**(350 855)**
Cash flows from financing activities		
Dividends paid to ordinary shareholders	(53 346)	(244 323)
Dividends paid to other equity holders	(56 249)	(123 366)
Proceeds on issue of shares, net of issue costs	—	64 647
Redemption of perpetual preference shares	(6 274)	—
Proceeds on issue of other Additional Tier 1 securities in issue	35 508	—
Cash flow on acquisition of treasury shares, net of related costs	(33 803)	(134 786)
Proceeds on issue of other equity instruments and transactions with non-controlling interests	—	1 608
Cash (outflow) from acquisition/proceeds from partial disposal of subsidiaries	(245)	45 256
Proceeds on subordinated debt raised	76 684	—
Repayment of subordinated debt	(41 482)	(169 028)
Lease liabilities paid	(55 419)	(56 743)
Net cash outflow from financing activities	**(134 626)**	**(616 735)**
Effects of exchange rates on cash and cash equivalents	**146 030**	**(453 932)**
Net decrease in cash and cash equivalents	**(545 019)**	**(832 994)**
Cash and cash equivalents at the beginning of the year	7 096 530	7 929 524
Cash and cash equivalents at the end of the year	**6 551 511**	**7 096 530**
Cash and cash equivalents is defined as including:		
Cash and balances at central banks	3 517 100	3 932 048
On demand loans and advances to banks	2 591 908	2 530 178
Non-sovereign and non-bank cash placements	439 841	632 610
Expected credit loss on cash and cash equivalents	2 662	1 694
Cash and cash equivalents at the end of the year	**6 551 511**	**7 096 530**

Cash and cash equivalents is defined as including: cash and balances at central banks, on demand loans and advances to banks and non-sovereign and non-bank cash placements (all of which have a maturity profile of less than three months). Loans and advances to banks with a maturity profile of greater than three months are £107.4 million (31 March 2020: £136.7 million).

The group is required to maintain reserve deposits with central banks and other regulatory authorities and these amounted to £483.8 million (31 March 2020: £450.2 million).

^ Restated as detailed in restatement note on pages 200 and 201.

Cash flows from discontinued operations for the year ended 31 March 2020
Cash inflows from operating activities of £105.9 million, cash outflows from investing activities of £16.3 million and cash outflows from financing activities of £100.4 million were incurred in the year ending 31 March 2020 relating to discontinued operations. Cash flows from discontinued operations for the year ending 31 March 2020 have been included in the consolidated cash flow statement above.

ACCOUNTING POLICIES

Basis of presentation
The group annual financial statements are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

As stated on page 4, the directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

The accounting policies adopted by the group are consistent with the prior year except as noted below:

There is a global initiative to replace or reform inter-bank offered rates (IBORs) that are used to determine interest cash flows on financial instruments such as loans to customers, debt securities and derivatives.

Consequently, financial contracts referencing these benchmarks with a maturity beyond 2021 may need to be amended to reference the alternative risk-free rates (RFR) in the applicable currency. There remain many uncertainties associated with the IBOR transition, including the prospective assessment of hedge accounting effectiveness.

The group has early adopted the requirements of 'Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16' (IBOR reform Phase 2) which is effective for annual periods beginning on or after 1 January 2021 with earlier adoption permitted.

IBOR reform Phase 2 includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an IBOR to a RFR.

Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis.

As indicated in the hedge accounting policy, the group elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39.

IBOR reform Phase 2 provides temporary reliefs that allow the group's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the group to amend hedge designations and hedge documentation. This includes redefining the hedged risk to reference an RFR, redefining the description of the hedging instrument and/or the hedged item to reference the RFR and amending the method for assessing hedge effectiveness. Updates to the hedging documentation must be made by the end of the reporting period in which a replacement takes place. For the retrospective assessment of hedge effectiveness, the group may elect on a hedge by hedge basis to reset the cumulative fair value change to zero. The group may designate an interest rate as a non-contractually specified, hedged risk component of changes in the fair value or cash flows of a hedged item, provided the interest rate risk component is separately identifiable, e.g., it is an established benchmark that is widely used in the market to price loans and derivatives. For new RFRs that are not yet an established benchmark, relief is provided from this requirement provided the group reasonably expects the RFR to become separately identifiable within 24 months.

The group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective other than IBOR reform Phase 2. The group annual financial statements have been prepared on a historical cost basis, except otherwise indicated.

Presentation of information
Capital disclosures relating to the nature and extent of risks have been included in sections marked as audited in the risk management report on pages 88 to 96 in volume two.

Certain disclosures required under IAS 24 Related Party Disclosures have been included in the section marked as audited in the remuneration report on pages 173 to 186 in volume one.

Basis of consolidation
Investec consists of two separate legal entities, being Investec plc and Investec Limited that operate under a dual listed company (DLC) structure (group). The effect of the DLC structure is that Investec plc and its subsidiaries and Investec Limited and its subsidiaries operate together as a single economic entity, with neither assuming a dominant role and accordingly are reported as a single reporting entity under IFRS.

All subsidiaries or structured entities are consolidated when the group controls an investee. The group controls an investee if it is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial results of subsidiaries are included in the consolidated annual financial statements of the group from the date on which control is obtained until the date the group can no longer demonstrate control.

The group performs a reassessment of control whenever there is a change in the substance of the relationship between the group and an investee. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The group also holds investments in private equity investments, which give rise to significant, but not majority, voting rights. Assessing these voting rights and whether the group controls these entities requires judgement that affects the date at which subsidiaries are consolidated or deconsolidated.

Entities, other than subsidiary undertakings, in which the group exercises significant influence over operating and financial policies, are treated as interests in associated undertakings and joint venture holdings. Interests in associated undertakings and joint venture holdings are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. In circumstances where interests in associated undertakings and joint venture holdings arise in which the group has no strategic intention, these investments are classified as 'venture capital' holdings and are designated as held at fair value through profit or loss.

ACCOUNTING POLICIES
CONTINUED

For equity accounted associates and joint venture holdings, the combined consolidated annual financial statements include the attributable share of the results and reserves of associated undertakings and joint venture holdings. The group's interests in associated undertakings and joint venture holdings are included in the consolidated balance sheet at cost plus the post-acquisition changes in the group's share of the net assets of the associated undertakings and joint venture holdings.

After application of the equity method, management evaluates if there is objective evidence that its net investment in the associate or joint venture is impaired.

Because goodwill forms part of the carrying amount of the net investments in an associate or a joint venture and is not separately recognised, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets. Instead, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs of disposal) with its carrying amount whenever there is objective evidence that the net investment may be impaired.

The consolidated balance sheet reflects the associated undertakings and joint venture holdings net of accumulated impairment losses.

All intergroup balances, transactions and unrealised gains or losses within the group that do not reflect an impairment to the asset are eliminated in full regarding subsidiaries and to the extent of the interest in associated undertakings and joint venture holdings.

Audit conclusion
These abridge annual financial statements have been extracted from the audited annual financial statements on which Ernst & Young LLP and Ernst & Young Inc. have issued an unmodified audit report. The auditors report on the annual combined consolidated and separate annual financial statements is available for inspection at the companies registered office.

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NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS

Combined consolidated segmental analysis

For the year to 31 March 2021 £'000	UK and Other	Southern Africa	Total
Segmental geographic analysis – income statement			
Continuing operations			
Net interest income	399 714	378 392	778 106
Net fee and commission income	488 523	260 355	748 878
Investment income	22 414	9 588	32 002
Share of post-taxation profit of associates and joint venture holdings	35 972	6 487	42 459
Trading income/(loss) arising from			
– customer flow	(11 025)	46 591	35 566
– balance sheet management and other trading activities	11 262	(30 165)	(18 903)
Other operating income	15 831	7 122	22 953
Total operating income before expected credit loss impairment charges	**962 691**	**678 370**	**1 641 061**
Expected credit loss impairment charges	(71 202)	(28 236)	(99 438)
Operating income	**891 489**	**650 134**	**1 541 623**
Operating costs	(766 367)	(398 146)	(1 164 513)
Operating profit before goodwill, acquired intangibles and strategic actions	**125 122**	**251 988**	**377 110**
Loss/(profit) attributable to other non-controlling interests	861	(389)	472
Adjusted operating profit	**125 983**	**251 599**	**377 582**
Impairment of goodwill	(11 248)	(351)	(11 599)
Impairment of associates and joint venture holdings	—	(16 773)	(16 773)
Loss attributable to other non-controlling interests relating to impairments of associates	—	9 126	9 126
Amortisation of acquired intangibles	(12 851)	(2 436)	(15 287)
Amortisation of acquired intangibles of associates	(6 017)	(3 251)	(9 268)
Closure and rundown of the Hong Kong direct investments business	7 386	—	7 386
Earnings attributable to shareholders before taxation	**103 253**	**237 914**	**341 167**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(24 243)	(50 296)	(74 539)
Taxation on acquired intangibles and strategic actions	1 029	683	1 712
Earnings attributable to shareholders	**80 039**	**188 301**	**268 340**
Selected returns and key statistics from continuing operations			
ROE (post-taxation)*	4.0%	9.4%	6.6%
Return on tangible equity (post-taxation)*	4.8%	9.5%	7.2%
Cost to income ratio	79.5%	58.7%	70.9%
Staff compensation to operating income	59.0%	44.1%	52.8%
Adjusted operating profit per employee (£'000)	33.8	52.7	44.5
Effective operational tax rate	27.2%	20.5%	22.3%
Total assets (£'million)	24 604	26 908	51 512

* Refer to calculation on page 41.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Combined consolidated segmental analysis continued

For the year to 31 March 2020^ **£'000**	UK and Other	Southern Africa	**Total**
Segmental geographic analysis – income statement			
Continuing operations			
Net interest income	397 385	441 184	838 569
Net fee and commission income	482 200	322 707	804 907
Investment income	6 375	32 893	39 268
Share of post-taxation profit of associates and joint venture holdings	9 474	17 770	27 244
Trading income/(loss) arising from			
– customer flow	50 980	12 274	63 254
– balance sheet management and other trading activities	(537)	27 257	26 720
Other operating income	6 464	413	6 877
Total operating income before expected credit loss impairment charges	**952 341**	**854 498**	**1 806 839**
Expected credit loss impairment charges	(75 813)	(57 488)	(133 301)
Operating income	**876 528**	**797 010**	**1 673 538**
Operating costs	(742 199)	(444 228)	(1 186 427)
Operating profit before goodwill, acquired intangibles and strategic actions	**134 329**	**352 782**	**487 111**
Profit attributable to other non-controlling interests	(864)	(67 088)	(67 952)
Adjusted operating profit	**133 465**	**285 694**	**419 159**
Impairment of goodwill	—	(145)	(145)
Impairment of associates and joint venture holdings	—	(45 400)	(45 400)
Amortisation of acquired intangibles	(12 915)	(2 741)	(15 656)
Amortisation of acquired intangibles of associates	(291)	(157)	(448)
Closure and rundown of the Hong Kong direct investments business	(89 257)	—	(89 257)
Financial impact of group restructures	(25 725)	—	(25 725)
Earnings attributable to shareholders before taxation	**5 277**	**237 251**	**242 528**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	706	(55 396)	(54 690)
Taxation on acquired intangibles and strategic actions	20 926	767	21 693
Earnings attributable to shareholders from continuing operations	**26 909**	**182 622**	**209 531**
Discontinued operations			
Profit after taxation from discontinued operations	640 507	314 472	954 979
Profit attributable to non-controlling interests of discontinued operations	(18 106)	(11 241)	(29 347)
Earnings attributable to shareholders	**649 310**	**485 853**	**1 135 163**
Selected returns and key statistics from continuing operations			
ROE (post-taxation)*	6.0%	10.7%	8.3%
Return on tangible equity (post-taxation)*	7.4%	10.8%	9.2%
Cost to income ratio	78.0%	56.4%	68.2%
Staff compensation to operating income	54.2%	35.9%	45.5%
Adjusted operating profit per employee (£'000)	33.2	59.2	47.4
Effective operational tax rate	(0.6%)	16.5%	11.9%
Total assets (£'million)	24 647	25 911	50 558

^ Restated as detailed in restatement note on pages 200 and 201.
* Refer to calculation on page 41.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Combined consolidated segmental analysis continued

	Private Client								
				Specialist Banking^					
	Wealth & Investment			Private Banking			Corporate and Investment Banking and Other		
For the year to 31 March 2021 **£'000**	UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**
Segmental business and geographic analysis – income statement									
Net interest income/(expense)	2 296	3 552	5 848	34 664	218 806	253 470	362 754	199 329	562 083
Net fee and commission income	316 040	78 589	394 629	644	45 377	46 021	171 839	91 049	262 888
Investment income/(loss)	272	1 461	1 733	19	933	952	22 123	(9 761)	12 362
Share of post-taxation profit/(loss) of associates and joint venture holdings	—	—	—	—	(372)	(372)	10 830	(1 097)	9 733
Trading income/(loss) arising from									
– customer flow	920	7	927	1 196	(43)	1 153	(13 141)	36 659	23 518
– balance sheet management and other trading activities	(9)	39	30	13	32	45	11 258	(7 728)	3 530
Other operating income	—	1	1	—	7	7	15 831	7 114	22 945
Total operating income before expected credit loss impairment charges	**319 519**	**83 649**	**403 168**	**36 536**	**264 740**	**301 276**	**581 494**	**315 565**	**897 059**
Expected credit loss impairment charges	(4)	—	(4)	(1 515)	(915)	(2 430)	(69 683)	(24 942)	(94 625)
Operating income	**319 515**	**83 649**	**403 164**	**35 021**	**263 825**	**298 846**	**511 811**	**290 623**	**802 434**
Operating costs	(245 175)	(57 530)	(302 705)	(38 033)	(140 391)	(178 424)	(464 873)	(182 883)	(647 756)
Operating profit/(loss) before goodwill, acquired intangibles and strategic actions from continuing operations	**74 340**	**26 119**	**100 459**	**(3 012)**	**123 434**	**120 422**	**46 938**	**107 740**	**154 678**
Loss/(profit) attributable to other non-controlling interests	—	—	—	—	—	—	861	309	1 170
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	**74 340**	**26 119**	**100 459**	**(3 012)**	**123 434**	**120 422**	**47 799**	**108 049**	**155 848**
Selected returns and key statistics from continuing operations									
ROE (post-taxation)*	23.8%	64.1%	28.5%	(0.7%)	12.9%	8.1%	1.9%	8.0%	4.6%
Return on tangible equity (post-taxation)*	56.6%	67.9%	59.2%	(0.7%)	12.9%	8.1%	1.9%	8.1%	4.6%
Cost to income ratio	76.7%	68.8%	75.1%	104.1%	53.0%	59.2%	79.8%	57.9%	72.1%
Total assets (£'million)	959	312	1 271	3 338	10 335	13 673	20 070	14 637	34 707

^ In terms of IFRS 8 Operating Segments, the below operating segments were changed after management concluded that key operating decision makers of the Investec group review the operating results as follows:
- Investec Private Banking
- Investec Corporate, Investment Banking and Other
- Investec Wealth & Investment
- Group Investments
- Group costs

Accordingly, the results of Investec Private Banking and Investec Corporate, Investment Banking and Other have been disclosed as separate segments for the first time in the 31 March 2021 results. Investec Private Banking and Investec Corporate, Investment Banking and Other were previously presented as components of the Investec Specialist Bank. Comparatives have been restated.

* Refer to calculation on pages 42 and 43.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Group Investments			Group Costs			Total		
UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**
—	(43 295)	(43 295)	—	—	—	399 714	378 392	778 106
—	45 340	45 340	—	—	—	488 523	260 355	748 878
—	16 955	16 955	—	—	—	22 414	9 588	32 002
25 142	7 956	33 098	—	—	—	35 972	6 487	42 459
—	9 968	9 968	—	—	—	(11 025)	46 591	35 566
—	(22 508)	(22 508)	—	—	—	11 262	(30 165)	(18 903)
—	—	—	—	—	—	15 831	7 122	22 953
25 142	**14 416**	**39 558**	**—**	**—**	**—**	**962 691**	**678 370**	**1 641 061**
—	(2 379)	(2 379)	—	—	—	(71 202)	(28 236)	(99 438)
25 142	**12 037**	**37 179**	**—**	**—**	**—**	**891 489**	**650 134**	**1 541 623**
—	(2 096)	(2 096)	(18 286)	(15 246)	(33 532)	(766 367)	(398 146)	(1 164 513)
25 142	**9 941**	**35 083**	**(18 286)**	**(15 246)**	**(33 532)**	**125 122**	**251 988**	**377 110**
—	(698)	(698)	—	—	—	861	(389)	472
25 142	**9 243**	**34 385**	**(18 286)**	**(15 246)**	**(33 532)**	**125 983**	**251 599**	**377 582**
15.5%	2.9%	7.4%	n/a	n/a	n/a	4.0%	9.4%	6.6%
15.5%	2.9%	7.4%	n/a	n/a	n/a	4.8%	9.5%	7.2%
n/a	n/a	n/a	n/a	n/a	n/a	79.5%	58.7%	70.9%
237	1 624	1 861	n/a	n/a	n/a	24 604	26 908	51 512

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Combined consolidated segmental analysis continued

For the year to 31 March 2020^	Private Client						Specialist Banking		
	Wealth & Investment			Private Banking			Corporate and Investment Banking and Other		
£'000	UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total
Segmental business and geographic analysis – income statement									
Net interest income/(expense)	12 604	3 940	16 544	23 441	259 979	283 420	361 340	231 553	592 893
Net fee and commission income	304 412	84 173	388 585	333	55 433	55 766	177 455	110 435	287 890
Investment income/(loss)	(436)	(148)	(584)	—	13 564	13 564	6 811	(19 717)	(12 906)
Share of post-taxation profit/(loss) of associates and joint venture holdings	—	—	—	—	(1 230)	(1 230)	5 383	15	5 398
Trading income/(loss) arising from									
– customer flow	862	(186)	676	1 433	75	1 508	48 685	28 199	76 884
– balance sheet management and other trading activities	108	(29)	79	1	374	375	(646)	(3 033)	(3 679)
Other operating income	181	—	181	—	16	16	6 283	393	6 676
Total operating income before expected credit loss impairment charges	**317 731**	**87 750**	**405 481**	**25 208**	**328 211**	**353 419**	**605 311**	**347 845**	**953 156**
Expected credit loss impairment charges	1	—	1	(643)	(19 388)	(20 031)	(75 171)	(29 946)	(105 117)
Operating income	**317 732**	**87 750**	**405 482**	**24 565**	**308 823**	**333 388**	**530 140**	**317 899**	**848 039**
Operating costs	(254 714)	(60 902)	(315 616)	(43 221)	(172 077)	(215 298)	(407 976)	(190 918)	(598 894)
Operating profit/(loss) before goodwill, acquired intangibles and strategic actions	**63 018**	**26 848**	**89 866**	**(18 656)**	**136 746**	**118 090**	**122 164**	**126 981**	**249 145**
Loss/(profit) attributable to other non-controlling interests	—	—	—	—	—	—	(864)	2	(862)
Adjusted operating profit/(loss) from continuing operations	**63 018**	**26 848**	**89 866**	**(18 656)**	**136 746**	**118 090**	**121 300**	**126 983**	**248 283**
Operating profit before strategic actions from discontinued operations	—	—	—	—	—	—	—	—	—
Profit attributable to non-controlling interests of discontinuing operations	—	—	—	—	—	—	—	—	—
Operating profit before goodwill, acquired intangibles and after non-controlling interests	**63 018**	**26 848**	**89 866**	**(18 656)**	**136 746**	**118 090**	**121 300**	**126 983**	**248 283**
Selected returns and key statistics from continuing operations									
ROE (post-taxation)*	20.4%	91.1%	26.7%	(4.2%)	15.7%	8.9%	9.6%	9.0%	9.3%
Return on tangible equity (post-taxation)*	60.1%	98.9%	68.2%	(4.2%)	15.7%	8.9%	10.1%	9.1%	9.7%
Cost to income ratio	80.2%	69.4%	77.8%	171.5%	52.4%	60.9%	67.5%	54.9%	62.9%
Total assets (£'million)	986	332	1 318	2 432	9 292	11 724	21 004	15 672	36 676

^ Restated as detailed in restatement note on pages 200 and 201.
* Refer to calculation on pages 42 and 43.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Group Investments			Group Costs			Total		
UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**
—	(54 288)	(54 288)	—	—	—	397 385	441 184	838 569
—	72 666	72 666	—	—	—	482 200	322 707	804 907
—	39 194	39 194	—	—	—	6 375	32 893	39 268
4 091	18 985	23 076	—	—	—	9 474	17 770	27 244
—	(15 814)	(15 814)	—	—	—	50 980	12 274	63 254
—	29 945	29 945	—	—	—	(537)	27 257	26 720
—	4	4	—	—	—	6 464	413	6 877
4 091	**90 692**	**94 783**	**—**	**—**	**—**	**952 341**	**854 498**	**1 806 839**
—	(8 154)	(8 154)	—	—	—	(75 813)	(57 488)	(133 301)
4 091	**82 538**	**86 629**	**—**	**—**	**—**	**876 528**	**797 010**	**1 673 538**
—	(2 815)	(2 815)	(36 288)	(17 516)	(53 804)	(742 199)	(444 228)	(1 186 427)
4 091	**79 723**	**83 814**	**(36 288)**	**(17 516)**	**(53 804)**	**134 329**	**352 782**	**487 111**
—	(67 090)	(67 090)	—	—	—	(864)	(67 088)	(67 952)
4 091	**12 633**	**16 724**	**(36 288)**	**(17 516)**	**(53 804)**	**133 465**	**285 694**	**419 159**
—	—	—	—	—	—	109 103	80 656	189 759
—	—	—	—	—	—	(18 106)	(11 241)	(29 347)
4 091	**12 633**	**16 724**	**(36 288)**	**(17 516)**	**(53 804)**	**224 462**	**355 109**	**579 571**
8.4%	2.9%	3.6%	n/a	n/a	n/a	6.0%	10.7%	8.3%
8.4%	2.9%	3.6%	n/a	n/a	n/a	7.4%	10.8%	9.2%
n/a	n/a	n/a	n/a	n/a	n/a	78.0%	56.4%	68.2%
225	1 799	2 024	n/a	n/a	n/a	24 647	25 911	50 558

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Combined consolidated segmental analysis continued

At 31 March 2021 £'000	UK and Other	Southern Africa	Total
Segmental geographic analysis – balance sheet assets and liabilities			
Assets			
Cash and balances at central banks	3 043 034	474 066	3 517 100
Loans and advances to banks	1 374 154	1 325 163	2 699 317
Non-sovereign and non-bank cash placements	—	439 841	439 841
Reverse repurchase agreements and cash collateral on securities borrowed	2 065 232	1 510 481	3 575 713
Sovereign debt securities	1 108 253	2 603 370	3 711 623
Bank debt securities	48 044	1 073 686	1 121 730
Other debt securities	669 403	694 832	1 364 235
Derivative financial instruments	772 501	942 242	1 714 743
Securities arising from trading activities	278 074	746 597	1 024 671
Investment portfolio	355 974	553 076	909 050
Loans and advances to customers	12 335 837	13 705 250	26 041 087
Own originated loans and advances to customers securitised	—	401 912	401 912
Other loans and advances	93 233	8 902	102 135
Other securitised assets	111 676	28 411	140 087
Interests in associated undertakings and joint venture holdings	295 313	383 844	679 157
Current taxation assets	58 174	2 151	60 325
Deferred taxation assets	110 750	135 872	246 622
Other assets	1 388 431	777 007	2 165 438
Property and equipment	185 502	144 470	329 972
Investment properties	—	832 061	832 061
Goodwill	249 836	9 969	259 805
Software	7 791	4 783	12 574
Other acquired intangible assets	53 281	5 687	58 968
Non-current assets classified as held for sale	—	51 783	51 783
	24 604 493	**26 855 456**	**51 459 949**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	52 405	52 405
	24 604 493	**26 907 861**	**51 512 354**
Liabilities			
Deposits by banks	1 320 675	1 083 037	2 403 712
Derivative financial instruments	906 001	1 284 486	2 190 487
Other trading liabilities	49 055	277 134	326 189
Repurchase agreements and cash collateral on securities lent	139 014	864 298	1 003 312
Customer accounts (deposits)	16 070 313	18 379 117	34 449 430
Debt securities in issue	1 573 450	318 869	1 892 319
Liabilities arising on securitisation of own originated loans and advances	—	160 646	160 646
Liabilities arising on securitisation of other assets	108 281	—	108 281
Current taxation liabilities	36 862	41 928	78 790
Deferred taxation liabilities	19 984	20 349	40 333
Other liabilities	1 199 285	813 718	2 013 003
	21 422 920	**23 243 582**	**44 666 502**
Liabilities to customers under investment contracts	—	49 798	49 798
Insurance liabilities, including unit-linked liabilities	—	2 607	2 607
	21 422 920	**23 295 987**	**44 718 907**
Subordinated liabilities	771 481	709 470	1 480 951
	22 194 401	**24 005 457**	**46 199 858**

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Combined consolidated segmental analysis continued

At 31 March 2020^ £'000	UK and Other	Southern Africa	Total
Segmental geographic analysis – balance sheet assets and liabilities			
Assets			
Cash and balances at central banks	2 277 318	1 654 730	3 932 048
Loans and advances to banks	1 784 971	881 880	2 666 851
Non-sovereign and non-bank cash placements	—	632 610	632 610
Reverse repurchase agreements and cash collateral on securities borrowed	2 458 822	1 337 357	3 796 179
Sovereign debt securities	1 084 958	2 905 223	3 990 181
Bank debt securities	51 238	553 683	604 921
Other debt securities	647 778	782 641	1 430 419
Derivative financial instruments	1 247 118	786 881	2 033 999
Securities arising from trading activities	250 445	467 952	718 397
Investment portfolio	376 239	622 696	998 935
Loans and advances to customers	11 871 849	12 716 225	24 588 074
Own originated loans and advances to customers securitised	—	324 638	324 638
Other loans and advances	121 559	10 927	132 486
Other securitised assets	112 440	22 425	134 865
Interests in associated undertakings and joint venture holdings	279 736	421 575	701 311
Current taxation assets	4 603	2 009	6 612
Deferred taxation assets	130 656	135 240	265 896
Other assets	1 396 858	530 958	1 927 816
Property and equipment	216 955	139 618	356 573
Investment properties	—	863 864	863 864
Goodwill	261 183	9 442	270 625
Software	7 843	6 800	14 643
Other acquired intangible assets	64 111	7 546	71 657
Non-current assets classified as held for sale	—	58 905	58 905
	24 646 680	**25 875 825**	**50 522 505**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	35 227	35 227
	24 646 680	**25 911 052**	**50 557 732**
Liabilities			
Deposits by banks	1 384 151	2 114 103	3 498 254
Derivative financial instruments	1 135 961	1 014 304	2 150 265
Other trading liabilities	118 572	390 950	509 522
Repurchase agreements and cash collateral on securities lent	375 387	1 201 959	1 577 346
Customer accounts (deposits)	15 272 245	16 948 731	32 220 976
Debt securities in issue	1 392 598	344 593	1 737 191
Liabilities arising on securitisation of own originated loans and advances	—	76 696	76 696
Liabilities arising on securitisation of other assets	110 679	—	110 679
Current taxation liabilities	26 904	24 404	51 308
Deferred taxation liabilities	21 438	23 350	44 788
Other liabilities	1 619 419	592 068	2 211 487
	21 457 354	**22 731 158**	**44 188 512**
Liabilities to customers under investment contracts	—	32 845	32 845
Insurance liabilities, including unit-linked liabilities	—	2 382	2 382
	21 457 354	**22 766 385**	**44 223 739**
Subordinated liabilities	787 030	649 331	1 436 361
	22 244 384	**23 415 716**	**45 660 100**

^ Restated as detailed in restatement note on pages 200 and 201.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Combined consolidated segmental analysis continued

For the year to 31 March 2021	Private Client	Private Client / Specialist Banking^	Specialist Banking^			
£'000	**Wealth & Investment**	**Private Banking**	**Corporate, Investment Banking and Other**	**Group Investments**	**Group Costs**	**Total group**
UK and Other	74 340	(3 012)	47 799	25 142	(18 286)	125 983
Southern Africa	26 119	123 434	108 049	9 243	(15 246)	251 599
Continuing operations adjusted operating profit	**100 459**	**120 422**	**155 848**	**34 385**	**(33 532)**	**377 582**
Other non-controlling interest*						(472)
Adjusted operating profit before non-controlling interests						**377 110**

For the year to 31 March 2020	Private Client	Private Client / Specialist Banking^	Specialist Banking^			
£'000	**Wealth & Investment**	**Private Banking**	**Corporate, Investment Banking and Other**	**Group Investments**	**Group Costs**	**Total group**
UK and Other	63 018	(18 656)	121 300	4 091	(36 288)	133 465
Southern Africa	26 848	136 746	126 983	12 633	(17 516)	285 694
Continuing operations adjusted operating profit	**89 866**	**118 090**	**248 283**	**16 724**	**(53 804)**	**419 159**
Other non-controlling interest*						67 952
Adjusted operating profit before non-controlling interests						**487 111**

* (Loss)/profit attributable to other non-controlling interests predominantly relates to the Investec Property Fund Limited.

^ In terms of IFRS 8 Operating Segments, the below operating segments were changed after management concluded that key operating decision makers of the Investec group review the operating results as follows:
- Investec Private Banking
- Investec Corporate, Investment Banking and Other
- Investec Wealth & Investment
- Group Investments
- Group costs

Accordingly, the results of Investec Private Banking and Investec Corporate, Investment Banking and Other have been disclosed as separate segments for the first time in the 31 March 2021 results. Investec Private Banking and Investec Corporate, Investment Banking and Other were previously presented as components of the Investec Specialist Bank. Comparatives have been restated.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Share-based payments
The group operates share option and long-term share incentive plans for employees which are on an equity-settled basis.

The purpose of the staff share schemes is to promote an esprit de corps within the organisation, create an awareness of the Investec group's performance and provide an incentive to maximise individual and group performance by allowing all staff to share in the risks and rewards of the group.

Further information on the group share options and long-term incentive plans is provided in the remuneration report on page 187 and 188 in volume one of the integrated annual report and on our website.

As part of the demerger that took place in the prior year, employees of Investec Asset management left the employment of Investec on mutual agreement. This resulted in the acceleration of the share-based payment charge of £2.4 million on the date of the demerger.

For the year to 31 March £'000	2021	2020
Weighted average fair value of awards granted in the year		
UK schemes	11 696	28 881
South African schemes	15 391	27 409

	UK schemes				South African schemes			
	2021		2020		2021		2020	
Details of awards outstanding during the year	Number of awards	Weighted average exercise price £	Number of awards	Weighted average exercise price £	Number of awards	Weighted average exercise price £	Number of awards	Weighted average exercise price £
Outstanding at the beginning of the year	20 742 278	0.02	22 239 595	0.05	19 835 140	—	22 701 506	—
Demerger of asset management	—	—	(1 106 749)	—	—	—	(594 600)	—
Granted during the year	8 455 609	—	7 630 226	—	9 566 636	—	5 801 274	—
Exercised during the year^	(5 649 509)	—	(5 832 860)	—	(4 551 536)	—	(7 170 887)	—
Expired during the year	—	—	—	—	(643 444)	—	—	—
Awards forfeited during the year	(1 116 728)	0.19	(2 187 934)	0.25	—	—	(902 153)	—
Outstanding at the end of the year	**22 431 650**	**0.02**	**20 742 278**	**0.02**	**24 206 796**	**—**	**19 835 140**	**—**
Vested and exercisable at the end of the year	**401 818**		**470 123**		**373 239**		**545 533**	

^ The weighted average share price during the year was £1.73 (2020: £4.41) for the UK schemes and R36.18 (2020: R56.00) for the South African schemes.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Share-based payments continued

	UK schemes		South African schemes	
Additional information relating to awards	**2021**	2020	**2021**	2020
Options with strike prices				
Exercise price range	£3.58 – £4.18	£3.58 – £4.27	n/a	n/a
Weighted average remaining contractual life	0.71 years	0.98 years	n/a	n/a
Long-term incentive grants with no strike price				
Exercise price range	£nil	£nil	Rnil	Rnil
Weighted average remaining contractual life of outstanding awards	2.07 years	2.07 years	2.13 years	2.10 years
Weighted average fair value of options and long-term grants granted during the period	£1.38	£3.79	R34.08	R88.00
The fair value of shares granted were calculated at market price. For shares granted during the period, the inputs were as follows:				
Share price at date of grant	£1.56 – £1.93	£4.38 – £4.79	R32.36 – R38.68	R88.00
Exercise price	£nil	£nil	Rnil	Rnil
Option life	0.50 – 7 years	4 – 7.25 years	3.73 – 4.76 years	3.75 – 4.75 years
Expected dividend yields	n/a	6.45%	n/a	n/a
Risk-free rate	n/a	0.88%	n/a	n/a

Expected volatility was determined based on the implied volatility levels quoted by the derivatives trading desk. The expected volatility is based on the respective share price movement over the last six months, but also includes an element of forward expectation. The expected attrition rates used were determined based on historical group data with an adjustment to actual attrition on final vesting. In the prior year, 755 278 Investec plc shares (LTIP & LTSA) were awarded to Investec Australian staff in lieu of Ninety One plc shares. The fair value of the adjusted share awards was compared to the fair value of the original awards at 13 March 2020 and no incremental value was identified.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Long-term employee benefits
In March 2020, as part of the IAM demerger, each participant of the Investec share option and long-term share incentive plans for employees, received the right to one Ninety One share award for every two Investec share awards they had. The Ninety One share awards were granted on the same terms and vesting period as the Investec awards they related to.

Investec has an obligation to deliver Ninety One shares to the holders of Investec share awards, accordingly this obligation was classified and measured as another long-term liability in terms of IAS 19 Employee Benefits (IAS 19). The initial liability of £14.8 million was calculated at the date of demerger for the portion of the awards already vested. The total value of the liability represented was accounted for in retained income. In the current and prior year, the liability was subsequently measured through profit or loss.

The IAS 19 long-term employment benefit liability movement recognised in the income statement for the year ended 31 March 2021 was £16.8 million (2020: £0.5 million).

	UK schemes				South African schemes			
	2021		2020		**2021**		2020	
Details of awards outstanding during the year	**Number of awards**	**Weighted average exercise price £**	Number of awards	Weighted average exercise price £	**Number of awards**	**Weighted average exercise price £**	Number of awards	Weighted average exercise price £
Outstanding at the beginning of the year	9 121 084	0.02	—	—	9 923 339	—	—	—
IAM Demerger – Ninety One share awards issued 16 March 2020	—	—	9 354 422	—	—	—	10 212 742	—
Exercised during the year	(2 092 045)	—	(213 160)	—	(2 233 363)	—	(271 698)	—
Lapsed during the year	(373 438)	0.22	(20 178)	—	(244 395)	—	(17 705)	—
Outstanding at the end of the year	**6 655 601**	**0.01**	**9 121 084**	**—**	**7 445 581**	**—**	**9 923 339**	**—**
Exercisable at the end of the year	**201 285**		**213 483**		**221 101**		**277 931**	

	UK schemes		South African schemes	
For the year to 31 March	**2021**	2020	**2021**	2020
The exercise price range and weighted average remaining contractual life for options and shares outstanding were as follows:				
Long-term awards with no strike price				
Exercise price	£2.90 – £3.39	£2.90 – £3.46	Rnil	Rnil
Weighted average remaining contractual life	0.71 years	0.98 years	1.48 years	2.10 years
The fair value of the liability was calculated by using the Black-Scholes option pricing model				
For the liability calculated the inputs into the model were as follows:				
Share price at 31 March	£2.39	£1.54	R48.00	R30.55
Exercise price	£nil, £2.90 – £3.39	£nil, £2.90 – £3.46	Rnil	Rnil
Expected volatility	35.35%	56.82%	35.35%	56.82%
Option life	0 – 6.44 years	0 – 7.45 years	0 – 3.16 years	0.14 – 4.19 years
Expected dividend yields	0% – 4.68%	0% – 8.01%	0% – 4.51%	0% – 6.28%
Risk-free rate	0% – 0.82%	0% – 0.68%	3.32% – 5.97%	5.73% – 7.71%

The liability has been calculated at 31 March 2021 by using the listed market price as at 31 March 2021.

Management concluded that the share price used to calculate the liability as at the date of the demerger (13 March 2020) approximated the fair value of the share price to be used to calculate the liability as at 31 March 2020. Management performed procedures to support this assumption.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Earnings per share

For the year to 31 March	2021	2020
Continuing operations		
Earnings from continuing operations	**£'000**	£'000
Earnings attributable to shareholders from continuing operations	268 340	209 531
Dividends payable to perpetual preference shareholders and other Additional Tier 1 security holders (other equity holders)	(37 187)	(44 260)
Gain on redemption of perpetual preference shares	3 311	—
Earnings and diluted earnings attributable to ordinary shareholders from continuing operations	**234 464**	**165 271**
Adjusted earnings from continuing operations		
Earnings attributable to shareholders from continuing operations	268 340	209 531
Impairment of goodwill	11 599	145
Impairment of associates and joint venture holdings	16 773	45 400
Loss attributable to other non-controlling interests relating to impairments of associates	(9 126)	—
Amortisation of acquired intangibles	15 287	15 656
Amortisation of acquired intangibles of associates	9 268	448
Closure and rundown of the Hong Kong direct investments business	(7 386)	89 257
Financial impact of group restructures	—	25 725
Taxation on acquired intangibles and strategic actions	(1 712)	(21 693)
Dividends payable to perpetual preference shareholders and other Additional Tier 1 security holders (other equity holders)	(37 187)	(44 260)
Accrual adjustment on earnings attributable to other equity holders*	2 413	441
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items from continuing operations	**268 269**	**320 650**
Headline earnings from continuing operations		
Earnings attributable to shareholders from continuing operations	268 340	209 531
Impairment of goodwill	11 599	145
Impairment of associates and joint venture holdings	16 773	45 400
Loss attributable to other non-controlling interests relating to impairments of associates	(9 126)	—
Gain on disposal of group operations	(20 388)	(19 825)
Remeasurement of group investment	(10 770)	—
Dividends payable to perpetual preference shareholders and other Additional Tier 1 security holders (other equity holders)	(37 187)	(44 260)
Headline adjustments of associates	7 782	—
Property revaluation, net of taxation and non-controlling interests**	16 047	12 499
Other headline adjustments^	1 177	—
Gain on redemption of perpetual preference shares	3 311	—
Headline earnings attributable to ordinary shareholders from continuing operations* **	**247 558**	**203 490**
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	1 014 987 327	1 012 202 675
Weighted average number of treasury shares	(85 892 556)	(66 382 078)
Weighted average number of shares in issue during the year	**929 094 771**	**945 820 597**
Weighted average number of shares resulting from future dilutive potential shares	10 889 323	7 598 533
Adjusted weighted number of shares potentially in issue	**939 984 094**	**953 419 130**
Earnings per share from continuing operations – pence	**25.2**	**17.5**
Diluted earnings per share from continuing operations – pence	24.9	17.3
Adjusted earnings per share from continuing operations – pence	**28.9**	**33.9**
Diluted adjusted earnings per share from continuing operations – pence	28.5	33.6
Headline earnings per share from continuing operations – pence* **	**26.6**	**21.5**
Diluted headline earnings per share from continuing operations – pence***	26.3	21.3

* In accordance with IFRS, dividends attributable to equity holders are accounted for when a constructive liability arises i.e. on declaration by the board of directors and approval by the shareholders where required. Investec is of the view that EPS is best reflected by adjusting for earnings that are attributed to equity instruments (other than ordinary shares) on an accrual basis and therefore adjusts the paid dividend on such instruments to accrued in arriving at adjusted EPS.

** Taxation on revaluation headline earnings adjustments amounted to £4.4 million (2020: £2.8 million) with an impact of £32.1 million (2020: £16.3 million) on earnings attributable to non-controlling interests. The amount includes property revaluations included in equity accounted earnings.

*** Headline earnings per share has been calculated and is disclosed in accordance with the JSE listing requirements, and in terms of circular 1/2021 issued by the South African Institute of Chartered Accountants.

^ Predominantly relates to disposal of associate.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS CONTINUED

Earnings per share continued

For the year to 31 March	2021	2020
Discontinued operations		
Earnings from discontinued operations	**£'000**	£'000
Earnings and diluted earnings attributable to ordinary shareholders from discontinued operations	**—**	**925 632**
Adjusted earnings from discontinued operations		
Earnings attributable to shareholders from discontinued operations	—	925 632
Financial impact of group restructure – discontinued operations	—	(820 233)
Taxation on acquired intangibles and strategic actions – discontinued operations	—	13 813
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items from discontinued operations	**—**	**119 212**
Headline earnings from discontinued operations		
Earnings attributable to shareholders from discontinued operations	—	925 632
Gain on distribution – discontinued operations	—	(867 409)
Taxation on acquired intangibles and strategic actions – discontinued operations	—	14 405
Headline earnings attributable to ordinary shareholders from discontinued operations	**—**	**72 628**
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	1 014 987 327	1 012 202 675
Weighted average number of treasury shares	(85 892 556)	(66 382 078)
Weighted average number of shares in issue during the year	**929 094 771**	**945 820 597**
Weighted average number of shares resulting from future dilutive potential shares	10 889 323	7 598 533
Adjusted weighted number of shares potentially in issue	**939 984 094**	**953 419 130**
Earnings per share from discontinued operations – pence	**n/a**	**97.9**
Diluted earnings per share from discontinued operations – pence	n/a	97.1
Adjusted earnings per share from discontinued operations – pence	**n/a**	**12.6**
Diluted adjusted earnings per share from discontinued operations – pence	n/a	12.5
Headline earnings per share from discontinued operations – pence***	**n/a**	**7.7**
Diluted headline earnings per share from discontinued operations – pence***	n/a	7.6

*** Headline earnings per share has been calculated and is disclosed in accordance with the JSE listing requirements, and in terms of circular 1/2021 issued by the South African Institute of Chartered Accountants.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Earnings per share continued

For the year to 31 March	2021	2020
Total group		
Earnings	**£'000**	£'000
Earnings attributable to shareholders	268 340	1 135 163
Dividends payable to perpetual preference shareholders and other Additional Tier 1 security holders (other equity holders)	(37 187)	(44 260)
Gain on redemption of perpetual preference shares	3 311	—
Earnings and diluted earnings attributable to ordinary shareholders	**234 464**	**1 090 903**
Adjusted earnings		
Earnings attributable to shareholders	268 340	1 135 163
Impairment of goodwill	11 599	145
Impairment of associates and joint venture holdings	16 773	45 400
Loss attributable to other non-controlling interests relating to impairments of associates	(9 126)	—
Amortisation of acquired intangibles	15 287	15 656
Amortisation of acquired intangibles of associates	9 268	448
Closure and rundown of the Hong Kong direct investments business	(7 386)	89 257
Financial impact of group restructures	—	25 725
Gain on distribution net of implementation costs – discontinued operations	—	(820 233)
Taxation on acquired intangibles and strategic actions	(1 712)	(21 693)
Taxation on gain on distribution net of taxation	—	13 813
Dividends payable to perpetual preference shareholders and other Additional Tier 1 security holders (other equity holders)	(37 187)	(44 260)
Accrual adjustment on earnings attributable to other equity holders*	2 413	441
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	**268 269**	**439 862**
Headline earnings		
Earnings attributable to shareholders	268 340	1 135 163
Impairment of goodwill	11 599	145
Impairment of associates and joint venture holdings	16 773	45 400
Loss attributable to other non-controlling interests relating to impairments of associates	(9 126)	—
Gain on distribution	—	(867 409)
Taxation on gain on distribution	—	14 405
Gain on disposal of group operations	(20 388)	(19 825)
Remeasurement of group investment	(10 770)	—
Dividends payable to perpetual preference shareholders and other Additional Tier 1 security holders (other equity holders)	(37 187)	(44 260)
Headline adjustments of associates	7 782	—
Property revaluation, net of taxation and non-controlling interests**	16 047	12 499
Other headline adjustments^	1 177	—
Gain on redemption of perpetual preference shares	3 311	—
Headline earnings attributable to ordinary shareholders* **	**247 558**	**276 118**
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	1 014 987 327	1 012 202 675
Weighted average number of treasury shares	(85 892 556)	(66 382 078)
Weighted average number of shares in issue during the year	**929 094 771**	**945 820 597**
Weighted average number of shares resulting from future dilutive potential shares	10 889 323	7 598 533
Adjusted weighted number of shares potentially in issue	**939 984 094**	**953 419 130**
Earnings per share – pence	**25.2**	**115.3**
Diluted earnings per share – pence	24.9	114.4
Adjusted earnings per share – pence	**28.9**	**46.5**
Diluted adjusted earnings per share – pence	28.5	46.1
Headline earnings per share – pence* **	**26.6**	**29.2**
Diluted headline earnings per share – pence***	26.3	29.0

* In accordance with IFRS, dividends attributable to equity holders are accounted for when a constructive liability arises i.e. on declaration by the board of directors and approval by the shareholders where required. Investec is of the view that EPS is best reflected by adjusting for earnings that are attributed to equity instruments (other than ordinary shares) on an accrual basis and therefore adjusts the paid dividend on such instruments to accrued in arriving at adjusted EPS.

** Taxation on revaluation headline earnings adjustments amounted to £4.4 million (2020: £2.8 million) with an impact of £32.1 million (2020: £16.3 million) on earnings attributable to non-controlling interests. The amount includes property revaluations included in equity accounted earnings.

*** Headline earnings per share has been calculated and is disclosed in accordance with the JSE listing requirements, and in terms of circular 1/2021 issued by the South African Institute of Chartered Accountants.

^ Predominantly relates to disposal of associate.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Dividends

	2021		2020	
For the year to 31 March	Pence per share	Total £'000	Pence per share	Total £'000
Ordinary dividend				
Final dividend for prior year	—	—	13.5	134 777
Interim dividend for current year	5.5	53 346	11.0	109 546
Total dividend attributable to ordinary shareholders	**5.5**	**53 346**	**24.5**	**244 323**

The directors have proposed a final dividend in respect of the financial year ended 31 March 2021 of 7.5 pence per ordinary share. In light of regulatory guidance provided to banks in both South Africa and the UK, the directors decided not to declare a final ordinary dividend for the March 2020 financial year.

This will be paid as follows:

- For Investec Limited shareholders, through a dividend payment by Investec Limited of 150 cents per ordinary share
- For Investec plc non-South African shareholders, through a dividend paid by Investec plc of 7.5 pence per ordinary share
- For Investec plc South African shareholders, through a dividend payment by Investec Limited on the SA DAS share of 7.5 pence per ordinary share
- The final dividend to shareholders registered on 23 July 2021 is subject to the approval of the members of Investec plc and Investec Limited at the annual general meeting which is scheduled to take place on 5 August 2021 and, if approved, will be paid on 10 August 2021.

On 13 March 2020, the group successfully completed the demerger of its asset management business and distributed 55% of its shareholding in Ninety One group to the value of £697.9 million. This resulted in a distribution per ordinary shareholder of 73.4 pence.

For the year to 31 March £'000	2021	2020
Perpetual preference dividend*		
Final dividend for prior year	8 952	10 698
Interim dividend for current year	6 936	11 168
Total dividend attributable to perpetual preference shareholders recognised in current financial year	**15 888**	**21 866**

* Perpetual preference share dividends from Investec Limited, Investec Bank Limited and Investec plc.

The directors have declared a final dividend in respect of the financial year ended 31 March 2021 of 5.48495 pence (Investec plc shares traded on the JSE Limited) and 5.48495 pence (Investec plc shares traded on the International Stock Exchange), 331.58906 cents (Investec plc Rand denominated shares), 271.44926 cents (Investec Limited) and 290.85595 cents (Investec Bank Limited) per perpetual preference share. The final dividend will be payable to shareholders on the register at the close of business on 14 June 2021 for all dividends except for the Investec plc shares traded on the International Exchange, which will be paid on 21 June 2021.

	2021	2020
Dividend attributable to other Additional Tier 1 securities in issue	**21 299**	**22 394**

The dividends paid on other Additional Tier 1 floating rate notes pay dividends on a quarterly basis. Refer to note 49 in volume 3 of the integrated annual report and on our website for detail on rates.

	2021	2020
Total perpetual preference dividends and other Additional Tier 1 securities distributions	**37 187**	**44 260**

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Analysis of financial assets and liabilities by category of financial instrument

	At fair value through profit and loss		
	IFRS 9 mandatory		
At 31 March 2021 **£'000**	Trading*	Non-trading*	Designated at initial recognition
Assets			
Cash and balances at central banks	—	—	—
Loans and advances to banks	—	—	—
Non-sovereign and non-bank cash placements	1 133	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	363 070	805 446	119 714
Sovereign debt securities	—	197 053	—
Bank debt securities	—	14 139	—
Other debt securities	—	206 297	—
Derivative financial instruments**	1 714 743	—	—
Securities arising from trading activities	972 927	32 762	18 982
Investment portfolio	8 790	889 217	—
Loans and advances to customers	—	588 995	1 094 623
Own originated loans and advances to customers securitised	—	—	—
Other loans and advances	—	—	—
Other securitised assets	—	—	111 676
Interests in associated undertakings and joint venture holdings	—	—	—
Current taxation asset	—	—	—
Deferred taxation assets	—	—	—
Other assets	159 178	56 773	—
Property and equipment	—	—	—
Investment properties	—	—	—
Goodwill	—	—	—
Software	—	—	—
Other acquired intangible assets	—	—	—
Non-current assets classified as held for sale	—	40 881	—
	3 219 841	**2 831 563**	**1 344 995**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	—	—
	3 219 841	**2 831 563**	**1 344 995**
Liabilities			
Deposits by banks	—	—	294
Derivative financial instruments**	2 190 487	—	—
Other trading liabilities	326 189	—	—
Repurchase agreements and cash collateral on securities lent	213 959	—	—
Customer accounts (deposits)	—	—	1 046 569
Debt securities in issue	—	—	118 690
Liabilities arising on securitisation of own originated loans and advances	—	—	—
Liabilities arising on securitisation of other assets	—	—	108 281
Current taxation liabilities	—	—	—
Deferred taxation liabilities	—	—	—
Other liabilities	61 704	45 558	—
	2 792 339	**45 558**	**1 273 834**
Liabilities to customers under investment contracts	—	—	—
Insurance liabilities, including unit-linked liabilities	—	—	—
	2 792 339	**45 558**	**1 273 834**
Subordinated liabilities	—	—	334 804
	2 792 339	**45 558**	**1 608 638**

* Fair value through profit and loss balance sheet positions have been split as trading and non-trading, as defined by regulatory rules for the trading book and banking book requirements respectively. Trading consists of positions held for trading intent or hedge elements of the trading book. Non-trading consists of positions that are expected to be held to maturity.

** Derivative financial instruments have been classified as held-for-trading and include derivatives held as hedges.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

At fair value through other comprehensive income						
Debt instruments with a dual business model	Equity instruments	Financial assets linked to investment contract liabilities	**Total instruments at fair value**	**Amortised cost**	**Non-financial instruments or scoped out of IFRS 9**	**Total**
—	—	—	—	3 517 100	—	3 517 100
—	—	—	—	2 699 317	—	2 699 317
—	—	—	1 133	438 708	—	439 841
—	—	—	1 288 230	2 287 483	—	3 575 713
3 066 096	—	—	3 263 149	448 474	—	3 711 623
858 151	—	—	872 290	249 440	—	1 121 730
423 983	—	—	630 280	733 955	—	1 364 235
—	—	—	1 714 743	—	—	1 714 743
—	—	—	1 024 671	—	—	1 024 671
—	11 043	—	909 050	—	—	909 050
534 059	—	—	2 217 677	23 823 410	—	26 041 087
—	—	—	—	401 912	—	401 912
—	—	—	—	102 135	—	102 135
—	—	—	111 676	28 411	—	140 087
—	—	—	—	—	679 157	679 157
—	—	—	—	—	60 325	60 325
—	—	—	—	—	246 622	246 622
—	—	—	215 951	1 351 142	598 345	2 165 438
—	—	—	—	—	329 972	329 972
—	—	—	—	—	832 061	832 061
—	—	—	—	—	259 805	259 805
—	—	—	—	—	12 574	12 574
—	—	—	—	—	58 968	58 968
—	—	—	40 881	—	10 902	51 783
4 882 289	**11 043**	**—**	**12 289 731**	**36 081 487**	**3 088 731**	**51 459 949**
—	—	52 405	52 405	—	—	52 405
4 882 289	**11 043**	**52 405**	**12 342 136**	**36 081 487**	**3 088 731**	**51 512 354**
—	—	—	294	2 403 418	—	2 403 712
—	—	—	2 190 487	—	—	2 190 487
—	—	—	326 189	—	—	326 189
—	—	—	213 959	789 353	—	1 003 312
—	—	—	1 046 569	33 402 861	—	34 449 430
—	—	—	118 690	1 773 629	—	1 892 319
—	—	—	—	160 646	—	160 646
—	—	—	108 281	—	—	108 281
—	—	—	—	—	78 790	78 790
—	—	—	—	—	40 333	40 333
—	—	—	107 262	1 064 989	840 752	2 013 003
—	**—**	**—**	**4 111 731**	**39 594 896**	**959 875**	**44 666 502**
—	—	49 798	49 798	—	—	49 798
—	—	2 607	2 607	—	—	2 607
—	**—**	**52 405**	**4 164 136**	**39 594 896**	**959 875**	**44 718 907**
—	—	—	334 804	1 146 147	—	1 480 951
—	**—**	**52 405**	**4 498 940**	**40 741 043**	**959 875**	**46 199 858**

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Analysis of financial assets and liabilities by category of financial instrument continued

At 31 March 2020^ £'000	At fair value through profit and loss — IFRS 9 mandatory: Trading*	IFRS 9 mandatory: Non-trading*	Designated at initial recognition
Assets			
Cash and balances at central banks	—	—	—
Loans and advances to banks	—	—	—
Non-sovereign and non-bank cash placements	—	24 605	—
Reverse repurchase agreements and cash collateral on securities borrowed	423 838	1 206 292	109 434
Sovereign debt securities	—	310 715	—
Bank debt securities	7	64 301	—
Other debt securities	—	386 023	—
Derivative financial instruments**	2 033 999	—	—
Securities arising from trading activities	579 550	19 807	119 040
Investment portfolio	6 377	983 989	—
Loans and advances to customers	—	760 950	934 505
Own originated loans and advances to customers securitised	—	—	—
Other loans and advances	—	—	—
Other securitised assets	—	—	112 440
Interests in associated undertakings and joint venture holdings	—	—	—
Current taxation assets	—	—	—
Deferred taxation assets	—	—	—
Other assets	119 251	773	—
Property and equipment	—	—	—
Investment properties	—	—	—
Goodwill	—	—	—
Software	—	—	—
Other acquired intangible assets	—	—	—
Non-current assets classified as held for sale	—	—	—
	3 163 022	**3 757 455**	**1 275 419**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	—	—
	3 163 022	**3 757 455**	**1 275 419**
Liabilities			
Deposits by banks	—	—	336
Derivative financial instruments**	2 150 265	—	—
Other trading liabilities	509 522	—	—
Repurchase agreements and cash collateral on securities lent	165 001	—	—
Customer accounts (deposits)	—	—	2 013 379
Debt securities in issue	—	—	219 915
Liabilities arising on securitisation of own originated loans and advances	—	—	—
Liabilities arising on securitisation of other assets	—	—	110 679
Current taxation liabilities	—	—	—
Deferred taxation liabilities	—	—	—
Other liabilities	41 697	585	—
	2 866 485	**585**	**2 344 309**
Liabilities to customers under investment contracts	—	—	—
Insurance liabilities, including unit-linked liabilities	—	—	—
	2 866 485	**585**	**2 344 309**
Subordinated liabilities	—	—	343 233
	2 866 485	**585**	**2 687 542**

^ Restated as detailed in restatement note on pages 200 and 201.
* Fair value through profit and loss balance sheet positions have been split as trading and non-trading, as defined by regulatory rules for the trading book and banking book requirements respectively. Trading consists of positions held for trading intent or hedge elements of the trading book. Non-trading consists of positions that are expected to be held to maturity.
** Derivative financial instruments have been classified as held-for-trading and include derivatives held as hedges.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

At fair value through other comprehensive income						
Debt instruments with a dual business model	Equity Instruments	Financial assets linked to investment contract liabilities	**Total instruments at fair value**	**Amortised cost**	**Non-financial instruments or scoped out of IFRS 9**	**Total**
—	—	—	—	3 932 048	—	3 932 048
—	—	—	—	2 666 851	—	2 666 851
—	—	—	24 605	608 005	—	632 610
—	—	—	1 739 564	2 056 615	—	3 796 179
3 483 706	—	—	3 794 421	195 760	—	3 990 181
320 155	—	—	384 463	220 458	—	604 921
299 615	—	—	685 638	744 781	—	1 430 419
—	—	—	2 033 999	—	—	2 033 999
—	—	—	718 397	—	—	718 397
—	8 569	—	998 935	—	—	998 935
421 841	—	—	2 117 296	22 470 778	—	24 588 074
—	—	—	—	324 638	—	324 638
—	—	—	—	132 486	—	132 486
—	—	—	112 440	22 425	—	134 865
—	—	—	—	—	701 311	701 311
—	—	—	—	—	6 612	6 612
—	—	—	—	—	265 896	265 896
—	—	—	120 024	1 111 316	696 476	1 927 816
—	—	—	—	—	356 573	356 573
—	—	—	—	—	863 864	863 864
—	—	—	—	—	270 625	270 625
—	—	—	—	—	14 643	14 643
—	—	—	—	—	71 657	71 657
—	—	—	—	—	58 905	58 905
4 525 317	**8 569**	**—**	**12 729 782**	**34 486 161**	**3 306 562**	**50 522 505**
—	—	35 227	35 227	—	—	35 227
4 525 317	**8 569**	**35 227**	**12 765 009**	**34 486 161**	**3 306 562**	**50 557 732**
—	—	—	336	3 497 918	—	3 498 254
—	—	—	2 150 265	—	—	2 150 265
—	—	—	509 522	—	—	509 522
—	—	—	165 001	1 412 345	—	1 577 346
—	—	—	2 013 379	30 207 597	—	32 220 976
—	—	—	219 915	1 517 276	—	1 737 191
—	—	—	—	76 696	—	76 696
—	—	—	110 679	—	—	110 679
—	—	—	—	—	51 308	51 308
—	—	—	—	—	44 788	44 788
—	—	—	42 282	1 350 933	818 272	2 211 487
—	**—**	**—**	**5 211 379**	**38 062 765**	**914 368**	**44 188 512**
		32 845	32 845	—	—	32 845
		2 382	2 382	—	—	2 382
—	**—**	**35 227**	**5 246 606**	**38 062 765**	**914 368**	**44 223 739**
—	—	—	343 233	1 093 128	—	1 436 361
—	**—**	**35 227**	**5 589 839**	**39 155 893**	**914 368**	**45 660 100**

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Financial instruments at fair value
The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation technique used.

The different levels are identified as follows:

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 March 2021 £'000	Total instruments at fair value	Fair value category Level 1	 Level 2	 Level 3
Assets				
Non-sovereign and non-bank cash placements	1 133	—	1 133	—
Reverse repurchase agreements and cash collateral on securities borrowed	1 288 230	—	1 288 230	—
Sovereign debt securities	3 263 149	3 263 149	—	—
Bank debt securities	872 290	446 322	425 968	—
Other debt securities	630 280	68 401	458 475	103 404
Derivative financial instruments	1 714 743	303	1 687 635	26 805
Securities arising from trading activities	1 024 671	1 013 194	6 317	5 160
Investment portfolio	909 050	40 159	6 363	862 528
Loans and advances to customers*	2 217 677	—	1 170 287	1 047 390
Other securitised assets	111 676	—	4 417	107 259
Other assets	215 951	215 951	—	—
Non-current assets classified as held for sale	40 881	—	—	40 881
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	52 405	52 405	—	—
	12 342 136	**5 099 884**	**5 048 825**	**2 193 427**
Liabilities				
Deposits by banks	294	—	—	294
Derivative financial instruments	2 190 487	45 879	2 116 868	27 740
Other trading liabilities	326 189	151 460	174 729	—
Repurchase agreements and cash collateral on securities lent	213 959	—	213 959	—
Customer accounts (deposits)	1 046 569	—	1 046 569	—
Debt securities in issue	118 690	—	118 690	—
Liabilities arising on securitisation of other assets	108 281	—	—	108 281
Other liabilities	107 262	—	61 704	45 558
Liabilities to customers under investment contracts	49 798	—	49 798	—
Insurance liabilities, including unit-linked liabilities	2 607	—	2 607	—
Subordinated liabilities	334 804	334 804	—	—
	4 498 940	**532 143**	**3 784 924**	**181 873**
Net financial assets at fair value	**7 843 196**	**4 567 741**	**1 263 901**	**2 011 554**

- Loans and advances to customers at fair value include instruments where the business model is either to sell the loan or where the business model is to hold to collect the contractual cash flows but the loan has failed the SPPI test.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Financial instruments at fair value continued

At 31 March 2020^ £'000	Total instruments at fair value	Fair value category Level 1	Level 2	Level 3
Assets				
Non-sovereign and non-bank cash placements	24 605	—	24 605	—
Reverse repurchase agreements and cash collateral on securities borrowed	1 739 564	—	1 739 564	—
Sovereign debt securities	3 794 421	3 794 421	—	—
Bank debt securities	384 463	250 257	134 206	—
Other debt securities	685 638	264 939	277 704	142 995
Derivative financial instruments	2 033 999	3 611	2 000 743	29 645
Securities arising from trading activities	718 397	691 813	20 384	6 200
Investment portfolio	998 935	141 890	8 375	848 670
Loans and advances to customers*	2 117 296	—	1 015 630	1 101 666
Other securitised assets	112 440	—	6 222	106 218
Other assets	120 024	120 024	—	—
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	35 227	35 227	—	—
	12 765 009	**5 302 182**	**5 227 433**	**2 235 394**
Liabilities				
Deposits by banks	336	—	—	336
Derivative financial instruments	2 150 265	13 853	2 109 731	26 681
Other trading liabilities	509 522	307 689	201 833	—
Repurchase agreements and cash collateral on securities lent	165 001	—	165 001	—
Customer accounts (deposits)	2 013 379	—	2 013 379	—
Debt securities in issue	219 915	—	219 915	—
Liabilities arising on securitisation of other assets	110 679	—	—	110 679
Other liabilities	42 282	—	41 697	585
Liabilities to customers under investment contracts	32 845	—	32 845	—
Insurance liabilities, including unit-linked liabilities	2 382	—	2 382	—
Subordinated liabilities	343 233	343 233	—	—
	5 589 839	**664 775**	**4 786 783**	**138 281**
Net financial assets/(liabilities) at fair value	**7 175 170**	**4 637 407**	**440 650**	**2 097 113**

^ Restated as detailed in restatement note on pages 200 and 201.

* Loans and advances to customers at fair value include instruments where the business model is either to sell the loan or where the business model is to hold to collect the contractual cash flows but the loan has failed the SPPI test.

Transfers between level 1 and level 2
There were no transfers between level 1 and level 2 in the current and prior year.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Financial instruments at fair value continued

Measurement of fair value financial assets and liabilities at level 2

The table below sets out information about the valuation techniques used at the end of the reporting period in measuring financial instruments categorised as level 2 in the fair value hierarchy:

	Valuation basis/techniques	Main inputs
Assets		
Non-sovereign and non-bank cash placements	Discounted cash flow model	Yield curves
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flow model, Hermite interpolation, Black-Scholes	Yield curves, discount rates, volatilities
Bank debt securities	Discounted cash flow model	Yield curves
Other debt securities	Discounted cash flow model	Yield curves, NCD curves and swap curves, discount rates, external prices, broker quotes
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes and Local Volatility	Discount rate, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Securities arising from trading activities	Standard industry derivative pricing model, discounted cash flow model	Interest rate curves, implied bond spreads, equity volatilities, yield curves
Investment portfolio	Discounted cash flow model, relative valuation model, comparable quoted inputs	Discount rate and fund unit price, net assets
Loans and advances to customers	Discounted cash flow model	Yield curves
Other securitised assets	Discounted cash flow model	Yield curves
Liabilities		
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes and Local Volatility	Discount rate, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Other trading liabilities	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Local Volatility	Discount rate, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Repurchase agreements and cash collateral on securities lent	Discounted cash flow model, Hermite interpolation	Yield curves, discount rates
Customer accounts (deposits)	Discounted cash flow model	Yield curves, discount rates
Debt securities in issue	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Local Volatility	Discount rate, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Other liabilities	Discounted cash flow model	Yield curves
Liabilities to customers under investment contracts	Current price of underlying unitised assets	Listed prices
Insurance liabilities, including unit-linked liabilities	Current price of underlying unitised assets	Listed prices

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Financial instruments at fair value continued
Level 3 instruments

The following tables show a reconciliation of the opening balances to the closing balances for level 3 financial instruments. All instruments are at fair value through profit or loss.

£'000	Investment portfolio	Loans and advances to customers	Other securitised assets	Other balance sheet assets^^	Total
Assets					
Balance at 1 April 2019	**829 971**	**1 209 580**	**118 169**	**135 048**	**2 292 768**
Total gains/(losses)	(16 096)	33 060	(1 425)	25 725	41 264
In the income statement	(16 096)	32 582	(1 425)	25 725	40 786
In the statement of comprehensive income	—	478	—	—	478
Purchases	363 115	1 349 397	—	59 048	1 771 560
Sales	(278 853)	(1 039 464)	—	(1 082)	(1 319 399)
Settlements	(26 980)	(476 121)	(10 526)	(39 497)	(553 124)
Transfers into level 3	13 239	—	—	—	13 239
Transfers out of level 3	(4 785)	—	—	—	(4 785)
Foreign exchange adjustments	(30 941)	25 214	—	(402)	(6 129)
Balance at 31 March 2020	**848 670**	**1 101 666**	**106 218**	**178 840**	**2 235 394**
Total gains/(losses)	(20 077)	21 188	8 732	11 787	21 630
In the income statement	(20 077)	23 380	8 732	11 787	23 822
In the statement of comprehensive income	—	(2 192)	—	—	(2 192)
Purchases	150 579	945 617	—	9 054	1 105 250
Sales	(49 969)	(495 505)	—	(26 367)	(571 841)
Issues	—	—	—	37	37
Settlements	(23 935)	(480 644)	(7 691)	(29 409)	(541 679)
Transfers into level 3	13	7 802	—	5 032	12 847
Transfers to non-current assets classified as held for sale^	(39 093)	—	—	39 093	—
Foreign exchange adjustments	(3 660)	(52 734)	—	(11 817)	(68 211)
Balance at 31 March 2021	**862 528**	**1 047 390**	**107 259**	**176 250**	**2 193 427**

^ As at 31 March 2021 certain equity investments to the value of £39.1 million were transferred out of investment portfolio to non-current assets held for sale in anticipation of the sale to occur in the short term. These equity investments form part of the Group Investments and Corporate, Investment Banking and Other segments.

^^ Comprises of level 3 other debt securities, derivative financial instruments and securities arising from trading.

For the year ended 31 March 2021, following a review of the valuation methodology of a number of financial instruments, the following transfers were made during the year: loans and advances to customers of £7.8 million from level 2 to level 3; other debt securities of £4.6 million from level 2 to level 3 and derivative assets of £0.4 million from level 2 to level 3. The valuation methodologies were reviewed and unobservable inputs were used to determine the fair value.

For the year ended 31 March 2020 £4.8 million of assets was transferred from level 3 into level 1 due to a listing of securities. £13.2 million of instruments was transferred into level 3 due to delisting.

£'000	Liabilities arising on securitisation of other assets	Other balance sheet liabilities^^^	Total
Liabilities			
Balance at 1 April 2019	**113 711**	**20 231**	**133 942**
Total gains/(losses) in the income statement	(2 094)	10 341	8 247
Purchases	—	987	987
Issues	7 306	—	7 306
Settlements	(8 244)	(4 428)	(12 672)
Foreign exchange adjustments	—	471	471
Balance at 31 March 2020	**110 679**	**27 602**	**138 281**
Total gains in the income statement	5 460	7 798	13 258
Issues	—	40 085	40 085
Settlements	(7 858)	(1 186)	(9 044)
Foreign exchange adjustments	—	(707)	(707)
Balance at 31 March 2021	**108 281**	**73 592**	**181 873**

^^^ Comprises of level 3 deposits by banks, derivative financial instruments and other liabilities.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Financial instruments at fair value continued
The group transfers between levels within the fair value hierarchy when the significance of the unobservable inputs change or if the valuation methods change.

The following table quantifies the gains or (losses) included in the income statement recognised on level 3 financial instruments:

For the year to 31 March £'000	Total	Realised	Unrealised
2021			
Total gains/(losses) included in the income statement for the year			
Net interest income	61 446	52 093	9 353
Investment income*	(50 178)	(6)	(50 172)
Trading income arising from customer flow	(2 389)	428	(2 817)
Trading income arising from balance sheet management and other trading activities	1 685	—	1 685
	10 564	**52 515**	**(41 951)**
Total gains/(losses) included in other comprehensive income for the year			
Gains on realisation on debt instruments at FVOCI recycled through the income statement	(1 031)	(1 031)	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	(2 192)	—	(2 192)
	(3 223)	**(1 031)**	**(2 192)**
2020			
Total gains/(losses) included in the income statement for the year			
Net interest income	77 586	60 922	16 664
Fee and commission expense	(3 184)	—	(3 184)
Investment (loss)/income*	(48 949)	67 274	(116 223)
Trading loss arising from customer flow	(1 895)	—	(1 895)
Trading income arising from balance sheet management and other trading activities	8 981	—	8 981
	32 539	**128 196**	**(95 657)**
Total gains/(losses) included in other comprehensive income for the year			
Gains on realisation on debt instruments at FVOCI recycled through the income statement	1 694	1 694	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	478	—	478
	2 172	**1 694**	**478**

* Included within the investment income statement balance are unrealised gains of £10.3 million (31 March 2020: unrealised losses of £75.8 million) presented within operational items in the income statement.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Financial instruments at fair value continued

Sensitivity of fair values to reasonably possible alternative assumptions by level 3 instrument type

The fair value of financial instruments in level 3 are measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable market data. The below valuations have been considered taking the global pandemic of COVID-19 into consideration. The following table shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

				Potential impact on the income statement	
At 31 March 2021	Balance sheet value £'000	Significant unobservable input changed	Range which unobservable input has been changed	**Favourable changes £'000**	**Unfavourable changes £'000**
Assets					
Other debt securities	103 404	Potential impact on income statement		3 789	(10 320)
		Credit spreads	0.4%-3.3%	107	(198)
		Cash flow adjustments	CPR 4.4%	7	(7)
		Other^	^	3 675	(10 115)
Derivative financial instruments	26 805	Potential impact on income statement		5 232	(6 226)
		Volatilities	5.4%-21.4%	51	(148)
		Underlying asset value^^	^^	4 724	(4 724)
		Cash flow adjustment	CPR 4.4%	9	(9)
		Other^	^	448	(1 345)
Securities arising from trading activities	5 160	Potential impact on income statement			
		Cash flow adjustments	CPR 8.0%	1 310	(1 686)
Investment portfolio	862 528	Potential impact on income statement		104 666	(164 098)
		Price earnings multiple	4.2x-9.0x	5 560	(13 330)
		Underlying asset value^^	^^	2 561	(5 967)
		EBITDA	**	30 225	(23 679)
		Discount rate	13%-17%	2 482	(4 149)
		Cash flows	**	1 875	(1 383)
		Underlying asset value^^	^^	1 991	(3 707)
		Precious and industrial metal prices	(5%)-5%	1 346	(1 346)
		Property prices	(10%)-10%	32 188	(32 188)
		Other^	^	26 438	(78 349)
Loans and advances to customers	1 047 390	Potential impact on income statement		25 603	(43 785)
		Credit spreads	0.08%-37.3%	9 439	(14 745)
		Discount rate	0.05	—	—
		Price earnings multiple	3.5x-4.1x	4 200	(2)
		Underlying asset value^^	^^	3 267	(9 105)
		Other^	^	8 697	(19 933)
		Potential impact on other comprehensive income			
		Credit spreads	0.12%-4.3%	5 590	(9 711)
Other securitised assets	107 259	Potential impact on income statement			
		Cash flow adjustments	CPR 4.4%	1 554	(1 653)
Non-current assets classified as held for sale	40 881	Potential impact on income statement		2 417	(2 533)
		Discount rate	13%-15%	658	(774)
		Property prices	(10%)-10%	1 759	(1 759)
Total level 3 assets	**2 193 427**			**150 161**	**(240 012)**

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Financial instruments at fair value continued

				Potential impact on the income statement	
At 31 March 2021	Balance sheet value £'000	Significant unobservable input changed	Range which unobservable input has been changed	**Favourable changes £'000**	**Unfavourable changes £'000**
Liabilities					
Deposits by banks	294	Potential impact on income statement			
		Underlying asset value^^	^^	—	44
Derivative financial instruments	27 740	Potential impact on income statement		(4 750)	4 800
		Volatilities	5.4%-21.1%	(26)	76
		Underlying asset value^^	^^	(4 724)	4 724
Liabilities arising on securitisation of other assets	108 281	Potential impact on income statement			
		Cash flow adjustments	CPR 4.4%	(213)	240
Other liabilities	45 558	Potential impact on income statement			
		Property prices	(10%)-10%	(4 556)	4 556
Total level 3 liabilities	**181 873**			**(9 519)**	**9 640**
Net level 3 assets	**2 011 554**				

* The sensitivity of the fair value of liabilities arising on securitisation of other assets has been considered together with other securitised assets.
** The EBITDA and cash flows have been stressed on an investment-by-investment basis in order to obtain favourable and unfavourable valuations.
^ Other – The valuation sensitivity has been assessed by adjusting various inputs such as expected cash flows, discount rates, earnings multiples rather than a single input. It is deemed appropriate to reflect the outcome on a portfolio basis for the purposes of this analysis as the sensitivity of the assets cannot be determined through the adjustment of a single input.
^^ Underlying asset values are calculated by reference to a tangible asset, for example property, aircraft or shares.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Financial instruments at fair value continued

At 31 March 2020	Balance sheet value £'000	Significant unobservable input changed	Range which unobservable input has been changed	Potential impact on the income statement Favourable changes £'000	Unfavourable changes £'000
Assets					
Other debt securities	142 995	Potential impact on income statement		4 418	(12 430)
		Credit spreads	0.29%-0.89%	23	(144)
		Discount rate	CPR 5.3%	7	(43)
		Underlying asset value	0.0605	454	(442)
		Other	^^	3 934	(11 801)
Derivative financial instruments	29 645	Potential impact on income statement		8 232	(8 846)
		Volatilities	4.1%-25.3%	94	(283)
		Cash flow adjustments	CPR 6.8%	33	(31)
		Underlying asset value	^^	7 891	(7 891)
		Other	^	214	(641)
Securities arising from trading activities	6 200	Potential impact on income statement			
		Cash flow adjustments	CPR 9.8%	736	(869)
Investment portfolio	848 670	Potential impact on income statement		90 235	(156 683)
		Price earnings multiple	5.3x-9.7x	5 210	(12 742)
		Underlying asset value	^^	9 553	(8 695)
		EBITDA	**	25 422	(25 302)
		Discount rate	(0.1%)/1.9%	969	(3 887)
		Cash flows	**	2 679	(1 760)
		Property values	(10%)/10%	14 806	(14 806)
		Precious and industrial metal prices	(6%)/6%	742	(1 237)
		Underlying asset value	#	1 096	(3 003)
		Other^	^	29 758	(85 251)
Loans and advances to customers	1 101 666	Potential impact on income statement		21 224	(54 897)
		Credit spreads	0.05%-5.9% & PAR	1 099	(7 041)
		Price earnings multiple	3.85x-7x	636	(466)
		Underlying asset value	^^	647	(352)
		Property values	(5%)/5%	23	(23)
		Underlying asset value	*	1 903	(3 145)
		Property values	#	278	(278)
		Other	^	16 638	(43 592)
		Potential impact on other comprehensive income			
		Credit spreads	0.03%-5.8% & PAR	4 645	(724)
Other securitised assets	106 218	Potential impact on income statement			
		Cash flow adjustments	CPR 6.8% -7.5%	2 543	(2 530)
Total level 3 assets	**2 235 394**			**132 033**	**(236 979)**

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Financial instruments at fair value continued

At 31 March 2020	Balance sheet value £'000	Significant unobservable input changed	Range which unobservable input has been changed	Potential impact on the income statement: Favourable changes £'000	Potential impact on the income statement: Unfavourable changes £'000
Liabilities					
Deposits by banks	336	Potential impact on income statement			
		Underlying asset value	^	—	48
Derivative financial instruments	26 681	Potential impact on income statement		(7 929)	7 937
		Cash flow adjustments	5.60%	(24)	4
		Volatilities	4.1%-25.3%	(14)	42
		Underlying asset value	^^	(7 891)	7 891
Liabilities arising on securitisation of other assets	110 679	Potential impact on income statement			
		Cash flow adjustments	CPR 6.8%	(546)	489
Other liabilities	585	Potential impact on income statement			
		Property values	(10%)/10%	(58)	58
Total level 3 liabilities	**138 281**			**(8 533)**	**8 532**
Net level 3 assets	**2 097 113**				

* The sensitivity of the fair value of liabilities arising on securitisation of other assets has been considered together with other securitised assets.
** The EBITDA and cash flows have been stressed on an investment-by-investment basis in order to obtain favourable and unfavourable valuations.
^ Other – The valuation sensitivity has been assessed by adjusting various inputs such as expected cash flows, discount rates, earnings multiples rather than a single input. It is deemed appropriate to reflect the outcome on a portfolio basis for the purposes of this analysis as the sensitivity of the assets cannot be determined through the adjustment of a single input.
^^ Underlying asset values are calculated by reference to a tangible asset, for example property, aircraft or shares.

In determining the value of level 3 financial instruments, the following are the principal input that can require judgement:

Credit spreads
Credit spreads reflect the additional yield that a market participant would demand for taking exposure to the credit risk of an instrument. The credit spread for an instrument forms part of the yield used in a discounted cash flow calculation. In general a significant increase in a credit spread in isolation will result in a movement in fair value that is unfavourable for the holder of a financial instrument.

Discount rates
Discount rates are used to adjust for the time value of money when using a discounted cash flow valuation method. Where relevant, the discount rate also accounts for illiquidity, market conditions and uncertainty of future cash flows.

Volatilities
Volatility is a key input in the valuation of derivative products containing optionality. Volatility is a measure of the variability or uncertainty in returns for a given derivative underlying. It represents an estimate of how much a particular underlying instrument, parameter or index will change in value over time.

Cash flows
Cash flows relate to the future cash flows which can be expected from the instrument and requires judgement.

EBITDA
The company's earnings before interest, taxes, depreciation and amortisation. This is the main input into a price earnings multiple valuation method.

Price earnings multiple
The price-to-earnings ratio is an equity valuation multiple. It is a key driver in the valuation of unlisted investments.

Property values and precious and industrial metals
The property value and precious and industrial metals is a key driver of future cash flows on these investments.

Underlying asset value
In instances where cash flows have links to referenced assets, the underlying asset value is used to determine the fair value. The underlying asset valuation is derived using observable market prices sourced from broker quotes, specialist valuers or other reliable pricing sources.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Fair value of financial instruments at amortised cost

At 31 March £'000	Carrying amount	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	Fair value of balances that do not approximate carrying amounts	Level 1	Level 2	Level 3
2021							
Assets							
Cash and balances at central banks	3 517 100	3 517 100	—	—	—	—	—
Loans and advances to banks	2 699 317	2 693 819	5 498	5 474	—	—	5 474
Non-sovereign and non-bank cash placements	438 708	438 708	—	—	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	2 287 483	1 199 041	1 088 442	1 088 987	—	1 088 987	—
Sovereign debt securities	448 474	—	448 474	456 716	456 716	—	—
Bank debt securities	249 440	88 370	161 070	170 384	170 384	—	—
Other debt securities	733 955	254 240	479 715	483 461	56 094	420 432	6 935
Loans and advances to customers	23 823 410	12 556 718	11 266 692	11 258 257	—	969 764	10 288 493
Own originated loans and advances to customers securitised	401 912	401 912	—	—	—	—	—
Other loans and advances	102 135	39 920	62 215	62 916	—	62 916	—
Other securitised assets	28 411	28 411	—	—	—	—	—
Other assets	1 351 142	1 350 870	272	256	—	—	256
	36 081 487	**22 569 109**	**13 512 378**	**13 526 451**	**683 194**	**2 542 099**	**10 301 158**
Liabilities							
Deposits by banks	2 403 418	465 326	1 938 092	1 957 489	—	1 954 833	2 656
Repurchase agreements and cash collateral on securities lent	789 353	140 679	648 674	650 958	—	650 958	—
Customer accounts (deposits)	33 402 861	21 352 293	12 050 568	12 111 490	—	12 111 490	—
Debt securities in issue	1 773 629	497 583	1 276 046	1 303 071	432 052	871 019	—
Liabilities arising on securitisation of own originated loans and advances	160 646	160 646	—	—	—	—	—
Liabilities arising on securitisation of other assets	—	—	—	—	—	—	—
Other liabilities	1 064 989	1 060 712	4 277	3 660	—	—	3 660
Subordinated liabilities	1 146 147	154 489	991 658	1 107 936	1 107 936	—	—
	40 741 043	**23 831 728**	**16 909 315**	**17 134 604**	**1 539 988**	**15 588 300**	**6 316**

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Fair value of financial instruments at amortised cost continued

At 31 March £'000	Carrying amount	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	Fair value of balances that do not approximate carrying amounts	Level 1	Level 2	Level 3
2020							
Assets							
Cash and balances at central banks	3 932 048	3 932 048	—	—	—	—	—
Loans and advances to banks	2 666 851	2 661 799	5 052	4 895	—	—	4 895
Non-sovereign and non-bank cash placements	608 005	608 005	—	—	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	2 056 615	1 588 320	468 295	468 120	—	468 120	—
Sovereign debt securities	195 760	—	195 760	229 207	229 207	—	—
Bank debt securities	220 458	93 452	127 006	122 463	122 463	—	—
Other debt securities	744 781	15 965	728 816	664 638	94 296	562 805	7 537
Loans and advances to customers	22 470 778	12 132 899	10 337 879	10 369 797	—	937 312	9 432 485
Own originated loans and advances to customers securitised	324 638	324 638	—	—	—	—	—
Other loans and advances	132 486	40 433	92 053	79 811	—	79 811	—
Other securitised assets	22 425	22 425	—	—	—	—	—
Other assets	1 111 316	1 110 583	733	141	—	—	141
	34 486 161	**22 530 567**	**11 955 594**	**11 939 072**	**445 966**	**2 048 048**	**9 445 058**
Liabilities							
Deposits by banks	3 497 918	513 399	2 984 519	3 010 021	8 938	2 997 181	3 902
Repurchase agreements and cash collateral on securities lent	1 412 345	290 864	1 121 481	1 126 989	—	1 126 989	—
Customer accounts (deposits)^	30 207 597	15 093 134	15 114 463	15 149 441	—	15 149 441	—
Debt securities in issue	1 517 276	251 102	1 266 174	1 281 407	424 712	856 695	—
Liabilities arising on securitisation of own originated loans and advances	76 696	76 696	—	—	—	—	—
Other liabilities	1 350 933	1 343 559	7 374	6 576	—	—	6 576
Subordinated liabilities	1 093 128	105 939	987 189	607 394	607 394	—	—
	39 155 893	**17 674 693**	**21 481 200**	**21 181 828**	**1 041 044**	**20 130 306**	**10 478**

^ £1.8 billion of customer accounts (deposits) reported as level 1 as at 31 March 2020 have been restated to level 2, as inputs other than quoted prices were used to determine fair value.

This note has been restated to separately present those items where fair value approximates the carrying value. For items where fair values do not approximate to carrying value, fair value disclosures are presented above.

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. These assets and liabilities include demand deposits, savings accounts without a specific maturity which are included in customer accounts (deposits) and variable rate instruments.

Financial instruments for which fair value does not approximate carrying value
Differences in amortised cost and fair value occur in fixed rate instruments. The fair value of fixed-rate financial assets and financial liabilities carried at amortised cost are estimated by comparing spreads earned on the transactions with spreads earned on similar new transactions entered into by the group. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows, using prevailing money market interest rates for debts with similar credit risk and maturity. For quoted subordinated debt issued, the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Fair value of financial instruments at amortised cost continued

The following table sets out the group's principal valuation techniques used in determining the fair value of its financial assets and financial liabilities:

Loans and advances to banks	Calculation of the present value of future cash flows, discounted as appropriate.
Other debt securities	Priced with reference to similar trades in an observable market.
Reverse repurchase agreements and cash collateral on securities borrowed	Calculation of the present value of future cash flows, discounted as appropriate.
Loans and advances to customers	Calculation of the present value of future cash flows, discounted as appropriate.
Other loans and advances	Calculation of the present value of future cash flows, discounted as appropriate.
Other assets	Calculation of the present value of future cash flows, discounted as appropriate.
Deposits by banks	Calculation of fair value using appropriate funding rates.
Repurchase agreements and cash collateral on securities lent	Calculation of the present value of future cash flows, discounted as appropriate.
Customer accounts (deposits)	Where the deposits are short-term in nature, carrying amounts are assumed to approximate fair value. Where deposits are of longer-term maturities, they are valued using a cash flow model discounted as appropriate.
Debt securities in issue	Where the debt securities are fully collateralised, fair value is equal to the carrying value. Other debt securities are valued using a cash flow model discounted as appropriate to the securities for funding and interest rates.
Other liabilities	Where the other liabilities are short term in nature, carrying amounts are assumed to approximate fair value.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Derivative financial instruments

The group enters into various contracts for derivatives both as principal for trading purposes and as customer for hedging foreign exchange and interest rate exposures. These include financial futures, options, swaps and forward rate agreements. The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations.

In the tables that follow notional principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The fair value of a derivative financial instrument represents the present value of positive or negative cash flows which would have occurred had the rights and obligations arising from that instrument been closed out by the group in an orderly market transaction at balance sheet date.

	2021			2020^		
At 31 March £'000	**Notional principal amounts**	**Positive fair value**	**Negative fair value**	Notional principal amounts	Positive fair value	Negative fair value
Foreign exchange derivatives						
Forward foreign exchange contracts	17 804 207	323 494	221 244	19 903 629	348 880	421 825
Currency swaps	13 374 264	396 199	446 176	7 790 418	319 630	601 956
OTC options bought and sold	5 500 526	82 600	96 918	5 092 972	118 112	112 619
Other foreign exchange contracts	206 629	2 934	567	183 668	466	513
	36 885 626	**805 227**	**764 905**	**32 970 687**	**787 088**	**1 136 913**
Interest rate derivatives						
Caps and floors	9 584 616	20 976	14 989	9 690 775	23 686	20 865
Swaps	99 223 908	506 394	556 394	90 340 377	620 575	493 101
Forward rate agreements	26 680 182	12 552	17 057	957 498	57 527	64 318
OTC options bought and sold	62 176	831	132	21 975	—	174
Other interest rate contracts	116 508	5 043	1 726	288 308	41 670	291
OTC derivatives	**135 667 390**	**545 796**	**590 298**	**101 298 933**	**743 458**	**578 749**
Exchange traded futures	359 102	—		48 460	3 662	35
	136 026 492	**545 796**	**590 298**	**101 347 393**	**747 120**	**578 784**
Equity and stock index derivatives						
OTC options bought and sold	4 783 183	305 805	552 738	6 258 714	358 012	283 121
Equity swaps and forwards	1 228 908	34 451	464 621	119 436	52 823	334 289
OTC derivatives	**6 012 091**	**340 256**	**1 017 359**	**6 378 150**	**410 835**	**617 410**
Exchange traded futures	502 917	281	—	353 727	—	—
Exchange traded options	16 930 831	—	232 642	9 896 516	—	237 424
Warrants	412	19	—	15 909	—	—
	23 446 251	**340 556**	**1 250 001**	**16 644 302**	**410 835**	**854 834**
Commodity derivatives						
OTC options bought and sold	224 256	31 209	38 347	483 474	42 191	49 487
Commodity swaps and forwards	1 558 852	53 833	94 807	979 696	186 934	182 113
	1 783 108	**85 042**	**133 154**	**1 463 170**	**229 125**	**231 600**
Credit derivatives	**808 982**	**12 488**	**5 007**	**1 017 538**	**17 772**	**20 288**
Other derivatives		**4 483**	**—**		**4 180**	**—**
Cash collateral		**(78 849)**	**(552 878)**		**(162 121)**	**(672 154)**
Derivatives per balance sheet		**1 714 743**	**2 190 487**		**2 033 999**	**2 150 265**

^ Restated as detailed in restatement note on pages 200 and 201.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Interests in associated undertakings and joint venture holdings

At 31 March £'000	2021	2020
Analysis of the movement in interests in associated undertakings and joint venture holdings:		
At the beginning of the year	701 311	387 750
Acquisitions	—	48 477
Ninety One shareholding arising from demerger	—	339 749
Disposals^	(34 637)	(615)
Share of post-taxation profit of associates and joint venture holdings (excluding recycling of foreign exchange losses)	47 086	27 340
Profits or losses recognised in other comprehensive income and equity	(17 954)	(2 387)
Demerger of business	—	(37)
Dividends declared by associate	(23 532)	(3 141)
Transfers between asset classes	322	17 370
Exchange adjustments	32 602	(67 347)
Impairment of associates and joint venture holdings^^	(16 773)	(45 400)
Amortisation of acquired intangibles of associates	(9 268)	(448)
At the end of the year	**679 157**	**701 311**

^ The proceeds related to the sale of UK Nestor were received post 31 March 2021.

^^ Of the £16.8 million (2020: £45.4 million) impairment of associates and joint venture holdings, £12.1 million relates to the impairment to transaction price for the sale of IPF's investment in associate, UK Nestor and £4.7million (2020: £45.4 million) impairment to equity accounted value of the group's investment in IEP.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Interests in associated undertakings and joint venture holdings continued

	IEP Group Proprietary Limited		UK Nestor#		Ninety One	
	2021	2020	**2021**	2020	**2021**	2020
Details of material associated companies						
Summarised financial information (R'million):						
For the year to 31 March						
Revenue	628 564	729 819	11 953	—	603 500	19 200
(Loss)/profit after taxation	(1 219)	137 573	(12 468)	—	154 600	20 000
Total comprehensive (loss)/income	(375)	94 448	(12 468)	—	161 000	20 000
At 31 March						
Assets						
Non-current assets	958 323	928 024	—	294 685	155 000	145 200
Current assets	302 923	268 864	—	15 393	9 749 600	7 506 100
Liabilities						
Non-current liabilities	439 454	427 763	—	169 868	175 400	145 700
Current liabilities	147 189	116 466	—	7 223	9 475 900	7 354 500
Net asset value	**674 603**	**652 659**	**—**	**132 987**	**253 300**	**151 100**
Non-controlling interest	137 121	111 636	—	—	200	400
Shareholders' equity	537 482	541 023	—	132 987	253 100	150 700
Effective interest in issued share capital	47.4%	47.4%	—	38.0%	25.0%	25.0%
Net asset value	251 319^	235 290^	—	49 247	164 560^^	146 283^^
Goodwill	—	—	—	1 288	198 015	188 074
Carrying value of interest – equity method	**251 319**	**235 290**	**—**	**50 535**	**362 575**	**334 357**

^ The group's share of the net asset value of IEP is £254.8 million (47.4% of £537 million) (2020: £256.4 million, 47.4% of £541.0 million) reduced by the portion of the impairment of IEP that exceeded the value of the goodwill.

\# UK Nestor is an associate of Investec Property Fund that was disposed of during March 2021.

^^ The investment in Ninety One was initially recognised on 13 March 2020 at a fair value of £330.0 million with subsequent equity accounted earnings increasing the value to £362.6 million (2020: £334.4 million). The portion of the net asset value of Ninety One, was £37.7 million (25% of £150.7 million) on 31 March 2020. The difference between the carrying value of Ninety One and the group's share of the net asset value relates to goodwill and intangibles recognised within the value of Ninety One at the time of gaining significant influence.

Income statement and other comprehensive income items are only shown for the period for which they are equity accounted.

Management critically evaluated the equity accounted value of the group's investment in IEP and consequently recognised an impairment of £4.7 million (2020: £45.4 million) in total in the current year. Management of IEP identified indicators of impairment of investments in subsidiaries and recognised an impairment of £4.7 million. As a result of this impairment, Investec management performed an impairment test on the investment in IEP and did not recognise any additional impairment for the IEP investment. In the prior year, management of IEP identified indicators of impairment of two investments in associates and recognised an impairment of £10.7 million. Investec management performed an impairment test on the investment in IEP in the prior year and recognised an additional impairment of £34.7 million. The recoverable amount of the investment in IEP was determined to be the value-in-use of the investment. The value-in-use was determined by calculating the sum of the fair values of the underlying investments held by IEP. This was done by determining the best estimates of the cash flows to be generated from the ultimate realisation of the underlying investments taking into account management's strategy with the investments, returns generated by the underlying investments, the nature of the assets and market considerations. This estimate was performed for each of the assets held by IEP, using valuation techniques and assumptions management believed to be most representative of the ultimate realisation of the investments.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Acquisitions and disposals and discontinued operations
There were no significant acquisitions of subsidiaries during the current and prior year.

During the year, Investec Bank plc sold the Investec Australia Property Fund (IAPF) management company for proceeds and a gain of £20.4 million. Additionally, a gain of £13 million was recognised from the formation of a joint venture with the State Bank of India, now measured at fair value, as a result of loss of control in Investec Capital Services (India) Private Limited.

During the prior year, the group completed the sale of its Republic of Ireland Wealth & Investment business for proceeds of €44 million and a net gain of £19 million. The decision to dispose of the business was taken in light of changes in Investec group's Irish business model, brought about by Brexit planning and the ongoing consolidation taking place in the wealth management industry in Ireland. The sale did not impact the group's other Irish businesses which have the necessary regulatory structure in place to continue to provide their existing range of specialist financial services.

Asset Management business
During the prior financial year on 13 March 2020, the group successfully completed the demerger of Ninety One (formerly known as Investec Asset Management), which became separately listed on 16 March 2020. The loss of control of Investec Asset Management was effected through the distribution of Ninety One shares to shareholders.

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

Major classes of assets and liabilities	
Insurance related assets	7 806 250
Loans and advances to banks	264 604
Remaining assets (including goodwill)	499 078
Remaining liabilities	(8 341 222)
	228 710

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Acquisitions and disposals and discontinued operations continued
The table below presents the income statement from discontinued operations (former Investec Asset Management business) included in the total group income statement for the year to 31 March 2020.

Combined consolidated income statement of discontinued operations

	Year to 31 March 2020		
£'000	**UK and Other**	**Southern Africa**	**Total**
Net interest income	(2 235)	3 962	1 727
Net fee and commission income	392 591	191 388	583 979
Investment income	(2 042)	35	(2 007)
Trading income/(loss) arising from			
– balance sheet management and other trading activities	1 634	(76)	1 558
Other operating income	4 697	745	5 442
Total operating income before expected credit loss impairment charges	**394 645**	**196 054**	**590 699**
Expected credit loss impairment charges	—	—	—
Operating income	**394 645**	**196 054**	**590 699**
Operating costs	(285 542)	(115 398)	(400 940)
Operating profit before strategic actions and non-controlling interests	**109 103**	**80 656**	**189 759**
Profit attributable to non-controlling interests from discontinued operations	(18 106)	(11 241)	(29 347)
Operating profit	**90 997**	**69 415**	**160 412**
Gain on distribution net of implementation costs	549 263	270 970	820 233
Profit before taxation	**640 260**	**340 385**	**980 645**
Taxation on operating profit before strategic actions	(19 112)	(22 088)	(41 200)
Taxation on strategic actions	1 253	(15 066)	(13 813)
Earnings attributable to shareholders from discontinued operations	**622 401**	**303 231**	**925 632**

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Other trading liabilities

At 31 March £'000	2021	2020
Deposits	204 041	201 834
Short positions		
– Equities	103 677	216 131
– Gilts	7 815	91 557
– Bank debt securities	10 656	—
	326 189	**509 522**

Debt securities in issue

At 31 March £'000	2021	2020
Repayable in:		
Less than three months	27 995	47 299
Three months to one year	93 639	120 445
One to five years	1 726 091	1 320 376
Greater than five years	44 594	249 071
	1 892 319	**1 737 191**

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Other liabilities

At 31 March £'000	2021	2020
Settlement liabilities	797 844	1 018 415
Other creditors and accruals	589 632	499 642
Lease liabilities	396 132	488 849
Other non-interest bearing liabilities	161 923	155 006
Rewards Programme liability	33 106	29 077
Long service employee benefits liability (refer to note 9)	21 913	14 006
Expected credit loss on off-balance sheet commitments and guarantees	12 453	6 492
	2 013 003	**2 211 487**
Lease liabilities		
Reconciliation from opening balance to closing balance:		
At the beginning of the year	488 849	—
Adoption of IFRS 16	—	597 002
Interest	13 632	18 358
Additional leases	5 276	47 109
Disposals and modifications	(15 351)	(10 945)
Demerger of business	—	(99 576)
Repayment of lease liabilities	(69 051)	(75 101)
Exchange adjustments	(27 223)	12 002
At the end of the year	**396 132**	**488 849**

At 31 March £'000	2021		2020	
Lease liabilities included in other liabilities due in	**Undiscounted payments**	**Present value**	Undiscounted payments	Present value
Less than one year	60 309	57 580	71 876	66 804
One to five years	324 514	286 522	259 259	230 962
Later than five years	54 664	52 030	227 077	192 931
Exchange adjustment	—	—	—	(1 848)
	439 487	**396 132**	**558 212**	**488 849**

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Ordinary share capital

At 31 March £'000	2021	2020
Investec plc		
Issued, allotted and fully paid		
Number of ordinary shares	**Number**	**Number**
At the beginning of the year	696 082 618	682 121 211
Issued during the year	—	13 961 407
At the end of the year	**696 082 618**	**696 082 618**
Nominal value of ordinary shares	**£'000**	**£'000**
At the beginning of the year	138	136
Issued during the year	—	2
At the end of the year	**138**	**138**
Number of special converting shares	**Number**	**Number**
At the beginning of the year	318 904 709	318 904 709
Issued during the year	—	—
At the end of the year	**318 904 709**	**318 904 709**
Nominal value of special converting shares	**£'000**	**£'000**
At the beginning of the year	64	64
Issued during the year	—	—
At the end of the year	**64**	**64**
Number of UK DAN shares	**Number**	**Number**
At the beginning and end of the year	**1**	**1**
Nominal value of UK DAN share	**£'000**	**£'000**
At the beginning and end of the year	*****	*****
Number of UK DAS shares	**Number**	**Number**
At the beginning and end of the year	**1**	**1**
Nominal value of UK DAS share	**£'000**	**£'000**
At the beginning and end of the year	*****	*****
Number of special voting shares	**Number**	**Number**
At the beginning and end of the year	**1**	**1**
Nominal value of special voting shares	**£'000**	**£'000**
At the beginning and end of the year	*****	*****

* Less than £1 000.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Ordinary share capital continued

At 31 March	2021	2020
Investec Limited		
Authorised		
The authorised share capital of Investec Limited is R1 960 002 (2020: R1 960 002), comprising 450 000 000 (2020: 450 000 000) ordinary shares of R0.0002 each, 48 091 681 (2020: 48 091 681) redeemable, non-participating preference shares with a par value of R0.01 each, 408 319 (2020: 408 319) class ILRP1 redeemable, non-participating preference shares of R0.01 each, 1 500 000 (2020: 1 500 000) Class ILRP2 redeemable, non-participating preference shares of R0.01 each, 20 000 000 (2020: 20 000 000) non-redeemable, non-participating preference shares of R0.01 each, 50 000 (2020: 50 000) variable rate redeemable cumulative preference shares of R0.60 each, 100 000 000 (2020: 100 000 000) non-redeemable,non-cumulative, non-participating preference shares of R0.01 each, 1 (2020: 1) Dividend Access (South African resident) redeemable preference share of R1.00, 1 (2020: 1) Dividend Access (non-South African resident) redeemable preference share of R1.00, 700 000 000 (2020: 700 000 000) special convertible redeemable preference shares of R0.0002 each (special converting shares).		
Issued, allotted and fully paid		
Number of ordinary shares	**Number**	**Number**
At the beginning of the year	318 904 709	318 904 709
Issued during the year	—	—
At the end of the year	**318 904 709**	**318 904 709**
Nominal value of ordinary shares	**£'000**	**£'000**
At the beginning of the year	46	46
Issued during the year	*	*
At the end of the year	**46**	**46**
Number of special converting shares	**Number**	**Number**
At the beginning of the year	696 082 618	682 121 211
Issued during the year	—	13 961 407
At the end of the year	**696 082 618**	**696 082 618**
Nominal value of special converting shares	**£'000**	**£'000**
At the beginning of the year	5	5
Issued during the year	*	*
At the end of the year	**5**	**5**
Number of SA DAN shares	**Number**	**Number**
At the beginning and end of the year	**1**	**1**
Nominal value of SA DAS share	**£'000**	**£'000**
At the beginning and end of the year	*****	*****
Number of UK DAS shares	**Number**	**Number**
At the beginning and end of the year	**1**	**1**
Nominal value of SA DAS share	**£'000**	**£'000**
At the beginning and end of the year	*****	*****
Nominal value of issued, allotted and fully paid called up share capital of Investec plc and Investec Limited	**Number**	**Number**
Total called up share capital	253	253
Less: held by Investec Limited	(2)	(2)
Less: held by Investec plc	(4)	(4)
Total called up share capital	**247**	**247**

* Less than £1 000.

The Investec Limited shares were issued in South African Rand. The amounts recorded above were calculated by reference to historic Pounds Sterling: Rand exchange rates. In terms of the DLC structure shareholders have common economic and voting rights as if Investec Limited and Investec plc were a single company. These include equivalent dividends on a per share basis, joint electorate and class right variations. The UK DAS share, UK DAN share, SA DAS share, the SA DAN share and the special converting shares have been issued to achieve this.

The unissued shares are under the control of the directors until the next annual general meeting.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Ordinary share capital continued

Staff share scheme

The group operates a share option and a share purchase scheme for employees. The number of ordinary shares conditionally allocated to employees is disclosed in Share based payments note.

Movements in the number of share options issued to employees are as follows (each option is in respect of one share):

At 31 March **£'000**	**2021**	2020
Opening balance	40 577 418	44 941 101
Demerger of Investec Asset Management Limited	—	(1 701 349)
Issued during the year	18 022 245	13 431 500
Exercised	(10 201 045)	(13 003 747)
Forfeited	(1 116 728)	(3 090 087)
Lapsed	(643 444)	—
Closing balance	**46 638 446**	**40 577 418**

The purpose of the staff share scheme is to promote an esprit de corps within the organisation, create an awareness of Investec group's performance and provide an incentive to maximise individual and group performance by allowing all staff to share in the risks and rewards of the group.

The group makes awards available to staff members via the underlying share trusts. The particular instrument used varies from time to time, depending on taxation legislation and factors affecting the group structure. Nevertheless, whatever the instrument chosen, its underlying value depends solely on the performance of the group's share price.

At present, the practice of the group is to grant all permanent staff members a share allocation, based on their annual package, after completing six months of employment. In line with the objective of providing a long-term incentive for staff, these share awards vest over periods varying from three to five years.

After the initial allocation referred to above, additional allocations are made to staff members at the discretion of group management and depending on the individual performance and contribution made by the respective staff members.

The extent of the director's and staff interests in the incentive scheme is detailed on pages 178 to 186 and 193 to 195 in volume one of the integrated annual report and on our website.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Related party transactions

At 31 March £'000	2021	2020
Profit before taxation adjusted for non-cash items is derived as follows: Compensation of key management personnel		
Details of directors remuneration and interest in shares, including the disclosures required by IAS 24 Related Party Transactions and Compensation of Key Management Personnel, are disclosed in the remuneration report on pages 173 to 186 and 195 in volume one.		
Transactions, arrangements and agreements involving key management personnel:		
Transactions, arrangements and agreements with directors and connected persons and companies controlled by them, and with officers of the company, were as follows:		
Key management personnel and connected persons and companies controlled by them		
Loans		
At the beginning of the year	7 765	44 937
Increase in loans	3 610	5 255
Decrease in loans*	(2 430)	(42 427)
Exchange adjustments	1	—
At the end of the year	**8 946**	**7 765**
Guarantees		
At the beginning of the year	592	13 360
Additional guarantees granted	1 545	918
Decrease in guarantees*	(187)	(13 686)
Exchange adjustments	1	—
At the end of the year	**1 951**	**592**
Deposits		
At the beginning of the year	(11 989)	(36 037)
Increase in deposits	(10 549)	(2 068)
Decrease in deposits*	8 307	26 116
Exchange adjustments	—	1
At the end of the year	**(14 231)**	**(11 988)**

* Decrease includes changes in leadership during the prior year.

The above transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing or where applicable, with other employees. The transactions did not involve more than the normal risk of repayment. None of these loans have been impaired.

Where related parties have investment products (that may be included in funds under management) offered to clients on terms and conditions in the ordinary course of business, these have not been included above as the group does not carry any exposure relating to these transactions (they are at client risk).

Transactions with other related parties

The group has an investment in Grovepoint (UK) Limited in which a previous Investec director has significant influence. The group has made an investment of £54.4 million (2020: £47.8 million) with no further committed funding. The terms and conditions of the transaction were no more favourable than those available, on similar transactions to non-related entities on an arm's length basis.

During the year to 31 March 2021, Investec Wealth & Investment Limited paid a net amount of £22 400 for research services provided by Grovepoint (UK) Limited (2020: paid a net amount of £15 500 for research services provided by Grovepoint (UK) Limited). Bradley Fried is a former director of Investec Bank plc and Investec plc, and is a current director of Grovepoint (UK) Limited.

Transactions with associates and joint venture holdings

At 31 March £'000	2021	2020
Amounts due from associates and joint venture holdings and their subsidiaries	**512 926**	**573 286**
Interest income from loans to associates and joint venture holdings	**17 159**	**16 969**
Interest expense from loans to associate and joint venture holdings	**44**	**4 724**

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Related party transactions continued

For the year to 31 March 2021, the group received income from an associate in the group of £0.9million (2020: 0.9 million) predominantly related to premises sublease income (which ceased during the year) and lease guarantee income. The group also has £5.7 million (2020: £nil) of customer accounts (deposits), derivative financial instruments valued at £0.6 million (2020: £nil) and a £0.5million receivable (2020: £nil) for this associate. In addition, a lease guarantee of £8.0 million (31 March 2021: £nil) has been provided by the group to this associate.

The above arose from the ordinary course of business and are on the same terms, including interest rates and security, as for comparable transactions with third party counterparties.

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Restatements

Income statement restatements

Interest income and fee and commission income restatement

During the year to 31 March 2021, management identified that revenue relating to services rendered to customers (for the facilitation of import and export transactions) was previously reported within interest income rather than within fee and commission income.

As a result, interest income and fee and commission income for the prior year have been restated. The restatement has no impact on total operating income in the income statement, earnings per share (basic and diluted), headline earnings, the statement of cash flows and the balance sheet.

The impact of the restatement on the 31 March 2020 income statement is:

£'000	Year to 31 March 2020 as previously reported	Reclassification	Year to 31 March 2020 restated
Interest income	2 698 420	(14 435)	2 683 985
Fee and commission income	837 590	14 435	852 025

Depreciation on operating leased assets

Depreciation on operating leased assets of £0.6 million (31 March 2020: £1.4 million), which was previously reported as a separate line item on the income statement, has been included in operating costs.The prior year has been restated to reflect the same basis.

Amortisation of acquired intangibles of associates

Amortisation of acquired intangibles of associates of £9.3 million (31 March 2020: £0.5 million) was previously reported in the line item amortisation of acquired intangibles on the income statement. In the current year it has been reported on a separate line item on the income statement being amortisation of acquired intangibles of associates. The prior year has been restated to reflect the same basis.

Balance sheet restatements

Current taxation assets and other assets

Current taxation assets of £60.3 million (31 March 2020: £6.6 million), which were previously reported within other assets, are now reported as a separate line item in accordance with IAS 1 Presentation of Financial Statements. The prior year has been re-presented to reflect the same basis.

Software and Other acquired intangible assets

Software of £12.6 million (31 March 2020: £14.6 million), which was previously reported within intangible assets, is now reported as a separate line item. The prior year has been re-presented to reflect the same basis.

Perpetual preference share capital and premium

Perpetual preference share premium of £174.1 million (31 March 2020: £168.5 million), which was previously reported within share premium, is now reported within Perpetual preference share capital and premium. The prior year has been re-presented to reflect the same basis.

The re-presentation of software and the perpetual preference share premium was done to provide users enhanced clarity on the values used to calculate net asset values and the various ROE ratios.

Gilts and Total Return Swaps reclassification

As at 31 March 2021, amounts previously reported within sovereign debt securities, derivative financial instruments and securities arising from trading activities have been corrected to present them as reverse repurchase agreements and cash collateral on securities borrowed. This change in accounting treatment has been made where sovereign debt securities have been purchased at the same time as total return swaps with the same counterparty, such that the combined position has the economic substance similar to secured lending. The prior year balance sheet has been restated to give a consistent presentation. This change has no impact on the Income Statement.

The impact of this change on the 31 March 2020 and 31 March 2019 balance sheet is:

£'000	At 31 March 2020 as previously reported	Reclassification	At 31 March 2020 restated
Assets			
Reverse repurchase agreements and cash collateral on securities borrowed	2 964 603	831 576	3 796 179
Sovereign debt securities	4 593 893	(603 712)	3 990 181
Derivative financial instruments	2 034 399	(400)	2 033 999
Securities arising from trading activities	1 044 445	(326 048)	718 397
Total assets	**50 656 316**	**(98 584)**	**50 557 732**
Liabilities			
Derivative financial instruments	2 248 849	(98 584)	2 150 265
Total liabilities	**45 758 684**	**(98 584)**	**45 660 100**

NOTES TO THE SUMMARY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Restatements continued

£'000	At 31 March 2019 as previously reported	Reclassification	At 31 March 2019 restated
Assets			
Reverse repurchase agreements and cash collateral on securities borrowed	1 768 748	660 017	2 428 765
Sovereign debt securities	4 538 223	(318 798)	4 219 425
Derivative financial instruments	1 034 166	(326)	1 033 840
Securities arising from trading activities	1 859 254	(369 104)	1 490 150
Total assets	**57 724 212**	**(28 211)**	**57 696 001**
Liabilities			
Derivative financial instruments	1 277 233	(28 211)	1 249 022
Total liabilities	**707 692**	**(28 211)**	**679 481**

Cash flow statement restatements

As at 31 March 2021, amounts previously reported within loans and advances to banks have been correctly presented as cash and cash equivalents. This change has been made to include items previously reported as loans and advances to banks identified as short term in nature, with a maturity date of less than three months, which therefore meet the definition of cash and cash equivalents. In the prior year, non-cash flow items related to taxation was included in determining taxation paid. These amounts were corrected in the current year. Non-cash movements relating to the share based payments expense were previously reported net of cash and deferred tax movements, which have now been reported gross. These amounts have been corrected in the current year.

The prior year has been restated as follows:

£'000	Year to 31 March 2020 as previously reported	Restatement	Year to 31 March 2020 restated
Operating profit adjusted for non-cash and non-operating items	761 906	13 488	775 394
Taxation paid	(214 094)	120 139	(93 955)
(Increase)/decrease in operating assets	(5 795 856)	57 421	(5 738 435)
Increase in operating liabilities	5 715 897	(70 373)	5 645 524
Net cash inflow from operating activities	467 853	120 675	588 528
Net cash outflow from investing activities	(350 855)	—	(350 855)
Net cash outflow from financing activities	(603 247)	(13 488)	(616 735)
Effects of exchange rate changes on cash and cash equivalents	(435 149)	(18 783)	(453 932)
Net (decrease)/increase in cash and cash equivalents	**(921 398)**	**88 404**	**(832 994)**
Cash and cash equivalents at the beginning of the year	7 115 106	814 418	7 929 524
Cash and cash equivalents at the end of the year	**6 193 708**	**902 822**	**7 096 530**

Events after the reporting period

The group owns a 47.4% stake in IEP and accounts for the investment as an interest in associated undertakings by using the equity accounted method. During the year, the group's share of profit attributable to ordinary shareholders and movements in other comprehensive income was equity accounted for at the 47.4% stake owned by the group. The IEP annual financial statements were completed and signed on 2 June 2021 and in the statement of changes in equity, a direct reduction of ordinary equity was identified of £42.4 million. The reduction mainly relates to the accounting for disposals and acquisitions of certain subsidiary entities' equity shares to and from non-controlling shareholders at agreed values. As a result, the excess purchase consideration above consolidated net asset values of the related subsidiaries is recognised as a direct debit against equity (which will be recycled to profit and loss on realisation of the subsidiary). As a result of these transactions, the Investec group had to account for its share in the reduction in equity by reducing the carrying value of IEP investment and by reducing equity by £20.1 million.

The group has also considered the impact of subsequent events that would be considered non-adjusting, such as changes in the key management assumptions detailed in the accounting policies. Despite the uncertainty caused by the COVID-19 pandemic, management is satisfied that there were no such items identified of sufficient significance to warrant additional disclosure. The group is not aware of any other events after the reporting date as defined by IAS 10 Events after the Reporting Period, that would require the financial statements to be adjusted or which would require additional disclosures.

GLOSSARY

AFS	Available for sale
AGM	Annual general meeting
AI	Artificial Intelligence
AIRB	Advanced Internal Ratings-Based
ALCO	Asset and Liability Committee
AOP	Adjusted operating profit
AT1	Additional Tier 1
BASA	Banking Association of South Africa
BBLS	Bounce Back Loan Scheme
BCBS	Basel Committee of Banking Supervision
BID	Belonging, Inclusion and Diversity
BIS	Bank for International Settlements
BoE	Bank of England
BOM	Bank of Mauritius
BRCC	Board Risk and Capital Committee
BSE	Botswana Stock Exchange
CA	Chartered Accountant
CAM	Combined Assurance Matrix
CBILS	Coronavirus Business Interruption Loan Scheme
CDO	Collateralised debt obligation
CEO	Chief Executive
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CLBILS	Coronavirus Large Business Interruption Loan Scheme
CLF	Committed liquidity facility
CLO	Collateralised loan obligation
CLR	Credit loss ratio
CMD	Capital Markets Day
COO	Chief Operating Officer
COVID	Corona Virus Disease
CPI	Consumer Price Index
CPR	Conditional prepayment rate
CRDIV (BASEL III)	Capital Requirements Directive IV
CRO	Chief Risk Officer
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
CVA	Credit value adjustment
DCF	Discounted cash flow
DLC	Dual listed company
DLC BRCC	DLC Board Risk and Capital Committee
DLC Nomdac	DLC Nominations and Directors Affairs Committee
DLC Remco	DLC Remuneration Committee
DLC SEC	DLC Social and Ethics Committee
DMRE	Department of Mineral Resources and Energy
EAD	Exposure at default
EBA	European Banking Authority
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECB	European Central Bank
ECL	Expected credit losses
EDT	Entrepreneurship Development Trust
EE	Employment equity
EP	Equator Principles
EPS	Earnings per share
ERRP	Economic Reconstruction and Recovery Plan
ERV	Expected rental value
ES	Expected shortfall
ESG	Environmental, social and governance
EQAR	Engagement Quality Assurance Review
EU	European Union
EVT	Extreme value theory
FCA	Financial Conduct Authority
FIRB	Foundation Internal Ratings Based
FRC	Financial Reporting Council
FTA	Foreign Trade Agreement
FSB	Financial Services Board
FSC	Financial Sector Code
FSCS	Financial Services Compensation Scheme
FUM	Funds under management
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit and loss
GBV	Gender-based violence
GCCE	Gross credit and counterparty exposure
GDP	Gross Domestic Product
GDPR	General Data Protection Plan
GHG	Greenhouse Gas
Group ERC	Group Executive Risk Committee
HNW	High net worth
HR	Human resources
IAM	Investec Asset Management
IAPF	Investec Australia Property Fund
IASB	International Accounting Standards Board
IAS	International Accounting Standards
IBL	Investec Bank Limited
IBL BRCC	IBL Board Risk and Capital Committee
IBL ERC	IBL Executive Risk Committee
IBM	Investec Bank Mauritius
IBOR	Interbank offered rate
IBP	Investec Bank plc
IBP BRCC	IBP Board Risk and Capital Committee
IBP ERC	IBP Executive Risk Committee
ICAAP	Internal Capital Adequacy Assessment Process
IEP	IEP Group
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standard
IFWG	Intergovernmental Fintech Working Group
IIA	Institute of Internal Auditors
IIF	Institute of International Finance
ILAAP	Internal Liquidity Adequacy Assessment Process
IPF	Investec Property Fund
IPRE	Income Producing Real Estate
IRBA	International Regulatory Board for Auditors
ISAs (UK)	International Standards on Auditing (UK)
IT	Information technology

GLOSSARY
CONTINUED

IWT	Illegal wildlife trade
IW&I	Investec Wealth & Investment
JSE	Johannesburg Stock Exchange
L&D	Learning and development
LCR	Liquidity Coverage Ratio
LGD	Loss given default
LHS	Left hand side
LIBOR	London Inter-Bank Offered Rate
LSE	London Stock Exchange
LTI	Long-term incentive
MAFR	Mandatory Audit Firm Rotation
MD	Managing Director
MiFID	Markets in Financial Instruments Directive
MLRO	Money Laundering Reporting Officer
MREL	Minimum Requirements for Own Funds and Eligible Liabilities
MW	Megawatt
NAV	Net asset value
NBFI	Non-Banking Financial Institution
NCI	Non-controlling interests
NGO	Non-governmental organisation
NPO	Non-profit organisation
NSFR	Net Stable Funding Ratio
NSX	Namibian Stock Exchange
OCI	Other comprehensive income
OECD	Organisation for Economic Co-operation and Development
OTC	Over the counter
PBT	Profit before tax
PCAF	Partnership for Carbon Accounting Financials
PD	Probability of default
PPE	Personal Protective Equipment
PRA	Prudential Regulation Authority
REIT	Real Estate Investment Trust
RHS	Right hand side
RLS	Recovery Loan Scheme
RMIPPP	Risk Mitigation Independent Power Producer Procurement Programme
ROE	Return on equity
RORWA	Return on risk-weighted assets
ROTE	Return on tangible equity
ROU	Right of use asset
RPI	Retail Price Index
RRP	Recovery Resolution Plan
RWA	Risk-weighted asset
S&P	Standard & Poor's
SA	South Africa
SAMLIT	South African Anti-Money Laundering Integrated Task Force
SARS	South African Revenue Service
SDGs	Sustainable Development Goals
SICR	Significant increase in credit risk
SID	Senior independent director
SIDSSA	Sustainable Infrastructure Development Symposium South Africa
SME	Small and Medium-sized Enterprises
SMMEs	Small, Medium & Micro Enterprises
South African PA	South African Prudential Authority (previously known as the Banking Supervision Division of the South African Reserve Bank)
SOE	State-Owned Enterprise
SPPI	Solely payments of principal and interest
STI	Short-term incentive
sVaR	Stressed VaR
TAS	Targeted Attack Simulation
TCFD	Task Force on Climate-related Financial Disclosures
tCO_2e	Tonnes of CO_2 emissions
TDI	Tolerance and Diversity Institute
TFSME	Bank of England Term Funding Scheme for Small and Medium Enterprises
TNAV	Tangible net asset value
TSR	Total shareholder return
UK	United Kingdom
UKLA	United Kingdom Listing Authority
UN	United Nations
UN GISD	United Nations Global Investment for Sustainable Development
UNEP FI	United Nations Environment Programme Finance Initiative
UNGC	United Nations Global Compact
UNPRB	United Nations Principles for Responsible Banking
UNPRI	United Nations Principles for Responsible Investment
US	United States
W&I	Wealth & Investment
VaR	Value at Risk
WACC	Weighted average cost of capital
YES	Youth Employment Service

ALTERNATIVE PERFORMANCE MEASURES

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. 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. External auditors Ernst & Young Inc. performed a review of the pro-forma financial information and the opinion is available for inspection at the registered office of Investec upon request.

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 168 to 170 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 168 to 170 for calculation

Adjusted operating profit

Refer to the calculation in the table below:

£'000	31 March 2021	31 March 2020
Operating profit before goodwill, acquired intangibles and strategic actions	377 110	487 111
Loss/(Profit) attributable to other non-controlling interests	472	(67 952)
Adjusted operating profit	**377 582**	**419 159**

Adjusted operating profit per employee

Adjusted operating profit divided by average total employees including permanent and temporary employees

Refer to page 46 for calculation

Annuity income

Net interest income plus net annuity fees and commissions

Refer to pages 55 to 57 of volume three of the Investec group's 2021 integrated annual report

Core loans

The table below describes the differences between 'loans and advances to customers' as per the balance sheet and gross core loans

	UK and Other		Southern Africa		Total group	
£'million	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Loans and advances to customers per the balance sheet	12 336	11 872	13 705	12 716	26 041	24 588
Add: own originated loans and advances to customers per the balance sheet	—	—	402	325	402	325
Add: ECL held against FVOCI loans reported on the balance sheet within reserves	(5)	(2)	—	—	(5)	(2)
Net core loans	**12 331**	**11 870**	**14 107**	**13 041**	**26 438**	**24 911**
of which subject to ECL*	11 819	11 217	14 030	12 933	25 849	24 150
Net core loans at amortised cost and FVOCI	11 819	11 217	12 935	11 998	24 754	23 215
Net fixed rate loans designated at FVPL (on which ECL is calculated for management purposes)^	—	—	1 095	935	1 095	935
of which FVPL (excluding fixed rate loans above)	512	653	77	108	589	761
Add: ECL	170	175	134	152	304	327
Gross core loans	**12 501**	**12 045**	**14 241**	**13 193**	**26 742**	**25 238**
of which subject to ECL*	11 989	11 392	14 164	13 085	26 153	24 477
of which FVPL (excluding fixed rate loans above)	512	653	77	108	589	761

^ These are fixed rate loans which have passed the solely payments of principal and interest test (SPPI) and are held in a business model to collect contractual cash flows but have been designated at FVPL to eliminate accounting mismatches (interest rate risk is being economically hedged). The underlying loans have been fair valued and management performs an ECL calculation in order to obtain a reasonable estimate of the credit risk component. The portfolio is managed on the same basis as gross core loans measured at amortised cost. The drawn (£1.1 billion) exposure falls predominantly into Stage 1 (consistent throughout the period) (31 March 2020: £0.9 billion). The ECL on the portfolio is £5.2 million (31 March 2020: £3.0 million).

* Includes portfolios for which ECL is not required for IFRS purposes, but for which management evaluates on this basis.

ALTERNATIVE PERFORMANCE MEASURES
CONTINUED

Core loans to equity ratio	Net core loans divided by total shareholders' equity per the balance sheet
Cost to income ratio	Refer to calculation in the table below:

£'000	**31 March 2021**	31 March 2020
Operating costs (A)^	1 164 513	1 186 427
Total operating income before expected credit losses	1 641 061	1 806 839
Loss/(Profit) attributable to other non-controlling interests	472	(67 952)
Total (B)	1 641 533	1 738 887
Cost to income ratio (A/B)	**70.9%**	**68.2%**

Coverage ratio	ECL as a percentage of gross core loans subject to ECL
Credit loss ratio	ECL impairment charges on core loans as a percentage of average gross core loans subject to ECL
Dividend payout ratio	Ordinary dividend per share divided by adjusted earnings per share
Gearing ratio	Total assets excluding assurance assets divided by total equity
Loans and advances to customers as a % of customer deposits	Loans and advances to customers as a percentage of customer accounts (deposits)
Net tangible asset value per share	Refer to calculation on page 46
Net interest margin	Interest income net of interest expense, divided by average interest-earning assets Refer to calculation on page 55 of volume three of the Investec group's 2021 integrated annual report
Return on average assets	Adjusted earnings attributable to ordinary shareholders divided by average total assets excluding assurance assets
Return on average ordinary shareholders' equity (ROE)	Refer to calculations on pages 41 to 43
Return on average tangible ordinary shareholders' equity	Refer to calculations on pages 41 to 43
Return on risk-weighted assets	Adjusted earnings attributable to ordinary shareholders divided by average risk-weighted assets, where risk-weighted assets is calculated as the sum of risk-weighted assets for Investec plc and Investec Limited (converted into Pound Sterling) As reflected on page 46
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)

^ Restated as detailed in restatement note on pages 200 to 201.

Profit Forecast
The following matter highlighted in the CFO report contains forward-looking statements:

- Adjusted EPS is expected to be between 36p and 41p in FY2022.

The basis of preparation of this statement and the assumptions upon which it was based are set out below. This statement is subject to various risks and uncertainties and other factors – these factors may cause the group's actual future results, performance or achievements in the markets in which it operates to differ from those expressed in this Profit Forecast.

Any forward looking statements made are based on the knowledge of the group at 22 June 2021.

This forward looking statement represents a profit forecast under the Listing Rules. The Profit Forecast relates to the year ending 31 March 2022.

The financial information on which the Profit Forecast was based is the responsibility of the directors of the group and has not been reviewed and reported on by the group's auditors.

Basis of preparation
The Profit Forecast has been properly compiled using the assumptions stated below, and on a basis consistent with the accounting policies adopted in the group's 31 March 2021 financial statements, which are in accordance with IFRS.

ALTERNATIVE PERFORMANCE MEASURES
CONTINUED

Assumptions
The Profit Forecast has been prepared on the basis of the following assumptions during the forecast period:

Factors outside the influence or control of the Investec board:

- There will be no material change in the political and/or economic environment that would materially affect the Investec group.
- There will be no material change in legislation or regulation impacting on the Investec group's operations or its accounting policies.
- There will be no business disruption that will have a significant impact on the Investec group's operations, whether for COVID-19 or otherwise.
- The Rand: Pound Sterling and US Dollar: Pound Sterling exchange rates and the tax rates remain materially unchanged from the prevailing rates detailed above.
- There will be no material changes in the structure of the markets, client demand or the competitive environment.

Estimates and judgements
In preparation of the Profit Forecast, the group makes estimations and applies judgement that could affect the reported amount of assets and liabilities within the reporting period. Key areas in which judgement is applied include:

- Valuation of unlisted investments primarily in the private equity, direct investments portfolios and embedded derivatives. Key valuation inputs are based on the most relevant observable market inputs, adjusted where necessary for factors that specifically apply to the individual investments and recognising market volatility.
- The determination of ECL against assets that are carried at amortised cost and ECL relating to debt instruments at fair value through other comprehensive income (FVOCI) involves the assessment of future cash flows which is judgmental in nature.
- Valuation of investment properties is performed by capitalising the budget net income of the property at the market related yield applicable at the time.
- The group's income tax charge and balance sheet provision are judgmental in nature. This arises from certain transactions for which the ultimate tax treatment can only be determined by final resolution with the relevant local tax authorities. The group recognises in its tax provision certain amounts in respect of taxation that involve a degree of estimation and uncertainty where the tax treatment cannot finally be determined until a resolution has been reached by the relevant tax authority. The carrying amount of this provision is often dependent on the timetable and progress of discussions and negotiations with the relevant tax authorities, arbitration processes and legal proceedings in the relevant tax jurisdictions in which the group operates. Issues can take many years to resolve and assumptions on the likely outcome would therefore have to be made by the group.
- Where appropriate, the group has utilised expert external advice as well as experience of similar situations elsewhere in making any such provisions. Determination of interest income and interest expense using the effective interest rate method involves judgement in determining the timing and extent of future cash flows.

DEFINITIONS

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 168 to 170 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 168 to 170 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.

Funds under management
Consists of funds managed by the Wealth & Investment business and by the Property business (which forms part of the Specialist Bank).

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 168 to 170 for the calculation of headline earnings per share.

Interest-bearing liabilities
Deposits by banks, debt securities in issue, repurchase agreements and cash collateral on securities lent, customer accounts (deposits), subordinated liabilities, liabilities arising on securitisation of own originated loans and advances, and finance lease liabilities. Refer to page 55 of volume three of the Investec group's 2021 integrated annual report for calculation.

Interest-earning assets
Cash and near cash, bank debt securities, sovereign debt securities, core loans, other debt securities, other loans and advances, other securitised assets, and finance lease receivables. Refer to page 55 of volume three of the Investec group's 2021 integrated annual report for calculation.

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) excluding treasury shares, multiplied by the closing share price of Investec plc on the London Stock Exchange.

Net-zero
Balancing the amount of emitted greenhouse gases with equivalent emissions that are either offset or sequestered.

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.

Structured credit
Reflects the gross exposure of rated and unrated structured credit classified within other debt securities and other loans and advances on the balance sheet. Refer to page 59 of volume two of the Investec group's 2021 integrated annual report for detail.

Subject to ECL
Includes financial assets held at amortised cost and FVOCI as well as designated at FVPL loan portfolios for which ECL is not required for IFRS purposes, but for which management evaluates on this basis.

Total group
Total group represents the group's results including the results of discontinued operations in the prior period.

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 168 to 170.

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Nishlan Samujh (Group Finance Director)
Richard Wainwright (Executive director)
Ciaran Whelan (Executive director)

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Zarina Bassa (Senior independent director)
Henrietta Baldock
David Friedland
Philip Hourquebie
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Stephen Koseff
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