OUT OF THE ORDINARY

Investec

Distinct
Agile
Resilient

Corporate profile 2021

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.

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

About this corporate profile
This corporate profile serves as a reference for the investment community and other interested parties. It provides an introduction to Investec and offers a simple yet comprehensive handbook of relevant information to assist anyone wishing to know more about us. This report is based on our latest available year-end financial figures (31 March 2021) and is updated annually.

Additional information
The corporate profile should be read together with other information we publish, including the full 2021 integrated annual report and the 2021 integrated annual review and summary annual financial statements.

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

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

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

For queries regarding information in this document:

Investor relations
Tel: (27) 11 286 7070
(44) 20 7597 5546
Email: investorrelations@investec.com

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

CONTENTS

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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

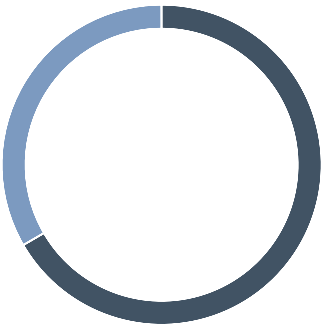
40+ years of heritage. Two core geographies. One Investec.

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

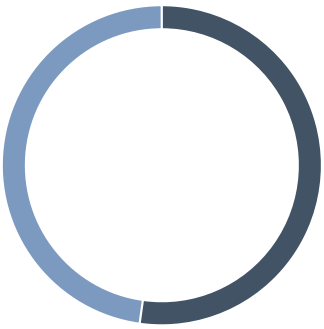
£377.6mn



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 49 to 75 in volume one of the Investec group's 2021 integrated annual report

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

Read more about our stakeholder engagement on pages 23 to 30 in volume one of the Investec group's 2021 integrated annual report

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.

OUR CREDIT RATINGS

In terms of our DLC structure, creditors are ring-fenced to either Investec Limited or Investec plc as there are no cross-guarantees between the companies. Capital and liquidity are prohibited from flowing between the two entities and thus capital and liquidity are not fungible. As a result, the rating agencies have assigned separate ratings to the significant banking entities within the group, namely Investec Bank plc (IBP) and Investec Bank Limited (IBL). Rating agencies have also assigned ratings to the holding companies, namely, Investec plc and Investec Limited. In South Africa, adjustments in the sovereign rating lead to an automatic adjustment in the ratings of the major banks in the country, as it is generally accepted that a bank cannot have a higher rating than the sovereign of the country in which it operates. Our ratings at 22 June 2021 were as follows:

Rating agency	Investec Limited	IBL A subsidiary of Investec Limited	Investec plc	IBP A subsidiary of Investec plc
Fitch				
Long-term ratings				
Foreign currency	BB-	BB-		BBB+
National		AA+(zaf)		
Short-term ratings				
Foreign currency	B	B		F2
National		F1+(zaf)		
Outlook	Negative	Negative		Negative
Moody's				
Long-term ratings				
Foreign currency		Ba2	Baa1	A1
National		Aa1.za		
Short-term ratings				
Foreign currency		NP	P-2	P-1
National		P-1.(za)		
Outlook		Negative	Stable	Stable
S&P				
Long-term ratings				
Foreign currency		BB-		
National		za.AA		
Short-term ratings				
Foreign currency		B		
National		za.A-1+		
Outlook		Stable		
Global Credit Ratings				
Long-term ratings				
International scale, local currency		BB		BBB+
National scale		AA(za)		
Outlook		Negative		
Short-term ratings				
International scale, local currency				A2
National scale		A1+(ZA)		
Outlook				Stable

Further information on our credit ratings may be found on our website.

02

Our performance

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 43 to 45 in volume one of the Investec group's 2021 integrated annual report.

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

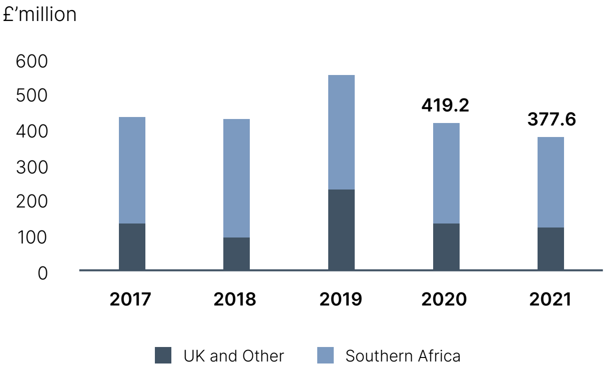
Financial highlights	FY2021	FY2020	Variance	% change	Neutral currency % change
Total operating income before expected credit losses (£'m)	1 641.1	1 806.8	(166.0)	(9.2%)	(4.4%)
Operating costs (£'m)	(1 164.5)	(1 186.4)	22.0	(1.8%)	2.4%
Adjusted operating profit (£'m)	377.6	419.2	(41.6)	(9.9%)	(2.4%)
Adjusted 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

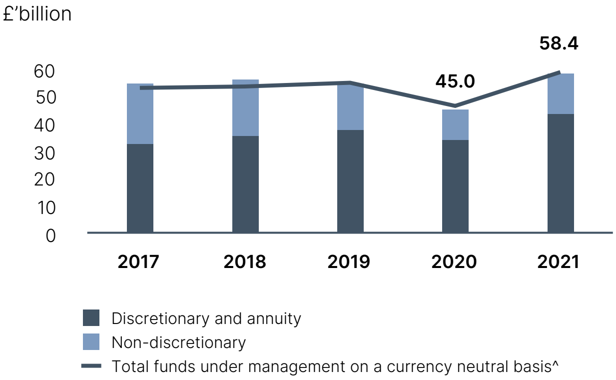
Adjusted operating profit (including group costs)



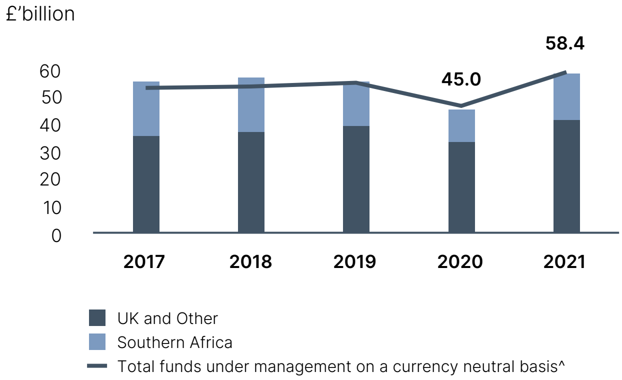
Adjusted operating profit (excluding group costs)

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

Funds under management



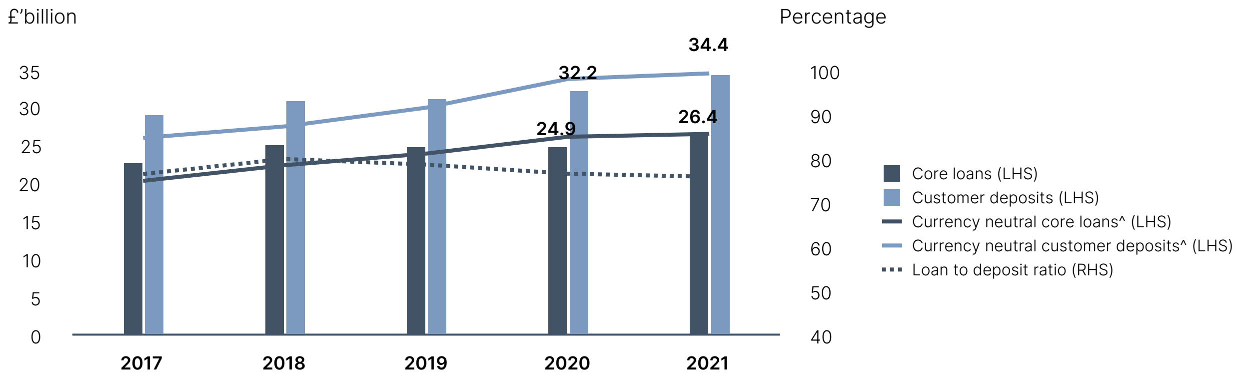
Funds under management by geography



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

CFO REPORT
CONTINUED

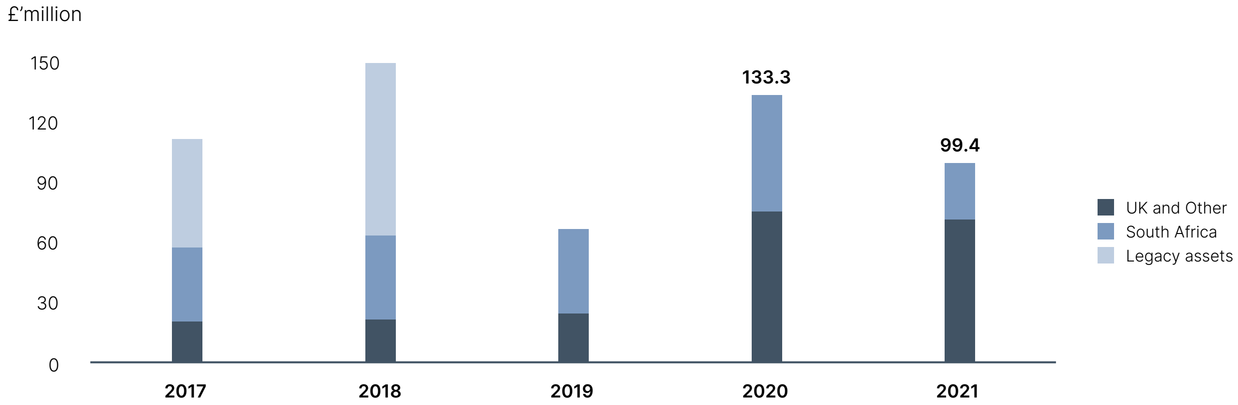
Core loans and customer deposits



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

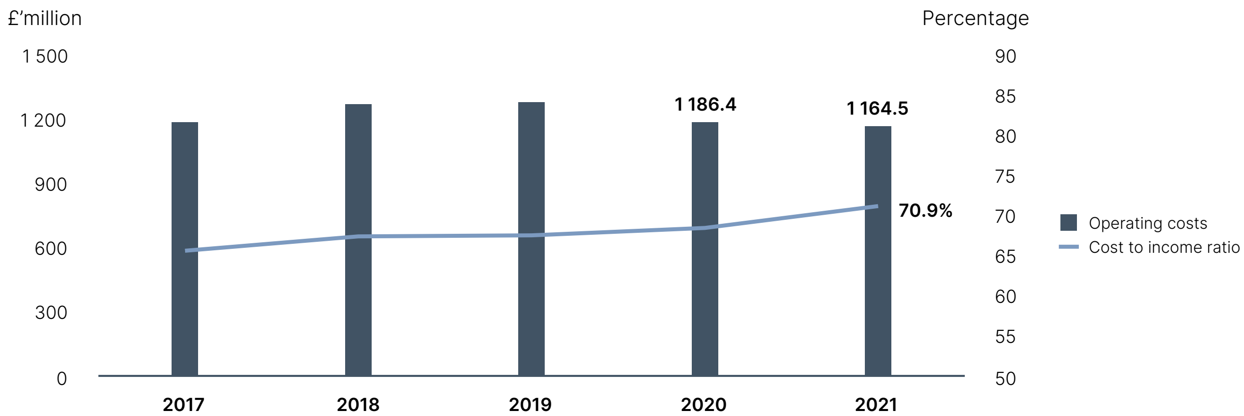
Lower credit losses reflect robust credit quality and higher recoveries in the current period

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



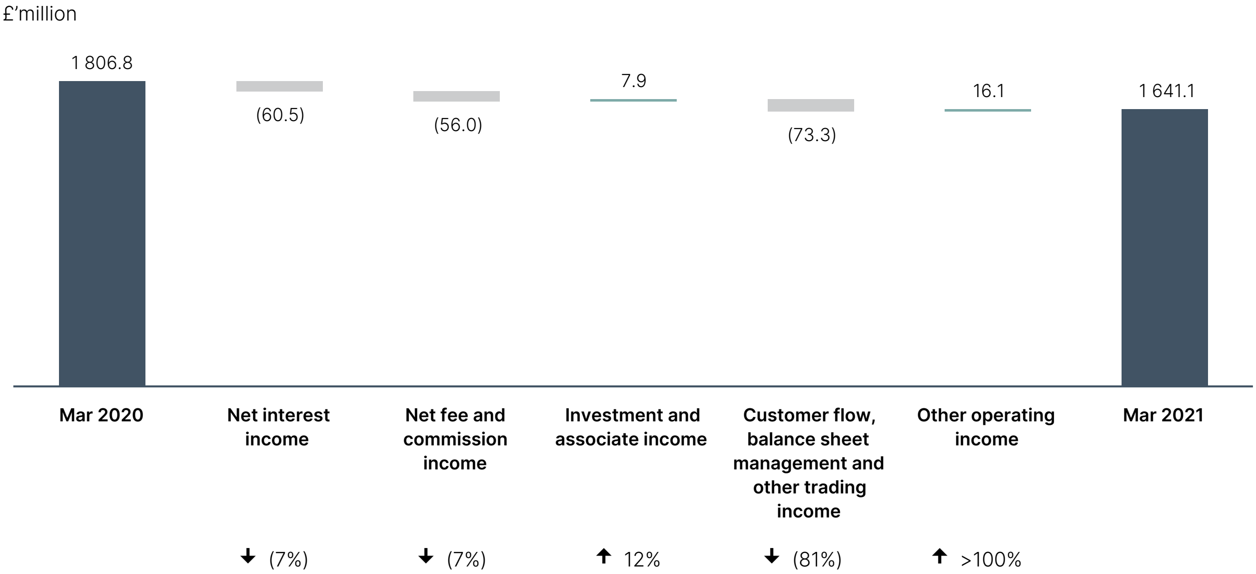
CFO REPORT
CONTINUED

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).

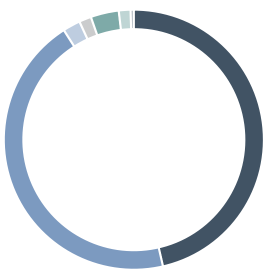
Total operating income before expected credit loss impairment charges

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



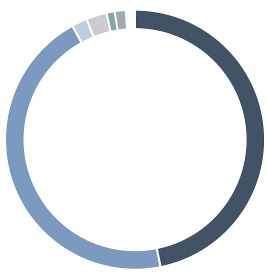
Percentage of total operating income before expected credit losses

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**

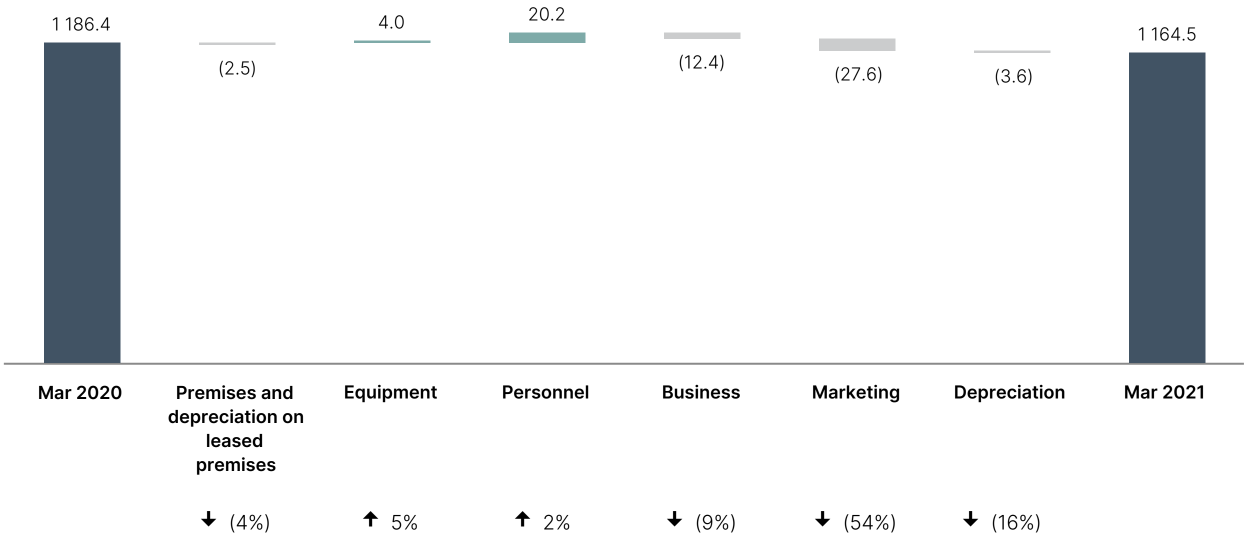
CFO REPORT
CONTINUED

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

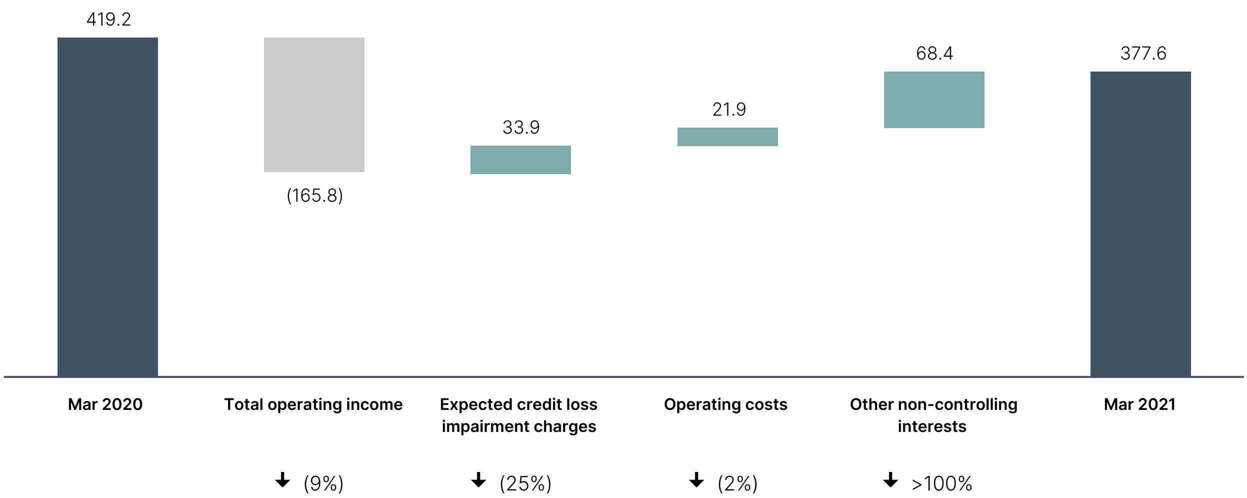
£'million



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.

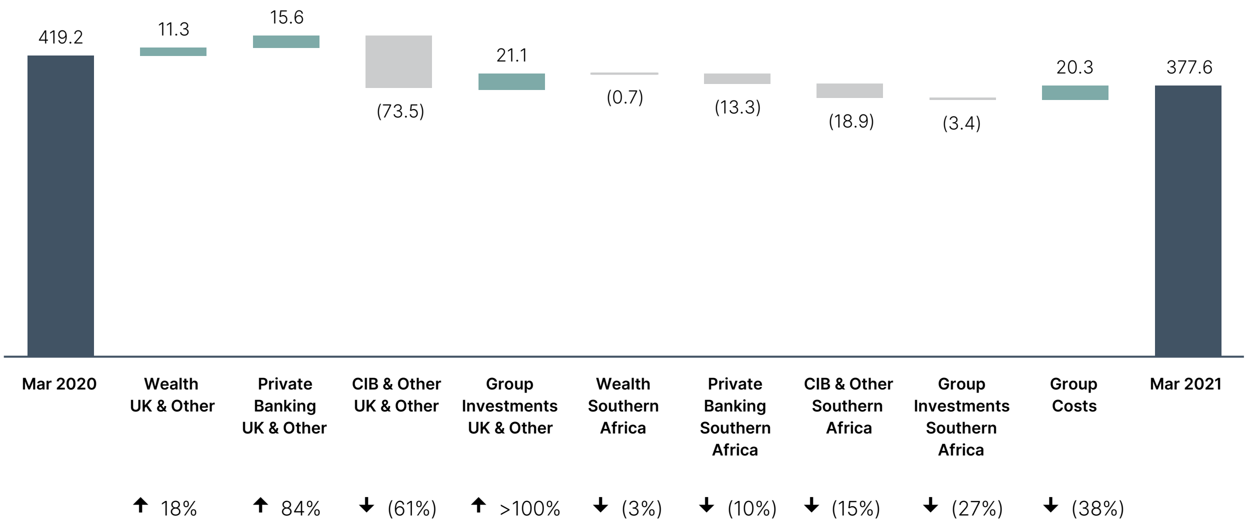
£'million



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

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.

VALUE CREATION

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

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

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 23 to 30 in volume one of the Investec group's 2021 integrated annual report

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

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

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

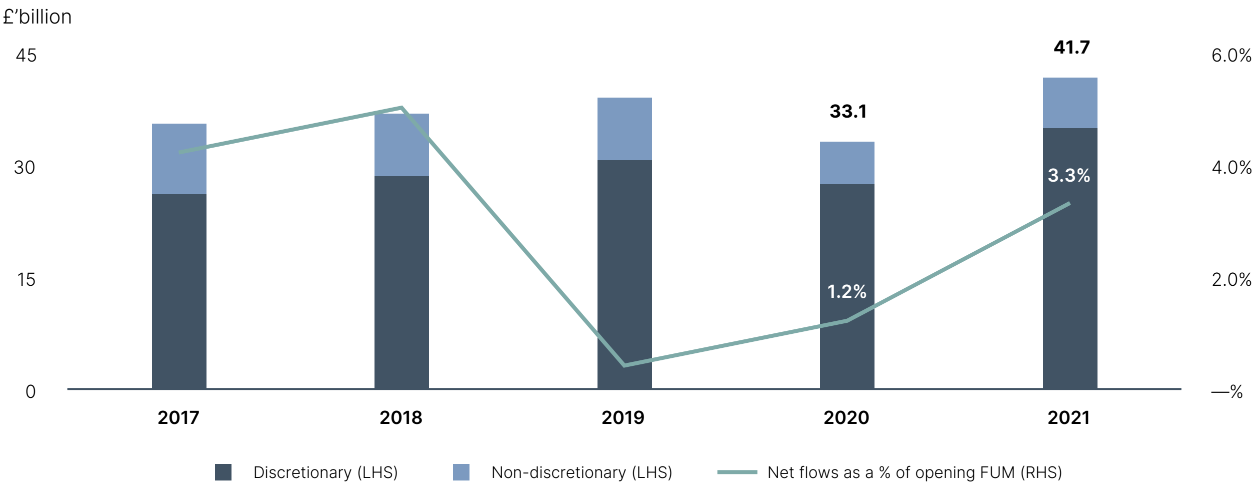
Business head
Ciaran Whelan

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%).

^ Refer to pages 54 and 55 in volume one of the Investec group's 2021 integrated annual report for more information on separately reporting the Switzerland business from the UK domestic business.

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).

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

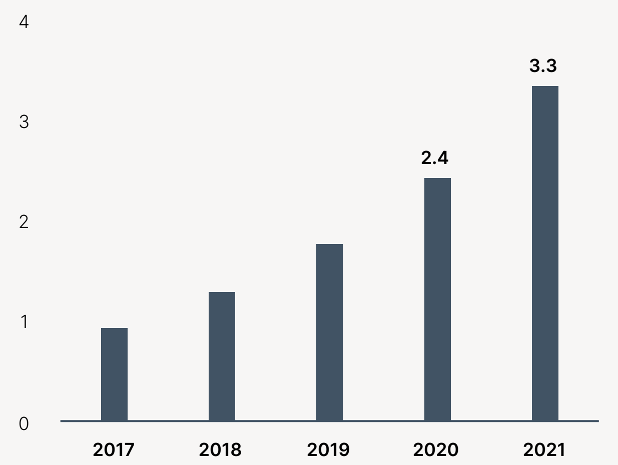
Our Private Banking business focuses on providing bespoke solutions underpinned by in-depth knowledge and understanding of our clients' aspirations and goals, supported by a broad private banking offering. We understand that every client is an individual, and that they are often active wealth creators 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

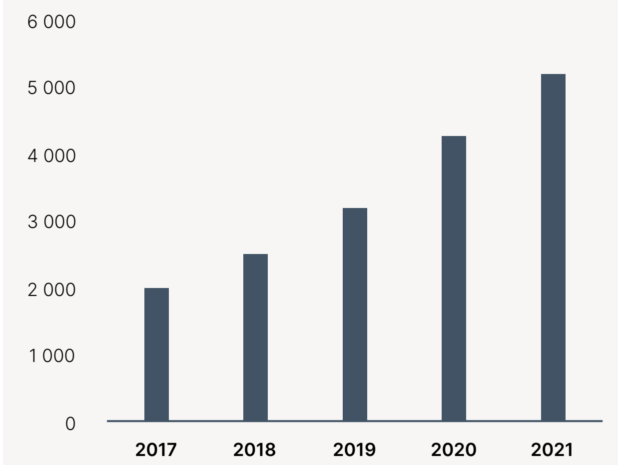
£'billion



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.

CORPORATE, INVESTMENT BANKING AND OTHER

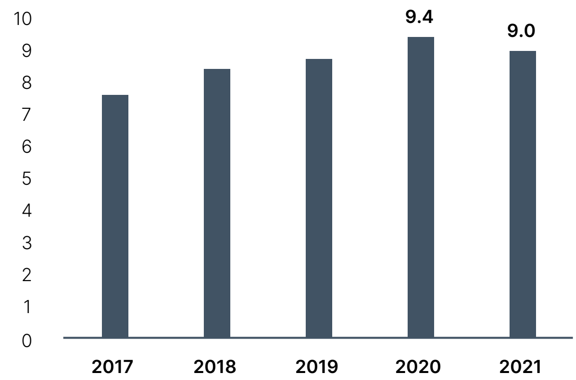
This segment comprises businesses that provide capital, advisory and risk management services to growth-orientated corporate clients in the private companies, private equity and listed companies arenas, including specialist sector-focused expertise. This segment also comprises our central treasury and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

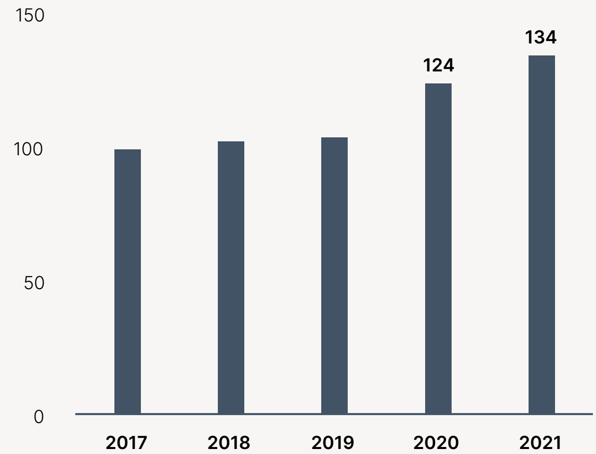
£'billion



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

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%**

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

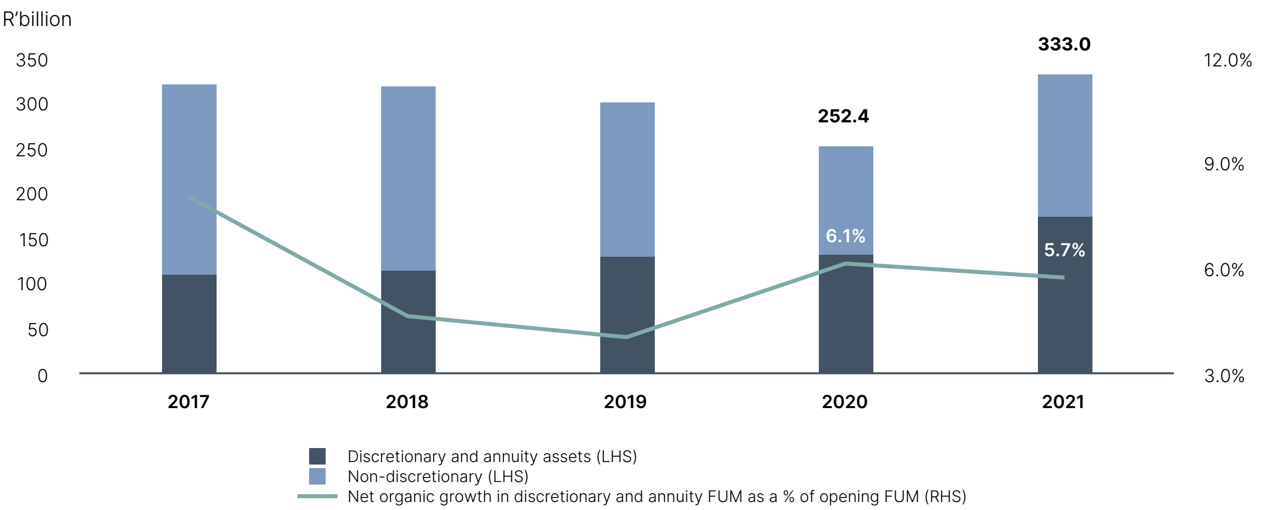
Voted 'Best Private Bank & Wealth Manager' by London's Financial Times – eight years in a row

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**

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)

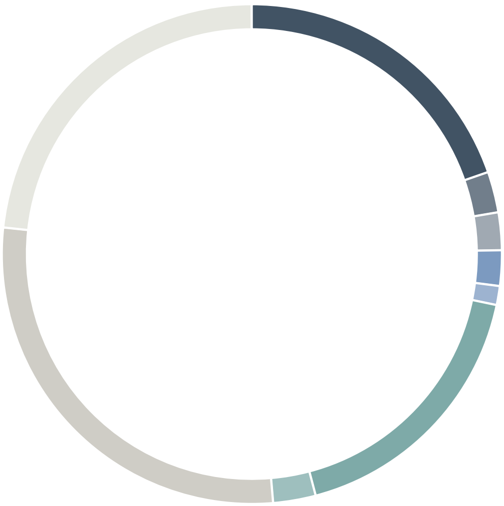
ROE post-tax
10.3%
(2020: 12.0%)

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.

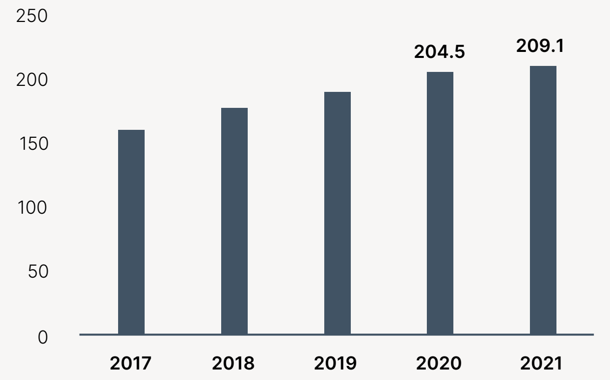
PRIVATE BANKING

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*

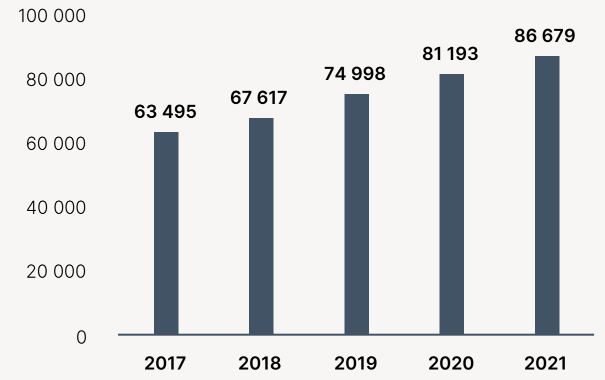
R'billion



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.

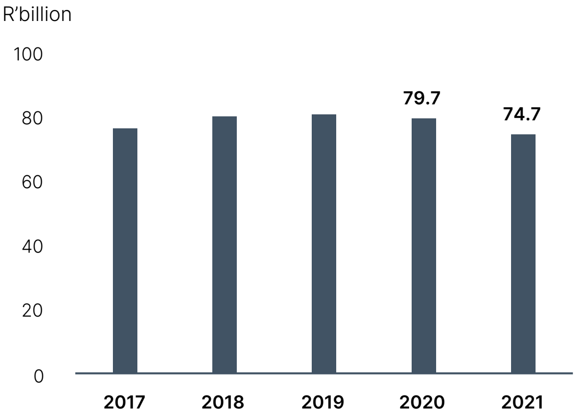
CORPORATE, INVESTMENT BANKING AND OTHER

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.

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 38). 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.

04

Additional information

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 120 to 122 in volume one of the Investec group's 2021 integrated annual report

STATEMENT FROM THE GROUP CHIEF RISK OFFICER
CONTINUED

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 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

Additional information: Refer to volume two of the Investec group's 2021 integrated annual report for detailed information on risk management, internal audit and compliance.

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 72. 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.

PRINCIPAL RISKS

An overview of the principal risks relating to our operations

The most material and significant risks we face, which the board and senior management believe could have an impact on our operations, financial performance, viability and prospects are summarised 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	Risk management and key mitigating actions
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	• 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	Risk appetite and tolerance metric	Positioning at 31 March 2021
Growth initiatives **Further information** Read more on page 25 in volume two of the Investec group's 2021 integrated annual report	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.	We maintained this risk tolerance level in place throughout the year.

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

Principal risk description	Risk management and key mitigating actions
The risk that our lending and investment activities give rise to unintended environmental (including climate change), social and economic consequences	• Investec has a holistic approach to 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	Risk appetite and tolerance metric	Positioning at 31 March 2021
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	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.	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	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.
Further information		
Read more on pages 67 to 78 in volume two of the Investec group's 2021 integrated annual report		

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	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.
Further information		
Read more on pages 73 to 78 in volume two of the Investec group's 2021 integrated annual report		

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

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 120 to 122 in volume one of the Investec group's 2021 integrated annual report

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 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 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

CORPORATE GOVERNANCE

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

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

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

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

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

Directorate of Investec plc and Investec Limited
details as at 22 June 2021

Perry Crosthwaite
Chair

Zarina Bassa
Senior independent director

Henrietta Baldock
Independent non-executive director

David Friedland
Independent non-executive director

Philip Hourquebie
Independent non-executive director

Charles Jacobs
Independent non-executive director

Stephen Koseff
Non-executive director

Lord Malloch-Brown
Independent non-executive director

Nicola Newton-King
Independent non-executive director

Jasandra Nyker
Independent non-executive director

Khumo Shuenyane
Independent non-executive director

Philisiwe Sibiya
Independent non-executive director

Brian Stevenson
Independent non-executive director

Fani Titi
Chief Executive

Nishlan Samujh
Group Finance Director

Richard Wainwright
Executive director

Ciaran Whelan
Executive director

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 92 in volume one of the Investec group's 2021 integrated annual report.

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 4 to 13.

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 23 to 33 in volume one of the Investec group's 2021 integrated annual report.

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 8.

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 87 in volume one of the Investec group's 2021 integrated annual report.

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 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 in 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 in 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 88 in volume one of the Investec group's 2021 integrated annual report.

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 83 in volume one of the Investec group's 2021 integrated annual report. Our statement of compliance with the King IV Code can be found on page 84 in volume one of the Investec group's 2021 integrated annual report.

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

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

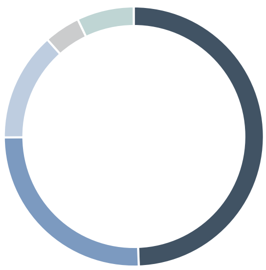
Number of shareholders	**Holdings**	% of total shareholders	Number of shares in issue	% of issued share capital
15 022	1 - 500	53.5%	2 494 271	0.4%
4 727	501 - 1 000	16.8%	3 593 762	0.5%
5 796	1 001 - 5 000	20.6%	12 771 853	1.8%
920	5 001 -10 000	3.3%	6 666 777	1.0%
907	10 001 - 50 000	3.2%	20 074 784	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%**

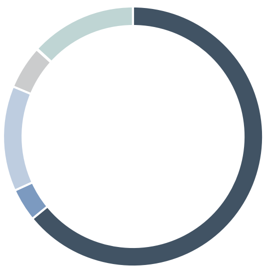
Geographical holding by beneficial ordinary shareholder as at 31 March 2021

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.

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 67 to 69 of volume three of the Investec group's 2021 integrated annual report for the reconciliation of earnings attributable to shareholders to adjusted earnings attributable to ordinary shareholders

Adjusted earnings per share

Adjusted earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year

Refer to pages 67 to 69 of volume three of the Investec group's 2021 integrated annual report 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 48 in volume one of the Investec group's 2021 integrated annual report for calculation

Annuity income

Net interest income plus net annuity fees and commissions

Refer to pages 55 to 57 of volume three in volume one 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 48 in volume one of the Investec group's 2021 integrated annual report
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 43 to 45 in volume one of the Investec group's 2021 integrated annual report
Return on average tangible ordinary shareholders' equity	Refer to calculations on pages 43 to 45 in volume one of the Investec group's 2021 integrated annual report
Return on risk-weighted assets	Adjusted earnings attributable to ordinary shareholders divided by average risk-weighted assets, where risk-weighted assets is calculated as the sum of risk-weighted assets for Investec plc and Investec Limited (converted into Pound Sterling) As reflected on page 48 in volume one of the Investec group's 2021 integrated annual report
Staff compensation to operating income ratio	All staff compensation costs expressed as a percentage of operating income before ECL (net of operating profits or losses attributable to other non-controlling interests)

^ Restated as detailed on pages 141 and 142 of volume three of the Investec group's 2021 integrated annual report.

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 67 to 69 of volume three of the Investec group's 2021 integrated annual report for the calculation of diluted earnings per share.

Earnings per share
Basic earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders in Investec plc and Investec Limited by the weighted average number of ordinary shares in issue during the year.

Refer to pages 67 to 69 of volume three of the Investec group's 2021 integrated annual report for the calculation of earnings per share.

Effective operational tax rate
Tax on profit on ordinary activities (excluding non-operating items) divided by operating profit before goodwill and acquired intangibles and excluding share of post-taxation profit of associates and joint venture holdings.

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 67 to 69 of volume three of the Investec group's 2021 integrated annual report 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 67 to 69 of volume three of the Investec group's 2021 integrated annual report.

CORPORATE INFORMATION

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Registration number 3633621

Investec Limited
Registration number 1925/002833/06

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Directorate as at 22 June 2021
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Nishlan Samujh (Group Finance Director)
Richard Wainwright (Executive director)
Ciaran Whelan (Executive director)

Non-executive directors
Perry Crosthwaite (Chair)
Zarina Bassa (Senior independent director)
Henrietta Baldock
David Friedland
Philip Hourquebie
Charles Jacobs
Stephen Koseff
Lord Malloch-Brown KCMG
Nicky Newton-King
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