INTERIM REPORT 2020

for the six months ended 30 September 2020

Investec

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Alternative performance measures

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

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

Page references

Refers readers to information elsewhere in this report.

Website

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

One Investec

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

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

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

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

Our long-term strategic focus:

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

Investec distinction

Client focused approach

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

Specialised strategy

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

Sustainable business

- Contributing to society, macro-economic stability and the environment
- Well-established brand
- Managing and positioning the group for the long term
- Balancing operational risk with financial risk while creating value for shareholders
- Cost and risk conscious.

Strong culture

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

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

These will enable us to simplify, focus and grow the business with discipline.

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

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

2 Principal geographies	2 Core areas of activity	8 500+ Employees
£25.2 billion Core loans	£32.6 billion Customer deposits	£52.0 billion Third party funds under management

Corporate / Institutional / Government / Intermediary

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

Specialist Banking	Wealth & Investment
Lending	Discretionary wealth management
Transactional banking	Investment advisory services
Treasury solutions	Financial planning
Advisory	Stockbroking / execution only
Investment activities	
Deposit raising activities	

We have market-leading distinctive client franchises

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

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

A bank and investment manager with nearly 40 years of heritage.

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

Our history

Since inception, we have expanded through a combination of substantial organic growth and a series of strategic acquisitions

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

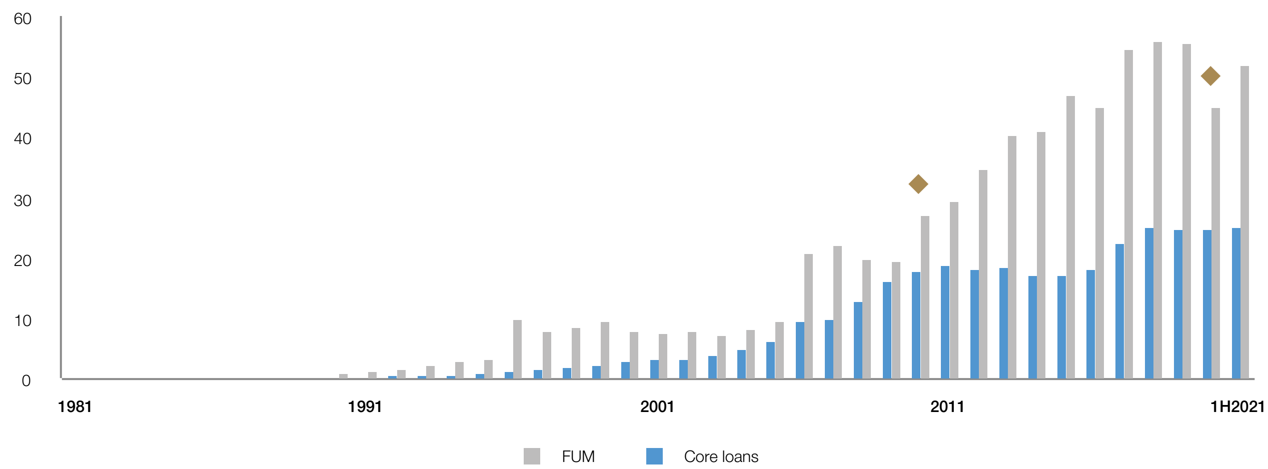
2003
We concluded a significant empowerment transaction in which our empowerment partners collectively acquired a 25.1% stake in the issued share capital of Investec Limited

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

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

FUM and core loans

£'billion



2010
Acquired Rensburg Sheppards

2020
Significantly impacted by currency and market movements related to the COVID-19 pandemic

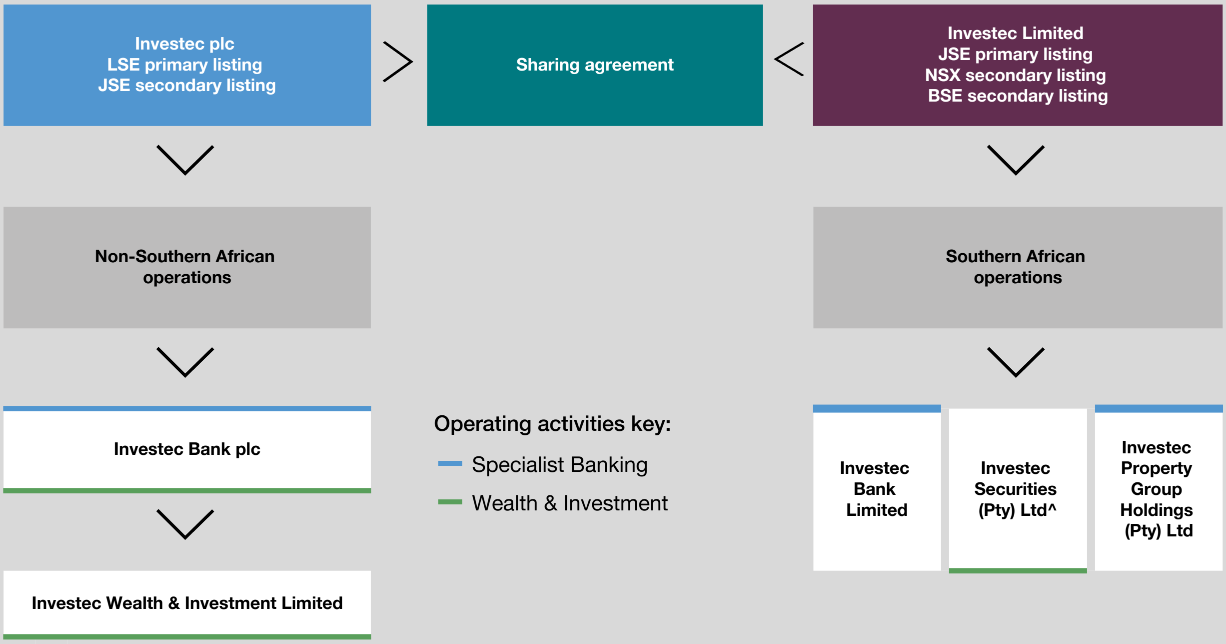
Note: All figures on this page relate to continuing operations.

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

In terms of our DLC structure, Investec Limited is the holding company of our businesses in South Africa and Mauritius, and Investec plc is the holding company of our non-Southern African businesses. Investec Limited is listed on the Johannesburg Stock Exchange Limited (JSE) South Africa (since 1986) and Investec plc on the LSE (since 2002).

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

Our DLC structure and main operating subsidiaries at 30 September 2020



^ Houses the Wealth & Investment business.

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

In March 2020, Investec completed the demerger and separate listing of Ninety One (formerly known as Investec Asset Management). 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.

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

Salient features of the DLC structure

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

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OVERVIEW OF RESULTS

Basis of presentation

This announcement covers the results of Investec plc and Investec Limited (together "the Investec group" or "Investec" or "the group") for the six months ended 30 September 2020 (1H2021). Following the group's demerger of Investec Asset Management (now Ninety One) in March 2020, the group's results for the six months ended 30 September 2019 have been restated to reflect the asset management business as a discontinued operation. Unless stated otherwise, comparatives relate to the group's continuing operations for the six-month period ended 30 September 2019 (1H2020). The comparability of 1H2021 to the prior period is impacted by the economic effects of COVID-19 which prevailed over the period under review.

Fani Titi, Chief Executive commented:

"The first half of the financial year has been characterised by difficult and volatile market and economic conditions attributed primarily to COVID-19. As a result, group adjusted operating profit of £142.5 million was 48.4% behind the prior period and adjusted basic earnings per share of 11.2p was 50.0% behind the prior period, albeit ahead of pre-close guidance. We are encouraged by the resilience of our loan book, the performance of our core franchises against a tough backdrop and progress made on our strategic objectives. Tangible net asset value per share increased by an annualised 10.4% and a dividend of 5.5p has been declared.

I would like to thank my Investec colleagues for their commitment through the first half of an unprecedented year – all have risen to the challenge, shown resilience, and continued to deliver the same high level of client engagement and service for which Investec is well known. We also thank our clients for their continued support as well the members of our communities on the frontlines for their efforts in curtailing the impact of the pandemic.

We entered this crisis from a position of strength and continue to have a strong capital, funding and liquidity position, leaving us well placed, both operationally and financially, to navigate this evolving environment for the benefit of our clients and other stakeholders."

Financial performance

Over the period, we operated within a challenging economic backdrop, impacted by COVID-19 and associated lockdowns particularly in the first three months. This resulted in reduced economic activity and increased market volatility. Interest rates were sharply lower, client activity declined, and the average Rand against the Pound Sterling depreciated 20.6% compared to the prior period.

- **Resilient client franchises:** Wealth & Investment reported net inflows of £336 million and growth in funds under management (FUM) of 14.9% since 31 March 2020 to £51.1 billion. The Specialist Banking business saw good client acquisition in both geographies. Net core loans grew 1.0% since 31 March 2020 to £25.2 billion, with strong loan book growth in the UK Private Banking business offset by subdued corporate lending activity in both geographies and higher repayments. Our client engagement has been consistent and proactive, leveraging off the various digital platforms at our disposal.
- **Operating income:** Total revenue declined by 24.0% (17.8% in neutral currency) compared to 1H2020. Net interest income decreased by 15.6% impacted primarily by lower interest rates. Non-interest revenue declined by 30.7% impacted by lower lending fees, subdued client transactional activity, and lower investment and associate income. Risk management and risk reduction costs related to hedging our structured products book resulted in trading income declining by 100.6%. We have and will continue to take active steps to de-risk the profile of this book.
- **Costs:** Operating costs decreased by 14.0% (8.1% in neutral currency) driven by headcount containment, lower variable remuneration and a reduction in discretionary expenditure. Notwithstanding this reduction in costs, we continued to invest in growth initiatives and in technology.
- **Asset quality:** The group's annualised credit loss ratio (CLR) increased from 0.23% (1H2020) to 0.47% (1H2021), below the annualised 2H2020 CLR of 0.74%. Increased CLRs were largely model-driven with an absolute expected credit loss (ECL) impairment charge of £66.0 million (1H2020: £31.0 million).
- **Operating profit:** Adjusted operating profit was down 48.4% to £142.5 million (1H2020: £276.3 million).
- **Earnings per share:** Adjusted basic earnings per share decreased by 50.0% to 11.2p (1H2020: 22.4p), basic earnings per share declined by 49.5% to 9.6p (1H2020: 19.0p) and headline earnings per share decreased by 45.9% to 9.2p (1H2020: 17.0p).
- **Return on Equity (ROE):** The group generated an ROE of 5.3% (1H2020: 10.7%) and a return on tangible equity (ROTE) of 5.8% (1H2020: 11.8%).
- **Robust capital and liquidity:** At 30 September 2020, the common equity tier 1 (CET1) capital and leverage ratios were 11.6% and 7.0% respectively for Investec Limited (FIRB approach) and 10.7% and 7.8% respectively for Investec plc (standardised approach). Cash and near cash was £12.9 billion at 30 September 2020, representing 39.5% of customer deposits. Capital, leverage and liquidity ratios remain ahead of both internal board-approved minimum targets and regulatory requirements.
- **Growth in net asset value:** At 30 September 2020, net asset value (NAV) per share increased by 4.6% to 433.5p (31 March 2020: 414.3p) and tangible NAV (TNAV) per share increased by 5.2% to 397.4p (31 March 2020: 377.6p).

Supporting our people, clients and communities

As a group, we have taken decisive action in supporting our stakeholders through the economic and social impact of the pandemic.

With a large proportion of staff continuing to work from home, we are prioritising staff wellbeing and encouraging a flexible approach to working.

We have provided various forms of relief to our clients. Currently 6.3% of UK and 2.2% of South Africa's loans are under some form of relief. At the peak, this was 13.7% and 23.0% respectively. In addition, through the income generated in our Private Client Charitable Trusts, we have facilitated over R20 million in donations on behalf of clients.

For our communities, we have committed £3.6 million (64% allocated to date) to support the communities we live in with food security, economic continuity, healthcare, education and anti-gender-based violence-related assistance.

Dividend

The group endorses the objectives of guidance note G4/2020 from the Prudential Authority (PA) in South Africa and the recommendations of the UK Prudential Regulation Authority (PRA) in relation to the preservation of capital. The group did not declare a final divided in relation to the March 2020 financial year. Having considered the objectives of guidance note G4/2020 and ensuring prudence in terms of capital retention in our banking businesses, the group has declared an interim dividend of 5.5p (49.1% payout ratio).

Outlook and guidance

We expect the overall performance in 2H2021 to be ahead of the first half; underpinned by improving revenue trends relative to 1H2021 as client activity levels improve and liability repricing aids net interest income. Trading income from client flow will continue to be negatively impacted by risk management and risk reduction costs on hedging our structured products book. Costs are expected to decline by mid to high single digits for the full 2021 financial year compared to the prior year. Assuming no further deterioration in the macro-economic variables applied, we expect to report lower ECL provisions for the remaining six months of the year.

This guidance is subject to assumptions, which if altered, may result in a different financial performance compared to management expectations.

While the impact of COVID-19 has been felt across our business and the outlook is still uncertain, we remain confident in the fundamentals of our business and in our long-established client relationships. We have continued to make progress against our strategic objectives, positioning the business for growth in the long term, and expect to substantially complete our simplification process by the end of the financial year. As previously communicated, FY2022 targets remain under review.

Financial highlights – continuing operations[1]	**1H2021**	1H2020	Variance	% change	Neutral currency % change
Total operating income before expected credit losses	729.0	959.3	(230.3)	(24.0%)	(17.8%)
Operating costs	535.8	623.1	(87.3)	(14.0%)	(8.1%)
Adjusted operating profit (£'m)	142.5	276.3	(133.8)	(48.4%)	(40.9%)
Adjusted earnings attributable to shareholders (£'m)	104.4	212.3	(107.9)	(50.8%)	(43.4%)
Adjusted basic earnings per share (pence)	11.2	22.4	(11.2)	(50.0%)	(42.4%)
Basic earnings per share (pence)	9.6	19.0	(9.4)	(49.5%)	(41.1%)
Headline earnings per share (pence)	9.2	17.0	(7.8)	(45.9%)	(35.3%)
Dividend per share (pence)[2]	5.5	11.0			
Dividend payout ratio[2]	49.1%	38.1%			
Annualised CLR (credit loss ratio)	0.47%	0.23%			
Cost to income ratio	72.0%	67.0%			
ROE (return on equity)	5.3%	10.7%			
ROTE (return on tangible equity)	5.8%	11.8%			

	30 September 2020	31 March 2020	Variance	% change	Neutral currency % change
Third party funds under management (£'bn)	52.0	45.0	7.0	15.5%	14.6%
Customer accounts (deposits) (£'bn)	32.6	32.2	0.4	1.0%	(0.3%)
Core loans (£'bn)	25.2	24.9	0.3	1.0%	(0.4%)
Cash and near cash (£'bn)	12.9	12.7	0.2	1.4%	—
CET1 ratio – Investec Limited	11.6%	10.9%			
Leverage ratio[3] – Investec Limited	7.0%	6.4%			
CET1 ratio – Investec plc	10.7%	10.7%			
Leverage ratio[3] – Investec plc	7.8%	7.8%			
NAV per share (pence)	433.5	414.3	19.2	4.6%	4.7%
TNAV per share (pence)	397.4	377.6	19.8	5.2%	5.3%

1. Refer to the Notes for definitions. Continuing operations excludes the results of the asset management business (which was demerged in March 2020) from the comparative period, but includes the equity accounted earnings of the group's 25% retained stake in 1H2021.
2. The 1H2020 dividend per share and dividend payout ratio reflected above were prior to the demerger of the asset management business (Ninety One).
3. Current Leverage ratios calculated on an end quarter basis.

Business overview

The commentary and trends that follow relate to Investec's continuing operations for the six months ended 30 September 2020 (1H2021). Unless stated otherwise, comparatives relate to the group's continuing operations for the six-month period ended 30 September 2019 (1H2020). The comparability of 1H2021 to the prior period is impacted by the economic effects of COVID-19 which prevailed over the period under review.

Giving consideration to the group's investment in Ninety One and other significant investments (previously included as a subset of the Specialist Bank) and in an effort to provide enhanced disclosure, the group's business segments have been revised to reflect each of the following as reportable segments across the UK & Other and Southern African geographies: Specialist Banking, Wealth & Investment, Group Investments and Group Costs.

Operating environment

At the onset of the COVID-19 crisis, we witnessed a proactive response from the South African government including the decision to implement one of the strictest lockdowns globally. This, coupled with decades-low interest rates (300bps rate cuts since January 2020), had a considerable impact on the South African business' financial performance. The South African economy also saw little equity capital market activity relative to its developed counterparts. In addition, rising debt to GDP, lack of structural reform, policy uncertainty, and resultant depressed business confidence continue to be headwinds, making for a challenging operating environment.

In the UK, at the group's financial year end we reported that Brexit, heightened UK political uncertainty and geopolitical tensions sparked by US trade wars had adversely impacted activity levels, making the operating environment very challenging. In addition, at that time, the UK was in the grips of a national lockdown imposed because of the COVID-19 global pandemic. Over the past six months, these difficulties have persisted; exacerbated by the economic crisis resulting from COVID-19 containment measures.

Segmental performance

Specialist Banking

Adjusted operating profit from the Specialist Banking business decreased by 52.9% to £105.8 million (1H2020: £224.8 million).

Specialist Banking	Southern Africa					UK & Other			
	1H2021	1H2020	Variance			1H2021	1H2020	Variance	
	£'m	£'m	£'m	%	% in Rands	£'m	£'m	£'m	%
Operating income	262.8	346.8	(84.1)	(24.2%)	(8.7%)	273.8	347.1	(73.3)	(21.1%)
ECL impairment charges	(24.2)	(14.9)	(9.3)	62.3%	95.8%	(39.9)	(16.1)	(23.8)	>100.0%
Operating costs	(145.6)	(186.6)	40.9	(21.9%)	(6.0%)	(221.5)	(251.6)	30.1	(12.0%)
(Profit)/loss attributable to NCI	—	—	—	—	—	0.5	0.1	0.5	>100.0%
Adjusted operating profit	**92.9**	**145.3**	**(52.5)**	**(36.1%)**	**(22.9%)**	**12.9**	**79.4**	**(66.5)**	**(83.8%)**

Totals and variance determined in £'000.

Southern Africa Specialist Banking

The South African business reported a decrease in adjusted operating profit of 22.9% in Rands. Client engagement has been proactive, resulting in good client acquisition across both our private and corporate client business over the period. While client activity was significantly impacted in the first quarter during the hard lockdown, in the second quarter, as lockdown measures eased, we saw increased point of sale and stockbroking activity along with a marked pick-up in demand for residential mortgages.

Notwithstanding this, net interest income decreased by 6.9% in Rands driven by the 300bps rate cut since January 2020 and assets repricing at a faster rate than liabilities. Non-interest revenue declined 13.7% in Rands. An increase in trading income was offset by subdued lending and transactional activity compared to the prior period and lower investment income as a result of lower realisations, dividend income and negative fair value adjustments given the prevailing economic backdrop.

ECL impairment charges increased, resulting in an annualised CLR of 0.35% (1H2020: 0.18%), below the annualised 2H2020 CLR of 0.55%. The increase since 31 March 2020 was driven primarily by updated assumptions applied in our models to capture the deterioration in macro-economic variables since year end.

Operating costs reduced by 6.0% in Rands period on period reflecting lower variable remuneration and cost containment across the business. However, a decline in revenues resulted in a cost to income ratio of 55.4% (1H2020: 53.8%).

Net core loans decreased by 1.6% since year end to R284.4 billion (31 March 2020: R288.9 billion). Private client lending held steady compared to 31 March 2020 while the corporate client lending book declined due to higher repayments and lower net new originations as corporates remained cautious.

Against this challenging backdrop, the business achieved an ROE and ROTE of 9.1% and 9.2% respectively relative to 13.5% and 13.6% at 30 September 2019.

UK & Other Specialist Banking
Adjusted operating profit for the overall UK & Other Specialist Bank declined by 83.8% to £12.9 million (1H2020: £79.4 million). Increased equity capital markets activity and good levels of lending turnover across private client and certain corporate client lending areas was offset by hedging costs related to our structured products book. These hedging costs contributed £53 million to the profit reduction of £66.5 million.

Our client franchises have shown resilience notwithstanding the two months of hard lockdown at the start of the reporting period. The private client banking business saw good origination and client acquisition. The mortgage book ended the half year on £2.8 billion, an increase of 10.8% since 31 March 2020. Net new client origination was c.8%, moving us closer to our target of at least 6,500 high net worth clients by March 2022 (c.5,400 clients at 30 September 2020).

Net interest income declined by 2.1% with growth in average core loans offset by lower interest rates. Non-interest revenue decreased by 43.5% as the recovery in equity capital market fees and an improvement in investment income was offset by lower lending fees and risk management and risk reduction costs associated with hedging our structured products book following market dislocation and dividend cancellations. We anticipate a similar level of risk management and risk reduction costs in the second half of the 2021 financial year in particular, as we continue to reduce the risk on the book. Risk reduction costs include the purchase of protection against a repeat of the severe market moves experienced in March and April 2020. For the 2022 financial year we expect risk management and risk reduction costs to be less than half of that anticipated in the current financial year, and progressively reducing in the 2023 financial year. This guidance is subject to assumptions, which if altered, may result in a different outcome to management expectations.

ECL impairment charges increased, resulting in an annualised CLR of 0.60% (1H2020: 0.28%), below the annualised 2H2020 CLR of 0.97%. The increase since 31 March 2020 was driven primarily by updated assumptions applied in our models to capture the deterioration in macro-economic variables since year end.

Operating costs decreased by 12.0% period on period primarily reflecting lower variable remuneration and a strong focus on cost discipline. As indicated in our pre-close trading announcement, we are enhancing efficiencies by more closely integrating business-enabling functions, resulting in a proposed headcount reduction in the UK banks' London office by approximately 210 roles or 13%.

Net core loans grew by 0.9% to £12.0 billion (31 March 2020: £11.9 billion) with strong growth in mortgages and other high net worth lending offset by a net book reduction in corporate and other lending. While there was good activity in some parts of the corporate space, particularly in fund finance, redemptions largely offset this.

The cost to income ratio of 80.7% (1H2020: 72.5%), ROE of 0.7% (1H2020: 9.0%) and ROTE of 0.8% (1H2020: 9.1%) were impacted by the foregoing factors.

Wealth & Investment

Adjusted operating profit from the Wealth & Investment business decreased by 8.2% to £40.8 million (1H2020: £44.5 million).

Wealth & Investment	Southern Africa					UK & Other			
	1H2021	1H2020	Variance			**1H2021**	1H2020	Variance	
	£'m	£'m	£'m	%	% in Rands	**£'m**	£'m	£'m	%
Operating income	36.5	43.4	(7.0)	(16.1%)	1.0%	155.1	162.3	(7.2)	(4.4%)
Operating costs	(24.5)	(29.4)	4.9	(16.6%)	0.4%	(126.2)	(131.8)	5.6	(4.3%)
Adjusted operating profit	**12.0**	**14.1**	**(2.1)**	**(14.9%)**	**2.3%**	**28.9**	**30.5**	**(1.6)**	**(5.2%)**

Totals and variance determined in £'000.

Southern Africa Wealth & Investment
Adjusted operating profit increased by 2.3% in Rands.

The South African business achieved net inflows of R478 million (R3.0 billion of discretionary and annuity inflows and non-discretionary custody asset outflows of R2.5 billion), which, together with favourable market movements, contributed to a 16.2% growth (in Rands) in FUM since year end. Revenue was supported by higher average discretionary and annuity FUM and increased levels of trading activity in the first quarter. Operating costs remained flat period on period translating to a lower cost to income ratio of 67.2% (1H2020: 67.7%).

UK & Other Wealth & Investment
Adjusted operating profit declined 5.2% to £28.9 million (1H2020: £30.5 million).

The UK Wealth & Investment business continued to report positive net organic growth in FUM over the period, with an annualised rate of growth of 1.9% – in line with the first half of the prior period. Net inflows of £315 million, along with favourable market movements and investment performance, contributed to FUM increasing by 13.4% since the start of the financial year. Operating income, down 4.4% on the prior period, was impacted by lower FUM at key billing dates relative to the prior period, the sale of the Irish wealth business in 2H2020 as well as lower interest rates; partly offset by an increase in transaction volumes.

Operating costs reduced by 4.3% or £5.6 million to £126.2 million, despite incurring once-off headcount reduction related costs and a £2.3 million increase in the Financial Services Compensation Scheme (FSCS) levy (1H2020: £3.8 million). The cost to income ratio was 81.4% (1H2020: 81.2%).

Group Investments

Group Investments represents assets held by Investec to create value over the medium term as opposed to trading assets. 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 providing transparency of the standalone values of the assets classified as Group Investments.

They include the group's 25% holding in Ninety One, 47.4% stake in the IEP Group, 24.31% held in the Investec Property Fund (IPF), 9.1% holding in the Investec Australia Property Fund (IAPF) and some historical unlisted equity investments.

Adjusted operating profit from Group Investments decreased 56.3% to £13.2 million (1H2020: £30.3 million).

Group Investments	Southern Africa					UK & Other			
	1H2021	1H2020	Variance			1H2021	1H2020	Variance	
	£'m	£'m	£'m	%	% in Rands	£'m	£'m	£'m	%
Operating income (net of ECL charges)	(12.7)	59.6	(72.4)	(>100.0%)	(>100.0%)	11.8	—	11.8	100.0%
Operating costs	(0.6)	(0.4)	(0.2)	34.9%	62.5%	—	—	—	—
(Profit)/loss attributable to NCI	14.7	(28.9)	43.7	(>100.0%)	(>100.0%)	—	—	—	—
Adjusted operating profit	**1.4**	**30.3**	**(28.8)**	**(95.3%)**	**(94.5%)**	**11.8**	**—**	**11.8**	**100.0%**

Totals and variance determined in £'000.

The positive impact from the inclusion of the equity accounted earnings from the group's 25% stake in Ninety One and the mark-to-market on the group's holding in IAPF was offset by:

- muted rental collections and a decline in investment property valuations (particularly in the South African portfolio) experienced by IPF
- a reduction in the share of post taxation profit from IEP as some of its subsidiaries were unable to trade during the COVID-19 hard lockdown and a realisation in the prior period was not repeated
- negative mark-to-market adjustments on interest rate hedge positions in IPF and currency hedges related to the group's investment in IAPF.

Group Investments reported an ROE of 5.6% (1H2020: 13.5%).

Group Costs

Group costs decreased by 25.5% to £17.3 million (1H2020: £23.3 million). As indicated at year end, we expect group costs in FY2021 to be below £35 million.

Performance by geography

	1H2021	1H2020	% change	Neutral currency % change
Investec Limited (Southern Africa)				
Adjusted operating profit (£'m)	99.1	182.2	(45.6)%	(34.3)%
Cost to income ratio	58.7%	53.2%		
ROE	8.1%	13.5%		
ROTE	8.1%	13.7%		
Investec plc (UK & Other)				
Adjusted operating profit (£'m)	43.4	94.1	(53.9)%	n/a
Cost to income ratio	81.1%	78.3%		
ROE	2.8%	7.5%		
ROTE	3.3%	9.2%		

Overview of financial performance

Total operating income before expected credit losses

Total operating income before expected credit losses decreased 24.0% to £729.0 million (1H2020: £959.3 million) pointing to the impact of the economic challenges driven by COVID-19.

- Net interest income decreased 15.6% to £359.4 million (1H2020: £425.6 million) impacted by the endowment effect from interest rate cuts, assets repricing ahead of liabilities and limited loan book growth which remains below pre-COVID-19 levels. This resulted in a reduction in net interest margin of 41bps to 1.60% for the South African business and 25bps to 1.77% for the UK business.
- Net fee and commission income declined 17.9% to £324.8 million (1H2020: £395.7 million). Fees in the Wealth & Investment business declined moderately by 3.5% impacted by the sale of the Irish wealth business in 2H2020, lower UK FUM at key billing dates and Rand weakness (fees in the South African business were up in Rands but down in Pounds Sterling on the prior period). Fees in the Specialist Banking business were impacted primarily by lower lending and transactional activity, while Group Investment fees reflected lower rental income from IPF.
- Investment income decreased 70.5% to £16.9 million (1H2020: £57.1 million) primarily reflecting the negative impact of COVID-19 on investment property valuations in IPF.
- Share of post taxation profit of associates and joint venture holdings of £16.3 million (1H2020: £17.8 million) was positively impacted by the inclusion of associate earnings from the group's 25% holding in Ninety One, offset by lower earnings from the IEP Group due to lockdown and the non-repeat of a realisation in the prior period, as well as negative fair value adjustments in IPF's UK associate investment.
- Trading income arising from customer flow netted a loss of £8.5 million relative to a profit in the prior period of £62.8 million. Risk management and risk reduction costs on hedging our structured products book following the market dislocation and dividend cancellations was the major driver of the loss.
- Trading income arising from balance sheet management and other trading activities increased from a loss of £2.3 million in 1H2020 to a profit of £8.1 million for the period under review. The gain was driven primarily by the UK Specialist Bank where asset values improved following the extreme COVID-19 related volatility in the last quarter of FY2020.
- Other operating income of £12.0 million (1H2020: £2.6 million) primarily reflects the fair value movements of the Ninety One shares held in the group's staff share scheme as a result of the demerger and separate listing of Ninety One, whereby shareholders received one Ninety One share for every two Investec shares held. These shares are reflected on the group's balance sheet in Other assets. The equal and 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 (ECL) impairment charges

Impairments increased to £66.0 million (1H2020: £31.0 million) and the annualised CLR was up from 0.23% for 1H2020 to 0.47% in the current period. The increase was primarily driven by updated macro-economic scenarios applied in our models. The group revised its macro-economic assumptions during the period with material downward revisions to key forecasted economic variables.

As mentioned earlier in the announcement, we have provided various forms of relief on request from some of our clients. At 30 September 2020, 9.0% of UK and 3.3% of South Africa's loan book was under some form of relief.

In South Africa, the Stage 1 coverage ratio increased to 0.5% (31 March 2020: 0.4%) driven by a higher forward-looking IFRS 9 provision build. Stage 2 and Stage 3 coverage ratios declined to 2.4% (31 March 2020: 2.8%) and 33.0% (31 March 2020: 42.1%) respectively. The decrease in Stage 2 coverage was driven primarily by certain counterparties with a high coverage ratio which migrated to Stage 3, while the decrease in Stage 3 coverage relates to the mix impact of some deals written off and some highly secured counters moving into Stage 3.

In the UK, the Stage 1 coverage ratio reduced to 0.3% (31 March 2020: 0.4%). The Stage 2 coverage ratio reduced to 3.4% (31 March 2020: 5.4%) 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 also declined to 26.7% (31 March 2020: 28.2%), and similarly to South Africa, related to the mix impact of deals written off relative to a few new highly collateralised deals migrating from Stage 2.

Operating costs

In line with our strategic objective to contain costs, management reduced the cost base for the six months ended 30 September 2020 by 14.0% to £535.8 million (1H2020: £623.1 million), driven by headcount containment, lower variable remuneration and a reduction in discretionary expenditure. However, due to lower revenues the cost to income ratio increased to 72.0% (1H2020: 67.0%).

Taxation

The taxation charge on adjusted operating profit from continuing operations was £20.9 million (1H2020: £41.5 million), resulting in an effective tax rate of 18.8% (1H2020: 14.4%). The increase was due to normalisation of the effective tax rate in South Africa.

Profit or loss attributable to other non-controlling interests

The loss attributable to other non-controlling interests of £15.3 million (1H2020: profit of £28.9 million) relates to the loss attributable to non-controlling interests in IPF.

Discontinued operations

There were no discontinued operations in the first half of the 2021 financial year. Discontinued operations in the comparative period reflect the asset management business which was demerged and separately listed as Ninety One in March 2020.

Basic EPS from continuing and discontinued operations was 9.6p, down 61.1% on the prior period (1H2020: 24.7p).

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

Balance sheet analysis

Since 31 March 2020:

- Ordinary shareholders' equity increased by 4.7% to £4.0 billion, mainly due to an increase in retained earnings.
- NAV per share increased 4.6% to 433.5 pence and TNAV per share (which excludes goodwill, software, and other intangible assets) increased 5.2% to 397.4 pence.
- The group's ROE decreased from 10.7% in 1H2020 to 5.3% and ROTE from 11.8% in 1H2020 to 5.8%.
- Net core loans growth was muted, up 1.0% to £25.2 billion since year end. The South African book declined 1.6% in Rands to R284.4 billion, while in the UK, net core loans grew 0.9% to £12.0 billion.

Funding and liquidity

Customer deposits grew 1.0% to £32.6 billion (31 March 2020: £32.2 billion). Cash and near cash of £12.9 billion (£6.2 billion in Investec plc and R143.2 billion in Investec Limited) at 30 September 2020 represents 39.5% of customer deposits. Loans and advances to customers as a percentage of customer deposits remained at 76.4%.

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 30 September 2020 with the three-month average of its LCR at 164.1% and an NSFR of 113.9%. 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 30 September 2020 was 335% and the internally calculated NSFR was 126% at 30 September 2020.

Capital adequacy and leverage ratios

The group maintained capital and leverage ratios ahead of both internal board-approved minimum targets and regulatory requirements. At 30 September 2020, the common equity tier 1 (CET1) ratio and leverage ratio for Investec Limited (FIRB approach) were 11.6% and 7.0%, respectively. The CET1 ratio and leverage ratio for Investec plc (standardised approach) were 10.7% and 7.8%, 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's application for conversion to the Advanced Internal Ratings Based (AIRB) approach remains under review by the South African Prudential Authority. Approval has been granted for Investec Limited to commence with its six month parallel run for certain AIRB models. Full conversion to AIRB is expected to result in a circa 2% uplift to the CET1 ratio.

Refer to page 157 for further capital adequacy disclosures.

Remuneration targets

Investec remains committed to setting stretching yet attainable targets, particularly in the current economic environment. In the group's 2020 integrated annual report it was noted that the group intended publishing the remuneration targets for the 2020 Long-Term Incentive award and the 2021 Short-Term Incentive ahead of the group's 2020 annual general meeting (AGM). However, given the continuing uncertainty at that time, and in line with the guidance from the Investment Association, on 24 July 2020 the group announced its intention to delay the setting and disclosing of remuneration incentive targets until its interim results announcement for the six months ending 30 September 2020. The group consulted with shareholders on this matter.

Whilst there is still a high level of uncertainty relating to the full impact of COVID-19, the Committee has set what it believes are stretching yet attainable targets as outlined on pages 165 and 166.

On behalf of the boards of Investec plc and Investec Limited

Perry Crosthwaite
Chairman

Fani Titi
Chief Executive

18 November 2020

Accounting policies, significant judgements and disclosures

These reviewed condensed combined consolidated financial results have been prepared in terms of the recognition and measurement criteria of International Financial Reporting Standards, and the presentation and disclosure requirements of IAS 34, “Interim Financial Reporting”.

The accounting policies applied in the preparation of the results for the six months to 30 September 2020 are consistent with those adopted in the financial statements for year ended 31 March 2020.

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

Interest Rate Benchmark Reform (IBOR reform) Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Phase 2 of the IASB’s IBOR project addresses the wider accounting issues arising from the IBOR reform. This was published in August 2020 and is awaiting endorsement. The amendments are effective for annual reporting periods beginning on or after 1 January 2021 with early application permitted. Conversion from LIBOR to alternative risk-free rates (RFRs) is expected to increase as RFR-based products become more widely available and key market-driven conversion events occur.

The financial results have been prepared under the supervision of Nishlan Samujh, the Group Finance Director. The financial statements for the six months ended 30 September 2020 are available on the group’s website.

www.investec.com

Proviso

- Please note that matters discussed in this announcement may contain forward-looking statements which are subject to various risks and uncertainties and other factors, including, but not limited to:
  - changes in the political and/or economic environment that would materially affect the Investec group
  - changes in the economic environment caused by the resulting lockdowns and government programmes aimed to stimulate the economy
  - changes in legislation or regulation impacting the Investec group’s operations or its accounting policies
  - changes in business conditions that will have a significant impact on the Investec group’s operations
  - changes in exchange rates and/or tax rates from the prevailing rates outlined in this announcement.
  - changes in the structure of the markets, client demand or the competitive environment.
- A number of these factors are beyond the group’s control.
- 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 or implied.
- Any forward-looking statements made are based on the knowledge of the group at 18 November 2020.
- The information in the group’s announcement for the six months ended 30 September 2020, which was approved by the board of directors on 18 November 2020, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006. The 31 March 2020 financial statements were filed with the registrar and were unqualified with the audit report containing no statements in respect of sections 498(2) or 498(3) of the UK Companies Act.
- The financial information on which forward-looking statements are based is the responsibility of the directors of the group and has not been reviewed and reported on by the group’s auditors.

A full version of the group’s announcement is available on the group’s website:

www.investec.com

Financial assistance

Shareholders are referred to Special Resolution number 3, which was approved at the annual general meeting held on 6 August 2020, relating to the provision of direct or indirect financial assistance in terms of Section 45 of the South African Companies Act, No 71 of 2008 to related or inter-related companies. Shareholders are hereby notified that in terms of S45(5)(a) of the South African Companies Act, the boards of directors of Investec Limited and Investec Bank Limited provided such financial assistance during the period 1 April 2020 to 30 September 2020 to various group subsidiaries.

Basis of presentation

In light of the group's DLC structure as outlined on page 7, the directors of Investec Limited and Investec plc consider that for financial reporting purposes, the fairest presentation is achieved by combining the results and financial position of both Investec Limited and Investec plc. Accordingly, these interim results reflect the results and financial position of the combined DLC group under International Financial Reporting Standards (IFRS), denominated in Pounds Sterling.

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

Exchange rates

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

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

	30 Sept 2020		31 March 2020		30 Sept 2019	
Currency per £1.00	**Closing**	**Average**	Closing	Average	Closing	Average
South African Rand	21.58	22.05	22.15	18.78	18.69	18.28
Australian Dollar	1.80	1.85	2.03	1.87	1.82	1.82
Euro	1.10	1.12	1.13	1.15	1.13	1.13
US Dollar	1.29	1.27	1.24	1.27	1.23	1.26

Exchange rates between local currencies and Pounds Sterling have fluctuated over the period. The most significant impact arises from the volatility of the Rand. The average Rand: Pound Sterling exchange rate over the period has depreciated by 20.6% against the comparative six month period ended 30 September 2019, and the closing rate has appreciated by 2.6% since 31 March 2020.

All income statement related items shown below have been reflected on a continuing operations basis.

	30 Sept 2020	30 Sept 2019*	% change	31 March 2020
Income statement and selected returns				
Adjusted earnings attributable to ordinary shareholders (£'000)	104 379	212 347	(50.8%)	320 650
Headline earnings (£'000)	86 170	161 130	(46.5%)	203 490
Adjusted operating profit (£'000)	142 486	276 293	(48.4%)	419 159
Cost to income ratio	72.0%	67.0%		68.2%
Staff compensation to operating income ratio	53.6%	46.9%		45.5%
Return on average shareholders' equity (post-tax)	5.3%	10.7%		8.3%
Return on average tangible shareholders' equity (post-tax)	5.8%	11.8%		9.2%
Return on average risk-weighted assets	0.65%	1.4%		1.01%
Net interest income as a % of operating income	49.3%	44.4%		47.2%
Non-interest income as a % of operating income	50.7%	55.6%		52.8%
Annuity income as a % of total operating income	81.1%	71.3%		77.2%
Effective operational tax rate	18.8%	14.4%		11.9%
Share statistics				
Adjusted earnings per share (pence)	11.2	22.4	(50.0%)	33.9
Headline earnings per share (pence)	9.2	17.0	(45.6%)	21.5
Basic earnings per share (pence)	9.6	19.0	(49.6%)	17.5
Diluted earnings per share (pence)	9.5	18.3	(48.1%)	17.3
Dividend per share (pence)#	5.5	11.0	(50.0%)	**
Dividend payout ratio#	49.1%	38.1 %		**

	30 Sept 2020	31 March 2020	% change	30 Sept 2019*
Balance sheet				
Total assets (£'million)	50 665	50 656	—	59 727
Net core loans (£'million)	25 160	24 911	1.0%	25 442
Cash and near cash balances (£'million)	12 861	12 683	1.4%	13 040
Customer accounts (deposits) (£'million)	32 552	32 221	1.0%	32 039
Third party funds under management (£'million)	51 988	45 018	15.5%	57 126
Gearing ratio (assets excluding assurance assets to total equity)	10.0x	10.3x		9.4x
Core loans to equity ratio	5.0x	5.1x		4.8x
Loans and advances to customers as a % of customer deposits	76.4%	76.3%		78.2%
Annualised credit loss ratio	0.47%	0.52%		0.23%
Stage 3 net of ECL as a % of net core loans subject to ECL	1.9%	1.6%		1.4%
Share statistics continued				
Net asset value per share (pence)	433.5	414.3	4.6%	448.3
Net tangible asset value per share (pence)	397.4	377.6	5.2%	401.5
Weighted number of ordinary shares in issue (million)	931.6	945.8	(1.5%)	948.3
Total number of shares in issue (million)	1 015.0	1 015.0	—	1 015.0
Capital ratios^				
Investec plc				
Total capital ratio	14.8%	14.9%		15.4%
Common equity tier 1 ratio	10.7%	10.7%		10.7%
Leverage ratio	7.8%	7.8%		7.8%
Investec Limited				
Total capital adequacy ratio	15.5%	15.0%		15.9%
Common equity tier 1 ratio	11.6%	10.9%		11.6%
Leverage ratio	7.0%	6.4%		7.3%

Refer to alternative performance measures and definitions sections found on pages 167 to 169.
* Restated to reflect continuing operations as detailed on page 68.
\# The interim dividend per share and dividend payout ratio reflected above for the comparative period 30 September 2019 were prior to the demerger of the asset management business (Ninety One).
** 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 group's expected Basel III 'fully loaded' numbers are provided on page 163.

As noted on page 18, exchange rates between local currencies and Pounds Sterling have fluctuated over the period. The most significant impact arises from the volatility of the Rand. The average Rand: Pound Sterling exchange rate over the period has depreciated by 20.6% against the comparative six month period ended 30 September 2019, and the closing rate has appreciated by 2.6% since 31 March 2020. The following tables provide an analysis of the impact of the Rand on our reported numbers.

	Results in Pounds Sterling					Results in Rands		
Continuing operations	**Six months to 30 Sept 2020**	Six months to 30 Sept 2019*	% change	**Neutral currency^ Six months to 30 Sept 2020**	Neutral currency % change	**Six months to 30 Sept 2020**	Six months to 30 Sept 2019*	% change
Adjusted operating profit before taxation (million)	£142	£276	(48.4%)	£163	(40.9%)	R3 143	R5 045	(37.7%)
Earnings attributable to shareholders (million)	£109	£202	(46.2%)	£126	(40.0%)	R2 405	R3 692	(34.9%)
Adjusted earnings attributable to shareholders (million)	£104	£212	(50.8%)	£120	(43.4%)	R2 309	R3 877	(40.4%)
Adjusted earnings per share	11.2p	22.4p	(50.0%)	12.9p	(42.4%)	248c	409c	(39.4%)
Basic earnings per share	9.6p	19.0p	(49.5%)	11.2p	(41.1%)	212c	346c	(38.7%)
Headline earnings per share	9.2p	17.0p	(45.9%)	11.0p	(35.3%)	213c	302c	(29.5%)

	Results in Pounds Sterling					Results in Rands		
Total group	**Six months to 30 Sept 2020**	Six months to 30 Sept 2019*	% change	**Neutral currency^ Six months to 30 Sept 2020**	Neutral currency % change	**Six months to 30 Sept 2020**	Six months to 30 Sept 2019*	% change
Adjusted operating profit before taxation (million)	£142	£374	(61.9%)	£163	(56.4%)	R3 143	R6 823	(53.9%)
Earnings attributable to shareholders (million)	£109	£256	(57.4%)	£126	(50.8%)	R2 405	R4 678	(48.6%)
Adjusted earnings attributable to shareholders (million)	£104	£274	(62.0%)	£120	(56.2%)	R2 309	R4 997	(53.8%)
Adjusted earnings per share	11.2p	28.9p	(61.2%)	12.9p	(55.4%)	248c	527c	(52.9%)
Basic earnings per share	9.6p	24.7p	(61.1%)	11.2p	(54.7%)	212c	450c	(52.9%)
Headline earnings per share	9.2p	22.7p	(59.5%)	11.0p	(51.5%)	213c	486c	(56.2%)
Interim dividend per share	5.5p	11.0p	(50.0%)	n/a	n/a	112c	211c	(46.9%)

	Results in Pounds Sterling					Results in Rands		
	At 30 Sept 2020	At 31 March 2020	% change	**Neutral currency^^ At 30 Sept 2020**	Neutral currency % change	**At 30 Sept 2020**	At 31 March 2020	% change
Net asset value per share	433.5p	414.3p	4.6%	433.7p	4.7%	9 355c	9 178c	1.9%
Net tangible asset value per share	397.4p	377.6p	5.2%	397.6p	5.3%	8 575c	8 365c	2.5%
Total equity (million)	£5 075	£4 898	3.6%	£5 007	2.2%	R109 509	R108 495	0.9%
Total assets (million)	£50 665	£50 656	—	£49 982	(1.3%)	R1 093 199	R1 122 162	(2.6%)
Core loans (million)	£25 160	£24 911	1.0%	£24 817	(0.4%)	R542 955	R551 878	(1.6%)
Cash and near cash balances (million)	£12 861	£12 683	1.4%	£12 688	—	R277 504	R280 960	(1.2%)
Customer deposits (million)	£32 552	£32 221	1.0%	£32 112	(0.3%)	R702 373	R713 774	(1.6%)
Third party funds under management (million)	£51 988	£45 018	15.5%	£51 573	14.6%	R1 121 753	R1 043 735	7.5%

* Restated to reflect continuing operations as detailed on page 68.
^ For income statement items we have used the average Rand: Pound Sterling exchange rate that was applied in the prior period, i.e. 18.28.
^^ 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.

Condensed combined consolidated income statement

£'000	Note**	Six months to 30 Sept 2020	Six months to 30 Sept 2019*	Year to 31 March 2020
Interest income	2	1 014 392	1 379 676	2 698 420
Interest expense	2	(654 971)	(954 027)	(1 845 416)
Net interest income	2	**359 421**	**425 649**	**853 004**
Fee and commission income	3	344 650	422 133	837 590
Fee and commission expense	3	(19 842)	(26 408)	(47 118)
Investment income	4	16 859	57 079	39 268
Share of post taxation profit of associates and joint venture holdings	5	16 272	17 754	27 244
Trading income/(loss) arising from				
– customer flow	6	(8 527)	62 771	63 254
– balance sheet management and other trading activities	6	8 144	(2 318)	26 720
Other operating income	7	11 983	2 609	6 877
Total operating income before expected credit loss impairment charges	1	**728 960**	**959 269**	**1 806 839**
Expected credit loss impairment charges	8	(65 974)	(31 021)	(133 301)
Operating income		**662 986**	**928 248**	**1 673 538**
Operating costs^	9	(535 755)	(623 092)	(1 186 427)
Operating profit before goodwill, acquired intangibles and strategic actions		**127 231**	**305 156**	**487 111**
Impairment of goodwill		—	—	(145)
Impairment of associates and joint venture holdings	5	—	—	(45 400)
Amortisation of acquired intangibles	10	(7 603)	(7 954)	(16 104)
Amortisation of acquired intangibles of associates	10	(4 625)	—	—
Closure and rundown of the Hong Kong direct investments business	13	(2 158)	(49 469)	(89 257)
Operating profit		**112 845**	**247 733**	**336 205**
Financial impact of group restructures	13	—	12 757	(25 725)
Profit before taxation from continuing operations		**112 845**	**260 490**	**310 480**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	11	(20 892)	(41 482)	(54 690)
Taxation on acquired intangibles and strategic actions		1 558	12 101	21 693
Profit after taxation from continuing operations		**93 511**	**231 109**	**277 483**
Profit after taxation from discontinued operations	12	—	69 085	954 979
Profit after taxation		**93 511**	**300 194**	**1 232 462**
Loss/(profit) attributable to other non-controlling interests		15 255	(28 863)	(67 952)
Profit attributable to non-controlling interests of discontinued operations	12	—	(15 172)	(29 347)
Earnings attributable to shareholders		**108 766**	**256 159**	**1 135 163**

* Restated to reflect continuing operations as detailed on page 68.
^ Depreciation on operating leased assets of £0.4 million (30 September 2019: £0.8 million; 31 March 2020: £1.4 million) which was previously reported as a separate line item, has been included in operating costs. The prior period has been restated to reflect the same basis.
** Refer to Financial review section for notes.

Consolidated statement of total comprehensive income

£'000	Six months to 30 Sept 2020	Six months to 30 Sept 2019*	Year to 31 March 2020
Profit after taxation from continuing operations	93 511	231 109	277 483
Other comprehensive income/(loss) from continuing operations:			
Items that may be reclassified to the income statement			
Fair value movements on cash flow hedges taken directly to other comprehensive income^	(4 427)	(22 259)	(40 304)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income^	84 566	(1 901)	(139 977)
(Gain)/loss on realisation of debt instruments at FVOCI recycled through the income statement^	(1 446)	9 502	(5 503)
Foreign currency adjustments on translating foreign operations	17 837	39 948	(314 078)
Items that will never be reclassified to the income statement			
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	828	(503)	(1 761)
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	736	–	(3 931)
Remeasurement of net defined benefit pension liability	(32)	20	(1 217)
Movement in post retirement benefit liabilities	–	–	51
Net (loss)/gain attributable to own credit risk	(1 725)	1 451	9 515
Total comprehensive income/(loss) from continuing operations	**189 848**	**257 367**	**(219 722)**
Total comprehensive income/(loss) attributable to ordinary shareholders from continuing operations	177 381	203 112	(235 960)
Total comprehensive (loss)/income attributable to non-controlling interests from continuing operations	(1 159)	31 902	(28 022)
Total comprehensive income attributable to perpetual preferred securities from continuing operations	13 626	22 353	44 260
Total comprehensive income/(loss) from continuing operations	**189 848**	**257 367**	**(219 722)**
Profit after taxation from discontinued operations	–	69 085	954 979
Other comprehensive income from discontinued operations:			
Items that will never be reclassified to the income statement			
Foreign currency adjustments on translating foreign operations	–	337	(13 980)
Remeasurement of net defined benefit pension liability	–	(1 217)	–
Total comprehensive income from discontinued operations	**–**	**68 205**	**940 999**
Total comprehensive income attributable to ordinary shareholders from discontinued operations	–	53 033	914 448
Total comprehensive income attributable to non-controlling interests from discontinued operations	–	15 172	26 551
Total comprehensive income from discontinued operations	**–**	**68 205**	**940 999**
Profit after taxation	93 511	300 194	1 232 462
Other comprehensive income:			
Items that may be reclassified to the income statement			
Fair value movements on cash flow hedges taken directly to other comprehensive income^	(4 427)	(22 259)	(40 304)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income^	84 566	(1 901)	(139 977)
(Gain)/loss on realisation of debt instruments at FVOCI recycled through the income statement^	(1 446)	9 502	(5 503)
Foreign currency adjustments on translating foreign operations	17 837	40 285	(328 058)
Items that will never be reclassified to the income statement			
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	828	(503)	(1 761)
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	736	–	(3 931)
Remeasurement of net defined benefit pension asset	(32)	(1 197)	(1 217)
Movement in post retirement benefit liabilities	–	–	51
Net (loss)/gain attributable to own credit risk	(1 725)	1 451	9 515
Total comprehensive income	**189 848**	**325 572**	**721 277**
Total comprehensive income attributable to ordinary shareholders	171 379	256 145	678 488
Total comprehensive (loss)/income attributable to non-controlling interests	(1 159)	47 074	(1 471)
Total comprehensive income attributable to perpetual preferred securities	19 628	22 353	44 260
Total comprehensive income	**189 848**	**325 572**	**721 277**

* Restated to reflect continuing operations as detailed on page 68.
^ These amounts are net of taxation expense/(credit) of £22.3 million (Six months to 30 September 2019: (£1.5 million); year to 31 March 2020: (£55.8 million)).

Condensed combined consolidated balance sheet

At £'000	30 Sept 2020	31 March 2020*	30 Sept 2019*
Assets			
Cash and balances at central banks	2 477 636	3 932 048	3 988 832
Loans and advances to banks	3 079 807	2 666 851	2 242 874
Non-sovereign and non-bank cash placements	363 350	632 610	678 717
Reverse repurchase agreements and cash collateral on securities borrowed	4 124 591	2 964 603	1 621 424
Sovereign debt securities	4 898 936	4 593 893	5 987 916
Bank debt securities	590 173	604 921	619 328
Other debt securities	1 427 174	1 430 419	1 234 781
Derivative financial instruments	1 885 922	2 034 399	1 256 794
Securities arising from trading activities	929 143	1 044 445	1 762 831
Investment portfolio	994 543	998 935	946 499
Loans and advances to customers	24 855 877	24 588 074	25 065 947
Own originated loans and advances to customers securitised	307 532	324 638	378 171
Other loans and advances	100 659	132 486	145 034
Other securitised assets	122 892	134 865	133 523
Interests in associated undertakings and joint venture holdings	722 227	701 311	407 743
Deferred taxation assets	256 581	265 896	260 766
Other assets	1 912 025	1 934 428	2 393 348
Property and equipment	341 343	356 573	484 359
Investment properties	799 588	863 864	1 000 603
Goodwill	270 991	270 625	360 128
Software*	13 045	14 643	18 467
Other acquired intangible assets*	66 224	71 657	80 799
Non-current assets classified as held for sale	87 248	58 905	—
	50 627 507	**50 621 089**	**51 068 884**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	37 178	35 227	8 657 879
	50 664 685	**50 656 316**	**59 726 763**
Liabilities			
Deposits by banks	3 319 727	3 498 254	2 929 180
Derivative financial instruments	1 793 033	2 248 849	1 729 053
Other trading liabilities	577 821	509 522	700 611
Repurchase agreements and cash collateral on securities lent	1 692 050	1 577 346	983 895
Customer accounts (deposits)	32 551 697	32 220 976	32 039 291
Debt securities in issue	1 815 257	1 737 191	2 936 491
Liabilities arising on securitisation of own originated loans and advances	73 042	76 696	79 667
Liabilities arising on securitisation of other assets	109 107	110 679	116 544
Current taxation liabilities	95 940	51 308	166 482
Deferred taxation liabilities	50 727	44 788	23 194
Other liabilities	2 025 931	2 211 487	2 399 113
	44 104 332	**44 287 096**	**44 103 521**
Liabilities to customers under investment contracts	34 494	32 845	8 650 085
Insurance liabilities, including unit-linked liabilities	2 684	2 382	7 794
	44 141 510	**44 322 323**	**52 761 400**
Subordinated liabilities	1 447 948	1 436 361	1 594 961
	45 589 458	**45 758 684**	**54 356 361**
Equity			
Ordinary share capital	247	247	247
Ordinary share premium	1 517 852	1 517 852	2 336 194
Treasury shares	(261 729)	(272 881)	(284 430)
Other reserves	(910 668)	(976 297)	(557 009)
Retained income	3 699 652	3 593 384	2 730 044
Ordinary shareholders' equity	**4 045 354**	**3 862 305**	**4 225 046**
Perpetual preference share capital*	172 349	168 518	195 161
Shareholders' equity excluding non-controlling interests	**4 217 703**	**4 030 823**	**4 420 207**
Other Additional Tier 1 securities in issue	296 809	295 593	304 047
Non-controlling interests	560 715	571 216	646 148
– Perpetual preferred securities issued by subsidiaries	71 106	69 259	82 101
– Non-controlling interests in partially held subsidiaries	489 609	501 957	564 047
Total equity	**5 075 227**	**4 897 632**	**5 370 402**
Total liabilities and equity	**50 664 685**	**50 656 316**	**59 726 763**

* Software of £13.0 million (31 March 2020: £14.6 million; 30 September 2019: £18.5 million), which was previously reported within intangible assets, is now reported as a separate line item. The prior periods have been re-presented to reflect the same basis. Perpetual preference share premium of £172.3 million (31 March 2020: £168.5 million; 30 September 2019: £195.1 million), which was previously reported within share premium, is now reported within perpetual preference share capital and premium. The prior periods have been re-presented to reflect the same basis.

£'000	Ordinary share capital	Ordinary share premium	Treasury shares
At 1 April 2019	**245**	**2 277 381**	**(189 134)**
Movement in reserves 1 April 2019 – 30 September 2019			
Profit after taxation	–	–	–
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	–	–	–
Fair value movements on cash flow hedges taken directly to other comprehensive income	–	–	–
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	–	–	–
Gain on realisation of debt instruments at FVOCI recycled through the income statement	–	–	–
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income			
Foreign currency adjustments on translating foreign operations	–	–	–
Net loss attributable to own credit risk	–	–	–
Remeasurement of net defined benefit pension liability	–	–	–
Total comprehensive income for the period	**–**	**–**	**–**
Issue of ordinary shares	2	64 645	–
Net equity movements in interests in associated undertakings	–	–	–
Movement of treasury shares	–	(5 832)	(103 214)
Share-based payments adjustments	–	–	–
Transfer from share-based payments reserve to treasury shares	–	–	7 918
Net equity impact on non-controlling interests	–	–	–
Transfer from retained income to non-controlling interests	–	–	–
Transfer to regulatory general risk reserve	–	–	–
Dividends declared to other equity holders including other Additional Tier 1 securities	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests and Other Additional Tier 1 securities	–	–	–
Dividends paid to ordinary shareholders	–	–	–
Dividends paid to non-controlling interests	–	–	–
At 30 September 2019	**247**	**2 336 194**	**(284 430)**

Other reserves												
Capital reserve account	Fair value reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Own credit risk reserve	Retained income	**Ordinary shareholders' equity**	Perpetual preference share capital	**Shareholders' equity excluding non-controlling interests**	Other Additional Tier 1 securities in issue	Non-controlling interests	**Total equity**
10 447	**(1 957)**	**45 432**	**(58 840)**	**(552 710)**	**(19 863)**	**2 611 256**	**4 122 257**	**194 156**	**4 316 413**	**303 728**	**630 873**	**5 251 014**
—	—	—	—	—	—	256 159	256 159	—	256 159	—	44 035	300 194
—	(24)	—	—	—	(479)	—	(503)	—	(503)	—	—	(503)
—	—	—	(22 259)	—	—	—	(22 259)	—	(22 259)	—	—	(22 259)
—	(1 901)	—	—	—	—	—	(1 901)	—	(1 901)	—	—	(1 901)
—	9 502	—	—	—	—	—	9 502	—	9 502	—	—	9 502
							—		—			—
—	—	—	—	35 922	—	—	35 922	1 005	36 927	319	3 039	40 285
—	—	—	—	—	1 451	—	1 451	—	1 451	—	—	1 451
—	—	—	—	—	—	(1 197)	(1 197)	—	(1 197)	—	—	(1 197)
—	**7 577**	**—**	**(22 259)**	**35 922**	**972**	**254 962**	**277 174**	**1 005**	**278 179**	**319**	**47 074**	**325 572**
—	—	—	—	—	—	—	64 647	—	64 647	—	—	64 647
—	—	—	—	—	—	(2 387)	(2 387)	—	(2 387)	—	—	(2 387)
—	—	—	—	—	—	—	(109 046)	—	(109 046)	—	—	(109 046)
—	—	—	—	—	—	29 770	29 770	—	29 770	—	—	29 770
—	—	—	—	—	—	(7 918)	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	1 966	1 966
—	—	—	—	—	—	(238)	(238)	—	(238)	—	238	—
—	—	(1 730)	—	—	—	1 730	—	—	—	—	—	—
—	—	—	—	—	—	(22 353)	(22 353)	7 511	(14 842)	11 304	3 538	—
—	—	—	—	—	—	—	—	(7 511)	(7 511)	(11 304)	(3 538)	(22 353)
—	—	—	—	—	—	(134 778)	(134 778)	—	(134 778)	—	—	(134 778)
—	—	—	—	—	—	—	—	—	—	—	(34 003)	(34 003)
10 447	**5 620**	**43 702**	**(81 099)**	**(516 788)**	**(18 891)**	**2 730 044**	**4 225 046**	**195 161**	**4 420 207**	**304 047**	**646 148**	**5 370 402**

£'000	Ordinary share capital	Ordinary share premium	Treasury shares
At 30 September 2019	**247**	**2 336 194**	**(284 430)**
Movement in reserves 1 October 2019 – 31 March 2020			
Profit after taxation	–	–	–
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	–	–	–
Fair value movements on cash flow hedges taken directly to other comprehensive income	–	–	–
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	–	–	–
Gain on realisation of debt instruments at FVOCI recycled through the income statement	–	–	–
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	–
Net loss attributable to own credit risk	–	–	–
Remeasurement of net defined benefit pension liability	–	–	–
Movement in post retirement benefit liabilities	–	–	–
Total comprehensive income for the period	**–**	**–**	**–**
Movement of treasury shares	–	5 832	768
Share-based payments adjustments	–	–	–
Transfer from share-based payments reserve to treasury shares	–	–	–
Transfer from regulatory general risk reserves	–	–	10 781
Capital reduction	–	(615 797)	–
Non-controlling interest relating to disposal of subsidiaries	–	–	–
Movement in non-controlling interests due to share issues in subsidiary	–	–	–
Employee benefit liability recognised	–	–	–
Dividends declared to other equity holders including other Additional Tier 1 securities	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests and Other Additional Tier 1 securities	–	–	–
Dividends paid to ordinary shareholders	–	–	–
Dividends paid to non-controlling interests	–	–	–
Distribution to shareholders	–	(208 377)	–
At 31 March 2020	**247**	**1 517 852**	**(272 881)**

Other reserves												
Capital reserve account	Fair value reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Own credit risk reserve	Retained income	**Ordinary shareholders' equity**	Perpetual preference share capital	**Shareholders' equity excluding non-controlling interests**	Other Additional Tier 1 securities in issue	Non-controlling interests	**Total equity**
10 447	**5 620**	**43 702**	**(81 099)**	**(516 788)**	**(18 891)**	**2 730 044**	**4 225 046**	**195 161**	**4 420 207**	**304 047**	**646 148**	**5 370 402**
—	—	—	—	—	—	879 004	879 004	—	879 004	—	53 264	932 268
—	(1 490)	—	—	—	232	—	(1 258)	—	(1 258)	—	—	(1 258)
—	—	—	(18 045)	—	—	—	(18 045)	—	(18 045)	—	—	(18 045)
—	(138 076)	—	—	—	—	—	(138 076)	—	(138 076)	—	—	(138 076)
—	(15 005)	—	—	—	—	—	(15 005)	—	(15 005)	—	—	(15 005)
—	(3 931)	—	—	—	—	—	(3 931)	—	(3 931)	—	—	(3 931)
—	—	—	—	(231 437)	—	—	(231 437)	(26 643)	(258 080)	(8 454)	(101 809)	(368 343)
—	—	—	—	—	8 064	—	8 064	—	8 064	—	—	8 064
—	—	—	—	—	—	(20)	(20)	—	(20)	—	—	(20)
—	—	—	—	—	—	51	51		51	—	—	51
—	**(158 502)**	**—**	**(18 045)**	**(231 437)**	**8 296**	**879 035**	**479 347**	**(26 643)**	**452 704**	**(8 454)**	**(48 545)**	**395 705**
(18 852)	—	—	—	—	—	—	(12 252)	—	(12 252)	—	—	(12 252)
—	—	—	—	—	—	16 829	16 829	—	16 829	—	—	16 829
—	—	(2 356)	—	—	—	2 356	—	—	—	—	—	—
—	—	—	—	—	—	(10 781)	—	—	—	—	—	—
—	—	—	—	—	—	615 797	—	—	—	—	—	—
1 608	—	—	—	—	—	—	1 608	—	1 608	—	(30 674)	(29 066)
—	—	—	—	—	—	(4 134)	(4 134)	—	(4 134)	—	49 390	45 256
—	—	—	—	—	—	(14 833)	(14 833)	—	(14 833)	—	—	(14 833)
—	—	—	—	—	—	(21 907)	(21 907)	7 346	(14 561)	11 090	3 471	—
—	—	—	—	—	—	—	—	(7 346)	(7 346)	(11 090)	(3 471)	(21 907)
—	—	—	—	—	—	(109 545)	(109 545)	—	(109 545)	—	—	(109 545)
—	—	—	—	—	—	—	—	—	—	—	(45 103)	(45 103)
—	—	—	—	—	—	(489 477)	(697 854)	—	(697 854)	—	—	(697 854)
(6 797)	**(152 882)**	**41 346**	**(99 144)**	**(748 225)**	**(10 595)**	**3 593 384**	**3 862 305**	**168 518**	**4 030 823**	**295 593**	**571 216**	**4 897 632**

£'000	Ordinary share capital	Ordinary share premium	Treasury shares
31 March 2020	**247**	**1 517 852**	**(272 881)**
Movement in reserves 1 April 2020 – 30 September 2020			
Profit after taxation	–	–	–
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	–	–	–
Fair value movements on cash flow hedges taken directly to other comprehensive income	–	–	–
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	–	–	–
Gain on realisation of debt instruments at FVOCI recycled through the income statement	–	–	–
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	–
Net loss attributable to own credit risk	–	–	–
Remeasurement of net defined benefit pension liability	–	–	–
Total comprehensive income for the period	**–**	**–**	**–**
Net equity movements in interests in associated undertakings	–	–	–
Movement of treasury shares	–	–	11 073
Share-based payments adjustments	–	–	–
Transfer from share-based payments reserve to treasury shares	–	–	79
Transfer from regulatory general risk reserves	–	–	–
Net equity impact of non-controlling interest movements	–	–	–
Dividends declared to other equity holders including other Additional Tier 1 securities	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests and Other Additional Tier 1 securities	–	–	–
Dividends paid to non-controlling interests	–	–	–
At 30 September 2020	**247**	**1 517 852**	**(261 729)**

Other reserves												
Capital reserve account	Fair value reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Own credit risk reserve	Retained income	**Ordinary shareholders' equity**	Perpetual preference share capital	**Shareholders' equity excluding non-controlling interests**	Other Additional Tier 1 securities in issue	Non-controlling interests	**Total equity**
(6 797)	**(152 882)**	**41 346**	**(99 144)**	**(748 225)**	**(10 595)**	**3 593 384**	**3 862 305**	**168 518**	**4 030 823**	**295 593**	**571 216**	**4 897 632**
—	—	—	—	—	—	108 766	108 766	—	108 766	—	(15 255)	93 511
—	828	—	—	—	—	—	828	—	828	—	—	828
—	—	—	(4 427)	—	—	—	(4 427)	—	(4 427)	—	—	(4 427)
—	84 566	—	—	—	—	—	84 566	—	84 566	—	—	84 566
—	(1 446)	—	—	—	—	—	(1 446)	—	(1 446)	—	—	(1 446)
—	736	—	—	—	—	—	736	—	736	—	—	736
—	—	—	—	(1 306)	—	—	(1 306)	3 831	2 525	1 216	14 096	17 837
—	—	—	—	—	(1 725)	—	(1 725)	—	(1 725)	—	—	(1 725)
—	—	—	—	—	—	(32)	(32)	—	(32)	—	—	(32)
—	**84 684**	**—**	**(4 427)**	**(1 306)**	**(1 725)**	**108 734**	**185 960**	**3 831**	**189 791**	**1 216**	**(1 159)**	**189 848**
—	—	—	—	—	—	225	225	—	225	—	—	225
(12 934)	—	—	—	—	—	—	(1 861)	—	(1 861)	—	—	(1 861)
—	—	—	—	—	—	18 353	18 353	—	18 353	—	—	18 353
—	—	—	—	—	—	(79)	—	—	—	—	—	—
—	—	1 337	—	—	—	(1 337)	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	1 687	1 687
—	—	—	—	—	—	(19 628)	(19 628)	6 002	(13 626)	10 676	2 950	—
—	—	—	—	—	—	—	—	(6 002)	(6 002)	(10 676)	(2 950)	(19 628)
—	—	—	—	—	—	—	—	—	—	—	(11 029)	(11 029)
(19 731)	**(68 198)**	**42 683**	**(103 571)**	**(749 531)**	**(12 320)**	**3 699 652**	**4 045 354**	**172 349**	**4 217 703**	**296 809**	**560 715**	**5 075 227**

£'000	Six months to 30 Sept 2020	Six months to 30 Sept 2019	Year to 31 March 2020
Cash inflow from operating activities	178 552	376 031	547 812
Increase in operating assets	(2 457 502)	(2 328 228)	(5 795 856)
(Decrease)/increase in operating liabilities	(759 756)	1 553 483	5 715 897
Net cash (outflow)/inflow from operating activities	**(3 038 706)**	**(398 714)**	**467 853**
Net cash outflow from investing activities	(6 967)	(20 885)	(350 855)
Net cash outflow from financing activities	(59 855)	(367 773)	(603 247)
Effects of exchange rates on cash and cash equivalents	41 935	22 834	(435 149)
Net decrease in cash and cash equivalents	**(3 063 593)**	**(764 538)**	**(921 398)**
Cash and cash equivalents at the beginning of the period	6 193 708	7 115 106	7 115 106
Cash and cash equivalents at the end of the period	**3 130 115**	**6 350 568**	**6 193 708**

Cash and cash equivalents is defined as including: cash and balances at central banks, on demand loans and advances to banks and non-sovereign and non-bank cash placements (all of which have a maturity profile of less than three months).

For the six months to 30 September	2020	2019^
Continuing operations		
Earnings from continuing operations	**£'000**	£'000
Earnings attributable to shareholders from continuing operations	108 766	202 246
Dividends payable to perpetual preference shareholders and Other Additional Tier 1 security holders (other equity holders)	(19 628)	(22 353)
Earnings and diluted earnings attributable to ordinary shareholders from continuing operations	**89 138**	**179 893**
Adjusted earnings from continuing operations		
Earnings attributable to shareholders from continuing operations	108 766	202 246
Amortisation of acquired intangibles	7 603	7 954
Amortisation of acquired intangibles of associates	4 625	—
Closure and rundown of the Hong Kong direct investments business	2 158	49 469
Financial impact of group restructures	—	(12 757)
Taxation on acquired intangibles and strategic actions	(1 558)	(12 101)
Dividends payable to perpetual preference shareholders and Other Additional Tier 1 security holders (other equity holders)	(19 628)	(22 353)
Accrual adjustment on earnings attributable to other equity holders*	2 413	(111)
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items from continuing operations	**104 379**	**212 347**
Headline earnings from continuing operations		
Earnings attributable to shareholders from continuing operations	108 766	202 246
Gain on disposal of group operations	—	(18 959)
Re-measurement of group investment	(10 770)	—
Dividends payable to perpetual preference shareholders and Other Additional Tier 1 security holders (other equity holders)	(19 628)	(22 353)
Property revaluation, net of taxation and non-controlling interests**	7 802	196
Headline earnings attributable to ordinary shareholders from continuing operations* **	**86 170**	**161 130**
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	1 014 987 327	1 009 418 023
Weighted average number of treasury shares	(83 384 649)	(61 131 988)
Weighted average number of shares in issue during the year	**931 602 678**	**948 286 035**
Weighted average number of shares resulting from future dilutive potential shares	7 264 992	35 635 380
Adjusted weighted number of shares potentially in issue	**938 867 670**	**983 921 415**
Earnings per share from continuing operations – pence	**9.6**	**19.0**
Diluted earnings per share from continuing operations – pence	9.5	18.3
Adjusted earnings per share from continuing operations – pence	**11.2**	**22.4**
Diluted adjusted earnings per share from continuing operations – pence	11.1	21.6
Headline earnings per share from continuing operations – pence* **	**9.2**	**17.0**
Diluted headline earnings per share from continuing operations – pence***	9.2	16.4

* In accordance with IFRS, dividends attributable to equity holders are accounted for when a constructive liability arises i.e. on declaration by the board of directors and approval by the shareholders where required. Investec is of the view that EPS is best reflected by adjusting for earnings that are attributed to equity instruments (other than ordinary shares) on an accrual basis and therefore adjusts the paid dividend on such instruments to accrued in arriving at adjusted EPS.

** Taxation on revaluation headline earnings adjustments amounted to £2.6 million (2019: £nil million) with an impact of £14.5 million (2019: £0.5 million) on earnings attributable to non-controlling interests. The amount includes property revaluations included in equity accounted earnings.

*** Headline earnings per share has been calculated and is disclosed in accordance with the JSE listing requirements, and in terms of circular 1/2019 issued by the South African Institute of Chartered Accountants.

^ Restated to reflect continuing operations as detailed on page 68.

For the six months to 30 September	2020	2019^
Discontinued operations		
Earnings from discontinued operations	**£'000**	£'000
Earnings and diluted earnings attributable to ordinary shareholders from discontinued operations	**–**	**53 913**
Adjusted earnings from discontinued operations		
Earnings attributable to shareholders from discontinued operations	–	53 913
Financial impact of group restructure – discontinued operations	–	8 579
Taxation on acquired intangibles and strategic actions – discontinued operations	–	(1 227)
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items from discontinued operations	**–**	**61 265**
Headline earnings from discontinued operations		
Earnings attributable to shareholders from discontinued operations	–	53 913
Headline earnings attributable to ordinary shareholders from discontinued operations	**–**	**53 913**
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	1 014 987 327	1 009 418 023
Weighted average number of treasury shares	(83 384 649)	(61 131 988)
Weighted average number of shares in issue during the year	**931 602 678**	**948 286 035**
Weighted average number of shares resulting from future dilutive potential shares	7 264 992	35 635 380
Adjusted weighted number of shares potentially in issue	**938 867 670**	**983 921 415**
Earnings per share from discontinued operations – pence	**–**	**5.7**
Diluted earnings per share from discontinued operations – pence	–	5.5
Adjusted earnings per share from discontinued operations – pence	**–**	**6.5**
Diluted adjusted earnings per share from discontinued operations – pence	–	6.2
Headline earnings per share from discontinued operations – pence* **	**–**	**5.7**
Diluted headline earnings per share from discontinued operations – pence***	–	5.5

^ Restated to reflect continuing operations as detailed on page 68.

For the six months to 30 September	2020	2019^
Total group		
Earnings	**£'000**	£'000
Earnings attributable to shareholders	108 766	256 159
Dividends payable to perpetual preference shareholders and Other Additional Tier 1 security holders (other equity holders)	(19 628)	(22 353)
Earnings and diluted earnings attributable to ordinary shareholders	**89 138**	**233 806**
Adjusted earnings		
Earnings attributable to shareholders	108 766	256 159
Amortisation of acquired intangibles	7 603	7 954
Amortisation of acquired intangibles of associates	4 625	—
Closure and rundown of the Hong Kong direct investments business	2 158	49 469
Financial impact of group restructures	—	(12 757)
Gain on distribution net of implementation costs – discontinued operations	—	8 579
Taxation on acquired intangibles and strategic actions	(1 558)	(12 101)
Taxation on gain on distribution net of taxation	—	(1 227)
Dividends payable to perpetual preference shareholders and Other Additional Tier 1 security holders (other equity holders)	(19 628)	(22 353)
Accrual adjustment on earnings attributable to other equity holders*	2 413	(111)
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	**104 379**	**273 612**
Headline earnings		
Earnings attributable to shareholders	108 766	256 159
Gain on disposal of group operations	—	(18 959)
Re-measurement of group investment	(10 770)	—
Dividends payable to perpetual preference shareholders and Other Additional Tier 1 security holders (other equity holders)	(19 628)	(22 353)
Property revaluation, net of taxation and non-controlling interests**	7 802	196
Headline earnings attributable to ordinary shareholders* **	**86 170**	**215 043**
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	1 014 987 327	1 009 418 023
Weighted average number of treasury shares	(83 384 649)	(61 131 988)
Weighted average number of shares in issue during the year	**931 602 678**	**948 286 035**
Weighted average number of shares resulting from future dilutive potential shares	7 264 992	35 635 380
Adjusted weighted number of shares potentially in issue	**938 867 670**	**983 921 415**
Earnings per share – pence	**9.6**	**24.7**
Diluted earnings per share – pence	9.5	23.8
Adjusted earnings per share – pence	**11.2**	**28.9**
Diluted adjusted earnings per share – pence	11.1	27.8
Headline earnings per share – pence* **	**9.2**	**22.7**
Diluted headline earnings per share – pence***	9.2	21.9

* In accordance with IFRS, dividends attributable to equity holders are accounted for when a constructive liability arises i.e. on declaration by the board of directors and approval by the shareholders where required. Investec is of the view that EPS is best reflected by adjusting for earnings that are attributed to equity instruments (other than ordinary shares) on an accrual basis and therefore adjusts the paid dividend on such instruments to accrued in arriving at adjusted EPS.

** Taxation on revaluation headline earnings adjustments amounted to £2.6 million (2019: £nil million) with an impact of £14.5million (2019: £0.5 million) on earnings attributable to non-controlling interests. The amount includes property revaluations included in equity accounted earnings.

*** Headline earnings per share has been calculated and is disclosed in accordance with the JSE listing requirements, and in terms of circular 1/2019 issued by the South African Institute of Chartered Accountants.

^ Restated to reflect continuing operations as detailed on page 68.

For the six months to 30 September 2020 £'000	UK and Other	Southern Africa	Total
Continuing operations			
Net interest income	185 256	174 165	359 421
Net fee and commission income	219 887	104 921	324 808
Investment income/(loss)	25 189	(8 330)	16 859
Share of post taxation profit of associates and joint venture holdings	14 018	2 254	16 272
Trading income/(loss) arising from			
– customer flow	(20 081)	11 554	(8 527)
– balance sheet management and other trading activities	9 374	(1 230)	8 144
Other operating income	6 976	5 007	11 983
Total operating income before expected credit loss impairment charges	**440 619**	**288 341**	**728 960**
Expected credit loss impairment charges	(39 906)	(26 068)	(65 974)
Operating income	**400 713**	**262 273**	**662 986**
Operating costs*	(357 880)	(177 875)	(535 755)
Operating profit before goodwill, acquired intangibles and strategic actions	**42 833**	**84 398**	**127 231**
Loss attributable to other non-controlling interests	530	14 725	15 255
Adjusted operating profit	**43 363**	**99 123**	**142 486**
Amortisation of acquired intangibles	(6 413)	(1 190)	(7 603)
Amortisation of acquired intangibles of associates	(3 009)	(1 616)	(4 625)
Closure and rundown of the Hong Kong direct investments business	(2 158)	—	(2 158)
Earnings attributable to shareholders before taxation	**31 783**	**96 317**	**128 100**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(5 337)	(15 555)	(20 892)
Taxation on acquired intangibles and strategic actions	1 225	333	1 558
Earnings attributable to shareholders	**27 671**	**81 095**	**108 766**
Selected returns and key statistics from continuing operations			
ROE (post-tax)	2.8%	8.1%	5.3%
Return on tangible equity (post-tax)	3.3%	8.1%	5.8%
Cost to income ratio	81.1%	58.7%	72.0%
Staff compensation to operating income	59.4%	44.8%	53.6%
Adjusted operating profit per employee (£'000)	11.2	20.8	16.5
Effective operational tax rate	18.5%	18.9%	18.8%
Total assets (£'million)	24 382	26 283	50 665

* Depreciation on operating leased assets of £0.4 million (30 September 2019: £0.8 million; 31 March 2020: £1.4 million) which was previously reported as a separate line item, has been included in operating costs. The prior period has been restated to reflect the same basis.

For the six months to 30 September 2019* £'000	UK and Other	Southern Africa	Total
Continuing operations			
Net interest income	194 229	231 420	425 649
Net fee and commission income	252 241	143 484	395 725
Investment income	17 346	39 733	57 079
Share of post taxation profit of associates and joint venture holdings	3 595	14 159	17 754
Trading income/(loss) arising from			
– customer flow	45 736	17 035	62 771
– balance sheet management and other trading activities	(6 390)	4 072	(2 318)
Other operating income	2 584	25	2 609
Total operating income before expected credit loss impairment charges	**509 341**	**449 928**	**959 269**
Expected credit loss impairment charges	(16 087)	(14 934)	(31 021)
Operating income	**493 254**	**434 994**	**928 248**
Operating costs*	(399 269)	(223 823)	(623 092)
Operating profit before goodwill, acquired intangibles and strategic actions	**93 985**	**211 171**	**305 156**
Profit/(loss) attributable to other non-controlling interests	79	(28 942)	(28 863)
Adjusted operating profit	**94 064**	**182 229**	**276 293**
Amortisation of acquired intangibles	(6 548)	(1 406)	(7 954)
Closure and rundown of the Hong Kong direct investments business	(49 469)	—	(49 469)
Financial impact of group restructures	12 757	—	12 757
Earnings attributable to shareholders before taxation	**50 804**	**180 823**	**231 627**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(15 556)	(25 926)	(41 482)
Taxation on acquired intangibles and strategic actions	11 708	393	12 101
Earnings attributable to shareholders from continuing operations	**46 956**	**155 290**	**202 246**
Discontinued operations			
Profit after taxation from discontinued operations	45 533	23 552	69 085
Profit attributable to non-controlling interests of discontinued operations	(9 743)	(5 429)	(15 172)
Earnings attributable to shareholders	**82 746**	**173 413**	**256 159**
Selected returns and key statistics from continuing operations			
ROE (post-tax)	7.5%	13.5%	10.7%
Return on tangible equity (post-tax)	9.2%	13.6%	11.8%
Cost to income ratio	78.4%	53.2%	67.0%
Staff compensation to operating income	57.0%	35.5%	46.9%
Adjusted operating profit per employee (£'000)	23.0	38.0	31.1
Effective operational tax rate	17.2%	13.2%	14.4%
Total assets (£'million)	23 459	36 268	59 727

* Restated to reflect continuing operations as detailed on page 68.

For the six months to 30 September 2020 £'000	Wealth & Investment UK and Other	Wealth & Investment Southern Africa	Wealth & Investment Total	Specialist Banking UK and Other	Specialist Banking Southern Africa	Specialist Banking Total
Net interest income/(expense)	1 597	(382)	1 215	183 659	197 888	381 547
Net fee and commission income	153 004	36 236	189 240	66 883	45 655	112 538
Investment income/(loss)	47	496	543	25 142	(4 123)	21 019
Share of post taxation profit of associates and joint venture holdings	—	—	—	2 227	(79)	2 148
Trading income/(loss) arising from						
– customer flow	323	20	343	(20 404)	14 943	(5 461)
– balance sheet management and other trading activities	102	99	201	9 272	3 463	12 735
Other operating income	—	—	—	6 976	5 007	11 983
Total operating income before expected credit loss impairment charges	**155 073**	**36 469**	**191 542**	**273 755**	**262 754**	**536 509**
Expected credit loss impairment charges	(6)	—	(6)	(39 900)	(24 237)	(64 137)
Operating income	**155 067**	**36 469**	**191 536**	**233 855**	**238 517**	**472 372**
Operating costs*	(126 190)	(24 509)	(150 699)	(221 482)	(145 647)	(367 129)
Operating profit before goodwill, acquired intangibles and strategic actions from continuing operations	**28 877**	**11 960**	**40 837**	**12 373**	**92 870**	**105 243**
Profit attributable to other non-controlling interests	—	—	—	530	—	530
Operating profit before goodwill, acquired intangibles and after non-controlling interests	**28 877**	**11 960**	**40 837**	**12 903**	**92 870**	**105 773**
Selected returns and key statistics from continuing operations						
ROE (post-tax)	18.2%	71.2%	23.4%	0.7%	9.1%	4.9%
Return on tangible equity (post-tax)	45.1%	76.1%	51.4%	0.8%	9.2%	5.0%
Cost to income ratio	81.4%	67.2%	78.7%	80.7%	55.4%	68.4%
Staff compensation to operating income	60.7%	43.0%	57.3%	59.3%	43.1%	51.4%
Adjusted operating profit per employee (£'000)	21.5	32.2	22.6	5.2	22.7	15.5
Total assets (£'million)	935	397	1 332	23 213	24 126	47 339

* Depreciation on operating leased assets of £0.4 million (30 September 2019: £0.8 million; 31 March 2020: £1.4 million) which was previously reported as a separate line item, has been included in operating costs. The prior period has been restated to reflect the same basis.

^ In terms of IFRS 8 Operating segments, management concluded that key operating decision makers of Investec currently reviewed the operating results of the following operating segments:

- Investec Specialist Bank
- Investec Wealth & Investment
- Group Investments
- Group costs

Accordingly, the results of Group Investments have been disclosed as a separate segment for the first time in the 30 September 2020 half year results. Group Investments was previously presented as a subset component of the Investec Specialist Bank.

Group Investments^			Group costs			Total		
UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**
—	(23 341)	(23 341)	—	—	—	185 256	174 165	359 421
—	23 030	23 030	—	—	—	219 887	104 921	324 808
—	(4 703)	(4 703)	—	—	—	25 189	(8 330)	16 859
11 791	2 333	14 124	—	—	—	14 018	2 254	16 272
—	(3 409)	(3 409)	—	—	—	(20 081)	11 554	(8 527)
—	(4 792)	(4 792)	—	—	—	9 374	(1 230)	8 144
—	—	—	—	—	—	6 976	5 007	11 983
11 791	**(10 882)**	**909**	**—**	**—**	**—**	**440 619**	**288 341**	**728 960**
—	(1 831)	(1 831)	—	—	—	(39 906)	(26 068)	(65 974)
11 791	**(12 713)**	**(922)**	**—**	**—**	**—**	**400 713**	**262 273**	**662 986**
—	(584)	(584)	(10 208)	(7 135)	(17 343)	(357 880)	(177 875)	(535 755)
11 791	**(13 297)**	**(1 506)**	**(10 208)**	**(7 135)**	**(17 343)**	**42 833**	**84 398**	**127 231**
—	14 725	14 725	—	—	—	530	14 725	15 255
11 791	**1 428**	**13 219**	**(10 208)**	**(7 135)**	**(17 343)**	**43 363**	**99 123**	**142 486**
15.2%	0.9%	5.6%	n/a	n/a	n/a	2.8%	8.1%	5.3%
15.2%	0.9%	5.6%	n/a	n/a	n/a	3.3%	8.1%	5.8%
—	15.2%	3.7%	n/a	n/a	n/a	81.1%	58.7%	72.0%
n/a	n/a	n/a	n/a	n/a	n/a	59.4%	44.8%	53.6%
n/a	n/a	n/a	n/a	n/a	n/a	11.2	20.8	16.5
234	1 760	1 994	n/a	n/a	n/a	24 382	26 283	50 665

For the six months to 30 September 2019* £'000	Wealth & Investment UK and Other	Wealth & Investment Southern Africa	Wealth & Investment Total	Specialist Banking UK and Other	Specialist Banking Southern Africa	Specialist Banking Total
Net interest income	6 694	2 760	9 454	187 535	255 594	443 129
Net fee and commission income	155 468	40 716	196 184	96 773	67 355	164 128
Investment income	(372)	46	(326)	17 718	4 700	22 418
Share of post taxation profit of associates and joint venture holdings	—	—	—	3 595	(277)	3 318
Trading income/(loss) arising from						
– customer flow	483	(110)	373	45 253	15 988	61 241
– balance sheet management and other trading activities	17	33	50	(6 407)	3 453	(2 954)
Other operating income	—	—	—	2 584	23	2 607
Total operating income before expected credit loss impairment charges	**162 290**	**43 445**	**205 735**	**347 051**	**346 836**	**693 887**
Expected credit loss impairment charges	1	—	1	(16 088)	(14 934)	(31 022)
Operating income	**162 291**	**43 445**	**205 736**	**330 963**	**331 902**	**662 865**
Operating costs	(131 836)	(29 392)	(161 228)	(251 594)	(186 565)	(438 159)
Operating profit before goodwill, acquired intangibles and strategic actions	**30 455**	**14 053**	**44 508**	**79 369**	**145 337**	**224 706**
Profit attributable to other non-controlling interests	—	—	—	79	2	81
Adjusted operating profit from continuing operations	**30 455**	**14 053**	**44 508**	**79 448**	**145 339**	**224 787**
Operating profit before strategic actions from discontinued operations	—	—	—	—	—	—
Profit attributable to non-controlling interests of discontinuing operations	—	—	—	—	—	—
Operating profit before goodwill, acquired intangibles and after non-controlling interests	**30 455**	**14 053**	**44 508**	**79 448**	**145 339**	**224 787**
Selected returns and key statistics from continuing operations						
ROE (post-tax)	20.2%	86.7%	27.2%	9.0%	13.5%	11.4%
Return on tangible equity (post-tax)	69.7%	93.7%	76.2%	9.1%	13.6%	11.6%
Cost to income ratio	81.2%	67.7%	78.4%	72.5%	53.8%	63.1%
Staff compensation to operating income	57.8%	41.5%	54.4%	68.8%	3.0%	47.2%
Adjusted operating profit per employee (£'000)	20.1	34.4	23.1	32.4	35.5	32.3
Total assets (£'million)	921	590	1 511	21 949	25 305	47 254

* Restated to reflect continuing operations as detailed on page 68.

Group Investments			Group costs			Total		
UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**
—	(26 934)	(26 934)	—	—	—	194 229	231 420	425 649
—	35 413	35 413	—	—	—	252 241	143 484	395 725
—	34 987	34 987	—	—	—	17 346	39 733	57 079
—	14 436	14 436	—	—	—	3 595	14 159	17 754
—	1 157	1 157	—	—	—	45 736	17 035	62 771
—	586	586	—	—	—	(6 390)	4 072	(2 318)
—	2	2	—	—	—	2 584	25	2 609
—	**59 647**	**59 647**	**—**	**—**	**—**	**509 341**	**449 928**	**959 269**
	—	—	—	—	—	(16 087)	(14 934)	(31 021)
—	**59 647**	**59 647**	**—**	**—**	**—**	**493 254**	**434 994**	**928 248**
	(433)	(433)	(15 839)	(7 433)	(23 272)	(399 269)	(223 823)	(623 092)
—	**59 214**	**59 214**	**(15 839)**	**(7 433)**	**(23 272)**	**93 985**	**211 171**	**305 156**
	(28 944)	(28 944)	—	—	—	79	(28 942)	(28 863)
—	**30 270**	**30 270**	**(15 839)**	**(7 433)**	**(23 272)**	**94 064**	**182 229**	**276 293**
—	—	—	—	—	—	58 974	38 355	97 329
—	—	—	—	—	—	(9 743)	(5 429)	(15 172)
—	**30 270**	**30 270**	**(15 839)**	**(7 433)**	**(23 272)**	**143 295**	**215 155**	**358 450**
n/a	14%	13.5%	n/a	n/a	n/a	7.5%	13.5%	10.7%
n/a	14%	13.5%	n/a	n/a	n/a	9.2%	13.7%	11.8%
n/a	—	1.4%	n/a	n/a	n/a	78.4%	53.2%	67.0%
n/a	n/a	n/a	n/a	n/a	n/a	57.0%	35.5%	46.9%
n/a	n/a	n/a	n/a	n/a	n/a	23.0	38.0	31.1
—	1 642	1 642	n/a	n/a	n/a	23 459	36 268	59 727

At 30 September 2020 £'000	UK and Other	Southern Africa	Total
Assets			
Cash and balances at central banks	1 918 509	559 127	2 477 636
Loans and advances to banks	1 621 011	1 458 796	3 079 807
Non-sovereign and non-bank cash placements	—	363 350	363 350
Reverse repurchase agreements and cash collateral on securities borrowed	2 183 917	1 940 674	4 124 591
Sovereign debt securities	1 537 996	3 360 940	4 898 936
Bank debt securities	65 645	524 528	590 173
Other debt securities	709 654	717 520	1 427 174
Derivative financial instruments	898 461	987 461	1 885 922
Securities arising from trading activities	661 362	267 781	929 143
Investment portfolio	397 798	596 745	994 543
Loans and advances to customers	11 982 727	12 873 150	24 855 877
Own originated loans and advances to customers securitised	—	307 532	307 532
Other loans and advances	90 581	10 078	100 659
Other securitised assets	110 370	12 522	122 892
Interests in associated undertakings and joint venture holdings	290 219	432 008	722 227
Deferred taxation assets	121 259	135 322	256 581
Other assets	1 262 133	649 892	1 912 025
Property and equipment	202 038	139 305	341 343
Investment properties	—	799 588	799 588
Goodwill	261 283	9 708	270 991
Software	7 108	5 937	13 045
Other acquired intangible assets	59 669	6 555	66 224
Non-current assets classified as held for sale	—	87 248	87 248
	24 381 740	**26 245 767**	**50 627 507**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	37 178	37 178
	24 381 740	**26 282 945**	**50 664 685**
Liabilities			
Deposits by banks	1 317 481	2 002 246	3 319 727
Derivative financial instruments	934 455	858 578	1 793 033
Other trading liabilities	101 542	476 279	577 821
Repurchase agreements and cash collateral on securities lent	172 307	1 519 743	1 692 050
Customer accounts (deposits)	15 635 506	16 916 191	32 551 697
Debt securities in issue	1 460 275	354 982	1 815 257
Liabilities arising on securitisation of own originated loans and advances	—	73 042	73 042
Liabilities arising on securitisation of other assets	109 107	—	109 107
Current taxation liabilities	36 153	59 787	95 940
Deferred taxation liabilities	19 336	31 391	50 727
Other liabilities	1 376 093	649 838	2 025 931
	21 162 255	**22 942 077**	**44 104 332**
Liabilities to customers under investment contracts	—	34 494	34 494
Insurance liabilities, including unit-linked liabilities	—	2 684	2 684
	21 162 255	**22 979 255**	**44 141 510**
Subordinated liabilities	790 305	657 643	1 447 948
	21 952 560	**23 636 898**	**45 589 458**

At 31 March 2020 £'000	UK and Other	Southern Africa	Total
Assets			
Cash and balances at central banks	2 277 318	1 654 730	3 932 048
Loans and advances to banks	1 784 971	881 880	2 666 851
Non-sovereign and non-bank cash placements	—	632 610	632 610
Reverse repurchase agreements and cash collateral on securities borrowed	1 627 246	1 337 357	2 964 603
Sovereign debt securities	1 688 670	2 905 223	4 593 893
Bank debt securities	51 238	553 683	604 921
Other debt securities	647 778	782 641	1 430 419
Derivative financial instruments	1 247 518	786 881	2 034 399
Securities arising from trading activities	576 493	467 952	1 044 445
Investment portfolio	376 239	622 696	998 935
Loans and advances to customers	11 871 849	12 716 225	24 588 074
Own originated loans and advances to customers securitised	—	324 638	324 638
Other loans and advances	121 559	10 927	132 486
Other securitised assets	112 440	22 425	134 865
Interests in associated undertakings and joint venture holdings	279 736	421 575	701 311
Deferred taxation assets	130 656	135 240	265 896
Other assets	1 401 461	532 967	1 934 428
Property and equipment	216 955	139 618	356 573
Investment properties	—	863 864	863 864
Goodwill	261 183	9 442	270 625
Software*	7 843	6 800	14 643
Other acquired intangible assets*	64 111	7 546	71 657
Non-current assets classified as held for sale	—	58 905	58 905
	24 745 264	**25 875 825**	**50 621 089**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	35 227	35 227
	24 745 264	**25 911 052**	**50 656 316**
Liabilities			
Deposits by banks	1 384 151	2 114 103	3 498 254
Derivative financial instruments	1 234 545	1 014 304	2 248 849
Other trading liabilities	118 572	390 950	509 522
Repurchase agreements and cash collateral on securities lent	375 387	1 201 959	1 577 346
Customer accounts (deposits)	15 272 245	16 948 731	32 220 976
Debt securities in issue	1 392 598	344 593	1 737 191
Liabilities arising on securitisation of own originated loans and advances	—	76 696	76 696
Liabilities arising on securitisation of other assets	110 679	—	110 679
Current taxation liabilities	26 904	24 404	51 308
Deferred taxation liabilities	21 438	23 350	44 788
Other liabilities	1 619 419	592 068	2 211 487
	21 555 938	**22 731 158**	**44 287 096**
Liabilities to customers under investment contracts	—	32 845	32 845
Insurance liabilities, including unit-linked liabilities	—	2 382	2 382
	21 555 938	**22 766 385**	**44 322 323**
Subordinated liabilities	787 030	649 331	1 436 361
	22 342 968	**23 415 716**	**45 758 684**

* Software of £14.6 million, which was previously reported within intangible assets, is now reported as a separate line item. The prior period has been re-presented to reflect the same basis.

At 30 September 2019 £'000	UK and Other	Southern Africa	Total
Assets			
Cash and balances at central banks	3 331 166	657 666	3 988 832
Loans and advances to banks	1 104 665	1 138 209	2 242 874
Non-sovereign and non-bank cash placements	—	678 717	678 717
Reverse repurchase agreements and cash collateral on securities borrowed	913 588	707 836	1 621 424
Sovereign debt securities	2 148 108	3 839 808	5 987 916
Bank debt securities	52 460	566 868	619 328
Other debt securities	464 627	770 154	1 234 781
Derivative financial instruments	725 927	530 867	1 256 794
Securities arising from trading activities	773 307	989 524	1 762 831
Investment portfolio	374 788	571 711	946 499
Loans and advances to customers	10 796 848	14 269 099	25 065 947
Own originated loans and advances to customers securitised	—	378 171	378 171
Other loans and advances	131 001	14 033	145 034
Other securitised assets	119 065	14 458	133 523
Interests in associated undertakings and joint venture holdings	56 397	351 346	407 743
Deferred taxation assets	138 409	122 357	260 766
Other assets	1 573 118	820 230	2 393 348
Property and equipment	311 993	172 366	484 359
Investment properties	14 500	986 103	1 000 603
Goodwill	349 239	10 889	360 128
Software*	8 806	9 661	18 467
Other acquired intangible assets*	70 478	10 321	80 799
	23 458 490	**27 610 394**	**51 068 884**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	8 657 879	8 657 879
	23 458 490	**36 268 273**	**59 726 763**
Liabilities			
Deposits by banks	1 359 154	1 570 026	2 929 180
Derivative financial instruments	941 373	787 680	1 729 053
Other trading liabilities	87 457	613 154	700 611
Repurchase agreements and cash collateral on securities lent	218 662	765 233	983 895
Customer accounts (deposits)	13 354 483	18 684 808	32 039 291
Debt securities in issue	2 277 595	658 896	2 936 491
Liabilities arising on securitisation of own originated loans and advances	—	79 667	79 667
Liabilities arising on securitisation of other assets	116 544	—	116 544
Current taxation liabilities	115 233	51 249	166 482
Deferred taxation liabilities	19 069	4 125	23 194
Other liabilities	1 798 750	600 363	2 399 113
	20 288 320	**23 815 201**	**44 103 521**
Liabilities to customers under investment contracts	—	8 650 085	8 650 085
Insurance liabilities, including unit-linked liabilities	—	7 794	7 794
	20 288 320	**32 473 080**	**52 761 400**
Subordinated liabilities	811 584	783 377	1 594 961
	21 099 904	**33 256 457**	**54 356 361**

* Software of £18.5 million, which was previously reported within intangible assets, is now reported as a separate line item. The prior period has been re-presented to reflect the same basis.

For the six months to 30 September £'000	2020	2019*	2018*	2017*	2016*
Interest income	1 014 392	1 379 676	1 283 119	1 222 628	1 035 051
Interest expense	(654 971)	(954 027)	(880 895)	(860 743)	(724 189)
Net interest income	**359 421**	**425 649**	**402 224**	**361 885**	**310 862**
Fee and commission income	344 650	422 133	440 066	423 124	388 202
Fee and commission expense	(19 842)	(26 408)	(16 293)	(15 119)	(14 326)
Investment income	16 859	57 079	41 455	62 049	29 017
Share of post taxation profit of associates and joint venture holdings	16 272	17 754	20 782	23 677	9 639
Trading income/(loss) arising from					
– customer flow	(8 527)	62 771	65 078	64 160	73 438
– balance sheet management and other trading activities	8 144	(2 318)	34 494	6 566	11 925
Other operating income	11 983	2 609	2 239	2 844	3 891
Total operating income before expected credit loss impairment charges	**728 960**	**959 269**	**990 045**	**929 186**	**812 648**
Expected credit loss impairment charges	(65 974)	(31 021)	(31 020)	(59 593)	(46 591)
Operating income	**662 986**	**928 248**	**959 025**	**869 593**	**766 057**
Operating costs	(535 755)	(623 092)	(654 438)	(618 422)	(548 861)
Operating profit before goodwill, acquired intangibles and strategic actions	**127 231**	**305 156**	**304 587**	**251 171**	**217 196**
Impairment of goodwill	—	—	—	—	(270)
Amortisation of acquired intangibles	(7 603)	(7 954)	(7 861)	(8 142)	(8 469)
Amortisation of acquired intangibles	(4 625)	—	—	—	—
Closure and rundown of the Hong Kong direct investments business	(2 158)	(49 469)	—	—	—
Operating profit	**112 845**	**247 733**	**296 726**	**243 029**	**208 457**
Financial impact of group restructures	—	12 757	—	—	—
Profit before taxation from continuing operations	**112 845**	**260 490**	**296 726**	**243 029**	**208 457**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(20 892)	(41 482)	(42 309)	(28 747)	(37 493)
Taxation on acquired intangibles and strategic actions	1 558	12 101	1 577	1 631	2 122
Profit after taxation from continuing operations	**93 511**	**231 109**	**255 994**	**215 913**	**173 086**
Profit after taxation from discontinued operations	—	69 085	73 534	66 984	63 469
Profit after taxation	**93 511**	**300 194**	**329 528**	**282 897**	**236 555**
Profit attributable to other non-controlling interests	15 255	(28 863)	(36 846)	(19 800)	(18 033)
Profit attributable non-controlling interests of discontinuing operations	—	(15 172)	(12 828)	(10 663)	(9 924)
Earnings attributable to shareholders	**108 766**	**256 159**	**279 854**	**252 434**	**208 598**

* The income statements have been re-presented to reflect the separate disclosure of discontinued operations (note 12).

At £'000	30 Sept 2020	31 March 2020*	31 March 2019*	31 March 2018*	31 March 2017*
Assets					
Cash and balances at central banks	2 477 636	3 932 048	4 992 820	4 040 512	3 351 702
Loans and advances to banks	3 079 807	2 666 851	2 322 821	2 165 533	3 191 041
Non-sovereign and non-bank cash placements	363 350	632 610	648 547	601 243	536 259
Reverse repurchase agreements and cash collateral on securities borrowed	4 124 591	2 964 603	1 768 748	2 207 477	2 358 970
Sovereign debt securities	4 898 936	4 593 893	4 538 223	4 910 027	3 804 627
Bank debt securities	590 173	604 921	717 313	587 164	639 189
Other debt securities	1 427 174	1 430 419	1 220 651	903 603	1 115 558
Derivative financial instruments	1 885 922	2 034 399	1 034 166	1 352 408	1 185 848
Securities arising from trading activities	929 143	1 044 445	1 859 254	1 434 391	1 376 668
Investment portfolio	994 543	998 935	1 028 976	885 499	835 899
Loans and advances to customers	24 855 877	24 588 074	24 534 753	24 673 009	22 189 975
Own originated loans and advances to customers securitised	307 532	324 638	407 869	459 088	517 162
Other loans and advances	100 659	132 486	195 693	347 809	355 248
Other securitised assets	122 892	134 865	133 804	148 387	148 964
Interests in associated undertakings	722 227	701 311	387 750	467 852	392 213
Deferred taxation assets	256 581	265 896	248 893	157 321	133 972
Other assets	1 912 025	1 934 428	1 735 956	1 876 116	1 900 480
Property and equipment	341 343	356 573	261 650	233 340	105 939
Investment properties	799 588	863 864	994 645	1 184 097	1 128 930
Goodwill	270 991	270 625	366 870	368 803	367 579
Software*	13 045	14 643	17 710	18 271	19 999
Other acquired intangible assets*	66 224	71 657	89 527	107 118	123 262
Non-current assets classified as held for sale	87 248	58 905	—	—	27 218
	50 627 507	**50 621 089**	**49 506 639**	**49 129 068**	**45 806 702**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	37 178	35 227	8 217 573	8 487 776	7 728 130
	50 664 685	**50 656 316**	**57 724 212**	**57 616 844**	**53 534 832**
Liabilities					
Deposits by banks	3 319 727	3 498 254	3 016 306	2 931 267	2 736 066
Derivative financial instruments	1 793 033	2 248 849	1 277 233	1 471 563	1 296 206
Other trading liabilities	577 821	509 522	672 405	960 166	978 911
Repurchase agreements and cash collateral on securities lent	1 692 050	1 577 346	1 105 063	655 840	690 615
Customer accounts (deposits)	32 551 697	32 220 976	31 307 107	30 987 173	29 109 428
Debt securities in issue	1 815 257	1 737 191	3 073 320	2 717 187	2 386 180
Liabilities arising on securitisation of own originated loans and advances	73 042	76 696	91 522	136 812	90 125
Liabilities arising on securitisation of other assets	109 107	110 679	113 711	127 853	128 838
Current taxation liabilities	95 940	51 308	162 448	185 486	227 828
Deferred taxation liabilities	50 727	44 788	23 590	32 158	40 408
Other liabilities	2 025 931	2 211 487	1 765 649	2 012 268	1 910 830
	44 104 332	**44 287 096**	**42 608 354**	**42 217 773**	**39 595 435**
Liabilities to customers under investment contracts	34 494	32 845	8 214 634	8 484 296	7 725 604
Insurance liabilities, including unit-linked liabilities	2 684	2 382	2 939	3 480	2 526
	44 141 510	**44 322 323**	**50 825 927**	**50 705 549**	**47 323 565**
Subordinated liabilities	1 447 948	1 436 361	1 647 271	1 482 987	1 402 638
	45 589 458	**45 758 684**	**52 473 198**	**52 188 536**	**48 726 203**
Equity					
Ordinary share capital	247	247	245	240	237
Ordinary share premium	1 517 852	1 517 852	2 277 381	2 200 421	2 126 614
Treasury shares	(261 729)	(272 881)	(189 134)	(160 132)	(126 879)
Other reserves	(910 668)	(976 297)	(577 491)	(345 606)	(310 275)
Retained income	3 699 652	3 593 384	2 611 256	2 530 825	2 226 751
Ordinary shareholders' equity	**4 045 354**	**3 862 305**	**4 122 257**	**4 225 748**	**3 916 448**
Perpetual preference share capital*	172 349	168 518	194 156	216 346	214 645
Shareholders' equity excluding non-controlling interests	**4 217 703**	**4 030 823**	**4 316 413**	**4 442 094**	**4 131 093**
Other Additional Tier 1 securities in issue	296 809	295 593	303 728	304 150	32 798
Non-controlling interests	560 715	571 216	630 873	682 064	644 738
– Perpetual preferred securities issued by subsidiaries	71 106	69 259	81 616	92 312	91 492
– Non-controlling interests in partially held subsidiaries	489 609	501 957	549 257	589 752	553 246
Total equity	**5 075 227**	**4 897 632**	**5 251 014**	**5 428 308**	**4 808 629**
Total liabilities and equity	**50 664 685**	**50 656 316**	**57 724 212**	**57 616 844**	**53 534 832**

* Software which was previously reported within intangible assets, is now reported as a separate line item. The prior periods have been re-presented to reflect the same basis. Perpetual preference share premium which was previously reported within share premium, is now reported within perpetual preference share capital and premium. The prior periods have been re-presented to reflect the same basis.

Salient features

For the six months to 30 September £'000	**2020**	2019	2018	2017	2016
Income statement and selected returns					
Adjusted earnings attributable to ordinary shareholders (£'000)	104 379	212 347	204 617	188 959	146 229
Adjusted operating profit (£'000)	142 486	276 293	267 741	231 371	199 163
Cost to income ratio	72.0%	67.0%	68.6%	68.0%	68.3%
Return on average shareholders' equity (post-tax)	5.3%	10.7%	11.0%	10.1%	7.9%
Return on average tangible shareholders' equity (post-tax)	5.8%	11.8%	12.2%	11.3%	8.8%
Return on average risk-weighted assets	0.65%	1.34%	1.22%	1.19%	1.04%
Net interest income as a % of operating income	49.3%	44.4%	40.6%	38.9%	39.4%
Non-interest income as a % of operating income	50.7%	55.6%	59.4%	61.1%	60.6%
Annuity income as a % of total operating income	81.1%	71.3%	67.9%	70.6%	67.3%
Effective operational tax rate	18.8%	14.4%	14.9%	12.6%	19.4%
Balance sheet					
Total assets (£'million)	50 665	59 727	56 137	51 818	52 479
Net core loans (£'million)	25 160	25 442	24 190	22 797	20 898
Cash and near cash balances (£'million)	12 861	13 040	12 467	10 683	13 114
Customer accounts (deposits) (£'million)	32 552	32 039	30 349	27 966	28 305
Third party funds under management (£'million)	51 988	57 126	57 309	56 111	51 946
Gearing ratio (assets excluding assurance assets to total equity)	10x	9.4x	9.4x	9.3x	10.1x
Core loans to equity ratio	5x	4.8x	4.7x	4.8x	4.7x
Loans and advances to customers as a % of customer deposits	76.4%	78.2%	78.2%	79.9%	72.0%
Credit loss ratio**	0.47%	0.23%	0.34%	0.61%	0.48%
Stage 3 net of ECL as a % of net core loans subject to ECL	1.9%	1.4%	1.7%	1.01%	1.48%
Share statistics					
Adjusted earnings per share (pence)	11.2	22.4	21.8	20.5	16.3
Basic earnings per share (pence)	9.6	19.0	21.1	19.7	20.1
Diluted earnings per share (pence)	9.5	18.3	20.5	19.0	19.3
Net asset value per share (pence)	433.5	434.1	422.0	421.8	403.5
Net tangible asset value per share (pence)	397.4	386.0	372.7	370.2	348.5
Weighted number of ordinary shares in issue (million)	931.6	948.3	937.2	922.9	895.7
Total number of shares in issue (million)	1 015.0	1 015.0	1 000.0	976.6	954.5
Capital ratios					
Investec plc					
Total capital ratio	14.8%	15.7%	15.4%	14.5%	15.0%
Common equity tier 1 ratio	10.7%	10.7%	12.2%	11.2%	10.9%
Leverage ratio	7.8%	7.9%	10.4%	8.0%	7.1%
Investec Limited					
Total capital adequacy ratio	15.5%	15.9%	14.7%	14.3%	14.4%
Common equity tier 1 ratio	11.6%	11.6%	10.3%	10.0%	9.8%
Leverage ratio	7.0%	7.3%	7.5%	7.6%	7.3%

Note: Refer to alternative performance measures and definitions sections found on pages 167 to 169.

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

2

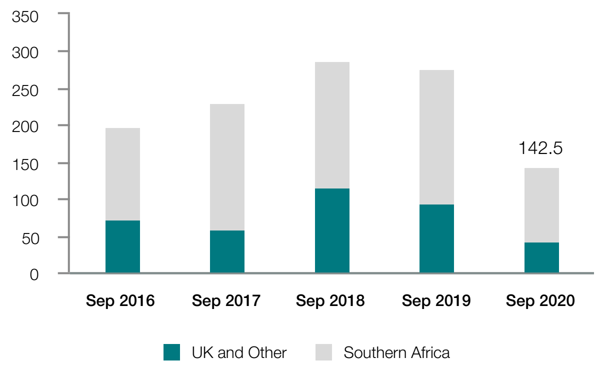
FINANCIAL REVIEW

We have a diversified business model

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

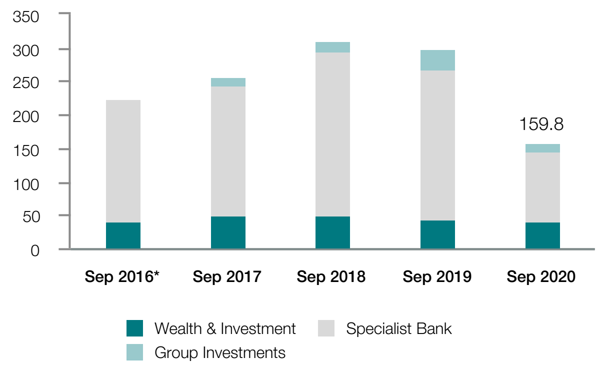
Adjusted operating profit (including group costs)

£'million



Adjusted operating profit (excluding group costs)

£'million

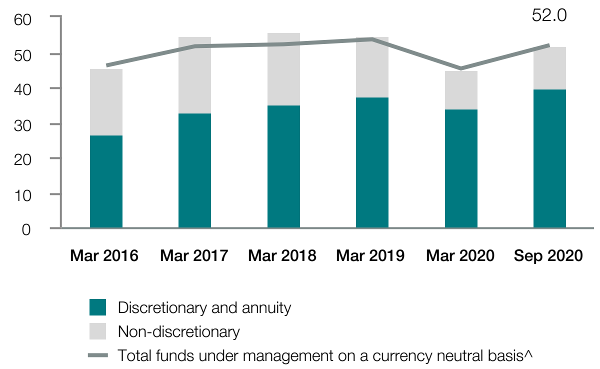


* Group Investments was reported separately from March 2017

We continue to grow our key earnings drivers, despite the challenging COVID-19 environment

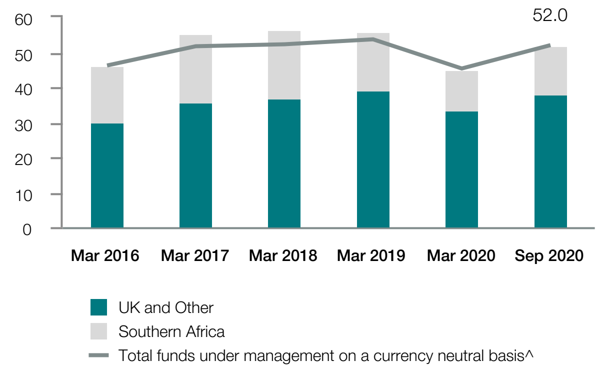
Funds under management

£'billion

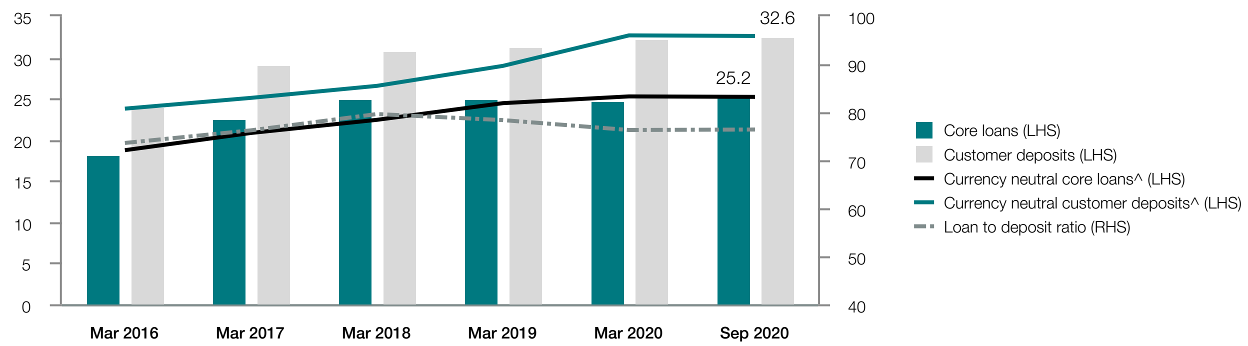


Funds under management by geography

£'billion



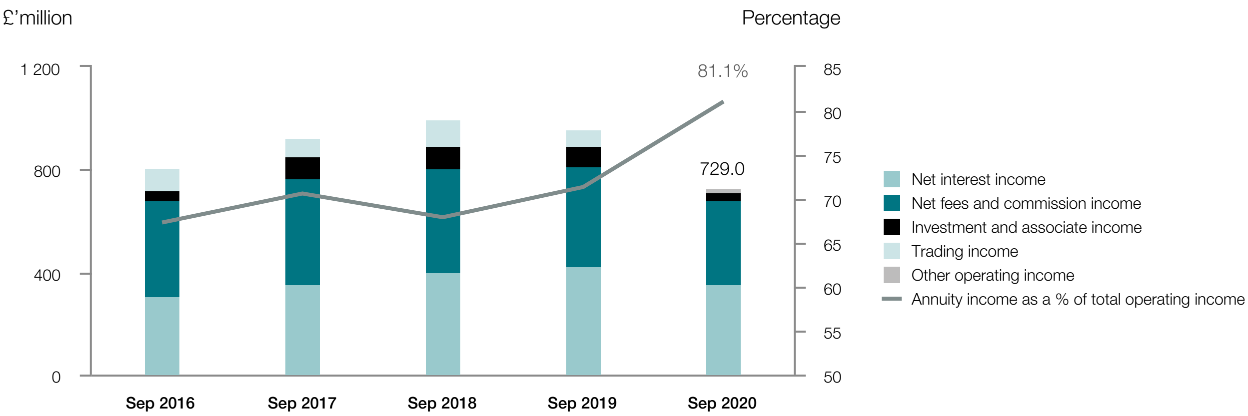
Core loans and customer deposits



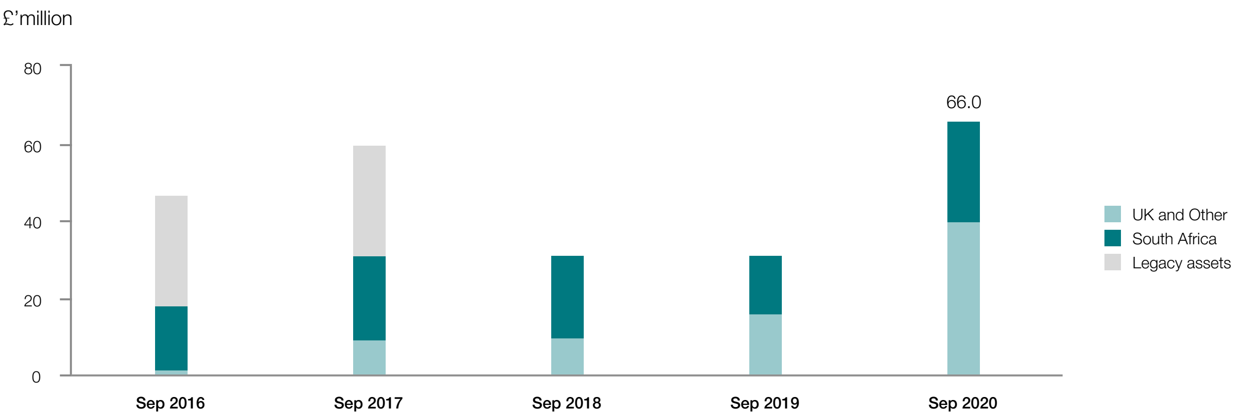
^ This trend line is shown on a currency neutral basis using the closing Rand: Pound Sterling exchange rate applicable at 30 September 2020.

Revenue and credit losses impacted in current period by tough economic backdrop driven by COVID-19

Total operating income

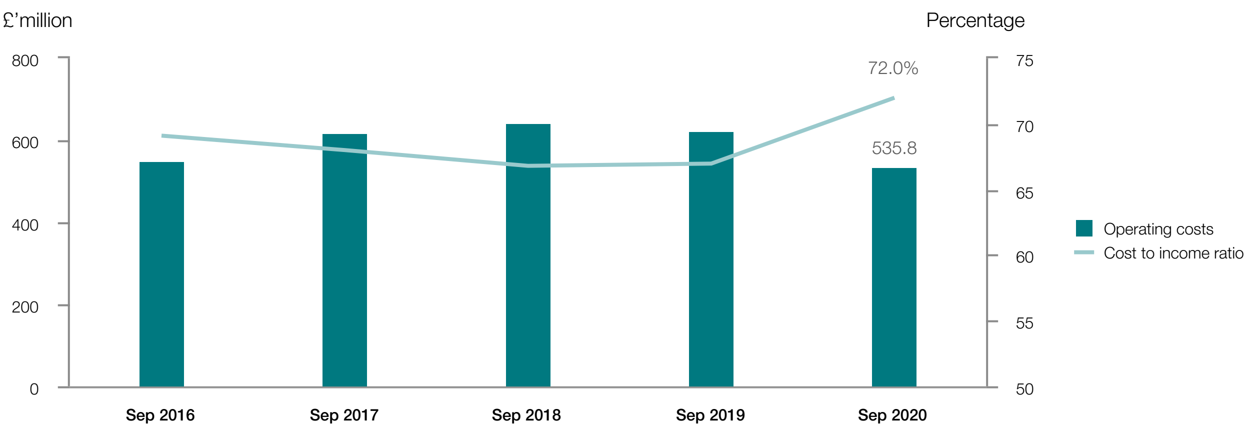


Credit loss impairment charges



Continued progress in reducing operating costs in line with our strategic priority; lower revenue impacting cost to income ratio

Operating costs and cost to income ratio



Income statement analysis – continuing operations

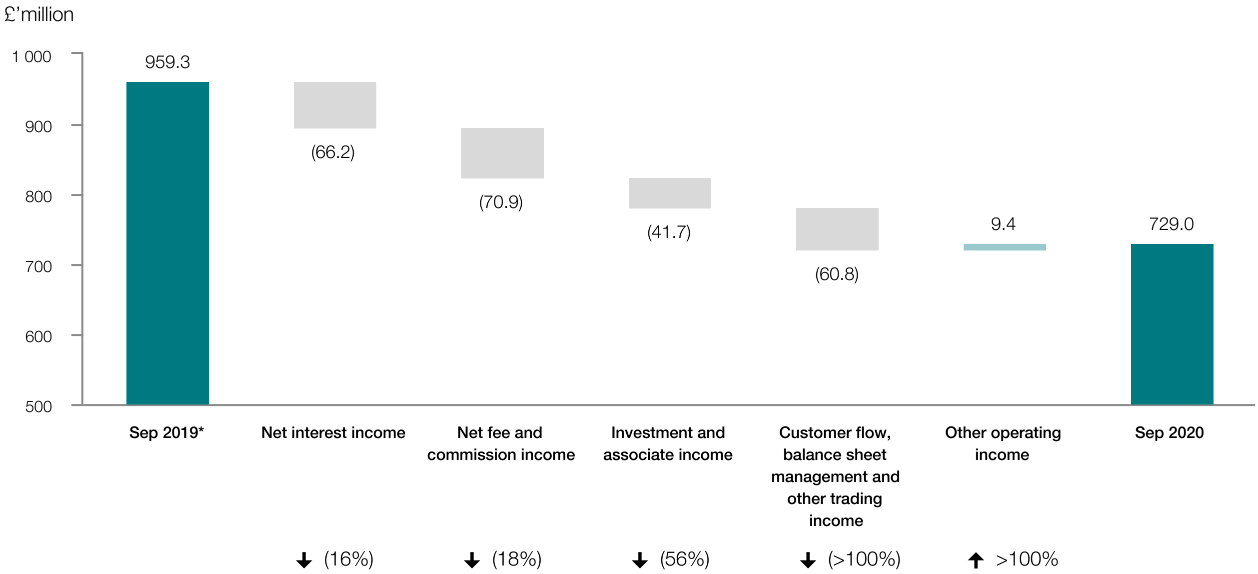
The overview that follows will highlight the main reasons for the variance in the major category line items on the face of the income statement during the six months under review.

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

1. Total operating income before expected credit loss impairment charges

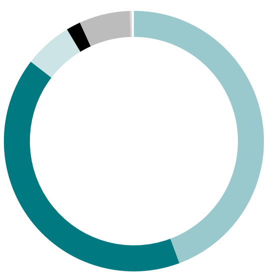
Total operating income before expected credit loss impairment charges decreased 24.0% to £729.0 million (2019*: £959.3 million).

A breakdown of total operating income before expected credit loss impairment charges by geography and division for the year under review can be found in our segmental disclosures on pages 34 to 39.



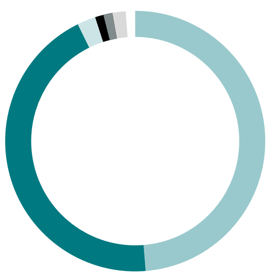
% of total operating income before expected credit losses

30 September 2019*
£959.3 million total operating income before expected credit loss impairment charges



Net interest income	44.4%
Net fee and commission income	41.2%
Investment income	6.0%
Share of post taxation profit of associates and joint venture holdings	1.8%
Trading income arising from customer flow	6.5%
Trading income arising from balance sheet management and other trading activities	(0.2%)
Other operating income	0.3%

30 September 2020
£729.0 million total operating income before expected credit loss impairment charges



Net interest income	49.3%
Net fee and commission income	44.6%
Investment income	2.3%
Share of post taxation profit of associates and joint venture holdings	2.2%
Trading income arising from customer flow	(1.2%)
Trading income arising from balance sheet management and other trading activities	1.1%
Other operating income	1.7%

* Restated to reflect continuing operations as detailed on page 68.

2. Net interest income

Net interest income decreased by 15.6% to £359.4 million (2019*: £425.6 million).

Factors driving the variance over the period:

Favourable:

- Average loan book growth in neutral currency
- Growth and higher yield on credit investments book (other debt securities) in South Africa

Unfavourable:

- Endowment effect from lower interest rates
- Assets repricing ahead of liabilities post rate cuts
- Higher derivative margin funding requirements

		UK and Other			Southern Africa			Total	
For the six months to 30 September 2020 £'000	Notes	Average balance sheet value	Interest income	Average yield	Average balance sheet value	Interest income	Average yield	**Average balance sheet value**	**Interest income**
Cash, near cash and bank debt and sovereign debt securities	1	7 748 065	14 943	0.39%	7 933 750	142 728	3.67%	15 681 815	157 671
Core loans	2	12 024 771	289 165	4.81%	12 996 227	484 151	7.60%	25 020 998	773 316
Private Client		5 322 895	98 211	3.69%	8 863 595	334 088	7.69%	14 186 490	432 299
Corporate, institutional and other clients		6 701 876	190 954	5.70%	4 132 632	150 063	7.40%	10 834 508	341 017
Other debt securities and other loans and advances		889 025	17 400	3.91%	765 234	24 022	6.40%	1 654 259	41 422
Other	3	306 365	34 546	n/a	14 588	7 437	n/a	320 953	41 983
Total interest-earning assets		**20 968 226**	**356 054**		**21 709 799**	**658 338**		**42 678 025**	**1 014 392**

		UK and Other			Southern Africa			Total	
For the six months to 30 September 2020 £'000	Notes	Average balance sheet value	Interest expense	Average yield	Average balance sheet value	Interest expense	Average yield	**Average balance sheet value**	**Interest expense**
Deposits by banks and other debt-related securities	4	3 177 572	(25 476)	1.60%	3 783 653	(59 519)	3.23%	6 961 225	(84 995)
Customer accounts (deposits)		15 924 317	(76 885)	0.97%	16 675 221	(392 903)	4.84%	32 599 538	(469 788)
Subordinated liabilities		790 805	(24 125)	6.10%	650 640	(22 191)	7.01%	1 441 445	(46 316)
Other	5	459 493	(44 312)	n/a	1 632 664	(9 560)	n/a	2 092 157	(53 872)
Total interest-bearing liabilities		**20 352 187**	**(170 798)**		**22 742 178**	**(484 173)**		**43 094 365**	**(654 971)**
Net interest income			**185 256**			**174 165**			**359 421**
Net interest margin			**1.77%**			**1.60% ****			

We have changed our methodology for calculating net interest margin whereby this is now calculated using a straight-line thirteen point (full year) or seven point (half year) average rather than a straight-line two point average previously. Under the previous methodology the net interest margin for the six months to 30 September 2020 would have been: 1.81% for the UK and Other and 1.60% for Southern Africa (Sept 2019: 2.04% for the UK and Other and 1.99% for Southern Africa). The average balance sheet value and average yield for Southern Africa have been determined in Rands. The average balance sheet value shown above has been translated using the average Rand: Pound sterling exchange rate for the period of R22.05 (Sept 2019: R18.28).

1 Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; bank debt securities.
2 Comprises (as per the balance sheet) loans and advances to customers; own originated loans and advances to customers securitised.
3 Comprises (as per the balance sheet) other securitised assets, finance lease receivables as well as interest income from derivative financial instruments and off-balance sheet assets where there is no associated balance sheet value.
4 Comprises (as per the balance sheet) deposits by banks; debt securities in issue; repurchase agreements and cash collateral on securities lent.
5 Comprises (as per the balance sheet) liabilities arising on securitisation of own originated loans and advance, finance lease liabilities as well as interest expense from derivative financial instruments where there is no associated balance sheet value.

** Impacted by debt funding issued by the Investec Property Fund in which the group has a 24.31% (September 2019: 26.57%) interest. Excluding this debt funding cost, the net interest margin amounted to 1.73% (September 2019: 2.14%).
* Restated to reflect continuing operations as detailed on page 68.

For the six months to 30 September 2019* £'000	Notes	UK and Other Average balance sheet value	UK and Other Interest income	UK and Other Average yield	Southern Africa Average balance sheet value	Southern Africa Interest income	Southern Africa Average yield	Total Average balance sheet value	Total Interest income
Cash, near cash and bank debt and sovereign debt securities	1	7 354 311	40 905	1.11%	7 384 939	233 133	6.32%	14 739 250	274 038
Core loans	2	10 705 910	293 451	5.48%	14 834 785	718 275	9.70%	25 540 695	1 011 726
Private client		4 326 587	91 154	4.21%	10 228 623	499 612	9.78%	14 555 210	590 766
Corporate, institutional and other clients		6 379 323	202 297	6.34%	4 606 162	218 663	9.51%	10 985 485	420 960
Other debt securities and other loans and advances		664 798	14 339	4.31%	755 492	19 929	5.29%	1 420 290	34 268
Other	3	335 355	44 022	n/a	16 014	15 622	n/a	351 369	59 644
Total interest-earning assets		**19 060 374**	**392 717**		**22 991 230**	**986 959**		**42 051 604**	**1 379 676**

For the six months to 30 September 2019* £'000	Notes	UK and Other Average balance sheet value	UK and Other Interest expense	UK and Other Average yield	Southern Africa Average balance sheet value	Southern Africa Interest expense	Southern Africa Average yield	Total Average balance sheet value	Total Interest expense
Deposits by banks and other debt-related securities	4	3 830 365	(42 158)	2.20%	2 975 670	(69 605)	4.69%	6 806 035	(111 763)
Customer accounts (deposits)		13 345 370	(85 266)	1.28%	18 790 834	(643 513)	6.86%	32 136 203	(728 779)
Subordinated liabilities		809 092	(24 172)	5.98%	863 411	(34 305)	7.96%	1 672 503	(58 477)
Other	5	497 112	(46 892)	n/a	100 986	(8 116)	n/a	598 099	(55 008)
Total interest-bearing liabilities		**18 481 939**	**(198 488)**		**22 730 901**	**(755 539)**		**41 212 840**	**(954 027)**
Net interest income			**194 229**			**231 420**			**425 649**
Net interest margin			**2.02%**			**1.99% ****			

1 Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; bank debt securities.
2 Comprises (as per the balance sheet) loans and advances to customers; own originated loans and advances to customers securitised.
3 Comprises (as per the balance sheet) other securitised assets, finance lease receivables as well as interest income from derivative financial instruments and off-balance sheet assets where there is no associated balance sheet value.
4 Comprises (as per the balance sheet) deposits by banks; debt securities in issue; repurchase agreements and cash collateral on securities lent.
5 Comprises (as per the balance sheet) liabilities arising on securitisation of own originated loans and advance, finance lease liabilities as well as interest expense from derivative financial instruments where there is no associated balance sheet value.

** Impacted by debt funding issued by the Investec Property Fund in which the group had a 26.57% interest as at 30 September 2019, excluding this debt funding cost, the net interest margin amounted to 2.14%
* Restated to reflect continuing operations as detailed on page 68.

3. Net fee and commission income

Net fee and commission income decreased 17.9% to £324.8 million (2019*: £395.7 million).
Factors driving the variance over the period:

Favourable:

- High non-discretionary client transaction volumes for Wealth & Investment supported strong growth in brokerage fees in first quarter
- Higher average discretionary and annuity FUM in South Africa
- Increased equity capital markets activity in the UK

Unfavourable:

- Sale of Irish Wealth & Investment business in October 2019
- Lower UK FUM at key billing dates
- Lower lending fees mainly due to lower corporate activity
- Private client transactional fees and corporate advisory activity in South Africa impacted by COVID-19 lockdowns
- Lower rental income from Investec Property Fund (IPF) (largely offset in non-controlling interests)

For the six months to 30 September 2020 £'000	UK and Other	Southern Africa	Total
Wealth & Investment net fee and commission income	**153 004**	**36 236**	**189 240**
Fund management fees/fees for funds under management	129 086	20 484	149 570
Private client transactional fees	24 303	16 384	40 687
Fee and commission expense	(385)	(632)	(1 017)
Specialist Banking net fee and commission income	**66 883**	**45 655**	**112 538**
Corporate and institutional transactional and advisory services	66 785	33 749	100 534
Private client transactional fees	6 226	24 603	30 829
Fee and commission expense	(6 128)	(12 697)	(18 825)
Group Investments net fee and commission income	**–**	**23 030**	**23 030**
Net fee and commission income	**219 887**	**104 921**	**324 808**
Annuity fees (net of fees payable)	137 486	94 011	231 497
Deal fees	82 401	10 910	93 311

For the six months to 30 September 2019* £'000	UK and Other	Southern Africa	Total
Wealth & Investment net fee and commission income	**155 468**	**40 716**	**196 184**
Fund management fees/fees for funds under management	134 311	22 923	157 234
Private client transactional fees	21 496	18 546	40 042
Fee and commission expense	(339)	(753)	(1 092)
Specialist Banking net fee and commission income	**96 773**	**67 355**	**164 128**
Corporate and institutional transactional and advisory services	95 930	50 277	146 207
Private client transactional fees	5 671	37 566	43 237
Fee and commission expense	(4 828)	(20 488)	(25 316)
Group Investments net fee and commission income	**–**	**35 413**	**35 413**
Net fee and commission income	**252 241**	**143 484**	**395 725**
Annuity fees (net of fees payable)	144 104	114 586	258 690
Deal fees	108 137	28 898	137 035

* Restated to reflect continuing operations as detailed on page 68.
Included in Specialist Banking corporate and institutional and advisory services is net fee income of £32.7 million (2019: £36.2 million) for operating lease income which is out of the scope of IFRS 15 – Revenue from contracts with customers.

Total third party funds under management

£'million	30 Sept 2020	31 March 2020	% change	30 Sept 2019
Wealth & Investment	**51 145**	**44 510**	**14.9%**	**56 364**
UK and Other	**37 551**	**33 117**	**13.4%**	**38 423**
Discretionary	31 622	27 599	14.6%	31 651
Non-discretionary	5 929	5 518	7.4%	6 772
Southern Africa	**13 594**	**11 393**	**19.3%**	**15 320**
Discretionary and annuity assets	7 438	5 982	24.3%	7 503
Non-discretionary	6 156	5 411	13.8%	7 817
Ireland**	**–**	**–**	**–**	**2 621**
Specialist Banking	843	508	65.9%	762
	51 988	**45 018**	**15.5%**	**57 126**

** The Irish Wealth & Investment business was sold in October 2019.

4. Investment income

Investment income decreased 70.5% to £16.9 million (2019*: £57.1 million).

Factors driving the variance over the period:

Favourable:

- Mark-to-market gains on listed equities
- Fair value adjustments on certain unlisted UK assets

Unfavourable:

- COVID-19 negative impact on investment property valuations in IPF
- Lower realisations and dividend income
- No profit shares recognised in the period
- Fair value adjustments on loans held at fair value
- Loss of IPF's investment income from Investec Australia Property Fund (IAPF) following a divestment (largely offset in non-controlling interests)

The following tables analyse investment income generated by the asset portfolio shown on the balance sheet:

For the six months to 30 September 2020 £'000	Listed equities	Unlisted equities	Fair value loan investments	Warrants and profit shares	Investment portfolio	Debt securities (sovereign, bank and other)	Investment and trading properties	Other	Total
UK and Other									
Realised	2 769	(13 337)	–	–	(10 568)	5 108	(110)	2 294	(3 276)
Unrealised^	13 049	27 432	–	–	40 481	141	(3 522)	(10 813)	26 287
Dividend income	7	1 011	–	–	1 018	–	–	–	1 018
Funding and other net related costs	–	–	–	–	–	–	1 160	–	1 160
	15 825	**15 106**	**–**	**–**	**30 931**	**5 249**	**(2 472)**	**(8 519)**	**25 189**
Southern Africa									
Realised	5 334	403	–	434	6 171	339	(338)	(3)	6 169
Unrealised^	8 166	(4 763)	(1 012)	–	2 391	601	(22 051)	(7)	(19 066)
Dividend income	3 638	782	–	–	4 420	–	–	–	4 420
Funding and other net related costs	–	(592)	–	–	(592)	–	739	–	147
	17 138	**(4 170)**	**(1 012)**	**434**	**12 390**	**940**	**(21 650)**	**(10)**	**(8 330)**
Investment income	**32 963**	**10 936**	**(1 012)**	**434**	**43 321**	**6 189**	**(24 122)**	**(8 529)**	**16 859**

For the six months to 30 September 2019* £'000	Listed equities	Unlisted equities	Fair value loan investments	Warrants and profit shares	Investment portfolio	Debt securities (sovereign, bank and other)	Investment and trading properties	Other	Total
UK and Other									
Realised	(471)	46 501	–	14 661	60 691	3 707	(1 921)	(584)	61 893
Unrealised^	(1 073)	(35 400)	–	(6 726)	(43 199)	73	1 293	(4 392)	(46 225)
Dividend income	1	631	–	–	632	–	–	–	632
Funding and other net related costs	–	–	–	–	–	–	1 046	–	1 046
	(1 543)	**11 732**	**–**	**7 935**	**18 124**	**3 780**	**418**	**(4 976)**	**17 346**
Southern Africa									
Realised	3 516	3 855	–	1 912	9 283	2 640	(391)	(124)	11 408
Unrealised^	15 019	(2 816)	8 261	(466)	19 998	1 845	(835)	(2 223)	18 785
Dividend income	7 033	3 429	–	–	10 462	–	–	21	10 483
Funding and other net related costs	–	(1 042)	–	–	(1 042)	–	99	–	(943)
	25 568	**3 426**	**8 261**	**1 446**	**38 701**	**4 485**	**(1 127)**	**(2 326)**	**39 733**
Investment income	**24 025**	**15 158**	**8 261**	**9 381**	**56 825**	**8 265**	**(709)**	**(7 302)**	**57 079**

* Restated to reflect continuing operations as detailed on page 68.
^ In a year of realisation, any prior period mark-to-market gains/(losses) recognised are reversed in the unrealised line item.

5. Interests in associated undertakings and joint venture holdings

Share of post taxation profit of associates and joint venture holdings of £16.3 million (2019*: £17.8 million) primarily reflects earnings in relation to the group's investments in Ninety One and the IEP Group.

Factors driving the variance over the period:

Favourable:

- Inclusion of earnings from the group's 25% holding in Ninety One

Unfavourable:

- Impact of COVID-19 and the non-repeat of a realisation in prior period on IEP Group earnings
- Fair value adjustments in IPF's UK associate investment (largely offset in non-controlling interests)

6. Trading income

Trading income arising from customer flow amounted to a net loss of £8.5 million (2019*: net income of £62.8 million).

Factors driving the variance over the period:

Favourable:

- Higher commodity trading activity in South Africa

Unfavourable:

- Risk management and risk reduction costs on hedging structured products book following market dislocation and dividend cancellation
- Fair value adjustments related to interest rate hedge positions in IPF (largely offset in non-controlling interests)

Trading income from balance sheet management and other trading activities increased to £8.1 million (2019*: net loss £2.3 million).

Factors driving the variance over the period:

Favourable:

- Improved asset values following extreme COVID-19 related volatility in March 2020
- Positive fair value adjustments on certain trading portfolios

Unfavourable:

- Negative movements on currency hedges related to our investment in IAPF

7. Other operating income

Other operating income of £12.0 million (2019*: £2.6 million) primarily reflects the fair value movements of the Ninety One shares held in the group's staff share scheme as a result of the demerger and separate listing of Ninety One, whereby shareholders received one Ninety One share for every two Investec shares held. These shares are reflected on the group's balance sheet in Other assets. The equal and corresponding liability is reflected in Other liabilities with changes in the value of the liability expensed through staff costs in operating costs.

8. Expected credit loss (ECL) impairment charges

Total ECL impairment charges amounted to £66.0 million (2019*: £31.0 million) and the group's annualised credit loss ratio was 0.47% (FY2020: 0.52%; Sept 2019: 0.23%). The increase was primarily driven by a deterioration in the macro-economic scenarios applied in our models. The group revised its macro-economic assumptions during the period with material downward revisions to key economic variables. Refer to pages 118 to 121 for further information on the macro-economic scenarios underpinning the group's ECL impairment charges and page 122 for information on the group's asset quality.

£'000	30 Sept 2020	30 Sept 2019	Variance	% change
UK and Other	(39 906)	(16 087)	(23 819)	>100.0%
Southern Africa	(26 068)	(14 934)	(11 134)	74.6%
ECL impairment charges	**(65 974)**	**(31 021)**	**(34 953)**	**>100.0%**
ECL impairment charges in home currency				
Southern Africa (R'million)	**(573)**	**(272)**	**(301)**	**>100.0%**

£'000	30 Sept 2020	30 Sept 2019
ECL impairment charges are recognised on the following assets:		
Loans and advances to customers	(57 220)	(27 325)
Own originated loans and advances to customers securitised	(353)	(622)
Core loans	**(57 573)**	**(27 947)**
Other loans and advances	(28)	28
Other balance sheet assets	(3 047)	(1 784)
Off-balance sheet commitments and guarantees	(5 326)	(1 318)
Total ECL impairment charges	**(65 974)**	**(31 021)**

* Restated to reflect continuing operations as detailed on page 68.

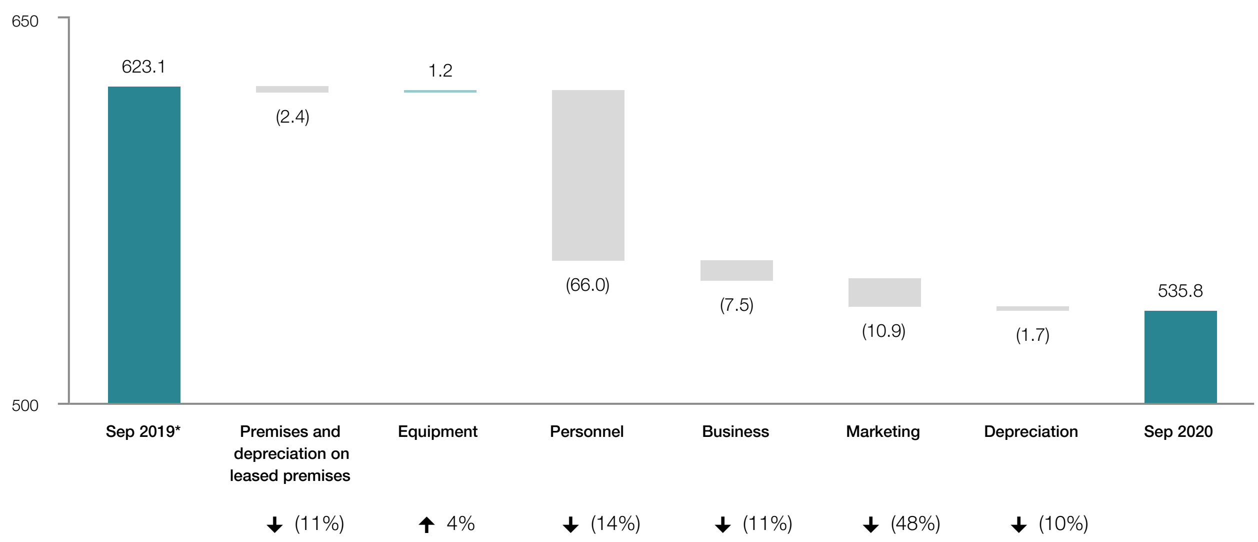
9. Operating costs

Operating costs decreased 14.0% to £535.8 million (2019*: £623.1 million), driven by headcount containment, lower variable remuneration and a reduction in discretionary expenditure. Notwithstanding this reduction in costs, we continued to invest in growth initiatives and in technology.

Despite the decrease in operating costs, the cost to income ratio is above the prior period at 72.0% (2019*: 67.0%) as a result of the aforementioned pressures on revenue.

Operating costs

£'million



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

£'000	30 Sept 2020	30 Sept 2019*	Variance	% change
Wealth & Investment	(150 699)	(161 228)	10 529	(6.5%)
Specialist Banking	(367 129)	(438 159)	71 030	(16.2%)
Group Investments	(584)	(433)	(151)	34.9%
Group costs	(17 343)	(23 272)	5 929	(25.5%)
Total operating costs	**(535 755)**	**(623 092)**	**87 337**	**(14.0%)**

£'000	30 Sept 2020	30 Sept 2019*	Variance	% change
UK and Other	(357 880)	(399 269)	41 389	(10.4%)
Southern Africa	(177 875)	(223 823)	45 948	(20.5%)
Total operating costs	**(535 755)**	**(623 092)**	**87 337**	**(14.0%)**

* Restated to reflect continuing operations as detailed on page 68.

£'000	30 Sept 2020	% of total operating costs	30 Sept 2019*	% of total operating costs	% change
Staff costs	(394 544)	73.6%	(460 569)	73.9%	(14.3%)
Salaries and wages	(245 743)	45.9%	(250 695)	40.2%	(2.0%)
Variable remuneration	(75 395)	14.1%	(120 334)	19.3%	(37.3%)
Share-based payments expense	(24 029)	4.5%	(30 646)	4.9%	(21.6%)
Other	(49 377)	9.2%	(58 894)	9.5%	(16.2%)
Business expenses	(60 546)	11.3%	(68 058)	10.9%	(11.0%)
Equipment expenses (excluding depreciation)	(34 109)	6.4%	(32 949)	5.3%	3.5%
Premises expenses^	(20 147)	3.8%	(22 549)	3.6%	(10.7%)
Premises expenses (excluding depreciation)^	(10 388)	1.9%	(8 714)	1.4%	19.2%
Premises depreciation	(9 759)	1.8%	(13 835)	2.2%	(29.5%)
Marketing expenses	(11 800)	2.2%	(22 687)	3.6%	(48.0%)
Depreciation, amortisation and impairment on property, equipment and intangibles	(14 609)	2.7%	(16 280)	2.6%	(10.3%)
Total operating costs	**(535 755)**	**100.0%**	**(623 092)**	**100.0%**	**(14.0%)**

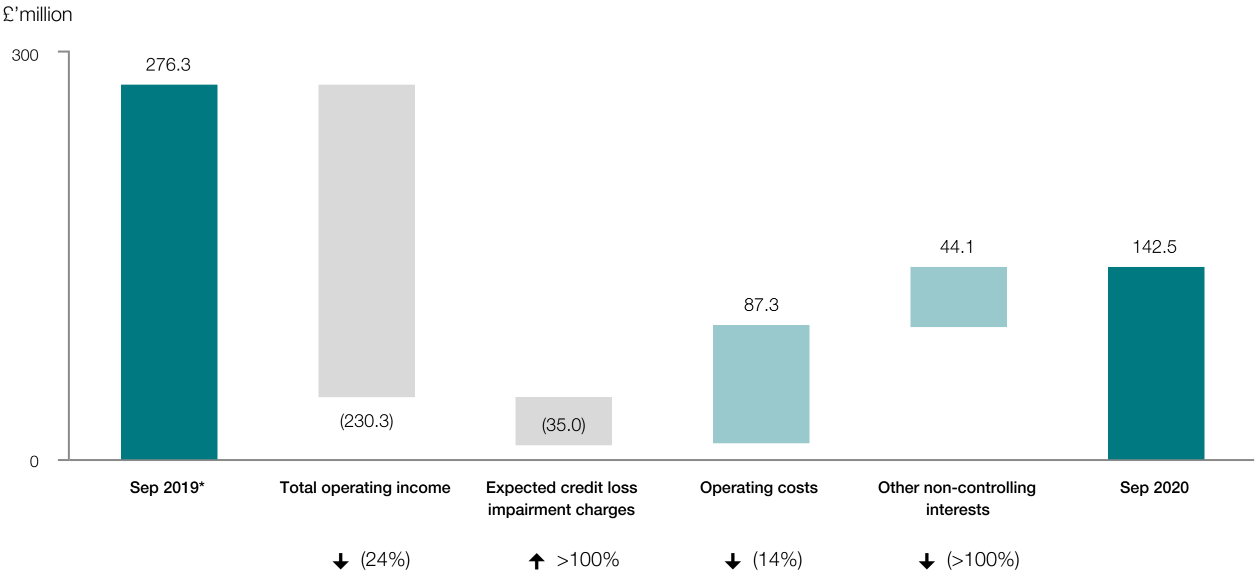
Of which IT costs:

£'000	30 Sept 2020	30 Sept 2019*	Variance	% change
Staff costs	(54 208)	(63 687)	9 479	(14.9%)
Equipment expenses (excluding depreciation)	(33 842)	(34 274)	432	(1.3%)
Depreciation on equipment	(8 396)	(9 617)	1 221	(12.7%)
Other	(13 201)	(17 933)	4 732	(26.4%)
Total IT costs	**(109 647)**	**(125 511)**	**15 864**	**(12.6%)**
Headcount	**1 552**	**1 616**	**(64)**	**(4.0%)**

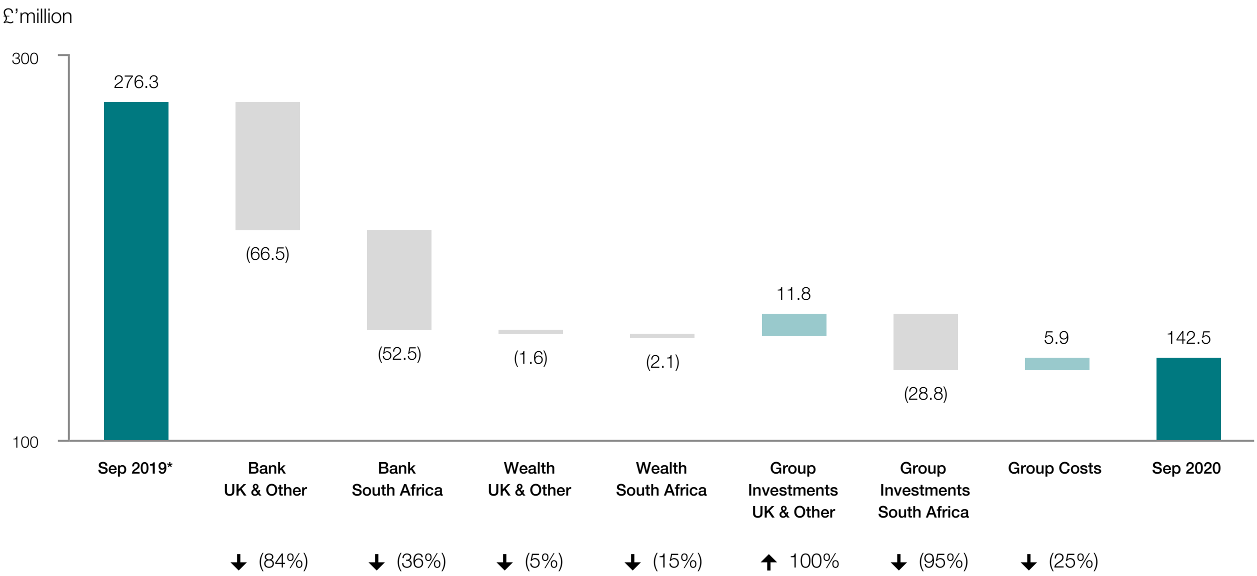
* Restated to reflect continuing operations as detailed on page 68.

Adjusted operating profit

As a result of the foregoing factors, adjusted operating profit from continuing operations decreased by 48.4% from £276.3 million to £142.5 million.



Adjusted operating profit by business and geography



* Restated to reflect continuing operations as detailed on page 68.

Adjusted operating profit

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

For the six months to 30 September £'000	UK and Other	Southern Africa	Total group	% change	% of total
2020					
Wealth & Investment	28 877	11 960	40 837	(8.2%)	28.7%
Specialist Banking	12 903	92 870	105 773	(52.9%)	74.2%
Group Investments	11 791	1 428	13 219	(56.3%)	9.3%
Group costs	(10 208)	(7 135)	(17 343)	(25.5%)	(12.2%)
Continuing operations adjusted operating profit	**43 363**	**99 123**	**142 486**	**(48.4%)**	**100.0%**
Discontinued operations	—	—	—	(100.0%)	—
Total group adjusted operating profit	**43 363**	**99 123**	**142 486**	**(61.9%)**	**100.0%**
Other non-controlling interests^			(15 255)		
Operating profit before non-controlling interests			**127 231**		
% change	**(71.7%)**	**(55.1%)**	**(61.9%)**		
% of total	**30.4%**	**69.6%**	**100.0%**		
2019*					
Wealth & Investment	30 455	14 053	44 508		11.9%
Specialist Banking	79 448	145 339	224 787		60.2%
Group Investments	—	30 270	30 270		8.1%
Group costs	(15 839)	(7 433)	(23 272)		(6.2%)
Continuing operations adjusted operating profit	**94 064**	**182 229**	**276 293**		**73.9%**
Discontinued operations	58 974	38 355	97 329		26.1%
Total group adjusted operating profit	**153 038**	**220 584**	**373 622**		**100.0%**
Other non-controlling interests^			28 863		
Operating profit before non-controlling interests			**402 485**		
% of total	**41.0%**	**59.0%**	**100.0%**		

* Restated to reflect continuing operations as detailed on page 68.
^ (Loss)/profit attributable to other non-controlling interests predominantly relates to the Investec Property Fund Limited.

Number of employees

By division – permanent employees	30 Sept 2020	31 March 2020
Wealth & Investment		
UK and Other	1 311	1 380
Southern Africa	372	371
Total	**1 683**	**1 751**
Specialist Banking		
UK and Other	2 428	2 492
Southern Africa	4 060	4 112
Total	**6 488**	**6 604**
Temporary employees and contractors	344	387
Total number of employees	**8 515**	**8 742**

Adjusted operating profit per employee

By division	Wealth & Investment	Specialist Banking
Number of total employees – 30 September 2020	**1 767**	**6 748**
Number of total employees – 31 March 2020	1 844	6 898
Number of total employees – 30 September 2019	1 920	6 898
Number of total employees – 31 March 2019	1 931	7 013
Average total employees – six months to 30 September 2020	**1 806**	**6 823**
Average total employees – six months to 30 September 2019	1 926	6 956
Adjusted operating profit# – six months to 30 September 2020	**40 837**	**105 773**
Adjusted operating profit# – six months to 30 September 2019*	44 508	224 787
Adjusted operating profit per employee^ – six months to 30 September 2020 (£'000)	**22.6**	**15.5**
Adjusted operating profit per employee^ – six months to 30 September 2019* (£'000)	23.1	32.3

Adjusted operating profit excluding group costs.
^ Based on average number of employees over the year.
* Restated to reflect continuing operations as detailed on page 68.

By geography	UK and Other	Southern Africa	Total
Number of total employees – 30 September 2020	**3 792**	**4 723**	**8 515**
Number of total employees – 31 March 2020	3 942	4 800	8 742
Number of total employees – 30 September 2019	4 065	4 753	8 818
Number of total employees – 31 March 2019	4 099	4 845	8 944
Average total employees – six months to 30 September 2020	**3 867**	**4 762**	**8 629**
Average total employees – six months to 30 September 2019*	4 082	4 799	8 881
Adjusted operating profit – six months to 30 September 2020	**43 363**	**99 123**	**142 486**
Adjusted operating profit – six months to 30 September 2019*	94 064	182 229	276 293
Adjusted operating profit per employee^ – six months to 30 September 2020 (£'000)	**11.2**	**20.8**	**16.5**
Adjusted operating profit per employee^ – six months to 30 September 2019* (£'000)	23.0	38.0	31.1

^ Based on average number of employees over the year.
* Restated to reflect continuing operations as detailed on page 68.

10. Goodwill and intangible assets

Amortisation of acquired intangibles of £7.6 million (2019*: £8.0 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 £4.6 million (2019: nil) 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 since March.

Goodwill and intangible assets analysis by geography and line of business

£'000	**30 Sept 2020**	31 March 2020
UK and Other	**261 283**	**261 183**
Wealth & Investment	236 318	236 318
Specialist Banking	24 965	24 865
South Africa	**9 708**	**9 442**
Wealth & Investment	1 675	1 631
Specialist Banking	8 033	7 811
Intangible assets	**66 224**	**71 657**
Wealth & Investment	63 055	67 498
Specialist Banking	3 169	4 159
Total group	**337 215**	**342 282**

11. Taxation

The tax charge on adjusted operating profit from continuing operations was £20.9 million (2019*: £41.5 million), resulting in an effective tax rate of 18.8% (2019*: 14.4%). The increase was due to the normalisation of the effective tax rate in South Africa.

	Effective tax rates				
	30 Sept 2020	30 Sept 2019*	**30 Sept 2020 £'000**	30 Sept 2019 £'000	% change
UK and Other	18.5%	17.2%	(5 337)	(15 556)	(65.7%)
Southern Africa	18.9%	13.2%	(15 555)	(25 926)	(40.0%)
Tax	**18.8%**	**14.4%**	**(20 892)**	**(41 482)**	**(49.6%)**

* Restated to reflect continuing operations as detailed on page 68.

Net asset value per share

NAV per share increased 4.6% to 433.5 pence and TNAV per share (which excludes goodwill, software, and other intangible assets) increased 5.2% to 397.4 pence mainly due to an increase in retained earnings. The group's net asset value per share and net tangible asset value per share is reflected in the table below.

£'000	30 Sept 2020	31 March 2020
Ordinary shareholders' equity/net asset value	**4 045 354**	**3 862 305**
Less: goodwill and intangible assets	(337 215)	(342 282)
Tangible ordinary shareholders' equity/net tangible asset value	**3 708 139**	**3 520 023**
Number of shares in issue (million)	1 015.0	1 015.0
Treasury shares (million)	(81.9)	(82.8)
Number of shares in issue in this calculation (million)	**933.1**	**932.2**
Net asset value per share (pence)	**433.5**	**414.3**
Net tangible asset value per share (pence)	**397.4**	**377.6**

Return on risk-weighted assets – continuing operations

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

	30 Sept 2020	31 March 2020	Average risk-weighted assets	30 Sept 2019	31 March 2019	Average risk-weighted assets
Adjusted earnings attributable to ordinary shareholders (£'000)	**104 379**	**320 650**		**212 347**	**458 844**	
Investec plc risk-weighted assets* (£'million)	16 482	16 285	16 384	14 936	14 679	14 807
Investec Limited risk-weighted assets* (£'million)	16 023	15 247	15 635	17 093	16 606	16 850
Total risk-weighted assets* (£'million)	**32 505**	**31 532**	**32 019**	**32 029**	**31 285**	**31 657**
Annualised return on risk-weighted assets	**0.65%**	**1.01%**		**1.34%**	**1.41%**	
Investec Limited risk-weighted assets* (R'million)	345 723	337 755	341 739	319 415	312 170	315 793

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

Return on equity

Continuing operations £'000	30 Sept 2020	31 March 2020	Average	30 Sept 2019	31 March 2019	Average
Ordinary shareholders' equity	**4 045 354**	**3 862 305**	**3 953 830**	**4 014 804**	**3 917 960**	**3 966 382**
Goodwill and intangible assets	(337 215)	(342 282)	(339 749)	(352 882)	(368 352)	(360 617)
Tangible ordinary shareholders' equity	**3 708 139**	**3 520 023**	**3 614 081**	**3 661 922**	**3 549 608**	**3 605 765**

Continuing operations £'000	30 Sept 2020	30 Sept 2019	31 March 2020
Operating profit before goodwill, acquired intangibles and strategic actions	127 231	305 156	487 111
Non-controlling interests	15 255	(28 863)	(67 952)
Earnings attributable to perpetual preference and Other Additional Tier 1 security holders (other equity holders)	(17 215)	(22 464)	(43 819)
Adjusted earnings (pre-tax)	**125 271**	**253 829**	**375 340**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(20 892)	(41 482)	(54 690)
Adjusted earnings attributable to ordinary shareholders	**104 379**	**212 347**	**320 650**
Pre-tax return on average shareholders' equity (pre-tax ROE)	6.3%	12.8%	9.7%
Post-tax return on average shareholders' equity (post-tax ROE)	**5.3%**	**10.7%**	**8.3%**
Pre-tax return on average tangible shareholders' equity (pre-tax ROTE)	6.9%	14.1%	10.8%
Post-tax return on average tangible shareholders' equity (post-tax ROTE)	**5.8%**	**11.8%**	**9.2%**

* Restated as detailed on page 68.

Return on equity by geography

£'000	UK and Other	Southern Africa	Total
Operating profit before goodwill, acquired intangibles and strategic actions	42 833	84 398	127 231
Non-controlling interests	530	14 725	15 255
Earnings attributable to other equity holders	(8 613)	(8 602)	(17 215)
Adjusted earnings (pre-tax)	**34 750**	**90 521**	**125 271**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(5 337)	(15 555)	(20 892)
Adjusted earnings attributable to ordinary shareholders – 30 September 2020	**29 413**	**74 966**	**104 379**
Adjusted earnings attributable to ordinary shareholders – 30 September 2019*	69 384	142 963	212 347
Ordinary shareholders' equity – 30 September 2020	**2 109 106**	**1 936 248**	**4 045 354**
Goodwill and intangible assets (excluding software)	(320 951)	(16 264)	(337 215)
Tangible ordinary shareholders' equity – 30 September 2020	**1 788 155**	**1 919 984**	**3 708 139**
Ordinary shareholders' equity – 31 March 2020	**2 076 961**	**1 785 344**	**3 862 305**
Goodwill and intangible assets (excluding software)	(325 294)	(16 988)	(342 282)
Tangible ordinary shareholders' equity – 31 March 2020	**1 751 667**	**1 768 356**	**3 520 023**
Ordinary shareholders' equity – 30 September 2019	**1 858 778**	**2 156 026**	**4 014 804**
Goodwill and intangible assets (excluding software)	(331 672)	(21 210)	(352 882)
Tangible ordinary shareholders' equity – 30 September 2019	**1 527 106**	**2 134 816**	**3 661 922**
Average ordinary shareholders' equity – 30 September 2020	**2 093 034**	**1 860 796**	**3 953 830**
Average ordinary shareholders' equity – 30 September 2019	1 850 937	2 115 445	3 966 382
Average tangible ordinary shareholders' equity – 30 September 2020	**1 769 911**	**1 844 170**	**3 614 081**
Average tangible ordinary shareholders' equity – 30 September 2019	1 512 150	2 093 615	3 605 765
Post-tax ROE – 30 September 2020	**2.8%**	**8.1%**	**5.3%**
Post-tax ROE – 30 September 2019*	7.5%	13.5%	10.7%
Post-tax ROTE – 30 September 2020	**3.3%**	**8.1%**	**5.8%**
Post-tax ROTE – 30 September 2019*	9.2%	13.7%	11.8%
Pre-tax ROTE – 30 September 2020	**3.3%**	**9.7%**	**6.3%**
Pre-tax ROTE – 30 September 2019*	9.2%	16.0%	12.8%
Pre-tax ROTE – 30 September 2020	**3.9%**	**9.8%**	**6.9%**
Pre-tax ROTE – 30 September 2019*	11.2%	16.1%	14.1 %

* Restated to reflect continuing operations as detailed on page 68.

£'000	Specialist Bank UK and Other	Specialist Bank Southern Africa	Specialist Bank Total	Group Investments UK and Other	Group Investments Southern Africa	Group Investments Total
Adjusted operating profit	**12 903**	**92 870**	**105 773**	**11 791**	**1 428**	**13 219**
Notional return on regulatory capital	(3 450)	(659)	(4 109)	—	—	—
Notional cost of statutory capital	5 382	—	5 382	(1 093)	—	(1 093)
Cost of subordinated debt	367	125	492	—	—	—
Earnings attributable to other equity holders	(8 375)	(8 489)	(16 864)	—	—	—
Adjusted earnings (pre-tax) – 2020	**6 827**	**83 847**	**90 674**	**10 698**	**1 428**	**12 126**
Tax on operating profit before goodwill, acquired intangibles and strategic actions	(981)	(13 638)	(14 619)	—	(89)	(89)
Adjusted earnings attributable to ordinary shareholders – 2020	**5 846**	**70 209**	**76 055**	**10 698**	**1 339**	**12 037**
Adjusted earnings (pre-tax) – 2019**	**71 917**	**130 662**	**202 579**	**—**	**30 270**	**30 270**
Adjusted earnings attributable to ordinary shareholders – 2019**	**65 992**	**117 209**	**183 201**	**—**	**23 550**	**23 550**
Ordinary shareholders' equity – 30 September 2020	**1 541 203**	**1 629 443**	**3 170 646**	**184 610**	**279 923**	**464 533**
Goodwill and intangible assets (excluding software)	(24 964)	(14 589)	(39 553)	—	—	—
Tangible ordinary shareholders' equity – 30 September 2020	**1 516 238**	**1 614 855**	**3 131 093**	**184 610**	**279 923**	**464 533**
Ordinary shareholders' equity – 31 March 2020	1 578 704	1 469 690	3 048 394	97 640	291 085	388 725
Goodwill and intangible assets (excluding software)	(24 866)	(15 357)	(40 223)	—	—	—
Tangible ordinary shareholders' equity – 31 March 2020	1 553 838	1 454 333	3 008 171	97 640	291 085	388 725
Average ordinary shareholders' equity – 2020	**1 559 953**	**1 549 567**	**3 109 520**	**141 125**	**285 504**	**426 629**
Average ordinary shareholders' equity – 2019	1 471 975	1 741 776	3 213 751	—	348 000	348 000
Average tangible ordinary shareholders' equity – 2020	**1 535 038**	**1 534 594**	**3 069 632**	**141 125**	**285 504**	**426 629**
Average tangible ordinary shareholders' equity – 2019	1 448 317	1 721 873	3 170 190	—	348 000	348 000
Pre-tax ROE – 30 September 2020	**0.9%**	**10.8%**	**5.8%**	**15.2%**	**1.0%**	**5.7%**
Pre-tax ROE – 30 September 2019**	9.8%	15.0%	12.6%	—	17.4%	17.4%
Post-tax ROE – 30 September 2020	**0.7%**	**9.1%**	**4.9%**	**15.2%**	**0.9%**	**5.6%**
Post-tax ROE – 30 September 2019**	9.0%	13.5%	11.4%	—	13.5%	13.5%
Pre-tax ROTE – 30 September 2020	**0.9%**	**10.9%**	**5.9%**	**15.2%**	**1.0%**	**5.7%**
Pre-tax ROTE – 30 September 2019**	9.9%	15.2%	12.8%	—	17.4%	17.4%
Post-tax ROTE – 30 September 2020	**0.8%**	**9.2%**	**5.0%**	**15.2%**	**0.9%**	**5.6%**
Post-tax ROTE – 30 September 2019**	9.1%	13.6%	11.6%	—	13.5%	13.5%

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

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

** Restated to reflect continuing operations as detailed on page 68.

Wealth & Investment			Group costs			Wealth & Investment goodwill adjustment^			Total group		
UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**	**UK and Other**	**Southern Africa**	**Total**
28 877	**11 960**	**40 837**	**(10 208)**	**(7 135)**	**(17 343)**	**—**	**—**	**—**	**43 363**	**99 123**	**142 486**
3 450	659	4 109	—	—	—	—	—	—	—	—	—
(4 289)	—	(4 289)	—	—	—	—	—	—	—	—	—
(367)	(125)	(492)	—	—	—	—	—	—	—	—	—
(238)	(113)	(351)	—	—	—	—	—	—	(8 613)	(8 602)	(17 215)
27 433	**12 381**	**39 814**	**(10 208)**	**(7 135)**	**(17 343)**	**—**	**—**	**—**	**34 750**	**90 521**	**125 271**
(6 296)	(3 219)	(9 515)	1 940	1 391	3 331	—	—	—	(5 337)	(15 555)	(20 892)
21 137	**9 162**	**30 299**	**(8 268)**	**(5 744)**	**(14 012)**	**—**	**—**	**—**	**29 413**	**74 966**	**104 379**
29 270	**14 982**	**44 252**	**(15 839)**	**(7 433)**	**(23 272)**	**—**	**—**	**—**	**85 348**	**168 481**	**253 829**
22 240	**11 124**	**33 364**	**(18 848)**	**(8 920)**	**(27 768)**	**—**	**—**	**—**	**69 384**	**142 963**	**212 347**
224 242	**26 883**	**251 125**	**—**	**—**	**—**	**159 050**	**—**	**159 050**	**2 109 105**	**1 936 249**	**4 045 354**
(136 937)	(1 675)	(138 612)	—	—	—	(159 050)	—	(159 050)	(320 951)	(16 264)	(337 215)
87 305	**25 208**	**112 513**	**—**	**—**	**—**	**—**	**—**	**—**	**1 788 154**	**1 919 985**	**3 708 139**
241 567	24 569	266 136	—	—	—	159 050	—	159 050	2 076 961	1 785 344	3 862 305
(141 378)	(1 631)	(143 009)	—	—	—	(159 050)	—	(159 050)	(325 294)	(16 988)	(342 282)
100 189	22 938	123 127	—	—	—	—	—	—	1 751 667	1 768 356	3 520 023
232 905	**25 726**	**258 631**	**—**	**—**	**—**	**159 050**	**—**	**159 050**	**2 093 033**	**1 860 797**	**3 953 830**
219 912	25 669	245 581	—	—	—	159 050	—	159 050	1 850 937	2 115 445	3 966 382
93 747	**24 073**	**117 820**	**—**	**—**	**—**	**—**	**—**	**—**	**1 769 910**	**1 844 171**	**3 614 081**
63 833	23 742	87 575							1 512 150	2 093 615	3 605 765
23.6%	**96.3%**	**30.8%**							**3.3%**	**9.7%**	**6.3%**
26.6%	116.7%	36.0%							9.2%	16.0%	12.8%
18.2%	**71.2%**	**23.4%**							**2.8%**	**8.1%**	**5.3%**
20.2%	86.7%	27.2%							7.5%	13.5%	10.7%
58.5%	**102.9%**	**67.6%**							**3.9%**	**9.8%**	**6.9%**
91.7%	126.2%	101.1%							11.2%	16.1%	14.1%
45.1%	**76.1%**	**51.4%**							**3.3%**	**8.1%**	**5.8%**
69.7%	93.7%	76.2%							9.2%	13.7%	11.8%

Asset Management business

During the prior financial year on 13 March 2020, the group successfully completed the demerger of Ninety One (formerly known as Investec Asset Management), which became separately listed on 16 March 2020. The loss of control of Investec Asset Management was effected through the distribution of Ninety One shares to shareholders.

The table below presents the income statement from discontinued operations included in the total group income statement for the six months to 30 September 2019 and the year to 31 March 2020.

12. Combined consolidated income statement of discontinued operations

	Six months to 30 September 2019			Year to 31 March 2020		
£'000	UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total
Net interest income	(1 207)	2 202	995	(2 235)	3 962	1 727
Net fee and commission income	204 392	94 983	299 375	392 591	191 388	583 979
Investment income	(158)	8	(150)	(2 042)	35	(2 007)
Trading income/(loss) arising from						
– balance sheet management and other trading activities	4 054	(95)	3 959	1 634	(76)	1 558
Other operating income	3 822	584	4 406	4 697	745	5 442
Total operating income before expected credit loss impairment charges	**210 903**	**97 682**	**308 585**	**394 645**	**196 054**	**590 699**
Expected credit loss impairment charges	—	—	—	—	—	—
Operating income	**210 903**	**97 682**	**308 585**	**394 645**	**196 054**	**590 699**
Operating costs	(151 929)	(59 327)	(211 256)	(285 542)	(115 398)	(400 940)
Operating profit before strategic actions and non-controlling interests	**58 974**	**38 355**	**97 329**	**109 103**	**80 656**	**189 759**
Profit attributable to non-controlling interests from discontinued operations	(9 743)	(5 429)	(15 172)	(18 106)	(11 241)	(29 347)
Operating profit	**49 231**	**32 926**	**82 157**	**90 997**	**69 415**	**160 412**
Gain on distribution net of implementation costs	(4 125)	(4 454)	(8 579)	549 263	270 970	820 233
Profit before taxation	**45 106**	**28 472**	**73 578**	**640 260**	**340 385**	**980 645**
Taxation on operating profit before strategic actions	(9 961)	(10 931)	(20 892)	(19 112)	(22 088)	(41 200)
Taxation on strategic actions	645	582	1 227	1 253	(15 066)	(13 813)
Earnings attributable to shareholders from discontinued operations	**35 790**	**18 123**	**53 913**	**622 401**	**303 231**	**925 632**

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

In this regard, the following strategic actions were effected in the prior financial year ended 31 March 2020:

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

We elected to separately disclose the financial impact of these strategic actions as the financial impact from group restructures and the rundown of portfolios where operations have ceased.

The effective date of the asset management business demerger was 13 March 2020 and admission of the Ninety One Limited shares and the Ninety One plc shares to the Johannesburg Stock Exchange and London Stock Exchange was effected on 16 March 2020. The global asset management business has been disclosed as a discontinued operation and the income statement for the prior period has been appropriately re-presented. Refer to page 66 and 68 for discontinued operations and restatement of the income statement to reflect continuing operations.

Depreciation on operating leased assets of £0.4 million (30 September 2019: £0.8 million; 31 March 2020: £1.4 million), which was previously reported as a separate line item on the income statement, has been included in operating costs. The prior period has been restated to reflect the same basis.

Software of £13.0 million (31 March 2020: £14.6 million; 30 September 2019: £18.5 million), which was previously reported within intangible assets, is now reported as a separate line item. The prior periods have been re-presented to reflect the same basis.

Perpetual preference share premium of £172.3 million (31 March 2020: £168.5 million; 30 September 2019: £195.1 million), which was previously reported within share premium, is now reported within Perpetual preference share capital and premium. The prior periods have been re-presented to reflect the same basis.

The re-presentation of software and the perpetual preference share premium was done to provide users enhanced clarity on the values used to calculate net asset values and the various ROE ratios.

13. Financial impact of strategic actions

£'000	**Six months to 30 Sept 2020**	Six months to 30 Sept 2019	Year to 31 March 2020
Closure and rundown of the Hong Kong direct investments business*	(2 158)	(49 469)	(89 257)
Financial impact of group restructures	—	12 757	(25 725)
Closure of Click & Invest	—	(4 020)	(4 309)
Sale of the Irish Wealth & Investment business	—	18 959	19 741
Restructure of the Irish branch	—	(1 265)	(41 110)
Other	—	(917)	(47)
Financial impact of strategic actions – continuing operations	**(2 158)**	**(36 712)**	**(114 982)**
Taxation on financial impact of strategic actions from continuing operations	381	10 497	19 856
Net financial impact of strategic actions – continuing operations	**(1 777)**	**(26 215)**	**(95 126)**
Gain on distribution of Ninety One shares net of taxation and implementation costs	—	(8 579)	806 420
Net financial impact of strategic actions – total group	**(1 777)**	**(34 794)**	**711 294**

* Included within the balance are fair value losses of £0.1 million (September 2019: £44.6 million, March 2020: £83.2 million).

£'000	Six months to 30 Sept 2019 as previously reported	Representation as a discontinued operation	**Six months to 30 Sept 2019 restated**
Interest income	1 382 062	(2 386)	1 379 676
Interest expense	(955 418)	1 391	(954 027)
Net interest income	**426 644**	**(995)**	**425 649**
Fee and commission income	818 827	(396 694)	422 133
Fee and commission expense	(123 727)	97 319	(26 408)
Investment income	56 929	150	57 079
Share of post taxation profit of associates and joint venture holdings	17 754	—	17 754
Trading income/(loss) arising from			
– customer flow	62 771	—	62 771
– balance sheet management and other trading activities	1 641	(3 959)	(2 318)
Other operating income	7 015	(4 406)	2 609
Total operating income before expected credit loss impairment charges	**1 267 854**	**(308 585)**	**959 269**
Expected credit loss impairment charges	(31 021)	—	(31 021)
Operating income	**1 236 833**	**(308 585)**	**928 248**
Operating costs	(834 348)	211 256	(623 092)
Operating profit before goodwill, acquired intangibles and strategic actions	**402 485**	**(97 329)**	**305 156**
Amortisation of acquired intangibles	(7 954)	—	(7 954)
Closure and rundown of the Hong Kong direct investments business	(49 469)	—	(49 469)
Operating profit	**345 062**	**(97 329)**	**247 733**
Financial impact of group restructures	4 178	8 579	12 757
Profit before taxation	**349 240**	**(88 750)**	**260 490**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(62 374)	20 892	(41 482)
Taxation on acquired intangibles and strategic actions	13 328	(1 227)	12 101
Profit after taxation from continuing operations	**300 194**	**(69 085)**	**231 109**
Profit after taxation from discontinued operations	**—**	**69 085**	**69 085**
Profit after taxation	**300 194**	**—**	**300 194**
Profit attributable to other non-controlling interests	(28 863)	—	(28 863)
Profit attributable to non-controlling interests of discontinued operations	(15 172)	—	(15 172)
Earnings attributable to shareholders	**256 159**	**—**	**256 159**
Earnings per share (pence)			
– Basic	24.7		24.7
– Diluted	23.8		23.8
– Basic for continuing operations	n/a		19.0
– Diluted for continuing operations	n/a		18.3
Adjusted earnings per share (pence)			
– Basic	28.9		28.9
– Diluted	27.8		27.8
– Basic for continuing operations	n/a		22.4
– Diluted for continuing operations	n/a		21.6
Headline earnings per share (pence)			
– Basic	22.7		22.7
– Diluted	21.9		21.9
– Basic for continuing operations	n/a		17.0
– Diluted for continuing operations	n/a		16.4

3

DIVISIONAL
REVIEW

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.

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

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, which, in turn, is affected by, among other things, the performance of the global stock markets (which drives investment opportunities), the equity investment risk appetite of our clients, tax considerations and market liquidity.	• Fees and commissions.

Group Investments

Key income drivers	Income impacted primarily by:	Income statement – primarily reflected as:
• Investments made (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.

Specialist Banking

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

Investec Wealth & Investment offers its clients comfort in its scale, international reach and depth of investment processes.

One of the UK's leading private client investment managers and one of the largest managers of private wealth in South Africa.

UK head
Ciaran Whelan

South Africa head
Henry Blumenthal

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

Our value proposition

- Investec Wealth & Investment has been built via the acquisition and integration of businesses and organic growth over a long period of time
- Well-established platforms in the UK, South Africa, Switzerland, and Guernsey
- The business has five distinct channels: direct, intermediaries, charities, international and online (South Africa)
- Global investment process, delivering tailor-made and innovative solutions to our clients
- Recognised brand attracts investment managers and supports client acquisition
- Focus is on organic growth in our key markets and enhancing our range of services for the benefit of our clients.

Interim highlights

Net inflows
£0.3 bn
(2019: £0.2 bn)

Funds under management
£51.1 bn
(31 March 2020: £44.5 bn)

Operating margin
21.3%
(2019: 21.6%)

Adjusted operating profit
£40.8 mn
(2019: £44.5 mn)

Where we operate

UK and Other	South Africa and Mauritius
• One of the UK's leading private client investment managers • Brand well recognised • Established platforms and distribution in the UK, Switzerland, and Guernsey • Proven ability to attract and recruit investment managers • £37.6 billion FUM	• Strong brand and positioning • One of the largest managers of private wealth in South Africa • Expanded international offering as our clients continue to externalise their assets • R293.3 billion FUM

What we do

UK and Europe

Investment and savings	Pensions and retirement	Financial planning
• Discretionary and advisory portfolio management services for private clients • Specialist investment management services for charities, pension schemes and trusts • Financial planning advice for private clients • Specialist portfolio management services for international clients • Platform-based managed portfolio service (MPS) for advisors • Range of specialist funds for direct clients and advisors.	• Discretionary investment management for company pension and Self Invested Personal Pensions (SIPPs) • Advice and guidance on pension schemes.	• Retirement planning • Succession planning • Bespoke advice and financial reviews.

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

Income statement analysis

UK and Other^^ £'000	30 Sept 2020	30 Sept 2019	Variance	% change
Net interest income	1 597	6 694	(5 097)	(76.1%)
Net fee and commission income	153 004	155 468	(2 464)	(1.6%)
Investment income/(loss)	47	(372)	419	(>100%)
Trading income arising from				
– customer flow	323	483	(160)	(33.1%)
– balance sheet management and other trading activities	102	17	85	>100%
Total operating income before expected credit loss impairment charges	**155 073**	**162 290**	**(7 217)**	**(4.4%)**
Expected credit loss impairment charges	(6)	1	(7)	(>100%)
Operating income	**155 067**	**162 291**	**(7 224)**	**(4.5%)**
Operating costs	(126 190)	(131 836)	5 646	(4.3%)
Adjusted operating profit	**28 877**	**30 455**	**(1 578)**	**(5.2%)**
Key income drivers				
Operating margin	18.6%	18.8%		
Annualised net flows in funds under management as a % of opening funds under management	1.9%	1.9%		
Annualised average income yield earned on funds under management^	0.9%	0.8%		

^ The average income yield on funds under management represents the annualised total operating income for the period as a percentage of the average of opening and closing funds under management. This calculation does not adjust for the impact of market movements and investment performance throughout the period on funds under management or the timing of acquisitions and disposals (where applicable) during the respective periods.

^^ 'Other' comprises the Wealth & Investment operations in Switzerland, Channel Islands, Ireland (up until its sale in October 2019) and Hong Kong (up until closure in July 2019). Excluding 'Other', Investec Wealth & Investment UK has an operating margin of 20.3% (30 September 2019: 22.9%) and achieved annualised net organic growth in discretionary funds under management as a % of opening discretionary funds under management of 2.6%.

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

- The UK and Other business continued to report positive net organic growth in FUM over the period, with an annualised rate of growth of 1.9% – in line with the first half of the prior period. These net inflows, along with favourable market movements and investment performance, contributed to FUM increasing by 13.4% since the start of the financial year. Total operating income before ECL impairment charges, down 4.4% on the prior period, was impacted by lower FUM at key billing dates relative to the prior period, the sale of the Irish wealth business in October 2019, as well as lower interest rates; partly offset by an increase in transaction volumes.
- Management displayed a disciplined approach to cost control, reducing operating costs by 4.3% or £5.6 million to £126.2 million, despite incurring once-off headcount reduction related costs and a £2.3 million increase in the Financial Services Compensation Scheme (FSCS) levy (2019: £3.8 million). The cost to income ratio was 81.4% (2019: 81.2%).

Income statement analysis

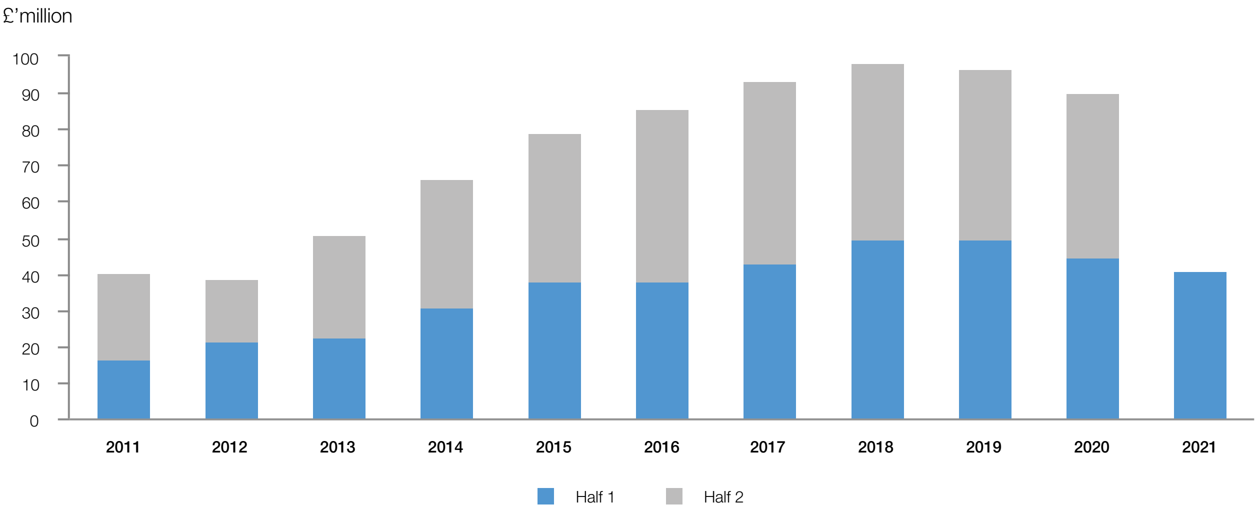
Southern Africa £'000	30 Sept 2020	30 Sept 2019	Variance	% change	% change in Rands
Net interest (loss)/income	(382)	2 760	(3 142)	(>100%)	(>100.0%)
Net fee and commission income	36 236	40 716	(4 480)	(11.0%)	7.4%
Investment income	496	46	450	>100%	>100.0%
Trading income/(loss) arising from					
– customer flow	20	(110)	130	(>100%)	(100.0%)
– balance sheet management and other trading activities	99	33	66	>100%	100.0%
Total operating income before expected credit loss impairment charges	**36 469**	**43 445**	**(6 976)**	**(16.1)%**	**1.0%**
Operating costs	(24 509)	(29 392)	4 883	(16.6%)	0.4%
Adjusted operating profit	**11 960**	**14 053**	**(2 093)**	**(14.9%)**	**2.3%**
Key income drivers					
Operating margin	32.8%	32.3%			
Annualised net organic growth in discretionary and annuity funds under management as a % of opening funds under management	4.5%	7.3%			
Annualised average income yield earned on funds under management^*	0.6%	0.5%			

^ The average income yield on funds under management represents the annualised total operating income for the period as a percentage of the average of opening and closing funds under management. This calculation does not adjust for the impact of market movements and investment performance throughout the period on funds under management or the timing of acquisitions and disposals (where applicable) during the respective periods.
* A large portion of the funds under management are non-discretionary funds.

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

- The Southern African business achieved net inflows of R478 million over the period (R3.0 billion of discretionary and annuity inflows and non-discretionary custody asset outflows of R2.5 billion), which, together with favourable market movements, contributed to 16.2% growth (in Rands) in funds under management since year end. Revenue was supported by higher average discretionary and annuity FUM and increased levels of trading activity in the first quarter. Operating costs were well contained, remaining flat period on period, translating to a lower cost to income ratio of 67.2% (2019: 67.7%).

Adjusted operating profit — track record^



^ Amounts are shown before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.

Analysis of key earnings drivers (funds under management)

£'million	30 Sept 2020	31 March 2020	% change	30 Sept 2019	31 March 2019	% change
UK and Other^	**37 551**	**33 117**	**13.4%**	**38 423**	**36 671**	**4.8%**
Discretionary	31 622	27 599	14.6%	31 651	29 966	5.6%
Non-discretionary	5 929	5 518	7.4%	6 772	6 705	1.0%
Southern Africa	**13 594**	**11 393**	**19.3%**	**15 320**	**16 003**	**(4.3%)**
Discretionary and annuity assets	7 438	5 982	24.3%	7 503	6 999	7.2%
Non-discretionary	6 156	5 411	13.8%	7 817	9 004	(13.2%)
Ireland*	**–**	**–**	**–**	**2 621**	**2 447**	**7.1%**
Total	**51 145**	**44 510**	**14.9%**	**56 364**	**55 121**	**2.3%**

^ 'Other' comprises the Wealth & Investment operations in Switzerland, Channel Islands, and Hong Kong (up until closure in July 2019).
* The Irish Wealth & Investment business was sold in October 2019.

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

Funds under management

£'million	30 Sept 2020	31 March 2020	% change	30 Sept 2019	31 March 2019	% change
Investec Wealth & Investment Limited (UK)	**36 136**	**31 892**	**13.3%**	**37 080**	**35 300**	**5.0%**
Discretionary	31 064	27 137	14.5%	31 168	29 415	6.0%
Non-discretionary	5 072	4 755	6.7%	5 912	5 885	0.5%
Other	**1 415**	**1 225**	**15.5%**	**1 343**	**1 371**	**(2.0%)**
Discretionary	558	462	20.8%	483	551	(12.3%)
Non-discretionary	857	763	12.3%	860	820	4.9%
Ireland	**–**	**–**	**–**	**2 621**	**2 447**	**7.1%**
Discretionary	–	–	–	935	844	10.8%
Non-discretionary	–	–	–	1 686	1 603	5.2%
Total	**37 551**	**33 117**	**13.4%**	**41 044**	**39 118**	**4.9%**

Net inflows at cost over the year

£'million	30 Sept 2020	31 March 2020	30 Sept 2019	31 March 2019
Discretionary	351	546	400	731
Non-discretionary	(36)	(62)	(36)	(593)
Total	**315**	**484**	**364**	**138**

Reasons for the variance in UK and Other funds under management since 31 March 2020:

- Favourable market movements (MSCI PIMFA Balanced index and FTSE all-share index up 10.2% and 5.6% respectively)
- Net inflows of £315 million resulting in annualised net organic growth in funds under management of 1.9%

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

Funds under management

R'million	30 Sept 2020	31 March 2020	% change	30 Sept 2019	31 March 2019	% change
Discretionary and annuity assets	160 492	132 515	21.1%	140 219	131 564	6.6%
Non-discretionary	132 837	119 869	10.8%	146 072	169 263	(13.7)%
Total	**293 329**	**252 384**	**16.2%**	**286 291**	**300 827**	**(4.8)%**

Net inflows at cost over the year

R'million	30 Sept 2020	31 March 2020	30 Sept 2019	31 March 2019
Discretionary and annuity assets	2 978	8 015	4 800	4 659
Non-discretionary	(2 500)	(5 850)^	(7 000)	(550)
Total	**478**	**2 165**	**(2 200)**	**4 109**

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

Reasons for the variance in Southern Africa funds under management since 31 March 2020:

- Favourable market movements
- Annualised net organic growth in discretionary and annuity funds of 4.5% 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 clients externalising their funds).

Q&A

Ciaran Whelan
UK and Other business leader

Q How did the operating environment impact your business over the past six months?

The COVID-19 pandemic has dominated the operating environment throughout the first half of the financial year, which began with the principal equity indices having lost around a quarter of their value relative to pre-pandemic levels. 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.

The decline in asset values combined with a markedly lower interest rate environment has inevitably had an adverse impact on the financial performance of the business. In response, we have focused on the factors that are within our control and increased our existing focus on cost discipline to ensure that the cost base of the business remains aligned with the operating environment. These actions, combined with a robust business model, have enabled us to report a resilient performance for the period.

Whilst revenues in the first quarter of the financial year benefited from increased trading volumes in the immediate aftermath of the sharp decline in market indices, the second quarter has seen an encouraging improvement in our recurring revenues as clients' portfolios have continued to recover from the initial impact of the onset of the pandemic. The strength of our research capability and investment process has served both our clients and the business well during the turbulence of the year so far.

The operating environment has been a testing one in which to deliver growth. Despite this, the business has continued to report positive net organic growth in funds under management for the period, with annualised rates of growth of 1.9% – in line with the first half of the prior year despite the onset of the pandemic. These net inflows, along with solid investment performance, have contributed to funds under management increasing by 13.4% since the beginning of the financial year, which contrasts favourably with the movement in comparable market indices (the MSCI PIMFA Balanced Index having increased by 10.2% over the period). Despite the difficult backdrop, our disciplined approach to cost control has enabled us to continue to invest in the strategic developments that we believe will be the drivers of growth in the future.

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

A key objective of our strategy for growth is to expand our financial planning advice capability in order to provide advice to a larger and increasing portion of our client base and enable us to meet the growing need for advice-led services. We are seeking to develop our service offering in a way that will provide a more cost-effective advice-led solution for both existing and new clients, which will enable us to build on our existing expertise in a scalable way. We have recently embarked on a pilot launch of a new offering which brings together advice and investment management solutions into a single service.

We have also taken steps to build on the strength of Investec's reputation in the intermediary market. As part of the delivery of our One Investec and digital strategies, we have launched Investec for Advisers, a single proposition which brings together the group's Banking and Wealth & Investment products and services into one place for the adviser market. This will provide advisers with simpler and quicker access to everything Investec has to offer in this key sector of the market.

We have also launched a platform-based Managed Portfolio Service which is tailored to the needs of advisers and further expands our service offering in the adviser market. In addition, we have launched a range of specialist funds designed to provide cost-effective access to our investment management expertise for smaller clients. Our funds offering will be attractive to both direct clients and those of advisers.

Belonging, inclusion and diversity (BID) has been a crucial focus during the last six months. Through significant engagement and listening across the organisation, we have organised our priorities around five themes that emerged. These include: improving recruitment practices; increasing gender and race representation particularly at leadership levels; cultivating an inclusive working environment; improving the opportunities for progression particularly for women returning from maternity leave and people of colour; and driving inclusive leadership practices.

The tragic killing of George Floyd and the subsequent worldwide protests accelerated the need for organisations across the globe to address racial inequality and Investec sought its own response. A series of organisation-wide conversations about race informed the establishment of five organisational commitments including: signing up to the race at work charter; launching a group-wide project to collect ethnicity data to determine our racial composition and set appropriate targets to address under-representation, particularly at leadership levels, and to track progress. To date, we have captured ethnicity data from 66% of the UK Wealth & Investment business.

Q What progress have you made in incorporating sustainability considerations into your business?

We remain committed to managing our clients' portfolios prudently and responsibly. Our investment process has long taken into consideration a number of key factors such as financial and non-financial performance and risk, capital structure and corporate governance. We believe that failing to adhere to sound business practices will likely harm a company financially or reputationally, with a consequent negative impact on investment returns. This is bolstered by input from third party service providers who score each of the companies in our core research universe on a variety of environmental, social and governance (ESG) metrics including environmental credentials, business ethics and human rights issues. This allows us to add a quantitative ESG overlay to our normal assessment of a company's investment appeal in the broadest sense.

We are also now starting to align with the United Nations Sustainable Development Goals (SDGs) to include companies that are demonstrably aligned with the SDGs, as well as funds which can generate a financial return, and at the same time, contribute to improved social wellbeing.

Further to this, the charities business has always had a key focus on responsible investing. ESG factors are incorporated into our standard investment process, from which all clients benefit. We also have the ability to add specific additional restrictions on a client-by-client basis, which is a key benefit of our bespoke approach. We have been working with charities in the UK for more than 80 years and, at 30 September 2020, we managed in excess of £3.1 billion on behalf of over 1 150 charities. We work closely with each charity client to create an investment portfolio that is tailored to their needs, aims and ethical considerations.

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

The key challenges over the past six months have undoubtedly been those presented by the COVID-19 pandemic and the impact it has had on the way we serve our clients, the volatility it has caused in the financial markets and the impact it has had on our staff and working practices.

Our technology resources and the determination of our employees meant that we were able to adapt quickly from being office-based to a remote working environment. Our service delivery to clients was similarly quick to adapt, with video meetings replacing face-to-face contact and our online service capabilities supporting our written reporting and communications.

The value of a strong and well-resourced research capability and investment process shows through in times of market volatility and it is pleasing to see that our funds under management have recovered most of the ground they lost at the onset of the pandemic.

Q What are your strategic objectives over the next six months?

We will be looking to achieve further milestones in our growth and One Investec strategies. The development of our service offering to expand our advice capability will continue throughout the second half of the financial year, as will an associated investment in our technology infrastructure.

The launch of the Investec for Advisers proposition represents the first step in a journey to deliver a single experience for advisers. Further initiatives to deliver our One Investec strategy for the adviser market, such as the new offering which brings together advice and investment management solutions into a single service, are planned for the coming months.

In support of the strategic objective of greater connectivity in the business, we are looking to form a new Investment Management team to be focused on, and accountable for, the Bank's high net worth (HNW) client sectors. This focus and accountability will help us make swifter in-roads into addressing the wealth management needs of the HNW clients that currently reside in the Bank, as well as helping us win new clients and driving additional business for both the banking and wealth businesses.

Our commitment to gender equality remains unchanged and whilst more work needs to be done to meet our targets of gender representation, we were delighted to recently announce the Executive appointment of Barbara-Ann King as Chief Commercial Officer. We've also established a Young Leaders Council that will provide opportunities to contribute to wider group strategies and initiatives, thus reflecting the younger demographic of our business where 34% are 35 years old or under.

Q What is your outlook for the next six months?

We expect the heightened level of uncertainty in the operating environment to continue throughout the second half of the financial year. The evolvement of the pandemic along with developments in the UK's trade negotiations with the EU have the potential to cause further volatility in the financial markets. Whilst the longer-term effects of the pandemic on the UK, European and global economies are yet to become fully apparent, the decisions of national governments and central banks regarding support and economic stimuli will influence investor confidence and the direction of markets over the coming months.

Against this backdrop of continuing uncertainty, we will maintain our disciplined approach to cost control and continue to drive tangible progress towards our strategic goals to ensure the business is well placed to navigate the challenges that lie ahead and take advantage of opportunities for growth once the environment improves.

Q&A

Henry Blumenthal
Southern Africa business leader

Q How did the operating environment impact your business over the past six months?

The past six months have been characterised by extraordinary market volatility, particularly in the first quarter, and continuing social and economic uncertainty on the back of COVID-19. Notwithstanding this, we saw positive discretionary inflows. Clients continued to internationalise their investment portfolios leveraging off our unique offering which allows clients to invest and bank locally and, in the UK, all in One Place™. This, in addition to higher levels of trading activity seen in the first quarter of the financial year, supported a resilient performance over the six-month period.

Unprecedented levels of uncertainty have made macro and company analysis more challenging. However, our investment philosophy is designed to identify high quality businesses at reasonable prices, an approach that has allowed for focused asset allocation and stock selection in turbulent times.

Operationally, we have continued to seamlessly service and actively engage with our clients through digital channels enabled by robust, agile remote working capabilities and the strength of our commitment to nurturing our client relationships.

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

We have focused efforts on developing our strategic partnership with the Private Banking business aligned to client segments we believe are positioned for growth. This, together with our increased focus on providing alternative investment opportunities to our clients, has contributed to further developing our strategic offering. Additionally, applying a segmentation mindset to our client base has enabled enhanced efficiencies within our business.

Our international offering has gained further traction through the expansion of our investment universe, providing clients access to a broad range of global investment opportunities.

Our commitment to invest in our people continued as we seized the opportunity, enabled by remote-working conditions globally, to access world renowned experts as educators aligned to our learning and development needs. Transformation, diversity and inclusion, as well as learning and development, are central to cultivating a culture of belonging, excellence and personal growth.

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

Q What progress have you made in incorporating sustainability considerations into your business?

Our commitment to sustainability recognises the interconnected nature of our business, the economy, the environment and society. Part of this commitment involves integrating ESG (environmental, social and governance) considerations into our investment decision making and being responsible stewards of our clients' investments. Sustainability is core to our investment approach.

We subscribe to the Code for Responsible Investing in South Africa (CRISA) and are in the process of becoming a signatory of the UN Principles for Responsible Investment (PRI). The basis of our investment decisions lie in finding companies that consistently, over the long term, deliver returns in excess of cost of capital on a sustainable basis. In addition, we engage with management where appropriate to try to shift the sustainability direction of companies that we invest in.

The cornerstone of our stewardship policy is our voting process. The business exercises voting rights in respect of segregated and unitised portfolio holdings in respect of all material issues, encompassing anything from remuneration to board composition, sustainability and social issues.

Within our philanthropy offering, we enable our clients to participate in uplifting the societies in which we live and aim to maximise social impact through their donations. In response to COVID-19, we have facilitated distributions in excess of R20 million on behalf of our clients, primarily from income generated in our Private Client Charitable Trusts.

Our business response to COVID-19 has been centered on supporting our clients in navigating the heightened level of uncertainty as well as supporting the societies we live in. Together with the group's COVID-19 related donations, the business has donated towards food security, healthcare, humanitarian aid, welfare and gender-based violence programmes.

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

COVID-19 has had a profound impact globally and there remains much uncertainty around the ultimate human and economic impact. Navigating this unprecedented environment has been challenging, prompting us to draw upon our financial and operational resilience and the deep experience of our people.

Maintaining clear and consistent communication with our colleagues, prioritising wellbeing and navigating the challenges of digital fatigue have been a leadership focus during the remote working conditions over the past six months.

The global lockdown, while challenging, also provided an opportunity for innovation in client engagement. Aligned to this, the business facilitated a webcast series for our clients with world class leaders and experts covering diverse areas of interest, including markets and investing during COVID-19, as well as going beyond wealth into the human condition. These webcasts have been consistently attended by over 7 000 of our clients.

In a digital world, financial crime and cybercrime pose a sustained high risk. We continue to strengthen our systems, processes and controls to manage the associated risks.

Q What are your strategic objectives over the next six months?

As we continue to navigate these extraordinary times, our focus remains on the wellbeing and safety of our staff and clients. This is paramount.

The global integration and growth of our Wealth & Investment businesses remains a strategic objective within our business capabilities and our investment process. Our commitment to sustainability is central to our Investment Process. Further development of the scope and scale of ESG considerations and sustainable investment opportunities is a strategic imperative.

We remain cost conscious and digitally driven, focusing on evolving our infrastructure and capabilities with a client-centric focus. Client segmentation, a commitment to diversity, embracing a hybrid working environment and strengthening strategic partnerships across Investec will further provide opportunities to grow and finesse our high-touch, high-tech offering.

Proactively responding to the challenges presented by a consistently changing environment and remaining agile is fundamental for future growth.

Q What is your outlook for the next six months?

Fiscal and monetary stimulus packages provided by governments and the private sector have provided a level of support for the economy in response to the COVID-19 pandemic, the full effects of which remain unknown.

While the global economy has recovered somewhat faster than initially predicted, we anticipate a slow, protracted global economic recovery to pre-COVID levels. Central banks are likely to continue to adopt an accommodative stance for the foreseeable future. However, the existing economic effects within South Africa translate into deepened structural, societal and debt challenges. This will further stress South African growth projections and put pressure on asset values and revenue generation.

While the impact of COVID-19 has been felt across our business and the outlook is still unpredictable, we remain confident in the fundamentals of our business and in our long-established client relationships. Our ability to offer our clients both local and international investment management and banking services, underpinned by a high level of client service, continues to differentiate us in the market.

Specialist expertise delivered with dedication and energy.

UK head
Ruth Leas

South Africa head
Richard Wainwright

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

Our value proposition

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

Interim highlights*

Net core loans
£25.2 bn
(31 March 2020: £24.9 bn)

ROE (Post-tax)
4.9%
(2019: 11.4%)

Adjusted operating profit
£105.8 mn
(2019: £224.8 mn)

Customer deposits
£32.6 bn
(31 March 2020: £32.2 bn)

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

Where we operate

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

What we do

High income and high net worth private clients	Corporates / government / institutional clients	
Private Banking Lending Private capital Transactional banking Savings Foreign exchange	***Corporate, Business and Institutional*** Lending Treasury and risk management solutions Advisory Institutional research, sales and trading	***Investment activities*** Principal investments Property investment and fund management
Southern Africa UK and Europe	Southern Africa UK and Europe Australia Hong Kong India USA	Southern Africa UK and Europe Australia Hong Kong

Income statement analysis

UK and Other £'000	30 Sept 2020	30 Sept 2019	Variance	% change
Net interest income	183 659	187 535	(3 876)	(2.1%)
Net fee and commission income	66 883	96 773	(29 890)	(30.9%)
Investment income	25 142	17 718	7 424	41.9%
Share of post taxation profit of associates and joint venture holdings	2 227	3 595	(1 368)	(38.1%)
Trading income arising from				
– customer flow	(20 404)	45 253	(65 657)	(>100%)
– balance sheet management and other trading activities	9 272	(6 407)	15 679	(>100%)
Other operating income	6 976	2 584	4 392	>100%
Total operating income before expected credit loss impairment charges	**273 755**	**347 051**	**(73 296)**	**(21.1%)**
Expected credit loss impairment charges	(39 900)	(16 088)	(23 812)	>100%
Operating income	**233 855**	**330 963**	**(97 108)**	**(29.3%)**
Operating costs	(221 482)	(251 594)	30 112	(12.0%)
Operating profit before goodwill, acquired intangibles and strategic actions	**12 373**	**79 369**	**(66 996)**	**(84.4%)**
Profit attributable to non-controlling interests	530	79	451	>100%
Adjusted operating profit	**12 904**	**79 448**	**(66 545)**	**(83.8%)**
Key income drivers				
ROE post-tax	0.7%	9.0%		
Cost to income ratio	80.7%	72.5%		
Growth in net core loans	0.9%	2.7%		
Growth in risk weighted assets	1.3%	1.4%		
Stage 3 net of ECL as a % of net core loans subject to ECL	2.2%	2.2%		
Annualised credit loss ratio on core loans	0.60%	0.28%		

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

- Net interest income decreased 2.1% to £183.7 million, primarily impacted by the endowment effect from lower interest rates and assets repricing ahead of liabilities post the rate cuts. The loan book grew 0.9% with strong growth in mortgages and other high net worth lending offset by a net book reduction in corporate and other lending. While there was good activity in some parts of the corporate space, particularly in Fund Finance, redemptions largely offset this.
- Net fee and commission income of £66.9 million was down 30.9%, primarily as a result of lower lending fees. This was partly offset by increased equity capital markets activity, delivering capital raisings for listed clients.
- Investment income was up £7.4 million (41.9%) to £25.1 million, largely driven by fair value gains on listed and unlisted equities.
- Trading income from customer flow amounted to a net loss of £20.4 million, impacted by £53 million of risk management and risk reduction costs on hedging our structured products book following the market dislocation and dividend cancellations.
- Trading income from balance sheet management and other trading activities was up £15.7 million mainly due to improved asset values following the extreme COVID-19 related volatility in the fourth quarter of the previous financial year.
- The increase in other operating income of £4.4 million primarily reflects the fair value movements of the Ninety One shares held in the group's staff share scheme as a result of the demerger and separate listing of Ninety One, whereby shareholders received one Ninety One share for every two Investec shares held.
- As a result of the foregoing factors, total operating income before ECL impairment charges decreased 21.1% to £273.8 million.
- ECL impairment charges for the period increased to £39.9 million (2019: £16.1 million) and the annualised credit loss ratio was 0.60% (up from 0.28% in the comparative period but lower than the annualised credit loss ratio of 0.97% reported in the second half of the previous financial year). The increase was primarily driven by deterioration in the macro-economic scenario forecasts applied in our models. Refer to page 118 for further information on the macro-economic scenarios applied and page 122 for information on asset quality. Net Stage 3 exposures as a percentage of net core loans subject to ECL was 2.2% (31 March 2020: 2.4%).
- Operating costs decreased 12.0% reflecting lower variable remuneration and a strong focus on cost discipline. The higher cost to income ratio of 80.7% was due to lower revenues.

Income statement analysis

Southern Africa £'000	30 Sept 2020	30 Sept 2019	Variance	% change	% change in Rands
Net interest income	197 888	255 594	(57 706)	(22.6%)	(6.9%)
Net fee and commission income	45 655	67 355	(21 700)	(32.2%)	(18.3%)
Investment income	(4 123)	4 700	(8 823)	(>100.0%)	(>100.0%)
Share of post taxation profit of associates and joint venture holdings	(79)	(277)	198	(71.5%)	(85.9%)
Trading income arising from					
– customer flow	14 943	15 988	(1 045)	(6.5%)	12.4%
– balance sheet management and other trading activities	3 463	3 453	10	0.3%	33.6%
Other operating income	5 007	23	4 984	>100.0%	100.0%
Total operating income before expected credit loss impairment charges	**262 754**	**346 836**	**(84 082)**	**(24.2%)**	**(8.7%)**
Expected credit loss impairment charges	(24 237)	(14 934)	(9 303)	62.3%	95.8%
Operating income	**238 517**	**331 902**	**(93 385)**	**(28.1%)**	**(13.4%)**
Operating costs	(145 647)	(186 565)	40 918	(21.9%)	(6.0%)
Operating profit before goodwill, acquired intangibles and strategic actions	**92 870**	**145 337**	**(52 467)**	**(36.1%)**	**(22.9%)**
Profit attributable to non-controlling interests	—	2	(2)	(>100.0%)	(100.0%)
Adjusted operating profit	**92 870**	**145 339**	**(52 469)**	**(36.1%)**	**(22.9%)**
Key income drivers					
ROE post-tax	9.1%	13.5%			
Cost to income ratio	55.4%	53.8%			
Growth in net core loans (in Rands)	(1.6%)	0.9%			
Growth in risk weighted assets^ (in Rands)	1.8%	(9.1%)			
Stage 3 net of ECL as a % of net core loans subject to ECL	1.7%	0.8%			
Annualised credit loss ratio on core loans	0.35%	0.18%			

^ Investec Limited adopted the Foundation Internal Ratings Based (FIRB) approach for the measurement of credit capital effective 1 April 2019. Risk weighted assets in prior periods were calculated using the standardised approach.

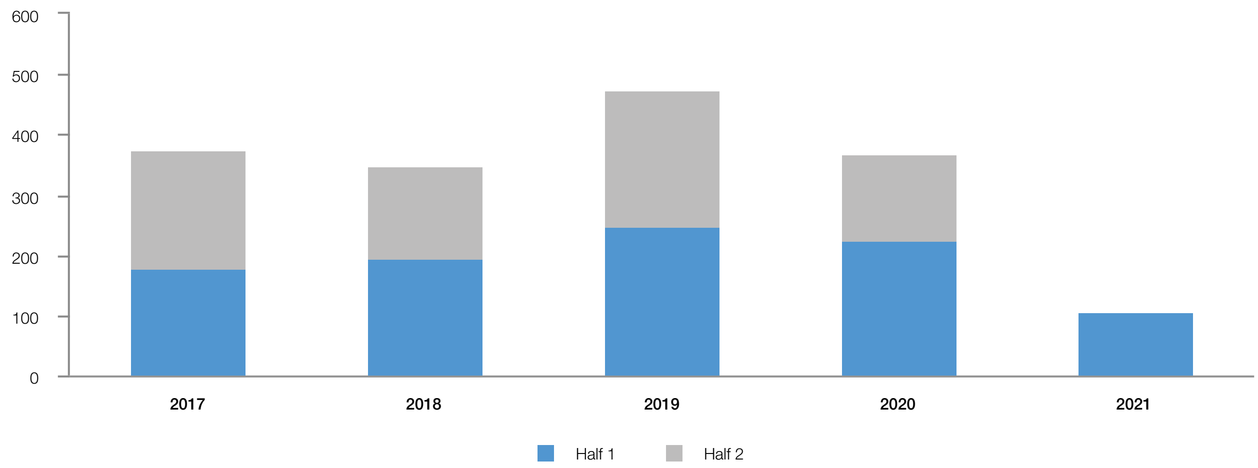
The variance in the operating profit in the Southern African business over the period can be explained as follows:

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

- The Specialist Banking business reported adjusted operating profit before taxation of R2 049 million (2019: R2 657 million).
- Net interest income decreased by 6.9% driven primarily by the significant drop in interest rates impacting endowment income and assets repricing ahead of liabilities. Private client lending held steady compared to 31 March 2020 while the corporate client lending book declined due to higher repayments and lower new originations as corporates remained cautious. Net core loans declined 1.6% to R284.4 billion.
- Net fee and commission income was down 18.3%, reflecting lower lending and transactional activity across the business.
- Investment income amounted to a net loss primarily due to negative fair value adjustments on listed and unlisted equities and investment properties. This, together with lower dividends and realisations given the prevailing economic backdrop, resulted in lower investment income period on period.
- Trading income arising from customer flow increased by 12.4% driven primarily by an increase in commodity trading activity.
- Trading income from balance sheet management and other trading activities increased by 33.6% driven by positive fair value adjustments on certain trading portfolios.
- The increase in other operating income primarily reflects the fair value movements of the Ninety One shares held in the group's staff share scheme as a result of the demerger and separate listing of Ninety One, whereby shareholders received one Ninety One share for every two Investec shares held.
- As a result of the foregoing factors, total operating income before ECL impairment charges reduced 8.7%.
- ECL impairment charges increased to R573 million (2019: R272 million) and the annualised credit loss ratio increased to 0.35% (up from 0.18% in the comparative period but lower than the annualised credit loss ratio of 0.55% reported in the second half of the previous financial year). The increase was driven primarily by updated macro-economic scenarios applied in our models. Refer to page 120 for further information on the macro-economic scenarios applied and page 122 for information on asset quality. Gross core loan Stage 3 assets have increased to R7.0 billion (31 March 2020: R4.5 billion). Net Stage 3 exposures as a percentage of net core loans subject to ECL was 1.7% (31 March 2020: 0.9%).
- Operating costs decreased by 6.0%, driven by headcount containment and lower variable remuneration and discretionary spend. However, a decline in revenues resulted in a cost to income ratio of 55.4% (2019: 53.8%).

Adjusted operating profit^ – track record (statutory)

£'million



^ Amounts are shown before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests. Restated to exclude Group Investments which was only formed in the 2017 financial year.

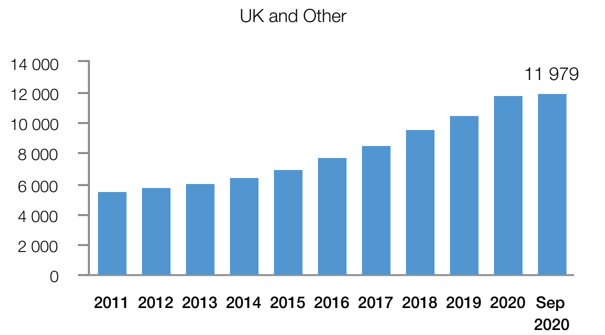
Analysis of key earnings drivers

Net core loans

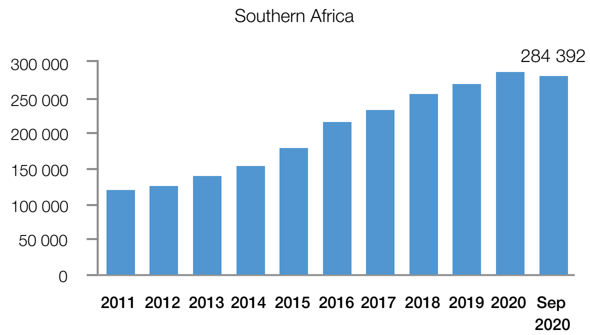
	£'million			Home currency (million)		
	30 September 2020	31 March 2020	% change	**30 September 2020**	31 March 2020	% change
UK and Other	11 979	11 870	0.9%	11 979	11 870	0.9%
Southern Africa	13 181	13 041	1.1%	284 392	288 878	(1.6%)
Total	**25 160**	**24 911**	**1.0%**			

Net core loans

£'million



R'million



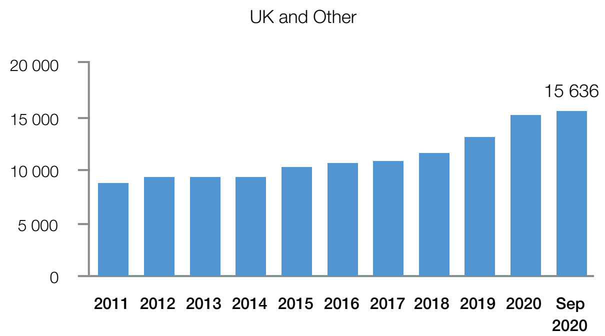
Trends reflects numbers as at the year ended 31 March, unless stated otherwise.

Total customer deposits

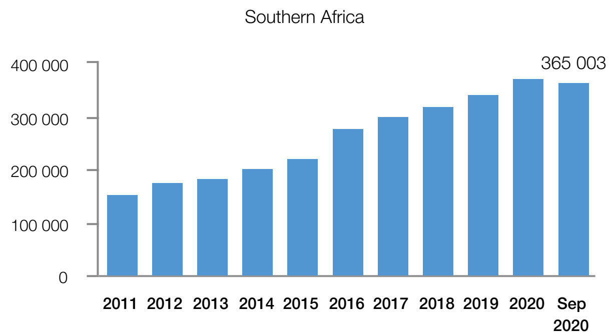
	£'million			Home currency (million)		
	30 September 2020	31 March 2020	% change	**30 September 2020**	31 March 2020	% change
UK and Other	15 636	15 272	2.4%	15 636	15 272	2.4%
Southern Africa	16 916	16 949	(0.2%)	365 003	375 456	(2.8%)
Total	**32 552**	**32 221**	**1.0%**			

Total customer deposits

£'million



R'million



Trends reflects numbers as at the year ended 31 March, unless stated otherwise.

An analysis of net core loans over the year

Refer to further information on pages 122 to 132.

Net core loans – Southern Africa

R'million	30 Sept 2020	31 March 2020	% change
Lending collateralised by property	**49 569**	**48 913**	**1.3%**
Commercial real estate	**45 119**	**44 913**	**0.5%**
Commercial real estate – investment	40 839	39 713	2.8%
Commercial real estate – development	3 612	4 348	(16.9%)
Commercial vacant land and planning	668	852	(21.6%)
Residential real estate	**4 450**	**4 000**	**11.3%**
Residential real estate – development	3 844	3 360	14.4%
Residential real estate – vacant land and planning	606	640	(5.3%)
High net worth and other private client lending	**147 166**	**147 126**	**–**
Mortgages	79 760	79 692	0.1%
High net worth and specialised lending	67 406	67 434	–
Corporate and other lending	**87 657**	**92 839**	**(5.6%)**
Corporate and acquisition finance	13 641	11 928	14.4%
Asset-based lending	7 166	7 038	1.8%
Fund finance	6 326	8 382	(24.5%)
Other corporates and financial institutions and governments	50 153	54 815	(8.5%)
Asset finance	3 361	3 652	(8.0%)
Small ticket asset finance	2 224	1 993	11.6%
Large ticket asset finance	1 137	1 659	(31.5%)
Power and infrastructure finance	7 010	6 886	1.8%
Resource finance	–	138	(100.0%)
Total net core loans	**284 392**	**288 878**	**(1.6%)**

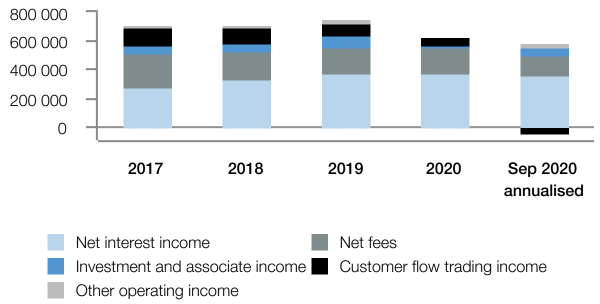
Net core loans – UK and Other

£'million	30 Sept 2020	31 March 2020	% change
Lending collateralised by property	**1 992**	**1 949**	**2.2%**
Commercial real estate	**1 312**	**1 231**	**6.6%**
Commercial real estate – investment	1 065	1 039	2.5%
Commercial real estate – development	242	187	29.4%
Commercial vacant land and planning	5	5	–
Residential real estate	**680**	**718**	**(5.3%)**
Residential real estate – investment	300	313	(4.2%)
Residential real estate – development	365	387	(5.7%)
Residential real estate – vacant land and planning	15	18	(16.7%)
High net worth and other private client lending	**3 497**	**3 126**	**11.9%**
Mortgages	2 750	2 482	10.8%
High net worth and specialised lending	747	644	16.0%
Corporate and other lending	**6 490**	**6 795**	**(4.5%)**
Corporate and acquisition finance	1 635	1 758	(7.0%)
Asset-based lending	407	458	(11.1%)
Fund finance	1 296	1 312	(1.2%)
Other corporates and financial institutions and governments	767	758	1.2%
Asset finance	1 903	1 957	(2.8%)
Small ticket asset finance	1 709	1 716	(0.4%)
Large ticket asset finance	194	241	(19.5%)
Power and infrastructure finance	435	501	(13.2%)
Resource finance	47	51	(7.8%)
Total net core loans	**11 979**	**11 870**	**0.9%**

UK and Other Specialist Bank ongoing

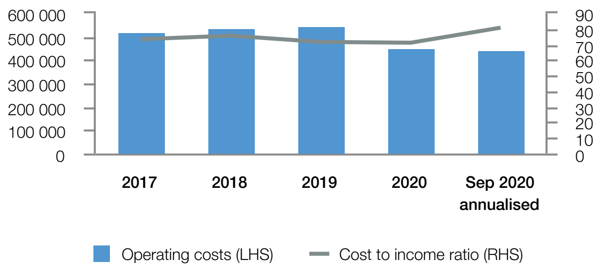
Operating income

£'000



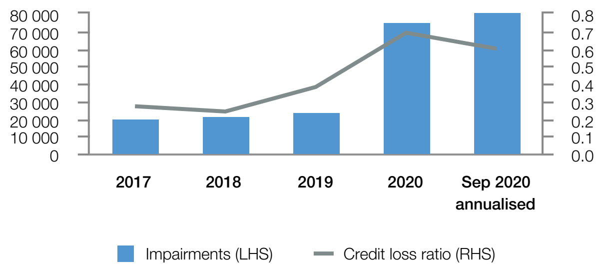
Operating costs

£'000 Percentage



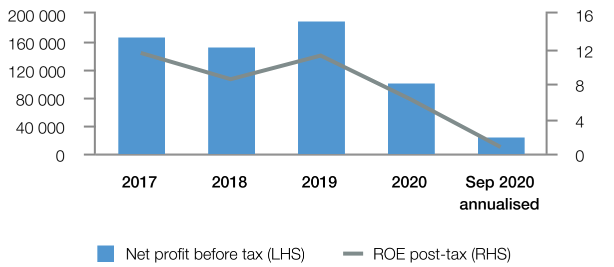
Expected credit losses/impairment losses^

£'000 Percentage



Net profit before tax and ROE

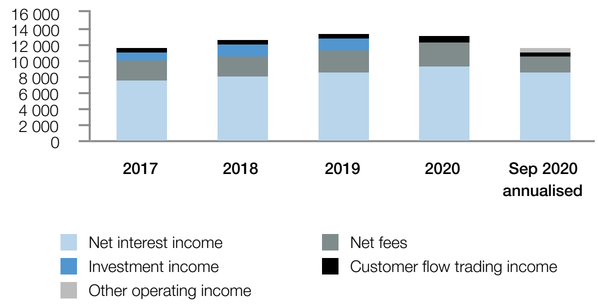
£'000 Percentage



Southern Africa Specialist Bank

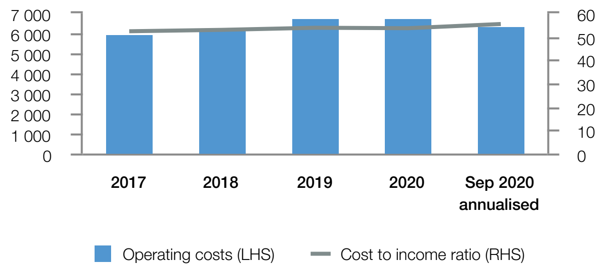
Operating income

R'million



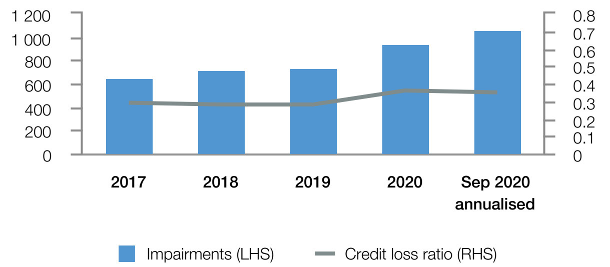
Operating costs

R'million Percentage



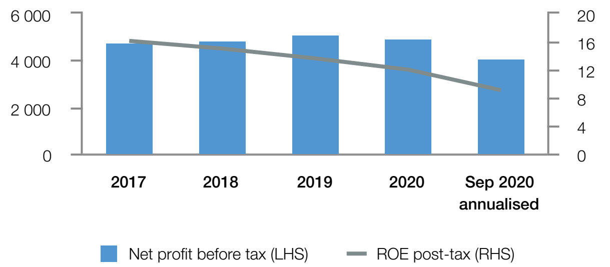
Expected credit losses/impairment losses^

R'million Percentage



Net profit before tax and ROE

R'million Percentage



Trends in the above graphs are for the year ended 31 March, unless stated otherwise, and reflect the ongoing Specialist Banking business. Information from the year ended 31 March 2019 onwards reflects Specialist Banking statutory results. Specialist Banking no longer includes Group Investments which is now shown as a separate segmental division. The prior periods have been restated to reflect the same basis.

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

Q&A

Ruth Leas
UK and Other business leader

Q How did the operating environment impact your business over the past six months?

At our financial year end we reported that Brexit, heightened UK political uncertainty and geopolitical tensions sparked by US trade wars had adversely impacted activity levels, making the operating environment for the previous year very difficult. In addition, at that time, the UK was in the midst of a national lockdown imposed as a result of the COVID-19 global pandemic. Over the past six months, these difficulties have persisted; exacerbated by the economic crisis resulting from the government's measures to control the virus, which have applied throughout the reporting period. The initial shock of COVID-19 in the UK towards the end of February 2020, and the now protracted impacts of this global pandemic, continue to be felt by our clients, the communities in which we live and the employees of Investec. We managed to adapt successfully to working from home (WFH) under these unprecedented circumstances and our strong operational resilience has enabled the bank to continue to operate effectively. The strength of our capital, high leverage ratio (low level of gearing), funding and liquidity, as well as robust risk management processes and controls even under WFH conditions, continue to enable us to navigate successfully through the constantly changing macro-economic conditions.

The health and both mental and physical wellbeing of our people has been of critical concern to us, with our people being our most valuable asset. The resilience of our people over almost eight months of WFH speaks to the trust, care and freedom to operate which are deeply entrenched in the Investec culture. We have supported our people through constant workforce engagement, additional internal surveys/"workforce climate checks", regular internal communications and provided multiple opportunities for people to engage with each other and with management.

In a year where the world witnessed the tragic killing of George Floyd and the subsequent worldwide protests, organisations across the globe are being challenged to address racial inequality and we sought our own response. We began with a series of organisation-wide conversations about race. These conversations informed the establishment of five organisational commitments to address racial equality including: signing up to the UK race at work charter; launching a group-wide project to collect ethnicity data to determine our racial composition and set appropriate targets to address under-representation, particularly at leadership levels, and to track progress.

We have also been very focused on our clients throughout the past few months, increasing contact well beyond levels of the past. Investments in technology in recent years have helped us to adapt to the remote form of client interactions we have had to provide due to COVID-19, when face to face contact has not been possible. We have sought to help our clients wherever possible, including UK SMEs, our Banking clients, corporates, and others, providing payment holidays and forbearance to assist those in difficulty due to COVID-19 induced lockdowns and the significant slow-down in economic activity. We have structured different types of support to most appropriately suit diverse client needs. We remain in close contact with each of these clients, and are constantly monitoring the situation. COVID-19 relief measures have reduced from a peak of 13.7% of our book at end June to 9.0% at 30 September 2020. While we believe the full credit story has yet to unfold, and it is still too soon to know the full impact of COVID-19, before the latest UK lockdown we had seen encouraging signs with increasing numbers of clients beginning to revert to original contractual terms or beginning to resume payments.

As regards government support schemes, we have sought to offer additional support for our clients, including UK SME businesses. We became accredited to lend under the various schemes introduced by the UK government, including the Coronavirus Business Interruption Loan Scheme (CBILS), the Coronavirus Large Business Interruption Loan Scheme (CLBILS) and the Bounce Back Loan Scheme (BBLS). So far we have committed to lend £56 million under these schemes and we are well placed to further support our clients with these schemes where required and appropriate.

Our business has shown resilience notwithstanding the two months of hard lockdown at the start of the reporting period. There was strong delivery and loan growth from specific client franchises and we saw an increase in our equity capital markets activity, delivering capital raisings for various listed clients.

Net interest income remained broadly steady over the period (declining 2.1%) with growth in average core loans offset by lower interest rates. Non-interest revenue decreased by 43.5% as the recovery in equity capital market fees and an improvement in investment income was offset by lower lending fees and £53 million of risk management and risk reduction costs on hedging our structured products book following the market dislocation and dividend cancellations. We anticipate a similar level of risk management and risk reduction costs in the second half of the 2021 financial year as we continue to reduce the risk on the book. Risk reduction costs include the purchase of protection against a repeat of the severe market moves experienced in March and April 2020.

For the 2022 financial year, we expect risk management and risk reduction costs to be less than half of that anticipated in the current financial year, and progressively reducing in the 2023 financial year.

ECL impairment charges increased to £39.9 million (2019: £16.1 million) driven largely by updated macro-economic scenarios modelled under IFRS 9. The annualised credit loss ratio was 0.60% (2019: 0.28%), below the 0.97% of the second half of the 2020 financial year.

With respect to specific detail on the underlying businesses, we have seen strong performance from our activities with high net worth clients in our Banking business, as well as Private Capital, with continued strong growth in loan advances. Volatility in currency markets has also led to hedging opportunities for clients, increasing our FX revenues. While maintaining focus and support on existing clients, we have maintained healthy growth in high net worth client acquisition, bringing on 416 new clients in the six months to 30 September 2020 and have also referred additional funds under management to Investec Wealth & Investment.

We also saw strong performance from Equity Capital Markets Advisory and Equities where we experienced a material increase in deal flow from capital raisings, including Investec-led sole-broker transactions, reflecting the quality and capability of our small and mid-cap franchise. We have delivered record brokership wins during the last 12 months and continue to focus on maintaining this momentum.

Our Fund Solutions business delivered a strong performance and we have seen a resilient performance from Growth & Leveraged Finance, albeit with activity levels remaining muted due to reduced demand for capital as M&A activity decreased materially. Asset Finance revenues have been resilient thus far, and we have seen activity levels start to recover following significant disruption and contraction due to COVID-19. Uncertainty remains as to whether this will continue and whether impairments will increase if government schemes are reduced, but we have seen positive signs both in terms of new business volumes and the number of clients with deferred payments returning to full payment. FX revenues from private companies have continued to be strong.

Within the private companies area we have a significant opportunity to deliver a compelling proposition to an increasing number of private companies, delivering value well beyond the sum of the individual parts of this business. We have continued to make progress across key strategic projects including asset finance automation, FX and business savings online, motor finance automation and scaling as well as a recent Mann Island Finance Motor Finance securitisation executed in this period.

Within our specialist sector areas, activity levels have been muted in Power and Infrastructure Finance, Resource Finance and Structured Property Finance, however, at this stage we see a strongly growing pipeline for the second half of the financial year across a diversified client base. Our aviation business has been materially impacted by COVID-19 and we have been focused on protecting the balance sheet and supporting clients through the challenging conditions for this industry.

The overall loan book grew 0.9% since 31 March 2020.

We remain comfortable with the overall credit quality of our loan book, reflecting our prudent and disciplined approach to lending as well as the secured nature of our book. Certain sectors appear to be more vulnerable than others, however we have yet to experience major distress with clients taking steps to protect their balance sheets while government schemes so far have protected certain exposures from deteriorating macro-conditions.

The overall loan portfolio continues to perform despite the macro environment. Stage 3 exposures (as a percentage of gross core loans subject to ECL) have reduced from 3.3% at 31 March 2020 to 3.0% at 30 September 2020. Of these Stage 3 exposures, 2.0% relate to Ongoing (31 March 2020: 2.2%). The reduction in Stage 3 demonstrates that we have been able to exit and resolve issues on certain transactions despite challenging market conditions.

Stage 2 exposures increased from 5.1% at 31 March 2020 to 11.6% at 30 September 2020, reflecting the forward-looking recognition of modelled impairment charges under IFRS 9 incorporating deteriorating macro-economic scenarios and weightings applied due to prolonged COVID-19. Of the increase in Stage 2, 97% relates to the impact of the weakened IFRS 9 macro-economic scenarios and the heightened adverse impact on certain vulnerable sectors.

We entered the COVID-19 period with strong levels of capital as well as funding and liquidity. Capital is discussed in a separate section below and with respect to liquidity, we were able to bring in a substantial increase in customer deposits at the beginning of the COVID-19 crisis without increasing deposit rates and have since been able to significantly reduce deposit rates while still maintaining required volumes. We continue to maintain a cautious approach to liquidity and funding, being comfortably ahead of internal risk appetite and regulatory requirements. As at 30 September 2020, the liquidity coverage ratio (LCR) for Investec plc was 335% (31 March 2020: 396%), the loan to deposit ratio was 76.6% (31 March 2020: 77.7%), and cash and near cash comprised 25.3% of total assets (31 March 2020: 24.2%).

The pandemic has had a substantial impact on people, economies and markets across the globe and, nearly eight months later, the full impact remains unclear. We remain in a largely WFH environment, and our focus has been on supporting our people, helping our clients and communities, and protecting our business. We continue to carefully manage portfolio risks and to remain alert to potential opportunities.

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

Capital discipline

We kept our credit extension and pricing actions under continuous review throughout the period with heightened sensitivity in the current economic environment, remaining focused on disciplined capital allocation and the delivery of appropriate returns on capital at a client level. Our institutional sales syndication strategy remains key to optimising our capital and balance sheet. We continue to decrease our already substantially reduced principal investments exposures, focusing on optimising capital allocation, managing income volatility and aligning this activity directly with our client franchises.

Capital and leverage ratios remain ahead of both internal board-approved minimum targets and regulatory requirements.

Investec plc's current leverage ratio is 7.8%, or 8.7% on the UK leverage ratio framework (which excludes qualifying central bank balances from the calculation of the leverage exposure measure) and is comparable to other larger banks. We continue to measure capital on the standardised method of capital calculation meaning we inherently hold more capital per unit of risk than those banks on the advanced method. A risk-weight intensity of 66% of total assets for Investec Bank plc (IBP) is well above the market average. In January 2020, the Bank of England confirmed that the preferred resolution strategy for IBP remains Modified Insolvency and the MREL requirement is set as equal to IBP's Total Capital Requirement (Pillar I plus Pillar IIA). Refer to pages 156 to 163 for further information on the group's capital position.

Growth initiatives
The private client banking business had a very successful trading period in terms of loan origination, FX flows and client origination, particularly in light of the COVID-19 environment. Our mortgage book ended the half year on £2.8 billion (an increase of 10.8% from £2.5 billion at 31 March 2020) with a strong pipeline for the second half of the financial year. Whilst we have been predominantly focused on supporting our existing clients, we have seen success in new client origination as mentioned above, moving us closer to our target of at least 6,500 high net worth clients by March 2022 (c.5,400 clients at 30 September 2020). Despite the COVID-19 environment, we remain ahead of original plans in terms of growth and scaling our HNW UK private client banking business.

For private company clients, we have continued to invest in a range of capabilities, partly funded through the £15 million Banking Competition Remedies Limited (BCR) funding. This has included further investment in automation of our asset finance business and enhancements to our business savings and foreign exchange offering to clients. We have also seen significant growth in our motor finance business as improvements to our proposition have coincided with a material rebound in market activity. Furthermore, we have recruited a team to focus on raising equity capital for early stage private companies, which is showing strong momentum.

Last year, our listed companies business put in place a targeted strategy for new client acquisition and this initiative has proven to be highly successful. Furthermore, we increased the number of listed company clients using multiple Investec products significantly since the start of this financial year. In these six months, we have also doubled the number of listed companies using our share plan services and increased the number of listed clients utilising our foreign exchange and money market services. Our listed companies business had its most successful year ever in the 2020 Extel UK Small & Midcap (SMID) Survey, having been awarded first place in UK SMID Corporate Broking and with more top-ranked research analysts than any other broker in Extel's 2020 ranking for UK SMID Equity Research.

Our funds platform has brought in a further €500 million of new capital for our Fund Solutions business.

Cost management
We continue to maintain our strong focus on cost discipline, particularly in light of tougher market conditions, while outcomes of our strategic reviews undertaken in this period enable us to prioritise strategically important investment spend to maintain, enhance and extend our business model. We are focusing on productivity and automation across the businesses without impacting activity levels and remaining focused on building smart systems to support growth. Where practical, reduced headcount has not been replaced and discretionary spend (such as travel and marketing) has been lower as a result of the majority of our employees working from home.

For the period under review, operating costs reduced by 12.0% to £221.5 million (2019: £251.6 million).

We have further enhanced efficiencies by more closely integrating business-enabling functions, accelerating the implementation of the One Investec strategy. Accordingly, we are undertaking a process to achieve cost savings equivalent to a reduction of c.210 roles or 13% of the UK Bank's London-based headcount. Further cost savings will be implemented going forward as we take action on the outcomes of a strategic review of our business model and cost infrastructure undertaken during this period.

Connectivity
The idea of One Investec is to bring all of Investec that is relevant to every client. We recognise that our clients' needs must determine the way we are organised. So within the UK Specialist Bank we have arranged our business activities internally around client groupings, to facilitate a coordinated client ecosystem approach – a way to present our clients with silo-free opportunities and options from around our business. This gives us the opportunity to meet the widest possible range of each of our client's needs with clarity, simplicity and focus, in order to strengthen and grow our business for the long term. We have set up the following target client groupings with a focused and aligned leadership team tasked with strategically coordinating client activity both within and across these client groupings: *High net worth individuals; Private companies; Private equity; Listed companies (plc) and Sector Specialist areas*.

This approach is already unlocking significant client opportunities across Investec, resulting in our teams seeing an increase in the number of multi-product clients, showing the benefits of taking a strategic, rather than ad-hoc approach to collaboration.

We continue to collaborate with our Wealth & Investment business to integrate and provide a new High Net Worth 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.

We have in place a fully integrated process for cross-border corporate finance collaboration across the Investec office network, and have entered into partnerships in Continental Europe and the USA which expand our advisory network such that we are now able to provide a global service to our clients.

Digitalisation
Our technology modernisation strategy is well underway, and we have accelerated our cloud strategy during the period. We continue to realise cost reductions through the creation of shared platforms and a drive for automation and self-service capability.

For our colleagues, we continue to improve on our digital workplace experience as WFH and various hybrid models have become the norm, allowing our colleagues to stay connected and to serve our clients' needs with even greater ease.

We continue to innovate through partnering with the wider fintech ecosystem, evidenced by the launch of our new digital savings proposition and Online Flexi Saver product built through the assembly of best of breed fintech and regtech solutions.

For our clients, we have continued to enhance our iX digital proposition, providing corporate clients with a simple and straightforward experience for FX transactions and international payments. We have enhanced our digital capability to make it easier for clients to do business with us, including the introduction of an online beneficiary management service. Our online business savings account enables seamless account opening and the ability to self- service reinvestment of our fixed term product online.

We have developed a propensity tool which automatically gathers data on private companies from publicly available sources and applies algorithms to score each company in order to determine the likelihood that they could benefit from each of our various products, thus enabling us to focus our new client acquisition initiatives on clients to whom we are most likely to be able to add value.

In the listed company arena, we have developed a "corporate broking portal" allowing digital access to our services and information. This is currently in the process of being tested with a sample of clients.

Our private clients now have the benefit of a dedicated mobile app for their UK banking and wealth management needs, which has so far received great reviews.

For the independent financial advisors who trust Investec to help them serve their clients' needs, we have launched a new unified digital experience bringing together the best of our banking and wealth management products, and a simpler digital onboarding process.

Q What progress have you made in incorporating sustainability considerations into your business?

We see strong opportunities in supporting sustainable business practices amongst our clients and in helping them to confront the challenges of the energy transition. Investec launched one of the first European mid-market ESG-linked subscription lines to the value of €600 million to a leading European investment group. The facility is structured so that it offers reduced interest payments when specific ESG goals – in areas such as environment, gender diversity and governance – are met.

We embrace the role that the financial sector must play in achieving the United Nations Sustainable Development Goals (SDGs). We have established a working group tasked with identifying commercial opportunities to enhance socio-economic and environmental impacts and to incorporate sustainability considerations/products into our specialist banking franchise. Our power and infrastructure business plays a leading role in financing clean energy. As mentioned in a previous report, in line with our international peers, we have published a fossil fuel policy affirming our commitment to work with our clients and stakeholders to reduce and limit our exposures to fossil fuels and continue our deliberate focus on promoting renewable and clean energy solutions.

In line with our commitment to climate action, we published our first standalone report in terms of the Taskforce for Climate-related Disclosures (TCFDs) in June. Whilst the BoE have postponed its Climate Risk stress test from 2020 to 2021 due to Covid-19, they have recently announced a deadline of end 2021 for firms to implement the requirements outlined in their Supervisory Statement (SS3/19 Enhancing firms' approaches to managing the climate-related financial risks). Investec will be working on climate change scenarios to understand the possible effects of climate change on our balance sheet and meet regulatory requirements. Scenarios will be designed drawing upon the information provided by external sources such as the Climate Financial Risk Forum (CFRF), co-chaired by the PRA and FCA, who produced a guide written for industry by industry on how to approach climate disclosures, risk management, scenario analysis and innovation.

We continue to advocate responsible behaviour to manage our own operational footprint and attained net-zero carbon emissions status in February 2020, committing to ongoing carbon neutrality.

For many years Investec has formed partnerships in its local boroughs of Hackney, Newham and Tower Hamlets to help schools, start-up businesses, social enterprises, charities and other causes to support local people. As a result of COVID-19, feeding people became the greatest priority. Since the beginning of April, Investec has committed to providing the funds to supply 18 food banks across the United Kingdom.

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

Operating under COVID-19 conditions, together with its lockdown and social containment measures, has been very challenging for all our people. This pandemic-induced crisis has been different from other economic disruptions experienced in the past, given the significant personal strain imposed on our people and clients, in addition to business impact.

As described in detail above, trading income continued to be negatively impacted by unfavourable market conditions for hedging of structured products.

Earlier in the reporting period, at very short notice, the government introduced regulation to ensure banks would continue to support clients during the crisis. We had to react quickly, to support existing clients requesting payment holidays, together with the significantly increased operational requirements for dealing with an increased volume of requests.

Our staff rose to the challenge of operating remotely and coping with significant workload pressures in order to continue to support our clients.

The general market slowdown negatively impacted new deal flow in certain areas while it rose in others. In general, the pandemic has caused a significant level of corporate uncertainty and reduced investment sentiment.

Overall, the challenge has been to balance the priorities of protecting the wellbeing of our people, supporting our clients and the communities in which we live, and managing the risks in our portfolios.

Q What are your strategic objectives over the next six months?

We had seen encouraging signs of increasing economic activity in the UK since the easing of restrictions in June and July. However, given the renewed stringent lockdown imposed in the UK in November, together with the uncertainties around Brexit, as well as uncertainties around what the outcome of the US elections will bring to the geo- political arena, the path to recovery in the short term remains highly unpredictable. In addition, there is the possibility of negative interest rates in the UK.

The highly uncertain outlook means that our ability to execute and deliver on our strategic objectives will continue to be challenging in the near term. Nevertheless, we remain committed to our strategy to simplify, reduce complexity and de-risk the business. In addition, we are committed to our complementary strategy to focus on our existing specialist sector business lines whilst simultaneously committing to grow significantly more scale and relevance in annuity-style, recurring income client franchise businesses, enhanced by our refreshingly human approach and our ability to deal with complexity and to be exceptionally efficient in deal execution. We believe an integrated client-driven approach will give us a sustainable and unique advantage with our target clients. Here we can differentiate against competitors who may have similar offerings, but who do not have the combined and diversified proposition Investec in the UK offers.

Our diversified, high quality revenue streams will enable us to sustain ourselves in the near-term as we navigate through these uncertain macro-conditions.

Our commitment to Belonging , Inclusion and Diversity, with a focus on both gender and race, remains a key strategic objective and more work needs to be done in this regard to meet our targets of gender representation at a senior leadership level and particularly in client facing areas. We've also established a Young Leaders Council that will provide opportunities to contribute to wider group strategies and initiatives, thus reflecting the younger demographic in the business where 41% are 35 years old and under.

We remain focused on sustainability considerations as discussed above. We will be continuing to take care of our employees, ensuring business continuity and support for our clients, and working with our corporate social investment (CSI) partners in helping the communities around us.

Q What is your outlook for the next six months?

Our primary challenge over the next six months will be to navigate the acute level of uncertainty in the markets in which we operate. The combination of continued uncertainties mentioned above, will require us to maintain flexibility in our business, remain prudent and disciplined in our approach, whilst at the same time servicing/supporting our clients, who largely face the same extraneous pressures that we do.

Given the uncertainty around the evolving economic downturn and the very low interest rate environment, together with the possibility of negative interest rates, the outlook for the current financial year remains unpredictable and challenging. We entered this crisis with experience from the Global Financial Crisis to navigate through very difficult circumstances, as well as having high quality, diversified income streams, and considerable strength with respect to our high levels of liquidity, strong capital and low level of gearing (maintaining a high leverage ratio). We are therefore confident that our business model will continue to be resilient and enable us to emerge from this crisis strongly positioned to further support our clients and deliver on our strategic objectives.

Q&A

Richard Wainwright
Southern Africa business leader

Q How did the operating environment impact your business over the past six months?

During the past six months, we have felt the acute impact of the COVID-19 pandemic across local and international markets and in our business. At the onset of the crisis, we witnessed a proactive response from the South African government including the decision to implement one of the strictest lockdowns globally. Whilst helpful in containing the public health impact, the economic fallout is likely to be protracted. COVID-19 has weakened a country already facing a weak fiscal and economic position exacerbating unemployment levels and leading to a sharp decline in GDP. Rising debt to GDP, lack of structural reform, policy uncertainty, and resultant depressed business confidence continue to be headwinds, making for a very challenging operating environment.

Notwithstanding this, we entered this economic crisis with strong liquidity and a robust capital position and remain fully open for business despite c.92% of staff continuing to work from home. Our client outreach has been proactive across all our franchises with millions of emails sent, thousands of outgoing calls placed, and numerous digital meetings held resulting in good client acquisition across both private and corporate clients over the period. The resilience of our people over this period is a tribute to the trust, support, and freedom to operate that is embedded within our culture. We have seen unprecedented efforts from the South African government and the South African Reserve Bank (SARB) to support businesses and communities and we have also played our part, providing various forms of COVID-19 relief or moratoriums to the companies and consumers who needed it as well as supporting the communities we live in with food and donations.

Looking at the operating environment impact across our businesses:

- Within the Private Bank, the gradual easing of lockdown regulations and social distancing measures have seen consumer spending levels increase evidenced by an up-tick in point-of-sale activity since the start of the financial year, albeit c.23% lower compared to the prior period. Lending across the Private Bank grew by c.4% since 31 March 2020 driven primarily by commercial property and residential mortgages in the second quarter. The demand for residential mortgages has risen since lower rates mean mortgage repayments are not dissimilar to rental payments, making buying more attractive. High net worth (HNW) clients continue to diversify their assets into offshore exposures with our UK Specialist Bank helping to facilitate these transactions.
- Within the Investec Corporate and Institutional Bank, the reduction in client activity in the equity and interest markets was more than offset by a significantly improved commodities environment. The overall increase in trading income was offset by subdued lending and transactional activity as corporates remained cautious.
- The crisis has had a noticeable impact on the Investec for Business mid-market client base. Although client activity has picked up since earlier this year and facilities granted have increased, the knock-on effect of reduced trading during the hard lockdown is particularly noticeable in the trade finance book with utilisation of facilities granted at c.51% compared to c.65% at the comparative point last year. As we head into peak season however, we anticipate an up-tick in the utilisation of these facilities as clients gear up for December and January trade.
- Activity levels within the Investment Bank have been muted reflecting low business confidence. Industry wide reductions in M&A and equity underwriting activity has negatively impacted fee generation with the South African market seeing very little equity capital market activity relative to developed markets. The property sector has also been under pressure with muted rental collections at the onset of the crisis (which have since improved) and depressed property valuations.

Overall, financial performance over the period has been negatively impacted by weaker revenues primarily as a result of lower client activity, lower interest rates, and negative fair value adjustments on both equity and property investments. Despite having taken higher impairment charges, as would be expected in this environment, we remain profitable and enter the second half of the financial year with a stronger common equity tier 1 (CET1) capital ratio for Investec Limited of 11.6% (31 March 2020: 10.9%).

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

We have continued to make strategic progress, despite our primary focus over the last six months on supporting our staff and clients and ensuring operational resilience during this exceptional and challenging period.

Our key strategic objectives remain unchanged as they are long term in nature, however, the execution and timing of them has been impacted by the current environment.

Capital discipline
We continue to operate with a disciplined mindset towards capital.

Our application to the Prudential Authority to implement the Advanced Internal Ratings Based approach (AIRB) remains under review with approval received to run certain models in parallel. As communicated previously, full implementation is expected to result in a material reduction to our capital requirements with an estimated c.2% uplift to our CET1 ratio.

Growth initiatives
We continue to make good progress on the growth initiatives incubated in the prior year.

In the Private Bank, our acquisition teams continue to effectively target new professional client segments.

- The execution of our Young Professionals strategy has broadened our target market into new professional segments contributing to the up-tick in demand for residential mortgages in the second quarter
- We remain excited about the partnership between Investec and Fintech company OfferZen which targets the niche software developer community. Software development is a growing profession, and we believe that working closely with the developer community will lead to innovative solutions that will benefit all our clients in the long term

- The build out of 'My Investments' – a digital investment platform accessible through Investec Online – continues. The platform provides private clients the ability to trade shares and invest in selected investments online and will help us grow our capital light revenues over time.

Within the Investec Corporate and Institutional Bank:

- Investec Specialist Investments, an alternative asset class fund management offering within the Investec Corporate and Institutional Bank, continues to increase its assets under management (AUM). One of the funds, the Investec Specialist Investments BCI Enhanced Income Fund, has recently been assigned a fund rating of AA- (ZA)(f) by rating agency GCR. The rating affirms the track record of delivering returns and prudent risk management principles adopted by the fund's managers since its launch in 2018 and should provide comfort to the fund's investors, notably intermediaries and corporates, for whom preservation of their clients' capital and access to liquidity are of paramount importance
- Our Project and Infrastructure Finance team is actively supporting the Department of Minerals and Energy's (DMRE) Risk Mitigation Independent Power Producers Procurement Program (RMIPPP), which aims to add up to 2000MW of power generation to the grid my mid-2022. The team is also pursuing opportunities to provide funding to projects gazetted under the sustainable infrastructure development symposium under Infrastructure South Africa (SIDSSA), the objective of which is to spark economic growth by driving investment into infrastructure projects across several sectors. The team has secured several mandates under these two initiatives which, once concluded, will translate into material lending and ancillary business
- We launched Investec Business Online, a single platform transactional banking capability targeting our corporate and business clients, on a test basis towards the end of 2019. An Investec corporate credit card with an overdraft facility has been introduced along with this offering. The full launch, expected in early 2021, will enhance our ability to provide a complete service offering for this client segment with Investec for Business playing a key role as a driver of growth on this platform.

Our focus in Investec for Business is to grow the client base. We service c.1,000 clients out of a potential 30,000 client pool in the market, so there is much room for growth. The successful roll out of Investec Business Online will further enhance our offering to this mid-market client base with transactional bank accounts being incorporated as an element of certain lending products along with the provision of overdraft facilities and a corporate credit card which are currently in pilot phase.

Within the Investment Bank, COVID-19 presented our lending business (focused on large corporates) the opportunity to secure new clients. Opportunities to advance credit to quality corporates at attractive pricing was capitalised on.

Cost management
Across the South African Specialist Bank, we have demonstrated good cost control with operating costs down 6.0% period on period.

The crisis has elevated our focus on productivity. We are accelerating certain elements of existing projects targeted at creating a more agile organisation. Headcount and related costs have reduced due to natural attrition, and variable remuneration and discretionary spend have been reduced where possible.

Connectivity
Driving greater connectivity, collaboration and linkages across business divisions locally and globally has become more important than ever.

- We have continued to work on simplifying our operating model by leveraging shared platforms and capabilities across our infrastructure and across geographies to create operational efficiencies. In many instances we have seen that areas that operate as global teams remove complexity and streamline processes, thus, within the Investec Corporate and Institutional Bank we continue to explore the building of single global platforms across Fund Finance, lending operations, payments, and application technology alignment
- We have continued our focus on leveraging the UK and South African Private Banking ecosystem by providing our South African client base offshore access, whilst at the same time introducing retail deposits and lending opportunities for the UK Banking business. Dedicated teams have been set up to service South African clients across geographies
- The ongoing collaboration between Investec Life and the Private bank continues to gain momentum, with modern digitally enabled processes (whilst still offering clients a private client experience, with high touch options) helping new policy volumes to grow by almost 50% compared to the prior half-year
- 'My Investments', an initiative across the Private Bank, Investec Corporate & Institutional Bank and Wealth & Investment businesses, provides an online investment management solution to our entire private client base.

Digitalisation
As a branchless bank, digitalisation remains a key strategic objective and hence we have continued to invest in our digital initiatives. We recognise the need to accelerate our digital delivery and, in parallel, drive operational efficiency.

- The build out of Investec Business Online, a transactional business banking platform, continues to gain momentum with the introduction of an Investec Business Online mobile app and increased functionality being rolled out
- To improve client experience through digitalisation, we have implemented a fully automated client onboarding and account opening process launched during August 2020 and we have introduced a digital signature capability 'DocuSign' for our clients to enable seamless processing of transactions, particularly during this period where many people remain working from home
- We have broadened the Investec for Intermediaries offering which seeks to create a unified digital capability for our intermediary client segment. This includes the recent launch of the Investec for Intermediaries mobile app which includes second factor authentication for enhanced security
- Security and the protection of our clients' data remains a top priority, particularly in this environment where phishing scams are on the rise.

Q What progress have you made in incorporating sustainability considerations into your business?

We continue to work with a variety of government and civil-society initiatives to promote sustainable development into Africa. Fani Titi, our group CEO, participated as a speaker at the United Nations Development Programme (UNDP) launch of the South Africa sustainable development goals (SDG) Investor Map 2020 where he emphasised the opportunity to attract the required investment that could create jobs, enhance service delivery, and stimulate economic growth both nationally and regionally.

In line with our climate action commitment, we were the first bank in South Africa to publish a standalone report in line with the recommendations of the Taskforce for Climate-related Disclosures (TCFDs). In May this year, the National Treasury published a technical paper on Financing a Sustainable Economy with several working groups established to take forward the recommendations. Investec is a participant in these working groups whose purpose is to establish necessary norms and standards for the South African financial services industry.

One of the biggest areas Investec can make a difference is through our work on SDG7: ensuring access to affordable, reliable, sustainable and modern energy for all. We have international expertise in financing and developing energy generation and transmission and deliberately focus on financing infrastructure solutions that promote renewable energy. In South Africa, we are working with our corporate social investment (CSI) partners to fund and create local solar energy solutions for retail outlets, game farms, schools, and office blocks. Furthermore, the Private Bank has partnered with ELDO, a group of energy management companies, to explore offering private clients access to explore alternative energy solutions. Clients will be able to apply for finance through their existing Investec Private Bank home loan.

The COVID-19 pandemic and the measures necessary to contain it have had a direct impact on millions of people's livelihoods and their ability to access necessities including food, medicine, and education. We therefore made use of our own resources and our well-established network of partners and beneficiaries to mount a constructive response by focusing on five key areas where we can have the biggest impact: food security, healthcare, education, economic continuity and anti-gender-based violence initiatives.

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

The impact of the COVID-19 pandemic in the first half of the financial year has been profound in the way we live our lives and on the global economy. Business confidence remains very low, and the contraction in the South African economy will continue to put pressure on business. Responding to this unchartered operating environment has been challenging.

The negative growth economic environment and government policy uncertainty has resulted in a reluctance to invest for growth resulting in muted loan book growth and activity levels over the period. Utilisation and margin pressure have been particularly noticeable on our trade book in IFB. Competition has been high with market pressure being felt on quantum and pricing as other commercial banks became more aggressive.

In addition, until corporate M&A risk appetite normalises, the South African market is likely to continue seeing low equity capital market activity relative to developed markets.

Q What are your strategic objectives over the next six months?

Our strategic objectives for the coming six months remain largely unchanged from those outlined at year end:

- With a large proportion of staff continuing to work from home, we are prioritising staff wellbeing and encouraging a flexible approach to working
- Client acquisition remains a priority across all our businesses along with retaining the clients that we already have by driving a client-centric approach, expanding our value proposition and deepening client entrenchment and engagement
- Growing capital light revenue aligns with our capital optimisation objective. This will be achieved by diversifying revenue streams through 'My Investments', Investec Life and Investec Specialist Investments
- Enlarging our retail deposit base, foreign currency and multi-currency accounts across all client segments including corporates, private clients and intermediaries
- Continued cost containment by leveraging operational efficiencies and scale, containing headcount, investing further into automation of key processes (such as onboarding and regulatory operations) and enhancing our overall digital capability
- Leverage our international presence, increasing collaboration across the global Specialist Banking and Wealth & Investment businesses to position Investec as the primary bank for our target private clients.

Q What is your outlook for the next six months?

The outlook is uncertain, and some commentators observe that any attempt at predicting when and how economies – and bank profitability – might return to pre-COVID-19 levels is not an exercise in forecasting but conjecture.

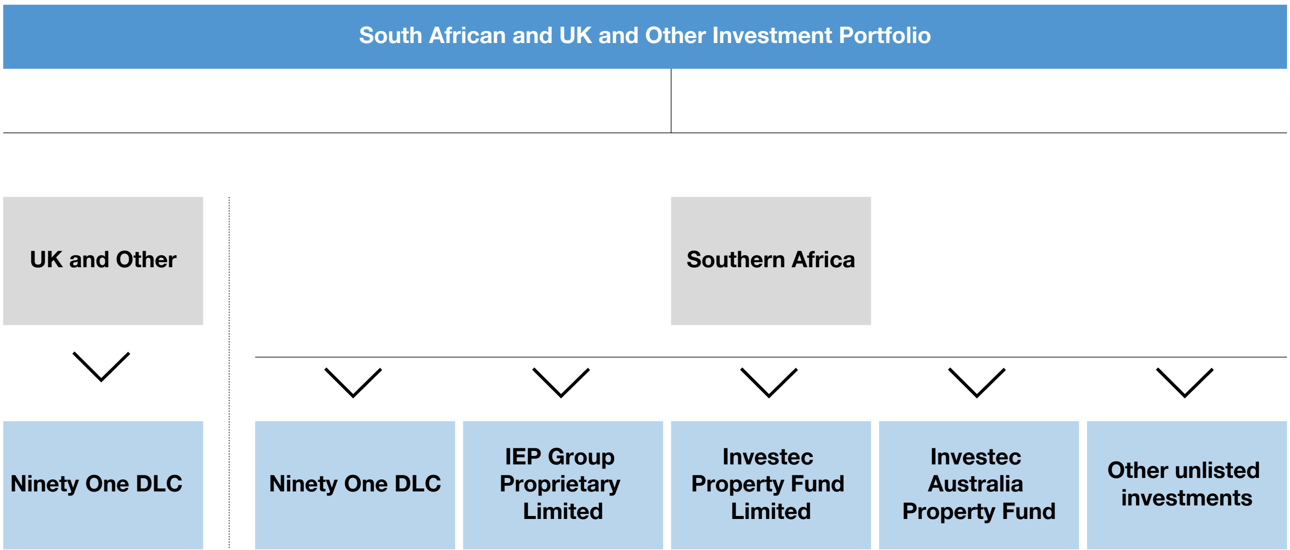
Although the economy has started to re-open and activity is starting to rebound, it remains largely below pre-COVID-19 levels. These early signs of recovery are tempered by an outlook that remains highly unpredictable, largely dependent on how COVID-19 transmission responds to relaxed COVID-19 regulations, and by the impact of low rates and economic fragility which will continue for at least the rest of the financial year.

The success of the group is inextricably linked to the health of the South African economy and as such, we remain committed to being part of the national solution by using the group's financial strength to work in support of the wider economy and its recovery over time.

Our client focused strategic plan remains fully aligned with the group's long-term strategic objectives; our iconic brand embodied by the African Zebra is strong; our resilient client base and our diversified model means we can remain confident in our continued financial strength and liquidity to see us through this crisis.

Group Investments is now shown as a separate segmental division. Group Investments represents assets held by Investec to create value over the medium term as opposed to trading assets. 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 providing transparency of the standalone values of the assets classified as Group Investments.

Group Investment Portfolio



Ninety One DLC (Ninety One)

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

Investec accounts for its combined 25% investment in Ninety One by applying equity accounting and the value of the associate investment was £348.1 million at 30 September 2020. The market value of the stake held in Investec plc was £306.0 million and £163.3 million (R3.5 billion) in Investec Limited.

IEP Group Proprietary Limited (IEP)

IEP is an investment holding company that was born out of the Investec Private Equity portfolio, which was sold to IEP in January 2016. Investec retained an interest in IEP as the major shareholder. Following the realisation of several investments, IEP now holds a controlling stake in the Bud Group. The Bud Group is an operational services, manufacturing and distribution group. As an integrated group, Bud's scale, relevance and efficient, diversified business model positions it as a leader in their 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**
  By bringing together a number of South Africa's oldest and most established industrial brands including Concord Cranes, Goscor, Uni-span, Prowalco Tatsuno, Augusta Steel and Afrit, Bud Industrial Services was born.
- **Building Materials**
  Corobrik has evolved into the major South African manufacturer of clay masonry products, paving and concrete earth retaining systems in the building materials industry.
- **Financial Services**
  Assupol is a proudly South African insurance company in the financial services industry with a history that dates back to 1913.

Investec holds a 47.4% stake in IEP and the investment is equity accounted with a value of £260.7 million (R5.6 billion) at 30 September 2020. During the current financial year, Investec recognised equity accounted earnings of £0.7 million (R15.0 million) in relation to this investment.

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 R27.2 billion investment portfolio comprises direct and indirect real estate investments in South Africa, the UK and Europe.

In South Africa, IPF directly owns a sizeable portfolio of 92 properties in the retail, industrial and office sectors valued at R15.7 billion and a 35% interest in Izandla valued at R0.3 billion. 50% of IPF's balance sheet and 43% of earnings are derived from offshore investments. This comprises strategic property investments in Europe (R7.1 billion) and the UK (R1.0 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 £644.2 million (R13.9 billion).

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

Investec Australia Property Fund (IAPF)

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

The Fund has been established to invest in quality commercial real estate (office, industrial and retail) that is well located in major metropolitan cities or established commercial precincts in Australia and New Zealand. The fund currently holds 30 properties with a portfolio value of AUD1 100 million, an occupancy rate of 97.5%, a gross leasable area of 333 889m^2 and a weighted average lease expiry of 4.8 years.

Investec holds a direct interest of 9.1% in IAPF, which is measured at a fair value of £40.8 million (R881.0 million).

Other unlisted investments

Investec holds certain other historical unlisted equity investments to the value of £57.1 million (R1.2 billion).

Southern Africa group investment portfolio

30 September 2020	Asset analysis £'000	Income analysis £'000	Asset analysis R'million	Income analysis R'million
Ninety One	113 818	6 334	2 517	136
IEP Group	260 738	688	5 626	15
Equity investments^	57 066	–	1 232	–
Investec Property Fund*	158 898	(3 774)	3 424	(81)
Investec Australia Property Fund*	40 840	10 576	881	237
Total equity exposures	**631 360**	**13 824**	**13 680**	**307**
Associated loans and other assets	–	(3 526)	–	(84)
Total exposures on balance sheet	**631 360**	**10 298**	**13 680**	**223**
Debt funded	351 437	(8 870)	7 640	(194)
Equity**	279 923		6 040	
Total capital resources and funding	**631 360**		**13 680**	
Adjusted operating profit		**1 428**		**29**
Taxation		(90)		(2)
Operating profit after taxation		**1 338**		**27**
Risk-weighted assets	**2 705 752**		**58 382**	
Ordinary shareholders' equity held on investment portfolio – 30 September 2020	279 923		6 040	
Ordinary shareholders' equity held on investment portfolio – 31 March 2020	291 085		6 448	
Average ordinary shareholders' equity held on investment portfolio – 30 September 2020	285 504		6 244	
Post-tax return on average ordinary shareholders' equity – 30 September 2020		**0.9%**		

^ Does not include equity investments residing in our corporate and private client businesses.
* The proportionate NAV consolidated for the group's investment holding of 24.31% in the Investec Property Fund and 9.1% in the Investec Australia Property Fund.
** Equity is as calculated on page 64 based on regulatory capital requirements.

UK and Other group investment portfolio

30 September 2020	Asset analysis £'000	Income analysis £'000
Ninety One	234 271	11 791
Total exposures on balance sheet	**234 271**	**11 791**
Debt funded	49 661	
Equity**	184 610	
Total capital resources and funding	**234 271**	
Adjusted operating profit		**11 791**
Risk-weighted assets	**–**	
Ordinary shareholders' equity held on investment portfolio – 30 September 2020	184 610	
Ordinary shareholders' equity held on investment portfolio – 31 March 2020	97 640	
Average ordinary shareholders' equity held on investment portfolio – 30 September 2020	141 125	
Post-tax return on average ordinary shareholders' equity – 30 September 2020		**15.2%**

** Equity is as calculated on page 64 based on regulatory capital requirements.

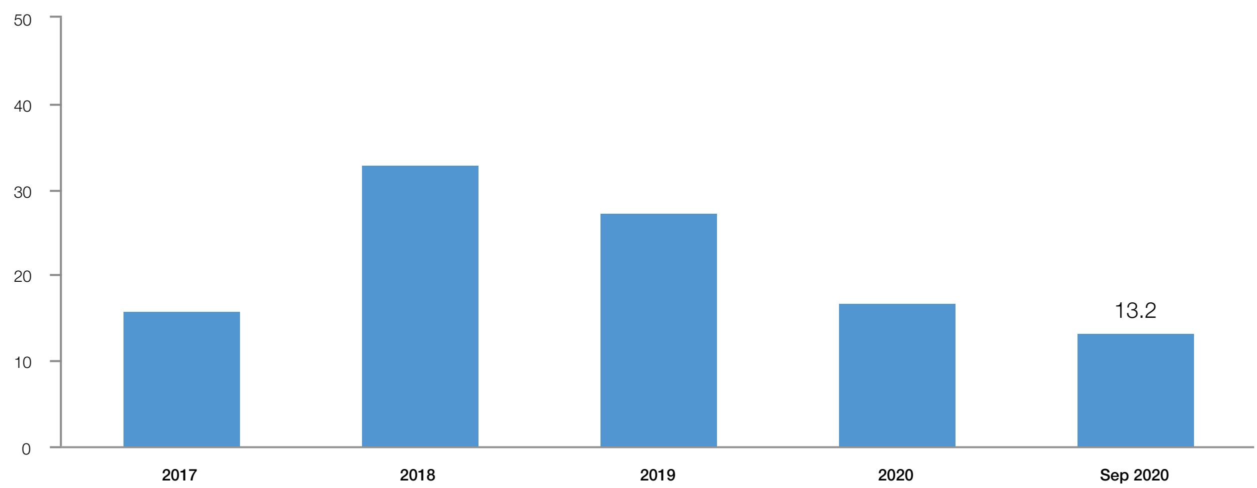
Southern Africa group investment portfolio

30 September 2019	Asset analysis £'000	Income analysis £'000	Asset analysis R'million	Income analysis R'million
IEP Group	346 355	14 562	6 472	267
Equity investments^	81 512	838	1 524	16
Investec Property Fund*	192 771	13 865	3 598	253
Investec Australia Property Fund*	47 306	13 601	884	248
Total equity exposures	**667 944**	**42 866**	**12 478**	**784**
Associated loans and other assets	2 729	96	51	2
Total exposures on balance sheet	**670 673**	**42 962**	**12 529**	**786**
Debt funded	314 121	(12 692)	5 866	(238)
Equity	356 551		6 663	
Total capital resources and funding	**670 672**		**12 529**	
Adjusted operating profit		**30 270**		**548**
Taxation		(6 720)		(122)
Operating profit after taxation		**23 550**		**426**
Risk-weighted assets	**2 540 045**		**47 753**	
Ordinary shareholders' equity held on investment portfolio – 30 September 2019	356 551		6 663	
Ordinary shareholders' equity held on investment portfolio – 31 March 2019	340 000		6 400	
Average ordinary shareholders' equity held on investment portfolio – 30 September 2019	348 276		6 532	
Post-tax return on average ordinary shareholders' equity – 30 September 2019		**13.5%**		

^ Does not include equity investments residing in our corporate and private client businesses.
* The proportionate NAV consolidated for the group's investment holding of 26.57% in the Investec Property Fund and 12.7% in the Investec Australia Property Fund (10.1% held directly and 2.6% held indirectly via IPF).

Adjusted operating profit^ – track record

£'million



^ Trends in the above graphs are for the year ended 31 March, unless stated otherwise. Amounts are shown before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests. Group Investments was only formed in the 2017 financial year.

Income statement analysis

UK and Other	30 Sept 2020	30 Sept 2019	Variance	% change
Share of post taxation profit/(loss) of associates and joint venture holdings	11 791	–	11 791	100.0%
Total operating income before expected credit loss impairment charges	**11 791**	**–**	**11 791**	**100.0%**
Expected credit loss impairment charges	–	–	–	–
Operating costs	–	–	–	–
Operating income before goodwill, acquired intangibles and strategic actions	**11 791**	**–**	**11 791**	**100.0%**
Loss/(profit) attributable to other non-controlling interests	–	–	–	–
Adjusted operating profit	**11 791**	**–**	**11 791**	**100.0%**
ROE post-tax	15.2%	n/a		

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

- Share of post taxation profit of associates reflects the earnings from the group's retained investment in Ninety One following the demerger of the asset management business in March 2020; hence no associate earnings in the prior period.

Income statement analysis

Southern Africa £'000	30 Sept 2020	30 Sept 2019	Variance	% change	% change in Rands
Net interest expense	(23 341)	(26 934)	3 593	(13.3%)	2.6%
Net fee and commission income	23 030	35 413	(12 383)	(35.0%)	(21.2%)
Investment (loss)/income	(4 703)	34 987	(39 690)	(>100.0%)	(>100.0%)
Share of post taxation profit of associates and joint venture holdings	2 333	14 436	(12 103)	(83.8%)	(81.6%)
Trading (loss)/income arising from					
– customer flow	(3 409)	1 157	(4 566)	(>100.0%)	(>100.0%)
– balance sheet management and other trading activities	(4 792)	586	(5 378)	(>100.0%)	(>100.0%)
Other operating income	–	2	(2)	(100.0%)	(100.0%)
Total operating loss before expected credit loss impairment charges	**(10 882)**	**59 647**	**(70 529)**	**(>100.0%)**	**(>100.0%)**
Expected credit loss impairment charges	(1 831)	–	(1 831)	(100.0%)	(100.0%)
Operating (loss)/income	**(12 713)**	**59 647**	**(72 360)**	**(>100.0%)**	**(>100.0%)**
Operating costs	(584)	(433)	(151)	34.9%	62.5%
Operating (loss)/profit before goodwill, acquired intangibles and strategic actions	**(13 297)**	**59 214**	**(72 511)**	**(>100.0%)**	**(>100.0%)**
Loss/(profit) attributable to other non-controlling interests	14 725	(28 944)	43 669	(>100.0%)	(>100.0%)
Adjusted operating profit	**1 428**	**30 270**	**(28 842)**	**(95.3%)**	**(94.5%)**
ROE post-tax	0.9%	13.5 %			

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

- Net interest expense was marginally higher than the prior period (in Rands) driven by higher funding costs associated with extended bridge facilities in IPF.
- Net fee and commission income was behind the prior period due to lower rental income earned by IPF as a result of COVID-19.
- Investment income was impacted by negative revaluation adjustments on IPF's investment properties and the loss of income from IPF's divestment of its stake in IAPF, partly offset by positive mark-to-market on the group's holding in IAPF.
- Share of post taxation profit of associates and joint venture holdings was positively impacted by the inclusion of associate earnings from the group's retained investment in Ninety One (following the demerger of the asset management business in March 2020), offset by lower earnings from the IEP Group due to lockdown and the non-repeat of a realisation in the prior period, as well as negative fair value adjustments in IPF's UK associate investment.
- The trading loss arising from customer flow and balance sheet management reflects negative mark-to-market adjustments on interest rate hedge positions in IPF and currency hedges related to the group's investment in IAPF.
- The ECL impairment charges reflect bad debt provisions raised in IPF.
- Other non-controlling interests comprises the 75.69% shareholding in IPF that is not held by the Investec group.

4

ADDITIONAL INFORMATION

At 30 September 2020 £'000	Total instruments at fair value	Amortised cost	Non-financial instruments or scoped out of IFRS 9	Total
Assets				
Cash and balances at central banks	—	2 477 636	—	2 477 636
Loans and advances to banks	—	3 079 807	—	3 079 807
Non-sovereign and non-bank cash placements	11 159	352 191	—	363 350
Reverse repurchase agreements and cash collateral on securities borrowed	991 402	3 133 189	—	4 124 591
Sovereign debt securities	4 573 107	325 829	—	4 898 936
Bank debt securities	402 812	187 361	—	590 173
Other debt securities	578 762	848 412	—	1 427 174
Derivative financial instruments	1 885 922	—	—	1 885 922
Securities arising from trading activities	929 143	—	—	929 143
Investment portfolio	994 543	—	—	994 543
Loans and advances to customers	2 112 911	22 742 966	—	24 855 877
Own originated loans and advances to customers securitised	—	307 532	—	307 532
Other loans and advances	—	100 659	—	100 659
Other securitised assets	110 370	12 522	—	122 892
Interests in associated undertakings	—	—	722 227	722 227
Deferred taxation assets	—	—	256 581	256 581
Other assets	177 037	1 008 152	726 836	1 912 025
Property and equipment	—	—	341 343	341 343
Investment properties	—	—	799 588	799 588
Goodwill	—	—	270 991	270 991
Software	—	—	13 045	13 045
Other acquired intangible assets	—	—	66 224	66 224
Non-current assets classified as held for sale	—	—	87 248	87 248
	12 767 168	**34 576 256**	**3 284 083**	**50 627 507**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	37 178	—	—	37 178
	12 804 346	**34 576 256**	**3 284 083**	**50 664 685**
Liabilities				
Deposits by banks	313	3 319 414	—	3 319 727
Derivative financial instruments	1 793 033	—	—	1 793 033
Other trading liabilities	577 821	—	—	577 821
Repurchase agreements and cash collateral on securities lent	437 204	1 254 846	—	1 692 050
Customer accounts (deposits)	1 596 301	30 955 396	—	32 551 697
Debt securities in issue	241 175	1 574 082	—	1 815 257
Liabilities arising on securitisation of own originated loans and advances	—	73 042	—	73 042
Liabilities arising on securitisation of other assets	109 107	—	—	109 107
Current taxation liabilities	—	—	95 940	95 940
Deferred taxation liabilities	—	—	50 727	50 727
Other liabilities	97 581	1 153 822	774 528	2 025 931
	4 852 535	**38 330 602**	**921 195**	**44 104 332**
Liabilities to customers under investment contracts	34 494	—	—	34 494
Insurance liabilities, including unit-linked liabilities	2 684	—	—	2 684
	4 889 713	**38 330 602**	**921 195**	**44 141 510**
Subordinated liabilities	355 364	1 092 584	—	1 447 948
	5 245 077	**39 423 186**	**921 195**	**45 589 458**

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation technique used.

The different levels are identified as follows:

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		Fair value category		
At 30 September 2020 **£'000**	**Total instruments at fair value**	Level 1	Level 2	Level 3
Assets				
Non-sovereign and non-bank cash placements	11 159	—	11 159	—
Reverse repurchase agreements and cash collateral on securities borrowed	991 402	7	991 395	—
Sovereign debt securities	4 573 107	4 573 107	—	—
Bank debt securities	402 812	241 995	160 817	—
Other debt securities	578 762	140 226	304 201	134 335
Derivative financial instruments	1 885 922	3 037	1 852 971	29 914
Securities arising from trading activities	929 143	904 633	19 203	5 307
Investment portfolio	994 543	95 624	8 961	889 958
Loans and advances to customers	2 112 911	—	1 076 157	1 036 754
Other securitised assets	110 370	—	3 017	107 353
Other assets	177 037	177 037	—	—
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	37 178	37 178	—	—
	12 804 346	**6 172 844**	**4 427 881**	**2 203 621**
Liabilities				
Deposits by banks	313	—	—	313
Derivative financial instruments	1 793 033	1 482	1 760 034	31 517
Other trading liabilities	577 821	324 851	252 970	—
Repurchase agreements and cash collateral on securities lent	437 204	3	437 201	—
Customer accounts (deposits)	1 596 301	11	1 596 290	—
Debt securities in issue	241 175	—	241 175	—
Liabilities arising on securitisation of other assets	109 107	—	—	109 107
Other liabilities	97 581	—	56 257	41 324
Liabilities to customers under investment contracts	34 494	—	34 494	—
Insurance liabilities, including unit-linked liabilities	2 684	—	2 684	—
Subordinated liabilities	355 364	355 364	—	—
	5 245 077	**681 711**	**4 381 105**	**182 261**
Net financial assets at fair value	**7 559 269**	**5 491 133**	**46 776**	**2 021 360**

Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 in the current period.

Measurement of fair value financial assets and liabilities at level 2

The table below sets out information about the valuation techniques used at the end of the reporting period in measuring financial instruments categorised as level 2 in the fair value hierarchy:

	Valuation basis/techniques	Main inputs
Assets		
Non-sovereign and non-bank cash placements	Discounted cash flow model	Yield curves
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flow model, Hermite interpolation, Black-Scholes	Yield curves, discount rates, volatilities
Bank debt securities	Discounted cash flow model	Yield curves
Other debt securities	Discounted cash flow model	Yield curves, NCD curves and swap curves, discount rates, external prices, broker quotes
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes	Yield curves, risk free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves, discount rates
Securities arising from trading activities	Standard industry derivative pricing model, Discounted cash flow model	Interest rate curves, implied bond spreads, equity volatilities, yield curves
Investment portfolio	Discounted cash flow model, relative valuation model, Comparable quoted inputs	Discount rate and fund unit price, net assets
Loans and advances to customers	Discounted cash flow model	Yield curves
Other securitised assets	Discounted cash flow model	Yield curves
Liabilities		
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes	Yield curves, discount rates, risk free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Other trading liabilities	Discounted cash flow model	Yield curves
Repurchase agreements and cash collateral on securities lent	Discounted cash flow model, Hermite interpolation	Yield curves, discount rates
Customer accounts (deposits)	Discounted cash flow model	Yield curves, discount rates
Debt securities in issue	Discounted cash flow model	Yield curves
Other liabilities	Discounted cash flow model	Yield curves
Liabilities to customers under investment contracts	Current price of underlying unitised assets	Listed prices
Insurance liabilities, including unit-linked liabilities	Current price of underlying unitised assets	Listed prices

Level 3 instruments

The following tables show a reconciliation of the opening balances to the closing balances for level 3 financial instruments. All instruments are at fair value through profit or loss.

£'000	Investment portfolio	Loans and advances to customers	Other securitised assets	Other balance sheet assets	Total
Assets					
Balance at 1 April 2020	**848 670**	**1 101 666**	**106 218**	**178 840**	**2 235 394**
Total gains or losses in the income statement	(6 431)	19 257	4 401	6 954	24 181
In the income statement	(6 431)	18 834	4 401	6 954	23 758
In the statement of comprehensive income	—	423	—	—	423
Purchases	47 125	364 392	—	265	411 782
Sales	(13 387)	(216 725)	—	(1 424)	(231 536)
Settlements	(1 363)	(231 773)	(3 266)	(10 680)	(247 082)
Transfers into level 3	—	7 802	—	141	7 943
Transfers out of level 3	—	—	—	(156)	(156)
Foreign exchange adjustments	15 344	(7 865)	—	(4 384)	3 095
Balance at 30 September 2020	**889 958**	**1 036 754**	**107 353**	**169 556**	**2 203 621**

For the six months to 30 September 2020, following a review of the valuation methodology of a number of financial instruments, the following reclassifications were made during the period: loans and advances to customers of £7.8 million from level 2 to level 3; other assets of £0.1 million from level 2 to level 3; and derivative assets of £0.1 million and derivative liabilities of £0.1 million from level 3 to level 2.

£'000	Liabilities arising on securitisation of other assets	Other balance sheet liabilities	Total
Liabilities			
Balance at 1 April 2020	**110 679**	**27 602**	**138 281**
Total gains or losses in the income statement	3 191	6 867	10 058
In the income statement	3 191	6 867	10 058
In the statement of comprehensive income	—	—	—
Issues	—	39 893	39 893
Settlements	(4 763)	(937)	(5 700)
Transfers out of level 3	—	(153)	(153)
Foreign exchange adjustments	—	(118)	(118)
Balance as at 30 September 2020	**109 107**	**73 154**	**182 261**

The group transfers between levels within the fair value hierarchy when the significance of the unobservable inputs change or if the valuation methods change.

The following table quantifies the gains or (losses) included in the income statement recognised on level 3 financial instruments:

For the year to 30 September 2020 **£'000**	**Total**	Realised	Unrealised
Total gains or (losses) included in the income statement for the period			
Net interest income/(expense)	31 652	20 435	11 217
Investment income	(13 390)	14 006	(27 396)
Trading income arising from customer flow	(4 562)	—	(4 562)
	13 700	**34 441**	**(20 741)**
Total gains or (losses) included in other comprehensive income for the period			
Gains on realisation on debt instruments at FVOCI recycled through the income statement	(1 031)	(1 031)	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	423	—	423
	(608)	**(1 031)**	**423**

Sensitivity of fair values to reasonably possible alternative assumptions by level 3 instrument type

The fair value of financial instruments in level 3 are measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable market data. The below valuations have been considered taking the global pandemic of COVID-19 into consideration. The following table shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

				Potential impact on the income statement	
At 30 September 2020	Balance sheet value £'000	Significant unobservable input changed	Range which unobservable input has been changed	**Favourable changes £'000**	**Unfavourable changes £'000**
Assets					
Other debt securities	134 335	Potential impact on income statement		4 971	(11 884)
		Credit spreads	0.29%-0.89%	15	(97)
		Cash flow adjustments	CPR 5.3%	984	(984)
		Discount rate	0.0605	1	(7)
		Underlying asset value^^	^^	437	(194)
		Other^	^	3 534	(10 602)
Derivative financial instruments	29 914	Potential impact on income statement		5 053	(5 929)
		Volatilities	3.6% - 21.6%	236	(708)
		Underlying asset value^^	^^	4 661	(4 753)
		Other^	^	156	(468)
Securities arising from trading activities	5 307	Potential impact on income statement			
		Cash flow adjustments	CPR 9.8%	891	(1 514)
Investment portfolio	889 958	Potential impact on income statement		108 106	(176 998)
		Price earnings multiple	4.2x -11.92x	6 045	(12 564)
		Underlying asset value^^	^^	8 053	(9 814)
		EBITDA	**	25 874	(22 648)
		Discount rate	(0.6%)/1.4%	985	(1 044)
		Cash flows	**	1 920	(1 426)
		Property values	(10%)/10%	32 812	(32 812)
		Precious and industrial metal prices	(6%)/6%	762	(1 270)
		Underlying asset value	#	2 013	(5 145)
		Other^	^	29 642	(90 275)
Loans and advances to customers	1 036 754	Potential impact on income statement		32 496	(61 423)
		Credit spreads	0.04% -5.3%	10 288	(16 908)
		Price earnings multiple	3.5x-7x	3 955	(502)
		Discount rate	0.05	75	(220)
		Underlying asset value^^	^^	1 211	(2 945)
		Property values	(5%)/5%	232	(232)
		Cash flows	*	1 954	(3 229)
		Underlying asset value	#	249	(249)
		Other^	^	14 532	(37 138)
		Potential impact on other comprehensive income			
		Credit spreads	0.082% -37.86%	9 387	(18 622)
Other securitised assets	107 353	Potential impact on income statement			
		Cash flow adjustments	CPR 5.3%	53	(78)
Total level 3 assets	**2 203 621**			**160 957**	**(276 448)**

At 30 September 2020	Balance sheet value £'000	Significant unobservable input changed	Range which unobservable input has been changed	Potential impact on the income statement: Favourable changes £'000	Potential impact on the income statement: Unfavourable changes £'000
Liabilities					
Deposits by banks	313	Potential impact on income statement			
		Underlying asset value^^	^^	(31)	94
Derivative financial instruments	31 517	Potential impact on income statement		(4 837)	5 278
		Volatilities	3.6% -21.6%	(221)	662
		Underlying asset value^^	^^	(4 616)	4 616
Liabilities arising on securitisation of other assets	109 107	Potential impact on income statement			
		Cash flow adjustments	CPR 5.3%	(435)	380
Other liabilities	41 324	Potential impact on income statement			
		Property values	(10%)/10%	(4 681)	4 681
Total level 3 liabilities	**182 261**			**(9 984)**	**10 433**
Net level 3 assets	**2 021 360**				

* The sensitivity of the fair value of liabilities arising on securitisation of other assets has been considered together with other securitised assets.
^ Other – The valuation sensitivity has been assessed by adjusting various inputs such as expected cash flows, discount rates, earnings multiples rather than a single input. It is deemed appropriate to reflect the outcome on a portfolio basis for the purposes of this analysis as the sensitivity of the assets cannot be determined through the adjustment of a single input.
^^ Underlying asset values are calculated by reference to a tangible asset, for example property, aircraft or shares.
** The EBITDA and cash flows have been stressed on an investment-by-investment basis in order to obtain favourable and unfavourable valuations.
# Net asset asset values are calculated by reference to the fair value of the assets and liabilities within the entity.

In determining the value of level 3 financial instruments, the following are the principal input that can require judgement:

Credit spreads

Credit spreads reflect the additional yield that a market participant would demand for taking exposure to the credit risk of an instrument. The credit spread for an instrument forms part of the yield used in a discounted cash flow calculation. In general a significant increase in a credit spread in isolation will result in a movement in fair value that is unfavourable for the holder of a financial instrument.

Discount rates

Discount rates (including WACC) are used to adjust for the time value of money when using a discounted cash flow valuation method. Where relevant, the discount rate also accounts for illiquidity, market conditions and uncertainty of future cash flows.

Volatilities

Volatility is a key input in the valuation of derivative products containing optionality. Volatility is a measure of the variability or uncertainty in returns for a given derivative underlying. It represents an estimate of how much a particular underlying instrument, parameter or index will change in value over time.

Cash flows

Cash flows relate to the future cash flows which can be expected from the instrument and requires judgement.

EBITDA

The company’s earnings before interest, taxes, depreciation and amortisation. This is the main input into a price earnings multiple valuation method.

Price earnings multiple

The price earnings ratio is an equity valuation multiple. It is a key driver in the valuation of unlisted investments.

Property values and precious and industrial metals

The property value and precious and industrial metals is a key driver of future cash flows on these investments.

Underlying asset value

In instances where cash flows have links to referenced assets, the underlying asset value is used to determine the fair value. The underlying asset valuation is derived using observable market prices sourced from broker quotes, specialist valuers or other reliable pricing sources.

The following table sets out the fair value of financial instruments held at amortised cost when the carrying value is not a reasonable approximation of fair value.

At 30 September 2020 £'000	Carrying amount	Fair value
Assets		
Cash and balances at central banks	2 477 636	2 477 632
Loans and advances to banks	3 079 807	3 078 702
Non-sovereign and non-bank cash placements	352 191	352 188
Reverse repurchase agreements and cash collateral on securities borrowed	3 133 189	3 133 275
Sovereign debt securities	325 829	331 453
Bank debt securities	187 361	194 421
Other debt securities	848 412	842 159
Loans and advances to customers	22 742 966	22 750 272
Own originated loans and advances to customers securitised	307 532	307 530
Other loans and advances	100 659	98 422
Other assets	1 008 152	1 007 996
Liabilities		
Deposits by banks	3 319 414	3 336 577
Repurchase agreements and cash collateral on securities lent	1 254 846	1 259 412
Customer accounts (deposits)	30 955 396	31 012 834
Debt securities in issue	1 574 082	1 600 818
Liabilities arising on securitisation of own originated loans and advances	73 042	73 042
Other liabilities	1 153 821	1 152 726
Subordinated liabilities	1 092 585	1 172 099

Events after the reporting date

The significant judgements and estimates applied to prepare the interim financial statements as at 30 September 2020 reflected the impact of COVID-19 and the resulting impact on the economy as at the balance sheet date. These judgements, specifically those relating to the impairment of loans and advances and valuation of fair value instruments, were determined by considering a range of economic scenarios including the adverse impact of COVID-19 and by applying the guidance issued by various international regulators and standard setting bodies.

The action of various governments and central banks, in particular in the United Kingdom and South Africa, provides an indication of the potential severity of the downturn and that the recovery environment could be significantly different from past crises with a duration which is also difficult to predict. Subsequent to the balance sheet date, it was announced that various vaccine trials proved to be more than 90% effective and resultingly had a very positive impact on global markets. It still remains very difficult to predict when a full scale role out of the vaccine will take place. In South Africa various government and social programmes were launched, aimed at reducing the impact of COVID-19 and to stimulate the economy and in the UK previously launched schemes have been extended in an attempt to mitigate the economic impact of COVID-19.

The group believes that the significant judgements and estimates made at the balance sheet date took account of the impact of COVID-19 and the results of subsequent event procedures performed by management up to 18 November 2020 did not identify additional information that requires these judgements and estimates to be updated. Management is satisfied that there were no such items of sufficient significance to warrant additional disclosure. However, should the COVID-19 crisis cause disruption to global economic activity for a longer period than forecasted, this could put additional upward pressure on the group ECLs and downward pressure on other valuations.

Investec Bank plc owns the appointed asset manager of Investec Australia Property Fund (IAPF). On 18 November 2020, the IAPF shareholders voted to purchase the asset management company for an amount of AUD$40m subject to certain conditions.

The group is further not aware of any other events after the reporting date as defined by IAS 10 Events after the Reporting Period, that would require the financial statements to be adjusted or which would require additional disclosures.

Investec ordinary shares

As at 30 September 2020 Investec plc and Investec Limited had 696.1 million and 318.9 million ordinary shares in issue respectively.

Largest ordinary shareholders as at 30 September 2020

In accordance with the terms provided for in Section 793 of the UK Companies Act, 2006 and Section 56 of the South African Companies Act, 2008, the group has conducted investigations into the registered holders of its ordinary shares (including nominee and asset management companies) and the results are as disclosed below.

Investec plc

	Shareholder analysis by manager group	Number of shares	% holding
1.	Allan Gray (ZA)	75 972 089	10.9%
2.	Prudential Portfolio Mgrs (ZA)	75 368 463	10.8%
3.	Public Investment Corporation (ZA)	59 299 979	8.5%
4.	BlackRock Inc (US & UK)	32 305 133	4.6%
5.	The Vanguard Group, Inc (US & UK)	28 341 045	4.1%
6.	Norges Bank Investment Mgt (OSLO)	19 576 459	2.8%
7.	Investec Staff Share Scheme (UK)	17 731 690	2.6%
8.	Schroders (UK)	15 911 949	2.3%
9.	Legal & General Group (UK)	15 028 740	2.2%
10.	Fairtree Capital (ZA)	14 271 208	2.1%
	Cumulative total	**353 806 755**	**50.9%**

The top 10 shareholders account for 50.9% 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.

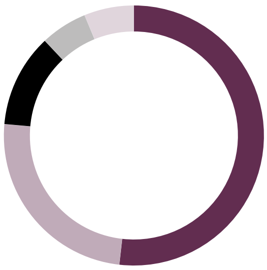
Investec Limited

	Shareholder analysis by manager group	Number of shares	% holding
1.	Public Investment Corporation	42 895 324	13.5%
2.	Allan Gray	30 133 288	9.5%
3.	Investec Staff Share Scheme	27 186 554	8.5%
4.	Visio Capital Mgt	11 719 723	3.7%
5.	BlackRock Inc	10 061 594	3.2%
6.	The Vanguard Group, Inc	9 935 283	3.1%
7.	Absa Group Limited	9 399 669	3.0%
8.	Westwood Global Investments	8 709 473	2.7%
9.	Sanlam Group	7 086 120	2.2%
10.	Laurium Capital	7 006 465	2.2%
	Cumulative total	**164 133 493**	**51.6%**

The top 10 shareholders account for 51.6% 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.

Geographical holding by beneficial ordinary shareholder as at 30 September 2020

Investec Plc



South Africa	51.8%
UK	24.6%
USA and Canada	11.6%
Rest of Europe	5.8%
Asia	0.0%
Other countries and unknown	6.2%

Investec Limited

South Africa	61.9%
UK	4.0%
USA and Canada	14.1%
Rest of Europe	4.4%
Asia	0.1%
Other countries and unknown	15.5%

Share statistics

For the period ended	30 Sept 2020	31 March 2020
Price earnings ratio[1]	6.4	4.5
Dividend payout ratio (%)[2]	49.1 %	**
Dividend yield (%)[2]	7.7 %	**
Earnings yield (%)[1]	15.7	22.3

Investec plc

For the period ended	30 Sept 2020	31 March 2020
Daily average volumes of shares traded ('000)	3 376	2 631
Closing market price per share (Pound Sterling)	1.43	1.52
Number of ordinary shares in issue (million)[3]	696.1	696.1
Market capitalisation (£'million)[3]	994	1 058

Investec Limited

For the period ended	30 Sept 2020	31 March 2020
Daily average volumes of shares traded ('000)	2 733	1 344
Closing market price per share (Rands)	31.55	33.99
Number of ordinary shares in issue (million)[4]	318.9	318.9
Market capitalisation (R'million)[4]	32 023	34 500
Market capitalisation (£'million)[4]	1 449	1 543

1 Calculations are based on the adjusted earnings per share from continuing operations (annualised for the six months ended 30 September 2020) and the closing share price.
2 The dividend payout ratio and dividend yield have been calculated using the group's consolidated adjusted earnings per share. The dividend yield calculation for the six months ended 30 September 2020 annualises the interim dividend per share.
3 The LSE only includes the shares in issue for Investec plc, i.e. currently 696.1 million, in calculating market capitalisation, as Investec Limited is not incorporated in the UK.
4 The JSE has agreed to use the total number of shares in issue for the combined group, comprising Investec plc and Investec Limited, in calculating market capitalisation, i.e. currently a total of 1 015.0 million shares in issue.
** 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.

5

RISK DISCLOSURES

The following risk management and capital section will provide details on the quantitative disclosure required on a semi-annual basis. For additional qualitative disclosures, definitions and descriptions, please refer to our annual financial statements for the year ended 31 March 2020.

Philosophy and approach to risk management

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

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

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

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

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

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

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

We believe that the risk management systems and processes we have in place are adequate to support the group's strategy and allow the group to operate within its risk appetite tolerance.

Credit and counterparty risk management

Credit and counterparty risk description

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. Credit and counterparty risk arises when funds are extended, committed, invested, or otherwise exposed through contractual agreements, whether reflected on- or off-balance sheet.

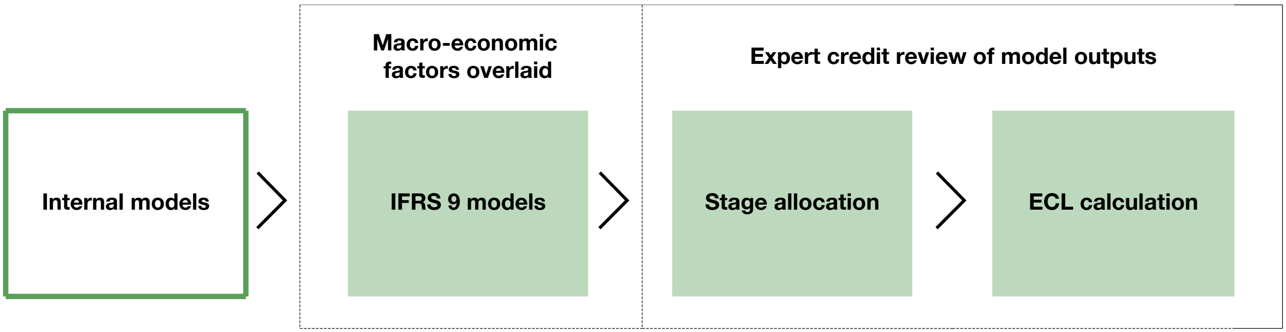
Key drivers of measurement uncertainty – subjective elements and inputs

The measurement of ECL has reliance on expert credit judgement. Key judgemental areas are highlighted below and are subject to robust governance processes. Key drivers of measurement uncertainty include:

- The assessment of a significant increase in credit risk;
- A range of forward-looking probability weighted macro-economic scenarios; and
- Estimations of probabilities of default, loss given default and exposures at default using models.

In addition to these drivers, some initial judgements and assumptions were required in the design and build of the group's ECL methodology, which are not considered to have a material impact. This includes the use of income recognition effective interest rates (EIRs), in accordance with accounting standards, as the discount factor in the ECL calculation as well as the use of contractual maturity to assess behavioural lives. In addition, where we have experienced limitations on the availability of probability of default origination data for the historic book, a portfolio average has been used in some instances.

Process to determine ECL



ECLs are calculated using three main components:

- A probability of default (PD);
- A loss given default (LGD); and
- The exposure at default (EAD).

The 12-month and lifetime PDs represent the probability of a default occurring over the next 12 months or the lifetime of the financial exposures, respectively, based on conditions existing at the balance sheet date and future forecast macro-economic conditions that affect credit risk.

The LGD represents losses expected on default, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money. The forecast value for the collateral is also affected by the range of forward-looking probability weighted macro-economic scenarios.

The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdown of a committed facility.

The calculation of the 12-month ECL is based on the 12-month PD and LGD along with the EAD and EIR for the asset. Lifetime ECL is calculated using the lifetime PD curve, and the appropriate LGDs and EADs and discount rates derived from the EIR based on the remaining life of the financial asset.

Expert judgement models are also utilised for certain portfolios where the ECL is found to be minimal, either due to the portfolio's small relative size or the low default nature of these portfolios, such as cash and balances held at central banks.

Management adjustments are made to modelled output to account for situations where additional information and known or expected risk factors have not been captured in the modelling process.

Key judgements at 30 September 2020

UK and Other
COVID-19 has had a substantial impact on the macro-economic scenarios in place under IFRS 9. Where previously, since the implementation of IFRS 9, we have seen changes to underlying macro-economic factors, scenarios and weighting, the actual movements experienced in the period since 31 March 2020 under the base case have been of a scale and speed which has not previously been experienced in the bank's models given the idiosyncratic nature of the stress caused by the COVID-19 pandemic and the resulting social containment measures. As a result, these extreme and unprecedented economic conditions have identified limitations in aspects of our model design and calibration. Unresolved, this aspect of the models would result in a substantial over-prediction of default rates. The methodology itself was therefore reviewed and a number of changes were implemented, including certain judgements where necessary.

To address these limitations, mitigation measures have been utilised on certain macro-economic variables most impacted by COVID-19 to date based on the historical data used in the models' design to provide additional accuracy to the modelled ECL which allows the models to output ECL impairments in a reliable and unbiased way whilst still observing the economic trends being experienced.

Additionally, the current suite of IFRS 9 models provides limited differentiation between industries. In recent history, with events such as the global financial crisis, we have not seen a need for differentiation between industries given the historic relationship between the macro-economic factors and their impacts on all individuals, or all SMEs or all corporates alike. Under the current COVID-19 environment that has not been the case as certain sectors have been more directly impacted by the current environment than others. The methodology applied also ensures the models distinguish between sectors that are deemed more vulnerable to the direct impacts of the COVID-19 pandemic, based on expert judgement and external considerations. For more detail on COVID-19 vulnerable sectors please see page 134.

The assessment of the impact from COVID-19 as well as the offsetting effect of the unprecedented levels of government measures required significant judgement. To ensure that the overall level of ECL was reasonable and that the judgements applied had been suitably tested, management reviewed the overall output of ECLs and considered a number of alternative assumptions. Based on the outcome of this review an ECL overlay amounting to £11.7 million has been considered appropriate to account for future uncertainty on the performing portfolio as well as to capture the significant level of judgement required in the application of the macro-economic scenarios at 30 September 2020.

The £19 million ECL overlay from 31 March 2020, which had been held across the performing portfolio to capture risks not yet identified in the models due to COVID-19, has now been incorporated within the updated macro-economic scenarios applied. Additionally, a management overlay of £8 million at 31 March 2020, which had been considered appropriate in addition to the bank's calculated model-driven ECL due to uncertainty over the models' predictive capability, has been released due to the methodology implemented to account for over-prediction of default rates. The UK bank will continue to assess the appropriateness of this management overlay and expect that it could be re-introduced if economic forecasts improve substantially and there remain specific areas of model uncertainty at that time.

South Africa
Following the onset of the COVID-19 pandemic, a management overlay and updated macro-economic scenarios were considered the most appropriate way to capture the worsened economic environment, given the significant levels of uncertainty and lack of supportable economic information to produce robust forecasts at the time. While there has been some improvement in the economic environment since the easing of the lockdown restrictions, uncertainty still remains. For this reason, management has decided to retain the R190 million overlay raised at 31 March 2020. This will be reassessed in time as new economic information is released and as the consequence of the recent resurgence of infection rates in other countries and the possibility that South Africa may experience a similar resurgence, materialises.

Forward-looking macro-economic scenarios

The measurement of ECL also requires the use of multiple economic scenarios to calculate a probability weighted forward-looking estimate. These scenarios are updated at least twice a year, or more frequently if there is a macro-economic shock or significant shift in expectations. The weighting of these scenarios for IFRS 9 as well as the scenarios themselves are discussed and approved at the relevant BRCCs as well as the relevant capital committees, which form part of the principal governance framework for macro-economic scenarios.

A number of forecast economic scenarios are considered for capital planning, stress testing (including Investec-specific stress scenarios) and IFRS 9.

UK and Other

For Investec plc, four macro-economic scenarios are used in the measurement of ECL. These scenarios incorporate a base case, an upside case and two downside cases.

Since 31 March 2020 a material evaluation of economic scenarios has been undertaken given developments surrounding the COVID-19 pandemic. As such, the base case has been updated to reflect the unprecedented falls in GDP witnessed in the second quarter of 2020 and the latest views around the shape of the economic recovery in light of the most recent indicators. Additionally, the downside scenarios have been replaced with two new stress cases to better reflect the current risk backdrop. The downside 1 L-shape scenario has been included to reflect pandemic related risks, whilst rising Brexit risks have been addressed through the downside 2 No-free trade agreement (No-FTA) Brexit scenario.

Given the lack of a clear consensus forecast at the end of March, along with consideration of regulatory guidance and significant levels of government measures announced, an additional set of updated macro-economic scenarios (COVID-19 long and COVID-19 short) were applied resulting in a management overlay to capture the worsened economic environment. Given that the scenarios have been fully updated to reflect the latest macro-economic risk, the COVID-19 long and COVID-19 short scenarios are no longer required. Consequently, the scenario weights have been updated to reflect the latest balance of risks. The scenario weightings remain skewed to the downside. Notably, Brexit and the possibility of the UK leaving the transition period without a trade deal has a scenario weighting of 35%. The downside 1 L-shape scenario is weighted at 10%, base case at 50% and the upside at 5%.

The updated base case scenario assumes a strengthening economic recovery across the second half of 2020 benefiting from the easing of social restrictions that began in May 2020. Nonetheless, the recovery from the COVID-19 shock is prolonged with the UK not seeing the pre-COVID level of GDP (fourth quarter of 2019) being surpassed until 2022. This view is however highly dependent on the evolution of COVID-19 in the coming months. Beyond the near-term disruptions from the pandemic, GDP growth is assumed to return to trend rates of around 1.5% per annum. Further, one key assumption is that the UK and the EU strike a free trade agreement before the end of the transition period at the end of 2020, resulting in a smooth transition to the UK's new arrangements with the EU. Whilst a rise in unemployment is anticipated in the short term as government support schemes for the labour market expire, the longer term sees unemployment return close to pre-pandemic levels by the end of the forecast horizon. Amidst this backdrop, the BoE is assumed to raise interest rates very gradually from 2023 onwards. Globally, the situation is judged to be similar to that of the UK with economies in the major advanced countries recovering across 2020 and 2021. Monetary policy is expected to remain exceptionally accommodative for a prolonged period of time.

In light of the continuing pandemic, it was concluded that a COVID-19 related scenario would be appropriate, namely the downside 1 L-shape scenario. This scenario foresees a weaker than expected recovery from COVID-19 and permanent scarring from the crisis where GDP growth effectively stagnates over the forecast horizon. The weaker 2020 recovery and flat-lining of economic growth over 2021 is attributed to a continuing struggle with COVID-19 and cycles of tightening and loosening of social restrictions. A notable feature of this scenario is that it includes the BoE taking interest rates negative, a risk which has recently emerged.

The downside 2 No-FTA Brexit scenario assumes that the UK and the EU fail to reach an agreement over a post-transition period trade deal. The economic disruption caused by the UK's return to tariffs and border checks with the EU sees the UK enter another period of economic contraction in the first and second quarter of 2021. Sterling falls sharply and inflation rises in the near term, but the BoE responds with additional easing in the form of quantitative easing (QE).

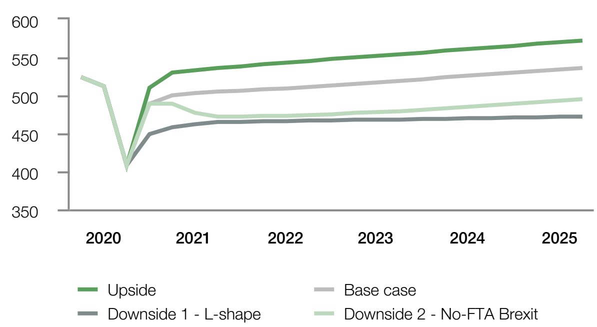
The down case scenarios are severe but plausible scenarios created based on Investec specific bottom-up stress tests, whilst also considering IFRS 9 specific sensitivities and non-linearity.

The upside case envisages a quicker than expected recovery from the COVID-19 pandemic with GDP recovering its pre-crisis peak by the end of 2020. Economic activity is expected to return to trend levels thereafter and central bank policy rates to be tightened across the forecast horizon.

The graph below shows the forecasted UK GDP under each macro-economic scenario applied at 30 September 2020.

£'billion

UK GDP forecast



The table that follows shows the key factors that form part of the UK and Other macro-economic scenarios and their relative applied weightings. The comparative data shows the key macro-economic factors used at 31 March 2020 including pre-COVID-19 scenarios and the relative weightings applied to each scenario as well as the COVID-19 scenarios, taking into account government intervention, which were used to apply an ECL overlay.

	At 30 September 2020 average 2020 – 2025				At 31 March 2020 average 2020 – 2025					
Macro-economic scenarios	**Upside**	**Base case**	**Downside 1 L-shape**	**Downside 2 No-FTA Brexit**	Upside	Base case	Downside 1 Global	Downside 2 Stagnation	COVID-19 short scenario	COVID-19 long scenario
	%	**%**	**%**	**%**	%	%	%	%	%	%
UK										
GDP growth	2.1	0.7	(1.7)	(1.0)	2.7	1.5	0.2	0.4	1.0	0.1
Unemployment rate	3.9	5.4	7.7	7.5	4.2	4.1	6.3	5.2	6.5	7.9
House price growth	2.5	1.4	(0.9)	(0.8)	2.8	2.5	(2.1)	(1.7)	0.5	(1.9)
Bank of England – Bank rate	0.9	0.2	(0.3)	0.1	2.3	1.2	0.2	0.0	0.1	0.1
Euro area										
GDP growth	1.9	0.7	(1.0)	0.1	2.7	1.4	0.3	0.2	n/a	n/a
US										
GDP growth	2.6	1.4	0.1	1.4	2.7	1.8	0.2	0.6	n/a	n/a
Scenario weightings	**5**	**50**	**10**	**35**	**10**	**55**	**15**	**20**	**75**	**25**

The following table shows annual averages of economic factors for the base case over a five-year period based on the economic forecasts in place as at 30 September 2020.

	Financial years				
Base case %	**2020/2021**	**2021/2022**	**2022/2023**	**2023/2024**	**2024/2025**
UK					
GDP growth	(8.7)	6.7	1.5	1.6	1.6
Unemployment rate	6.1	6.7	5.5	4.5	4.3
House price growth	(4.7)	4.1	2.7	2.4	2.4
Bank of England – Bank rate	0.1	0.1	0.1	0.2	0.5
Euro area					
GDP growth	(7.4)	6.4	1.5	1.5	1.5
US					
GDP growth	(3.6)	5.1	1.7	1.8	1.7

The following table shows percentage change in forecast economic factors for the two downside scenarios from the end of the fourth quarter 2019 based on the economic forecasts in place as at 30 September 2020.

	Financial years				
% change since Q4 2019	**2020/2021**	**2021/2022**	**2022/2023**	**2023/2024**	**2024/2025**
GDP					
Downside 1 L-shape	(11.7)	(11.0)	(10.7)	(10.3)	(10.0)
Downside 2 No-FTA Brexit	(9.0)	(9.7)	(8.8)	(7.4)	(5.9)
Residential property prices					
Downside 1 L-shape	(9.0)	(7.3)	(6.2)	(5.4)	(4.7)
Downside 2 No-FTA Brexit	(7.7)	(9.4)	(7.9)	(5.8)	(3.6)
Commercial property prices					
Downside 1 L-shape	(20.0)	(18.0)	(17.2)	(16.7)	(16.3)
Downside 2 No-FTA Brexit	(20.1)	(22.9)	(21.4)	(19.8)	(18.2)

South Africa
For Investec Limited, five macro-economic scenarios are used in the measurement of ECL. These scenarios incorporate a base case, two upside cases and two downside cases. The aim of this economic scenario generation process is to provide a view of the current and projected state of the South African economy and the different economic scenarios that could occur in various stressed or improved environments over the next five years for a number of identified variables/risk drivers.

The impact of the COVID-19 pandemic has been severe and unprecedented. With second waves of infections now occurring around the globe, it is still uncertain as to how long it will take to contain the virus, or how long the global economy will be negatively impacted, with several years of recovery seen to be needed to return to the pre COVID-19 levels of economic activity. While the temporary, sharp global economic slowdown and financial market turmoil of earlier this year has been replaced by some green shoots of recovery, deep scarring of economies remain.

The base case foresees economic recoveries continue globally and domestically from the second quarter of this fiscal year, underpinned by sufficient monetary and other policy supports. However, recovery is not expected to be quick, or V shaped. Debt accumulation globally has been substantial, and many countries' government finances have deteriorated. South Africa's public finances were already markedly deteriorated before COVID-19 and its impact struck. South Africa is expected to effect fiscal repair to its finances over the medium term, and so remains at a BB rating from the three key credit rating agencies as debt to GDP stabilisation occurs in the medium term. While expropriation of property without compensation has seen some recent legislative development, it can still have various outcomes, and the base case remains one where the impact on the economy and market sentiment is not materially negative. As at 30 September 2020, the scenario weighting of the expected case was 47%, but at 31 March 2020 the scenario weighting of the base case was 43% as the global crisis was beginning, and the environment was highly uncertain.

Turning to the characterisation of the lite down case scenario, the international environment (including risk sentiment) is the same as the base case, but the domestic environment differs. In this scenario, South Africa fails to see its debt projections stabilise and falls into single B ratings from all of the three key credit rating agencies for its local and foreign currency long-term debt. Business confidence is depressed, Rand weakness occurs, as does significant load shedding and weak investment growth and recession occurs again. Expropriation of some private commercial sector property without compensation occurs, with a negative impact on the economy. Ultimately, substantial fiscal consolidation is achieved, preventing a drop into the C grades.

At 30 September 2020 the scenario weighting of the lite down case was 46%, at 31 March 2020 it was 42% as government finances were not, at that time, detailed to experience as extreme projected deterioration as they have been since.

The severe down case is characterised by a lengthy global recession and financial crisis, with insufficient monetary and other policy supports to growth domestically and internationally. A depression occurs in the South African economy, with unprecedented Rand weakness. South Africa is rated single B from all three key credit rating agencies, with further downgrades occurring into the C grade categories as public finances continue deteriorating. Debt elevates and fails to stabilise. The government borrows from increasingly wide sources as it sinks deeper into a debt trap, with widespread load shedding of all state services, strike action and severe civil unrest occurs. Nationalisation of private sector property under expropriation without compensation occurs with severe negative impacts for the economy.

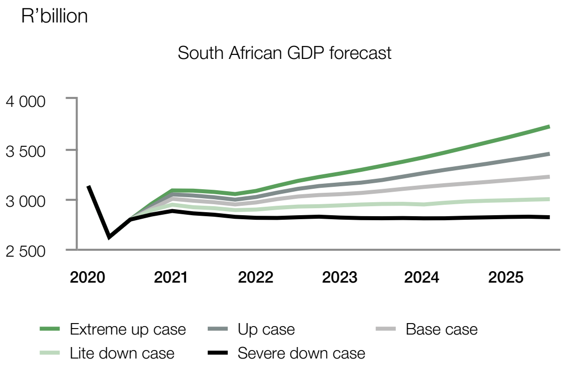
At 30 September 2020 the scenario weighting of the severe down case was 3%, at 31 March 2020 the weighting was 10%. The recovery in the global and domestic economy has prompted the lowering of the weighting, rather than any reduction of the domestic credit risk.

The up case is depicted by a relatively quick rebound from the COVID-19 pandemic globally and domestically, with rising confidence and investment levels. South Africa's structural problems are worked down and no further credit rating downgrades occur. The rating outlooks eventually become positive, with strong fiscal consolidation government debt projections falling substantially. Global risk-on occurs and global demand quickly returns to trend growth. There is no negative impact of expropriation without compensation on the economy.

At 30 September 2020 the scenario weighting of the up case was 3%, at 31 March 2020 the weighting was 4%. There is not a rapid, or V shaped, recovery manifesting globally or domestically, and the low probability has been lowered further.

The extreme up case is an acceleration of the up case, where the COVID-19 pandemic is resolved very rapidly. Domestically, good governance and growth-creating reforms occur, structural constraints are overcome and very strong fiscal consolidation sees government debt fall back to the low ratios of the 2000s. Additionally, property rights are strengthened and no nationalisation occurs. A high level of business confidence and fixed investment growth ensues, with substantial foreign direct investment inflows. Domestically, economic growth of 3-5%, then 5-7% is achieved and credit rating upgrades occur. Strong global growth and a commodity boom are also characteristics of this scenario.

The graph below depicts the forecasted South African GDP growth under the macro-economic scenarios applied at 30 September 2020.



The table below shows the key factors that form part of the macro-economic scenarios and the relative applied weightings of these scenarios.

	At 30 September 2020 average 2020 – 2025					At 31 March 2020 average 2020 – 2025				
Macro-economic scenarios	**Extreme up case %**	**Up case %**	**Base case %**	**Lite down case %**	**Severe down case %**	Extreme up case %	Up case %	Base case %	Lite down case %	Severe down case %
South Africa										
GDP growth	3.9	2.5	1.3	0.0	(1.1)	3.7	2.6	0.8	0.2	(0.5)
Repo rate	3.3	3.9	4.7	4.9	6.1	4.8	5.1	5.8	6.0	7.6
Bond yield	9.5	9.9	10.5	10.8	11.2	9.1	9.4	9.9	10.5	11.8
Residential property price growth	5.8	4.7	3.9	3.3	2.2	7.4	4.1	2.6	1.9	0.2
Commercial property price growth	1.9	0.7	(0.7)	(1.5)	(2.2)	4.1	2.0	0.1	(1.8)	(4.3)
Exchange rate (South African Rand:US Dollar)	11.8	13.1	15.7	16.9	19.8	9.7	11.7	14.8	16.9	18.2
Scenario weightings	**1**	**3**	**47**	**46**	**3**	**1**	**4**	**43**	**42**	**10**

The following table shows annual averages of economic factors for the base case over a five-year period based on the economic forecasts in place as at 30 September 2020.

	Financial years				
Base case %	**2020/2021**	**2021/2022**	**2022/2023**	**2023/2024**	**2024/2025**
South Africa					
GDP growth	(10.1)	4.8	2.1	2.1	2.3
Repo rate	3.6	4.3	4.8	5.0	5.1
Bond yield	9.9	10.2	10.6	10.7	11.0
Residential property price growth	2.0	2.6	3.5	4.7	5.2
Commercial property price growth	(8.1)	(1.8)	0.5	1.0	1.5
Exchange rate (South African Rand:US Dollar)	16.8	15.3	15.2	15.6	15.9

The table below shows percentage change in forecast economic factors for the two downside scenarios from the end of the fourth quarter 2019 based on the economic forecasts in place as at 30 September 2020.

	Financial years				
% change since Q4 2019	**2020/2021**	**2021/2022**	**2022/2023**	**2023/2024**	**2024/2025**
GDP					
Lite down case	(6.4)	(8.0)	(6.7)	(6.4)	(5.0)
Severe down case	(8.4)	(10.6)	(10.5)	(10.8)	(10.4)
Residential property prices					
Lite down case	1.2	3.5	7.1	11.9	17.1
Severe down case	0.5	1.6	3.7	6.4	10.0
Commercial property prices					
Lite down case	(7.3)	(9.4)	(9.3)	(8.8)	(7.8)
Severe down case	(8.6)	(11.1)	(11.6)	(11.6)	(11.3)

An analysis of gross core loans, asset quality and ECL

The tables that follow provide information with respect to the asset quality of our gross core loans on a statutory basis.

Net core loans increased £249 million since 31 March 2020 to £25.2 billion, with a marginal decrease of 0.4% when considered in neutral currency. Loan growth has predominantly been driven by high net worth mortgages as well as other private client lending, although overall growth was impacted by lower client lending activity due to COVID-19.

UK and Other

The overall loan portfolio continues to hold up well despite the macro environment. Stage 3 exposures have reduced from 3.3% of gross core loans subject to ECL at 31 March 2020 to 3.0% at 30 September 2020. Of these Stage 3 exposures 2.0% relate to Ongoing (2.2% at 31 March 2020). In the UK, the Legacy portfolio is predominantly reported in Stage 3 and makes up 33.9% of Stage 3 gross core loans. These assets have been significantly provided for and coverage for these Legacy assets remains high at 38.2%.

Stage 2 exposures increased from 5.1% at 31 March 2020 to 11.6% at 30 September 2020, reflecting deterioration in the forward-looking recognition of impairment charges under IFRS 9 incorporating deteriorating macro-economic scenarios and weightings. Of the increase in Stage 2, 97% relates to the impact of the weakened IFRS 9 macro-economic scenarios and the heightened adverse impact on certain vulnerable sectors. Overall coverage for Stage 2 totals 3.4% at 30 September 2020 (4.8% at 30 September 2019), slightly reduced given a significant proportion of Stage 2 was 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.

Southern Africa

Stage 2 exposures increased by £158 million. The increase was due to model-driven migrations from updated macro-economic scenarios, mainly within the mortgage portfolio and a few single name exposures particularly affected by COVID-19.

Stage 3 exposures increased by £122 million to £324 million, or 2.4% of gross core loans subject to ECL at 30 September 2020 (1.5% at 31 March 2020). The increase relates to the migration of a number of deals across various sectors. Stage 3 coverage ratio totals 33.0% and the remaining net exposure is considered well covered by collateral.

	UK and Other		Southern Africa		Total group	
£'million	**30 Sept 2020**	31 March 2020	**30 Sept 2020**	31 March 2020	**30 Sept 2020**	31 March 2020
Gross core loans	**12 149**	**12 045**	**13 363**	**13 193**	**25 512**	**25 238**
Gross core loans at FVPL (excluding fixed rate loans^)	547	653	105	108	652	761
Gross core loans subject to ECL*	**11 602**	**11 392**	**13 258**	**13 085**	**24 860**	**24 477**
Stage 1	9 916	10 437	12 086	12 193	22 002	22 630
Stage 2	1 341	576	848	690	2 189	1 266
of which past due greater than 30 days	*13*	*31*	*28*	*59*	*41*	*90*
Stage 3	345	379	324	202	669	581
of which Ongoing (excluding Legacy) Stage 3#	*228*	*249*	*324*	*202*	*552*	*451*
ECL	**(170)**	**(175)**	**(182)**	**(152)**	**(352)**	**(327)**
Stage 1	(33)	(37)	(55)	(48)	(88)	(85)
Stage 2	(45)	(31)	(20)	(19)	(65)	(50)
Stage 3	(92)	(107)	(107)	(85)	(199)	(192)
of which Ongoing (excluding Legacy) Stage 3#	*(47)*	*(62)*	*(107)*	*(85)*	*(154)*	*(147)*
Coverage ratio						
Stage 1	0.3%	0.4%	0.5%	0.4%	0.4%	0.4%
Stage 2	3.4%	5.4%	2.4%	2.8%	3.0%	3.9%
Stage 3	26.7%	28.2%	33.0%	42.1%	29.7%	33.0%
of which Ongoing (excluding Legacy) Stage 3#	*20.6%*	*24.9%*	*33.0%*	*42.1%*	*27.9%*	*32.6%*
Annualised credit loss ratio	**0.60%**	**0.69%**	**0.35%**	**0.38%**	**0.47%**	**0.52%**
ECL impairment charges on core loans	(35)	(74)	(23)	(53)	(58)	(127)
Average gross core loans subject to ECL	11 497	10 642	13 171	13 773	24 668	24 415
An analysis of Stage 3 gross core loans subject to ECL						
Stage 3 net of ECL	253	272	217	117	470	389
of which Ongoing (excluding Legacy) Stage 3#	*181*	*187*	*217*	*117*	*398*	*304*
Aggregate collateral and other credit enhancements on Stage 3	257	274	232	122	489	396
Stage 3 as a % of gross core loans subject to ECL	3.0%	3.3%	2.4%	1.5%	2.7%	2.4%
of which Ongoing (excluding Legacy) Stage 3#	*2.0%*	*2.2%*	*2.4%*	*1.5%*	*2.2%*	*1.8%*
Stage 3 net of ECL as a % of net core loans subject to ECL	2.2%	2.4%	1.7%	0.9%	1.9%	1.6%
of which Ongoing (excluding Legacy) Stage 3#	*1.6%*	*1.7%*	*1.7%*	*0.9%*	*1.6%*	*1.3%*

^ 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 (£1.0 billion) exposure falls predominantly into Stage 1 (consistent throughout the period) (31 March 2020: £0.9 billion). The ECL on the portfolio is £5.1 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.

Refer to definitions on page 169. Our exposure (net of ECL) to the UK Legacy portfolio* has reduced from £111 million at 31 March 2020 to £94 million at 30 September 2020. These assets are substantially impaired and are largely reported under Stage 3.

An analysis of staging and ECL movements for core loans subject to ECL

The table below indicates underlying movements in gross core loans subject to ECL from 31 March 2020 to 30 September 2020. The transfers between stages of gross core loans indicate the impact of stage transfers upon the gross exposure and associated opening ECL. The increase in transfers into Stage 2 was almost all driven by the deteriorated economic outlook and corresponding PD deterioration in the loan book resulting in model-driven significant increase in credit risk (SICR) for these exposures. Transfers to Stage 3 relate to a few single name exposures across different sectors arising in the South African book, offset by reduced transfers to Stage 3 in the UK reflecting limited new defaults experienced to date supported in part by government measures in place.

The net remeasurement of ECL arising from stage transfers represents the (increase)/decrease in ECL due to these transfers. New lending net of repayments comprises new originations, further drawdowns, repayments and sell-downs as well as ECLs in Stage 3 that have been written off, typically when an asset has been sold.

The ECL impact of changes to risk parameters and models during the period largely relate to the deteriorated macro-economic scenarios and relative weightings as a result of the COVID-19 pandemic. The foreign exchange and other category largely comprises the impact on the closing balance as a result of movements and translations in foreign exchange rates since the opening date, 31 March 2020.

Further analysis as at 30 September 2020 of gross core loans subject to ECL and their ECL balances is shown in 'An analysis of core loans by risk category' on the following pages.

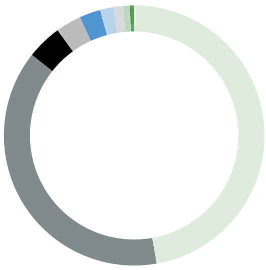
	Stage 1		Stage 2		Stage 3		Total	
£'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**
At 31 March 2020	**22 630**	**(85)**	**1 266**	**(50)**	**581**	**(192)**	**24 477**	**(327)**
Transfer from Stage 1	(1 418)	7	1 373	(7)	45	—	—	—
Transfer from Stage 2	250	(3)	(396)	8	146	(5)	—	—
Transfer from Stage 3	6	(2)	10	—	(16)	2	—	—
ECL remeasurement arising from transfer of stage	—	2	—	(17)	—	(18)	—	(33)
New lending net of repayments (includes assets written off)	193	1	(87)	(1)	(90)	24	16	24
Changes to risk parameters and models	—	(7)	—	2	—	(8)	—	(13)
Foreign exchange and other	341	(1)	23	—	3	(2)	367	(3)
At 30 September 2020	**22 002**	**(88)**	**2 189**	**(65)**	**669**	**(199)**	**24 860**	**(352)**

	Stage 1		Stage 2		Stage 3		Total	
£'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**
At 31 March 2019	**22 683**	**(43)**	**1 149**	**(50)**	**521**	**(200)**	**24 353**	**(293)**
Transfer from Stage 1	(583)	10	544	(7)	39	(3)	—	—
Transfer from Stage 2	242	(1)	(278)	4	36	(3)	—	—
Transfer from Stage 3	5	—	12	—	(17)	—	—	—
ECL remeasurement arising from transfer of stage	—	3	—	(7)	—	(8)	—	(12)
New lending net of repayments (includes assets written off)	493	(4)	(74)	1	(67)	34	352	31
Changes to risk parameters and models	—	(9)	—	(5)	—	5	—	(9)
Foreign exchange and other	218	(6)	(13)	2	(9)	6	196	2
At 30 September 2019	**23 058**	**(50)**	**1 340**	**(62)**	**503**	**(169)**	**24 901**	**(281)**

An analysis of total gross core loans by country of exposure

30 September 2020

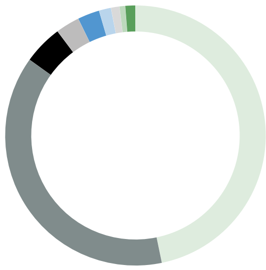
£25 512 million



South Africa	47.2%
United Kingdom	38.4%
Europe (excluding UK)	4.4%
North America	3.1%
Australia	2.7%
Africa (excluding RSA)	1.7%
Asia	1.2%
Europe (Non-EU)	0.9%
Other	0.4%

31 March 2020

£25 238 million



South Africa	46.8%
United Kingdom	38.2%
Europe (excluding UK)	4.9%
North America	3.0%
Australia	2.7%
Africa (excluding RSA)	1.5%
Asia	1.0%
Europe (Non-EU)	0.7%
Other	1.2%

An analysis of core loans by risk category – Lending collateralised by property

Lending collateralised by property – Total group

£'million	Gross core loans at amortised cost, FVOCI and FVPL (subject to ECL)								Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**		
At 30 September 2020										
Commercial real estate	**3 001**	**(17)**	**259**	**(15)**	**151**	**(20)**	**3 411**	**(52)**	**43**	**3 454**
Commercial real estate – investment	2 578	(15)	241	(14)	148	(20)	2 967	(49)	39	3 006
Commercial real estate – development	395	(2)	9	—	3	—	407	(2)	4	411
Commercial vacant land and planning	28	—	9	(1)	—	—	37	(1)	—	37
Residential real estate	**801**	**(2)**	**18**	**—**	**86**	**(34)**	**905**	**(36)**	**16**	**921**
Residential real estate – investment	260	—	15	—	18	(7)	293	(7)	14	307
Residential real estate – development	514	(2)	1	—	36	(7)	551	(9)	—	551
Residential vacant land and planning	27	—	2	—	32	(20)	61	(20)	2	63
Total lending collateralised by property	**3 802**	**(19)**	**277**	**(15)**	**237**	**(54)**	**4 316**	**(88)**	**59**	**4 375**
Coverage ratio	**0.50%**		**5.4%**		**22.8%**		**2.0%**			
At 31 March 2020										
Commercial real estate	**2 945**	**(15)**	**164**	**(12)**	**150**	**(17)**	**3 259**	**(44)**	**42**	**3 301**
Commercial real estate – investment	2 530	(14)	158	(11)	147	(17)	2 835	(42)	38	2 873
Commercial real estate – development	377	(1)	—	—	3	—	380	(1)	4	384
Commercial vacant land and planning	38	—	6	(1)	—	—	44	(1)	—	44
Residential real estate	**787**	**(1)**	**15**	**—**	**109**	**(39)**	**911**	**(40)**	**30**	**941**
Residential real estate – investment	253	—	8	—	36	(12)	297	(12)	28	325
Residential real estate – development	506	(1)	5	—	38	(8)	549	(9)	—	549
Residential vacant land and planning	28	—	2	—	35	(19)	65	(19)	2	67
Total lending collateralised by property	**3 732**	**(16)**	**179**	**(12)**	**259**	**(56)**	**4 170**	**(84)**	**72**	**4 242**
Coverage ratio	**0.43%**		**6.7%**		**21.6%**		**2.0%**			

Lending collateralised by property – UK and Other

£'million	Gross core loans at amortised cost and FVOCI								Gross core loans at FVPL	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**		
At 30 September 2020										
Commercial real estate	**1 045**	**(2)**	**132**	**(14)**	**124**	**(16)**	**1 301**	**(32)**	**43**	**1 344**
Commercial real estate – investment	811	(1)	124	(13)	121	(16)	1 056	(30)	39	1 095
Commercial real estate – development	234	(1)	2	—	3	—	239	(1)	4	243
Commercial vacant land and planning	—	—	6	(1)	—	—	6	(1)	—	6
Residential real estate	**596**	**—**	**16**	**—**	**86**	**(34)**	**698**	**(34)**	**16**	**714**
Residential real estate – investment	260	—	15	—	18	(7)	293	(7)	14	307
Residential real estate – development	336	—	—	—	36	(7)	372	(7)	—	372
Residential vacant land and planning	—	—	1	—	32	(20)	33	(20)	2	35
Total lending collateralised by property	**1 641**	**(2)**	**148**	**(14)**	**210**	**(50)**	**1 999**	**(66)**	**59**	**2 058**
Coverage ratio	**0.12%**		**9.5%**		**23.8%**		**3.3%**			
At 31 March 2020										
Commercial real estate	**983**	**(1)**	**105**	**(12)**	**125**	**(12)**	**1 213**	**(25)**	**42**	**1 255**
Commercial real estate – investment	803	(1)	99	(11)	122	(12)	1 024	(24)	38	1 062
Commercial real estate – development	180	—	—	—	3	—	183	—	4	187
Commercial vacant land and planning	—	—	6	(1)	—	—	6	(1)	—	6
Residential real estate	**607**	**—**	**12**	**—**	**108**	**(39)**	**727**	**(39)**	**30**	**757**
Residential real estate – investment	253	—	8	—	36	(12)	297	(12)	28	325
Residential real estate – development	354	—	3	—	38	(8)	395	(8)	—	395
Residential vacant land and planning	—	—	1	—	34	(19)	35	(19)	2	37
Total lending collateralised by property	**1 590**	**(1)**	**117**	**(12)**	**233**	**(51)**	**1 940**	**(64)**	**72**	**2 012**
Coverage ratio	**0.06%**		**10.3%**		**21.9%**		**3.3%**			

Lending collateralised by property – Southern Africa

£'million	Gross core loans at amortised cost and FVPL (subject to ECL)								Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
At 30 September 2020										
Commercial real estate	**1 956**	**(15)**	**127**	**(1)**	**27**	**(4)**	**2 110**	**(20)**	**–**	**2 110**
Commercial real estate – investment	1 767	(14)	117	(1)	27	(4)	1 911	(19)	–	1 911
Commercial real estate – development	161	(1)	7	–	–	–	168	(1)	–	168
Commercial vacant land and planning	28	–	3	–	–	–	31	–	–	31
Residential real estate	**205**	**(2)**	**2**	**–**	**–**	**–**	**207**	**(2)**	**–**	**207**
Residential real estate – investment	–	–	–	–	–	–	–	–	–	–
Residential real estate – development	178	(2)	1	–	–	–	179	(2)	–	179
Residential vacant land and planning	27	–	1	–	–	–	28	–	–	28
Total lending collateralised by property	**2 161**	**(17)**	**129**	**(1)**	**27**	**(4)**	**2 317**	**(22)**	**–**	**2 317**
Coverage ratio	**0.79%**		**0.8%**		**14.8%**		**0.9%**			
At 31 March 2020										
Commercial real estate	**1 962**	**(14)**	**59**	**–**	**25**	**(5)**	**2 046**	**(19)**	**–**	**2 046**
Commercial real estate – investment	1 727	(13)	59	–	25	(5)	1 811	(18)	–	1 811
Commercial real estate – development	197	(1)	–	–	–	–	197	(1)	–	197
Commercial vacant land and planning	38	–	–	–	–	–	38	–	–	38
Residential real estate	**180**	**(1)**	**3**	**–**	**1**	**–**	**184**	**(1)**	**–**	**184**
Residential real estate – investment	–	–	–	–	–	–	–	–	–	–
Residential real estate – development	152	(1)	2	–	–	–	154	(1)	–	154
Residential vacant land and planning	28	–	1	–	1	–	30	–	–	30
Total lending collateralised by property	**2 142**	**(15)**	**62**	**–**	**26**	**(5)**	**2 230**	**(20)**	**–**	**2 230**
Coverage ratio	**0.70%**		**–**		**19.2%**		**0.9%**			

An analysis of core loans by risk category – High net worth and other private client lending

High net worth and other private client lending – Total group

£'million	Gross core loans at amortised cost, FVOCI and FVPL (subject to ECL) – Stage 1 Gross exposure	Stage 1 ECL	Stage 2 Gross exposure	Stage 2 ECL	Stage 3 Gross exposure	Stage 3 ECL	Total Gross exposure	Total ECL	Gross core loans at FVPL (not subject to ECL)	Gross core loans
At 30 September 2020										
Mortgages	6 149	(5)	238	(7)	86	(16)	6 473	(28)	—	6 473
High net worth and specialised lending	3 751	(16)	90	(2)	71	(31)	3 912	(49)	10	3 922
Total high net worth and other private client lending	**9 900**	**(21)**	**328**	**(9)**	**157**	**(47)**	**10 385**	**(77)**	**10**	**10 395**
Coverage ratio	**0.21%**		**2.7%**		**29.9%**		**0.7%**			
At 31 March 2020										
Mortgages	5 890	(6)	130	(3)	82	(14)	6 102	(23)	—	6 102
High net worth and specialised lending	3 585	(12)	104	(7)	27	(22)	3 716	(41)	14	3 730
Total high net worth and other private client lending	**9 475**	**(18)**	**234**	**(10)**	**109**	**(36)**	**9 818**	**(64)**	**14**	**9 832**
Coverage ratio	**0.19%**		**4.3%**		**33.0%**		**0.7%**			

High net worth and other private client lending – UK and Other

£'million	Gross core loans at amortised cost and FVOCI – Stage 1 Gross exposure	Stage 1 ECL	Stage 2 Gross exposure	Stage 2 ECL	Stage 3 Gross exposure	Stage 3 ECL	Total Gross exposure	Total ECL	Gross core loans at FVPL	Gross core loans
At 30 September 2020										
Mortgages	2 710	(1)	27	—	15	(1)	2 752	(2)	—	2 752
High net worth and specialised lending	717	(1)	21	(1)	4	(3)	742	(5)	10	752
Total high net worth and other private client lending	**3 427**	**(2)**	**48**	**(1)**	**19**	**(4)**	**3 494**	**(7)**	**10**	**3 504**
Coverage ratio	**0.06%**		**2.1%**		**21.1%**		**0.2%**			
At 31 March 2020										
Mortgages	2 438	(2)	19	—	28	(1)	2 485	(3)	—	2 485
High net worth and specialised lending	620	—	11	(1)	4	(3)	635	(4)	14	649
Total high net worth and other private client lending	**3 058**	**(2)**	**30**	**(1)**	**32**	**(4)**	**3 120**	**(7)**	**14**	**3 134**
Coverage ratio	**0.07%**		**3.3%**		**12.5%**		**0.2%**			

High net worth and other private client lending – Southern Africa

£'million	Gross core loans at amortised cost and FVPL (subject to ECL)								Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
At 30 September 2020										
Mortgages	3 439	(4)	211	(7)	71	(15)	3 721	(26)	—	3 721
High net worth and specialised lending	3 034	(15)	69	(1)	67	(28)	3 170	(44)	—	3 170
Total high net worth and other private client lending	**6 473**	**(19)**	**280**	**(8)**	**138**	**(43)**	**6 891**	**(70)**	**—**	**6 891**
Coverage ratio	**0.29%**		**2.9%**		**31.2%**		**1.0%**			
At 31 March 2020										
Mortgages	3 452	(4)	111	(3)	54	(13)	3 617	(20)	—	3 617
High net worth and specialised lending	2 965	(12)	93	(6)	23	(19)	3 081	(37)	—	3 081
Total high net worth and other private client lending	**6 417**	**(16)**	**204**	**(9)**	**77**	**(32)**	**6 698**	**(57)**	**—**	**6 698**
Coverage ratio	**0.25%**		**4.4%**		**41.6%**		**0.9%**			

An analysis of core loans by risk category – Corporate and other lending

Corporate and other lending – Total group

£'million	Gross core loans at amortised cost, FVOCI and FVPL (subject to ECL)								Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**		
At 30 September 2020										
Corporate and acquisition finance	1 674	(12)	530	(17)	23	(2)	2 227	(31)	71	2 298
Asset-based lending	511	(5)	177	(4)	69	(57)	757	(66)	48	805
Fund finance	1 479	(2)	81	—	—	—	1 560	(2)	32	1 592
Other corporate and financial institutions and governments	2 458	(14)	358	(9)	77	(3)	2 893	(26)	225	3 118
Asset finance	1 541	(13)	331	(8)	81	(35)	1 953	(56)	164	2 117
Small ticket asset finance	1 502	(13)	307	(7)	45	(21)	1 854	(41)	—	1 854
Large ticket asset finance	39	—	24	(1)	36	(14)	99	(15)	164	263
Power and infrastructure finance	590	(2)	107	(3)	25	(1)	722	(6)	43	765
Resource finance	47	—	—	—	—	—	47	—	—	47
Total corporate and other lending	**8 300**	**(48)**	**1 584**	**(41)**	**275**	**(98)**	**10 159**	**(187)**	**583**	**10 742**
Coverage ratio	**0.58%**		**2.6%**		**35.6%**		**1.8%**			
At 31 March 2020										
Corporate and acquisition finance	2 025	(19)	185	(7)	44	(22)	2 254	(48)	91	2 345
Asset-based lending	682	(4)	72	(2)	51	(43)	805	(49)	20	825
Fund finance	1 672	(3)	—	—	—	—	1 672	(3)	21	1 693
Other corporate and financial institutions and governments	2 656	(13)	281	(8)	42	(5)	2 979	(26)	278	3 257
Asset finance	1 751	(11)	167	(8)	68	(30)	1 986	(49)	185	2 171
Small ticket asset finance	1 666	(11)	145	(7)	28	(15)	1 839	(33)	—	1 839
Large ticket asset finance	85	—	22	(1)	40	(15)	147	(16)	185	332
Power and infrastructure finance	584	(1)	144	(3)	8	—	736	(4)	80	816
Resource finance	53	—	4	—	—	—	57	—	—	57
Total corporate and other lending	**9 423**	**(51)**	**853**	**(28)**	**213**	**(100)**	**10 489**	**(179)**	**675**	**11 164**
Coverage ratio	**0.54%**		**3.3%**		**46.9%**		**1.7%**			

Corporate and other lending – UK and Other

£'million	Gross core loans at amortised cost and FVOCI								Gross core loans at FVPL	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	**Gross exposure**	**ECL**		
At 30 September 2020										
Corporate and acquisition finance	1 184	(10)	385	(14)	20	(1)	1 589	(25)	71	1 660
Asset-based lending	237	(2)	155	(3)	—	—	392	(5)	20	412
Fund finance	1 184	(1)	81	—	—	—	1 265	(1)	32	1 297
Other corporate and financial institutions and governments	477	(2)	144	(3)	4	(1)	625	(6)	148	773
Asset finance	1 400	(13)	328	(8)	67	(35)	1 795	(56)	164	1 959
Small ticket asset finance	1 400	(13)	307	(7)	43	(21)	1 750	(41)	—	1 750
Large ticket asset finance	—	—	21	(1)	24	(14)	45	(15)	164	209
Power and infrastructure finance	319	(1)	52	(2)	25	(1)	396	(4)	43	439
Resource finance	47	—	—	—	—	—	47	—	—	47
Total corporate and other lending	**4 848**	**(29)**	**1 145**	**(30)**	**116**	**(38)**	**6 109**	**(97)**	**478**	**6 587**
Coverage ratio	**0.60%**		**2.6%**		**32.8%**		**1.6%**			
At 31 March 2020										
Corporate and acquisition finance	1 524	(17)	147	(6)	40	(21)	1 711	(44)	91	1 802
Asset-based lending	405	(2)	36	(1)	—	—	441	(3)	20	461
Fund finance	1 293	(2)	—	—	—	—	1 293	(2)	21	1 314
Other corporate and financial institutions and governments	574	(2)	4	—	13	(1)	591	(3)	170	761
Asset finance	1 603	(11)	165	(8)	53	(30)	1 821	(49)	185	2 006
Small ticket asset finance	1 578	(11)	143	(7)	28	(15)	1 749	(33)	—	1 749
Large ticket asset finance	25	—	22	(1)	25	(15)	72	(16)	185	257
Power and infrastructure finance	339	—	77	(3)	8	—	424	(3)	80	504
Resource finance	51	—	—	—	—	—	51	—	—	51
Total corporate and other lending	**5 789**	**(34)**	**429**	**(18)**	**114**	**(52)**	**6 332**	**(104)**	**567**	**6 899**
Coverage ratio	**0.59%**		**4.2%**		**45.6%**		**1.6%**			

Corporate and other lending – Southern Africa

£'million	Gross core loans at amortised cost and FVPL (subject to ECL)								Gross core loans at FVPL (not subject to ECL)	Gross core loans
	Stage 1		Stage 2		Stage 3		Total			
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
At 30 September 2020										
Acquisition finance	490	(2)	145	(3)	3	(1)	638	(6)	–	638
Asset-based lending	274	(3)	22	(1)	69	(57)	365	(61)	28	393
Fund finance	295	(1)	–	–	–	–	295	(1)	–	295
Other corporate and financial institutions and governments	1 981	(12)	214	(6)	73	(2)	2 268	(20)	77	2 345
Asset finance	141	–	3	–	14	–	158	–	–	158
Small ticket asset finance	102	–	–	–	2	–	104	–	–	104
Large ticket asset finance	39	–	3	–	12	–	54	–	–	54
Power and infrastructure finance	271	(1)	55	(1)	–	–	326	(2)	–	326
Resource finance	–	–	–	–	–	–	–	–	–	–
Total corporate and other lending	**3 452**	**(19)**	**439**	**(11)**	**159**	**(60)**	**4 050**	**(90)**	**105**	**4 155**
Coverage ratio	**0.55%**		**2.5%**		**37.7%**		**2.2%**			
At 31 March 2020										
Acquisition finance	501	(2)	38	(1)	4	(1)	543	(4)	–	543
Asset-based lending	277	(2)	36	(1)	51	(43)	364	(46)	–	364
Fund finance	379	(1)	–	–	–	–	379	(1)	–	379
Other corporate and financial institutions and governments	2 082	(11)	277	(8)	29	(4)	2 388	(23)	108	2 496
Asset finance	148	–	2	–	15	–	165	–	–	165
Small ticket asset finance	88	–	2	–	–	–	90	–	–	90
Large ticket asset finance	60	–	–	–	15	–	75	–	–	75
Power and infrastructure finance	245	(1)	67	–	–	–	312	(1)	–	312
Resource finance	2	–	4	–	–	–	6	–	–	6
Total corporate and other lending	**3 634**	**(17)**	**424**	**(10)**	**99**	**(48)**	**4 157**	**(75)**	**108**	**4 265**
Coverage ratio	**0.47%**		**2.4%**		**48.5%**		**1.8%**			

An analysis of COVID-19 relief measures and vulnerable sectors

Government schemes

In the UK, we have sought to be able to offer additional support for our clients including UK SME businesses. We became accredited to lend under the various schemes introduced by the UK government, including the Coronavirus Business Interruption Loan Scheme (CBILS), the Coronavirus Large Business Interruption Loan Scheme (CLBILS) and the Bounce Back Loan Scheme (BBLS). So far we have committed to lend £56 million under these schemes and we are well placed to further support our clients with these schemes where required and appropriate.

In South Africa, on 21 April 2020, a R200 billion COVID-19 government loan guarantee scheme in partnership with the major banks, National Treasury and the South African PA was announced. This COVID-19 loan guarantee scheme has been operating since 12 May 2020. Investec actively participated in the programme and has approved a total amount of R612 million, of which R401 million was advanced as at 30 September 2020. There were material conditions imposed in relation to these COVID-19 loans, such as the qualification, repayment terms, interest conditions, utilisation and disbursements.

An analysis of COVID-19 relief measures by geography

We have sought to help our clients wherever possible, including small and medium-sized enterprises (SMEs), our banking clients, corporates and others, providing payment holidays and other forms of COVID-19 relief measures including covenant waivers, interest-only and capital deferrals to assist clients in difficulty due to COVID-19 induced lockdowns and the significant slow-down in economic activity. We have structured different types of support to most appropriately suit diverse client needs. We remain in close contact with each of these clients, and are constantly monitoring the situation. In the UK, COVID-19 relief measures currently in place have reduced from a peak of 13.7% of gross core loans at end June 2020 to 9.0% at 30 September 2020. In South Africa, as lockdown restrictions have eased, we have seen an overall slowdown in new relief requests as well as improved performance reducing the net amount of active relief. 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 3.3% at 30 September 2020. 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.

UK and Other

	30 September 2020		
£'million	**Total gross core loans**	**Exposure with active COVID-19 relief**	**COVID-19 relief as a % of gross core loans by category**
Lending collateralised by property	**2 058**	**138**	**6.7%**
Commercial real estate	1 344	119	8.9%
Residential real estate	714	19	2.7%
High net worth and other private client lending	**3 504**	**137**	**3.9%**
Mortgages	2 752	73	2.7%
High net worth and specialised lending	752	64	8.5%
Corporate and other lending	**6 587**	**824**	**12.5%**
Total	**12 149**	**1 099**	**9.0%**

Southern Africa

	30 September 2020		
R'million	**Total gross core loans**	**Exposure with active COVID-19 relief**	**COVID-19 relief as a % of gross core loans by category**
Lending collateralised by property	**50 045**	**1 896**	**3.8%**
Commercial real estate	45 563	1 864	4.1%
Residential real estate	4 482	32	0.7%
High net worth and other private client lending	**148 689**	**1 910**	**1.3%**
Mortgages	80 300	972	1.2%
High net worth and specialised lending	68 389	938	1.4%
Corporate and other lending	**89 599**	**5 588**	**6.2%**
Total	**288 333**	**9 394**	**3.3%**

An analysis of COVID-19 vulnerable sectors by geography

UK and Other

	30 September 2020					31 March 2020				
£'million	**Stage 1**	**Stage 2**	**Stage 3**	**FVPL**	**Total gross core loans**	Stage 1	Stage 2	Stage 3	FVPL	**Total gross core loans**
Aviation	46	109	—	297	452	142	—	—	341	483
Transport (excluding aviation)	—	108	28	1	137	153	26	25	1	205
Retail, hotel and leisure properties^	82	16	65	27	190	82	13	64	27	186
Leisure, entertainment and tourism	7	66	—	—	73	103	—	—	—	103
Retailers	20	44	11	6	81	60	41	—	5	106
Vulnerable sectors within small ticket asset finance	559	135	18	—	712	609	61	12	—	682
Total	**714**	**478**	**122**	**331**	**1 645**	**1 149**	**141**	**101**	**374**	**1 765**
Coverage ratio	**0.70%**	**3.1%**	**26.2%**	**—**	**3.2%**	**0.52%**	**3.5%**	**26.7%**	**—**	**2.2%**

^ Retail properties which have no underlying tenants that are either food retailers or other essential goods and services.

Southern Africa

	30 September 2020					31 March 2020				
R'million	**Stage 1**	**Stage 2**	**Stage 3**	**FVPL**	**Total gross core loans**	Stage 1	Stage 2	Stage 3	FVPL	**Total gross core loans**
Aviation	3 126	509	503	—	4 138	3 275	537	359	—	4 171
Clothing retailers#	573	—	60	50	683	343	—	216	50	609
Hotel	2 015	91	100	—	2 206	1 785	76	104	—	1 965
Automotive manufacturing and suppliers^	458	—	—	—	458	149	—	—	—	149
Gaming and leisure	51	2 913	284	—	3 248	2 703	—	274	—	2 977
Trade finance	2 508	212	256	—	2 976	2 396	455	493	—	3 344
Total	**8 731**	**3 725**	**1 203**	**50**	**13 709**	**10 651**	**1 068**	**1 446**	**50**	**13 215**
Coverage ratio	**0.70%**	**1.4%**	**14.5%**	**—**	**2.1%**	**0.34%**	**2.4%**	**11.9%**	**—**	**1.8%**

Clothing retailers excludes general banking facilities (GBFs) of R850 million (30 September 2020: nil drawn, 31 March 2020: R471 million drawn).
^ Automotive manufacturers and suppliers exclude GBFs and corporate bonds of R1.3 billion (31 March 2020: R2.3 billion).

The tables that follow provide further analysis of the group's gross credit and counterparty exposures.

An analysis of gross credit and counterparty exposures

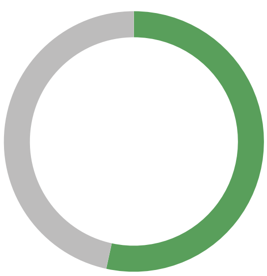
Gross credit and counterparty exposure totalled £51.0 billion at 30 September 2020. Cash and near cash balances amounted to £12.9 billion and are largely reflected in the following line items in the table below: cash and balances at central banks, loans and advances to banks, non-sovereign and non-bank cash placements and sovereign debt securities. These exposures are all Stage 1. There are immaterial Stage 2 and Stage 3 exposures outside of loans and advances to customers which are small relative to the balance sheet, where loans and advances to customers (including committed facilities) account for greater than 97% of overall ECLs.

An analysis of gross credit and counterparty exposures by geography

	UK and Other		Southern Africa		Total	
£'million	**30 Sept 2020**	**31 March 2020**	**30 Sept 2020**	**31 March 2020**	**30 Sept 2020**	**31 March 2020**
Cash and balances at central banks	1 919	2 277	542	1 643	2 461	3 920
Loans and advances to banks	1 621	1 785	1 459	882	3 080	2 667
Non-sovereign and non-bank cash placements	—	—	365	634	365	634
Reverse repurchase agreements and cash collateral on securities borrowed	2 184	1 627	1 941	1 338	4 125	2 965
Sovereign debt securities	1 538	1 689	3 360	2 905	4 898	4 594
Bank debt securities	66	51	524	554	590	605
Other debt securities	712	649	717	783	1 429	1 432
Derivative financial instruments	792	1 002	889	734	1 681	1 736
Securities arising from trading activities	446	498	137	67	583	565
Loans and advances to customers	12 149	12 045	13 054	12 867	25 203	24 912
Own originated loans and advances to customers securitised	—	—	309	326	309	326
Other loans and advances	91	122	11	11	102	133
Other securitised assets	6	8	—	—	6	8
Other assets	85	92	—	80	85	172
Total on-balance sheet exposures	**21 609**	**21 845**	**23 308**	**22 824**	**44 917**	**44 669**
Guarantees	140	77	686	781	826	858
Committed facilities related to loans and advances to customers	1 731	1 318	2 871	2 529	4 602	3 847
Contingent liabilities, letters of credit and other	294	270	409	424	703	694
Total off-balance sheet exposures	**2 165**	**1 665**	**3 966**	**3 734**	**6 131**	**5 399**
Total gross credit and counterparty exposures	**23 774**	**23 510**	**27 274**	**26 558**	**51 048**	**50 068**

30 September 2020

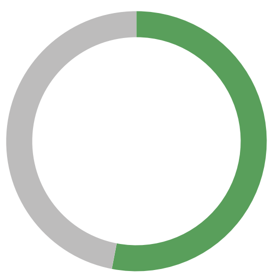
£51 048 million



Southern Africa 53.4%
UK and Other 46.6%

31 March 2020

£50 068 million



Southern Africa 53.0%
UK and Other 47.0%

A further analysis of gross credit and counterparty exposures

The table below indicates in which class of asset (on the face of the consolidated balance sheet) credit and counterparty exposures are reflected. Not all assets included in the balance sheet bear credit and counterparty risk.

At 30 September 2020 **£'million**	Total gross credit and counterparty exposure	*of which FVPL*	*of which amortised cost and FVOCI*	ECL#	Assets that we deem to have no legal credit exposure	**Total assets**
Cash and balances at central banks	2 461	—	2 461	—	17	2 478
Loans and advances to banks	3 080	—	3 080	—	—	3 080
Non-sovereign and non-bank cash placements	365	11	354	(2)	—	363
Reverse repurchase agreements and cash collateral on securities borrowed	4 125	991	3 134	—	—	4 125
Sovereign debt securities	4 898	998	3 900	(2)	—	4 896
Bank debt securities	590	66	524	—	—	590
Other debt securities	1 429	260	1 169	(2)	—	1 427
Derivative financial instruments	1 681	1 681	—	—	205	1 886
Securities arising from trading activities	583	583	—	—	346	929
Investment portfolio	—	—	—	—	995*	995
Loans and advances to customers	25 203	1 663	23 540	(351)	—	24 852
Own originated loans and advances to customers securitised	309	—	309	(1)	—	308
Other loans and advances	102	—	102	(1)	—	101
Other securitised assets	6	6	—	—	117^	123
Interest in associated undertakings and joint venture holdings	—	—	—	—	722*	722
Deferred taxation assets	—	—	—	—	257	257
Other assets	85	—	85	—	1 826**	1 911
Property and equipment	—	—	—	—	341	341
Investment properties	—	—	—	—	800	800
Goodwill	—	—	—	—	271	271
Intangible assets	—	—	—	—	66	66
Software	—	—	—	—	13	13
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	—	—	—	37	37
Non-current assets classified as held for sale	—	—	—	—	87	87
Total on-balance sheet exposures	**44 917**	**6 259**	**38 658**	**(359)**	**6 100**	**50 658**
Guarantees	826	—	826	(1)	48	873
Committed facilities related to loans and advances to customers	4 602	22	4 580	(12)	6	4 596
Contingent liabilities, letters of credit and other	703	177	526	—	978	1 681
Total off-balance sheet exposures	**6 131**	**199**	**5 932**	**(13)**	**1 032**	**7 150**
Total exposures	**51 048**	**6 458**	**44 590**	**(372)**	**7 132**	**57 808**

ECLs include £7.4 million ECL held against financial assets held at FVOCI, which is reported on the balance sheet within the fair value reserves. This will result in minor differences between certain balance sheet lines reported above (largely loans and advances to customers and sovereign debt securities) and the statutory balance sheet.

* Largely relates to exposures that are classified as investment risk in the banking book.

^ While the group manages all risks (including credit risk) from a day-to-day operational perspective, certain assets are within special purpose vehicles that ring-fence the assets to specific credit providers and limit security to the assets in the vehicle. This balance reflects the credit exposure to credit providers external to the group. The net credit exposure that the group has in the vehicles is reflected in the 'total credit and counterparty exposure'.

** Other assets include settlement debtors which we deem to have no credit risk exposure as they are settled on a delivery against payment basis.

A further analysis of gross credit and counterparty exposures (continued)

At 31 March 2020 **£'million**	Total gross credit and counterparty exposure	*of which FVPL*	*of which amortised cost and FVOCI*	ECL#	Assets that we deem to have no legal credit exposure	**Total assets**
Cash and balances at central banks	3 920	—	3 920	—	12	3 932
Loans and advances to banks	2 667	—	2 667	—	—	2 667
Non-sovereign and non-bank cash placements	634	25	609	(1)	—	633
Reverse repurchase agreements and cash collateral on securities borrowed	2 965	908	2 057	—	—	2 965
Sovereign debt securities	4 594	914	3 680	(2)	—	4 592
Bank debt securities	605	64	541	—	—	605
Other debt securities	1 432	386	1 046	(2)	—	1 430
Derivative financial instruments	1 736	1 736	—	—	298	2 034
Securities arising from trading activities	565	565	—	—	479	1 044
Investment portfolio	—	—	—	—	999*	999
Loans and advances to customers	24 912	1 698	23 214	(326)	—	24 586
Own originated loans and advances to customers securitised	326	—	326	(1)	—	325
Other loans and advances	133	—	133	(1)	—	132
Other securitised assets	8	8	—	—	127^	135
Interest in associated undertakings and joint venture holdings	—	—	—	—	701*	701
Deferred taxation assets	—	—	—	—	266	266
Other assets	172	—	172	—	1 762**	1 934
Property and equipment	—	—	—	—	357	357
Investment properties	—	—	—	—	864	864
Goodwill	—	—	—	—	271	271
Intangible assets	—	—	—	—	86	86
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	—	—	—	35	35
Non-current assets classified as held for sale	—	—	—	—	59	59
Total on-balance sheet exposures	**44 669**	**6 304**	**38 365**	**(333)**	**6 316**	**50 652**
Guarantees	858	—	858	—	44	902
Committed facilities related to loans and advances to customers	3 847	48	3 799	(6)	—	3 841
Contingent liabilities, letters of credit and other	694	210	484	—	917	1 611
Total off-balance sheet exposures	**5 399**	**258**	**5 141**	**(6)**	**961**	**6 354**
Total exposures	**50 068**	**6 562**	**43 506**	**(339)**	**7 277**	**57 006**

ECLs include £4.7 million ECL held against financial assets held at FVOCI, which is reported on the balance sheet within the fair value reserves. This will result in minor differences between certain balance sheet lines reported above (largely loans and advances to customers and sovereign debt securities) and the statutory balance sheet.

* Largely relates to exposures that are classified as investment risk in the banking book.

^ While the group manages all risks (including credit risk) from a day-to-day operational perspective, certain assets are within special purpose vehicles that ring-fence the assets to specific credit providers and limit security to the assets in the vehicle. This balance reflects the credit exposure to credit providers external to the group. The net credit exposure that the group has in the vehicles is reflected in the 'total credit and counterparty exposure'.

** Other assets include settlement debtors which we deem to have no credit risk exposure as they are settled on a delivery against payment basis.

Detailed analysis of gross credit and counterparty exposures by industry

At 30 September 2020 **£'million**	High net worth and other professional individuals	Lending collateralised by property – largely to private clients	Agriculture	Electricity, gas and water (utility services)	Public and non-business services	Business services	Finance and insurance
Cash and balances at central banks	—	—	—	—	2 461	—	—
Loans and advances to banks	—	—	—	—	—	—	3 080
Non-sovereign and non-bank cash placements	—	—	30	—	—	39	119
Reverse repurchase agreements and cash collateral on securities borrowed	—	—	—	—	—	3	4 067
Sovereign debt securities	—	—	—	—	4 898	—	—
Bank debt securities	—	—	—	—	—	—	590
Other debt securities	—	—	—	171	7	44	787
Derivative financial instruments	—	7	3	183	11	39	1 059
Securities arising from trading activities	—	—	—	4	400	2	169
Loans and advances to customers	10 088	4 375	167	785	341	1 562	2 491
Own originated loans and advances to customers securitised	309	—	—	—	—	—	—
Other loans and advances	—	—	—	—	—	—	71
Other securitised assets	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	2	51
Total on-balance sheet exposures	**10 397**	**4 382**	**200**	**1 143**	**8 118**	**1 691**	**12 484**
Guarantees	263	81	1	48	—	2	280
Committed facilities related to loans and advances to customers	1 959	563	57	268	38	384	530
Contingent liabilities, letters of credit and other	142	43	2	150	62	6	129
Total off-balance sheet exposures	**2 364**	**687**	**60**	**466**	**100**	**392**	**939**
Total gross credit and counterparty exposures	**12 761**	**5 069**	**260**	**1 609**	**8 218**	**2 083**	**13 423**

Retailers and wholesalers	Manufacturing and commerce	Construction	Corporate commercial real estate	Other residential mortgages	Mining and resources	Leisure, entertainment and tourism	Transport	Com-munication	**Total**
—	—	—	—	—	—	—	—	—	2 461
—	—	—	—	—	—	—	—	—	3 080
18	40	14	23	—	17	1	20	44	365
—	—	—	11	—	4	—	40	—	4 125
—	—	—	—	—	—	—	—	—	4 898
—	—	—	—	—	—	—	—	—	590
—	67	—	23	140	—	—	120	70	1 429
27	25	1	100	—	54	9	151	12	1 681
1	2	—	—	2	—	—	3	—	583
542	1 247	193	758	—	370	292	1 517	475	25 203
—	—	—	—	—	—	—	—	—	309
—	3	—	1	27	—	—	—	—	102
—	—	—	—	6	—	—	—	—	6
—	1	—	—	—	—	31	—	—	85
588	**1 385**	**208**	**916**	**175**	**445**	**333**	**1 851**	**601**	**44 917**
13	108	8	5	—	5	1	7	4	826
170	135	22	89	—	205	3	89	90	4 602
14	12	—	—	—	47	—	1	95	703
197	**255**	**30**	**94**	**—**	**257**	**4**	**97**	**189**	**6 131**
785	**1 640**	**238**	**1 010**	**175**	**702**	**337**	**1 948**	**790**	**51 048**

Detailed analysis of gross credit and counterparty exposures by industry (continued)

At 31 March 2020 £'million	High net worth and other professional individuals	Lending collateralised by property – largely to private clients	Agriculture	Electricity, gas and water (utility services)	Public and non-business services	Business services	Finance and insurance
Cash and balances at central banks	—	—	—	—	3 920	—	—
Loans and advances to banks	—	—	—	—	—	—	2 667
Non-sovereign and non-bank cash placements	—	—	50	—	—	55	92
Reverse repurchase agreements and cash collateral on securities borrowed	8	—	—	—	—	1	2 908
Sovereign debt securities	—	—	—	—	4 594	—	—
Bank debt securities	—	—	—	—	—	—	605
Other debt securities	—	—	—	159	7	36	732
Derivative financial instruments	1	6	16	143	2	35	1 072
Securities arising from trading activities	—	—	—	4	385	—	142
Loans and advances to customers	9 506	4 242	132	809	394	1 490	2 802
Own originated loans and advances to customers securitised	326	—	—	—	—	—	—
Other loans and advances	—	—	—	—	—	—	98
Other securitised assets	—	—	—	—	—	—	—
Other assets	—	—	—	—	75	—	92
Total on-balance sheet exposures	**9 841**	**4 248**	**198**	**1 115**	**9 377**	**1 617**	**11 210**
Guarantees	204	107	1	57	—	4	282
Committed facilities related to loans and advances to customers	1 841	554	24	255	45	173	381
Contingent liabilities, letters of credit and other	142	69	—	206	64	4	76
Total off-balance sheet exposures	**2 187**	**730**	**25**	**518**	**109**	**181**	**739**
Total gross credit and counterparty exposures	**12 028**	**4 978**	**223**	**1 633**	**9 486**	**1 798**	**11 949**

Retailers and wholesalers	Manufacturing and commerce	Construction	Corporate commercial real estate	Other residential mortgages	Mining and resources	Leisure, entertainment and tourism	Transport	Com-munication	**Total**
—	—	—	—	—	—	—	—	—	3 920
—	—	—	—	—	—	—	—	—	2 667
150	113	15	38	—	21	1	55	44	634
—	—	—	10	—	4	—	34	—	2 965
—	—	—	—	—	—	—	—	—	4 594
—	—	—	—	—	—	—	—	—	605
1	68	—	73	163	—	—	125	68	1 432
24	43	1	81	—	89	6	209	8	1 736
5	17	—	—	—	3	—	3	6	565
570	1 272	179	755	—	350	332	1 546	533	24 912
—	—	—	—	—	—	—	—	—	326
—	3	—	—	32	—	—	—	—	133
—	—	—	—	8	—	—	—	—	8
5	—	—	—	—	—	—	—	—	172
755	**1 516**	**195**	**957**	**203**	**467**	**339**	**1 972**	**659**	**44 669**
60	107	1	4	—	7	14	6	4	858
66	92	14	70	—	186	9	63	74	3 847
7	6	—	—	—	42	—	1	77	694
133	**205**	**15**	**74**	**—**	**235**	**23**	**70**	**155**	**5 399**
888	**1 721**	**210**	**1 031**	**203**	**702**	**362**	**2 042**	**814**	**50 068**

Investment risk in the banking book

Investment risk in the banking book comprises 3.4% of total assets.

Summary of investments held and stress testing analyses

An analysis of income and revaluations of these investments can be found in the investment income note on page 53. In addition, revaluations of certain assets reported below relating to the Hong Kong direct investments business can be found on page 67. Further detail on the group's investment portfolio can be found on page 100. The balance sheet value of investments is indicated in the table below.

£'million Country/category	On-balance sheet value of investments 30 Sept 2020	Valuation change stress test 30 Sept 2020**	On-balance sheet value of investments 31 March 2020	Valuation change stress test 31 March 2020**
Unlisted investments	**671**	**101**	**639**	**95**
UK and Other	378	57	348	52
Southern Africa*	293	44	291	43
Listed equities	**96**	**24**	**142**	**36**
UK and Other	20	5	28	7
Southern Africa	76	19	114	29
Investment and trading properties	**351**	**41**	**370**	**44**
UK and Other	28	5	36	7
Southern Africa^	323	36	334	37
Warrants and profit shares	**2**	**1**	**2**	**1**
UK and Other	2	1	2	1
IEP Group^^	**261**	**39**	**253**	**38**
Southern Africa	261	39	253	38
Ninety One#	**351**	**n/a**	**334**	**n/a**
UK and Other	234	n/a	225	n/a
Southern Africa	117	n/a	109	n/a
Total	**1 732**	**206**	**1 740**	**214**

^ For the purposes of the above analysis, the exposures arising from the consolidation of the Investec Property Fund have been reflected at the level of our economic ownership, being 24.3% (31 March 2020: 24.3%).

* Includes the fair value loans investments of £126 million (31 March 2020: £118 million) to reflect our economic ownership as explained above.

^^ The investment in the IEP Group is reflected as an investment in an associate. Investec Bank Limited holds a 47.4% stake alongside third party investors and senior management of the business who hold the remaining 52.6%.

Investec has a 25.0% shareholding in Ninety One (previously known as Investec Asset Management). As a founding shareholder of Ninety One, the boards of both Investec and Ninety One believe that it is appropriate for Investec to retain a modest shareholding in Ninety One. Investec believes Ninety One is an attractive business with meaningful intrinsic value. Retaining an equity stake allows Investec to participate in future value creation by Ninety One.

** In order to assess our earnings sensitivity to a movement in the valuation of these investments, the stress testing parameters detailed below are applied:

Stress test values applied	
Unlisted investments and the IEP Group	15%
Listed equities	25%
Trading properties	20%
Investment properties	10%
Warrants and profit shares	35%
Ninety One	n/a

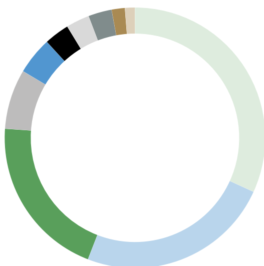
Stress testing summary

Based on the information at 30 September 2020, as reflected above, we could have a £206 million reversal in revenue (which assumes a year in which there is a 'severe stress scenario' simultaneously across all asset classes). This would not necessarily cause the group to report a loss, but could have a significantly negative impact on earnings for that period. The probability of all these asset classes in all geographies in which we operate being negatively impacted at the same time is low, although the probability of listed equities being negatively impacted at the same time is high. Stress testing is not considered to be relevant for Ninety One given the strategic nature of the investments and the limited impact share price movements would have on the group's capital given the regulatory capital treatment applied.

An analysis of the unlisted investments, listed equities, warrants and profit shares and the IEP Group

30 September 2020

£1 030 million



Manufacturing and commerce	31.8%
Finance and insurance	24.1%
Real estate	20.3%
Communication	7.5%
Mining and resources	4.6%
Retailers and wholesalers	3.1%
Electricity, gas and water (utility services)	2.9%
Other	2.9%
Business services	1.6%
Transport	1.2%

Securitisation/structured credit activities exposures

Overview

The group's definition of securitisation/structured credit activities is wider than the definition as applied for regulatory capital purposes. This regulatory capital definition largely focuses on positions we hold in an investor capacity and also includes securitisation positions we have retained in transactions in which the group has achieved significant risk transfer. We believe, however, that the information provided below is meaningful in that it groups all these related activities in order for a reviewer to obtain a full picture of the activities that we have conducted in this space. Some of the information provided below overlaps with the group's credit and counterparty exposure information.

In the UK, the new securitisation framework is followed when calculating capital requirements for securitisation positions.

In South Africa, in line with the regulations, the group applies a combination of the advanced and standardised approach in the assessment of regulatory capital for securitisation.

Credit analysis

In terms of our analysis of our credit and counterparty risk, exposures arising from securitisation/structured credit activities reflect only those exposures to which we consider ourselves to be at risk. Assets that have been securitised by our private client division in Southern Africa are reflected as part of our core lending exposures and not our securitisation/structured credit exposures as we believe this reflects the true nature and intent of these exposures and activities. These assets are reflected on the balance sheet line item 'own originated loans and advances to customers' totalling £308 million at 30 September 2020 (31 March 2020: £325 million.)

Nature of exposure/activity	**Exposure 30 Sept 2020 £'million**	Exposure 31 March 2020 £'million	Balance sheet and credit risk classification	Asset quality – relevant comments
Structured credit (gross exposure)	633	681	Other debt securities and other loans and advances	
Rated	560	600		
Unrated	73	81		
Loans and advances to customers and third party intermediary originating platforms (mortgage loans) (net exposure)	7	8	Other loans and advances	
Private client division assets which have been securitised	308	325	Own originated loans and advances to customers	Analysed as part of the group's overall asset quality on core loans as reflected on pages 122 to 132

Analysis of gross structured credit exposure

£'million	AAA	AA	A	BBB	BB	B and below	Total rated	Total unrated	**Total**
US corporate loans	268	95	—	—	—	—	363	—	363
UK RMBS	57	138	1	1	—	—	197	6	203
South African RMBS	—	—	—	—	—	—	—	67	67
Total at 30 September 2020	**325**	**233**	**1**	**1**	**—**	**—**	**560**	**73**	**633**
Investec plc	325	153	1	1	—	—	480	6	**486**
Investec Limited	—	80	—	—	—	—	80	67	**147**
Total at 31 March 2020	**375**	**218**	**6**	**1**	**—**	**—**	**600**	**81**	**681**
Investec plc	375	140	6	1	—	—	522	6	**528**
Investec Limited	—	78	—	—	—	—	78	75	**153**

Market risk in the trading book

Traded market risk

Traded market risk is the risk of potential changes in the value of the trading book as a result of changes in market risk factors such as interest rates, equity prices, exchange rates, commodity prices, credit spreads and their 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. 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.

In the UK, trading income from customer flow amounted to a net loss of £20.4 million, impacted by £53 million of risk management and risk reduction costs on hedging our structured products book following the market dislocation and dividend cancellations. We anticipate a similar level of risk management and risk reduction costs in the second half of the 2021 financial year as we continue to reduce the risk on the book. Risk reduction costs include the purchase of protection against a repeat of the severe market moves experienced in March and April 2020.

Measurement of traded market risk

A number of quantitative measures are used to monitor and limit exposure to traded market risk. These measures include:

- Value at Risk (VaR) and Expected Shortfall (ES) as portfolio measures of market risk exposure
- Scenario analysis, stress tests and tools based on extreme value theory (EVT) that measure the potential impact on portfolio values of extreme moves in markets
- Sensitivity analysis that measures the impact of individual market risk factor movements on specific instruments or portfolios, including interest rates, foreign exchange rates, equity prices, credit spreads and commodity prices. We use sensitivity measures to monitor and limit exposure across portfolios, products and risk types.

Value at Risk

VaR is a technique that estimates the potential losses as a result of movements in market rates and prices over a specified time horizon at a given level of confidence. The VaR model derives future scenarios from past time series of market rates and prices, taking into account inter-relationships between the different markets such as interest rates and foreign exchange rates. The VaR model used is based on full revaluation historical simulation and incorporates the following features:

- Two-year historical period based on an unweighted time series
- Daily movements in each risk factor e.g. foreign exchange rates, interest rates, equity prices, credit spreads and associated volatilities are simulated with reference to historical market rates and prices, with proxies only used when no or limited historical market data is available, and the resultant one-day VaR is scaled up using the square root of time for regulatory purposes
- Risk factor movements are based on both absolute and relative returns as appropriate for the different types of risk factors.

VaR numbers using a one-day holding period are monitored daily at the 95% and 99% confidence intervals, with limits set at the 95% confidence interval. Expected shortfalls are also monitored daily at the 95% and 99% levels as is the worst case loss in the VaR distribution.

The table below contains the 95% one-day VaR figures for the trading businesses.

	30 September 2020				31 March 2020			
95% one-day VaR	**Period end**	Average	High	Low	**Year end**	Average	High	Low
UK and Other								
Equities (£'000)	647	1 082	2 021	337	1 549	571	1 549	286
Foreign exchange (£'000)	10	13	47	1	33	11	68	1
Interest rates (£'000)	63	68	94	53	82	107	132	67
Credit (£'000)	250	324	455	221	438	32	509	1
Consolidated (£'000)*	**759**	**1 209**	**2 155**	**465**	**1 478**	**574**	**1 478**	**301**
South Africa								
Commodities (R'million)	0.1	0.2	0.6	—	0.1	0.1	0.3	—
Equities (R'million)	8.0	6.0	10.2	3.4	5.8	4.2	8.1	3.0
Foreign exchange (R'million)	0.5	1.2	8.4	0.1	1.3	2.2	6.5	0.7
Interest rates (R'million)	6.0	4.6	7.7	2.4	2.9	2.3	5.4	0.8
Consolidated (R'million)*	**10.8**	**8.0**	**12.8**	**5.2**	**6.9**	**5.3**	**10.0**	**3.4**

* The consolidated VaR for each entity is lower than the sum of the individual VaRs. This arises from the correlation offset between various asset classes (diversification).

Expected shortfall

The ES measure overcomes some of VaR's shortcomings. ES seeks to quantify losses encountered in the tail beyond the VaR level. The 95% one-day ES is the average loss given that the 95% one-day VaR level has been exceeded. The table below contains the 95% one-day ES figures.

95% one-day ES	30 Sept 2020 Period end	31 March 2020 Year end
UK and Other		
Equities (£'000)	1 046	1 966
Foreign exchange (£'000)	21	47
Interest rates (£'000)	90	107
Credit (£'000)	337	723
Consolidated (£'000)*	**1 202**	**1 837**
South Africa		
Commodities (R'million)	0.2	0.1
Equities (R'million)	24.5	8.4
Foreign exchange (R'million)	1.1	1.6
Interest rates (R'million)	14.5	5.9
Consolidated (R'million)*	**33.2**	**10.8**

* The consolidated ES for each entity is lower than the sum of the individual ESs. This arises from the correlation offset between various asset classes.

Stressed VaR

Stressed VaR (sVaR) is calculated using the VaR model but based on a one-year period through which the relevant market factors experienced stress. The information in the table below contains the 99% one-day sVaR.

99% one-day sVaR	30 Sept 2020 Period end	31 March 2020 Year end
UK and Other (£'000)	**1 398**	**2 878**
South Africa (R'million)	**29.7**	**24.9**

Backtesting

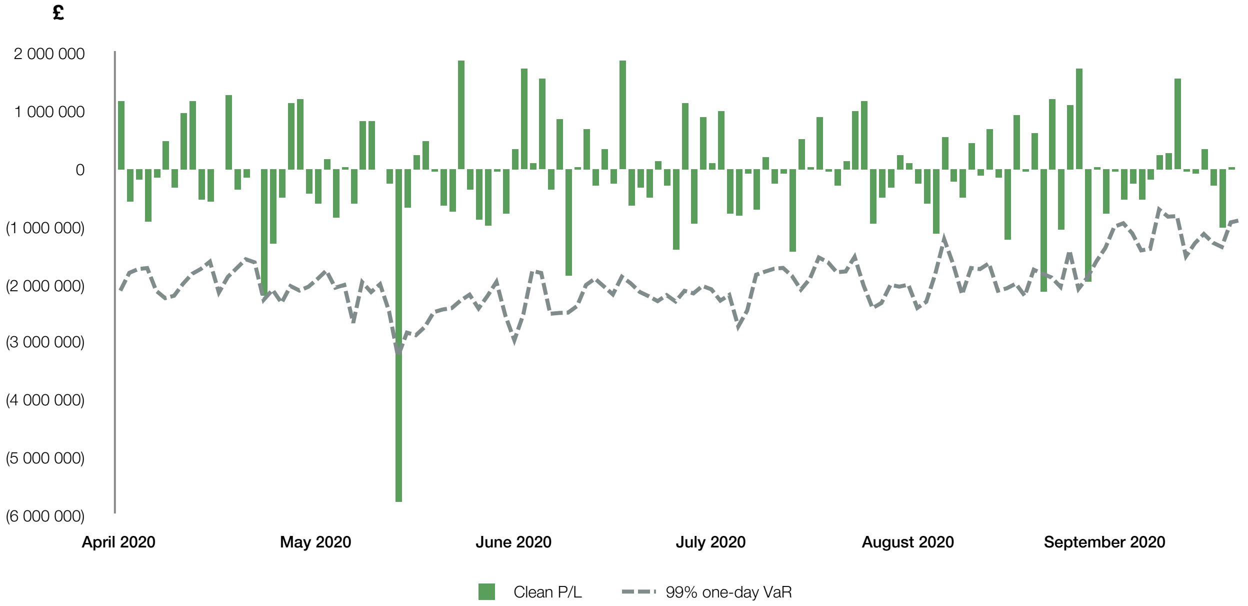
The performance of the VaR model is regularly monitored through backtesting. This is done by comparing daily clean profit and loss against one-day VaR based on a 99% confidence level. Clean profit and loss excludes items such as intra-day transactions, valuation adjustments, provisions, recoveries, commission, fees and hedge costs included in the new trade revenue. If a loss exceeds the one-day VaR, a backtesting exception is considered to have occurred. Over time we expect the average rate of observed backtesting exceptions to be consistent with the percentile of the VaR statistic being tested. This is conducted at an aggregate and desk level on a daily basis.

The graphs that follow show the result of backtesting the total daily 99% one-day VaR against the clean profit and loss data for our trading activities over the reporting period. Based on these graphs, we can gauge the accuracy of the VaR figures i.e. 99% of the time, losses are not expected to exceed the 99% one-day VaR.

UK and Other

The average VaR for the six months to 30 September 2020 was higher than for the year ended 31 March 2020. Using clean profit and loss data for backtesting resulted in three exceptions over the period at the 99% confidence level, i.e. where the loss was greater than the 99% one-day VaR. This is slightly more than expected at this confidence level and is mainly due to extreme market volatility in the equity markets.

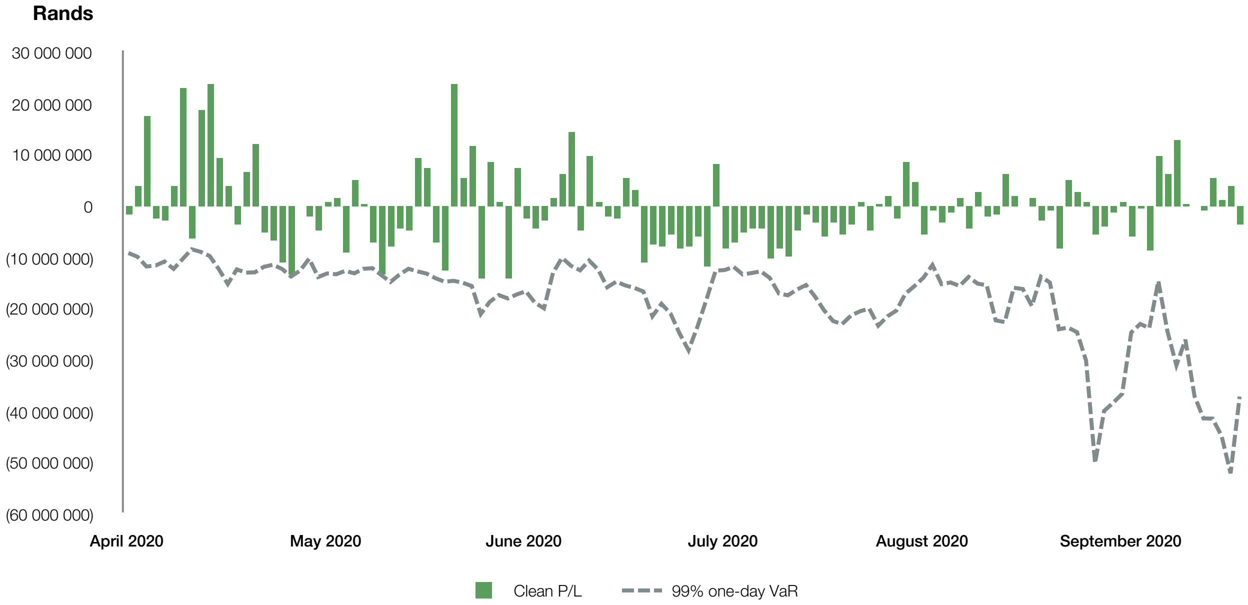
99% one-day VaR backtesting



South Africa

The average VaR for the six months to 30 September 2020 in the trading book was higher than for the year ended 31 March 2020 due to increased market volatility. Using clean profit and loss data for backtesting resulted in zero exceptions over the period (as shown in the graph below), which is below the expected number of exceptions that a 99% VaR model implies.

99% one-day VaR backtesting



Stress testing

The table below indicates the potential losses that could arise in the trading book portfolio per EVT at the 99% confidence level. EVT is a methodology widely used to estimate tail-event losses beyond the 95% one-day VaR. These numbers do not assume normality but rather rely on fitting a distribution to the tails of the VaR distribution.

99% EVT	30 Sept 2020 Period end	31 March 2020 Year end
UK and Other		
Equities (£'000)	4 747	3 433
Foreign exchange (£'000)	91	133
Interest rates (£'000)	242	201
Credit (£'000)	939	2 359
Consolidated (£'000)#	**5 229**	**3 235**
South Africa		
Commodities (R'million)	1.4	0.6
Equities (R'million)	56.5	31.7
Foreign exchange (R'million)	6.8	3.4
Interest rates (R'million)	37.3	25.8
Consolidated (R'million)#	**67.9**	**40.6**

The consolidated stress testing for each entity is lower than the sum of the individual stress test numbers. This arises from the correlation offset between various asset classes.

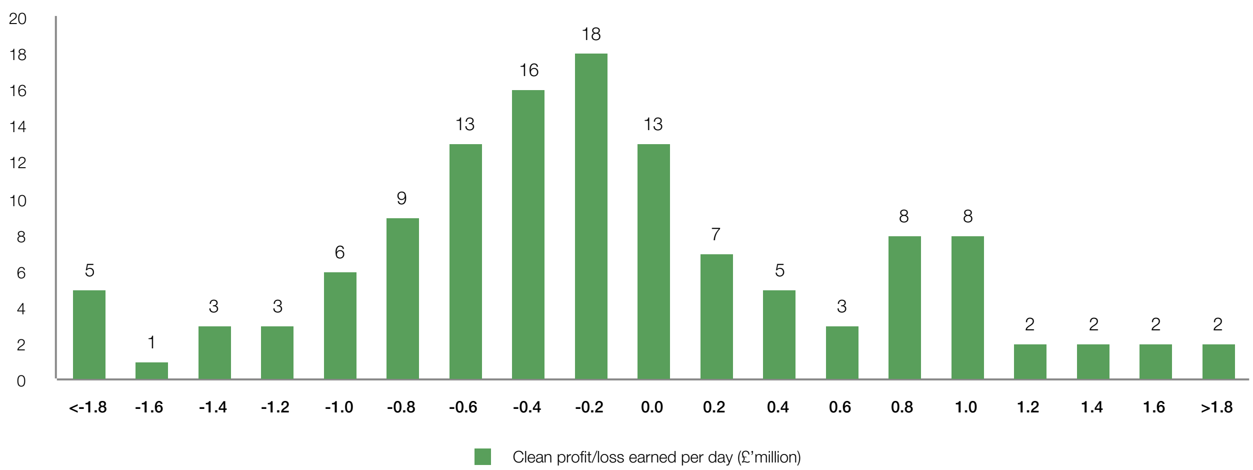
Clean profit and loss histograms

UK and Other

The histogram below illustrates the distribution of clean profit and loss during the financial year for our trading businesses. The graph shows that a clean profit was realised on 52 days out of a total of 126 days in the trading business. The average daily clean profit and loss generated for the six months to 30 September 2020 was -£85 084 (six months to 30 September 2019: -£33 171).

Clean profit and loss (excluding fees and hedge costs included in new trade revenue)

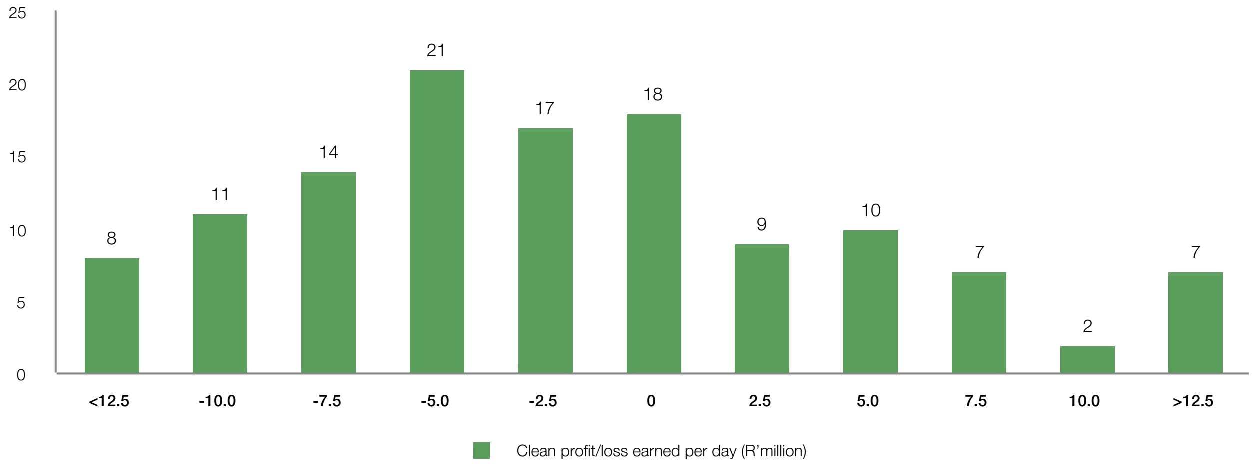
Frequency: Days in the period



South Africa

The histogram below illustrates the distribution of clean profit and loss during the financial year for our trading businesses. The distribution is skewed to the profit side and the graph shows that a clean profit was realised on 53 days out of a total of 124 days in the trading business. The average daily clean profit and loss generated for the six months to 30 September 2020 was -R0.5 million (six months to 30 September 2019: R2.1 million).

Clean profit and loss (excluding fees and hedge costs included in new trades revenue)
Frequency: Days in the period



Balance sheet risk management

Balance sheet risk encompasses the financial risks relating to our asset and liability portfolios, comprising liquidity, funding, concentration, encumbrance and non-trading interest rate risk.

Liquidity risk

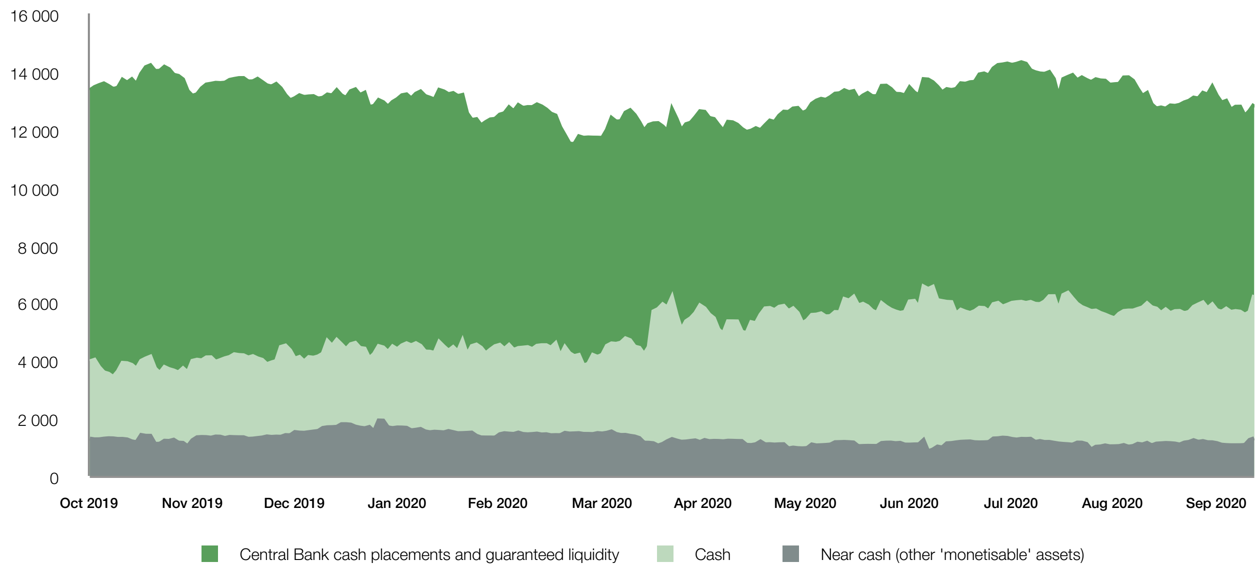
Liquidity risk refers to the possibility that, despite being solvent, we have insufficient capacity to fund increases in assets, or are unable to meet our payment obligations as they fall due in normal and stressed conditions. This includes repaying depositors or maturing wholesale debt. This risk arises from mismatches in the timing of cash flows, and is inherent in all banking operations and can be impacted by a range of institution-specific and market-wide events.

Liquidity risk is further broken down into:

- **Funding liquidity:** this relates to the risk that the group will be unable to meet current and/or future cash flows or collateral requirements in the normal course of business, without adversely affecting its solvency, financial position or its reputation
- **Market liquidity:** this relates to the risk that the group may be unable to trade in specific markets or that it may only be able to do so with difficulty due to market disruptions or a lack of market liquidity.

Investec group cash and near cash trend

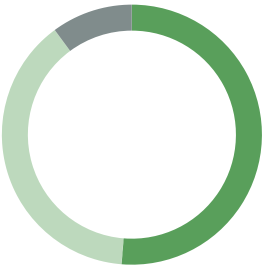
£ million



An analysis of cash and near cash at 30 September 2020

Total group

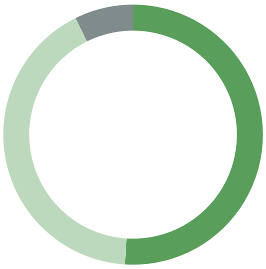
£12 861 million



Central Bank cash placements and guaranteed liquidity	51.3%
Cash	38.6%
Near cash (other 'monetisable' assets)	10.1%

Investec PLC

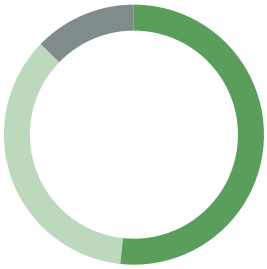
£6 222 million



Central Bank cash placements and guaranteed liquidity	51.0%
Cash	41.7%
Near cash (other 'monetisable' assets)	7.3%

Investec Limited

R143 248 million



Central Bank cash placements and guaranteed liquidity	51.7%
Cash	35.6%
Near cash (other 'monetisable' assets)	12.7%

Bank and non-bank depositor concentration by type at 30 September 2020

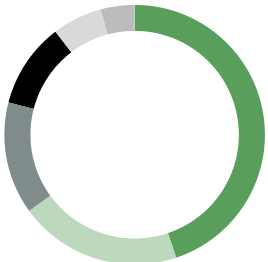
UK and Other

£16 996 million

Individuals	61.3%
Other financial institutions and corporates	27.6%
Banks	8.0%
Small business	3.1%

South Africa

R408 206 million



Non-bank financials	44.8%
Individuals	20.2%
Non-financial corporates	14.0%
Banks	10.6%
Small business	6.2%
Public sector	4.2%

Liquidity mismatch

The tables that follow show the contractual and behavioural liquidity mismatch across our core geographies.

With respect to the contractual liquidity tables that follow, we record all assets and liabilities with the underlying contractual maturity as determined by the cash flow profile for each deal.

With respect to the behavioural liquidity gap, we adjust the contractual profile of certain assets and liabilities:

- *Liquidity buffer*: the actual contractual profile of the assets in the liquidity buffer is of little consequence, as practically the group would meet any unexpected net cash outflows by repo'ing or selling these highly liquid securities. Consequently, for the liquidity buffer:
  - The time horizon to monetise our regulatory liquid assets which are guaranteed by the central bank has been adjusted to 'on demand'; and
  - The time horizon for the cash and near cash portfolio of discretionary treasury assets has been set to one month where there are deep secondary markets for this elective asset class.
- *Customer deposits*: the contractual repayments of many deposits are on demand, or at notice, but in reality withdrawals vary significantly from this. Historical observations of the products are used to model the behavioural lives, and this analysis has identified significant additional sources of structural liquidity in the form of core deposits that exhibit stable behaviour.

UK and Other

Contractual liquidity at 30 September 2020

£'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
Cash and short-term funds – banks	3 368	162	—	—	—	22	—	3 552
Investment/trading assets	1 223	1 226	355	263	246	1 407	2 141	6 861
Securitised assets	—	—	—	—	—	11	96	107
Advances	130	482	606	776	1 674	6 121	2 324	12 113
Other assets	75	683	81	52	147	338	548	1 924
Assets	**4 796**	**2 553**	**1 042**	**1 091**	**2 067**	**7 899**	**5 109**	**24 557**
Deposits – banks	(113)	(3)	—	(83)	(1)	(1 151)	—	(1 351)
Deposits – non-banks	(5 048)	(718)	(2 840)	(3 589)	(1 075)	(1 914)	(461)	(15 645)
Negotiable paper	(15)	(1)	(26)	(5)	(53)	(1 232)	(175)	(1 507)
Securitised liabilities	—	—	(3)	(2)	(4)	(29)	(71)	(109)
Investment/trading liabilities	(311)	(148)	(143)	(65)	(75)	(447)	(52)	(1 241)
Subordinated liabilities	—	—	—	—	—	(355)	(435)	(790)
Other liabilities	(86)	(660)	(70)	(70)	(105)	(238)	(225)	(1 454)
Liabilities	**(5 573)**	**(1 530)**	**(3 082)**	**(3 814)**	**(1 313)**	**(5 366)**	**(1 419)**	**(22 097)**
Total equity	—	—	—	—	—	—	(2 460)	(2 460)
Contractual liquidity gap	**(777)**	**1 023**	**(2 040)**	**(2 723)**	**754**	**2 533**	**1 230**	**—**
Cumulative liquidity gap	(777)	246	(1 794)	(4 517)	(3 763)	(1 230)	—	

Behavioural liquidity at 30 September 2020

As discussed above.

£'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
Behavioural liquidity gap	**3 101**	**807**	**(906)**	**(1 770)**	**724**	**(2 708)**	**752**	**—**
Cumulative	3 101	3 908	3 002	1 232	1 956	(752)	—	

Southern Africa

Contractual liquidity at 30 September 2020

R'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
Cash and short-term funds – banks	36 064	5 179	1 797	501	—	—	—	43 541
Cash and short-term funds – non-banks	6 779	205	38	—	—	—	818	7 840
Investment/trading assets and statutory liquids	47 032	45 586	2 888	8 423	10 502	51 208	43 120	208 759
Securitised assets	—	—	—	—	—	3 318	3 588	6 906
Advances	3 201	8 950	9 126	11 873	19 998	114 872	109 953	277 973
Other assets	867	495	4 940	553	—	4 061	12 276	23 192
Assets	**93 943**	**60 415**	**18 789**	**21 350**	**30 500**	**173 459**	**169 755**	**568 211**
Deposits – banks	(1 452)	(696)	(38)	(94)	(13 376)	(27 297)	(250)	(43 203)
Deposits – non-banks	(168 507)^	(21 887)	(62 671)	(38 531)	(34 117)	(35 710)	(3 580)	(365 003)
Negotiable paper	—	(266)	(836)	(1 736)	(722)	(3 679)	(420)	(7 659)
Securitised liabilities	—	—	—	—	—	—	(1 576)	(1 576)
Investment/trading liabilities	(486)	(26 680)	(6 572)	(2 842)	(11 570)	(11 112)	(2 333)	(61 595)
Subordinated liabilities	—	—	—	(260)	(1 161)	(12 144)	(624)	(14 189)
Other liabilities	(4 201)	(1 614)	(430)	(315)	(1 755)	(555)	(7 115)	(15 985)
Liabilities	**(174 646)**	**(51 143)**	**(70 547)**	**(43 778)**	**(62 701)**	**(90 497)**	**(15 898)**	**(509 210)**
Total equity	—	—	—	—	—	—	(59 001)	(59 001)
Contractual liquidity gap	**(80 703)**	**9 272**	**(51 758)**	**(22 428)**	**(32 201)**	**82 962**	**94 856**	**—**
Cumulative liquidity gap	(80 703)	(71 431)	(123 189)	(145 617)	(177 818)	(94 856)	—	

^ Of which are all call deposits.

Behavioural liquidity at 30 September 2020

As discussed on page 151.

R'million	Demand	Up to one month	One to three months	Three to six months	Six months to one year	One to five years	> Five years	Total
Behavioural liquidity gap	**53 682**	**14 509**	**(4 007)**	**3 835**	**(25 055)**	**(153 760)**	**110 796**	**—**
Cumulative	53 682	68 191	64 184	68 019	42 964	(110 796)	—	

Non-trading interest rate risk description

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.

Sources of interest rate risk in the banking book include:

- **Repricing risk:** arises from the timing differences in the fixed rate maturity and floating rate repricing of group assets, liabilities and off-balance sheet derivative positions. This affects the interest rate margin realised between lending income and borrowing costs when applied to our rate sensitive portfolios
- **Yield curve risk:** repricing mismatches also expose the group to changes in the slope and shape of the yield curve
- **Basis risk:** arises from imperfect correlation in the adjustments of the rates earned and paid on different instruments with otherwise similar repricing characteristics
- **Embedded option risk:** arises from optional elements embedded in items where the group or its customers can alter the level and timing of their cash flows
- **Endowment risk:** refers to the interest rate risk exposure arising from the net differential between interest rate insensitive assets, interest rate insensitive liabilities and capital.

The above sources of interest rate risk affect the interest rate margin realised between lending income and borrowing costs when applied to our rate sensitive asset and liability portfolios, which has a direct effect on future net interest earnings and the economic value of equity.

The tables that follow show our non-trading interest rate mismatch assuming no management intervention.

UK and Other

Interest rate sensitivity gap at 30 September 2020

£'million	Not > three months	> Three months but < six months	> Six months but < one year	> One year but < five years	> Five years	Non-rate	**Total non-trading**
Cash and short-term funds – banks	3 551	—	—	—	—	—	3 551
Investment/trading assets	4 740	181	31	196	9	394	5 551
Securitised assets	107	—	—	—	—	—	107
Advances	7 048	1 869	533	2 408	255	—	12 113
Other assets	—	—	—	—	—	1 617	1 617
Assets	**15 446**	**2 050**	**564**	**2 604**	**264**	**2 011**	**22 939**
Deposits – banks	(1 350)	—	—	—	—	—	(1 350)
Deposits – non-banks	(12 927)	(1 076)	(923)	(704)	(15)	—	(15 645)
Negotiable paper	(1 107)	—	—	(400)	—	—	(1 507)
Securitised liabilities	(109)	—	—	—	—	—	(109)
Investment/trading liabilities	(121)	—	—	—	—	—	(121)
Subordinated liabilities	(62)	—	—	(728)	—	—	(790)
Other liabilities	—	—	—	—	—	(957)	(957)
Liabilities	**(15 676)**	**(1 076)**	**(923)**	**(1 832)**	**(15)**	**(957)**	**(20 479)**
Total equity	—	—	—	—	—	(2 460)	(2 460)
Balance sheet	**(230)**	**974**	**(359)**	**772**	**249**	**(1 406)**	**—**
Off-balance sheet	1 293	(137)	(199)	(801)	(156)	—	—
Repricing gap	**1 063**	**837**	**(558)**	**(29)**	**93**	**(1 406)**	**—**
Cumulative repricing gap	1 063	1 900	1 342	1 313	1 406	—	

Southern Africa

Interest rate sensitivity gap at 30 September 2020

R'million	Not > three months	> Three months but < six months	> Six months but < one year	> One year but < five years	> Five years	Non-rate	Total non-trading
Cash and short-term funds – banks	27 890	119	—	—	—	11 368	39 377
Cash and short-term funds – non-banks	7 840	—	—	—	—	—	7 840
Investment/trading assets and statutory liquids	62 052	12 085	9 199	20 513	23 191	45 897	172 937
Securitised assets	6 906	—	—	—	—	—	6 906
Advances	250 927	3 726	1 749	19 673	749	1 093	277 917
Other assets	3 098	—	508	5 754	—	20 863	30 223
Assets	**358 713**	**15 930**	**11 456**	**45 940**	**23 940**	**79 221**	**535 200**
Deposits – banks	(35 874)	(30)	(4 228)	(2 821)	(250)	—	(43 203)
Deposits – non-banks	(301 735)	(25 571)	(12 347)	(7 790)	(623)	(16 937)	(365 003)
Negotiable paper	(2 028)	(929)	(369)	(3 767)	(420)	(146)	(7 659)
Securitised liabilities	(1 576)	—	—	—	—	—	(1 576)
Investment/trading liabilities	(8 632)	—	(4 271)	(1 071)	(1 118)	(5 847)	(20 939)
Subordinated liabilities	(9 016)	(101)	(190)	(4 882)	—	—	(14 189)
Other liabilities	—	—	—	—	—	(14 279)	(14 279)
Liabilities	**(358 861)**	**(26 631)**	**(21 405)**	**(20 331)**	**(2 411)**	**(37 209)**	**(466 848)**
Total equity	(5 444)	—	—	—	(981)	(52 576)	(59 001)
Balance sheet	**(5 592)**	**(10 701)**	**(9 949)**	**25 609**	**20 548**	**(10 564)**	**9 351**
Off-balance sheet	3 474	17 107	10 895	(18 601)	(22 226)	—	(9 351)
Repricing gap	**(2 118)**	**6 406**	**946**	**7 008**	**(1 678)**	**(10 564)**	**—**
Cumulative repricing gap	(2 118)	4 288	5 234	12 242	10 564	—	

Economic value sensitivity at 30 September 2020

As outlined, non-trading interest rate risk is measured and monitored using an economic value sensitivity approach. The tables below reflect our economic value sensitivity to a 2% parallel shift in interest rates assuming no management intervention. This sensitivity effect would only have a negligible direct impact on our equity.

UK and Other

	Sensitivity to the following interest rates (expressed in original currencies)						
million	GBP	USD	EUR	AUD	ZAR	Other (GBP)	**All (GBP)**
200bps down	4.6	12.9	0.8	2.3	(0.7)	1.1	16.0
200bps up	(3.9)	(11.1)	(0.7)	(2.0)	0.6	(1.0)	(13.6)

Southern Africa

	Sensitivity to the following interest rates (expressed in original currencies)						
million	ZAR	GBP	USD	EUR	AUD	Other (ZAR)	**All (ZAR)**
200bps down	(309.2)	0.7	(2.4)	0.7	0.1	(0.6)	(320.3)
200bps up	195.8	(0.9)	4.1	(0.7)	(0.2)	0.8	229.4

Regulatory requirements

Liquidity risk

In response to the 2008/09 global financial crisis, the BCBS introduced a series of reforms designed to both strengthen and harmonise global liquidity standards to ensure strong financial risk management and a safer global economy.

Two minimum standards for funding liquidity were introduced:

- The liquidity coverage ratio (LCR) is designed to ensure that banks have sufficient high quality liquid assets to meet their liquidity needs throughout a 30-calendar day severe stress
- The net stable funding ratio (NSFR) is designed to capture structural issues over a longer time horizon by requiring banks to have a sustainable maturity structure of assets and liabilities.

UK and Other

Banks are required to maintain a minimum LCR ratio of 100%. The LCR is calculated following the EU Delegated Act and our own interpretations where the regulation calls for it. The reported LCR may change over time with updates to our methodologies and interpretations. As at 30 September 2020 the LCR reported to the PRA was 335% for Investec plc and 353% for IBP (solo basis).

In June 2019, the CRR2/CRDV package was published in the EU Official Journal, including finalised rules for the calculation of the NSFR. This will become a binding metric in June 2021, at which point banks will be required to maintain a minimum NSFR of 100%. The internally calculated NSFR for Investec plc and IBP (solo basis) are based upon these rules, but are subject to change in response to any further clarifications or guidelines.The NSFR at 30 September 2020 was 126% for Investec plc and 125% for IBP (solo basis).

Investec plc undertakes an annual Internal Liquidity Adequacy Assessment Process (ILAAP) which documents the approach to liquidity management across the firm. This document is reviewed and approved by IBP BRCC, DLC BRCC and by the IBP and DLC boards before being provided to the PRA for use, alongside the Liquidity Supervisory Review and Evaluation Process, to determine the bank's Individual Liquidity Guidance, also known as a Pillar II requirement.

Southern Africa

There are various regulatory and economic barriers that prevent liquidity from flowing out of the domestic economy. Namely, the South African exchange control that limits capital flows, along with prudential requirements on financial corporates.

A positive consequence of the above is that the Rand funding that the South African banks use is contained within the financial system and therefore the Rand is unlikely to be drained by currency withdrawal from offshore sources, or placements in offshore accounts.

To address this systemic challenge, the South African PA exercised national discretion and has announced a change to the available stable funding factor to include 35% of financial sector deposits that are less than six months in tenor. This, in turn, would reduce the amount of term deposits greater than six months in tenor, currently required by local banks to meet the NSFR, mitigating any increases in the overall cost of funds.

Despite the above constraints, IBL comfortably exceeds the LCR and NSFR liquidity ratio requirements, having embedded these ratios into our processes. The minimum requirement for LCR is 80%, reduced from 100% until such time as the South African PA is of the view that the financial markets have normalised. The minimum requirement for NSFR is 100%.

The South African PA noted that the South African HQLA shortage has continued to decrease such that the continued provision of the Committed Liquidity Facility (CLF) was unlikely to meet the qualifying criteria set out in the Basel III Framework and subsequently announced it would phase out the CLF over a period of three years by December 2021. IBL does not currently make use of the CLF.

Non-trading interest rate risk

In 2016, the BCBS finalised their standards for non-trading interest rate risk which recommended the risk is assessed as part of the bank's capital requirements, outlined six prescribed shock scenarios, and recommended enhanced disclosure requirements for supervisors to implement.

UK and Other

Within the UK, BCBS standards are implemented via the EBA and PRA. The regulatory framework requires banks to assess their Pillar II requirements, including those related to non-trading interest rate risk, as part of their Internal Capital Adequacy Assessment Process (ICAAP). This is reviewed on at least an annual basis and reviewed and approved by IBP BRCC, DLC BRCC and by the IBP and DLC boards.

Southern Africa

The South African PA has announced that it will adopt the new Interest Rate Risk in the Banking Book (IRRBB) regulatory reforms as outlined in BCBS 368. Implementation of new IRRBB standards is scheduled for June 2021 allowing for a year parallel run, with the regulatory compliance deadline and public IRRBB disclosure following in June 2022. IBL currently submits relevant regulatory output to the South African PA on a monthly basis and aims to be compliant with all aspects of the new IRRBB regulatory reforms when formally adopted by the South African PA.

South Africa, a member of the G20, has adopted the published BCBS guidelines for 'liquidity risk measurement standards and monitoring'.

There are certain shortcomings and constraints in the South African environment and the banking sector in Southern Africa is characterised by certain structural features such as:

- A low discretionary savings rate and a higher degree of contractual savings that are captured by institutions such as pension funds, provident funds and providers of asset management services
- There is currently no 'deposit protection scheme' in South Africa. However, the regulators plan to incorporate a deposit protection scheme within the broader amendments to the recovery and resolution framework.

Recovery and resolution planning

The purpose of the recovery plans are to document how the board and management will recover from extreme financial stress to avoid liquidity and capital difficulties in Investec plc and Investec Limited. The plans are reviewed and approved by the board on an annual basis.

Investec Limited

Financial Stability Board member countries are required to have recovery and resolution plans in place for all systemically significant financial institutions. The South African Prudential Authority (PA) has adopted this requirement and has to date required South African domestically significant banking institutions to develop recovery plans. Guidance issued by the Financial Stability Board and the South African PA has been incorporated into the group's recovery plan.

The South African PA has continued to focus on finalising the recovery plans for the local banks and together with the South African Treasury are considering legislation to adopt a resolution framework. We will be subject to this legislation once it is adopted.

Investec plc

In line with Prudential Regulation Authority and European Union requirements, Investec plc maintains a resolution pack and a recovery plan. The recovery plan is framed at the Investec plc level, however, given that Investec Bank plc (IBP) constitutes the majority of Investec plc's balance sheet, the focus is the recovery of IBP and the protection of its depositors and other clients. Similarly, the resolution pack is produced at the Investec plc group level. The Bank of England, the UK resolution authority, confirmed in January 2020 the preferred resolution strategy for IBP remains Modified Insolvency and the minimum requirements for own funds and eligible liabilities (MREL) requirement is set as equal to IBP's Total Capital Requirement (Pillar 1 plus Pillar 2A).

Current regulatory framework

Investec Limited (and its subsidiaries) and Investec plc (and its subsidiaries) are managed independently and have their respective capital bases ring-fenced, however, the governance of capital management is consistent across the two groups. The DLC structure requires the two groups to independently manage each group's balance sheet and capital is managed on this basis.

This approach is overseen by the BRCC (via the Investec DLC capital committee) which is a board sub-committee with ultimate responsibility for the capital adequacy of both Investec Limited and Investec plc.

Investec Limited

Investec Limited is regulated by the South African Prudential Authority on a consolidated basis (i.e. at the controlling company level). Investec Limited calculates capital resources and requirements using the Basel III framework, in accordance with the amended Regulations relating to Banks (the Regulations), which sets out, amongst other things, the prescribed minimum required capital ratios and various components of capital requirements.

In addition, the South African capital framework, based on the Basel III framework, is further specified in the Banks Act Directive 6/2016, which sets out matters related to the prescribed minimum capital ratios and the application of various components of the said capital requirements such as the systemic risk capital requirement (Pillar 2A), the domestic systemically important bank capital requirements, the countercyclical buffer range and the capital conservation buffer range.

Investec Limited adopted the Foundation Internal Ratings Based Approach to calculate Credit risk from 1 April 2019. Investec Limited's application for conversion to the Advanced Internal Ratings Based (AIRB) approach remains under review by the South African Prudential Authority. Approval has been granted for Investec Limited to commence with its six month parallel run for certain AIRB models. Full conversion to AIRB is expected to result in a circa 2% uplift to the CET1 ratio.

South Africa has not announced any Countercyclical Capital Buffer (CCyB) requirements for 2021. The institution-specific CCyB requirement, held for purposes of the reciprocity requirement, is calculated based on private sector non-bank exposures held in the Basel member jurisdictions in which a buffer rate has been set. As at 30 September 2020, Investec Limited is holding an institution specific CCyB of 0% of risk-weighted exposures.

Investec plc

Investec plc is authorised by the Prudential Regulation Authority (PRA) and is regulated by the Financial Conduct Authority and the PRA on a consolidated basis. Investec plc calculates capital resources and requirements using the Basel III framework, as implemented in the European Union through the Capital Requirements Directive IV (CRD IV).

In response to the economic shock from COVID-19, the PRA announced in May 2020 that firms subject to a Supervisory Review and Evaluation Process (SREP) in 2020 and 2021, would have their Pillar 2A capital requirements set as a nominal amount, instead of a percentage of risk-weighted assets (RWAs). Firms not subject to a SREP in 2020 may apply for a conversion of their current Pillar 2A requirement into a nominal amount using RWAs as of end-December 2019. This change would apply until the firm's next regulatory-scheduled SREP. Investec plc's Pillar 2A capital requirement has been converted into a nominal amount and expressed as a percentage of RWAs at 30 September 2020 amounted to 1.07% of RWAs, of which 0.6% has to be met with CET1 capital.

On 28 April 2020, the European Commission adopted a banking package, with the aim to ensure banks can continue to lend money to support the economy and help mitigate the significant economic impact of COVID-19. It included an Interpretative Communication on the EU's accounting and prudential frameworks, as well as a targeted "quick fix" amendment to the CRR. The "quick fix" amendments were published in the Official European Journal in June 2020, and took effect 27 June 2020. The IFRS 9 transitional arrangements have been amended to allow institutions to fully add-back to their CET1 capital any increase in new provisions recognised in 2020 and 2021 for their financial assets that are not credit-impaired; and the application of the revised supporting factor for certain exposures to small and medium-sized enterprises and the new supporting factor for exposures to certain infrastructure finance, have been advanced by one year.

Investec plc continues to hold capital in excess of all the capital and buffer requirements.

Capital structure and capital adequacy

	Standardised		FIRB	
At 30 September 2020	**Investec plc* ° ^ £'million**	IBP* ° ^ £'million	**Investec Limited* ^^ R'million**	IBL* ^^ R'million
Shareholders' equity	**2 145**	**2 070**	**42 807**	**42 371**
Shareholders' equity excluding non-controlling interests	2 206	2 106	45 990	43 905
Perpetual preference share capital and share premium	(25)	—	(3 183)	(1 534)
Deconsolidation of special purpose entities	(36)	(36)	—	—
Non-controlling interests	**—**	**—**	**—**	**—**
Non-controlling interests per balance sheet	5	5	10 467	—
Non-controlling interests excluded for regulatory purposes	(5)	(5)	(10 467)	—
Regulatory adjustments to the accounting basis	**106**	**106**	**1 367**	**1 387**
Additional value adjustments	(7)	(7)	(245)	(225)
Gains or losses on liabilities at fair value resulting from changes in our credit standing	13	13	(13)	(13)
Cash flow hedging reserve	—	—	1 625	1 625
Adjustment under IFRS 9 transitional arrangements	100	100	—	—
Deductions	**(481)**	**(327)**	**(4 008)**	**(2 489)**
Goodwill and intangible assets net of deferred tax	(323)	(311)	(488)	(448)
Investment in financial entity	(142)	—	(1 422)	(1 363)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(16)	(16)	—	—
Shortfall of eligible provisions compared to expected loss	—	—	(678)	(678)
Investment in capital of financial entities above 10% threshold	—	—	(896)	—
Amount of deductions exceeding 15% threshold	—	—	(452)	—
Other regulatory adjustments	—	—	(72)	—
Common equity tier 1 capital	**1 770**	**1 849**	**40 166**	**41 269**
Additional tier 1 capital	**274**	**250**	**1 874**	**767**
Additional tier 1 instruments	274	250	5 727	1 994
Phase out of non-qualifying additional tier 1 instruments	—	—	(3 774)	(1 227)
Non-qualifying surplus capital attributable to non-controlling interest	—	—	(79)	—
Tier 1 capital	**2 044**	**2 099**	**42 040**	**42 036**
Tier 2 capital	**391**	**503**	**11 401**	**12 866**
Collective impairment allowances	—	—	904	959
Tier 2 instruments	503	503	14 189	11 907
Non-qualifying surplus capital attributable to non-controlling interests	(112)	—	(3 138)	—
Investment in capital of financial entities above 10% threshold	—	—	(554)	—
Total regulatory capital	**2 435**	**2 602**	**53 441**	**54 902**
Risk-weighted assets	**16 482**	**15 989**	**345 723**	**320 969**
Capital ratios				
Common equity tier 1 ratio	10.7%	11.6%	11.6%	12.9%
Tier 1 ratio	12.4%	13.1%	12.2%	13.1%
Total capital ratio	14.8%	16.3%	15.5%	17.1%

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

° The 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 CET1 capital as required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of this deduction totalling £18 million for Investec plc and £12 million for IBP would lower the CET1 ratio by 12bps and 7bps respectively.

^ CET1, Tier 1 (T1), total capital ratios and RWAs are calculated applying the IFRS 9 transitional arrangements (including the changes introduced in the "quick fix" regulation adopted in June 2020).

^^ Investec Limited's and IBL's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's and IBL's CET1 ratio would be 36bps and 32bps lower respectively.

Capital structure and capital adequacy

	Standardised		FIRB	
At 31 March 2020	**Investec plc* ° ^ £'million**	IBP* ° ^ £'million	**Investec Limited** ^^ R'million**	IBL** ^^ R'million
Shareholders' equity	**2 090**	**2 061**	**39 903**	**39 754**
Shareholders' equity excluding non-controlling interests	2 135	2 078	43 086	41 288
Perpetual preference share capital and share premium	(25)	—	(3 183)	(1 534)
Deconsolidation of special purpose entities	(20)	(17)	—	—
Non-controlling interests	**—**	**—**	**—**	**—**
Non-controlling interests per balance sheet	3	3	11 045	—
Non-controlling interests excluded for regulatory purposes	(3)	(3)	(11 045)	—
Regulatory adjustments to the accounting basis	**91**	**91**	**1 518**	**1 518**
Additional value adjustments	(8)	(7)	(6)	(6)
Gains or losses on liabilities at fair value resulting from changes in our credit standing	12	12	(26)	(26)
Cash flow hedging reserve	—	—	1 550	1 550
Adjustment under IFRS 9 transitional arrangements	87	86	—	—
Deductions	**(436)**	**(333)**	**(4 554)**	**(2 721)**
Goodwill and intangible assets net of deferred tax	(326)	(315)	(537)	(496)
Investment in financial entity	(92)	—	(1 662)	(1 596)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(18)	(18)	—	—
Shortfall of eligible provisions compared to expected loss	—	—	(629)	(629)
Investment in capital of financial entities above 10% threshold	—	—	(692)	—
Amount of deductions exceeding 15% threshold	—	—	(961)	—
Other regulatory adjustments	—	—	(73)	—
Common equity tier 1 capital	**1 745**	**1 819**	**36 867**	**38 551**
Additional tier 1 capital	**274**	**250**	**1 902**	**751**
Additional tier 1 instruments	274	250	5 727	1 994
Phase out of non-qualifying additional tier 1 instruments	—	—	(3 774)	(1 227)
Non-qualifying surplus capital attributable to non- controlling interest	—	—	(51)	—
Non-controlling interest in non-banking entities	—	—	—	(16)
Tier 1 capital	**2 019**	**2 069**	**38 769**	**39 302**
Tier 2 capital	**414**	**533**	**11 885**	**12 905**
Collective impairment allowances	—	—	896	895
Tier 2 instruments	533	533	14 383	12 037
Non-qualifying surplus capital attributable to non-controlling interests	(119)	—	(2 747)	—
Investment in capital of financial entities above 10% threshold	—	—	(647)	(27)
Total regulatory capital	**2 433**	**2 602**	**50 654**	**52 207**
Risk-weighted assets	**16 285**	**15 808**	**337 755**	**319 090**
Capital ratios				
Common equity tier 1 ratio	10.7%	11.5%	10.9%	12.1%
Tier 1 ratio	12.4%	13.1%	11.5%	12.3%
Total capital ratio	14.9%	16.5%	15.0%	16.4%

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

° The 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 CET1 capital as now required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of this deduction totalling £0 million for Investec plc and £0 million for IBP would lower the CET1 ratio by 0bps and 0bps respectively.

^ CET1, T1, total capital ratios and RWAs are calculated applying the IFRS 9 transitional arrangements.

^^ Investec Limited's and IBL's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's and IBL's CET1 ratio would be 24bps and 15bps lower respectively.

Capital requirements

	Investec plc* £'million	IBP* £'million	Investec Limited* R'million	IBL* R'million
At 30 September 2020	**Standardised**		**FIRB**	
Capital requirements	**1 319**	**1 279**	**36 301**	**33 702**
Credit risk	987	980	28 124	27 927
Equity risk	44	11	3 205	1 528
Counterparty credit risk	68	68	888	887
Credit valuation adjustment risk	4	4	338	337
Market risk	71	70	723	657
Operational risk	145	146	3 023	2 366
At 31 March 2020	**Standardised**		**FIRB**	
Capital requirements	**1 303**	**1 265**	**38 842**	**36 695**
Credit risk	974	972	30 324	30 653
Equity risk	46	10	3 499	1 726
Counterparty credit risk	74	74	1 012	1 016
Credit valuation adjustment risk	5	5	272	273
Market risk	59	58	541	478
Operational risk	145	146	3 194	2 549

Risk-weighted assets

	Investec plc* £'million	IBP* £'million	Investec Limited* R'million	IBL* R'million
At 30 September 2020	**Standardised**		**FIRB**	
Risk-weighted assets	**16 482**	**15 989**	**345 723**	**320 969**
Credit risk	12 339	12 249	267 851	265 971
Equity risk	551	129	30 519	14 553
Counterparty credit risk	851	852	8 457	8 449
Credit valuation adjustment risk	50	50	3 215	3 214
Market risk	883	878	6 886	6 253
Operational risk	1 808	1 831	28 795	22 529
At 31 March 2020	**Standardised**		**FIRB**	
Risk-weighted assets	**16 285**	**15 808**	**337 755**	**319 090**
Credit risk	12 183	12 145	263 690	266 552
Equity risk	580	125	30 428	15 010
Counterparty credit risk	921	922	8 796	8 837
Credit valuation adjustment risk	59	59	2 363	2 371
Market risk	734	726	4 701	4 158
Operational risk	1 808	1 831	27 777	22 162

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

Leverage ratios

	Investec plc £'million*	IBP £'million*	**Investec Limited R'million* ^**	IBL R'million* ^
At 30 September 2020				
Exposure measure	26 353	26 073	597 197	563 835
Tier 1 capital**	2 044	2 099	42 040	42 036
Leverage ratio* – current**	**7.8%**	**8.1%**	**7.0%**	**7.5%**
Tier 1 capital "fully loaded"	1 926	2 006	41 155	41 730
Leverage ratio* – "fully loaded"^^**	**7.3%**	**7.7%**	**6.9%**	**7.4%**
Leverage ratio** – current UK leverage ratio framework^^^	8.7%	9.0%	n/a	n/a
At 31 March 2020				
Exposure measure	25 966	25 817	604 762	571 144
Tier 1 capital**	2 019	2 069	38 769	39 302
Leverage ratio* – current**	**7.8%**	**8.0%**	**6.4%**	**6.9%**
Tier 1 capital fully loaded	1 918	1 992	37 866	38 995
Leverage ratio* – "fully loaded"^^**	**7.4%**	**7.7%**	**6.3%**	**6.8%**
Leverage ratio*** – current UK leverage ratio framework^^^	8.9%	9.1%	n/a	n/a

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

** The reported T1 capital adequacy amount includes the application of the IFRS 9 transitional arrangements (the September 2020 ratios include the changes introduced in the "quick fix" regulation adopted in June 2020).

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

^ Investec Limited's and IBL's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's and IBL's CET1 ratio would be 36bps and 32bps lower. At 31 March 2020, Investec Limited's and IBL's CET1 ratio would be 24bps and 15bps lower.

^^ The "fully loaded" leverage ratio at 30 September 2020 and 31 March 2020 assumes full adoption of IFRS 9 and full adoption of all CRD IV rules or South African Prudential Authority regulations. As a result of the adoption of IFRS 9, Investec plc and IBP elected to designate its subordinated fixed rate medium-term notes due in 2022 at fair value. By the time of full adoption of IFRS 9 in 2023, these subordinated liabilities will have reached final maturity and will be redeemed at par value. The remaining interest rate portion of the fair value adjustment at 30 September 2020 of £6 million (post taxation), has therefore been excluded from the "fully loaded" ratios as it will be released into profit and loss over the remaining life of the instrument.

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

Total regulatory capital flow statement

At 30 September 2020	Investec plc* £'million	IBP* £'million	Investec Limited* R'million	IBL* R'million
Opening common equity tier 1 capital	**1 745**	**1 819**	**36 867**	**38 551**
New capital issues	—	—	—	—
Dividends	(9)	(8)	(234)	(86)
Profit after taxation	19	31	1 691	1 707
Treasury shares	1	—	(54)	—
Share-based payment adjustments	8	—	231	—
Movement in other comprehensive income	52	5	1 270	984
Investment in financial entity	(50)	—	240	233
Investment in capital of financial entities above 10% threshold	—	—	(203)	—
15% limit deduction	—	—	510	—
Shortfall of eligible provisions compared to expected loss	—	—	(49)	(49)
Goodwill and intangible assets (deduction net of related taxation liability)	3	4	48	48
Deferred tax that relies on future profitability (excluding those arising from temporary differences)	2	2	—	—
Deconsolidation of special purpose entities	(16)	(19)	—	—
Gains or losses on liabilities at fair value resulting from changes in own credit standing	1	1	13	13
IFRS 9 transitional arrangements	13	14	—	1
Other, including regulatory adjustments and other transitional arrangements	1	—	(164)	(132)
Closing common equity tier 1 capital	**1 770**	**1 849**	**40 166**	**41 269**
Opening Additional Tier 1 capital	**274**	**250**	**1 902**	**751**
Other, including regulatory adjustments and transitional arrangements	—	—	(28)	—
Investment in capital of financial entities above 10% threshold	—	—	—	15
Movement in minority interest in non-banking entities	—	—	—	—
Closing Additional Tier 1 capital	—	—	1 874	766
Closing tier 1 capital	**2 044**	**2 099**	**42 040**	**42 035**
Opening tier 2 capital	**414**	**533**	**11 885**	**12 905**
Collective impairment allowances	—	—	8	64
Investment in capital of financial entities above 10% threshold	—	—	93	28
Other, including regulatory adjustments and other transitional arrangements	(23)	(30)	(585)	(130)
Closing tier 2 capital	**391**	**503**	**11 401**	**12 867**
Closing total regulatory capital	**2 435**	**2 602**	**53 441**	**54 902**

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

Total regulatory capital flow statement

At 31 March 2020	Investec plc* £'million	IBP* £'million	Investec Limited* R'million	IBL* R'million
Opening common equity tier 1 capital	**1 651**	**1 662**	**38 150**	**38 151**
New capital issues	65	150	—	899
Dividends	(114)	(52)	(3 257)	(1 236)
Profit after taxation	646	58	9 710	3 090
Treasury shares	(46)	—	(1 460)	—
Distribution to shareholders	(489)	—	(4 280)	—
Share-based payment adjustments	8	(7)	436	—
Net equity impact on non-controlling interest movement	(1)	8	—	—
Movement in other comprehensive income	45	9	(1 077)	(2 502)
Investment in financial entity	(92)	—	476	557
Investment in capital of financial entities above 10% threshold	—	—	(692)	—
15% limit deduction	—	—	(789)	—
Shortfall of eligible provisions compared to expected loss	—	—	(629)	(629)
Goodwill and intangible assets (deduction net of related taxation liability)	107	20	92	92
Deferred tax that relies on future profitability (excluding those arising from temporary differences)	(5)	(5)	—	—
Deconsolidation of special purpose entities	(4)	(3)	—	—
Gains or losses on liabilities at fair value resulting from changes in own credit standing	(9)	(9)	(1)	(1)
IFRS 9 transitional arrangements	(7)	(8)	(225)	(225)
Other, including regulatory adjustments and other transitional arrangements	(10)	(4)	413	355
Closing common equity tier 1 capital	**1 745**	**1 819**	**36 867**	**38 551**
Opening Additional Tier 1 capital	**274**	**250**	**2 432**	**920**
Other, including regulatory adjustments and transitional arrangements	—	—	(445)	(153)
Investment in capital of financial entities above 10% threshold	—	—	—	(16)
Movement in minority interest in non-banking entities	—	—	(85)	—
Closing Additional Tier 1 capital	**274**	**250**	**1 902**	**751**
Closing tier 1 capital	**2 019**	**2 069**	**38 769**	**39 302**
Opening tier 2 capital	**485**	**596**	**13 165**	**14 795**
Redeemed capital	—	—	(3 175)	(3 175)
Collective impairment allowances	—	—	20	18
Investment in capital of financial entities above 10% threshold	—	—	(647)	(27)
Other, including regulatory adjustments and other transitional arrangements	(71)	(63)	2 522	1 294
Closing tier 2 capital	**414**	**533**	**11 885**	**12 905**
Closing total regulatory capital	**2 433**	**2 602**	**50 654**	**52 207**

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

A summary of capital adequacy and leverage ratios

	Standardised		FIRB	
	Investec plc° *	IBP° *	Investec Limited* ^	IBL* ^
As at 30 September 2020				
Common equity tier 1 (as reported)**	10.7%	11.6%	11.6%	12.9%
Common equity tier 1 (“fully loaded”)***	10.2%	11.0%	11.6%	12.9%
Tier 1 (as reported)**	12.4%	13.1%	12.2%	13.1%
Total capital ratio (as reported)**	14.8%	16.3%	15.5%	17.1%
Leverage ratio^^ – current	7.8%	8.1%	7.0%	7.5%
Leverage ratio^^ – “fully loaded”***	7.3%	7.7%	6.9%	7.4%
Leverage ratio^^ – current UK leverage ratio framework^^^	8.7%	9.0%	n/a	n/a
As at 31 March 2020	**Standardised**		**FIRB**	
Common equity tier 1 (as reported)**	10.7%	11.5%	10.9%	12.1%
Common equity tier 1 (“fully loaded”)***	10.3%	11.1%	10.9%	12.1%
Tier 1 (as reported)**	12.4%	13.1%	11.5%	12.3%
Total capital ratio (as reported)**	14.9%	16.5%	15.0%	16.4%
Leverage ratio^^ – current	7.8%	8.0%	6.4%	6.9%
Leverage ratio^^ – “fully loaded”***	7.4%	7.7%	6.3%	6.8%
Leverage ratio^^ – current UK leverage ratio framework^^^	8.9%	9.1%	n/a	n/a

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

** The reported CET1, T1 and total capital adequacy ratios are calculated applying the IFRS 9 transitional arrangements (the September 2020 ratios include the changes introduced in the “quick fix” regulation adopted in June 2020).

*** The CET1 “fully loaded” ratio and the fully loaded leverage ratio assumes full adoption of IFRS 9 and full adoption of all CRDIV rules of South African Prudential Authority regulations. As a result of the adoption of IFRS 9, Investec plc elected to designate its subordinated fixed rate medium-term notes due in 2022 at fair value. By the time of full adoption of IFRS 9 in 2023, these subordinated liabilities will have reached final maturity and will be redeemed at par value. The remaining interest rate portion of the fair value adjustment at 30 September 2020 of £6 million (post taxation), has therefore been excluded from the “fully loaded” ratios as it will be released into profit and loss over the remaining life of the investment.

° The capital adequacy disclosures follow Investec’s normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the group operates. For Investec plc and Investec Bank plc this does not include the deduction of foreseeable charges and dividends when calculating the CET 1 ratio as required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of this deduction totalling £18 million (31 March 2020: £0 million) for Investec plc and £12 million (31 March 2020: £0 million) for IBP would lower the CET1 ratio by 12bps (31 March 2020: 0bps) and 7bps (°31 March 2020: 0bps) respectively.

^ Investec Limited’s and IBL’s capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited’s and IBL’s CET1 ratio would be 36bps and 32bps lower. At 31 March 2020, Investec Limited’s and IBL’s CET1 ratio would be 24bps and 15bps lower.

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

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

6

ANNEXURES

Investec remains committed to setting stretching yet attainable targets, particularly in the current economic environment. In the group's 2020 integrated annual report it was noted that the group intended publishing the remuneration targets for the 2020 Long-Term Incentive award and the 2021 Short-Term Incentive ahead of the group's 2020 annual general meeting (AGM). However, given the continuing uncertainty at that time, and in line with the guidance from the Investment Association, on 24 July 2020 the group announced its intention to delay the setting and disclosing of remuneration incentive targets until its interim results announcement for the six months ending 30 September 2020. The group consulted with shareholders on this matter.

Whilst there is still a high level of uncertainty relating to the full impact of COVID-19, the Committee has set what it believes are stretching yet attainable targets as outlined below.

Remuneration performance targets for the Long-Term Incentive awards granted in June 2020 are:

Financial measures

Measure	Weighting	Achievement Levels		
	75%	**Threshold (0%)**	**Target (100%)**	**Stretch (150%)**
Growth in tangible net asset value[1]	40%	10%	25%	40%
Return on risk-weighted assets[2]	35%	1.0%	1.25%	1.5%

1 The growth in tangible net asset value is expressed per share, based on neutral currency and after adding back dividends paid and will be measured cumulatively over the three financial years preceding the first date of vesting.
2 Return on risk-weighted assets is defined as adjusted earnings/average risk-weighted assets, where adjusted earnings are earnings attributable to ordinary shareholders after taxation, non-controlling interests and preference dividends, but before the impairment of goodwill, amortisation of acquired intangibles and non-operating items, and will be measured over the three financial years preceding the first date of vesting by averaging the actual return on risk-weighted assets achieved for each of those three financial years.

Non-financial measures

The committee assesses achievement against objectives for the non-financial measures on a seven-point scale and will award scores of 0 (0%) and 6 (200%) only in exceptional circumstances. The non-financial measures for the award granted in June 2020 are unchanged, as follows:

Measure	Weighting	Achievement Levels						
	25%	**0%**	**25%**	**50%**	**75%**	**100%**	**150%**	**200%**
Culture and values	4%	0	1	2	3	4	5	6
Franchise development	13%	0	1	2	3	4	5	6
Governance and regulatory and shareholder relationships	4%	0	1	2	3	4	5	6
Employee relationship and development	4%	0	1	2	3	4	5	6

The value of the June 2020 Long-Term Incentive awards was reduced by 10% from the standard grant of 100% of fixed remuneration to reflect the significant reduction in share price (after adjusting for the demerger). In addition, the value of future Long-Term Incentive grants will reduce by 25% as a result of the 25% reduction in fixed remuneration implemented from 1 April 2020.

Remuneration performance targets for the 2021 Short-Term Incentives are:

Financial measures

Measure	Weighting	Achievement Levels		
	80%	**Threshold (0%)**	**Target (100%)**	**Stretch (150%)**
Return on risk-weighted assets[1]	30%	0.55%	0.75%	1.00%
Return on equity[2]	30%	5%	6%	7%
Cost/income ratio	20%	72%	70%	68%

1 Return on risk-weighted assets is defined as adjusted earnings/average risk-weighted assets, where adjusted earnings are earnings attributable to ordinary shareholders after taxation, non-controlling interests and preference dividends, but before the impairment of goodwill, amortisation of acquired intangibles and non-operating items.
2 Return on equity is defined as adjusted earnings/average ordinary shareholders' equity.

Non-financial measures

The committee assesses achievement against objectives for the non-financial measures on a seven-point scale and will award scores of 0 (0%) and 6 (150%) only in exceptional circumstances. The non-financial measures for the year ending 31 March 2021 are unchanged, as follows:

Measure	Weighting	Achievement Levels						
	20%	0%	25%	50%	75%	100%	125%	150%
Culture, values and cooperation related measures	7%	0	1	2	3	4	5	6
"ESG" related measures	5%	0	1	2	3	4	5	6
Prudential and Risk Management related measures	8%	0	1	2	3	4	5	6

It is important to note that the quantum of the Short-Term Incentive award is derived as a percentage of adjusted operating profit (0.23% for the CEO, 0.12% for the Finance Director and 0.18% for each of the other executive directors) and will therefore reduce in line with lower adjusted operating profit. To illustrate the potential impact this could have on remuneration; if the reported adjusted operating profit of £142.5 million for the six months to 30 September 2020 was the basis of the Short-Term Incentive sharing pool compared to £276.3 million (reported adjusted operating profit of continuing operations for the six months to 30 September 2019), the Short-Term Incentive award would be down 48.4% before applying the performance criteria. Adjusted operating profit is operating profit before the impairment of goodwill, amortisation of acquired intangibles, non-operating items and taxation, but after other non-controlling interests.

The 2020 Short-Term Incentive awards were rescinded by the remaining Investec executive directors (Fani Titi and Nishlan Samujh) at their own request to recognise the experiences of their colleagues and our shareholders.

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. The external auditors 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 31 to 33 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 31 to 33 for calculation
Adjusted operating profit	Refer to the calculation in the table below:

£'000	30 Sept 2020	30 Sept 2019	31 March 2020
Operating profit before goodwill, acquired intangibles and strategic actions	127 231	305 156	487 111
Less: Profit attributable to other non-controlling interests	15 255	(28 863)	(67 952)
Adjusted operating profit	**142 486**	**276 293**	**419 159**

Adjusted operating profit per employee	Adjusted operating profit divided by average total employees including permanent and temporary employees. Refer to page 59 for calculation
Annuity income	Net interest income (refer to page 50) plus net annuity fees and commissions (refer to page 52)
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	30 Sept 2020	31 March 2020	30 Sept 2020	31 March 2020	30 Sept 2020	31 March 2020
Loans and advances to customers per the balance sheet	11 983	11 872	12 873	12 716	24 856	24 588
Add: own originated loans and advances to customers per the balance sheet	—	—	308	325	308	325
Add: ECL held against FVOCI loans reported on the balance sheet within reserves	(4)	(2)	—	—	(4)	(2)
Net core loans	**11 979**	**11 870**	**13 181**	**13 041**	**25 160**	**24 911**
*of which subject to ECL**	11 432	11 217	13 076	12 933	24 508	24 150
Net core loans at amortised cost and FVOCI	11 432	11 217	12 070	11 998	23 502	23 215
Net fixed rate loans designated at FVPL (on which ECL is calculated for management purposes)^	—	—	1 006	935	1 006	935
of which FVPL (excluding fixed rate loans above)	547	653	105	108	652	761
Add: ECL	170	175	182	152	352	327
Gross core loans	**12 149**	**12 045**	**13 363**	**13 193**	**25 512**	**25 238**
*of which subject to ECL**	11 602	11 392	13 258	13 085	24 860	24 477
of which FVPL (excluding fixed rate loans above)	547	653	105	108	652	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 (£1.0 billion) exposure falls predominantly into Stage 1 (consistent throughout the period) (31 March 2020: £0.9 billion). The ECL on the portfolio is £5.1 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.

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	30 Sept 2020	30 Sept 2019	31 March 2020
Operating costs (A)	535 755	623 092	1 186 427
Total operating income before expected credit losses	728 960	959 269	1 806 839
Less: Profit/loss attributable to other non-controlling interests	15 255	(28 863)	(67 952)
Total (B)	744 215	930 406	1 738 887
Cost to income ratio (A/B)	**72.0%**	**67.0%**	**68.2%**

Coverage ratio	ECL as a percentage of gross core loans subject to ECL
Credit loss ratio	Annualised 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 61
Net interest margin	Annualised interest income net of interest expense, divided by average interest-earning assets. Refer to calculation on page 50
Return on average ordinary shareholders' equity (ROE)	Refer to calculation on pages 62 to 65
Return on average tangible ordinary shareholders' equity	Refer to calculation on pages 62 to 65
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 61
Staff compensation to operating income ratio	All staff compensation costs expressed as a percentage of operating income before ECL (net of operating profits or losses attributable to other non-controlling interests)

Cash and near cash
Includes cash, near cash (other 'monetisable assets') and Central Bank cash placements and guaranteed liquidity.

Diluted earnings per share
Diluted earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders of Investec plc and Investec Limited, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the period plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the year.

Refer to pages 31 to 33 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 31 to 33 for the calculation of earnings per share.

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

Headline earnings per share
Headline earnings is calculated in accordance with the JSE listing requirements and in terms of circular 1/2019 issued by the South African Institute of Chartered Accountants. Headline earnings per share calculated by dividing the group's headline earnings by the average number of shares which it had in issue during the accounting period.

Refer to pages 31 to 33 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), liabilities arising on securitisation of own originated loans and advances and liabilities arising on securitisation of other assets. Refer to page 50 for calculation.

Interest-earning assets
Cash and near cash, bank debt securities, sovereign debt securities, core loans and advances, other debt securities, other loans and advances and other securitised assets. Refer to page 50 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) multiplied by the closing share price of Investec plc on the London Stock Exchange.

Ninety One and Ninety One group
All references to Ninety One and Ninety One group refer to Ninety One plc and its subsidiaries plus Ninety One Limited and its subsidiaries.

Ongoing basis
Ongoing information, as separately disclosed from 2014 to 2018, excludes Legacy assets (refer to definition), as well as the following businesses sold in previous years: Investec Bank (Australia) Limited, Kensington Group plc and Start Mortgage Holdings Limited.

Strategic actions
Comprises the closure and rundown of the Hong Kong direct investments business, the demerger of the asset management business and the financial impact of group restructures.

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 143 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.

Third party funds under management
Consists of third party funds managed by the Wealth & Investment business and by the Property business (which forms part of the Specialist Bank).

Total group
Total group represents the group's results including the results of discontinued operations 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 31 to 33.

AFS	Available for sale
AGM	Annual general meeting
ALCO	Asset and Liability Committee
ANC	African National Congress
AT1	Additional Tier 1
BCBS	Basel Committee of Banking Supervision
BIS	Bank for International Settlements
BoE	Bank of England
BOM	Bank of Mauritius
BSE	Botswana Stock Exchange
CA	Chartered Accountant
CDO	Collateralised debt obligation
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CLF	Committed liquidity facility
CLO	Collateralised loan obligation
CMD	Capital Markets Day
CMI	Continuous Mortality Investigation
COO	Chief Operating Officer
CPI	Consumer Price Index
CPR	Conditional prepayment rate
CRDIV (BASEL III)	Capital Requirements Directive IV
CRO	Chief Risk Officer
CVA	Credit value adjustment
DCF	Discounted cash flow
DLC	Dual listed company
DLC BRCC	DLC Board Risk and Capital Committee
DLC Nomdac	DLC Nominations and Directors Affairs Committee
DLC Remco	DLC Remuneration Committee
DLC SEC	DLC Social and Ethics Committee
EAD	Exposure at default
EBA	European Banking Authority
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECB	European Central Bank
ECL	Expected credit losses
EPS	Earnings per share
ESG	Environmental, social and governance
ERV	Expected rental value
ESMA	European Securities and Markets Authority
EU	European Union
FCA	Financial Conduct Authority
FINMA	Swiss Financial Market Supervisory Authority
FIRB	Foundation Internal Ratings-Based
FRC	Financial Reporting Council
FSB	Financial Services Board
FSC	Financial Sector Code
FSCS	Financial Services Compensation Scheme
FUM	Funds under management
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit and loss
GDP	Gross Domestic Product
GFSC	Guernsey Financial Services Commission
GM	Guinness Mahon
HNW	High net worth
IAM	Investec Asset Management
IASB	International Accounting Standards Board
IASs	International Accounting Standards
IBL	Investec Bank Limited
IBL BRCC	IBL Board Risk and Capital Committee
IBL ERC	IBL Executive Risk Committee
IBP	Investec Bank plc
IBP BRCC	IBP Board Risk and Capital Committee
IBP ERC	IBP Executive Risk Committee
IFRS	International Financial Reporting Standard
ISAs (UK)	International Standards on Auditing (UK)
JSE	Johannesburg Stock Exchange
LCR	Liquidity Coverage Ratio
LGD	Loss given default
LIBOR	London Inter-Bank Offered Rate
LSE	London Stock Exchange
MD	Managing Director
MiFID	Markets in Financial Instruments Directive
NCI	Non-controlling interests
NSFR	Net Stable Funding Ratio
NSX	Namibian Stock Exchange
OCI	Other comprehensive income
OECD	Organisation for Economic Co-operation and Development
OTC	Over the counter
PACCC	Prudential Assurance Conduct and Controls Committee
PCCC	Prudential Conduct and Controls Committee
PD	Probability of default
Policy ERRF	Policy Executive Risk Review Forum
PRA	Prudential Regulation Authority
PRASA	Passenger Rail Agency of South Africa
ROE	Return on equity
ROU	Right use of asset
RPI	Retail Price Index
S&P	Standard & Poor's
SARS	South African Revenue Service
SDGs	Sustainable Development Goals
SME	Small and Medium-sized Enterprises
SMMEs	Small, Medium & Micro Enterprises
South African PA	South African Prudential Authority (previously known as the Banking Supervision Division of the South African Reserve Bank)
SOE	State-Owned Enterprise
SPPI	Solely payments of principal and interest
UKLA	United Kingdom Listing Authority
W&I	Wealth & Investment
WACC	Weighted average cost of capital
YES	Youth Employment Service

Investec plc

Incorporated in England and Wales
Registration number: 3633621
LSE ordinary share code: INVP
JSE ordinary share code: INP
ISIN: GB00B17BBQ50
LEI: 2138007Z3U5GWDN3MY22

Ordinary share dividend announcement

In terms of the DLC structure, Investec plc shareholders registered on the United Kingdom share register may receive all or part of their dividend entitlements through dividends declared and paid by Investec plc on their ordinary shares and/or through dividends declared and paid on the SA DAN share issued by Investec Limited.

Investec plc shareholders registered on the South African branch register may receive all or part of their dividend entitlements through dividends declared and paid by Investec plc on their ordinary shares and/or through dividends declared and paid on the SA DAS share issued by Investec Limited.

Declaration of dividend number 36
Notice is hereby given that an interim dividend number 36, being a gross dividend of 5.5 pence (2019: 11 pence) per ordinary share has been declared by the Board from income reserves in respect of the six months ended 30 September 2020 payable to shareholders recorded in the shareholders' register of the company at the close of business on Friday, 11 December 2020.

- for Investec plc shareholders, registered on the United Kingdom share register, through a dividend payment by Investec plc from income reserves of 5.5 pence per ordinary share
- for Investec plc shareholders, registered on the South African branch register, through a dividend payment by Investec Limited, on the SA DAS share, payable from income reserves, equivalent to 5.5 pence per ordinary share.

The relevant dates relating to the payment of dividend number 36 are as follows:

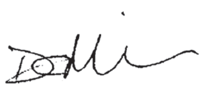
Last day to trade cum-dividend	
On the Johannesburg Stock Exchange (JSE)	Tuesday, 08 December 2020
On the London Stock Exchange	Wednesday, 09 December 2020
Shares commence trading ex-dividend	
On the Johannesburg Stock Exchange	Wednesday, 09 December 2020
On the London Stock Exchange	Thursday, 10 December 2020
Record date (on the JSE and LSE)	Friday, 11 December 2020
Payment date (on the JSE and LSE)	Monday, 04 January 2021

Share certificates on the South African branch register may not be dematerialised or rematerialised between Wednesday, 09 December 2020 and Friday, 11 December 2020, both dates inclusive, nor may transfers between the United Kingdom share register and the South African branch register take place between Wednesday, 09 December 2020 and Friday, 11 December 2020, both dates inclusive.

Additional information for South African resident shareholders of Investec plc

- Shareholders registered on the South African branch register are advised that the distribution of 5.5 pence, equivalent to a gross dividend of 112 cents per share, has been arrived at using the Rand/Pound Sterling average buy/sell forward rate, as determined at 11h00 (SA time) on Wednesday, 18 November 2020
- Investec plc United Kingdom tax reference number: 2683967322360
- The issued ordinary share capital of Investec plc is 696 082 618 ordinary shares
- The dividend paid by Investec plc to South African resident shareholders registered on the South African branch register and the dividend paid by Investec Limited to Investec plc shareholders on the SA DAS share are subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- Shareholders registered on the South African branch register who are exempt from paying the Dividend Tax will receive a net dividend of 112 cents per share paid by Investec Limited on the SA DAS share
- Shareholders registered on the South African branch register who are not exempt from paying the Dividend Tax will receive a net dividend of 89.6 cents per share (gross dividend of 112 cents per share less Dividend Tax of 22.4 cents per share) paid by Investec Limited on the SA DAS share.

By order of the board



D Miller
Company Secretary
18 November 2020

Investec Limited

Incorporated in the Republic of South Africa
Registration number: 1925/002833/06
JSE share code: INL
NSX ordinary share code: IVD
BSE ordinary share code: INVESTEC
ISIN: ZAE000081949
LEI: 213800CU7SM6O4UWOZ70

Ordinary share dividend announcement

Declaration of dividend number 129

Notice is hereby given that interim dividend number 129, being a gross dividend of 112 cents (2019: 211 cents) per ordinary share has been declared by the Board from income reserves in respect of the six months ended 30 September 2020 payable to shareholders recorded in the shareholders' register of the company at the close of business on Friday, 11 December 2020.

The relevant dates relating to the payment of dividend number 129 are as follows:

Last day to trade cum-dividend	Tuesday, 08 December 2020
Shares commence trading ex-dividend	Wednesday, 09 December 2020
Record date	Friday, 11 December 2020
Payment date	Monday, 04 January 2021

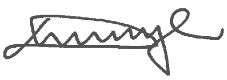
The interim gross dividend of 112 cents per ordinary share has been determined by converting the Investec plc distribution of 5.5 pence per ordinary share into Rands using the Rand/Pounds Sterling average buy/sell forward rate at 11h00 (SA time) on Wednesday, 18 November 2020.

Share certificates may not be dematerialised or rematerialised between Wednesday, 09 December 2020 and Friday, 11 December 2020, both dates inclusive.

Additional information to take note of:

- Investec Limited South African tax reference number: 9800/181/71/2
- The issued ordinary share capital of Investec Limited is 318 904 709 ordinary shares
- The dividend paid by Investec Limited is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- Shareholders who are exempt from paying the Dividend Tax will receive a net dividend of 112 cents per ordinary share
- Shareholders who are not exempt from paying the Dividend Tax will receive a net dividend of 89.6 cents per ordinary share (gross dividend of 112 cents per ordinary share less Dividend Tax of 22.4 cents per ordinary share).

By order of the board



N van Wyk
Company Secretary
18 November 2020

Investec plc

Incorporated in England and Wales
Registration number: 3633621
Share code: INPP
ISIN: GB00B19RX541
LEI: 2138007Z3U5GWDN3MY22

Preference share dividend announcement
Non-redeemable non-cumulative non-participating preference shares ("preference shares")

Declaration of dividend number 29

Notice is hereby given that preference dividend number 29 has been declared by the board from income reserves for the period 01 April 2020 to 30 September 2020 amounting to a gross preference dividend of 5.51508 pence per preference share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 11 December 2020.

For shares trading on the Johannesburg Stock Exchange (JSE), the dividend of 5.51508 pence per preference share is equivalent to a gross dividend of 112.42435 cents per share, which has been determined using the Rand/Pound Sterling average buy/sell forward rate as at 11h00 (SA time) on Wednesday, 18 November 2020.

The relevant dates for the payment of dividend number 29 are as follows:

Last day to trade cum-dividend	
On the Johannesburg Stock Exchange (JSE)	Tuesday, 08 December 2020
On the International Stock Exchange (TISE)	Wednesday, 09 December2020
Shares commence trading ex-dividend	
On the Johannesburg Stock Exchange (JSE)	Wednesday, 09 December 2020
On the International Stock Exchange (TISE)	Thursday, 10 December 2020
Record date (on the JSE and TISE)	Friday,11 December 2020
Payment date (on the JSE and TISE)	Wednesday, 23 December 2020

Share certificates may not be dematerialised or rematerialised between Wednesday,09 December 2020 and Friday, 11 December 2020, both dates inclusive, nor may transfers between the United Kingdom share register and the South African branch register take place between Wednesday, 09 December 2020 and Friday, 11 December 2020, both dates inclusive.

Additional information for South African resident shareholders of Investec plc

- Investec plc United Kingdom tax reference number: 2683967322360
- The issued preference share capital of Investec plc is 2 754 587 preference shares
- The dividend paid by Investec plc to shareholders recorded on the South African branch register is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- The net dividend amounts to 89.93948 cents per preference share for preference shareholders liable to pay the Dividend Tax and 112.42435 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

D Miller
Company Secretary
18 November 2020

Investec plc

Incorporated in England and Wales
Registration number: 3633621
JSE share code: INPPR
ISIN: GB00B4B0Q974
LEI: 2138007Z3U5GWDN3MY22

Rand-denominated preference share dividend announcement
Rand-denominated non-redeemable non-cumulative non-participating perpetual preference shares (“preference shares”)

Declaration of dividend number 19

Notice is hereby given that preference dividend number 19 has been declared by the board from income reserves for the period 01 April 2020 to 30 September 2020 amounting to a gross preference dividend of 350.65412 cents per preference share payable to holders of the Rand-denominated non-redeemable non-cumulative non-participating perpetual preference shares as recorded in the books of the company at the close of business on Friday,11 December 2020.

The relevant dates relating to the payment of dividend number 19 are as follows:

Last day to trade cum-dividend	Tuesday, 08 December 2020
Shares commence trading ex-dividend	Wednesday, 09 December 2020
Record date	Friday, 11 December 2020
Payment date	Wednesday, 23 December 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 09 December 2020 and Friday, 11 December 2020, both dates inclusive.

Additional information for South African resident shareholders of Investec plc

- Investec plc United Kingdom tax reference number: 2683967322360
- The issued Rand-denominated preference share capital of Investec plc is 131 447 preference shares
- The dividend paid by Investec plc to shareholders recorded on the South African branch register is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- The net dividend amounts to 280.52330 cents per preference share for preference shareholders liable to pay the Dividend Tax and 350.65412 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

D Miller
Company Secretary
18 November 2020

Investec Limited

Incorporated in the Republic of South Africa
Registration number: 1925/002833/06
JSE share code: INPR
NSX ordinary share code: IVD
BSE ordinary share code: INVESTEC
ISIN: ZAE000063814
LEI: 213800CU7SM6O4UWOZ70

Preference share dividend announcement

Non-redeemable non-cumulative non-participating preference shares ("preference shares")

Declaration of dividend number 32

Notice is hereby given that preference dividend number 32 has been declared by the board from income reserves for the period 01 April 2020 to 30 September 2020 amounting to a gross preference dividend of 287.42940 cents per preference share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday, 11 December 2020.

The relevant dates for the payment of dividend number 32 are as follows:

Last day to trade cum-dividend	Tuesday, 08 December 2020
Shares commence trading ex-dividend	Wednesday, 09 December 2020
Record date	Friday, 11 December 2020
Payment date	Monday, 14 December 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 09 December 2020 and Friday, 11 December 2020, both dates inclusive.

Additional information to take note of

- Investec Limited South African tax reference number: 9800/181/71/2
- The issued preference share capital of Investec Limited as at 13 November 2020 is 31 001 466 preference shares
- The dividend paid by Investec Limited is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- The net dividend amounts to 229.94352 cents per preference share for shareholders liable to pay the Dividend Tax and 287.42940 cents per preference share for preference shareholders exempt from paying the Dividend Tax.

By order of the board

N van Wyk
Company Secretary
18 November 2020

Investec Bank Limited

Incorporated in the Republic of South Africa
Registration number: 1969/004763/06
Share code: INLP
ISIN: ZAE000048393
LEI No.: 549300RH5FFHO48FXT69

Preference share dividend announcement
Non-redeemable non-cumulative non-participating preference shares (“preference shares”)

Declaration of dividend number 35

Notice is hereby given that preference dividend number 35 has been declared by the board from income reserves for the period 01 April 2020 to 30 September 2020 amounting to a gross preference dividend of 307.97855 cents per preference share payable to holders of the non-redeemable non-cumulative non-participating preference shares as recorded in the books of the company at the close of business on Friday,11 December 2020.

The relevant dates for the payment of dividend number 35 are as follows:

Last day to trade cum-dividend	Tuesday, 08 December 2020
Shares commence trading ex-dividend	Wednesday, 09 December 2020
Record date	Friday, 11 December 2020
Payment date	Monday, 14 December 2020

Share certificates may not be dematerialised or rematerialised between Wednesday,09 December 2020 and Friday, 11 December 2020, both dates inclusive.

Additional information to take note of

- Investec Bank Limited tax reference number: 9675/053/71/5
- The issued share preference share capital of Investec Bank Limited as at 13 November 2020 is 15 322 563 preference shares
- The dividend paid by Investec Bank Limited is subject to South African Dividend Tax (Dividend Tax) of 20% (subject to any available exemptions as legislated)
- The net dividend amounts to 246.38284 cents per preference share for shareholders liable to pay the Dividend Tax and 307.97855 cents per preference shareholders exempt from paying the Dividend Tax.

By order of the board

N van Wyk
Company Secretary
18 November 2020

The directors listed below confirm that, to the best of their knowledge:

a. the condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union; and
b. the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

Neither the company nor the directors accept any liability to any person in relation to the half-yearly financial report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A of the Financial Services and Markets Act 2000.

On behalf of the directors

Fani Titi
Chief Executive Officer

18 November 2020

The directors have confirmed that they are satisfied that the group, as well as Investec plc and Investec Limited individually, have adequate resources to continue in business for the foreseeable future. The assumptions underlying the going concern statement are discussed at the time of the approval of the interim financial results by the board and these include:

- Budgeting and forecasts
- Profitability
- Capital
- Liquidity
- Solvency.

The board is of the opinion, based on its knowledge of the group, key processes in operation and enquiries, that there are adequate resources to support the group as a going concern for the foreseeable future. Further information on our liquidity and capital position is provided on pages 149 to 152 and pages 156 to 163.

Furthermore, the board is of the opinion that the group's risk management processes and the systems of internal control operate effectively.

The directors are responsible for monitoring and reviewing the preparation, integrity and reliability of the Investec plc and Investec Limited combined consolidated financial statements, accounting policies and the information contained in the interim report, and to ensure that the interim financial statements are fair, balanced and understandable.

In undertaking this responsibility, the directors are supported by an ongoing process for identifying, evaluating and managing the key risks Investec faces in preparing the financial and other information contained in this interim report. This process was in place for the period under review and up to the date of approval of this interim report and annual financial statements.

The process is implemented by management and independently monitored for effectiveness by the audit, risk and other sub-committees of the board.

Our interim report is prepared on a going concern basis, taking into consideration:

The group's strategy and prevailing market conditions and business environment

- Nature and complexity of our business
- Risks we assume, and their management and mitigation
- Key business and control processes in operation
- Credit rating and access to capital
- Needs of all our stakeholders
- Operational soundness
- Accounting policies adopted
- Corporate governance practices
- Desire to provide relevant and clear disclosures
- Operation of board committee support structures.

Independent review report to Investec plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the interim results presentation of Investec plc (incorporating Investec Limited) for the six months ended 30 September 2020 which comprises the Statutory combined consolidated income statement, Statutory combined consolidated statement of comprehensive income, Statutory combined consolidated balance sheet, Statutory summarised and combined consolidated cash flow statement and Statutory combined consolidated statement of changes in equity and related notes on pages 21 to 42, 67 to 68 and 104 to 111. We have read the other information contained in the interim results presentation and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim results presentation is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim results presentation in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed on pages 17 and 18, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim results presentation have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the interim results presentation based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim results presentation for the six months ended 30 September 2020 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP

Ernst & Young LLP

London

18 November 2020

Notes:

1. The maintenance and integrity of the Investec plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent review report to Investec Limited

We have reviewed the accompanying reviewed combined consolidated financial results for the six months ended 30 September 2020 of Investec Limited (incorporating Investec plc), contained in the accompanying reviewed combined consolidated financial results, which comprise the condensed combined consolidated balance sheet as at 30 September 2020, and the related condensed combined consolidated income statement, consolidated statement of total comprehensive income, the consolidated statements of changes in equity and condensed consolidated cash flow statement for the six months then ended, and selected explanatory notes, as set out on pages 17 to 18, 21 to 42, 67 to 68 and 104 to 111.

Directors' Responsibility for the Interim Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these reviewed combined consolidated financial results in accordance with the International Financial Reporting Standard, International Accounting Standard 34 – "Interim Financial Reporting" (IAS 34), the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of condensed combined consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these reviewed combined consolidated financial results based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the reviewed combined consolidated financial results are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of persons responsible for financial and accounting matters, as appropriate, and applying analytical and other review procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these condensed combined consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying reviewed combined consolidated financial results of Investec Limited (incorporating Investec plc) for the six months ended 30 September 2020 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, International Accounting Standard 34 – "Interim Financial Reporting", the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee, and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

Ernst & Young Inc.

Ernst & Young Inc.
Registered Auditor

Per Gail Moshoeshoe
Chartered Accountant (SA)
Registered Auditor
Director

18 November 2020

Investec plc and Investec Limited

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www.investec.com

Registration number

Investec plc
Registration number 3633621

Investec Limited
Registration number 1925/002833/06

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Ernst & Young LLP
Ernst & Young Inc.

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Rosebank Towers
15 Biermann Avenue
Rosebank 2196
PO Box 61051
Marshalltown 2107
Telephone (27) 11 370 5000

Directorate as at 18 November 2020

Executive directors
F Titi (Chief Executive Officer)
NA Samujh (Group Finance Director)
RJ Wainwright (Executive Director)
JKC Whelan (Executive Director)

Non-executive directors
PKO Crosthwaite (Chairman)
ZBM Bassa (Senior Independent Director)
HC Baldock
D Friedland
PA Hourquebie
CR Jacobs
S Koseff
Rt. Hon. Lord Malloch-Brown KCMG
PG Sibiya
KL Shuenyane

For queries regarding information in this document

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