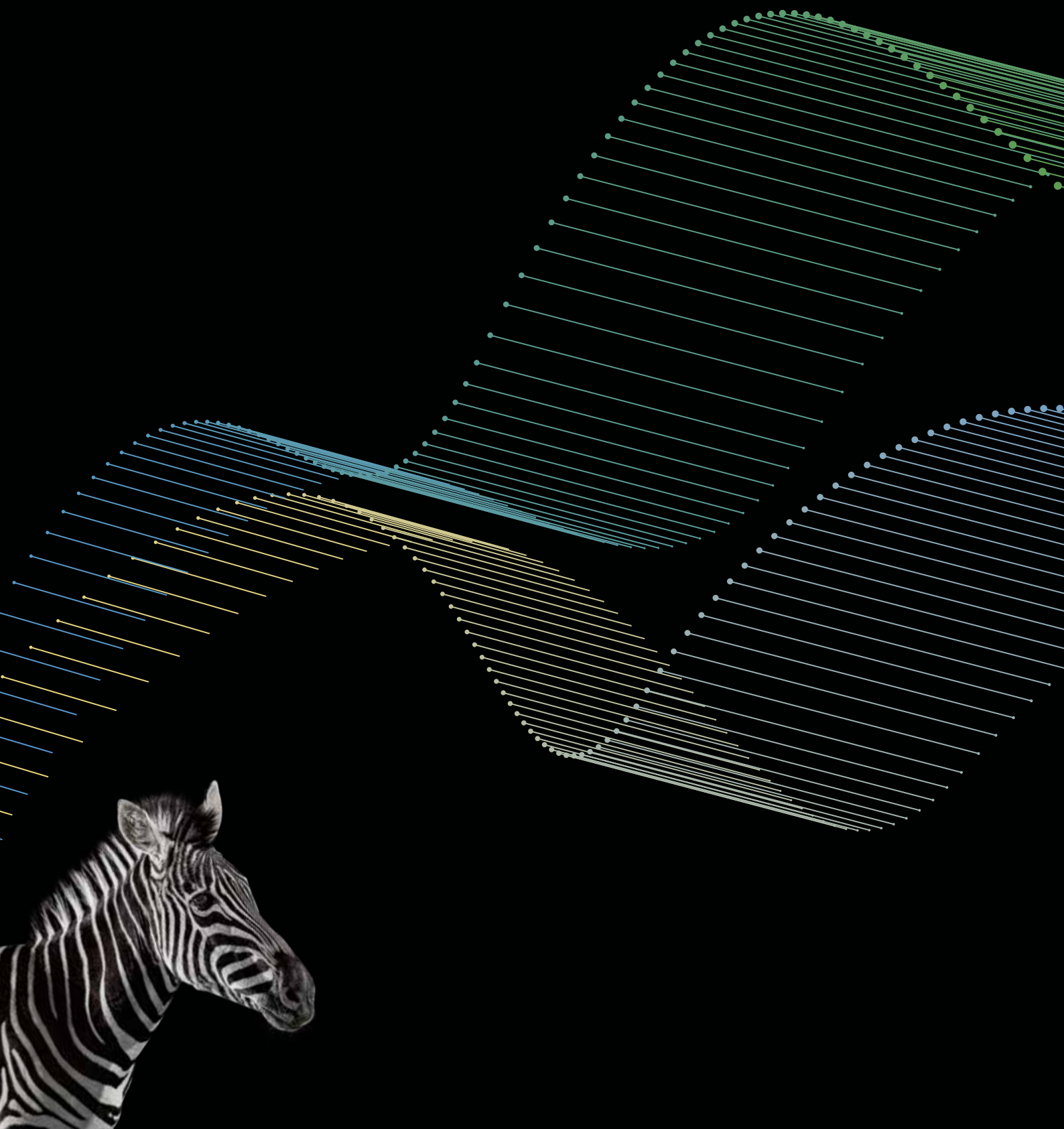




INVESTEC | 2020  
LIMITED

**Financial information (excludes results of Investec plc)**  
*Unaudited condensed financial information*  
*for the year ended 31 March 2020*  
IFRS – Rand



## OVERVIEW OF RESULTS

Key financial statistics	31 March 2020	31 March 2019	% change
Total operating income before expected credit loss impairment charges (R'million)	15 939	15 739	1.3%
Operating costs (R'million)	8 307	8 136	2.1%
Operating profit before goodwill and acquired intangibles (R'million)	6 523	6 842	(4.7%)
Headline earnings attributable to ordinary shareholders (R'million)	3 934	4 955	(20.6%)
Cost to income ratio	56.6%	55.4%	
Total capital resources (including subordinated liabilities) (R'million)	71 058	71 472	(0.6%)
Total equity (R'million)	56 675	55 615	1.9%
Total assets (R'million)	575 387	661 669	(13.0%)
Net core loans and advances (R'million)	288 878	271 204	6.5%
Customer accounts (deposits) (R'million)	375 456	341 578	9.9%
Loans and advances to customers as a % of customer accounts (deposits)	75.0%	77.2%	
Cash and near cash balances (R'million)	147 169	118 365	24.3%
Funds under management*	255 938	305 880	(16.3%)
Total gearing ratio (i.e. total assets excluding assurance assets to equity)	10.1x	9.1x	
Total capital adequacy ratio	15.0%	16.0%	
Tier 1 ratio	11.5%	12.4%	
Common equity tier 1 ratio	10.9%	11.6%	
Leverage ratio – current	6.4%	7.4%	
Leverage ratio – 'fully loaded'	6.3%	7.2%	
Stage 3 as a % of gross core loans and advances subject to ECL	1.5%	1.4%	
Stage 3 net of ECL as a % of net core loans and advances subject to ECL	0.9%	0.8%	
Credit loss ratio	0.36%	0.28%	

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

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the year to 31 March R'million	2020	2019*
Interest income	35 949	34 007
Interest expense	(27 394)	(26 229)
<b>Net interest income</b>	<b>8 555</b>	<b>7 778</b>
Fee and commission income	6 460	6 055
Fee and commission expense	(645)	(541)
Investment income	512	240
Share of post taxation profit of associates and joint venture holdings	311	1 163
Trading income arising from		
– customer flow	197	613
– balance sheet management and other trading liabilities	544	420
Other operating income	5	11
<b>Total operating income before expected credit loss impairment charges</b>	<b>15 939</b>	<b>15 739</b>
Expected credit loss impairment charges	(1 109)	(761)
<b>Operating income</b>	<b>14 830</b>	<b>14 978</b>
Operating costs	(8 307)	(8 136)
<b>Operating profit before goodwill and acquired intangibles</b>	<b>6 523</b>	<b>6 842</b>
Impairment of goodwill	(3)	(3)
Amortisation of acquired intangibles	(51)	(51)
Impairment of associates and joint venture holdings	(937)	–
<b>Operating profit</b>	<b>5 532</b>	<b>6 788</b>
Financial impact of acquisition of subsidiary	–	4
<b>Profit before taxation from continuing operations</b>	<b>5 532</b>	<b>6 792</b>
Taxation on operating profit before acquired intangibles	(1 042)	(337)
Taxation on acquired intangibles	14	18
<b>Profit after taxation from continuing operations</b>	<b>4 504</b>	<b>6 473</b>
Profit after taxation from discontinued operations	6 674	925
<b>Profit after taxation</b>	<b>11 178</b>	<b>7 398</b>
Profit attributable to other non-controlling interests	(1 258)	(1 049)
Profit attributable to non-controlling interests of discontinued operations	(210)	(176)
<b>Earnings attributable to shareholders</b>	<b>9 710</b>	<b>6 173</b>

\* The year to 31 March 2019 has been re-presented to reflect the discontinued operations detailed on page 19.

## CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year to 31 March R'million	2020	2019*
Profit after taxation from continuing operations	4 504	6 473
<b>Other comprehensive income from continuing operations:</b>		
<b>Items that may be reclassified to the income statement</b>		
Fair value movements on cash flow hedges taken directly to other comprehensive income **	(619)	62
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income **	(1 888)	(201)
Gain on realisation of FVOCI recycled through the income statement **	(79)	(89)
Foreign currency adjustments on translating foreign operations	1 366	958
<b>Items that will never be reclassified to the income statement</b>		
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income **	138	–
Gain attributable to own credit risk	1	1
<b>Total comprehensive income from continuing operations</b>	<b>3 423</b>	<b>7 204</b>
Total comprehensive income attributable to ordinary shareholders from continuing operations	1 663	5 666
Total comprehensive income attributable to non-controlling interests from continuing operations	1 258	1 049
Total comprehensive income attributable to perpetual preference shareholders and other Additional Tier 1 security holders from continuing operations	502	489
<b>Total comprehensive income from continuing operations</b>	<b>3 423</b>	<b>7 204</b>
Profit after taxation from discontinued operations	6 674	925
<b>Other comprehensive income from discontinued operations:</b>		
<b>Items that may be reclassified to the income statement</b>		
Foreign currency adjustments on translating foreign operations	4	1
<b>Total comprehensive income from discontinued operations</b>	<b>6 678</b>	<b>926</b>
Total comprehensive income attributable to ordinary shareholders from discontinuing operations	6 468	750
Total comprehensive income attributable to non-controlling interests from discontinuing operations	210	176
<b>Total comprehensive income from discontinued operations</b>	<b>6 678</b>	<b>926</b>
Profit after taxation	11 178	7 398
<b>Other comprehensive income:</b>		
<b>Items that may be reclassified to the income statement</b>		
Fair value movements on cash flow hedges taken directly to other comprehensive income **	(619)	62
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income **	(1 888)	(201)
Gain on realisation of FVOCI recycled through the income statement **	(79)	(89)
Foreign currency adjustments on translating foreign operations	1 370	959
<b>Items that will never be reclassified to the income statement</b>		
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income **	138	–
Gain attributable to own credit risk	1	1
<b>Total comprehensive income</b>	<b>10 101</b>	<b>8 130</b>
Total comprehensive income attributable to ordinary shareholders	8 131	6 416
Total comprehensive income attributable to non-controlling interests	1 468	1 225
Total comprehensive income attributable to perpetual preference shareholders and other Additional Tier 1 security holders	502	489
<b>Total comprehensive income</b>	<b>10 101</b>	<b>8 130</b>

\* The year to 31 March 2019 has been re-presented to reflect the discontinued operations.

\*\* These amounts are net of taxation of (R1.2 billion) [2019: (R389.9 million)].

## CONSOLIDATED BALANCE SHEET

At 31 March R'million	2020	2019
<b>Assets</b>		
Cash and balances at central banks	36 656	10 290
Loans and advances to banks	19 536	22 125
Non-sovereign and non-bank cash placements	14 014	12 192
Reverse repurchase agreements and cash collateral on securities borrowed	29 626	21 346
Sovereign debt securities	64 358	60 893
Bank debt securities	12 265	12 502
Other debt securities	17 337	13 580
Derivative financial instruments	17 431	7 736
Securities arising from trading activities	10 366	20 079
Investment portfolio	16 564	10 070
Loans and advances to customers	281 686	263 537
Own originated loans and advances to customers securitised	7 192	7 667
Other loans and advances	242	329
Other securitised assets	497	294
Interests in associated undertakings and joint venture holdings	6 924	6 284
Deferred taxation assets	2 996	1 890
Other assets	12 845	14 281
Property and equipment	3 093	3 043
Investment properties	19 137	18 425
Goodwill	219	211
Intangible assets	318	418
Non-current assets held for sale	1 305	–
	<b>574 607</b>	<b>507 192</b>
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	780	154 477
	<b>575 387</b>	<b>661 669</b>
<b>Liabilities</b>		
Deposits by banks	46 833	31 735
Derivative financial instruments	22 469	11 111
Other trading liabilities	8 660	11 132
Repurchase agreements and cash collateral on securities lent	26 626	15 234
Customer accounts (deposits)	375 456	341 578
Debt securities in issue	7 634	12 328
Liabilities arising on securitisation of own originated loans and advances	1 699	1 720
Current taxation liabilities	541	574
Deferred taxation liabilities	517	54
Other liabilities	13 114	10 254
	<b>503 549</b>	<b>435 720</b>
Liabilities to customers under investment contracts	727	154 422
Insurance liabilities, including unit-linked liabilities	53	55
	<b>504 329</b>	<b>590 197</b>
Subordinated liabilities	14 383	15 857
	<b>518 712</b>	<b>606 054</b>
<b>Equity</b>		
Ordinary share capital	1	1
Share premium	9 296	13 576
Treasury shares	(2 992)	(1 881)
Other reserves	903	2 055
Retained income	35 878	29 398
	<b>43 086</b>	<b>43 149</b>
<b>Shareholders' equity excluding non-controlling interests</b>		
Other Additional Tier 1 securities in issue	1 010	1 010
Non-controlling interests	12 579	11 456
– Perpetual preferred securities issued by subsidiaries	1 534	1 534
– Non-controlling interests in partially held subsidiaries	11 045	9 922
	<b>56 675</b>	<b>55 615</b>
<b>Total equity</b>	<b>56 675</b>	<b>55 615</b>
<b>Total liabilities and equity</b>	<b>575 387</b>	<b>661 669</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'million	Ordinary share capital	Share premium	Treasury shares
<b>Group</b>			
<b>At 1 April 2018</b>	<b>1</b>	<b>12 820</b>	<b>(1 552)</b>
<b>Movement in reserves 1 April 2018 – 31 March 2019</b>			
Profit after taxation	–	–	–
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 FVOCI recycled through the income statement	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	–
Gain attributable to own credit risk	–	–	–
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>
Issue of ordinary shares	–	756	–
Issue of other Additional Tier 1 security instruments	–	–	–
Net equity movements in interests in associated undertakings	–	–	–
Movement of treasury shares	–	–	(1 119)
Share-based payments adjustments	–	–	–
Transfer from share-based payments reserve to treasury shares	–	–	790
Transfer from regulatory general risk reserves	–	–	–
Acquisition of subsidiary	–	–	–
Partial disposal of group operations	–	–	–
Issue of equity by subsidiaries	–	–	–
Transfer from retained income to non-controlling interests	–	–	–
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	–	–	–
<b>At 1 April 2019</b>	<b>1</b>	<b>13 576</b>	<b>(1 881)</b>
<b>Movement in reserves 1 April 2019 – 31 March 2020</b>			
Profit after taxation	–	–	–
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	–	–	–
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>
Net equity movements in interests in associated undertakings	–	–	–
Movement of treasury shares	–	–	(1 460)
Share-based payments adjustments	–	–	–
Employee benefit liability recognised	–	–	–
Transfer from share-based payments reserve to treasury shares	–	–	349
Transfer from regulatory general risk reserves	–	–	–
Disposal of group operations	–	–	–
Movement in non-controlling interests due to share issues in subsidiary	–	–	–
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 on demerger	–	(4 280)	–
<b>At 31 March 2020</b>	<b>1</b>	<b>9 296</b>	<b>(2 992)</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(continued)

Other reserves							Shareholders' equity excluding non-controlling interests	Other Additional Tier 1 securities in issue	Non-controlling interests	Total equity
Capital reserve account	Fair value reserve	Regulatory general risk reserve	Cash flow hedge reserve	Own credit risk reserve	Foreign currency reserve	Retained income				
<b>61</b>	<b>380</b>	<b>627</b>	<b>(993)</b>	<b>24</b>	<b>1 086</b>	<b>25 994</b>	<b>38 448</b>	<b>900</b>	<b>11 037</b>	<b>50 385</b>
-	-	-	-	-	-	6 173	6 173	-	1 225	7 398
-	-	-	62	-	-	-	62	-	-	62
-	(201)	-	-	-	-	-	(201)	-	-	(201)
-	(89)	-	-	-	-	-	(89)	-	-	(89)
-	-	-	-	-	959	-	959	-	-	959
-	-	-	-	1	-	-	1	-	-	1
<b>-</b>	<b>(290)</b>	<b>-</b>	<b>62</b>	<b>1</b>	<b>959</b>	<b>6 173</b>	<b>6 905</b>	<b>-</b>	<b>1 225</b>	<b>8 130</b>
-	-	-	-	-	-	-	756	-	-	756
-	-	-	-	-	-	-	-	110	-	110
-	-	-	-	-	-	(109)	(109)	-	-	(109)
-	-	-	-	-	-	-	(1 119)	-	-	(1 119)
-	-	-	-	-	-	776	776	-	-	776
-	-	-	-	-	-	(790)	-	-	-	-
-	-	138	-	-	-	(136)	2	-	-	2
-	-	-	-	-	-	-	-	-	(2)	(2)
-	-	-	-	-	-	320	320	-	39	359
-	-	-	-	-	-	-	-	-	81	81
-	-	-	-	-	-	(13)	(13)	-	13	-
-	-	-	-	-	-	(489)	(489)	105	130	(254)
-	-	-	-	-	-	-	-	(105)	(130)	(235)
-	-	-	-	-	-	(2 328)	(2 328)	-	-	(2 328)
-	-	-	-	-	-	-	-	-	(937)	(937)
<b>61</b>	<b>90</b>	<b>765</b>	<b>(931)</b>	<b>25</b>	<b>2 045</b>	<b>29 398</b>	<b>43 149</b>	<b>1 010</b>	<b>11 456</b>	<b>55 615</b>
-	-	-	-	-	-	9 710	9 710	-	1 468	11 178
-	-	-	(619)	-	-	-	(619)	-	-	(619)
-	(1 888)	-	-	-	-	-	(1 888)	-	-	(1 888)
-	(79)	-	-	-	-	-	(79)	-	-	(79)
-	138	-	-	-	-	-	138	-	-	138
-	-	-	-	-	1 370	-	1 370	-	-	1 370
-	-	-	-	1	-	-	1	-	-	1
<b>-</b>	<b>(1 829)</b>	<b>-</b>	<b>(619)</b>	<b>1</b>	<b>1 370</b>	<b>9 710</b>	<b>8 633</b>	<b>-</b>	<b>1 468</b>	<b>10 101</b>
-	-	-	-	-	-	(44)	(44)	-	-	(44)
-	-	-	-	-	-	-	(1 460)	-	-	(1 460)
-	-	-	-	-	-	592	592	-	-	592
-	-	-	-	-	-	(156)	(156)	-	-	(156)
-	-	-	-	-	-	(349)	-	-	-	-
-	-	(75)	-	-	-	75	-	-	-	-
-	-	-	-	-	-	-	-	-	(221)	(221)
-	-	-	-	-	-	(91)	(91)	-	960	869
-	-	-	-	-	-	(502)	(502)	117	131	(254)
-	-	-	-	-	-	-	-	(117)	(131)	(248)
-	-	-	-	-	-	(2 755)	(2 755)	-	-	(2 755)
-	-	-	-	-	-	-	-	-	(1 084)	(1 084)
-	-	-	-	-	-	-	(4 280)	-	-	(4 280)
<b>61</b>	<b>(1 739)</b>	<b>690</b>	<b>(1 550)</b>	<b>26</b>	<b>3 415</b>	<b>35 878</b>	<b>43 086</b>	<b>1 010</b>	<b>12 579</b>	<b>56 675</b>

## CONSOLIDATED SEGMENTAL ANALYSIS

(continued)

For the year to 31 March R'million	Wealth & Investment	Specialist Banking	Group costs	Total
<b>Group</b>				
<b>2020</b>				
<b>Segmental business analysis - income statement</b>				
Net interest income	72	8 483	–	8 555
Net fee and commission income	1 582	4 233	–	5 815
Investment income	(3)	515	–	512
Share of post taxation profit of associates	–	311	–	311
Trading income arising from				
– customer flow	(3)	200	–	197
– balance sheet management and other trading activities	(1)	545	–	544
Other operating income	–	5	–	5
<b>Total operating income before expected credit losses</b>	<b>1 647</b>	<b>14 292</b>	<b>–</b>	<b>15 939</b>
Expected credit loss impairment charges	–	(1 109)	–	(1 109)
<b>Operating income</b>	<b>1 647</b>	<b>13 183</b>	<b>–</b>	<b>14 830</b>
Operating costs	(1 146)	(6 826)	(335)	(8 307)
<b>Operating profit before goodwill, acquired intangibles and non-controlling interests</b>	<b>501</b>	<b>6 357</b>	<b>(335)</b>	<b>6 523</b>
Profit attributable to non-controlling interests	–	(1 258)	–	(1 258)
<b>Profit before goodwill, acquired intangibles, taxation and after non-controlling interests from continuing operations</b>	<b>501</b>	<b>5 099</b>	<b>(335)</b>	<b>5 265</b>
Profit before goodwill, acquired intangibles, taxation and after non-controlling interests from discontinued operations				1 270
<b>Profit before goodwill, acquired intangibles, taxation and after non-controlling interests</b>	<b>501</b>	<b>5 099</b>	<b>(335)</b>	<b>6 535</b>
Cost to income ratio	69.6%	52.4%	n/a	56.6%
Total assets (R'million)	7 424	567 963	–	575 387



## CONSOLIDATED SEGMENTAL ANALYSIS

(continued)

For the year to 31 March R'million	Wealth & Investment	Specialist Banking	Group costs	Total
<b>Group</b>				
<b>2019*</b>				
<b>Segmental business analysis - income statement</b>				
Net interest income	91	7 687	–	7 778
Net fee and commission income	1 427	4 087	–	5 514
Investment income	5	235	–	240
Share of post taxation profit of associates and joint venture holdings	–	1 163	–	1 163
Trading income arising from				
– customer flow	1	612	–	613
– balance sheet management and other trading activities	1	419	–	420
Other operating income	–	11	–	11
<b>Total operating income before expected credit losses</b>	<b>1 525</b>	<b>14 214</b>	<b>–</b>	<b>15 739</b>
Expected credit loss impairment charges	–	(761)	–	(761)
<b>Operating income</b>	<b>1 525</b>	<b>13 453</b>	<b>–</b>	<b>14 978</b>
Operating costs	(1 052)	(6 817)	(267)	(8 136)
<b>Operating profit before goodwill, acquired intangibles and non-controlling interests</b>	<b>473</b>	<b>6 636</b>	<b>(267)</b>	<b>6 842</b>
Profit attributable to non-controlling interests	–	(1 049)	–	(1 049)
<b>Profit before goodwill, acquired intangibles, taxation and after non-controlling interests from continuing operations</b>	<b>473</b>	<b>5 587</b>	<b>(267)</b>	<b>5 793</b>
Profit before goodwill, acquired intangibles, taxation and after non-controlling interests from discontinued operations				1 119
<b>Profit before goodwill, acquired intangibles, taxation and after non-controlling interests</b>	<b>473</b>	<b>5 587</b>	<b>(267)</b>	<b>6 912</b>
Cost to income ratio	69.0%	51.8%	n/a	55.4%
Total assets (R'million)	9 577	495 787	–	505 364

\* The year to 31 March 2019 has been re-presented to reflect the discontinued operations.

Net assets by class of business is not disclosed as the directors do not view it to be meaningful to provide the information by class of business since the economic capital of certain significant businesses of the group is not held in, or allocated to, these businesses, but is centrally held. No geographical analysis has been presented as the group only operates in one geographical segment, namely Southern Africa.

## ADDITIONAL INCOME STATEMENT NOTE DISCLOSURES

(continued)

### Net interest income

This note analyses net interest income from the group's continuing operations.

		2020		2019	
For the year to 31 March R'million	Notes	Balance sheet value	Interest income	Balance sheet value	Interest income
Cash, near cash and bank debt and sovereign debt securities	1	176 455	7 961	139 348	7 614
Loans and advances	2	288 878	26 645	271 204	24 542
Private Client		196 039	18 538	173 299	16 985
Corporate, institutional and other clients		92 839	8 107	97 905	7 557
Other debt securities and other loans and advances		17 579	812	13 909	883
Other interest-earning assets	3	497	531	2 915	968
<b>Total interest-earning assets</b>		<b>483 409</b>	<b>35 949</b>	<b>427 376</b>	<b>34 007</b>

		2020		2019	
For the year to 31 March R'million	Notes	Balance sheet value	Interest expense	Balance sheet value	Interest expense
Deposits by banks and other debt related securities	4	81 093	(2 511)	59 297	(2 530)
Customer accounts (deposits)		375 456	(23 337)	341 578	(22 035)
Other interest-bearing liabilities	5	1 699	(356)	1 720	(429)
Subordinated liabilities		14 383	(1 171)	15 857	(1 235)
Lease liabilities <sup>^</sup>		228	(19)	–	–
<b>Total interest-bearing liabilities</b>		<b>472 859</b>	<b>(27 394)</b>	<b>418 452</b>	<b>(26 229)</b>
<b>Net interest income</b>			<b>8 555</b>		<b>7 778</b>
<b>Net interest margin</b>			<b>1.88%*</b>		<b>1.88%*</b>

1 Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; bank debt securities.

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

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

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

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

\* Impacted by debt funding issued by the Investec Property Fund in which the group has a 24.3% (2019: 26.6%) interest. Excluding this debt funding cost, the net interest margin amounted to 2.00% (2019: 2.02%)

<sup>^</sup> The group adopted IFRS 16 from 1 April 2019. The impact has been to recognise interest expense on the unwind of lease liabilities. The prior period comparatives have not been restated.

## ADDITIONAL INCOME STATEMENT NOTE DISCLOSURES

(continued)

### Net fee and commission income

This note analyses net fee and commission income from the group's continuing operations.

For the year to 31 March R'million	2020	2019
<b>Wealth management businesses net fee and commission income</b>	<b>1 582</b>	<b>1 427</b>
Fund management fees/fees for assets under management	845	803
Private client transactional fees	773	661
Fee and commission expense	(36)	(37)
<b>Specialist Banking net fee and commission income</b>	<b>4 233</b>	<b>4 087</b>
Corporate and institutional transactional and advisory services*	3 410	3 470
Private client transactional fees	1 432	1 121
Fee and commission expense	(609)	(504)
<b>Net fee and commission income</b>	<b>5 815</b>	<b>5 514</b>
Annuity fees (net of fees payable)	4 930	4 573
Deal fees	885	941

Trust and fiduciary fees amounted to R4.4 million (2019: R4.5 million) and is included in private client transactional fees in the group

\* Included in Specialist Banking corporate and institutional and advisory services is net fee income of R1 663 million (2019: R1 717 million) for operating lease income which is out of the scope of IFRS 15 – Revenue from contracts with customers.

### Investment income

This note analyses investment income from the group's continuing operations.

For the year to 31 March R'million	Listed equities	Unlisted equities	Fair value loan invest- ments	Warrants and profit shares	Invest- ment portfolio	Debt securities (sovereign, bank and other)	Investment and trading properties	Other	Total
The following table analyses investment income generated by the asset portfolio shown on the balance sheet									
<b>2020</b>									
Realised	27	112	–	162	301	110	(6)	–	405
Unrealised <sup>^</sup>	(128)	(205)	1 127	1	795	111	(879)	(240)	(213)
Dividend income	186	232	–	–	418	–	–	–	418
Funding and other net related costs	–	(36)	–	–	(36)	–	(62)	–	(98)
	<b>85</b>	<b>103</b>	<b>1 127</b>	<b>163</b>	<b>1 478</b>	<b>221</b>	<b>(947)</b>	<b>(240)</b>	<b>512</b>
<b>2019</b>									
Realised	399	327	–	221	947	129	574	13	1 663
Unrealised <sup>^</sup>	(345)	(1 116)	116	(18)	(1 363)	51	(617)	(101)	(2 030)
Dividend income	188	492	–	–	680	–	–	3	683
Funding and other net related costs	–	(40)	–	–	(40)	–	–	(36)	(76)
	<b>242</b>	<b>(337)</b>	<b>116</b>	<b>203</b>	<b>224</b>	<b>180</b>	<b>(43)</b>	<b>(121)</b>	<b>240</b>

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

## ADDITIONAL IAS 34 DISCLOSURES

(continued)

### Headline earnings

For the year to 31 March R'million	2020	2019
<b>Continuing operations</b>		
Continuing earnings attributable to shareholders	3 246	5 424
Dividends paid to perpetual preference shareholders and other Additional Tier 1 security holders	(502)	(489)
<b>Continuing earnings attributable to ordinary shareholders</b>	<b>2 744</b>	<b>4 935</b>
Headline adjustments	1 190	20
Revaluation of investment properties*	243	17
Fair value adjustment on investment property in associate	7	–
Impairment of goodwill	3	3
Impairment of associates and joint venture holdings	937	–
<b>Continuing headline earnings attributable to ordinary shareholders</b>	<b>3 934</b>	<b>4 955</b>
<b>Discontinued operations</b>		
Discontinued earnings attributable to ordinary shareholders	6 464	749
Financial impact of group restructures	(6 089)	–
<b>Discontinued headline earnings attributable to ordinary shareholders</b>	<b>375</b>	<b>749</b>
Earnings attributable to shareholders	9 710	6 173
Dividends paid to perpetual preference shareholders and other Additional Tier 1 security holders	(502)	(489)
<b>Earnings attributable to ordinary shareholders</b>	<b>9 208</b>	<b>5 684</b>
Headline adjustments	(4 899)	20
Revaluation of investment properties*	243	17
Fair value adjustment on investment property in associate	7	–
Financial impact of group restructures	(6 089)	–
Impairment of goodwill	3	3
Impairment of associates and joint venture holdings	937	–
<b>Headline earnings attributable to ordinary shareholders</b>	<b>4 309</b>	<b>5 704</b>

\*These amounts are net of taxation of R52.6 million (2019: Rnil), with a (R339.8 million) [2019: (R26 million)] impact on earnings attributable to non-controlling interests.

## ADDITIONAL IAS 34 DISCLOSURES

### Analysis of income and impairments by category of financial instrument

At 31 March 2020 R'million	Total instruments at fair value	Amortised cost	Non- financial instruments or scoped out of IFRS 9	Total
<b>Assets</b>				
Cash and balances at central banks	–	36 656	–	36 656
Loans and advances to banks	–	19 536	–	19 536
Non-sovereign and non-bank cash placements	545	13 469	–	14 014
Reverse repurchase agreements and cash collateral on securities borrowed	18 249	11 377	–	29 626
Sovereign debt securities	60 021	4 337	–	64 358
Bank debt securities	7 381	4 884	–	12 265
Other debt securities	10 373	6 964	–	17 337
Derivative financial instruments	17 431	–	–	17 431
Securities arising from trading activities	10 366	–	–	10 366
Investment portfolio	16 564	–	–	16 564
Loans and advances to customers	23 086	258 600	–	281 686
Own originated loans and advances to customers securitised	–	7 192	–	7 192
Other loans and advances	–	242	–	242
Other securitised assets	–	497	–	497
Interests in associated undertakings	–	–	6 924	6 924
Deferred taxation assets	–	–	2 996	2 996
Other assets	2 056	6 521	4 268	12 845
Property and equipment	–	–	3 093	3 093
Investment properties	–	–	19 137	19 137
Goodwill	–	–	219	219
Intangible assets	–	–	318	318
Non-current assets held for sale	–	–	1 305	1 305
	<b>166 072</b>	<b>370 275</b>	<b>38 260</b>	<b>574 607</b>
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	780	–	–	780
	<b>166 852</b>	<b>370 275</b>	<b>38 260</b>	<b>575 387</b>
<b>Liabilities</b>				
Deposits by banks	–	46 833	–	46 833
Derivative financial instruments	22 469	–	–	22 469
Other trading liabilities	8 660	–	–	8 660
Repurchase agreements and cash collateral on securities lent	3 175	23 451	–	26 626
Customer accounts (deposits)	44 601	330 855	–	375 456
Debt securities in issue	–	7 634	–	7 634
Liabilities arising on securitisation of own originated loans and advances	–	1 699	–	1 699
Current taxation liabilities	–	–	541	541
Deferred taxation liabilities	–	–	517	517
Other liabilities	937	7 447	4 730	13 114
	<b>79 842</b>	<b>417 919</b>	<b>5 788</b>	<b>503 549</b>
Liabilities to customers under investment contracts	727	–	–	727
Insurance liabilities, including unit-linked liabilities	53	–	–	53
	<b>80 622</b>	<b>417 919</b>	<b>5 788</b>	<b>504 329</b>
Subordinated liabilities	–	14 383	–	14 383
	<b>80 622</b>	<b>432 302</b>	<b>5 788</b>	<b>518 712</b>

## ADDITIONAL IAS 34 DISCLOSURES

(continued)

### Financial instruments at fair value

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

The different levels are identified as follows:

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

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

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

At 31 March 2020 R'million	Total instruments at fair value	Fair value category		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Non-sovereign and non-bank cash placements	545	–	545	–
Reverse repurchase agreements and cash collateral on securities borrowed	18 249	–	18 249	–
Sovereign debt securities	60 021	60 021	–	–
Bank debt securities	7 381	5 543	1 838	–
Other debt securities	10 373	5 869	4 504	–
Derivative financial instruments	17 431	80	17 351	–
Securities arising from trading activities	10 366	10 299	67	–
Investment portfolio	16 564	5 309	87	11 168
Loans and advances to customers	23 086	–	22 326	760
Other assets	2 056	2 056	–	–
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	780	780	–	–
	<b>166 852</b>	<b>89 957</b>	<b>64 967</b>	<b>11 928</b>
<b>Liabilities</b>				
Derivative financial instruments	22 469	–	22 469	–
Other trading liabilities	8 660	4 189	4 471	–
Repurchase agreements and cash collateral on securities lent	3 175	–	3 175	–
Customer accounts (deposits)	44 601	–	44 601	–
Other liabilities	937	–	924	13
Liabilities to customers under investment contracts	727	–	727	–
Insurance liabilities, including unit-linked liabilities	53	–	53	–
	<b>80 622</b>	<b>4 189</b>	<b>76 420</b>	<b>13</b>
<b>Net financial assets/(liabilities) at fair value</b>	<b>86 230</b>	<b>85 768</b>	<b>(11 453)</b>	<b>11 915</b>

### Transfers between level 1 and level 2

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

## ADDITIONAL IAS 34 DISCLOSURES

(continued)

### Level 3 instruments

The following table shows 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.

R'million	Investment portfolio	Loans and advances to customers	Other level 3 assets	Total
<b>Assets</b>				
<b>Balance at 1 April 2019</b>	6 702	760	115	7 577
Net gains or losses in the income statement	270	(4)	–	266
Purchases	6 097	6	–	6 103
Sales	(2 741)	–	–	(2 741)
Settlements	(389)	(2)	(115)	(506)
Transfers into level 3	246	–	–	246
Foreign exchange adjustments	983	–	–	983
<b>Balance at 31 March 2020</b>	<b>11 168</b>	<b>760</b>	<b>–</b>	<b>11 928</b>

R'million	Other liabilities	Total
<b>Liabilities</b>		
<b>Balance at 1 April 2019</b>	68	68
Purchases	11	11
Settlements	(70)	(70)
Foreign exchange adjustments	4	4
<b>Balance at 31 March 2020</b>	<b>13</b>	<b>13</b>

For the year ended 31 March 2020 R246.2 million of instruments transferred from level 2 into level 3 due to delisting.

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

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

For the year to 31 March 2020 R'million	Total	Realised	Unrealised
<b>Total gains or (losses) included in the income statement for the year</b>			
Investment income	86	55	31
Trading loss arising from balance sheet management and other trading activities	180	–	180
	<b>266</b>	<b>55</b>	<b>211</b>

## ADDITIONAL IAS 34 DISCLOSURES

(continued)

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

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

At 31 March 2020	Level 3 balance sheet value R'million	Valuation method	Significant unobservable input changed	Range which unobservable input has been changed	Potential impact on the income statement	
					Favourable changes R'million	Unfavourable changes R'million
<b>Assets</b>						
Investment portfolio	11 168				1 074	(1 186)
		Price earnings	EBITDA	*	563	(560)
		Discounted cash flow	Discount rate	(0.1%)/1.9%	21	(86)
		Discounted cash flow	Cash flows	*	59	(39)
		Discounted cash flow	Property values	(10%)/10%	328	(328)
		Discounted cash flow	Precious and industrial metal prices	(6%)/6%	16	(27)
		Net asset value	Underlying asset value	^	24	(67)
		Other	Various	**	63	(79)
					49	(77)
Loans and advances to customers	760	Discounted cash flow	Property values	(5%)/5%	1	(1)
		Discounted cash flow	Cash flows	*	42	(70)
		Net asset value	Underlying asset value	^	6	(6)
<b>Total level 3 assets</b>	<b>11 928</b>				<b>1 123</b>	<b>(1 263)</b>
<b>Liabilities</b>						
Other liabilities	13	Discounted cash flow	Property values	(10%)/10%	1	(1)
<b>Total level 3 liabilities</b>	<b>13</b>				<b>1</b>	<b>(1)</b>
<b>Net level 3 assets</b>	<b>11 915</b>				<b>1 124</b>	<b>(1 264)</b>

\* The EBITDA and cash flows has been stressed on an investment-by-investment basis in order to obtain favourable and unfavourable valuations.

^ Net asset values are calculated by reference to the fair value of the assets and liabilities within the entity.

\*\* The valuation sensitivity for the certain equity investments 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 investments cannot be determined through the adjustment of a single input.

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

#### Price-earnings multiple

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

#### EBITDA

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

#### 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.

#### Cash flows

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

#### 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.

#### Price of property and precious and industrial metals

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



## ADDITIONAL IAS 34 DISCLOSURES

(continued)

### Measurement of 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
<b>Assets</b>		
Non-sovereign and non-bank cash placements	Discounted cash flow model	Yield curve
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flow model	Yield curve
Bank debt securities	Discounted cash flow model	Yield curve
Other debt securities	Discounted cash flow model	Yield curve
Derivative financial instruments	Discounted cash flow model Black-Scholes	Yield curve Volatilities
Securities arising from trading activities	Discounted cash flow model	Yield curve
Investment portfolio	Adjusted quoted price	Liquidity adjustment
Loans and advances to customers	Discounted cash flow model	Yield curve
<b>Liabilities</b>		
Derivative financial instruments	Discounted cash flow model Black-Scholes	Yield curve Volatilities
Other trading liabilities	Discounted cash flow model	Yield curve
Repurchase agreements and cash collateral on securities lent	Discounted cash flow model	Yield curve
Customer accounts (deposits)	Discounted cash flow model	Yield curve
Other liabilities	Discounted cash flow model	Yield curve
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

### Fair value of financial instruments at amortised cost

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 31 March 2020 R'million	Carrying amount	Fair value
<b>Assets</b>		
Reverse repurchase agreements and cash collateral on securities borrowed	11 377	11 374
Sovereign debt securities	4 337	5 077
Bank debt securities	4 884	4 783
Other debt securities	6 964	6 264
Loans and advances to customers	258 600	258 632
<b>Liabilities</b>		
Deposits by banks	46 833	47 324
Repurchase agreements and cash collateral on securities lent	23 451	23 281
Customer accounts (deposits)	330 855	331 435
Debt securities in issue	7 634	7 669
Subordinated liabilities	14 383	15 801

## ADDITIONAL IAS 34 DISCLOSURES

(continued)

### Changes in accounting policies

#### *Implementation of IFRS 16*

On 1 April 2019 the group adopted IFRS 16 Leases which replaced IAS 17 Leases. The group's accounting as a lessor under IFRS 16 is substantially unchanged from its approach under IAS 17, apart from certain subleases which are now classified as finance lease receivables. For lessees, IFRS 16 removes the distinction between finance and operating leases and introduces a single lease accounting model that will with some limited exemptions, apply to all leases and result in bringing them on balance sheet.

As a lessee, the group now recognises a lease liability measured at the present value of remaining lease payments and a right of use (ROU) asset measured at the amount of the initial measurement of the lease liability, plus any lease payments made prior to commencement date, initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received. The lease payments are discounted using the group's incremental borrowing rate. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment.

The lease liability will increase for the accrual of interest, and will result in a constant rate of return throughout the life of the lease, and reduce when lease payments are made. The right of use asset is being depreciated in the income statement over the life of the lease.

As permitted by the standard the group applied IFRS 16 on a modified retrospective basis without restating prior years.

The group elected to take advantage of the following transition options on transition at 1 April 2019:

- applied IFRS 16 to contracts previously identified as leases by IAS 17
- calculated the right of use asset equal to the lease liability, adjusted for prepaid or accrued payments
- used the incremental borrowing rate as the discount rate
- not applied IFRS 16 to operating leases with a remaining lease term of less than 12 months
- relied on the assessment of whether the lease contract is onerous under IAS 37 at 31 March 2019 as an alternative to performing an impairment review of the right use of assets created on 1 April 2019.

The impact on adoption was the recognition of ROU assets of R197 million and lease liabilities of R239 million, with no impact on retained income. An existing accrual of R42 million was adjusted against the ROU assets.

### Events after the reporting date

The significant judgements and estimates applied to prepare the financial statements as at 31 March 2020 reflected the impact of COVID-19 and the resulting lockdown as at the reporting date.

These judgments, 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 the lockdown 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 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 reporting date, extensions to lockdown periods have been announced and there has been further deterioration in certain macro-economic forecasts. In South Africa various government and social programmes were launched, aimed at reducing the impact of COVID-19 and to stimulate the economy.

Some of the markets in which we operate are showing signs of recovery with less new COVID-19 cases being reported, lockdown rules beginning to ease and economic activity starting to increase slightly. The Group believes that the significant judgements and estimates made at the reporting date incorporated the impact of COVID-19 and that the level of uncertainty relating to the deterioration in macro-economic forecasts and the positive impact of government assistance is currently too uncertain to be able to quantify a subsequent impact. However, should the COVID-19 crisis cause disruption to global economic activity for an extended period than forecasted this could put upward pressure on our ECLs and downward pressure on other valuations.

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

## DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE

(continued)

### Asset Management business

On 14 September 2018, the Boards of Investec plc and Investec Limited announced that the long term interests of Investec shareholders, clients, employees and other stakeholders would be best served by separating and listing the global Asset Management business ("Ninety One").

This is expected to enhance returns for shareholders through greater focus, simplicity and disciplined growth.

The Investec shareholder meetings to approve the proposals were held on 10 February 2020. The proposals were approved by the relevant Investec shareholders at the General Meeting and the Court Meeting and by the court.

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 demerger was implemented by way of a distribution of Ninety One Limited shares to Investec Limited's shareholders.

<b>Gain on loss of control of Ninety One</b>	<b>R'million</b>
The gain is calculated as follows:	
Fair value of the distribution on demerger	4 281
Investment in Ninety One (including holdings by Investec staff share schemes)	2 872
Net asset value of Ninety One derecognised previously consolidated at 13 March 2020	(985)
Non-controlling interest derecognised previously included in the consolidation of Ninety One at 13 March 2020	221
Foreign currency translation reserve recycled at 13 March 2020	(3)
<b>Gain on the distribution of Ninety One shares (before tax)</b>	<b>6 386</b>
Taxation on gain	(297)
<b>Gain on the distribution of Ninety One shares (after tax)</b>	<b>6 089</b>
<b>Major classes of assets and liabilities</b>	
Insurance related assets	161 113
Loans and advances to banks	1 200
Remaining assets	1 115
Remaining liabilities	(162 443)
	<b>985</b>

## DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE

(continued)

The tables below present the income statement from discontinued operations for the year ended 31 March 2020 and 31 March 2019.

### Combined consolidated income statement of discontinued operations

For the year ended 31 March R'million	2020	2019
Net interest income	74	92
Fee and commission income	3 631	3 291
Fee and commission expense	(95)	(65)
Investment income	–	–
Share of post taxation profit of associates and joint venture holdings	–	–
Trading income/(loss) arising from		
– customer flow	–	–
– balance sheet management and other trading activities	(2)	(1)
Other operating income	14	30
<b>Total operating income before expected credit loss impairment charges</b>	<b>3 622</b>	<b>3 347</b>
Expected credit loss impairment charges	–	–
<b>Operating income</b>	<b>3 622</b>	<b>3 347</b>
Operating costs	(2 142)	(2 052)
<b>Operating profit before goodwill, acquired intangibles, strategic actions and non-controlling interests</b>	<b>1 480</b>	<b>1 295</b>
Profit attributable to non-controlling interests from discontinued operation	(210)	(176)
<b>Operating profit before goodwill, acquired intangibles and strategic actions</b>	<b>1 270</b>	<b>1 119</b>
Impairment of goodwill	–	–
Amortisation of acquired intangibles	–	–
<b>Operating profit</b>	<b>1 270</b>	<b>1 119</b>
Financial impact of group restructures	5 899	(13)
<b>Profit before taxation</b>	<b>7 169</b>	<b>1 106</b>
Taxation on operating profit before goodwill, acquired intangibles and strategic actions and acquired intangibles	(395)	(361)
Taxation on acquired intangibles and financial impact of group restructures	(310)	4
<b>Earnings attributable to shareholders from discontinued operations</b>	<b>6 464</b>	<b>749</b>

## RISK MANAGEMENT

(continued)

### An analysis of gross core loans and advances, asset quality and ECL

#### Composition of core loans and advances

R'million	31 March 2020	31 March 2019
Loans and advances to customers per the balance sheet	281 686	263 537
Add: own originated loans and advances to customers per the balance sheet	7 192	7 667
<b>Net core loans and advances</b>	<b>288 878</b>	<b>271 204</b>
<i>of which subject to ECL*</i>	286 494	269 158
Net core loans and advances at amortised cost	265 792	255 102
Net fixed rate loans designated at FVPL (on which ECL is calculated for management purposes) <sup>^</sup>	20 702	14 056
<i>of which FVPL (excluding fixed rate loans above)</i>	2 384	2 046
Add: ECL	3 360	2 701
<b>Gross core loans and advances</b>	<b>292 238</b>	<b>273 905</b>
<i>of which subject to ECL*</i>	289 854	271 859
<i>of which FVPL (excluding fixed rate loans above)</i>	2 384	2 046

<sup>^</sup> 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 and advances measured at amortised cost. The drawn exposure (R21 billion) falls predominantly into Stage 1 (consistent throughout the period) (31 March 2019: R14 billion). The ECL on the portfolio is R67 million (31 March 2019: R29 million).

\* Includes portfolios for which ECL is not required for IFRS purposes but for which management evaluates on this basis.

#### An analysis of gross core loans and advances subject to ECL by stage

R'million	31 March 2020	31 March 2019
<b>Gross core loans and advances subject to ECL</b>	<b>289 854</b>	<b>271 859</b>
Stage 1	270 105	257 297
Stage 2	15 289	10 768
<i>of which past due greater than 30 days</i>	1 297	354
Stage 3	4 460	3 794
<b>Gross core loans and advances subject to ECL (%)</b>		
Stage 1	93.2%	94.6%
Stage 2	5.3%	4.0%
Stage 3	1.5%	1.4%

## RISK MANAGEMENT

(continued)

### *An analysis of ECL impairments on gross core loans and advances subject to ECL*

R'million	31 March 2020	31 March 2019
ECL impairment charges on core loans and advances	(1 021)	(738)
Average gross core loans and advances subject to ECL	280 856	263 109
<b>Credit loss ratio</b>	<b>0.36%</b>	<b>0.28%</b>

R'million	31 March 2020	31 March 2019
<b>ECL</b>	<b>(3 360)</b>	<b>(2 701)</b>
Stage 1	(1 057)	(538)
Stage 2	(423)	(441)
Stage 3	(1 880)	(1 722)
<b>ECL coverage ratio (%)</b>		
Stage 1	0.4%	0.2%
Stage 2	2.8%	4.1%
Stage 3	42.2%	45.4%

### *A further analysis of Stage 3 gross core loans and advances subject to ECL*

R'million	31 March 2020	31 March 2019
Stage 3 net of ECL	2 580	2 072
Aggregate collateral and other credit enhancements on Stage 3	2 696	3 055
Stage 3 net of ECL and collateral	–	–
Stage 3 as a % of gross core loans and advances subject to ECL	1.5%	1.4%
Total ECL as a % of Stage 3 exposure	75.3%	71.2%
Stage 3 net of ECL as a % of net core loans and advances subject to ECL	0.9%	0.8%

## RISK MANAGEMENT

(continued)

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

	Gross core loans and advances at amortised cost and FVPL (subject to ECL)						Gross core loans and advances at FVPL (not subject to ECL)	Gross core loans and advances			
	Stage 1		Stage 2		Stage 3		Total				
R'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL			
<b>At 31 March 2020</b>											
<b>Commercial real estate</b>	<b>43 464</b>	<b>(305)</b>	<b>1 315</b>	<b>(4)</b>	<b>543</b>	<b>(100)</b>	<b>45 322</b>	<b>(409)</b>		<b>–</b>	<b>45 322</b>
Commercial real estate – investment	38 249	(280)	1 305	(4)	542	(99)	40 096	(383)		–	40 096
Commercial real estate – development	4 369	(21)	–	–	–	–	4 369	(21)		–	4 369
Commercial vacant land and planning	846	(4)	10	–	1	(1)	857	(5)		–	857
<b>Residential real estate</b>	<b>3 974</b>	<b>(33)</b>	<b>51</b>	<b>(2)</b>	<b>20</b>	<b>(10)</b>	<b>4 045</b>	<b>(45)</b>		<b>–</b>	<b>4 045</b>
Residential real estate – investment	–	–	–	–	–	–	–	–		–	–
Residential real estate – development	3 353	(24)	31	–	–	–	3 384	(24)		–	3 384
Residential vacant land and planning	621	(9)	20	(2)	20	(10)	661	(21)		–	661
<b>Total lending collateralised by property</b>	<b>47 438</b>	<b>(338)</b>	<b>1 366</b>	<b>(6)</b>	<b>563</b>	<b>(110)</b>	<b>49 367</b>	<b>(454)</b>		<b>–</b>	<b>49 367</b>
<b>Coverage ratio</b>	<b>0.71%</b>		<b>0.44%</b>		<b>19.54%</b>		<b>0.92%</b>				
<b>At 31 March 2019</b>											
<b>Commercial real estate</b>	<b>39 682</b>	<b>(63)</b>	<b>2 423</b>	<b>(25)</b>	<b>1 116</b>	<b>(351)</b>	<b>43 221</b>	<b>(439)</b>		<b>94</b>	<b>43 315</b>
Commercial real estate – investment	35 494	(49)	1 132	(17)	1 021	(256)	37 647	(322)		94	37 741
Commercial real estate – development	3 604	(11)	1 288	(8)	–	–	4 892	(19)		–	4 892
Commercial vacant land and planning	584	(3)	3	–	95	(95)	682	(98)		–	682
<b>Residential real estate</b>	<b>2 859</b>	<b>(44)</b>	<b>531</b>	<b>(11)</b>	<b>260</b>	<b>(150)</b>	<b>3 650</b>	<b>(205)</b>		<b>–</b>	<b>3 650</b>
Residential real estate – investment	–	–	–	–	–	–	–	–		–	–
Residential real estate – development	2 266	(20)	482	(9)	208	(105)	2 956	(134)		–	2 956
Residential vacant land and planning	593	(24)	49	(2)	52	(45)	694	(71)		–	694
<b>Total lending collateralised by property</b>	<b>42 541</b>	<b>(107)</b>	<b>2 954</b>	<b>(36)</b>	<b>1 376</b>	<b>(501)</b>	<b>46 871</b>	<b>(644)</b>		<b>94</b>	<b>46 965</b>
<b>Coverage ratio</b>	<b>0.25%</b>		<b>1.22%</b>		<b>36.41%</b>		<b>1.37%</b>				

## RISK MANAGEMENT

(continued)

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

	Gross core loans and advances at amortised cost and FVPL (subject to ECL)						Gross core loans and advances at FVPL (not subject to ECL)	Gross core loans and advances		
	Stage 1		Stage 2		Stage 3		Total			
R'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
<b>At 31 March 2020</b>										
Mortgages	76 473	(93)	2 454	(56)	1 204	(290)	80 131	(439)	–	80 131
High net worth and specialised lending	65 682	(261)	2 061	(126)	499	(421)	68 242	(808)	–	68 242
<b>Total high net worth and other private client lending</b>	<b>142 155</b>	<b>(354)</b>	<b>4 515</b>	<b>(182)</b>	<b>1 703</b>	<b>(711)</b>	<b>148 373</b>	<b>(1 247)</b>	<b>–</b>	<b>148 373</b>
<b>Coverage ratio</b>	<b>0.25%</b>		<b>4.03%</b>		<b>41.75%</b>		<b>0.84%</b>			
<b>At 31 March 2019</b>										
Mortgages	70 282	(86)	2 333	(61)	1 098	(245)	73 713	(392)	–	73 713
High net worth and specialised lending	64 693	(134)	671	(23)	540	(456)	65 904	(613)	–	65 904
<b>Total high net worth and other private client lending</b>	<b>134 975</b>	<b>(220)</b>	<b>3 004</b>	<b>(84)</b>	<b>1 638</b>	<b>(701)</b>	<b>139 617</b>	<b>(1 005)</b>	<b>–</b>	<b>139 617</b>
<b>Coverage ratio</b>	<b>0.16%</b>		<b>2.8%</b>		<b>42.8%</b>		<b>0.72%</b>			



# RISK MANAGEMENT

(continued)

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

	Gross core loans and advances at amortised cost and FVPL (subject to ECL)						Gross core loans and advances at FVPL (not subject to ECL)	Gross core loans and advances		
	Stage 1	Stage 2	Stage 3	Total						
R'million	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL		
<b>At 31 March 2020</b>										
Acquisition finance	11 110	(36)	823	(32)	82	(19)	12 015	(87)	–	12 015
Asset-based lending	6 122	(44)	803	(28)	1 136	(951)	8 061	(1 023)	–	8 061
Fund finance	8 408	(26)	–	–	–	–	8 408	(26)	–	8 408
Other corporate and financial institutions and governments	46 115	(239)	6 160	(164)	648	(89)	52 923	(492)	2 384	55 307
Asset finance	3 288	(6)	42	–	328	–	3 658	(6)	–	3 658
Small ticket asset finance	1 953	(2)	42	–	–	–	1 995	(2)	–	1 995
Large ticket asset finance	1 335	(4)	–	–	328	–	1 663	(4)	–	1 663
Power and infrastructure finance	5 430	(14)	1 481	(11)	–	–	6 911	(25)	–	6 911
Resource finance	39	–	99	–	–	–	138	–	–	138
<b>Total corporate and other lending</b>	<b>80 512</b>	<b>(365)</b>	<b>9 408</b>	<b>(235)</b>	<b>2 194</b>	<b>(1 059)</b>	<b>92 114</b>	<b>(1 659)</b>	<b>2 384</b>	<b>94 498</b>
<b>Coverage ratio</b>	<b>0.45%</b>		<b>2.5%</b>		<b>48.27%</b>		<b>1.8%</b>			
<b>At 31 March 2019</b>										
Acquisition finance	12 889	(34)	276	(2)	29	(1)	13 194	(37)	–	13 194
Asset-based lending	5 628	(26)	53	(2)	283	(188)	5 964	(216)	–	5 964
Fund finance	5 090	(8)	–	–	–	–	5 090	(8)	–	5 090
Other corporate and financial institutions and governments	46 699	(128)	2 671	(305)	460	(331)	49 830	(764)	1 952	51 782
Asset finance	3 844	(5)	18	(1)	8	–	3 870	(6)	–	3 870
Small ticket asset finance	1 962	(1)	18	(1)	8	–	1 988	(2)	–	1 988
Large ticket asset finance	1 882	(4)	–	–	–	–	1 882	(4)	–	1 882
Power and infrastructure finance	5 076	(9)	1 792	(11)	–	–	6 868	(20)	–	6 868
Resource finance	555	(1)	–	–	–	–	555	(1)	–	555
<b>Total corporate and other lending</b>	<b>79 781</b>	<b>(211)</b>	<b>4 810</b>	<b>(321)</b>	<b>780</b>	<b>(520)</b>	<b>85 371</b>	<b>(1 052)</b>	<b>1 952</b>	<b>87 323</b>
<b>Coverage ratio</b>	<b>0.26%</b>		<b>6.67%</b>		<b>66.67%</b>		<b>1.23%</b>			

# CAPITAL ADEQUACY

(continued)

## Capital structure and capital adequacy

	FIRB	Pro forma FIRB*	Standardised
R'million	31 March 2020	31 March 2019	31 March 2019
<b>Shareholders' equity</b>	<b>39 903</b>	<b>39 966</b>	<b>39 966</b>
Shareholders' equity per balance sheet	43 086	43 149	43 149
Perpetual preference share capital and share premium	(3 183)	(3 183)	(3 183)
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
Non-controlling interests per balance sheet	11 045	9 922	9 922
Non-controlling interests excluded for regulatory purposes	(11 045)	(9 922)	(9 922)
<b>Regulatory adjustments to the accounting basis</b>	<b>1 518</b>	<b>896</b>	<b>1 120</b>
Prudential valuation adjustment	(6)	(9)	(9)
Gains or losses on liabilities at fair value resulting from changes in our credit standing	(26)	(26)	(26)
Cash flow hedging reserve	1 550	931	931
Adjustment under IFRS 9 transitional arrangement	-	-	224
<b>Deductions</b>	<b>(4 554)</b>	<b>(3 790)</b>	<b>(2 936)</b>
Goodwill and intangible assets net of deferred tax	(537)	(629)	(629)
Investment in financial entity	(1 662)	(2 221)	(2 138)
Shortfall of eligible provisions compared to expected loss	(629)	(604)	-
Investment in capital of financial entities above 10% threshold	(692)	-	-
Amount of deductions exceeding 15% threshold	(961)	(336)	(169)
Other regulatory adjustments	(73)	-	-
<b>Common equity tier 1 capital</b>	<b>36 867</b>	<b>37 072</b>	<b>38 150</b>
<b>Additional tier 1 capital</b>	<b>1 902</b>	<b>2 374</b>	<b>2 432</b>
Additional tier 1 instruments	5 727	5 727	5 727
Phase out of non-qualifying additional tier 1 instruments	(3 774)	(3 302)	(3 302)
Non-qualifying surplus capital attributable to non-controlling interest	(51)	(136)	(78)
Non-controlling interest in non-banking entities	-	85	85
<b>Tier 1 capital</b>	<b>38 769</b>	<b>39 446</b>	<b>40 582</b>
<b>Tier 2 capital</b>	<b>11 885</b>	<b>11 566</b>	<b>13 165</b>
Collective impairment allowances	896	483	876
Tier 2 instruments	14 383	15 857	15 857
Non-qualifying surplus capital attributable to non-controlling interests	(2 747)	(4 774)	(3 568)
Investment in capital of financial entities above 10% threshold	(647)	-	-
<b>Total regulatory capital</b>	<b>50 654</b>	<b>51 012</b>	<b>53 747</b>
<b>Risk-weighted assets</b>	<b>337 755</b>	<b>318 533</b>	<b>361 750</b>
<b>Capital ratios</b>			
Common equity tier 1 ratio	10.9%	11.6%	10.5%
Tier 1 ratio	11.5%	12.4%	11.2%
Total capital adequacy ratio	15.0%	16.0%	14.9%

## CAPITAL ADEQUACY

(continued)

### Capital requirements

	FIRB	Pro forma FIRB*	Standardised
R'million	31 March 2020	31 March 2019	31 March 2019
<b>Capital requirements</b>	<b>38 842</b>	<b>36 721</b>	<b>41 703</b>
Credit risk	30 324	28 808	33 649
Equity risk	3 499	2 701	2 701
Counterparty credit risk	1 012	579	711
Credit valuation adjustment risk	272	347	356
Market risk	541	641	641
Operational risk	3 194	3 645	3 645
<b>Risk weighted assets</b>	<b>337 755</b>	<b>318 533</b>	<b>361 750</b>
Credit risk	263 690	249 892	291 886
Equity risk	30 428	23 433	23 433
Counterparty credit risk	8 796	5 023	6 166
Credit valuation adjustment risk	2 363	3 010	3 090
Market risk	4 701	5 558	5 558
Operational risk	27 777	31 617	31 617

### A summary of capital adequacy and leverage ratios

	FIRB	Pro forma FIRB*	Standardised
R'million	31 March 2020	31 March 2019	31 March 2019
Common equity tier 1 (as reported)	10.9%	11.6%	10.5%
Common equity tier 1 ('fully loaded')^^	10.9%	11.6%	10.5%
Tier 1 (as reported)	11.5%	12.4%	11.2%
Total capital ratio (as reported)	15.0%	16.0%	14.9%
<b>Leverage ratio** – current</b>	<b>6.4%</b>	<b>7.4%</b>	<b>7.6%</b>
Leverage ratio** – 'fully loaded'^^	6.3%	7.2%	7.3%

\* We had approval to adopt the Foundation Internal Rating (FIRB) approach, effective 1 April 2019. We therefore also presented numbers on a pro-forma basis for 31 March 2019.

\*\* The leverage ratios are calculated on an end-quarter basis.

^^ The key difference between the 'reported' basis and the 'fully loaded' basis is primarily relating to capital instruments that previously qualified as regulatory capital, but do not fully qualify under South African Prudential Authority regulations. These instruments continue to be recognised on a reducing basis in the 'reported' figures until 2022.

# CAPITAL ADEQUACY

(continued)

## Leverage


	FIRB	Pro forma FIRB*	Standardised
R'million	31 March 2020	31 March 2019	31 March 2019
Exposure measure	604 762	533 377	534 230
Tier 1 capital	38 769	39 446	40 582
<b>Leverage ratio** - current</b>	<b>6.4%</b>	<b>7.4%</b>	<b>7.6%</b>
Tier 1 capital 'fully loaded'^^	37 866	38 167	38 889
<b>Leverage ratio** - 'fully loaded'^^</b>	<b>6.3%</b>	<b>7.2%</b>	<b>7.3%</b>

\* We had approval to adopt the Foundation Internal Rating (FIRB) approach, effective 1 April 2019. We therefore also presented numbers on a pro-forma basis for 31 March 2019.

\*\* The leverage ratios are calculated on an end-quarter basis.

^^ The key difference between the 'reported' basis and the 'fully loaded' basis is primarily relating to capital instruments that previously qualified as regulatory capital, but do not fully qualify under South African Prudential Authority regulations. These instruments continue to be recognised on a reducing basis in the 'reported' figures until 2022.

## ALTERNATIVE PERFORMANCE MEASURES

We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers. These have been indicated with a  symbol throughout this document. A description of the group's alternative performance measures and their calculation, where relevant, is set out below.

Alternative performance measures 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.

Investec's external auditor, Ernst & Young Inc., issued a limited assurance report in respect of the alternative performance measures. The limited assurance report is available for inspection at Investec's registered address.

<i>Annualised net interest margin</i>	Interest income net of interest expense multiplied by two, divided by average interest-earning assets. Refer to calculation on page 10
<i>Annuity income</i>	Net interest income (refer to page 10) plus net annuity fees and commissions (refer to page 11)
<i>Cost to income ratio</i>	Operating costs divided by operating income before ECL impairment charges (net of depreciation on operating leased assets and net of operating profits or losses attributable to other non-controlling interests) Refer to calculation below

R'million	31 March 2020	31 March 2019
<b>Operating costs (A)</b>	8 307	8 136
Total operating income before expected credit losses	15 939	15 739
Less: Profit attributable to other non-controlling interests	(1 258)	(1 049)
<b>Total (B)</b>	<b>14 681</b>	<b>14 690</b>
Cost to income ratio (A/B)	<b>56.6%</b>	<b>55.4%</b>

<i>Coverage ratio</i>	ECL as a percentage of gross core loans and advances subject to ECL
<i>Credit loss ratio</i>	ECL impairment charges on core loans and advances as a percentage of average gross core loans and advances subject to ECL
<i>Gearing ratio</i>	Total assets excluding assurance assets divided by total equity
<i>Gross core loans and advances</i>	Refer to calculation on page 21
<i>Loans and advances to customers as a % of customer accounts</i>	Loans and advances to customers as a percentage of customer accounts (deposits)
<i>Net core loans and advances</i>	Refer to calculation on page 21

## DEFINITIONS

(continued)

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### *Cash and near cash*

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Includes cash, near cash (other 'monetisable assets') and Central Bank cash placements and guaranteed liquidity

### *ECL*

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Expected credit loss

### *Funds under management*

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Includes third party assets under administration managed by the Wealth & Investment and Property businesses

### *FVOCI*

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Fair value through other comprehensive income

### *FVPL*

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Fair value through profit and loss

### *Interest-earning assets*

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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 10 for calculation

### *Interest-bearing liabilities*

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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 loans from group companies. Refer to page 10 for calculation

