

— OUT OF THE ORDINARY

# Built on strong foundations

**Investec plc (excludes results of Investec Limited)**

Unaudited condensed consolidated financial information  
for the year ended 31 March 2021  
IFRS – Pound Sterling



## OVERVIEW OF RESULTS

**Introduction**

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

- The description of alternative performance measures and their calculation is provided on page 26.
- All other definitions can be found on page 27.

<b>Key financial statistics</b>	<b>31 March 2021</b>	31 March 2020	% change
Total operating income before expected credit loss impairment charges (£'000)	946 400	948 249	(0.2%)
Operating costs (£'000) <sup>^</sup>	766 367	742 199	3.3%
Adjusted operating profit (£'000)	109 698	129 386	(15.2%)
Earnings attributable to ordinary shareholders (£'000)	69 772	645 521	(89.2%)
Cost to income ratio (%)	80.9%	78.3%	
Total capital resources (including subordinated liabilities) (£'000)	3 277 938	3 175 859	3.2%
Total equity (£'000)	2 506 457	2 388 829	4.9%
Total assets (£'000) <sup>^</sup>	24 801 508	24 826 119	(0.1%)
Net core loans (£'000)	12 330 652	11 870 160	3.9%
Customer accounts (deposits) (£'000)	16 077 671	15 280 302	5.2%
Loans and advances to customers as a % of customer deposits	76.7%	77.7%	
Cash and near cash balances (£'mn)	6 857	6 040	13.5%
Funds under management (£'mn)	41 708	33 465	24.6%
Total gearing ratio (i.e. total assets to equity)	9.9x	10.4x	
Total capital ratio	14.9%	14.9%	
Tier 1 ratio	12.7%	12.4%	
Common equity tier 1 ratio	11.0%	10.7%	
Leverage ratio	7.8%	7.8%	
Leverage ratio (fully loaded)	7.4%	7.4%	
Stage 3 exposure as a % of gross core loans subject to ECL	2.8%	3.3%	
Stage 3 exposure net of ECL as a % of net core loans subject to ECL	2.0%	2.4%	
Credit loss ratio	0.56%	0.69%	

<sup>^</sup> Restated as detailed on page 18.

## CONDENSED CONSOLIDATED INCOME STATEMENT

£'000	Year to 31 March 2021	Year to 31 March 2020 <sup>^</sup>
Interest income	701 220	784 396
Interest expense	(301 506)	(387 011)
<b>Net interest income</b>	<b>399 714</b>	<b>397 385</b>
Fee and commission income	501 794	496 036
Fee and commission expense	(13 271)	(13 836)
Investment income	31 266	6 375
Share of post-taxation profit of associates and joint venture holdings	10 829	5 382
Trading income/(loss) arising from		
– customer flow	(11 025)	50 980
– balance sheet management and other trading activities	11 262	(537)
Other operating income	15 831	6 464
<b>Total operating income before expected credit loss impairment charges</b>	<b>946 400</b>	<b>948 249</b>
Expected credit loss impairment charges	(71 196)	(75 800)
<b>Operating income</b>	<b>875 204</b>	<b>872 449</b>
Operating costs	(766 367)	(742 199)
<b>Operating profit before goodwill, acquired intangibles and strategic actions</b>	<b>108 837</b>	<b>130 250</b>
Impairment of goodwill	(11 248)	—
Amortisation of acquired intangibles	(12 851)	(12 915)
Closure and rundown of the Hong Kong direct investments business	7 387	(89 257)
<b>Operating profit</b>	<b>92 125</b>	<b>28 078</b>
Financial impact of group restructures	—	(25 725)
<b>Profit before taxation from continuing operations</b>	<b>92 125</b>	<b>2 353</b>
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(24 243)	706
Taxation on goodwill, acquired intangibles and strategic actions	1 029	20 926
<b>Profit after taxation from continuing operations</b>	<b>68 911</b>	<b>23 985</b>
<b>Profit after taxation from discontinued operations*</b>	<b>—</b>	<b>640 506</b>
<b>Profit after taxation</b>	<b>68 911</b>	<b>664 491</b>
Profit attributable to non-controlling interests of discontinued operations	—	(18 106)
Loss/(profit) attributable to other non-controlling interests	861	(864)
<b>Earnings attributable to shareholders</b>	<b>69 772</b>	<b>645 521</b>

<sup>^</sup> Restated as detailed on page 18.

\* Refer to discontinued operations on page 19.

## CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

£'000	Year to 31 March 2021	Year to 31 March 2020
<b>Profit after taxation from continuing operations</b>	<b>68 911</b>	<b>23 985</b>
Other comprehensive income/(loss) from continuing operations:		
<b>Items that may be reclassified to the income statement:</b>		
Losses/(gains) on realisation of debt instruments at FVOCI recycled through the income statement*	817	(1 372)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income*	(228)	3 271
Foreign currency adjustments on translating foreign operations**	(4 529)	(2 705)
Effect rate change on deferred tax relating to adjustment for IFRS 9	380	(1 761)
<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	99 287	37 515
Gains attributable to own credit risk*	62	9 440
Movement in post-retirement benefit liabilities	(39)	51
<b>Total comprehensive income from continuing operations</b>	<b>164 661</b>	<b>68 424</b>
Total comprehensive (loss)/income attributable to non-controlling interests from continuing operations	(861)	864
Total comprehensive income attributable to ordinary shareholders from continuing operations	148 642	50 131
Total comprehensive income attributable to perpetual preferred securities and Other Additional Tier 1 securities	16 880	17 429
<b>Total comprehensive income from continuing operations</b>	<b>164 661</b>	<b>68 424</b>
<b>Profit after taxation from discontinued operations</b>	<b>—</b>	<b>640 506</b>
Other comprehensive income/(loss) from discontinued operations:		
<b>Items that may be reclassified to the income statement:</b>		
Foreign currency adjustments on translating foreign operations***	—	1 808
Remeasurement of net defined benefit pension asset	—	(1 217)
<b>Total comprehensive income from discontinued operations</b>	<b>—</b>	<b>641 097</b>
Total comprehensive income attributable to non-controlling interests from discontinued operations	—	18 106
Total comprehensive income attributable to ordinary shareholders from discontinued operations	—	622 991
<b>Total comprehensive income from discontinued operations</b>	<b>—</b>	<b>641 097</b>
<b>Profit after taxation</b>	<b>68 911</b>	<b>664 491</b>
Other comprehensive income/(loss):		
<b>Items that may be reclassified to the income statement:</b>		
Losses/(gains) on realisation of debt instruments at FVOCI recycled through the income statement*	817	(1 372)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income*	(228)	3 271
Foreign currency adjustments on translating foreign operations	(4 529)	(897)
Effect rate change on deferred tax relating to adjustment for IFRS 9	380	(1 761)
<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	99 287	37 515
Gains attributable to own credit risk*	62	9 440
Remeasurement of net defined benefit pension asset	—	(1 217)
Movement in post-retirement benefit liabilities	(39)	51
<b>Total comprehensive income</b>	<b>164 661</b>	<b>709 521</b>
Total comprehensive (loss)/income attributable to non-controlling interests	(861)	18 970
Total comprehensive income attributable to ordinary shareholders	148 642	673 122
Total comprehensive income attributable to perpetual preferred securities and Other Additional Tier 1 securities	16 880	17 429
<b>Total comprehensive income</b>	<b>164 661</b>	<b>709 521</b>

\* Net of £0.2 million tax credit (31 March 2020: £0.3 million tax charge), except for the impact of rate changes on deferred tax as shown separately above.

\*\* Year to 31 March 2020 includes £0.8 million gains on recycling of currency translation differences from sale of Ireland wealth business.

\*\*\* Year to 31 March 2020 includes £0.3 million gains on recycling of currency translation differences from demerger of Investec Asset Management business.

## CONDENSED CONSOLIDATED BALANCE SHEET

£'000	At 31 March 2021	At 31 March 2020 <sup>^</sup>
<b>Assets</b>		
Cash and balances at central banks	3 043 034	2 277 318
Loans and advances to banks	1 385 471	1 794 165
Reverse repurchase agreements and cash collateral on securities borrowed	2 065 232	2 458 822
Sovereign debt securities	1 108 253	1 084 958
Bank debt securities	48 044	51 238
Other debt securities	698 961	685 936
Derivative financial instruments	773 333	1 250 735
Securities arising from trading activities	281 645	256 645
Investment portfolio	714 315	635 297
Loans and advances to customers	12 335 837	11 871 849
Other loans and advances	123 536	191 930
Other securitised assets	107 259	106 218
Interests in associated undertakings and joint venture holdings	58 658	54 391
Deferred taxation assets	110 750	130 657
Other assets	1 450 770	1 425 868
Property and equipment	185 502	216 955
Goodwill	249 836	261 183
Software	7 791	7 144
Other acquired intangible assets	53 281	64 810
	<b>24 801 508</b>	<b>24 826 119</b>
<b>Liabilities</b>		
Deposits by banks	1 352 581	1 419 298
Derivative financial instruments	914 863	1 146 749
Other trading liabilities	49 055	118 572
Repurchase agreements and cash collateral on securities lent	157 357	396 811
Customer accounts (deposits)	16 077 671	15 280 302
Debt securities in issue	1 602 584	1 467 870
Liabilities arising on securitisation of other assets	108 281	110 679
Current taxation liabilities	36 862	26 905
Deferred taxation liabilities	19 984	21 438
Other liabilities	1 204 332	1 661 636
	<b>21 523 570</b>	<b>21 650 260</b>
Subordinated liabilities	771 481	787 030
	<b>22 295 051</b>	<b>22 437 290</b>
<b>Equity</b>		
Ordinary share capital	202	202
Ordinary share premium	806 812	806 812
Treasury shares	(134 185)	(140 559)
Other reserves	(65 686)	(147 971)
Retained income	1 624 130	1 592 182
<b>Ordinary shareholders' equity</b>	<b>2 231 273</b>	<b>2 110 666</b>
Perpetual preference share capital and premium	24 794	24 794
<b>Shareholders' equity excluding non-controlling interests</b>	<b>2 256 067</b>	<b>2 135 460</b>
Other Additional Tier 1 securities in issue	250 000	250 000
Non-controlling interests in partially held subsidiaries	390	3 369
<b>Total equity</b>	<b>2 506 457</b>	<b>2 388 829</b>
<b>Total liabilities and equity</b>	<b>24 801 508</b>	<b>24 826 119</b>

<sup>^</sup> Restated as detailed on page 18.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

£'000	Ordinary share capital	Ordinary share premium	Treasury shares
<b>At 1 April 2019</b>	<b>200</b>	<b>1 357 967</b>	<b>(113 651)</b>
<b>Movement in reserves 1 April 2019 – 31 March 2020</b>			
Profit after taxation	—	—	—
Effect of rate change on deferred tax relating to adjustment for IFRS 9	—	—	—
Gains on realisation of debt instruments at FVOCI recycled through the income statement	—	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	—
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Gains attributable to own credit risk	—	—	—
Remeasurement of net defined benefit pension asset	—	—	—
Movement in post-retirement benefit liabilities	—	—	—
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>
Share-based payments adjustments	—	—	—
Employee benefit liability recognised	—	—	—
Dividends paid to ordinary shareholders	—	—	—
Dividends declared to perpetual preference shareholders	—	—	—
Dividends paid to perpetual preference shareholders	—	—	—
Dividends declared to Other Additional Tier 1 security holders	—	—	—
Dividends paid to Other Additional Tier 1 security holders	—	—	—
Dividends paid to non-controlling interests	—	—	—
Issue of ordinary shares	2	64 642	—
Capital reduction	—	(615 797)	—
Net equity impact of non-controlling interest movements	—	—	—
Movement of treasury shares	—	—	(26 908)
Distribution to shareholders	—	—	—
<b>At 31 March 2020</b>	<b>202</b>	<b>806 812</b>	<b>(140 559)</b>
<b>Movement in reserves 1 April 2020 – 31 March 2021</b>			
Profit after taxation	—	—	—
Effect of rate change on deferred tax relating to adjustment for IFRS 9	—	—	—
Losses on realisation of debt instruments at FVOCI recycled through the income statement	—	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	—
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Gains attributable to own credit risk	—	—	—
Movement in post-retirement benefit liabilities	—	—	—
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>
Share-based payments adjustments	—	—	—
Dividends paid to ordinary shareholders	—	—	—
Dividends declared to perpetual preference shareholders	—	—	—
Dividends paid to perpetual preference shareholders	—	—	—
Dividends declared to Other Additional Tier 1 security holders	—	—	—
Dividends paid to Other Additional Tier 1 security holders	—	—	—
Transfer from foreign currency reserve	—	—	—
Net equity impact of non-controlling interest movements	—	—	—
Movement of treasury shares	—	—	6 374
<b>At 31 March 2021</b>	<b>202</b>	<b>806 812</b>	<b>(134 185)</b>

^ Restated as detailed on page 18.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
CONTINUED

Other reserves					Retained income	Ordinary shareholders' equity	Perpetual preference share capital and premium <sup>1</sup>	Shareholders' equity excluding non-controlling interests	Other Additional Tier 1 securities in issue	Non-controlling interests	Total equity
Capital reserve account	Fair value reserve	Foreign currency reserves	Own credit reserve								
<b>(162 610)</b>	<b>2 084</b>	<b>6 025</b>	<b>(21 377)</b>	<b>928 753</b>	<b>1 997 391</b>	<b>24 794</b>	<b>2 022 185</b>	<b>250 000</b>	<b>13 087</b>	<b>2 285 272</b>	
—	—	—	—	645 521	645 521	—	645 521	—	18 970	664 491	
—	(1 514)	—	(247)	—	(1 761)	—	(1 761)	—	—	(1 761)	
—	(1 372)	—	—	—	(1 372)	—	(1 372)	—	—	(1 372)	
—	3 271	—	—	—	3 271	—	3 271	—	—	3 271	
—	37 515	—	—	—	37 515	—	37 515	—	—	37 515	
—	—	(897)	—	—	(897)	—	(897)	—	—	(897)	
—	—	—	9 440	—	9 440	—	9 440	—	—	9 440	
—	—	—	—	(1 217)	(1 217)	—	(1 217)	—	—	(1 217)	
—	—	—	—	51	51	—	51	—	—	51	
<b>—</b>	<b>37 900</b>	<b>(897)</b>	<b>9 193</b>	<b>644 355</b>	<b>690 551</b>	<b>—</b>	<b>690 551</b>	<b>—</b>	<b>18 970</b>	<b>709 521</b>	
—	—	—	—	14 916	14 916	—	14 916	—	—	14 916	
—	—	—	—	(7 263)	(7 263)	—	(7 263)	—	—	(7 263)	
—	—	—	—	(96 498)	(96 498)	—	(96 498)	—	—	(96 498)	
—	—	—	—	(549)	(549)	275	(274)	—	—	(274)	
—	—	—	—	—	—	(275)	(275)	—	—	(275)	
—	—	—	—	(16 880)	(16 880)	—	(16 880)	16 880	—	—	
—	—	—	—	—	—	—	—	(16 880)	—	(16 880)	
—	—	—	—	—	—	—	—	—	(20 907)	(20 907)	
—	—	—	—	—	64 644	—	64 644	—	—	64 644	
563	—	—	—	615 797	563	—	563	—	(18 212)	(17 649)	
—	—	—	—	(972)	(972)	—	(972)	—	10 431	9 459	
(18 852)	—	—	—	—	(45 760)	—	(45 760)	—	—	(45 760)	
—	—	—	—	(489 477)	(489 477)	—	(489 477)	—	—	(489 477)	
<b>(180 899)</b>	<b>39 984</b>	<b>5 128</b>	<b>(12 184)</b>	<b>1 592 182</b>	<b>2 110 666</b>	<b>24 794</b>	<b>2 135 460</b>	<b>250 000</b>	<b>3 369</b>	<b>2 388 829</b>	
—	—	—	—	69 772	69 772	—	69 772	—	(861)	68 911	
—	(19)	—	399	—	380	—	380	—	—	380	
—	817	—	—	—	817	—	817	—	—	817	
—	(228)	—	—	—	(228)	—	(228)	—	—	(228)	
—	99 287	—	—	—	99 287	—	99 287	—	—	99 287	
—	—	(4 529)	—	—	(4 529)	—	(4 529)	—	—	(4 529)	
—	—	—	62	—	62	—	62	—	—	62	
—	—	—	—	(39)	(39)	—	(39)	—	—	(39)	
<b>—</b>	<b>99 857</b>	<b>(4 529)</b>	<b>461</b>	<b>69 733</b>	<b>165 522</b>	<b>—</b>	<b>165 522</b>	<b>—</b>	<b>(861)</b>	<b>164 661</b>	
—	—	—	—	(1 213)	(1 213)	—	(1 213)	—	—	(1 213)	
—	—	—	—	(18 007)	(18 007)	—	(18 007)	—	—	(18 007)	
—	—	—	—	(437)	(437)	437	—	—	—	—	
—	—	—	—	—	—	(437)	(437)	—	—	(437)	
—	—	—	—	(16 880)	(16 880)	—	(16 880)	16 880	—	—	
—	—	—	—	—	—	—	—	(16 880)	—	(16 880)	
—	—	980	—	(980)	—	—	—	—	—	—	
—	—	—	—	(268)	(268)	—	(268)	—	(2 118)	(2 386)	
(14 484)	—	—	—	—	(8 110)	—	(8 110)	—	—	(8 110)	
<b>(195 383)</b>	<b>139 841</b>	<b>1 579</b>	<b>(11 723)</b>	<b>1 624 130</b>	<b>2 231 273</b>	<b>24 794</b>	<b>2 256 067</b>	<b>250 000</b>	<b>390</b>	<b>2 506 457</b>	

## SEGMENTAL BUSINESS ANALYSIS – INCOME STATEMENT

For the year to 31 March 2021 £'000	Specialist Banking		Corporate, Investment Banking and Other <sup>^</sup>	Group Investments <sup>^</sup>	Group costs	Total group
	Private Client	Private Banking <sup>^</sup>				
Net interest income	2 296	34 664	362 754	—	—	399 714
Fee and commission income	316 813	705	184 276	—	—	501 794
Fee and commission expense	(773)	(61)	(12 437)	—	—	(13 271)
Investment income	272	19	22 122	8 853	—	31 266
Share of post-taxation profit of associates and joint venture holdings	—	—	10 829	—	—	10 829
Trading income/(loss) arising from						
– customer flow	920	1 196	(13 141)	—	—	(11 025)
– balance sheet management and other trading activities	(9)	13	11 258	—	—	11 262
Other operating income	—	—	15 831	—	—	15 831
<b>Total operating income before expected credit loss impairment charges</b>	<b>319 519</b>	<b>36 536</b>	<b>581 492</b>	<b>8 853</b>	<b>—</b>	<b>946 400</b>
Expected credit loss impairment charges	(4)	(1 515)	(69 677)	—	—	(71 196)
<b>Operating income</b>	<b>319 515</b>	<b>35 021</b>	<b>511 815</b>	<b>8 853</b>	<b>—</b>	<b>875 204</b>
Operating costs	(245 175)	(38 033)	(464 873)	—	(18 286)	(766 367)
<b>Operating profit/(loss) before goodwill, acquired intangibles and strategic actions from continuing operations</b>	<b>74 340</b>	<b>(3 012)</b>	<b>46 942</b>	<b>8 853</b>	<b>(18 286)</b>	<b>108 837</b>
Loss attributable to other non- controlling interests	—	—	861	—	—	861
<b>Adjusted operating profit/(loss) after non-controlling interests</b>	<b>74 340</b>	<b>(3 012)</b>	<b>47 803</b>	<b>8 853</b>	<b>(18 286)</b>	<b>109 698</b>
<b>Selected returns and key statistics</b>						
Cost to income ratio	76.7%	104.1%	79.8%	n/a	n/a	80.9%
Total assets (£'mn)	1 016	3 338	20 302	146	n/a	24 802

<sup>^</sup> In terms of IFRS 8 Operating segments, the below operating segments were changed after management concluded that key operating decision makers of the Investec group review the operating results as follows:

- Investec Private Banking
- Investec Corporate, Investment Banking and Other
- Investec Wealth & Investment
- Group Investments
- Group Costs

Accordingly, the results of Investec Private Banking and Investec Corporate, Investment Banking and Other have been disclosed as separate segments for the first time in 31 March 2021 results. Investec Private Banking and Investec Corporate, Investment Banking and Other were previously presented as components of the Investec Specialist Bank. Comparatives have been restated.



SEGMENTAL BUSINESS ANALYSIS – INCOME STATEMENT  
CONTINUED

For the year to 31 March 2020 <sup>^</sup> £'000	Private Client		Specialist Banking	Group Investments	Group costs	Total group
	Wealth & Investment	Private Banking	Corporate, Investment Banking and Other			
Net interest income	12 604	23 441	361 340	—	—	397 385
Fee and commission income	305 090	341	190 605	—	—	496 036
Fee and commission expense	(678)	(8)	(13 150)	—	—	(13 836)
Investment income	(436)	—	6 811	—	—	6 375
Share of post-taxation profit of associates and joint venture holdings	—	—	5 382	—	—	5 382
Trading income/(loss) arising from						
– customer flow	862	1 433	48 685	—	—	50 980
– balance sheet management and other trading activities	108	1	(646)	—	—	(537)
Other operating income	181	—	6 283	—	—	6 464
<b>Total operating income before expected credit loss impairment charges</b>	<b>317 731</b>	<b>25 208</b>	<b>605 310</b>	<b>—</b>	<b>—</b>	<b>948 249</b>
Expected credit loss impairment release/(charges)	1	(643)	(75 158)	—	—	(75 800)
<b>Operating income</b>	<b>317 732</b>	<b>24 565</b>	<b>530 152</b>	<b>—</b>	<b>—</b>	<b>872 449</b>
Operating costs	(254 714)	(43 482)	(407 715)	—	(36 288)	(742 199)
<b>Operating profit/(loss) before goodwill, acquired intangibles and strategic actions from continuing operations</b>	<b>63 018</b>	<b>(18 917)</b>	<b>122 437</b>	<b>—</b>	<b>(36 288)</b>	<b>130 250</b>
Profit attributable to other non- controlling interests	—	—	(864)	—	—	(864)
<b>Adjusted operating profit/(loss) from continuing operations</b>	<b>63 018</b>	<b>(18 917)</b>	<b>121 573</b>	<b>—</b>	<b>(36 288)</b>	<b>129 386</b>
<b>Operating profit before strategic actions from discontinued operations</b>						<b>109 103</b>
Profit attributable to non-controlling interests of discontinued operations*						(18 106)
<b>Adjusted operating profit after non- controlling interests</b>						<b>220 383</b>
<b>Selected returns and key statistics</b>						
Cost to income ratio	80.2%	172.5%	67.5%	n/a	n/a	78.3%
Total assets (£'mn)	1 013	2 432	21 381	n/a	n/a	24 826

<sup>^</sup> Restated as detailed on page 18.

\* Refer to discontinued operations on page 19.

## ADDITIONAL INCOME STATEMENT NOTE DISCLOSURES

## Net interest income

For the year to 31 March £'000	Notes	2021			2020		
		Average balance sheet value*	Interest income	Average yield	Average balance sheet value*	Interest income	Average yield
Cash, near cash and bank debt and sovereign debt securities	1	7 711 266	27 785	0.36%	7 228 228	73 916	1.02%
Loans and advances	2	12 170 562	579 809	4.76%	10 988 525	591 615	5.38%
Private client		2 873 101	84 191	2.93%	2 088 825	67 439	3.23%
Corporate, Investment Banking and Other		9 297 461	495 618	5.33%	8 899 700	524 176	5.89%
Other debt securities and other loans and advances		851 364	34 207	4.02%	711 539	31 025	4.36%
Other <sup>#</sup>	3	287 831	59 419	n/a	323 948	87 840	n/a
<b>Total interest-earning assets</b>		<b>21 021 023</b>	<b>701 220</b>	<b>3.34%</b>	<b>19 252 240</b>	<b>784 396</b>	<b>4.07%</b>

For the year to 31 March £'000	Notes	2021			2020		
		Average balance sheet value*	Interest expense	Average yield	Average balance sheet value*	Interest expense	Average yield
Deposits by banks and other debt-related securities	4	3 199 198	44 378	1.39%	3 858 154	60 051	1.56%
Customer accounts (deposits)		16 029 279	131 233	0.82%	13 583 866	184 747	1.36%
Subordinated liabilities		789 555	48 145	6.10%	807 843	48 319	5.98%
Other <sup>#</sup>	5	436 350	77 750	n/a	481 381	93 894	n/a
<b>Total interest-bearing liabilities</b>		<b>20 454 382</b>	<b>301 506</b>	<b>1.47%</b>	<b>18 731 244</b>	<b>387 011</b>	<b>2.07%</b>
<b>Net interest income</b>			<b>399 714</b>			<b>397 385</b>	
<b>Annualised net interest margin</b>			<b>1.90%</b>			<b>2.06%</b>	

## Notes:

- 1 Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; and bank debt securities.
  - 2 Comprises (as per the balance sheet) loans and advances to customers.
  - 3 Comprises (as per the balance sheet) lease receivables (housed in other assets on the balance sheet) 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 from lease liabilities (housed in other liabilities on the balance sheet) as well as interest expense from derivative financial instruments where there is no associated balance sheet value.
- # Includes interest income and interest expense on derivative assets and liabilities used for hedging purposes. This results in interest income and interest expense being recognised with no associated balance sheet value.
- \* We have changed our methodology for calculating net interest margin whereby this is now calculated using a straight-line 13 point (full year) or 7 point (half year) average rather than a straight-line two point average previously. Under the previous methodology the net interest margin for the year to 31 March 2021 would have been 1.93% (March 2020: 2.02%).

ADDITIONAL INCOME STATEMENT NOTE DISCLOSURES  
CONTINUED

**Net fee and commission income**

<b>For the year to 31 March</b>		
<b>£'000</b>	<b>2021</b>	<b>2020</b>
<b>Wealth &amp; Investment businesses net fee and commission income</b>	<b>316 040</b>	<b>304 412</b>
Fund management fees/fees for assets under management	267 381	261 093
Private client transactional fees	49 432	43 997
Fee and commission expense	(773)	(678)
<b>Specialist Banking net fee and commission income</b>	<b>172 483</b>	<b>177 788</b>
Specialist Banking fee and commission income	184 981	190 946
Specialist Banking fee and commission expense	(12 498)	(13 158)
<b>Net fee and commission income</b>	<b>488 523</b>	<b>482 200</b>
Annuity fees (net of fees payable)	284 745	280 214
Deal fees	203 778	201 986

**Investment income**

<b>For the year to 31 March</b>				<b>Total investment portfolio</b>	Debt securities (sovereign, bank and other)	Investment and trading properties	Other asset categories	<b>Total</b>
<b>£'000</b>	Listed equities	Unlisted equities	Warrants and profit shares					
<b>2021</b>								
Realised	9 367	971	13	10 351	6 121	(1 755)	23 164	37 881
Unrealised*	6 449	7 485	(35)	13 899	(2 967)	(3 141)	(29 490)	(21 699)
Dividend income	8 875	3 906	—	12 781	—	—	—	12 781
Funding and other net related income	—	—	—	—	—	2 303	—	2 303
	<b>24 691</b>	<b>12 362</b>	<b>(22)</b>	<b>37 031</b>	<b>3 154</b>	<b>(2 593)</b>	<b>(6 326)</b>	<b>31 266</b>
<b>2020</b>								
Realised	(765)	51 161	15 558	65 954	4 274	(3 616)	(257)	66 355
Unrealised*	(8 446)	(39 918)	(7 329)	(55 693)	(3 743)	1 814	(8 011)	(65 633)
Dividend income	7	2 892	—	2 899	—	—	—	2 899
Funding and other net related income	—	—	—	—	—	2 754	—	2 754
	<b>(9 204)</b>	<b>14 135</b>	<b>8 229</b>	<b>13 160</b>	<b>531</b>	<b>952</b>	<b>(8 268)</b>	<b>6 375</b>

\* In a year of realisation, any prior period mark-to-market gains/(losses) recognised are reversed in the unrealised line item.

## ADDITIONAL IAS 34 DISCLOSURES

## Analysis of financial assets and liabilities by category of financial instruments

At 31 March 2021 £'000	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	—	3 043 034	—	3 043 034
Loans and advances to banks	—	1 385 471	—	1 385 471
Reverse repurchase agreements and cash collateral on securities borrowed	675 441	1 389 791	—	2 065 232
Sovereign debt securities	1 108 253	—	—	1 108 253
Bank debt securities	43 781	4 263	—	48 044
Other debt securities	203 338	495 623	—	698 961
Derivative financial instruments*	773 333	—	—	773 333
Securities arising from trading activities	281 645	—	—	281 645
Investment portfolio	714 315	—	—	714 315
Loans and advances to customers	1 045 663	11 290 174	—	12 335 837
Other loans and advances	—	123 536	—	123 536
Other securitised assets	107 259	—	—	107 259
Interests in associated undertakings and joint venture holdings	—	—	58 658	58 658
Deferred taxation assets	—	—	110 750	110 750
Other assets	29 002	953 408	468 360	1 450 770
Property and equipment	—	—	185 502	185 502
Goodwill	—	—	249 836	249 836
Software	—	—	7 791	7 791
Other acquired intangible assets	—	—	53 281	53 281
	<b>4 982 030</b>	<b>18 685 300</b>	<b>1 134 178</b>	<b>24 801 508</b>
<b>Liabilities</b>				
Deposits by banks	294	1 352 287	—	1 352 581
Derivative financial instruments*	914 863	—	—	914 863
Other trading liabilities	49 055	—	—	49 055
Repurchase agreements and cash collateral on securities lent	—	157 357	—	157 357
Customer accounts (deposits)	—	16 077 671	—	16 077 671
Debt securities in issue	118 690	1 483 894	—	1 602 584
Liabilities arising on securitisation of other assets	108 281	—	—	108 281
Current taxation liabilities	—	—	36 862	36 862
Deferred taxation liabilities	—	—	19 984	19 984
Other liabilities	—	618 551	585 781	1 204 332
	<b>1 191 183</b>	<b>19 689 760</b>	<b>642 627</b>	<b>21 523 570</b>
Subordinated liabilities	334 804	436 677	—	771 481
	<b>1 525 987</b>	<b>20 126 437</b>	<b>642 627</b>	<b>22 295 051</b>

\* Derivative financial instruments have been classified as held-for-trading and include derivatives held as hedges.

ADDITIONAL IAS 34 DISCLOSURES  
CONTINUED

**Fair value hierarchy**

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

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

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

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

At 31 March 2021 £'000	Total instruments at fair value	Fair value category		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Reverse repurchase agreements and cash collateral on securities borrowed	675 441	—	675 441	—
Sovereign debt securities	1 108 253	1 108 253	—	—
Bank debt securities	43 781	43 781	—	—
Other debt securities	203 338	—	99 934	103 404
Derivative financial instruments	773 333	19	746 509	26 805
Securities arising from trading activities	281 645	275 526	959	5 160
Investment portfolio	714 315	367 490	4 841	341 984
Loans and advances to customers	1 045 663	—	—	1 045 663
Other securitised assets	107 259	—	—	107 259
Other assets	29 002	29 002	—	—
	<b>4 982 030</b>	<b>1 824 071</b>	<b>1 527 684</b>	<b>1 630 275</b>
<b>Liabilities</b>				
Deposits by banks	294	—	—	294
Derivative financial instruments	914 863	—	887 123	27 740
Other trading liabilities	49 055	38 399	10 656	—
Debt securities in issue	118 690	—	118 690	—
Liabilities arising on securitisation of other assets	108 281	—	—	108 281
Subordinated liabilities	334 804	334 804	—	—
	<b>1 525 987</b>	<b>373 203</b>	<b>1 016 469</b>	<b>136 315</b>
<b>Net assets at fair value</b>	<b>3 456 043</b>	<b>1 450 868</b>	<b>511 215</b>	<b>1 493 960</b>

**Transfers between level 1 and level 2**

During the current year, there were no transfers between level 1 and level 2.

ADDITIONAL IAS 34 DISCLOSURES  
CONTINUED

**Fair value hierarchy (continued)**

The following table is a reconciliation of the opening balances to the closing balances for the fair value measurements in level 3 of the fair value hierarchy:

£'000	Investment portfolio	Loans and advances to customers	Other securitised assets	Other balance sheet assets <sup>1</sup>	Total
<b>Assets</b>					
<b>Balance as at 1 April 2020</b>	<b>344 542</b>	<b>1 067 376</b>	<b>106 218</b>	<b>178 840</b>	<b>1 696 976</b>
Total gains or (losses)	1 065	21 988	8 732	11 787	43 572
In the income statement	1 065	24 180	8 732	11 787	45 764
In the statement of comprehensive income	—	(2 192)	—	—	(2 192)
Purchases	50 023	945 556	—	9 054	1 004 633
Sales	(27 327)	(495 008)	—	(26 367)	(548 702)
Issues	—	—	—	37	37
Settlements	(17 617)	(447 858)	(7 691)	(29 409)	(502 575)
Transfers into level 3	—	7 802	—	5 033	12 835
Foreign exchange adjustments	(8 702)	(54 193)	—	(13 606)	(76 501)
<b>Balance as at 31 March 2021</b>	<b>341 984</b>	<b>1 045 663</b>	<b>107 259</b>	<b>135 369</b>	<b>1 630 275</b>

£'000	Liabilities arising on securitisation of other assets	Other balance sheet liabilities <sup>2</sup>	Total
<b>Liabilities</b>			
<b>Balance as at 1 April 2020</b>	<b>110 679</b>	<b>27 017</b>	<b>137 696</b>
Total (gains) or losses	5 460	4 927	10 387
In the income statement	5 460	4 927	10 387
Settlements	(7 858)	(1 188)	(9 046)
Foreign exchange adjustments	—	(2 722)	(2 722)
<b>Balance as at 31 March 2021</b>	<b>108 281</b>	<b>28 034</b>	<b>136 315</b>

1 Comprises level 3 other debt securities, derivative financial instruments and securities arising from trading.

2 Comprises level 3 deposits by banks and derivative financial instruments.

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

For the year to 31 March 2021, loans and advances to customers of £7.8 million; other debt securities of £4.6 million; and derivative assets of £0.4 million were transferred from level 2 to level 3. The valuation methodologies were reviewed and unobservable inputs are used to determine the fair value.

## ADDITIONAL IAS 34 DISCLOSURES

### CONTINUED

#### Fair value hierarchy (continued)

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

For the year to 31 March 2021			
£'000	Total	Realised	Unrealised
<b>Total gains or (losses) included in the income statement for the year</b>			
Net interest income	62 651	52 093	10 558
Investment income*	(24 884)	2 151	(27 035)
Trading income/(loss) arising from customer flow	(2 389)	428	(2 817)
	<b>35 378</b>	<b>54 672</b>	<b>(19 294)</b>
<b>Total gains or (losses) included in other comprehensive income for the year</b>			
Losses on realisation on debt instruments at FVOCI recycled through the income statement	(1 031)	(1 031)	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	(2 192)	—	(2 192)
	<b>(3 223)</b>	<b>(1 031)</b>	<b>(2 192)</b>

\* Included within the investment income statement balance are unrealised gains of £10.3 million presented within operational items in the income statement.

#### Level 2 financial assets and financial liabilities

The following table sets out the group's principal valuation techniques as at 31 March 2021 used in determining the fair value of its financial assets and financial liabilities that are classified within level 2 of the fair value hierarchy:

	VALUATION BASIS/TECHNIQUE	MAIN ASSUMPTIONS
<b>Assets</b>		
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flow model	Discount rates
Other debt securities	Discounted cash flow model	Discount rates, swap curves and NCD curves, external prices, broker quotes
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes and Local Volatility	Discount rate, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Securities arising from trading activities	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Local Volatility	Discount rate, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Investment portfolio	Discounted cash flow model, net asset value model	Discount rate and fund unit price
	Comparable quoted inputs	Discount rate and net assets
<b>Liabilities</b>		
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes and Local Volatility	Discount rate, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Other trading liabilities	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Local Volatility	Discount rate, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Debt securities in issue	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Local Volatility	Discount rate, risk-free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves

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 2021	Balance sheet value £'000	Significant unobservable input	Range of unobservable input used	Favourable changes £'000	Unfavourable changes £'000
<b>Assets</b>					
Other debt securities	103 404	Potential impact on income statement		3 789	(10 320)
		Credit spreads	0.4%-3.3%	107	(198)
		Cash flow adjustments	CPR 4.4%	7	(7)
		Other <sup>^</sup>	<sup>^</sup>	3 675	(10 115)
Derivative financial instruments	26 805	Potential impact on income statement		5 232	(6 226)
		Volatilities	5.4%-21.4%	51	(148)
		Cash flow adjustments	CPR 4.4%	9	(9)
		Underlying asset value <sup>^^</sup>	<sup>^^</sup>	4 724	(4 724)
		Other <sup>^^</sup>	<sup>^</sup>	448	(1 345)
Securities arising from trading activities	5 160	Potential impact on income statement			
		Cash flow adjustments	CPR 8.0%	1 310	(1 686)
Investment portfolio	341 984	Potential impact on income statement		36 304	(99 921)
		Price earnings multiple	4.2x-9.0x	5 560	(13 330)
		Discount rate	17.5%	2 179	(3 959)
		Underlying asset value <sup>^^</sup>	<sup>^^</sup>	2 561	(5 967)
		Other <sup>^</sup>	<sup>^</sup>	26 004	(76 665)
Loans and advances to customers	1 045 663	Potential impact on income statement		25 430	(43 612)
		Credit spreads	0.08%-37.3%	9 439	(14 745)
		Price earnings multiple	3.5x-4.1x	4 200	(2)
		Underlying asset value <sup>^^</sup>	<sup>^^</sup>	3 094	(8 932)
		Other <sup>^</sup>	<sup>^</sup>	8 697	(19 933)
		Potential impact on other comprehensive income			
		Credit spreads	0.12%-4.3%	5 590	(9 711)
Other securitised assets	107 259	Potential impact on income statement			
		Cash flow adjustments	CPR 4.4%	1 554	(1 653)
<b>Total level 3 assets</b>	<b>1 630 275</b>			<b>79 209</b>	<b>(173 129)</b>
<b>Liabilities</b>					
Deposits by banks	294	Potential impact on income statement			
		Underlying asset value <sup>^^</sup>	<sup>^^</sup>	—	44
Derivative financial instruments	27 740	Potential impact on income statement		(4 750)	4 800
		Volatilities	5.4%-21.1%	(26)	76
		Underlying asset value <sup>^^</sup>	<sup>^^</sup>	(4 724)	4 724
Liabilities arising on securitisation of other assets*	108 281	Potential impact on income statement			
		Cash flow adjustments	CPR 4.4%	(213)	240
<b>Total level 3 liabilities</b>	<b>136 315</b>			<b>(4 963)</b>	<b>5 084</b>
<b>Net level 3 assets</b>	<b>1 493 960</b>				

\* The sensitivity of the fair value of liabilities arising on securitisation of other assets has been considered together with other securitised assets.

<sup>^</sup> Other – The valuation sensitivity has been assessed by adjusting various inputs such as expected cash flows, 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.

<sup>^^</sup> Underlying asset values are calculated by reference to a tangible asset, for example property, aircraft or shares.



## ADDITIONAL IAS 34 DISCLOSURES

### CONTINUED

In determining the value of level 3 financial instruments, the following are the principal inputs 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. It is an unobservable input into a discounted cash flow valuation.

#### **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. Cash flows are input into a discounted cash flow valuation.

#### **Price earnings multiple**

The price-to-earnings ratio is an equity valuation multiple used in the adjustment of underlying market prices. It is a key driver in the valuation of unlisted 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.

ADDITIONAL IAS 34 DISCLOSURES  
CONTINUED

**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 2021 £'000	Carrying amount	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	Fair value of balances that do not approximate to carrying amounts
<b>Assets</b>				
Cash and balances at central banks	3 043 034	3 043 034	—	—
Loans and advances to banks	1 385 471	1 379 951	5 520	5 474
Reverse repurchase agreements and cash collateral on securities borrowed	1 389 791	1 118 428	271 363	271 992
Bank debt securities	4 263	4 263	—	—
Other debt securities	495 623	62 243	433 380	434 995
Loans and advances to customers	11 290 174	664 065	10 626 109	10 614 861
Other loans and advances	123 536	61 320	62 216	62 916
Other assets	953 408	953 135	273	256
	<b>18 685 300</b>	<b>7 286 439</b>	<b>11 398 861</b>	<b>11 390 494</b>
<b>Liabilities</b>				
Deposits by banks	1 352 287	241 347	1 110 940	1 119 997
Repurchase agreements and cash collateral on securities lent	157 357	109 636	47 721	47 803
Customer accounts (deposits)	16 077 671	9 906 828	6 170 843	6 213 235
Debt securities in issue	1 483 894	273 968	1 209 926	1 235 967
Other liabilities	618 551	614 289	4 262	3 660
Subordinated liabilities	436 677	—	436 677	455 188
	<b>20 126 437</b>	<b>11 146 068</b>	<b>8 980 369</b>	<b>9 075 850</b>

This note has been restated to separately present those items where fair value approximates the carrying value.

**Financial impact of strategic actions**

For the year to 31 March £'000	2021	2020
Closure and rundown of the Hong Kong direct investments business*	7 387	(89 257)
Financial impact of group restructures	—	(25 725)
Closure of Click & Invest	—	(4 309)
Sale of the Irish Wealth & Investment business	—	19 741
Restructure of the Irish branch	—	(41 110)
Other	—	(47)
<b>Financial impact of strategic actions – continuing operations</b>	<b>7 387</b>	<b>(114 982)</b>
Taxation on financial impact of strategic actions from continuing operations	(1 390)	19 856
<b>Net financial impact of strategic actions – continuing operations</b>	<b>5 997</b>	<b>(95 126)</b>
Gain on distribution of Ninety One group shares net of taxation and implementation costs	—	550 515
<b>Net financial impact of strategic actions – total group</b>	<b>5 997</b>	<b>455 389</b>

\* Included within the balance are fair value gains of £10.3 million (31 March 2020: fair value losses of £83.2 million).

## RESTATEMENTS

### Income statement restatements

#### Depreciation on operating leased assets

Depreciation on operating leased assets of £0.7 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.

### Balance sheet restatements

#### Software and other acquired intangible assets

Software of £7.8 million (31 March 2020: £7.1 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.

#### Perpetual preference share capital and premium

Perpetual preference share premium of £24.8 million (31 March 2020: £24.8 million), which was previously reported within ordinary share premium, is now reported within perpetual preference share capital and premium. The prior period has been re-presented to reflect the same basis.

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

#### Gilts and Total Return Swaps reclassification

As at 31 March 2021, amounts previously reported within sovereign debt securities, derivative financial instruments and securities arising from trading activities have been corrected to present them as reverse repurchase agreements and cash collateral on securities borrowed. This change in accounting treatment has been made where sovereign debt securities have been purchased at the same time as total return swaps with the same counterparty, such that the combined position has the economic substance similar to secured lending. The prior year balance sheet has been restated to give a consistent presentation. This change has no impact on the income statement.

The impact of this change on the 31 March 2020 balance sheet is:

£'000	At 31 March 2020 as previously reported	Reclassification	At 31 March 2020 restated
<b>Assets</b>			
Reverse repurchase agreements and cash collateral on securities borrowed	1 627 246	831 576	2 458 822
Sovereign debt securities	1 688 670	(603 712)	1 084 958
Derivative financial instruments	1 251 135	(400)	1 250 735
Securities arising from trading activities	582 693	(326 048)	256 645
<b>Total assets</b>	<b>24 924 703</b>	<b>(98 584)</b>	<b>24 826 119</b>
<b>Liabilities</b>			
Derivative financial instruments	1 245 333	(98 584)	1 146 749
<b>Total liabilities</b>	<b>22 535 874</b>	<b>(98 584)</b>	<b>22 437 290</b>

The impact of this change on the 31 March 2019 balance sheet is:

£'000	At 31 March 2019 as previously reported	Reclassification	At 31 March 2019 restated
<b>Assets</b>			
Reverse repurchase agreements and cash collateral on securities borrowed	633 202	660 017	1 293 219
Sovereign debt securities	1 298 947	(318 798)	980 149
Derivative financial instruments	625 550	(326)	625 224
Securities arising from trading activities	798 224	(369 104)	429 120
<b>Total assets</b>	<b>22 636 653</b>	<b>(28 211)</b>	<b>22 608 442</b>
<b>Liabilities</b>			
Derivative financial instruments	707 692	(28 211)	679 481
<b>Total liabilities</b>	<b>20 351 381</b>	<b>(28 211)</b>	<b>20 323 170</b>

## DISCONTINUED OPERATIONS

**Asset Management business**

On 13 March 2020, the Investec 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.

**Income statement of discontinued operations**

<b>£'000</b>	Year to 31 March 2020
Interest income	386
Interest expense	(2 620)
<b>Net interest income</b>	<b>(2 234)</b>
Fee and commission income	574 609
Fee and commission expense	(182 018)
Investment income	(2 042)
Trading income arising from	
– customer flow	—
– balance sheet management and other trading activities	1 634
Other operating income	4 697
<b>Total operating income before expected credit loss impairment charges</b>	<b>394 646</b>
Expected credit loss impairment charges	—
<b>Operating income</b>	<b>394 646</b>
Operating costs	(285 543)
<b>Operating profit before acquired intangibles and strategic actions</b>	<b>109 103</b>
Amortisation of acquired intangibles	—
<b>Operating profit</b>	<b>109 103</b>
Financial impact of group restructures	549 262
<b>Profit before taxation</b>	<b>658 365</b>
Taxation on operating profit before acquired intangibles and strategic actions	(19 112)
Taxation on acquired intangibles and strategic actions	1 253
<b>Profit after taxation</b>	<b>640 506</b>
Profit attributable to non-controlling interests of discontinued operations	(18 106)
<b>Earnings attributable to shareholders</b>	<b>622 400</b>

## ASSET QUALITY

 An analysis of gross core loans, asset quality and ECL

£million	31 March 2021	31 March 2020
<b>Gross core loans</b>	<b>12 501</b>	<b>12 045</b>
Gross core loans at FVPL	512	653
<b>Gross core loans subject to ECL</b>	<b>11 989</b>	<b>11 392</b>
Stage 1	10 415	10 437
Stage 2	1 242	576
of which past due greater than 30 days	90	31
Stage 3	332	379
of which Ongoing (excluding Legacy) Stage 3*	231	249
<b>ECL</b>	<b>(170)</b>	<b>(175)</b>
Stage 1	(27)	(37)
Stage 2	(42)	(31)
Stage 3	(101)	(107)
of which Ongoing (excluding Legacy) Stage 3*	(62)	(62)
<b>Coverage ratio</b>		
Stage 1	0.26%	0.35%
Stage 2	3.4%	5.4%
Stage 3	30.4%	28.2%
of which Ongoing (excluding Legacy) Stage 3*	26.8%	24.9%
<b>Credit loss ratio</b>	<b>0.56%</b>	<b>0.69%</b>
ECL impairment charges on core loans	(65)	(74)
Average gross core loans subject to ECL	11 691	10 642
<b>An analysis of Stage 3 gross core loans subject to ECL</b>		
Stage 3 net of ECL	231	272
of which Ongoing (excluding Legacy) Stage 3*	169	187
Aggregate collateral and other credit enhancements on Stage 3	235	274
Stage 3 as a % of gross core loans subject to ECL	2.8%	3.3%
of which Ongoing (excluding Legacy) Stage 3*	1.9%	2.2%
Stage 3 net of ECL as a % of net core loans subject to ECL	2.0%	2.4%
of which Ongoing (excluding Legacy) Stage 3*	1.4%	1.7%

\* Refer to definitions on page 27. Our exposure (net of ECL) to the UK Legacy portfolio has reduced from £111 million at 31 March 2020 to £84 million at 31 March 2021. These assets are substantially impaired and are largely reported under Stage 3.

ASSET QUALITY  
CONTINUED

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

£'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		
<b>At 31 March 2021</b>										
<b>Commercial real estate</b>	<b>1 126</b>	<b>—</b>	<b>134</b>	<b>(4)</b>	<b>137</b>	<b>(25)</b>	<b>1 397</b>	<b>(29)</b>	<b>19</b>	<b>1 416</b>
Commercial real estate – investment	910	—	118	(3)	130	(21)	1 158	(24)	15	1 173
Commercial real estate – development	211	—	10	—	1	(1)	222	(1)	4	226
Commercial vacant land and planning	5	—	6	(1)	6	(3)	17	(4)	—	17
<b>Residential real estate</b>	<b>614</b>	<b>—</b>	<b>12</b>	<b>—</b>	<b>73</b>	<b>(29)</b>	<b>699</b>	<b>(29)</b>	<b>11</b>	<b>710</b>
Residential real estate – investment	315	—	3	—	19	(6)	337	(6)	9	346
Residential real estate – development	287	—	9	—	23	(5)	319	(5)	—	319
Residential vacant land and planning	12	—	—	—	31	(18)	43	(18)	2	45
<b>Total lending collateralised by property</b>	<b>1 740</b>	<b>—</b>	<b>146</b>	<b>(4)</b>	<b>210</b>	<b>(54)</b>	<b>2 096</b>	<b>(58)</b>	<b>30</b>	<b>2 126</b>
<b>Coverage ratio</b>	<b>0.00%</b>		<b>2.7%</b>		<b>25.7%</b>		<b>2.8%</b>			
<b>At 31 March 2020</b>										
<b>Commercial real estate</b>	<b>983</b>	<b>(1)</b>	<b>105</b>	<b>(12)</b>	<b>125</b>	<b>(12)</b>	<b>1 213</b>	<b>(25)</b>	<b>42</b>	<b>1 255</b>
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
<b>Residential real estate</b>	<b>607</b>	<b>—</b>	<b>12</b>	<b>—</b>	<b>108</b>	<b>(39)</b>	<b>727</b>	<b>(39)</b>	<b>30</b>	<b>757</b>
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
<b>Total lending collateralised by property</b>	<b>1 590</b>	<b>(1)</b>	<b>117</b>	<b>(12)</b>	<b>233</b>	<b>(51)</b>	<b>1 940</b>	<b>(64)</b>	<b>72</b>	<b>2 012</b>
<b>Coverage ratio</b>	<b>0.06%</b>		<b>10.3%</b>		<b>21.9%</b>		<b>3.3%</b>			

ASSET QUALITY  
CONTINUED

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

£'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		
<b>At 31 March 2021</b>										
Mortgages	3 103	(1)	74	—	16	(2)	3 193	(3)	—	3 193
High net worth and specialised lending	832	(1)	31	(1)	2	(1)	865	(3)	7	872
<b>Total high net worth and other private client lending</b>	<b>3 935</b>	<b>(2)</b>	<b>105</b>	<b>(1)</b>	<b>18</b>	<b>(3)</b>	<b>4 058</b>	<b>(6)</b>	<b>7</b>	<b>4 065</b>
<b>Coverage ratio</b>	<b>0.05%</b>		<b>1.0%</b>		<b>16.7%</b>		<b>0.1%</b>			
<b>At 31 March 2020</b>										
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
<b>Total high net worth and other private client lending</b>	<b>3 058</b>	<b>(2)</b>	<b>30</b>	<b>(1)</b>	<b>32</b>	<b>(4)</b>	<b>3 120</b>	<b>(7)</b>	<b>14</b>	<b>3 134</b>
<b>Coverage ratio</b>	<b>0.07%</b>		<b>3.3%</b>		<b>12.5%</b>		<b>0.2%</b>			

ASSET QUALITY  
CONTINUED

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

£'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		
<b>At 31 March 2021</b>										
Corporate and acquisition finance	1 000	(7)	336	(17)	12	(4)	1 348	(28)	87	1 435
Asset-based lending	206	(2)	119	(3)	—	—	325	(5)	14	339
Fund finance	1 176	(2)	57	—	—	—	1 233	(2)	48	1 281
Other corporate and financial institutions and governments	452	(2)	113	(2)	9	(3)	574	(7)	144	718
Asset finance	1 527	(10)	284	(11)	58	(36)	1 869	(57)	135	2 004
Small ticket asset finance	1 060	(9)	202	(10)	29	(16)	1 291	(35)	—	1 291
Motor finance	467	(1)	82	(1)	6	(2)	555	(4)	—	555
Large ticket asset finance	—	—	—	—	23	(18)	23	(18)	135	158
Power and infrastructure finance	351	(2)	82	(4)	25	(1)	458	(7)	47	505
Resource finance	28	—	—	—	—	—	28	—	—	28
<b>Total corporate and other lending</b>	<b>4 740</b>	<b>(25)</b>	<b>991</b>	<b>(37)</b>	<b>104</b>	<b>(44)</b>	<b>5 835</b>	<b>(106)</b>	<b>475</b>	<b>6 310</b>
<b>Coverage ratio</b>	<b>0.53%</b>		<b>3.7%</b>		<b>42.3%</b>		<b>1.8%</b>			
<b>At 31 March 2020</b>										
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	1 246	(10)	99	(6)	25	(14)	1 370	(30)	—	1 370
Motor finance	332	(1)	44	(1)	3	(1)	379	(3)	—	379
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
<b>Total corporate and other lending</b>	<b>5 789</b>	<b>(34)</b>	<b>429</b>	<b>(18)</b>	<b>114</b>	<b>(52)</b>	<b>6 332</b>	<b>(104)</b>	<b>567</b>	<b>6 899</b>
<b>Coverage ratio</b>	<b>0.59%</b>		<b>4.2%</b>		<b>45.6%</b>		<b>1.6%</b>			



## CAPITAL ADEQUACY

## A summary of capital adequacy and leverage ratios

	31 March 2021*	31 March 2020* #
Common equity tier 1 ratio **	11.0%	10.7%
Common equity tier 1 ratio (fully loaded) ***	10.5%	10.3%
Tier 1 ratio **	12.7%	12.4%
Total capital ratio **	14.9%	14.9%
Leverage ratio <sup>^</sup>	7.8%	7.8%
Leverage ratio (fully loaded) <sup>^ ***</sup>	7.4%	7.4%
Leverage ratio (UK leverage ratio framework) <sup>^ ^^</sup>	9.0%	8.9%

## Capital structure and capital adequacy

£'million	31 March 2021*	31 March 2020*
<b>Shareholders' equity</b>	<b>2 198</b>	<b>2 090</b>
Shareholders' equity excluding non-controlling interests	2 256	2 135
Foreseeable charges and dividends	(25)	—
Perpetual preference share capital and share premium	(25)	(25)
Deconsolidation of special purpose entities	(8)	(20)
<b>Non-controlling interests</b>	<b>—</b>	<b>—</b>
Non-controlling interests per balance sheet	—	3
Non-controlling interests excluded for regulatory purposes	—	(3)
<b>Regulatory adjustments to the accounting basis</b>	<b>98</b>	<b>91</b>
Additional value adjustments	(7)	(8)
Gains or losses on liabilities at fair value resulting from changes in our credit standing	12	12
Adjustment under IFRS 9 transitional arrangements	93	87
<b>Deductions</b>	<b>(500)</b>	<b>(436)</b>
Goodwill and intangible assets net of deferred taxation	(307)	(326)
Investment in capital of financial entities above 10% threshold	(179)	(92)
Deferred taxation assets that rely on future profitability excluding those arising from temporary difference	(12)	(18)
Securitisation positions which can alternatively be subject to a 1 250%	(2)	—
<b>Common equity tier 1 capital</b>	<b>1 796</b>	<b>1 745</b>
Additional Tier 1 instruments	274	274
<b>Tier 1 capital</b>	<b>2 070</b>	<b>2 019</b>
<b>Tier 2 capital</b>	<b>370</b>	<b>414</b>
Tier 2 instruments	473	533
Non-qualifying surplus capital attributable to non-controlling interests	(103)	(119)
<b>Total regulatory capital</b>	<b>2 440</b>	<b>2 433</b>
<b>Risk-weighted assets**</b>	<b>16 332</b>	<b>16 285</b>

\* The capital adequacy disclosures for Investec plc include the deduction of foreseeable charges and dividends when calculating CET1 capital. These disclosures are different to the capital adequacy disclosures included in Investec's 2021 and 2020 integrated annual report, which follow our normal basis of presentation and do not include this deduction when calculating CET1 capital. Investec plc CET1 ratio would be 17bps (31 March 2020: 0bps) higher, on this basis.

\*\* The CET1, Tier 1 and total capital ratios and RWAs are calculated applying the IFRS 9 transitional arrangements (including the CRR II changes introduced by the 'quick fix' regulation adopted in June 2020).

\*\*\* The CET1 ratio (fully loaded) and the leverage ratio (fully loaded) assumes full adoption of IFRS 9 and full adoption of all CRD IV rules. 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 31 March 2021 of £3 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.

<sup>^</sup> The leverage ratios are calculated on an end-quarter basis.

<sup>^^</sup> Investec plc is not subject to the UK leverage ratio framework; however, due to recent changes to the UK leverage ratio framework to exclude from the calculation of the total exposure measure those assets constituting claims on central banks where they are matched by deposits accepted by the firm that are denominated in the same currency and of identical or longer maturity, this has been included for comparative purposes.

<sup>#</sup> Where applicable, the 31 March 2020 leverage ratio comparatives have been restated to account for the reclassification of gilts and total return swaps. The restatements are detailed on page 18.

CAPITAL ADEQUACY  
CONTINUED

**Risk-weighted assets and capital requirements**

£'million	Risk-weighted assets**		Capital requirements	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	<b>16 332</b>	<b>16 285</b>	<b>1 307</b>	<b>1 303</b>
Credit risk	12 497	12 183	1 000	974
Equity risk	581	580	46	46
Counterparty credit risk	691	921	55	74
Credit valuation adjustment risk	59	59	5	5
Market risk	778	734	63	59
Operational risk	1 726	1 808	138	145

**Leverage**

£'million	31 March 2021*	31 March 2020* #
Total exposure measure	26 672	25 869
Tier 1 capital (as reported) **	2 070	2 019
<b>Leverage ratio ^</b>	<b>7.8 %</b>	<b>7.8 %</b>
<b>Leverage ratio (fully loaded) ^ ***</b>	<b>7.4 %</b>	<b>7.4 %</b>
Leverage ratio (UK leverage ratio framework) ^ ^^	9.0 %	8.9 %

\* The capital adequacy disclosures for Investec plc include the deduction of foreseeable charges and dividends when calculating CET1 capital. These disclosures are different to the capital adequacy disclosures included in Investec's 2021 and 2020 integrated annual report, which follow our normal basis of presentation and do not include this deduction when calculating CET1 capital. Investec plc CET1 ratio would be 17bps (31 March 2020: 0bps) higher, on this basis.

\*\* The CET1, Tier 1 and total capital ratios and RWAs are calculated applying the IFRS 9 transitional arrangements (including the CRR II changes introduced by the 'quick fix' regulation adopted in June 2020).

\*\*\* The CET1 ratio (fully loaded) and the leverage ratio (fully loaded) assumes full adoption of IFRS 9 and full adoption of all CRD IV rules. 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 31 March 2021 of £3 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.

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

^^ Investec plc is not subject to the UK leverage ratio framework; however, due to recent changes to the UK leverage ratio framework to exclude from the calculation of the total exposure measure those assets constituting claims on central banks where they are matched by deposits accepted by the firm that are denominated in the same currency and of identical or longer maturity, this has been included for comparative purposes.

# Where applicable, the 31 March 2020 comparatives have been restated to account for the reclassification of gilts and total return swaps. The restatements are detailed on page 18.


## ANNEXURE 1 – ALTERNATIVE PERFORMANCE MEASURES



We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers. These measures are used to align internal and external reporting, identify items management believes are not representative of the underlying performance of the business and provide insight into how management assesses period-on-period performance. A description of the group's alternative performance measures and their calculation, where relevant, is set out below.

Alternative performance measures are not measures within the scope of IFRS and are not a substitute for IFRS financial measures. Alternative performance measures constitute pro-forma financial information. The pro-forma financial information is the responsibility of the board of directors and is presented for illustrative purposes only and because of its nature may not fairly present the group's financial position, changes in equity, and results in operations or cash flows.


Adjusted operating profit	Refer to the calculation in the table below	
£'000	31 March 2021	31 March 2020
Operating profit before goodwill, acquired intangibles and strategic actions	108 837	130 250
Add: Loss/(profit) attributable to other non-controlling interests	861	(864)
<b>Adjusted operating profit</b>	<b>109 698</b>	<b>129 386</b>

Annuity income	 Net interest income (refer to page 9) plus net annuity fees and commissions (refer to page 10)
Core loans	The table below describes the differences between "loans and advances to customers" as per the balance sheet and gross core loans

£'million	31 March 2021	31 March 2020
Loans and advances to customers per the balance sheet	12 336	11 872
ECL held against FVOCI loans reported on the balance sheet within reserves	(5)	(2)
<b>Net core loans</b>	<b>12 331</b>	<b>11 870</b>
of which amortised cost and FVOCI ("subject to ECL")	11 819	11 217
of which FVPL	512	653
Add: ECL	170	175
<b>Gross core loans</b>	<b>12 501</b>	<b>12 045</b>
of which amortised cost and FVOCI ("subject to ECL")	11 989	11 392
of which FVPL	512	653

Cost to income ratio	Refer to calculation in the table below	
£'000	31 March 2021	31 March 2020
Operating costs <sup>^</sup> (A)	766 367	742 199
Total operating income before expected credit loss impairment charges	946 400	948 249
Add: Loss/(profit) attributable to other non-controlling interests	861	(864)
Total (B)	947 261	947 385
<b>Cost to income ratio (A/B)</b>	<b>80.9%</b>	<b>78.3%</b>

<sup>^</sup> Restated as detailed on page 18.

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
Gearing ratio	Total 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 interest margin	Annualised interest income net of interest expense, divided by average interest-earning assets
	 Refer to calculation on page 9

## DEFINITIONS

**Cash and near cash**

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

**ECL**

Expected credit loss

**Funds under management**

Consists of funds managed by the Wealth & Investment business, and by the Property business (which forms part of the Specialist Bank) in the prior year

**FVOCI**

Fair value through other comprehensive income

**FVPL**

Fair value through profit and loss

**Interest-earning assets**

Cash and near cash, bank debt securities, sovereign debt securities, loans and advances, other debt securities, other loans and advances and finance lease receivables.

➔ Refer to page 9 for calculation

**Interest-bearing liabilities**

Deposits by banks, customer accounts (deposits), repurchase agreements and cash collateral on securities lent, debt securities in issue, lease liabilities and subordinated liabilities.

➔ Refer to page 9 for calculation

**Legacy business in the UK Specialist Bank ('Legacy')**

Legacy, as separately disclosed from 2013 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

**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 2013 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 and financial impact of group restructures

**Subject to ECL**

Includes financial assets held at amortised cost and FVOCI

— OUT OF THE ORDINARY

