OUT OF THE ORDINARY

Investec

Distinct Agile Resilient

Investec Integrated Annual Report

Vol 1
Investec strategic report incorporating environmental, social and governance (ESG) and the remuneration report



Alternative performance measures
We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information. These measures are highlighted with the symbol shown here. The description of alternative performance measures and their calculation is provided in the alternative performance measures section.

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

Page references
Refers readers to information elsewhere in this report.

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

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

Reporting standard
Denotes our consideration of a reporting standard.

Unaudited information
Indicates information which has not been audited.

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

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

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

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

For queries regarding information in this document:

Investor relations
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Email: investorrelations@investec.com

www.investec.com/en_gb/investors/contact-us/investor-relations.html



CONTENTS

Our reporting suite 2

Sections 01 to 04 comprise our Strategic Report

01 Strategic focus

Who we are 4
Our business at a glance 8
Our strategic objectives 12
Our business model 13
Our credit ratings 14

02 Our performance

Chief Executive's report 16
Stakeholder engagement and value creation 23
CFO report 34

03 Divisional review

Divisional key income drivers 50
UK and Other 52
Southern Africa 64

04 Environmental, social and governance (ESG)

Corporate governance 77
Directors' report 117
Shareholder analysis 126
Social and environmental report 131

05 Directors' remuneration report 151

06 Annexures

Glossary 197
Alternative performance measures 199
Definitions 202
Corporate information 203

OUR REPORTING SUITE

We produce a full suite of reports to cater for the diverse needs of our stakeholders.

As a requirement of our Dual Listed Company (DLC) structure, we comply with the disclosure obligations contained in the applicable listing rules of the UK Listing Authority (UKLA), the JSE Limited (JSE) and other exchanges on which our shares are listed. We further comply with any public disclosure obligations as required by the UK regulators and the South African Prudential Authority, as well as the recommendations of the King IV Code and the UK Governance Code 2018.

Annual Integrated Report
This report covers the period 1 April 2020 to 31 March 2021 and includes material issues up to the date of board approval on 22 June 2021.

This report covers all our operations across the various geographies in which we operate and has been structured to provide stakeholders with relevant financial and non-financial information.

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

Annual Integrated Report



Volume 1

Strategic report incorporating environmental, social and governance (ESG), as well as the remuneration report

Business review
Outlines the group's strategic focus and financial performance

Governance report
Sets out the governance practices of the group

Social and environmental report
Sets out our group sustainability and ESG practices

Remuneration report
Sets out our remuneration policies and implementation thereof



Volume 2

Risk disclosures

Sets out the management of risks relating to the Investec group's operations



Volume 3

Annual financial statements

Sets out the full DLC audited annual financial statements, including the report of the group audit committee

The following reports can be found in separate documents available on our website:

Group sustainability and ESG supplementary report
This report provides a holistic view of Investec group's social and environmental impact within our operations including our contribution to the Sustainable Development Goals (SDGs). We incorporate material information from the main geographies in which we operate.

Pillar III disclosure reports
These reports provide disclosures that allow market participants to assess the scope of application by banks of the Basel committee's framework and the rules in their jurisdiction – their capital condition, risk exposure, risk management process and their capital adequacy.

Corporate profile
This report serves as a reference for the investment community and other interested parties. It provides an introduction to Investec.

01

Strategic focus



WHO WE ARE

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

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

WHO WE ARE
CONTINUED



WHO WE ARE
CONTINUED



WHO WE ARE
CONTINUED

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

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

Investec. Out of the Ordinary.

OUR BUSINESS AT A GLANCE

One Investec

Our purpose

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

Our mission

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

Our distinction

The Investec distinction is embodied in our entrepreneurial culture, supported by a strong risk management discipline, client-centric approach and an ability to be nimble, flexible and innovative. We do not seek to be all things to all people. Our aim is to build well-defined, value-adding businesses focused on serving the needs of select market niches where we can compete effectively and build scale and relevance.

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

Our strategic direction

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

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

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

Our values

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

1

Cast-iron integrity

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

2

Distinctive performance

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

3

Client focus

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

4

Entrepreneurial spirit

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

5

Dedicated partnership

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

OUR BUSINESS AT A GLANCE
CONTINUED



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

Our journey so far

1974
Founded as a leasing company in Johannesburg

1980
We acquired a banking licence

1986
We were listed on the JSE Limited South Africa

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

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

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

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

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

Investment proposition
Well positioned to pursue long-term growth

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

OUR BUSINESS AT A GLANCE
CONTINUED

Our operational structure

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

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

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

Our DLC structure and main operating subsidiaries



^ Houses the Wealth & Investment business.

All shareholdings in the ordinary share capital of the subsidiaries shown are 100%.
In March 2020, Investec completed the demerger and separate listing of Ninety One (formerly known as Investec Asset Management). The Investec group retained a 25% shareholding in the Ninety One group, with 16.3% held through Investec plc and 8.7% held through Investec Limited.

Salient features of the DLC structure

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

OUR BUSINESS AT A GLANCE
CONTINUED

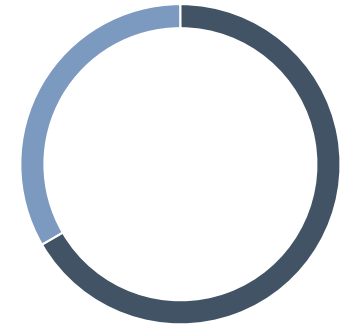
40+ years of heritage. Two core geographies. One Investec.

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

Our group

Adjusted operating profit

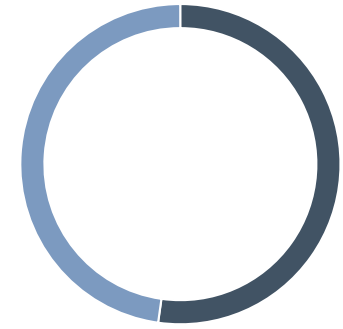
£377.6mn



Southern Africa	£251.6mn
UK and Other	£126.0mn

Total assets

£51.5bn



Southern Africa	£26.9bn
UK and Other	£24.6bn

1 Southern Africa

Net core loans
£14.1bn

Customer deposits
£18.4bn

Funds under management
£16.7bn

Total employees
4 700+

ROE
9.4%

Cost to income ratio
58.7%

2 UK and Other

Net core loans
£12.3bn

Customer deposits
£16.0bn

Funds under management
£41.7bn

Total employees
3 500+

ROE
4.0%

Cost to income ratio
79.5%

Total group

Net core loans
£26.4bn

Customer deposits
£34.4bn

Funds under management
£58.4bn

Total employees
8 200+

ROE
6.6%

Cost to income ratio
70.9%

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

64%
of SA Wealth & Investment's top clients are clients of the SA Private Bank

c.10%
of SA Private Banking clients have a UK Private Banking transactional account

OUR STRATEGIC OBJECTIVES

Driving sustainable long-term growth



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

We are focused on delivering profitable, impactful and sustainable solutions to our clients. To deliver on One Investec, we will focus on collaboration between the Banking and Wealth & Investment businesses and continue to invest in and support these franchises. This will position Investec for sustainable long-term growth.

Our long-term strategic focus:

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

Medium-term strategic objectives

Growth initiatives
Focus on growing our client base and building new sources of revenue

Improved cost management
Heightened rigour in identifying efficiencies in all areas of the business

Digitalisation
Enhancing digital capabilities to continue delivering an advanced high-tech, high-touch proposition

Greater connectivity
Enhancing links among and between the Banking and Wealth & Investment businesses, across geographies

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

Read more in our Divisional Review section on pages 49 to 75

OUR BUSINESS MODEL

Creating sustainable, long-term value

Key highlights

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

Our clients and offering

Corporate / Institutional / Government / Intermediary

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

Specialist Banking

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

Wealth & Investment

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

Our approach

We have market-leading, distinctive client franchises

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

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

Our stakeholders

To see a full list of our stakeholders, read more on pages 23 to 30

Our clients

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

Our people

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

Our communities

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

Our planet

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

OUR CREDIT RATINGS

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

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

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

02

Our performance



CHIEF EXECUTIVE'S REPORT



A sound performance in a challenging year

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

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

Fani Titi
Chief Executive

CHIEF EXECUTIVE'S REPORT
CONTINUED

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

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

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

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

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

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

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

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

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

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

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

CHIEF EXECUTIVE'S REPORT
CONTINUED

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

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

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

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

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

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

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

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

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

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

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

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

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

CHIEF EXECUTIVE'S REPORT
CONTINUED

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

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

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

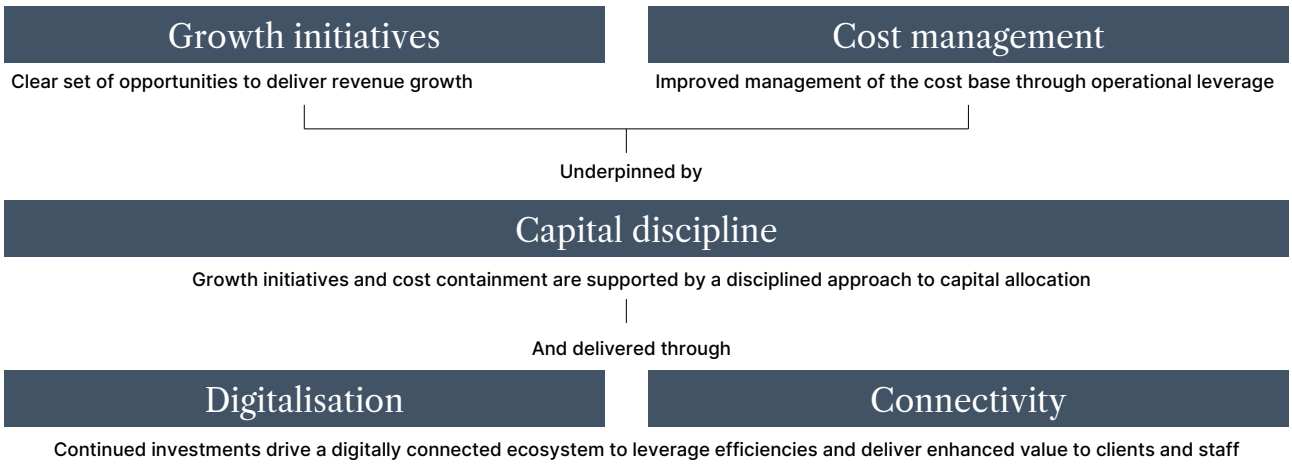
It is telling that South Africa, together with India, Australia and South Korea, has been invited to attend the G7 summit in June: an indication that the country is gradually regaining its place as a key player on the global stage.

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

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

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

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



CHIEF EXECUTIVE'S REPORT
CONTINUED

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CHIEF EXECUTIVE'S REPORT
CONTINUED

65%

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

CMD 2019: 51%

3

average number of UK bank products used by SA HNW clients

CMD 2019: 2.4

75%

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

FY2020: 77%

Digitalisation

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

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

Sustainability

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

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

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

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

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

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

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

CHIEF EXECUTIVE'S REPORT
CONTINUED

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

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

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

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

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

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

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

Please refer to Nishlan Samujh's CFO report on pages 34 to 48 for more details on financial performance.

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

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

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

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

On behalf of the board of Investec plc and Investec Limited



Fani Titi
Chief Executive

STAKEHOLDER ENGAGEMENT AND VALUE CREATION

Listening and engaging with our stakeholders

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

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

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

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

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

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

Refer to page 92 for additional information on how the board engages with our stakeholders.

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

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

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

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

STAKEHOLDER ENGAGEMENT AND VALUE CREATION
CONTINUED

Clients

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



What matters to them

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

How we engage

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

FY2021 highlights

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

£3.5bn

in equity capital raised across 30 corporate clients in the UK

Our people*

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



What matters to them

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

How we engage

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

FY2021 highlights

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

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

STAKEHOLDER ENGAGEMENT AND VALUE CREATION
CONTINUED

Investors

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



What matters to them

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

How we engage

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

FY2021 highlights

- Organised a non-executive director roadshow to discuss the group's proposed new remuneration policy (refer to the Principal Decision on pages 28 and 29)
- Organised two debt roadshows in South Africa and the UK/Europe which raised R1.6bn and €300mn, respectively.

164

meetings with existing and prospective investors

Communities

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



What matters to them

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

How we engage

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

FY2021 highlights

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

£9.8mn

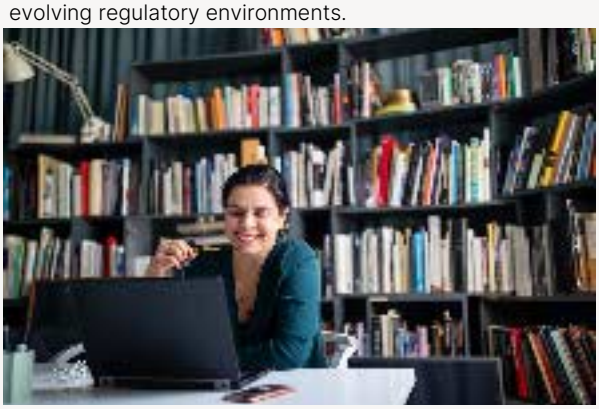
spent on community initiatives (2020: £9.8mn)

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

STAKEHOLDER ENGAGEMENT AND VALUE CREATION
CONTINUED

Government and regulators

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



What matters to them

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

How we engage

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

FY2021 highlights

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

>£240mn

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

ESG analysts and climate focused industry bodies

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



What matters to them

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

How we engage

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

FY2021 highlights

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

Net-zero

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

STAKEHOLDER ENGAGEMENT AND VALUE CREATION
CONTINUED

Suppliers

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



What matters to them

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

How we engage

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

FY2021 highlights

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

All of our suppliers screened against ethical supply chain practices

STAKEHOLDER ENGAGEMENT AND VALUE CREATION
CONTINUED

Principal decisions

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

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

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

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

On our journey to improve shareholder returns, the board approved the decision to refocus the UK bank on its core domestic market and rightsize the cost base. This resulted in 194 roles being made redundant as part of the restructure programme and a complete exit from Australia (as explained in the Chief Executive report on pages 16 to 22). Through a variety of workforce engagement mechanisms, we processed the reasons for the decision and informed our workforce about the impending redundancies. The board recognises that this is Investec's first major redundancy programme on this scale. The board will monitor the impact of this decision on the culture of the company, specifically focusing on adverse effects on talent retention. Management initiated a series of engagement activities with the remainder of the workforce to deal with concerns related to the decision. Following the engagements, work is ongoing to ensure employees are given a clear sense of purpose and understanding as to how they fit into the vision for the bank.

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

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

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

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

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

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

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

STAKEHOLDER ENGAGEMENT AND VALUE CREATION
CONTINUED

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

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

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

The group remains committed to its remuneration principles which include:

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

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

Details of the proposed policy (which is to be tabled at the 2021 AGMs) can be found on pages 160 to 169, and details of the remuneration outcomes for the year can be found on pages 156 to 158 of this integrated report.

Tabling a climate risk-related resolution at the 2020 AGMs

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

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

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

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

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

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

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

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

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

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



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

STAKEHOLDER ENGAGEMENT AND VALUE CREATION
CONTINUED

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

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

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

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

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

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

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

Further information on our gender, diversity and transformation initiatives and progress can be found on pages 134 to 136 as well as in the group's 2021 sustainability and ESG supplementary report available on our website.

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

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

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

Further information on the decisions around audit firm rotation can be found on pages 102 and 109 to 110 in the corporate governance section of this report.

STAKEHOLDER ENGAGEMENT AND VALUE CREATION
CONTINUED

Sustainability highlights

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

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

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

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

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

We actively participate in the UN Sustainable Development Goals

Ratings and rankings in the sustainability indices

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

Sustainability Yearbook Member 2021 S&P Global

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

JSE

Top 30 in the FTSE/JSE Responsible Investment Index

FTSE4Good

Included in the FTSE4Good Index

STOXX QONTIGO

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

MSCI ESG RATINGS AAA

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

CDP DISCLOSURE INSIGHT ACTION

Maintained a B rating against an industry average of B

SUSTAINALYTICS RATED

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

ISS ESG

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

Awards

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

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

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

STAKEHOLDER ENGAGEMENT AND VALUE CREATION
CONTINUED

Value creation through the Six Capitals

Inputs →

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

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

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

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

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

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

Process →

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

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

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

Corporate / Institutional / Government / Intermediary

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

↓ ↓ ↓

Specialist Banking

Wealth & Investment

↓ ↓

We have market-leading specialist client franchises

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

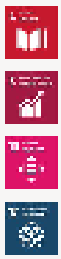
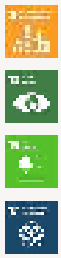
We are a people business backed by our Out of the Ordinary culture, entrepreneurial spirit

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

Informed by regular stakeholder engagement
Refer to pages 23 to 30

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

STAKEHOLDER ENGAGEMENT AND VALUE CREATION
CONTINUED

Outputs	Outcomes	SDGs
Human capital • Staff participating in employee wellness initiatives • Southern Africa: 3 390 staff participated in well-being initiatives • UK: 6 730 visits to the well-being hub • Learning and development as a % of staff cost down to 1.3% due to COVID-19 (2020: 1.7%) (target: >1.5%) • Total staff turnover: • Southern Africa: 5.9% (2020: 10.6%) • UK: 12.0% due to a restructure in the UK and Australia (2020: 13.7%) • All employees participate in culture and values dialogues • 48.8% female employees and 37.5% females in senior management positions.	• A safe and healthy work environment that values physical as well as psychosocial well-being • Growth in talent and leadership • Retained and motivated staff through appropriate remuneration and rewards structures • A values-driven culture supported by strong ethics and integrity • Diversity, equity, inclusion and belonging at all levels.	
Intellectual capital • Annuity income as a percentage of operating income is 77.6% (2020: 76.4%) • Credit loss ratio of 0.35% (March 2020: 0.52%) • Enhanced our ESG policies, processes and reporting.	• Diversified revenue streams that support long-term performance • Risk management expertise leveraged to protect value • Solid and responsible lending and investing activities.	
Social and relationship capital • Customer accounts up 6.9% (up 2.3% in neutral currency) • Spent £2.1 million on COVID-19 relief for communities in our jurisdictions around the world • 2.6% community spend as a % of operating profit of which 65% was on education, entrepreneurship and job creation • Financed more than £348 million towards student accommodation in South Africa, the UK and Europe.	• Deep durable relationships with our clients and created new client relationships • Invested in our distinctive brand and provided a high level of service by being nimble, flexible and innovative • Contributed to society through our numerous community programmes and through our SDG activities • Committed to transformation and youth employment in South Africa.	
Natural capital • Our banking book fossil fuel exposures reduced to 1.13% of gross credit and counterparty exposures at March 2021 (March 2020: 1.30%) • We are sourcing almost 100% of our Scope 2 energy from renewable sources through renewable energy certificates • We report according to the TCFDs and Equator Principles.	• Transition to a low-carbon economy through funding and participating in renewable energy • Limit our direct operational carbon impact • Protect biodiversity through various conservation activities • Aligned with the Paris Agreement.	
Technological capital • 17.4% of total operating costs relates to IT spend • 20% of staff have IT specialist skills • Swiftly enabled >95% of staff across the world to work from home during COVID-19 • Made targeted investments in AI capabilities • Embedded new RPA technologies to optimise operations.	• International platform for clients with global access to products and services which is both high-tech and high-touch • Optimise our value chain and drive efficiencies • Build an open banking platform as a channel to seamlessly integrate with FinTechs	
Financial capital • Operating income down 9.2% to £1 641 million and adjusted earnings per share down 14.7% to 28.9p • Core loans up 6.1% (up 1.6% in neutral currency), customer deposits up 6.9% and net inflows of £1.1 billion • Common equity tier 1 ratio of 11.2% for Investec plc and 12.2% for Investec Limited • Credit loss ratio decreased to 0.35% from 0.52%.	• Client franchises have shown resilience • Strong balance sheet with robust capital and liquidity levels • Increased provisioning levels and continued monitoring of credit exposures • Made progress on strategic initiatives.	

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

CFO REPORT



The year in review

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

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

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

Nishlan Samujh
CFO

CFO REPORT
CONTINUED

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

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

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

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

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

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

The group generated a return on equity (ROE) of 6.6% (FY2020: 8.3%) and a return on tangible equity (ROTE) of 7.2% (FY2020: 9.2%). An analysis of the allocation of capital and the return on equity per business and geography can be obtained on pages 43 to 45.

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

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

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

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

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

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

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

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

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

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

On behalf of the board of Investec plc and Investec Limited



Nishlan Samujh
Group Finance Director

CFO REPORT
CONTINUED

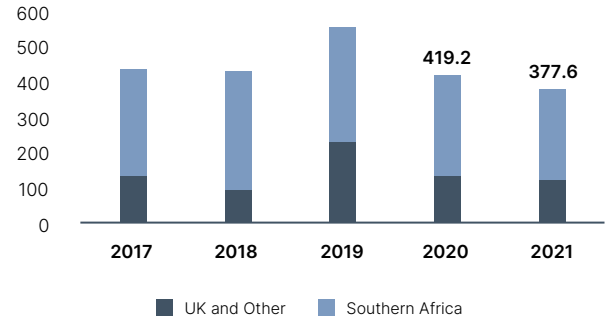
Financial highlights	FY2021	FY2020	Variance	% change	Neutral currency % change
Total operating income before expected credit losses (£'m)	1 641.1	1 806.8	(166.0)	(9.2%)	(4.4%)
Operating costs (£'m)	(1 164.5)	(1 186.4)	22.0	(1.8%)	2.4%
Adjusted operating profit (£'m)	377.6	419.2	(41.6)	(9.9%)	(2.4%)
Adjusted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

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

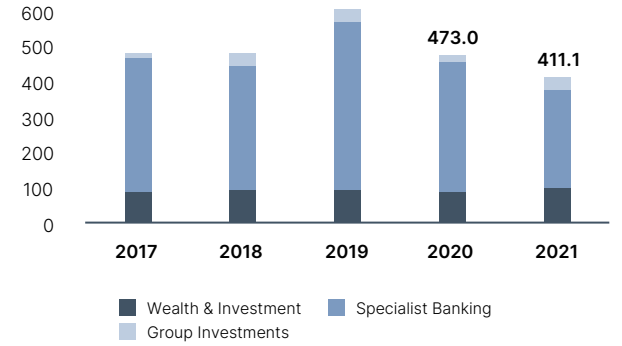
We have a diversified business model

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

Adjusted operating profit (including group costs)

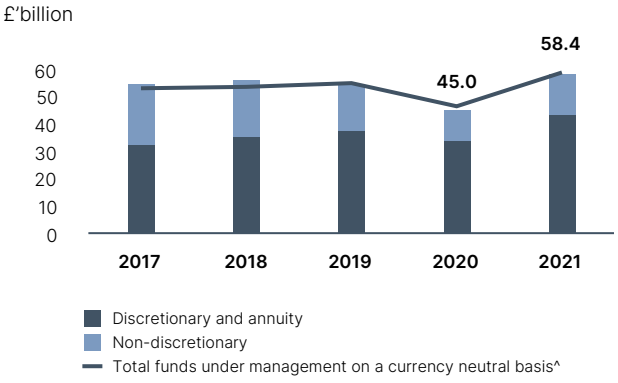


Adjusted operating profit (excluding group costs)

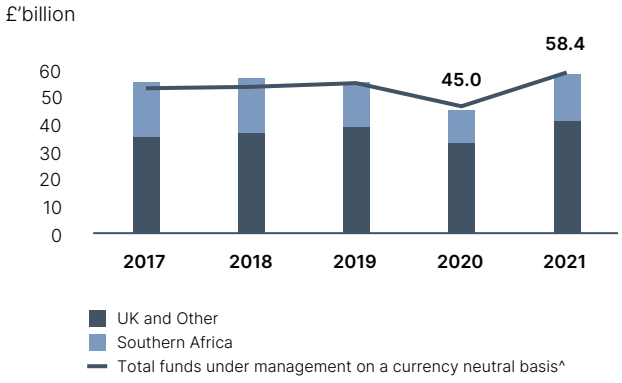


We continue to grow our key earnings drivers, underpinned by our resilient client franchises

Funds under management

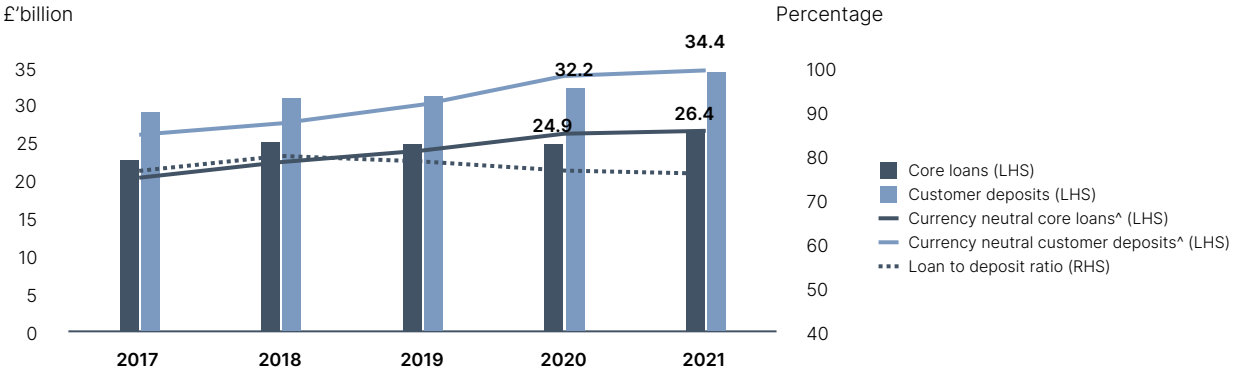


Funds under management by geography



CFO REPORT
CONTINUED

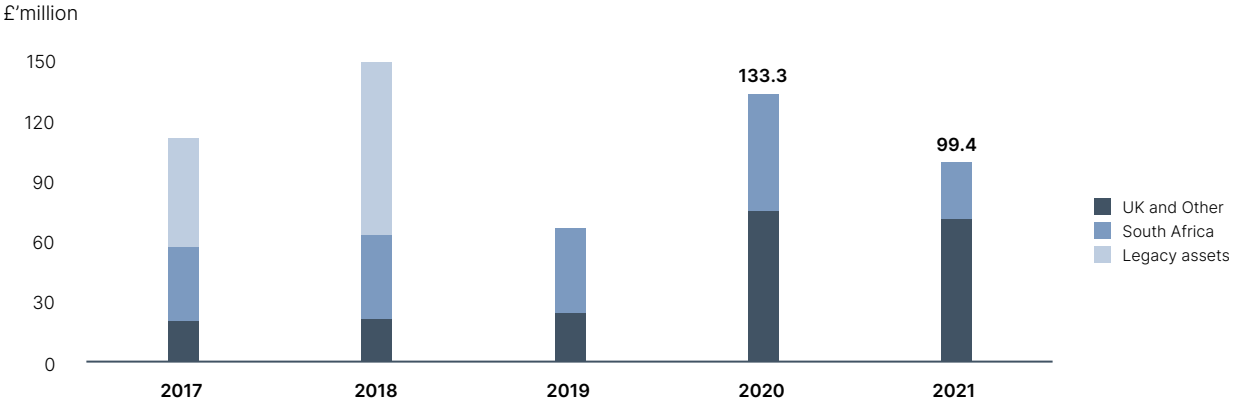
Core loans and customer deposits



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

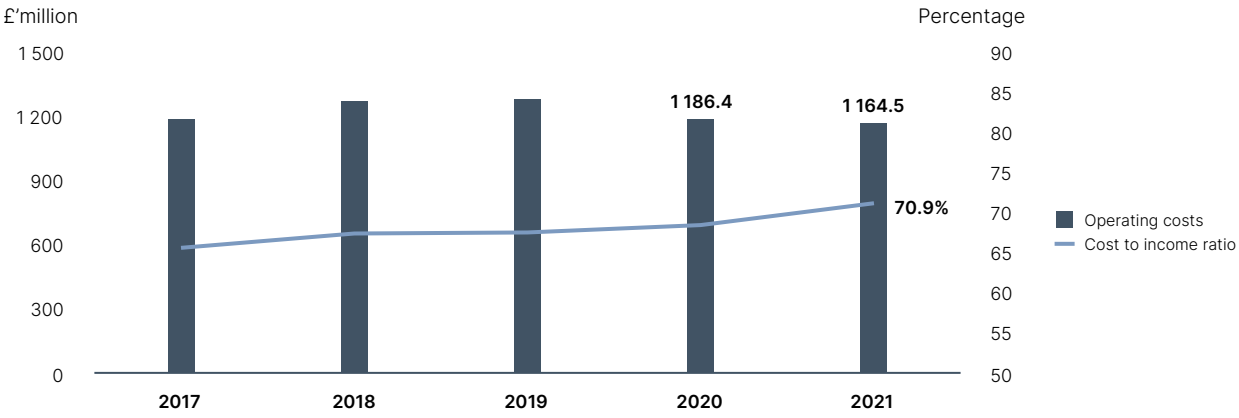
Lower credit losses reflect robust credit quality and higher recoveries in the current period

Expected credit loss impairment charges



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

Operating costs and cost to income ratio

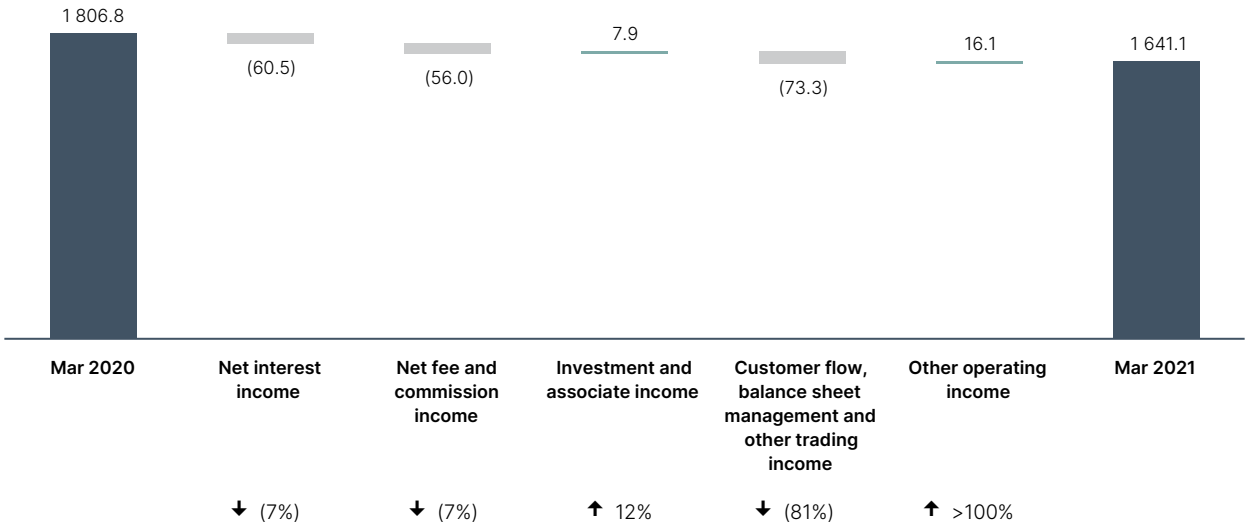


CFO REPORT
CONTINUED

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

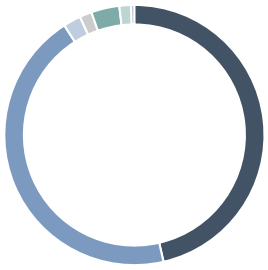
Total operating income before expected credit loss impairment charges
Total operating income before expected credit loss impairment charges decreased 9.2% to £1 641.1 million (2020: £1 806.8 million).

£'million



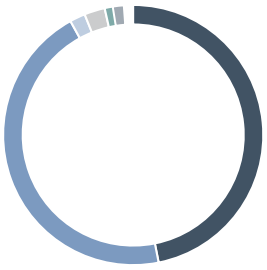
Percentage of total operating income before expected credit losses

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



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

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



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

CFO REPORT
CONTINUED

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

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

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

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

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

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

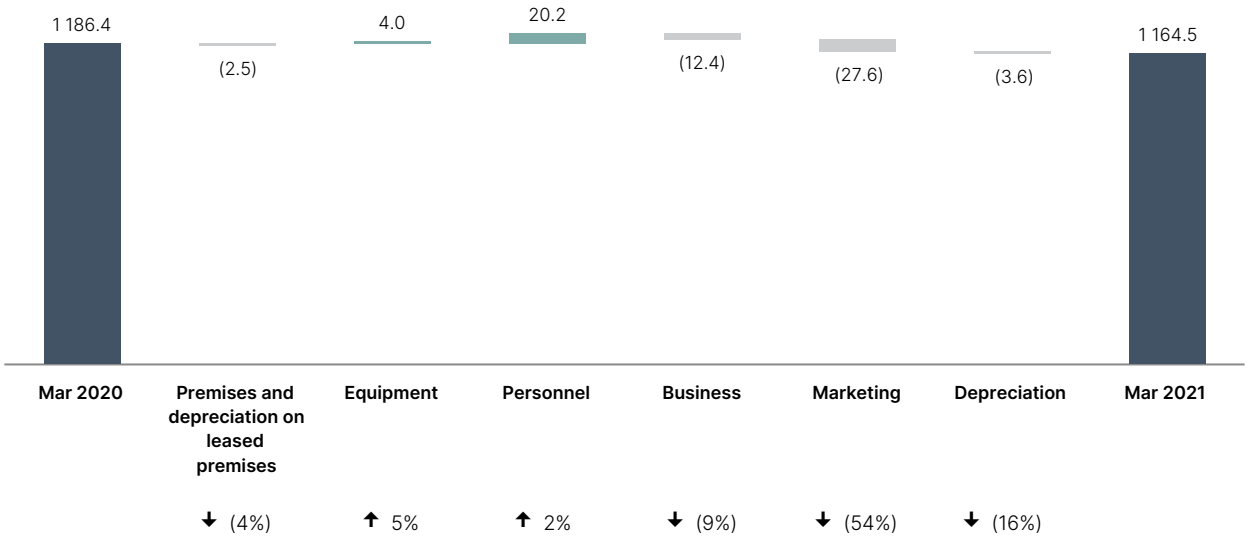
CFO REPORT
CONTINUED

Operating costs

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

Operating costs

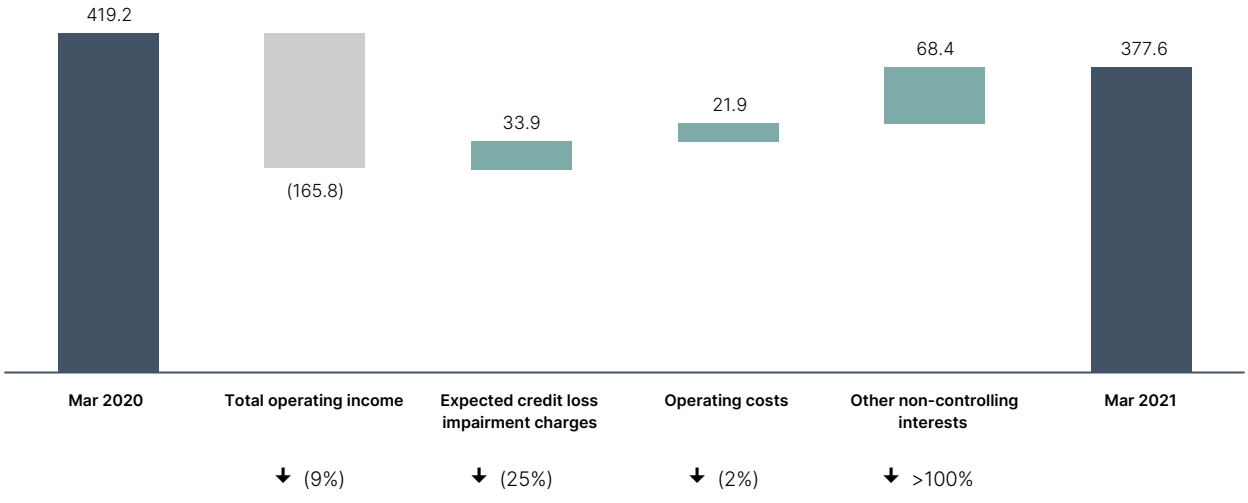
£'million



Adjusted operating profit

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

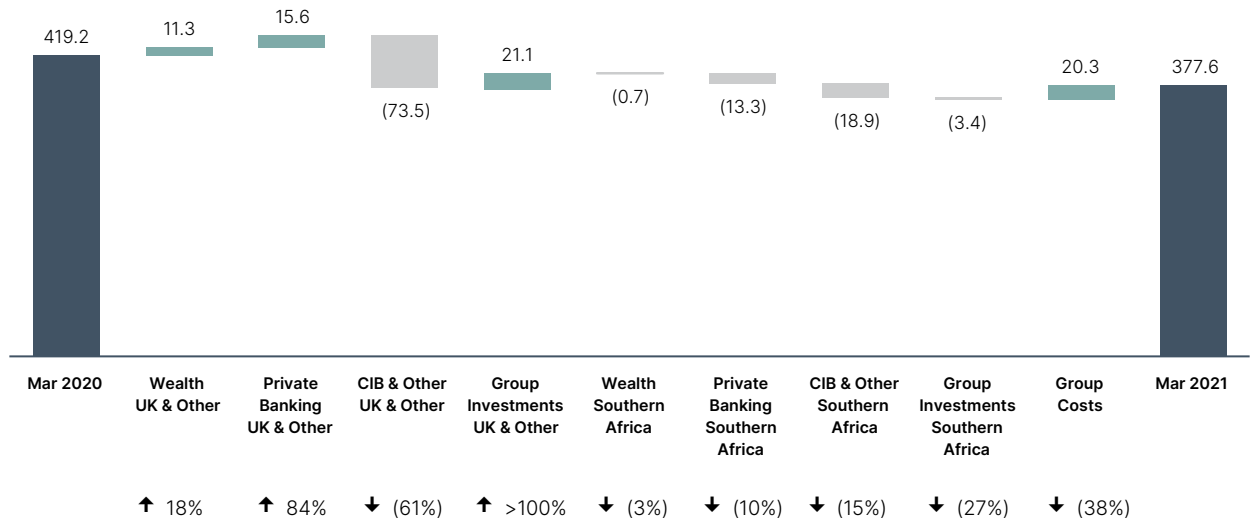
£'million



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CONTINUED

Adjusted operating profit by business and geography

£'million



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

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

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

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

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

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

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

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

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

CFO REPORT
CONTINUED

Balance sheet analysis
Since 31 March 2020:

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

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

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

- Investec Bank Limited (consolidated group) ended the period to 31 March 2021 with the three-month average of its LCR at 164.0% and an NSFR of 113.3%.
- For Investec plc the LCR and NSFR are calculated using the relevant EU regulation, applying our own interpretations where required. The LCR reported to the PRA at 31 March 2021 was 440% and the internally calculated NSFR was 129% at 31 March 2021. Excluding the sale of the Australian business, the LCR and NSFR were 335% and 126%.

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

The group targets a minimum CET1 ratio above 10%, a tier 1 ratio above 11% and a total capital adequacy ratio range of 14% to 17% on a consolidated basis for each of Investec plc and Investec Limited, respectively.

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

CFO REPORT
CONTINUED

Additional financial information

Return on equity

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

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

Return on equity by geography

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

CFO REPORT
CONTINUED

Return on equity by business and geography

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

The return on equity by business is based on the level of internal capital required by each business, inclusive of an allocation of any surplus capital held by group.
The operating profit is adjusted to reflect a capital structure that includes common equity, Additional Tier 1 capital instruments and subordinated debt.
^ Wealth & Investment is consistent with the group computation, except for an adjustment of £159.1 million between ordinary shareholders' funds and goodwill, which represents historical accounting gains with a corresponding effective increase in goodwill and intangible assets. These gains were excluded from group adjusted earnings.

CFO REPORT
CONTINUED

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

CFO REPORT
CONTINUED

Exchange rates

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

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

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

Exchange rates between local currencies and Pound Sterling have fluctuated over the period. The most significant impact arises from the volatility of the Rand. The average Rand: Pound Sterling exchange rate over the period has depreciated by 13.6% against the comparative 12-month period ended 31 March 2020, and the closing rate has appreciated by 8.1% since 31 March 2020. The following tables provide an analysis of the impact of the Rand on our reported numbers.

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

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

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

CFO REPORT
CONTINUED

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

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

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

Total funds under management

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

Number of employees

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

CFO REPORT
CONTINUED

Adjusted operating profit per employee

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

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

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

^ Based on average number of employees over the year.

Net asset value per share

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

Return on risk-weighted assets – continuing operations

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

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

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

03

Divisional review



DIVISIONAL KEY INCOME DRIVERS

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

Wealth & Investment

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

Group Investments

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

DIVISIONAL KEY INCOME DRIVERS
CONTINUED

Specialist Banking

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

UK AND OTHER

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

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

Highlights

Funds under management

£41.7bn

(2020: £33.5bn)

Net core loans

£12.3bn

(2020: £11.9bn)

Customer deposits

£16.1bn

(2020: £15.3bn)

Adjusted operating profit

£126.0mn

(2020: £133.5mn)

ROE post-tax

4.0%

(2020: 6.0%)

Cost to income

79.5%

(2020: 78.0%)

What we do

Private client offering

Wealth & Investment

Investment and savings

Pensions and retirement

Financial planning

Private Banking

Lending

Private Capital

Transactional banking

Savings

Foreign exchange

Corporate client offering

Corporate and Investment Banking

Lending

Advice

Hedging

Cash – deposits and savings

Equity placement

Target market

Private client offering

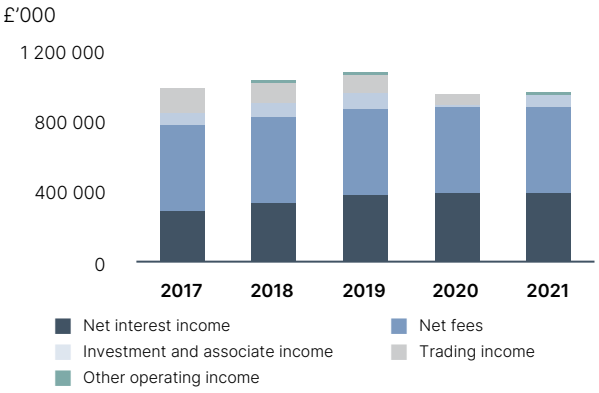
- Individuals with > £250k minimum investable amount
- Charities
- Trusts
- High net worth active wealth creators (with > £300k annual income and > £3mn NAV)

Corporate client offering

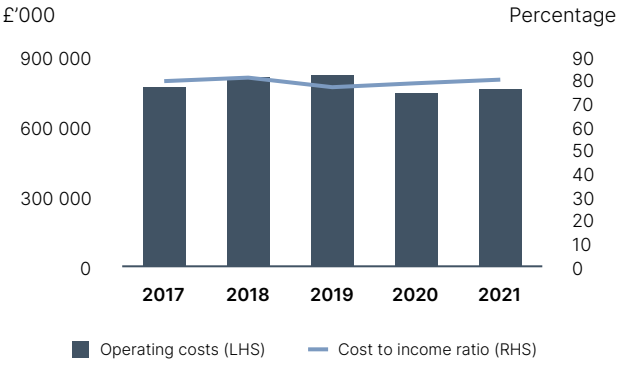
- Corporates
- Private equity
- Institutions
- Intermediaries
- Government

UK AND OTHER
CONTINUED

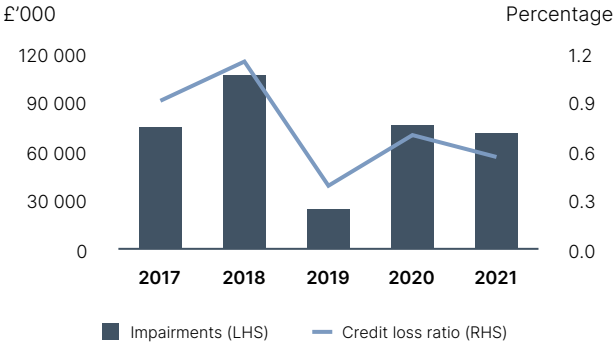
Operating income



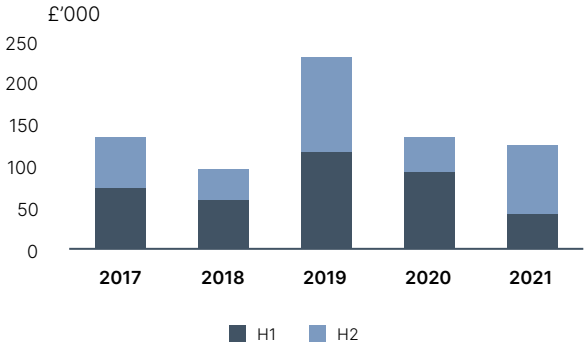
Operating costs



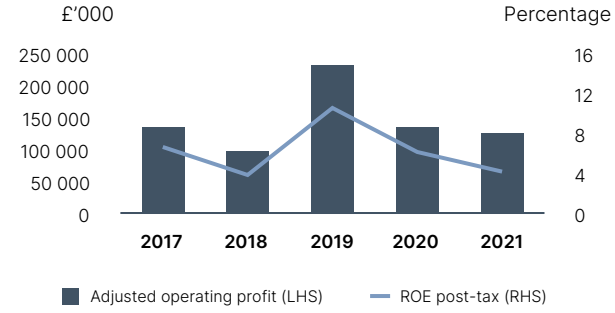
Expected credit losses/impairment losses^



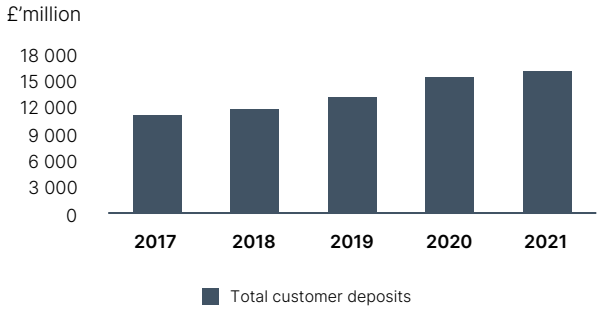
Adjusted operating profit



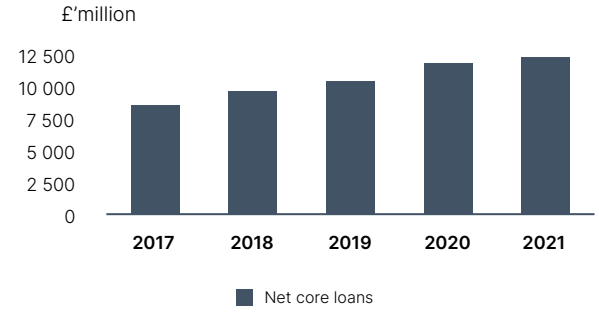
Adjusted operating profit and ROE



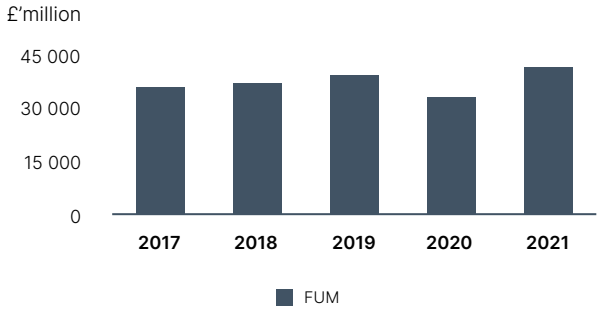
Total customer deposits



Net core loans



Funds under management



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

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

WEALTH & INVESTMENT



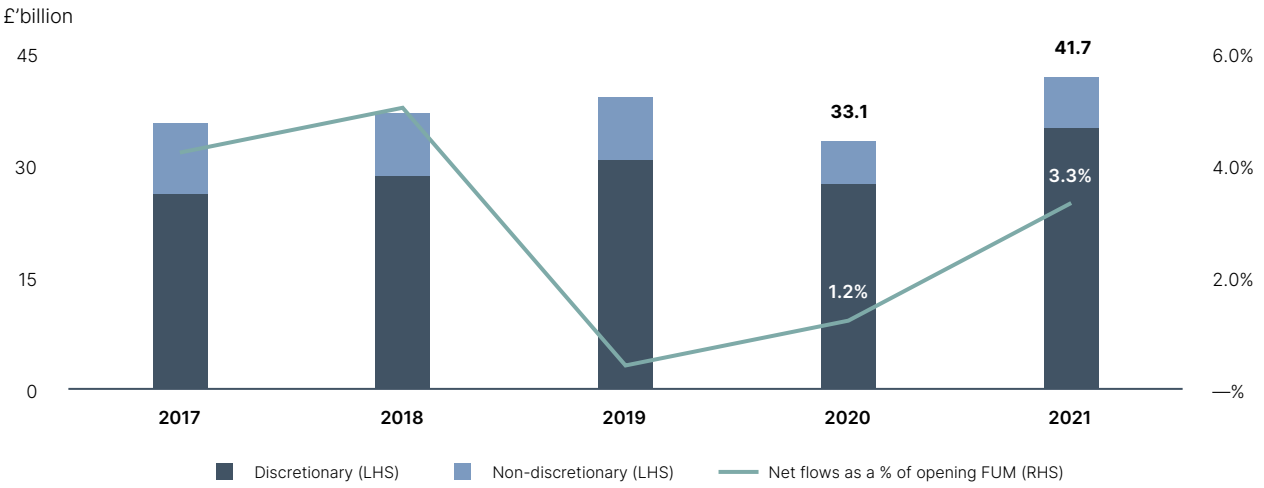
Business head
Ciaran Whelan

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

Performance highlights

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

Funds under management and net flows



Reasons for the variance in FUM since 31 March 2020:

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

Funds under management

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

* Non-discretionary includes advisory-managed FUM of £1 829 mn (2020: £1 766 mn). Managed funds therefore represent 91% of the UK domestic total FUM at 31 March 2021 (2020: 91%).
^ An explanation for separating the Switzerland business from the UK domestic business is provided on the next page.

Net inflows at cost over the year

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

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

WEALTH & INVESTMENT
CONTINUED

Income statement analysis and key income drivers

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

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

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

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

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

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

Strategy execution:

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

WEALTH & INVESTMENT
CONTINUED

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

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

Growth opportunities and outlook:

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

SPECIALIST BANKING OVERVIEW

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

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



Business head
Ruth Leas

Awards

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

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

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

Highlights

Adjusted operating profit
£44.8mn
(2020: £102.6mn)

ROE post-tax
1.2%
(2020: 6.2%)

Cost to income
81.3%
(2020: 71.7%)

Credit loss ratio
0.56%
(2020: 0.69%)

Diversified loan book by risk category: Core loans

£12.3 billion



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

Highlights: Sustainability

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

Highlights: Belonging, Inclusion and Diversity (BID)

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

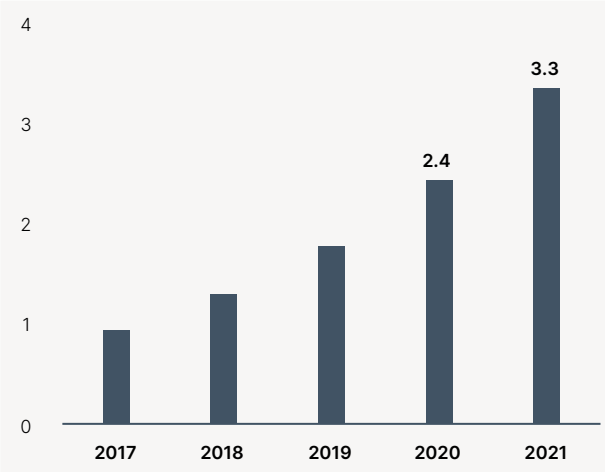
PRIVATE BANKING

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

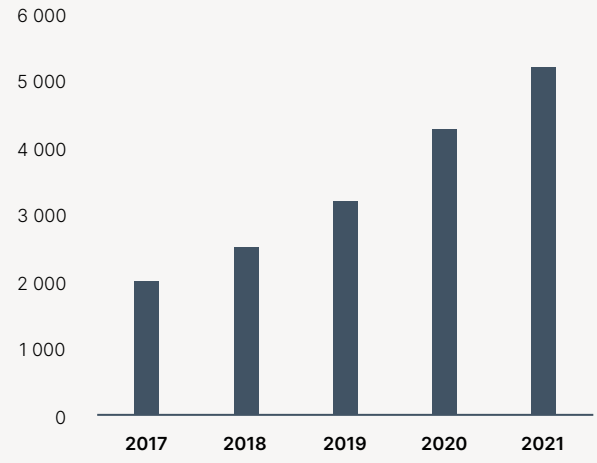
Performance in the period under review

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

Loans and advances to customers



HNW client acquisition



Strong loan book growth:

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

Continued success in client acquisition:

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

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

Strategy execution:

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

PRIVATE BANKING
CONTINUED

Income statement analysis and key income drivers

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

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

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

Growth opportunities and outlook:

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

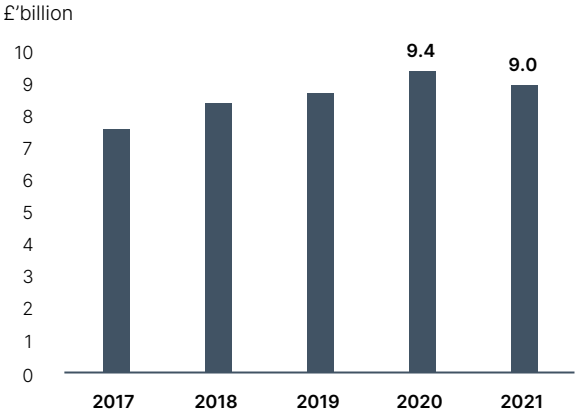
CORPORATE, INVESTMENT BANKING AND OTHER

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

Performance in the period under review

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

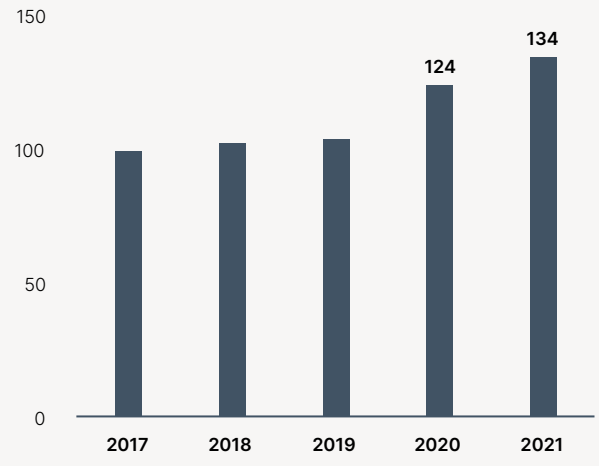
Loans and advances to customers



Subdued corporate lending activity:

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

Growth in listed corporate clients



Strong franchise for listed corporate clients:

- Top-ranked UK broker
- Differentiated by breadth of capabilities
- c.40% are multi-product Investec clients.

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

Winner
Best Leasing and Asset Finance Provider

Best Business FX provider*

Winner
Corporate Broker of the Year**

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

Net increase in broking clients
+24
since 1 April 2020

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

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

£3.5bn
equity raised for clients since March 2020

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

CORPORATE, INVESTMENT BANKING AND OTHER
CONTINUED

Income statement analysis and key income drivers

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

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

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

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

CORPORATE, INVESTMENT BANKING AND OTHER
CONTINUED

Strategy execution:

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

Growth opportunities and outlook:

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

GROUP INVESTMENTS

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

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

Portfolio breakdown and ROE

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

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

Income statement analysis

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

Factors driving the performance in the period under review included:

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

SOUTHERN AFRICA

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

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

Recognised by the Financial Times of London.

Highlights

Funds under management

£16.7bn

(2020: £11.6bn)

Net core loans

£14.1bn

(2020: £13.0bn)

Customer deposits

£18.4bn

(2020: £16.9bn)

Adjusted operating profit

£251.6mn

(2020: £285.7mn)

ROE post-tax

9.4%

(2020: 10.7%)

Cost to income

58.7%

(2020: 56.4%)

What we do

Private client offering

Wealth & Investment

Portfolio management

Wealth management

Stockbroking

Private Banking

Transactional banking

Lending

Property Finance

Private Capital

Savings

Foreign exchange

Corporate client offering

Corporate and Investment Banking

Specialised lending

Import and trade finance lending

Treasury and trading solutions

Institutional research, sales and trading

Advisory

Debt and Equity Capital Markets

Life assurance products

Target market

Private client offering

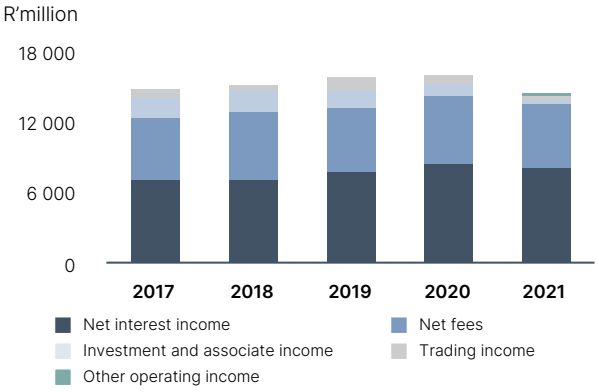
- Individuals
- Charities and trusts
- Financial advisers and intermediaries
- High net worth individuals
- Entrepreneurs
- High-income professionals
- Sophisticated investors
- Owner managers in mid-market companies

Corporate client offering

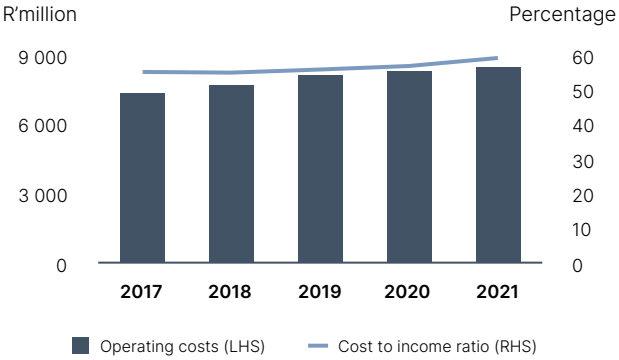
- Mid to large size corporates
- Intermediaries
- Institutions
- Government bodies

SOUTHERN AFRICA
CONTINUED

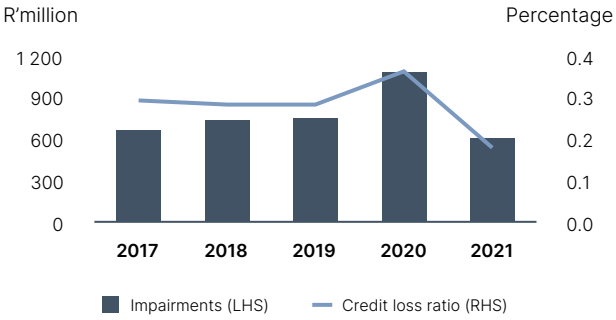
Operating income



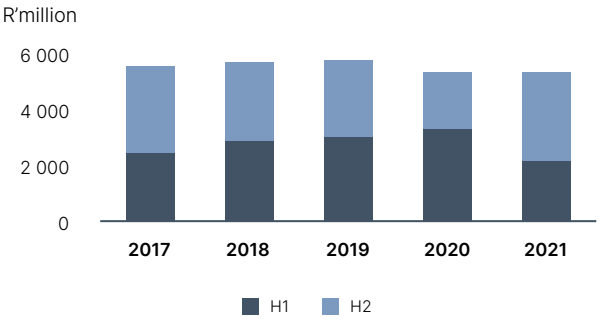
Operating costs



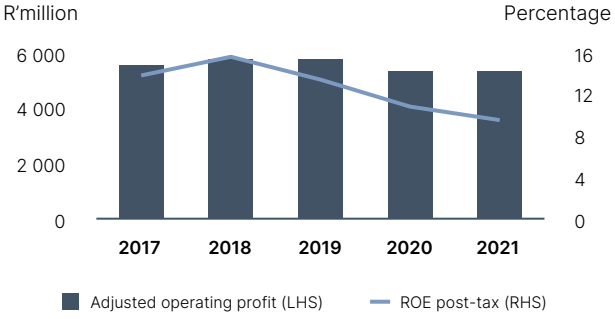
Expected credit losses/impairment losses^



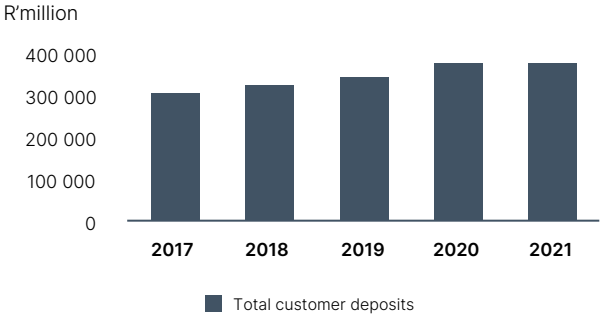
Adjusted operating profit



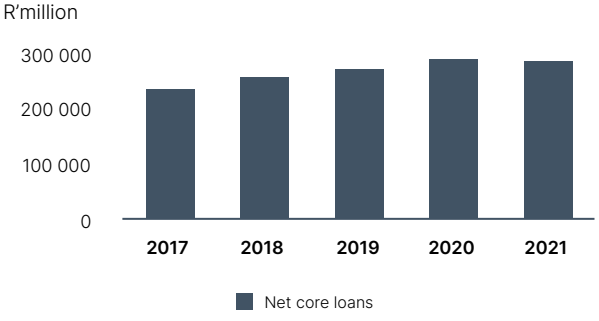
Adjusted operating profit and ROE



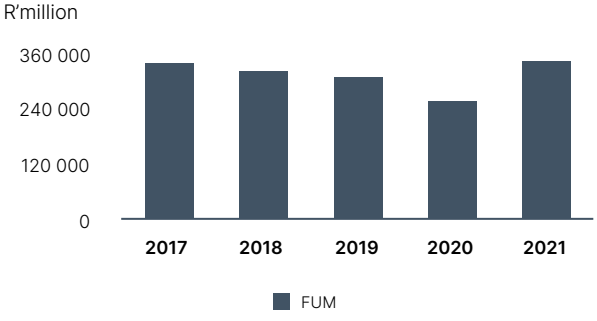
Total customer deposits



Net core loans



Funds under management



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

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

WEALTH & INVESTMENT



Business head
Henry Blumenthal

Awards

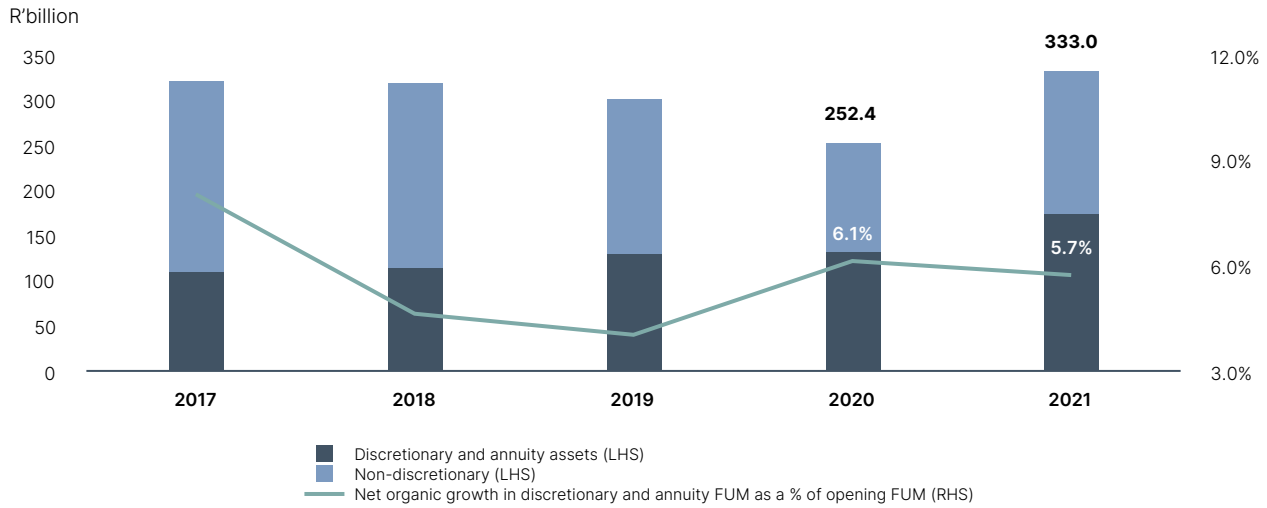
Voted 'Best Private Bank & Wealth Manager' by London's Financial Times – eight years in a row

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

Performance highlights:

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

Funds under management and net flows



FUM variance drivers since 31 March 2020:

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

Funds under management

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

Net flows at cost over the year

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

WEALTH & INVESTMENT
CONTINUED

Income statement analysis and key income drivers

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

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

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

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

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

SPECIALIST BANKING OVERVIEW

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

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



Business head
Richard Wainwright

Awards

Ranked 'Best Private Bank and Wealth Manager 2020' – for the eighth consecutive year (FT London)

Winner 'Euromoney Private Banking 2020' – for the eighth consecutive year

Recognised by The Banker as 'South Africa's Bank of the Year 2020'

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

Highlights

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

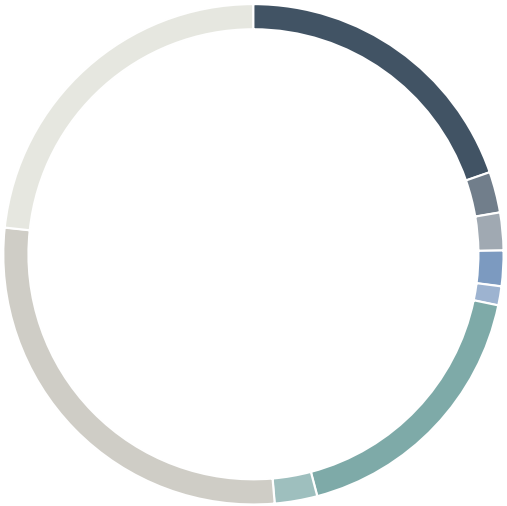
ROE post-tax
10.3%
(2020: 12.0%)

Cost to income
55.7%
(2020: 53.7%)

Credit loss ratio
0.18%
(2020: 0.38%)

Diversified loan book by risk category: Core loans

£14.1 billion



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

Highlights: ESG

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

Highlights: Belonging, Inclusion and Diversity (BID)

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

PRIVATE BANKING

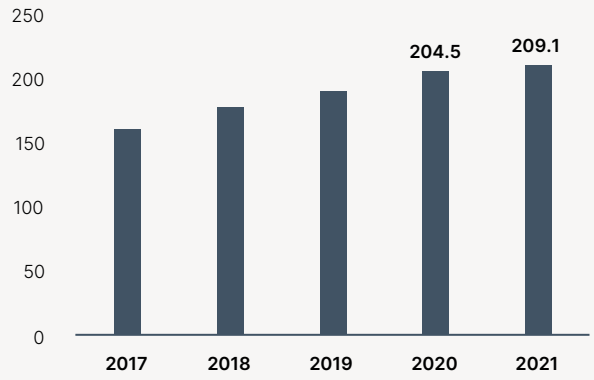
We believe in forming life-long partnerships with our clients, ensuring that each client experience is personal and Out of the Ordinary. We pride ourselves on going above and beyond when it comes to service. Through our digital channels, our 24/7 global Client Support Centre and our specialist private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

Performance highlights:

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

Loans and advances to customers*

R'billion

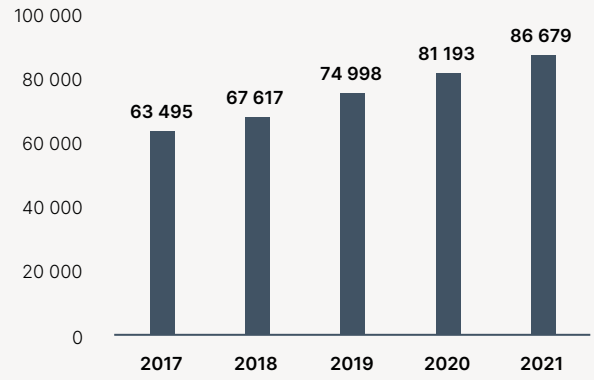


Loan book growth impacted by national lockdown:

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

Client acquisition

Number



Good client acquisition:

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

* Including own originated securitised assets.

Strategy execution:

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

PRIVATE BANKING
CONTINUED

Income statement analysis and key income drivers

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

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

Overview of financial performance (in Rands):

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

Growth opportunities:

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

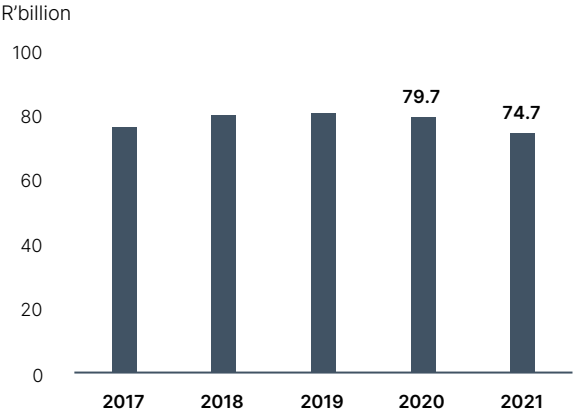
CORPORATE, INVESTMENT BANKING AND OTHER

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

Performance highlights:

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

Loans and advances to customers



Subdued lending activity:

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

Growth initiatives:

Total policies issued to date

+6 231

Investec Life

Participated in renewable energy projects of

R6.2bn

and financed 50MW of clean energy during 2021

539

Number of clients on Investec Business Online

R34bn

Investec Property Fund – FUM

Awards:

M&A^ Financial Advisors

1st & 3rd

Deal Flow and Value

Sponsors

2nd & 4th

Deal Flow and Value

General Corporate Finance^ Financial Advisors

1st* & 2nd

Transaction Flow and Value

Sponsors

1st* & 3rd

Transaction Flow and Value

International Equities – Brokerage

#1

JSE

International Equities – Brokerage

#2

Mclagan

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

CORPORATE, INVESTMENT BANKING AND OTHER
CONTINUED

Income statement analysis and key income drivers

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

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

Overview of financial performance (in Rands):

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

Strategy execution and growth opportunities:

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

GROUP INVESTMENTS

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

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

Ninety One DLC (Ninety One)
In South Africa, Group Investments comprises Investec Limited's 8.7% investment in Ninety One (formerly Investec Asset Management). At a DLC group level, Investec has a 25% shareholding in Ninety One (remaining 16.3% held in Investec plc – refer to page 63). We account for our combined 25% investment in Ninety One by applying equity accounting.

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

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

Bud has diversified growth businesses across four chosen platforms:

- **Chemicals and Minerals**

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

- **Industrial Services**

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

- **Building Materials**

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

- **Financial Services**

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

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

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

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

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

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

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

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

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

GROUP INVESTMENTS
CONTINUED

Portfolio breakdown and ROE

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

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

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

GROUP INVESTMENTS
CONTINUED

Income statement analysis

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

Factors driving the performance in the period under review:

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

Strategy execution:

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

04

Environmental, social and governance (ESG)



CONTENTS

Environmental, social and governance (ESG)

Governance report

Chair's introduction	78
Director biographies	80
Compliance with the UK Corporate Governance Code	83
Compliance with the King IV Code	84
Governance framework	85
Board and executive roles	86
Board composition	87
Board activities	90
Board effectiveness	93
DLC Nominations and Directors' Affairs Committee report	94
DLC Social and Ethics Committee report	97
DLC Audit Committee report	100
DLC Board Risk and Capital Committee report	111
Directors' report	117
Remuneration report	151

CHAIR'S INTRODUCTION

Our client franchises remained resilient despite a challenging global economic environment

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

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

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

The past year in focus

Responding to the pandemic

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

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

The well-being of our employees has also been a major focus for the board, given the profound effect the pandemic has had on the way we live and work. The switch from a predominantly office led work environment to a principally work from home arrangement was implemented both smoothly and rapidly. Our employee well-being programme has adapted to the new normal, with an increase in the number of digital resources and the introduction of a greater number of virtual events, to enable the continued connectivity of our colleagues. The board is grateful for the outstanding efforts of our colleagues. Details of the group's approach to workforce engagement can be found on page 92.

Strategy

The board has continued to oversee and monitor progress on the group's strategy to position itself for sustainable long-term growth through its commitment to One Investec. This client-focused strategy commits us to offering our clients the full breadth and scale of our products and services, irrespective of geography. Further information about the group's strategy can be found on pages 3 to 14.

Stakeholder engagement

Our group-wide philosophy seeks to maintain an appropriate balance between the interests of all our stakeholders, and is closely aligned to our culture and values, purpose and vision. The board recognises that in order for the group to be the best we can be, we have to understand the needs of our stakeholders, and establish the most effective way to engage with them. Details of how the board engages with our stakeholders, including our consideration of shareholder and wider stakeholder interests in the board's decision-making processes are set out in the section 172(1) statement on pages 23 to 33.

Culture

The board supports the group's aim to sustain our distinctive, entrepreneurial culture. During the year, the board assessed and monitored the group's culture, to determine whether it remains aligned with our strategic objectives. We also undertook a process of collective reflection with the aim of articulating our purpose, to ensure that we remained true to the values upon which Investec was built. As identified in the chief executive report, we arrived at the following purpose statement: We exist to create enduring worth, living in, not off, society. Further information on our culture, purpose and values can be found on page 8.

Belonging, Inclusion and Diversity

The board recognises the benefits of diverse, representative teams, working within inclusive environments. Diversity of thought is necessary to provide the range of perspectives, insight and challenge to support good decision-making. The group is taking a progressive approach to promoting diversity throughout our organisation and is actively considering diversity when attracting and securing talent to help the group deliver its objectives. Further information about our Board Governance and Diversity Policy can be found on page 87.

Climate change

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

CHAIR'S INTRODUCTION
CONTINUED

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

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

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

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

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

Board effectiveness
The board regularly reviews its own effectiveness and therefore undertakes a formal evaluation of its performance and that of its committees and individual directors annually. This year's review was an internal evaluation overseen by the DLC Nominations and Directors' Affairs Committee (Nomdac). The evaluation concluded that the performance of the board, its committees and each of the directors continues to be effective. Details of the board effectiveness process and review can be found on page 93.

The senior independent director, Zarina Bassa, led my effectiveness review, and an assessment of my continued independence, supported by an independent third party, Board Practice. The reviews confirmed that I continued to be effective in my role as Chair and that I continued to demonstrate independence of character and judgement respectively. Further details can be found on page 88.

Corporate governance
For the financial year ended 31 March 2021, the group complied with the principles of the UK Corporate Governance Code 2018 and King IV Code. Our statement of compliance with the UK Corporate Governance Code can be found on page 83. Our statement of compliance with the King IV Code can be found on page 84.

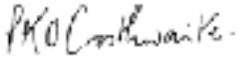
The year ahead
We strive to be a distinctive bank and investment manager, driven by a commitment to create enduring worth, living in, not off, society. Our core philosophies and values have resulted in profitable, impactful and sustainable solutions to our clients. While the group is well positioned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

Key priorities for the year

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

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

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



Perry Crosthwaite
Chair
22 June 2021

DIRECTOR BIOGRAPHIES

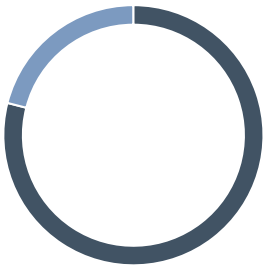
Who we are

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

Committee membership key

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

Gender diversity



Male	11
Female	3

Age



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

Perry Crosthwaite

Chair

(B) (N) (R)

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

Nationality: British

Age: 72

Qualifications: MA (Hons) (Oxon)

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

External appointments: None

Zarina Bassa

Senior independent director

(B) (N) (R) (A)

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

Nationality: South African

Age: 57

Qualifications: BAcc, DipAcc, CA (SA)

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

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

Henrietta Baldock

Independent non-executive director

(B) (R)

Appointed: August 2019

Nationality: British

Age: 50

Qualifications: BSC (Hons)

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

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

David Friedland

Independent non-executive director

(B) (N)

Appointed: March 2013

Nationality: South African

Age: 67

Qualifications: BCom, CA (SA)

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

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

DIRECTOR BIOGRAPHIES
CONTINUED

Philip Hourquebie

Independent non-executive director

(B) (N) (A) (R)

Appointed: August 2017

Nationality: British

Age: 67

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

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

External appointments: Aveng Limited

Charles Jacobs

Independent non-executive director

(R)

Appointed: August 2014

Nationality: Irish

Age: 54

Qualifications: LLB

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

External appointments: Fresnillo plc

Stephen Koseff

Non-executive director

(B)

Appointed: September 2020

Nationality: South African

Age: 69

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

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

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

Lord Malloch-Brown

Independent non-executive director

(N) (S)

Appointed: August 2014

Nationality: British

Age: 67

Qualifications: BA (Hons), MA

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

External appointments: Open Society Foundations

Khumo Shuenyane

Independent non-executive director

(B) (N) (S)

Appointed: August 2014

Nationality: South African

Age: 50

Qualifications: BEcon, CA (England and Wales)

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

External appointments: Vodacom Group Limited

Philisiwe Sibiya

Independent non-executive director

(B) (A)

Appointed: August 2019

Nationality: South African

Age: 44

Qualifications: BAcc, Dip Acc, CA (SA)

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

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

DIRECTOR BIOGRAPHIES
CONTINUED

Fani Titi

Chief Executive

(B) (S)

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

Nationality: South African

Age: 58

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

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

External appointments: Ninety One plc

Nishlan Samujh

Group Finance Director

(B)

Appointed: April 2019

Nationality: South African

Age: 47

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

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

External appointments: None

Richard Wainwright

Executive director

Appointed: September 2020

Nationality: South African

Age: 58

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

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

External appointments: Banking Association of South Africa (BASA)

Ciaran Whelan

Executive director

Appointed: April 2020

Nationality: Irish

Age: 57

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

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

External appointments: None

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The UK Corporate Governance Code 2018 (the code) applied to the group for the financial year ended 31 March 2021. The board confirms that the group has complied with the principles, the application of which are evidenced throughout this report. The table below is designed to help shareholders evaluate how this has been achieved. The board considers that compliance has been achieved throughout the year, with the exception of provision 19 in respect of the tenure of the chair. An explanation of the board's position in this regard can be found on page 88.

Board leadership and company purpose

A. An effective entrepreneurial board, which is collectively responsible for the long-term sustainable success of the group, generating value for shareholders and contributing to the wider society (read more on page 87).

B. Purpose, values and strategy are aligned with culture, which is promoted by the board (read more on page 92).

C. Resources allow the group to meet its objectives and measure performance. A framework of controls enables assessment and management of risk (read more on pages 22 and 23 in volume two).

D. Engagement with the group's stakeholders is effective and encourages their participation (read more on pages 22 to 33).

E. Workforce policies and practices are consistent with the group's purpose and values, and overseen by the board (read more on page 92). The workforce is able to raise matters of concern, with the responsibility for whistleblowing arrangements being assigned to the subsidiary Audit Committees of the group, in accordance with their regulatory obligations.

Division of responsibilities

F. The Chair has overall responsibility for the leadership of the board and for ensuring its effectiveness in all aspects of its operations (read more on page 86).

G. The board comprises an appropriate combination of non-executive and executive directors (read more on pages 86 to 89).

H. Non-executive directors are advised of time commitments prior to appointment. The time commitments of the directors are considered by the board on appointment, and annually thereafter. External appointments, which may affect existing time commitments, must be agreed with the Chair, and prior approval must be obtained before taking on any new external appointments.

I. The company secretaries and the correct policies, processes, information, time and resources support the functioning of the board.

Composition, succession and evaluation

J. There is a procedure for board appointments and succession plans for board and senior management which recognise merit and promote diversity (read more on pages 94 and 95).

K. There is a combination of skills, experience and knowledge across the board and the board committees. Independence, tenure and membership are regularly considered (read more on pages 87 and 88).

L. The annual effectiveness review of the board and the individual directors considers overall composition, diversity, effectiveness and contribution (read more on page 93).

Audit, risks and internal controls

M. Policies and procedures have been established to ensure the independence and effectiveness of the internal and external audit functions. The board satisfies itself of the integrity of the group's financial and narrative statements (read more on pages 100 to 110).

N. The board presents a fair, balanced and understandable assessment of the group's position and prospects (read more on page 106).

O. Procedures are in place to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the group is willing to take in order to achieve its long-term strategic objectives (read more on pages 111 to 116).

Remuneration

P. The group is committed to offering all employees a reward package that is competitive, performance-driven and fair. Our policies are designed to support the group's strategy and to promote its long-term sustainable success, with executive remuneration aligned to our purpose, values and strategic delivery (read more on pages 151 to 195).

Q. A transparent and formal procedure is used to develop policy and agree executive and senior management remuneration (read more on pages 151 to 195).

R. The remuneration policy seeks to ensure all remuneration decisions made by directors, fully consider the wider circumstances as appropriate, including, but not limited to, individual performance (read more on pages 151 to 195).

COMPLIANCE WITH THE KING IV CODE

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

Leadership, Ethics and Corporate Citizenship

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

B. Refer to the Corporate governance report and the DLC Nomdac report as contained in this report, and the 2021 group sustainability and ESG supplementary report (read more on pages 94 to 96).

Strategy, Performance and Reporting

C. This report covers all our activities across the various geographies in which we operate and has been structured to provide stakeholders with relevant financial and non-financial information (read more on pages 8 to 14).

Governance Structures and Delegation

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

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

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

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

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

Governance Functional Areas

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

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

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

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

M. Refer to DLC Audit Committee report as contained in this report (refer to pages 100 to 110).

Stakeholder Relationships

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

GOVERNANCE FRAMEWORK

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

From a legal perspective, the DLC comprises:

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

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

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

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

The governance framework from a group perspective is detailed below:

Investec Limited and Investec plc board

Our strategy	Our principal risks	s172(1) statement	Board activities
page 12	pages 10 to 21 in volume two	pages 23 to 33	pages 90 to 93

↓

The board delegates certain matters to its five principal committees

DLC Audit Committee	DLC Remuneration Committee	DLC Nominations and Directors' Affairs Committee	DLC Board Risk and Capital Committee	DLC Social and Ethics Committee
• Monitors the integrity of the group financial statements • Evaluates the effectiveness of the group's internal controls • Scrutinises the activities and performance of the internal and external auditors.	• Sets overarching principles and parameters of remuneration across the group • Considers and approves remuneration for the executive directors, other senior executives and certain group employees • Oversees remuneration matters.	• Reviews the composition of the board • Recommends the appointments of new directors • Considers succession plans for the board and senior management • Oversees the board effectiveness review.	• Monitors and recommends the group's risk appetite • Monitors the group's risk profile • Considers and reports on key financial and non-financial risk issues.	• Monitors the group's behaviour as a corporate citizen • Oversees the group's ESG policies and processes • Monitors the group's application of the South African Employment Equity Act and the South African Broad-Based Black Empowerment Act.
Read more on pages 100 to 110	Read more on pages 153 to 155	Read more on pages 94 to 96	Read more on pages 111 to 116	Read more on pages 97 to 99

↓

Executive committees

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

↓

Supporting committees

BOARD AND EXECUTIVE ROLES

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

Chair

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

Chief executive

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

Finance director

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

Senior independent director

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

Non-executive director

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

Company secretary

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

BOARD COMPOSITION

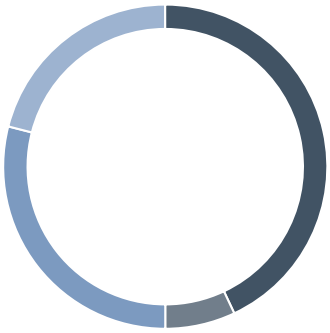
An experienced and diverse team

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

We consider the collective skills and experience of the directors when assessing the overall composition and suitability of the board. The current collective skills and sector experience of the board include the following areas: banking, wealth management, risk, regulatory, strategic thinking, digital and ESG. The key skills and experience of specific directors are detailed in their respective biographies on pages 80 to 82.

Further information on board composition can be found on pages 88 and 89, whilst the details of our Board Governance and Diversity Policy are set out below.

Board tenure



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

Board Governance and Diversity Policy

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

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

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

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

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

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

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

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

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

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

BOARD COMPOSITION
CONTINUED

Board composition

Membership

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

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

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

The names of the directors during the year, and the dates of their appointments are set out on page 89.

Further information regarding the DLC Nomdac's responsibilities in respect of succession planning can be found on pages 94 and 95.

Independence

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

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

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

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

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

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

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

Tenure

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

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

BOARD COMPOSITION
CONTINUED

Board composition as at 31 March 2021

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

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

Summary board activities

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

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

BOARD ACTIVITIES

What we did in 2020/21

2020

April

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

May

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

July

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

September

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

BOARD ACTIVITIES
CONTINUED

2020

November

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

December

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

2021

February

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

March

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

BOARD ACTIVITIES
CONTINUED

How the board engages with our stakeholders

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

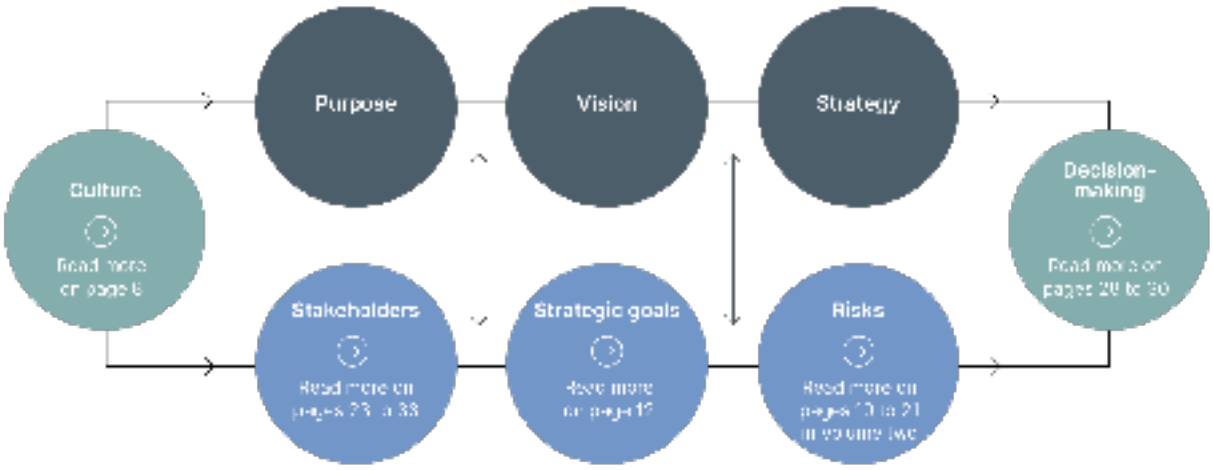
During the year, given the impact of the COVID-19 pandemic, the board has focused on protecting the health and well-being of our people, and supporting our clients, communities, and other stakeholders. At the same time, it has ensured that the group remains secure and resilient, both financially and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

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

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

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

Further information about our key stakeholder groups, including our consideration of shareholder and wider stakeholder interests in the board's decision-making processes are set out in the section 172(1) statement on pages 23 to 33.



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

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

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

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

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

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

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

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

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

Further information on the board's engagement with our workforce can be found on page 24.

BOARD EFFECTIVENESS

Board effectiveness

The board's annual effectiveness review, which is facilitated externally at least once every three years, provides an opportunity for the board to reflect, and to consider ways of identifying greater efficiencies, maximising strengths and highlighting potential areas of further development, to enable the board to continue to enhance its own performance.

An external effectiveness review was last conducted in 2018, facilitated by Professor Robert Goffee, an external governance specialist, with internal reviews conducted in 2019 and 2020. The 2021 review is expected to be externally facilitated, with the DLC Nomdac taking responsibility for identifying an external facilitator.

Below, we outline the various stages of the 2020 internal review.

Stage 1
The DLC Nomdac, with the assistance of the company secretaries, prepared a self-assessment questionnaire, which was distributed digitally to all the directors for completion in November 2020. The questionnaire sought the directors' views on a range of topics including: the performance and effectiveness of the board and the board committees; the balance of skills, knowledge, experience and diversity; board composition and size; the quality and timeliness of information; strategy; planning and performance; culture; and the company secretarial support for directors and committees.

Stage 2
The Chair held a one on one meeting with each of the directors. These meetings were to discuss the responses to the questionnaire, and to provide the opportunity to raise any other matters pertaining to the board or the board committees.

Stage 3
A report was prepared by the company secretaries, based on the results of the questionnaire and the matters raised in the meetings with the Chair.

The draft report was then discussed with the Chair, whose feedback was incorporated into a final discussion paper for onward circulation.

Stage 4
The final report was presented to the board in February 2021, following its consideration by the DLC Nomdac.

A thorough review and discussion took place, with actions agreed for implementation and monitoring.

Board review insights
The review identified the particular strengths of the board to be its collaborative nature, and the level of constructive challenge provided.

From a development perspective, the review highlighted certain areas of focus that would further improve the effectiveness of the board. These were considered by the board and an appropriate action plan agreed.

Committees
The board committees were also reviewed and, overall, were considered to function well in terms of their effectiveness, decision-making and the rigorous manner in which they addressed any issues brought to their attention.

Chair
The Chair was considered to provide robust leadership for the board, and to strengthen the link between the executive and non-executive members of the board.

Board action plan

The board action plan for 2021/22 includes:

- Enhancing the role that the board plays in respect of culture
- Increasing the level of diversity on the board
- Supporting greater strategic and forward-looking discussion
- Increasing the focus given to succession planning.

Stages of the board review



DLC NOMINATIONS AND DIRECTORS' AFFAIRS COMMITTEE REPORT

Perry Crosthwaite
Chair of DLC Nomdac

Key achievements in 2020/21

- Recommended the appointments of Stephen Koseff and Richard Wainwright to the board
- Monitored the progress of ongoing chair succession plans
- Considered the succession plans for the board and senior management
- Reviewed the skills, knowledge, experience, independence and diversity of the board
- Considered the board effectiveness review and training.

Areas of focus in 2021/22

- Consider the succession plans for the board and senior management
- Review the composition of the board and the principal board committees
- Review the skills, knowledge, experience and diversity of the board
- Coordinate the external facilitation of the board effectiveness review.

Members	Member since	Meetings attended	Eligible to attend
Perry Crosthwaite (Chair)	16 Apr 2017	6	6
Zarina Bassa	1 Apr 2017	6	6
David Friedland[1]	16 Sep 2014	5	6
Philip Hourquebie	15 May 2018	6	6
Lord Malloch-Brown	15 May 2018	6	6
Khumo Shuenyane	15 May 2018	6	6
Peter Thomas[2]	9 Sep 2010	3	3

1. Unable to attend due to another business commitment. Where a director is unable to attend a meeting, they receive papers in advance and have the opportunity to provide comments to the Chair of the committee.
2. Peter Thomas was the representative of IBL. He stepped down from the committee on retiring from the IBL board on 6 August 2020.

Introduction

The role of the DLC Nomdac (the committee) centres on people matters, which ultimately determine the success or otherwise of every corporation. The work we undertake ensures that we have a strong leadership in place, with diverse and relevant operational experience, to enable the group to fulfil its purpose and execute its strategy.

Role and responsibilities

The role of the committee is to keep the board's composition, skills, experience, knowledge, independence and succession arrangements under review and to ensure that appropriate procedures are in place for nominating, training and evaluating directors. Due regard is given to the benefits of diverse senior leadership, including diversity of thought, gender, social background and ethnicity.

The committee reports to the board on how it discharges its responsibilities and makes appropriate recommendations to the board. The committee's terms of reference can be found at www.investec.com.

Membership and attendance

To ensure a broad representation of experienced and independent directors, membership of the committee currently comprises the Chair, the senior independent director (who is also the chair of the DLC Audit Committee), the chairs of each of the DLC BRCC, DLC Remuneration Committee and DLC SEC, and the Chair of the IBL board.

As IBL does not have an independent nominations and directors' affairs committee, it was agreed that a representative of IBL be a member of the committee. Peter Thomas previously acted as the IBL representative, until he stepped down from the IBL board in August 2020. Khumo Shuenyane, the chair of IBL, continues to serve on the committee as the IBL representative.

As announced in June 2021, following his appointment to the board, Brian Stevenson was appointed a member of the committee.

Details of individual attendance at the meetings held during the year are set out above. More information on the skills and experience of all committee members can be found on pages 80 to 82.

Succession planning

During the year, the committee continued to focus on succession planning, with consideration given to the planned board retirements and the impact of these on the membership of the board and its committees, including oversight of the planned transition. The committee's ongoing review of the structure, size and composition of the board and its committees helps ensure that the appropriate mix of knowledge, skills, experience and diversity is maintained.

As indicated in last year's report, Ciaran Whelan joined the board in April 2020, David van der Walt stepped down from the board in June 2020, and Ian Kantor stepped down from the board at the AGM in August 2020.

As announced in July 2020, Stephen Koseff joined the board in September 2020, as a non-independent non-executive director. Stephen brings extensive financial services experience, and his risk and strategic acumen will add to the board's capabilities.

As announced in June 2020, Richard Wainwright joined the board as an executive director in September 2020.

DLC NOMINATIONS AND DIRECTORS' AFFAIRS COMMITTEE REPORT
CONTINUED

As announced in March 2021, Charles Jacobs will step down from the board in June 2021, and Lord Malloch-Brown will not stand for re-election at the AGM in August 2021.

The committee remained committed to ensuring the board maintained an appropriate range of skills on the board, following their departure, with a specific focus on potential candidates with ESG experience and/or knowledge of regulatory standards. We undertook a full search of potential candidates, using this brief, in order to capture the clear benefits of diversity of background and opinion.

On the conclusion of this search, the committee is pleased to acknowledge the appointments of Nicky Newton-King, Jasandra Nyker and Brian Stevenson to the board, as independent non-executive directors. Nicky brings significant regulatory and business expertise given her background as the chief executive of the JSE Limited, and knowledge of ESG matters. Jasandra will also enhance the collective skills and knowledge of the board, with her extensive experience in the renewable energy sector. Whilst Brian provides substantial strategic, governance and financial services experience.

The committee also recommended the appointment of Khumo Shuenyane as chair of DLC SEC, in place of Lord Malloch-Brown when he steps down from the board, given his complementary skills and experience as an existing member of DLC SEC.

As announced in March 2021, I will also not stand for re-election as chair of the board at the AGM in August 2021.

This report summarises the work done to identify my successor as chair. I am not involved in the process, but I am confident that my successor will benefit from the work of an effective and impactful committee.

Board diversity
I believe that the committee's focus on inclusion and diversity sets the tone and direction for Investec to be an inclusive employer, with diverse teams delivering for the benefit of all of our stakeholders.

Further details on our Board Governance and Diversity Policy can be found on page 87.

Board effectiveness and training
The committee oversees the board effectiveness review, and assesses the feedback from the evaluation process. Full details of the board effectiveness review, including the evaluation of the committee's effectiveness, are provided on page 93.

The 2021 board effectiveness review is expected to be facilitated externally, in line with the recommended approach set out in the UK Corporate Governance Code.

The committee also oversees the training and development of the board, and of the directors of the group's principal subsidiaries.

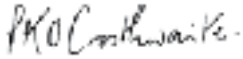
Conflicts of interest and independence
Each director has a duty to disclose any actual or potential conflict of interest, as defined by law, for consideration and approval if appropriate by the board. This is supported by the committee's review of the register of directors' interests and its annual assessment of director independence.

Based on its assessment for the year, the committee is satisfied that, with the exception of Stephen Koseff who was appointed as a non-independent non-executive director, all the non-executive directors remained independent in character and judgement.

The committee, and the board, gave specific consideration to the continuing independence of myself, Philip Hourquebie, Charles Jacobs, Ian Kantor and Stephen Koseff as detailed on page 88.

In recommending directors for election and re-election at the AGM, the committee, through the board effectiveness review, has considered the performance of each of the directors and their ability to continue meeting the time commitments required. We have taken into consideration individual capabilities, skills and experience, and any potential conflicts of interest that have been disclosed. The external roles held by all directors were considered to be appropriate. Further details of our Conflicts of Interest Policy can be found on page 117.

Governance
As part of our broader governance responsibilities, the committee considered regular updates on developments in corporate governance, and also considered correspondence with shareholders.



Perry Crosthwaite
Chair, DLC Nomdac
22 June 2021

Chair succession
Following the announcement of Perry Crosthwaite's intention to step down from the board, the board initiated a search process to find his successor.

A sub-committee, comprising Charles Jacobs (chair), David Friedland, Lord Malloch-Brown and Khumo Shuenyane, was established to lead the process. All of the members of the sub-committee are independent non-executive directors, and free of any potential conflicts of interest.

Odgers Berndtson were appointed to assist the sub-committee in identifying a diverse list of potential candidates with the experience and personal qualities to become chair.

Odgers Berndston do not have any connection to the group or any of the directors other than to assist with the searches for executive and non-executive talent.

Charles Jacobs kept the board and the committee informed on progress, with regular discussions held throughout.

A long list of candidates, including internal and external candidates, was considered and was narrowed down to a diverse short list.

The members of the sub-committee held interviews with the potential candidates, to assess their suitability for the role.

At the conclusion of these interviews, the sub-committee made a recommendation to the committee.

The committee considered the recommendation of Philip Hourquebie as the successor to the Chair, and prepared a recommendation to the board accordingly.

The board considered the proposal, and agreed that Philip be appointed as the Chair, when Perry steps down from the board. It was considered that Philip was the most suitable candidate for the role, given his knowledge, skills and experience, in particular, his knowledge of the group through his time on the board, his good working relationship with the executive, and his extensive experience of engaging with our stakeholders, through his role as Chair of the DLC Remuneration Committee.

DLC NOMINATIONS AND DIRECTORS' AFFAIRS COMMITTEE REPORT
CONTINUED

What we did in 2020/21

2020

May

- Reviewed the methodology for prescribed officers
- Considered the independence of the non-executive directors
- Recommended the establishment of a remuneration committee for IBL
- Reviewed the corporate governance report
- Considered the board composition of the group's principal operating subsidiaries.

June

- Reviewed the succession plan for the leadership team
- Recommended the appointment of Mark Currie as chief risk officer.

July

- Approved the appointments of Morris Mthombeni and Moni Mannings as members of the DLC SEC
- Reviewed the register of directors' interests
- Discussed the review by Internal Audit of the board's procedures in respect of related parties and conflicts of interest
- Considered the board composition of the group's principal operating subsidiaries.

September

- Recommended the appointment of Stephen Koseff as a non-executive director
- Recommended the appointment of Richard Wainwright as an executive director
- Considered the succession plan for the board
- Approved the appointment of Henrietta Baldock as a member of the DLC Remuneration Committee
- Approved the directors' Conflicts of Interest Policy
- Determined the process to be adopted for the internally facilitated annual effectiveness review.

2021

February

- Considered the composition of the board and board committees
- Considered the succession plan for the leadership team
- Discussed the results of the board effectiveness review
- Considered the board composition of the group's principal operating subsidiaries.

March

- Approved the Board Governance and Diversity Policy
- Discussed the succession plan for the Chair
- Considered the succession plan for the board
- Considered the composition of the board and board committees.

DLC SOCIAL AND ETHICS COMMITTEE REPORT

Lord Malloch-Brown
Chair of the DLC SEC

Key achievements in 2020/21

- Received shareholder support for the group's commitment to carbon neutrality
- Welcomed the establishment of an ESG Executive Committee
- Received recognition for publishing our first Task Force on Climate-related Financial Disclosures (TCFD) report
- Strengthened the membership of the committee with the appointments of Morris Mthombeni and Moni Mannings
- Maintained our level 1 Broad-based Black Economic Empowerment (B-BBEE) rating
- Signed up to the Race at Work Charter.

Areas of focus in 2021/22

- Further monitor the integration of sustainability into business strategy
- Review progress on climate-related and general ESG disclosures, including the TCFDs, and reporting on our priorities in terms of the UN Sustainability Development Goals (SDGs)
- Review and strengthen the group's ESG and climate-related policies
- Continue to embed diversity, inclusion and belonging through the value system and senior leadership/decision-making forums
- Track our progress globally against race and gender targets, the B-BBEE scorecard and employee equity measures.

Members	Member since	Meetings attended	Eligible to attend
Lord Malloch-Brown (Chair)	8 Aug 2014	4	4
Moni Mannings[1]	11 Sep 2020	2	2
Morris Mthombeni[2]	23 Jul 2020	2	2
Khumo Shuenyane[3]	9 Aug 2019	3	4
Peter Thomas[4]	17 May 2012	2	2
Fani Titi	12 Mar 2019	4	4

1. Moni Mannings is the representative of IBP.
2. Morris Mthombeni is the representative of IBL.
3. Unable to attend due to another business commitment. Where a director is unable to attend a meeting, they receive papers in advance and have the opportunity to provide comments to the chair of the committee.
4. Peter Thomas was the representative of IBL. He stepped down from the committee on retiring from the IBL board on 6 August 2020.

Introduction

The DLC SEC (the committee) monitors the group's application of the South African Employment Equity Act, the South African B-BBEE Act and the Financial Sector Code. It monitors our progress in terms of ESG matters, and how we are advancing the UN Global Compact's 10 principles pertaining to business and human rights, labour, environment and anti-corruption, as well as our priorities in terms of the UN SDGs. The work undertaken by the committee ensures that the group is operating in an ethical, compassionate and sustainable manner.

Role and responsibilities

The role of the committee is to:

- Oversee the group's ESG and climate-related policies, processes and response to climate-related matters
- Ensure that the group promotes social and economic development
- Monitor the group's behaviour as a corporate citizen
- Oversee the group's ethical business practices
- Monitor the group's application of the South African Employment Equity Act, the South African B-BBEE Act and the Financial Sector Code.

The committee reports to the board on how it discharges its responsibilities and makes appropriate recommendations to the board. The committee's terms of reference can be found at www.investec.com.

Membership and attendance

The committee comprises independent non-executive directors and executive directors. Its composition is designed to provide the breadth of experience necessary for effective consideration of the issues that are presented to us. The composition is in accordance with the requirements of the South African Companies Act.

We welcomed two additional members to the committee during the year, Moni Mannings, a non-executive director of IBP; and Morris Mthombeni, a non-executive director of IBL. They further strengthen the skills, knowledge, experience and diversity of the committee. Their appointments also support the promotion of a consistent approach to employment equity, transformation and sustainability matters across our businesses.

As announced in March 2021, I will not stand for re-election at the AGM in August 2021. Given his complementary skills and experience as an existing member of the committee, the DLC Nomdac recommended Khumo Shuenyane to succeed me as chair of the DLC SEC, when I step down from the board in August 2021.

As announced in May 2021, following their appointment to the board, Nicky Newton-King and Jasandra Nyker were appointed as members of the committee.

Details of individual attendance at the meetings held during the year are set out above. More information on the skills and experience of the committee members can be found on pages 80 to 82.

Employment equity and transformation

During the year, we continued to focus on staff developments, in particular on

DLC SOCIAL AND ETHICS COMMITTEE REPORT
CONTINUED

equity and inclusion. The group made further progress with our transformation initiatives and employment equity targets, and we remain committed to creating an inclusive environment where everyone can thrive.

The committee oversaw the workplace and workforce analysis as required by Section 19 of the South African Employment Equity Act, including the progress made in terms of our employment equity plan (for the period 2017-2020). We also considered the revised employment equity plan (for the period 2021-2024), which was developed in consultation with the Employment Equity Forum. The primary focus of the plan is on transforming our leadership and decision-making forums.

In January 2021, we submitted our latest employment equity report to the South African Department of Employment and Labour. We were pleased to note that over the past 10 years the group has seen an improvement in the representation of people of colour and women at all occupational levels, with representation at middle management being almost double that of 2011.

Further information can be found in the 2021 group sustainability and ESG supplementary report.

Broad-Based Black Economic Empowerment
We monitored the group's compliance with the relevant legislation, and considered its empowerment rating.

The group maintained our level 1 B-BBEE rating, with exemplary scores received in respect of ownership, enterprise development, empowerment financing, supplier development, socio-economic development and consumer education. We also improved our procurement score, compared with the previous year, due to the work done to ensure that the suppliers selected for the renovation of our Sandton office met our B-BBEE requirements.

Belonging, Inclusion and Diversity
The committee monitors the group's progress with respect to gender and diversity targets, with the board's commitment to Belonging, Inclusion and Diversity at Investec continuing to be a key strategic objective.

The gender pay gap in our UK bank and wealth businesses has reduced for the third consecutive year, with planned strategies and actions to drive the increase of female representation at senior levels. The gender pay gap reports are available on our website. The group has also signed up to the Women in Finance Charter (UK) and is a member of the 30% Club in South Africa and the UK.

In 2020, the group signed up to the Race at Work Charter (UK), which calls on organisations to deliver specific actions, including the appointment of an executive sponsor. In this respect, Ciaran Whelan is accountable for the delivery of the following: capturing ethnicity data and publishing progress, committing at board level to zero tolerance of harassment and bullying, and taking action to support ethnic minority progression.

Further information can be found in the 2021 group sustainability and ESG supplementary report.

Good corporate citizenship
Given these difficult times, we are incredibly proud of the manner in which the group has responded to the COVID-19 pandemic, demonstrating continued support of our clients, communities and to the well-being of our colleagues.

The group committed to provide 1% of pre-tax profit to the COVID-19 relief fund. Furthermore, the executive team and board members have donated a portion of their salaries to the Solidarity Fund in South Africa and to other initiatives in the UK.

Further details on the board's engagement with our key stakeholders can be found on page 92.

Culture and ethics
We oversaw the group's activities from the perspective of the ethical business principles, with programmes offered to enhance our core values, which include unselfishly contributing to society, valuing diversity and respecting others.

Given the significant and far-reaching change within the group in the past year, the group undertook a process of collective reflection with the aim of articulating our purpose, to ensure that we remained true to the values upon which Investec was built. As identified in the chief executive report, we arrived at the following purpose statement: We exist to create enduring worth, living in, not off, society.

Further information on our culture, purpose and values can be found on page 8.

Climate change
The impact of climate change on our business and also the impact of our activities on the environment have been a key focus in the past year.

The board recognises that climate change represents a material financial risk, which is monitored by the DLC BRCC.

At the 2020 AGM, we were pleased to receive shareholder support to continue the group's commitment to carbon neutrality.

The committee monitored progress on implementing the Fossil Fuel Policy, which was published at the end of the previous financial year. The policy covers coal-fired power generation, coal mining, and oil and gas in all our operations. It emphasises that the transition to a low carbon economy needs to be done in a just and orderly way and in consideration of a variety of financial, socio-economic and environmental factors.

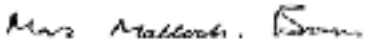
We have monitored the group's progress on key metrics in respect of climate change as well as its commitment to supporting the transition to a clean and energy-efficient economy. We were pleased to see that the group maintained its commitment to net-zero Scope 1 and 2 direct emissions for the second consecutive year.

We joined the Partnership for Carbon Accounting Financials, which gives the group access to international best practice and allows us to be actively involved in the formulation of financial carbon reporting methodology.

ESG
To support the integration of sustainability considerations into our business strategy, we have embedded an ESG screening process for prospective deals. Management also held an offsite meeting in September 2020 to discuss our progress in respect of the SDGs.

We welcomed management's decision to constitute an ESG Executive Committee. This will coordinate ESG efforts across our geographies and businesses and help the group to deliver profitable, impactful and sustainable solutions to our clients. We also welcomed the launch of a number of sustainability-led products and services during the year.

For further information, please refer to the 2021 group sustainability and ESG supplementary report.



Lord Malloch-Brown
Chair, DLC SEC
22 June 2021

DLC SOCIAL AND ETHICS COMMITTEE REPORT
CONTINUED

What we did in 2020/21

2020

May

- Monitored progress towards the group's employment equity plans
- Reviewed the group's progress in relation to the Youth Employment Service (YES) initiative
- Welcomed the appointment of Fani Titi to the UN Global Investors for Sustainable Development Alliance
- Discussed the group's response to the COVID-19 pandemic, in particular the actions taken to support employees, communities, clients and suppliers.

July

- Reviewed the group's progress in respect of its people and transformation initiatives
- Considered the group's empowerment rating
- Monitored progress towards achieving the group's SDG priorities
- Discussed the TCFD reporting requirements.

September

- Reviewed the group's progress in respect of its people and transformation initiatives
- Received a detailed update on the work undertaken by the Employment Equity Forum
- Acknowledged that the group had signed up to the Partnership for Carbon Accounting Financials, the World Benchmarking Alliance, the UN Environment Programme Finance Initiative and the UN Principles for Responsible Banking
- Considered the ESG opinions delivered by the ESG Committee
- Discussed the group's response to the COVID-19 pandemic
- Received an update on the matters considered at the ESG offsite meeting.

2021

March

- Reviewed the group's progress in respect of its people and transformation initiatives
- Considered the 10-year view of the progress made by the group regarding employment equity
- Monitored progress towards achieving the group's SDG priorities
- Discussed the TCFD disclosures.

DLC AUDIT COMMITTEE REPORT

Zarina Bassa
Chair of the DLC Audit Committee

"The Committee believes that audit quality is essential to the fulfilment of the objectives of an effective and credible external audit. Consistent and sustainable high audit quality contributes to ensuring the continued relevance and value of audit and assurance services, which in turn are essential in providing trust and confidence to the users of financial information."

Members	Member since	Meetings attended	Eligible to attend
Zarina Bassa (Chair)	1 Nov 2014	10	10
Philip Hourquebie	14 Aug 2017	10	10
Philisiwe Sibiya	9 Aug 2019	10	10

In addition to the above, a combined DLC Audit Committee and DLC BRCC meeting was held in May 2020. Three results meetings were held in April and May 2020 and two interim results meetings were held in November 2020. Combined Investec Ltd and Investec plc Audit Committee meetings were held in September, November 2020 and March 2021. Formal meetings were held to consider, discuss and conclude on external audit quality and sign-off on regulatory reports.

Introduction
The DLC Audit Committee (the Committee) is pleased to present its report for the financial year ended 31 March 2021. This report is intended to provide details on how the Committee satisfied its various statutory obligations, as well as on the key audit matters considered during the period. The Committee has further discharged its responsibilities and provided assurance on the integrity of the 2020/21 annual report and financial statements.

This report has been prepared based on the requirements of the South African Companies Act of 71 of 2008 (Companies Act) (as amended), the UK Companies Act, the King Report on Governance for South Africa 2016 (King IV), the UK Corporate Governance Code 2018 (the Code), the JSE Listings Requirements, the UK Listing Rules and other applicable regulatory requirements.

COVID-19 pandemic
The COVID-19 pandemic is of an unprecedented scale and has severely impacted the global economy and business across all industries. There is a significant degree of uncertainty about the further spread of the virus, the timing and the effectiveness of the vaccine roll out and the further impact it will have on the world economy.

COVID-19 was a significant area of focus for the Committee during the year, specifically evaluating the impact of the pandemic on the:

- Integrity of internal controls
- Going concern and the viability statement of the Investec group
- Expected credit loss (ECL) assessment
- Impairment of investments not measured at fair value
- Fair value measurement of complex/ illiquid assets
- Impact on the quality of earnings.

Against this backdrop, the Investec group remained profitable and capital ratios remained strong. Furthermore, liquidity within the group continued to be managed at conservative levels. Asset quality remained good, with the group active in providing COVID-19-related relief to clients where considered appropriate from an ongoing risk management and client relationship perspective.

Audit quality and independence
Business failures throughout global economies continue to place an increased focus on auditor independence, integrity, sufficient levels of professional scepticism of external audit, audit quality reviews and other oversight mechanisms.

The Committee treated this as a key audit matter and accordingly critically evaluated audit quality, effectiveness, independence and audit rotation requirements.

The Committee believes that audit quality is essential to the fulfilment of the objectives of a credible and independent external audit. Consistent and sustainable high audit quality contributes to ensuring the continued relevance and value of audit and assurance services, which in turn are essential in providing trust and confidence to the users of financial information.

DLC AUDIT COMMITTEE REPORT
CONTINUED

Role of the Committee
The Committee is an essential part of the group's governance framework to which the board has delegated the following key functions:

- Overseeing the group's financial reporting process and risks, ensuring the integrity thereof and satisfying itself that any significant judgements made by management are sound
- Reviewing the group's internal controls and assurance processes
- Managing and overseeing the performance, conduct, quality and effectiveness of the group's internal audit functions
- Oversight of group compliance
- Overseeing the group's subsidiary audit committees, including in remote locations
- Appointing, managing and overseeing the relationship with the group's external auditors, including the quality control, effectiveness and independence of the external audit function
- Approving the fees to be paid to external auditors
- Managing the level and nature of non-audit services provided by the external auditors
- Dealing with concerns, if any, from outside Investec regarding accounting, reporting and financial control

Further detailed responsibilities are in the terms of reference of the Committee as available on the website www.investec.com.

Committee composition, skills, experience and operation
The Committee is comprised entirely of independent non-executive directors who meet predetermined skill, competency and experience requirements.

The members' continuing independence is assessed annually by the DLC Nomdac, which in turn makes a recommendation on the members' independence to the board. The DLC Nomdac and board have concluded that the Committee has the appropriate balance of knowledge and skills to discharge its duties.

Further details of the experience of the members can be found in their biographies on pages 80 to 82

The Investec Group Chief Executive, the Investec group chief financial officer, the Investec group chief operating officer (COO), the Investec group chief risk officer (CRO), heads of internal audit, the chief compliance officers and representatives from the joint external auditors are invited to attend all meetings. Other members of management are invited to attend meetings to provide the Committee with greater insights into specific issues or areas of the group.

The Chair has regular contact with the management team to discuss relevant matters directly. The internal and external auditors have direct access to the Chair, including closed sessions without management during the year, on any matter that they regard as relevant to the fulfilment of the Committee's responsibilities. The Chair meets with internal audit and the joint external auditors prior to Audit Committee meetings and at other times as considered necessary by either party prior to Committee meetings.

Structure of the Investec group's Audit committees
In terms of the DLC structure, the DLC board has mandated authority to the DLC Audit Committee to be the Audit Committee of the group. The DLC Audit Committee oversees and considers group audit-related matters and has responsibility for audit-related matters that are common to Investec plc and Investec Limited, and works in conjunction with these two Committees to address all group reporting.

The Investec plc board has mandated authority to the Investec plc Audit Committee, and the Investec Limited board has mandated authority to the Investec Limited Audit Committee to be the Audit Committees for the respective companies and their subsidiaries. The IBP board has mandated authority to the IBP Audit Committee and the IW&I (UK) board has mandated authority to the IW&I (UK) Audit Committee to be the Audit Committees for the respective companies and their subsidiaries. The IBP and IW&I (UK) Audit Committees report to the Investec plc Audit Committee. The IBL board has mandated authority to the IBL Audit Committee and the IW&I (South Africa) board has mandated the IW&I (South Africa) Audit Committee to be the Audit Committee of the companies and their subsidiaries. IBL, IW&I (South Africa) and Investec Life Audit Committees report to the Investec Limited Audit Committee.

The Committee receives regular reports from the group's subsidiary Audit Committees as part of the oversight of subsidiary audit committees.

The DLC Audit Committee Chair is also the Chair of the following Audit Committees:

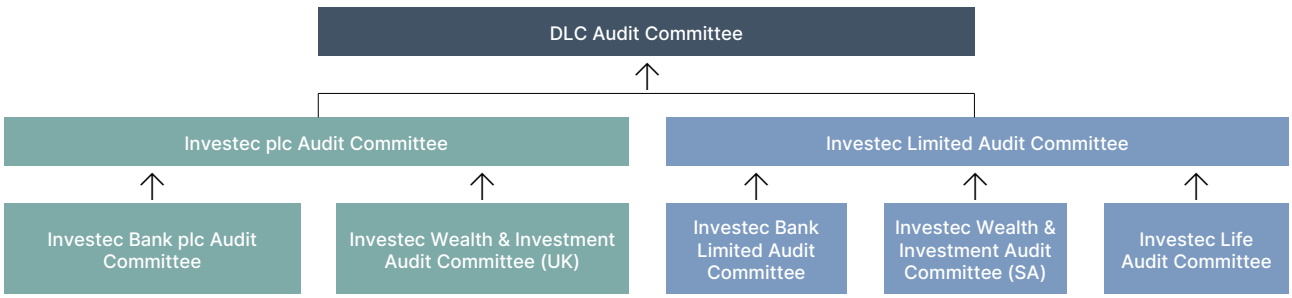
- Investec plc
- Investec Limited
- Investec Bank Limited
- Investec Bank Mauritius (IBM).

The Chair is also a member of the following Audit Committees:

- Investec Bank plc (IBP)
- Investec Life.

The DLC Audit Committee Chair attends the following Committee meetings:

- Prudential Conduct and Control Committee
- Operational Risk Committee
- IT Risk and Governance Committee.
- IW&I (UK) Audit Committee
- IW&I (South Africa) Audit Committee



DLC AUDIT COMMITTEE REPORT
CONTINUED

Areas covered by the DLC Audit Committee
The following is a summary of the meetings held by the Committee during the financial year.

2020

April

- Received a report from group finance on all key matters to be considered in the finalisation of the group's results including:
  - Macro-economic scenarios and weightings into the IFRS 9 ECL models
  - Key valuations
  - Audit status and key findings
- Discussed the financial results for the year ended 31 March 2020
- Received and considered reports from internal audit and external audit
- Received an update from group compliance

May (Two meetings were held)

- Received updates in respect of outstanding matters to be considered in the finalisation of the groups' results
- A separate IBP Audit Committee meeting was held to discuss COVID-19 overlays and aviation loans
- Considered the schedule of remaining audit differences
- Received and considered an updated report from external audit on the conduct and conclusion of the audit
- Assessed and approved the going concern assessment and the viability statement through a joint session with the DLC Board Risk and Capital Committee (BRCC)
- Considered the effectiveness of the finance function and chief financial officer, the effectiveness of the external audit function and the re-appointment of the external auditors
- Discussed audit quality and the results of cross-reviews
- Received an update from group compliance
- Considered the results of the combined assurance model

June

- Received an update on going concern, any post balance sheet events and all outstanding external audit matters
- Received confirmation from all DLC board sub-committees that they have signed off on their respective reports contained in the 2020 integrated annual report
- Received confirmation that the relevant International Financial Reporting Standards (IFRS), JSE Listings Requirements and UK Listing Rules disclosure checklists had been completed in respect of the 2020 integrated annual reports of the group for the year ended 31 March 2020
- Approved the annual report and the annual financial statements
- Received updated reports from external audit
- Received an update from group compliance

July

- Deliberated the way forward in terms of auditor rotation with input from the executive team
- Put in place a process for Mandatory Audit Firm Rotation (MAFR)
- Considered the appointment of new external auditors to commence shadowing one of the current joint auditors starting during financial year 2022
- Received an update from group compliance
- Approved the combined assurance plan for the 2021 year

September

- Deliberated the appointment of new external auditors as part of audit firm rotation
- Received an update from group compliance
- Received detailed reports from all assurance providers
- Considered matters that could potentially have an impact on the interim pre-close statement

November (Two meetings were held)

- Received confirmation from assurance providers that no matters were identified which could have an impact on the interim results of the group
- Received an update from group finance in respect of the September 2020 group interim results
- Assessed and approved the going concern assumption for the preparation of the interim results of the group
- Considered the impact of post-balance sheet events on the interim financial statements
- Received updated submissions from group finance and external audit
- Approved the results announcements for Investec Bank Limited and Investec group
- Received an update from group compliance

2021

February

- Considered and reviewed applicable macro-economic scenarios, ECLs and overlays as part of a joint DLC BRCC meeting
- Considered detailed reports from all assurance providers

March

- Considered reports from group finance
- Considered reports from all assurance providers
- Considered matters that could potentially have an impact on the 31 March 2021 pre-close statement

DLC AUDIT COMMITTEE REPORT
CONTINUED

Areas covered by the DLC Audit Committee
Key audit matters
Key audit matters, are those matters that in the view of the Committee:

- Required significant focus from the Committee
- Were considered to be significant or material in nature, requiring exercise of judgement; or
- Matters which were otherwise considered to be subjective from an accounting or auditing perspective.

Common membership of the DLC, Investec plc, Investec Bank plc, Investec Ltd and Investec Bank Limited Audit Committees ensures that key audit matters and matters of mutual interest are communicated and addressed, where applicable. The members of the Committee may also attend other audit committee meetings, as appropriate.

The following key audit matters were deliberated by the Committee during the year:

Key audit matters	What we did
Impact of COVID-19 • The COVID-19 pandemic impacted the global economy and businesses across all industries	• Considered the known accounting and operational impact of COVID-19 on the economy and business, mitigating steps in both geographies and the resulting impact on the applicability of the macro-economic scenarios and the judgements and estimates used by management to prepare the annual financial statements. The areas most impacted by COVID-19 include: – Going concern and the Viability Statement, including liquidity – ECL assessment (IFRS 9 macro-economic scenarios, probabilities and staging, impact on specific sectors such as aviation, hospitality and retail) – Impact on quality of earnings – Impact of work from home on the overall control environment and operational risk – The financial control environment Fair value measurement and the resulting IFRS 13 Fair Value Measurement disclosures. Steps taken by the Committee to consider these disclosures are specifically addressed below
Fair value of level 3 instruments and the resulting IFRS 13 Fair Value Measurement (IFRS 13) disclosure: • For level 3 instruments such as unlisted investments in private equity businesses, investment properties, fair value loans and large bespoke derivative structures, there is necessarily a large degree of subjectivity surrounding the inputs to the valuations. With the lack of observable liquid market inputs, determining appropriate valuations continues to be highly judgemental	• Received presentations on the material investments across the group, including an analysis of the key judgements and assumptions applied, and approved the valuation adjustments proposed by management for the year ended 31 March 2021 • Challenged and debated significant subjective exposures and assumptions including: – The valuation principles applied for the valuation of level 3 investments (unlisted and private equity investments) and fair value loans. Particular focus was given to the impact of COVID-19 on these valuation principles – Fair value of exposures in industries highly affected by COVID-19 – The appropriateness of the IFRS 13 disclosures regarding fair value • Considered the appropriateness of the valuation principles and inputs applied to determine the fair value of loans in the aviation industry
Accounting for equity-linked notes and deposit products issued by the Structured Products Desk in the UK • Investec previously issued equity linked notes and deposit products through the Structured Products Desk in the UK. These products require complex accounting principles to be applied and involve a degree of subjectivity surrounding the inputs to their valuations	• Received and reviewed a technical accounting memorandum prepared by group finance on the accounting treatment of the equity-linked notes and deposits. This included an analysis of the key judgements and assumptions applied • Evaluated the appropriateness of the disclosure provided relating to significant judgements and estimates, valuation methods and assumptions applied • Received confirmation from internal and external audit on the appropriateness of the control measures and accounting treatment • Received regular feedback from management on the active management of the underlying risk of the portfolio

DLC AUDIT COMMITTEE REPORT
CONTINUED

Key audit matters	What we did
Investments in associates • Evaluated the appropriateness of the carrying amount of investments in associates	• Received and reviewed technical accounting memoranda prepared by group finance on the material investments in associates across the group addressing the appropriateness of the carrying value of the investments and the impairment assessment performed by management. This included an analysis of the key judgements and assumptions applied • Evaluated the appropriateness of the accounting and disclosure relating to significant judgements and estimates, valuation methods and assumptions applied
Going concern and the Viability Statement	• Considered reports on the group's budgets and forecasts, profitability, capital, liquidity and solvency, scenario stress testing and the impact of legal proceedings, if any • Considered the results of various stress testing analyses based on different COVID-19 economic scenarios and the possible impact of COVID-19 on the ability of the group to continue as a going concern • Jointly with the DLC BRCC, assessed the reasonableness of and approved the Viability Statement based on three-year capital plans produced by management
ECL assessment • The appropriateness of the allowance for ECL is highly subjective and judgemental. The impact of COVID-19 and the resultant economic impacts in South Africa and the UK have resulted in additional key judgements and assumptions being made during the current year	• Challenged the level of ECL, model methodology and assumptions applied to calculate the ECL provisions held by the group • Reviewed and monitored the group's calculation of ECLs, trends in staging changes, model changes, scenario updates, post-model adjustments, and volatility. Specific review and consideration were given to the macro-economic scenarios used to calculate the COVID-19 ECL overlays and the staging applied for COVID-19 restructured positions • Assessed ECL experienced against forecast and considered whether the level of ECL was appropriate. Particular focus was given to COVID-19 restructured positions (payment holidays) and sectors highly impacted by COVID-19, and exposures which were specifically affected by the negative current macro-economic environment • Evaluated the IFRS 9 disclosures for relevance and compliance with IFRS • Assessed the appropriateness of the ECL provision raised by the group for large exposures in entities publicly perceived to be in financial distress • Reviewed the appropriateness of the ECL models and the forward-looking macro-economic scenarios applied in the UK and South Africa. The Committee further evaluated the appropriateness of the management ECL overlay • Reviewed for reasonableness the benchmarking of macro-economic scenarios, ECLs, Credit Loss Ratio (CLR) and coverage ratios against relevant South African and UK peers
Cyber reporting, IT systems and controls impacting financial reporting	• Received and reviewed reports and controls in respect of cyber reporting, IT systems and controls impacting financial reporting • Received regular minutes and reports from the DLC IT Risk and Governance Committee

DLC AUDIT COMMITTEE REPORT
CONTINUED

Key audit matters	What we did
External audit, audit quality and Mandatory Audit Firm Rotation (MAFR)	• Managed the relationship with the external auditors including their re-appointment • Deliberated the way forward in terms of auditor appointment with input from the executive team. Put in place a process for MAFR. Considered the appointment of new external auditors to commence shadowing one of the current joint auditors starting during the 2022 financial year • Considered and approved a revised policy in respect of non-audit services rendered by external audit • Pre-approved all non-audit services provided by external audit and confirmed the services to be within the approved non-audit services policy • Assessed the independence and objectivity of the external auditors • Met with key members of Ernst & Young LLP and Ernst & Young Inc. (auditors of DLC), Ernst & Young LLP (auditors of Investec plc) and Ernst & Young Inc. and KPMG Inc. (auditors of Investec Limited) prior to every Audit Committee meeting to discuss the 2020/21 audit plan, key areas of focus, findings, scope and conclusions • Met separately with the leadership of Ernst & Young Inc., KPMG Inc., and Ernst & Young LLP to discuss auditor accreditation, independence, firm quality control, results of internal and external regulator inspections of the firm and individual partners • Met with Ernst & Young global leadership to discuss regulatory investigations across members firms to assess the impact on audit quality, if any, for Investec • Obtained feedback from the cross-reviews performed by KPMG Inc. on KPMG (South Africa) • Discussed external audit feedback on the group's critical accounting estimates and judgements. Noted the increased involvement of specialists from the audit firms in the more complex matters in the current year • Discussed external auditors' draft report on specific control areas and the control environment ahead of the 2021 financial year end • The Committee approved the external audit plan, audit fee and the main areas of focus • Monitored audit quality and audit partner accreditation as specified by the JSE In line with the conditions set out in Section 94(8) of the Companies Act and based on its assessment documented above, using the criteria set out by the King IV Code and the JSE Listings Requirements, the committee confirms its satisfaction with the performance and quality of external audit, the external auditors and lead partners.

DLC AUDIT COMMITTEE REPORT
CONTINUED

Other matters considered by the DLC Audit Committee:
The Committee considered the following matters during the financial year ended 31 March 2021:

Other matters	What we did
Regulatory compliance and reporting	• Received regular reports from the group regulatory compliance function, and reviewed the adequacy of the scope and the effectiveness of the regulatory compliance processes applied. This included the evaluation of the quality of regulatory reporting, the regulatory compliance universe, the scope and the integrity of the regulatory compliance process, the adequacy of internal regulatory compliance systems and processes, and the consideration and remediation of any findings of the internal and external auditors or regulator
Post balance sheet disclosure	• Considered the need for post balance sheet disclosures. Specifically considered the impact of COVID-19 in the affected jurisdictions Investec group operates in as well as on specific sectors
Fair, balanced and understandable reporting • The group is required by the UK Corporate Governance Code to ensure that its external reporting is fair, balanced and understandable, and consider whether it provides the information necessary for stakeholders to assess the group's position and performance, business model and strategy • Reviewed the outcomes of the combined assurance coverage model as discussed below	• The Committee undertakes an assessment on behalf of the board, to provide the board with assurance that it can make the statement • Met with senior management to gain assurance that the processes underlying the compilation of the annual financial statements were appropriate • Conducted an in-depth critical review of the annual financial statements and, where necessary, requested amendments to disclosure • Reviewed the accounting treatment of key judgements and the quality of earnings assessment • Assessed disclosure controls and procedures • Confirmed that management had reported on and evidenced the basis on which representations to the external auditors were made • Obtained input and assurance from the external auditors and considered the level of and conclusion on the summary of audit differences • The Committee concluded that the processes underlying the preparation of the annual report and financial statements for the financial year ended 31 March 2021 were appropriate in ensuring that those statements were fair, balanced and understandable • The Committee recommended to the board that the 2021 annual report and financial statements were fair, balanced and understandable
Combined assurance model	• Satisfied itself with the appropriateness of the design and effectiveness of the combined assurance model applied which incorporates the various disciplines of risk management, operational risk, legal, regulatory compliance, internal audit, external audit and other external assurance providers. Satisfied itself with the levels of assurance and mitigants so that, taken as a whole, there is sufficient and appropriate assurance regarding mitigants for the key risks • Reviewed the year end conclusions from internal audit on internal control, the risk management framework and internal financial controls based on their planned and actual audit coverage for the year • Reviewed the results of the Combined Assurance Matrix (CAM) coverage plan at the year end to assess the results of actual coverage and conclusions relative to planned coverage for the year. Concluded that the CAM formed an appropriate basis for assurance coverage and outcomes

DLC AUDIT COMMITTEE REPORT
CONTINUED

Other matters	What we did
Internal controls • The effectiveness of the overall control environment, the status of any material control issues with emphasis on the progress of specific remediation plans	• Attended and received regular reports from the DLC BRCC. Based on this reporting, evaluated the impact of an evolving risk environment, including operational risk, on the internal control environment • Evaluated and tracked the status of the most material control issues identified by internal and external audit and tracked the progress of the associated remediation plans against agreed time frames • Reviewed reports from the independent audit committees of the group's subsidiaries • Evaluated the impact of work from home on the overall control environment and operational risk • Evaluated reports on the internal control environment from the internal and external auditors • Attended and received regular reports from the DLC IT Risk and Governance Committee regarding the monitoring and effectiveness of the group's IT controls. Considered updates on key internal and external audit findings in relation to the IT control environment • Reviewed and approved the combined assurance model, ensuring completeness of risks and adequacy and effectiveness of assurance coverage • Evaluated reports on cyber security within the group • Reviewed and evaluated the work performed by management to support the control attestation to be made by the chief executive and CFO as required by the JSE Listings Requirements 3.84(k)
Business control environment • The effectiveness of the control environment in each individual business, including the status of any material control issues and the progress of specific remediation plans	• Received regular reports from the subsidiary audit committees • Assessed reports on individual businesses and their control environments, scrutinised any identified control failures and closely monitored the status of remediation plans • Received updates from senior management and scrutinised action plans following internal audit findings
Finance function	• Discussed and concluded that the finance functions of both Investec plc and its subsidiaries and Investec Limited and its subsidiaries were adequately skilled, resourced and experienced to perform the financial reporting for the group • Concluded that the Investec group chief financial officer, Nishlan Samujh, had the appropriate expertise and experience to meet the responsibilities of the position
IFRS	• The 2019 annual financial statements of Investec group and Investec Mauritius Limited were subject to a JSE pro-active monitoring review in the current year. The 2019 annual financial statements of Investec DLC were subject to a review by the Financial Reporting Council (FRC) in the current year. The outcome of the reviews confirmed compliance with IFRS and regulatory disclosure requirements • Reviewed various accounting papers prepared by group finance addressing subjective accounting treatment and significant accounting judgements
Related party disclosures	• Considered and reviewed related party disclosures in relation to the group • DLC Nomdac reviewed key related party transactions during the year and ensured that Investec related party policies are being complied with

DLC AUDIT COMMITTEE REPORT
CONTINUED

Other matters	What we did
Internal audit • The performance of internal audit and delivery of the internal audit plan, including scope of work performed, the level of resources, the risk assessment methodology and coverage of the internal audit plan • The Committee is responsible for assessing audit quality in relation to internal audit	• Scrutinised and reviewed internal audit plans, risk assessments, methodology and staffing, and approved the annual plan. Assumed responsibility for the monitoring and following up of internal audit control findings, including IT, and ensured appropriate mitigation and timeous close-out by management • Received regular reports from internal audit on all significant issues identified • Monitored delivery of the agreed audit plans, including assessing internal audit resources • Tracked high and moderate risk findings, and monitored related remediation plans • Met with the heads of internal audit prior to each Audit Committee meeting, without management being present, to discuss the remit of internal audit and any issues arising from the internal audits conducted • Monitored audit quality in relation to internal audit • Confirmed that it was satisfied with the performance of the internal audit function • Discussed and considered the internal audit quality assurance programme. The internal audit quality assurance programme is designed in line with the Institute of Internal Auditors (IIA) International Professional Practices Framework (which includes the International Standards for the Professional Practice of Internal Auditing and the Code of Professional Conduct, including the Code of Ethics) • The results of the post engagement quality assurance programme inform any training interventions required within the team and the results are consolidated and presented to the Audit Committee on an annual basis • Discussed and considered the quality assurance programme. The quality assurance programme is multi-faceted, and includes the attraction, development and retention of adequately skilled staff that exercise proficiency and due professional care, adherence to the global internal audit governance framework and audit methodology, oversight and detailed review of every audit engagement and a quarterly post engagement quality assurance programme • Reviewed the Engagement Quality Assurance Review (EQAR) conducted by an external provider during 2020, with no material issues impacting the reliance on the internal audit function. Tracked the progress of remediation of improvement plans as discussed and approved in a workshop with the Audit Committee and executive • Received an opinion from internal audit on internal controls and the integrated risk management framework as part of the year end sign-off process • Considered the succession, skills matrix and the Continuous Professional Development of Internal Audit • Had a closed session of the Audit Committee with internal audit without management present
Uncertain tax and other legal matters • Considered potential legal and uncertain tax matters with a view to ensuring appropriate accounting treatment in the financial statements, including in respect of historical German dividend tax arbitrage transactions	• Received regular updates from group tax, group finance and legal on uncertain tax and legal matters to enable it to probe and consider the matters and evaluate the basis and appropriateness of the accounting treatment • Analysed the judgements and estimates made and discussed the potential range of outcomes that might arise to determine the liability, if any, for uncertain tax provisions as required by the International Financial Reporting Interpretations Committee (IFRIC) 23 • Concluded on the appropriateness of the International Accounting Standards (IAS) 37 accounting treatment, the scenarios and sensitivities, and any overall disclosure in the financial statements. Conferred with and received confirmation from the external auditors on the overall treatment

DLC AUDIT COMMITTEE REPORT
CONTINUED

External audit

Non-audit services

The group implemented an updated policy on the engagement of the external auditors to provide non-audit services. This policy, designed to safeguard auditor objectivity and independence, includes guidelines on permitted and non-permitted services and on services requiring specific approval by the Committee.

Total audit fees paid for the year ended 31 March 2021 was £14.1 million (2020: £15.4 million), of which £1.0 million (2020: £4.3 million) related to the provision of non audit services.
The non-audit services were in respect of services typically provided by the auditor, for example, regulatory audits.

Non-audit fees were pre-approved by the Chair of the Committee prior to every assignment.

Based on the above mentioned policy and reviews, the Committee was satisfied that the level and type of non-audit work undertaken throughout the year did not impair the independence of Ernst & Young LLP (Investec plc) or Ernst & Young Inc. and KPMG Inc. (Investec Limited).

Partner accreditation and audit quality

Reviews in respect of audit quality took place between the Committee and Ernst & Young LLP (the group and Investec plc), Ernst & Young Inc. (the group and Investec Ltd) and KPMG Inc. (Investec Limited) for the current year, both from a UK and South African perspective.

The following was covered during these discussions:

- Transparency reports and reviews by each of the two firms covering their client base, client acceptance and continuance processes, and the approach to clients, if any, that did not meet the client continuance criteria
- Any reputational, legal or impending legal issues impacting the firm, including the implications of publicly observable information from regulatory investigations
- The independence processes of the firm, including partner reward and remuneration criteria
- Interrogation of international and local firm audit quality control processes
- Detailed profiles of the partners and managers, including their relevant audit experience, were reviewed
- Details in relation to each firm's respective succession plans in order to provide assurance as to the partner rotation, transition and continuity process
- The results of the last firm-wide reviews carried out by the regulatory body,the Independent Regulatory Board for Auditors (IRBA) in South Africa; FRC in the UK
- The results of the latest individual partner quality reviews carried out by the regulator and internal firm-wide quality control reviews carried out in respect of each partner
- The completion of an audit quality questionnaire by each member of the Audit Committee and management, the results of which were that a robust audit is in place.

Auditor independence and objectivity

- The Committee considers the independence of the external auditors on an ongoing basis
- The external auditors are required to rotate the lead audit partner every five years, and other key audit partners every five years
- Partners and senior staff associated with the audit may only be employed by the group after a cooling-off period
- The lead partners commenced their respective five-year rotation periods in 2019 and 2018 (Ernst & Young LLP: 1 April 2019 and Ernst & Young Inc.: 31 January 2018)
- Gail Moshoeshoe as lead Ernst & Young Inc. partner will thus rotate off on conclusion of the 2021 audit process. Ranesh Hariparsad, who has been involved in a transition capacity, will take over as the lead Ernst & Young Inc. partner for the 2022 audit
- The external auditors have confirmed their independence and were requested to review and confirm the level of staff transactions with Investec, if any, to ensure that all auditors on the group audit meet the independence criteria.

Following due consideration, we continue to believe that the following are adequate safeguards to ensure that the audit process is both objective and effective:

- The extent of audit cross-reviews, both between the joint auditors of Investec Limited and the additional reviews by KPMG International
- The additional cross-reviews by the Investec Limited and Investec plc auditors across the group supported by partner rotation
- Limitations on delivering non-audit services, including pre-approval on non-audit work
- The confirmation of the independence of the firms and auditors involved
- Formal audit quality process undertaken by the Committee.

Mandatory Audit Firm Rotation (MAFR)

Investec plc

The company has complied with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the Order), which relates to the frequency and governance of tenders for the appointment of the external auditors. The external auditors of Investec plc are Ernst & Young LLP. Ernst & Young LLP have been Investec plc's auditors since 2000 and are subject to a mandatory rotation by the end of March 2024 at the latest. A competitive tender process will commence during 2022 with the second incoming audit firm to perform the first audit for the financial year starting 1 April 2024.

Investec Limited

In terms of the Banks Act in South Africa, Investec Limited is required to appoint joint auditors.

The rule on MAFR as issued by the IRBA requires that an audit firm shall not serve as the appointed auditor of a public interest entity for more than ten consecutive financial years. Thereafter, the audit firm will only be eligible for reappointment as the auditor after the expiry of at least five financial years. The requirement is effective for financial years commencing on or after 1 April 2023. If, at the effective date, the entity has appointed joint auditors and both have had audit tenure of ten years or more, then only one audit firm is required to rotate at the effective date and the remaining audit firm will be granted an additional two years before rotation is required.

The Investec Limited Audit Committee considered the implications of the mandatory audit firm rotation rule as issued by IRBA, the requirements of the South African Companies Act and the state of the audit profession in South Africa including reputational or apparent audit failure perceptions. The views expressed by shareholders have been a key consideration balanced with the implications of having joint auditors and the risks inherent to an audit transition. Based on this assessment, following a comprehensive tender process PricewaterhouseCoopers Incorporated (PwC) was nominated as one of the new joint external auditors for the financial year starting 1 April 2023. The

DLC AUDIT COMMITTEE REPORT
CONTINUED

appointment of the firm and designated audit partner is subject to regulatory approval from the South African PA.

The appointment of PwC will be recommended to the ordinary shareholders at the AGM to be held in August 2022. A formal transition process will commence during 2022, whereby PwC will observe the full audit cycle performed by the incumbent joint external auditors.

A competitive tender process for the second rotation will commence during 2022, with the second incoming audit firm to perform the first audit for the financial year starting 1 April 2025, in accordance with the MAFR rules as published by the IRBA.

Re-election of auditors
The Committee has considered the following in proposing the appointment of external auditors:

- The regulatory need for joint auditors
- The state of the audit profession in South Africa
- The level of specialisation, footprint, capacity and experience required by a firm in performing a joint audit of a bank or financial services group which is of systemic importance
- Level of quality control within the audit firms as evidenced by the results of internal and external regulatory reviews performed on audit firms and engagement partners
- The level of inherent risk in auditing a financial services group and the consequent audit risk
- Independence of the External Auditor.
- The fundamental demands on audit quality, the level of audit risk given the turmoil in the audit profession, balanced against shareholder views on firm rotation.

In line with the conditions set out in Section 94(8) of the South African Companies Act, and based on its assessment, using the criteria set out by the King IV Code and the JSE, and considering the guidance provided in the FRC guide on Audit Committees, the DLC Audit Committee confirms its satisfaction with the performance and quality of external audit, the external auditors and lead partners.

In making the recommendation for the re-election of Investec Limited's auditors, the board and the DLC Audit Committee have taken into consideration the South African Companies Act and the South African Prudential Authority requirements with respect to joint auditors and mandatory firm rotation together with the results of the Audit Committee's extensive, formalised process to satisfy itself as to auditor independence and audit quality.

The board and the committee is recommending the re-election of KPMG Inc. and Ernst & Young Inc. as joint auditors of Investec Limited at the AGM in August 2021.

In addition, the board and the Committee is recommending the re-election of Ernst & Young LLP as auditors of Investec plc at its AGM in August 2021.

Looking ahead
The role of the committee will remain focused on:

- Ensuring the effective functioning of the group's financial systems, processes, monitored by an effective combined assurance model
- Audit quality and independence
- Management's response in respect of future changes to IFRS and other regulations
- The appointment of the second external audit firm as part of the MAFR
- The implications of ESG risk in measuring the sustainability and societal impact of an investment in a company or business
- The impact of COVID-19 on the economy and the consequent impact on financial systems and reporting, including viability, results of operations and financial position of the group
- Continue to exercise oversight over subsidiary audit committees.



Zarina Bassa
Chair, DLC Audit Committee
22 June 2021

DLC BOARD RISK AND CAPITAL COMMITTEE REPORT

David Friedland
Chair of DLC BRCC

"This was indeed a challenging year. By working closely with management, the risk functions and the three lines of defence, the committee was comfortable that the risks presented by COVID-19 and Brexit were properly managed."

Members	Member since	Meetings attended	Eligible to attend
David Friedland (Chair)	13 Sep 2013	6	6
Zarina Bassa	14 Nov 2014	6	6
Perry Crosthwaite	9 Nov 2018	6	6
Nishlan Samujh	8 Aug 2019	6	6
Philip Hourquebie	17 Aug 2017	6	6
Khumo Shuenyane	16 Jan 2015	6	6
Henrietta Baldock	9 Aug 2019	6	6
Philisiwe Sibiya	9 Aug 2019	6	6
Fani Titi	11 Mar 2011	6	6
Stephen Koseff[1]	17 Sep 2020	4	4

1. Stephen Koseff was appointed as a member of the Committee on 17 September 2020.

Introduction
As the Chair of the DLC BRCC (the Committee), I am pleased to present our report for the financial year ended 31 March 2021.

At the outset, I would like to thank and pay tribute to the risk community, digital and technology as well as business units for their commitment and dedication, often during very trying times.

As a Committee, we take comfort that the risk function and oversight are in capable hands.

Role of the Committee
The role of the Committee is to review, on behalf of the board, the range of risks facing the business. We perform this function by considering the risk reports presented and question whether existing actions taken by management are appropriate.

As the most senior risk management committee of the group, our team is an essential part of the governance framework to which the board has delegated the monitoring of the group's activities in relation to risk and capital management.

We ensure that all risks are identified and properly mitigated and managed. Good client and market conduct are paramount in all the group does and the committee ensures the existence of a robust culture supported by oversight and management of information.

We also consider whether the resources allocated to the risk management functions are adequate for effectively managing the group's risk exposures.

The Committee is the appointed board committee to meet the requirements of the South African Banks Act and the Capital Requirements Directive and Regulation (CRR/CRD IV), adopted by the European Commission and implemented in the UK. This requires the board of directors of a bank and a holding company to appoint a risk and capital committee.

The Committee's terms of reference can be found at www.investec.com.

Composition
The Committee comprises executive and non-executive members, with our composition designed to provide the breadth of risk expertise and commercial acumen to fulfil our responsibilities.

I chair the Committee and am also the Chair of the IBL BRCC and a member of the IBP BRCC. This arrangement ensures the interconnection between the group and its principal subsidiaries.

COVID-19
The pandemic has brought significant human, social, economic and business uncertainty. From the earliest days, the group took steps to understand and mitigate the risks posed by and the impacts arising from the ongoing situation.

Comprehensive reviews of the impact of COVID-19 on all business areas were conducted, with particular focus on the risks emerging within structured products, aviation, gaming, property, leisure and hotels.

The structured products book in the UK was a key focus for our Committee. The speed of downward movement in the market due to the pandemic, together with the consequent unprecedented and sudden effect of dividend cancellations impacted hedging for all involved in these markets. Regular meetings were held to review and refine the risk management processes related to this book.

DLC BOARD RISK AND CAPITAL COMMITTEE REPORT
CONTINUED

Working from home
The group adapted well to working from home and managing day-to-day business, including employee well-being, operational resilience and client relationships. Our Committee continuously reviewed all risks associated with working from home.

Capital, risk appetite and liquidity
The Committee was actively involved in reviewing the various models for the Foundation Internal Rating Based (FIRB) approach. Investec Bank Limited transitioned onto the FIRB approach for wholesale and Advanced Internal Rating Based (AIRB) for retail effective from 1 April 2019. In July 2020, Investec Bank Limited obtained approval from the South African PA to commence the six month parallel run for the Corporate and Small and Medium-sized Enterprises (SMEs), exposure at default (EAD), and corporate and SME loss given default (LGD) models on AIRB. The six-month parallel run ended on 31 December 2020. We received sign off from the South African PA in April 2021 to utilise the Corporate and SME LGD and EAD models in our regulatory calculations. Investec Bank Limited will continue to apply the FIRB approach in respect of the Income Producing Real Estate (IRPE) portfolio.

The Committee reviewed and approved the capital plans for Investec Bank Limited and Investec Bank plc under various stress scenarios. Capital ratios have remained sound throughout the financial year.

We also reviewed and approved Investec Bank Limited's, Investec Bank plc's, Investec Limited's and Investec plc's risk appetites. This followed a robust annual review process that included evaluating the risk appetite frameworks in the context of the group's business strategy, and the regulatory and economic environment in which the group operates. The review culminated in a downward adjustment for certain sectors which were regarded as significantly higher risk due to the impact of COVID-19.

We deliberated extensively on the proposed stress scenarios for the Internal Capital Adequacy Assessment Process (ICAAP) and agreed that a more severe stress test should be established combining the impact of a second wave of COVID-19 and Brexit. Subsequently, the Investec Limited and Investec plc ICAAPs were recommended for approval to the DLC board.

A deep dive session was convened by the IBP BRCC to discuss Investec Bank plc's Internal Liquidity Adequacy Assessment Process (ILAAP), which was escalated to the committee for review. The Committee recommended Investec Bank plc's ILAAP for approval to the DLC board along with the Investec plc ILAAP, and both were approved by the board.

Looking ahead
The uncertainty regarding the pandemic makes it difficult to forecast its human, social and economic effects with any degree of accuracy. The Committee will therefore continue to review management's ongoing responses in order to ensure that the challenges posed by COVID-19 are addressed adequately.

We will continue to apply an intense focus on people, operational and liquidity risks, while at the same time considering resilience and strategy.

We will closely monitor the well-being of our people, including the implications of flexible working arrangements and consequent impact on talent management and morale.

Managing the risk around the UK Structured Products book will be a key focus area.

We will ensure continued focus on strengthening the risk and control environment. We will pay particular attention to change in activity, cyber-security and ensuring IT service continues to meet client demands and support the emerging and ongoing requirements of operational resilience.

In addition, the Committee will remain focused on matters related to the impact of economic conditions on Investec and on assessing the effects of external factors on the group's risk profile. These matters include effective risk data aggregation, business resilience, financial crime, the implementation of regulatory requirements, Financial Intelligence Centre Act (FICA), the King IV Code, UK Corporate Governance Code, information security, cyber crime and the risks associated with the fast pace of regulatory change.

ESG considerations were expanded in the risk appetite policies and will therefore be a key focus during the year as the reporting on ESG risk is enhanced.

The dialogue between the committee and its equivalent board subsidiary level committees remains robust.



David Friedland
Chair, DLC BRCC
22 June 2021

DLC BOARD RISK AND CAPITAL COMMITTEE REPORT
CONTINUED

What we did in 2020/21
The standard and regular agenda items of the committee include comprehensive reports regarding liquidity risk, capital adequacy, credit risk, investment risk, market risk, operational risk, reputational and legal risk, conduct risk, financial crime, fraud, climate change and IT and cyber risk.

The following section outlines the significant matters addressed and the progress made during the year, in respect of these risks.

2020

May

- Reviewed strategies to manage and contain losses resulting from Structured Products
- Received and reviewed a detailed presentation on the business areas and risk impacted by COVID-19, in particular, the group's approach to liquidity management
- Analysed the COVID-19 crisis management plan
- Considered the appropriateness of debt and equity exposure
- Interrogated an update provided on market risk appetite and market risk stress scenarios
- Reviewed the appropriateness of the committee report within the 2020 DLC Integrated Annual Report
- Reviewed and approved the group's viability statement in a joint session with the DLC Audit Committee

July

- Received an update on the outcomes of the strategies for Structured Products
- Challenged the proposed stress scenarios to be used in the 2020 Investec plc and Investec Ltd ICAAP
- Reviewed the impact on the UK bank should the Bank of England (BOE) decide to utilise a negative interest rate and the operational readiness of the bank's systems
- Considered the appropriateness of the group's operational risk mitigation strategies as a result of COVID-19
- Reviewed and approved the Investec Bank Limited and Investec Limited Regulation 39 & 40
- Reviewed and interrogated Investec Bank Limited's property loan exposures

September

- Received an update on Structured Products
- Reviewed and recommended the Contingency Funding Plan (CFP) for approval by the boards of Investec plc and Investec Bank plc
- Reviewed the additional stress ICAAP stress scenario as requested by the committee in July
- Reviewed and recommended the approval of the traded market risk appetite by the DLC board
- Reviewed and approved the Risk Data Aggregation and Risk Reporting (RDARR) Annual Attestation and policy
- Interrogated an Investec Bank plc credit risk update

November

- Considered an update on Structured Products
- Reviewed and recommended the approval of the Investec plc ILAAP and Investec plc and Investec Ltd ICAAP to the DLC board
- Reviewed the appropriateness of the Investec plc Risk Recovery Plan (RRP) and deferred same for consideration at a separate meeting to be held later in the month
- Received an update in respect of the impact of negative rates on Investec plc

2021

February

- Received a report on the current exposures for Structured Products and confirmed the strategies to manage the risk
- Reviewed the Investec Bank Limited, Investec Bank plc, Investec Ltd and Investec plc Risk Appetite Frameworks and recommended them for approval to the DLC board

March

- Reviewed the Investec Bank plc and Investec plc Liquidity Risk Appetite Frameworks, Investec Bank plc Liquidity Stress Testing and the Investec Bank plc and Investec plc Non-Traded Market Risk Appetite Frameworks and recommended them to the DLC board for approval
- Reviewed and approved the Investec plc market risk policies
- Reviewed and approved the Investec plc Trading Book and Model Control Policy
- Reviewed and approved the Group Market Communication and Disclosure Policy
- Reviewed and approved the Investec Bank plc Money Laundering Reporting Officer (MLRO) report

April

- Held a combined DLC BRCC and DLC Audit Committee meeting to challenge the macro-economic scenarios (including weightings) to be applied to the calculation of IFRS impairment provisions

DLC BOARD RISK AND CAPITAL COMMITTEE REPORT
CONTINUED

Area of focus	Conclusions and actions
COVID-19 Oversaw the risk in order to support the group's stakeholders throughout the COVID-19 pandemic	• Reviewed and challenged management actions to address the risks ensuring that surplus liquidity and capital buffers were in place to manage the possible negative impact • In conjunction with the DLC Audit Committee, reviewed for reasonableness the benchmarking of macro-economic scenarios, ECLs, Credit Loss Ratio (CLR) and coverage ratios against relevant South African and UK peers • Examined any potential or actual fraud losses fraud risk remained heightened throughout the industry as a result of COVID-19 • Received assurance following management's in-depth review of the credit portfolio that the quality of the book had not materially deteriorated. The committee focused on vulnerable sectors impacted by COVID-19 including aviation, hospitality, gaming & leisure, entertainment, tourism and retail properties • Focus on operational resilience as the group's operations were largely executed with employees working from home, increasing the reliance on IT and related processes. Assurance was provided that the required controls and oversight were in place and effective • Enhanced oversight of conduct and compliance risk to ensure there were no current or emerging risks that could negatively impact customers
Structured Products Closely monitored the Structured Products book in the UK following the significant impact of the unprecedented market dislocation and the associated risks	• Reviewed and interrogated the implied volatility, dividend and correlation risks pertaining to the book • Reviewed regular reports highlighting group activity, liquidity balances and key measures against thresholds and limits and challenged the effective oversight of these matters • Reviewed the mitigants put in place to manage the risk
Recovery and Resolution Plan (RRP) – Investec Bank plc Reviewed the Recovery and Resolution Plan for Investec Bank plc following the implementation of restrictions on the UK bank's operations within the European Union (EU)	• Reviewed the impact to the group including restrictions on the UK bank's operations and the servicing of clients within the EU and mitigating actions • Reviewed and approved the RRP

DLC BOARD RISK AND CAPITAL COMMITTEE REPORT
CONTINUED

Area of focus	Conclusions and actions
Environmental, Social and Corporate Governance (ESG) Increased focus on ESG and climate change in an effort to advance the United Nations Global Compact's (UN GC) 10 principles with respect to business and human rights, labour, environment and anti-corruption	• Noted the publication of a number of policies and statements with respect to ESG and climate change including: – The group Environmental Policy – Investec Sustainability Report – Investec Climate-Related Financial Disclosures • Monitored and reviewed the implementation of the ESG standards as a signatory to the UN GC, instituted General Data Protection Regulation (GDPR), health and safety, diversity, environmental, anti-corruption and corporate governance policies through the IBP and IBL BRCC Committees • Discussed the group's exposure to fossil fuels following the publication of the group fossil fuel policy during March 2020 • Received confirmation from management that credit decisions considered financial risks from climate change and that these decisions were being documented
IT Controls & Cyber Risks Renewed focus on IT Controls and cyber risk due to an increase in cyber crime as a result of the impact of COVID-19	• Received confirmation from management that cyber risks were being effectively managed through our cyber security capability with the penetration testing scheduling process being reviewed to ensure that existing critical applications would be prioritised • Reviewed the protection and management of client and proprietary data across all jurisdictions in order to mitigate against the increased activity and sophistication of cyber criminals • Monitored the implementation of disciplines and remediation of the issues that emanated from the Targeted Attack Simulation (TAS-4) tests conducted in 2019 • Monitored the implementation of remediation processes to mitigate against the reputational and privacy risk of a data breach. This risk will remain high until measures are in place across likely channels of data compromise including email, cloud services, instant messaging, and collaboration tools
Brexit Considered the potential impact and risks arising as a result of the UK leaving the EU	• Reviewed the impact on the group including restrictions on the UK bank's operations and the servicing of clients within the EU and the mitigating actions • Gained assurance regarding the operational risk and compliance risk considerations from the establishment and roll out of a framework to manage these risks • Challenged the assumed impact of Brexit, and in particular a no-foreign trade agreement (FTA) Brexit which had been input into the economic scenarios • Post Brexit, the committee kept abreast of the regulatory changes resulting from Brexit including the embedding of the Capital Requirements Directive IV and Capital Requirements Regulation in the UK

DLC BOARD RISK AND CAPITAL COMMITTEE REPORT
CONTINUED

Area of focus	Conclusions and Actions
Foundation Internal Rating Based (FIRB)/Advanced Internal Rating Based (AIRB) Considered of the impact of the conversion from FIRB to AIRB on the wholesale and retail book in South Africa	• Reviewed the impact of the conversion from FIRB to AIRB of certain models approved by the South African PA during 2020: • Obtained approval to commence six-month parallel run for the Corporate and SME and Corporate and SME LGD model on AIRB (July 2020 till December 2020) • Received sign-off to utilise these models in our AIRB regulatory calculations in April 2021 • Investec Bank Limited will continue to apply the FIRB approach in respect of the IPRE portfolio until AIRB approval is obtained • Obtained approval for the Non-Banking Financial Institution (NBFI) model for FIRB, which was included in capital calculations from August 2020
New Top Material Risks Identified and discussed material risks.	• Identified new material risks including: • Operational resilience: key operational resilience regulatory requirements that would need to be structured and met in 2021 which the Investec Bank plc board will be accountable for • Change risk: due to the people and organisational changes in the UK, there was an increased risk given the significance of the change and the impact on people and, the working environment as well as on Investec's ability to service clients in line with set standards • Consistent reporting and management of the risk will be required to mitigate its impact on people, the future operating model, loss of institutional knowledge and operational risk losses • COVID-19 relief measures: consistent monitoring of exposure where relief measures were granted

DIRECTORS' REPORT

The directors' report for the year ended 31 March 2021 comprises pages 78 to 130 of this report, together with the sections of the annual report incorporated by reference.

The directors' report deals with the requirements of the combined consolidated Investec group, comprising the legal entities Investec plc and Investec Limited.

As permitted by Section 414C(11) of the UK Companies Act, some of the matters required to be included in the directors' report have instead been included in the strategic report on pages 3 to 195, as the board considers them to be of strategic importance. Specifically, these are:

- Future business developments (throughout the strategic report)
- Risk management in volume two
- Information on how the directors have had regard to the group's stakeholders, and the effect of that regard, on pages 23 to 33.

The strategic report and the directors' report together form the management report for the purposes of Disclosure Guidance and Transparency Rules (DTR) 4.1.8R.

Information relating to financial instruments can be found on pages 74 to 90 in volume three and is incorporated by reference.

For information on our approach to social, environmental and ethical matters, please refer to the 2021 group sustainability and ESG supplementary report.

Additional information for shareholders of Investec plc is detailed in schedule A to the directors' report on pages 124 and 125.

Other information to be disclosed in the directors' report is given in this section.

The directors' report fulfils the requirements of the corporate governance statement for the purposes of DTR 7.2.3R.

Directors

The membership of the board and biographical details of the directors are provided on pages 80 to 82

Changes to the composition of the board during the year and up to the date of this report are shown in the table below:

	Role	Effective date of departure/ appointment
Departures		
David van der Walt	Executive director	4 June 2020
Ian Kantor	Non-executive director	6 August 2020
Appointments		
Ciaran Whelan	Executive director	1 April 2020
Stephen Koseff	Non-executive director	17 September 2020
Richard Wainwright	Executive director	17 September 2020
Nicky Newton-King	Non-executive director	21 May 2021
Jasandra Nyker	Non-executive director	21 May 2021
Brian Stevenson	Non-executive director	22 June 2021

In accordance with the UK Corporate Governance Code, all of the directors will retire and those willing to serve again will submit themselves for re-election at the AGM.

Company secretaries

The company secretary of Investec plc is David Miller and the company secretary of Investec Limited is Niki van Wyk.

The company secretaries are professionally qualified and have gained experience over many years. Their performance is evaluated by board members during the annual board evaluation process. They are responsible for the flow of information to the board and its committees and for ensuring compliance with board procedures. All directors have access to the advice and services of the company secretaries, whose appointment and removal are a board matter.

In compliance with the UK Corporate Governance Code, the UK Companies Act, the King IV Code, the South African Companies Act and the JSE Listings Requirements, the board has considered and is satisfied that each of the company secretaries is competent, and has the relevant qualifications and experience.

Induction, training and development

On appointment to the board, all directors benefit from a comprehensive induction which is tailored to the new director's individual requirements. The induction schedule is designed to provide the new director with an understanding of how the group works and the key issues that it faces. The company secretaries consult the Chair when designing an induction schedule, giving consideration to the particular needs of the new director. When a director joins a board committee, the schedule includes an induction to the operations of that committee.

The Chair leads the training and development of directors and the board generally.

A comprehensive development programme operates throughout the year, and comprises both formal and informal training and information sessions.

Directors and their interests

Details of the directors' shareholdings and options to acquire shares are set out on pages 151 to 195

Directors' conflicts of interest

The group has procedures in place for managing conflicts of interest. Should a director become aware that they, or any of their connected parties, have an interest or a potential interest in an existing or proposed transaction with the group, they are required to notify the board in writing or at the next board meeting. Internal controls are in place to ensure that any related party transactions involving directors, or their connected parties, are conducted on an arm's length basis. Directors have a continuing duty to update any changes to these conflicts.

Directors' and officers' liability insurance

The group maintains directors' and officers' liability insurance which provides appropriate cover for legal action brought against its directors.

Change of control

The Articles of Association of Investec plc and the Memorandum of Incorporation of Investec Limited ensure that a person cannot make an offer for one company without having made an equivalent offer to the shareholders of both companies on equivalent terms.

DIRECTORS' REPORT
CONTINUED

Pursuant to the terms of the agreements establishing the DLC structure, if either Investec plc or Investec Limited serves written notice on the other at any time after either party becomes a subsidiary of the other party or after both Investec plc and Investec Limited become subsidiaries of a third party, the agreements establishing the DLC structure will terminate.

All of the group's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control and, where applicable, subject to the satisfaction of any performance conditions at that time.

Powers of directors
The board manages the business of the group under the powers set out in the Articles of Association of Investec plc and the Memorandum of Incorporation of Investec Limited, which include the directors' ability to issue or buyback shares. The directors were granted authorities to issue and allot shares and to buyback shares at the 2020 AGM. Shareholders will be asked to renew these authorities at the 2021 AGM.

Contracts

Details of contracts with directors can be found on pages 167 and 168

Authorised and issued share capital
Investec plc and Investec Limited
Details of the share capital are set out on pages 115 to 117 of volume three in note 45 to the annual financial statements.

Investec plc
Investec plc did not issue any ordinary shares during the financial year ended 31 March 2021.

Investec plc did not repurchase any of its ordinary shares during the financial year ended 31 March 2021.

At 31 March 2021, Investec plc held 41 576 257 shares in treasury (2020: 31 744 014). The maximum number of shares held in treasury by Investec plc during the period under review was 42 882 092 shares.

Investec Limited
Investec Limited did not repurchase any of its ordinary shares during the financial year ended 31 March 2021.

Investec Limited repurchased 1 458 038 non-redeemable non-cumulative non-participating preference shares, representing 4.53% of the issued share capital. Repurchases of the preference shares were pursuant to, and in accordance with, the general authority granted to Investec Limited by its shareholders at the AGM held on 6 August 2020 and approved by the Prudential Authority. The preference shares remaining in issue following these repurchases amounts to 30 756 461 shares.

At 31 March 2021 Investec Limited held 48 832 795 shares in treasury (2020: 51 026 675). The maximum number of shares held in treasury by Investec Limited during the period under review was 53 901 853 shares.

Ordinary dividends
The group endorses the objectives of guidance note G4/2020 from the South African Prudential Authority and the recommendations of the UK Prudential Regulation Authority in relation to the preservation of capital. The group did not declare a final dividend in relation to the March 2020 financial year.

Investec plc
An interim dividend of 5.5p per ordinary share (2020: 11.0p) was paid on 4 January 2021, as follows:

- 5.5p per ordinary share to non-South African resident shareholders registered on 11 December 2020
- To South African resident shareholders registered on 11 December 2020, through a dividend paid by Investec Limited on the SA DAS share, of 5.5p per ordinary share.

The directors have proposed a final dividend to shareholders registered on 23 July 2021, of 7.5p (2020: nil) per ordinary share, subject to the approval of the members of Investec plc at the AGM which is scheduled to take place on 5 August 2021. If approved this will be paid on 10 August 2021, as follows:

- 7.5p per ordinary share to non-South African resident shareholders registered on 23 July 2021
- To South African resident shareholders registered on 23 July 2021, through a dividend paid by Investec Limited on the SA DAS share, of 7.5p per ordinary share.

Investec Limited
An interim dividend of 112 cents per ordinary share (2020: 211 cents) was declared to shareholders registered on 11 December 2020 and was paid on 4 January 2021.

The directors have proposed a final dividend to shareholders registered on 23 July 2021, of 150 cents (2020: nil) per ordinary share, subject to the approval of the members of Investec Limited at the AGM which is scheduled to take place on 5 August 2021. If approved this will be paid on 10 August 2021.

Preference dividends
Investec plc
Non-redeemable, non-cumulative, non-participating preference shares
Preference dividend number 29 for the period 1 April 2020 to 30 September 2020, amounting to 5.51508p per share, was declared to members holding preference shares registered on 11 December 2020 and was paid on 23 December 2020.

Preference dividend number 30 for the period 1 October 2020 to 31 March 2021, amounting to 5.48495p per share, was declared to members holding preference shares registered on 4 June 2021 and was paid on 21 June 2021.

Rand-denominated non-redeemable, non-cumulative, non-participating preference shares
Preference dividend number 19 for the period 1 April 2020 to 30 September 2020, amounting to 350.65412 cents per share, was declared to members holding rand-denominated non-redeemable, non-cumulative, non-participating preference shares registered on 11 December 2020 and was paid on 23 December 2020.

Preference dividend number 20 for the period 1 October 2020 to 31 March 2021, amounting to 331.58906 cents per share, was declared to members holding preference shares registered on 11 June 2021 and was paid on 14 June 2021.

Investec Limited
Non-redeemable, non-cumulative, non-participating preference shares
Preference dividend number 32 for the period 1 April 2020 to 30 September 2020, amounting to 287.42940 cents per share, was declared to shareholders holding preference shares registered on 11 December 2020 and was paid on 14 December 2020.Preference dividend number 33 for the period 1 October 2020 to 31 March 2021, amounting to 271.44926 cents per share, was declared to shareholders holding preference shares registered on 11 June 2021 and was paid on 14 June 2021.

Redeemable cumulative preference shares
Dividends amounting to R17 448 522 (2020: R22 568 166) were paid on the redeemable cumulative preference shares.

DIRECTORS' REPORT
CONTINUED

Group carbon footprint
Our carbon footprint has been calculated according to the international Greenhouse Gas (GHG) Protocol's Corporate Accounting and Reporting Standard (revised edition). Our environmental data collection system allows us to track and manage our direct operational impact. This tool imports data from various sources, consolidates the information and calculates our carbon footprint. The implementation of this tool allows us to produce reliable emissions data, accurately build a history of our carbon footprint and assists in setting targets for future emissions. Every year, we endeavour to improve the thoroughness of our data collection processes. Within each geography, the environmental manager is responsible for monitoring the GHG emissions.

Assessment parameters
Consolidation approach
- Operational control

Emission factor data source
- DEFRA (2020), IEA, eGRID (for New York electricity) and Eskom (for South Africa electricity)

Intensity ratio
- Emissions per average headcount
- Emissions per office space m^2

Independent assurance
- Limited assurance provided by KPMG for the years ended: 31 March 2020 and 31 March 2021

Coverage
- Coverage of environmental information covers >95% of our business operations. Materiality set at 5%

			31 March 2021		31 March 2020	
		Units	**Consumption in unit of measure**	**Tonnes of CO_2 equivalent**	Consumption in unit of measure	Tonnes of CO2 equivalent
Scope 1				**349**		**175**
Energy	Natural gas	kWh	291 400	54	949 625	175
	LPG stationary	L	1166	2	25 746	39
	CO_2 purchased	kg	37	–	281	–
	Diesel	L	47 986	122	137 934	358
Refrigerant	Refrigerant	kg	74	111	186	287
Employee travel	Vehicle fleet	km	346 341	60	745 502	135
Scope 2				**23365**		29 151
Energy	Electrical energy consumption	kWh	25 991 259	23365	33 207 457	29 151
Scope 3				**1935**		10 420
Paper	Paper consumption	t	39	38	283	272
Waste	General waste	t	81	36	330	178
Employee travel	Rail travel	km	84 164	3	2 992 773	122
	Road business travel	km	613 189	105	2 653 807	470
	Taxi	km	17 042	3	121 168	18
	Commercial airlines	km	918 662	241	30 209 739	9 359
Work-from-home emissions	Electrical energy consumption	kWh	1 438 012	941	–	–
	Natural gas	kWh	1 626 111	299	–	–
	LPG stationary	L	173 373	270	–	–
Total emissions				**25 649**		**40 564**
No scope						
Water		kl	51 148		91 346	
Recycled waste		t	122		600	
Intensity						
Emissions per average headcount				3.02*		4.59*
Emissions per m^2 office space				0.17		0.27
Water consumption per average headcount		kl		6.02*		10.33*
Intensity excl Scope 2						
Emissions per average headcount				0.3*		4.59
Emissions per m^2 office space				0.02		0.27
Climate change commitments						
Scope 2 zaRECs		MWh	21 838	22 192	–	–
Scope 2 REGOs in the UK		MWh	3 650	885	–	–
Carbon credits				2 572		40 564
Total emissions after mitigation				**–**		**–**

1. Due to the COVID-19 pandemic and working from home, there has been a significant decrease in emissions
2. In our efforts to present a complete picture, we have included work-from-home emissions, based on assumptions of energy used during working hours by all full time employees (FTE). A methodology was developed using the EcoAct whitepaper as guidance
3. Renewable energy certificates (zaRECs for Limited and REGOs for our UK offices) were used as we source renewable energy options to meet our operational electricity needs
4. Carbon credits were used to offset our remaining carbon footprint
5. While operational efficiencies have been made over the course of the year, we acknowledge that our 37% decrease is largely due to the impact of COVID-19

- Includes permanent and temporary employees.

DIRECTORS' REPORT
CONTINUED

Viability statement
In accordance with the UK Corporate Governance Code, in addition to providing a going concern statement, the board is required to make a statement with respect to the group's viability (i.e. its ability to continue in operation and meet its liabilities), taking into account the current position of the group, the board's assessment of the group's prospects and the principal risks it faces. Following confirmation by the DLC BRCC (comprising a majority of non-executive directors, which includes certain members of the Audit Committees), the Audit Committees recommended the viability statement for board approval.

The board has identified the principal and emerging risks facing the group and these are highlighted on pages 10 to 21 in volume two.

Through its various sub-committees, notably the Audit Committees, the DLC BRCC and the capital committees, the board regularly carries out a robust assessment of these risks and their potential impact on the performance, liquidity, solvency and operational resilience of the group. The activities of these board sub-committees and the issues considered by them are described in the governance section of this report.

Taking these risks into account, together with the group's strategic objectives and the prevailing market environment, the board approved the overall mandated risk appetite frameworks for Investec plc and Investec Limited. The risk appetite frameworks set broad parameters relating to the board's expectations around performance, business stability and risk management.

The board considers that prudential risk management is paramount in all it does. Protection of depositors, customers' interests, capital adequacy and shareholder returns are key drivers. To manage the group's risk appetite, there are a number of detailed policy statements and governance structures in place. The board ensures that there are appropriate resources in place to manage the risks arising from running the business by having independent Risk Management, Compliance, and Financial Control functions. These are supplemented by an Internal Audit function that reports independently to a non-executive Audit Committee Chair.

The board believes that the risk management systems and processes, supported by the conclusions of the Internal Audit function, are adequate to support the group's strategy and allow the group to operate within its risk appetite framework. A review of the group's performance/measurement against its risk appetite framework is provided at each DLC BRCC meeting and at the main board meetings.

In terms of the South African Prudential Authority (South African PA), the FCA and PRA requirements, the group is also required to meet regulatory standards with respect to capital and liquidity. In terms of these requirements, the group is required to stress its capital and liquidity positions under a number of severe stress conditions. Investec's stress testing framework is well embedded in its operations and is designed to identify and regularly test the group's key 'vulnerabilities under stress'.

Liquidity stress testing is performed for a range of scenarios, each representing a different set of assumptions. These include market-wide, firm specific, and combined scenarios (combination of the market-wide and firm specific stresses). The group manages its liquidity risk appetite in relation to combined stress parameters which represent extreme but plausible circumstances. The objective is to have sufficient liquidity under a combined stress scenario to continue to operate for a minimum period as detailed in the board-approved risk appetite. In addition to these stress scenarios, the group's risk appetite also requires it to maintain specified minimum levels for both the liquidity coverage ratio and net stable funding ratio, greater than those required by the regulators; a minimum cash and near cash to customer deposit ratio of 25%; and to maintain low reliance on wholesale funding to fund core asset growth. Each banking entity within the group is required to be fully self-funded. The group currently has £13.2 billion in cash and near cash assets, representing 38.4% of customer deposits.

The group develops annual capital plans (refreshed after six months, if required) that look forward over a three-year period. These plans are designed to assess the capital adequacy of the group's respective banking entities under a range of economic and internal conditions, with the impact on earnings, asset growth, risk appetite and liquidity considered. The output of capital planning allows senior management and the board to make decisions to ensure that the group continues to hold sufficient capital to meet internal and regulatory capital targets over the medium term (i.e. three years). The group targets a minimum capital adequacy ratio of 14% to 17%, a tier 1 ratio greater than 11%, a common equity tier 1 ratio in excess of 10% and a leverage ratio in excess of 6% for each of its banking entities.

The parameters used in the capital and liquidity stresses are reviewed regularly, taking into account changes in the business environments and inputs from business units. Scenarios are designed considering macro-economic downside risks, portfolio-specific risk factors and business model vulnerabilities.

As the group's banking entities are regulated separately and ring-fenced from one another, different stress scenarios apply across the respective banking entities and jurisdictions.

Investec Limited:

- Base case: The base case is characterised by the view that South Africa's economic recovery continues out to 2024 (in real terms) in order to reach pre-pandemic levels of production, as COVID-19 is overcome at a modest pace. Underpinning this view is that the global economic recovery continues over the period, supported by sufficient monetary and other policy supports in key advanced economies and market risk sentiment is neutral to somewhat risk on. However, the sharp deterioration last year in South Africa's government finances has resulted in further credit rating downgrades, although a degree of fiscal consolidation is expected over the medium term. As a consequence, the base case sees South Africa retain a country rating from Moody's that is one of the three grades in the BB (Ba) category - currently Moody's rates South Africa Ba2 (BB-). Expropriation of private sector property without compensation is expected to be limited and not have a negative impact on the economy or on market sentiment.
- Lite down case: A scenario where the international environment (including risk sentiment) is that of the base case, but the domestic environment differs. Under this scenario, South Africa fails to stabilise its debt and falls into the single B credit ratings bracket from all three agencies while the effects from COVID-19 are slow to overcome. Expropriation of some private sector property without compensation occurs, with a moderate, negative impact on the economy. Business confidence is depressed with weak investment growth, while significant load shedding occurs, and the country falls into recession. A substantial degree of fiscal consolidation ultimately occurs, preventing South Africa's credit

ratings from falling through the C credit rating grades.

- Severe down case: A scenario characterised by a lengthy global recession and/or global financial crisis (which could be caused or exacerbated by the failure to overcome the COVID-19 pandemic but is not limited to this), with insufficient monetary and other policy supports. A depression occurs in the South African economy, with extreme Rand weakness. South Africa's credit ratings from all three key agencies drop below the single B categories, then fall through the C grade categories eventually to D grade (default) as government borrows from increasingly wider sources and sinks deeper into a debt trap, and then defaults. Eventually widespread load shedding and civil unrest occur. Nationalisation of private sector property under expropriation without compensation occurs with severe negative impacts for the economy.

Investec plc:

- Base case: The base case narrative assumes that the UK's third national lockdown depresses first quarter 2021 growth, but as restrictions ease and a greater proportion of the population becomes inoculated, economic activity starts to accelerate from the second quarter and beyond. Globally, the scenario assumes a robust recovery by the end of the year, compensating for the impact of the third wave of COVID-19 infections experienced in many nations limiting economic activity in the first quarter. In light of this, monetary policy is expected to remain accommodative across the major central banks.
- L-shaped recovery: The L-shaped scenario sees the UK experience a much more restrained economic recovery than in the base case scenario, following the contraction in economic activity in the first quarter due to the third lockdown. Beyond this weak initial rebound, the narrative envisions that there will be some permanent economic scarring from the COVID-19 pandemic, with weak productivity growth restricting economic activity and employment opportunities across the forecast horizon. Global prospects paint a similar picture, with subdued growth expected throughout the time period. Under such a situation, central banks ease policy further; domestically that sees the Bank of England (BoE) lower the Bank rate to -0.40%, whilst the Federal Reserve and European Central Bank (ECB) rely on asset purchases.
- Fiscal stress: The fiscal scenario builds on the L-shaped scenario with the narrative centred on the weaker than expected economic recovery prompting a deterioration in the public finances, causing concerns regarding debt sustainability. In this scenario, to reassure markets, the UK Government tightens fiscal policy via spending cuts and tax rises, which ultimately leads to a crisis in business and consumer confidence. This limits investment and hiring opportunities, and triggers a recession midway through the scenario horizon. Globally, a number of Eurozone countries face similar situations, whereas the United States is less affected. Meanwhile, central banks such as the BoE and the ECB react to this scenario by cutting rates even further than in the L-shaped scenario: BoE Bank rate reaches a low of -0.90% and the ECB deposit rate -1.00%.

The group also typically incorporates the South African PA biennial and the BoE regulatory scenario into its capital processes. The South African PA scenarios are required to be run by the end of June 2021 and will be run as a separate cycle of stress testing for 2021. The BoE published its regulatory scenario in January 2021 and this scenario will be implemented alongside the Investec-specific scenarios for Investec plc:

- BoE regulatory scenario (solvency stress): Under the BoE's solvency stress scenario, the UK experiences a 'W-shaped' recovery in which economic activity plummets by close to 10% in Q2 2021, only to recover very strongly in subsequent quarters. In response to this, the scenario assumes that the UK bank rate dips into negative territory, reaching -0.10% in Q3 2022. Internationally, a parallel story plays out, in which a strong economic rebound in the latter quarters of the year compensates for a sharp contraction in Q1.

The board has assessed the group's viability in its 'base case' and stress scenarios. In assessing the group's viability, a number of assumptions are built into its capital and liquidity plans. In the stress scenarios these include, for example, foregoing or reducing dividend payments and asset growth being curtailed.

We also carry out 'reverse stress tests', i.e. those scenarios that would cause the group to breach its capital and liquidity requirements. These scenarios are considered unlikely, given the group's strong liquidity position and sound capital and leverage parameters.

Furthermore, the group is required to have a recovery plan for both Investec Limited and Investec plc as well as a resolution pack for Investec plc. The purpose of the recovery plans are to document how the board and senior management will ensure that the group recovers from extreme financial stress to avoid liquidity and capital difficulties in its separately regulated companies.

The group also maintains an operational resilience framework for building organisational resilience to respond effectively to operationally disruptive events. This not only ensures continuity of business but also safeguards the interests of key stakeholders, as well as our reputation, brand and value-creating activities.

The capital and liquidity plans, stress scenarios, recovery plans, resolution pack and the risk appetite statement are reviewed at least annually. In times of severe economic distress and if applicable, stress scenarios are reviewed more regularly; for example, as is the case with the COVID-19 pandemic. In addition, senior management hosts an annual risk appetite process at which the group's risk appetite frameworks are reviewed and modified to take into account risk experience and changes in the environment. Furthermore, strategic budget processes take place within each business division at least annually. These focus on, amongst other things: the business and competitive landscape; opportunities and challenges; and financial projections. A summary of these divisional budgets, together with a consolidated group budget, is presented to the board during its strategic review process early in the year.

In assessing the group's viability, the board has taken all of the above-mentioned factors, documents and processes into consideration. The directors can confirm that they have a reasonable expectation that Investec will continue to operate and meet its liabilities as they fall due over the next three years. The board has used a three-year assessment period as this is aligned to the group's medium term capital plans which incorporate profitability, liquidity, leverage and capital adequacy projections and include impact assessments from a number of stress scenarios. Detailed management information therefore exists to provide senior management and the board sufficient and realistic visibility of the group's viability over the three years to 31 March 2024.

DIRECTORS' REPORT
CONTINUED

The viability statement should be read in conjunction with the following sections in the annual report, all of which have informed the board's assessment of the group's viability:

- Pages 4 to 75, which show a strategic and financial overview of the business
- Pages 10 to 21 in volume two, which provide detail on the principal and emerging risks the group faces
- Pages 10 to 17 in volume two, which provide information on the overall group's risk appetite
- Pages 22 to 27 in volume two, which provide an overview of the group's approach to risk management, and the processes in place to assist the group in mitigating its principal risks
- Pages 7, 25, 58, and 64 in volume two which highlight information on the group's various stress testing processes
- Pages 67 to 71 in volume two, which specifically focus on the group's philosophy and approach to liquidity management
- Page 87 in volume two, which provides detail on the recovery plans for Investec plc and Investec Limited
- Pages 88 to 91 in volume two which explain the group's capital management framework.

This forward-looking viability statement made by the board is based on information and knowledge of the group at 22 June 2021. There could be a number of risks and uncertainties arising from (but not limited to) domestic and global economic and business conditions beyond the group's control that could cause the group's actual results, performance or achievements in the markets in which it operates to differ from those anticipated.

Going concern
In adopting the going concern basis for preparing the consolidated financial statements, the directors have considered the group's business activities, objectives and strategy, principal risks and uncertainties in achieving its objectives, and performance that are set out on pages 4 to 13, and pages 10 to 21 in volume two. The directors have performed a robust assessment of the group's financial forecasts across a range of scenarios over a 12 months period from the date the financial statements are authorised for issue. The assessment specifically incorporated analysis of the COVID-19 pandemic impact implications on the group's projected performance, capital, liquidity and funding positions, including the impact of scheduled repayment of borrowings and other liabilities. Based on these, the directors confirm that they have a reasonable expectation that the company and the group, as a whole, have adequate resources to continue in operational existence for the 12 months from the date the financial statements are authorised for issue. Therefore, the directors consider it appropriate to adopt the going concern basis of accounting in preparing the accompanying consolidated financial statements.

Audit Committees
The Audit Committees comprising independent non-executive directors meet regularly with senior management, the external auditors, operational risk, internal audit, compliance and the finance division to consider the nature and scope of the internal and external audit reviews and the effectiveness of our risk and control systems, taking note of the key deliberations of the subsidiary Audit Committees as part of the process.

Further details on the role and responsibility of the Audit Committees are set out on pages 100 to 110

Independent auditor and audit information
Each director at the date of approval of this report confirms that, so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware and that each director has taken all steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given pursuant to Section 418 of the UK Companies Act and should be interpreted in accordance with and subject to those provisions.

Ernst & Young LLP have indicated their willingness to continue in office as auditors of Investec plc and Ernst & Young Inc. and KPMG Inc. have indicated their willingness to continue in office as joint auditors of Investec Limited.

A resolution to re-appoint them as auditors will be proposed at the AGM scheduled to take place on 5 August 2021.

Major shareholders

The largest shareholders of Investec plc and Investec Limited are shown on page 127

Special resolutions
Investec plc
At the AGM held on 6 August 2020, special resolutions were passed in terms of which:

- A renewable authority was granted to Investec plc to acquire its own ordinary shares in accordance with the terms of Section 701 of the UK Companies Act
- A renewable authority was granted to Investec plc to acquire its own preference shares in accordance with the terms of Section 701 of the UK Companies Act.

Investec Limited
At the AGM held on 6 August 2020, the following special resolutions were passed in terms of which:

- A renewable authority was granted to Investec Limited and any of its subsidiaries to acquire its own ordinary shares in terms of the provisions of the South African Companies Act No. 71 of 2008, as amended (the South African Companies Act)
- A renewable authority was granted to Investec Limited and any of its subsidiaries to acquire its own preference shares in terms of the provisions of the South African Companies Act
- A renewable authority was granted to Investec Limited to provide financial assistance in order to comply with the provisions of Sections 44 and 45 of the South African Companies Act
- A renewable authority was granted to Investec Limited to approve the directors' remuneration in order to comply with the provisions of Sections 65(11)(h), 66(8) and 66(9) of the South African Companies Act.

AGM update statement
At the AGM on 6 August 2020, resolution 13 (approval of the DLC directors' remuneration report for the year ended 31 March 2020), resolution 14 (approval of the DLC Directors' Remuneration Policy), and resolution 21 (re-appointment of KPMG Inc. as joint auditors of Investec Limited), passed with a less than 80% majority.

The board recognises that effective communication is integral to building stakeholder value and is committed to providing meaningful, transparent, timely and accurate financial and non-financial information to our stakeholders. In addition to formal, written communication, executive management and non-executive board members

DIRECTORS' REPORT
CONTINUED

continue to engage with our shareholders on a regular basis.

Commenting on the less than 80% vote received for the re-appointment of KPMG Inc. as joint auditors of Investec Limited
Following a comprehensive tender process, PricewaterhouseCoopers Incorporated (PwC) was nominated as one of the new joint external auditors effective 1 April 2023. The appointment of the firm and the designated audit partner is subject to regulatory approval from the Prudential Authority of South Africa. The appointment of PwC will be recommended to shareholders at the AGM to be held in August 2022.

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

Refer to pages 109 and 110 for further details in regards to the DLC Audit Committee's review of the external auditors, and the MAFR process.

Commenting on the less than 80% vote received for the group's Remuneration Report and Remuneration Policy
The group engaged extensively with shareholders on the implementation of its Remuneration Report and the proposed Remuneration Policy in the months preceding the AGM, and the board and DLC Remuneration Committee welcomed the broad shareholder support for the Remuneration Report and Remuneration Policy.

Following the AGM, the group has continued to consult with shareholders on remuneration matters, including the remuneration targets for the 2020 Long-Term Incentive award and 2021 Short-Term Incentive award, and the proposed Remuneration Policy, which will be put to a shareholder vote at the AGM on 5 August 2021.

Refer to pages 160 to 171 for a summary of the revised Remuneration Policy.

Employees
The group's approach is to recruit and promote on the basis of aptitude and attitude, with the deliberate intent to build a diverse workforce and promote an inclusive workplace fully representative of each jurisdictions population. The group's policy is to adopt an open management style, thereby encouraging informal consultation at all levels about aspects of the group's operations, and to incentivise staff to take an interest in the group's performance by means of employee share schemes.

Further information is provided in the 2021 group sustainability and ESG supplementary report

Empowerment and transformation
The group endeavours to prevent and/or eliminate any form of discrimination based on gender, race, ethnicity, religion, age, disability, nationality or sexual preferences. People with disabilities are an essential part of a diverse talent pool and are always considered, with every effort made to accommodate and facilitate an accessible environment. In the event of employees becoming disabled while in our employ, we are committed to ensuring their continued employment to the extent that this is possible. We have various processes to encourage debate and dialogue around valuing diversity and differences. Emerging and established leaders are invited to participate in discussions with the executive leadership around all issues related to talent management and diversity.

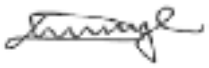
Research and development
In the ordinary course of business, the group develops new products and services in each of its business divisions.

Political donations and expenditure
The group did not make any political donations in the financial year ended 31 March 2021 (2020: Nil).

Subsidiary and associated companies

Details of principal subsidiary and associated companies are reflected on pages 132 to 137 in volume three

Signed on behalf of the boards of Investec plc and Investec Limited



Niki van Wyk
Company secretary, Investec Limited
22 June 2021



David Miller
Company secretary, Investec plc
22 June 2021

SCHEDULE A TO THE DIRECTORS' REPORT

Additional information for shareholders
Set out below is a summary of certain provisions of Investec plc's current Articles of Association (the Articles) and applicable English law concerning companies (the UK Companies Act). This is a summary only and the relevant provisions of the Articles or the UK Companies Act should be consulted if further information is required.

Share capital
The issued share capital of Investec plc at 31 March 2021 consists of 696 082 618 ordinary shares of £0.0002 each, 2 754 587 non-redeemable, non-cumulative, non-participating preference shares of £0.01 each, 131 447 ZAR non-redeemable, non-cumulative, non-participating preference shares of R0.001 each, 318 904 709 special converting shares of £0.0002 each, the special voting share of £0.001, the UK DAN share of £0.001 and the UK DAS share of £0.001 (each class as defined in the Articles).

Purchase of own shares
Subject to the provisions of the Articles, the UK Companies Act, the UK Uncertificated Securities Regulations 2001 and every other statute for the time being in force concerning companies and affecting Investec plc, the approval of shareholders as provided in the Investec plc Articles, and without prejudice to any relevant special rights attached to any class of shares, Investec plc may purchase, or may enter into a contract under which it will or may purchase any of its own shares of any class, including without limitation any redeemable shares, in any way and at any price (whether at par or above or below par).

Dividends and distributions
Subject to the provisions of the UK Companies Act, Investec plc may by ordinary resolution from time-to-time declare dividends not exceeding the amount recommended by the board. The board may pay interim dividends whenever the financial position of Investec plc, in the opinion of the board, justifies such payment.

The board may withhold payment of all or any part of any dividends or other monies payable in respect of Investec plc's shares from a person with a 0.25% or more interest in the nominal value of the issued shares if such a person has been served with a notice after failure to provide Investec plc with information concerning interests in those shares required to be provided under the UK Companies Act.

Voting rights
Subject to any special rights or restrictions attaching to any class of shares, at a general meeting, every member present in person has, upon a show of hands, one vote and, on a poll, every member who is present in person or by proxy has one vote for each share. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the share. Under the UK Companies Act, members are entitled to appoint a proxy, who need not be a member of Investec plc, to exercise all or any of their rights to attend and vote on their behalf at a general meeting or class meeting. A member may appoint more than one proxy in relation to a general meeting or class meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member that is a corporation may appoint an individual to act on its behalf at a general meeting or class meeting as a corporate representative. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of Investec plc.

Restrictions on voting
No member shall be entitled to vote either in person or by proxy at any general meeting or class meeting in respect of any shares held by them if any call or other sum then payable by them in respect of that share remains unpaid. In addition, no member shall be entitled to vote if they have been served with a notice after failure to provide Investec plc with information concerning interests in those shares required to be provided under the UK Companies Act.

Deadlines for exercising voting rights
Votes are exercisable at a general meeting of Investec plc in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representatives. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Variation of rights
Subject to the UK Companies Act, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking pari passu with them. Where, under the company's share incentive plan, participants are the beneficial owners of the shares, but not the registered owners, the participants are not entitled to exercise any voting rights until the shares are released to the participants. Under the company's employee trust, the trustee does not vote in respect of unallocated shares.

Transfer of shares
All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. Transfers of shares which are in uncertificated form are effected by means of the CREST system. The directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason, refuse to register any transfer of shares (not being fully paid shares), provided that such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The directors may also refuse to register an allotment or transfer of shares (whether fully paid or not) in favour of more than four persons jointly. The directors may decline to recognise any instrument of transfer unless the instrument of transfer is in respect of only one class of share and, when submitted for registration, is accompanied by the relevant share certificates and such other evidence as the directors may reasonably require. Subject to the UK Companies Act and regulations and applicable CREST rules, the directors may determine that any class of shares may be held in uncertificated form and that title to such shares may be transferred by means of the CREST system or that shares of any class should cease to be so held and transferred.

SCHEDULE A TO THE DIRECTORS' REPORT
CONTINUED

A number of the company's employee share plans include restrictions on transfer of shares while the shares are subject to the plans, in particular, the share incentive plan.

Plc preference shares
The following are the rights and privileges which attach to the plc preference shares:

- On a return of capital, whether or not on a winding up (but not on a redemption or purchase of any shares by Investec plc) or otherwise, the plc preference shares will rank, pari passu inter se and with the most senior ranking preference shares of Investec plc in issue (if any) from time-to-time and with any other shares of Investec plc that are expressed to rank pari passu herewith as regards to participation in the capital, and otherwise in priority to any other class of shares of Investec plc
- Investec plc may, at its option, redeem all or any of the plc preference shares for the time being issued and outstanding on the first call date or any dividend payment date thereafter
- Holders of plc preference shares will not be entitled to attend and vote at general meetings of Investec plc. Holders will be entitled to attend and vote at a class meeting of holders of plc preference shares.

Non-redeemable, non-cumulative, non-participating preference shares
The following are the rights and privileges which attach to the perpetual preference shares:

- Each perpetual preference share will rank as regards to dividends and a repayment of capital on the winding up of Investec plc prior to the ordinary shares, the plc special converting shares, the UK DAN share, the UK DAS share, but pari passu with the plc preference shares. The perpetual preference shares shall confer on the holders, on a per perpetual preference share and equal basis, the right to a return of capital on the winding up of Investec plc of an amount equal to the aggregate of the nominal value and premiums in respect of perpetual preference shares issued, divided by the number of perpetual preference shares in issue
- Each perpetual preference share may confer upon the holder thereof the right to receive out of the profits of Investec plc which it shall determine to distribute, in priority to the ordinary shares, the plc special converting shares, the UK DAN share and the UK DAS share, but pari passu with the plc preference shares, the preference dividend calculated in accordance with the Articles
- The holders of the perpetual preference shares shall be entitled to receive notice of and be present but not to vote, either in person or by proxy, at any meeting of Investec plc, by virtue of or in respect of the perpetual preference shares, unless either or both of the following circumstances prevail at the date of the meeting:
  - The preference dividend or any part thereof remains in arrears and unpaid as determined in accordance with the Articles after six months from the due date thereof; and/or
  - A resolution of Investec plc is proposed which directly affects the rights attached to the perpetual preference shares or the interests of the holders thereof, or a resolution of Investec plc is proposed to wind up or in relation to the winding up of Investec plc or for the reduction of its capital;

in which event the preference shareholders shall be entitled to vote only on such resolution.

Rand-denominated non-redeemable, non-cumulative, non-participating perpetual preference shares (the ZAR perpetual preference shares)
The ZAR perpetual preference shares are subject to substantially similar terms and conditions as the existing Pound Sterling non-redeemable, non-cumulative, non-participating preference shares, as outlined above, save that they are denominated in South African Rands.

Shares required for the DLC structure
Investec SSC (UK) Limited, a UK trust company, specially formed for the purpose of the DLC structure, holds the plc special voting share, the plc special converting shares, the UK DAN share and the UK DAS share. These shares can only be transferred to another UK trust company, in limited circumstances.

The plc special voting shares are specially created shares so that shareholders of both Investec plc and Investec Limited effectively vote together as a single decision-making body on matters affecting shareholders of both companies in similar ways, as set out in the Articles.

Prior to a change of control, approval of termination of the sharing agreement (which regulates the DLC), liquidation or insolvency of Investec plc, the plc special converting shares have no voting rights, except in relation to a resolution proposing the:

(i) Variation of the rights attaching to the shares or
(ii) Winding up, and they have no rights to dividends. The special converting shares are held on trust for the Investec Limited ordinary shareholders. Investec plc and Investec Limited have established dividend access trust arrangements as part of the DLC.

Investec plc has issued two dividend access shares, the UK DAS share and UK DAN share which enables Investec plc to pay dividends to the shareholders of Investec Limited. This facility may be used by the board to address imbalances in the distributable reserves of Investec plc and Investec Limited and/or to address the effects of South African exchange controls and/or if they otherwise consider it necessary or desirable.

SHAREHOLDER ANALYSIS

Investec ordinary shares

As at 31 March 2021, Investec plc and Investec Limited had 696.1 million and 318.9 million ordinary shares in issue respectively.

Spread of ordinary shareholders as at 31 March 2021

Investec plc ordinary shares in issue

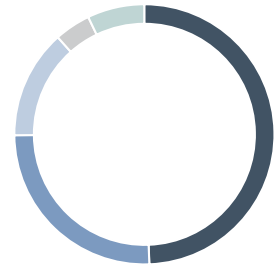
Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
15 022	1 - 500	53.5%	2 494 271	0.4%
4 727	501 - 1 000	16.8%	3 593 762	0.5%
5 796	1 001 - 5 000	20.6%	12 771 853	1.8%
920	5 001 -10 000	3.3%	6 666 777	1.0%
907	10 001 - 50 000	3.2%	20 074 784	2.9%
222	50 001 - 100 000	0.8%	15 309 197	2.2%
481	100 001 and over	1.8%	635 171 974	91.2%
28 075		**100.0%**	**696 082 618**	**100.0%**

Investec Limited ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
6 470	1 - 500	58.5%	778 216	0.2%
1 318	501 - 1 000	11.9%	1 002 479	0.3%
1 910	1 001 - 5 000	17.3%	4 339 220	1.4%
382	5 001 - 10 000	3.5%	2 847 961	0.9%
557	10 001 - 50 000	5.0%	12 845 838	4.0%
155	50 001 - 100 000	1.4%	11 168 855	3.5%
266	100 001 and over	2.4%	285 922 140	89.7%
11 058		**100.0%**	**318 904 709**	**100.0%**

Geographical holding by beneficial ordinary shareholder as at 31 March 2021

Investec plc



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

Investec Limited



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

SHAREHOLDER ANALYSIS
CONTINUED

Largest ordinary shareholders as at 31 March 2021
In accordance with the terms provided for in Section 793 of the UK Companies Act, 2006 and Section 56 of the South African Companies Act, 2008, the group has conducted investigations into the registered holders of its ordinary shares (including nominee and asset management companies) and the results are as disclosed below.

Investec plc

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

The top 10 shareholders account for 51.8% of the total shareholding in Investec plc. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

Investec Limited

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

The top 10 shareholders account for 49.8% of the total shareholding in Investec Limited. This information is based on a threshold of 20 000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

Shareholder classification as at 31 March 2021

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

* As per the JSE Listings Requirements.

SHAREHOLDER ANALYSIS
CONTINUED

Share statistics

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

Investec plc

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

Investec Limited

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

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

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

SHAREHOLDER ANALYSIS
CONTINUED

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

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

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

Investec plc (Rand-denominated) perpetual preference shareholders

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

Investec Limited perpetual preference shareholders

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

SHAREHOLDER ANALYSIS
CONTINUED

Investec Bank Limited perpetual preference shareholders

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

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

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

CGWL Nominees Limited 6.1%

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

Private individual 9.9%

Private individual 8.4%

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

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

SOCIAL AND ENVIRONMENTAL REPORT

Our social and environmental impact

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

Ratings and rankings in the sustainability indices

Sustainability Yearbook Member 2021 S&P Global

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

JSE

Top 30 in the FTSE/JSE Responsible Investment Index

FTSE4Good

Included in the FTSE4Good Index

STOXX QONTIGO

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

MSCI ESG RATINGS AAA

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

CDP DISCLOSURE INSIGHT ACTION

Maintained a B rating against an industry average of B

SUSTAINALYTICS RATED

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

ISS ESG

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

Awards

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

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

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

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

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

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

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Integrating sustainability into business strategy

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

Sustainability principles

1

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

2

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

3

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

4

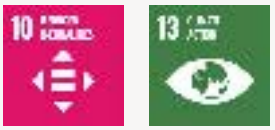
Providing **profitable, impactful and sustainable** products and services and launched innovative sustainability linked offerings

5

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

Our sustainability framework is based on the UN SDGs

Our two core SDG priorities



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

Our secondary SDG priorities



Our sustainability framework is based on:

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

Advocacy and industry participation

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

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Our SDG impact

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

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

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

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Commitment to our people

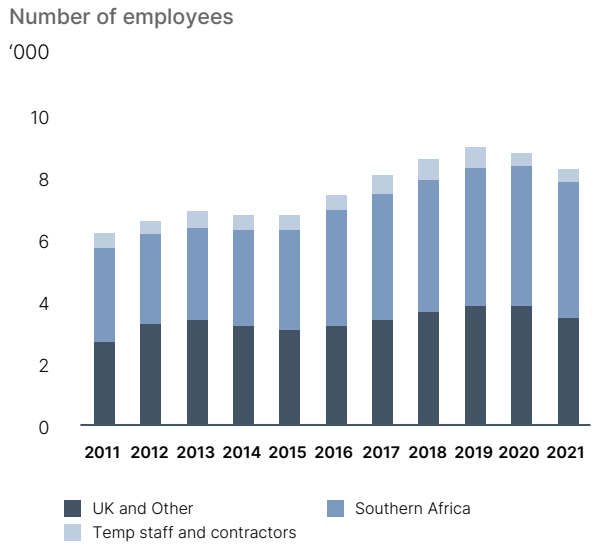


Our culture is positioned as a strategic differentiator. We are a culture-strong organisation, and our values and beliefs underpin our people's conduct and behaviour on the job. We have a flat structure organisation design, show deep respect for individualism and uphold an environment that encourages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

Our people strategy

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

Headcount



Permanent employees

7 889

(2020: 8 355)

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

Talent attraction, development and retention

Internal mobility

SA: 5.9%

(2020: 8.5%)

UK: 4.2%

(2020: 4.2%)

Voluntary staff turnover

SA: 4.8%

(2020: 8.6%)

UK: 4.3%

(2020: 8.9%)

Participation in graduate programmes

120 graduates

(2020: 119)

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

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

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

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Belonging, Inclusion and Diversity





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

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

30% Club
Member in the UK and South Africa

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

Race at Work Charter
Signatory in the UK

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

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

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

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

Policies and business practices



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

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

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Commitment to our communities



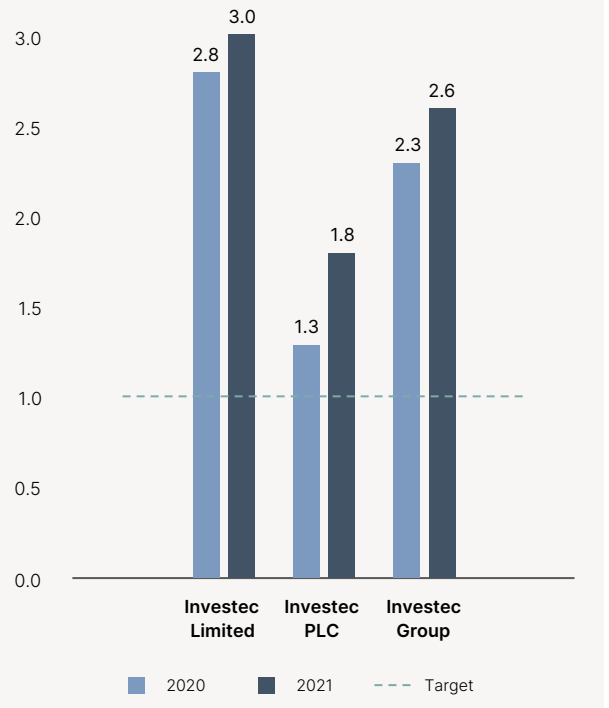
Our community initiatives are central to our values of making an unselfish contribution to society, nurturing an entrepreneurial spirit, valuing diversity and respecting others – all of which underpin our aim to be a responsible corporate organisation.

Our approach

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

Spend on community initiatives as a % of operating profit*

Percentage



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

(2020: 2.3%, £9.8mn)

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

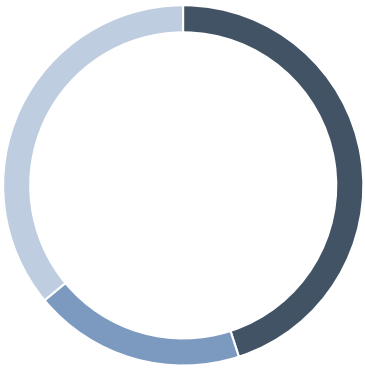
Our approach focuses on three categories of impact:

- Education and learnerships (aligned to priority SDG 4: quality education)
- Entrepreneurship and job creation (aligned to priority SDG 8: decent work and economic growth)
- Environment and other philanthropy (aligned to priority SDG 6, SDG 7, SDG 9 and SDG 11).

Spend on community initiatives by category (%)

£9.8mn

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



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

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Education and learnerships



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

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

* Academic year: January to December.

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

Learnerships
We support three external learnership programmes in South Africa:

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

Disadvantaged learners funded through Promaths since inception in 2005

> 9 200

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

1 876

Invested in learnerships in the past three years

R31.3mn

Entrepreneurship and job creation



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

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

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

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

Placed in jobs through the YES programme since inception in 2018

1 900 youth
(2020: 1 440 since inception)

Provided professional advice over the past year

243 entrepreneurs
(2020: 154)

Completed the entrepreneurship programme

224 entrepreneurs
(2020: 202)

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Environment and other philanthropy



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

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

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

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

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

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

6.6mn

Philanthropic donations across South Africa to the value of

R1.3mn

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

230 000 people

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

Total volunteering hours for the group

9 468

(2020: 6 095)

Volunteering hours in South Africa

6 433

(2020: 2 878)

Volunteering hours for the UK

3 035

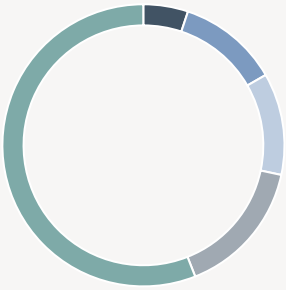
(2020: 3 217)

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

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Our COVID-19 response

Breakdown of COVID-19 relief spend for communities



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

Contributed

£2.1mn

to COVID-19 relief for communities

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

Priorities

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

Employees

- Fully remunerated all staff during lockdown
- Swiftly enabled >95% of staff across the world to work from home
- Increased health and safety across all buildings including appropriate PPE and screening
- Offered extensive well-being offering including online support for staff in terms of physical, mental, emotional, social and financial well-being
- Ensured financial support for employees where required (salary advances, payment holidays, debt consolidation).

Please refer to our website for details on our group COVID-19 response to helping communities

Community

- We spent £2.1 million on COVID-19 relief for communities in our jurisdictions around the world
- The Global Executive team and board members have donated from their salaries with a portion going to the Solidarity Fund in South Africa
- Senior leaders and staff across the world have donated to local initiatives via salary deductions.

Food security
By supporting trusted local NGOs in food security, our offices have fed hundreds of thousands of people across South Africa, the UK, India and New York.

Economic continuity
We donated R5.7 million (£416 225) to the Solidarity Fund (excluding executive and board member personal donations) and continued to pay all youth interns in learnerships in South Africa. We also supported a number of community SMME initiatives.

Healthcare
We funded screening, PPE, capacity building and support for healthcare workers and doctors in our areas of operation.

Education
In partnership with Kutlwanong and Tuta-Me, we launched Promaths Online to ensure continued learning for thousands of students through the pandemic. We are also carrying the cost of the data usage through a reverse billing arrangement with South Africa's major network providers.

Gender-based violence (GBV)
In South Africa, we spent R2.3 million (£107 986) supporting GBV organisations whose social workers are operating on the frontline to address GBV.

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Commitment to the environment and climate change



Our approach to climate change supports the transition to a cleaner, more energy-efficient and sustainable global economy – one that is conscious of its use of limited natural resources. The greatest impact we can have on climate change (SDG 13) and life on land (SDG 15) is through our business contributions to SDG 6, SDG 7, SDG 9 and SDG 11.

Climate change position statement
We recognise the complexity and urgency of climate change. Investec's environmental policy considers the risks and opportunities that climate change presents to the global economy. We believe that as a specialised financial services organisation and given our positioning in the developed and emerging worlds, we have the opportunity to make a meaningful impact in addressing climate change. We support the Paris Agreement's aim of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and of pursuing efforts towards limiting it to 1.5°C. We also recognise the urgency and need to accelerate action which has been incorporated into our approach.

As such, we support the transition to a zero-carbon economy whilst realising that this might take time due to socio-economic constraints. We have a global business and operate in both the developed and developing world with varying economic, social and environmental contexts. Our businesses use their specialist skills in advisory, lending and investing to support clients and stakeholders to move as quickly and smoothly as possible towards a low-carbon economy. The transition cannot be done in isolation of the realities of the communities in which we, and our clients, operate and we welcome the voice of all stakeholders as we make the move together to a cleaner, zero-carbon world that is responsible for all participants.

We also have an important role to play in terms of advocacy and collaboration and participate in a number of workshops and taskforce groups internationally which share learnings and promote a cohesive approach for the financial sector.

Maintained our

net-zero

direct (Scope 1, 2 and operational Scope 3) carbon emissions status for the past three financial years

Sourcing almost

100%*

of our Scope 2 energy from renewable sources through renewable energy certificates

* 1% of our smaller offices are not using renewable energy certificates.

Our banking book fossil fuel exposures reduced to

1.13%

of gross credit and counterparty exposures as at March 2021 (March 2020: 1.30%)

Arranged and participated in one of the first European mid-market ESG-linked loans to the value of

€600mn

to a leading European investment group

Continued to play a key role in supporting the

carbon transition

by financing a number of significant renewable energy transactions

Refer to our 2021 group sustainability and supplementary ESG report on our website for more information

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Climate change framework: Transitioning to a zero-carbon economy

Strategy

We see climate change as both a business opportunity and a risk, and therefore our strategy is based on the following:

- Supporting the Paris Climate Agreement and acknowledging the urgency of climate change
- Minimising our direct negative carbon impacts and committing to ongoing carbon neutrality
- Investing in products, services and businesses that help accelerate the transition
- Supporting our clients as they transition their business operations and offering
- Engaging with stakeholders to inform our climate strategy as it evolves
- Actively participating in industry discussions to ensure an aligned and comprehensive approach.

Governance

Board of directors

- At the highest governance level, the board has the ultimate responsibility to monitor how well the group is operating as a responsible organisation
- This includes considerations around climate-related risks and opportunities when reviewing the group strategy
- The board is supported by the DLC SEC which is responsible for monitoring all the non-financial elements of sustainability.

Senior leadership

- We have a Group ESG Executive Committee, mandated by the group's executive directors, which reports any relevant matters to DLC SEC and Group ERC.

Publicly available policies and statements

- Environmental policy and climate change statement
- Fossil fuel policy
- Operational resilience statement.

Refer to page 23 in volume 2 of the Investec group's 2021 integrated annual report for our governance framework. Our TCFD report is available on our website

Management

Compliance and screening

- We identify climate risks by integrating ESG considerations into our day-to-day operations
- We assess climate risks and follow the 'do no harm' principle through screening to ensure responsible lending and investing.

Risk management

- We see climate risk as a material risk associated with rapidly changing weather events (physical risk) or market shifts as a result of regulatory and policy changes (transitional risk).

Environmental management

- We have an environmental management system to manage and limit our direct carbon impact
- We ensure responsible sourcing of natural resources and encourage behaviour that supports our carbon neutral focus.

Business opportunities

- We use our specialist skills in advisory, lending and investing to support clients' sustainability ambitions
- We have expertise and focus on financing infrastructure solutions that promote renewable and clean energy, and green buildings
- Through our approach to the SDGs, we can accelerate sustainable finance that supports a low-carbon transition.



Measurement

- We have committed to an ongoing net-zero direct carbon footprint
- We follow the recommendations set out by the TCFDs and the regulatory guidance in our two core jurisdictions
- We disclose our full energy lending portfolio including fossil fuel exposures across the group
- We include non-financial and ESG related targets within executive remuneration with a total weighting of 20% of Short-term incentives and 25% of Long-term incentives.

Refer to our 2021 group sustainability and supplementary ESG report and our TCFD report on our website for more information

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Direct operational impact

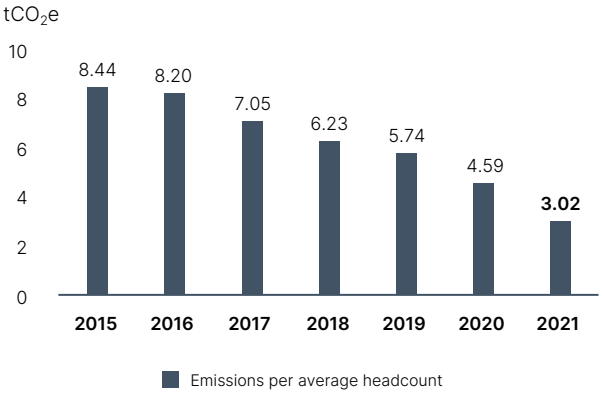
Highlights

- Maintained net-zero direct operational carbon emissions status for the third consecutive year and committed to ongoing carbon neutrality
- Sourced almost 100% of our electricity consumption from renewable energy through the purchase of Renewable Energy Certificates
- The remaining 10% of emissions were offset through the purchase of verified and high quality carbon credits.

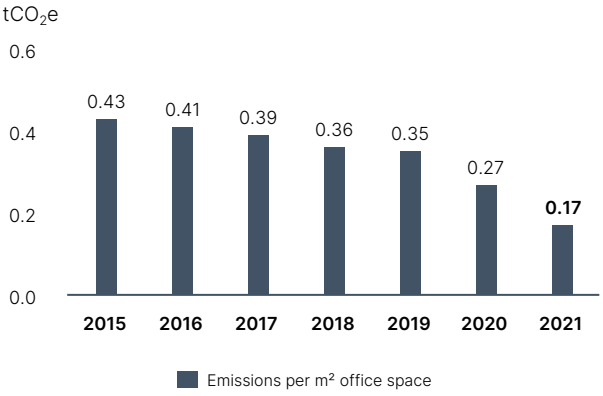
We have a responsibility to understand and manage our wider carbon footprint. Our approach is focused on limiting our direct operational impact and creating awareness to encourage positive sustainable behaviour. Acknowledging that we cannot continue consuming natural resources at the current rate, we focus on ways to ensure the security of natural resources in all our operations.

Breakdown of group emissions
Over the past seven years, our intensity indicators have steadily declined. We continue to find ways to reduce our environmental impact, and offset what remains, with verified and high quality carbon credits.

Emissions per average headcount

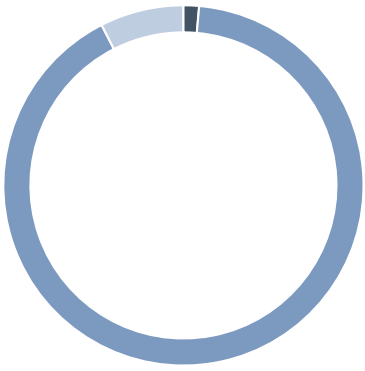


Emissions per m² office space



Carbon footprint for the year ended 31 March 2021*

25 649 tCO_2e (2020: 40 564 tCO_2e)
before renewable energy certificates and carbon offset



Scope 1: 349 tCO_2 emissions[1]	1.4%
Scope 2: 23 365 tCO_2 emissions[2]	91.1%
Scope 3: 1 935 tCO_2 emissions[3]	7.5%

While operational efficiencies have been made over the course of the year, we acknowledge that our 37% decrease is largely due to the impact of COVID-19.

Total after carbon offsets and renewable energy certificates:
0 tCO_2 emissions

- Due to the COVID-19 pandemic and working from home, there has been a significant decrease in emissions
- Work-from-home emissions have been included in our Scope 3 emissions
- Renewable Energy Certificates (zaRECs for Limited and REGOs for our UK offices) were used as we source renewable energy options to meet our operational electricity needs
- Carbon credits were used to offset our remaining carbon footprint to ensure we maintain our net-zero commitment

Refer to our group sustainability and ESG supplementary report on our website for more information

1. Scope 1 emissions are direct greenhouse gas (GHG) emissions (sources controlled or owned by us for example, fuel and gas).
2. Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling.
3. Scope 3 emissions are the result of activities from assets not owned or controlled by us (for example business travel and emissions). For more information on emissions in our lending and investing activities refer to our TCFD report on our website.

* Resource consumption not reflected includes water of 51 148 kl (2020: 91 346 kl) and 121.5 tonnes of waste recycled (2020: 600 tonnes).

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Fossil fuel exposures and Equator Principles

Fossil fuel exposures
The transition to a zero-carbon world cannot be achieved in isolation from the realities of the communities in which we, and our clients, operate. When assessing our participation in fossil fuel activities, we consider a variety of financial, socio-economic and environmental factors relevant to a local context (for example poverty, growth, unemployment and carbon impact).

We apply prudent due diligence to all fossil fuel activities (including extraction, power generation, infrastructure and industrial processes) which go through rigorous process and require senior decision-making approval. Our appetite for this sector is reviewed annually at the executive risk appetite forum and the DLC SEC.

Coal as a % of GCCE*
0.10%
(2020: 0.20%**)

Fossil fuels as a % of GCCE*
1.13%
(2020: 1.30%**)

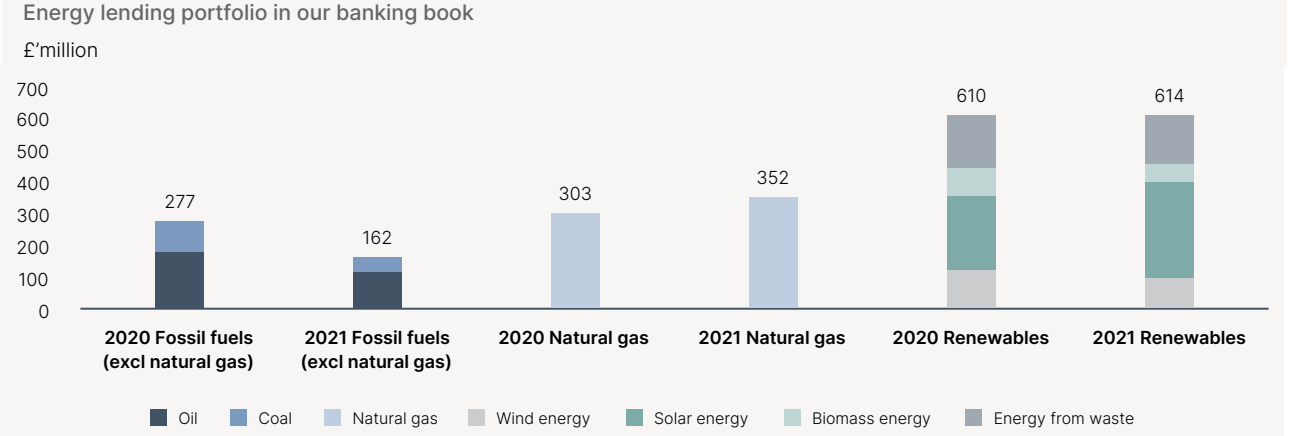
Coal as a % of core loans and advances
0.17%
(2020: 0.36%**)

Fossil fuels as a % of core loans and advances
1.92%
(2020: 2.30%**)

Coal exposure as a % of total energy lending portfolio
4.0%
(2020: 7.6%**)

* Gross credit and counterparty exposure.
** March 2020 restated to include a coal exposure that was not accounted for at the time of reporting.

Energy lending portfolio in our banking book



An important aspect of our approach is a deliberate focus on financing infrastructure solutions that promote renewable and clean energy, stimulate economic growth and provide access to essential services. A transition away from fossil fuels needs to be done in a just and orderly way whilst at the same time protecting the socio-economic considerations, especially in the developing economies where we have a presence. We focus on climate resilience as a priority for our businesses including within the communities where we operate. Over the past year, we screened 39 potential fossil fuel transactions and rigorously implemented our fossil fuel policy to ensure deliberate and stringent adherence to our guidelines.

While our overall fossil fuel exposures decreased, we are conscious that we operate on the African continent which severely lacks access to clean and renewable energy, in addition to a myriad of socio-economic needs. We are therefore aware that we may face fluctuations in our fossil fuel exposures from one year to the next as we navigate through this transition. These exposures are managed through a full due diligence process and adherence to our fossil fuel policy. We acknowledge the many opportunities within sustainable climate action and have strong expertise in this sector, especially in renewable infrastructure where we will act on these opportunities where possible.

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Investec plc banking book
The mix of the energy portfolio in our Investec plc banking book reflects the trajectory of the energy transition in developed countries.

We have a global power and infrastructure business operating across the UK, Europe, US and Australia, with a deliberate focus on financing solutions that promote renewable and clean energy.

Coal as a % of GCCE*
0.08%
(2020: 0.11%**)

Coal as a % of core loans and advances
0.13%
(2020: 0.19%**)

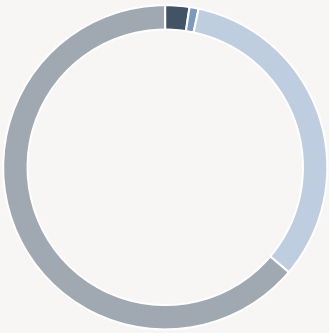
Coal exposure as a % of energy lending portfolio
2.40%
(2020: 3.40%**)

Fossil fuels as a % of GCCE*
1.12%
(2020: 1.15%)

Fossil fuels as a % of core loans and advances
1.98%^
(2020: 1.79%**)

* Gross credit and counterparty exposure.
** March 2020 restated to include a coal exposure that was not accounted for at the time of reporting.

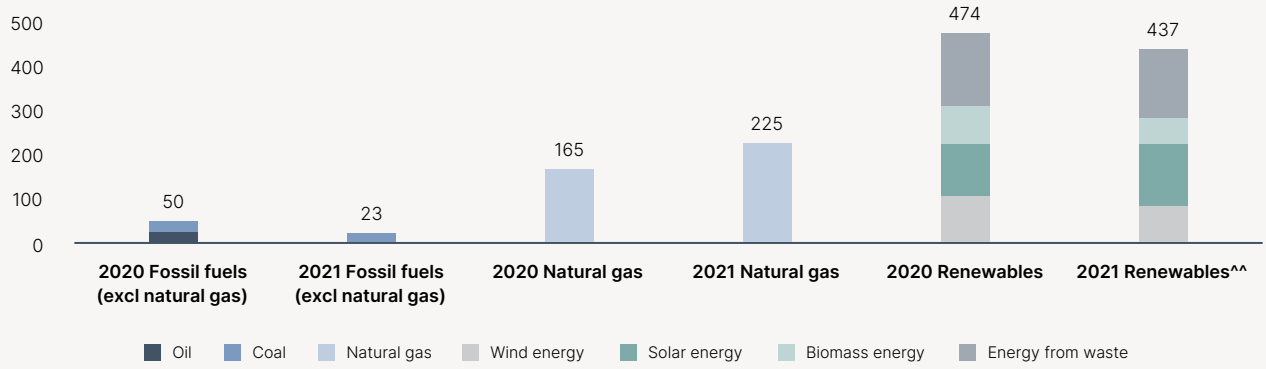
2021 Breakdown of Investec plc energy portfolio
Percentage



	2020	2021
Coal	3.4%*	2.4%
Oil and gas	3.9%	0.9%
Natural gas	23.9%	32.9%
Renewables	68.8%	63.8%

* March 2020 restated to include a coal exposure that was not accounted for at the time of reporting.

Energy lending portfolio for Investec plc
£'million



^ Fossil fuels as a % of core loans and advances increased from 1.79% in March 2020 to 1.98% in March 2021, due to an increase in natural gas. As natural gas is seen as a transition fuel, we may see an increase in these exposures as we transition to a zero-carbon world.

Over the past year we have seen a decrease in our oil and gas exposures in accordance with our fossil fuel policy, with a deliberate focus on minimising these exposures where possible. Where opportunities exist, we focus on financing infrastructure solutions that promote renewable and clean energy, as we leverage our international expertise in this sector.

^^ The decrease in renewables relates to a decrease in wind and biomass energy in Investec plc.

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Investec Limited banking book
South Africa is significantly dependent on coal for its energy requirements, which makes it challenging to find a balance between the need for increasing energy access and economic growth in the country and the urgency to reduce carbon emissions.

The mix of our energy portfolio in South Africa reflects the trajectory of the country's energy transition. We see natural gas as part of this transition in the short-to-medium term as the country shifts away from coal and builds up renewable sources.

Coal as a % of GCCE*
0.12%
(2020: 0.30%)

Coal as a % of core loans and advances
0.20%
(2020: 0.51%)

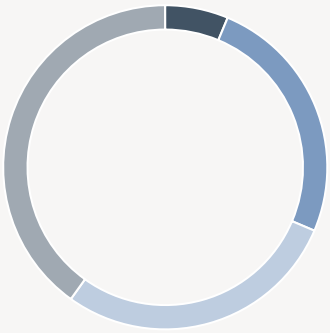
Coal exposure as a % of energy lending portfolio
6.30%
(2020: 13.50%)

Fossil fuels as a % of GCCE*
1.14%
(2020: 1.60%)

Fossil fuels as a % of core loans and advances
1.86%
(2020: 2.77%)

* Gross credit and counterparty exposure.

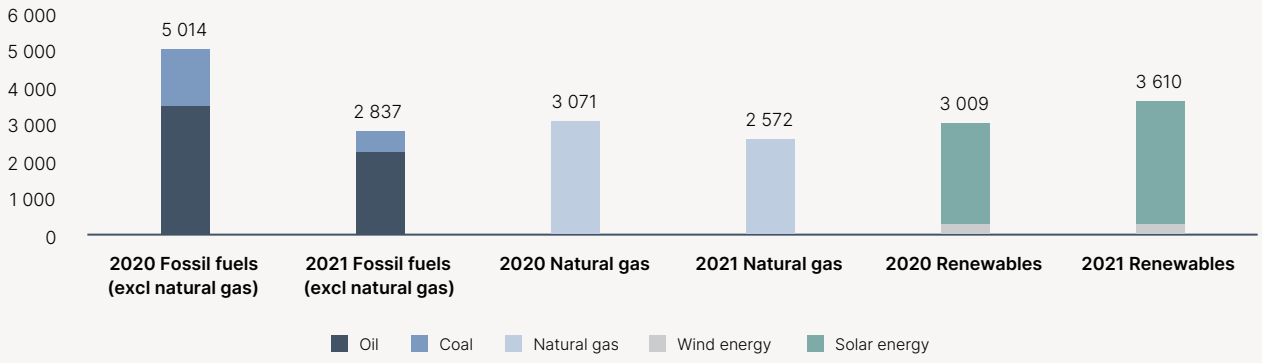
2021 Breakdown of Investec Limited energy portfolio
Percentage



	2020	2021
Coal	13.5%	6.3%
Oil and gas	31.7%	25.1%
Natural gas	27.7%	28.5%
Renewables	27.1%**	40.1%

** March 2020 restated to include a renewable exposure that was not accounted for at the time of reporting.

Energy lending portfolio for Investec Limited
R'million



We have seen a decrease in our coal exposure over the past year but are taking a cautious approach due to the needs and dependency of developing economies on fossil fuels. Where possible we will manage this exposure against our stringent fossil fuel policy while taking into consideration socio-economic factors and the countries' ambitions towards a net-zero future.

Where opportunities exist, we will focus on financing infrastructure solutions that promote renewable and clean energy as we leverage our international expertise in this sector.

Equator Principles
We fully apply the key provisions of the Equator Principles (EP). We are not currently a signatory due to the low number of transactions that we performed in non-designated countries. All transactions in non-designated countries are EP monitored and compliant.

During the past year we had no transactions in non-designated countries.

0 **(2020: 0)**

A full breakdown is available in our 2021 group sustainability and ESG supplementary report on our website

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

We partner with our clients to provide sustainable products

In the past year we launched the following sustainability products and services to our clients

UK Specialist Bank

- Arranged and participated in one of the first European mid-market ESG-linked loans to the value of €600 million to a leading European investment group
- Launched the UK's first retail ESG-linked deposit plan
- Launched a sustainable energy finance business to fund renewable assets such as solar panels, biomass boilers and onshore wind farms
- Acted as financial advisor to KKR Global Impact on its investment in GreenCollar, a leading environmental markets platform in Australia and the largest project developer in the Australian carbon market
- Participated in £639 million renewable energy projects and financed 7 916 MW (installed capacity) of clean energy.

Southern Africa Specialist Bank

- Anchor investor in Revego Africa Energy Fund: Africa's first YieldCo focused on operating renewable energy projects in sub-Saharan Africa
- Launched a funding product for private clients to install solar power at home and link the cost to their mortgages as a repayment option
- Participated in R6.2 billion renewable energy projects and financed 50 MW (installed capacity) of clean energy
- Winner of the Most Responsible Business in Africa 2020 award (overall winner category in The SERAS CSR Awards).

Investec Wealth & Investment

- Investec Wealth & Investment did a soft launch of the Investec Global Sustainable Equity Fund to charities, staff and family offices in mid-February 2021 and will be extending this offering to a broader client base.

Best Investment Bank for Sustainable Finance in Africa

2020 Global Finance Awards

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Business contribution to the SDGs

Addressing climate (SDG 13) and inequality (SDG 10) is fundamental to the success of our business. We address these core SDGs through six secondary SDGs that are globally aligned yet locally relevant to our core geographies. These secondary SDGs also reflect our current business model and growth strategy to fund a stable and sustainable economy. In addition, we have a strong focus on financing entrepreneurs who are critical in accelerating job creation and supporting sustained economic growth. Below we show some examples of how we are impacting on our chosen SDG priorities.

Group Chief Executive, Fani Titi, joined 30 other CEOs in making a commitment to join the UN GISD Alliance

Investec signed the Fintech Pledge, supported by HM Treasury and powered by Tech Nation

Maxine Gray announced as the UN Global Compact South Africa's 2020 SDG Pioneer



Highlights

- We are an equity partner in the Invictus Education Group, which continually reinvests in education systems, processes and technology as a key strategy. The Invictus Education Group has educated and trained over 50 000 students and corporate learners, including 30 000 in the last five years
- Investec Wealth & Investment's philanthropy offering manages foundation investments to the market value of R1.2 billion. Since 2018, the market value of this offering has grown by 52% and income allocated has grown by 30.3%.



Highlights

- Participated in various funding and structuring projects with two overarching objectives: providing safe and affordable drinking water and ensuring water use efficiency
- Private Capital in South Africa is an equity partner in Abeco Tanks. To date, 60 water reservoirs in rural areas totalling R42.9 million and 29 water reservoirs at schools, colleges or universities totalling R13.8 million have been installed. In addition, Abeco Tanks supported municipalities across South Africa during the COVID-19 pandemic through 55 projects at clinics or hospitals, totalling R15.2 million
- Through our collaboration with the Entrepreneurship Development Trust (EDT), Innovation Africa provide solar water pumping systems to 11 communities in rural South Africa. Approximately 20 000 litres per day of clean drinking water are distributed to at least 8 000 people per village.



Highlights

- Participated in £0.9 billion of renewable and clean energy projects of which 75% is in solar energy (2020: £1.0 billion)
- Financed 12 projects (2020: 11 projects) with an installed capacity of 7 966 MW of clean energy (2020: 3 924 MW)
- Our Asset Finance Sustainable Energy Finance business in the UK, is helping companies fund renewable energy assets
- We are an anchor investor in Revego Africa Energy Fund – Africa's first YieldCo focused on operating renewable energy projects in sub-Saharan Africa.

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED

Business contribution to the SDGs



Highlights

- In the UK, our Asset Finance business currently supports over 50 000 SME clients, which is just over 50% of our client population. With a current value of £996 million, this makes up most of the book at just over 55%
- Investec Property Fund (IPF) supports an enterprise and supplier development initiative known as AMP. Total contracts awarded to AMP tenants are in excess of R25 million, since inception of the programme in November 2016
- As part of the CEO Initiative, we committed R20 million to the SA SME Fund. We also supported small and medium-sized businesses impacted by the COVID-19 pandemic through our involvement in the South African Future Trust and R200 billion COVID-19 loan guarantee scheme.



Highlights

- We are applying our experience and expertise in this innovative technology ecosystem to build digital asset custody capabilities, in close collaboration with regulators. The Investec Digital Asset Vault is currently in testing with the Intergovernmental Fintech Working Group's (IFWG) Regulatory Sandbox
- We have signed the Fintech Pledge, which is supported by HM Treasury and powered by Tech Nation
- The COVID-19 pandemic has provided opportunities for investment into technology in South Africa to leapfrog service delivery to the majority of the citizens. We have committed funding to several telecommunications and ICT specialists to increase our involvement in the development of fibre broadband infrastructure in South Africa.



Highlights

- IPF, managed by Investec Property and 24.3% owned by Investec Limited, actively explores sustainable business development. IPF tracks and benchmarks consumption across the portfolio in order to identify energy efficiency opportunities as well as monitor improvements
- We financed the Maina Soko Hospital in Lusaka. This state-of-the-art medical facility has 260 beds and serves the whole region of Lusaka and the surrounding cities and villages
- Investec Real Estate provided £82.52 million of facilities to a joint venture to fund the development of four student accommodation properties.

SOCIAL AND ENVIRONMENTAL REPORT
CONTINUED



Highlights

- Within the finance sector in South Africa, there is a collaborative effort to support and encourage sustainable finance. We participate in various climate initiatives in South Africa including:
  - The National Treasury green finance taxonomy beta testing
  - The Climate Risk Forum Steering Committee of BASA
  - The TCFD and sustainable finance working groups supporting the implementations released on Financing a Sustainable Economy by National Treasury
- Our Chief Executive, Fani Titi, has personally committed as one of 30 CEOs from financial institutions around the world who was invited to join the UN GISD Alliance, and we are actively involved in supporting working groups focussing on driving the UN GISD agenda
- Chris Mitman, founder and head of Export and Agency Finance, is the co-chair of the International Chamber of Commerce Sustainability Working Group focused on growing the sustainable funding activities of the export credit market
- One of our employees, Maxine Gray, was announced as the UN Global Compact South Africa's 2020 SDG Pioneer
- We are supporting Partnership for Carbon Accounting Financials (PCAF) and are actively involved in the formulation of financial carbon reporting methodology
- We are a member of the United for Wildlife Financial Taskforce to combat illegal wildlife trade (IWT), and lead the SAMLIT expert working group in South Africa. Our aim is to understand the financial flows related to IWT, and we work closely with other South African banks, the Financial Intelligence Centre and the Directorate for Priority Crime Investigation
- We participate in the IIF working group which is focused on providing a standardised template for TCFD disclosures. The core objective of this work is to advance an industry consensus view on how climate-related disclosures should be conveyed to the market, and how different types of metrics relevant for banks should be applied in disclosures. The core desired outcome of this project is to materially improve consistency in the structure, format, and coverage of disclosures by banks.

Value added statement

£'000	31 March 2021	%	31 March 2020	%
Net income generated – total group				
Interest receivable	1 922 299		2 700 147	
Other income	863 427		1 445 508	
Interest payable	(1 144 193)		(1 845 416)	
Other operating expenditure and impairments on loans	(251 133)		(394 729)	
Financial impact of group restructures (pre-tax)	7 386		(114 982)	
Gain on distribution of Ninety One shares (pre-tax)	—		820 233	
	1 397 786	**100%**	**2 610 761**	**100%**
Distributed as follows:				
Employees: Salaries, wages and other benefits	616 476	44.1%	722 085	27.6%
Communities: Spend on community initiatives	9 852	0.7%	10 789	0.4%
Government: Corporation, deferred payroll and other taxes	450 414	32.2%	657 815	25.2%
Shareholders:	88 120	6.3%	985 996	37.8%
Dividends to ordinary shareholders	53 346		244 323	
Dividends to perpetual preference and Other Additional Tier 1 security holders	34 774		43 819	
Distribution to shareholders	—		697 854	
Retention for future expansion and growth:	232 924	16.7%	234 076	9.0%
Depreciation	18 755		35 886	
Retained income	214 169		198 190	
Total	**1 397 786**	**100%**	**2 610 761**	**100%**

Note: The figures presented for the prior year (31 March 2020) include contributions from Investec Asset Management up until its demerger from the Investec group in March 2020.

05

Directors' remuneration report



DIRECTORS' REMUNERATION REPORT CONTENTS

Directors' remuneration report

Inside this section

Annual statement from the remuneration committee chair	153
Remuneration at a glance	156
The DLC Remuneration Committee	159
The proposed Directors' Remuneration Policy subject to binding shareholder vote	160
The annual report on remuneration, subject to an advisory shareholder vote	172
Remuneration Code and Pillar 3 disclosures	193

Annual statement from the remuneration committee chair

Philip Hourquebie
21 June 2021

	Eligible to attend	Attended
Philip Hourquebie (Chair)	11	11
Henrietta Baldock	7	7
Zarina Bassa	11	11
Perry Crosthwaite	11	11
Charles Jacobs	11	11

Key achievements in FY 2021

- Developed a new Directors' Remuneration Policy with input from all relevant stakeholders. This policy will be subject to a vote by shareholders at the 2021 AGM on the 5th of August
- Set revised executive director targets that were appropriate in light of the uncertainty caused by the COVID-19 pandemic

Areas of focus in FY 2022

- Continuing to oversee the cascade within the organisation of remuneration structures that align with all key stakeholder interests
- Continue to engage with our key stakeholders including shareholders and our employees
- Setting of appropriate executive director targets

In this section

- Performance in the year
- Remuneration overview for the year
- Executive director outcomes
- Exercise of discretion
- Malus and clawback
- Group-wide employee remuneration
- Proposed Directors' Remuneration Policy
- Compliance and governance statement
- Response to shareholder feedback
- Proposed new share plans
- Non-executive director fees
- Looking ahead
- Approvals

Dear shareholders

On behalf of the board and as Chair of the Remuneration Committee, I am pleased to introduce the Directors' Remuneration Report for the year. We are thankful for the constructive engagement we have received from our shareholders and executives during the year.

Performance in the year

The 2021 financial year was a tale of two halves. First half performance was characterised by difficult and volatile market and economic conditions attributable primarily to COVID-19. The second half showed strong earnings recovery, supported by our resilient client base, a rebound in economic activity and a greater sense of optimism spurred on by global vaccination campaigns.

The South African Specialist Banking business produced an excellent performance in a difficult environment reporting profits that were flat year on year in Rands. The UK Specialist Bank client franchises performed strongly, showing continued traction in our client acquisition strategy across the business, reporting loan book growth of 8.7%.

The Wealth & Investment business achieved record levels of funds under management and operating profit.

The group's adjusted operating profit of £377.6 million is 38% behind the prior year (2020: £608.9 million), while adjusted operating profit from continuing operations of £377.6 million is 9.9% behind the prior year (2020: £419.2 million). For remuneration purposes an adjusted operating profit of £377.6 million has been used, which is the group's adjusted operating profit as reported. This results in the 2021 short-term incentive "pool of profit" having reduced 35% compared to 2020.

Remuneration overview for the year

Shareholders approved a revised Directors' Remuneration Policy in August 2020. Key features of that revised policy included:

- a 25% reduction in fixed remuneration, all paid in cash;
- a similar percentage reduction in on-target and maximum remuneration potential;
- delivering all variable remuneration in shares; and
- a 50% increase in the shareholding and post-termination shareholding requirements for executive directors.

In addition, the fees for non-executive directors (NEDs) were reduced by between 10% and 20%.

Our executive and non-executive directors donated a portion of their remuneration/fees via salary sacrifice during the year to COVID-19 causes, including the Solidarity Fund in South Africa.

For the financial year ending 31 March 2021, these policy changes resulted in a 25% reduction in fixed remuneration for the executive directors. The 2021 remuneration single figure increased by 41.1% from 2020, however it reduced by 12.3% from the 2019 financial year, being the last financial year not impacted by the COVID-19 pandemic. In addition, the following actions impacted the 2020 remuneration outcomes:

- the two executive directors who remained following the demerger of Ninety One (Fani Titi and Nishlan Samujh) rescinded their 2020 short-term incentive (STI), at their own request, to recognise the experience of their colleagues and our shareholders; and
- the Remuneration Committee exercised downward discretion to remuneration outcomes in three places.

The Remuneration Committee believes that the executive directors have performed very well in what has been an extremely challenging year, and therefore that the remuneration outcomes are reflective of the overall financial and non-financial performance for the year.

Executive director outcomes

Short-term incentive (STI) 2021

Return on equity of 6.6% was achieved which is above the target of 6.0% and below stretch of 7.0%. The return on risk-weighted assets (RORWA) was 0.82% which was again above the target level of 0.75% but below stretch of 1.00%. A cost to income ratio of 70.9% was achieved which was better than the threshold level of 72.0% but did not achieve the target level of 70.0%. This

ANNUAL STATEMENT FROM THE REMUNERATION COMMITTEE CHAIR
CONTINUED

resulted in overall vesting of the financial elements at 105.5%.

The committee assessed achievement against the non-financial objectives at 125% of target for culture and values, 100% of target for ESG related measures and 75% of target for prudential and risk management related measures, resulting in the overall vesting of non-financial elements at 98.8% of target.

The overall short-term incentive vested at 104.2% of target. Full details of the financial and non-financial performance measures and outcomes are outlined on pages 178 to 179.

Long-term incentive (LTI) 2018 – 2021
The growth in tangible net asset value over the three year period was 34.2%, above on-target performance of 30.0% but below stretch of 45.0%. The average return on risk-weighted assets of 1.16% over the three year performance period was below on-target performance of 1.20%, while exceeding threshold performance of 0.70%. The committee assessed culture and values, franchise development, employee relationships, governance and regulatory relationships all at 100%. Achievements against both financial and non-financial measures resulted in the 2018 long-term incentive vesting at 102.5% (against a target of 100% and a maximum of 135%). Full details of the financial and non-financial performance measures and outcomes are outlined on pages 180 to 181.

Exercise of discretion
As in the prior year, the committee considered exercising its discretion but was comfortable that the remuneration plans were operating as desired and accordingly the committee did not need to exercise any discretion. The committee also reviewed other data sources including external market data to satisfy itself that the overall remuneration to executive directors was appropriate.

Malus and clawback
The committee duly and carefully considered, against pre-established criteria, whether malus and/or clawback should be applied to any unvested or vested variable remuneration awards, respectively. The committee considered all significant losses and write-downs during the year but concluded that in all cases due governance and process had been adhered to. As none of the malus and clawback thresholds were triggered, no application of these mechanisms was made.

Group-wide employee remuneration
Our remuneration approach is designed to foster a high performance culture that enables an entrepreneurial spirit as well as a strong sense of ownership. We reward our people for the contribution that they make through payment of a fixed package, variable performance bonus, and ownership through a share incentive scheme. We strive to provide a working environment that stimulates extraordinary performance within our risk appetite and prudential limits so that executive directors and employees may be positive contributors to our clients, our communities and the group.

The fixed pay comprises salary, role based allowances in certain circumstances, and benefits.

The fixed pay is generally aligned with local market practice. The general employee pension contribution is funded by the company in addition to the salary and allowances. For the executive directors, the pension contribution is deducted from the fixed pay. Therefore on a net basis the executive directors are not in a preferential position in relation to pension contributions when compared to the general employee population.

All employees are generally eligible for an annual bonus and/or short-term incentive based on a mix of financial and non-financial measures. Non-financial performance is more heavily weighted for non-revenue generating employees when determining their bonus.

In principle, all employees are eligible for long-term share incentives; this is designed to give our people a sense of ownership, so they feel invested in the organisation.

Proposed Directors' Remuneration Policy
We are proposing a new remuneration policy, effective 1 April 2021, which we believe is aligned with our strategy to simplify and focus on growth through five strategic objectives:

- Capital discipline;
- Growth initiatives;
- Improved cost management;
- Digitalisation; and
- Greater connectivity.

Proposed executive director fixed and maximum total remuneration remain unchanged, following a 25% reduction in the 2021 policy (as approved by shareholders at the AGM in 2020). The exception to this is the Group Finance Director for whom it is proposed fixed remuneration will increase to £650 000.

The on-target level of STI is set at 100% of fixed pay, similar in practice to the level under the current adjusted operating profit (AOP) linked model. The maximum STI opportunity will be set at 200% of on-target, to reward exceptional performance, meaning that the on-target STI is set at 50% of the maximum. Pay at threshold performance will increase to 25%, which is considered to be in line with broader market practice. In line with UK regulation for level 2 banks, total maximum variable remuneration (STI and LTI) will remain capped at the same level as before, at approximately 240% of fixed remuneration (in line with the standard calculation for determining the precise remuneration cap). The current extended deferral provisions will continue to apply, with a significant proportion of the total STI award deferred over a three to seven year period with a further one year retention period, well in excess of the provisions at some of our peer companies in the UK and South Africa.

We are proposing to replace return on risk-weighted assets (RORWA) as a performance measure in the STI with profit before tax (PBT). This is because the committee believes the comparability of RORWA across the industry, and over time within the organisation, is limited.

The standard LTI grant will reduce from 100% to 80% of fixed remuneration.

LTI vesting at threshold performance will increase to 25%, in line with external practice. We are proposing to replace RORWA as a performance measure with Return on Equity (ROE) and relative total shareholder return (TSR), for the reasons outlined above in STI. Many shareholders further expressed a preference for ROE and TSR as a performance measure.

The non-financial metrics have also been simplified and now account for 20% of the total for both STI and LTI awards. The non-financial metrics will include strategic objectives which are directly relevant to Investec's business priorities and ESG goals which link to targets as set out in Investec's broader sustainability reporting.

ANNUAL STATEMENT FROM THE REMUNERATION COMMITTEE CHAIR
CONTINUED

A risk modifier will also be introduced to both the STI and LTI.

Compliance and governance statement
The remuneration report complies with the provisions of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), the UK Corporate Governance Code, the UK Companies Act 2006, the Rules of the UK Listing Authority, the UK Financial Conduct Authority rules, the PRA and FCA Remuneration Code, the South African King IV Code of Corporate Practice and Conduct, the South African Companies Act 2008, the JSE Limited Listings Requirements and the South African Notice on the Governance and Risk Management Framework for Insurers, 2014.

The report also contains Pillar III disclosure as mandated by the UK's PRA.

Response to shareholder feedback
We undertook consultation with our key shareholders in 2020, focusing on our one year proposed remuneration policy, which was approved at the 2020 AGM. The key change in this policy was a reduction in remuneration of approximately 25%. We received considerable positive feedback and support from a range of shareholders during that process, but were disappointed to receive votes in favour of the remuneration resolutions at slightly below 80%.

Subsequently we engaged in an extensive consultation exercise in February 2021 with our key shareholders to obtain input into the design of our proposed 2022 remuneration policy. We predominantly received positive and constructive feedback. We incorporated changes as a result of this feedback. These changes aim to align reward more closely with business performance and adherence to our strategy.

We look forward to consulting further in the run up to the AGM, as we normally do.

The proposed Directors' Remuneration Policy can be found on pages 160 to 169.

Proposed new share plans
We would like to introduce new share plans, the Investec plc Share Incentive Plan 2021 in the plc regions and Investec Limited Share Incentive Plan 2021 in the Limited regions, that can be used to grant awards to all employees including executive directors. The purpose of the new share incentive plans is to update the existing documents after an extensive review of the legal and tax rules in all relevant jurisdictions. As the proposed plans can be used to grant awards to all employees there is considerable flexibility in the types of awards which can be granted under the plans.These plans will be approved for the ensuing 10 year period and a summary of the plans will be included in the AGM circular which will include resolutions for approval by shareholders.

Non-executive director fees
The fee structure for non-executive directors has been reviewed and proposed fees for 2022 are detailed on page 189.

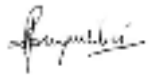
Looking ahead
Our proposed approach to executive remuneration is designed to incentivise exceptional performance from our executives, adherence to our strategy and ensure that all stakeholders, including shareholders and executives, are rewarded appropriately.

We are committed to ensuring we have remuneration structures that support the group's strategy and align with all stakeholder interests (as appropriate), allowing the group to deliver strong performance.

Approvals
We are seeking shareholder approval at the 2021 annual general meeting for:

- Proposed Directors' Remuneration Policy (pages 160 to 169)
- Our non-executive directors' remuneration (page 170)
- Our Directors' Remuneration Report for the year ended 31 March 2021 (pages 172 to 192)
- Proposed new share plans (page 188)

Signed on behalf of the board



Philip Hourquebie
Chair, DLC Remuneration Committee
21 June 2021

Remuneration at a glance

Inside this section

Remuneration overview for the year
Performance and remuneration
Executive director remuneration outcomes

Remuneration overview for the year
Shareholders approved a revised Directors' Remuneration Policy in August 2020. Key features of that revised policy included:

- a 25% reduction in fixed remuneration, all paid in cash;
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In addition, the fees for non-executive directors were reduced by between 10% and 20%.

For the financial year ending 31 March 2021, these policy changes resulted in a 25% reduction in fixed remuneration for the executive directors. The 2021 remuneration single figure increased by 41.1% from 2020, however it reduced by 12.3% from the 2019 financial year, being the last financial year not impacted by the COVID-19 pandemic. In addition, the following actions impacted the 2020 remuneration outcomes:

- the two executive directors who remained following the demerger of Ninety One (Fani Titi and Nishlan Samujh) rescinded their 2020 STI, at their own request, to recognise the experience of their colleagues and our shareholders; and
- the Remuneration Committee exercised downward discretion to remuneration outcomes in three places.

Note that the 2021 STI "pool of profit" automatically adjusted downwards in line with the adjusted operating profit for the financial year. Adjusted operating profit from continuing operations of £377.6 million is 9.9% behind the prior year (2020: £419.2 million). The overall 2021 STI "pool of profit" has reduced 35% compared to 2020 predominantly due to the demerger of the Ninety One business.

The Remuneration Committee believes that the executive directors have performed very well in what has been an extremely challenging year, and therefore that the remuneration outcomes are reflective of the overall financial and non-financial performance for the year.

Performance and remuneration

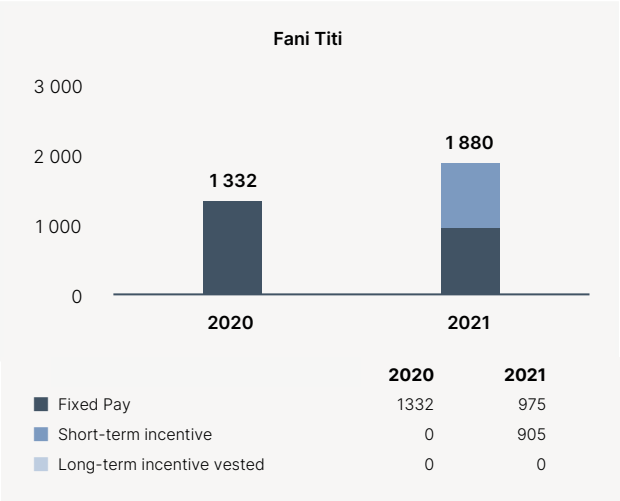
Performance	Remuneration across the group	Chief Executive remuneration
£377.6mn **AOP** (2020: £579.6mn*)	£867mn **Total pay bill** 2020: £846mn)	£1,879,798 **Single figure** (2020: £1,332,000)
6.6% **ROE** (2020: 11.0%)	80% **% of employees who received an annual salary increase** (2020: 50%)	96.0% **Pay as a % of on-target remuneration; value at grant** (2020: 61.2%)
0.82% **RORWA – 1 year performance** (2020: 1.13%)	35.3% **Investec plc – mean hourly gender pay gap** (2020: 36.0%)	104.2% **Annual bonus % of STI pool** (2020: 19.8%)
70.9% **Cost to income ratio** (2020: 72.3%)	36.1% **Investec plc – median hourly gender pay gap** (2020: 37.4%)	102.5% **LTIP vesting (former Chief Executive – 2018 award)** (2020: 76.3%)
1.16% **RORWA – 3 year performance** (2020: 1.36%)	27.1% **Investec Limited – mean hourly gender pay gap** (2020: 31.7%)	41.1% **Total remuneration change** (2020: -37.9%)
34.2% **Growth in TNAV** (2020: 27.8%)	24.1% **Investec Limited – median hourly gender pay gap** (2020: 26.0%)	38.1 **Global CEO pay ratio** (2020: 31.0)

* Adjusted downwards for remuneration purposes - published AOP of £608.9m but after the deduction of profit attributable to non-controlling interests of discontinuing operations. Adjusted operating profit from continuing operations is 9.9% down on prior year.
Note: The current executive directors do not yet have vesting LTI awards.

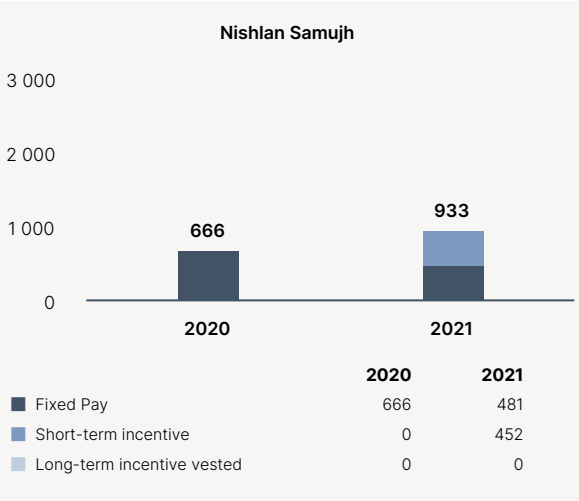
REMUNERATION AT A GLANCE
CONTINUED

Executive director remuneration outcomes

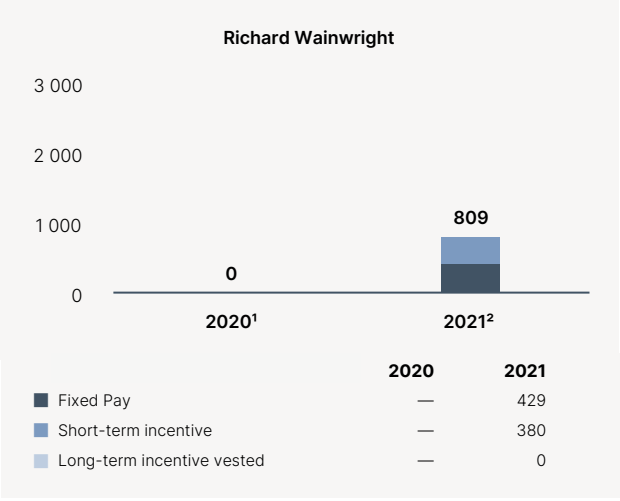
Single figures of remuneration, calculated based on the value of fixed remuneration paid during the year, short-term incentives awarded for the year and long-term incentives where the performance conditions were assessed during the year. Due to the uncertainty of the economic climate as a result of the health pandemic, the 2020 STI was rescinded by Fani Titi and Nishlan Samujh (at their own request). The fixed pay detailed below may appear lower than that contained within the Directors' Remuneration Policy as any amounts of fixed remuneration that were donated via salary sacrifice directly to COVID-19 causes have been removed from the fixed pay totals detailed below.



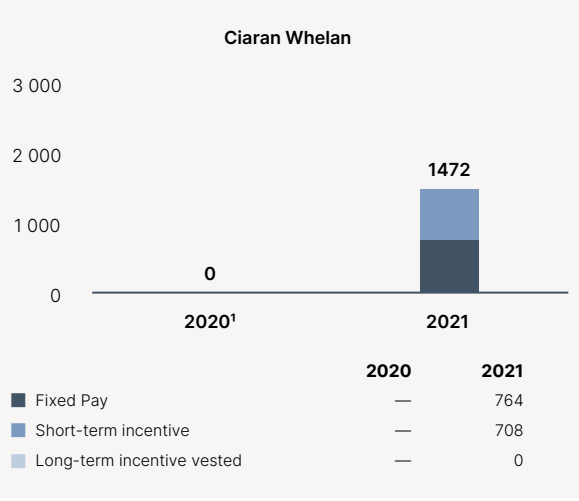
	2020	2021
Fixed Pay	1332	975
Short-term incentive	0	905
Long-term incentive vested	0	0



	2020	2021
Fixed Pay	666	481
Short-term incentive	0	452
Long-term incentive vested	0	0



	2020	2021
Fixed Pay	—	429
Short-term incentive	—	380
Long-term incentive vested	—	0



	2020	2021
Fixed Pay	—	764
Short-term incentive	—	708
Long-term incentive vested	—	0

1. 2020 remuneration not disclosed for Richard Wainwright and Ciaran Whelan as they were not executive directors in 2020.
2. Pro rata 2021 remuneration disclosed for Richard Wainwright to reflect the period of the year that he was an executive director.

REMUNERATION AT A GLANCE
CONTINUED

Achievement against short-term incentive metrics – executive directors 2021

		Weighting				2021 Targets			Outcome	
Measures			Threshold	Target	Stretch	Threshold (0%)	Target (100%)	Stretch (150%)	Actual performance	% of target
Financial	Return on risk-weighted assets	30%				0.55%	0.75%	1.00%	0.82%	114.8%
	Return on equity	30%				5.0%	6.0%	7.0%	6.6%	130.0%
	Cost to income ratio	20%				72.0%	70.0%	68.0%	70.9%	55.0%
Non - financial	Culture and values	7%				0	4	6	5	125.0%
	ESG related measures	5%				0	4	6	4	100.0%
	Prudential and risk measures	8%				0	4	6	3	75.0%
Total		**100%**								**104.2%**

Achievement against long-term incentive metrics – executive directors (2018 awards)

		Weighting				2018 Targets			Outcome	
Measures			Threshold	Target	Stretch	Threshold (0%)	Target (100%)	Stretch[1] (150%)	Actual performance[2]	% of target
Financial	Growth in tangible net asset value	40%				15.0%	30.0%	45.0%	34.2%	113.9%
	Return on risk-weighted assets	35%				0.70%	1.20%	1.60%	1.16%	91.2%
Non - financial	Culture and values	4%				0	2	4	2	100.0%
	Franchise development	13%				0	2	4	2	100.0%
	Governance and regulatory	4%				0	2	4	2	100.0%
	Employee relationship	4%				0	2	4	2	100.0%
Total		**100%**								**102.5%**

1. 200% at stretch for non-financial measures.
2. Assessed over the performance period from 1 April 2018 to 31 March 2021.

THE REMUNERATION COMMITTEE

The remuneration committee

Inside this section

Composition and role of the committee
Advice to the committee
Activities in the year
Priorities for the committee in 2021
Shareholder voting and shareholder engagement

Composition and role of the committee
Philip Hourquebie served as Chair of the committee throughout the year. The other members of the committee during the year were Zarina Bassa, Henrietta Baldock (from 8 September 2020), Perry Crosthwaite and Charles Jacobs.

The committee's terms of reference are subject to annual review and available on our website.

Advice to the committee
The committee was assisted in its considerations by Korn Ferry. Korn Ferry is a signatory to the UK Remuneration Consultants Group's Code of Conduct and does not conduct any material work for the company other than for the committee. The committee appoints Korn Ferry on an annual basis and evaluates the advice received to ensure that it is both objective and independent and considers whether this service should be retained for the forthcoming year. The committee considered Korn Ferry's role as an advisor to the group, and determined that there were no conflicts or potential conflicts arising. The committee is satisfied that the advice the committee received is objective and independent.

Total fees paid to Korn Ferry for the year amounted to £80,403 (based on their standard hourly rates).

The committee also received advice, supporting documentation and information from specialists in the business including the Group Finance Director, Global Head of People and Organisation, Global Head of Reward and Head of Share Schemes. These individuals providing support to the committee are not board directors and are not appointed by the committee, with the exception of the Group Finance Director. The committee recognises and manages any conflicts of interest when receiving views from executive directors or senior management on executive remuneration proposals. No individual decides their own remuneration.

Priorities for the committee in 2021
The key priority for the committee in 2021 was consulting with shareholders and other relevant stakeholders to develop a new Directors' Remuneration Policy aligning to the group strategy. In addition the committee also dealt with the challenges and implications of the COVID-19 health pandemic and setting of appropriate targets for the short- and long-term incentives.

Shareholder voting and shareholder engagement
In addition to our usual July shareholder engagement, the Chair of the Remuneration Committee engaged in an extensive consultation exercise in February 2021 with our key shareholders to obtain input into the design of our 2022 remuneration policy. We, by and large, received positive and constructive feedback and we incorporated some changes as a result of this feedback. These changes aim to align reward more closely with business performance and adherence to our strategy. Consultation will continue as usual in the run up to the AGM.

Activities in the year

	5 May	27 May	4 June	15 July	9 Sep	20 Oct	30 Oct	11 Nov	2 Dec	3 Feb	10 Mar
Directors' Remuneration Report	●	●	●	●							
2022 remuneration policy for executive directors				●				●		●	●
Variable remuneration for executive directors for 2019/2020		●	●								
Executive director remuneration targets					●	●	●	●			
NED fees	●	●									
Feedback from AGM voting results					●						
Consideration of shareholder feedback from roadshows				●	●						●
Annual reward review for senior management, material risk takers, control function employees and other employees	●		●	●					●		
Executive Team remuneration approach		●	●	●	●			●			
Share awards to employees	●		●						●		
Mid-year bonus review for Investec Wealth & Investment and Investec Bank Limited									●		
Reward governance					●			●		●	●
Regulatory developments	●	●		●	●			●		●	●
Authorised firm remuneration reports to the committee	●			●	●			●		●	●
Gender pay gap reporting										●	●
Non-standard remuneration analysis				●						●	

Proposed directors' remuneration policy

Inside this section

Proposed Directors' Remuneration Policy
Key policy changes
Illustration of delivery timeline for 2022 remuneration
Proposed Director's Remuneration Policy table
Illustrations of application of remuneration policy
Service contracts and policy on payment for loss of office
Addressing the corporate governance code
Remuneration policy for non-executive directors
All employee remuneration
Statement of consideration of shareholder views

We are proposing a new remuneration policy effective 1 April 2021, subject to shareholder approval at the AGM on 5 August 2021. Our primary objective as we developed our new remuneration policy, based on input from our key stakeholders, was to ensure that the policy is aligned with our strategy. In short our strategy is to simplify and focus on growth through five strategic objectives:

- Capital discipline;
- Growth initiative;
- Improved cost management;
- Digitalisation; and
- Greater connectivity

We believe that the proposed measures in both the long- and short-term incentives align with and support these strategic objectives, balancing a long-term view with short-term strategic priorities.

The link to AOP for calculating the STI pool has been removed to enhance simplicity and the STI is now determined as a percentage of fixed pay.

Threshold vesting has been increased from 0% vesting to 25% in both the LTI and STI to reflect common market practice. The maximum STI opportunity has been increased to 200% of fixed remuneration and on-target STI is now 50% of the maximum opportunity.

RORWA has been removed from both the STI and LTI awards. Whilst we believe it is an important performance measure for banks, we believe this metric is difficult to compare across the industry without detailed analysis of each business. In addition, over time the inputs into this metric can also change. This is caused by variations in the calculation of the denominator, risk-weighted assets, which can be caused by, among other factors, the model used to determine risk-weighted assets, which may impair the comparability of RORWA over time and between institutions. The board and management do, however, monitor this important performance indicator, recognising the nuances and anomalies.

Given this, the proposed LTI financial measures are a combination of growth in tangible net asset value (which focuses on real growth), return on equity (which focuses on sustained profitability) and relative total shareholder return (shareholders' assessment of our value relative to peers).

The on-target and maximum quantum of remuneration for the executive directors reduced by approximately 25% in 2021 in light of the reduction in size and complexity of the group following the demerger. This policy is not aiming to reduce the overall quantum further but instead ensure that executive director remuneration is well aligned to all elements of the group's strategy.

Remuneration payments or payments for loss of office to executive directors will only be made if they are in line with the proposed remuneration policy (subject to approval), unless shareholders approve an amendment to the policy to authorise alternative payment.

When developing the proposed Directors' Remuneration Policy we sought advice and information on common market practice from the Global Head of Reward and Korn Ferry. Consultation took place internally with the executive directors and the views of external stakeholders were also considered by way of a shareholder consultation exercise. The formal decision to approve the proposed policy was made by the committee without the executive directors present.

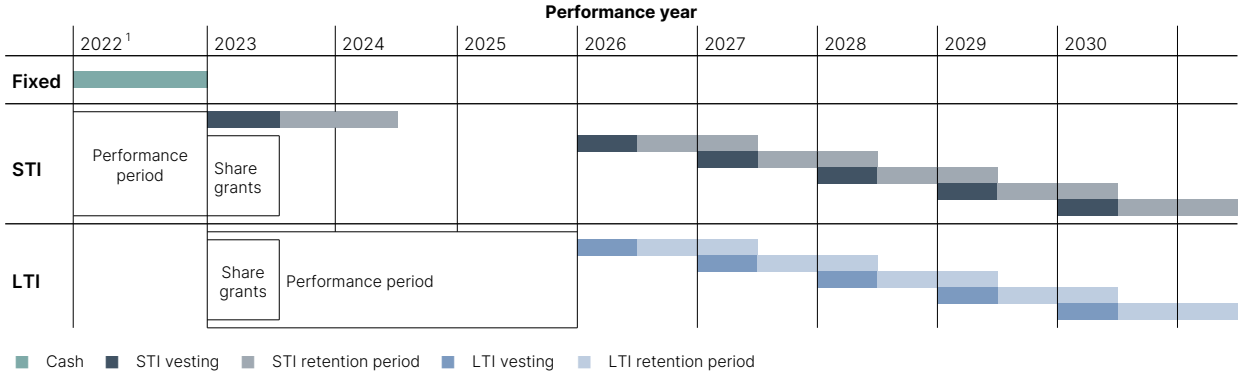
PROPOSED DIRECTOR'S REMUNERATION POLICY
CONTINUED

Key policy changes

The main policy changes are detailed on the previous page however the key features of the proposed policy and changes compared to the previous policy are summarised in the table below. The full proposed policy table can be found on pages 162 to 165. The policy will be voted on at the AGM in August 2021. Please note the June 2021 LTIP grant will operate under the existing remuneration policy and the first grant operating under the new policy will be June 2022.

	Current policy	Key changes in proposed policy
Fixed remuneration	Fixed pay award delivered 100% in cash, paid monthly	Ability to increase fixed remuneration annually, with increases generally limited to being not greater than the level of increases for the broader employee population. Fixed remuneration for the Group Finance Director is proposed to increase to £650 000
Benefits	The cost of any benefits provided are deducted from fixed pay	No change proposed
Pension/ provident	Pension/provident contributions are deducted from fixed pay	No change proposed
Short-term incentive	Paid entirely in shares; 60% in up-front shares and up to 40% deferred STI pool based on the group's AOP Outcome based on both financial and non-financial metrics	Target STI determined as 100% of fixed pay Threshold vesting to increase from 0% to 25% Maximum opportunity to be set at 200% of target; resulting in on-target STI at 50% of maximum Risk modifier added RORWA replaced with PBT In addition to the cost to income ratio, a cost growth metric is also introduced Strategic objectives included
Long-term incentive	Conditional award of shares subject to performance conditions measured over three financial years, vesting 20% per annum over years three to seven Outcome based on both financial and non-financial metrics	Standard grant to be reduced from 100% to 80% of fixed pay Threshold vesting to increase from 0% to 25% Risk modifier added Non-financial measures comprise 20% of measures to align with the STI and increase consistency across all our incentives, compared to 25% previously RORWA replaced with Relative TSR and ROE Non-financial measures split into two categories: – Strategic & ESG – Risk Scorecard
Shareholding requirements	200% of fixed remuneration, to be built up over a reasonable timeframe, to be held for two years post termination	No change proposed

Illustration of remuneration delivery for financial year ending 31 March 2022



The upfront share awards are not released until 12 months after grant, therefore at least 12 months after the end of the performance year. 60% or more of variable remuneration is released over years 5 to 9

1. Year ending 31 March 2022

PROPOSED DIRECTOR'S REMUNERATION POLICY
CONTINUED

Proposed directors' remuneration policy table

Purpose and link to strategy	Operation	Maximum value and performance targets	Proposed changes from current policy
Fixed remuneration To provide an industry competitive package so that we are able to recruit and retain the people that we need to develop our business The fixed remuneration reflects the relative skills and experience of, and contribution made by, the individual	Fixed pay award delivered 100% in cash, paid monthly	Targeted at market median levels when compared with relevant comparator groups[1]. Investec is subject to CRD V at a group level which includes a bonus cap Therefore our remuneration structure is different to those firms that are not subject to the same remuneration rules. As a result our fixed remuneration is often higher, however the maximum variable opportunity is lower Fixed remuneration is reviewed annually, with increases generally limited to being not greater than the level of increases for the broader employee population Currently the fixed remuneration for the Chief Executive is £1 000 000 per annum The proposed fixed remuneration for the Group Finance Director is £650 000 per annum Executive directors other than the Chief Executive can currently earn a maximum of 80% of the Chief Executive fixed remuneration, £800 000 per annum	Ability to increase fixed remuneration annually, with increases generally limited to being not greater than the level of increases for the broader employee population Fixed remuneration for the Group Finance Director is proposed to increase to £650 000; this is deemed more appropriate relative to the other executive directors and is below the level of £666,000 prior to the 25% reduction in 2020
Benefits To provide a market competitive package	The cost of any benefits provided are deducted from fixed pay Benefits are benchmarked against relevant comparator groups[1] Executive directors may elect to sacrifice a portion of their annual gross remuneration in exchange for benefits such as travel allowances and medical aid	Benefits include: life, disability and personal accident insurance; medical cover; and other benefits, as dictated by competitive local market practices There is no maximum value but the value of benefits provided will generally be in line with market comparators	None
Pension/provident To enable executive directors to provide for their retirement	Executive directors participate in defined contribution pension/ provident schemes Only fixed remuneration, not annual bonus, is pensionable Pension/provident contributions are deducted from fixed remuneration As pension contributions are deducted from gross pay the executive directors are not in a preferential net position relative to the general employee population	The individual can elect what proportion of fixed remuneration is allocated as their pension/provident contribution	None

1. Peer group companies include Absa Group, Brewin Dolphin, Close Brothers Group, FirstRand, Julius Baer, Nedbank Group, Quilter, Rathbone Brothers, Standard Bank Group and Virgin Money.

PROPOSED DIRECTOR'S REMUNERATION POLICY
CONTINUED

Purpose and link to strategy	Operation	Maximum value and performance targets	Proposed changes from current policy
Short-term incentive Alignment with key business objectives The short-term incentive supports the key business objectives over its 12 month performance period by having measures and metrics that are based on the key business targets Awarded in shares therefore provides alignment with shareholders	Short-term incentive awards are made annually following the completion of the financial year STI determined as a percentage of fixed pay Receive 60% upfront in shares shortly after the year end; of the remaining 40% an amount is deferred that ensures 60% of total variable remuneration (short-term incentive plus long-term incentive) is deferred over three to seven years, vesting 20% per annum commencing on the third anniversary. Any remaining portion not deferred over three to seven years is awarded in upfront shares Shares must be retained for a period of 12 months after vesting Dividends and dividend equivalents are not earned on the unvested deferred share portions but are earned once the shares have vested The Remuneration Committee retains discretion to amend the amount payable to ensure that incentives truly reflect performance and are not distorted by an unintended formulaic outcome Awards are subject to malus on unvested shares and clawback on vested shares Malus can be applied for up to seven years, and clawback for up to 10 years after award Risk modifier applied to the award (if required)	Based on a balanced scorecard of financial and non-financial performance measures with achievement levels that correspond with our short-term objectives[1]. 80% based on financial measures and 20% based on non-financial measures Measures applicable to the first year of the policy are detailed below. The committee retains discretion to apply different measures in future years if more appropriate Financial measures: • Profit before tax (30%); • Return on equity (30%); and • Efficiency metric (20%) consisting of cost to income ratio (10%) and cost growth metric (10%) Non-financial measures: • Culture and values (5%); • ESG related measures (5%); and • Strategic measures (10%) The performance achievement level is 25% of fixed remuneration for threshold performance, 100% for target performance and 200% for stretch performance The targets are reviewed and set annually; where appropriate for particular roles the financial measures may be based on a mix of group and business unit performance If all financial and non-financial stretch levels are met, up to 200% of the target may be awarded, subject to an overall maximum of variable remuneration (including LTIPs) being within the remuneration cap[2] The Remuneration Committee will review the achievement levels for the short-term incentive on an annual basis The number of shares is determined relative to the share price at the time of award	Remove sharing pool linked to adjusted operating profit; STI determined as a percentage of fixed pay (on-target at 1x fixed pay; the level is similar to the current policy) Pay at threshold performance increases to 25% to align with broader market Maximum opportunity to be set at 200% of on-target; resulting in an on-target STI at 50% of maximum RORWA has been removed from the financial section of the scorecard; profit before tax and a cost growth metric have been introduced Strategic objectives have been introduced into the non-financial section of the scorecard whilst prudential and risk management measures have been removed A risk modifier has now also been introduced, to be used in situations where a risk event or events exceeding a specific trigger threshold have occurred. It will only be used where: • the financial impacts of the risk event or events have not been fully reflected in the performance of the financial measures in the STI and LTI, and/or • the event has had a material negative impact on key stakeholders, including but not limited to shareholders, clients, communities and employees Reduction in variable remuneration will be enacted through an equal reduction in STI and LTI in the event the annual cap is reached Any remaining portion not deferred over three to seven years is awarded in up-front shares shortly after the year end with a one year retention period rather than vesting equally after one and two years In the event the annual remuneration cap is reached the reduction in variable remuneration will be enacted through an equal reduction in STI and LTI

1. The performance measures have been selected based on our business strategy and goals, taking into account regulations and our risk appetite framework. Targets will be set by the committee based on a range of internal and external factors, internal benchmarks and hurdles, and economic and market conditions.
2. Cap defined in line with EBA discounting rules which allow, when 25% of variable remuneration is deferred over at least five years a higher cap than 2x fixed remuneration, depending on the length of deferral, inflation and interest rates. This is currently 242.2% of fixed remuneration.

PROPOSED DIRECTOR'S REMUNERATION POLICY
CONTINUED

Purpose and link to strategy	Operation	Maximum value and performance targets	Proposed changes from current policy
Long-term incentive Clear link between performance and remuneration Embeds alignment with shareholder returns The long-term incentive supports the key business objectives over its three year performance period by having measures and metrics that encourage sustainable growth Non-financial measures take into account the group's strategic and operational objectives	Conditional awards of shares subject to performance conditions measured over three financial years Awards vest 20% per annum commencing on the third anniversary and ending on the seventh anniversary of award Vested shares are subject to a further 12 month retention period Dividends and dividend equivalents are not earned on the unvested deferred share portions but are earned once the shares have vested Awards are subject to malus on unvested shares and clawback on vested shares Malus can be applied for up to seven years, and clawback for up to 10 years after award The Remuneration Committee retains discretion to adjust the level of awards vesting to ensure that incentives truly reflect performance and are not distorted by an unintended formulaic outcome These long-term incentive awards are made annually following the completion of the financial year	Maximum annual award of 100% of aggregate fixed remuneration, however standard awards to be granted at 80% of fixed remuneration Based on a balanced scorecard of financial and non-financial performance measures with achievement levels that correspond with our long-term objectives[1]. 80% based on financial measures and 20% based on non-financial measures Measures applicable to the first year of the policy are detailed below, however the committee retains discretion to apply different measures in future years if more appropriate: • Growth in tangible net asset value per share (30%); • Return on equity (30%); • Relative total shareholder return (20%); and • Non-financial measures (20%) Targets for financial performance measures and non-financial measures will be reviewed and set annually by the Remuneration Committee in advance The performance achievement level is 25% for threshold performance, 100%for target performance and 150% for stretch performance The number of shares is determined relative to the share price at the time of award	Standard grants to be made at 80% of fixed remuneration rather than 100% Pay at threshold performance increases to 25% to align with broader market RORWA has been removed from the financial section of the scorecard, with relative total shareholder return and return on equity being introduced The non-financial section of the scorecard has been redesigned and now consists of a strategic measure (incorporating ESG, culture and values) and a risk scorecard. Non-financial measures comprise 20% of the scorecard, compared to 25% previously A risk modifier has now also been introduced, to be used in situations where a risk event or events exceeding a specific trigger threshold have occurred. It will only be used where: • the financial impact of the risk event or events have not been fully reflected in the performance of the financial measures in the STI and LTI, and/or • the event has had a material negative impact on key stakeholders, including but not limited to shareholders, clients, communities and employees Stretch vesting of 150% on both financial and non-financial measures (prior 200% vesting on non-financial measures removed); resulting in an overall cap on final vesting of 150% of shares initially awarded In the event the annual remuneration cap is reached the reduction in variable remuneration will be enacted through an equal reduction in STI and LTI
Other	The group will pay legal, training and other reasonable and appropriate fees, incurred by the executive directors as a result of performing their duties In limited circumstances, such as to offset double taxation or cash flow disadvantages due to our dual listing, the group may provide financial and non-financial assistance. Any such assistance will align with any approach we may use for other employees who are not executives	None	None

1. The performance measures have been selected based on our business strategy and goals, taking into account regulations and our risk appetite framework. Targets will be set by the committee based on a range of internal and external factors, internal benchmarks and hurdles, and economic and market conditions.

PROPOSED DIRECTOR'S REMUNERATION POLICY
CONTINUED

Purpose and link to strategy	Operation	Maximum value and performance targets	Proposed changes from current policy
Legacy	Any remuneration commitment made prior to an individual becoming a director and not in anticipation of their appointment to the board will be honoured, even where it is not consistent with the Directors' Remuneration Policy in place at the time it is fulfilled Awards made upon becoming an executive director will be treated in line with the Directors' Remuneration Policy	None	None
Shareholding requirements To ensure the alignment of the financial interests of executives with those of shareholders Focus on long-term performance	Shareholding requirement during employment of 200% of fixed pay Shareholding requirement to be met over a reasonable timeframe Post-termination shareholding requirement of the lower of 200% of fixed pay, or the holding on termination of employment, for two years post-termination	None	None

Approach to recruitment remuneration
It is intended that the approach to the recruitment of new executive directors will be in line with the remuneration policy outlined in the table above. This includes both internal and external hires. However the Remuneration Committee will consider levels of remuneration for new recruits that are competitive for the skills and experience of the individual being recruited.

The Remuneration Committee retains the discretion to buy out bonus or incentive awards that a potential new executive director has forfeited as a result of accepting the appointment, subject to proof of forfeiture where applicable. Any award made to compensate for forfeited remuneration will be broadly no more generous than, and should aim to mirror the value, timing, form of delivery and performance adjustment (malus and clawback) conditions of the forfeited remuneration.

PROPOSED DIRECTOR'S REMUNERATION POLICY
CONTINUED

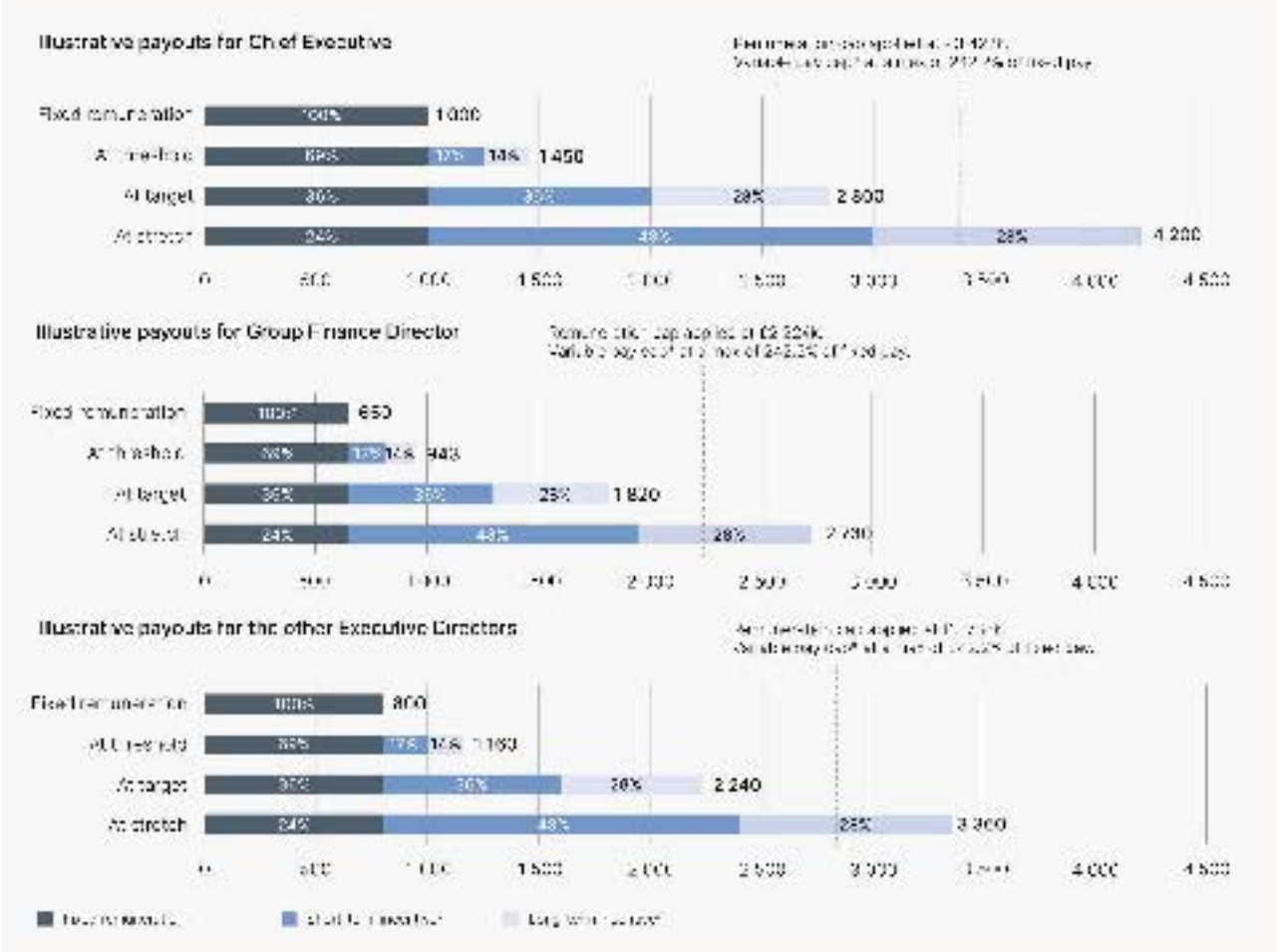
Illustrations of application of remuneration policy

The graphs illustrate the total remuneration at threshold, target and stretch achievement levels for the executive directors based on the proposed remuneration policy. Threshold vesting is 25% of target for both the STI and LTI and stretch vesting is 200% and 150% of target for STI and LTI respectively.

In addition, assuming that the share price increases by 50% from the point of award for those awards subject to performance conditions, over the three year performance period, the total remuneration at stretch achievement levels would increase from £4,200k to £4,800k for the Chief Executive, from £2,730k to £3,120k for the Group Finance Director and from £3,360k to £3,840k for the other executive directors. This exceeds the stated remuneration caps as the caps apply on award, not vesting.

The figures to demonstrate potential payout assuming a 50% share price increase are based on the following assumptions:

1. At stretch achievement levels
2. One year of short-term incentive
3. The full long-term incentive is deferred in shares
4. The starting share price is the share price at the date of award
5. The share price appreciation is 50% over the three year performance period.



* Cap defined in line with EBA discounting rules which allow, when 25% of variable remuneration is deferred over at least five years, a slightly higher cap than 2x fixed remuneration, depending on the length of deferral, inflation and interest rates. This is currently 242.2% of fixed remuneration. These limits will be in line with this cap. In the event the annual remuneration cap is reached the reduction in variable remuneration will be enacted through an equal reduction in STI and LTI.

1. Fixed remuneration includes any benefits and pension contribution.
2. The short-term incentive is determined with reference to performance for the financial year and is delivered in a combination of deferred and non-deferred shares.
3. The long-term incentive is subject to performance measures assessed over a three-year period.

PROPOSED DIRECTOR'S REMUNERATION POLICY
CONTINUED

Service contracts and policy on payment for loss of office

The terms of service contracts and provision for compensation for loss of office for executive directors is set out below. Prior contractual entitlements will be honoured.

Standard provision	Policy	Details
Contracts of employment	Indefinite service contracts	Copies are available for inspection at the company's registered office
Notice period	Terminable by either party with twelve months' written notice	Fixed pay, adjusted for benefits and pension payable, for period of notice
Compensation for loss of office in service contracts	In the event of redundancy or retrenchment (or other similar concept under applicable law), the group may make redundancy payments in line with applicable law, group policy and/or established/prior custom and practice.	This has been added to reflect legal entitlements and to ensure consistent treatment with other employees in a redundancy or retrenchment situation
Outstanding deferred short-term incentive shares	Lapse on resignation or termination for misconduct. May be retained if the director is considered a "good leaver"	"Good leaver" status may be conferred in cases such as retirement with a minimum of 10 years' service, disability or ill health
Outstanding long-term incentive awards	Lapse on resignation or termination for misconduct. May be retained if the director is considered a "good leaver"	"Good leaver" status may be conferred in cases such as retirement with a minimum of 10 years' service, disability or ill health In good leaver cases, will be pro rated based on time served relative to the performance period of the award; the committee has the ability, where appropriate, to increase pro ration up to a full year if the individual has completed more than six months of the year to recognise the further impact of their contribution on the full year
Takeover or major corporate event	The Remuneration Committee has the discretion to determine whether all outstanding awards vest at the time of the event or whether they continue in the same or revised form	
Outside appointments	Executive directors are permitted to accept outside appointments on external boards or committees providing they are in line with our related parties and private work interest policies These are required to be pre-approved by the group Chair and the DLC Nominations and Directors' Affairs Committee	Subject to being deemed not to interfere with the business of the company Fees earned in this regard are forfeited to Investec
Other notable provisions in service contracts	There are no other notable provisions in the service contracts	
Restrictive covenants	Post-termination restrictive covenants are in place for 12 months, less any period of garden leave, to protect the interests of the company	Restrictions include: • Soliciting, canvassing, enticing, inducing or encouraging any person or organisation which was a customer of the company or any group company to take business to a competing business • Accepting business from a customer of the company or any group company for the supply of services identical or similar to or competitive with those services which the company or any group company was supplying or negotiating to supply to that customer • Soliciting, canvassing, enticing or approaching in any way any relevant employee and/or any employee of any group company, with a view to inducing or persuading such individual to leave the company or group company's employment to work for a competitive, or potentially competitive company

PROPOSED DIRECTOR'S REMUNERATION POLICY
CONTINUED

Standard provision	Policy	Details
Other	The group will pay legal, training and other reasonable and appropriate fees incurred by the executive directors as a result of performing their duties In limited circumstances, such as to offset double taxation or cash flow disadvantages due to our dual listing, the group may provide financial and non-financial assistance. Any such assistance will align with any approach we may use for other employees who are not executives	This will allow reimbursement for reasonable fees and liabilities incurred as a result of performing their duties. This reduces the burden on executives that may arise from our dual listing
Legacy	Any remuneration commitment made prior to an individual becoming a director and not in anticipation of their appointment to the board will be honoured, even where it is not consistent with the Directors' Remuneration Policy in place at the time it is fulfilled. Awards made upon becoming an executive director will be treated in line with the Directors' Remuneration Policy	

PROPOSED DIRECTOR'S REMUNERATION POLICY
CONTINUED

How does our directors' remuneration policy address the key features set out in the UK corporate governance code?

Provision	Approach
Clarity and simplicity Remuneration arrangements should be transparent, avoid complexity and their rationale and operation easy to understand	• Our Directors' Remuneration Policy that was approved by our shareholders at the 2020 AGM is published and available for all employees to access in addition to other employee engagement exercises that take place. Additionally our proposed remuneration policy that is subject to a shareholder vote at the 2021 AGM is also available within this report • The committee regularly engages in shareholder consultation exercises with key shareholders to ensure there is transparency on our policy and it is understood. • Avoiding complexity is a key objective when designing our remuneration policy and structures, notwithstanding the regulatory complexity of operating as a UK regulated bank
Risk Remuneration structures should identify and mitigate against reputational and other risk from excessive rewards, as well as behavioural risks that can arise from target-based incentive plans	• In line with regulatory requirements, our remuneration practices promote sound and effective risk management while supporting our strategic objectives • Risk and conduct considerations are taken into account in the setting of any award • The committee considers risk adjustment in respect of both the non-financial and financial elements of the group scorecard and has evidenced the application of downward discretion • All executive director awards are subject to malus and clawback
Predictability The range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy	• The proposed Directors' Remuneration Policy indicates in detail the various elements of remuneration and potential maximums; also included are the illustrative pay-out graphs highlighting the actual overall maximum due to the remuneration cap
Proportionality The link between individual awards, the delivery of strategy and the long-term performance of the group should be clear and outcomes should not reward poor performance	• Our short-term incentive supports the key business objectives over the twelve month performance period and the long-term incentive supports the key business objectives over the three year performance period. • All variable remuneration is awarded in shares with deferral of up to seven years and a further one year of retention further aligning to shareholder interests • The committee has the discretion to reduce awards (to zero if required) and has evidenced the application of downward discretion
Alignment to culture Incentive schemes should drive behaviours consistent with the group's purpose, values and strategy	• Culture at Investec is very important to us and therefore culture and values is one of our non-financial measures for the short-term incentive and will also be considered within the long-term incentive

Remuneration policy for non-executive directors

The board's policy is that fees should reflect individual responsibilities and membership of board committees. The fee structure covers the dual roles that the directors perform for the UK-listed Investec plc and the South African-listed Investec Limited boards and are awarded equally between the two companies.

Purpose and link to strategy	Operation	Maximum value and performance targets	Proposed changes from current policy
Fees To provide industry competitive fees to attract non-executive directors with appropriate skills and experience	Fees for non-executive directors are reviewed annually by the committee taking into account responsibility, market data and time commitment. The committee then makes a recommendation on fees to the board for approval and are subject to shareholder approval at the AGM In addition to fees for board membership, fees are payable to the senior independent director, and for chair and membership of major DLC board committees, membership of the Investec Bank Limited and Investec Bank plc and other subsidiary company boards and for attendance at other relevant committee meetings South African Value-Added Tax (VAT), at the prevailing rate, where applicable, will be added to the fees payable by Investec Limited	Fee increases will generally be in line with inflation and market rates Aggregate fees payable by Investec plc are subject to an overall maximum of £1 million under the Investec plc articles unless specifically approved by shareholders	None
Shareholding requirement	There is no requirement for non-executive directors to hold shares in the company; this choice is left to the discretion of each non-executive director	None	None

The policy as described above will be taken into account in the recruitment of new non-executive directors.

The terms of appointment for non-executive directors
On appointment non-executive directors are provided with a letter of appointment. On the recommendation of the Nominations and Directors' Affairs Committee (Nomdac), non-executive directors will be appointed for an expected term of nine years (three times three-year terms) from the date of their first appointment to the board.

All are subject to annual shareholder re-election. No compensation is payable on termination of directorship. Copies of their letters of appointment are available for inspection at the company's registered office.

Approach to recruitment remuneration
It is intended that the approach to the recruitment of new non-executive directors will be in line with the remuneration policy outlined in the table above.

All employee remuneration

Remuneration philosophy and approach for all employees
Our remuneration approach is designed to foster an exceptional performance culture that enables an entrepreneurial spirit as well as a strong sense of ownership, whilst operating within our risk appetite. We use remuneration to help attract and retain culturally aligned, smart, innovative and talented people who adhere and subscribe to our culture, risk appetite, values and philosophies, and to recognise and drive out of the ordinary performance.

We will materially differentiate reward according to performance and ensure remuneration outcomes are reflective of business achievement

Performance targets will align to strategy, be stretching, and will balance both long- and short-term performance, absolute and relative measures

Reward will appropriately account for risk and potential risk

Performance-related variable pay will be subject to discretion and malus for all employees, with clawback provisions being included for Material Risk Takers

We are committed to transparent engagement and communication with all our stakeholders

Consideration of all employee remuneration
The committee reviews changes in remuneration arrangements in the workforce generally and we recognise that all our people play an important role in the success of the group. Investec is committed to creating an inclusive working environment and to rewarding our employees throughout the organisation in a fair manner, and the committee reviews practices around creating a fair, diverse and inclusive working environment.

In making decisions on executive pay, the committee considers wider workforce remuneration and conditions to ensure that they are aligned on an ongoing basis. Effective from 2019 we have designated a non-executive director from each of the boards of Investec Wealth & Investment, Investec Bank plc and Investec plc in the UK to represent employees in the boardroom. This is in line with one of the suggested methods recommended within the UK Corporate Governance Code. Non-executive directors act as an engagement mechanism between our employees and the board and some of their key objectives are to:

- Ensure the reward, incentives and conditions available to the company's workforce are taken into account when deciding the pay of executive directors and senior management
- Enable the workforce to understand how decisions on executive pay reflect wider company pay policy
- Allow for engagement with the workforce on remuneration throughout the organisation
- Assist the Remuneration Committee to provide feedback to the board on workforce reward, incentives and conditions, and support the board's monitoring of whether company policies and practices support culture and strategy.

We believe that employees throughout the company should be able to share in the success of the company. As such, in addition to the fixed pay element, all of our employees have access to market relevant benefits, and all employees are eligible to be considered for an annual bonus after a short initial qualifying period. We believe strongly in share ownership among our employees and therefore all employees are, in principle, eligible to participate in our long-term incentive scheme.

Statement of consideration of shareholder views
The committee engages proactively with the company's major shareholders and is committed to maintaining an open dialogue. Accordingly, we meet regularly with our major shareholders and shareholder representative bodies. The Remuneration Committee Chair and group Chair attend these meetings, accompanied by the Heads of Company Secretarial, Investor Relations and Reward, as appropriate . This engagement is meaningful and helpful to the committee in its work and contributes directly to the decisions made by the committee. The Remuneration Committee and the board believe in effective and transparent communication with key stakeholders, and will continue to engage on matters that may arise and are of importance and/or concern to stakeholders. We consulted twice with our key shareholders during the year, focusing primarily on the development of the proposed Directors' Remuneration Policy. The feedback we received was constructive, and the committee incorporated some appropriate changes into the proposed policy on the basis of that feedback.

ANNUAL REPORT ON REMUNERATION

Annual report on remuneration

Inside this section

Remuneration overview for the year
Single total figure of remuneration
Remuneration in context containing gender pay gap, percentage change in directors' remuneration and CEO pay ratio
Performance and total shareholder return
Assessment of the short-term and long-term incentives for executives for the 2021 financial year
Directors' shareholding and interests
Share option and long-term incentive plan disclosures
NED fees and single total figure of remuneration
Statement of implementation of policy in the following financial year
Statement of voting at the AGM

Remuneration overview for the year
Shareholders approved a revised Directors' Remuneration Policy in August 2020. Key features of that revised policy included:

- a 25% reduction in fixed remuneration, paid in cash;
- a similar percentage reduction in on-target and maximum remuneration potential;
- delivering all variable remuneration in shares; and
- a 50% increase in the shareholding and post-termination shareholding requirements for executive directors.

In addition, the fees for non-executive directors were reduced by between 10% and 20%.

For the financial year ending 31 March 2021, these policy changes resulted in a 25% reduction in fixed remuneration for the executive directors. The 2021 remuneration single figure increased by 41.1% from 2020, however it reduced by 12.3% from the 2019 financial year, being the last financial year not impacted by the COVID-19 pandemic. In addition, the following actions impacted the 2020 remuneration outcomes:

- the two executive directors who remained following the demerger of Ninety One (Fani Titi and Nishlan Samujh) rescinded their 2020 STI, at their own request, to recognise the experience of their colleagues and our shareholders; and
- the Remuneration Committee exercised downward discretion to remuneration outcomes in three places.

Note that the 2021 STI "pool of profit" automatically adjusted downwards in line with the adjusted operating profit for the financial year. Adjusted operating profit from continuing operations of £377.6 million is 9.9% behind the prior year (2020: £419.2 million). The overall 2021 STI "pool of profit" has reduced 35% compared to 2020 predominantly due to the demerger of the Ninety One business.

Our executive and non-executive directors donated a portion of their remuneration/fees via salary sacrifice during the year to COVID-19 causes, including the Solidarity Fund in South Africa.

The Remuneration Committee believes that the executive directors have performed very well in what has been an extremely challenging year, and therefore that the remuneration outcomes are reflective of the overall financial and non-financial performance for the year.

ANNUAL REPORT ON REMUNERATION
CONTINUED

Single total figure of remuneration (Audited)

Executive directors	Year	Fixed remuneration cash £'000	Taxable benefits £'000	Retirement benefits £'000	Fixed remuneration shares £'000	**Total fixed remuneration £'000**	Short-term incentive £'000	Long-term incentive vested £'000	Value of long-term incentive vested due to share price appreciation £'000	**Total variable remuneration £'000**	**Total remuneration £'000**
Fani Titi	**2021**	930	12	33	–	975	905	–	–	905	1 880
	2020	612	12	42	666	1 332	–[1]	–	–	–	1 332
Nishlan Samujh	**2021**	411	9	61	–	481	452	–	–	452	933
	2020	272	11	50	333	666	–[1]	–	–	–	666
David van der Walt[2,3]	**2021**	86	3	8	95	192	–	–	–	–	192
	2020	–	–	–	–	–	–	–	–	–	–
Richard Wainwright[2,3]	**2021**	406	5	18	–	429	380	–	–	380	809
	2020	–	–	–	–	–	–	–	–	–	–
Ciaran Whelan[2]	**2021**	678	23	63	–	764	708	–	–	708	1 472
	2020	–	–	–	–	–	–	–	–	–	–

1. Short-term incentive awards for 2020 for Fani Titi and Nishlan Samujh were rescinded at the recipients' request to align with their colleagues and our shareholders' experience.
2. 2020 remuneration not disclosed for David van der Walt, Richard Wainwright and Ciaran Whelan as they were not executive directors in 2020.
3. Pro rata 2021 remuneration disclosed for David van der Walt and Richard Wainwright to reflect the period of the year they were executive directors.

Salary and fixed remuneration
This represents the value of salary earned and paid during the financial year.The fixed pay detailed above may appear lower than that contained within the Directors' Remuneration Policy as any amounts of fixed remuneration that were donated via salary sacrifice directly to COVID-19 causes have been removed from the fixed pay totals detailed above. Fixed pay was reduced by 25% for all executive directors in the 2021 year.

Taxable benefits
The executive directors pay for benefits which may include; life, disability and personal accident insurance; and medical cover. These amounts are funded out of gross remuneration and are as elected by each director.

Retirement benefits
The executive directors receive pension benefits. None of the directors belong to a defined benefit pension scheme and all are members of one of the defined contribution pension or provident schemes. The amounts reflected in the table above represent the contribution to these schemes payable by the company. These amounts are funded out of gross remuneration, and there is no additional company contribution for the executive directors.

Short-term incentive
Represents the total value of the short-term incentives awarded for the 2020/2021 performance year. Page 178 details the basis on which the awards were determined and page 179 shows the breakdown of the awards in up-front and deferred shares.

Long-term incentive vested
Represents the value of long-term incentive awards that were subject to performance conditions and vested during the year. No executive directors had awards granted in respect of service as an executive director vesting to them during the year.

ANNUAL REPORT ON REMUNERATION
CONTINUED

Remuneration in context

Gender pay gap - mean

35.3%
Investec plc

27.1%
Investec limited

At Investec we know that diversity of thought is critical to increasing our ability to innovate, adapt and perform in this ever-changing world. We continue to be committed to attracting, developing and retaining a diverse and representative workforce, recognising the importance of cultivating an inclusive environment where we value difference. We believe this will enhance business performance and add value to our clients and society. We are particularly focusing on female talent development in leadership and client-facing roles. In addition, over the last few years we have created an environment that is more agile and responsive to the needs of individuals, with flexible working arrangements encouraged in service of performance. Belonging, inclusion and diversity has been instrumental in supporting us during the last twelve months and as we reflect on our priorities, it will be invaluable as we go forward.

Our Belonging, Inclusion and Diversity strategy includes the following priorities and initiatives

UK initiatives

Speaking up:
Feedback from workforce engagement activities is regularly reviewed by senior leadership and reported to the boards bi-annually. Four employee networks – Gender Balance, LGBTQ+, Multicultural and YoungMinds – regularly initiate dialogues on challenging subjects such as the gender pay gap, flexible working, and shared parental leave, as well as conversations about race.

Learning initiatives
We are participating in the 30% Club women's mentoring scheme for the third year in a row. We have also launched reverse mentoring initiatives and a leadership council for our younger colleagues to encourage inter-generational learning relationships, as well as a bespoke programme for our Black, Asian, and Minority Ethnic colleagues to foster the exchange of ideas among senior leaders and people of colour. Workshops on building inclusive teams educate our people on the Equality Act, 2010 and how to create an inclusive environment by encouraging debate and dialogue.

Diversity and inclusion targets and measures
Our Board Governance and Diversity Policy has set a target of 33% female representation on the board and at the same time recognises that the balance of skills, knowledge and experience, differences in background, ethnicity, gender and other qualities all contribute to achieving diversity of thought.

We signed up to the Women in Finance Charter in 2018 with a target of 30% female representation in senior leadership by 2022.

In 2020 we signed up to the Race at Work Charter and are working towards delivering on the five commitments set out in the Charter.

Recruitment, policies and practices
We have partnerships with a number of specialist third parties to support the hiring of senior women.

We have balanced shortlists and interview panels and continue to digitally analyse all our job adverts to remove gender-biased language. We encourage conversations about flexible working and have created an environment that is more agile and responsive to the needs of individuals. Our people policies and practices help to balance these individual needs, including enhanced paid parental leave of up to 26 weeks which can be shared between parents, and a new family leave support programme.

South Africa initiatives

We have several Women in Leadership initiatives where women and men at Investec participate in the conversation around gender. We invite our clients and external stakeholders to participate in these events. These rich and informative dialogues help us to create an appropriate environment for women to thrive as leaders, employees and entrepreneurs and serve as role models for the next generation. We continued our work in support of empowering and developing women in business, education and sport and highlighting the power of partnerships to provide opportunities for women through our Women on the Rise campaign. During 2020 we ran a pilot programme, specifically designed to enable women to take up positions as non-executive directors on boards and contribute to the development of board-ready female executives within South Africa.

Our Zebra Crossing initiative in South Africa, aligned to our employment equity plan, aims to raise levels of multi-cultural awareness of staff at Investec, enable them to appreciate and celebrate the richness of our diverse population and take these insights back into the business. Let's Talk about Race dialogues have been held with groups of employees. These are unstructured discussions, facilitated by an organisation development representative, where participants are encouraged to confront unconscious bias and misconceptions around any aspect of diversity.

We are building a Young Leaders Council and reverse mentorship initiative as we recognise the need to create spaces that enable young, aspirational talent to connect and learn with leaders.

ANNUAL REPORT ON REMUNERATION
CONTINUED

Gender pay gap figures
Hourly and bonus gap

		Investec plc		Investec Limited	
		Mean %	Median %	Mean %	Median %
Hourly gap	**2021**	35.3%	36.1%	27.1%	24.1%
	2020	36.0%	37.4%	31.7%	26.0%
	2019	38.0%	38.3%	32.0%	26.6%
Bonus gap	**2021**	68.8%	65.2%	67.5%	27.6%
	2020	74.2%	71.0%	68.8%	26.3%
	2019	72.5%	73.4%	72.8%	33.3%

Mean – The mean figure represents the difference between the average of men's and women's pay expressed as a percentage of the average male pay
Median – The median represents the difference between the midpoints in the ranges of men's and women's pay expressed as a percentage of the male midpoint

Proportion receiving a bonus

		Investec plc	Investec Limited
		Percentage	Percentage
Male	**2021**	73.2%	79.7%
	2020	81.7%	70.5%
	2019	83.1%	77.9%
Female	**2021**	75.6%	82.0%
	2020	81.0%	71.9%
	2019	82.6%	77.6%

Percentage change in directors' remuneration
The table below shows the percentage change in the directors' remuneration between 2020 and 2021 compared with the percentage change for Investec plc employees and Investec Limited employees.

	2021		
	Base Salary/ fee	Benefits	Bonus
Fani Titi[1]	(27)%	(17)%	n/a
Nishlan Samujh[1]	(32)%	15%	n/a
David van der Walt[2]	n/a	n/a	n/a
Richard Wainwright[2]	n/a	n/a	n/a
Ciaran Whelan[2]	n/a	n/a	n/a
Perry Crosthwaite (Chair)[3]	(16)%	n/a	n/a
Henrietta Baldock[3,4]	64%	n/a	n/a
Zarina Bassa[3,5]	16%	n/a	n/a
David Friedland[3]	(10)%	n/a	n/a
Philip Hourquebie[3,5]	14%	n/a	n/a
Charles Jacobs[3]	8%	n/a	n/a
Ian Kantor[3,6]	(68)%	n/a	n/a
Stephen Koseff [3,7]	(88)%	(100%)	(100%)
Lord Malloch-Brown[3]	(7)%	n/a	n/a
Khumo Shuenyane[3]	(18)%	n/a	n/a
Philisiwe Sibiya[3,8]	46%	n/a	n/a
Increase in total compensation costs for Investec employees	2%	(2)%	11%

1. 2020 bonuses for Fani Titi and Nishlan Samujh were rescinded at their own request therefore no comparison is shown.
2. David van der Walt, Richard Wainwright and Ciaran Whelan did not receive remuneration as DLC executive directors in 2020 therefore no comparison is shown.
3. NEDs do not receive bonus or benefits.
4. Henrietta Baldock was appointed as non-executive director on 9 August 2019.
5. In order to ensure alignment with the broader Investec group, the Chairs of the Group Audit, Remuneration and Risk Committees are members of those committees recently established by the group's key operating subsidiaries, for which appointments they receive a fee. Additionally 2021 fees for Zarina Bassa and Philip Hourquebie include fees received during the financial period for committee work performed from January 2019 to June 2020. Accordingly, the fees disclosed for Philip Hourquebie and Zarina Bassa increased over the period, notwithstanding the overall reduction to NED fees from 1 September 2020.
6. Ian Kantor stepped down from the board in 2021 resulting in the large decrease in fees.
7. Stephen Koseff was an executive director in 2020 and a non-executive director in 2021 resulting in the large decrease in fees.
8. Philisiwe Sibiya was appointed as non-executive director on 9 August 2019.

ANNUAL REPORT ON REMUNERATION
CONTINUED

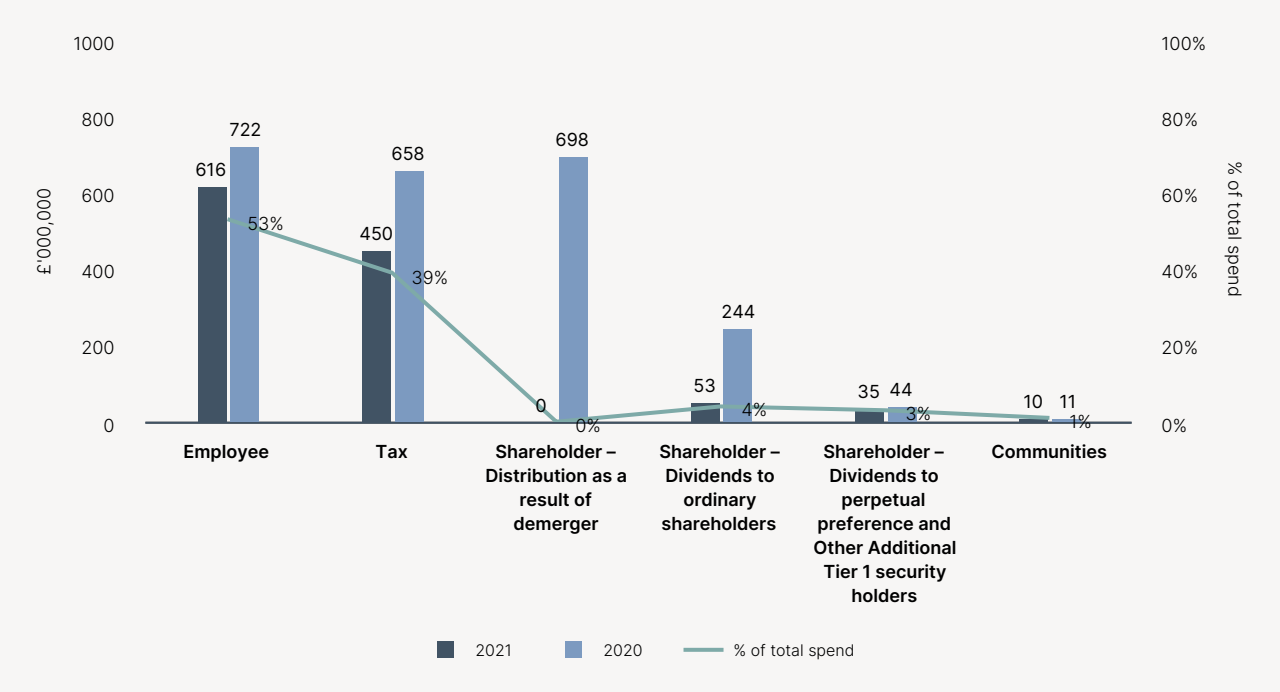
CEO pay ratio
The ratios of CEO remuneration to employee remuneration are shown below.

Year	Calculation method used	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021	The pay for the CEO single figure is based on the single figure for Fani Titi			
UK		41.6	23.2	14.2
Global		70.1	38.1	20.0
2020	The pay for the CEO single figure is based on the single figure for Fani Titi			
UK		34.3	18.4	10.8
Global		58.3	31.0	15.6
2019	The pay for the CEO single figure is based on the single figure for Stephen Koseff for six months and the pay for Fani Titi/Hendrik du Toit for six months.			
UK		70.4	36.5	19.7
Global		122.5	61.0	28.5

We selected Option A which calculates the pay and benefits of all employees, using each element of total remuneration, to identify the employees at the 25th, 50th and 75th percentiles, and then calculates the ratio of CEO pay to the pay of each of those employees, because we believe it provides the most accurate reflection of the ratio of the CEO pay to the pay of all employees. The calculations were based on 31 March 2021. We have not annualised salaries and other remuneration elements for employees, in line with the single figure calculation methodology. The total pay and benefits for the 25th, 50th and 75th quartiles for the UK is £45,188, £81,046 and £132,543 respectively. The salaries for the 25th, 50th and 75th quartiles for the UK are £38,000, £63,000 and £93,000 respectively.

The increase in ratio from 2020 reflects the increase in the CEO single figure remuneration for 2021 for which further detail can be found on page 172.

Relative importance of spend on pay

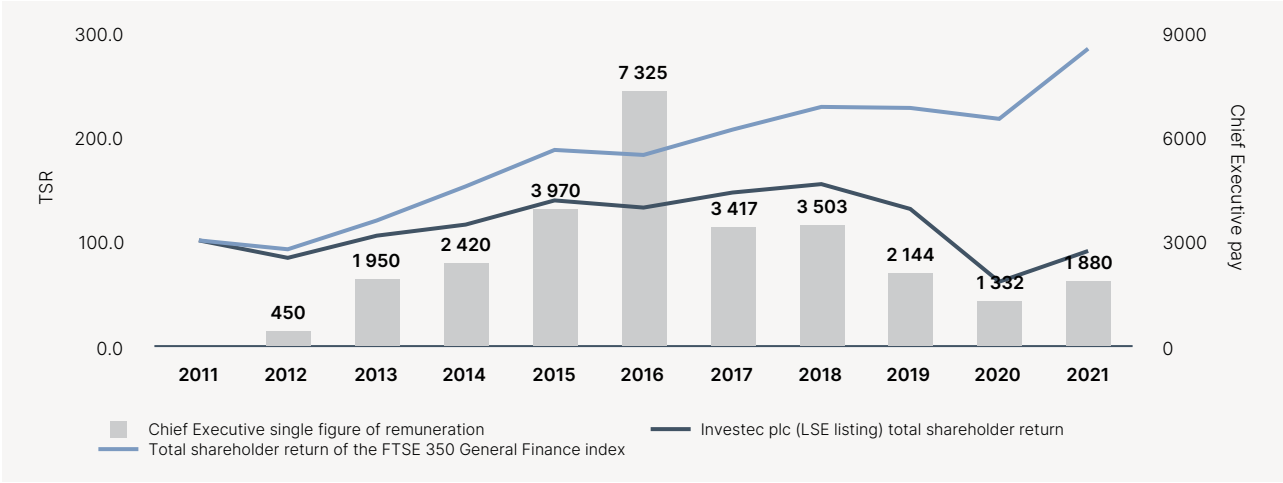


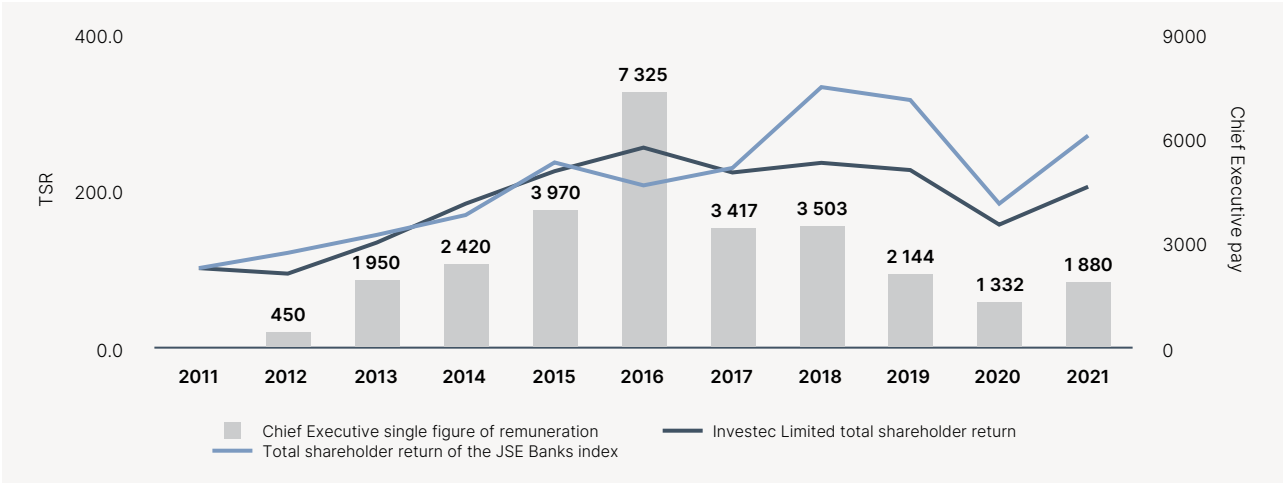
We continue to acknowledge the importance of the appropriate division of the returns generated by our business between our owners, our workforce and the societies in which we operate. The graph above shows our distribution to our employees, our contributions to government through taxation and our owners through dividends and the distribution of Ninety One shares in 2020. The material reduction in distributions to shareholders is a result of the distribution of Ninety One shares following the demerger of the Ninety One business in March 2020. The Communities spend has also reduced following the demerger of the Ninety One business.

ANNUAL REPORT ON REMUNERATION
CONTINUED

Performance graph and table (unaudited)
The graph below shows a comparison of the TSR for the company's shares for the ten years beginning on 31 March 2011 against the TSR for the companies comprising the FTSE 350 General Financial Index and JSE Banks index. Also shown is the Chief Executive single figure of remuneration for these years. We have selected these indices because a number of companies within them conduct similar activities to us, although they do not necessarily have the same geographical profile. Nevertheless, we believe they are the most appropriate indices against which to measure our performance.

Total shareholder return
Rebased to £100 and R100





Note: Total shareholder return
The graphs show the cumulative shareholder return for a holding of our shares in Pounds Sterling on the LSE and Rands on the JSE, compared with the average total shareholder return of other members of the FTSE 350 General Finance Index and the JSE Banks Index. The first graph shows that, at 31 March 2021, a hypothetical £100 invested in Investec plc at 31 March 2011 would have generated a total return of (£10) compared with a return of £183 if invested in the FTSE 350 General Finance Index. The second graph shows that, at 31 March 2021 a hypothetical R100 invested in Investec Ltd at 31 March 2011 would have generated a total return of R104 compared with a return of R169 if invested in the JSE Banks Index.

As a result of the demerger, an adjustment factor has been used to adjust the Investec historical share price and associated returns. This allows comparability between the Investec current and historical share price. The inputs to the adjustment factor calculation are the opening share price of Investec on effective date of demerger, the opening share price of Ninety One on effective date of demerger and the number of shares offered in Ninety One over the number of existing shares of Investec.

During the period from 1 April 2020 to 31 March 2021, the return to shareholders of Investec plc (measured in Pounds Sterling) and Investec Limited (measured in Rands) was 49% and 31%, respectively. This compares to a 31% return for the FTSE 350 General Finance Index and a return of 48% for the JSE Banks Index.

The market price of our shares on the LSE was £2.19 at 31 March 2021, ranging from a low of £1.26 to a high of £2.35 during the financial year. The market price of our shares on the JSE Limited was R43.27 at 31 March 2021, ranging from a low of R28.14 to a high of R46.25 during the financial year. See full details of share price high and low on page 183.

Note: Chief Executive pay
No LTIP awards had performance conditions ending in the 2017 and 2018 financial years.

Figures reported for 2019 are for each of Fani Titi and Hendrik du Toit and did not have long-term incentive awards vesting in 2019

Figures prior to 2019 are for Stephen Koseff, Figures reported for 2020 and 2021 are for Fani Titi

Short-term incentive award for 2020 rescinded at the request of Fani Titi

Details of STI and vesting LTI can be found on page 181

ANNUAL REPORT ON REMUNERATION
CONTINUED

Assessment of the short-term incentives for executives for the 2021 financial year (Audited)

The following table shows the achievements against the preset financial and non-financial measures and metrics for the 2021 financial year.

			Targets for 2021					
Measures		Weight (as a percentage of target)	Threshold (0%)	Target (100%)	Stretch (150%)	**Actual performance**	**Achievement against target**	**Weighting achieved**
Financial	Return on risk-weighted assets	30%	0.55%	0.75%	1.00%	0.82%	114.8%	34.4%
	Return on equity	30%	5.0%	6.0%	7.0%	6.6%	130.0%	39.0%
	Cost to income ratio	20%	72.0%	70.0%	68.0%	70.9%	55.0%	11.0%
Non-financial[1]	Culture, values and co-operation related measures	7%	0	4	6	5	125.0%	8.8%
	"ESG" related measures	5%	0	4	6	4	100.0%	5.0%
	Prudential and risk management related measures	8%	0	4	6	3	75.0%	6.0%
Total achieved								**104.2%**

Non-financial assessment for the 2021 financial year (Audited)

The committee assesses achievement against objectives for the non-financial measures on a seven-point scale and will award scores of 0 (0%) and 6 (150%) only in exceptional circumstances. The non-financial measures for the year ending 31 March 2021 were as follows:

	Weighting	Achievement levels						
Non-financial measures	20%	0%	25%	50%	75%	100%	125%	150%
Culture, values and co-operation related measures	7%	0	1	2	3	4	5	6
"ESG" related measures	5%	0	1	2	3	4	5	6
Prudential and risk management related measures	8%	0	1	2	3	4	5	6

Non-financial measure	Assessment	Rating (0 – 6)
Culture, values and co-operation related measures	The year began weeks after the start of the first hard lockdown in key jurisdictions and in the midst of the year end close out, which went to plan and was completed successfully and on time. Management has been extremely successful setting up and operating the working from home model for most of our people for the entire year, leading by example to ensure we continue to live our unique culture. While this has been challenging for most, management and our people and organisation function have successfully provided leadership and support to our people to ensure everybody remains engaged, our culture is reinforced, and people receive the support they need.	5
"ESG" related measures	As our new leadership structures and teams settled down the focus shifted to building leadership teaming and formalising succession plans for all senior leaders. Our Belonging, Inclusion and Diversity initiatives continue to grow across the business in spite of the challenges in working from home. We have continued to embed ESG, and particularly the E (environmental) component, with positive feedback from Just Share at our AGM last year. Led by our Chief Executive, our executive directors took a 25% salary reduction in 2020 and made a salary sacrifice donation over three months to COVID-19 causes, including the Solidarity Fund in South Africa. We have continued to be net-zero or carbon neutral in our direct operations, as has been the case since year ending 31st March 2019.	4
Prudential and risk management related measures	Our risk management structures and processes remain robust in support of the business. Capital and liquidity ratios remain strong. Our core franchise businesses have performed well through the COVID-19 health and financial crisis. A disappointment is the costs involved in managing the risk while we run down our Financial Products book, however a significant amount of work has been done to manage down the risk and book.	3

ANNUAL REPORT ON REMUNERATION
CONTINUED

Outcome of the short-term incentives for executives for the 2021 financial year (Audited)

The following table shows how the bonuses for each individual executive director were calculated, based on the adjusted operating profit of £377.6 million for the year, and the 104.2% performance achievement outlined above.

Name	On-target percentage pool of adjusted operating profit	On-target short-term incentive based on percentage pool (£'000)	Actual performance outcome against target	**Actual Short-term incentive outcome (£'000)**	Notes
Fani Titi	0.23%	868	104.2%	905	
Nishlan Samujh	0.12%	434	104.2%	452	
David van der Walt	—	—	—	—	Not eligible for a bonus in 2021
Richard Wainwright	0.18%	680	104.2%	708	
Ciaran Whelan	0.18%	680	104.2%	708	

All short-term incentives for the executive directors fall within the variable remuneration cap of 242.2% of fixed remuneration so no adjustments were required for that reason. In addition, the committee considered whether any further performance adjustments were required for events that occurred during the year, and whether any malus or clawback would be appropriate. The committee determined that no additional performance adjustment or malus and clawback were appropriate.

Short-term incentive and long-term incentive delivery profile

Names	Award	**Total Value (£'000)**	June 2021	June 2022	June 2023	June 2024	June 2025	June 2026	June 2027	June 2028
Fani Titi	**Total short-term incentive, all delivered in shares** [1/2/3]	**905**	543	109	109	28	29	29	29	29
	LTIPS awarded still subject to future performance conditions[1]	**1 000**				200	200	200	200	200
Nishlan Samujh	**Total short-term incentive, all delivered in shares** [1/2/3]	**452**	272	55	55	14	14	14	14	14
	LTIPS awarded still subject to future performance conditions[1]	**500**				100	100	100	100	100
David van der Walt	**Total short-term incentive, all delivered in shares** [1/2/3]	**0**								
	LTIPS awarded still subject to future performance conditions[1]	**0**								
Richard Wainwright	**Total short-term incentive, all delivered in shares** [1/2/3]	**708**[4]	425	89	89	21	21	21	21	21
	LTIPS awarded still subject to future performance conditions[1]	**800**				160	160	160	160	160
Ciaran Whelan	**Total short-term incentive, all delivered in shares** [1/2/3]	**708**	425	89	89	21	21	21	21	21
	LTIPS awarded still subject to future performance conditions[1]	**800**				160	160	160	160	160

1. The elements of the short-term incentive and long-term incentive delivered in shares are subject to a further twelve month post-vesting retention period.
2. Unvested deferred share awards are not eligible to receive dividends or dividend equivalents. Once they have vested they become entitled to receive dividends.
3. The short-term incentive awards detailed above are not subject to any further performance conditions.
4. The figure shown above is the full year bonus for Richard Wainwright which is subject to deferral as per the Directors' Remuneration Policy, the figure shown in the single figure table on page 173 is pro rated for length of service as an executive director.

ANNUAL REPORT ON REMUNERATION
CONTINUED

Assessment of the long-term incentive awards awarded in May 2018 (Audited)

The following table shows the achievements against the preset financial and non-financial measures and metrics for the long-term incentive awards which were awarded in May 2018. The vesting of these awards is subject to achievement against performance conditions covering the period from 1 April 2018 to 31 March 2021. The current executive directors were not granted long-term incentive awards under the EIP 2013 in May 2018. Awards were made in May 2018 to the former executive directors therefore the vesting outcomes are only relevant to those executive directors. These are Stephen Koseff, Bernard Kantor and Glynn Burger.

			Targets to 31 March 2021					
		Weight (as a percentage of target)	Threshold (0%)	Target (100%)	Stretch[1] (150%)	**Actual performance**	**Achievement against target**	**Weighting achieved**
Financial	Growth in tangible net asset value[2]	40%	15.0%	30.0%	45.0%	34.2%	113.9%	45.6%
	Return on risk-weighted assets[3]	35%	0.70%	1.20%	1.60%	1.16%	91.2%	31.9%
Non-financial[1]	Culture and values	4%	0	2	4	2	100.0%	4.0%
	Franchise development	13%	0	2	4	2	100.0%	13.0%
	Governance and regulatory	4%	0	2	4	2	100.0%	4.0%
	Employee relationship	4%	0	2	4	2	100.0%	4.0%
Total achieved								**102.5%**

1. 200% stretch for non-financial measures.
2. The growth in tangible net asset value is expressed per share, based on neutral currency and after adding back dividends and is measured over three financial years preceding the first date of vesting.
3. Return on risk-weighted assets is defined as adjusted earnings/average risk-weighted assets, where adjusted earnings are earnings attributable to ordinary shareholders after taxation, non-controlling interests and preference dividends, but before goodwill, acquired intangibles and non-operating items, and is measured over the three financial years preceding the first date of vesting by averaging the actual return on risk-weighted assets achieved for each of those three financial years.

Stephen Koseff and Bernard Kantor were awarded 264 759 shares each on 31 May 2018. Given the vesting at 102.5%, pro rata for length of service (both retired as executive directors on 8 August 2019), the final number of Investec shares that vested for each was 122 414. A further 61 207 Ninety One plc shares also vested, in line with the treatment of Investec shares at the demerger. Glynn Burger was awarded 239 066 shares on 31 May 2018. Given the vesting at 102.5%, pro rata for length of service (resigned as an executive director on 31 March 2019), the final number of Investec shares that vested for Glynn Burger was 81,671. A further 40 835 Ninety One plc shares also vested, in line with the treatment of Investec shares at the demerger. The committee considered whether malus or clawback would be appropriate for any events that occurred prior to vesting. The committee determined that no malus and clawback adjustments would be appropriate.

These long-term incentive shares vest 20% per annum commencing on 31 May 2021 through to 31 May 2025. They are subject to a further twelve month retention period following each vesting date. No dividends or dividend equivalents are earned on these awards prior to vesting.

The grant price per share at date of award was £5.59, and the opening prices on the first available date after vesting (1 June 2021) were £2.96 for the Investec plc shares and £2.36 for the Ninety One shares.

Non-financial assessment for the 2018 LTIP award vesting in May 2021 (Audited)

The committee assessed achievement against objectives for the non-financial measures on a five-point scale. The awards were tested over the three financial years preceding the date of vesting.

	Weighting	**Achievement levels**				
Non-financial metrics	25%	0%	50%	100%	150%	200%
Culture and values	4%	0	1	2	3	4
Franchise development	13%	0	1	2	3	4
Governance and regulatory and shareholder relationships	4%	0	1	2	3	4
Employee relationship and development	4%	0	1	2	3	4

ANNUAL REPORT ON REMUNERATION
CONTINUED

The following sets out the committee's assessment of the 2018 awards in respect of the non-financial performance conditions:

Non-financial measure	Assessment	Rating (0 – 4)
Culture and values	The first half of the period represented the final eighteen months of the significant leadership change from the founders, as well as a new strategy and refreshed leadership teams while focusing on the business, its clients and people, culture and values. Both outgoing and incoming leaders engaged effectively with our people, reinforcing our values and culture and providing appropriate leadership.	2
Franchise development	Our core banking and wealth franchises continued to grow across our major jurisdictions. The demerger of Investec Asset Management (now Ninety One) was successfully completed during the period. Our focus and commitment to leading environmental, social (both internally and externally) and governance strategies continued through the period.	2
Governance and regulatory and shareholder relationships	Our incoming leadership team built their relationships with key stakeholders, including regulators and shareholders, supported appropriately by the outgoing leaders.	2
Employee relationship and development	Through the leadership transition and beyond, our leadership both incoming and outgoing has focused on engaging with our people about our values and culture, our refreshed strategy and our Belonging, Inclusion and Diversity commitment ensuring our people remain engaged.	2

Historic short-term and long-term incentive vesting for the Chief Executive

	2012	2013	2014	2015	2016	2017	2018	2019[1]	2020[2]	2021
Annual short-term incentive as a percentage of maximum opportunity	n/a[3]	n/a[3]	50 %	65 %	95 %	92 %	95 %	43 %	0%[4]	69 %
Vesting of long-term incentive as a percentage of maximum	n/a	n/a	n/a	n/a	100 %	n/a[5]	n/a[5]	n/a	n/a	76 %

1. Percentages reported for 2019 are for Fani Titi and Hendrik du Toit. They did not have any long-term incentives awards vesting with reference to the 2019 financial year. Percentages prior to 2019 detailed in the table are for Stephen Koseff.
2. Figures reported for 2020 are for Fani Titi.
3. Prior to 2014 annual bonuses were not determined in terms of a formulaic approach where maximum and minimum awards could be derived
4. Award rescinded at the request of Fani Titi.
5. No LTIP awards had performance conditions ending in the 2017 and 2018 financial years.

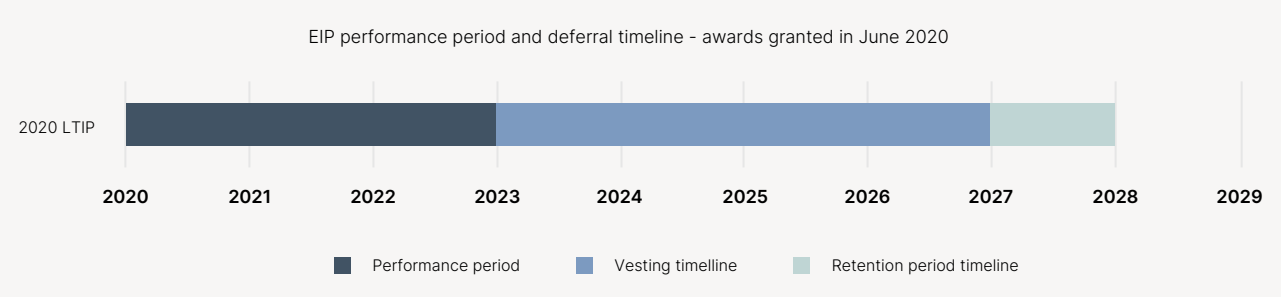
ANNUAL REPORT ON REMUNERATION
CONTINUED

Scheme interests awarded, exercised and lapsed during the year (audited)

Investec plc shares*

Name	Award name and date	Balance as at 1 April 2020 – shares	Awarded during the year – shares	Awarded – face value £'000	Exercised	Lapsed	As at 31 March 2021
Fani Titi	EIP 2013 June 2020	—	769 231	1 200	—	—	769 231
Nishlan Samujh	EIP 2013 June 2020	—	384 616	600	—	—	384 616

Notes:
David van der Walt, Richard Wainwright and Ciaran Whelan did not have any awards, exercises or lapses in respect of their service as DLC executive directors under the EIP during the year.



* First vesting aligns with the end of the performance period

EIP 2013 – awarded 2020

These awards formed part of the variable remuneration for the financial year ending 31 March 2020. They are conditional shares and the face value at grant of awards would ordinarily be equivalent to 100% of fixed remuneration, however the committee exercised discretion and reduced the grants by 10% to reflect the significant reduction in share price in the months prior to grant. The share price used to calculate the number of shares awarded was based on the five day average closing market share price from 27 May to 2 June 2020, which was £1.56. The performance measures and metrics are as shown below.

Financial measures (75%)

Measure	Weighting	Achievement levels		
Financial measures	**75%**	**Threshold (0%)**	**Target (100%)**	**Stretch (150%)**
Growth in tangible net asset value[1]	40%	10%	25%	40%
Return on risk-weighted assets[2]	35%	1.00%	1.25%	1.50%

1. The growth in tangible net asset value is expressed per share, based on neutral currency and after adding back dividends and will be measured cumulatively over the three financial years preceding the first date of vesting.
2. Return on risk-weighted assets is defined as adjusted earnings/average risk-weighted assets, where adjusted earnings are earnings attributable to ordinary shareholders after taxation, non-controlling interests and preference dividends, but before goodwill, acquired intangibles and non-operating items, and will be measured over the three financial years preceding the first date of vesting by averaging the actual return on risk-weighted assets achieved for each of those three financial years.

ANNUAL REPORT ON REMUNERATION
CONTINUED

Non-financial measures (25%)

The committee assesses achievement against objectives for the non-financial measures on a seven-point scale and will award scores of 0 (0%) and 6 (200%) only in exceptional circumstances. The non-financial measures for the award in respect of the year ending 31 March 2020 are as follows:

Measure	Weighting	Achievement levels						
Non-financial measures	**25%**	**0%**	**25%**	**50%**	**75%**	**100%**	**150%**	**200%**
Culture and values	4%	0	1	2	3	4	5	6
Franchise development	13%	0	1	2	3	4	5	6
Governance and regulatory and shareholder relationships	4%	0	1	2	3	4	5	6
Employee relationship and development	4%	0	1	2	3	4	5	6

Directors' interest in preference shares as at 31 March 2021 (audited)

	Investec plc		Investec Limited		Investec Bank Limited	
Name	**31 March 2021**	**1 April 2020**	**31 March 2021**	**1 April 2020**	**31 March 2021**	**1 April 2020**
Stephen Koseff	12 139	12 139	3 000	3 000	3 000	4 000

The market price of an Investec Limited preference share at 31 March 2021 was R62.29 (2020: R49.97).
The market price of an Investec Bank Limited preference share at 31 March 2021 was R68.99 (2020: R50.00).
The market price of an Investec plc preference share at 31 March 2021 was R71.00 (2020: R90.00).

The number of shares in issue and share prices for Investec plc and Investec Limited

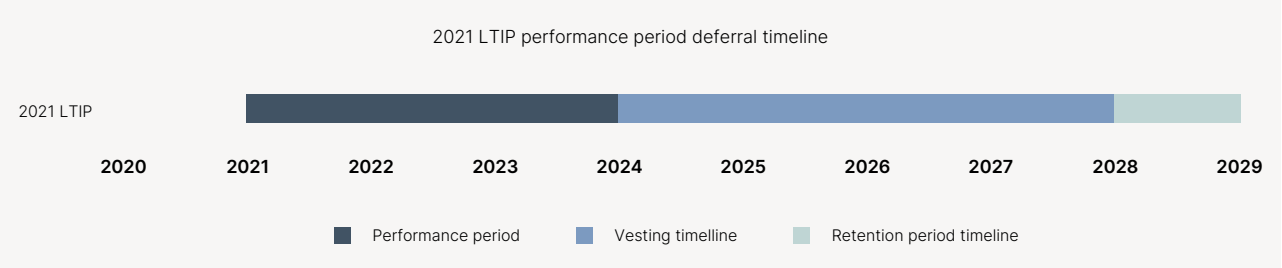
	31 March 2021	31 March 2020	High over the period	Low over the period
Investec plc share price	£2.19	£1.52	£2.35	£1.26
Investec Limited share price	R43.27	R33.99	R46.25	R28.14
Number of Investec plc shares in issue (million)	696.1	696.1		
Number of Investec Limited shares in issue (million)	318.9	318.9		

Scheme interests awarded in respect of the financial year ended 31 March 2021 (audited)

Investec plc shares

Name	Award	As at 1 April – shares	Award date	Awarded – shares	Awarded – face value £'000
Fani Titi	EIP 2013 – 2021	–	27 May 2021	349 651	1 000 000
Nishlan Samujh	EIP 2013 – 2021	–	27 May 2021	174 826	500 000
Richard Wainwright	EIP 2013 – 2021	–	27 May 2021	279 721	800 000
Ciaran Whelan	EIP 2013 – 2021	–	27 May 2021	279 721	800 000

These are conditional shares and the awards formed part of the variable remuneration of the executive directors for the financial year ending 31 March 2021. The face value at award of these awards was equivalent to 100% of fixed remuneration. The share price used to calculate the number of shares granted was based on the five day average closing market price from 18 to 24 May 2021, which was £2.86. Vesting is subject to achievement against performance conditions; the performance period, vesting schedule and holding periods are outlined below. The first vesting will be on 27 May 2024, with 20% vesting per annum from that date until 27 May 2028, subject to achievement against the performance targets.



ANNUAL REPORT ON REMUNERATION
CONTINUED

Financial measures (75%)

Measure	Weighting	Achievement levels		
Financial measures	**75%**	**Threshold (0%)**	**Target (100%)**	**Stretch (150%)**
Growth in tangible net asset value[1]	40%	15%	30%	45%
Return on risk-weighted assets[2]	35%	1.1%	1.4%	1.7%

1. The growth in tangible net asset value is expressed per share, based on neutral currency and after adding back dividends and will be measured cumulatively over the three financial years preceding the first date of vesting.
2. Return on risk-weighted assets is defined as adjusted earnings/average risk-weighted assets, where adjusted earnings are earnings attributable to ordinary shareholders after taxation, non-controlling interests and preference dividends, but before goodwill, acquired intangibles and non-operating items, and will be measured over the three financial years preceding the first date of vesting by averaging the actual return on risk-weighted assets achieved for each of those three financial years.

Non-financial measures (25%)

The committee assesses achievement against objectives for the non-financial measures on a seven-point scale and will award scores of 0 (0%) and 6 (200%) only in exceptional circumstances. The non-financial measures for awards made in respect of the year ending 31 March 2021 are as follows:

Measure	Weighting	Achievement levels						
Non-financial measures	**25%**	**0%**	**25%**	**50%**	**75%**	**100%**	**150%**	**200%**
Culture and values	4%	0	1	2	3	4	5	6
Franchise development	13%	0	1	2	3	4	5	6
Governance and regulatory and shareholder relationships	4%	0	1	2	3	4	5	6
Employee relationship and development	4%	0	1	2	3	4	5	6

Payments to past directors and payments for loss of office (audited)

No such payments have been made in the year ending 31 March 2021

ANNUAL REPORT ON REMUNERATION
CONTINUED

Statement of directors' shareholding and share interests (audited)

Name	Beneficial and non-beneficial interest Investec plc		% of shares in issue Investec plc	Beneficial and non-beneficial interest Investec Limited		% of shares in issue Investec Limited	Share-holdings requirements met?[1]
Executive directors	**31 March 2021**	1 April 2020	**31 March 2021**	**31 March 2021**	1 April 2020	**31 March 2021**	
Fani Titi[2]	541 970	145 481	0.08%	—	—	0.00%	No[2]
Nishlan Samujh	181 844	625	0.03%	230 451	201 080	0.07%	No[3]
David van der Walt	566 907	566 907	0.08%	90 140	90 140	0.03%	n/a
Richard Wainwright	—	—	0.00%	830 316	738 650	0.26%	Yes
Ciaran Whelan	689 134	512 690	0.10%	437 076	437 076	0.14%	Yes
Total	**1 979 855**	**1 225 703**	**0.29%**	**1 587 983**	**1 466 946**	**0.50%**	
Non-executive directors							
Perry Crosthwaite (Chair)	115 738	115 738	0.02%	—	—	0.00%	n/a
Henrietta Baldock	—	—	0.00%	—	—	0.00%	n/a
Zarina Bassa	—	—	0.00%	—	—	0.00%	n/a
David Friedland	—	—	0.00%	—	—	0.00%	n/a
Philip Hourquebie	—	—	0.00%	—	—	0.00%	n/a
Charles Jacobs	—	—	0.00%	—	—	0.00%	n/a
Ian Kantor	9 045	9 045	0.00%	325	325	0.00%	n/a
Stephen Koseff[4]	3 270 323	6 327 759	0.47%	221 215	537 416	0.07%	Yes
Lord Malloch-Brown	—	—	0.00%	—	—	0.00%	n/a
Khumo Shuenyane	19 900	19 900	0.00%	—	—	0.00%	n/a
Philisiwe Sibiya	—	—	0.00%	—	—	0.00%	n/a
Total	**3 415 006**	**6 472 442**	**0.49%**	**221 540**	**537 741**	**0.07%**	
Total	**5 394 861**	**7 698 145**	**0.78%**	**1 809 523**	**2 004 687**	**0.57%**	

The number of shares in issue and share prices for Investec plc and Investec Limited over the period is provided on page 183.

1. The executive directors have a shareholding requirement of 200% of fixed remuneration during employment. Post-termination shareholding requirements are also the lower of 200% of fixed remuneration, or the holding on termination for two years post termination. Calculation based on fully vested shares that are detailed within the table above and all other shares awards that are no longer subject to performance conditions, as at 31 March 2021.
2. Fani Titi was appointed as an executive director on 1 April 2018 and will be able to build up his shareholdings over a reasonable period of time, particularly taking into account the vesting schedule of shares awarded through the short-term incentive and long-term incentive.
3. Nishlan Samujh was appointed as an executive director on 1 April 2019 and will be able to build up his shareholdings over a reasonable period of time, particularly taking into account the vesting schedule of shares awarded through the short-term incentive and long-term incentive.
4. Stephen Koseff was appointed as non-executive director on 17th September 2020.

ANNUAL REPORT ON REMUNERATION
CONTINUED

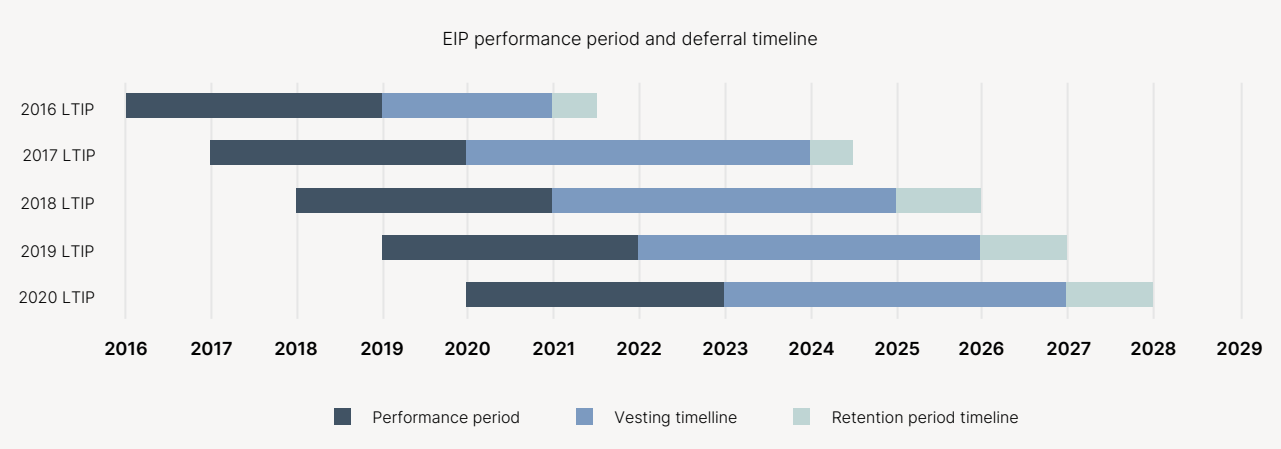
Directors' interests in the Investec plc Executive Incentive Plan 2013 at 31 March 2021 (audited)

Investec shares

The Executive Incentive Plan and the awards made thereunder were approved at the August 2018 annual general meeting.

Name	Date of award	Exercise price	Number of Investec plc shares at 1 April 2020	Conditional awards made during the year	Balance at 31 March 2021
Fani Titi	29 May 2019	Nil	278 080		278 080
	5 June 2020	Nil		769 231	769 231
Nishlan Samujh	5 June 2020	Nil		384 616	384 616

Note: Upon termination of employment awards will be pro rated based on service over the performance period



* First vesting aligns with the end of the performance period
** The June 2016 and 2017 awards have a 6 month retention period post vesting and all other awards a 12 month retention period

Outstanding unvested deferred share awards not subject to performance conditions granted in respect of service as an executive director

Name	Award type	Performance conditions	Eligible for dividends	Vesting period	Total number outstanding at 31 March 2021
Fani Titi	INVP Conditional shares	None	No	From 1 to 7 years	36 902
Nishlan Samujh	INVP Conditional shares	None	No		
David van der Walt	INVP Conditional shares	None	No		
Richard Wainwright	INVP Conditional shares	None	No		
Ciaran Whelan	INVP Conditional shares	None	No		

These awards are all unvested shares that were deferred as part of prior year remuneration. They lapse on resignation or termination for misconduct, although they may be retained if the director is considered a "good leaver".

ANNUAL REPORT ON REMUNERATION
CONTINUED

Summary of Investec's share option and long-term incentive plans

Eligibility	Maximum award per individual		Instrument vesting period	Options/ shares awarded during the year[2]	Total in issue at 31 March 2021
Investec 1 Limited Share Incentive Plan – 16 March 2005 – Investec plc [1,2]					
New and existing full-time employees	Cumulative limit of 2 500 000 across all plans Excluding deferred bonus share awards In any financial year: 1x remuneration package	INVP	Long-term incentive awards - nil cost options: Non-Material Risk Takers: vesting 75% at the end of year four and 25% at the end of year five Material Risk Takers: vesting 75% at the end of 3.5 years and 25% at the end of 4.5 years with 12 month retention	–	15 000
				0.001% of issued share capital of company	
New and existing full-time employees	Cumulative limit of 2 500 000 across all plans Excluding deferred bonus share awards In any financial year: 1x remuneration package	INVP	Long-term share awards: forfeitable shares and conditional shares One third vesting at the end of years three, four and five for non-material risk takers	3 918 500	14 354 736
				1.41% of issued share capital of company	
New and existing full- time employees	Cumulative limit of 2 500 000 across all plans Excluding deferred bonus share awards In any financial year: 1x remuneration package	INVP	Market strike options: 25% vesting at the end of years 2, 3, 4 and 5	–	40 787
				0.004% of issued share capital of company	
Investec plc Executive Incentive Plan – 2013 [1]					
Executive management and material risk takers	Cumulative limit of 2 500 000 across all plans Excluding deferred bonus share awards In any financial year: 1x remuneration	INVP	Long-term share awards: Junior Material Risk Takers: vest one third at the end of 2, 3 and 4 years Risk Managers and FCA Designated Senior Managers: vest one third at the end of 2.5, 3.5 and 5 years PRA Designated Senior Managers: vest 25% per annum from 3-7 years All have a 12 month retention period thereafter, with the exception of risk managers who have a 6 month retention period	2 973 005	6 671 867
				0.66% of issued share capital of company	

ANNUAL REPORT ON REMUNERATION
CONTINUED

Eligibility	Maximum award per individual		Instrument vesting period	Options/ shares awarded during the year[2]	Total in issue at 31 March 2020
Investec Limited Share Incentive Plan – 16 March 2005 – Investec Limited [1,2]					
New and existing full- time employees	Cumulative limit of 2 500 000 across all plans	INL	Long-term incentive awards - nil cost options:	–	–
	Excluding deferred bonus share awards		Vesting 75% in year 4 and 25% in year 5	0.00% of issued share capital of company	
	In any financial year: 1x remuneration package				
New and existing full- time employees	Cumulative limit of 2 500 000 across all plans	INL	Long-term share awards: forfeitable shares and conditional shares	9 813 855	24 817 072
	Excluding deferred bonus share awards		Vesting one third in years 3, 4 and 5	2.45% of issued share capital of company	
	In any financial year: 1x remuneration package	IPF		1 496 185	1 496 185

New share plans

Investec would like to introduce new share plans, the Investec plc Share Incentive Plan 2021 in the plc regions and Investec Limited Share Incentive Plan 2021 in the Limited regions, that can be used to grant awards to all employees including executive directors. The purpose of the new share incentive plans is to update the existing documents after an extensive review of the legal and tax rules in all relevant jurisdictions. As the proposed plans can be used to grant awards to all employees there is considerable flexibility in the types of awards which can be granted under the plans.

These plans will be approved for the ensuing 10 year period and a summary of the plans will be included in the AGM circular which will include resolutions for approval by shareholders.

1. The limits for allocations to employees and executive management during a financial year may be exceeded if the directors determine that exceptional circumstances make it desirable that awards should be granted in excess of that limit.
2. The rules of these long-term incentive plans do not allow awards to be made to executive directors, with the exception of the Executive Incentive Plan 2013.

ANNUAL REPORT ON REMUNERATION
CONTINUED

Non-executive directors

The fee structure for non-executive directors for the period ending 31 August 2021 and as proposed for 2022 are shown in the table below.

Non-executive directors' remuneration	Reduction in fees at 31 Aug 2020	Period ending 31 August 2021	As proposed by the board for the period from 1 September 2021 to 1 August 2022	% change
Chair's total fee	(20%)	£360,000 per year	£375,000 per year	4%
Basic non-executive director fee	(10%)	£67,500 per year	£70,000 per year	4%
Senior independent director	(10%)	£9,000 per year	£10,000 per year	11%[1]
Chair of the DLC audit committee	(15%)	£68,000 per year	£68,000 per year	0%
Chair of the DLC remuneration committee	(15%)	£39,950 per year	£40,500 per year	1%
Chair of the DLC social and ethics committee	(15%)	£25,500 per year	£30,000 per year	18%[2]
Chair of the board risk and capital committee	(15%)	£39,100 per year	£40,500 per year	4%
Member of the DLC audit committee	(10%)	£22,500 per year	£23,000 per year	2%
Member of the DLC remuneration committee	(10%)	£15,750 per year	£15,750 per year	0%
Member of the DLC nominations and directors' affairs committee	(10%)	£11,700 per year	£11,700 per year	0%
Member of the DLC social and ethics committee	(10%)	£11,700 per year	£12,000 per year	3%
Member of the board risk and capital committee	(10%)	£13,950 per year	£14,500 per year	4%
Designated NED responsible for workforce engagement	0%	£10,000 per year	£10,000 per year	0%
Per diem fee for additional work committed to the group	(10%)	£1,800/R27,000	£1,800/R27,000	0%

1. Increase in fees for senior independent director to align with market rates.
2. Increase in fees for Chair of the DLC social and ethics committee to reflect the increased workload and responsibilities of the committee Chair.

ANNUAL REPORT ON REMUNERATION
CONTINUED

Non-executive directors' single total remuneration figure (audited)

The table below provides a single total remuneration figure for each non-executive director over the financial period. Executive and non-executive directors donated a portion of their remuneration/fees via salary sacrifice during the year to COVID-19 causes including the Solidarity Fund in South Africa.

Name	**Total remuneration 2021 £**	Total remuneration 2020 £	Date of appointment to the board as non-executive director
Perry Crosthwaite (Chair)	376 125	450 000	18 June 2010
Henrietta Baldock	95 748	58 319	9 August 2019
Zarina Bassa[1]	332 911	286 101	1 November 2014
David Friedland	193 624	214 214	1 March 2013
Philip Hourquebie[1]	233 434	205 185	14 August 2017
Charles Jacobs	87 104	80 941	8 August 2014
Ian Kantor[2]	26 154	80 801	26 June 2002
Stephen Koseff[3]	44 192	966 000	17 September 2020
Lord Malloch-Brown	110 242	118 000	8 August 2014
Khumo Shuenyane	207 976	252 961	8 August 2014
Philisiwe Sibiya	108 763	74 429	9 August 2019
Total in Pounds Sterling	**1 816 273**	**2 786 951**	

1. In order to ensure alignment with the broader Investec group, the Chairs of the Group Audit, Remuneration and Risk Committees are members of those committees recently established by the group's key operating subsidiaries, for which appointments they receive a fee. Additionally 2021 fees for Zarina Bassa and Philip Hourquebie include fees received during the financial period for committee work performed from January 2019 to June 2020. Accordingly, the fees disclosed for Philip Hourquebie and Zarina Bassa increased over the period, notwithstanding the overall reduction to NED fees from 1 September 2020.
2. Ian Kantor was a non-independent non-executive director and stood down on 6th August 2020.
3. Stephen Koseff was appointed as non-independent non-executive director on 17th September 2020, he was an executive director until 8 August 2019 and the 2020 total remuneration figure includes all elements of remuneration for him as an executive director.

Non-executive directors do not receive any additional taxable benefits. On the recommendation of the Nominations and Directors' Affairs Committee (Nomdac), independent non-executive directors will be appointed for an expected term of nine years (three times three-year terms) from the date of their first appointment to the board. In accordance with the UK Corporate Governance Code, all of the directors will retire and those willing to serve again will submit themselves for re-election at the AGM.

ANNUAL REPORT ON REMUNERATION
CONTINUED

Statement of implementation of remuneration policy in the following financial year

The proposed remuneration policy, as outlined on pages 160 to 169, will be in operation for the 2021/2022 financial year, subject to shareholder approval. Within the proposed policy, fixed (with the exception of the Group Finance Director) and maximum total remuneration remain unchanged following a 25% reduction in the 2021 policy, however some adjustments have been made to align more closely with our strategy. The policy will be voted on at the AGM on 5 August 2021. The key features of the proposed policy and changes from the previous policy are detailed on page 161.

Short-term incentive

The weightings for the financial measures for the annual short-term incentive for the 2022 year will be as follows, and threshold target and stretch levels will be disclosed in the 2022 annual report due to commercial sensitivity:

Financial measures

	Weighting	Achievement levels		
Financial measures	**80%**	**Threshold (25%)**	**Target (100%)**	**Stretch (200%)**
Profit before tax	30%	Targets have been set and agreed with the executive directors' and will be disclosed in the 2022 annual report due to commercial sensitivity		
Return on equity[1]	30%			
Cost to income ratio	10%			
Cost growth metric	10%			

1. Return on equity is defined as adjusted earnings/average ordinary shareholders' equity (excluding preference share capital).

Non-financial measures:

The committee assesses achievement against objectives for the non-financial measures on a 5 point scale as illustrated below

Measure	**Weighting**	**Achievement levels**					
	20%	**0%**	**25%**	**50%**	**100%**	**150%**	**200%**
Culture and values	5%	0	1	2	3	4	5
ESG related measures	5%	0	1	2	3	4	5
Strategic objectives	10%	0	1	2	3	4	5

Long-term incentive

The measures for the annual long-term incentive award to be granted in May 2022 year will be as follows:

Financial measures

	Weighting	Achievement levels		
Financial measures	**80%**	**Threshold (25%)**	**Target (100%)**	**Stretch (150%)**
Growth in net tangible asset value[1]	30%	The threshold, target and stretch levels will be confirmed prospectively at the time of award		
Return on equity[2]	30%			
Relative TSR	20%			

1. The growth in net tangible asset value is expressed per share, based on neutral currency and after adding back dividends and will be measured cumulatively over the three financial years preceding the first date of vesting.
2. Return on equity is defined as adjusted earnings/average ordinary shareholders' equity (excluding preference share capital).

Non-financial measures:

The committee will assess achievement against objectives for the non-financial measures on a 5 point scale and will award scores of 0 (0%) and 5 (150%) only in exceptional circumstances. The non-financial measures and achievement levels for the year ending 31 March 2022 are unchanged, as follows:

Measure	**Weighting**	**Achievement levels**					
	20%	**0%**	**25%**	**63%**	**100%**	**125%**	**150%**
Strategic & ESG (incorporating culture and values)	10%	0	1	2	3	4	5
Risk scorecard	10%	0	1	2	3	4	5

ANNUAL REPORT ON REMUNERATION
CONTINUED

Statement of voting at the annual general meeting
The combined results on each of the remuneration resolutions passed at the 2020 annual general meetings of Investec plc and Investec Limited were as follows:

	Number of votes cast "for" resolution	% of votes "for" resolution	Number of votes cast "against" resolution	% of votes "against" resolution	Number of abstentions
To approve the Directors' Remuneration Report	602 017 078	76.12%	188 905 936	23.88%	1 801 640
To approve the non-executive directors' remuneration	781 705 142	98.73%	10 027 170	1.27%	992 342
To approve the Directors' Remuneration Policy	596 259 658	75.40%	194 494 260	24.60%	1 970 736

We undertook consultation exercises in 2019 with our key shareholders which focused on the technical adjustments in relation to the demerger of Ninety One. These adjustments were supported at the 2019 AGM.

We undertook consultation with our key shareholders again in 2020, focusing on our one year proposed remuneration policy which was approved at the 2020 AGM. The key change in this policy was a reduction in remuneration of approximately 25%. We received considerable positive feedback and support from a range of shareholders during that process, but were disappointed to receive votes in favour of the remuneration resolutions slightly below 80%.

Subsequently we engaged in an extensive consultation exercise in February 2021 with our key shareholders to obtain input into the design of our proposed 2022 remuneration policy. We, by and large, received positive and constructive feedback, and we incorporated some changes as a result of this feedback. These changes aim to align reward more closely with business performance and adherence to our strategy.

We look forward to consulting further in the run up to the AGM, as we normally do.

Equity and inclusion, including gender pay gap reporting

While we have actively tried to increase the diversity of our senior leadership, we recognise that across our organisation we have more work to do. We have thus put together our own set of diversity principles to help define the framework for that journey. These apply across the global business and apply to all our efforts, including transformation in South Africa.

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

Investec UK gender pay gap reporting

The official UK gender pay gap results, required under the UK gender pay gap legislation are published on our website and are shown on page 175.

Additional remuneration disclosures (audited)

South African Companies Act, 2008 disclosures

In compliance with regulatory developments in South Africa, Investec Limited is required to disclose the remuneration of those individuals that are defined by the South African Companies Act, No 71 of 2008 (as amended), read together with the Companies Regulations 2011 (together the Act), as prescribed officers.

A prescribed officer is a person who "Exercises general executive control over and management of the whole, or a significant portion, of the business and activities of the company" this is the Chief Executive's executive committee (The DLC executive). For the 2021 year that was:

- Fani Titi
- Nishlan Samujh
- David van der Walt
- Richard Wainwright and
- Ciaran Whelan.

PRA AND FCA REMUNERATION CODE AND PILLAR III DISCLOSURES

PRA and FCA Remuneration Code and Pillar III disclosures

In terms of the PRA's Chapter on Disclosure Requirements and Part 8 of the Capital Requirements Regulation the bank in the UK is required to make certain quantitative and qualitative remuneration disclosures on an annual basis with respect to Material Risk Takers.

Material Risk Takers are defined as those employees (including directors) whose professional activities could have a material impact on the bank's risk profile. A total of 60 individuals were Material Risk Takers at 31 March 2021.

The bank's qualitative remuneration disclosures are provided on pages 153 to 192.

The information contained in the tables below sets out the bank's quantitative disclosures in respect of Material Risk Takers for the year ended 31 March 2021.

Aggregate remuneration by remuneration type awarded during the financial year

	Senior management	Other Material Risk Takers	**Total**
Fixed remuneration			
– Cash	9.3	12.6	21.9
– Shares	—	—	—
Variable remuneration*			
– Upfront cash	1.3	1.9	3.2
– Deferred cash	0.1	0.2	0.3
– Upfront shares	2.2	2.5	4.7
– Deferred shares	0.9	0.7	1.6
– Deferred shares – long-term incentive awards**	3.9	4.9	8.8
Total aggregate remuneration and deferred incentives (£'million)	**17.7**	**22.8**	**40.5**
Number of employees	21	33	54
Ratio between fixed and variable pay	0.9	0.8	0.8

* Total number of employees receiving variable remuneration was 42.

** Value represents the number of shares awarded multiplied by the applicable share price. These awards were made during the period but have not yet vested. These awards are subject to performance conditions and vest over a period of two and a half to four and a half years, up to three to seven years, determined by regulatory requirements. They are also subject to a six or 12 month retention period after vesting.

Material Risk Takers received total remuneration in the following bands:

	Number of Material Risk Takers
£800 000 – £1 200 000	7
£1 200 001 – £1 600 000	7
£1 600 001 – £2 000 000	2
£2 000 001 – £2 400 000	1
£2 400 001 – £2 800 000	0
£2 800 001 – £3 200 000	1
£3 200 001 – £3 600 000	0
£3 600 001 – £4 000 000	0
£4 000 001 – £4 400 000	0
£4 400 001 – £4 800 000	0
£4 800 001 – £5 200 000	0
> £5 200 001	0

PRA AND FCA REMUNERATION CODE AND PILLAR III DISCLOSURES
CONTINUED

Additional disclosure on deferred remuneration

£'million	Senior management	Other Material Risk Takers	Total
Deferred unvested remuneration outstanding at the beginning of the year	26.7	22.9	49.6
Deferred unvested remuneration adjustment – employees no longer Material Risk Takers and reclassifications	(3.9)	(3.1)	(7.0)
Deferred remuneration awarded in year	4.9	5.8	10.7
Deferred remuneration reduced in year through performance adjustments	—	—	—
Deferred remuneration reduced in year through malus and clawback adjustments^^	—	—	—
Deferred remuneration vested in year	(4.2)	(7.0)	(11.2)
Deferred unvested remuneration outstanding at the end of the year	**23.5**	**18.6**	**42.1**

^^ All employees are subject to malus and clawback provisions. No remuneration was reduced for ex post implicit adjustments during the year.

£'million	Senior management	Other Material Risk Takers	Total
Deferred unvested remuneration outstanding at the end of the year			
Equity	22.1	16.4	38.5
Cash	1.3	2.1	3.4
	23.4	**18.5**	**41.9**

£'million	Senior management	Other Material Risk Takers	Total
Deferred remuneration vested in year			
For awards made in 2019 financial year	0.9	1.5	2.4
For awards made in 2018 financial year	1.4	2.7	4.1
For awards made in 2017 financial year	1.2	2.2	3.4
For awards made in 2016 financial year	0.8	0.5	1.3
	4.3	**6.9**	**11.2**

Other remuneration disclosures

£'million	Senior management	Other Material Risk Takers	Total
Sign-on payments			
Made during the year (£'million)	—	—	—
Number of beneficiaries	—	—	—
Severance payments			
Made during the year (£'million)	0.2	1.7	1.9
Number of beneficiaries	2	8	10
Guaranteed bonuses			
Made during the year (£'million)	—	—	—
Number of beneficiaries	—	—	—

PRA AND FCA REMUNERATION CODE AND PILLAR III DISCLOSURES
CONTINUED

Pillar III remuneration disclosures
Investec Bank Ltd is required to make certain quantitative and qualitative remuneration disclosures on an annual basis in terms of the South African Prudential Authority's Basel Pillar III disclosure requirements.

The Pillar 3 remuneration disclosures will be set out in the Investec Bank Ltd pillar III risk management report.

Key Management Personnel
Details of directors' remuneration and interest in shares are disclosed within the annual report on remuneration section of this report. IAS 24 "Related party disclosures" requires the following additional information for key management compensation.

Compensation of key management personnel	**2021 £'000**	2020 £'000
Short-term employee benefits	12 208	12 912
Other long-term employee benefits	4 510	6 693
Share-based payments	2 925	6 697
Total	**19 643**	**26 302**

Shareholdings, options and other securities of key management personnel

	2021 000's	2020 000's
Number of options held over Investec plc or Investec Limited ordinary shares under employee share schemes	2 395	4 914

	2021 000's	2020 000's
Number of Investec plc or Investec Limited Ordinary shares held beneficially and non-beneficially	5 150	4 659

We have defined key management personnel as the executive directors of Investec DLC plus those classified as persons discharging managerial responsibility. For this year, in addition to the directors listed in the report, those are Henry Blumenthal, Mark Currie, Marc Kahn, Ruth Leas, Stuart Spencer and Lyndon Subroyen.

06

Annexures



GLOSSARY

AFS	Available for sale
AGM	Annual general meeting
AI	Artificial Intelligence
AIRB	Advanced Internal Ratings-Based
ALCO	Asset and Liability Committee
AOP	Adjusted operating profit
AT1	Additional Tier 1
BASA	Banking Association of South Africa
BBLS	Bounce Back Loan Scheme
BCBS	Basel Committee of Banking Supervision
BID	Belonging, Inclusion and Diversity
BIS	Bank for International Settlements
BoE	Bank of England
BOM	Bank of Mauritius
BRCC	Board Risk and Capital Committee
BSE	Botswana Stock Exchange
CA	Chartered Accountant
CAM	Combined Assurance Matrix
CBILS	Coronavirus Business Interruption Loan Scheme
CDO	Collateralised debt obligation
CEO	Chief Executive
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CLBILS	Coronavirus Large Business Interruption Loan Scheme
CLF	Committed liquidity facility
CLO	Collateralised loan obligation
CLR	Credit loss ratio
CMD	Capital Markets Day
COO	Chief Operating Officer
COVID	Corona Virus Disease
CPI	Consumer Price Index
CPR	Conditional prepayment rate
CRDIV (BASEL III)	Capital Requirements Directive IV
CRO	Chief Risk Officer
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
CVA	Credit value adjustment
DCF	Discounted cash flow
DLC	Dual listed company
DLC BRCC	DLC Board Risk and Capital Committee
DLC Nomdac	DLC Nominations and Directors Affairs Committee
DLC Remco	DLC Remuneration Committee
DLC SEC	DLC Social and Ethics Committee
DMRE	Department of Mineral Resources and Energy
EAD	Exposure at default
EBA	European Banking Authority
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECB	European Central Bank
ECL	Expected credit losses
EDT	Entrepreneurship Development Trust
EE	Employment equity
EP	Equator Principles
EPS	Earnings per share
ERRP	Economic Reconstruction and Recovery Plan
ERV	Expected rental value
ESG	Environmental, social and governance
EU	European Union
EQAR	Engagement Quality Assurance Review
FCA	Financial Conduct Authority
FIRB	Foundation Internal Ratings Based
FRC	Financial Reporting Council
FTA	Foreign Trade Agreement
FSB	Financial Services Board
FSC	Financial Sector Code
FSCS	Financial Services Compensation Scheme
FUM	Funds under management
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit and loss
GBV	Gender-based violence
GCCE	Gross credit and counterparty exposure
GDP	Gross Domestic Product
GDPR	General Data Protection Plan
GHG	Greenhouse Gas
HNW	High net worth
HR	Human resources
IAM	Investec Asset Management
IAPF	Investec Australia Property Fund
IASB	International Accounting Standards Board
IAS	International Accounting Standards
IBL	Investec Bank Limited
IBL BRCC	IBL Board Risk and Capital Committee
IBL ERC	IBL Executive Risk Committee
IBM	Investec Bank Mauritius
IBP	Investec Bank plc
IBP BRCC	IBP Board Risk and Capital Committee
IBP ERC	IBP Executive Risk Committee
ICAAP	Internal Capital Adequacy Assessment Process
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standard
IFWG	Intergovernmental Fintech Working Group
IIA	Institute of Internal Auditors
IIF	Institute of International Finance
ILAAP	Internal Liquidity Adequacy Assessment Process
IPF	Investec Property Fund
IPRE	Income Producing Real Estate
IRBA	International Regulatory Board for Auditors
ISAs (UK)	International Standards on Auditing (UK)
IT	Information technology
IWT	Illegal wildlife trade
IW&I	Investec Wealth & Investment
JSE	Johannesburg Stock Exchange
L&D	Learning and development
LCR	Liquidity Coverage Ratio
LGD	Loss given default

GLOSSARY
CONTINUED

LHS	Left hand side
LIBOR	London Inter-Bank Offered Rate
LSE	London Stock Exchange
LTI	Long-term incentive
MAFR	Mandatory Audit Firm Rotation
MD	Managing Director
MiFID	Markets in Financial Instruments Directive
MLRO	Money Laundering Reporting Officer
MW	Megawatt
NAV	Net asset value
NBFI	Non-Banking Financial Institution
NCI	Non-controlling interests
NGO	Non-governmental organisation
NPO	Non-profit organisation
NSFR	Net Stable Funding Ratio
NSX	Namibian Stock Exchange
OCI	Other comprehensive income
OTC	Over the counter
PBT	Profit before tax
PCAF	Partnership for Carbon Accounting Financials
PD	Probability of default
PPE	Personal Protective Equipment
PRA	Prudential Regulation Authority
REIT	Real Estate Investment Trust
RHS	Right hand side
RLS	Recovery Loan Scheme
RMIPPP	Risk Mitigation Independent Power Producer Procurement Programme
ROE	Return on equity
RORWA	Return on risk-weighted assets
ROTE	Return on tangible equity
ROU	Right of use asset
RPI	Retail Price Index
RRP	Recovery Resolution Plan
S&P	Standard & Poor's
SA	South Africa
SAMLIT	South African Anti-Money Laundering Integrated Task Force
SARS	South African Revenue Service
SDGs	Sustainable Development Goals
SICR	Significant increase in credit risk
SID	Senior independent director
SIDSSA	Sustainable Infrastructure Development Symposium South Africa
SME	Small and Medium-sized Enterprises
SMMEs	Small, Medium & Micro Enterprises
South African PA	South African Prudential Authority (previously known as the Banking Supervision Division of the South African Reserve Bank)
SOE	State-Owned Enterprise
SPPI	Solely payments of principal and interest
STI	Short-term incentive
TAS	Targeted Attack Simulation
TCFD	Task Force on Climate-related Financial Disclosures
tCO_2e	Tonnes of CO_2 emissions
TDI	Tolerance and Diversity Institute
TNAV	Tangible net asset value
TSR	Total shareholder return
UK	United Kingdom
UKLA	United Kingdom Listing Authority
UN	United Nations
UN GISD	United Nations Global Investment for Sustainable Development
UNEP FI	United Nations Environment Programme Finance Initiative
UNGC	United Nations Global Compact
UNPRB	United Nations Principles for Responsible Banking
UNPRI	United Nations Principles for Responsible Investment
US	United States
W&I	Wealth & Investment
WACC	Weighted average cost of capital
YES	Youth Employment Service

ALTERNATIVE PERFORMANCE MEASURES

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

Alternative performance measures are not measures within the scope of IFRS and are not a substitute for IFRS financial measures. Alternative performance measures constitute pro-forma financial information. The pro-forma financial information is the responsibility of the board of directors and is presented for illustrative purposes only and because of its nature may not fairly present the group's financial position, changes in equity, and results in operations or cash flows. External auditors Ernst & Young Inc. performed a review of the pro-forma financial information and the opinion is available for inspection at the registered office of Investec upon request.

Adjusted earnings attributable to ordinary shareholders

Earnings attributable to shareholders adjusted to remove goodwill, acquired intangibles, strategic actions, and earnings attributable to perpetual preference shareholders and Other Additional Tier 1 security holders

Refer to pages 67 to 69 of volume three for the reconciliation of earnings attributable to shareholders to adjusted earnings attributable to ordinary shareholders

Adjusted earnings per share

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

Refer to pages 67 to 69 of volume three for calculation

Adjusted operating profit

Refer to the calculation in the table below:

£'000	31 March 2021	31 March 2020
Operating profit before goodwill, acquired intangibles and strategic actions	377 110	487 111
Loss/(Profit) attributable to other non-controlling interests	472	(67 952)
Adjusted operating profit	**377 582**	**419 159**

Adjusted operating profit per employee

Adjusted operating profit divided by average total employees including permanent and temporary employees

Refer to page 48 for calculation

Annuity income

Net interest income plus net annuity fees and commissions

Refer to pages 55 to 57 of volume three

Core loans

The table below describes the differences between 'loans and advances to customers' as per the balance sheet and gross core loans

	UK and Other		Southern Africa		Total group	
£'million	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Loans and advances to customers per the balance sheet	12 336	11 872	13 705	12 716	26 041	24 588
Add: own originated loans and advances to customers per the balance sheet	—	—	402	325	402	325
Add: ECL held against FVOCI loans reported on the balance sheet within reserves	(5)	(2)	—	—	(5)	(2)
Net core loans	**12 331**	**11 870**	**14 107**	**13 041**	**26 438**	**24 911**
of which subject to ECL*	11 819	11 217	14 030	12 933	25 849	24 150
Net core loans at amortised cost and FVOCI	11 819	11 217	12 935	11 998	24 754	23 215
Net fixed rate loans designated at FVPL (on which ECL is calculated for management purposes)^	—	—	1 095	935	1 095	935
of which FVPL (excluding fixed rate loans above)	512	653	77	108	589	761
Add: ECL	170	175	134	152	304	327
Gross core loans	**12 501**	**12 045**	**14 241**	**13 193**	**26 742**	**25 238**
of which subject to ECL*	11 989	11 392	14 164	13 085	26 153	24 477
of which FVPL (excluding fixed rate loans above)	512	653	77	108	589	761

^ These are fixed rate loans which have passed the solely payments of principal and interest test (SPPI) and are held in a business model to collect contractual cash flows but have been designated at FVPL to eliminate accounting mismatches (interest rate risk is being economically hedged). The underlying loans have been fair valued and management performs an ECL calculation in order to obtain a reasonable estimate of the credit risk component. The portfolio is managed on the same basis as gross core loans measured at amortised cost. The drawn (£1.1 billion) exposure falls predominantly into Stage 1 (consistent throughout the period) (31 March 2020: £0.9 billion). The ECL on the portfolio is £5.2 million (31 March 2020: £3.0 million).

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

ALTERNATIVE PERFORMANCE MEASURES
CONTINUED

Core loans to equity ratio	Net core loans divided by total shareholders' equity per the balance sheet
Cost to income ratio	Refer to calculation in the table below:

£'000	**31 March 2021**	31 March 2020
Operating costs (A)^	1 164 513	1 186 427
Total operating income before expected credit losses	1 641 061	1 806 839
Loss/(Profit) attributable to other non-controlling interests	472	(67 952)
Total (B)	1 641 533	1 738 887
Cost to income ratio (A/B)	**70.9%**	**68.2%**

Coverage ratio	ECL as a percentage of gross core loans subject to ECL
Credit loss ratio	ECL impairment charges on core loans as a percentage of average gross core loans subject to ECL
Dividend payout ratio	Ordinary dividend per share divided by adjusted earnings per share
Gearing ratio	Total assets excluding assurance assets divided by total equity
Loans and advances to customers as a % of customer deposits	Loans and advances to customers as a percentage of customer accounts (deposits)
Net tangible asset value per share	Refer to calculation on page 48
Net interest margin	Interest income net of interest expense, divided by average interest-earning assets Refer to calculation on page 55 of volume three
Return on average assets	Adjusted earnings attributable to ordinary shareholders divided by average total assets excluding assurance assets
Return on average ordinary shareholders' equity (ROE)	Refer to calculations on pages 43 to 45
Return on average tangible ordinary shareholders' equity	Refer to calculations on pages 43 to 45
Return on risk-weighted assets	Adjusted earnings attributable to ordinary shareholders divided by average risk-weighted assets, where risk-weighted assets is calculated as the sum of risk-weighted assets for Investec plc and Investec Limited (converted into Pound Sterling) As reflected on page 48
Staff compensation to operating income ratio	All staff compensation costs expressed as a percentage of operating income before ECL (net of operating profits or losses attributable to other non-controlling interests)

^ Restated as detailed on pages 141 and 142 of volume three.

Profit Forecast
The following matter highlighted in the CFO report contains forward-looking statements:

- Adjusted EPS is expected to be between 36p and 41p in FY2022.

The basis of preparation of this statement and the assumptions upon which it was based are set out below. This statement is subject to various risks and uncertainties and other factors – these factors may cause the group's actual future results, performance or achievements in the markets in which it operates to differ from those expressed in this Profit Forecast.

Any forward looking statements made are based on the knowledge of the group at 22 June 2021.

This forward looking statement represents a profit forecast under the Listing Rules. The Profit Forecast relates to the year ending 31 March 2022.

The financial information on which the Profit Forecast was based is the responsibility of the directors of the group and has not been reviewed and reported on by the group's auditors.

Basis of preparation
The Profit Forecast has been properly compiled using the assumptions stated below, and on a basis consistent with the accounting policies adopted in the group's 31 March 2021 financial statements, which are in accordance with IFRS.

ALTERNATIVE PERFORMANCE MEASURES
CONTINUED

Assumptions
The Profit Forecast has been prepared on the basis of the following assumptions during the forecast period:

Factors outside the influence or control of the Investec board:

- There will be no material change in the political and/or economic environment that would materially affect the Investec group.
- There will be no material change in legislation or regulation impacting on the Investec group's operations or its accounting policies.
- There will be no business disruption that will have a significant impact on the Investec group's operations, whether for COVID-19 or otherwise.
- The Rand: Pound Sterling and US Dollar: Pound Sterling exchange rates and the tax rates remain materially unchanged from the prevailing rates detailed above.
- There will be no material changes in the structure of the markets, client demand or the competitive environment.

Estimates and judgements
In preparation of the Profit Forecast, the group makes estimations and applies judgement that could affect the reported amount of assets and liabilities within the reporting period. Key areas in which judgement is applied include:

- Valuation of unlisted investments primarily in the private equity, direct investments portfolios and embedded derivatives. Key valuation inputs are based on the most relevant observable market inputs, adjusted where necessary for factors that specifically apply to the individual investments and recognising market volatility.
- The determination of ECL against assets that are carried at amortised cost and ECL relating to debt instruments at fair value through other comprehensive income (FVOCI) involves the assessment of future cash flows which is judgmental in nature.
- Valuation of investment properties is performed by capitalising the budget net income of the property at the market related yield applicable at the time.
- The group's income tax charge and balance sheet provision are judgmental in nature. This arises from certain transactions for which the ultimate tax treatment can only be determined by final resolution with the relevant local tax authorities. The group recognises in its tax provision certain amounts in respect of taxation that involve a degree of estimation and uncertainty where the tax treatment cannot finally be determined until a resolution has been reached by the relevant tax authority. The carrying amount of this provision is often dependent on the timetable and progress of discussions and negotiations with the relevant tax authorities, arbitration processes and legal proceedings in the relevant tax jurisdictions in which the group operates. Issues can take many years to resolve and assumptions on the likely outcome would therefore have to be made by the group.
- Where appropriate, the group has utilised expert external advice as well as experience of similar situations elsewhere in making any such provisions. Determination of interest income and interest expense using the effective interest rate method involves judgement in determining the timing and extent of future cash flows.

DEFINITIONS

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

Diluted earnings per share
Diluted earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders of Investec plc and Investec Limited, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the period plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the year.

Refer to pages 67 to 69 of volume three for the calculation of diluted earnings per share.

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

Refer to pages 67 to 69 of volume three for the calculation of earnings per share.

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

Funds under management
Consists of funds managed by the Wealth & Investment business and by the Property business (which forms part of the Specialist Bank).

Headline earnings per share
Headline earnings is calculated in accordance with the JSE listing requirements and in terms of circular 1/2019 issued by the South African Institute of Chartered Accountants. Headline earnings per share calculated by dividing the group's headline earnings by the average number of shares which it had in issue during the accounting period.

Refer to pages 67 to 69 of volume three for the calculation of headline earnings per share.

Interest-bearing liabilities
Deposits by banks, debt securities in issue, repurchase agreements and cash collateral on securities lent, customer accounts (deposits), subordinated liabilities, liabilities arising on securitisation of own originated loans and advances, and finance lease liabilities. Refer to page 55 of volume three for calculation.

Interest-earning assets
Cash and near cash, bank debt securities, sovereign debt securities, core loans, other debt securities, other loans and advances, other securitised assets, and finance lease receivables. Refer to page 55 of volume three for calculation.

Legacy business in the UK Specialist Bank ('Legacy')
Legacy, as separately disclosed from 2014 to 2018, comprises pre-2008 assets held on the UK bank's balance sheet, that had very low/negative margins and assets relating to business we are no longer undertaking.

Market capitalisation
Total number of shares in issue (including Investec plc and Investec Limited) excluding treasury shares, multiplied by the closing share price of Investec plc on the London Stock Exchange.

Net-zero
Balancing the amount of emitted greenhouse gases with equivalent emissions that are either offset or sequestered.

Ninety One and Ninety One group
All references to Ninety One and Ninety One group refer to Ninety One plc and its subsidiaries plus Ninety One Limited and its subsidiaries.

Ongoing basis
Ongoing information, as separately disclosed from 2014 to 2018, excludes Legacy assets (refer to definition), as well as the following businesses sold in previous years: Investec Bank (Australia) Limited, Kensington Group plc and Start Mortgage Holdings Limited.

Strategic actions
Comprises the closure and rundown of the Hong Kong direct investments business, the demerger of the asset management business and the financial impact of group restructures.

Structured credit
Reflects the gross exposure of rated and unrated structured credit classified within other debt securities and other loans and advances on the balance sheet. Refer to page 59 of volume two for detail.

Subject to ECL
Includes financial assets held at amortised cost and FVOCI as well as designated at FVPL loan portfolios for which ECL is not required for IFRS purposes, but for which management evaluates on this basis.

Total group
Total group represents the group's results including the results of discontinued operations in the prior period.

Weighted number of ordinary shares in issue
The number of ordinary shares in issue at the beginning of the year increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group less treasury shares. Refer to calculation on pages 67 to 69 of volume three.

CORPORATE INFORMATION

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Website
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Registration number
Investec plc
Registration number 3633621

Investec Limited
Registration number 1925/002833/06

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Ernst & Young Inc.

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

Non-executive directors
Perry Crosthwaite (Chair)
Zarina Bassa (Senior independent director)
Henrietta Baldock
David Friedland
Philip Hourquebie
Charles Jacobs
Stephen Koseff
Lord Malloch-Brown KCMG
Nicky Newton-King
Jasandra Nyker
Philisiwe Sibiya
Khumo Shuenyane
Brian Stevenson

Contact details

Contact details for all our offices can be found on the group's website at: www.investec.com

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OUT OF THE ORDINARY

Investec

Built on strong foundations

Investec Integrated Annual Report

Vol 3
Investec annual financial statements



Alternative performance measures
We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information. These measures are highlighted with the symbol shown here. The description of alternative performance measures and their calculation is provided in the alternative performance measures section.

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

Page references
Refers readers to information elsewhere in this report

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

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

Reporting standard
Denotes our consideration of a reporting standard



CONTENTS

01

Annual financial statements

Directors responsibilities	4
Independent auditor's report to the members of Investec plc	6
Independent auditor's report to the members of Investec Limited	18
Combined consolidated income statement	25
Combined consolidated statement of total comprehensive income	26
Combined consolidated balance sheet	27
Combined consolidated statement of changes in equity	28
Combined consolidated cash flow statement	32
Accounting policies	33
Notes to the annual financial statements	46
Investec plc parent company – Balance sheet	143
Investec plc parent company – Statement of changes in shareholders' equity	144
Notes to Investec plc parent company	145

02

Annexures

Alternative performance measures	153
Definitions	155
Abbreviations and acronyms	156
Corporate information	157

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01

Annual financial statements



DIRECTORS RESPONSIBILITIES

Directors' responsibilities
The following statement, which should be read in conjunction with the auditor's report set out on pages 6 to 24, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

The directors are required by the UK Companies Act and South African Companies Act to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with IFRSs in conformity with the UK Companies Act and South African Companies Act, and the parent company financial statements in accordance with the UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). Under company law the directors must not approve the group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

Under the FCA's Disclosure Guidance and Transparency Rules (DTR), group financial statements are required to be prepared in accordance with IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU.

In preparing the financial statements the directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs, or in respect of the parent company financial statements, FRS 101, is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance;
- In respect of the group financial statements, state whether IFRSs in conformity with the UK Companies Act and South African Companies Act and IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU have been followed, subject to any material departures disclosed and explained in the financial statements;
- In respect of the parent company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the company and/or the group will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the company and the group financial statements comply with the UK Companies Act and South African Companies Act. They are also responsible for safeguarding the assets of the group and parent company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Investec website.

Directors' responsibility statement
The directors, whose names and functions are set out on pages 80 to 82 of volume one, confirm to the best of their knowledge:

- That the consolidated financial statements, prepared in accordance with IFRSs in conformity with the UK Companies Act and South African Companies Act, and IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- That the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- That they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

DIRECTORS RESPONSIBILITIES
CONTINUED

Chief Executive and Group Finance Director responsibility statement
The directors, whose names are stated below, hereby confirm that:

- The annual financial statements set out on pages 25 to 151, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King IV Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors and have taken the necessary remedial action.



Fani Titi
Chief Executive
22 June 2021



Nishlan Samujh
Group Finance Director
22 June 2021

Financial results
The combined consolidated results of Investec plc and Investec Limited are set out in the annual financial statements and accompanying notes for the year ended 31 March 2021.

The preparation of these combined results was supervised by the Group Finance Director, Nishlan Samujh.

Approval of annual financial statements
The directors' report and the annual financial statements of the companies and the group, which appear on pages 78 to 130 in volume one and pages 25 to 151 respectively, were approved by the board of directors on 22 June 2021.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the companies' website. Legislation in the UK governing the preparation and dissemination of the annual financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the boards of Investec plc and Investec Limited



Perry Crosthwaite
Chair
22 June 2021



Fani Titi
Chief Executive
22 June 2021

Declaration by the company secretary
In terms of Section 88(2)(e) of the South African Companies Act, I hereby certify that, to the best of my knowledge and belief, Investec Limited has lodged with the Companies and Intellectual Property Commission, for the financial year ended 31 March 2021, all such returns and notices as are required in terms of the Act and that all such returns and notices are true, correct and up to date.



Niki van Wyk
Company secretary, Investec Limited
22 June 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC

Opinion

In our opinion:

- Investec plc's combined consolidated group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (including FRS 101 "Reduced Disclosure Framework"); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Under the contractual arrangements implementing the dual listed companies structure, Investec plc and Investec Limited and their subsidiaries effectively form a single economic enterprise (the "group"), in which the economic and voting rights of shareholders are equalised. We have audited the financial statements of Investec plc (the "parent company") and the group for the year ended 31 March 2021 which comprise:

Group	Parent company
Combined consolidated balance sheet as at 31 March 2021	Balance sheet as at 31 March 2021
Combined consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Combined consolidated statement of total comprehensive income for the year then ended	Related notes a to i to the financial statements
Combined consolidated statement of changes in equity for the year then ended	
Combined consolidated cash flow statement for the year then ended	
Related notes 1 to 63 to the financial statements	
Information identified as 'audited' in the annual report on Directors' remuneration report in Volume One	
Information identified as 'audited' in the annual report on risk disclosures in Volume Two	

The financial reporting framework that has been applied in the preparation of the combined consolidated group financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Due to the nature of the dual listed companies structure and there being no cross-guarantees in place between Investec plc and Investec Limited, we assessed the going concern assumption for the Investec plc silo and for the Investec Limited silo as well as for the group. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting has included the following. We have:

- Understood management's going concern assessment process, including the impact of the COVID-19 pandemic ("COVID-19");
- Reviewed the board approved budgets, including assessing the reasonableness and completeness of assumptions and historical forecasting accuracy. In assessing these assumptions, we considered the impact of COVID-19, the trading environment, principal risks and appropriate mitigating factors. We performed back-testing by comparing the budget of prior periods to actual results to assess the historical accuracy of management's forecasting process;
- Assessed the information used in the going concern assessment for consistency with the operating plan and information obtained through auditing other areas of the

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC
CONTINUED

business, obtaining an understanding of the business planning process and challenging the central assumptions;
- Involved specialists to review the results of management's stress testing, including consideration of principal and emerging risks on funding, liquidity and regulatory capital. We performed independent stress testing of capital and liquidity ratios and evaluated the plausibility of the outcome under which regulatory minimum requirements would be breached. In addition, we evaluated the viability of management actions available to mitigate erosion of capital and liquidity;
- Assessed the group's compliance with external debt covenants;
- Reviewed correspondence with the Prudential Regulatory Authority (PRA), Financial Conduct Authority (FCA) and South African Reserve Bank (SARB) for matters that may impact the going concern assessment; and
- Evaluated the appropriateness and conformity of the going concern disclosure included in the annual report with the reporting standards and management's going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a 12 months period from the date the financial statements are authorised for issue.

In relation to the group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent company's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of six components and audit procedures on specific balances for a further two components. • The components where we performed full or specific audit procedures accounted for 99% of adjusted operating profit before impairment of goodwill and amortisation of acquired intangibles and strategic actions, 99% of Revenue and 100% of Total assets.
Key audit matters	• Adequacy of the provision for expected credit losses on loans and advances to customers; • Valuation of level 3 financial and non-financial instruments and the valuation of the UK structured products book; • IT systems and controls impacting financial reporting: and • Adequacy of the provision held relating to the investigation by the Office of the Public Prosecutor in Cologne and potential related civil claims.
Materiality	• We applied group materiality of £23.1 million, which represents 5% of adjusted operating profit before impairment of goodwill and amortisation of acquired intangibles and strategic actions ("adjusted operating profit").

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC
CONTINUED

An overview of the scope of our audit
Tailoring the scope
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each component within the group. Taken together, this enables us to form an opinion on the combined consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls and other factors such as changes in the business environment when assessing the level of work to be performed at each component.

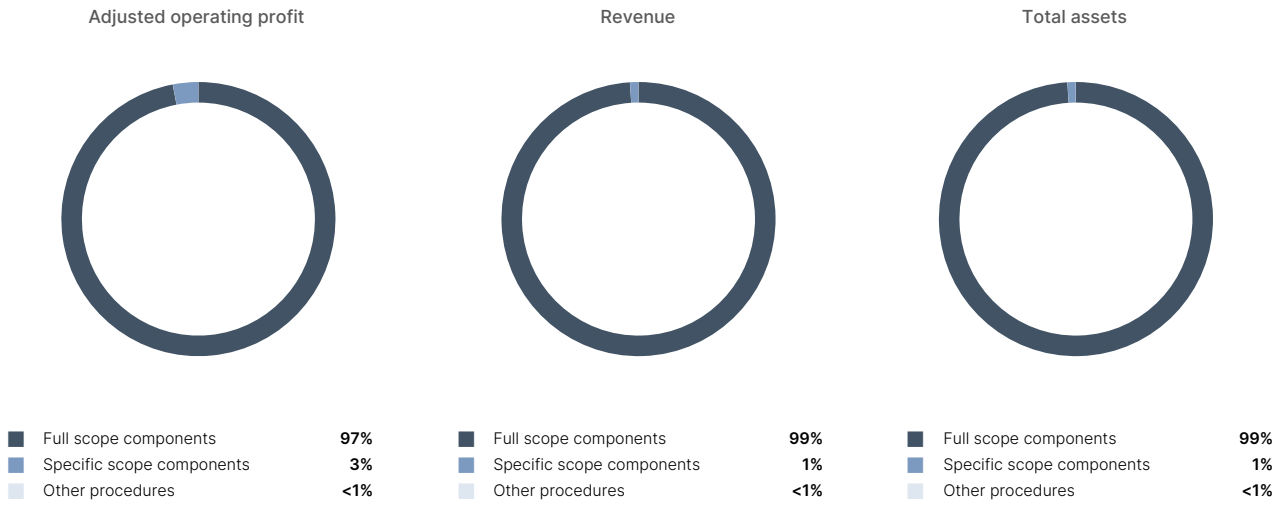
Of the eight components selected, we performed an audit of the complete financial information of six components ("full scope components") which were selected based on their size or risk characteristics. For the remaining two components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

Component	Scoping
Investec Bank Limited	Full
Investec Bank plc	Full
Investec Limited (consolidation)	Full
Investec Life Limited	Specific
Investec Markets (Pty) Limited	Full
Investec Property Fund	Full
Investec Property Group Holding (Pty) Limited	Specific
Investec Securities (Pty) Limited	Full

The reporting components for which we performed audit procedures accounted for 99% (2020: 99%) of the group's adjusted operating profit, 99% (2020: 90%) of the group's revenue and 99% (2020: 99%) of the group's total assets. For the current year, the full scope components contributed 97% (2020: 97%) of the group's adjusted operating profit, 99% (2020: 97%) of the group's revenue and 99% (2020: 99%) of the group's total assets. The specific scope components contributed 3% (2020: 3%) of the group's adjusted operating profit, 1% (2020: 3%) of the group's revenue and 1% (2020: 1%) of the group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the group.

As a result of the COVID-19 outbreak and resulting lockdown restrictions in all of the countries where full or specific scope audit procedures have been performed, we have modified our audit strategy to allow for the audit to be performed remotely at both the group and component locations. This approach was supported through remote user access to the group's financial systems and the use of EY collaboration tools for the secure and timely delivery of requested audit evidence.

The charts below illustrate the coverage obtained from the work performed by our audit teams.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC
CONTINUED

Changes from the prior year
The only changes from the prior year were the inclusion of Investec Markets (Pty) Limited as a standalone full scope component and Investec Securities (Pty) Limited changing from a specific scope to full scope component due to their increased relative contribution to the overall group adjusted operating profit.

Involvement with component teams
In establishing our overall approach to the group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms and other audit firms operating under our instruction. Where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the group as a whole.

During the current year's audit cycle, due to COVID-19, in-person reviews undertaken by the primary audit team were necessarily replaced with virtual reviews. These reviews involved video conference meetings where we discussed the audit approach with the component team and key matters arising from their work. The primary team interacted regularly with component teams and maintained a continuous and open dialogue with them, as well as holding formal meetings at key phases of the audit, to ensure that the primary team were fully aware of their progress and the results of their procedures. The primary team also reviewed key working papers and were responsible for the scope and direction of the audit process. In some instances, we attended audit team meetings with key component management and component Audit Committee meetings.

In response to developments in the prior years we enhanced the oversight procedures performed over components audited by other firms in South Africa. These enhancements have continued in the current year including additional virtual reviews by the primary team, direct involvement of the independent review partner with the component teams and review of the components' auditors' independent quality review process.

This, together with the additional procedures at group level, gave us appropriate evidence for our opinion on the group financial statements.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC
CONTINUED

Risk	Our response to the risk
Adequacy of the provision for expected credit losses on loans and advances to customers Refer to the Audit Committee Report (page 104 of Volume One); Accounting policies (pages 38 and 39 and page 44); and Note 29 of the Consolidated Financial Statements (page 96) The determination of the allowance for expected credit losses is highly subjective. The ongoing impact of COVID-19 continues to result in additional judgements and assumptions being applied as at 31 March 2021. At the year-end the group reported gross loans and advances to customers subject to expected credit losses of £25 749 million (2020: £24 152 million); expected credit losses on loans and advances to customers at amortised cost and FVOCI of £297 million (2020: £324 million); and expected credit loss impairment charges of £99 million (2020: £133 million). Given the subjective nature of the calculation of Expected Credit Loss ("ECL") there is a heightened risk that the provisions could be manipulated. We focused on the following: • Staging/assessment of significant increase in credit risk: Completeness of assets recognised in stages 2 and 3, including the triggers for an asset moving between stages; • Multiple economic scenarios: The appropriateness of the economic scenarios determined by management, the probability weights assigned to each and the inputs and assumptions used to estimate their impact; • ECL model: The assumptions used in the models to calculate ECL, including: – Completeness and accuracy of historical data used to calibrate the models; – Completeness and accuracy of data used to run the models; and – Key model assumptions and techniques, including in-model adjustment where floors for the impact of macroeconomic inputs have been applied. • Post model adjustments: Adequacy of post model adjustments, including post model adjustment in relation to the effect of COVID-19 • Individually assessed provisions: Individually assessed provisions where the measurement of the provision is dependent on the valuation collateral, estimates of exit values, the timing of cash flows and discount rates; and	To address the significant judgements and estimates we focused on the following key procedures: **Staging/assessment of significant increase in credit risk** We assessed the design and tested the operating effectiveness of key controls focusing on the following: • Assessment and approval of a significant increase or reduction in credit risk and monitoring of asset levels in each stage. This included our consideration of management's assessment of the impact of payment holidays granted to counterparties as a result of COVID-19; • Approval of staging criteria; • Assessment of manual overrides to staging outcomes; and • Data quality. We also performed substantive testing for a sample of assets in stages 1, 2 and 3 to evaluate they were included in the appropriate stage. **Multiple economic scenarios** We assessed the design and tested operating effectiveness of key controls focusing on the following: • Generation and approval of base case scenario; • Generation and approval of the methodology and output of alternative scenarios, including the probability weights assigned; and • Production and approval of models used to calculate the ECL impact of the scenarios. We also reviewed the governance processes that the group have put in place to review and approve the economic scenarios. As part of this assessment we attended the joint Audit and Board Risk and Capital Committee where the economic scenarios were approved. We involved our economists to help us to assess both the base case and alternative scenarios generated, including the probability weights applied. This included independent analysis on management's economic forecasts, which incorporated the use of third-party data. We involved our modelling specialists to assess the correlation of the macroeconomic factors forecast to the ECL and to test the scalars applied to the ECL that were calculated based on the scenarios. **ECL model** We assessed the design and tested the operating effectiveness of key controls, focusing on model governance, including the design, build, testing, review, and approval of models. As part of this we assessed the accounting interpretations made for compliance with IFRS 9. We involved our modelling specialists to test assumptions used in the ECL model including the in-model adjustments to the Investec plc silo models. This included performing an assessment of: • the model design documentation against accepted industry principles; • the appropriateness of the methodology, considering alternative techniques including the in-model adjustments; and • the programming code to review its consistency with the design documentation. We also tested a sample of the historical and reporting date data used in the models by tracing back to the source systems. **Post model adjustments** For the Investec plc silo COVID-19 overlay we used our modelling specialists to assess the adjustment made by management to reflect the impact from COVID-19 and the offsetting effect of government measures by considering the data, judgements, methodology and sensitivity analysis of these adjustments.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC
CONTINUED

Risk continued	**Our response to the risk** continued
• Individually assessed provisions: Individually assessed provisions where the measurement of the provision is dependent on the valuation of collateral, estimates of exit values, the timing of cash flows and discount rates; and • Disclosures: Finance and credit processes to produce the financial statement disclosures. The level of risk has remained consistent with the prior year.	We obtained an understanding of the model limitations to evaluate the appropriateness of the related adjustments. We also independently recalculated these adjustments. For the Investec Limited silo COVID-19 overlay in relation to emerging risks identified for certain categories of borrowers within the commercial real estate and mortgage portfolios we have assessed the reasonableness of management's assumptions against independent sources. **Individually assessed provisions** We assessed the design and tested operating effectiveness of key controls focusing on the following processes: • The calculation of the provision, incorporating collateral valuations and work out strategies, and annual credit reviews. • The estimation of the amount and timing of future cash flows, including the assessment and probability weights assigned to alternative scenarios, where applicable; • The approval of the final provision amount by management's impairment decision committee; and • The existence and legal right to collateral. We also selected a sample of loans to recalculate the ECL with the involvement of our valuation specialists, where appropriate. Our sample considered high-risk sectors including retail, hotel and leisure properties and transport including aviation. For each item selected we formed an independent view of collateral or exit values, cash flow assumptions and exit strategies. We also considered the potential alternative scenarios and the probability weights assigned. We assessed the discount rate used, re-performed the discounted cash flow calculations and compared our measurement outcomes to those prepared by management, investigating any differences arising. **Disclosures** We evaluated the adequacy of disclosures in the financial statements including the appropriateness assumptions and sensitivities disclosed. We tested the data and calculations supporting the disclosures.

We performed full scope audit procedures over this risk area in three components. These three components covered 99% (2020: 99%) of the risk amount.

Key observations communicated to the Audit Committee

Based on the testing performed we concluded that impairment provisions made by management were within a reasonable range of outcomes and in compliance with IFRS 9.

We highlighted the following matters to the Audit Committee:

- Overall provision levels were reasonable which also considered available peer information and our understanding of the credit environment;
- Where the design of key controls was effective, we tested those key controls and concluded they had operated effectively. We identified a limited number of design deficiencies that required us to perform compensating substantive procedures to conclude on the balances.
- Our testing of models and model assumptions highlighted some design deficiencies resulting in judgemental differences; however, these did not result in a material impact on the financial statements.
- The in-model and post-model adjustments applied were reasonable and addressed model shortcomings identified; and
- For individually assessed impairments and the COVID-19 overlay, judgemental differences both increasing and decreasing impairment levels were identified; however, none of these individually or in aggregate were material to the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC
CONTINUED

Risk	Our response to the risk
Valuation of level 3 financial and non-financial instruments and the valuation of the UK structured products book Refer to the Audit Committee Report (page 103 of volume One); Accounting policies (pages 36 - 38, 40 - 41 and 44); and Note 17 of the Consolidated Financial Statements (page 78 to 86) For level 3 instruments there is necessarily a large degree of subjectivity surrounding the inputs to their valuations. With the lack of observable liquid market inputs, determining appropriate valuations continues to be highly judgemental. This may result in subjective fair value movements which are material. At the year end the group reported level 3 assets of £2,193 million (2020: £2,235 million) and level 3 liabilities of £181 million (2020: £138 million). The portfolios within level 3 with the greatest valuation uncertainty, which hence required the most significant accounting and auditing judgements, were the fair value aviation loans and unlisted property investments portfolios. Significant judgement is required by management due to the absence of verifiable third-party information to determine the key inputs and assumptions in the valuation models. This means there is a heightened risk that the timing and extent of changes in fair value estimates could be misstated. We have also included £278 million of level 2 assets and £624 million of level 2 liabilities held in relation to the UK structured products book within this risk in the current period given their size and the subjectivity involved in the valuation of this book (see page 6 of Volume Two in the annual report for further details).	We assessed the design and tested operating effectiveness of key controls for the valuation of level 3 financial instruments. For certain unlisted investments in private equity businesses and investment properties where it was more effective to do so a substantive approach was taken. We performed a detailed examination of management's valuation methodologies and assessed the appropriateness and consistency of model inputs, key assumptions, contractual obligations and exit values on a sample basis. Where inputs or assumptions were not observable in the market, we involved our valuation specialists to assess if the inputs and assumptions fell within an acceptable range, based on relevant knowledge and experience of the market. In addition, specifically for: • the fair value aviation loans and unlisted property investments portfolios we involved our aircraft and property valuation specialists to independently assess the valuations; and • the elevated risk in the UK structured products book we increased the extent of the sample of positions independently revalued by our valuation specialists, we tested the completeness and accuracy of the valuation adjustments held against the portfolio and assessed management's conclusions in relation to the fair value hierarchy disclosures in accordance with IFRS 13 Fair Value Measurement.
We performed full audit procedures over this risk area for five components, which covered 99% (2020: 98%) of the risk amount.	
Key observations communicated to the Audit Committee	
We concluded that key controls tested were designed and operated effectively; therefore, we could place reliance on these key controls for the purposes of our audit. Our substantive testing of Level 3 positions highlighted some judgemental differences both increasing and decreasing valuation levels; however, none of these individually or in aggregate were material to the financial statements. Based on our substantive testing on the UK structured products book we concluded that the valuations, including associated valuation adjustments, are appropriate at the balance sheet date and have been correctly classified within the fair value hierarchy disclosures.	

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC
CONTINUED

Risk	Our response to the risk
IT systems and controls impacting financial reporting The group relies significantly on automated and IT dependent manual controls. As part of our audit we rely upon the IT control environment, in particular in relation to: • User access management across application, database and operating systems; • Controls over changes to the IT environment, including transformation that changes the IT landscape; • IT operational controls; and • IT application or IT-dependent controls. Appropriate IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. These controls contribute to mitigating the risk of potential fraud or error in the financial accounting and reporting records as a result of changes to IT systems, applications or data. A series of remediation programmes were in place by management during the year to address previously identified control deficiencies. This has decreased the risk compared to the prior year with the risk now focused on segregation of IT duties in the change management process and user access controls.	We have evaluated the design and tested the operating effectiveness of IT controls over the key applications, operating systems and databases that are relevant to financial reporting. We have tested the operating effectiveness of key automated controls for in-scope business processes, including automated calculations, and tested the completeness and accuracy of system and data feeds. In response to control deficiencies existing during the year we performed the following additional testing procedures to mitigate the risks identified: • We understood the nature of the deficiency and, where possible, obtained further evidence to support the appropriateness of any activities performed; • Tested downstream compensating business controls; and • Performed incremental substantive testing in relation to external confirmations and key year-end reconciliations.
The primary audit engagement team and component auditors have considered the impact of IT systems and controls impacting financial reporting throughout the audit.	

Key observations communicated to the Audit Committee
We noted an improvement in the IT control environment compared with the prior year due to the remediation programmes management have put in place. However, we continue to identify control deficiencies predominately in relation to segregation of IT duties in the change management process and user access controls. We are satisfied, based on the initial and additional testing outlined above, that the findings identified in relation to the IT control environment relevant to the financial statements have not resulted in a material misstatement.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC
CONTINUED

Risk	Our response to the risk
Adequacy of the provision held relating to the investigation by the Office of the Public Prosecutor in Cologne and potential related civil claims Refer to the Audit Committee Report (page 108 of volume One); Accounting policies (page 43); and Note 54 of the Consolidated Financial Statements (page 125) There are ongoing investigations into historical German dividend arbitrage transactions where the outcome is dependent on the resolution of the investigation by the Office of the Public Prosecutor in Cologne. Whilst the Group is not a claimant nor a defendant to any civil claims in respect of dividend arbitrage transactions, it cannot rule out the possibility of civil claims by or against the Group in the future. Consequently, management made judgements about the adequacy of provisions which are subject to change in future periods as more information becomes available. The level of risk has remained the same as the prior year.	We examined the latest court rulings and analysis performed by management which set out the basis for the judgement in relation to the historical German dividend arbitrage transactions. We also inspected the correspondence between the group and its external advisors and between the group and Office of the Public Prosecutor in Cologne. In addition, we obtained a legal confirmation from the group's external legal counsel to confirm the current status of proceedings. With the assistance of specialists, we have considered the matters in dispute and used our knowledge of the law to assess the available evidence. We also evaluated the appropriateness of management's accounting treatment and disclosure in relation to the investigation by the Office of the Public Prosecutor in Cologne and potential related civil claims.
We performed full scope audit procedures over this risk area in the component impacted by the risk.	

Key observations communicated to the Audit Committee
Based on the information that is currently available we are satisfied with management's judgement in respect of their assessment of the investigation by the Office of the Public Prosecutor in Cologne and potential related civil claims and the disclosure presented in the financial statements.

In the current year's auditor's report, we have removed the risk relating to the accounting for the demerger of Investec Asset Management due to the one-off nature of the transaction and we incorporated the impact of COVID-19 into existing risk areas, where appropriate.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC
CONTINUED

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

- We determined materiality for the group to be £23.1million (2020: £34.4million), which is 5% (2020: 5%) of adjusted operating profit. We believe that adjusted operating profit provides us with the most appropriate measure to reflect the performance of the group, it is consistent with the wider industry and is the standard for listed and regulated entities. The adjustments made to the operating profit before impairment of goodwill and amortisation of acquired intangibles and strategic actions of (£377.0million) were the removal of:
  - risk management and risk reduction costs relating to the UK Structured Products book of £93.0million (as set out on page 6, Statement from the Chief Risk Officer in Volume Two),
  - profits recognised from the sale of Investec Australia Property Fund (IAPF) management company of £20.4million (as set out on page 106, Note 38 Acquisitions and disposals and discontinued operation),
  - profits recognised from the formation of a joint venture with State Bank of India of £13.0million (as set out on page 106, Note 38 Acquisitions and disposals and discontinued operation), and
  - restructuring costs of £26.0million (as set out on page 35, CFO report in Volume One).

Starting basis

- Starting point – £377.0million
- Operating profit before goodwill, acquired intangibles and strategic actions

↓

Adjustments

- Details of adjustments – £85.6million (explained above)

↓

Materiality

- Totals £462.6million
- Materiality of £23.1million (5% of materiality rate)

During the course of our audit, we reassessed initial materiality and determined, other than the adjustments noted above, no significant changes were required to our materiality calculations.

- We determined materiality for the parent company to be £6.7million (2020: £5.4million), which is 1% (2020: 1%) of distributable equity. There has been no change in the basis from the prior year. We believe this reflects the most useful measure for users of the financial statements as the parent company's primary purpose is to act as a holding company with investments in the group's subsidiaries.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that performance materiality was 50% (2020: 50%) of our planning materiality, namely £11.6million (2020: £17.2million). We have set performance materiality at this percentage based on our understanding of the entity and past experience with the audit.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £2.3million to £6.4million (2020: £1.7million to £9.5million).

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £1.1million (2020: £1.7million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information
The other information comprises the information included in the annual report and accounts, including the Directors Report (set out on pages 117 to 123 of Volume One), Strategic Report (Strategic Focus set out on pages 3 to 75 of Volume One), Environmental social and governances (ESG) (set out on pages 76 to 150 of Volume One), Risk disclosures (set out on pages 5 to 91 of Volume Two), other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC
CONTINUED

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Corporate Governance Statement
The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified (set out on page 122, Directors report in Volume One of the annual report);
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate (set out on page 120 Directors report in Volume One of the annual report);
- Directors' statement on fair, balanced and understandable (set out on page 106 DLC Audit Committee report in Volume One of the annual report)and;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks (set out on page 10 Principal Risk in Volume Two of the annual report);
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems (set out on page 108 DLC Audit Committee report in Volume One of the annual report) and;
- The section describing the work of the audit committee (set out on page 101 DLC Audit Committee report in Volume One of the annual report).

Responsibilities of directors
As explained more fully in the directors' responsibilities statement (set out on page 4), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the group and management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC PLC
CONTINUED

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are:
  - The regulations, licence conditions and supervisory requirements of the PRA, FCA and SARB
  - Companies Act 2006
  - Financial Reporting Council (FRC) and the UK Corporate Governance Code
  - Tax Legislation (the relevant tax compliance regulations in the jurisdictions in which the group operates)
- We obtained a general understanding of how Investec plc complies with these legal and regulatory frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters. We also reviewed correspondence between the group and parent company and UK and South African regulatory bodies; reviewed minutes of the Board, Audit Committee and Risk Committee; and gained an understanding of the group and parent company's approach to governance, demonstrated by the Board's approval of the group and parent company's governance framework and the Board's review of the group's risk management framework and internal control processes.
- For laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.
- For both direct and other laws and regulations, our procedures involved: making enquiry of those charged with governance and senior management for their awareness of any non-compliance of laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, inquiring about the parent company's methods of enforcing and monitoring compliance with such policies and inspecting significant correspondence with the PRA, FCA and SARB.
- The group and parent company operate in the banking industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.
- We assessed the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur, by considering the controls that the group and parent company has established to address risks identified by the group and parent company, or that otherwise seek to prevent, deter, or detect fraud. We also considered performance incentives and their potential to influence management to manage earnings.
- Based on this understanding we designed our audit procedures to identify non-compliance with the laws and regulations identified above. Our procedures included inquiries of management, internal audit and those responsible for legal and compliance matters; as well as focused testing referred to in the Key Audit Matters section above. In addition, we performed procedures to identify significant items inappropriately held in suspense and tested journal entries with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business.

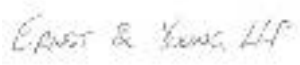
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the audit committee we were appointed by the parent company on 27 November 2000 to audit the financial statements for the year ending 31 March 2001 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 21 years, covering the years ending 31 March 2001 to 31 March 2021.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Manprit Dosanjh (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London
22 June 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC LIMITED

To the Shareholders of Investec Limited

Report on the Audit of the Combined Consolidated Financial Statements

Opinion

We have audited the accompanying combined consolidated financial statements of Investec Limited, incorporating Investec plc, ("the Group") which comprise:

Combined consolidated financial statements	Reference (Volume 3)
Combined consolidated income statement for the year then ended	Page 25
Combined consolidated statement of comprehensive income for the year then ended	Page 26
Combined consolidated balance sheet as at 31 March 2021	Page 27
Combined consolidated cash flow statement for the year then ended	Page 32
Combined consolidated statement of changes in equity for the year then ended	Pages 28-31
Accounting policies	Pages 33-45
Notes 1 to 62 to the combined consolidated financial statements	Pages 46-142
Specified disclosures in the risk management section marked as audited	Volume 2
Remuneration report	Volume 1

In our opinion, the combined consolidated financial statements present fairly, in all material respects, the combined consolidated balance sheet of the Group as at 31 March 2021, and its combined consolidated income statement and combined consolidated statement of comprehensive income and combined consolidated cash flow statement for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the combined consolidated financial statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the Group and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the combined consolidated financial statements of the current period. These matters were addressed in the context of our audit of the combined consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the combined consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the combined consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying combined consolidated financial statements.

The following Key Audit Matters apply equally to the audit of the consolidated financial statements:

- Adequacy of the allowance for expected credit losses on loans and advances to customers;
- Valuation of level 3 financial and non-financial instruments and the valuation of the UK structured products book;
- IT systems and controls impacting financial reporting (Investec PLC); and
- Adequacy of the provision held relating to the investigation by the Office of the Public Prosecutor in Cologne and potential related civil claims (Investec PLC).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC LIMITED
CONTINUED

Key Audit Matter	Our audit response to the key audit matter
Adequacy of the provision for expected credit losses on loans and advances to customers Refer to the Audit Committee Report (page 106 of Volume One); Accounting policies (page 37); and Note 6 of the Consolidated Financial Statements (page 59). The determination of the allowance for expected credit losses is highly subjective. The ongoing impact of COVID-19 continues to result in additional judgements and assumptions being applied as at 31 March 2021. At the year-end the group reported gross loans and advances to customers subject to expected credit losses of £25 749 million (2020: £24 152 million); expected credit losses on loans and advances to customers at amortised cost and FVOCI of £297 million (2020: £324 million); and expected credit loss impairment charges of £99 million (2020: £133 million). Given the subjective nature of the calculation of Expected Credit Loss (ECL) there is a heightened risk that the provisions could be manipulated. We considered the following to be a key audit matter: • Staging/ Assessment of significant change in credit risk: Completeness of assets recognised in stages 2 and 3, including the triggers for an asset moving between stages; • Multiple economic scenarios: The appropriateness of the economic scenarios determined by management, the probability weights assigned to each and the inputs and assumptions used to estimate their impact; • ECL model: The assumptions used in the models to calculate ECL, including: • Completeness and accuracy of historical data used to calibrate the models; • Completeness and accuracy of data used to run the models; and • Key model assumptions and techniques, including in-model adjustment where floors for the impact of macroeconomic inputs have been applied. • Post model adjustments: Adequacy of post model adjustments, including post model adjustment in relation to the effect of COVID-19; • Individually assessed provisions: Individually assessed provisions where the measurement of the provision is dependent on the valuation of collateral, estimates of exit values, the timing of cash flows and discount rates; and • Disclosures: Finance and credit processes to produce the financial statement disclosures.	Our audit effort included the following procedures to address the key audit matter: **Staging/ Assessment of significant increase in credit risk** We assessed the design and tested the operating effectiveness of key controls focusing on the following: • Assessment and approval of a significant increase or reduction in credit risk and monitoring of asset levels in each stage. This included our consideration of management's assessment of the impact of payment holidays granted to counterparties as a result of COVID-19; • Approval of staging criteria; • Assessment of manual overrides to staging outcomes; and • Data quality. We also performed substantive testing for a sample of assets in stages 1, 2 and 3 to evaluate they were included in the appropriate stage. **Multiple economic scenarios** We assessed the design and tested operating effectiveness of key controls focusing on the following: • Generation and approval of base case scenario; • Generation and approval of the methodology and output of alternative scenarios, including the probability weights assigned; and • Production and approval of models used to calculate the ECL impact of the scenarios. We also reviewed the governance processes that the group have put in place to review and approve the economic scenarios. As part of this assessment we attended the joint Audit and Board Risk and Capital Committee where the economic scenarios were approved. We involved our economists to help us to assess both the base case and alternative scenarios generated, including the probability weights applied. This included independent analysis on management's economic forecasts, which incorporated the use of third-party data. We involved our modelling specialists to assess the correlation of the macroeconomic factors forecast to the ECL and to test the scalars applied to the ECL that were calculated based on the scenarios. **ECL model** We assessed the design and tested the operating effectiveness of key controls, focusing on model governance, including the design, build, testing, review, and approval of models. As part of this we assessed the accounting interpretations made for compliance with IFRS 9. We involved our modelling specialists to test assumptions used in the ECL model including the in-model adjustments to the Investec plc silo models. This included performing an assessment of: • the model design documentation against accepted industry principles; • the appropriateness of the methodology, considering alternative techniques including the in-model adjustments; and • the programming code to review its consistency with the design documentation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC LIMITED
CONTINUED

Key Audit Matter continued	**Our audit response to the key audit matter** continued
	We also tested a sample of the historical and reporting date data used in the models by tracing back to the source systems. **Post model adjustments** For the Investec plc silo COVID-19 overlay we used our modelling specialists to assess the adjustment made by management to reflect the impact from COVID-19 and the offsetting effect of government measures by considering the data, judgements, methodology and sensitivity analysis of these adjustments. We obtained an understanding of the model limitations to evaluate the appropriateness of the related adjustments. We also independently recalculated these adjustments. For the Investec Limited silo COVID-19 overlay in relation to emerging risks identified for certain categories of borrowers within the commercial real estate and mortgage portfolios we have assessed the reasonableness of management's assumptions against independent sources. **Individually assessed provisions** We assessed the design and tested operating effectiveness of key controls focusing on the following processes: • The calculation of the provision, incorporating collateral valuations and work out strategies, and annual credit reviews; • The estimation of the amount and timing of future cash flows, including the assessment and probability weights assigned to alternative scenarios, where applicable; • The approval of the final provision amount by management's impairment decision committee; and • The existence and legal right to collateral. We also selected a sample of loans to recalculate the ECL with the involvement of our valuation specialists, where appropriate. Our sample considered high-risk sectors including retail, hotel and leisure properties and transport including aviation. For each item selected we formed an independent view of collateral or exit values, cash flow assumptions and exit strategies. We also considered the potential alternative scenarios and the probability weights assigned. We assessed the discount rate used, re-performed the discounted cash flow calculations and compared our measurement outcomes to those prepared by management, investigating any differences arising. **Disclosures** We evaluated the adequacy of disclosures in the financial statements including the appropriateness assumptions and sensitivities disclosed. We tested the data and calculations supporting the disclosures.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC LIMITED
CONTINUED

Key Audit Matter	Our audit response to the key audit matter
Valuation of level 3 financial and non-financial instruments and the valuation of the UK structured products book Refer to the Accounting policies (page 44); and Note 17 of the Consolidated Financial Statements (page 78). **Level 3 financial and non-financial instruments** At the year end the group reported level 3 assets of £2,193 million (2020: £2,235 million). For level 3 instruments there is necessarily a large degree of subjectivity surrounding the inputs to their valuations. With the lack of observable liquid market inputs, determining appropriate valuations continues to be highly judgemental. This may result in subjective fair value movements which are material. The portfolios within level 3 with the greatest valuation uncertainty, which hence required the most significant accounting and auditing judgements, were the fair value aviation loans and unlisted property investments portfolios. Significant judgement is required by management due to the absence of verifiable third-party information to determine the key inputs and assumptions in the valuation models. This means there is a heightened risk that the timing and extent of changes in fair value estimates could be misstated. **UK Structured Products** We have also included £278 million of level 2 assets and £624 million of level 2 liabilities held in relation to the UK structured products book within this risk in the current period given their size and the subjectivity involved in the valuation of this book. (see page 6 of volume 2 for further details).	**Level 3 financial and non-financial instruments** We assessed the design and tested operating effectiveness of key controls for the valuation of level 3 financial instruments. For certain unlisted investments in private equity businesses and investment properties where it was more effective to do so a substantive approach was taken. We performed a detailed examination of management's valuation methodologies and assessed the appropriateness and consistency of model inputs, key assumptions, contractual obligations and exit values on a sample basis. Where inputs or assumptions were not observable in the market, we involved our valuation specialists to assess if the inputs and assumptions fell within an acceptable range, based on relevant knowledge and experience of the market. In addition, specifically for the fair value aviation loans and unlisted property investments portfolios we involved our aircraft and property valuation specialists to independently assess the valuations. **UK Structured Products** Due to the elevated risk in the UK structured products book we increased the extent of the sample of positions independently revalued by our valuation specialists, we tested the completeness and accuracy of the valuation adjustments held against the portfolio and assessed management's conclusions in relation to the fair value hierarchy disclosures in accordance with IFRS 13 Fair Value Measurement.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC LIMITED
CONTINUED

Key Audit Matter	Our audit response to the key audit matter
IT systems and controls impacting financial reporting (Investec PLC) The group relies significantly on automated and IT dependent manual controls. As part of our audit we rely upon the IT control environment, in particular in relation to: • User access management across application, database and operating systems; • Controls over changes to the IT environment, including transformation that changes the IT landscape; • IT operational controls; and • IT application or IT-dependent controls. Appropriate IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. These controls contribute to mitigating the risk of potential fraud or error in the financial accounting and reporting records as a result of changes to IT systems, applications or data. A series of remediation programmes were in place by management during the year to address previously identified control deficiencies. This has decreased the risk compared to the prior year with the risk now focused on segregation of IT duties in the change management process and user access controls.	We have evaluated the design and tested the operating effectiveness of IT controls over the key applications, operating systems and databases that are relevant to financial reporting. We have tested the operating effectiveness of key automated controls for in-scope business processes, including automated calculations, and tested the completeness and accuracy of system and data feeds. In response to control deficiencies existing during the year we performed the following additional testing procedures to mitigate the risks identified: • We understood the nature of the deficiency and, where possible, obtained further evidence to support the appropriateness of any activities performed; • Tested downstream compensating business controls; and • Performed incremental substantive testing in relation to external confirmations and key year-end reconciliations.

Key Audit Matter	Our audit response to the key audit matter
Adequacy of the provision held relating to the investigation by the Office of the Public Prosecutor in Cologne and potential related civil claims (Investec PLC) Refer to the Audit Committee Report (page 108 of volume one); Accounting policies (page 43); and Note 54 of the Consolidated Financial Statements (page 125) There are ongoing investigations into historical German dividend arbitrage transactions where the outcome is dependent on the resolution of the investigation by the Office of the Public Prosecutor in Cologne. Whilst the Group is not a claimant nor a defendant to any civil claims in respect of dividend arbitrage transactions, it cannot rule out the possibility of civil claims by or against the Group in the future. Consequently, management made judgements about the adequacy of provisions which are subject to change in future periods as more information becomes available.	We examined the latest court rulings and analysis performed by management which set out the basis for the judgements in relation to the historical German dividend arbitrage transactions. We also inspected the correspondence between the group and its external advisors and between the group and Office of the Public Prosecutor in Cologne. In addition, we obtained a legal confirmation from the group's external legal counsel to confirm the current status of proceedings. With the assistance of specialists, we have considered the matters in dispute and used our knowledge of the law to assess the available evidence. We also evaluated the appropriateness of management's accounting treatment and disclosure in relation to the investigation by the Office of the Public Prosecutor in Cologne and potential related civil claims.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC LIMITED
CONTINUED

Other information
The directors are responsible for the other information. The other information comprises the Directors' Report, the Directors' Responsibility Statement and the Company Secretary's Certificate as required by the Companies Act of South Africa, and all other information included in the annual report that is not marked as audited. The other information does not include the combined consolidated financial statements, the sections marked as audited in the report and our auditor's report thereon.

Our opinion on the combined consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the combined consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the combined consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Combined Consolidated Financial Statements
The directors are responsible for the preparation and fair presentation of the combined consolidated financial statements in accordance with the basis of presentation described in the accounting policies to the financial statements and for such internal control as the directors determine is necessary to enable the preparation of combined consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Combined Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the combined consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

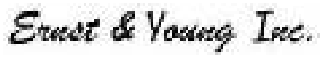
- Identify and assess the risks of material misstatement of the combined consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined consolidated financial statements, including the disclosures, and whether the combined consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the combined consolidated financial statements.
- We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC LIMITED
CONTINUED

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied. From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the combined consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Investec Limited for 46 years.



Ernst & Young Inc.
Registered Auditor
Per Gail Moshoeshoe
Chartered Accountant (SA)
Registered Auditor
Director

22 June 2021

COMBINED CONSOLIDATED INCOME STATEMENT

For the year to 31 March **£'000**	Notes	**2021**	2020^
Interest income	2	1 922 299	2 683 985
Interest income calculated using the effective interest method		1 695 811	2 353 373
Other interest income		226 487	330 612
Interest expense	2	(1 144 193)	(1 845 416)
Net interest income	2	**778 106**	**838 569**
Fee and commission income	3	791 153	852 025
Fee and commission expense	3	(42 275)	(47 118)
Investment income	4	32 002	39 268
Share of post-taxation profit of associates and joint venture holdings		42 459	27 244
Trading income/(loss) arising from			
– customer flow		35 566	63 254
– balance sheet management and other trading activities		(18 903)	26 720
Other operating income	5	22 953	6 877
Total operating income before expected credit loss impairment charges		**1 641 061**	**1 806 839**
Expected credit loss impairment charges	6	(99 438)	(133 301)
Operating income		**1 541 623**	**1 673 538**
Operating costs	7	(1 164 513)	(1 186 427)
Operating profit before goodwill, acquired intangibles and strategic actions		**377 110**	**487 111**
Impairment of goodwill	36	(11 599)	(145)
Impairment of associates and joint venture holdings	31	(16 773)	(45 400)
Amortisation of acquired intangibles	37	(15 287)	(15 656)
Amortisation of acquired intangibles of associates	31	(9 268)	(448)
Closure and rundown of the Hong Kong direct investments business	13	7 386	(89 257)
Operating profit		**331 569**	**336 205**
Financial impact of group restructures	13	—	(25 725)
Profit before taxation from continuing operations		**331 569**	**310 480**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	10	(74 539)	(54 690)
Taxation on acquired intangibles and strategic actions	10	1 712	21 693
Profit after taxation from continuing operations		**258 742**	**277 483**
Profit after taxation from discontinued operations	38	—	954 979
Profit after taxation		**258 742**	**1 232 462**
Loss/(profit) attributable to other non-controlling interests	50	472	(67 952)
Loss attributable to other non-controlling interests relating to impairments of associates	50	9 126	—
Profit attributable to non-controlling interests of discontinued operations	38	—	(29 347)
Earnings attributable to shareholders		**268 340**	**1 135 163**

^ Restated as detailed in note 62 on pages 141 and 142.

COMBINED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year to 31 March **£'000**	Notes	**2021**	2020
Profit after taxation from continuing operations		258 742	277 483
Other comprehensive income/(loss) from continuing operations:			
Items that may be reclassified to the income statement:			
Fair value movements on cash flow hedges taken directly to other comprehensive income		242	(40 304)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income		152 355	(139 977)
Gain on realisation of debt instruments at FVOCI recycled through the income statement		(717)	(5 503)
Foreign currency adjustments on translating foreign operations		111 779	(314 078)
Items that will never be reclassified to the income statement:			
Effect of rate change on deferred taxation relating to adjustment for IFRS 9		380	(1 761)
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income		1 778	(3 931)
Remeasurement of net defined benefit pension liability		(39)	(1 217)
Movement in post-retirement benefit liabilities		—	51
Net (loss)/gain attributable to own credit risk		(850)	9 515
Total comprehensive income/(loss) from continuing operations		**523 670**	**(219 722)**
Total comprehensive income/(loss) attributable to ordinary shareholders from continuing operations		448 637	(235 960)
Total comprehensive income/(loss) attributable to non-controlling interests from continuing operations		37 846	(28 022)
Total comprehensive income attributable to perpetual preferred securities from continuing operations		37 187	44 260
Total comprehensive income/(loss) from continuing operations		**523 670**	**(219 722)**
Profit after taxation from discontinued operations		—	954 979
Other comprehensive loss from discontinued operations:			
Items that will never be reclassified to the income statement:			
Foreign currency adjustments on translating foreign operations		—	(13 980)
Total comprehensive income from discontinued operations		**—**	**940 999**
Total comprehensive income attributable to ordinary shareholders from discontinued operations		—	914 448
Total comprehensive income attributable to non-controlling interests from discontinued operations		—	26 551
Total comprehensive income from discontinued operations		**—**	**940 999**
Profit after taxation from the total group		258 742	1 232 462
Other comprehensive income from the total group:			
Items that may be reclassified to the income statement:			
Fair value movements on cash flow hedges taken directly to other comprehensive income	10	242	(40 304)
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	10	152 355	(139 977)
Gain on realisation of debt instruments at FVOCI recycled through the income statement	10	(717)	(5 503)
Foreign currency adjustments on translating foreign operations		111 779	(328 058)
Items that will never be reclassified to the income statement:			
Effect of rate change on deferred taxation relating to adjustment for IFRS 9		380	(1 761)
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	10	1 778	(3 931)
Re-measurement of net defined benefit pension asset		(39)	(1 217)
Movement in post-retirement benefit liabilities		—	51
Net (loss)/gain attributable to own credit risk	10	(850)	9 515
Total comprehensive income		**523 670**	**721 277**
Total comprehensive income attributable to ordinary shareholders		448 637	678 488
Total comprehensive income/(loss) attributable to non-controlling interests		37 846	(1 471)
Total comprehensive income attributable to perpetual preferred securities		37 187	44 260
Total comprehensive income from the total group		**523 670**	**721 277**

COMBINED CONSOLIDATED BALANCE SHEET

At 31 March **£'000**	Notes	**2021**	2020^
Assets			
Cash and balances at central banks	20	3 517 100	3 932 048
Loans and advances to banks	21	2 699 317	2 666 851
Non-sovereign and non-bank cash placements		439 841	632 610
Reverse repurchase agreements and cash collateral on securities borrowed	22	3 575 713	3 796 179
Sovereign debt securities	23	3 711 623	3 990 181
Bank debt securities	24	1 121 730	604 921
Other debt securities	25	1 364 235	1 430 419
Derivative financial instruments	26	1 714 743	2 033 999
Securities arising from trading activities	27	1 024 671	718 397
Investment portfolio	28	909 050	998 935
Loans and advances to customers	29	26 041 087	24 588 074
Own originated loans and advances to customers securitised	30	401 912	324 638
Other loans and advances	29	102 135	132 486
Other securitised assets	30	140 087	134 865
Interests in associated undertakings and joint venture holdings	31	679 157	701 311
Current taxation assets		60 325	6 612
Deferred taxation assets	32	246 622	265 896
Other assets	33	2 165 438	1 927 816
Property and equipment	34	329 972	356 573
Investment properties	35	832 061	863 864
Goodwill	36	259 805	270 625
Software	37	12 574	14 643
Other acquired intangible assets	37	58 968	71 657
Non-current assets classified as held for sale		51 783	58 905
		51 459 949	**50 522 505**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	39	52 405	35 227
		51 512 354	**50 557 732**
Liabilities			
Deposits by banks		2 403 712	3 498 254
Derivative financial instruments	26	2 190 487	2 150 265
Other trading liabilities	40	326 189	509 522
Repurchase agreements and cash collateral on securities lent	22	1 003 312	1 577 346
Customer accounts (deposits)		34 449 430	32 220 976
Debt securities in issue	41	1 892 319	1 737 191
Liabilities arising on securitisation of own originated loans and advances	30	160 646	76 696
Liabilities arising on securitisation of other assets	30	108 281	110 679
Current taxation liabilities		78 790	51 308
Deferred taxation liabilities	32	40 333	44 788
Other liabilities	42	2 013 003	2 211 487
		44 666 502	**44 188 512**
Liabilities to customers under investment contracts	39	49 798	32 845
Insurance liabilities, including unit-linked liabilities	39	2 607	2 382
		44 718 907	**44 223 739**
Subordinated liabilities	44	1 480 951	1 436 361
		46 199 858	**45 660 100**
Equity			
Ordinary share capital	45	247	247
Ordinary share premium	47	1 517 852	1 517 852
Treasury shares	48	(267 508)	(272 881)
Other reserves		(788 222)	(976 297)
Retained income		3 772 628	3 593 384
Ordinary shareholders' equity		**4 234 997**	**3 862 305**
Perpetual preference share capital and premium	46	174 053	168 518
Shareholders' equity excluding non-controlling interests		**4 409 050**	**4 030 823**
Other Additional Tier 1 securities in issue	49	335 111	295 593
Non-controlling interests	50	568 335	571 216
– Perpetual preferred securities issued by subsidiaries		72 750	69 259
– Non-controlling interests in partially held subsidiaries		495 585	501 957
Total equity		**5 312 496**	**4 897 632**
Total liabilities and equity		**51 512 354**	**50 557 732**

^ Restated as detailed in note 62 on pages 141 and 142.

COMBINED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

£'000	Ordinary share capital	Ordinary share premium^	Treasury shares
At 1 April 2019	**245**	**2 277 381**	**(189 134)**
Movement in reserves 1 April 2019 – 31 March 2020			
Profit after taxation	—	—	—
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	—	—	—
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	—
Gain on realisation of debt instruments at FVOCI recycled through the income statement	—	—	—
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Net gain attributable to own credit risk	—	—	—
Remeasurement of net defined benefit pension liability	—	—	—
Movement in post-retirement benefit liabilities	—	—	—
Total comprehensive income for the year	**—**	**—**	**—**
Issue of ordinary shares	2	64 645	—
Net equity movements in interests in associated undertakings	—	—	—
Movement of treasury shares	—	—	(102 446)
Share-based payments adjustments	—	—	—
Transfer from regulatory risk reserve	—	—	—
Transfer from share-based payments reserve to treasury shares	—	—	18 699
Capital reduction	—	(615 797)	—
Non-controlling interest relating to disposal of subsidiaries	—	—	—
Movement in non-controlling interests due to share issues in subsidiary	—	—	—
Employee benefit liability recognised	—	—	—
Dividends declared to other equity holders including other Additional Tier 1 securities	—	—	—
Dividends paid to perpetual preference shareholders included in non-controlling interests and other Additional Tier 1 securities	—	—	—
Dividends paid to ordinary shareholders	—	—	—
Dividends paid to non-controlling interests	—	—	—
Distribution to shareholders	—	(208 377)	—
At 31 March 2020	**247**	**1 517 852**	**(272 881)**

^ Restated as detailed in note 62 on pages 141 and 142.

COMBINED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

Other reserves												
Capital reserve account	Fair value reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Own credit risk reserve	Retained income	**Ordinary shareholders' equity**	Perpetual preference share capital^	**Shareholders' equity excluding non-controlling interests**	Other Additional Tier 1 securities in issue	Non-controlling interests	**Total equity**
10 447	**(1 957)**	**45 432**	**(58 840)**	**(552 710)**	**(19 863)**	**2 611 256**	**4 122 257**	**194 156**	**4 316 413**	**303 728**	**630 873**	**5 251 014**
—	—	—	—	—	—	1 135 163	1 135 163	—	1 135 163	—	97 299	1 232 462
—	(1 514)	—	—	—	(247)	—	(1 761)	—	(1 761)	—	—	(1 761)
—	—	—	(40 304)	—	—	—	(40 304)	—	(40 304)	—	—	(40 304)
—	(139 977)	—	—	—	—	—	(139 977)	—	(139 977)	—	—	(139 977)
—	(5 503)	—	—	—	—	—	(5 503)	—	(5 503)	—	—	(5 503)
—	(3 931)	—	—	—	—	—	(3 931)	—	(3 931)	—	—	(3 931)
—	—	—	—	(195 515)	—	—	(195 515)	(25 638)	(221 153)	(8 135)	(98 770)	(328 058)
—	—	—	—	—	9 515	—	9 515	—	9 515	—	—	9 515
—	—	—	—	—	—	(1 217)	(1 217)	—	(1 217)	—	—	(1 217)
—	—	—	—	—	—	51	51		51	—	—	51
—	**(150 925)**	**—**	**(40 304)**	**(195 515)**	**9 268**	**1 133 997**	**756 521**	**(25 638)**	**730 883**	**(8 135)**	**(1 471)**	**721 277**
—	—	—	—	—	—	—	64 647	—	64 647	—	—	64 647
—	—	—	—	—	—	(2 387)	(2 387)	—	(2 387)	—	—	(2 387)
(18 852)	—	—	—	—	—	—	(121 298)	—	(121 298)	—	—	(121 298)
—	—	—	—	—	—	46 599	46 599	—	46 599	—	—	46 599
—	—	(4 086)	—	—	—	4 086	—	—	—	—	—	—
—	—	—	—	—	—	(18 699)	—	—	—	—	—	—
—	—	—	—	—	—	615 797	—	—	—	—	—	—
1 608	—	—	—	—	—	—	1 608	—	1 608	—	(28 708)	(27 100)
—	—	—	—	—	—	(4 372)	(4 372)	—	(4 372)	—	49 628	45 256
—	—	—	—	—	—	(14 833)	(14 833)	—	(14 833)	—	—	(14 833)
—	—	—	—	—	—	(44 260)	(44 260)	14 857	(29 403)	22 394	7 009	—
—	—	—	—	—	—	—	—	(14 857)	(14 857)	(22 394)	(7 009)	(44 260)
—	—	—	—	—	—	(244 323)	(244 323)	—	(244 323)	—	—	(244 323)
—	—	—	—	—	—	—	—	—	—	—	(79 106)	(79 106)
—	—	—	—	—	—	(489 477)	(697 854)	—	(697 854)	—	—	(697 854)
(6 797)	**(152 882)**	**41 346**	**(99 144)**	**(748 225)**	**(10 595)**	**3 593 384**	**3 862 305**	**168 518**	**4 030 823**	**295 593**	**571 216**	**4 897 632**

COMBINED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

£'000	Ordinary share capital	Ordinary share premium	Treasury shares
At 31 March 2020	**247**	**1 517 852**	**(272 881)**
Movement in reserves 1 April 2020 – 31 March 2021			
Profit after taxation	—	—	—
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	—	—	—
Fair value movements on cash flow hedges taken directly to other comprehensive income	—	—	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	—	—	—
Gain on realisation of debt instruments at FVOCI recycled through the income statement	—	—	—
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	—	—	—
Foreign currency adjustments on translating foreign operations	—	—	—
Net loss attributable to own credit risk	—	—	—
Remeasurement of net defined benefit pension liability	—	—	—
Total comprehensive income for the year	**—**	**—**	**—**
Issue of other Additional Tier 1 security instruments	—	—	—
Redemption of perpetual preference share capital	—	—	—
Net equity movements in interests in associated undertakings	—	—	—
Movement of treasury shares	—	—	4 323
Share-based payments adjustments	—	—	—
Transfer from share-based payments reserve to treasury shares	—	—	1 050
Transfer to regulatory general risk reserves	—	—	—
Transfer to foreign currency reserve	—	—	—
Transfer from capital reserve	—	—	—
Net equity impact of non-controlling interest movements	—	—	—
Dividends declared to other equity holders including other Additional Tier 1 securities	—	—	—
Dividends paid to perpetual preference shareholders included in non-controlling interests and other Additional Tier 1 securities	—	—	—
Dividends paid to ordinary shareholders	—	—	—
Dividends paid to non-controlling interests	—	—	—
At 31 March 2021	**247**	**1 517 852**	**(267 508)**

^ Restated as detailed in note 62 on pages 141 and 142.

COMBINED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

Other reserves												
Capital reserve account	Fair value reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserves	Own credit risk reserve	Retained income	**Ordinary shareholders' equity**	Perpetual preference share capital	**Shareholders' equity excluding non-controlling interests**	Other Additional Tier 1 securities in issue	Non-controlling interests	**Total equity**
(6 797)	**(152 882)**	**41 346**	**(99 144)**	**(748 225)**	**(10 595)**	**3 593 384**	**3 862 305**	**168 518**	**4 030 823**	**295 593**	**571 216**	**4 897 632**
—	—	—	—	—	—	268 340	268 340	—	268 340	—	(9 598)	258 742
—	(19)	—	—	—	399	—	380	—	380	—	—	380
—	—	—	242	—	—	—	242	—	242	—	—	242
—	152 355	—	—	—	—	—	152 355	—	152 355	—	—	152 355
—	(717)	—	—	—	—	—	(717)	—	(717)	—	—	(717)
—	1 778	—	—	—	—	—	1 778	—	1 778	—	—	1 778
—	—	—	—	47 687	—	—	47 687	12 638	60 325	4 010	47 444	111 779
—	—	—	—	—	(850)	—	(850)	—	(850)	—	—	(850)
—	—	—	—	—	—	(39)	(39)	—	(39)	—	—	(39)
—	**153 397**	**—**	**242**	**47 687**	**(451)**	**268 301**	**469 176**	**12 638**	**481 814**	**4 010**	**37 846**	**523 670**
—	—	—	—	—	—	—	—	—	—	35 508	—	35 508
—	—	—	—	—	—	3 311	3 311	(7 103)	(3 792)	—	(2 482)	(6 274)
—	—	—	—	—	—	(17 954)	(17 954)	—	(17 954)	—	—	(17 954)
(14 484)	—	—	—	—	—	—	(10 161)	—	(10 161)	—	—	(10 161)
—	—	—	—	—	—	19 121	19 121	—	19 121	—	—	19 121
—	—	—	—	—	—	(1 050)	—	—	—	—	—	—
—	—	786	—	—	—	(786)	—	—	—	—	—	—
—	—	—	—	980	—	(980)	—	—	—	—	—	—
(82)	—	—	—	—	—	82	—	—	—	—	—	—
—	—	—	—	—	—	(268)	(268)	—	(268)	—	(5 860)	(6 128)
—	—	—	—	—	—	(37 187)	(37 187)	10 603	(26 584)	21 299	5 285	—
—	—	—	—	—	—	—	—	(10 603)	(10 603)	(21 299)	(5 285)	(37 187)
—	—	—	—	—	—	(53 346)	(53 346)	—	(53 346)	—	—	(53 346)
—	—	—	—	—	—	—	—	—	—	—	(32 385)	(32 385)
(21 363)	**515**	**42 132**	**(98 902)**	**(699 558)**	**(11 046)**	**3 772 628**	**4 234 997**	**174 053**	**4 409 050**	**335 111**	**568 335**	**5 312 496**

COMBINED CONSOLIDATED CASH FLOW STATEMENT

£'000	Notes	**Year to 31 March 2021**	Year to 31 March 2020^
Cash inflow from operating activities			
Operating profit adjusted for non-cash and non-operating items	52	519 452	775 394
Taxation paid		(108 395)	(93 955)
Decrease/(increase) in operating assets	52	436 469	(5 738 435)
(Decrease)/increase in operating liabilities	52	(1 405 363)	5 645 524
Net cash (outflow)/ inflow from operating activities		**(557 837)**	**588 528**
Cash flows from investing activities			
Cash outflow on disposal of group operations		—	(46 582)
Cash inflow on disposal of group operations	11	20 388	43 858
Derecognition of cash on disposal of subsidiaries and demerger of business		(7 799)	(267 863)
Cash outflow on acquisition of associates and joint venture holdings	31	—	(48 477)
Cash flow on disposal of associates and joint venture holdings	31	—	652
Cash flow on acquisition of property, equipment, software and other intangible assets	34/35	(13 338)	(38 847)
Cash flow on disposal of property, equipment, software and other intangible assets	34/35	2 163	6 404
Net cash inflow/(outflow) from investing activities		**1 414**	**(350 855)**
Cash flows from financing activities			
Dividends paid to ordinary shareholders	12	(53 346)	(244 323)
Dividends paid to other equity holders		(56 249)	(123 366)
Proceeds on issue of shares, net of issue costs		—	64 647
Redemption of perpetual preference shares		(6 274)	—
Proceeds on issue of other Additional Tier 1 securities in issue	49	35 508	—
Cash flow on acquisition of treasury shares, net of related costs		(33 803)	(134 786)
Proceeds on issue of other equity instruments and transactions with non-controlling interests		—	1 608
Cash (outflow) from acquisition/proceeds from partial disposal of subsidiaries		(245)	45 256
Proceeds on subordinated debt raised	44	76 684	—
Repayment of subordinated debt	44	(41 482)	(169 028)
Lease liabilities paid	42	(55 419)	(56 743)
Net cash outflow from financing activities		**(134 626)**	**(616 735)**
Effects of exchange rates on cash and cash equivalents		**146 030**	**(453 932)**
Net decrease in cash and cash equivalents		**(545 019)**	**(832 994)**
Cash and cash equivalents at the beginning of the year		7 096 530	7 929 524
Cash and cash equivalents at the end of the year		**6 551 511**	**7 096 530**
Cash and cash equivalents is defined as including:			
Cash and balances at central banks		3 517 100	3 932 048
On demand loans and advances to banks		2 591 908	2 530 178
Non-sovereign and non-bank cash placements		439 841	632 610
Expected credit loss on cash and cash equivalents		2 662	1 694
Cash and cash equivalents at the end of the year		**6 551 511**	**7 096 530**

Cash and cash equivalents is defined as including: cash and balances at central banks, on demand loans and advances to banks and non-sovereign and non-bank cash placements (all of which have a maturity profile of less than three months). Loans and advances to banks with a maturity profile of greater than three months are £107.4 million (31 March 2020: £136.7 million).

The group is required to maintain reserve deposits with central banks and other regulatory authorities and these amounted to £483.8 million (31 March 2020: £450.2 million).

^ Restated as detailed in note 62 on pages 141 and 142.

Cash flows from discontinued operations for the year ended 31 March 2020
Cash inflows from operating activities of £105.9 million, cash outflows from investing activities of £16.3 million and cash outflows from financing activities of £100.4 million were incurred in the year ending 31 March 2020 relating to discontinued operations. Cash flows from discontinued operations for the year ending 31 March 2020 have been included in the consolidated cash flow statement above.

ACCOUNTING POLICIES

Basis of presentation
The group annual financial statements are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

As stated on page 4, the directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

The accounting policies adopted by the group are consistent with the prior year except as noted below:

There is a global initiative to replace or reform inter-bank offered rates (IBORs) that are used to determine interest cash flows on financial instruments such as loans to customers, debt securities and derivatives.

Consequently, financial contracts referencing these benchmarks with a maturity beyond 2021 may need to be amended to reference the alternative risk-free rates (RFR) in the applicable currency. There remain many uncertainties associated with the IBOR transition, including the prospective assessment of hedge accounting effectiveness.

The group has early adopted the requirements of 'Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16' (IBOR reform Phase 2) which is effective for annual periods beginning on or after 1 January 2021 with earlier adoption permitted.

IBOR reform Phase 2 includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an IBOR to a RFR.

Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis.

As indicated in the hedge accounting policy, the group elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39.

IBOR reform Phase 2 provides temporary reliefs that allow the group's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the group to amend hedge designations and hedge documentation. This includes redefining the hedged risk to reference an RFR, redefining the description of the hedging instrument and/or the hedged item to reference the RFR and amending the method for assessing hedge effectiveness. Updates to the hedging documentation must be made by the end of the reporting period in which a replacement takes place. For the retrospective assessment of hedge effectiveness, the group may elect on a hedge by hedge basis to reset the cumulative fair value change to zero. The group may designate an interest rate as a non-contractually specified, hedged risk component of changes in the fair value or cash flows of a hedged item, provided the interest rate risk component is separately identifiable, e.g., it is an established benchmark that is widely used in the market to price loans and derivatives. For new RFRs that are not yet an established benchmark, relief is provided from this requirement provided the group reasonably expects the RFR to become separately identifiable within 24 months.

The group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective other than IBOR reform Phase 2. The group annual financial statements have been prepared on a historical cost basis, except otherwise indicated.

Presentation of information
Capital disclosures relating to the nature and extent of risks have been included in sections marked as audited in the risk management report on pages 88 to 96 in volume two.

Certain disclosures required under IAS 24 Related Party Disclosures have been included in the section marked as audited in the remuneration report on pages 173 to 186 in volume one.

Basis of consolidation
Investec consists of two separate legal entities, being Investec plc and Investec Limited that operate under a dual listed company (DLC) structure (group). The effect of the DLC structure is that Investec plc and its subsidiaries and Investec Limited and its subsidiaries operate together as a single economic entity, with neither assuming a dominant role and accordingly are reported as a single reporting entity under IFRS.

All subsidiaries or structured entities are consolidated when the group controls an investee. The group controls an investee if it is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial results of subsidiaries are included in the consolidated annual financial statements of the group from the date on which control is obtained until the date the group can no longer demonstrate control.

The group performs a reassessment of control whenever there is a change in the substance of the relationship between the group and an investee. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The group also holds investments in private equity investments, which give rise to significant, but not majority, voting rights. Assessing these voting rights and whether the group controls these entities requires judgement that affects the date at which subsidiaries are consolidated or deconsolidated.

Entities, other than subsidiary undertakings, in which the group exercises significant influence over operating and financial policies, are treated as interests in associated undertakings and joint venture holdings. Interests in associated undertakings and joint venture holdings are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. In circumstances where interests in associated undertakings and joint venture holdings arise in which the group has no strategic intention, these investments are classified as 'venture capital' holdings and are designated as held at fair value through profit or loss.

ACCOUNTING POLICIES
CONTINUED

For equity accounted associates and joint venture holdings, the combined consolidated annual financial statements include the attributable share of the results and reserves of associated undertakings and joint venture holdings. The group's interests in associated undertakings and joint venture holdings are included in the consolidated balance sheet at cost plus the post-acquisition changes in the group's share of the net assets of the associated undertakings and joint venture holdings.

After application of the equity method, management evaluates if there is objective evidence that its net investment in the associate or joint venture is impaired.

Because goodwill forms part of the carrying amount of the net investments in an associate or a joint venture and is not separately recognised, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets. Instead, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs of disposal) with its carrying amount whenever there is objective evidence that the net investment may be impaired.

The consolidated balance sheet reflects the associated undertakings and joint venture holdings net of accumulated impairment losses.

All intergroup balances, transactions and unrealised gains or losses within the group that do not reflect an impairment to the asset are eliminated in full regarding subsidiaries and to the extent of the interest in associated undertakings and joint venture holdings.

Segmental reporting
An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components, where operating results are reviewed regularly by chief operating decision-makers who are considered to be executive members of the board and for which discrete financial information is available.

The group's segmental reporting is presented in the form of a business analysis. The business analysis is presented in terms of the group's four principal business divisions namely, Wealth & Investment, Private Banking, Corporate and Investment Banking, and Other and Group Investments. Group costs that are disclosed separately largely relate to group brand and marketing costs and a portion of executive and support functions which are associated with group-level activities. These costs are not incurred by the operating divisions and are necessary to support the operational functioning of the group.

A geographical analysis is also presented in terms of the main geographies in which the group operates representing the group's exposure to various economic environments.

For further detail on the group's segmental reporting basis refer to pages 50 to 75 in volume one of the divisional review section of the integrated annual report.

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any prior non-controlling interest in the acquiree. For each business combination, the group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed immediately in the income statement.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and the designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the group's previously held equity interest in the acquiree is remeasured to fair value at each acquisition date through the income statement.

Any contingent consideration to be transferred by the group will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognised in accordance with IFRS 9 either in the income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration and amount recognised for non-controlling interest is less than the fair values of the identifiable net assets acquired, the discount on acquisition is recognised directly in the income statement as a gain in the year of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The group tests goodwill acquired in a business combination for impairment annually, irrespective of whether an indication of impairment exists and in accordance with IAS 36.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units that are expected to benefit from the combination.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating units retained.

Discontinued operations
A disposal group qualifies as a discontinued operation if it is a component of an entity that has either been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

ACCOUNTING POLICIES
CONTINUED

Additional disclosures are provided in note 38. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Share-based payments to employees
The group engages in equity-settled share-based payments in respect of services received from employees. The fair value of the services received in respect of equity-settled share-based payments is determined by reference to the fair value of the shares or share options on the date of grant to the employee. The cost of the share-based payment, together with a corresponding increase in equity, is recognised in the income statement over the period the service conditions of the grant are met, with the amount changing according to the number of awards expected to vest. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest.

Fair value measurements are based on option pricing models, taking into account the risk-free interest rate, volatility of the underlying equity instrument, expected dividends and current share prices.

Where the terms of an equity-settled award are modified, the minimum expense recognised in staff costs is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The loss of control of an employing subsidiary of the group gives rise to an acceleration of the equity-settled share-based payments charge for the related employees and on loss of control, the group recognises the amount that would have been recognised for the award if it remained in place on its original terms.

Employee benefits
The group operates various defined contribution schemes.

In respect of the defined contribution scheme, all employer contributions are charged to the income statement as incurred, in accordance with the rules of the scheme, and included under staff costs. The assets of the defined benefit schemes are measured at their market value at the balance sheet date and the liabilities of the schemes are measured using the projected unit credit method.The discount rate used to measure the schemes' liabilities is the current rate of return on an AA corporate bond at the balance sheet date of equivalent term and currency to the liabilities. The extent to which the schemes' assets exceed or fall short of the schemes' liabilities is shown as a surplus (to the extent that it is considered recoverable) or deficit in the balance sheet.

Actuarial gains and losses related to the defined benefit asset or liability are recognised immediately directly in other comprehensive income. The group has no liabilities for other post-retirement benefits.

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The long-term employment benefits liability relates to the obligation of the Investec group to deliver ordinary shares of Ninety One plc and Ninety One Limited to employees over a predetermined vesting period. The fair value of this liability is calculated by applying the Black-Scholes option pricing model at each reporting date. The changes in fair value will be recognised as an employee benefit expense. The liability is included in other liabilities on the balance sheet.

Foreign currency transactions and foreign operations
The presentation currency of the group is Pound Sterling, being the functional currency of Investec plc. The functional currency of Investec Limited is South African Rand.

Foreign operations are subsidiaries, interests in associated undertakings and joint venture holdings or branches of the group, the activities of which are based in a functional currency other than that of the reporting entity. The functional currency of group entities is determined based on the primary economic environment in which the entity operates.

Foreign currency transactions are translated into the functional currency of the entity in which the transactions arise, based on rates of exchange ruling at the date of the transactions.

At each balance sheet date foreign currency items are translated as follows:

- Monetary items (other than monetary items that form part of the net investment in a foreign operation) are translated using closing rates, with gains or losses recognised in the income statement
- Exchange differences arising on monetary items that form part of the net investment in a foreign operation are determined using closing rates and recognised as a separate component of equity (foreign currency translation reserve) upon consolidation and is reclassified to the income statement upon disposal of the net investment
- Non-monetary items that are measured at historical costs are translated using the exchange rates ruling at the date of the transaction. Non-monetary items that are measured at fair value are translated using the exchange rate at the date of the valuation, with movements due to changes in foreign currency being presented in terms of the accounting policy for changes in the fair value movement of the respective item.

On consolidation, the results and financial position of foreign operations are translated into the presentation currency of the group, as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet
- Income and expense items are translated at exchange rates ruling at the date of the transaction
- All resulting exchange differences are recognised in other comprehensive income (foreign currency translation reserve), which is recognised in the income statement on disposal of the foreign operation
- Cash flow items are translated at the exchange rates ruling at the date of the transactions.

On loss of control or disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation recognised in other comprehensive income is reclassified from equity to profit or loss and included in the profit on loss of control.

ACCOUNTING POLICIES
CONTINUED

Revenue recognition
Revenue consists of interest income, fee and commission income, investment income, trading income arising from customer flow, trading income arising from balance sheet management, share of post-taxation profit of associates and joint venture holdings and other trading activities and other operating income.

Interest income on debt instruments at amortised cost and FVOCI is recognised in the income statement using the effective interest method. Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instruments yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs.

The effective interest method is based on the estimated life of the underlying instrument and where this estimate is not readily available, the contractual life. Interest on instruments at fair value through profit or loss is recognised based on the contractual rates.

Fee and commission income includes revenue from contracts with customers earned from providing advisory services as well as portfolio management and includes rental income from investment properties.

Revenue from contracts with customers is recognised in accordance with five steps to: identify the contract; identify the performance obligations; determine the transaction price; allocate the transaction price to the performance obligations; and recognise revenue when the performance obligations are satisfied.

Investment advisory and management fees are earned over the period in which the services are provided. Performance fees can be variable and recognition is constrained until such time as it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and the services related to the transactions have been completed under the terms of the contract.

Investment income includes income, other than margin from securities held for the purpose of generating interest yield, dividends and capital appreciation.

Customer flow trading income includes income from trading activities arising from making and facilitating client activities.

Trading income arising from balance sheet management and other trading activities consists of proprietary trading income and other gains or losses arising from balance sheet management.

Trading profit includes the unrealised profit on trading portfolios, which are marked-to-market daily. Equity investments received in lieu of corporate finance fees are included in investment portfolio and valued accordingly.

Dividend income is recognised when the group's right to receive payment is established.

Included in other operating income is incidental rental income, gains on realisation of properties (other than investment properties which is included in investment income), operating lease income, income from assurance activities and revenue from other investments. Operating costs associated with these investments are included in operating costs in the income statement.

Rewards programme
The group has a Rewards programme whereby account cardholders are awarded Rewards points in proportion to eligible transactions. Rewards points may be redeemed at a later stage for goods or services at a variety of lifestyle, shopping, travel and financial partners. Rewards points earned are valid for three years from allocation date. Client rewards are considered to be a cost of the interchange service fee revenue stream, where the cardholder is not considered to be the customer but rather that the associated rewards are incentives paid to cardholders in respect of this stream. As a result, the costs to provide cardholders with these rewards are considered to be expenses and recognised in fee and commission expenses as the related income is earned, with the obligation to settle these points reflected in other liabilities until such time as they are redeemed.

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the group has access at that date. The fair value of an asset or a liability reflects its non-performance risk.

When available, the group measures the fair value of an instrument using the quoted price in an active market for that instrument.

A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The group classifies disclosed fair values according to a hierarchy that reflects the significance of observable market inputs.

A transfer is made between the hierarchy levels when the inputs have changed or there has been a change in the valuation method. Transfers are deemed to occur at the end of each semi-annual reporting period.

Financial instruments
Financial instruments are initially recognised at their fair value. For financial assets or financial liabilities not held at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities are included in the initial measurement. All other transaction costs are recorded in the income statement immediately. Regular way purchase and sales transactions in respect of financial assets that require delivery of a financial instrument within the timeframe established by market convention are recorded at trade date.

ACCOUNTING POLICIES
CONTINUED

Business model assessment
For financial assets, IFRS 9 requires that a business model assessment is carried out which reflects how the group manages the assets in order to generate cash flows. The assessment is at a portfolio level, being the level at which the portfolio is managed. Factors considered by the group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the assets' performance is evaluated and reported and how risks are assessed and managed.

The standard sets out different types of business model:

- **Hold to collect:** it is intended to hold the asset to maturity to earn interest, collecting repayments of principal and interest from the customer. These assets are accounted for at amortised cost
- **Hold to collect and sell:** this model is similar to the hold to collect model, except that the entity may elect to sell some or all of the assets before maturity to achieve the objectives of the business model. These assets are accounted for at FVOCI
- **Hold to sell/managed on a fair value basis:** the entity originates or purchases an asset with the intention of disposing of it in the short or medium term to benefit from capital appreciation or the portfolio is managed on a fair value basis. These assets are accounted for at FVPL.

However, the group may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:

- Elect to present subsequent changes in fair value of an equity investment that is neither held-for-trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in OCI;
- A debt instrument that meets the amortised cost or FVOCI criteria as measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

The classification into one of these categories is based on the group's business model for managing the assets and the contractual cash flow characteristics of the assets.

Solely payment of principal and interest (SPPI)
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the group assesses whether the assets' cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment, the group considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related asset is classified and measured at FVPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Financial assets and liabilities measured at amortised cost
Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise to cash flows that are solely payments of principal and interest, such as most loans and advances to banks and customers and some debt securities, are measured at amortised cost. In addition, most financial liabilities are measured at amortised cost.

The group may commit to provide a loan which has not yet been drawn. When the loan that arises from the lending commitment is expected to meet the criteria to be measured at amortised cost the undrawn commitment is also considered to be and is included in the impairment calculation.

The carrying value of these financial assets at initial recognition includes any directly attributable transaction costs. If the initial fair value is lower than the cash amount advanced, such as in the case of some leveraged finance and syndicated lending activities, the difference is deferred and recognised over the life of the loan through the recognition of interest income, unless the loan is credit impaired.

Financial assets measured at fair value through other comprehensive income (FVOCI)
Financial assets held for a business model that is achieved by both collecting contractual cash flows and selling and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. They are recognised on the trade date when the group enters into contractual arrangements to purchase and are normally derecognised when they are either sold or redeemed.

They are subsequently remeasured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold. Upon disposal, the cumulative gains or losses in other comprehensive income are recognised in the income statement as 'Gains less losses arising from derecognition of debt instruments measured at fair value through other comprehensive income'.

Financial assets measured at FVOCI are included in the impairment calculations set out below and impairment is recognised in profit or loss.

Impairment of financial assets held at amortised cost or FVOCI
At each balance sheet date, each financial asset or portfolio of advances categorised at amortised cost or at fair value through other comprehensive income, issued financial guarantee and loan commitment is measured for ECL impairment.

The costs of loss allowances on assets held at amortised cost and at FVOCI are presented as impairments in the income statement. Allowances in respect of financial guarantees and loan commitments are presented as other liabilities and charges recorded within income statement impairments. Financial assets held at amortised cost are presented net of allowances except where the asset has been wholly or partially written off.

ACCOUNTING POLICIES
CONTINUED

Stage 1
Financial assets that are considered performing and have not had a significant increase in credit risk are reported as Stage 1 assets. Stage 1 financial assets have loss allowances measured at an amount equal to 12-month ECL.

In line with regulatory and accounting bodies guidance, exposures that have been granted COVID-19 relief measures such as payment holidays are not automatically considered to have been subject to a significant increase in credit risk and therefore do not alone result in a transfer across stages. Where relief measures are granted, there is no change in expectation of the total amount due. Should the expected recoverability of the loan remain the same, these exposures will remain reported in Stage 1 for the foreseeable future, and will not be required to hold a lifetime ECL.

Stage 2
Financial assets are considered to be in Stage 2 when their credit risk has increased significantly since initial recognition. A loss allowance equivalent to a lifetime ECL is required to be held.

The group's primary indicator for Stage 2 assets are distressed loans, potential problem loans and exposures in arrears that require additional attention and supervision from watchlist committees and are under management review.

Assets in forbearance are considered to be, at a minimum, Stage 2. Forbearance measures refer to concessions such as modification of the terms and conditions or refinancing that has been granted to a debtor in financial difficulty. These exposures are assessed on a case-by-case basis to determine whether the proposed modifications will be considered as forbearance. Where the credit committee considers it likely that the client will be able to return to perform against the original contractual obligations within a reasonable timeframe these assets will be considered performing and in Stage 2. Forbearance is distinguished from commercial renegotiations which take place as part of normal business activity and standard banking practice.

In addition to loans under management review, an asset may also move from Stage 1 to Stage 2 if the model calculated probability of default (PD) has significantly increased since origination. This is tested on both a relative and absolute basis to assess whether a significant deterioration in lifetime risk of default has occurred. Currently in the UK, there is a common definition across the bank's exposures regarding what constitutes a significant PD movement. The test involves both an absolute and relative movement threshold. An asset is considered to have been subjected to a significant increase in credit risk if the appropriate PD has doubled relative to the value at origination and on an absolute basis has increased by more than 1%. Any asset with an original rating that is classified as investment grade will be judged to have had a significant movement if the new PD would classify it as subinvestment grade and the equivalent rating has moved by more than three notches. In South Africa, the change in the lifetime PD from deal origination to the reporting date is monitored monthly. The absolute and relative changes in lifetime PDs are tested against predefined trigger levels. When the change in lifetime PDs exceeds the trigger levels, it is considered a significant increase in credit risk and the exposure is migrated to Stage 2. The trigger levels have been defined for each asset class and are a function of the internal credit rating and the remaining maturity of the exposure.

The group adopts the view that all financial assets that are more than 30 days past due have experienced a significant increase in credit risk.

Exposures move back to Stage 1 once they no longer meet the criteria above for a significant increase in credit risk and as cure periods (specifically relating to forborne exposures) are met.

Stage 3
Financial assets are included in Stage 3 when there is objective evidence of credit impairment. The group assesses a loan as Stage 3 when contractual payments of either principal or interest are past due for more than 90 days, the debtor is assessed as unlikely to pay and credit impaired, or the loan is otherwise considered to be in default, for example, due to the appointment of an administrator or the client is in receivership. Forborne loans that are considered non-performing, for example, if a loan is not expected to meet the original contractual obligations in a reasonable timeframe, the loan will be classified as Stage 3. Loans which are 90 days or more past due are considered to be in default.

The group calculates the credit adjusted effective interest rate on Stage 3 assets, which is calculated based on the amortised cost of the financial asset (i.e. gross carrying amount less ECL allowance) instead of its gross carrying amount and incorporates the impact of the ECLs in estimated future cash flows.

Definition of default
The group has aligned the IFRS 9 and regulatory definitions of default, credit impaired and non-performing exposure. Assets that are more than 90 days past due, or considered by management as unlikely to pay their obligations in full without realisation of collateral are considered as exposures in default.

ECL
The assessment of credit risk and the estimation of ECL are required to be unbiased, probability-weighted and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money. As a result, the recognition and measurement of impairment is intended to be forward-looking and therefore, potentially volatile.

Write-offs
A loan or advance is normally written off in full against the related ECL impairment allowance when the proceeds from realising any available security have been received or there is a reasonable amount of certainty that the exposure will not be recovered. This is assessed on a case-by-case basis with considerations to indicators such as whether the exposure has been restructured or the given financial position of the borrower and guarantors. Any recoveries of amounts previously written off decrease the amount of impairment losses.

ACCOUNTING POLICIES
CONTINUED

Process to determine ECL
ECLs are calculated using three main components:

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

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

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

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

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

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

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

Financial assets and liabilities held at fair value
Financial instruments held at fair value through profit or loss include all instruments classified as held-for-trading, those instruments designated as held at fair value through profit or loss and those financial assets which do not meet the criteria for amortised cost or FVOCI.

Financial instruments classified as FVPL are initially recorded at fair value on the balance sheet with changes in fair value subsequently recognised in the income statement. Financial instruments are classified as held-for-trading when they are held with the intention of short-term disposal, held with the intention of generating short-term profit, or are derivatives which are not designated as part of effective hedges. Financial instruments designated as held at fair value through profit or loss are designated as such on initial recognition of the instrument and remain in this classification until derecognition.

Financial assets and liabilities are designated as held at fair value through profit or loss only if:

- They eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- A group of financial liabilities or both financial assets and financial liabilities is managed and its performances evaluated on a fair value basis in accordance with a documented risk management or investment strategy and information about the group is provided internally on that basis to the group's key management personnel; or
- A financial liability contract contains one or more embedded derivatives (which significantly modifies the cash flows that would be required by the contract and is not clearly prohibited from separation from the host contract) and the group has designated the entire hybrid contract as a financial instrument at fair value through profit or loss.

Changes in fair value of financial liabilities designated at fair value that is attributable to changes in own credit is recognised in other comprehensive income. Any other changes in fair value are recognised in the income statement.

Equity instruments measured at FVOCI
The group measures equity instruments at FVOCI when it considers the investments to be strategic or held for long-term dividend yield. The equity instruments are not held-for-trading. Gains or losses on the derecognition of these equity securities are not transferred to profit or loss.

Otherwise, equity instruments are measured at fair value through profit or loss (except for dividend income, which is recognised in profit or loss).

Securitisation/credit investment and trading activities exposures
The group makes use of securitisation vehicles as a source of finance, as a means of risk transfer and to leverage returns through the retention of equity tranches in low default rate portfolios. The group predominantly focuses on the securitisation of residential and commercial mortgages and lease receivables. The group also trades in structured credit investments.

The structured entities are consolidated under IFRS 10 Consolidated Financial Statements when the group has exposure to or rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Loans and advances that are originated are transferred to structured entities, and the structured entities issue debt securities to external investors to fund the purchase of the securitised assets. When the group consolidates the structured entity, the group recognises the assets and liabilities on a gross basis. When the group does not consolidate the structured entity, the securitised assets are derecognised and only any position still held by the group in the structured entity is reflected.

Day-one profit or loss
When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on the valuation technique whose variables include only data from observable markets, the difference between the transaction price and fair value is recognised immediately in the income statement. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the income statement when the inputs become observable, when the instrument is derecognised or over the life of the transaction.

Derecognition of financial assets and liabilities
A financial asset, or a portion thereof, is derecognised when the group's rights to cash flows have expired or when the group has transferred its rights to cash flows relating to the financial assets and either (a) the group has transferred substantially all the risks and rewards associated with the financial assets or (b) the group has neither transferred nor retained substantially all the risks and rewards associated with the financial assets but has transferred control of the assets.

ACCOUNTING POLICIES
CONTINUED

The treatment of a renegotiation or modification of the contractual cash flows of a financial asset depends upon whether the modification is done for commercial reasons, in which case if they are significant the old asset is derecognised and a new asset recognised, or because of financial difficulties of the borrower. Where such modifications are solely due to IBOR reform and result in an interest rate which is economically equivalent, they are treated as a change to the floating rate of interest and so do not result in any adjustment to the carrying value of the asset.

A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled or expired. When an existing financial liability is replaced or modified with substantially different terms, such a replacement or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Reclassification of financial instruments
Financial assets are only reclassified where there has been a change in business model. Financial liabilities cannot be reclassified.

Derivative instruments
All derivative instruments of the group are recorded on the balance sheet at fair value. Positive and negative fair values are reported as assets and liabilities, respectively.

Derivative positions are entered into either for trading purposes or as part of the group's asset and liability management activities to manage exposures to interest rate and foreign currency risks. Both realised and unrealised profit or losses arising on derivatives are recognised in the income statement as part of trading income (other than circumstances in which cash flow hedging is applied as detailed in the hedge accounting section below).

Derivative instruments entered into as economic hedges which do not qualify for hedge accounting and derivatives that are entered into for trading purposes are treated in the same way as instruments that are held-for-trading.

Credit derivatives are entered into for trading purposes. Credit derivatives are initially recognised at their fair values, being the transaction price of the derivative. Subsequently the derivatives are carried at fair value, with movements in fair value through the income statement, based on the current market price or remeasured price. The counterparty risk from derivative transactions is taken into account when reporting the fair value of derivative positions. The adjustment to the fair value is known as the credit value adjustment (CVA).

Hedge accounting
When the group first implemented IFRS 9, it made an election to continue to apply the hedge accounting requirements of IAS 39 as an accounting policy.

The group applies either fair value or cash flow hedge or hedge of net investments in foreign operations accounting when the transactions meet the specified hedge accounting criteria.

To qualify for hedge accounting treatment, the group ensures that all of the following conditions are met:

- At inception of the hedge, the group formally documents the relationship between the hedging instrument(s) and hedged item(s) including the risk management objectives and the strategy in undertaking the hedge transaction. Also at the inception of the hedge relationship, a formal assessment is undertaken to ensure the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated are expected to offset in a range of 80% to 125%
- For cash flow hedges, a forecasted transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect the income statement
- The effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured
- The hedge effectiveness is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

For qualifying fair value hedges, the change in fair value of the hedging instrument is recognised in the income statement. Changes in fair value of the hedged item that is attributable to the hedged risk are also recognised in the income statement.

For qualifying cash flow hedges in respect of non-financial assets and liabilities, the change in fair value of the hedging instrument relating to the effective portion is initially recognised directly in other comprehensive income in the cash flow hedge reserve and is included in the initial cost of any asset/liability recognised or in all other cases released to the income statement when the hedged firm commitment or forecasted transaction affects net profit. If the forecast transaction or firm commitment is no longer expected to occur, the balance included in other comprehensive income is reclassified to the income statement immediately and recognised in trading income from balance sheet management and other trading activities.

For qualifying cash flow hedges in respect of financial assets and liabilities, the change in fair value of the hedging instrument, which represents an effective hedge, is initially recognised in other comprehensive income and is reclassified to the income statement in the same period during which the relevant financial asset or liability affects the income statement. Any ineffective portion of the hedge is immediately recognised in the income statement.

For qualifying hedges of a net investment in a foreign operation including a hedge of a monetary item that is accounted for as part of the net investment are accounted for in a way similar to cash flow hedges. Changes in the fair value of the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign operation, the cumulative value of any such gain or loss recorded in other comprehensive income is reclassified to the income statement.

ACCOUNTING POLICIES
CONTINUED

Hedge accounting is discontinued when it is determined that the instrument ceases to be highly effective as a hedge; when the derivative expires, or is sold, terminated or exercised; when the hedged item matures or is sold or repaid; when a forecasted transaction is no longer deemed highly probable or when the designation as a hedge is revoked.

Sources of hedge ineffectiveness may arise from basis risk, including but not limited to the discount rates used for calculating the fair value of derivatives, hedges using instruments with a non-fair value, and notional and timing differences between the zero hedged items and hedging instruments.

The group applied the IBOR reform Phase 1 reliefs to hedging relationships directly affected by IBOR reform during the period before the replacement of an existing interest rate benchmark with an alternative RFR. A hedging relationship is affected if IBOR reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. The reliefs require that for the purpose of determining whether a forecast transaction is highly probable, it is assumed that the IBOR on which the hedged cash flows are based is not altered as a result of IBOR reform.

IBOR reform Phase 1 requires that for hedging relationships affected by IBOR reform, the group must assume that for the purpose of assessing expected future hedge effectiveness, the interest rate is not altered as a result of IBOR reform. Also, the group is not required to discontinue the hedging relationship if the results of the assessment of retrospective hedge effectiveness fall outside the range of 80% to 125%, although any hedge ineffectiveness must be recognised in profit or loss, as normal.

The reliefs cease to apply once certain conditions are met. These include when the uncertainty arising from IBOR reform is no longer present with respect to the timing and amount of the benchmark-based cash flows of the hedged item, if the hedging relationship is discontinued or once amounts in the cash flow hedge reserve have been released.

The group has adopted early IBOR reform Phase 2 for this year. IBOR reform Phase 2 provides temporary reliefs that allow the group's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the group to amend the hedge designations and hedge documentation and are set out above.

Refer to pages 75 and 76 of volume 2 for more detail on the impact of IBOR reform.

Offsetting of financial assets and liabilities
Financial assets and liabilities are offset when there is both an intention to settle on a net basis (or simultaneously) and a currently enforceable legal right to offset exists.

Issued debt and equity financial instruments
Financial instruments issued by the group are classified as liabilities if they contain a contractual obligation to deliver cash or another financial asset.

Financial instruments issued by the group are classified as equity where they confer on the holder a residual interest in the group, and the group has no obligation to deliver either cash or another financial asset to the holder. The components of compound issued financial instruments are accounted for separately with the liability component separated first and any residual amount being allocated to the equity component.

Equity instruments issued by subsidiaries of Investec plc or Investec Limited are recorded as non-controlling interests on the balance sheet.

Equity instruments are initially measured net of directly attributable issue costs.

Treasury shares represent issued equity repurchased by the group which have not been cancelled. Treasury shares are deducted from shareholders' equity and represent the purchase consideration, including directly attributable costs. Where treasury shares are subsequently sold or reissued, net proceeds received are included in shareholders' equity.

Dividends on ordinary shares are recognised as a deduction from equity at the earlier of payment date or the date that it is approved by Investec plc (in relation to dividends declared by Investec plc) and Investec Limited (in relation to dividends declared by Investec Limited) shareholders.

Sale and repurchase agreements (including securities borrowing and lending)
Securities sold subject to a commitment to repurchase, at a fixed price or a selling price plus a lender's return, remain on-balance sheet. Proceeds received are recorded as a liability on the balance sheet under 'repurchase agreements and cash collateral on securities lent'. Securities that are purchased under a commitment to resell the securities at a future date are not recognised on the balance sheet. The consideration paid is recognised as an asset under 'reverse repurchase agreements and cash collateral on securities borrowed'.

The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the effective interest method.

Securities borrowing transactions that are not cash collateralised are not included on the balance sheet. Securities lending and borrowing transactions which are cash collateralised are accounted for in the same manner as securities sold or purchased subject to repurchase commitments.

The cash collateral from agency-based scrip lending transactions are disclosed on a net basis, in accordance with master netting agreements and the intention to settle net.

Financial guarantees
Financial guarantee contracts issued by the group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due, in accordance with the terms of a debt instrument. Financial guarantees are initially recognised at fair value, adjusted for the transaction costs that are directly attributable to the issuance of the guarantee.

Subsequent to initial recognition, the liability under each guarantee is measured at the higher of the amount recognised less cumulative amortisation and the expected credit loss. Subsequent to initial measurement, all changes in the balance sheet carrying value are recognised in the income statement.

Property and equipment
Property and equipment are recorded at cost less accumulated depreciation and impairments.

Cost is the cash equivalent paid or the fair value of the consideration given to acquire an asset and includes other expenditures that are directly attributable to the acquisition of the asset.

ACCOUNTING POLICIES
CONTINUED

Depreciation is provided on the depreciable amount of each component on a straight-line basis over the expected useful life of the asset.

The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs that the group would currently obtain from the disposal of an asset in similar age and condition as expected at the end of its useful life.

The current and comparative annual depreciation rates for each class of property and equipment are as follows:

- Equipment 10% – 33%
- Furniture and vehicles 10% – 25%
- Freehold buildings 2% – 4%
- Leasehold property and improvements*
- Right of use assets*

* Leasehold improvements depreciation rates are determined by reference to the appropriate useful life of its separate components, limited to the period of the lease. Leasehold property and right of use asset depreciation rates are determined by reference to the period of the lease.

No depreciation is provided on freehold land. However, similar to other property-related assets, it is subject to impairment testing when an indication of impairment exists.

Routine maintenance and service costs for group assets are expensed as incurred. Subsequent expenditure is only capitalised if it is probable that future economic benefits associated with the item will flow to the group.

Investment properties
Properties held for capital appreciation or rental yield are classified as investment properties. Investment properties are initially measured at cost plus transaction costs and subsequently carried at fair value, with fair value gains or losses recognised in the income statement in investment income.

Fair value of investment property is calculated by taking into account the expected rental stream associated with the property, and are supported by market evidence.

Leases
At inception of a contract the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- The group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and
- The group has the right to direct the use of the asset.

As a lessee, the group recognises a right of use (ROU) asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at the rate implicit in the lease, or, where that is not available, at the group's incremental borrowing rate.

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 payments are made.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any indirect costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is subsequently remeasured when there is a change in future lease payments arising from a change in index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option.

Where the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in the income statement if the carrying amount of the ROU asset has been reduced to zero.

The group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the group is the lessor, the lease must be classified as either a finance lease or an operating lease. A finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. An operating lease is a lease where substantially all of the risks and rewards of the leased asset remain with the lessor.

When the lease is deemed a finance lease, the leased asset is not held on the balance sheet; instead a finance lease receivable is recognised representing the minimum lease payments receivable under the terms of the lease, discounted at the rate of interest implicit in the lease.

When the lease is deemed an operating lease, the lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate.

For the balance sheet, the ROU assets are included within property and equipment, finance lease receivables are included within loans and advances to customers and other assets and the lease liabilities are included within other liabilities.

Where the group has a head lease and sublease arrangement with external partners, the finance lease receivable is recognised in other assets on the balance sheet.

Trading properties
Trading properties are carried at the lower of cost and net realisable value.

Software and intangible assets
Software and intangible assets are recorded at cost less accumulated amortisation and impairments. Software and intangible assets with finite lives, are amortised over the useful economic life (currently three to 20 years) on a straight-line basis. The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset.

ACCOUNTING POLICIES
CONTINUED

Impairment of non-financial assets
At each balance sheet date, the group reviews the carrying value of non-financial assets, other than investment property, for indication of impairment. The recoverable amount, being the higher of fair value less cost of disposal and value-in-use, is determined for any assets for which an indication of impairment is identified. If the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable amount.

Impairment losses are recognised as an expense in the income statement in the period in which they are identified. Reversals of impairment losses are recognised in income in the period in which the reversals are identified, to the extent that the carrying value of the asset does not exceed the amount that would have been calculated without impairment.

Non-current assets held for sale
The group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Assets in the measurement scope of IFRS 5 are carried at the lower of their carrying amount and fair value less costs to sell.

Trust and fiduciary activities
The group acts as a trustee or in other fiduciary capacities that result in the holding, placing or managing of assets for the account of and at the risk of clients. As these are not assets of the group, they are not recognised on the balance sheet but are included at market value as part of third party assets under management.

Taxation and deferred taxation
Current taxation payable is provided for based on the amount expected to be payable on taxable profit at rates that are enacted or substantively enacted and applicable to the relevant period.

Deferred taxation is provided on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base, except where such temporary differences arise from:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction has no effect on the income statement or taxable profit
- Temporary differences associated with the investments in subsidiaries and interests in associated undertakings and joint venture holdings, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred taxation assets or liabilities are measured using the taxation rates that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which the deferred taxation asset can be utilised. Items recognised directly in other comprehensive income are net of related current and deferred taxation.

Insurance contracts
Insurance contracts are those contracts in which the group assumes significant insurance risk. The deposit components of insurance contracts are unbundled and accounted for separately.

Insurance premiums are recognised in the period in which the group is entitled to the premium. Insurance claims are recognised in the income statement in the period in which a contractual obligation arises for the group to make payment under an insurance contract.

Reinsurance assets and liabilities and associated premiums/ claims are not offset in the income statement or balance sheet. Insurance liabilities are measured at their actuarial values, and are tested for adequacy on an annual basis. Any deficiency identified is recognised in the income statement.

Insurance income is included in other operating income.

Borrowing costs
Borrowing costs that are directly attributable to property developments which take a substantial period of time to develop are capitalised.

Provisions, contingent liabilities and contingent assets
Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the income statement net of any reimbursement. Contingent assets and contingent liabilities are not recognised on the balance sheet.

Standards and interpretations issued but not yet effective
The following significant standards and interpretations, which have been issued but are not yet effective, are applicable to the group. These standards and interpretations have not been applied in these annual financial statements. The group intends to comply with these standards from the effective dates.

IFRS 17 Insurance contracts
IFRS 17 Insurance Contracts was issued in May 2017 and sets out the requirements that an entity should apply in accounting for insurance contracts it issues and reinsurance contracts it holds. It applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

IFRS 17 is effective from 1 January 2023 and the group is considering its impact.

All other standards and interpretations issued but not yet effective are not expected to have a material impact on the group.

ACCOUNTING POLICIES
CONTINUED

Key management assumptions
In preparation of the annual financial statements, the group makes estimations and applies judgement that could affect the reported amount of assets and liabilities within the next financial year. Key areas in which judgement is applied include:

- The impact of COVID-19 required management to apply significant judgements and estimates to quantify the impact on the annual financial statements. The assumptions can specifically be viewed on pages 120 and 122 in volume one and pages 51 to 55 in volume two and throughout the annual financial statements.
- In accordance with IFRS 13 Fair Value Measurement, the group categorises financial instruments carried on the balance sheet at fair value using a three level hierarchy. Financial instruments categorised as level 1 are valued using quoted market prices and therefore there is minimal judgement applied in determining fair value. However, the fair value of financial instruments categorised as level 2 and, in particular, level 3 is determined using valuation techniques including discounted cash flow analysis and valuation models. The valuation techniques for level 3 financial instruments involve management judgement and estimates the extent of which depends on the complexity of the instrument and the availability of market observable information. In particular, significant uncertainty exists in the valuation of unlisted investments and fair value loans in the private equity and direct investments portfolios. Key valuation inputs are based on the most relevant observable market information and can include expected cash flows, discount rates, earnings multiples and the underlying assets within a business, adjusted where necessary for factors that specifically apply to the individual investments and recognising market volatility. Further details of the group's level 3 financial instruments and the sensitivity of the valuation including the effect of applying reasonably possible alternative assumptions in determining their fair value are also set out in note 17.

Details of unlisted investments can be found in note 28 with further analysis contained in the risk management section on pages 57 and 58 in volume two

- Valuation of investment properties is performed twice annually by qualified internal valuers and at least half of the portfolio is valued by independent external valuers annually. The valuation is performed by capitalising the budget net income of the property at the market-related yield applicable at the time. Properties in Investec Property Fund are valued according to the JSE Listings Requirements.

Refer to note 35 for the carrying value of investment property with further analysis contained in the risk management section on pages 57and 58 in volume two.

- The measurement of ECL has reliance on expert credit judgement. Key judgemental areas are highlighted below and are subject to robust governance processes. Key drivers of measurement uncertainty include:
  - The assessment of a significant increase in credit risk;
  - A range of forward-looking probability weighted macro-economic scenarios; and
  - Estimations of probabilities of default, loss given default and exposures at default using models.

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

Following a detailed review of the outcome of the ECL models, management raised an additional overlay provision in SA and the UK. Detail of the approach followed and managements' assumptions are set out on page 51 of volume 2.

- The group's income tax charge and balance sheet provision are judgemental in nature. This arises from certain transactions for which the ultimate tax treatment can only be determined by final resolution with the relevant local tax authorities. The group has recognised in its current tax provision certain amounts in respect of taxation that involve a degree of estimation and uncertainty where the tax treatment cannot finally be determined until a resolution has been reached by the relevant tax authority and whether the proposed tax treatment will be accepted by the authorities. The carrying amount of this provision is sensitive to the resolution of issues, which is often dependent on the timetable and progress of discussion and negotiations with the relevant tax authorities, arbitration process and legal proceedings in the relevant tax jurisdictions in which the group operates. Issues can take many years to resolve and assumptions on the likely outcome would therefore have to be made by the group in order to determine if an exposure should be measured based on the most likely amount or expected value.

ACCOUNTING POLICIES
CONTINUED

In making any estimates, management's judgement has been based on various factors, including:

The current status of tax audits and enquiries;

The current status of discussions and negotiations with the relevant tax authorities;

The results of any previous claims; and

Any changes to the relevant tax environments.

- Management assesses the degree of control or influence the group has over certain investments in terms of IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. In the case of the IEP Group, this is considered to be an area of significant judgement. We have concluded that we do not control IEP based on the decision-making structure within the entity, our percentage holding, the number and involved nature of other shareholders and our historic experience of our power over the relevant activities. It was concluded that there is significant influence over IEP and it is accounted for as an associate.
- Management critically evaluated the equity accounted value of the group's investment in IEP and consequently recognised an impairment of £4.7 million in the current year (2020: £45.4 million). The recoverable amount of the investment in IEP was determined to be the value-in-use. This was calculated by determining Investec's stake of the sum of the fair values of the underlying investments held by IEP. This was done by determining the best estimates of the cash flows to be generated from the ultimate realisation of the underlying investments considering management's strategy with the investments, returns generated by the underlying investments, the nature of the assets and market considerations.
- As explained in the hedge accounting policy, the group derecognises financial assets and financial liabilities if there has been a substantial modification of their terms and conditions. In the context of IBOR reform, many financial instruments have already been amended or will be amended as they transition from IBORs to RFRs. In addition to the interest rate of a financial instrument changing, there may be other changes made to the terms of the financial instrument at the time of transition. For financial instruments measured at amortised cost, the group first applies the practical expedient as described in the hedge accounting policy, to reflect the change in the referenced interest rate from an IBOR to a RFR. Second, for any changes not covered by the practical expedient, the group applies judgement to assess whether the changes are substantial and if they are, the financial instrument is derecognised and a new financial instrument is recognised. If the changes are not substantial, the group adjusts the gross carrying amount of the financial instrument by the present value of the changes not covered by the practical expedient, discounted using the revised effective interest rate
- The group's effective interest method, as explained in the hedge accounting policy, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life cycle of the instruments, as well as expected changes to the base rate and other fee income/expense that are integral parts of the instrument. The group has early adopted IBOR reform Phase 2 which requires as a practical expedient for changes to the basis for determining contractual cash flows that are necessary as a direct consequence of IBOR reform, to be treated as a change to a floating rate of interest provided the transition from IBOR to RFR takes place on a basis that is economically equivalent. For changes that are not required by IBOR reform, the group applies judgement to determine whether they result in the financial instrument being derecognised or adjust its carrying value as described in the hedge accounting policy. Therefore, as financial instruments transition from IBOR to RFRs, the group applies judgement to assess whether the transition has taken place on an economically equivalent basis. In making this assessment, the group considers the extent of any changes to the contractual cash flows as a result of the transition and the factors that have given rise to the changes, with consideration of both quantitative and qualitative factors
- The group operates in a legal and regulatory environment that exposes it to litigation risks. As a result, the group is involved in disputes and legal proceedings which arise in the ordinary course of business. The group evaluates all facts, the probability of the outcome of legal proceedings and advice from internal and external legal counsel when considering the accounting implications.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. Combined consolidated segmental analysis

For the year to 31 March 2021 £'000	UK and Other	Southern Africa	Total
Segmental geographic analysis – income statement			
Continuing operations			
Net interest income	399 714	378 392	778 106
Net fee and commission income	488 523	260 355	748 878
Investment income	22 414	9 588	32 002
Share of post-taxation profit of associates and joint venture holdings	35 972	6 487	42 459
Trading income/(loss) arising from			
– customer flow	(11 025)	46 591	35 566
– balance sheet management and other trading activities	11 262	(30 165)	(18 903)
Other operating income	15 831	7 122	22 953
Total operating income before expected credit loss impairment charges	**962 691**	**678 370**	**1 641 061**
Expected credit loss impairment charges	(71 202)	(28 236)	(99 438)
Operating income	**891 489**	**650 134**	**1 541 623**
Operating costs	(766 367)	(398 146)	(1 164 513)
Operating profit before goodwill, acquired intangibles and strategic actions	**125 122**	**251 988**	**377 110**
Loss/(profit) attributable to other non-controlling interests	861	(389)	472
Adjusted operating profit	**125 983**	**251 599**	**377 582**
Impairment of goodwill	(11 248)	(351)	(11 599)
Impairment of associates and joint venture holdings	—	(16 773)	(16 773)
Loss attributable to other non-controlling interests relating to impairments of associates	—	9 126	9 126
Amortisation of acquired intangibles	(12 851)	(2 436)	(15 287)
Amortisation of acquired intangibles of associates	(6 017)	(3 251)	(9 268)
Closure and rundown of the Hong Kong direct investments business	7 386	—	7 386
Earnings attributable to shareholders before taxation	**103 253**	**237 914**	**341 167**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(24 243)	(50 296)	(74 539)
Taxation on acquired intangibles and strategic actions	1 029	683	1 712
Earnings attributable to shareholders	**80 039**	**188 301**	**268 340**
Selected returns and key statistics from continuing operations			
ROE (post-taxation)*	4.0%	9.4%	6.6%
Return on tangible equity (post-taxation)*	4.8%	9.5%	7.2%
Cost to income ratio	79.5%	58.7%	70.9%
Staff compensation to operating income	59.0%	44.1%	52.8%
Adjusted operating profit per employee (£'000)	33.8	52.7	44.5
Effective operational tax rate	27.2%	20.5%	22.3%
Total assets (£'million)	24 604	26 908	51 512

* Refer to calculation on page 43 in volume one.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

1. Combined consolidated segmental analysis continued

For the year to 31 March 2020^ £'000	UK and Other	Southern Africa	**Total**
Segmental geographic analysis – income statement			
Continuing operations			
Net interest income	397 385	441 184	838 569
Net fee and commission income	482 200	322 707	804 907
Investment income	6 375	32 893	39 268
Share of post-taxation profit of associates and joint venture holdings	9 474	17 770	27 244
Trading income/(loss) arising from			
– customer flow	50 980	12 274	63 254
– balance sheet management and other trading activities	(537)	27 257	26 720
Other operating income	6 464	413	6 877
Total operating income before expected credit loss impairment charges	**952 341**	**854 498**	**1 806 839**
Expected credit loss impairment charges	(75 813)	(57 488)	(133 301)
Operating income	**876 528**	**797 010**	**1 673 538**
Operating costs	(742 199)	(444 228)	(1 186 427)
Operating profit before goodwill, acquired intangibles and strategic actions	**134 329**	**352 782**	**487 111**
Profit attributable to other non-controlling interests	(864)	(67 088)	(67 952)
Adjusted operating profit	**133 465**	**285 694**	**419 159**
Impairment of goodwill	—	(145)	(145)
Impairment of associates and joint venture holdings	—	(45 400)	(45 400)
Amortisation of acquired intangibles	(12 915)	(2 741)	(15 656)
Amortisation of acquired intangibles of associates	(291)	(157)	(448)
Closure and rundown of the Hong Kong direct investments business	(89 257)	—	(89 257)
Financial impact of group restructures	(25 725)	—	(25 725)
Earnings attributable to shareholders before taxation	**5 277**	**237 251**	**242 528**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	706	(55 396)	(54 690)
Taxation on acquired intangibles and strategic actions	20 926	767	21 693
Earnings attributable to shareholders from continuing operations	**26 909**	**182 622**	**209 531**
Discontinued operations			
Profit after taxation from discontinued operations	640 507	314 472	954 979
Profit attributable to non-controlling interests of discontinued operations	(18 106)	(11 241)	(29 347)
Earnings attributable to shareholders	**649 310**	**485 853**	**1 135 163**
Selected returns and key statistics from continuing operations			
ROE (post-taxation)*	6.0%	10.7%	8.3%
Return on tangible equity (post-taxation)*	7.4%	10.8%	9.2%
Cost to income ratio	78.0%	56.4%	68.2%
Staff compensation to operating income	54.2%	35.9%	45.5%
Adjusted operating profit per employee (£'000)	33.2	59.2	47.4
Effective operational tax rate	(0.6%)	16.5%	11.9%
Total assets (£'million)	24 647	25 911	50 558

^ Restated as detailed in note 62 on pages 141 and 142.
* Refer to calculation on page 43 in volume one.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

1. Combined consolidated segmental analysis continued

	Private Client			Specialist Banking^					
	Wealth & Investment			Private Banking			Corporate and Investment Banking and Other		
For the year to 31 March 2021 **£'000**	UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**
Segmental business and geographic analysis – income statement									
Net interest income/(expense)	2 296	3 552	5 848	34 664	218 806	253 470	362 754	199 329	562 083
Net fee and commission income	316 040	78 589	394 629	644	45 377	46 021	171 839	91 049	262 888
Investment income/(loss)	272	1 461	1 733	19	933	952	22 123	(9 761)	12 362
Share of post-taxation profit/(loss) of associates and joint venture holdings	—	—	—	—	(372)	(372)	10 830	(1 097)	9 733
Trading income/(loss) arising from									
– customer flow	920	7	927	1 196	(43)	1 153	(13 141)	36 659	23 518
– balance sheet management and other trading activities	(9)	39	30	13	32	45	11 258	(7 728)	3 530
Other operating income	—	1	1	—	7	7	15 831	7 114	22 945
Total operating income before expected credit loss impairment charges	**319 519**	**83 649**	**403 168**	**36 536**	**264 740**	**301 276**	**581 494**	**315 565**	**897 059**
Expected credit loss impairment charges	(4)	—	(4)	(1 515)	(915)	(2 430)	(69 683)	(24 942)	(94 625)
Operating income	**319 515**	**83 649**	**403 164**	**35 021**	**263 825**	**298 846**	**511 811**	**290 623**	**802 434**
Operating costs	(245 175)	(57 530)	(302 705)	(38 033)	(140 391)	(178 424)	(464 873)	(182 883)	(647 756)
Operating profit/(loss) before goodwill, acquired intangibles and strategic actions from continuing operations	**74 340**	**26 119**	**100 459**	**(3 012)**	**123 434**	**120 422**	**46 938**	**107 740**	**154 678**
Loss/(profit) attributable to other non-controlling interests	—	—	—	—	—	—	861	309	1 170
Operating profit/(loss) before goodwill, acquired intangibles and after non-controlling interests	**74 340**	**26 119**	**100 459**	**(3 012)**	**123 434**	**120 422**	**47 799**	**108 049**	**155 848**
Selected returns and key statistics from continuing operations									
ROE (post-taxation)*	23.8%	64.1%	28.5%	(0.7%)	12.9%	8.1%	1.9%	8.0%	4.6%
Return on tangible equity (post-taxation)*	56.6%	67.9%	59.2%	(0.7%)	12.9%	8.1%	1.9%	8.1%	4.6%
Cost to income ratio	76.7%	68.8%	75.1%	104.1%	53.0%	59.2%	79.8%	57.9%	72.1%
Total assets (£'million)	959	312	1 271	3 338	10 335	13 673	20 070	14 637	34 707

^ In terms of IFRS 8 Operating Segments, the below operating segments were changed after management concluded that key operating decision makers of the Investec group review the operating results as follows:
- Investec Private Banking
- Investec Corporate, Investment Banking and Other
- Investec Wealth & Investment
- Group Investments
- Group costs

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

* Refer to calculation on pages 44 and 45 in volume one.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

Group Investments			Group Costs			Total		
UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**
—	(43 295)	(43 295)	—	—	—	399 714	378 392	778 106
—	45 340	45 340	—	—	—	488 523	260 355	748 878
—	16 955	16 955	—	—	—	22 414	9 588	32 002
25 142	7 956	33 098	—	—	—	35 972	6 487	42 459
—	9 968	9 968	—	—	—	(11 025)	46 591	35 566
—	(22 508)	(22 508)	—	—	—	11 262	(30 165)	(18 903)
—	—	—	—	—	—	15 831	7 122	22 953
25 142	**14 416**	**39 558**	**—**	**—**	**—**	**962 691**	**678 370**	**1 641 061**
—	(2 379)	(2 379)	—	—	—	(71 202)	(28 236)	(99 438)
25 142	**12 037**	**37 179**	**—**	**—**	**—**	**891 489**	**650 134**	**1 541 623**
—	(2 096)	(2 096)	(18 286)	(15 246)	(33 532)	(766 367)	(398 146)	(1 164 513)
25 142	**9 941**	**35 083**	**(18 286)**	**(15 246)**	**(33 532)**	**125 122**	**251 988**	**377 110**
—	(698)	(698)	—	—	—	861	(389)	472
25 142	**9 243**	**34 385**	**(18 286)**	**(15 246)**	**(33 532)**	**125 983**	**251 599**	**377 582**
15.5%	2.9%	7.4%	n/a	n/a	n/a	4.0%	9.4%	6.6%
15.5%	2.9%	7.4%	n/a	n/a	n/a	4.8%	9.5%	7.2%
n/a	n/a	n/a	n/a	n/a	n/a	79.5%	58.7%	70.9%
237	1 624	1 861	n/a	n/a	n/a	24 604	26 908	51 512

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

1. Combined consolidated segmental analysis continued

For the year to 31 March 2020^ £'000	Private Client			Specialist Banking					
	Wealth & Investment			Private Banking			Corporate and Investment Banking and Other		
	UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**
Segmental business and geographic analysis – income statement									
Net interest income/(expense)	12 604	3 940	16 544	23 441	259 979	283 420	361 340	231 553	592 893
Net fee and commission income	304 412	84 173	388 585	333	55 433	55 766	177 455	110 435	287 890
Investment income/(loss)	(436)	(148)	(584)	—	13 564	13 564	6 811	(19 717)	(12 906)
Share of post-taxation profit/(loss) of associates and joint venture holdings	—	—	—	—	(1 230)	(1 230)	5 383	15	5 398
Trading income/(loss) arising from									
– customer flow	862	(186)	676	1 433	75	1 508	48 685	28 199	76 884
– balance sheet management and other trading activities	108	(29)	79	1	374	375	(646)	(3 033)	(3 679)
Other operating income	181	—	181	—	16	16	6 283	393	6 676
Total operating income before expected credit loss impairment charges	**317 731**	**87 750**	**405 481**	**25 208**	**328 211**	**353 419**	**605 311**	**347 845**	**953 156**
Expected credit loss impairment charges	1	—	1	(643)	(19 388)	(20 031)	(75 171)	(29 946)	(105 117)
Operating income	**317 732**	**87 750**	**405 482**	**24 565**	**308 823**	**333 388**	**530 140**	**317 899**	**848 039**
Operating costs	(254 714)	(60 902)	(315 616)	(43 221)	(172 077)	(215 298)	(407 976)	(190 918)	(598 894)
Operating profit/(loss) before goodwill, acquired intangibles and strategic actions	**63 018**	**26 848**	**89 866**	**(18 656)**	**136 746**	**118 090**	**122 164**	**126 981**	**249 145**
Loss/(profit) attributable to other non-controlling interests	—	—	—	—	—	—	(864)	2	(862)
Adjusted operating profit/(loss) from continuing operations	**63 018**	**26 848**	**89 866**	**(18 656)**	**136 746**	**118 090**	**121 300**	**126 983**	**248 283**
Operating profit before strategic actions from discontinued operations	—	—	—	—	—	—	—	—	—
Profit attributable to non-controlling interests of discontinuing operations	—	—	—	—	—	—	—	—	—
Operating profit before goodwill, acquired intangibles and after non-controlling interests	**63 018**	**26 848**	**89 866**	**(18 656)**	**136 746**	**118 090**	**121 300**	**126 983**	**248 283**
Selected returns and key statistics from continuing operations									
ROE (post-taxation)*	20.4%	91.1%	26.7%	(4.2%)	15.7%	8.9%	9.6%	9.0%	9.3%
Return on tangible equity (post-taxation)*	60.1%	98.9%	68.2%	(4.2%)	15.7%	8.9%	10.1%	9.1%	9.7%
Cost to income ratio	80.2%	69.4%	77.8%	171.5%	52.4%	60.9%	67.5%	54.9%	62.9%
Total assets (£'million)	986	332	1 318	2 432	9 292	11 724	21 004	15 672	36 676

^ Restated as detailed in note 62 on pages 141 and 142.
* Refer to calculation on pages 44 and 45 in volume one.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

Group Investments			Group Costs			Total		
UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**
—	(54 288)	(54 288)	—	—	—	397 385	441 184	838 569
—	72 666	72 666	—	—	—	482 200	322 707	804 907
—	39 194	39 194	—	—	—	6 375	32 893	39 268
4 091	18 985	23 076	—	—	—	9 474	17 770	27 244
—	(15 814)	(15 814)	—	—	—	50 980	12 274	63 254
—	29 945	29 945	—	—	—	(537)	27 257	26 720
—	4	4	—	—	—	6 464	413	6 877
4 091	**90 692**	**94 783**	**—**	**—**	**—**	**952 341**	**854 498**	**1 806 839**
—	(8 154)	(8 154)	—	—	—	(75 813)	(57 488)	(133 301)
4 091	**82 538**	**86 629**	**—**	**—**	**—**	**876 528**	**797 010**	**1 673 538**
—	(2 815)	(2 815)	(36 288)	(17 516)	(53 804)	(742 199)	(444 228)	(1 186 427)
4 091	**79 723**	**83 814**	**(36 288)**	**(17 516)**	**(53 804)**	**134 329**	**352 782**	**487 111**
—	(67 090)	(67 090)	—	—	—	(864)	(67 088)	(67 952)
4 091	**12 633**	**16 724**	**(36 288)**	**(17 516)**	**(53 804)**	**133 465**	**285 694**	**419 159**
—	—	—	—	—	—	109 103	80 656	189 759
—	—	—	—	—	—	(18 106)	(11 241)	(29 347)
4 091	**12 633**	**16 724**	**(36 288)**	**(17 516)**	**(53 804)**	**224 462**	**355 109**	**579 571**
8.4%	2.9%	3.6%	n/a	n/a	n/a	6.0%	10.7%	8.3%
8.4%	2.9%	3.6%	n/a	n/a	n/a	7.4%	10.8%	9.2%
n/a	n/a	n/a	n/a	n/a	n/a	78.0%	56.4%	68.2%
225	1 799	2 024	n/a	n/a	n/a	24 647	25 911	50 558

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

1. Combined consolidated segmental analysis continued

At 31 March 2021 £'000	UK and Other	Southern Africa	Total
Segmental geographic analysis – balance sheet assets and liabilities			
Assets			
Cash and balances at central banks	3 043 034	474 066	3 517 100
Loans and advances to banks	1 374 154	1 325 163	2 699 317
Non-sovereign and non-bank cash placements	—	439 841	439 841
Reverse repurchase agreements and cash collateral on securities borrowed	2 065 232	1 510 481	3 575 713
Sovereign debt securities	1 108 253	2 603 370	3 711 623
Bank debt securities	48 044	1 073 686	1 121 730
Other debt securities	669 403	694 832	1 364 235
Derivative financial instruments	772 501	942 242	1 714 743
Securities arising from trading activities	278 074	746 597	1 024 671
Investment portfolio	355 974	553 076	909 050
Loans and advances to customers	12 335 837	13 705 250	26 041 087
Own originated loans and advances to customers securitised	—	401 912	401 912
Other loans and advances	93 233	8 902	102 135
Other securitised assets	111 676	28 411	140 087
Interests in associated undertakings and joint venture holdings	295 313	383 844	679 157
Current taxation assets	58 174	2 151	60 325
Deferred taxation assets	110 750	135 872	246 622
Other assets	1 388 431	777 007	2 165 438
Property and equipment	185 502	144 470	329 972
Investment properties	—	832 061	832 061
Goodwill	249 836	9 969	259 805
Software	7 791	4 783	12 574
Other acquired intangible assets	53 281	5 687	58 968
Non-current assets classified as held for sale	—	51 783	51 783
	24 604 493	**26 855 456**	**51 459 949**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	52 405	52 405
	24 604 493	**26 907 861**	**51 512 354**
Liabilities			
Deposits by banks	1 320 675	1 083 037	2 403 712
Derivative financial instruments	906 001	1 284 486	2 190 487
Other trading liabilities	49 055	277 134	326 189
Repurchase agreements and cash collateral on securities lent	139 014	864 298	1 003 312
Customer accounts (deposits)	16 070 313	18 379 117	34 449 430
Debt securities in issue	1 573 450	318 869	1 892 319
Liabilities arising on securitisation of own originated loans and advances	—	160 646	160 646
Liabilities arising on securitisation of other assets	108 281	—	108 281
Current taxation liabilities	36 862	41 928	78 790
Deferred taxation liabilities	19 984	20 349	40 333
Other liabilities	1 199 285	813 718	2 013 003
	21 422 920	**23 243 582**	**44 666 502**
Liabilities to customers under investment contracts	—	49 798	49 798
Insurance liabilities, including unit-linked liabilities	—	2 607	2 607
	21 422 920	**23 295 987**	**44 718 907**
Subordinated liabilities	771 481	709 470	1 480 951
	22 194 401	**24 005 457**	**46 199 858**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

1. Combined consolidated segmental analysis continued

At 31 March 2020^ £'000	UK and Other	Southern Africa	Total
Segmental geographic analysis – balance sheet assets and liabilities			
Assets			
Cash and balances at central banks	2 277 318	1 654 730	3 932 048
Loans and advances to banks	1 784 971	881 880	2 666 851
Non-sovereign and non-bank cash placements	—	632 610	632 610
Reverse repurchase agreements and cash collateral on securities borrowed	2 458 822	1 337 357	3 796 179
Sovereign debt securities	1 084 958	2 905 223	3 990 181
Bank debt securities	51 238	553 683	604 921
Other debt securities	647 778	782 641	1 430 419
Derivative financial instruments	1 247 118	786 881	2 033 999
Securities arising from trading activities	250 445	467 952	718 397
Investment portfolio	376 239	622 696	998 935
Loans and advances to customers	11 871 849	12 716 225	24 588 074
Own originated loans and advances to customers securitised	—	324 638	324 638
Other loans and advances	121 559	10 927	132 486
Other securitised assets	112 440	22 425	134 865
Interests in associated undertakings and joint venture holdings	279 736	421 575	701 311
Current taxation assets	4 603	2 009	6 612
Deferred taxation assets	130 656	135 240	265 896
Other assets	1 396 858	530 958	1 927 816
Property and equipment	216 955	139 618	356 573
Investment properties	—	863 864	863 864
Goodwill	261 183	9 442	270 625
Software	7 843	6 800	14 643
Other acquired intangible assets	64 111	7 546	71 657
Non-current assets classified as held for sale	—	58 905	58 905
	24 646 680	**25 875 825**	**50 522 505**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	35 227	35 227
	24 646 680	**25 911 052**	**50 557 732**
Liabilities			
Deposits by banks	1 384 151	2 114 103	3 498 254
Derivative financial instruments	1 135 961	1 014 304	2 150 265
Other trading liabilities	118 572	390 950	509 522
Repurchase agreements and cash collateral on securities lent	375 387	1 201 959	1 577 346
Customer accounts (deposits)	15 272 245	16 948 731	32 220 976
Debt securities in issue	1 392 598	344 593	1 737 191
Liabilities arising on securitisation of own originated loans and advances	—	76 696	76 696
Liabilities arising on securitisation of other assets	110 679	—	110 679
Current taxation liabilities	26 904	24 404	51 308
Deferred taxation liabilities	21 438	23 350	44 788
Other liabilities	1 619 419	592 068	2 211 487
	21 457 354	**22 731 158**	**44 188 512**
Liabilities to customers under investment contracts	—	32 845	32 845
Insurance liabilities, including unit-linked liabilities	—	2 382	2 382
	21 457 354	**22 766 385**	**44 223 739**
Subordinated liabilities	787 030	649 331	1 436 361
	22 244 384	**23 415 716**	**45 660 100**

^ Restated as detailed in note 62 on pages 141 and 142.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

1. Combined consolidated segmental analysis continued

	Private Client		Specialist Banking^			
For the year to 31 March 2021 **£'000**	**Wealth & Investment**	**Private Banking**	**Corporate, Investment Banking and Other**	**Group Investments**	**Group Costs**	**Total group**
UK and Other	74 340	(3 012)	47 799	25 142	(18 286)	125 983
Southern Africa	26 119	123 434	108 049	9 243	(15 246)	251 599
Continuing operations adjusted operating profit	**100 459**	**120 422**	**155 848**	**34 385**	**(33 532)**	**377 582**
Other non-controlling interest*						(472)
Adjusted operating profit before non-controlling interests						**377 110**

	Private Client		Specialist Banking^			
For the year to 31 March 2020 **£'000**	**Wealth & Investment**	**Private Banking**	**Corporate, Investment Banking and Other**	**Group Investments**	**Group Costs**	**Total group**
UK and Other	63 018	(18 656)	121 300	4 091	(36 288)	133 465
Southern Africa	26 848	136 746	126 983	12 633	(17 516)	285 694
Continuing operations adjusted operating profit	**89 866**	**118 090**	**248 283**	**16 724**	**(53 804)**	**419 159**
Other non-controlling interest*						67 952
Adjusted operating profit before non-controlling interests						**487 111**

* (Loss)/profit attributable to other non-controlling interests predominantly relates to the Investec Property Fund Limited.

^ In terms of IFRS 8 Operating Segments, the below operating segments were changed after management concluded that key operating decision makers of the Investec group review the operating results as follows:
- Investec Private Banking
- Investec Corporate, Investment Banking and Other
- Investec Wealth & Investment
- Group Investments
- Group costs

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Net interest income

For the year to 31 March 2021 £'000	Notes	UK and Other: Average balance sheet value	UK and Other: Interest income	UK and Other: Average yield	Southern Africa: Average balance sheet value	Southern Africa: Interest income	Southern Africa: Average yield	Total: Average balance sheet value	Total: Interest income
Cash, near cash and bank debt and sovereign debt securities	1	7 699 932	27 785	0.36%	7 796 968	252 532	3.28%	15 496 900	280 317
Core loans	2	12 170 562	579 809	4.76%	13 405 872	916 459	6.93%	25 576 434	1 496 268
Private Client		2 873 101	84 191	2.93%	9 683 900	628 595	6.58%	12 557 001	712 786
Corporate, Investment Banking and Other		9 297 461	495 618	5.33%	3 721 972	287 864	7.84%	13 019 433	783 482
Other debt securities and other loans and advances		851 397	34 207	4.02%	759 892	41 571	5.55%	1 611 289	75 778
Other	3	287 831	59 419	n/a	14 476	10 517	n/a	302 307	69 936
		21 009 722	**701 220**		**21 977 208**	**1 221 079**		**42 986 930**	**1 922 299**

For the year to 31 March 2021 £'000	Notes	UK and Other: Average balance sheet value	UK and Other: Interest expense	UK and Other: Average yield	Southern Africa: Average balance sheet value	Southern Africa: Interest expense	Southern Africa: Average yield	Total: Average balance sheet value	Total: Interest expense
Deposits by banks and other debt-related securities	4	(3 098 976)	(44 378)	(1.43%)	(3 324 792)	(94 908)	(2.92%)	(6 423 768)	(139 286)
Customer accounts (deposits)		(16 020 789)	(131 233)	(0.82%)	(16 577 774)	(686 686)	(4.06%)	(32 598 563)	(817 919)
Subordinated liabilities		(789 555)	(48 145)	(6.10%)	(655 582)	(43 746)	(6.81%)	(1 445 137)	(91 891)
Other	5	(436 350)	(77 750)	n/a	(128 539)	(17 347)	n/a	(564 889)	(95 097)
		(20 345 670)	**(301 506)**		**(20 686 687)**	**(842 687)**		**(41 032 357)**	**(1 144 193)**
Net interest income			**399 714**			**378 392**			**778 106**
Net interest margin			**1.90%** **			**1.71%** **			

We have changed our methodology for calculating net interest margin whereby this is now calculated using a straight-line 13 point (full 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% for the UK and Other and 1.72% for Southern Africa (March 2020: 2.02% for the UK and Other and 1.82% for Southern Africa). The average balance sheet value and average yield for Southern Africa have been determined in Rands. The average balance sheet value shown above has been translated using the average Rand: Pound Sterling exchange rate for the period of R21.33 (March 2020: R18.78).

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

** Impacted by debt funding issued by the Investec Property Fund in which the group has a 24.31% (2020: 24.31%) interest. Excluding this debt funding cost, the net interest margin amounted to 1.84% (March 2020: 2.06%).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

2. Net interest income continued

For the year to 31 March 2020^ £'000	Notes	UK and Other Average balance sheet value	UK and Other Interest income	UK and Other Average yield	Southern Africa Average balance sheet value	Southern Africa Interest income	Southern Africa Average yield	Total **Average balance sheet value**	Total **Interest income**
Cash, near cash and bank debt and sovereign debt securities	1	7 215 307	73 916	1.02%	7 386 368	423 688	5.74%	14 601 675	497 604
Core loans	2	10 988 525	591 615	5.38%	14 649 776	1 404 251	9.59%	25 638 301	1 995 866
Private Client		2 088 825	67 439	3.23%	10 458 802	987 203	9.44%	12 547 627	1 054 642
Corporate, Investment Banking and Other		8 899 700	524 176	5.89%	4 190 974	417 048	9.96%	13 090 674	941 224
Other debt securities and other loans and advances		711 589	31 025	4.36%	800 547	43 239	5.40%	1 512 136	74 264
Other	3	323 948	87 840	n/a	17 812	28 411	n/a	341 760	116 251
		19 239 369	**784 396**		**22 854 503**	**1 899 589**		**42 093 872**	**2 683 985**

For the year to 31 March 2020^ £'000	Notes	UK and Other Average balance sheet value	UK and Other Interest expense	UK and Other Average yield	Southern Africa Average balance sheet value	Southern Africa Interest expense	Southern Africa Average yield	Total **Average balance sheet value**	Total **Interest expense**
Deposits by banks and other debt-related securities	4	(3 759 265)	(60 051)	(1.60%)	(3 152 869)	(133 749)	(4.24%)	(6 912 134)	(193 800)
Customer accounts (deposits)		(13 568 473)	(184 747)	(1.36%)	(18 524 163)	(1 242 248)	(6.71%)	(32 092 636)	(1 426 995)
Subordinated liabilities		(807 843)	(48 319)	(5.98%)	(803 062)	(62 343)	(7.76%)	(1 610 905)	(110 662)
Other	5	(481 381)	(93 894)	n/a	(105 062)	(20 065)	n/a	(586 443)	(113 959)
		(18 616 962)	**(387 011)**		**(22 585 156)**	**(1 458 405)**		**(41 202 118)**	**(1 845 416)**
Net interest income			**397 385**			**441 184**			**838 569**
Net interest margin			**2.02%**	**		**1.93%**	**		

We have changed our methodology for calculating net interest margin whereby this is now calculated using a straight-line 13 point (full 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% for the UK and Other and 1.72% for Southern Africa (March 2020: 2.02% for the UK and Other and 1.82% for Southern Africa). The average balance sheet value and average yield for Southern Africa have been determined in Rands. The average balance sheet value shown above has been translated using the average Rand: Pound Sterling exchange rate for the period of R21.33 (March 2020: R18.78).

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

** Impacted by debt funding issued by the Investec Property Fund in which the group has a 24.31% (2020: 24.31%) interest. Excluding this debt funding cost, the net interest margin amounted to 1.84% (March 2020: 2.06%).

^ Restated as detailed in note 62 on pages 141 and 142.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

3. Net fee and commission income

For the year to 31 March 2021 £'000	UK and Other	Southern Africa	**Total**
Wealth & Investment net fee and commission income	**316 040**	**78 589**	**394 629**
Fund management fees/fees for funds under management	267 381	43 854	311 235
Private client transactional fees	49 432	36 535	85 967
Fee and commission expense	(773)	(1 800)	(2 573)
Specialist Banking net fee and commission income	**172 483**	**136 426**	**308 909**
Specialist Banking fee and commission income	184 981	159 686	344 667
Specialist Banking fee and commission expense	(12 498)	(23 260)	(35 758)
Group Investments net fee and commission income	**—**	**45 340**	**45 340**
Group Investments fee and commission income	—	49 284	49 284
Group Investments fee and commission expense	—	(3 944)	(3 944)
Net fee and commission income	**488 523**	**260 355**	**748 878**
Annuity fees (net of fees payable)	284 745	211 316	496 061
Deal fees	203 778	49 039	252 817

For the year to 31 March 2020^ £'000	UK and Other	Southern Africa	**Total**
Wealth & Investment net fee and commission income	**304 412**	**84 173**	**388 585**
Fund management fees/fees for funds under management	261 093	45 188	306 281
Private client transactional fees	43 997	40 884	84 881
Fee and commission expense	(678)	(1 899)	(2 577)
Specialist Banking net fee and commission income	**177 788**	**165 868**	**343 656**
Specialist Banking fee and commission income	190 946	192 781	383 727
Specialist Banking fee and commission expense	(13 158)	(26 913)	(40 071)
Group Investments net fee and commission income	**—**	**72 666**	**72 666**
Group Investments fee and commission income	—	77 136	77 136
Group Investments fee and commission expense	—	(4 470)	(4 470)
Net fee and commission income	**482 200**	**322 707**	**804 907**
Annuity fees (net of fees payable)	280 214	261 793	542 007
Deal fees	201 986	60 914	262 900

Included in Specialist Banking is fee and commission income of £63.7 million (2020: £91.8 million) for operating lease income which is out of the scope of IFRS 15 – Revenue from contracts with customers.
Trust and fiduciary fees amounted to £0.4 million (2020: £0.2 million) and are included in Private client transactional fees.

^ Restated as detailed in note 62 on pages 141 and 142.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

4. Investment income

For the year to 31 March 2021 £'000	Listed equities	Unlisted equities	Fair value loan investments	Warrants and profit shares	**Investment portfolio**	Debt securities (sovereign, bank and other)	Investment and trading properties	Other	**Total**
UK and Other									
Realised	9 367	971	—	13	10 351	6 121	(1 755)	23 165	37 882
Unrealised^	6 449	7 485	—	(35)	13 899	(2 967)	(3 141)	(29 489)	(21 698)
Dividend income	21	3 906	—	—	3 927	—	—	—	3 927
Funding and other net related income	—	—	—	—	—	—	2 303	—	2 303
	15 837	**12 362**	**—**	**(22)**	**28 177**	**3 154**	**(2 593)**	**(6 324)**	**22 414**
Southern Africa									
Realised	14 380	(2 191)	—	2 451	14 640	2 985	1 287	16 018	34 930
Unrealised^	4 583	(6 374)	18 386	2	16 597	(907)	(46 736)	(8 347)	(39 393)
Dividend income	5 722	4 688	—	—	10 410	—	—	50	10 460
Funding and other net related income (costs)	—	(1 145)	—	—	(1 145)	—	4 736	—	3 591
	24 685	**(5 022)**	**18 386**	**2 453**	**40 502**	**2 078**	**(40 713)**	**7 721**	**9 588**
Investment income/(loss)	**40 522**	**7 340**	**18 386**	**2 431**	**68 679**	**5 232**	**(43 306)**	**1 397**	**32 002**

For the year to 31 March 2020 £'000	Listed equities	Unlisted equities	Fair value loan investments	Warrants and profit shares	**Investment portfolio**	Debt securities (sovereign, bank and other)	Investment and trading properties	Other	**Total**
UK and Other									
Realised	(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
	(9 204)	**14 135**	**—**	**8 229**	**13 160**	**531**	**952**	**(8 268)**	**6 375**
Southern Africa									
Realised	1 505	6 238	—	8 385	16 128	5 738	(313)	(53)	21 500
Unrealised^	(5 019)	(10 523)	59 967	(32)	44 393	5 899	(43 750)	(12 169)	(5 627)
Dividend income	9 957	12 015	—	—	21 972	—	—	50	22 022
Funding and other net related costs	—	(1 935)	—	—	(1 935)	—	(3 067)	—	(5 002)
	6 443	**5 795**	**59 967**	**8 353**	**80 558**	**11 637**	**(47 130)**	**(12 172)**	**32 893**
Investment income/(loss)	**(2 761)**	**19 930**	**59 967**	**16 582**	**93 718**	**12 168**	**(46 178)**	**(20 440)**	**39 268**

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

5. Other operating income

For the year to 31 March £'000	**2021**	2020
Rental income from properties	—	1 196
Income from government grants*	4 218	3 260
Gains on realisation of properties	29	—
Unrealised gains on other investments	14 460	375
Income from operating leases	4 246	2 046
	22 953	**6 877**

- Income from government grants includes Research and Development Expenditure credits and income from the Capability and Innovation Fund from the Banking Competition Remedies Limited.

6. Expected credit loss impairment charges

For the year to 31 March £'000	**2021**	2020
Expected credit loss impairment charges/(releases) is recognised on the following assets:		
Loans and advances to customers	88 470	126 301
Expected credit loss impairment charges (refer to note 29)	103 855	136 641
Post write-off recoveries	(15 385)	(10 340)
Own originated loans and advances to customers securitised	407	317
Core loans	**88 877**	**126 618**
Other loans and advances	(70)	(33)
Other balance sheet assets	4 780	3 696
Off-balance sheet commitments and guarantees	5 851	3 020
	99 438	**133 301**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

7. Operating costs

For the year to 31 March £'000	2021	2020^
Staff costs	866 558	846 397
Salaries and wages (including directors' remuneration)	499 543	491 983
Variable remuneration	220 696	175 866
Share-based payments expense	42 763	60 087
Other	103 556	118 461
Business expenses*	125 184	137 535
Equipment expenses (excluding depreciation)	76 830	72 833
Premises expenses	53 505	55 985
Premises expenses (excluding depreciation)	24 301	25 556
Premises depreciation	29 204	30 429#
Marketing expenses	23 681	51 285
Depreciation, amortisation and impairment on property, equipment, intangibles and software	18 755	22 392#
Total operating costs	**1 164 513**	**1 186 427**
The following amounts were paid by the group to the auditors in respect of the audit of the financial statements and for other services provided to the group:		
Ernst & Young fees		
Total fees paid to the audit firm by virtue of being the group's auditor	**10 156**	**9 312**
Audit of the group's accounts	2 433	2 200
Audit of the group's subsidiaries pursuant to legislation	6 277	4 982
Audit related assurance services	1 441	1 262
Other assurance services	5	868
Total fees paid to the audit firm not in the capacity of being the group's auditor	**379**	**482**
Audit related assurance services	244	88
Tax compliance services	5	125
Services related to corporate finance transactions	—	169
Services related to information technology	—	100
Other non-audit services	130	—
	10 535	**9 794**
KPMG fees		
Total fees paid to the audit firm by virtue of being the group's subsidiary auditor	**3 414**	**4 719**
Fees payable to the group's subsidiary auditor for the audit of the group's accounts	—	—
Fees payable to the group's subsidiary auditor and its associates for other services:		
Audit of the group's subsidiaries pursuant to legislation	2 597	2 218
Audit related assurance services	316	431
Other assurance services	501	2 070
Total fees paid to the audit firm not in the capacity of being the group's subsidiary auditor	**194**	**927**
Audit related assurance services		
Tax compliance services	17	345
Tax advisory services	177	559
Other non-audit services	—	23
	3 608	**5 646**
Total	**14 143**	**15 440**

* Business expenses mainly comprise insurance costs, consulting and professional fees, travel expenses and subscriptions.

\# Premises depreciation of £11.4 million was reclassified from depreciation, amortisation and impairment on property, equipment, software and intangibles to premises depreciation.

^ Restated as detailed in note 62 on pages 141 and 142.

Details of the directors' emoluments, pensions and their interests are disclosed in the remuneration report on pages 173 to 186 in volume one.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

8. Share-based payments

The group operates share option and long-term share incentive plans for employees which are on an equity-settled basis.

The purpose of the staff share schemes is to promote an esprit de corps within the organisation, create an awareness of the Investec group's performance and provide an incentive to maximise individual and group performance by allowing all staff to share in the risks and rewards of the group.

Further information on the group share options and long-term incentive plans is provided in the remuneration report on page 187 and 188 in volume one of the integrated annual report and on our website.

As part of the demerger that took place in the prior year, employees of Investec Asset management left the employment of Investec on mutual agreement. This resulted in the acceleration of the share-based payment charge of £2.4 million on the date of the demerger.

For the year to 31 March **£'000**	**2021**	2020
Weighted average fair value of awards granted in the year		
UK schemes	11 696	28 881
South African schemes	15 391	27 409

	UK schemes				**South African schemes**			
	2021		2020		**2021**		2020	
Details of awards outstanding during the year	**Number of awards**	**Weighted average exercise price £**	Number of awards	Weighted average exercise price £	**Number of awards**	**Weighted average exercise price £**	Number of awards	Weighted average exercise price £
Outstanding at the beginning of the year	20 742 278	0.02	22 239 595	0.05	19 835 140	—	22 701 506	—
Demerger of asset management	—	—	(1 106 749)	—	—	—	(594 600)	—
Granted during the year	8 455 609	—	7 630 226	—	9 566 636	—	5 801 274	—
Exercised during the year^	(5 649 509)	—	(5 832 860)	—	(4 551 536)	—	(7 170 887)	—
Expired during the year	—	—	—	—	(643 444)	—	—	—
Awards forfeited during the year	(1 116 728)	0.19	(2 187 934)	0.25	—	—	(902 153)	—
Outstanding at the end of the year	**22 431 650**	**0.02**	**20 742 278**	**0.02**	**24 206 796**	**—**	**19 835 140**	**—**
Vested and exercisable at the end of the year	**401 818**		**470 123**		**373 239**		**545 533**	

^ The weighted average share price during the year was £1.73 (2020: £4.41) for the UK schemes and R36.18 (2020: R56.00) for the South African schemes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

8. Share-based payments continued

	UK schemes		South African schemes	
Additional information relating to awards	**2021**	2020	**2021**	2020
Options with strike prices				
Exercise price range	£3.58 – £4.18	£3.58 – £4.27	n/a	n/a
Weighted average remaining contractual life	0.71 years	0.98 years	n/a	n/a
Long-term incentive grants with no strike price				
Exercise price range	£nil	£nil	Rnil	Rnil
Weighted average remaining contractual life of outstanding awards	2.07 years	2.07 years	2.13 years	2.10 years
Weighted average fair value of options and long-term grants granted during the period	£1.38	£3.79	R34.08	R88.00
The fair value of shares granted were calculated at market price. For shares granted during the period, the inputs were as follows:				
Share price at date of grant	£1.56 – £1.93	£4.38 – £4.79	R32.36 – R38.68	R88.00
Exercise price	£nil	£nil	Rnil	Rnil
Option life	0.50 – 7 years	4 – 7.25 years	3.73 – 4.76 years	3.75 – 4.75 years
Expected dividend yields	n/a	6.45%	n/a	n/a
Risk-free rate	n/a	0.88%	n/a	n/a

Expected volatility was determined based on the implied volatility levels quoted by the derivatives trading desk. The expected volatility is based on the respective share price movement over the last six months, but also includes an element of forward expectation. The expected attrition rates used were determined based on historical group data with an adjustment to actual attrition on final vesting. In the prior year, 755 278 Investec plc shares (LTIP & LTSA) were awarded to Investec Australian staff in lieu of Ninety One plc shares. The fair value of the adjusted share awards was compared to the fair value of the original awards at 13 March 2020 and no incremental value was identified.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

9. Long-term employee benefits

In March 2020, as part of the IAM demerger, each participant of the Investec share option and long-term share incentive plans for employees, received the right to one Ninety One share award for every two Investec share awards they had. The Ninety One share awards were granted on the same terms and vesting period as the Investec awards they related to.

Investec has an obligation to deliver Ninety One shares to the holders of Investec share awards, accordingly this obligation was classified and measured as another long-term liability in terms of IAS 19 Employee Benefits (IAS 19). The initial liability of £14.8 million was calculated at the date of demerger for the portion of the awards already vested. The total value of the liability represented was accounted for in retained income. In the current and prior year, the liability was subsequently measured through profit or loss.

The IAS 19 long-term employment benefit liability movement recognised in the income statement for the year ended 31 March 2021 was £16.8 million (2020: £0.5 million).

	UK schemes				**South African schemes**			
	2021		2020		**2021**		2020	
Details of awards outstanding during the year	**Number of awards**	**Weighted average exercise price £**	Number of awards	Weighted average exercise price £	**Number of awards**	**Weighted average exercise price £**	Number of awards	Weighted average exercise price £
Outstanding at the beginning of the year	9 121 084	0.02	—	—	9 923 339	—	—	—
IAM Demerger – Ninety One share awards issued 16 March 2020	—	—	9 354 422	—	—	—	10 212 742	—
Exercised during the year	(2 092 045)	—	(213 160)	—	(2 233 363)	—	(271 698)	—
Lapsed during the year	(373 438)	0.22	(20 178)	—	(244 395)	—	(17 705)	—
Outstanding at the end of the year	**6 655 601**	**0.01**	**9 121 084**	**—**	**7 445 581**	**—**	**9 923 339**	**—**
Exercisable at the end of the year	**201 285**		**213 483**		**221 101**		**277 931**	

	UK schemes		**South African schemes**	
For the year to 31 March	**2021**	2020	**2021**	2020
The exercise price range and weighted average remaining contractual life for options and shares outstanding were as follows:				
Long-term awards with no strike price				
Exercise price	£2.90 – £3.39	£2.90 – £3.46	Rnil	Rnil
Weighted average remaining contractual life	0.71 years	0.98 years	1.48 years	2.10 years
The fair value of the liability was calculated by using the Black-Scholes option pricing model				
For the liability calculated the inputs into the model were as follows:				
Share price at 31 March	£2.39	£1.54	R48.00	R30.55
Exercise price	£nil, £2.90 – £3.39	£nil, £2.90 – £3.46	Rnil	Rnil
Expected volatility	35.35%	56.82%	35.35%	56.82%
Option life	0 – 6.44 years	0 – 7.45 years	0 – 3.16 years	0.14 – 4.19 years
Expected dividend yields	0% – 4.68%	0% – 8.01%	0% – 4.51%	0% – 6.28%
Risk-free rate	0% – 0.82%	0% – 0.68%	3.32% – 5.97%	5.73% – 7.71%

The liability has been calculated at 31 March 2021 by using the listed market price as at 31 March 2021.

Management concluded that the share price used to calculate the liability as at the date of the demerger (13 March 2020) approximated the fair value of the share price to be used to calculate the liability as at 31 March 2020. Management performed procedures to support this assumption.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

10. Taxation

For the year to 31 March £'000	**2021**	2020
Income statement taxation charge		
Current taxation		
UK		
– in respect of the current year	4 258	(15 078)
– in respect of prior year adjustments	(836)	(1 650)
	3 422	**(16 728)**
Southern Africa		
– in respect of the current year	66 699	73 005
– in respect of prior year adjustments	—	(8 306)
	66 699	**64 699**
Europe	1 560	2 766
Australia	74	208
Other	931	(311)
Withholding taxation on companies	1 485	1 499
Total current taxation	**74 171**	**52 133**
Deferred taxation		
UK	4 707	3 560
Southern Africa	(18 570)	(11 570)
Europe	(116)	27
Australia	13 722	(13 244)
Other	(1 087)	2 091
Total deferred taxation	**(1 344)**	**(19 136)**
Total taxation charge for the year	**72 827**	**32 997**
Total taxation charge for the year comprises:		
Taxation on operating profit before acquired intangibles	74 539	54 690
Taxation on acquired intangibles	(1 712)	(21 693)
	72 827	**32 997**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

10. Taxation continued

For the year to 31 March £'000	2021	2020
Deferred taxation comprises:		
Origination and reversal of temporary differences	(2 354)	(20 780)
Changes in taxation rates	154	1 285
Adjustment in respect of prior years	856	359
	(1 344)	**(19 136)**
The deferred taxation charge/(credit) in the income statement arises from:		
Deferred capital allowance	(2 858)	(1 873)
Income and expenditure accruals	473	(8 377)
Liability/(asset) in respect of unexpired options	(2 191)	7 231
Unrealised fair value adjustments on financial instruments	(1 612)	22
Losses carried forward	1 823	(10 669)
Liability in respect of pension surplus	—	(251)
Asset in respect of pension contributions	—	218
Deferred taxation on acquired intangibles	(3 064)	(1 652)
Revaluation of investment properties	913	(1 891)
Finance lease accounting	1 823	(1 611)
Other temporary differences	3 349	(283)
	(1 344)	**(19 136)**
The rates of corporation taxation for the relevant years are:	%	%
UK	19	19
South Africa	28	28
Europe (average)	10	10
Australia	30	30
Profit before taxation	**331 569**	**310 480**
Taxation on profit before taxation	**72 827**	**32 997**
Effective taxation rate (%)	21.96%	10.63%
The taxation charge on activities for the year is different from the standard rate as detailed below:		
Taxation on profit on ordinary activities before taxation at UK rate of 19% (2020: 19%)	62 998	58 991
Taxation adjustments related to Southern Africa*	4 119	(3 917)
Taxation adjustments relating to foreign earnings	3 852	519
Goodwill and non-operating items	2 162	1 905
Taxation relating to prior years	20	(1 291)
Share options accounting expense	214	6 378
Non-taxable expense/(income)	(9 141)	1 030
Net other permanent differences	(1 590)	(17 139)
Change in taxation rate	154	1 285
Capital gains – non-taxable/covered by losses	(3 628)	(2 323)
Movement in unrecognised trading losses	13 667	(12 441)
Total taxation charge as per income statement	**72 827**	**32 997**

* Taxation adjustments related to Southern Africa comprises mainly of £10.9 million (2020: £nil) related to release of provisions, permanent differences related to dividends of £8.1 million (2020: £38.1 million) and equity accounted earnings from associates of £1.2 million (2020: £5.1 million).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

10. Taxation continued

For the year to 31 March £'000	**2021**	2020
Other comprehensive income taxation effects		
Fair value movements on cash flow hedges taken directly to other comprehensive income	242	(40 304)
– Pre-taxation	1 734	(60 542)
– Taxation effect	(1 492)	20 238
Gains on realisation of debt instruments at FVOCI recycled through the income statement	(717)	(5 503)
– Pre-taxation	(1 127)	(7 003)
– Taxation effect	410	1 500
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	152 355	(139 977)
– Pre-taxation	190 111	(173 102)
– Deferred taxation	(37 756)	33 125
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	1 778	(3 931)
– Pre-taxation	2 223	(4 930)
– Deferred taxation	(445)	999
Net (loss)/gain attributable to own credit risk	(850)	9 515
– Pre-taxation	(713)	12 535
– Taxation effect	(137)	(3 020)
Statement of changes in equity taxation effects		
Share-based payment IFRS 2 adjustment taxation effect	107	(317)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

11. Earnings per share

For the year to 31 March	2021	2020
Continuing operations		
Earnings from continuing operations	**£'000**	£'000
Earnings attributable to shareholders from continuing operations	268 340	209 531
Dividends payable to perpetual preference shareholders and other Additional Tier 1 security holders (other equity holders)	(37 187)	(44 260)
Gain on redemption of perpetual preference shares	3 311	—
Earnings and diluted earnings attributable to ordinary shareholders from continuing operations	**234 464**	**165 271**
Adjusted earnings from continuing operations		
Earnings attributable to shareholders from continuing operations	268 340	209 531
Impairment of goodwill	11 599	145
Impairment of associates and joint venture holdings	16 773	45 400
Loss attributable to other non-controlling interests relating to impairments of associates	(9 126)	—
Amortisation of acquired intangibles	15 287	15 656
Amortisation of acquired intangibles of associates	9 268	448
Closure and rundown of the Hong Kong direct investments business	(7 386)	89 257
Financial impact of group restructures	—	25 725
Taxation on acquired intangibles and strategic actions	(1 712)	(21 693)
Dividends payable to perpetual preference shareholders and other Additional Tier 1 security holders (other equity holders)	(37 187)	(44 260)
Accrual adjustment on earnings attributable to other equity holders*	2 413	441
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items from continuing operations	**268 269**	**320 650**
Headline earnings from continuing operations		
Earnings attributable to shareholders from continuing operations	268 340	209 531
Impairment of goodwill	11 599	145
Impairment of associates and joint venture holdings	16 773	45 400
Loss attributable to other non-controlling interests relating to impairments of associates	(9 126)	—
Gain on disposal of group operations	(20 388)	(19 825)
Remeasurement of group investment	(10 770)	—
Dividends payable to perpetual preference shareholders and other Additional Tier 1 security holders (other equity holders)	(37 187)	(44 260)
Headline adjustments of associates	7 782	—
Property revaluation, net of taxation and non-controlling interests**	16 047	12 499
Other headline adjustments^	1 177	—
Gain on redemption of perpetual preference shares	3 311	—
Headline earnings attributable to ordinary shareholders from continuing operations* **	**247 558**	**203 490**
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	1 014 987 327	1 012 202 675
Weighted average number of treasury shares	(85 892 556)	(66 382 078)
Weighted average number of shares in issue during the year	**929 094 771**	**945 820 597**
Weighted average number of shares resulting from future dilutive potential shares	10 889 323	7 598 533
Adjusted weighted number of shares potentially in issue	**939 984 094**	**953 419 130**
Earnings per share from continuing operations – pence	**25.2**	**17.5**
Diluted earnings per share from continuing operations – pence	24.9	17.3
Adjusted earnings per share from continuing operations – pence	**28.9**	**33.9**
Diluted adjusted earnings per share from continuing operations – pence	28.5	33.6
Headline earnings per share from continuing operations – pence* **	**26.6**	**21.5**
Diluted headline earnings per share from continuing operations – pence***	26.3	21.3

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

** Taxation on revaluation headline earnings adjustments amounted to £4.4 million (2020: £2.8 million) with an impact of £32.1 million (2020: £16.3 million) on earnings attributable to non-controlling interests. The amount includes property revaluations included in equity accounted earnings.

*** Headline earnings per share has been calculated and is disclosed in accordance with the JSE listing requirements, and in terms of circular 1/2021 issued by the South African Institute of Chartered Accountants.

^ Predominantly relates to disposal of associate.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

11. Earnings per share continued

For the year to 31 March	2021	2020
Discontinued operations		
Earnings from discontinued operations	**£'000**	£'000
Earnings and diluted earnings attributable to ordinary shareholders from discontinued operations	**—**	**925 632**
Adjusted earnings from discontinued operations		
Earnings attributable to shareholders from discontinued operations	—	925 632
Financial impact of group restructure – discontinued operations	—	(820 233)
Taxation on acquired intangibles and strategic actions – discontinued operations	—	13 813
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items from discontinued operations	**—**	**119 212**
Headline earnings from discontinued operations		
Earnings attributable to shareholders from discontinued operations	—	925 632
Gain on distribution – discontinued operations	—	(867 409)
Taxation on acquired intangibles and strategic actions – discontinued operations	—	14 405
Headline earnings attributable to ordinary shareholders from discontinued operations	**—**	**72 628**
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	1 014 987 327	1 012 202 675
Weighted average number of treasury shares	(85 892 556)	(66 382 078)
Weighted average number of shares in issue during the year	**929 094 771**	**945 820 597**
Weighted average number of shares resulting from future dilutive potential shares	10 889 323	7 598 533
Adjusted weighted number of shares potentially in issue	**939 984 094**	**953 419 130**
Earnings per share from discontinued operations – pence	**n/a**	**97.9**
Diluted earnings per share from discontinued operations – pence	n/a	97.1
Adjusted earnings per share from discontinued operations – pence	**n/a**	**12.6**
Diluted adjusted earnings per share from discontinued operations – pence	n/a	12.5
Headline earnings per share from discontinued operations – pence* **	**n/a**	**7.7**
Diluted headline earnings per share from discontinued operations – pence***	n/a	7.6

*** Headline earnings per share has been calculated and is disclosed in accordance with the JSE listing requirements, and in terms of circular 1/2021 issued by the South African Institute of Chartered Accountants.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

11. Earnings per share continued

For the year to 31 March	2021	2020
Total group		
Earnings	**£'000**	£'000
Earnings attributable to shareholders	268 340	1 135 163
Dividends payable to perpetual preference shareholders and other Additional Tier 1 security holders (other equity holders)	(37 187)	(44 260)
Gain on redemption of perpetual preference shares	3 311	—
Earnings and diluted earnings attributable to ordinary shareholders	**234 464**	**1 090 903**
Adjusted earnings		
Earnings attributable to shareholders	268 340	1 135 163
Impairment of goodwill	11 599	145
Impairment of associates and joint venture holdings	16 773	45 400
Loss attributable to other non-controlling interests relating to impairments of associates	(9 126)	—
Amortisation of acquired intangibles	15 287	15 656
Amortisation of acquired intangibles of associates	9 268	448
Closure and rundown of the Hong Kong direct investments business	(7 386)	89 257
Financial impact of group restructures	—	25 725
Gain on distribution net of implementation costs – discontinued operations	—	(820 233)
Taxation on acquired intangibles and strategic actions	(1 712)	(21 693)
Taxation on gain on distribution net of taxation	—	13 813
Dividends payable to perpetual preference shareholders and other Additional Tier 1 security holders (other equity holders)	(37 187)	(44 260)
Accrual adjustment on earnings attributable to other equity holders*	2 413	441
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	**268 269**	**439 862**
Headline earnings		
Earnings attributable to shareholders	268 340	1 135 163
Impairment of goodwill	11 599	145
Impairment of associates and joint venture holdings	16 773	45 400
Loss attributable to other non-controlling interests relating to impairments of associates	(9 126)	—
Gain on distribution	—	(867 409)
Taxation on gain on distribution	—	14 405
Gain on disposal of group operations	(20 388)	(19 825)
Remeasurement of group investment	(10 770)	—
Dividends payable to perpetual preference shareholders and other Additional Tier 1 security holders (other equity holders)	(37 187)	(44 260)
Headline adjustments of associates	7 782	—
Property revaluation, net of taxation and non-controlling interests**	16 047	12 499
Other headline adjustments^	1 177	—
Gain on redemption of perpetual preference shares	3 311	—
Headline earnings attributable to ordinary shareholders* **	**247 558**	**276 118**
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	1 014 987 327	1 012 202 675
Weighted average number of treasury shares	(85 892 556)	(66 382 078)
Weighted average number of shares in issue during the year	**929 094 771**	**945 820 597**
Weighted average number of shares resulting from future dilutive potential shares	10 889 323	7 598 533
Adjusted weighted number of shares potentially in issue	**939 984 094**	**953 419 130**
Earnings per share – pence	**25.2**	**115.3**
Diluted earnings per share – pence	24.9	114.4
Adjusted earnings per share – pence	**28.9**	**46.5**
Diluted adjusted earnings per share – pence	28.5	46.1
Headline earnings per share – pence* **	**26.6**	**29.2**
Diluted headline earnings per share – pence***	26.3	29.0

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

** Taxation on revaluation headline earnings adjustments amounted to £4.4 million (2020: £2.8 million) with an impact of £32.1 million (2020: £16.3 million) on earnings attributable to non-controlling interests. The amount includes property revaluations included in equity accounted earnings.

*** Headline earnings per share has been calculated and is disclosed in accordance with the JSE listing requirements, and in terms of circular 1/2021 issued by the South African Institute of Chartered Accountants.

^ Predominantly relates to disposal of associate.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

12. Dividends

For the year to 31 March	2021 Pence per share	2021 Total £'000	2020 Pence per share	2020 Total £'000
Ordinary dividend				
Final dividend for prior year	—	—	13.5	134 777
Interim dividend for current year	5.5	53 346	11.0	109 546
Total dividend attributable to ordinary shareholders	**5.5**	**53 346**	**24.5**	**244 323**

The directors have proposed a final dividend in respect of the financial year ended 31 March 2021 of 7.5 pence per ordinary share. In light of regulatory guidance provided to banks in both South Africa and the UK, the directors decided not to declare a final ordinary dividend for the March 2020 financial year.

This will be paid as follows:

- For Investec Limited shareholders, through a dividend payment by Investec Limited of 150 cents per ordinary share
- For Investec plc non-South African shareholders, through a dividend paid by Investec plc of 7.5 pence per ordinary share
- For Investec plc South African shareholders, through a dividend payment by Investec Limited on the SA DAS share of 7.5 pence per ordinary share
- The final dividend to shareholders registered on 23 July 2021 is subject to the approval of the members of Investec plc and Investec Limited at the annual general meeting which is scheduled to take place on 5 August 2021 and, if approved, will be paid on 10 August 2021.

On 13 March 2020, the group successfully completed the demerger of its asset management business and distributed 55% of its shareholding in Ninety One group to the value of £697.9 million. This resulted in a distribution per ordinary shareholder of 73.4 pence.

For the year to 31 March £'000	2021	2020
Perpetual preference dividend*		
Final dividend for prior year	8 952	10 698
Interim dividend for current year	6 936	11 168
Total dividend attributable to perpetual preference shareholders recognised in current financial year	**15 888**	**21 866**

* Perpetual preference share dividends from Investec Limited, Investec Bank Limited and Investec plc.

The directors have declared a final dividend in respect of the financial year ended 31 March 2021 of 5.48495 pence (Investec plc shares traded on the JSE Limited) and 5.48495 pence (Investec plc shares traded on the International Stock Exchange), 331.58906 cents (Investec plc Rand denominated shares), 271.44926 cents (Investec Limited) and 290.85595 cents (Investec Bank Limited) per perpetual preference share. The final dividend will be payable to shareholders on the register at the close of business on 14 June 2021 for all dividends except for the Investec plc shares traded on the International Exchange, which will be paid on 21 June 2021.

Dividend attributable to other Additional Tier 1 securities in issue	**21 299**	**22 394**
The dividends paid on other Additional Tier 1 floating rate notes pay dividends on a quarterly basis. Refer to note 49 for detail on rates.		
Total perpetual preference dividends and other Additional Tier 1 securities distributions	**37 187**	**44 260**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

13. Financial impact of strategic actions

For the year to 31 March **£'000**	**2021**	2020
Closure and rundown of the Hong Kong direct investments business*	7 386	(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)
Financial impact of strategic actions – continuing operations	**7 386**	**(114 982)**
Taxation on financial impact of strategic actions from continuing operations	(1 390)	19 856
Net financial impact of strategic actions – continuing operations	**5 996**	**(95 126)**
Gain on distribution of Ninety One group shares net of taxation and implementation costs	—	806 420
Net financial impact of strategic actions – Total group	**5 996**	**711 294**

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

14. Operating lease disclosures

For the year to 31 March **£'000**	**2021**	2020
Operating lease expenses recognised in operating costs:		
Minimum lease payments	—	107
	—	**107**
Operating lease income recognised in operating income:		
Minimum lease payments	71 544	92 016
	71 544	**92 016**
The majority of operating lease expenses in the group relate to leases on property.		
Rental income from leasing motor vehicles and properties is included in 'other operating income' and 'fee and commission income' respectively.		
Operating lease receivables		
Future minimum lease payments under non-cancellable operating leases:		
Less than one year	71 462	64 090
One to five years	161 322	137 572
Later than five years	108 229	45 973
	341 013	**247 635**

The group leases assets to third parties under operating and finance lease arrangements including transport assets, machinery and property. The term of the leases range between three and five years with no annual escalation clauses. The majority of the leases have renewal options. In addition, the group participates in client transactions where the group has a head lease and sublease arrangement with external parties.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

15. Analysis of income and impairments by category of financial instrument

	At fair value through profit or loss		
	IFRS 9 mandatory		
For the year to 31 March			
£'000	Trading**	Non-trading**	Designated at inception
2021			
Interest income	51 672	101 521	55 674
Interest expense	(70 663)	(1)	(63 849)
Fee and commission income	29 219	3 216	—
Fee and commission expense	(729)	—	—
Investment income/(loss)	753	61 448	6 381
Share of post-taxation profit of associates and joint venture holdings	—	—	—
Trading income/(loss) arising from			
– customer flow	71 021	(14 726)	(33 435)
– balance sheet management and other trading activities	(16 558)	(2 964)	22 200
Other operating income	—	6 672	—
Total operating income/(expense) before expected credit loss impairment charges	**64 715**	**155 166**	**(13 029)**
Expected credit loss impairments charges*	—	—	(2 188)
Operating income/(expense)	**64 715**	**155 166**	**(15 217)**
2020^			
Interest income	80 475	156 841	64 922
Interest expense	(80 567)	(13)	(85 123)
Fee and commission income	20 254	5 201	—
Fee and commission expense	(29)	—	—
Investment income/(loss)	8 240	86 304	17 727
Share of post-taxation profit of associates and joint venture holdings	—	—	—
Trading income/(loss) arising from			
– customer flow	86 017	5 082	(3 204)
– balance sheet management and other trading activities	19 338	2 125	(7 164)
Other operating income	—	4	—
Total operating income/(expense) before expected credit loss impairment charges	**133 728**	**255 544**	**(12 842)**
Expected credit loss impairments charges*	—	—	(2 350)
Operating income/(expense)	**133 728**	**255 544**	**(15 192)**

* Includes off balance sheet items.
** Fair value through profit and loss income statement items have been split as trading and non-trading, as defined by regulatory rules for the trading book and banking book requirements respectively. Trading consists of positions held for trading intent or hedge elements of the trading book. Non-trading consists of income and expenses from positions that are expected to be held to maturity.
^ Restated as detailed in note 62 on pages 141 and 142.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

At fair value through comprehensive income					
Debt instruments with a dual business model	Equity instruments	Amortised cost	Non-financial instruments	Other fee income*	**Total**
204 900	—	1 490 911	15 423	2 198	1 922 299
—	—	(993 946)	(12 256)	(3 478)	(1 144 193)
—	—	165 582	67 385	525 751	791 153
(140)	—	(21 381)	(4 027)	(15 998)	(42 275)
(416)	811	(6 503)	(30 472)	—	32 002
—	—	—	42 459	—	42 459
—	—	12 706	—	—	35 566
—	—	(22 516)	935	—	(18 903)
—	—	4 285	301	11 695	22 953
204 344	**811**	**629 138**	**79 748**	**520 168**	**1 641 061**
(1 104)	—	(90 295)	—	(5 851)	(99 438)
203 240	**811**	**538 843**	**79 748**	**514 317**	**1 541 623**
281 586	—	2 071 787	17 175	11 199	2 683 985
—	—	(1 657 920)	(17 182)	(4 611)	(1 845 416)
—	—	304 694	98 968	422 908	852 025
(187)	—	(27 652)	(7 292)	(11 958)	(47 118)
8 435	340	(12 821)	(66 683)	(2 274)	39 268
—	—	—	27 244	—	27 244
(1)	—	(24 640)	—	—	63 254
—	—	13 241	(820)	—	26 720
—	—	2 045	1 402	3 426	6 877
289 833	**340**	**668 734**	**52 812**	**418 690**	**1 806 839**
(1 145)	—	(126 786)	—	(3 020)	(133 301)
288 688	**340**	**541 948**	**52 812**	**415 670**	**1 673 538**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

16. Analysis of financial assets and liabilities by category of financial instrument

	At fair value through profit and loss		
	IFRS 9 mandatory		
At 31 March 2021 **£'000**	Trading*	Non-trading*	Designated at initial recognition
Assets			
Cash and balances at central banks	—	—	—
Loans and advances to banks	—	—	—
Non-sovereign and non-bank cash placements	1 133	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	363 070	805 446	119 714
Sovereign debt securities	—	197 053	—
Bank debt securities	—	14 139	—
Other debt securities	—	206 297	—
Derivative financial instruments**	1 714 743	—	—
Securities arising from trading activities	972 927	32 762	18 982
Investment portfolio	8 790	889 217	—
Loans and advances to customers	—	588 995	1 094 623
Own originated loans and advances to customers securitised	—	—	—
Other loans and advances	—	—	—
Other securitised assets	—	—	111 676
Interests in associated undertakings and joint venture holdings	—	—	—
Current taxation asset	—	—	—
Deferred taxation assets	—	—	—
Other assets	159 178	56 773	—
Property and equipment	—	—	—
Investment properties	—	—	—
Goodwill	—	—	—
Software	—	—	—
Other acquired intangible assets	—	—	—
Non-current assets classified as held for sale	—	40 881	—
	3 219 841	**2 831 563**	**1 344 995**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	—	—
	3 219 841	**2 831 563**	**1 344 995**
Liabilities			
Deposits by banks	—	—	294
Derivative financial instruments**	2 190 487	—	—
Other trading liabilities	326 189	—	—
Repurchase agreements and cash collateral on securities lent	213 959	—	—
Customer accounts (deposits)	—	—	1 046 569
Debt securities in issue	—	—	118 690
Liabilities arising on securitisation of own originated loans and advances	—	—	—
Liabilities arising on securitisation of other assets	—	—	108 281
Current taxation liabilities	—	—	—
Deferred taxation liabilities	—	—	—
Other liabilities	61 704	45 558	—
	2 792 339	**45 558**	**1 273 834**
Liabilities to customers under investment contracts	—	—	—
Insurance liabilities, including unit-linked liabilities	—	—	—
	2 792 339	**45 558**	**1 273 834**
Subordinated liabilities	—	—	334 804
	2 792 339	**45 558**	**1 608 638**

* Fair value through profit and loss balance sheet positions have been split as trading and non-trading, as defined by regulatory rules for the trading book and banking book requirements respectively. Trading consists of positions held for trading intent or hedge elements of the trading book. Non-trading consists of positions that are expected to be held to maturity.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

At fair value through other comprehensive income						
Debt instruments with a dual business model	Equity instruments	Financial assets linked to investment contract liabilities	**Total instruments at fair value**	**Amortised cost**	**Non-financial instruments or scoped out of IFRS 9**	**Total**
—	—	—	—	3 517 100	—	3 517 100
—	—	—	—	2 699 317	—	2 699 317
—	—	—	1 133	438 708	—	439 841
—	—	—	1 288 230	2 287 483	—	3 575 713
3 066 096	—	—	3 263 149	448 474	—	3 711 623
858 151	—	—	872 290	249 440	—	1 121 730
423 983	—	—	630 280	733 955	—	1 364 235
—	—	—	1 714 743	—	—	1 714 743
—	—	—	1 024 671	—	—	1 024 671
—	11 043	—	909 050	—	—	909 050
534 059	—	—	2 217 677	23 823 410	—	26 041 087
—	—	—	—	401 912	—	401 912
—	—	—	—	102 135	—	102 135
—	—	—	111 676	28 411	—	140 087
—	—	—	—	—	679 157	679 157
—	—	—	—	—	60 325	60 325
—	—	—	—	—	246 622	246 622
—	—	—	215 951	1 351 142	598 345	2 165 438
—	—	—	—	—	329 972	329 972
—	—	—	—	—	832 061	832 061
—	—	—	—	—	259 805	259 805
—	—	—	—	—	12 574	12 574
—	—	—	—	—	58 968	58 968
—	—	—	40 881	—	10 902	51 783
4 882 289	**11 043**	**—**	**12 289 731**	**36 081 487**	**3 088 731**	**51 459 949**
—	—	52 405	52 405	—	—	52 405
4 882 289	**11 043**	**52 405**	**12 342 136**	**36 081 487**	**3 088 731**	**51 512 354**
—	—	—	294	2 403 418	—	2 403 712
—	—	—	2 190 487	—	—	2 190 487
—	—	—	326 189	—	—	326 189
—	—	—	213 959	789 353	—	1 003 312
—	—	—	1 046 569	33 402 861	—	34 449 430
—	—	—	118 690	1 773 629	—	1 892 319
—	—	—	—	160 646	—	160 646
—	—	—	108 281	—	—	108 281
—	—	—	—	—	78 790	78 790
—	—	—	—	—	40 333	40 333
—	—	—	107 262	1 064 989	840 752	2 013 003
—	**—**	**—**	**4 111 731**	**39 594 896**	**959 875**	**44 666 502**
—	—	49 798	49 798	—	—	49 798
—	—	2 607	2 607	—	—	2 607
—	**—**	**52 405**	**4 164 136**	**39 594 896**	**959 875**	**44 718 907**
—	—	—	334 804	1 146 147	—	1 480 951
—	**—**	**52 405**	**4 498 940**	**40 741 043**	**959 875**	**46 199 858**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

16. Analysis of financial assets and liabilities by category of financial instrument continued

	At fair value through profit and loss		
	IFRS 9 mandatory		
At 31 March 2020^ £'000	Trading*	Non-trading*	Designated at initial recognition
Assets			
Cash and balances at central banks	—	—	—
Loans and advances to banks	—	—	—
Non-sovereign and non-bank cash placements	—	24 605	—
Reverse repurchase agreements and cash collateral on securities borrowed	423 838	1 206 292	109 434
Sovereign debt securities	—	310 715	—
Bank debt securities	7	64 301	—
Other debt securities	—	386 023	—
Derivative financial instruments**	2 033 999	—	—
Securities arising from trading activities	579 550	19 807	119 040
Investment portfolio	6 377	983 989	—
Loans and advances to customers	—	760 950	934 505
Own originated loans and advances to customers securitised	—	—	—
Other loans and advances	—	—	—
Other securitised assets	—	—	112 440
Interests in associated undertakings and joint venture holdings	—	—	—
Current taxation assets	—	—	—
Deferred taxation assets	—	—	—
Other assets	119 251	773	—
Property and equipment	—	—	—
Investment properties	—	—	—
Goodwill	—	—	—
Software	—	—	—
Other acquired intangible assets	—	—	—
Non-current assets classified as held for sale	—	—	—
	3 163 022	**3 757 455**	**1 275 419**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	—	—	—
	3 163 022	**3 757 455**	**1 275 419**
Liabilities			
Deposits by banks	—	—	336
Derivative financial instruments**	2 150 265	—	—
Other trading liabilities	509 522	—	—
Repurchase agreements and cash collateral on securities lent	165 001	—	—
Customer accounts (deposits)	—	—	2 013 379
Debt securities in issue	—	—	219 915
Liabilities arising on securitisation of own originated loans and advances	—	—	—
Liabilities arising on securitisation of other assets	—	—	110 679
Current taxation liabilities	—	—	—
Deferred taxation liabilities	—	—	—
Other liabilities	41 697	585	—
	2 866 485	**585**	**2 344 309**
Liabilities to customers under investment contracts	—	—	—
Insurance liabilities, including unit-linked liabilities	—	—	—
	2 866 485	**585**	**2 344 309**
Subordinated liabilities	—	—	343 233
	2 866 485	**585**	**2 687 542**

^ Restated as detailed in note 62 on pages 141 and 142.
* Fair value through profit and loss balance sheet positions have been split as trading and non-trading, as defined by regulatory rules for the trading book and banking book requirements respectively. Trading consists of positions held for trading intent or hedge elements of the trading book. Non-trading consists of positions that are expected to be held to maturity.
** Derivative financial instruments have been classified as held-for-trading and include derivatives held as hedges.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

At fair value through other comprehensive income						
Debt instruments with a dual business model	Equity Instruments	Financial assets linked to investment contract liabilities	**Total instruments at fair value**	**Amortised cost**	**Non-financial instruments or scoped out of IFRS 9**	**Total**
—	—	—	—	3 932 048	—	3 932 048
—	—	—	—	2 666 851	—	2 666 851
—	—	—	24 605	608 005	—	632 610
—	—	—	1 739 564	2 056 615	—	3 796 179
3 483 706	—	—	3 794 421	195 760	—	3 990 181
320 155	—	—	384 463	220 458	—	604 921
299 615	—	—	685 638	744 781	—	1 430 419
—	—	—	2 033 999	—	—	2 033 999
—	—	—	718 397	—	—	718 397
—	8 569	—	998 935	—	—	998 935
421 841	—	—	2 117 296	22 470 778	—	24 588 074
—	—	—	—	324 638	—	324 638
—	—	—	—	132 486	—	132 486
—	—	—	112 440	22 425	—	134 865
—	—	—	—	—	701 311	701 311
—	—	—	—	—	6 612	6 612
—	—	—	—	—	265 896	265 896
—	—	—	120 024	1 111 316	696 476	1 927 816
—	—	—	—	—	356 573	356 573
—	—	—	—	—	863 864	863 864
—	—	—	—	—	270 625	270 625
—	—	—	—	—	14 643	14 643
—	—	—	—	—	71 657	71 657
—	—	—	—	—	58 905	58 905
4 525 317	**8 569**	**—**	**12 729 782**	**34 486 161**	**3 306 562**	**50 522 505**
—	—	35 227	35 227	—	—	35 227
4 525 317	**8 569**	**35 227**	**12 765 009**	**34 486 161**	**3 306 562**	**50 557 732**
—	—	—	336	3 497 918	—	3 498 254
—	—	—	2 150 265	—	—	2 150 265
—	—	—	509 522	—	—	509 522
—	—	—	165 001	1 412 345	—	1 577 346
—	—	—	2 013 379	30 207 597	—	32 220 976
—	—	—	219 915	1 517 276	—	1 737 191
—	—	—	—	76 696	—	76 696
—	—	—	110 679	—	—	110 679
—	—	—	—	—	51 308	51 308
—	—	—	—	—	44 788	44 788
—	—	—	42 282	1 350 933	818 272	2 211 487
—	**—**	**—**	**5 211 379**	**38 062 765**	**914 368**	**44 188 512**
		32 845	32 845	—	—	32 845
		2 382	2 382	—	—	2 382
—	**—**	**35 227**	**5 246 606**	**38 062 765**	**914 368**	**44 223 739**
—	—	—	343 233	1 093 128	—	1 436 361
—	**—**	**35 227**	**5 589 839**	**39 155 893**	**914 368**	**45 660 100**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

17. 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).

		Fair value category		
At 31 March 2021 **£'000**	**Total instruments at fair value**	Level 1	Level 2	Level 3
Assets				
Non-sovereign and non-bank cash placements	1 133	—	1 133	—
Reverse repurchase agreements and cash collateral on securities borrowed	1 288 230	—	1 288 230	—
Sovereign debt securities	3 263 149	3 263 149	—	—
Bank debt securities	872 290	446 322	425 968	—
Other debt securities	630 280	68 401	458 475	103 404
Derivative financial instruments	1 714 743	303	1 687 635	26 805
Securities arising from trading activities	1 024 671	1 013 194	6 317	5 160
Investment portfolio	909 050	40 159	6 363	862 528
Loans and advances to customers*	2 217 677	—	1 170 287	1 047 390
Other securitised assets	111 676	—	4 417	107 259
Other assets	215 951	215 951	—	—
Non-current assets classified as held for sale	40 881	—	—	40 881
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	52 405	52 405	—	—
	12 342 136	**5 099 884**	**5 048 825**	**2 193 427**
Liabilities				
Deposits by banks	294	—	—	294
Derivative financial instruments	2 190 487	45 879	2 116 868	27 740
Other trading liabilities	326 189	151 460	174 729	—
Repurchase agreements and cash collateral on securities lent	213 959	—	213 959	—
Customer accounts (deposits)	1 046 569	—	1 046 569	—
Debt securities in issue	118 690	—	118 690	—
Liabilities arising on securitisation of other assets	108 281	—	—	108 281
Other liabilities	107 262	—	61 704	45 558
Liabilities to customers under investment contracts	49 798	—	49 798	—
Insurance liabilities, including unit-linked liabilities	2 607	—	2 607	—
Subordinated liabilities	334 804	334 804	—	—
	4 498 940	**532 143**	**3 784 924**	**181 873**
Net financial assets at fair value	**7 843 196**	**4 567 741**	**1 263 901**	**2 011 554**

- Loans and advances to customers at fair value include instruments where the business model is either to sell the loan or where the business model is to hold to collect the contractual cash flows but the loan has failed the SPPI test.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

17. Financial instruments at fair value continued

At 31 March 2020^ £'000	Total instruments at fair value	Fair value category Level 1	Level 2	Level 3
Assets				
Non-sovereign and non-bank cash placements	24 605	—	24 605	—
Reverse repurchase agreements and cash collateral on securities borrowed	1 739 564	—	1 739 564	—
Sovereign debt securities	3 794 421	3 794 421	—	—
Bank debt securities	384 463	250 257	134 206	—
Other debt securities	685 638	264 939	277 704	142 995
Derivative financial instruments	2 033 999	3 611	2 000 743	29 645
Securities arising from trading activities	718 397	691 813	20 384	6 200
Investment portfolio	998 935	141 890	8 375	848 670
Loans and advances to customers*	2 117 296	—	1 015 630	1 101 666
Other securitised assets	112 440	—	6 222	106 218
Other assets	120 024	120 024	—	—
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	35 227	35 227	—	—
	12 765 009	**5 302 182**	**5 227 433**	**2 235 394**
Liabilities				
Deposits by banks	336	—	—	336
Derivative financial instruments	2 150 265	13 853	2 109 731	26 681
Other trading liabilities	509 522	307 689	201 833	—
Repurchase agreements and cash collateral on securities lent	165 001	—	165 001	—
Customer accounts (deposits)	2 013 379	—	2 013 379	—
Debt securities in issue	219 915	—	219 915	—
Liabilities arising on securitisation of other assets	110 679	—	—	110 679
Other liabilities	42 282	—	41 697	585
Liabilities to customers under investment contracts	32 845	—	32 845	—
Insurance liabilities, including unit-linked liabilities	2 382	—	2 382	—
Subordinated liabilities	343 233	343 233	—	—
	5 589 839	**664 775**	**4 786 783**	**138 281**
Net financial assets/(liabilities) at fair value	**7 175 170**	**4 637 407**	**440 650**	**2 097 113**

^ Restated as detailed in note 62 on pages 141 and 142.

* Loans and advances to customers at fair value include instruments where the business model is either to sell the loan or where the business model is to hold to collect the contractual cash flows but the loan has failed the SPPI test.

Transfers between level 1 and level 2

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

17. Financial instruments at fair value continued

Measurement of fair value financial assets and liabilities at level 2

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

17. Financial instruments at fair value continued

Level 3 instruments

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

£'000	Investment portfolio	Loans and advances to customers	Other securitised assets	Other balance sheet assets^^	Total
Assets					
Balance at 1 April 2019	**829 971**	**1 209 580**	**118 169**	**135 048**	**2 292 768**
Total gains/(losses)	(16 096)	33 060	(1 425)	25 725	41 264
In the income statement	(16 096)	32 582	(1 425)	25 725	40 786
In the statement of comprehensive income	—	478	—	—	478
Purchases	363 115	1 349 397	—	59 048	1 771 560
Sales	(278 853)	(1 039 464)	—	(1 082)	(1 319 399)
Settlements	(26 980)	(476 121)	(10 526)	(39 497)	(553 124)
Transfers into level 3	13 239	—	—	—	13 239
Transfers out of level 3	(4 785)	—	—	—	(4 785)
Foreign exchange adjustments	(30 941)	25 214	—	(402)	(6 129)
Balance at 31 March 2020	**848 670**	**1 101 666**	**106 218**	**178 840**	**2 235 394**
Total gains/(losses)	(20 077)	21 188	8 732	11 787	21 630
In the income statement	(20 077)	23 380	8 732	11 787	23 822
In the statement of comprehensive income	—	(2 192)	—	—	(2 192)
Purchases	150 579	945 617	—	9 054	1 105 250
Sales	(49 969)	(495 505)	—	(26 367)	(571 841)
Issues	—	—	—	37	37
Settlements	(23 935)	(480 644)	(7 691)	(29 409)	(541 679)
Transfers into level 3	13	7 802	—	5 032	12 847
Transfers to non-current assets classified as held for sale^	(39 093)	—	—	39 093	—
Foreign exchange adjustments	(3 660)	(52 734)	—	(11 817)	(68 211)
Balance at 31 March 2021	**862 528**	**1 047 390**	**107 259**	**176 250**	**2 193 427**

^ As at 31 March 2021 certain equity investments to the value of £39.1 million were transferred out of investment portfolio to non-current assets held for sale in anticipation of the sale to occur in the short term. These equity investments form part of the Group Investments and Corporate, Investment Banking and Other segments.

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

For the year ended 31 March 2021, following a review of the valuation methodology of a number of financial instruments, the following transfers were made during the year: loans and advances to customers of £7.8 million from level 2 to level 3; other debt securities of £4.6 million from level 2 to level 3 and derivative assets of £0.4 million from level 2 to level 3. The valuation methodologies were reviewed and unobservable inputs were used to determine the fair value.

For the year ended 31 March 2020 £4.8 million of assets was transferred from level 3 into level 1 due to a listing of securities. £13.2 million of instruments was transferred into level 3 due to delisting.

£'000	Liabilities arising on securitisation of other assets	Other balance sheet liabilities^^^	Total
Liabilities			
Balance at 1 April 2019	**113 711**	**20 231**	**133 942**
Total gains/(losses) in the income statement	(2 094)	10 341	8 247
Purchases	—	987	987
Issues	7 306	—	7 306
Settlements	(8 244)	(4 428)	(12 672)
Foreign exchange adjustments	—	471	471
Balance at 31 March 2020	**110 679**	**27 602**	**138 281**
Total gains in the income statement	5 460	7 798	13 258
Issues	—	40 085	40 085
Settlements	(7 858)	(1 186)	(9 044)
Foreign exchange adjustments	—	(707)	(707)
Balance at 31 March 2021	**108 281**	**73 592**	**181 873**

^^^ Comprises of level 3 deposits by banks, derivative financial instruments and other liabilities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

17. Financial instruments at fair value continued

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

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

For the year to 31 March **£'000**	**Total**	Realised	Unrealised
2021			
Total gains/(losses) included in the income statement for the year			
Net interest income	61 446	52 093	9 353
Investment income*	(50 178)	(6)	(50 172)
Trading income arising from customer flow	(2 389)	428	(2 817)
Trading income arising from balance sheet management and other trading activities	1 685	—	1 685
	10 564	**52 515**	**(41 951)**
Total gains/(losses) included in other comprehensive income for the year			
Gains on realisation on debt instruments at FVOCI recycled through the income statement	(1 031)	(1 031)	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	(2 192)	—	(2 192)
	(3 223)	**(1 031)**	**(2 192)**
2020			
Total gains/(losses) included in the income statement for the year			
Net interest income	77 586	60 922	16 664
Fee and commission expense	(3 184)	—	(3 184)
Investment (loss)/income*	(48 949)	67 274	(116 223)
Trading loss arising from customer flow	(1 895)	—	(1 895)
Trading income arising from balance sheet management and other trading activities	8 981	—	8 981
	32 539	**128 196**	**(95 657)**
Total gains/(losses) included in other comprehensive income for the year			
Gains on realisation on debt instruments at FVOCI recycled through the income statement	1 694	1 694	—
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	478	—	478
	2 172	**1 694**	**478**

* Included within the investment income statement balance are unrealised gains of £10.3 million (31 March 2020: unrealised losses of £75.8 million) presented within operational items in the income statement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

17. Financial instruments at fair value continued

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

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

				Potential impact on the income statement	
At 31 March 2021	Balance sheet value £'000	Significant unobservable input changed	Range which unobservable input has been changed	**Favourable changes £'000**	**Unfavourable changes £'000**
Assets					
Other debt securities	103 404	Potential impact on income statement		3 789	(10 320)
		Credit spreads	0.4%-3.3%	107	(198)
		Cash flow adjustments	CPR 4.4%	7	(7)
		Other^	^	3 675	(10 115)
Derivative financial instruments	26 805	Potential impact on income statement		5 232	(6 226)
		Volatilities	5.4%-21.4%	51	(148)
		Underlying asset value^^	^^	4 724	(4 724)
		Cash flow adjustment	CPR 4.4%	9	(9)
		Other^	^	448	(1 345)
Securities arising from trading activities	5 160	Potential impact on income statement			
		Cash flow adjustments	CPR 8.0%	1 310	(1 686)
Investment portfolio	862 528	Potential impact on income statement		104 666	(164 098)
		Price earnings multiple	4.2x-9.0x	5 560	(13 330)
		Underlying asset value^^	^^	2 561	(5 967)
		EBITDA	**	30 225	(23 679)
		Discount rate	13%-17%	2 482	(4 149)
		Cash flows	**	1 875	(1 383)
		Underlying asset value^^	^^	1 991	(3 707)
		Precious and industrial metal prices	(5%)-5%	1 346	(1 346)
		Property prices	(10%)-10%	32 188	(32 188)
		Other^	^	26 438	(78 349)
Loans and advances to customers	1 047 390	Potential impact on income statement		25 603	(43 785)
		Credit spreads	0.08%-37.3%	9 439	(14 745)
		Discount rate	0.05	—	—
		Price earnings multiple	3.5x-4.1x	4 200	(2)
		Underlying asset value^^	^^	3 267	(9 105)
		Other^	^	8 697	(19 933)
		Potential impact on other comprehensive income			
		Credit spreads	0.12%-4.3%	5 590	(9 711)
Other securitised assets	107 259	Potential impact on income statement			
		Cash flow adjustments	CPR 4.4%	1 554	(1 653)
Non-current assets classified as held for sale	40 881	Potential impact on income statement		2 417	(2 533)
		Discount rate	13%-15%	658	(774)
		Property prices	(10%)-10%	1 759	(1 759)
Total level 3 assets	**2 193 427**			**150 161**	**(240 012)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

17. Financial instruments at fair value continued

At 31 March 2021	Balance sheet value £'000	Significant unobservable input changed	Range which unobservable input has been changed	Potential impact on the income statement: Favourable changes £'000	Potential impact on the income statement: Unfavourable changes £'000
Liabilities					
Deposits by banks	294	Potential impact on income statement			
		Underlying asset value^^	^^	—	44
Derivative financial instruments	27 740	Potential impact on income statement		(4 750)	4 800
		Volatilities	5.4%-21.1%	(26)	76
		Underlying asset value^^	^^	(4 724)	4 724
Liabilities arising on securitisation of other assets	108 281	Potential impact on income statement			
		Cash flow adjustments	CPR 4.4%	(213)	240
Other liabilities	45 558	Potential impact on income statement			
		Property prices	(10%)-10%	(4 556)	4 556
Total level 3 liabilities	**181 873**			**(9 519)**	**9 640**
Net level 3 assets	**2 011 554**				

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

17. Financial instruments at fair value continued

At 31 March 2020	Balance sheet value £'000	Significant unobservable input changed	Range which unobservable input has been changed	Potential impact on the income statement: Favourable changes £'000	Potential impact on the income statement: Unfavourable changes £'000
Assets					
Other debt securities	142 995	Potential impact on income statement		4 418	(12 430)
		Credit spreads	0.29%-0.89%	23	(144)
		Discount rate	CPR 5.3%	7	(43)
		Underlying asset value	0.0605	454	(442)
		Other	^^	3 934	(11 801)
Derivative financial instruments	29 645	Potential impact on income statement		8 232	(8 846)
		Volatilities	4.1%-25.3%	94	(283)
		Cash flow adjustments	CPR 6.8%	33	(31)
		Underlying asset value	^^	7 891	(7 891)
		Other	^	214	(641)
Securities arising from trading activities	6 200	Potential impact on income statement			
		Cash flow adjustments	CPR 9.8%	736	(869)
Investment portfolio	848 670	Potential impact on income statement		90 235	(156 683)
		Price earnings multiple	5.3x-9.7x	5 210	(12 742)
		Underlying asset value	^^	9 553	(8 695)
		EBITDA	**	25 422	(25 302)
		Discount rate	(0.1%)/1.9%	969	(3 887)
		Cash flows	**	2 679	(1 760)
		Property values	(10%)/10%	14 806	(14 806)
		Precious and industrial metal prices	(6%)/6%	742	(1 237)
		Underlying asset value	#	1 096	(3 003)
		Other^	^	29 758	(85 251)
Loans and advances to customers	1 101 666	Potential impact on income statement		21 224	(54 897)
		Credit spreads	0.05%-5.9% & PAR	1 099	(7 041)
		Price earnings multiple	3.85x-7x	636	(466)
		Underlying asset value	^^	647	(352)
		Property values	(5%)/5%	23	(23)
		Underlying asset value	*	1 903	(3 145)
		Property values	#	278	(278)
		Other	^	16 638	(43 592)
		Potential impact on other comprehensive income			
		Credit spreads	0.03%-5.8% & PAR	4 645	(724)
Other securitised assets	106 218	Potential impact on income statement			
		Cash flow adjustments	CPR 6.8% -7.5%	2 543	(2 530)
Total level 3 assets	**2 235 394**			**132 033**	**(236 979)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

17. Financial instruments at fair value continued

At 31 March 2020	Balance sheet value £'000	Significant unobservable input changed	Range which unobservable input has been changed	Potential impact on the income statement: Favourable changes £'000	Potential impact on the income statement: Unfavourable changes £'000
Liabilities					
Deposits by banks	336	Potential impact on income statement			
		Underlying asset value	^	—	48
Derivative financial instruments	26 681	Potential impact on income statement		(7 929)	7 937
		Cash flow adjustments	5.60%	(24)	4
		Volatilities	4.1%-25.3%	(14)	42
		Underlying asset value	^^	(7 891)	7 891
Liabilities arising on securitisation of other assets	110 679	Potential impact on income statement			
		Cash flow adjustments	CPR 6.8%	(546)	489
Other liabilities	585	Potential impact on income statement			
		Property values	(10%)/10%	(58)	58
Total level 3 liabilities	**138 281**			**(8 533)**	**8 532**
Net level 3 assets	**2 097 113**				

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

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

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

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

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

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

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

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

18. Fair value of financial instruments at amortised cost

At 31 March £'000	**Carrying amount**	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	**Fair value of balances that do not approximate carrying amounts**	Level 1	Level 2	Level 3
2021							
Assets							
Cash and balances at central banks	3 517 100	3 517 100	—	—	—	—	—
Loans and advances to banks	2 699 317	2 693 819	5 498	5 474	—	—	5 474
Non-sovereign and non-bank cash placements	438 708	438 708	—	—	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	2 287 483	1 199 041	1 088 442	1 088 987	—	1 088 987	—
Sovereign debt securities	448 474	—	448 474	456 716	456 716	—	—
Bank debt securities	249 440	88 370	161 070	170 384	170 384	—	—
Other debt securities	733 955	254 240	479 715	483 461	56 094	420 432	6 935
Loans and advances to customers	23 823 410	12 556 718	11 266 692	11 258 257	—	969 764	10 288 493
Own originated loans and advances to customers securitised	401 912	401 912	—	—	—	—	—
Other loans and advances	102 135	39 920	62 215	62 916	—	62 916	—
Other securitised assets	28 411	28 411	—	—	—	—	—
Other assets	1 351 142	1 350 870	272	256	—	—	256
	36 081 487	**22 569 109**	**13 512 378**	**13 526 451**	**683 194**	**2 542 099**	**10 301 158**
Liabilities							
Deposits by banks	2 403 418	465 326	1 938 092	1 957 489	—	1 954 833	2 656
Repurchase agreements and cash collateral on securities lent	789 353	140 679	648 674	650 958	—	650 958	—
Customer accounts (deposits)	33 402 861	21 352 293	12 050 568	12 111 490	—	12 111 490	—
Debt securities in issue	1 773 629	497 583	1 276 046	1 303 071	432 052	871 019	—
Liabilities arising on securitisation of own originated loans and advances	160 646	160 646	—	—	—	—	—
Liabilities arising on securitisation of other assets	—	—	—	—	—	—	—
Other liabilities	1 064 989	1 060 712	4 277	3 660	—	—	3 660
Subordinated liabilities	1 146 147	154 489	991 658	1 107 936	1 107 936	—	—
	40 741 043	**23 831 728**	**16 909 315**	**17 134 604**	**1 539 988**	**15 588 300**	**6 316**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

18. Fair value of financial instruments at amortised cost continued

At 31 March £'000	Carrying amount	Fair value approximates carrying amount	Balances where fair values do not approximate carrying amounts	Fair value of balances that do not approximate carrying amounts	Level 1	Level 2	Level 3
2020							
Assets							
Cash and balances at central banks	3 932 048	3 932 048	—	—	—	—	—
Loans and advances to banks	2 666 851	2 661 799	5 052	4 895	—	—	4 895
Non-sovereign and non-bank cash placements	608 005	608 005	—	—	—	—	—
Reverse repurchase agreements and cash collateral on securities borrowed	2 056 615	1 588 320	468 295	468 120	—	468 120	—
Sovereign debt securities	195 760	—	195 760	229 207	229 207	—	—
Bank debt securities	220 458	93 452	127 006	122 463	122 463	—	—
Other debt securities	744 781	15 965	728 816	664 638	94 296	562 805	7 537
Loans and advances to customers	22 470 778	12 132 899	10 337 879	10 369 797	—	937 312	9 432 485
Own originated loans and advances to customers securitised	324 638	324 638	—	—	—	—	—
Other loans and advances	132 486	40 433	92 053	79 811	—	79 811	—
Other securitised assets	22 425	22 425	—	—	—	—	—
Other assets	1 111 316	1 110 583	733	141	—	—	141
	34 486 161	**22 530 567**	**11 955 594**	**11 939 072**	**445 966**	**2 048 048**	**9 445 058**
Liabilities							
Deposits by banks	3 497 918	513 399	2 984 519	3 010 021	8 938	2 997 181	3 902
Repurchase agreements and cash collateral on securities lent	1 412 345	290 864	1 121 481	1 126 989	—	1 126 989	—
Customer accounts (deposits)^	30 207 597	15 093 134	15 114 463	15 149 441	—	15 149 441	—
Debt securities in issue	1 517 276	251 102	1 266 174	1 281 407	424 712	856 695	—
Liabilities arising on securitisation of own originated loans and advances	76 696	76 696	—	—	—	—	—
Other liabilities	1 350 933	1 343 559	7 374	6 576	—	—	6 576
Subordinated liabilities	1 093 128	105 939	987 189	607 394	607 394	—	—
	39 155 893	**17 674 693**	**21 481 200**	**21 181 828**	**1 041 044**	**20 130 306**	**10 478**

^ £1.8 billion of customer accounts (deposits) reported as level 1 as at 31 March 2020 have been restated to level 2, as inputs other than quoted prices were used to determine fair value.

This note has been restated to separately present those items where fair value approximates the carrying value. For items where fair values do not approximate to carrying value, fair value disclosures are presented above.

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. These assets and liabilities include demand deposits, savings accounts without a specific maturity which are included in customer accounts (deposits) and variable rate instruments.

Financial instruments for which fair value does not approximate carrying value
Differences in amortised cost and fair value occur in fixed rate instruments. The fair value of fixed-rate financial assets and financial liabilities carried at amortised cost are estimated by comparing spreads earned on the transactions with spreads earned on similar new transactions entered into by the group. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows, using prevailing money market interest rates for debts with similar credit risk and maturity. For quoted subordinated debt issued, the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

18. Fair value of financial instruments at amortised cost continued

The following table sets out the group's principal valuation techniques used in determining the fair value of its financial assets and financial liabilities:

Loans and advances to banks	Calculation of the present value of future cash flows, discounted as appropriate.
Other debt securities	Priced with reference to similar trades in an observable market.
Reverse repurchase agreements and cash collateral on securities borrowed	Calculation of the present value of future cash flows, discounted as appropriate.
Loans and advances to customers	Calculation of the present value of future cash flows, discounted as appropriate.
Other loans and advances	Calculation of the present value of future cash flows, discounted as appropriate.
Other assets	Calculation of the present value of future cash flows, discounted as appropriate.
Deposits by banks	Calculation of fair value using appropriate funding rates.
Repurchase agreements and cash collateral on securities lent	Calculation of the present value of future cash flows, discounted as appropriate.
Customer accounts (deposits)	Where the deposits are short-term in nature, carrying amounts are assumed to approximate fair value. Where deposits are of longer-term maturities, they are valued using a cash flow model discounted as appropriate.
Debt securities in issue	Where the debt securities are fully collateralised, fair value is equal to the carrying value. Other debt securities are valued using a cash flow model discounted as appropriate to the securities for funding and interest rates.
Other liabilities	Where the other liabilities are short term in nature, carrying amounts are assumed to approximate fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

19. Financial instruments designated at fair value

At 31 March £'000	Carrying value	Fair value adjustment Current	Fair value adjustment Cumulative	Change in fair value attributable to credit risk Current	Change in fair value attributable to credit risk Cumulative	Maximum exposure to credit risk
Assets						
2021						
Reverse repurchase agreements and cash collateral on securities borrowed	119 714	(8 498)	4 614	—	—	—
Securities arising from trading activities	18 982	2 707	915	(1 128)	(1 380)	18 982
Loans and advances to customers	1 094 623	1 454	34 724	(2 325)	(5 608)	1 059 900
Other securitised assets	111 676	5 462	(3 173)	5 462	(3 173)	111 676
	1 344 995	**1 125**	**37 080**	**2 009**	**(10 161)**	**1 190 558**
2020^						
Reverse repurchase agreements and cash collateral on securities borrowed	109 434	(24 617)	(27 517)	(1 043)	(1 006)	109 434
Securities arising from trading activities	119 040	(17 011)	(12 868)	(1 193)	(1 152)	119 040
Loans and advances to customers	934 505	(26 321)	30 580	(1 821)	(3 017)	903 931
Other securitised assets	112 440	(3 959)	(9 332)	(3 959)	(9 332)	112 440
	1 275 419	**(71 908)**	**(19 137)**	**(8 016)**	**(14 507)**	**1 244 845**

^ Restated as detailed in note 62 on pages 141 and 142.

At 31 March £'000	Carrying value	Remaining contractual amount to be repaid at maturity	Fair value adjustment Current	Fair value adjustment Cumulative
Liabilities				
2021				
Deposits by banks	294	1 335	(11)	(649)
Customer accounts (deposits)	1 046 568	1 002 477	10 165	11 369
Debt securities in issue	118 690	107 028	30 559	18 178
Liabilities arising on securitisation of other assets	108 281	113 015	6 001	(4 946)
Subordinated liabilities	334 804	307 962	(8 429)	23 269
	1 608 637	**1 531 817**	**38 285**	**47 221**
2020				
Deposits by banks	336	1 478	(637)	(637)
Customer accounts (deposits)	2 013 379	1 983 034	5 884	23 811
Debt securities in issue	219 915	239 556	(28 672)	(24 857)
Liabilities arising on securitisation of other assets	110 679	122 496	(2 261)	(11 912)
Subordinated liabilities	343 233	307 962	(24 555)	31 698
	2 687 542	**2 654 526**	**(50 241)**	**18 103**

Changes in fair value due to credit risk are determined as the change in the fair value of the financial instrument that is not attributable to changes in other market inputs.

Current and cumulative changes in fair value of financial liabilities attributable to credit risk were both £5.4 million (2020: £17.0 million) and £8.7 million (2020: £2.3 million) respectively.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

20. Cash and balances at central banks

At 31 March £'000	2021	2020
Gross cash and balances at central banks	3 517 100	3 932 110
Expected credit loss on amortised cost	—	(62)
Net cash and balances at central banks	**3 517 100**	**3 932 048**
The country risk of cash and balances at central banks lies in the following geographies:		
South Africa	459 307	1 641 989
United Kingdom	2 993 129	2 235 297
Europe (excluding UK)	49 905	42 022
Africa (excluding RSA)	14 759	12 740
	3 517 100	**3 932 048**

21. Loans and advances to banks

At 31 March £'000	2021	2020
Gross loans and advances to banks	2 699 586	2 667 076
Expected credit loss on amortised cost	(269)	(225)
Net loans and advances to banks	**2 699 317**	**2 666 851**
The country risk of loans and advances to banks lies in the following geographies:		
South Africa	532 653	282 492
United Kingdom	626 263	1 067 036
Europe (excluding UK)	1 016 419	717 738
North America	288 177	325 838
Africa (excluding RSA)	64 626	97 629
Asia	59 463	40 087
Australia	111 561	136 031
Other	155	—
	2 699 317	**2 666 851**

22. Reverse repurchase agreements and cash collateral on securities borrowed and repurchase agreements and cash collateral on securities lent

At 31 March £'000	2021	2020^
Assets		
Gross reverse repurchase agreements and cash collateral on securities borrowed	3 575 756	3 796 203
Expected credit loss on amortised cost	(43)	(24)
Net reverse repurchase agreements and cash collateral on securities borrowed	**3 575 713**	**3 796 179**
Reverse repurchase agreements	3 376 338	3 526 669
Cash collateral on securities borrowed	199 375	269 510
	3 575 713	**3 796 179**
As part of the reverse repurchase and securities borrowing agreements the group have received securities that they are allowed to sell or re pledge. £3.1 billion (2020^: £669.9 million) has been re-sold or re-pledged to third parties in connection with financing activities or to comply with commitments under short sale transactions.		
Liabilities		
Repurchase agreements	916 502	1 551 445
Cash collateral on securities lent	86 810	25 901
	1 003 312	**1 577 346**

The assets transferred and not derecognised in the above repurchase agreements are fair valued at £929 million (2020: £1.3 billion). They are pledged as security for the term of the underlying repurchase agreement. Refer to note 53.

^ Restated as detailed in note 62 on pages 141 and 142.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

23. Sovereign debt securities

At 31 March £'000	2021	2020^
Gross sovereign debt securities	3 711 868	3 990 369
Expected credit loss on amortised cost	(245)	(188)
Net sovereign debt securities	**3 711 623**	**3 990 181**
Bonds	1 689 975	1 381 159
Government securities	635 047	273 711
Treasury bills	1 339 888	2 335 311
Floating rate notes	46 713	—
	3 711 623	**3 990 181**
The country risk of the sovereign debt securities lies in the following geographies:		
South Africa	2 553 600	2 896 197
United Kingdom	359 523	697 758
Europe (excluding UK)	66 547	31 831
North America	668 490	336 815
Africa (excl RSA)	13 545	9 026
Australia	49 918	18 554
	3 711 623	**3 990 181**

^ Restated as detailed in note 62 on pages 141 and 142.

24. Bank debt securities

At 31 March £'000	2021	2020
Gross bank debt securities	1 121 883	605 120
Expected credit loss on amortised cost	(153)	(199)
Net bank debt securities	**1 121 730**	**604 921**
Bonds	807 757	494 819
Floating rate notes	313 973	80 805
Asset-based securities	—	29 297
	1 121 730	**604 921**
The country risk of the bank debt securities lies in the following geographies:		
South Africa	293 576	306 695
United Kingdom	314 299	148 551
Europe (excluding UK)	254 722	71 987
North America	74 177	15 800
Africa (excluding RSA)	13 738	13 887
Asia	118 869	—
Australia	52 349	48 001
	1 121 730	**604 921**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

25. Other debt securities

At 31 March **£'000**	**2021**	2020
Gross other debt securities	1 365 985	1 431 671
Expected credit loss on amortised cost	(1 750)	(1 252)
Net other debt securities	**1 364 235**	**1 430 419**
Bonds	597 454	742 695
Floating rate notes	165 027	180 675
Asset-based securities	601 754	507 049
	1 364 235	**1 430 419**
The country risk of the sovereign debt securities lies in the following geographies:		
South Africa	377 686	445 459
United Kingdom	430 228	290 382
Europe (excluding UK)	109 551	266 769
North America	407 655	357 809
Asia	39 115	70 000
	1 364 235	**1 430 419**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

26. Derivative financial instruments

The group enters into various contracts for derivatives both as principal for trading purposes and as customer for hedging foreign exchange and interest rate exposures. These include financial futures, options, swaps and forward rate agreements. The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations.

In the tables that follow notional principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The fair value of a derivative financial instrument represents the present value of positive or negative cash flows which would have occurred had the rights and obligations arising from that instrument been closed out by the group in an orderly market transaction at balance sheet date.

	2021			2020^		
At 31 March £'000	**Notional principal amounts**	**Positive fair value**	**Negative fair value**	Notional principal amounts	Positive fair value	Negative fair value
Foreign exchange derivatives						
Forward foreign exchange contracts	17 804 207	323 494	221 244	19 903 629	348 880	421 825
Currency swaps	13 374 264	396 199	446 176	7 790 418	319 630	601 956
OTC options bought and sold	5 500 526	82 600	96 918	5 092 972	118 112	112 619
Other foreign exchange contracts	206 629	2 934	567	183 668	466	513
	36 885 626	**805 227**	**764 905**	**32 970 687**	**787 088**	**1 136 913**
Interest rate derivatives						
Caps and floors	9 584 616	20 976	14 989	9 690 775	23 686	20 865
Swaps	99 223 908	506 394	556 394	90 340 377	620 575	493 101
Forward rate agreements	26 680 182	12 552	17 057	957 498	57 527	64 318
OTC options bought and sold	62 176	831	132	21 975	—	174
Other interest rate contracts	116 508	5 043	1 726	288 308	41 670	291
OTC derivatives	**135 667 390**	**545 796**	**590 298**	**101 298 933**	**743 458**	**578 749**
Exchange traded futures	359 102	—		48 460	3 662	35
	136 026 492	**545 796**	**590 298**	**101 347 393**	**747 120**	**578 784**
Equity and stock index derivatives						
OTC options bought and sold	4 783 183	305 805	552 738	6 258 714	358 012	283 121
Equity swaps and forwards	1 228 908	34 451	464 621	119 436	52 823	334 289
OTC derivatives	**6 012 091**	**340 256**	**1 017 359**	**6 378 150**	**410 835**	**617 410**
Exchange traded futures	502 917	281	—	353 727	—	—
Exchange traded options	16 930 831	—	232 642	9 896 516	—	237 424
Warrants	412	19	—	15 909	—	—
	23 446 251	**340 556**	**1 250 001**	**16 644 302**	**410 835**	**854 834**
Commodity derivatives						
OTC options bought and sold	224 256	31 209	38 347	483 474	42 191	49 487
Commodity swaps and forwards	1 558 852	53 833	94 807	979 696	186 934	182 113
	1 783 108	**85 042**	**133 154**	**1 463 170**	**229 125**	**231 600**
Credit derivatives	**808 982**	**12 488**	**5 007**	**1 017 538**	**17 772**	**20 288**
Other derivatives		**4 483**	**—**		**4 180**	**—**
Cash collateral		**(78 849)**	**(552 878)**		**(162 121)**	**(672 154)**
Derivatives per balance sheet		**1 714 743**	**2 190 487**		**2 033 999**	**2 150 265**

^ Restated as detailed in note 62 on pages 141 and 142.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

27. Securities arising from trading activities

At 31 March £'000	**2021**	2020^
Bonds	39 119	145 968
Government securities	4 101	46 733
Listed equities	926 174	488 476
Unlisted equities	5 319	—
Floating rate notes	47 634	35 495
Other investments	2 324	1 725
	1 024 671	**718 397**

^ Restated as detailed in note 62 on pages 141 and 142.

28. Investment portfolio

At 31 March £'000	**2021**	2020
Listed equities	40 436	142 482
Unlisted equities*	503 650	520 419
Fair value loan investments	364 964	336 034
	909 050	**998 935**

* Unlisted equities include loan instruments that are convertible into equity.
Included in unlisted equities is an investment of £11.0 million (2020: £8.6 million) in a portfolio of perpetual preference shares issued by South African listed banks which is measured at FVOCI. Dividends recognised on the portfolio of preference shares £0.8 million (2020: £0.7 million). The group measures these investments at FVOCI as it considers them to be strategic investments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

29. Loans and advances to customers and other loans and advances

At 31 March £'000	2021	2020
Gross loans and advances to customers at amortised cost	24 115 443	22 792 104
Gross loans and advances to customers at FVOCI[#]	534 059	421 841
Gross loans and advances to customers designated at FVPL at inception^	1 099 781	937 522
Gross loans and advances to customers subject to expected credit losses	**25 749 283**	**24 151 467**
Expected credit losses on loans and advances to customers at amortised cost and FVOCI^	(297 191)	(324 343)
	25 452 092	**23 827 124**
Loans and advances to customers at fair value through profit and loss	588 995	760 950
Net loans and advances to customers	**26 041 087**	**24 588 074**
Gross other loans and advances	103 367	133 628
Expected credit losses on other loans and advances	(1 232)	(1 142)
Net other loans and advances	**102 135**	**132 486**

^ 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.

[#] Expected credit losses above do not include £5 million (2020: £2 million) ECL held against financial assets held at FVOCI. This is reported on the balance sheet within the fair value reserve.

At 31 March £'000	2021	2020
Expected credit losses on loans and advances to customers at amortised cost		
Balance at the beginning of the year	324 343	291 015
Charge to the income statement	103 855	136 641
Utilised	(143 889)	(85 192)
Transfers	—	4 973
Exchange adjustment	12 882	(23 094)
Balance at the end of the year	**297 191**	**324 343**
Expected credit losses on other loans and advances at amortised cost		
Balance at the beginning of the year	1 142	1 407
Release to the income statement	(70)	(33)
Exchange adjustment	160	(232)
Balance at the end of the year	**1 232**	**1 142**

For further analysis on loans and advances refer to pages 28 to 40 in volume two in the risk management section.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

30. Securitised assets and liabilities arising on securitisation

At 31 March £'000	**2021**	2020
Gross own originated loans and advances to customers securitised	403 130	325 359
Expected credit loss of own originated loans and advances to customers securitised	(1 218)	(721)
Net own originated loans and advances to customers securitised	**401 912**	**324 638**
Other securitised assets are made up of the following categories of assets:		
Cash and cash equivalents	28 411	22 425
Loans and advances to customers	105 902	106 303
Other debt securities	5 774	6 137
Total other securitised assets	**140 087**	**134 865**
The associated liabilities are recorded on balance sheet in the following line items:		
Liabilities arising on securitisation of own originated loans and advances	**160 646**	**76 696**
Liabilities arising on securitisation of other assets	**108 281**	**110 679**
Expected credit losses on own originated loans and advances to customers securitised at amortised cost		
Balance at the beginning of year	721	550
Charge to the income statement	407	317
Exchange adjustment	90	(146)
Balance at the end of year	**1 218**	**721**

31. Interests in associated undertakings and joint venture holdings

At 31 March £'000	**2021**	2020
Analysis of the movement in interests in associated undertakings and joint venture holdings:		
At the beginning of the year	701 311	387 750
Acquisitions	—	48 477
Ninety One shareholding arising from demerger	—	339 749
Disposals^	(34 637)	(615)
Share of post-taxation profit of associates and joint venture holdings (excluding recycling of foreign exchange losses)	47 086	27 340
Profits or losses recognised in other comprehensive income and equity	(17 954)	(2 387)
Demerger of business	—	(37)
Dividends declared by associate	(23 532)	(3 141)
Transfers between asset classes	322	17 370
Exchange adjustments	32 602	(67 347)
Impairment of associates and joint venture holdings^^	(16 773)	(45 400)
Amortisation of acquired intangibles of associates	(9 268)	(448)
At the end of the year	**679 157**	**701 311**

^ The proceeds related to the sale of UK Nestor were received post 31 March 2021.
^^ Of the £16.8 million (2020: £45.4 million) impairment of associates and joint venture holdings, £12.1 million relates to the impairment to transaction price for the sale of IPF's investment in associate, UK Nestor and £4.7million (2020: £45.4 million) impairment to equity accounted value of the group's investment in IEP.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

31. Interests in associated undertakings and joint venture holdings continued

	IEP Group Proprietary Limited		UK Nestor#		Ninety One	
	2021	2020	**2021**	2020	**2021**	2020
Details of material associated companies						
Summarised financial information (R'million):						
For the year to 31 March						
Revenue	628 564	729 819	11 953	—	603 500	19 200
(Loss)/profit after taxation	(1 219)	137 573	(12 468)	—	154 600	20 000
Total comprehensive (loss)/income	(375)	94 448	(12 468)	—	161 000	20 000
At 31 March						
Assets						
Non-current assets	958 323	928 024	—	294 685	155 000	145 200
Current assets	302 923	268 864	—	15 393	9 749 600	7 506 100
Liabilities						
Non-current liabilities	439 454	427 763	—	169 868	175 400	145 700
Current liabilities	147 189	116 466	—	7 223	9 475 900	7 354 500
Net asset value	**674 603**	**652 659**	**—**	**132 987**	**253 300**	**151 100**
Non-controlling interest	137 121	111 636	—	—	200	400
Shareholders' equity	537 482	541 023	—	132 987	253 100	150 700
Effective interest in issued share capital	47.4%	47.4%	—	38.0%	25.0%	25.0%
Net asset value	251 319^	235 290^	—	49 247	164 560^^	146 283^^
Goodwill	—	—	—	1 288	198 015	188 074
Carrying value of interest – equity method	**251 319**	**235 290**	**—**	**50 535**	**362 575**	**334 357**

^ The group's share of the net asset value of IEP is £254.8 million (47.4% of £537 million) (2020: £256.4 million, 47.4% of £541.0 million) reduced by the portion of the impairment of IEP that exceeded the value of the goodwill.
\# UK Nestor is an associate of Investec Property Fund that was disposed of during March 2021.
^^ The investment in Ninety One was initially recognised on 13 March 2020 at a fair value of £330.0 million with subsequent equity accounted earnings increasing the value to £362.6 million (2020: £334.4 million). The portion of the net asset value of Ninety One, was £37.7 million (25% of £150.7 million) on 31 March 2020. The difference between the carrying value of Ninety One and the group's share of the net asset value relates to goodwill and intangibles recognised within the value of Ninety One at the time of gaining significant influence.

Income statement and other comprehensive income items are only shown for the period for which they are equity accounted.

Management critically evaluated the equity accounted value of the group's investment in IEP and consequently recognised an impairment of £4.7 million (2020: £45.4 million) in total in the current year. Management of IEP identified indicators of impairment of investments in subsidiaries and recognised an impairment of £4.7 million. As a result of this impairment, Investec management performed an impairment test on the investment in IEP and did not recognise any additional impairment for the IEP investment. In the prior year, management of IEP identified indicators of impairment of two investments in associates and recognised an impairment of £10.7 million. Investec management performed an impairment test on the investment in IEP in the prior year and recognised an additional impairment of £34.7 million. The recoverable amount of the investment in IEP was determined to be the value-in-use of the investment. The value-in-use was determined by calculating the sum of the fair values of the underlying investments held by IEP. This was done by determining the best estimates of the cash flows to be generated from the ultimate realisation of the underlying investments taking into account management's strategy with the investments, returns generated by the underlying investments, the nature of the assets and market considerations. This estimate was performed for each of the assets held by IEP, using valuation techniques and assumptions management believed to be most representative of the ultimate realisation of the investments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

32. Deferred taxation

At 31 March £'000	2021	2020
Deferred taxation assets	246 622	265 896
Deferred taxation liabilities	(40 333)	(44 788)
Net deferred taxation assets	**206 289**	**221 108**
The net deferred taxation assets arise from: (still to be completed and balanced)		
Deferred capital allowances	40 376	37 433
Income and expenditure accruals	85 369	79 729
Asset in respect of unexpired options	11 320	9 022
Unrealised fair value adjustments on financial instruments	35 186	68 670
Losses carried forward	33 263	33 410
Deferred tax on acquired intangibles	(11 302)	(14 203)
Revaluation of property	(13 398)	(11 416)
Finance lease accounting	2 263	3 902
Cash flow hedges	22 897	14 246
Other temporary differences	315	315
Net deferred taxation assets	**206 289**	**221 108**
Reconciliation of net deferred taxation assets/(liabilities):		
At the beginning of the year	221 108	225 303
Recovery to the income statement	407	19 136
Recovery directly in other comprehensive income	(31 321)	33 575
Acquisitions and disposals	(300)	(40 073)
Other	737	—
Exchange adjustments	15 658	(16 833)
At the end of the year	**206 289**	**221 108**

Deferred taxation assets are recognised to the extent it is likely that profits will be available in future periods. The assessment of the likelihood of future profits is based on past performance and current projections. Deferred taxation assets are not recognised in respect of capital losses as crystallisation of capital gains and the eligibility of potential losses is uncertain.

There are trading losses carried forward of £68.9 million (2020: £58.4 million), capital losses carried forward of £177.2 million (2020: £173.5 million) and excess management expenses of £2.5 million (2020: £3.7 million) on which deferred tax assets have not been recognised due to uncertainty regarding future profits against which these losses can be utilised.

The UK Government announced on 3 March 2021 its intention to increase the UK rate of corporation tax to 25% from 19% from 1 April 2023. As this rate was not substantively enacted at the year end, deferred tax has been calculated based on the prevailing rate of 19%.

The UK Government has also announced a review of the current bank surcharge rate of 8% to ensure that the combined rate of corporation tax, applicable to banking entities, does not increase substantially from its current level when the proposed change to the main UK corporation tax rate comes into effect. Therefore, the company has not made an estimate of the impact of the post balance sheet date change in the main UK corporation tax rate on the basis that it is uncertain what the combined rate of corporation tax, applicable to banking entities from 1 April 2023, will be until the UK government has completed its review of the bank surcharge.

The SA Government announced on 31 March 2021 its intention to decrease the SA rate of corporation tax to 27% from 28% from 1 April 2022. As this rate was not substantively enacted at the year end, deferred tax has been calculated based on the prevailing rate of 28%.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

33. Other assets

At 31 March £'000	2021	2020^
Gross other assets	2 165 438	1 927 867
Expected credit loss on amortised cost	—	(51)
Net other assets	**2 165 438**	**1 927 816**
Settlement debtors	1 181 308	943 594
Trading properties	78 832	67 738
Prepayments and accruals	103 694	90 524
Trading initial margin	157 396	107 849
Commodities	28 523	80 454
Building renovations in progress**	28 878	10 003
Finance lease receivables (refer to note 51)	252 797	322 211
Fee debtors	4 915	5 564
Other*	329 095	299 879
	2 165 438	**1 927 816**

^ Restated as detailed in note 62 on pages 141 and 142.

* Included in other is proceeds on disposal of interests in associated undertakings and joint venture holdings £33.4 million (2020: £nil).
** Previously included in prepayments and accruals.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

34. Property and equipment

At 31 March £'000	Freehold properties	Right-of-use assets*	Leasehold improvements	Furniture and vehicles	Equipment	Operating leases**	**Total**
2021							
Cost							
At the beginning of the year	176 893	154 952	78 702	23 953	76 907	7 210	518 617
Exchange adjustments	2 939	(475)	(2 794)	45	2 984	(113)	2 586
Additions	—	6 737	1 338	792	4 949	56	13 872
Disposals	—	(9 831)	(8 916)	(302)	(2 895)	(1 432)	(23 376)
Write-offs^	—	(158)	—	(1 721)	(26 644)	—	(28 523)
Reclassifications^^	(39 045)	(1 014)	17 108	(6 523)	1 401	—	(28 073)
At the end of the year	**140 787**	**150 211**	**85 438**	**16 244**	**56 702**	**5 721**	**455 103**
Accumulated depreciation							
At the beginning of the year	(17 279)	(18 799)	(27 143)	(17 544)	(75 230)	(6 049)	(162 044)
Exchange adjustments	2 939	612	(513)	(84)	2 928	77	5 959
Disposals	—	3 940	8 224	370	2 391	1 396	16 321
Depreciation	(3 807)	(18 688)	(6 709)	(1 014)	(11 082)	(663)	(41 963)
Write-offs^	—	158	—	1 721	26 644	—	28 523
Reclassifications^^	4 377	140	1 475	6 974	15 107	—	28 073
At the end of the year	**(13 770)**	**(32 637)**	**(24 666)**	**(9 577)**	**(39 242)**	**(5 239)**	**(125 131)**
Net carrying value	**127 017**	**117 574**	**60 772**	**6 667**	**17 460**	**482**	**329 972**
2020							
Cost							
At the beginning of the year	183 065	—	78 285	25 346	87 592	10 208	384 496
Exchange adjustments	(6 418)	10	1 590	9	(6 341)	—	(11 150)
Additions	246	256 379	16 960	847	12 005	184	286 621
Disposals	—	(3 437)	(1 603)	(817)	(5 351)	(3 182)	(14 390)
Demerger of asset management	—	(98 000)	(16 329)	(1 432)	(10 998)	—	(126 759)
Write-off of mining rights	—	—	(201)	—	—	—	(201)
At the end of the year	**176 893**	**154 952**	**78 702**	**23 953**	**76 907**	**7 210**	**518 617**
Accumulated depreciation							
At the beginning of the year	(6 569)	—	(23 136)	(16 766)	(68 704)	(7 671)	(122 846)
Exchange adjustments	(6 387)	(467)	348	(16)	(6 347)	—	(12 869)
Disposals	—	1 166	1 872	382	5 019	3 029	11 468
Demerger of asset management	—	9 197	1 111	670	7 761	—	18 739
Depreciation charge for year – continuing operations	(4 323)	(19 044)	(7 078)	(1 614)	(11 318)	(1 407)	(44 784)
Depreciation charge for year – discontinued operations	—	(9 651)	(260)	(200)	(1 641)	—	(11 752)
At the end of the year	**(17 279)**	**(18 799)**	**(27 143)**	**(17 544)**	**(75 230)**	**(6 049)**	**(162 044)**
Net carrying value	**159 614**	**136 153**	**51 559**	**6 409**	**1 677**	**1 161**	**356 573**

* Right-of-use assets primarily comprises property leases under IFRS 16.
** On 3 December 2010 the group acquired a portfolio of operating leased assets comprising motor vehicles. The operating lease income from this portfolio has been included in other operating income (note 5) and the depreciation of these operating leased assets has been included in operating costs in the income statement.
^ Fully depreciated assets with a net book value of zero were written off during the year.
^^ During the current year, assets were reclassified between the property and equipment classes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

35. Investment properties

At 31 March £'000	2021	2020
At the beginning of the year	863 864	994 645
Additions	7 568	91 285
Disposals	(71 036)	(27 313)
Fair value movement	(46 736)	(31 545)
Reclassifications*	7 197	(7 040)
Exchange adjustments	71 204	(156 168)
At the end of the year	**832 061**	**863 864**

* Reclassifications of £11.3 million from non-current assets classified as held for sale (2020: £58.9 million to non-current assets classified as held for sale) and a reclassification of £4.1 million to trading properties (2020: £51.9 million from trading properties) as there was a change in use of the property.

For total gains and losses on investment properties recognised in the income statement, refer to note 4.

Non-current assets held for sale comprises of £10.9 million (2020: £58.9 million) of investment properties . These are excluded from the measurement scope of IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations and continue to be measured according to the fair value model. The majority of these properties are in the Group Investments business segment.

All investment properties are classified as level 3 in the fair value hierarchy.

For all investment property that is measured at fair value, the current use of the property is considered the highest and best use. Properties are valued under the income capitalisation method and discounted cash flow method (DCF).

Under the income capitalisation method a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate.

Under the DCF method a property's fair value is estimated using explicit assumptions about the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This involves the projection of a series of cash flows and, to this, an appropriate market-derived discount rate is applied to establish the present value of the income stream.

Valuation techniques used to derive level 3 fair values

The significant unobservable inputs used to derive the fair value measurements are those relating to the valuation of underlying investment properties. The table below includes the following definitions and relationship between the unobservable inputs and fair value measurement:

Significant unobservable inputs	Definitions
Expected Rental Value (ERV)	The rent at which space could be let in the market conditions prevailing at the date of valuation.
Capitalisation rate (cap rate)	The rate of return that is expected to be generated on the real estate investment property.
Long-term vacancy rate	The ERV of the expected long-term average structural vacant space divided by the ERV of the whole property. Long-term vacancy rate can also be determined based on the percentage of estimated vacant space divided by the total lettable area.

Level 3 valuations

At 31 March 2021 Description	Average expected rental value per £/m^2	Equivalent yield range	Weighted average cap rate	Long-term vacancy rates	Change in fair value (£'000) from a 0.25bp increase/ decrease in cap rate	Change in fair value (£'000) from a 5% increase/ decrease in expected rental value
Across South African sectors	4.9	6.9% - 14.2%	8.9%	1.5%	21 027	36 887
SA Retail	5.8	7.3% - 11.6%	8.4%	1.4%	8 575	14 715
SA Industrial	2.7	6.9% - 14.2%	9.7%	1.3%	4 219	8 197
SA Office	7.7	7.1% - 14.1%	9.0%	1.9%	8 300	13 976

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

35. Investment properties continued

At 31 March 2020 Description	Average expected rental value per £/m2	Equivalent yield range	Weighted average cap rate	Long-term vacancy rates	Change in FV (£'000) from a 0.25bp increase/ decrease in cap rate	Change in FV (£'000) from a 5% increase/ decrease in expected rental value
Across South African sectors	4.7	6.7% - 14.1%	9.0%	1.1%	19 734	35 254
SA Retail	5.5	7.2% - 11.8%	8.4%	0.8%	7 522	13 400
SA Industrial	2.4	8.0% - 12.4%	9.5%	0.8%	4 287	7 836
SA Office	8.2	7.5% - 12.0%	9.4%	1.7%	7 929	14 018

36. Goodwill

At 31 March £'000	2021	2020
2021		
Cost		
At the beginning of the year	312 450	410 831
Acquisitions	11	477
Demerger of asset management	—	(88 045)
Disposal of subsidiaries	(148)	(6 911)
Exchange adjustments	1 116	(3 902)
At the end of the year	**313 429**	**312 450**
Accumulated impairment		
At the beginning of the year	(41 825)	(43 961)
Impairments	(11 599)	(145)
Exchange adjustments	(200)	2 281
At the end of the year	**(53 624)**	**(41 825)**
Net carrying values	**259 805**	**270 625**
Analysis of goodwill by line of business and geography:		
UK and Other		
Wealth & Investment	236 318	236 318
Specialist Banking	13 518	24 865
	249 836	**261 183**
Southern Africa		
Wealth & Investment	1 774	1 631
Specialist Banking	8 195	7 811
	9 969	**9 442**
	259 805	**270 625**

Goodwill is tested annually for impairment, or more frequently if evidence exists that goodwill might be impaired, by comparing the carrying value to its recoverable amount.

The recoverable amount of goodwill is determined based on expected cash flows within the cash-generating units of the group to which the goodwill is allocated. Key assumptions within the calculation include discount rates, growth rates in revenue and related expenditure and loan impairment rates.

Discount rates are based on pre-tax rates that reflect current market conditions, adjusted for the specific risks associated with the cash-generating unit. Growth rates are based on industry growth forecasts. Cash flow forecasts are based on the most recent financial budgets for the next financial year and are extrapolated for a period of three to five years, adjusted for expected future events.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

36. Goodwill continued

UK and Other

The most significant cash-generating unit giving rise to goodwill is Investec Wealth & Investment. For Wealth & Investment, goodwill of £236.3 million has been tested for impairment on the basis of the cash flow projections for the next three years discounted at 8.9% (2020: 8.7%) which incorporate an expected revenue growth rate of 2% in perpetuity (2020: 2%).

The valuation is based on value in use of the business.

Sensitivity analysis has been carried out and it has been concluded that no reasonably possible change in the key assumptions would cause an impairment to be recognised.

For Specialist Banking, the goodwill of £13.5 million is made up of a number of individual cash-generating units within the line of business. These cash generating units are assessed for impairment considering current performance and budgets. There are no indications of impairment from the review of these balances except as discussed below in relation to Investec Ireland.

Southern Africa

Goodwill attributed to the South African operations relates to the Investec for Business and the Investec Wealth & Investment group.

The goodwill relating to Investec for Business has been identified as a separate cash-generating unit and has been tested for impairment, taking into account profitability, being the budgeted profits and the future profit growth for the next five years. The valuation is based on management's assessment of appropriate profit forecasts and discount rates to estimate the fair value. Discount rate applied of 3.50% (2020: 5.25%) is determined using the South African inter-bank lending rate, adjusted for business specific risk.

Sensitivity analysis has been carried out and it has been concluded that no reasonably possible change in the key assumptions would cause an impairment to be recognised.

The valuation of goodwill is a level 3 in the fair value hierarchy.

Movement in goodwill

During the year ended 31 March 2021, goodwill of £11.2 million in relation to Investec Ireland was written off as a result of the change in business following the Brexit impact and as such there is limited linkage remaining between the business acquisition which gave rise to the goodwill and the ongoing business in Ireland.

In the 2020 financial year, the goodwill of £88.0 million relating to Investec Asset Management was written off as part of the demerger which took place in March 2020, refer to note 38. Goodwill of £6.9 million was written off as part of the sale of the Ireland Wealth businesses during the prior year, refer to note 38.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

37. Software and other acquired intangible assets

	Software			Other acquired intangible assets			
At 31 March £'000	Acquired software	Internally generated software	Total	Management contracts**	Client relationships	Total	**Total**
2021							
Cost							
At the beginning of the year	73 686	—	73 686	—	211 719	211 719	285 405
Exchange adjustments	(351)	—	(351)	—	728	728	377
Additions	2 480	1 702	4 182	—	2 021	2 021	6 203
Disposals	(2 187)	—	(2 187)	—	(3 392)	(3 392)	(5 579)
Write-offs*	(24 088)	—	(24 088)	—	—	—	(24 088)
At the end of the year	**49 540**	**1 702**	**51 242**	**—**	**211 076**	**211 076**	**262 318**
Accumulated amortisation and impairments							
At the beginning of the year	(59 043)	—	(59 043)	—	(140 062)	(140 062)	(199 105)
Exchange adjustments	101	—	101	—	724	724	825
Disposals	2 182	—	2 182	—	2 517	2 517	4 699
Amortisation	(5 996)	—	(5 996)	—	(15 287)*	(15 287)	(21 283)
Write-offs*	24 088	—	24 088	—	—	—	24 088
At the end of the year	**(38 668)**	**—**	**(38 668)**	**—**	**(152 108)**	**(152 108)**	**(190 776)**
Net carrying value	**10 872**	**1 702**	**12 574**	**—**	**58 968**	**58 968**	**71 542**
2020^							
Cost							
At the beginning of the year	71 480	2 103	73 583	592	212 309	212 901	286 484
Exchange adjustments	(394)	—	(394)	—	(590)	(590)	(984)
Additions	8 605	—	8 605	—	—	—	8 605
Disposals	(6 005)	(2 103)	(8 108)	—	—	—	(8 108)
Write-off of internal software	—	—	—	(592)	—	(592)	(592)
At the end of the year	**73 686**	**—**	**73 686**	**—**	**211 719**	**211 719**	**285 405**
Accumulated amortisation and impairments							
At the beginning of the year	(56 433)	(1 261)	(57 694)	(592)	(120 961)	(121 553)	(179 247)
Exchange adjustments	(460)	—	(460)	—	(923)	(923)	(1 383)
Disposals	3 536	1 090	4 626	—	—	—	4 626
Amortisation	(8 037)	—	(8 037)	—	(15 656)*	(15 656)	(23 693)
Write-off of internal software	—	—	—	592	—	592	592
Reclassifications	2 351	171	2 522	—	(2 522)	(2 522)	—
At the end of the year	**(59 043)**	**—**	**(59 043)**	**—**	**(140 062)**	**(140 062)**	**(199 105)**
Net carrying value	**14 643**	**—**	**14 643**	**—**	**71 657**	**71 657**	**86 300**

Client relationships all relate to the acquisition of Rensburg Sheppards plc in June 2010 and Evolution Group in December 2011, Investec Capital Asia Limited in April 2011, NCB Group in June 2012 and Investec Import Solutions group in July 2015.

* Fully depreciated assets with a net book value of zero were written off during the year.
** Management contracts and client relationships are acquired intangibles. Amortisation of acquired intangibles as disclosed in the income statement £15.3 million (2020: £15.7 million).
^ Restated as detailed in note 62 on pages 141 and 142.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

38. Acquisitions and disposals and discontinued operations

There were no significant acquisitions of subsidiaries during the current and prior year.

During the year, Investec Bank plc sold the Investec Australia Property Fund (IAPF) management company for proceeds and a gain of £20.4 million. Additionally, a gain of £13 million was recognised from the formation of a joint venture with the State Bank of India, now measured at fair value, as a result of loss of control in Investec Capital Services (India) Private Limited.

During the prior year, the group completed the sale of its Republic of Ireland Wealth & Investment business for proceeds of €44 million and a net gain of £19 million. The decision to dispose of the business was taken in light of changes in Investec group's Irish business model, brought about by Brexit planning and the ongoing consolidation taking place in the wealth management industry in Ireland. The sale did not impact the group's other Irish businesses which have the necessary regulatory structure in place to continue to provide their existing range of specialist financial services.

Asset Management business

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

Gain on loss of control of Ninety One	**£'000**
The gains is calculated as follows:	
Fair value of the distributions	697 854
Investment in associate measured at fair value (including holdings by Investec staff share schemes)	383 535
Net asset value of Asset Management derecognised previously consolidated at 13 March 2020 (including Goodwill)	(228 710)
Non-controlling interest derecognised previously included in the consolidation of Asset Management at 13 March 2020	28 708
Foreign currency translation reserve recycled to the income statement at 13 March 2020	(13 980)
Gain on the distribution of Ninety One shares (before tax)	**867 407**
Implementation costs	(47 174)
Gain on distribution of Ninety One shares (before tax)	**820 233**
Taxation on gain	(14 405)
Related taxation	592
Gain on distribution of Ninety One shares net of taxation and implementation costs	**806 420**

Major classes of assets and liabilities	
Insurance related assets	7 806 250
Loans and advances to banks	264 604
Remaining assets (including goodwill)	499 078
Remaining liabilities	(8 341 222)
	228 710

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

38. Acquisitions and disposals and discontinued operations continued
The table below presents the income statement from discontinued operations (former Investec Asset Management business) included in the total group income statement for the year to 31 March 2020.

Combined consolidated income statement of discontinued operations

	Year to 31 March 2020		
£'000	**UK and Other**	**Southern Africa**	**Total**
Net interest income	(2 235)	3 962	1 727
Net fee and commission income	392 591	191 388	583 979
Investment income	(2 042)	35	(2 007)
Trading income/(loss) arising from			
– balance sheet management and other trading activities	1 634	(76)	1 558
Other operating income	4 697	745	5 442
Total operating income before expected credit loss impairment charges	**394 645**	**196 054**	**590 699**
Expected credit loss impairment charges	—	—	—
Operating income	**394 645**	**196 054**	**590 699**
Operating costs	(285 542)	(115 398)	(400 940)
Operating profit before strategic actions and non-controlling interests	**109 103**	**80 656**	**189 759**
Profit attributable to non-controlling interests from discontinued operations	(18 106)	(11 241)	(29 347)
Operating profit	**90 997**	**69 415**	**160 412**
Gain on distribution net of implementation costs	549 263	270 970	820 233
Profit before taxation	**640 260**	**340 385**	**980 645**
Taxation on operating profit before strategic actions	(19 112)	(22 088)	(41 200)
Taxation on strategic actions	1 253	(15 066)	(13 813)
Earnings attributable to shareholders from discontinued operations	**622 401**	**303 231**	**925 632**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

39. Long-term assurance business attributable to policyholders

At 31 March £'000	2021	2020
Liabilities to customers under investment contracts		
Investec Life Limited	49 798	32 845
Insurance liabilities, including unit-linked liabilities - Investec Life Limited	2 607	2 382
	52 405	**35 227**
The assets of the long-term assurance fund attributable to policyholders are detailed below:		
Investments	52 405	35 227
	52 405	**35 227**
Investments shown above comprise:		
Interest-bearing securities	11 544	10 879
Stocks, shares and unit trusts	39 830	24 348
Deposits	1 031	—
	52 405	**35 227**

Assets related to the long-term assurance business attributable to policyholders are at fair value through profit and loss and are classified as level 1 in the fair value hierarchy.

40. Other trading liabilities

At 31 March £'000	2021	2020
Deposits	204 041	201 834
Short positions		
– Equities	103 677	216 131
– Gilts	7 815	91 557
– Bank debt securities	10 656	—
	326 189	**509 522**

41. Debt securities in issue

At 31 March £'000	2021	2020
Repayable in:		
Less than three months	27 995	47 299
Three months to one year	93 639	120 445
One to five years	1 726 091	1 320 376
Greater than five years	44 594	249 071
	1 892 319	**1 737 191**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

42. Other liabilities

At 31 March £'000	**2021**	2020
Settlement liabilities	797 844	1 018 415
Other creditors and accruals	589 632	499 642
Lease liabilities	396 132	488 849
Other non-interest bearing liabilities	161 923	155 006
Rewards Programme liability	33 106	29 077
Long service employee benefits liability (refer to note 9)	21 913	14 006
Expected credit loss on off-balance sheet commitments and guarantees	12 453	6 492
	2 013 003	**2 211 487**
Lease liabilities		
Reconciliation from opening balance to closing balance:		
At the beginning of the year	488 849	—
Adoption of IFRS 16	—	597 002
Interest	13 632	18 358
Additional leases	5 276	47 109
Disposals and modifications	(15 351)	(10 945)
Demerger of business	—	(99 576)
Repayment of lease liabilities	(69 051)	(75 101)
Exchange adjustments	(27 223)	12 002
At the end of the year	**396 132**	**488 849**

At 31 March £'000	**2021**		2020	
Lease liabilities included in other liabilities due in	**Undiscounted payments**	**Present value**	Undiscounted payments	Present value
Less than one year	60 309	57 580	71 876	66 804
One to five years	324 514	286 522	259 259	230 962
Later than five years	54 664	52 030	227 077	192 931
Exchange adjustment	—	—	—	(1 848)
	439 487	**396 132**	**558 212**	**488 849**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

43. Pension commitments

At 31 March £'000	2021	2020
Income statement charge		
Defined benefit obligations net income included in net interest income	—	(2)
Defined benefit net costs included in administration costs	—	49
Cost of defined contribution schemes included in staff costs	44 905	45 928
Net income statement charge in respect of pensions	**44 905**	**45 975**

During the prior year, the group completed the demerger transaction to incorporate Ninety One (previously Investec Asset Management) as an independent company (see note 38). As a result of this, the assets and liabilities of the Ninety One UK pension scheme (the scheme: previously the Investec Asset Management Pension scheme) were derecognised from the consolidated group balance sheet; a defined benefit obligation of £19.3million and fair value plan assets of £18.0million. Investec plc has no ongoing involvement with the scheme and has no liabilities or obligations in respect of the scheme at 31 March 2020.

At 31 March £'000	2021	2020
Recognised in the income statement		
Net interest income	—	2
Administration costs	—	(49)
Net income statement charge in respect of pensions	**—**	**(47)**
Recognised in statement of comprehensive income		
Return on plan assets (excluding amounts in net interest income)	—	245
Actuarial gain arising from changes in financial assumptions	—	(1 711)
Remeasurement of defined benefit asset	**—**	**(1 466)**
Deferred tax	—	249
Remeasurement of net defined benefit asset	**—**	**(1 217)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

44. Subordinated liabilities

At 31 March £'000	**2021**	2020
Issued by Investec Bank plc		
Subordinated fixed rate medium-term notes at FVPL	334 804	343 233
Subordinated fixed rate re-set callable medium-term notes amortised cost	436 677	443 798
Issued by Investec Bank Limited		
IV019 indexed rate subordinated unsecured callable bonds	9 750	8 081
IV019A indexed rate subordinated unsecured callable bonds	18 522	16 878
IV033 variable rate subordinated unsecured callable bonds	—	7 178
IV034 fixed rate subordinated unsecured callable bonds	—	4 559
IV035 variable rate subordinated unsecured callable bonds	72 096	66 268
IV036 variable rate subordinated unsecured callable bonds	1 572	1 445
IV037 variable rate subordinated unsecured callable bonds	87 193	91 012
IV038 variable rate subordinated unsecured callable bonds	17 189	15 800
IV039 indexed rate subordinated unsecured callable bonds	9 602	8 435
IV040 variable rate subordinated unsecured callable bonds	28 927	26 588
IV041 fixed rate subordinated unsecured callable bonds	9 331	8 577
IV042 variable rate subordinated unsecured callable bonds	2 456	2 257
IV043 fixed rate subordinated unsecured callable bonds	7 367	6 771
IV044 variable rate subordinated unsecured callable bonds	11 787	10 834
IV045 indexed rate subordinated unsecured callable bonds	93 980	82 252
IV046 variable rate subordinated unsecured callable bonds	58 934	54 170
IV047 variable rate subordinated unsecured callable bonds	78 293	82 091
IV049 variable rate subordinated unsecured callable bonds	47 983	50 235
Issued by Investec Limited		
INLV02 variable rate subordinated unsecured callable bonds	—	12 459
INLV03 variable rate subordinated unsecured callable bonds	—	4 243
INLV04 variable rate subordinated unsecured callable bonds	—	11 511
INLV07 variable rate subordinated unsecured callable bonds	80 347	—
INB001 variable rate subordinated unsecured callable bonds	74 141	77 686
	1 480 951	**1 436 361**
All subordinated debt issued by Investec Limited and its subsidiaries is denominated in South African Rand		
Remaining maturity*:		
In one year or less, or on demand	604 208	11 737
In more than one year, but not more than two years	331 447	625 417
In more than two years, but not more than five years	108 619	355 410
In more than five years	436 677	443 797
	1 480 951	**1 436 361**
Reconciliation from opening balance to closing balance:		
Opening balance	1 436 361	1 647 271
Issue of subordinated liabilities	76 684	—
Interest accrued on subordinated liabilities	91 891	110 662
Interest and effective interest rate adjustments capitalised to subordinated liabilities	(19 827)	(19 755)
Repayment of interest	(73 412)	(90 055)
Transfer of interest accrued to other liabilities at the end of the year	4 715	4 526
Transfer of interest accrued to other liabilities at the beginning of the year	(3 295)	(5 378)
Redemption of subordinated liabilities	(41 482)	(169 028)
Consumer Price Index, effective interest rate adjustments and currency adjustments on foreign denominated bonds adjustment	(47 758)	73 898
Exchange adjustments	57 074	(115 780)
Closing balance	**1 480 951**	**1 436 361**

* Maturities have been determined using the date on which the company is able to call the bonds.

The only event of default in relation to the subordinated debt is the non-payment of principal or interest. The only remedy available to the holders of the subordinated debt in the event of default is to petition for the winding up of the issuing entity. In a winding up no amount will be paid in respect of the subordinated debt until all other creditors have been paid in full.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

44. Subordinated liabilities continued

Medium-term notes

Subordinated fixed rate medium-term notes (denominated in Pound Sterling) – accounted for as designated at fair value

On 17 February 2011 Investec Bank plc issued £500 000 000 of 9.625% subordinated notes due in 2022 at a discount (2022 notes). Interest is paid annually. The notes are listed on the London Stock Exchange. The notes are redeemable at par on 17 February 2022.

On 29 June 2011 Investec Bank plc issued £75 000 000 of 9.625% subordinated notes due in 2022 at a premium (2022 notes) (to be consolidated and form a single series, and to be fungible, with the £500 000 000 2022 notes issued on 17 February 2011).

On 1 April 2018 the group adopted IFRS 9 Financial instruments which replaced IFRS 39 Financial instruments: recognition and measurement. The impact of the IFRS 9 implementation on disclosing the subordinated liabilities at fair value of £716 546 000 against its amortised cost value of £579 673 000 was an increase in disclosed liability of £136 891 000.

On 17 July 2018 Investec Bank plc completed a tender offer to purchase £267 038 000 aggregate nominal amount of the notes at a cash purchase price of 121.513 pence plus an accrued interest payment. The total value of the debt redeemed was £335 541 000.

Subordinated fixed rate reset callable medium-term notes (denominated in Pound Sterling)

On 24 July 2018 Investec Bank plc issued £420 000 000 of 4.25% subordinated notes due 2028 at a discount (2028 notes). Interest is paid annually. The notes are listed on the London Stock Exchange. The notes will be redeemed at par on 24 July 2028. The issuer has a one-time redemption option on the early redemption date 24 July 2023 subject to conditions.

IV019 indexed rate subordinated unsecured callable bonds

R199 million (2020: R179 million) Investec Bank Limited IV019 locally registered subordinated unsecured callable bonds are due in March 2028. Interest on these inflation-linked bonds is payable semi-annually on 31 March and 30 September at a rate of 2.60%. The IV019 is a replica of the R210 South African government bond. The maturity date is 31 March 2028, but the company has the option to call the bonds upon regulatory capital disqualification or from 3 April 2023.

IV019A indexed rate subordinated unsecured callable bonds

R377 million (2020: R374 million) Investec Bank Limited IV019A locally registered subordinated unsecured callable bonds are due in March 2028. Interest on these inflation-linked bonds is payable semi-annually on 31 March and 30 September at a rate of 2.60%. The IV019A is a replica of the R210 South African government bond. The maturity date is 31 March 2028, but the company has the option to call the bonds upon regulatory capital disqualification or from 3 April 2023.

IV033 variable rate subordinated unsecured callable bonds

Rnil (2020: R159 million) Investec Bank Limited IV033 locally registered subordinated unsecured callable bonds are due in February 2026. Interest is payable quarterly on 11 May, 11 August, 11 November and 11 February at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 11 February 2026. The maturity date is 11 February 2026, but the company has the option to call the bonds upon regulatory capital disqualif1ication or from 11 February 2021. These notes were repaid in the current year.

IV034 fixed rate subordinated unsecured callable bonds

Rnil (2020: R101 million) Investec Bank Limited IV034 locally registered subordinated unsecured callable bonds are due in February 2026. Interest is payable semi-annually on 11 February and 11 August at a rate equal to 12.47% up to and excluding 11 February 2026. The maturity date is 11 February 2026, but the company has the option to call the bonds upon regulatory capital disqualification or from 11 February 2021.These notes were repaid in the current year.

IV035 variable rate subordinated unsecured callable bonds

R1 468 million Investec Bank Limited IV035 locally registered subordinated unsecured callable bonds are due in April 2027. Interest is payable quarterly on 7 April, 7 July, 7 October and 7 January at a rate equal to the three-month JIBAR plus 4.65% up to and excluding 7 April 2027. The maturity date is 7 April 2027, but the company has the option to call the bonds upon regulatory capital disqualification or from 7 April 2022.

IV036 variable rate subordinated unsecured callable bonds

R32 million Investec Bank Limited IV036 locally registered subordinated unsecured callable bonds are due in April 2026. Interest is payable quarterly on 22 April, 22 July, 22 October and 22 January at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 22 July 2026. The maturity date is 22 July 2026, but the company has the option to call the bonds upon regulatory capital disqualification or from 22 July 2021.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

44. Subordinated liabilities continued

IV037 variable rate subordinated unsecured callable bonds
$125 million Investec Bank Limited IV037 locally registered subordinated unsecured Tier II callable bonds are due in October 2026 and were issued at an issue price of $91 million. The notes will automatically convert from zero coupon notes to floating rate notes on the first optional redemption date, being 19 October 2021. The implied zero coupon yield is 6.29961713% nacq (ACT/360) up until; the 19 October 2021. If the issuer does not exercise the option to redeem the notes on 19 October 2021, then interest on the floating rate notes shall commence on 19 October 2021 and is payable quarterly on 19 January, 19 July, 19 April and 19 October at a rate equal to the three-month USD Libor plus 5.5% up to and excluding 19 October 2026. The maturity date is 19 October 2026, but the company has the option to call the bonds upon regulatory capital disqualification or from 19 October 2021.

IV038 variable rate subordinated unsecured callable bonds
R350 million Investec Bank Limited IV038 locally registered subordinated unsecured callable bonds are due in September 2026. Interest is payable quarterly on 23 March, 23 June, 23 September and 23 December at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 23 September 2026. The maturity date is 23 September 2026, but the company has the option to call the bonds upon regulatory capital disqualification or from 23 September 2021.

IV039 indexed rate subordinated unsecured callable bonds
R196 million (2020: R187 million) Investec Bank Limited IV039 locally registered subordinated unsecured callable bonds are due in January 2027. Interest is payable quarterly on 31 January, 30 April, 31 July and 31 October at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 31 January 2027. The maturity date is 31 January 2027, but the company has the option to call the bonds upon regulatory capital disqualification or from 31 January 2022.

IV040 variable rate subordinated unsecured callable bonds
R589 million Investec Bank Limited IV040 locally registered subordinated unsecured callable bonds are due in September 2026. Interest is payable quarterly on 29 March, 29 June, 29 September and 29 December at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 29 September 2026. The maturity date is 29 September 2026, but the company has the option to call the bonds upon regulatory capital disqualification or from 29 September 2021.

IV041 fixed rate subordinated unsecured callable bonds
R190 million Investec Bank Limited IV041 locally registered subordinated unsecured callable bonds are due in September 2026. Interest is payable quarterly on 29 March, 29 June, 29 September and 29 December at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 29 September 2026. The maturity date is 29 September 2026, but the company has the option to call the bonds upon regulatory capital disqualification or from 29 September 2021.

IV042 variable rate subordinated unsecured callable bonds
R50 million Investec Bank Limited IV042 locally registered subordinated unsecured callable bonds are due in November 2026. Interest is payable quarterly on 18 February, 18 May, 18 August and 18 November at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 18 November 2026. The maturity date is 18 November 2026, but the company has the option to call the bonds upon regulatory capital disqualification or from 18 November 2021.

IV043 fixed rate subordinated unsecured callable bonds
R150 million Investec Bank Limited IV043 locally registered subordinated unsecured callable bonds are due in November 2026. Interest is payable quarterly on 21 February, 21 May, 21 August and 21 November at a rate equal to the three-month JIBAR plus 4.25% up to and excluding 18 November 2026. The maturity date is 21 November 2026, but the company has the option to call the bonds upon regulatory capital disqualification or from 18 November 2021.

IV044 variable rate subordinated unsecured callable bonds
R240 million Investec Bank Limited IV044 locally registered subordinated unsecured callable bonds are due in January 2027. Interest is payable quarterly on 31 January, 30 April, 31 July and 31 October at a rate equal to the three-month JIBAR plus 4.15% up to and excluding 18 November 2026. The maturity date is 31 January 2027, but the company has the option to call the bonds upon regulatory capital disqualification or from 31 January 2022.

IV045 indexed rate subordinated unsecured callable bonds
R1 914 million (2020: R1 822 million) Investec Bank Limited IV045 locally registered subordinated unsecured callable bonds are due in January 2027. Interest is payable quarterly on 31 January, 30 April, 31 July and 31 October at a rate of 2.75%. The IV045 is a replica of the R212 South African government bond. The maturity date is 31 January 2027, but the company has the option to call the bonds upon regulatory capital disqualification or from 31 January 2022.

IV046 variable rate subordinated unsecured callable bonds
R1 200 million Investec Bank Limited IV046 locally registered subordinated unsecured callable bonds are due in June 2027. Interest is payable quarterly on 21 September, 21 December, 21 March and 21 June at a rate equal to the three-month JIBAR plus 3.90%. The maturity date is 21 June 2027, but the company has the option to call the bonds upon regulatory capital disqualification or from 21 June 2022.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

44. Subordinated liabilities continued

IV047 variable rate subordinated unsecured callable bonds
$116 million Investec Bank Limited IV047 locally registered subordinated unsecured Tier II callable bonds are due in June 2027 and were issued at an issue price of $86 million. The notes will automatically convert from zero coupon notes to floating rate notes on the first optional redemption date, being 30 June 2022. The implied zero coupon yield is 5.915966% nacq (ACT/360) up until; the 30 June 2022. If the issuer does not exercise the option to redeem the notes on 30 June 2022, then interest on the floating rate notes shall commence on 30 June 2022 and is payable quarterly on 30 September, 30 December, 30 June at a rate equal to the three-month USD LIBOR plus 4.5% up to and excluding 30 June 2027. The maturity date is 30 June 2027, but the company has the option to call the bonds upon regulatory capital disqualification or from 30 June 2022.

IV049 variable rate subordinated unsecured callable bonds
R977 million (2020: R1 113 million) Investec Bank Limited IV049 locally registered subordinated unsecured callable bonds are due in 4 December 2028. Interest is payable quarterly in arrears on 4 March, 4 June and 4 September and 4 December at a rate equal to three-month JIBAR plus 3.413% basis points up to and excluding 4 March 2028. The maturity date is 4 March 2028, but the company has the option to call the bonds upon regulatory capital disqualification or from 4 March 2023.

INLV02 variable rate subordinated unsecured callable bonds
Rnil (2020: R276 million) Investec Limited INVL02 locally registered subordinated unsecured callable bonds are due in October 2025. Interest is payable quarterly on 20 January, 20 April, 20 July and 20 October at a rate equal to the three-month JIBAR plus 3.7% up to and excluding 20 October 2025. The maturity date is 20 October 2025, but the company has the option to call the bonds upon regulatory capital disqualification or from 20 October 2020. These notes were repaid in the current year.

INLV03 variable rate subordinated unsecured callable bonds
Rnil (2020: R94 million) INVL03 locally registered subordinated unsecured callable bonds are due in February 2026. Interest is payable quarterly on 11 May, 11 August, 11 November and 11 February at a rate equal to the three-month JIBAR plus 4.35% up to and excluding 11 February 2026. The maturity date is 11 February 2026, but the company has the option to call the bonds upon regulatory capital disqualification or from 11 February 2021. These notes were repaid in the current year.

INLV04 variable rate subordinated unsecured callable bonds
Rnil (2020: R255 million) Investec Limited INVL04 locally registered subordinated unsecured callable bonds are due in February 2026. Interest is payable quarterly on 11 May, 11 August, 11 November and 11 February at a rate equal to 12.77% up to and excluding 7 April 2027. The maturity date is 11 February 2026, but the company has the option to call the bonds upon regulatory capital disqualification or from 11 February 2021. These notes were repaid in the current year.

INLV07 variable rate subordinated unsecured callable bonds
R1 636 million (2020: Rnil) Investec Bank Limited issued INLV07 subordinated unsecured floating rate notes 9 March 2021. Interest is payable quarterly on 9 March, 9 June, 9 September and 9 December at a rate equal to the three-month JIBAR plus 2.60%. The maturity date is 9 March 2031 but the issuer has the option to redeem on 9 March 2026 and on each interest payment date thereafter.

INB001 variable rate subordinated unsecured callable bonds
$113 million Investec Limited INB001 locally registered subordinated unsecured Tier II callable bonds are due in December 2027 and were issued at an issue price of $84 million. The notes will automatically convert from zero coupon notes to floating rate notes on the first optional redemption date, being 28 December 2022. The implied zero coupon yield is 5.86482% nacq (ACT/360) up until; the 28 December 2022. If the issuer does not exercise the option to redeem the notes on 28 December 2022, then interest on the floating rate notes shall commence on 28 December 2022 and is payable quarterly on 28 March, 28 June, 28 September, 28 December at a rate equal to the three-month USD Libor plus 4% up to and excluding 28 December 2027. The maturity date is 28 December 2027, but the company has the option to call the bonds upon regulatory capital disqualification or from 28 December 2022.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

45. Ordinary share capital

At 31 March £'000	2021	2020
Investec plc		
Issued, allotted and fully paid		
Number of ordinary shares	**Number**	**Number**
At the beginning of the year	696 082 618	682 121 211
Issued during the year	—	13 961 407
At the end of the year	**696 082 618**	**696 082 618**
Nominal value of ordinary shares	**£'000**	**£'000**
At the beginning of the year	138	136
Issued during the year	—	2
At the end of the year	**138**	**138**
Number of special converting shares	**Number**	**Number**
At the beginning of the year	318 904 709	318 904 709
Issued during the year	—	—
At the end of the year	**318 904 709**	**318 904 709**
Nominal value of special converting shares	**£'000**	**£'000**
At the beginning of the year	64	64
Issued during the year	—	—
At the end of the year	**64**	**64**
Number of UK DAN shares	**Number**	**Number**
At the beginning and end of the year	**1**	**1**
Nominal value of UK DAN share	**£'000**	**£'000**
At the beginning and end of the year	*	*
Number of UK DAS shares	**Number**	**Number**
At the beginning and end of the year	**1**	**1**
Nominal value of UK DAS share	**£'000**	**£'000**
At the beginning and end of the year	*	*
Number of special voting shares	**Number**	**Number**
At the beginning and end of the year	**1**	**1**
Nominal value of special voting shares	**£'000**	**£'000**
At the beginning and end of the year	*	*

* Less than £1 000.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

45. Ordinary share capital continued

At 31 March	2021	2020
Investec Limited		
Authorised		
The authorised share capital of Investec Limited is R1 960 002 (2020: R1 960 002), comprising 450 000 000 (2020: 450 000 000) ordinary shares of R0.0002 each, 48 091 681 (2020: 48 091 681) redeemable, non-participating preference shares with a par value of R0.01 each, 408 319 (2020: 408 319) class ILRP1 redeemable, non-participating preference shares of R0.01 each, 1 500 000 (2020: 1 500 000) Class ILRP2 redeemable, non-participating preference shares of R0.01 each, 20 000 000 (2020: 20 000 000) non-redeemable, non-participating preference shares of R0.01 each, 50 000 (2020: 50 000) variable rate redeemable cumulative preference shares of R0.60 each, 100 000 000 (2020: 100 000 000) non-redeemable,non-cumulative, non-participating preference shares of R0.01 each, 1 (2020: 1) Dividend Access (South African resident) redeemable preference share of R1.00, 1 (2020: 1) Dividend Access (non-South African resident) redeemable preference share of R1.00, 700 000 000 (2020: 700 000 000) special convertible redeemable preference shares of R0.0002 each (special converting shares).		
Issued, allotted and fully paid		
Number of ordinary shares	**Number**	**Number**
At the beginning of the year	318 904 709	318 904 709
Issued during the year	—	—
At the end of the year	**318 904 709**	**318 904 709**
Nominal value of ordinary shares	**£'000**	**£'000**
At the beginning of the year	46	46
Issued during the year	*	*
At the end of the year	**46**	**46**
Number of special converting shares	**Number**	**Number**
At the beginning of the year	696 082 618	682 121 211
Issued during the year	—	13 961 407
At the end of the year	**696 082 618**	**696 082 618**
Nominal value of special converting shares	**£'000**	**£'000**
At the beginning of the year	5	5
Issued during the year	*	*
At the end of the year	**5**	**5**
Number of SA DAN shares	**Number**	**Number**
At the beginning and end of the year	**1**	**1**
Nominal value of SA DAS share	**£'000**	**£'000**
At the beginning and end of the year	*	*
Number of UK DAS shares	**Number**	**Number**
At the beginning and end of the year	**1**	**1**
Nominal value of SA DAS share	**£'000**	**£'000**
At the beginning and end of the year	*	*
Nominal value of issued, allotted and fully paid called up share capital of Investec plc and Investec Limited	**Number**	**Number**
Total called up share capital	253	253
Less: held by Investec Limited	(2)	(2)
Less: held by Investec plc	(4)	(4)
Total called up share capital	**247**	**247**

* Less than £1 000.

The Investec Limited shares were issued in South African Rand. The amounts recorded above were calculated by reference to historic Pounds Sterling: Rand exchange rates. In terms of the DLC structure shareholders have common economic and voting rights as if Investec Limited and Investec plc were a single company. These include equivalent dividends on a per share basis, joint electorate and class right variations. The UK DAS share, UK DAN share, SA DAS share, the SA DAN share and the special converting shares have been issued to achieve this.

The unissued shares are under the control of the directors until the next annual general meeting.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

45. Ordinary share capital continued

Staff share scheme

The group operates a share option and a share purchase scheme for employees. The number of ordinary shares conditionally allocated to employees is disclosed in note 8.

Movements in the number of share options issued to employees are as follows (each option is in respect of one share):

At 31 March		
£'000	**2021**	2020
Opening balance	40 577 418	44 941 101
Demerger of Investec Asset Management Limited	—	(1 701 349)
Issued during the year	18 022 245	13 431 500
Exercised	(10 201 045)	(13 003 747)
Forfeited	(1 116 728)	(3 090 087)
Lapsed	(643 444)	—
Closing balance	**46 638 446**	**40 577 418**

The purpose of the staff share scheme is to promote an esprit de corps within the organisation, create an awareness of Investec group's performance and provide an incentive to maximise individual and group performance by allowing all staff to share in the risks and rewards of the group.

The group makes awards available to staff members via the underlying share trusts. The particular instrument used varies from time to time, depending on taxation legislation and factors affecting the group structure. Nevertheless, whatever the instrument chosen, its underlying value depends solely on the performance of the group's share price.

At present, the practice of the group is to grant all permanent staff members a share allocation, based on their annual package, after completing six months of employment. In line with the objective of providing a long-term incentive for staff, these share awards vest over periods varying from three to five years.

After the initial allocation referred to above, additional allocations are made to staff members at the discretion of group management and depending on the individual performance and contribution made by the respective staff members.

The extent of the director's and staff interests in the incentive scheme is detailed on pages 178 to 186 and 193 to 195 in volume one.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

46. Perpetual preference shares of holding company

At 31 March **£'000**	**2021**	2020
Perpetual preference share capital	31	31
Perpetual preference share premium	174 022	168 487
	174 053	**168 518**
Issued by Investec Limited		
30 756 461 (2020: 32 214 499) non-redeemable, non-cumulative, non-participating preference shares of one cent each, issued at various premiums:		
– Perpetual preference share capital	2	2
– Perpetual preference share premium	149 257	143 722
Perpetual preference shareholders will be entitled to receive dividends if declared, at a rate limited to 77.77% of South African prime overdraft rate on R100 being the deemed value of the issue price of the perpetual preference share held. Perpetual preference shareholders receive dividends in priority to any payment of dividends to the holder of any other class of shares in the capital of the company not ranking prior or pari passu with the perpetual preference shares.		
An ordinary dividend will not be declared by Investec Limited unless the perpetual preference dividend has been declared. If declared, perpetual preference dividends are payable semi-annually at least seven business days prior to the date on which Investec Limited pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.		
Issued by Investec plc		
2 754 587 (2020: 2 754 587) non-redeemable, non-cumulative, non-participating preference shares of £0.01 each, issued at a premium of £8.58 per share.		
– Perpetual preference share capital	29	29
– Perpetual preference share premium	23 607	23 607
Perpetual preference shareholders will receive an annual dividend if declared based on the coupon rate (being equivalent to the base rate plus 1%) multiplied by the deemed value on a daily basis and payable in two semi-annual instalments.		
An ordinary dividend will not be declared by Investec plc unless the perpetual preference dividend has been declared.		
If declared perpetual preference dividends are payable semi-annually at least seven business days prior to the date on which Investec plc pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.		
Issued by Investec plc – Rand-denominated		
131 447 (2020: 131 447) non-redeemable, non-cumulative, non-participating perpetual preference shares of ZAR0.001 each, issued at an average premium of ZAR99.999 per share.		
– Perpetual preference share capital	*	*
– Perpetual preference share premium	1 158	1 158
Rand-denominated perpetual preference shareholders will receive a dividend if declared based on the coupon rate (being equivalent to South African prime rate multiplied by 95%) multiplied by the deemed value on a daily basis and payable in two semi-annual instalments.		
An ordinary dividend will not be declared by Investec plc unless the Rand perpetual preference dividend has been declared.		
If declared perpetual preference dividends are payable semi-annually at least seven business days prior to the date on which Investec plc pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.		
	174 053	**168 518**

* Less than £1 000.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

47. Share premium

At 31 March £'000	2021	2020
Share premium – Investec plc	988 637	988 637
Share premium – Investec Limited	529 215	529 215
	1 517 852	**1 517 852**

48. Treasury shares

At 31 March	2021	2020
	£'000	**£'000**
Treasury shares held by subsidiaries of Investec Limited and Investec plc	267 508	272 881
	Number	**Number**
Investec plc ordinary shares held by subsidiaries	41 576 257	31 744 014
Investec Limited ordinary shares held by subsidiaries	48 832 795	51 026 675
Investec plc and Investec Limited shares held by subsidiaries	**90 409 052**	**82 770 689**
Reconciliation of treasury shares	**Number**	**Number**
At the beginning of the year	82 770 689	51 325 272
Purchase of own shares by subsidiary companies	37 919 469	56 121 890
Shares disposed of by subsidiaries	(30 281 106)	(24 676 473)
At the end of the year	**90 409 052**	**82 770 689**
Market value of treasury shares	**£'000**	**£'000**
Investec plc	91 509	48 219
Investec Limited	107 481	77 510
	198 990	**125 729**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

49. Other Additional Tier 1 securities in issue

At 31 March £'000	**2021**	2020
Issued by Investec Limited		
R550 million Other Additional Tier 1 floating rate notes pay interest quarterly on 12 August, 12 November, 12 February and 12 May at a rate equal to the ZAR-JIBAR-SAFEX. There is no maturity date but the issuer has the option to redeem on 12 August 2024 and on every interest payment date thereafter. The interest is payable at the option of the issuer.	27 012	24 827
Investec Limited issued R350 million Other Additional Tier 1 floating rate notes on 15 March 2018. Interest is payable quarterly on 22 March, 22 June, 22 September and 22 December at a rate equal to the three-month JIBAR plus 5.15%. There is no maturity date but the issuer has the option to redeem on 22 March 2023 and on every interest payment date thereafter. The interest is payable at the option of the issuer.	17 189	15 800
Investec Limited issued R128 million and R45 million and R100 million Other Additional Tier 1 floating rate notes on 22 October 2020 and 25 November 2020 and 15 December 2020. Interest is payable quarterly on 22 January, 22 April, 22 July and 22 October at a rate equal to the three-month JIBAR plus 4.85%. There is no maturity date but the issuer has the option to redeem on 22 January 2026 or any interest payment date thereafter. The interest is payable at the option of the issuer.	13 408	—
Issued by Investec Limited subsidiary		
Investec Bank Limited issued R93 million and R17 million Other Additional Tier 1 floating rate notes on 26 March 2019 and 29 March 2019 respectively. Interest is payable quarterly on 26 June, 26 September, 26 December and 26 March at a rate equal to the three-month JIBAR plus 4.55%. There is no maturity date but the issuer has the option to redeem on the 26 June 2024 and on any interest payment date thereafter. The interest is payable at the option of the issuer.	5 402	4 966
Investec Bank Limited issued R450 million Other Additional Tier 1 floating rate notes on 12 March 2021. Interest is payable quarterly on 12 March, 12 June, 12 September and 12 December at a rate equal to the three-month JIBAR plus 4.80%. There is no maturity date but the issuer has the option to redeem on 12 June 2026 or any interest payment date thereafter. The interest is payable at the option of the issuer.	22 100	—
Issued by Investec plc		
On 5 October 2017, the Investec plc issued £250 million Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities ('AT1 securities') at par. The securities are perpetual and pay a distribution rate on 5 March, June, September and December, commencing from 5 December 2017. At each distribution payment day, the company can decide whether to pay the distribution rate, which is non-cumulative, in whole or in part. The distribution rate is 6.75% per annum until 5 December 2024; thereafter, the distribution rate resets every five years to a rate 5.749% per annum plus the benchmark gilts rate. The AT1 securities will be automatically written down and the investors will lose their entire investment in the securities should the Common Equity Tier 1 capital ratio of the Investec plc group, as defined in the PRA's rules, fall below 7%. The AT1 securities are redeemable at the option of the company on 5 December 2024 or on each distribution payment date thereafter. No such redemption may be made without the consent of the PRA.	250 000	250 000
	335 111	**295 593**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

50. Non-controlling interests

At 31 March £'000	**2021**	2020
Perpetual preference shares issued by Investec Bank Limited	72 750	69 259
Non-controlling interests in partially held subsidiaries	495 585	501 957
	568 335	**571 216**
Perpetual preferred securities issued by subsidiaries		
Issued by an Investec Limited subsidiary	72 750	69 259
14 917 559 (2020: 15 447 630) non-redeemable, non-cumulative, non-participating preference shares of one cent each issued at various premiums. Perpetual preference shareholders will be entitled to receive dividends, if declared, at a rate of 83.33% of South African prime overdraft rate on R100 being the deemed value of the issue price of the perpetual preference share held. Perpetual preference shareholders receive dividends in priority to any payment of dividends to the holder of any other class of shares in the capital of the company not ranking prior or pari passu with the preference shares. An ordinary dividend will not be declared by Investec Bank Limited unless the perpetual preference dividend has been declared. If declared, perpetual preference dividends are payable semi-annually at least seven business days prior to the date on which Investec Bank Limited pays its ordinary dividends, if any, but shall be payable no later than 120 business days after 31 March and 30 September respectively.		
	72 750	**69 259**

The following table summarises the information relating to the group's partially held subsidiaries which have material non-controlling interests:

	Investec Property Fund Limited**		**Investec Asset Management Holdings (Pty) Ltd***		**Investec Asset Management Limited***	
	2021	2020	**2021**	2020	**2021**	2020
Non-controlling interests (NCI) (%)	75.7%	75.7%	—	—	—	—
Summarised financial information £'000						
Total assets	1 235 062	1 348 171	—	—	—	—
Total liabilities	577 039	686 177	—	—	—	—
Revenue	68 787	96 300	—	196 054	—	394 645
(Loss)/Profit after taxation	(15 355)	91 606	—	54 279	—	84 649
Carrying amount of NCI	499 434	498 590	—	—	—	—
Dividends to NCI	32 385	35 183	—	15 419	—	20 908
Profit allocated to NCI	698	67 090	—	11 241	—	18 106
Loss attributable to NCI relating to impairments of associates	(9 126)	—	—	—	—	—

* On 13 March 2020, the group successfully completed the demerger of Ninety One (formerly known as Investec Asset Management), which became separately listed on 16 March 2020. The loss of control of Investec Asset Management was effected through the distribution of Ninety One shares to shareholders. Further details relating to the demerger are provided on note 38.

** Investec Property Fund Limited (IPF) is a subsidiary of Investec Limited.

In the prior year, the reduction in the shareholding of IPF is as a result of the group not participating in a share issue and is reflected in the statement of changes in equity as line item," Movement in non-controlling interests due to share issues in subsidiary".

The net cash flows in these partially held subsidiaries arising during the current and prior period relate to operating activities. Other than payments of dividends there are no material cash flows arising from financing or investing activities.

During the year, one subsidiary with a non-controlling interest (Outward VC Fund LLP)was deconsolidated by additional external investors investing in the entity, which resulted in a loss of control.

Net equity impact of non-controlling interests totalling £3.7 million in the statement of changes in equity relates to changes in holding without a change in control of subsdiaries within the Investec Properties group.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

51. Finance lease disclosures

At 31 March £'000	**2021** **Total future minimum payments**	**Present value**	2020 Total future minimum payments	Present value
Finance lease receivables included in loans and advances to customers				
Lease receivables due in:				
Less than one year	339 519	289 175	332 026	275 152
One to five years	436 953	387 755	507 561	447 258
Later than five years	5 650	5 229	5 015	4 684
	782 122	**682 159**	**844 602**	**727 094**
Unearned finance income	(99 963)		(117 508)	
Net investment in lease	**682 159**		**727 094**	

At 31 March 2021, unguaranteed residual values accruing to the benefit of Investec were £10.7 million (2020: £10.7 million). Finance leases in the group mainly relate to leases on property, equipment and motor vehicles.

At 31 March £'000	**2021** **Total future undiscounted cash flows**	**Present value**	2020 Total future undiscounted cash flows	Present value
Finance lease receivables included in other assets				
Lease receivables due in:				
Less than one year	40 448	41 596	51 739	49 265
One to five years	251 378	209 053	182 472	162 389
Later than five years	2 183	2 148	149 367	110 557
Total undiscounted lease payments receivable	**294 009**	**252 797**	**383 578**	**322 211**
Unearned finance income	(41 212)		(61 367)	
Net investment in lease	**252 797**		**322 211**	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

52. Notes to cash flow statement

At 31 March £'000	2021	2020^
Profit before taxation adjusted for non-cash items and other required adjustments is derived as follows:		
Profit before taxation from continuing and discontinued operations	331 569	1 320 472
Adjustment for non-cash items and other required adjustments included in net income before taxation:		
Impairment of goodwill	11 599	145
Amortisation of acquired intangibles	15 287	15 656
Amortisation of acquired intangibles of associates	9 268	448
Net gain on distribution and disposal of group operations	—	(840 568)
Net gain on deconsolidation, disposal of subsidiaries	(32 936)	—
Depreciation, amortisation and impairment of property, equipment, intangibles and software	47 959	64 573
Expected credit loss impairment charges	99 438	133 301
Impairment of associate and joint venture holdings	16 773	45 400
Share of post-taxation profit of associates and joint venture holdings	(42 459)	(27 244)
Dividends received from associates and joint venture holdings	20 191	3 124
Share-based payment charges and employee benefit liability recognised	42 763	60 087
	519 452	**775 394**
Decrease/(increase) in operating assets		
Loans and advances to banks	53 107	(156 029)
Reverse repurchase agreements and cash collateral on securities borrowed	329 671	(1 593 357)
Sovereign debt securities	700 599	(323 557)
Bank debt securities	(451 818)	20 686
Other debt securities	124 765	(345 489)
Derivative financial instruments	404 101	(1 210 555)
Securities arising from trading activities	(254 476)	688 692
Investment portfolio	180 088	(198 603)
Loans and advances to customers	(559 273)	(2 516 465)
Other loans and advances		
Securitised assets	(49 568)	20 259
Other assets	(126 305)	(407 803)
Investment properties	99 342	(23 381)
Assurance assets	(13 525)	376 640
Non-current assets classified as held for sale	(239)	(69 473)
	436 469	**(5 738 435)**
(Decrease)/increase in operating liabilities		
Deposits by banks	(1 223 949)	861 122
Derivative financial instruments	(68 619)	1 091 919
Other trading liabilities	(210 961)	(93 240)
Repurchase agreements and cash collateral on securities lent	(659 532)	686 019
Customer accounts (deposits)	810 167	3 798 208
Debt securities in issue	127 375	(1 274 855)
Securitised liabilities	71 286	(4 175)
Other liabilities	(264 655)	958 332
Assurance liabilities	13 525	(377 806)
	(1 405 363)	**5 645 524**

^ Restated as detailed in note 62 on pages 141 and 142.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

53. Commitments

At 31 March £'000	**2021**	2020
Undrawn facilities	4 965 406	3 847 088
Other commitments	60 212	101 016
	5 025 618	**3 948 104**

The group has entered into forward foreign exchange contracts and loan commitments in the normal course of its banking business for which the fair value is recorded on balance sheet.

	Carrying amount of pledged assets		**Related liability**	
At 31 March **£'000**	**2021**	2020^	**2021**	2020^
Pledged assets				
Other loans and advances	4 628	29 513	3 718	23 584
Loans and advances to customers	261 496	306 768	123 702	251 202
Loans and advances to banks	85 003	484 742	70 802	390 636
Sovereign debt securities	731 958	1 373 191	642 414	1 193 976
Bank debt securities	73 588	46 561	72 092	42 116
Other debt securities	138 898	393 244	123 963	350 439
Securities arising from trading activities	116 577	227 693	114 068	222 930
Reverse repurchase agreements and cash collateral on securities borrowed	321 343	109 434	287 807	100 365
	1 733 491	**2 971 146**	**1 438 566**	**2 575 248**

^ Restated as detailed in note 62 on pages 141 and 142.

The assets pledged by the group are strictly for the purpose of providing collateral for the counterparty. To the extent that the counterparty is permitted to sell and/or repledge the assets, they are classified on the balance sheet as reverse repurchase agreements and cash collateral on securities borrowed.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

54. Contingent liabilities

At 31 March £'000	2021	2020
Guarantees and assets pledged as collateral security:		
Guarantees and irrevocable letters of credit	1 365 097	1 333 669
	1 365 097	**1 333 669**

The amounts shown above are intended only to provide an indication of the volume of business outstanding at the balance sheet date.

Guarantees are issued by Investec plc and Investec Limited on behalf of third parties and other group companies. The guarantees are issued as part of the banking business.

Financial Services Compensation Scheme
The Financial Services Compensation Scheme (FSCS), the UK's statutory fund of last resort, provides compensation to customers of UK authorised financial institutions in the event that an institution which is a participating member of the FSCS is unable, or is likely to be unable, to pay claims against it.

The FSCS raises annual levies from participating members based on their level of participation (in the case of deposits, the proportion that their protected deposits represent to total protected deposits) as at 31 December of the year preceding the scheme year. Investec Bank plc and Investec Wealth & Investment Limited are participating members of the FSCS.

At the date of these financial statements, it is not possible to estimate whether there will ultimately be additional levies on the industry, the level of Investec's market participation or other factors that may affect the amount or timing of amount that may ultimately become payable, nor the effect that such levies may have upon operating results in any particular financial period.

Legal proceedings
The group operates in a legal and regulatory environment that exposes it to litigation risks. As a result, the group is involved in disputes and legal proceedings which arise in the ordinary course of business. The group evaluates all facts, the probability of the outcome of legal proceedings and advice from internal and external legal counsel when considering the accounting implications.

Investec Bank plc ('Investec') has been notified by the Office of the Public Prosecutor in Cologne, Germany, that it and certain of its current and former employees may be involved in possible charges relating to historical involvement in German dividend tax arbitrage transactions (known as cum-ex transactions). Investigations are ongoing and no formal proceeding have been issued against Investec by the Office of the Public Prosecutor. Investec is cooperating with the German authorities and is conducting its own internal investigation into the matters in question. There are factual issues to be resolved which may have legal consequences including financial penalties. In relation to potential civil claims; whilst Investec is not a claimant nor a defendant to any civil claims in respect of cum ex transactions, Investec has received third party notices in relation to two civil proceedings in Germany and may elect to join the proceedings as a third party participant. Investec has itself served third party notices on various participants to these historic transactions in order to preserve statute of limitation on any potential future claims that Investec may seek to bring against those parties, should Investec incur any liability in the future. Investec has also entered into standstill agreements with some third parties in order to suspend the limitation period in respect of the potential civil claims. While Investec is not a claimant nor a defendant to any civil claims at this stage, it cannot rule out the possibility of civil claims by or against Investec in future in relation to the relevant transactions. The group has not provided further disclosure with respect to these historical dividend arbitrage transactions because it has concluded that such disclosure can be expected to seriously prejudice its outcome.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

55. Related party transactions

At 31 March £'000	2021	2020
Profit before taxation adjusted for non-cash items is derived as follows: Compensation of key management personnel		
Details of directors remuneration and interest in shares, including the disclosures required by IAS 24 Related Party Transactions and Compensation of Key Management Personnel, are disclosed in the remuneration report on pages 173 to 186 and 195 in volume one.		
Transactions, arrangements and agreements involving key management personnel:		
Transactions, arrangements and agreements with directors and connected persons and companies controlled by them, and with officers of the company, were as follows:		
Key management personnel and connected persons and companies controlled by them		
Loans		
At the beginning of the year	7 765	44 937
Increase in loans	3 610	5 255
Decrease in loans*	(2 430)	(42 427)
Exchange adjustments	1	—
At the end of the year	**8 946**	**7 765**
Guarantees		
At the beginning of the year	592	13 360
Additional guarantees granted	1 545	918
Decrease in guarantees*	(187)	(13 686)
Exchange adjustments	1	—
At the end of the year	**1 951**	**592**
Deposits		
At the beginning of the year	(11 989)	(36 037)
Increase in deposits	(10 549)	(2 068)
Decrease in deposits*	8 307	26 116
Exchange adjustments	—	1
At the end of the year	**(14 231)**	**(11 988)**

* Decrease includes changes in leadership during the prior year.

The above transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing or where applicable, with other employees. The transactions did not involve more than the normal risk of repayment. None of these loans have been impaired.

Where related parties have investment products (that may be included in funds under management) offered to clients on terms and conditions in the ordinary course of business, these have not been included above as the group does not carry any exposure relating to these transactions (they are at client risk).

Transactions with other related parties

The group has an investment in Grovepoint (UK) Limited in which a previous Investec director has significant influence. The group has made an investment of £54.4 million (2020: £47.8 million) with no further committed funding. The terms and conditions of the transaction were no more favourable than those available, on similar transactions to non-related entities on an arm's length basis.

During the year to 31 March 2021, Investec Wealth & Investment Limited paid a net amount of £22 400 for research services provided by Grovepoint (UK) Limited (2020: paid a net amount of £15 500 for research services provided by Grovepoint (UK) Limited). Bradley Fried is a former director of Investec Bank plc and Investec plc, and is a current director of Grovepoint (UK) Limited.

Transactions with associates and joint venture holdings

At 31 March £'000	2021	2020
Amounts due from associates and joint venture holdings and their subsidiaries	**512 926**	**573 286**
Interest income from loans to associates and joint venture holdings	**17 159**	**16 969**
Interest expense from loans to associate and joint venture holdings	**44**	**4 724**

55. Related party transactions continued

For the year to 31 March 2021, the group received income from an associate in the group of £0.9million (2020: 0.9 million) predominantly related to premises sublease income (which ceased during the year) and lease guarantee income. The group also has £5.7 million (2020: £nil) of customer accounts (deposits), derivative financial instruments valued at £0.6 million (2020: £nil) and a £0.5million receivable (2020: £nil) for this associate. In addition, a lease guarantee of £8.0 million (31 March 2021: £nil) has been provided by the group to this associate.

The above arose from the ordinary course of business and are on the same terms, including interest rates and security, as for comparable transactions with third party counterparties.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

56. Hedges

The group uses derivatives for the management of financial risks relating to its asset and liability portfolios, mainly associated with non-trading interest rate risks and exposures to foreign currency risk. Most non-trading interest rate risk is transferred from the originating business to the Central Treasury in the Specialist Bank. Once aggregated and netted Central Treasury, as the sole interface to the wholesale market for cash and derivative transactions, actively manages the liquidity mismatch and non-trading interest rate risk from our asset and liability portfolios. In this regard, Treasury is required to exercise tight control of funding, liquidity, concentration and non-trading interest rate risk within defined parameters.

The accounting treatment of accounting hedges is dependent on the requirement to identify a direct relationship between a hedged item and hedging instrument. This relationship is established in limited circumstances based on the manner in which the group manages its risk exposure. Below is a description of each category of accounting hedges achieved by the group.

Fair value hedges

Fair value hedges are entered into mainly to hedge the exposure of changes in fair value of fixed rate financial instruments attributable to interest rates.

At 31 March £'000	Description of financial instrument designated as hedging instrument	Notional value of hedging	Fair value of hedging instrument	Cumulative fair value gains or (losses) on hedging instrument	Current year fair value gains or (losses) on hedging instrument	Cumulative fair value gains or (losses) on hedged item*	Current year fair value gains or (losses) on hedged item
2021							
Hedged assets	Interest rate swap	4 330 351	(93 098)	(89 418)	9 220	90 406	(7 813)
Hedged liabilities	Interest rate swap	401 899	(445)	(445)	(1 582)	469	1 760
		4 732 250	**(93 543)**	**(89 863)**	**7 638**	**90 875**	**(6 053)**
2020							
Hedged assets	Interest rate swap	4 251 516	(150 774)	(146 729)	(111 389)	146 459	111 143
Hedged liabilities	Interest rate swap	142 739	831	831	(71)	(913)	(38)
		4 394 255	**(149 943)**	**(145 898)**	**(111 460)**	**145 546**	**111 105**

* Change in fair value used as the basis for recognising hedge effectiveness for the period.

Carrying amount of the hedged item

At 31 March £'000	2021	2020
Assets		
Sovereign debt securities	1 359 339	1 428 143
Bank debt securities	178 375	235 685
Other debt securities	64 855	192 299
Loans and advances to customers	2 600 554	1 352 046
Other assets	141 426	185 206
Liabilities		
Debt securities in issue	358 353	—
Customer accounts (deposits)	43 077	141 886

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

56. Hedges continued

Maturity analysis of hedged item

At 31 March £'000	Up to one month	One month to three months	Three months to six months	Six months to one year	One to five years	Greater than five years	Total
2021							
Assets – notionals							
Sovereign debt securities	—	—	—	119 284	318 870	831 489	1 269 643
Bank debt securities	—	—	—	24 556	186 429	—	210 985
Other debt securities	—	—	—	1 770	68 916	57 363	128 049
Loans and advances to customers	—	2 254	18 421	73 955	2 125 771	362 140	2 582 541
Other assets	2 277	4 566	6 894	14 000	113 689	—	141 426
Liabilities – notionals							
Customer accounts (deposits)	—	—	35 004	2 000	5 710	—	42 714
Debt securities in issue	—	—	—	—	353 894	5 292	359 186
2020							
Assets – notionals							
Sovereign debt securities	—	—	480 037	—	179 072	788 491	1 447 600
Bank debt securities	—	—	—	4 920	244 352	—	249 272
Other debt securities	—	—	5 011	73 716	77 651	56 709	213 087
Loans and advances to customers	—	106	880	2 287	1 191 322	131 774	1 326 369
Other assets	1 629	4 841	7 315	14 851	131 038	25 533	185 207
Liabilities – notionals							
Customer accounts (deposits)	33 300	12 775	3 235	29 300	58 888	3 711	141 209

Included within balance sheet management and other trading activities is £0.1 million gain (2020: £0.2 million gain) relating to hedge ineffectiveness.

There are no accumulated fair value hedge adjustments for hedged items that have ceased to be adjusted for hedging gains and losses.

Cash flow hedges

The group is exposed to variability in cash flows on future liabilities arising from changes in base interest rates and foreign exchange rates. The aggregate expected cash flows are hedged based on cash flow forecasts with reference to terms and conditions present in the affected contractual arrangements. Changes in fair value are initially recognised in other comprehensive income and reclassified to the income statement when the cash flow affects the income statement.

At 31 March £'000	Description of financial instrument being hedged	Fair value of hedging instrument	Period cash flows are expected to occur and affect income statement
2021			
Cross-currency swap	Bonds	(42 580)	Three months
Forward exchange contracts	Dividends	3 831	Three months
2020			
Cross-currency swap	Bonds	(116 691)	Three months
Forward exchange contracts	Dividends	3 521	Three months

Cash flow hedges are held to mitigate interest rate and currency risk. A reconciliation of the cash flow hedge reserve can be found in the statement of changes in equity. There was no ineffective portion recognised in the income statement.

Realisations to the income statement for cash flow hedges of (£47.0 million) (2020: £14.0 million) are included in net interest income.

There are £3.8 million (2020: £3.5 million) accumulated cash flow hedge reserves for hedged items that have ceased to be adjusted for hedging gains and losses.

Hedges of net investments in foreign operations

Investec Bank plc has entered into foreign exchange contracts to hedge its balance sheet exposure to its net investment, in Australian Dollars, in the Australian operations of the group.

At 31 March £'000	Hedging investment fair value
2021	145
2020	171

There was no ineffective portion recognised in the income statement in the current and the prior year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

57. Liquidity analysis of financial liabilities based on undiscounted cash flows

At 31 March £'000	Demand	Up to one month	One month to three months	Three months to six months	Six months to one year	One year to five years	Greater than five years	Total
2021								
Liabilities								
Deposits by banks	224 967	161 161	4 386	14 631	878 475	1 189 262	14 447	2 487 329
Derivative financial instruments	1 657 192	53 980	60 624	59 000	111 150	231 563	72 296	2 245 805
– held for trading	1 401 140	—	—	—	—	—	—	1 401 140
– held for hedging risk	256 052	53 980	60 624	59 000	111 150	231 563	72 296	844 665
Other trading liabilities	326 189	—	—	—	—	—	—	326 189
Repurchase agreements and cash collateral on securities lent	300 769	357 535	82 554	1 930	178 251	39 405	101 894	1 062 338
Customer accounts (deposits)	14 388 643	2 760 284	6 023 899	4 502 436	3 128 094	4 026 100	252 760	35 082 216
Debt securities in issue	1 194	9 375	88 591	84 557	154 014	1 598 455	46 877	1 983 063
Liabilities arising on securitisation of own originated loans and advances	—	—	4 771	3 457	4 872	1 676	167 939	182 715
Liabilities arising on securitisation of other assets	—	—	2 348	2 178	4 256	31 307	85 503	125 592
Other liabilities*	394 382	526 618	417 646	97 978	126 687	376 450	107 710	2 047 471
Subordinated liabilities	39	1 839	3 777	24 485	682 477	546 550	473 550	1 732 717
Total on balance sheet liabilities	**17 293 375**	**3 870 792**	**6 688 596**	**4 790 652**	**5 268 276**	**8 040 768**	**1 322 976**	**47 275 435**
Contingent liabilities	182 476	31 293	27 827	130 047	332 682	608 079	104 661	1 417 065
Commitments	473 178	220 090	443 978	180 377	313 752	1 777 697	1 777 051	5 186 123
Total liabilities	**17 949 029**	**4 122 175**	**7 160 401**	**5 101 076**	**5 914 710**	**10 426 544**	**3 204 688**	**53 878 623**

* Included within other liabilities are £840.8 million of non-financial instruments scoped out of IFRS 9.

The balances in the above table will not agree directly to the balances in the consolidated balance sheet as the table incorporates all cash flow on an undiscounted basis relating to both principal and those associated with all future coupon payments (except for trading liabilities and trading derivatives). Furthermore, loan commitments are generally not recognised on the balance sheet. Trading liabilities and trading derivatives have been included in the 'Demand' time bucket and not by contractual maturity because trading liabilities are typically held for short periods of time.

For an unaudited analysis based on discounted cash flows refer to pages 71 to 74 of volume 2.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

57. Liquidity analysis of financial liabilities based on undiscounted cash flows continued

At 31 March £'000	Demand	Up to one month	One month to three months	Three months to six months	Six months to one year	One year to five years	Greater than five years	Total
2020^								
Liabilities								
Deposits by banks**	81 687	62 226	52 484	197 787	92 230	3 130 123	18 583	3 635 120
Derivative financial instruments	1 364 214	117 370	198 561	111 822	116 493	234 478	67 321	2 210 259
– held for trading	1 126 753	—	—	—	—	—	—	1 126 753
– held for hedging risk	237 461	117 370	198 561	111 822	116 493	234 478	67 321	1 083 506
Other trading liabilities	509 524	—	—	—	—	—	—	509 524
Repurchase agreements and cash collateral on securities lent**	169 223	322 265	934 691	11 894	3 818	91 947	101 011	1 634 849
Customer accounts (deposits)**	12 706 516	2 416 618	4 534 132	4 762 965	3 248 574	4 629 530	600 722	32 899 057
Debt securities in issue**	—	15 748	39 950	20 387	149 886	1 442 575	249 331	1 917 877
Liabilities arising on securitisation of own originated loans and advances	—	13	660	2 367	2 366	17 361	58 007	80 774
Liabilities arising on securitisation of other assets	—	—	3 305	3 197	6 120	40 159	77 075	129 856
Other liabilities*	188 446	1 053 409	238 939	186 424	76 839	321 283	239 146	2 304 486
Subordinated liabilities	329	2 715	3 764	26 606	44 876	1 092 532	491 400	1 662 222
Total on balance sheet liabilities	**15 019 939**	**3 990 364**	**6 006 486**	**5 323 449**	**3 741 202**	**10 999 988**	**1 902 596**	**46 984 024**
Contingent liabilities	208 464	1 619	264 955	55 303	52 198	700 502	264 077	1 547 118
Commitments	472 619	9 315	381 667	152 056	204 311	1 472 754	1 396 038	4 088 760
Total liabilities	**15 701 022**	**4 001 298**	**6 653 108**	**5 530 808**	**3 997 711**	**13 173 244**	**3 562 711**	**52 619 902**

^ Restated as detailed in note 62 on pages 141 and 142.

* Included within other liabilities are £818.3 million of non-financial instruments scoped out of IFRS 9.

** In the prior year, contractual maturities on variable rate instruments were calculated for a period of three months post balance sheet due to uncertainty. The prior year has been updated to reflect the contractual maturity by applying the variable rate as at the reporting date.Included within other liabilities

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

58. Principal subsidiaries, associated companies and joint venture holdings – Investec plc

At 31 March	Principal activity	Country of incorporation	Interest 2021	Interest 2020
Direct subsidiaries of Investec plc				
Investec 1 Limited	Investment holding	England and Wales	100%	100%
Investec Holding Company Limited	Investment holding	England and Wales	100%	100%
Indirect subsidiaries of Investec plc				
Investec Asset Finance plc	Leasing company	England and Wales	100%	100%
Investec Bank plc	Banking institution	England and Wales	100%	100%
Investec Bank (Channel Islands) Limited	Banking institution	Guernsey	100%	100%
Investec Bank (Switzerland) AG	Banking institution and wealth manager	Switzerland	100%	100%
Investec Capital Asia Limited	Investment banking	Hong Kong	100%	100%
Investec Capital & Investments (Ireland) Limited	Financial services	Ireland	100%	100%
Investec Finance Limited	Debt issuer	England and Wales	100%	100%
Investec Group (UK) Limited	Holding company	England and Wales	100%	100%
Investec Group Investments (UK) Limited	Investment holding	England and Wales	100%	100%
Investec Holdings (Australia) Limited	Holding company	Australia	100%	100%
Investec Investments (UK) Limited	Investment holding	England and Wales	100%	100%
Investec Ireland Limited	Financial services	Ireland	100%	100%
Investec Securities (US) LLC	Financial services	USA	100%	100%
Investec Wealth & Investment Limited	Investment management services	England and Wales	100%	100%
Reichmans Geneva SA	Trading company	Switzerland	100%	100%
Rensburg Shepperd's plc	Holding company	England and Wales	100%	100%

All of the above subsidiary undertakings are included in the consolidated accounts.

The subsidiaries listed above are only in relation to subsidiary undertakings whose results or financial position, in the opinion of the directors, principally affected the financial statements.

For more details on associated companies and joint venture holdings refer to note 31.

A complete list of subsidiary, associated undertakings and joint venture holdings as required by the Companies Act 2006 is included in note i to the Investec plc company accounts on pages 147 to 151.

Consolidated structured entities

Investec plc has no equity interest in the following structured entities which are consolidated. Typically, a structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. The judgements to assess whether the group has control over these structures include assessing the purpose and design of the entity, considering whether the group or another involved party with power over the relevant activities is acting as a principal in its own right or as an agent on behalf of others.

Name of principal structured entity	Type of structured entity
Landmark Mortgage Securities No 2 plc	Securitised residential mortgages
Tamarin Securities Limited	Structured debt and loan portfolios
Temese Funding 2 Plc	Securitised receivables
Yorker Trust	Structured debt and loan portfolios
Cavern Funding 2020 Plc	Securitised Auto receivables

For additional detail on the assets and liabilities arising on securitisation refer to note 30.

For details of the risks to which the group is exposed through all of its securitisations are included in volume 2 on pages 59 and 60.

The key assumptions for the main types of structured entities which the group consolidates are summarised below:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

58. Principal subsidiaries, associated companies and joint venture holdings – Investec plc continued

Securitised residential mortgages
The group has securitised residential mortgages in order to provide investors with exposure to residential mortgage risk and to raise funding. These structured entities are consolidated due to the group's holdings of equity notes combined with its control over servicing activities. The group is not required to fund any losses above those incurred on the notes it has retained; such losses are reflected in any impairment of securitised mortgages as those assets have not been derecognised.

Structured debt and loan portfolios
The group has structured debt and loan portfolios for the purpose of issuing asset-backed securities. These structured entities are consolidated due to the group's retention of equity notes and because it continues to act as the collateral manager. The group is not required to fund any losses above those incurred on the notes it has retained.

Securitised receivables
The group has securitised portfolios of medium-term lease and hire purchase receivables. These structured entities are consolidated as the group has retained the equity notes and control over servicing activities. The group is not required to fund any losses above those incurred on the notes it has retained.

Other structured entities – commercial operations
The group also consolidates a number of structured entities where control arises from rights attached to lending facilities and similar commercial involvement. These arise primarily in the areas of aircraft funds, where the group has rights which allow it to maximise the value of the assets held and investments in mining projects due to its exposure to equity like returns and ability to influence the strategic and financial decision-making.

The group is not required to fund any losses above those which could be incurred on debt positions held or swaps which exist with these structured entities. The risks to which the group is exposed from these structured entities are related to the underlying assets held in the structures. The total assets held in structured entities arising from commercial operations is £86 million (2020: £98.7 million).

Significant restrictions
As is typical for a large group of companies, there are restrictions on the ability of the group to obtain distributions of capital, access the assets or repay the liabilities of members of the group due to the statutory, regulatory and contractual requirements of its subsidiaries.

These are considered below:

Regulatory requirements
Subsidiary companies are subject to prudential regulation and regulatory capital requirements in the countries in which they are regulated. These require entities to maintain minimum capital, leverage and exposure ratios restricting the ability of these entities to make distributions of cash or other assets to the parent company. Regulated subsidiaries of the group are required to maintain liquidity pools to meet PRA and local regulatory requirements. The main subsidiaries affected are: Investec Bank plc, Investec Bank (Channel Islands) Limited and Investec Bank (Switzerland) AG, which must maintain compliance with the regulatory minimum.

Capital management within the group is discussed in the risk management report on pages 88 to 96.

Statutory requirements
The group's subsidiaries are subject to statutory requirements not to make distributions of capital and unrealised profits and generally maintain solvency. These requirements restrict the ability of subsidiaries to remit dividends, except in the case of a legal capital reduction or liquidation.

Contractual requirements
Asset encumbrance – the group uses its financial assets to raise finance in the form of securitisations and through the liquidity schemes of central banks. Once encumbered, the assets are not available for transfer around the group. The assets typically affected are disclosed in notes 30.

Structured associates
The group has investments in a number of structured funds specialising in aircraft financing where the group acts as adviser or fund manager in addition to holding units within the fund. As a consequence of these roles and funding, the group has significant influence over the fund and therefore the funds are treated as associates.

The group applies the venture capital exemption to these holdings and, as such, the investments in the funds are accounted for at fair value and held within the investment portfolio on the balance sheet.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

58. Principal subsidiaries, associated companies and joint venture holdings – Investec plc continued

Type of structured entity	Nature and purpose	Interest held by the group/income earned
Aircraft investment funds	To generate fees from managing assets on behalf of third party investors	Investments in units issued by the fund
	These vehicles are financed through the issue of units to investors	Management fees

The table below sets out an analysis of the carrying amounts of interests held by the group in structured associate entities.

At 31 March 2021 £'000	Line on the balance sheet	Carrying value £'000	Maximum exposure to loss	Income earned from structured entity	£'000
Aircraft investment funds	Investment portfolio	8 550	Limited to the carrying value	Investment loss	204

At 31 March 2020 £'000	Line on the balance sheet	Carrying value £'000	Maximum exposure to loss	Income earned from structured entity	£'000
Aircraft investment funds	Investment portfolio	4 721	Limited to the carrying value	Investment loss	(33)

The table below describes the types of structured entities that the group does not consolidate, but in which it holds an interest and original set up. In making the assessment of whether to consolidate these structured entities, the group has concluded that it does not have control after consideration in line with the accounting policies as set out on pages 33 to 45.

Type of structured entity	Nature and purpose	Interest held by the group/income earned
Investment funds	To generate fees from managing assets on behalf of third party investors	Investments in units issued by the fund
	These vehicles are financed through the issue of units to investors	Management fees
Residential mortgage securitisations	To generate a return for investors by providing exposure to residential mortgage risk	Investments in notes
	These vehicles are financed through the issue of notes to investors	

The table below sets out an analysis of the carrying amounts held by the group in unconsolidated structured entities.

The maximum exposure to loss is the carrying amount of the assets held.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

58. Principal subsidiaries, associated companies and joint venture holdings – Investec plc continued

At 31 March 2021 **£'000**	**Line on the balance sheet**	**Carrying value £'000**	**Maximum exposure to loss of the group**	**Total assets of the entity £'000**	**Income earned from structured entity**	**£'000**
Investment funds	Investment portfolio	193	Limited to the carrying value	—	Investment loss	(61)
Residential mortgage securitisations	Other Debt Securities	—	Limited to the carrying value	—	Net interest expense	—
					Investment loss	
	Other loans and advances	627	Limited to the carrying value	1 583	Net interest expense	—

At 31 March 2020 **£'000**	Line on the balance sheet	Carrying value £'000	Maximum exposure to loss of the group	Total assets of the entity £'000	Income earned from structured entity	£'000
Investment funds	Investment portfolio	140	Limited to the carrying value	4 585	Investment loss	—
Residential mortgage securitisations	Other Debt Securities	418	Limited to the carrying value	69 389	Net interest expense	(1)
					Investment loss	(13)
	Other loans and advances	1 224	Limited to the carrying value	2 887	Net interest expense	(32)

Financial support provided to the unconsolidated structured entities
There are no contractual agreements which require the group to provide any additional financial or non-financial support to these structured entities.

During the year the group has not provided any such support and does not have any current intentions to do so in the future.

Sponsoring
The group considers itself a sponsor of a structured entity when it facilitates the establishment of the structured entity.

The table below sets out information in respect of structured entities that the group sponsors, but in which the group does not have an interest.

Structured entities with no interest held

	2021	2020
	Structured CDO and CLO securitisation^	Structured CDO and CLO securitisation^
Why it is considered a structured entity	This is a CDO and CLO securitisation where Investec Bank plc has no continuing interest as the notes previously held have been redeemed or fully written off. The entity is considered structured as the vehicle was set up so that the variable return does not follow the shareholding.	This is a CDO and CLO securitisation where Investec Bank plc has no continuing interest as the notes previously held have been redeemed or fully written off. The entity is considered structured as the vehicle was set up so that the variable return does not follow the shareholding.
Income amount and type	Nil	Nil
Carrying amount of all assets transferred	£222 million of CDO and CLO assets	£222 million of CDO and CLO assets

^ Collateralised Debt Obligation (CDO) and Collateralised Loan Obligation (CLO).

Interests in structured entities which the group has not set up

Purchased securitisation positions
The group buys and sells interests in structured entities that it has not originated as part of its trading activities, for example, residential mortgage securities, commercial mortgage securities, loans to corporates and resecuritisations. In such cases the group typically has no other involvement with the structured entity other than the securities it holds as part of its trading activities and its maximum exposure to loss is restricted to the carrying value of the asset.

Details of the value of these interests is included on pages 59 and 60 of volume 2.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

59. Principal subsidiaries, associated companies and joint venture holdings – Investec Limited

			Interest	
At 31 March	**Principal activity**	**Country of incorporation**	**2021**	2020
Material direct subsidiaries of Investec Limited				
Investec Bank Limited	Banking institution	South Africa	100.0%	100.0%
Investec Employee Benefits Holdings Proprietary Limited	Investment holding	South Africa	100.0%	100.0%
Investec Securities Proprietary Limited	Registered stockbroker	South Africa	100.0%	100.0%
Investec Property Group Holdings Proprietary Limited	Investment holding	South Africa	100.0%	100.0%
Investec Investments Proprietary Limited	Investment company	South Africa	100.0%	100.0%
Investec Specialist Investments (RF) Limited	Investment holding	South Africa	100.0%	100.0%
Investec Markets Proprietary Limited	Stockbroking	South Africa	100.0%	100.0%
Material indirect subsidiaries of Investec Limited				
Investec Bank (Mauritius) Limited	Banking institution	Mauritius	100.0%	100.0%
Investec Property Proprietary Limited	Property trading	South Africa	100.0%	100.0%
Investec Life Limited	Long-term insurance	South Africa	100.0%	100.0%
Investec Property Fund Limited	Engage in long term immovable property investment	South Africa	24.3%	24.3%

Details on associated companies and joint venture holdings refer to note 31.

The following subsidiary is not consolidated for regulatory purposes:

Investec Employee Benefits Holdings Proprietary Limited and its subsidiaries, including Investec Life Limited.

There are no subsidiaries which are consolidated for regulatory, but not for accounting purposes.

The group considers that it has control over Investec Property Fund Limited as a result of the common directors with the holding company, control over the management company and the impact this has on the beneficial returns. Any change in the holding in Investec Property Fund Limited would require a reassessment of the facts and circumstances.

Consolidated structured entities

Investec Limited has residual economic interests in the following structured entities which are consolidated. Typically a structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. The judgements to assess whether the group has control over these structures include assessing the purpose and design of the entity, considering whether the group or another involved party with power over the relevant activities is acting as a principal in its own right or as an agent on behalf of others.

Name of principal structured entity	**Type of structured entity**
Fox Street 1 (RF) Limited	Securitised residential mortgages
Fox Street 2 (RF) Limited	Securitised residential mortgages
Fox Street 3 (RF) Limited	Securitised residential mortgages
Fox Street 4 (RF) Limited	Securitised residential mortgages
Fox Street 5 (RF) Limited	Securitised residential mortgages
Fox Street 6 (RF) Limited	Securitised residential mortgages
Fox Street 7 (RF) Limited	Securitised residential mortgages
Integer Home Loans Proprietary Limited	Securitised third party originated residential mortgages
Grayston Drive Autos (RF) Limited	Securitised vehicle instalment sale agreements

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

59. Principal subsidiaries, associated companies and joint venture holdings – Investec Limited continued
The key assumptions for the main types of structured entities which the group consolidates are summarised below:

Securitised residential mortgages
The group has securitised residential mortgages in order to provide investors with exposure to residential mortgage risk and to raise funding. These structured entities are consolidated due to the group's holdings of subordinated notes. The group is not required to fund any losses above those incurred on the notes it has retained, such losses are reflected in any impairment of securitised mortgages as those assets have not been derecognised.

Securitised third party originated residential mortgages
The group has a senior and subordinated investment in a third party originated structured entity. This structured entity is consolidated due to the group's exposure to residual economic benefits. The group is not required to fund any losses above those incurred on the investments made.

Securitised vehicle instalment sale agreements
The group has securitised vehicle instalment sale agreements in order to provide investors with exposure to vehicle instalment sale risk and to raise funding. The structured entity is consolidated due to the group's holdings of subordinated notes. The group is not required to fund any losses above those incurred on the notes it has retained, such losses are reflected in any impairment of instalment sale agreements as those assets have not been derecognised.

Interest in Wealth & Investment Funds
Management has concluded that the investment funds in the Wealth & Investment business do not meet the definition of structured entities as the group does not hold material interests in these funds and currently does not provide financial support or other support. Support transactions with these funds are conventional customer-supply relationships.

For additional detail on the assets and liabilities arising on securitisation refer to note 30. For details of the risks to which the group is exposed through all of its securitisations are included in the risk management report on pages 59 and 60 in volume two.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

60. Offsetting

	Amounts subject to enforceable netting arrangements					
	Effects of offsetting on balance sheet			Related amounts not offset*		
At 31 March £'000	Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Financial instruments (including non-cash collateral)	Cash collateral	Net amount
2021						
Assets						
Cash and balances at central banks	3 517 100	—	3 517 100	—	—	3 517 100
Loans and advances to banks	3 252 195	(552 878)	2 699 317	(14 496)	(124 649)	2 560 172
Non-sovereign and non-bank cash placements	439 841	—	439 841	—	—	439 841
Reverse repurchase agreements and cash collateral on securities borrowed	3 624 108	(48 395)	3 575 713	(283 710)	(43 280)	3 248 723
Sovereign debt securities	3 711 623	—	3 711 623	(691 286)	—	3 020 337
Bank debt securities	1 121 730	—	1 121 730	(73 588)	—	1 048 142
Other debt securities	1 364 235	—	1 364 235	(138 898)	—	1 225 337
Derivative financial instruments	1 940 113	(225 370)	1 714 743	(299 446)	(644 115)	771 182
Securities arising from trading activities	1 501 869	(477 198)	1 024 671	(114 091)	—	910 580
Investment portfolio	909 050	—	909 050	—	—	909 050
Loans and advances to customers	26 189 978	(148 891)	26 041 087	—	—	26 041 087
Own originated loans and advances to customers securitised	401 912	—	401 912	—	—	401 912
Other loans and advances	102 135	—	102 135	—	(4 628)	97 507
Other securitised assets	140 087	—	140 087	—	—	140 087
Other assets	2 165 438	—	2 165 438	—	—	2 165 438
	50 381 414	**(1 452 732)**	**48 928 682**	**(1 615 515)**	**(816 672)**	**46 496 495**
Liabilities						
Deposits by banks	2 482 561	(78 849)	2 403 712	—	(219 440)	2 184 272
Derivative financial instruments	2 889 886	(699 399)	2 190 487	(532 038)	(562 998)	1 095 451
Other trading liabilities	326 189	—	326 189	(25 830)	—	300 359
Repurchase agreements and cash collateral on securities lent	1 051 707	(48 395)	1 003 312	(854 233)	(4 551)	144 528
Customer accounts (deposits)	34 598 321	(148 891)	34 449 430	—	(29 336)	34 420 094
Debt securities in issue	1 892 319	—	1 892 319	(118 690)	(347)	1 773 282
Liabilities arising on securitisation of own originated loans and advances	160 646	—	160 646	—	—	160 646
Liabilities arising on securitisation of other assets	108 281	—	108 281	—	—	108 281
Other liabilities	2 490 201	(477 198)	2 013 003	—	—	2 013 003
Subordinated liabilities	1 480 951	—	1 480 951	—	—	1 480 951
	47 481 062	**(1 452 732)**	**46 028 330**	**(1 530 791)**	**(816 672)**	**43 680 867**

* The group enters into derivatives and repurchase and reverse repurchase agreements with various counterparties which are governed by industry standard master netting agreements. The group holds and provides cash and securities collateral in respect of derivatives transactions covered by these agreements. The right to set off balances under these master netting agreements or to set off cash and securities collateral only arises in the event of non-payment or default and, as a result, these arrangements do not qualify for offsetting under IAS 32.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

60. Offsetting continued

	Amounts subject to enforceable netting arrangements					
	Effects of offsetting on balance sheet			Related amounts not offset*		
At 31 March £'000	Gross amounts	Amounts offset	Net amounts reported on the balance sheet	Financial instruments (including non-cash collateral)	Cash collateral	Net amount
Group						
2020^						
Assets						
Cash and balances at central banks	3 932 048	—	3 932 048	—	—	3 932 048
Loans and advances to banks	3 339 005	(672 154)	2 666 851	(13 702)	(469 858)	2 183 291
Non-sovereign and non-bank cash placements	632 610	—	632 610	—	—	632 610
Reverse repurchase agreements and cash collateral on securities borrowed^^	3 840 907	(44 728)	3 796 179	(220 931)	(2 866)	3 572 382
Sovereign debt securities	3 990 181	—	3 990 181	(1 260 827)	—	2 729 354
Bank debt securities	604 921	—	604 921	(46 562)	—	558 359
Other debt securities	1 430 419	—	1 430 419	(105 506)	—	1 324 913
Derivative financial instruments	2 678 641	(644 642)	2 033 999	(358 904)	(516 290)	1 158 805
Securities arising from trading activities	978 356	(259 959)	718 397	(225 706)	—	492 691
Investment portfolio	998 935	—	998 935	—	(1 849)	997 086
Loans and advances to customers	24 706 439	(118 365)	24 588 074	—	—	24 588 074
Own originated loans and advances to customers securitised	324 638	—	324 638	—	—	324 638
Other loans and advances	132 486	—	132 486	—	(29 513)	102 973
Other securitised assets	134 865	—	134 865	—	—	134 865
Other assets	1 927 816	—	1 927 816	—	—	1 927 816
	49 652 267	**(1 739 848)**	**47 912 419**	**(2 232 138)**	**(1 020 376)**	**44 659 905**
Liabilities						
Deposits by banks	3 660 375	(162 121)	3 498 254	—	(97 479)	3 400 775
Derivative financial instruments	3 304 939	(1 154 674)	2 150 265	(596 366)	(825 715)	728 184
Other trading liabilities	509 522	—	509 522	(112 630)	—	396 892
Repurchase agreements and cash collateral on securities lent^^	1 622 074	(44 728)	1 577 346	(1 168 202)	(31 667)	377 477
Customer accounts (deposits)	32 339 341	(118 365)	32 220 976	—	(60 581)	32 160 395
Debt securities in issue	1 737 191	—	1 737 191	(216 831)	(3 084)	1 517 276
Liabilities arising on securitisation of own originated loans and advances	76 696	—	76 696	—	—	76 696
Liabilities arising on securitisation of other assets	110 679		110 679			110 679
Other liabilities	2 471 446	(259 959)	2 211 487	—	(1 849)	2 209 638
Subordinated liabilities	1 436 361	—	1 436 361	—	—	1 436 361
	47 268 624	**(1 739 847)**	**45 528 777**	**(2 094 029)**	**(1 020 375)**	**42 414 373**

^ Restated as detailed in note 62 on pages 141 and 142.
^^ An amount of £44.7 million was correctly offset on the balance sheet in the prior year and not disclosed. This has been correctly disclosed in the prior year.
* The group enters into derivatives and repurchase and reverse repurchase agreements with various counterparties which are governed by industry standard master netting agreements. The group holds and provides cash and securities collateral in respect of derivatives transactions covered by these agreements. The right to set off balances under these master netting agreements or to set off cash and securities collateral only arises in the event of non-payment or default and, as a result, these arrangements do not qualify for offsetting under IAS 32.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

61. Derecognition

Transfers of financial assets that do not result in derecognition

The group has been party to securitisation transactions whereby assets continue to be recognised on balance sheet (either fully or partially) although they have been subject to legal transfer to another entity. Securitisations may, depending on the individual arrangement, result in continued recognition of the securitised assets and the recognition of the debt securities issued in the transaction.The associated liabilities represent the amount of external notes in issue.

	2021		2020	
At 31 March **£'000**	**Carrying amount of assets that are continued to be recognised**	**Carrying amount of associated liabilities**	Carrying amount of assets that are continued to be recognised	Carrying amount of associated liabilities
No derecognition achieved				
Loans and advances to customers	648 612	—	670 902	—
Loans and advances to banks	113 864	—	81 000	—
	762 476	**—**	**751 902**	**—**

The transferred assets above in both the current and prior year are held within structured entities which are wholly-owned and consolidated by the group. There are no external parties participating in these vehicles and therefore the group continues to have full exposure to the risks and rewards associated with the assets and the associated liabilities are eliminated on consolidation. There are no restrictions or limitations on the group's recourse to the assets held within the structured entities.

For transfer of assets in relation to repurchase agreements see note 22.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

62. Restatements

Income statement restatements

Interest income and fee and commission income restatement

During the year to 31 March 2021, management identified that revenue relating to services rendered to customers (for the facilitation of import and export transactions) was previously reported within interest income rather than within fee and commission income.

As a result, interest income and fee and commission income for the prior year have been restated. The restatement has no impact on total operating income in the income statement, earnings per share (basic and diluted), headline earnings, the statement of cash flows and the balance sheet.

The impact of the restatement on the 31 March 2020 income statement is:

£'000	Year to 31 March 2020 as previously reported	Reclassification	Year to 31 March 2020 restated
Interest income	2 698 420	(14 435)	2 683 985
Fee and commission income	837 590	14 435	852 025

Depreciation on operating leased assets

Depreciation on operating leased assets of £0.6 million (31 March 2020: £1.4 million), which was previously reported as a separate line item on the income statement, has been included in operating costs.The prior year has been restated to reflect the same basis.

Amortisation of acquired intangibles of associates

Amortisation of acquired intangibles of associates of £9.3 million (31 March 2020: £0.5 million) was previously reported in the line item amortisation of acquired intangibles on the income statement. In the current year it has been reported on a separate line item on the income statement being amortisation of acquired intangibles of associates. The prior year has been restated to reflect the same basis.

Balance sheet restatements

Current taxation assets and other assets

Current taxation assets of £60.3 million (31 March 2020: £6.6 million), which were previously reported within other assets, are now reported as a separate line item in accordance with IAS 1 Presentation of Financial Statements. The prior year has been re-presented to reflect the same basis.

Software and Other acquired intangible assets

Software of £12.6 million (31 March 2020: £14.6 million), which was previously reported within intangible assets, is now reported as a separate line item. The prior year has been re-presented to reflect the same basis.

Perpetual preference share capital and premium

Perpetual preference share premium of £174.1 million (31 March 2020: £168.5 million), which was previously reported within share premium, is now reported within Perpetual preference share capital and premium. The prior year has been re-presented to reflect the same basis.

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

Gilts and Total Return Swaps reclassification

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

The impact of this change on the 31 March 2020 and 31 March 2019 balance sheet is:

£'000	At 31 March 2020 as previously reported	Reclassification	At 31 March 2020 restated
Assets			
Reverse repurchase agreements and cash collateral on securities borrowed	2 964 603	831 576	3 796 179
Sovereign debt securities	4 593 893	(603 712)	3 990 181
Derivative financial instruments	2 034 399	(400)	2 033 999
Securities arising from trading activities	1 044 445	(326 048)	718 397
Total assets	**50 656 316**	**(98 584)**	**50 557 732**
Liabilities			
Derivative financial instruments	2 248 849	(98 584)	2 150 265
Total liabilities	**45 758 684**	**(98 584)**	**45 660 100**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

62. Restatements continued

£'000	At 31 March 2019 as previously reported	Reclassification	At 31 March 2019 restated
Assets			
Reverse repurchase agreements and cash collateral on securities borrowed	1 768 748	660 017	2 428 765
Sovereign debt securities	4 538 223	(318 798)	4 219 425
Derivative financial instruments	1 034 166	(326)	1 033 840
Securities arising from trading activities	1 859 254	(369 104)	1 490 150
Total assets	**57 724 212**	**(28 211)**	**57 696 001**
Liabilities			
Derivative financial instruments	1 277 233	(28 211)	1 249 022
Total liabilities	**707 692**	**(28 211)**	**679 481**

Cash flow statement restatements
As at 31 March 2021, amounts previously reported within loans and advances to banks have been correctly presented as cash and cash equivalents. This change has been made to include items previously reported as loans and advances to banks identified as short term in nature, with a maturity date of less than three months, which therefore meet the definition of cash and cash equivalents. In the prior year, non-cash flow items related to taxation was included in determining taxation paid. These amounts were corrected in the current year. Non-cash movements relating to the share based payments expense were previously reported net of cash and deferred tax movements, which have now been reported gross. These amounts have been corrected in the current year.

The prior year has been restated as follows:

£'000	Year to 31 March 2020 as previously reported	Restatement	Year to 31 March 2020 restated
Operating profit adjusted for non-cash and non-operating items	761 906	13 488	775 394
Taxation paid	(214 094)	120 139	(93 955)
(Increase)/decrease in operating assets	(5 795 856)	57 421	(5 738 435)
Increase in operating liabilities	5 715 897	(70 373)	5 645 524
Net cash inflow from operating activities	467 853	120 675	588 528
Net cash outflow from investing activities	(350 855)	—	(350 855)
Net cash outflow from financing activities	(603 247)	(13 488)	(616 735)
Effects of exchange rate changes on cash and cash equivalents	(435 149)	(18 783)	(453 932)
Net (decrease)/increase in cash and cash equivalents	**(921 398)**	**88 404**	**(832 994)**
Cash and cash equivalents at the beginning of the year	7 115 106	814 418	7 929 524
Cash and cash equivalents at the end of the year	**6 193 708**	**902 822**	**7 096 530**

63. Events after the reporting period
The group owns a 47.4% stake in IEP and accounts for the investment as an interest in associated undertakings by using the equity accounted method. During the year, the group's share of profit attributable to ordinary shareholders and movements in other comprehensive income was equity accounted for at the 47.4% stake owned by the group. The IEP annual financial statements were completed and signed on 2 June 2021 and in the statement of changes in equity, a direct reduction of ordinary equity was identified of £42.4 million. The reduction mainly relates to the accounting for disposals and acquisitions of certain subsidiary entities' equity shares to and from non-controlling shareholders at agreed values. As a result, the excess purchase consideration above consolidated net asset values of the related subsidiaries is recognised as a direct debit against equity (which will be recycled to profit and loss on realisation of the subsidiary). As a result of these transactions, the Investec group had to account for its share in the reduction in equity by reducing the carrying value of IEP investment and by reducing equity by £20.1 million.

The group has also considered the impact of subsequent events that would be considered non-adjusting, such as changes in the key management assumptions detailed in the accounting policies. Despite the uncertainty caused by the COVID-19 pandemic, management is satisfied that there were no such items identified of sufficient significance to warrant additional disclosure. The group is not aware of any other events after the reporting date as defined by IAS 10 Events after the Reporting Period, that would require the financial statements to be adjusted or which would require additional disclosures.

64. Investec Limited parent company accounts
For regulatory compliance purposes the Investec Limited parent company accounts are presented in the Investec Limited Annual Financial Statements and audited by EY Inc and KPMG Inc as statutory auditors.

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS

Balance sheet

At 31 March 2021 £'000	Notes	2021	2020
Assets			
Fixed assets			
Investments in subsidiary undertakings	b	1 701 774	1 701 774
Securities issued by subsidiary undertaking	c	250 000	250 000
		1 951 774	**1 951 774**
Current assets			
Investments in listed equities		358 341	259 058
Amounts owed by group undertakings		517 696	511 543
Taxation		11 790	10 891
Deferred tax assets		900	942
Prepayments and accrued income		1 035	4 414
Cash at bank and in hand			
– with subsidiary undertakings		136 264	163 521
– balances with other banks		520	471
		1 026 546	**950 840**
Current liabilities			
Creditors: amounts falling due within one year			
Amounts owed to group undertakings		6 244	6 244
Other liabilities		5 467	5 268
Accruals and deferred income		8 513	12 952
Net current assets		**1 006 322**	**926 376**
Creditors: amounts falling due after one year			
Debt securities in issue	d	418 980	419 112
Net assets		**2 539 116**	**2 459 038**
Capital and reserves			
Ordinary share capital	g	202	202
Ordinary share premium	g	806 812	806 812
Capital reserve	g	180 606	180 606
Fair value reserve		136 798	37 515
Retained earnings	g	1 139 904	1 159 109
Ordinary shareholders' equity		**2 264 322**	**2 184 244**
Perpetual preference share capital and premium	g	24 794	24 794
Shareholders' equity excluding non-controlling interests		**2 289 116**	**2 209 038**
Other Additional Tier 1 securities in issue	g	250 000	250 000
Total capital and reserves		**2 539 116**	**2 459 038**

The notes on pages 145 and 151 form an integral part of the financial statements.

The company's profit for the year, determined in accordance with the Companies Act 2006, was £15 284 317 (2020: £174 517 881). Approved and authorised for issue by the board of directors on 22 June 2021 and signed on its behalf by:



Fani Titi

Chief Executive

22 June 2021

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Statement of changes in shareholders' equity

£'000	Ordinary share capital	Ordinary Share premium	Capital reserve	Fair value reserve	Retained earnings	Ordinary shareholders' equity	Perpetual preference share capital and premium	Shareholders' equity excluding non-controlling interests	Other Additional Tier 1 securities in issue	Total equity
At 31 March 2019	**200**	**1 357 967**	**180 606**	**—**	**355 394**	**1 894 167**	**24 794**	**1 918 961**	**250 000**	**2 168 961**
Issue of ordinary shares	2	64 643	—	—	—	64 645	—	64 645	—	64 645
Total comprehensive income	—	—	—	37 515	172 606	210 121	—	210 121	—	210 121
Dividends paid to preference shareholders	—	—	—	—	(549)	(549)	—	(549)	—	(549)
Dividends paid to ordinary shareholders	—	—	—	—	(96 498)	(96 498)	—	(96 498)	—	(96 498)
Dividends declared to other Additional Tier 1 security holders	—	—	—	—	(16 880)	(16 880)	—	(16 880)	16 880	—
Dividends paid to other Additional Tier 1 security holders	—	—	—	—	—	—	—	—	(16 880)	(16 880)
Capital reduction	—	(615 798)	—	—	1 258 198	642 400	—	642 400	—	642 400
Distribution to shareholders	—	—	—	—	(513 162)	(513 162)	—	(513 162)	—	(513 162)
At 31 March 2020	**202**	**806 812**	**180 606**	**37 515**	**1 159 109**	**2 184 244**	**24 794**	**2 209 038**	**250 000**	**2 459 038**
Total comprehensive income	—	—	—	99 283	16 119	115 402	—	115 402	—	115 402
Dividends paid to preference shareholders	—	—	—	—	(437)	(437)	—	(437)	—	(437)
Dividends paid to ordinary shareholders	—	—	—	—	(18 007)	(18 007)	—	(18 007)	—	(18 007)
Dividends declared to other Additional Tier 1 security holders	—	—	—	—	(16 880)	(16 880)	—	(16 880)	16 880	—
Dividends paid to other Additional Tier 1 security holders	—	—	—	—	—	—	—	—	(16 880)	(16 880)
At 31 March 2021	**202**	**806 812**	**180 606**	**136 798**	**1 139 904**	**2 264 322**	**24 794**	**2 289 116**	**250 000**	**2 539 116**

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED

a. Basis of preparation
The parent accounts of Investec plc are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The company is incorporated and domiciled in England and Wales and the company's accounts are presented in Pound Sterling and all values are rounded to the nearest thousand (£'000) except where otherwise indicated.

The accounts have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101 where applicable to the company:

- The requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based Payment
- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q) (ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Investec plc in which the entity is consolidated
- The requirements of paragraph 33(c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- The requirements of IFRS 7 Financial Instruments: Disclosures
- The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of: (i) paragraph 79(a)(iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment, (iii) paragraph 118(e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture
- The requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D,111 and 134-136 of IAS 1 Presentation of Financial Statements
- The requirements of IAS 7 Statement of Cash Flows
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- The requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases
- The requirements of paragraph 58 of IFRS 16, provided that the disclosures of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separated for lease liabilities and other liabilities, and in total.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in consolidated financial statements of the group.

Foreign currencies
Monetary assets and liabilities in foreign currencies are translated into Pound Sterling at exchange rates ruling at the balance sheet date. All foreign currency transactions are translated into Pound Sterling at the exchange rate ruling at the time of the transaction. Forward foreign exchange contracts are revalued at the market rates ruling at the date applicable to their respective maturities. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the income statement.

Investments
Investments in subsidiaries and interests in associated undertakings are stated at cost less any accumulated impairment in value.

Equity securities measured at fair value with fair value movements presented in other comprehensive income
The group measures equity instruments at FVOCI when it considers the investments to be strategic or held for long-term dividend yield. The equity instruments are not held for trading. Gains or losses on the derecognition of these equity securities are not transferred to profit or loss.

Otherwise, equity instruments are measured at fair value through profit or loss (except for dividend income, which is recognised in profit or loss).

Income
Dividends from subsidiaries are recognised when received. Interest is recognised on an accrual basis.

Taxation
Current tax payable is provided on the amount expected to be payable on taxable profit at rates that are enacted or substantively enacted and applicable to the relevant period.

Deferred taxation is provided using the balance sheet method on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base, except where such temporary differences arise from:

The initial recognition of goodwill

The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction has no effect on the income statement or taxable profit

In respect of temporary differences associated with the investments in subsidiaries and interests in associated undertakings, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets or liabilities are measured using the tax rates that have been enacted or substantively enacted at the balance sheet date

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised.

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED

Items recognised directly in other comprehensive income are net of related current and deferred taxation.

Company's own profit and loss account
The company has taken advantage of the exemption in section 408 of the Companies Act 2006 to not present its own profit and loss account.

Financial assets
Financial assets are recorded at amortised cost applying the effective interest rate method where they are classified as loans and receivables or fair value through profit and loss.

Financial liabilities
Financial liabilities are recorded at amortised cost applying the effective interest rate method.

b. Investments in subsidiary undertakings

At 31 March £'000	2021	2020
At the beginning of the year	1 701 774	1 551 774
Additions	—	242 305
Disposals	—	(92 305)
At the end of the year	**1 701 774**	**1 701 774**

In the prior year, Investec 1 Limited on 28 June 2019 issued 5 000 000 and on 25 March 2020, 10 000 000 ordinary shares of £0.01 pence for a cash consideration of £10.00 per share. Additionally, in the prior year Investec Plc purchased Investec Asset Management Limited shares from its subsidiary and subsequently disposed of it as part of the demerger transaction which is described in note 38 of the group financial statements.

c. Securities issued by subsidiary undertaking
On 16 October 2017, the company acquired £200 million Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities ('AT1 securities') issued by Investec Bank plc. The securities are perpetual and pay a distribution rate on 5 March, June, September and December, commencing from 5 December 2017. At each distribution payment date, Investec Bank plc can decide whether to pay the distribution rate, which is non-cumulative, in whole or in part. The distribution rate is 6.75% per annum until 5 December 2024; thereafter, the distribution rate resets every five years to a rate 5.749% per annum plus the benchmark gilts rate. The AT1 securities will be automatically written down and the company will lose their entire investment in the securities should the Common Equity Tier 1 capital ratio of the Investec Bank plc group as defined in the PRA's rules fall below 7%. The AT1 securities are redeemable at the option of Investec Bank plc on 5 December 2024 or on each distribution payment date thereafter. No such redemption may be made without the consent of the PRA. On 22 January 2019, the company acquired a further £50m of AT1 securities issued by Investec Bank plc.

d. Debt securities in issue
On 5 May 2015, the company issued £300 million 4.50% Senior Unsecured Notes from its European Medium Term Note programme ('EMTN'). The notes mature on 5 May 2022 and pay interest at a fixed rate annually in arrears. On 7 August 2017 the company issued a further £100 million of the 4.5% Senior Unsecured Notes due 2022, at a premium of 108.479%, which has been consolidated with and form a single series with the existing notes.

e. Audit fees
Details of the company's audit fees are set out in note 7 of the group financial statements.

f. Dividends
Details of the company's dividends are set out in note 12 of the group financial statements.

g. Share capital
Details of the company's ordinary share capital are set out in note 45 of the group financial statements. Details of the perpetual preference shares are set out in note 46 of the group financial statements. Details of the Additional Tier 1 securities are set out in note 49 of the group financial statements.

h. Audit opinion
The audit opinion on the financial statements of the Investec plc parent company is included within the independent auditor's report to the members of Investec plc within the combined consolidated Investec annual financial statements of Investec plc and Investec Limited for the year ended 31 March 2021.

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED

i. Subsidiaries

At 31 March 2021	Principal activity	Interest held
*Directly owned by Investec plc		
United Kingdom **Registered office: 30 Gresham Street, London, EC2V 7QP, UK**		
Investec 1 Limited*	Investment holding company	100%
Investec Holding Company Limited*	Investment holding company	100%
Investec (UK) Limited	Holding company	100%
Guinness Mahon Group Limited	Holding company	100%
Investec Bank plc	Banking institution	100%
Anston Trustees Limited	Non-trading	100%
Bell Nominees Limited	Non-trading	100%
Carr Investment Services Nominees Limited	Non-trading	100%
Carr PEP Nominees Limited	Non-trading	100%
Click Nominees Limited	Non-trading	100%
Ferlim Nominees Limited	Nominee services	100%
Investec Wealth & Investment Trustees Limited	Trustee services	100%
Investment Administration Nominees Limited	Non-trading	100%
PEP Services (Nominees) Limited	Non-trading	100%
R & R Nominees Limited	Non-trading	100%
Rensburg Client Nominees Limited	Nominee services	100%
Scarwood Nominees Limited	Non-trading	100%
Spring Nominees Limited	Non-trading	100%
Tudor Nominees Limited	Non-trading	100%
PIF Investments Limited	Dormant	100%
Beeson Gregory Index Nominees Limited	Dormant nominee company	100%
EVO Nominees Limited	Dormant nominee company	100%
Evolution Securities Nominees Limited	Dormant nominee company	100%
IEC UK Investment Management Limited	Leasing company	100%
The Leasing Acquisition General Partnership	Leasing partnership	n/a
Investec Finance Limited	Debt issuance	100%
Investec Group Investments (UK) Limited	Investment holding company	100%
ICF Investments Limited	Investment holding company	100%
Investec Capital Solutions No 1 Limited	Lending company	100%
Investec Capital Solutions Limited	Lending company	100%
Diagonal Nominees Limited	Nominee company	100%
F&K SPF Limited	Property company	100%
GFT Holdings Limited	Holding company	100%
Investec Investment Trust plc	Debt issuer	100%
Investec Investments (UK) Limited	Investment holding company	100%
Inv-German Retail Ltd (previously Canada water (Developments) Limited)	Property company	100%
Investec Securities Limited	Investment holding company	100%
Technology Nominees Limited	Nominee	100%
Torteval LM Limited	Investment holding company	100%
Torteval Funding LLP	Financing company	100%
Nars Holdings Limited	Holding company	100%
Nars Operating Limited	Holding company	100%
Tudor Tree Properties Limited	Property company	100%
Willbro Nominees Limited	Nominee company	100%
Evolution Capital Investment Limited	Investment holding company	100%

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED

i. Subsidiaries continued

At 31 March 2021	Principal activity	Interest held
Investec Investments Limited	Investment holding company	100%
PSV Marine Limited	Shipping holding company	100%
PSV Anjali Limited	Shipping holding company	100%
PSV Randeep Limited	Shipping holding company	100%
Investec India Holdco Limited	Investment holding company	100%
Registered office: 30 Gresham Street, London EC2V 7QN, UK		
Investec Wealth & Investment Limited	Investment management services	100%
Registered office: Reading International Business Park, Reading, RG2 6AA, UK		
Mann Island Finance Limited	Leasing company	100%
CF Corporate Finance Limited	Leasing company	100%
MI Vehicle Finance Limited	Leasing company	100%
Quantum Funding Limited	Leasing company	100%
Investec Asset Finance plc	Leasing company	100%
Investec Asset Finance (No.8) Limited	Holding company	100%
Australia **Registered office: Level 23, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia**		
IEC Funds Management Pty Limited	Fund manager	100%
Investec Holdings Australia Limited	Holding company	100%
Investec Australia Property Investments Pty Limited	Holding company for property investment	100%
Investec Australia Finance Limited	Lending company	100%
Investec Australia Limited	Financial services	100%
Bowden (Lot 32) Holdings Pty Limited	Holding company	100%
Bowden (Lot 32) Direct Pty Limited	Development company	100%
Investec Australia Direct Investments Pty Limited	Investment company	100%
Investec CWFIH Pty Limited	Dormant	100%
Mannum Powerco Pty Limited	Dormant	100%
Tungkillo Powerco Pty Limited	Dormant	100%
Investec Australia Funds Management Limited	Aviation trustee company	100%
Investec (Australia) Investment Management Pty Limited	Aviation fund company	100%
Investec Wentworth Private Equity Pty Limited	Dormant	100%
IWPE Nominees Pty Limited	Custodian	100%
Investec Credit Funds Management Pty Limited	Trustee company	100%

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED

i. Subsidiaries continued

At 31 March 2021	Principal activity	Interest held
British Virgin Islands **Registered office: Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands**		
Finistere Directors Limited	Corporate director	100%
GFT Directors Limited	Corporate director	100%
Registered office: Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands		
Fertile Sino Global Development Limited	Holding company	100%
Cayman Islands **Registered office: 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005**		
Investec Pallinghurst (Cayman) LP	Investment holding partnership	58.30%
China **Registered office: Room 6D-67, 6th Floor, No. 213 Building, Tairan Science and Technology Park, Tairan 4th Road, Tianan Community, Shatou Sub-District, Futian District, Shenzhen, Guangdong, China**		
Investec Shenzhen Limited	Dormant	100%
France **Registered office: 27 Rue Maurice Flandin – 69003 Lyon Cedex 03, FRANCE**		
SCI CAP Philippe	Dormant	100%
Guernsey **Registered office: Glategny Court, Glategny Esplanade, St. Peter Port, GY1 1WR, Guernsey, Channel Islands**		
Investec Wealth & Investment (Channel Islands) Limited	Investment management services	100%
Torch Nominees Limited	Nominee services	100%
Investec Bank (Channel Islands) Limited	Banking institution	100%
Investec Bank (Channel Islands) Nominees Limited	Nominee company	100%
Registered office: PO Box 290, Glategny Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 3RP, Channel Islands		
Hero Nominees Limited	Nominee services	100%
Bayeux Limited	Corporate director	100%
Finistere Limited	Corporate nominee	100%
Finistere Secretaries Limited	Corporate secretary	100%
ITG Limited	Corporate director	100%

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED

i. Subsidiaries continued

At 31 March 2021	Principal activity	Interest held
Registered office: P.O. Box 188, Glategny Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 3LP, Channel Islands		
Investec Asset Finance (Channel Islands) Limited	Leasing company	100%
Registered office: Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, GY1 4JH, Channel Islands		
Investec Captive Insurance Limited	Captive insurance company	100%
Hong Kong **Registered office: Suites 3901-3908, 39/F, Jardine House, 1 Connaught Place, Central, Hong Kong**		
Investec Capital Asia Limited	Investment banking	100%
Investec Capital Markets Limited	Investment banking	100%
India **Registered office: B Wing, 11th floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai – 400 051, India**		
Investec Credit Finance Private Limited	Lending platform	99%
Investec Global Services Private Limited	Technical support company	100%
Ireland **Registered office: The Harcourt Building, Harcourt Street, Dublin 2, Ireland**		
Aksala Limited	Property company	100%
Investec Holdings (Ireland) Limited	Holding company	100%
Investec Ireland Limited	Financial services	100%
Investec International Limited	Aircraft leasing	100%
Neontar Limited	Holding company	100%
Investec Securities Holdings Ireland Limited	Holding company	100%
Investec Private Finance Ireland Limited	Retail credit firm	100%
Investec Ventures Ireland Limited	Venture capital	100%
Venture Fund Private Principals Limited	Special partner	100%
Investec Europe Limited	MiFiD firm	100%
Luxembourg **Registered office: 20 Boulevard de Kockelscheuer, L-1821 Luxembourg, Grand Duchy of Luxembourg**		
Investec Finance SARL	Dormant	100%
Singapore **Registered office: 8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095**		
Investec Singapore Pte Limited	Securities services	100%

INVESTEC PLC PARENT COMPANY ANNUAL FINANCIAL STATEMENTS
CONTINUED

i. Subsidiaries continued

At 31 March 2021	Principal activity	Interest held
Switzerland **Registered office: 23 Avenue de France, CH – 1202, Geneva, Switzerland**		
Reichmans Geneva SA	Trading company	100%
Registered offices: Löwenstrasse 29, CH-8001 Zurich, Switzerland		
Investec Bank (Switzerland) AG	Banking institution and wealth manager	100%
United States of America **Registered office: 10 E. 53rd St., 22nd floor, New York, NY 10022, USA**		
US Multifamily GP LLC	Investment holding company	100%
Investec USA Holdings Corporation Inc	Holding company	100%
Investec Inc	Investment holding company	100%
Fuel Cell IP 1 LLC Investment	Investment holding company	100%
Fuel Cell IP 2 LLC Investment	Investment holding company	100%
Investec Securities (US) LLC	Financial services	100%

Associates and joint ventures holdings

At 31 March 2021	Principal activity	Interest held
Australia **Registered office: Point Cook Road, Point Cook, Victoria, Australia**		
Point Cook (Trust Project No 9)	Property development	50%
British Virgin Islands **Registered office: Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands**		
imarkets (Holdings) Limited	Online trading platform	33%
Luxembourg **Registered office: 15, Rue Bender, L1229 Luxembourg**		
Investec GLL Global Special Opportunities Real Estate Fund	Property development	5%
Registered office: 19, Rue Eugene Ruppert, L-2453 Luxembourg		
Grovepoint S.a.r.l.	Investment and advisory	42%
India **Registered office: 32/1. 14th Cross, 9th Main, 6th Sector H.S.R. Layout, Bangalore, Karnataka 560102, India**		
JSM Advisers Private Limited	Fund management company	55%

02 Annexures



ALTERNATIVE PERFORMANCE MEASURES

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

Alternative performance measures are not measures within the scope of IFRS and are not a substitute for IFRS financial measures. Alternative performance measures constitute pro forma financial information. The pro forma financial information is the responsibility of the board of directors and is presented for illustrative purposes only and because of its nature may not fairly present the group's financial position, changes in equity, and results in operations or cash flows. External auditors Ernst & Young Inc. performed a review of the pro-forma financial information and the opinion is available for inspection at the registered office of Investec upon request.

Adjusted earnings attributable to ordinary shareholders	Earnings attributable to shareholders adjusted to remove goodwill, acquired intangibles, strategic actions, and earnings attributable to perpetual preference shareholders and Other Additional Tier 1 security holders. Refer to note 11 on pages 67 to 69 for the reconciliation of earnings attributable to shareholders to adjusted earnings attributable to ordinary shareholders
Adjusted earnings per share	Adjusted earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year. Refer to note 11 on pages 67 to 69 for calculation
Adjusted operating profit	Refer to the calculation in the table below:

£'000	**31 March 2021**	31 March 2020
Operating profit before goodwill, acquired intangibles and strategic actions	377 110	487 111
Less: Profit attributable to other non-controlling interests	472	(67 952)
Adjusted operating profit	**377 582**	**419 159**

Adjusted operating profit per employee	Adjusted operating profit divided by average total employees including permanent and temporary employees. Refer to volume 1 on page 48 for calculation
Annuity income	Net interest income (refer to note 2 page 55 and 56) plus net annuity fees and commissions (refer to note 3 on page 57)
Core loans	The table below describes the differences between 'loans and advances to customers' as per the balance sheet and gross core loans

	UK and Other		**Southern Africa**		**Total group**	
£'million	**31 March 2021**	31 March 2020	**31 March 2021**	31 March 2020	**31 March 2021**	31 March 2020
Loans and advances to customers per the balance sheet	12 336	11 872	13 705	12 716	26 041	24 588
Add: own originated loans and advances to customers per the balance sheet	—	—	402	325	402	325
Add: ECL held against FVOCI loans reported on the balance sheet within reserves	(5)	(2)	—	—	(5)	(2)
Net core loans	**12 331**	**11 870**	**14 107**	**13 041**	**26 438**	**24 911**
of which subject to ECL*	11 819	11 217	14 030	12 933	25 849	24 150
Net core loans at amortised cost and FVOCI	11 819	11 217	12 935	11 998	24 754	23 215
Net fixed rate loans designated at FVPL (on which ECL is calculated for management purposes)^	—	—	1 095	935	1 095	935
of which FVPL (excluding fixed rate loans above)	512	653	77	108	589	761
Add: ECL	170	175	134	152	304	327
Gross core loans	**12 501**	**12 045**	**14 241**	**13 193**	**26 742**	**25 238**
of which subject to ECL*	11 989	11 392	14 164	13 085	26 153	24 477
of which FVPL (excluding fixed rate loans above)	512	653	77	108	589	761

^ These are fixed rate loans which have passed the solely payments of principal and interest test (SPPI) and are held in a business model to collect contractual cash flows but have been designated at FVPL to eliminate accounting mismatches (interest rate risk is being economically hedged). The underlying loans have been fair valued and management performs an ECL calculation in order to obtain a reasonable estimate of the credit risk component. The portfolio is managed on the same basis as gross core loans measured at amortised cost. The drawn (£1.1 billion) exposure falls predominantly into Stage 1 (consistent throughout the period) (31 March 2020: £0.9 billion). The ECL on the portfolio is £5.2 million (31 March 2020: £3.0 million).

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

ALTERNATIVE PERFORMANCE MEASURES
CONTINUED

Core loans to equity ratio	Net core loans divided by total shareholders' equity per the balance sheet
Cost to income ratio	Refer to calculation in the table below:

£'000	**31 March 2021**	31 March 2020
Operating costs (A)	1 164 513	1 186 427
Total operating income before expected credit losses	1 641 061	1 806 839
Less: Profit/loss attributable to other non-controlling interests	472	(67 952)
Total (B)	1 641 533	1 738 887
Cost to income ratio (A/B)	**70.9%**	**68.2%**

Coverage ratio	ECL as a percentage of gross core loans subject to ECL
Credit loss ratio	Annualised ECL impairment charges on core loans as a percentage of average gross core loans subject to ECL
Dividend payout ratio	Ordinary dividend per share divided by adjusted earnings per share
Gearing ratio	Total assets excluding assurance assets divided by total equity
Loans and advances to customers as a % of customer deposits	Loans and advances to customers as a percentage of customer accounts (deposits)
Net tangible asset value per share	Refer to calculation on page 48 in volume 1
Net interest margin	Annualised interest income net of interest expense, divided by average interest-earning assets. Refer to calculation on pages 55 and 56
Return on average ordinary shareholders' equity (ROE)	Refer to calculation on pages 43 to 45 in volume 1
Return on average tangible ordinary shareholders' equity	Refer to calculation on pages 43 to 45 in volume 1
Return on risk-weighted assets	Adjusted earnings attributable to ordinary shareholders divided by average risk-weighted assets, where risk-weighted assets is calculated as the sum of risk-weighted assets for Investec plc and Investec Limited (converted into Pound Sterling) as reflected on page 48 in volume 1
Staff compensation to operating income ratio	All staff compensation costs expressed as a percentage of operating income before ECL (net of operating profits or losses attributable to other non-controlling interests)

DEFINITIONS

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

Diluted earnings per share
Diluted earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders of Investec plc and Investec Limited, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the period plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the year.

Refer to pages 67 to 69 for the calculation of diluted earnings per share.

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

Refer to pages 67 to 69 for the calculation of earnings per share.

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

Headline earnings per share
Headline earnings is calculated in accordance with the JSE listing requirements and in terms of circular 1/2021 issued by the South African Institute of Chartered Accountants. Headline earnings per share calculated by dividing the group's headline earnings by the average number of shares which it had in issue during the accounting period.

Refer to pages 67 to 69 for the calculation of headline earnings per share.

Interest-bearing liabilities
Deposits by banks, debt securities in issue, repurchase agreements and cash collateral on securities lent, customer accounts (deposits), subordinated liabilities, liabilities arising on securitisation of own originated loans and advances, and finance lease liabilities. Refer to page 55 for calculation.

Interest-earning assets
Cash and near cash, bank debt securities, sovereign debt securities, core loans, other debt securities, other loans and advances, other securitised assets, and finance lease receivables. Refer to page 55 for calculation.

Market capitalisation
Total number of shares in issue (including Investec plc and Investec Limited) excluding treasury shares, multiplied by the closing share price of Investec plc on the London Stock Exchange.

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.

Strategic actions
Comprises the closure and rundown of the Hong Kong direct investments business, the demerger of the asset management business and the financial impact of group restructures.

Subject to ECL
Includes financial assets held at amortised cost and FVOCI as well as designated at FVPL loan portfolios for which ECL is not required for IFRS purposes, but for which management evaluates on this basis.

Total group
Total group represents the group's results including the results of discontinued operations in the prior period.

Weighted number of ordinary shares in issue
The number of ordinary shares in issue at the beginning of the year increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group less treasury shares. Refer to calculation on pages 67 to 69.

ABBREVIATIONS AND ACRONYMS

AFS	Available for sale
AGM	Annual general meeting
ALCO	Asset and Liability Committee
ANC	African National Congress
AT1	Additional Tier 1
BCBS	Basel Committee of Banking Supervision
BIS	Bank for International Settlements
BoE	Bank of England
BOM	Bank of Mauritius
BSE	Botswana Stock Exchange
CA	Chartered Accountant
CDO	Collateralised debt obligation
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CLF	Committed liquidity facility
CLO	Collateralised loan obligation
CMD	Capital Markets Day
CMI	Continuous Mortality Investigation
COO	Chief Operating Officer
CPI	Consumer Price Index
CPR	Conditional prepayment rate
CRDIV (BASEL III)	Capital Requirements Directive IV
CRO	Chief Risk Officer
CVA	Credit value adjustment
DCF	Discounted cash flow
DLC	Dual listed company
DLC BRCC	DLC Board Risk and Capital Committee
DLC Nomdac	DLC Nominations and Directors Affairs Committee
DLC Remco	DLC Remuneration Committee
DLC SEC	DLC Social and Ethics Committee
EAD	Exposure at default
EBA	European Banking Authority
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECB	European Central Bank
ECL	Expected credit losses
EPS	Earnings per share
ESG	Environmental, social and governance
ERV	Expected rental value
ESMA	European Securities and Markets Authority
EU	European Union
FCA	Financial Conduct Authority
FINMA	Swiss Financial Market Supervisory Authority
FIRB	Foundation Internal Ratings-Based
FRC	Financial Reporting Council
FSB	Financial Services Board
FSC	Financial Sector Code
FSCS	Financial Services Compensation Scheme
FUM	Funds under management
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit and loss
GDP	Gross Domestic Product
GFSC	Guernsey Financial Services Commission
GM	Guinness Mahon
HNW	High net worth
IAM	Investec Asset Management
IASB	International Accounting Standards Board
IASs	International Accounting Standards
IBL	Investec Bank Limited
IBL BRCC	IBL Board Risk and Capital Committee
IBL ERC	IBL Executive Risk Committee
IBP	Investec Bank plc
IBP BRCC	IBP Board Risk and Capital Committee
IBP ERC	IBP Executive Risk Committee
IFRS	International Financial Reporting Standard
ISAs (UK)	International Standards on Auditing (UK)
JSE	Johannesburg Stock Exchange
LCR	Liquidity Coverage Ratio
LGD	Loss given default
LIBOR	London Inter-Bank Offered Rate
LSE	London Stock Exchange
MD	Managing Director
MiFID	Markets in Financial Instruments Directive
NCI	Non-controlling interests
NSFR	Net Stable Funding Ratio
NSX	Namibian Stock Exchange
OCI	Other comprehensive income
OECD	Organisation for Economic Co-operation and Development
OTC	Over the counter
PACCC	Prudential Assurance Conduct and Controls Committee
PCCC	Prudential Conduct and Controls Committee
PD	Probability of default
Policy ERRF	Policy Executive Risk Review Forum
PRA	Prudential Regulation Authority
PRASA	Passenger Rail Agency of South Africa
ROE	Return on equity
ROU	Right use of asset
RPI	Retail Price Index
S&P	Standard & Poor's
SARS	South African Revenue Service
SDGs	Sustainable Development Goals
SME	Small and Medium-sized Enterprises
SMMEs	Small, Medium & Micro Enterprises
South African PA	South African Prudential Authority (previously known as the Banking Supervision Division of the South African Reserve Bank)
SOE	State-Owned Enterprise
SPPI	Solely payments of principal and interest
UKLA	United Kingdom Listing Authority
W&I	Wealth & Investment
WACC	Weighted average cost of capital
YES	Youth Employment Service

CORPORATE INFORMATION

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Registration number 3633621

Investec Limited
Registration number 1925/002833/06

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Marshalltown 2107
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Directorate as at 22 June 2021

Executive directors
Fani Titi (Chief Executive)
Nishlan Samujh (Group Finance Director)
Richard Wainwright (Executive director)
Ciaran Whelan (Executive director)

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

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